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Q3 2025

Interim report

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Q3 business highlights

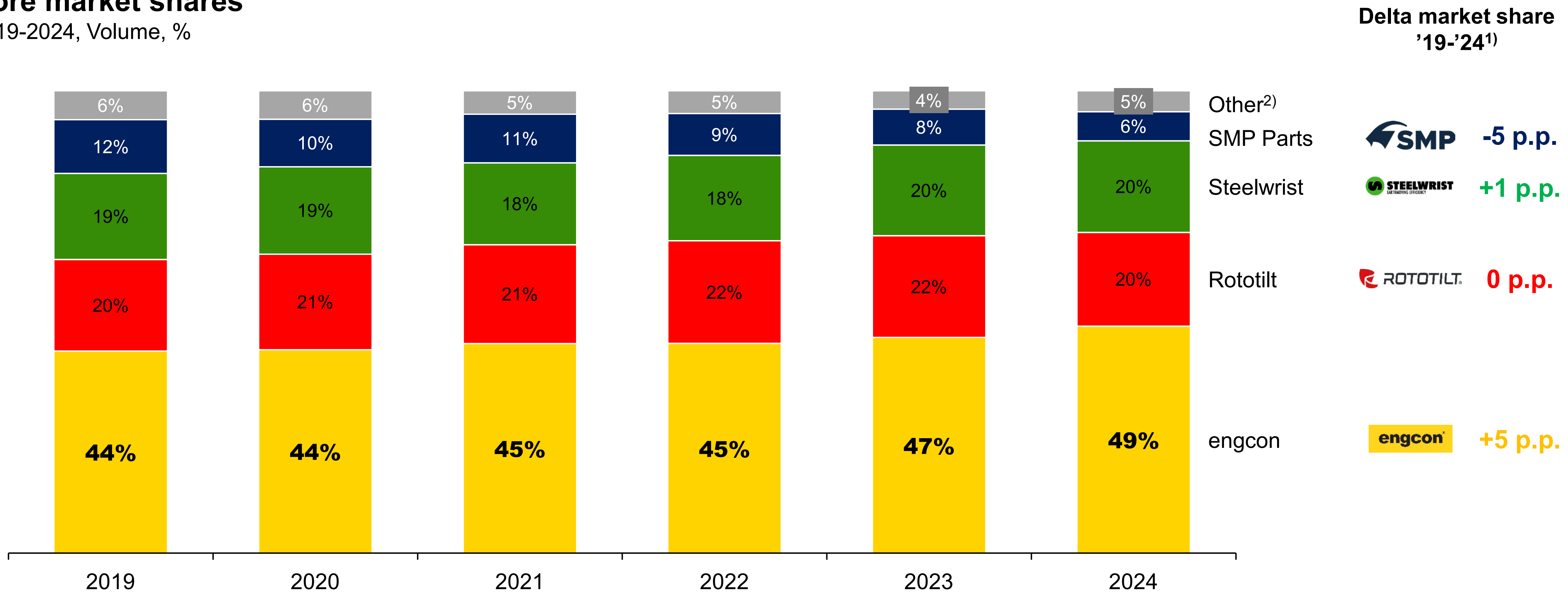
- Order intake reached record levels for a third quarter, strong performance in all regions.
- Record-high order intake in Europe driven by continued market penetration and high activity level.
- Strong order intake in Asia-Oceania, mainly driven by block orders in Japan.
- Production allocation to the Nordics and overseas regions temporarily impacts net sales in Europe.
- Important strategic partnerships with two global excavator manufacturers.
- Updated market study by Strategy& indicates increasing market share and continued strong growth outlook.

ENGCON GAINS MARKET SHARE 2019–2024, +5 P.P.

Prepared for engcon by Strategy&

Core market shares

2019-2024, Volume, %



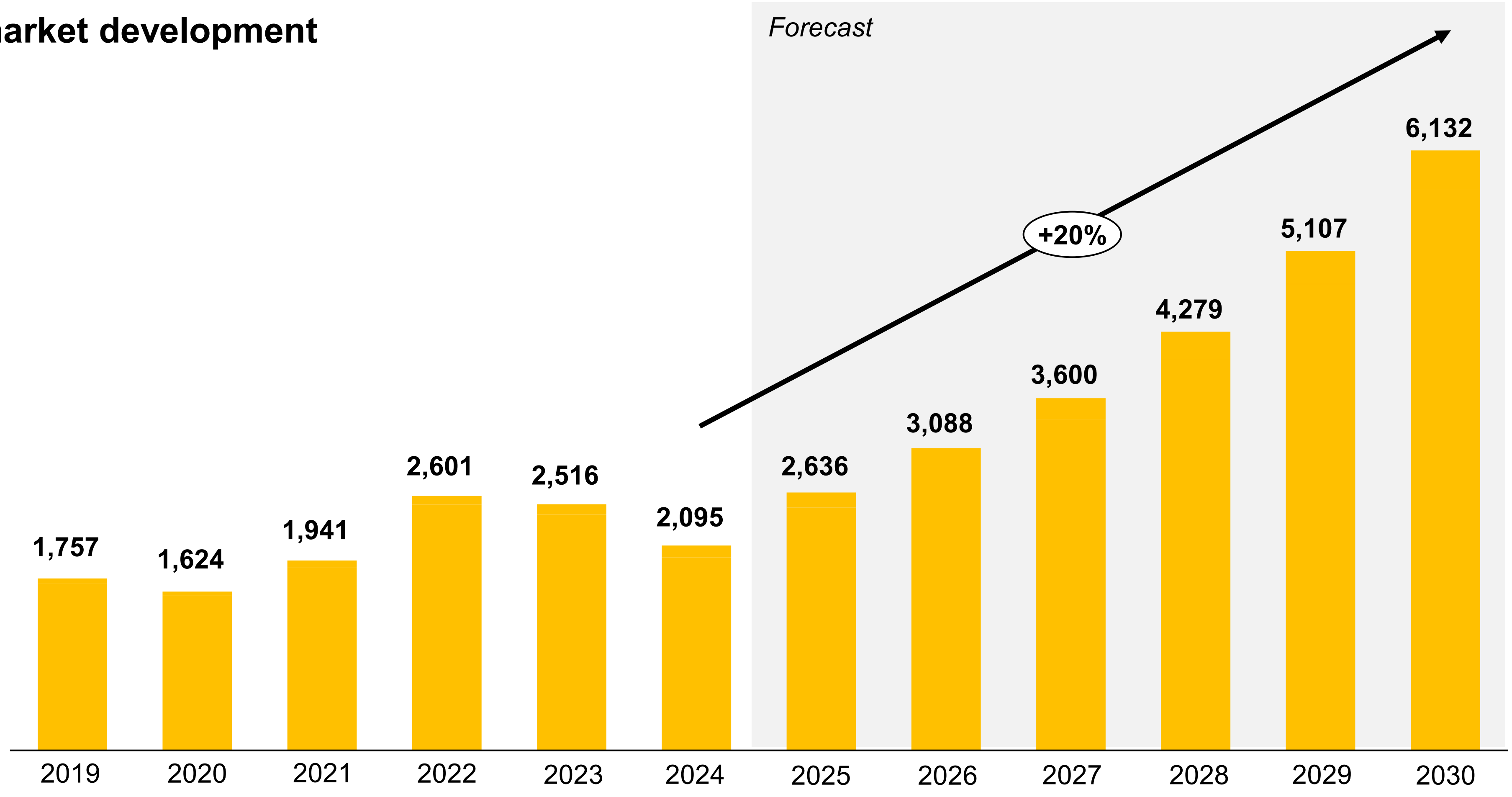
Notes: 1) Differences may be subject to rounding errors, 2) Includes Kinshofer and local tiltrotator players
Sources: Management information, Interviews, Strategy& analysis

FORECASTED STRONG GROWTH OF 20% (CAGR)

Prepared for engcon by Strategy&

Tiltrotator market development

MSEK, % CAGR



Notes: 1) Including engcon, Steelwrist, Rototilt and SMP Parts
Sources: Expert interviews, Power systems research, Off-highway research, Euroconstruct, Industry association statistics, National statistics, engcon Information, Strategy& analysis

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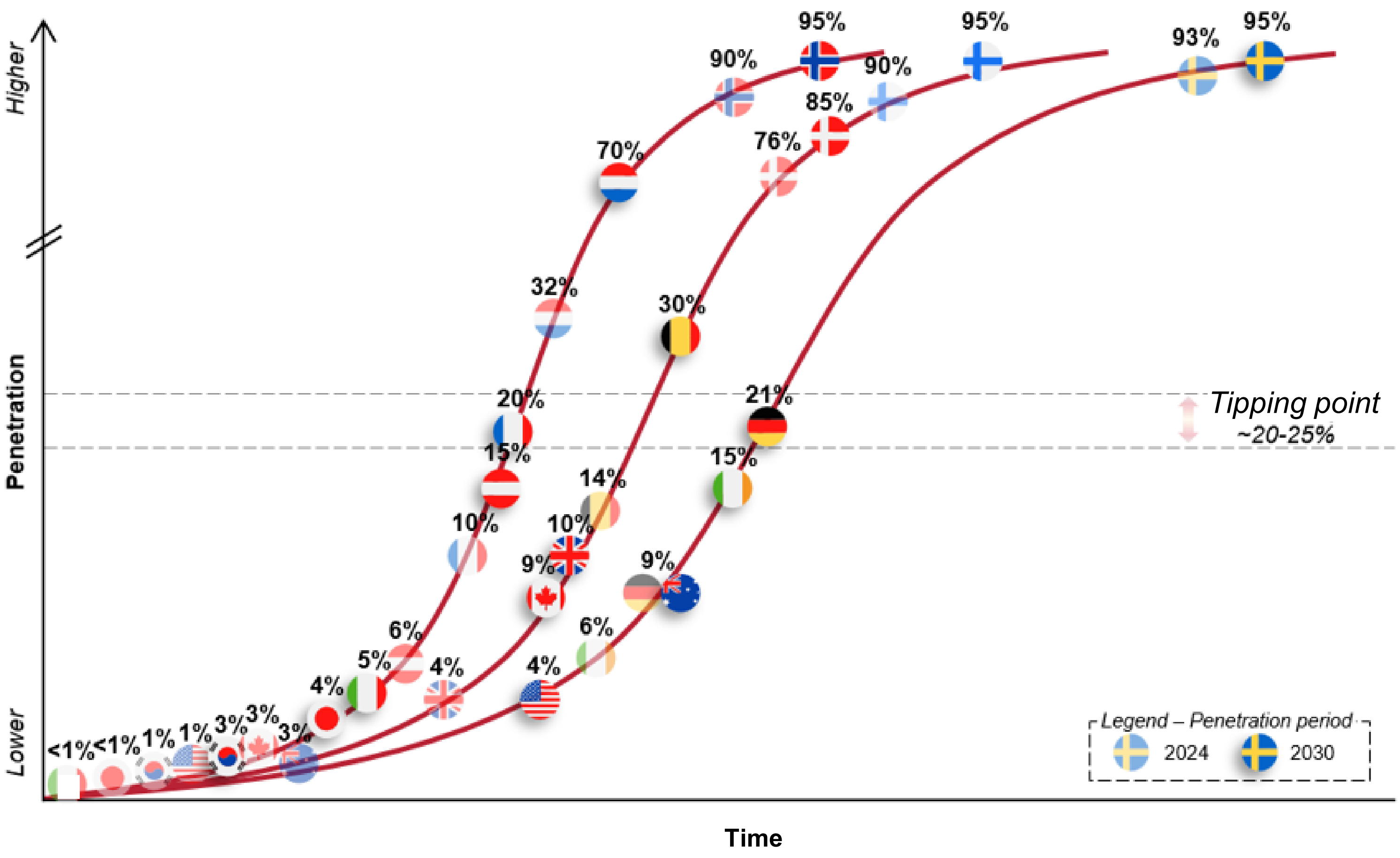
CONTINUED STRONG PENETRATION EXPECTED ON ENGCON'S KEY MARKETS

Prepared for engcon by Strategy&

Penetration by country

% of addressable excavators sold with tiltrotator



Sources: Expert interviews, Industry associations, Strategy& analysis

Key comments

- Significant opportunities remain in markets where engcon has a strong presence.
- Germany and France expected to reach tipping point within the next five-year period. Netherland expected to reach maturity.
- Penetration growth in North America will generate substantial volume growth due to large excavation markets.
- Japan projects rapid adoption growth driven by governmental subsidies.
- ~ 93% of excavator fleet in core markets is left to be penetrated in 2030.

Q3 figures in brief

4% Organic net sales

31% Organic order intake

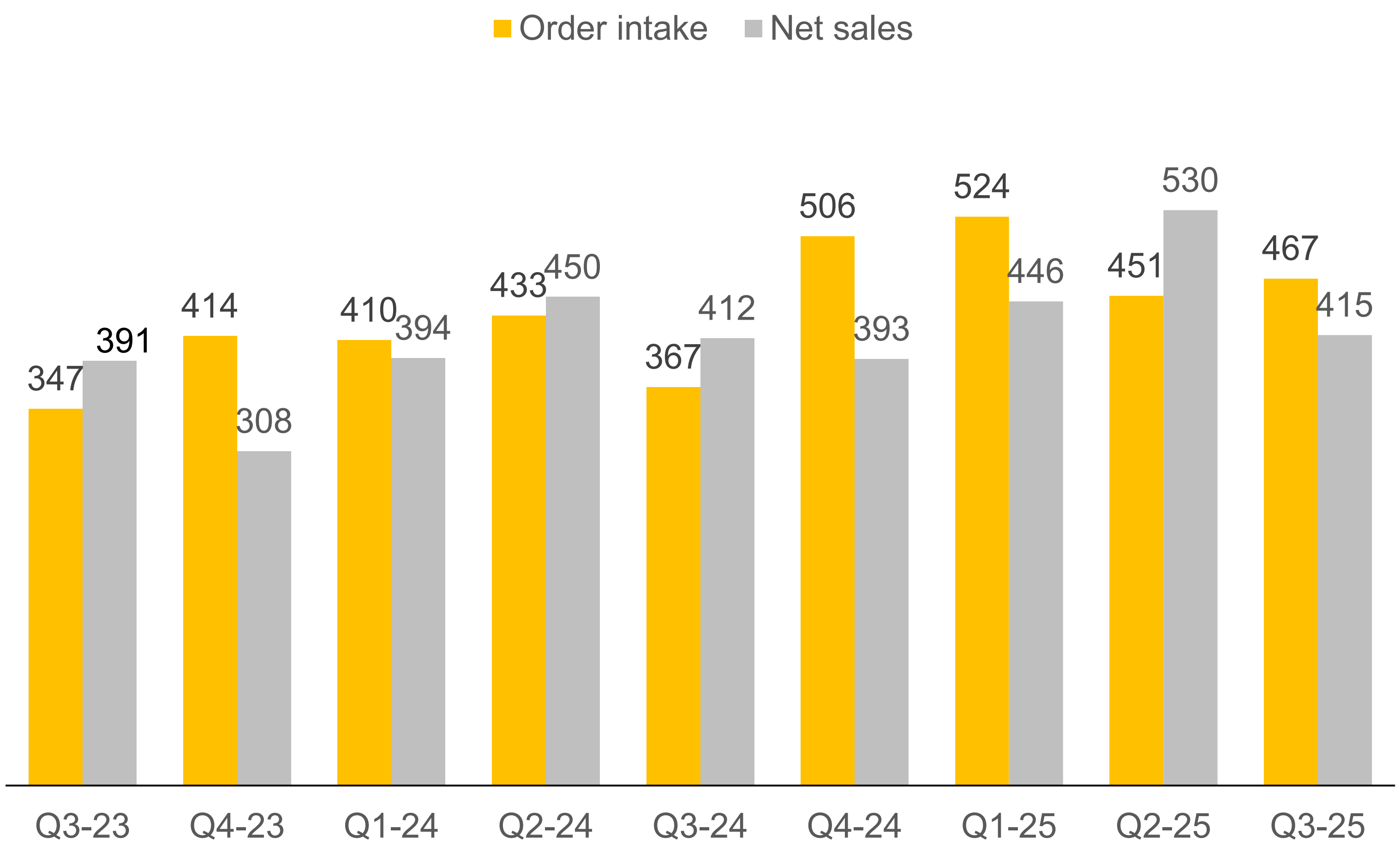
43% Gross margin

17% EBIT margin

40% Return on capital employed

RECORD-HIGH ORDER INTAKE FOR A THIRD QUARTER

Order intake and net sales development per quarter, MSEK

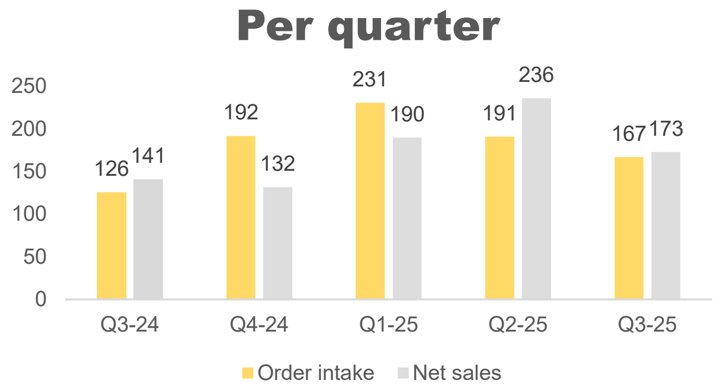


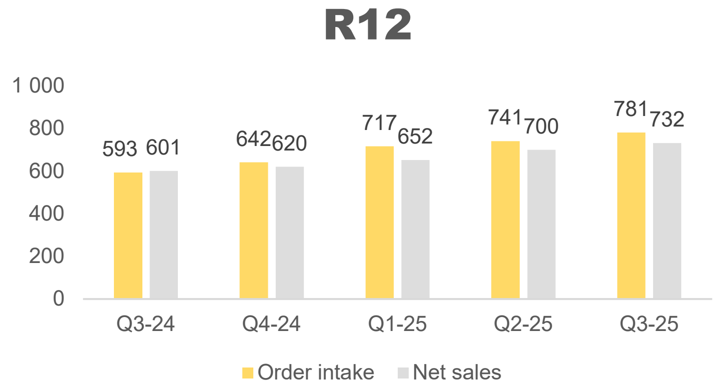
Key comments

- Order intake increased 27%, organic 31%, negative currency effect of 16 MSEK.
- Net sales increased 1%, organic 4%, negative currency effect of 15 MSEK.
- Net sales negatively impacted by production allocation, inventory ramp-up and deliveries to overseas regions.

Nordics

Q3 2025, Order intake and net sales, MSEK



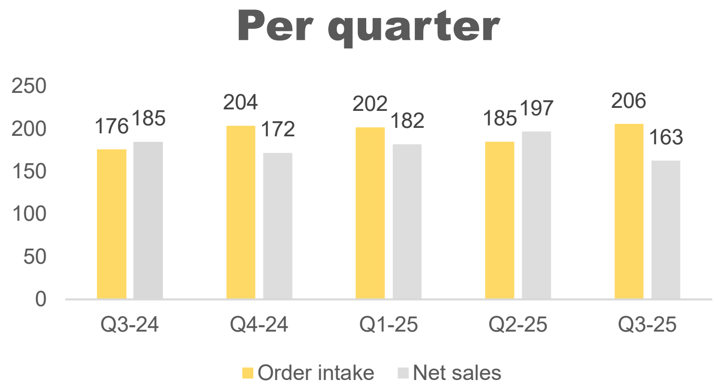


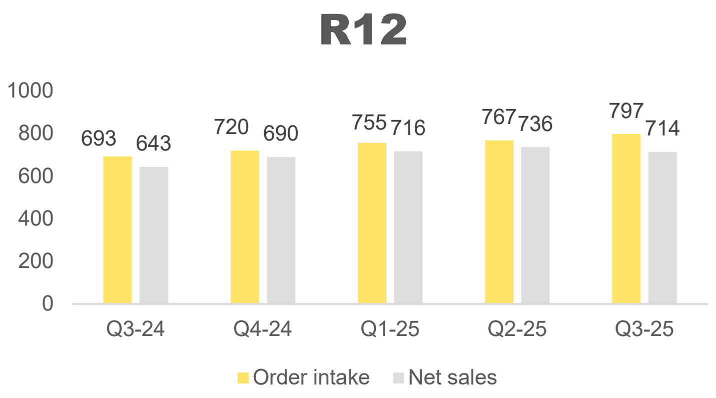
Key comments

- Order intake increased organic 35%.
- Net sales increased organic 25%.
- Favorable demand outlook driven by lower interest rates, excavator market recovery and normalized dealer inventories.

Europe

Q3 2025, Order intake and net sales, MSEK



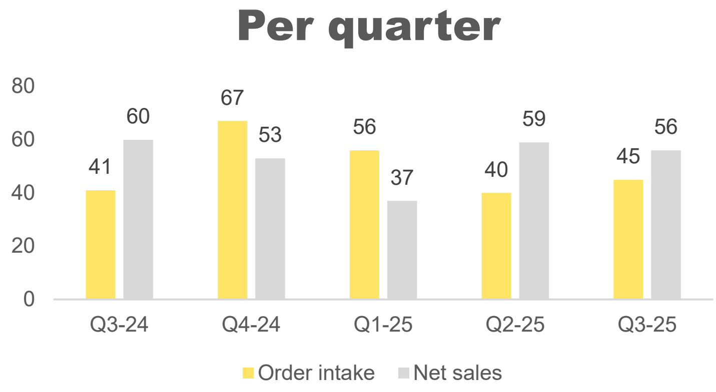


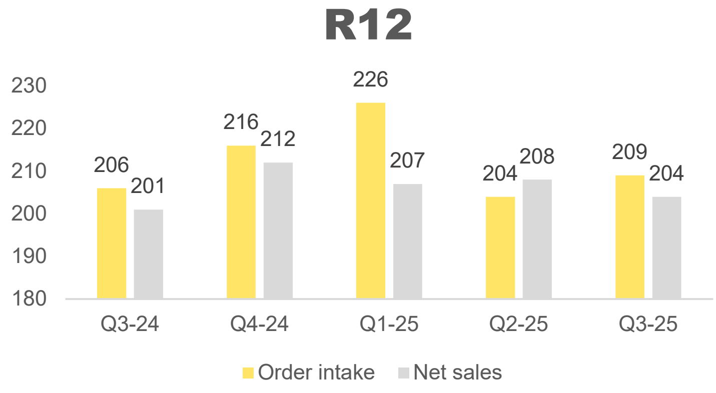
Key comments

- Order intake increased organic 20%.
- Net sales decreased organic 10%.
- Production allocation and inventory ramp-up temporarily affect net sales in Europe.
- Demand remains strong due to both higher penetration and market recovery.
- Order intake R12 has reached 797 MSEK, surpassing Nordics as the largest region.

Americas

Q3 2025, Order intake and net sales, MSEK



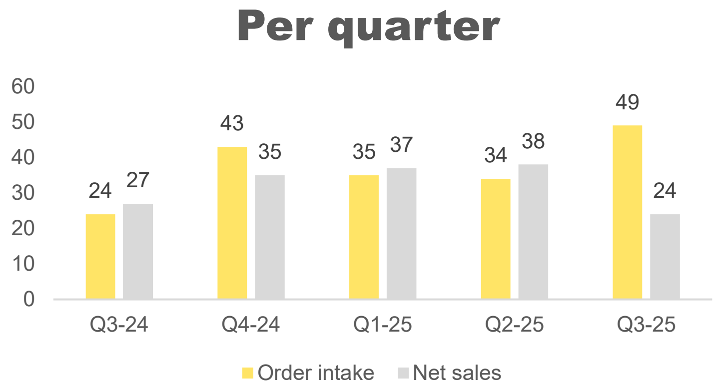


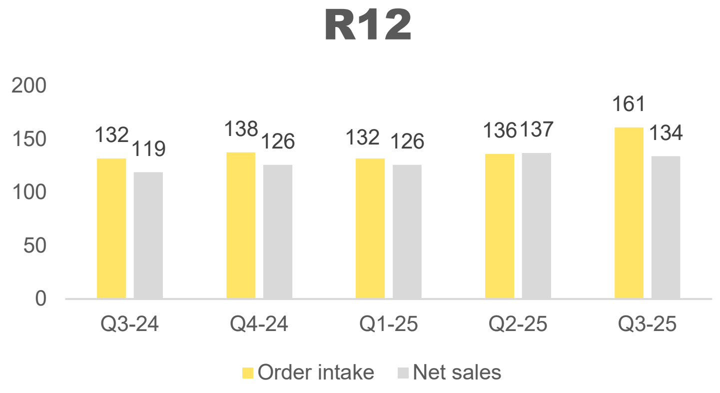
Key comments

- Order intake increased organic 21%.
- Net sales increased organic 3%.
- Customers remain cautious due to ongoing uncertainties surrounding tariffs and general market conditions.

Asia-Oceania

Q3 2025, Order intake and net sales, MSEK





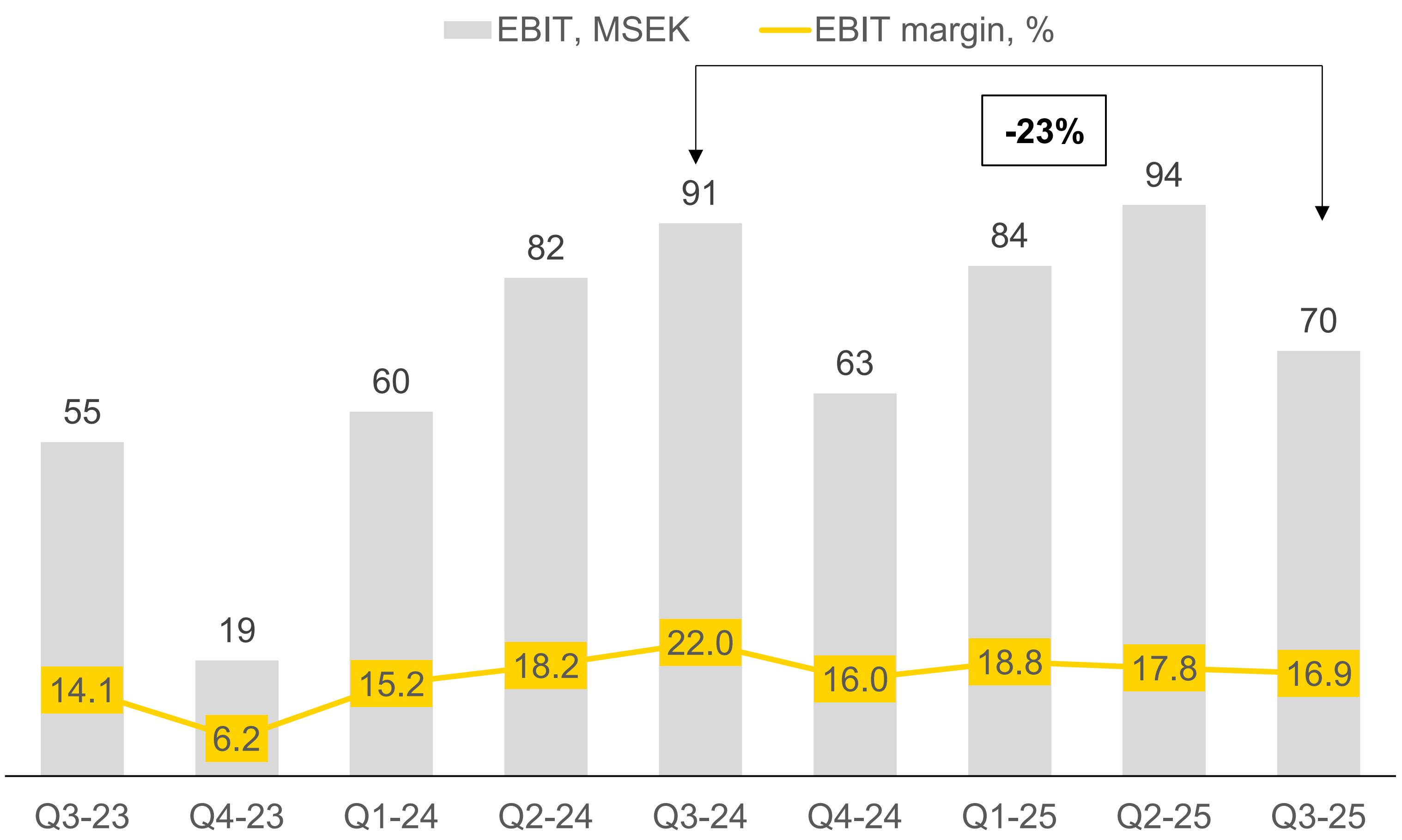
Key comments

- Order intake increased organic 117%.
- Net sales decreased organic 2%.
- Regional growth primarily driven by block orders in Japan.
- Government incentives for efficiency-enhancing investments postponed to January 2026.

Financial development

EBIT Development

EBIT and EBIT margin per quarter



Key comments

- EBIT decreased 23% to 70 (91) MSEK, mainly due to lower gross margin.
- EBIT margin decreased to 16.9% from 22.0%.

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Overview of costs and EBIT

MSEK	2025 Q3	2024 Q3	2025 R12	2024 FY
Net sales	415	412	1,784	1,649
COGS	-239	-222	-1,019	-923
Gross margin	*42.6%*	*46.1%*	*42.9%*	*44.0%*
Selling expenses	-65	-65	-263	-262
% of net sales	*-15.6%*	*-15.8%*	*-14.7%*	*-15.9%*
Administrative expenses	-27	-27	-126	-121
% of net sales	*-6.5%*	*-6.6%*	*-7.1%*	*-7.3%*
R&D expenses	-13	-7	-52	-47
% of net sales	*-3.1%*	*-1.7%*	*-2.9%*	*-2.9%*
Other operating income and expenses	*-1*	*-2*	*-13*	*0*
% of net sales	*-0.2%*	*-0.5%*	*-0.7%*	*0.0%*
EBIT	**70**	**91**	**310**	**295**
EBIT margin	*16.9%*	*22.0%*	*17.4%*	*17.9%*

Key comments

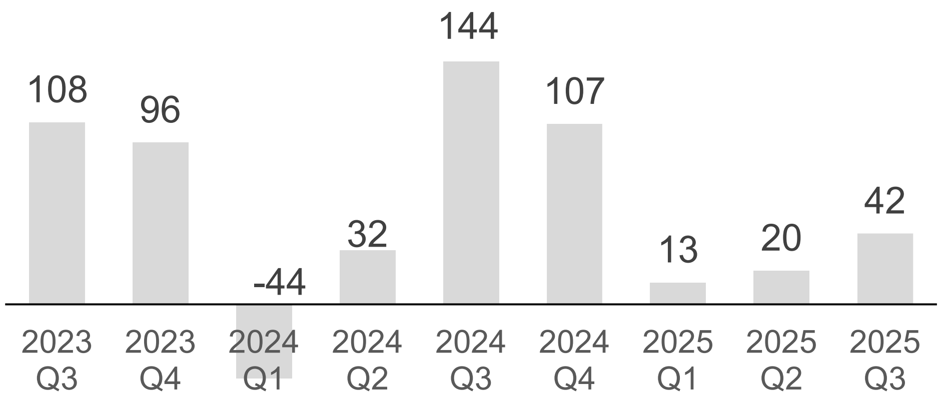
- Gross margin of 42.6% (46.1) and 42.9% R12.
- Negative currency effects and less favorable market mix are holding back the gross margin.
- Selling and administrative expenses holds steady.
- Total R&D spend on same level as last year amounting to 3.4% of net sales. Lower level of capitalization impacts OPEX.
- EBIT margin of 16.9% (22.0) and 17.4% R12.

Cash flow

Cash flow and net working capital overview, MSEK

MSEK	2025 Q3	2024 Q3	2024 FY
Cash flow before changes in working capital	**70**	**108**	**277**
Inventories	493	333	339
Accounts receivables	290	297	227
Other receivables	34	21	20
Accounts payables	150	122	83
Other payables	120	117	37
Net working capital	547	412	466
% of net sales, 12 months	*31%*	*26%*	*28%*
Cash flow from operating activities	**42**	**144**	**239**
Investing activities	-10	-5	-44

Operating cash flow per quarter, MSEK



Key comments

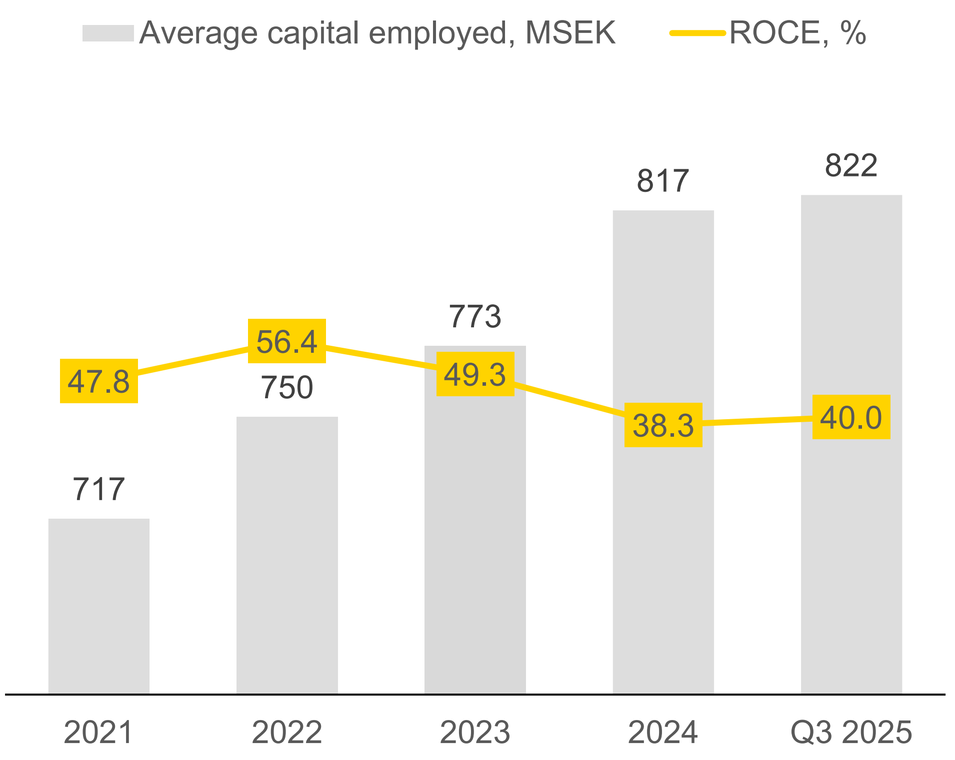
- Lower cash flow from operating activities compared to last year mainly due to lower operating profit and increased inventory.
- Unutilized total liquidity of 293 (417) MSEK and 446 MSEK FY 2024.

ROCE level

Return on capital employed overview

MSEK	2021	2022	2023	2024	R12
EBT	341	415	365	295	296
Interest expense	2	8	16	18	32
Capital employed, beginning of period	699	735	765	781	795
Capital employed, end of period	735	765	781	853	850
Capital employed, average	717	750	773	817	822
Total assets	1,013	1,186	1,012	1,112	1,280
Non-interest-bearing liabilities	278	421	231	258	431
ROCE	**47.8%**	**56.4%**	**49.3%**	**38.3%**	**40.0%**

Average capital employed and ROCE



Financial targets

Growth	Profitability	Capital efficiency	Capital structure
Exceed the growth in existing market through organic growth.	Have an EBIT margin in excess of 20 per cent, measured over a business cycle.	Continue to achieve an industry-leading capital efficiency. ROCE to exceed 40 per cent, measured over a business cycle.	Maintain a strong capital structure supporting further expansive organic growth and dividends to share-holders. Equity-to-asset ratio to be above 35 per cent.
4% Net sales organic growth	**17%** EBIT margin	**40%** Return on capital employed	**52%** Equity-to-asset ratio

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Summary & Update

- Strong order intake confirms high demand in our key regions.
- High order intake and a solid order book in Europe. Continued focus on securing capacity to convert the growing order book into revenue, while also meeting customer demand.
- Updated market study confirms vast untapped potential until 2030, ~ 93% remains to be penetrated after 2030.
- engcon's founder Stig Engström has been awarded "Årets Företagare i Sverige 2025" (Entrepreneur of the year in Sweden 2025).

Looking ahead

"In the coming quarter, we expect continued stable demand driven primarily by the Nordic region and Europe. The Nordic region has returned to its historical seasonal pattern, which would indicate some pre-ordering effects ahead of the spring digging season.

We are also seeing continued solid demand in Europe driven by increased market penetration, while also carrying a strong order book from previous quarters."

Q&A

For more information visit www.engcongroup.com