



AQ Group AB (publ)

Interim Report 1

January – March 2024

April 18, 2024

**WE ARE
RELIABLE**



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First quarter, January-March 2024 in brief

- Higher delivery precision and productivity improves profitability
- Net sales decreased by 1% to SEK 2,225 m (2,253)
- Operating profit (EBIT) increased by 15% to SEK 223 m (194)
- Profit before tax (EBT) increased by 20% to SEK 221 m (184)
- Profit margin before tax (EBT %) was 9.9% (8.2)
- Profit after tax amounted to SEK 185 m (159)
- Cash flow from operating activities amounted to SEK 244 m (225)
- Earnings per share before dilution amounted to SEK 10.06 (8.61)
- Equity ratio was 64% (55)
- The Board of Directors proposes a dividend of SEK 6.66/share (3.33) and a 5:1 share split

Group overview, key figures

SEKm unless otherwise stated	2024	2023				Full year
	Q1	Q1	Q2	Q3	Q4	
Net turnover	2,225	2,253	2,345	2,149	2,221	8,968
Operating profit (EBIT)	223	194	203	201	193	792
Profit before tax (EBT)	221	184	195	195	182	757
Profit for the period	185	159	172	172	134	636
Total equity	4,082	3,391	3,671	3,734	3,762	3,762
Operating margin (EBIT), %	10.0	8.6	8.7	9.3	8.7	8.8
Profit margin before tax (EBT), %	9.9	8.2	8.3	9.1	8.2	8.4
Liquid ratio, %	163	146	152	161	162	162
Debt/equity ratio, %	64	55	58	61	63	63
Return on total assets, % ¹⁾	13.5	10.9	12.1	13.0	13.8	13.8
Return on equity after tax, % ¹⁾	17.7	15.6	17.3	18.9	18.3	18.3
Number of employees in Sweden	904	860	862	866	878	878
Number of employees outside Sweden	6,937	6,716	6,868	6,924	6,968	6,968
Key indicators per share, SEK						
Profit for the period before dilution	10.06	8.61	9.30	9.34	7.32	34.57
Equity	223.16	185.38	200.66	204.13	205.62	205.62
Number of shares, thousands	18,294	18,294	18,294	18,294	18,294	18,294

¹⁾ Calculated based on 12 months rolling amounts.

A word from the CEO



AQ 30 years of growth, profit and fun

The year has started well. We improve our delivery precision and focus on helping our customers. Sales are still high. We are quick to adapt our capacity and cost base which, together with productivity improvements, gives a good result in the first quarter.

Improved delivery precision

During the first quarter, we started series production of wiring systems in our new premises in Łódź, Poland. We have also reduced our backlog in our transformer factory in Finland, which supplies transformer systems to ships. Overall, our delivery precision has improved and in March we deliver 93.7% of our order lines on time, which is a 2.3 percentage points improvement compared to Q4 2023. Although delivery precision has improved, our target is 98% and we have three production units with great potential for improvement.

Market

In the quarter, we had a negative organic growth of 2% compared to the same quarter previous year. This is partly because we delivered several large energy storage projects in the corresponding quarter of the previous year, but we also see a slowdown in components for off-road equipment, trucks, and frequency converters.

A positive thing is that during the quarter we have been selected as the supplier of balancing units to market-leading robot manufacturer, we have won new products for several electric truck models, and we have won several major projects in electrical automation of harbor cranes. It should also be mentioned that our engineering company sees great demand in Sweden for design services for electrification and the defense industry, and our engineering offices in Torslanda, Trollhättan, Östersund and Västerås are growing steadily with several new competent employees.

Our market segments in electrification, defense industry, marine and railway are growing. Our companies within inductive components have great demand both for the design of new products and for the delivery of existing products. In the transition that is now underway to create, control and store renewable energy, inductive components are a necessary "gatekeeper" that ensures that electrical energy remains clean and fine.

Acquisitions

During the month of March, we agreed with the owners of JIT Mech to acquire their two production units in Robertsfors and Örnköldsvik. It gives AQ unique competence in welding and processing of large complex components for electrification, defense industry and forestry automation. The closing takes place during the second quarter.

Cash flow and balance sheet

Our cash flow from operating activities is in line with our profit. We continue to be rigorous and disciplined in our efforts to reduce our inventory and purchasing costs. Purchasing is an incredibly important part of our mission to be competitive with our customers and we pride ourselves on being thrifty even with small expenses. Our net debt is low, which means that we have plenty of dry powder to use when the right opportunity presents itself to grow organically and through acquisitions.

AQ 30 years of growth, profit and fun

In 2024, AQ as a company celebrates 30 years. We want to do that by once again showing that we are hardworking entrepreneurs who, guided by our core values, can grow, show good results and have fun together along the way. So, in 2024 we will carry out several activities together with our employees, customers and partners where we celebrate that for 30 years, we have helped our demanding industrial customers to be successful and where we have given a good return to our shareholders.

Finally, as usual, I would like to thank our employees who do a fantastic job of satisfying our demanding customers.

James Ahrgren, CEO

Group's financial position and results

First quarter

Net sales for the first quarter was SEK 2,225 m (2,253), a decrease of SEK 28 m compared to the same period in the previous year. The total growth in the quarter was -1.2%, of which organic growth -2.3% and currency effects of 1.1%. The currency effect corresponded to SEK 25 m and was mainly driven by the currencies PLN, CNY and EUR.

The group's net sales is at a continued high level and in line with the last quarter of the previous year. Net sales in the quarter compared to the corresponding quarter of the previous year, increase mainly in wiring systems for vehicles, engineering services and inductive components for the marine segment. This at the same time as the net sales regarding energy storage projects, components within off-road equipment, trucks and frequency converters decreased during the quarter.

Operating profit (EBIT) in the first quarter was SEK 223 m (194), an increase of SEK 29 m which is explained by improved delivery precision and productivity. We have improved the operating profit in several units that contributed weakly to the operating profit in the corresponding period last year. Reduced interest costs due to lower net debt contributed so that the net financial items in the quarter amounted to SEK -3 m (-10). The EBT margin was 9.9%.

Interest-bearing liabilities of the Group was SEK 614 m (1,041) and cash and cash equivalents amounted to SEK 488 m (352), which means that the Group have a net debt of SEK 126 m (689). The Group's interest-bearing liabilities without regard to leasing liabilities amounted to SEK 306 m (790), which means a net debt adjusted for leasing liabilities of SEK -182 m (439).

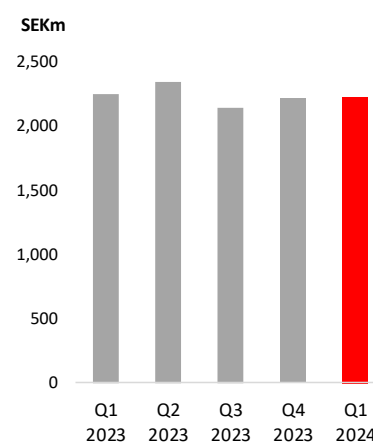
Cash flow from operating activities was SEK 244 m (225) and was positively affected by the improved operating profit, while the increased trade receivables had a negative effect.

Cash flow from investing activities was SEK -33 m (-65), which relates mainly to replacement and capacity investments of tangible fixed assets of SEK -37 m (-66). The single largest investments during the period are production equipment in Sweden of SEK 9 m and in Estonia of SEK 14 m.

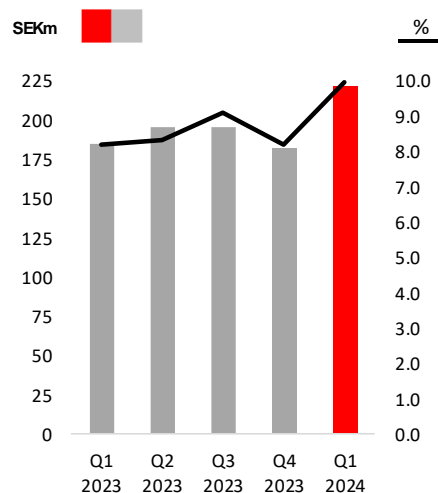
Cash flow from financing activities was SEK -160 m (-41) and mainly refers to repayments of bank loans and leasing liabilities of SEK -158 m (-43).

Equity at the end of the period amounted to SEK 4,082 m (3,391) for the Group.

Net sales



EBT



Significant events during the first quarter

On March 11, 2024 AQ Group AB signed an agreement with JIT Mech se Förvaltning AB and Monen Holding AB to acquire 100% of the shares in JIT Mech se Industri AB with the subsidiaries JIT Mech i Robertsfors AB and JIT Mech i Örnköldsvik AB. JIT Mech is a leading supplier of large and complex machined and welded components to customers in the electrification, forestry automation and defense industries. The companies have a consolidated turnover for 2023 of approximately SEK 130 m, an operating margin in line with the AQ average and have 75 employees. Operations are conducted in Robertsfors and Örnköldsvik. The purchase price consists of SEK 40 m in cash at closing plus an earnout based on the companies' earnings for the years 2024–2026. The transaction is subject to, and conditioned by, declaration to The Inspectorate of Strategic Products (ISP), in accordance with the FDI Act (Foreign Direct Investment). A preliminary acquisition analysis has not yet been prepared.

The Board of Directors of AQ Group informed on March 15, 2024 that they decided to propose that the Annual General Meeting 18 April 2024 resolves to divide each share into five shares (Share split 5:1) and thereby increase the number of shares five times. The purpose of the division of shares is to achieve an appropriate number of shares for the company.

Significant events after the end of the period

On April 15, 2024, AQ Group AB announced that the Inspectorate for Strategic Products (ISP) has made a decision regarding the company's notification regarding the acquisition of JIT Mech, according to the UDI Act. ISP has decided that no further action is required, hence AQ Group can now finalize the acquisition of JIT Mech. The closing is planned to take place during second quarter 2024.

Goals

The goal of the Group is continued profitable growth. The goal is a profit margin before tax (EBT%) of at least 8%. 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.

	Target	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Product quality, %	100	99.6	99.6	99.5
Delivery precision, %	98	93.1	91.2	90.5
Equity ratio, %	>40	64	55	63
Profit margin before tax (EBT), %	>8	9.9	8.2	8.4
Growth, %	>15	-1.2	36.8	27.2

Transactions with related parties

The parent company has a related party relationship with its subsidiaries. There are some sales activities concerning goods and services between the operating group companies. The parent company is charging a business support service 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 also part of a cash pool in the parent company. The companies are charged/given interest rates at market level.

The 2022 Annual General Meeting decided to introduce a warrant-based incentive program for executive officers and other key personnel within AQ. The subscription price was set at SEK 351.20 per share. A total of 52,500 warrants were subscribed for in the three-year warrant-based incentive program that

expires May 12, 2025. Upon redemption, each warrant entitles to one share. When the average share price during the period is higher than the established subscription price, dilution effect is calculated for the earnings per share regarding these warrants.

In addition to the above, there are customary remunerations for the board and other senior executives as well as individual related transactions regarding the purchase of products and consulting services which are at market conditions.

Risks and uncertainty factors

AQ is a global group with operations in fifteen countries. Within the Group there are a number of risks and uncertainties of both operational and financial characteristics, which were more detailed described in the Annual Report of 2023. Pandemics and acts of war cause huge uncertainties in the world with, among other things, increased energy costs, sanctions and other risks and uncertainty factors that can 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 actual 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 and large credit losses at our customers.

AQ has no production units in the Middle East, Ukraine, Russia or Belarus and no significant customers nor suppliers in these countries. The risks that are most prominent for AQ in a shorter perspective are the impacts of component shortages on delivery precision, the uncertain political and economic global situation as well as currency and price risks on, for example, energy, transport and materials. We constantly monitor and evaluate the situation in order to be prepared to act quickly to limit any impact on AQ.

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 semi-finished products 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 Group's purchase of materials to different processes is significant. There is a risk of sharp price increases for raw materials where the Group is not able to compensate price increases, which may affect the Group's earnings negatively.

The Group's credit risks are mainly connected to accounts receivable.

The Group's turnover for 2023 exceeds EUR 750 m for the first year, which is why an analysis has been made as to whether the reporting rules according to BEPS Pillar 2 can become applicable. Since the turnover requirement of EUR 750 m has not been met for two of the last four years, the Group is not covered by these rules either for the financial year 2023 or 2024. However, it may become relevant for the financial year 2025 if the Group's turnover for 2024 exceeds the threshold of EUR 750 m. The Group currently has significant operations in several countries that currently have lower reported corporate income tax than 15%, including Bulgaria, Estonia, Lithuania and Hungary.

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

Nomination committee

The Nomination Committee represents the shareholders and 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 for the Annual General Meeting 2024 was announced on October 17, 2023, and consists of Björn Henriksson (Nordea Fonder), Hans Christian Bratterud (ODIN Fonder), Per Olof Andersson (own holding) and Claes Mellgren (own holding) with Björn Henriksson as chairman.

Future reporting dates

Annual General Meeting	April 18, 2024, at 18:00 CEST, in Västerås
Interim report January-June 2024	July 12, 2024, at 08:00 CEST
Interim report January-September 2024	October 17, 2024, at 08:00 CET

The Annual Report, Annual General Meeting and dividend

The Annual Report for 2023 is available on the company's website www.aqgroup.com.

The Annual General Meeting (AGM) will be held on April 18, 2024 at 18:00 in Västerås. More information is available in the notice convening the AGM, which was published on the company's website www.aqgroup.com.

The Board of Directors proposes a dividend of SEK 6.66 per share for the financial year 2023, a total of SEK 121 838 426.

Other information

The information in this Interim Report contains information that AQ Group AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act (2007:528). The information was submitted for publication by James Ahrgren at 08:00 CEST on April 18, 2024.

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:

CEO and IR, James Ahrgren, telephone +46 76 052 58 88, james.ahrgren@aqgroup.com

CFO, Christina Hegg, telephone +46 70 318 92 48, christina.hegg@aqgroup.com

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 performance and describes material risks and uncertainties facing the parent company and the companies that form part of the Group.

Västerås, April 18, 2024

James Ahrgren
CEO

Financial reports

Summary Income Statement for the Group

SEKm	Note	Jan-Mar 2024	Jan-Mar 2023	R12 Apr 2023 -Mar 2024	Full year 2023
Net sales	2	2,225	2,253	8,940	8,968
Other operating income		38	43	159	165
Total income		2,263	2,296	9,099	9,133
Change in inventory and work in progress		-7	2	-69	-61
Raw material and consumables		-1,087	-1,189	-4,409	-4,511
Goods for resale		-25	-17	-123	-115
Other external expenses		-215	-248	-903	-936
Personnel costs	3	-608	-550	-2,373	-2,316
Depreciation and amortization		-73	-70	-290	-288
Other operating expenses		-25	-30	-110	-115
Total expenses		-2,039	-2,102	-8,278	-8,341
Operating profit		223	194	821	792
Net financial income/expense	5	-3	-10	-27	-35
Profit before tax		221	184	794	757
Taxes		-36	-25	-132	-121
Profit for the period		185	159	662	636
PROFIT FOR THE PERIOD ATTRIBUTABLE TO					
Parent company shareholders		184	157	659	632
Non-controlling interests		1	1	3	4
SHARE-RELATED REPORTING, SEK					
Earnings per share before dilution		10.06	8.61	36.02	34.57
Earnings per share after dilution		10.03	8.58	35.92	34.47
AVERAGE NUMBER OF SHARES					
Before dilution, thousands		18,294	18,294	18,294	18,294
After dilution, thousands		18,347	18,347	18,347	18,347

Statement of comprehensive income for the Group, summary

SEKm	Jan-Mar 2024	Jan-Mar 2023	R12 Apr 2023 -Mar 2024	Full year 2023
PROFIT FOR THE PERIOD	185	159	662	636
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to the income statement				
Revaluation related to defined benefit pension plans	0	0	1	1
Revaluation related to defined benefit pension plans, tax effect	-0	-0	-0	-0
Items that subsequently may be reclassified to the income statement				
Translation differences, foreign operations	136	53	89	6
Other comprehensive income for the period after tax	136	53	90	7
Comprehensive income for the period	321	211	752	643
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO				
Parent company shareholders	319	210	749	639
Non-controlling interests	2	1	4	3

Summary Balance Sheet for the Group

SEKm	Note	Mar 31 2024	Mar 31 2023	Dec 31 2023
ASSETS				
Goodwill		407	400	393
Other intangible assets		105	136	110
Right-of-use assets		303	247	262
Tangible assets		1,158	1,072	1,117
Non-current receivables		12	5	11
Deferred tax assets		55	78	55
Total non-current assets		2,040	1,938	1,950
Inventories		1,484	1,622	1,474
Accounts receivable - trade		2,145	1,966	1,879
Current tax assets		15	29	23
Other receivables		115	103	145
Prepaid expenses and accrued income		80	116	63
Cash and cash equivalents		488	352	426
Total current assets		4,327	4,187	4,010
TOTAL ASSETS		6,367	6,125	5,960
EQUITY AND LIABILITIES				
Equity attributable to parent company shareholders		4,062	3,374	3,742
Non-controlling interests		21	17	19
TOTAL EQUITY		4,082	3,391	3,762
Interest-bearing liabilities to credit institutions		419	860	513
Deferred tax liabilities		95	90	95
Provisions for post-employment benefits		20	17	19
Other provisions		8	5	6
Other non-current liabilities		-	0	-
Total non-current liabilities		541	973	633
Interest-bearing liabilities to credit institutions		195	181	204
Provisions		41	14	38
Contract liabilities		118	116	112
Accounts payable - trade		848	953	763
Current tax liabilities		28	29	18
Other current liabilities		135	138	115
Accrued expenses and prepaid income		378	330	315
Total current liabilities		1,743	1,761	1,565
TOTAL LIABILITIES		2,285	2,733	2,198
TOTAL EQUITY AND LIABILITIES		6,367	6,125	5,960

Statement of changes in Equity for the Group

SEK M	Equity attributable to parent company shareholders					Non-controlling interests	Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings incl. profit	Subtotal		
Equity, 12/31/2022	37	86	280	2,761	3,164	16	3,180
Profit for the year	-	-	-	157	157	1	159
Translation differences, foreign operations	-	-	53	-	53	0	53
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 for the year after tax	-	-	53	0	53	0	53
Comprehensive income for the year	-	-	53	157	210	1	211
Paid dividend	-	-	-	-	-	-	-
Transactions with shareholders	-	-	-	-	-	-	-
Equity, 03/31/2023	37	86	333	2,918	3,374	17	3,391
Equity, 12/31/2023	37	86	286	3,333	3,742	19	3,762
Profit for the year	-	-	-	184	184	1	185
Translation differences, foreign operations	-	-	135	-	135	1	136
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 for the year after tax	-	-	135	0	135	1	136
Comprehensive income for the year	-	-	135	184	319	2	321
Paid dividend	-	-	-	-	-	-	-
Transactions with shareholders	-	-	-	-	-	-	-
Equity, 03/31/2024	37	86	422	3,517	4,062	21	4,082

All shares, 18,294,058 pcs, are A-shares with equal voting rights and equal rights to the results. Dilution effect has been calculated during the period based on 52,500 warrants.

Summary Cash flow statement for the Group

SEKm	Note	Jan-Mar 2024	Jan-Mar 2023	Full Year 2023
Profit before tax		221	184	757
Adjustment for non cash generating items		65	72	319
Income tax paid		-17	-27	-98
Cash flow from operating activities before change in working capital		268	229	978
Change in inventories		35	27	166
Change in trade receivables		-198	-201	-141
Change in other receivables		23	-33	-28
Change in trade payables		42	98	-64
Change in other liabilities		73	105	70
Change in working capital		-24	-4	3
Cash flow from operating activities		244	225	980
Acquisition of intangible non-current assets		-0	-0	-4
Acquisition of tangible non-current assets		-37	-66	-251
Sale of intangible non-current assets		-	0	0
Sale of tangible non-current assets		5	0	2
Other changes in non-current assets		-	-0	0
Cash flow from investing activities		-33	-65	-252
Amortisation of loans		-129	-16	-358
Payments of lease liabilities		-29	-27	-110
Change in bank overdraft facilities		-2	2	1
Dividends		-	-	-61
Cash flow from financing activities		-160	-41	-528
Change in cash and cash equivalents for the period		51	118	201
Cash and cash equivalents at the beginning of the year		426	231	231
Exchange rate difference in cash and cash equivalents		10	3	-6
Cash and cash equivalents at the end of the period		488	352	426

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 income 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

SEKm	Note	Jan-Mar 2024	Jan-Mar 2023	R12 Apr 2023 -Mar 2024	Full year 2023
Net sales		16	14	59	57
Other operating income		1	0	3	2
Total income		17	14	62	59
Other external expenses		-6	-5	-26	-26
Personnel costs		-9	-8	-37	-35
Depreciation and amortization		-0	-0	-0	-0
Other operating expenses		-0	-0	-1	-1
Total expenses		-15	-13	-64	-62
Operating profit		2	2	-2	-3
Net financial items	5	29	-3	153	121
Earnings after net financial items		31	-2	151	118
Appropriations		-	-	50	50
Profit before tax		31	-2	201	168
Taxes		-0	0	-13	-13
Profit for the period		31	-2	188	155
STATEMENT OF COMPREHENSIVE INCOME					
Profit for the period		31	-2	188	155
Other comprehensive income for the period after tax		-	-	-	-
Comprehensive income for the period		31	-2	188	155

First quarter

Revenues during the first quarter amounted to SEK 16 m (14) and mainly pertained to internal services. Net financial items amounted to SEK 29 m (-3). The profit for the period amounted to SEK 31 m (-2).

Summary balance sheet for the Parent company

SEKm	Note	Mar 31 2024	Mar 31 2023	Dec 31 2023
ASSETS				
Tangible assets		0	0	0
Participations in group companies		1,220	1,222	1,227
Receivables from group companies		134	206	147
Total non-current assets		1,354	1,428	1,374
Receivables from group companies		319	378	409
Current tax asset		2	7	0
Other receivables		0	0	0
Prepaid expenses and accrued income		6	5	4
Cash and cash equivalents		224	144	192
Total current assets		551	534	604
TOTAL ASSETS		1,906	1,962	1,978
EQUITY AND LIABILITIES				
Restricted equity		38	38	38
Non-restricted equity		803	677	773
TOTAL EQUITY		841	715	810
Untaxed reserves		22	8	22
Provisions		-	0	-
Interest-bearing liabilities to credit institutions		210	669	334
Total non-current liabilities		210	669	334
Interest-bearing liabilities to credit institutions		75	59	90
Interest-bearing liabilities to group companies		725	487	689
Accounts payable - trade		6	4	4
Liabilities to group companies		-	0	1
Current tax liability		-	-	1
Other current liabilities		9	10	9
Accrued expenses and deferred income		18	10	17
Total current liabilities		833	570	811
TOTAL LIABILITIES		1,043	1,240	1,146
TOTAL EQUITY AND LIABILITIES		1,906	1,962	1,978

The non-restricted equity amounts to SEK 803 m. The changes since 31 December 2023 consist of the profit for the period of SEK 31 m.

Notes to the financial statements in summary

Note 1. Accounting principles

The 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. There are no breakdown or analysis of assets and liabilities per segment.

SEGMENT REPORTING

First quarter

For the segment *Component*, the total net sales for the first quarter was SEK 1,996 m (1,948), of which SEK 1,853 m (1,815) is external sales. The increase of the external sales was SEK 38 m.

For the segment *System*, the total net sales for the first quarter was SEK 411 m (492), of which SEK 372 m (438) is external sales. The decrease of the external sales was SEK 66 m.

Operating profit (EBIT) in the first quarter was SEK 201 m (167) for *Component*, corresponding to an increase of SEK 34 m compared to same period previous year. Operating profit (EBIT) for *System* was SEK 52 m (68), corresponding to a decrease of SEK 15 m compared to same period previous year.

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

Jan-Mar 2024, SEKm	Component	System	Unallocated	Group
Net sales, external	1,853	372	-	2,225
Net sales, internal	143	39	-182	-
Total net sales	1,996	411	-182	2,225
Material costs, excl. purchases own segment	-988	-266	136	-1,119
Depreciation	-66	-6	-0	-73
Other operating expenses/income	-740	-87	17	-810
Operating profit	201	52	-30	223
Net financials items	-	-	-3	-3
Profit before tax	201	52	-33	221
Taxes	-	-	-36	-36
Profit for the period	201	52	-69	185

Jan-Mar 2023, SEKm	Component	System	Unallocated	Group
Net sales, external	1,815	438	-	2,253
Net sales, internal	133	54	-187	-
Total net sales	1,948	492	-187	2,253
Material costs, excl. purchases own segment	-1,012	-330	139	-1,204
Depreciation	-63	-6	-0	-70
Other operating expenses/income	-705	-88	8	-785
Operating profit	167	68	-40	194
Net financials items	-	-	-10	-10
Profit before tax	167	68	-51	184
Taxes	-	-	-25	-25
Profit for the period	167	68	-76	159

SALES DIVIDED BY SEGMENT AND GEOGRAPHICAL MARKETS

First quarter

The net sales divided among geographical markets in the first quarter; Sweden 27% (28), other European countries 57% (55) and other countries 15% (17).

Jan-Mar 2024, SEKm	Component	System	Unallocated	Group
Sweden	399	251	16	666
Other European countries	1,281	104	-	1,385
Other countries	316	56	-	372
Net sales	1,996	411	16	2,423
Internal sales, eliminations	-	-	-198	-198
Total net sales	1,996	411	-182	2,225

Jan-Mar 2023, SEKm	Component	System	Unallocated	Group
Sweden	384	281	14	680
Other European countries	1,210	140	-	1,351
Other countries	353	70	-	424
Net sales	1,948	492	14	2,454
Internal sales, eliminations	-	-	-201	-201
Total net sales	1,948	492	-187	2,253

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 divided per country:

Country	Jan-Mar 2024	Jan-Mar 2023	Jan-Mar 2022
Bulgaria	1,580	1,523	1,376
Poland	1,360	1,291	1,176
Lithuania	1,353	1,147	749
Sweden	904	860	834
Estonia	592	594	557
Hungary	494	472	487
China	439	608	793
Mexico	301	335	351
USA	215	142	170
Finland	200	199	185
Canada	187	185	161
India	180	180	170
Italy	17	18	18
Germany	15	16	21
Brazil	4	6	9
Serbia	0	0	10
Total	7,841	7,576	7,067

Note 4. Business acquisitions

AQ's strategy is to grow in both segments. No acquisitions were made in 2023.

On March 11, 2024 AQ Group AB signed an agreement with JIT Mech se Förvaltning AB and Monen Holding AB to acquire 100% of the shares in JIT Mech se Industri AB with the subsidiaries JIT Mech i Robertsfors AB and JIT Mech i Örnköldsvik AB. JIT Mech is a leading supplier of large and complex machined and welded components to customers in the electrification, forestry automation and defense industries. The companies have a consolidated turnover for 2023 of approximately SEK 130 m, an operating margin in line with the AQ average and have 75 employees. Operations are conducted in Robertsfors and Örnköldsvik. The purchase price consists of SEK 40 m in cash at closing plus an earnout based on the companies' earnings for the years 2024–2026. The transaction is subject to, and conditioned by, declaration to The Inspectorate of Strategic Products (ISP), in accordance with the FDI Act (Foreign Direct Investment). During April, ISP has decided that no further action is required according to FDI Act, hence AQ Group can now finalize the acquisition of JIT Mech, and the closing is planned to take place during second quarter 2024. A preliminary acquisition analysis has not yet been prepared.

Note 5. Financial instruments

Financial instruments that are shown in the balance sheet include on the assets side mainly cash or cash equivalents, accounts receivable and other receivables. On the liabilities side they consist mainly of accounts payable, 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 exceptionally uses derivatives, forward exchange agreement, to reduce currency risks. Per March 31, 2024, there are no remaining derivatives. The same applies to the corresponding period of the previous year.

Note 6. Events after the end of the reporting period

On April 15, 2024, AQ Group AB announced that the Inspectorate for Strategic Products (ISP) has made a decision regarding the company's notification regarding the acquisition of JIT Mech, according to the UDI Act. ISP has decided that no further action is required, hence AQ Group can now finalize the acquisition of JIT Mech. The closing is planned to take place during second quarter 2024.

Key figures

SEKm unless otherwise stated	2024	2023				Full year
	Q1	Q1	Q2	Q3	Q4	
Operating margin, (EBIT %)						
Operating profit	223	194	203	201	193	792
Net sales	2,225	2,253	2,345	2,149	2,221	8,968
Operating margin	10.0	8.6	8.7	9.3	8.7	8.8
EBITDA						
Profit before tax	223	194	203	201	193	792
Depreciations/amortisations	-73	-70	-72	-74	-72	-288
EBITDA	296	264	276	275	265	1,079
Profit margin before tax, (EBT %)						
Profit before tax	221	184	195	195	182	757
Net sales	2,225	2,253	2,345	2,149	2,221	8,968
Profit margin before tax, %	9.9	8.2	8.3	9.1	8.2	8.4
Liquid ratio, %						
Trade receivables	2,145	1,966	2,098	1,929	1,879	1,879
Other current receivables	210	248	270	277	231	231
Cash and cash equivalents	488	352	289	436	426	426
Current liabilities	1,743	1,761	1,751	1,636	1,565	1,565
Liquid ratio, %	163	146	152	161	162	162
Debt/equity ratio, %						
Total equity	4,082	3,391	3,671	3,734	3,762	3,762
Total assets	6,367	6,125	6,300	6,160	5,960	5,960
Debt/equity ratio, %	64	55	58	61	63	63
Return on total assets, %						
Profit before tax, rolling 12 months	794	550	637	711	757	757
Financial expenses, rolling 12 months	-51	-52	-56	-39	-50	-50
Total equity and liabilities, opening balance for 12 months	6,125	4,920	5,165	5,392	5,704	5,704
Total equity and liabilities, closing balance	6,367	6,125	6,300	6,160	5,960	5,960
Total equity and liabilities, average	6,246	5,522	5,732	5,776	5,832	5,832
Return on total assets, %	13.5	10.9	12.1	13.0	13.8	13.8
Return on equity after tax, %						
Profit for the period after tax, rolling 12 months	662	479	564	636	636	636
Total equity, opening for 12 months	3,391	2,756	2,865	3,010	3,180	3,180
Total equity, closing	4,082	3,391	3,671	3,734	3,762	3,762
Total equity, average	3,737	3,074	3,268	3,372	3,471	3,471
Return on equity after tax, %	17.7	15.6	17.3	18.9	18.3	18.3
Net cash / Net debt						
Cash and cash equivalents	488	352	289	436	426	426
Non-current interest bearing liabilities	419	860	765	679	513	513
Current interest bearing liabilities	195	181	175	166	204	204
Total interest bearing liabilities	614	1,041	940	845	717	717
Net cash / Net debt	-126	-689	-651	-409	-291	-291
Growth, %						
Organic growth						
Net sales	2,225	2,253	2,345	2,149	2,221	8,968
- Effect of changes in exchange rates	25	94	139	144	76	454
- Net sales for last year	2,253	1,646	1,721	1,711	1,974	7,053
- Net sales for acquired companies	-	-	-	-	-	-
= Organic growth	-53	512	485	294	170	1,461
Organic growth divided by last year net sales, %	-2.3	31.1	28.2	17.2	8.6	20.7
Growth through acquisitions						
Net sales for acquired companies divided by last year net sales, %	0.0	0.0	0.0	0.0	0.0	0.0

Definitions

Alternative key figures that are not defined according to IFRS

The interim report includes certain key figures which are not defined according to IFRS. AQ's view is that the presented key figures are essential for investors, securities analysts, and other stakeholders. Furthermore, the operating margin, cash liquidity and solidity are important measures in terms of AQ's monitoring of results, position, and liquidity. AQ's key figures not calculated in accordance with IFRS are not necessarily comparable to similar measures presented by other companies and have certain limitations as an analytical tool. They should therefore not be considered in isolation from, or as a substitute for, AQ's financial information prepared in accordance with IFRS.

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 (EBIT), SEKm

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), SEKm

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.

EBITDA

Calculated as the period's net operating profit with the addition of depreciations and amortization of tangible and intangible assets. The measure is used in the calculation of covenants towards the bank. EBITDA stands for "earnings before interest, taxes, depreciation and amortization".

Net cash/Net debt, SEKm

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

This key figure is reflecting how much interest-bearing debts the Group 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.

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.

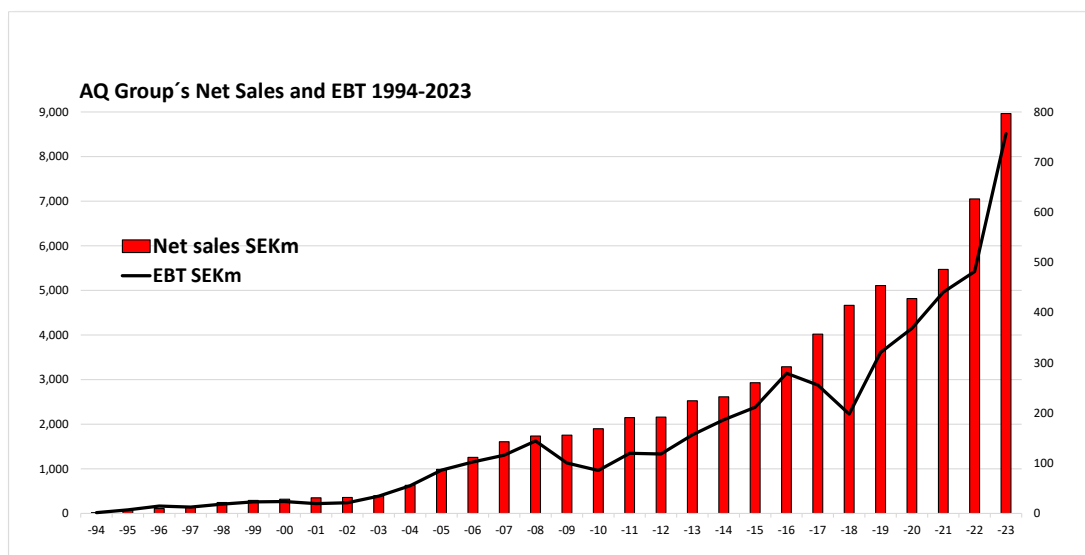
Earnings per share, before/after dilution, SEK

Income for the period attributable to equity holders of the parent company divided by the average number of shares before or after dilution. When the average share price during the period is higher than the established subscription price for subscribed warrants, dilution effect is calculated for the earnings per share.

AQ in brief

AQ is a global manufacturer of components and systems 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 8,000 employees in Bulgaria, Poland, Lithuania, Sweden, China, Estonia, Hungary, Mexico, Finland, India, Canada, USA, Germany, Italy and Brazil. In 2023 AQ had net sales of SEK 9 billion, and the Group has since its start in 1994 shown profit every quarter.



WE ARE RELIABLE

Customer focus

Customers always come 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.