

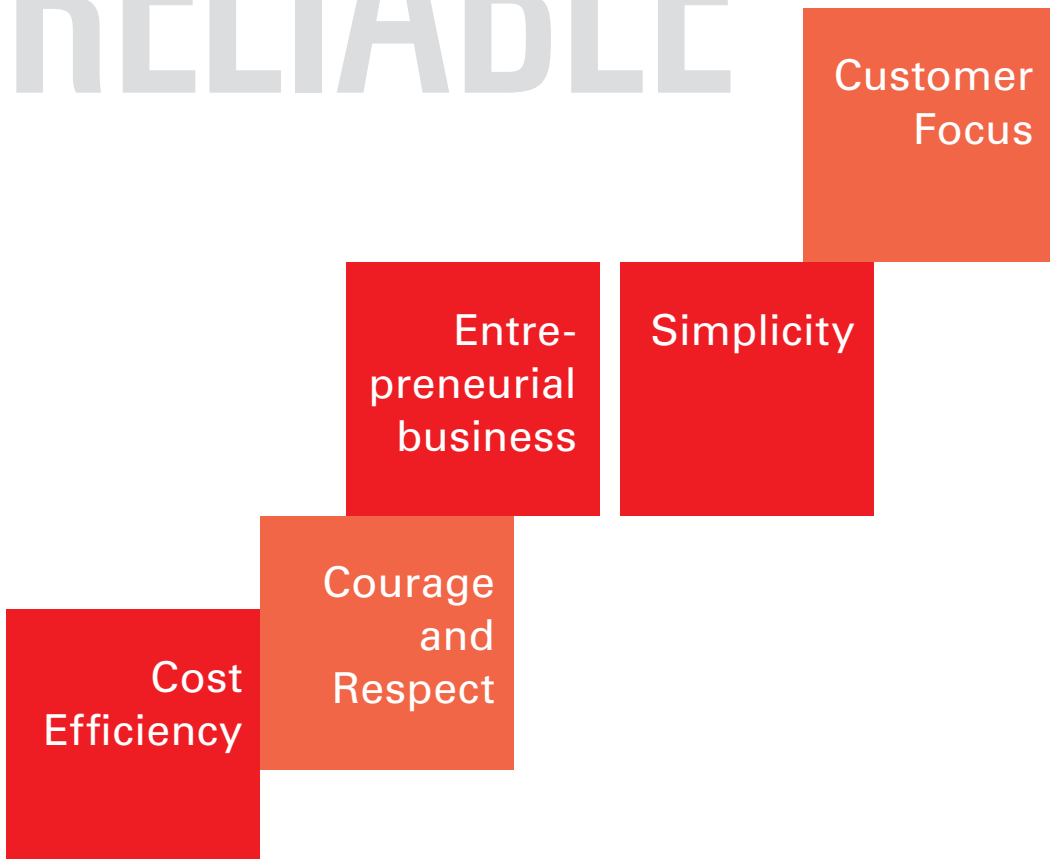
1994-2019
25 years

aq

AQ Group AB
Annual Report **2019**

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.

With our commitment to Total Quality our customers become long-term partners.

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 6,300 employees in total, around 85 % of them in growth countries outside Sweden. Annual turnover is SEK 5.1 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

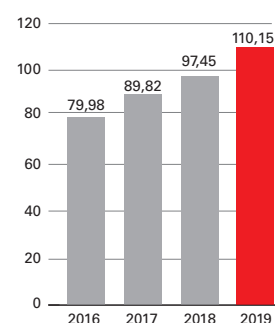
AQ currently has operations in Sweden, Bulgaria, Serbia, Hungary, Estonia, Poland, Lithuania, Mexico, Italy, India, China, Finland, USA, Canada, Brazil and Germany. The number of employees in the different countries are distributed as follows.

Average number of employees	2019			2018			2017		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Parent company, Sweden	13	9	22	11	8	19	13	10	23
Subsidiaries, Sweden	237	597	834	169	712	881	224	796	1 020
Brazil	1	3	4	-	-	-	-	-	-
Bulgaria	695	613	1 308	690	578	1 268	619	527	1 146
Estonia	152	444	596	96	324	420	85	300	385
Finland	40	175	215	30	91	121	-	-	-
India	10	119	129	10	123	133	9	114	123
Italy	7	14	21	7	13	20	7	12	19
Canada	114	52	166	110	43	153	-	-	-
China	189	289	478	176	264	440	177	295	472
Lithuania	608	151	759	588	133	721	561	127	688
Mexico	162	34	196	139	66	205	124	38	162
Poland	656	467	1 123	684	463	1 147	599	411	1 010
Serbia	23	12	35	22	10	32	25	11	36
Thailand	-	-	-	17	8	25	20	14	34
Germany	-	3	3	-	-	-	-	-	-
Hungary	79	284	363	87	292	379	104	326	430
USA	31	47	78	44	61	105	-	-	-
Total	3 017	3 313	6 330	2 880	3 189	6 069	2 567	2 981	5 548

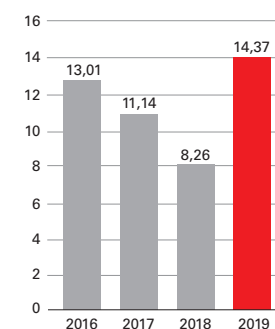
HISTORY IN BRIEF

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 Komponent 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 och 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, Acquisition of wiring systems manufacturers in Canada and the USA, AQ B3CG
2019	Acquisition of manufacturer of inductive components in Finland, Estonia, China, Brazil and Germany, AQ Trafotek. Acquisition of company specialized in sales of connection technology products in Sweden, AQ MiniCon

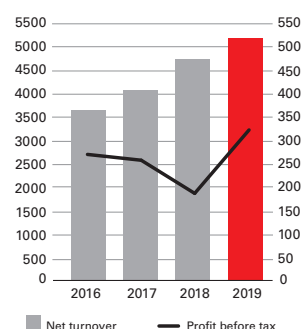
Equity per share, SEK



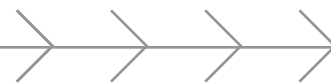
Profit after tax per share, SEK



Net turnover and profit before tax, MSEK



AQ GROUP 2019



- Good organic growth in the first half of the year followed by a slowdown in the second half of the year.
- Great uncertainty about business volumes in 2020 due to the Coronavirus.
- The acquisition of Trafotek more than doubles the business within Inductive components.
- Highest earnings per share during AQ's 25 years.
- Strong cash flow helped us to finance our growth
- Continued good development of employees, capacity and technical ability

MARKET

I want to start by thanking our customers, employees and suppliers for good business and good work efforts during the year. Growth and profits are created through collaboration between all talented people at our world-leading customers and at AQ's companies. In particular, it is our technical know-how in production and engineering that is a key to finding competitive production solutions for our customers. It has been a privilege to be involved with this during the year.

AQ Group grew by 9.5% in 2019. The first half of the year was characterized by good organic growth, which then turned to the opposite towards the end of the year. During the second quarter, we completed the acquisition of Trafotek. This more than doubled our business area for Inductive Components and strengthened our position in the process industry, marine customers and renewable energy. This also meant continued growth during the second half of the year despite the slowdown in the market.

We made good progress with customers during the year. One example is our wiring plant in Mexico, which increased the deliveries to a customer who manufactures courier vehicles for international transport companies. Another is that we build complete machines for medical technology in Sweden. AQ is big in producing electric and automation cabinets based on in-house manufactured enclosures. Here we have had strong development in solutions for marine environmental technology but also for customers in material handling and equipment for the food industry.

AQ's combination of being a major supplier to both vehicles, electricity and automation means that we are a natural partner for our customers in electric vehicles. We make plastic and sheet metal parts for battery systems. We manufacture wiring systems, fuse boxes and automation cabinets for electric vehicles and during the year we have built complete battery packs. In the same way that we make inductors for electric trains, we now also deliver the same to electric road vehicles. We are involved in supplying components for charging systems. During the autumn we also won business for a newly developed generation of electric buses as well as upgrades of driver's desks to subway cars.

The decreasing volumes during the second half of the year mainly stem from buses, construction, agricultural and forestry machines and to some extent from delays in rail projects and the absence of major project deals within traffic infrastructure. For a supplier like AQ, we need to be good at managing growth, but we also need to change quickly when demand for customers' products is decreasing. This is something we have done well in the second half of the year where it has been needed.

PROFIT

There is a strong improvement in profit compared to 2018 and earnings per share after tax of SEK 14.37 is the highest ever. This improvement comes from higher sales and that we no longer have losses from the three units that we restructured in 2018. Our EBT margin is 6.3% which is far from our target of 8%. However, all of our talented employees work tirelessly to win further business from new and existing customers and to lower our costs with the help of sharper purchasing and better productivity.

We had a good cash flow during the year. This has helped us to finance investments and acquisitions. We have increased net debt excluding IFRS from SEK 333 million to SEK 452 million. This increase would have been significantly greater if we had not had good cash flow from operating activities. We have continued to implement our projects for better inventory management and are continuing to reduce overdue accounts receivable in cooperation with our customers.

DELIVERY CAPABILITY & CAPACITY

It is gratifying that delivery precision has improved during the year and is at 92.6% for the full year, which is 5 percentage points better than 2018. This means that a majority of our factories have delivery precision that is close to or above our target level and that we continue to improve where it is still needed. However, we are not satisfied and will continuously develop our processes and standards to become even more robust and flexible in 2020.

To manage this, we continue our investments in capacity and better production equipment, for example we have:

- Invested in a new 1500 tons injection molding machine in Torslanda.
- Opened a new manufacturing unit in Bulgaria for stainless steel products
- Moved to new and larger premises in Poland for wiring systems production.
- Improved our ED painting in Estonia and we have been approved by additional customers.
- Taken full advantage of the factory from the acquisition of Mecanova in Estonia.
- Expanded and upgraded the machinery in our sheet metal manufacturing unit in Bulgaria.
- Continued to robotise welding and edge bending also in Eastern Europe.
- Invested in new machines for producing components of cables in Mexico



ACQUISITIONS

During the year, AQ made two acquisitions. The acquisition of Trafotek is a major step for AQ and means that we will have a very strong combination of engineering expertise and manufacturing opportunities all over the world. We will have engineers in Sweden, Finland, Estonia, Germany, Italy, Bulgaria, India and China and manufacturing opportunities in Finland, Bulgaria, Estonia, China, India and Brazil. AQ and Trafotek complement each other very well and we are now well positioned to continue growth in trains, industry and renewable energy. Trafotek also has an interesting business with dry power transformers for marine customers. We also made a minor acquisition of a company called MiniCon AB in Sweden. This is an acquisition that expands our offering in wiring systems in Sweden while strengthening our sales organization in the same area.

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.

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

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

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.

We now live in a world affected by the Corona virus and a dramatically declining economic activity. At AQ, we have experienced this early through our three units in China, all of which are back in production after extensive measures. We are now seeing a global spread and the situation escalated during the second half of March. We monitor and analyze the situation day by day and take the measures we can as soon as possible. Important in this work is to do everything we can to deliver to the customers while minimizing the risk of spreading disease.

AQ is affected by the fact that some countries where we have operations are closing down altogether. This also leads to our customers in the automotive sector temporarily closing their factories as they lack material from suppliers located in the countries that are closing down. Our closed units mainly deliver to customers in the same countries that are also closed.

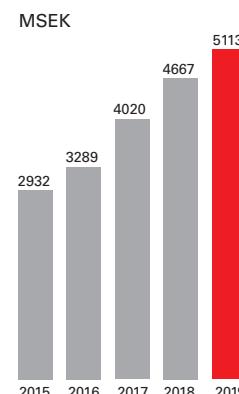
There is a big uncertainty about how this will develop. We do not know how long the current situation will last and we do not know if it will cover more customers and countries.

However, we have a broad and diversified structure with many customers and suppliers operating in a large number of industries and countries. A majority of our units are still operating without major disruptions. We work intensively with cost savings, accounts receivable and inventory management to minimize the impact on our balance sheet. We also review our investments. We hope that with these actions we can face the great challenges now and in the near future in the best way possible.

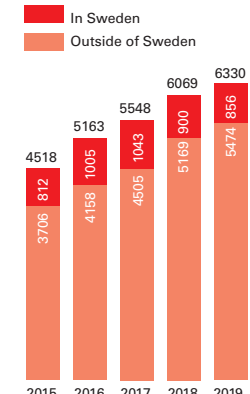
With strong relationships with world-leading customers and engaged employees, we shall work hard to come back to organic growth and acquisitions. A continued important part of this is our core values and our pursuit of being a long-term and "Reliable" supplier to leading industrial customers.

Anders Carlsson
CEO

Net turnover



Average number of employees



AQ GROUP

25 YEARS OF PROFITABLE GROWTH

In October 1994, Claes Mellgren and Per-Olof Andersson started AQ Group. 25 years later, turnover is SEK 5 billion and the Group has delivered 100 consecutive quarters of profit. The journey began by Per-Olof taking over a plastic workshop in Västerås and Claes was then given a similar offer to take over a transformer workshop in Enköping. Together, they merged their two companies into a joint group to become stronger than if each had worked individually.

The first years were challenging, the general business cycle was down, and a lot of effort went into cost cutting, finding new business and negotiating with customers. Early on, there was a need to find manufacturing capacity in lower cost countries. An important step for AQ was the acquisition of a transformer factory in Godech, Bulgaria in 1996.

This was the start of a lot of work for AQ employees both in Sweden and Bulgaria. AQ was early into Bulgaria and it was not without risk. “This is one of the things that makes me most proud”, says Claes Mellgren – “To see the fantastic development that can be achieved by people locally in a factory if you give them trust and the right toolbox, is very rewarding”. This pattern has been repeated in most of the 41 manufacturing units that AQ now is operating around the world

Next step was electrical cabinets. AQ acquired automation panel builders in Lund, Surahammar, Uppsala and Örnköldsvik and built capacity in Radomir, Bulgaria. AQ has strong local Swedish presence in this field while manufacturing larger series in Bulgaria, China and India. “AQ is one of the few international panel builders that can follow its international OEM customers round the world. We are also particularly competitive if they need specially designed enclosures in different materials for their electrical cabinets,” says Anders Carlsson, CEO of AQ Group.

Between 2004 and 2010, AQ acquired a number of sheet metal processing companies that had run into financial difficulties. These companies were located in Valdemarsvik, Vaggeryd, Anderstorp, Pålsboda, Lyrestad and Eskilstuna. At the same time, AQ invested

heavily in sheet metal and welding capacity in Pärnu, Estonia. One of the acquisitions also meant that AQ entered into Suzhou, China. “In most cases, our acquired factories became profitable quickly,” says Per-Olof Andersson. In recent years, acquisitions have continued in sheet metal processing, but now AQ has also acquired stronger companies in places like Sollefteå, Mjällom, Västerås, Nivala, Jüri and Viimsi.

A key part of AQ’s development has been the combination of organic growth and acquisitions. “You have to increase order intake in both existing factories while making acquisitions to enter new customers and markets,” says Anders Carlsson. The only major investment where AQ started from scratch is the unit in India where AQ followed some of the larger customers to the Indian market.

Almost ten years ago, Claes and Per-Olof sat down with the management team and tried to document what had been the core of the group’s development. The result was AQ’s core values. These have since been a strong and effective support for employees and managers in daily work. The values are focused on customers, simplicity, entrepreneurship, cost efficiency and courage and respect. “Most companies in the world say that they are customer-focused,” says Anders Carlsson. “The only way to really show this is to act the right way, every day when you work with your customers. It’s very easy to become internally focused and miss the opportunities that arise”.

AQ Group’s development has not always followed a straight line. As for many companies, there have been some failures. For example, some of our customers have experienced major declines in their business. In these cases, AQ has usually succeeded in finding new busi-



ness, but it has also led to closures. "Most of our acquisitions have been successful, but there is one business that we never managed to get in order, even though we did everything we could for nine years," says Anders Carlsson. "Here we have put a lot of energy into learning why, to make sure it never happens again".

AQ means Aros Quality. Aros is an older name for Västerås and quality is the central part of the business concept. AQ wants to be a leading and reliable supplier to demanding industrial customers. If you are able to fulfill all requirements and deliver on time, while having the right attitude and willingness to serve, there are great opportunities for you to gain continued confidence for a long time from your customers.

An important strategic decision was to expand the wiring systems business in 2010, 2012 and 2016. AQ acquired two Swedish companies and one Norwegian company with production in Poland, Lithuania, Mexico and Sweden. Here, the same basic model was applied with decentralized leadership based on the Group's core values. AQ is now a leading wiring systems manufacturer for most types of commercial vehicles. In 2018, we continued this development as we followed one of our major wiring systems customers to North America and acquired two manufacturing units in Canada and the United States.

A good example of entrepreneurship is AQ's system products business. AQ has stepped up the value chain and gone from making simpler components to building automation cabinets and ultimately building entire machines for its customers in places like Uppsala, Falköping, Gävle and Radomir.

AQ Group started in 1994 with injection molding and inductive components. "We are pleased to see that we still develop these original areas", says Claes Mellgren. In 2015 AQ Group acquired a technically strong injection molding and machining company in Hungary and this year AQ Group acquired Trafotek complementing AQ very well in inductive components. AQ is thus well exposed to the ongoing electrification in the world in both this and other business areas.

AQ Group started on a small scale in 1994 and has during 25 years developed into an international group that has sales of SEK 5 billion and delivered profits over 100 quarters. "We know that AQ's core values and the way we work is a well-functioning model and we will continue to develop, both organically and through acquisitions, by being a 'Reliable' supplier to our demanding industrial customers," says Anders Carlsson.

There will also be a lot happening in sustainability. AQ will continue to work with sustainability both internally within the Group and by contributing to the sustainable solutions that our customers develop and deliver. With this, AQ Group looks forward to another 100 quarters of profitable growth in a more sustainable world.

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 2019, 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 sixteen 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 competencies 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 precision, flexibility 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 employees. To deserve motivated and committed employees we must be honest, open, interested, have courage, give feedback and welcome views and ideas. 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

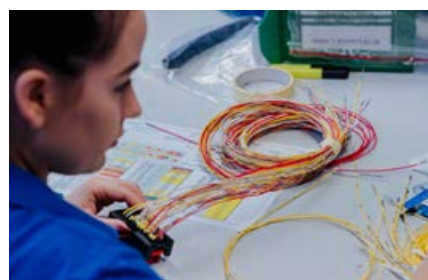
AQ Group's Board has set targets for the Group. The objectives assure that the Group is being managed towards a good profit, high quality and delivery reliability, and strong growth with a sound level of financial risk.

- 🎯 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

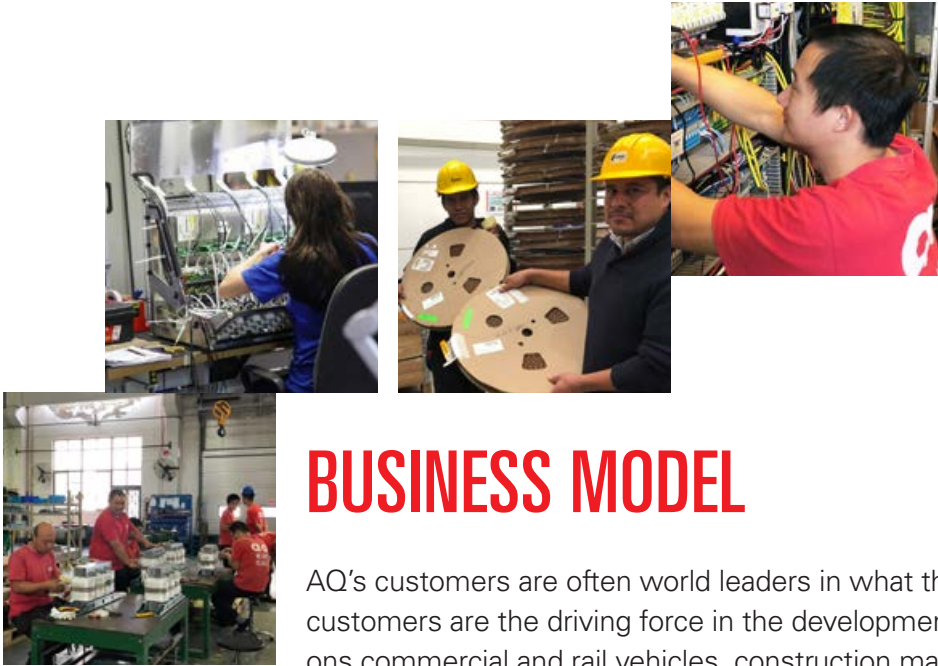
The main points in the strategy for profitable organic growth are:

- 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



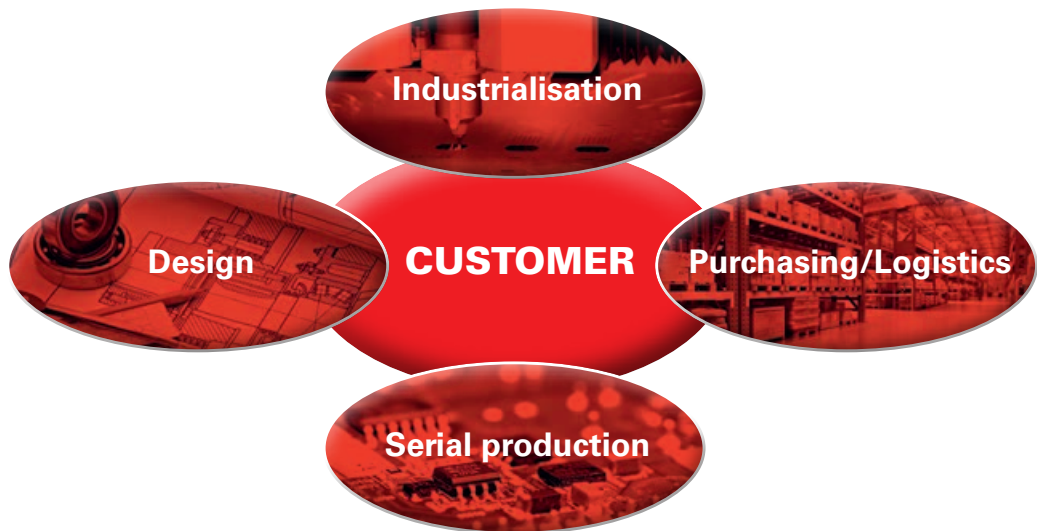
GOALS	TARGET	DESCRIPTION	FULFILLMENT												
PRODUCT QUALITY															
Our products shall be delivered without generating any disruptions for our customers. Product quality shall be perfect from the customers' point of view.	100%	In order to assess product quality, we measure the number of disruptions 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>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> <tr> <td>2019</td> <td>99.5</td> </tr> </tbody> </table>	Year	Fulfillment (%)	2015	99.7	2016	99.6	2017	99.5	2018	99.5	2019	99.5
Year	Fulfillment (%)														
2015	99.7														
2016	99.6														
2017	99.5														
2018	99.5														
2019	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%	We measure the number of late deliveries made to a customer and compare it with the total number of deliveries. Our delivery performance has improved during 2019. Largely due to improved 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>2015</td> <td>96.5</td> </tr> <tr> <td>2016</td> <td>94.5</td> </tr> <tr> <td>2017</td> <td>92.5</td> </tr> <tr> <td>2018</td> <td>89.5</td> </tr> <tr> <td>2019</td> <td>92.5</td> </tr> </tbody> </table>	Year	Fulfillment (%)	2015	96.5	2016	94.5	2017	92.5	2018	89.5	2019	92.5
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2019	92.5														
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 AAA rating from Bisnode. Our equity ratio has been above the target in the last five years. 2019 is affected by IFRS16 see note 8.	<table border="1"> <caption>Financial Standing Fulfillment (%)</caption> <thead> <tr> <th>Year</th> <th>Fulfillment (%)</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>58</td> </tr> <tr> <td>2016</td> <td>60</td> </tr> <tr> <td>2017</td> <td>62</td> </tr> <tr> <td>2018</td> <td>58</td> </tr> <tr> <td>2019</td> <td>52</td> </tr> </tbody> </table>	Year	Fulfillment (%)	2015	58	2016	60	2017	62	2018	58	2019	52
Year	Fulfillment (%)														
2015	58														
2016	60														
2017	62														
2018	58														
2019	52														
PROFITABILITY															
AQ's goal is to reach a profit before tax of 8% over a business cycle.	+8%	The assessment is that the goal of 8% profit before tax of 8% over a business cycle is challenging due to constant price pressure and strong competition, but the goal is possible to reach.	<table border="1"> <caption>Profitability Fulfillment (%)</caption> <thead> <tr> <th>Year</th> <th>Fulfillment (%)</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>7.2</td> </tr> <tr> <td>2016</td> <td>8.2</td> </tr> <tr> <td>2017</td> <td>6.5</td> </tr> <tr> <td>2018</td> <td>4.2</td> </tr> <tr> <td>2019</td> <td>6.2</td> </tr> </tbody> </table>	Year	Fulfillment (%)	2015	7.2	2016	8.2	2017	6.5	2018	4.2	2019	6.2
Year	Fulfillment (%)														
2015	7.2														
2016	8.2														
2017	6.5														
2018	4.2														
2019	6.2														





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 telecom 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.



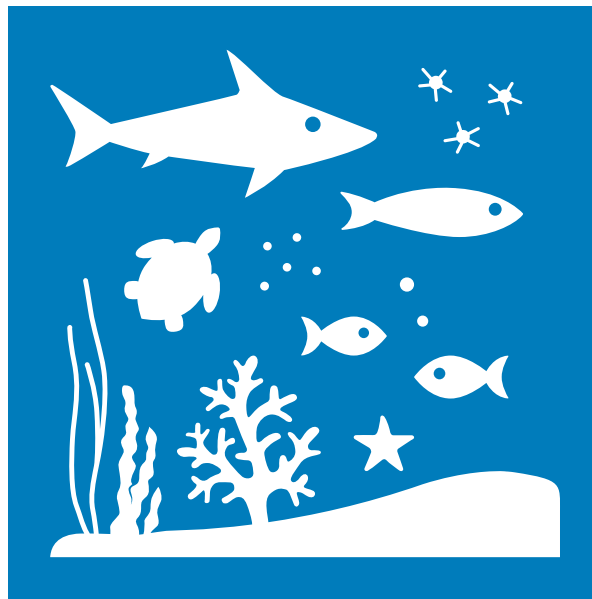
Design	Industrialisation	Purchasing/Logistics	Serial production
AQ can, thanks to its long experience in manufacturing, help customers with the design of components and systems. This works best when AQ is involved early in the product development process.	In many cases AQ helps its clients to industrialise 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. 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, industrialisation and serial deliveries of electric automation cabinets to a leading supplier of equipment for marine applications to a product that cleans ballast water on board boats, which prevents the spread of foreign species.
- We supply our inductors to industrial drives that help reduce electricity consumption by using electric motors only when they are needed.
- Serial deliveries of inductors to wind turbine converters for customers in Denmark and Finland.
- Serial deliveries of automation cabinets and driver's desks for rail vehicles in Germany and Sweden.
- Industrialization and serial deliveries of power cables and fuse boxes for 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 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.

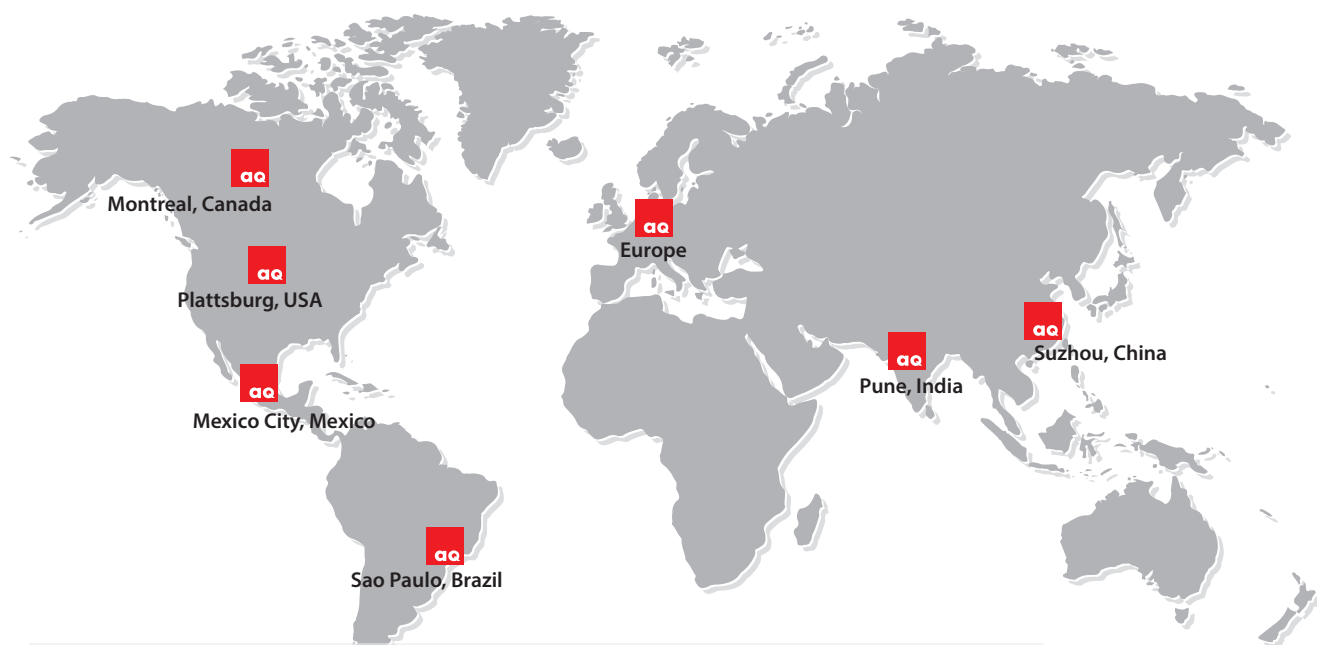
We see clearly that demand for local content is increasing on many of our customers' markets. Therefore, it is of utmost importance that we listen to our customers' request to be present on the local markets.

During 2019 we have continued our geographic expansion by acquiring companies in Brazil and Germany.

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

REFERENCE PROJECTS

- Serial production of wire harnesses for delivery vehicles for global logistics companies in the United States.
- Deliveries of sheet metal enclosures to a leading supplier of drives in Finland.
- Serial production of complete machines for medical technology in Sweden.
- Serial production of automation cabinets for material handling solutions for ports in Bulgaria and China.
- Complete friction welded aluminium enclosures to leading manufacturer of converters for trains in India and Sweden.
- Advanced plastic components to several leading manufacturers of hand tools injection molded with several different materials in the same tool.



BUSINESS AREAS

All of AQ's business areas are close to their customers. Below it's described in which countries we have activities for each area.

Inductive components: Bulgaria, China, India, Italy, Sweden, Finland, Serbia, Brazil, Estonia, Germany

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 IS DEVELOPING AND CONTINUES TO CONTRIBUTE TO INCREASE AQ'S COMPETITIVENESS

The purchasing function is of strategic importance in a company like AQ Group. 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 continuously develop and improve existing supplier base and we are 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 utilize volume advantages and synergies within components and equipment. Through a global and close collaboration in procurement, we create the conditions for a common platform in how we develop our supplier base and achieve synergies. We strive to find suppliers with the lowest total cost and preferably with global production to ensure a global and cost-effective supplier base.

We have implemented a training program where we continuously train our buyers in negotiation technology and category management. This is in line with our continued focus on category management of strategically important products and purchasing areas in order to strengthen and develop competitive advantages.

During the year we also intensified coordination in our business areas, thereby ensuring synergies and volume benefits between the companies and AQ's global supplier base.

Since we have a strong focus on ensuring top quality and delivery precision to our customers, our suppliers must live up to high performance. Together with our suppliers, we strive to act and collaborate with the customer to provide added value. To live up to our customers' requirements, we ensure that our suppliers meet and develop our basic requirements in terms of cost-effective



AQ's purchasing team at the annual purchasing conference, this year located at AQ Wiring Systems in Lithuania.

quality, reliability, capacity, service, ethics, sustainability and risk minimization.

In close cooperation with our suppliers, we develop our supplier base by performing supplier assessments and giving continuous feedback on performance. In cases where a supplier does not meet our requirements, we take action and replace them.

During the year, we generally saw an increased capacity at our suppliers and a weakening of raw material prices, with some exceptions, for example, for stainless steel, the alloy surcharge increased during the year. The copper and aluminum alloy surcharge increased during the first half of the year to fall back to the original level during the second half.

All in all, this has created positive opportunities for AQ.

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 potential, 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 2019

In June, Trafotek Oy was acquired with operations in Finland, Estonia, China, Brazil and Germany. The purpose of the acquisition was to expand AQ's customer base and broaden its offering within inductive components. Trafotek is a leading supplier in the design and manufacture of power electronics components, such as reactors, transformers and fil-

ters for medium to high power levels. Trafotek's customers are leading players in power electronics, industrial automation, renewable energy and the marine industry. Trafotek has long experience of demanding industrial customers and the company fits well into the AQ portfolio. AQ and Trafotek combined will become a strong player with technology and manufacturing presence in important parts of the world.

In July, AQ Wiring Systems AB acquired MiniCon AB. MiniCon is a company specializing in the sales of interconnect technology products to the aerospace and defense industries and to civilian industries such as robot manufacturers, machine builders and telecom companies. The acquisition of MiniCon is a very good complement - through its expertise on the component side - to AQ Wiring Systems, which supplies customized electrical systems & wire harnesses to the defense, medicine, mining and forestry industries.

Since AQ was listed on Nasdaq 2017, the influx 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.

SUSTAINABLE ENTERPRISE

WE SUPPORT



AQ GROUP SUSTAINABILITY REPORT

AQ was founded in Sweden in 1994 and consists today of about 6,300 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 principles, how they are implemented and a presentation of 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 Group's goal is for all our employees and business partners to live up to the Universal Declaration of Human Rights. The goal is to have zero human rights violations reported.

Our core 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.

Implementation

This year AQ Group continued implementation of its core values, which were established in early 2012, across all AQ companies. One of the cornerstones of the core 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 Core Values booklet has been handed to each employee in their local language. Workshops have taken place to

further strengthen the understanding of the core values across the company. This together with the AQ Code of Conduct gives guidance how to act within AQ Group 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 Group Supplier Code of Conduct. Suppliers who have questionable ethics are not approved as an AQ supplier.

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

Measurement of outcomes

In AQ Group 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 Group is fully committed to handle any such occurrences objectively and to act quickly. In the last five 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. We donate money to prospective entrepreneurs in the village to help them to a better life.

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: the elimination of discrimination in respect of employment and occupation

Source: UN Global Compact

AQ Group hires and treats its employees in a manner that does not discriminate regarding sex, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation, age, political opinion, social origin, HIV/AIDS status and trade union membership. Diversity in the workplace is encouraged at all levels.

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 unless it is ordered legally and according to contract. In AQ Group 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 Group goal for Labor Principles is to have an average self-assessment score higher than 3.5 and that no subsidiary should score below 3 in our yearly self-assessment where the lowest score is 1 and highest is 4.

Implementation

The labor unions in AQ Group 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. This is something that helps us becoming a more attractive employer as well as creates a better functioning business. Special focus has been put on working with identifying risks and leadership to 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 four are women and seven are men. Within the entire AQ Group, we have an even gender distribution with 48% women and 52% men

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 2019 show high scores on average. An action plan is made to strengthen the subsidiaries where the score is considered low.

In 2019 the score for Labor principles was on average 3,80 on a scale from 1 to 4 where 4 is highest. No subsidiary within the group has scored lower than 3.

AQ Group's subsidiaries are continuously being audited by our customers. During 2019 we have passed audits from but not limited to, Volvo, Scania, ABB, Siemens, Bosch, Alstom, GE, Ericsson, Bombardier, Tetra Pak, and MAN. 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

Princip 8: undertake initiatives to promote greater environmental responsibility

Princip 9: encourage the development of environmentally friendly technologies

Source: UN Global Compact

Assessment, Policy and Goals

In our environmental policy on our website, we explain AQ's view on how we will improve the environment. "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 follow rules and legislation and constantly work on improvements to reduce or prevent our environmental impact, from design to delivery. A key environmental goal for AQ is that all production sites shall be ISO 14001 certified and have a higher environmental result than 3 on our annual self-assessment.

During 2019 it has been clear both within the Group, from shareholders and from other stakeholders that we need to do more to reduce carbon dioxide emission. Within the Group we have chosen to act through our environmental management system. During 2020 we will implement ISO 14001 certificates in all our production units. We will also make sure that we have concrete goals and actions to reduce carbon dioxide emissions in all companies.

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. 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

At the start of 2020 we have performed follow-up meetings with all our operational companies and reviewed the work with the environment management system, performance during 2019 and goals for 2020. Of the Groups 42 production units 34 are certified in ISO 14001 and the rest will be certified during 2020.



All units are securing that national environmental laws are followed. This is secured on group management level through the AQ Group Self-assessment procedure. The environmental score for 2019 was 3,74 where 4 is highest.

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

- AQ is a supplier to companies with systems for purifying ballast water that protect the biodiversity of our oceans
- In AQ we try to reduce our travelling by having more on-line meetings and by increasing our use of public transportation
- Many of the AQ factories have implemented LED lighting and motion sensors to reduce energy consumption.
- AQ has three production sites that have installed solar panels or solar heating devices.
- All AQ's facilities in Sweden are powered with 100% renewable energy.
- Many of AQ's production facilities reuse the heat generated from production processes to heat the factory.
- Many companies have installed so called BMS systems to better control and monitor their consumption of energy for heat, cooling and ventilation.
- AQ is as a supplier actively taking part in the conversion from conventional to electric commercial vehicles.
- We work to reduce scrap percentage from the material we use. This is for example done by improved programming in sheet metal working machines and by adapt the design together with our customers.
- We continue the work to increase the recycling of rest products from the injection molding process. We grind it and reuse it in our production.
- We continuously reduce hazardous chemicals in cooperation with our customers.
- We implement a process to reuse packing material in cooperation with our customers

ANTI-CORRUPTION PRINCIPLE

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

Källa: UN Global Compact

Bedömning, policy och mål

AQ Group 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. We also stimulate a culture where you should raise your hand and advice your manager and colleagues if you are not sure what to do. This way we can advise and support the right behavior according to our Code of Conduct.

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 the whistleblower@aqg.se in accordance with our Whistleblower Policy.

To prevent the identified risks, we commit to several actions:

- Implementation of a rigorous procurement process including cross-functional approval of suppliers.
- All suppliers shall read and commit to 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 logo is inserted into our company presentation to our supply chain partners and customers
- When integrating new AQ companies in the Group we perform a workshop and work through AQ's Core Values and Code of Conduct.

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 Group, 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 2019 self-assessment was 3.90 on a 4-grade scale.

WHISTLEBLOWER FUNCTION

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

In 2019 we have received three reported cases. The AQ group management team has analyzed them and taken actions.

SUSTAINABILITY RISK ASSESSMENT

AQ Group 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 Group has below identified the risks that could cause a probable negative effect on the sustainability of the company.

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

There is a potential risk that violations of our principles may occur if AQ does not ensure that every employee understands and follows our Code of Conduct. In Sweden, acceptance of the Code of Conduct and AQ's Core Values are part of the employment contract.

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 Group is constantly monitoring the impact its operations have on the environment through the ISO 14001 management system approved productions sites. This mitigates most of the risks for that our operations may harm the environment.

References

There is more information on AQ's website for how AQ works with sustainability:

AQ's Core Values, Code of Conduct and Supplier Code of Conduct: <https://www.aqg.se/en/core-values>

AQ's sustainability guideline:

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

AQ's Policies: <https://www.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 2019 on pages 19-23 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 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 2020

KPMG AB

Helena Arvidsson Älgne
Authorized Public Accountant

Sales, product development and production takes 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 takes 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 takes 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 takes place in:

- Sweden
- Bulgaria
- Finland
- Estonia
- India
- Italy
- China
- Serbia
- Brazil
- Germany

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 till 3MVA
- Cooling by natural convection or forced cooling with air or water



Sales, product development and production takes 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 takes 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

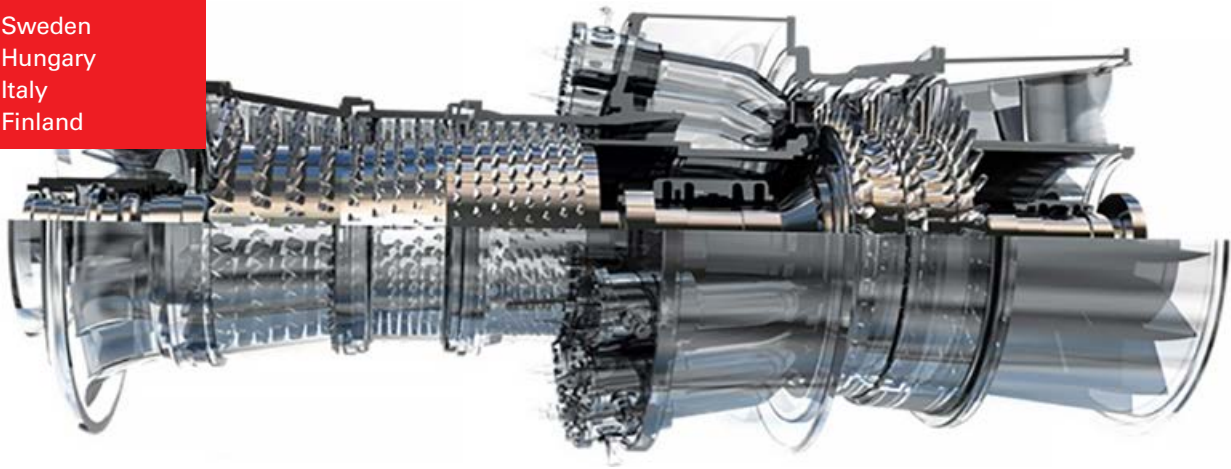
Thickness levels from 0.2 mm to 20 mm in grades standard materials, high strength materials, aluminium and stainless steel.

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

Sales, product development and production takes place in:

- Sweden
- Hungary
- Italy
- Finland



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, AQ Trafo and AQ Trafotek 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. 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 30, 2019 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 31, 2019 the number of shareholders in AQ Group was 4 943 (4 353). See table below:

Number of shares	Total amount of shares	Percentage of equity (%)	Number of shareholders	Market value (TSEK)
1-500	364 704	1,99	4 236	83 517
501-1000	224 183	1,23	286	51 338
1001-5000	651 795	3,56	299	149 261
5001-10000	336 801	1,84	44	77 127
10001-15000	292 789	1,60	23	67 049
15001-20000	192 053	1,05	11	43 980
20001-	16 231 733	88,73	44	3 717 067
Total	18 294 058	100.0	4 943	4 189 339

Source: Euroclear

Shareprice development and turnover 2019

On the first trading day of the year, January 2, 2019, the closing price was SEK 149 per share and on the last trading day, December 28, 2019, it was SEK 229 per share, an increase of 54 %. The price was highest on December 27 at SEK 234 per share. The average price over the year was SEK 185 per share.

The average number of shares traded per day was 7,940 and the average turnover per day was SEK 1,507,070. An average of 89 trades were made per day. The share development is shown in a diagram on page 31.

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



Dividends

Earnings per share after taxes and after dilution amounted to SEK 14.37 (8.26). AQ's 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 2019 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 31, 2019. The two main shareholders are Claes Mellgren 24.89 (24.89) percent och Per-Olof Andersson 24.51 (24.51) percent.

Other large shareholders are Verdipapirfonde Odin 9.28 (9.20) procent, Brown Brothers Harriman & Co. W9 9.24 (9.25) percent and Nordea Investment Funds 6.77 (5.22) percent.

Total number of shareholders per December 31, 2019 was 4,943 compared to previous year 4,353. This corresponds to an increase in the number of shareholders with 13 percent.

The 10 largest shareholders per December 31, 2019

Owner	Number of shares	Number of shares (%)	Market value (TSEK)
Claes Mellgren with family	4,553,095	24.89	1,042,659
Per Olof Andersson	4,483,975	24.51	1,026,830
Verdipapirfonde Odin Sverige	1,696,897	9.28	388,589
Brown Brothers Harriman @ Co., W9	1,690,782	9.24	387,189
Nordea Investment Funds	1,239,114	6.77	283,757
Nordnet Pensionsförsäkring AB	355,692	1.94	81,453
Försäkringsaktiebolaget AVANZA Pension	331,249	1.81	75,856
Grenspecialisten Förvaltning AB	281,022	1.54	64,354
Carnegie fonder	140,000	0.77	32,060
SEB Investment management	106,775	0.58	24,451
Total of the 10 largest	14,878,601	81.33	3,407,200
Total Other	3,415,457	18.67	782,139
TOTAL SUM	18,294,058	100.00	4,189,339

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 issue	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 development 2019



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 Corporate Governance Code" 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 4,943 (4,353) 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.

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 25, 2019 was attended by 43 shareholders and representatives amounting to 65.9 % 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 1,910,000 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 2019, 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 2019.

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 shall be members of the Nomination Committee for the AGM in 2020.

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.

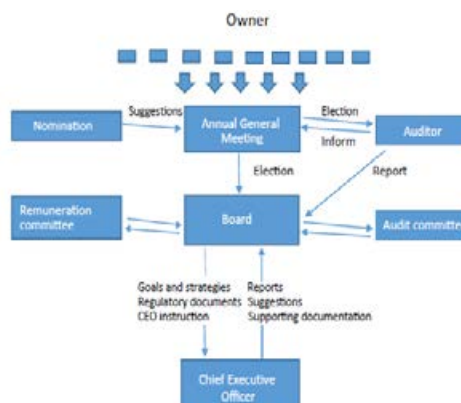
The nomination committee’s task is to, before the AGM, submit proposals with respect to the number of board members which are to be elected by the Annual General Meeting, the Board’s fees, the Board’s composition, the Chairman, the Chairman of the Annual General Meeting and the selection of auditors 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 Chairman Vegard Sørnaunet, ODIN Fonder, Björn Henriksson elected from Nordea Fonder, PO Andersson via own mandate and Claes Mellgren via own mandate until the Annual General Meeting for 2020.

How AQ is governed



Board

The Nomination Committee shall submit proposals for the election of Chairman and other Board members and the fees awarded to the Chairman and the other members.

As a basis for its proposals, the Nomination Committee shall;

- assess the degree to which the current Board meets future requirements with regard to the Company's development and take part in the evaluation of the Board's activities during the year
- establish profile for new members, and
- systematically search for new members and consider in particular the need for versatility and breadth of the Board and strive for a good gender balance.

Upon publication of the Nomination Committee's proposals, information shall include 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 considered essential for assessing competence and independence.

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

The Board shall have, with regard to the company's business, development stage and other conditions, an appropriate composition, characterized by versatility and breadth regarding the competence, experience and background of the members elected by the Annual General Meeting. An even gender distribution should be strived for.

At the AQM, P-O Andersson, Ulf Gundemark, Gunilla Spongh, Lars Wrebo, Annika Johansson-Rosengren and Claes Mellgren were elected board members. 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 routines and systems are adapted for the Company's operations
 - take responsibility for transparency in external information
 - ensure that laws and regulations are complied with and
 - that the Company has good ethical 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 longterm 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 competence and experience for the Company's business 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 2019, four scheduled meetings were held, one statutory meeting, four 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 2019, devoted particular attention to the introduction of the new CEO and acquisitions.

Board's attendance in 2019:

Patrik Nolåker	13 of (13) possible
P-O Andersson	12 of (13) possible
Ulf Gundemark	13 of (13) possible
Gunilla Spongh	13 of (13) possible
Lars Wrebo	12 of (13) possible
Annika Johansson-Rosengren	13 of (13) possible
Claes Mellgren	13 of (13) possible

Remuneration Committee

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

The Remuneration Committee prepares the Board's proposal for guidelines for remuneration and other terms of employment for senior executives. The proposal is considered by the Board and submitted to the AGM for resolution. The Remuneration Committee also has the task of dealing with and preparing remuneration issues for the company management, which the Board then decides.

The Remuneration Committee prepares proposals for the CEO's terms of employment. The CEO consults with the Remuneration Committee on the terms of employment of other members of company 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 submits a written opinion to the Board no later than three weeks before the Annual General Meeting on whether the guidelines for remuneration to senior executives that have been in force since the previous Annual General Meeting have been followed. In 2019, the Remuneration Committee held two minuted meetings.

Audit Committee

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

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 2019, 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 motivated opinion about 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 analysis and comments, which are reported for both group and individual subsidiaries. This gives the Board an excellent tool to monitor and control the ongoing development 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.aqg.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 2019 consisted of Anders Carlsson - CEO, Mia Tomczak - Finance, Åsa Lostorp - Purchasing, James Ahrgren (until August 15, 2019) and Paulina Duszel (from September 1, 2019) - Marketing and sales, Per Lindblad - Business development and IT and Katharina Frisk - HR. From September 1, 2019 the Business Area Managers were included in the management team: Nerijus Olsauskas - Wiring Systems, Ola Olsson - Electric Cabinets, Niklas Ericsson - Inductive Components, Ragnar Koppel - Sheet Metal Processing and Per Wedel - acting Injection Molding.

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 2019 is described in more detail on pages 19-23 of this annual report.

REMUNERATION TO THE BOARD

During 2019, SEK 200,000 (160,000) in Board remuneration was paid to Board members Per-Olof Andersson, Gunilla Spongh, Ulf Gundemark, Lars Wrebo, Annika Johansson-Rosengren and Claes Mellgren. The Chairman, Patrik Nolåker, was paid SEK 450,000 (400,000). Chairman of the Audit Committee, Gunilla Spongh has received SEK 100,000 (70,000) and other members of the Audit Committee, Ulf Gundemark and Claes Mellgren have each received SEK 40,000 (40,000). Chairman of the Remuneration Committee, Patrik Nolåker, has received SEK 50,000 (50,000) and the other member of the Remuneration Committee, P-O Andersson, has received SEK 30,000 (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

Salary and other remuneration to CEO Anders Carlsson for 2019 amounted to SEK 3,490,000 (737,000 for 4 months). The CEO is entitled to a monthly pension provision equal to 35% of salary. Pension costs in 2019 for Anders Carlsson amounted to SEK

722,000 (253,000 for 4 months).

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 notice period is six months to the Group, and the Group's notice period is 12 months to the CEO. Salaries and other remuneration to other senior executives excluding the CEO in 2019 amounted to SEK 9,002,000 (4,448,000 excluding business area managers). AQ pays pension contributions in accordance with defined contribution plans, which corresponds to 20-31% of the salary amount. Pension costs in 2019 amounted to SEK 2,140,000 excluding the CEO (1,301,000 excluding business area managers). Senior executives normally have six months' notice, regardless of whether the employee or the Company terminates the agreement. No compensation is paid after termination of employment.

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 on April 2, 2020

*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 2019 on pages 32 - 35 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 2020

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 CEO of Dywidag-Systems International, CEO of Alimak Hek Group, President Atlas Copco-Underground Rock Excavation Division, President Atlas Copco-Geotechnical Drilling and Exploration Division samt and leading positions within ABB in Sweden and abroad.

Ongoing assignments

Chairman of Saferoad Group AS, Fibo Group och ViaCon Group and board member of Outotec Oyj, Systemair AB and Palmarosia AB.

Holdings in AQ 7 000 shares



ULF GUNDEMARK (1951)
Board member

Elected 1998, independent*.

Education and experience

MSc in Engineering. Has international experience and worked as manager of Elektroskandia/ Hagemeyer Nordics, IBM Utilities and various positions within ABB. Has been Chairman of Lindab International, Ripasso Energy AB and Bridge to China and board member of Scandi Standard AB, Constructor Group AS, Lönne International AS, Solar Group AS and Lantmännen Ekonomisk Förening.

Ongoing assignments:

Chairman of Nordic Waterproofing Group AB, board member of Swedish Stirling (publ), Opti Group AB and GUMACO AB.

Holdings in AQ 1 010 shares



CLAES MELLGREN (1959)
Board member

Elected 2018.

Dependent to the Company and its management since he has been employed by the company during the past three years. Dependent to major shareholders of the Company

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 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 major shareholders.

Education and experience

Tool expert, Founder of AQ.

Ongoing assignments

Board member of AQ subsidiaries and Trifilon.

Holdings in AQ 4 483 975 aktier



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 Byggmax (publ), Lernia, Pierce Group, Swedish Stirling (publ), Momentum Group (publ), Infranord, Systemair (publ) and G Spongh Förvaltnings AB.

Holdings in AQ 100 shares



LARS WREBO (1961)
Board member

Elected 2017 independent*.

Education and experience

M.Sc. Engineering. Broad international experience from the automotive industry. Was part of the Group Management of Volvo Cars, responsible for purchasing and manufacturing and for production and logistics within MAN Truck & Bus. He has also had a number of senior positions within Scania.

Ongoing assignments

Board member of Lightning Technologies and LEAX.

Holdings in AQ 4 000 shares



ANNIKA JOHANSSON-ROSENGREN (1969)
Board member

Elected 2018 independent*.

Education and experience

Ekonomy 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 300 shares

* Independent in relation to both the Company and the Company's management as well as to the Company's major shareholders.

GROUP MANAGEMENT



ANDERS CARLSSON (1967)
CEO and Investor relations

MSc. Engineering
Employed since 2018
Holdings in AQ: 16 000 shares



MIA TOMCZAK (1968)
CFO

MSc. Economics and MBA
Employed since 2015.
IHoldings in AQ: 1 274 shares



PER LINDBLAD (1959)
Manager Business Development and IT

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



KATHARINA FRISK (1970)
HR Manager

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



ÅSA LOSTORP (1964)
*Purchasing Manager and BA Manager
System Products*

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



PAULINA DUSZEL (1981)
*Marketing and Sales
Manager
(from September 1, 2019)*

MBA
Employed since 2010
Holdings in AQ: 0 shares



PER WEDEL (1960)
*BA Manager Precision Stamping
and Injection Molding
(from September 1, 2019)*

Techn. Lic., Chalmers Institute
of Technology
Employed since 2017
Holdings in AQ: 766 shares



NIKLAS ERICSSON (1972)
*BA Manager Inductive Components
(from December 1, 2019)*

Eng. degree in Power Electronics
Employed since 1994.
Holdings in AQ: 7 700 shares



NERIJUS OLSAUSKAS (1978)
*BA Manager Wiring Systems
(from September 1, 2019)*

Business Administration, Kaunas
technical university
Employed since 2012.
Holdings in AQ: 0 shares



OLA OLSSON (1967)
*BA Manager Electric Cabinets
(from September 1, 2019)*

MBA
Employed since 2011.
Holdings in AQ: 500 shares



RAGNAR KOPPEL (1982)
*BA Manager Sheet Metal Processing
(from September 1, 2019)*

MSc Woodworking technology
Employed since 2009.
Holdings in AQ: 602 shares

Information regarding own and related parties' shareholdings refer to the situation as per December 31, 2019.

AUDITORS

KPMG

Chief auditor is Helena Arvidsson Älgne, born 1962.
Chief auditor of AQ Group since the AGM in 2014.
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

2019

GENERAL ABOUT OPERATIONS

The Board of Directors and the CEO of AQ Group AB (publ), corporate identity number 556281-8830, hereby submit annual accounts and consolidated accounts for the 2019 financial year.

The Group operates in two segments; **Component**, which produces transformers, wiring systems, mechanical parts, sheet metal processing and plastic injectionmolding, 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 5,113 million (4,667), an increase of SEK 446 million compared to the previous year. Increase in net sales can mainly be explained by acquisitions.

For the full year, total growth was 9.5 % (16.1), of which organic growth was -1.2 % (6.4), growth through acquisitions 8.6 % (6.6) and a currency effect of 2.1 % (3.1). The currency effect of 2.1 % corresponds to approximately SEK 101.4 million and mainly relates to the currencies EUR, BGN and CNY. Taking into account the elimination of AQ Segerström & Svensson's turnover of SEK 157 million in the first nine months of 2018, 2019 shows growth for the year of 13.4 %, of which organic growth 2.2 %, growth through acquisitions 8.9% and currency effect of 2.3 %.

Operating profit (EBIT) for the full year was SEK 340 million (208), an increase of SEK 132 million.

Goodwill and other intangible assets increased during the year by SEK 133 million compared with the beginning of the year. The net change is due to overvalues in connection with completed acquisitions, currency translation effects and depreciation of technology and customer relations.

The Group's investments in tangible fixed assets for the year amounted to SEK 199 million (137), the majority of which are replacement investments and capacity-enhancing investments to achieve more efficient production. In total, tangible fixed assets amounted to SEK 1,012 million (568), of which SEK 305 million consists of the book value of rights of use in accordance with IFRS 16

The Group's interest-bearing liabilities without regard to IFRS 16 amount to SEK 613 million (434) and cash and cash equivalents to SEK 161 million (101), which means a net debt of SEK 452 million (333). The increase is mainly due to new loans in connection with acquisitions. The Group's interest-bearing liabilities with regard to IFRS 16, which became effective January 1, 2019, amount to SEK 916 million and cash and cash equivalents to SEK 161 million, which means that the Group has a net debt of SEK

755 million with respect to IFRS 16.

Cash flow from operating activities amounted to SEK 499 million (151), an improvement of SEK 348 million. During the year, earnings improved, inventories increased, accounts receivable and other receivables decreased, while accounts payable and other liabilities also decreased. Activities to release working capital continued during the year.

Cash flow from investing activities amounted to SEK -481 million (-241), and relates to acquisitions of subsidiaries and investments in fixed assets.

Cash flow from financing activities amounted to SEK 42 million (44) and relates to new bank loans, reduced utilization of overdraft facilities, repayment of loans, payment of leasing debts and payment of dividends to shareholders.

At the end of the period, equity amounted to SEK 2,015 million (1,783) in the Group.

Development for each segment, see Note 6.

FIRST QUARTER

There were no significant events during the first quarter.

SECOND QUARTER

AQ Group AB signed an agreement on April 29, 2019 to acquire 100% of the shares in LTI Holding Oy with the subsidiary Trafotek Oy in Finland and its subsidiaries Trafotek AS in Estonia, Trafotek Suzhou Co., Ltd. in China, Trafotek Power Electronics e Transformadores in Brazil and Trafotek Corporation USA. The purchase price was EUR 27.5 million.

The closing took place on June 3, 2019 after the transaction was approved by the Estonian and Finnish competition authorities. Trafotek is a leading supplier in the design and manufacturing of power electronics components, such as reactors, transformers and filters for medium to high power levels. Trafotek's customers are leading players in power electronics, industrial automation, renewable energy and marine industry. The company's headquarters and a production facility is located in Kaarina, Finland. In addition, Trafotek has factories in Rae, Estonia in Itu, Brazil and in Suzhou, China. They also have a sales and R&D office in Bremen, Germany.

The company has sales of approximately EUR 45 million, with an EBITDA margin of approximately 7%. The purpose of the acquisition is to expand AQ's customer base and to broaden the offering within inductive components. Trafotek has long experience of demanding industrial customers and the company fits in well with the AQ portfolio. AQ and Trafotek combined will be a strong player with technology and manufacturing presence in important parts of the world.

THIRD QUARTER

On July 1, AQ Wiring Systems AB acquired all shares in MiniCon AB with annual sales of approximately SEK 10 million. MiniCon is a company specializing in the sale of interconnect technology products to the aerospace, defence and civilian industries.

The company works directly with a number of world-leading manufacturers of connectors, components and tools. The acquisition of MiniCon is a very good complement to AQ Wiring Systems, which supplies customized electrical systems & cabling to the defence, medical, mining and forestry industries.

FOURTH QUARTER

On October 17, a new wiring systems plant was opened in Łódź, Poland. The new plant of 12,300 square meters provides an increased opportunity to offer even more competitive products to our customers and increases the comfort of our employees.

On December 16, Christina Hegg was appointed new CFO, taking effect on April 1, 2020. Christina replaces Mia Tomczak, who is moving on as CFO for another group.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

The Board of Directors of AQ Group AB has decided to postpone the Annual General Meeting to a later date due to Covid-19 situation. During the time until the AGM, AQ Group's Board of Directors will analyse and assess the situation and then evaluate the proposed dividend for 2019. AQ Group will return with a new invitation to the AGM no later than four weeks prior to the new date.

The AGM will be held no later than June 30, 2020, in accordance with existing legislation. The Annual Report will be published on April 2, in line with previous information. The AGM was initially planned to be held on April 22, 2020 at the Aros Congress Center in Västerås, Sweden.

AQ Group has an international presence and a broad customer base in many different industries. In recent weeks, the situation has changed rapidly and on a daily basis. Much of our focus has been on reducing the risk of virus spread, trying to understand what is happening and taking the right actions to continue deliveries to our customers. This is a description of what the situation looks like for the group.

At the end of March, of AQ Group's fortytwo manufacturing units, five are currently closed according

to government decisions in Canada, USA, India and Italy. In addition, we have nine units in Sweden, Estonia, Lithuania and Poland that are affected by the fact that some of our customers have decided to close their operations. These nine units are still open but to a lesser extent. We are implementing short-time work allowance, reducing our costs and working with customers, inventories and production planning to minimize the impact on our cash flow.

We have 28 units without major disturbances in Sweden, Finland, Estonia, Poland, Hungary, Bulgaria, Serbia, China, Brazil and Mexico. Here we work intensively to ensure that our employees can work as risk-free as possible while doing everything we can to deliver to our customers. We have some problems with transports and material supply that we have been able to handle so far. We are also supporting the units in the group that are still under high utilization. It is gratifying that our units in China are back in full production after being closed for a few weeks in February.

At present, it is not possible to predict the impact on AQ Group as a whole. This is because the situation is rapidly changing day by day and the great uncertainty surrounding possible government decisions in different countries. It is also difficult to assess how long the current situation will last or whether more customers will have to close their production.

OUTLOOK

The Group's goal is continued profitable growth. The target for profitability is a profit margin before tax (EBT) of 8%. The Board does not submit any forecast of future sales and earnings. The statements in this report may be perceived as forward-looking and the actual outcome may be significantly different. In addition to the factors that have been commented on, the actual outcome can be affected by, for example, political events, economic effects, exchange rates and interest rates, competing products and their pricing, product development, commercial and technical difficulties, problems with deliveries, outbreaks of virus diseases and large credit losses.

Given that the situation is changing rapidly, the company is currently unable to quantify the financial impact the Corona virus can have on the company. The impact on the company will be reported in connection with the interim report for the first quarter of 2020.



MULTI-YEAR OVERVIEW

Below is shown the development over the past four years. For Key indicators and definitions, see pages 92-94.

GROUP

	2019	2018	2017	2016	2015
Net revenue, SEK thousands	5,112,602	4,667,220	4,019,740	3,289,215	2,931,878
Operating profit, SEK thousands	340,495	208,184	263,282	281,353	201,985
Profit after net financial items, SEK thousands	321,412	198,322	255,828	279,344	211,736
Operating margin	6,7 %	4,5%	6,5%	8,6%	6,9%
Liquid ratio	106 %	111%	125%	142%	149%
Debt/equity ratio	52 %	58%	61%	60%	58%
Return on total assets	10.1 %	7,4%	10,4%	13,1%	12,0%
Return on equity after tax	13.8 %	8,9%	13,2%	17,9%	15,3%
Number of employees in Sweden	856	900	1,043	1,005	812
Number of employees outside Sweden	5,474	5,169	4,505	4,158	3,706

Key indicators per share, SEK ¹⁾

Profit for the year	14.37	8.26	11.14	13.01	9.44
Dividend ²⁾	3.33	2.75	2.75	2.75	2.25
Equity	110.15	97.45	89.82	79.98	64.86
Number of shares, thousands ³⁾	18,294	18,294	18,294	18,294	18,034

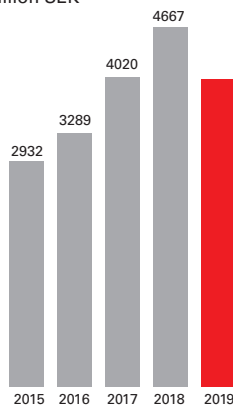
1) There are no instruments that could cause dilution.

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.

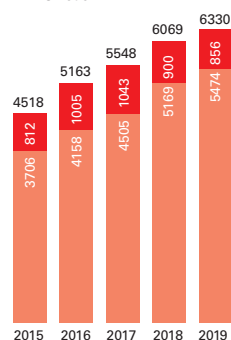
Net turnover

Million SEK



Average number of employees

■ In Sweden
■ Outside of Sweden



AQ Group AB (publ) is the parent company in a 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

	2019	2018	2017	2016	2015
Net turnover, SEK thousands	43,113	51,637	50,240	55,696	50,213
Operating profit, SEK thousands	-2,973	7,992	17,190	19,716	13,596
Profit after net financial items, SEK thousands	134,118	210,691	98,946	118,074	20,096
Liquid ratio	60 %	68 %	58 %	50 %	42 %
Equity ratio	43 %	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 amounted to SEK 43.1 million (51.6), lower than the same period last year due to that the parent company invoiced a lower service fee. Other external expenses amounted to SEK 19.5 million (27.0).

Personnel costs were SEK 28.1 million (18.8). An explanation for the increase in costs is, among other things, that the number of employees has increased and hired staff has decreased.

Operating profit (EBIT) was SEK -3.0 million (8.0). Net financial items were SEK 137.1 million (202.7) and consisted partly of tax-free dividends from subsidiaries of SEK 158.0 million (280.2) and write-down of shares in subsidiaries SEK 18.2 million (13.0).

Tax costs of SEK 8.5 million (11.2) are lower than in the previous year.

The change in financial fixed assets compared with the same period last year is attributable to the acquisition of the companies within the Trafotek Group and MiniCon made during the second and third quarters of 2019, as well as new long-term receivables from subsidiaries. Other current receivables are mainly receivables from group companies SEK 375.5 million (414.1) and consist of group contributions and cash pool.

The increase in unrestricted equity of SEK 103.0 million compared to December 31, 2018 consists of the period's profit less dividends to shareholders.

Untaxed reserves consist of tax allocation funds. Other provisions SEK 32.1 million consists of additional purchase price in connection with the acquisition of B3CG.

Räntebärande långfristiga skulder 210 MSEK (0,7) är långfristig del av banklån i samband med förvärvet av Trafotek.

Interest-bearing current liabilities increased by SEK 45.7 million compared to the same period last year, and consist of short-term bank loans of SEK 260.0 million (285.0), utilization of bank overdraft of SEK 56.1 million (109.9) and liabilities to subsidiaries in the cash pool SEK 233.8 million (167.9).

Other current liabilities SEK 32.1 million (54.1) consists of other liabilities and accrued costs and revenues.

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. Regarding the company's financial risk management, cash flows etc., reference is made to the financial reports included 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 following ten principles in terms of human rights, labor law, the

environment and preventing corruption. In 2019, based on these principles, we have taken measures, see the section "sustainable enterprise", pages 19-23.

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 2020, 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.

During the past year, the Board of Directors consisted of seven members, all elected at the Annual General Meeting 2019. The Board held thirteen minuted meetings during the year. The Board of Directors and the CEO work according to a set rules of procedure. Regarding remuneration to the Board of Directors and the CEO during 2019, see Note 9.

The Board's proposed guidelines for remuneration to senior executives of AQ in 2020, according to Swedish Companies Act Chapter 8, § 51, are as follows:

Regarding remuneration to the Board the following is proposed: The Chairman of the Board SEK 450,000 (450,000) and SEK 200,000 (200,000) for each of the Board's ordinary members. The Chairman of the Audit Committee SEK 100,000 (100,000) and the members of the Audit Committee SEK 40,000 (40,000). Chairman of the Remuneration Committee SEK 50,000 (50,000) and the member of the Remuneration Committee SEK 30,000 (30,000). AQ Group AB has no incentive programs.

Variable remuneration to AQ Group AB's management group consists of a variable cash salary (bonus). The AGM 2019 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 longterm 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.

For the Annual General Meeting 2020, the Remuneration Committee proposes the following principles for variable remuneration: In addition to fixed salaries, variable remuneration can be offered where applicable, which must be linked to predetermined and clearly defined measurable target criteria with the aim of promoting the company's business strategy, sustainability and long-term value. These criteria currently include, among other things, profit and cash flow. The remuneration can be paid as cash compensation or extra premium payments to pension insurance. In total, the variable remuneration shall not exceed 100% of fixed salary. The Board may deviate from the guidelines if there are special reasons for this in individual cases.

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 2019, 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 December 31, 2019 can be found on page 30.



PROPOSED APPROPRIATION OF PROFIT SEK

The Board proposes that the retained earnings, 610,644,625, is distributed as follows:

Available		Appropriation	
Share premium reserve	84,194,103	Distributed to shareholders,	
Retained earnings incl. profit for the year	526,450,522	SEK 3.33 SEK per share	60,919 213
Total free equity	610,644,625	Carried forward ¹⁾	549,725 412
		Total	610,644 625

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

BOARD'S STATEMENT

The Board's proposal for appropriation of profit 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 2019 decides in accordance with the Board's proposal for appropriation of profits, SEK 549,725,412 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 invest-

ments 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 profit and financial position, refer to income statements, balance sheets, cash flow statements and comments and notes.

The Board proposes that the following conditions apply to dividends:

- SEK 3,33 per share shall be distributed and
- April 24, 2020 is the date of reconciliation

The Board proposes that

3.33 SEK
per share
shall be
distributed

Consolidated income statement

SEK thousands	Not	01/01/2019 31/12/2019	01/01/2018 31/12/2018
OPERATING INCOME			
Net sales	6	5,112,602	4,667,220
Other operating income	7	84,857	89,261
		5,197,459	4,756,481
OPERATING EXPENSES			
Change in inventory of work in progress		-8,787	26,867
Raw material and consumables		-2,579,663	-2,394,322
Goods for resale		-66,215	-94,917
Other external expenses	8, 36	-534,998	-629,627
Personnel costs	9	-1,406,937	-1,242,966
Depreciation and amortisation	8,15,16, 17, 18, 19	-220,191	-112,231
Other operating expenses	8	-40,174	-101,101
		-4,856,964	-4,548,297
Operating profit		340,495	208,184
PROFIT FROM FINANCIAL ITEMS			
Financial income	11	10,716	4,853
Financial expenses	12	-29,800	-14,715
Net financial income/expense	36	-19,084	-9,862
Profit before tax		321,412	198,322
Taxes	14	-58,541	-45,778
Profit for the year		262,871	152,544
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Parent company shareholders		260,878	151,053
Non-controlling interests		1,992	1,491
		262,871	152,544
SHARE-RELATED REPORTING, SEK			
Earnings per share 1)		14.37	8.26

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

SEK thousands	01/01/2019 31/12/2019	01/01/2018 31/12/2018
PROFIT FOR THE YEAR	262,871	152,544
OTHER COMPREHENSIVE INCOME		
Items that cannot be transferred to the profit for the year		
Actuarial gains/losses related to defined benefit pension plans	-346	-351
Actuarial gains/losses related to defined benefit pension plans, tax effect	16	13
Items transferred or that can be transferred to the profit for the year		
Translation differences, foreign operations	20,213	37,621
Other comprehensive income for the year after tax	19,884	37,283
Comprehensive income for the year	282,754	189,827
COMPREHENSIVE INCOME FOR THE YEAR		
ATTRIBUTABLE TO:		
Parent company shareholders	280,717	188,182
Non-controlling interests	2,037	1,645
	282,754	189,827

Consolidated balance sheet

SEK thousands	Note	31/12/2019	31/12/2018
ASSETS			
NON-CURRENT ASSETS			
<i>Intangible assets</i>			
Goodwill	16	353,246	272,313
Customer relations	15	109,060	89,790
Technologies	15	97,894	68,009
Other intangible non-current assets	15	10,122	6,868
		570,322	436,981
<i>Tangible assets</i>			
	36		
Land and buildings	8, 17	227,106	174,649
Plant and machinery	8, 18	672,431	303,015
Equipment, tools, fixtures and fittings	19	70,941	54,930
Construction in progress	20	41,690	35,324
		1,012,168	567,918
<i>Financial assets</i>			
Non-current receivables	3	2,123	2,174
Deferred tax assets	14, 36	54,244	14,670
TOTAL NON-CURRENT ASSETS		1,638,858	1,021,744
CURRENT ASSETS			
<i>Inventories</i>			
	2, 36		
Raw materials and consumables		590,788	538,292
Work in progress		137,432	122,061
Finished goods and goods for resale		161,731	130,371
		889,952	790,724
<i>Current receivables</i>			
Trade and other receivables	3, 36	1,043,903	1,081,833
Current tax assets		20,621	11,063
Other receivables	23, 36	62,409	58,567
Prepaid expenses and deferred income	24	35,239	35,174
		1,162,173	1,186,637
Cash and cash equivalents	32	161,323	100,683
Cash and cash equivalents		161,323	100,683
TOTAL CURRENT ASSETS		2,213,447	2,078,044
TOTAL ASSETS		3,852,305	3,099,788

SEK thousands	Note	31/12/2019	31/12/2018
EQUITY AND LIABILITIES			
EQUITY	25		
Share capital		36,588	36,588
Other capital contributions		84,194	84,194
Translation reserve		155,543	135,384
Retained earnings incl. profit for the year		1,731,410	1,521,160
Equity attributable to parent company shareholders		2,007,735	1,777,325
Non-controlling interests		7,422	5,386
TOTAL EQUITY		2,015,157	1,782,711
LIABILITIES			
<i>Interest-bearing non-current liabilities</i>			
Non-current liabilities to credit institutions	3, 32	442,411	16,667
<i>Non-current non-interest-bearing liabilities</i>			
Deferred tax liabilities	14	96,281	80,859
Provisions for pensions	28	11,938	11,133
Provisions for warranty	28	2,938	2,288
Other provisions	28	-	1,512
Other non-current liabilities	31	32,073	41,310
Total non-current liabilities		585,642	153,769
<i>Interest-bearing current liabilities</i>			
Bank overdraft facilities	3, 32	65,931	123,343
Other liabilities to credit institutions	3, 32	408,073	294,137
<i>Other current liabilities</i>			
Provisions for warranty undertakings	28	3,600	3,710
Advance payments from customers	6	28,768	26,423
Trade and other payables	3, 36	464,700	449,868
Current tax liabilities		10,754	18,191
Other liabilities	29, 36	72,800	85,118
Accrued expenses / prepaid income	30	196,879	162,517
Total current liabilities		1,251,506	1,163,307
TOTAL LIABILITIES		1,837,148	1,317,076
TOTAL EQUITY AND LIABILITIES		3,852,305	3,099,788

Consolidated statement of changes in equity

SEK thousands	Equity attributable to parent company shareholders						
	Share capital	Other contributed capital	Translation reserve	Retained earnings incl. profit	Subtotal	Non-controlling interests	Total equity
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, 31/12/2018¹⁾	36,588	84,194	135,384	1,521,160	1,777,325	5,386	1,782,711
Equity, 01/01/2019	36,588	84,194	135,384	1,521,160	1,777,325	5,386	1,782,711
Profit for the year				260,878	260,878	1,992	262,871
Translation differences in foreign operations			20,159		20,159	54	20,213
Revaluation of defined benefit pension plans				-336	-336	-10	-346
Revaluation of defined benefit pension plans, tax effect				16	16		16
Other comprehensive income			20,159	-319	19,840	44	19,884
Comprehensive income for the year			20,159	260,559	280,718	2,036	282,754
Dividends paid				-50,309	-50,309		-50,309
Transactions with shareholders				-50,309	-50,309		-50,309
Equity, 31/12/2019²⁾	36,588	84,194	155,542	1,731,410	2,007,735	7,422	2,015,157

1) Based on the previous accounting standard for leasing IAS 17, see also Note 2

2) Based on the new accounting standard for leasing IFRS 16, see also Note 2

SEK thousands	Note	01/01/2019 31/12/2019	01/01/2018 31/12/2018
CASH FLOW STATEMENT FOR THE GROUP			
Profit before tax		321,412	198,322
Adjustment for non-cash generating items	32	222,785	178,532
Income tax paid	14	-77,741	-52,011
Cash flow from operating activities before change in working capital		466,456	324,843
Change in inventories		-8,866	-35,245
Change in trade receivables		105,725	-135,136
Change in other receivables		56,505	40,241
Change in trade payables		-65,015	-22,707
Change in other liabilities		-55,648	-21,407
Change in working capital		32,701	-174,253
Cashflow from operating activities		499,158	150,589
Aquisitions of shares in subsidiaries	31	-295,571	-123,286
Divestment of shares in subsidiaries		-	1,310
Acquisition of intangible non-current assets		-3,360	-2,252
Acquisition of tangible non-current assets		-199,468	-136,771
Sale of tangible non-current assets		17,225	19,777
Sale of short-term investment in securities		242	-106
Cashflow from investing activities		-480,932	-241,328
New borrowings		299,115	170,000
Amortisation of loans		-62,132	-38,062
Amortisation of loans (financial leases)		-85,418	-7,143
Change in bank overdraft facilities		-59,675	-30,614
Dividends to the parent company shareholders		-50,309	-50,309
Cashflow from financing activities	32	41,582	43,873
Increase/decrease in cash and cash equivalents		59,808	-46,866
Cash and cash equivalents at the beginning of the year		100,683	142,049
Exchange rate differences in cash and cash equivalents		833	5,499
Cash and cash equivalents at the end of the year		161,323	100,683

Parent Company's Income Statement

SEK thousands	Note	01/01/2019 31/12/2019	01/01/2018 31/12/2018
OPERATING INCOME			
Net sales		43,113	51,637
Other operating income	7	2,212	2,763
		45,326	54,400
OPERATING EXPENSES			
Other external expenses	8	-19,500	-26,988
Personnel costs	9	-28,088	-18,801
Depreciation and amortisation	18,19	-	-319
Other operating expenses	8	-711	-299
		-48,299	-46,407
Operating profit		-2,973	7,992
PROFIT FROM FINANCIAL ITEMS			
Income from participation in group companies	10	139,805	246,021
Financial income	11	12,042	5,291
Financial expenses	12	-14,756	-48,613
Net financial income/expense		137,091	202,699
Earnings after net financial items		134,118	210,691
Appropriations	13	27,654	24,752
Profit before tax		161,772	235,443
Taxes	14	-8,514	-11,172
Profit for the year ¹⁾		153,259	224,271

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

SEK thousands	Note	31/12/2019	31/12/2018
ASSETS			
NON CURRENT ASSETS			
<i>Tangible assets</i>			
Machinery and equipment	18, 19	-	1 366
		-	1 366
<i>Financial assets</i>			
Participations in group companies	21	1 078 755	786 064
Receivables from group companies	22, 33	120 329	53 940
Deferred tax assets	14	267	41
		1 199 350	840 046
TOTAL NON-CURRENT ASSETS		1 199 350	841 412
CURRENT ASSETS			
<i>Current receivables</i>			
Receivables from group companies	33	375 473	414 144
Current tax assets		7 514	1 412
Other receivables	23	2 757	2 666
Prepaid expenses/accrued income	24	1 778	1 937
		387 523	420 157
Cash and cash equivalents	32	-	-
TOTAL CURRENT ASSETS		387 523	420 157
TOTAL ASSETS		1 586 873	1 261 569

Balance sheet for the Parent company

SEK thousands	Note	31/12/2019	31/12/2018
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		373,192	199,229
Profit for the year		153,259	224,271
Non-restricted equity		610,645	507,695
Total equity		648,389	545,439
Untaxed reserves	26	52,400	53,054
Other provisions	31	32,073	41,310
Provisions		32,073	41,310
LIABILITIES			
<i>Interest bearing non-current liabilities</i>			
Non-current liabilities to credit institutions	3	210,000	683
Total non-current liabilities		210,000	683
<i>Interest-bearing current liabilities</i>			
Current liabilities to credit institutions		260,000	285,000
Bank overdraft facilities	3, 32	56,131	109,910
Current lease liabilities		-	611
Other liabilities to credit institutions		59,205	-
Interest-bearing current liabilities to Group companies	33	233,782	167,891
<i>Other current liabilities</i>			
Trade and other payables	3	2,766	3,568
Liabilities to group companies	33	19,137	29,253
Current tax liabilities		2,949	8,142
Other liabilities	29	2,581	12,486
Accrued expenses/deferred income	30	7,459	4,222
Total current liabilities		644,010	621,082
TOTAL LIABILITIES		886,084	663,076
TOTAL EQUITY AND LIABILITIES		1,586,873	1,261,569

Statement of changes in equity for the Parent company

SEK thousands	Restricted equity			Share premium reserve	Non-restricted equity		Total equity
	Share capital	Statutory reserve	Subtotal		Other non-restricted equity	Subtotal	
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
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
Equity, 01/01/2019	36 588	1 156	37 745	84 194	423,501	507,695	545,439
Profit for the year ¹⁾					153,259	153,259	153,259
Dividends paid					-50 309	-50 309	-50 309
Transactions with shareholders					-50,309	-50,309	-50,309
Equity, 31/12/2019	36 588	1 156	37 745	84 194	526,451	610,645	648,389

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

Parent Company's Cash Flow statement

SEK thousands	Note	01/01/2019 31/12/2019	01/01/2018 31/12/2018
CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit		161,772	235,443
Adjustment for non-cash generating items	32	-11,093	5,986
Income tax paid	14	-16,876	-4,914
Cash flow from operating activities before change in working capital		133,803	236,515
Change in other receivables		-36,222	55,563
Change in trade payables		-1,425	574
Change in other liabilities		12,850	22,919
Change in working capital		-24,797	79,056
Cashflow from operating activities		109,006	315,571
Acquisitions of shares in subsidiaries	31	-317,521	-123,247
Shareholder contributions paid	21	-15,499	-38,323
Acquisition of tangible non-current assets		-	-240
Proceeds from sale of tangible non-current assets		-	354
Change in cashpool		123,374	-273,035
New borrowings to group companies		-68,496	-3,131
Amortisation of loans to group companies		2,107	8,901
Cashflow from investing activities		-276,034	-428,721
New borrowings		299,115	170,000
Amortisation of loans		-55,000	-
Amortisation of loans (IAS 17 liability, leasing)		-	-315
Change in bank overdraft facilities		-53,778	-23,627
Group contributions		27,000	17,400
Dividends to the parent company shareholders		-50,309	-50,309
Cashflow from financing activities	32	167,028	113,150
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 2019 have been approved by the Board for publication and are available on the company's website www.agg.se from April 2, 2020. The website also provides further information.

NOTE 2 REPORT ON THE APPLICATION OF ACCOUNTING PRINCIPLES

A description of the accounting principles applied in the preparation of this annual report follows below. The principles have been applied consistently for all presented years unless otherwise stated.

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 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 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 management team. 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 subsidiaries. The parent company's financial statements are included in the adjustment item together with the real estate 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.

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 informal 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 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 2019 the companies paid a total of SEK 6,671 thousand (6,730) 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 0,00256 % and 0,00245 % (2018: 0.00237 % and 0.00233 %). The contributions for the next reporting period are expected to be on a par with last year. In accordance with IAS 19 and IFR 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 2019 was 148 % (142).

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

As of January 1, 2019, IFRS 16 Leasing Agreements is applied in the Group. When entering into an agreement, the Group assesses whether the agreement is, or contains, a lease agreement. An agreement is, or contains, a leasing agreement if the agreement assigns the right to decide, over a certain period, the use of an identified asset in exchange for compensation.

The Group reports a right-of-use asset and a leasing debt on the date of the lease agreement. The right-of-use is initially valued at acquisition value, which consists of the original value of the lease liability with addition for lease payments paid at or before the start date plus any initial expenses. The right-of-use asset is subsequently written off linearly from the start date to the earliest of the end of the asset's useful life and the end of the lease term.

The leasing liability - which is divided into long-term and short-term - is initially valued at the present value of remaining leasing fees during the assessed leasing period. The leasing period is the non-cancellable period with the addition of additional periods in the agreement if it is deemed reasonably certain at the commencement date that these will be used. Leasing fees are discounted with the implicit interest rate of the lease. If this interest rate cannot be easily determined, the Group's marginal borrowing rate is used.

The lease debt is valued at amortized cost using the effective interest method. The lease liability is revalued if future lease payments change due to, among other things, changes in an index or a price. When the lease liability is revalued in this way, a corresponding adjustment is made to the carrying value of the right-of-use asset.

Transition and relief rules

The Group has chosen to apply the following practical solutions:

- Applied a single discount rate for all agreements for countries with a certain level of risk.
- Right-of-use assets and leasing liabilities have not been recognized for leasing agreements for which the leasing period is terminated in 12 months or earlier (short-term leases).
- Excluded initial direct expenses from the valuation of the right-of-use asset on the first day of application.

The Group has also chosen to apply the relief rule, which means "inheriting" the earlier definition of leasing at the time of the transition. This means that it has applied IFRS 16 to all contracts identified as leasing in accordance with IAS 17 and IFRIC 4.

In accordance with the transitional rules in IFRS 16, the leasing liability for leases previously classified as financial leases was recognized at the beginning of the year at the same amount as at the end of 2018.

Earlier rules

In 2018, IAS17 and IFRIC were applied, which meant leasing was divided into operational and financial leasing. Financial leasing was considered to exist when the financial risks and benefits associated with ownership were essentially transferred to the lessee. Otherwise, operational leasing existed. Accounting of financial leasing meant that fixed assets were reported as an asset item in the balance sheet with the corresponding liability item initially. Fixed assets were amortized over the useful life.

The lease fee was divided into interest expense for the period and amortization of the liability item.

Operational leases were expensed on a linear basis over the lease period and any variable fees were expensed directly in the income statement.

2.7 Fixed assets and financial instruments

Intangible assets with indeterminate useful lives

Goodwill consists of the amount by which the acquisition value on acquisition of companies or operations exceeds the fair value of identified net assets at the time of acquisition. Goodwill and other intangible assets with an indeterminate useful life are valued at cost less any write-downs. Depreciation according to plan is not made on these assets, instead, any impairment needs are tested annually 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 fixed assets

Tangible fixed 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:

Plants 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; HVAC, electricity, plumbing,	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 of SEK 590.8 million (538.3), it is estimated that 95 % will be turned over within one year. It is estimated that other inventories, such as work in progress, finished products and goods for resale, totalling SEK 299.2 million (252.4), will be turned over in their entirety within one year. The value of inventories was written down by SEK 89.1 million (81.8) 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 consolidated over and under values, are translated from the foreign operation's functional currency to the groups presentation currency, 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 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, and 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 timevalue 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 reported values 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 acquisitions 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.

The Group's earnings in Estonia are not burdened with income tax since the current tax regime only taxes dividends. No deferred tax is reported for distributable funds where no dividend decision has been made.

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 value 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 an acquisition are recorded by the parent company as part of the cost of acquisition and are thus not recorded as an expense.

IFRS16 Leasing agreements

The Parent Company does not apply IFRS 16, it is applied only at Group level.

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

Financial instruments with a classification according to IAS 32 are presented below, accounting and valuation according to IFRS 9 and disclosures with risk information according to IFRS 7 and measurement at fair value according to IFRS 13. The financial assets and the carrying amount of the financial liabilities, respectively, constitute a reasonable estimate of the fair value, in respect of those recognized at amortized cost

Financial assets

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.

Financial assets valued at amortized cost

SEK thousands	Group		Parent company	
	2019	2018	2019	2018
Accounts receivable	1,043,903	1,081,833		
Receivables from group companies			375,473	414,144
Other receivables	20,583	16,611	2,757	2,649
Cash and cash equivalents	161,323	100,683		
Total	1,225,809	1,199,127	378,230	416,793

At closing, the need for impairment of unsecure receivables 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 108.6 million (69.5), 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 2019, AQ has met the conditions by a good margin.

Financial liabilities

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, 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 profit and loss.

Additional purchase prices for acquisitions are recognized at fair value through profit or loss.

Other financial liabilities SEK thousands	Group		Parent company	
	2019	2018	2019	2018
Non-current liabilities to credit institutions	442,411	16,667	210,000	683
Bank overdraft facilities	65,931	123,343	56,131	109,910
Other debts to credit institutions	408,073	294,137	319,205	285,611
Accounts payable - trade	464,700	449,868	2,766	3,568
Other liabilities	13,545	28,635	1,247	11,689
Liabilities to group companies	-	-	252,918	197,143
Total	1,394,660	912,650	842,267	608,604

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 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 group 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.

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 60 (68) 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 17 million.

Other measures of the Group's credit risk is illustrated by the total exposure to individual customers. At closing, the single largest receivable was SEK 230 million (266). The net sales of the Group's two largest customers amounted to 30 % (28) 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.

Specification of overdue trade receivables SEK thousands	Total		Loss reserves	
	2019	2018	2019	2018
Not overdue	862,121	858,988	2,349	2,411
Total overdue by 1 - 30 days	134,532	161,366	-	46
Total overdue by 31 - 90 days	36,214	33,102	198	-
Total overdue by 91 - 180 days	11,746	21,498	174	375
Total overdue by more than 180 days	16,539	24,782	14,528	15,071
Total	1,061,152	1,099,736	17,249	17,903

Accounts receivable are denominated in Swedish kronor, approximately SEK 347.1 million (411.2), thereafter, the main currencies are EUR, CNY and USD - converted to Swedish kronor - amount to approximately SEK 508.5 million (498.0), SEK 72.9 million (63.0) and SEK 52.6 million (59.7) respectively.

Loss reserves on balance date are reported as a total of SEK 17.2 million (17.9), and the year's profit includes losses of SEK 2.6 million (2.6).

Non-current liabilities SEK thousands	Group	
	2019	2018
Bank loans	217,805	13,075
Financial leasing liabilities, non-current	-	3,592
Leasing liabilities	224,606	-
Total	442,411	16,667

CONT'D NOTE 3 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Current liabilities SEK thousands	Group	
	2019	2018
Overdraft facility	65,931	123,343
Bank loan	325,407	291,954
Current leasing liabilities	82,666	-
Financial leasing liabilities, current	-	2,183
Total	474,004	417,480

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	SEK thousands	Currency	Nom interest rate	Due	Group			
					2019		2018	
					Nom. Amount	Booked Amount	Nom. Amount	Booked Amount
Revolving facility	SEK	0.95%	2020	262,054	260,000	287,252	285,000	
Bank loan, current part	SEK	1.26%	2020	60,576	59,820			
Bank loan, non-current part	SEK	1.26%	2021-2024	212,031	209,385	-	-	
Bank loan	SEK	1.45%	2020-2022	3,804	3,749	6,266	6,093	
Bank loan	SEK	2.90%	2020	-	-	494	479	
Bank loan	CAD	5.50%	2020-2024	10,823	10,259	14,216	13,457	
Financial leasing liabilities		1.5-2.88%	2018-2021	-	-	5,929	5,774	
Leasing liabilities		1.0-3.0%	2020-2029	316,661	307,272	-	-	
Overdraft facility	SEK	0.50%	2020	160,896	160,096	37,860	37,671	
Overdraft facility	EUR	0.50%	2020	-	-	41,448	41,242	
Overdraft facility	PLN	0.50%	2020	2,531	2,518	14,368	14,297	
Overdraft facility	USD/CNY/CAD	0.50%	2020	-	-	16,784	16,700	
Overdraft facility	CAD	5.00%	2020	9,871	9,800	14,105	13,433	
Accounts payable - trade			2020	464,700	464,700	449,868	449,868	
Other liabilities			2020	13,545	13,545	28,635	28,635	
Total				1,517,492	1,501,144	917,225	912,649	

Maturity structure - contracted non-discounted cash flow leasing liabilities

SEK thousands	2019
Maturity	
0-6 months	37,740
7-12 months	47,842
Withing 1 year	85,582
1-2 years	63,590
2-5 years	119,634
Over 5 years	47,854
Total undiscounted lease liabilities 31/12/2019	316,661

Additional purchase price

	2019
Opening balance 01/01/2019	52,593
Paid during the year	-22,089
Exchange differences	1,569
Closing balance 31/12/2019	32,073

The additional purchase price belongs to valuation level 3 and is valued at fair value.

Leasing liabilities according to balance sheet 31/12/2019	307,272
Current	82,666
Non-current	224,606

IAS 17 Non-cancellable lease payments 2018

31/12/2018

Financial leasing liabilities	Minimum lease charge	Interest	Capital amount
Within one year	2,298	116	2,182
Between one and five years	3,631	39	3,592
Total	5,929	155	5,774

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 31/12/2019, a change of 1 percentage point has an impact of about SEK 7.6 MSEK.

b) Currency risks

The Group also includes subsidiaries in the Euro area and Bulgaria, India, China, Mexico, Hungary, Poland, Serbia, USA, Canada and Brazil. 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 % totally on yearly basis means an impact on sales of about SEK 341 MSEK (278).

Sales in other currencies than SEK is about 67 % (59) of turnover.

Exchange rates	EUR	BGN	CNY	HKD	HUF	INR	MXN	NOK	PLN	THB	RSD	USD	CAD	BRL
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	
Average exchange rate 2019	10.59	5.41	1.37	1.21	0.03	0.13	0.50	1.07	2.46	0.30	0.09	9.46	7.13	2.40
Closing day rate 2019	10.43	5.33	1.33	1.20	0.03	0.13	0.50	1.06	2.44	0.31	0.09	9.32	7.13	2.30

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 11.8 million.

Three currencies are responsible for most of the conversion exposure, PLN where a five percent change gives an effect before tax of SEK 3.2 million, EUR which has a corresponding effect on the earnings by SEK 3.0 million and BGN with 3.4 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 51.4 million (45.6), which consists of 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 manufacturing such as sheet metal of steel and aluminium, cables, insulated winding wire, etc.

The raw material part (LME guided part) of semi-finished goods is estimated to be SEK 53.5 million, with the following assumptions:

Aluminum: 1 136 tonnes x USD 1 790 x 9,45 = SEK 19.2 million
Copper: 604 tonnes x USD 6 005 x 9,45 = SEK 34.3 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 2019 changed in accordance with what is stated below for the Group.

4.2 Group

As of January 1, 2019 the Group has begun to apply IFRS16.

IFRS16

Definition of leasing

Previously, the Group determined whether an agreement contained leases according to IAS 17 or IFRIC 4 at the start of the agreement. As of January 1, 2019, the Group assesses whether an agreement contains leases based on the definition of leasing agreements in IFRS 16.

At the transition to IFRS 16, the Group chose to apply the relief rule to inherit the earlier definition of leasing at the transition. This means that IFRS 16 is only applied to agreements that were previously defined as leasing agreements. Agreements that were not identified as leases under IAS 17 and IFRIC 4 were not revised. Because of this, the definition of leasing agreements in accordance with IFRS 16 is applied only to the agreements that have been amended or entered into after January 1, 2019.

At the transition to IFRS 16, the Group has chosen to apply the modified retroactive approach. Its meaning and effects on the Group are described below.

Leases where the Group is a lessee

Previously, the Group classified leases as operating or financial leases based on whether the leasing agreement transferred the significant risks and benefits that ownership of the underlying asset brings to the Group. According to IFRS 16, the Group recognizes right-of-use assets and leasing liabilities for most leasing agreements, i.e. they are included in the balance sheet, exceptions to these are stated below.

The lease liability comprises the present value of the following fees during the estimated lease period:

- Fixed fees
- Variable leasing fees linked to index or price
- Any residual value guarantees that are expected to be paid
- The exercise price for a purchase option that is reasonably considered to be utilized

Leases previously classified as operating leases in accordance with IAS 17

At the transition, the lease liabilities were valued at the present value of the remaining leasing fees, discounted by the Group's marginal borrowing rate on the first application date (January 1, 2019). The right-of-use asset was valued at an amount corresponding to the lease liability, adjusted for any prepaid or accrued lease payments.

The Group has chosen to apply the following practical solutions:

- Applied a single discount rate for all agreements for countries with a certain level of risk.
- Right-of-use assets and leasing liabilities have not been recognized for leasing agreements for which the leasing period is terminated in 12 months or earlier (short-term leases).
- Excluded initial direct expenses from the valuation of the right-of-use asset on the first day of application.

Leases previously classified as finance leases

For leases classified as finance leases in accordance with IAS 17, the carrying amount of the right-of-use asset and the leasing liability as of January 1, 2019 was determined at the carrying amount of the lease asset and the leasing liability according to IAS 17 immediately before that date.

Regarding the financial impact that the transition to IFRS16 has had on the consolidated financial statements, see also note 8.2.1.

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 2019, 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 836 million (804) and SEK 705 million (494) 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-maker, these are valued in the same way as in the annual report.

2019 SEK thousands	Component	System	Unallocated and eliminations	Group
External invoicing within Sweden	1,637,673	475,342	-	2,113,015
External invoicing outside Sweden	2,324,803	674,784	-	2,999,587
Internal invoicing, other segments	376,985	149,967	-526,952	-
Total net turnover	4,339,461	1,300,093	-526,952	5,112,602
Material costs, excl. purchases own segment	-2,181,004	-923,470	449,810	-2,654,664
Depreciation	-195,463	-24,040	-687	-220,191
Other operating expenses/income	-1,718,564	-249,988	71,300	-1,897,252
Operating profit	244,430	102,595	-6,530	340,495
Net financial items	-	-	-19,084	-19,084
Profit before tax	244,430	102,595	-25,613	321,412
Other comprehensive income plus tax	-	-	-38,658	-38,658
Comprehensive income for the year	244,430	102,595	-64,271	282,754

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	135,223	84,243	-21,144	198,322
Other comprehensive income plus tax	-	-	-8,495	-8,495
Comprehensive income for the year	135,223	84,243	-29,639	189,827

NOTE 6 OPERATING SEGMENTS AND MARKET DISTRIBUTION (CONT.)

2019 SEK thousands	Component	System	Unallocated and eliminations	Group
Cash and cash equivalents (incl. short-term investments)	323,193	62,149	-224,019	161,324
Trade and other receivables	812,882	231,021	-	1,043,903
Inventories	714,080	179,706	-3,835	889,952
Tangible assets in Sweden	169,619	44,131	-824	212,925
Tangible assets in other countries	736,895	62,348	-	799,243
Other assets	804,702	48,652	-108,395	744,959
Total assets	3,561,371	628,007	-337,073	3,852,305
Current liabilities	1,078,302	297,935	-124,732	1,251,506
Non-current liabilities	374,135	35,134	176,374	585,642
Equity	2,108,933	294,939	-388,715	2,015,157
Total liabilities and equity	3,561,371	628,007	-337,073	3,852,305

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

Contract liabilities amount to SEK 28,8 million (26,4). They consist of advance payments from customers.

Net sales allocated to operating segments and geographical markets

2019 SEK thousands	Component	System	Unallocated and eliminations	Group
Sweden	1,146,703	822,634	43,113	2,012,451
Other European Countries	2,519,117	334,105	-	2,853,222
Other countries	673,640	143,354	-	816,994
Net sales	4,339,461	1,300,093	43,113	5,682,667
Internal sales, eliminations	-	-	-570,065	-570,065
Total net turnover	4,339,461	1,300,093	-526,952	5,112,602

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

Geographical markets are based on where AQ's subsidiaries have their locations.

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	2019	2018	2019	2018
Sweden	2,113,013	2,245,542	262,902	184,566
Germany	393,080	435,211		
Finland	369,171	179,324	203,890	82,105
Estonia	183,333	53,730	224,665	80,375
France	165,945	150,494		
Poland	141,822	142,704	163,404	49,392
Netherlands	112,003	92,819		
Hungary	106,829	102,488	192,239	206,370
Denmark	100,820	94,363		
Belgium	100,433	125,127		
Spain	74,876	62,754		
Norway	70,645	20,543		
Italy	71,910	61,663	4,642	3,615
Great Britain	66,726	66,143		
Bulgaria	30,777	29,993	132,420	106,859
Lithuania	7,196	31,176	105,595	82,771
Serbia	1,068	2,269	5,555	459
Other countries in Europe	101,950	95,292		
China	372,396	303,817	48,816	34,707
India	75,533	59,885	36,479	23,220
Thailand	32,745	19,912		
Singapore	19,767	15,647		
Hong Kong	706	846		
Other countries in Asia	13,549	15,812		
USA	184,810	114,814	56,352	49,958
Canada	130,397	69,709	122,056	96,826
Mexico	27,867	24,417	17,035	3,676
Other countries in Central America	2,410	666		
Brazil			18,141	-
Other countries in South America	11,305	26,549		
Australia	20,084	22,735		
Africa	9,436	776		
Total	5,112,602	4,667,220	1,582,491	1,004,899

NOTE 7 OTHER OPERATING INCOME

SEK thousands	Group		Parent company	
	2019	2018	2019	2018
Exchange gains from operations, realised	20,995	24,028	312	-
Exchange gains from operations, unrealised	9,390	13,438	-	184
Capital gains on non-current assets	896	4,100	-	46
Recovery of previously impaired trade and other receivables	2,058	359		
Rental income	186	199		
Sale of scrap and obsolete material	27,112	25,900		
Other operating income ¹⁾	24,220	21,237	1,900	2,533
Total	84,857	89,261	2,212	2,763

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

NOTE 8 OTHER EXTERNAL EXPENSES**8.1 Remuneration to auditors**

SEK thousands	Group		Parent company	
	2019	2018	2019	2018
<i>KPMG</i>				
Audit assignment	2,055	1,613	445	345
Audit-related assignments	-	78		
Tax consultation/other services	338	198	192	103
	2,393	1,889	637	448
<i>PWC</i>				
Audit assignment	310	-		
Audit-related assignments	20	-		
	330	-		
<i>BDO</i>				
Audit assignment	429	537		
	429	537		
<i>Demers Beaulne</i>				
Audit assignment	957	514		
	957	514		
<i>FangBen CPA</i>				
Audit assignment	196	196		
Tax consultation/other services	139	103		
	335	299		
<i>Other</i>				
Audit assignment	746	744		
Skatterrådgivning/Övriga tjänster	264	144		
	1,010	888		
Total	5,454	4,127	637	448

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.

8.2.1 Leasing agreements

The transition rules that were applied in the transition to IFRS 16 are described in Note 2.6. The Group's tangible fixed assets comprise of both owned and leased assets. The leased assets are divided into premises, machinery and equipment, vehicles and IT equipment.

At the transition to IFRS 16, the Group reported right-of-use assets of SEK 285 million and lease liabilities of SEK 280 million, of which SEK 84 million are short-term leasing liabilities. The difference between assets and liabilities depends on prepaid lease payments which was reported as an asset on December 31, 2018, to which the right-of-use assets are added on January 1, 2019,

When valuing the lease liabilities, the Group discounted the leasing fees at the marginal borrowing rate per January 1, 2019. The weighted average interest rate used is 1.57%.

SEK thousands	01/01/2019
Operational lease commitments as of December 31, 2018, as disclosed in the annual report	283,583
Discounted with marginal loan interest rate as of January 1, 2019	279,117
Additional - financial leasing liabilities reported as of December 31, 2018	5,774
Deducted - exemption for short term leasing agreements and leases of low value	-5,086
Lease liabilities per January 1, 2019	279,806

Right-of-use assets and lease liabilities Reported value of right-of-use assets SEK thousands	Group				
	2019				
	Real estate	Machinery	Vehicles	IT equipment	Total
Opening balance 01/01/2019	268,518	7,091	8,102	1,378	285,089
Depreciation during the year	-76,199	-1,701	-2,861	-841	-81,603
Closing value per December 31, 2019	289,200	7,045	8,134	910	305,289

During the year, acquisitions of right-of-use assets were made of SEK 105 million. The amount includes new contracts and increased payments due to an extended lease period. In addition, the acquisition of the Trafotek Group and MiniCon AB included new contracts totaling SEK 76 million.

The leases on real estate mainly include production and office facilities.

Cost information

The income statement includes the following costs

SEK thousands	Group 2019
Depreciation of right-of-use assets	-81,603
Interest on lease liabilities	-4,761
Costs for short term leases	-5,229
Costs for leases of lesser value	-1,424
	93,017

Amounts reported in the cash flow report SEK thousands	Group 2019
Total cash flows attributable to lease agreements	-92,071

Comparative figures as if IAS 17 had also been applied in 2019

Excerpt from the consolidated income statement

SEK thousands	IFRS16	IAS17	
	2019	2019	2018
EBITDA	560,686	476,723	320,415
Depreciation	-220,191	-138,588	-112,231
Operating profit (EBIT)	340,495	338,135	208,184
Net financial	-19,084	-14,323	-9,862
Profit before tax (EBT)	321,412	323,812	198,322
Profit for the year	262,871	264,994	152,544
Profit margin before tax (EBT %)	6,3%	6,3%	4,2%

Excerpt from the consolidated balance sheet

SEK thousands	IFRS16	IAS17	
	2019	2019	2018
Assets			
Right-of-use assets	305,290	-	-
Other fixed assets	1,333,568	1,337,893	-
Summa anläggningstillgångar	1,638,858	1,337,893	1,021,744
Summa tillgångar	3,852,305	3,551,340	3,099,788
Equity			
Retained earnings incl. profit for the year	1,731,410	1,733,533	1,521,160
Total equity	2,015,157	2,017,280	1,782,711
Liabilities			
Non-current lease liabilities	224,606	1,986	3,592
Total non-current liabilities	585,642	363,022	153,769
Current lease liabilities	82,666	2,045	2,183
Total current liabilities	1,251,506	1,170,884	1,163,307
Total liabilities	1,837,148	1,533,906	1,317,076
Total equity and liabilities	3,852,305	3,551,186	3,099,788
Equity ratio	52%	57%	58%

Excerpt from consolidated cashflow analysis

SEK thousands	IFRS16	IAS17	
	2019	2019	2018
Profit before tax	321,412	323,812	198,322
Adjustment for non-cash flow items	222,785	136,422	178,532
Cashflow from operating activities	499,158	415,194	150,589
Cashflow from investing activities	-480,932	-480,932	-241,328
Amortisation of lease liabilities	-85,418	-1,455	-7,143
Cashflow from financing activities	41,582	125,545	43,873
Cashflow for the year	59,808	59,808	-46,866

8.2.2 Operational leasing

Comparative figures for 2018 according to IAS17.

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

NOTE 9 PERSONNEL

Average number of employees	2019			2018		
	Women	Men	Total	Women	Men	Total
Parent company, Sweden	13	9	22	11	8	19
Subsidiaries, Sweden	237	597	834	169	712	881
Brazil	1	3	4	-	-	-
Bulgaria	695	613	1308	690	578	1 268
Estonia	152	444	596	96	324	420
Finland	40	175	215	30	91	121
India	10	119	129	10	123	133
Italy	7	14	21	7	13	20
Canada	114	52	166	110	43	153
China	189	289	478	176	264	440
Lithuania	608	151	759	588	133	721
Mexico	162	34	196	139	66	205
Poland	656	467	1123	684	463	1 147
Serbia	23	12	35	22	10	32
Thailand	-	-	-	17	8	25
Germany	-	3	3	-	-	-
Hungary	79	284	363	87	292	379
USA	31	47	78	44	61	105
Total	3 017	3 313	6 330	2 880	3 189	6 069

Gender distribution, executive officers

Board	Women	Men	Total	Women	Men	Total
Parent company	29 %	71 %	100 %	29%	71%	100%
Group	14 %	86 %	100 %	21 %	79%	100%
Group management and CEO	Women	Men	Total	Women	Men	Total
Parent company	36 %	64 %	100 %	50%	50%	100%
Group	25 %	75 %	100 %	16%	84%	100%

	Group		Parent company		
	2019	2018	2019	2018	
Salaries and remunerations, SEK thousands					
Sweden					
Board, CEO and other executive officers ¹⁾	36,065	30,956	12,777	7,529	
Other employees	299,458	331,068	8,853	6,490	
Total in Sweden	335,523	362,024	21,630	14,019	
<i>1) Of which bonuses and the like to executive officers</i>	<i>6,383</i>	<i>3,359</i>	<i>2,686</i>	<i>-</i>	
Other countries					
Board and CEO ¹⁾	55,175	40,323			
Other employees	730,867	563,978			
Subsidiaries in other countries	786,042	604,301			
<i>1) Of which bonuses and the like to executive officers</i>	<i>5,472</i>	<i>4,470</i>			
Board, CEO and executive officers total ¹⁾	91,240	71,279	12,777	7,529	
Other employees total	1,030,324	895,046	8,853	6,490	
Total	1,121,564	966,325	21,630	14,019	
<i>1) Of which bonuses and the like to executive officers.</i>	<i>11,855</i>	<i>7,829</i>	<i>2,686</i>	<i>-</i>	
Payroll overhead, SEK thousands					
Sweden					
Pension expenses for Board, CEO and other executive officers	7,300	6,873	2,391	1,650	
Pension expenses for other employees	18,222	17,155	826	518	
Other payroll overhead	113,669	123,920	7,159	5,146	
Total in Sweden	139,191	147,948	10,376	7,314	
Other countries					
Pensions expenses for Board and CEO	1,542	709			
Pension expenses for other employees	48,324	37,735			
Other payroll overhead	61,348	55,795			
Subsidiaries in other countries	111,214	94,239			
Total					
Pensions expenses for Board and CEO	8,842	7,582	2,391	1,650	
Pension expenses for other employees	66,547	54,890	826	518	
Other payroll overhead	175,017	179,715	7,159	5,146	
Total	250,406	242,187	10,375	7,314	
Remuneration to the Board, CEO and Group management					
SEK thousands	Basic salary/fee	Variable remuneration	Other benefits	Pension expenses	Total
2019					
Chairman of the Board, Patrik Nolåker	500				500
Board member, Ulf Gundemark	240				240
Board member, Annika Johansson Rosengren	200				200
Board member, Claes Mellgren	240				240
Board member, Gunilla Spongh	300				300
Board member, Per Olof Andersson	230				230
Board member, Lars Wrebo	200				200
CEO, Anders Carlsson	2,231	1,189	70	722	4,212
Other executive officers, five	5,405	1,154	297	1,897	8,753
Other executive officers, five BA Managers, part of the year	1,359	768	19	243	2,389
Total	10,905	3,111	386	2,862	17,265

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

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

The Board's proposed guidelines for remuneration in 2020, according to Chapter 8, § 51 of the Swedish Companies Act, are presented in the management report. The remuneration paid to senior executives in 2019 are presented in the note.

The following decision on guidelines for remuneration in 2019 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 2019 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	
	2019	2018
Dividends from group companies	158,046	280,213
Impairment losses from shares in subsidiaries ¹⁾	-18,241	-34,192
Total	139,805	246,021

¹⁾ See note 36.

NOTE 11 FINANCIAL INCOME

SEK thousands	Group		Parent company	
	2019	2018	2019	2018
Income from sale of shares in associated company	-	1,733		
Interest income, trade and other receivables	1,150	280		
Interest income from Group companies			7,856	5,286
Other interest income	698	1,571	19	5
Exchange rate gains, realized	2,845	1,942	3	-
Exchange rate gains, not realized	6,023	-673	4,164	-
Total	10,716	4,853	12,042	5,291

No interest income are attributable to items valued to fair value.

NOTE 12 FINANCIAL EXPENSES

SEK thousands	Group		Parent company	
	2019	2018	2019	2018
Interest expenses, trade and other payables	-464	-695	-858	-3
Interest expenses to Group companies			-	-662
Write down of financial receivables ¹⁾	-	-2,648,	-	-42,745
Other interest expenses ²⁾	-14,775	-6,184,	-6,944	-3,220
Exchange rate losses, realised	-5,488	-2,777	-1,574	-53
Exchange rate losses, unrealised	-9,073	-2,411	-5,380	-1,930
Total	-29,800	-14,715	-14,756	-48,613

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 -1,075 (-172).

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

NOTE 13 APPROPRIATIONS

SEK thousands	Parent company	
	2019	2018
Excess depreciation	354	-148
Change in tax allocation reserve	300	7,500
Group contribution, received	47,000	47,000
Group contribution, paid	-20,000	-29,600
Total	27,654	24,752

NOTE 14 TAXES

SEK thousands	Group		Parent company	
	2019	2018	2019	2018
Current tax for the year	-57,706	-54,347	-5,580	-7,264
Deferred tax	1,873	12,530	225	53
Withholding tax on dividend	-2,708	-3,961	-3,159	-3,961
Tax recorded for the period	-58,541	-45,778	-8,514	-11,172
Specification of recorded tax				
<i>Recorded profit before tax</i>	321,412	198,322	161,772	235,443
Estimated tax based on applicable tax rate in Sweden 2018: 22 %, 2019: 21,4 %	-68,782	-43,631	-34,619	-51,797
Tax effect of:				
Standard taxation, tax allocation reserve	-265	-95	-110	-48
Non-deductible expenses	-7,218	-16,989	-3,970	-16,994
Non-taxable income	3,588	1,577	33,821	61,647
Adjusted tax from previous year	495	364	-477	-19
Effect of other tax rates in foreign companies	16,014	18,351		
Change in non-recorded tax loss carryforwards	-3,428	-4,068		
Utilisation of tax loss carryforwards not previously capitalized	3,854	291		
Effect of changed tax rates	-	3,040		
Other	-90	-657		
	-55,833	-41,817	-5,355	-7,211
Withholding tax on dividend	-2,708	-3,961	-3,159	-3,961
Tax recorded for the period	-58,541	-45,778	-8,514	-11,172

SEK thousands	Group	
	2019	2018
Non-recorded tax loss carryforwards	310 377	104 971
<i>Expires:</i>		
2020	2,096	1,868
2021	44,680	17,279
2022	24,098	12,169
2023	26,857	18,952,
2024	33,507	-
Later	179,139	54,703
Total	310,377	104,971

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	
	2019	2018	2019	2018
Deferred tax asset				
Tangible assets	1,633	1,471	-	3
Inventories	2,097	2,118	-	-
Liabilities	-	3,844	-	-
Loss carry forwards	41,182	5,721	-	-
Other ¹⁾	9,332	1,516	267	38
	54,244	14,670	267	41
¹⁾ Included in Other are receivable write-downs and exchange rate differences				
Deferred tax liability				
Intangible assets	2,198	2,060	-	-
Tangible assets	54,867	44,496	-	-
Untaxed reserves	38,212	34,304	-	-
Others	1,005	-	-	-
	96,281	80,859	-	-
Change in deferred tax				
Reorded in the income statement	1,873	12,530	225	53
Acquisition of subsidiaries	28,187	-23,776	-	-
Acquisition of subsidiaries, untaxed reserves	-4,352	-	-	-
Divestment of subsidiaries	-	-995	-	-
Translation difference	-1,556	-203	-	-
	24,152	-12,444	225	53

NOTE 15 OTHER INTANGIBLE NON-CURRENT ASSETS

SEK thousands	Group				Group			
	2019		2018		2019		2018	
	Customer relations	Technology	Other intangible non-current assets	Total	Customer relations	Technology	Other intangible non-current assets	Total
Opening cost of acquisition	118,313	76,397	48,788	243,498	70,035	13,324	46,248	129,607
Direct investments for the year		44	3,316	3,360	-	151	1,146	1,297
Acquisition of subsidiaries	33,472	38,114	11,008	82,594	47,841	62,795	5,581	116,217
Sales/retirements			-33	-33	-	-	-4,916	-4,916
Reclassifications			4,356	4,356	-	-	-35	-35
Translation difference	1,593	2,001	726	4,320	437	126	765	1,328
Closing accumulated cost of acquisition	153,378	116,555	68,162	338,095	118,313	76,397	48,788	243,498
Opening depreciation	-28,522	-8,388	-41,920	-78,830	-12,763	-1,443	-38,692	-52,899
Acquisition of subsidiaries			-9,380	-9,380	-5,843	-	-3,688	-9,532
Sales/retirements			34	34	-	-	4,428	4,428
Reclassifications			-1,125	-1,125	-	-	16	16
Translation difference	-215	28	-477	-664	-65	2	-519	-580
Depreciation for the year	-15,580	-10,301	-5,170	-31,051	-9,851	-6,946	-3,466	-20,263
Closing accumulated depreciation	-44,318	-18,661	-58,040	-121,019	-28,522	-8,388	-41,920	-78,830
Closing planned residual value	109,060	97,894	10,122	217,076	89,790	68,009	6,868	164,667

NOTE 16 GOODWILL

SEK thousands	Group	
	2019	2018
Opening cost of acquisition	275 039	152 642
Direct investments for the year	-	955
Acquisition of subsidiaries	76 969	117 501
Sales/retirements	-	483
Translation difference	4 005	3 458
Closing accumulated costs of acquisition	356 013	275 039
Opening accumulated impairment	-2 726	-2 612
Write-down for the year	-	-
Translation difference	-41	-114
Closing accumulated write-downs	-2 767	-2 726
Closing residual value	353 246	272 313

During 2019 acquisitions were made. See note 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 UAB, AQ Anton Kft., AQ Industrial Systems AB with subsidiaries (formerly Gerdins), AQ Mecanova OY, B3CG Interconnect and LTI Holding Oy with subsidiaries (Trafotek group) has been determined based on a calculation of the Group's value in use. There are no indications of decreased value. 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:

	2019	2018
AQ Wiring Systems UAB	72,973	71,865
AQ Anton Kft	47,219	47,969
AQ Industrial Systems (f.d Gerdins)	24,890	24,808
AQ Mecanova OY	46,053	45,765
B3CG Interconnect	76,596	71,736
Trafotek	74,105	-

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 6.45 %.

	Estimated growth of cash flow beyond a four-year period	Discount rate, before tax	Discount rate, after tax
AQ Wiring Systems	2% (2%)	8% (11%)	7% (10%)
AQ Anton Kft	2% (2%)	8% (12%)	7% (11%)
AQ Industrial Systems (f.d Gerdins)	2% (2%)	8% (12%)	6% (10%)
AQ Mecanova OY	2% (2%)	8% (13%)	6% (11%)
B3CG Interconnect	2% (2%)	10% (13%)	7% (10%)
Trafotek	2% (-)	8% (-)	6% (-)

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

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 UAB, AQ Anton Kft., AQ Industrial Systems AB with subsidiaries (formerly Gerdins), Mecanova OY, B3CG Interconnect and LTI Holding Oy with subsidiaries (Trafotek group) 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

	Group	
	2019	2018
Opening cost of acquisition	254,403	230 999
Direct investments for the year	21,199	7,428
Acquisition of subsidiaries	7,231	1,275
Sales/retirements	-4,396	-1,529
Reclassifications	41,515	11,780
Translation difference	685	4,450
Closing accumulated cost of acquisition	320,637	254,403
Opening accumulated depreciation	-79,754	-69 493
Acquisition of subsidiaries	-6,408	-1,074
Sales/retirements	4,133	857
Translation difference	-261	-1,345
Depreciation for the year	-11,241	-8,699
Closing accumulated depreciation	-93,531	-79,754
Closing planned residual value	227,106	174,649

NOTE 18 PLANT AND MACHINERY

SEK thousands	Group					Parent company	
	2019		2018			2019	2018
	Machinery and equipment	Total	Machinery and equipment	Leased machinery	Total	Leased machinery	Leased machinery
Opening cost of acquisition	607,209	607,209	542,486	9,518	552,004	1,897	1,516
Direct investments for the year	77,060	77,060	72,666	5,577	78,243		1,083
Acquisition of subsidiaries	199,267	199,267	64,284	-	64,284		
Sales/retirements	-33,751	-33,751	-118,341	-11,274	-129,615	-1,897	-701
Reclassifications	16,099	16,099	35,139	4,911	40,050		
Translation difference	-468	-468	10,975	16	10,990		
Closing accumulated cost of acquisition	865,417	865,417	607,209	8,747	615,956	-	1,897
Opening accumulated depreciation	-309,965	-309,965	-292 821	-1 684	-294 505	-532	-593
Acquisition of subsidiaries	-134,665	-134,665	-33,682	-	-33,682		
Sales/retirements	20,195	20,195	86,107	5,800	91,907	532	380
Reclassifications	-136	-136	-747	-4,771	-5,518		
Translation difference	1,763	1,763	-6,780	-6	-6,786		
Depreciation for the year	-75,245	-75,245	-62,042	-2,096	-64,138		-319
Closing accumulated depreciation	-498,053	-498,053	-309,965	-2,757	-312,722	-	-532
Opening accumulated impairment	-219	-219	-208	-	-208		
Amortisation for the year	-	-	-	-	-		
Translation difference	-3	-3	-11	-	-1		
Closing accumulated amortisation	-222	-222	-219	-	-21		
Closing planned residual value	367,142	367,142	297,025	5,990	303,01	-	1,366

NOTE 19 EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

SEK thousands	Group		Parent company	
	2019	2018	2019	2018
Opening cost of acquisition	168,883	160 847	59	59
Direct investments for the year	32,107	28,514		
Acquisition of subsidiaries	21,309	7,845		
Sales/retirements	-13,006	-31,850		
Reclassifications	-336	403		
Translation difference	2,029	3,124		
Closing accumulated cost of acquisition	210,986	168,883	59	59
Opening accumulated depreciation	-113,953	-108,199	-59	-59
Acquisition of subsidiaries	-17,356	-4,272		
Sales/retirements	10,398	18,731		
Reclassifications	1,125	360		
Translation difference	-1,309	-2,228		
Depreciation for the year	-18,950	-18,344		
Closing accumulated depreciation	-140,045	-113,952	-59	-59
Closing planned residual value	70,941	54,930		

NOTE 20 CONSTRUCTION IN PROGRESS

SEK thousands	Koncernen	
	2019	2018
Opening cost of acquisition	35,324	49 821
Direct investments for the year	69,082	36,728
Acquisition of subsidiaries	53	235
Sales/retirements	-975	-5,757
Reclassifications	-61,558	-47,056
Translation difference	-236	1,353
Closing accumulated costs of acquisition	41,690	35,324
Opening depreciations	-	-
Sales/retirements	-	-
Closing accumulated depreciation	-	-
Opening write-downs	-	-1,753
Sales/retirements	-	1,753
Closing accumulated write-downs	-	-
Closing planned residual value	41,690	35,324

NOTE 21 SHARES AND PARTICIPATIONS IN GROUP COMPANIES

SEK thousands	Parent company	
	2019	2018
Opening cost of acquisition	896,073	701 619
Shareholder contribution	15,499	38,323
Investment in subsidiaries	295,432	177,357
Bankruptcy / merger / liquidation subsidiary	-	-21,226
Closing accumulated costs of acquisition	1,207,004	896,073
Opening accumulated impairment	-110,009	-97,042
Impairment losses ¹⁾	-18,241	-34,193
Bankruptcy subsidiaries	-	21,226
Closing accumulated amortisation	-128,250	-110,009
Closing book value	1,078,755	786,064

¹⁾ Refer to note 36.

NOTE 21 SHARES AND PARTICIPATIONS IN SUBSIDIARIES (CONT.)

SEK thousands	Corp. ID no.	Number of participation rights	Share of equity	Share 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., Starogard, Poland	5212878589				
- MiniCon AB, Stockholm	556624-1054				
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 Tarnovo, Bulgaria	1040 11529	595,560	95%	95%	14,392
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 Components Suzhou Co Ltd, Suzhou, China	[2002] 32190	173,517	100%	100%	1,806
- AQ Manufacturing Co., Ltd, Bangkok, Thailand	0115 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 Inductive Components d.o.o. Pirot, Serbia	21531723		100%	100%	5,838
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%	24,004
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, 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	807949219 RC0001	4,590,000	100%	100%	90,016
- AQ B3CG Real Estate Inc	768141731 RC0001				
- B3CG Interconnect Inc, Saint-Eustace, Canada	136814217 RC0002				
8046000 Canada Inc	842130304 RC0001	441,620	100%	100%	46,372

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

Cont. next page

NOTE 21 SHARES AND PARTICIPATIONS IN SUBSIDIARIES (CONT.)

SEK thousands	Corp. ID no.	Number of participation rights	Share of equity	Share of votes	Book value
- B3CG Interconnect USA Inc, Plattsburgh, USA	98-1035861				
AQ Inductive Components India Pvt.Ltd, Pune, India	U29309PN2018FTC175319	338,664	100%	100%	12,701
LTI Holding OY, Åbo, Finland	2368936-5	5,619,145	100%	100%	294,882
- Trafotek OY, Åbo, Finland	2359889-3				
- Trafotek AS, Harjumaa, Estonia	12625219				
- Trafotek Suzhou Co, Ltd, Suzhou, China	321700783360415				
- Trafotek Power Electronicos e Transformadores, Itu, Brazil	22.119.284/0001-72				
- Trafotek Corporation, Houston, USA	80-2012450				
					1 078 755

NOTE 22 LONG-TERM RECEIVABLES

Receivables from group companies	Parent company	
	2019	2018
Opening receivables	53,940	57,166
Lending during the year	68,496	3,131
Repayments during the year	-3,632	-8,901
Translation difference	1,525	2,544
Closing receivables	120 329	53,940

NOTE 23 OTHER RECEIVABLES

SEK thousands	Group		Parent company	
	2019	2018	2019	2018
VAT receivables	41,827	41,956	-	17
Other current receivables	20,582	16,611	2,757	2,649
	62,409	58,567	2,757	2,666

NOTE 24 PREPAID EXPENSES AND ACCRUED INCOME

SEK thousands	Group		Parent company	
	2019	2018	2019	2018
Prepaid rent	7,114	5,174	63	62
Prepaid leasing	230	502	-	92
Prepaid insurances	1,453	1,241	256	256
Customer owned equipment	9,204	8,979		
Accrued income	1,180	826		
Accrued government support	571	1,440		
Prepaid IT expenses	7,733	7,502	1,459	782
Other interim receivables ¹⁾	7,754	9,510	-	745
	35,239	35,174	1,778	1,937

¹⁾The item Other interim receivables refers to prepaid project, service and maintenance costs.

NOTE 25 EQUITY / EARNINGS PER SHARE**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.

Capital management

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

The parent company's share capital amounts to SEK 36,588 thousands (36,558), the reserve fund SEK 1.156 thousands (1.156), the share premium fund SEK 84.194 thousands (84.194), capitalized earnings SEK 373.192 thousands (199.229) and profit for the year SEK 153.259 thousands (224.271)

The Group's objective is to maintain an equity ratio of at least 40 %. Group equity ratio at closing 31/12/2019 was 52 % (58). 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	
Number/Amount at year-end - 12/31/2019	18,294,058	36,588,116	
		Group	
		2019	2018
Profit for the year attributable to Parent company shareholders, SEK thousands		260,878	151,053
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		14,37	8,26

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.

PROPOSED DIVIDEND

The Board has proposed a dividend of SEK 3.33 (2.75) per share to the Annual General Meeting for fiscal year 2019, which means that SEK 60,919,213 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	Moderbolaget	
	2019	2018
Tax allocation reserve, SFL 2013	-	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	10,900
Tax allocation reserve, SFL 2019	7,900	-
Excess depreciations	-	354
	52,400	53,054

NOTE 27 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK thousands	Group		Parent company	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Pledged assets				
Property mortgages	102,094	116,935		
Floating charges	1,362,351	318,353		
<i>of which in own custody</i>	<i>1,380,405,</i>	<i>337,395</i>		
Ownership reservation regarding leased machines	3,860	5,716		
Other ownership reservations	4,164	6,113		
Mortgaged trade and other receivables	15,696	15,349		
Contingent liabilities				
Other contingencies	26,315	840	20,000	-

NOTE 28 PROVISIONS - NON-CURRENT AND CURRENT

SEK thousands	Group	
	2019	2018
Opening pension provisions, non-current	11,133	7,809
Provisions made during the year	1,900	3,347
Used provisions	226	-294
Reversed provisions	-35	-14
Reclassifications	-1,472	-
Translation difference	185	285
Closing pension provisions, non-current	11,938	11,133
Opening provisions for warranty obligations, non-current	2,288	1 835
Provisions made during the year	280	732
Reclassifications	339	-304
Translation difference	31	25
Closing provisions for warranty obligations, non-current	2,938	2,288
Opening other provisions, non-current	1,512	393
Provisions made during the year	-	226
Used provisions	-226,	901
Reclassifications	-1,326	-
Translation difference	40	-8
Closing other provisions, non-current	-	1,512
Ingående avsättningar garantiåtaganden, kortfristiga	3,710	4 300
Avsättningar under året	1,052	1,084
Ianspråktagna avsättningar	-410	-161
Återförda avsättningar	-444	-1,911
Omklassificeringar	-339	304
Omräkningsdifferens	31	94
Utgående avsättningar garantiåtaganden, kortfristiga	3,600	3,710

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 11.9 (11.1) million are recorded in Provisions for pensions in the balance sheet of the Group. It is mainly attributable to Bulgaria 51 percent (43), Italy 24 percent (22) and Poland 11 percent (24).

NOTE 29 OTHER LIABILITIES

SEK thousands	Group		Parent company	
	2019	2018	2019	2018
Liability for VAT and personnel	57,793	56,362	1,334	797
Other current liabilities	15,,007	28,756	1,247	11,689
	72,800	85,118	2,581	12,486

NOTE 30 ACCRUED EXPENSES AND DEFERRED INCOME

SEK thousands	Group		Parent company	
	2019	2018	2019	2018
Liability to personnel	120,234	97,664	4,186	1,568
Liability, social security contributions	40,152	36,536	2,059	1,218
Other interim liabilities	36,493	28,317	1,214	1,436
	196,879	162,517	7,459	4,222

NOTE 31 ACQUISITIONS**2019**

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		
	Minicon AB	Trafotek group	Group
Intangible assets	-	1 678	1 678
Tangible assets	11	148 888	148 899
Financial non-current assets	-	131	131
Deferred tax assets loss carryforwards	-	42 529	42 529
Inventories	3 971	78 169	82 140
Other current assets	1 773	38 581	40 354
Cash and cash equivalents	38	23 050	23 088
Total assets	5 793	333 026	338 819
Non-current liabilities	-	88 927	88 927
Deferred tax liabilities	62	4 307	4 369
Interest-bearing current liabilities	2 539	79 068	81 607
Other current liabilities	1 558	-	1 558
Total provisions and liabilities	4 159	172 302	176 461
Total Net Assets	1 634	160 724	162 358
Purchase price shares:			
Cash paid	-4 500	-292 070	-296 570
Total consideration paid	-4 500	-292 070	-296 570
Customer relations	1 799	31 673	33 472
Technologies	-	38 114	38 114
Deferred tax on surplus values	-385	-13 957	-14 342
Goodwill	1 453	75 517	76 970
Less: Cash and cash equivalents in the acquired business	38	23 050	23 088
Effect on cash and cash equivalents	-4 462	-269 020	-273 482
Paid purchase price of previous years' acquisitions:			-22 089
Total effect on cash and cash equivalents			-295 571

Acquisitions during 2019:

Date	Acquisitions	Number of employees*
June 3, 2019	Trafotek	
	LTI Holding OY	3 Finland
	Trafotek OY	100 Finland
	Trafotek OY	3 Germany
	Trafotek AS	250 Estonia
	Trafotek Suzhou, Co, Ltd	40 China
	Trafotek Power Eletronicos e Transformadores	6 Brazil
Trafotek Corporation USA	- USA	
July 1, 2019	MiniCon AB	3 Sweden

** Annual revenues and number of employees at time of acquisition was SEK 497 million, divided on Trafotek group SEK 487 million and MiniCon SEK 10 million.

NOTE 31 ACQUISITIONS (CONT.)

AQ's strategy is to grow in both segments. During 2019, one major and one minor acquisitions were made. There were no divestments.

Trafotek

On June 3, 2019, AQ Group AB acquired 100% of the shares in the unlisted company LTI Holding Oy with its subsidiary Trafotek Oy in Finland and its subsidiaries Trafotek AS in Estonia, Trafotek Suzhou Co, Ltd in China, Trafotek Power Eletronicos e Transformadores in Brazil and Trafotek Corporation USA. The purpose of the acquisition is to expand AQ's customer base and broaden its offering within inductive components. The purchase price was EUR 27.5 million in cash.

The company has prepared a preliminary acquisition analysis which shows consolidated overvalues of approx. SEK 145.3 million divided into customer relations SEK 31.7 million, technology SEK 38.1 million, goodwill SEK 75.5 million and a deferred tax liability of SEK 14.0 million. The depreciation rate is estimated to be 5 years for customer relations and 10 years for technology. The estimated goodwill value of SEK 75.5 million includes synergy effects in the form of more efficient production processes as well as the technical competence of personnel. No part of the goodwill is expected to be tax deductible. The acquisition analysis is preliminary because a short time has elapsed since the acquisition.

External acquisition related expenses were incurred in connection with the acquisition of SEK 2.8 million, which are included in the Group's other external expenses.

Operating receivables are recognized at gross value, as there are no accounts receivable provisions, which corresponds to fair value. The acquisition was financed with a new bank loan.

During the period June to December, the acquired company contributed SEK 302 million to the Group's revenues and SEK 8.5 million to the Group's profit after tax, taking into account Group depreciation and amortization. The contribution to the Group's profit after tax without taking into account Group depreciation and amortization is SEK 14.2 million.

If the acquisition had occurred as of January 1, 2019, ie. including January to May, company management estimates that the Group's revenues would have been SEK 219 million higher and the profit for the period after tax taking into account Group depreciation and amortization would have been SEK 9 million better for the full year 2019. The contribution to the Group's profit after tax without taking into account Group depreciation and amortization would have been SEK 13.2 million better.

MiniCon AB

On July 1, AQ Wiring Systems AB acquired all shares in MiniCon AB with annual sales of approximately SEK 10 million. The purpose of the acquisition is that MiniCon is a good complement to AQ Wiring Systems AB, through its component expertise. The purchase price was SEK 4.5 million in cash.

The company has prepared a preliminary acquisition analysis which shows consolidated overvalues of approx. SEK 3.3 million divided into customer relations SEK 1.8 million and goodwill SEK 1.5 million and a deferred tax liability of SEK 0.4 million. The depreciation rate is estimated to be 5 years for customer relations. The estimated goodwill value of SEK 1.5 million includes synergy effects in the form of more efficient production processes as well as the technical competence of personnel. No part of the goodwill is expected to be tax deductible. The acquisition analysis is preliminary because a short time has elapsed since the acquisition.

No external acquisition related expenses were incurred in connection with the acquisition.

Operating receivables are recognized at gross value, as there are no accounts receivable provisions, which corresponds to fair value. The acquisition was financed without a new bank loan.

During the period July to December, the acquired company contributed SEK 2.8 million to the Group's revenues and negatively impacted the Group's profit after tax by SEK 1.8 million. If the acquisition had occurred as of January 1, 2019, ie. including January to June, company management estimates that Group revenues would have been SEK 3.4 million higher and profit for the period after tax would have been SEK 0.5 million better for the full year 2019.

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 Interconnect Inc and B3CG Interconnect 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 during 2018:

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
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AQ's strategy is to grow in both segments. In 2018, some minor and two major acquisitions were made.

Mecanova

On April 3, 2018 AQ Group acquired 100 % of the shares in the private company Mecanova Oy in Nivala, Finland with its subsidiary Mecanova 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.

B3CG

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, Teknoproducter Finmekanik Vännas AB. During 2018 Teknoproducter Finmekanik Vännas AB merged with AQ M-Tech AB. During 2018 AQ Plåxan also merged with AQ Components Västerås AB.

NOTE 32 CASH FLOW ANALYSIS

SEK thousands	Group		Parent company	
	2019	2018	2019	2018
Cash and bank balances	161,323	100,683	-	-
Cash and cash equivalents recorded in the cash flow statement	161,323	100,683	-	-

The Group's total unutilized limits on overdraft facilities at the end of the year amounted to SEK 108.6 million (69.5). AQ has a revolving loan facility of SEK 400 million, of which SEK 140 million (115) remains to be used.

Changes in interest-bearing liabilities included in financing activities

SEK thousands	Group		Parent company	
	2019	2018	2019	2018
Opening long term interest-bearing liabilities	16,667	12,757	683	144
Acquisition of companies	434	42,433		
Reclassification to short-term interest-bearing liabilities	-1,662	-6,345		
Items affecting cashflow from financing activities	202,985	-34,958	210,000	-20
Non-cash generating item, financial leases	223,204	3,590	-683	560
Non-cash generating item, exchange rate differences	784	-811		
Closing long term interest-bearing liabilities	442,411	16,667	210,000	683

SEK thousands	Group		Parent company	
	2019	2018	2019	2018
Opening short term interest-bearing liabilities	417,480	253,264	395,521	248,939
Acquisition of companies	1,261	27,958		
Reclassification to short-term interest-bearing liabilities	1,662	6,345		
Items affecting cashflow from financing activities	-28,659	129,140	-19,574	146,298
Non-cash generating item, financial leases	80,811	1,640	-611	283
Non-cash generating item, exchange rate differences	1,451	-866		
Closing short term interest-bearing liabilities	474,004	417,480	375,336	395,521

Specification of adjustments for items non-cash generating items

SEK thousands	Group		Parent company	
	2019	2018	2019	2018
Depreciations and impairment losses	220,191	112,015	18,241	34,512
Result from sold fixed assets	214	58,774	72	-33
Group contributions not paid			-27,000	-17,400
Provisions	1,882	3,557	-654	-7,352
Interest	4,383	-	-	220
Withholding tax dividends	-	-	-3,159	-
Exchange rate differences	-3,885	4,186	1,408	-3,961
Non-cash generating items	222,785	178,532	-11,093	5,986

Information regarding interest and dividends

SEK thousands	Group		Parent company	
	2019	2018	2019	2018
Received interest during the year	4,693	1,851	7,878	5,291
Paid interest during the year	-15,222	-6,879	-8,300	-3,885
Received dividend during the year			158,046	280,213

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 2019, 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	
	2019	2018
Billing	44,460	54,064
Purchase	2,746	2,986
Loans to group companies (non-current)	120,329	53,940
Receivables to group companies (current)	375,473	414,144
Interest-bearing liabilities to group companies (current)	233,782	167,891
Liabilities to group companies (current)	19,137	29,253
Interest revenue	7,856	5,286
Interest expense	858	662
Dividends from subsidiaries	158,046	280,213

NOTE 34 PROPOSED APPROPRIATION OF PROFITS, SEK

The Board proposes that the retained earnings, SEK 610,644,625, 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

NOTE 35 POST BALANCE SHEET EVENTS

The Board of Directors of AQ Group AB has decided to postpone the Annual General Meeting to a later date due to the great uncertainty that exists due to Covid-19. During the time until the AGM, AQ Group's Board of Directors will analyse and assess the situation and then evaluate the proposed dividend for 2019. AQ Group will return with a new invitation to the AGM no later than four weeks prior to the new date.

The AGM will be held no later than June 30, 2020, in accordance with existing legislation. The Annual Report will be published on April 2, in line with previous information. The AGM was initially planned to be held on April 22, 2020 at the Aros Congress Center in Västerås, Sweden.

AQ Group has an international presence and a broad customer base in many different industries. In recent weeks, the situation has changed rapidly and on a daily basis. Much of our focus has been on reducing the risk of virus spread, trying to understand what is happening and taking the right actions to continue deliveries to our customers. This is a description of what the situation looks like for the group.

Of AQ Group's 42 manufacturing units, 5 are currently closed according to government decisions in Canada, USA, India

and Italy. In addition, we have 9 units in Sweden, Estonia, Lithuania and Poland that are affected by the fact that some of our customers have decided to close their operations. These 9 units are still open but to a lesser extent. We are implementing short-time work allowance, reducing our costs and working with customers, inventories and production planning to minimize the impact on our cash flow.

We have 28 units without major disturbances in Sweden, Finland, Estonia, Poland, Hungary, Bulgaria, Serbia, China, Brazil and Mexico. Here we work intensively to ensure that our employees can work as risk-free as possible while doing everything we can to deliver to our customers. We have some problems with transports and material supply that we have been able to handle so far. We are also supporting the units in the group that are still under high utilization. It is gratifying that our units in China are back in full production after being closed for a few weeks in February.

At present, it is not possible to predict the impact on AQ Group as a whole. This is because the situation is rapidly changing day by day and the great uncertainty surrounding possible government decisions in different countries. It is also difficult to assess how long the current situation will last or whether more customers will have to close their production.

NOTE 36 ITEMS AFFECTING COMPARABILITY

The figures for 2018 include the following items affecting comparability regarding bankruptcy in the subsidiary 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:

SEK thousands	Group
	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

Impairments 2018

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 an impairment model that takes into account the present value of future estimated cash flows.

Impairments 2019

The Parent Company made impairments of shares in subsidiaries by SEK 18.2 million (34.2). The shares in AQ Mechanical & Electrical India Pvt. Ltd was written down by SEK 16.1 million (3.9) and the shares in AQ Inductive Components India Pvt. Ltd was written down by SEK 2.1 million (0).

KEY INDICATORS AND DEFINITIONS

Key indicators defined by IFRS

SEK thousands	2019	2018	2017	2016	2015
Net revenue, SEK thousands	5 112 602	4 667 220	4 019 740	3 289 215	2 931 878
Earnings per share, SEK	14,37	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	2019	2018	2017	2016	2015
Operating margin, (EBIT %)					
Operating profit	340,495	208,184	263,282	281,353	201,985
Net revenue	5,112,602	4,667,220	4 019,740	3,289,215	2,931,878
Operating margin	6.7%	4.5%	6.5%	8.6%	6.9%
Profit margin before tax, (EBT %)					
Profit before tax	321,412	198,322	255,828	279,344	211,736
Net revenue	5,112,602	4,667,220	4 019,740	3,289 215	2,931,878
Profit margin before tax	6.3%	4.2%	6.4%	8.5%	7.2%
Liquid ratio, %					
Trade and other receivables	1,043,903	1,081,833	900,387	805,186	670,438
Other current receivables	118,269	104,804	143,575	160,179	147,876
Cash and cash equivalents	161,323	100,683	142,049	162,812	135,602
Current liabilities	1,251,506	1,163,307	946,851	794,582	668,164
Liquid ratio	106%	111%	125%	142%	143%
Equity ratio, %					
Total equity	2,015,157	1,782,711	1,643,193	1,463,195	1,169,736
Total assets	3,852,305	3,099,788	2,677,444	2,449,796	2,024,282
Equity ratio	52%	58%	61%	60%	58%
Return on total assets, %					
Profit before tax, rolling 12 months	321,412	198,322	255,828	279,344	211,736
Financial expenses, rolling 12 months	-29,753	-14,715	-10 741	-12 977	-10 565
Total equity and liabilities, opening balance for 12 months	3,099,788	2,677,444	2,449,796	2,024,282	1,678,724
Total equity and liabilities, closing balance	3,852,305	3,099,788	2,677,444	2,449,796	2,024,282
Total equity and liabilities, average	3,476,046	2,888,616	2,563,620	2,237,039	1,851,503
Return on total assets	10.1%	7.4%	10.4%	13.1%	12.0%
Return on equity after tax, %					
Profit for the period after tax, rolling 12 months	262,871	152,544	204,674	235,678	170,453
Total equity, opening for 12 months	1,782,711	1,643,193	1,463,195	1,169,736	1,055,230
Total equity, closing	2,015,157	1,782,711	1,643,193	1,463,195	1,169,736
Total equity, average	1,898,934	1,712,952	1,553,194	1,316,465	1,112,483
Return on equity after tax	13.8%	8.9%	13.2%	17.9%	15.3%
Net cash / Net debt					
Cash and cash equivalents	161,323	100,683	142,049	162,812	135,602
Non-current interest bearing liabilities	442,411	16,667	12,757	107,779	121,045
Current interest bearing liabilities	474,004	417,480	253,264	164,034	159,866
Total interest bearing liabilities	916,416	434,146	266,021	271,812	280,911
Net cash / Net debt	-755,093	-333,464	-123,972	-109,000	-145,309

GROUP KEY FIGURES (CONT.)

SEK thousands	2019	2018	2017	2016	2015
Growth, %					
Organic growth					
Net revenue current period	5,112,602	4,667,220	4,019,740	3,289,215	2 931,877
- Effect of changes in exchange rates	101,439	124,524	29,308	-20,452	99,569
- Net revenue last year	4,667,220	4,019,740	3,289,215	2,931,878	2 616,097
- Net revenue for acquired companies	400,297	265,762	325,055	327,803	50,450
= Organic growth	-56,354	257,194	376,162	49,987	165,761
Organic growth divided by last year net revenue, %	-1.2%	6.4%	11.4%	1.7%	6.3%
Growth through acquisitions					
Net revenue for acquired companies divided by last year net revenue, %	8.6%	6.6%	9.9%	11.2%	1.9%
EBITDA					
Operating profit	340,495	208,184	263,282	281,353	201,985
Depreciation	-220,191	-112,231	-97,499	-79,944	-60,980
EBITDA	560,686	320,415	360,781	361,297	262,965
Parent company					
Liquid ratio, %					
Account receivables	-	-	-	-	-
Other current receivables	387,523	420,157	316,805	251,503	168,390
Cash and cash equivalents	-	-	-	-	-
Current liabilities	644,010	621,082	547,433	502,146	403,597
Liquid ratio, %	60%	68%	58%	50%	42%
Debt/equity ratio, %					
Total equity	648,389	545,439	371,476	395,676	266,752
Equity part of untaxed reserves	41,186	41,700	47,117	34,398	32,214
Adjusted equity	689,575	587,139	418,593	430,074	298,966
Total assets	1,586,873	1,261,569	979,472	1,039,360	831,330
Debt/equity ratio, %	43%	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, 2020. Consolidated financial statements and the Parent company's income statement and balance sheet are subject to approval at the AGM on April 22, 2020.

Västerås, April 2, 2020

Anders Carlsson
CEO

Patrik Nolåker
Chairman of the Board

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 April 2, 2020
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 2019. Annual accounts and consolidated accounts comprises pages 38-95.

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 2019 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 2019 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 note 2.8 and accounting principles on page 58 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, 2019 inventories of SEK 890 million, which represents 23% 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 89 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 note 3 and accounting principles on page 58 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, 2019 trade receivables of SEK 1,044 million, which represents 27% of total assets.

On the reporting date, trade receivables were written down by SEK 17 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 1-31, 36-37 and 101-105. The Board and the CEO is responsible for this information.

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 2019 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 25 April 2019. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2014.

Västerås 2 April 2020

Helena Arvidsson Älgne
Authorized Public Accountant

KPMG AB

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 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: Per Wedel

AQ Trafo AB (556443-9726)

The company develops and sells inductors and transformers. Operations are conducted in Enköping.

VD: 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: Erik Olsson

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: Ragnar Koppel

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: Ragnar Koppel

AQ Special Sheet Metal AB (559138-9753)

The company processes and assembles sheet metal by pressing and cutting. The company's operations are conducted in Pålsboda and Lyrestad.

MD: Lars Gäfvert

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

AQ MiniCon AB (556624-1054)

The company specializes in the sales of connection technology products to the aerospace, defense and civilian industries. Operations are conducted in Stockholm.

MD: Johan Lyrfalk

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 Special Sheet Metal AB operates.

MD: Lars Gäfvert

AQ Fastighet i Pålsboda AB (556275-6212)

The company manages an industrial property in Pålsboda of approximately 3,000 m², where AQ Special Sheet Metal AB operates.

MD: Lars Gäfvert

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: Per Wedel

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: Per Wedel

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 in 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 and Milan, 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: Krasimir Cholakov

Trafotek OY (2359889-3)

The company is a leading supplier of specialized power electronics components, such as reactors, transformers and filters for industrial and marine applications. The company operates in Kaarina, Finland.

MD: Niklas Ericsson

Trafotek AS (12625219)

The company is a leading supplier of specialized power electronics components, such as reactors, transformers and filters for industrial and marine applications. The company operates in Rae, Estland.

MD: Tero Hankiala

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

LTI Holding OY (2368936-5)

Holding company that owns Trafotek OY.

MD: Niklas Ericsson

AQ Asia Ltd. (2568747)

Sales company in Hong Kong, without employees.

MD: Mia Tomczak

Trafotek Suzhou Ltd Co (321700783360415)

The company is a leading supplier of specialized power electronics components, such as reactors, transformers and filters for industrial and marine applications. The company operates in Suzhou, China.

MD: Sami Kannisto

Trafotek Power electrónicos e transformadores Ltda, Brasil (22.119.284/0001-72)

The company is a leading supplier of specialized power electronics components, such as reactors, transformers and filters for industrial and marine applications. The company operates in Sao Paulo, Brazil.

MD: Klaus Franco

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, Polen.

MD: Ewa Sulewska

AQ Mecanova Oy (7459383)

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

MD: Ulla Landenperä-Koski

AQ B3CG Interconnect Inc (1165205130)

The company manufactures and sells wiring systems and electromechanical modules. The company conducts business in Montreal, Quebec, Canada.

MD: Céline Brunet

AQ B3CG Interconnect USA Inc (98-0588750)

The company manufactures and sells wiring systems and electromechanical modules. The company conducts business in Plattsburgh, New York, USA.

MD: Céline Brunet

AQ Manufacturing Co., Ltd (0115558018096)

The company is being liquidated.

MD: Ragnar Koppel

Mecanova Inc

Resting company.

MD: Ulla Landenperä-Koski

Trafotek Corp USA (80-2012450)

Resting company.

AQ Inductive Components d.o.o Pirot (21531723)

MD: Krasimir Cholakov

AQ B3CG Real Estate Inc

MD: Céline Brunet

OTHER

During 2019 there has been no divestments or mergers.

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

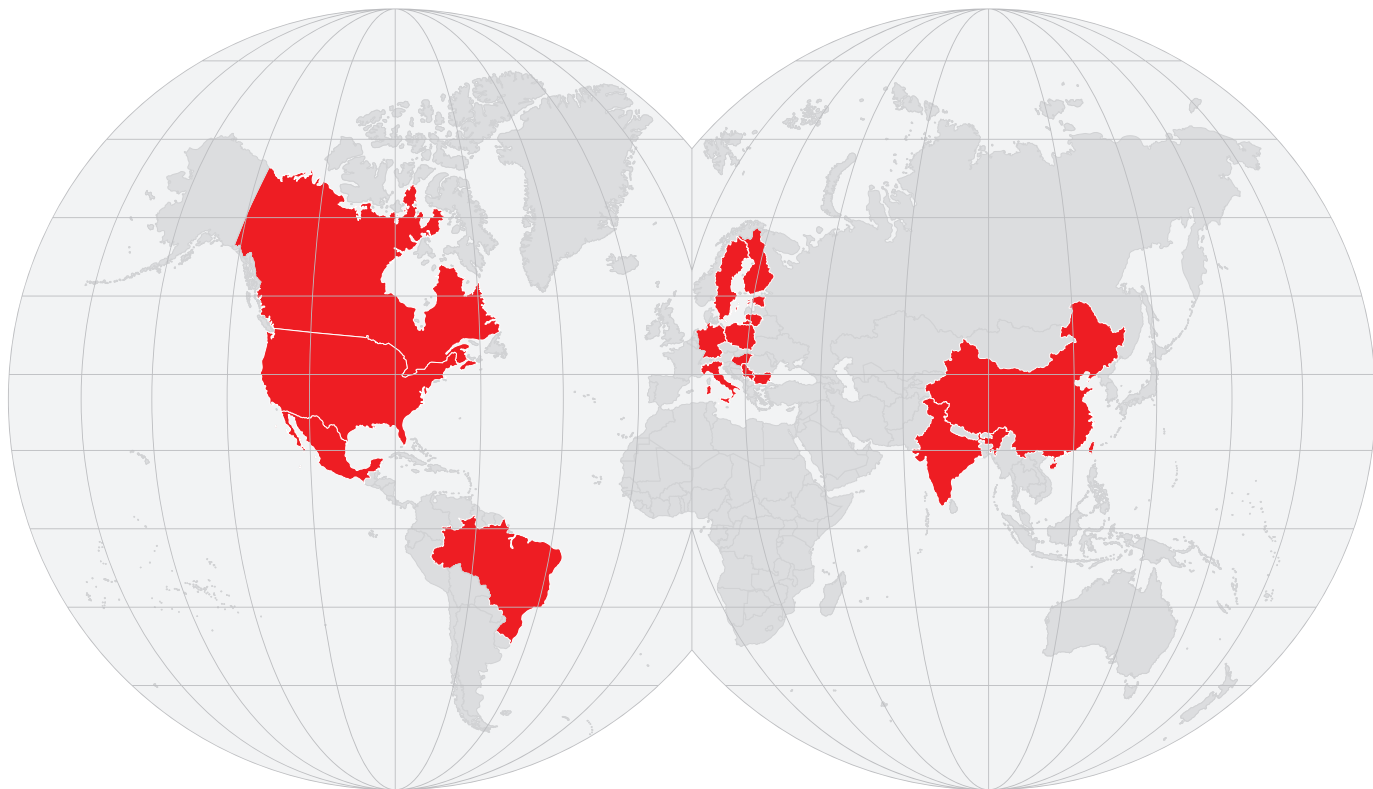
Companies within the AQ Group shall, based on AQ core values, run their business as entrepreneurs and strive for profitability and growth.

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:

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