

Västerås, October 20, 2022



# AQ Group AB (publ) Third quarter, 2022

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## Third quarter, July-September 2022 in brief

- Strong growth within electrification
- Net sales increased by 31.0% to SEK 1,711 million (1,306)
- Operating profit (EBIT) increased by 30.8% to SEK 123 million (94)
- Profit after financial items (EBT) increased by 33.7% to SEK 121 million (91)
- Profit margin before tax (EBT %) was 7.1% (6.9)
- Cash flow from operating activities amounted to SEK 3 million (99)
- Earnings per share after dilution increased by 31.4% to SEK 5.41 (4.12)

## Nine months, January-September 2022 in brief

- Net sales increased by 27.8% to SEK 5,078 million (3,974)
- Operating profit (EBIT) increased by 2.9% to SEK 343 million (333)
- Profit after financial items (EBT) increased by 4.6% to SEK 346 million (331)
- Profit margin before tax (EBT %) was 6.8% (8.3)
- Cash flow from operating activities amounted to SEK 69 million (343)
- Earnings per share after dilution decreased by 0.4% to SEK 15.16 (15.23)
- Equity ratio was 56% (55)

## Group overview, key figures

SEK M unless otherwise stated	2022				2021				Full year
	Q1	Q2	Q3	Ack	Q1	Q2	Q3	Q4	
Net turnover	1,646	1,721	1,711	5,078	1,307	1,361	1,306	1,498	5,471
Operating profit (EBIT)	113	107	123	343	121	118	94	113	446
Profit before tax (EBT)	116	108	121	346	126	114	91	110	441
Profit for the period	93	87	100	280	109	96	76	87	368
Total equity	2,756	2,865	3,010	3,010	2,352	2,438	2,526	2,627	2,627
Operating margin (EBIT), %	6.9	6.2	7.2	6.7	9.3	8.7	7.2	7.6	8.2
Profit margin before tax (EBT), %	7.1	6.3	7.1	6.8	9.6	8.4	6.9	7.4	8.1
Liquid ratio, %	125	128	131	131	134	167	142	130	130
Debt/equity ratio, %	56	55	56	56	56	57	55	56	56
Return on total assets, % <sup>1)</sup>	10.1	9.9	10.3	10.3	10.6	11.9	11.3	11.0	11.0
Return on equity after tax, % <sup>1)</sup>	13.8	12.9	13.3	13.3	15.5	16.5	15.8	15.3	15.3
Number of employees in Sweden	834	853	847	847	782	792	794	821	821
Number of employees outside Sweden	6,233	6,269	6,293	6,293	5,298	5,206	5,711	5,656	5,656
<b>Key indicators per share, SEK</b>									
Profit for the period after dilution	5.04	4.71	5.41	15.16	5.89	5.22	4.12	4.76	19.99
Equity	150.65	156.62	164.52	164.52	128.56	133.29	138.06	143.62	143.62
Number of shares, thousands <sup>2)</sup>	18,294	18,294	18,294	18,294	18,294	18,294	18,294	18,294	18,294

<sup>1)</sup> Calculated based on 12 months rolling amounts.

<sup>2)</sup> No dilution effect

## A word from the CEO



### Growth within electrification

We continue our trend with strong organic growth. In the quarter we grew by 31%. More electricity to the people is the message around the world. To work with electrification has become a buzzword. At AQ we have worked with electrification since we were founded in 1994. Our customers within all segments use our knowledge within design and production of mechanics, wiring systems, inductive components, and electric cabinets to be able to deliver new electrified solutions. We are proud that we can contribute to make the world better. During the quarter we have continued to expand our capacity,

for example we have delivered our first battery systems from Bulgaria, and we have 500 new employees in our factory in Lithuania, which delivers wiring systems to electrified heavy vehicles such as trucks, buses and construction equipment. Many people talk about a future recession within the industry. AQ is a small company with a small market share relative to the total market for contract manufacturing. We intend to continue to grow and take market share even though the demand within any of our market segments suddenly would drop.

The profit margin for the quarter was 7%. We cannot be satisfied with that. If we are to be able to afford our strong organic growth, a margin of 8% is required. We are still in tough negotiations with our vehicle customers to receive compensation for cost increases for raw materials, energy, and transport. These negotiations have come far, and I am convinced that we will reach our goal during the fourth quarter.

We have been making improvements at our company in Mexico for a long time. We now see a big improvement in terms of quality and delivery precision to our customers. It also improves profitability. But we are still not quite there. During the fourth quarter, we will strengthen the management team in Mexico with two experienced leaders to further improve operations.

As I wrote in the report for second quarter, we still have profitability problems in two of our companies in China. During third quarter we have started to sell directly to end customers instead of using distributors. This has a positive impact on our profitability. During the fourth quarter we shall improve productivity in these companies in order to reach our goals regarding profitability.

Two of our companies in North America have had to stop deliveries during the quarter as a customer has closed his factory due to a strike. This affects the profit negatively during the quarter by SEK 4 million. The strike is now over, and deliveries have been made as usual since August 20.

As far as material shortages are concerned, the situation has improved within our wiring companies. However, we still have difficulties buying processors for our business areas Electric Cabinets and System Products. The lead times on these components are long and affect our ability to deliver everything our customers want. We have a continued backlog within these two business areas.

### Customers

During the third quarter, our factory in Bulgaria delivered battery storage systems for EUR 6 million to a customer who provides energy storage for the electric grid. Our company in Lithuania has started serial deliveries of a new contract for wiring harnesses that we received during the second quarter. This contract is worth approximately EUR 9 million per year.

The demand from our existing customers is strong. We see good growth mainly in electrification. During the third quarter, our deliveries for electrification are 55% of our total turnover. We focus our continued organic growth within this area. 20% of our total turnover in the quarter is to the automotive industry, which is still mostly diesel powered. These customers are making a major transition to electrified

vehicles. The turnover for our wiring products increases by an estimated 20% for electric vehicles compared to the same type of diesel vehicle. We help our customers through this transition with our strong offer in wiring systems, electrical cabinets, and inductive components.

### Investments in continued growth and acquisitions

Today we have good organic growth. We are therefore focusing our resources on managing this historically high organic expansion rate. During the first nine months of 2022, we have grown by SEK 1 billion in absolute numbers. We expect increased sales of new products at the same extent also for 2023. Therefore, we currently do not consider making potential acquisitions.

We have started with great speed the renovation of the property we acquired in Pernik Bulgaria during the second quarter. We expect the first battery systems to be delivered from this new factory in the fourth quarter and then to reach full production rate in the first quarter of 2023. Our team is doing a fantastic job on this project. Sometimes the most important thing for our customers is that we can execute quickly, which we certainly do. We have great opportunities to sell battery systems for EUR 40 million from this factory in 2023.

Our factory in Lithuania is now preparing for serial production of wiring harnesses to a world-leading truck manufacturer starting in the first quarter, 2023. We have already recruited 500 employees and will recruit 300 more before the end of the fourth quarter. It is natural that productivity will be lower for a while when we recruit so many new employees at once. We have a very experienced management team in Lithuania that will handle this ramp-up well. We expect that this factory will double its turnover in 2023, which means an increase of EUR 40 million.

### Cash flow and balance sheet

We have continued high organic growth. This means that our inventory and our accounts receivable are increasing. We have many large customer projects with several new customers which initially affect cash flow negatively. The units that had the greatest impact on working capital during the quarter are our Wiring System unit in Lithuania, our Electrical Cabinet company in Bulgaria and our transformer factory in the USA. In the quarter, the cash flow is weak, but we continue to have a low debt ratio, which means that we can focus on our customers and continue to invest and grow together with them.

### Employees and core values

I have had the privilege of leading AQ for six quarters. We are a group of around 50 leaders with a strong inner drive who always want to get better. It is these leaders who, together with our 7 000 employees, make AQ such a strong force. We move forward together, upwards and towards new records every year. This year, I can already say with certainty that we will break our records in terms of turnover and earnings once again. That's what makes this job, the best one can have. Leading this group and together becoming better and better while we, by producing solutions for our customers for an electrified society, at the same time make the world a little better every day.

As a long-term shareholder in AQ, I expect that we will grow turnover and earnings every year while contributing positively to a better society. I think that's fun. As I usually say to my employees, "Let's Grow, Make Profit and have Fun!"



James Ahrgren  
CEO

## Group's financial position and results

### Third quarter

Net sales for the third quarter was SEK 1,711 million (1,306), an increase of SEK 405 million compared to the same period in the previous year. The total growth in the quarter was 31.0%, of which organic growth 26.8% and currency effects of 4.2%. The currency effect corresponded to SEK 55 million and was mainly driven by the currencies CNY, EUR and USD.

Operating profit (EBIT) in the third quarter was SEK 123 million (94), an increase of SEK 29 million. A large part of the increase is of course attributable to the increased net sales from basically all our companies. Furthermore, we have improved the operating profit by SEK 11 million compared to the corresponding quarter previous year in our new units that were acquired from Schaffner. The Group's operating profit continues to be negatively affected by postponed customer orders together with the start-up of several new major customer projects and continued component shortages in primarily Electrical Cabinets and System Products, which prevent us from final deliveries according to plan. In addition, energy and transport costs have continued to increase during the quarter. During the quarter we had SEK 23 million higher energy costs for production compared to previous year. Operative exchange rate effects have had a positive net effect on the operating profit of SEK 8 million in the quarter compared to the previous year. The EBT margin was 7.1%. Net financial items in the quarter amounted to SEK -2 million (-3).

Cash flow from operating activities was SEK 3 million (99) and is negatively affected by the high organic growth. The component shortage within Electrical Cabinets and System Products also contributes negatively to the capital tie-up when we cannot make final deliveries according to plan.

Cash flow from investing activities was SEK -91 million (-251), which relates mainly to replacement and capacity investments of fixed assets of SEK -92 million (-65). These investments are mostly located in Europe.

Cash flow from financing activities was SEK 23 million (47) and mainly refers to repayments of bank loans and leasing liabilities of SEK 40 million and new loans of SEK 62 million.

### First nine months

Net sales for the first nine months was SEK 5,078 million (3,974), an increase of SEK 1,105 million compared to previous year. The total growth during the first nine months was 27.8%, of which organic growth 22.7%, growth through acquisitions 4.7% and currency effects of 0.4%. The currency effect corresponded to SEK 15 million and was mainly driven by the currencies CNY, PLN and HUF.

Operating profit (EBIT) in the first nine months was SEK 343 million (333), an increase of SEK 10 million. The organic growth has been very high during the period for most of our companies and could have been even higher if the continued component shortages in primarily Electrical Cabinets and System Products had not caused disruptions and delayed final deliveries. This, together with the start-up of several large customer orders and greatly increased energy and transport costs, has negatively affected our operating profit. During the period we had SEK 47 million higher energy costs for the production and received SEK 8 million less in grants and support compared to the previous year. Our new units from the acquisition last year have improved earnings by SEK 11 million during the first three quarters of the year compared to the corresponding period last year. Operational exchange rate effects have had a positive net effect on the operating profit of SEK 16 million during the period compared to the previous year. The EBT margin was 6.8%. Net financial items amounted to SEK 3 million (-2).

The Group's investments in tangible fixed assets for the period amounted to SEK 204 million (123) and mainly pertain to replacement and capacity investments in Europe. The single largest investments are a new factory building and production equipment in Bulgaria of SEK 85 million and a new factory building in Lithuania of SEK 50 million. Total tangible fixed assets amounted to SEK 1,193 million (1,005), of which SEK 222 million (252) consisted of right-of-use assets in accordance with IFRS 16.

Interest-bearing liabilities of the Group was SEK 1,003 million (872) and cash and cash equivalents amounted to SEK 154 million (505), which means that the Group had a net debt of SEK 849 million (367). The Group's interest-bearing liabilities without regard to leasing liabilities amounted to SEK 776 million (615), which means a net debt adjusted for leasing liabilities of SEK 623 million (110).

Cash flow from operating activities was SEK 69 million (343) and is negatively affected by the strong organic growth, which increases both our inventory and accounts receivable. The component shortage within Electrical Cabinets and System Products also contributes negatively to the capital tie-up when we cannot make final deliveries according to plan.

Cash flow from investing activities was SEK -212 million (-309), which relates mainly to replacement and capacity investments in fixed assets of SEK -211 million (-123).

Cash flow from financing activities was SEK 4 million (11) and mainly refers to extended use of revolving credit facilities of SEK 184 million, repayments of bank loans and leasing liabilities of SEK -123 million and paid dividends of SEK -61 million.

Equity at the end of the period amounted to 3,010 million (2,526) for the Group.

### Significant events during the first nine months

The first nine months of the year have been characterized by high organic growth. In April, AQ in Lithuania completed a new property for production of wiring systems that will double our capacity in the production of wiring harnesses for commercial vehicles in Europe. The new factory will be in full production in 2023 and then have 1,500 employees. We have recruited 500 new operators during the year and will recruit another 300 before the end of the fourth quarter. It is natural that productivity will be lower for a while when we recruit so many new operators at once. A large part of the capacity in the new factory has already been booked by new and existing customers.

On June 27, AQ Group signed an agreement to acquire a property in Pernik, Bulgaria to continue our growth in our business area Electrical Cabinet. Access took place at the beginning of the third quarter. The new AQ factory will produce sheet metal housings and carry out electrical integration for large battery systems used to store energy for the grid. We have worked intensively to complete the new factory since the day of accession, and we expect the first battery systems to be delivered from this new factory during the fourth quarter and then reach full production rate during the first quarter of 2023.

The invasion of Ukraine, which began in February 2022, is still ongoing. AQ's direct financial impact has not been significant as we do not have any production units in Ukraine, Russia, or Belarus. Neither does AQ have any significant customers or suppliers in any of these countries. However, AQ has received several orders from customers who 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 other things increased the risk of continued supply problems of semiconductor components throughout 2022. Covid-19 spread in China continued in April and the local restrictions introduced at the turn of March / April has caused that our factory in Shanghai, which accounts for about 1% of the Group's sales, has been closed until the beginning of June. Both the long shutdown and the restrictions on transport and mobility in China had a negative effect on the Group's sales and earnings during the period March to June.

At the Annual General Meeting on April 21, a decision was made to introduce a warrant-based incentive program for executive officers and other key personnel within AQ. The duration for the warrant-incentive program is three years and expires on May 12, 2025. A total of 52,500 warrants were subscribed, each of which entitles to a new share during the period May 12 to June 10, 2025. The subscription price was set at SEK 351.20/share.

## Significant events after the end of the period

The invasion of Ukraine continues, as does the spread of Covid-19, which, above all, increases the risk of continued supply problems of semiconductor components and the risk of shutdowns in the country due to severe local restrictions in China. This, together with the generally rising global inflation, is affecting the economic development in several of the countries where AQ operates. We are constantly monitoring and evaluating the situation to be prepared to act quickly to limit any impact on the company.

## 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.

	<b>Target</b>	<b>Jan-Sep 2022</b>
Product quality	100%	99.5%
Delivery precision	98%	89.7%
Equity ratio	>40%	56%
Profit margin before tax, (EBT %)	8%	6.8%
Growth	15%	27.8%

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

AQ Group AB paid a dividend of SEK 61 million to its shareholders in April 2022 following a decision at the 2022 Annual General Meeting. Furthermore, 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 / share, which corresponded to 125 percent of the volume-weighted average price paid for the Company's share on Nasdaq Stockholm during the period from April 22 to May 5, 2022. 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.

## 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 more detailed described in the Annual Report of 2021. The ongoing Covid-19 pandemic and the political tension between Russia, Belarus and Ukraine/NATO has mainly resulted in increased energy costs and other 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 other 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 for AQ in a shorter perspective are the impacts of component shortages on delivery precision, lockdowns in China, the ongoing war between Russia, Belarus and Ukraine impact on customers, personnel and suppliers, the high global inflation and currency and price risks on e.g. energy, transport and material.

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 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 accounts receivable.

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 2023 was announced on October 18, 2022 and consists of Henrik Carlman (Aeternum Capital), Hans Christian Bratterud (ODIN Fonder), Per Olof Andersson and Claes Mellgren with Hans Christian Bratterud as chairman.

## Future reporting dates

Year-End Report, 2022	February 16, 2023, at 08:00
Interim report Q1, 2023	April 20, 2023, at 08:00
Annual General Meeting	April 20, 2023
Interim report Q2, 2023	July 14, 2023, at 08:00
Interim report Q3, 2023	October 19, 2023, at 08:00

## 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 CEST on October 20, 2022.

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

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

Västerås, October 20, 2022

James Ahrgren  
CEO

# Review report

To the board of AQ Group AB (publ)

Corp. id. 556281-8830

## Introduction

We have reviewed the summary interim financial information (interim report) of AQ Group AB (publ) as of 30 September 2022, and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Västerås, October 20, 2022

KPMG AB

Hök Olov Forsberg  
Authorized Public Accountant

## Financial reports, summary

### Summary Income Statement for the Group

SEK M	Note	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	R12 Oct 2021 -Sep 2022	Full year 2021
Net sales		1,711	1,306	5,078	3,974	6,576	5,471
Other operating income		53	25	137	82	198	143
<b>Total income</b>		<b>1,764</b>	<b>1,331</b>	<b>5,215</b>	<b>4,056</b>	<b>6,773</b>	<b>5,614</b>
Change in inventory and work in progress		13	55	90	105	169	184
Raw material and consumables		-918	-717	-2,747	-2,032	-3,581	-2,866
Goods for resale		-18	-16	-51	-102	-70	-121
Other external expenses		-208	-145	-578	-412	-764	-598
Personnel costs		-426	-344	-1,339	-1,077	-1,748	-1,486
Depreciation and amortisation		-64	-62	-194	-173	-255	-234
Other operating expenses		-20	-9	-53	-31	-68	-46
<b>Total operating costs</b>		<b>-1,641</b>	<b>-1,237</b>	<b>-4,872</b>	<b>-3,723</b>	<b>-6,317</b>	<b>-5,168</b>
<b>Operating profit</b>		<b>123</b>	<b>94</b>	<b>343</b>	<b>333</b>	<b>456</b>	<b>446</b>
Net financial income/expense	5	-2	-3	3	-2	0	-5
<b>Profit before tax</b>		<b>121</b>	<b>91</b>	<b>346</b>	<b>331</b>	<b>456</b>	<b>441</b>
Taxes		-21	-15	-66	-50	-89	-73
<b>Profit for the period</b>		<b>100</b>	<b>76</b>	<b>280</b>	<b>280</b>	<b>367</b>	<b>368</b>
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO</b>							
Parent company shareholders		99	75	277	279	365	366
Non-controlling interests		1	0	2	2	3	2
<b>EARNINGS PER SHARE, SEK</b>							
Before dilution		5.41	4.12	15.16	15.23	19.93	19.99
After dilution		5.41	4.12	15.16	15.23	19.93	19.99

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

SEK M	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	R12 Oct 2021 -Sep 2022	Full year 2021
<b>PROFIT FOR THE PERIOD</b>	<b>100</b>	<b>76</b>	<b>280</b>	<b>280</b>	<b>367</b>	<b>368</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<b>Items that cannot be transferred to the profit for the period</b>						
Revaluation of defined benefit pension plans	-	-	-	-	-1	-1
Revaluation of defined benefit pension plans, tax effect	-	-	-	-	0	0
<b>Items transferred or that can be transferred to the profit</b>						
Translation difference for foreign operations	45	12	161	55	176	70
<b>Other comprehensive income for the period after tax</b>	<b>45</b>	<b>12</b>	<b>161</b>	<b>55</b>	<b>176</b>	<b>69</b>
<b>Comprehensive income for the period</b>	<b>145</b>	<b>87</b>	<b>441</b>	<b>335</b>	<b>543</b>	<b>437</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>						
Parent company shareholders	143	87	438	333	539	434
Non-controlling interests	1	0	3	2	4	2

## Summary Balance Sheet for the Group

SEK M	Sep 30 2022	Sep 30 2021	Dec 31 2021
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	394	369	366
Other intangible assets	153	168	162
Tangible assets	1,193	1,005	1,052
Financial assets	4	2	2
Deferred tax assets	65	58	62
<b>Total non-current assets</b>	<b>1,809</b>	<b>1,602</b>	<b>1,644</b>
Inventories	1,604	1,159	1,305
Trade and other receivables	1,627	1,117	1,295
Other current receivables	197	194	173
Cash and cash equivalents	154	505	283
<b>Total current assets</b>	<b>3,582</b>	<b>2,975</b>	<b>3,056</b>
<b>TOTAL ASSETS</b>	<b>5,392</b>	<b>4,577</b>	<b>4,699</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity attributable to parent company shareholders	2,995	2,514	2,616
Non-controlling interests	15	11	12
<b>TOTAL EQUITY</b>	<b>3,010</b>	<b>2,526</b>	<b>2,627</b>
Non-current liabilities to credit institutions	769	670	632
Non-current non-interest-bearing liabilities	100	102	98
<b>Total non-current liabilities</b>	<b>869</b>	<b>772</b>	<b>730</b>
Interest-bearing current liabilities	234	201	212
Trade and other payables	774	661	711
Other current liabilities	505	416	419
<b>Total current liabilities</b>	<b>1,513</b>	<b>1,279</b>	<b>1,342</b>
<b>TOTAL LIABILITIES</b>	<b>2,382</b>	<b>2,051</b>	<b>2,072</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,392</b>	<b>4,577</b>	<b>4,699</b>

## 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	Translation reserve	Retained earnings incl. Profit	Subtotal		
<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>279</b>	<b>279</b>	<b>2</b>	<b>280</b>
Translation differences in foreign operations	-	-0	55	-	55	0	55
<b>Other comprehensive income</b>	-	<b>-0</b>	<b>55</b>	-	<b>55</b>	<b>0</b>	<b>55</b>
<b>Comprehensive income for the year</b>	-	<b>-0</b>	<b>55</b>	<b>279</b>	<b>333</b>	<b>2</b>	<b>335</b>
Dividends paid	-	-	-	-	-	-0	-0
<b>Transactions with shareholders</b>	-	-	-	-	-	<b>-0</b>	<b>-0</b>
<b>Equity, 09/30/2021</b>	<b>37</b>	<b>84</b>	<b>68</b>	<b>2,325</b>	<b>2,514</b>	<b>11</b>	<b>2,526</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>277</b>	<b>277</b>	<b>2</b>	<b>280</b>
Translation differences in foreign operations	-	-1	161	-	160	1	161
<b>Other comprehensive income</b>	-	<b>-1</b>	<b>161</b>	-	<b>160</b>	<b>1</b>	<b>161</b>
<b>Comprehensive income for the year</b>	-	<b>-1</b>	<b>161</b>	<b>277</b>	<b>438</b>	<b>3</b>	<b>441</b>
Issues of warrants	-	-	-	2	2	-	2
Dividends paid	-	-	-	-61	-61	-	-61
<b>Transactions with shareholders</b>	-	-	-	<b>-59</b>	<b>-59</b>	-	<b>-59</b>
<b>Equity, 09/30/2022</b>	<b>37</b>	<b>83</b>	<b>245</b>	<b>2,630</b>	<b>2,995</b>	<b>15</b>	<b>3,010</b>

All shares, 18,294,058 pcs, are A-shares with equal voting rights and equal rights to the results. No dilution effect.

## Summary Cash Flow statement for the Group

SEK M	Note	Jul 1 - Sep 30 2022	Jul 1 - Sep 30 2021	Jan 1 - Sep 30 2022	Jan 1 - Sep 30 2021	Jan 1 - Dec 31 Full Year 2021
Profit before tax		121	91	346	331	441
Adjustment for non cash generating items		57	53	188	166	221
Income tax paid		-14	-18	-82	-57	-56
<b>Cash flow from operating activities before change in working capital</b>		<b>164</b>	<b>126</b>	<b>451</b>	<b>440</b>	<b>606</b>
Increase (-)/decrease (+) in inventories		-53	-141	-221	-232	-370
Increase (-)/decrease (+) in trade receivables		-83	84	-246	-30	-191
Increase (-)/decrease (+) in other receivables		14	-19	-5	-35	-34
Increase (+)/decrease (-) in trade payables		-36	62	19	174	198
Increase (+)/decrease (-) in other liabilities		-3	-13	70	26	30
<b>Change in working capital</b>		<b>-161</b>	<b>-27</b>	<b>-383</b>	<b>-97</b>	<b>-368</b>
<b>Cashflow from operating activities</b>		<b>3</b>	<b>99</b>	<b>69</b>	<b>343</b>	<b>238</b>
Aquisitions of subsidiaries net of cash acquired and other businesses	4	-	-185	-	-185	-203
Divestment of shares in subsidiaries		-	-	-	-	0
Acquisition of intangible non-current assets		-0	-0	-4	-2	-3
Acquisition of tangible non-current assets		-92	-65	-211	-123	-189
Sale of tangible non-current assets		1	0	3	2	3
Sale of intangible non-current assets		-0	-	0	0	0
Other changes in non-current assets		-0	-1	-0	-	-0
<b>Cashflow from investing activities</b>		<b>-91</b>	<b>-251</b>	<b>-212</b>	<b>-309</b>	<b>-391</b>
New borrowings, credit institutions		62	70	179	82	82
Amortisation of loans		-15	-16	-47	-33	-49
Amortisation of loans (lease)		-24	-25	-76	-71	-95
Change in bank overdraft facilities		1	18	7	32	36
Payment of warrants		-	-	2	-	-
Dividends		-	-0	-61	-0	-0
<b>Cashflow from financing activities</b>		<b>23</b>	<b>47</b>	<b>4</b>	<b>11</b>	<b>-26</b>
<b>Change in cash and cash equivalents for the period</b>		<b>-65</b>	<b>-105</b>	<b>-140</b>	<b>46</b>	<b>-178</b>
Cash and cash equivalents at the beginning of the year		217	608	283	452	452
Exchange rate difference in cash and cash equivalents		1	2	11	8	10
<b>Cash and cash equivalents at the end of the period</b>		<b>154</b>	<b>505</b>	<b>154</b>	<b>505</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	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	R12 Oct 2021 -Sep 2022	Full year 2021
Net sales		14	16	40	39	51	50
Other operating income		1	1	4	2	7	4
<b>Total income</b>		<b>15</b>	<b>17</b>	<b>45</b>	<b>41</b>	<b>58</b>	<b>54</b>
Other external expenses		-4	-5	-14	-15	-27	-28
Personnel costs		-7	-6	-25	-23	-30	-28
Other operating expenses		-0	-0	-1	-1	-2	-2
<b>Total operating costs</b>		<b>-11</b>	<b>-12</b>	<b>-40</b>	<b>-39</b>	<b>-59</b>	<b>-59</b>
<b>Operating profit</b>		<b>3</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>-2</b>	<b>-4</b>
Net financial items	5	-19	23	57	-4	53	-8
<b>Earnings after net financial items</b>		<b>-16</b>	<b>28</b>	<b>62</b>	<b>-1</b>	<b>51</b>	<b>-13</b>
Appropriations		-	-	-	-	23	23
<b>Profit before tax</b>		<b>-16</b>	<b>28</b>	<b>62</b>	<b>-1</b>	<b>74</b>	<b>10</b>
Taxes		-1	-1	-3	-2	-10	-9
<b>Profit for the period</b>		<b>-17</b>	<b>27</b>	<b>59</b>	<b>-3</b>	<b>64</b>	<b>1</b>

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

### Third quarter

Revenues during the third quarter amounted to SEK 14 million (16) and mainly pertained to internal services. Net financial items amounted to SEK -19 million (23). Profit for the period amounted to SEK -17 million (27).

### First nine months

Revenues during the first nine months amounted to SEK 40 million (39) and mainly pertained to internal services. Net financial items amounted to SEK 57 million (-4). Profit for the period amounted to SEK 59 million (-3).

## Summary balance sheet for the Parent company

SEK M	Sep 30 2022	Sep 30 2021	Dec 31 2021
<b>ASSETS</b>			
Tangible assets	0	-	-
Financial fixed assets	1,440	1,399	1,413
<b>Total non-current assets</b>	<b>1,440</b>	<b>1,399</b>	<b>1,413</b>
Current receivables	331	130	132
Cash and cash equivalents	23	362	142
<b>Total current assets</b>	<b>354</b>	<b>491</b>	<b>274</b>
<b>TOTAL ASSETS</b>	<b>1,793</b>	<b>1,890</b>	<b>1,687</b>
<b>EQUITY AND LIABILITIES</b>			
Restricted equity	38	38	38
Non-restricted equity	686	681	686
<b>TOTAL EQUITY</b>	<b>724</b>	<b>719</b>	<b>724</b>
<b>Untaxed reserves</b>	<b>6</b>	<b>28</b>	<b>6</b>
Non-current interest-bearing liabilities	614	491	478
<b>Total non-current liabilities</b>	<b>614</b>	<b>491</b>	<b>478</b>
Interest-bearing current liabilities	429	629	457
Other current liabilities	20	23	23
<b>Total current liabilities</b>	<b>450</b>	<b>652</b>	<b>480</b>
<b>TOTAL LIABILITIES</b>	<b>1,064</b>	<b>1,143</b>	<b>958</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,793</b>	<b>1,890</b>	<b>1,687</b>

The non-restricted equity amounts to SEK 686 million. The changes since 31 December 2021 consist of the profit for the period of SEK 59 million, paid dividend of SEK 61 million and additional capital related to the subscription of warrants of SEK 2 million.



## 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

##### Third quarter

For the segment Component, the total net sales for the third quarter were SEK 1,494 million (1,165), of which SEK 1,381 million (1,076) are external sales. The increase of the external sales was SEK 305 million.

For the segment System, the total net sales for the third quarter were SEK 372 million (279), of which SEK 329 million (230) are external sales. The increase of the external sales was SEK 100 million.

Operating profit (EBIT) in the third quarter was SEK 84 million (58) for Component, corresponding to an increase of SEK 26 million compared to previous year. Operating profit (EBIT) for System was SEK 44 million (31), corresponding to an increase of SEK 13 million compared to previous year.

In the column "Unallocated and eliminations" there are items related to the parent company and group eliminations.

Jul-Sep 2022, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	1,381	329	-	1,711
Net sales, internal	113	42	-155	-
<b>Total net turnover</b>	<b>1,494</b>	<b>372</b>	<b>-155</b>	<b>1,711</b>
Material costs, excl. purchases own segment	-797	-250	125	-923
Depreciation	-58	-6	-0	-64
Other operating expenses/income	-555	-71	25	-601
<b>Operating profit</b>	<b>84</b>	<b>44</b>	<b>-5</b>	<b>123</b>
Net financials items				-2
<b>Profit before tax</b>				<b>121</b>

Jul-Sep 2021, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	1,076	230	-	1,306
Net sales, internal	89	49	-138	-
<b>Total net turnover</b>	<b>1,165</b>	<b>279</b>	<b>-138</b>	<b>1,306</b>
Material costs, excl. purchases own segment	-609	-185	116	-678
Depreciation	-55	-7	-0	-62
Other operating expenses/income	-444	-56	27	-472
<b>Operating profit</b>	<b>58</b>	<b>31</b>	<b>5</b>	<b>94</b>
Net financial items				-3
<b>Profit before tax</b>				<b>91</b>

### First nine months

For the segment Component, the total net sales for the first nine months were SEK 4,441 million (3,428), of which SEK 4,115 million (3,173) are external sales. The increase of the external sales was SEK 942 million.

For the segment System, the total net sales for the first nine months were SEK 1,092 million (1,025), of which SEK 963 million (800) are external sales. The increase of the external sales was SEK 163 million.

Operating profit (EBIT) in the first nine months was SEK 208 million (221) for Component, corresponding to a decrease of SEK 13 million compared to previous year. Operating profit (EBIT) for System was SEK 140 million (109), corresponding to an increase of SEK 31 million compared to previous year.

In the column "Unallocated and eliminations" there are items related to the parent company and group eliminations.

Jan-Sep 2022, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	4,115	963	-	5,078
Net sales, internal	326	128	-454	-
<b>Total net turnover</b>	<b>4,441</b>	<b>1,092</b>	<b>-454</b>	<b>5,078</b>
Material costs, excl. purchases own segment	-2,382	-707	380	-2,708
Depreciation	-176	-18	-0	-194
Other operating expenses/income	-1,676	-228	70	-1,834
<b>Operating profit</b>	<b>208</b>	<b>140</b>	<b>-5</b>	<b>343</b>
Net financial items				3
<b>Profit before tax</b>				<b>346</b>

Jan-Sep 2021, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	3,173	800	-	3,974
Net sales, internal	254	225	-479	-
<b>Total net turnover</b>	<b>3,428</b>	<b>1,025</b>	<b>-479</b>	<b>3,974</b>
Material costs, excl. purchases own segment	-1,735	-716	422	-2,029
Depreciation	-151	-21	-1	-173
Other operating expenses/income	-1,320	-179	60	-1,439
<b>Operating profit</b>	<b>221</b>	<b>109</b>	<b>3</b>	<b>333</b>
Net financial items				-2
<b>Profit before tax</b>				<b>331</b>

## SALES DIVIDED BY SEGMENT AND GEOGRAPHICAL MARKETS

### Third quarter

The turnover divided among geographical markets in the third quarter; Sweden 26% (29), other European countries 54% (52) and other countries 20% (19).

Jul-Sep 2022, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	273	203	14	491
Other European countries	909	103	-	1,012
Other countries	312	65	-	377
<b>Net sales</b>	<b>1,494</b>	<b>372</b>	<b>14</b>	<b>1,880</b>
Internal sales, eliminations	-	-	-169	-169
<b>Total net turnover</b>	<b>1,494</b>	<b>372</b>	<b>-155</b>	<b>1,711</b>

Jul-Sep 2021, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	225	176	16	417
Other European countries	700	64	-	764
Other countries	240	39	-	279
<b>Net sales</b>	<b>1,165</b>	<b>279</b>	<b>16</b>	<b>1,460</b>
Internal sales, eliminations	-	-	-154	-154
<b>Total net turnover</b>	<b>1,165</b>	<b>279</b>	<b>-138</b>	<b>1,306</b>

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

### First nine months

The turnover divided among geographical markets in the first nine months; Sweden 29% (31), other European countries 53% (51) and other countries 18% (18).

Jan-Sep 2022, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	909	657	40	1,606
Other European countries	2,693	268	-	2,961
Other countries	839	167	-	1,006
<b>Net sales</b>	<b>4,441</b>	<b>1,092</b>	<b>40</b>	<b>5,573</b>
Internal sales, eliminations	-	-	-495	-495
<b>Total net turnover</b>	<b>4,441</b>	<b>1,092</b>	<b>-454</b>	<b>5,078</b>

Jan-Sep 2021, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	780	577	39	1,396
Other European countries	2,046	225	-	2,271
Other countries	601	224	-	825
<b>Net sales</b>	<b>3,428</b>	<b>1,025</b>	<b>39</b>	<b>4,492</b>
Internal sales, eliminations	-	-	-518	-518
<b>Total net turnover</b>	<b>3,428</b>	<b>1,025</b>	<b>-479</b>	<b>3,974</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 divided per country:

Country	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2020
Bulgaria	1,369	1,263	1,246
Poland	1,136	1,015	1,004
Lithuania	946	633	605
Sweden	847	794	789
China	708	767	634
Estonia	568	554	564
Hungary	481	544	377
Mexico	347	202	205
Finland	187	185	191
India	173	149	129
USA	162	171	68
Canada	161	167	163
Germany	21	23	3
Italy	18	19	18
Serbia	9	10	26
Brazil	9	9	4
<b>Total</b>	<b>7,140</b>	<b>6,505</b>	<b>6,026</b>

### Note 4. Business acquisitions

AQ's strategy is to grow in both segments. During the period January to September 2022, no business acquisitions were made. In July 2021, Schaffner Group's Power Magnetics division was acquired for a total purchase price of SEK 203 million, which affected the cash flow by SEK -185 million in the third quarter previous year.

### 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 is only in exceptional cases using derivatives to reduce currency risks. Per September 30, 2022, there are no remaining derivatives, previous year the market value amounted to SEK 0.2 million (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 6.

Note 7. Calculation of key figures and definitions

SEK M unless otherwise stated	2022				2021				
	Q1	Q2	Q3	YTD	Q1	Q2	Q3	Q4	Full year
<b>Operating margin, (EBIT %)</b>									
Operating profit	113	107	123	343	121	118	94	113	446
Net revenue	1,646	1,721	1,711	5,078	1,307	1,361	1,306	1,498	5,471
Operating margin	6.9	6.2	7.2	6.7	9.3	8.7	7.2	7.6	8.2
<b>EBITDA</b>									
Profit before tax	113	107	123	343	121	118	94	113	446
Depreciations/amortisations	-65	-65	-64	-194	-55	-56	-62	-62	-234
EBITDA	178	171	187	536	177	173	156	175	681
<b>Profit margin before tax, (EBT %)</b>									
Profit before tax	116	108	121	346	126	114	91	110	441
Net revenue	1,646	1,721	1,711	5,078	1,307	1,361	1,306	1,498	5,471
Profit margin before tax, %	7.1	6.3	7.1	6.8	9.6	8.4	6.9	7.4	8.1
<b>Liquid ratio, %</b>									
Trade receivables	1,418	1,515	1,627	1,627	1,121	1,127	1,117	1,295	1,295
Other current receivables	187	203	197	197	132	151	194	173	173
Cash and cash equivalents	223	217	154	154	571	608	505	283	283
Current liabilities	1,459	1,513	1,513	1,513	1,361	1,132	1,279	1,342	1,342
Liquid ratio, %	125	128	131	131	134	167	142	130	130
<b>Debt/equity ratio, %</b>									
Total equity	2,756	2,865	3,010	3,010	2,352	2,438	2,526	2,627	2,627
Total assets	4,920	5,165	5,392	5,392	4,196	4,281	4,577	4,699	4,699
Debt/equity ratio, %	56	55	56	56	56	57	55	56	56
<b>Return on total assets, %</b>									
Profit before tax, rolling 12 months	431	426	456	456	408	444	442	441	441
Financial expenses, rolling 12 months	-31	-43	-59	-59	-31	-36	-36	-28	-28
Total equity and liabilities, opening balance for 12 months	4,196	4,281	4,577	4,577	4,063	3,818	3,908	3,864	3,864
Total equity and liabilities, closing balance	4,920	5,165	5,392	5,392	4,196	4,281	4,577	4,699	4,699
Total equity and liabilities, average	4,558	4,723	4,984	4,984	4,130	4,049	4,242	4,282	4,282
Return on total assets, %	10.1	9.9	10.3	10.3	10.6	11.9	11.3	11.0	11.0
<b>Return on equity after tax, %</b>									
Profit for the period after tax, rolling 12 months	352	343	367	367	351	377	373	368	368
Total equity, opening for 12 months	2,352	2,438	2,526	2,526	2,176	2,129	2,206	2,191	2,191
Total equity, closing	2,756	2,865	3,010	3,010	2,352	2,438	2,526	2,627	2,627
Total equity, average	2,554	2,652	2,768	2,768	2,264	2,284	2,366	2,409	2,409
Return on equity after tax, %	13.8	12.9	13.3	13.3	15.5	16.5	15.8	15.3	15.3
<b>Net cash / Net debt</b>									
Cash and cash equivalents	223	217	154	154	571	608	505	283	283
Non-current interest bearing liabilities	605	686	769	769	381	611	670	632	632
Current interest bearing liabilities	226	238	234	234	415	170	201	212	212
Total interest bearing liabilities	831	924	1,003	1,003	796	781	872	844	844
Net cash / Net debt	-608	-707	-849	-849	-225	-173	-367	-561	-561
<b>Growth, %</b>									
<b>Organic growth</b>									
Net revenue	1,646	1,721	1,711	5,078	1,307	1,361	1,306	1,498	5,471
- Effect of changes in exchange rates	-30	-9	55	15	-67	-53	-6	-7	-134
- Net revenue for last year	1,307	1,361	1,306	3,974	1,342	1,116	1,104	1,256	4,819
- Net revenue for acquired companies	98	88	-	185	-	-	93	99	192
= Organic growth	273	282	350	904	32	298	115	149	594
Organic growth divided by last year net revenue, %	20.9	20.7	26.8	22.8	2.4	26.7	10.4	11.9	12.3
<b>Growth through acquisitions</b>									
Net revenue for acquired companies divided by last year net revenue, %	7.5	6.4	0.0	4.7	0.0	0.0	8.4	7.9	4.0

### **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

**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.