JANUARY 1 – MARCH 31

Interim Report

Q1 2019

FLEXQUBE®

INTRODUCTION

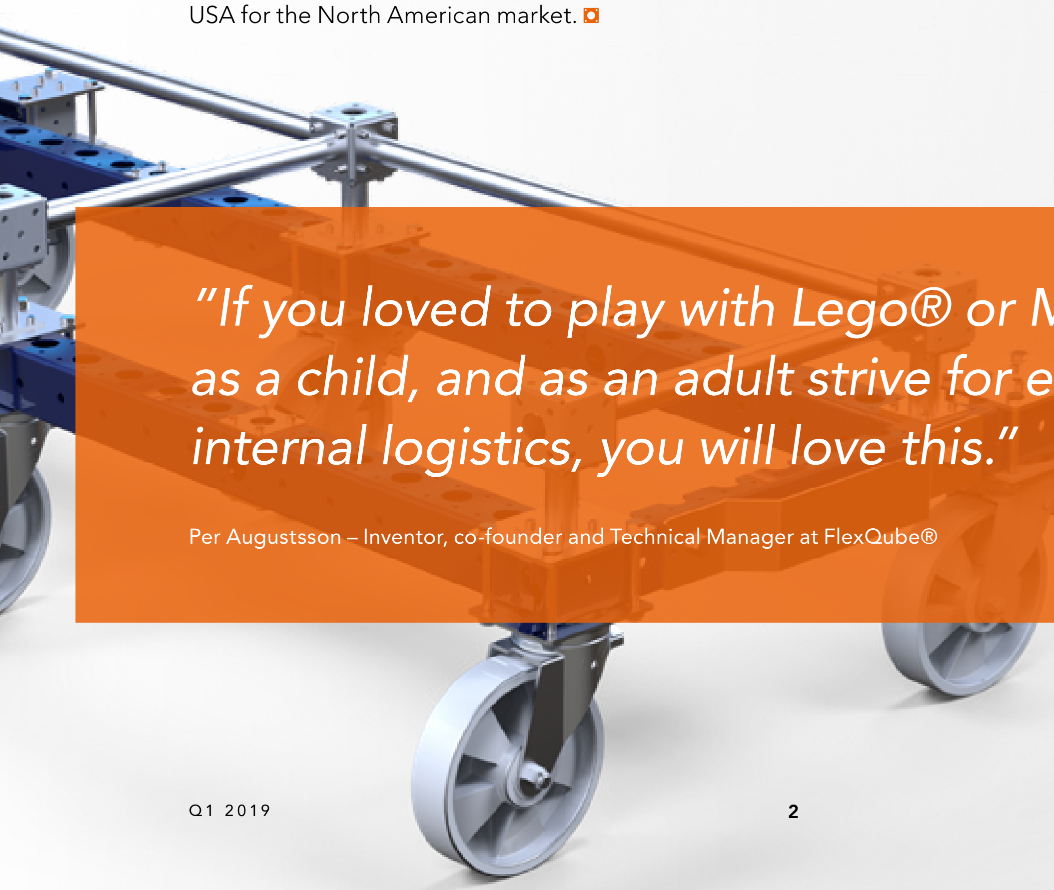
This is FlexQube

FlexQube is a global provider of flexible and robust industrial carts for material handling. The Group was founded in 2010, and in a short period of time it has secured a large number of prominent companies as customers.

STANDARDIZED interfaces and modular building blocks allow for a unique, efficient and scalable design process where customers have access to customized cart solutions.

Material presentation and transport, with help from configurable carts, streamline material flows, reduce accidents with forklifts, improve ergonomics and the work environment and increase flexibility.

Currently, FlexQube's sales organization focuses on Europe and North America with manufacturing in Sweden for the European market and in Georgia, USA for the North American market.



"If you loved to play with Lego® or Meccano® as a child, and as an adult strive for effective internal logistics, you will love this."

Per Augustsson – Inventor, co-founder and Technical Manager at FlexQube®

2010
FlexQube is started by Anders, Christian and Per in December 2010

2011
The patent is granted

2012
Sales launch

2013
FlexQube Inc. is launched

2014
"Made in USA"

2015/16
Ranked number one on "33-listan" (the top 33 most innovative companies in Sweden) two years in a row and new logotype

2017
Sales to 22 countries and listing on the Nasdaq First North

2018
Sales to a total of 25 countries and growth of around 140%. FlexQube GmbH is launched and carries out targeted new share issue of 62.7 MSEK.

2019
Expansion to the UK, cooperation with LR Intralogistik GmbH and launch of the eQart®

2020
#1 Global supplier of material handling carts

Q1 2019

Interim Report

ProMat in Chicago, USA

January 1 - March 31, 2019

- Order intake increased by 20 percent to 16.8 MSEK (14.0). Adjusted for the impact of exchange rates between comparative periods, order intake has increased by 7 percent.
- Net sales were down 21 percent to 13.0 MSEK (16.4). Adjusted for the impact of exchange rates between comparative periods, net sales were down 28 percent.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to -4.3 MSEK (-1.4) and earnings before interest and tax (EBIT) amounted to -4.5 MSEK (-1.6).
- Profit/loss before tax amounted to -4.6 MSEK (-1.6).
- Cash flow amounted to -9.9 MSEK (-13.8), of which -7.3 MSEK (-13.1) came from operating activities, -2.5 MSEK (-0.4) from investment activities and -0.2 MSEK (-0.2) from financing activities.
- Cash and cash equivalents amounted to 50.2 MSEK (20.3) at the end of the period.
- The company set a new record in the number of RFQs ("Request for Quote" - signifying project inflow from customers) over a three month period. The company received around 30 percent more requests than the previous record in Q4 2018.
- In February, the company presented the eQart® for the first time at the material handling trade show, LogiMAT, in Stuttgart, Germany. The company also took part in Expo Manufactura in Mexico at the beginning of February.
- The company decided to set up a company in England. In conjunction with this, Tim Massey was recruited from Trilogiq's UK operations, where he had been sales manager for around seven years.
- The company signed a sales and distribution deal with LR Intralogistik GmbH (part of Kion Group AG), which gives the company exclusive rights to sell Liftrunner frames on the North American market.
- Christian Thiel, the company's CFO and one of the founders, has decided to leave his operative role as CFO in order to focus instead on the long-term and strategic issues facing the Group. The recruitment process started in March 2019, and Christian will remain in his role as CFO until a new CFO has been appointed.
- The company was given a grant of approx. 1.1 MSEK from Vinnova to support the development of a virtual tow hitch for logistics carts.
- The sales organization has been strengthened in Germany (starting in July) and in England (starting in April) and within the supply chain in the USA (starting in April).

↑ 20%

Increased order intake

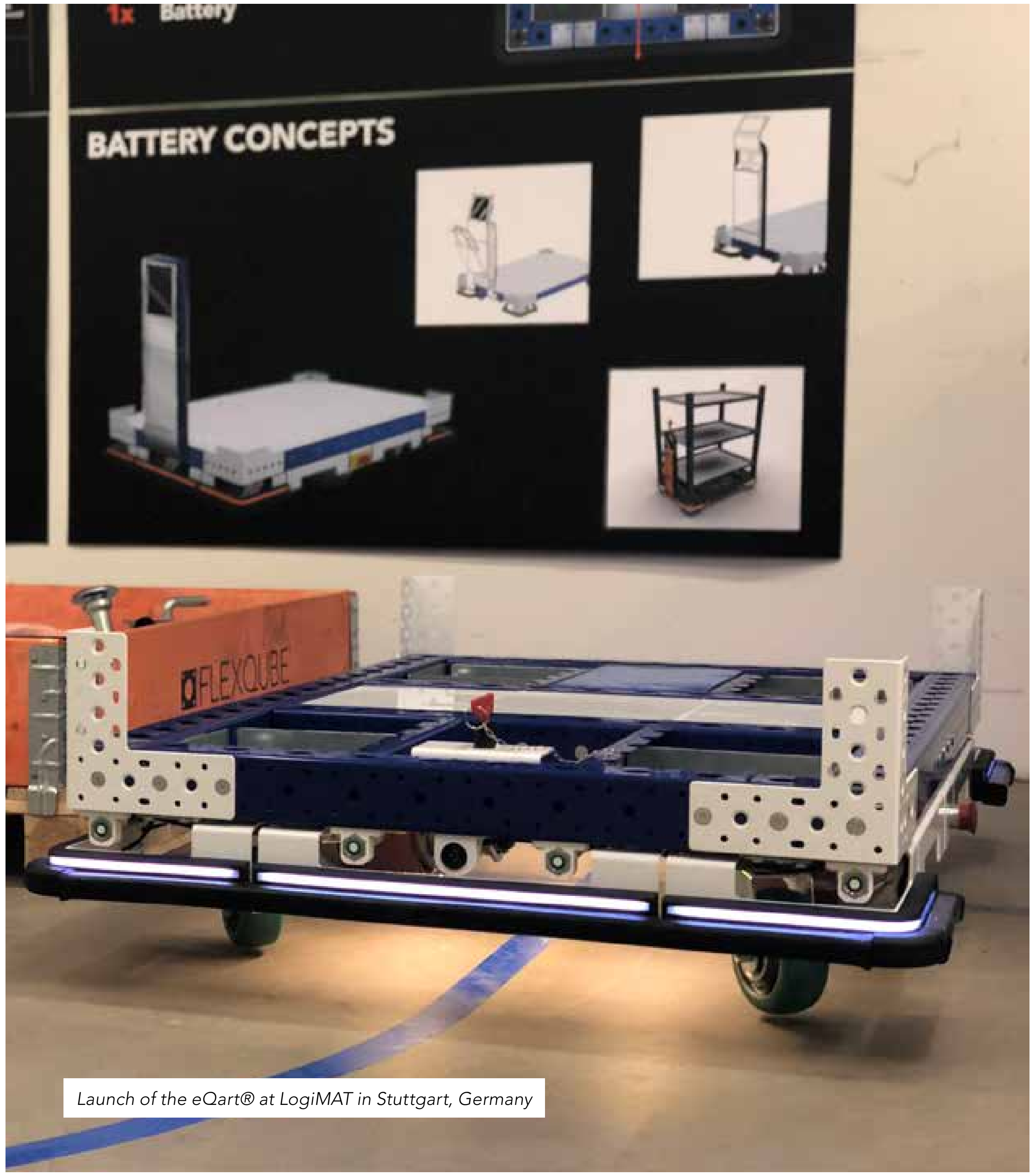
↑ 30%

Increase in project inflows from Q4 2018

Anders Fogelberg, CEO, Per Augustsson, CTO and Cinthia Gutiérrez, Quality Manager, from ProMat in Chicago, USA

Events following the end of the quarter

- FlexQube attended ProMat in Chicago at the beginning of April. This is the company's biggest trade show and venture. Four different the eQart® were shown and there was unprecedented interest both in the eQart® and in the existing product portfolio.
- The sales organization has been strengthened in Mexico and product development in Sweden.



Launch of the eQart® at LogiMAT in Stuttgart, Germany

> *"There are positive trends in all the markets we operate in, but the USA is still where trends are strongest."*

CEO LETTER

Positive trends in all markets

Although net sales were down compared with Q1 2018, which I indicated would be the case in the last interim report, trends have been extremely positive in all our markets. As 2018 was more reliant on individual large orders we broadened our customer base considerably in Q1 2019 and fulfilled more orders which were up 20%.

WE HAVE HIGH AMBITIONS for this year and next and these are incorporated in our long-term plan, which may mean certain shortcomings in the short-term. Inquiries increased significantly during the quarter and will ensure a number of major projects (over 0.5 MSEK) and the overall scope of the product portfolio as we move into Q2. We can see that this signals positive future development even though it is difficult to estimate when projects will be finished. Our expanded sales organization is starting to become properly established and in accordance with the expectation of 6-18 months start-up time for new distributors, and we are now seeing that they have large individual qualitative project portfolios.

The year started on a cautious note for several of our customers in the automobile industry. A large number of projects have been delayed or canceled completely. The underlying uncertainties in the automobile industry regarding customs duties, electric cars, production volume and new consumer behavior are most likely some of the causes. Since we were involved in these projects, this has adversely affected both sales and orders in Q1. On a more positive note, however, we have continued to grow in other segments and also among other customers in the automotive industry, which makes the breadth of our customer portfolio, both in terms of customers and industries, the best we have ever had. Growth in orders and primarily project growth (prior to orders later in the year) has been particularly strong during the quarter in the aerospace industry as well as in e-commerce, storage and distribution.

Market and sales

There are positive trends in all the markets we operate in, but the USA is still where trends are strongest. This is because we have worked hard in these markets for many years and this together with increased mobility in the US labor market means that our customers take the FlexQube concept with them to their new employer when they change job. The ripple effect simply spreads more quickly.

Another positive event during the quarter was our signing of a deal with LR Intralogistik GmbH giving us exclusive rights to sell their Liftrunner frames in the USA, Mexico and Canada. Liftrunner products will give us the opportunity to win orders from our biggest US competitor, J-tec Industries, in cases where customers require "mother-daughter" solutions. We sell carts from the FlexQube concept for Liftrunner frames.

The whole of the first half of the year will be characterized by intense efforts on the trade show front, with two shows in Mexico, one in Germany and the biggest one of all, ProMAT in the USA. We will continue to invest in attending several trade shows throughout the second half of the year as well. These will include trade shows in Birmingham (England) and Stuttgart (Germany) and also a trade show in the USA. Plans are often made to attend trade shows 12-18 months in advance so that we can get good stands.

Organization

We strengthened our organization by adding additional resources in the supply chain and in sales during the quarter and at the start of April. We invested particularly in Mexico where we continue to see huge opportunities for our now four employees there to exploit. In addition to this, we have established a company in England where we will have both a sales company and a local sales presence. Achieving growth in new markets often takes longer than planned, but the results of our establishment in Germany have been extremely encouraging even though it has only been in the last few months that customer activity has started to gain real momentum. A sales resource for FlexQube will also be launched in Germany in July.

Development

We also made important progress with the development of our autonomous solution, the eQart®, during the quarter. It has now obtained a registered trademark. Our customers have shown a keen interest in our concept and after showcasing the prototype versions at LogiMAT in Germany in February and at ProMAT in Chicago, USA, at the beginning of April, we are excited about launching sales of the product line during the second half of the year. A large number of global companies have already expressed an interest in placing orders. We have also strengthened the product development organization and will continue with this during the next quarter. Developments in automation solutions for intralogistics are explosive in nature and we have good opportunities to combine our flexible concept and know-how in cart design with this new technical development. Another positive event in Q1 was our securing of approx. 1.1 MSEK in funding from Vinnova for the development of the eQart®.

I appreciate the huge commitment from all employees as we build the company. This also makes us attract motivated and first-class employees for new positions. The challenge in a small organization is to find a balance between managing the introduction of new employees whilst delivering short-term growth at the same time. Our ultimate focus is on long-term shareholder value!

Anders Fogelberg
CEO of FlexQube AB (publ)

"The whole of the first half of the year will be characterized by intense efforts on the trade show front, with two shows in Mexico, one in Germany and the biggest one of all, ProMAT in the USA."

Anders Fogelberg, CEO

JANUARY 1 - MARCH 31, 2019

Development during Q1

Numerical data in brackets in this interim report refers to comparisons with the interim period January to March 2018 or the balance sheet date March 31, 2018. FlexQube's accounting currency is the Swedish krona (SEK). When converting the income statement of foreign subsidiaries, the Group applied the average exchange rate for the interim period 2019 or the corresponding average exchange rate for the comparative period in 2018.

Order intake, revenue and result

The Group's order intake during the current quarter amounted to 16.8 MSEK (14.0), an increase of 20 percent compared with the same quarter in the previous year. The Group is still young and consequently there may be strong fluctuations between the quarters. The Group considers accumulated order intake over several periods as more significant than individual quarters.

Net sales for the quarter amounted to 13.0 MSEK (16.4), a decrease of 21 percent compared with the previous year. Total revenue was down 17 percent and amounted to 13.8 MSEK (16.5) at the end of the period. The decrease in net sales is due primarily to a lower order intake in Q4 2018. The increase in other income is due to a positive net exchange rate and to capitalized work for own account relating to the development program that will complement FlexQube's mechanical building blocks with mechatronic building components ("FlexQube 4.0"). Capitalization during the period consists of accumulated accrued personnel costs for the development process. Total operating income excluding capitalized work items amounted to 13.3 MSEK (16.5).

The cost of commodities, which includes commodity purchases and related expenses, such as freight and packaging, amounted to 7.1 MSEK (10.1) and represents a decrease in relation to sales during the period compared with the same quarter in the previous year, which is in line with budgeted cost developments.

Other external expenses amounted to 7.5 MSEK (4.8). The increase in these costs has gone according to planned expansion and mainly relates to:

- more sales and marketing activities including trade shows and conferences during the current interim period in Germany, Mexico and the USA.
- production of new printed profile and marketing materials, both for operating activities and for this year's trade shows, with the focus on "FlexQube 4.0".
- increased costs of maintenance and development of the company's website,
- increased sales trips within North America,
- increased expenses for Group staff in the form of a new board member who joined halfway through Q2 2018,
- increased administrative costs for premises, back office, as well as the purchase of new accounts and licenses for administrative IT tools due to increased staff,
- increased costs for the design department due to higher project volume,
- increased external freight costs, especially in relation to the shipping of Liftrunner products from Germany to customers in North America, and
- operating costs for the German subsidiary, FlexQube GmbH.

Personnel costs amounted to 3.5 MSEK (2.9) and have therefore increased in relation to sales compared with the previous year. The increase between the periods relates to the planned expansion, which includes:

- increased personnel in North America and Europe as well as related recruitment costs and HR management.

Other operating expenses amounted to 0.0 MSEK (0.1). Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to -4.3 MSEK (-1.4) and earnings before interest and tax (EBIT) amounted to -4.5 MSEK (-1.6). Profit/loss before tax amounted to -4.6 MSEK (-1.6) and profit/loss after tax amounted to -4.6 MSEK (-1.6). Deferred tax assets from loss carry-backs have not been taken into account.

Cash flow

Cash flow for the period amounted to -9.9 MSEK (-13.8), of which:

- Cash flow from operating activities amounted to -7.3 MSEK (-13.1), and was driven by the change in inventories, operating receivables and operating liabilities, combined with a decrease in earnings compared with the previous year. Changes in operating receivables are due to customer payments reaching the company's account before the end of the period and a fall in sales in the current quarter. Changes in operating liabilities are due mainly to increased interim liabilities, in spite of a reduction in accounts payable between the comparative periods. Changes in inventories are based on increased stock levels resulting from the company's increased order intake.
- Cash flow from investment activities amounted to -2.5 MSEK (-0.4), of which the majority of the change between the comparative periods concerns investments in intangible fixed assets linked to the development program that will complement FlexQube's mechanical building blocks with mechatronic building components ("FlexQube 4.0"). Lower value investments have also been made in intangible assets such as patents, trademarks and IT and software solutions for customers. It should be pointed out that the item relating to the "FlexQube 4.0" development program was reclassified during the last quarter of 2018 as an intangible fixed asset; previously it was charged in part to tangible fixed assets. This reclassification does not affect cash flow from investment activities for the current interim period. Investments in tangible fixed assets relate mainly to office equipment and machines for warehouse management. The item relating to the acquisition of tangible fixed assets for the comparative period January to March 2018 has been adjusted for financial leasing which was previously included in the aforementioned amount.
- Cash flow from financing activities amounted to -0.2 MSEK (-0.2). Cash flow in the period and comparative periods was attributable to the amortization of external loans and financial leasing liabilities. Noteworthy in the period is a delayed issue cost relating to the new issue in December 2018. No new loans were taken on during the current quarter.

Depreciation, write-downs and investments

Depreciation for the period amounted to 0.2 MSEK (0.2).

Investments during the period consisted mainly of intangible fixed assets considered as expenses relating to the development program that will complement FlexQube's mechanical building blocks ("FlexQube 4.0"), development work relating to IT and software solutions for customers, and patents and trademarks. These amounted to 2.4 MSEK (0.1). Investments also included tangible fixed assets in the form of office equipment and machines for warehouse management which amounted to 0.1 MSEK (0.3). The item relating to the acquisition of tangible fixed assets for the comparative period January to March 2018 has been adjusted for financial leasing which was previously included in the aforementioned amount.

There have been no write-downs during the current quarter.

BALANCE SHEET

Financial position

The Group's balance sheet as of March 31, 2019 with comparison period March 31, 2018.

THE COMPANY'S TOTAL assets as of March 31, 2019 amounted to 99.4 MSEK (54.5), of which: Intangible fixed assets amounted to 8.3 MSEK (2.0). This item consists mainly of expenses linked to development costs for the development program that will complement FlexQube's mechanical building blocks with mechatronic building components ("FlexQube 4.0"). Other items which are included in intangible fixed assets are expenses for development work on IT and software solutions for customers and patents and trademarks.

Tangible fixed assets amounted to 1.9 MSEK (1.7) at the end of the period and consisted of office equipment and office inventory as well as fixed assets such as company cars, which were included in the Group's balance sheet as a result of financial leasing, and a directly owned car in FlexQube GmbH. One lease car was redeemed to the leasing company during the current quarter. It should also be pointed out that the item relating to the "FlexQube 4.0" development program was reclassified during the last quarter of 2018 as an intangible fixed asset; previously it was charged in part to tangible fixed assets. This reclassification does not affect the balance sheet total for the current interim period.

Financial capital assets in the form of leasehold positions amounted to 0.2 MSEK (0.2) at the end of the period.

Current assets amounted to 88.9 MSEK (50.5) as of the balance sheet date, of which inventories amounted to 22.3 MSEK (10.5), accounts receivable including earned but uninvoiced income amounted to 12.4 MSEK (14.4) and cash and cash equivalents amounted to 50.2 MSEK (20.3). The increase in inventories is attributable to planned stock building, while the reduction in accounts receivable is due to the inflow of customer payments as well as to a reduced order intake in Q4 2018. The increase in cash and cash equivalents is due to the new share issue in December 2018.

Other short-term receivables, tax receivables and prepaid expenses and accrued income amounted to 4.0 MSEK (5.4), where the difference between the periods is attributable to prepaid accounts payable and receivables relating to value added tax.

At the end of the period, equity amounted to 83.1 MSEK (34.4). The change in equity is due primarily to the new share issue in December 2018. Long-term liabilities amounted to 0.6 MSEK (2.7), this change was due to the amortization of long-term loans in Q4 2018, and the amortization of financial leasing liabilities in connection with the final redemption of one of the company's lease vehicles during the current period. It should be added that the long-term liabilities item only consists of financial leasing as at the balance sheet date for the period.

Short-term liabilities amounted to 15.7 MSEK (17.4), consisting mainly of accounts payables combined with accrued costs and deferred expenses, which relate to the company's stock building following the gradual increase in order intake.

Design meeting at FlexQube's headquarters.

Customer base and order intake

FlexQube's customers are found in different industry segments and regions. As of March 31, 2019, FlexQube has a customer base of approximately 435 customers in 25 different countries. The majority of these 435 customers are the result of the work we have done over the past two to three years, and the Group expects all customer accounts to develop even more positively over the next few years.

Below are the segments in which FlexQube operates:

Manufacture of commercial vehicles such as trucks, buses and trains

Manufacture of cars

Subcontractors to the automobile industry

Manufacturing of construction and industrial machinery

Manufacture of wind turbines and other energy related products

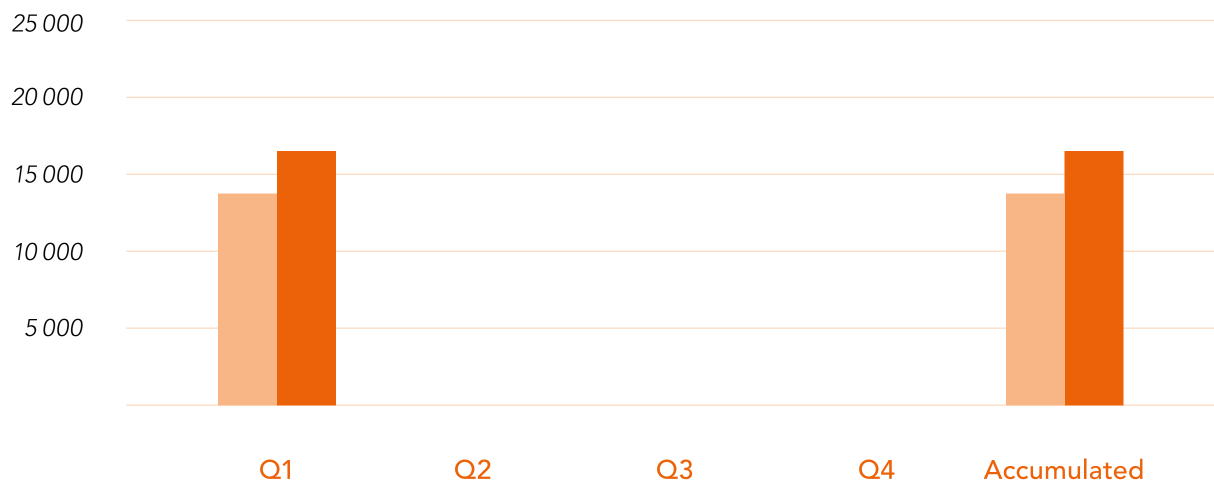
Manufacture of defense equipment

Manufacture of appliances and electronics

Storage and distribution of goods

Manufacture of medical equipment

Order intake (kSEK) 2018 2019



ORDER INTAKE INCREASED BY 20 percent during the first quarter compared with the same period in 2018 and amounted to approximately 16.8 MSEK (14.0). The new sales organization is starting to become properly established and the effects are becoming increasingly clear. The distributors have larger and more qualitative individual project portfolios than previously and overall the company has never had such an interesting pipeline as it has now.

Order intake is one of FlexQube's most important metrics and something that will be communicated to the market insofar as the Group considers a single order to be of sufficient importance for communication.

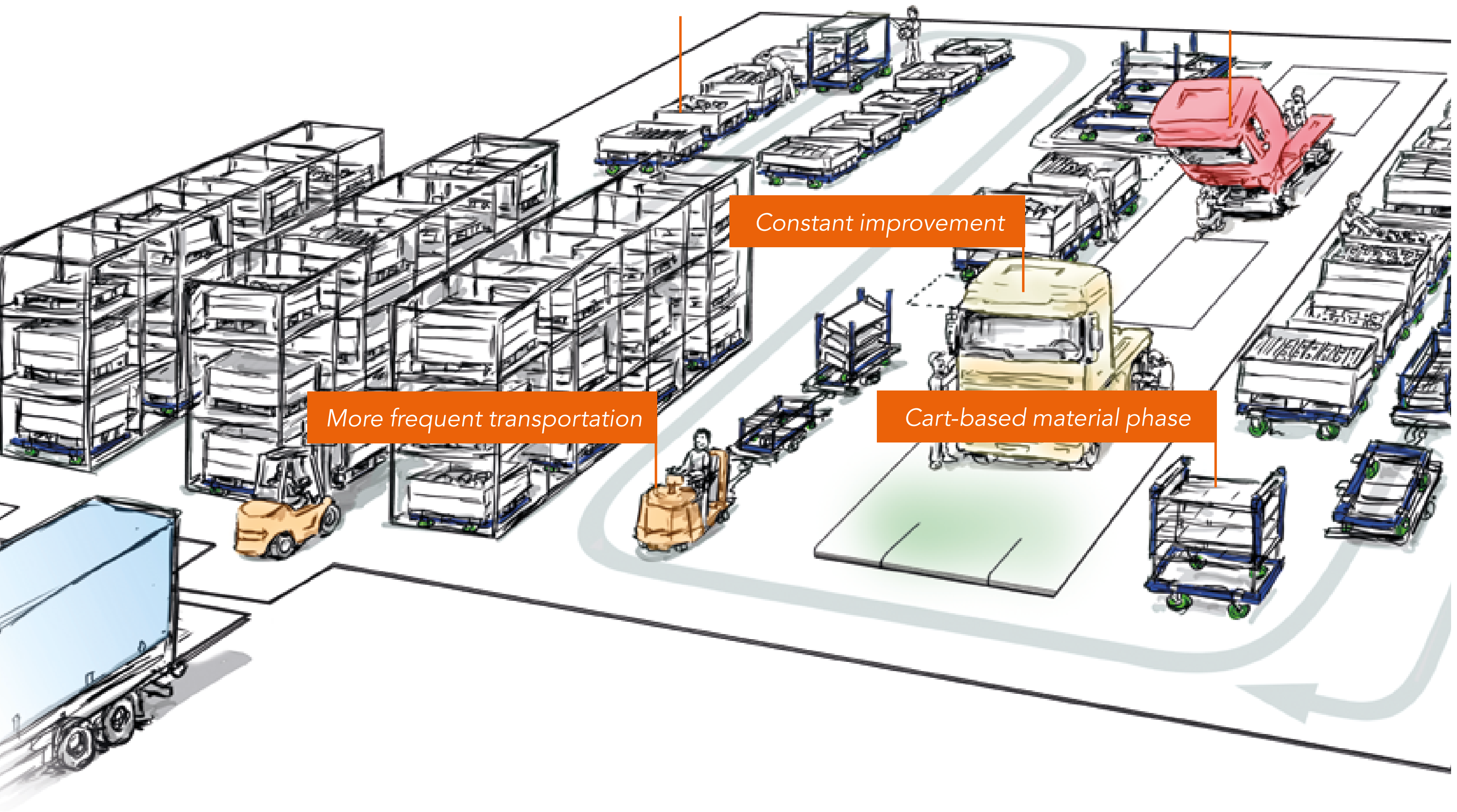
Even though there is an existing customer base with very prominent customers and great potential, FlexQube is still young, and high-volume ongoing sales are not self-evident, although they continue to grow day by day. FlexQube offers a concept where the benefits are greatest for the customer if implemented broadly, but implementation is to a certain extent governed by the projects that are carried out. Historically, FlexQube has not seen a customer stop buying products, but rather that their need consistently increases over time. At the same time, this need is governed by the other customer projects that are in progress, which may vary from year to year.

↑ 20%

Increased order intake

↑ 45

Number of new customers in Q1 2019



Market and trends

FlexQube is a global provider of modular and robust industrial carts for material handling. The Group was founded in 2010 and ever since then has had the ambition to create a brand new market. Today, the Group has a sales organization that focuses on Europe and North America. Manufacturing takes place in Sweden for the European market and outside Atlanta in the US for the North American and Mexican markets.

The industries and segments that FlexQube operates within are undergoing major challenges in the field of material handling, where today's consumers expect more and more products and variants to choose from. The paradigm shift, called "mass customization", began in the late 1980s and has since developed into a situation where the number of products and variants offered has increased significantly. The mass customization phenomenon drives a huge need for the products offered by FlexQube, such as the need to switch from truck-based material handling to cart-based material handling, as demands for safe and frequent transport increase. In addition to this paradigm shift, global uncertainty, rapid changes in volume and mix, as well as rapid technology development, add greater demands on flexibility and the ability to re-configure the carts.

FlexQube's goal is to help its customers improve their internal logistics and achieve this by creating unique material handling carts with modular building blocks, an innovative design process, and a high level of internal logistics skills.

Risks and uncertainties

FlexQube is an internationally active company that is exposed to a number of market and financial risks. The company monitors identified risks continuously and takes measures to reduce the risks and their effects if necessary. Examples of financial risks are market, liquidity and credit risks. Market risks consist mainly of currency risk. The Board of Directors of FlexQube is ultimately responsible for managing and monitoring the Group's financial risks. Currency and liquidity risks represent the most significant financial risks, while interest, financing and credit risks can be assigned lower risk.

Currency risk is derived from the fact that some of the Group's revenue is in EUR for the European entity, while operating expenses are mainly in SEK.

The US unit has local manufacturing and a supply chain in the USA; only limited purchases are made in currencies other than USD. Consequently, the US unit experiences limited currency risk, excluding any internal Group transactions.

The liquidity risk is primarily due to the fact that the Group's major customers require long payment periods and that the Group is in an expansion phase. The Group is actively working to reduce these risks, where existing global financing agreements ensure a satisfactory cash flow. Liquidity risk is managed on an ongoing basis in cooperation with the Group's lenders and other financial partners.

Currency

FlexQube's largest markets are Europe and North America. Given that the Group's reporting currency is SEK, the Group's earnings are affected by currency translation effects on receivables and/or liabilities in USD and EUR.

Personnel

The number of employees at FlexQube reflects the scalable business model that the Group actively works with, in part to exploit economies of scale in the longer term, but also because of somewhat limited costs in the short term.
The number of employees as of March 31, 2019 was 21 (14), of whom 4 were women (2). The average number of employees during the interim period January to March 2019 was 21 (12), of whom 4 were women (2).

↑ 86%

Development of the share price since listing in December 2017

Although the number of employees in the company is relatively low, the company still has a wide range of expertise in relevant areas, stemming from the background, education and experience of its employees. In addition, if necessary, the company will hire staff to gain the necessary skills and to a large extent cooperate with the company's subcontractors. It should therefore be pointed out that within the company's organizational structure, the company has over 30-40 employees based with suppliers and external consultants.

FlexQube shares

FlexQube's share capital amounted to 0.7 MSEK on March 31, 2019. The number of shares amounted to 7,433,333 with equal rights, corresponding to a quota value of 0.1 SEK.

The company's stock has been listed on Nasdaq Stockholm First North under the FLEXQ symbol since December 14, 2017. FlexQube had sales of 146,922 shares during the period between January 1 and March 31, 2019. This resulted in an average turnover of approximately 2,370 shares per trading day worth 138,458 SEK. The average price of the share during the period was approximately 56.9 SEK.

The last closing price at the end of the period was 55.8 SEK, indicating an increase of 86 percent from the subscription price associated with its listing on 14 December 2017 or an increase of 3.3 percent on the closing price on 31 December 2018.

Accounting principles

The current interim report is prepared according to ÅRL and the Swedish Accounting Board's BFNAR 2012: 1 Annual Report and Consolidated Financial Statements (K3). The accounting principles have not changed from the previous year.

Below are the most important accounting principles described.

Consolidated financial statements

Companies in which FlexQube holds the majority of votes at the Annual General Meeting are classified as subsidiaries and included in the consolidated financial statements. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date on which the controlling influence ceases.

The consolidated financial statements have been prepared in accordance with the purchase accounting method. The acquisition date is the date on which the controlling influence is obtained. Identifiable assets and liabilities are initially valued at fair value on the acquisition date. Goodwill/negative goodwill is the difference between the acquired identifiable net assets at the acquisition date and the acquisition value including the value of the minority interest, and it is initially valued at the acquisition value. The Group has never reported any goodwill.

Disputes between Group companies are eliminated in their entirety

Subsidiaries in other countries prepare their annual reports in foreign currency. Upon consolidation, the items in these subsidiaries' balance sheets and income statements are translated at the exchange rate on the balance sheet date or the spot rate on the day each transaction took place. The exchange rate differences arising from the translation of the balance sheet for foreign subsidiaries are reported as accumulated exchange rate differences under consolidated equity.

Foreign currency

Monetary assets and liabilities denominated in foreign currency are measured at the spot rate on the balance sheet date. Transactions in foreign currency are translated in accordance with the spot rate on the date of the transaction.

Revenue

Sales of goods are recognized when significant risks and benefits are transferred from distributors to buyers in accordance with the terms of sale. Sales are recognized less VAT and discounts. Sales of services are reported when the service in question has been carried out under the agreed terms.

Leases

Leases that essentially transfer the economic risks and benefits of owning an asset from the lessor to the lessee are classified in the consolidated financial statements as finance leases. Financial leases imply that rights and obligations are recognized in the balance sheet as assets and liabilities, respectively. Assets and liabilities are initially measured at the lower of the asset's fair value and the present value of the minimum lease payments. Expenses directly attributable to the lease are added to the value of the asset. Leasing fees are allocated on interest and amortization according to the effective interest rate method. Variable fees are recognized as an expense in the period they arise. Leased assets are depreciated on a straight-line basis over their estimated useful life.

Leases where the economic benefits and risks that are attributable to the leasehold item remain in essence with the lessor are classified as operating leases. Payments, including a first increased rent, under these agreements are recognized on a straight-line basis over the term of the lease.

Employee benefits (short-term benefits)

Short-term benefits in the Group consist of salary, social security contributions, paid vacation, paid sick leave, health care and bonuses. Short-term benefits are reported as an expense and a liability when there is a legal or informal obligation to pay compensation.

Compensation after termination of employment

The Group only has defined contribution plans.

In defined contribution plans, the company pays fixed fees to another company and has no legal or informal obligation to pay anything further even if the other company cannot fulfill its commitment. The Group's profit/loss is charged for expenses as employees' pensionable services are performed.

Income tax

Current taxes are measured based on the tax rates and tax rules applicable on the balance sheet date. Deferred taxes are measured based on the tax rates and tax rules determined prior to the balance sheet date.

Intangible fixed assets

Intangible fixed assets are recognized at cost less accumulated amortization and impairment losses. The capitalization model for internally generated intangible fixed assets is applied in the consolidated financial statements, which means that;

Development expenditure directly attributable to the development and testing of identifiable, unique software products controlled by the Group are reported as intangible fixed assets when the following criteria are met:

- it is technically possible to complete the software so that it may be used;
- the company's intention is to complete the software and to use or sell it;
- there are conditions for using or selling the software;
- it can be shown how the software generates likely future financial benefits;
- adequate technical, financial and other resources for completing the development and for using or selling the software are available, and
- the expenses attributable to the software during its development can be calculated in a reliable manner.

Directly attributable expenses capitalized as part of a development program include expenses for employees and a reasonable proportion of indirect costs. Capitalized development expenditure is reported as intangible assets and amortized from the time when the asset is ready to be used. Amortization is carried out on a straight-line basis over the estimated useful life. The amortization period for internally generated intangible fixed assets is between five and ten years.

Tangible fixed assets

Tangible fixed assets are reported at cost less depreciation. Cost includes expenses directly attributable to the acquisition of the asset. Expenses for ongoing repairs and maintenance are reported as expenses. Capital gains and losses on the disposal of capital assets are reported as Other operating income and Other operating expenses respectively.

The following depreciation periods are applied:
Inventories, 3 to 5 years.
Cars, 3 to 6 years.

Financial instruments

Financial instruments are reported in accordance with the rules in Chapter 11 of K3, which means that valuation is based on cost. Financial instruments recognized in the balance sheet include accounts receivable and other receivables, accounts payable and loan liabilities. The instruments are recognized in the balance sheet when FlexQube becomes party to the instrument's contractual terms. Financial assets are derecognized from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred virtually all risks and benefits associated with ownership. Financial liabilities are derecognized from the balance sheet when the obligations have been canceled or otherwise terminated.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method (FIFO).

Cash flow statement

The cash flow statement has been prepared using the indirect method. The reported cash flow only includes transactions that have resulted in incoming or outgoing payments. The company classifies current accounts as cash and cash equivalents.

About the parent company

FlexQube AB (publ) in Gothenburg, CIN 556905-3944, is the Group's parent company. In connection with the company's public offering, the parent company has established a management function for the Group within the framework of corporate management and governance. All other business-related transactions that do not concern Group management, with external and/or internal Group parties, are carried out primarily by the subsidiaries.

Numerical data in brackets in this interim report refers to comparisons with the interim period January to March 2018 or the balance sheet date March 31, 2018. The parent company's accounting currency is the Swedish krona (SEK).

Parent company development during Q1

January 1 - March 31, 2019

The parent company's net sales amounted to 0.2 MSEK (0.2) in the current quarter and are attributable to Group management fees which are charged to subsidiaries. Other operating income relates to foreign exchange gains on loans to subsidiaries in a foreign currency which amounted to 0.7 MSEK (0.0), where the difference between comparative periods is based on the increase in loans granted to subsidiaries.

Other external costs which amounted to 0.3 MSEK (0.3) are attributable mainly to board administration and Group management. Financial items in the current quarter relate to accrued interest income from loans granted to subsidiaries of 0.4 MSEK (0.1), interest expenses and bank charges. The changes in this item are also due to loans granted to subsidiaries.

Earnings before interest and taxes (EBIT) amounted to 0.5 MSEK (-0.2). Profit/loss before tax amounted to 0.9 MSEK (-0.1) and profit/loss after tax amounted to 0.9 million MSEK (-0.1).

99.8

Parent company's assets in MSEK

98.5

Parent company's equity in MSEK

Parent company's financial position

The parent company's total assets amounted to 99.8 MSEK (40.8) as at March 31, 2019.

Fixed assets amounted to 78.5 MSEK (27.9) and consisted mainly of shares in subsidiaries and loans to subsidiaries. The difference between comparison periods is attributable to increased capital contributions in subsidiaries in the form of shareholder contributions and loans granted. Current assets amounted to 21.3 MSEK (13.0) and consisted mainly of cash and cash equivalents. The parent company had equity of 98.5 MSEK (40.2). Changes in equity and cash and cash equivalents compared with March 31, 2018 are due to the new share issue in December 2018. Short-term liabilities amounted to 1.4 MSEK (0.6), consisting mainly of accrued costs, such as accrued interest income on Group loans and Board fees.

Parent company's accounting principles

The same accounting and valuation principles apply to the parent company as to the Group, except in the cases listed below:

Shares and participations in subsidiaries
Shares and participations in subsidiaries are reported at cost less any impairment losses. Cost includes the purchase price paid for the shares as well as acquisition costs. Any capital contributions and Group contributions are added to the acquisition value when they are submitted. Dividends from subsidiaries are reported as income.

Group contributions
Group contributions from the parent company to subsidiaries and Group contributions received by the parent company from subsidiaries are reported as appropriations.

Equity
Equity is divided into restricted and unrestricted equity in accordance with the Annual Accounts Act.

Launch of the eQart® at LogiMAT in Stuttgart, Germany

Q1 2019

Signing

The Board of Directors and the Managing Director ensure that the interim report gives a true and fair view of the parent company and the Group's operations, position and earnings, and describes significant risks and uncertainties that the parent company and the companies included in the Group face.

Gothenburg, May 3, 2019

Ulf Ivarsson
Chair of the Board

Anders Ströby
Member of the Board

Christian Thiel
Member of the Board

Per Augustsson
Member of the Board

Kristina Ljunggren
Member of the Board

Anders Fogelberg
CEO

This report has not been audited by the company's auditors.

Q1 2019

Financial accounting

Group's KPI

Earnings	Unit	Q1 2019 Jan-Mar	Q1 2018 Jan-Mar	Whole year 2018
Order intake*	kSEK	16 786	13 974	63 743
Net sales	kSEK	12 967	16 433	68 901
Group sales growth	%	-21%	91%	138%
EBITDA	kSEK	-4 313	-1 398	-5 971
EBIT	kSEK	-4 548	-1 559	-6 714
Operating margin	%	-35%	-9%	-10%
Profit/loss before tax	kSEK	-4 580	-1 614	-6 901
Profit margin	%	-35%	-10%	-10%
Earnings per share before and after dilution**	SEK	-0.6	-0.3	-1.1
FINANCIAL POSITION				
Net debt including shareholder loans***	kSEK	-72 620	-30 468	-78 565
Working capital	kSEK	73 251	33 173	79 610
Current ratio	%	567%	291%	502%
Working capital as a percentage of net sales	%	565%	202%	116%
Quick ratio including unused part of overdraft facilities	%	440%	244%	406%
Equity per share before and after dilution	SEK	11.2	5.4	11.7
CASH FLOW				
Cash flow from operating activities	kSEK	-7 251	-13 143	-23 541
Cash flow from investment activities	kSEK	-2 478	-1 514	-5 278
Cash flow from financing activities	kSEK	-166	890	54 781
SHARES				
Number of shares at the end of the period before and after dilution	No.	7 433 333	6 333 333	7 433 333
Average number of shares before and after dilution**	No.	7 433 333	6 333 333	6 384 566
EMPLOYEES				
Average number of employees	No.	21	12	17
Number of employees at the end of the period	No.	21	14	21

** The order intake in foreign currency related to the interim period for 2019 is converted at the average exchange rate for the respective month in 2019, and the comparative period for 2018 is converted at the average exchange rate for the respective month in 2018. The full year 2018 has been recalculated according to the average exchange rate for the whole of 2018.*

***KPI adjusted historically for average number of shares per respective period.*

****All owner loans were amortized in Q4 2018.*

Definitions of key ratios

Current ratio: Current assets as a percentage of current liabilities.

EBIT: Earnings before interest and tax.

EBITDA: Earnings before interest, tax, and depreciation and amortization.

Equity per share: Equity at the end of the period divided by the adjusted number of shares at the end of the financial period.

Sales growth: The difference in net sales between two periods, divided by net sales during the first period.

Quick ratio: Current assets excluding inventories and including unused overdraft facilities as a percentage of current liabilities.

Net debt: Gross debt, i.e. total non-current and current borrowings, including any used part of the overdraft facilities, minus cash and cash equivalents, current receivables and easily realized assets.

Order intake: Value of orders received during the specified period.

Earnings per share: Earnings for the period in relation to the adjusted average number of shares during the financial period.

Working capital: Total current assets less current liabilities.

Operating margin: Operating profit/loss after depreciation/amortization as a percentage of net sales.

Profit margin: Profit/loss before tax as a percentage of net sales.

Consolidated income statement

SEK	Q1 2019 Jan-Mar	Q1 2018 Jan-Mar	Whole year 2018
Net sales	12 966 635	16 433 442	68 901 365
Work performed by the company for its own use and capitalized	447 101	-	1 135 088
Other operating income*	355 303	89 785	1 216 891
Total operating income	**13 769 039**	**16 523 226**	**71 253 344**
OPERATING COSTS			
Goods for resale	-7 051 073	-10 146 103	-42 401 392
Other external costs	-7 547 872	-4 826 150	-21 392 662
Personnel costs	-3 482 788	-2 883 699	-13 430 222
Depreciation of fixed assets	-235 495	-160 588	-743 302
Other operating costs*	-	-65 769	-
Total operating costs	**-18 317 229**	**-18 082 310**	**-77 967 578**
EBIT	**-4 548 190**	**-1 559 083**	**-6 714 234**
PROFIT/LOSS FROM FINANCIAL ITEMS			
Operating costs and similar profit/loss items	-31 412	-54 775	-186 904
Total financial items	**-31 412**	**-54 775**	**-186 904**
Profit/loss after financial items	**-4 579 601**	**-1 613 858**	**-6 901 138**
Tax on profit/loss for the period	-	-	-20 738
PROFIT/LOSS FOR THE PERIOD	-4 579 601	-1 613 858	-6 921 877
ATTRIBUTABLE TO:			
the parent company's owners	-4 579 601	-1 613 858	-6 921 877
Earnings per share attributable to the parent company's owners**	-0.6	-0.3	-1.1

When converting the income statement of foreign subsidiaries, the Group applied the average exchange rate for the respective interim period in 2019 and 2018.
The full year 2018 has been recalculated according to the average exchange rate for 2018.

** Includes exchange rate changes of operating items.*

***Adjusted for average number of shares issued in the respective accounting period.*

Consolidated balance sheet

Assets

SEK	3/31/2019	3/31/2018	12/31/2018
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalized expenditure for development work and similar work*	6 687 932	628 124	4 492 250
Concessions, patents, licenses, trademarks	1 582 933	1 377 996	1 480 480
Total intangible fixed assets	8 270 865	2 026 120	5 972 730
Tangible fixed assets			
Machinery and other technical assets	1 146 448	1 038 843	1 569 093
Equipment, tools and fixtures and fittings*	785 330	633 817	804 451
Total tangible fixed assets	1 931 778	1 672 660	2 373 544
Financial assets			
Other non-current receivables	243 750	243 750	243 750
Total financial assets	243 750	243 750	243 750
Total fixed assets	10 446 393	3 942 530	8 590 024
Current assets			
Inventories	22 285 965	10 465 163	18 993 630
Total inventories, etc.	22 285 965	10 465 163	18 993 630
Current receivables			
Accounts receivable	12 445 767	11 726 478	17 206 391
Current tax assets	48 286	48 286	37 939
Other receivables	1 124 561	3 500 426	1 079 056
Generated revenue not invoiced	-	2 692 979	-
Prepaid expenses and accrued income	2 810 156	1 817 199	2 012 568
Total current receivables	16 428 771	19 785 367	20 335 953
Cash and bank balances	50 206 311	20 292 201	60 065 111
Total current assets	88 921 047	50 542 732	99 394 693
TOTAL ASSETS	99 367 440	54 485 262	107 984 717

The "FlexQube 4.0" development work was reclassified in 2018 by moving it from tangible to intangible fixed assets.

Consolidated balance sheet

Equity and liabilities

SEK	3/31/2019	3/31/2018	12/31/2018
EQUITY*			
Total equity	83 066 554	34 410 720	87 154 975
LONG-TERM LIABILITIES			
Liabilities to credit institutions	-	987 500	-
Other non-current liabilities	631 178	1 717 553	1 044 780
Total non-current liabilities	631 178	2 705 053	1 044 780
CURRENT LIABILITIES			
Liabilities to credit institutions	-	510 000	-
Accounts payable	9 960 953	14 612 176	11 704 034
Overdraft facilities**	-	-	-
Current tax liability	-	775	-
Other current liabilities	1 264 403	155 612	1 409 692
Accrued expenses and deferred income	4 444 353	2 090 926	6 671 237
Total current liabilities	15 669 708	17 369 490	19 784 963
TOTAL EQUITY AND LIABILITIES	99 367 440	54 485 262	107 984 717

** The distribution of shareholders' equity is shown in the consolidated report on changes in shareholders' equity on the next page.*

***Specification of the overdraft limit and unused part of the overdraft facility for the respective period is given below:*

	3/31/2019	3/31/2018	12/31/2018
Overdraft limit (SEK)	2 300 000	2 300 000	2 300 000
Unused part of the overdraft facility (SEK)	2 300 000	2 300 000	2 300 000

Consolidated changes in equity

SEK	Share capital	Other paid-up capital	Other equity: Translation difference	Other equity: Profit carried forward, etc.	Total equity
Opening balance 1/1/2018	633 333	39 879 329	-85 426	-4 387 250	36 039 985
Profit/loss for the year				**-6 921 877**	**-6 921 877**
Exchange rate differences when calculating foreign subsidiaries			634 032		634 032
New issue	110 000	57 292 834			57 402 834
CLOSING BALANCE ON 12/31/2018	743 333	97 172 163	584 606	-11 309 127	87 154 975
Opening balance 1/1/2019	743 333	97 172 163	548 606	-11 309 127	87 154 975
Profit/loss for the period				**-4 579 601**	**-4 579 601**
Exchange rate differences when calculating foreign subsidiaries			593 880		593 880
Issue costs**		-102 700			-102 700
CLOSING BALANCE ON 3/31/2019	743 333	97 069 463	1 142 487	-15 888 728	83 066 554

**Payments for the new issue in December 2018 are offset against issue costs, which amounted to approximately 5.3 MSEK.*

***Issue costs for new issue in December 2018.*

Consolidated cash flow statement

SEK	Q1 2019 Jan-Mar	Q1 2018 Jan-Mar	Whole year 2018
ONGOING ACTIVITIES			
Operating profit/loss before financial items	-4 548 190	-1 559 083	-6 714 234
Adjustments for non-cash items			
Depreciation/amortization	235 495	160 588	743 302
Other non-cash items	553 666	-15 407	590 734
Interest paid	-31 412	-54 775	-186 904
Income tax paid	-10 348	-19 399	-30 565
Cash flow from operating activities before changes in working capital	**-3 800 788**	**-1 488 076**	**-5 597 669**
Cash flow from changes in working capital			
Changes in inventories	-3 292 336	-4 429 528	-12 957 994
Changes in operating receivables	3 917 529	-13 418 369	-13 979 302
Changes in operating liabilities	-4 075 425	6 193 038	8 994 233
Cash flow from operating activities	**-7 251 019**	**-13 142 936**	**-23 540 732**
INVESTMENT ACTIVITIES			
Acquisition of intangible fixed assets	-2 401 661	-116 106	-4 355 308
Acquisition of tangible fixed assets	-76 243	-315 892	-922 749
Cash flow from investment activities	**-2 477 904**	**-431 998**	**-5 278 057**
FINANCING ACTIVITIES			
New issue*	-102 700	-	57 402 834
Change in overdraft facility	-	-	-
Borrowings	-	-	-
Amortization of loans	-	-152 500	-2 425 000
Amortization of financial leasing liability	-63 228	-39 605	-196 703
Cash flow from financing activities	**-165 928**	**-192 105**	**54 781 131**
CASH FLOW FOR THE PERIOD	-9 894 851	-13 767 039	25 962 342
Cash and cash equivalents at beginning of period	60 065 111	34 059 241	34 059 241
Exchange rate differences in cash and cash equivalents	36 051	-	43 528
CASH AND CASH EQUIVALENTS AT END OF PERIOD	50 206 311	20 292 201	60 065 111

**Payments for the new issue in 2018 are offset against issue costs, which amounted to approximately 5.3 MSEK, and associated issue costs in the current quarter.*

Parent company income statement

SEK	Q1 2019 Jan-Mar	Q1 2018 Jan-Mar	Whole year 2018
Net sales	188 172	156 502	622 326
Other operating income	676 652	9 621	391 859
Total operating income	**864 824**	**166 123**	**1 014 185**
OPERATING COSTS			
Other external costs	-337 976	-323 557	-1 435 812
Other operating costs	-	-	-
Total operating costs	**-337 976**	**-323 557**	**-1 435 812**
EBIT	526 848	-157 433	-421 627
PROFIT/LOSS FROM FINANCIAL ITEMS			
Other interest income and similar profit/loss items	400 942	77 181	743 464
Operating costs and similar profit/loss items	-14 161	-	-5 641
Total financial items	**386 781**	**77 181**	**737 822**
Profit/loss after financial items	**913 629**	**-80 252**	**316 194**
Appropriations	-	-	-316 194
Tax on profit/loss for the period	-	-	-
PROFIT/LOSS FOR THE PERIOD	913 629	-80 252	0

Parent company balance sheet

SEK	3/31/2019	3/31/2018	12/31/2018
ASSETS			
Fixed assets			
Financial assets			
Participations in Group companies	16 756 912	8 835 194	9 612 365
Receivables from Group companies	61 784 327	19 017 359	31 676 166
Total financial assets	**78 541 239**	**27 852 553**	**41 288 531**
Total fixed assets	**78 541 239**	**27 852 553**	**41 288 531**
Current assets			
Current receivables			
Receivables from Group companies	1 483 734	390 316	944 058
Other receivables	127 801	283 033	50 804
Prepaid expenses and accrued income	164 686	86 385	1 667
Total current receivables	**1 776 221**	**759 734**	**996 529**
Cash and bank balances	19 532 082	12 199 456	56 869 706
Total current assets	**21 308 303**	**12 959 190**	**57 866 235**
TOTAL ASSETS	99 849 542	40 811 743	99 154 766
EQUITY AND LIABILITIES			
Equity			
Total equity	**98 482 838**	**40 188 838**	**97 671 910**
NON-CURRENT LIABILITIES			
Total non-current liabilities	**0**	**0**	**0**
CURRENT LIABILITIES			
Accounts payable	184 487	194 419	283 793
Liabilities to Group companies	316 194	106 006	316 194
Accrued expenses and deferred income	866 023	322 480	882 870
Total current liabilities	**1 366 704**	**622 905**	**1 482 857**
TOTAL EQUITY AND LIABILITIES	99 849 542	40 811 743	99 154 766

REPORTS

Financial calendar

FlexQube's financial reports are available on the company's website, www.flexqube.com. The following reports are scheduled to be published as follows:

Q2 Report, 2019
8/9/2019

Q3 Report, 2019
11/1/2019

Q4 Report, 2019
2/21/2020

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This is the type of information that FlexQube AB (publ) is obliged to publish in accordance with the EU Market Abuse Regulation. The information was submitted for publication on May 3, 2019, 8:00 am (CET).

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