

# Q3 2022

## INTERIM REPORT JANUARY – SEPTEMBER 2022

### Strong gross margin and stable profitability

#### Third quarter 2022

- Order intake declined -5 per cent to SEK 324 million (341); organic order growth was -11 per cent.
- Net sales increased 16 per cent to SEK 416 million (359); organic net sales growth was 11 per cent.
- Operating profit increased 14 per cent to SEK 104 million (91) and the operating margin was 25 per cent (25).
- Profit for the period increased 7 per cent to SEK 79 million (74).
- Basic and diluted earnings per share amounted to SEK 0.49 (0.45).

#### Significant events during the third quarter

- In September, a 5 per cent price increase for customers was announced from 1 January 2023.

#### January – September 2022

- Order intake increased 19 per cent to SEK 1,425 million (1,193); organic order growth was 15 per cent.
- Net sales increased 25 per cent to SEK 1,397 million (1,118); organic net sales growth was 20 per cent.
- Operating profit increased 19 per cent to SEK 294 million (248) and the operating margin was 21 per cent (22).
- Profit for the period increased 22 per cent to SEK 235 million (193).
- Basic and diluted earnings per share amounted to SEK 1.42 (1.15).

#### Financial performance indicators for the Group<sup>1</sup>

	Q3			Jan-Sep			Jan-Dec
	2022	2021	Δ%	2022	2021	Δ%	2021
Order intake, SEK million	324	341	-5	1,425	1,193	19	1,967
Net sales, SEK million	416	359	16	1,397	1,118	25	1,488
Gross profit, SEK million	187	158	18	595	479	24	626
Gross margin, %	45.0	44.0	n/a	42.6	42.8	n/a	42.1
Operating profit, SEK million	104	91	14	294	248	19	325
Operating margin, %	25.0	25.3	n/a	21.0	22.2	n/a	21.8
Profit/loss for the period from continuing operations, SEK	79	74	7	235	193	22	269
Earnings per share, before and after dilution, SEK	0.49	0.45	10	1.42	1.15	23	1.64
Return on capital employed, %	54.9	n/a	n/a	54.9	n/a	n/a	47.8
Equity/assets ratio, %	37.7	56.5	n/a	37.7	56.5	n/a	60.5

<sup>1</sup> For more information, see the financial definitions and alternative performance measures section on page 20 and Note 6 Discontinued operations.

## CEO'S COMMENTS

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**We are well prepared to adapt operations based on changing circumstances, and we possess both the financial muscle and flexibility to manage market challenges.**



An extraordinary order book and stable margins resulted in a strong third quarter. Demand was lower in the Nordic region while other geographical market regions reported growth. The prevailing macro and global situation means that order intake in the quarters ahead is difficult to predict. However, we are well equipped to meet future challenges. We continue to focus on strengthening our position as an industry-leading innovator of tiltrotators as there is a global and long-term need for more sustainable digging.

### **Continued growth with lower demand in the Nordic region**

Uncertainty regarding the economic outlook, inflation, interest rates, war and energy prices resulted in a lower order intake in the Nordic markets than expected. We are carefully monitoring developments, primarily in the Nordic region, where a possible cyclical downturn in excavator sales would lead to reduced demand for tiltrotators. At the same time, we saw higher activity in other parts of the world, with the Americas and Asia-Oceania growing most in percentage terms. The order book for 2022 and the start of 2023 is both larger in terms of volume and extends further than normal into the future in terms of the delivery lead time due to considerably higher order intake since the fourth quarter of 2021. This provides us with favourable conditions for continued stable earnings for the quarters ahead, despite a market that is difficult to predict.

Net sales for the quarter grew organically by 11 per cent, with the increase attributable to the Nordic region and Europe while delivery lead times impacted sales in the Americas and Asia-Oceania. Delivery capacity improved during the end of the quarter but was impacted by challenges involving certain components and we are now seeing a stable, higher rate of production with shorter lead times as a result. We expect lead times to be further reduced in the next few quarters even if we continue to be affected by the availability of certain components.

### **Strong gross margin and stable profitability**

We view the quarter's strong gross margin of 45 per cent as a result of our price increases compensating for cost increases and energy surcharges in the supply chain. We also believe that the price increases implemented in 2022 will have a further impact in the quarters ahead. To compensate for further cost increases, we announced a new 5 per cent price increase for customers after the end of the year.

It was a stable quarter in terms of profitability, with an operating margin of 25 per cent despite higher costs for the ongoing change of Group-wide business systems.

### **Flexibility and focus on long-term growth**

Overall, we are pleased with the earnings and profitability trend in the third quarter. At the same time, there is scope for a higher rate of production and shorter lead times. Our focus remains on strengthening our position by spreading knowledge about our innovative products and solutions. When this report is published, we will be participating in one of the world's largest and most visited exhibitions, Bauma, that will take place in Munich, Germany. We place great value on customer activities and close collaboration with our partners. Contact with our end customers provides us with valuable insights into our work to develop the solutions of the future, and in this respect, our employees are making a significant contribution through their presence in our local markets around the world.

We remain humble ahead of the impact the economic situation, the external environment and high energy prices may have on our customers' operations. We are well prepared to adapt operations based on changing circumstances, and we possess both the financial muscle and flexibility to manage market challenges. From a more long-term perspective, we are well positioned to continue to grow in the global market with our focus on more sustainable and resource-efficient digging.

### **Krister Blomgren**

President and CEO

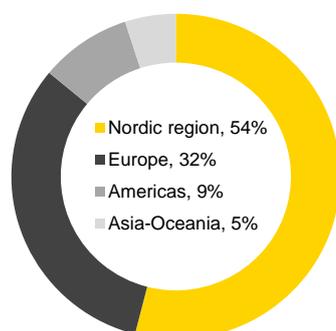
# GROUP'S FINANCIAL PERFORMANCE

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, Americas and Asia-Oceania, which includes the rest of the world.

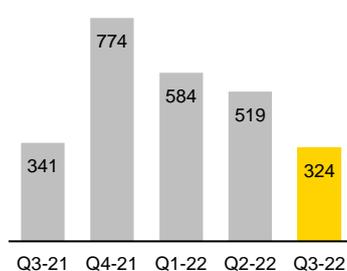
## -11%

Organic order growth

### Net sales by geographic market region in Q3



### Order intake by quarter, SEK million



### Group

	Q3			Jan-Sep			Jan-Dec
	2022	2021	Δ%	2022	2021	Δ%	2021
Order intake, SEK million	324	341	-5	1,425	1,193	19	1,967
Net sales, SEK million	416	359	16	1,397	1,118	25	1,488
Gross profit, SEK million	187	158	18	595	479	24	626
Gross margin, %	45.0	44.0	n/a	42.6	42.8	n/a	42.1
Operating profit, SEK million	104	91	14	294	248	19	325
Operating margin, %	25.0	25.3	n/a	21.0	22.2	n/a	21.8

### Order intake by geographic market region

SEK million	Q3			Jan-Sep			Jan-Dec
	2022	2021	Δ%	2022	2021	Δ%	2021
Nordic region	115	174	-34	660	671	-2	1,172
Europe	113	107	6	485	371	31	573
Americas	36	29	24	129	84	54	124
Asia-Oceania	39	31	26	97	67	45	98
<b>Total excl. foreign</b>	<b>303</b>	<b>341</b>	<b>-11</b>	<b>1,371</b>	<b>1,193</b>	<b>15</b>	<b>1,967</b>
Foreign exchange effect	21	-	-	54	-	-	-
<b>Total</b>	<b>324</b>	<b>341</b>	<b>-5</b>	<b>1,425</b>	<b>1,193</b>	<b>19</b>	<b>1,967</b>

### Net sales by geographic market region

SEK million	Q3			Jan-Sep			Jan-Dec
	2022	2021	Δ%	2022	2021	Δ%	2021
Nordic region	213	191	12	780	651	20	853
Europe	129	108	19	390	324	20	442
Americas	34	37	-8	102	86	19	115
Asia-Oceania	23	23	-	77	57	35	78
<b>Total excl. foreign</b>	<b>399</b>	<b>359</b>	<b>11</b>	<b>1,349</b>	<b>1,118</b>	<b>20</b>	<b>1,488</b>
Foreign exchange effect	17	-	-	48	-	-	-
<b>Total</b>	<b>416</b>	<b>359</b>	<b>16</b>	<b>1,397</b>	<b>1,118</b>	<b>25</b>	<b>1,488</b>

Of total net sales in the period, Sweden accounted for SEK 310 million (253).

### Order intake and net sales

#### Third quarter 2022

Order intake during the quarter amounted to SEK 324 million (341), a decrease of -5 per cent, and organic order intake growth was -11 per cent.

Order growth was lower during the quarter, particularly in the Nordic region and parts of Europe. At the same time, activity was higher in other regions, with the largest percentage increase in Asia-Oceania. Order intake for the Nordic region was somewhat weaker in part due to a considerably higher amount of orders placed during the end of 2021 and in the first quarter of 2022.

Net sales during the quarter amounted to SEK 416 million (359), an increase of 16 per cent and organic net sales growth of 11 per cent.

The Nordic region and Europe recorded healthy net sales growth at the same time as there was a decline in Asia-Oceania and the Americas due to shifts in delivery lead times.



## January – September 2022

Order intake during the period amounted to SEK 1,425 million (1,193), an increase of 19 per cent and organic order intake growth of 15 per cent.

All geographic regions aside from the Nordic region recorded healthy order growth during the period, with the largest percentage increase noted in the Americas and Asia-Oceania. The increase in the Nordic region was also favourable considering the market's maturity and the amount of orders placed at the end of 2021.

Net sales during the period amounted to SEK 1,397 million (1,118), an increase of 25 per cent and organic net sales growth of 20 per cent.

All regions reported healthy net sales growth, with the largest percentage increase during the period noted in Asia-Oceania.

## Earnings and net financial items

### Third quarter 2022

Gross earnings during the quarter amounted to SEK 187 million (158), an increase of 18 per cent. The gross margin was stable and amounted to 45 per cent (44) and was positively impacted by two price adjustments that came into force on 1 January and 1 April 2022, respectively, and that are expected to have full impact in the final quarter of 2022. The price adjustments offset increased costs of goods sold attributable to higher costs for components, raw materials, freight and energy surcharges.

EBIT for the quarter amounted to SEK 104 million (91), an increase of 14 per cent. The operating margin was 25 per cent (25).

Increased net sales improved operating profit. The operating margin was maintained despite higher costs related to the company's listing of SEK 1 million (0), and the change of Group-wide business systems of SEK 6 million (1) that is expected to be completed in 2023.

Net financial items for the quarter amounted to SEK 2 million (4). Profit before tax for the quarter amounted to SEK 106 million (95).

Income tax for the quarter was SEK -27 million (-21). The effective tax rate for the quarter amounted to 26 per cent (22).

Total earnings for continuing and discontinued operations after tax for the quarter amounted to SEK 79 million (78). For more information, see note 6.

### January – September 2022

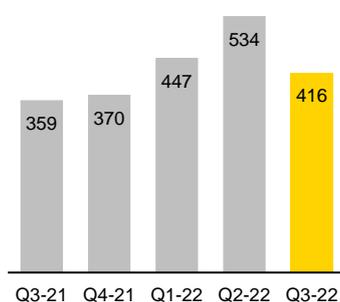
Gross earnings during the period amounted to SEK 595 million (479), an increase of 24 per cent. The gross margin was stable for the period and amounted 43 per cent (43) and was impacted marginally by increased costs of goods sold attributable to higher costs for components, raw materials, freight and energy surcharges. A positive influencing factor was the two price adjustments that came into force on 1 January and 1 April 2022, respectively, and that are expected to have full impact in the final quarter of 2022.

EBIT for the period amounted to SEK 294 million (248), an increase of 19 per cent. The operating margin was 21 per cent (22).

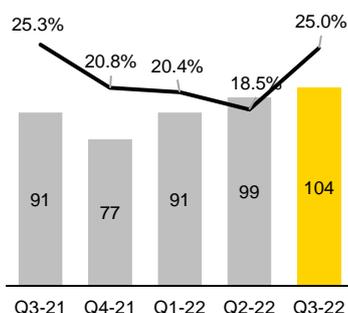
Increased net sales improved operating profit. The operating margin was impacted by higher costs of goods sold but was offset by price increases. The operating margin was also impacted by costs for the build-up of local sales organisations, costs of SEK 17 million (0) related to the company's listing, and the change of Group-wide business systems of SEK 16 million (4) that is expected to be completed during 2023.

The effect of the fair value of derivative instruments amounted to SEK -16 million (0) for the period.

**Net sales by quarter, SEK million**



**EBIT SEK million and EBIT margin by quarter**





Net financial items for the period amounted to SEK 13 million (1). Profit before tax for the period amounted to SEK 307 million (249).

Income tax for the period was SEK -72 million (-56). The effective tax rate for the quarter amounted to 23.5 per cent (22.5).

Total earnings for continuing and discontinued operations after tax for the period amounted to SEK 235 million (199).

### Investments and depreciation/amortisation

Investments in intangible and tangible assets and right-of-use assets amounted to SEK 10 million (4) for the quarter and SEK 62 million (22) for the period. The investments were mainly attributable to machinery and development costs for the third generation tiltrotator. Depreciation and amortisation of tangible and intangible assets amounted to SEK 10 million (5) for the quarter and SEK 29 million (17) for the period.

### Cash flow<sup>1</sup>

Cash flow from operating activities amounted to SEK 63 million (35) for the quarter and SEK 160 (127) for the period, which was mainly attributable to improved profitability but was also negatively impacted by increased capital tied up in inventory and accounts receivables.

Cash flow from investing activities amounted to SEK -7 million (0) for the quarter and SEK -30 million (-7) for the period. The investments were mainly attributable to machinery and development costs for the third generation tiltrotator.

Cash flow from financing activities amounted to SEK -42 million (-8) for the quarter and SEK -309 million (-153) for the period. The change was primarily attributable to the dividend paid.

Total cash flow from operations amounted to SEK 14 million (27) for the quarter and SEK -179 million (-33) for the period.

### Financial position and return

	30 Sep 2022	30 Sep 2021	31 Dec 2021
Total borrowing, SEK million	64	83	75
Bank overdraft facilities, SEK million	156	n/a	n/a
Total lease liabilities, SEK million	76	47	47
Cash and cash equivalents, SEK million	-35	-180	-228
Net debt (+) / Net cash (-), SEK million	261	-50	-106
Equity, SEK million	412	629	613
Equity/assets ratio, %	37.7	56.5	60.5
Return on capital employed, %	54.9	n/a	47.8

The strong growth in Asia-Oceania and the Americas and disruptions in the supply chain resulted in larger purchases during the period to ensure deliveries of orders placed to these geographically distant markets. This resulted in an increase in inventory, which amounted to SEK 393 million at the end of the period compared with SEK 303 million on 31 December 2021. The strong net sales resulted in an increase in accounts receivable from SEK 208 million to SEK 329 million.

The increase in net debt and reduction in equity, as well as a lower equity/assets ratio was attributable to the dividend paid. The Group had unutilised credit facilities of SEK 162 million at the end of the quarter compared with SEK 80 million on 31 December 2021. The Group's existing credit facility amounted to SEK 318 million.

<sup>1</sup>Cash flow pertains to continuing and discontinued operations.

## SIGNIFICANT EVENTS



On 24-27 October, engcon participates at Bauma in Munich, Germany, one of the world's largest and most visited exhibitions.

### Third quarter

- In September, a 5 per cent price increase for customers was announced from 1 January 2023.

### Events after the end of the quarter

- After the end of the quarter, an existing overdraft facility of SEK 300 million was renegotiated at unchanged terms.
- engcon exhibits at Bauma, the world-leading exhibition for the construction industry, which will take place between 24–30 October in Munich, Germany. engcon's focus will be the third generation tiltrotator system that meets the contractors' more stringent requirements for efficiency, reduces energy consumption and is adapted ready for the electrification of excavators.

## FINANCIAL TARGETS AND DIVIDEND POLICY

### Net sales growth

- engcon's objective is to exceed the growth in the existing markets<sup>1</sup> through organic growth.

### Profitability

- engcon's targets an operating margin (EBIT margin) in excess of 20 per cent measured over a business cycle.

### 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.

### Capital structure

- engcon will maintain a strong capital structure supporting further expansive organic growth and dividends to shareholders. Equity to assets ratio to be above 35 per cent.

### 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.

<sup>1</sup> The focus market is estimated to increase with a compound annual growth rate of approximately 19 per cent during the period 2021 to 2026, 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 2021 Annual Report, pages 22-24 and pages 57-60, with the addition of what is stated below. The Annual Report is available from engcon AB, Godsgatan 6, SE-833 36 Strömsund, Sweden.

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 war in Ukraine, the COVID-19 pandemic and the prevailing external and economic situation with increased inflation and interest-rate hikes could entail further disruptions to the supply chain, with longer lead times. This could result in continued rising prices for raw materials, energy, components and freight, as well as reduced demand.

The Board and Group management continue to closely monitor developments and the potential effects these could lead to. Two price increases were completed in 2022, on 1 January and 1 April, respectively, to offset the increased costs. An additional price increase has been announced that will come into effect on 1 January 2023.

## Lawsuit

In its lawsuit filed in June 2022, Rototilt Group AB has alleged that engcon has infringed upon a patent owned by Rototilt and has claimed initial damages of approximately SEK 120 million. The alleged infringement relates to sensor technology in the Q-safe locking system.

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. In April 2022, engcon appealed the decision to grant the patent in question to the European Patent Office (EPO) and requested that the patent be declared invalid. Processing of this matter in the EPO is ongoing. Nothing new has come to light during the period that has led to any changed assessment.

## Employees

The average number of full-time employees at year-end amounted to 422 (345), of whom 19 per cent (21) were women and 81 per cent (79) 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 30 September 2022 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 30 September 2022, there were 4,822 shareholders in the company.

The company's largest shareholder on 30 September 2022 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 Holding AB, which controlled 32.0 per cent of the capital and 22.4 per cent of the votes. Following these, Nordstjernan, Capital Group, Svolder AB, Handelsbanken Fonder and Formica Capital AB were engcon's largest shareholders.

At the end of September, Capital Group flagged that shareholdings in engcon AB corresponded to 5.01 per cent of capital and 1.62 per cent of votes. For more information about ownership structure, see [www.engcongroup.com](http://www.engcongroup.com).

## Nomination Committee ahead of the 2023 AGM

The Nomination Committee ahead of engcon's 2023 AGM, which will take place on 4 May 2023 in Strömsund, has been appointed based on the ownership structure on 31 August 2022. The Nomination Committee consists of representatives for the three largest shareholders in terms of votes who wish to participate in the Nomination Committee as well as the Chairman of the Board. The members of engcon's Nomination Committee are Monica Engström (Monen Holding AB), Peter Hofvenstam (Nordstjernan AB), Ulf Hedlundh (Svolder AB) and Annika Bäreemo (Chairman of the Board of engcon AB). For more information, see [www.engcongroup.com/corporate-governance/nomination-committee/](http://www.engcongroup.com/corporate-governance/nomination-committee/).

## Parent Company

The Parent Company's net sales amounted to SEK 12 million (9) for the quarter and SEK 42 million (38) for the period.

Operating loss for the quarter amounted to SEK -35 million (-6) and SEK -68 million (-21) for the period. Net loss for the quarter amounted to SEK -4 million (profit: 4) and SEK -34 million (profit: 149) for the period.

## 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.

**engcon AB**

Strömsund, 27 October 2022

Annika Bäremo  
*Chairman*

Anna Stålenbring  
*Board member*

Bob Persson  
*Board member*

Monica Engström  
*Board member*

Stig Engström  
*Board member*

Krister Blomgren  
*CEO*

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## Publication

This information is such 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 27 October 2022 at 8.00 a.m. CEST.

## Audiocast Q3 presentation

engcon will present the report via an audiocast on 27 October at 11:00 a.m. CEST.

To participate, use this link:  
[engcon-q3-2022](https://engcon-q3-2022)

To participate via a telephone conference, use the link below:  
[engcon-q3-teleconference](https://engcon-q3-teleconference)

The presentation is available at  
[www.engcongroup.com](https://www.engcongroup.com)

## Financial calendar 2022/2023

Year-end Report 2022, 22 February 2023

Annual and Sustainability Report 2022, week beginning 27 March 2023

Interim Report January – March 2023, 28 April 2023

Annual General Meeting 2023, 4 May in Strömsund, Sweden

Interim Report January – June 2023, 20 July 2023

Interim Report January – September 2023, 27 October 2023

# REVIEW REPORT

**Auditor's review report of the interim report prepared in accordance with IAS 34**

**To the Board of Directors and CEO of engcon AB, Corp. Reg. No. 556647-1727**

## **Introduction**

We have reviewed the interim report of engcon AB as of 30 September 2022 and the nine-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## **Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less

in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and with the Swedish Annual Accounts Act regarding the Parent Company.

Östersund, 27 October 2022

## **Deloitte AB**

Harald Jagner,  
Authorised Public Accountant

# CONDENSED CONSOLIDATED INCOME STATEMENT

SEK million	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
<b>Continuing operations</b>					
Net sales	416	359	1,397	1,118	1,488
Cost of goods sold	-229	-201	-802	-639	-862
<b>Gross profit</b>	<b>187</b>	<b>158</b>	<b>595</b>	<b>479</b>	<b>626</b>
Selling costs	-53	-39	-164	-119	-165
Administrative costs	-32	-15	-110	-61	-84
Research and development costs	-6	-12	-20	-45	-63
Fair value, derivatives	-	-	-16	-	-
Other operating income and operating expenses	8	-1	9	-6	11
<b>Operating profit</b>	<b>104</b>	<b>91</b>	<b>294</b>	<b>248</b>	<b>325</b>
<b>Profit/loss from financial items</b>					
Net financial items	2	4	13	1	16
<b>Profit/loss before tax</b>	<b>106</b>	<b>95</b>	<b>307</b>	<b>249</b>	<b>341</b>
Income tax	-27	-21	-72	-56	-72
<b>Profit/loss for the period from continuing operations</b>	<b>79</b>	<b>74</b>	<b>235</b>	<b>193</b>	<b>269</b>
<b>Profit/loss from discontinued operations</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>6</b>	<b>44</b>
<b>Total profit/loss for the period</b>	<b>79</b>	<b>78</b>	<b>235</b>	<b>199</b>	<b>313</b>
<b>Profit/loss for the period from continuing operations:</b>					
Attributable to:					
Parent Company shareholders	75	69	216	176	249
Non-controlling interest	4	6	19	19	20
<b>Total profit/loss for the period:</b>					
Attributable to:					
Parent Company shareholders	75	74	216	181	293
Non-controlling interest	4	4	19	19	20
<b>Earnings per share, continuing operations (SEK)</b>					
Before dilution	0.49	0.45	1.42	1.15	1.64
After dilution	0.49	0.45	1.42	1.15	1.64
<b>Earnings per share, total, incl. discontinued operations (SEK)</b>					
Before dilution	0.49	0.48	1.42	1.19	1.93
After dilution	0.49	0.48	1.42	1.19	1.93

Rounding may entail that columns/rows do not tally.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
<b>Total profit/loss for the period</b>	79	78	235	199	313
<b>Other comprehensive income</b>					
<b>Items that may be reversed to profit or loss:</b>					
Exchange-rate differences upon translation of foreign operations	3	1	8	4	3
<b>Total items that may be reversed to profit or loss:</b>	<b>3</b>	<b>1</b>	<b>8</b>	<b>4</b>	<b>3</b>
<b>Comprehensive income for the period</b>	<b>82</b>	<b>79</b>	<b>243</b>	<b>203</b>	<b>316</b>
Attributable to:					
Parent Company shareholders	77	74	223	183	295
Non-controlling interest	5	5	20	20	21

*Rounding may entail that columns/rows do not tally.*

# CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	30 Sep 2022	30 Sep 2021	31 Dec 2021
<b>Assets</b>			
<b>Fixed assets</b>			
Goodwill	20	20	20
Other intangible assets	22	4	-
Right-of-use assets	73	49	49
Property plant and equipment	142	177	149
Participations in associates and joint ventures	-	15	-
Other non-current receivables	4	8	5
Derivatives	-	1	-
Deferred tax receivables	5	-	2
<b>Total non-current assets</b>	<b>266</b>	<b>274</b>	<b>225</b>
<b>Current assets</b>			
Inventories	393	333	303
Accounts receivable	329	281	208
Current tax assets	-	8	3
Other receivables	20	17	24
Prepaid expenses and accrued income	51	19	22
Cash and cash equivalents	35	180	228
<b>Total current assets</b>	<b>828</b>	<b>839</b>	<b>788</b>
<b>Total assets</b>	<b>1,094</b>	<b>1,113</b>	<b>1,013</b>
<b>Equity and liabilities</b>			
Share capital	21	1	21
Other contributed capital	6	-	6
Translation reserve	12	-1	4
Retained earnings including profit for the year	336	613	560
<b>Equity attributable to Parent Company shareholders</b>	<b>375</b>	<b>613</b>	<b>591</b>
Non-controlling interest	37	16	22
<b>Total equity</b>	<b>412</b>	<b>629</b>	<b>613</b>
<b>Non-current liabilities</b>			
Borrowings	8	12	8
Deferred tax asset	-	11	-
Lease liabilities	59	36	36
Provisions product warranty	27	22	23
<b>Total non-current liabilities</b>	<b>94</b>	<b>81</b>	<b>67</b>
<b>Current liabilities</b>			
Trade payables	160	145	94
Current tax liabilities	76	43	61
Lease liabilities	17	11	11
Borrowings	56	71	67
Overdraft facility	156	-	-
Derivatives	16	-	-
Other liabilities	40	44	34
Accrued expenses and deferred income	67	89	66
<b>Total current liabilities</b>	<b>588</b>	<b>403</b>	<b>333</b>
<b>Total interest bearing debt</b>	<b>682</b>	<b>484</b>	<b>400</b>
<b>Total equity and liabilities</b>	<b>1,094</b>	<b>1,113</b>	<b>1,013</b>

The balance sheet for 2021 includes assets and liabilities for discontinued operations.  
Rounding may entail that columns/rows do not tally.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	Share capital	Other contributed capital	Retained earnings including profit for the year	Non- controlling interest	Total equity		
<b>2021</b>	<b>1</b>	<b>-</b>	<b>-8</b>	<b>538</b>	<b>531</b>	<b>30</b>	<b>561</b>
Profit/loss for the period	-	-	-	182	182	-2	180
Other comprehensive income	-	-	7	7	14	-	14
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>189</b>	<b>196</b>	<b>-2</b>	<b>193</b>
<b>Transactions with shareholders:</b>							
Cash dividend	-	-	-	-118	-118	-12	-130
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-118</b>	<b>-118</b>	<b>-12</b>	<b>-130</b>
<b>Closing balance 30 June</b>	<b>1</b>	<b>-</b>	<b>-1</b>	<b>613</b>	<b>613</b>	<b>16</b>	<b>629</b>
Periodens resultat	-	-	-	93	92	21	113
Övrigt totalresultat	-	-	8	-	8	1	9
<b>Summa totalresultat</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>93</b>	<b>100</b>	<b>22</b>	<b>122</b>
<b>Transaktioner med ägare:</b>							
Utdelning	-	-	-	-124	-124	-16	-140
<b>Summa transaktioner med ägare</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-124</b>	<b>-124</b>	<b>-16</b>	<b>-140</b>
Fondemission	20	-	-	-20	-	-	-
Personaloption	-	6	-	-	6	-	6
<b>Closing balance 31 December 2021</b>	<b>21</b>	<b>6</b>	<b>4</b>	<b>560</b>	<b>591</b>	<b>22</b>	<b>613</b>
SEK million	Share capital	Other contributed capital	Retained earnings including profit for the year	Non- controlling interest	Total equity		
<b>Opening balance 1 January 2022</b>	<b>21</b>	<b>6</b>	<b>4</b>	<b>560</b>	<b>591</b>	<b>22</b>	<b>613</b>
Profit/loss for the period	-	-	-	216	216	19	235
Other comprehensive income	-	-	8	-	8	1	9
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>216</b>	<b>224</b>	<b>20</b>	<b>244</b>
<b>Transactions with shareholders:</b>							
Cash dividend	-	-	-	-440	-440	-5	-445
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-440</b>	<b>-440</b>	<b>-5</b>	<b>-445</b>
<b>2022</b>	<b>21</b>	<b>6</b>	<b>12</b>	<b>336</b>	<b>375</b>	<b>37</b>	<b>412</b>

The balance sheet for 2021 includes assets and liabilities for discontinued operations.  
Rounding may entail that columns/rows do not tally.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
<b>Operating profit</b>	<b>104</b>	<b>91</b>	<b>294</b>	<b>248</b>	<b>325</b>
Discontinued operations, operating profit/loss	-	4	-	6	9
Adjustments for non-cash items:					
Amortisation and depreciation	10	9	29	27	38
Provision	-3	-1	4	1	3
Translation difference	9	-	14	3	3
Other adjustments	1	2	17	3	-
Interest received	10	3	28	3	5
Interest paid	-6	-	-8	-3	-4
Income tax paid	-18	-12	-57	-39	-48
<b>Cash flow from operating activities before changes in working capital</b>	<b>107</b>	<b>96</b>	<b>321</b>	<b>249</b>	<b>331</b>
<b>Changes in working capital</b>					
Decrease/(increase) in inventories	-	-22	-90	-116	-132
Decrease/(increase) in trade receivables	-31	-53	-121	-101	-56
Decrease/(increase) in other receivables	-11	15	-22	-5	-13
Increase/(decrease) in trade payables	12	-4	66	51	16
Increase/(decrease) in other liabilities	-14	3	6	49	29
<b>Cash flow from operating activities</b>	<b>63</b>	<b>35</b>	<b>160</b>	<b>127</b>	<b>175</b>
<b>Investing activities</b>					
	-5	-	-22	-	-
Acquisition of tangible assets	-2	-1	-8	-8	-12
Sale of financial assets	-	1	-	1	5
<b>Cash flow from (-used in) investing activities</b>	<b>-7</b>	<b>-</b>	<b>-30</b>	<b>-7</b>	<b>-7</b>
<b>Financing activities</b>					
	-30	-	156	-	87
Loan repayments	-7	-6	-20	-18	-90
New issue	-	-	-	-	6
Dividends to shareholders	-5	-2	-445	-135	-163
<b>Cash flow from financing activities</b>	<b>-42</b>	<b>-8</b>	<b>-309</b>	<b>-153</b>	<b>-160</b>
<b>Cash flow for (-used in) the period</b>	<b>14</b>	<b>27</b>	<b>-179</b>	<b>-33</b>	<b>8</b>
Cash and cash equivalents at beginning of period	29	152	228	209	209
Exchange rate fluctuations in cash and cash equivalents	-8	-	-14	1	11
Cash and cash equivalents at end of period	35	180	35	180	228

The balance sheet for 2021 includes assets and liabilities for discontinued operations.  
Rounding may entail that columns/rows do not tally.

## CONDENSED PARENT COMPANY INCOME STATEMENT

SEK million	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
Net sales	12	9	42	38	49
Cost of goods sold	-2	-0	-3	-2	-2
<b>Gross profit</b>	<b>10</b>	<b>9</b>	<b>39</b>	<b>35</b>	<b>47</b>
Selling costs	-7	-6	-18	-22	-21
Administrative costs	-19	-4	-67	-16	-34
Research and development costs	-3	-5	-7	-18	-28
Fair value, derivatives	-16	-	-16	-	-
Other operating income and operating expenses	-	-	1	-	1
<b>Operating profit</b>	<b>-35</b>	<b>-6</b>	<b>-68</b>	<b>-21</b>	<b>-35</b>
<b>Profit/loss from financial items</b>					
Net financial items	17	10	20	170	280
<b>Income after financial items</b>	<b>-18</b>	<b>4</b>	<b>-48</b>	<b>149</b>	<b>245</b>
Appropriations	-	-	-	-	286
Income tax	14	-	14	-	-53
<b>Profit/loss for the period</b>	<b>-4</b>	<b>4</b>	<b>-34</b>	<b>149</b>	<b>478</b>

## CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	30 Sep 2022	30 Sep 2021	31 Dec 2021
<b>Assets</b>			
Fixed assets	111	122	91
Current assets	291	306	668
<b>Total assets</b>	<b>402</b>	<b>428</b>	<b>759</b>
<b>Equity and liabilities</b>			
Restricted equity	21	1	21
Non-restricted equity	9	224	483
<b>Total equity</b>	<b>30</b>	<b>225</b>	<b>504</b>
Untaxed reserves	1	1	1
Current liabilities	371	202	254
<b>Total interest bearing debt</b>	<b>372</b>	<b>203</b>	<b>255</b>
<b>Total equity and liabilities</b>	<b>402</b>	<b>428</b>	<b>759</b>

# NOTES TO THE ACCOUNTS

## NOT 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 2021 Annual Report, Note 2 Accounting policies. No new and revised standards and interpretations that came into force on 1 January 2022 have had any material impact on engcon's financial statements.

From 1 January 2022, lease liabilities are divided into long and short-term components, and the comparison periods were restated. At 31 December 2021, SEK 11 million was reclassified from long-term to short-term lease liabilities. The Parent Company recognizes derivatives at the lowest value principle (LVP) and the change in value in Q3 2022 is an effect of this approach. In the Group, derivatives are recognized at fair value and the corresponding change in value is recognized in the Group in the second quarter.

## NOT 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 the 2021 Annual Report, Note 3 and to page 7 of the section on risks and uncertainties.

## NOT 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.

### Receivables

The company has a loan receivable amounting to SEK 2 million (4) to a French counterpart that does not solely include contractual cash flows in the form of repayment and interest and is therefore categorised at fair value through profit or loss. However, the loan will be repaid within four years. The instrument is to be considered as level 2, since it is measured through calculation of discounted cash flows with interest and the credit margin as per the balance sheet date.

### Derivatives

The company holds currency futures that are measured at fair value at level 2 through profit or loss. At 30 September, there was a receivable amounting to SEK 0 million (0) and a liability amounting to SEK 16 million (0). 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.

## NOT 4. EARNINGS PER SHARE

	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
<b>Continuing operations:</b>					
attributable to shareholders of the Parent Company, SEK million	75.0	69.0	216.0	176.0	249.0
	-	-0.8	-	-0.8	-0.8
attributable to shareholders of the Parent Company, adjusted, SEK million	75.0	68.2	216.0	175.2	248.2
Average number of ordinary shares outstanding	151,788,000	151,788,000	151,788,000	151,788,000	151,788,000
<b>Basic and diluted earnings per share, SEK</b>	<b>0.49</b>	<b>0.45</b>	<b>1.42</b>	<b>1.15</b>	<b>1.64</b>
<b>Total (incl. discontinued operations):</b>					
Total profit/loss for the period attributable to shareholders of the Parent Company, SEK million	75.0	74.0	216.0	181.0	293.0
	-	-0.8	-	-0.8	-0.8
Total profit/loss for the period attributable to shareholders of the Parent Company, adjusted, SEK million	75.0	73.2	216.0	180.2	292.2
Average number of ordinary shares outstanding	151,788,000	151,788,000	151,788,000	151,788,000	151,788,000
<b>Basic and diluted earnings per share, SEK</b>	<b>0.49</b>	<b>0.48</b>	<b>1.42</b>	<b>1.19</b>	<b>1.93</b>

During the period, former preference shares were converted to ordinary shares. Since no capital was raised in conjunction with this, the number of ordinary shares were adjusted retroactively, which had an immaterial effect on earnings per share. In earlier periods, earnings per share before and after dilution were affected by the dividend on preference shares. Formula for calculation of earnings per share: earnings per

share = (profit/loss for the period – dividend on preference shares)/average number of ordinary shares outstanding. On 24 November 2021, an Extraordinary General Meeting was held, which resolved to implement a share split (14,000:1). The table above shows the number of shares and values after the split was completed and comparative data have been updated correspondingly.

## NOT 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 Group's 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.

### Geographical market regions

The Group's sales are divided into four geographical 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 resellers and our own local sales companies.

### Net sales by geographic region, continuing operations

SEK million	Q3			Jan-Sep			Jan-Dec
	2022	2021	Δ%	2022	2021	Δ%	2021
Nordic region	213	191	12	780	651	20	853
Europe	129	108	19	390	324	20	442
Americas	34	37	-8	102	86	19	115
Asia-Oceania	23	23	-	77	57	35	78
<b>Total excl. foreign exchange</b>	<b>399</b>	<b>359</b>	<b>11</b>	<b>1,349</b>	<b>1,118</b>	<b>20</b>	<b>1,488</b>
Foreign exchange effect	17	-	-	48	-	-	-
<b>Total</b>	<b>416</b>	<b>359</b>	<b>16</b>	<b>1,397</b>	<b>1,118</b>	<b>25</b>	<b>1,488</b>

Of total net sales, Sweden, where the company is domiciled, accounted for SEK 310 million (253) in the period. The net sales above are based on where the customer is domiciled.

## NOT 6. DISCONTINUED OPERATIONS

At an Extraordinary General Meeting on 24 November 2021, a resolution was passed on a distribution in kind of 100 per cent of the Group's holding in Mähler International AB, which accounted for 10 per cent of the Group's net sales during 2021. The distribution was carried out in order to streamline the Group's operations. In accordance with IFRIC 17, Mähler

International AB was remeasured in the Group, resulting in a positive effect of SEK 36 million for full-year 2021. Details of the assets and liabilities distributed and the calculation of profit or loss from the distribution in kind are reported below. The result from the discontinued operations, which was included in earnings for 2021, is specified below.

SEK million	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
Net sales	-	48	-	105	137
Expenses	-	-44	-	-99	-127
Profit/loss before tax	-	4	-	6	10
Income tax	-	-	-	-	-2
Profit on disposal of discontinued operations	-	-	-	-	36
<b>Profit/loss from discontinued operations after tax</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>6</b>	<b>44</b>

## NOT 7. INCENTIVE PROGRAMS

At an Extraordinary General Meeting in 2021, the Board resolved to introduce a long-term incentive program in the form of a warrant program 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 30 September, 222 employees were participating in the warrant program. A total of 1,517,880

warrants were issued, of which 1,321,785 were subscribed for. 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 program, employees encompassed by the program 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 program, no cost is recognised during the vesting period since employees have paid the fair value.

## NOT 8. RELATED-PARTY TRANSACTIONS

The company's principal owners, Ommapo förvaltning AB and Monen Holding AB, which are also principal owners of Mähler International AB, had transactions with engcon AB during the period through Mähler International AB. The value of the transactions amounted to SEK 15.9 million

(12.6) and mainly comprised products. In addition to these transactions, Ommapo förvaltning AB delivered services to engcon AB for KSEK 857 (370) and Monen Holding AB delivered services for KSEK 23 (30). All transactions were conducted at market value.

## NOT 9. EVENTS AFTER THE BALANCE SHEET DATE

- After the end of the quarter, an existing overdraft facility of SEK 300 million was renegotiated at unchanged terms.
- engcon exhibits at Bauma, the world-leading exhibition for the construction industry, which will take place

between 24–30 October in Munich, Germany. engcon's focus will be the third generation tiltrotator system that meets the contractors' more stringent requirements for efficiency, reduces energy consumption and is adapted ready for the electrification of excavators.

# QUARTERLY OVERVIEW

	2022			2021			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Income statement</b>							
Net sales, SEK million	416	534	447	370	359	395	364
Gross profit, SEK million	187	227	181	147	158	167	154
Gross margin, %	45.0	42.5	40.5	39.7	44.0	42.3	42.3
Operating profit, SEK million	104	99	91	77	91	83	74
Operating margin, %	25.0	18.5	20.4	20.8	25.3	21.0	20.3
Profit/loss for the period from continuing operations, SEK million	79	82	74	75	74	63	57
<b>Balance sheet</b>							
Non-current assets, SEK million	266	273	260	225	274	281	274
Other current assets, SEK million	793	757	750	560	659	600	566
Cash and cash equivalents, SEK million	35	29	60	228	180	152	242
Total assets, SEK million	1,094	1,059	1,070	1,013	1,113	1,033	1,082
Equity, SEK million	412	334	338	613	629	552	621
Interest-bearing liabilities, SEK million	296	332	344	122	130	135	130
Non-interest-bearing liabilities, SEK million	386	393	388	278	354	346	331
Total equity and liabilities, SEK million	1,094	1,059	1,070	1,013	1,113	1,033	1,082
<b>Cash flow</b>							
Cash flow from operating activities, SEK million	63	92	5	40	36	53	40
Cash flow from investing activities, SEK million	-7	-11	-12	1	-1	-4	-3
Cash flow from financing activities, SEK million	-42	-111	-156	-3	-8	-140	-5
Cash flow for the period, SEK million	14	-30	-163	38	27	-91	32
<b>Key performance indicators</b>							
Order intake, SEK million	324	519	582	774	341	431	421
Net sales growth, %	15.9	19.5	22.8	n/a	n/a	n/a	n/a
Net debt (+) / Net cash (-), SEK million	261	303	284	-106	-50	-17	-112
Net debt/Net cash through EBITDA	0.6	0.7	n/a	n/a	n/a	n/a	n/a
Equity/assets ratio, %	37.7	31.5	31.6	60.5	56.5	53.4	57.4
Return on capital employed, %	54.9	57.5	50.5	47.8	n/a	n/a	n.a.
Interest coverage ratio, multiple	81	388	n/a	n/a	n/a	n/a	n/a
Average number of full-time employees	422	376	366	345	345	314	304
<b>Share data</b>							
Basic and diluted earnings per share (continuing operations), SEK	0.49	0.47	0.48	0.49	0.48	0.41	0.37

# ALTERNATIVE PERFORMANCE MEASURES AND FINANCIAL DEFINITIONS

This interim 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<sup>1</sup>

	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
<b>Equity/asset ratio</b>					
Equity, SEK million	412	629	412	629	613
Total assets, SEK million	1,094	1,113	1,094	1,113	1,013
<b>Equity/assets ratio, %</b>	<b>37.7</b>	<b>56.5</b>	<b>37.7</b>	<b>56.5</b>	<b>60.5</b>
<b>Gross margin</b>					
Gross profit, SEK million	187	158	595	479	626
Net sales, SEK million	416	359	1,397	1,118	1,488
<b>Gross margin, %</b>	<b>45.0</b>	<b>44.0</b>	<b>42.6</b>	<b>42.8</b>	<b>42.1</b>
<b>Operating margin</b>					
Operating profit, SEK million	104	91	294	248	325
Net sales, SEK million	416	359	1,397	1,118	1,488
<b>Operating margin, %</b>	<b>25.0</b>	<b>25.3</b>	<b>21.0</b>	<b>22.2</b>	<b>21.8</b>
<b>Net debt (-) / Net cash (+)</b>					
Non-current borrowing (+), SEK million	8	12	8	12	8
Current borrowing (+), SEK million	56	71	56	71	67
Non-current lease liabilities (+), SEK million	59	36	59	36	36
Current lease liabilities (+), SEK million	17	11	17	11	11
Bank overdraft facilities (+), SEK million	156	n/a	156	n/a	n/a
Cash and cash equivalents (-), SEK million	-35	-180	-35	-180	-228
<b>Net debt (+) / Net cash (-), SEK million</b>	<b>261</b>	<b>-50</b>	<b>261</b>	<b>-50</b>	<b>-106</b>
<b>EBITDA</b>					
Operating profit, RTM, SEK million	399	n/a	399	n/a	341
Interest expenses, RTM, SEK million	5	n/a	5	n/a	2
Depreciations, RTM, SEK million	43	n/a	43	n/a	32
<b>EBITDA</b>	<b>447</b>	<b>n/a</b>	<b>447</b>	<b>n/a</b>	<b>375</b>
<b>Net debt (+) / Net cash (-) / EBITDA</b>					
Net debt (+) / Net cash (-), SEK million	261	n/a	261	n/a	-106
EBITDA, SEK million	447	n/a	447	n/a	375
<b>Net debt (+) / Net cash (-), SEK million/EBITDA</b>	<b>0.6</b>	<b>n/a</b>	<b>0.6</b>	<b>n/a</b>	<b>-0.3</b>
<b>Interest coverage ratio, multiple</b>					
Operating profit, RTM, SEK million	371	n/a	371	n/a	325
Financial income, RTM, SEK million	34	n/a	34	n/a	17
<b>Summa</b>	<b>405</b>	<b>n/a</b>	<b>405</b>	<b>n/a</b>	<b>342</b>
Interest expense, past 12 months, SEK million	5	n/a	5	n/a	2
<b>Interest coverage ratio, multiple</b>	<b>81</b>	<b>n/a</b>	<b>81</b>	<b>n/a</b>	<b>171</b>

<sup>1</sup> The performance measures for 2021 include assets and liabilities for discontinued operations.

**Estimates (cont.)<sup>1</sup>**

	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
<b>Organic growth in order intake</b>					
Order intake for the current period, SEK million	324	341	1,425	1,193	1,114
Currency change, SEK million	-21	n/a	-54	n/a	n/a
Order intaks, ex currency, SEK million	303	n/a	1,371	n/a	n/a
Order intake for the preceding period, SEK million	341	n/a	1,193	1,193	n/a
<b>Change in order intake, SEK million</b>	<b>-38</b>	<b>n/a</b>	<b>178</b>	<b>n/a</b>	<b>n/a</b>
<b>Change in order intake, %</b>	<b>-11.1%</b>	<b>n/a</b>	<b>14.9%</b>	<b>n/a</b>	<b>n/a</b>
<b>Net sales and organic net sales growth</b>					
Net sales for the current period, SEK million	416	359	1,397	1,118	1,077
Currency change, SEK million	-17	n/a	-48	n/a	n/a
Change in net sales, ex currency, SEK million	399	n/a	1,349	n/a	n/a
Net sales for the preceding period, SEK million	359	n/a	1,118	n/a	n/a
<b>Change in organic order intake, SEK million</b>	<b>40</b>	<b>n/a</b>	<b>231</b>	<b>n/a</b>	<b>n/a</b>
<b>Change in organic order intake, %</b>	<b>11.1%</b>	<b>n/a</b>	<b>20.4%</b>	<b>n/a</b>	<b>n/a</b>
<b>Return on capital employed</b>					
Profit/loss before tax, past 12 months, SEK million	398	n/a	398	n/a	341
Interest expense, past 12 months, SEK million	5	n/a	5	n/a	2
Profit/loss before tax plus interest expenses, past 12 motnhts, SEK million	403	n/a	403	n/a	343
Capital employed at the beginning of the period, SEK million	759	n/a	759	n/a	699
Capital employed at the end of the period, SEK million	708	759	708	759	735
Capital employed, average, SEK million	734	n/a	734	n/a	717
<b>Return on capital employed, %</b>	<b>54.9</b>	<b>n/a</b>	<b>54.9</b>	<b>n/a</b>	<b>47.8</b>
<b>Capital employed</b>					
Balance sheet total, SEK million	1,094	1,113	1,094	1,113	1,013
Less: non-interest-bearing liabilities					
Deferred tax liabilities, SEK million	n/a	-11	n/a	-11	n/a
Provisions for product warranties, SEK million	-27	-22	-27	-22	-23
Accounts payable, SEK million	-160	-145	-160	-145	-94
Current tax liabilities, SEK million	-76	-43	-76	-43	-61
Derivatives, SEK million	-16	n/a	-16	n/a	n/a
Other liabilities, SEK million	-40	-44	-40	-44	-34
Accrued expenses and deferred income, SEK million	-67	-89	-67	-89	-66
<b>Capital employed, SEK million</b>	<b>708</b>	<b>759</b>	<b>708</b>	<b>759</b>	<b>735</b>

<sup>1</sup> The performance measures for 2021 include assets and liabilities for discontinued operations.

## Definitions

Key performance indicators	Definition	Explanation
<b>Return on capital employed</b>	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.
<b>EBITDA</b>	Operating profit before interest and taxes and amortisation of intangible assets and depreciation of tangible assets.	EBITDA is used to facilitate comparisons and assessments of the company's cash flow.
<b>Gross margin</b>	Gross profit divided by net sales.	Gross margin is used to measure product profitability.
<b>Average number of employees</b>	Average number of full-time employees during the reporting period.	Non-financial performance measure.
<b>Net debt (+) / Net cash (-)</b>	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.
<b>Net debt (+) / Net cash (-) through EBITDA</b>	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.
<b>Order intake</b>	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.
<b>Organic net sales growth</b>	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 translation effects from exchange-rate differences.	Relevant measure for the assessment of the company's capacity to create growth through volume, price and product/service offering in operating activities.
<b>Organic growth in order intake</b>	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.
<b>Earnings per share</b>	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.
<b>Interest coverage ratio</b>	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.
<b>Operating profit (EBIT)</b>	Earnings before interest and taxes.	Enables comparisons of profitability regardless of capital structure or tax situation.
<b>Operating margin (EBIT margin)</b>	Operating profit divided by net sales.	The EBIT margin is used to measure operational profitability.
<b>Equity/assets ratio</b>	Equity including non-controlling interests divided by total assets.	A key measurement for the assessment of the company's financial stability.
<b>Capital employed</b>	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

	30 Sep 2022	Jan-Sep 2022	30 Sep 2021	Jan-Sep 2021
1 EUR is equivalent to SEK	10.92	10.51	10.20	10.15
1 DKK is equivalent to SEK	1.47	1.41	1.37	1.37
1 NOK is equivalent to SEK	1.04	1.05	1.00	1.00
1 USD is equivalent to SEK	11.12	9.87	8.79	8.52
1 AUD is equivalent to SEK	7.23	6.98	6.34	6.43
1 PLN is equivalent to SEK	2.25	2.25	2.20	2.23
1 GBP is equivalent to SEK	12.41	12.41	11.81	11.79
1 KRW is equivalent to SEK	0.01	0.01	0.01	0.01
1 CAD is equivalent to SEK	8.13	7.69	6.91	6.83



## 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 13 local sales companies and through an established network of resellers. With our slightly more than 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.**



**13 local sales companies**



**400+ employees**



**SEK 1.5 billion in net sales in 2021**

# CHANGE THE WORLD OF DIGGING