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engcon publishes prospectus and announces price for its initial public offering on Nasdaq Stockholm

engcon AB ("engcon" or the "Company"), the world's leading manufacturer of tiltrotators with a global market share of approximately 45 per cent, today publishes its prospectus and announces the price for the offering (the "Offering") and listing of the Company's class B shares on Nasdaq Stockholm (the "Listing"). The Offering comprises existing class B shares in the Company, offered by the Selling Shareholders (as defined below). Nordstjernan, funds managed and advised by Capital Research, Svolder AB (publ), Formica Capital, Handelsbanken Fonder, AP2, ODIN Funds and Strand Kapitalförvaltning (the "Cornerstone Investors") have, subject to certain customary conditions, undertaken to acquire class B shares in the Offering for a total amount of SEK 1,400 million. The first day of trading is expected to be 17 June 2022.

The Offering in brief

- The price in the Offering is set at SEK 46 per share (the "Offering Price"), corresponding to a total market value of the total number of shares in engcon of approximately SEK 7.0 billion.[1]
- The Offering includes a maximum of 39,596,870 existing class B shares in engcon, corresponding to approximately 26.1 per cent of the total number of shares in the Company, which are offered by the Principal Owners (as defined below) and certain employees of engcon (together with the Principal Owners, the "Selling Shareholders").
- To cover any overallotment in connection with the Offering, the Selling Shareholders will issue an option to the Managers (as defined below) to acquire up to an additional of 5,939,530 class B shares at the Offering Price, corresponding to a maximum of 15 per cent of the number of shares in the Offering ("Overallotment Option") that can be exercised in whole or in part for 30 days from the first day of trading in the Company's class B shares on Nasdaq Stockholm. If the Offering is fully subscribed and the Overallotment Option is fully exercised, the Offering includes a maximum of 45,536,400 class B shares in engcon, corresponding to approximately 30.0 per cent of the total number of shares and approximately 9.7 per cent of the total number of votes in the Company.

- The total value of the Offering, based on the Offering Price, amounts to approximately SEK 1,821 million and assuming that the Overallotment Option is exercised in full, the value of the Offering will amount to approximately SEK 2,095 million.
- Nordstjernan, funds managed and advised by Capital Research, Svolder AB (publ), Formica Capital, Handelsbanken Fonder, AP2, ODIN Funds and Strand Kapitalförvaltning have, subject to certain customary conditions, undertaken to acquire class B shares in the Offering for a total amount of SEK 1,400 million. The number of class B shares that the Cornerstone Investors have undertaken to acquire corresponds to approximately 66.8 per cent of the total number of class B shares in the Offering (including the Overallotment Option).
- The Offering is directed to qualified institutional investors in Sweden and, with certain exceptions, internationally, as well as to the general public in Sweden.
- The application period for the general public in Sweden is expected to be 8 – 15 June 2022.
- The application period for institutional investors is expected to be 8 – 16 June 2022.
- The first day of trading is expected to be 17 June 2022 under the trading symbol “ENGCON”. Settlement is expected to take place on 21 June 2022.
- The prospectus (in Swedish with an English translation), containing the full terms and conditions for the Offering, will be made available on engcon’s website (www.engcongroup.com/se/borsnotering/), Nordea’s website (www.nordea.se/prospekt), Carnegie’s website (www.carnegie.se) and Avanza’s website (www.avanza.se/kampanjer/engcon.html).

Background to the Offering

The board of directors and the group management of engcon have, together with Stig Engström[2] and Monica Engström[3] (the “Principal Owners”), made the assessment that a listing of the Company’s class B shares on Nasdaq Stockholm is an important step in the Company’s continued development. It is the opinion of the board of directors and the group management that the Listing will increase general awareness of the Company, in particular internationally in connection with the Company’s international expansion, which increases the Company’s ability to attract and retain key employees, partners and customers as well as provides access to the Swedish and international capital markets. The admission to trading in the Company’s class B shares also allows the Company to offer value-creating incentive programs to employees as well as facilitates a future succession for the Principal Owners.

About engcon

engcon is the world's leading manufacturer of tiltrotators with a global market share of approximately 45 per cent, based on the number of tiltrotators sold in 2021.[4] The Company was founded in 1990 with the ambition to change the world of digging through product innovation and focus on end-users. The product offering includes tiltrotators, quick couplers, hydraulic and mechanical tools as well as control and safety systems that contribute to increased profitability, efficiency, flexibility, safety and sustainability for example when working with pipelines, road construction, water and sewerage works, railway constructions, electrical works, telecom and broadband works, construction sites and landscaping.

engcon develops innovative value-creating and sustainable solutions that are based on the needs of the end-user and contribute to increased resource efficiency, safety and profitability. A tiltrotator can increase the productivity of an excavator by approximately 25 per cent compared to excavation without a tiltrotator and can replace an average of 2.2 other construction machines.[5] Furthermore, the use of a tiltrotator can save approximately 6,000 litres of diesel per year, which corresponds to approximately 16,200 kilograms of annual carbon dioxide emissions and approximately 113,000 kilograms of carbon dioxide emissions during the excavator's lifetime.[6] The tiltrotator with its advanced tools can help prevent work-related accidents as it allows excavator users to change tools from the excavator cabin and reduces the need for manual groundwork near the excavator. Since the inception of the Company, R&D has been a key element of the business and a prerequisite for the Company to achieve its product strategy over business cycles. Through a combination of good underlying profitability, strategic savings and investments, such as product development as well as streamlined production and procurement processes, engcon considers itself to have demonstrated a competitive strategy that has made the Company to come out stronger from both economic upturns and downturns.

engcon's head office is located in Strömsund, Sweden, and the Company had an average of 327 full-time employees globally during the financial year ended 31 December 2021. The Company has two production facilities, one in Strömsund and one in Niepruszewo, Poland. engcon's production mainly consists of assembly of purchased components, which allows for a low level of tied up capital and makes the production adaptable for new product innovations and improvements without larger costs.

Prospectus and application

A prospectus (in Swedish with an English translation), containing the full terms and conditions for the Offering, will be made available on engcon's website (www.engcongroup.com/se/borsnotering/), Nordea's website (www.nordea.se/prospekt), Carnegie's website (www.carnegie.se) and Avanza's website (www.avanza.se/kampanjer/engcon.html).

Preliminary timetable

Application period for the general public	8 – 15 June 2022
Application period for institutional investors	8 – 16 June 2022
First day of trading in the Company's shares of class B on Nasdaq Stockholm	17 June 2022
Settlement date	21 June 2022

Stabilisation measures

In connection with the Offering, Nordea Bank Abp, filial i Sverige ("Nordea") may, to the extent permitted pursuant to Swedish law, carry out transactions aimed to support the market price of the Company's shares above those that might otherwise prevail in the open market. Such stabilisation transactions may be effected on Nasdaq Stockholm, over-the-counter market or otherwise, and may be effected at any time during the period commencing on the first day of trading in the shares on Nasdaq Stockholm and ending no later than 30 calendar days thereafter. Nordea is, however, not required to carry out such transactions and there is no assurance that such activities will be undertaken.

The stabilisation, if commenced, may be discontinued at any time without prior notice. Under no circumstances will transactions be carried out at a price that is higher than the price set out in the Offering. No later than by the end of the seventh trading day after stabilisation transactions have been undertaken, Nordea must disclose that stabilisation measures have been performed in accordance with article 5 (4) of EU's Market Abuse Regulation 596/2014. Within one week from the end of the stabilisation period, Nordea will make public whether or not stabilisation was undertaken, the date at which stabilisation started, the date at which stabilisation last occurred as well as the price range within which stabilisation was carried out, for each of the dates during which stabilisation transactions were carried out.

Advisors

Nordea is Sole Global Coordinator and Joint Bookrunner in connection with the Offering. Carnegie Investment Bank AB (publ) is Joint Bookrunner in connection with the Offering (together with the Sole Global Coordinator, the "Managers"). Advokatfirman Cederquist KB is legal advisor to the Company. White & Case Advokat AB is legal advisor to the Managers. Avanza Bank AB (publ) and Nordea are Retail Managers in connection with the Offering.

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The information was submitted for publication, through the agency of the contact persons set out above, at 23:45 CEST on 7 June 2022.

Important information

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This press release does not constitute an offer or a 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 such securities in the United States. The information in this press release may not be announced, published, copied, reproduced or distributed, directly or indirectly, in whole or in part, within or into the United States, Australia, Canada, Japan or in any other jurisdiction where such announcement, publication or distribution of the information would not comply with applicable regulations or where such actions are subject to legal restrictions or would require additional registration or other measures than what is required under Swedish law. Actions taken in violation of this instruction may constitute a crime against applicable securities laws and regulations.

This press release is not a prospectus for the purposes of Regulation (EU) 2017/1129 (the "Prospectus Regulation") and has not been approved by any regulatory authority in any jurisdiction.

In the EEA Member States, with the exception of Sweden, (each such EEA Members State a "Relevant State"), this press release and the information contained herein are intended only for and directed to qualified investors as defined in the Prospectus Regulation. The securities mentioned in this press release are not intended to be offered to the public in any Relevant State and are only available to qualified investors except in accordance with exceptions in the Prospectus Regulation. Any invitation, offer or agreement to subscribe for, purchase or otherwise acquire such securities will only be processed for qualified investors. Persons in any Relevant State who are not qualified investors should not take any actions based on this press release, nor rely on it.

In the United Kingdom, this document and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "qualified investors" (within the meaning of the United Kingdom version of the EU Prospectus Regulation (2017/1129/ EU) which is part of United Kingdom law by virtue of the European Union (Withdrawal) Act 2018) who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (ii) high net worth entities falling within Article 49(2)(a)-(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 communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this press release and should not act or rely on it.

This press release does not identify, or purport to identify, risks (direct or indirect) that may be associated with an investment in securities. Any investment decision to acquire securities in connection with the Offering must be made only on the basis of publicly available information relating to the Company or the Company's securities, which has not been verified by the Managers. The Managers are acting for the Company and the Selling Shareholders in connection with the transaction and no one else and will not be responsible to anyone other than the Company or Selling Shareholders 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 press release does not constitute an invitation to warrant, subscribe, or otherwise acquire or transfer securities in any jurisdiction. This press release does not constitute a recommendation for any investors' decisions regarding the Offering. Each investor or potential investor should conduct its own examination, analysis and evaluation of the business and information described in this press release and all publicly available information. The price and value of the securities can decrease as well as increase. Achieved results do not provide guidance for future results. Neither

the contents of the Company's website nor any other website accessible through hyperlinks on the Company's website are incorporated into or form part of this press release.

Forward-looking statements

This press release contains certain forward-looking statements reflecting the Company's current view on future events and anticipated financial and operational performance. Forward-looking statements are in general all statements other than statements of historical or present facts. The words "may", "shall", "anticipates", "expect", "believe", "estimates", "plans", "calculates", "prepares", "intends", "predicts", "attempts", "could" or, in each case, their negative or similar expressions or comparable terminology, constitute forward-looking statements. These forward-looking statements are made only as of the date of this press release. Accordingly, prospective investors are cautioned not to place undue reliance on any of the forward-looking statements herein. Neither the Company nor the Selling Shareholders undertakes to publicly release any revisions or updates to forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under applicable law.

[1] The market value is based on 151,788,000 outstanding shares in engcon, of which 35,344,778 class A shares and 116,443,222 class B shares.

[2] Through Ommapo förvaltning AB.

[3] Throguh Monen Holding AB.

[4] Based on a market study from Strategy& (PwC), produced on behalf of the Company, dated 11 February 2022 (the "Market study").

[5] Based on the Market Study.

[6] Based on the Market Study. Yearly fuel savings are based on a diesel-powered 30-ton excavator. The excavator's lifetime is assumed to be seven years on average.

Attachments

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