

Västerås, April 21, 2021



AQ Group AB (publ), First quarter 2021

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First quarter, January-March 2021 in brief

- Organic growth and continued good cost control resulted in a sharp increase in operating profit in the quarter
- Net sales decreased by 2.6% to SEK 1,307 million (1,342)
- Operating profit (EBIT) increased by 23.7% to SEK 121 million (98)
- Profit after financial items (EBT) increased by 45.0% to SEK 126 million (87)
- Profit margin before tax (EBT %) was 9.6% (6.5)
- Cash flow from operating activities increased to SEK 160 million (141)
- Earnings per share after tax amounted to SEK 5.89 (4.11)
- Equity ratio was 56% (54)
- The Board of Directors proposes no dividend to the Annual General Meeting 2021 (previous year SEK 0.00 / share)

Group overview, key figures

SEK M unless otherwise stated	2021	2020				Full Year
	Q1	Q1	Q2	Q3	Q4	
Net turnover	1,307	1,342	1,116	1,104	1,256	4,819
Operating profit (EBIT)	121	98	81	97	125	401
Profit after net financial items (EBT)	126	87	78	93	111	369
Profit for the period	109	76	70	79	93	318
Total equity	2,352	2,176	2,129	2,206	2,191	2,191
Operating margin (EBIT), %	9.3	7.3	7.2	8.8	10.0	8.3
Profit margin before tax (EBT), %	9.6	6.5	7.0	8.4	8.8	7.7
Liquid ratio, %	134	108	155	169	135	135
Debt/equity ratio, %	56	54	56	56	57	57
Return on total assets, % ²⁾	10.6	9.5	8.8	8.9	10.8	10.8
Return on equity after tax, % ²⁾	15.5	12.9	12.9	12.9	15.1	15.1
Number of employees in Sweden	782	833	805	789	794	794
Number of employees outside Sweden	5,298	5,465	5,231	5,237	5,097	5,097
Key indicators per share, SEK ¹⁾						
Profit for the period	5.89	4.11	3.80	4.30	5.03	17.24
Equity	128.56	118.97	116.38	120.60	119.75	119.75
Number of shares, thousands	18,294	18,294	18,294	18,294	18,294	18,294

1) There are no instruments that could lead to share dilution.

2) Calculated based on 12 months rolling amounts.

A word from the CEO



This is my first report. I want to thank Anders Carlsson for his time at AQ and for a very good handover. This enables us not to lose momentum and that we can continue to focus on increasing our growth. Personally, I am happy to be back at AQ. During my ten years as an employee at AQ, I learned what it means to be an entrepreneur the AQ way. There is a strong inherent force in AQ's decentralized entrepreneurship and our core values, which means that AQ will continue to be a growth company for many years to come. One of our goals is to grow through acquisitions. Therefore, it feels very good to be able to welcome Schaffner's Power Magnetics division to the AQ family. We have followed Schaffner's development for many years and we see that through this acquisition we gain a leading position globally for the design and manufacturing of transformers and inductors in electromobility.

First quarter

Net sales are back at basically the same level as in the same period last year. We have a small organic growth of 2.4%. We are not happy with that. We need to get our organic growth increasing properly again. The focus now is on helping our customers. During the quarter, demand was good in medical technology, commercial vehicles and agricultural machines. This together with lower costs gave a strong profit in the period where the EBT margin is 9.6%. We have a problem with our unit in Mexico. Order intake from our largest customer in coach buses has decreased sharply during the year and we also need to improve work routines in the factory. We work hard to solve the problems.

During the quarter, some of our units experienced disruptions in terms of supply of incoming material. Thanks to our strong purchasing organization, we have nevertheless succeeded well in not disturbing our customers. Prices of raw materials such as copper and steel have risen sharply in the quarter, but we have managed to obtain compensation for this from most of our customers globally.

Customers

Investments in renewable energy continue to increase. We supply inductive components, sheet metal details and electrical cabinets to customers in wind and solar power segments. Renewable energy also drives the need for energy storage. Here we work with new solutions for several customers.

AQ is a leader in the development and manufacturing of transformers and inductors in electromobility for trains and heavy vehicles. The acquisition of Schaffner's Power Magnetics division further strengthens our position in this area while we gain more customers in Germany and the USA. We know filter technology, electrification, and automation at the same time as we are a supplier of wiring systems, sheet metal and inductive components for commercial vehicles. We participate in about twenty different development projects for electric vehicles.

Acquisitions

Our M&A team works continuously to identify potential acquisitions that fit into AQ. At the beginning of the second quarter, we agreed with the Schaffner Group to take over their Power Magnetics Division. The acquired units complement AQ's business area Inductive Components in a very good way, both in terms of technology and geographical coverage. Above all, there is a technically strong sales organization in Germany and manufacturing units in the USA, Hungary and China. We are convinced that this acquisition will contribute to AQ's long-term ambition to be a global leader in the design and production of inductive components in our niches such as rail vehicles, renewable energy and control of electric motors. The acquisition contributes with approximately 10% growth in our net sales on an annual basis. The takeover is planned to take place at the beginning of the third quarter of 2021.

Covid-19

The pandemic has had some impact in AQ during the quarter. Mainly disruptions in the form of late deliveries to our factories. In some factories, we have also had minor outbreaks of Covid-19, which in some isolated cases has reduced our delivery capacity to our customers. During the quarter, we received SEK 11 million in subsidies from a handful of the countries in which we operate.

AQ is a decentralized and dynamic organization. This is most evident in tough times when we have to adapt quickly to new conditions. We are proud of our leaders and employees throughout the organization who handle this difficult situation in an excellent way.

Environment

AQ has management systems for the environment at all our manufacturing units. These include concrete goals, metrics and activities to reduce our environmental impact. One requirement is that there must be local targets for reducing CO2 emissions at each unit. However, we do not like excessive documentation and bureaucracy at AQ. We like concrete measures that really benefit the environment. Therefore, we do not have a nice brochure on glossy paper written by expensive consultants that describes how good we are. We focus our resources on implementing concrete measures. During the quarter, for example, we had the local energy company in Estonia install solar panels on our land, which then supply our factory with clean energy. It reduces both our CO2 emissions and our costs. Measures that really bite.

Cash flow and balance sheet

Our balance sheet is strong, and our cash flow is stable. It is sustainable. Even after the acquisition of Schaffner's Power Magnetics division, we will have a low debt level. Our strong balance sheet allows us to focus on our customers and continue to invest and grow with them. It also means that we have can act when our M&A team finds attractive acquisition opportunities.

New management - new strategy?

I know AQ well. There will be no revolution. Our strategy and our core values will not change. AQ has fantastic employees who will continue working hard to make our demanding customers and partners happy. It's continuous nitty gritty work that we love at AQ. Not so glamorous, but we are proud to be a part of our customers' success. We shall continue to grow, make money and have fun. It doesn't have to be harder than that.

James Ahrgren
CEO

Group's financial position and results

First quarter

Net sales for the first quarter were SEK 1,307 million (1,342), a decrease of SEK 35 million compared to the same period in the previous year. The total growth in the quarter was -2,6%, of which organic growth 2,4% and currency effects of -5,0%. The currency effect corresponded to about SEK -67 million and is mainly with the currencies EUR, PLN and CNY.

Operating margin (EBIT) in the first quarter was SEK 121 million (98), an increase of SEK 23 million. High demand in medical technology, commercial vehicles and agricultural machines together with lower costs gave a strong profit in the period. The EBT margin was 9.6%. The profit for the quarter was affected with costs of SEK 7 million attributable to the problems in our unit in Mexico. Net financial items in the quarter amounted to SEK 5 million (-11) and consisted mainly of unrealized exchange rate effects on loans.

The Group's investments in tangible fixed assets for the period amounted to SEK 28 million (44) and pertain to capacity investments and improvement projects for more efficient production. Total tangible fixed assets amounted to SEK 922 million (1,028), of which SEK 257 million (292) consisted of the book value of right-of-use assets in accordance with IFRS 16.

Interest bearing liabilities of the group was SEK 796 million (832) and cash and cash equivalents amounted to SEK 571 million (163), which means that the group had a net debt of SEK 225 million (669). The Group's interest-bearing liabilities without regard to leasing liabilities amounted to SEK 538 million (540), which means a net debt adjusted for leasing liabilities of SEK -33 million (377).

Cash flow from operating activities was SEK 160 million (141) despite increased inventory levels in the first quarter to meet the increased demand and to mitigate disturbances in the supply chain.

Cash flow from investing activities was SEK -29 million (-49), which relates mainly to investments in fixed assets of SEK -28 million (-44).

Cash flow from financing activities was SEK -17 million (-96).

Equity at the end of the period was SEK 2,352 million (2,176) for the group.

Significant events during the first quarter

On February 19, 2021, Aeternum Capital acquired 1,850,000 shares in AQ Group AB (publ) from AQ's founders Claes Mellgren and Per-Olof Andersson. The sale corresponds to 10.1% of the company's shares. After the transaction, the founders' shareholding amounts to 39.3%. The Nomination Committee proposes Vegard Søråunet from Aeternum Capital as a new board member of AQ Group to this year's Annual General Meeting. Anders Carlsson will leave his position as CEO on March 31, 2021

Significant events after the end of the period

James Ahrgren will take over as the new CEO on April 1, 2021.

On April 15, 2021, AQ Group AB signs an agreement with the Swiss Schaffner Group to acquire their Power Magnetics division. The purchase price is CHF 22.4 million on a debt-free cash-free basis (enterprise value). The division has an annual turnover of approximately CHF 45 million with an EBITDA margin of approximately 7% and the number of employees amounts to approximately 320. Closing is planned at the beginning of the third quarter of 2021.

Schaffner's Power Magnetics division is a leading supplier in the design and manufacturing of specialized power electronics components, such as reactors, transformers and filters in medium to high power. Its customers include leading players in the railway, industrial and electrification sectors. AQ Group takes over

the Power Magnetics units in Paderborn (Germany), Kecskemét (Hungary), Wytheville and Roanoke (Virginia, USA) and the Power Magnetics part in Shanghai (China), with all employees.

The Covid-19 pandemic continues globally. The spread of infection continues in all the countries where AQ is active except in China where it is very low. The intensity of the spread of infection varies between different countries and goes up and down and also affects, among other things, the possibility for employees to cross national borders. Uncertainty about the continued impact on our operations remains. We will continue with the measures we introduced last year and are prepared to do so for a longer period of time. All our production units are up and running and we work closely with our customers to minimize the effects of the pandemic.

Goals

The goal of the group is continued profitable growth. The goal is a profit margin before tax (EBT) of 8% during a business cycle. 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.

	Goal	Jan-Mar 2021
Product quality	100%	99.6%
Delivery precision	98%	93.9%
Equity ratio	>40%	56%
Profit margin before tax, (EBT %)	8%	9.6%

Transactions with related parties

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

AQ Group AB did not pay a share dividend to its shareholders during 2020, nor during the first quarter. No other transactions between AQ and related parties that significantly affected the company's position and results have taken place either. There are no loans to board members or other key people in senior positions.

Two of the company's board members who as of December 30, 2020 controlled approximately 49% of the votes in the company, have during the first quarter sold parts of their holding so that the holding as of March 31 amounts to 39.3%. A further description of related party transactions is provided in Note 33 and remuneration to the Board and Group Management is provided in Note 9 to the Annual Report for 2020.

Risks and uncertainties

AQ is a global company with operations in sixteen countries. Within the group there are a number of risks and uncertainties of both operational and financial characteristics, which were described in the annual report of 2020. The ongoing Covid-19 pandemic that has hit the world has resulted in increased 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 political events, business cycle effects, currency and interest rates, competing products and their pricing, product development, commercial and technical difficulties, delivery problems and large credit losses at our customers.

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

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

AQ is not buying any direct raw material, but only intermediate goods for further production such as sheet metal of steel and 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 receivables from customers.

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

Nomination committee

The Nomination Committee before the AGM 2021 consists of Hans Christian Bratterud (ODIN Fonder), Björn Henriksson (Nordea Fonder), Per Olof Andersson and Claes Mellgren.

Future reporting dates

Annual General Meeting 2021	April 21, 2021
Interim report Q2, 2021	July 15, 2021, at 08:00
Interim report Q3, 2021	October 21, 2021, at 08:00

Annual report, annual general meeting and dividends

The annual report for 2020 is available on the company's website.

The Annual General Meeting will be held on April 21, 2021 in Västerås. Regarding participation in the 2021 Annual General Meeting, the Board has decided to apply section 22 of the Act (2020: 198) on temporary exemptions to facilitate the conduct of general and association meetings due to Covid-19, which means that the meeting is conducted by postal vote without physical participation. More information can be found in the notice convening the Annual General Meeting published on the company's website.

In light of the ongoing Covid-19 pandemic and to ensure maximum financial freedom of action during the beginning of 2021, the Board proposes that no dividend be paid for 2020. However, the Board may return later in the year and propose a dividend given the strong balance sheet of AQ Group.

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 hours on April 21, 2021.

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

Certification

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

Västerås, April 21, 2021

James Ahrgren
CEO

Financial reports, summary

Summary Income Statement for the Group

SEK M	Note	Jan-Mar 2021	Jan-Mar 2020	R12 Apr 2020 -Mar 2021	Full year 2020
Net sales		1,307	1,342	4,784	4,819
Other operating income		30	33	150	153
Total income		1,337	1,375	4,934	4,972
Change in inventory and work in progress		11	-8	1	-18
Raw material and consumables		-633	-693	-2,291	-2,352
Goods for resale		-44	-12	-121	-89
Other external expenses		-127	-127	-469	-469
Personnel costs		-359	-364	-1,348	-1,353
Depreciation and amortisation		-55	-59	-231	-234
Other operating expenses		-9	-15	-51	-57
Total operating costs		-1,216	-1,277	-4,509	-4,571
Operating profit		121	98	424	401
Net financial income/expense		5	-11	-16	-32
Profit before tax		126	87	408	369
Taxes		-17	-11	-58	-51
Profit for the period		109	76	351	318
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:					
Parent company shareholders		108	75	348	315
Non-controlling interests		1	1	3	2
		109	76	351	318
Earnings per share ¹⁾		5.89	4.11	19.02	17.24

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

Statement of comprehensive income for the Group, summary

SEK M	Note	Jan-Mar 2021	Jan-Mar 2020	R12 Apr 2020 -Mar 2021	Full year 2020
PROFIT FOR THE PERIOD		109	76	351	318
OTHER COMPREHENSIVE INCOME					
Items that cannot be transferred to the profit for the period					
Revaluation of defined benefit pension plans		-	-	-0	-0
Revaluation of defined benefit pension plans, tax effect		-	-	0	0
Items transferred or that can be transferred to the profit for					
Translation difference for foreign operations		53	85	-175	-142
Other comprehensive income for the period after tax		53	85	-175	-142
Comprehensive income for the period		161	161	176	175
COMPREHENSIVE INCOME FOR THE PERIOD					
ATTRIBUTABLE TO:					
Parent company shareholders		160	160	174	173
Non-controlling interests		1	1	2	2
		161	161	176	175

Summary Balance Sheet for the group

SEK M	Note	Mar 31 2021	Mar 31 2020	Dec 31 2020
ASSETS				
NON-CURRENT ASSETS				
Goodwill		340	366	330
Other intangible assets		177	221	178
Tangible assets		922	1,028	913
Financial assets		2	2	2
Deferred tax assets		60	61	54
Total non-current assets		1,500	1,678	1,477
Inventories		872	924	816
Trade and other receivables		1,121	1,162	995
Other current receivables		132	136	125
Cash and cash equivalents		571	163	452
Total current assets		2,696	2,385	2,388
TOTAL ASSETS		4,196	4,063	3,864
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to parent company shareholders		2,341	2,168	2,181
Non-controlling interests		11	9	9
TOTAL EQUITY		2,352	2,176	2,191
Non-current liabilities to credit institutions		381	420	406
Non-current non-interest-bearing liabilities		102	113	101
Total non-current liabilities		483	533	508
Interest-bearing current liabilities		415	412	391
Trade and other payables		561	553	439
Other current liabilities		385	389	336
Total current liabilities		1,361	1,354	1,166
TOTAL LIABILITIES		1,844	1,887	1,674
TOTAL EQUITY AND LIABILITIES		4,196	4,063	3,864

Statement of changes in Equity for the Group

SEK M	Equity attributable to parent company shareholders					Non-controlling interests	Total equity
	Share capital	Other contributed capital	Translation reserve	Retained earnings incl. profit	Subtotal		
Equity, 01/01/2020	37	84	156	1,731	2,008	7	2,015
Profit for the year				75	75	1	76
Translation differences in foreign operations			85	-	85	0	85
Other comprehensive income			85	-	85	0	85
Comprehensive income for the period			85	75	160	1	161
Dividends paid				-	-		-
Transactions with shareholders				-	-		-
Equity, 03/31/2020	37	84	240	1,807	2,168	9	2,176
Equity, 01/01/2021	37	84	14	2,047	2,181	9	2,191
Profit for the period				108	108	1	109
Translation differences in foreign operations			52	-	52	0	53
Other comprehensive income			52	-	52	0	53
Comprehensive income for the period			52	108	160	1	161
Dividends paid				-	-		-
Transactions with shareholders				-	-		-
Equity, 03/31/2021	37	84	66	2,155	2,341	11	2,352

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

Summary Cash Flow statement for the Group

SEK M	Jan 1-Mar 31 2021	Jan 1-Mar 31 2020	Full year 2020
Profit before tax	126	87	369
Adjustment for non cash generating items	55	44	250
Income tax paid	-17	-19	-56
Cash flow from operating activities before change in working capital	165	112	564
Increase (-)/decrease (+) in inventories	-41	-13	31
Increase (-)/decrease (+) in trade receivables	-103	-89	-3
Increase (-)/decrease (+) in other receivables	-2	-5	-19
Increase (+)/decrease (-) in trade payables	107	69	3
Increase (+)/decrease (-) in other liabilities	34	66	32
Change in working capital	-5	29	45
Cashflow from operating activities	160	141	609
Acquisitions of shares in subsidiaries	-	-	-20
Acquisition of intangible non-current assets	-1	-6	-8
Acquisition of tangible non-current assets	-28	-44	-114
Sale of tangible non-current assets	0	0	5
Other changes in non-current assets	0	0	1
Cashflow from investing activities	-29	-49	-137
Amortisation of loans	-1	-16	-21
Amortisation of loans (lease)	-23	-24	-91
Change in bank overdraft facilities	7	-56	-59
Other changes in financial activities	-	-	1
Cashflow from financing activities	-17	-96	-169
Change in cash and cash equivalents for the period	115	-5	303
Cash and cash equivalents at the beginning of the year	452	161	161
Exchange rate difference in cash and cash equivalents	5	7	-12
Cash and cash equivalents at the end of the period	571	163	452

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	Jan - Mar 2021	Jan - Mar 2020	R12 Apr 2020 -Mar 2021	Full year 2020
Net sales		11	10	44	43
Other operating income		1	1	5	5
Total income		12	11	49	48
Other external expenses		-4	-4	-17	-17
Personnel costs		-8	-7	-36	-35
Other operating expenses		-0	-0	-0	-0
Total operating costs		-12	-11	-54	-53
Operating profit		-1	-0	-5	-4
Net financial items	5	-54	-9	7	52
Earnings after net financial items		-55	-9	2	47
Appropriations				27	27
Profit before tax		-55	-9	29	74
Taxes		-1	1	-3	-1
Profit for the period		-56	-8	26	74

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

First quarter

Revenues during the first quarter amounted to SEK 12 (11) million and mainly pertained to internal services. Profit for the period amounted to SEK -56 million (-8). Net financial items amounted to SEK -54 million (-9), of which SEK 8 million is attributable to unrealized exchange rate gains on loans and SEK -61 million attributable to the revaluation of the parent company's loan receivable from the subsidiary in Mexico. The declining demand for coach buses in Mexico together with the profit and operational problems we have in this unit means that the assessment of repayment capability has been re-evaluated.

Summary balance sheet for the Parent company

SEK M	Note	Mar 31 2021	Mar 31 2021	Dec 31 2020
ASSETS				
Financial fixed assets	5	1,223	1,216	1,272
Total non-current assets		1,223	1,216	1,272
Current receivables		130	317	185
Cash and cash equivalents		464	24	296
Total current assets		594	340	481
TOTAL ASSETS		1,818	1,556	1,753
EQUITY AND LIABILITIES				
Restricted equity		38	38	38
Non-restricted equity		628	602	684
TOTAL EQUITY		666	640	722
Untaxed reserves		28	52	28
Provisions		0	27	0
Non-current interest-bearing liabilities		195	195	210
Total non-current liabilities		195	195	210
Interest-bearing current liabilities		888	629	753
Other current liabilities		41	12	39
Total current liabilities		928	642	792
TOTAL LIABILITIES		1,124	864	1,003
TOTAL EQUITY AND LIABILITIES		1,818	1,556	1,753

The reduction in non-restricted equity of SEK 56 million compared with 31 December 2020 consists of the profit for the period.

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 resulting in rounding differences.

Note 2. Segment reporting and breakdown of revenue

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

SEGMENT REPORTING

First quarter

For the segment Component, the total net sales for the first quarter was SEK 1,101 million (1,138), of which SEK 1,018 million (1,048) is external sales. The decrease of the external sales was SEK 30 million.

For the segment System, the total net sales for the first quarter was SEK 370 million (331), of which SEK 288 million (294) is external sales. The decrease of the external sales is SEK 6 million.

Operating profit (EBIT) in the first quarter was SEK 81 million (74) for Component, corresponding to an increase of SEK 8 million compared to previous year. Operating profit (EBIT) for System was SEK 40 million (34), corresponding to an increase of SEK 5 million compared to 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-Mar 2021, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	1,018	288	-	1,307
Net sales, internal	83	82	-165	-
Total net turnover	1,101	370	-165	1,307
Material costs, excl. purchases own segment	-549	-264	148	-665
Depreciation	-48	-7	-0	-55
Other operating expenses/income	-422	-60	17	-465
Operating profit	81	40	0	121
Net financials items				5
Profit before tax				126

Jan-Mar 2020, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	1,048	294	-	1,342
Net sales, internal	90	38	-128	-
Total net turnover	1,138	331	-128	1,342
Material costs, excl. purchases own segment	-578	-231	97	-712
Depreciation	-53	-6	-0	-59
Other operating expenses/income	-435	-59	21	-473
Operating profit	74	34	-10	98
Net financials items				-11
Profit before tax				87

SALES DIVIDED BY SEGMENT AND GEOGRAPHICAL MARKETS

First quarter

The turnover divided among geographical markets in the first quarter: Sweden 34% (33), other European countries 50% (55) and other countries 16% (12).

Jan-Mar 2021, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	279	210	11	500
Other European countries	655	85	-	740
Other countries	167	75	-	242
Net sales	1,101	370	11	1,482
Internal sales, eliminations	-	-	-176	-176
Total net turnover	1,101	370	-165	1,307

Jan-Mar 2020, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	270	202	10	483
Other European countries	716	102	-	819
Other countries	152	27	-	179
Net sales	1,138	331	10	1,480
Internal sales, eliminations	-	-	-138	-138
Total net turnover	1,138	331	-128	1,342

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

Note 3. Personnel

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

Country	Jan-Mar 2021	Jan-Mar 2020	Jan-Mar 2019
Bulgaria	1,242	1,337	1,304
Poland	1,011	1,128	1,217
Sweden	782	833	865
China	670	490	429
Lithuania	614	675	761
Estonia	576	610	416
Hungary	387	356	368
Finland	187	211	121
Mexico	178	218	205
Canada	167	176	163
India	138	130	134
USA	94	74	97
Italy	18	20	19
Brazil	7	4	-
Serbia	6	33	31
Germany	3	3	-
Total	6,080	6,298	6,130

Note 4. Acquisitions

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

Note 5. Financial instruments

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

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

The Group is only in exceptional cases using derivatives to reduce currency risks. Per March 31, 2021 the market value of derivatives amounted to SEK 1.6 million (0.3) valued at level 2.

During the first quarter of 2021, the assessment regarding the repayment ability of the parent company's loan receivable from the subsidiary in Mexico was revalued, which resulted in a write-down of SEK 61 million.

Note 6. Events after the end of the reporting period

Information about events after the end of the reporting period are presented on page 4.

Note 7. Calculation of key figures and definitions

SEK M unless otherwise stated	2021	2020				Full year
	Q1	Q1	Q2	Q3	Q4	
Operating margin, (EBIT %)						
Operating profit	121	98	81	97	125	401
Net revenue	1,307	1,342	1,116	1,104	1,256	4,819
Operating margin	9.3	7.3	7.2	8.8	10.0	8.3
EBITDA						
Profit before tax	121	98	81	97	125	401
Depreciations/amortisations	-55	-59	-59	-59	-57	-234
EBITDA	177	157	140	156	182	635
Profit margin before tax, (EBT %)						
Profit before tax	126	87	78	93	111	369
Net revenue	1,307	1,342	1,116	1,104	1,256	4,819
Profit margin before tax, %	9.6	6.5	7.0	8.4	8.8	7.7
Liquid ratio, %						
Trade receivables	1,121	1,162	964	1,004	995	995
Other current receivables	132	136	128	141	125	125
Cash and cash equivalents	571	163	250	333	452	452
Current liabilities	1,361	1,354	864	876	1,166	1,166
Liquid ratio, %	134	108	155	169	135	135
Debt/equity ratio, %						
Total equity	2,352	2,176	2,129	2,206	2,191	2,191
Total assets	4,196	4,063	3,818	3,908	3,864	3,864
Debt/equity ratio, %	56	54	56	56	57	57
Return on total assets, %						
Profit before tax, rolling 12 months	408	315	305	316	369	369
Financial expenses, rolling 12 months	-31	-45	-39	-36	-48	-48
Total equity and liabilities, opening balance for 12 months	4,063	3,492	3,972	3,983	3,852	3,852
Total equity and liabilities, closing balance	4,196	4,063	3,818	3,908	3,864	3,864
Total equity and liabilities, average	4,130	3,777	3,895	3,945	3,858	3,858
Return on total assets, %	10.6	9.5	8.8	8.9	10.8	10.8
Return on equity after tax, %						
Profit for the period after tax, rolling 12 months	351	262	263	273	318	318
Total equity, opening for 12 months	2,176	1,896	1,928	2,021	2,015	2,015
Total equity, closing	2,352	2,176	2,129	2,206	2,191	2,191
Total equity, average	2,264	2,036	2,029	2,114	2,103	2,103
Return on equity after tax, %	15.5	12.9	12.9	12.9	15.1	15.1
Net cash / Net debt						
Cash and cash equivalents	571	163	250	333	452	452
Non-current interest bearing liabilities	381	420	719	721	406	406
Current interest bearing liabilities	415	412	84	77	391	391
Total interest bearing liabilities	796	832	803	798	797	797
Net cash / Net debt	-225	-668	-553	-466	-345	-345
Growth, %						
Organic growth						
Net revenue	1,307	1,342	1,116	1,104	1,256	4,819
- Effect of changes in exchange rates	-67	14	-11	-44	-49	-91
- Net revenue for last year	1,342	1,253	1,313	1,247	1,300	5,113
- Net revenue for acquired companies	-	142	94	-	-	236
= Organic growth	32	-67	-280	-98	6	-439
Organic growth divided by last year net revenue, %	2.4	-5.3	-21.3	-7.8	0.4	-8.6
Growth through acquisitions						
Net revenue for acquired companies divided by last year net revenue, %	0.0	11.3	7.2	0.0	0.0	4.6

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 an useful measure to follow up profitability and efficiency including tied up capital. The figure is used internally for controlling and managing the business as well as a benchmark towards other companies in the industry.

Liquid ratio, %

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

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

Debt/Equity ratio, %

Calculated as adjusted equity divided by balance sheet total.

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

Return on total assets, %

Calculated as profit/loss after financial items plus financial costs divided by the average balance sheet total. This key figure also shows the achieved profitability in the operative business. This number complements the operating margin as it includes tied up capital. It means that the number gives information on the return the business is given in relation to the capital tied in it. (Financial investments and cash and cash equivalents are also considered and the profit they give in the form of financial income.)

Return on equity after tax, %

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

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

Operating profit, SEK 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 company has taking into account in cash and cash equivalents. The figure gives a good picture of the debt situation. Net cash means that cash and cash equivalents exceed interest bearing debts. Net debt means that interest bearing debts exceed cash and cash equivalents. AQ shows net debt both with and without regard of IFRS 16.

Growth, %

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

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

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

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

Dividend per share, SEK

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

EBITDA

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

AQ in brief

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

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

The Group headquarter is in Västerås, Sweden. AQ has, on December 31, 2020, in total about 5,900 employees in Bulgaria, Poland, Sweden, Lithuania, Estonia, China, Hungary, Mexico, Finland, Canada, India, USA, Italy, Brazil, Serbia and Germany.

In 2020 AQ had net sales of about SEK 4.8 billion, and the group has since its start in 1994 shown profit every quarter.

WE ARE RELIABLE

Customer focus

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

Simplicity

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

Entrepreneurial business

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

Courage and respect

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

Cost efficiency

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