

AVELAIR COMPRESSED AIR SOLUTIONS

The Q&A will be held on Sunday, July 21st at 16:08 CET.
Questions can be sent in at QA@teqniion.se or live.
Join by clicking [here](#).



MADE IN BRITAIN

8 YEAR PERFORMANCE+

PEACE OF MIND WARRANTY



Avelair compressed air solutions

Teqniion
Interim report
Q2: April - June 2024

Interim report Q2: April – June 2024

Short form report TEQ 2024 Q2

Teqni continues to grind on in weaker markets. EPS landed on 2,01 sek for the quarter and is down 1% compared to last year. Profit after tax ended at 34,5 Msek (+5%), while net sales got to 399,7 Msek (+4%). Organically, net sales decreased by 6%. These are numbers we are not happy with. **We need to improve, and we will.** After the end of the quarter, we welcomed Avelair to the family! We look forward to a long and exciting journey with David and his team in Rougham, UK.

- Johan Steene, CEO and founder

Events during the quarter

- Daniel Zhang appointed Deputy CEO and continues to hang on to the CXO title.

Events after the quarter

- Avelair Limited was acquired.

Teqni financial development, Msek	2024 Q2	2023 Q2	Δ%	2024 YTD	2023 YTD	Δ%
FCF excluding acquisitions	32,4	-20,1	n.a	14,1	-11,5	n.a
EPS (sek)	2,01	2,04	-1%	3,24	3,84	-16%
Diluted EPS (sek)	2,01	2,02	0%	3,23	3,81	-15%
Profit for the period	34,5	33,0	+5%	55,6	62,0	-10%
Profit before taxes	41,1	40,2	+1%	66,1	77,1	-14%
EBITA	46,7	46,3	+1%	83,0	87,4	-5%
EBITA margin (%)	11,7%	12,1%	n.a	10,6	11,9	n.a
Net sales	399,7	383,9	+4%	781,4	736,0	+6%
Net debt / EBITDA R12*	--	--	--	1,0	1,5	-36%
RoE R12 (%)*	--	--	--	17,9%	27,0%	n.a

About Teqni

Teqni 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 a vast spectrum 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.

Johan's thoughts

For a great but not new summer read: <https://www.youtube.com/watch?v=zG5hHOCF12o>

Hi Teqniöns,

Now I'm sitting at the kitchen table, taking a break from mowing the lawn and family duties to try and summarize the past quarter. The sun is shining on the Stockholm archipelago and the beach down by the sea is filled with holidaymakers. I find it hard to enjoy the peace here in the country cabin when there's so much to tackle out in the real world. The world of Teqniön. That's where the adventure lies. It's a bit like Shrek; he believes he would prefer to be left alone in his peaceful swamp but is forced out on adventures to set things right, discovering that out there in the wide world among princesses, villains, and dragons, the most fantastic adventures happen and the strongest friendships are formed. That's where life is. I don't really know if I'm Shrek or Donkey in that story. The brave ogre who relentlessly drives the action forward or the somewhat scared donkey who loyally trots alongside, overly enthusiastic and constantly asking what's going on... "Are we there yet?". No donkey, I tell myself, not even close, we're at the beginning, we're going far, far away...

Our corporate group has continued to struggle through the spring under similar conditions we've faced over the past year. Generally lower pace in most industrial sectors, except for electrification and defense which continue to deliver. Unfortunately, we have aimed but failed to produce efficiently enough in our house-building factories, which is costly as they've already sold a few projects at low margins. The two housing companies have been reorganized and are now jointly run under one management in order to put our resources to the best use.

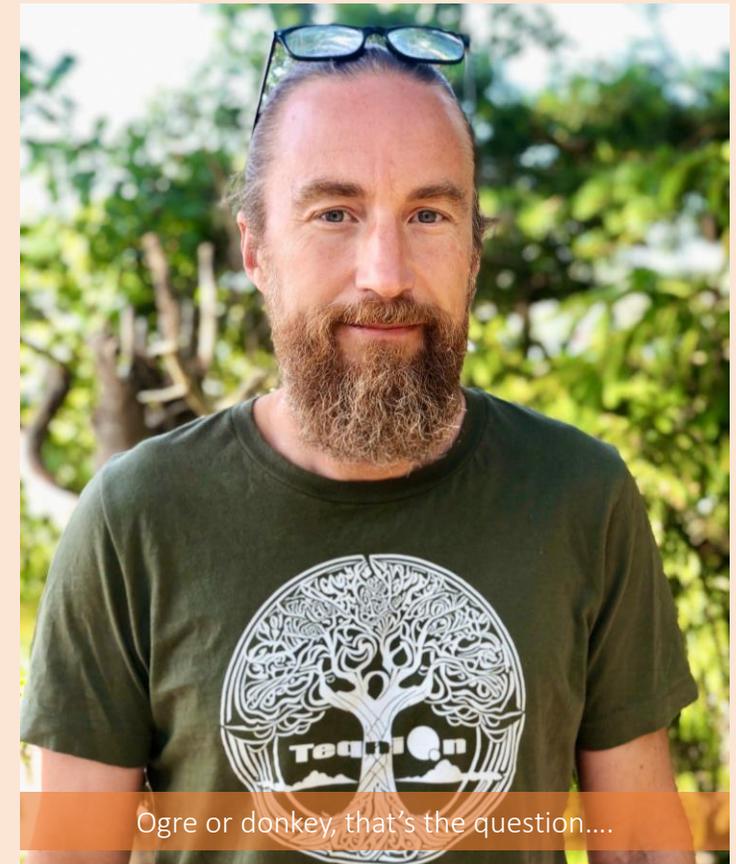
We must be ready to seize opportunities when the construction market turns up without investing more in this highly cyclical part of our business. The companies in the group must each stand on their own, be robust no matter the business cycle to collectively form an even more resilient conglomerate. Now that we have also expanded outside Sweden, we gain an additional layer of economic armor as we operate in more markets and currencies.

Teqniön refined acquisitions

The acquisitions we've made over the past few years are of companies that are less sensitive to economic fluctuations. We look for small, customer-oriented companies with their own brands operating in niche industrial sectors, preferably with complex regulations and standards to meet. These firms value their deep customer relationships and the importance of always striving to deliver genuine customer value. The companies we acquire should be able to return our investment in free cash flow within five years. We are constantly looking for new gems. The acquisition hunt is a fun adventure. Daniel is tireless in his search for new opportunities, like an ogre on a quest for a princess, and I get to trot alongside like a donkey, offering cheerful encouragement and irritating questions.

The latest gem that we proudly now can add to the House of Teqniön is Avelair, the leading UK designer of rotary screw air compressors. In a time where things changes quickly, we focus even more on things that do not change.

As long as AI don't alter the laws of physics, the world will need suppliers of bespoke air compressors in order to move material in the physical world. We're really looking forward to work with Avelair's CEO David and his team in Roughtam.



Ogre or donkey, that's the question....

CEO letter anniversary...

Five years ago, in the summer of 2019 I wrote my first CEO letter. It was, to put it mildly, written in a rather dull tone as we were unable to deliver on the forecasts we had provided at the time of listing. I had received well-intentioned advice not to give forecasts but hadn't listened. Additionally, I had stubbornly insisted, like a donkey (or an ogre), that we should only report the regulatory minimum of twice a year. Because of this we had to wait six months for communication until the next report could clarify that we were moving in the right direction. Sometimes it's not just good to be stubborn. Fortunately, it's possible to learn from mistakes and turn bad decisions into something better. This on the other hand is something we are truly stubborn about. Always trying to get better. So now there are no forecasts other than the goal to at least double EPS every five years and we report quarterly so you can keep track of our progress.

On the journey up to today, we have managed to cultivate a small TEQ-command with many more fairy-tale creature skills than those of Shrek and Donkey. Now, we have a vast span of experiences and the combined strength of Shrek's quirky diverse group of friends, all the way from Puss in Boots to the Gingerbread Man. A TEQ-command that can challenge, generate ideas, and passionately support in the building of the company. Together, we are venturing far, far away. We learn, adapt, and improve. Simple models, understandable processes, and fun thinking fill our journey. We aim beyond the horizon, to places we cannot yet see.

Run far, be nice!

Johan Steene

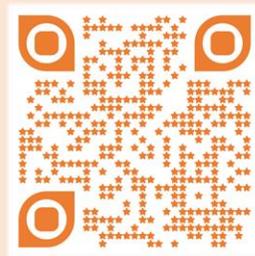
VD och grundare

Teqni  our subsidiaries

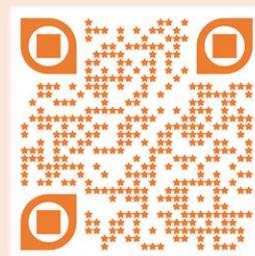
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* "We" in this case means that Andrew and Justin, friends of Teqni built it for free. Licensing agreement gives them 50% of profits for running the store.

Teqni 



Instagram



LinkedIn

 Слава Україні!



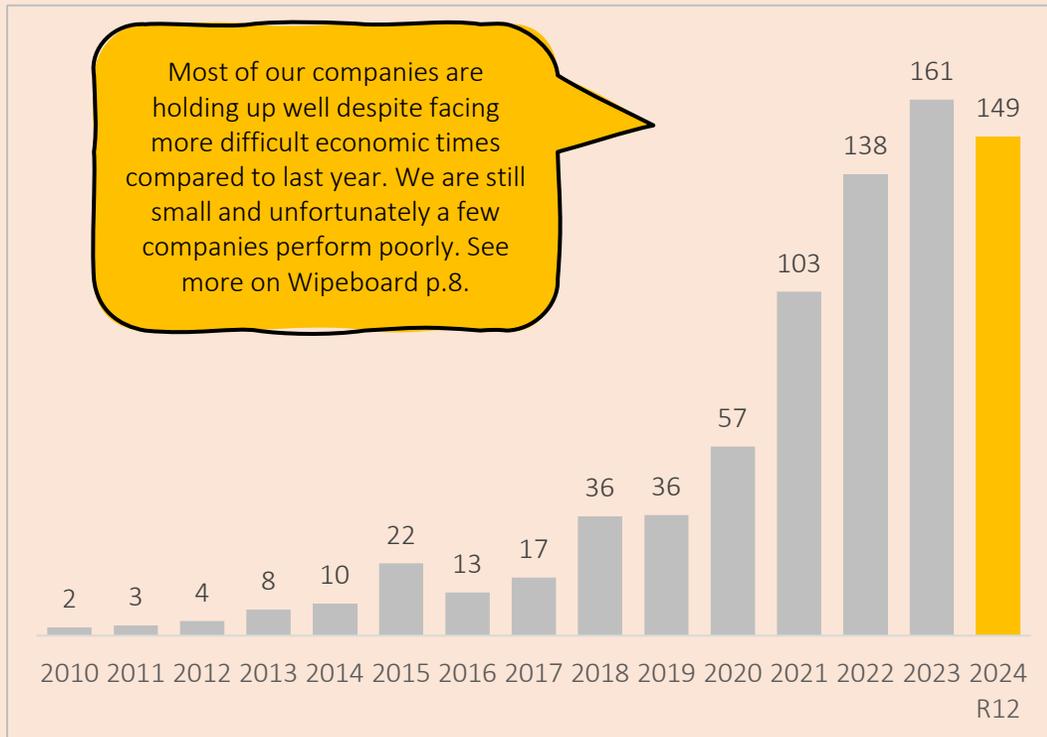
Stand firm. Be brave. Keep it simple.

House of Teqni

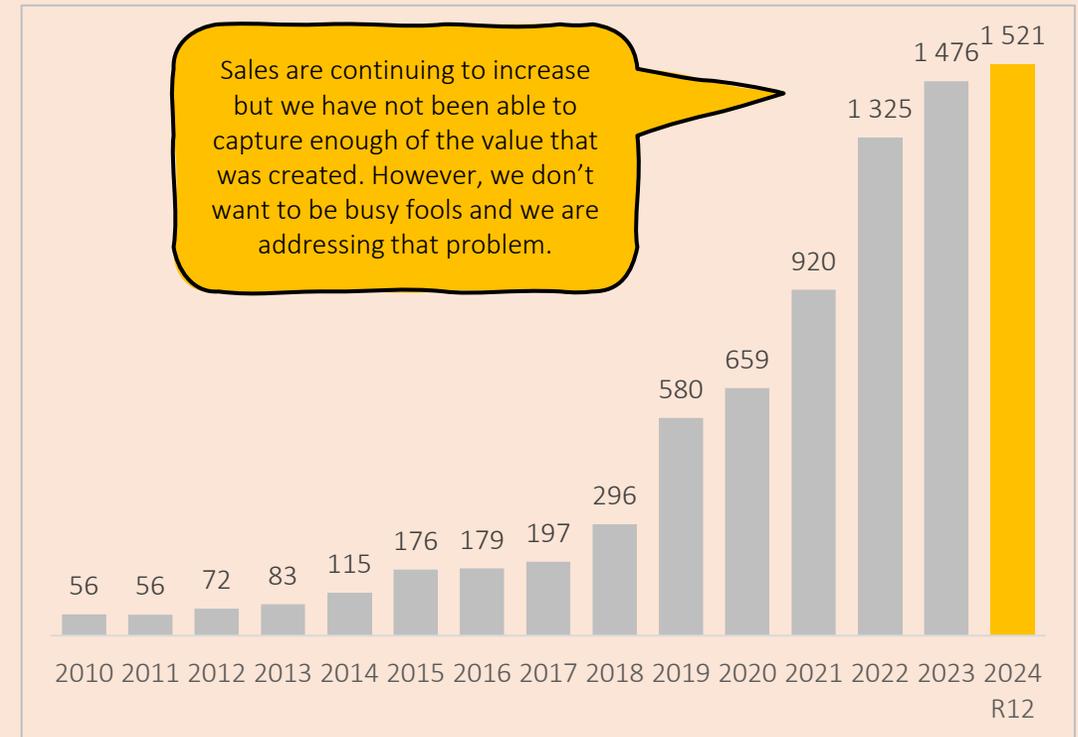


Financial development for the group (1/2)

Profit before taxes, Msek



Net sales, Msek



Financial development for the group (2/2)

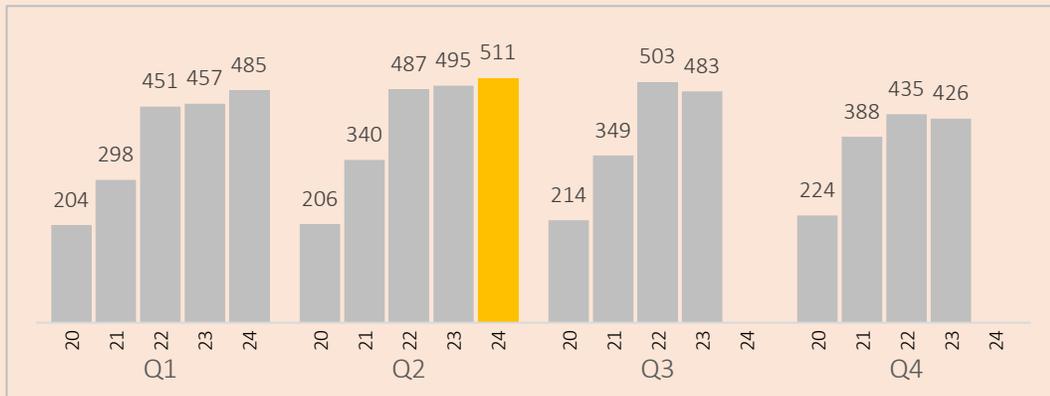
Profit before taxes, Msek



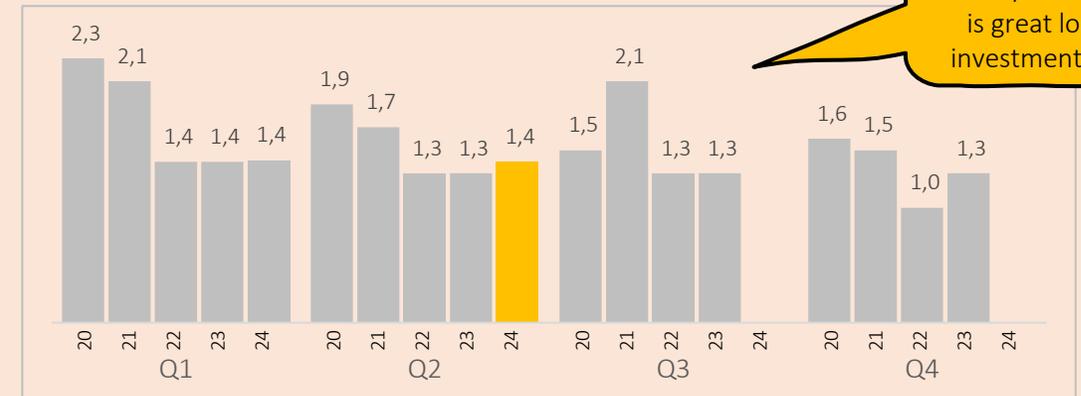
Net sales per quarter, Msek



Order backlog*, Msek



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



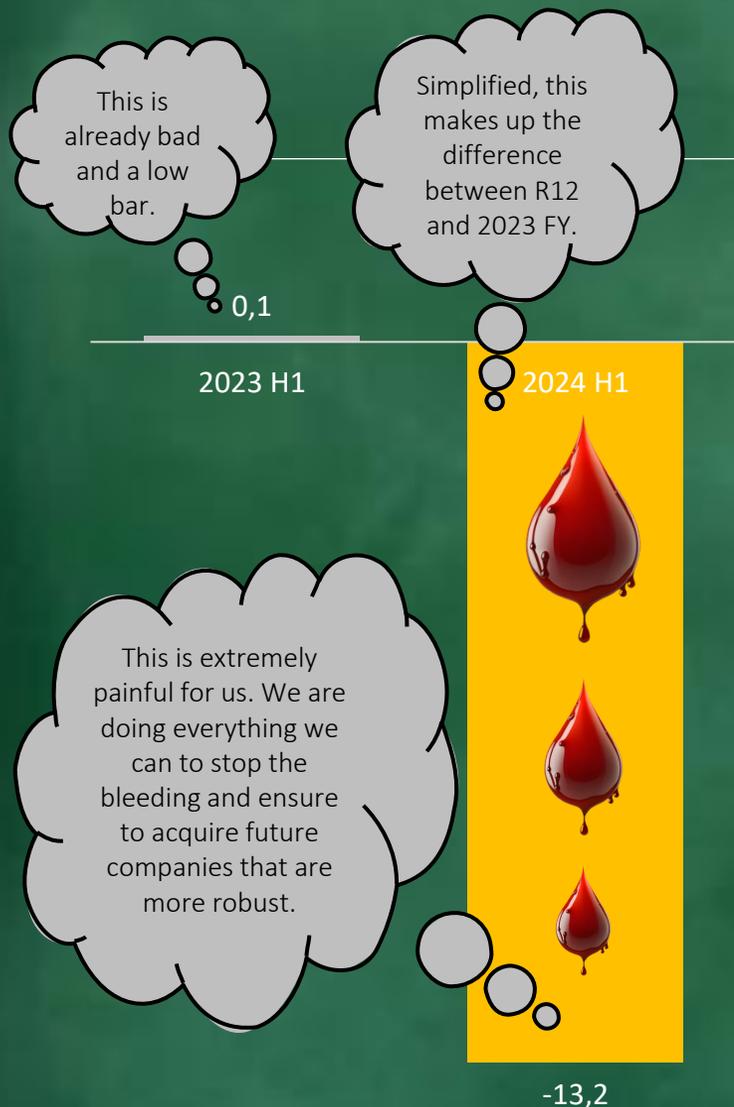
Increase due to recruiting of new talents to Teqniön. We fully believe that this is great long-term investments for you.

* 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.

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

To be wiped!

Profit before taxes for YTD bottom 3 performers, Msek



MARKIS CITY SERVICE AB
Acquired 2019

Home builders:
HEM 1
Acquired 2019
GRIMSTORPS
BYGGKOMPONENTER
Acquired 2018

Why are we bleeding?

- TEQ management were not close enough to local management.
- To much changes at once broke operations and lost us customers.
- Badly planned moving of facilities led to unnecessary cost and disruption of operations.

Actions taken

- Closer Teqnon coaching with clear activity plan and follow up, set up together with local management.
- New CEO and local management installed.
- ERP implementation planned during H2 to ensure better operations.

- We acquired companies that closely follows the economic fluctuation of home builders with too little pricing power and uniqueness.
- House market in Sweden died after inflation rampage and interest hikes over a year ago.

- No more acquisitions of company with limited competitive advantage.
- Reduced manpower and costs to a minimum.
- Increased no-cost sales activities.
- We will ensure to not scale up when market turns and maintain pricing discipline.

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 behavior. 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 matter 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 mission critical inverter driven VSD rotary screw air compressors that excites our customers than trying our luck on a leveraged bet on "Milei miracle".*

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, it 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 is 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 lean 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 shorttermism. 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 starting line. Our journey will be long since we're going far, far away...

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-command

Do not wipe

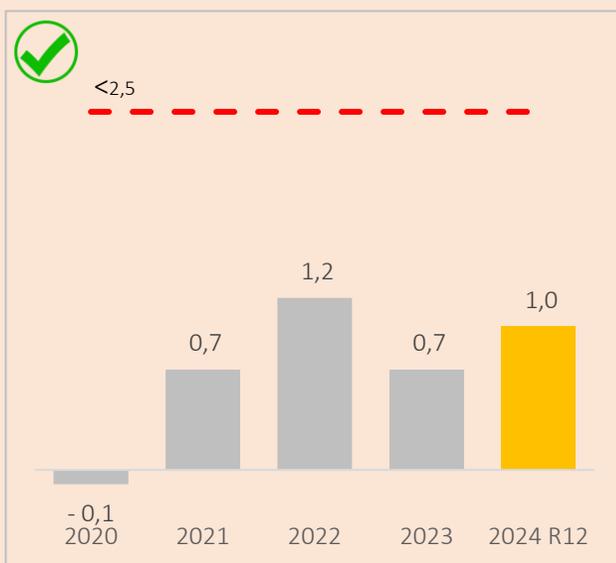
* By the way... our subsidiary Avelair are probably the best designer and provider of efficient rotary screw compressors in the UK.

Follow-up of financial targets

1. STABILITY

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

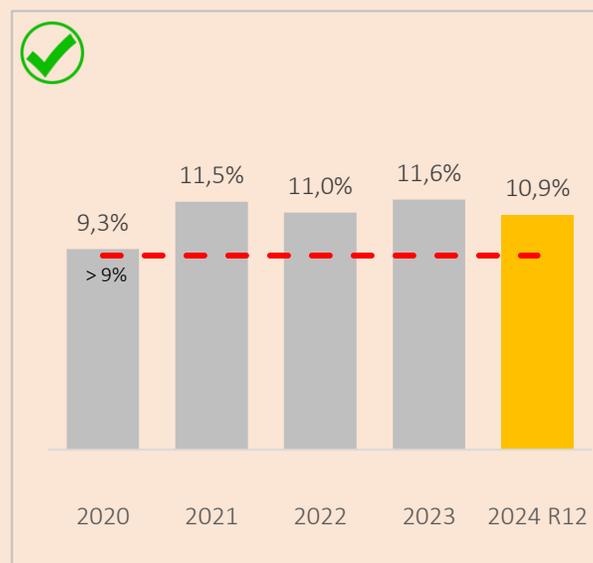
Financial target 1: Net debt / EBITDA < 2,5



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.

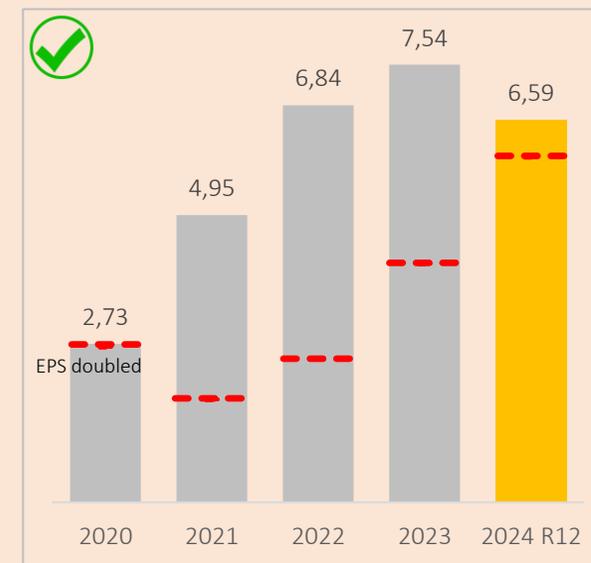
Financial target 2: EBITA margin > 9%



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.

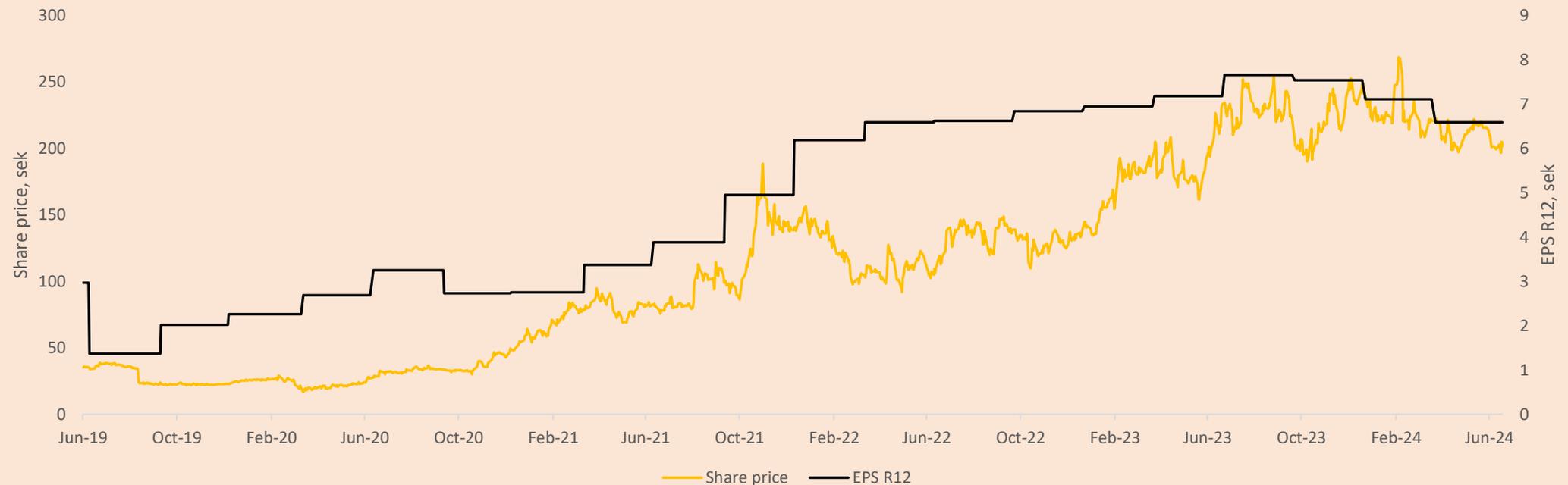
Financial target 3: > Double EPS every five years*



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

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 is on increasing the earnings per share. The graph above shows the historical connection.

* Actually, we believe that share price more closely follows TCFpDSeM&ABPRISR&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 Teqni**n**. 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)
Avelair Limited	2024 July	41
Nubis Solutions Limited	2024 February	40
Surge Protection Devices Limited	2023 November	20
Schill Reglerteknik Aktiebolag	2023 June	15
Stanwell Group Limited	2023 June	67
Lundahl Transformers AB	2022 October	25
Reward Catering Limited	2022 September	35
Belle Coachworks Holdings Limited	2022 August	40
Teltek i Örebro Aktiebolag	2022 January	40
Vicky Teknik AB	2021 November	48



Nasc star, CEO Nina, runs into Elrond at the Elfact fair in Gothenburg.

TEQ management



Johan Steene, joined 2006
CEO, founder and board member
Born 1973
Mechanical engineer, KTH
Outside of Teqni: runs far
Holdings: 861 471 shares + 0 options



Daniel Zhang, joined 2021
Deputy CEO, CXO
Born 1989
Business & Economics, SSE
Background: McKinsey, Bain and
Textilia
Holdings : 108 000 shares + 0 options



Anna-Karin Karlsson, joined 2018
CEO coach (CSO)
Born 1973
Mechanical engineer, KTH
Background: Senior roles at Alfa Laval
Holdings: 16 310 shares + 1 000
options



Mona Axman, joined 2018
CEO coach (COO)
Born 1973
Chemical engineer, LTH
Background: Senior roles at Alfa Laval
Holdings: 64 042 shares + 3 000
options



Håkan Wahlberg, joined 2021
CEO coach (CMO)
Born 1966
4-year technical high school
Background: CEO and owner of GBK
(part of Teqni since 2018)
Holdings: 0 shares + 0 options



Patrick Olsson, joined 2024
CEO coach (CLO)
Born 1974
Mechanical engineer, KTH
Background: CEO Textilia and COO
roles at various international
companies
Holdings: 995 shares + 0 options



Maria Johansson, joined 2008
Chief Accountant (CAO)
Born 1976
4-year technical high school
Background: Financial and accounting
roles at various companies
Holdings : 34 342 shares + 0 options



Anneli Andersson, joined 2024
Accounting expert
Born 1976
Accounting from YH education
Background: Accounting roles at
various companies
Holdings: 0 shares + 0 options



Jonathan Alexandersson, joined 2024
Chief Controlling Officer (CCO)
Born 1993
Business & Economics, Kau
Background: Authorized Public
Accountant at PwC
Holdings: 200 shares + 0 options

Teqni consolidated income statement and statement of comprehensive income

Msek	2024 Q2	2023 Q2	2024 YTD	2023 YTD	2024 R12	2023 Calendar year
Net sales	399,7	383,9	781,5	736,0	1 521,0	1 475,6
Operating costs						
Change in inventories of PIP, finished goods and WIP	-4,3	-1,1	5,0	-10,1	6,3	-8,8
Raw materials and consumables & Merchandise	-209,9	-207,6	-426,2	-393,2	-828,9	-795,9
External costs	-34,4	-31,6	-67,2	-58,9	-125,9	-117,6
Employee benefit costs	-101,7	-87,4	-188,4	-165,1	-353,2	-329,9
Depreciation and amortization	-14,8	-10,0	-28,8	-22,9	-62,2	-56,3
Other operating income and expenses	11,5	-0,4	6,1	0,9	7,9	2,6
Total operating costs	-353,5	-338,0	-699,5	-649,3	-1 356,0	-1 305,9
Operating profit	46,2	45,9	82,0	86,7	165,0	169,7
Financial income	0,6	2,2	4,5	2,8	6,2	4,6
Financial expenses	-5,7	-7,9	-20,4	-12,5	-21,7	-13,8
Net financial items	-5,1	-5,7	-15,9	-9,6	-15,5	-9,2
Profit before tax	41,1	40,2	66,1	77,1	149,4	160,5
Income tax	-6,6	-7,2	-10,5	-15,1	-30,7	-35,4
Profit for the period	34,5	33,0	55,6	62,0	118,7	125,1
Other comprehensive income for the period						
Translation differences for the period	-2,1	8,3	16,4	10,2	-5,0	-11,9
Total comprehensive income for the period	32,4	41,3	72,0	72,2	113,1	113,3
Owners of the parent	32,4	41,2	72,0	72,2	112,9	113,1
Non-controlling interests	0,0	0,1	0,0	0,0	0,2	0,1

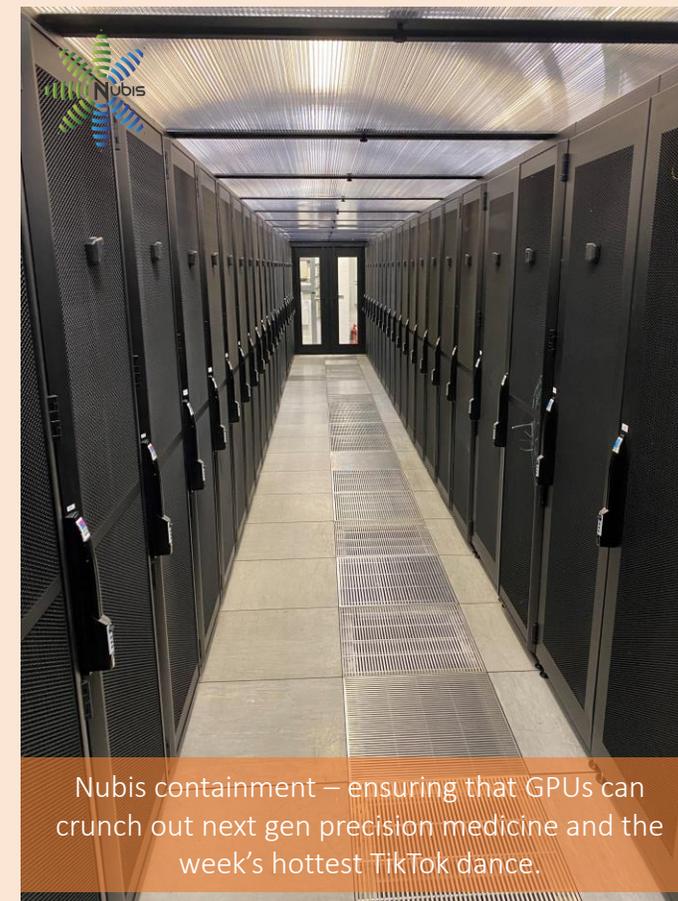
Teqni consolidated balance sheet

Msek	2024 30 Jun	2023 30 Jun	2023 31 dec
Assets			
Non-current assets			
Goodwill	665,8	553,5	608,7
Other intangible non-current assets	21,7	4,0	13,4
Buildings and land	11,6	9,1	10,9
Equipment, tools, fixtures and fittings	24,0	24,3	22,5
Right-of-use-assets	147,9	99,4	147,7
Other receivables	2,0	0,4	0,4
Total non-current assets	872,9	690,6	803,6
Current assets			
Inventories	280,8	249,8	256,9
Trade receivables	241,8	234,8	180,0
Tax assets	16,5	6,1	8,9
Accrued revenue	12,6	0,0	13,1
Other receivables	17,4	28,5	14,0
Prepaid expenses and accrued income	27,4	14,2	11,8
Cash and cash equivalents	176,8	69,5	199,8
Total current assets	773,4	603,1	684,6
TOTAL ASSETS	1 646,3	1 293,7	1 488,2

Msek	2024 30 Jun	2023 30 Jun	2023 31 dec
Equity			
Share capital	0,9	0,8	0,9
Other capital provided	288,9	111,6	286,1
Translation reserve	16,4	13,1	-8,9
Retained earnings including profit for the year	502,5	392,8	455,9
Equity attributable to owners of the parents	808,7	518,4	733,9
Non-controlling interests	1,2	1,5	1,6
Total equity	809,9	519,9	735,6
Liabilities			
Non-current liabilities			
Liabilities to credit institutions	227,6	143,9	192,3
Non-current lease liabilities	104,7	62,3	105,1
Deferred tax liabilities	34,8	27,3	33,5
Other non-current financial liabilities	53,7	83,9	45,9
Other provisions	5,0	5,8	5,0
Total non-current liabilities	425,9	323,1	381,8
Current liabilities			
Liabilities to credit institutions	23,0	122,6	23,5
Current lease liabilities	40,5	35,3	39,9
Other current financial liabilities	70,1	48,6	74,9
Trade payables	145,9	111,5	99,9
Tax liabilities	13,9	14,5	31,5
Invoiced revenues not worked-up	3,0	14,5	0,5
Other liabilities	48,7	37,4	37,9
Accrued expenses and deferred income	65,5	66,3	62,5
Total current liabilities	410,5	450,6	370,8
TOTAL EQUITY AND LIABILITIES	1 646,3	1 293,7	1 488,2

Teqni consolidated statement of changes in equity

Attributable to equity holders of the parent company	2024	2023	2023
Msek	30 June	30 June	31 dec
Opening equity (1 Jan)	733,9	443,0	443,0
Total comprehensive income for the period	72,0	72,2	113,1
New issues ¹⁾	2,8	3,3	177,8
Option premiums	-	-	-
Dividend	-	-	-
Acquisition of non-controlling interests	-	-	-
Closing equity	808,7	518,4	733,9
Average number of shares outstanding before dilution YTD	17 141 368	16 143 086	16 564 174
Average number of shares outstanding after dilution YTD	17 180 756	16 267 575	16 635 483
Number of shares outstanding at the end of the period	17 165 756	16 272 120	17 138 486
Average number of shares outstanding before dilution Q2	17 144 395	16 156 314	--
Average number of shares outstanding after dilution Q2	17 180 756	16 271 804	--



1) New issue of 27 270 shares in June 2024 from share option program 2021/2024.

Teqni consolidated cash flow statement

	2024	2023	2024	2023	2024	2023
Msek	Q2	Q2	YTD	YTD	R12	Calendar year
Operating profit	46,1	45,9	82,0	86,7	165,0	169,7
Adjustments for non-cash items	5,0	10,8	22,1	24,3	55,7	58,8
Interest and other financial items, net	-6,0	-4,9	-12,2	-7,2	-20,1	-15,1
Paid tax	13,7	-5,8	-36,2	-19,9	-39,6	-23,3
Change in working capital	5,9	-66,1	-32,2	-95,1	-2,1	-65,0
Cash flow from operating activities	37,5	-20,1	23,5	-11,1	158,9	125,2
Net capital expenditure in non-current assets	-5,1	-0,2	-9,5	-1,4	-15,9	-7,3
Company acquisitions and divestments	-15,3	-47,9	-57,5	-56,9	-152,3	-151,7
Cash flow from investing activities	20,4	-48,1	-67,0	-58,3	-167,6	-159,0
Net issues	2,8	3,3	2,8	3,3	177,3	177,8
Option premiums paid	-	-	-	-	-	-
Debt/repayment of debt, net	-23,5	84,1	12,0	84,6	-64,5	8,1
Dividend paid out, non-controlling interests	-0,5	-	-0,5	-	-0,5	-
Cash flow from financing activities	-21,1	87,4	14,4	87,9	112,4	185,9
CASH FLOW FOR THE PERIOD	-4,1	19,2	-29,1	18,5	103,6	152,2
Cash and cash equivalents at the start of the period	179,3	47,3	199,8	47,3	70,5	47,3
Exchange differences in cash and cash equivalents	1,5	3,1	6,0	3,8	2,6	0,4
Cash and cash equivalents at the end of the period	176,8	69,5	176,8	69,5	176,8	199,8

Parent company income statement

Msek	2024 Q2	2023 Q2	2024 YTD	2023 YTD	2024 R12	2023 Calendar year
Net sales	13,1	11,7	25,8	23,2	52,0	49,1
Operating costs						
External costs	-1,2	-1,3	-2,7	-2,4	-5,1	-4,8
Employee benefit costs	-8,2	-6,6	-12,1	-10,3	-23,8	-22,1
Depreciation and amortization	0,0	0,0	0,0	0,0	0,0	-
Other operating income and expenses	0,1	0,0	-1,2	0,0	-1,3	0,2
Total operating costs	-9,3	-7,9	-16,0	-12,7	-30,2	-26,9
Operating profit	3,8	3,8	9,8	10,4	21,8	22,3
Profit from investments in group companies	15,8	-	16,8	-	22,5	5,8
Financial income	0,3	1,4	0,7	2,2	3,8	5,4
Financial expenses	-3,7	-6,3	-16,9	-9,9	-15,0	-7,9
Net financial items	12,4	-4,9	0,6	-7,7	11,4	3,2
Profit after financial items	16,2	-1,1	10,4	2,8	33,2	25,5
Appropriations	-	-	-	-	-23,9	-23,9
Group contributions	-	-	-	-	83,0	83,0
Income tax	-0,1	0,9	0,8	0,1	-15,8	-16,6
Profit for the period	16,1	-0,3	11,2	2,8	76,4	68,0

Parent company balance sheet

Msek	2024 30 Jun	2023 30 Jun	2023 31 dec
Assets			
Non-current assets			
Equipment, tools, fixtures and fittings	0,2	0,0	0,0
Participations in group companies	990,3	775,8	917,7
Other receivables	1,5	-	-
Receivables from group companies	-	3,6	-
Total non-current assets	992,0	779,4	917,7
Current assets			
Trade receivables	-	-	-
Receivables from group companies	22,7	45,8	44,6
Tax assets	3,0	-	-
Other receivables	2,7	2,4	0,0
Prepaid expenses and accrued income	0,6	0,5	0,2
Cash and cash equivalents	70,3	0,1	106,0
Total current assets	99,3	48,9	150,8
TOTAL ASSETS	1 091,3	828,3	1 068,5

Msek	2024 30 Jun	2023 30 Jun	2023 31 dec
Equity			
Restricted equity	2,2	2,1	2,2
Unrestricted equity	544,6	291,0	530,6
Total equity	546,8	293,1	532,8
Untaxed reserves			
Tax allocation reserves	85,5	61,6	85,5
Total untaxed reserves	85,5	61,6	85,5
Contingencies			
Contingencies for acquired companies	123,8	132,5	120,8
Total contingencies	123,8	132,5	120,8
Liabilities			
Non-current liabilities			
Liabilities to credit institutions	223,7	138,5	188,1
Liabilities to group companies	78,8	17,5	56,0
Total non-current liabilities	302,5	156,0	244,1
Current liabilities			
Liabilities to credit institutions	22,2	121,3	22,3
Liabilities to group companies	-	49,3	32,3
Trade payables	0,2	0,2	0,4
Tax liabilities	-	6,1	17,3
Other liabilities	2,7	2,6	2,8
Accrued expenses and deferred income	7,7	5,6	10,4
Total current liabilities	32,8	185,1	85,4
TOTAL EQUITY AND LIABILITIES	1 091,3	828,3	1 068,5

Other financial information

Note 1 Reporting principles

Tegnon 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 Tegnon 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 2023.

Note 2 Risks and uncertainty factors

Please review the annual report for 2023. 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 2023 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	2024 30 Jun	2023 30 Jun	2023 31 Dec
Opening book value	120,8	103,8	103,8
Acquisitions during the year	24,0	31,5	78,8
Consideration paid	-18,5	-9,0	-66,9
Reclassified via income statement	-7,3	1,0	4,0
Interest expenses	0,6	0,5	1,4
Exchange rate differences	4,2	4,7	-0,5
Closing book value	123,8	132,5	120,8



Hem1 – our time will come.

Looking for dream team number ~~29~~ 30!



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. We are owners where our preferred holding period is forever.

WHAT ARE WE LOOKING FOR?

- Stable earnings level of 5-30 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...

Your new career?

Want to work with us? It is both challenging and fun. We are growing and are constantly looking for new colleagues. Below are some of the vacancies that we have in the group.

The first step in your next adventure start with contacting our Mona!
mona.axman@teqnion.se

Lundahl Transformers (Norrtälje) – Sound loving engineer

Cellab (Sollentuna) – Application specialist in digital pathology

Injab (Västberga) – Business development in measurement transformers

Wallmek (Kungälv) – Mechanic up for sales

NASC (Södertälje) – Light loving salesperson

Innoguard (Höör) – Creation manager and business driver

CMW (Valdemarsvik) – Quality manager

Reward Catering (Dublin) – After market and customer support star

Schill (Kista) – Defence sales and business development globetrotter

Hem1 (Karlskrona) – Webb marketing guru



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	Interest 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

2024 Q1 interim report (this report)	23 rd of April 2024 (Tuesday)
2024 AGM	23 rd of April 2024 (Tuesday)
2024 Q2 interim report	20 th of July 2024 (Saturday)
2024 Q3 interim report	19 th of October 2024 (Saturday)
2024 Q4 interim report	15 th of February 2025 (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

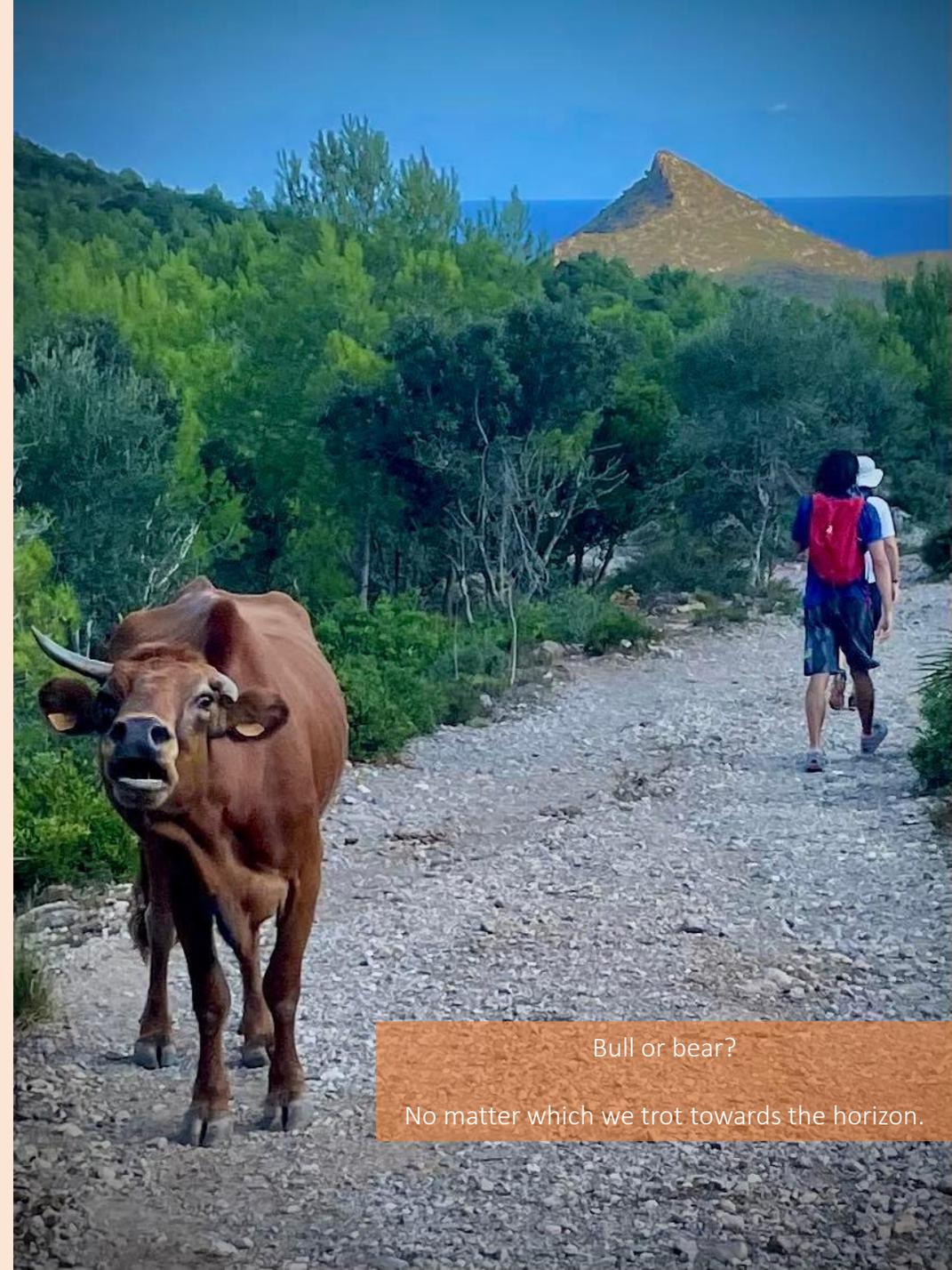
This report has not been reviewed by the company's auditor.

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...



Bull or bear?

No matter which we trot towards the horizon.

Teqnon interim report

Q2: April - June 2024



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