

Västerås, July 15, 2022



AQ Group AB (publ) Second quarter, 2022

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Second quarter, April-June 2022 in brief

- Strong demand but low margin
- Net sales increased by 26.4% to SEK 1,721 million (1,361)
- Operating profit (EBIT) decreased by 9.3% to SEK 107 million (118)
- Profit after financial items (EBT) decreased by 5.0% to SEK 108 million (114)
- Profit margin before tax (EBT %) was 6.3% (8.4)
- Cash flow from operating activities decreased by 73.9% to SEK 22 million (84)
- Earnings per share after dilution decreased by 9.8% to SEK 4.71 (5.22)

Six months, January-June 2022 in brief

- Net sales increased by 26.2% to SEK 3,367 million (2,668)
- Operating profit (EBIT) decreased by 8.1% to SEK 220 million (239)
- Profit after financial items (EBT) decreased by 6.4% to SEK 225 million (240)
- Profit margin before tax (EBT %) was 6.7% (9.0)
- Cash flow from operating activities decreased by 73.1% to SEK 65 million (244)
- Earnings per share after dilution decreased by 12.3% to SEK 9.74 (11.11)
- Equity ratio was 55% (57)

Group overview, key figures

SEK M unless otherwise stated	2022			2021				Full year
	Q1	Q2	Acc	Q1	Q2	Q3	Q4	
Net turnover	1,646	1,721	3,367	1,307	1,361	1,306	1,498	5,471
Operating profit (EBIT)	113	107	220	121	118	94	113	446
Profit before tax (EBT)	116	108	225	126	114	91	110	441
Profit for the period	93	87	180	109	96	76	87	368
Total equity	2,756	2,865	2,865	2,352	2,438	2,526	2,627	2,627
Operating margin (EBIT), %	6.9	6.2	6.5	9.3	8.7	7.2	7.6	8.2
Profit margin before tax (EBT), %	7.1	6.3	6.7	9.6	8.4	6.9	7.4	8.1
Liquid ratio, %	125	128	128	134	167	142	130	130
Debt/equity ratio, %	56	55	55	56	57	55	56	56
Return on total assets, % ¹⁾	10.1	9.9	9.9	10.6	11.9	11.3	11.0	11.0
Return on equity after tax, % ¹⁾	13.8	12.9	12.9	15.5	16.5	15.8	15.3	15.3
Number of employees in Sweden	834	853	853	782	792	794	821	821
Number of employees outside Sweden	6,233	6,269	6,269	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	9.75	5.89	5.22	4.12	4.76	19.99
Equity	150.65	156.62	156.62	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

¹⁾ Calculated based on 12 months rolling amounts.

²⁾ No dilution effect

A word from the CEO



Growth, but low margin

In accordance with our strategy, we have continued strong growth, which in the second quarter amounted to 26%, of which 21% was organic. Approximately half of the organic growth are due to price increases. Our goal is to grow 15% per year and we are well above the target. Growth is fun. It gives us opportunities to invest in our employees, new manufacturing technologies and it proves that we are competitive. We have never in the company's history had such growth as now. We take this as if we and our customers like each other. Almost all customers want to buy more from us. That is good.

The profit margin for the quarter was 6.3%. That is far from our target of 8%. It is weak. It is obvious that we have too low prices for some of our customers. We are still working hard to adjust prices due to changed costs for both materials and services, as well as expected cost increases for e.g. energy and transport. Since April, we have had extra follow-up with some of our companies to increase the pace with the introduction of new prices. Primarily, it is in relation to automotive customers that we have not succeeded in receiving full compensation for increased costs. We also fall short on productivity since increased volumes has led to recruitment of new employees in a short time. This affects our margin negatively.

At AQ, we act long-term, and we value our long-term relationships with our customers. I feel confident that we will reach the goal with the necessary price adjustments also to our automotive customers without damaging their trust in us.

We work more intensively with some of our companies in the Group as they deliver poor results. Currently, it is our company in Mexico and our two transformer companies in China. Measures are currently being implemented. Above all, we continue to have major challenges in Mexico, where the measures we have implemented haven't had impact yet, while I am more hopeful that we will achieve good results in China more quickly.

As I mentioned earlier, we have had problems with material shortages in several factories. It is somewhat better in our business area Wiring Systems, while it is still difficult to get deliveries in our business areas Electrical Cabinets and System Products. Our delivery precision in the quarter was 90%. That is lower than our target of 98%. In addition to lack of materials, our delivery precision is affected by the fact that we have several factories that are growing rapidly. In those factories we are now investing in extended capacity.

During the quarter, we have moved our transformer factory in India, to gain enlarged production area. We have strong growth in transformers in India for trains and for wind power. During April, we have put our new Wiring Systems factory in Lithuania into operation, which means a sharp increase in capacity for wiring systems in Europe. At the same time, we have invested in additional machine capacity in several of our factories in Sweden, Finland, Bulgaria and Lithuania. An example is the Group's first tube laser for SEK 7 million in Bulgaria.

Customers

During the second quarter, our factory in Bulgaria received orders for EUR 12 million from a customer who provides battery storage systems for the grid. Our company in Lithuania has also signed an agreement with an existing customer on wiring harnesses for EUR 9 million per year. Serial deliveries will begin during the third quarter.

The demand from our existing customers is strong. We see good growth in all business areas and market segments. However, we are vigilant and prepared to act quickly if our customers' demand suddenly declines.

Investments in continued growth and acquisitions

We have evaluated many acquisition candidates during the quarter to find suitable acquisitions that fit into our growth strategy. At the end of June, one of our subsidiaries in Bulgaria signed an agreement to acquire a property in Pernik, Bulgaria of 22,000m² for EUR 5 million. This new factory will produce sheet metal housings and do the electrical integration of large battery systems for storage of energy for the grid. This will enable continued growth in our business areas Electrical Cabinets and System Products in Europe.

It has now been a year since we acquired three factories from Schaffner. Our integration is going according to plan. The units in Hungary and the USA have high occupancy and contribute positively to our result. The factory in China has challenges in terms of profitability. The restructuring activities previously announced has had an effect, but more measures are needed to increase profitability. During the quarter, earnings were affected by SEK -4 million since the factory in Shanghai was closed down due to local Covid restrictions. During the quarter, the acquisition contributes with a 6.4% increase in our net sales and with 0.2% in profit before tax.

Cash flow and balance sheet

We have high organic growth and inventory build-up during the quarter. We have many large customer projects with several new customers that initially have a negative effect on our cash flow. We continue to have a low debt ratio, which means that we can focus on our customers and continue to invest and grow together with them.

Employees and core values

What makes AQ successful is that we have fantastic employees who work in accordance with our core values. We have no patents or complicated contracts. Our decentralized model means that our leaders dare to make difficult decisions quickly in collaboration with suppliers and customers. During the quarter, we held our annual CEO conference in Bulgaria. It gave a great deal of energy and inspiration to our entrepreneurs. It is our entrepreneurs at all levels in the company who make all the difference. They are the ones who create growth, profit, and have fun together!



James Ahrgren
CEO

Group's financial position and results

Second quarter

Net sales for the second quarter were SEK 1,721 million (1,361), an increase of SEK 360 million compared to the same period in the previous year. The total growth in the quarter was 26.4%, of which organic growth 20.7%, growth through acquisitions 6.4% and currency effects of -0.7%. The currency effect corresponded to SEK -9 million and was mainly driven by the currencies PLN, CNY and EUR.

Operating margin (EBIT) in the second quarter was SEK 107 million (118), a decrease of SEK 11 million. Some postponed customer orders together with the start-up of several new major customer projects and continued lack of components, primarily in electrical cabinets and system products, cause disruptions and inefficiencies in our production, which has a negative effect on our operating profit. In addition, energy costs and transport costs continued to increase during the quarter. Compared with the previous year, we received SEK 8 million less in grants and contributions during the quarter. Neither did the effects of adjusted prices to customers have a full impact during the quarter. We continue to have high demand for our products in medical technology and electrical automation, which has a positive effect on our margin in the quarter. The EBT margin was 6.3%. Net financial items in the quarter amounted to SEK 2 million (-4).

Cash flow from operating activities was SEK 22 million (84) and is negatively affected by the high organic growth as well as the increased inventory during the quarter.

Cash flow from investing activities was SEK -45 million (-28), which relates mainly to replacement and capacity investments of fixed assets in Europe and India of SEK -43 million (-30).

Cash flow from financing activities was SEK 11 million (-19) and mainly refers to extended use of revolving credit facilities of SEK 100 million, repayments of bank loans and leasing liabilities of SEK 41 million and paid dividend of SEK 61 million.

First six months

Net sales for the first six months were SEK 3,367 million (2,668), an increase of SEK 700 million compared to previous year. The total growth during the first six months was 26.2%, of which organic growth 20.8%, growth through acquisitions 6.9% and currency effects of -1.5%. The currency effect corresponded to SEK -40 million and was mainly driven by the currencies PLN, CNY and EUR.

Operating margin (EBIT) in the first six months was SEK 220 million (239), a decrease of SEK 19 million. Organic growth has been very high during the first half of 2022. The start-up of several new large customer projects and continued lack of components, primarily in electrical cabinets and system products, are causing disruptions and inefficiencies. This, together with escalated energy and transport costs, has had a negative effect on our operating profit as the price adjustments have not fully compensated for this. Compared with the previous year, we had SEK 14 million less in grants and contributions during the period. The demand for our products in medical technology and electrical automation has continued to be strong in the period, which has a positive effect on our margin. The EBT margin was 6.7%. Net financial items in the quarter amounted to SEK 5 million (1).

The Group's investments in tangible fixed assets for the period amounted to SEK 119 million (58) and mainly pertain to capacity investments in India, Lithuania and Bulgaria among others. The single largest investment is a new factory building in Lithuania, where we invested SEK 49 million during the period. Total tangible fixed assets amounted to SEK 1,092 million (906), of which SEK 203 million (237) consisted of the book value of right-of-use assets in accordance with IFRS 16.

Interest-bearing liabilities of the group was SEK 924 million (781) and cash and cash equivalents amounted to SEK 217 million (608), which means that the group had a net debt of SEK 707 million

(173). The Group's interest-bearing liabilities without regard to leasing liabilities amounted to SEK 715 million (540), which means a net debt adjusted for leasing liabilities of SEK 498 million (-68).

Cash flow from operating activities was SEK 65 million (244) and is negatively affected by the strong organic growth in the period, which increases both our inventory and accounts receivable.

Cash flow from investing activities was SEK -121 million (-57), which relates mainly to replacement and capacity investments in fixed assets of SEK -119 million (-58).

Cash flow from financing activities was SEK -20 million (-36) and mainly refers to extended use of revolving credit facilities of SEK 100 million, repayments of bank loans and leasing liabilities of SEK 83 million and paid dividends of SEK 61 million.

Equity at the end of the period amounted to 2,865 million (2,438) for the Group.

Significant events during the first six months

The invasion of Ukraine, which began in February 2022, is still ongoing. AQ's direct financial impact during the first half of the year has not been significant as we do not have any production units in Ukraine, Russia or Belarus. Neither does AQ have any significant customers or suppliers in any of these countries. AQ has received several inquiries from customers who want to move their production to our factories in, for example, Poland, Lithuania, Estonia and Bulgaria. We have won a contract to an existing customer of 9 MEUR per year where the production volume is moved from a competitor in Russia to AQ in Lithuania.

In April, AQ in Lithuania completed a new property for production of wiring systems. The new factory area is 17,200m² and AQ has invested EUR 11 million in land and buildings. This will double our capacity in the production of wiring harnesses for commercial vehicles in Europe. Alongside with the construction of the property, we have started recruiting new operators. The new factory will be in full production in 2023 and then have 1,500 employees compared to the current 800. A large part of the capacity in the new factory has already been booked by new and existing customers.

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 a new share during the period May 12 to June 10, 2025.

In mid-March, the spread of Covid-19 in China increased, and restrictions were introduced in the country, which among other things increased the risk of continued supply problems of semiconductor components throughout 2022. Covid-19 spread in China continued in April and the local restrictions introduced at the turn of March / April has caused that our factory in Shanghai, which accounts for about 1% of the Group's sales, has been closed until the beginning of June. Both the long shutdown and the restrictions on transport and mobility in China had a negative effect on the Group's sales and earnings during the period March to June.

On June 27, AQ Group signed an agreement to acquire a property of 22,000m² in Pernik, Bulgaria for EUR 5 million to continue our growth in our business area Electrical Cabinet. Access is planned for the beginning of the third quarter. The new AQ factory will produce sheet metal housings and carry out electrical integration for large battery systems used to store energy for the grid. AQ Group has already won orders of USD 12 million and has an expectation of additional orders of USD 12 million by 2023, with an EBT margin in line with AQ Group's targets. Our estimate is that the annual volume will increase to USD 40 million in 2024. This acquisition will enable continued organic growth in our business areas Electrical Cabinet and System Products in Europe. At the same time, our capacity in sheet metal processing will increase in the region.

Significant events after the end of the period

The invasion of Ukraine continues, as does the spread of Covid-19, primarily in China. This, together with the generally rising global inflation, is affecting economic development in several of the countries where AQ operates. We are constantly monitoring and evaluating the situation to be prepared to act quickly to limit any impact on the company.

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-Jun 2022
Product quality	100%	99.6%
Delivery precision	98%	90.5%
Equity ratio	>40%	55%
Profit margin before tax, (EBT %)	8%	6.7%
Growth	15%	26.2%

Transactions with related parties

The parent company has a related party relationship with its subsidiaries. There are some sales activities concerning goods between the operating group companies. The parent company is charging a management fee to the subsidiaries. All invoicing is according to market level prices and results in claims and debts between the companies which are settled regularly. There are some long-term loans between the parent company and a few subsidiaries. These loans are given with market level interest rates. Most companies in the group are part of 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 described in the Annual Report of 2021. The ongoing Covid-19 pandemic and the political tension between Russia, Belarus and Ukraine/NATO 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, 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 in a shorter perspective are the impacts of component shortages on delivery precision, the ongoing war between Russia, Belarus and Ukraine, the impact of the Covid-19 pandemic on customers, personnel and suppliers, and 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 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 before the Annual General Meeting 2022 consisted of Henrik Carlman (Aeternum Capital), Hans Christian Bratterud (ODIN Fonder), Per Olof Andersson and Claes Mellgren with Hans Christian Bratterud as chairman. The nomination committee for the Annual General Meeting 2023 will be announced not later than six months before the Annual General Meeting 2023.

Future reporting dates

Interim report Q3, 2022	October 20, 2022, at 08:00
Year-End Report, 2022	February 16, 2023, at 08:00

Other information

The information in this interim report shall be made public in accordance with the EU Market Abuse Regulation and the Securities Market Act of Sweden. The information was released by CEO James Ahrgren for publication at 08:00 CEST on July 15, 2022.

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.aqgroup.com

Certification

The Board of Directors and 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 results and describes material risks and uncertainties facing the parent company and the companies that form part of the Group.

Västerås, July 15, 2022

James Ahrgren
CEO

Patrik Nolåker
Chairman of the Board

P-O Andersson
Board member

Ulf Gundemark
Board member

Gunilla Spongh
Board member

Lars Wrebo
Board member

Annika Johansson-Rosengren
Board member

Claes Mellgren
Board member

Vegard Søråunet
Board member

Financial reports, summary

Summary Income Statement for the Group

SEK M	Note	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	R12 Jul 2021 -Jun 2022	Full year 2021
Net sales		1,721	1,361	3,367	2,668	6,171	5,471
Other operating income		46	27	83	57	169	143
Total income		1,767	1,388	3,451	2,725	6,340	5,614
Change in inventory and work in progress		29	38	77	49	211	184
Raw material and consumables		-934	-682	-1,830	-1,315	-3,380	-2,866
Goods for resale		-14	-42	-33	-85	-68	-121
Other external expenses		-193	-140	-370	-268	-701	-598
Personnel costs		-471	-374	-913	-733	-1,666	-1,486
Depreciation and amortisation		-65	-56	-129	-111	-253	-234
Other operating expenses		-14	-14	-33	-23	-57	-46
Total operating costs		-1,660	-1,270	-3,231	-2,486	-5,913	-5,168
Operating profit		107	118	220	239	427	446
Net financial income/expense	5	2	-4	5	1	-1	-5
Profit before tax		108	114	225	240	426	441
Taxes		-21	-18	-45	-35	-83	-73
Profit for the period		87	96	180	205	343	368
PROFIT FOR THE PERIOD ATTRIBUTABLE TO							
Parent company shareholders		86	95	178	203	341	366
Non-controlling interests		1	1	1	1	2	2
EARNINGS PER SHARE, SEK							
Before dilution		4.71	5.22	9.75	11.11	18.63	19.99
After dilution		4.71	5.22	9.75	11.11	18.63	19.99

Statement of comprehensive income for the Group, summary

SEK M	Note	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	R12 Jul 2021 -Jun 2022	Full year 2021
PROFIT FOR THE PERIOD		87	96	180	205	343	368
OTHER COMPREHENSIVE INCOME							
Items that cannot be transferred to the profit for the period							
Revaluation of defined benefit pension plans		-	-	-	-	-1	-1
Revaluation of defined benefit pension plans, tax effect		-	-	-	-	0	0
Items transferred or that can be transferred to the profit							
Translation difference for foreign operations		81	-10	117	43	143	70
Other comprehensive income for the period after tax		81	-10	117	43	143	69
Comprehensive income for the period		168	86	297	248	486	437
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:							
Parent company shareholders		167	86	295	246	483	434
Non-controlling interests		1	1	2	2	3	2

Summary Balance Sheet for the group

SEK M	Note	Jun 30 2022	Jun 30 2021	Dec 31 2021
ASSETS				
NON-CURRENT ASSETS				
Goodwill		386	338	366
Other intangible assets		158	169	162
Tangible assets		1,092	906	1,052
Financial assets		4	2	2
Deferred tax assets		65	60	62
Total non-current assets		1,704	1,474	1,644
Inventories		1,525	919	1,305
Trade and other receivables		1,515	1,127	1,295
Other current receivables		203	151	173
Cash and cash equivalents		217	608	283
Total current assets		3,460	2,806	3,056
TOTAL ASSETS		5,165	4,281	4,699
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to parent company shareholders		2,851	2,427	2,616
Non-controlling interests		14	11	12
TOTAL EQUITY		2,865	2,438	2,627
Non-current liabilities to credit institutions		686	611	632
Non-current non-interest-bearing liabilities		101	99	98
Total non-current liabilities		787	711	730
Interest-bearing current liabilities		238	170	212
Trade and other payables		782	563	711
Other current liabilities		493	399	419
Total current liabilities		1,513	1,132	1,342
TOTAL LIABILITIES		2,300	1,842	2,072
TOTAL EQUITY AND LIABILITIES		5,165	4,281	4,699

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, 01/01/2021	37	84	14	2,047	2,181	9	2,191
Profit for the year	-	-	-	203	203	1	205
Translation differences in foreign operations	-	-0	43	-	43	0	43
Other comprehensive income	-	-0	43	-	43	0	43
Comprehensive income for the year	-	-0	43	203	246	2	248
Dividends paid	-	-	-	-	-	-	-
Transactions with shareholders	-	-	-	-	-	-	-
Equity, 06/30/2021	37	84	56	2,250	2,427	11	2,438
Equity, 01/01/2022	37	84	84	2,411	2,616	12	2,627
Profit for the year	-	-	-	178	178	1	180
Translation differences in foreign operations	-	-0	117	-	116	1	117
Other comprehensive income	-	-0	117	-	116	1	117
Comprehensive income for the year	-	-0	117	178	295	2	297
Issues of warrants	-	-	-	2	2	-	2
Dividends paid	-	-	-	-61	-61	-	-61
Transactions with shareholders	-	-	-	-59	-59	-	-59
Equity, 06/30/2022	37	84	201	2,531	2,851	14	2,865

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	Apr 1 - Jun 30 2022	Apr 1 - Jun 30 2021	Jan 1 - Jun 30 2022	Jan 1 - Jun 30 2021	Jan 1 - Dec 31 Full year 2021
Profit before tax		108	114	225	240	441
Adjustment for non cash generating items		63	58	131	113	221
Income tax paid		-20	-23	-68	-39	-56
Cash flow from operating activities before change in working capital		151	149	287	314	606
Increase (-)/decrease (+) in inventories		-78	-50	-167	-91	-370
Increase (-)/decrease (+) in trade receivables		-56	-11	-163	-114	-191
Increase (-)/decrease (+) in other receivables		-7	-14	-19	-16	-34
Increase (+)/decrease (-) in trade payables		-19	5	55	112	198
Increase (+)/decrease (-) in other liabilities		31	5	73	39	30
Change in working capital		-129	-65	-222	-70	-368
Cashflow from operating activities		22	84	65	244	238
Acquisitions of subsidiaries net of cash acquired and other businesses		-	-	-	-	-203
Divestment of shares in subsidiaries		-	-	-	-	0
Acquisition of intangible non-current assets		-3	-0	-3	-1	-3
Acquisition of tangible non-current assets		-43	-30	-119	-58	-189
Sale of tangible non-current assets		2	1	2	2	3
Sale of intangible non-current assets		0	-	0	-	0
Other changes in non-current assets		0	1	0	1	-0
Cashflow from investing activities		-45	-28	-121	-57	-391
New borrowings, credit institutions		107	12	116	12	82
Amortisation of loans		-16	-16	-31	-17	-49
Amortisation of loans (lease)		-25	-23	-52	-45	-95
Change in bank overdraft facilities		4	7	6	14	36
Payment of warrants		2	-	2	-	-
Dividends		-61	-	-61	-	-0
Cashflow from financing activities		11	-19	-20	-36	-26
Change in cash and cash equivalents for the period		-12	36	-75	151	-178
Cash and cash equivalents at the beginning of the year		223	571	283	452	452
Exchange rate difference in cash and cash equivalents		6	1	9	6	10
Cash and cash equivalents at the end of the period		217	608	217	608	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	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	R12 Jul 2021 -Jun 2022	Full year 2021
Net sales		11	12	26	23	53	50
Other operating income		2	0	4	1	7	4
Total income		14	13	30	24	60	54
Other external expenses		-5	-6	-9	-10	-28	-28
Personnel costs		-10	-8	-18	-16	-30	-28
Other operating expenses		-1	-1	-1	-1	-2	-2
Total operating costs		-16	-15	-28	-27	-59	-59
Operating profit		-2	-2	2	-3	0	-4
Net financial items	5	-13	27	77	-27	96	-8
Earnings after net financial items		-15	25	78	-30	96	-13
Appropriations		-	-	-	-	23	23
Profit before tax		-15	25	78	-30	118	10
Taxes		-1	0	-2	-1	-10	-9
Profit for the period		-16	26	76	-31	108	1

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

Second quarter

Revenues during the second quarter amounted to SEK 11 million (12) and mainly pertained to internal services. Profit for the period amounted to SEK -16 million (26). Net financial items amounted to SEK -13 million (27).

First six months

Revenues during the first six months amounted to SEK 26 million (23) and mainly pertained to internal services. Profit for the period amounted to SEK 76 million (-31). Net financial items amounted to SEK 77 million (-27).

Summary balance sheet for the Parent company

SEK M	Note	Jun 30 2022	Jun 30 2021	Dec 31 2021
ASSETS				
Financial fixed assets		1,428	1,245	1,413
Total non-current assets		1,428	1,245	1,413
Current receivables		261	99	132
Cash and cash equivalents		52	453	142
Total current assets		313	551	274
TOTAL ASSETS		1,741	1,797	1,687
EQUITY AND LIABILITIES				
Restricted equity		38	38	38
Non-restricted equity		703	654	686
TOTAL EQUITY		741	692	724
Untaxed reserves		6	28	6
Non-current interest-bearing liabilities		557	440	478
Total non-current liabilities		557	440	478
Interest-bearing current liabilities		415	621	457
Other current liabilities		22	16	23
Total current liabilities		437	637	480
TOTAL LIABILITIES		994	1,077	958
TOTAL EQUITY AND LIABILITIES		1,741	1,797	1,687

The increase in non-restricted equity of SEK 17 million compared with 31 December 2021 consists of the profit for the period of SEK 76 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

Second quarter

For the segment Component, the total net sales for the second quarter were SEK 1,513 million (1,161), of which SEK 1,405 million (1,079) are external sales. The increase of the external sales was SEK 326 million.

For the segment System, the total net sales for the second quarter were SEK 351 million (376), of which SEK 316 million (283) are external sales. The increase of the external sales was SEK 33 million.

Operating profit (EBIT) in the second quarter was SEK 66 million (81) for Component, corresponding to a decrease of SEK 16 million compared to previous year. Operating profit (EBIT) for System was SEK 45 million (38), corresponding to an increase of SEK 7 million compared to previous year.

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

Apr-Jun 2022, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	1,405	316	-	1,721
Net sales, internal	108	35	-143	-
Total net turnover	1,513	351	-143	1,721
Material costs, excl. purchases own segment	-817	-221	120	-918
Depreciation	-59	-6	-0	-65
Other operating expenses/income	-572	-79	19	-632
Operating profit	66	45	-4	107
Net financials items				2
Profit before tax				108

Apr-Jun 2021, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	1,079	283	-	1,361
Net sales, internal	82	94	-176	-
Total net turnover	1,161	376	-176	1,361
Material costs, excl. purchases own segment	-577	-268	159	-686
Depreciation	-48	-7	-0	-56
Other operating expenses/income	-454	-63	16	-502
Operating profit	81	38	-2	118
Net financials items				-4
Profit before tax				114

First six months

For the segment Component, the total net sales for the first six months were SEK 2,947 million (2,262), of which SEK 2,734 million (2,097) are external sales. The increase of the external sales was SEK 636 million.

For the segment System, the total net sales for the first six months were SEK 720 million (746), of which SEK 634 million (571) are external sales. The increase of the external sales was SEK 63 million.

Operating profit (EBIT) in the first six months was SEK 124 million (163) for Component, corresponding to a decrease of SEK 39 million compared to previous year. Operating profit (EBIT) for System was SEK 95 million (78), corresponding to an increase of SEK 18 million compared to previous year.

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

Jan-Jun 2022, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	2,734	634	-	3,367
Net sales, internal	213	86	-299	-
Total net turnover	2,947	720	-299	3,367
Material costs, excl. purchases own segment	-1,585	-456	255	-1,786
Depreciation	-117	-12	-0	-129
Other operating expenses/income	-1,121	-157	45	-1,233
Operating profit	124	95	0	220
Net financials items				5
Profit before tax				225

Jan-Jun 2021, SEK M	Component	System	Unallocated and eliminations	Group
Net sales, external	2,097	571	-	2,668
Net sales, internal	165	176	-341	-
Total net turnover	2,262	746	-341	2,668
Material costs, excl. purchases own segment	-1,126	-531	307	-1,351
Depreciation	-97	-14	-0	-111
Other operating expenses/income	-876	-123	33	-967
Operating profit	163	78	-2	239
Net financials items				1
Profit before tax				240

SALES DIVIDED BY SEGMENT AND GEOGRAPHICAL MARKETS

Second quarter

The turnover divided among geographical markets in the second quarter: Sweden 30% (31), other European countries 54% (49) and other countries 16% (20).

Apr-Jun 2022, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	325	225	11	562
Other European countries	927	84	-	1,010
Other countries	261	42	-	304
Net sales	1,513	351	11	1,876
Internal sales, eliminations	-	-	-155	-155
Total net turnover	1,513	351	-143	1,721

Apr-Jun 2021, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	276	190	12	479
Other European countries	691	76	-	766
Other countries	194	110	-	304
Net sales	1,161	376	12	1,550
Internal sales, eliminations	-	-	-188	-188
Total net turnover	1,161	376	-176	1,361

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

First six months

The turnover divided among geographical markets in the first six months: Sweden 30% (32), other European countries 53% (50) and other countries 17% (18).

Jan-Jun 2022, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	635	453	26	1,115
Other European countries	1,784	165	-	1,949
Other countries	527	102	-	629
Net sales	2,947	720	26	3,693
Internal sales, eliminations	-	-	-325	-325
Total net turnover	2,947	720	-299	3,367

Jan-Jun 2021, SEK M	Component	System	Unallocated and eliminations	Group
Sweden	556	400	23	979
Other European countries	1,346	161	-	1,507
Other countries	361	185	-	546
Net sales	2,262	746	23	3,032
Internal sales, eliminations	-	-	-364	-364
Total net turnover	2,262	746	-341	2,668

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-Jun 2022	Jan-Jun 2021	Jan-Jun 2020
Bulgaria	1,370	1,235	1,285
Poland	1,184	982	912
Lithuania	853	603	645
Sweden	853	792	805
China	693	632	625
Estonia	583	566	588
Hungary	477	389	356
Mexico	351	168	199
Finland	193	186	213
India	179	140	130
USA	166	95	64
Canada	164	172	159
Germany	20	3	3
Italy	18	19	19
Serbia	9	8	29
Brazil	9	8	4
Total	7,122	5,998	6,036

Note 4. Business acquisitions

AQ's strategy is to grow in both segments. During the period January to June 2022, no business acquisitions were made.

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 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 June 30, 2022, there are no remaining derivatives, previous year the market value amounted to SEK -0.1 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 6.

Note 7. Calculation of key figures and definitions

SEK M unless otherwise stated	2022			2021				
	Q1	Q2	YTD	Q1	Q2	Q3	Q4	Full year
Operating margin, (EBIT %)								
Operating profit	113	107	220	121	118	94	113	446
Net revenue	1,646	1,721	3,367	1,307	1,361	1,306	1,498	5,471
Operating margin	6.9	6.2	6.5	9.3	8.7	7.2	7.6	8.2
EBITDA								
Profit before tax	113	107	220	121	118	94	113	446
Depreciations/amortisations	-65	-65	-129	-55	-56	-62	-62	-234
EBITDA	178	171	349	177	173	156	175	681
Profit margin before tax, (EBT %)								
Profit before tax	116	108	225	126	114	91	110	441
Net revenue	1,646	1,721	3,367	1,307	1,361	1,306	1,498	5,471
Profit margin before tax, %	7.1	6.3	6.7	9.6	8.4	6.9	7.4	8.1
Liquid ratio, %								
Trade receivables	1,418	1,515	1,515	1,121	1,127	1,117	1,295	1,295
Other current receivables	187	203	203	132	151	194	173	173
Cash and cash equivalents	223	217	217	571	608	505	283	283
Current liabilities	1,459	1,513	1,513	1,361	1,132	1,279	1,342	1,342
Liquid ratio, %	125	128	128	134	167	142	130	130
Debt/equity ratio, %								
Total equity	2,756	2,865	2,865	2,352	2,438	2,526	2,627	2,627
Total assets	4,920	5,165	5,165	4,196	4,281	4,577	4,699	4,699
Debt/equity ratio, %	56	55	55	56	57	55	56	56
Return on total assets, %								
Profit before tax, rolling 12 months	431	426	426	408	444	442	441	441
Financial expenses, rolling 12 months	-31	-43	-43	-31	-36	-36	-28	-28
Total equity and liabilities, opening balance for 12 months	4,196	4,281	4,281	4,063	3,818	3,908	3,864	3,864
Total equity and liabilities, closing balance	4,920	5,165	5,165	4,196	4,281	4,577	4,699	4,699
Total equity and liabilities, average	4,558	4,723	4,723	4,130	4,049	4,242	4,282	4,282
Return on total assets, %	10.1	9.9	9.9	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	343	351	377	373	368	368
Total equity, opening for 12 months	2,352	2,438	2,438	2,176	2,129	2,206	2,191	2,191
Total equity, closing	2,756	2,865	2,865	2,352	2,438	2,526	2,627	2,627
Total equity, average	2,554	2,652	2,652	2,264	2,284	2,366	2,409	2,409
Return on equity after tax, %	13.8	12.9	12.9	15.5	16.5	15.8	15.3	15.3
Net cash / Net debt								
Cash and cash equivalents	223	217	217	571	608	505	283	283
Non-current interest bearing liabilities	605	686	686	381	611	670	632	632
Current interest bearing liabilities	226	238	238	415	170	201	212	212
Total interest bearing liabilities	831	924	924	796	781	872	844	844
Net cash / Net debt	-608	-707	-707	-225	-173	-367	-561	-561
Growth, %								
Organic growth								
Net revenue	1,646	1,721	3,367	1,307	1,361	1,306	1,498	5,471
- Effect of changes in exchange rates	-30	-9	-40	-67	-53	-6	-7	-134
- Net revenue for last year	1,307	1,361	2,668	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	554	32	298	115	149	594
Organic growth divided by last year net revenue, %	20.9	20.7	20.8	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	6.9	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, 2021, in total about 6,500 employees in Bulgaria, Poland, Sweden, Lithuania, Estonia, China, Hungary, Mexico, Finland, Canada, India, USA, Italy, Brazil, Serbia and Germany.

In 2021 AQ had net sales of about SEK 5.5 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.