

Västerås, February 15, 2024



AQ Group AB (publ) Year-end report, 2023

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Fourth quarter, October-December 2023 in brief

- Strong cash flow and the board proposes a doubled dividend
- Net sales increased by 12% to SEK 2,221 m (1,974)
- Operating profit (EBIT) increased by 30% to SEK 193 m (148)
- Profit before tax (EBT) increased by 33% to SEK 182 m (137)
- Profit margin before tax (EBT %) was 8.2% (6.9)
- Profit after tax amounted to SEK 134 m (134)
- Cash flow from operating activities amounted to SEK 239 m (140)
- Earnings per share before dilution amounted to SEK 7.32 (7.27)

Full year 2023 in brief

- Net sales increased by 27% to SEK 8,968 m (7,053)
- Operating profit (EBIT) increased by 61% to SEK 792 m (491)
- Profit before tax (EBT) increased by 57% to SEK 757 m (482)
- Profit margin before tax (EBT %) was 8.4% (6.8)
- Profit after tax increased by 54% to SEK 636 m (413)
- Cash flow from operating activities amounted to SEK 980 m (208)
- Earnings per share before dilution amounted to SEK 34.57 (22.43)
- Equity ratio was 63% (56)
- The Board of Directors proposes a dividend of SEK 6.66/share (SEK 3.33/share)

Group overview, key figures

SEKm unless otherwise stated	2023					2022				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Net turnover	2,253	2,345	2,149	2,221	8,968	1,646	1,721	1,711	1,974	7,053
Operating profit (EBIT)	194	203	201	193	792	113	107	123	148	491
Profit before tax (EBT)	184	195	195	182	757	116	108	121	137	482
Profit for the period	159	172	172	134	636	93	87	100	134	413
Total equity	3,391	3,671	3,734	3,762	3,762	2,756	2,865	3,010	3,180	3,180
Operating margin (EBIT), %	8.6	8.7	9.3	8.7	8.8	6.9	6.2	7.2	7.5	7.0
Profit margin before tax (EBT), %	8.2	8.3	9.1	8.2	8.4	7.1	6.3	7.1	6.9	6.8
Liquid ratio, %	146	152	161	162	162	125	128	131	140	140
Debt/equity ratio, %	55	58	61	63	63	56	55	56	56	56
Return on total assets, % ¹⁾	10.9	12.1	13.0	13.8	13.8	10.1	9.9	10.3	10.2	10.2
Return on equity after tax, % ¹⁾	15.6	17.3	18.9	18.3	18.3	13.8	12.9	13.3	14.2	14.2
Number of employees in Sweden	860	862	866	878	878	834	853	847	851	851
Number of employees outside Sweden	6,716	6,868	6,924	6,968	6,968	6,233	6,269	6,293	6,371	6,371
Key indicators per share, SEK										
Profit for the period before dilution	8.61	9.30	9.34	7.32	34.57	5.04	4.71	5.41	7.27	22.43
Equity	185.38	200.66	204.13	205.62	205.62	150.65	156.62	164.52	173.82	173.82
Number of shares, thousands	18,294	18,294	18,294	18,294	18,294	18,294	18,294	18,294	18,294	18,294

¹⁾ Calculated based on 12 months rolling amounts.

A word from the CEO



Strong cash flow and high turnover despite production disruptions

This year we broke our records again in terms of turnover and profitability. This year was also the best in terms of operating cash flow. We've shown growth 28 out of 29 years and been profitable every quarter since we were founded in 1994. That's 117 quarters in a row. It is an achievement in our contract manufacturing world where we are constantly exposed to tough competition from talented competitors. Our most important competitive advantage is our employees who work with the customer in focus in accordance with

our core values where we let the individual take great responsibility and have great freedom to influence.

Production disruptions

During 2023, we have grown turnover by almost SEK 2 bn. The growth has taken place in all market segments, but above all in electrification, commercial vehicles and the defense industry. We love growth at AQ! Unfortunately, we have not managed to increase our capacity as quickly as our customers wanted, which has led to delivery delays. As a result of our rapid expansion, we have also had quality problems for some of our customers. This is not ok! We both can and must get better at scaling up our operations without delivery delays. We have several initiatives that will be implemented during the year to improve the quality and delivery precision to our customers.

For one of our customers in battery systems, we have had quality problems at the end of 2023. We have a close dialogue with the customer but right now we do not see any further projects in 2024. The projects we had were completed at the end of the fourth quarter with good quality. During 2023, the turnover related to this customer amounted to SEK 250 m. The capacity freed up in our factory in Bulgaria will be used for other customers who are growing in electrification.

These disruptions affect our profitability in the fourth quarter. Mainly caused by higher production costs but also quality costs. Therefore, the result in the quarter is disappointing even though we exceed our target with a profit before tax above 8%.

Market and acquisitions

We look positively on the development for our customers in 2024. We are a small part of the transition towards a more electrified society and there is good growth there. We also see strong growth in the defense industry, and we feel we are gaining market share in commercial vehicles. We also have a nice list of potential acquisitions that we want to complete. All in all, we remain positive about AQ's development in 2024.

Cash flow and balance sheet

During the year we improved the inventory turnover rate from 2.3 to 3.2 times/year. This results in a significantly better cash flow from operating activities, which was SEK 980 m during the year. We have low net debt (SEK 25 m), which enables continued investments in expanded production capacity and acquisitions. Our strong balance sheet also enables us to double the dividend from the previous year to SEK 6.66/share this year, if the AGM chooses to do so.

2023 was great, aiming for new records 2024

2023 was financially our best year ever. There is good basis for next year to be even better. We are still a relatively small company that, through entrepreneurship and determination, will continue to be able to grow our turnover and profit by 15% per year, as we have done for the past 10 years.

AQ's fantastic employees are ready to help our customers deliver world-leading products that are critical to our transition towards a better society. We are proud that we can contribute with our excellence in how to manufacture these components and systems in the most resource-efficient way possible. It makes me full of confidence that we will continue to grow, make a profit and have fun!

James Ahrgren
CEO

Group's financial position and results

Fourth quarter

Net sales for the fourth quarter was SEK 2,221 m (1,974), an increase of SEK 246 m compared to the same period in the previous year. The total growth in the quarter was 12.5%, of which organic growth 8.6% and currency effects of 3.9%. The currency effect corresponded to SEK 76 m and was mainly driven by the currencies EUR, PLN and HUF.

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

Operating profit (EBIT) in the fourth quarter was SEK 193 m (148), an increase of SEK 45 m. We continue to improve the operating profit in the units that contributed weakly to the operating profit in the corresponding period last year, and increased the efficiency in the factories that are growing strongly with new orders and projects. Net financial items in the quarter amounted to SEK -11 m (-11) and is negatively affected by the continued high bank interest rates. The EBT margin was 8.2%.

Cash flow from operating activities increased to SEK 239 m (140) which is mainly due to the improved operating profit, lower trade receivables at the end of the period than at the beginning and the higher inventory turnover rate.

Cash flow from investing activities was SEK -61 m (-71), which relates mainly to replacement and capacity investments of tangible assets of SEK -61 m (-74).

Cash flow from financing activities was SEK -177 m (8) and mainly refers to repayments of bank loans and leasing liabilities of SEK -184 m.

Full year

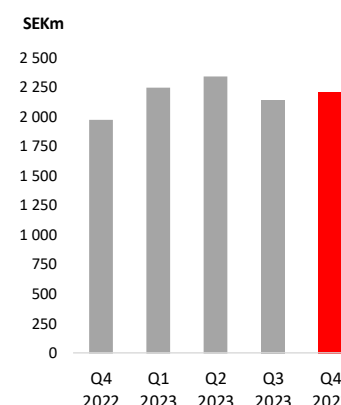
Net sales for the full year was SEK 8,968 m (7,053), an increase of SEK 1,916 m compared to previous year. The total growth for the year was 27.2%, of which organic growth 20.7% and currency effects of 6.4%. The currency effect corresponded to SEK 454 m and was mainly driven by the currencies EUR, PLN and BGN.

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

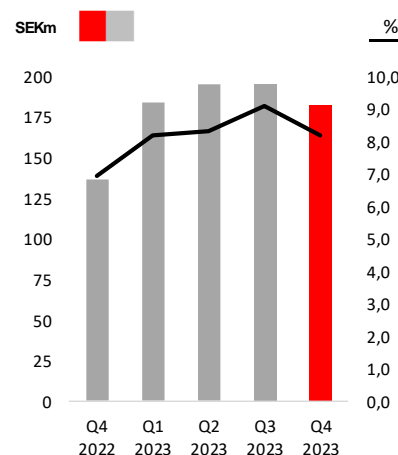
Operating profit (EBIT) for the full year was SEK 792 m (491), an increase of SEK 301 m. The organic growth continues to be very high in basically all our companies, which has resulted in higher volumes and capacity utilization, which, together with measures in our low-performing companies, has had a positive effect on the operating result. Net financial items amounted to SEK -35 m (-8) and has been negatively affected by increased bank interest rates. The EBT margin was 8.4%.

Interest-bearing liabilities of the Group was SEK 717 m (1,040) and cash and cash equivalents amounted to SEK 426 m (231), which means that the Group have a net debt of SEK 291 m (810). The Group's interest-bearing liabilities without regard to leasing liabilities amounted to SEK 451 m (803), which means a net debt adjusted for leasing liabilities of SEK 25 m (572).

Net sales



EBT



Cash flow from operating activities was SEK 980 m (208) and was mainly positively affected by the improved operating profit and the higher inventory turnover rate, while the increased trade receivables had a negative effect.

Cash flow from investing activities was SEK -252 m (-283), which relates mainly to replacement and capacity investments of tangible fixed assets of SEK -251 m (-284). The single largest investments during the period are a factory building and production equipment in Bulgaria of SEK 51 m, production equipment in Lithuania of SEK 31 m and factory building and production equipment in Poland of SEK 20 m.

Cash flow from financing activities was SEK -528 m (12) and mainly refers to repayments of bank loans and leasing liabilities of SEK -468 m (-165) and dividend of SEK -61 m (-61).

Equity at the end of the period amounted to SEK 3,762 m (3,180) for the Group.

Significant events during the year

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

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

Significant events after the end of the period

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

Goals

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

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

	Target	Okt-Dec 2023	Okt-Dec 2022	Full year 2023	Full year 2022
Product quality, %	100	99.5	99.6	99.5	99.6
Delivery precision, %	98	91.3	89.7	90.5	90.0
Equity ratio, %	>40	63	56	63	56
Profit margin before tax (EBT), %	>8	8.2	6.9	8.4	6.8
Growth, %	>15	12.5	31.8	27.2	28.9

Transactions with related parties

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

AQ Group AB paid a dividend of SEK 61 m to its shareholders in April 2023 following a decision at the 2023 Annual General Meeting.

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

In addition to the above, there are customary remunerations for the board and other senior executives as well as individual related transactions regarding the purchase of products and consulting services which are at market conditions.

Risks and uncertainties

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

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

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

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

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

The Group's turnover for 2023 exceeds EUR 750 m for the first year, which is why an analysis has been made as to whether the reporting rules according to BEPS Pillar 2 can become applicable. Since the turnover requirement of EUR 750 m has not been met for two of the last four years, the Group is not covered by these rules either for the financial year 2023 or 2024. However, it may become relevant for

the financial year 2025 if the Group's turnover for 2024 exceeds the threshold of EUR 750 m. The Group currently has significant operations in several countries that currently have lower corporate income tax than 15%, including Bulgaria, Estonia, Lithuania and Hungary.

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

Nomination committee

The Nomination Committee represents the shareholders and consists of members who are appointed by each of the four largest shareholders in terms of votes. The Nomination Committee's term of office extends until a new Nomination Committee has been appointed. The Nomination Committee for the Annual General Meeting 2024 was announced on October 17, 2023, and consists of Björn Henriksson (Nordea Fonder), Hans Christian Bratterud (ODIN Fonder), Per Olof Andersson (own holding) and Claes Mellgren (own holding) with Björn Henriksson as chairman.

Future reporting dates

Annual Report, 2023	Week 13, 2024
Interim report Q1, 2024	April 18, 2024, at 08:00 CEST
Annual General Meeting	April 18, 2024, at 18:00 CEST, in Västerås
Interim report Q2, 2024	July 12, 2024, at 08:00 CEST
Interim report Q3, 2024	October 17, 2024, at 08:00 CET

The Annual Report, Annual General Meeting and dividend

The Annual Report for 2023 will be available on the company's website no later than March 28, 2024.

The Annual General Meeting will be held on April 18, 2024 at 18:00 CEST 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 6.66 per share for the financial year 2023, a total of SEK 121 838 426.

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 15, 2024.

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

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

Further information can be given by AQ Group AB:
 CEO and IR, James Ahrgren, telephone +46 76 052 58 88, james.ahrgren@aqgroup.com
 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 certify 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 15, 2024

James Ahrgren
CEO

Financial reports

Summary Income Statement for the Group

SEKm	Note	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Net sales	2	2,221	1,974	8,968	7,053
Other operating income		38	43	165	180
Total income		2,258	2,017	9,133	7,232
Change in inventory and work in progress		16	-8	-61	82
Raw material and consumables		-1,106	-1,012	-4,511	-3,760
Goods for resale		-39	-30	-115	-81
Other external expenses		-229	-211	-936	-789
Personnel costs	3	-604	-509	-2,316	-1,849
Depreciation and amortisation		-72	-67	-288	-261
Other operating expenses		-31	-32	-115	-85
Total expenses		-2,065	-1,869	-8,341	-6,742
Operating profit		193	148	792	491
Net financial items	5	-11	-11	-35	-8
Profit before tax		182	137	757	482
Taxes		-49	-3	-121	-69
Profit for the period		134	134	636	413
PROFIT FOR THE PERIOD ATTRIBUTABLE TO					
Parent company shareholders		134	133	632	410
Non-controlling interests		-0	1	4	3
SHARE-RELATED REPORTING, SEK					
Earnings per share before dilution		7.32	7.27	34.57	22.43
Earnings per share after dilution		7.30	7.27	34.47	22.43
AVERAGE NUMBER OF SHARES					
Before dilution, thousands		18,294	18,294	18,294	18,294
After dilution, thousands		18,347	18,294	18,347	18,294

Statement of comprehensive income for the Group, summary

SEKm	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
PROFIT FOR THE PERIOD	134	134	636	413
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to the income statement				
Revaluation related to defined benefit pension plans	1	0	1	0
Revaluation related to defined benefit pension plans, tax effect	-0	-0	-0	-0
Items that subsequently may be reclassified to the income statement				
Translation difference for foreign operations	-107	36	6	198
Other comprehensive income for the period after tax	-107	37	7	198
Comprehensive income for the period	27	170	643	611
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO				
Parent company shareholders	28	169	639	607
Non-controlling interests	-1	1	3	4

Summary Balance Sheet for the Group

SEKm	Note	Dec 31 2023	Dec 31 2022
ASSETS			
Goodwill		393	395
Other intangible assets		110	144
Right-of-use assets		262	233
Tangible assets		1,117	1,043
Non-current receivables		11	5
Deferred tax assets		55	76
Total non-current assets		1,950	1,896
Inventories		1,474	1,629
Accounts receivable - trade		1,879	1,745
Current tax assets		23	22
Other receivables		145	106
Prepaid expenses and accrued income		63	76
Cash and cash equivalents		426	231
Total current assets		4,010	3,808
TOTAL ASSETS		5,960	5,704
EQUITY AND LIABILITIES			
Equity attributable to parent company shareholders		3,742	3,164
Non-controlling interests		19	16
TOTAL EQUITY		3,762	3,180
Interest-bearing liabilities to credit institutions		513	861
Deferred tax liabilities		95	90
Provisions for post-employment benefits		19	17
Other provisions		6	6
Other non-current liabilities		-	0
Total non-current liabilities		633	973
Interest-bearing liabilities to credit institutions		204	180
Provisions		38	13
Contract liabilities		112	94
Accounts payable - trade		763	862
Current tax liabilities		18	25
Other current liabilities		115	107
Accrued expenses and prepaid income		315	271
Total current liabilities		1,565	1,551
TOTAL LIABILITIES		2,198	2,524
TOTAL EQUITY AND LIABILITIES		5,960	5,704

Statement of changes in Equity for the Group

SEKm	Equity attributable to parent company shareholders				Subtotal	Non-controlling interests	Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings incl. Profit			
Equity, 12/31/2021	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	-	-	-	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
Issue of warrants	-	2	-	-	2	-	2
Paid dividend	-	-	-	-61	-61	-	-61
Transactions with shareholders	-	2	-	-61	-59	-	-59
Equity, 12/31/2022	37	86	280	2,761	3,164	16	3,180
Profit for the year	-	-	-	632	632	4	636
Translation differences in foreign operations	-	-	6	-	6	-0	6
Revaluation of defined benefit pension	-	-	-	1	1	0	1
Revaluation of defined benefit pension plans, tax effect	-	-	-	-0	-0	-0	-0
Other comprehensive income	-0	-	6	1	7	-0	7
Comprehensive income for the year	-0	-	6	633	639	3	643
Paid dividend	-	-	-	-61	-61	-	-61
Transactions with shareholders	-	-	-	-61	-61	-	-61
Equity, 12/31/2023	37	86	286	3,333	3,742	19	3,762

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

Summary Cash flow statement for the Group

SEKm	Note	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Profit before tax		182	137	757	482
Adjustment for non cash generating items		92	76	319	264
Income tax paid		-27	-9	-98	-91
Cash flow from operating activities before change in working capital		248	204	978	655
Change in inventories		35	-19	166	-239
Change in trade receivables		-0	-111	-141	-357
Change in other receivables		28	-5	-28	-9
Change in trade payables		-26	64	-64	82
Change in other liabilities		-46	6	70	76
Change in working capital		-9	-64	3	-447
Cash flow from operating activities		239	140	980	208
Acquisition of intangible non-current assets		-2	-1	-4	-4
Acquisition of tangible non-current assets		-61	-74	-251	-284
Sale of intangible non-current assets		0	0	0	0
Sale of tangible non-current assets		2	3	2	6
Other changes in non-current assets		-0	0	0	0
Cash flow from investing activities		-61	-71	-252	-283
New borrowings, credit institutions		-	55	-	234
Amortisation of loans		-156	-16	-358	-62
Payments of lease liabilities		-27	-26	-110	-103
Change in bank overdraft facilities		7	-5	1	2
Payment of warrants		-	-	-	2
Dividend		-	-	-61	-61
Cash flow from financing activities		-177	8	-528	12
Change in cash and cash equivalents for the period		1	77	201	-63
Cash and cash equivalents at the beginning of the year		436	154	231	283
Exchange rate difference in cash and cash equivalents		-11	0	-6	11
Cash and cash equivalents at the end of the period		426	231	426	231

Parent company development

The parent company, AQ Group AB, focuses primarily on managing and developing the Group. As in previous years, the parent company's turnover consists almost exclusively of the sale of administrative services to subsidiaries. There are no purchases of any substance from subsidiaries.

Summary income statement for the Parent company

SEKm	Note	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Net sales		15	8	57	49
Other operating income		0	0	2	5
Total income		15	9	59	53
Other external expenses		-7	-6	-26	-19
Personnel costs		-11	-6	-35	-31
Depreciation and amortisation		-0	-0	-0	-0
Other operating expenses		-1	-0	-1	-1
Total expenses		-19	-12	-62	-51
Operating profit		-3	-3	-3	2
Net financial items	5	2	-4	121	53
Earnings after net financial items		-1	-7	118	55
Appropriations		50	-2	50	-2
Profit before tax		49	-9	168	53
Taxes		-10	2	-13	-2
Profit for the period		39	-8	155	51
STATEMENT OF COMPREHENSIVE INCOME					
Profit for the period		39	-8	155	51
Other comprehensive income for the period after tax		-	-	-	-
Comprehensive income for the period		39	-8	155	51

Fourth quarter

Revenues during the fourth quarter amounted to SEK 15 m (8) and mainly pertained to internal services. Net financial items amounted to SEK 2 m (-4). The profit for the period amounted to SEK 39 m (-8).

Full year

Revenues during the year amounted to SEK 57 m (49) and mainly pertained to internal services. Net financial items amounted to SEK 121 m (53). The profit for the year amounted to SEK 155 m (51).

Summary balance sheet for the Parent company

SEKm	Note	Dec 31 2023	Dec 31 2022
ASSETS			
Tangible assets		0	0
Participations in group companies		1,227	1,222
Receivables from group companies		147	211
Total non-current assets		1,374	1,433
Receivables from group companies		409	356
Current tax asset		0	2
Other receivables		0	0
Prepaid expenses and accrued income		4	2
Cash and cash equivalents		192	62
Total current assets		604	423
TOTAL ASSETS		1,978	1,856
EQUITY AND LIABILITIES			
Restricted equity		38	38
Non-restricted equity		773	678
TOTAL EQUITY		810	716
Untaxed reserves		22	8
Interest-bearing liabilities to credit institutions		334	683
Total non-current liabilities		334	683
Interest-bearing liabilities to credit institutions		90	59
Interest-bearing liabilities to group companies		689	368
Accounts payable - trade		4	3
Liabilities to group companies		1	0
Current tax liability		1	-
Other current liabilities		9	9
Accrued expenses and deferred income		17	10
Total current liabilities		811	449
TOTAL LIABILITIES		1,146	1,132
TOTAL EQUITY AND LIABILITIES		1,978	1,856

The non-restricted equity amounts to SEK 773 m. The changes since 31 December 2022 consist of the profit for the period of SEK 155 m and paid dividend of SEK 61 million.

Notes to the financial statements in summary

Note 1. Accounting principles

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

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

Note 2. Segment reporting and breakdown of revenue

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

SEGMENT REPORTING

Fourth quarter

For the segment Component, the total net sales for the fourth quarter was SEK 2,019 m (1,724), of which SEK 1,823 m (1,595) are external sales. The increase of the external sales was SEK 228 m.

For the segment System, the total net sales for the fourth quarter was SEK 437 m (429), of which SEK 398 m (379) are external sales. The increase of the external sales was SEK 19 m.

Operating profit (EBIT) in the fourth quarter was SEK 156 m (108) for Component, corresponding to an increase of SEK 48 m compared to same period previous year. Operating profit (EBIT) for System was SEK 23 m (31), corresponding to a decrease of SEK 8 m compared to same period previous year.

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

Oct-Dec 2023, SEKm	Component	System	Unallocated and eliminations	Group
Net sales, external	1,823	398	-	2,221
Net sales, internal	196	40	-236	-
Total net sales	2,019	437	-236	2,221
Material costs, excl. purchases own segment	-990	-312	173	-1,129
Depreciation	-65	-7	-0	-72
Other operating expenses/income	-808	-96	78	-827
Operating profit	156	23	15	193
Net financials items	-	-	-11	-11
Profit before tax	156	23	4	182
Taxes	-	-	-49	-49
Profit for the period	156	23	-44	134

Oct-Dec 2022, SEKm	Component	System	Unallocated and eliminations	Group
Net sales, external	1,595	379	-	1,974
Net sales, internal	129	50	-179	-
Total net sales	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	-11
Profit before tax	108	31	-2	137
Taxes	-	-	-3	-3
Profit for the period	108	31	-5	134

Full year

For the segment Component, the total net sales for the year was SEK 7,838 m (6,165), of which SEK 7,210 m (5,710) are external sales. The increase of the external sales was SEK 1,500 m.

For the segment System, the total net sales for the year was SEK 1,955 m (1,521), of which SEK 1,758 m (1,342) are external sales. The increase of the external sales was SEK 415 m.

Operating profit (EBIT) in the year was SEK 663 m (315) for Component, corresponding to an increase of SEK 348 m compared to same period previous year. Operating profit (EBIT) for System was SEK 169 m (171), corresponding to a decrease of SEK 1 m compared to same period previous year.

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

Jan-Dec 2023, SEKm	Component	System	Unallocated and eliminations	Group
Net sales, external	7,210	1,758	-	8,968
Net sales, internal	628	198	-825	-
Total net sales	7,838	1,955	-825	8,968
Material costs, excl. purchases own segment	-3,951	-1,384	648	-4,687
Depreciation	-261	-26	-0	-288
Other operating expenses/income	-2,963	-376	137	-3,202
Operating profit	663	169	-41	792
Net financial items	-	-	-35	-35
Profit before tax	663	169	-75	757
Taxes	-	-	-121	-121
Profit for the period	663	169	-197	636

Jan-Dec 2022, SEKm	Component	System	Unallocated and eliminations	Group
Net sales, external	5,710	1,342	-	7,053
Net sales, internal	455	178	-633	-
Total net sales	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	-8
Profit before tax	315	171	-3	482
Taxes	-	-	-69	-69
Profit for the period	315	171	-72	413

SALES DIVIDED BY SEGMENT AND GEOGRAPHICAL MARKETS

Fourth quarter

The net sales divided among geographical markets in the fourth quarter; Sweden 27% (29), other European countries 57% (54) and other countries 16% (17).

Oct-Dec 2023, SEKm	Component	System	Unallocated and eliminations	Group
Sweden	431	228	15	673
Other European countries	1,257	154	-	1,411
Other countries	332	56	-	387
Net sales	2,019	437	15	2,471
Internal sales, eliminations	-	-	-251	-251
Total net sales	2,019	437	-236	2,221

Oct-Dec 2022, SEKm	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 sales	1,724	429	-179	1,974

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

Full year

The net sales divided among geographical markets in the year; Sweden 26% (29), other European countries 57% (53) and other countries 17% (18).

Jan-Dec 2023, SEKm	Component	System	Unallocated and eliminations	Group
Sweden	1,533	980	57	2,571
Other European countries	4,890	707	-	5,597
Other countries	1,414	269	-	1,683
Net sales	7,838	1,955	57	9,851
Internal sales, eliminations	-	-	-883	-883
Total net sales	7,838	1,955	-825	8,968

Jan-Dec 2022, SEKm	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 sales	6,165	1,521	-633	7,053

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 2023	Jan-Dec 2022	Jan-Dec 2021
Bulgaria	1,584	1,394	1,303
Poland	1,338	1,157	1,027
Lithuanie	1,259	998	678
Sweden	878	851	821
China	574	702	637
Estonia	604	574	547
Hungary	484	477	500
Mexico	330	335	229
Finland	207	188	185
India	193	174	156
Canada	194	161	167
USA	162	158	167
Germany	16	20	22
Italy	17	18	18
Brazil	6	8	9
Serbia	0	7	11
Total	7,846	7,222	6,477

Note 4. Business acquisitions

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

Note 5. Financial instruments

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

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

The Group exceptionally uses derivatives, forward exchange agreement, to reduce currency risks. Per December 31, 2023, there are no remaining derivatives. The same applies to the corresponding period of the previous year.

Note 6. Events after the end of the reporting period

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

Key figures

SEKm unless otherwise stated	2023					2022				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Operating margin, (EBIT %)										
Operating profit	194	203	201	193	792	113	107	123	148	491
Net sales	2,253	2,345	2,149	2,221	8,968	1,646	1,721	1,711	1,974	7,053
Operating margin	8.6	8.7	9.3	8.7	8.8	6.9	6.2	7.2	7.5	7.0
EBITDA										
Profit before tax	194	203	201	193	792	113	107	123	148	491
Depreciations/amortisations	-70	-72	-74	-72	-288	-65	-65	-64	-67	-261
EBITDA	264	276	275	265	1,079	178	171	187	215	751
Profit margin before tax, (EBT %)										
Profit before tax	184	195	195	182	757	116	108	121	137	482
Net sales	2,253	2,345	2,149	2,221	8,968	1,646	1,721	1,711	1,974	7,053
Profit margin before tax, %	8.2	8.3	9.1	8.2	8.4	7.1	6.3	7.1	6.9	6.8
Liquid ratio, %										
Trade receivables	1,966	2,098	1,929	1,879	1,879	1,418	1,515	1,627	1,745	1,745
Other current receivables	248	270	277	231	231	187	203	197	204	204
Cash and cash equivalents	352	289	436	426	426	223	217	154	231	231
Current liabilities	1,761	1,751	1,636	1,565	1,565	1,459	1,513	1,513	1,551	1,551
Liquid ratio, %	146	152	161	162	162	125	128	131	140	140
Debt/equity ratio, %										
Total equity	3,391	3,671	3,734	3,762	3,762	2,756	2,865	3,010	3,180	3,180
Total assets	6,125	6,300	6,160	5,960	5,960	4,920	5,165	5,392	5,704	5,704
Debt/equity ratio, %	55	58	61	63	63	56	55	56	56	56
Return on total assets, %										
Profit before tax, rolling 12 months	550	637	711	757	757	431	426	456	482	482
Financial expenses, rolling 12 months	-52	-56	-39	-50	-50	-31	-43	-59	-48	-48
Total equity and liabilities, opening balance for 12 months	4,920	5,165	5,392	5,704	5,704	4,196	4,281	4,577	4,699	4,699
Total equity and liabilities, closing balance	6,125	6,300	6,160	5,960	5,960	4,920	5,165	5,392	5,704	5,704
Total equity and liabilities, average	5,522	5,732	5,776	5,832	5,832	4,558	4,723	4,984	5,202	5,202
Return on total assets, %	10.9	12.1	13.0	13.8	13.8	10.1	9.9	10.3	10.2	10.2
Return on equity after tax, %										
Profit for the period after tax, rolling 12 months	479	564	636	636	636	352	343	367	413	413
Total equity, opening for 12 months	2,756	2,865	3,010	3,180	3,180	2,352	2,438	2,526	2,627	2,627
Total equity, closing	3,391	3,671	3,734	3,762	3,762	2,756	2,865	3,010	3,180	3,180
Total equity, average	3,074	3,268	3,372	3,471	3,471	2,554	2,652	2,768	2,904	2,904
Return on equity after tax, %	15.6	17.3	18.9	18.3	18.3	13.8	12.9	13.3	14.2	14.2
Net cash / Net debt										
Cash and cash equivalents	352	289	436	426	426	223	217	154	231	231
Non-current interest bearing liabilities	860	765	679	513	513	605	686	769	861	861
Current interest bearing liabilities	181	175	166	204	204	226	238	234	180	180
Total interest bearing liabilities	1,041	940	845	717	717	831	924	1,003	1,040	1,040
Net cash / Net debt	-689	-651	-409	-291	-291	-608	-707	-849	-810	-810
Growth, %										
Organic growth										
Net sales	2,253	2,345	2,149	2,221	8,968	1,646	1,721	1,711	1,974	7,053
- Effect of changes in exchange rates	94	139	144	76	454	-30	-9	55	88	103
- Net sales for last year	1,646	1,721	1,711	1,974	7,053	1,307	1,361	1,306	1,498	5,471
- Net sales for acquired companies	-	-	-	-	-	98	88	-	-	185
= Organic growth	512	485	294	170	1,461	273	282	350	389	1,293
Organic growth divided by last year net sales, %	31.1	28.2	17.2	8.6	20.7	20.9	20.7	26.8	26.0	23.6
Growth through acquisitions										
Net sales for acquired companies divided by last year net sales, %	0.0	0.0	0.0	0.0	0.0	7.5	6.4	0.0	0.0	3.4

Definitions

Alternative key figures that are not defined according to IFRS

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

Operating margin, EBIT %

Calculated as operating profit divided by net sales.

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

Profit margin before tax, EBT%

Calculated as profit before tax divided by net sales.

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

Liquid ratio, %

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

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

Debt/Equity ratio, %

Calculated as adjusted equity divided by balance sheet total.

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

Return on total assets, %

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

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

Return on equity after tax, %

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

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

Operating profit (EBIT), SEKm

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), SEKm

Calculated as the profit before tax.

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

EBITDA

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

Net cash/Net debt, SEKm

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

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

Growth, %

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

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

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

Dividend per share, SEK

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

Earnings per share, before/after dilution, SEK

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

AQ in brief

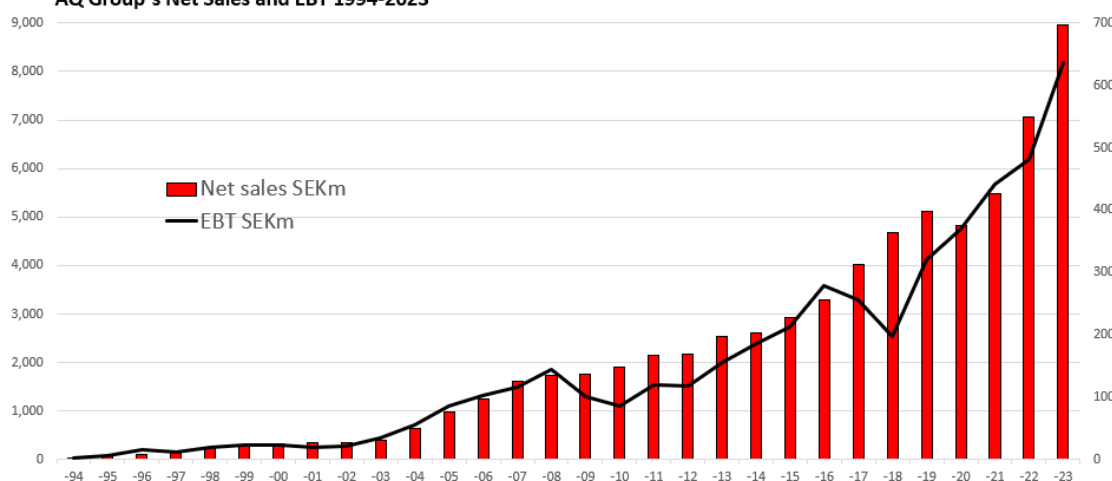
AQ is a global manufacturer of components and systems to demanding industrial customers and is listed on Nasdaq Stockholm's main market.

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

The Group headquarter is in Västerås, Sweden. AQ has 8,000 employees in Bulgaria, Poland, Lithuania, Sweden, China, Estonia, Hungary, Mexico, Finland, India, Canada, USA, Germany, Italy and Brazil.

In 2023 AQ had net sales of SEK 9 billion, and the Group has since its start in 1994 shown profit every quarter.

AQ Group's Net Sales and EBT 1994-2023



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.