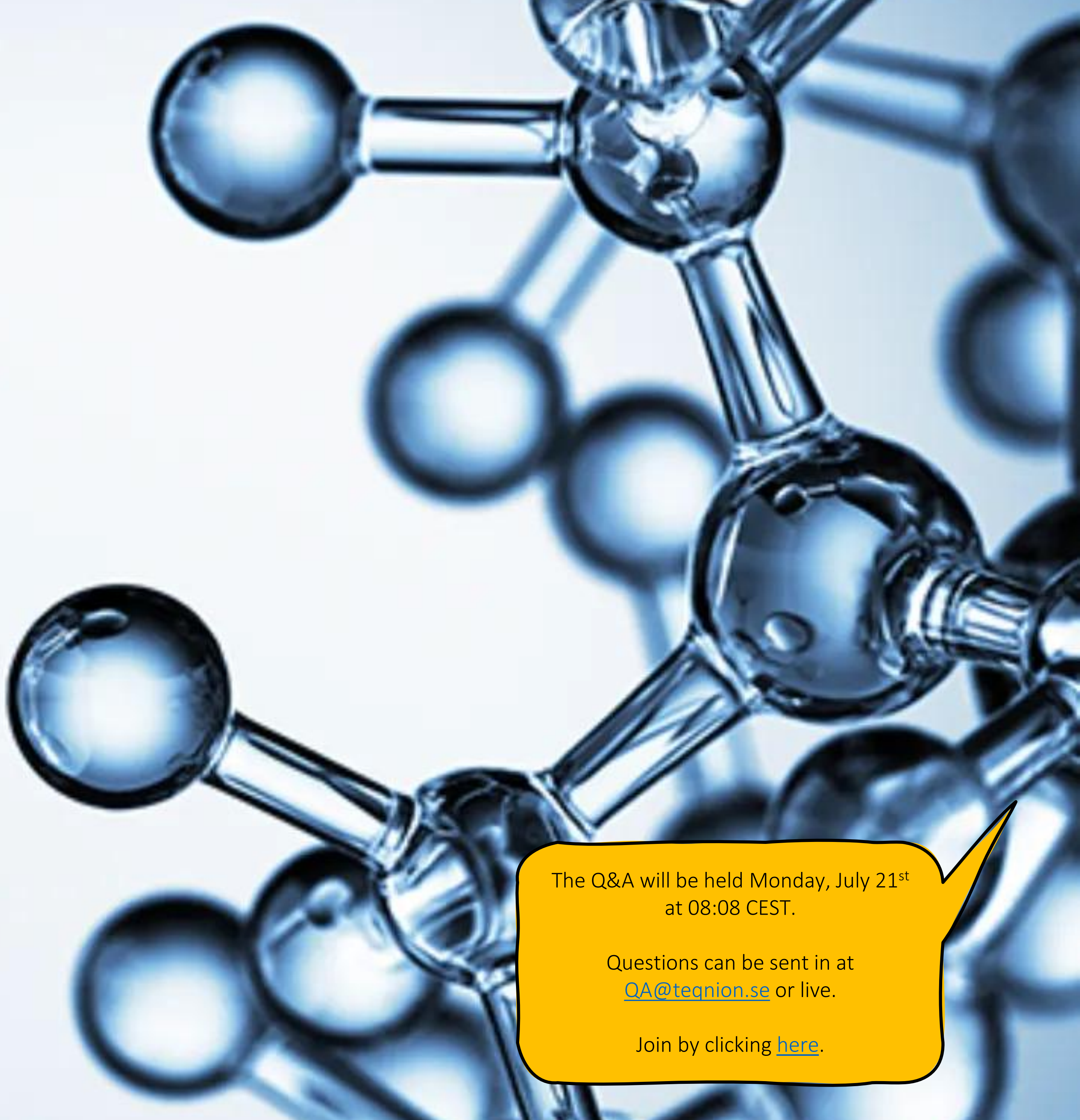
Teqnion
Interim report

Q2: April – June 2025



The Q&A will be held Monday, July 21st at 08:08 CEST.

Questions can be sent in at QA@teqnion.se or live.

Join by clicking here.

NORLIN
POLYMERS

Interim report Q2: April – June 2025

Short form report TEQ 2025 Q2

Despite all our activities I find the turnaround painfully slow and the prevailing global uncertainty doesn't speed things up. The order intake looks promising but operational profits and free cash flow are still weak. EPS landed on 2,24 SEK (2,01) and profit after tax ended at 38,5 MSEK (34,5), strongly affected by the positive net effect of revaluation of earnout liabilities of 17,9 MSEK. EBITA margin was 11,3% (11,7%) while net sales got to 474,5 MSEK (399,7) which is up 19% but down 3% organically. Improvements have and are being implemented and their impact will become evident.

- Johan Steene, CEO and founder

Events during the quarter

- Mitab i Forsbacka AB was acquired.
- Norlin Polymers Ltd was acquired.
- Teqnion UK Ltd was established.

Events after the quarter

- Nothing significant…

Teqnion financial development, MSEK	2025 Q2	2024 Q2	Δ%	**2025 YTD**	**2024 YTD**	Δ%
FCF excluding acquisitions	4,5	32,4	--	23,0	14,1	--
EPS (SEK)	2,24	2,01	+11%	4,37	3,24	+35%
Diluted EPS (SEK)	2,24	2,01	+11%	4,37	3,23	+35%
Profit for the period	38,5	34,5	+12%	75,1	55,6	+35%
Profit before taxes	44,3	41,1	+8%	90,7	66,1	+37%
EBITA	53,7	46,7	+15%	86,7	83,0	+4%
EBITA margin (%)	11,3%	11,7%	--	9,8%	10,6%	--
Net sales	474,5	399,7	+19%	880,8	781,4	+13%
Net debt / EBITDA R12*	--	--	--	1,9	1,0	--
RoE R12 (%)*	--	--	--	13,5%	17,9%	--

About Teqnion

Teqnion AB is an industrial group that acquires stable niche companies with good cash flows to develop and own with an eternal horizon. The subsidiaries are managed decentralized with support from the parent company. We operate in the majority of industries with leading products, which gives us good resistance to economic fluctuations as well as solid industrial know-how. For us, it is central to focus on profitability and long-term sustainable business relationships.

The company's shares, TEQ is listed on Nasdaq First North Growth Market.

* When calculations have been based on 12 months, they are only visualized in the YTD columns

Teqnion

Johan's thoughts

Hi Teqniåns,

The feeling is that anything I type down will mostly be a repetition of what I've already written here over the past year. We're working persistently to increase the group's earnings and as the numbers show we've got things to do. The improvements we've already implemented are clearly visible to us within the businesses, but they haven't yet filtered through into the figures. I'd like to point out that the reported positive result is largely affected by reversed earn-outs which should be disregarded. And yes, because we're driving major operational changes, we've also incurred temporarily weaker results, but writing those off as "adjustments" doesn't feel right. We've put ourselves in this position and we're getting ourselves out of it. With that in mind, that's how we should be evaluated. The free cash flow is weak this quarter, partly due to poor operating performance and somewhat higher tax payments. However, a significant reason for the low cash flow is the increased working capital tied up in finished goods inventory, as order intake has been strong in certain focus companies and that accounts receivable has also grown notably, which also points to the fact that our actions have triggered healthier sales. We still have plenty of initiatives to execute on and a lot to prove but I feel positive going into the second half of the year. This ingress may not be as fun as sprinkling in Disney references, but everything has its time. Now is the time to keep pushing progress with optimism and high ambitions.

Next level

I've been around since we founded Teqnion, when the idea was first sketched out over a dinner table, to where we are today with 36 operating companies and nineteen years of experience under our belt. At several points along the way we've hit developmental plateaus where we've had to rethink how we're organized and what tools we use to move forward and secure profitable growth. We've just been through another one of those phases.

A larger Teqnion needs a different kind of organization and that's what we've been carving out over the spring. We're tightening up how we work and introducing clearer performance metrics to avoid ending up in a similarly weak position again. We now have a country manager in the UK and one will soon be appointed in Sweden. They will be responsible for ensuring that the subsidiaries in their respective markets are run sustainably, meaning good returns and solid cash flow generation. We've also put in place a defined escalation process when a subsidiary shows a downward trend. In those cases, corrective actions are launched immediately to reverse course. I wish we had come further in our restructuring of the group by now but turning whiteboard sketches into activities that deliver lasting value takes time. That said, we're well on our way and will come out of this downturn with stronger working methods and a more robust organization.

Rule of evolution

In a market that's too easy to operate in, there's a real risk that critical business capabilities start to erode. Simply because they're not clearly needed and so they stop being practiced. As I've mentioned before we've tolerated businesses that have relied too much on stable markets and "automatic" order inflow to deliver profit. One day a few weeks ago, Daniel Zhang drew a parallel between companies like that and the endangered kākāpō. A parrot that millions of years ago flew over the ocean ending up in New Zealand. It landed on these paradise islands with plenty of food, no mammals to compete with or get eaten by. The kākāpō grew big and happy and stopped flying. It didn't need to anymore. It shuffled around on the ground enjoying the good life. When it occasionally felt threatened by a bird of prey in the sky, its defense was to stand completely still so it wouldn't be spotted from above.

Onward, towards the twentieth year.

Millions of years passed, all was well, until humans arrived with their cats and dogs. The kākāpō's defense, to freeze in place at the approach of danger, suddenly stopped working. And it had lost its skill to fly to safety. The future instantly became too harsh. Through this exotic tale of evolution, Daniel has formulated the rule: Don't become a kākāpō.

A quick recap… Why are we where we are? The market has shifted from favoring most companies in the group to becoming significantly weaker for many of us. We haven't followed up fast enough or applied pressure when trends turned negative. Costs haven't been adjusted to declining demand in time. We haven't been sharp enough in purchasing. We haven't pushed sales efforts or pricing hard enough. We've failed to coordinate improvement efforts effectively, too much focus on what we gain on the swings, while forgetting what we're losing on the carousel as we say here in Sweden. Much is addressed and more is in progress. I want the numbers to start reflecting that during the fall.

So please don't think we're doing nothing or that we don't know what we're doing. Know instead that we've done a lot, we're continuing to work relentlessly, and the effects are happening and will start to show over the next six months.

Run far, be nice!

Johan Steene

CEO and founder

Teqnion ♥ our subsidiaries

Слава Україні!

Teqnion

House of Teqnion

Acquired 2024 or earlier

Avelair compressed air solutions
ELOFLEX
KEMA
GB VERKSTADS- & INDUSTRIVAROR AB
SURGE PROTECTION DEVICES LTD
WALLMEK INVEST IN TIME
ELROND
LANYARD U·K· LANYARD MAKERS LTD·
INKOM Industrikomponenter AB
K-FAB SCANDINAVIA
innoGUARD
Nubis
TELTEK PRODUKTKONTROLL
bellegroup coachworks
LT LUNDAHL TRANSFORMERS
SCHILL
Cellab
VICKY TEKNIK AB
nasc Narva scandinavia
HEM1
CMW
REWARD CATERING
WIMA PROPULSION AB
INJAB KRAFT TEKNIK AB
STANS PRESS
AIR TARGET
AB GRIMSTORPS BYGGKOMPONENTER
STANWELL TECHNIC LIMITED
MARKISCITY SERVICE AB

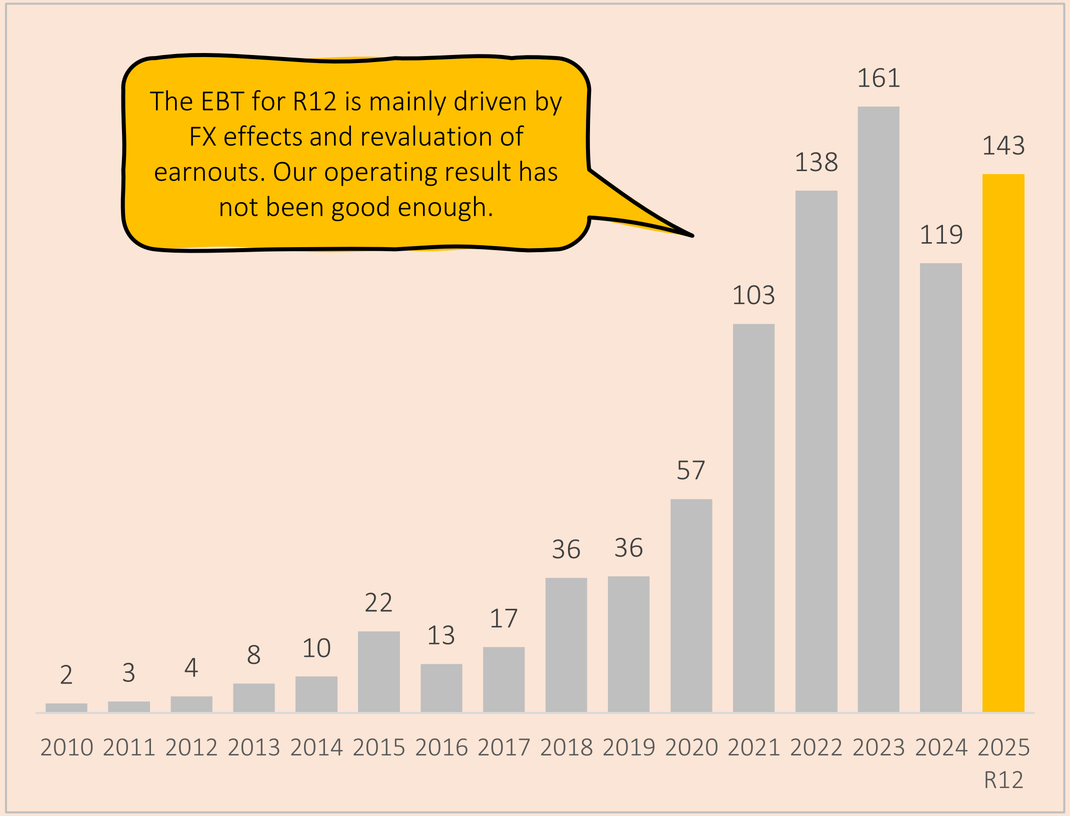
Acquired 2025

MIDLANDS SPECIAL FASTENERS
AW2U Bespoke Awards & Trophies
MERRIDALE®
thermasolutions international limited
EQURUS GRAVSTENAR
MITAB
NORLIN POLYMERS

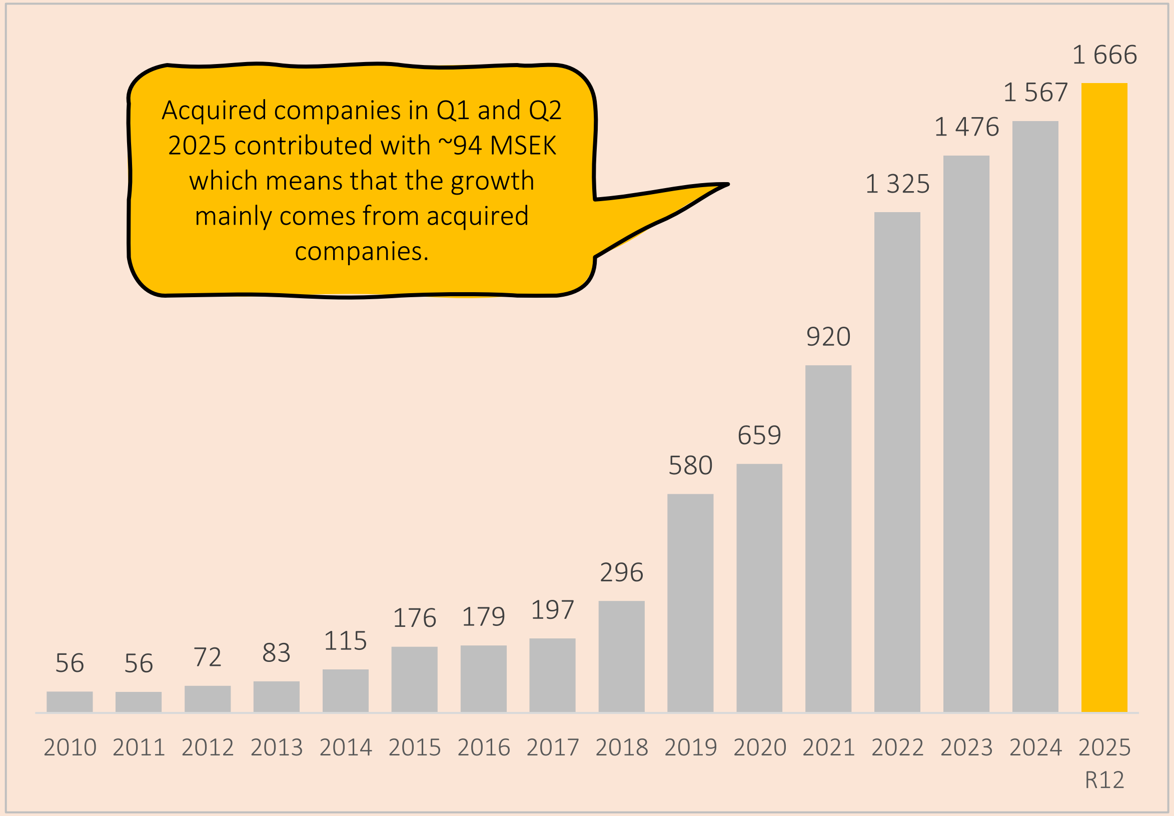
Teqnion

Financial development for the group (1/2)

Profit before taxes, MSEK

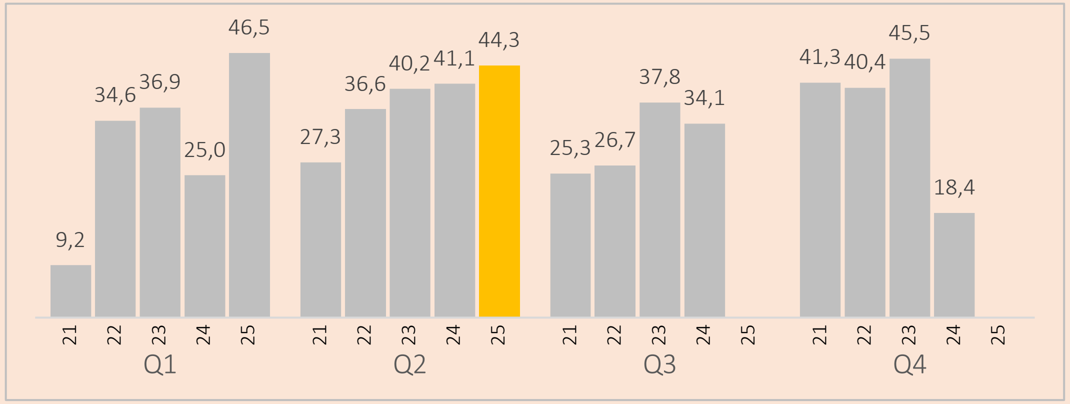


Net sales, MSEK

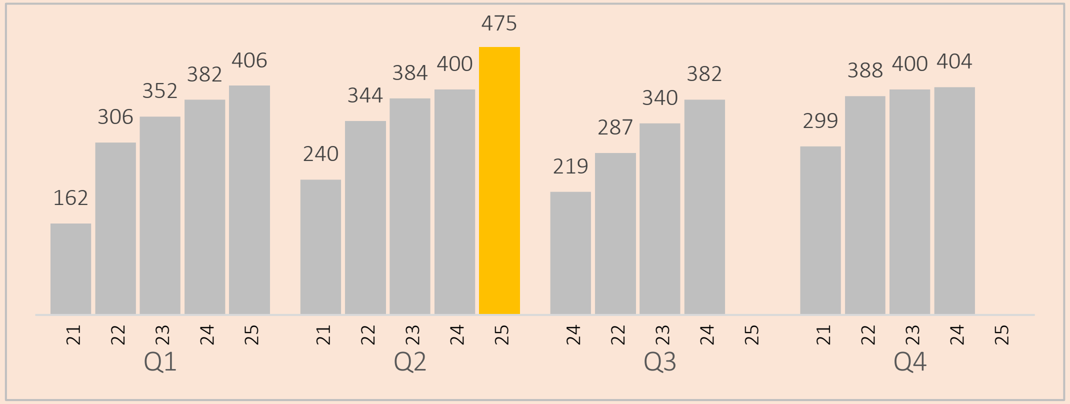


Financial development for the group (2/2)

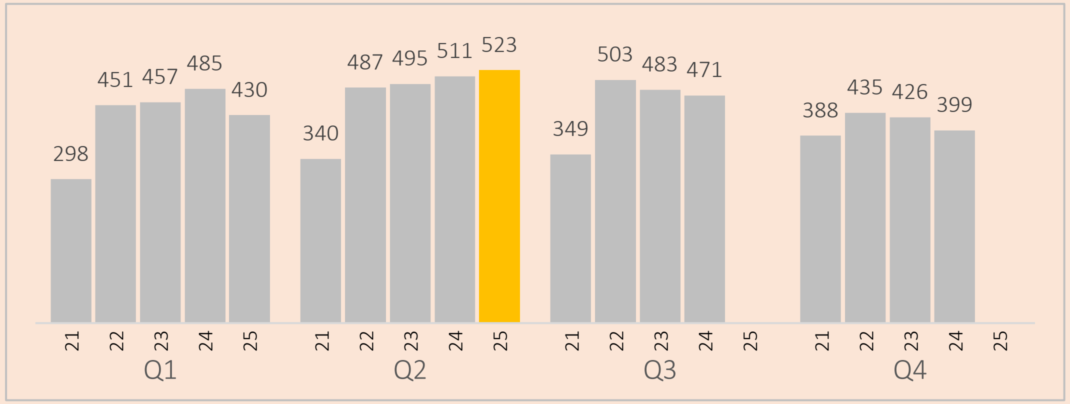
Profit before taxes, MSEK



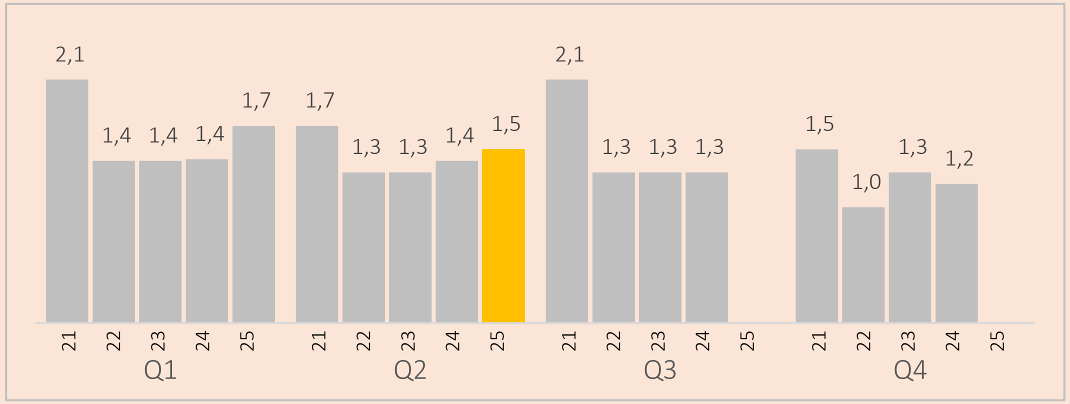
Net sales per quarter, MSEK



Order backlog*, MSEK



Parent company’s cost as share of net sales, %



* Order backlog can give a rough indication of future sales but is far from a perfect crystal ball. The operations of our subsidiaries varies greatly – some companies have visibility over a year and some have only spot sales.

Teqnion

Liquidity and debt

Liquidity and debt

Group in summary MSEK	2025 30 Jun	2024 30 Jun	2024 31 Dec
Liabilities to credit institutions	398,2	250,6	302,3
Lease liabilities	151,7	145,2	163,9
Total interest-bearing liabilities	549,9	395,8	466,2
Cash and cash equivalents	137,4	176,8	196,0
Net debt	412,5	218,9	270,2
Net debt exl. leasing liabilities	260,8	73,8	106,3
Net debt / EBITDA	1,9	1,0	1,3

Comment

Liquidity and debt

Our net debt has increased during 2025 due to seven acquisitions. The net debt in relation to EBITDA has increased from 1,0 to 1,9 compared to Q2 2024. There is still headroom to our financial target Net debt / EBITDA < 2.5.

Gordon Murray supercars held together by Midland Special Fasteners.

Wipeboard: New thoughts and insights will be presented here each quarter

To be wiped!

Example of successful ongoing turnaround case*

EBT and EBT margin more than doubled while maintaining the balance sheet.

EBT, MSEK

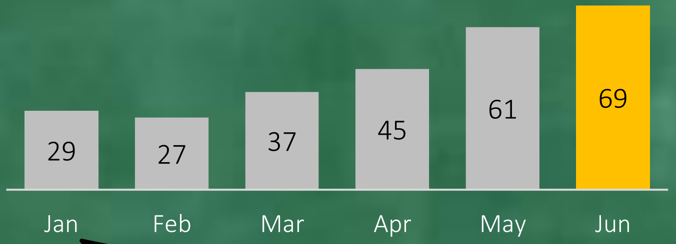
EBT margin, Percent

Key activities have been to renegotiate customer contracts, review pricing, reduce costs, shrink the organization, focus sales on high margin products.

Significant effects from reduced cogs is expected to hit the income statement later in the year due to FIFO accounting.

A group of turnarounds starting to turn around…

Order backlog, MSEK



This group of 4 turnarounds have 5-10 months from order to revenue. Through more active sales, they have together more than doubled their backlog this year so far.

The bad news is that during 2025 they have together painfully lost 14 Msek for the group.

The somewhat better news is that the companies have a straight average of 57% in gross margin and by the end of the year, we expect this group to instead contribute with 2-5 Msek and of course with higher ambitions going forward.

… and we are focusing on executing on individual plans for the rest

For each company that is losing money or is otherwise performing below expectations, we are focusing on implementation of the individual action plans. We are optimistic.

All plans are based on a path to profit that should be achieved later in 2025.

If for an individual company the above does not happen and the trajectory is not promising, we will do what is needed and what is best for the shareholders of Teqnion.

** Based on accumulated 5 full calendar months since new CEO was installed (February – June)*

Business philosophy and financial targets

Teqnion is always in movement. We always start from people and relationship building when targeting profitable business in well-defined industry niches. The mission is to invest our money today so that we have even more money tomorrow. It is a simple goal that is easy to measure. We keep to what we understand and what is tangible. We don't try to predict how the world will change – we are not smart enough for that. We focus on what will not change including human behaviour. We acquire good and specialized companies that are driven by grounded coworkers. During the journey we try to have fun and develop our methods and strengthen our team. If we run astray (which we will continue to do), roll up our sleeves , learn something and continue moving forward.

Our sustainability plan is that Teqnion always should grow. Sustainability for us means that we of course need to take care of the environment and our globe's finite resources at the same time that we shall grow our profits over time. With good profits we can make the right decisions and continuously strengthen our relations with colleagues, customers and suppliers. Teqnion shall always continuously create value for the society so that we can capture part of that value. No mater in which direction and intensity the macro winds are blowing, we move forward.

Teqnion wants to go far. We are only in the beginning of our journey. It is therefore that we guard our culture ferociously. Our leadership team is ridiculously loyal to the company. We are a small team with experience, winner instinct and a never say die attitude.

SURVIVAL ABOVE ANYTHING ELSE. ALWAYS.

As individuals we are always prepared that anything can go south at any moment. This means that we never take risks that we cannot afford to lose. Even if the upside potential in Excel shows an off-the chart RoIC, we would rather sell cremation systems rather than to swing-trade a certain EV company.

We ensure that we can always be part of the game, no matter the times. In essence: we will never put us in a debt situation that would hinder us from being in the driver's seat.

CREATE VALUE AND CAPTURE VALUE

In order for Teqnion and our subsidiaries to have a clear right of existence we need to create value for our customers and their customers. By loving sales and always focus on customer value we can translate the move of physical products to sales with good margins. By always focusing on customer value creation, a symbiosis is created between us, customers, suppliers and the society where value is created and shared. That is sustainability. Our simple way of measuring our right to exist is our operating margin. Why would we exist if no one wants to pay for our products, services and solutions? We never want to grow for the sake of growing. We only like our topline to go up if it is driven by profit expansion. Teqnion is the anti thesis of Silicon Valley's hyper growth philosophy and our mantra is "if they come – we build". The focus on profitability motivates us to really focus on each krona in expense. As the old Swedish saying goes: "varje sparad krona är en tjänad krona".

CREATE SHAREHOLDER VALUE.

When we have stability and earn good money, which is a state we do what we can to always be in – then we focus wholeheartedly on growing the earnings per share, which is the measure that over time most clearly drives the share price.

In practice, in means that we acquire further profitable industrial product companies with great people, low business risk and wonderful cash flow – at a fair price. The last piece in important. To acquire wonderful business can be both value creating or value destructive, depending entirely on the size of the money pile you give up. We focus on the long-term and leans on the compounding effect of our capital by effectively allocating your capital – we are stewards of it.

We don't work with forecasts or annual targets because we never want to be in a situation we will be forced to make a deal for the sake of making a deal – that creates shortermism. We prefer a time horizon of 5 years in which we want to have doubled our earnings per share. Our ambition is higher and our true time horizon is much longer. We have just left the staring line. Our journey will be long.

This page has been written with the hope to clarify what we prioritize for Teqnion. We invite all on the same wavelength along for our grand adventure.

/TEQ-team

Do not wipe

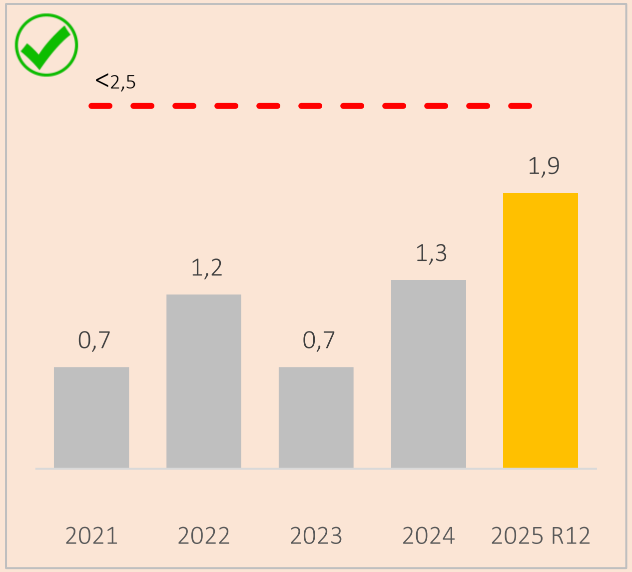
** By the same… our subsidiary Mitab is the market leader of cremation systems in the Nordic market.*

Follow-up of financial targets

1. STABILITY

To never risk permanent loss of capital and ensure that we can grow sustainable we believe that we need a financial stability as a basis for everything that we do. This goal should always be in place.

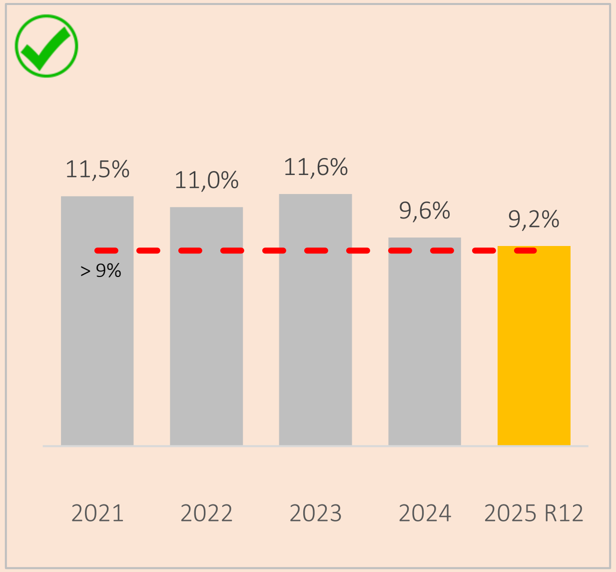
Financial target 1: Net debt / EBITDA < 2,5



2. PROFITABILITY

We always work grittily with our profitability. Focus is to always strive for projects and acquisitions that will help us raise the bar.

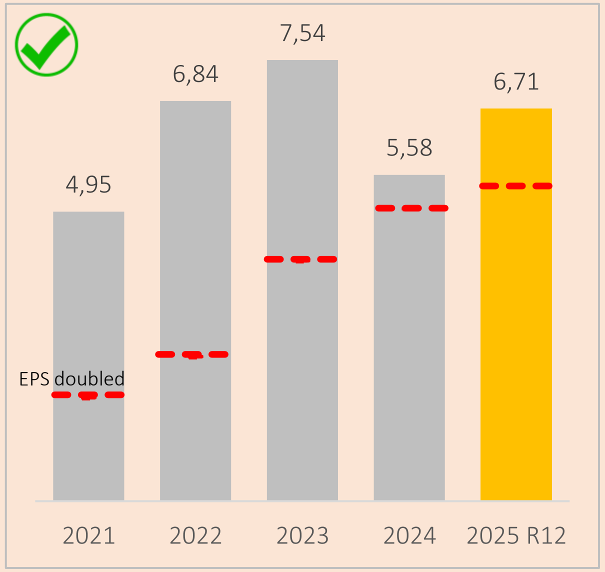
Financial target 2: EBITA margin > 9%



3. SHAREHOLDER VALUE

When target 1. and 2. are in place we put our whole soul into creating long-term shareholder value through increasing the earnings per share. This is primarily achieved through acquiring new niche companies at good valuations.

Financial target 3: > Double EPS every five years*

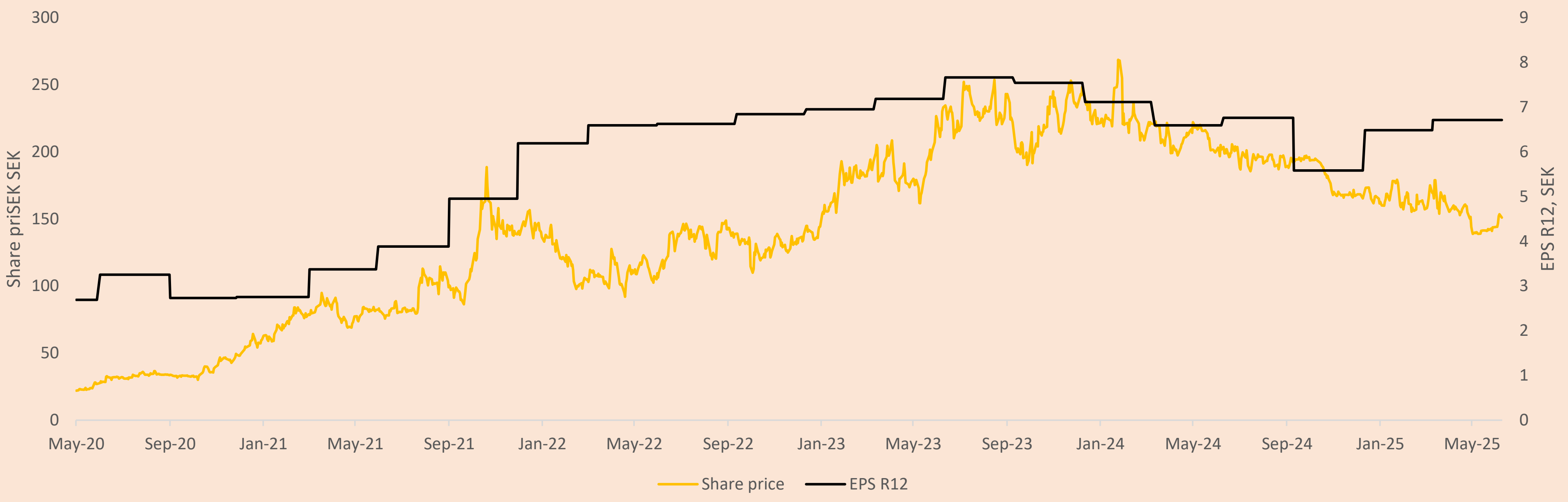


* The red line shows the level of EPS needed per year to double the EPS compared to 5 years ago.

Teqnion

Share price and earnings per share since IPO

Share price (closing price) **and earnings per share** (EPS) **in SEK**



Our conviction is that our share price in the longer perspective will follow our earnings per share*. That is the reason our focus in on increasing the earnings per share. The graph above shows the historical connection.

* Actually, we believe that share price more closely follows TCFpDSeM&ABPRSISR&D or Total Cash Flow per Diluted Share excluding Mergers and Acquisitions, Borrowing, Principal Repayment, Stock Issue, Share Repurchase and Dividends. But for simplicity, let's track EPS instead…

Our 10 most recent acquisitions

We continuously and tirelessly meet new companies (100-150 per year) but only a few passes all of our screening criteria. Legend has that it is easier to win the Euro jackpot than being acquired by Teqnion. Our pace of acquisition will vary during the year and between the years– we will never acquire a business for the sake of acquiring something. For a deal to be reached, the company needs to show high quality & have a good culture in place. At the same time, we need to agree with the vendor on a price tag that we are both happy with.

Acquisition	Completion	Net sales * (according to press release, MSEK)
Norlin Polymers (UK) Ltd	2025 May	30
MITAB i Forsbacka AB	2025 April	65
Edurus Gravstenar AB	2025 March	45
Thermasolutions International Ltd	2025 March	35
Merridale Ltd	2025 February	35
Awarded 2U Ltd	2025 February	35
Midlands Special Fasteners Ltd	2025 February	30
UK Lanyard Makers Ltd	2024 July	20
Avelair Ltd	2024 July	40
Nubis Solutions Ltd	2024 February	40

Take a look at Vicky's new product platform here.

Vicky Teknik is designing and producing products for those that take road safety and convenience very seriously.

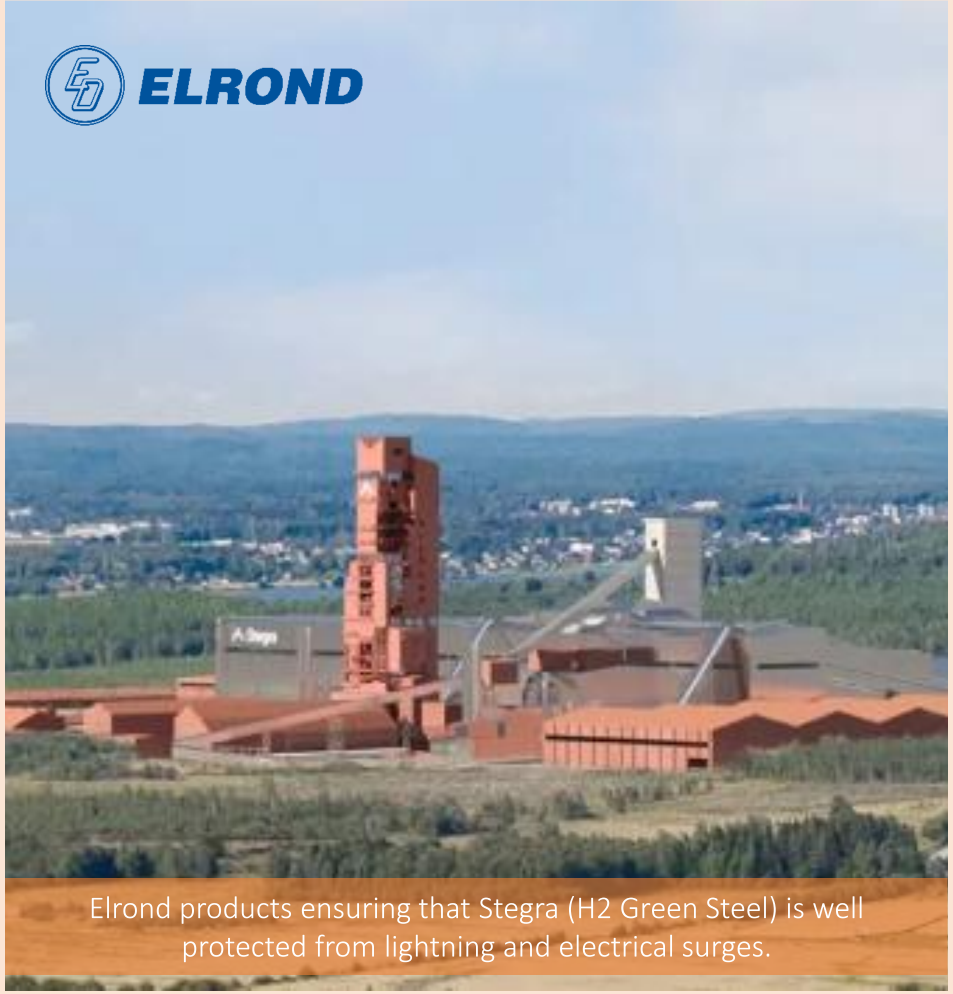
* Note that the net sales according to the press release is the average of the last 3 years. The numbers have been rounded to the nearest 5 MSEK.

TEQ Group Management

Johan Steene
Teqniån since 2006
CEO, founder and board member
Born 1973
M. Sc. Mechanical Engineering, KTH
Outside of Teqnion: runs far
Holdings: 861 471 shares + 6 000 options

Daniel Zhang
Teqniån since 2021
CXO
Born 1989
B. Sc. Business Administration and Economics, SSE
Background: McKinsey, Bain and Textilia
Holdings: 108 000 shares + 0 options

Jonathan Alexandersson
Teqniån since 2024
Chief Controlling Officer (CCO)
Born 1993
M. Sc. Business Administration and Economics, Kau
Background: Authorized Public Accountant from PwC
Holdings: 850 shares + 3 000 options



Elrond products ensuring that Stegra (H2 Green Steel) is well protected from lightning and electrical surges.

Teqnion

Teqnion consolidated income statement and statement of comprehensive income

MSEK	2025 Q2	2024 Q2	2025 YTD	2024 YTD	2025 R12	2024 Calendar year
Net sales	474,5	399,7	880,8	781,5	1 666,4	1 567,0
Operating costs						
Change in inventories of PIP, finished goods and WIP	5,7	-4,3	9,6	5,0	-3,0	-7,7
Raw materials and consumables & Merchandise	-260,8	-209,9	-486,1	-426,2	-914,7	-854,8
External costs	-46,1	-34,4	-88,9	-67,2	-157,5	-136,3
Employee benefit costs	-119,1	-101,7	-219,7	-188,4	-404,1	-372,7
Depreciation and amortization	-18,9	-14,8	-34,3	-28,8	-70,5	-64,4
Other operating income and expenses	17,6	11,5	24,2	6,1	34,2	16,4
Total operating costs	**-421,6**	**-353,5**	**-795,6**	**-699,5**	**-1 515,7**	**-1 419,5**
Operating profit	**52,9**	**46,2**	**85,1**	**82,0**	**150,7**	**147,5**
Financial income	2,5	0,6	21,1	4,5	27,1	10,5
Financial expenses	-11,1	-5,7	-15,5	-20,4	-34,6	-39,5
Net financial items	**-8,6**	**-5,1**	**5,6**	**-15,9**	**-7,5**	**-29,0**
Profit before tax	**44,3**	**41,1**	**90,7**	**66,1**	**143,2**	**118,5**
Income tax	-5,8	-6,6	-15,6	-10,5	-28,0	-22,7
Profit for the period	**38,5**	**34,5**	**75,1**	**55,6**	**115,2**	**95,8**
Other comprehensive income for the period						
Translation differences for the period	5,6	-2,1	-41,8	16,4	32,6	25,7
Total comprehensive income for the period	**44,1**	**32,4**	**33,3**	**72,0**	**82,7**	**121,4**
Owners of the parent	44,0	32,4	33,3	72,0	82,6	121,3
Non-controlling interests	0,1	0,0	0,0	0,0	0,1	0,1

Teqnion

Teqnion consolidated balance sheet

MSEK	2025 30 Jun	2024 30 Jun	2024 31 dec
Assets			
Non-current assets			
Goodwill	898,8	665,8	731,3
Other intangible non-current assets	34,6	21,7	27,9
Buildings and land	17,9	11,6	12,8
Equipment, tools, fixtures and fittings	38,9	24,0	26,6
Right-of-use-assets	151,4	147,9	165,6
Other receivables	0,4	2,0	0,4
Total non-current assets	**1 142,0**	**872,9**	**964,5**
Current assets			
Inventories	305,9	280,8	261,6
Trade receivables	276,9	241,8	231,1
Tax assets	18,7	16,5	8,7
Accrued revenue	10,5	12,6	19,2
Other receivables	20,0	17,4	17,6
Prepaid expenses and accrued income	26,1	27,4	23,1
Cash and cash equivalents	137,4	176,8	196,0
Total current assets	**795,5**	**773,4**	**757,3**
TOTAL ASSETS	**1 937,5**	**1 646,3**	**1 721,8**

MSEK	2025 30 Jun	2024 30 Jun	2024 31 dec
Equity			
Share capital	1,1	0,9	0,9
Other capital provided	289,8	288,9	294,7
Translation reserve	67,5	16,4	16,7
Retained earnings including profit for the year	533,9	502,5	545,7
Equity attributable to owners of the parents	892,1	808,7	858,0
Non-controlling interests	1,3	1,2	1,3
Total equity	**893,4**	**809,9**	**859,3**
Liabilities			
Non-current liabilities			
Liabilities to credit institutions	398,2	227,6	302,3
Non-current lease liabilities	106,2	104,7	116,2
Deferred tax liabilities	38,0	34,8	34,3
Other non-current financial liabilities	79,0	53,7	30,5
Other provisions	4,1	5,0	4,4
Total non-current liabilities	**625,5**	**425,9**	**487,7**
Current liabilities			
Liabilities to credit institutions	0,0	23,0	0,1
Current lease liabilities	45,6	40,5	47,7
Other current financial liabilities	75,9	70,1	84,4
Trade payables	140,1	145,9	119,5
Tax liabilities	4,1	13,9	11,8
Invoiced revenues not worked-up	5,3	3,0	6,5
Other liabilities	67,3	48,7	45,3
Accrued expenses and deferred income	80,3	65,5	58,8
Total current liabilities	**418,6**	**410,5**	**374,8**
TOTAL EQUITY AND LIABILITIES	**1 937,5**	**1 646,3**	**1 721,8**

Teqnion

Teqnion consolidated statement of changes in equity

Attributable to equity holders of the parent company MSEK	2025 30 Jun	2024 30 Jun	2024 31 dec
Opening equity (1 Jan)	**858,0**	**733,9**	**733,9**
Total comprehensive income for the period	33,3	72,0	121,3
New issues	-	2,8	2,8
Option premiums	0,8	-	-
Closing equity	**892,1**	**808,7**	**858,0**
Equity attributable to:			
Owners of the parent	892,1	808,7	858,0
Non-controlling interests	1,3	1,2	1,3
	893,4	**809,9**	**859,3**

Outstanding shares	2025 30 Jun	2024 30 Jun	2024 31 dec
Average number of shares outstanding before dilution YTD	17 165 756	17 141 368	17 153 696
Average number of shares outstanding after dilution YTD	17 166 264	17 180 756	17 160 449
Number of shares outstanding at the end of the period YTD	17 165 756	17 165 756	17 165 756
Average number of shares outstanding before dilution Q2	17 165 756	17 144 395	--
Average number of shares outstanding after dilution Q2	17 166 996	17 180 756	--

The road can be challenging but the aim and principles are clear.

Teqnion consolidated cash flow statement

MSEK	2025 Q2	2024 Q2	2025 YTD	2024 YTD	2025 R12	2024 Calendar year
Operating profit	52,9	46,1	85,1	82,0	150,7	147,5
Adjustments for non-cash items	5,9	5,0	5,2	22,1	29,9	46,9
Interest and other financial items, net	-7,2	-6,0	-13,4	-12,2	-22,2	-21,0
Paid tax	-19,9	-13,7	-38,3	-36,2	-53,4	-51,3
Change in working capital	-22,3	5,9	-7,0	-32,2	-0,6	-25,8
Cash flow from operating activities	9,3	37,5	31,7	-23,5	104,4	96,2
Net capital expenditure in non-current assets	-4,8	-5,1	-8,7	-9,5	-17,7	-18,5
Company acquisitions and divestments	-22,0	-15,3	-152,2	-57,5	-215,4	-120,7
Cash flow from investing activities	-26,8	-20,4	-160,9	-67,0	-233,1	-139,1
Net issues	-	2,8	-	2,8	-	2,8
Option premiums paid	0,8	-	0,8	-	0,8	-
Dept/repayment of debt, net	7,2	-23,5	74,1	12,0	90,6	28,5
Dividend paid to non-controlling interest	-	-0,5	-	-0,5	-	-0,5
Cash flow from financing activities	8,0	-21,1	74,9	14,4	91,4	30,8
CASH FLOW FOR THE PERIOD	-9,5	-4,1	-54,3	-29,1	-37,3	-12,1
Cash and cash equivalents at the start of the period	146,0	179,3	196,0	199,8	176,8	199,8
Exchange differences in cash and cash equivalents	1,0	1,5	-4,3	6,0	-2,1	8,2
Cash and cash equivalents at the end of the period	137,4	176,8	137,4	176,8	137,4	196,0

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Parent company income statement and statement of comprehensive income

MSEK	2025 Q2	2024 Q2	2025 YTD	2024 YTD	2025 R12	2024 Calendar year
Net sales	21,4	13,1	38,2	25,8	68,9	56,5
Operating costs						
External costs	-2,6	-1,2	-4,4	-2,7	-7,1	-5,4
Employee benefit costs	-5,3	-8,2	-10,3	-12,1	-18,1	-19,9
Depreciation and amortization	0,0	0,0	0,0	0,0	-0,1	0,0
Other operating income and expenses	0,3	0,1	0,4	-1,2	-0,4	-2,1
Total operating costs	**-7,6**	**-9,3**	**-14,4**	**-16,0**	**-25,7**	**-27,4**
Operating profit	**13,7**	**3,8**	**23,8**	**9,8**	**43,1**	**29,2**
Profit from investments in group companies	15,0	15,8	36,5	16,8	61,6	41,9
Financial income	-1,0	0,3	18,9	0,7	25,5	7,2
Financial expenses	-6,0	-3,7	-8,3	-16,9	-24,8	-33,4
Net financial items	**8,0**	**12,4**	**47,1**	**0,6**	**62,3**	**15,8**
Profit after financial items	**21,7**	**16,2**	**70,9**	**10,4**	**105,5**	**44,9**
Appropriations	-	-	-	-	-10,4	-10,4
Group contributions	-	-	-	-	53,7	53,7
Income tax	-1,2	-0,1	-7,1	0,8	-18,2	-10,2
Profit for the period	**20,4**	**16,1**	**63,8**	**11,2**	**130,7**	**78,1**
Other comprehensive income for the period						
Other comprehensive income	20,4	16,1	63,8	11,2	130,7	-
Total comprehensive income for the period	**20,4**	**16,1**	**63,8**	**11,2**	**130,7**	**78,1**

Teqnion

Parent company balance sheet

MSEK	2025 30 Jun	2024 30 Jun	2024 31 dec
Assets			
Non-current assets			
Equipment, tools, fixtures and fittings	0,1	0,2	0,1
Participations in group companies	1 320,7	990,3	1 059,8
Other receivables	0,2	1,5	-
Receivables from group companies	-	-	0,2
Total non-current assets	**1 321,0**	**992,0**	**1 060,1**
Current assets			
Trade receivables	-	-	-
Receivables from group companies	122,2	22,7	66,6
Tax assets	9,1	3,0	1,0
Other receivables	3,2	2,7	0,0
Prepaid expenses and accrued income	0,6	0,6	0,4
Cash and cash equivalents	12,2	70,3	103,0
Total current assets	**147,4**	**99,3**	**171,0**
TOTAL ASSETS	**1 468,4**	**1 091,3**	**1 231,1**

MSEK	2025 30 Jun	2024 30 Jun	2024 31 dec
Equity			
Restricted equity	2,2	2,2	2,2
Unrestricted equity	676,2	544,6	611,6
Total equity	**678,4**	**546,8**	**613,7**
Untaxed reserves			
Tax allocation reserves	95,8	85,5	95,8
Total untaxed reserves	**95,8**	**85,5**	**95,8**
Contingencies			
Contingencies for acquired companies	154,9	123,8	114,6
Total contingencies	**154,9**	**123,8**	**114,6**
Liabilities			
Non-current liabilities			
Liabilities to credit institutions	395,0	223,7	298,5
Liabilities to group companies	120,9	78,8	62,5
Total non-current liabilities	**515,8**	**302,5**	**361,0**
Current liabilities			
Liabilities to credit institutions	0,0	22,2	0,0
Liabilities to group companies	14,9	-	36,5
Trade payables	0,4	0,2	0,3
Tax liabilities	-	-	-
Other liabilities	3,7	2,7	2,6
Accrued expenses and deferred income	4,6	7,7	6,7
Total current liabilities	**23,5**	**32,8**	**46,1**
TOTAL EQUITY AND LIABILITIES	**1 468,4**	**1 091,3**	**1 231,1**

Other financial information

Note 1 Reporting principles

Teqnion applies International Financial Reporting Standards (IFRS). This report is created in accordance with IAS 34 and RFR 1. The parent company applies RFR 2. The group and the parent company have the same accounting principles and assumptions for calculations as in the latest annual report. There are no newer by EU adopted IFRS standards or IFRIC statements that are applicable for Teqnion or would have any significant effect on the group’s profits or financial position.

All numbers are stated in millions SEK (MSEK) if nothing else is specified. Roundings of numbers occur which can result in that the sum of the parts not always is the same as the total.

For a more detailed description of the accounting principles that have been applied for the group and the parent company in this interim report, please see note 1 in the annual report for 2024.

Note 2 Risks and uncertainty factors

Please review the annual report for 2024. No new material risks or uncertainty factors have been identified since the publication.

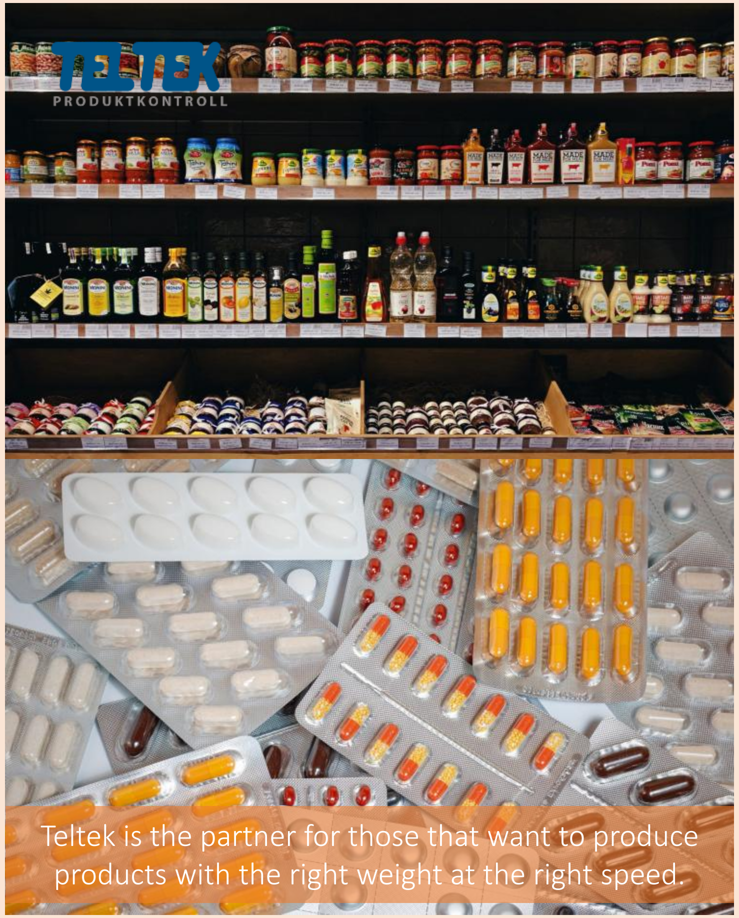
Note 3 Transactions with related parties

Transactions with related parties are described in the annual report for 2024 in note 25. No new types of significant related party transactions have taken place during the period.

Note 4 Financial instruments – fair value accounting

Conditional payments for acquisitions presented as fair value in the balance sheet. Fair value is based on a discounted cash flow model where anticipated payments two years or longer from now have been discounted to present value.

MSEK	2025 31 Jun	2024 31 Jun	2024 31 Dec
Opening book value	114,6	120,8	120,8
Acquisitions during the year	95,1	24,0	46,0
Consideration paid	-25,1	-18,5	-42,4
Reclassified via income statement	-23,2	-7,3	-17,8
Interest expenses	1,3	0,6	1,6
Exchange rate differences	-7,7	4,2	6,4
Closing book value	**154,9**	**123,8**	**114,6**



Teltek is the partner for those that want to produce products with the right weight at the right speed.

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Note 5 Business combinations

Acquisitions completed in 2025

During 2025 the following acquisitions have been completed; Midlands Special Fasteners Ltd, Awarded 2U Ltd, Merridale Ltd, Thermasolutions International Ltd, Edurus Gravstenar AB, MITAB i Forsbacka AB and Norlin Polymers (UK) Ltd.

On 4 February 2025, Midlands Special Fasteners Ltd was acquired. Based in Walsall, is as the name suggests focused on supplying special fasteners for challenging applications. MSF was born out of the simple idea of solving customers' difficult challenges when it comes to finding special fasteners no matter if the application is holding together components in outer space, engines in supercars or keeping submarines intact.

On 20 February 2025, Awarded 2U Ltd was acquired. Based in Herefordshire is one of UK's leaders when it comes to providing corporate customers with custom-made awards. The company is handling every step of the process in-house, from design to final production. The success of the company stems from their customer-centric focus, long-proven reliability and creativity.

On 4 March 2025, Merridale Ltd was acquired. The company is one of the UK's leading commercial fueling system providers. They design, manufacture and install complete ranges of fueling equipment from a single pump to a total turnkey package. The Merridale range includes fuel pumps, fuel management systems, tank gauges and ancillaries that are suitable for anyone from small operations to large fleets with multiple depots.

On 21 March 2025, Thermasolutions International Ltd was acquired. The company was founded with the idea of increasing energy efficiency in supermarkets and the retail industry. The company has evolved into a leader in the design and manufacturing of high-quality refrigeration products for supermarkets, hospitality and restaurants. Located in Northamptonshire, the company supply both the UK and international markets.

On 24 March 2025, Edurus Gravstenar AB was acquired. Located in Malung and Stockholm, with roots stemming back to 1999 is the market leader in Sweden within the niche segment of dimensioned stone industry. The company mainly provides headstones, stone figurines and second name engraving to and through funeral homes. The success of the company stems from its reputation of always delivering the right quality at the right time, its operational efficiencies and its understanding of customer needs.

On 2 April 2025, MITAB i Forsbacka AB was acquired. MITAB has been a trusted provider of cremation installations since 1995, supplying advanced furnaces and related equipment across the Nordic region. With deep expertise in design, construction, and installation, MITAB supports both new builds and renovations of crematoriums.

On 24 March 2025, Norlin Polymers (UK) Ltd was acquired. Norlin is a Bolton based specialist compounder of technical polymers for primarily medical device and pharmaceutical applications across Europe. The compounds are all bespoke and mixed to each customers' unique product needs, legal guidelines and regulations, including the FDA.

Acquisitions completed in 2025	Completion	Acquired share, %	Net Sales, MSEK*
Midlands Special Fasteners Ltd	4 February 2025	100	30
Awarded 2U Ltd	20 February 2025	100	35
Merridale Ltd	4 March 2025	100	35
Thermasolutions International Ltd	21 March 2025	100	35
Edurus Gravstenar AB	24 March 2025	100	45
Mitab i Forsbacka AB	2 April 2025	100	65
Norlin Polymers (UK) Ltd	28 May 2025	100	30

**) Average of the last three years before acquisition (rounded)*

Teqnion

Note 5 Business combinations

Assets and liabilities acquired in 2025

The acquisitions completed in 2025 have the following effects on the Group's assets and liabilities. The purchase price allocations have not been finalized as the Group has not received finalized information from the acquired entities. Any adjustments in connection with the final acquisition analysis are not expected to have a material impact on the Group's results or financial position.

The assets and liabilities included in the period's acquisitions according to the purchase price allocation are as follows:

Preliminary purchase price allocations	
Fair value	**MSEK**
Intangible assets	7,6
Tangible fixed assets	16,6
Inventories	33,6
Trade and other receivables	52,0
Cash and cash equivalents	61,0
Provisions	0,0
Deferred tax	-4,1
Trade and other payables	-75,6
Net identifiable assets	**90,9**
Goodwill	192,4
Considerations	**283,3**
Of which	
paid in cash	184,3
contingent consideration	91,0
deferred payment	8,1

Goodwill is collectively justified by the expected future profitability, the business model, the skills and commitment of the staff, and the organizations' culture of business acumen and drive. The goodwill is not tax deductible.

Contingent consideration is defined per acquisition and divided into two or more parts and is dependent on future results achieved in the respective companies during the period from February 2025 to March 2028 at the latest. All contingent considerations have a fixed maximum level. The fair value of the contingent considerations amounted to 91,0 MSEK at the acquisition dates of the specified acquisitions. Initially, contingent considerations are valued at the probable outcome.

Acquisition-related costs for the year's acquisitions, which are reported under other external costs, amount to 0,7 MSEK.

Impact on the income statement January-June 2025	**MSEK**
Net sales	94,6
EBITA	24,4

Impact on the income statement if the acquisitions been part of the Group from January 1, 2025	**MSEK**
Net sales	136,2
EBITA	25,9

Looking for the next dream team!

Always on the lookout for lovely entrepreneurs with high integrity.

CONTACT AD

We love talented entrepreneurs and are constantly on the lookout for more nice companies with great people that want to join kindred spirits and build the best company group on earth. Do you know someone that has a company that could be interesting for us, or have you built one yourself, please contact Daniel (daniel@teqnion.se or +46 721 555 695). If it is interesting enough for a meeting, we will send you a small gift of gratitude for your advice. Our preferred holding period is forever.

WHAT ARE WE LOOKING FOR?

- Stable earnings level of 10-30 MSEK post tax (real money, we don't believe in adjusted EBITDA).
- Proven profitability of at least 10% on the bottom line (bold forecasts and turn-arounds are not our cup of tea).
- Great return on capital (we want to use cash flow to acquire new nice businesses – not to buy new machines or inventories).
- Product companies that are leaders in a clear niche that do not compete with price.
- Clear moats so that the companies can thrive for the decades to come.
- Driven and ran by grounded individuals that want to continue to develop the company.
- Simple and easy to understand business model. If it is complicated, we walk away…

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Definitions

RoE R12	Net profit for the period on a moving 12-month basis divided by average shareholders’ equity calculated as the average between opening and closing balance during the period.
FCF excluding acquisitions	Free Cash Flow for the period excluding payments to vendors for company acquisitions and divestments
Change in inventories of PIP, finished goods and WIP	Change in inventories of products in progress, finished goods and work in process
EBITDA	Operating profit before depreciation and amortization.
EBITA	Operating profit before amortization.
EBITA margin	EBITA divided by net sales.
Shareholders equity per share	Shareholder equity, including holdings without controlling influence divided by number of outstanding shares by the end of the period.
Net debt	Interesting bearing liabilities less cash and cash equivalents
Net debt/EBITDA	Net debt by the end of the period divided by EBITDA on rolling 12 months basis.
Organic growth	Changes in net sales excluding acquisitions and divestitures compared to the same period the previous year.
Earnings per share (EPS)	Net profit for the period attributable to owners of the parent divided by the average number of shares outstanding.
Diluted EPS	Net profit for the period attributable to owners of the parent divided by the average number of shares outstanding after dilution.
R12	Rolling 12 months
Parent company’s cost as share of net sales	Total cost for the parent company, excluding cost for variable pay and accounting currency effect divided by the group’s total net sales.
Contingent earnouts	Payments for acquisitions that will be paid out contingent on that the vendor and/or the company performs according to certain pre-determined future goals. The total purchase price including the conditional payments are included in the balance sheet according to purchase price allocation. In the case that the contingent payments become higher or lower than estimated, cost or revenue will be recorded under “other operating income and expenses” in the income statement. This income or cost has no cashflow impact.

Financial calendar

2025 Q1 interim report	23rd of April 2025 (Wednesday)
2025 AGM	23rd of April 2025 (Wednesday)
2025 Q2 Interim report (this report)	19th of July 2025 (Saturday)
2025 Q3 Interim report	18th of October 2025 (Saturday)
2025 Year-End report	14th of February 2026 (Saturday)

All reports will be published on Teqnion's website:
www.teqnion.se/investor-relations/finansiella-rapporter/

For more information, please contact

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To send in questions to the Q&A, please use QA@teqnion.se

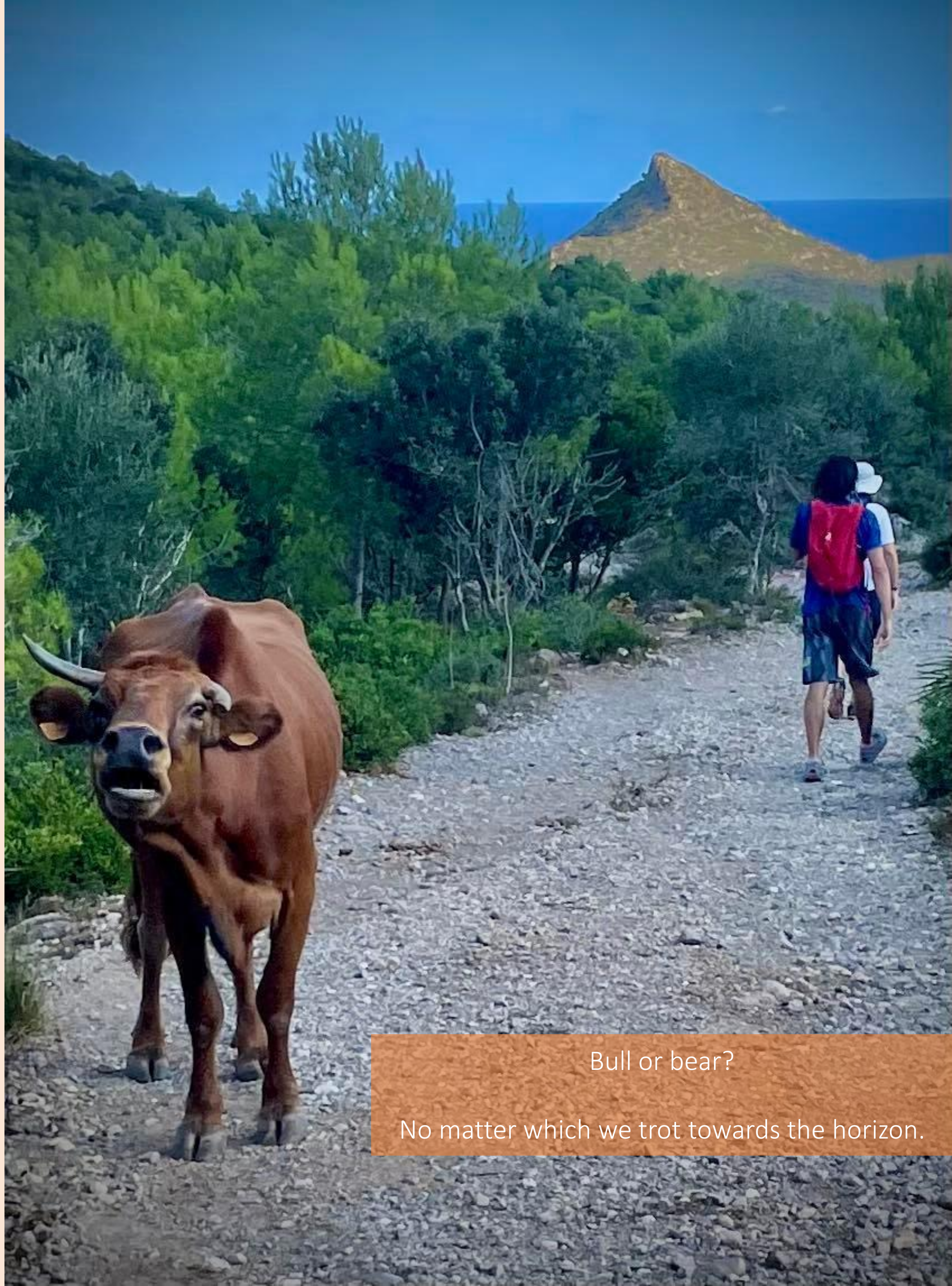
Review

This report has not been reviewed by the company's auditor.

Certified Adviser

Redeye AB

Psst… On https://www.teqnion.se/investor-relations/presentationer-och-diskussioner/ or via the QR code you can learn a little bit more about Teqnion through different company presentations and interviews in podcasts and text…



Teqnion interim report

Q2: April - June 2025

Designed, built and installed by Mitab.

https://mitab.org/

MITAB