



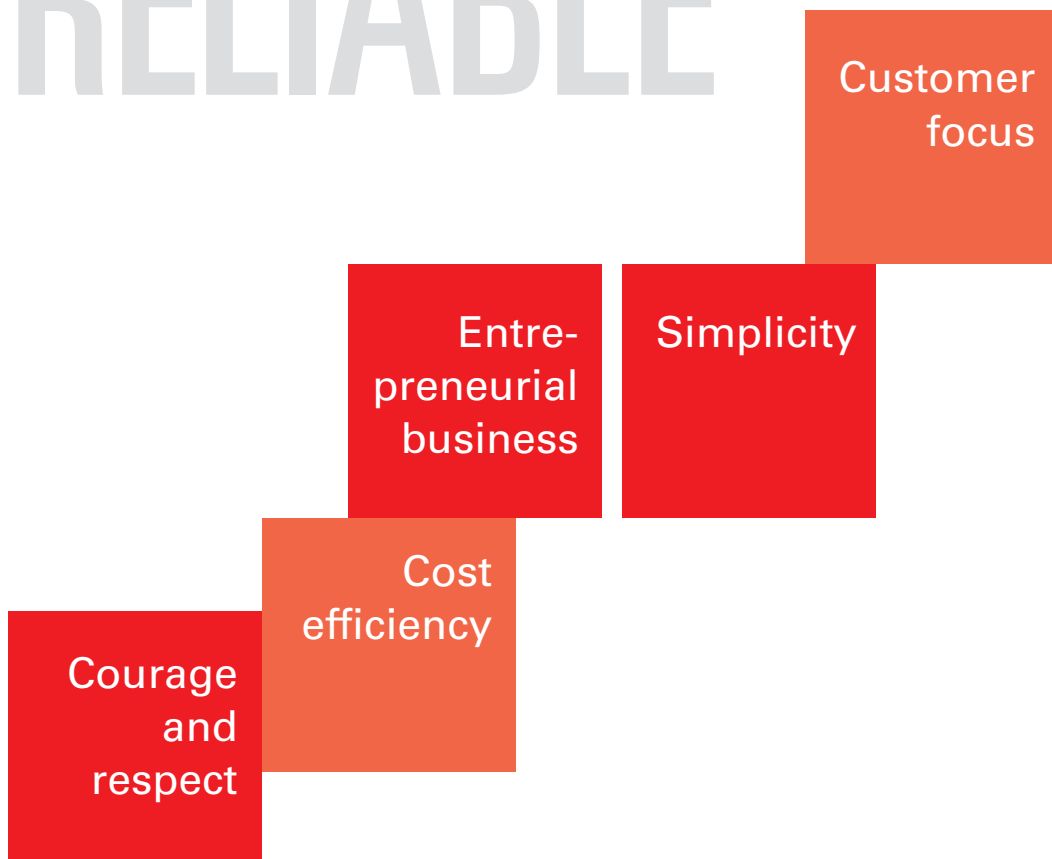
AQ Group AB

Annual Report **2018**



www.aqg.se

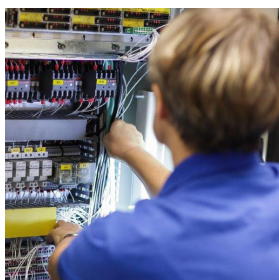
WE ARE RELIABLE



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.

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AQ Group

AQ Group is a global manufacturer of components and systems for industrial customers with high demands.

BUSINESS CONCEPT

To develop, manufacture and assemble components and systems for industrial customers with high demands.

To make our customers become long-term partners through our commitment to Total Quality.

The business consists of the System and Component segments. The System segment includes our Electric Cabinets and System Products business areas. The Component segment encompasses our business areas of Precision stamping and Injection Molding, Inductive Components, Wiring Systems, Sheet Metal Processing as well as Special Technologies and Engineering.

Business activities take place in these specialised business areas through operating companies, which offer our customers cost-efficient solutions. The consolidated knowledge within AQ Group, combined with a global presence, offers unique benefits for customers all over the world. Quality is always central to everything we do and is something we strive constantly to develop. In our world, quality and efficiency go hand in hand.

Since its inception in 1994, AQ Group has reported steady, rapid growth with good profitability. The Group has approximately 6,000 employees in total, around 85 % of them in growth countries outside Sweden. Annual turnover is SEK 4.7 billion. The company is listed on Nasdaq Stockholm's main market since January 16, 2017 and has the highest credit rating AAA.

SYSTEM

- Electric cabinets
- System products

COMPONENT

- Precision stamping and Injection molding
- Inductive components
- Wiring systems
- Sheet metal processing
- Special Technologies and Engineering

AQ's WORLD

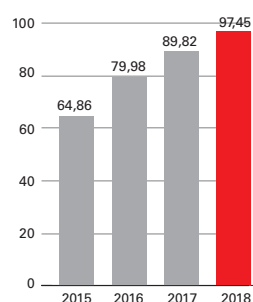
AQ currently has operations in Sweden, Bulgaria, Serbia, Hungary, Estonia, Poland, Lithuania, Mexico, Italy, India, China, Finland, USA and Canada. The number of employees in the different countries are distributed as follows.

Average number of employees	2018			2017			2016		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Parent company, Sweden	11	8	19	13	10	23	10	9	19
Subsidiaries, Sweden	169	712	881	224	796	1,020	215	771	986
Bulgaria	690	578	1,268	619	527	1,146	543	438	981
Canada	110	43	153	-	-	-	-	-	-
China	176	264	440	177	295	472	187	311	498
Estonia	96	324	420	85	300	385	79	270	349
Finland	30	91	121	-	-	-	-	-	-
Hungary	87	292	379	104	326	430	120	327	447
India	10	123	133	9	114	123	10	124	134
Italy	7	13	20	7	12	19	13	11	24
Lithuania	588	133	721	561	127	688	564	124	688
Mexico	139	66	205	124	38	162	95	32	127
Poland	684	463	1,147	599	411	1,010	520	353	873
Serbia	22	10	32	25	11	36	7	10	17
Thailand	17	8	25	20	14	34	10	10	20
USA	44	61	105	-	-	-	-	-	-
Total	2,880	3,189	6,069	2,567	2,981	5,548	2,373	2,790	5,163

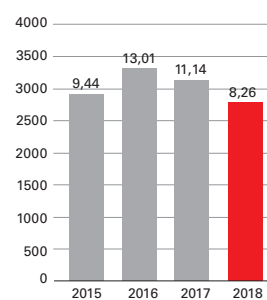
HISTORY IN BRIEF

1994	AQ Group is founded via a merger of Aros Kvalitetsplast and the transformer division of ABB
1995	The AQ Group consists of AQ Plast, AQ Component and AQ Trafo
1996	Acquisition of a transformer factory in Bulgaria, AQ Magnit
1997	Acquisition of three companies in electric cabinets in Sweden, AQ Elautomatik
2001	AQ's stock listed on Aktietorget on June 6. Acquisition of a company in medical technology in Uppsala, AQ M-Tech
2003	Acquisition of a company in Bulgaria in mechanical components and electric cabinets, AQ Electric
2004	Acquisition of two companies in sheet metal and injection molding, with operations in Sweden and China, AQ Enclosure Systems and AQ Plast
2006	Acquisition of companies in sheet metal with operations in Sweden and in Pärnu, Estonia, AQ Special Sheet Metal, AQ Lasertool
2008	Acquisition of transformer manufacturer in Suzhou China, AQ Electric
2010	Acquisition of a company in wiring harness manufacturing in Poland, AQ Wiring Systems
2011	Start of a new company in wiring systems and mechanical components in Pune India, AQ Mechanical & Electrical
2012	Acquisition of a company in wiring systems manufacturing with operations in Lithuania and Mexico, AQ Wiring Systems
2013	Acquisition of bankruptcy estate active in the assembly of packaging machines in Falköping, AQ Enclosure Systems Acquisition of bankruptcy estate within special silencers in Lyrestad, AQ Special Sheet Metal
2014	Acquisition of companies in injection molding and assembly in Bulgaria, AQ Plastronic Acquisition of surface treatment company (ED) in Estonia, AQ Lasertool
2015	Acquisition of a company in injection molding and advanced mechanical components in Hungary, AQ Anton
2016	Acquisition of a Group within wiring systems and mechanical manufacturing, AQ Wiring Systems, AQ Components
2017 16 jan.	The share admitted to trading on Nasdaq Stockholm's main list, Mid Cap
2018	Acquisition of mechanical manufacturers in Finland and Estonia, AQ Mecanova, AQ Lasertool Acquisition of wiring systems manufacturers in Canada and the USA, AQ B3CG

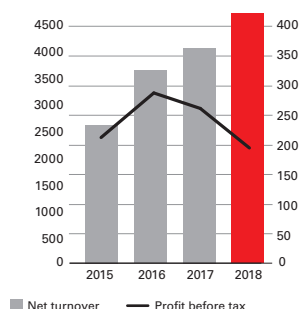
Equity per share, SEK



Profit after taxes per share, SEK



Net turnover and profit before taxes, MSEK



AQ GROUP 2018



- Continued strong growth to a broad customer base in many different segments
- A good year with a lot of deliveries to vehicles for public transport such as buses and trains
- AQ is well positioned in the ongoing change towards electrically powered commercial vehicles
- Measures implemented in 2018 to close three loss-making companies
- Continued development of our production equipment, capacity and technical capabilities
- Two completed acquisitions

MARKET

I want to start by thanking our customers and our employees for good business and good work efforts in 2018. Growth requires world-leading customers and talented employees. Especially our technical know-how in production and design is a key to finding competitive production solutions for our customers.

AQ Group grew by 16 % in 2018. Our growth came from a broad customer base of both existing and new OEM companies in several different industries. Segments that have contributed well to growth include electrification, public transport, infrastructure and marine environmental technology. Demand for components for commercial vehicles has been strong and AQ has increased deliveries to both trains, buses and construction equipment. Several customers who make equipment for material handling and logistics have had a good year. For example, we have delivered large volumes of electrical cabinets and driver consoles for new long-distance trains in Germany as well as a lot of wire harnesses and sheet metal parts for buses.

AQ's combination of being a major supplier to both vehicles, electricity and automation means that we are a natural partner for many of the projects that are currently underway in electromobility. One example of this, is that we have manufactured battery modules and battery packs for Northvolt which in turn designed and delivered these to their customer. We have also supplied inductive components directly to the same customer for installation in their powertrain. Another example is injection molded plastic parts for battery systems for electric bicycles.

For a supplier like AQ, it is important to be quick and good at managing growth, but we also need to change quickly when demand for customers' products decreases. During the year, we have handled declines in both telecom and gas turbines in a good way.

PROFIT

AQ has not achieved the goal for profit in 2018. To rectify this, we have carried out three major restructuring projects during the year. Our unit in Thailand that manufactured sheet metal parts for the telecom segment is closed and the production moved to our unit in China. In August, AQ was forced to set up a subsidiary that produces sheet metal parts for the automotive industry in bankruptcy. This is a serious and costly failure that we have learned a lot from. The operations of this company are now being run by a new owner. We have also closed our unit in Ludvika and moved production to other AQ companies in Sweden and Bulgaria.

The item affecting comparability for the bankruptcy was SEK 73 million and in addition to this, the operational losses in these three companies during the year were SEK 58 million. Despite this, we report a profit margin before tax of 4.2 % (EBT) and the Board of Directors proposes an unchanged dividend of SEK 2.75 per share. This restructuring has been hard work during the year and we are now entering 2019 with better opportunities to reach our goals.

It is gratifying that the increase in inventories and accounts receivable has stopped during the second half of the year despite continued strong growth. We see a good effect of the warehouse reduction projects we have carried out on two units and will continue to do so at other factories.

DELIVERY CAPABILITY & CAPACITY

At AQ Group, we work intensively to become a better supplier to our demanding industrial customers. We are aware that during the past year of strong growth we have not always lived up to some of our customers' expectations of delivery reliability. This costs money in the form of express shipping, overtime and hired staff. The most serious thing is, however, that it affects our customers' confidence in us and our ambition to be "Reliable". We work hard to improve routines, standards and processes to become more robust and flexible in the future.

In order to cope with the strong growth, we continue our investments in capacity and better production equipment, for example;

- We have increased the workforce by 521 people
- Our two wiring systems factories in Poland have grown out of their current premises and will in 2019 move into new factory buildings that are under construction
- We have moved into new premises in Mexico
- The acquisition of Mecanova has given us a new factory and expanded capacity for sheet metal processing in Estonia. We have invested further in our painting facilities in Estonia and Bulgaria
- We have invested in a 3D laser in Sweden that is increasing our ability and productivity within shaped and welded sheet metal components
- We are now processing components in ceramic materials in our new in-house proprietary machine in Hungary with pulsating high power lasers



ACQUISITIONS

During the year, AQ carried out two important acquisitions. One, B3CG, is an example where we follow our customers into new geographical areas. B3CG is located in Canada and the USA and is a successful supplier of wiring harnesses to buses. They also make electrical cabinets for several other customers.

The second acquisition is an example where we strengthen our ability both in terms of customer base and capacity. The acquisition of Mecanova gives us a better market position in the Finnish market while expanding our capacity for sheet metal processing in Estonia. Mecanova had a factory near our factory in Pärnu and we have now created a new and powerful combination of these two factories.

ORGANISATION

AQ Group has a strong culture with core values that are for real in customer focus, entrepreneurship, simplicity, cost efficiency, courage and respect. We run our business in decentralized companies with talented leaders and employees who work close to their customers and

have a mandate to run the business. In this way, we can be quick and utilize all the opportunities available in the market. This is a strategy we will continue with.

OUTLOOK

Our guideline is to be a long-term stable, growing and profitable group with a profit margin before tax of 8 % and a strong financial position. We like to do business with the customer in focus. Our employees and managers are doing a good job and it will also be reflected in new business in the future.

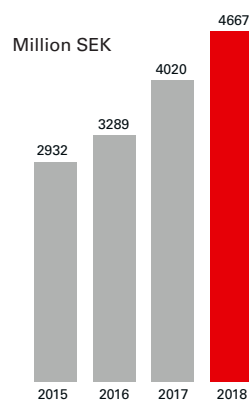
With strong relationships with world-leading customers and engaged employees, we shall work hard on new acquisitions, continued organic growth, good cash flow and a stable profit level. A continued important part of this is our core values and our pursuit of being a long-term and "Reliable" supplier to leading industrial customers.

Anders Carlsson
CEO

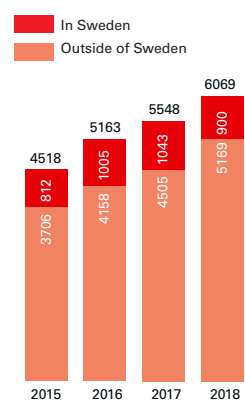
Some of the key points of the strategy for profitable organic growth are to:

- be "Reliable," entailing high quality and delivery
- use a modern and efficient production apparatus
- participate in customer development and engineering work
- decentralised organisation for strong driving forces within innovation and ambition

Net turnover



Average number of employees



OUR VALUES

Our values form an important basis for our business and unites AQ's companies worldwide. Our building blocks **Customer focus, Simplicity, Entrepreneurial business, Courage and Respect** and **Cost efficiency** are based on a fundamental respect for our customers, employees and partners. We have a decentralised organisation to strengthen the driving forces within innovation and ambition.



VALUES

The core values help to create a unique corporate culture. They have been around since the start in 1994 and continue to permeate throughout the company. The values are based on a fundamental respect for the individual and a belief in people's abilities to take initiative. There is an openness to new ideas and a desire for continuous improvement throughout the company. Simplicity, cost efficiency and courage and respect are other examples of values that contribute to our prestige less culture. By sharing values, colleagues from all parts of the world can work together in a fast pace, rely on each other's knowledge and skills, develop together and create customer value the best way.

In 2018, we have continued to implement our values in acquired units. It happens e.g. via the CEO and HR Manager together meeting management teams and going through everything from AQ's history to reviews of AQ's values. Our values are documented in fifteen different languages. Our business is characterised by "We Are Reliable" no matter where or with whom at AQ that you meet.

EMPLOYEES

Commitment by employees is the key to AQ's success worldwide. The primary basis for AQ's success is all our dedicated and talented employees with widely diverse backgrounds and nationalities. This combination of skills is a prerequisite for AQ's future development in a challenging market. Each employee makes a difference in the workplace to create the best offering and best experience for customers. Everyone can contribute with their own ideas and new perspectives.

We target customers who are world leaders in their respective niches. For them to be world leaders, they must work with world-leading suppliers. AQ shall be the world leader in cost efficiency, quality, delivery, alertness and service. This is the meaning of "We Are Reliable". AQ has no great patents or other protection, we live on the fact that we have the best teams. To earn the best teams we must be honest, open, interested, to have courage, give feedback and welcome opposition. The responsibility for this lies with everyone. Managers at AQ have an additional responsibility to lead by example and ensure good communication with employees.

» Together we will be the world's best supplier!

WE ARE RELIABLE

Customer
focus

Simplicity

Entre-
preneurial
business

Cost
efficiency

Courage
and
respect

GOALS AND STRATEGIES



Our Vision is to be a reliable growing partner for demanding industrial customers.

VISION

To be a reliable growing partner for demanding industrial customers.

BUSINESS CONCEPT

Our business concept is to develop, manufacture and assemble components and systems for industrial customers with high demands. With our commitment to **TOTAL QUALITY**, our customers become long-term partners.

OVERALL GOALS

AQ Group's Board has set targets for the Group. The objectives assure that the Group is being managed towards a good profit, high quality and delivery reliability, and strong growth with a sound level of financial risk.

- 🎯 We aim to be a world leader in terms of quality, delivery precision and customer service
- 🎯 Our goal is to be close to our customers geographically in order to offer products with the best total cost with low environmental impacts
- 🎯 We strive for profitable growth

STRATEGY

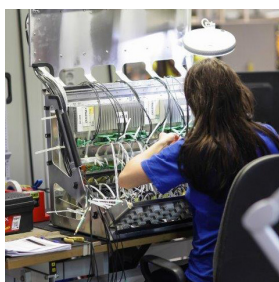
The main points in the strategy for profitable organic growth are:

- to be reliable, which means high quality and delivery reliability
- to use modern and efficient production
- to participate in customer development and engineering work
- decentralised organisation for strong driving forces within innovation and ambition
- to utilise economies of scale in purchasing and logistics
- adhere to our values in terms of ethics and moral in terms of sustainability
- to be close to our customers' production units around the world



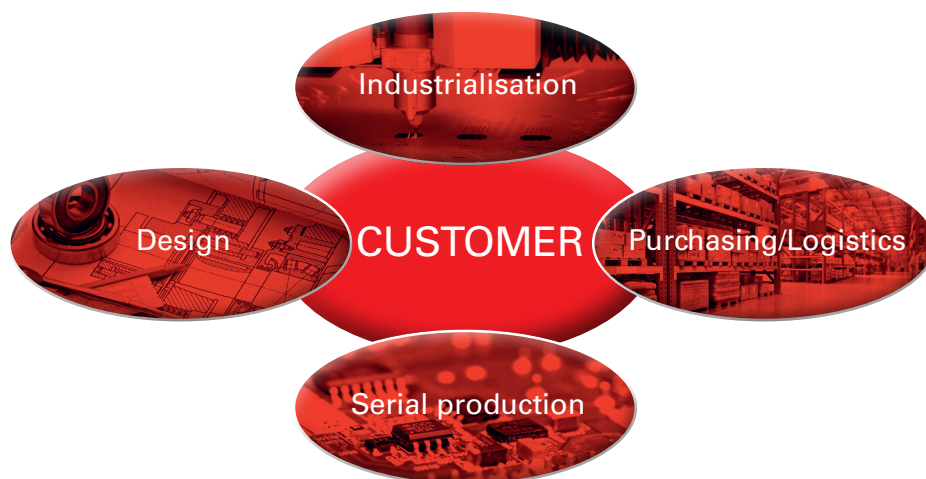
GOALS		DESCRIPTION	FULFILLMENT												
PRODUCT QUALITY															
Our products shall be delivered without generating any disruptions for our customers. Product quality shall be perfect in the customer's eyes.	100%	In order to assess product quality, we measure the number of disruptions that occur at the customer and compare it with the total number of deliveries. Over the last five years, our quality has remained at a steady level of around 99.5 %.	<table border="1"> <caption>Product Quality Fulfillment (%)</caption> <thead> <tr> <th>Year</th> <th>Fulfillment (%)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>99.5</td> </tr> <tr> <td>2015</td> <td>99.7</td> </tr> <tr> <td>2016</td> <td>99.6</td> </tr> <tr> <td>2017</td> <td>99.5</td> </tr> <tr> <td>2018</td> <td>99.5</td> </tr> </tbody> </table>	Year	Fulfillment (%)	2014	99.5	2015	99.7	2016	99.6	2017	99.5	2018	99.5
Year	Fulfillment (%)														
2014	99.5														
2015	99.7														
2016	99.6														
2017	99.5														
2018	99.5														
DELIVERY PRECISION															
To perform according to expectations is the key to success. Our ability to deliver on time is our main priority.	98%	To assess delivery performance, we measure the number of late deliveries made to a customer and compare it with the total number of deliveries. Our delivery performance has deteriorated during 2018. Largely due to delayed deliveries of components from our suppliers. We are working hard to reach our goal of 98 %.	<table border="1"> <caption>Delivery Precision Fulfillment (%)</caption> <thead> <tr> <th>Year</th> <th>Fulfillment (%)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>96</td> </tr> <tr> <td>2015</td> <td>97</td> </tr> <tr> <td>2016</td> <td>94</td> </tr> <tr> <td>2017</td> <td>92</td> </tr> <tr> <td>2018</td> <td>88</td> </tr> </tbody> </table>	Year	Fulfillment (%)	2014	96	2015	97	2016	94	2017	92	2018	88
Year	Fulfillment (%)														
2014	96														
2015	97														
2016	94														
2017	92														
2018	88														
FINANCIAL STANDING															
First, we make money, then we invest. AQ shall not be dependent on lenders. Our goal is to always have an equity ratio exceeding 40%.	>40%	AQ has a AAA certificate from Bisnode. Our equity ratio has been above the target in the last five years.	<table border="1"> <caption>Financial Standing Fulfillment (%)</caption> <thead> <tr> <th>Year</th> <th>Fulfillment (%)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>63</td> </tr> <tr> <td>2015</td> <td>58</td> </tr> <tr> <td>2016</td> <td>60</td> </tr> <tr> <td>2017</td> <td>61</td> </tr> <tr> <td>2018</td> <td>58</td> </tr> </tbody> </table>	Year	Fulfillment (%)	2014	63	2015	58	2016	60	2017	61	2018	58
Year	Fulfillment (%)														
2014	63														
2015	58														
2016	60														
2017	61														
2018	58														
PROFITABILITY															
AQ's goal is to reach a profit before tax at 8% over a business cycle.	+8%	The assessment is that the goal of having a profit before tax of 8 % over a business cycle is challenging due to constant pricing pressure and strong competition.	<table border="1"> <caption>Profitability Fulfillment (%)</caption> <thead> <tr> <th>Year</th> <th>Fulfillment (%)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>7</td> </tr> <tr> <td>2015</td> <td>7</td> </tr> <tr> <td>2016</td> <td>8</td> </tr> <tr> <td>2017</td> <td>6</td> </tr> <tr> <td>2018</td> <td>4</td> </tr> </tbody> </table>	Year	Fulfillment (%)	2014	7	2015	7	2016	8	2017	6	2018	4
Year	Fulfillment (%)														
2014	7														
2015	7														
2016	8														
2017	6														
2018	4														





BUSINESS MODEL

AQ's customers are often world leaders in what they do. Some of our largest customers are the driving force in the development of electric power transmissions, commercial and rail vehicles, construction machinery and telecommunications equipment. They depend on getting components and systems of good quality, delivered on time, from AQ. At the same time, they place high demands on us so that we produce our products in a sustainable way. AQ adds customer value in essentially four different areas.



Design	Industrialisation	Purchasing/Logistics	Serial production
AQ can, thanks to its long experience in manufacturing, help customers with the design of components and systems. This works best when AQ is involved early in the product development process.	In many cases AQ helps its clients to industrialise the prototype. It basically means that we set up an optimal production structure as close to customer markets as possible in one of our many factories.	Through our global presence in many countries, we often help our customers find an equivalent component alternative at lower prices internally within AQ, but also externally. This allows us to reduce the total cost for our customers.	AQ's many manufacturing units are focused on delivering the desired quality on time and as efficiently as possible. We often say that we sell reliability. As it is our understanding that this is what our customers value most.

Components and systems for a better environment

AQ has many customers who are leading in technology to improve our environment. We help them produce parts or complete products. Over the years, AQ has seen increased demand in these areas. In order for our customers to succeed, it is of the utmost importance that the products work for a long time, but also that they have as low a cost as possible. We help them with everything from realizing an idea to serial production with deliveries globally close to our customers' markets. We can most clearly see the trend in commercial vehicles where several of our customers switch to full or partial electrical propulsion. There, AQ can assist them with the expertise to produce for the automotive industry combined with our expertise in electric power and electrical automation.

REFERENCE PROJECTS

- Design, industrialization and serial deliveries of electric automation cabinets to a product that cleans ballast water on board boats, which prevents the spread of foreign species to a leading supplier of equipment for marine applications
- Industrialization and serial deliveries of a product to clean cutting fluids without chemicals
- Serial deliveries of inductors to inverters for customer in India to handle power from solar cells
- Serial deliveries of roof modules to high-speed trains in Germany
- Design and prototyping of lithium battery pack for use in electric propulsion on mining machines
- Industrialization and serial deliveries of power cables to commercial electric vehicles



Cleaning of ballast water means that ships can fulfill the UN's climate goals to preserve marine ecosystems.

BUSINESS AREAS

AQ has several business areas where we are a leading component and system supplier for customers in environmental technology:

- Inductive components

- Wiring systems
- Electric cabinets
- Sheet metal processing

Growth and new geographical markets

Contract manufacturing is a competitive business. AQ can't rely on patents or its brand to gain market shares. Our strategy is with local production and sales near the customer to offer the most cost-effective solutions. Our customers are global suppliers of advanced technical products. They have a continuous need to find reliable suppliers near their own production sites.

We see clearly that demand for local content is increasing on many of our customers' markets. Therefore, it is of utmost importance that we listen to our customers' request to be present on the local markets.

During 2018 we have continued expansion of our companies in Finland, Canada and USA.

We believe that local sales and production where we eliminate intermediaries such as logistics companies, sales office and distributors, makes our products more profitable for both us and our customers. It is of course also good for the environment.

REFERENCE PROJECTS

- Increased sales of plastic components to a leading manufacturer of snowmobiles in Finland
- Started deliveries of wire harnesses to leading suppliers of buses in the USA and Canada
- Deliveries of automation equipment to leading companies in process automation for airports from our factories in Bulgaria, China and India
- Deliveries of sheet metal enclosures to a leading supplier of welding equipment in Finland
- Serial production of sheet metal components from Bulgaria for a leading manufacturer of construction equipment



BUSINESS AREAS

All of AQ's business areas are close to their customers.

Below are described in which countries We have activities for each area.

Inductive components: Bulgaria, China, India, Italy, Sweden, Serbia

Wiring systems: Poland, Lithuania, Sweden, India, China, Mexico, Canada, USA

Electric cabinets: Bulgaria, Sweden, China, India, Poland, Canada

Sheet metal processing: Sweden, Bulgaria, Estonia, China, Finland, India

Precision stamping and Injection molding:

Sweden, Hungary, Bulgaria, China

System products: Sweden, Bulgaria, China, Estonia

Special technologies and engineering: Sweden, Hungary, China, Bulgaria

THE PURCHASING FUNCTION CONTRIBUTES TO INCREASE AQ'S COMPETITIVENESS

The purchasing function is of strategic importance in a modern group like AQ. In close cooperation with sales we ensure cost effective suppliers from a base of global suppliers.

In purchasing, we are working to build mutually beneficial long-term relationships with our suppliers. We are working to develop and improve existing supplier base and are constantly looking for new more competitive suppliers. We can offer manufacturing of components in low cost countries, often within AQ where we can benefit from AQ's competence and capacity.

Ongoing work continues to utilise economies of scale and synergies within the Group in terms of purchased materials, components and equipment. Through our global footprint and close cooperation in purchasing, we create the conditions for a common ground in how we develop our supplier base and realise synergies. We put great emphasis on finding suppliers with the lowest total cost, and preferably with a global production to ensure a global and cost-effective supplier base. We have a continued focus on category management of strategically important products and purchase areas with the purpose to strengthen and develop competitive advantages.

Since we have a strong focus on ensuring top level quality and delivery precision for our customers, our suppliers must have high performance levels. Together with our suppliers, we strive to act and cooperate with the customer to add value. In order to live up to our customers' requirements, we ensure that our suppliers maintain and develop our basic requirements in terms of cost-effectiveness, quality, reliability, service, ethics, sustainability and risk mitigation.

In close cooperation with our suppliers, we develop our supplier base by conducting supplier assessments and



AQ purchasing team at the yearly purchasing conference which, this year, was held in Lithuania hosted by AQ Wiring Systems.

continuously providing feedback on performance, such as delivery and quality outcomes. In cases where a supplier does not meet our requirements, we take action and replace them.

The year has still been characterized by higher raw material prices with a weak slowdown in the later part of fourth quarter. This has required continued focus on ensuring collaboration with competitive suppliers. We have seen longer lead times on certain product categories.

Our share of signed agreements has increased, which helped us minimize risks associated with fluctuations in raw material prices and ensure a cost-effective supplier base.

ACQUISITIONS, ACQUISITION PROCESS AND INTEGRATION

AQ's overall goal is to be a leading global contract manufacturer. An acquisition strategy is an important part of reaching the goal.

Acquisitions are an important part of AQ's strategy and an important building block in our goal of profitable growth. Acquisitions strengthen our competitiveness and results in a broader range of products and services, new customers and new geographic markets. Acquisitions also give us opportunities for synergies in areas such as purchasing, IT and administration. We are committed and long-term industrial owners - our companies shall be prosperous and develop in a positive way. Our goal is 100 % ownership of the companies we acquire.

Potential acquisitions are evaluated based on their profile, financial history, growth and profitability potentials, as well as management. The companies shall be manufacturing companies in business-to-business sectors and ideally have interesting customers with strong brands. We look positively on companies with a matching corporate culture and who are entrepreneur-owned where the entrepreneurs continue being active in the companies.

Our core values are a prerequisite for the successful integration of acquired companies. Group management holds, after an acquisition, briefings about AQ and our values with the management of acquired companies. Integration is also reinforced since staff in sales, purchasing, finance and IT rapidly become integrated into the internal networks of AQ. We see it as a way to create good relationships at various levels. The companies' part in the AQ's organisation with clear reporting lines are also a priority of integration.

ACQUISITIONS IN 2018

In April, Mecanova Oy in Finland with subsidiary in Estonia was acquired. The purpose of the acquisition was to extend AQ's customer base, to broaden our offering in sheet metal processing and copper component manufacturing and to obtain synergies with our current factory in Pärnu, which was merged with AQ Lasertool in 2018.

In May, B3CG Interconnect in Canada with subsidiary in USA was acquired. B3CG is a leading supplier of complex electrical harnesses and electromechanical assemblies and it fits well in our business area Wiring Systems. The acquisition of B3CG's companies in USA and Canada gives us a strong platform for further expansion in North America. It was extra positive that the acquisition was made in consultation with one of our largest global customers.

After the listing on Nasdaq in 2017, the inflow of acquisition objects has increased, especially from Abroad.

FUTURE ACQUISITIONS

AQ will continue to grow through acquisitions. The challenge for AQ is to continue to make successful acquisitions. The acquisitions will be focused on two main areas. Partly to support our commitment to adapt our existing customer requirements and demands by being agile and adaptable, and finding companies that fit the customer requirements for production processes and market location. The other main area is to acquire companies with interesting new customers and markets, consistent with AQ's focus.

AQ is well positioned for new acquisitions, both from a financial and management perspective.

AQ continues to digitalize its processers and it has during the year started implementing new modules in the ERP systems, which means that you automatically receive a continuous update of values and change in inventory and WIP in the accounting. In this way, we get a better follow-up and reporting of our production economics.

During 2018 we have continued roll-out of our "blue-print" for digital transfer of business documents between AQ's ERP systems and the ERP systems of our customers and suppliers.



SUSTAINABLE ENTERPRISE



AQ GROUP SUSTAINABILITY REPORT

AQ was founded in Sweden in 1994 and consists today of about 6,000 employees, with a large share working in growth countries outside Sweden. We are a global manufacturer of components and systems for industrial customers with high demands around the world.



AQ consists of seven business areas which are Electric cabinets, Wiring systems, Precision stamping and Injection molding, Sheet metal processing, System products, Inductive components and Special technologies and Engineering. We take pride in being a reliable supplier by producing products with high quality, delivered on time in a sustainable way. AQ has been an active member of the UN global Compact since 2012.

AQ has set 10 principles and goals for its sustainability work. The principles correspond to the principles set forth by the UN Global Compact framework.

In our sustainability report we will present the goals and principles, how they are implemented and a presentation regarding goals and results.

HUMAN RIGHTS PRINCIPLES

Principle 1: Support and respect the protection of internationally proclaimed human rights

Principle 2: Make sure that we are not complicit in human rights abuses

Source: UN Global Compact

Assessment, policy and goals

AQ's goal is for all our employees and business partners to live up to the Universal Declaration of Human Rights.

Our values and code of conduct outlines the way each of us should behave and clarifies our responsibility to report instances of human rights violations. The code of conduct is known to all employees within the company. Also, our immediate supply chain should adhere to the same principles. The principles are clearly stated in the AQ Supplier Code of Conduct.

AQ's goal regarding Human Rights is to have zero human rights violation reports.

Implementation

All employees and external stakeholders can report violations directly by sending a message to whistleblower@aqg.se should there be any violations against human rights.

This year AQ continued implementation of its values, which were established in early 2012, across all AQ companies.

One of the cornerstones of the values is "Courage and Respect" including the principles, "Every

employee has the same status” and “We treat others as we like to be treated ourselves”. A copy of the AQ “Values” booklet has been handed to each employee in their local language. Workshops have taken place to further strengthen the understanding of the values across the company. This together with the AQ Code of Conduct gives guidance how to act within AQ in any given situation.

Suppliers are regularly audited using a standard template which contains a section on human rights and that they are required to adhere to the AQ Supplier Code of Conduct. Suppliers who have questionable ethics are not approved as an AQ supplier.

Measurement of outcomes

In AQ there has been no reported incidents of human rights abuses during the year. If any issues should occur in the future they will be recorded and brought to the attention of group management and the relevant authorities. AQ is fully committed to handle any such occurrences objectively and to act quickly. In the last four years we have had zero human rights violation reports in AQ.

In addition to this, AQ is supporting a village in India through the Hand in Hand foundation. They donate

money to prospective entrepreneurs in the village to help them to a better life.



“We are one of Sweden's most equal listed companies”

LABOUR PRINCIPLES

Principle 3: Uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: Uphold the elimination of all forms of forced and compulsory labor

Principle 5: Uphold the effective abolition of child labor

Principle 6: Uphold the elimination of discrimination in respect of employment and occupation

Source: UN Global Compact

Assessment, policy and goals

Our Code of Conduct shows clearly employee rights and responsibilities.

All employees work here willingly, and no employee is forced to work overtime.

In AQ we have a non-discrimination policy that take stand against all kind of discriminations and this

is stated clearly in our code of conduct.

We uphold the law and our ethical responsibility by only employing people of a legal working age.

The AQ goal for Labor Principles is to have an average self-assessment score higher than 2.5 and that no subsidiary should score below 2 in our yearly self-assessment where the lowest score is 0 and highest is 3.

Implementation

The labor unions in AQ are working well. AQ applies collective agreements that are negotiated by the parties and follows laws and regulations in the countries where we operate.

With regards to the safety of our employees we evaluate, and audit working conditions and make sure that the correct protective clothing and equipment is used.

We fully commit to providing a safe working environment. New employees receive relevant orientation training to carry out their tasks safely and existing employees receive continuous training at various intervals based on their need to be able to perform their respective tasks. We have during the year increased our focus on health and safety as an important part of our values. Special focus has been put on working with identifying risks earlier and getting more people involved with safety related work.

Measurement of outcomes

AQ Group Board of directors consists of five men and two women. In the AQ Group management team three are women and three are men. Within the entire AQ Group, we have an even gender distribution with 47 % women and 53 % men. During 2018, according to the Allbright report, AQ has placed itself as the eighth most equal company listed on Nasdaq Stockholm.

AQ has since 2015 implemented a company self-assessment that is done by the management of every subsidiary within the group. This gives the group management a good understanding of how well the principles in UN Global Compact are adhered to. The results from the survey 2018 show high scores on average. A gap analysis is also made to strengthen the subsidiaries where the score is considered low. In 2018, we developed AQ's self-assessment analysis with more questions on environmental health and safety.

In 2018 the score for Labor principles was on average 2.84 where 3 is highest. No subsidiary within the group has scored lower than 2.

AQ Group's subsidiaries are continuously being audited by our customers. During 2018 we have passed audits from, for example, Audi, Volvo, Scania, Siemens, Bosch, Alstom, GE, Ericsson, Bombardier, ABB, Tetra Pak, Volkswagen and Mitsubishi. These companies focus strongly on corporate social responsibility which helps us to comply with Labor Principles.

ENVIRONMENTAL PRINCIPLES

- Principle 7:** Support a precautionary approach to environmental challenges
- Principle 8:** Undertake initiatives to promote greater environmental responsibility
- Principle 9:** Encourage the development and diffusion of environmentally friendly technologies

Source: UN Global Compact

Assessment, policy and goals

In our Environment Policy, available on our web site, we publicly share our environmental viewpoint: “Our business and processes are designed in such a way that energy and resources are used efficiently, and waste and rest products are minimized over the life cycle of our products”.

We shall comply with rules and legislation and constantly work with improvements to reduce or prevent our environmental impact, from design to delivery.

One of the environmental goals for AQ is to have all AQ production sites certified in accordance with ISO 14001 and to have a score higher than 2.5 on our annual self-assessment.

Implementation

Environmental concerns and improvements are part of our daily work and continuously discussed during regular follow-up meetings in our subsidiaries. We conduct risk analysis when necessary and work according to our management systems. We work according to the precautionary principle by avoiding materials and methods related to possible environmental and health risks when other alternatives are available.

We also share best practices between our sites through our CEO’s weekly newsletter. One example of this is the widespread implementation of LED lighting in most of the AQ production units and offices to reduce electricity consumption. Another example is the use of heat exchangers in our plants to reuse excess heat from production processes.

A major environmental impact is the truck transports that takes place between our suppliers, our factories and our customers. Here we work to reduce our truck transports through more efficient transport solutions and transport coordination. We offer production in many countries close to customers and suppliers. We also participate as a supplier in the transportation industry’s transition to new fuels and technologies.

Measurement of outcomes

79 % of the group’s production units are certified according to ISO 14001. All units are securing that national environmental laws are followed. This is secured on group management level through the AQ self-assessment procedure. The environmental score for 2018 was 2,90 where 3 is highest.

Some of the concrete actions that have been done in the past years to improve the environment,:

- AQ is supporting the World Wildlife Foundation
- AQ is supplier to companies with purifying ballast water that protect the biodiversity of our oceans



- AQ is using electrical vehicles to transport goods to and from our production facilities in Västerås and Uppsala
- Many of the AQ factories have implemented LED lighting in the workshop
- AQ has three production sites that have installed solar panels or solar heating devices
- All AQ’s facilities in Sweden are powered with renewable energy
- Many of AQ’s production facilities reuse the heat generated from production processes to heat the factory
- AQ is as a supplier actively taking part in the conversion from conventional to electric commercial vehicles
- During the year we have increased our recycling of used plastic
- Improved automation in our painting plants for more demand-driven energy use
- AQ conducts audits of new suppliers and follow-up of existing suppliers to ensure that suppliers meet AQ’s set environmental requirement

ANTI-CORRUPTION PRINCIPLE

Principle 10: Work against corruption in all its forms, including extortion and bribery

Source: UN Global Compact

Assessment, policy and goals

AQ puts great emphasis on building trust and long-lasting relations with our employees, customers and suppliers. It lies in our business ethics to always follow laws and regulations as a minimum requirement in all countries we operate.

We do not, under any circumstances, accept bribery, extortion or any other kind of corrupt activities. It is stated in our code of conduct that we shall always conduct good business ethics and that we do not offer rewards or benefits, which conflict with laws or regulations, to customers, suppliers or authority representatives.

Every employee that is involved in business transactions receive training on our code of conduct and our supplier code of conduct which clearly indicates our stance on corruption: “If an employee is offered a gift, a bribe, an illegitimate commission, or any other form of personal payment, it must not be accepted.” A preliminary evaluation of the risk of corruption has been made. The biggest risks come in the form of gifts and bribes from suppliers. Therefore, we have made this clear to our suppliers that it is strictly forbidden to give personal gifts to our employees.

The AQ Goal for anti-corruption is to have zero reported corruption cases.

Implementation

It is all managers’ responsibility to inform employees about our anti-corruption policy and code of conduct. All managers shall furthermore encourage employees to report on indications of any type of violation regarding these policies. Such reports can be done anonymously to whistleblower@aqg.se in accordance with our Whistleblower Policy.

In order to prevent the identified risks, we have taken several measures.

- Implementation of a rigorous procurement process, including cross-functional approval of suppliers
- Suppliers must have read and approved the AQ Supplier Code of Conduct
- Periodic market research of prices of key materials to be compared against existing purchasing prices
- Reviews of personal expense claims
- The UN Global Compact logotype is included in our company presentation to suppliers and customers

Measurement of outcomes

We make it clear to our employees and supply chain partners that we will not accept corrupt behavior. If it were to happen in AQ, the relevant disciplinary and/or legal actions would be taken against the guilty parties.

Audits from senior management take place at various intervals to check that standard procedures are being followed. And to cement these principles the management of each subsidiary need to commit to our principles in our yearly self-assessment. The score from the 2018 self-assessment was 3.0.

WHISTLEBLOWER FUNCTION

AQ has a global whistleblower policy where internal and external stakeholders can report violations.

In 2018 we have received two reported cases. The AQ group management team has analyzed them and found that one was without ground. One case is still under investigation.

SUSTAINABILITY RISK ASSESSMENT

AQ has a process where the group and each subsidiary of the group makes an annual self-assessment. This is the foundation for our sustainability risk assessment. AQ has identified the following risks that could cause a probable negative effect on the sustainability of the company.

Risks related to Human rights, Anti-corruption and Labor principles

It is a potential risk that breaches of our principles could occur, if AQ fails to ensure that every employee understands and follows our AQ Code of Conduct. In 2018, initiatives were taken to ensure that each employee signs AQ’s Code of Conduct, where they need to commit that they have understood and will follow its opinion. In Sweden we have implemented sign-off of Code of Conduct and AQ Core Values as part of the employment agreement.

AQ is doing its utmost to control that the full AQ supply chain respects and follows the rules set forth in the AQ Group Supplier Code of Conduct. We perform regular supplier audits and every supplier need to respect our code of conduct. It is a risk that our suppliers willfully or by lack of knowledge break our rules. AQ is committed to mitigate this risk by constant monitoring of the supply chain.

Risks to the Environment

AQ has several surface treatment facilities with notifiable operations. An accident at a surface treatment facility can affect the environment. Furthermore, there is a risk that current and previous activities may have resulted in contamination of land where the activities have taken place from time to time. AQ is constantly monitoring the impact its operations have on the environment through the ISO 14001 management system approved production sites. This should mitigate most of the risks for that our operations may harm the environment.

References

For a deeper understanding how we work in AQ, please visit our website. Below you can find some guidance to where you can find our different policies and values.

AQ’s values, Code of Conduct and Supplier Code of Conduct can be found here:

<http://aqg.se/en/core-values>

AQ Sustainability guidelines:

<http://aqg.se/en/aq-group/sustainability>

AQ Policy’s: <http://aqg.se/en/aq-group/policies>

AQ Whistleblower

Please contact us at whistleblower@aqg.se if you would like to report a violation of the AQ Code of Conduct or national laws and legislation. Your identity will be protected.



Auditor's opinion regarding the statutory sustainability report

To the general meeting of the shareholders in AQ Group AB (publ), corporate identity number 556281-8830

Engagement and responsibility

It is the board of directors who is responsible for the sustainability report for the year 2018 on pages 17-21 and that it is prepared in accordance with the Annual Accounts Act.

The scope of the examination

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 *The auditor's opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Västerås 2 April 2019

KPMG AB

Helena Arvidsson Älgne
Authorized Public Accountant

Sales, Product Development and production take place in:

- Sweden
- Bulgaria
- China
- India
- Poland
- Canada



Electric cabinets

AQ is a complete partner for customers who need electrical systems. Our equipment is used in a variety of applications that have been delivered worldwide.

Some examples are electric cabinets for demanding food processing, control and power equipment for ship cranes, control equipment for automated handling of goods in ports, monitoring and control systems for large motors and generators.

Through a common and long-term cooperation with our customers, we have developed products that are adapted to today's requirements for security and information technology. All units are certified to ISO 9000, and we can also deliver quality assured equipment according to UL standards.

We have an approach that is very customer focused and flexible. We are organised into customer teams, an organisational form that has streamlined decision-making and takes full responsibility for the customer. This allows us to undertake assignments that place high demands on flexibility and supply reliability with short lead times.

Our offerings include:

- Developing prototypes
- Serial deliveries
- Project deliveries
- Design in a modern CAD environment
- Turnkey undertaking, from design to installation
- Project management to reduce the manufacturing cost of products and systems

Sales, Product Development and production take place in:

- Sweden
- Bulgaria
- China
- Estonia



System products

AQ offers a range of equipment and machines, an example of this is the ticket machines for parking and travel tickets as well as packaging machines.

The products, which are often technologically advanced, are developed and fine-tuned in close cooperation with customers to achieve cost-efficient and technically optimised solutions.

We work to create and maintain long-term relationships where we are the customers' manufacturing partner that creates added value in terms of cost, quality, development, delivery and logistics.

Our offerings include:

- Total responsibility for our partners. Design in 3D CAD e.g. Inventor Pro, Solid Works, Solid Edge, Siemens NX, Pro Engineer
- Cost-effective production
- Competence in product development
- Competence in procurement of materials and components on the world market
- Testing of both mechanical function and software
- Delivery to the end customer
- Repairs and service



Sales, Product Development and production take place in:

- Sweden
- Hungary
- Bulgaria
- China

Precision stamping and Injection molding

AQ is a global supplier of manufacturing and assembling tool-bound sheet metal and thermoplastic parts to demanding industrial customers. With our commitment to Total Quality, our customers become long-term partners.

We have a modern machine park with more than 120 injection molding machines with locking force from 25 to 1500 tons and 100 punching machines.

The series size can vary from a few to a million details per year. We process most construction plastics such as PC, PA, PBT, PC / ABS, PP, ABS, TPE, TPU, POM but also high-performance plastics that can withstand temperatures above 200°C, eg. PES, PEI and PEEK. We have extensive experience of punching complex materials with high tolerance requirements.

We also have the opportunity to injection mold plastic with up to 4 different materials in one and the same component.

Our customer base is made up of large industrial customers in various industries such as the automotive, medical, telecom and engineering industries. We have production units in Sweden, Hungary, China and Bulgaria for global deliveries.

Choosing AQ as a partner, is to work with enthusiastic and cooperating colleagues at every stage of the project - from idea to finished product.



Sales, Product Development and production take place in:

- Sweden
- Bulgaria
- India
- Italy
- China
- Serbia

Inductive components

Inductive components from AQ are found in some of the most demanding applications, such as in high-speed trains, in relay protection, aviation equipment and equipment for process automation. Our products are largely developed in cooperation with the customer. This possibility is used by more and more businesses because it provides the opportunity to realise economically and technically optimal solutions.

In our offering, there is a wide range of transformers and inductors:

- Transformers and inductors for PCB assembly
- Single-phase and three-phase transformers, EI sections, cut cores, C sections, UI sections
- Single-phase and three-phase inductors, EI sections, cut cores, C sections, UI sections, AC design with overtones and various curve forms and DC design for smoothing
- Transformers and inductors for traction
- Transformers with integrated inductors
- Toroid transformers
- HF inductors ≤ 25 kHz
- HF transformers ≤ 15 kHz
- Air inductors
- Chokes
- Coils
- System voltage up to 22 kV
- Output 1VA to 3MVA
- Cooling by natural convection or forced cooling with air or water



Sales, Product Development and production take place in:

- Sweden
- India
- China
- Lithuania
- Mexico
- Poland
- USA
- Canada

Wiring systems and electromechanical modules

Is a global business area that provides wiring systems and electromechanical modules for demanding customers around the world.

We have extensive experience and knowledge when it comes to working with clients in the automotive, railway and general engineering industries. This has taught us to consistently strive to improve our processes and products, and has seen us assume a leading position in the market.

Our global presence, together with our expertise and experience in producing all kinds of wiring systems and electromechanical modules makes AQ an ideal partner for customers with qualified demands.



Sales, Product Development and production take place in:

- Sweden
- Bulgaria
- Estonia
- China
- India
- Finland

Sheet Metal Processing

AQ provides contract manufacturing of sheet metal components and complex sheet metal designs in the automotive, railway, telecommunication and electromechanical industries.

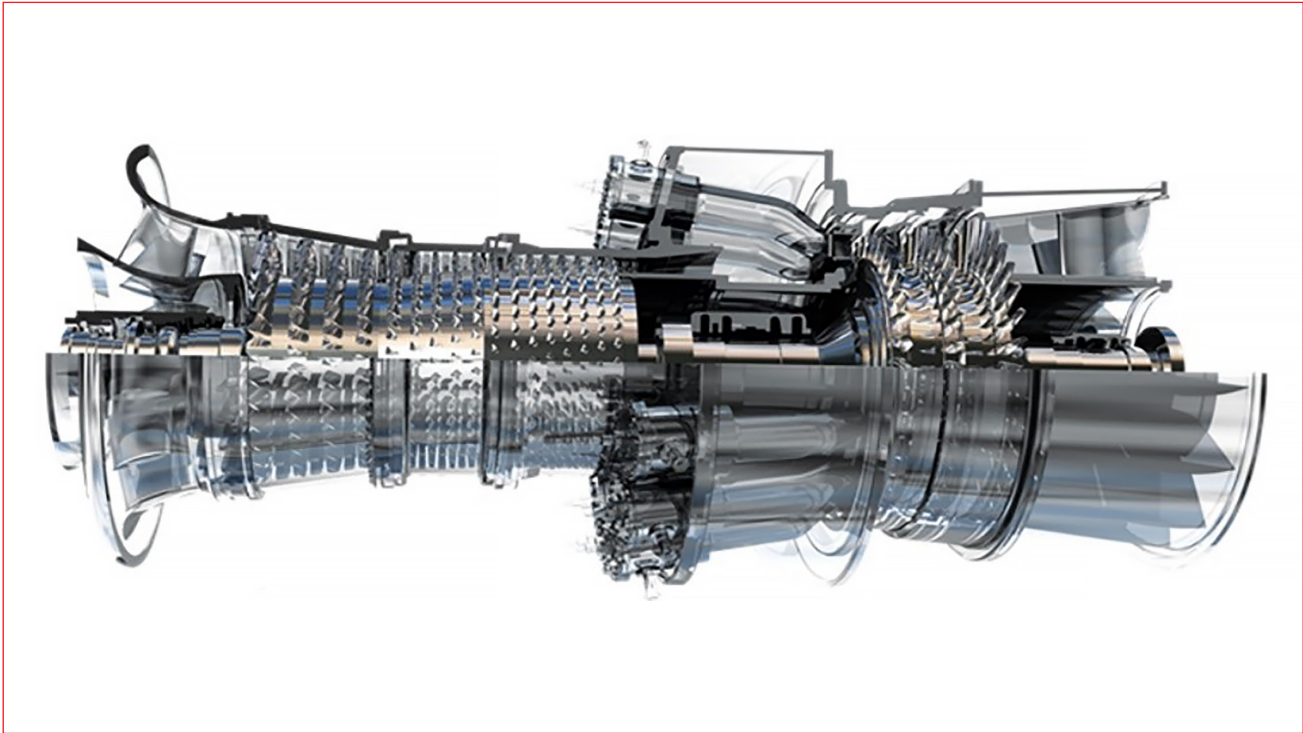
With high-tech equipment, knowledge, experience and creativity, we are an obvious choice in the industry.

Materials

Thickness levels from 0.2 mm to 20 mm in grades standard materials, high strength materials, aluminium and stainless steel.

Processes

- Sheet metal in high volumes (precision punching)
- Laser and edge bending
- Hydraulic and eccentric pressing from 10 to 400 t
- Manual and robotic welding (TIG, MAG and CMT)
- Surface treatment Zinc phosphatising/ED + Powder and Oxsilan + Powder
- Assembly



Part of gas turbine

Special Technologies and Engineering

The business area Special Technologies and Engineering consists of AQ's operations involving a high level of technology and which supplies advanced technology products and services to demanding industrial customers.

Special Technologies

AQ Anton is a leading supplier in machine processing of components for large industrial gas turbines for leading industrial customers. We use sophisticated equipment to process high-temperature materials such as nickel-cobalt alloys.

AQ M-Tech in Uppsala, Sweden develops and manufactures components and systems for medical applications and for industry. We have developed and patented their own products which are sold to medical applications worldwide.

Engineering

AQ Engineering develops complete systems for the automotive industry and provides engineers with expertise in cost estimations, quality and mechanical design of both sheet metal and plastic components for the automotive and other industries. Our engineers can develop manufacturing processes and products in close cooperation with the customer.

AQ Magnetica Italy and AQ Trafo are focused on the development and design of inductive components, both in terms of electrical and mechanical design. Our engineers have extensive experience in developing solutions together with customers to meet customer requirements. The design work occurs in SolidWorks where a 3D model of the product is created based on customer specifications. Verification of the design, both mechanically, electrically and thermally, is via FEM calculations.

SHARES, SHARE CAPITAL AND OWNERSHIP

The designated company name is AQ Group AB (publ) and the share's short name is AQ Group. The company's Swedish corporate identity number is 556281-8830.



The company began operations on October 1, 1994 in Västerås, where it is also currently based. AQ Group's shares are since January 16, 2017 listed on NASDAQ OMX Nordic Exchange MidCap.

The shares entitle, at the shareholders' meeting, one vote each and the shares are freely transferable. Each share carry equal rights to dividends.

The quotient value is SEK 2 per share.

SHARE INFORMATION AND SHARE STRUCTURE

Share name: AQ Group / Short name: AQ / ISIN-kod: SE0000772956

Share capital per December 28, 2018 was SEK 36,588,116 distributed over 18,294,058 shares. There is only one type of shares and entitle shareholders to one vote. AQ Group holds no treasury shares.

CONVERTIBLE BONDS AND OPTION PROGRAMS

There are no convertible bonds or option programs in AQ Group.

OWNERSHIP STRUCTURE

Per December 28, 2018 the number of shareholders in AQ Group was 4,353 (5,596).

See table below:

Number of shares	Total amount of shares	Percentage of equity (%)	Number of shareholders	Market value (TSEK)
1-500	323,292	1.77	3,651	48,494
501-1,000	221,912	1.21	280	33,287
1,001-5,000	658,702	3.60	298	98,805
5,001-10,000	298,046	1.63	39	44,707
10,001-15,000	336,289	1.84	27	50,443
15,001-20,000	230,298	1.26	13	34,545
20,001-	16,225,519	88.69	45	2,433,828
Totalt	18,294,058	100.00	4,353	2,744,109

Source: Euroclear

Share price development and turnover 2018

On the first trading day for the year 2018, January 2, 2018, the closing price was SEK 220 and on December 28, 2018, the share price was SEK 150, an decrease of 32 %. The price was highest on January 8 and 11 at SEK 231 per share. The average price over the year was SEK 170 per share.

The average number of shares traded per day was 8,752 and the average turnover per day was SEK 1,486,560. An average of 91 trades were made per day. The share development is shown in a diagram on page 29.

The share price can be monitored daily on the company's website at: aqg.se/en/investor/aq-shares.



Dividends

Earnings per share after taxes and after dilution amounted to SEK 8.26 (11.14). AQ dividend policy is to distribute approximately 25 % of the average earnings over a business cycle. The company's financial consolidation needs must always be considered.

Investor relations

Management participate in meetings with analysts, investors, other shareholders and media. This is important in order to increase the interest for the share and to give both current and new shareholders good opportunities to value AQ as fair as possible. Press releases are published immediately after an important event for the business has occurred. These are also archived on the web page. Interim reports are also published as press releases and are archived on the web page. Year-end reports are published on the web page and are together with other financial data archived since 2012. On the web page there is also information about the share.

Authorisation by the Annual General Meeting

The Annual General Meeting (AGM) of 2018 authorised the board to, on one or more occasions until the next AGM, with or without deviation from the shareholders' preferential rights, decide to increase the company's share capital through the new issue of

up to 1,500,000 new shares. This authorisation shall include the right to decide upon an issue with cash payment or payment in kind.

The purpose of the authorisation and the reason that the deviation from shareholders' preferential rights can take place is to enable financing of acquisitions.

Shareholders

The table below shows the 10 largest shareholders per December 28, 2018. The two main shareholders are Claes Mellgren 24.89 (24.89) percent and Per-Olof Andersson 24.51 (24.51) percent.

Other large shareholders are Brown Brothers Harriman Co., W9 9.25 percent, Verdipapirfonde Odin 9.20 (7.39) percent, and Nordea Investment Funds 5.22 (4.85) percent.

Total number of shareholders per December 28, 2018 was 4,353 compared to previous year 5,596. This corresponds to a decline in the number of shareholders with 22 percent.

The 10 largest shareholders as per December 28, 2018

Owner	Number of shares	Number of shares (%)	Market value (TSEK)
Claes Mellgren with family	4,553,095	24.89	682,964
Per Olof Andersson	4,483,975	24.51	672,596
Brown Brothers Harriman @ Co., W9	1,692,414	9.25	253,862
Verdipapirfonde Odin Sverige	1,683,448	9.20	252,517
Nordea Investment Funds	955,374	5.22	143,306
Nordnet pensionsförsäkring AB	345,364	1.89	51,805
AVANZA Pension	288,373	1.58	43,256
Grenspecialisten Förvaltning AB	281,022	1.54	42,153
AMF Försäkring och Fonder	264,907	1.45	39,736
Carnegie fonder	150,000	0.82	22,500
Total of the 10 largest	14,697,972	80.34	2,204,696
Total Other	3,596,086	19.66	539,413
TOTAL SUM	18,294,058	100.00	2,744,109

Source: Euroclear

The share capital and its development, AQ Group AB					
Year	Event	Shares	Sum Shares	Amended share capital	Total share capital
1994	AQ starts operations Fund and share issue	4,500	5,000	450,000	500,000
1998	Bonus issue	20,000	25,000	2,000,000	2,500,000
1999	Non-cash issue	290	25,290	29,000	2,529,000
2000	Non-cash issue	360	25,650	36,000	2,565,000
2000	Non-cash issue	460	26,110	46,000	2,611,000
2000	Bonus issue	26,110	52,220	2,611,000	5,222,000
2000	Split 10:1	469,980	522,200	-	5,222,000
2001	New issue	50,000	572,200	500,000	5,722,000
2002	Non-cash issue	6,000	578,200	60,000	5,782,000
2002	Split 5:1	2,312,800	2,891,000	-	5,782,000
2004	Bonus issue	2,891,000	5,782,000	5,782,000	11,564,000
2006	Non-cash issue	57,000	5,839,000	114,000	11,678,000
2006	Bonus	11,678,000	17,517,000	23,356,000	35,034,000
2007	Non-cash issue	332,058	17,849,058	664,116	35,698,116
2010	Non-cash issue	110,000	17,959,058	220,000	35,918,116
2012	Non-cash issue	35,000	17,994,058	70,000	35,988,116
2013	Non-cash issue	40,000	18,034,058	80,000	36,068,116
2016	Non-cash	260,000	18,294,058	520,000	36,588,116
		Sum Shares: 18,294,058		Sum Share capital: 36,588,116	

Source: Euroclear

AQ share's development in 2018



Source: www.avanza.se

CORPORATE GOVERNANCE

AQ Group is a Swedish public company listed on Nasdaq Stockholm’s main market since January, 2017.

Corporate governance in AQ Group AB (publ) means to ensure that the company is managed on behalf of its shareholders as efficiently as possible, through a combination of written rules and practices. AQ Group follows the "Swedish Code of Corporate Governance" that applies to Swedish companies whose shares are traded on a regulated market (Nasdaq Stockholm's main market).

The shareholders

AQ Group had at year-end 4,353 (5,596) shareholders. Information on share performance, ownership, dividends and more can be found under shares, share capital and ownership.

Legislation and articles of association

AQ Group primarily applies the Swedish Companies Act and the rules that apply due to the share being listed. AQ's articles of association contain no restrictions on how many votes a shareholder may cast at the Annual General Meeting regarding the appointment of Board members and amending the Articles of Association.

Annual General Meeting

Notice of an annual general meeting is issued no earlier than six and no later than four weeks before the meeting. The notice contains information about registration and the right to participate in and vote at the meeting, as well as numbered agenda with the matters to be considered. Registration for the meeting is made in writing to the Company's address, or via e-mail. Proposals for the meeting should be addressed to the Board, with the address of its registered office, and submitted in good time before the notice is issued. The notice and agenda are also published on the website. Shareholders or representatives may vote for the full number of owned or represented shares.

Annual General Meeting

The AGM shall be held within four months of the fiscal year's end. At the AGM, among other things decisions are made regarding

the approval of the balance sheet and income statement, discharge from liability for the Board and CEO and the appropriation of retained earnings.

AQ Group's Annual General Meeting on April 26, 2018 was attended by 61 shareholders and representatives amounting to 64 % of the total number of shares and votes in the Company. At the AGM, the CEO, Group Management Team and members of the Board were present. During the meeting, shareholders were given the opportunity to ask questions which were also answered during the meeting. In addition to the above-mentioned decisions, the AGM decided on remuneration to the Board of SEK 1,590,000 in total. The Meeting resolved to approve the Board's proposal for remuneration to senior executives. The meeting authorised the Board to, until the Annual General Meeting for fiscal year 2018, on one or several occasions, with or without preferential rights for shareholders, to decide on a share issue of a maximum of 1,500,000 shares via allocation or by cash.

AQ Group has not had an extraordinary general meeting for the fiscal year in 2018.

APPOINTMENT OF OFFICERS

Nomination Committee

The Nomination Committee represents the shareholders and shall consist of one member appointed by each of the four largest shareholders.

These four must be members of the Nomination Committee for the AGM in 2019.

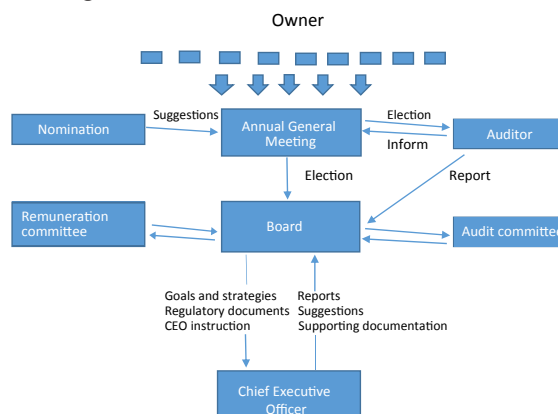
If any of the four largest shareholders waive their right to appoint a member to the nomination committee, the next shareholder in size shall be given the opportunity to appoint a member. In the event of a significant change in the ownership structure after the Nomination Committee's constitution, the composition of the nomination committee must also be changed accordingly.

The nomination committee's task is to, before the AGM, submit proposals with respect to the number of board members which are to be elected by the Annual General Meeting, the Board's fees, the Board's composition, the Chairman, the Chairman of the Annual General Meeting and the selection of auditors and auditor fees. The nomination committee's term of office extends until a new committee is appointed. No fees shall be paid to the committee members.

The nomination committee consists of four members, of which two are not connected to the Company's Board of Directors. Furthermore, at least one must be independent of the Company.

The nomination committee consist of Chariman Vegard Søråunet, ODIN Fonder, Björn Henriksson was elected from Nordea Fonder, PO Andersson via own mandate and the Claes Mellgren via own mandate to the Nomination Committee until the Annual General Meeting for 2019.

How AQ is governed



Board

The Nomination Committee shall submit proposals for the election of Chairman and other Board members and the fees distributed to the Chairman and the other members. As a basis for its proposals, the Nomination Committee;

- assess the degree to which the current Board meets future requirements with regard to the Company's development and takes part in the evaluation of the Board's activities during the year
- establishes requirement profiles for new Members, and
- systematically searches for new members and considers in particular the need for versatility and breadth of the Board and strives for a good gender balance.

Upon publication of the nomination committee's proposals, information shall be stated as to age, other significant assignments, own share holdings and those of close relations, independent executives/shareholders in managing roles, number of years on the Board (upon re-election), and other items which are considered essential for assessing skills and independence.

At the AGM, the Nomination Committee shall submit a report on how the work was done, and present and explain proposals. If no renewal is proposed, a special justification shall be provided.

At the AGM, P-O Andersson, Ulf Gundemark, Gunilla Spongh, Lars Wrebo, Annika Johansson-Rosengren and Claes Mellgren were elected to the Board. Patrik Nolåker was elected Chairman of the Board.

Tasks for the Board

The Board shall, for its owners:

- set overall goals and strategies
- continuously evaluate the company's management
- take responsibility so that procedures and systems are designed for the Company's operations
- take responsibility for transparency in external information
- ensure that laws and regulations are complied with
- that the Company upholds good conduct.

The Board's overall task is to manage the Company's affairs in such a way that the interests of the shareholders for good and long-term capital returns are realised in the best possible way.

Board composition

The Board shall, according to the articles of

association, consist of at least three and no more than seven members. The members are selected annually for the period until the next AGM. The majority of the members shall be independent of the Company and its management. The Board shall have the size and composition which is required in terms of skills and experience for the Company's operations and development, as well as the independence required so that the Board can independently and effectively manage the Company's affairs.

Board's work

In 2018, five scheduled meetings were held, one statutory meeting, two teleconferences and four per capsulam meetings. Before Board meetings, Board members were provided with written information on the issues to be discussed at the meeting. The Board has, in 2018, devoted particular attention to the process of the introduction of new CEO and restructuring of loss units.

Board's attendance in 2018 is as follows:

Patrik Nolåker	12 of (12) possible
P-O Andersson	12 of (12) possible
Ulf Gundemark	9 of (12) possible
Gunilla Spongh	12 of (12) possible
Lars Wrebo	12 of (12) possible
A Johansson-Rosengren	8 of (8) possible
Claes Mellgren	8 of (8) possible

Remuneration Committee

The Remuneration Committee is composed of Patrik Nolåker (Chairman) and P-O Andersson.

The Remuneration Committee prepares the Board's proposed guidelines for remuneration and other employment terms for senior executives. The proposal is dealt with by the Board and submitted to the AGM for approval. The Remuneration Committee is also responsible for considering and preparing the remuneration for company management that the Board then takes decisions on. The Remuneration Committee also establishes the proposals for the CEO's employment terms. The CEO consults with the Remuneration Committee regarding employment terms for other members of senior management. The Remuneration Committee shall also monitor and evaluate current remuneration structures and remuneration levels in the company and ensure that the Company's auditor, no later than three weeks before the Annual General Meeting, gives its written statement to the Board on whether the guidelines for remuneration to senior management has been followed since the last AGM. The Remuneration Committee has, in 2018, held five meetings where minutes were taken.

generation to senior management has been followed since the last AGM. The Remuneration Committee has, in 2018, held five meetings where minutes were taken.

Audit Committee

The Audit Committee comprises of Ulf Gundemark (Chairman), Claes Mellgren and Gunilla Spongh.

The Audit Committee has a monitoring role of the Company's financial reporting. The Audit Committee monitors the effectiveness of the Company's internal controls, internal audit and risk management with respect to financial reporting. The Audit Committee's duties include keeping regular contact with the Company's auditors to ensure that the Company's internal and external accounting satisfies requirements made on market-listed companies and to discuss the scope and focus of auditing work, evaluate the completed audit activities and notify the Company's Board of Directors regarding the results of the audit and the results of the evaluation. The Audit Committee also assists the Nomination Committee in establishing proposals for auditors and fees for audit work. The Audit Committee, in 2018, held six meetings where minutes were taken.

The Board's Rules of Procedure

In addition to laws and regulations, the Board's work is governed by the annual set work plan. The work plan contains guidelines for the work of the Board, instructions for the CEO and financial reporting.

The rules of procedure include:

- that the Board shall meet at least five times per year and, upon urgent matters, meetings may take place via telephone or video conferencing,
- that certain matters shall be dealt with at each Board meeting and that specific decisions should be made at the inaugural meeting,
- that the Board members receive documentation regarding matters to be discussed at the meetings in good time before the meetings,
- that the Board, each month, receives a report regarding the Company's operations and development,
- that the auditors shall be invited to, upon at least one Board meeting, report on the audit work without any representative from Company management participating.

The rules of procedure further describe how the minutes shall be prepared and distributed to members and how the Board will be informed upon, for example, press releases. The rules of procedure also include guidelines for the decisions the Board may delegate to the CEO and senior management.

ACCOUNTING, AUDITING AND INTERNAL CONTROL

General

External auditors are appointed by the AGM. The auditors' task is to, on behalf of shareholders, review the Company's annual report and accounting and the management of the Board of Directors and the CEO. The internal financial statements prepared on a monthly basis have also been submitted to the auditors.

The entire Board is involved in the internal control of the financial statements and is jointly responsible for other internal controls. The Company regularly informs how the Board's issued guidelines have been implemented in the business and how the internal control is designed. The auditors provide ongoing feedback and suggestions for improvements to the Company regarding the same.

Read more about AQ's corporate governance on our website under investor / corporate governance.

There you will find;

- Articles of association
- Information from previous AGMs, summonses and minutes
- Audit opinions
- Guidelines for remuneration to senior executives
- The board's proposal for allocation of profits
- The Board's evaluation of remuneration for executive management
- The Nomination Committee's reasoned opinion on the Board.

Internal control

The Board is responsible for the work with corporate governance and internal controls. The overall aim is to protect the company's assets and shareholders' investments. The Board is responsible for ensuring that financial statements are prepared in accordance with applicable law. Quality assurance of AQ's financial reporting is done by the Board dealing with accounting issues and the financial reports which the Company submits.

AQ Group's Board has therefore striven to provide effective and regular financial reporting. The Board's reporting instructions to the CEO regarding financial reporting include internal controls. In each subsidiary, there is an internal division of roles and responsibilities aimed at realising good internal controls of financial reporting. AQ's accounting departments of each subsidiary informs regularly management of the economic development of their respective companies. The Board is committed to realising that all financial managers have strong integrity, embrace good ethics and have high expertise within respective areas of responsibility. AQ continuously works with the development of appropriate systems for administrative management. AQ has also developed an operations manual that describes the organisation, responsibilities, powers, policies, financial controls and more.

Risk assessment and control activities

On a monthly basis, AQ establishes the appropriate reports with analyses and comments, which are reported for both group and individual subsidiaries. This gives the Board an excellent tool to monitor and control the ongoing developments in AQ. Financial reports from management is a recurring item taken up at all Board meetings.

AQ's risk management is governed by a policy established by the management team, with the CFO responsible for compliance and reporting within the Group.

Information and communication

AQ's financial reporting complies with the laws and regulations applicable in Sweden and the local rules in each country where it operates. Besides external rules and recommendations, there are internal instructions and directions.

AQ Group's information to shareholders and other stakeholders through the Annual Report and interim reports are provided on the Company's website (www.aqq.se). There are also press releases and presentation materials relating to recent years. Information released by the Company follows the Board's established information and insider policy.

Follow-up

In addition to internal monitoring and reporting, AQ's external auditors report during the year to the CEO and Board. This gathered information mentioned in this report gives the board a good idea and a reliable basis regarding financial reporting in the annual report.

Company management

The Board has delegated operational responsibility for the Company and the Group to the CEO. An instruction concerning the division of duties between the Board and the CEO are decided annually by the Board. AQ's senior management consists of the management team which, during 2018, consisted of Claes Mellgren - CEO (January 1, 2018 to August 31, 2018), Anders Carlsson - CEO (from September 1, 2018), Mia Tomczak - Finance, Åsa Lostorp - Purchasing, James Ahrgren - Marketing and Sales, Per Lindblad - IT and Business Development, and Katharina Frisk - Human Relations (from March 12, 2018). Remuneration for MDs of subsidiaries is decided by the Group CEO according to the principles established by the remuneration committee in the parent company. AQ has no incentives in the form of options or other share programmes for senior executives or other persons within or outside the Company.

AQ's sustainability report for 2018 is described in more detail on pages 17-21 of this annual report.

REMUNERATION TO THE BOARD

During 2018, SEK 160,000 (160,000) in Board remuneration was paid to Board members Per-Olof Andersson, Gunilla Spongh, Ulf Gundemark, Lats Wrebo, Annika Johansson-Rosengren and Claes Mellgren. The Chairman, Patrik Nolåker, was paid SEK 400,000 (400,000).

Chairman of the Audit Committee, Ulf Gundemark has received SEK 70,000 and other members of the Audit Committee, Gunilla Spongh and Claes Mellgren have each received SEK 40,000. Chairman of the Remuneration Committee, Patrik Nolåker, has received SEK 50,000 and the other member of the Remuneration Committee, P-O Andersson, has received SEK 30,000. In addition to the above, no special remuneration or benefits were received by the Board. No benefits are payable to Board members after serving on the Board.

REMUNERATION TO THE CEO AND SENIOR EXECUTIVES

In 2018, the salary for the former CEO Claes Mellgren, for the period January to August 2018, amounted to SEK 691,000 (774,000) and for CEO Anders Carlsson for the period September to December amounted to SEK

737,000. The CEO is entitled to a monthly pension provision corresponding to 35 % of the salary. Pension costs in 2018 for Claes Mellgren amounted to SEK 96,000 (144,000) and for Anders Carlsson to SEK 253,000. Guidelines for remuneration to senior executives is decided by the AGM. The decision means that AQ Group shall maintain remuneration levels and other employment conditions needed to ensure the company's access to executives with the competence and capacities to achieve set goals. The starting point for salary and other remuneration to senior executives of AQ Group AB is that they shall be at market level. The CEO's period of notice is six months to the Group, and the Group's period of notice is 12 months to the CEO. Salary, including bonuses and company car benefits to other senior executives, excluding the CEO, amounted to SEK 4,448,000 in 2018 (5,341,000). AQ pays pension contributions according to a defined premium plan, which corresponds to 20-31% of payroll. Pension costs in 2018 amounted to SEK 1,301,000 (1,273,000). Senior executives typically have six months notice, regardless of whether the employee or the Company terminates the contract. No compensation will be paid after termination.

AUDITORS

The company's auditor is continuously informed about the Company's operations and include regular meetings with company management, Board material and minutes of meetings. The auditor provides ongoing feedback and recommendations to the Board and management based on observations made during the audit.

Since the 2014 AGM, the auditing company is KPMG AB auditors with authorised accountant Helena Arvidsson Älgne as Chief Auditor. Helena was born in 1962 and is a member of FAR, and has been an authorised accountant since 1997.

KPMG's address:

KPMG AB, Box 382, 101 27 Stockholm, Sweden.

COMPENSATION TO AUDITORS

According to decisions at the Annual General Meeting, AQ's auditors receive compensation in accordance with the auditing assignment.

Västerås, Sweden, April 2, 2019

AQ Group AB (publ)

Board of Directors



Auditor's report on the corporate governance statement

To the general meeting of the shareholders in AQ Group AB (publ), corporate identity number 556281-8830

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2018 on pages 30 - 33 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Västerås 2 April 2019

KPMG AB

Helena Arvidsson Älgne

Authorised accountant

BOARD



PATRIK NOLÅKER (1963)
Chairman of the board

Elected 2015 independent*.

Education and experience MSc. Economics and MBA. Patrik has a broad international experience. He has previously been Group CEO for Dywidag-Systems International, Group CEO for Alimak Hek, President Atlas Copco - Underground Rock Excavation Division, President Atlas Copco - Geotechnical Dilling and Exploration Division and leading positions within ABB in various countries.

Ongoing assignments

Chairman of the Board of Saferoad Group AS, Fibo Holding AS and Velcora Holding AB and member of the board of Outotec Oyj, Systemair AB and Palmarosia AB.

Holdings in AQ 7,000 AQ shares



ULF GUNDEMARK (1951)
Board member

Elected 1998, independent*.

Education and experience

MSc. Has international experience and has worked as a manager for Electroskandia/Hagemeyer Nordics, IBM Utilities and various positions within ABB. Has been Chairman of Lindab International, Ripasso Energy and Bridge to China, and board member of Scandi Standard AB, Constructur Group AS and Lönne International AS.

Ongoing assignments:

Chairman of Nordic Waterproofing Group AB, board member of Ripasso Energy AB, Opti Group AB, Solar Group AS, Lantmännen ek. association and GUMACO AB.

Holdings in AQ 1,010 AQ shares



CLAES MELLGREN (1959)
Board member

Elected 2018

Dependent to the Company and the Company's management since he has been employed by the company for the past three years. Not independent of the major shareholders.

Education and experience

MSc. Engineering and has previously been production, logistics and site manager at different ABB units in Västerås. Claes has been a Board member in AQ Group AB until 2015 and CEO from October 2010 to August 2018. Founder of AQ.

Ongoing assignments

Board member of AQ subsidiaries, Note AB and Automation Region.

Holdings in AQ 4,553,095 AQ shares



P-O ANDERSSON (1955)
Board member

Elected 1994.

Chairman of the Board 2009-2018. Independent of the Company and the Company's management, not independent of the major shareholders.

Education and experience

Tool expert, Founder of AQ.

Ongoing assignments

Board member in AQ's subsidiaries.

Holdings in AQ 4,483,975 AQ shares



GUNILLA SPONGH (1966)
Board member

Elected 2014 independent*.

Education and experience

Master of Industrial Economics. Former CFO Preem, chief international affairs and CFO Mekonomen, CFO CashGuard, CFO Enea, and senior positions within Fresenius Kabi and Electrolux.

Ongoing assignments

Board member of Momentum Group, Infranord, Pierce Group, Ripasso Energy, SSG Group and G Spong Förvaltnings AB.

Holdings in AQ 0 AQ shares



LARS WREBO (1961)
Board member

Elected 2017 independent*.

Education and experience

M.Sc. Wide international experience from the automotive industry. Has been part of the Group Management of Volvo Cars where he was responsible for purchasing and manufacturing. Before that responsible for production and logistics within MAN Truck & Bus. He has also had a number of senior positions within Scania.

Ongoing assignments

Chairman of the Board in Lightning Technologies. Board member of LEAX.

Holdings in AQ 4,000 shares



ANNIKA JOHANSSON-ROSENGREN (1969)
Board member

Elected 2018 independent*.

Education and experience

Economy and Social science background. Annika has worked in leading positions in Human Resources for more than 20 years. She has been HR manager at Valeo, HR Director at ASSA ABLOY and works today as HR Director at Bombardier Transportation, where she has the HR responsibility for 19 countries.

Holdings in AQ 100 shares

* Independent in relation to both the Company and the Company's management as well as to the Company's major shareholders. Information regarding own and related parties' shareholdings refers to the situation as per December 31, 2018.

GROUP MANAGEMENT



ANDERS CARLSSON (1967)
CEO and Investor relations

MSc in Engineering.
Employed since 2018
Holdings in AQ: 13,000 shares



MIATOMCZAK (1968)
CFO

Msc in Economics and MBA
Employed since 2015.
Holdings in AQ: 1,274 shares



PER LINDBLAD (1959)
Manager Business development and IT

MSc in Engineering.
Employed since 2008.
Holdings in AQ: 2,000 shares



KATHARINA FRISK (1970)
Manager HR

Bachelor degree in Human Resource
Management and Development
Employed since 2018.
Holdings in AQ: 0 shares



ÅSA LOSTORP (1964)
Manager Purchases

MSc in Engineering and MBA
Employed since 2014.
Holdings in AQ: 252 shares



JAMES AHRGREN (1979)
Manager Marketing and sales

MSc in Engineering education.
Employed since 2011.
Holdings in AQ: 15,782 shares

*Information regarding own and related parties' shareholdings
refers to the situation as per December 31, 2018.*

AUDITORS

KPMG

Chief auditor is Helena Arvidsson Älgne, born 1962.
Chief auditor of AQ Group AB since the 2014 AGM.
Helena is an authorized public accountant and member of FAR.
Other audit assignments that Helena has include FM Mattsson Mora Group AB (publ),
Assemblin, Swedol AB and Knowit (publ).

EVENTS DURING THE YEAR

2018

GENERAL ABOUT OPERATIONS

The Board of Directors and CEO of AQ Group AB (publ.), Swedish corporate identity number 556281-8830, hereby submit the annual report for the fiscal year in 2018.

The Group operates in two segments; **Component** which produces transformers, wiring systems, mechanical parts, sheet metal processing and plastic injection molding, and **System** which produces systems, automation and power solutions, as well as complete machines in close cooperation with customers.

Net sales for the full year was SEK 4,667 million (4,020), an increase of SEK 647 million compared to the previous year. Increase in net sales can be explained by acquisitions, good market conditions, gained market shares and organic growth.

For the full year the total growth was 16.1 %, of which organic growth 6.4 %, growth through acquisitions 6.6 % and a currency effect of 3.1 %. The currency effect of 3.1 % corresponds to about SEK 124.5 million and is mainly with the currencies EUR, PLN and BGN. During the year, INR has had a small negative currency effect.

Operating margin (EBIT) for the full year was SEK 208 million (263), a decrease of SEK 55 million. The decrease can mainly be explained by non-recurring costs in conjunction with the bankruptcy of AQ Segerström & Svensson AB of SEK 73.4 million.

Goodwill and immaterial assets have increased during the year with SEK 210 million compared to the beginning of the year. The net change is due to over-values in acquisitions, currency translation effects and depreciation of technology and customer relations.

The investments of the group in tangible fixed assets in the period were SEK 137 million (104), the major part being replacement and capacity increasing investments to gain a more efficient production.

Interest bearing debts of the group are SEK 434 million (266) and cash and cash equivalents amount to SEK 101 million (142), which means that the group has a net debt of SEK 333 million. In the same period

last year, the group had a net debt of SEK 124 million. The increase is mainly due to new loans in conjunction with acquisitions.

Cash flow from operating activities were SEK 151 million (147). Cash flow is somewhat higher than the same period in the previous year. The increase in inventories has been lower than the same period last year, but the increase in customer invoices has been greater. Activities to release working capital have continued during the period but have not given the desired results yet.

Cash flow from investing activities was SEK -241 million (-107), which relates to acquisitions of subsidiaries and investments in fixed assets.

Cash flow from financing activities was SEK 44 million (-58) which relates to new bank loans, reduction of operating credit and payment of dividends.

Equity at the end of the period was SEK 1,783 million (1,643) for the group.

Result development for the respective segments, please see Note 6.

FIRST QUARTER

In order to give the give the respective operations full customer focus and an enhanced P&L responsibility, a new company, AQ Special Sheet Metal AB, acquired the operations in Lyrestad and Pålsboda from AQ Segerström & Svensson AB.

On February 22, 2018, company management of AQ Welded Structures AB called for negotiations with the unions for a restructuring of the company, which had 51 employees. The background to this was losses for a long time and that our customers moved production out of Sweden.

The Board of Directors of AQ Group appointed Anders S Carlsson as the new President and CEO. Anders took office on September 1, 2018 and replaced one of AQ's founder Claes Mellgren. Claes Mellgren joined the Board after the Annual General Meeting on April 26, 2018.



SECOND QUARTER

AQ Group AB signed on April 3, 2018 an agreement to acquire 100 % of the shares of Mecanova Oy in Nivala, Finland with the subsidiary Mecanova Oü in Pärnu, Estonia. The purchase price for the shares was EUR 1.1 million. The takeover took place the same day. Mecanova is a supplier of sheet metal and copper components for demanding industrial customers. The company has net sales of about EUR 17 million and employs about 160 people. The purpose of the acquisition is to extend AQ's customer base, get a presence in Finland and to broaden our offering in sheet metal processing and copper component manufacturing and to obtain synergies with our current factory in Pärnu.

AQ Manufacturing Co., Ltd started on May 2, 2018 a process to close down the manufacturing site in Samutprakarn, Thailand. The company had 43 employees in Thailand and its turnover was less than one percent of AQ Group's turnover. The background to the closure is that the company has generated losses since the inception in 2015 and that the main customers have had declining sales. The business volumes from customers mainly operating in extremely competitive telecom and consumer electronics market showed negative trends and the company didn't see a profitable future. The manufacturing is being transferred to AQ Components in China.

AQ Group AB signed on May 8, 2018 an agreement to acquire 100 % of the shares of B3CG Interconnect Inc. (<http://www.b3cg.com/en/home/>) and its affiliate B3CG Interconnect USA Inc. The purchase price consists of CAD 13.8 million plus an earnout over two years with a maximum of CAD 6 million. The closing took place the same day.

B3CG is a leading supplier of complex electrical harnesses, high voltage cables, and electromechanical assemblies for various industries. The two companies have total net sales of about CAD 35 million with a profit margin in line with AQ. They employ about 300 people in their operations in Saint Eustache, Quebec, Canada and in Plattsburgh, New York, U.S.A. B3CG has a long history with experienced management and the company fits well in AQ and our business area Wiring Systems.

THIRD QUARTER

On August 20, 2018, the subsidiary AQ Segerström & Svensson AB filed a bankruptcy application. Non-recurring items affecting profit due to the bankruptcy was initially estimated at SEK 70 million. Non-recurring items due to the bankruptcy were charged in the third quarter of 2018 and amounted to SEK 66 million.

FOURTH QUARTER

The closure of AQ Thailand has been completed. The business is completely transferred both in practice and administratively.

Operations in AQ Welded Structures has been transferred to AQ's units in Pålshoda and Sollefteå. AQ has also established itself in a smaller facility in Smedjebacken where part of the business has been moved. Continued transfer of part of production to Bulgaria is ongoing.

Non-recurring items due to the bankruptcy of AQ Segerström & Svensson AB were charged in the fourth quarter of 2018 and amounted to SEK 7.8 million, see Notes 14 and 36.

SIGNIFICANT EVENTS AFTER THE PERIOD'S END

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

OUTLOOK

The Group's goal is continued profitable growth. The goal for profitability 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. In addition to the factors commented on, the actual outcome can be affected by factors like political events, general business conditions, foreign exchange rates and interest rates, competing products and pricing of them, product development, commercialisation and technological difficulties, problems with deliveries as well as large credit losses of customers.



MULTI-YEAR OVERVIEW

Below is shown the development over the past four years. For Key indicators and definitions, see pages 84-86.

GROUP

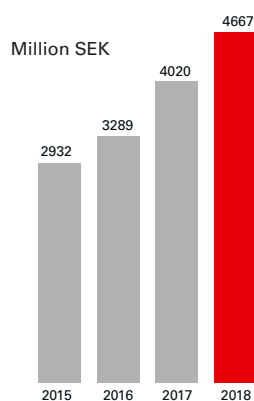
	2018	2017	2016	2015
Net revenue, SEK thousands	4,667,220	4,019,740	3,289,215	2,931,878
Operating profit, SEK thousands	208,184	263,282	281,353	201,985
Profit after net financial items, SEK thousands	198,322	255,828	279,344	211,736
Operating margin	4.5%	6.5%	8.6%	6.9%
Liquid ratio	111%	125%	142%	149%
Debt/equity ratio	58%	61%	60%	58%
Return on total assets	7.4%	10.4%	13.1%	12.0%
Return on equity after tax	8.9%	13.2%	17.9%	15.3%
Number of employees in Sweden	900	1,043	1,005	812
Number of employees outside Sweden	5,169	4,505	4,158	3,706
Key indicators per share, SEK ¹⁾				
Profit for the year	8.26	11.14	13.01	9.44
Dividend ²⁾	2.75	2.75	2.75	2.25
Equity	97.45	89.82	79.98	64.86
Number of shares, thousands ³⁾	18,294	18,294	18,294	18,034

¹⁾ There are no instruments that could cause dilution.

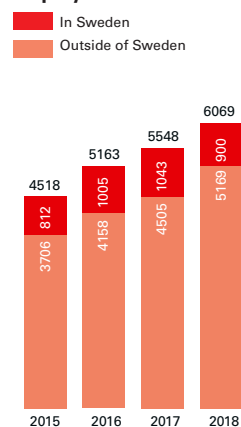
²⁾ Proposal presented for each year to the AGM.

³⁾ In connection with the acquisition of Gerdins Industrial System AB, October 3 2016, was issued 260 000 shares of the same kind.

Net turnover



Average number of employees



AQ Group AB (publ) is the parent company in one group, herein called AQ, whose business concept is:

- To develop, manufacture and assemble components and systems for demanding industrial customers.
- With our commitment to Total Quality our customers become long-term partners.

AQ is one of Sweden's leading suppliers of components and systems for demanding industrial customers. The company is listed on Nasdaq Stockholm.

PARENT COMPANY

AQ Group AB (publ) is the parent company in one group, herein called AQ, whose business concept is:

- To develop, manufacture and assemble components and systems for demanding industrial customers.
- With our commitment to Total Quality our customers become long-term partners.

Parent company

	2018	2017	2016	2015
Net turnover, SEK thousands	51,637	50,240	55,696	50,213
Operating profit, SEK thousands	7,992	17,190	19,716	13,596
Profit after net financial items, SEK thousands	210,691	98,946	118,074	20,096
Liquid ratio	68%	58%	50%	42%
Equity ratio	47%	43%	41%	36%

The parent company, AQ Group AB, is primarily focused on the management and development of the Group. Parent company's turnover consists, as in previous years, almost exclusively of sales of management services to subsidiaries. Purchases from subsidiaries do not occur to any significant extent.

Net sales for the full year was SEK 51.6 million (50.2), similar to the same period in the previous year. Other external expenses were SEK 27.0 million (16.9), the difference compared to last year is, among other things, higher IT and legal costs. Personnel costs were SEK 18.8 million (18.2). Operating profit (EBIT) was SEK 8.0 million (17.2).

Net financial items were SEK 202.7 million (81.8) and consists partly of tax-free dividends from subsidiaries of SEK 280.2 million (125.3), capital loss SEK 21.2 million, write-down of shares in subsidiaries of SEK 13.0 million and SEK 42.7 million due to write-down of receivables, see Note 36. Tax costs of SEK 11.2 (19.9) million are lower than in the previous year. One reason is that this year's "withholding tax" amounted to SEK 4.0 million (8.6) and that the difference between the year's taxable earnings was SEK 17 million lower than last year.

The capital loss and write-down of receivables in connection with AQ Segerström & Svensson AB's bankruptcy are not tax-deductible expenses, see Note 14.

The change in financial fixed assets compared to the same period in the previous year is due to the acquisitions of Mecanova and B3CG. The write-down of shares in connection with the bankruptcy of AQ Segerström & Svensson AB also affects the financial fixed assets.

Other current receivables are mainly with group companies of SEK 414 million (311) and consists of group contributions and cash pool.

The change in non-restricted equity of SEK 174 million compared to December 31, 2017 is due to dividends of SEK 50 million and profit for the year of SEK 224 million. Other provisions of SEK 41.3 million consist of additional purchase price.

Interest-bearing current liabilities have increased compared to the same period in the previous year due to acquisitions and consists of short-term bank loans of SEK 285 million, usage of bank overdraft of SEK 110 million and debts to subsidiaries in the cash pool of SEK 168 million.

The parent company's risks and uncertainties are essentially the same as for the other companies in the group. See Note 3 in the annual report. Concerning the company's management of financial risks, cash flow etc. please refer to the financial report in the annual report and Note 3.

GROUP

Environmental impact

The Parent company does not have any operations that require permits or reporting according to environmental laws. Within the Group, there are companies that conduct notifiable operations and companies that conduct permit operations. The notifiable operations are linked to the Environmental laws' guidelines regarding plastic manufacturing and machine processing, as well as emissions of non-chlorinated solvents via evaporation into the air. Such permit operations concern less emissions into waste water and the air e.g. in connection with powder coating.

Sustainability

AQ Group is an active member of UN Global Compact. Thus, AQ Group and all its subsidiaries are committed to follow ten principles in terms of human rights, labour rights, the environment and to prevent corruption. In 2018, based on these principles, we have taken measures, see the "sustainable enterprise" section, pages 17-21.

Research and Development

AQ does not conduct its own research.

Investment Policy

In addition to the acquisitions from last year, investments correspond to a normal need for the current production rate. In 2019, AQ intends to continue to invest in its existing business areas.

Personnel policy

The health and well-being of our employees has always been an important part in decision-making at all levels within the Group. Each company has its own approach to encourage employees with measures that benefit health. In addition, ongoing training occurs based on the companies' needs.

Dividend Policy

The Board proposes that the dividend should correspond to approximately 25 % of the average profit after tax over a business cycle. The company's financial consolidation needs must always be considered.

Work of The Board and the CEO etc.

The Board has, in the past year, consisted of seven members, all elected at the AGM in 2018. The Board, during the year, had twelve meetings where minutes were taken. The Board and the CEO work based on an established work plan. Regarding remuneration for 2018 to the Board and CEO, refer to Note 9.

The Board's proposed guidelines for remuneration to senior executives of AQ in 2019, according to Swedish Companies Act Chapter 8, § 51, are as follows: The board's remuneration is proposed: Chairman of the Board 450,000 SEK (400,000) and 200,000 SEK (160,000) for each of the Board members. Audit Committee Chairman 100,000 SEK (70,000) and the Audit Committee members 40,000 SEK (40,000). Remuneration Committee Chairman 50,000 SEK (50,000), and each Remuneration Committee member 30,000 SEK (30,000). AQ Group AB has no incentive programme.

Variable remuneration to AQ Group AB's management group consists of a variable cash salary (bonus). The AGM 2018 adopted the following principles for variable cash compensation: In addition to a fixed salary,

variable remuneration, when applicable, shall be offered and linked to predetermined and clearly set measurable target criteria with the aim of promoting the company's long-term value creation. The remuneration may be paid in cash or additional premium payments to pension insurance. The total amount of variable remuneration shall not exceed the fixed salary paid to the executive concerned. The Board may deviate from the guidelines in individual cases should special reasons exist.

Information regarding risks and uncertainties

Through its operations, the Group is exposed to both operational and financial risks. A description of these is included in Note 3. Within the next 12 months, we see no significant change in these risks.

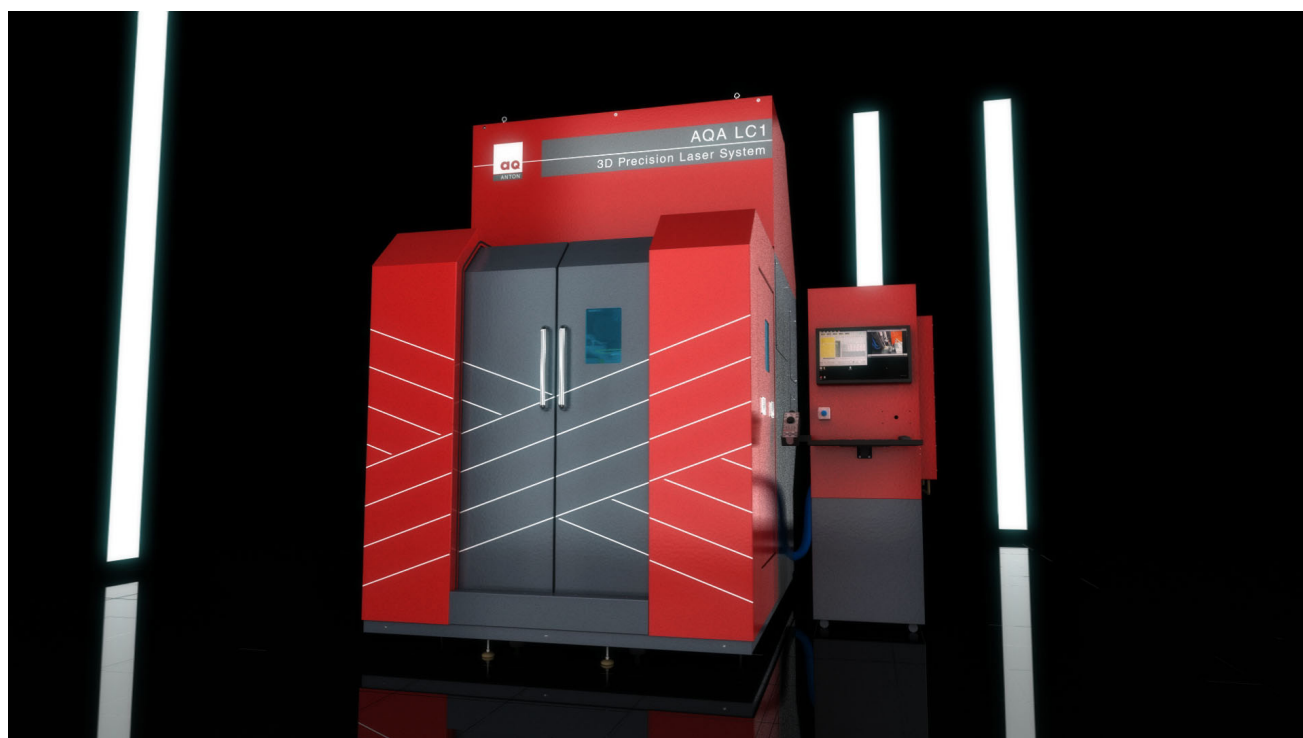
Ownership structure

All shares are held with equal voting rights, without restrictions other than those required by the Swedish Companies Act. There are no contracts, laws or clauses of the Articles of Association that restrict the transfer of shares.

The previous Annual General Meeting authorised the Board to, until the Annual General Meeting for fiscal year 2018, decide on a new issue of a total of 1,500,000 new shares via allocation or by cash.

There are no provisions in the Articles of Association or otherwise in agreements which govern the appointment and dismissal of Board directors or severance payment to them. There are also no limitations via agreements or Articles of Association regarding the amendment of the Articles of Association.

A table of the ten largest shareholders as of 28/12/2018 can be found on page 28.



PROPOSED APPROPRIATION OF PROFIT SEK

The Board proposes that the retained earnings, 507,694,637, is distributed as follows;

Available		Appropriation	
Share premium reserve	84,194,103	Distributed to shareholders,	
Retained earnings incl. profit for the year	423,500,534	SEK 2.75 per share	50,308,660
Total free equity	507,694,637	Carried forward ¹⁾	457,385,977
		Total	507,694,637

1) of which returns to Share premium reserve 84,194,103

BOARD'S STATEMENT

The Board's proposal for profit appropriation as well as the proposed framework for the distribution of profit and motivating statement is in accordance with chapter 18 § 4 of the Swedish Companies Act (2005:551).

Provided that the Annual General Meeting for fiscal year 2018 decides in accordance with the Board's proposal for appropriation of profits, SEK 457,385,977 will be carried forward. Full coverage exists for the company's restricted equity after the proposed distribution of profit. The Board has considered the Company's consolidation needs through a comprehensive assessment of the financial position and its ability to eventually meet its commitments. The proposed dividend does not jeopardise the company's ability to make

investments deemed as being necessary. The company's financial position does not give rise to any other conclusion than that the company can continue its operations and that the company is expected to meet its obligations in the short and long term. The Board has taken into account all known circumstances that may affect the company's financial position and which have not been taken into account in assessing the company's consolidation requirements and liquidity. Regarding of the above, the Board's assessment is therefore that the proposed dividend is justifiable in reference to the requirements placed by the nature, scope, and risks of the business on the size of the company's equity, as well as the company's and Group's consolidation requirements, liquidity, and position in general. Regarding the

company's results and financial position, refer to income statements, balance sheets, cash flow statements and comments and notes.

The Board proposes that the following conditions shall apply to the profit distribution:

- 2.75 SEK per share shall be distributed, and
- 29/04/2019 is the date of reconciliation.

The Board proposes that

2.75 SEK
per share
shall be
distributed

Consolidated income statement

SEK thousands	Note	01/01/2018 31/12/2018	01/01/2017 31/12/2017
OPERATING INCOME			
Net sales	6	4,667,220	4,019,740
Other operating income	7	89,261	48,371
		4,756,481	4,068,111
OPERATING EXPENSES			
Change in inventory of work in progress and finished products		26,867	63,498
Raw material and consumables		-2,394,322	-2,038,247
Goods for resale		-94,917	-94,905
Other external expenses	8, 36	-629,627	-529,066
Personnel costs	9	-1,242,966	-1,075,051
Depreciation and amortisation	15, 16, 17, 18, 19	-112,231	-97,499
Other operating expenses		-101,101	-33,559
		-4,548,297	-3,804,829
Operating profit		208,184	263,282
PROFIT FROM FINANCIAL ITEMS			
Financial income	11	4,853	3,287
Financial expenses	12	-14,715	-10,741
Net financial income/expense	36	-9,862	-7,454
Profit before tax		198,322	255,828
Taxes	14	-45,778	-51,154
Profit for the year		152,544	204,674
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Parent company shareholders		151,053	203,773
Non-controlling interests		1,491	901
		152,544	204,674
SHARE-RELATED REPORTING, SEK			
Earnings per share 1)		8.26	11.14

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

SEK thousands	01/01/2018 31/12/2018	01/01/2017 31/12/2017
PROFIT FOR THE YEAR	152,544	204,674
OTHER COMPREHENSIVE INCOME		
Items that cannot be transferred to the profit for the year		
Actuarial gains/losses related to defined benefit pension plans	-351	-159
Actuarial gains/losses related to defined benefit pension plans, tax effect	13	-
Items transferred or that can be transferred to the profit for the year		
Translation differences, foreign operations	37,621	25,793
Other comprehensive income for the year after tax	37,283	25,633
Comprehensive income for the year	189,827	230,307
COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:		
Parent company shareholders	188,182	229,306
Non-controlling interests	1,645	1,001
	189,827	230,307

Consolidated balance sheet

SEK thousands	Note	31/12/2018	31/12/2017
ASSETS			
NON-CURRENT ASSETS			
<i>Intangible assets</i>			
Goodwill	16	272,313	150,030
Customer relations	15	89,790	57,272
Technologies	15	68,009	11,881
Other intangible non-current assets	15	6,868	7,556
		436,981	226,739
<i>Tangible assets</i>			
Land and buildings	36		
	17	174,649	161,506
Plant and machinery	18	303,015	257,290
Equipment, tools, fixtures and fittings	19	54,930	52,647
Construction in progress	20	35,324	48,068
		567,918	519,512
<i>Financial assets</i>			
Non-current receivables	3	2,174	1,977
Deferred tax assets	14, 36	14,670	10,861
TOTAL NON-CURRENT ASSETS		1,021,744	759,089
CURRENT ASSETS			
<i>Inventories</i>			
Raw materials and consumables	36	538,292	482,095
Work in progress		122,061	122,017
Finished goods and goods for resale		130,371	128,231
	2	790,724	732,343
<i>Current receivables</i>			
Trade and other receivables	3, 36	1,081,833	900,387
Current tax assets		11,063	19,061
Other receivables	23, 36	58,567	44,567
Prepaid expenses and deferred income	24	35,174	79,947
		1,186,637	1,043,962
Short-term investments			-
Cash and cash equivalents	32	100,683	142,049
Cash and cash equivalents		100,683	142,049
TOTAL CURRENT ASSETS		2,078,044	1,918,354
TOTAL ASSETS		3,099,788	2,677,444

SEK thousands	Not	31/12/2018	31/12/2017
EQUITY AND LIABILITIES			
EQUITY	25		
Share capital		36,588	36,588
Other capital contributions		84,194	84,194
Translation reserve		135,384	97,927
Retained earnings incl. profit for the year		1,521,160	1,420,742
Equity attributable to parent company shareholders		1,777,325	1,639,452
Non-controlling interests		5,386	3,742
TOTAL EQUITY		1,782,711	1,643,193
LIABILITIES			
<i>Interest-bearing non-current liabilities</i>			
Non-current liabilities to credit institutions	3, 32	16,667	12,757
<i>Non-current non-interest-bearing liabilities</i>			
Deferred tax liabilities	14	80,859	64,606
Provisions for pensions	28	11,133	7,809
Provisions for warranty	28	2,288	1,835
Other provisions	28	1,512	393
Other non-current liabilities	31	41,310	-
Total non-current liabilities		153,769	87,399
<i>Interest-bearing current liabilities</i>			
Bank overdraft facilities	3, 32	123,343	133,537
Other liabilities to credit institutions	3, 32	294,137	119,727
<i>Other current liabilities</i>			
Provisions for warranty undertakings	28	3,710	4,300
Advance payments from customers	6	26,423	55,542
Trade and other payables	3, 36	449,868	418,050
Current tax liabilities		18,191	8,811
Other liabilities	29, 36	85,118	55,310
Accrued expenses / prepaid income	30	162,517	151,574
Total current liabilities		1,163,307	946,851
TOTAL LIABILITIES		1,317,076	1,034,250
TOTAL EQUITY AND LIABILITIES		3,099,788	2,677,444

Consolidated statement of changes in equity

Equity attributable to parent company shareholders							
SEK thousands	Share capital	Other contributed capital	Translation reserve	Retained earnings incl. profit	Subtotal	Non-controlling interests	Total equity
Equity, 01/01/2017	36,588	84,194	72,236	1,267,437	1,460,455	2,739	1,463,195
Profit for the year				203,773	203,773	901	204,674
Translation differences in foreign operations			25,691		25,691	101	25,793
Revaluation of defined benefit pension plans				-159	-159		-159
Other comprehensive income			25,691	-159	25,532	101	25,633
Comprehensive income for the year			25,691	203,614	229,306	1,001	230,307
Dividends paid				-50,309	-50,309		-50,309
Transactions with shareholders				-50,309	-50,309		-50,309
Equity, 31/12/2017	36,588	84,194	97,927	1,420,742	1,639,452	3,742	1,643,193
Equity, 01/01/2018	36,588	84,194	97,927	1,420,742	1,639,452	3,742	1,643,193
Profit for the year				151,053	151,053	1,491	152,544
Translation differences in foreign operations			37,457		37,457	164	37,621
Revaluation of defined benefit pension plans				-341	-341	-10	-351
Revaluation of defined benefit pension plans, tax effect				13	13		13
Other comprehensive income			37,457	-328	37,129	154	37,283
Comprehensive income for the year			37,457	150,725	188,182	1,645	189,827
Dividends paid				-50,309	-50,309		-50,309
Transactions with shareholders				-50,309	-50,309		-50,309
Equity, 31/12/2018	36,588	84,194	135,384	1,521,160	1,777,325	5,386	1,782,711

SEK thousands	Note	01/01/2018 31/12/2018	01/01/2017 31/12/2017
CASH FLOW STATEMENT FOR THE GROUP			
Profit before tax		198,322	255,828
Adjustment for non-cash generating items	32	178,532	98,888
Income tax paid	14	-52,011	-39,476
Cash flow from operating activities before change in working capital		324,843	315,239
Change in inventories		-35,245	-140,311
Change in trade receivables		-135,136	-83,489
Change in other receivables		40,241	3,396
Change in trade payables		-22,707	61,191
Change in other liabilities		-21,407	-8,804
Change in working capital		-177,253	-168,017
Cashflow from operating activities		150,589	147,223
Aquisitions of shares in subsidiaries	31	-123,286	-7,000
Divestment of shares in subsidiaries		1,310	-
Acquisition of intangible non-current assets		-2,252	-1,685
Acquisition of tangible non-current assets		-136,771	-104,002
Sale of tangible non-current assets		19,777	5,282
Sale of short-term investment in securities		-106	204
Cashflow from investing activities		-241,328	-107,200
New borrowings		170,000	114,983
Amortisation of loans		-38,062	-161,433
Amortisation of loans (financial leases)		-7,143	-4,444
Change in bank overdraft facilities		-30,614	43,058
Dividends to the parent company shareholders		-50,309	-50,309
Other changes in financial activities		-	173
Cashflow from financing activities	32	43,873	-57,972
Increase/decrease in cash and cash equivalents		-46,866	-17,949
Cash and cash equivalents at the beginning of the year		142,049	162,812
Exchange rate differences in cash and cash equivalents		5,499	-2,814
Cash and cash equivalents at the end of the year		100,683	142,049

Parent Company's Income Statement

SEK thousands	Note	01/01/2018 31/12/2018	01/01/2017 31/12/2017
OPERATING INCOME			
Net sales		51,637	50,240
Other operating income	7	2,763	2,607
		54,400	52,846
OPERATING EXPENSES			
Other external expenses	8	-26,988	-16,898
Personnel costs	9	-18,801	-18,152
Depreciation and amortisation	18,19	-319	-293
Other operating expenses	8	-299	-314
		-46,407	-35,656
Operating profit		7,992	17,190
PROFIT FROM FINANCIAL ITEMS			
Income from participation in group companies	10	246,021	82,267
Financial income	11	5,291	3,898
Financial expenses	12	-48,613	-4,408
Net financial income/expense		202,699	81,756
Earnings after net financial items		210,691	98,946
Appropriations	13	24,752	34,193
Profit before tax		235,443	133,140
Taxes	14	-11,172	-19,894
Profit for the year		224,271	113,246

¹⁾ Profit for the year corresponds to the comprehensive income for the year

SEK thousands	Note	31/12/2018	31/12/2017
ASSETS			
NON CURRENT ASSETS			
<i>Tangible assets</i>			
Machinery and equipment	18, 19	1,366	922
		1,366	922
<i>Financial assets</i>			
Participations in group companies	21	786,064	604,577
Receivables from group companies	22, 33	53,940	57,166
Deferred tax assets	14	41	-
		840,046	661,743
TOTAL NON-CURRENT ASSETS		841,412	662,666
<i>Current receivables</i>			
Receivables from group companies	33	414,144	311,306
Current tax assets		1,412	1,019
Other receivables	23	2,666	35
Prepaid expenses/accrued income	24	1,937	4,445
		420,157	316,805
Cash and cash equivalents	32	-	-
TOTAL CURRENT ASSETS		420,157	316,805
TOTAL ASSETS		1,261,569	979,472

Balance sheet for the Parent company

SEK thousands	Note	31/12/2018	31/12/2017
EQUITY AND LIABILITIES			
EQUITY	25		
Share capital		36,588	36,588
Statutory reserve		1,156	1,156
Restricted equity		37,745	37,745
Share premium reserve		84,194	84,194
Retained earnings		199,229	136,292
Profit for the year		224,271	113,246
Non-restricted equity		507,695	333,732
Total equity		545,439	371,476
Untaxed reserves	26	53,054	60,407
Deferred tax liabilities	14	-	12
Other provisions	31	41,310	-
Provisions		41,310	12
LIABILITIES			
<i>Interest-bearing non-current liabilities</i>			
Non-current liabilities to credit institutions	3	683	144
<i>Non-current non-interest-bearing liabilities</i>			
Total non-current liabilities		683	144
<i>Interest-bearing current liabilities</i>			
Current liabilities to credit institutions		285,000	114,780
Bank overdraft facilities	3, 32	109,910	133,537
Current lease liabilities		611	623
Interest-bearing current liabilities to Group companies	33	167,891	267,059
<i>Other current liabilities</i>			
Trade and other payables	3	3,568	2,994
Liabilities to group companies	33	29,253	18,526
Current tax liabilities		8,142	5,400
Other liabilities	29	12,486	788
Accrued expenses/deferred income	30	4,222	3,728
Total current liabilities		621,082	547,433
TOTAL LIABILITIES		663,076	547,589
TOTAL EQUITY AND LIABILITIES		1,261,569	979,472

Statement of changes in equity for the Parent company

SEK thousands	Restricted equity			Share premi- um reserve	Non-restricted equity		Total equity
	Share capital	Statutory reserve	Subtotal		Other non-restricted equity	Subtotal	
Equity, 01/01/2017	36,588	1,156	37,745	84,194	273,737	357,931	395,676
Profit for the year ¹⁾					113,246	113,246	113,246
Profit/Loss from mergers					-87,136	-87,136	-87,136
Dividends paid					-50,309	-50,309	-50,309
Transactions with shareholders					-137,445	-137,445	-137,445
Equity, 31/01/2017	36,588	1,156	37,745	84,194	249,538	333,732	371,476
Equity, 01/01/2018	36,588	1,156	37,745	84,194	249,538	333,732	371,476
Profit for the year ¹⁾					224,271	224,271	224,271
Loss from mergers							
Dividends paid					-50,309	-50,309	-50,309
Transactions with shareholders					-50,309	-50,309	-50,309
Equity, 31/12/2018	36,588	1,156	37,745	84,194	423,501	507,695	545,439

¹⁾ Profit for the year corresponds to the comprehensive income for the year

Parent Company's Cash Flow statement

SEK thousands	Note	01/01/2018 31/12/2018	01/01/2017 31/12/2017
CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit		235,443	133,140
Adjustment for non-cash generating items	32	9,946	10,005
Income tax paid	14	-8,875	-4,003
Cash flow from operating activities before change in working capital		236,515	139,141
Change in other receivables		55,563	-75,187
Change in trade payables		574	953
Change in other liabilities		22,919	-88,852
Change in working capital		79,056	-163,086
Cashflow from operating activities		315,571	-23,944
Acquisitions of shares in subsidiaries	31	-123,247	-7,203
Shareholder contributions paid	21	-38,323	-5,897
Acquisition of tangible non-current assets		-240	-
Proceeds from sale of tangible non-current assets		354	101
Change in group overdraft facility		-273,035	26,151
New borrowings to group companies		-3,131	-739
Amortisation of loans to group companies		8,901	-
Cashflow from investing activities		-428,721	12,412
New borrowings		170,000	115,000
Amortisation of loans		-	-150,000
Amortisation of loans (IAS 17 liability, leasing)		-315	-564
Change in bank overdraft facilities		-23,627	46,872
Group contributions		17,400	50,500
Dividends to the parent company shareholders		-50,309	-50,309
Other changes from financing activities		-	33
Cashflow from financing activities	32	113,150	11,532
Increase/decrease in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Exchange rate differences in cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year		-	-

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

AQ Group AB (publ) and its subsidiaries operate under the brand AQ. AQ designs, manufactures and sells products in two segments: **Component** where the business areas Precision stamping and Injection molding, Inductive components, Wiring systems and Electromechanical modules, Sheet metal processing and Special Technologies and Engineering are included, as well as **System** where the business areas Electric cabinets and System Products are included.

AQ Group AB (publ) is the highest level parent company of the Group. Parent company's sales are, as in previous years, almost exclusively via sales of management services to subsidiaries. Purchases from subsidiaries do not occur to any significant extent. The parent company, which is listed on Nasdaq Stockholm's main market since January 16, 2017, is based in Vasterås, Sweden. The head office is located at Regattagatan 29, 723 48 Västerås, Sweden. The consolidated financial statements for AQ Group AB (publ) for the financial year 2018 have been approved by the Board for publication and are available on the company's website www.aqg.se from April 3, 2019. The website also provides further information.

NOTE 2 REPORT ON THE APPLICATION OF ACCOUNTING POLICIES

Below is a description of the accounting policies applied in the production of this annual report. Unless otherwise specified, these policies have been applied consistently for all years presented.

2.1 Fundamental standards and legislation

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB) as adopted by the EU. Furthermore, the Group also applies the Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting Rules for Groups). Unless otherwise specified, the cost value method was applied when valuing assets and liabilities. Unless otherwise specified below, the items in the income statement and balance sheet are recorded gross.

The parent company does not have its own manufacturing operation, but serves as a holding company. The parent company applies the same accounting policies as the Group, with the addition of RFR 2 (Accounting for Legal Entities) instead of RFR 1.

The parent company's functional currency is the Swedish krona, which is also the reporting currency for the parent company and the Group. Unless otherwise specified, all amounts are rounded to the nearest thousand.

2.2 Consolidated statements and business acquisitions

The consolidated financial statements include all subsidiaries of AQ. A subsidiary is defined in accordance with IFRS 10, as a company in which AQ Group AB has a controlling interest. A controlling interest exists when AQ Group AB has an interest over investments, is exposed to or has a right to a variable return from its involvement, and can exert its interest in the investment in order to influence the return. When assessing whether a controlling interest exists, consideration is given to shares that potentially provide entitlement to vote and whether control exists.

A subsidiary is included starting from the date on which the Group gains a controlling interest in the company. Similarly, a subsidiary is excluded as of the date on which the controlling interest ceases. When incorporating a subsidiary's financial statements into the Group, IFRS 3, Business Combinations, is applied. When an acquisition takes place, an acquisition analysis is prepared in accordance with the acquisition method. The cost of acquisition of an acquisition comprises the fair value of assets issued as compensation, equity instruments issued for equity and debts incurred or taken over as at the transfer date. Transaction expenses incurred in connection with the acquisition are recorded directly as expenses. The excess amount between the acquisition value and the fair value of the Group's share of acquired net assets is recorded as goodwill. Any deficits, negative goodwill, is recorded directly in the income statement under Other operating income. Internal profits in inventories are eliminated in the consolidated

financial statements.

Contingent considerations are valued at fair value on the acquisition date. If this is matched by a liability, this must be converted to fair value via the income statement for each report. Intra-Group balance sheet items as well as transactions and unrealised gains/losses on these are eliminated.

2.3 Segment reporting

Two business segments are presented in the segment report – Component and System. Each has similar economic characteristics, products, production processes and customer categories. These segments are recorded in a manner which conforms to internal reporting, which is given to the senior executive decision-maker. The senior executive decision-maker is the function responsible for the allocation of resources and assessment of the operating segment's financial results. In the Group this function has been identified as the CEO and the Company management. Company management believes that this is consistent with the identification of operating segments in accordance with IFRS 8.

The parent company's turnover is derived almost exclusively from the Swedish subsidiaries. The parent company's financial statements are included in the adjustment item together with the property companies in segment reporting.

Note 6, Segment reporting, contains more detailed information.

2.4 Income

Income includes the fair value of goods and services sold excluding Value Added Tax and discounts, as well as the elimination of intra-Group sales.

2.4.1 Sale of goods and performance of service assignments

The Group's incomes essentially consist of sales of goods. Income for the sale of goods is recognized in profit for the year when control of a product or service is transferred to the customer, that is, when the goods have been delivered and accepted by the customer. The Group has no agreements with customers with right of return.

Income from service assignments is reported over time with the services being performed, i.e. based on the degree of completion. The degree of completion is determined by an assessment of work performed on the basis of made investigations.

Income is recognized at the fair value of what has been received, or is expected to be received, with deductions for discounts granted.

For more information on IFRS 15, see Note 4.

2.4.2 Financial income

Financial income comprises interest income on bank deposits and receivables, as well as realised and unrealised exchange rate differences in the financial sector. Income is recorded when the right to receive payment and the size of the payment have been established.

2.5 Employee benefits

2.5.1 Short-term benefits

Short-term benefits to employees are calculated with no discount and recorded as an expense when the related services are received. A provision is recorded for the expected cost of profit-sharing and bonus payments when the Group has a valid legal or information obligation to make such payments as a consequence of services having been received from employees and the obligation can be calculated reliably.

2.5.2 Long-term benefits

The Group's net obligation in respect of other long-term benefits, except pensions, comprises the value of future benefits that employees have earned as remuneration for the services they have performed during the current and previous periods. This remuneration is discounted to present value and the fair value of any managed assets is deducted. The discount rate is established on the same basis used as for defined benefit pension plans. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recorded in the income statement in the period when they occur. These include remuneration

ation in connection with sabbatical leave, anniversaries and long-term inability to work. Long-term benefits also include remuneration issued in respect of a long period of service.

2.5.3 Benefits after termination of employment

Defined contribution pension plans are classified as plans in which the company's obligation is limited to the contributions that the company has undertaken to pay. In such cases the size of the employee's pension depends on the contributions that the company pays into the plan or to an insurance company and the return on capital that these contributions produce. Consequently, it is the employee who bears the actuarial risk (that the benefit will be lower than expected) and the investment risk (that the assets invested will be insufficient to produce the expected benefits). The company's obligations in respect of contributions to defined contribution plans are recorded as an expense in the income statement as they are earned by means of employees having performed services for the company during a period.

In 2018 the companies paid a total of SEK 6,730 thousand (4,604) in pension expenses to Alecta. The Group's share of the total contributions to the plan and the Group's share of the total number of active members in the plan amounts to 0,00237 % and 0,00233 % (2017: 0.00127 % and 0.00236 %). The contributions for the next reporting period are expected to be on a par with last year. In accordance with IAS 19 and UFR 10, the ITP pensions financed via Alecta must be treated as defined contribution pension plans until further notice, as information from Alecta does not enable reporting as defined benefit pension plans.

The premiums for Alecta are established using assumptions about interest rates, life expectancy, operating expenses and yield tax, and are calculated in such a way that the payment of a constant premium for the retirement date will be sufficient for all the target benefits, based on the insured party's current pensionable salary, to have been earned.

There is no established set of rules defining how a possible deficit should be treated, although in the first instance losses must be covered by Alecta's collective consolidation capital, and will therefore not result in increased expenses through an increase in agreed premiums. There are also no rules defining how a possible surplus or deficit is to be distributed in the event that the plan is discontinued or a company withdraws from the plan.

The information that must be provided in accordance with IAS 19, in addition to the above, relates to the consolidation ratio. Collective consolidation is a buffer for Alecta's insurance obligations against variations in return on capital and insurance risks. It comprises the difference between Alecta's assets and insurance obligations to policyholders and insured parties. The company accounts for an insignificant part of the plan.

The consolidation ratio reported below relates to Alecta's assets as a percentage of the insurance obligations. Alecta has provided the following information regarding the consolidation level: "The collective consolidation level can normally vary between 125 % and 175 %. The consolidation ratio for 2018 was 142 % (154).

The Group has no substantial defined-benefit pension plans.

2.5.4 Termination benefits

An expense for benefits in connection with staff redundancies is recorded at the earlier of when the company can no longer withdraw the offer to employees or when the company records restructuring expenses. Benefits that are expected to be settled after twelve months are recorded at their current value. Benefits that are not expected to be settled in full within twelve months are recorded under long-term benefits. There are no agreements regarding severance pay or the like within the Group.

2.5.5 Share-based benefits

A warrant scheme enables employees to acquire shares in the company. The fair value of the warrants allocated is recorded as a staff cost, with a corresponding increase in equity. There are no share-based benefits in the Group.

2.6 Lease agreements

Financial leasing exists when the financial risks and benefits associated with ownership are essentially transferred to the lessee.

In other cases, operational leasing applies. Recording of financial leasing means that non-current assets are recorded as an asset in the balance sheet, initially with corresponding debit item. Non-current assets are depreciated over the useful life. Leasing charges are divided into interest expense for the period and repayment of the debt item.

Operational leasing agreements are normally recorded as expenses on a straight-line basis over the lease period. Any variable charges are recorded as expenses directly in the income statement.

2.7 Non-current assets and financial instruments

Non-current assets with an indeterminate useful life

Goodwill represents the amount by which the cost of acquisition of companies or businesses exceeds the fair value of identified net assets on the acquisition date. Goodwill and other intangible assets with indeterminate useful lives are valued at the cost of acquisition minus any amortisation. There is no depreciation according to plan for these assets. Impairment testing is performed instead on an annual basis, or more often if there is an indication of a significant decline in value, in accordance with IAS 36.

Capitalised expenditures

Other intangible assets relate primarily to acquired software. Software is depreciated linearly over five years.

Customer relations and technology

Identified acquired customer relations and technology are depreciated linearly over 5-10 years.

Tangible assets

Tangible assets are depreciated on a straight-line basis over the estimated useful life; there is no depreciation of land. The Group applies component depreciation, which means that the components' estimated useful life forms the basis of depreciation.

Estimated useful lives:

Plant and machinery	5-12 years
Equipment, tools fixtures and fittings	5-10 years

Land and buildings include factories and offices. There are operational properties within the Group, but no investment properties. The cost of acquisition includes expenses that can be attributed directly to the acquisition. Plant and machinery consist solely of assets intended for production, while equipment, tools, fixtures and fittings are divided between offices and production. Plant and machinery are recorded at the cost of acquisition with deductions for accumulated depreciation and amortisation. Regarding the recording of directly acquired net assets ("asset acquisition"), see Note 2.2 above. Expenses for repairs and maintenance to maintain and make marginal improvements to production capacity in the machinery are recorded as expenses directly in the income statement.

Assets are depreciated over the periods indicated below.

Buildings	10-60 years
Improvement expenses on leasehold property	20 years
Land improvements	20 years
Machinery	5-10 years
Equipment, tools fixtures and fittings	3-10 years

Buildings consist of several components with varying useful lives.

The following main groups of components have been identified and form the basis of depreciation of buildings:

Frame	40-60 years
Supplements to the frame, internal walls, etc.	20-40 years
installations; heating, electricity, plumbing, ventilation, etc.	20-40 years
Outer layer: façades, roofs, etc.	20-30 years
Inner layer: mechanical equipment, etc.	10-15 years

Depreciation methods, residual values and useful lives used are reviewed at the end of every year. Regarding differences between tax and book value, please refer to the section on income taxes, 2.11.

Financial instruments

Accounts receivable and debt instruments issued are reported when they are issued. Other financial assets and financial liabilities are recognized when the Group becomes a party to the instrument's contractual terms. A financial asset (with the exception of accounts receivable that do not have a significant financing component) or financial liability is valued at initial recognition at fair value plus, in the case of financial instruments not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue. A trade receivable without a significant financing component is valued at the transaction price.

The Group removes a financial asset from the statement of financial position when the contractual rights to the cash flows from the financial asset cease or if it transfers the right to receive the contractual cash flows. The Group discards a financial liability from the statement of financial position when the commitments specified in the agreement are fulfilled, cancelled or terminated. When a financial liability is derecognised, the difference between the carrying amount that has been removed and the remuneration paid (including transferred non-monetary assets or assumed liabilities) is reported in the income statement.

For more information on financial instruments, see Note 3 and Note 4.

2.8 Inventories

2.8.1 Goods for resale, raw materials and consumables and purchased finished/semi-finished products are valued at the cost of acquisition or the net realisable value, whichever is lower. The acquisition value is calculated according to a weighted average calculation. Calculation of net realisable value arises when a risk of obsolescence has been identified in an inventory item, such as one with slow movement.

2.8.2 Finished products and work in progress are valued as direct costs and a reasonable proportion of indirect costs, based on normal utilisation capacity. The change is recorded in the income statement.

2.8.3 Work in progress on behalf of another party is valued as direct costs and an estimated proportion of indirect costs on the balance sheet date.

Of the recorded inventory values of raw materials and consumables, it is estimated that SEK 538.3 million (482.1) will be 95 % turned over within one year. It is estimated that other inventory values, such as work in progress, finished products and goods for resale, totalling SEK 252.4 million (250.2), will be turned over in their entirety within one year. The value of inventories was written down by SEK 81.8 million (76.1) on the balance sheet date. The valuation was based on the use of an obsolescence scale. The obsolescence scale is based on each company's historical obsolescence risks.

2.9 Effects of changes in exchange rates

2.9.1 Transactions and balance sheet items

Transactions in foreign currency are translated at the exchange rate prevailing on the transaction date. Exchange rate profits and losses that arise when paying for such transactions, as well as monetary assets and liabilities in foreign currency that are translated at the closing day rate, are recorded gross in the income statement. To a lesser extent there are currency hedges within the Group on the balance sheet date.

2.9.2 Group companies

Assets and liabilities in foreign businesses, including goodwill and other group over and under values, are translated from the foreign operation's functional currency to the group's presentation currency, the Swedish kronor (SEK), at the exchange rate as of the balance sheet date. Revenues and expenses in a foreign enterprise are translated into Swedish crowns at an average rate that constitutes an approximation of the exchange rate that prevails

at each moment of transaction. Translation differences that occur upon translating currencies for foreign operations are posted separated in other comprehensive income and area accumulated in a separate component in equity, named the translation reserve. In the event that the foreign operation is not wholly owned, the translation difference is distributed to holdings without controlling influence based on its proportional share of ownership. When controlling influence, considerable influence or joint control ceases for a foreign business, they are realised at the accumulated translation difference by which they are reclassified from the translation reserve in equity to profits for the year.

2.10 Provisions

A provision differs from other liabilities as there is uncertainty about the payment date and the size of the amount to settle the provision. A provision is reported in the balance sheet when there is an existing legal or informal obligation as a consequence of an event, it is probable that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be produced. Provisions are made at the amount that represents the best estimate of what is required to settle the existing obligation on the balance sheet date. If the effect of when payment is made is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the money's time value and the risks associated with the liability. Provisions only occur in the Bulgarian, Lithuanian, Polish and Italian companies, and the size of these defined benefit pension plans has been assessed as being insignificant for the Group.

If there are a number of similar obligations, an individual assessment is usually made regarding the probability of whether an outflow of resources from the company will be required. A provision is recorded when the probability of outflow in respect of a special item in this group of obligations is likely. Provision is made at the amount that represents the best estimate of what is required to settle the existing obligation on the balance sheet date.

2.11 Income taxes

Recorded tax for the period comprises current tax and deferred tax. When the tax is based on an underlying transaction that is recorded directly against equity, the tax effect is also recorded directly against equity. Otherwise the tax is recorded in the income statement. Current tax is the tax payable or receivable for the year, adjusted for any correction of current tax from previous years.

Deferred tax is recorded in full, according to the balance sheet method, for all temporary differences that arise between the tax value of assets and liabilities and their carrying amounts in the consolidated financial statements. Temporary differences are not recorded for differences arising on recording of consolidated goodwill or for the initial recording of assets and liabilities that are not business combinations and that at the time of the transaction do not affect recorded or taxable profit.

Deferred taxes are calculated using the tax rates expected to apply when the tax is to be settled, which are normally the tax rates adopted on the balance sheet date. Deferred tax assets in respect of tax loss carryforwards are recorded only to the extent that it is likely that they can be utilised. Deferred tax liabilities consist mainly of untaxed reserves, which are divided into equity and deferred tax in the consolidated financial statements. The amount also includes deferred tax liabilities on the properties recorded at a higher value than the tax value.

The parent company's balance sheet items include deferred tax only as a component of untaxed reserves. Due to the connection between accounting and taxation, these are not reported separately. There are thus no deferred taxes recorded in the parent company's financial statements.

2.12 Recording of government grants and disclosure of government assistance

Government grants are recorded in the balance sheet as deferred income when there is reasonable certainty that the grant will be received and the Group will fulfil the conditions associated with the grant. Grants are accrued systematically in the income statement in the same manner and over the same periods as the expenses the grants are intended to compensate.

Government grants related to assets are recorded as a reduction in the carrying amount of the asset.

2.13 Earnings per share

Calculation of earnings per share is based on the consolidated profit/loss for the year and the weighted average number of shares outstanding during the year.

2.14 Impairments

Assets that have an indefinite useful life (for example, goodwill) are not depreciated, but are tested annually or more often when needed with respect to the need for impairment with a number of estimates such as assumed growth rate and assumed discount rate. For impairment testing, goodwill is allocated to the operating segments that were expected to benefit from the acquisition and where the goodwill item arose. IAS 36 is applied within AQ for testing impairment requirements except for the assets that are regulated via other standards such as financial assets (IFRS 9), inventories and deferred taxes. During the financial year, there was no impairment requirement in the Group linked to IAS 36.

For other assets, an assessment is made if there is a need for impairment when there are indications that an asset's value exceeds its estimated recoverable amount. The recoverable amount is the highest of an asset's net sales value and value in use. For assets that have previously been written down, a review is made on each balance sheet date if reversal should be made.

Impairment of financial assets is made in accordance with IFRS 9. The Group recognizes loss reserves for expected credit losses on financial assets valued at amortized cost. The reported gross value of a financial asset is depreciated when the Group has no reasonable expectation of recovering a financial asset in its entirety or part of it. The Group makes individual assessments regarding the time and amount for write-off based on whether there are reasonable expectations for recovery. However, financial assets that have been written off may still be subject to enforcement measures to comply with the Group's recovery procedures of recoverable amounts.

2.15 Related party disclosures

Regarding transactions between companies within the Group, these take place at arm's length in accordance with the Group's internal pricing policy. See also Notes 2.3 and 6. There have been no transactions with owners beyond the benefits described in Note 9, Personnel.

2.16 The parent company's accounting policies

AQ Group AB is the parent company in the AQ Group and has its head office in Västerås, Sweden. The operation includes administrative functions, holding operations and financing operations. AQ Group AB has prepared its Annual Report in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 (Accounting for Legal Entities), hereinafter "RFR 2", which was issued by Swedish Financial Reporting Board. In accordance with RFR 2, a parent company whose consolidated financial statements comply with the International Financial Reporting Standards (IFRS), as approved by the EU, as long as these accounting policies comply with the Swedish Annual Accounts Act, can apply the exceptions from IFRS as defined in RFR 2 with regard to Swedish tax legislation.

The financial statements are presented in Swedish kronor (SEK), rounded to the nearest thousand Swedish Kronor. Unless otherwise specified, the parent company's accounting policies have been applied consistently for all periods. There is a more detailed description of the accounting policies applied in Notes 1 and 2. The descriptions below have been limited to deviations that occur.

Subsidiaries

Shares in subsidiaries are recorded in the parent company in accordance with the cost value method. The carrying amount for shares in subsidiaries undergoes impairment testing in accordance with IAS 36, Impairment of Assets. For further information see also the Group's accounting policies, Amortisation of financial assets, in respect of amortisation. Transaction expenses that arise in connection with a business combination are recorded by the parent company as part of the cost of acquisition and are thus not recorded as an expense.

Financial warranties

Financial warranties that the parent company has issued in favour of subsidiaries are not valued at their fair value. They are recorded as contingent liabilities, unless it is probable that the warranties will result in payments. In such cases, a provision is recorded.

Group contributions and shareholder contributions

Group contributions in Sweden are deductible, in contrast with shareholder contributions. Group contributions are recorded as appropriations in the income statement.

NOTE 3 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

These financial instruments are presented below with a classification according to IAS 32, accounting and valuation according to IFRS 9 (IAS 39 before January 1, 2018) and disclosures with risk information according to IFRS 7 and measurement at fair value according to IFRS 13.

Financial assets - Policy applied before January 1, 2018

The classification depends on the purpose for which the instruments were acquired. The management determines the classification of the instruments at the first report and reviews this decision on each reporting occasion. Accounting for acquisitions and divestments of financial instruments takes place on the business day.

The following instruments have been included in the consolidated balance sheet before January 1, 2018 with the following current categorization: 1) Loan receivables and accounts receivable - accounts receivable, other receivables and cash and cash equivalents. Fair value is not reported separately below as our assessment is that the values reported are an acceptable estimate of the fair value due to short term maturity. Accounts receivable and other receivables are financial assets that are not derivatives, they have fixed or determinable payments and are not listed on an active market, for other receivables to the extent that they can be classified as financial instruments, the corresponding applies, all of which have been valued at amortized cost, which initially corresponds to fair value.

Financial assets - Policy applied after January 1, 2018

On initial recognition, a financial asset is classified as valued at: amortized cost, fair value through other comprehensive income or fair value through profit or loss. Financial assets are not reclassified after the initial recognition, except if the Group changes the business model for the management of the financial assets.

A financial asset shall be valued at amortized cost if it meets both of the following conditions and has not been identified as valued at fair value through profit or loss:

- it is held within the framework of a business model whose goal is to hold financial assets in order to obtain contractual cash flows, and
- the agreed terms for the financial asset give rise to cash flows at specific times, which are only payments of principal amounts and interest on the outstanding amount of capital.

A debt instrument shall be valued at fair value through other comprehensive income if it meets both of the following conditions and has not been identified as valued at fair value through profit or loss:

- it is held according to a business model whose objectives can be achieved both by obtaining contractual cash flows and selling financial assets, and
- its contractual terms give rise to cash flows at specific times, which are only payments of principal and interest on the outstanding amount of capital.

All financial assets that are not classified as valued at amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss.

a) Subsequent valuation and profits and losses:

Financial assets valued at fair value through profit or loss.

The subsequent valuation for these assets takes place at fair value. Net gains and losses, including all interest or dividend income, are reported in profit or loss.

Financial assets valued at amortized cost

The subsequent valuation for these assets is made at amortized cost using the effective interest method. The accrued acquisition value is reduced by write-downs. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Gains or losses arising from cancellation are reported in profit or loss.

Loans and accounts receivable

SEK thousands	Group	Parent company
	2017	2017
Accounts receivables - trade	900,387	-
Receivables from group companies	-	311,306
Other receivables	16,849	35
Cash and cash equivalents	142,049	-
Total	1,059,286	311,341

Financial assets valued at amortized cost

SEK thousands	Group	Parent company
	2018	2018
Accounts receivables - trade	1,081,833	-
Receivables from group companies	-	414,144
Other receivables	16,611	2,649
Cash and cash equivalents	100,683	-
Total	1,199,127	416,793

At closing, the need for impairment of bad debt is tested, see credit risks.

Cash and cash equivalents consist of cash and immediately available balances with banks and corresponding institutions. There are no obstacles to the exploitation. The Group's unutilized overdraft facility amounts to SEK 69.5 million (13), see also note 32. Linked to the overdraft facility, two conditions are stipulated in a covenant, one relating to limitations in the Group's net debt in relation to operating profit before interest, tax, depreciation and write-downs (EBITDA). The second limits the debt to equity ratio, net debt / equity. During the full year 2018, AQ has met the conditions by a good margin.

Financial liabilities - Policy applied before January 1, 2018

Loans and other financial liabilities, e.g. accounts payable, are included in the category "Other financial liabilities". These liabilities are valued at amortized cost, which initially corresponds to fair value. We have not calculated interest on short-term liabilities that have a shorter maturity than one year. Read more about liquidity and interest rate risk under General risk exposure.

Financial liabilities - Policy applied after January 1, 2018

Financial liabilities are classified as valued at amortized cost or fair value through profit or loss. A financial liability is classified at fair value through profit or loss if it is classified as a holding for trading purposes, as a derivative or it has been identified as such at the first accounting date. Financial liabilities measured at fair value through profit or loss are valued at fair value and net gains and losses, including interest expenses, are recognized in profit or loss. Subsequent valuation of other financial liabilities takes place at amortized cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognized in profit or loss. Gains or losses on removal from the accounts are also reported in the result.

Other financial liabilities SEK thousands	Group		Parent company	
	2018	2017	2018	2017
Non-current liabilities to credit institutions	16,667	12,757	683	144
Bank overdraft facilities	123,343	133,537	109,910	133,537
Other debts to credit institutions	294,137	119,727	285,611	115,403
Accounts payable - trade	449,868	418,050	3,568	2,994
Other liabilities	28,635	10,848	11,689	8
Liabilities to group companies	-	-	197,143	285,585
Total	912,650	694,919	608,604	537,669

In the description of the liquidity risk, there is a maturity analysis for financial liabilities. For AQ, this means that almost all financial instruments are recognised at cost and any reporting of changes in value, such as foreign exchange, is carried through the income statement.

Financial instruments

The Group is exposed to various types of financial risks in its business.

Financial risk refers to fluctuations in the company's earnings and cash flow due to changes in exchange rates, interest rates, refinancing and credit risks. The Group's financial policy for managing financial risks has been prepared by management and provides guidance in the form of risk mandates and limits for financial activities. The overall objective of the Group's financial policy is to provide cost-effective financing and to minimise negative effects on the Group's profit which derive from market risks. The following is a general description of risks and uncertainties, as well as how they are managed.

General risk exposure relating to financial assets and liabilities

Group management classifies risks into the categories credit risk, liquidity risk and market risk. Market risk is in turn divided into interest rate risk, currency risk and price risk, the latter refers to both purchases and sales. Group management has decided, in certain cases, to work with hedging instruments. The goal is to address the risks through currency and raw material clauses in agreements with customers and suppliers. The experience from renunciation of hedging for the said risks has not meant that management intends to change the current policy.

Specification of overdue trade and other receivables SEK thousands	Total		Loss reserves	
	2018	2017	2018	2017
Not overdue	858,988	757,479	2,411	85
Total overdue by 1 - 30 days	161,366	101,201	46	-
Total overdue by 31 - 90 days	33,102	25,197	-	-
Total overdue by 91 - 180 days	21,498	11,765	375	440
Total overdue by more than 180 days	24,782	8,052	15,071	2,782
Total	1,099,736	903,694	17,903	3,307

Accounts receivable are denominated in Swedish kronor, approximately SEK 411.2 million (389.4), thereafter, the main currencies are EUR, CNY and USD - converted to Swedish kronor - amount to approximately SEK 498.0 million (387.7), SEK 63.0 million (71.9) and SEK 59.7 million (29.6).

Credit risks

The Group's credit risk is mainly related to trade receivables. According to the credit policy, a credit assessment of new customers is performed. An assessment is done via an external credit rating when available, and payment history. The Group's average collection period for external trade receivables during the year was 68 (65) days. A change in the credit period of 1 day, with current turnover rate, means a change in working capital and cash flow of approximately SEK 16 million.

Other measures of the Group's credit risk is illustrated by the total exposure to individual customers. On the balance sheet date, the single largest receivable was SEK 266 million (188). The net sales of the Group's two largest customers amounted to 28% (25) of total net sales.

The Group's maximum exposure to credit risk is limited to the above stated value of accounts receivable. The following tables show the time aspect of the risk exposure of overdue accounts receivable. The management of credit risks is decentralised.

The Group reports loss reserves for expected credit losses on financial assets valued at amortized cost. The Group has a policy for when losses are reported. When it is determined whether a financial asset's credit risk has increased significantly since the first accounting date and when calculating expected credit losses, the Group assumes reasonable and verifiable information that is relevant and available without unnecessary costs or efforts. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and credit assessment and including forward-looking information. See Note 2.14 for more information on impairment of financial assets.

Loss reserves on balance date are reported as a total of SEK 17.9 million (3.3), and the year's profit includes losses of SEK 2.6 million (0).

Non-current liabilities	Group	
	2018	2017
Bank loans	13,075	6,566
Financial leasing liabilities, non-current	3,592	6,191
Total	16,667	12,757

Current liabilities	Group	
	2018	2017
Overdraft facility	123,343	133,537
Bank loan	291,954	118,253
Financial leasing liabilities, current	2,183	1,475
Total	417,480	253,264

Liquidity risks

Liquidity risk is the risk that the Group may face problems meeting its obligations associated with financial liabilities. See specification, Other financial liabilities, above. The goal is for the Group to be able to meet its financial obligations in favourable and unfavourable markets without substantial unforeseen costs.

Liquidity risks and associated interest rate risk is managed centrally for the whole group. The rating agency Bisnode has given a rating of AAA for the company's borrowing.

The following table shows the maturity of the Group's financial liabilities. The column called nominal amount relates to future non-discounted cash flows.

Terms and maturity	Currency	Nom interest rate	Due	Group			
				2018		2017	
SEK thousands				Nom. Amount	Booked Amount	Nom. Amount	Booked Amount
Revolving facility	SEK	0.79%	2018	287,252	285,000	115,687	114,780
Bank loan	SEK	1.07%	2020-2022	6,266	6,093	8,666	8,437
Bank loan	SEK	2.90%	2019	494	479	-	-
Bank loan	CAD	5.50%	2019	14,216	13,457	1,626	1,602
Financial leasing liabilities		1.5-2.88%	2018-2021	5,929	5,774	7,867	7,666
Overdraft facility	SEK	0.50%	2019	37,860	37,671	81,697	81,290
Overdraft facility	EUR	0.50%	2019	41,448	41,242	46,626	46,394
Overdraft facility	PLN	0.50%	2019	14,368	14,297	4,448	4,425
Overdraft facility	USD/CNY/CAD	0.50%	2019	16,784	16,700	1,434	1,427
Overdraft facility	CAD	5.00%	2019	14,105	13,433		
Accounts payable - trade			2018	449,868	449,868	418,050	418,050
Other liabilities			2018	28,635	28,635	10,848	10,848
Total				917,225	912,649	696,947	694,919

Financial leasing liabilities	Group					
	31/12/2018			31/12/2017		
	Minimum lease charge	Interest	Capital amount	Minimum lease charge	Interest	Capital amount
Within one year	2,298	116	2,182	1,505	30	1,475
Between one and five years	3,631	39	3,592	6,362	171	6,191
Total	5,929	155	5,774	7,867	201	7,666

Variable fees do not amount to significant amounts

Market risks

Market risks include the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks are divided into interest rate risk, currency risk and other price risk. The market risks that primarily affect the Group are interest rate risk, currency risk and other price risks such as commodity prices.

a) Interest risks

The Group's interest rate risk relates to the Group's financing with credit institutions. All Financing with credit institutions currently occur with variable interest, which is connected to the bank's base rate, which is related to Swedish National Bank's Repo rate. With the net debt as per 2018-12-31, a change of 1 % has an impact of about SEK 3.3 MSEK.

b) Currency risks

The Group also includes subsidiaries in the Euro area and Bulgaria, India, China, Mexico, Hungary, Poland, Serbia, USA, Canada and Thailand. Transactions, assets and liabilities denominated in foreign currencies are monitored centrally at AQ to create balance in each currency and thereby achieve maximum equalisation effect within the Group which thus minimises exchange rate effects. The group only uses hedging instruments in exceptional cases. A decision to hedge is made centrally, after which managing it can take place at the subsidiary level.

Without considering price adjustments in the sales contracts, a change in exchange rate of 10 % total over an annual period means an impact on sales of about SEK 278 MSEK (211.0).

Sales in currencies other than SEK is about 59 % (52) of sales.

Exchange rates	EUR	BGN	CNY	HKD	HUF	INR	MXN	NOK	PLN	THB	RSD	USD	CAD
Average exchange rate 2014	9.10	4.65	1.11			0.11	0.52	1.09	2.17			5.86	
Closing day rate 2014	9.52	4.87	1.26			0.12	0.53	1.05	2.21			7.81	
Average exchange rate 2015	9.36	4.78	1.34		0.03	0.13	0.53	1.05	2.24	0.25		8.44	
Closing day rate 2015	9.14	4.67	1.29		0.03	0.13	0.48	0.96	2.15	0.23		8.35	
Average exchange rate 2016	9.47	4.84	1.29		0.03	0.13	0.46	1.02	2.17	0.24	0.08	8.56	
Closing day rate 2016	9.57	4.89	1.31		0.03	0.13	0.44	1.05	2.17	0.25	0.08	9.10	
Average exchange rate 2017	9.63	4.93	1.26	1.10	0.03	0.13	0.45	1.03	2.26	0.25	0.08	8.54	
Closing day rate 2017	9.85	5.04	1.26	1.05	0.03	0.13	0.42	1.00	2.36	0.25	0.08	8.23	
Average exchange rate 2018	10.26	5.24	1.31	1.11	0.03	0.13	0.45	1.07	2.41	0.27	0.09	8.69	6.71
Closing day rate 2018	10.28	5.25	1.31	1.15	0.03	0.13	0.46	1.02	2.39	0.28	0.09	8.97	6.59

Upon a conversion of foreign subsidiaries' currencies to SEK, there is a conversion effect. A five percent change, assuming no changes elsewhere, changes the Group's profit before tax by SEK 10.0 million.

Three currencies are responsible for most of the conversion exposure, PLN where a five percent change gives an effect before tax of SEK 3.6 million, EUR which has a corresponding effect on the result by SEK 3.5 million and BGN with 2.4 MSEK. Other exchange rate changes have a minor affect.

The net effect on other comprehensive income of a five percent change against SEK is SEK 45.6 million (42.0), which comprises a change in the translation reserve. The change from the previous year is mainly due to the increased exposure of net assets in BGN, CNY and EUR.

c) Commodity risks

Commodity price risk refers to the change in prices of input goods and its impact on earnings. For the Group, it mainly involves changes in raw materials which constitute a commodity price risk.

AQ does not buy direct raw materials but only semi-finished products for further production such as sheet metal of steel and aluminium, wiring, insulated winding wire, etc.

The raw material part (LME guided part) of semi-finished goods is estimated to be SEK 49.3 million in total, upon the following assumptions:

Aluminum: 857 tonnes x 2,075 USD x 8.5 = SEK 15.1 million
Copper: 602 tonnes x 6,683 USD x 8.5 = SEK 34.2 million

The risk is minimised by price clauses in customer contracts.

NOTE 4 AMENDED ACCOUNTING POLICIES AND FUTURE CHANGES

4.1 Parent company

Unless otherwise stated below, the Parent Company's accounting policies in 2018 changed in accordance with what is stated below for the Group.

4.2 Group

As of January 1, 2018, the Group has begun to apply IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

IFRS 9

IFRS 9 deals with the accounting of financial instruments. The new standard replaces IAS 39 Financial instruments: accounting and valuation. IFRS 9 contains rules for accounting and valuation of financial assets and liabilities, impairment of financial instruments and hedge accounting.

IFRS 9 contains three principal classification categories for financial assets: Valued at amortized cost, fair value through other comprehensive income and fair value through profit or loss. IFRS 9 eliminates the previous IAS 39 categories of investments held to maturity, loan receivables and accounts receivable, as well as available-for-sale financial assets.

IFRS 9 generally retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The introduction of IFRS 9 has not had a material effect on the Group's accounting principles related to financial liabilities.

During the year, work was carried out in which analysis were made regarding the classification and valuation of the Group's financial instruments. The result of this work shows that the new rules will not entail any significant change in the Group. No adjustment has been made in the opening balances for 2018 in accordance with the transition rules of the standard.

IFRS 9 introduces a new impairment model based on expected credit losses and takes into account forward-looking information. AQ's customer losses have been very limited over the years and the effects of IFRS 9 are marginal, which they are also expected to be going forward. No adjustment has been made in the opening balances for 2018.

IFRS 15

IFRS 15 Revenue from Contracts with Customers, which came into force on January 1, 2018, has replaced IAS 18 Revenue and IAS 11 Construction Contracts.

IFRS 15 is based on the principle that revenue is recognized when the customer receives control of the sold goods or service and replaces the previous principle that the revenue is recognized when risks and benefits have been transferred to the buyer. IFRS 15 is also clearer when it comes to identifying the various performance requirements in the contracts with customers.

The effect of AQ's subsidiaries has been analysed. No material deviations from previous standards have been found and no adjustment of the opening balances for 2018 has been made. The standard entails increased disclosures which are reported together with operating segments in Note 6.

IFRS 16

IFRS 16 Leases will replace IAS 17 Leases on January 1, 2019.

IFRS 16 will mean that all leases will be reported in the consolidated balance sheet, with the exception of leases of lesser value and contracts with a maturity of up to 12 months. AQ has thus chosen to use the relief rules for short leases or assets of low value.

The company has also chosen to use the simplified transition method, which means that no recalculation will be made of the comparative figures and that the entry value of equity is not affected.

The Group will report new fixed assets and liabilities for operational leasing agreements for factory and office premises. No significant effect is expected on the Group's financial leasing agreements.

At the transition to IFRS 16, the balance sheet total will increase by about 10 %.

NOTE 5 IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The board makes estimations and assessments concerning the future. Upon signing of the financial

statements, the Group is not involved in any significant litigation. The Board, upon the establishment of the annual report for 2018, found no item that would be particularly vulnerable in terms of a risk which could induce significant adjustments for the coming year, also see notes 2.4, 2.5, 2.7, 2.11, 3 and 16.

NOTE 6 OPERATING SEGMENTS AND MARKET DISTRIBUTION**6.1 Operating segments**

The product composition in the segment Component includes transformers, wiring systems, mechanical parts, sheet metal processing and plastic injection molding. The product composition in the segment System includes production of systems, automation and power solutions, and the assembly of complete machines.

All group companies are driven by common goals for growth and profitability. This means that all trade between the companies is done on market terms (at arm's length, see note 2.15). Segment reporting does not include any adjustments for internal profit and consolidated trading with other segments, these amounts are included as reconciliation items together with real estate companies and the parent company's numbers in the matrix below, under the heading Unallocated and eliminations.

Segment reporting includes deferred tax liabilities in the total line for Equity. Negative goodwill is taken up its entirety under the heading Other operating income in the Group during the year of acquisition while it is matched against the accrual of capitalised balance sheet items in the Segment reporting. Two of the group's customers has generated revenues that constitute 10 % or more each of the Group's total revenue. These revenues amounted to SEK 804 million (611) and SEK 494 million (372) and are included in both segments.

Reported amounts below reflect the financial reports that the company's executive decision makers, the CEO and the management team review on a continuous basis and which make up the control parameters in the allocation of resources and assessment of performance. To the extent that there is reporting of assets and liabilities for segments below Group level, to the executive decision-makers, these are valued in the same way as in the annual report.

2018 SEK thousands	Component	System	Unallocated and eliminations	Group
External invoicing within Sweden	1,724,330	521,213	-	2,245,542
External invoicing outside Sweden	1,859,582	562,096	-	2,421,678
Internal invoicing, other segments	361,435	171,355	-532,790	-
Total net turnover	3,945,347	1,254,663	-532,790	4,667,220
Material costs, excl. purchases own segment	-2,040,756	-911,413	489,798	-2,462,371
Depreciation	-107,038	-4,874	-319	-112,231
Other operating expenses/income	-1,662,330	-254,133	32,029	-1,884,434
Operating profit	135,223	84,243	-11,282	208,184
Net financial items	-	-	-9,862	-9,862
Profit before tax	132,223	84,243	-21,144	198,322
Other comprehensive income plus tax	-	-	-8,495	-8,495
Comprehensive income for the year	132,223	84,243	-29,639	189,827
2017 SEK thousands				
External invoicing within Sweden	1,635,744	458,605	-	2,094,349
External invoicing outside Sweden	1,503,783	421,608	-	1,925,392
Internal invoicing, other segments	331,228	177,243	-508,471	-
Total net turnover	3,470,755	1,057,456	-508,471	4,019,740
Material costs, excl. purchases own segment	-1,760,814	-783,683	474,842	-2,069,654
Depreciation	-92,011	-5,196	-293	-97,499
Other operating expenses/income	-1,436,662	-205,241	52,599	-1,589,305
Operating profit	181,268	63,337	18,678	263,282
Net financial items	-	-	-7,454	-7,454
Profit before tax	181,268	63,337	11,224	255,828
Other comprehensive income plus tax	-	-	-25,521	-25,521
Comprehensive income for the year	181,268	63,337	-14,297	230,307

Geographic Markets are based on where AQ's subsidiaries are based.

NOTE 6.1 OPERATING SEGMENTS (CONT.)

2018 SEK thousands	Component	System	Unallocated and eliminations	Group
Cash and cash equivalents (incl. short-term investments)	231,705	44,323	-175,345	100,683
Trade and other receivables	835,917	245,911	5	1,081,833
Inventories	617,262	176,999	-3,538	790,724
Tangible assets in Sweden	108,775	27,166	-294	135,647
Tangible assets in other countries	378,358	53,914	-	432,271
Other assets	244,243	40,634	273,753	558,630
Total assets	2,416,261	588,947	94,580	3,099,788
Current liabilities	970,320	307,627	-114,639	1,163,307
Non-current liabilities	103,971	19,518	30,280	153,769
Equity	1,341,970	261,802	178,939	1,782,711
Total liabilities and equity	2,416,261	588,947	94,580	3,099,788

2017 SEK thousands	Component	System	Unallocated and eliminations	Group
Cash and cash equivalents (incl. short-term investments)	274,521	143,131	-275,603	142,049
Trade and other receivables	693,024	204,316	3,047	900,387
Inventories	554,561	180,857	-3,075	732,343
Tangible assets in Sweden	124,512	31,291	53	155,855
Tangible assets in other countries	297,564	66,093	-	363,657
Other assets	234,809	82,901	65,442	383,152
Total assets	2,178,990	708,590	-210,136	2,677,444
Current liabilities	802,606	327,929	-183,684	946,851
Non-current liabilities	99,084	19,765	-31,449	87,399
Equity	1,277,301	360,896	4,996	1,643,193
Total liabilities and equity	2,178,990	708,590	-210,136	2,677,444

Net sales allocated to operating segments and geographical markets

2018 SEK thousands	Component	System	Unallocated and eliminations	Group
Sweden	1,375,623	821,766	51,637	2,249,027
Other European Countries	2,092,857	274,957	-	2,367,814
Other countries	476,866	157,939	-	634,806
Net sales	3,945,347	1,254,663	51,637	5,251,647
Internal sales, eliminations	-	-	-584,427	-584,427
Total net turnover	3,945,347	1,254,663	-532,790	4,667,220

2017 SEK thousands	Component	System	Unallocated and eliminations	Group
Sweden	1,457,921	722,596	50,240	2,230,757
Other European Countries	1,682,732	173,013	-	1,855,745
Other countries	330,101	161,848	-	491,949
Net sales	3,470,755	1,057,456	50,240	4,578,451
Internal sales, eliminations	-	-	-558,711	-558,711
Total net turnover	3,470,755	1,057,456	-508,471	4,019,740

Contractual liabilities amount to SEK 26.4 million (55.5). The contractual liabilities consist of advances from customers.

6.2 Market Distribution

Sales are based on where the customer is located. Non-current assets are based on where the assets are located. No financial assets are included in the table.

SEK thousands	Group			
	Sales		Non-current assets	
Country	2018	2017	2018	2017
Sweden	2,245,542	2,094,349	184,566	203,579
Germany	435,211	289,416		
Finland	179,324	39,532	82,105	-
France	150,494	142,227		
Poland	142,704	157,626	49,392	35,836
Belgium	125,127	127,057		
Hungary	102,488	118,404	206,370	218,038
Denmark	94,363	47,984		
Netherlands	92,819	129,243		
United Kingdom	66,143	51,866		
Spain	62,754	25,781		
Italy	61,663	55,818	3,615	4,314
Estonia	53,730	47,118	80,375	55,162
Lithuania	31,176	3,906	82,771	76,235
Bulgaria	29,993	22,246	106,859	93,142
Norway	20,543	24,100		
Serbia	2,269	1,674	459	492
Other countries in Europe	95,292	115,368		
China	303,817	312,424	34,707	31,720
India	59,885	58,100	23,220	20,481
Thailand	19,912	18,455		5,554
Singapore	15,647	15,197		
Hong Kong	846	923		
Other countries in Asia	15,812	33,155		
USA	114,814	37,333	49,958	-
Canada	69,709	4,978	96,826	-
Mexico	24,417	20,223	3,676	1,698
Other countries in Central America	666	3,257		
Other countries in South America	26,549	2,377		
Australia	22,735	17,216		
Africa	776	2,388		
Total	4,667,220	4,019,740	1,004,899	746,250

NOTE 7 OTHER OPERATING INCOME

SEK thousands	Group		Parent company	
	2018	2017	2018	2017
Exchange gains from operations, realised	24,028	18,352	-	389
Exchange gains from operations, unrealised	13,438	4,818	184	-
Capital gains on non-current assets	4,100	2,296	46	-
Recovery of previously impaired trade and other receivables	359	1,381		
Rental income	199	108		
Sale of scrap and obsolete material	25,900	5,623		
Other operating income ¹⁾	21,237	15,793	2,533	2,217
Total	89,261	48,371	2,763	2,607

¹⁾ Other operating income includes received insurance compensation, government grants etc.

NOT 8 OTHER EXTERNAL EXPENSES**8.1 Remuneration to auditors**

SEK thousands	Group		Parent company	
	2018	2017	2018	2017
<i>KPMG</i>				
Audit assignment	1,613	1,612	345	335
Audit-related assignments	78	37	-	37
Tax consultation/other services	198	169	103	135
	1,889	1,818	448	507
<i>Grant Thornton</i>				
Audit-related assignments	-	53		
Tax consultation/other services	-	362		
	-	415		
<i>BDO</i>				
Audit assignment	537	-		
	537	-		
<i>Demers Beaulne</i>				
Audit assignment	514	-		
	514	-		
<i>FangBen CPA</i>				
Audit assignment	196	158		
Tax consultation/other services	103	181		
	299	339		
<i>Other</i>				
Audit assignment	744	763		
Audit-related assignments	-	7		
Tax consultation/other services	144	146		
	888	915		
Total	4,127	3,487	448	507

The audit assignment refers to the review of the annual report and accounting and the Board's and the CEO's management, which results in the established audit report. In addition, information is provided regarding compensation separately for audit activities and audit assignments besides audit tasks and tax services and other services, which may have been assigned to the main auditing company to process during the fiscal year.

8.2 Operational leasing

All leasing costs for assets leased according to operating lease agreements, such as rented premises, tools, office equipment, etc. are reported as Other external expenses. The following table describes the year's fees, as well as future payments under contracts which cannot be cancelled. The fees for rents are included in the summary up until the next renewal date.

2018				
SEK thousands	2018	2019	2020-2023	Later
Rental agreements for external premises	65,670	66,845	156,598	40,821
Rental agreements for machinery	2,390	2,342	8,191	10
Other agreements	2,422	3,032	5,744	-
Total	70,482	72,219	170,533	40,831

2017				
SEK thousands	2017	2018	2019-2022	Later
Rental agreements for external premises	51,441	47,176	131,513	7,489
Rental agreements for machinery	3,425	2,671	5,922	-
Other agreements	3,062	2,294	5,330	327
Total	57,928	52,140	142,765	7,815

NOTE 9 PERSONNEL

Average number of employees	2018			2017		
	Women	Men	Total	Women	Men	Total
Parent company, Sweden	11	8	19	13	10	23
Subsidiaries, Sweden	169	712	881	224	796	1,020
Bulgaria	690	578	1,268	619	527	1,146
Canada	110	43	153	-	-	-
China	176	264	440	177	295	472
Estonia	96	324	420	85	300	385
Finland	30	91	121	-	-	-
Hungary	87	292	379	104	326	430
India	10	123	133	9	114	123
Italy	7	13	20	7	12	19
Lithuania	588	133	721	561	127	688
Mexico	139	66	205	124	38	162
Poland	684	463	1,147	599	411	1,010
Serbia	22	10	32	25	11	36
Thailand	17	8	25	20	14	34
USA	44	61	105	-	-	-
Total	2,880	3,189	6,069	2,567	2,981	5,548

Gender distribution, executive officers

Board	Women	Men	Total	Women	Men	Total
Parent company	29%	71%	100%	33%	67%	100%
Group	21%	79%	100%	8%	92%	100%

Company management and MD	Women	Men	Total	Women	Men	Total
Parent company	50%	50%	100%	33%	67%	100%
Group	16%	84%	100%	16%	84%	100%

	Group		Parent company		
	2018	2017	2018	2017	
Salaries and remunerations, SEK thousands					
Sweden					
Board, CEO and other executive officers ¹⁾	30,956	30,238	7,529	7,560	
Other employees	331,068	339,620	6,490	5,954	
Total in Sweden	362,024	369,858	14,019	13,514	
<i>1) Of which bonuses and the like to executive officers</i>	<i>3,359</i>	<i>2,365</i>	<i>-</i>	<i>1,393</i>	
Other countries					
Board and CEO ¹⁾	40,323	27,468			
Other employees	563,978	419,138			
Subsidiaries in other countries	604,301	446,606			
<i>1) Of which bonuses and the like to executive officers</i>	<i>4,470</i>	<i>3,014</i>			
Board, CEO and executive officers total ¹⁾	71,279	57,706	7,529	7,560	
Other employees total	895,046	758,758	6,490	5,954	
Total	966,325	816,464	14,019	13,514	
<i>1) Of which bonuses and the like to executive officers.</i>	<i>7,829</i>	<i>5,378</i>	<i>-</i>	<i>1,393</i>	
Payroll overhead, SEK thousands					
Sweden					
Pension expenses for Board, CEO and other executive officers	6,873	5,627	1,650	1,465	
Pension expenses for other employees	17,155	15,041	518	847	
Other payroll overhead	123,920	132,806	5,146	4,259	
Total in Sweden	147,948	153,473	7,314	6,571	
Other countries					
Pensions expenses for Board and CEO	709	670			
Pension expenses for other employees	37,735	30,988			
Other payroll overhead	55,795	38,951			
Subsidiaries in other countries	94,239	70,610			
Total					
Pensions expenses for Board and CEO	7,582	6,297	1,650	1,465	
Pension expenses for other employees	54,890	46,029	518	847	
Other payroll overhead	179,715	171,757	5,146	4,259	
Total	242,187	224,083	7,314	6,571	
Remuneration to the Board, CEO and Group management					
SEK thousands	Basic salary/ fee	Variable remuneration	Other benefits	Pension expenses	Total
2018					
Chairman of the Board, Patrik Nolåker	450				450
Board member, Ulf Gundemark	230				230
Board member, Annika Johansson Rosengren	160				160
Board member, Claes Mellgren	200				200
Board member, Gunilla Spongh	200				200
Board member, Per Olof Andersson	190				190
Board member, Lars Wrebo	160				160
CEO, Claes Mellgren (January-August)	691		30	96	817
CEO, Anders Carlsson (September-December)	737		33	253	1,023
Other executive officers, five	4,161		287	1,301	5,749
	7,179	-	350	1,650	9,179

Remuneration to the Board, CEO and Group management SEK thousands	Basic salary/ fee	Variable remuneration	Other benefits	Pension expenses	Total
2017					
Chairman of the Board, Per-Olof Andersson	470	-	18	12	500
Board member, Hidayet Tercan ¹⁾	160				160
Board member, Patrik Nolåker ²⁾	210				210
Board member, Ulf Gundemark ³⁾	230				230
Board member, Gunilla Spongh ⁴⁾	200				200
Board member, Lars Wrebo	160				160
CEO, Claes Mellgren	734	-	37	144	915
Other executive officers, five	3,973	1,095	273	1,273	6,614
	6,137	1,095	327	1,429	8,989

1) Total invoiced amount including social security fees 210,272 SEK 3) Total invoiced amount including social security fees 302,266 SEK
2) Total invoiced amount including social security fees 275,982 SEK 4) Total invoiced amount including social security fees 262,840 SEK

No special pension benefits or severance pay agreements exist, in addition to normal pensions.

The Board's proposed guidelines for remuneration in 2019, according to Chapter 8, § 51 of the Swedish Companies Act, are presented in the management report. The remuneration paid to senior executives in 2018 are presented in the note.

The following decision on guidelines for remuneration in 2018 was made at the previous AGM; AQ Group AB has no incentive programme. Variable remuneration to AQ Group AB's management group consists of a variable cash salary (bonus). The AGM 2018 adopted the following principles for variable cash compensation: In addition to a fixed salary, variable remuneration, when applicable, shall be offered and linked to predetermined and clearly set measurable target criteria with the aim of promoting the company's long-term value creation. The remuneration may be paid in cash or additional premium payments to pension insurance. The total amount of variable remuneration shall not exceed the fixed salary paid to the executive concerned. The Board may deviate from the guidelines in individual cases should special reasons exist.

NOTE 10 PROFIT/LOSS FROM PARTICIPATIONS IN GROUP COMPANIES

SEK thousands	Parent company	
	2018	2017
Dividends from group companies	280,213	125,351
Impairment losses from shares in subsidiaries ¹⁾	-34,192	-43,084
Total	246,021	82,267

¹⁾ See note 36.

NOTE 11 FINANCIAL INCOME

SEK thousands	Group		Parent company	
	2018	2017	2018	2017
Income from sale of shares in associated company	1,733	-		
Interest income, trade and other receivables	280	156		
Interest income from Group companies			5,286	3,854
Other interest income	1,571	1,260	5	43
Exchange rate gains, realized	1,942	877		
Exchange rate gains, not realized	-673	993		
Total	4,853	3,287	5,291	3,898

No interest income are attributable to items valued to fair value

NOTE 12 FINANCIAL EXPENSES

SEK thousands	Group		Parent company	
	2018	2017	2018	2017
Interest expenses, trade and other payables	-695	-184	-3	-2
Interest expenses to Group companies			-662	-1,805
Write down of financial receivables ¹⁾	-2,648	-	-42,745	-
Other interest expenses ²⁾	-6,184	-887	-3,220	1,058
Exchange rate losses, realised	-2,777	-5,056	-53	-2,165
Exchange rate losses, unrealised	-2,411	-4,614	-1,930	-1,494
Total	-14,715	-10,741	-48,613	-4,408

¹⁾ Write-down of financial receivables due to the bankruptcy in AQ Segerström & Svensson AB.

²⁾ Valuation of forward agreements are included in the amount of SEK thousands -172 (2,352).

No other interest expenses are attributable to items valued to fair value.

NOTE 13 APPROPRIATIONS

SEK thousands	Parent company	
	2018	2017
Excess depreciation	-148	-207
Change in tax allocation reserve	7,500	-16,100
Group contribution, received	47,000	72,000
Group contribution, paid	-29,600	-21,500
Total	24,752	34,193

NOTE 14 TAXES

SEK thousands	Group		Parent company	
	2018	2017	2018	2017
Current tax for the year	-54,347	-43,975	-7,264	-10,777
Deferred tax	12,530	1,408	53	-529
Withholding tax on dividend	-3,961	-8,587	-3,961	-8,587
Tax recorded for the period	-45,778	-51,154	-11,172	-19,894
Specification of recorded tax				
<i>Recorded profit before tax</i>	198,322	255,828	235,443	133,140
Estimated tax based on applicable tax rate in Sweden 22.0 %	-43,631	-56,282	-51,797	-29,290
Tax effect of:				
Standard taxation, tax allocation reserve	-95	-112	-48	-35
Non-deductible expenses	-16,989	-21,802	-16,994	-602
Non-taxable income	1,577	19,989	61,647	18,621
Adjusted tax from previous year	364	117	-19	-
Effect of other tax rates in foreign companies	18,351	19,340		
Change in non-recorded tax loss carryforwards	-4,068	-2,943		
Utilisation of tax loss carryforwards not previously capitalized	291	188		
Effect of changed tax rates	3,040	-		
Other	-657	-1,062		
	-41,817	-42,567	-7,211	-11,307
Withholding tax on dividend	-3,961	-8,587	-3,961	-8,587
Tax recorded for the period	-45,778	-51,154	-11,172	-19,894

SEK thousands	Group	
	2018	2017
Non-recorded tax loss carryforwards	104,971	81,579
<i>Expires:</i>		
2020	1,868	1,708
2021	17,279	16,977
2022	12,169	12,437
2023	18,952	-
Later	54,703	50,457
Total	104,971	81,579

Non-recorded tax loss carryforwards relate primarily to subsidiaries in India, Finland and Mexico, which are in establishment phase and where it is currently not possible to convincingly assess where companies will be able to use them to offset future profits. The parent company has no tax loss.

NOTE 14 TAXES (CONT.)

SEK thousands	Group		Parent company	
	2018	2017	2018	2017
Deferred tax asset				
Tangible assets	1,471	1,253	3	-
Inventories	2,118	2,349		
Liabilities	3,844	4,134		
Loss carry forwards	5,721	1,630		
Other ¹⁾	1,516	1,495	38	-
	14,670	10,861	41	-
¹⁾ Included in Other are receivable write-downs and exchange rate differences				
Deferred tax liability				
Intangible assets	2,060	1,566		
Tangible assets	44,495	23,127	-	12
Untaxed reserves	34,304	39,913		
	80,859	64,606	-	12
Change in deferred tax				
Reorded in the income statement	12,530	1,408	53	-529
Acquisition of subsidiaries	-23,776	-		
Divestment of subsidiaries	-995	-		
Translation difference	-203	-163		
	-12,444	1,245	53	-529

NOTE 15 OTHER INTANGIBLE ASSETS

SEK thousands	Group				Group			
	2018		2017		2018		2017	
	Customer relations	Technology	Other intangible non-current assets	Total	Customer relations	Technology	Other intangible non-current assets	Total
Opening cost of acquisition	70,035	13,324	46,248	129,607	68,512	12,946	43,682	125,140
Direct investments for the year	-	151	1,146	1,297	-	-	1,685	1,685
Acquisition of subsidiaries	47,841	62,795	5,581	116,217	-	-	-	-
Sales/retirements	-	-	-4,916	-4,916	-	-	-116	-116
Reclassifications	-	-	-35	-35	-	-	-	-
Translation difference	437	126	765	1,328	1,522	378	998	2,898
Closing accumulated cost of acquisition	118,313	76,397	48,788	243,498	70,035	13,324	46,248	129,607
Opening depreciation	-12,763	-1,443	-38,692	-52,899	-5,589	-755	-34,616	-40,960
Acquisition of subsidiaries	-5,843	-	-3,688	-9,532	-	-	-	-
Sales/retirements	-	-	4,428	4,428	-	-	107	107
Reclassifications	-	-	16	16	-	-	-	-
Translation difference	-65	2	-519	-580	-254	-33	-766	-1,053
Depreciation for the year	-9,851	-6,946	-3,466	-20,263	-6,921	-656	-3,417	-10,994
Closing accumulated depreciation	-28,522	-8,388	-41,920	-78,830	-12,763	-1,443	-38,692	-52,899
Closing planned residual value	89,790	68,009	6,868	164,667	57,272	11,881	7,556	76,709

NOTE 16 GOODWILL

SEK thousands	Group	
	2018	2017
Opening cost of acquisition	152,642	149,063
Direct investments for the year	955	-
Acquisition of subsidiaries	117,501	-
Sales/retirements	483	-
Translation difference	3,458	3,579
Closing accumulated costs of acquisition	275,039	152,642
Opening accumulated impairment	-2,612	-670
Write-down for the year	-	-1,880
Translation difference	-114	-62
Closing accumulated write-downs	-2,726	-2,612
Closing residual value	-272,313	150,030

In 2018 acquisitions were made. See not 31.

Management annually investigates whether any amortisation need exists in terms of goodwill. The recoverable amount of the underlying cash generating unit AQ Wiring Systems, AQ Anton Kft., AQ Industrial Systems AB with subsidiaries (formerly Gerdins), AQ Mecanova OY and B3CG Interconnect has been determined based on a calculation of the Group's value in use. There are no indications of a value decrease. Other goodwill items are of lesser value.

Impairment test for cash generating units with goodwill

The following cash-generating units have significant reported goodwill values in relation to the Group's total goodwill:

	2018	2017
AQ Wiring Systems UAB	71,865	68,889
AQ Anton Kft	47,969	47,519
AQ Industrial Systems (f.d Gerdins)	24,808	23,808
AQ Mecanova OY	45,765	-
B3CG Interconnect	71,736	-

The calculation was made based on estimated future cash flows equivalent to a four-year period. Cash flows beyond the four-year period have been extrapolated using an estimated growth rate of 2 %, the average for the last four years is 6,1 %.

	Estimated growth of cash flow beyond a four-year period	Discount rate, before tax	Discount rate, after tax
AQ Wiring Systems	2% (2%)	11% (15%)	10% (13%)
AQ Anton Kft	2% (2%)	12% (15%)	11% (13%)
AQ Industrial Systems (f.d Gerdins)	2% (2%)	12% (16%)	10% (13%)
AQ Mecanova OY	2%	13%	11%
B3CG Interconnect	2%	13%	10%

Important variables**Market share and growth****Method used to estimate values**

The forecast for growth is based on the group's historic growth. The total market is expected to grow during the forecast period. Business areas' share of the total market is marginal.

Operating expenses

Operating expenses are estimated based on the planned operations for the forecast period, and reflect previous experience.

Discount rate

The discount rate is prepared through a weighted average cost of capital for AQ Group and reflects current market assessments of the time value of money and the risks specifically related to AQ Group and thereafter take into account the risk of each tested entity.

Currency rates

Currency conversion has been performed at current exchange rates.

The recoverable amount of AQ Wiring Systems, AQ Anton Kft., AQ Industrial Systems AB with subsidiaries (formerly Gerdins), Mecanova OY and B3CG Interconnect exceeds the reported value by a significant amount. Management believes that no reasonable changes in the key assumptions may lead to the recovery value being lower than their reported value.

NOTE 17 LAND AND BUILDINGS

SEK thousands	Group	
	2018	2017
Opening cost of acquisition	230,999	220,338
Direct investments for the year	7,428	11,470
Acquisition of subsidiaries	1,275	-
Sales/retirements	-1,529	-6,050
Reclassifications	11,780	-
Translation difference	4,450	5,241
Closing accumulated cost of acquisition	254,403	230,999
Opening accumulated depreciation	-69,493	-63,228
Acquisition of subsidiaries	-1,074	-
Sales/retirements	857	3,673
Translation difference	-1,345	-1,491
Depreciation for the year	-8,699	-8,447
Closing accumulated depreciation	-79,754	-69,493
Closing planned residual value	174,649	161,506

NOTE 18 PLANT AND MACHINERY

SEK thousands	Group						Parent company	
	2018			2017			2018	2017
	Machinery and equipment	Leased machinery	Total	Machinery and equipment	Leased machinery	Total	Leased machinery	Leased machinery
Opening cost of acquisition	542,486	9,518	552,004	502,498	11,845	514,343	1 516	1,743
Direct investments for the year	72,666	5,577	78,243	54,120	1,037	55,157	1,083	-
Acquisition of subsidiaries	64,284	-	64,284	-	-	-	-	-
Sales/retirements	-118,341	-11,274	-129,615	-27,007	-761	-27,767	-701	-228
Reclassifications	35,139	4,911	40,050	3,540	-2,773	768	-	-
Translation difference	10,975	16	10,990	9,333	170	9,503	-	-
Closing accumulated cost of acquisition	607,209	8,747	615,956	542,486	9,518	552,004	1,897	1,516
Opening accumulated depreciation	-292,821	-1,684	-294,505	-253,105	-1,231	-254,336	-593	-390
Acquisition of subsidiaries	-33,682	-	-33,682	-	-	-	-	-
Sales/retirements	86,107	5,800	91,907	24,644	313	24,957	380	89
Reclassifications	-747	-4,771	-5,518	-2,478	2,430	-48	-	-
Translation difference	-6,780	-6	-6,786	-7,490	-145	-7,634	-	-
Depreciation for the year	-62,042	-2,096	-64,138	-54,392	-3,052	-57,445	-319	-293
Closing accumulated depreciation	-309,965	-2,757	-312,722	-292,821	-1,684	-294,505	-532	-593
Opening accumulated impairment	-208	-	-208	-48	-	-48	-	-
Amortisation for the year	-	-	-	-155	-	-155	-	-
Translation difference	-11	-	-11	-5	-	-5	-	-
Closing accumulated amortisation	-219	-	-219	-208	-	-208	-	-
Closing planned residual value	297,025	5,990	303,015	249,457	7,833	257,290	1,366	922

NOTE 19 EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

SEK thousands	Group		Parent company	
	2018	2017	2018	2017
Opening cost of acquisition	160,847	141,863	59	59
Direct investments for the year	28,514	22,788		
Acquisition of subsidiaries	7,845	-		
Sales/retirements	-31,850	-7,282		
Reclassifications	403	-364		
Translation difference	3,124	3,840		
Closing accumulated cost of acquisition	168,883	160,847	59	59
Opening accumulated depreciation	-108,199	-93,670	-59	-59
Acquisition of subsidiaries	-4,272	-		
Sales/retirements	18,731	5,785		
Reclassifications	360	-56		
Translation difference	-2,228	-2,643		
Depreciation for the year	-18,344	-17,614		
Closing accumulated depreciation	-113,952	-108,199	-59	-59
Closing planned residual value	54,930	52,647		

NOTE 20 CONSTRUCTION IN PROGRESS

SEK thousands	Group	
	2018	2017
Opening cost of acquisition	49,821	32,531
Direct investments for the year	36,728	16,834
Acquisition of subsidiaries	235	-
Sales/retirements	-5,757	-335
Reclassifications	-47,056	-300
Translation difference	1,353	1,091
Closing accumulated costs of acquisition	35,324	49,821
Opening depreciations	-	-126
Sales/retirements	-	239
Translation difference	-	1
Depreciation for the year	-	-115
Closing accumulated depreciation	-	-
Opening write-downs	-1,753	-1,753
Sales/retirements	1 753	-
Closing accumulated write-downs	-	-1,753
Closing planned residual value	35,324	48,068

NOTE 21 SHARES AND PARTICIPATIONS IN GROUP COMPANIES

SEK thousands	Parent company	
	2018	2017
Opening cost of acquisition	701,619	782 737
Shareholder contribution	38,323	5,897
Investment in subsidiaries	177,357	208
Bankruptcy / merger / liquidation subsidiary	-21,226	-87,223
Closing accumulated costs of acquisition	896,073	701,619
Opening accumulated impairment	-97,042	-53,958
Impairment losses ¹⁾	-34,193	-43,084
Bankruptcy subsidiaries	21,226	-
Closing accumulated amortisation	-110,009	-97,042
Closing book value	786,064	604,577

¹⁾ Refer to Note 36.

CONT. NOTE 21 SHARES AND PARTICIPATIONS IN SUBSIDIARIES

SEK thousands	Corp. ID no.	Number of participation rights	Share of equity	Shares of votes	Book value
AQ Fastighet Tokarp AB, Anderstorp	556220-0195	1,000	100%	100%	3,578
AQ Fastighet i Pålshoda AB, Eskilstuna	556275-6212	14,200	100%	100%	5,580
AQ Fastighet i Lund AB, Lund	556527-5228	10,000	100%	100%	3,942
AQ Fastighet i Lyrestad AB, Västerås	556443-9734	15,000	100%	100%	-
AQ Fastighet i Torslanda AB, Göteborg	556690-3018	1,000	100%	100%	100
AQ Elautomatik AB, Västerås	556272-8484	1,000	100%	100%	4,457
AQ M -Tech AB, Uppsala	556358-1411	1,000	100%	100%	2,435
AQ Enclosure Systems AB, Vaggeryd	556660-1844	20,000	100%	100%	2,000
AQ Trafo AB, Enköping	556443-9726	26,000	100%	100%	-
AQ Mekatronik AB, Västerås	556666-7829	1,000	100%	100%	100
AQ ParkoPrint AB, Gävle	556574-6319	20,000	100%	100%	17,314
- AQ Fastigheter i Gävle AB, Gävle	556448-3385				
AQ Plast AB, Västerås	556497-2239	3,000	100%	100%	4,400
AQ Special Sheet Metal AB, Pålshoda	559138-9753	1,000	100%	100%	100
AQ Engineering AB, Göteborg	556622-8697	1,050	100%	100%	2,105
AQ Welded Structures AB, Ludvika	556660-2016	1,000	100%	100%	100
AQ Components Västerås AB	556733-7216	5,000	100%	100%	11,365
AQ Components Mjällom AB	556209-2634	10,000	100%	100%	11,162
AQ Wiring Systems AB	556261-0955	10,000	100%	100%	16,192
- AQ Wiring Systems STG Sp. Z.o.o., Poland	5212878589				
AQ Enclosure Sollefteå AB	556720-8466	10,000	100%	100%	13,888
AQ Electric AD, Radomir, Bulgaria	1135 61397	544,618	96%	96%	16,607
AQ Magnit AD, Godech, Bulgaria	1220 33267	679,382	99%	99%	40,318
AQ Plastronic AD, Veliko Tarnavo, Bulgaria	1040 11529	595,560	95%	95%	14,391
AQ Wiring Systems UAB, Panevezys, Lithuania	148 427 212	1,200	100%	100%	56,078
AQ Electric Suzhou Co Ltd, Suzhou, China	[2006] 65541	169,730	100%	100%	23,298
AQ Holmbergs Suzhou Co Ltd, Suzhou, China	[2002] 32190	173,517	100%	100%	1,806
- AQ Manufacturing Co., Ltd, Bangkok, Thailand	115 558 018 096				
AQ Asia Ltd	2568747		100%	100%	108
AQ Magnetica Italy S.r.l.	02591110420		100%	100%	3,127
- AQ Magnetica Technology d.o.o., Serbia	PIB108406435				
AQ Lasertool OÜ, Pärnu, Estonia	10 930 852	40,000	100%	100%	8,525
AQ Mechanical & Electrical M.I.Pvt.Ltd, Pune, India	U31909PN2011FTC139442	5,015,755	100%	100%	32,034
AQ Wiring Systems SA DE CV, Tultitlan Edo, Mexico	DME051116H2A	50,000	100%	100%	23,939
AQ Wiring Systems Sp.z.o.o., Lodz, Poland	7 281 357 239	2,227	100%	100%	42,630
AQ Anton Kft, Zalaegerszeg, Hungary	20-09-061216	*)	100%	100%	235,672
AQ Mecanova OY, Finland	7459383	494,854	100%	100%	39,624
- Mecanova Inc					
Société de Gestion B3CG Interconnect Inc	1165205098	4,590,000	100%	100%	90,016
- B3CG Interconnect Inc, Saint-Eustace, Kanada	1165205130				
8046000 Canada Inc	1168317361	441,620	100%	100%	46,372
- B3CG Interconnect USA Inc, Plattsburgh, USA	98-0588750				
AQ Inductive Components India Pvt.Ltd, Pune, Indien	U29309PN2018FTC175319	338,664	100%	100%	12,701
					786,064

*) AQ Anton Kft, has no shares. Instead the company has a "business quota" of HUF 12 millions.

NOTE 22 LONG-TERM RECEIVABLES

	Parent company	
	2018	2017
Receivables from group companies		
Opening receivables	57,166	57,211
Lending during the year	3,131	739
Repayments during the year	-8,901	-
Translation difference	2,544	-783
Closing receivables	53,940	57,166

NOTE 23 OTHER RECEIVABLES

SEK thousands	Group		Parent company	
	2018	2017	2018	2017
VAT receivables	41,956	27,717	17	-
Other current receivables	16,611	16,849	2,649	35
	58,567	44,567	2,666	35

NOTE 24 PREPAID EXPENSES AND ACCRUED INCOME

SEK thousands	Group		Parent company	
	2018	2017	2018	2017
Prepaid rent	5,174	5,224	62	60
Other receivables ¹⁾	30,000	74,723	1,875	4,385
	35,174	79,947	1,937	4,445

¹⁾The item Other receivables refers to prepaid leases, prepaid insurance, customer-owned tools, accrued income and state aid.

NOTE 25 EQUITY**Bound and unrestricted equity in the Parent Company**

Equity is divided between the bids and the respective free funds. Share capital and reserve funds are restricted equity. Free funds consist of share premium, capitalized earnings and profit for the year.

The parent company's share capital amounts to SEK 36,588 million (36,558), the reserve fund SEK 1,156 million (1,156), the share premium fund SEK 84,194 million (84,194), capitalized earnings SEK 199 229 million (136,292) and profit for the year SEK 224,271 million (113,246).

Capital management

According to Board's policy, the Group's financial objective is to have a good equity structure and financial stability and thereby maintain investors, creditors and market confidence and to provide a basis for continued development of the business.

The Group's objective is to maintain an equity ratio of at least 40 %. Group equity ratio at closing 2018-12-31 was 58 % (61). The dividend policy is that the dividend should correspond to approximately 25 % of the average profit after tax over a business cycle.

Parent company	Number of shares	Share capital (SEK)
Number/Amount at year-end - 12/31/2011	17,959,058	35,918,116
New issue (subscription)	75,000	150,000
Number/Amount at year-end - 12/31/2012	18,034,058	36,068,116
Number/Amount at year-end - 12/31/2013	18,034,058	36,068,116
Number/Amount at year-end - 12/31/2014	18,034,058	36,068,116
Number/Amount at year-end - 12/31/2015	18,034,058	36,068,116
New issue (subscription)	260,000	520,000
Number/Amount at year-end - 12/31/2016	18,294,058	36,588,116
Number/Amount at year-end - 12/31/2017	18,294,058	36,588,116
Number/Amount at year-end - 12/31/2018	18,294,058	36,588,116

NOTE 25 EQUITY (CONT.)

	Group	
	2018	2017
Profit for the year attributable to Parent company shareholders, SEK thousands	151,053	203,773
Number of shares at the beginning of the year	18,294,058	18,294,058
Number of shares at the end of the year	18,294,058	18,294,058
Average number of outstanding shares	18,294,058	18,294,058
Earnings per share, SEK	8.26	11.14

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

Share quotient value is SEK 2. The company has no share-related programs for employees and all shares have equal voting rights and privileges.

RESERVES

Consolidated equity includes certain reserves, of which AQ uses the conversion reserve. The conversion reserve comprises of all foreign exchange differences arising from conversion of foreign entities' financial reports.

APPROPRIATION OF PROFITS

The Board has proposed a dividend of SEK 2.75 (2.75) per share to the Annual General Meeting for fiscal year 2018, which means that 50,308,660 MSEK will be distributed to shareholders if the Annual General Meeting decides so in accordance with the Board's proposal. During the year, no change in the Group's capital management has taken place.

NOTE 26 UNTAXED RESERVES

SEK thousands	Parent company	
	2018	2017
Tax allocation reserve, SFL 2013	8,200	8,200
Tax allocation reserve, SFL 2014	4,900	4,900
Tax allocation reserve, SFL 2015	5,800	5,800
Tax allocation reserve, SFL 2016	6,800	6,800
Tax allocation reserve, SFL 2017	16,100	16,100
Tax allocation reserve, SFL 2018	10,900	-
Excess depreciations	354	207
	53,034	60,407

NOTE 27 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK thousands	Group	
	31/12/2018	31/12/2017
Pledged assets		
Property mortgages	116,935	116,847
Floating charges	318,353	290,060
<i>of which in own custody</i>	<i>337,395</i>	<i>338,485</i>
Ownership reservation regarding leased machines	5,716	-
Other ownership reservations	6,113	8,437
Mortgaged trade and other receivables	15,349	15,157
Contingent liabilities		
Other contingencies	840	1,833

NOTE 28 PROVISIONS - NON-CURRENT AND CURRENT

SEK thousands	Group	
	2018	2017
Opening pension provisions, non-current	7,809	5,980
Provisions made during the year	3,347	2,182
Used provisions	-294	-652
Reversed provisions	-14	-18
Reclassifications	-	48
Translation difference	285	269
Closing pension provisions, non-current	11,133	7,809
Opening provisions for warranty obligations, non-current	1,835	1,889
Provisions made during the year	732	-
Reclassifications	-304	-108
Translation difference	25	53
Closing provisions for warranty obligations, non-current	2,288	1,835
Opening other provisions, non-current	393	11,636
Provisions made during the year	226	68
Used provisions	901	-9,725 ¹⁾
Reversed provisions	-	-1,540
Reclassifications	-	-48
Translation difference	-8	2
Closing other provisions, non-current	1,512	393
Opening provisions for warranty obligations, current	4,300	3,536
Provisions made during the year	1,084	1,404
Used provisions	-161	-510
Reversed provisions	-1,911	-348
Reclassifications	304	108
Translation difference	94	110
Closing provisions for warranty obligations, current	3,710	4,300

¹⁾ MSEK 7 refers to an earnout payment for the acquisition of Gerdins Industrial Systems AB.

The Group's pension obligations mainly consists of defined contribution plans and are described in note 2.5.3 Benefits after termination of employment. In addition to the defined contribution plans there are a few minor defined benefit plans in Poland, Italy and Bulgaria.

The net obligation at the end of the year of SEK 11.1 (78) million are recorded in Provisions for pensions in the balance sheet of the Group. It is mainly attributable to Bulgaria 43 percent (45), Poland 24 percent (12) and Italy 22 percent (27).

NOTE 29 OTHER LIABILITIES

SEK thousands	Group		Parent company	
	2018	2017	2018	2017
Liability for VAT and personnel	56,362	44,463	797	781
Other current liabilities	28,756	10,848	11,689	8
	85,118	55,310	12,486	788

NOTE 30 ACCRUED EXPENSES AND DEFERRED INCOME

SEK thousands	Group		Parent company	
	2018	2017	2018	2017
Liability to personnel	97,664	91,887	1,568	1,999
Liability, social security contributions	36,536	36,596	1,218	1,102
Other interim liabilities	28,317	23,090	1,436	627
	162,517	151,574	4,222	3,728

NOT 31 ACQUISITIONS**2018**

Purchase prices and the impact on the Group's cash and cash equivalents was as follows:

Acquisition of subsidiaries	Fair value at time of acquisition		Group
	Mecanova OY and Mecanova OÜ	B3CG Interc. Inc and B3CG Interc. USA	
Intangible assets	2,418	9,140	11,558
Tangible assets	24,128	8,500	32,628
Financial non-current assets	5,466	-	5,466
Inventories	18,429	19,507	37,936
Other current assets	9,760	45,220	54,980
Cash and cash equivalents	137	1,061	1,198
Total assets	60,338	83,428	143,766
Non-current liabilities	29,757	12,676	42,433
Deferred tax liabilities	-	1,405	1,405
Interest-bearing current liabilities	8,966	18,992	27,958
Other current liabilities	54,387	32,223	86,610
Total provisions and liabilities	93,110	65,296	158,406
Total Net Assets	-32,772	18 132	-14 640
Purchase price shares:			
Cash paid	-26,767	-95,095	-121,862
Debt purchase price	-11,359	-	-11,359
Debt additional purchase price	-	-41,310	-41,310
Total consideration paid	-38,126	-136,405	-174,531
Customer relations	9,211	32,223	41,434
Technologies	23,890	39,442	63,332
Deferred tax on surplus values	-6,620	-19,349	-25,969
Goodwill	44,418	65,958	110,376
Less: Cash and cash equivalents in the acquired business	137	1,061	1,198
Effect on cash and cash equivalents	-26,630	-94,034	-120,664
Cash flow effect from minor acquisitions:			-2,622
Total cash flow relating to investments in subsidiaries			-123,286

Acquisitions over the past 12 months

Date	Acquisitions	Income for the year, SEK million*	Number of employees*
April 3, 2018	Mecanova OY	138.4	120
	Mecanova OÜ	34.6	45
May 8, 2018	B3CG Interconnect Inc.	158.4	180
	B3CG Interconnect USA Inc.	81.6	120

*Annual revenue and number of employees at the time of acquisition.

Minor acquisitions

March 1, 2018	Teknoprodukter Finmekanik Vännäs AB
---------------	-------------------------------------

AQ's strategy is to grow in both segments Components and Systems.. During the period January to December some minor and two larger acquisitions were made.

On April 3, 2018 AQ Group acquired 100 % of the shares in the private company Mecnova Oy in Nivala, Finland with its subsidiary Mecnova Oü in Pärnu, Estonia. The purchase price was EUR 1.1 million in cash. In conjunction with the purchase it was agreed that AQ Group shall pay additionally EUR 500 thousand and make a shareholder contribution of EUR 2.1 million.

The company has established an acquisition analysis, which shows consolidated overvalues of about EUR 6.9 million divided in customer relations EUR 0.9 million, technology EUR 2.3 million, goodwill EUR 4.3 million and a deferred tax debt of EUR 0.6 million. The depreciation rate is estimated to 10 years for the customer relations and 10 years for the technology. The estimated goodwill value of EUR 4.3 million includes synergy effects in the form of more efficient production processes and the technical competence of personnel. No part of the goodwill is expected to be tax deductible. There were SEK 1.2 million of acquisition related expenses in conjunction with the acquisition. Operating receivables are taken at their gross value, which correspond to real value. The acquisition was financed with existing credits.

During the period April to December the acquired companies contributed with SEK 121 million to the group's turnover and SEK 0.3 million to the profit after tax. If the acquisition had been made on January 1, 2018, i.e. included the first quarter, management is estimating that the group's sales would have been SEK 55 million higher and the profit would have been SEK 3.2 million higher for 2018.

AQ Group AB signed on May 8, 2018 an agreement to acquire 100 % of the shares in B3CG Interconnect Inc. and its subsidiary B3CG Interconnect USA Inc. The purchase price was CAD 13.8 million plus an earnout over two years of maximum CAD 6 million.

The company has established an acquisition analysis, which shows consolidated overvalues of about CAD 17.3 million divided in customer relations CAD 4.7 million, technology CAD 5.7 million, goodwill CAD 9.6 million and a deferred tax debt of CAD 2.8 million. The depreciation rate is estimated to 10 years for the customer relations and 10 years for the technology. The estimated goodwill value of CAD 9.6 million includes synergy effects in the form of more efficient production processes and the technical competence of personnel. No part of the goodwill is expected to be tax deductible. There were SEK 0.9 million of acquisition related expenses in conjunction with the acquisition. Operating receivables are taken at their gross value, which correspond to real value. The acquisition was financed with a new bank loan.

During the period May to December the acquired companies contributed with SEK 135 million to the group's turnover and SEK 4.9 million to the profit after tax. If the acquisition had been made on January 1, 2018, i.e. included the first quarter and the month of April, management is estimating that the group's sales would have been SEK 70 million higher and the profit would have been SEK 5 million higher for 2018.

At the beginning of the year AQ made a minor acquisition, Teknoprodukter Finmekanik Vännas AB. During 2018 Teknoprodukter Finmekanik Vännas AB merged with AQ M-Tech AB. During 2018 AQ Plåxan also merged with AQ Components Västerås AB.

2017

No acquisitions were made during the year. In order to facilitate our business in China with export and import of materials, AQ formed a company, AQ Asia Limited. in Hong Kong. An additional purchase price was paid of SEK 7 million for the acquisition of Gerdins Industrial Systems AB with subsidiaries. In December 2017, AQ Special Sheet Metal AB will be formed. No divestments of companies have taken place during the period.

During the year, AQ Industrial System AB was merged into AQ Group AB.
AQ Italy S.R.L has been merged into AQ Magnetica S.R.L.
AQ Elektroprim has been merged into AQ Elautomatik AB.

NOTE 32 CASH AND CASH EQUIVALENTS

SEK thousands	Group		Parent company	
	2018	2017	2018	2017
Cash and bank balances	100,683	142,049	-	-
Cash and cash equivalents recorded in the cash flow statement	100,683	142,049	-	-

The Group's total unutilised limits for bank overdraft facilities totalled SEK 69,500 (13,000) thousands at year-end. AQ has a revolving credit facility of SEK 400 (400) millions.

Changes in interest-bearing liabilities included in financing activities

SEK thousands	Group		Parent company	
	2018	2017	2018	2017
Opening long term interest-bearing liabilities	12,757	108,077	144	90,439
Acquisition of companies	42,433	-	-	-
Reclassification to short-term interest-bearing liabilities	-6,345	-4,198	-	-548
Items affecting cashflow from financing activities	-34,958	-92,179	-20	-89,747
Non-cash generating item, financial leases	3,590	942	560	-
Non-cash generating item, exchange rate differences	-811	116	-	-
Closing long term interest-bearing liabilities	16,667	12,757	683	144

SEK thousands	Group		Parent company	
	2018	2017	2018	2017
Opening short term interest-bearing liabilities	253,264	164,034	248,939	147,303
Acquisition of companies	27,958	-	-	-
Reclassification to short-term interest-bearing liabilities	6,345	4,198	-	548
Items affecting cashflow from financing activities	129,140	84,376	146,078	101,088
Non-cash generating item, financial leases	1,640	191	283	-
Non-cash generating item, exchange rate differences	-866	466	-	-
Closing short term interest-bearing liabilities	417,480	253,264	395,301	248,939

Interest-bearing liabilities has in previous periods been presented in one form. From 2018 it will be presented in two, divided in short term and long term interest-bearing liabilities. Previous periods has been adjusted.

Specification of adjustments for items non-cash generating items

SEK thousands	Group		Parent company	
	2018	2017	2018	2017
Depreciations and impairment losses	112,015	96,852	34,512	43,377
Result from sold fixed assets	58,774	309	-33	-33,372
Group contributions not paid	-	-	-17,400	-
Provisions	3,557	-2,298	-7,352	-
Interest	-	101	220	-
Exchange rate differences	4,186	3,924	-	-
Non-cash generating items	178,532	98,888	9,946	10,005

Information regarding interest and dividends

SEK thousands	Group		Parent company	
	2018	2017	2018	2017
Received interest during the year	1,851	1,416	5,291	3,898
Paid interest during the year	-6,879	-970	-3,885	-749
Received dividend during the year	-	-	280,213	125,351

NOTE 33 TRANSACTIONS WITH RELATED PARTIES

The parent company has a close relationship with its subsidiaries. Some sales occur between the operating Group companies regarding goods. The Parent Company invoices a management fee to the subsidiaries. All sales occur at market prices and give rise to receivables and liabilities between the Group companies, which are controlled continuously. Between the Parent company and a few Group companies, there is long-term lending and borrowing. These are charged with market interest rates. Most of the Group companies are also connected to a cash pool in the Parent company. The connected companies receive/pay market interest rates. In 2018, AQ Group AB paid SEK 50,308,660 (50,308,660) in dividends to its shareholders. No other transactions between AQ and related parties that significantly affected the company's position and earnings have taken place.

Two of the company's Board members control about 49 % (49) of the votes in the company.
No loans to Board members or other key people in leading positions exist.

Other remuneration to the Board and group management, see Note 9.

SEK thousands	Parent company	
	2018	2017
Billing	54,064	51,619
Purchase	2,986	139
Loans to group companies (long-term)	53,940	57,166
Receivables to group companies (short-term)	414,144	311,306
Interest-bearing liabilities to group companies (short-term)	167,891	267,059
Liabilities to group companies (short-term)	29,253	18,526
Interest revenue	5,286	3,854
Interest expense	662	2,603

NOTE 34 PROPOSED APPROPRIATION OF PROFITS, SEK

The Board proposes that the retained earnings, SEK 507,694,637, is distributed as follows:

Available		Appropriation	
Share premium reserve	84,194,103	Distributed to shareholders,	
Retained earnings incl.		2,75 SEK per share	50,308,660
Profit for the year	423,500,534	Carried forward ¹⁾	457,385,977
Total non-restricted equity	507,694,637	Total	507,694,637

1) of which 84,194,103 returns to the shareholder premium reserve

NOT 35 POST BALANCE SHEET EVENTS

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

NOTE 36 ITEMS AFFECTING COMPARABILITY

Items affecting comparability related to the bankruptcy of AQ Segerström & Svensson AB.

Income statement

SEK thousands	Group	Parent company
	2018	2018
Other external expenses	-11,042	-577
Other operating expenses	-59,670	-
Operating profit	-70,712	-577
Net financial income/expenses	-2,648	-63,971
Profit before tax	-73,360	-64,548
Specification of items affecting comparability:		
Loss from divestment	-18,835	-21,226
Write-down of receivables	-43,322	-42,745
Bad debt loss	-11,042	-577
Other accruals	-161	-
	-73,360	-64,548

Balance Sheet

Balance sheet of AQ Segerström & Svensson AB at the time of the bankruptcy, affected the group as follows:

TSEK	Koncernen
	2018
Tangible assets	-25,663
Deferred tax asset	-995
Inventories	-28,305
Trade receivables	-37,551
Other current receivables	-39,333
Interest-bearing current liabilities	40,674
Advance payments from customers	34,971
Trade payables	24,937
Other current liabilities	12,430
Net assets	-18,835

The parent company has made impairment of shares in subsidiaries by SEK 34.2 million (43.1), of which AQ Segerström & Svensson accounted for SEK 21.2 million, see above. The shares in AQ Mechanical & Electrical Manufacturing India Pvt. Ltd was written down by SEK 3.9 million (30.3) and the shares in AQ Wiring Systems SA de CV of SEK 9.1 million (12.8). AQ uses a write-down model that takes into account the present value of future estimated cash flows.

KEY INDICATORS AND DEFINITIONS

Key indicators defined by IFRS

SEK thousands	2018	2017	2016	2015
Net revenue, SEK thousands	4,667,220	4,019,740	3,289,215	2,931,878
Earnings per share, SEK	8.26	11.14	13.01	9.44

Alternative indicators that are not defined according to IFRS

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

SEK thousands	2018	2017	2016	2015
Operating margin, (EBIT %)				
Operating profit	208,184	263,282	281,353	201,985
Net revenue	4,667,220	4,019,740	3,289,215	2,931,878
Operating margin	4.5%	6.5%	8.6%	6.9%
Profit margin before tax, (EBT %)				
Profit before tax	198,322	255,828	279,344	211,736
Net revenue	4,667,220	4,019,740	3,289,215	2,931,878
Profit margin before tax	4.2%	6.4%	8.5%	7.2%
Liquid ratio, %				
Trade and other receivables	1,081,833	900,387	805,186	670,438
Other current receivables	104,804	143,575	160,179	147,876
Cash and cash equivalents	100,683	142,049	162,812	135,602
Current liabilities	1,163,307	946,851	794,582	668,164
Liquid ratio	111%	125%	142%	143%
Debt/equity ratio, %				
Total equity	1,782,711	1,643,193	1,463,195	1,169,736
Total assets	3,099,788	2,677,444	2,449,796	2,024,282
Debt/equity ratio	58%	61%	60%	58%
Return on total assets, %				
Profit before tax, rolling 12 months	198,322	255,828	279,344	211,736
Financial expenses, rolling 12 months	-14,715	-10,741	-12,977	-10,565
Total equity and liabilities, opening balance for 12 months	2,677,444	2,449,796	2,024,282	1,678,724
Total equity and liabilities, closing balance	3,099,788	2,677,444	2,449,796	2,024,282
Total equity and liabilities, average	2,888,616	2,563,620	2,237,039	1,851,503
Return on total assets	7.4%	10.4%	13.1%	12.0%
Return on equity after tax, %				
Profit for the period after tax, rolling 12 months	152,544	204,674	235,678	170,453
Total equity, opening for 12 months	1,643,193	1,463,195	1,169,736	1,055,230
Total equity, closing	1,782,711	1,643,193	1,463,195	1,169,736
Total equity, average	1,712,952	1,553,194	1,316,465	1,112,483
Return on equity after tax	8.9%	13.2%	17.9%	15.3%
Net cash / Net debt				
Cash and cash equivalents	100,683	142,049	162,812	135,602
Non-current interest bearing liabilities	16,667	12,757	107,779	121,045
Current interest bearing liabilities	417,480	253,264	164,034	159,866
Total interest bearing liabilities	434,146	266,021	271,812	280,911
Net cash / Net debt	-333,464	-123,972	-109,000	-145,309

GROUP KEY FIGURES (CONT)

SEK thousands	2018	2017	2016	2015
Growth, %				
Organic growth				
Net revenue current period	4,667,220	4,019,740	3,289,215	2,931,877
- Effect of changes in exchange rates	124,524	29,308	-20,452	99,569
- Net revenue last year	4,019,740	3,289,215	2,931,878	2,616,097
- Net revenue for acquired companies	265,762	325,055	327,803	50,450
= Organic growth	257,194	376,162	49,987	165,761
Organic growth divided by last year net revenue, %	6.4%	11.4%	1.7%	6.3%
Growth through acquisitions				
Net revenue for acquired companies divided by last year net revenue, %	6.6%	9.9%	11.2%	1.9%
EBITDA				
Operating profit	208,184	263,282	281,353	201,985
Depreciation	-112,231	-97,499	-79,944	-60,980
EBITDA	320,415	360,781	361,297	262,965
Parent company				
Liquid ratio, %				
Account receivables	-	-	-	-
Other current receivables	420,157	316,805	251,503	168,390
Cash and cash equivalents	-	-	-	-
Current liabilities	621,082	547,433	502,146	403,597
Liquid ratio, %	68%	58%	50%	42%
Debt/equity ratio, %				
Total equity	545,439	371,476	395,676	266,752
Equity part of untaxed reserves	41,700	47,117	34,398	32,214
Adjusted equity	587,139	418,593	430,074	298,966
Total assets	1,261,569	979,472	1,039,360	831,330
Debt/equity ratio, %	47%	43%	41%	36%

DEFINITIONS

Operating margin, %

Calculated as operating profit divided by net sales. This ratio indicates the profitability achieved in operations. Operating margin is a useful measure for monitoring profitability and efficiency of operations before deduction of bound capital. The ratio is used both internally in the control and monitoring of operations as well as benchmarking with other companies in the industry.

Profit margin before tax, %

Calculated as profit before tax divided by net sales. This ratio shows the profitability achieved in operations before tax. Profit margin is a useful measure for monitoring profitability and operational efficiency including bound capital. The ratio is used both internally in the control and monitoring of operations as well as benchmarking with other companies in the industry.

Return on total assets, %

Calculated as profit after financial items plus financial expenses divided by average total assets. This ratio also shows the profitability achieved in operations. This ratio complements the operating margin to the extent that even bound capital is taken into account. It therefore means that the ratio provides information about what return the company's operations give in relation to the amount of bound capital in operations. (In this context, financial investments, cash and cash equivalents and the surplus these give in the form of financial income are taken into account.)

Return on equity after tax, %

Calculated as profit after tax divided by average equity including minority interests. This is a ratio that shows the company's return on the capital that the owners have invested in the business (including retained earnings) after other parties have received their remuneration. This ratio therefore shows how profitable the company is for its owners. This return is also important for the company's growth opportunities while having balanced finances.

Equity ratio, %

Calculated as adjusted equity divided by total assets. This ratio reflects the company's financial position and thus its long-term solvency. Having a good equity ratio and thus a strong financial position is important for being able to manage periods of weak economic activity. To have a strong financial position is also important for managing growth.

Liquid ratio, %

Calculated as current assets (excl. Inventories) divided by current liabilities. This ratio reflects the company's short-term ability to make payments because it takes into account the company's current assets (excluding inventory) in relation to current liabilities. If the liquid ratio exceeds 100 %, it means that the assets exceed the liabilities in question.

Operating profit, SEK thousands

Calculated as profit before tax and financial items. The operating profit shows the results generated from operations and is used with the operating margin and the return on total assets for evaluating and managing operations.

Profit before tax / Profit after net financial items, SEK thousands

Calculated as profit before tax. The key figure shows the earnings generated by operations and financial income while taking into account payments to creditors for the capital they are contributing to finance the business. The measure thus shows the remaining profit to the owners, yet takes into account that the public receives a share (tax) of this profit.

Net cash / Net debt, SEK thousands

Calculated as the difference between interest-bearing debts and cash. This key figure reflects the amount of interest-bearing liabilities with regard to existing cash and cash equivalents. The ratio therefore provides a good picture of indebtedness.

Growth, %

The company uses two indicators to describe growth; 1) organic and 2) growth through acquisitions. Organic growth is calculated as the difference between net sales for the period and the preceding period, excluding currency effect and net sales of acquired units. Organic growth in % is calculated as the organic growth divided by the net sales for the same period 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 a key component of the company's strategy as growth is required to be one of the leading players in the markets where it operates. Growth is partly through acquisitions and partly organic. It is important to monitor and present the growth achieved by each growth method because these are two different ways to grow. Acquisitions are made when opportunities open up to expand the business in a particular geographic market or in a specific product area (which is in line with the company's strategic plan). Organic growth usually has the character of a continuous expansion of 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. The number of shares is the number of thousands of shares outstanding at the date of distribution.

EBITDA

Calculated as the period's net operating profit with the addition of depreciations and amortisation of tangible and intangible assets. The measure is used in the calculation of covenants towards the bank.

BOARD CERTIFICATION

The consolidated financial statements and the annual report have been prepared in accordance with the international accounting standards referred to in the European Parliament's and Council's Regulation (EC) No 1606/2002 as of July 19, 2002 regarding the application of international accounting standards and generally accepted accounting principles in Sweden and provides a true and fair view of the group's and parent company's position and results. The Directors' Report for the Group and the Parent Company provide a fair overview of the development of the

Group's and the Parent Company's financial position and results and describes significant risks and uncertainties which the Parent company and the companies included in the Group are facing.

The annual report and the financial statements have, as stated above, been approved for publication by the Board and the CEO on April 2, 2019. Consolidated financial statements and the Parent company's income statement and balance sheet are subject to approval at the AGM on April 25, 2019.

Västerås, Sweden, 2019-04-02

Anders Carlsson
CEO

Patrik Nolåker
Board Chairman

Lars Wrebo
Board member

Claes Mellgren
Board member

Annika Johansson-Rosengren
Board member

Gunilla Spongh
Board member

Ulf Gundemark
Board member

Per-Olof Andersson
Board member

Our audit report has been submitted on 2019-04-02
KPMG AB

Helena Arvidsson Älgne
Authorised auditor

AUDITOR'S REPORT



Auditor's Report

To the general meeting of the shareholders of AQ Group AB (publ), corp. id 556281-8830

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of AQ Group AB (publ) for the year 2018. Annual accounts and consolidated accounts comprises pages 36-87.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of Inventories

See disclosure 2.8 and accounting principles on page 56 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The Group reports per December 31, 2018 inventories of SEK 791 million, which represents 26% of total assets. Inventories consist mainly of raw materials and supplies as well as work in progress, finished goods and merchandise.

On the reporting date, the value of inventories was written down by SEK 81.8 million. The calculation of the amount written off is based on an established internal valuation model. The model is based on historical risks of obsolescence.

Financial reporting of inventories is considered to be key audit matter since the large volume of transactions means that the cut-off at arrival and dispatch of stock and the right application of the obsolescence calculation model is critical to ensure that a material misstatement in the financial reporting should not arise.

Response in the audit

In our audit approach, we have focused on whether the Group's IT-system supports the financial reporting of inventories. For example, we tested the general IT controls and the application controls in the financial system linked to areas that are important to ensure correct reporting of inventory in the financial statements such as pricing, despatches and arrival of goods.

We have evaluated whether the Group's model for the obsolescence calculation correctly includes the overstocking that arise as a result of turnover rate as well as consumption. Furthermore, we have in our audit of the subsidiaries verified that the model has been used consistently across the Group.

We have also evaluated the completeness in the information contained in the annual report and assessed whether it is consistent with the principles applied.



Valuation of trade receivables

See disclosure 3 and accounting principles on pages 58-59 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The Group reports per December 31, 2018 trade receivables of SEK 1,082 million, which represents 35% of total assets.

On the reporting date, trade receivables were written down by SEK 17.9 million. The valuation is based on a individually impairment test.

This is considered as a key audit matter because the impairment test is reliant on significant levels of estimates performed by the management.

Response in the audit

We have for example reviewed payments received after closing date. Furthermore, we have examined the age of the accounts receivables in order to identify and evaluate whether any additional provision requirements exists in addition to those that management has taken into account in the annual report.

We have challenged management's assessment of recoverable amount of receivables for which the due date has passed.

We also verified the completeness of the information contained in the annual report and assessed whether it is consistent with the principles applied.

Other Information than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises pages 1-29, 34-35 and 93-99.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.



Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of AQ Group AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of AQ Group AB (publ) by the general meeting of the shareholders on the 26 April 2018. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2014.

Västerås 2 April 2019

KPMG AB

Helena Arvidsson Älgne
Authorized Public Accountant

GROUP STRUCTURE - OPERATIONS

PARENT COMPANY

AQ Group AB (publ) (556281-8830)

The company, based in Västerås, is the parent company of the Group. The business consists of general corporate and financial management for Swedish subsidiaries.
CEO: Anders Carlsson

SWEDISH OPERATING SUBSIDIARIES

AQ Elautomatik AB (556272-8484)

The company develops, designs, manufactures and installs complete electric cabinets for controlling machines and processes. Operations are conducted in Västerås, Lund and Örnsköldsvik.
MD: Ola Olsson

AQ M-Tech AB (556358-1411)

The company develops, designs, manufactures and installs control equipment. The company has its own products such as sensors for detection of gas and liquid flows and heating jackets to avoid condensation in demanding filter applications. The company designs and manufactures mechanical components and systems for high-tech clients. The company's operations are conducted in Uppsala.
MD: Tobias Hammar

AQ Enclosure Systems AB (556660-1844)

The company is engaged in manufacturing and selling complete machines and sheet metal components. The company's operations are conducted in Vaggeryd, Kista and Falköping.
MD: Jonas Pellgaard

AQ Mekatronik AB (556666-7829)

The company develops, designs and sells products for the rail industry, electrical products and relays. The company's operations are conducted in Västerås.
MD: Ola Olsson

AQ ParkoPrint AB (556574-6319)

The company manufactures e.g. electromechanical products such as ticket vending machines and printers. Operations are conducted in Gävle.
MD: Åsa Lostorp

AQ Plast AB (556497-2239)

The company designs and manufactures stamped metal components, injection molded thermoplastic components and combination products. Operations are conducted in Anderstorp, Torslanda and Västerås.
MD: James Ahrgren

AQ Trafo AB (556443-9726)

The company develops and sells inductors and transformers. Operations are conducted in Enköping.
MD: Niklas Ericsson

AQ Engineering AB (556622-8697)

The company operates a consultancy business focusing on engineering work for demanding industrial customers. Operations are conducted in Torslanda.
MD: Leif Plate

AQ Welded Structures AB (556660-2016)

The company develops, manufactures and sells sheet metal components for demanding industrial customers. The company's operations are conducted in Ludvika.
MD: Tord Pettersson

AQ Components Västerås AB (556733-7216)

The company designs, engineers and manufactures sheet metal parts ranging from simple components to complete systems. The company's operations are conducted in Västerås.
MD: Ola Olsson

AQ Special Sheet Metal AB (559138-9753)

The company processes and assembles sheet by pressing and cutting. The company's operations are conducted in Pålsboda and Lyrestad.
MD: Leif Plate

AQ Wiring Systems AB (556261-0955)

The company offers solutions in the development and manufacture of electrical systems (wiring systems, electronics and mechanics, etc.), for the Scandinavian and European markets. The Company's operations are conducted in Mjällom.
MD: Jenny Gerdin

AQ Enclosure Sollefteå AB (556720-8466)

The company designs, engineers and manufactures sheet metal parts ranging from simple components to complete systems. The company's operations are conducted in Sollefteå.
MD: Joakim Falk

AQ Components Mjällom AB (556209-2634)

The company provides high-quality welding to customers within cranes, trains, defence, forestry and construction equipment. Delivers mechanical components and parts within sheet metal and machining. The company's operations are conducted in Mjällom.
MD: Peter Wallberg

OTHER SWEDISH SUBSIDIARIES

AQ Fastighet i Lund AB (556527-5228)

The company manages an industrial property in Lund of approximately 2,100 m² where AQ Elautomatik AB operates.
MD: Ola Olsson

AQ Fastighet i Lyrestad AB (556443-9734)

The company manages an industrial property in Lyrestad, Mariestad of 7,360 m² where AQ Segerstrom & Svensson AB operates.
MD: Leif Plate

AQ Fastighet i Pålsboda AB (556275-6212)

The company manages an industrial property in Pålsboda of approximately 3,000 m² where AQ Segerstrom & Svensson AB operates.
MD: Leif Plate

AQ Fastighet Tokarp AB (556220-0195)

The company manages an industrial property in Anderstorp of approximately 10,000 m² where AQ Plast AB operates.
MD: James Ahrgren

AQ Fastighet i Torslanda AB (556690-3018)

The company manages an industrial property in Torslanda of approximately 1,500 m² where AQ Plast AB and AQ Engineering AB operate.
MD: James Ahrgren

AQ Fastigheter i Gävle AB (556448-3385)

Subsidiary of AQ ParkoPrint AB.
The company manages an industrial property in Gävle of 4,590 m² where AQ ParkoPrint AB operates.
MD: Åsa Lostorp

FOREIGN OPERATING SUBSIDIARIES

AQ Electric AD (1135 61397)

The company is owned 96% by AQ Group AB (publ). The company designs, manufactures and sells electric cabinets and mechanical parts. Operations are conducted in own properties of 27,994 m² in Radomir, Bulgaria.
MD: Emil Nikolov

AQ Electric Suzhou Co. Ltd ([2006] – [65541])

The company designs, assembles and sells cabinet units, wiring systems and inductive components. The company's operations are conducted in Suzhou, China, and are geared towards external customers in Asia.
MD: Andreas Björk

AQ Inductive Components India Pvt. Ltd. (U29309P-N2018FTC175319)

The company manufactures and sells inductive components. The company's business is conducted in Pune, India.
MD: Shreeniwas Bhide

AQ Components Suzhou Co. Ltd ([2002] – [32190])

The company manufactures and sells stamped metal components and injection molded thermoplastic parts. The company's operations are conducted in Suzhou, China, and are geared towards external customers in Asia.
MD: Andreas Björk

AQ Mechanical & Electrical Manufacturing India Pvt. Ltd (U31909PN2011FTC139442)

The company manufactures and sells metal products and wiring systems. The company's business is conducted in Pune, India.
MD: Ajit Vibhandik

AQ Lasertool OÜ (10930852)

The company manufactures, assembles and sells processed sheet metal parts and performs surface treatment for industrial customers. The company operates in its own property of about 10,000 m² in Pärnu, Jüri and Viimsi, Estonia.
MD: Rein Volt

AQ Magnit AD (1220 33267)

The company is owned 99 % by AQ Group AB (publ). The company manufactures and sells inductive components and relays. The company operates in its own property of approximately 7,600 m² in Godech, Bulgaria.
MD: Ivan Stratiev

AQ Plastronic AD (1040 11529)

The company is owned 95 % by AQ Group AB (publ). The company produces electric instruments, electronics, injection molded thermoplastic components and maintains tools for injection molding. The company conducts operations in Veliko Tarnovo, Bulgaria.
MD: Emil Nikolov

AQ Wiring Systems SA de CV (DME051116H2A)

The company manufactures and sells wiring systems and electromechanical modules for industrial customers. The company conducts business in Tultitlan Edo, Mexico.
MD: Aleksandra Wojdyn

AQ Wiring Systems Sp. Z.o.o., (7281357239)

The company manufactures and sells wiring systems and electromechanical modules for industrial customers. The company conducts operations in Lodz, Poland.
MD: Mariusz Kopec

CONTINUATION: FOREIGN OPERATING SUBSIDIARIES**AQ Wiring Systems UAB (148 427 212)**

The company manufactures and sells wiring systems and electromechanical modules. The company conducts business in Panevezys, Lithuania.

MD: Nerijus Olsauskas

AQ Anton Kft. (20-09-061216)

The company is a leading within the machine processing of components for large industrial gas turbines (IGT), in the production of complex molded components and in the design and manufacture of tools. The company operates in Zalaegerszeg, Hungary.

MD: András Németh

AQ Magnetica Italy S.R.L (02591110420)

The company is a technology and sales company, primarily for inductive components. The company conducts business in Castelfidardo, Italy.

MD: Giovanni Di Manici

AQ Magnetica Technology D.O.O (20993294)

The company designs and manufactures inductive components.

The company conducts business in Salaš Noćajski, Serbia.

MD: Zivka Stoleski

AQ Wiring Systems STG Sp.Z.o.o (013080256)

The company manufactures and sells wiring systems and electromechanical modules for industrial customers. The company conducts business in Starogard Gdanski, Poland.

MD: Ewa Sulewska

AQ Asia Ltd. (2568747)

Sales company in Hong Kong, without employees.

MD: Mia Tomczak

AQ Mecanova Oy (7459383)

AQ Mecanova is a supplier of sheet metal and copper components. The company conducts business in Nivala, Finland.

MD: Jukka Koponen

B3CG Interconnect (1165205130)

Supplies cable assemblies, harnesses and highly complex electromechanical assemblies. The company conducts business in Montreal, Quebec, Canada.

MD: Céline Brunet

B3CG Interconnect USA Inc (98-0588750)

Supplies cable assemblies, harnesses and highly complex electromechanical assemblies. The company conducts business in Plattsburg, New York, USA.

MD: Robert Gibeault

OTHER FOREIGN SUBSIDIARIES**8046000 Canada Inc (1168317361)**

Holding company that owns B3CG Interconnect USA Inc.

MD: Céline Brunet

Société de Gestion B3CG Interconnect Inc (1165205098)

Holding company that owns B3CG Interconnect Inc.

MD: Céline Brunet

Mecanova Inc

Resting company.

MD: Jukka Koponen

AQ Manufacturing Co., Ltd (0115558018096)

The company is being liquidated

MD: Ragnar Koppel

OTHER

During the year 2018, AQ Plåxan AB (556473-5073) has been merged into AQ Components Västerås AB (556733-7216). AQ Segerström & Svensson AB (556545-8790) has been declared bankrupt.

WE ARE RELIABLE

Customer focus

Customers always come first.

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

Simplicity

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

Entre- preneurial business

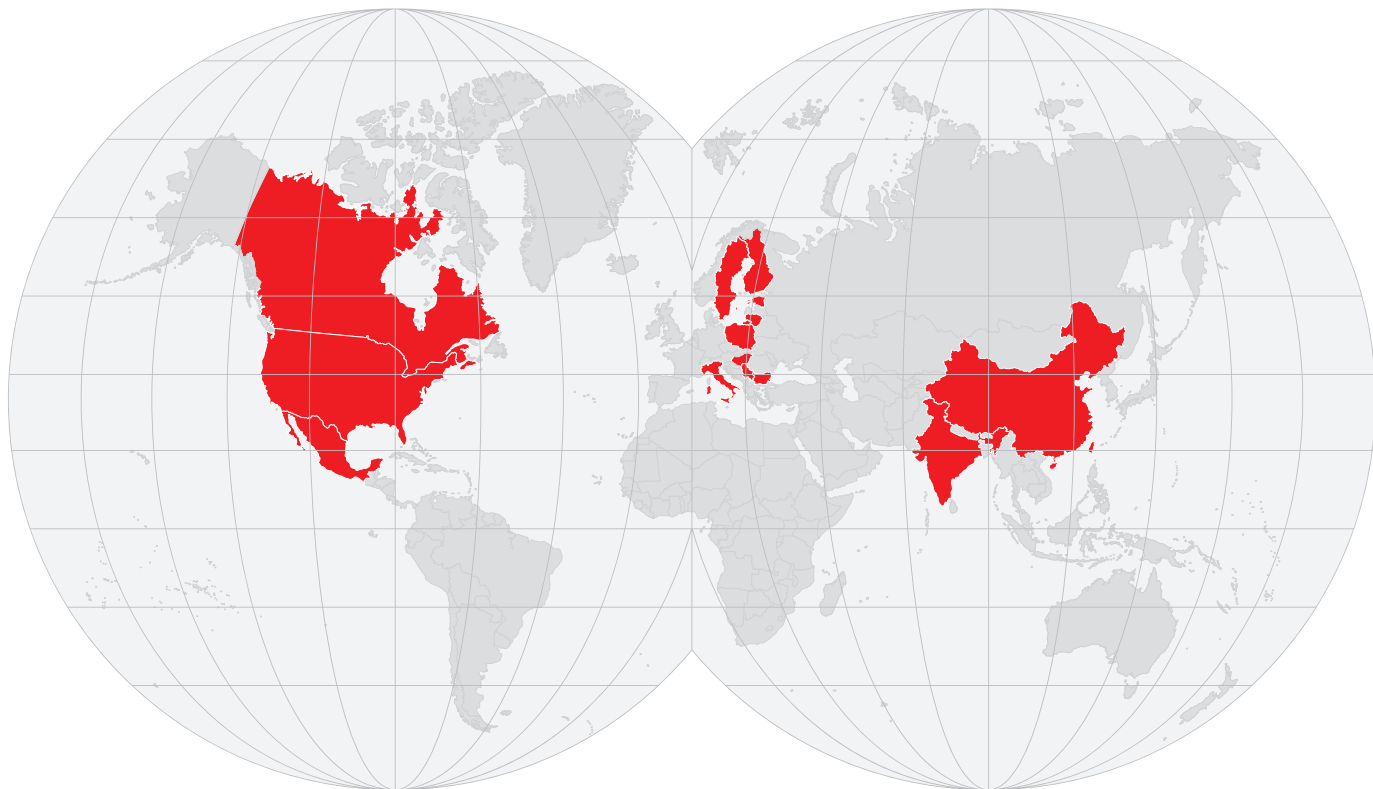
Companies within the AQ Group shall, based on AQ core values, run their business as entrepreneurs and strive for profitability and growth.

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.



• Countries where AQ Groups has operations:

Bulgaria	China	Serbia
Estonia	Lithuania	Sweden
India	Mexico	Hungary
Italy	Poland	USA
Finland	Canada	