



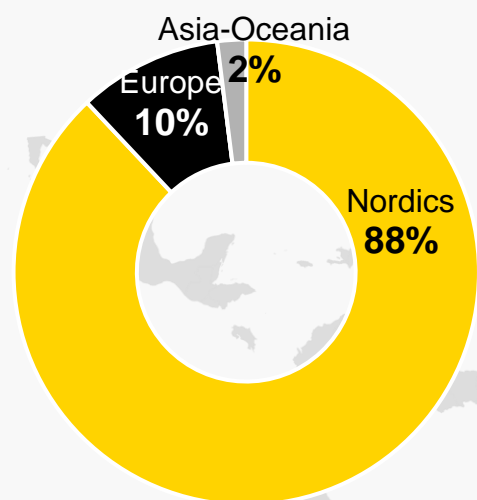
FOURTH QUARTER 2023

Krister Blomgren, CEO
21 February, 2024

engcon[®]

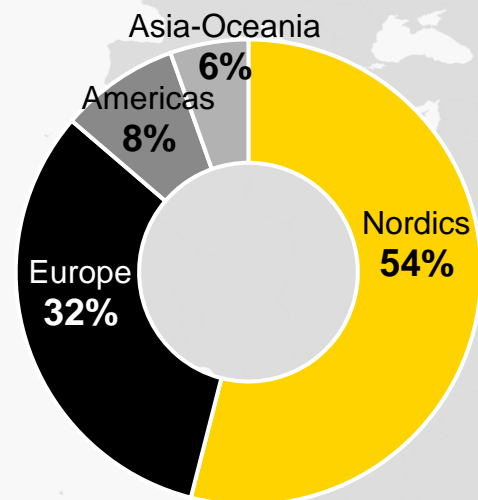
CHANGE THE WORLD OF DIGGING

FY 2012

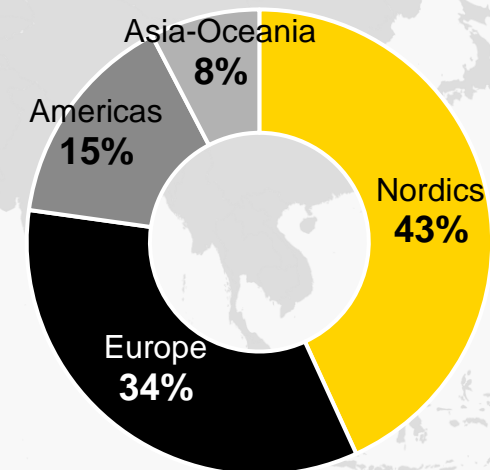


(Americas <0,5%)

FY 2022

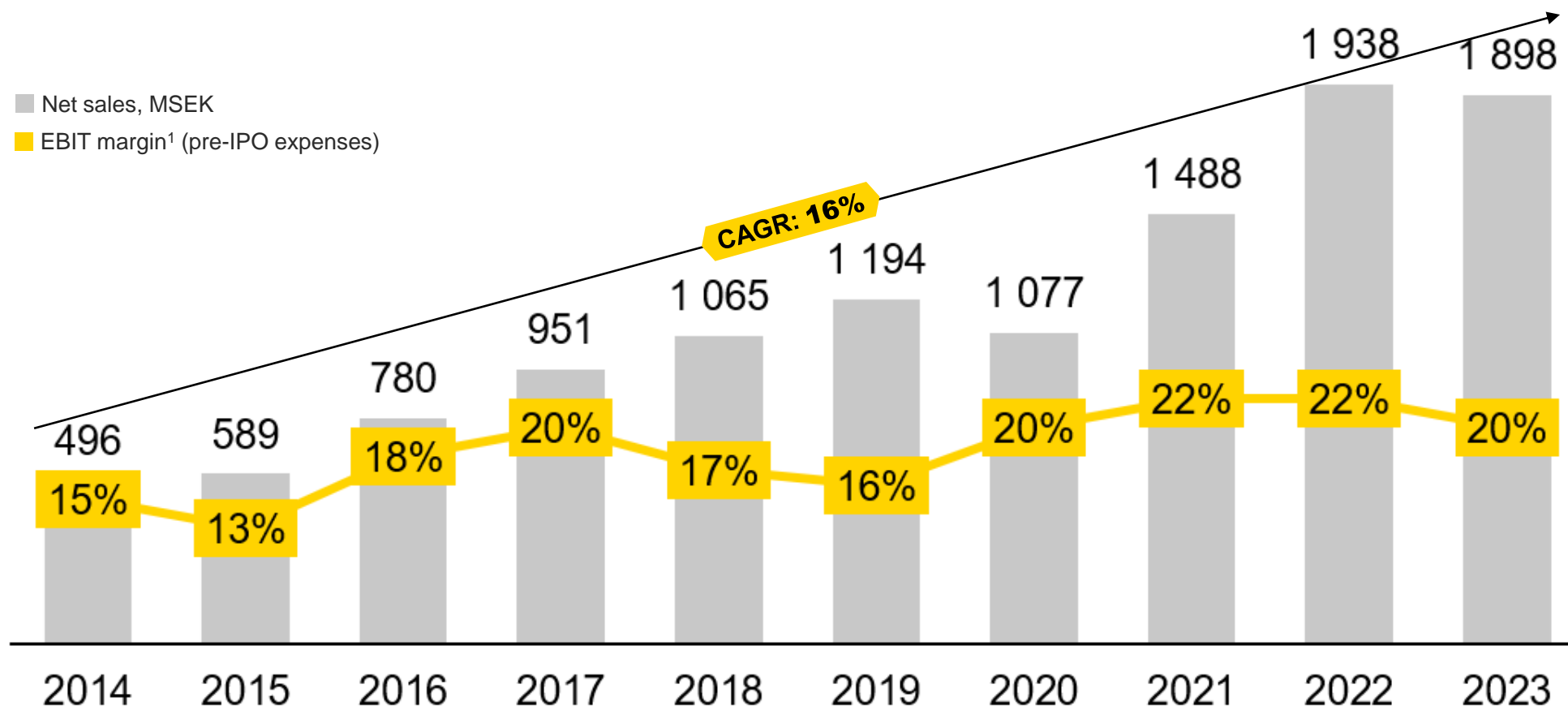


FY 2023



NET SALES SPLIT PER REGION

HISTORY OF ORGANIC SALES GROWTH AND MARGIN EXPANSION



Note: Information is derived from the audited annual reports reported under K3 of engcon AB and Mähler International AB respectively and chart on this page should not be viewed as proforma financials. The period 2014–2018 has not been recalculated to International Financial Reporting Standards as adopted by the European Union ("IFRS") and thus includes amortisation of goodwill and leasing expenses, and fair value of change in derivatives, all of which affect the comparability of EBITA between the periods. It is the company's assessment that EBITA as reported under K3 could be comparable to EBIT as reported under IFRS. Furthermore, there have been internal sales between the entities. It is engcon's assessment that the effect of amortisation of goodwill and leasing expenses together with the effect of group internal sales between the companies are not material and thus should not affect the overall comparability between net sales and EBITA / EBIT for the period 2014–2023, as show on this page.

1) Years 2014 – 2018 consist of EBITA margin while 2019 – 2023 is EBIT margin. EBIT for the periods 2021 2022 is adjusted for IPO expenses.



Q4 BUSINESS HIGHLIGHTS

- Continued stabilization of order intake.
- Increased order intake in the European region.
- Strategic distribution agreement and important orders received in Europe.
- New logistic hub in North America.
- Challenging development in the North American region.
- Successful ERP implementation in the Swedish Production Company.
- Strengthening of engcon's Group Management with increased sales focus.

Q4 FIGURES IN BRIEF

-43%

Organic net sales

-26%

Organic order intake

40%

Gross margin

6%

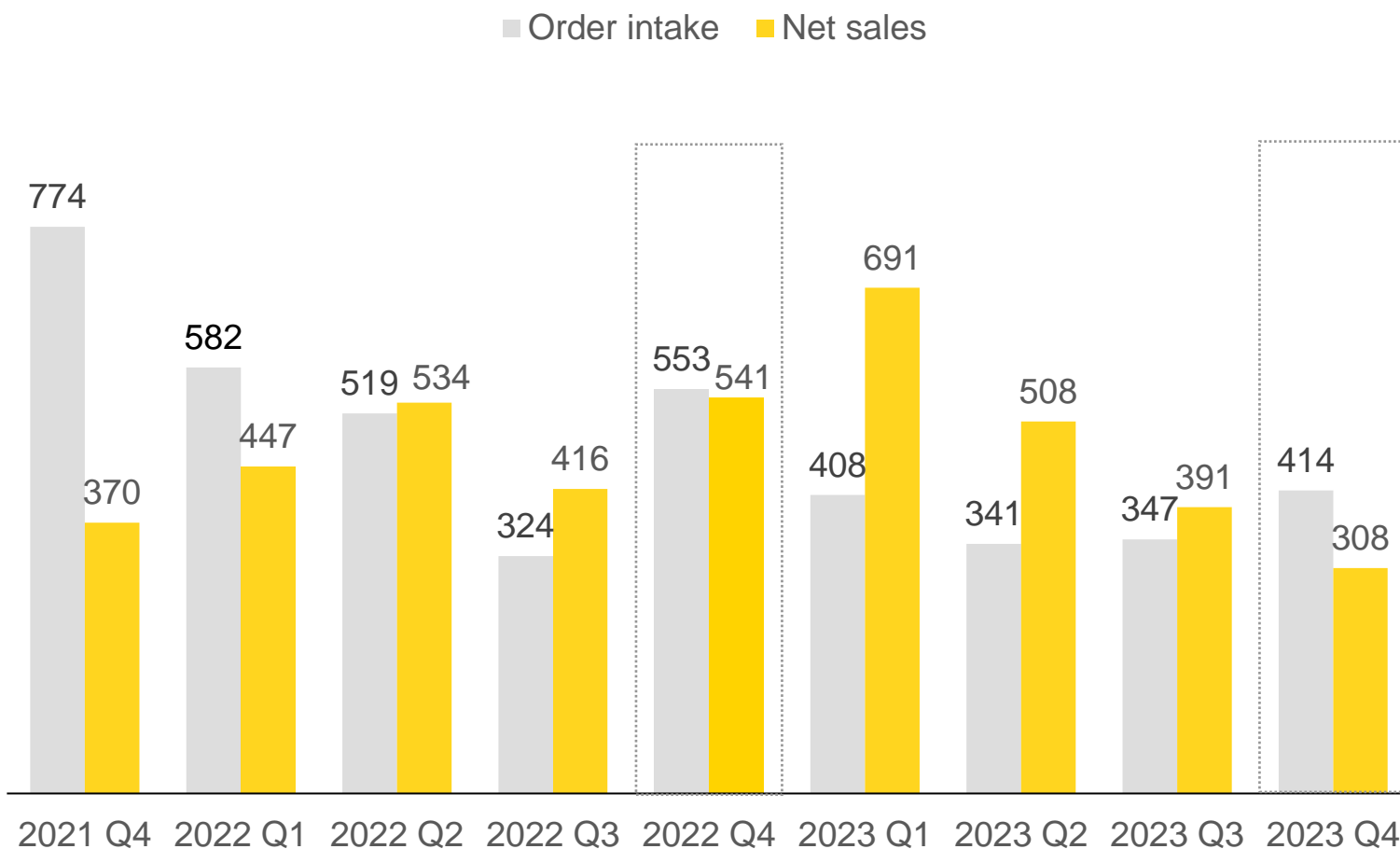
EBIT margin

49%

Return on capital employed

ORDER INTAKE CONTINUE TO STABILIZE IN Q4

Order intake and net sales development per quarter, MSEK

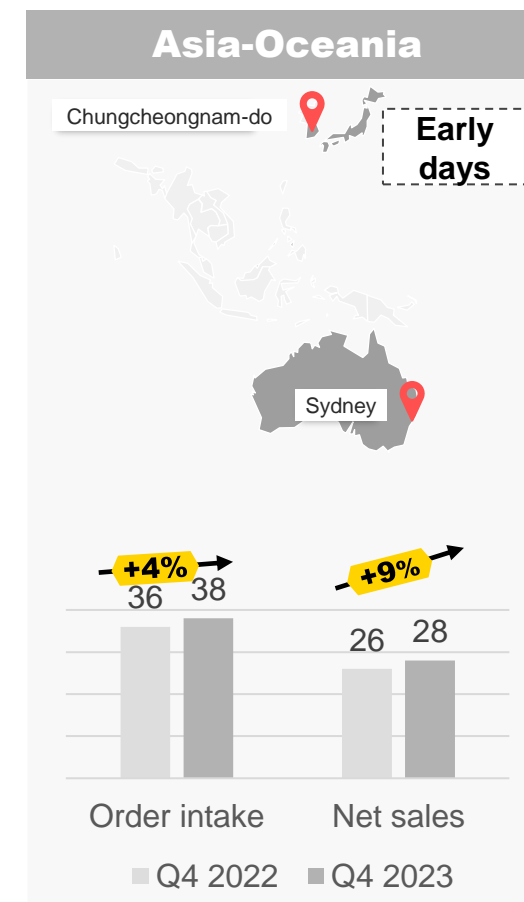
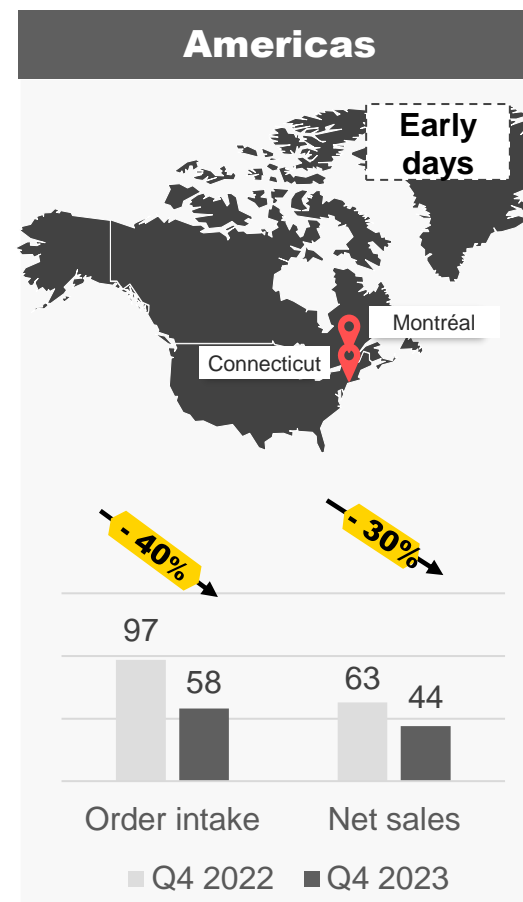
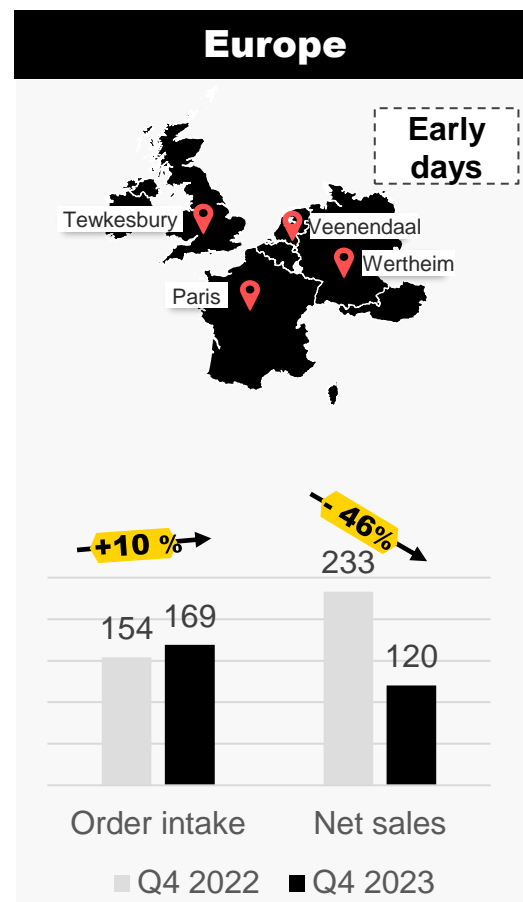
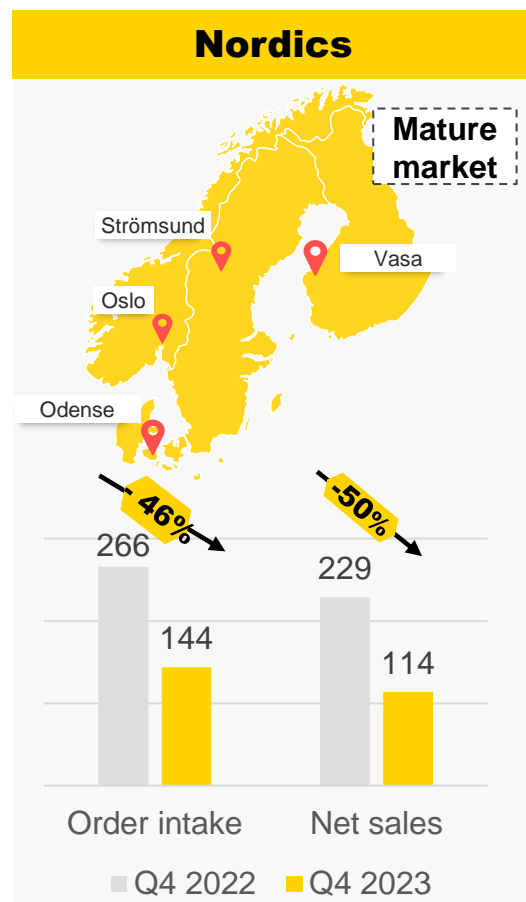


Key comments

- Net sales decreased 43%, organic 43%, currency effect of 1 MSEK.
- Order intake decreased 25%, organic 26%, currency effect of 6 MSEK.
- No significant pre-buy effect in Q4.
- Further signs of stabilization in Q4.
- Positive book-to-bill ratio.

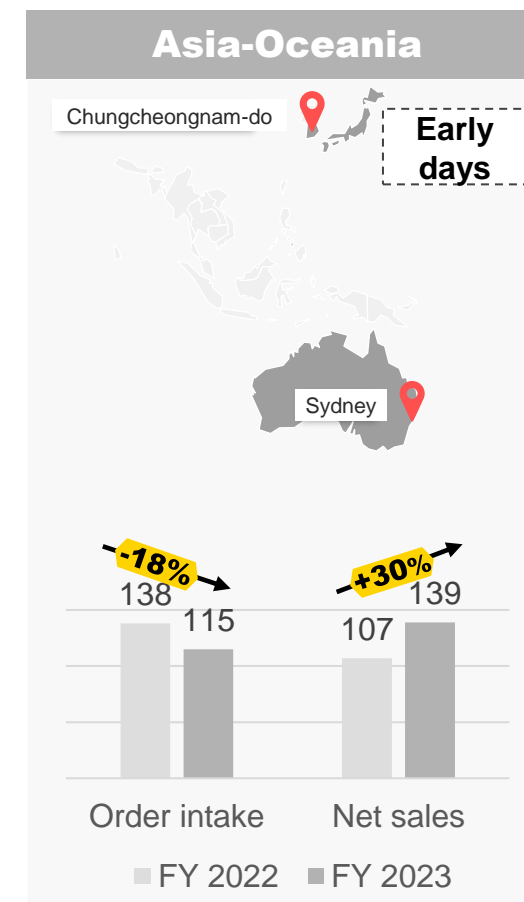
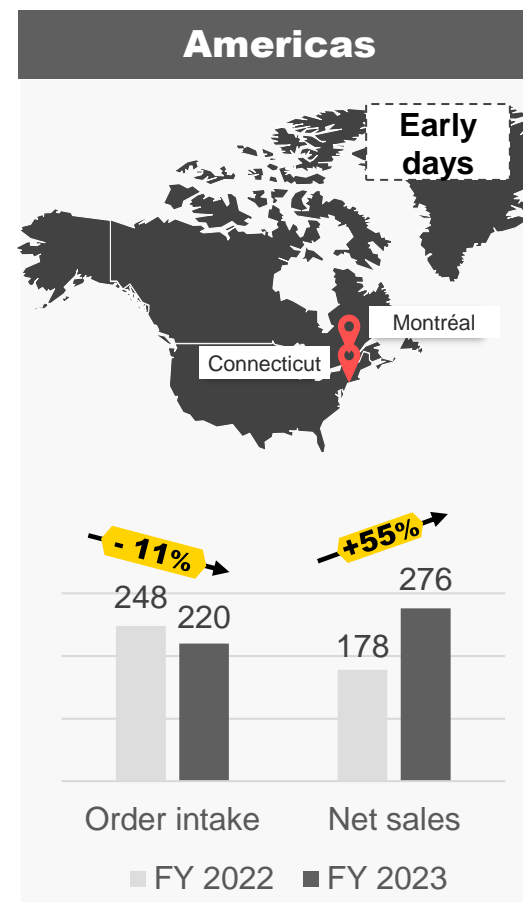
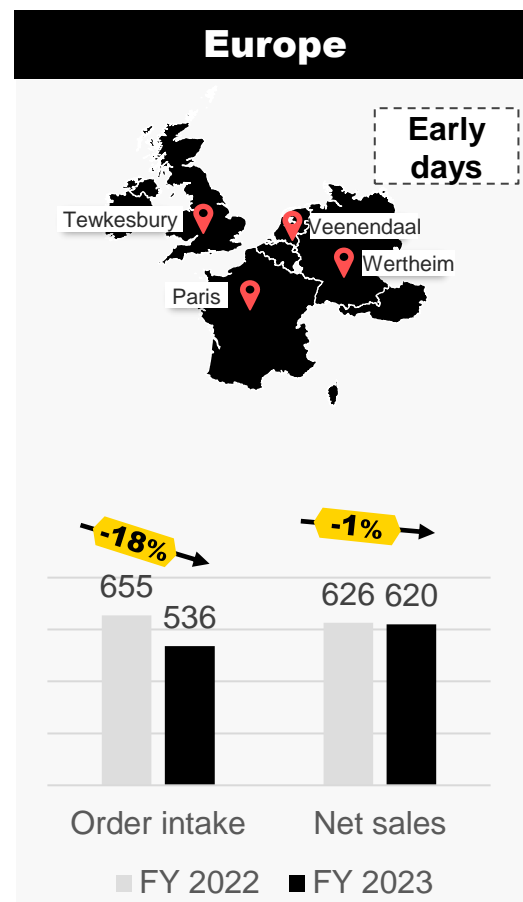
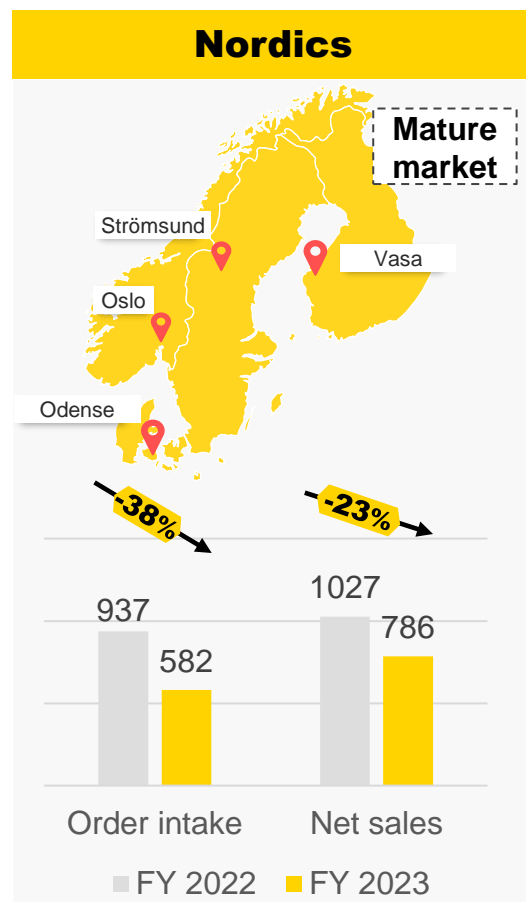
POSITIVE SIGNS IN EUROPE

Q4 2023 - Organic order intake and net sales per geographic region, MSEK



LESS DEPENDENCE OF THE NORDIC REGION

FY 2023 - Organic order intake and net sales per geographic region, MSEK

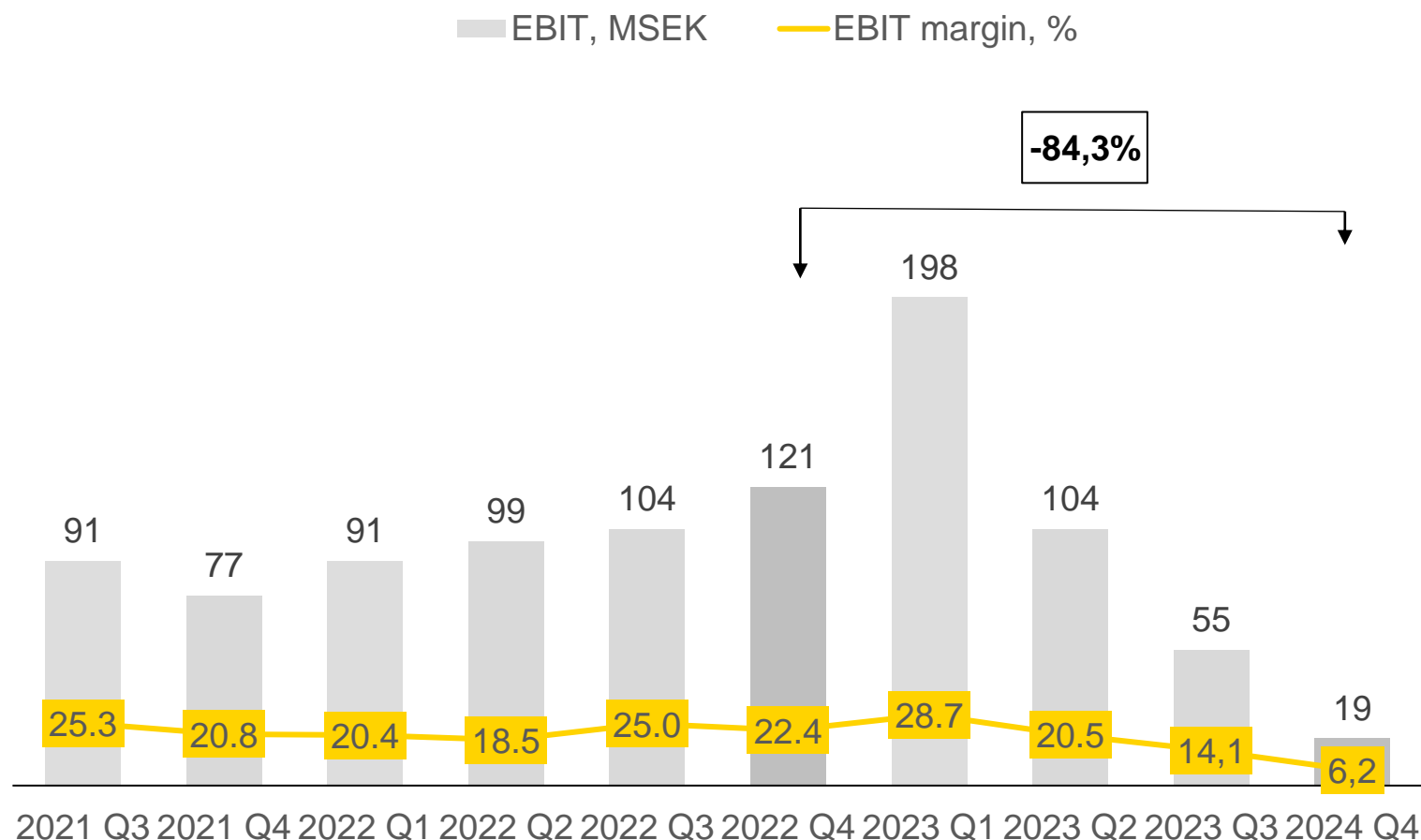




FINANCIAL DEVELOPMENT

DECREASED EBIT FROM WEAK REVENUE

EBIT and EBIT margin per quarter



Key comments

- EBIT decreased 84% to 19 (121) MSEK.
- EBIT margin of 6.2% (22.4%).
- EBIT impacted by lower volumes and OPEX high in relation to the decreased revenue.

OVERVIEW OF COSTS AND EBIT

MSEK	2023 Q4	2022 Q4	2023 FY	2022 FY
Net sales	308	541	1,898	1,938
COGS	-184	-303	-1,096	-1,105
<i>Gross margin</i>	40.3%	44.0%	42.3%	43.0%
Selling expenses	-62	-71	-271	-235
<i>% of net sales</i>	-20.0%	-13.1%	-14.3%	-12.1%
Administrative expenses	-32	-40	-120	-150
<i>% of net sales</i>	-10.4%	-7.4%	-6.3%	-7.7%
R&D expenses	-14	-8	-44	-28
<i>% of net sales</i>	-4.6%	-1.5%	-2.3%	-1.5%
Fair value of derivatives	7	9	18	-7
<i>% of net sales</i>	2.3%	1.7%	1.0%	-0.4%
Other operating income and expenses	-4	-7	-9	2
<i>% of net sales</i>	-1.3%	-1.3%	-0.5%	0.1%
EBIT	19	121	376	415
<i>EBIT margin</i>	6.2%	22.4%	19.8%	21.4%
EBIT pre-IPO	19	121	376	432
<i>EBIT margin pre-IPO</i>	6.2%	22.4%	19.8%	22.3%

Key comments

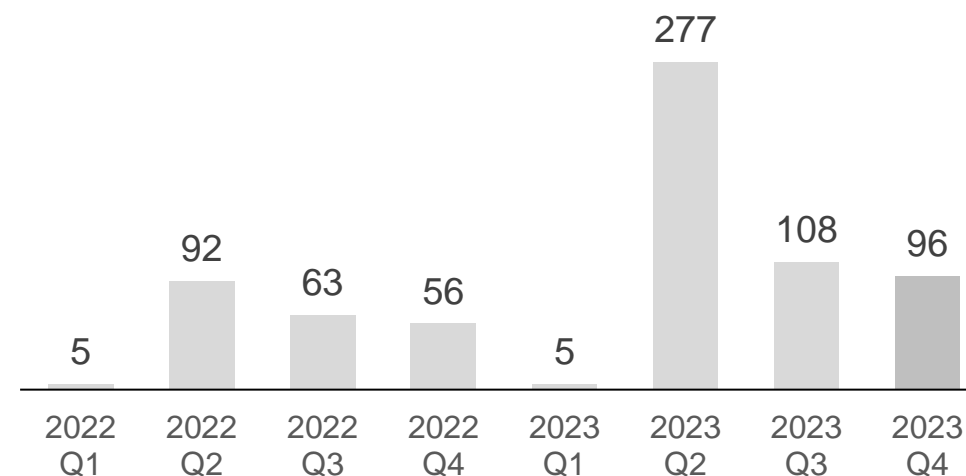
- EBIT margin 6.2% (22.4%) and 19.8% (21.4%) in FY23.
- Gross margin of 40.3% (44.0%) and 42.3% (43.0%) in FY23.
- R&D expenses 14 (8) MSEK Q4, 44 (28) in FY23 and R&D reported in balance sheet 63 (35) MSEK.
- Expenses for Group Business System (ERP) 10 (8) MSEK in Q4.

STRONG CASH FLOW

Cash flow and net working capital overview, MSEK

MSEK	2023 Q4	2022 Q4	2023 FY	2022 FY
Cash flow before changes in working capital	29	128	275	449
Inventories	302	443	302	443
Accounts receivables	193	347	193	347
Other receivables	27	29	27	29
Accounts payables	82	146	82	146
Other payables	34	42	34	42
Net working capital	406	631	406	631
<i>% of net sales</i>	21%	33%	21%	33%
Cash flow from operating activities	96	56	486	216
Investing activities	-19	-15	-61	-45

Operating cash flow per quarter, MSEK



Key comments

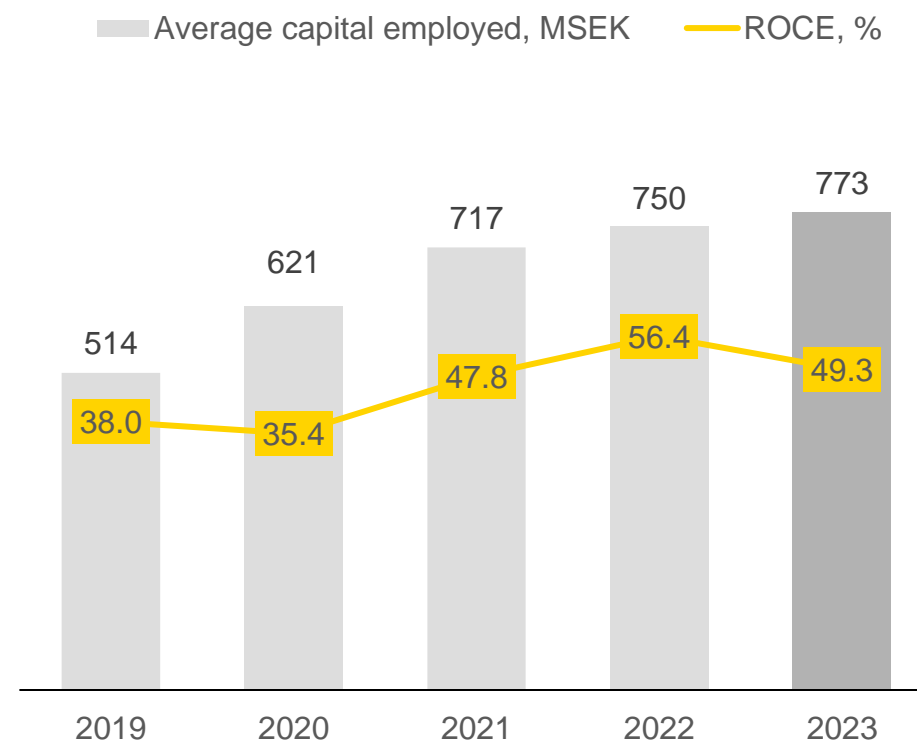
- Lower capital tie-up.

SOUND ROCE LEVEL

Return on capital employed overview

MSEK	2019	2020	2021	2022	2023
EBT	192	218	341	415	365
Interest expense	3	2	2	8	16
Capital employed, beginning of period	484	543	699	735	765
Capital employed, end of period	543	699	735	765	781
Capital employed, average	514	621	717	750	773
Total assets	717	925	1,013	1,186	1,012
Non-interest-bearing liabilities	174	226	278	421	231
ROCE	38.0%	35.4%	47.8%	56.4%	49.3%

Average capital employed and ROCE



FINANCIAL TARGETS FY 2023

Growth

Exceed the growth in existing market through organic growth.

-6%

Net sales organic growth

Profitability

Have an EBIT margin in excess of 20%, measured over a business cycle.

20%

EBIT margin

Capital efficiency

Continue to achieve an industry-leading capital efficiency. ROCE to exceed 40%, measured over a business cycle.

49%

Return on capital employed

Capital structure

Maintain a strong capital structure supporting further expansive organic growth and dividends to shareholders. Equity-to-asset ratio to be above 35 %.

64%

Equity-to-asset ratio

Dividend policy

Pay approximately 50% of net profit in dividends. Dividend proposal will consider engcon's long-term potential, financial position and investment needs.

0.94

SEK/share

SUMMARY AND OUTLOOK

- Further signs of stabilization and important orders received in the European region.
- Net sales slightly below our expectations in Q4, impact from ERP system change.
- Strong achievements during challenging year. Incl. exceptional deliveries in Q1, new sales company in Norway as well as ERP system change.
- Historical milestone: < 50% Sales from Nordic region.
- No clear sign of demand picking up, moderate increase possibly expected in Q2 2024.
- Continued ERP implementation.
- New CFO appointed.



Q&A

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THE WORLD OF
DIGGING**

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