We have now changed our reporting language to English as a growing number of our partners and businesses are international.

Teqnion interim report

Q1: January - March 2024

Interim report Q1: January – March 2024

Short form report TEQ 2024 Q1

Teqnion Group is pushing through a rough first quarter with sales increasing 8% but organically it’s down 1,5%. EBITA margin decreased to 9,5% (11,7%). The profit for the period is down by 27% and the earnings per share is down by approximately 32%. No fun! Time to fight harder. On the positive side we have three new colleagues in the TEQ team and order intake has swooped up, which has resulted in a solid order backlog.

- Johan Steene, CEO and founder

Events during the quarter

- Nubis Solutions Limited was acquired
- Anneli Andersson recruited as Accounting Expert
- Patrick Olsson recruited as CEO coach with focus on our international companies
- Jonathan Alexandersson recruited as Chief Controlling Officer

Events after the quarter

- Nothing significant… just everyday grinding…

Teqnion financial development, Msek	2024 Q1	2023 Q1	Δ%
FCF excluding acquisitions	-18,3	6,8	n.a.
EPS (sek)	1,23	1,80	-32%
Diluted EPS (sek)	1,22	1,79	-32%
Profit for the period	21,1	29,0	-27%
Profit before taxes	25,0	36,9	-32%
EBITA	36,3	41,2	-12%
EBITA margin (%)	9,5%	11,7%	n.a.
Net sales	381,8	352,1	8%
Net debt / EBITDA	0,9	1,1	-21%
RoE R12 (%)	21,9%	26,1%	n.a.

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.

Advice for all the goodwill lovers out there: https://www.youtube.com/watch?v=pDHFihXUXkg and https://www.youtube.com/watch?v=QDj699ZfoS8

Johan's thoughts

Hi Teqniåns,

I wish my first letter in English could be written in a time where all the arrows were pointing upwards. My drive for building Teqnion is for it to constantly improve, grow and strengthen. In periods as this when we fail to deliver on that, I feel pain. I am certain that this is a short-term issue, however, when you are in it, I'm reminded that the long-term is just a lot of short-terms strung together. Now, when seas are stormy, we need to be extra good at pushing and motivating each other to do more and better. Since we are aiming far and high there is plenty to do, and therefore I am happy to announce that we now have strengthened the TEQ team with three new extremely energetic and experienced colleagues with vastly different personalities and skillsets – please join me in welcoming Anneli Andersson, Patrick Olsson, and Jonathan Alexandersson!

I don't see any substantial deviations in our operational activities since the last report, even though overall order intake has turned upward, especially in defense and, joyfully enough, in construction. However, I want to point out that things are still very tough for our house builders, even though we've managed to secure better order intake with jobs lined up until summer, albeit at very low margins. The construction industry in Sweden is going through the worst time in decades and I don't expect any uptick until interest rates take a significant downward turn.

The two subsidiaries that moved location during the fall are now settling into their new premises but still have some matters to sort out before they're firing on all cylinders in terms of productivity and profitability. Slow progress can be frustrating, but we'd rather get it right than get it done quickly. Free cash flow is clearly being squeezed in the first quarter due to a significant increase in accounts receivables following increased sales, as well as the cyclical larger payouts of taxes and annual bonuses from last year to employees. It's all going to work out just fine. We're on it. But words are cheap. Actions speak louder. Cash flow over time speaks the loudest.

I rarely plunge into accounting rules, but for reasons explained below, I found it fitting to do so this time. I'm pretty certain it won't become a habit...

As you can see from the income statement, we are clearly underperforming year-on-year. Part of that is tougher economic conditions, part of that is self-inflicted pain but there are also some accounting anomalies that I want to flesh out, helping you gain a better understanding of what you own. In the first quarter, the depreciation of the Swedish krona significantly affected our accounting profit.

It's exciting that we're becoming more international and, as a result, more resilient. However, due to current accounting rules, we must reevaluate our balance sheet every quarter, even though it doesn't reflect our operations. In the first quarter, our acquisition loans in euros and pounds, as well as the earnouts we hope to pay out in local currencies in the future, were reevaluated on the balance sheet, leading to a reduction in accounting profits on the income statement (more info on the Wipeboard p.8).

Another thing that blasted our accounting profit this quarter was the positive news that we increased the reserve for the upcoming earnout for a newly acquired company, since it significantly outperforms our initial assumptions from the PPA (Purchase Price Allocation) compilation. The increase of the reserve has an equivalent accounting cost on the group income statement (more info on the Wipeboard p.8). On the flip side, if a newly acquired company were to underperform in comparison to the PPA, we would see the opposite effect. That is, the reserve on the balance sheet would decrease, leading to a higher accounting profit. However, please recognize that in both our world and the realm of taxation, neither of these profits is considered tangible or real.

Since a significant part of what we do is acquiring companies, I sometimes get questions about how we view the goodwill that arises in such activities. An answer to that can be quite lengthy or super lengthy, so I'll try to aim for the former.

When a company is acquired, we are requested under IFRS accounting rules to perform a PPA for the company with the purpose to determine what we actually bought and divide that up in different asset categories. Since we almost always pay more than the book value due to the fact that we value companies on their cash flows and avoid companies with heavy balance sheets, a surplus arises on the consolidated group balance sheet. The surplus is the magical part of a high quality company that isn't visible or tangible but gives the company the ability to generate good results despite low capital commitment i.e. what we call goodwill. The magnitude of the goodwill is of course impacted by the price we pay. Since goodwill is not amortized as some other intangible assets, the consolidated group balance sheet gives the reader a full picture of what has been paid and therefore a better understanding of what the returns on assets, capital employed and equity is over time i.e. are we good capital allocators or not?

The IFRS regulations require that the goodwill arising from an acquisition to be split up to provide a more accurate picture of the surpluses paid for. To carve out an intangible asset from a surplus, three criteria must be met. The asset must be identifiable, which means it is either separable or arises from a contract, it must be under the company's control, and it must give rise to future economic benefits. Simple huh? Your objective is to identify a non-monetary asset without physical form and ensure that it is possible to individually dispose of it at a specified price at the time of valuation. Examples of identifiable non-monetary assets without physical form can include framework agreements, patents, trademarks, but also business models, processes, and expertise, etc.

Teqnion

Assets should be recorded at fair value, i.e., the price you would receive if you sold the asset at the valuation date, and then amortized over its useful life. How accurately can this task be performed? I would love to learn if anyone similar to us have ever managed to sell one of these so called marketable intangible assets...

We often find that the largest portion of our surpluses consists of experience, human drive, and knowledge within and between employees in the acquired company and its partners (note that the most important asset, people cannot be put on the balance sheet due to the control premise). The company has built a reputation for delivering what customers want during its journey, establishing a significant measure of genuine, not merely accounting-defined, goodwill. Such attributes cannot be separated, much less sold*, and therefore cannot be classified as intangible assets. Instead, they become accounting goodwill within the group. Our goodwill is then annually evaluated against a utilization value calculation, and if the value cannot be defended, goodwill is written down. The intangible assets we have identified according to IFRS are amortized over the asset's useful lifespan.

Does splitting into intangible assets provide a more accurate picture of the surpluses paid in a corporate acquisition? I find it difficult to see, but even if it does, is it relevant? Does it provide investors with better decision-making tools? My view is a clear, no.

Below are my bullets to consider when it comes to goodwill:

- Goodwill is not written off and don't distort results or the balance sheet. Most other intangible assets are written off, temporarily reducing results but due to reductions of the balance sheet, increase returns permanently, all else being equal.
- Comparing surpluses between companies is difficult if the regulations are not strictly standardized. It becomes even more challenging when buyers pay exceptionally different prices for comparable acquisitions with similar tangible net assets and earnings generation.
- Tax authorities simply disregard amortizations of intangible assets in the consolidated group accounts since the group remains non-taxable.
- Surpluses do not become easier to understand or track over time if you slice the item into different intangible assets with individual names and then amortize the different parts with different time horizons. Good luck understanding the balance sheet when the asset still generates cash but doesn't exist in the books anymore.
- If you want to read something worthwhile on the subject, I recommend the appendix to Warren Buffett's letter from 1983.

Now, let's go out and work with our companies and find new ones to acquire. It's all about the long term. We're just getting started. Run far, be nice!

Johan Steene

CEO and founder

Youtube

Instagram

Teqnion ♥ our subsidiaries

Teqnion AB (publ) • Evenemangsgatan 31 • 169 79 Solna • www.teqnion.se

Слава Україні!

* If you do not agree with us, please approach us, we would happily sell you some customer lists, manufacturing processes or expertise...

Teqnion

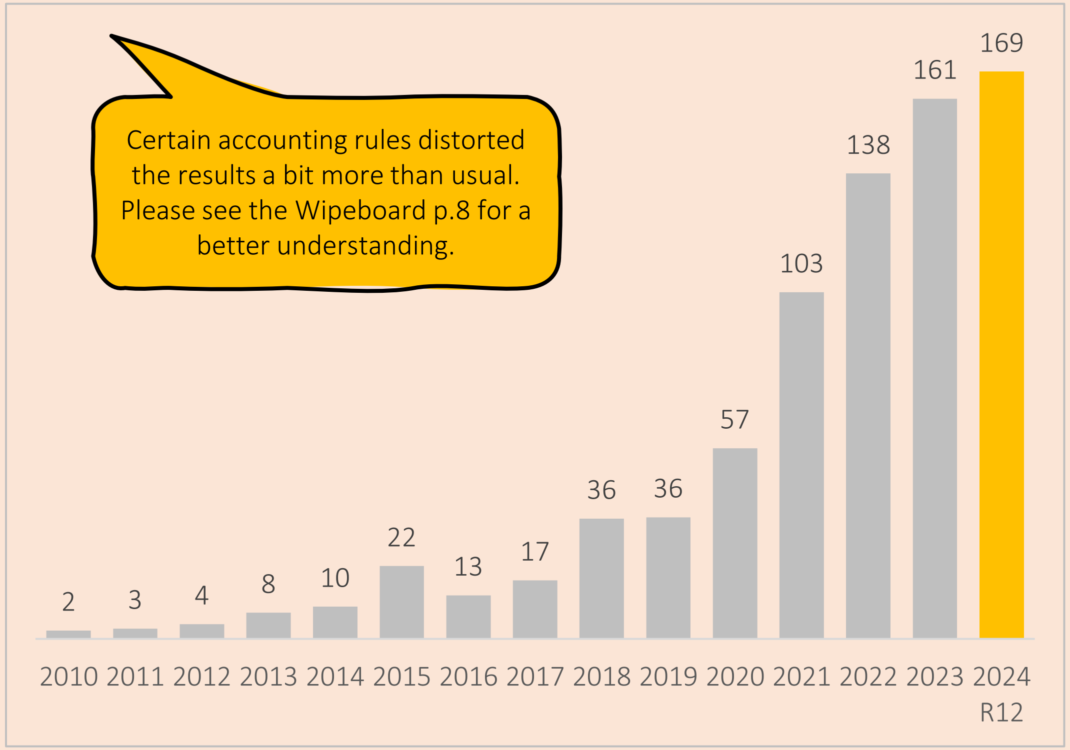
We are Teqnion

REWARD CATERING
EL&FLEX
KEMA BLUE LINE
SURGE PROTECTION DEVICES LTD
WALLMEK i Kungälv AB
ELROND
innoGUARD
GB Verkstads- & Industrivaror AB
STANS PRESS
TELTEK PRODUKTKONTROLL
LUNDAHL TRANSFORMERS
K-FAB SCANDINAVIA
SCHILL
INKOM Industrikomponenter AB
WIMA PROPULSION AB
VICKY TEKNIK AB
Nasc Narva scandinavia
Nubis
bellegroup coachworks
HEM 1
INJAB KRAFT TEKNIK AB
AB GRIMSTORPS BYGGKOMPONENTER
STANWELL TECHNIC LIMITED
MARKISCITY SERVICE AB
AIR TARGET
CMW
Cellab

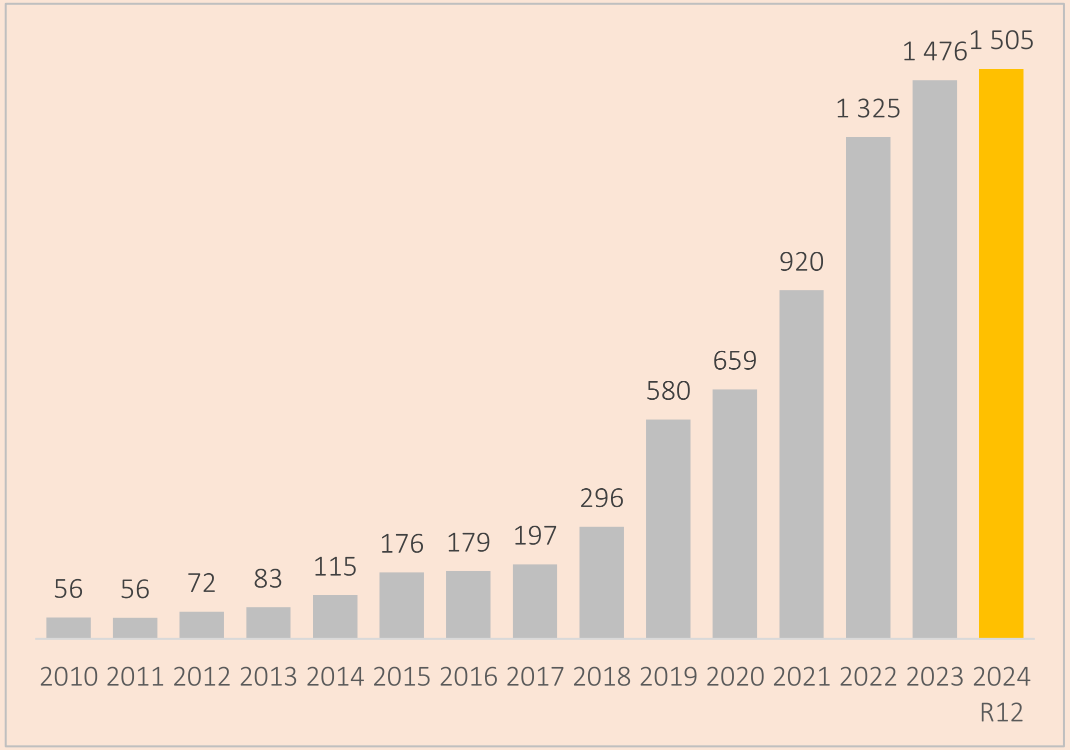
Teqnion

Financial development for the group (1/2)

Profit before taxes, Msek



Net sales, Msek

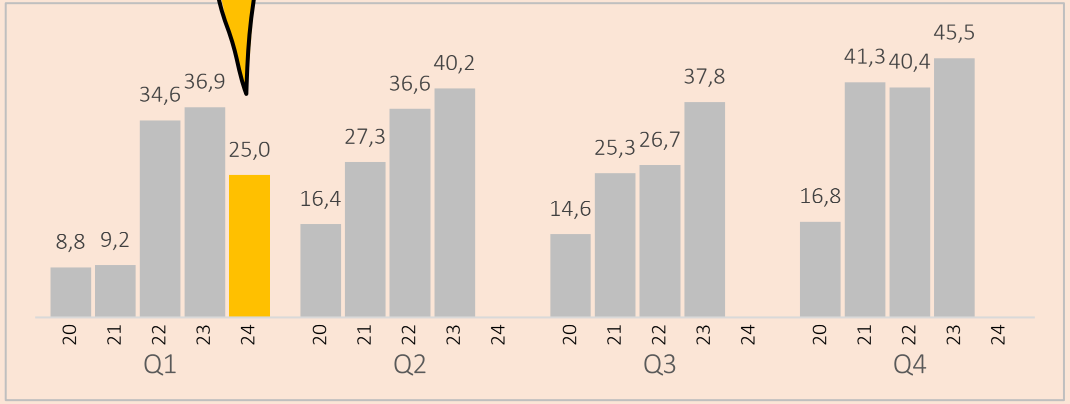


Teqnion

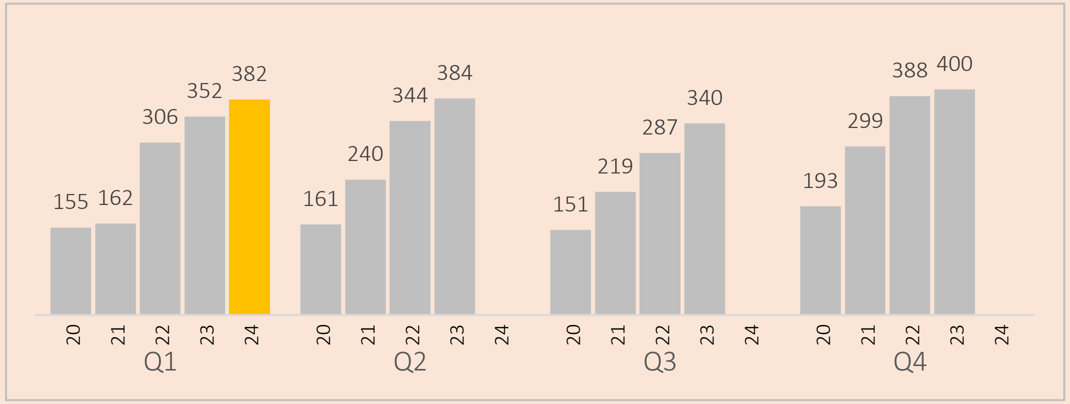
Financial development for the group (2/2)

See next page for explanation

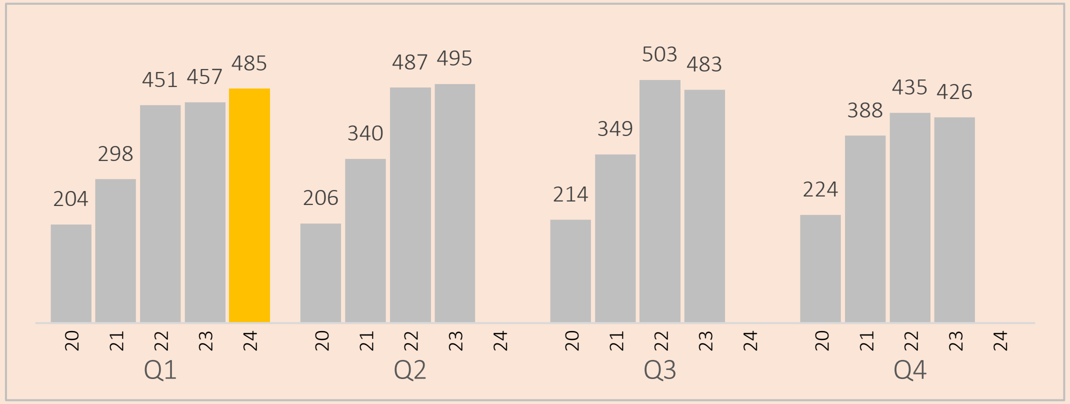
Profit before taxes, Msek



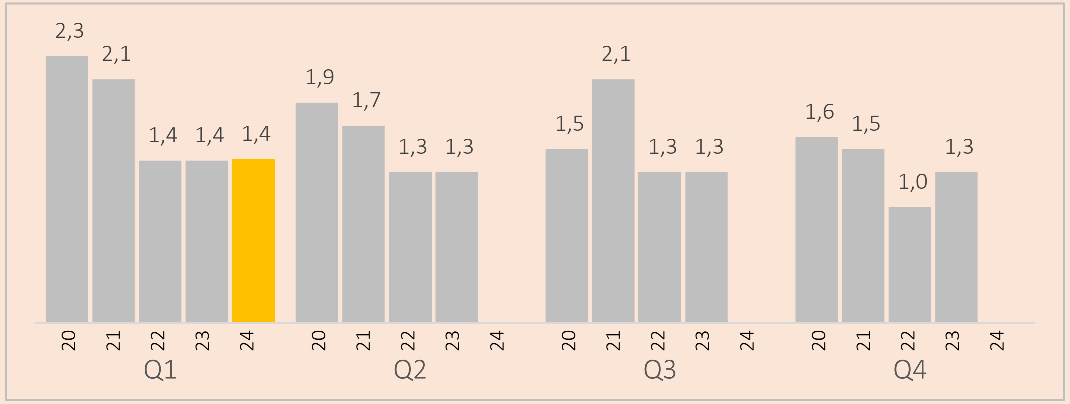
Net sales per quarter, Msek



Order backlog*, Msek



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

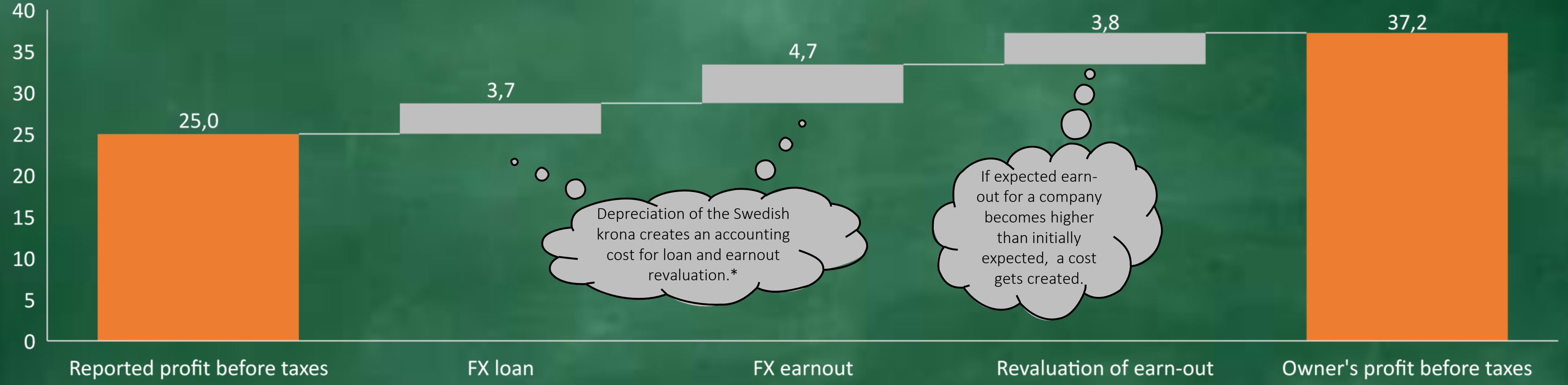


* Order backlog can give a rough indication of future sales but is far from a perfect crystal ball. The operations of our subsidiaries varies greatly – some companies have visibility over a year and some have only spot sales.

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

To be wiped!

Profit before taxes – bridge to "owner's profit" for 2024 Q1, MSEK



Accounting is a peculiar practice. Unfortunately, sometimes some arcane accounting rules distorts the reality and makes understanding the profit as one would think about it if one owned the whole company somewhat different. We believe that some of the differences will even out over the long-term and we do not plan to start reporting "owner's profit" or adjusted numbers – that risks creating a slippery slope and kills the culture that we are proud of to have built.

The intention of this page is not to explain this quarter's result per se, but rather for you, our fellow shareholders to better understand the business that you own. Personally, we have no problem with short-term fluctuations, especially accounting fluctuations as long as the underlying business is increasing its intrinsic value over time. The presented FX effects impact our earnings for the parent company and will therefore affect our taxation basis and have a positive tax effect of 20,6% of the amount, given that everything else stays the same for the rest of the year – it seldom does... The revaluation of earn-out is on consolidated group accounting level and have therefore no cashflow impact in any way, shape or form.

* In theory we could buy expensive financial products to hedge the short-term volatility of FX changes on the balance sheet to make the numbers look smoother. But those products have a real cost and is the reason why we haven't done it and do not plan to do it. Why spend money on something that doesn't yield money? Instead, we try to build free and natural hedges e.g. by borrowing in £ and pay completion payment and earnouts in £ when we buy companies in the UK . The cashflow from the UK companies can then be used to repay the principal over time. Because the price and the borrowing of the company is substantially higher than the profits for the quarter the FX effect on the balance sheet is much bigger than the opposite effect on the income statement. For simplicity: if we acquire a company based on the next 5 years cashflow and borrow half of that money, the balance sheet effect becomes roughly the 10x the income statement effect on that specific quarter.

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 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 cold aisle containment for data centers rather than try to figure out the next big AI winner.*

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 Nubis Solutions are probably the best designer and provider of efficient cold aisle containment systems for powering high intensity GPU centers. We like to sell shovels…*

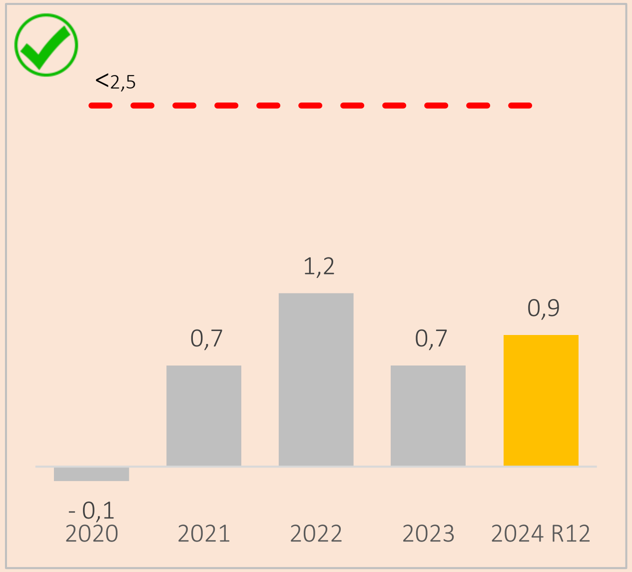
Teqnion

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.

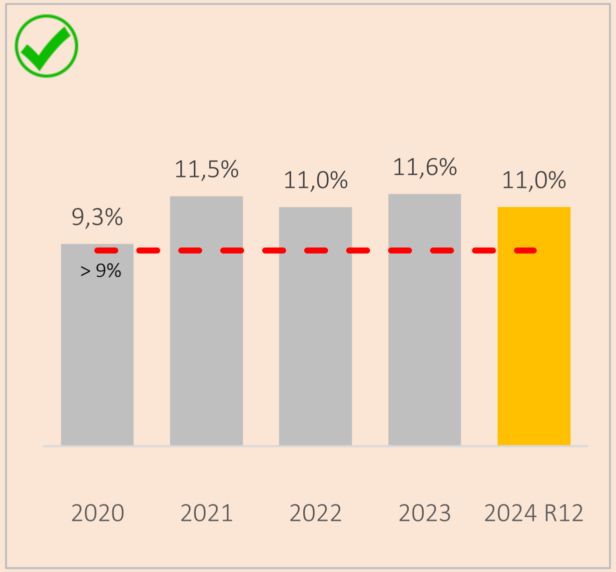
Financial target 1: Net debt / EBITDA < 2,5



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.

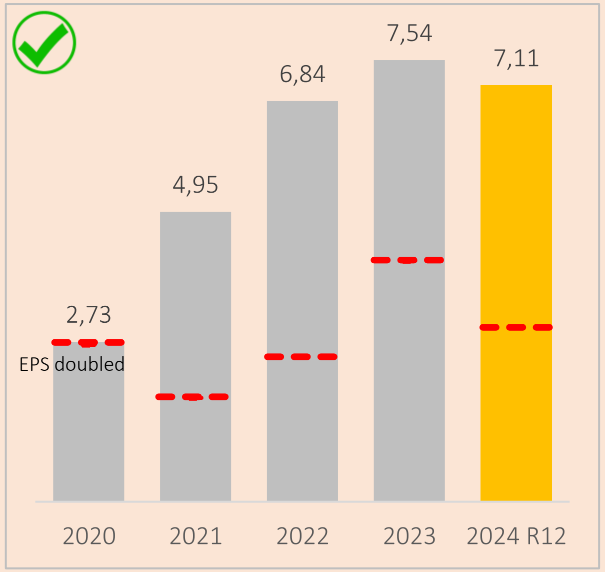
Financial target 2: EBITA margin > 9%



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.

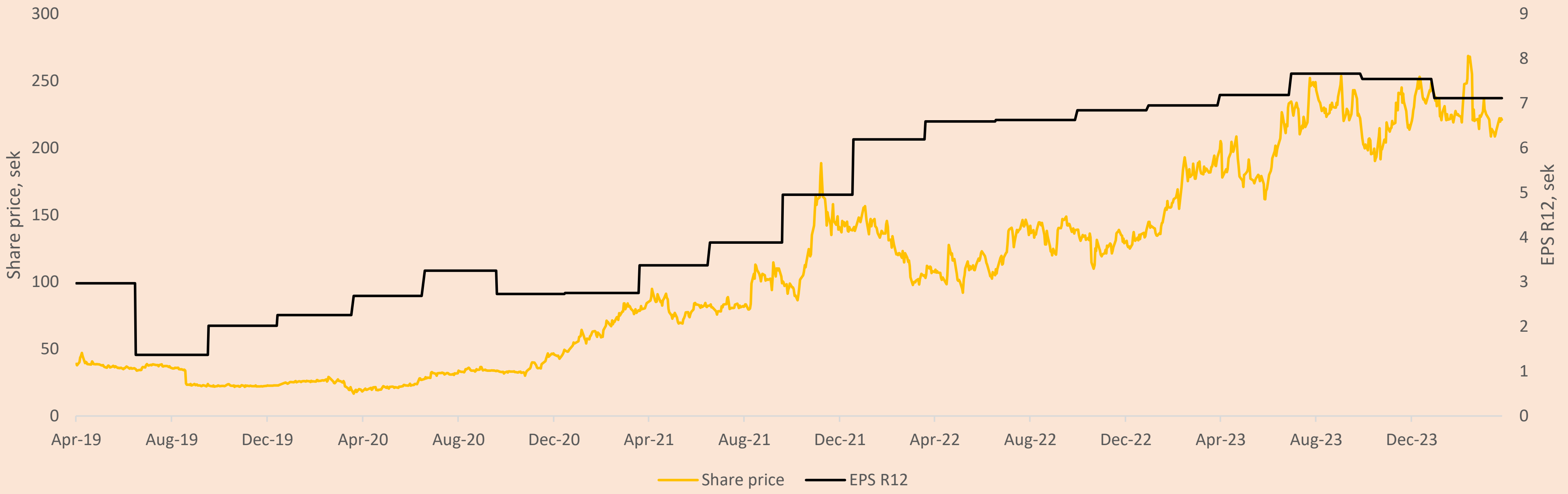
Financial target 3: > Double EPS every five years*



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

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…

Teqnion

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)
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
INNOGUARD AB	2021 October	50

Schill's state of the art alignment equipment – accuracy for naval vessels.

TEQ management

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

Daniel Zhang, joined 2021
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: 15 300 shares + 2 000 options

Mona Axman, joined 2018
CEO coach (COO)
Born 1973
Chemical engineer, LTH
Background: Senior roles at Alfa Laval
Holdings: 60 712 shares + 6 000 options

Håkan Wahlberg, joined 2021
CEO coach (CMO)
Born 1966
4-year technical gymnasium
Background: CEO and owner of GBK (part of Teqnion 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: 0 shares + 0 options

Maria Johansson, joined 2008
Chief Accountant (CAO)
Born 1976
4-year technical gymnasium
Background: Financial and accounting roles at various companies
Holdings : 33 332 shares + 1 000 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, joining in 2024
Chief Controlling Officer (CCO)
Born 1993
Business & Economics, Kau
Background: Authorized Public Accountant from PwC
Holdings: 100 shares + 0 options

Teqnion consolidated income statement and statement of comprehensive income

Msek	2024 Q1	2023 Q1	2024 R12	2023 Calendar year
Net sales	381,8	352,1	1 505,2	1 475,6
Operating costs				
Change in inventories of PIP, finished goods and WIP	9,3	-9,0	9,5	-8,8
Raw materials and consumables & Merchandise	-216,3	-185,6	-826,7	-795,9
External costs	-32,9	-27,3	-123,1	-117,6
Employee benefit costs	-86,7	-77,7	-338,9	-329,9
Depreciation and amortization	-14,0	-12,9	-57,4	-56,3
Other operating income and expenses	-5,4	1,2	-4,0	2,6
Total operating costs	**-346,0**	**-311,3**	**-1 340,6**	**-1 305,9**
Operating profit	**35,8**	**40,9**	**184,7**	**189,8**
Financial income	3,8	0,6	7,8	4,6
Financial expenses	-14,7	-4,5	-24,0	-13,8
Net financial items	**-10,9**	**-3,9**	**-16,2**	**-9,2**
Profit before tax	**25,0**	**36,9**	**168,5**	**180,6**
Income tax	-3,9	-7,9	-31,4	-35,4
Profit for the period	**21,1**	**29,0**	**137,1**	**145,2**
Other comprehensive income for the period				
Translation differences for the period	18,5	1,8	4,8	-11,9
Total comprehensive income for the period	**39,6**	**30,9**	**141,9**	**133,3**
Owners of the parent	39,5	30,9	121,7	113,1
Non-controlling interests	0,1	-0,1	0,2	0,1

Teqnion

Teqnion consolidated balance sheet

Msek	2024 31 Mar	2023 31 Mar	2023 31 dec
Assets			
Non-current assets			
Goodwill	667,5	474,0	608,7
Other intangible non-current assets	20,7	4,2	13,4
Buildings and land	11,2	9,4	10,9
Equipment, tools, fixtures and fittings	24,4	23,8	22,5
Right-of-use-assets	139,7	96,6	147,7
Other receivables	0,4	0,4	0,4
Total non-current assets	**863,9**	**608,4**	**803,6**
Current assets			
Inventories	260,9	237,7	256,9
Trade receivables	248,4	163,9	180,0
Tax assets	13,0	3,0	8,9
Accrued revenue	9,3	-	13,1
Other receivables	14,5	16,3	14,0
Prepaid expenses and accrued income	21,9	13,5	11,8
Cash and cash equivalents	179,3	46,3	199,8
Total current assets	**747,3**	**480,7**	**684,6**
TOTAL ASSETS	**1 611,1**	**1 089,1**	**1 488,2**

Msek	2024 31 Mar	2023 31 Mar	2023 31 dec
Equity			
Share capital	0,9	0,8	0,9
Other capital provided	286,1	108,4	286,1
Translation reserve	6,0	4,7	-8,9
Retained earnings including profit for the year	480,4	360,0	455,9
Equity attributable to owners of the parents	773,4	473,9	733,9
Non-controlling interests	1,7	1,5	1,6
Total equity	**775,1**	**475,4**	**735,6**
Liabilities			
Non-current liabilities			
Liabilities to credit institutions	238,4	118,0	192,3
Non-current lease liabilities	98,0	61,7	105,1
Deferred tax liabilities	35,0	26,5	33,5
Other non-current financial liabilities	63,1	51,0	45,9
Other provisions	5,4	4,4	5,0
Total non-current liabilities	**439,8**	**261,5**	**381,8**
Current liabilities			
Liabilities to credit institutions	23,0	56,9	23,5
Current lease liabilities	39,7	32,9	39,9
Other current financial liabilities	87,3	46,1	74,9
Trade payables	125,5	105,8	99,9
Tax liabilities	15,4	7,9	31,5
Invoiced revenues not worked-up	0,6	5,7	0,5
Other liabilities	42,8	35,5	37,9
Accrued expenses and deferred income	61,8	61,5	62,5
Total current liabilities	**396,2**	**352,3**	**370,8**
TOTAL EQUITY AND LIABILITIES	**1 611,1**	**1 089,1**	**1 488,2**

Teqnion

Teqnion consolidated statement of changes in equity

Attributable to equity holders of the parent company Msek	2024 31 Mar	2023 31 Mar	2023 31 dec
Opening equity (1 Jan)	**733,9**	**443,0**	**443,0**
Total comprehensive income for the period	39,5	30,9	113,1
New issues	-	-	175
Option premiums	-	-	2,8
Dividend	-	-	-
Acquisition of non-controlling interests	-	-	-
Closing equity	**773,4**	**473,9**	**733,9**

Outstanding shares	2024 31 Mar	2023 31 Mar	2023 Full year
Average number of shares outstanding before dilution	17 138 486	16 129 710	16 564 174
Average number of shares outstanding after dilution	17 208 026	16 263 601	16 635 483
Number of shares outstanding at the end of the period	17 138 486	16 129 710	17 138 486

Teqnion

Teqnion consolidated cash flow statement

Msek	2024 Q1	2023 Q1	2024 R12	2023 Calendar year
Operating profit	35,8	40,9	164,7	169,7
Adjustments for non-cash items	17,1	12,5	63,4	58,8
Interest and other financial items, net	-6,2	-2,3	-19,1	-15,1
Paid tax	-22,5	-14,1	-31,7	-23,3
Change in working capital	-38,1	-29,0	-74,1	-65,0
Cash flow from operating activities	**-13,9**	**8,0**	**103,3**	**125,2**
Net capital expenditure in non-current assets	-4,4	-1,2	-10,5	-7,3
Company acquisitions and divestments	-42,2	-9,0	-184,8	-151,7
Cash flow from investing activities	**-46,5**	**-10,2**	**-195,3**	**-159,0**
Net issues	-	-	177,8	177,8
Option premiums paid	-	-	-	-
Dept/repayment of debt, net	35,5	0,5	43,2	8,1
Dividend paid out	-	-	-	-
Cash flow from financing activities	**35,5**	**0,5**	**221,0**	**185,9**
CASH FLOW FOR THE PERIOD	**-24,9**	**-1,7**	**129,0**	**152,2**
Cash and cash equivalents at the start of the period	199,8	47,3	46,3	47,3
Exchange differences in cash and cash equivalents	4,4	0,7	4,0	0,4
Cash and cash equivalents at the end of the period	**179,3**	**46,3**	**179,3**	**199,8**

Parent company income statement and statement of comprehensive income

Msek	2024 Q1	2023 Q1	2024 R12	2023 Calendar year
Net sales	12,7	11,5	50,3	49,1
Operating costs				
External costs	-1,5	-1,2	-5,1	-4,8
Employee benefit costs	-3,9	-3,7	-22,3	-22,1
Depreciation and amortization	-	-	-	-
Other operating income and expenses	-1,3	-	-1,2	0,2
Total operating costs	**-6,7**	**-4,9**	**-28,8**	**-26,9**
Operating profit	**6,0**	**6,6**	**21,7**	**22,3**
Profit from investments in group companies	0,9	0,2	6,5	5,8
Financial income	0,4	0,6	5,2	5,4
Financial expenses	-13,1	-3,5	-17,6	-7,9
Net financial items	**-11,8**	**-2,8**	**-5,9**	**3,2**
Profit after financial items	**-5,8**	**3,9**	**15,8**	**25,5**
Appropriations	-	-	-23,9	-23,9
Group contributions	-	-	83,0	83,0
Income tax	0,9	-0,8	-14,9	-16,6
Profit for the period	**-4,9**	**3,1**	**60,1**	**68,0**
Other comprehensive income for the period				
Translation differences for the period	-	-	-	-
Total comprehensive income for the period	**-4,9**	**3,1**	**60,1**	**68,0**

Teqnion

Parent company balance sheet

Msek	2024 31 Mar	2023 31 Mar	2023 31 dec
Assets			
Non-current assets			
Equipment, tools, fixtures and fittings	0,1	-	-
Participations in group companies	1 001,4	663,5	917,7
Receivables from group companies	-	3,6	-
Total non-current assets	**1 001,5**	**667,1**	**917,7**
Current assets			
Trade receivables	-	0,0	-
Receivables from group companies	101,2	48,1	44,6
Other receivables	0,6	0,2	0,0
Prepaid expenses and accrued income	0,6	0,7	0,2
Cash and cash equivalents	78,4	0,0	106,0
Total current assets	**180,8**	**48,9**	**150,8**
TOTAL ASSETS	**1 182,3**	**716,0**	**1 068,5**

Msek	2024 31 Mar	2023 31 Mar	2023 31 dec
Equity			
Restricted equity	2,2	2,1	2,2
Unrestricted equity	525,7	288,0	530,6
Total equity	**527,9**	**290,1**	**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	150,4	97,1	120,8
Total contingencies	**150,4**	**97,1**	**120,8**
Liabilities			
Non-current liabilities			
Liabilities to credit institutions	234,2	112,4	188,1
Liabilities to group companies	78,8	17,5	56,0
Total non-current liabilities	**313,0**	**129,9**	**244,1**
Current liabilities			
Liabilities to credit institutions	22,0	55,6	22,3
Liabilities to group companies	70,1	61,8	32,3
Trade payables	0,4	0,2	0,4
Tax liabilities	1,5	9,7	17,3
Other liabilities	5,7	5,5	2,8
Accrued expenses and deferred income	5,9	4,5	10,4
Total current liabilities	**105,6**	**137,3**	**85,4**
TOTAL EQUITY AND LIABILITIES	1 182,3	716,0	1 068,5

Parent company balance sheet

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 states 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 close parties

Transactions with close parties are described in the annual report for 2023 in note 25. No new types of significant close 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 31 Mar	2023 31 Mar	2023 31 Dec
Opening book value	120,8	103,8	103,8
Acquisitions during the year	24,0		78,8
Consideration paid	-3,0	-9,0	-66,9
Reclassified via income statement	3,8	1,0	4,0
Interest expenses	0,3	0,3	1,4
Exchange rate differences	4,6	0,9	-0,5
Closing book value	**150,4**	**97,1**	**120,8**

Teltek checkweighers ensures process quality control.

We are searching for dream team number 29!

Daniel is looking for the next superstar

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 technology expert

Cellab (Sollentuna) – Application specialist in digital pathology

Injab (Västberga) – Business development in measurement transformers

Wallmek (Kungälv) – Mechanical sales, IT and marketing…

Innoguard (Höör) – Creation manager and business driver

CMW (Valdemarsvik) – Quality and environment manager

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

Schill (Kista) – Defence sales and business development vagabond

Belle Coachworks (Lowestoft) – Mechanical design wizard

Hem1 (Karlskrona) – Webb marketing guru

Teqnion

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

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

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

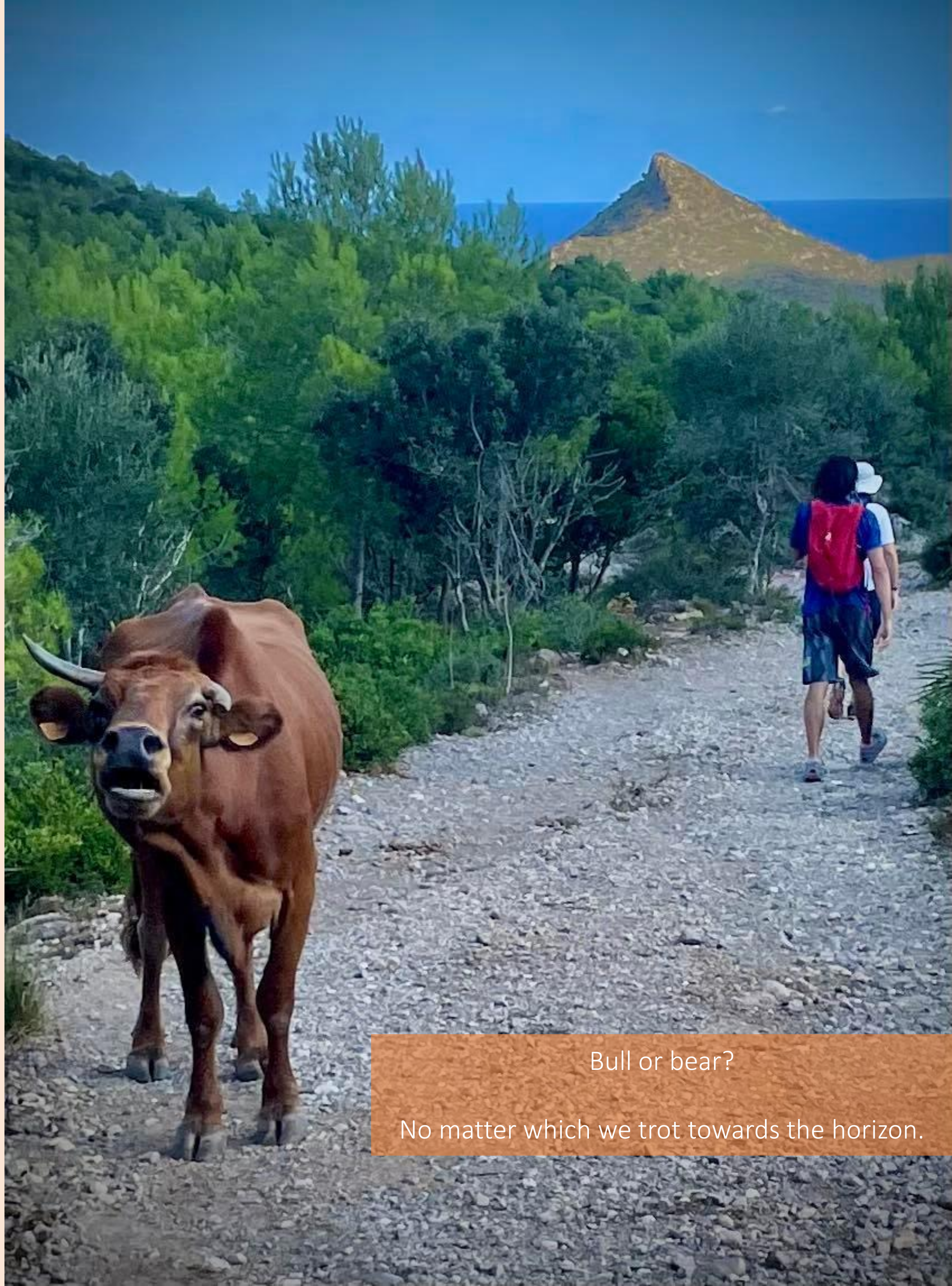
For more information, please contact
Johan Steene, CEO, 073 333 57 33, johan@teqnion.se
Daniel Zhang, CXO, 0721 555 695, daniel@teqnion.se

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...



Teqnion interim report

Q1: January - March 2024

Wishing for brighter times?

Why not buy a K-FAB designed lamp to fulfill that wish and brighten our cash flow?

https://k-fab.eu/en/