

Q4

2024

INTERIM REPORT JANUARY – DECEMBER 2024

Fourth quarter report 2024

Fourth quarter 2024

- Order intake increased 22 per cent to SEK 506 million (414); organic order growth was 22 per cent.
- Net sales increased 27 per cent to SEK 393 million (308); organic net sales growth was 27 per cent.
- Operating profit increased 231 per cent to SEK 63 million (19) and the operating margin was 16.0 per cent (6.2).
- Profit for the period increased 504 per cent to SEK 54 million (9).
- Basic and diluted earnings per share amounted to SEK 0.35 (0.07).

January – December 2024

- Order intake increased 14 per cent to SEK 1,716 million (1,510); organic order growth was 14 per cent.
- Net sales declined 13 per cent to SEK 1,649 million (1,898); organic net sales growth was -13 per cent.
- Operating profit declined 21 per cent to SEK 295 million (376) and the operating margin was 17.9 per cent (19.8).
- Profit for the period declined 20 per cent to SEK 229 million (285).
- Basic and diluted earnings per share amounted to SEK 1.42 (1.81).
- The Board of Directors proposes a dividend of SEK 1.00 (0.94) per share, to be paid in two equal instalments.

Financial performance indicators for the Group¹

	Q4			Jan-Dec		
	2024	2023	Δ%	2024	2023	Δ%
Order intake, SEK million	506	414	22	1,716	1,510	14
Net sales, SEK million	393	308	27	1,649	1,898	-13
Gross profit, SEK million	168	124	35	726	802	-10
Gross margin, %	42.7	40.3	-	44.0	42.3	-
Operating profit, SEK million	63	19	231	295	376	-21
Operating margin, %	16.0	6.2	-	17.9	19.8	-
Profit/loss for the period, SEK million	54	9	504	229	285	-20
Earnings per share, before and after dilution, SEK	0.35	0.07	389	1.42	1.81	-21
Return on capital employed, %	38.3	49.3	-	38.3	49.3	-
Equity/assets ratio, %	65.8	63.6	-	65.8	63.6	-

¹ For more information, see the alternative performance measures and financial definitions section on pages 19-21.

CEO'S COMMENTS

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Order intake was the highest since the fourth quarter of 2022. It is a positive sign that all regions posted increased order intake.



Stable profitability despite challenges

2024 was a year with challenging market conditions. Sales were constrained by weakened demand in the Nordic region, while Europe reported growth despite an uncertain market and a decline in excavator sales. We summarize the full year 2024 with net sales of SEK 1,649 million (1,898), operating profit of SEK 295 million (376) and an operating margin of 18 per cent (20), which is a stable profitability level given the current conditions.

Increased net sales and strong order intake in the fourth quarter

Net sales in the quarter amounted to SEK 393 million (308), an increase of 27 per cent compared with the low levels of the preceding year. The gross margin was a stable 43 per cent (40) and increased primarily as a result of higher net sales. Combined, this raised operating profit by 231 per cent to SEK 63 million (19) and the operating margin to 16 per cent (6). The order intake was the highest since the fourth quarter 2022, amounting to SEK 506 million (414), an organic increase of 22 per cent. It is a positive sign that all regions posted increased order intake.

Europe continues to show strong growth with the highest net sales and order intake. However, the Nordic region is the one that accounts for the largest increase in order intake with 34 per cent, which was in part the result of pre-ordering and can be seen as a sign of an increasingly optimistic view of the market situation. In the Americas, order intake increased organically by 17 per cent. Over the past year, we have announced challenges within our U.S. organization. As a result of this, we have decided to make changes to the management structure. engcon's COO will lead operations for the time being. Under his leadership a review of the organization as well as the recruitment of several sales resources will take place. We remain confident in the North American market and are investing to increase sales. We are also choosing to invest further in Asia by strengthening our presence through the establishment of a sales company in Japan. In Japan, there is significant potential for our products given the prevailing labour shortage and the country's considerable need for increased efficiency and productivity in the construction industry.

Market conditions are still largely unpredictable, in part due to the geopolitical situation and potential tariffs in the US. As previously announced, we expect a stable trend with continued growth. We foresee an increase from low levels in the Nordic region and that growth in Europe will continue.

Profitable growth with a focus on end customers and innovations

Our focus is and has always been to build trust and close relationships with our end customers. Our innovative products solve problems and create profitability for end customers while taking responsibility for a sustainable future. As a further step of our sustainability efforts, we have joined the world's largest sustainability initiative, the UN Global Compact Initiative. We are proud to join the thousands of other global companies committed to acting for long-term sustainable business practices.

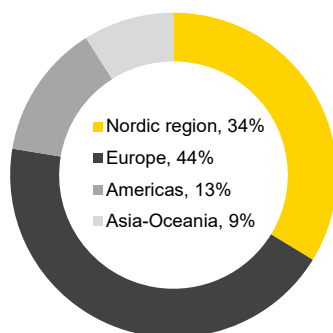
Our approach to 2025 will be to continue to create profitable growth and strengthen our market-leading position with innovation as the foundation of our business. Our third generation tiltrotator model EC319 was launched in 2024, and in 2025 we are set to launch additional models. In 2025, we are also taking the step up to Nasdaq Stockholm Large Cap. This is an important milestone and an additional mark of excellence on the fantastic growth journey we have experienced and still have ahead of us. I would like to extend my sincere thanks to our employees, customers, partners and investors for joining us on this journey. You have all contributed to engcon's success, which would not have been possible without you. I look forward to 2025 and continuing to change the world of digging together with you all.

Krister Blomgren
President and CEO

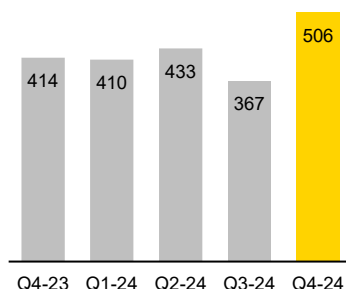
GROUP'S FINANCIAL PERFORMANCE

engcon Group's operations are conducted and reported as a single segment. As further disclosures, order intake and net sales are reported based on the Group's geographic regions: Nordic region, Europe (excl. the Nordic region), the Americas and Asia-Oceania, which includes the rest of the world.

Share of net sales by geographic market region in Q4



Order intake by quarter, SEK million



Order intake and net sales

Fourth quarter 2024

Order intake	Q4					
	2024	Organic	2023	Δ	Δ Organic	Δ%
SEK million						
Nordic region	192	192	143	49	49	34%
Europe	204	202	177	27	25	14%
Americas	67	66	57	10	9	17%
Asia-Oceania	43	43	37	5	6	16%
Total	506	503	414	92	89	22%

Net sales	Q4					
	2024	Organic	2023	Δ	Δ Organic	Δ%
SEK million						
Nordic region	132	132	113	19	19	17%
Europe	172	170	125	47	44	36%
Americas	53	53	41	12	11	28%
Asia-Oceania	35	36	28	7	7	26%
Total	393	390	308	85	82	27%

Order intake during the quarter amounted to SEK 506 million (414), an increase of 22 per cent (-25), and organic order intake growth was 22 per cent (-26). All market regions reported higher order intake for the quarter with the Nordic region accounting for the largest change.

Net sales during the quarter amounted to SEK 393 million (308), an increase of 28 per cent (-43) and organic net sales growth of 27 per cent (-43). Net sales increased in all regions year-on-year, with Europe accounting for the largest increase.

January – December 2024

Order intake	Jan-Dec					
	2024	Organic	2023	Δ	Δ Organic	Δ%
SEK million						
Nordic region	642	645	594	48	52	9%
Europe	720	718	571	149	147	26%
Americas	216	216	230	-14	-14	-6%
Asia-Oceania	138	140	115	22	25	22%
Total	1,716	1,720	1,510	206	210	14%

Net sales	Jan-Dec					
	2024	Organic	2023	Δ	Δ Organic	Δ%
SEK million						
Nordic region	623	626	808	-186	-182	-23%
Europe	689	688	660	29	28	4%
Americas	211	213	289	-78	-76	-26%
Asia-Oceania	126	128	141	-15	-12	-9%
Total	1,649	1,655	1,898	-250	-243	-13%

Order intake for the year amounted to SEK 1,716 million (1,510), up 14 per cent (-24), and the organic order intake increased 14 per cent (-27).

Order growth was positive during the period in all regions except for the Americas.

Net sales for the year amounted to SEK 1,649 million (1,898), a decline of 13 per cent (-2), and organic net sales growth was -13 per cent (-6). All regions apart from Europe recorded negative net sales growth.



Earnings

	Q4			Jan-Dec		
	2024	2023	Δ%	2024	2023	Δ%
Order intake, SEK million	506	414	22	1,716	1,510	14
Net sales, SEK million	393	308	27	1,649	1,898	-13
Gross profit, SEK million	168	124	35	726	802	-10
Gross margin, %	42.7	40.3	-	44.0	42.3	-
Operating profit, SEK million	63	19	231	295	376	-21
Operating margin, %	16.0	6.2	-	17.9	19.8	-

Fourth quarter 2024

Gross earnings for the quarter amounted to SEK 168 million (124), an increase of 35 per cent (-48). The gross margin amounted to 42.7 per cent (40.3).

EBIT for the quarter amounted to SEK 63 million (19), an increase of 231 per cent (-84). The operating margin was 16.0 per cent (6.2).

The cost for the change of the Group-wide business system amounted to SEK 6 million (10) during the quarter. Implementation of the business system began in the final quarter of 2023.

The effect of derivative instruments amounted to SEK -1 million (7) for the quarter.

Net financial items for the quarter amounted to SEK 14 million (-6). The change is primarily due to positive currency effects.

Profit before tax for the quarter amounted to SEK 77 million (13).

Income tax for the quarter was SEK -22 million (-4). The effective tax rate amounted to 28.5 per cent (25.7), which was impacted by non-deductible items.

Total earnings after tax for the fourth quarter amounted to SEK 54 million (9).

January – December 2024

Gross earnings during the year amounted to SEK 726 million (802), a decrease of 10 per cent (-4). The gross margin amounted to 44.0 per cent (42.3).

EBIT for the year amounted to SEK 295 million (376), a decrease of 21 per cent (-9). The operating margin was 17.9 per cent (19.8).

Costs for the change of the Group-wide business system amounted to SEK 30 million (36) for the year. Implementation of the business system began in the final quarter of 2023 and continued throughout 2024.

The effect of derivative instruments amounted to SEK -2 million (18) for the year.

Net financial items for the year amounted to SEK 0 million (-11) and the change is primarily due to positive currency effects.

Profit before tax for the year amounted to SEK 295 million (365).

Income tax for the year was SEK -66 million (-80). The effective tax rate amounted to 22.3 per cent (21.9).

Total profit after tax for the year amounted to SEK 229 million (285).

Investments and depreciation/amortisation

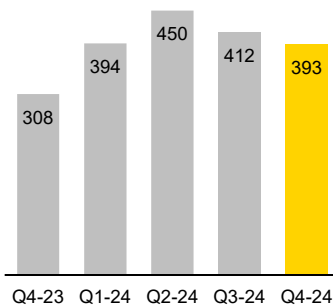
Investments in intangible and tangible assets and right-of-use assets amounted to SEK 17 million (21) for the quarter and SEK 56 million (101) for the year. The investments were mainly attributable to development costs for the third generation tiltrotator.

The year-on-year change was the result of a then newly signed lease for a logistics hub in the US. Depreciation and amortisation of tangible and intangible assets amounted to SEK 12 million (11) for the quarter and SEK 48 million (44) for the year.

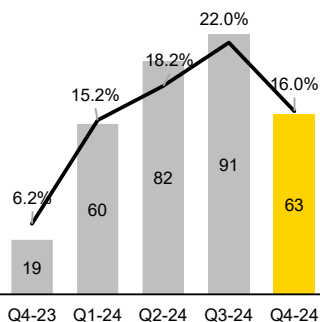
Cash flow

Cash flow from operating activities amounted to SEK 108 million (96) for the quarter. For the full-year, cash flow from operating activities amounted to SEK 239 (486) million, mainly attributable to lower operating profit.

Net sales by quarter, SEK million



EBIT SEK million and EBIT margin by quarter



Cash flow from investing activities amounted to SEK -14 million (-19) for the quarter and SEK -44 million (-61) for the year. The investments were mainly attributable to property, plant and equipment and development costs for the third generation tiltrotator.

Cash flow from financing activities amounted to SEK -73 million (-81) for the quarter and SEK -176 million (-317) for the year, with the year-on-year change mainly attributable to borrowing and a change in bank overdraft facilities.

Total cash flow from operations amounted to SEK 21 million (-4) for the quarter and SEK 19 million (108) for the year.

Financial position and return

	31 Dec 2024	31 Dec 2023
Total borrowing, SEK million	33	41
Bank overdraft facilities, SEK million	-	-
Total lease liabilities, SEK million	89	96
Cash and cash equivalents, SEK million	-132	-101
Net debt (+) / Net cash (-), SEK million	-10	37
Equity, SEK million	732	643
Equity/assets ratio, %	65.8	63.6
Return on capital employed, %	38.3	49.3

Inventory amounted to SEK 339 million on 31 December 2024 compared with SEK 302 million on 31 December 2023. Accounts receivable increased to SEK 227 million on 31 December 2024 compared with SEK 193 million on 31 December 2023.

On 31 December 2024, net debt/net cash amounted to SEK -10 million compared with SEK 37 million on 31 December 2023. Equity is on a higher level despite taking into account the resolved dividend at the 2024 Annual General Meeting. The equity/assets ratio improved compared with 31 December 2023 despite a higher dividend and increased total assets. The Group had unutilised credit facilities of SEK 314 million at the end of the quarter compared with SEK 320 million on 31 December 2023. Including cash and cash equivalents, the Group's unutilised total liquidity amounted to SEK 446 million (421). The Group's existing credit facility amounted to SEK 322 million (320).



EVENTS IN THE QUARTER



Fourth quarter

- On 1 October, engcon was awarded the Carnegie Sustainability Award 2024 in the category of Best Newcomer.
- As a further step in its sustainability journey, engcon officially joined the United Nations Global Compact Initiative.
- On 5 December, it was announced that engcon is establishing a new sales company in Japan.
- On 19 December, it was announced that engcon would be moved to Nasdaq Stockholm's Large Cap segment. The move took place on 2 January 2025.
- No other material events took place during the quarter.

Events after the end of the quarter

- On 1 January 2025, Group management was expanded with the addition of Anders Smith, who took on the role of Chief Operating Officer (COO).
- In January, changes to the management structure were implemented in the Americas.
- No other material events have taken place after the end of the quarter.

FINANCIAL TARGETS, SUSTAINABILITY TARGETS AND DIVIDEND POLICY

Net sales growth

- engcon's objective is to exceed the growth in the existing markets¹ through organic growth. As of 31 December 2024, organic growth amounted to -13 per cent (-6).

Profitability

- engcon's target is an operating margin (EBIT margin) in excess of 20 per cent measured over a business cycle. As of 31 December 2024, the EBIT margin amounted to 17.9 per cent (19.8).

Capital efficiency

- engcon will continue to achieve an industry-leading capital efficiency. Return on capital employed (ROCE) to exceed 40 per cent measured over a business cycle. As of 31 December 2024, return on capital employed amounted to 38.3 per cent (49.3).

Capital structure

- engcon will maintain a strong capital structure supporting further expansive organic growth and dividends to shareholders. Equity/assets ratio to be above 35 per cent. As of 31 December 2024, the equity/assets ratio amounted to 65.8 per cent (63.6).

Dividend policy

- engcon will pay approximately 50 per cent of net profit in dividends. The dividend proposal will consider engcon's long-term development potential, financial position and investment needs. The Board of Directors proposes a dividend of SEK 1.00 (0.94) per share, to be paid in two equal instalments.

Sustainability targets

- engcon is to combat climate change by reducing emissions of Scope 1 and Scope 2 greenhouse gases by -42 per cent by 2030 from a base year of 2021. The targets are validated by the Science Based Targets initiative (SBTi). For more information, see the 2023 Annual and Sustainability Report pages 28–29.

¹ The existing market's annual growth is expected to amount to approximately 19 per cent during the 2021-2026 period according to the Strategy& (PwC) market report 2022.

OTHER INFORMATION

Risks and uncertainties

engcon is, by way of its operations, exposed to various risks that may give rise to variations in earnings and cash flow. Significant risks and uncertainties include industry and market risks, operational risks and financial risks. Risks and uncertainties are consistent with the description contained in the 2023 Annual Report, pages 40-44, with the addition of what is stated below. The Annual Report is available at www.engcongroup.com.

Although the prevailing global situation had some impact on engcon's operations during the period, engcon will be further affected going forward. The uncertainty related to the prevailing external and economic situation with inflation, higher interest rates, currency effects and geopolitical turbulence could entail a negative impact for engcon in the form of a decline in demand, a cautious approach to placing orders and supply chain disruptions.

The Board and Group management continue to closely monitor developments and the potential effects these could lead to.

Lawsuit

In May 2023, the Swedish Patent and Market Court announced its verdict regarding Rototilt's lawsuit against engcon alleging infringements by engcon of Rototilt patented technology. The damages claimed amount to approximately SEK 200 million. The alleged infringement relates to sensor technology in the Q-safe locking system. The court determined that no infringement had taken place and therefore dismissed Rototilt's action. At the same hearing, engcon claimed that Rototilt's patent should be declared invalid. However, the court determined that the patent was valid. Following appeals, both parties were granted leave to appeal by the Swedish Patent and Market Court of Appeal. The main hearing in the case was conducted on 18–20 February 2025. The verdict will be announced on 27 March 2025.

In consultation with experts in the field of patent law engaged by engcon as well as with the company's legal advisors, engcon has assessed that no patent infringement has taken place and thus no provision for this has been made in the accounts.

Employees

The average number of full-time employees at the end of the quarter amounted to 379 (393), of whom 24 per cent (23) were women and 76 per cent (77) men.

Seasonal variations

Seasonal variations have little impact on engcon's operations and diminish successively on account of sales in several markets, which contributes to a more even earnings trend over the course of the year. The fourth quarter is normally

characterised by a higher order intake, partly as an effect of forthcoming price increases.

Share capital and shareholders

The company's registered share capital at 31 December 2024 amounted to SEK 21,250,320, distributed among 35,344,778 Class A shares and 116,443,222 Class B shares. The shares have a quotient value of SEK 0.14 per share. Each Class A share represents ten votes and each Class B share one vote. On 31 December 2024, there were 7,179 shareholders in the company.

The company's largest shareholder on 31 December 2024 was the company's founder, Stig Engström, through the company Ommapo förvaltning AB, which controlled 35.4 per cent of the capital and 67.1 per cent of the votes. The second largest shareholder was Monica Engström, through the company Monen Group AB, which controlled 32.0 per cent of the capital and 22.4 per cent of the votes. Following these, Nordstjernan, Capital Group, the First Swedish National Pension Fund, the Second Swedish National Pension Fund, C WorldWide Asset Management, Premier Miton Investors, Svolder and Spiltan Fonder were engcon's largest shareholders.

On 9 December 2024, Nordstjernan Group flagged that its shareholdings in engcon AB had been reduced to 4.98 per cent of capital and 1.61 per cent of votes. Nordstjernan's ownership amounted to 4.77 per cent of the capital and 1.54 per cent of the votes as of 31 December 2024.

For more information about ownership structure, see www.engcongroup.com.

2025 Annual General Meeting and dividend proposal

The 2025 Annual General Meeting will be held on 15 May 2025 at engcon Nordic AB in Strömsund, Sweden. The Board of Directors proposes a dividend of SEK 1.00 (0.94) per share for the 2024 financial year, to be paid in two equal instalments with the record dates of 19 May and 13 October 2025.

Parent Company

The Parent Company's net sales amounted to SEK 15 million (6) for the quarter and SEK 59 million (47) for the year.

Operating loss for the quarter amounted to SEK -15 million (-26) and SEK -64 million (-84) for the year. Profit amounted to SEK 152 million (149) for the quarter and SEK 170 million (160) for the year. The Parent Company received a dividend of SEK 5 million (0) for the quarter and SEK 59 million (54) for the year.

Amounts and dates

Amounts are presented in SEK million unless otherwise indicated. All comparative figures pertain to the same period of the preceding year. Rounding differences may occur.

SIGNING OF THE REPORT

The Board of Directors and CEO give their assurance that this interim report provides a true and fair account of the company's and the Group's operations, financial position and earnings, and that it describes the significant risks and uncertainties faced by the company and those companies that form the Group. This year-end report has not been reviewed by the company's auditors.

engcon AB

Strömsund, 21 February 2025

Annika Bäremo
Chairman

Anna Stålenbring
Board member

Peter Hofvenstam
Board member

Monica Engström
Board member

Stig Engström
Board member

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Publication

This year-end report comprises such information that engcon AB is obligated to publish in accordance with the EU Market Abuse Regulation. This information was published through the auspices of the persons named above on 21 February 2025 at 8.00 a.m. CET.

Audiocast presentation of the interim report

engcon will present the report via an audiocast on 21 February at 11.00 a.m. CET.

To participate, use this link:
<https://engcon.events.inderes.com/q4-report-2024>

To participate via a telephone conference, use the link below:
<https://conference.inderes.com/teleconference/?id=5008698>

The presentation is available at www.engcongroup.com.

Financial calendar 2024/2025

Annual and Sustainability Report 2024, 28 March 2025

Interim Report January–March 2025, 29 April 2025

Annual General Meeting, 15 May 2025 in Strömsund, Sweden

Interim Report January–June 2025, 18 July 2025

Interim Report January–September 2025, 28 October 2025

Financial statements are available in their entirety at engcon's website www.engcongroup.com.

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK million	Q4		Jan-Dec	
	2024	2023	2024	2023
Net sales	393	308	1,649	1,898
Cost of goods sold	-225	-184	-923	-1,096
Gross profit	168	124	726	802
Selling costs	-59	-62	-262	-271
Administrative costs	-32	-32	-121	-120
Research and development costs	-13	-14	-47	-44
Fair value, derivatives	-1	7	-2	18
Other operating income and operating expenses	1	-4	2	-9
Operating profit	63	19	295	376
Profit/loss from financial items				
Net financial items	14	-6	0	-11
Profit/loss before tax	77	13	295	365
Income tax	-22	-4	-66	-80
Profit/loss for the period	54	9	229	285
Total profit/loss for the period	54	9	229	285
Total profit/loss for the period:				
Attributable to:				
Parent Company shareholders	54	11	216	275
Non-controlling interest	-	-2	13	10
Earnings per share, total (SEK)				
Before dilution	0.35	0.07	1.42	1.81
After dilution	0.35	0.07	1.42	1.81

Rounding may entail that columns/rows do not tally.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Q4		Jan-Dec	
	2024	2023	2024	2023
Total profit/loss for the period	54	9	229	285
Other comprehensive income				
Items that may be reversed to profit or loss:				
Exchange-rate differences upon translation of foreign operations	6	-8	9	-1
Comprehensive income for the period	60	1	238	284
Attributable to:				
Parent Company shareholders	59	-3	225	274
Non-controlling interest	1	-2	14	10

Rounding may entail that columns/rows do not tally.

CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	31 Dec 2024	31 Dec 2023
Assets		
Fixed assets		
Goodwill	22	22
Other intangible assets	87	63
Right-of-use assets	79	93
Property plant and equipment	146	148
Other non-current receivables	5	4
Derivatives	-	10
Deferred tax receivables	8	4
Total non-current assets	348	345
Current assets		
Inventories	339	302
Accounts receivable	227	193
Current tax assets	14	12
Other receivables	20	27
Prepaid expenses and accrued income	33	32
Cash and cash equivalents	132	101
Total current assets	765	667
Total assets	1,112	1,012
Equity and liabilities		
Share capital	21	21
Other contributed capital	6	6
Translation reserve	23	14
Retained earnings including profit for the year	643	571
Equity attributable to Parent Company shareholders	693	612
Non-controlling interest	39	32
Total equity	732	643
Non-current liabilities		
Borrowings	-	-
Deferred tax asset	25	23
Lease liabilities	65	75
Provisions product warranty	7	10
Total non-current liabilities	97	108
Current liabilities		
Trade payables	83	82
Current tax liabilities	8	10
Lease liabilities	23	21
Borrowings	33	41
Overdraft facility	-	-
Provisions product warranty	24	22
Derivatives	0	-
Other liabilities	37	34
Accrued expenses and deferred income	74	50
Total current liabilities	283	261
Total interest bearing debt	380	368
Total equity and liabilities	1,112	1,012

Rounding may entail that columns/rows do not tally.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	Share capital	Other contributed capital	Translation reserve	Retained earnings including profit for the year	Equity attributable to owners of the parent company	Non-controlling interest	Total equity
Opening balance 1 January 2023	21	6	14	425	466	35	501
Profit/loss for the year	-	-	-	275	275	10	285
Other comprehensive income	-	-	-1	-	-1	-	-1
Total comprehensive income	-	-	-1	275	274	10	284
Transactions with shareholders:							
Dividends to shareholders	-	-	-	-129	-129	-14	-143
Total transactions with shareholders	-	-	-	-129	-129	-14	-143
Closing balance 31 December 2023	21	6	14	571	612	32	643

SEK million	Share capital	Other contributed capital	Translation reserve	Retained earnings including profit for the year	Equity attributable to owners of the parent company	Non-controlling interest	Total equity
Opening balance 1 January 2024	21	6	14	571	612	32	643
Profit/loss for the year	-	-	-	216	216	13	229
Other comprehensive income	-	-	9	-	9	1	9
Total comprehensive income	-	-	9	216	225	14	238
Transactions with shareholders:							
Dividends to shareholders	-	-	-	-143	-143	-7	-149
Total transactions with shareholders	-	-	-	-143	-143	-7	-149
Closing balance 31 December 2024	21	6	23	643	693	39	732

Rounding may entail that columns/rows do not tally.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	Q4		Jan-Dec	
	2024	2023	2024	2023
Operating profit	63	19	295	376
Adjustments for non-cash items:				
Amortisation and depreciation	12	12	48	45
Other adjustments	8	-17	18	-16
Net financial items (Paid/received)	6	9	-12	26
Income tax paid	11	6	-72	-156
Cash flow from operating activities before changes in working capital	100	29	277	275
Changes in working capital				
Decrease/increase in inventories	-6	21	-36	140
Decrease/increase in trade receivables	70	77	-34	154
Decrease/increase in other receivables	-1	-7	6	18
Increase/decrease in trade payables	-39	-5	1	-64
Increase/decrease in other liabilities	-16	-19	26	-36
Cash flow from operating activities	108	96	239	486
Investing activities				
Acquisition of intangible assets	-6	-8	-25	-31
Acquisition of tangible assets	-7	-10	-19	-27
Acquisition of financial assets	-	-1	-2	-3
Sale of financial assets	-1	-	2	-
Cash flow from (-used in) investing activities	-14	-19	-44	-61
Financing activities				
New borrowing and change in overdraft facilities	-	-	-	-136
Loan repayments	-2	-17	-27	-39
Dividends to shareholders	-71	-64	-149	-143
Cash flow from financing activities	-73	-81	-176	-317
Cash flow for (-used in) the period	21	-4	19	108
Cash and cash equivalents at beginning of period	104	120	101	30
Exchange rate fluctuations in cash and cash equivalents	8	-15	12	-37
Cash and cash equivalents at end of period	132	101	132	101

Rounding may entail that columns/rows do not tally.

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK million	Q4		Jan-Dec	
	2024	2023	2024	2023
Net sales	15	6	59	47
Cost of goods sold	-1	-	-4	-
Gross profit	14	6	55	47
Selling costs	-4	-2	-23	-24
Administrative costs	-22	-24	-89	-90
Research and development costs	-3	-8	-14	-23
Fair value, derivatives	-	-	7	7
Other operating income and operating expenses	-	2	-	-1
Operating profit	-15	-26	-64	-84
Profit/loss from financial items				
Net financial items	18	-4	76	55
Income after financial items	3	-30	12	-29
Appropriations	187	218	187	218
Income tax	-38	-39	-29	-29
Profit/loss for the period	152	149	170	160

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	31 Dec	31 Dec
	2024	2023
Assets		
Fixed assets	164	127
Current assets	485	456
Total assets	649	583
Equity and liabilities		
Equity	314	287
Untaxed reserves	160	112
Current liabilities	175	184
Total interest bearing debt	335	296
Total equity and liabilities	649	583

NOTES TO THE ACCOUNTS

NOTE 1. ACCOUNTING POLICIES

engcon's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable rules in the Swedish Annual Accounts Act. The Parent Company's interim report has been prepared in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board. Disclosures according to IAS 34 are provided in the notes and elsewhere in the interim report. The

accounting policies applied in the preparation of this interim report apply to all periods and correspond with the accounting policies presented in engcon's 2023 Annual Report, Note 2 Accounting policies. No new and revised standards and interpretations that came into force on 1 January 2024 have had any material impact on engcon's financial statements. From 1 January 2024, provisions for product warranties are divided into long and short-term components, and the comparison periods were restated. At 31 December 2023, SEK 22 million was reclassified from long-term to short-term provisions for product warranty.

NOTE 2. KEY ASSESSMENTS AND ESTIMATES

The preparation of financial statements requires management to make assessments and estimates in addition to the assessments that impact the application of the accounting policies and the recognised amounts of assets, liabilities, revenue and expenses. Actual outcomes may differ from these estimates. The assessments and sources of uncertainty in the estimates correspond with those presented

in the most recent annual report. For more details on key assessments and estimates, refer to Note 3 of the 2023 Annual Report. engcon could continue to be impacted by the prevailing business environment and macro-economic situation with increasing inflation and interest-rate hikes, for more information, refer to page 7 in the Risks and uncertainties section.

NOTE 3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Group's financial instruments, which are measured at fair value on a recurring basis.

Derivatives

The company holds derivatives that are measured at fair value at level 2 through profit or loss. At 31 December, there was a liability (receivable) amounting to SEK 0 million (10).

The measurement method is discounting of contractual cash flows with interest and currency on the balance sheet date.

No transfers were made between level 1 and level 2 during the current or prior years.

The company is of the opinion that the carrying amount is a reasonable approximation of the fair value of all financial instruments.

NOTE 4. EARNINGS PER SHARE

	Q4		Jan-Dec	
	2024	2023	2024	2023
Total:				
Total profit/loss for the period attributable to shareholders of the Parent Company, SEK million	53.8	11.0	215.9	275.0
Average number of ordinary shares outstanding	151,788,000	151,788,000	151,788,000	151,788,000
Basic and diluted earnings per share, SEK	0.35	0.07	1.42	1.81

NOTE 5. SEGMENT REPORTING AND ALLOCATION OF REVENUE

Operating segments are accounted for in a way that is consistent with the internal reports submitted to the chief operating decision maker. Group management and the CEO have been identified as the chief operating decision makers for assessment of the Group's earnings and position, as well as making strategic decisions. Group management and the CEO monitor the financial development in the Group as a unit. Accordingly, only one segment is recognised, which corresponds with the consolidated income statement. The reason that the Group is monitored as a segment is that earnings measures are only monitored at total level, since production and other overall costs are central for the Group and not distributed among the geographical market regions. Only the regions' sales and order intake in volume are monitored at a level lower than the operating segment.

Geographic market regions

The Group's sales are divided into four geographic market regions:

- Nordic region – Sweden, Denmark, Norway and Finland
- Europe – Europe excluding the Nordic region
- Americas – North America and South America
- Asia-Oceania – Japan, South Korea, Australia, New Zealand and Rest of the world

Internal sales are conducted between the production companies and the local sales companies, as well as between the local sales companies. Sales and installations are mainly conducted through dealers and our own local sales companies.

Net sales by geographic region

SEK million	Q4			Jan-Dec		
	2024	2023	Δ	2024	2023	Δ
Nordic region	132	113	19	623	808	-186
Europe	172	125	47	689	659	29
Americas	53	41	12	211	289	-78
Asia-Oceania	35	28	7	126	140	-15
Total	393	308	85	1,649	1,898	-250

Of total net sales for the period, Sweden, where the company is domiciled, accounted for SEK 189 million (250) in the Nordic region and the US accounted for SEK 164 million (254) in the Americas. The net sales above are based on where the customer is domiciled.

NOTE 6. INCENTIVE PROGRAMMES

In 2021, the Board resolved to introduce a long-term incentive programme in the form of a warrant programme for employees in the engcon Group. The purpose of the program is to encourage broad-based share ownership amongst the company's employees, facilitate recruitment, maintain competent employees, increase the alignment of interests between the employees and the company's shareholders and increase motivation to reach or exceed the company's financial targets. As of 31 December, 196 (209) engcon employees were participating in the warrant programme. A total of 1,517,880 warrants were issued, and as of 31 December 2024, 1,097,785 (1,121,785) were

subscribed for. The change pertains to the return of warrants in conjunction with termination of employment. Each warrant entitles the holder to subscribe for one share in engcon at an agreed future price. Warrants are conditional on a vesting period of five years. To participate in this programme, employees encompassed by the programme pay a premium that is based on the fair value of allotted warrants that are measured in accordance with the Black & Scholes model. Therefore, for this programme, no cost is recognised during the vesting period since employees have paid the fair value.

NOTE 7. RELATED-PARTY TRANSACTIONS

The company's principal owners, Ommapo förvaltning AB and Monen Group AB (previously Monen Holding AB), which are also principal owners of Mähler Intressenter AB, had transactions with engcon during the period through Mähler Intressenter AB (the Group). The transactions comprised the purchases of products from engcon totalling SEK 9.6 million (19.3) and sales of products to engcon of SEK 6.0 million (2.1). Ommapo förvaltning AB also has an

indirect ownership of Drivex AB, which has conducted transactions, mainly comprising purchases of products, with engcon amounting to SEK 5.1 million (14.8). In addition to these transactions, Ommapo förvaltning AB delivered services to engcon AB for SEK 1.2 million (1.6). Transactions also exist for lesser amounts. All transactions were conducted at market value and pertain to the year.

NOTE 8. EVENTS AFTER THE BALANCE SHEET DATE

- On 1 January 2025, Group management was expanded with the addition of Anders Smith, who took on the role of Chief Operating Officer (COO).
- In January, changes to the management structure were implemented in the Americas.
- No other material events have taken place after the end of the quarter.

QUARTERLY OVERVIEW

	2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income statement								
Net sales, SEK million	393	412	450	394	308	391	508	691
Gross profit, SEK million	168	190	202	166	124	157	206	315
Gross margin, %	42.7	46.1	44.9	42.1	40.3	40.2	40.6	45.6
Operating profit, SEK million	63	91	82	60	19	55	104	198
Operating margin, %	16.0	22.0	18.2	15.2	6.2	14.1	20.5	28.7
Profit/loss for the period, SEK million	54	64	62	49	9	41	86	149
Balance sheet								
Non-current assets, SEK million	348	344	346	342	345	324	317	285
Other current assets, SEK million	633	720	786	742	566	660	757	1,045
Cash and cash equivalents, SEK million	132	104	57	59	101	120	48	33
Total assets, SEK million	1,112	1,168	1,188	1,143	1,012	1,104	1,122	1,363
Equity, SEK million	732	672	613	701	643	642	614	653
Interest-bearing liabilities, SEK million	122	123	202	149	137	150	159	297
Non-interest-bearing liabilities, SEK million	258	373	373	293	232	312	349	413
Total equity and liabilities, SEK million	1,112	1,168	1,188	1,143	1,012	1,104	1,122	1,363
Cash flow								
Cash flow from operating activities, SEK million	108	144	32	-44	96	108	277	5
Cash flow from investing activities, SEK million	-14	-5	-10	-15	-19	-13	-11	-18
Cash flow from financing activities, SEK million	-73	-89	-26	12	-81	-14	-245	23
Cash flow for the period, SEK million	21	50	-4	-47	-4	81	21	10
Key performance indicators								
Order intake, SEK million	506	367	433	410	414	347	342	408
Net sales growth, %	26.6	7.7	-12.2	-42.8	-43.0	-6.0	-5.0	55.0
Net debt (+) / Net cash (-), SEK million	-10	19	146	90	37	30	111	264
Net debt/Net cash through EBITDA	0.0	0.1	0.6	0.3	0.1	0.1	0.2	0.5
Equity/assets ratio, %	65.8	57.6	51.6	61.3	63.6	58.2	54.7	47.9
Return on capital employed, %	38.3	31.4	27.8	27.8	49.3	64.3	73.4	63.4
Interest coverage ratio, multiple	18	15	14	17	24	22	33	22
Average number of full-time employees	379	386	367	378	393	415	406	425
Share data								
Earnings per share, before and after dilution, SEK	0.35	0.40	0.37	0.32	0.07	0.26	0.55	0.93
Average number of outstanding shares (thousands)	151,788	151,788	151,788	151,788	151,788	151,788	151,788	151,788

Rounding may entail that columns/rows do not tally.

ALTERNATIVE PERFORMANCE MEASURES

FINANCIAL DEFINITIONS

This year-end report contains references to a number of earnings measures (performance measures). Some of these performance measures are defined in IFRS, while others are alternative performance measures that are not recognised in accordance with applicable frameworks for financial reporting or other legislation. These alternative performance measures

comprise a complement to assist investors and company management in analysing the operations. Below is a report on the reconciliation of alternative performance measures and definitions of performance measures with a motivation for their use.

Estimates

	Q4		Jan-Dec	
	2024	2023	2024	2023
Equity/asset ratio				
Equity, SEK million	732	643	732	643
Total assets, SEK million	1,112	1,012	1,112	1,012
Equity/assets ratio, %	65.8	63.6	65.8	63.6
Gross margin				
Gross profit, SEK million	168	124	726	802
Net sales, SEK million	393	308	1,649	1,898
Gross margin, %	42.7	40.3	44.0	42.3
Operating margin				
Operating profit, SEK million	63	19	295	376
Net sales, SEK million	393	308	1,649	1,898
Operating margin, %	16.0	6.2	17.9	19.8
Net debt (-) / Net cash (+)				
Non-current borrowing (+), SEK million	-	-	-	-
Current borrowing (+), SEK million	33	41	33	41
Non-current lease liabilities (+), SEK million	65	75	65	75
Current lease liabilities (+), SEK million	23	21	23	21
Bank overdraft facilities (+), SEK million	-	-	-	-
Cash and cash equivalents (-), SEK million	-132	-101	-132	-101
Net debt (+) / Net cash (-), SEK million	-10	37	-10	37
EBITDA				
Operating profit, RTM, SEK million	295	365	295	365
Financial income, RTM, SEK million	-18	-5	-18	-5
Interest expenses, RTM, SEK million	18	16	18	16
Depreciations, RTM, SEK million	48	44	48	44
EBITDA	343	420	343	420
Net debt (+) / Net cash (-) / EBITDA				
Net debt (+) / Net cash (-), SEK million	-10	37	-10	37
EBITDA, SEK million	343	420	343	420
Net debt (+) / Net cash (-), SEK million/EBITDA	0.0	0.1	0.0	0.1
Interest coverage ratio, multiple				
Operating profit, RTM, SEK million	295	376	295	376
Financial income, RTM, SEK million	18	5	18	5
Sum	313	381	313	381
Interest expense, past 12 months, SEK million	18	16	18	16
Interest coverage ratio, multiple	18	24	18	24

Estimates (continued)

	Q4		Jan-Dec	
	2024	2023	2024	2023
Organic growth in order intake				
Order intake for the current period, SEK million	506	414	1,716	1,510
Foreign exchange, SEK million	-3	-6	3	-58
Order intake, excl foreign exchange, SEK million	503	408	1,720	1,452
Order intake for the preceding period, SEK million	414	553	1,510	1,978
Change in order intake, SEK million	89	-145	210	-526
Change in order intake, %	21.5%	-26.2%	13.9%	-26.6%
Net sales and organic net sales growth				
Net sales for the current period, SEK million	393	308	1,649	1,898
Foreign exchange, SEK million	-3	-1	6	-76
Net sales, excl foreign exchange, SEK million	390	307	1,655	1,822
Net sales for the preceding period, SEK million	308	541	1,898	1,938
Change in organic net sales, SEK million	82	-234	-243	-116
Change in organic net sales, %	26.6%	-43.3%	-12.8%	-6.0%
Return on capital employed				
Profit/loss before tax, past 12 months, SEK million	295	365	295	365
Interest expense, past 12 months, SEK million	18	16	18	16
Profit/loss before tax plus interest expense, past 12 months, SEK million	313	381	313	381
Capital employed at the beginning of the period, SEK million	781	765	781	765
Capital employed at the end of the period, SEK million	854	781	854	781
Capital employed, average, SEK million	817	773	817	773
Return on capital employed, %	38.3	49.3	38.3	49.3
Capital employed				
Balance sheet total, SEK million	1,112	1,012	1,112	1,012
Less non-interest-bearing liabilities				
Deferred tax liabilities, SEK million	-25	-23	-25	-23
Provisions for product warranties, SEK million	-30	-32	-30	-32
Accounts payable, SEK million	-83	-82	-83	-82
Current tax liabilities, SEK million	-8	-10	-8	-10
Derivatives, SEK million	-0	-	-0	-
Other liabilities, SEK million	-37	-34	-37	-34
Accrued expenses and deferred income, SEK million	-74	-50	-74	-50
Capital employed, SEK million	854	781	854	781

Rounding may entail that columns/rows do not tally.

Definitions

Key performance indicators	Definitions	Explanation
Return on capital employed	Pre-tax profit plus interest expenses as a percentage of average capital employed, rolling 12 months.	Return on capital employed is a profitability measure used to put earnings in relation to the capital required to conduct operations.
EBITDA	Operating profit before interest and taxes and amortisation of intangible assets and depreciation of non-current assets.	EBITDA is used to facilitate comparisons and assessments of the company's cash flow.
Gross margin	Gross profit divided by net sales.	Gross margin is used to measure product profitability.
Average number of employees	Average number of full-time employees during the reporting period.	Non-financial performance measure.
Net debt (+) / Net cash (-)	Defined as interest-bearing debt minus cash and cash equivalents and certain other financial assets. Interest-bearing debt includes liabilities to credit institutions and lease liabilities.	To ensure that engcon has a stable financing structure and can meet its financial commitments in accordance with its loan agreements.
Net debt (+) / Net cash (-) through EBITDA	Defined as interest-bearing debt minus cash and cash equivalents and certain other financial assets through EBITDA. Interest-bearing debt includes liabilities to credit institutions and lease liabilities.	To ensure that engcon has a stable financing structure and can meet its financial commitments in accordance with its loan agreements.
Order intake	Total order intake during the period calculated in the same way as net sales.	Order intake provides an indication of the current demand for the Group's products and services, which becomes apparent in net sales with varying delays.
Organic net sales growth	Change in net sales as a percentage of net sales during the comparative period in the preceding year for the companies that were part of the Group for the entire comparative period and the current period, excluding exchange-rate effects.	Relevant measure for the assessment of the company's capacity to create growth through volume, price and product/service offering in operating activities.
Organic growth in order intake	Organic growth in order intake is growth in order intake excluding translation effects from exchange rate differences, as well as acquisitions and divestments.	It provides an understanding for the Group's order intake, which is driven by changes in volume, price and product/service offering.
Earnings per share	Earnings per share for the period, in SEK, attributable to the Parent Company shareholders, in relation to the weighted average number of shares before and after dilution.	Performance measures in accordance with IFRS.
Interest coverage ratio	EBIT plus financial income through interest expenses.	To ensure that engcon has a stable financing structure and can meet its financial commitments in accordance with its loan agreements.
Operating profit (EBIT)	Earnings before interest and taxes.	Enables comparisons of profitability regardless of capital structure or tax situation.
Operating margin (EBIT margin)	Operating profit divided by net sales.	The EBIT margin is used to measure operational profitability.
Equity/assets ratio	Equity including non-controlling interests divided by total assets.	A key measurement for the assessment of the company's financial stability.
Capital employed	Total assets less non-interest-bearing liabilities.	Capital employed shows the proportion of the company's assets that are financed by capital requiring returns.

EXCHANGE RATES

	Closing rate 31 Dec 2024	Average rate Jan-Dec 2024	Closing rate 31 Dec 2023	Average rate Jan-Dec 2023
1 EUR is equivalent to SEK	11.49	11.43	11.10	11.48
1 DKK is equivalent to SEK	1.54	1.53	1.49	1.54
1 NOK is equivalent to SEK	0.97	0.98	0.99	1.01
1 USD is equivalent to SEK	11.00	10.56	10.04	10.61
1 AUD is equivalent to SEK	6.86	6.97	6.82	7.05
1 PLN is equivalent to SEK	2.69	2.66	2.56	2.53
1 GBP is equivalent to SEK	13.85	13.50	12.77	13.20
1 KRW is equivalent to SEK	0.01	0.01	0.01	0.01
1 CAD is equivalent to SEK	7.64	7.71	7.58	7.86
1 JPY is equivalent to SEK	0.07	0.07	-	-



ABOUT ENGCON

Business operations

engcon AB is the leading global manufacturer of tiltrotators with associated attachments, which enhance excavators' profitability, effectiveness, flexibility, safety and sustainability. Under our own brand, we offer a unique overall solution that transforms an excavator into a tool carrier that can replace several other machines.

engcon focuses on an attractive market niche, where our products contribute to changing the conditions for digging by ensuring the sustainable and responsible use of resources. From the beginning, we have formed close relationships with end users of our products, with the aim of optimising their everyday work.

We address the market through our 15 local sales companies and through an established network of dealers. With about 400 employees, engcon is currently active in 16 markets. The head office is located in Strömsund, in northern Sweden, and this is also the location of our largest production facility. We also have a production plant in Niepruszewo, Poland.

Our vision

Change the world of digging.

Our mission

To become the world's leading, independent manufacturer of advanced attachments for excavators worldwide.



16 markets



15 local sales companies



~400 employees



SEK 1.6 billion in net sales in 2024

CHANGE THE WORLD OF DIGGING