

The Q&A will be held on Monday,
October 21st at 08:08 CET.

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

Join by clicking [here](#).

LANYARD
U.K. LANYARD MAKERS LTD.

Teqni^o**n**
Interim report
Q3: July - September 2024

Interim report Q3: July - September 2024

Short form report TEQ 2024 Q3

Teqni on Group is fighting on in a tough environment with sales increasing 12% but organically it's only up 2%. EBITA margin decreased to 10,9% (11,7%). The profit for the quarter is down by 8% and the earnings per share is down by 10%. Sad and bad! We're selling more but earning less. Frustrating in the moment but we'll push through. There is so much potential here that needs to be capitalized. This too shall pass. Of that we will ensure.

- Johan Steene, CEO and founder

Events during the quarter

- Avelair Ltd was acquired.
- UK Lanyard Makers Ltd was acquired.

Events after the quarter

- Nothing significant... just everyday grinding...

Teqni on financial development, Msek	2024 Q3	2023 Q3	Δ%	2024 YTD	2023 YTD	Δ%
FCF excluding acquisitions	17,7	49,4	--	31,8	36,9	--
EPS (sek)	1,59	1,78	-10%	4,83	5,61	-14%
Diluted EPS (sek)	1,59	1,78	-10%	4,82	5,58	-14%
Profit for the period	27,5	29,9	-8%	83,1	91,9	-10%
Profit before taxes	34,1	37,8	-10%	100,1	114,9	-13%
EBITA	41,5	39,8	+4%	124,5	127,3	-2%
EBITA margin (%)	10,9	11,7	--	10,7	11,8	--
Net sales	381,8	339,7	+12%	1 163,3	1 075,8	+8%
Net debt / EBITDA R12*	--	--	--	1,2	0,5	+131%
RoE R12 (%)*	--	--	--	20,4	28,5	--

About Teqni on

Teqni on 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

Watch some funny reels from this guy to contrast the below: <https://www.youtube.com/watch?v=3BrCvZmSnKA>

Hi Teqniåns,

This time, I'm writing to you from a McDonald's outside of Manchester, noting once again that we're in a recession affecting more parts of the industry than before. The coffee here is mostly like dirty water, and the Monopoly man has joined forces with Ronald McDonald, tempting us with prizes when you buy certain products. Fun, but my coffee doesn't qualify, so I'm left empty-handed anyway. We're coming out of a quarter where we've had a clear wake-up call at several levels in the organization, and a better sense of urgency than I've experienced in a very long time. The coffee is cold. It's time to heat things up.

In times of economic growth, it's easy to dismiss the potential for improvement by saying what we have is good enough. Things work decently because demand is high, without the sales organization needing to be particularly active. In such times, salespeople don't need to do much more than take orders and send quotes to fill the order books. A job that resembles the checkout counter at the McDonald's more than an active, forward-looking business-building effort. In doing so, we easily lose pride in what we deliver and the courage to charge for its true value. Such an organization gradually loses the drive and competence to seek out and discover the customer value we should always deliver and constantly improve. We need to have the stamina to want to be our best even when things go smoothly, so we are resilient and stay ahead of our competitors when times are tough. Like now.

A tale of two cities

Roughly half of our profits from the quarter comes from our foreign companies, even though they account for less than a quarter of our subsidiaries. The domestic operations, with a few exceptions, are having a tougher time than in previous years, and although they're fighting hard, they're not delivering the same high results as before. We also have too many companies running at a loss. In normal times, if such times exist, we'd expect less than ten percent of our portfolio to have red figures, now it's around thirty percent. We haven't been near good enough. This is a snapshot from our long journey, highlighting that we have not been sufficiently effective in our leadership, despite seeing challenges accumulate over a long period. However, the current situation also reveals great potential for improvement, we're on it and we will consider all available means to get back to where we want to be.

Seduced by good times

The last time we were in a recession fifteen years ago, I clearly remember that it was all hands on deck. Less talk, fewer fantastic plans and visions, just more activity, on every level. I've failed to keep that sufficiently top of mind. I painfully acknowledge that it has now taken us too long to start real, effective measures. I'm ashamed and I apologize. Now we are at full alert and acting accordingly. Active sales efforts instead of order-taking, adjusting resources faster and reducing staff when we have less to do, and banning

inactivity, which is nothing but a horrifically naïve hope that problems will solve themselves. Streamlining procurement, pressure-testing suppliers, clear dialogues with partners and customers regarding credits and pricing. These are truly great times if you want to get better at your profession. Are you contributing or not? Can you measure the effects of your hard work at the end of the day? Do you want to be part of our journey where we believe greatness lies ahead?

Still at it

We want to own and acquire businesses that are easy to operate and understand. All companies will, sooner or later, run into problems, and no one on earth can avoid dealing with the most complex part of business—people. Everything else that comes with it, like the product portfolio, business model, customer value, scalability, market position, and supply chains, must therefore be comprehensible and easy to grasp. A manageable whole.

We believe there's a better chance of getting the desired cash flow from a business we understand in a conservative industry we feel comfortable with than from something that at first glance looks incredibly attractive and modern, but where it's harder to understand why. That's why we're cautious about what we acquire, and it drives us to meet a lot of companies. We value an acquisition in such a way that we can reasonably recover our investment through cash flows over five years. It often works out that way. So we keep going.

For those who still ponder over our approach regarding goodwill and amortizations of intangible assets in group accounts please read the letter in the TEQ Q1 2024 report.

Be acquiring

Over the summer, we've integrated our new friends and the company UKLM into Teqni. This team really understands how to secure their right to exist in a competitive market by carving out their own little profitable niche. Perfect deliveries to customers who understand that value and are willing to pay for it. A textbook example of a cash flow machine. A team that is having fun while showing us how it is done. We are delighted that Kevin and Jennifer will continue to run the cash flow machine while teaching the next generation of leaders how to drive the vehicle.

Be hard working

Our normal approach is to lead as owners by supporting management teams with strategy work to achieve our established goals. This has always been our way which we're very proud of and believe in. That said, we are always striving to improve. In the current tougher economic climate, this softer, supportive style has, in some cases, where needed, temporarily shifted towards something more like a clean hockey tackle in the right direction. We will do everything necessary to get the train back on track. It's too easy in a thriving economy to fool yourself into thinking that an average company is running good enough. In a recession like now, flaws are exposed and painfully laid bare. Flaws that, of course, we should and could have fixed in times of better demand and resources. In these cases, we've broken one of the most important rules of capitalism: never be satisfied!

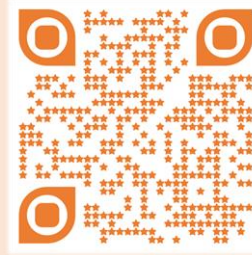
Run far, be nice!

Johan Steene

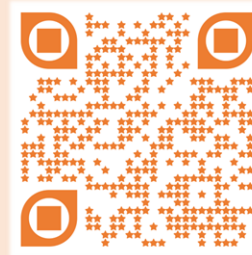
CEO and founder

Teqni  our subsidiaries


Teqni 



Instagram



LinkedIn

 Слава Україні!



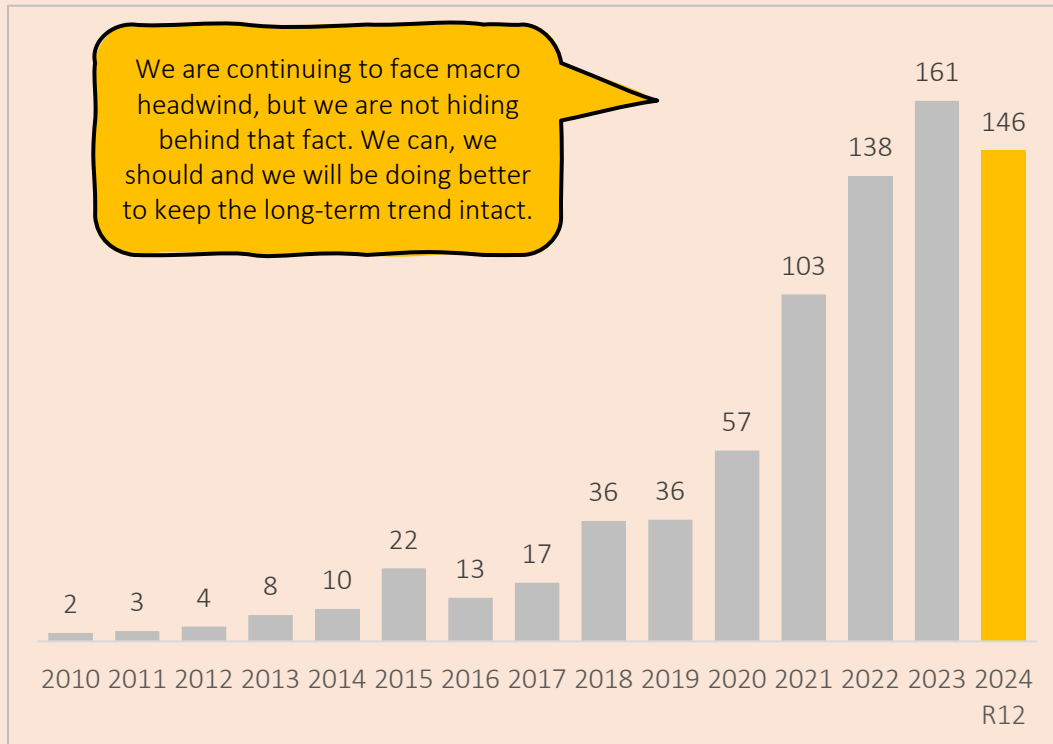
Stand firm. Be brave. Keep it simple.

House of Teqni



Financial development for the group (1/2)

Profit before taxes, Msek

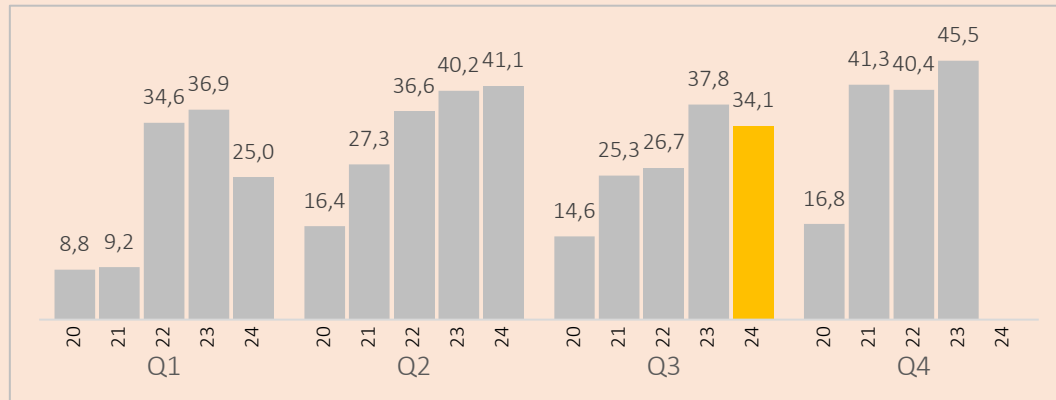


Net sales, Msek

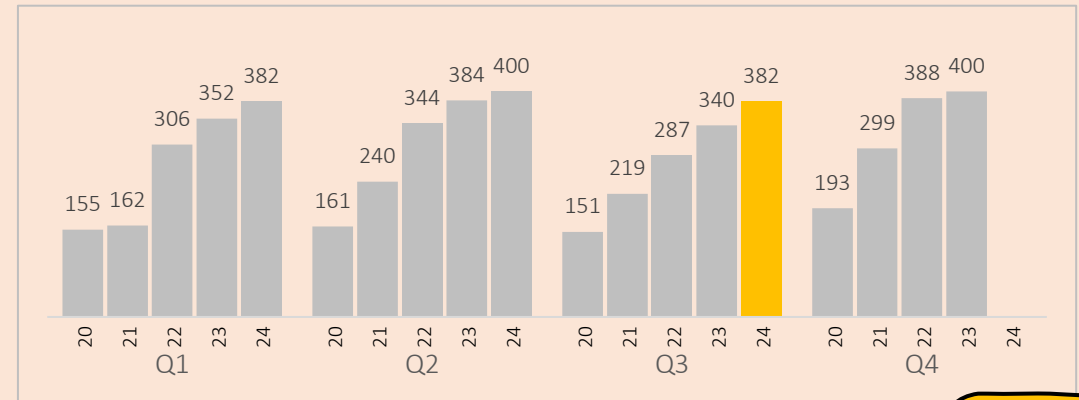


Financial development for the group (2/2)

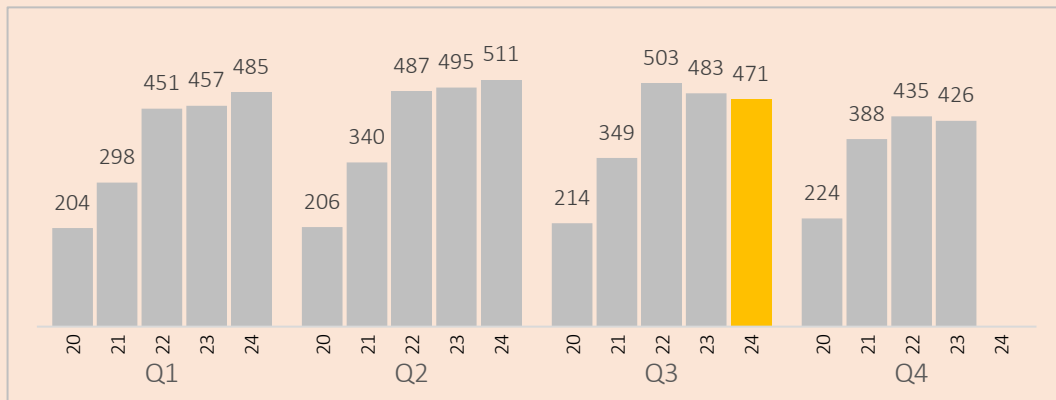
Profit before taxes, Msek



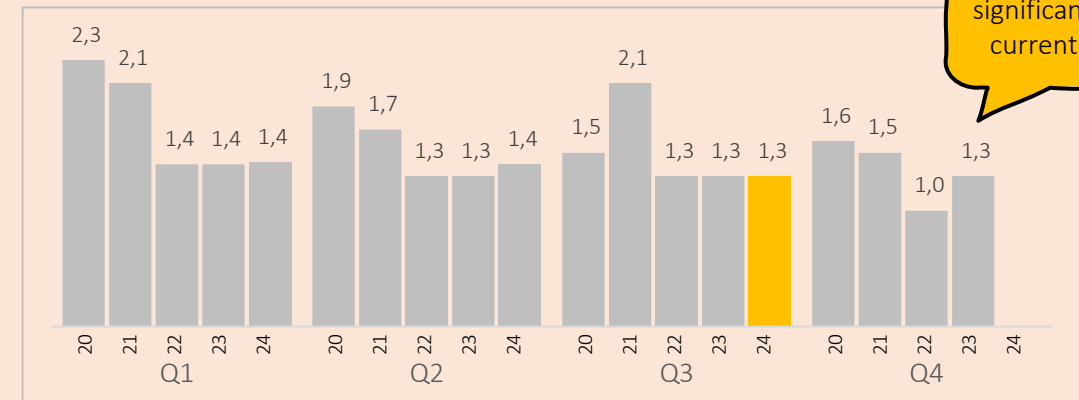
Net sales per quarter, Msek



Order backlog*, Msek



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



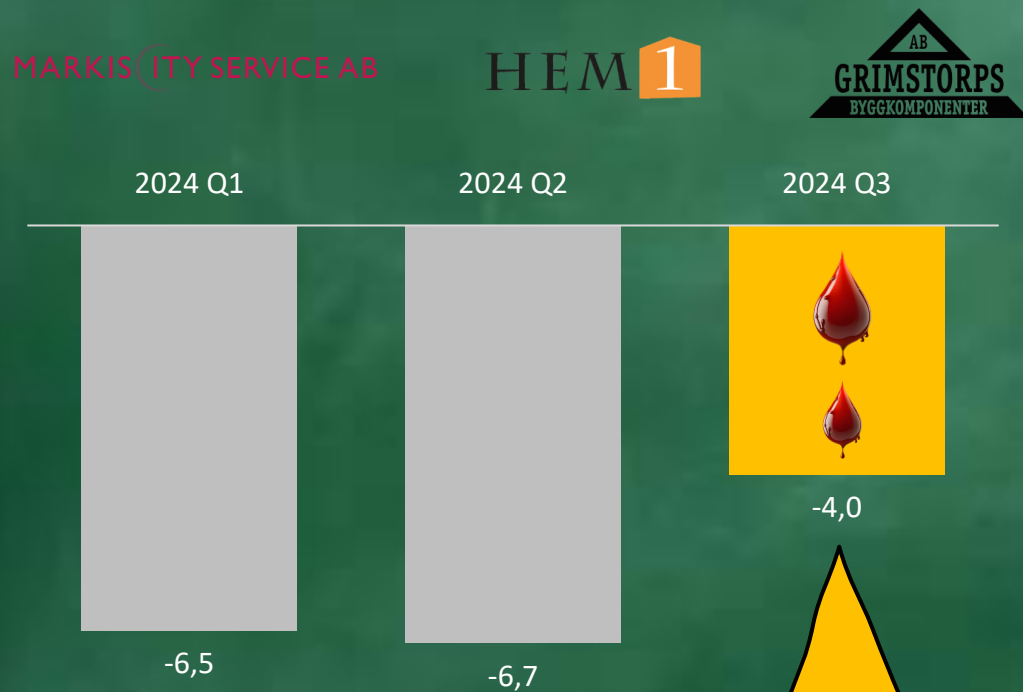
We expect to be able to grow significantly with current team.

* Order backlog can give a rough indication of future sales but is far from a perfect crystal ball. An increasing share of our high margin and high ROIC companies have very short backlogs.

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

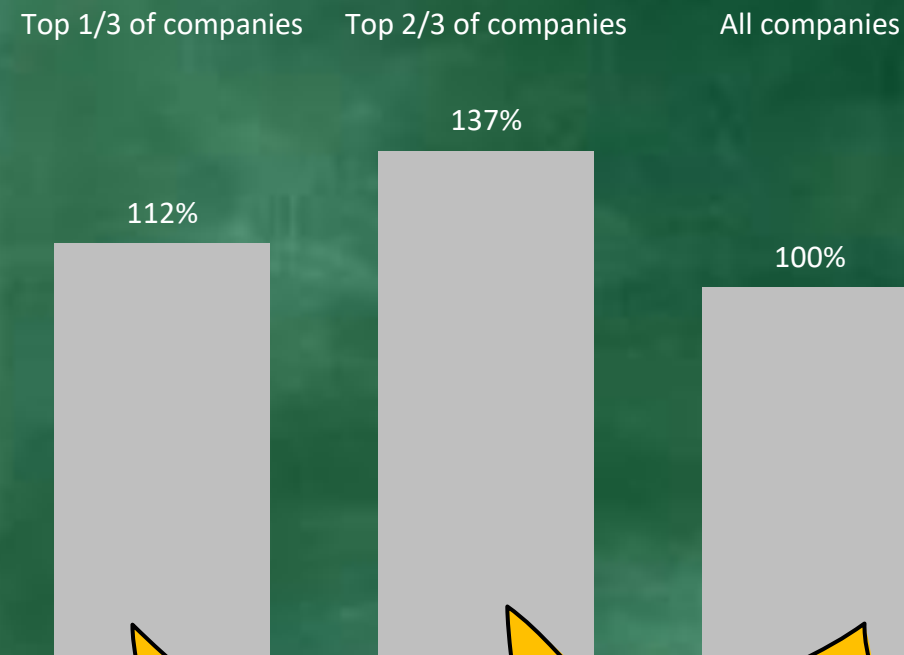
To be wiped!

Profit before taxes per quarter, Msek – follow-up from last quarter



Initiatives starting to give some effect but still far from acceptable levels. We will do whatever it takes. Hoping for better macro is not part of our strategy and philosophy.

Profit before taxes Q3, % of total Q3 earnings



We will (of course...) continue to acquire high quality companies and support them to become even better.

Smaller additions to our cashflow is welcomed as long as they are not significant detractors of resources and as long as ROIC is great.

We feel physical pain when there are as many detractors as this. Long-term robustness and short term acceptable performance is what matters. There are no holy cows.

Business philosophy and financial targets

Teqnilon 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), we'll roll up our sleeves, learn something and continue moving forward.

Our sustainability plan is that Teqnilon always should grow. Sustainability for us means that we of course need to take care of the environment and our earth'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. Teqnilon shall always create value for the society ensuring that we, in turn, capture a share of that value. No matter in which direction and intensity the macro winds are blowing, we move forward.

Teqnilon 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. Our philosophy is a little like Jeet Kune Do, "Absorb what is useful, discard what is not, add what is uniquely your own."

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 prefer to sell custom lanyards that are indispensable to our customers' operations than trying to figure out the next sector rotation.*

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 Teqnilon and our subsidiaries to justify our right of existence we need to create value for our customers and their customers. By loving sales and always focusing on enhancing customer value we can translate the move of physical products to sales with good margins. Following this principle nurtures a symbiotic relationship 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. Teqnilon 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 crucial. To acquire wonderful businesses can either create or destroy value, depending entirely on the size of the money pile you give up. Our focus is on the long-term, relying on the compounding effect of carefully allocating your capital – we serve as its stewards.

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 five 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 platform. 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 Teqnilon. We invite all on the same wavelength along for our grand adventure.

/TEQ-command

Do not wipe

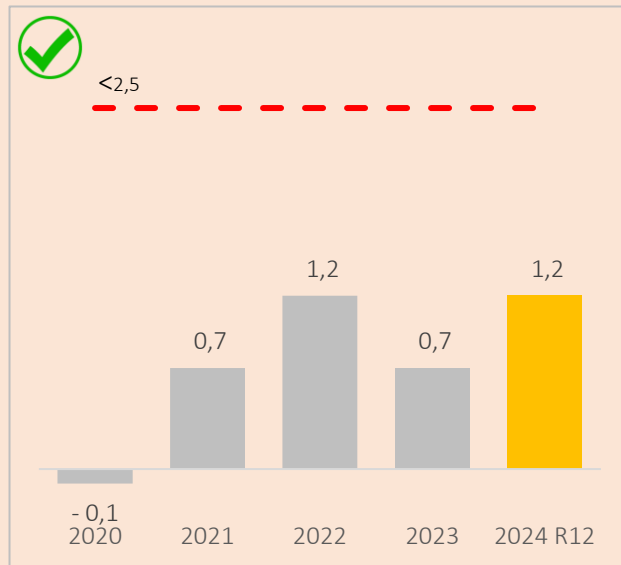
* By the way... our subsidiary UKLM are probably the best designer and provider of custom made mission critical lanyards.

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.

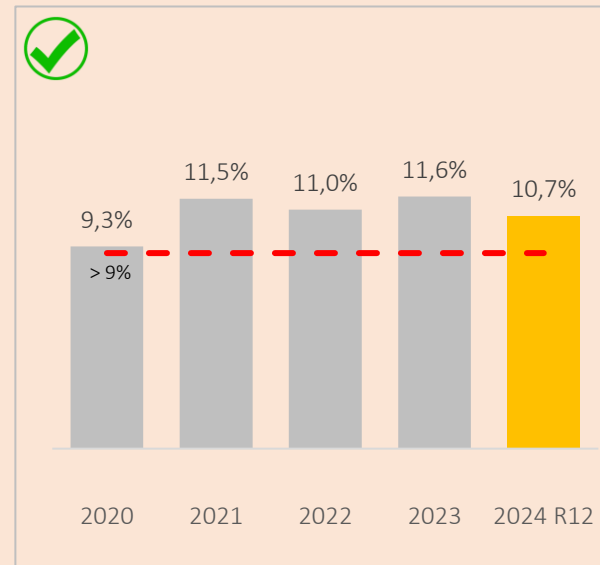
Financial target 1: Net debt / EBITDA < 2,5



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.

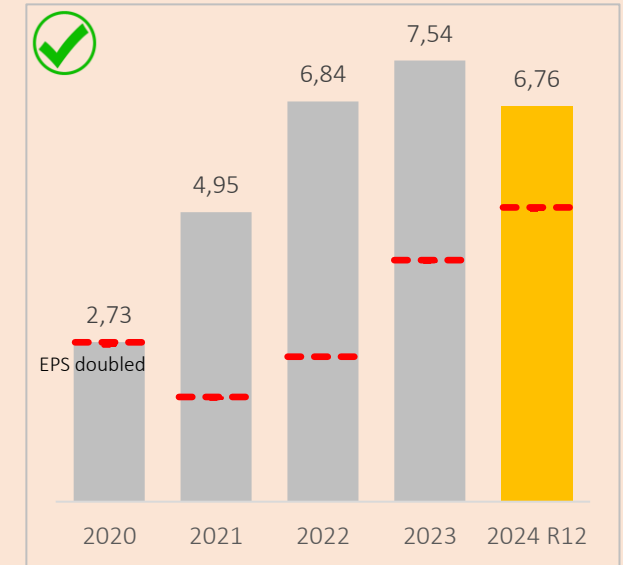
Financial target 2: EBITA margin > 9%



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.

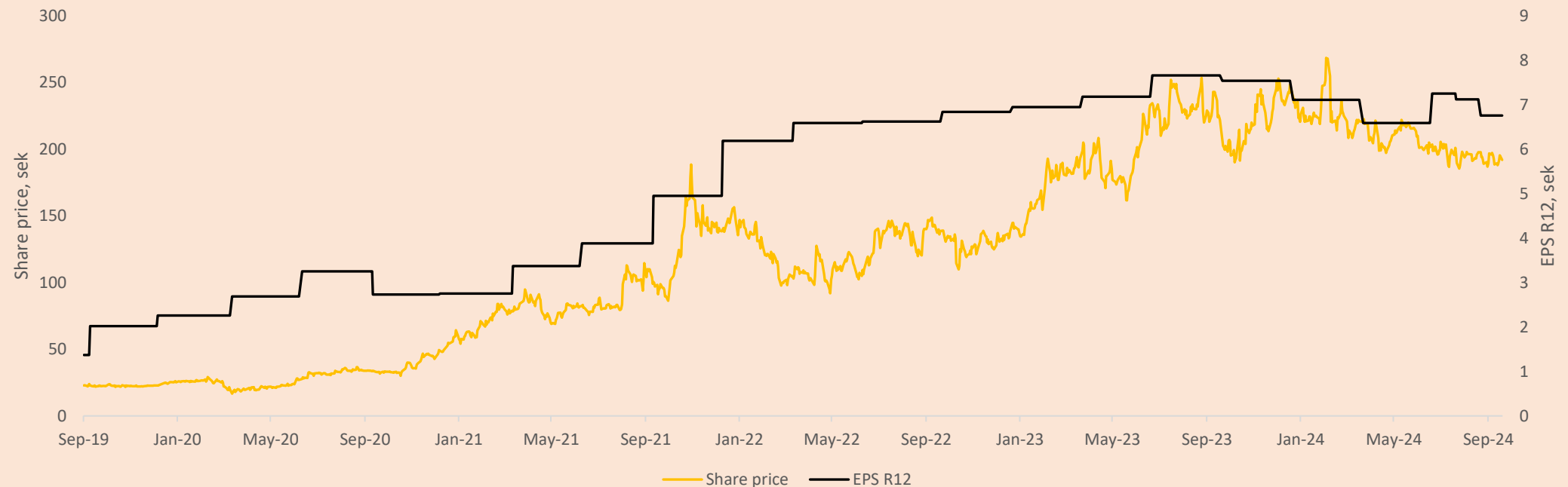
Financial target 3: > Double EPS every five years*



* 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. 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)
UK Lanyard Makers Limited	2024 July	18
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

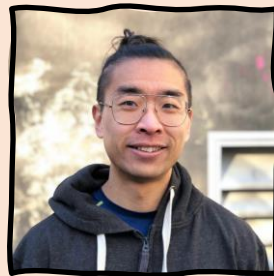


Avelair delivering rotary air compressors.

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: 225 shares + 0 options

Teqniion consolidated income statement and statement of comprehensive income

Msek	2024 Q3	2023 Q3	2024 YTD	2023 YTD	2024 R12	2023 Calendar year
Net sales	381,8	339,7	1 163,3	1 075,8	1 563,1	1 475,6
Operating costs						
Change in inventories of PIP, finished goods and WIP	1,1	7,5	6,1	-2,5	-0,1	-8,8
Raw materials and consumables & Merchandise	-212,2	-194,1	-638,4	-587,4	-846,9	-795,9
External costs	-32,7	-22,3	-99,9	-81,2	-136,3	-117,6
Employee benefit costs	-83,5	-73,5	-271,9	-238,5	-363,2	-329,9
Depreciation and amortization	-16,4	-17,9	-45,2	-40,8	-60,7	-56,3
Other operating income and expenses	2,6	0,0	8,8	0,9	10,5	2,6
Total operating costs	-340,9	-300,2	-1 040,4	-949,6	-1 396,7	-1 305,9
Operating profit	40,9	39,5	122,9	126,2	166,4	169,7
Financial income	-0,2	0,5	4,3	3,3	5,5	4,6
Financial expenses	-6,6	-2,1	-27,0	-14,6	-26,2	-13,8
Net financial items	-6,8	-1,6	-22,8	-11,2	-20,8	-9,2
Profit before tax	34,1	37,8	100,1	114,9	145,7	160,5
Income tax	-6,6	-7,9	-17,0	-23,0	-29,4	-35,4
Profit for the period	27,5	29,9	83,1	91,9	116,2	125,1
Other comprehensive income for the period						
Translation differences for the period	-2,0	-7,1	14,5	3,1	-0,5	-11,9
Total comprehensive income for the period	25,5	22,8	97,5	95,0	115,8	113,3
Owners of the parent	25,4	22,8	97,3	95,0	115,5	113,1
Non-controlling interests	0,1	0,1	0,2	0,1	0,3	0,1

Teqni consolidated balance sheet

Msek	2024 30 Sep	2023 30 Sep	2023 31 dec
Assets			
Non-current assets			
Goodwill	724,0	548,4	608,7
Other intangible non-current assets	25,9	3,7	13,4
Buildings and land	12,9	10,2	10,9
Equipment, tools, fixtures and fittings	27,2	23,0	22,5
Right-of-use-assets	157,3	125,5	147,7
Other receivables	0,4	0,4	0,4
Total non-current assets	947,6	711,3	803,6
Current assets			
Inventories	268,6	249,2	256,9
Trade receivables	216,5	226,9	180,0
Tax assets	15,9	7,0	8,9
Accrued revenue	12,6	8,1	13,1
Other receivables	15,2	13,9	14,0
Prepaid expenses and accrued income	26,3	10,1	11,8
Cash and cash equivalents	174,0	170,8	199,8
Total current assets	729,2	686,0	684,6
TOTAL ASSETS	1 676,9	1 397,3	1 488,2

Msek	2024 30 Sep	2023 30 Sep	2023 31 dec
Equity			
Share capital	0,9	0,9	0,9
Other capital provided	288,9	286,1	286,1
Translation reserve	14,5	6,0	-8,9
Retained earnings including profit for the year	529,8	422,8	455,9
Equity attributable to owners of the parents	834,1	715,7	733,9
Non-controlling interests	1,4	1,6	1,6
Total equity	835,4	717,3	735,6
Liabilities			
Non-current liabilities			
Liabilities to credit institutions	275,2	4,7	192,3
Non-current lease liabilities	114,2	83,3	105,1
Deferred tax liabilities	35,5	27,2	33,5
Other non-current financial liabilities	68,6	49,8	45,9
Other provisions	4,6	5,2	5,0
Total non-current liabilities	498,0	170,2	381,8
Current liabilities			
Liabilities to credit institutions	22,7	162,1	23,5
Current lease liabilities	41,6	38,8	39,9
Other current financial liabilities	59,3	78,1	74,9
Trade payables	107,8	119,2	99,9
Tax liabilities	11,6	9,8	31,5
Invoiced revenues not worked-up	4,5	5,2	0,5
Other liabilities	41,9	41,4	37,9
Accrued expenses and deferred income	54,3	55,2	62,5
Total current liabilities	343,4	509,8	370,8
TOTAL EQUITY AND LIABILITIES	1 676,9	1 397,3	1 488,2

Teqni consolidated statement of changes in equity

Attributable to equity holders of the parent company	2024	2023	2023
Msek	30 Sep	30 Sep	31 Dec
Opening equity (1 Jan)	733,9	443,0	443,0
Total comprehensive income for the period	97,3	95,0	113,1
New issues ¹⁾	2,8	177,8	177,8
Option premiums	-	-	-
Dividend	-	-	-
Acquisition of non-controlling interests	-	-	-
Closing equity	834,1	715,7	733,9
Average number of shares outstanding before dilution YTD	17 149 885	16 370 633	16 564 174
Average number of shares outstanding after dilution YTD	17 180 756	16 459 966	16 635 483
Number of shares outstanding at the end of the period	17 165 756	17 138 486	17 138 486
Average number of shares outstanding before dilution Q3	17 165 756	16 818 307	--
Average number of shares outstanding after dilution Q3	17 180 756	16 837 080	--



Injab delivered Duresca single-insulated touch-proof busbar for high voltage application installed in a pulp mill in the South of Sweden.

1) New issue of 27 270 shares in June 2024 from share option program 2021/2024.
New issue of 142 410 shares in June 2023 from share option program 2020(2023 and 866 366 shares by directed new issue in July 2023.

Teqni consolidated cash flow statement

Msek	2024	2023	2024	2023	2024	2023
	Q3	Q3	YTD	YTD	R12	Calendar year
Operating profit	40,9	39,5	122,9	126,2	166,4	169,7
Adjustments for non-cash items ¹⁾	12,6	18,9	34,7	43,2	50,3	58,8
Interest and other financial items, net ²⁾	-6,5	-4,5	-18,7	-11,6	-22,2	-15,1
Paid tax	-12,5	-12,6	-48,7	-32,5	-39,5	-23,3
Change in working capital	-9,8	9,8	-42,0	-85,3	-21,7	-65,0
Cash flow from operating activities	24,7	51,1	48,2	40,0	133,4	125,2
Net capital expenditure in non-current assets	-7,0	-1,7	-16,5	-3,1	-20,6	-7,3
Company acquisitions and divestments	-54,9	-5,2	-112,3	-62,0	-202,0	-151,7
Cash flow from investing activities	-61,8	-6,8	-128,8	-65,1	-222,6	-159,0
Net issues	0,0	174,5	2,8	177,8	2,8	177,8
Option premiums paid	0,0	0,0	0,0	0,0	0,0	-
Debt/repayment of debt, net	35,3	-116,9	47,3	-32,3	87,8	8,1
Dividend paid out, non-controlling interests	0,0	0,0	0,5	0,0	-0,5	-
Cash flow from financing activities	35,3	57,6	49,7	145,5	90,1	185,9
CASH FLOW FOR THE PERIOD	-1,8	101,9	-30,9	120,4	0,9	152,2
Cash and cash equivalents at the start of the period	176,8	69,5	199,8	47,3	170,8	47,3
Exchange differences in cash and cash equivalents	-0,9	-0,7	5,1	3,2	2,4	0,4
Cash and cash equivalents at the end of the period	174,0	170,8	174,0	170,8	174,0	199,8

1) This includes depreciation, provisions, currency revaluations and revaluation of contingent considerations etc.

2) This includes interest fair value accounting of earnouts, interest IFRS 16, interest bank loans etc.

Parent company income statement

Msek	2024 Q3	2023 Q3	2024 YTD	2023 YTD	2024 R12	2023 Calendar year
Net sales	14,2	12,0	40,0	35,0	54,2	49,1
Operating costs						
External costs	-1,3	-1,1	-4,0	-3,5	-5,3	-4,8
Employee benefit costs	-2,9	-6,0	-15,0	-16,4	-20,7	-22,1
Depreciation and amortization	0,0	0,0	0,0	0,0	0,0	0,0
Other operating income and expenses	0,2	0,2	-1,1	0,2	-1,1	0,2
Total operating costs	-4,1	-6,9	-20,0	-19,7	-27,1	-26,9
Operating profit	10,2	5,1	20,0	15,3	27,1	22,3
Profit from investments in group companies	0,9	5,8	17,6	5,8	17,6	5,8
Financial income	-0,3	0,5	0,4	2,7	3,1	5,4
Financial expenses	-4,2	-0,8	-21,0	-10,6	-18,3	-7,9
Net financial items	-3,6	5,5	-3,1	-2,2	2,3	3,2
Profit after financial items	6,5	10,5	16,9	13,1	29,4	25,5
Appropriations	0,0	0,0	0,0	0,0	-23,9	-23,9
Group contributions	0,0	0,0	0,0	0,0	83,0	83,0
Income tax	-1,1	-0,8	-0,3	-0,8	-16,1	-16,6
Profit for the period	5,4	9,7	16,6	12,3	72,4	68,0

Parent company balance sheet

Msek	2024 30 Sep	2023 30 Sep	2023 31 Dec
Assets			
Non-current assets			
Equipment, tools, fixtures and fittings	0,2	0,0	0,0
Participations in group companies	1 068,6	778,8	917,7
Other receivables	0,2	0,0	-
Receivables from group companies	0,0	3,6	-
Total non-current assets	1 069,0	782,4	917,7
Current assets			
Trade receivables	0,0	0,0	-
Receivables from group companies	12,7	49,4	44,6
Tax assets	6,6	0,0	-
Other receivables	0,0	0,0	0,0
Prepaid expenses and accrued income	0,5	0,4	0,2
Cash and cash equivalents	78,3	102,7	106,0
Total current assets	98,0	152,4	150,8
TOTAL ASSETS	1 167,0	934,8	1 068,5

Msek	2024 30 Sep	2023 30 Sep	2023 31 dec
Equity			
Restricted equity	2,2	2,2	2,2
Unrestricted equity	550,1	474,9	530,6
Total equity	552,3	477,1	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	128,0	127,9	120,8
Total contingencies	128,0	127,9	120,8
Liabilities			
Non-current liabilities			
Liabilities to credit institutions	271,5	0,0	188,1
Liabilities to group companies	85,0	17,5	56,0
Total non-current liabilities	356,5	17,5	244,1
Current liabilities			
Liabilities to credit institutions	22,4	160,8	22,3
Liabilities to group companies	12,6	74,9	32,3
Trade payables	0,4	0,1	0,4
Tax liabilities	0,0	4,2	17,3
Other liabilities	2,8	2,6	2,8
Accrued expenses and deferred income	6,6	8,1	10,4
Total current liabilities	44,8	250,8	85,4
TOTAL EQUITY AND LIABILITIES	1 167,0	934,8	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 Sep	2023 30 Sep	2023 31 Dec
Opening book value	120,8	103,8	103,8
Acquisitions during the year	46,0	31,5	78,8
Consideration paid	-34,1	-14,1	-66,9
Reclassified via income statement	-10,2	4,0	4,0
Interest expenses	1,3	0,5	1,4
Exchange rate differences	4,1	2,1	-0,5
Closing book value¹	128,0	127,9	120,8



1) For explanation of the effects in our group income statement and cash flow statement regarding earnouts, please read our Q1 2024 report and especially page 8.

Looking for the next dream team!



Kevin from UK Lanyard Makers driving Daniel and Patrick towards new adventures.

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 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)

Air Target (Kista) – Complex systems & product design engineer

Wallmek (Kungälv) – Selling mechanic in SWE and international sales reps

NASC (Södertälje) – Light loving salesperson

Stanwell (Holmfirth) – Beverage & fluid dispense systems salesmaster

Elrond (Huddinge) – Electrical safety salesperson

Schill (Kista) – Defence sales and business development globetrotter



If this speaks to you, please apply.

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	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 (this report)	19 th of October 2024 (Saturday)
2024 Q4 interim report	15 th of February 2025 (Saturday)
2024 Annual report	22 nd of March 2025 (Saturday)
2025 AGM	23 rd of April 2025 (Wednesday)
2025 Q1 interim report	23 rd of April 2025 (Wednesday)

All reports will be published on Teqnion's website:

www.teqnion.se/investor-relations/finansiella-rapporter/

For more information, please contact

Johan Steene, CEO, +4673 333 57 33, johan@teqnion.se

Daniel Zhang, CXO, +46721 555 695, daniel@teqnion.se

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

Review

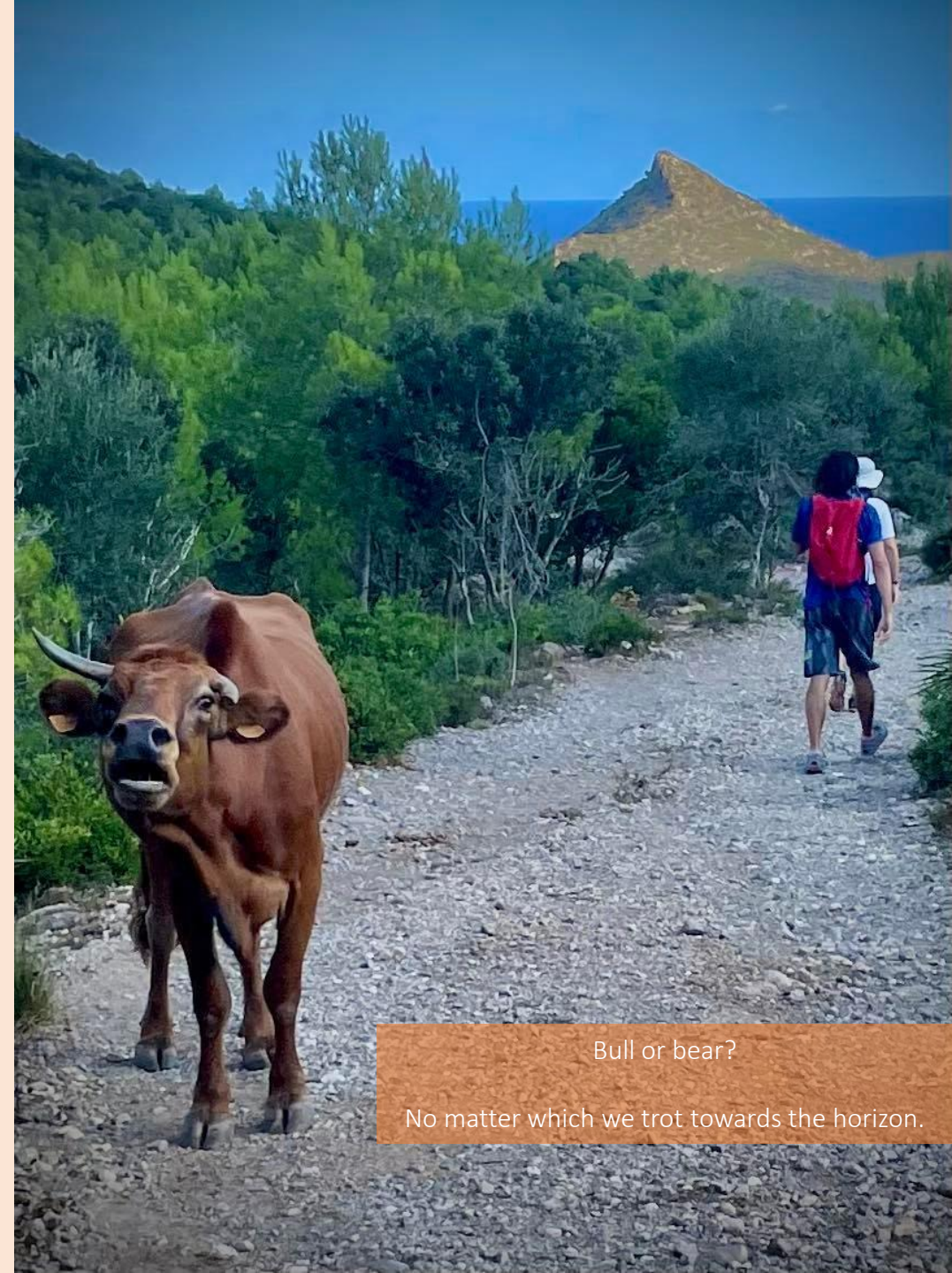
This report has not been reviewed by the company's auditor.

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

Q3: July – September 2024



Vicky truck for the Swedish fire department.
BTW: did you know that Vicky has just launched a new generation of signs?
<https://vickyteknik.se/>

