



Västerås, July 16, 2020

# AQ Group AB (publ), Second quarter, 2020

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## Second quarter, April-June 2020 in brief

- Lower net sales due to Covid-19 but continued stable profit
- Net sales decreased by 15.0% to SEK 1,116 million (1,313)
- Operating profit (EBIT) decreased by 13.6% to SEK 81 million (93)
- Profit after financial items (EBT) decreased by 11.7% to SEK 78 million (88)
- Profit margin before tax (EBT %) was 7.0% (6.7)
- Cash flow from operating activities increased to SEK 166 million (50)
- Earnings per share after tax amounted to SEK 3.80 SEK (3.81)
- Covid-19 affected the quarter by SEK 229 million lower net sales and subsidies and similar support amounted to SEK 35 million

## Six months, January-June 2020 in brief

- Net sales decreased by 4.2% to SEK 2,458 million (2,566)
- Operating profit (EBIT) decreased by 5.5% to SEK 179 million (189)
- Profit after financial items (EBT) decreased by 9.0% to SEK 165 million (181)
- Profit margin before tax (EBT %) was 6.7% (7.1)
- Cash flow from operating activities increased by 42.7% to SEK 307 million (215)
- Earnings per share after tax decreased by 0.5% to SEK 7.91 (7.95)
- Equity ratio was 56% (49)

# Group overview, key figures

	2020		2019				Full year
	Q1	Q2	Q1	Q2	Q3	Q4	
Net turnover, SEK thousands	1,341,888	1,116,486	1,252,861	1,313,431	1,246,556	1,299,754	5,112,602
Operating profit (EBIT), SEK thousands	97,947	80,643	95,707	93,363	86,676	64,749	340,495
Profit after net financial items (EBT), SEK thousands	86,964	78,160	92,949	88,478	82,007	57,978	321,412
Profit for the period	75,899	70,003	76,335	69,899	69,018	47,619	262,871
Total equity	2,176,452	2,128,976	1,896,417	1,928,490	2,020,893	2,015,157	2,015,157
Operating margin (EBIT %)	7.3%	7.2%	7.6%	7.1%	7.0%	5.0%	6.7%
Profit margin before tax (EBT %)	6.5%	7.0%	7.4%	6.7%	6.6%	4.5%	6.3%
Liquid ratio	108%	155%	108%	102%	103%	106%	106%
Debt/equity ratio	54%	56%	54%	49%	51%	52%	52%
Return on total assets <sup>2)</sup>	9.5%	8.8%	7.6%	7.7%	9.7%	10.1%	10.1%
Return on equity after tax <sup>2)</sup>	12.9%	12.9%	9.4%	10.5%	14.0%	13.8%	13.8%
Number of employees in Sweden	833	805	865	888	871	856	856
Number of employees outside Sweden	5,465	5,231	5,060	5,642	5,553	5,474	5,474
<b>Key indicators per share, SEK <sup>1)</sup></b>							
Profit for the period	4.11	3.80	4.14	3.81	3.77	2.60	14.37
Equity	118.97	116.38	103.66	105.42	110.47	110.15	110.15
Number of shares, thousands	18,294	18,294	18,294	18,294	18,294	18,294	18,294

<sup>1)</sup> There are no instruments that could lead to share dilution.

<sup>2)</sup> Calculated based on 12 months rolling amounts.

## A word from the CEO

### Second quarter

AQ Group had decreased net sales by 15% in the quarter, but managed to maintain an EBT margin of 7.0% thanks to early and powerful measures to lower our costs while a big part of the group contributed better or at the same level as last year. Profit before tax was also positively affected by a change in the reserve for an earnout.

During the quarter, we received subsidies for the units that have been strongly affected by Covid-19. This has helped us deal with the consequences of the pandemic in these units. An adjusted EBT margin excluding subsidies and change in earnout is 3.2% in the quarter.

Strong focus has been placed on strengthening our liquidity and the balance sheet. We have renegotiated our loans and repayment terms and thereby increased the portion of long-term financing. The Annual General Meeting also decided on June 25 not to pay a dividend. Our working capital has decreased during the quarter and we have postponed our investment plans. In total, these measures, in addition to our profit, have led to our net debt excluding IFRS 16 decreasing from SEK 377 million to SEK 292 million during the quarter, thereby strengthening our cash position and liquidity.

### Covid-19

It has been a very interesting quarter with great uncertainty. The 5 units in Canada, the USA, Italy and India where we were forced to close completely resulted in a reduction in sales of SEK 42 million. Our customers for these units are mainly in the same countries and were thus also closed. We carried out the shutdown and start-up in a controlled and good way.



Our large units in Poland, Lithuania, Estonia and Sweden, which supply to the European automotive industry, were strongly affected during April and May, and the Covid-19 effect was SEK 187 million in reduced sales. We are proud of how we have handled the situation and that we have managed to deliver to our customers throughout the period despite challenges with both materials, transport and personnel. In particular, there have been many, large and uncertain changes in demand from our customers during the quarter. Being able to plan production and material management under these conditions without increasing inventory and without delivery problems is good. The temporary lay-off support and subsidies that have been provided have helped us to downsize and to restart without us being forced to lay off skilled staff that was needed when business began to move again in early June.

All our open units have managed the balance between both keeping the business going but at the same time introducing routines and measures to reduce the risk of virus spread. Our work with costs requires a special mention. During the last four quarters, we have reduced our personnel, including temporary employees and consultants by about 800 people, due to declining demand and uncertainty for the future. Major savings have also been made in travel, transport and supplies. We received SEK 35 million in subsidies and similar measures during the quarter, for which we are grateful, but our own savings amount to more than double what we have received in support.

Throughout this period, we have benefited from our decentralized and agile organization, while our international presence and size means that we have been able to quickly spread ideas and information about how we handle the pandemic.

### **Market**

A majority of the Group's units have been mildly affected by Covid-19 and continue their growth. We work intensively with new customers in all our wiring systems factories. We are expanding our capabilities in system products in both Bulgaria and Sweden and we are working on several development projects with customers where we will manufacture complete machines. Our business in electrical cabinets and sheet metal processing has had a good quarter where we deliver automation equipment mounted in specially adapted and cost-effective enclosures. Our units in China have delivered several major "e-houses" for material handling. Our acquisition of Trafotek contributed with a large number of deliveries of dry power transformers during the quarter. There has been a good increase in plastic parts for hand tools and electric bicycles and we also contribute through the manufacturing of products that are ultimately used to modernize Swedish and Finnish nuclear power plants.

### **Outlook**

Our guideline is to be a long-term, stable, growing and profitable group with a profit margin (EBT) of 8% and a strong financial position. With strong relationships with our world-leading customers and committed employees, we will work hard on improving our efficiency in the production units and lower our purchasing costs. This includes to humbly and quickly adapt to the new reality that exists in our markets, regardless of the scenarios that occur. With our decentralized structure and strong balance sheet, AQ Group is well positioned to handle the challenges and opportunities that the Covid-19 pandemic will continue to pose in the countries and segments where we operate.

We want to increase our turn-over both organically and through acquisitions. We continue to work with acquisitions in the same way as before and continue our efforts to take advantage of the organic growth opportunities that exist in the market.

Our employees and leaders have done a very good job during one of the most difficult quarters in AQ's history. Our demanding industrial customers have had major challenges in their markets and in their operations during this period. We feel that, with good support from our core values, we have really been a "reliable" supplier to our customers during this quarter.

*Anders Carlsson*  
CEO

# Group's financial position and results

## Second quarter

Net sales for the second quarter was SEK 1,116 million (1,313), a decrease of SEK 197 million compared to the same period in the previous year. The decrease in turnover can mainly be explained by units being closed or affected by the Covid-19 pandemic. The total growth in the quarter was -15.0%, of which organic growth -21.3%, growth through acquisitions 7.2% and currency effects of -0.8%. The currency effect of -0.8% corresponds to about SEK -11.1 million and is mainly with the currencies PLN, HUF and MXN.

Operating margin (EBIT) in the second quarter was SEK 81 million (93), a decrease of SEK 13 million.

Investments in tangible fixed assets in the quarter in the group were SEK 35 million (47), including among other things construction of a new factory in Canada. In total, tangible fixed assets amounted to SEK 969 million (1,004).

Cash flow from operating activities was SEK 166 million (50). Activities to reduce working capital, mainly to reduce inventories and overdue accounts receivables have continued during the quarter.

Cash flow from investing activities was SEK -49 million (-337), which relates mainly to investments in fixed assets and additional purchase price for acquisitions.

Cash flow from financing activities was SEK -21 million (296) which relates to decreased usage of overdraft facility, amortizations of bank loans and leasing debts.

The Group's revolving loan facility and amortization terms were renegotiated during the quarter, which increased the Group's non-current interest-bearing liabilities with a corresponding reduction in current interest-bearing liabilities.

The Covid-19 pandemic affected the second quarter with SEK 42 million lower net sales for the units we had to close completely and with SEK 187 million in reduced net sales for our units that deliver to the European automotive industry and which were very strongly affected during April and May. We also received SEK 35 million in subsidies during the quarter from the authorities in various countries, which is reported as other operating income.

## First six months

Net sales for the first six months was SEK 2,458 million (2,566), a decrease of SEK 108 million compared to the previous year. Decrease in net sales can be explained by the big negative effect of the Covid-19 pandemic. For the first six months the total growth was -4.2%, of which organic growth -13.5%, growth through acquisitions 9.2% and a currency effect of 0.1%. The currency effect of 0.1% corresponds to about SEK 2.9 million and is mainly with the currencies EUR, BGN and HUF.

Operating margin (EBIT) for the first six months was SEK 179 million (189), a decrease of SEK 10 million.

The investments of the group in tangible fixed assets for the year were SEK 79 million (86), the major part being the construction of a new factory in Canada and replacement and capacity increasing investments in e.g. Bulgaria to gain a more efficient production. In total, tangible fixed assets amounted to SEK 969 million (1,004), where SEK 261 million (329) consists of the book value of right-of-use assets in accordance with IFRS 16.

Interest bearing liabilities of the group are SEK 803 million (1,030) and cash and cash equivalents amount to SEK 250 million (123), which means that the group has a net debt of SEK 553 million (907).

The Group's interest-bearing liabilities without regard to IFRS 16 amount to SEK 542 million (705) and liquid assets to SEK 250 (123) million, which means that the Group has a net debt of SEK 292 million (582) disregarding IFRS 16.

Cash flow from operating activities amounted to SEK 307 million (215), an improvement of SEK 92 million, which is largely attributable to focused work on reducing outstanding accounts receivable. In addition, working capital is positively affected when volumes decrease. Activities to release working capital continue.

Cash flow from investing activities was SEK -99 million (-377), which mainly relates to investments in fixed assets and earnout for acquisitions.

Cash flow from financing activities amounted to SEK -117 million (181) and relates to reduced utilization of overdraft facilities, amortization of loans and payment of leasing debts.

Equity at the end of the period was SEK 2,129 million (1,928) for the group.

## Significant events during the first six months

### First quarter

On March 27, AQ Group announced that the AGM will be moved forward. The spread of the Covid-19 pandemic in the world has meant that our three units in China were closed for another 1-3 weeks in addition to the Chinese New Year. In addition, states in Canada and USA, India and Italy closed their communities at the end of March. The European automotive industry closed its production at the same time.

### Second quarter

On April 22, AQ Group's Board of Directors decided to withdraw the previous dividend proposal and instead proposed that the Annual General Meeting on June 25 decides that no dividend be paid for 2019. On June 25, the Annual General Meeting decided in accordance with the Board's proposal.

The Covid-19 pandemic struck with great force and affected the second quarter with SEK 229 million lower net sales. To counteract the uncertainty in the outside world and with our customers, we have continued the cost-saving programs we introduced at the end of last year and also postponed some investments. We also received SEK 35 million in subsidies and similar support measures from the authorities in different countries during the quarter.

## Significant events after the end of the period

Apart from the continued uncertainty that generally exists in the world due to the ongoing Corona pandemic, no significant events have occurred after the end of the period.

## Goals

The goal of the group is continued profitable growth. The Board of Directors is not giving any forecast for turnover or profit. Statements in this report can be perceived as forward looking and the real outcome can be significantly different.

The Board of Directors of AQ Group has set goals for the group. The goals mean that the group is managed towards good profit, high quality and delivery precision with strong growth with a healthy financial risk level. The dividend policy is to have dividends corresponding to about 25 % of profit after tax over a business cycle. However, the Group's financial consolidation must always be considered.

	Goal	Jan-Jun 2020
Product quality	100 %	99.5 %
Delivery precision	98 %	94.1 %
Equity ratio	>40 %	56 %
Profit margin before tax, (EBT %)	8 %	6.7 %

## **Transactions with related parties**

The parent company has a related party relationship with its subsidiaries. There are some sales activities concerning goods between the operating group companies. The parent company is charging a management fee to the subsidiaries. All invoicing is according to market level prices and results in claims and debts between the companies which are settled regularly. There are some long-term loans between the parent company and a few subsidiaries. These loans are given with market level interest rates. Most companies in the group are part of cash pool in the parent company. The companies are charged/given interest rates at market level.

No transactions between AQ and related parties that significantly affected the company's position and results have taken place. There are no loans to board members or other key people in senior positions.

At the annual general meeting on June 25, 2020 it was decided that a yearly fee of SEK 200 000 shall be paid to the members of the Board of Directors and a fee of SEK 450 000 to the chairman of the board. For the chairman of the Audit Committee, the remuneration shall be SEK 100,000 and to the other members of the Audit Committee, SEK 40,000. For the chairman of the Remuneration Committee, the remuneration shall be SEK 50,000 and to the other members of the Remuneration Committee, SEK 30,000. There are no other remunerations to the Board of Directors. There is no remuneration paid after a board assignment is completed.

People in management positions are paid a fixed salary and a variable element calculated in % of the group's profit maximized to one-year salary. There are no other benefits in addition to pension benefits for work performed via the employment contract. In individual cases and where there is special justification, the Board shall have the option of deviating from the above guidelines.

## **Risks and uncertainties**

AQ is a global company with operations in sixteen countries. Within the group there are a number of risks and uncertainties of both operational and financial characteristics, which were described in the annual report of 2019. Since the annual report for 2019 was published, the Covid-19 pandemic has hit the world, resulting in increased risks and uncertainties that can have a significant impact on AQ's customers and suppliers, which in turn affects the outcome for AQ. In addition to the commented factors the real outcome can be affected by for example political events, business cycle effects, currency and interest rates, competing products and their pricing, product development, commercial and technical difficulties, delivery problems and large credit losses at our customers.

The risks that are most evident in a shorter perspective are the Covid-19 pandemic's impact on customers and suppliers, currency and price risks.

Transactions and assets and liabilities in foreign currency are managed centrally within AQ in order to create balance in the respective currency thereby achieving highest possible levelling effect within the group in order to minimize currency differences.

AQ is not buying any direct raw material, but only intermediate goods for further production such as sheet metal of steel and aluminium, cables, insulated wire etc. The risk is minimized through customer agreements with price clauses. Raw material price risk refers to the change in the price of material and its impact on earnings.

The company's purchase of materials to different processes is significant. There is a risk of sharp price increases for raw materials where the Company is not able to compensate price increases, which may affect the Company's earnings negatively.

The group's credit risks are mainly connected to receivables from customers.

The parent company is indirectly affected by the same risks and uncertainties.

## Nomination committee

The Nomination Committee represents the shareholders and consists of members appointed by each of the four largest shareholders in terms of votes. The Nomination Committee's term of office extends until a new Nomination Committee has been appointed. The Nomination Committee for the Annual General Meeting 2020 consisted of chairman Vegard Sjøraunet (ODIN Fonder), Björn Henriksson (Nordea Fonder), P-O Andersson and Claes Mellgren. The Nomination Committee for the Annual General Meeting 2021 will be announced no later than six months before the Annual General Meeting.

## Future reporting dates

Interim report Q3, 2020  
Year-end report, 2020

October 22, 2020, at 08:00  
February 18, 2021 at 08:00

## Financial information

The information in this interim report shall be made public in accordance with the EU Market Abuse Regulation and the Securities Market Act of Sweden. The information was released by CEO Anders Carlsson for publication at 08:00 hours on July 16, 2020.

AQ Group AB (publ) is listed on Nasdaq Stockholm's main market.

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

Further information can be given by AQ Group AB:

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Financial reports and press releases are published in Swedish and English. If there are discrepancies between the two, the Swedish version shall prevail. They are available at [www.aqg.se](http://www.aqg.se).

## Certification

The Board of Directors and the Chief Executive Officer certifies that the interim report gives a true and fair overview of the Group's and the parent company's operations, financial position and results and describes material risks and uncertainties facing the parent company and the companies that form part of the Group.

Västerås, July 16, 2020

Anders Carlsson  
CEO

Patrik Nolåker  
Chairman

P-O Andersson  
Board member

Ulf Gundemark  
Board member

Gunilla Spongh  
Board member

Lars Wrebo  
Board member

Annika Johansson-Rosengren  
Board member

Claes Mellgren  
Board member



# Financial reports, summary

## Summary income statement for the Group

SEK thousands	Note	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2018	Rolling 12 months Jul 2019 -Jun 2020	Full year 2019
Net sales		1,116,486	1,313,431	2,458,374	2,566,293	5,004,683	5,112,602
Other operating income		46,376	24,441	79,700	42,138	122,420	84,857
		<b>1,162,862</b>	<b>1,337,873</b>	<b>2,538,074</b>	<b>2,608,431</b>	<b>5,127,103</b>	<b>5,197,459</b>
Change in inventory and work in progress		649	-16,261	-7,311	-6,638	-9,460	-8,787
Raw material and consumables		-531,827	-646,697	-1,224,486	-1,292,416	-2,511,733	-2,579,663
Goods for resale		-24,223	-19,154	-36,036	-30,931	-71,320	-66,215
Other external expenses		-113,437	-135,048	-240,851	-269,690	-506,159	-534,998
Personnel costs		-336,680	-364,521	-700,282	-699,367	-1,407,852	-1,406,937
Depreciation and amortisation		-59,443	-52,074	-118,229	-99,617	-238,803	-220,191
Other operating expenses		-17,257	-10,754	-32,289	-20,702	-51,761	-40,174
		<b>-1,082,218</b>	<b>-1,244,510</b>	<b>-2,359,484</b>	<b>-2,419,360</b>	<b>-4,797,088</b>	<b>-4,856,964</b>
<b>Operating profit</b>		<b>80,643</b>	<b>93,363</b>	<b>178,590</b>	<b>189,070</b>	<b>330,015</b>	<b>340,495</b>
Net financial income/expense	5	-2,483	-4,885	-13,466	-7,644	-24,906	-19,084
<b>Profit before tax</b>		<b>78,160</b>	<b>88,478</b>	<b>165,124</b>	<b>181,427</b>	<b>305,109</b>	<b>321,412</b>
Taxes		-8,157	-18,579	-19,222	-35,193	-42,570	-58,541
<b>Profit for the period</b>		<b>70,003</b>	<b>69,899</b>	<b>145,902</b>	<b>146,234</b>	<b>262,539</b>	<b>262,871</b>
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO:</b>							
Parent company shareholders		69,436	69,621	144,625	145,412	260,091	260,878
Non-controlling interests		567	278	1,277	821	2,448	1,992
		<b>70,003</b>	<b>69,899</b>	<b>145,902</b>	<b>146,234</b>	<b>262,539</b>	<b>262,871</b>
Earnings per share <sup>1)</sup>		3.80	3.81	7.91	7.95	14.22	14.37

<sup>1)</sup> There were no transactions during the year that might result in dilution effects.

## Statement of comprehensive income for the Group

SEK thousands	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2018	Rolling 12 months Jul 2019 -Jun 2020	Full year 2019
<b>PROFIT FOR THE PERIOD</b>	<b>70,003</b>	<b>69,899</b>	<b>145,902</b>	<b>146,234</b>	<b>262,539</b>	<b>262,871</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<b>Items that cannot be transferred to the profit for the period</b>						
Revaluation of defined benefit pension plans					-346	-346
Revaluation of defined benefit pension plans, tax effect					16	16
<b>Items transferred or that can be transferred to the profit for the period</b>						
Translation difference for foreign operations	-117,433	12,483	-32,083	49,854	-61,723	20,213
<b>Other comprehensive income for the period after tax</b>	<b>-117,433</b>	<b>12,483</b>	<b>-32,083</b>	<b>49,854</b>	<b>-62,053</b>	<b>19,884</b>
<b>Comprehensive income for the period</b>	<b>-47,430</b>	<b>82,382</b>	<b>113,819</b>	<b>196,087</b>	<b>200,486</b>	<b>282,754</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>						
Parent company shareholders	-47,519	82,030	112,530	195,114	198,134	280,718
Non-controlling interests	89	352	1,289	973	2,352	2,036
	<b>-47,430</b>	<b>82,382</b>	<b>113,819</b>	<b>196,087</b>	<b>200,486</b>	<b>282,754</b>

<sup>1)</sup> There were no transactions during the year that might result in dilution effects.

## Summary balance sheet for the group

SEK thousands	Note	30/06/2020	30/06/2019	31/12/2019
<b>ASSETS</b>				
Goodwill		348,250	355,742	353,246
Other intangible assets		203,799	233,708	217,076
Tangible assets		968,872	1,004,481	1,012,168
Financial assets		1,886	2,306	2,123
Deferred tax assets		62,203	60,253	54,244
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,585,011</b>	<b>1,656,490</b>	<b>1,638,858</b>
Inventories		891,101	886,852	889,952
Trade and other receivables		963,917	1,172,077	1,043,903
Other current receivables		128,048	133,749	118,269
Cash and cash equivalents		250,091	122,807	161,323
<b>TOTAL CURRENT ASSETS</b>		<b>2,233,158</b>	<b>2,315,485</b>	<b>2,213,447</b>
<b>TOTAL ASSETS</b>		<b>3,818,169</b>	<b>3,971,975</b>	<b>3,852,305</b>

## EQUITY AND LIABILITIES

Equity attributable to parent company shareholders	2,120,265	1,922,131	2,007,735
Non-controlling interests	8,711	6,359	7,422
<b>TOTAL EQUITY</b>	<b>2,128,976</b>	<b>1,928,490</b>	<b>2,015,157</b>
Non-current liabilities to credit institutions	719,284	496,249	442,411
Non-current non-interest-bearing liabilities	106,181	144,430	143,231
<b>Total non-current liabilities</b>	<b>825,465</b>	<b>640,679</b>	<b>585,642</b>
Interest-bearing current liabilities	83,583	533,659	474,004
Trade and other payables	429,055	527,115	464,700
Other current liabilities	351,090	342,033	312,802
<b>Total current liabilities</b>	<b>863,728</b>	<b>1,402,806</b>	<b>1,251,506</b>
<b>TOTAL LIABILITIES</b>	<b>1,689,193</b>	<b>2,043,485</b>	<b>1,837,148</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,818,169</b>	<b>3,971,975</b>	<b>3,852,305</b>

## Statement of changes in Equity for the Group

SEK thousands	Equity attributable to parent company shareholders				Subtotal	Non-controlling interests	Total equity
	Share capital	Other contributed capital	Translation reserve	Retained earnings incl. profit			
<b>Equity, 01/01/2019</b>	<b>36,588</b>	<b>84,194</b>	<b>135,384</b>	<b>1,521,160</b>	<b>1,777,325</b>	<b>5,386</b>	<b>1,782,711</b>
<b>Profit for the year</b>				<b>145,412</b>	<b>145,412</b>	<b>821</b>	<b>146,234</b>
Translation differences in foreign operations			49,702	49,702	49,702	152	49,854
<b>Other comprehensive income</b>			<b>49,702</b>	<b>49,702</b>	<b>49,702</b>	<b>152</b>	<b>49,854</b>
<b>Comprehensive income for the period</b>			<b>49,702</b>	<b>145,412</b>	<b>195,114</b>	<b>973</b>	<b>196,087</b>
Dividends paid				-50,309	-50,309		-50,309
Transactions with shareholders				-50,309	-50,309		-50,309
<b>Equity, 30/06/2019</b>	<b>36,588</b>	<b>84,194</b>	<b>185,085</b>	<b>1,616,263</b>	<b>1,922,131</b>	<b>6,359</b>	<b>1,928,490</b>
<b>Equity, 01/01/2020</b>	<b>36,588</b>	<b>84,194</b>	<b>155,542</b>	<b>1,731,410</b>	<b>2,007,735</b>	<b>7,422</b>	<b>2,015,157</b>
<b>Profit for the period</b>				<b>144,625</b>	<b>144,625</b>	<b>1,277</b>	<b>145,902</b>
Translation differences in foreign operations			-32,094	-32,094	-32,094	12	-32,083
<b>Other comprehensive income</b>			<b>-32,094</b>	<b>-32,094</b>	<b>-32,094</b>	<b>12</b>	<b>-32,083</b>
<b>Comprehensive income for the period</b>			<b>-32,094</b>	<b>144,625</b>	<b>112,530</b>	<b>1,289</b>	<b>113,819</b>
Dividends paid							
Transactions with shareholders							
<b>Equity, 30/06/2020</b>	<b>36,588</b>	<b>84,194</b>	<b>123,448</b>	<b>1,876,035</b>	<b>2,120,265</b>	<b>8,711</b>	<b>2,128,976</b>

All shares, 18 294 058 pcs, are A-shares with equal voting rights and equal rights to the results.

## Summary cash flow statement for the Group

SEK thousands	Apr 1-Jun 30, 2020	Apr 1-Jun 30, 2019	Jan 1-Jun 30, 2020	Jan 1-Jun 30, 2019	Full year 2019
Profit before tax	78,160	88,478	165,124	181,427	321,412
Adjustment for non cash generating items	74,395	47,960	118,562	96,059	222,785
Income tax paid	-13,751	-14,904	-33,172	-42,775	-77,741
<b>Cash flow from operating activities before change in working capital</b>	<b>138,804</b>	<b>121,534</b>	<b>250,514</b>	<b>234,711</b>	<b>466,456</b>
Increase (-)/decrease (+) in inventories	-1,399	25,618	-14,384	-2,362	-8,866
Increase (-)/decrease (+) in trade receivables	155,433	-11,428	66,464	-15,224	105,725
Increase (-)/decrease (+) in other receivables	2,112	59,834	-2,754	37,704	56,505
Increase (+)/decrease (-) in trade payables	-100,266	-70,342	-30,766	-6,167	-65,015
Increase (+)/decrease (-) in other liabilities	-28,813	-75,673	37,536	-33,843	-55,648
<b>Change in working capital</b>	<b>27,066</b>	<b>-71,991</b>	<b>56,095</b>	<b>-19,892</b>	<b>32,701</b>
<b>Cashflow from operating activities</b>	<b>165,870</b>	<b>49,544</b>	<b>306,609</b>	<b>214,819</b>	<b>499,158</b>
Acquisitions of shares in subsidiaries	-16,747	-291,108	-16,747	-291,108	-295,571
Acquisition of intangible non-current assets	-1,158	-695	-6,919	-2,048	-3,360
Acquisition of tangible non-current assets	-34,964	-46,723	-78,804	-86,095	-199,468
Sale of tangible non-current assets	3,491	1,548	3,771	2,308	17,225
Purchase/Sales of short-term investment in securities	18	89	85	89	242
<b>Cashflow from investing activities</b>	<b>-49,359</b>	<b>-336,889</b>	<b>-98,615</b>	<b>-376,853</b>	<b>-480,932</b>
New borrowings, credit institutions	-622	299,115	-600	299	299,115
Amortisation of loans	-1,051	-1,890	-17,493	-3,537	-62,132
Amortisation of loans (lease)	-22,933	-20,131	-46,750	-38,915	-85,418
Change in bank overdraft facilities	4,064	69,438	-51,782	-25,653	-59,675
Dividends to the parent company shareholders	0	-50,309	-	-50	-50,309
<b>Cashflow from financing activities</b>	<b>-20,543</b>	<b>296,224</b>	<b>-116,625</b>	<b>180,702</b>	<b>41,582</b>
<b>Change in cash and cash equivalents for the period</b>	<b>95,968</b>	<b>8,878</b>	<b>91,370</b>	<b>18,667</b>	<b>59,808</b>
Cash and cash equivalents at the beginning of the year	163,363	114,916	161,323	100,683	100,683
Exchange rate difference in cash and cash equivalents	-9,240	-987	-2,601	3,457	833
<b>Cash and cash equivalents at the end of the period</b>	<b>250,091</b>	<b>122,807</b>	<b>250,091</b>	<b>122,807</b>	<b>161,323</b>

# Parent company development

## Parent company

The parent company, AQ Group AB, focuses primarily on managing and developing the Group. As in previous years, the parent company's turnover consists almost exclusively of the sale of administrative services to subsidiaries. There are no purchases of any substance from subsidiaries.

## Summary income statement for the Parent company

SEK thousands	Note	Apr - Jun 2020	Apr - Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Rolling 12 months Jul 2019 -Jun 2020	Full year 2019
Net sales		10,126	11,527	20,502	26,061	37,555	43,113
Other operating income		636	624	1,320	1,194	2,339	2,212
		<b>10,761</b>	<b>12,150</b>	<b>21,823</b>	<b>27,255</b>	<b>39,893</b>	<b>45,326</b>
Other external expenses		-4,445	-4,871	-8,281	-10,012	-17,769	-19,500
Personnel costs		-8,597	-8,714	-15,945	-14,351	-29,682	-28,088
Other operating expenses		-180	-422	-207	-624	-294	-711
		<b>-13,222</b>	<b>-14,008</b>	<b>-24,433</b>	<b>-24,987</b>	<b>-47,745</b>	<b>-48,299</b>
<b>Operating profit</b>		<b>-2,460</b>	<b>-1,858</b>	<b>-2,610</b>	<b>2,268</b>	<b>-7,852</b>	<b>-2,973</b>
Net financial items	5	21,052	105,263	11,915	103,479	45,528	137,091
<b>Earnings after net financial items</b>		<b>18,591</b>	<b>103,406</b>	<b>9,305</b>	<b>105,747</b>	<b>37,677</b>	<b>134,118</b>
Appropriations						27,654	27,654
<b>Profit before tax</b>		<b>18,591</b>	<b>103,406</b>	<b>9,305</b>	<b>105,747</b>	<b>65,331</b>	<b>161,772</b>
Taxes		2,120	-703	3,118	-1,644	-3,752	-8,514
<b>Profit for the period</b>		<b>20,711</b>	<b>102,703</b>	<b>12,424</b>	<b>104,103</b>	<b>61,579</b>	<b>153,259</b>

## Second quarter

Net sales for the second quarter was SEK 10.1 million (11.5), lower than the same period in the previous year, because of lower invoicing of management fees (group common costs). Other external expenses were SEK 4.4 million (4.9). Personnel costs were SEK 8.6 million (8.7). Operating profit (EBIT) was SEK -2.5 million (-1.9).

Net financial items were positive of SEK 21.1 million (105.3). Net financial items consist of dividends, exchange rate losses, bank interest and write-down of shares in subsidiary.

## First six months

Net sales for the first six months was SEK 20.5 million (26.1), lower than the same period in the previous year, because of lower invoicing of management fees. Other external expenses were SEK 8.3 million (10.0). Personnel costs were SEK 15.9 million (14.4). An explanation for the increase in costs is, among other things, that the number of employees has increased and number of hired staff has decreased.

Operating profit (EBIT) was SEK -2.6 million (2.3). Net financial income was SEK 11.9 million (103.5) and consisted mainly of tax-free dividends from subsidiaries of SEK 28.6 million (109.2), exchange rate losses of SEK -13.2 million (-2.4), write-down of shares in subsidiary of SEK -4.6 million (-4.1), bank interest of SEK -3.6 million (-2.1) and internal interest of SEK 3.7 million (3.1).

## Summary balance sheet for the Parent company

SEK thousands	30/06/2020	30/06/2019	31/12/2019
<b>ASSETS</b>			
Financial fixed assets	1 201 543	1 200 064	1 199 083
Deferred tax assets	63	163	267
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1 201 606</b>	<b>1 200 228</b>	<b>1 199 350</b>
Other current receivables	281 337	366 562	387 523
Cash and cash equivalents	105 218	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>386 555</b>	<b>366 562</b>	<b>387 523</b>
<b>TOTAL ASSETS</b>	<b>1 588 162</b>	<b>1 566 790</b>	<b>1 586 873</b>
<b>EQUITY AND LIABILITIES</b>			
Restricted equity	37 745	37 745	37 745
Non-restricted equity	623 068	561 489	610 645
<b>Total equity</b>	<b>660 813</b>	<b>599 234</b>	<b>648 389</b>
<b>Untaxed reserves</b>	<b>52 400</b>	<b>53 054</b>	<b>52 400</b>
Deferred tax liabilities	30	121	-
Other provisions	2 328	31 879	32 073
<b>Provisions</b>	<b>2 358</b>	<b>32 000</b>	<b>32 073</b>
Non-current interest-bearing liabilities	515 000	240 000	210 000
<b>Total non-current liabilities</b>	<b>515 000</b>	<b>240 000</b>	<b>210 000</b>
Interest-bearing current liabilities	345 794	628 998	609 118
Trade and other payables	1 916	2 921	2 766
Other current liabilities	9 881	10 583	32 126
<b>Total current liabilities</b>	<b>357 591</b>	<b>642 502</b>	<b>644 010</b>
<b>TOTAL LIABILITIES</b>	<b>874 949</b>	<b>914 502</b>	<b>886 084</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 588 162</b>	<b>1 566 790</b>	<b>1 586 873</b>

Other current receivables are mainly receivables from Group companies MSEK 235.6 (323.1) and consist of cash pool, accrued interest, and accounts receivable.

The increase in unrestricted equity of SEK 61.6 million compared to June 30, 2019 consists of profit for the period.

Untaxed reserves consist of accrual funds. Other provisions of SEK 2.3 million consist of additional purchase price in connection with the acquisition of B3CG.

Non-current interest-bearing liabilities increased by SEK 275 million to SEK 515 million (240) and is primarily due to the renegotiation of the revolving credit facility during the second quarter, which also reduces the interest-bearing current liabilities correspondingly. The interest-bearing current liabilities refer to the group's cash pool.

Other current liabilities of SEK 9.9 million (10.6) consists of other liabilities and accrued expenses and prepaid income.

# Notes to the financial statements in summary

## **Note 1. Accounting principles**

The summary interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and applicable parts of the Swedish Annual Accounts Act. Information according to IAS 34.16A are presented in the financial reports and their notes as well as in other parts of the interim report. The interim report for the parent company has been prepared in accordance with Swedish Annual Accounts Act, chapter 9 Interim report. For the group and the parent company the accounting and valuation principles applied are the same as used in the latest annual report.

The total sum in tables and calculations do not always sum up of the parts due to rounding differences. The objective is that every interim row shall conform with the original source resulting in rounding differences.

## **Note 2. Segment reporting and breakdown of revenue**

The Group operates in two business segments: *Component*, which produces transformers, wiring systems, mechanical components, punched sheet metal and injection-molded thermoplastics and *System*, which produces systems, power and automation solutions and assembles complete machines in close collaboration with the customers.

### **Segment reporting**

#### **Second quarter**

For the segment Component, the total net sales for the second quarter was SEK 937 million (1,030), of which SEK 852 million (1,025) is external sales. The decrease of the external sales of totally SEK 173 million is mainly due to closed down units and units affected by the automotive industry during the current Corona pandemic.

For the segment System, the total net sales for the second quarter was SEK 319 million (330), of which SEK 264 million (288) is external sales. The decrease of the external sales of SEK 24 million is also due to the Corona pandemic.

Operating profit (EBIT) in the second quarter was SEK 49 million (76) for Component, which was SEK 26 million less than the same period last year. Operating profit (EBIT) for System was SEK 37 million (22), which was SEK 15 million better than the same period last year.

In the column "Unallocated and eliminations" there are items which have not been allocated to the two segments, parent company and group eliminations.

<b>Apr - Jun 2020, SEK thousands</b>	<b>Component</b>	<b>System</b>	<b>Unallocated and eliminations</b>	<b>Group</b>
Net sales, external	852,280	264,206		1,116,486
Net sales, internal	84,514	55,204	-139,717	
<b>Total net turnover</b>	<b>936,793</b>	<b>319,410</b>	<b>-139,717</b>	<b>1,116,486</b>
Material costs, excl. purchases own segment	-453,805	-217,459	115,863	-555,401
Depreciation	-53,265	-6,021	-157	-59,443
Other operating expenses/income	-380,322	-59,014	18,339	-420,998
<b>Operating profit</b>	<b>49,401</b>	<b>36,915</b>	<b>-5,672</b>	<b>80,643</b>
Net financial items			-2,483	-2,483
<b>Profit before tax</b>	<b>49,401</b>	<b>36,915</b>	<b>-8,155</b>	<b>78,160</b>
Other comprehensive income plus tax			-125,591	-125,591
<b>Comprehensive income for the period</b>	<b>49,401</b>	<b>36,915</b>	<b>-133,746</b>	<b>-47,430</b>
<b>Apr - Jun 2019, SEK thousands</b>				
Net sales, external	1,024,954	288,477		1,313,431
Net sales, internal	104,765	41,555	-146,321	
<b>Total net turnover</b>	<b>1,129,719</b>	<b>330,033</b>	<b>-146,321</b>	<b>1,313,431</b>
Material costs, excl. purchases own segment	-575,365	-237,082	130,335	-682,112
Depreciation	-45,884	-6,009	-181	-52,074
Other operating expenses/income	-432,957	-64,900	11,975	-485,882
<b>Operating profit</b>	<b>75,514</b>	<b>22,042</b>	<b>-4,192</b>	<b>93,363</b>
Net financial items			-4,885	-4,885
<b>Profit before tax</b>	<b>75,514</b>	<b>22,042</b>	<b>-9,078</b>	<b>88,478</b>
Other comprehensive income plus tax			-6,096	-6,096
<b>Comprehensive income for the period</b>	<b>75,514</b>	<b>22,042</b>	<b>-15,174</b>	<b>82,382</b>

### First six months

For the segment Component, the total net sales for the first six months was SEK 2,075 million (2,169), of which SEK 1,900 million (1,988) is external sales. The decrease of the external sales of totally SEK 88 million is due to closed down units and units affected by the automotive industry during the current Corona pandemic.

For the segment System, the total net sales for the first six months was SEK 651 million (662), of which SEK 558 million (578) is external sales. The decrease of the external sales of SEK 20 million is also due to the Corona pandemic.

Operating profit (EBIT) for the first six months was SEK 123 million (142) for Component, which was SEK 18 million less than the same period last year. Operating profit (EBIT) for System was SEK 72 million (48), which was SEK 24 million better than the same period last year.

In the column "Unallocated and eliminations" there are items which have not been allocated to the two segments, parent company and group eliminations.

<b>YTD 2020, SEK thousands</b>	<b>Component</b>	<b>System</b>	<b>Unallocated and eliminations</b>	<b>Group</b>
Net sales, external	1,900,425	557,949		2,458,374
Net sales, internal	174,724	92,794	-267,519	
<b>Total net turnover</b>	<b>2,075,149</b>	<b>650,743</b>	<b>-267,519</b>	<b>2,458,374</b>
Material costs, excl. purchases own segment	-1,031,365	-448,926	212,458	-1,267,833
Depreciation	-105,847	-12,069	-314	-118,229
Other operating expenses/income	-814,845	-118,401	39,525	-893,721
<b>Operating profit</b>	<b>123,092</b>	<b>71,347</b>	<b>-15,850</b>	<b>178,590</b>
Net financial items			-13,466	-13,466
<b>Profit before tax</b>	<b>123,092</b>	<b>71,347</b>	<b>-29,316</b>	<b>165,124</b>
Other comprehensive income plus tax			-51,305	-51,305
<b>Comprehensive income for the period</b>	<b>123,092</b>	<b>71,347</b>	<b>-80,621</b>	<b>113,819</b>
<b>YTD 2019, SEK thousands</b>				
Net sales, external	1,988,008	578,284		2,566,293
Net sales, internal	181,390	84,141	-265,532	
<b>Total net turnover</b>	<b>2,169,399</b>	<b>662,426</b>	<b>-265,532</b>	<b>2,566,293</b>
Material costs, excl. purchases own segment	-1,095,062	-474,356	239,433	-1,329,984
Depreciation	-87,478	-11,782	-358	-99,617
Other operating expenses/income	-845,355	-128,464	26,198	-947,621
<b>Operating profit</b>	<b>141,505</b>	<b>47,823</b>	<b>-258</b>	<b>189,070</b>
Net financial items			-7,644	-7,644
<b>Profit before tax</b>	<b>141,505</b>	<b>47,823</b>	<b>-7,901</b>	<b>181,427</b>
Other comprehensive income plus tax			14,661	14,661
<b>Comprehensive income for the period</b>	<b>141,505</b>	<b>47,823</b>	<b>6,760</b>	<b>196,087</b>

## Sales divided by segment and geographical markets

### Second quarter

The turnover divided among geographical markets in the second quarter: Sweden 32% (36), other European countries 52% (49) and other countries 16% (15).

<b>Apr-Jun 2020, SEK Thousands</b>	<b>Component</b>	<b>System</b>	<b>Unallocated and eliminations</b>	<b>Group</b>
Sweden	227,167	170,951	10,126	408,243
Other European countries	581,969	80,037		662,005
Other countries	127,657	68,422		196,080
<b>Net sales</b>	<b>936,793</b>	<b>319,410</b>	<b>10,126</b>	<b>1,266,329</b>
Internal sales, eliminations			-149,843	-149,843
<b>Total net turnover</b>	<b>936,793</b>	<b>319,410</b>	<b>-139,717</b>	<b>1,116,486</b>
<b>Apr-Jun 2019, SEK Thousands</b>				
Sweden	317,021	204,593	11,527	533,141
Other European countries	636,553	82,453		719,006
Other countries	176,145	42,986		219,132
<b>Net sales</b>	<b>1,129,719</b>	<b>330,033</b>	<b>11,527</b>	<b>1,471,279</b>
Internal sales, eliminations			-157,847	-157,847
<b>Total net turnover</b>	<b>1,129,719</b>	<b>330,033</b>	<b>-146,321</b>	<b>1,313,431</b>

Geographical markets are based on where AQ Group's subsidiaries have their registered office.



### First six months

The turnover divided among geographical markets for the first six months: Sweden 32% (37), other European countries 54% (49) and other countries 14% (14).

YTD 2020, SEK Thousands	Component	System	Unallocated and eliminations	Group
Sweden	497,550	372,766	20,502	890,819
Other European countries	1,298,417	182,099		1,480,515
Other countries	279,182	95,878		375,060
<b>Net sales</b>	<b>2,075,149</b>	<b>650,743</b>	<b>20,502</b>	<b>2,746,395</b>
Internal sales, eliminations			-288,021	-288,021
<b>Total net turnover</b>	<b>2,075,149</b>	<b>650,743</b>	<b>-267,519</b>	<b>2,458,374</b>

YTD 2019, SEK Thousands	Component	System	Unallocated and eliminations	Group
Sweden	610,993	419,425	26,061	1,056,479
Other European countries	1,233,657	174,225		1,407,882
Other countries	324,749	68,776		393,525
<b>Net sales</b>	<b>2,169,399</b>	<b>662,426</b>	<b>26,061</b>	<b>2,857,886</b>
Internal sales, eliminations			-291,593	-291,593
<b>Total net turnover</b>	<b>2,169,399</b>	<b>662,426</b>	<b>-265,532</b>	<b>2,566,293</b>

Geographical markets are based on where AQ Group's subsidiaries have their registered office.

### Note 3. Personnel

Number of employees (full time yearly equivalents) in the Group per country:

	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2018
Bulgaria	1,285	1,339	1,200
Poland	912	1,152	1,105
Sweden	805	888	1,060
Lithuania	645	779	718
China	625	472	450
Estonia	588	637	408
Hungary	356	366	378
Finland	213	218	140
Mexico	199	218	165
Canada	159	168	160
India	130	133	126
USA	64	99	115
Serbia	29	33	32
Italy	19	19	20
Brazil	4	6	-
Germany	3	3	-
Thailand	-	-	44
	<b>6,036</b>	<b>6,530</b>	<b>6,121</b>

### Note 4. Acquisitions

AQ's strategy is to grow in both segments. During the period January to June there were no acquisitions.

## Note 5. Financial instruments

Financial instruments that are shown in the balance sheet include on the assets side mainly cash or cash equivalents, receivables from customers and other receivables. On the liabilities side they consist mainly of payables to suppliers, other payable, credit debts and provisions for additional purchase price.

Fair value is not separately shown as it is our assessment that the values shown are an acceptable estimation of the real value because of the short terms. Fair value of assets is established from market prices. Fair value is based on the listing at brokers. Similar contracts are being traded on an active market and the prices are reflecting actual transactions of comparable instruments.

The Group is only in exceptional cases using derivatives to reduce currency risks. Per June 30, the market value of derivatives amounted to SEK -0.2 million (-0.2) valued at level 2.

Additional purchase prices belong to valuation level 3 and have been valued at the amount they are estimated to turn out, based on terms in the acquisition agreements on future cash flows.

### Additional purchase price

	<b>B3CG</b>	<b>MiniCon</b>	<b>Total</b>
<b>Debt opening balance 01/01/2020</b>	<b>32,073</b>	<b>900</b>	<b>32,973</b>
Payment of additional purchase price	-17,197	-	-17,197
Write-down	-11,696	-450	-12,146
Translation differences	-852	-	-852
<b>Closing balance 30/06/2020</b>	<b>2,328</b>	<b>450</b>	<b>2,778</b>

SEK 7.3 million of the additional purchase price has been re-evaluated during the second quarter.

## Note 6. Events after the end of the reporting period

Information about events after the end of the reporting period are presented on page 6.

## Note 7. Calculation of key figures and definitions

	2020		2019				Full year
	Q1	Q2	Q1	Q2	Q3	Q4	
<b>Operating margin, (EBIT %)</b>							
Operating profit	97,947	80,643	95,707	93,363	86,676	64,749	340,495
Net revenue	1,341,888	1,116,486	1,252,861	1,313,431	1,246,556	1,299,754	5,112,602
Operating margin	<b>7.3%</b>	<b>7.2%</b>	<b>7.6%</b>	<b>7.1%</b>	<b>7.0%</b>	<b>5.0%</b>	<b>6.7%</b>
<b>EBITDA</b>							
Profit before tax	97,947	80,643	95,707	93,363	86,676	64,749	340,495
Depreciations/amortisations	-58,786	-59,443	-47,543	-52,074	-60,687	-59,886	-220,191
EBITDA	<b>156,733</b>	<b>140,087</b>	<b>143,250</b>	<b>145,437</b>	<b>147,363</b>	<b>124,635</b>	<b>560,686</b>
<b>Profit margin before tax, (EBT %)</b>							
Profit before tax	86,964	78,160	92,949	88,478	82,007	57,978	321,412
Net revenue	1,341,888	1,116,486	1,252,861	1,313,431	1,246,556	1,299,754	5,112,602
Profit margin before tax	<b>6.5%</b>	<b>7.0%</b>	<b>7.4%</b>	<b>6.7%</b>	<b>6.6%</b>	<b>4.5%</b>	<b>6.3%</b>
<b>Liquid ratio, %</b>							
Trade receivables	1,162,088	963,917	1,102,473	1,172,077	1,111,759	1,043,903	1,043,903
Other current receivables	135,853	128,048	130,916	133,749	151,642	118,269	118,269
Cash and cash equivalents	163,363	250,091	114,916	122,807	126,950	161,323	161,323
Current liabilities	1,353,714	863,728	1,251,847	1,402,806	1,343,761	1,251,506	1,251,506
Liquid ratio	<b>108%</b>	<b>155%</b>	<b>108%</b>	<b>102%</b>	<b>103%</b>	<b>106%</b>	<b>106%</b>
<b>Debt/equity ratio, %</b>							
Total equity	2,176,452	2,128,976	1,896,417	1,928,490	2,020,893	2,015,157	2,015,157
Total assets	4,063,180	3,818,169	3,491,605	3,971,975	3,983,140	3,852,305	3,852,305
Debt/equity ratio	<b>54%</b>	<b>56%</b>	<b>54%</b>	<b>49%</b>	<b>51%</b>	<b>52%</b>	<b>52%</b>
<b>Return on total assets, %</b>							
Profit before tax, rolling 12 months	315,426	305,109	222,874	255,941	316,709	321,412	321,412
Financial expenses, rolling 12 months	-44,508	-38,732	-19,547	-22,583	-27,215	-29,753	-29,753
Total equity and liabilities, opening balance for 12 months	3,491,605	3,971,975	2,904,192	3,262,755	3,104,465	3,099,788	3,099,788
Total equity and liabilities, closing balance	4,063,180	3,818,169	3,491,605	3,971,975	3,983,140	3,852,305	3,852,305
Total equity and liabilities, average	3,777,392	3,895,072	3,197,898	3,617,365	3,543,803	3,476,046	3,476,046
Return on total assets	<b>9.5%</b>	<b>8.8%</b>	<b>7.6%</b>	<b>7.7%</b>	<b>9.7%</b>	<b>10.1%</b>	<b>10.1%</b>
<b>Return on equity after tax, %</b>							
Profit for the period after tax, rolling 12 months	262,435	262,539	171,292	194,180	262,738	262,871	262,871
Total equity, opening for 12 months	1,896,417	1,928,490	1,759,434	1,754,072	1,736,971	1,782,711	1,782,711
Total equity, closing	2,176,452	2,128,976	1,896,417	1,928,490	2,020,893	2,015,157	2,015,157
Total equity, average	2,036,435	2,028,733	1,827,925	1,841,281	1,878,932	1,898,934	1,898,934
Return on equity after tax	<b>12.9%</b>	<b>12.9%</b>	<b>9.4%</b>	<b>10.5%</b>	<b>14.0%</b>	<b>13.8%</b>	<b>13.8%</b>
<b>Net cash / Net debt</b>							
Cash and cash equivalents	163,363	250,091	114,916	122,807	126,950	161,323	161,323
Non-current interest bearing liabilities	419,767	719,284	206,722	496,249	472,012	442,411	442,411
Current interest bearing liabilities	411,897	83,583	391,292	533,659	480,895	474,004	474,004
Total interest bearing liabilities	831,664	802,868	598,014	1,029,907	952,906	916,416	916,416
Net cash / Net debt	<b>-668,301</b>	<b>-552,776</b>	<b>-483,098</b>	<b>-907,100</b>	<b>-825,956</b>	<b>-755,093</b>	<b>-755,093</b>
<b>Growth, %</b>							
<b>Organic growth</b>							
Net revenue	1,341,888	1,116,486	1,252,861	1,313,431	1,246,556	1,299,754	5,112,602
- Effect of changes in exchange rates	14,028	-11,080	32,407	25,307	18,195	25,530	101,439
- Net revenue for last year	1,252,861	1,313,431	1,090,122	1,223,542	1,137,327	1,216,228	4,667,220
- Net revenue for acquired companies	141,559	94,421	95,224	37,667	134,417	132,989	400,297
= Organic growth	-66,560	-280,288	35,108	26,914	-43,384	-74,994	-56,354
Organic growth divided by last year net revenue, %	<b>-5.3%</b>	<b>-21.3%</b>	<b>3.2%</b>	<b>2.2%</b>	<b>-3.8%</b>	<b>-6.2%</b>	<b>-1.2%</b>
<b>Growth through acquisitions</b>							
Net revenue for acquired companies divided by last year net revenue, %	<b>11.3%</b>	<b>7.2%</b>	<b>8.7%</b>	<b>3.1%</b>	<b>11.8%</b>	<b>10.9%</b>	<b>8.6%</b>

**Operating margin, EBIT %**

Calculated as operating profit divided by net sales.

This key figure shows the achieved profitability in the operative business of the company. Operating margin is a useful measure to follow up profitability and efficiency of the business before deduction of tied up capital. The figure is used internally for controlling and managing the business as well as a benchmark towards other companies in the industry.

**Profit margin before tax, EBT%**

Calculated as profit before tax divided by net sales.

This key figure shows the profitability of the business before tax. Profit margin before tax is a useful measure to follow up profitability and efficiency including tied up capital. The figure is used internally for controlling and managing the business as well as a benchmark towards other companies in the industry.

**Liquid ratio, %**

Calculated as current assets (excl. inventory) divided by current liabilities.

This key figure reflects the company's short-term solvency as it sets the company's current assets (except inventory) in relation to the short-term liabilities. If the liquid ratio exceeds 100%, it means that the assets exceed the liabilities in question.

**Debt/Equity ratio, %**

Calculated as adjusted equity divided by balance sheet total.

This key figure reflects the company's financial position and its long-term solvency. To have a good equity ratio and thus a strong financial position is important for being able to manage business cycles with varying sales. To have a strong financial position is also important for managing growth.

**Return on total assets, %**

Calculated as profit/loss after financial items plus financial costs divided by the average balance sheet total.

This key figure also shows the achieved profitability in the operative business. This number complements the operating margin as it includes tied up capital. It means that the number gives information on the return the business is given in relation to the capital tied in it. (Financial investments and cash and cash equivalents are also considered and the profit they give in the form of financial income.)

**Return on equity after tax, %**

Calculated as profit/loss after tax divided by average equity including minority interest.

This is a key figure showing the return of the capital that the owners have invested in the company (including retained earnings) after other stakeholders have received their dividends. This key figure shows how profitable the company is for its owners. This return also has significance for the company's opportunities to grow in a financial balance.

**Operating profit, SEK thousands**

Calculated as the profit before tax and financial items.

Operating profit shows the result generated by the operative business and is used together with operating margin and return on total assets for evaluating and managing the operative business.

**Profit before tax / Profit after financial items (EBT), SEK thousands**

Calculated as the profit before tax.

The key figure shows the result generated by the operative business and financial income taking into account payments to creditors for the capital they are contributing to finance the business. The figure shows remaining profit to the owners taking into account that part of it will be deducted for tax payments.

**Net cash/Net debt, SEK thousands**

Calculated as the difference between interest bearing debts and cash and cash equivalents.

This key figure is reflecting how much interest-bearing debts the company has taking into account in cash and cash equivalents. The figure gives a good picture of the debt situation. Net cash means that cash and cash equivalents exceed interest bearing debts. Net debt means that interest bearing debts exceed cash and cash equivalents. AQ shows net debt both with and without regard of IFRS 16.

**Growth, %**

The company is using two key figures to describe growth; 1) organic growth and 2) growth through acquisitions.

Organic growth is calculated as the difference between the net sales of the current period and the net sales of the previous period, excluding currency effect and net sales of acquired units.

Organic growth in % is calculated as the organic growth divided by the net sales in the same period in the previous year. Growth through acquisitions is calculated as net sales of acquired companies divided by the net sales in the same period in the previous year.

Growth is an important component in the company's strategy as growth is required to be a leading actor in the markets where the company is operating. Growth is partly through acquisition and partly organic. It's important to follow up and to present the different ways of achieving growth as it is two different ways to grow. Acquisitions are done when opportunities are given to expand the business in a certain geographic market or in a certain product area (in line with the company's strategic plan). Organic growth often has the character of a continued expansion within the existing operations.

**Dividend per share, SEK**

Dividend per share is decided at the Annual General Meeting where the annual report is approved for the fiscal year. Number of shares are the thousands of shares issued at the set date for payment of dividends.

**EBITDA**

Is a measure of a company's operating profit before interest, tax, write-downs and depreciation of tangible and intangible assets. EBITDA stands for "earnings before interest, taxes, depreciation and amortization".

**AQ in brief**

AQ is a leading supplier to demanding industrial customers and is listed on Nasdaq Stockholm's main market.

The Group consists mainly of operating companies each of which develop their special skills and in cooperation with other companies, striving to provide cost effective solutions in close cooperation with the customer.

The Group headquarter is in Västerås, Sweden. AQ has, on December 31, 2019, in total about 6,300 employees in Sweden, Bulgaria, China, Estonia, Hungary, India, Italy, Lithuania, Mexico, Poland, Serbia, Finland, Canada, USA, Brazil and Germany.

In 2019 AQ had net sales of about SEK 5.1 billion, and the group has since its start in 1994 shown profit every quarter.

# WE ARE RELIABLE

## Customer focus

**Customer always comes first** By making our customers' life easy and by giving the "little extra" we will create a long term partnership.

## Simplicity

We do our daily work without complexity and bureaucracy. Everything we do adds customer value.

## Entrepre- neurial business

Companies within the AQ Group shall, based on AQ core values, run their business as entrepreneurs and strive for profitability and growth.

## Courage and respect

We have the courage to go our own way, we stand up for our positions, are prepared to make tough decisions, give constructive feedback and admit own mistakes. We treat others as we like to be treated ourselves.

## Cost efficiency

We use the most cost efficient way to fulfill our customers' demands and work with continuous improvements. Our business is production, we have a long term view and we fully commit ourselves to live up to customer expectations for quality, delivery performance, technological development and service.