



FlexQubes report for the third quarter 2021

THIRD QUARTER 2021

- Order intake increased by 263 percent to 40.6 MSEK (11.2). Adjusted for foreign exchange rate effects between the comparison periods, orders received increased by 254 percent.
- Net sales increased by 67.1 percent to 23.5 MSEK (14.1). Adjusted for foreign exchange rate effects between the comparison periods, net sales increased by 64.3 percent.
- Operating profit before depreciation (EBITDA) amounted to -8.0 MSEK (-8.4) and operating profit before financial items (EBIT) amounted to -9.2 MSEK (-9.7).
- Profit before tax amounted to -9.3 MSEK (-9.7).
- Earnings per share amounted to -1.3 SEK (-1.3)
- Cash flow amounted to -0.8 MSEK (-2.5), of which 6.7 MSEK (-4.0) from operating activities, -1.3 MSEK (-0.9) from investment activities and 7.2 MSEK (2.4) from financing activities.
- Cash and cash equivalents amounted to 14.7 MSEK (10.9) at the end of the period.
- A global car manufacturer* has awarded FlexQube a material handling cart project worth 10 MSEK for the new factory in Berlin.
- An industrial equipment company in Germany has placed an order worth 2 MSEK with FlexQube for the delivery of shelf and pallet carts to their manufacturing plant in Germany.
- FlexQube wins first order to Asia. A company that manufactures wind turbines has placed an order worth 650 000 SEK for one of their plants in China. The order is placed by an existing customer that has been using FlexQube carts in other plants in Europe and North America for several years.
- Through a dealer in the US, FlexQube has received an order for six robotic eQarts to a customer in Georgia, USA. This is the first time FlexQube receives an order for as many as six robotic carts in one single order.
- Norwegian based company Oda, former Kolonial, has placed another major order with FlexQube. Total order value is approximately 3,2 MSEK and will be delivered to a new distribution center currently being built in Finland.

THE PERIOD 1 JANUARY – 30 SEPTEMBER 2021

- Order intake increased by 77 percent to 103 MSEK (58.2). Adjusted for foreign exchange rate effects between the comparative periods, orders received increased by 92.8 percent.
- Net sales increased by 11.9 percent to 65.3 MSEK (58.3). Adjusted for foreign exchange effects between the comparison periods, net sales increased by 20.6 percent.
- Operating profit before depreciation (EBITDA) amounted to -14.6 MSEK (-12.2) and operating profit before financial items (EBIT) amounted to -18.5 MSEK (-15.7).
- Profit before tax amounted to -18.5 MSEK (-15.7).
- Earnings per share amounted to -2.5 SEK (-2.1).
- Cash flow amounted to 1.2 MSEK (-7.1), of which -3.5 MSEK (-6.4) from operating activities, -2.5 MSEK (-3.1) from investment activities and 7.2 MSEK (2.3) from financing activities.

EVENTS AFTER THE END OF QUARTER

- One of the top three automotive manufacturers has placed a pilot order for FlexQubes new autonomous logistic robot system, called eQart Navigator. The order value is about 1,4 MSEK and consists of two eQart Navigator units and a few motorized platforms.

Link to the report for the third quarter 2021:

<http://www.flexqube.com/secure-file.php?file=f52fa539e39e0d756a0ef049baaf93ad.pdf>

The entire quarterly report is also attached to this press release.

CEO LETTER

VERY STRONG ORDER INTAKE AND FIRST ORDER FOR EQART NAVIGATOR

Order intake for the third quarter amounted to 40 MSEK for the first time for a single quarter and it is over 24 % higher than our strongest quarter to date, which was the second quarter of this year. The trend is very positive, and we have seen a strong market in both North America and Europe, where Germany in particular contributes with larger orders. A global car manufacturer* accounts for a large part of order intake from Germany. However, we also have several other larger orders during the period from Germany in particular.

Revenue amounted to 23.5 MSEK, which is 67% better than last year's third quarter. Challenges within supply chain and cost increases on input materials have a negative impact on the gross margin, but I believe this will be of a temporary nature and will improve in the fourth quarter.

In the first nine months of the year, we've increased order intake with 77% compared to the same time last year. Which also means we have already surpassed 100 MSEK in order intake.

During the quarter, I also welcomed Heidi Bader to the role of new CFO of the group, and I look forward to working with her going forward. During the year, we have expanded our management team and the organization will continue to be strengthened in the future.

SALES & PROFIT

Once again, we have strong growth in order intake in Europe where we also saw continued order intake from a global car manufacturer* on several new types of wagons during the quarter. They have now sailed up as our largest customer accumulated for all years. In terms of total order intake, Europe accounts for almost half of order intake in the quarter and increases by almost 400% compared to the third quarter of 2020.

Given the strong order intake during the quarter and the postponement of some deliveries into the fourth quarter, our order book was at record levels above 45 MSEK at the end of the third quarter. This is our highest level ever and we are hopeful of getting the majority of this out in the fourth quarter.

Sales and profit have been affected by Covid 19 in both our own operations and at our subcontractors. We were hoping that the situation would improve during the summer to enable more deliveries in the quarter but there have continued to be very challenging lead times on materials and disruptions in supply chains. Some customers have also chosen to postpone the desired delivery date due to delays from other suppliers, which has forced us to postpone deliveries into the fourth quarter.

The challenges in the supply chain have led to both delays and increased transport costs, and we have been forced to use alternative suppliers with higher prices to improve delivery times to customers. However, I believe that the biggest challenges around this are behind us and the fourth quarter looks more positive.

Despite the worsened result, the cash flow is satisfactory. The cash available at the end of the quarter was in line with the end of the second quarter.

EBITDA amounts to -8 MSEK in the quarter, which is in line with last year's level but where the margin has been negatively impacted in the short term by the already mentioned supply chain challenges. A number of other non-recurring costs have also affected the quarter. We have made a move in the US to a new facility, which affects the result negatively. Also, a couple of low-margin deals made as entry-level deals with potentially larger customers have had a negative impact on EBITDA in the quarter as they have a large impact given the lower sales during the period.

We have continued to quote large volumes during the quarter and given that sales cycles are often 6-12 months, I am hopeful that we will be able to continue our good order intake in the coming quarters. During the quarter, we have quoted 50% more than the average over the last 12 months.

FLEXQUBE'S ROBOTIZED EQART®

We see that conversions of eQart projects are steadily increasing and we reached by far our best sales quarter for eQart with 3.3 MSEK in sales, which is 80% higher than our best quarter to date. In the future, we see that eQart sales will be the company's largest source of revenue and it is satisfying to see a strong positive trend in eQart sales.

The project with Amazon is proceeding according to plan and we are working intensively to complete the robot solutions before the end of the year. At the same time as the project is running, discussions are taking place about the next step.

The activity of our eQart team in recent months has been high and our journey towards becoming a recognized robotics company has taken several big steps forward in a short time. There is great interest in our solutions and our background where the focus has been on developing and delivering modular, flexible, robust, safe and ergonomically adapted wagons makes us extremely relevant in the industry. We feel confident in our uniqueness and are currently working on the completion of a business plan that includes the entire Bluebotics platform with self-driving robots that navigate autonomously (without colored tape or line on the floor).

During the quarter, we also received orders for our latest innovation in the eQart platform, namely what we call eQart Navigator, from a leading car manufacturer in the US. This robot solution consists of a concept we filed a patent for at the end of 2020 and solves several major challenges for robot implementation for material handling. For example, it can handle in a safe and efficient way many different sizes of wagons and materials to be moved. It is fast, small and provides a cost advantage in a system implementation compared to other robot solutions. These wagons navigate the factories freely through so-called "natural feature navigation" where we use BlueBotic's ANT® system to manage navigation. Usually, we refer to the product as an Autonomous Mobile Robot (AMR).

We also have a very active work with eQart Line (our first product in the eQart segment) where we will launch a brand-new brain in the first quarter of 2022. This means, among other things, that we can increase the speed from 0.6 m/s to 1.0 m/s and have completely different opportunities to integrate with other equipment in the factories.

DEVELOPMENT

After an intense summer with several corporate transactions between players in the industry, we have also noticed that robotics and automation in internal logistics continue to be very hot. In the past year alone, we have noted that both established players but also brand-new companies, especially potential users of robots, are looking for a position for the future. Most agree that this will be an area that will be crucial for the future of a competitive business. This applies both to industrial manufacturing companies but also, of course, to e-commerce companies. In many cases, the availability of staff is in short supply and is expected to be even more, over the next decade.

This summer's deals where Fetch Robotics (sales of approximately 85 MSEK in 2020) were acquired in July by Zebra Technologies for approximately SEK 2.7 billion and ABB's acquisition of the Spanish company ASTI are two examples of transactions in the sector recently. ABB specifically said that logistics robots are the future and that they estimate that the market will exceed SEK 120 billion in 2025. In September, Locus Robotics acquired the Boston-based company Waypoint, which operates in the AMR market. To further increase the understanding of the interest in our industry, it can be mentioned that Norway's largest IPO in over two decades was implemented, when the logistics automation company Autostore was listed in mid-October. The company has a valuation of approximately SEK 125 billion, which means a valuation of approximately 80 times turnover given that their sales amounted to approximately SEK 1.6 billion in 2020. Autostore has an efficient solution for handling products sized 60x40 cm in highly automatized inventory systems. Simplified, we can say that FlexQube instead focuses on developing efficient automation solutions for products that exceed this size. Today, the size 60x40 cm makes up about 70-80% of the logistics flows, but within a few years the sizes that exceed 60 x 40 cm are expected to increase significantly and we feel that we are well positioned to provide solutions for this. Our work with Amazon is a clear proof of this.

The complexity is increasing for both factories and warehouses. We usually say that a factory is becoming more and more as a warehouse, when the number of articles increases at the same pace as the different variants of what is produced increases. In addition, a warehouse is becoming more and more like a factory. When you order from an e-commerce, you often order several different goods, for example, it can be food online, but it can also be toys and clothes. These goods have different characteristics that allow them to be handled differently in a warehouse. However, before they are sent out to you as a customer, the goods must be consolidated. This process places more advanced demands on logistics in a warehouse. While efficient transport solutions are needed, the requirements for ergonomics and adaptation of the wagons used are also increasing. This is where FlexQube comes in, our unique offering to create customized wagon solutions, mechanical as robotized, becomes very attractive for both factories and distribution centers as complexity increases and changes happen faster and faster.

The rapid transformation of the automotive industry with electrification means that the field opens up for new companies, not least in the bus and truck market. We are well positioned and have delivered solutions to several new companies, primarily in the US. 2021 has nevertheless been a very challenging year for the automotive sector (which over time accounted for almost 60% of our sales), partly due to the semiconductor shortage but also because the sector is in a very big transition. My assessment is that we

will see major investments in the sector in the coming years with model programs, new factories and upgrading internal logistics systems. All this will be a very great opportunity for us.

Our strategy going forward is to increase our sales through our distributors in a way that will grow with direct sales on our key customers globally. Through our mechanical building block concept and eQart platform, we have a product portfolio that is scalable and more complete than before. I am convinced that both eQart Line, with its user-friendly and fast installation process, as well as our self-driving AMR products, where we can offer a completely unique product with eQart Navigator, will both contribute to continued strong growth going forward.

We are in an extremely exciting phase for all our product categories and geographies. It doesn't come without challenges, of course, but we will do what we can to take advantage of our position as well as the demand that exists in the markets. The needs for our solutions will continue to increase and it is important that we become even more scalable in our business arrangement with, for example, distributors. Every day we take a step closer to our vision that every factory and warehouse in the world will move materials with the help of FlexQube.

Anders Fogelberg

CEO FlexQube AB (publ)

About FlexQube

FlexQube is a technology company headquartered in Gothenburg, Sweden with subsidiaries in USA, Mexico, Germany and England. FlexQube offers solutions for cart-based material handling using a patented modular concept. FlexQube develops and designs customized solutions for both robotic and mechanical cart logistics. Through the own developed and unique automation concept FlexQube can offer robust and self-driving robotic carts. FlexQube has more than 800 customers in more than 30 countries with primary markets being North America and Europe.

FlexQube's customers can be found within the manufacturing industry, distribution- and warehousing. Some examples of major customers are Volvo Cars, Siemens, Autoliv, Scania, Oda and Mann+Hummel.

For more information, contact:

CEO, Anders Fogelberg

anders.fogelberg@flexqube.com

+46 702 86 06 74

CFO, Heidi Bader

heidi.bader@flexqube.com

+46 708 24 71 46

The share (FLEXQ) is traded on Nasdaq First North. FNCA Sweden AB, telephone +46 8-528 00 399, is the Company's Certified Adviser. Read more at www.flexqube.com

This information is insider information that FlexQube AB (publ) is obliged to disclose in accordance with EU Market Abuse Regulation. The information was provided by the above contact persons for publication on October 26, 2021, at 08:00 CET.

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