

Västerås, April 21, 2022



# AQ Group AB (publ) First quarter, 2022

**WE ARE  
RELIABLE**



[www.aqgroup.com](http://www.aqgroup.com)

## First quarter, January-March 2022 in brief

- Record sales once again, but the continued rapid price increases for raw materials and supplies have affected profitability
- Net sales increased by 26.0% to SEK 1,646 million (1,307)
- Operating profit (EBIT) decreased by 6.9% to SEK 113 million (121)
- Profit after financial items (EBT) decreased by 7.7% to SEK 116 million (126)
- Profit margin before tax (EBT %) was 7.1% (9.6)
- Cash flow from operating activities decreased by 72.8% to SEK 44 million (160)
- Earnings per share after tax decreased by 14.4% to SEK 5.04 (5,89)
- Equity ratio was 56% (56)
- The Board of Directors proposes a dividend of SEK 3.33 /share to the AGM (0.00)

## Group overview, key figures

SEK M unless otherwise stated	2022	2021				Full year
	Q1	Q1	Q2	Q3	Q4	
Net turnover	1,646	1,307	1,361	1,306	1,498	5,471
Operating profit (EBIT)	113	121	118	94	113	446
Profit before tax (EBT)	116	126	114	91	110	441
Profit for the period	93	109	96	76	87	368
Total equity	2,756	2,352	2,438	2,526	2,627	2,627
Operating margin (EBIT), %	6.9	9.3	8.7	7.2	7.6	8.2
Profit margin before tax (EBT), %	7.1	9.6	8.4	6.9	7.4	8.1
Liquid ratio, %	125	134	167	142	130	130
Debt/equity ratio, %	56	56	57	55	56	56
Return on total assets, % <sup>2)</sup>	10.1	10.6	11.9	11.3	11.0	11.0
Return on equity after tax, % <sup>2)</sup>	13.8	15.5	16.5	15.8	15.3	15.3
Number of employees in Sweden	834	782	792	794	821	821
Number of employees outside Sweden	6,233	5,298	5,206	5,711	5,656	5,656
<b>Key indicators per share, SEK <sup>1)</sup></b>						
Profit for the period	5.04	5.89	5.22	4.12	4.76	19.99
Equity	150.65	128.56	133.29	138.06	143.62	143.62
Number of shares, thousands	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



### Growth, Profit and Fun

At AQ, we have fantastic employees. It is difficult to grow as much as we do. Compared with the same quarter last year, growth is 26% and in comparison, with the fourth quarter last year, it is almost 10%. I am proud of our employees who are struggling to deliver more products of good quality to our demanding industrial customers. Also, this quarter we delivered a record in terms of sales. Our growth agenda is unchanged, and we work intensively together with our customers to do more for them in the future. It is fun.

Our profit in the first quarter is declining and we are below our target of a profit before tax of 8%. We are not satisfied with that. We need to work harder to transfer increased costs for raw materials, energy, wages, and transport to our customers. We have now started to work more proactively and reviewing our larger customer agreements to be able to adjust prices more quickly in these times of strong inflation. The profit also declines due to lower productivity caused by the material disruptions we continue to see in our business areas Electric cabinets, Wiring systems and System products. At the same time, we are growing strongly within several product areas, and it takes time before all new operators reach normal productivity.

Life is not just about growth and profit; we should have fun too. It is not easy in these times. Russia has initiated a war in Ukraine, and we have many employees from Ukraine in our factories in Poland and the Baltics. Our employees in Poland and the Baltics have made great efforts to help refugees from Ukraine. They have carried out collections of food, clothes and medicines and assisted with housing. At the same time, AQ has contributed with purchase of medicines that we have delivered to Ukraine.

In China, the number of Covid-19 cases is increasing, and we have had to close our factory in Shanghai during the last week of the quarter due to restrictions in Shanghai. We believe that more shutdowns will occur during the second quarter. Increased Covid restrictions in China in combination with the war in Ukraine will worsen the material shortages for us, our suppliers, and customers. We also believe that prices for components, energy and transport will continue to rise.

In summary, a messy quarter with high growth, lower profit, too little fun and an upcoming quarter with uncertain prospects despite well-stocked order books.

#### The quarter

During the quarter, we succeeded better than the previous quarter in delivering more products to our customers. We still have spare production capacity in some factories, but are still limited by the availability of components, especially in our business areas Electrical cabinets, System products and Wiring systems. We have a growth of 26%, of which 20.9% is organic and 7.5% growth attributable to acquisitions. During the quarter, we have worked intensively to transfer cost increases from raw materials, energy, transportation, and personnel to our customers. However, our measures have not been sufficient enough and we need to work more proactively to renegotiate our agreements so that prices are adjusted more quickly.

The shortage of components we have had in the quarter affect the delivery precision to our customers, which in the quarter is 91.6% compared with the target of 98%. We work together with our customers to minimize disruptions in their production. 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, Lithuania, Estonia, and Poland to increase our delivery capacity.

Our work to improve our Wiring system unit in Mexico continues. We continue to have problems and we disrupt our customers. During the quarter, we appointed a new CEO to increase the pace of improvement. We have reduced our workforce in Germany, where we design transformers and have changed SAP to a more cost-effective and flexible ERP-system in our new units in the USA, China and Hungary. This will increase our profitability in these units.

### Customers

During the first quarter, one of our factories in Bulgaria delivered the first order to a customer who provides battery storage systems for the electricity grid. We have also won new orders for the same customer. We increase our capacity in welding, painting, and assembling to be able to deliver more to this customer. We have also started serial deliveries of aluminum frames to the manufacturer of the world's largest wind turbines from our unit in Estonia. We have received several inquiries from new and existing customers who want to move their purchases of wire harnesses from Russia and Ukraine to our factories. We have already started the production of these for an existing customer from our factory in Lithuania.

Demand from our existing customers is strong. We see good growth in all business areas and market segments. However, we are vigilant and prepared to act quickly if the war in Ukraine or the development of Covid restrictions in China will change the situation.

### 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. Our strong financial position and equity ratio mean that we have freedom of action to act when we find attractive acquisition opportunities. From 1 July 2021, 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 operations in Germany and changed ERP-systems in all units to reduce costs. We have transferred the production of several products from other AQ units with a lack of capacity to the unit in Hungary. During the quarter, the acquisition contributes with a 7.5% increase in our net sales and with -0.8% in profit before tax.

### Environment

AQ has environmental management systems at all our operational manufacturing units. These contain concrete goals, metrics, and activities to reduce our environmental impact. In our sustainability report for 2021, we reported our carbon dioxide emissions and targets for reduction.

### Cash flow and balance sheet

Our cash flow right now is weak. The organic growth is high, and inventory levels have increased during the quarter. Our low debt ratio means that we can focus on our customers and continue to invest and grow together with them, while at the same time we can act quickly and acquire companies that would complement AQ in a good way.

### 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. 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

### First quarter

Net sales for the first quarter were SEK 1,646 million (1,307), an increase of SEK 340 million compared to the same period in the previous year. The total growth in the quarter was 26.0%, of which organic growth 20.9%, growth through acquisitions 7.5% and currency effects of -2.3%. The currency effect corresponded to about SEK -30 million and was mainly driven by the currencies PLN, EUR and CNY.

Operating margin (EBIT) in the first quarter was SEK 113 million (121), a decrease of SEK 8 million. Our operating margin continues to be negatively affected by the lack of components, which causes disruptions to our production in combination with doubled energy costs and higher transport costs. Compared with the previous year, we had SEK 6 million lower grants and support during the quarter. We have had difficulties to adjust the prices in our wiring system units and that our site in Hungary, that manufactures details to gas turbines, has low demand which affect the margin negatively. Our products within medical technology and electric automation have had a high demand in the quarter which affect the margin in a positive direction. The EBT margin was 7.1%. Net financial items in the quarter amounted to SEK 3 million (5).

The Group's investments in tangible fixed assets for the period amounted to SEK 76 million (28) 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 49 million during the period. Total tangible fixed assets amounted to SEK 1,086 million (922), of which SEK 219 million (257) consisted of the book value of right-of-use assets in accordance with IFRS 16.

Interest-bearing liabilities of the group was SEK 831 million (796) and cash and cash equivalents amounted to SEK 223 million (571), which means that the group had a net debt of SEK 608 million (225). The Group's interest-bearing liabilities without regard to leasing liabilities amounted to SEK 607 million (536), which means a net debt adjusted for leasing liabilities of SEK 384 million (-36).

Cash flow from operating activities was SEK 44 million (160) and is negatively affected by the organic growth in the quarter, which increases both our inventory and accounts receivable.

Cash flow from investing activities was SEK -76 million (-29), which relates mainly to replacement and capacity investments in fixed assets of SEK -76 million (-28).

Cash flow from financing activities was SEK -31 million (-17) and mainly refers to payment of leasing liabilities and amortization of loans from credit institutions.

Equity at the end of the period amounted to 2,756 million (2,352) for the Group.

### Significant events during the first quarter

On February 24, 2022, Russia initiated a military invasion of Ukraine that is still ongoing. This is a humanitarian catastrophe and affects the entire world economy. AQ's direct financial impact is currently not significant as we do not have a production unit in Ukraine, Russia or Belarus. Neither does AQ have any significant customers or suppliers in any of these countries.

AQ follows the continued development and is ready to act when needed. As of today, we have received several inquiries from customers who want to move their production to our factories in, for example, Poland, Lithuania, Estonia and Bulgaria.

In mid-March, the spread of Covid-19 in China increased, and restrictions were introduced in the country, which among others increase the risk of continued delivery problems of semiconductor components in 2022. Last week in March, the introduced Covid-19 restrictions resulted that our site in Shanghai (which accounts for 1% of the Groups total turnover) temporarily had to close down.

## Significant events after the end of the period

During the month of April, our subsidiary in Lithuania has completed a new property for the production of wiring systems. The new factory is 17,200 m<sup>2</sup> and we have invested EUR 11 million in land and building. This will double our capacity in the production of wiring systems mats for commercial vehicles in Europe. In parallel with the construction of the property we have started recruiting new operators. The new factory will be in full production 2023 and will then have 1,500 employees compared to the current 800. A lot of the capacity in the new factory is already booked by new and existing customers.

The spread of Covid-19 in China continues in April and local restrictions was introduced which currently affect our factory in Shanghai and transport in the area. Our factory in Shanghai is still closed. There is a risk that restrictions also may force our factories in Suzhou, which account for about 8.8% of the Group's total turnover, to close temporarily.

## Goals

The goal of the group is continued profitable growth. The goal is a profit margin before tax (EBT) of 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.

	Goal	Jan-Mar 2022
Product quality	100%	99.6%
Delivery precision	98%	91.6%
Equity ratio	>40%	56%
Profit margin before tax, (EBT %)	8%	7.1%
Growth	15%	26%

## 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.

## 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 2021. The ongoing Covid-19 pandemic and the political tension between Russia, Belarus 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 ongoing war between Russia, Belarus and Ukraine, 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

Annual General Meeting 2022	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 is available on the company's website [www.aqgroup.com](http://www.aqgroup.com).

The Annual General Meeting will be held on April 21, 2022 at 18:00 in Västerås. More information is available in the notice convening the Annual General Meeting which was published on the company's website [www.aqgroup.com](http://www.aqgroup.com).

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 April 21, 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:  
CEO and IR, James Ahrgren, telephone +46 76 052 58 88, james.ahrgren@aqg.se  
CFO, Christina Hegg, telephone +46 70 318 92 48, christina.hegg@aqg.se

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](http://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, April 21, 2022

James Ahrgren  
CEO



## Financial reports, summary

### Summary Income Statement for the Group

SEK M	Note	Jan-Mar 2022	Jan-Mar 2021	R12 Apr 2021 -Mar 2022	Full Year 2021
Net sales		1,646	1,307	5,811	5,471
Other operating income		38	30	150	143
<b>Total income</b>		<b>1,684</b>	<b>1,337</b>	<b>5,961</b>	<b>5,614</b>
Change in inventory and work in progress		47	11	220	184
Raw material and consumables		-896	-633	-3,129	-2,866
Goods for resale		-19	-44	-96	-121
Other external expenses		-177	-127	-648	-598
Personnel costs		-443	-359	-1,570	-1,486
Depreciation and amortisation		-65	-55	-244	-234
Other operating expenses		-19	-9	-57	-46
<b>Total operating costs</b>		<b>-1,571</b>	<b>-1,216</b>	<b>-5,523</b>	<b>-5,168</b>
<b>Operating profit</b>		<b>113</b>	<b>121</b>	<b>438</b>	<b>446</b>
Net financial income/expense	5	3	5	-7	-5
<b>Profit before tax</b>		<b>116</b>	<b>126</b>	<b>431</b>	<b>441</b>
Taxes		-23	-17	-79	-73
<b>Profit for the period</b>		<b>93</b>	<b>109</b>	<b>352</b>	<b>368</b>
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO:</b>					
Parent company shareholders		92	108	350	366
Non-controlling interests		1	1	2	2
Earnings per share <sup>1)</sup>		5.04	5.89	19.14	19.99

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

### Statement of comprehensive income for the Group, summary

SEK M	Note	Jan-Mar 2022	Jan-Mar 2021	R12 Apr 2021 -Mar 2022	Full Year 2021
<b>PROFIT FOR THE PERIOD</b>		<b>93</b>	<b>109</b>	<b>352</b>	<b>368</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Items that will not be reclassified to the income statement</b>					
Revaluation of defined benefit pension plans		-	-	-1	-1
Revaluation of defined benefit pension plans, tax effect		-	-	0	0
<b>Items that subsequently may be reclassified to the income statement</b>					
Translation difference for foreign operations		36	53	53	70
<b>Other comprehensive income for the period after tax</b>		<b>36</b>	<b>53</b>	<b>52</b>	<b>69</b>
<b>Comprehensive income for the period</b>		<b>129</b>	<b>161</b>	<b>405</b>	<b>437</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>					
Parent company shareholders		128	160	403	434
Non-controlling interests		1	1	2	2

Summary Balance Sheet for the group

SEK M	Note	Mar 31 2022	Mar 31 2021	Dec 31 2021
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Goodwill		373	340	366
Other intangible assets		157	177	162
Tangible assets		1,086	922	1,052
Financial assets		4	2	2
Deferred tax assets		64	60	62
<b>Total non-current assets</b>		<b>1,684</b>	<b>1,500</b>	<b>1,644</b>
Inventories		1,408	872	1,305
Trade and other receivables		1,418	1,121	1,295
Other current receivables	5	187	132	173
Cash and cash equivalents		223	571	283
<b>Total current assets</b>		<b>3,237</b>	<b>2,696</b>	<b>3,056</b>
<b>TOTAL ASSETS</b>		<b>4,920</b>	<b>4,196</b>	<b>4,699</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity attributable to parent company shareholders		2,743	2,341	2,616
Non-controlling interests		13	11	12
<b>TOTAL EQUITY</b>		<b>2,756</b>	<b>2,352</b>	<b>2,627</b>
Non-current liabilities to credit institutions		605	381	632
Non-current non-interest-bearing liabilities		100	102	98
<b>Total non-current liabilities</b>		<b>705</b>	<b>483</b>	<b>730</b>
Interest-bearing current liabilities		226	415	212
Trade and other payables		785	561	711
Other current liabilities		448	385	419
<b>Total current liabilities</b>		<b>1,459</b>	<b>1,361</b>	<b>1,342</b>
<b>TOTAL LIABILITIES</b>		<b>2,164</b>	<b>1,844</b>	<b>2,072</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,920</b>	<b>4,196</b>	<b>4,699</b>

## 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			
<b>Equity, 01/01/2021</b>	<b>37</b>	<b>84</b>	<b>14</b>	<b>2,047</b>	<b>2,181</b>	<b>9</b>	<b>2,191</b>
<b>Profit for the year</b>	-	-	-	<b>108</b>	<b>108</b>	<b>1</b>	<b>109</b>
Translation differences in foreign operations	-	-	52	-	52	0	53
<b>Other comprehensive income</b>	-	-	<b>52</b>	-	<b>52</b>	<b>0</b>	<b>53</b>
<b>Comprehensive income for the year</b>	-	-	<b>52</b>	<b>108</b>	<b>160</b>	<b>1</b>	<b>161</b>
Dividends paid	-	-	-	-	-	-	-
<b>Transactions with shareholders</b>	-	-	-	-	-	-	-
<b>Equity, 03/31/2021</b>	<b>37</b>	<b>84</b>	<b>66</b>	<b>2,155</b>	<b>2,341</b>	<b>11</b>	<b>2,352</b>
<b>Equity, 01/01/2022</b>	<b>37</b>	<b>84</b>	<b>84</b>	<b>2,411</b>	<b>2,616</b>	<b>12</b>	<b>2,627</b>
<b>Profit for the year</b>	-	-	-	<b>92</b>	<b>92</b>	<b>1</b>	<b>93</b>
Translation differences in foreign operations	-	-0	36	-	35	0	36
<b>Other comprehensive income</b>	-	<b>-0</b>	<b>36</b>	-	<b>35</b>	<b>0</b>	<b>36</b>
<b>Comprehensive income for the year</b>	-	<b>-0</b>	<b>36</b>	<b>92</b>	<b>128</b>	<b>1</b>	<b>129</b>
Dividends paid	-	-	-	-	-	-	-
<b>Transactions with shareholders</b>	-	-	-	-	-	-	-
<b>Equity, 03/31/2022</b>	<b>37</b>	<b>84</b>	<b>120</b>	<b>2,503</b>	<b>2,743</b>	<b>13</b>	<b>2,756</b>

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

## Summary Cash Flow statement for the Group

SEK M	Note	Jan-Mar 2022	Jan-Mar 2021	Full Year 2021
Profit before tax		116	126	441
Adjustment for non cash generating items		68	55	221
Income tax paid		-48	-17	-56
<b>Cash flow from operating activities before change in working capital</b>		<b>136</b>	<b>165</b>	<b>606</b>
Increase (-)/decrease (+) in inventories		-89	-41	-370
Increase (-)/decrease (+) in trade receivables		-107	-103	-191
Increase (-)/decrease (+) in other receivables		-12	-2	-34
Increase (+)/decrease (-) in trade payables		74	107	198
Increase (+)/decrease (-) in other liabilities		42	34	30
<b>Change in working capital</b>		<b>-93</b>	<b>-5</b>	<b>-368</b>
<b>Cashflow from operating activities</b>		<b>44</b>	<b>160</b>	<b>238</b>
Acquisitions of subsidiaries net of cash acquired and other businesses	4	-	-	-203
Divestment of shares in subsidiaries/associated comp		-	-	0
Acquisition of intangible non-current assets		-0	-1	-3
Acquisition of tangible non-current assets		-76	-28	-189
Sale of tangible non-current assets		0	0	3
Sale of intangible non-current assets		-	0	0
Other changes in non-current assets		-0	0	-0
<b>Cashflow from investing activities</b>		<b>-76</b>	<b>-29</b>	<b>-391</b>
New borrowings, credit institutions		9	-	82
Amortisation of loans		-16	-1	-49
Amortisation of loans (lease)		-27	-23	-95
Change in bank overdraft facilities		3	7	36
Dividends		-	-	-0
<b>Cashflow from financing activities</b>		<b>-31</b>	<b>-17</b>	<b>-26</b>
<b>Change in cash and cash equivalents for the period</b>		<b>-63</b>	<b>115</b>	<b>-178</b>
Cash and cash equivalents at the beginning of the year		283	452	452
Exchange rate difference in cash and cash equivalents		4	5	10
<b>Cash and cash equivalents at the end of the period</b>		<b>223</b>	<b>571</b>	<b>283</b>

## 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	Jan-Mar 2022	Jan-Mar 2021	R12 Apr 2021 -Mar 2022	Full year 2021
Net sales		15	11	54	50
Other operating income		1	1	5	4
<b>Total income</b>		<b>16</b>	<b>12</b>	<b>59</b>	<b>54</b>
Other external expenses		-4	-4	-28	-28
Personnel costs		-8	-8	-28	-28
Other operating expenses		-0	-0	-2	-2
<b>Total operating costs</b>		<b>-12</b>	<b>-12</b>	<b>-58</b>	<b>-59</b>
<b>Operating profit</b>		<b>4</b>	<b>-1</b>	<b>0</b>	<b>-4</b>
Net financial items	5	90	-54	136	-8
<b>Earnings after net financial items</b>		<b>94</b>	<b>-55</b>	<b>136</b>	<b>-13</b>
Appropriations		-	-	23	23
<b>Profit before tax</b>		<b>94</b>	<b>-55</b>	<b>159</b>	<b>10</b>
Taxes		-1	-1	-8	-9
<b>Profit for the period</b>		<b>93</b>	<b>-56</b>	<b>150</b>	<b>1</b>

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

### First quarter

Revenues during the first quarter amounted to SEK 16 million (12) and mainly pertained to internal services. Profit for the period amounted to SEK 93 million (-56). Net financial items amounted to SEK 90 million (-54).

Summary balance sheet for the Parent company

SEK M	Note	Mar 31 2022	Mar 31 2021	Dec 31 2021
<b>ASSETS</b>				
Financial fixed assets		1,415	1,223	1,413
<b>Total non-current assets</b>		<b>1,415</b>	<b>1,223</b>	<b>1,413</b>
Current receivables	5	202	130	132
Cash and cash equivalents		89	464	142
<b>Total current assets</b>		<b>290</b>	<b>594</b>	<b>274</b>
<b>TOTAL ASSETS</b>		<b>1,706</b>	<b>1,818</b>	<b>1,687</b>
<b>EQUITY AND LIABILITIES</b>				
Restricted equity		38	38	38
Non-restricted equity		779	628	686
<b>TOTAL EQUITY</b>		<b>816</b>	<b>666</b>	<b>724</b>
<b>Untaxed reserves</b>		<b>6</b>	<b>28</b>	<b>6</b>
<b>Provisions</b>		<b>0</b>	<b>0</b>	<b>-</b>
Non-current interest-bearing liabilities		464	195	478
<b>Total non-current liabilities</b>		<b>464</b>	<b>195</b>	<b>478</b>
Interest-bearing current liabilities		395	888	457
Other current liabilities		24	41	23
<b>Total current liabilities</b>		<b>419</b>	<b>928</b>	<b>480</b>
<b>TOTAL LIABILITIES</b>		<b>883</b>	<b>1,124</b>	<b>958</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,706</b>	<b>1,818</b>	<b>1,687</b>

The increase in non-restricted equity of SEK 93 million compared with 31 December 2021 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

##### First quarter

For the segment Component, the total net sales for the first quarter were SEK 1,433 million (1,101), of which SEK 1,329 million (1,018) are external sales. The increase of the external sales was SEK 310 million.

For the segment System, the total net sales for the first quarter were SEK 369 million (370), of which SEK 318 million (288) are external sales. The increase of the external sales was SEK 30 million.

Operating profit (EBIT) in the first quarter was SEK 58 million (81) for Component, corresponding to an increase of SEK 23 million compared to previous year. Operating profit (EBIT) for System was SEK 50 million (40), 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.

Jan-Mar 2022, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	1,329	318	-	1,646
Net sales, internal	104	51	-156	-
<b>Total net turnover</b>	<b>1,433</b>	<b>369</b>	<b>-156</b>	<b>1,646</b>
Material costs, excl. purchases own segment	-767	-235	135	-868
Depreciation	-59	-6	-0	-65
Other operating expenses/income	-549	-78	26	-601
<b>Operating profit</b>	<b>58</b>	<b>50</b>	<b>4</b>	<b>113</b>
Net financials items				3
<b>Profit before tax</b>				<b>116</b>

Jan-Mar 2021, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	1,018	288	-	1,307
Net sales, internal	83	82	-165	-
<b>Total net turnover</b>	<b>1,101</b>	<b>370</b>	<b>-165</b>	<b>1,307</b>
Material costs, excl. purchases own segment	-549	-264	148	-665
Depreciation	-48	-7	-0	-55
Other operating expenses/income	-422	-60	17	-465
<b>Operating profit</b>	<b>81</b>	<b>40</b>	<b>0</b>	<b>121</b>
Net financials items				5
<b>Profit before tax</b>				<b>126</b>

## SALES DIVIDED BY SEGMENT AND GEOGRAPHICAL MARKETS

### First quarter

The turnover divided among geographical markets in the first quarter: Sweden 30% (34), other European countries 52% (50) and other countries 18% (16).

Jan-Mar 2022, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	310	228	15	553
Other European countries	857	81	-	938
Other countries	266	60	-	326
<b>Net sales</b>	<b>1,433</b>	<b>369</b>	<b>15</b>	<b>1,817</b>
Internal sales, eliminations	-	-	-171	-171
<b>Total net turnover</b>	<b>1,433</b>	<b>369</b>	<b>-156</b>	<b>1,646</b>

Jan-Mar 2021, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	279	210	11	500
Other European countries	655	85	-	740
Other countries	167	75	-	242
<b>Net sales</b>	<b>1,101</b>	<b>370</b>	<b>11</b>	<b>1,482</b>
Internal sales, eliminations	-	-	-176	-176
<b>Total net turnover</b>	<b>1,101</b>	<b>370</b>	<b>-165</b>	<b>1,307</b>

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

### Note 3. Personnel

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

Country	Jan-Mar 2022	Jan-Mar 2021	Jan-Mar 2020
Bulgaria	1,376	1,242	1,337
Poland	1,176	1,011	1,128
Sweden	834	782	833
China	793	670	490
Lithuania	749	614	675
Estonia	557	576	610
Hungary	487	387	356
Mexico	351	178	218
Finland	185	187	211
USA	170	94	74
India	170	138	130
Canada	161	167	176
Germany	21	3	3
Italy	18	18	20
Serbia	10	6	33
Brazil	9	7	4
<b>Total</b>	<b>7,067</b>	<b>6,080</b>	<b>6,298</b>

### Note 4. Acquisitions

AQ's strategy is to grow in both segments. During the period January to March 2022, no acquisitions were made.

### 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 March 31, 2022 the market value of derivatives amounted to SEK 0.0 million (1.6) valued at level 2.

### 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	2022	2021				Full year
	Q1	Q1	Q2	Q3	Q4	
<b>Operating margin, (EBIT %)</b>						
Operating profit	113	121	118	94	113	446
Net revenue	1,646	1,307	1,361	1,306	1,498	5,471
Operating margin	<b>6.9</b>	<b>9.3</b>	<b>8.7</b>	<b>7.2</b>	<b>7.6</b>	<b>8.2</b>
<b>EBITDA</b>						
Profit before tax	113	121	118	94	113	446
Depreciations/amortisations	-65	-55	-56	-62	-62	-234
EBITDA	<b>178</b>	<b>177</b>	<b>173</b>	<b>156</b>	<b>175</b>	<b>681</b>
<b>Profit margin before tax, (EBT %)</b>						
Profit before tax	116	126	114	91	110	441
Net revenue	1,646	1,307	1,361	1,306	1,498	5,471
Profit margin before tax, %	<b>7.1</b>	<b>9.6</b>	<b>8.4</b>	<b>6.9</b>	<b>7.4</b>	<b>8.1</b>
<b>Liquid ratio, %</b>						
Trade receivables	1,418	1,121	1,127	1,117	1,295	1,295
Other current receivables	187	132	151	194	173	173
Cash and cash equivalents	223	571	608	505	283	283
Current liabilities	1,459	1,361	1,132	1,279	1,342	1,342
Liquid ratio, %	<b>125</b>	<b>134</b>	<b>167</b>	<b>142</b>	<b>130</b>	<b>130</b>
<b>Debt/equity ratio, %</b>						
Total equity	2,756	2,352	2,438	2,526	2,627	2,627
Total assets	4,920	4,196	4,281	4,577	4,699	4,699
Debt/equity ratio, %	<b>56</b>	<b>56</b>	<b>57</b>	<b>55</b>	<b>56</b>	<b>56</b>
<b>Return on total assets, %</b>						
Profit before tax, rolling 12 months	431	408	444	442	441	441
Financial expenses, rolling 12 months	-31	-31	-36	-36	-28	-28
Total equity and liabilities, opening balance for 12 months	4,196	4,063	3,818	3,908	3,864	3,864
Total equity and liabilities, closing balance	4,920	4,196	4,281	4,577	4,699	4,699
Total equity and liabilities, average	4,558	4,130	4,049	4,242	4,282	4,282
Return on total assets, %	<b>10.1</b>	<b>10.6</b>	<b>11.9</b>	<b>11.3</b>	<b>11.0</b>	<b>11.0</b>
<b>Return on equity after tax, %</b>						
Profit for the period after tax, rolling 12 months	352	351	377	373	368	368
Total equity, opening for 12 months	2,352	2,176	2,129	2,206	2,191	2,191
Total equity, closing	2,756	2,352	2,438	2,526	2,627	2,627
Total equity, average	2,554	2,264	2,284	2,366	2,409	2,409
Return on equity after tax, %	<b>13.8</b>	<b>15.5</b>	<b>16.5</b>	<b>15.8</b>	<b>15.3</b>	<b>15.3</b>
<b>Net cash / Net debt</b>						
Cash and cash equivalents	223	571	608	505	283	283
Non-current interest bearing liabilities	605	381	611	670	632	632
Current interest bearing liabilities	226	415	170	201	212	212
Total interest bearing liabilities	831	796	781	872	844	844
Net cash / Net debt	<b>-608</b>	<b>-225</b>	<b>-173</b>	<b>-367</b>	<b>-561</b>	<b>-561</b>
<b>Growth, %</b>						
<b>Organic growth</b>						
Net revenue	1,646	1,307	1,361	1,306	1,498	5,471
- Effect of changes in exchange rates	-30	-67	-53	-6	-7	-134
- Net revenue for last year	1,307	1,342	1,116	1,104	1,256	4,819
- Net revenue for acquired companies	98	-	-	93	99	192
= Organic growth	273	32	298	115	149	594
Organic growth divided by last year net revenue, %	<b>20.9</b>	<b>2.4</b>	<b>26.7</b>	<b>10.4</b>	<b>11.9</b>	<b>12.3</b>
<b>Growth through acquisitions</b>						
Net revenue for acquired companies divided by last year net revenue, %	<b>7.5</b>	<b>0.0</b>	<b>0.0</b>	<b>8.4</b>	<b>7.9</b>	<b>4.0</b>

### **Operating margin, EBIT %**

Calculated as operating profit divided by net sales.

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

### **Profit margin before tax, EBT%**

Calculated as profit before tax divided by net sales.

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

### **Liquid ratio, %**

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

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

### **Debt/Equity ratio, %**

Calculated as adjusted equity divided by balance sheet total.

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

### **Return on total assets, %**

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

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

### **Return on equity after tax, %**

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

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

### **Operating profit (EBIT), 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 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.

**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 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, 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.