

AQ Group

Investor presentation Q3 2023

The AQ logo consists of the lowercase letters 'a' and 'q' in white, set against a solid red square background. The 'a' is a simple sans-serif font, and the 'q' has a small tail. The logo is positioned in the upper right corner of the slide.

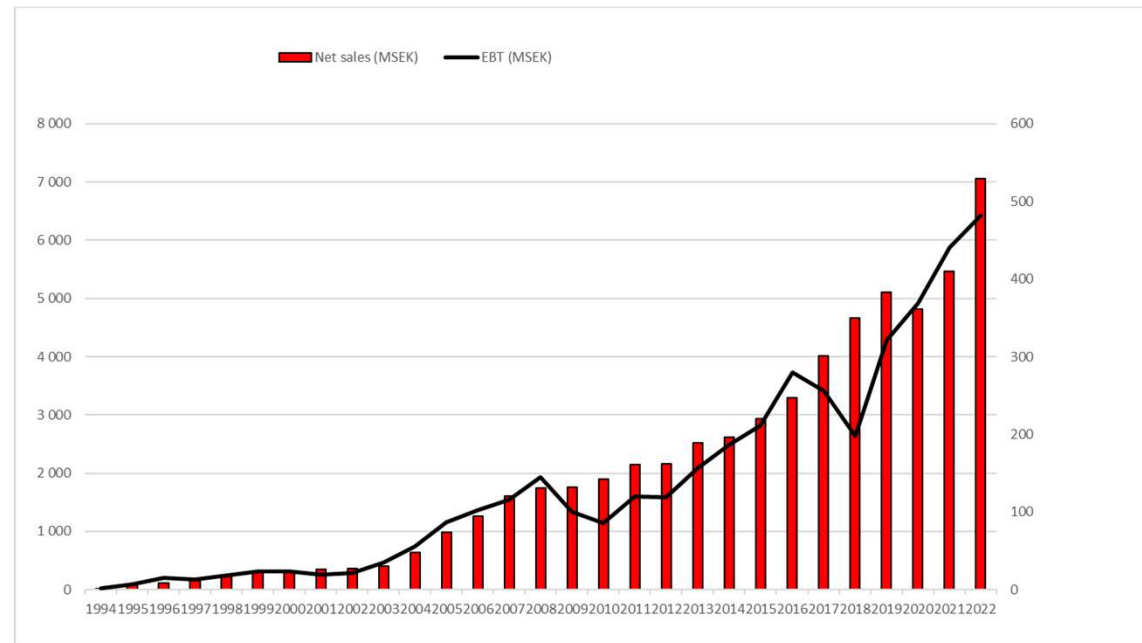
aq



Why invest in AQ Group



- EPS CAGR +15% over the past 10 years
- Profit every quarter since foundation in 1994
- Exposure to industrial market segments with underlying growth;
 - Electrification (E-mobility, renewables, energy storage, energy transmission)
 - Railway
 - Defence
- Long history of acquisitions. 2-4 factories/year
- Strong balance sheet – low net debt



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Third Quarter, July-Sept 2023 in brief



- Strong growth with good cash flow
 - Net sales increased by 26% to SEK 2,149 million (1,711)
 - Operating profit (EBIT) increased by 63% to SEK 201 million (123)
 - Profit after financial items (EBT) increased by 61% to SEK 195 million (121)
 - Profit margin before tax (EBT %) was 9.1% (7.1)
 - Profit after tax increased by 72% to SEK 172 million (100)
 - Cash flow from operating activities amounted to SEK 339 million (3)
 - Earnings per share before dilution increased by 72% to SEK 9.34 (5.41)
- Goal 15% growth
 - Goal 8% EBT margin

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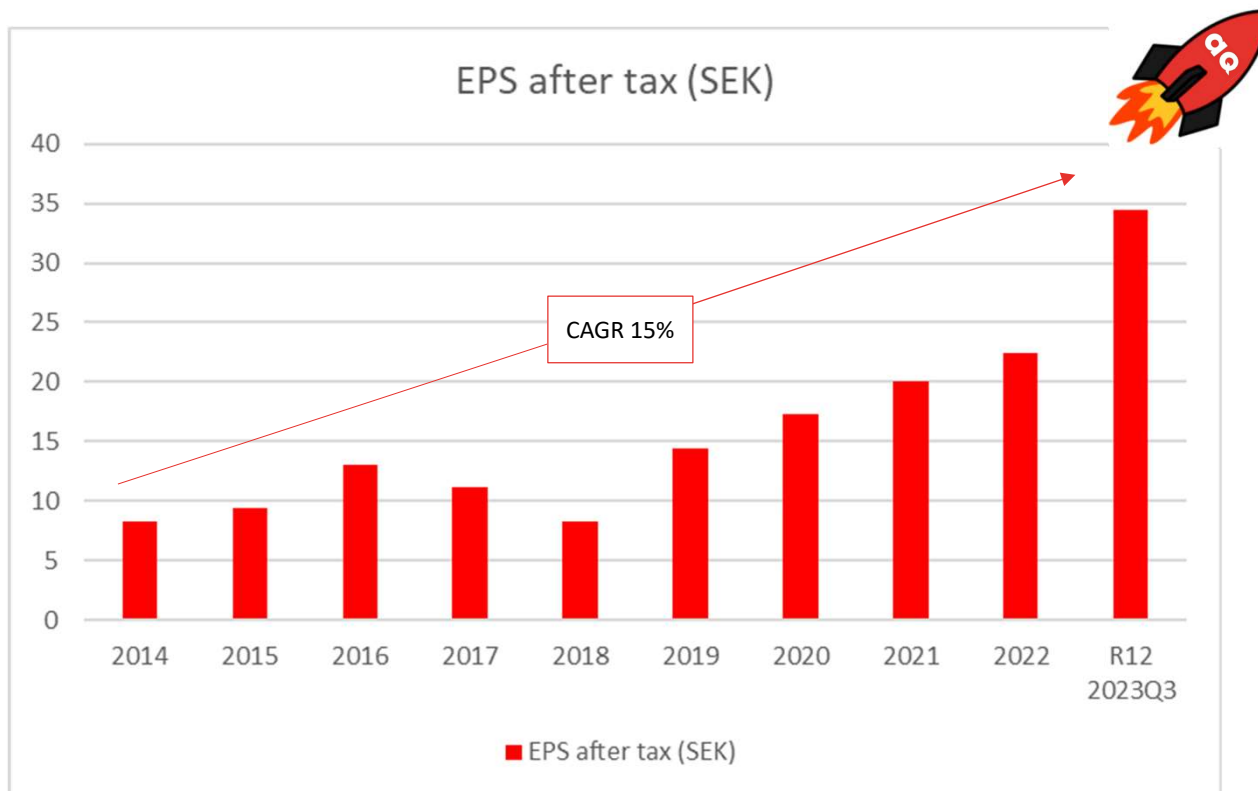
First nine months, Jan-Sept 2023 in brief



- Net sales increased by 33% to SEK 6,747 million (5,078)
 - Operating profit (EBIT) increased by 75% to SEK 599 million (343)
 - Profit after financial items (EBT) increased by 66% to SEK 575 million (346)
 - Profit margin before tax (EBT %) was 8.5% (6.8)
 - Profit after tax increased by 79% to SEK 502 million (280)
 - Cash flow from operating activities amounted to SEK 742 million (69)
 - Earnings per share before dilution increased by 80% to SEK 27.25 (15.16)
 - Equity ratio was 61% (56)
- Goal 15% growth
 - Goal 8% EBT margin
 - Goal 40%

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EPS Growth

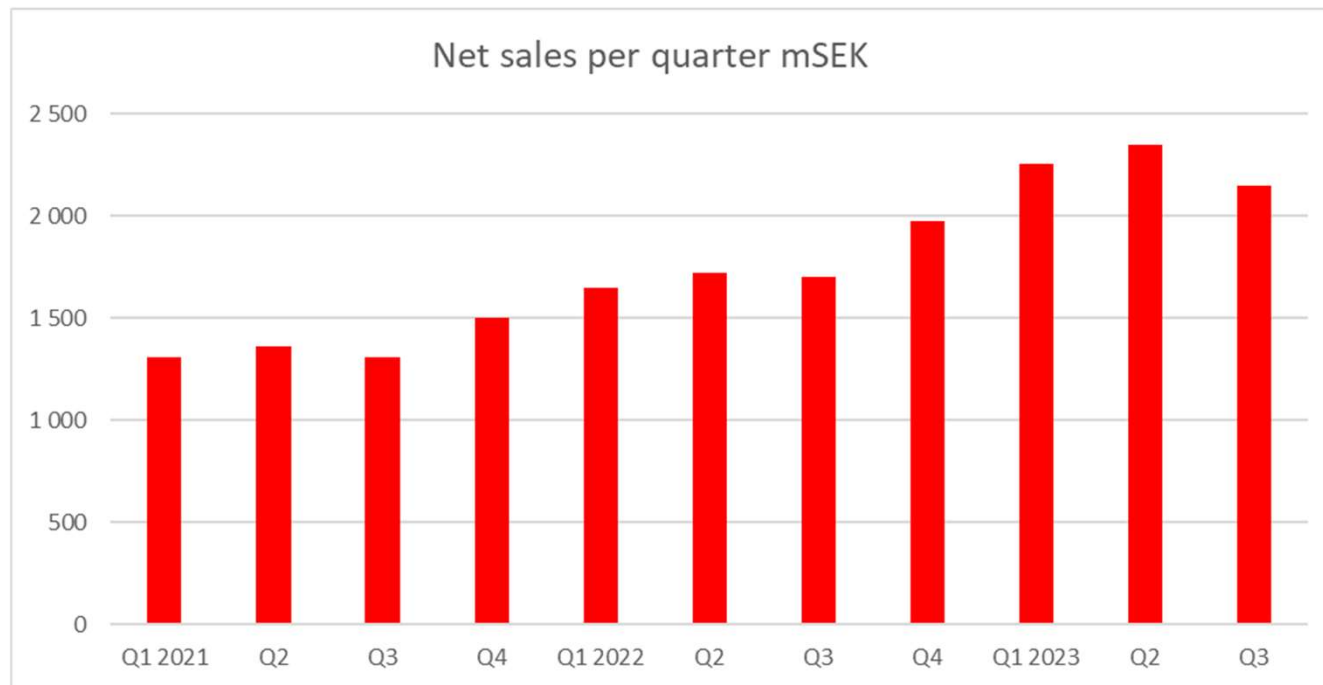


15% CAGR EPS
2014-2023 Q3 (R12)

R12 2023 Q3 EPS growth of
54% vs 2022

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Net sales



Good turnover in the quarter.
Growth +26% vs Q3 2022, whereoff
7% was currency.

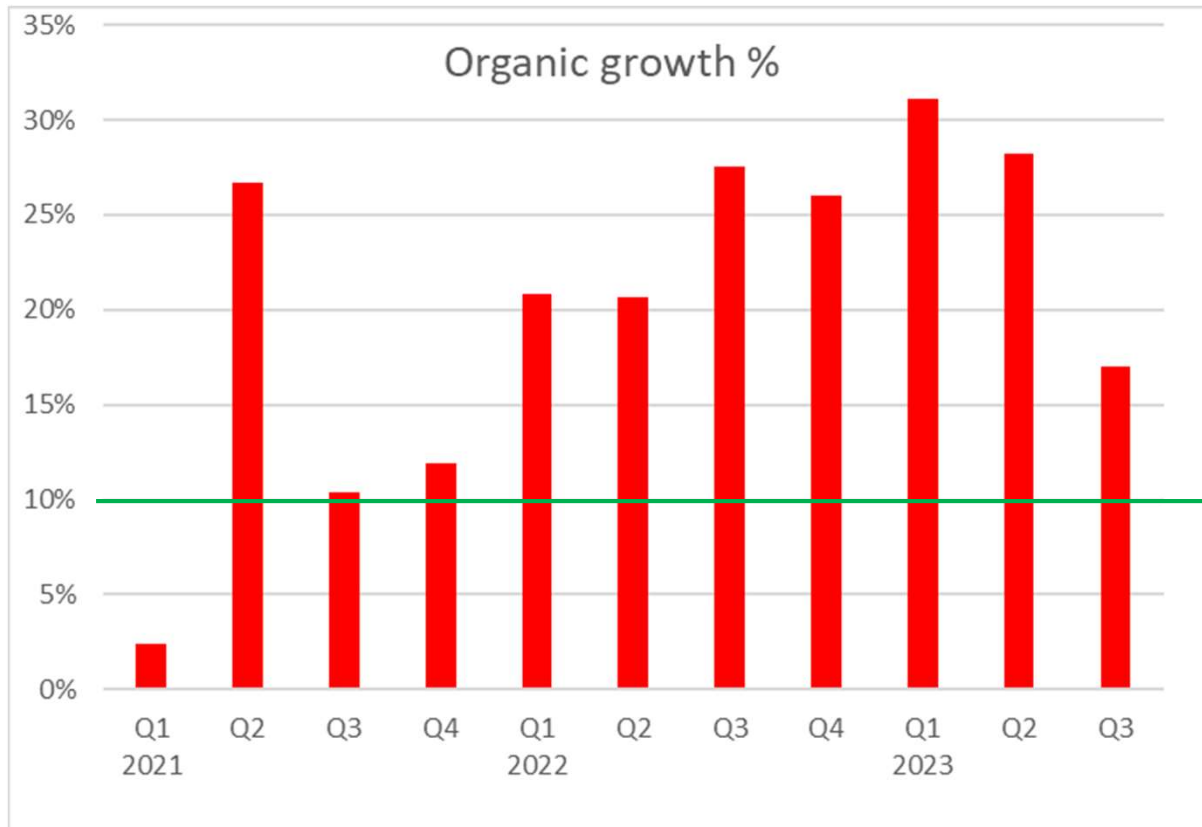
Q3 is always weakest quarter due to
summer holiday in July/August at
customers.

Still capacity and productivity
constraints in Finland, Bulgaria,
Poland.

Increases mainly in electrification,
defence industry, commercial
vehicles, railway, marine.

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Organic growth



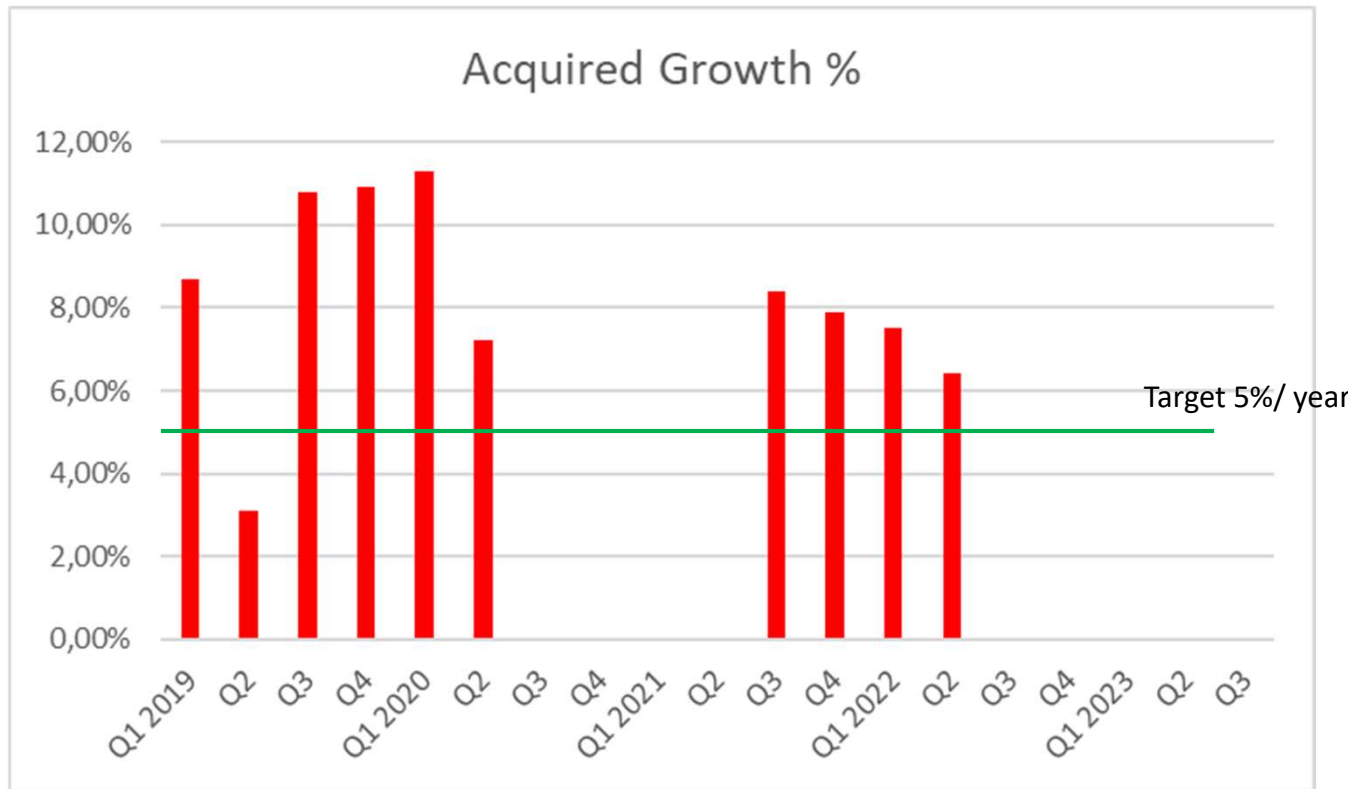
Organic growth was **17%**
We should have delivered more. 😞

Target 10%/ year

Increases mainly due to new sales in electrification, storage of energy, components for defence industry, commercial vehicles, railway and marine.

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Acquired Growth



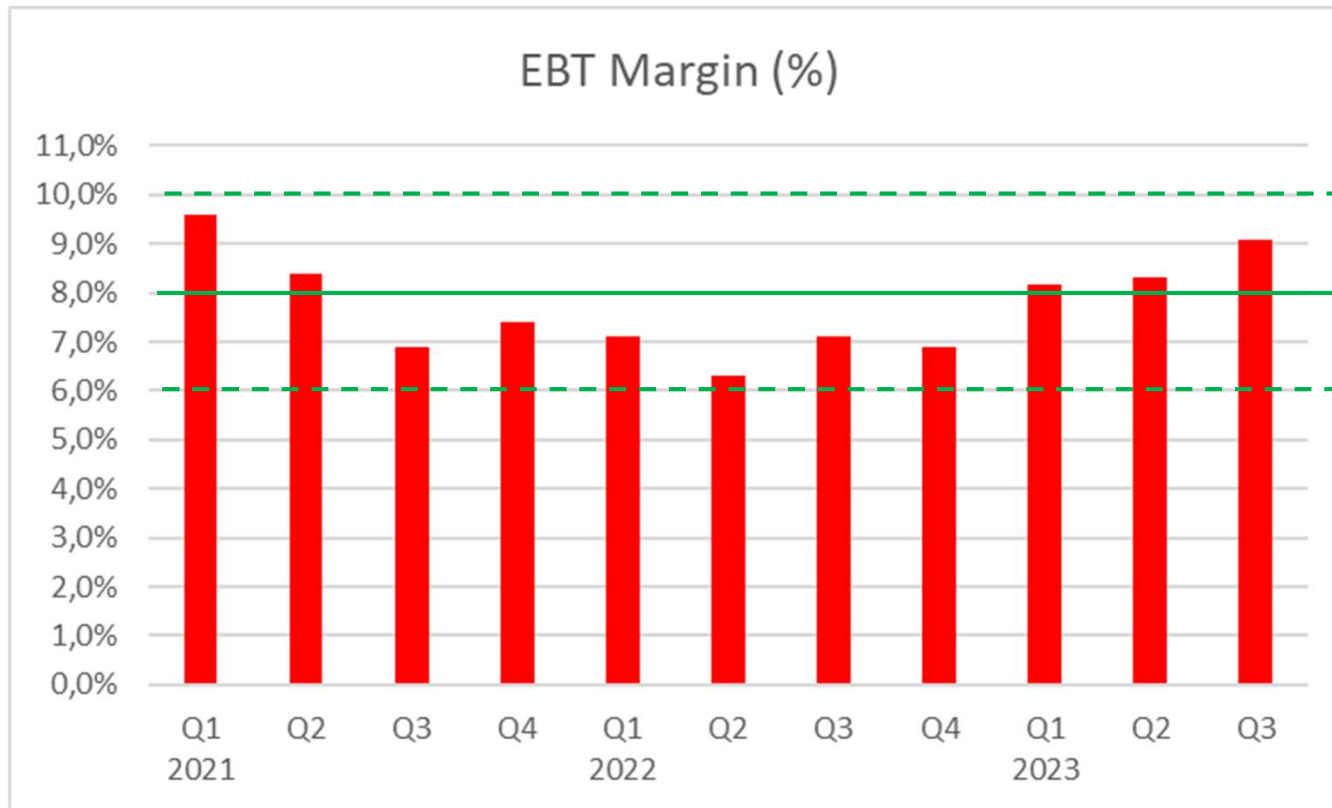
Several interesting prospect factories. We love new factories.

Net debt is low. Cash flow is good.

You should be disappointed if we have not closed some good deals before Q2 2024.

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EBT Margin



Worst performers make more profit than last year because of improvement programs.

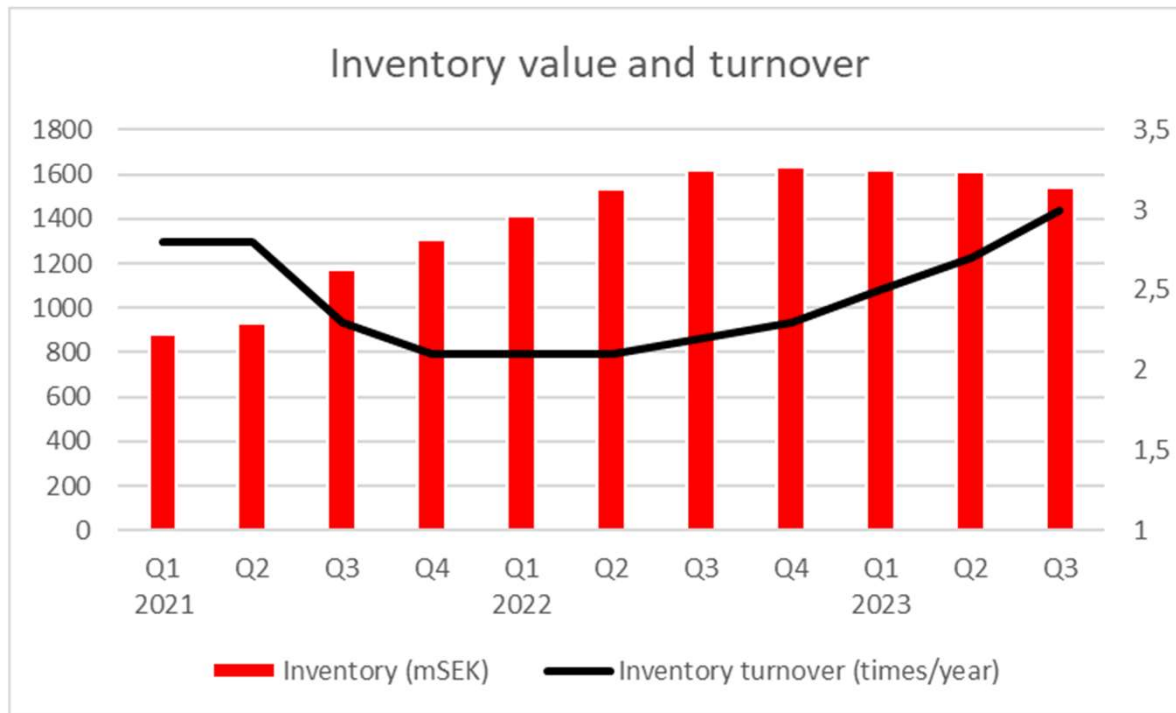
Margin would have been better if we would have delivered everything that we should have.

Still opportunities to improve in India and China.

EBT Margin (%) goal is 8%
The margin shall consistently be within $8 \pm 2\%$ every quarter.

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Inventory value & turnover development



Inventory turnover target is 3.5 turns/year.

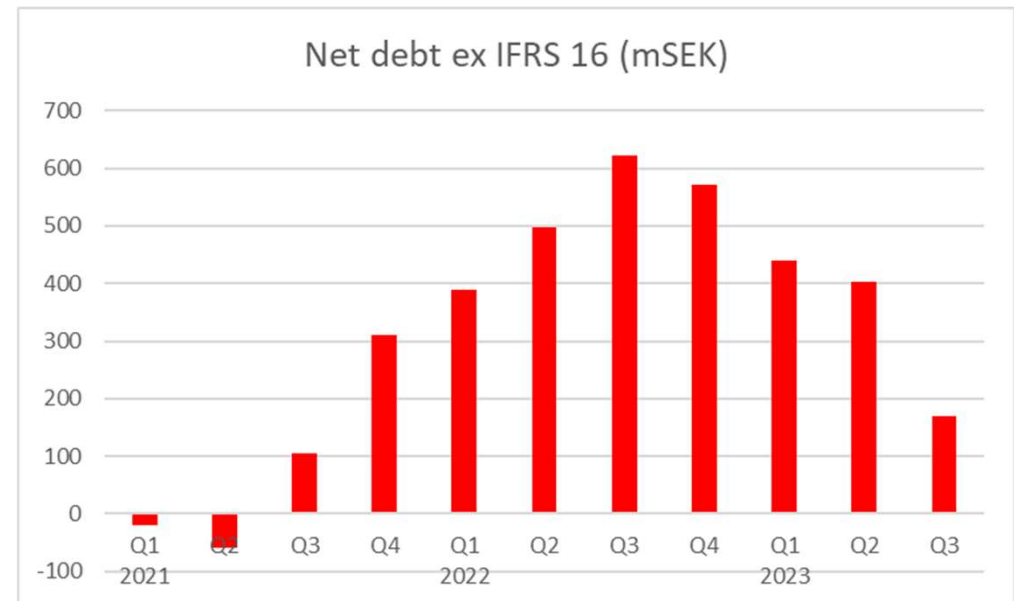
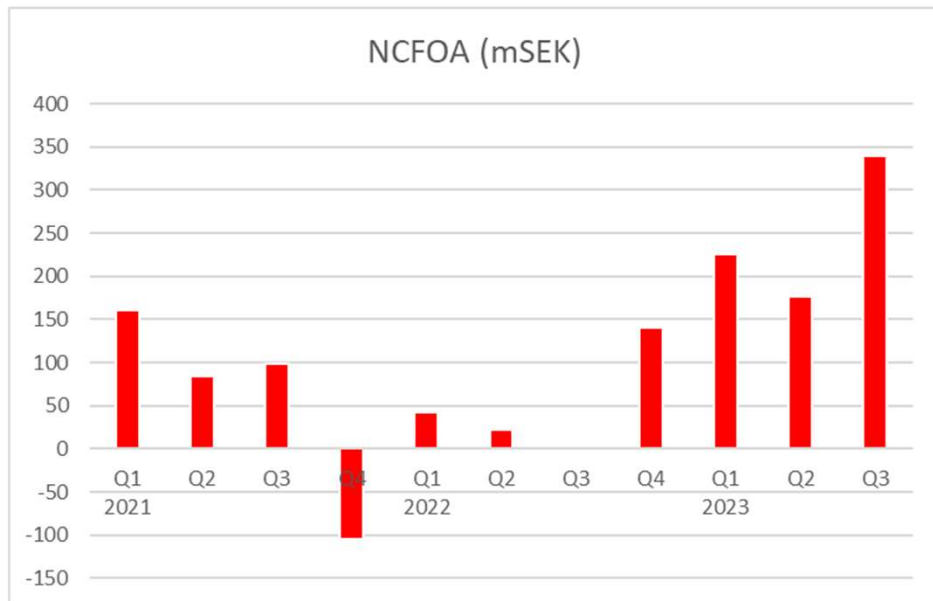
Our actions improve the result and we are currently at 3.0 turns/year.

We are working with our worst companies to help them improve.

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Inventory turnover:
 Raw materials R12 + Goods for resale R12 +
 Change in Inventories and prod in progress
 R12
 /
 Total Inventory YTD

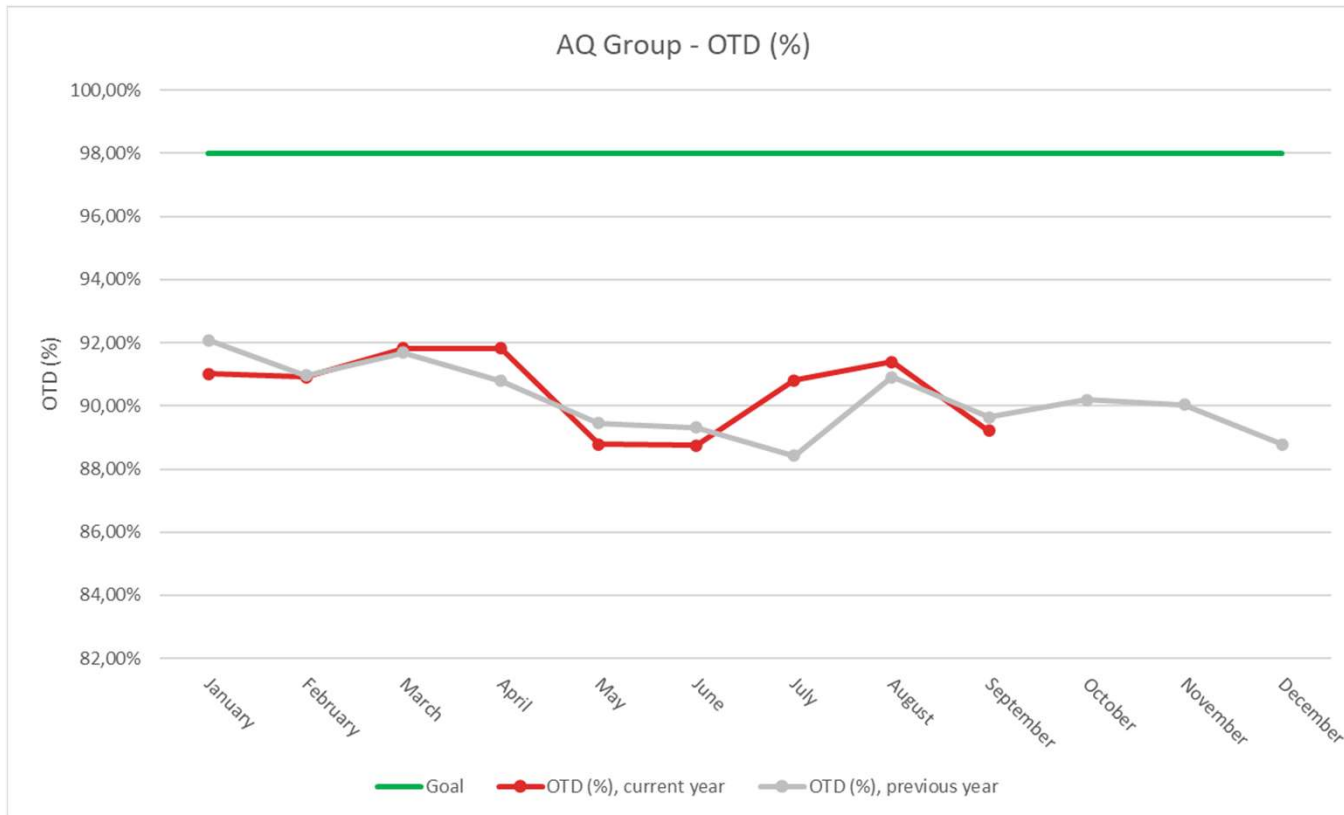
Net cash from operating activities and Net debt



Good operating cash flow of **339mSEK** in the quarter which results in net debt (ex IFRS 16) of **170mSEK**.
Mainly driven by high profit and increased inventory turnover.

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On-time Delivery (OTD) Jan- Sept - Goal 98%



Result: **90.5%**

This is really disappointing. We have made big investments in increased capacity in many of our factories, with more people, machines and square meters but still we are unable to delivery as we have confirmed to our customers.

Stronger actions are needed from our side to be more Reliable.

Quality, productivity and capacity improvements are the main focus areas.

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Projects for future growth

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AQ Inductive components

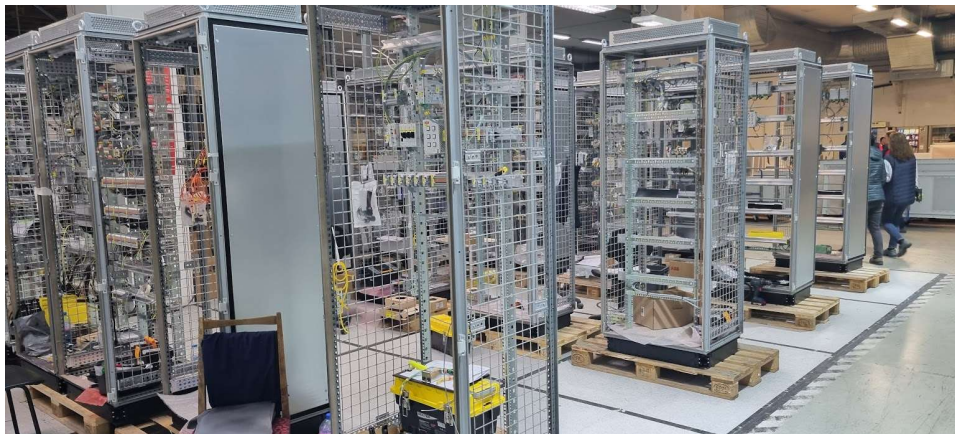


Consolidation of niches within inductive component market

- Acquired 14 companies since 1994.
- Turnover 2023 Sep R12 is 1.7bSEK.
- Factories in China, India, Estonia, Bulgaria, Hungary, Finland and USA.
- Design offices in Sweden, Finland, Germany, Italy, China, India, Bulgaria, USA and Mexico.
- Main markets segments, railway, marine, drives for electrical motors, wind and solar inverters, PCBA's, power supplies, EV-chargers, construction and mining.
- Future markets segments, electrical commercial vehicles.
- AQ is in the top five globally in several of our niches



Electrification Global – Transm.+ Storage + drives + marine



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Railway - India, EU, US - Controls, el. cabs. Inductive + Wiring



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Defence US, EU – Wiring Systems, Inductive, Sheet Metal



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Q & A



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