

Västerås, February 16, 2023



AQ Group AB (publ) Year-end report, 2022

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Fourth quarter, October-December 2022 in brief

- Record turnover and record profit
- Net sales increased by 31.8% to SEK 1,974 million (1,498)
- Operating profit (EBIT) increased by 30.5% to SEK 148 million (113)
- Profit after financial items (EBT) increased by 23.7% to SEK 137 million (110)
- Profit margin before tax (EBT %) was 6.9% (7.4)
- Cash flow from operating activities amounted to SEK 140 million (-105)
- Earnings per share after dilution increased by 52.6% to SEK 7.27 (4.76)

Full year 2022 in brief

- Net sales increased by 28.9% to SEK 7,053 million (5,471)
- Operating profit (EBIT) increased by 9.9% to SEK 491 million (446)
- Profit after financial items (EBT) increased by 9.3% to SEK 482 million (441)
- Profit margin before tax (EBT %) was 6.8% (8.1)
- Cash flow from operating activities amounted to SEK 208 million (238)
- Earnings per share after dilution increased by 12.2% to SEK 22.43 (19.99)
- Equity ratio was 56% (56)
- The Board of Directors proposes a dividend of SEK 3.33/share (SEK 3.33/share)

Group overview, key figures

SEK M unless otherwise stated	2022					2021				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Net turnover	1,646	1,721	1,711	1,974	7,053	1,307	1,361	1,306	1,498	5,471
Operating profit (EBIT)	113	107	123	148	491	121	118	94	113	446
Profit before tax (EBT)	116	108	121	137	482	126	114	91	110	441
Profit for the period	93	87	100	134	413	109	96	76	87	368
Total equity	2,756	2,865	3,010	3,180	3,180	2,352	2,438	2,526	2,627	2,627
Operating margin (EBIT), %	6.9	6.2	7.2	7.5	7.0	9.3	8.7	7.2	7.6	8.2
Profit margin before tax (EBT), %	7.1	6.3	7.1	6.9	6.8	9.6	8.4	6.9	7.4	8.1
Liquid ratio, %	125	128	131	140	140	134	167	142	130	130
Debt/equity ratio, %	56	55	56	56	56	56	57	55	56	56
Return on total assets, % ¹⁾	10.1	9.9	10.3	10.2	10.2	10.6	11.9	11.3	11.0	11.0
Return on equity after tax, % ¹⁾	13.8	12.9	13.3	14.2	14.2	15.5	16.5	15.8	15.3	15.3
Number of employees in Sweden	834	853	847	851	851	782	792	794	821	821
Number of employees outside Sweden	6,233	6,269	6,293	6,371	6,371	5,298	5,206	5,711	5,656	5,656
Key indicators per share, SEK										
Profit for the period after dilution	5.04	4.71	5.41	7.27	22.43	5.89	5.22	4.12	4.76	19.99
Equity	150.65	156.62	164.52	173.82	173.82	128.56	133.29	138.06	143.62	143.62
Number of shares, thousands ²⁾	18,294	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.

²⁾ No dilution effect

A word from the CEO



Record! Highest turnover and profit ever.

It's fun to break records. Our goal is to beat our record in terms of turnover and profit every year. And we have succeeded in doing so in 2022 as well. We see this as proof that we are doing something good for our customers.

Our net sales have increased by SEK 1.5 billion compared to the previous year. We are mainly growing in the electrification of commercial vehicles, components for the defense industry, power

transmission and storage of renewable energy and in medical technology.

Our profit is also increasing, even if we do not reach our targets in terms of profit margin before tax. The profit margin before tax in the quarter amounted to 6.9%. It's not good enough. We shall earn 8%. Despite that, we are increasing our earnings per share by 12% for the full year. During the quarter, we implemented price adjustments for many of our customers to compensate for cost increases for energy, transport, and materials. We have a few companies where we have profitability problems. We have extra focus on these companies in order to improve the operations and thereby the results.

We continue to have material shortages and longer than normal lead times on certain components. It affects our delivery accuracy, which during the year was 90% compared to our target of 98%. To compensate for this, we work closely with customers and suppliers to minimize the problems that arise for our customers.

Investments in continued growth and acquisitions

During the fourth quarter, we completed the renovation of our property in Pernik, Bulgaria. During the first quarter, 2023, welding robots, equipment for blasting, painting and an assembly line to produce battery systems will be installed. We have orders and capacity to produce and deliver battery systems for SEK 400 million in 2023.

Our factory in Lithuania starts serial production of wiring systems for heavy vehicles during the first quarter. Our ambition is that this factory will deliver a turnover growth of SEK 400 million in 2023.

Our ambition to identify and implement interesting acquisitions remains, in 2023 as well.

Cash flow and balance sheet

During the fourth quarter, our work to increase our inventory turnover rate has begun to bear fruit. This has resulted in a higher cash flow from operating activities. In 2022, our investment rate has been high to meet high demand. Despite this, we continue to have low net debt, which enables continued investments in expanded production capacity and acquisitions.

To secure maximum financial freedom to act in these times of historical high growth the board suggests an unchanged dividend of SEK 3.33 per share for 2022.

AQ's competitive advantage

We don't have amazing products or patents. What makes AQ is our people. No other company can have the same people as us. That, combined with our core values, makes AQ unique. I am proud of our fantastic employees who this year managed to win new business, build new factories, and make our company stronger. We will continue to grow, make a profit, and have fun!

James Ahrgren
CEO

Group's financial position and results

Fourth quarter

Net sales for the fourth quarter was SEK 1,974 million (1,498), an increase of SEK 477 million compared to the same period in the previous year. The total growth in the quarter was 31.8%, of which organic growth 26.0% and currency effects of 5.8%. The currency effect corresponded to SEK 88 million and was mainly driven by the currencies EUR, CNY and USD.

Operating profit (EBIT) in the fourth quarter was SEK 148 million (113), an increase of SEK 35 million. A large part of the increase is attributable to the increased volumes from basically all our companies. Furthermore, we have improved the operating profit by SEK 4 million in our new units that were acquired from Schaffner the previous year, and SEK 13 million in Mexico where our measures beginning to show results, which has decreased the loss. Energy and transport costs have negatively affected the EBT margin by 1-percentage point compared to the corresponding quarter last year. Operative exchange rate effects have had a negative net effect on the operating profit of SEK 11 million in the quarter compared to the previous year. The EBT margin was 6.9%. Net financial items in the quarter amounted to SEK -11 million (-3).

Cash flow from operating activities was SEK 140 million (-105) and has been positively affected by activities to improve the inventory turnover. However, we are still negatively affected by continued component shortages within Electrical Cabinets and System Products that contribute negatively to the capital tie-up when we cannot final deliver according to plan.

Cash flow from investing activities was SEK -71 million (-82), which relates mainly to replacement and capacity investments of fixed assets of SEK -74 million (-66). These investments are mostly located in Europe.

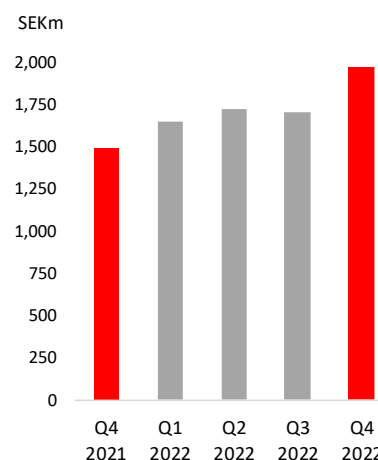
Cash flow from financing activities was SEK 8 million (-37) and mainly refers to repayments of bank loans and leasing liabilities of SEK -42 and utilization of the revolving credit facility of SEK 55 million.

Full year

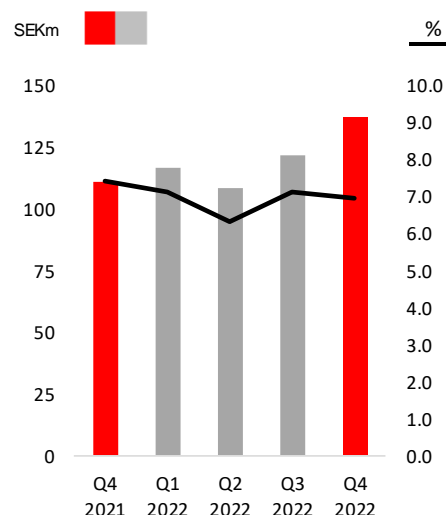
Net sales for the full year was SEK 7,053 million (5,471), an increase of SEK 1,581 million compared to previous year. The total growth during the full year was 28.9%, of which organic growth 23.6%, growth through acquisitions 3.4% and currency effects of 1.9%. The currency effect corresponded to SEK 103 million and was mainly driven by the currencies CNY, PLN and HUF.

Operating profit (EBIT) for the full year was SEK 491 million (446), an increase of SEK 44 million. The organic growth has been very high throughout the year in most of our companies, which results in higher volumes that positively affect the operating profit. Strongly increased energy and transport costs have negatively affected our operating profit by SEK 42 million compared to last year. Our new units from the acquisition previous year have made a positive contribution of SEK 15 million during the year. Operational exchange rate effects have had a positive net effect on the operating profit of SEK 6 million during the period compared to the previous year. The EBT margin was 6.8%. Net financial items amounted to SEK -8 million (-5).

Net sales



EBT



The Group's investments in tangible fixed assets for the period amounted to SEK 297 million (205) and mainly pertain to replacement and capacity investments in Europe. The single largest investments are a new factory building and production equipment in Bulgaria of SEK 115 million and a new factory building in Lithuania of SEK 67 million. Total tangible fixed assets amounted to SEK 1,043 million (820).

Interest-bearing liabilities of the Group was SEK 1,040 million (844) and cash and cash equivalents amounted to SEK 231 million (283), which means that the Group have a net debt of SEK 810 million (561). The Group's interest-bearing liabilities without regard to leasing liabilities amounted to SEK 803 million (607), which means a net debt adjusted for leasing liabilities of SEK 572 million (325).

Cash flow from operating activities was SEK 208 million (238).

Cash flow from investing activities was SEK -283 million (-391) and relates mainly to replacement and capacity investments in fixed assets of SEK -284 million (-189).

Cash flow from financing activities was SEK 12 million (-26) and mainly refers to extended use of revolving credit facilities of SEK 234 million, repayments of bank loans and leasing liabilities of SEK -165 million and paid dividend of SEK -61 million.

Equity at the end of the period amounted to 3,180 million (2,627) for the Group.

Significant events during the year

The year has been characterized by great organic growth. During April, AQ in Lithuania completed a new property for wiring systems production which will double our capacity in the production of wiring harnesses for commercial vehicles in Europe. The new factory will be in full production in 2023 and will then have 1,500 employees. During the year, we recruited 650 new operators. It is natural that productivity will be lower for a while when we recruit so many new operators at once. A large part of the capacity in the new factory is already booked by new and existing customers.

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

The invasion of Ukraine that began in February 2022 is still ongoing. AQ's direct financial impact has not been significant as we have no production units in Ukraine, Russia or Belarus. Neither does AQ have any significant customers or suppliers in these countries. However, AQ has received several orders from customers who are moving their production to our factories in, for example, Poland, Lithuania, Estonia and Bulgaria.

In mid-March, the spread of Covid-19 in China increased, and restrictions were introduced in the country which, among other things meant continued supply problems of semiconductor components throughout 2022. The spread of Covid-19 in China continued during April and the local restrictions that were introduced at the end of March/ April meant that our factory in Shanghai, which accounts for about 1% of the group's turnover, was closed until the beginning of June. Both the long shutdown and the restrictions on transport and mobility in China have negatively affected the group's sales and earnings during the period from March to June.

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

Significant events after the end of the period

The high global inflation and the ongoing war in Ukraine affect the economic development in several of the countries where AQ operates. AQ has a large share of its business in Europe, where energy prices continue to be at a high level together with wage inflation. This affects AQ's production costs. We also see continued supply problems of semiconductor components. We constantly monitor and evaluate the situation in order to be prepared to act quickly to limit any impact on the company.

On February, 2023 the Nomination Committee in AQ Group AB informed the company that it is proposing existing board member Claes Mellgren as new board chairman, Kristina Willgård as new board member and that the number of board members will be reduced from eight to six, at the Annual General Meeting on April 20, 2023. Chairman of the board Patrik Nolåker and board members Annika Johansson-Rosengren and Vegard Søraunet will not run for re-election. Re-election is proposed for board members Gunilla Spongh, Lars Wrebo, Ulf Gundemark and Per Olof Andersson. Claes Mellgren was CEO of AQ Group between 2010 and 2018 and is now board member since 2018. Claes Mellgren is one of the founders of AQ Group. Kristina Willgård most recently came from a position as Group CEO at the Life-Science company AddLife and is currently board member in Mölnlycke Health Care, Ernströmgruppen, and the Addnode Group and is part of Aeternum Capital's advisory board. The Nomination Committee's complete proposal is presented in the notice of AQ Group's Annual General Meeting, which will be held on April 20, 2023.

Goals

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

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

	Target	Jan-Dec 2022
Product quality	100%	99.6%
Delivery precision	98%	90.0%
Equity ratio	>40%	56%
Profit margin before tax, (EBT %)	8%	6.8%
Growth	15%	28.9%

Transactions with related parties

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

AQ Group AB paid a dividend of SEK 61 million to its shareholders in April 2022 following a decision at the 2022 Annual General Meeting. Furthermore, the 2022 Annual General Meeting decided to introduce a warrant-based incentive program for executive officers and other key personnel within AQ. The subscription price was set at SEK 351.20 / share, which corresponded to 125 percent of the volume-weighted average price paid for the Company's share on Nasdaq Stockholm during the period from April 22 to May 5, 2022. A total of 52,500 warrants were subscribed for in the three-year warrant-based incentive program that expires May 12, 2025. Upon redemption, each warrant entitles to one share.

Risks and uncertainties

AQ is a global company with operations in sixteen countries. Within the Group there are a number of risks and uncertainties of both operational and financial characteristics, which were more detailed described in the Annual Report of 2021. The ongoing Covid-19 pandemic and the political tension between Russia, Belarus and Ukraine/NATO has mainly resulted in increased energy costs and other risks and uncertainties that could have a significant impact on AQ's customers and suppliers, which in turn affect the actual outcome for AQ. In addition to the commented factors the real outcome can be affected by for example other political events, business cycle effects, currency and interest rates, competing products and their pricing, product development, commercial and technical difficulties, events linked to cyber security and IT infrastructure, delivery problems, outbreak of other virus diseases and large credit losses at our customers.

The risks that are most prominent for AQ in a shorter perspective are the impacts of component shortages on delivery precision, lockdowns in China, the ongoing war between Russia, Belarus and Ukraine impact on customers, personnel and suppliers, the high global inflation and currency and price risks on e.g. energy, transport and material.

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

AQ is not buying any direct raw material, but only semi-finished products for further production such as sheet metal of steel and aluminum, cables, insulated wire etc. The risk is minimized through customer agreements with price clauses. Raw material price risk refers to the change in the price of material and its impact on earnings. The company's purchase of materials to different processes is significant. There is a risk of sharp price increases for raw materials where the Company is not able to compensate price increases, which may affect the Company's earnings negatively.

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

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

Nomination committee

The Nomination Committee represents the shareholders and consists of members who are appointed by each of the four largest shareholders in terms of votes. The Nomination Committee's term of office extends until a new Nomination Committee has been appointed. The Nomination Committee for the Annual General Meeting 2023 was announced on October 18, 2022 and consists of Henrik Carlman (Aeternum Capital), Hans Christian Bratterud (ODIN Fonder), Per Olof Andersson (own holding) and Claes Mellgren (own holding) with Hans Christian Bratterud as chairman.

Future reporting dates

Annual Report, 2022	Week 13, 2023
Interim report Q1, 2023	April 20, 2023, at 08:00
Annual General Meeting	April 20, 2023
Interim report Q2, 2023	July 14, 2023, at 08:00
Interim report Q3, 2023	October 19, 2023, at 08:00

The Annual Report, Annual General Meeting and dividend

The Annual Report for 2022 will be available on the company's website no later than March 29, 2023.

The Annual General Meeting will be held on April 20, 2023 at 18:00 in Västerås. More information will be available in the notice convening the AGM, which will be published on the company's website www.aqgroup.com no later than 4 weeks before the AGM.

The Board of Directors proposes a dividend of SEK 3.33 per share for the financial year 2022. A total of SEK 60,919,213.

Other information

The information in this interim report shall be made public in accordance with the EU Market Abuse Regulation and the Securities Market Act of Sweden. The information was released by CEO James Ahrgren for publication at 08:00 CET on February 16, 2023.

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

This report has not been reviewed by the company's financial auditors.

Further information can be given by AQ Group AB:

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

Financial reports and press releases are published in Swedish and English. If there are discrepancies between the two, the Swedish version shall prevail. They are available at www.aqgroup.com.

Certification

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

Västerås, February 16, 2023

James Ahrgren
CEO

Financial reports, summary

Summary Income Statement for the Group

SEK M	Note	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Net sales		1,974	1,498	7,053	5,471
Other operating income		43	61	180	143
Total income		2,017	1,558	7,232	5,614
Change in inventory and work in progress		-8	79	82	184
Raw material and consumables		-1,012	-834	-3,760	-2,866
Goods for resale		-30	-19	-81	-121
Other external expenses		-211	-186	-789	-598
Personnel costs		-509	-409	-1,849	-1,486
Depreciation and amortisation		-67	-62	-261	-234
Other operating expenses		-32	-15	-85	-46
Total operating costs		-1,869	-1,445	-6,742	-5,168
Operating profit		148	113	491	446
Net financial income/expense	5	-11	-3	-8	-5
Profit before tax		137	110	482	441
Taxes		-3	-23	-69	-73
Profit for the period		134	87	413	368
PROFIT FOR THE PERIOD ATTRIBUTABLE TO					
Parent company shareholders		133	87	410	366
Non-controlling interests		1	0	3	2
EARNINGS PER SHARE, SEK					
Before dilution		7.27	4.76	22.43	19.99
After dilution		7.27	4.76	22.43	19.99

Statement of comprehensive income for the Group, summary

SEK M	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
PROFIT FOR THE PERIOD	134	87	413	368
OTHER COMPREHENSIVE INCOME				
Items that cannot be transferred to the profit for the period				
Revaluation of defined benefit pension plans	0	-1	0	-1
Revaluation of defined benefit pension plans, tax effect	-0	0	-0	0
Items transferred or that can be transferred to the profit				
Translation difference for foreign operations	36	16	198	70
Other comprehensive income for the period after tax	37	15	198	69
Comprehensive income for the period	170	103	611	437
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:				
Parent company shareholders	169	102	607	434
Non-controlling interests	1	0	4	2

Summary Balance Sheet for the Group

SEK M	Note	Dec 31 2022	Dec 31 2021
ASSETS			
NON-CURRENT ASSETS			
Goodwill		395	366
Other intangible assets		144	162
Right-of-use assets		233	232
Tangible assets		1,043	820
Financial assets		5	2
Deferred tax assets		76	62
Total non-current assets		1,896	1,644
Inventories		1,629	1,305
Trade and other receivables		1,745	1,295
Other current receivables		204	173
Cash and cash equivalents		231	283
Total current assets		3,808	3,056
TOTAL ASSETS		5,704	4,699
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to parent company shareholders		3,164	2,616
Non-controlling interests		16	12
TOTAL EQUITY		3,180	2,627
Non-current liabilities to credit institutions		861	632
Other non-current liabilities		113	98
Total non-current liabilities		973	730
Interest-bearing current liabilities		180	212
Trade and other payables		862	711
Other current liabilities	5	510	419
Total current liabilities		1,551	1,342
TOTAL LIABILITIES		2,524	2,072
TOTAL EQUITY AND LIABILITIES		5,704	4,699

Statement of changes in Equity for the Group

SEK M	Equity attributable to parent company shareholders				Subtotal	Non-controlling interests	Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings incl. Profit			
Equity, 01/01/2021	37	84	14	2,047	2,181	9	2,191
Profit for the year	-	-	-	366	366	2	368
Translation differences in foreign operations	-	-0	70	-1	69	0	70
Revaluation of defined benefit pension plans	-	-	-	-1	-1	-0	-1
Revaluation of defined benefit pension plans, tax effect	-	-	-	0	0	0	0
Other comprehensive income	-	-0	70	-2	69	0	69
Comprehensive income for the year	-	-0	70	364	434	2	437
Dividends paid	-	-	-	-	-	-0	-0
Transactions with shareholders	-	-	-	-	-	-0	-0
Equity, 12/31/2021	37	84	84	2,411	2,616	12	2,627
Equity, 01/01/2022	37	84	84	2,411	2,616	12	2,627
Profit for the year	-	-	-	410	410	3	413
Translation differences in foreign operations	-	0	196	-	196	1	198
Revaluation of defined benefit pension plans	-	-	-	0	0	0	0
Revaluation of defined benefit pension plans, tax effect	-	-	-	-0	-0	-0	-0
Other comprehensive income	-	0	196	0	197	1	198
Comprehensive income for the year	-	0	196	411	607	4	611
Issues of warrants	-	2	-	-	2	-	2
Dividends paid	-	-	-	-61	-61	-	-61
Transactions with shareholders	-	2	-	-61	-59	-	-59
Equity, 12/31/2022	37	86	280	2,761	3,164	16	3,180

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

Summary Cash Flow statement for the Group

SEK M	Note	Oct 1 - Dec 31 2022	Oct 1 - Dec 31 2021	Jan 1 - Dec 31 2022	Jan 1 - Dec 31 2021
Profit before tax		137	110	482	441
Adjustment for non cash generating items		76	55	264	221
Income tax paid		-9	1	-91	-56
Cash flow from operating activities before change in working capital		204	166	655	606
Increase (-)/decrease (+) in inventories		-19	-138	-239	-370
Increase (-)/decrease (+) in trade receivables		-111	-161	-357	-191
Increase (-)/decrease (+) in other receivables		-5	1	-9	-34
Increase (+)/decrease (-) in trade payables		64	23	82	198
Increase (+)/decrease (-) in other liabilities		6	3	76	30
Change in working capital		-64	-271	-447	-368
Cashflow from operating activities		140	-105	208	238
Aquisitions of subsidiaries net of cash acquired and other businesses	4	-	-17	-	-203
Acquisition of intangible non-current assets		-1	-1	-4	-3
Acquisition of tangible non-current assets		-74	-66	-284	-189
Sale of tangible non-current assets		3	2	6	3
Other changes in non-current assets		0	-0	0	-0
Cashflow from investing activities		-71	-82	-283	-391
New borrowings, credit institutions		55	0	234	82
Amortisation of loans		-16	-16	-62	-49
Amortisation of loans (lease)		-26	-25	-103	-95
Change in bank overdraft facilities		-5	4	2	36
Payment of warrants		-	-	2	-
Dividends		-	-0	-61	-0
Cashflow from financing activities		8	-37	12	-26
Change in cash and cash equivalents for the period		77	-224	-63	-178
Cash and cash equivalents at the beginning of the year		154	505	283	452
Exchange rate difference in cash and cash equivalents		0	2	11	10
Cash and cash equivalents at the end of the period		231	283	231	283

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	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Net sales		8	11	49	50
Other operating income		0	2	5	4
Total income		9	13	53	54
Other external expenses		-6	-13	-19	-28
Personnel costs		-6	-6	-31	-28
Depreciation and amortisation		-0	-	-0	-
Other operating expenses		-0	-1	-1	-2
Total operating costs		-12	-20	-51	-59
Operating profit		-3	-7	2	-4
Net financial items	5	-4	-5	53	-8
Earnings after net financial items		-7	-11	55	-13
Appropriations		-2	23	-2	23
Profit before tax		-9	11	53	10
Taxes		2	-7	-2	-9
Profit for the period		-8	5	51	1

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

Fourth quarter

Revenues during the fourth quarter amounted to SEK 8 million (11) and mainly pertained to internal services. Net financial items amounted to SEK -4 million (-5). The loss for the period amounted to SEK -8 million (5).

Full year

Revenues during the year amounted to SEK 49 million (50) and mainly pertained to internal services. Net financial items amounted to SEK 53 million (-8). Profit for the year amounted to SEK 51 million (1).

Summary balance sheet for the Parent company

SEK M	Note	Dec 31 2022	Dec 31 2021
ASSETS			
Tangible assets		0	-
Financial fixed assets		1,433	1,413
Total non-current assets		1,433	1,413
Current receivables		360	132
Cash and cash equivalents		62	142
Total current assets		423	274
TOTAL ASSETS		1,856	1,687
EQUITY AND LIABILITIES			
Restricted equity		38	38
Non-restricted equity		678	686
TOTAL EQUITY		716	724
Untaxed reserves		8	6
Non-current interest-bearing liabilities		683	478
Total non-current liabilities		683	478
Interest-bearing current liabilities		427	457
Other current liabilities	5	22	23
Total current liabilities		449	480
TOTAL LIABILITIES		1,132	958
TOTAL EQUITY AND LIABILITIES		1,856	1,687

The non-restricted equity amounts to SEK 678 million. The changes since 31 December 2021 consist of the profit for the year of SEK 51 million, paid dividend of SEK 61 million and additional capital related to the subscription of warrants of SEK 2 million.

Notes to the financial statements in summary

Note 1. Accounting principles

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

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

Note 2. Segment reporting and breakdown of revenue

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

SEGMENT REPORTING

Fourth quarter

For the segment Component, the total net sales for the fourth quarter were SEK 1,724 million (1,312), of which SEK 1,595 million (1,209) are external sales. The increase of the external sales was SEK 386 million.

For the segment System, the total net sales for the fourth quarter were SEK 429 million (349), of which SEK 379 million (289) are external sales. The increase of the external sales was SEK 91 million.

Operating profit (EBIT) in the fourth quarter was SEK 108 million (68) for Component, corresponding to an increase of SEK 39 million compared to previous year. Operating profit (EBIT) for System was SEK 31 million (40), corresponding to a decrease of SEK 9 million compared to previous year.

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

Oct-Dec 2022, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	1,595	379	-	1,974
Net sales, internal	129	50	-179	-
Total net turnover	1,724	429	-179	1,974
Material costs, excl. purchases own segment	-908	-301	158	-1,050
Depreciation	-61	-6	-0	-67
Other operating expenses/income	-648	-91	31	-709
Operating profit	108	31	10	148
Net financials items				-11
Profit before tax				137

Oct-Dec 2021, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	1,209	289	-	1,498
Net sales, internal	103	60	-163	-
Total net turnover	1,312	349	-163	1,498
Material costs, excl. purchases own segment	-679	-228	134	-773
Depreciation	-56	-5	-0	-62
Other operating expenses/income	-508	-75	34	-549
Operating profit	68	40	5	113
Net financials items				-3
Profit before tax				110

Full year

For the segment Component, the total net sales for the year were SEK 6,165 million (4,739), of which SEK 5,710 million (4,382) are external sales. The increase of the external sales was SEK 1,328 million.

For the segment System, the total net sales for the year were SEK 1,521 million (1,374), of which SEK 1,342 million (1,089) are external sales. The increase of the external sales was SEK 253 million.

Operating profit (EBIT) for the year was SEK 315 million (289) for Component, corresponding to an increase of SEK 26 million compared to previous year. Operating profit (EBIT) for System was SEK 171 million (149), corresponding to an increase of SEK 21 million compared to previous year.

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

Jan-Dec 2022, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	5,710	1,342	-	7,053
Net sales, internal	455	178	-633	-
Total net turnover	6,165	1,521	-633	7,053
Material costs, excl. purchases own segment	-3,289	-1,007	538	-3,759
Depreciation	-236	-24	-1	-261
Other operating expenses/income	-2,324	-319	101	-2,542
Operating profit	315	171	5	491
Net financial items				-8
Profit before tax				482

Jan-Dec 2021, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	4,382	1,089	-	5,471
Net sales, internal	357	285	-642	-
Total net turnover	4,739	1,374	-642	5,471
Material costs, excl. purchases own segment	-2,415	-945	557	-2,802
Depreciation	-207	-26	-1	-234
Other operating expenses/income	-1,828	-254	94	-1,988
Operating profit	289	149	8	446
Net financial items				-5
Profit before tax				441

SALES DIVIDED BY SEGMENT AND GEOGRAPHICAL MARKETS

Fourth quarter

The turnover divided among geographical markets in the fourth quarter; Sweden 29% (31), other European countries 54% (51) and other countries 17% (18).

Oct-Dec 2022, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	352	258	8	618
Other European countries	1,057	111	-	1,167
Other countries	316	60	-	376
Net sales	1,724	429	8	2,162
Internal sales, eliminations	-	-	-187	-187
Total net turnover	1,724	429	-179	1,974

Oct-Dec 2021, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	286	212	11	509
Other European countries	779	75	-	854
Other countries	247	61	-	308
Net sales	1,312	349	11	1,671
Internal sales, eliminations	-	-	-173	-173
Total net turnover	1,312	349	-163	1,498

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

Full year

The turnover divided among geographical markets for the full year; Sweden 29% (31), other European countries 53% (51) and other countries 18% (18).

Jan-Dec 2022, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	1,261	915	49	2,224
Other European countries	3,749	379	-	4,128
Other countries	1,155	227	-	1,382
Net sales	6,165	1,521	49	7,734
Internal sales, eliminations	-	-	-682	-682
Total net turnover	6,165	1,521	-633	7,053

Jan-Dec 2021, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	1,066	789	50	1,905
Other European countries	2,825	300	-	3,125
Other countries	848	285	-	1,133
Net sales	4,739	1,374	50	6,163
Internal sales, eliminations	-	-	-691	-691
Total net turnover	4,739	1,374	-642	5,471

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-Dec 2022	Jan-Dec 2021	Jan-Dec 2020
Bulgaria	1,394	1,303	1,233
Poland	1,157	1,027	940
Lithuania	998	678	605
Sweden	851	821	794
China	702	637	572
Estonia	574	547	581
Hungary	477	500	376
Mexico	335	229	200
Finland	188	185	187
India	174	156	137
Canada	161	167	164
USA	158	167	72
Germany	20	22	3
Italy	18	18	18
Brazil	8	9	5
Serbia	7	11	4
Totalsumma	7,222	6,477	5,891

Note 4. Business acquisitions

AQ's strategy is to grow in both segments. During 2022, no business acquisitions were made. In July 2021, Schaffner Group's Power Magnetics division was acquired for a total purchase price of SEK 208 million, which affected the cash flow by SEK -203 million for the full year, whereof SEK -17 million in the fourth quarter previous year.

Note 5. Financial instruments

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

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

The Group is only in exceptional cases using derivatives to reduce currency risks. Per December 31, 2022, there are no remaining derivatives, previous year the market value amounted to SEK -0.0 million (valued at level 2).

Note 6. Events after the end of the reporting period

Information about events after the end of the reporting period are presented on page 5.

Note 7. Calculation of key figures and definitions

SEK M unless otherwise stated	2022					2021				
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	Full year
Operating margin, (EBIT %)										
Operating profit	113	107	123	148	491	121	118	94	113	446
Net revenue	1,646	1,721	1,711	1,974	7,053	1,307	1,361	1,306	1,498	5,471
Operating margin	6.9	6.2	7.2	7.5	7.0	9.3	8.7	7.2	7.6	8.2
EBITDA										
Profit before tax	113	107	123	148	491	121	118	94	113	446
Depreciations/amortisations	-65	-65	-64	-67	-261	-55	-56	-62	-62	-234
EBITDA	178	171	187	215	751	177	173	156	175	681
Profit margin before tax, (EBT %)										
Profit before tax	116	108	121	137	482	126	114	91	110	441
Net revenue	1,646	1,721	1,711	1,974	7,053	1,307	1,361	1,306	1,498	5,471
Profit margin before tax, %	7.1	6.3	7.1	6.9	6.8	9.6	8.4	6.9	7.4	8.1
Liquid ratio, %										
Trade receivables	1,418	1,515	1,627	1,745	1,745	1,121	1,127	1,117	1,295	1,295
Other current receivables	187	203	197	204	204	132	151	194	173	173
Cash and cash equivalents	223	217	154	231	231	571	608	505	283	283
Current liabilities	1,459	1,513	1,513	1,551	1,551	1,361	1,132	1,279	1,342	1,342
Liquid ratio, %	125	128	131	140	140	134	167	142	130	130
Debt/equity ratio, %										
Total equity	2,756	2,865	3,010	3,180	3,180	2,352	2,438	2,526	2,627	2,627
Total assets	4,920	5,165	5,392	5,704	5,704	4,196	4,281	4,577	4,699	4,699
Debt/equity ratio, %	56	55	56	56	56	56	57	55	56	56
Return on total assets, %										
Profit before tax, rolling 12 months	431	426	456	482	482	408	444	442	441	441
Financial expenses, rolling 12 months	-31	-43	-59	-48	-48	-31	-36	-36	-28	-28
Total equity and liabilities, opening balance for 12 months	4,196	4,281	4,577	4,699	4,699	4,063	3,818	3,908	3,864	3,864
Total equity and liabilities, closing balance	4,920	5,165	5,392	5,704	5,704	4,196	4,281	4,577	4,699	4,699
Total equity and liabilities, average	4,558	4,723	4,984	5,202	5,202	4,130	4,049	4,242	4,282	4,282
Return on total assets, %	10.1	9.9	10.3	10.2	10.2	10.6	11.9	11.3	11.0	11.0
Return on equity after tax, %										
Profit for the period after tax, rolling 12 months	352	343	367	413	413	351	377	373	368	368
Total equity, opening for 12 months	2,352	2,438	2,526	2,627	2,627	2,176	2,129	2,206	2,191	2,191
Total equity, closing	2,756	2,865	3,010	3,180	3,180	2,352	2,438	2,526	2,627	2,627
Total equity, average	2,554	2,652	2,768	2,904	2,904	2,264	2,284	2,366	2,409	2,409
Return on equity after tax, %	13.8	12.9	13.3	14.2	14.2	15.5	16.5	15.8	15.3	15.3
Net cash / Net debt										
Cash and cash equivalents	223	217	154	231	231	571	608	505	283	283
Non-current interest bearing liabilities	605	686	769	861	861	381	611	670	632	632
Current interest bearing liabilities	226	238	234	180	180	415	170	201	212	212
Total interest bearing liabilities	831	924	1,003	1,040	1,040	796	781	872	844	844
Net cash / Net debt	-608	-707	-849	-810	-810	-225	-173	-367	-561	-561
Growth, %										
Organic growth										
Net revenue	1,646	1,721	1,711	1,974	7,053	1,307	1,361	1,306	1,498	5,471
- Effect of changes in exchange rates	-30	-9	55	88	103	-67	-53	-6	-7	-134
- Net revenue for last year	1,307	1,361	1,306	1,498	5,471	1,342	1,116	1,104	1,256	4,819
- Net revenue for acquired companies	98	88	-	-	185	-	-	93	99	192
= Organic growth	273	282	350	389	1,293	32	298	115	149	594
Organic growth divided by last year net revenue, %	20.9	20.7	26.8	26.0	23.6	2.4	26.7	10.4	11.9	12.3
Growth through acquisitions										
Net revenue for acquired companies divided by last year net revenue, %	7.5	6.4	0.0	0.0	3.4	0.0	0.0	8.4	7.9	4.0

Operating margin, EBIT %

Calculated as operating profit divided by net sales.

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

Profit margin before tax, EBT%

Calculated as profit before tax divided by net sales.

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

Liquid ratio, %

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

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

Debt/Equity ratio, %

Calculated as adjusted equity divided by balance sheet total.

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

Return on total assets, %

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

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

Return on equity after tax, %

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

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

Operating profit (EBIT), SEK M

Calculated as the profit before tax and financial items.

Operating profit shows the result generated by the operative business and is used together with operating margin and return on total assets for evaluating and managing the operative business.

Profit before tax / Profit after financial items (EBT), SEK M

Calculated as the profit before tax.

The key figure shows the result generated by the operative business and financial income taking into account payments to creditors for the capital they are contributing to finance the business. The figure shows remaining profit to the owners taking into account that part of it will be deducted for tax payments.

Net cash/Net debt, SEK M

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

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

Growth, %

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

Organic growth is calculated as the difference between the net sales of the current period and the net sales of the previous period, excluding currency effect and net sales of acquired units. Organic growth in % is calculated as the organic growth divided by the net sales in the same period in the previous year. Growth through acquisitions is calculated as net sales of acquired companies divided by the net sales in the same period in the previous year.

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

Dividend per share, SEK

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

EBITDA

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

AQ in brief

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

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

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

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.