

Västerås, February 17, 2022



AQ Group AB (publ), Year-end report, 2021

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Fourth quarter, October-December 2021 in brief

- Record sales despite continued shortage of components and labor
- Net sales increased by 19.2% to SEK 1,498 million (1,256)
- Operating profit (EBIT) decreased by 9.4% to SEK 113 million (125)
- Profit after financial items (EBT) decreased by 0.5% to SEK 110 million (111)
- Profit margin before tax (EBT %) was 7.4% (8.8)
- Cash flow from operating activities decreased by 164.4% to SEK -105 million (163)
- Earnings per share after tax decreased by 5.4% to SEK 4.76 (5.03)

Full year 2021 in brief

- Highest earnings per share ever growing with 16%
- Net sales increased by 13.5% to SEK 5,471 million (4,819)
- Operating profit (EBIT) increased by 11.3% to SEK 446 million (401)
- Profit after financial items (EBT) increased by 19.5% to SEK 441 million (369)
- Profit margin before tax (EBT %) was 8.1% (7.7)
- Cash flow from operating activities decreased by 60.9% to SEK 238 million (609)
- Earnings per share after tax increased by 16.0% to SEK 19.99 (17.24)
- Equity ratio was 56% (57)
- The Board of Directors proposes a dividend of SEK 3.33/share (previous year SEK 0.00/share)

Group overview, key figures

SEK M unless otherwise stated	2021					2020				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Net turnover	1,307	1,361	1,306	1,498	5,471	1,342	1,116	1,104	1,256	4,819
Operating profit (EBIT)	121	118	94	113	446	98	81	97	125	401
Profit after net financial items (EBT)	126	114	91	110	441	87	78	93	111	369
Profit for the period	109	96	76	87	368	76	70	79	93	318
Total equity	2,352	2,438	2,526	2,627	2,627	2,176	2,129	2,206	2,191	2,191
Operating margin (EBIT), %	9.3	8.7	7.2	7.6	8.2	7.3	7.2	8.8	10.0	8.3
Profit margin before tax (EBT), %	9.6	8.4	6.9	7.4	8.1	6.5	7.0	8.4	8.8	7.7
Liquid ratio, %	134	167	142	130	130	108	155	169	135	135
Debt/equity ratio, %	56	57	55	56	56	54	56	56	57	57
Return on total assets, % ²⁾	10.6	11.9	11.3	11.0	11.0	9.5	8.8	8.9	10.8	10.8
Return on equity after tax, % ²⁾	15.5	16.5	15.8	15.3	15.3	12.9	12.9	12.9	15.1	15.1
Number of employees in Sweden	782	792	794	821	821	833	805	789	794	794
Number of employees outside Sweden	5,298	5,206	5,711	5,656	5,656	5,465	5,231	5,237	5,097	5,097
Key indicators per share, SEK¹⁾										
Profit for the period	5.89	5.22	4.12	4.76	19.99	4.11	3.80	4.30	5.03	17.24
Equity	128.56	133.29	138.06	143.62	143.62	118.97	116.38	120.60	119.75	119.75
Number of shares, thousands	18,294	18,294	18,294	18,294	18,294	18,294	18,294	18,294	18,294	18,294

1) There are no instruments that could lead to share dilution.

2) Calculated based on 12 months rolling amounts.

A word from the CEO



We grow, make profit and have fun at AQ. Thanks to our fantastic employees, we are delivering a sales record in the fourth quarter and a growth of 19.2% compared with the corresponding quarter last year! We shall be proud of that. At AQ, we deliver shareholder value. We have no adjusted profit measures but choose to focus on the profit that goes to the shareholders. We have increased earnings per share by an average of 16% per year over the past 10 years, and with the current quarter we have reported profit for 112 consecutive quarters. This year, we have once again increased earnings per share by 16% to SEK 19.99 per share. Demand has been strong, and we have done everything in our power to deliver as much as possible. Our decentralized model means that we are agile and flexible. This makes our customers happy, which results in us taking market

shares. This is despite the challenging availability of components and personnel. Our profit margin before tax decreases to 7.4% compared to the fourth quarter of 2020, due to component shortages that have caused disruptions in our production in combination with cost increases for material and services. As I mentioned earlier, this year is a record year for AQ. It is therefore pleasing that the board has proposed that we return to normal routines and give a dividend of SEK 3.33 per share. This is the same amount we had as a subscription price when we were listed on Aktietorget in 2001, which we think is fun.

Fourth quarter

During the quarter, we succeeded better than the previous quarter in delivering more products to our customers. We still have spare production capacity but are limited by the availability of components, primarily in our business areas Electric cabinets, System products and Wiring systems. We have a growth of 19%, of which 11% is organic and 8% growth attributable to the acquisition we made during the summer. During the quarter, we worked intensively to transfer cost increases from raw materials, energy, and transport to our customers. This work will continue in the coming quarters. The price changes for raw materials that are governed by agreements with our customers often have a lag of three to six months.

The disruptions we had in the quarter affect the delivery precision to our customers, which in the quarter is 91% compared with the target of 98%. We work together with our customers to minimize disruptions in their production. To be able to deliver to our customers, we have significantly increased our stock of raw materials. We can do this thanks to our strong financial position. This has enabled us to sign important long-term contracts with key customers. When the availability of components is normalized, we will return to a higher inventory turnover rate. During the quarter, we also made several investments in increased capacity. We have invested in additional machine capacity in several of our factories in Bulgaria, Brazil, Sweden, and Finland to increase our delivery capacity.

Our work to improve our Wiring systems unit in Mexico continues, we continue to have problems and we disrupt our customers while the production volume grows strongly. During the quarter, we also restructured our transformer factories in China to reduce our costs and achieve synergies between our new unit in Shanghai and our factory in Suzhou.

Customers

Our salespeople and engineers have fun at work. Our customers continue to challenge us with manufacturing assignments for new technical solutions, and for us to realize their innovations in electrification, environmental and medical technology.

During the fourth quarter, our factory in Bulgaria entered into a strategic agreement with a global customer that provides battery storage systems for electricity grid. We have also won our first order for the same customer. The order consists of electrical cabinets for connection between the battery

park and the electricity grid and it amounts to EUR 2.6 million. We have also won several new projects for commercial vehicles from our sheet metal processing factories in Sweden, Estonia, and Bulgaria. These products are included in electric trucks and construction machines. Our system products and electric cabinet deliveries in medical technology are growing and we have taken our first order to a global customer from one of our factories in China.

Demand from our existing customers is strong. We see good growth in inductive components, primarily for wind turbines, frequency converters and in components for electronics. There is also high pressure in our wiring systems and sheet metal factories for the automotive industry.

In some of our markets, demand remains low, such as buses and ships. Sales volumes to ships will recover during the second half of 2022, but for buses the outlook remains uncertain, although we expect demand to return when the pandemic is completely over, and travel returns to normal.

Acquisitions

We work continuously to identify potential acquisitions that fit into AQ. We are very careful that the acquisitions we make will contribute and develop the group in the long term. There are many companies to buy, but it is certainly not all that we want to buy. During the fourth quarter, we intensified our search, and our list of potential acquisitions grows. Our strong financial position and equity ratio mean that we have freedom to act when we find attractive acquisition opportunities. From the turn of the year, the three factories we acquired from the Schaffner Group are now part of AQ. The units in Hungary and the USA have high utilization and contribute positively to our profit. The factory in China and the sales office in Germany have challenges in terms of utilization and profitability. During the quarter, we restructured the factory in China to reduce costs and to enable synergies between it and our other factories in China. In the quarter, the acquisition contributes with an 8% increase in our net sales but with a slightly negative result.

Environment

AQ has management systems for the environment at all our manufacturing units. These contain concrete goals, metrics, and activities to reduce our environmental impact. In our sustainability report for 2021, we will report our carbon dioxide emissions in accordance with scopes 1 and 2 as well as targets for reduction.

Cash flow and balance sheet

Our balance sheet is strong. We have low debt. Our cash flow is affected by our growth and the growth in sales during the quarter has increased our accounts receivable at the end of the year. In 2022, we will intensify our efforts to increase our inventory turnover rate. Our strong balance sheet allows us to focus on our customers and continue to invest and grow with them.

Employees and core values

What makes AQ successful is that we have fantastic employees who work in accordance with our core values. We have no patents or complicated contracts. It should be simple and fun to work with and at AQ. We want our customers to want to buy from us not because they must. Our decentralized model means that our leaders dare to make difficult decisions quickly in collaboration with suppliers and customers. That is what makes the difference between us and our competitors. For this to work, we need top-class leaders. It is thanks to our leaders and employees that we continue to grow, make a profit and have fun.

James Ahrgren
CEO

Group's financial position and results

Fourth quarter

Net sales for the fourth quarter were SEK 1,498 million (1,256), an increase of SEK 241 million compared to the same period in the previous year. The total growth in the quarter was 19.2%, of which organic growth 11.9%, growth through acquisitions 7.9% and currency effects of -0.6%. The currency effect corresponded to about SEK 7 million and was mainly driven by the currencies PLN, CNY and EUR.

Operating margin (EBIT) in the fourth quarter was SEK 113 million (125), a decrease of SEK 12 million. Our operating margin continues to be negatively affected by the lack of components, which causes disruptions to our production in combination with higher energy prices and transport costs, and the fact that we have some lag in the transfer of raw material price changes to our customers. Compared with the previous year, we had SEK 25 million lower Covid grants and support during the quarter, which, however, was in principle completely offset by positive items of a non-recurring nature, attributable to repayment of ASG funds and revaluation of a receivable. This year's acquisitions affected the quarter by SEK -2 million and we had restructuring costs in China of SEK 5 million. The low bus volumes in the USA, Canada and Mexico have a negative effect on our units there, while the demand for our medical technology products continues to be high. The EBT margin was 7.4%. Net financial items in the quarter amounted to SEK -3 million (-14).

Cash flow from operating activities was SEK -105 million (163) and is negatively affected by organic growth in the quarter, which increases both our inventory and accounts receivable.

Cash flow from investing activities was SEK -82 million (-17), which relates mainly to replacement and capacity investments in fixed assets of SEK -66 million (-12) and final payment of acquisitions of SEK -17 million (-).

Cash flow from financing activities was SEK -37 million (-19) and mainly refers to amortization of loans from credit institutions and payment of leasing liabilities.

Full year

Net sales for the full year was SEK 5,471 million (4,819), an increase of SEK 652 million compared to the previous year. For the full year growth was 13.5%, of which organic growth 12.3%, growth through acquisitions 4.0% and a currency effect of -2.8%. The currency effect corresponds to SEK -134 million and was mainly driven by the currencies EUR, PLN and BGN.

Operating margin (EBIT) for the full year was SEK 446 million (401), an increase of SEK 45 million compared to the previous year. Year 2021 has been characterized by high demand, primarily in medical technology, trucks and construction machines and high capacity utilization in our production units. However, our units in Canada, the USA and Mexico have been negatively affected by the lower bus volumes there as an effect of the Covid pandemic. Furthermore, component shortages have caused disruptions to our production in combination with the fact that we have some lag in the transfer of raw material price changes to our customers, which has had a negative effect on operating profit. Our acquisition last summer of Schaffner's Power Magnetics division affected operating profit during the year by SEK -5 million.

The Group's investments in tangible fixed assets for the period amounted to SEK 189 million (114) and pertain to capacity investments and improvement projects for more efficient production, both in Europe and Asia. The single largest investment is a new factory building in Lithuania, where we invested SEK 59 million during the year. Total tangible fixed assets amounted to SEK 1,052 million (913), of which SEK 230 million (265) consisted of the book value of right-of-use assets in accordance with IFRS 16.

Interest bearing liabilities of the group was SEK 844 million (797) and cash and cash equivalents amounted to SEK 283 million (452), which means that the group had a net debt of SEK 561 million (345).

The Group's interest-bearing liabilities without regard to leasing liabilities amounted to SEK 609 million (531), which means a net debt adjusted for leasing liabilities of SEK 326 million (80).

Cash flow from operating activities was SEK 238 million (609) and was during the period negatively affected by the increased inventory levels to meet the increased demand and reduce the effects of the disturbances in the supply chain as well as the rapid ramp-up in several of our units, which has also increased our accounts receivable.

Cash flow from investing activities was SEK -391 million (-137), which relates mainly to acquisition of subsidiaries of SEK -203 million (-20) and investments in fixed assets of SEK -189 million (-114).

Cash flow from financing activities was SEK -26 million (-169) and includes raising new loans in connection with the acquisitions in the period and payment of leasing liabilities.

Equity at the end of the period was SEK 2,627 million (2,191) for the group.

Significant events during the year

First quarter

On February 19, 2021, Aeternum Capital acquired 1,850,000 shares in AQ Group AB (publ) from AQ's founders Claes Mellgren and Per-Olof Andersson. The sale corresponds to 10.1% of the company's shares. After the transaction, the founders' shareholding amounts to 39.3%. The Nomination Committee proposes Vegard Søråunet from Aeternum Capital as a new board member of AQ Group to this year's Annual General Meeting. Anders Carlsson leaves his position as CEO on March 31, 2021

Second quarter

James Ahrgren takes over as the new CEO on April 1, 2021.

On April 15, 2021, AQ Group AB signs an agreement with the Swiss Schaffner Group to acquire their Power Magnetics division. Preliminary purchase price amounts to CHF 22.4 million on a debt-free cash-free basis (enterprise value). The division has an annual turnover of approximately CHF 45 million with an EBITDA margin of approximately 7% and the number of employees amounts to approximately 320. Closing is planned for 1 July 2021.

Third quarter

On July 1, 2021, the deal with the Schaffner Group acquiring their Power Magnetics Division was closed according to plan. Schaffner's Power Magnetics division is a leading supplier in the design and manufacturing of specialized power electronics components, such as reactors, transformers, and filters in medium to high power. Its customers include leading players in the railway, industrial and electrification sectors. AQ Group takes over the Power Magnetics units in Paderborn (Germany), Kecskemét (Hungary), Wytheville and Roanoke (Virginia, USA) and the Power Magnetics part in Shanghai (China), with all employees.

The new units will be part of the Inductive Components business area and are expected to contribute with approximately 8% growth in our net sales on an annual basis. The purchase price paid amounted to SEK 208 million, of which SEK 17 million was paid as a final adjustment on October 8, 2021.

Fourth quarter

No significant events have occurred during the fourth quarter.

Significant events after the end of the period

No significant events have occurred after the end of the period.

Goals

The goal of the group is continued profitable growth. The goal is a profit margin before tax (EBT) of 8% during a business cycle. 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-Dec 2021
Product quality	100%	99.5%
Delivery precision	98%	91.9%
Equity ratio	>40%	56%
Profit margin before tax, (EBT %)	8%	8.1%

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 a cash pool in the parent company. The companies are charged/given interest rates at market level.

During 2021 AQ Group AB did not pay a share dividend to its shareholders. No other transactions between AQ and related parties that significantly affected the company's position and results have taken place either. There are no loans to board members or other key people in senior positions.

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 2020. The ongoing Covid-19 pandemic and the political tension between Russia and Ukraine/NATO has resulted in increased risks and uncertainties that could have a significant impact on AQ's customers and suppliers, which in turn affect the actual 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, events linked to cyber security and IT infrastructure, delivery problems, outbreak of other virus diseases and large credit losses at our customers.

The risks that are most prominent in a shorter perspective are the impacts of component shortages on delivery precision, the increased political tension between Russia and Ukraine/NATO, the impact of the Covid-19 pandemic on customers, personnel and suppliers, and 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 aluminum, 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 consists of members who are 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 before the AGM 2022 was announced on October 19, 2021, and consists of Henrik Carlman (Aeternum Capital), Hans Christian Bratterud (ODIN Fonder), Per Olof Andersson and Claes Mellgren. The Nomination Committee has elected Hans Christian Bratterud as its chairman.

Future reporting dates

Interim report Q1, 2022	April 21, 2022, at 13:00
Annual General Meeting	April 21, 2022, at 18:00
Interim report Q2, 2022	July 15, 2022, at 08:00
Interim report Q3, 2022	October 20, 2022, at 08:00

The annual report, annual general meeting and dividend

The annual report for 2021 will be available on the company's website no later than March 30, 2022.

The Annual General Meeting will be held on April 21, 2022 at 18:00 in Västerås. More information will be available in the notice convening the Annual General Meeting which will be published on the company's website www.aqq.se no later than 4 weeks before the Annual General Meeting.

The Board of Directors proposes a dividend of SEK 3.33 per share for the financial year 2021. A total of SEK 60,919,213.

Other 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 James Ahrgren for publication at 08:00 hours on February 17, 2022.

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.aqgroup.com

Certification

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, February 17, 2022

James Ahrgren
CEO

Financial reports, summary

Summary Income Statement for the Group

SEK M	Note	Oct-Dec 2021	Oct-Dec 2020	Full Year 2021	Full Year 2020
Net sales		1,498	1,256	5,471	4,819
Other operating income		61	48	143	153
Total income		1,558	1,304	5,614	4,972
Change in inventory and work in progress		79	-7	184	-18
Raw material and consumables		-834	-582	-2,866	-2,352
Goods for resale		-19	-39	-121	-89
Other external expenses		-186	-122	-598	-469
Personnel costs		-409	-355	-1,486	-1,353
Depreciation and amortisation		-62	-57	-234	-234
Other operating expenses		-15	-16	-46	-57
Total operating costs		-1,445	-1,179	-5,168	-4,571
Operating profit		113	125	446	401
Net financial income/expense	5	-3	-14	-5	-32
Profit before tax		110	111	441	369
Taxes		-23	-18	-73	-51
Profit for the period		87	93	368	318
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:					
Parent company shareholders		87	92	366	315
Non-controlling interests		0	1	-2	2
		87	93	364	318
Earnings per share ¹⁾		4.76	5.03	19.99	17.24

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

Statement of comprehensive income for the Group, summary

SEK M	Note	Oct-Dec 2021	Oct-Dec 2020	Full Year 2021	Full Year 2020
PROFIT FOR THE PERIOD		87	93	368	318
OTHER COMPREHENSIVE INCOME					
Items that cannot be transferred to the income statement					
Revaluation of defined benefit pension plans		-1	-0	-1	-0
Revaluation of defined benefit pension plans, tax effect		0	0	0	0
Items transferred or that can be transferred to the income statement					
Translation difference for foreign operations		16	-108	70	-142
Other comprehensive income for the period after tax		15	-108	70	-142
Comprehensive income for the period		103	-16	438	175
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:					
Parent company shareholders		102	-16	435	173
Non-controlling interests		0	0	2	2
		103	-16	438	175

Summary Balance Sheet for the group

SEK M	Note	Dec 31 2021	Dec 31 2020
ASSETS			
NON-CURRENT ASSETS			
Goodwill		366	330
Other intangible assets		162	178
Tangible assets		1,052	913
Financial assets		2	2
Deferred tax assets		62	54
Total non-current assets		1,644	1,477
Inventories		1,305	816
Trade and other receivables		1,295	995
Other current receivables	5	173	125
Cash and cash equivalents		283	452
Total current assets		3,056	2,388
TOTAL ASSETS		4,699	3,864
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to parent company shareholders		2,616	2,181
Non-controlling interests		12	9
TOTAL EQUITY		2,627	2,191
Non-current liabilities to credit institutions		632	406
Non-current non-interest-bearing liabilities		98	101
Total non-current liabilities		730	508
Interest-bearing current liabilities		212	391
Trade and other payables		711	439
Other current liabilities	5	419	336
Total current liabilities		1,342	1,166
TOTAL LIABILITIES		2,072	1,674
TOTAL EQUITY AND LIABILITIES		4,699	3,864

Statement of changes in Equity for the Group

SEK M	Equity attributable to parent company shareholders				Subtotal	Non-controlling interests	Total equity
	Share capital	Other contributed capital	Translation reserve	Retained earnings incl. profit			
Equity, 01/01/2020	37	84	156	1,731	2,008	7	2,015
Profit for the year				315	315	2	318
Translation differences in foreign operations			-142	-	-142	-0	-142
Revaluation of defined benefit pension plans				-0	-0	0	-0
Revaluation of defined benefit pension plans, tax effect				0	0	0	0
Other comprehensive income			-142	-0	-142	-0	-142
Comprehensive income for the year			-142	315	173	2	175
Dividends paid				-	-	-	-
Transactions with shareholders				-	-	-	-
Equity, 12/31/2020	37	84	14	2,047	2,181	9	2,191
Equity, 01/01/2021	37	84	14	2,047	2,181	9	2,191
Profit for the year				366	366	2	368
Translation differences in foreign operations		-0	70	-1	69	0	70
Revaluation of defined benefit pension plans				-1	-1	-0	-1
Revaluation of defined benefit pension plans, tax effect				0	0	0	0
Other comprehensive income		-0	70	-2	69	0	69
Comprehensive income for the year		-0	70	364	434	2	437
Dividends paid				-	-	-0	-0
Transactions with shareholders				-	-	-0	-0
Equity, 12/31/2021	37	84	84	2,411	2,616	12	2,627

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 M	Note	Oct 1 - Dec 31 2021	Oct 1 - Dec 31 2020	Jan 1 - Dec 31 Full Year 2021	Jan 1 - Dec 31 Full Year 2020
Profit before tax		110	111	441	369
Adjustment for non cash generating items		55	48	221	250
Income tax paid		1	-6	-56	-56
Cash flow from operating activities before change in working capital		166	154	606	564
Increase (-)/decrease (+) in inventories		-138	24	-370	31
Increase (-)/decrease (+) in trade receivables		-161	-28	-191	-3
Increase (-)/decrease (+) in other receivables		1	-6	-34	-19
Increase (+)/decrease (-) in trade payables		23	15	198	3
Increase (+)/decrease (-) in other liabilities		3	5	30	32
Change in working capital		-271	10	-368	45
Cashflow from operating activities		-105	163	238	609
Acquisitions of subsidiaries net of cash acquired and other businesses	4	-17	-	-203	-20
Divestment of shares in subsidiaries/associated comp		0	-	0	-
Acquisition of intangible non-current assets		-1	-1	-3	-8
Acquisition of tangible non-current assets		-66	-12	-189	-114
Sale of tangible non-current assets		2	-5	3	5
Sale of intangible non-current assets		-	0	0	0
Other changes in non-current assets		-0	1	-0	0
Cashflow from investing activities		-82	-17	-391	-137
New borrowings, credit institutions		0	-	82	-1
Amortisation of loans		-16	-1	-49	-20
Amortisation of loans (lease)		-25	-23	-95	-91
Change in bank overdraft facilities		4	4	36	-59
Dividends		-0	-	-0	-
Other changes in financial activities		-	1	-	1
Cashflow from financing activities		-37	-19	-26	-169
Change in cash and cash equivalents for the period		-224	128	-178	303
Cash and cash equivalents at the beginning of the year		505	333	452	161
Exchange rate difference in cash and cash equivalents		2	-9	10	-12
Cash and cash equivalents at the end of the period		283	452	283	452

Parent company development

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 M	Note	Oct-Dec 2021	Oct-Dec 2020	Full year 2021	Full year 2020
Net sales		11	11	50	43
Other operating income		2	3	4	5
Total income		13	14	54	48
Other external expenses		-13	-4	-28	-17
Personnel costs		-6	-13	-28	-35
Other operating expenses		-1	-0	-2	-0
Total operating costs		-20	-17	-59	-53
Operating profit		-7	-3	-4	-4
Net financial items	5	-5	11	-8	52
Earnings after net financial items		-11	9	-13	47
Appropriations		23	27	23	27
Profit before tax		11	36	10	74
Taxes		-7	-4	-9	-1
Profit for the period		5	32	1	74

The profit for the period is consistent with the total profit for the period.

Fourth quarter

Revenues during the fourth quarter amounted to SEK 11 million (11) and mainly pertained to internal services. Profit for the period amounted to SEK 5 million (32). Net financial items amounted to SEK -5 million (11).

Full year

Revenues during the year amounted to SEK 50 million (43) and mainly pertained to internal services. Profit for the period amounted to SEK 1 million (74). Net financial items amounted to SEK -8 million (52).

Summary balance sheet for the Parent company

SEK M	Note	Dec 31 2021	Dec 31 2020
ASSETS			
Financial fixed assets		1,413	1,272
Total non-current assets		1,413	1,272
Current receivables	5	132	185
Cash and cash equivalents		142	296
Total current assets		274	481
TOTAL ASSETS		1,687	1,753
EQUITY AND LIABILITIES			
Restricted equity		38	38
Non-restricted equity		686	684
TOTAL EQUITY		724	722
Untaxed reserves		6	28
Provisions		-	0
Non-current interest-bearing liabilities		478	210
Total non-current liabilities		478	210
Interest-bearing current liabilities		457	753
Other current liabilities	5	23	39
Total current liabilities		480	792
TOTAL LIABILITIES		958	1,003
TOTAL EQUITY AND LIABILITIES		1,687	1,753

The increase in non-restricted equity of SEK 1 million compared with 31 December 2020 consists of the profit for the period.

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.

Unless otherwise stated, all amounts are rounded to the nearest million. 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, which can result 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

Fourth quarter

For the segment Component, the total net sales for the fourth quarter were SEK 1,312 million (1,038), of which SEK 1,209 million (957) is external sales. The increase of the external sales was SEK 252 million.

For the segment System, the total net sales for the fourth quarter were SEK 349 million (356), of which SEK 289 million (299) is external sales. The decrease of the external sales is SEK 11 million.

Operating profit (EBIT) in the fourth quarter was SEK 68 million (92) for Component, corresponding to an increase of SEK 24 million compared to previous year. Operating profit (EBIT) for System was SEK 40 million (29), corresponding to an increase of SEK 11 million compared to previous year.

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

Oct-Dec 2021, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	1,209	289	-	1,498
Net sales, internal	103	60	-163	-
Total net turnover	1,312	349	-163	1,498
Material costs, excl. purchases own segment	-679	-228	134	-773
Depreciation	-56	-5	-0	-62
Other operating expenses/income	-508	-75	34	-549
Operating profit	68	40	5	113
Net financials items				-3
Profit before tax				110

Oct-Dec 2020, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	957	299	-	1,256
Net sales, internal	81	57	-138	-
Total net turnover	1,038	356	-138	1,256
Material costs, excl. purchases own segment	-503	-243	117	-628
Depreciation	-47	-10	-0	-57
Other operating expenses/income	-396	-75	25	-446
Operating profit	92	29	5	125
Net financials items				-14
Profit before tax				111

Full year

For the segment Component, the total net sales for the year were SEK 4,739 million (4,039), of which SEK 4,382 million (3,711) is external sales. During the period, external sales increased by SEK 671 million compared with the corresponding period last year.

For the segment System, the total net sales for the year were SEK 1,374 million (1,299), of which SEK 1,089 million (1,108) is external sales.

Operating profit (EBIT) for the year was SEK 289 million (268) for Component, which was SEK 21 million better than the same period last year. Operating profit (EBIT) for System was SEK 149 million (137), corresponding to an increase of SEK 12 million compared to previous year.

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

Jan-Dec 2021, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	4,382	1,089	-	5,471
Net sales, internal	357	285	-642	-
Total net turnover	4,739	1,374	-642	5,471
Material costs, excl. purchases own segment	-2,415	-945	557	-2,802
Depreciation	-207	-26	-1	-234
Other operating expenses/income	-1,828	-254	94	-1,988
Operating profit	289	149	8	446
Net financials items				-5
Profit before tax				441

Jan-Dec 2020, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	3,711	1,108	-	4,819
Net sales, internal	328	191	-518	-
Total net turnover	4,039	1,299	-518	4,819
Material costs, excl. purchases own segment	-1,998	-889	429	-2,459
Depreciation	-204	-29	-1	-234
Other operating expenses/income	-1,569	-243	87	-1,725
Operating profit	268	137	-4	401
Net financials items				-32
Profit before tax				369

SALES DIVIDED BY SEGMENT AND GEOGRAPHICAL MARKETS

Fourth quarter

The turnover divided among geographical markets in the fourth quarter: Sweden 31% (35), other European countries 51% (50) and other countries 18% (15).

Oct-Dec 2021, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	286	212	11	509
Other European countries	779	75	-	854
Other countries	247	61	-	308
Net sales	1,312	349	11	1,671
Internal sales, eliminations	-	-	-173	-173
Total net turnover	1,312	349	-163	1,498

Oct-Dec 2020, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	246	230	11	487
Other European countries	629	71	-	700
Other countries	163	55	-	218
Net sales	1,038	356	11	1,405
Internal sales, eliminations	-	-	-149	-149
Total net turnover	1,038	356	-138	1,256

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

Full year

The turnover divided among geographical markets in the full year: Sweden 31% (33), other European countries 51% (52) and other countries 18% (15).

Jan-Dec 2021, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	1,066	789	50	1,905
Other European countries	2,825	300	-	3,125
Other countries	848	285	-	1,133
Net sales	4,739	1,374	50	6,163
Internal sales, eliminations	-	-	-691	-691
Total net turnover	4,739	1,374	-642	5,471

Jan-Dec 2020, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	961	786	43	1,790
Other European countries	2,469	317	-	2,786
Other countries	609	196	-	805
Net sales	4,039	1,299	43	5,381
Internal sales, eliminations	-	-	-562	-562
Total net turnover	4,039	1,299	-518	4,819

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:

Country	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2019
Bulgaria	1,303	1,233	1,308
Poland	1,027	940	1,123
Sweden	821	794	856
Lithuania	678	605	759
China	637	572	478
Estonia	547	581	596
Hungary	500	376	363
Mexico	229	200	196
Finland	185	187	215
USA	167	72	78
Canada	167	164	166
India	156	137	129
Germany	22	3	3
Italy	18	18	21
Serbia	11	4	35
Brazil	9	5	4
Total	6,477	5,891	6,330

Note 4. Acquisitions

AQ's strategy is to grow in both segments. In July, Schaffner's Power Magnetics division was acquired, for SEK 208 million, which will be included in the Component segment. No additional acquisitions have been made during 2021. No divestments have been made.

Acquisitions during the full year 2021

Schaffner Power Magnetics Division

On July 1, 2021, AQ Group AB closed the deal with listed Schaffner Group to acquire their Power Magnetics division. The acquisition comprises 100% of the shares in the unlisted company Schaffner EMV Hungary Kft. (renamed after the acquisition to AQ Inductives Hungary Kft) and the Power Magnetics operations in the USA, Germany, China and India which have been acquired by AQ Group's new wholly owned companies AQ Inductive Components Germany GmbH (Germany), AQ Transformer Solutions Inc. (USA) and AQ Power Magnetics Shanghai Co. Ltd. (China) and the existing company AQ Inductive Components India Pvt Ltd (India). At the time of the acquisition, approximately 370 employees were taken over.

The purpose of the acquisition is to expand AQ's customer base and broaden the offering within inductive components. The business area is a strong supplier in the market and delivers to customers who provide electrification solutions to marine and railway industry and renewable energy. The purchase price amounted to SEK 208 million in cash, of which SEK 17 million was paid as a final adjustment on October 8, 2021. Acquisition analysis has been prepared which shows consolidated surplus values of SEK 35 million divided into customer relations SEK 6 million and goodwill SEK 29 million and a deferred tax liability of SEK 1 million. The depreciation rate is estimated at 5 years for customer relationships. The goodwill value of SEK 29 million includes synergy effects in the form of more efficient production processes and the employees' technical knowledge. The acquisition analysis is preliminary due to the fact that a short time has elapsed since the acquisition.

External acquisition-related expenses in connection with the acquisition amounted to SEK 0.1 million, which are included in the Group's other external costs. Operating receivables are stated at gross value, as there are no accounts receivable provisions, which corresponds to fair value. The acquisition was financed partly with own funds and partly with a new bank loan.

During the period July to December, the acquired business contributed SEK 192 million to the Group's revenues and SEK -5.2 million to the Group's profit after tax, taking into account consolidated acquisition depreciation. The contribution to the Group's profit after tax without regard to consolidated acquisition depreciation is SEK -4.6 million.

If the acquisition had occurred as of January 1, 2021, i.e. including January to June, the company management estimates that the Group's revenues would have been SEK 165 million higher and the profit after tax for the period with regard to consolidated acquisition depreciation would have been SEK 2 million higher i.e., that the acquired operations would have contributed to the Group's revenues for the period January-December 2021 by SEK 357 million and the profit after tax by SEK -3 million. The contribution to the Group's profit after tax without regard to consolidated Acquisition depreciation would have been SEK 3 million higher.

Acquired net assets at the time of acquisition:

(SEK M)	Schaffner Power Magnetics
Intangible assets	0
Tangible assets, incl IFRS 16	88
Deferred tax on tax losses	1
Inventories	92
Operating receivables	74
Operating liabilities	-51
Liquid funds	5
Net loans, incl IFRS 16	-31
Acquired net assets	179
Customer relations	6
Deferred tax on surplus values	-1
Goodwill	24
Purchase price net assets	208
Cash flow effect	
Cash paid	-208
Liquid funds in acquired company	5
Total cash flow effect	-203

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 where those are available. 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 December 31, 2021 the market value of derivatives amounted to SEK -0.0 million (0.9) valued at level 2.

Parent company

During the year, the parent company's loan receivable from the subsidiary in Mexico was written down by SEK 109 million. In December 2021, this loan receivable has been converted into a shareholder contribution. The background to the financial situation in Mexico is the lower demand for highway buses in Mexico due to the Covid pandemic along with the performance and operational problems we have in this unit.

Note 6. Events after the end of the reporting period

Information about events after the end of the reporting period are presented on page 5.

Note 7. Calculation of key figures and definitions

SEK M unless otherwise stated	2021					2020				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Operating margin, (EBIT %)										
Operating profit	121	118	94	113	446	98	81	97	125	401
Net revenue	1,307	1,361	1,306	1,498	5,471	1,342	1,116	1,104	1,256	4,819
Operating margin	9.3	8.7	7.2	7.6	8.2	7.3	7.2	8.8	10.0	8.3
EBITDA										
Profit before tax	121	118	94	113	446	98	81	97	125	401
Depreciations/amortisations	-55	-56	-62	-62	-234	-59	-59	-59	-57	-234
EBITDA	177	173	156	175	681	157	140	156	182	635
Profit margin before tax, (EBT %)										
Profit before tax	126	114	91	110	441	87	78	93	111	369
Net revenue	1,307	1,361	1,306	1,498	5,471	1,342	1,116	1,104	1,256	4,819
Profit margin before tax, %	9.6	8.4	6.9	7.4	8.1	6.5	7.0	8.4	8.8	7.7
Liquid ratio, %										
Trade receivables	1,121	1,127	1,117	1,295	1,295	1,162	964	1,004	995	995
Other current receivables	132	151	194	173	173	136	128	141	125	125
Cash and cash equivalents	571	608	505	283	283	163	250	333	452	452
Current liabilities	1,361	1,132	1,279	1,342	1,342	1,354	864	876	1,166	1,166
Liquid ratio, %	134	167	142	130	130	108	155	169	135	135
Debt/equity ratio, %										
Total equity	2,352	2,438	2,526	2,627	2,627	2,176	2,129	2,206	2,191	2,191
Total assets	4,196	4,281	4,577	4,699	4,699	4,063	3,818	3,908	3,864	3,864
Debt/equity ratio, %	56	57	55	56	56	54	56	56	57	57
Return on total assets, %										
Profit before tax, rolling 12 months	408	444	442	441	441	315	305	316	369	369
Financial expenses, rolling 12 months	-31	-36	-36	-28	-28	-45	-39	-36	-48	-48
Total equity and liabilities, opening balance for 12 months	4,063	3,818	3,908	3,864	3,864	3,492	3,972	3,983	3,852	3,852
Total equity and liabilities, closing balance	4,196	4,281	4,577	4,699	4,699	4,063	3,818	3,908	3,864	3,864
Total equity and liabilities, average	4,130	4,049	4,242	4,282	4,282	3,777	3,895	3,945	3,858	3,858
Return on total assets, %	10.6	11.9	11.3	11.0	11.0	9.5	8.8	8.9	10.8	10.8
Return on equity after tax, %										
Profit for the period after tax, rolling 12 months	351	377	373	368	368	262	263	273	318	318
Total equity, opening for 12 months	2,176	2,129	2,206	2,191	2,191	1,896	1,928	2,021	2,015	2,015
Total equity, closing	2,352	2,438	2,526	2,627	2,627	2,176	2,129	2,206	2,191	2,191
Total equity, average	2,264	2,284	2,366	2,409	2,409	2,036	2,029	2,114	2,103	2,103
Return on equity after tax, %	15.5	16.5	15.8	15.3	15.3	12.9	12.9	12.9	15.1	15.1
Net cash / Net debt										
Cash and cash equivalents	571	608	505	283	283	163	250	333	452	452
Non-current interest bearing liabilities	381	611	670	632	632	420	719	721	406	406
Current interest bearing liabilities	415	170	201	212	212	412	84	77	391	391
Total interest bearing liabilities	796	781	872	844	844	832	803	798	797	797
Net cash / Net debt	-225	-173	-367	-561	-561	-668	-553	-466	-345	-345
Growth, %										
Organic growth										
Net revenue	1,307	1,361	1,306	1,498	5,471	1,342	1,116	1,104	1,256	4,819
- Effect of changes in exchange rates	-67	-53	-6	-7	-134	14	-11	-44	-49	-91
- Net revenue for last year	1,342	1,116	1,104	1,256	4,819	1,253	1,313	1,247	1,300	5,113
- Net revenue for acquired companies	-	-	93	99	192	142	94	-	-	236
= Organic growth	32	298	115	149	594	-67	-280	-98	6	-439
Organic growth divided by last year net revenue, %	2.4	26.7	10.4	11.9	12.3	-5.3	-21.3	-7.8	0.4	-8.6
Growth through acquisitions										
Net revenue for acquired companies divided by last year net revenue, %	0.0	0.0	8.4	7.9	4.0	11.3	7.2	0.0	0.0	4.6

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 M

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 M

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 M

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, 2021, in total about 6 500 employees in Bulgaria, Poland, Sweden, Lithuania, Estonia, China, Hungary, Mexico, Finland, Canada, India, USA, Italy, Brazil, Serbia and Germany.

In 2021 AQ had net sales of about SEK 5.5 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.

Entrepreneurial 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.