

Ependion AB

Interim Report January–June 2025

Investing in a secure and connected world

Increased order intake and improved earnings in an uncertain market

Second quarter

- Order intake increased by 16 percent to SEK 558 million (483), adjusted for currency effects and acquisitions it increased by 17 percent.
- Net sales decreased by 5 percent to SEK 561 million (588), adjusted for currency effects and acquisitions it decreased by 7 percent.
- EBIT increased to SEK 61.6 million (60.1).
- EBIT margin strengthened to 11.0 percent (10.2).
- Profit after tax was SEK 30.3 million (39.8).
- Earnings per share were SEK 0.99 (1.37).
- Free cash flow increased to SEK 62.4 million (60.1).
- The Westermo business entity completed the acquisition of the technology company Welotec.
- A directed new share issue of SEK 300 million was carried out to partially finance the acquisition.

First half-year

- Order intake increased by 10 percent to SEK 1,109 million (1,010), adjusted for currency effects and acquisitions it increased by 10 percent.
 - Net sales decreased by 7 percent to SEK 1,106 million (1,187), adjusted for currency effects and acquisitions it decreased by 8 percent.
 - EBIT amounted to SEK 110.8 million (134.6).
 - EBIT margin was 10.0 percent (11.3).
 - Profit after tax amounted to SEK 62.3 million (91.0).
 - Earnings per share reached SEK 2.09 (3.14).
 - Free cash flow amounted to SEK 50.1 million (51.8).
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Comments from the CEO, Jenny Sjö Dahl



"During the second quarter of 2025, Ependion's order intake, EBIT and cash flow improved in a market that continued to be affected by significant uncertainty regarding the conditions for international trade. We see the stable development of the Group's business despite this as a clear sign of strength.

At the same time, the period was characterized by a high level of activity for both business entities, with Westermo's acquisition of the German technology company Welotec and Beijer Electronics' launch of the next generation of operator panels in the X3 family as particularly important future investments with a view to achieving the Group's financial targets.

Order intake for the second quarter increased by 16 percent to 558 MSEK, with all focus segments contributing to the positive development. Adjusted for currency effects, the increase was 22 percent. Excluding the acquisition of Welotec, which is included in the Group's accounts from June, order intake increased by 11 percent. For the Westermo business entity, order intake increased by 22 percent to 360 MSEK, with organic order growth of 15 percent. For the Beijer Electronics business entity, order intake increased by 5 percent to 200 MSEK. At the end of the period, the Group's order backlog amounted to 1,101 MSEK, of which Westermo accounted for 965 MSEK and Beijer Electronics for 136 MSEK.

The stronger Swedish krona and the general weakening of the US dollar are having a noticeable impact on the Group. EBIT in the quarter was affected by -9 MSEK and the comparative figures for order intake and sales were negatively affected by approximately 5 percentage points.

Net sales decreased by 5 percent to 561 MSEK for the period. However, because of strengthened gross margins, savings and great restraint with current costs, Ependion's EBIT increased to 62 MSEK, which gave an EBIT margin of 11.0 percent. For the Westermo business entity, EBIT increased to 54 MSEK with an EBIT margin of 15.1 percent.

Beijer Electronics' EBIT amounted to 19 MSEK with an EBIT margin of 9.2 percent, which was lower than for the corresponding period last year but better than the last two quarters. The Group's cash flow increased to 62 MSEK for the period.

Ependion's product development expenditure amounted to 14.3 percent of the Group's revenue in the quarter due to large future-oriented investments in organic growth. At the same time, development expenditure is expected to decrease in the second half of 2025, when Beijer Electronics' intensive work on launching a completely new generation of operator panels enters a calmer phase.

During the quarter, the development of the Group's sustainability work continued. Our updated materiality analysis has been approved by the Board and now forms the basis for preparations for 2025 reporting according to upcoming regulations. Within the social dimension, we are strengthening our work along the entire value chain - from a focus on human rights and increased community engagement to internal training efforts.

In Beijer Electronics, we continue to implement the new, more focused strategy. As expected, the phasing out of lower-margin products has had an effect in the form of increased gross margins, which together with the cost reduction implemented at the beginning of the year provides the basis for performance and profitability improvements when volumes increase.

In Westermo, we are continuing to invest in building an even stronger business with a broader offering for our focus segments and a greater global presence. The establishment in India, which is proceeding according to plan, is an important investment for growth. The acquisition of Welotec, which was presented in April and completed in June, also represents a significant milestone. The purchase price of 35.2 MEUR was partly financed with a directed new share issue of 300 MSEK that was subscribed without a discount, which gives Ependion the financial strength to continue to explore opportunities for complementary acquisitions. Welotec has a strong position in the energy

"During the second quarter, order intake, EBIT and cash flow improved. We see the stable development of Ependion's business despite the prevailing uncertainty as a clear sign of strength."

Jenny Sjö Dahl, President and CEO

segment with a focus on the digitalization of the electricity grid and contributes with new technology in Edge Computing, which complements Westermo's offering and strengthens the conditions for increasing the growth rate. The integration of Welotec was initiated during the period and we are already seeing that a stronger joint offering is meeting a positive response in the market.

While we see increased order intake in the period, the uncertainty that has characterized the global economy for a long time remains. Tariffs and trade barriers have only had a limited financial impact on the Group in the quarter, but we are closely monitoring developments. Westermo's products are currently exempt from the announced import tariffs in the US, while Beijer Electronics has increased prices to compensate.

Ependion is well positioned in attractive markets. The strategic investments and continuous improvements we are driving make us well equipped for the future. In the medium and long term, our prospects for profitable growth are very good given the structural growth in our focus segments. In the short term, uncertainty remains. In times of uncertainty, we focus on what we can influence. We balance cost discipline with strategic future investments and are focused on creating value, regardless of market conditions."

The Group's second quarter

The Group's order intake increased by 16 percent to 558 MSEK (483) in the second quarter of 2025. Organically, the order intake rose by 11 percent. Adjusted for currency effects and acquisitions, order intake increased by 17 percent. Order intake increased for both business units. The order backlog amounted to 1,101 MSEK (1,092) at the end of the quarter.

The Group's sales decreased by 5 percent to 561 MSEK (588) during the period. Organically, sales declined by 11 percent. Adjusted for currency effects and acquisitions,

sales decreased by 7 percent. Both Westermo and Beijer Electronics decreased sales compared to the corresponding period last year, excluding acquisitions.

The Group's EBITDA increased to 108.8 MSEK (103.7). Depreciation and amortization amounted to 47.2 MSEK (43.7). EBIT increased to 61.6 MSEK (60.1), corresponding to an EBIT margin of 11.0 percent (10.2). EBIT was affected by negative currency effects of 9.3 MSEK. Total development expenditure amounted to 80.1 MSEK (81.5). This corresponded to 14.3 percent (13.8) of the Group's sales. Net financial items were -16.2 MSEK (-10.1). The increase is mainly due to currency effects. Profit before tax amounted to 45.4 MSEK (50.0). Profit after estimated tax amounted to 30.3 MSEK (39.8). Profit per share after estimated tax was 0.99 SEK (1.37).

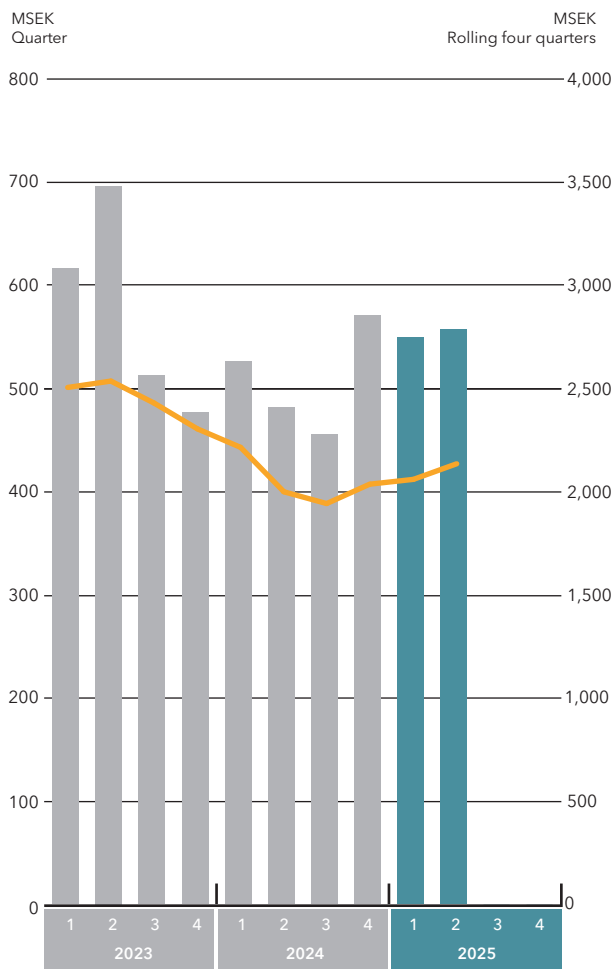
The Group's first half of the year

The Group's order intake increased by 10 percent to 1,109 MSEK (1,010) during the first half of 2025. Organically, the order intake rose by 8 percent. Adjusted for currency effects and acquisitions, the increase was 10 percent. The Group's sales decreased by 7 percent to 1,106 MSEK (1,187). Organically, sales declined by 10 percent. Adjusted for currency effects and acquisitions, sales decreased by 8 percent. Both Westermo and Beijer Electronics' sales decreased. The Group's EBITDA decreased to 205.6 MSEK (220.8). Depreciation and amortization increased to 94.8 MSEK (86.3). EBIT was 110.8 MSEK (134.6), corresponding to an EBIT margin of 10.0 percent (11.3). Total development expenditure amounted to 153.4 MSEK (156.7). This corresponded to 13.9 percent (13.2) of the Group's sales. Net financial items were -20.8 MSEK (-19.7). Profit before tax amounted to 90.0 MSEK (114.9). Profit after estimated tax amounted to 62.3 MSEK (91.0). Profit per share after estimated tax was 2.09 SEK (3.14).

Business entity net sales and EBIT

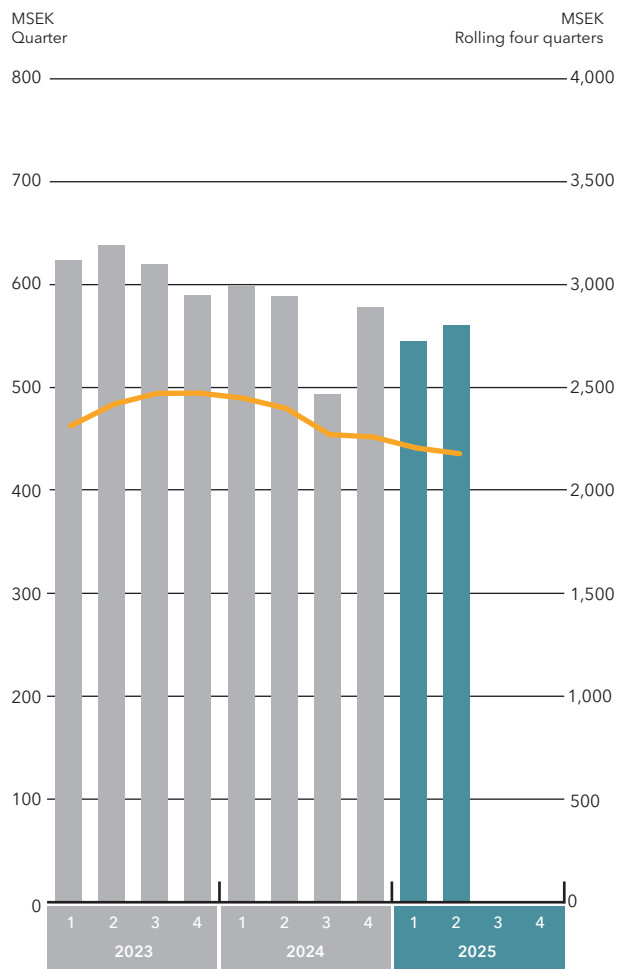
	Sales, MSEK		EBIT, MSEK		EBIT margin, %		Sales, MSEK		EBIT, MSEK		EBIT margin, %	
	Quarter 2						6 mth.					
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Westermo	354.2	336.5	53.6	44.5	15.1	13.2	675.0	700.2	104.1	99.9	15.4	14.3
Beijer Electronics	207.7	253.0	19.2	29.6	9.2	11.7	433.4	489.4	34.4	61.0	7.9	12.5
Intra-group sales	-1.1	-1.1					-2.6	-2.7				
Group adjustments and parent company			-11.2	-14.0					-27.7	-26.3		
Ependion Group	560.8	588.4	61.6	60.1	11.0	10.2	1,105.8	1,186.9	110.8	134.6	10.0	11.3

Group order intake



The bars and left-hand scale indicate quarterly order intake.
The curve and right-hand scale show rolling four quarter order intake.

Group net sales

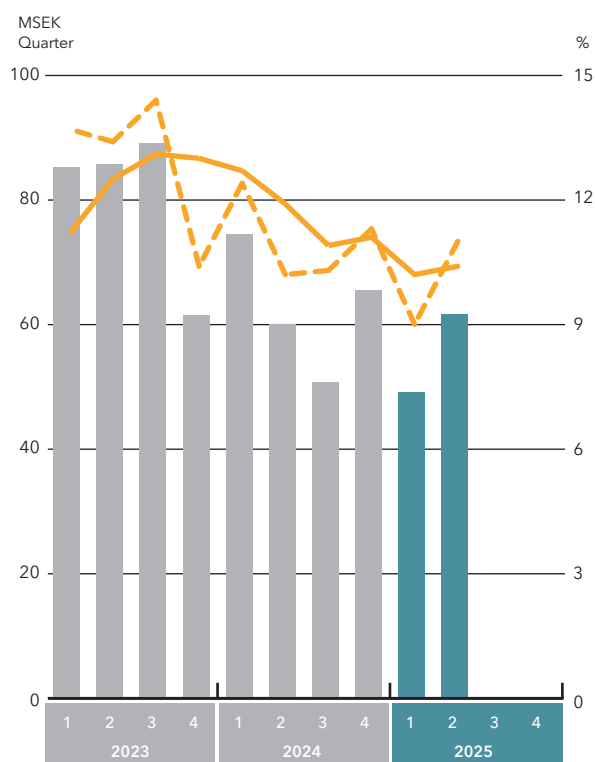


The bars and left-hand scale indicate quarterly net sales.
The curve and right-hand scale show rolling four quarter net sales.

“Strengthened gross margins, savings and great restraint with current costs increased Ependion’s EBIT to SEK 62 million with an EBIT margin of 11.0 percent.”

Jenny Sjö Dahl, President and CEO

Group EBIT



The bars and left-hand scale indicate quarterly EBIT. The solid curve and right-hand scale show rolling four quarter EBIT margin, the dashed curve and right-hand scale show quarterly EBIT margin.

Westermo

Business entity

For Westermo, order intake and earnings developed positively in the second quarter of 2025, both compared to the corresponding period last year and compared to the immediately preceding period. Order intake increased to 360 MSEK; excluding acquisitions, order intake increased to 337 MSEK. The development was positive for the focus segments train and trackside – and in all regions. Westermo's products have been exempted from import duties in the US and order intake increased in the US market. The unit in India also developed positively during the period.

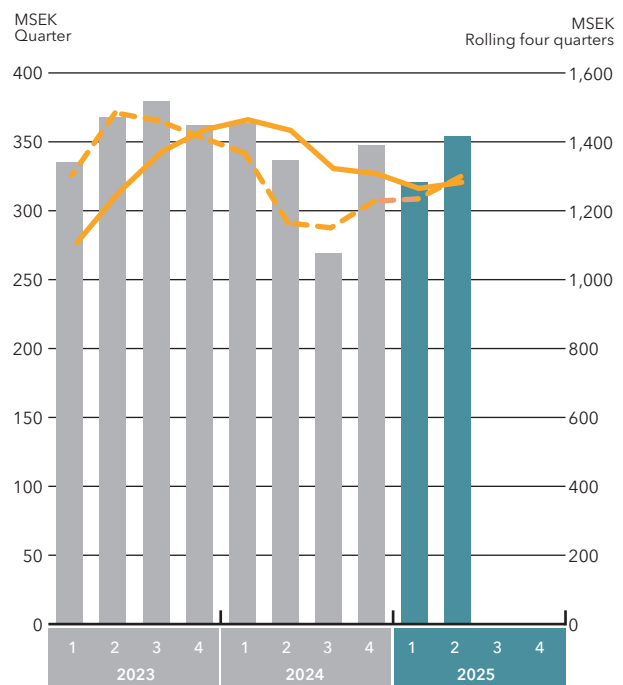
Sales increased to 354 MSEK, however, sales excluding acquisitions decreased to 316 MSEK due to the weaker order intake during most of last year. Thanks to strengthened gross margins and good cost control, Westermo increased EBIT to 53.6 MSEK with an EBIT margin of 15.1 percent. The result for the period has been charged with acquisition-related costs of 2.5 MSEK.

An important event in the quarter was the completion of the acquisition of Welotec, which has been part of Westermo since June. The company will function as Westermo's technology centre within Edge Computing and offers robust and certified industrial computers for, for example, real-time optimization, cybersecurity and virtualization. The integration was kicked off during the period with a focus on maximizing sales synergies in the energy segment, where Welotec has a strong position and good customer contacts in the rapidly growing market for digitalization of electricity grids. An important joint marketing activity was participation in the energy trade fair CIRED in London in early June.

During the period, Westermo carried out important launches of new and updated products, the single most important of which was the new Lynx Redundancy Box,

which complements the business entity's offering in the digitalization of energy infrastructure. During the period, Westermo received silver status in the Ecovadis sustainability survey with a score of 76/100. This places the business entity among the top 15 percent, demonstrating a clear and systematic strategy for sustainability.

Net sales, Westermo



The bars and left-hand scale indicate quarterly net sales. The solid curve and right-hand scale show rolling four quarter net sales, the dashed curve shows rolling four-quarter order intake.

“For Westermo, the acquisition of Welotec and the establishment in India means that we are building an even stronger business with a broader offering for our focus segments and a greater global presence.”

Jenny Sjö Dahl, President and CEO

Second quarter

Order intake increased by 22 percent to 360 MSEK (294). Excluding acquisitions, order intake increased by 15 percent to 337 MSEK. Sales increased by 5 percent to 354 MSEK (336). Excluding acquisitions, sales decreased by 6 percent to 316 MSEK. EBITDA amounted to 77.6 MSEK (67.0). Depreciation and amortization were 24.0 MSEK (22.6). EBIT increased to 53.6 MSEK (44.5), corresponding to an EBIT margin of 15.1 percent (13.2).

First half-year

Order intake increased by 12 percent to 676 MSEK (605). Excluding acquisitions, order intake increased by 8 percent to 654 MSEK. Sales decreased by 4 percent to 675 MSEK (700). Excluding acquisitions, sales decreased by 9 percent to 637 MSEK. EBITDA increased to 152.2 MSEK (144.8). Depreciation and amortization were 48.0 MSEK (44.9). EBIT amounted to SEK 104.1 million (99.9). This corresponded to an EBIT margin of 15.4 percent (14.3).

Beijer Electronics

Business entity

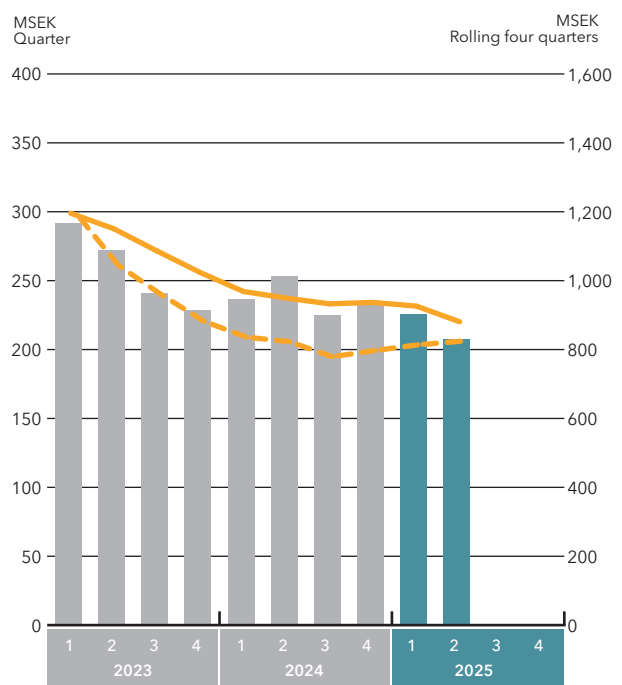
During the second quarter of 2025, Beijer Electronics' order intake increased by 5 percent to 200 MSEK, with demand strengthening both in the marine segment and in the manufacturing industry segment. The increase was driven by a clear upturn in the Asian markets, not least China, while Europe developed stably and North America declined. The order booking rate for the core product HMI: s continued to increase with an upturn of 23 percent for the period, fully in line with the business entity's strategy for a more focused, growing and profitable business.

Beijer Electronics' sales decreased to 208 MSEK for the second quarter, which is largely because deliveries of previously phased-out products with lower margins have essentially ceased. EBIT decreased to 19.2 MSEK with an EBIT margin of 9.2 percent, which is lower than for the comparison period but better than for the immediately preceding quarter. As expected, the gross margin has strengthened in the quarter through a focus on products with strong customer value and high technological sophistication. The cost reduction implemented in the first quarter of 2025 reduces costs and has also contributed to strengthening the margin. Overall, this is expected to have a positive impact on the result as the business entity's volumes increase.

During the period, Beijer Electronics has focused on the most extensive development project in the company's history: the new generation of HMIs. The X3 series is now complete with models adapted for marine, industrial and demanding environments that combine high safety, user-friendliness and broad certification. This means that the most intensive development phase is over and that product development expenditure will decrease during the second half of 2025. During the period, many customers have ordered X3

panels for internal tests and the new generation is receiving good reviews from customers in terms of user-friendliness and smooth conversion. The predecessor X2, which has so far generated accumulated sales of approximately 4 000 MSEK, continues to be sold in alongside the X3 series to ensure a smooth transition to the new generation.

Net sales, Beijer Electronics



The bars and left-hand scale indicate quarterly net sales. The solid curve and right-hand scale show rolling four quarter net sales, the dashed curve shows rolling four-quarter order intake.

“Beijer Electronics' gross margin has been strengthened in the quarter through a focus on products with strong customer value and high technological sophistication.”

Jenny Sjö Dahl, President and CEO

Second quarter

Order intake increased by 5 percent to 200 MSEK (190). Sales decreased by 18 percent to 208 MSEK (253). EBITDA decreased to 40.0 MSEK (48.0). Depreciation and amortization were 20.8 MSEK (18.4). EBIT decreased to 19.2 MSEK (29.6), which corresponded to an EBIT margin of 9.2 percent (11.7).

First half-year

Order intake increased by 7 percent to 435 MSEK (408). Sales decreased by 11 percent to 433 MSEK (489). EBITDA decreased to 76.3 MSEK (97.2). Depreciation and amortization increased to 42.0 MSEK (36.3). EBIT decreased to 34.4 MSEK (61.0) with an EBIT margin of 7.9 percent (12.5).

Other financial information

The Group's investments including capitalized development expenses and acquisitions amounted to 487 MSEK (151) during the first half of the year, of which 381 MSEK relates to the acquisition of Welotec GmbH and 14 MSEK an additional purchase price for Smart HMI. The amount for 2024 includes the investment in Blu Wireless of 46 MSEK. Cash flow from operating activities was 165 MSEK (179). Equity amounted to 1,596 MSEK (1,250) as of June 30, 2025, strengthened by the new share issue carried out during the period. The equity ratio was 51.5 percent (46.8). Cash and cash equivalents amounted to 169 MSEK (165). Net debt was 780 MSEK (746). The average number of employees was 851 employees (865).

LTI program

In accordance with the decision of the 2024 Annual General Meeting, a share-based incentive program, LTI 2024/2027, has been implemented. With the support of the issuance authorization within the framework of the program, the Board of Directors decided in April 2025 to issue 54,000 Class C shares based on the estimated outcome under the program. The issue was directed to a financial institution and was immediately repurchased by the company. The repurchased Class C shares are intended to be converted into ordinary shares upon delivery to the participants in 2027, in accordance with the terms of the incentive program.

The Board also decided in April 2025 to convert 189,608 of the company's own Class C shares into a corresponding number of ordinary shares to effect the transfer of ordinary shares to the participants in LTI 2022/2025 and the transfer of ordinary shares on Nasdaq Stockholm for cash flow hedging of social security contributions linked to LTI 2022/2025.

After the repurchase of Class C shares and conversion into ordinary shares, the number of shares amounted to 29,398,214, of which 29,239,633 ordinary shares and 158,581 Class C shares, corresponding to a total of 29,255,491.1 votes.

Significant events

New share issue

On May 15, 2025, Ependion's board of directors, supported by authorization from the Annual General Meeting on May 13, 2025, resolved on a directed new share issue of 2,912,622 ordinary shares at a subscription price of SEK 103.00 per share. The issue raised approximately SEK 300 million before transaction costs for the company and was directed to several Swedish and international institutional investors and existing shareholders, including Stena Adactum AB, Svolder AB and Nordea Funds AB.

The purpose of the new share issue was to partially finance the acquisition of Welotec GmbH. The subscription price corresponded to the closing price of the company's share on May 15, 2025 and was determined through an accelerated bookbuilding procedure led by Danske Bank. The issue resulted in an increase in the number of shares in the company from 29,398,214 to 32,310,836, corresponding to an increase in the number of shares of approximately 10 percent.

Acquisition of Welotec GmbH

During the period, Ependion's business entity Westermo completed an acquisition of all shares in Welotec, headquartered in Laer, Germany. Through the deal, Westermo strengthens its position in the fast-growing energy segment and gains access to complementary technology within Edge Computing. Welotec will function as Westermo's technology centre for Edge Computing, enabling synergies in sales and product development. The company has approximately 70 employees and reported sales of approximately 24 MEUR in 2024 with an EBIT margin of 13.4 percent.

Financial targets

The Group's financial targets consist of three targets for growth, profitability and dividend. The growth target means annual organic growth of at least ten percent. Acquired growth is added. The profitability target means that the Group shall achieve an operating margin of at least 15 percent. The Group shall be a dividend-paying company.

Outlook for 2025

Ependion operates in attractive markets with good underlying growth and, in the mid-term, has good prospects for reaching both the growth and profitability targets. Investments in societally important infrastructure such as railways, shipping and energy are increasing. The Group balances cost discipline with strategic future investments that focus on creating value. In the short term, however, geopolitical and economic uncertainty remains, which is why the near-term outlook is difficult to assess.

Malmö, Sweden, 15 July 2025

Jenny Sjö Dahl
President and CEO

Statement of Assurance

The Board of directors and the CEO certify that the half-year report provides a fair and true overview of the parent company's and the Group's business, position and results as well as describes the significant risks and uncertainty factors faced by the parent company and the companies included in the Group.

This Report has not been subject to review by the company's auditors.

For more information, please contact:

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Malmö, Sweden, 15 July, 2025

Jenny Sjö Dahl

President and CEO

Peter Nilsson

Chairman of the Board

Johan Wester

Board member

Lars Eklöf

Board member

Karin Gunnarsson

Board member

Jonas Hård

Board member

Per Allmér

Board member

The Group's Financial Reports

Consolidated Income Statement in summary

SEK 000	Quarter 2 2025	Quarter 2 2024	6 mth. 2025	6 mth. 2024	Full year 2024
Net sales	560,756	588,355	1,105,812	1,186,876	2,258,125
Cost of goods sold	-265,882	-290,601	-514,997	-589,605	-1,110,418
Gross profit	294,874	297,754	590,815	597,271	1,147,707
Sales expenses	-84,180	-86,134	-168,583	-170,779	-341,299
Administration expenses	-86,537	-91,797	-178,991	-179,810	-341,181
Research and development expenses	-63,278	-57,397	-124,908	-116,208	-219,514
Other operating revenue and operating expenses	750	-2,349	-7,544	4,097	5,194
Operating profit	61,629	60,077	110,789	134,571	250,907
Financial income/expense	-16,202	-10,052	-20,811	-19,674	-44,465
Profit before tax	45,427	50,025	89,978	114,897	206,442
Tax	-15,149	-10,250	-27,689	-23,866	-49,439
Profit for the period	30,278	39,775	62,289	91,031	157,003
Attributable to equity holders of the parent	30,278	39,772	62,289	91,265	158,009
Attributable to non-controlling interests		3		-234	-1,006
Basic earnings per share, SEK	0.99	1.37	2.09	3.14	5.45

Statement of Comprehensive Income

SEK 000	Quarter 2 2025	Quarter 2 2024	6 mth. 2025	6 mth. 2024	Full year 2024
Profit for the period	30,278	39,775	62,289	91,031	157,003
Actuarial gains and losses	-8,060	-5,779	-855	-8,837	-17,230
Net investment hedge effects	-7,674	3,231	5,437	-4,572	-7,740
Change in fair value of equity instruments	112		-2,176		-3,015
Translation differences	32,169	-16,290	-64,717	35,853	61,972
Comprehensive income for the period	46,825	20,937	-22	113,475	190,990
Attributable to equity holders of the parent	46,825	21,013	-22	113,683	191,996
Attributable to non-controlling interests		-76		-208	-1,006

Consolidated Balance Sheet in summary

SEK 000	June 30, 2025	June 30, 2024	Dec. 31, 2024
ASSETS			
Fixed assets			
Intangible assets	1,711,975	1,314,702	1,374,111
Property, plant and equipment	104,118	96,648	105,150
Right-of-use assets	131,906	97,723	144,502
Financial fixed assets	110,970	101,298	107,667
Total fixed assets	2,058,969	1,610,371	1,731,430
Current assets			
Inventories	392,323	437,354	396,301
Accounts receivable	409,986	412,265	381,599
Other receivables	66,159	56,376	69,348
Cash and cash equivalents	169,081	165,352	178,053
Total current assets	1,037,549	1,071,347	1,025,301
Total assets	3,096,518	2,681,718	2,756,731
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	1,595,824	1,250,224	1,331,895
Equity attributable to non-controlling interests		4,403	
Total equity	1,595,824	1,254,627	1,331,895
Long-term liabilities			
Borrowings	444,652	447,635	430,476
Lease liabilities	84,410	59,352	97,497
Other long-term liabilities	197,498	169,518	195,663
Deferred tax liabilities	111,049	96,592	106,902
Total long-term liabilities	837,609	773,097	830,538
Current liabilities			
Borrowings	209,945	227,192	126,697
Lease liabilities	48,686	39,526	48,212
Accounts payable	165,656	149,332	154,411
Other liabilities	238,798	237,944	264,978
Total current liabilities	663,085	653,994	594,298
Total equity and liabilities	3,096,518	2,681,718	2,756,731

Consolidated Statement of Changes in Equity and Number of Shares

SEK 000	June 30, 2025	June 30, 2024	Dec. 31, 2024
<i>Attributable to equity holders of the parent</i>			
Opening balance, 1 January	1,331,895	1,159,082	1,159,082
New share issue after deducting for transaction expenses	292,166*	-150	-276
Re-purchase of treasury shares	-18	-34	-34
Sale of treasury shares	4,913	3,089	3,089
Dividend	-36,312	-28,941	-28,941
Share-based payment	3,202	3,495	6,979
Comprehensive income	-22	113,683	191,996
Closing balance, shareholders' equity	1,595,824	1,250,224	1,331,895
<i>Attributable to non-controlling interests</i>			
Opening balance, 1 January		4,611	4,611
Divestment of a jointly owned subsidiary			-3,605
Comprehensive income		-208	-1,006
Closing balance, shareholders' equity		4,403	

*A share issue of SEK 300 million was carried out to finance a business acquisition, with associated transaction costs of SEK 7.6 million. In addition, a share issue under the LTI program was completed in the amount of SEK 18 thousand, with related issuance costs of SEK 218 thousand.

The number of ordinary shares amounts to 32,152,25 and the number of Class C shares amounts to 158,581.

Consolidated Cash Flow Statement in summary

SEK 000	Quarter 2 2025	Quarter 2 2024	6 mth. 2025	6 mth. 2024	Full year 2024
Cash flow from operating activities before changes in working capital	66,045	85,528	165,127	185,717	379,966
Changes in working capital	53,431	43,729	-132	-6,481	79,540
Cash flow from operating activities	119,476	129,257	164,995	179,236	459,506
Cash flow from investments in tangible and intangible assets	-46,664	-57,887	-92,297	-106,448	-224,217
Cash flow from acquisition of subsidiary and investment in other companies	-381,451	-46,271	-395,802	-46,271	-49,565
Cash flow from divestment of subsidiary					-2,550
Cash flow from other investing activities	1,011	300	1,060	1,583	715
Cash flow from investing activities	-427,104	-103,858	-487,039	-151,136	-275,617
Cash flow from new share issue	292,166	-150	292,166	-150	-276
Cash flow from interest-bearing liabilities*	70,812	25,862	80,778	15,460	-133,700
Dividend paid	-36,312	-28,941	-36,312	-28,941	-28,941
Cash flow from other financing activities	4,895	3,054	-1,824	3,054	3,054
Cash flow from financing activities	331,561	-175	334,808	-10,576	-159,863
Cash flow for the period	23,933	25,224	12,764	17,525	24,026
Cash and cash equivalents at beginning of year	140,664	142,561	178,053	142,486	142,486
Exchange difference in cash and cash equivalents	4,484	-2,433	-21,736	5,341	11,541
Cash and cash equivalents at end of year	169,081	165,352	169,081	165,352	178,053
Free cash flow	62,380	60,138	50,132	51,761	187,372
*of which amortization of lease liabilities	-11,443	-11,533	-23,626	-22,611	-48,632

Notes to the financial statements in summary

Note 1

General information

Ependion AB (the "Company"), Corp. Id. No. 556025-1851, is a company with its registered office in Malmö, Sweden. This consolidated interim report for the Group (the "Interim Report") for the period January-June 2025 includes the Company and its subsidiaries, referred to jointly below as Ependion. The Group's consolidated accounting currency is SEK. All amounts are presented in thousands of SEK (SEK 000), unless otherwise stated.

Note 2

Accounting principles

Ependion's consolidated accounts are prepared in accordance with IFRS® Accounting Standards and with the same accounting principles as described in the Financial Statement for 2024.

Reporting for the Parent follows the Swedish Annual Accounts Act and RFR 2 Reporting for Legal Entities.

Ependion's Interim Report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Swedish Annual Accounts Act. Disclosures in accordance with IAS 34.16A are provided not only in the financial statements and related notes but also in other parts of the Interim Report. The Interim Report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act's chapter 9, Interim Reporting.

Related party transactions have taken place to the same extent as in the previous year and the accounting policies described in the Financial Statement for 2024 apply.

Ependion uses a number of financial key ratios that are not defined in the accounting regulations used by the company, so-called alternative performance measures (APM). For definitions of financial key figures, see pages 20 of this report.

Note 3

Risks and uncertainties

Ependion is an international group and as such, it is exposed to several strategic, business and financial risks. Risk management is therefore an important process relative to the goals set by the Group. Throughout the Group, efficient risk management routines are an ongoing process within the framework of the Group's operational management and a natural part of the continual follow-up of activities.

Risk management within Ependion starts with an assessment in the business entity teams where the material risks to the business are continuously identified, followed by an assessment of the likelihood of the risks materializing and their potential impact on the Group. Once the material risks have been identified and assessed, decisions are made on activities to eliminate or reduce the risks.

In addition to the risks and uncertainties described in Ependion's Annual Report for 2024, pages 87 and 127-128, the ongoing risk management has not resulted in additional risks or uncertainties.

Note 4

Consolidated Key Financial Ratios

	June 30, 2025	June 30, 2024	Dec. 31, 2024
EBIT margin, %	10.0	11.3	11.1
Profit margin, %	5.6	7.7	7.0
Equity ratio, %	51.5	46.8	48.3
Equity per share before dilution, SEK	53.5	43.0	45.8
Basic earnings per share, SEK	2.09	3.14	5.45
Diluted earnings per share, SEK	2.07	3.11	5.38
Return on equity after tax, %	9.0	14.8	12.6
Return on capital employed, %	9.8	13.6	12.1
Return on net operating assets, %	12.8	18.3	16.2
Financial net debt in relation to EBITDA	1.4	1.3	1.2
Average number of employees	851	865	861

Note 5

Reconciliation of Consolidated Net Debt

SEK 000	June 30, 2025	June 30, 2024	Dec. 31, 2024
Borrowings	654,597	674,827	557,174
Pension provisions	161,473	137,788	156,974
Liabilities attributable to right-of-use assets	133,096	98,878	145,708
Total interest-bearing liabilities	949,166	911,493	859,856
Total cash and cash equivalents	169,081	165,352	178,053
Net debt	780,085	746,141	681,803

Note 6

Financial assets valued at fair value

The Group's financial assets, in the form of long-term securities holdings for unlisted shares, are reported at fair value under level 3, i.e., determined based on inputs that are not observable in the market.

The fair value valuation is done by discounting future cash flows with a discount rate based on comparable

yield requirements for comparable companies and financial instruments. The table below presents a reconciliation between the opening and closing balance of the assets included in level 3.

SEK 000	June 30, 2025	June 30, 2024	Dec. 31, 2024
Opening balance	46,389		
Investments		46,271	49,380
Reported in other comprehensive income	-2,741		-2,991
Closing balance	43,648	46,271	46,389

Note 7

Allocation of Net Sales

SEK 000	Quarter 2 2025	Quarter 2 2024	6 mth. 2025	6 mth. 2024	Full year 2024
Net sales by geographical market					
Nordics	121,684	113,395	239,413	225,224	416,245
Rest of Europe	270,984	284,453	508,692	582,894	1,077,199
Americas	70,581	76,373	149,056	149,488	313,480
Asia	96,949	112,128	206,866	225,321	446,676
Rest of world	558	2,006	1,785	3,949	4,525
Total Group	560,756	588,355	1,105,812	1,186,876	2,258,125
Net sales by category					
Operator panels and accessories	167,314	195,902	351,279	380,083	746,690
Network equipment	312,881	310,667	584,316	638,883	1,192,667
Edge computing	11,895		11,895		
Software	7,157	7,308	14,489	17,482	35,699
Servicing and other services	11,958	20,647	26,907	31,832	57,865
Third-party products	49,551	53,831	116,926	118,596	225,204
Total Group	560,756	588,355	1,105,812	1,186,876	2,258,125
Net sales by segment					
Train	124,889	128,028	228,498	255,334	449,428
Trackside	29,422	40,691	61,484	95,046	190,019
Energy	99,998	91,253	220,592	227,680	447,510
Manufacturing	108,876	100,825	196,341	192,705	370,525
Marine	80,586	76,780	157,395	130,203	275,136
Other	116,985	150,778	241,502	285,908	525,507
Total Group	560,756	588,355	1,105,812	1,186,876	2,258,125

Note 8

Operating Segments

SEK 000	Quarter 2 2025	Quarter 2 2024	6 mth. 2025	6 mth. 2024	Full year 2024
TOTAL GROUP					
Order intake	558,359	482,756	1,108,992	1,010,272	2,038,885
<i>of which acquired order intake (%)</i>	4.0		2.0		
Net sales	560,756	588,355	1,105,812	1,186,876	2,258,125
<i>of which acquired net sales (%)</i>	6.8		3.4		
EBITDA	108,822	103,737	205,565	220,824	427,473
Depreciation	-47,193	-43,660	-94,777	-86,253	-176,565
EBIT	61,629	60,077	110,789	134,571	250,907
EBIT margin, %	11.0	10.2	10.0	11.3	11.1
Investments in intangible and tangible assets	47,011	57,887	92,644	106,448	224,217
<i>of which capitalized development expenditure</i>	42,447	47,398	80,446	85,645	183,656
Product development expenditure, %	14.3	13.8	13.9	13.2	13.9
Backlog			1,100,766	1,091,619	1,025,728
<i>of which acquired order backlog (%)</i>			8.4		
WESTERMO					
Order intake	359,524	294,293	676,191	604,574	1,236,784
<i>of which acquired order intake (%)</i>	6.3		3.3		
Net sales	354,245	336,453	675,042	700,214	1,316,635
<i>of which acquired net sales (%)</i>	10.7		5.6		
EBITDA	77,633	67,048	152,156	144,803	288,734
Depreciation	-23,996	-22,596	-48,040	-44,926	-89,860
EBIT	53,638	44,452	104,116	99,878	198,874
EBIT margin, %	15.1	13.2	15.4	14.3	15.1
Investments in intangible and tangible assets	25,817	30,772	49,457	55,262	108,200
<i>of which capitalized development expenditure</i>	22,278	22,436	41,909	39,116	82,944
Product development expenditure, %	14.8	15.1	14.8	14.0	14.3
Backlog			964,847	856,107	882,495
<i>of which acquired order backlog (%)</i>			9.6		
BEIJER ELECTRONICS					
Order intake	199,979	189,589	435,394	408,457	806,931
Net sales	207,656	253,028	433,363	489,420	946,320
EBITDA	39,941	48,021	76,336	97,225	182,861
Depreciation	-20,776	-18,432	-41,951	-36,257	-76,850
EBIT	19,165	29,589	34,385	60,968	106,010
EBIT margin, %	9.2	11.7	7.9	12.5	11.2
Investments in intangible and tangible assets	21,098	26,703	40,791	50,424	112,731
<i>of which capitalized development expenditure</i>	20,169	24,962	38,537	46,529	100,712
Product development expenditure, %	12.9	11.8	12.1	11.6	12.9
Backlog			135,919	235,512	143,233
PARENT COMPANY AND GROUP ADJUSTMENT					
Order intake (elimination)	-1,144	-1,126	-2,593	-2,758	-4,830
Net sales (elimination)	-1,144	-1,126	-2,593	-2,758	-4,830
EBITDA	-8,752	-11,333	-22,927	-21,204	-44,122
Depreciation	-2,421	-2,632	-4,786	-5,070	-9,855
EBIT	-11,174	-13,965	-27,712	-26,275	-53,977
Investments in intangible and tangible assets	96	412	2,396	762	3,286

Note 9

Welotec GmbH

On June 2, 2025, Ependion, through its business entity Westermo, acquired 100 percent of the shares and votes in the German company Welotec GmbH. Through the acquisition, Westermo strengthens its position in the fast-growing energy segment and gains access to complementary technology within Edge Computing. Welotec will function as Westermo's technology centre for Edge Computing, enabling synergies in sales and product development.

Welotec has approximately 70 employees and reported a turnover of approximately 24 MEUR in 2024, with an EBIT margin of 13.4 percent. Ependion assesses that the company has the capacity to contribute in line with the Group's financial targets. The purchase price was paid in cash and amounted to 382 MSEK. In addition to this, there was a cash settlement of working capital of 5.6 MSEK and a currency effect from forward contract of 1.8 MSEK. The total cash payment therefore amounted to 389.5 MSEK. There is a contingent purchase price linked to the acquisition that is dependent on future earnings.

The acquisition was completed shortly before the end of the reporting period.

Due to the short time that has elapsed since the acquisition, the acquisition analysis is preliminary. The Group has therefore not yet allocated any identifiable surplus values linked to the acquisition. The entire difference between the purchase price and the book value of the acquired company's net assets has therefore been initially allocated to goodwill. The contingent purchase price has not yet been able to be measured at a reliable fair value as of the reporting date and has therefore been initially reported at zero. The value of the contingent purchase price will be determined in connection with the completion of the acquisition analysis and will then affect goodwill.

The purchase price has been financed with funds from the directed new share issue that was completed on May 15, 2025, and through an acquisition loan of 9 MEUR. Transaction costs are reported continuously in the consolidated income statement under the item administrative expenses and amount to 4.8 MSEK as of June 30, 2025. Welotec is included in the consolidated and Westermo accounts from June 2, 2025. If Welotec had been consolidated in the group from the beginning of the financial year, the acquisition is estimated to have contributed sales of approximately 149 MSEK for the period January-June 2025. Since the acquisition date, Welotec has contributed sales of 38 MSEK.

SEK 000	2025
The purchase price consists of:	
Cash consideration for shares	382,043
Cash settlement of working capital (net)	5,644
Currency effects from forward contract	1,784
Contingent consideration*	
Total purchase price	389,471
<i>*The fair value of the contingent consideration has not been estimated as of June 30, 2025.</i>	
Acquisition-related costs	4,800
Impact of the acquisition on the Group's cash flow:	
Cash portion of purchase price	-389,471
Acquisition-related costs	-4,800
Cash (acquired)	12,819
Cash flow from investing activities	-381,452
Loan to finance the acquisition	97,205
New share issue (net of transaction costs)	292,366
Cash flow from financing activities	389,571
Net cash inflow	8,119
Recognized amounts of acquired assets and assumed liabilities	
Licenses	4,421
Other intangible assets	271
Property, plant and equipment	1,433
Financial non-current assets	349
Current assets	66,625
Cash and cash equivalents	12,819
Current liabilities	-33,063
Non-current liabilities	-1,671
Total acquired net assets	51,184
Goodwill*	338,287
Total	389,471
<i>*The goodwill amount is preliminary as the purchase price allocation was not finalized as of June 30, 2025.</i>	

Parent Company Financial Reports

Parent Company Income Statement in summary

SEK 000	Quarter 2 2025	Quarter 2 2024	6 mth. 2025	6 mth. 2024	Full year 2024
Income Statement					
Net sales	10,079	10,048	20,157	20,095	40,189
Administration expenses	-20,725	-23,152	-45,622	-45,180	-92,637
Operating profit	-10,646	-13,104	-25,465	-25,085	-52,448
Financial income/expense	63,617*	-5,032	51,075*	-6,937	37,166**
Profit before tax	52,971	-18,136	25,610	-32,022	-15,282
Appropriations					54,931
Tax	-412	3,714	3,962	5,894	-2,008
Profit for the period	52,559	-14,422	29,572	-26,128	37,641

*Includes received dividend from subsidiary of SEK 57 million.

** Includes received dividend from subsidiary of SEK 47 million.

Parent Company Balance Sheet in summary

SEK 000	June 30, 2025	June 30, 2024	Dec. 31, 2024
ASSETS			
Fixed assets			
Intangible and tangible assets	11,048	8,000	9,765
Other financial assets	1,598,020	1,197,746	1,205,978
Total fixed assets	1,609,068	1,205,746	1,215,743
Current assets			
Receivables from group companies	41,485	43,742	113,375
Other receivables	16,832	15,694	20,771
Cash and cash equivalents		66	66
Total current assets	58,317	59,502	134,212
Total assets	1,667,385	1,265,248	1,349,955
EQUITY AND LIABILITIES			
Equity			
Restricted equity	16,996	17,536	16,007
Non-restricted equity	632,742	270,537	339,659
Total equity	649,738	288,073	355,666
Current liabilities			
Liabilities to credit institutions	444,652	447,635	430,476
Provisions	23,534	23,647	23,647
Liabilities to Group companies	353,211	296,054	409,674
Total long-term liabilities	821,397	767,336	863,797
Current liabilities			
Liabilities to credit institutions	177,079	190,884	92,861
Other liabilities	19,171	18,955	37,631
Total current liabilities	196,250	209,839	130,492
Total equity and liabilities	1,667,385	1,265,248	1,349,955

Financial definitions

Ependion presents a number of financial measures in Annual and Interim Reports that are not defined according to IFRS, but are consistent with how investors and the company's management measure the company's financial performance. Ependion considers that these metrics offer valuable additional information to investors and the company's management as they enable evaluation of trends and the company's performance. These alternative performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS, but rather as a complement. The supplementary alternative performance measures stated in this report may differ in their computation methods from similar measures used by other companies. Reconciliations of alternative performance measures can be found on Ependion's website: <https://www.ependion.com/en/investors/alternative-performance-measures>

Average

Average values are calculated as the mean value in the relevant reporting period and corresponding item in the comparative period 12 months earlier.

Average number of employees

Average number of employees during the year based on working hours. Excludes contracted staff.

Basic earnings per share

Net income after tax, attributable to the parent company's shareholders, in relation to the weighted number of outstanding shares.

Capital employed

Equity plus interest-bearing liabilities.

Earnings per share after dilution

Earnings per share after dilution is calculated by adjusting the weighted average number of shares by the estimated number of shares from incentive programs. Incentive programs are included in the dilution calculation from the end of each program.

EBIT

Net sales less operating expenses.

EBITDA

EBIT excluding depreciation and amortization on tangible assets (including right-of-use assets) and intangible assets.

EBIT margin

EBIT in relation to net sales.

Equity ratio

Equity in relation to total assets.

Equity per share before dilution

Equity attributable to the parent company's shareholders divided by the number of shares.

Financial net debt in relation to EBITDA

Interest-bearing liabilities, excluding net provisions for pensions, less cash and cash equivalents and investments in securities, divided by rolling 12-month EBITDA, adjusted for restructuring costs and acquired EBITDA.

Free cash flow

Cash flow from operating activities, cash flow from investing activities excluding cash flow from acquisitions of subsidiaries and investments in other companies, as well as amortization of lease liability.

Net debt

Interest-bearing liabilities less cash and cash equivalents and short-term investments.

Net operating assets

Equity plus interest-bearing liabilities less financial assets.

Operative cash flow

Cash flow from operating activities.

Order backlog

The total value of customer orders received by the Group that have not yet been delivered.

Order intake

Net sales less the difference between opening and closing order backlog.

Product development expenditure

Expenditure related to product development work, such as personnel costs, external consultancy fees, and other external costs. This also includes expenses that are capitalized as assets in the balance sheet.

Product development expenditure in relation to net sales

Product development expenditure in relation to net sales.

Profit margin

Profit after tax in relation to net sales.

Return on capital employed

Profit before tax plus financial expenses for the past 12 months in relation to average capital employed.

Return on equity after tax

Profit after tax for the past 12 months in relation to average equity.

Return on operating capital

EBIT for the past 12 months in relation to average operating capital.

Working capital

Current assets less current liabilities.

Ependion AB

Ependion AB is an expansive global technology group delivering digital solutions for secure control, management, visualization and data communication for industrial applications in environments where reliability and high quality are critical factors. The Group’s customers include some of the world’s leading companies. Ependion consists of independent business entities with total sales of 2.3 billion SEK in 2024 and 950 employees. The company is listed on Nasdaq Stockholm Main Market’s Mid Cap-list under the ticker EPEN.

More Information

You can subscribe for financial information on Ependion via e-mail. Subscribe easily at our website, www.ependion.com. If you have any questions about Ependion, please call +46 (0)40 35 84 00, or send an email: info@ependion.com.

Financial Calendar

21 October 2025Nine-month Interim report
26 January 2026.....Financial Statement
28 April 2026.....Three-month Interim Report
12 May 2026Annual General Meeting
15 July 2026Six-month Interim Report
23 October 2026Nine-month Interim Report



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