

Västerås, October 19, 2023



AQ Group AB (publ) Third quarter, 2023

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Third quarter, July-September 2023 in brief

- High turnover and strong cash flow
- Net sales increased by 26% to SEK 2,149 million (1,711)
- Operating profit (EBIT) increased by 63% to SEK 201 million (123)
- Profit before tax (EBT) increased by 61% to SEK 195 million (121)
- Profit margin before tax (EBT %) was 9.1% (7.1)
- Profit after tax increased by 72% to SEK 172 million (100)
- Cash flow from operating activities amounted to SEK 339 million (3)
- Earnings per share before dilution amounted to SEK 9.34 (5.41)

Nine months, January-September 2023 in brief

- Net sales increased by 33% to SEK 6,747 million (5,078)
- Operating profit (EBIT) increased by 75% to SEK 599 million (343)
- Profit before tax (EBT) increased by 66% to SEK 575 million (346)
- Profit margin before tax (EBT %) was 8.5% (6.8)
- Profit after tax increased by 79% to SEK 502 million (280)
- Cash flow from operating activities amounted to SEK 742 million (69)
- Earnings per share before dilution amounted to SEK 27.25 (15.16)
- Equity ratio was 61% (56)

Group overview, key figures

SEK M unless otherwise stated	2023				2022				Full year
	Q1	Q2	Q3	YTD	Q1	Q2	Q3	Q4	
Net turnover	2,253	2,345	2,149	6,747	1,646	1,721	1,711	1,974	7,053
Operating profit (EBIT)	194	203	201	599	113	107	123	148	491
Profit before tax (EBT)	184	195	195	575	116	108	121	137	482
Profit for the period	159	172	172	502	93	87	100	134	413
Total equity	3,391	3,671	3,734	3,734	2,756	2,865	3,010	3,180	3,180
Operating margin (EBIT), %	8.6	8.7	9.3	8.9	6.9	6.2	7.2	7.5	7.0
Profit margin before tax (EBT), %	8.2	8.3	9.1	8.5	7.1	6.3	7.1	6.9	6.8
Liquid ratio, %	146	152	161	161	125	128	131	140	140
Debt/equity ratio, %	55	58	61	61	56	55	56	56	56
Return on total assets, % ¹⁾	10.9	12.1	13.0	13.0	10.1	9.9	10.3	10.2	10.2
Return on equity after tax, % ¹⁾	15.6	17.3	18.9	18.9	13.8	12.9	13.3	14.2	14.2
Number of employees in Sweden	860	862	866	866	834	853	847	851	851
Number of employees outside Sweden	6,716	6,868	6,924	6,924	6,233	6,269	6,293	6,371	6,371
Key indicators per share, SEK									
Profit for the period before dilution	8.61	9.30	9.34	27.25	5.04	4.71	5.41	7.27	22.43
Equity	185.38	200.66	204.13	204.13	150.65	156.62	164.52	173.82	173.82
Number of shares, thousands	18,294	18,294	18,294	18,294	18,294	18,294	18,294	18,294	18,294

¹⁾ Calculated based on 12 months rolling amounts.

A word from the CEO



High turnover and strong cash flow

During the quarter, we have delivered on the great demand from our customers in electrification, commercial vehicles, the defense industry, trains and ships. We win new projects and products for new and existing demanding industrial customers. It is incredibly fun to see that our decentralized model with own customer responsibility continues to function.

Profitability

Our profitability improved compared to previous year and we are still slightly above our target of a profitability above 8% profit before tax. The improvement is strongly linked to productivity improvements in our companies in Mexico, Estonia, Poland, USA and Canada.

Implemented changes during the quarter

Our pace of change is high thanks to our decentralized leadership model. During the third quarter, we completed the expansion of our wiring systems factory in Lodz, Poland. It provides increased capacity. Our wiring systems factory in Lithuania has eliminated its backlog and now delivers on time. We have greatly increased our capacity in Bulgaria to cope with the large growth we see there.

Transformers and inductors for the future

Our business area Inductive Components is special. This is where we do the largest proportion of designs for our customers. Inductive components are needed everywhere where there is electricity, on everything from circuit boards to trains, boats, and for drives/charging/conversion of electricity. Over the past ten years, we have been involved in consolidating the market for advanced inductive components and can currently offer design and production in Europe, China, India, and USA. AQ has, within some niches inductive components, achieved a position of being one of five leading companies globally. We strongly believe in this business area for the future, that it can be a driving force in our continued growth. For example, during the quarter we developed and produced liquid-cooled inductors with higher frequency and lower weight for driving mining trucks for a well-known American manufacturer. It's fun with inductive components.

Cash flow and balance sheet

During the quarter, we continued our work on increasing our inventory turnover. At the end of the third quarter, we have an inventory turnover of 3 times/year. This is an improvement from 2.3 times/year at the beginning of the year. This results in a significantly better cash flow from operating activities, which was SEK 339 million during the quarter. We are now working further towards an inventory turnover of 3.5 times/year. We continue to have a low net debt, which enables continued investments in expanded production capacity and acquisitions.

Quality and delivery issues

We still have to struggle to deliver everything our customers want on time. Growing with new customers and products with new requirements is difficult. We have customers who are currently not satisfied with our quality and our delivery precision. We invest in and use our brightest employees to improve our quality and delivery capabilities.

For AQ – with the times

We are now starting to meet our own rapid growth from last year in the comparative figures. Our assessment is that, despite politically and economically uncertain times, we have good conditions to continue our growth journey. This is because many of our customers operates in electrification and energy efficiency. We are still a relatively small company that, through entrepreneurship and determination, will continue to be able to increase our turnover and profit by 15% per year. This of course also applies to 2024. AQ's fantastic employees are ready to help our customers deliver world-leading products that are critical to our transition towards a better society. We are proud that we can contribute with our excellence in how to manufacture these components and systems in the most resource-efficient way possible. It makes me full of confidence that we will continue to grow, make a profit and have fun!

James Ahrgren
CEO

Group's financial position and results

Third quarter

Net sales for the third quarter was SEK 2,149 million (1,711), an increase of SEK 439 million compared to the same period in the previous year. The total growth in the quarter was 25.6%, of which organic growth 17.2% and currency effects of 8.4%. The currency effect corresponded to SEK 144 million and was mainly driven by the currencies EUR, PLN and BGN.

As in the previous quarter, the increase in net sales compared to the third quarter of the previous year mainly comes from components and systems for the storage of renewable energy, wiring systems for trucks, buses and vehicles in the defense industry as well as inductive components for electrification and for the marine segment.

Operating profit (EBIT) in the third quarter was SEK 201 million (123), an increase of SEK 78 million. We continue to improve the operating profit in the units that contributed weakly to the operating profit in the corresponding period last year, and increased the efficiency in the factories that are growing strongly with new orders and projects. Net financial items in the quarter amounted to SEK -6 million (-2) and is negatively affected by the continued high bank interest rates. The EBT margin was 9.1%.

Cash flow from operating activities increased to SEK 339 million (3) which is mainly due to the improved operating profit, lower trade receivables at the end of the period than at the beginning and the higher inventory turnover rate.

Cash flow from investing activities was SEK -59 million (-91), which relates mainly to replacement and capacity investments of tangible assets of SEK -58 million (-92).

Cash flow from financing activities was SEK -127 million (23) and mainly refers to repayments of bank loans and leasing liabilities of SEK -125 million.

First nine months

Net sales for the first nine months was SEK 6,747 million (5,078), an increase of SEK 1,669 million compared to previous year. The total growth during the first nine months was 32.9%, of which organic growth 25.4% and currency effects of 7.4%. The currency effect corresponded to SEK 378 million and was mainly driven by the currencies EUR, PLN and BGN.

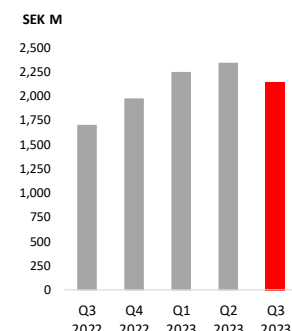
We have sales increases in all our factories except in China where our customers are more reserved.

Operating profit (EBIT) for the first nine months was SEK 599 million (343), an increase of SEK 256 million. The organic growth continues to be very high in basically all our companies, which has resulted in higher volumes and capacity utilization, which, together with measures in our low-performing companies, has had a positive effect on the operating result. Net financial items amounted to SEK -24 million (3) and has been negatively affected by unrealized exchange rate effects and increased bank interest rates. The EBT margin was 8.5%.

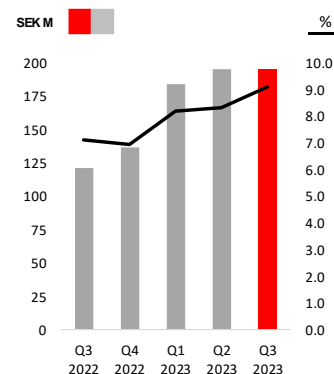
Interest-bearing liabilities of the Group was SEK 845 million (1,003) and cash and cash equivalents amounted to SEK 436 million (154), which means that the Group have a net debt of SEK 409 million (849). The Group's interest-bearing liabilities without regard to leasing liabilities amounted to SEK 606 million (776), which means a net debt adjusted for leasing liabilities of SEK 170 million (623).

Cash flow from operating activities was SEK 742 million (69) and was mainly positively affected by the improved operating profit and the higher inventory turnover rate, while the increased trade receivables had a negative effect.

Net sales



EBT



Cash flow from investing activities was SEK -191 million (-212), which relates mainly to replacement and capacity investments of tangible fixed assets of SEK -190 million (-211). The single largest investments during the period are a factory building and production equipment in Bulgaria of SEK 42 million, production equipment in Lithuania of SEK 25 million and factory building and production equipment in Poland of SEK 23 million.

Cash flow from financing activities was SEK -351 million (4) and mainly refers to repayments of bank loans and leasing liabilities of SEK -284 million (-123) and dividend of SEK -61 million (-61).

Equity at the end of the period amounted to SEK 3,734 million (3,010) for the Group.

Significant events during the nine months

The first nine months of the year continue to be characterized by high organic growth, continued capacity investments in our factories and activities to increase the delivery precision and inventory turnover rate. In Lithuania and Bulgaria, last year's large new orders are in full serial production and the action programs in our problem companies continue to have an effect.

The Annual General Meeting on April 20 made a decision in accordance with the nomination committee's proposal to reduce the number of board members to six and re-elected board members Per Olof Andersson, Ulf Gundemark, Gunilla Spongh, Claes Mellgren and Lars Wrebo, as well as newly elected board member Kristina Willgård. Claes Mellgren was newly elected as chairman of the board. The meeting also decided to newly elect the auditing company Ernst & Young AB as auditor for the period until the end of the Annual General Meeting in 2024.

Significant events after the end of the period

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

Goals

The goal of the Group is continued profitable growth. The goal is a profit margin before tax (EBT) of at least 8%. The Board of Directors is not giving any forecast for turnover or profit. Statements in this report can be perceived as forward looking and the real outcome can be significantly different.

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

	Target	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Product quality, %	100	99.6	99.5	99.6
Delivery precision, %	98	90.5	89.7	90.0
Equity ratio, %	>40	61	56	56
Profit margin before tax (EBT), %	8	8.5	6.8	6.8
Growth, %	15	32.9	27.8	28.9

Transactions with related parties

The parent company has a related party relationship with its subsidiaries. There are some sales activities concerning goods and services between the operating group companies. The parent company is charging a 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 2023 following a decision at the 2023 Annual General Meeting.

The 2022 Annual General Meeting decided to introduce a warrant-based incentive program for executive officers and other key personnel within AQ. The subscription price was set at SEK 351.20 per share. A total of 52,500 warrants were subscribed for in the three-year warrant-based incentive program that expires May 12, 2025. Upon redemption, each warrant entitles to one share. When the average share price during the period is higher than the established subscription price, dilution effect is calculated for the earnings per share regarding these warrants.

Risks and uncertainties

AQ is a global group with operations in fifteen countries. Within the Group there are a number of risks and uncertainties of both operational and financial characteristics, which were more detailed described in the Annual Report of 2022. Pandemics and acts of war cause huge uncertainties in the world with, among other things, increased energy costs, sanctions and other risks and uncertainty factors that can have a significant impact on AQ's customers and suppliers, which in turn affect the actual outcome for AQ. In addition to the commented factors the actual outcome can be affected by for example political events, business cycle effects, currency and interest rates, competing products and their pricing, product development, commercial and technical difficulties, events linked to cyber security and IT infrastructure, delivery problems and large credit losses at our customers.

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

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 2024 was announced on October 17, 2023, and consists of Björn Henriksson (Nordea Fonder), Hans Christian Bratterud (ODIN Fonder), Per Olof Andersson (own holding) and Claes Mellgren (own holding) with Björn Henriksson as chairman.

Future reporting dates

Year-end report, 2023	February 15, 2024, at 08:00 CET
Interim report Q1, 2024	April 18, 2024, at 08:00 CEST
Annual General Meeting	April 18, 2024, at 18:00 CEST, in Västerås
Interim report Q2, 2024	July 12, 2024, at 08:00 CEST
Interim report Q3, 2024	October 17, 2024, at 08:00 CET

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 19, 2023.

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.

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 19, 2023

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 2023, 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 19, 2023

Ernst & Young AB

Jennifer Rock-Baley
Authorized Public Accountant

Financial reports, summary

Summary Income Statement for the Group

SEK M	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	R12 Oct 2022 - Sep 2023	Full year 2022
Net sales	2	2,149	1,711	6,747	5,078	8,722	7,053
Other operating income		41	53	127	137	170	180
Total income		2,190	1,764	6,874	5,215	8,892	7,232
Change in inventory and work in progress		-3	13	-77	90	-85	82
Raw material and consumables		-1,079	-918	-3,405	-2,747	-4,417	-3,760
Goods for resale		-40	-18	-76	-51	-106	-81
Other external expenses		-226	-208	-706	-578	-917	-789
Personnel costs		-547	-426	-1,712	-1,339	-2,221	-1,849
Depreciation and amortisation		-74	-64	-216	-194	-283	-261
Other operating expenses		-21	-20	-84	-53	-116	-85
Total operating costs		-1,989	-1,641	-6,276	-4,872	-8,145	-6,742
Operating profit		201	123	599	343	747	491
Net financial income/expense	5	-6	-2	-24	3	-35	-8
Profit before tax		195	121	575	346	711	482
Taxes		-23	-21	-73	-66	-76	-69
Profit for the period		172	100	502	280	636	413
PROFIT FOR THE PERIOD ATTRIBUTABLE TO							
Parent company shareholders		171	99	499	277	632	410
Non-controlling interests		1	1	4	2	4	3
EARNINGS PER SHARE, SEK							
Before dilution		9.34	5.41	27.25	15.16	34.53	22.43
After dilution		9.32	5.41	27.17	15.16	34.43	22.43
AVERAGE NUMBER OF SHARES							
Before dilution, thousands		18,294	18,294	18,294	18,294	18,294	18,294
After dilution, thousands		18,347	18,294	18,347	18,294	18,347	18,294

Statement of comprehensive income for the Group, summary

SEK M	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	R12 Oct 2022 - Sep 2023	Full year 2022
PROFIT FOR THE PERIOD	172	100	502	280	636	413
OTHER COMPREHENSIVE INCOME						
Items that cannot be transferred to the profit for the period						
Revaluation of defined benefit pension plans	0	0	0	0	0	0
Revaluation of defined benefit pension plans, tax effect	-0	-0	-0	-0	-0	-0
Items transferred or that can be transferred to the profit						
Translation difference for foreign operations	-108	45	113	161	150	198
Other comprehensive income for the period after tax	-108	45	113	161	150	198
Comprehensive income for the period	64	145	615	441	786	611
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:						
Parent company shareholders	63	143	611	438	781	607
Non-controlling interests	0	1	4	3	5	4

Summary Balance Sheet for the Group

SEK M	Note	Sep 30 2023	Sep 30 2022	Dec 31 2022
ASSETS				
Goodwill		409	394	395
Other intangible assets		123	153	144
Right-of-use assets		235	222	233
Tangible assets		1,127	972	1,043
Non-current receivables		5	4	5
Deferred tax assets		76	65	76
Total non-current assets		1,975	1,809	1,896
Inventories		1,543	1,604	1,629
Accounts receivable - trade		1,929	1,627	1,745
Current tax assets		28	20	22
Other receivables		131	98	106
Prepaid expenses and accrued income		118	79	76
Cash and cash equivalents		436	154	231
Total current assets		4,185	3,582	3,808
TOTAL ASSETS		6,160	5,392	5,704
EQUITY AND LIABILITIES				
Equity attributable to parent company shareholders		3,714	2,995	3,164
Non-controlling interests		20	15	16
TOTAL EQUITY		3,734	3,010	3,180
Interest-bearing liabilities to credit institutions		679	769	861
Deferred tax liabilities		86	80	90
Provisions		24	20	23
Other non-current liabilities		-	0	0
Total non-current liabilities		789	869	973
Interest-bearing liabilities to credit institutions		166	234	180
Provisions		22	14	13
Contract liabilities		128	71	94
Accounts payable - trade		817	774	862
Current tax liabilities		30	30	25
Other current liabilities		133	112	107
Accrued expenses and prepaid income		341	277	271
Total current liabilities		1,636	1,513	1,551
TOTAL LIABILITIES		2,426	2,382	2,524
TOTAL EQUITY AND LIABILITIES		6,160	5,392	5,704

Statement of changes in Equity for the Group

SEK M	Equity attributable to parent company shareholders					Non-controlling interests	Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings incl. Profit	Subtotal		
Equity, 01/01/2022	37	84	84	2,411	2,616	12	2,627
Profit for the year	-	-	-	277	277	2	280
Translation differences in foreign operations	-	-1	161	-	160	1	161
Revaluation of defined benefit pension	-	-	-	0	0	-	0
Revaluation of defined benefit pension plans, tax effect	-	-	-	-0	-0	-	-0
Other comprehensive income	-	-1	161	0	160	1	161
Comprehensive income for the year	-	-1	161	277	438	3	441
Issue of warrants	-	2	-	-	2	-	2
Dividends paid	-	-	-	-61	-61	-	-61
Transactions with shareholders	-	2	-	-61	-59	-	-59
Equity, 09/30/2022	37	86	245	2,627	2,995	15	3,010
Equity, 01/01/2023	37	86	280	2,761	3,164	16	3,180
Profit for the year	-	-	-	499	499	4	502
Translation differences in foreign operations	-	-	113	-	113	1	113
Revaluation of defined benefit pension	-	-	-	0	0	-	0
Revaluation of defined benefit pension plans, tax effect	-	-	-	-0	-0	-	-0
Other comprehensive income	-	-	113	0	113	1	113
Comprehensive income for the year	-	-	113	499	611	4	615
Dividends paid	-	-	-	-61	-61	-	-61
Transactions with shareholders	-	-	-	-61	-61	-	-61
Equity, 09/30/2023	37	86	393	3,198	3,714	20	3,734

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

Summary Cash Flow statement for the Group

SEK M	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full Year 2022
Profit before tax		195	121	575	346	482
Adjustment for non cash generating items		89	57	226	188	264
Income tax paid		-17	-14	-71	-82	-91
Cash flow from operating activities before change in working capital		267	164	730	451	655
Change in inventories		31	-53	131	-221	-239
Change in trade receivables		115	-83	-140	-246	-357
Change in other receivables		-17	14	-57	-5	-9
Change in trade payables		-42	-36	-38	19	82
Change in other liabilities		-15	-3	115	70	76
Change in working capital		72	-161	12	-383	-447
Cashflow from operating activities		339	3	742	69	208
Acquisition of intangible non-current assets		-0	-0	-2	-4	-4
Acquisition of tangible non-current assets		-58	-92	-190	-211	-284
Sale of tangible non-current assets		0	1	0	3	6
Sale of intangible non-current assets		0	-0	0	0	0
Other changes in non-current assets		0	-0	0	-0	0
Cashflow from investing activities		-59	-91	-191	-212	-283
New borrowings, credit institutions		-	62	-	179	234
Amortisation of loans		-98	-15	-202	-47	-62
Amortisation of loans (lease)		-27	-24	-83	-76	-103
Change in bank overdraft facilities		-2	1	-5	7	2
Payment of warrants		-	-	-	2	2
Dividends		-	-	-61	-61	-61
Casflow from financing activities		-127	23	-351	4	12
Change in cash and cash equivalents for the period		153	-65	200	-140	-63
Cash and cash equivalents at the beginning of the year		289	217	231	283	283
Exchange rate difference in cash and cash equivalents		-6	1	5	11	11
Cash and cash equivalents at the end of the period		436	154	436	154	231

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 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	R12 Oct 2022 -Sep 2023	Full year 2022
Net sales		16	14	42	40	51	49
Other operating income		1	1	2	4	2	5
Total income		17	15	44	45	53	53
Other external expenses		-7	-4	-19	-14	-25	-19
Personnel costs		-8	-7	-24	-25	-30	-31
Depreciation and amortisation		-0	-0	-0	-0	-0	-0
Other operating expenses		-0	-0	-0	-1	-0	-1
Total operating costs		-15	-11	-43	-40	-55	-51
Operating profit		3	3	1	5	-2	2
Net financial items	5	35	-19	119	57	114	53
Earnings after net financial items		38	-16	119	62	112	55
Appropriations		-	-	-	-	-2	-2
Profit before tax		38	-16	119	62	110	53
Taxes		-3	-1	-3	-3	-1	-2
Profit for the period		34	-17	117	59	109	51
STATEMENT OF COMPREHENSIVE INCOME							
Profit for the period		34	-17	117	59	109	51
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		34	-17	117	59	109	51

Third quarter

Revenues during the third quarter amounted to SEK 16 million (14) and mainly pertained to internal services. Net financial items amounted to SEK 35 million (-19). The profit for the period amounted to SEK 34 million (-17).

First nine months

Revenues during the first nine months amounted to SEK 42 million (40) and mainly pertained to internal services. Net financial items amounted to SEK 119 million (57). The profit for the period amounted to SEK 117 million (59).

Summary balance sheet for the Parent company

SEK M	Note	Sep 30 2023	Sep 30 2022	Dec 31 2022
ASSETS				
Tangible assets		0	0	0
Participations in group companies		1,227	1,222	1,222
Receivables from group companies		184	218	211
Total non-current assets		1,411	1,440	1,433
Receivables from group companies		370	324	356
Current tax assets		7	5	2
Other receivables		1	0	0
Prepaid expenses and accrued income		4	3	2
Cash and cash equivalents		194	23	62
Total current assets		575	354	423
TOTAL ASSETS		1,986	1,793	1,856
EQUITY AND LIABILITIES				
Restricted equity		38	38	38
Non-restricted equity		734	686	678
TOTAL EQUITY		772	724	716
Untaxed reserves		8	6	8
Interest-bearing liabilities to credit institutions		508	614	683
Total non-current liabilities		508	614	683
Interest-bearing liabilities to credit institutions		59	75	59
Interest-bearing liabilities to group companies		612	354	368
Accounts payable - trade		4	2	3
Liabilities to group companies		0	-	0
Other current liabilities		9	9	9
Accrued expenses and deferred income		15	10	10
Total current liabilities		699	450	449
TOTAL LIABILITIES		1,206	1,064	1,132
TOTAL EQUITY AND LIABILITIES		1,986	1,793	1,856

The non-restricted equity amounts to SEK 734 million. The changes since 31 December 2022 consist of the profit for the period of SEK 117 million and paid dividend of SEK 61 million.

Notes to the financial statements in summary

Note 1. Accounting principles

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

Unless otherwise stated, all amounts are rounded to the nearest million. The total sum in tables and calculations do not always sum up of the parts due to rounding differences. The objective is that every interim row shall conform with the original source, which can result in rounding differences.

Note 2. Segment reporting and breakdown of revenue

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

SEGMENT REPORTING

Third quarter

For the segment Component, the total net sales for the third quarter was SEK 1,865 million (1,494), of which SEK 1,714 million (1,381) are external sales. The increase of the external sales was SEK 332 million.

For the segment System, the total net sales for the third quarter was SEK 487 million (372), of which SEK 436 million (329) are external sales. The increase of the external sales was SEK 106 million.

Operating profit (EBIT) in the third quarter was SEK 174 million (84) for Component, corresponding to an increase of SEK 90 million compared to same period previous year. Operating profit (EBIT) for System was SEK 37 million (44), corresponding to a decrease of SEK 8 million compared to same period 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.

Jul-Sep 2023, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	1,714	436	-	2,149
Net sales, internal	151	51	-202	-
Total net turnover	1,865	487	-202	2,149
Material costs, excl. purchases own segment	-928	-359	164	-1,122
Depreciation	-67	-7	-0	-74
Other operating expenses/income	-696	-85	28	-753
Operating profit	174	37	-10	201
Net financials items	-	-	-6	-6
Profit before tax	174	37	-15	195

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	-
Total net turnover	1,494	372	-155	1,711
Material costs, excl. purchases own segment	-797	-250	125	-923
Depreciation	-58	-6	-0	-64
Other operating expenses/income	-555	-71	25	-601
Operating profit	84	44	-5	123
Net financial items	-	-	-2	-2
Profit before tax	84	44	-7	121

First nine months

For the segment Component, the total net sales for the first nine months was SEK 5,819 million (4,441), of which SEK 5,387 million (4,115) are external sales. The increase of the external sales was SEK 1,272 million.

For the segment System, the total net sales for the first nine months was SEK 1,518 million (1,092), of which SEK 1,360 million (963) are external sales. The increase of the external sales was SEK 397 million.

Operating profit (EBIT) in the first nine months was SEK 508 million (208) for Component, corresponding to an increase of SEK 300 million compared to same period previous year. Operating profit (EBIT) for System was SEK 147 million (140), corresponding to an increase of SEK 7 million compared to same period 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-Sep 2023 SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	5,387	1,360	-	6,747
Net sales, internal	432	158	-590	-
Total net turnover	5,819	1,518	-590	6,747
Material costs, excl. purchases own segment	-2,961	-1,072	475	-3,558
Depreciation	-196	-20	-0	-216
Other operating expenses/income	-2,155	-280	59	-2,376
Operating profit	508	147	-56	599
Net financial items	-	-	-24	-24
Profit before tax	508	147	-80	575

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	-
Total net turnover	4,441	1,092	-454	5,078
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
Operating profit	208	140	-5	343
Net financial items	-	-	3	3
Profit before tax	208	140	-2	346

SALES DIVIDED BY SEGMENT AND GEOGRAPHICAL MARKETS

Third quarter

The turnover divided among geographical markets in the third quarter; Sweden 24% (26), other European countries 57% (54) and other countries 19% (20).

Jul-Sep 2023, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	338	218	16	572
Other European countries	1,167	189	-	1,356
Other countries	359	80	-	439
Net sales	1,865	487	16	2,368
Internal sales, eliminations	-	-	-218	-218
Total net sales	1,865	487	-202	2,149

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
Net sales	1,494	372	14	1,880
Internal sales, eliminations	-	-	-169	-169
Total net sales	1,494	372	-155	1,711

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 26% (29), other European countries 57% (53) and other countries 17% (18).

Jan-Sep 2023, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	1,103	752	42	1,898
Other European countries	3,633	553	-	4,186
Other countries	1,083	213	-	1,295
Net sales	5,819	1,518	42	7,379
Internal sales, eliminations	-	-	-632	-632
Total net sales	5,819	1,518	-590	6,747

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
Net sales	4,441	1,092	40	5,573
Internal sales, eliminations	-	-	-495	-495
Total net sales	4,441	1,092	-454	5,078

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 2023	Jan-Sep 2022	Jan-Sep 2021
Bulgaria	1,565	1,369	1,263
Poland	1,330	1,136	1,015
Lithuania	1,236	946	633
Sweden	866	847	794
Estonia	602	568	554
China	591	708	767
Hungary	481	481	544
Mexico	333	347	202
Finland	209	187	185
India	193	173	149
Canada	192	161	167
USA	153	162	171
Italy	17	18	19
Germany	16	21	23
Brazil	6	9	9
Serbia	0	9	10
Total	7,790	7,140	6,505

Note 4. Business acquisitions

AQ's strategy is to grow in both segments. During the period January to September 2023, no acquisitions were made. No acquisitions were made in 2022 either.

Note 5. Financial instruments

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

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

The Group exceptionally uses derivatives, forward exchange agreement, to reduce currency risks. Per September 30, 2023, there are no remaining derivatives. The same applies to the corresponding period of the previous year.

Note 6. Events after the end of the reporting period

There have been no significant events after the end of the period.

Key figures

SEK M unless otherwise stated	2023				2022				
	Q1	Q2	Q3	YTD	Q1	Q2	Q3	Q4	Full year
Operating margin, (EBIT %)									
Operating profit	194	203	201	599	113	107	123	148	491
Net sales	2,253	2,345	2,149	6,747	1,646	1,721	1,711	1,974	7,053
Operating margin	8.6	8.7	9.3	8.9	6.9	6.2	7.2	7.5	7.0
EBITDA									
Profit before tax	194	203	201	599	113	107	123	148	491
Depreciations/amortisations	-70	-72	-74	-216	-65	-65	-64	-67	-261
EBITDA	264	276	275	814	178	171	187	215	751
Profit margin before tax, (EBT %)									
Profit before tax	184	195	195	575	116	108	121	137	482
Net sales	2,253	2,345	2,149	6,747	1,646	1,721	1,711	1,974	7,053
Profit margin before tax, %	8.2	8.3	9.1	8.5	7.1	6.3	7.1	6.9	6.8
Liquid ratio, %									
Trade receivables	1,966	2,098	1,929	1,929	1,418	1,515	1,627	1,745	1,745
Other current receivables	248	270	277	277	187	203	197	204	204
Cash and cash equivalents	352	289	436	436	223	217	154	231	231
Current liabilities	1,761	1,751	1,636	1,636	1,459	1,513	1,513	1,551	1,551
Liquid ratio, %	146	152	161	161	125	128	131	140	140
Debt/equity ratio, %									
Total equity	3,391	3,671	3,734	3,734	2,756	2,865	3,010	3,180	3,180
Total assets	6,125	6,300	6,160	6,160	4,920	5,165	5,392	5,704	5,704
Debt/equity ratio, %	55	58	61	61	56	55	56	56	56
Return on total assets, %									
Profit before tax, rolling 12 months	550	637	711	711	431	426	456	482	482
Financial expenses, rolling 12 months	-52	-56	-39	-39	-31	-43	-59	-48	-48
Total equity and liabilities, opening balance for 12 months	4,920	5,165	5,392	5,392	4,196	4,281	4,577	4,699	4,699
Total equity and liabilities, closing balance	6,125	6,300	6,160	6,160	4,920	5,165	5,392	5,704	5,704
Total equity and liabilities, average	5,522	5,732	5,776	5,776	4,558	4,723	4,984	5,202	5,202
Return on total assets, %	10.9	12.1	13.0	13.0	10.1	9.9	10.3	10.2	10.2
Return on equity after tax, %									
Profit for the period after tax, rolling 12 months	479	564	636	636	352	343	367	413	413
Total equity, opening for 12 months	2,756	2,865	3,010	3,010	2,352	2,438	2,526	2,627	2,627
Total equity, closing	3,391	3,671	3,734	3,734	2,756	2,865	3,010	3,180	3,180
Total equity, average	3,074	3,268	3,372	3,372	2,554	2,652	2,768	2,904	2,904
Return on equity after tax, %	15.6	17.3	18.9	18.9	13.8	12.9	13.3	14.2	14.2
Net cash / Net debt									
Cash and cash equivalents	352	289	436	436	223	217	154	231	231
Non-current interest bearing liabilities	860	765	679	679	605	686	769	861	861
Current interest bearing liabilities	181	175	166	166	226	238	234	180	180
Total interest bearing liabilities	1,041	940	845	845	831	924	1,003	1,040	1,040
Net cash / Net debt	-689	-651	-409	-409	-608	-707	-849	-810	-810
Growth, %									
Organic growth									
Net sales	2,253	2,345	2,149	6,747	1,646	1,721	1,711	1,974	7,053
- Effect of changes in exchange rates	94	139	144	378	-30	-9	55	88	103
- Net sales for last year	1,646	1,721	1,711	5,078	1,307	1,361	1,306	1,498	5,471
- Net sales for acquired companies	-	-	-	-	98	88	-	-	185
= Organic growth	512	485	294	1,291	273	282	350	389	1,293
Organic growth divided by last year net sales, %	31.1	28.2	17.2	25.4	20.9	20.7	26.8	26.0	23.6
Growth through acquisitions									
Net sales for acquired companies divided by last year net sales, %	0.0	0.0	0.0	0.0	7.5	6.4	0.0	0.0	3.4

Definitions

Alternative key figures that are not defined according to IFRS

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

Operating margin, EBIT %

Calculated as operating profit divided by net sales.

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

Profit margin before tax, EBT%

Calculated as profit before tax divided by net sales.

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

Liquid ratio, %

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

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

Debt/Equity ratio, %

Calculated as adjusted equity divided by balance sheet total.

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

Return on total assets, %

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

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

Return on equity after tax, %

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

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

Operating profit (EBIT), 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.

EBITDA

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

Net cash/Net debt, 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.

Earnings per share, before/after dilution, SEK

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

AQ in brief

AQ is a global manufacturer of components and systems to demanding industrial customers and is listed on Nasdaq Stockholm's main market.

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

The Group headquarter is in Västerås, Sweden. AQ has, on December 31, 2022, in total 7,200 employees in Bulgaria, Poland, Lithuania, Sweden, China, Estonia, Hungary, Mexico, Finland, India, Canada, USA, Germany, Italy and Brazil.

In 2022 AQ had net sales of SEK 7 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.