



Västerås, October 22, 2020

# AQ Group AB (publ), Third quarter, 2020

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## Third quarter, July-September 2020 in brief

- Good cost adjustment gives improved operating profit
- Net sales decreased by 11.4% to SEK 1,104 million (1,247)
- Operating profit (EBIT) increased by 12.4% to SEK 97 million (87)
- Profit after financial items (EBT) increased by 13.4% to SEK 93 million (82)
- Profit margin before tax (EBT %) was 8.4% (6.6)
- Cash flow from operating activities increased to SEK 139 million (132)
- Earnings per share after tax amounted to SEK 4.30 SEK (3.77)

## Nine months, January-September 2020 in brief

- Net sales decreased by 6.6% to SEK 3,563 million (3,813)
- Operating profit (EBIT) increased by 0.1% to SEK 276 million (276)
- Profit after financial items (EBT) decreased by 2.0% to SEK 258 million (263)
- Profit margin before tax (EBT %) was 7.2% (6.9)
- Cash flow from operating activities increased by 28.6% to SEK 445 million (346)
- Earnings per share after tax increased by 3.7% to SEK 12.21 (11.77)
- Equity ratio was 56% (51)

## Group overview, key figures

	2020				2019				Full year
	Q1	Q2	Q3	YTD	Q1	Q2	Q3	Q4	
Net turnover, SEK thousands	1,341,888	1,116,486	1,104,425	<b>3,562,798</b>	1,252,861	1,313,431	1,246,556	1,299,754	<b>5,112,602</b>
Operating profit (EBIT), SEK thousands	97,947	80,643	97,463	<b>276,053</b>	95,707	93,363	86,676	64,749	<b>340,495</b>
Profit after net financial items (EBT), SEK thousands	86,964	78,160	92,966	<b>258,090</b>	92,949	88,478	82,007	57,978	<b>321,412</b>
Profit for the period	75,899	70,003	79,252	<b>225,154</b>	76,335	69,899	69,018	47,619	<b>262,871</b>
Total equity	2,176,452	2,128,976	2,206,215	<b>2,206,215</b>	1,896,417	1,928,490	2,020,893	2,015,157	<b>2,015,157</b>
Operating margin (EBIT %)	7.3%	7.2%	8.8%	<b>7.7%</b>	7.6%	7.1%	7.0%	5.0%	<b>6.7%</b>
Profit margin before tax (EBT %)	6.5%	7.0%	8.4%	<b>7.2%</b>	7.4%	6.7%	6.6%	4.5%	<b>6.3%</b>
Liquid ratio	108%	155%	169%	<b>169%</b>	108%	102%	103%	106%	<b>106%</b>
Debt/equity ratio	54%	56%	56%	<b>56%</b>	54%	49%	51%	52%	<b>52%</b>
Return on total assets <sup>2)</sup>	9.5%	8.8%	8.9%	<b>8.9%</b>	7.6%	7.7%	9.7%	10.1%	<b>10.1%</b>
Return on equity after tax <sup>2)</sup>	12.9%	12.9%	12.9%	<b>12.9%</b>	9.4%	10.5%	14.0%	13.8%	<b>13.8%</b>
Number of employees in Sweden	833	805	789	<b>789</b>	865	888	871	856	<b>856</b>
Number of employees outside Sweden	5,465	5,231	5,237	<b>5,237</b>	5,060	5,642	5,553	5,474	<b>5,474</b>
<b>Key indicators per share, SEK <sup>1)</sup></b>									
Profit for the period	4.11	3.80	4.30	<b>12.21</b>	4.14	3.81	3.77	2.60	<b>14.37</b>
Equity	118.97	116.38	120.60	<b>120.60</b>	103.66	105.42	110.47	110.15	<b>110.15</b>
Number of shares, thousands	18,294	18,294	18,294	<b>18,294</b>	18,294	18,294	18,294	18,294	<b>18,294</b>

<sup>1)</sup> There are no instruments that could lead to share dilution.

<sup>2)</sup> Calculated based on 12 months rolling amounts.

# A word from the CEO

## **Third quarter**

AQ Group improves the EBT margin to 8.4% in the third quarter despite net sales declining by 11.4%.

The explanation for this is good work in reducing our costs over the past year at the same time as volumes recovered towards the end of the period.

We also have good growth in the quarter in medical technology, marine infrastructure, railway and machining of components for gas turbines.



## **Market**

The development in medical technology has been strong and we are involved in manufacturing components and systems to customers who supply equipment used for vaccine manufacturing. Marine infrastructure entails delivering enclosures and electrical cabinets for automation solutions, both on ships and in ports.

In the railway sector, we have doubled sales in India by selling to more customers and new projects. Deliveries of enclosures, inductors and master controllers to railway customers in Europe have also picked up after the summer. We also benefit from the consolidation that is taking place for machining of components for gas turbines where we are strong, especially in electrical discharge machining.

## **Covid-19**

We have received subsidies to deal with the consequences of Covid-19, but to a lesser extent than during the second quarter. An adjusted EBT margin taking into account the grants received is 7.2% and the total amount of subsidies and support measures is SEK 13 million during the period.

The situation around Covid-19 has been stable. Our units have developed their working methods to deal with the virus. In the cases where we have had employees with Covid-19 infections, we have worked intensively with infection tracing, quarantine and other selective measures to prevent further spreading at our workplaces. We now see that the spread of the virus in the world is increasing again and we have full focus on continuing with our actions for the long time that the virus is likely to be around us.

## **Organisation**

During the quarter, we announced the closure of our unit in Smedjebacken and relocation of its operations to Estonia. We have also closed a smaller unit in Serbia and moved this production to Bulgaria. In Canada, we have moved the business to a new and much more adequate building located near the former facilities.

## **Cash flow and balance sheet**

Our cash flow from operating activities is SEK 139 million. This in combination with more a cautious investment level reduces the net debt. Working capital is unchanged since the last quarter even though production increased in September from low levels. It has been challenging to work with inventory management during the year and our efforts have now led to inventory turnover rate returning to previous levels.

**Acquisitions**

Acquisitions are an important part of AQ's strategy to strengthen its presence and ability in product areas and geographic markets where we see opportunities for growth and improved profitability. During Covid-19 the market for acquisitions has been slower of natural reasons, but in pace with a stabilized situation, we now return to working as usual according to our acquisition strategy.

**Outlook**

Our guideline is to be a long-term, stable, growing and profitable group with a profit margin (EBT) of 8% and a strong financial position.

With strong relationships with world-leading customers and committed employees, we will work hard on improving our efficiency in the production units and lower our purchasing costs while increasing our efforts even more to win business with existing and new customers.

The basis for this is our strong core values that help us in everyday life. These are customer focus, simplicity, entrepreneurial business, cost efficiency and to show courage and respect in relation to our customers, suppliers and colleagues.

AQ Group is with its decentralized structure and strong balance sheet well positioned to be a "Reliable" supplier to demanding industrial customers.

*Anders Carlsson*  
CEO

# Group's financial position and results

## Third quarter

Net sales for the third quarter was SEK 1,104 million (1,247), a decrease of SEK 142 million compared to the same period in the previous year. The total growth in the quarter was -11.4%, of which organic growth -7.8%, growth through acquisitions 0.0% and currency effects of -3.6%. The currency effect corresponds to about SEK -44 million and is mainly with the currencies EUR, PLN and HUF.

Operating margin (EBIT) in the third quarter was SEK 97 million (87), an increase of SEK 11 million. Operating profit has been affected with restructuring costs of SEK 3 million and a capital loss of SEK 3 million on the sale of a building in Poland.

Investments in tangible fixed assets in the quarter in the group were SEK 23 million (34).

Cash flow from operating activities was SEK 139 million (132). Working capital is stable despite an increase in net sales towards the end of the quarter. Continued improvement work is ongoing in inventory management and overdue accounts receivable.

Cash flow from investing activities was SEK -21 million (-37), which relates mainly to investments in fixed assets and earnout for acquisitions.

Cash flow from financing activities was SEK -34 million (-92) which relates to decreased usage of overdraft facility and changes in leasing debts.

## First nine months

Net sales for the first nine months was SEK 3,563 million (3,813), a decrease of SEK 250 million compared to the previous year. Decrease in net sales can to a large extent be explained by the big negative effect of the Covid-19 pandemic in the second quarter. For the first nine months the total growth was -6.6%, of which organic growth -11.7%, growth through acquisitions 6.2% and a currency effect of -1.1%. The currency effect corresponds to SEK 42 million and is mainly with the currencies HUF, PLN and MXN.

Operating margin (EBIT) for the first nine months was SEK 276 million (276) i.e. in level with the same period last year.

The investments of the group in tangible fixed assets for the year were SEK 102 million (120), the major part being the construction of a new factory in Canada, investments for new business and improvement projects for a more efficient production. In total, tangible fixed assets amounted to SEK 955 million (1,000), where SEK 266 million (313) consists of the book value of right-of-use assets in accordance with IFRS 16.

Interest bearing liabilities of the group are SEK 798 million (953) and cash and cash equivalents amount to SEK 333 million (127), which means that the group has a net debt of SEK 466 million (826). The Group's interest-bearing liabilities without regard to IFRS 16 amount to SEK 529 million (638).

The Group's revolving loan facility and amortization terms were renegotiated during the year, which increased the Group's non-current interest-bearing liabilities with a corresponding reduction in current interest-bearing liabilities.

Cash flow from operating activities amounted to SEK 445 million (346), an improvement of SEK 99 million, which is largely attributable to focused work on reducing outstanding accounts receivable. Inventory turnover was affected negatively during the second quarter but has recovered in the third quarter.

Cash flow from investing activities was SEK -120 million (-414), which mainly relates to investments in fixed assets and earnout for acquisitions.

Cash flow from financing activities amounted to SEK -151 million (89) and relates to reduced utilization of overdraft facilities, amortization of loans and payment of leasing debts.

Equity at the end of the period was SEK 2,206 million (2,021) for the group.

## **Significant events during the first nine months**

### **First quarter**

On March 27, AQ Group announced that the AGM will be moved forward. The spread of the Covid-19 pandemic in the world has meant that our three units in China were closed for another 1-3 weeks in addition to the Chinese New Year. In addition, states in Canada and USA, India and Italy closed their communities at the end of March. The European automotive industry closed its production at the same time.

### **Second quarter**

On April 22, AQ Group's Board of Directors decided to withdraw the previous dividend proposal and instead proposed that the Annual General Meeting on June 25 decides that no dividend be paid for 2019. On June 25, the Annual General Meeting decided in accordance with the Board's proposal.

The Covid-19 pandemic struck with great force and affected the second quarter with SEK 229 million lower net sales. To counteract the uncertainty in the outside world and with our customers, we have continued the cost-saving programs we introduced at the end of last year and also postponed some investments. We also received SEK 35 million in subsidies and similar support measures from the authorities in different countries during the quarter.

### **Third quarter**

On August 24, it was announced that the subsidiary AQ Components Västerås AB will begin union negotiations to close the business in Smedjebacken and move it to Estonia. We have also during the quarter closed a smaller unit in Serbia and moved this production to AQ in Bulgaria. During the quarter, SEK 13 million was received in subsidies and similar support measures from the authorities of different countries because of the impact of the Covid-19 pandemic.

## **Significant events after the end of the period**

Apart from the continued uncertainty that generally exists in the world due to the ongoing Corona pandemic, no significant events have occurred after the end of the period.

## **Goals**

The goal of the group is continued profitable growth. 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>Goal</b>	<b>Jan-Sep 2020</b>
Product quality	100%	99.5%
Delivery precision	98%	94.7%
Equity ratio	>40%	56%
Profit margin before tax, (EBT %)	8%	7.2%

### **Transactions with related parties**

The parent company has a related party relationship with its subsidiaries. There are some sales activities concerning goods between the operating group companies. The parent company is charging a management fee to the subsidiaries. All invoicing is according to market level prices and results in claims and debts between the companies which are settled regularly. There are some long-term loans between the parent company and a few subsidiaries. These loans are given with market level interest rates. Most companies in the group are part of cash pool in the parent company. The companies are charged/given interest rates at market level.

No transactions between AQ and related parties that significantly affected the company's position and results have taken place. There are no loans to board members or other key people in senior positions.

At the annual general meeting on June 25, 2020 it was decided that a yearly fee of SEK 200 000 shall be paid to the members of the Board of Directors and a fee of SEK 450 000 to the chairman of the board. For the chairman of the Audit Committee, the remuneration shall be SEK 100,000 and to the other members of the Audit Committee, SEK 40,000. For the chairman of the Remuneration Committee, the remuneration shall be SEK 50,000 and to the other members of the Remuneration Committee, SEK 30,000. There are no other remunerations to the Board of Directors. There is no remuneration paid after a board assignment is completed.

People in management positions are paid a fixed salary and a variable element calculated in % of the group's profit maximized to one-year salary. There are no other benefits in addition to pension benefits for work performed via the employment contract. In individual cases and where there is special justification, the Board shall have the option of deviating from the above guidelines.

### **Risks and uncertainties**

AQ is a global company with operations in sixteen countries. Within the group there are a number of risks and uncertainties of both operational and financial characteristics, which were described in the annual report of 2019. Since the annual report for 2019 was published, the Covid-19 pandemic has hit the world, resulting in increased risks and uncertainties that can have a significant impact on AQ's customers and suppliers, which in turn affects the outcome for AQ. In addition to the commented factors the real outcome can be affected by for example political events, business cycle effects, currency and interest rates, competing products and their pricing, product development, commercial and technical difficulties, delivery problems and large credit losses at our customers.

The risks that are most evident in a shorter perspective are the Covid-19 pandemic's impact on customers and suppliers, currency and price risks.

Transactions and assets and liabilities in foreign currency are managed centrally within AQ in order to create balance in the respective currency thereby achieving highest possible levelling effect within the group in order to minimize currency differences.

AQ is not buying any direct raw material, but only intermediate goods for further production such as sheet metal of steel and aluminium, cables, insulated wire etc. The risk is minimized through customer agreements with price clauses. Raw material price risk refers to the change in the price of material and its impact on earnings.

The company's purchase of materials to different processes is significant. There is a risk of sharp price increases for raw materials where the Company is not able to compensate price increases, which may affect the Company's earnings negatively.

The group's credit risks are mainly connected to receivables from customers.

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

### **Nomination committee**

AQ Group's Nomination Committee shall consist of the four largest shareholders in terms of votes. In conjunction with the end of the third quarter, the Chairman of the Board contacts the four largest shareholders in the company and urges them to appoint their representative to the Nomination Committee as soon as possible. On October 12, 2020 at 1:00 p.m. it was announced that the Nomination Committee has been appointed and consists of the following members: Hans Christian Bratterud (ODIN Fonder), Björn Henriksson (Nordea Fonder), Per Olof Andersson and Claes Mellgren.

### **Future reporting dates**

Year-end report, 2020	February 18, 2021 at 08:00
Interim report Q1, 2021	April 22, 2021, at 08:00
Annual General Meeting 2021	April 22, 2021
Interim report Q2, 2021	July 15, 2021, at 08:00

### **Financial 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 Anders Carlsson for publication at 08:00 hours on October 22, 2020.

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

This report has been reviewed by the company's financial auditors.

Further information can be given by AQ Group AB:

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Financial reports and press releases are published in Swedish and English. If there are discrepancies between the two, the Swedish version shall prevail. They are available at [www.aqg.se](http://www.aqg.se).

### **Certification**

The Chief Executive Officer certifies that the interim report gives a true and fair overview of the Group's and the parent company's operations, financial position and results and describes material risks and uncertainties facing the parent company and the companies that form part of the Group.

Västerås, October 22, 2020

Anders Carlsson  
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 2020, 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 22, 2020

KPMG AB

Helena Arvidsson Älgne  
Authorized Public Accountant

# Financial reports, summary

## Summary income statement for the Group

SEK thousands	Note	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Rolling 12 months Oct 2019 -Sep 2020	Full year 2019
Net sales		1,104,425	1,246,556	3,562,798	3,812,849	4,862,552	5,112,602
Other operating income		26,082	17,694	105,782	59,832	130,807	84,857
		<b>1,130,506</b>	<b>1,264,250</b>	<b>3,668,581</b>	<b>3,872,681</b>	<b>4,993,359</b>	<b>5,197,459</b>
Change in inventory and work in progress		-3,931	13,112	-11,242	6,474	-26,503	-8,787
Raw material and consumables		-545,204	-642,391	-1,769,690	-1,934,807	-2,414,546	-2,579,663
Goods for resale		-13,189	-11,526	-49,224	-42,457	-72,982	-66,215
Other external expenses		-105,964	-131,384	-346,815	-401,074	-480,739	-534,998
Personnel costs		-296,991	-335,344	-997,273	-1,034,711	-1,369,498	-1,406,937
Depreciation and amortisation		-58,783	-60,687	-177,012	-160,304	-236,899	-220,191
Other operating expenses		-8,982	-9,353	-41,271	-30,055	-51,390	-40,174
		<b>-1,033,044</b>	<b>-1,177,574</b>	<b>-3,392,528</b>	<b>-3,596,934</b>	<b>-4,652,558</b>	<b>-4,856,964</b>
<b>Operating profit</b>		<b>97,463</b>	<b>86,676</b>	<b>276,053</b>	<b>275,747</b>	<b>340,801</b>	<b>340,495</b>
Net financial income/expense	5	-4,497	-4,669	-17,963	-12,313	-24,734	-19,084
<b>Profit before tax</b>		<b>92,966</b>	<b>82,007</b>	<b>258,090</b>	<b>263,434</b>	<b>316,068</b>	<b>321,412</b>
Taxes		-13,714	-12,990	-32,936	-48,183	-43,294	-58,541
<b>Profit for the period</b>		<b>79,252</b>	<b>69,018</b>	<b>225,154</b>	<b>215,251</b>	<b>272,773</b>	<b>262,871</b>
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO:</b>							
Parent company shareholders		78,696	68,601	223,320	214,014	270,185	260,878
Non-controlling interests		556	416	1,833	1,238	2,588	1,992
		<b>79,252</b>	<b>69,018</b>	<b>225,154</b>	<b>215,251</b>	<b>272,773</b>	<b>262,871</b>
Earnings per share <sup>1)</sup>		4.30	3.77	12.21	11.77	14.77	14.37

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

## Statement of comprehensive income for the Group in summary

SEK thousands	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Rolling 12 months Oct 2019 -Sep 2020	Full year 2019
<b>PROFIT FOR THE PERIOD</b>	<b>79,252</b>	<b>69,018</b>	<b>225,154</b>	<b>215,251</b>	<b>272,773</b>	<b>262,871</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					-346	-346
Revaluation of defined benefit pension plans, tax effect					16	16
<b>Items transferred or that can be transferred to the profit for the period</b>						
Translation difference for foreign operations	-2,011	23,386	-34,094	73,240	-87,120	20,213
<b>Other comprehensive income for the period after tax</b>	<b>-2,011</b>	<b>23,386</b>	<b>-34,094</b>	<b>73,240</b>	<b>-87,449</b>	<b>19,884</b>
<b>Comprehensive income for the period</b>	<b>77,241</b>	<b>92,403</b>	<b>191,060</b>	<b>288,491</b>	<b>185,324</b>	<b>282,754</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>						
Parent company shareholders	76,623	91,882	189,153	286,996	182,875	280,718
Non-controlling interests	618	521	1,907	1,494	2,449	2,036
	<b>77,241</b>	<b>92,403</b>	<b>191,060</b>	<b>288,491</b>	<b>185,324</b>	<b>282,754</b>

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

## Summary balance sheet for the group

SEK thousands	Note	30/09/2020	30/09/2019	31/12/2019
<b>ASSETS</b>				
Goodwill		347,230	363,063	353,246
Other intangible assets		194,863	231,058	217,076
Tangible assets		955,354	999,777	1,012,168
Financial assets		1,826	2,254	2,123
Deferred tax assets		62,391	58,032	54,244
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,561,664</b>	<b>1,654,183</b>	<b>1,638,858</b>
Inventories		868,738	938,607	889,952
Trade and other receivables		1,003,649	1,111,759	1,043,903
Other current receivables		140,764	151,642	118,269
Cash and cash equivalents		332,748	126,950	161,323
<b>TOTAL CURRENT ASSETS</b>		<b>2,345,898</b>	<b>2,328,958</b>	<b>2,213,447</b>
<b>TOTAL ASSETS</b>		<b>3,907,562</b>	<b>3,983,140</b>	<b>3,852,305</b>
<b>EQUITY AND LIABILITIES</b>				
Equity attributable to parent company shareholders		2,196,886	2,014,013	2,007,735
Non-controlling interests		9,329	6,881	7,422
<b>TOTAL EQUITY</b>		<b>2,206,215</b>	<b>2,020,893</b>	<b>2,015,157</b>
Non-current liabilities to credit institutions		721,066	472,012	442,411
Non-current non-interest-bearing liabilities		104,347	146,475	143,231
<b>Total non-current liabilities</b>		<b>825,414</b>	<b>618,487</b>	<b>585,642</b>
Interest-bearing current liabilities		77,327	480,895	474,004
Trade and other payables		445,991	525,721	464,700
Other current liabilities	5	352,616	337,145	312,802
<b>Total current liabilities</b>		<b>875,934</b>	<b>1,343,761</b>	<b>1,251,506</b>
<b>TOTAL LIABILITIES</b>		<b>1,701,347</b>	<b>1,962,247</b>	<b>1,837,148</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,907,562</b>	<b>3,983,140</b>	<b>3,852,305</b>

## Statement of changes in Equity for the Group

SEK thousands	Equity attributable to parent company shareholders				Subtotal	Non-controlling interests	Total equity
	Share capital	Other contributed capital	Translation reserve	Retained earnings incl. profit			
<b>Equity, 01/01/2019</b>	<b>36,588</b>	<b>84,194</b>	<b>135,384</b>	<b>1,521,160</b>	<b>1,777,325</b>	<b>5,386</b>	<b>1,782,711</b>
<b>Profit for the year</b>				<b>214,014</b>	<b>214,014</b>	<b>1,238</b>	<b>215,251</b>
Translation differences in foreign operations			72,983		72,983	257	73,240
<b>Other comprehensive income</b>			<b>72,983</b>		<b>72,983</b>	<b>257</b>	<b>73,240</b>
<b>Comprehensive income for the period</b>			<b>72,983</b>	<b>214,014</b>	<b>286,996</b>	<b>1,494</b>	<b>288,491</b>
Dividends paid				-50,309	-50,309		-50,309
<b>Transactions with shareholders</b>				<b>-50,309</b>	<b>-50,309</b>		<b>-50,309</b>
<b>Equity, 30/09/2019</b>	<b>36,588</b>	<b>84,194</b>	<b>208,366</b>	<b>1,684,865</b>	<b>2,014,013</b>	<b>6,881</b>	<b>2,020,893</b>
<b>Equity, 01/01/2020</b>	<b>36,588</b>	<b>84,194</b>	<b>155,542</b>	<b>1,731,410</b>	<b>2,007,735</b>	<b>7,422</b>	<b>2,015,157</b>
<b>Profit for the period</b>				<b>223,320</b>	<b>223,320</b>	<b>1,833</b>	<b>225,154</b>
Translation differences in foreign operations			-34,167		-34,167	74	-34,094
<b>Other comprehensive income</b>			<b>-34,167</b>		<b>-34,167</b>	<b>74</b>	<b>-34,094</b>
<b>Comprehensive income for the period</b>			<b>-34,167</b>	<b>223,320</b>	<b>189,153</b>	<b>1,907</b>	<b>191,060</b>
Dividends paid							
<b>Transactions with shareholders</b>							
<b>Equity, 30/09/2020</b>	<b>36,588</b>	<b>84,194</b>	<b>121,375</b>	<b>1,954,731</b>	<b>2,196,886</b>	<b>9,329</b>	<b>2,206,215</b>

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

## Summary cash flow statement for the Group

SEK thousands	Jul 1-Sep 30, 2020	Jul 1-Sep 30, 2019	Jan 1-Sep 30, 2020	Jan 1-Sep 30, 2019	Full year 2019
Profit before tax	92,966	82,007	258,090	263,434	321,412
Adjustment for non cash generating items	82,807	68,993	201,752	165,052	222,785
Income tax paid	-15,792	-16,302	-49,347	-59,077	-77,741
<b>Cash flow from operating activities before change in working capital</b>	<b>159,981</b>	<b>134,698</b>	<b>410,495</b>	<b>369,409</b>	<b>466,456</b>
Increase (-)/decrease (+) in inventories	22,223	-40,648	7,839	-43,010	-8,866
Increase (-)/decrease (+) in trade receivables	-41,615	70,911	24,849	55,687	105,725
Increase (-)/decrease (+) in other receivables	-10,491	-5,643	-13,245	32,060	56,505
Increase (+)/decrease (-) in trade payables	18,848	-8,299	-11,918	-14,466	-65,015
Increase (+)/decrease (-) in other liabilities	-10,118	-19,468	27,418	-53,311	-55,648
<b>Change in working capital</b>	<b>-21,153</b>	<b>-3,147</b>	<b>34,942</b>	<b>-23,039</b>	<b>32,701</b>
<b>Cashflow from operating activities</b>	<b>138,828</b>	<b>131,551</b>	<b>445,437</b>	<b>346,370</b>	<b>499,158</b>
Acquisitions of shares in subsidiaries	-3,276	-4,462	-20,024	-295,571	-295,571
Acquisition of intangible non-current assets	-621	-368	-7,540	-2,417	-3,360
Acquisition of tangible non-current assets	-23,017	-34,209	-101,821	-120,303	-199,468
Sale of tangible non-current assets	5,778	1,743	9,549	4,051	17,225
Purchase/Sales of short-term investment in securities	-85	84	-	173	242
<b>Cashflow from investing activities</b>	<b>-21,221</b>	<b>-37,213</b>	<b>-119,835</b>	<b>-414,065</b>	<b>-480,932</b>
New borrowings, credit institutions	-	-	-600	299,115	299,115
Amortisation of loans	-1,167	-26,871	-18,660	-30,408	-62,132
Amortisation of loans (lease)	-21,558	-23,374	-68,308	-62,289	-85,418
Change in bank overdraft facilities	-11,292	-41,844	-63,074	-67,496	-59,675
Dividends to the parent company shareholders	-	-	-	-50,309	-50,309
<b>Cashflow from financing activities</b>	<b>-34,018</b>	<b>-92,088</b>	<b>-150,643</b>	<b>88,613</b>	<b>41,582</b>
<b>Change in cash and cash equivalents for the period</b>	<b>83,589</b>	<b>2,250</b>	<b>174,958</b>	<b>20,917</b>	<b>59,808</b>
Cash and cash equivalents at the beginning of the year	250,091	122,807	161,323	100,683	100,683
Exchange rate difference in cash and cash equivalents	-932	1,893	-3,534	5,350	833
<b>Cash and cash equivalents at the end of the period</b>	<b>332,748</b>	<b>126,950</b>	<b>332,748</b>	<b>126,950</b>	<b>161,323</b>

# Parent company development

## Parent company

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 thousands	Note	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Rolling 12 months Oct 2019 -Sep 2020	Full year 2019
Net sales		11,676	7,443	32,179	33,505	41,788	43,113
Other operating income		738	546	2,059	1,739	2,532	2,212
		<b>12,415</b>	<b>7,989</b>	<b>34,237</b>	<b>35,244</b>	<b>44,319</b>	<b>45,326</b>
Other external expenses		-4,564	-4,456	-12,844	-14,467	-17,877	-19,500
Personnel costs		-6,825	-7,069	-22,770	-21,419	-29,439	-28,088
Other operating expenses		-106	-34	-313	-658	-365	-711
		<b>-11,495</b>	<b>-11,559</b>	<b>-35,927</b>	<b>-36,545</b>	<b>-47,681</b>	<b>-48,299</b>
<b>Operating profit</b>		<b>920</b>	<b>-3,570</b>	<b>-1,690</b>	<b>-1,301</b>	<b>-3,362</b>	<b>-2,973</b>
Net financial items	5	28,316	14,243	40,232	117,721	59,602	137,091
<b>Earnings after net financial items</b>		<b>29,236</b>	<b>10,673</b>	<b>38,542</b>	<b>116,420</b>	<b>56,240</b>	<b>134,118</b>
Appropriations						27,654	27,654
<b>Profit before tax</b>		<b>29,236</b>	<b>10,673</b>	<b>38,542</b>	<b>116,420</b>	<b>83,894</b>	<b>161,772</b>
Taxes		133	1,059	3,252	-584	-4,678	-8,514
<b>Profit for the period</b>		<b>29,370</b>	<b>11,732</b>	<b>41,793</b>	<b>115,836</b>	<b>79,216</b>	<b>153,259</b>

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

## Third quarter

Net sales for the third quarter was SEK 11.7 million (7.4), higher than the same period in the previous year, because of increased invoicing of management fees (group common costs). Other external expenses were SEK 4.6 million (4.5). Personnel costs were SEK 6.8 million (7.1). Operating profit (EBIT) was SEK 0.9 million (-3.6).

Net financial items were positive of SEK 28.3 million (14.2). Net financial items mainly consist of dividends, exchange rate losses and bank interest.

## First nine months

Net sales for the first nine months was SEK 32.2 million (33.5). Other external expenses were SEK 12.8 million (14.5). Personnel costs were SEK 22.8 million (21.4).

Operating profit (EBIT) was SEK -1.7 million (-1.3). Net financial income was SEK 40.2 million (117.7) and consisted mainly of tax-free dividends from subsidiaries of SEK 58.5 million (124.8), exchange rate losses of SEK -13.5 million (-5.0), write-down of shares in subsidiary of SEK -4.6 million (-4.1), bank interest of SEK -6.0 million (-4.0) and internal interest of SEK 5.0 million (5.0).

## Summary balance sheet for the Parent company

SEK thousands	Note	30/09/2020	30/09/2019	31/12/2019
<b>ASSETS</b>				
Financial fixed assets		1,226,564	1,201,027	1,199,083
Deferred tax assets		178	107	267
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,226,742</b>	<b>1,201,134</b>	<b>1,199,350</b>
Other current receivables		233,956	353,177	387,523
Cash and cash equivalents		195,559	-	-
<b>TOTAL CURRENT ASSETS</b>		<b>429,515</b>	<b>353,177</b>	<b>387,523</b>
<b>TOTAL ASSETS</b>		<b>1,656,256</b>	<b>1,554,312</b>	<b>1,586,873</b>
<b>EQUITY AND LIABILITIES</b>				
Restricted equity		37,745	37,745	37,745
Non-restricted equity		652,438	573,222	610,645
<b>Total equity</b>		<b>690,183</b>	<b>610,966</b>	<b>648,389</b>
<b>Untaxed reserves</b>		<b>52,400</b>	<b>53,054</b>	<b>52,400</b>
Deferred tax liabilities		98	326	-
Other provisions	5	-	33,352	32,073
<b>Provisions</b>		<b>98</b>	<b>33,677</b>	<b>32,073</b>
Non-current interest-bearing liabilities		515,000	225,000	210,000
<b>Total non-current liabilities</b>		<b>515,000</b>	<b>225,000</b>	<b>210,000</b>
Interest-bearing current liabilities		386,007	619,888	609,118
Trade and other payables		1,721	1,818	2,766
Other current liabilities		10,849	9,908	32,126
<b>Total current liabilities</b>		<b>398,576</b>	<b>631,614</b>	<b>644,010</b>
<b>TOTAL LIABILITIES</b>		<b>913,674</b>	<b>890,291</b>	<b>886,084</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,656,256</b>	<b>1,554,312</b>	<b>1,586,873</b>

Other current receivables are mainly receivables from Group companies MSEK 208.3 (338.6) and consist of cash pool, accrued interest, and accounts receivable.

The increase in unrestricted equity of SEK 79.2 million compared to September 30, 2019 consists of profit for the period.

Untaxed reserves consist of accrual funds.

Non-current interest-bearing liabilities increased by SEK 290 million to SEK 515 million (225), and is primarily due to the renegotiation of the revolving credit facility during the second quarter, which also reduces the interest-bearing current liabilities correspondingly. The interest-bearing current liabilities refer to the group's cash pool.

Other current liabilities of SEK 10.8 million (9.9) consists of other liabilities and accrued expenses and prepaid income.

Other provisions referred to acquisition earnouts paid during the third quarter.

# 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.

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 resulting 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 926 million (1,073), of which SEK 854 million (982) is external sales. The decrease of the external sales was SEK 129 million.

For the segment System, the total net sales for the third quarter was SEK 292 million (289), of which SEK 251 million (264) is external sales. The decrease of the external sales is SEK 13 million.

Operating profit (EBIT) in the third quarter was SEK 52 million (65) for Component, which was SEK 13 million less than the same period last year. Operating profit (EBIT) for System was SEK 37 million (26), which was SEK 12 million better than the same period last year.

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

<b>Jul-Sep 2020, SEK thousands</b>	<b>Component</b>	<b>System</b>	<b>Unallocated and eliminations</b>	<b>Group</b>
Net sales, external	853,625	250,800		1,104,425
Net sales, internal	72,139	41,185	-113,324	
<b>Total net turnover</b>	<b>925,764</b>	<b>291,985</b>	<b>-113,324</b>	<b>1,104,425</b>
Material costs, excl. purchases own segment	-464,143	-197,543	99,362	-562,324
Depreciation	-51,379	-7,230	-174	-58,783
Other operating expenses/income	-357,849	-49,809	21,802	-385,855
<b>Operating profit</b>	<b>52,393</b>	<b>37,403</b>	<b>7,666</b>	<b>97,463</b>
Net financial items			-4,497	-4,497
<b>Profit before tax</b>	<b>52,393</b>	<b>37,403</b>	<b>3,169</b>	<b>92,966</b>
Other comprehensive income plus tax			-15,724	-15,724
<b>Comprehensive income for the period</b>	<b>52,393</b>	<b>37,403</b>	<b>-12,555</b>	<b>77,241</b>
<b>Jul-Sep 2019, SEK thousands</b>				
Net sales, external	982,290	264,266		1,246,556
Net sales, internal	91,195	25,032	-116,226	
<b>Total net turnover</b>	<b>1,073,485</b>	<b>289,297</b>	<b>-116,226</b>	<b>1,246,556</b>
Material costs, excl. purchases own segment	-529,519	-202,618	91,332	-640,805
Depreciation	-54,296	-6,218	-173	-60,687
Other operating expenses/income	-424,655	-54,864	21,132	-458,387
<b>Operating profit</b>	<b>65,015</b>	<b>25,597</b>	<b>-3,936</b>	<b>86,676</b>
Net financial items			-4,669	-4,669
<b>Profit before tax</b>	<b>65,015</b>	<b>25,597</b>	<b>-8,605</b>	<b>82,007</b>
Other comprehensive income plus tax			10,396	10,396
<b>Comprehensive income for the period</b>	<b>65,015</b>	<b>25,597</b>	<b>1,791</b>	<b>92,403</b>

### First nine months

For the segment Component, the total net sales for the first nine months was SEK 3,001 million (3,243), of which SEK 2,754 million (2,970) is external sales. The decrease of the external sales of totally SEK 216 million is mainly due to closed units and units affected by the automotive industry during the current Corona pandemic.

For the segment System, the total net sales for the first nine months was SEK 943 million (952), of which SEK 809 million (843) is external sales. The decrease of the external sales of SEK 34 million is also due to units affected by the Corona pandemic.

Operating profit (EBIT) for the first nine months was SEK 175 million (207) for Component, which was SEK 31 million less than the same period last year. Operating profit (EBIT) for System was SEK 109 million (73), which was SEK 35 million better than the same period last year.

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



<b>Jan-Sep 2020, SEK Thousands</b>	<b>Component</b>	<b>System</b>	<b>Unallocated and eliminations</b>	<b>Group</b>
Net sales, external	2,754,050	808,749		3,562,798
Net sales, internal	246,863	133,979	-380,842	
<b>Total net turnover</b>	<b>3,000,913</b>	<b>942,728</b>	<b>-380,842</b>	<b>3,562,798</b>
Material costs, excl. purchases own segment	-1,495,508	-646,469	311,820	-1,830,157
Depreciation	-157,226	-19,299	-488	-177,012
Other operating expenses/income	-1,172,694	-168,210	61,327	-1,279,577
<b>Operating profit</b>	<b>175,486</b>	<b>108,751</b>	<b>-8,184</b>	<b>276,053</b>
Net financial items			-17,963	-17,963
<b>Profit before tax</b>	<b>175,486</b>	<b>108,751</b>	<b>-26,146</b>	<b>258,090</b>
Other comprehensive income plus tax			-67,030	-67,030
<b>Comprehensive income for the period</b>	<b>175,486</b>	<b>108,751</b>	<b>-93,176</b>	<b>191,060</b>

<b>Jan-Sep 2019, SEK Thousands</b>	<b>Component</b>	<b>System</b>	<b>Unallocated and eliminations</b>	<b>Group</b>
Net sales, external	2,970,299	842,550		3,812,849
Net sales, internal	272,585	109,173	-381,758	
<b>Total net turnover</b>	<b>3,242,883</b>	<b>951,723</b>	<b>-381,758</b>	<b>3,812,849</b>
Material costs, excl. purchases own segment	-1,624,581	-676,974	330,766	-1,970,790
Depreciation	-141,774	-18,000	-531	-160,304
Other operating expenses/income	-1,270,009	-183,328	47,330	-1,406,008
<b>Operating profit</b>	<b>206,520</b>	<b>73,420</b>	<b>-4,193</b>	<b>275,747</b>
Net financial items			-12,313	-12,313
<b>Profit before tax</b>	<b>206,520</b>	<b>73,420</b>	<b>-16,506</b>	<b>263,434</b>
Other comprehensive income plus tax			25,057	25,057
<b>Comprehensive income for the period</b>	<b>206,520</b>	<b>73,420</b>	<b>8,551</b>	<b>288,491</b>

## Sales divided by segment and geographical markets

### Third quarter

The turnover divided among geographical markets in the third quarter: Sweden 34% (33), other European countries 49% (52) and other countries 17% (15).

<b>Jul-Sep 2020, SEK Thousands</b>	<b>Component</b>	<b>System</b>	<b>Unallocated and eliminations</b>	<b>Group</b>
Sweden	217,733	183,085	11,676	412,495
Other European countries	541,513	63,533		605,046
Other countries	166,518	45,366		211,884
<b>Net sales</b>	<b>925,764</b>	<b>291,985</b>	<b>11,676</b>	<b>1,229,425</b>
Internal sales, eliminations			-125,000	-125,000
<b>Total net turnover</b>	<b>925,764</b>	<b>291,985</b>	<b>-113,324</b>	<b>1,104,425</b>

<b>Jul-Sep 2019, SEK Thousands</b>	<b>Component</b>	<b>System</b>	<b>Unallocated and eliminations</b>	<b>Group</b>
Sweden	256,516	183,005	7,443	446,964
Other European countries	640,093	72,590		712,683
Other countries	176,876	33,703		210,579
<b>Net sales</b>	<b>1,073,485</b>	<b>289,297</b>	<b>7,443</b>	<b>1,370,226</b>
Internal sales, eliminations			-123,670	-123,670
<b>Total net turnover</b>	<b>1,073,485</b>	<b>289,297</b>	<b>-116,226</b>	<b>1,246,556</b>

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

### First nine months

The turnover divided among geographical markets for the first nine months: Sweden 33% (36), other European countries 52% (50) and other countries 15% (14).

Jan-Sep 2020, SEK Thousands	Component	System	Unallocated and eliminations	Group
Sweden	715,284	555,852	32,179	1,303,314
Other European countries	1,839,929	245,632		2,085,561
Other countries	445,700	141,244		586,944
<b>Net sales</b>	<b>3,000,913</b>	<b>942,728</b>	<b>32,179</b>	<b>3,975,820</b>
Internal sales, eliminations			-413,021	-413,021
<b>Total net turnover</b>	<b>3,000,913</b>	<b>942,728</b>	<b>-380,842</b>	<b>3,562,798</b>

Jan-Sep 2019, SEK Thousands	Component	System	Unallocated and eliminations	Group
Sweden	867,508	602,430	33,505	1,503,443
Other European countries	1,873,750	246,815		2,120,565
Other countries	501,625	102,479		604,104
<b>Net sales</b>	<b>3,242,883</b>	<b>951,723</b>	<b>33,505</b>	<b>4,228,111</b>
Internal sales, eliminations			-415,263	-415,263
<b>Total net turnover</b>	<b>3,242,883</b>	<b>951,723</b>	<b>-381,758</b>	<b>3,812,849</b>

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

### Note 3. Personnel

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

	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2018
Bulgaria	1,246	1,300	1,235
Poland	1,004	1,126	1,111
Sweden	789	871	888
China	634	474	444
Lithuania	605	780	720
Estonia	564	623	377
Hungary	377	363	377
Mexico	205	218	204
Finland	191	218	124
Canada	163	167	155
India	129	132	130
USA	68	87	107
Serbia	26	35	32
Italy	18	21	20
Brazil	4	6	-
Germany	3	3	-
Thailand	-	-	36
	<b>6,026</b>	<b>6,424</b>	<b>5,960</b>

### Note 4. Acquisitions

AQ's strategy is to grow in both segments. During the period January to September there were no acquisitions.

## Note 5. Financial instruments

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

Fair value is not separately shown as it is our assessment that the values shown are an acceptable estimation of the real value because of the short terms. Fair value of assets is established from market prices. 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, the market value of derivatives amounted to SEK -0.4 million (+1.0) valued at level 2.

Additional purchase prices belong to valuation level 3 and have been valued at the amount they are estimated to turn out, based on terms in the acquisition agreements on future cash flows.

### Additional purchase prices in group

	<b>B3CG</b>	<b>MiniCon</b>	<b>Total</b>
<b>Debt opening balance 01/01/2020</b>	<b>32,073</b>	<b>900</b>	<b>32,973</b>
Payment of additional purchase price	-19,574	-450	-20,024
Revaluation fair value	-11,890	-450	-12,340
Translation differences	-610	-	-610
<b>Closing balance 30/09/2020</b>	<b>-</b>	<b>-</b>	<b>-</b>

SEK 0.2 million of the additional purchase price has been revaluated during the third quarter.

## 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

	2020				2019				
	Q1	Q2	Q3	YTD	Q1	Q2	Q3	Q4	Full year
<b>Operating margin, (EBIT %)</b>									
Operating profit	97,947	80,643	97,463	276,053	95,707	93,363	86,676	64,749	340,495
Net revenue	1,341,888	1,116,486	1,104,425	3,562,798	1,252,861	1,313,431	1,246,556	1,299,754	5,112,602
Operating margin	<b>7.3%</b>	<b>7.2%</b>	<b>8.8%</b>	<b>7.7%</b>	<b>7.6%</b>	<b>7.1%</b>	<b>7.0%</b>	<b>5.0%</b>	<b>6.7%</b>
<b>EBITDA</b>									
Profit before tax	97,947	80,643	97,463	276,053	95,707	93,363	86,676	64,749	340,495
Depreciations/amortisations	-58,786	-59,443	-58,783	-177,012	-47,543	-52,074	-60,687	-59,886	-220,191
EBITDA	<b>156,733</b>	<b>140,087</b>	<b>156,246</b>	<b>453,065</b>	<b>143,250</b>	<b>145,437</b>	<b>147,363</b>	<b>124,635</b>	<b>560,686</b>
<b>Profit margin before tax, (EBT %)</b>									
Profit before tax	86,964	78,160	92,966	258,090	92,949	88,478	82,007	57,978	321,412
Net revenue	1,341,888	1,116,486	1,104,425	3,562,798	1,252,861	1,313,431	1,246,556	1,299,754	5,112,602
Profit margin before tax	<b>6.5%</b>	<b>7.0%</b>	<b>8.4%</b>	<b>7.2%</b>	<b>7.4%</b>	<b>6.7%</b>	<b>6.6%</b>	<b>4.5%</b>	<b>6.3%</b>
<b>Liquid ratio, %</b>									
Trade receivables	1,162,088	963,917	1,003,649	1,003,649	1,102,473	1,172,077	1,111,759	1,043,903	1,043,903
Other current receivables	135,853	128,048	140,764	140,764	130,916	133,749	151,642	118,269	118,269
Cash and cash equivalents	163,363	250,091	332,748	332,748	114,916	122,807	126,950	161,323	161,323
Current liabilities	1,353,714	863,728	875,934	875,934	1,251,913	1,402,806	1,343,761	1,251,506	1,251,506
Liquid ratio	<b>108%</b>	<b>155%</b>	<b>169%</b>	<b>169%</b>	<b>108%</b>	<b>102%</b>	<b>103%</b>	<b>106%</b>	<b>106%</b>
<b>Debt/equity ratio, %</b>									
Total equity	2,176,452	2,128,976	2,206,215	2,206,215	1,896,417	1,928,490	2,020,893	2,015,157	2,015,157
Total assets	4,063,180	3,818,169	3,907,562	3,907,562	3,491,605	3,971,975	3,983,140	3,852,305	3,852,305
Debt/equity ratio	<b>54%</b>	<b>56%</b>	<b>56%</b>	<b>56%</b>	<b>54%</b>	<b>49%</b>	<b>51%</b>	<b>52%</b>	<b>52%</b>
<b>Return on total assets, %</b>									
Profit before tax, rolling 12 months	315,426	305,109	316,068	316,068	222,874	255,941	316,709	321,412	321,412
Financial expenses, rolling 12 months	-44,508	-38,732	-36,201	-36,201	-19,547	-22,583	-27,215	-29,753	-29,753
Total equity and liabilities, opening balance for 12 months	3,491,605	3,971,975	3,983,140	3,983,140	2,904,192	3,262,755	3,104,465	3,099,788	3,099,788
Total equity and liabilities, closing balance	4,063,180	3,818,169	3,907,562	3,907,562	3,491,605	3,971,975	3,983,140	3,852,305	3,852,305
Total equity and liabilities, average	3,777,392	3,895,072	3,945,351	3,945,351	3,197,898	3,617,365	3,543,803	3,476,046	3,476,046
Return on total assets	<b>9.5%</b>	<b>8.8%</b>	<b>8.9%</b>	<b>8.9%</b>	<b>7.6%</b>	<b>7.7%</b>	<b>9.7%</b>	<b>10.1%</b>	<b>10.1%</b>
<b>Return on equity after tax, %</b>									
Profit for the period after tax, rolling 12 months	262,435	262,539	272,773	272,773	171,292	194,180	262,738	262,871	262,871
Total equity, opening for 12 months	1,896,417	1,928,490	2,020,893	2,020,893	1,759,434	1,754,072	1,736,971	1,782,711	1,782,711
Total equity, closing	2,176,452	2,128,976	2,206,215	2,206,215	1,896,417	1,928,490	2,020,893	2,015,157	2,015,157
Total equity, average	2,036,435	2,028,733	2,113,554	2,113,554	1,827,925	1,841,281	1,878,932	1,898,934	1,898,934
Return on equity after tax	<b>12.9%</b>	<b>12.9%</b>	<b>12.9%</b>	<b>12.9%</b>	<b>9.4%</b>	<b>10.5%</b>	<b>14.0%</b>	<b>13.8%</b>	<b>13.8%</b>
<b>Net cash / Net debt</b>									
Cash and cash equivalents	163,363	250,091	332,748	332,748	114,916	122,807	126,950	161,323	161,323
Non-current interest bearing liabilities	419,767	719,284	721,066	721,066	206,722	496,249	472,012	442,411	442,411
Current interest bearing liabilities	411,897	83,583	77,327	77,327	391,292	533,659	480,895	474,004	474,004
Total interest bearing liabilities	831,664	802,868	798,394	798,394	598,014	1,029,907	952,906	916,416	916,416
Net cash / Net debt	<b>-668,301</b>	<b>-552,776</b>	<b>-465,646</b>	<b>-465,646</b>	<b>-483,098</b>	<b>-907,100</b>	<b>-825,956</b>	<b>-755,093</b>	<b>-755,093</b>
<b>Growth, %</b>									
<b>Organic growth</b>									
Net revenue	1,341,888	1,116,486	1,104,425	3,562,798	1,252,861	1,313,431	1,246,556	1,299,754	5,112,602
- Effect of changes in exchange rates	14,028	-11,080	-44,443	-41,495	32,407	25,307	18,195	25,530	101,439
- Net revenue for last year	1,252,861	1,313,431	1,246,556	3,812,849	1,090,122	1,223,542	1,137,327	1,216,228	4,667,220
- Net revenue for acquired companies	141,559	94,421	-	235,981	95,224	37,667	134,417	132,989	400,297
= Organic growth	-66,560	-280,288	-97,688	-444,536	35,108	26,914	-43,384	-74,994	-56,354
Organic growth divided by last year net revenue, %	<b>-5.3%</b>	<b>-21.3%</b>	<b>-7.8%</b>	<b>-11.7%</b>	<b>3.2%</b>	<b>2.2%</b>	<b>-3.8%</b>	<b>-6.2%</b>	<b>-1.2%</b>
<b>Growth through acquisitions</b>									
Net revenue for acquired companies divided by last year net revenue, %	<b>11.3%</b>	<b>7.2%</b>	<b>0.0%</b>	<b>6.2%</b>	<b>8.7%</b>	<b>3.1%</b>	<b>11.8%</b>	<b>10.9%</b>	<b>8.6%</b>

**Operating margin, EBIT %**

Calculated as operating profit divided by net sales.

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

**Profit margin before tax, EBT%**

Calculated as profit before tax divided by net sales.

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

**Liquid ratio, %**

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

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

**Debt/Equity ratio, %**

Calculated as adjusted equity divided by balance sheet total.

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

**Return on total assets, %**

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

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

**Return on equity after tax, %**

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

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

**Operating profit, SEK thousands**

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 thousands**

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 thousands**

Calculated as the difference between interest bearing debts and cash and cash equivalents. This key figure is reflecting how much interest-bearing debts the company has taking into account in cash and cash equivalents. The figure gives a good picture of the debt situation. Net cash means that cash and cash equivalents exceed interest bearing debts. Net debt means that interest bearing debts exceed cash and cash equivalents.

**Growth, %**

The company is using two key figures to describe growth; 1) organic growth and 2) growth through acquisitions.

Organic growth is calculated as the difference between the net sales of the current period and the net sales of the previous period, excluding currency effect and net sales of acquired units.

Organic growth in % is calculated as the organic growth divided by the net sales in the same period in the previous year. Growth through acquisitions is calculated as net sales of acquired companies divided by the net sales in the same period in the previous year.

Growth is an important component in the company's strategy as growth is required to be a leading actor in the markets where the company is operating. Growth is partly through acquisition and partly organic. It's important to follow up and to present the different ways of achieving growth as it is two different ways to grow. Acquisitions are done when opportunities are given to expand the business in a certain geographic market or in a certain product area (in line with the company's strategic plan). Organic growth often has the character of a continued expansion within the existing operations.

**Dividend per share, SEK**

Dividend per share is decided at the Annual General Meeting where the annual report is approved for the fiscal year. Number of shares are the thousands of shares issued at the set date for payment of dividends.

**EBITDA**

Is a measure of a company's operating profit before interest, tax, write-downs and depreciation of tangible and intangible assets. EBITDA stands for "earnings before interest, taxes, depreciation and amortization".

**AQ in brief**

AQ is a leading supplier to demanding industrial customers and is listed on Nasdaq Stockholm's main market.

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

The Group headquarter is in Västerås, Sweden. AQ has, on December 31, 2019, in total about 6,300 employees in Sweden, Bulgaria, China, Estonia, Hungary, India, Italy, Lithuania, Mexico, Poland, Serbia, Finland, Canada, USA, Brazil and Germany.

In 2019 AQ had net sales of about SEK 5.1 billion, and the group has since its start in 1994 shown profit every quarter.

# WE ARE RELIABLE

## Customer focus

**Customer always comes first** By making our customers' life easy and by giving the "little extra" we will create a long term partnership.

## Simplicity

We do our daily work without complexity and bureaucracy. Everything we do adds customer value.

## Entrepreneurial business

Companies within the AQ Group shall, based on AQ core values, run their business as entrepreneurs and strive for profitability and growth.

## Courage and respect

We have the courage to go our own way, we stand up for our positions, are prepared to make tough decisions, give constructive feedback and admit own mistakes. We treat others as we like to be treated ourselves.

## Cost efficiency

We use the most cost efficient way to fulfill our customers' demands and work with continuous improvements. Our business is production, we have a long term view and we fully commit ourselves to live up to customer expectations for quality, delivery performance, technological development and service.