



Customer warranty claim from a manufacturing defect

Concentric AB has detected a manufacturing defect in a specific water pump. It is not possible to definitively determine the financial impact at this stage, however, the net cost could be material. After a preliminary assessment, the net cost is estimated to be in the range of MSEK 60 to 100.

After receiving a warranty claim, it was discovered that a number of water pumps were fitted with a defective seal supplied to Concentric. The water pumps produced with the defective seal have full functionality upon delivery, but in certain instances, the defect manifests over time, potentially shortening the water pump's life. The manufacturing defect does not pose a product safety issue.

Concentric has taken immediate action to ensure that all water pumps are now built with the proper seal. Concentric continues to work collaboratively with the customer, establishing remediation plans to rectify the issue and analysing technical product data to establish a more defined failure rate. Concentric expects to have more clarity on this issue towards the end of 2024 and will make provisions for the expected costs in such time that it would impact the operating result of the second quarter of 2024. Due to the uncertainty related to the estimated failure rate, the actual costs may be materially higher or lower than the estimated costs. Based on the information we have to date, we plan to provide MSEK 100 in our Q2 results.

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This information is information that Concentric AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 21.00 CEST on 20 May 2024.

Concentric AB is an innovator in flow control and fluid power, supplying proprietary systems and components to the world's construction, truck and bus, agricultural machinery, industrial equipment, and energy system application end-markets. The company has a global manufacturing presence including in North America, Germany, UK, Sweden, India and China. Concentric's focus is to develop world class technology with innovative solutions that meet the sustainability needs of our customers.

Concentric offers engine products including lubricant, coolant and fuel pumps and hydraulic products encompassing gear pumps and power packs. Concentric also offers a range of electric products developed for the evolving electric and hybrid powertrain market, including electric water and oil pumps, electric fans, thermal management systems, high-voltage components, and electro hydraulic steering. These electric products are also finding uses in new applications in new markets in the energy system sector. In 2023, the Group had a turnover of MSEK 4,205 and circa 1,282 employees.