

## Interim report April - June 2025 - Teqnion AB

### 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%	--

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

### CEO Letter – 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. 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*

The report is attached to this press release and is available via the following link:

<https://www.teqnion.se/en/investor-relations/financial-reports/>

## Q&A

You are welcome to ask us questions about the report and anything else you would like to know about Teqnion on Monday, July 21<sup>st</sup> at 08:08 CEST when we open a Teams meeting. We will be present on the screen with Johan Steene and Daniel Zhang.  
Warmly welcome!

To participate, please press [here](#) or by the Teams meeting ID below.

Meeting ID: 319 020 637 833 1

Passcode: rt38AP3s

Send in questions to the Q&A session, e-mail: [QA@teqnion.se](mailto:QA@teqnion.se)

### For more information, please contact:

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The information in this report is such that Teqnion AB is obligated to make public in accordance with the EU Market Abuse Regulation. The information was submitted for publication by the agency of the above contact persons on 19<sup>th</sup> of July 2025 at 8:08 CEST.

### 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 many 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 with the abbreviation TEQ are traded on the Nasdaq First North Growth Market.*

*Redeye AB is Certified Adviser.*