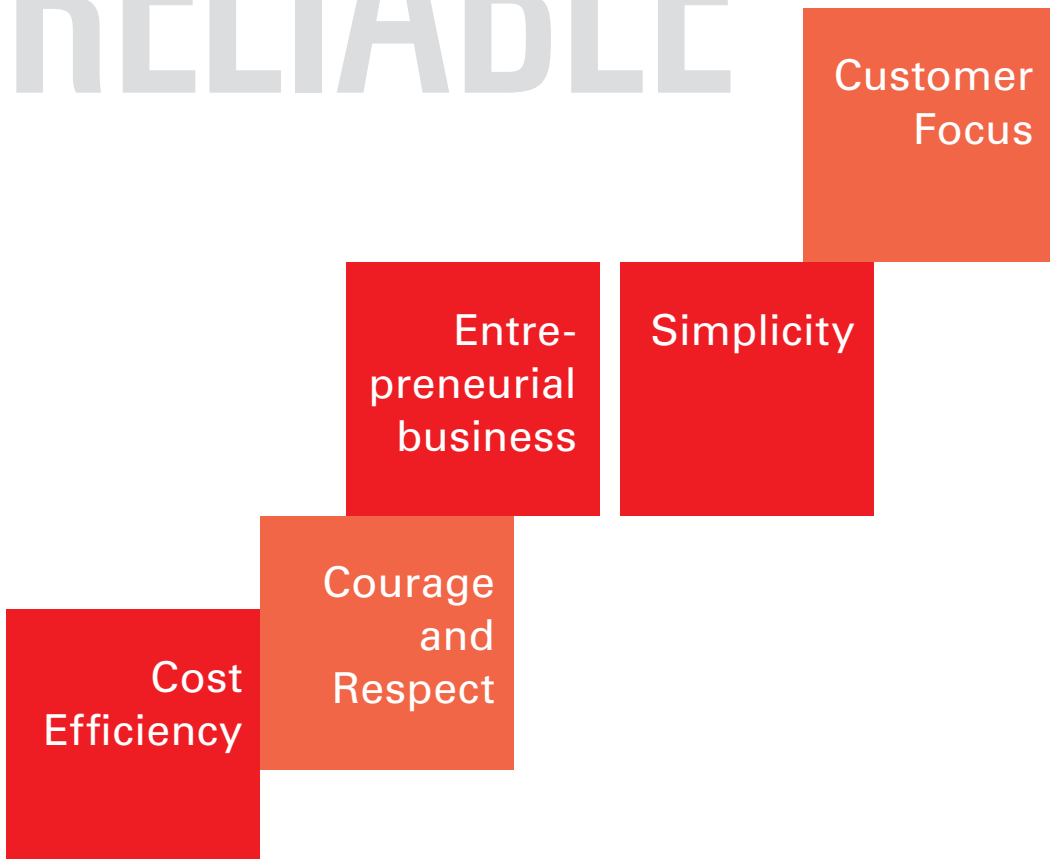




AQ Group AB
Annual Report **2020**

www.aqg.se

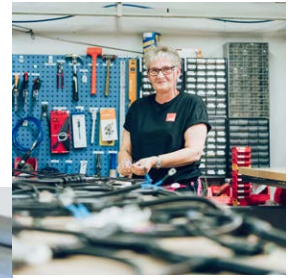
WE ARE RELIABLE



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 5,900 employees in total, around 85% of them in growth countries outside Sweden. Annual turnover is SEK 4.8 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

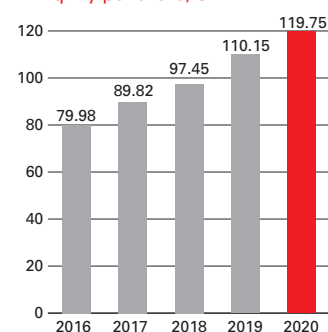
AQ currently has operations in Sweden, Bulgaria, Serbia, Hungary, Estonia, Poland, Lithuania, Mexico, Italy, India, China, Finland, USA, Canada, Brazil and Germany. The number of employees in the different countries are distributed as follows.

Average number of employees	2020			2019			2018		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Parent company, Sweden	15	8	23	13	9	22	11	8	19
Subsidiaries, Sweden	173	598	771	237	597	834	169	712	881
Brazil	2	3	5	1	3	4	-	-	-
Bulgaria	645	588	1,233	695	613	1,308	690	578	1,268
Estonia	152	429	581	152	444	596	96	324	420
Finland	32	155	187	40	175	215	30	91	121
India	13	124	137	10	119	129	10	123	133
Italy	7	11	18	7	14	21	7	13	20
Canada	112	52	164	114	52	166	110	43	153
China	262	310	572	189	289	478	176	264	440
Lithuania	462	143	605	608	151	759	588	133	721
Mexico	125	75	200	162	34	196	139	66	205
Poland	544	396	940	656	467	1,123	684	463	1,147
Serbia	-	4	4	23	12	35	22	10	32
Thailand	-	-	-	-	-	-	17	8	25
Germany	-	3	3	-	3	3	-	-	-
Hungary	85	291	376	79	284	363	87	292	379
USA	27	45	72	31	47	78	44	61	105
Total	2,656	3,235	5,891	3,017	3,313	6,330	2,880	3,189	6,069

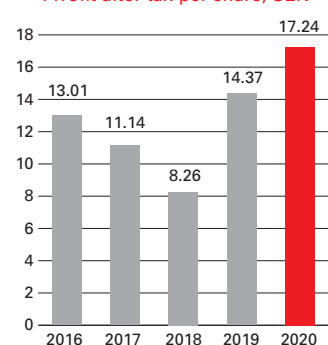
HISTORY IN BRIEF

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	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

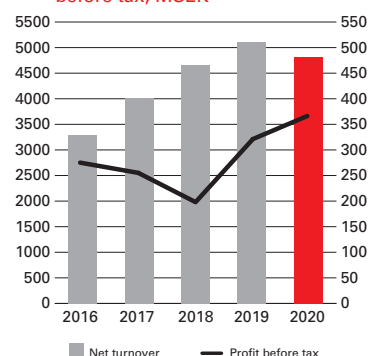
Equity per share, SEK



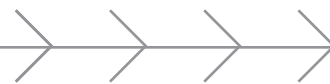
Prprofit after tax per share, SEK



Net turnover and profit before tax, MSEK



AQ GROUP 2020



- Lower net-sales, mainly in second and third quarter, due to Covid-19
- Professional management of the pandemic with high OTD to our customers
- Strong cost control and fast adjustment to lower business levels led to a strong operational profit
- Good cashflow and measures taken to strengthen the balance sheet
- New business within e-mobility, renewables, buses, trains and automation

MARKET

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

AQ Group reduced net sales with 5.7% in 2020 which is something that we are not used to. It started in China in February where we lost SEK 25 million in net sales because of Covid-19 and the prolonged Chinese new year. It continued with fully closed sites in India, Canada, US and Italy which impacted net sales negatively with SEK 42 million. Subsequently, the European automotive industry was forced to close during April and then opened up again in May and June. This impacted 9 of our larger sites in Europe and led to a reduction in net sales of SEK 187 million. Also, during June and July, the activity was lower and then demand gradually improved from September and onwards. Not the least, demand for commercial vehicles recovered well during the fourth quarter.

We implemented measures fast in our operational units to reduce the risk for spread of the virus and to maintain the health and safety of our employees. We are proud that we were able to maintain high OTD to our customers throughout this period in spite of large demand fluctuation, material shortages and personnel changes. We have in this perspective, really been a "Reliable" supplier.

Covid-19 has impacted our business both in positive and negative direction during the year. We have grown in medical technology supporting the buildup of vaccine manufacturing capacity. We also sold more plastic components to power tools. Many customers continued normally during the first phase of the pandemic but were later exposed to a decline as investment decisions such as ships and industrial projects were postponed. We have also seen a decline in coach buses in Mexico.

It's been rewarding to see many business streams developing in the right direction during 2020. Especially the orders coming from all the actions taken to improve the situation for the climate and reducing CO2 emissions. Renewables investments continue to increase. We supply inductive components, sheet metal parts and electrical cabinets to customers within wind power, solar power and energy storage.

AQ has an especially strong position within electrical vehicles. We know electrification and automation well and at the same time we are a key supplier of wiring harnesses and sheet metal components for commercial vehicles. We are participating in more than 20 R&D projects for electrical drivelines at our customers.

Local transit solutions are even more important for the climate. AQ has a large business in buses and trains and work with many interesting projects both in Europe, Asia and North America. As an example, we are part of the large e-bus project in Gothenburg and we are also supplying plastic components for electrical bicycles.

Automation and digitalization are central technologies to control and utilize energy in the most environmentally friendly way. All automation solutions require electrical cabinets where automation components from leading vendors are assembled into cabinets. AQ has a strong global position in this supply chain. We can supply complete automation panels incl custom built enclosures in all regions of the world. Also cloud based software solutions require electrical cabinets. Here we have developed a new business with a datacenter customer during the year.

A contract manufacturer like AQ need to be very agile and manage both growth and decline as it happens in the market. This is something we have done well during the year.

PROFIT

Earnings before tax (EBT) grew 14.8 percent and Earnings per share after tax is on all-time high at 17.24 SEK/share. This profit improvement comes from a solid effort to reduce our costs, from new business and because of the fact that many of our customers have been very resilient and continued business well during the pandemic. In addition, we have received financial support from authorities to compensate for the extra cost and lost business we have had during the pandemic.

Net cash flow from operating activities were SEK 608 million which is an increase of 21.9%. Initially we had lower inventory turnover, but this improved towards the end of the year. During the second quarter, we took measures to strengthen our balance sheet in the uncertain situation that prevailed at that time. This together with continuous strong cashflow during the year, actions to postpone capital expenditure and the decision by the annual general meeting not to pay any dividend, led to a lower net debt and a stronger financial position.



DELIVERY CAPABILITY & CAPACITY

We are pleased to note that on time delivery to our customers has improved to 94.7% in 2020, which is an improvement of 2.1 percentage points compared to 2019. This means that most of our manufacturing units have an OTD that is close to or above our target level. However, we are not satisfied and will continue to develop our processes and standards to be even more reliable and flexible during the years to come. In order to do this, we have continued to invest in capacity and machinery. As an example, we have;

- Moved into a new factory building in Canada for wiring systems and electrical cabinets.
- Consolidated our businesses in China within inductive components to the same site after the acquisition of Trafotek.
- Consolidated our business for electrical cabinets and sheet metal manufacturing in China to the same site. This means we now have the same powerful combination in China like we have in Sweden and Bulgaria.
- Expanded factory space and machine capability in our units in Bulgaria.

ACQUISITIONS

The Pandemic led to a large financial uncertainty and a lower M&A activity. Our growth strategy is still the same. We want to grow both via acquisitions and from organic growth and continue to evaluate acquisition candidates on a regular basis.

ORGANISATION

AQ Group has a strong culture with core values that are for real in customer focus, entrepreneurship, simplicity, cost efficiency and courage and respect. We run our business in decentralized companies with entrepreneurial leaders that operate close to their customers and have a clear mandate to manage their company. In this way we can be fast and benefit from all the opportunities that exist in the market.

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, reliable, growing and profitable group with an EBT-margin of 8% and a strong financial position. We like to do business with the customer in focus. We will further develop and strengthen our strong relations with world leading OEM customers. Our dedicated employees will do everything to grow organically and make new 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.

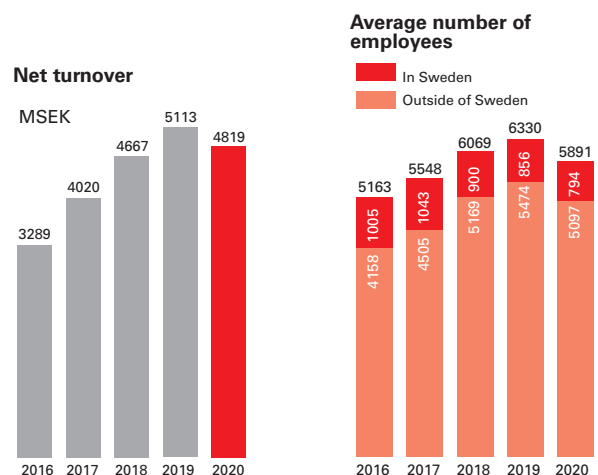
HANDOVER TO NEW MANAGEMENT

Finally, I would like to warmly welcome James Ahrgren back to AQ Group when he takes over as CEO on April 1, 2021. James and myself have been working well together during the quarter to manage the transition. This together with James previous experience from AQ will guarantee that we will not lose any momentum in our business and improvement actions.

AQ's strategy and core values remain unchanged. We work long-term with demanding industrial customers who have high demands on quality and delivery security. We always want to do the "little extra" for our customers and help them become successful in their markets. The key to this is skilled employees who work in decentralized companies led by strong entrepreneurs. We are simple and cost-effective, which makes us competitive. Finally, we dare to go our own way and say things as they are, which helps us to address the problems and opportunities that arise in each company.

Our strategy is to grow organically and through acquisitions. In the pandemic year 2020 sales decreased, but we have laid a good foundation for continued growth in the years to come. It has been extraordinarily fun and a great learning experience to be the CEO of AQ Group. I'm sure that James, together with the board and employees, will continue to develop AQ to become an even more successful and "reliable" supplier to demanding industrial customers around the world.

Anders Carlsson
CEO



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 2020, we have continued to implement the values in our 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

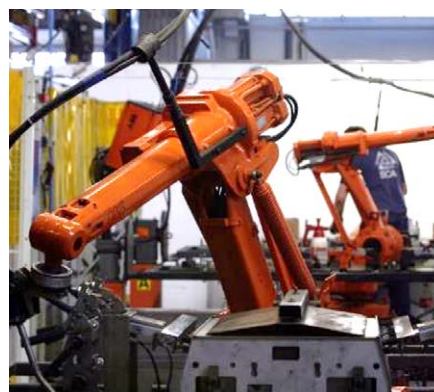
AQ Group's Board has set targets for the Group. The objectives assure that the Group is being managed towards a good profit, high quality and delivery reliability, and strong growth with a sound level of financial risk.

- 🎯 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

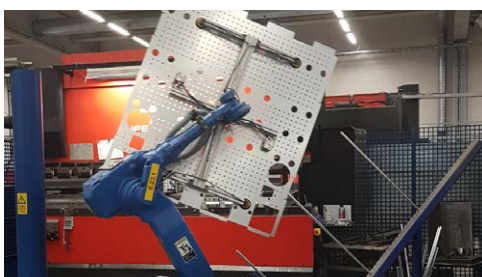
STRATEGY

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



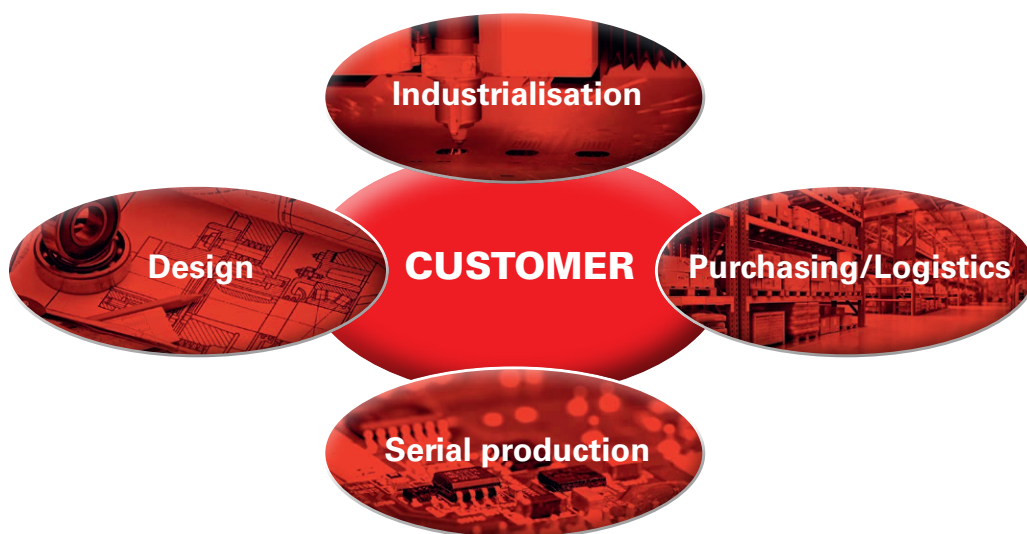
GOALS	TARGET	DESCRIPTION	FULFILLMENT												
PRODUCT QUALITY															
Our products shall be delivered without generating any disruptions for our customers. Product quality shall be perfect from the customers' point of view.	100%	In order to assess product quality, we measure the number of disruptions 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>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> <tr> <td>2020</td> <td>99.5</td> </tr> </tbody> </table>	Year	Fulfillment (%)	2016	99.6	2017	99.5	2018	99.5	2019	99.5	2020	99.5
Year	Fulfillment (%)														
2016	99.6														
2017	99.5														
2018	99.5														
2019	99.5														
2020	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 have kept improving during 2020. 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>2016</td> <td>94</td> </tr> <tr> <td>2017</td> <td>92</td> </tr> <tr> <td>2018</td> <td>88</td> </tr> <tr> <td>2019</td> <td>92</td> </tr> <tr> <td>2020</td> <td>95</td> </tr> </tbody> </table>	Year	Fulfillment (%)	2016	94	2017	92	2018	88	2019	92	2020	95
Year	Fulfillment (%)														
2016	94														
2017	92														
2018	88														
2019	92														
2020	95														
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.	 <table border="1"> <caption>Financial Standing Fulfillment (%)</caption> <thead> <tr> <th>Year</th> <th>Fulfillment (%)</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>60</td> </tr> <tr> <td>2017</td> <td>61</td> </tr> <tr> <td>2018</td> <td>58</td> </tr> <tr> <td>2019</td> <td>52</td> </tr> <tr> <td>2020</td> <td>57</td> </tr> </tbody> </table>	Year	Fulfillment (%)	2016	60	2017	61	2018	58	2019	52	2020	57
Year	Fulfillment (%)														
2016	60														
2017	61														
2018	58														
2019	52														
2020	57														
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>2016</td> <td>8.5</td> </tr> <tr> <td>2017</td> <td>6.5</td> </tr> <tr> <td>2018</td> <td>4.5</td> </tr> <tr> <td>2019</td> <td>6.5</td> </tr> <tr> <td>2020</td> <td>7.5</td> </tr> </tbody> </table>	Year	Fulfillment (%)	2016	8.5	2017	6.5	2018	4.5	2019	6.5	2020	7.5
Year	Fulfillment (%)														
2016	8.5														
2017	6.5														
2018	4.5														
2019	6.5														
2020	7.5														





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.

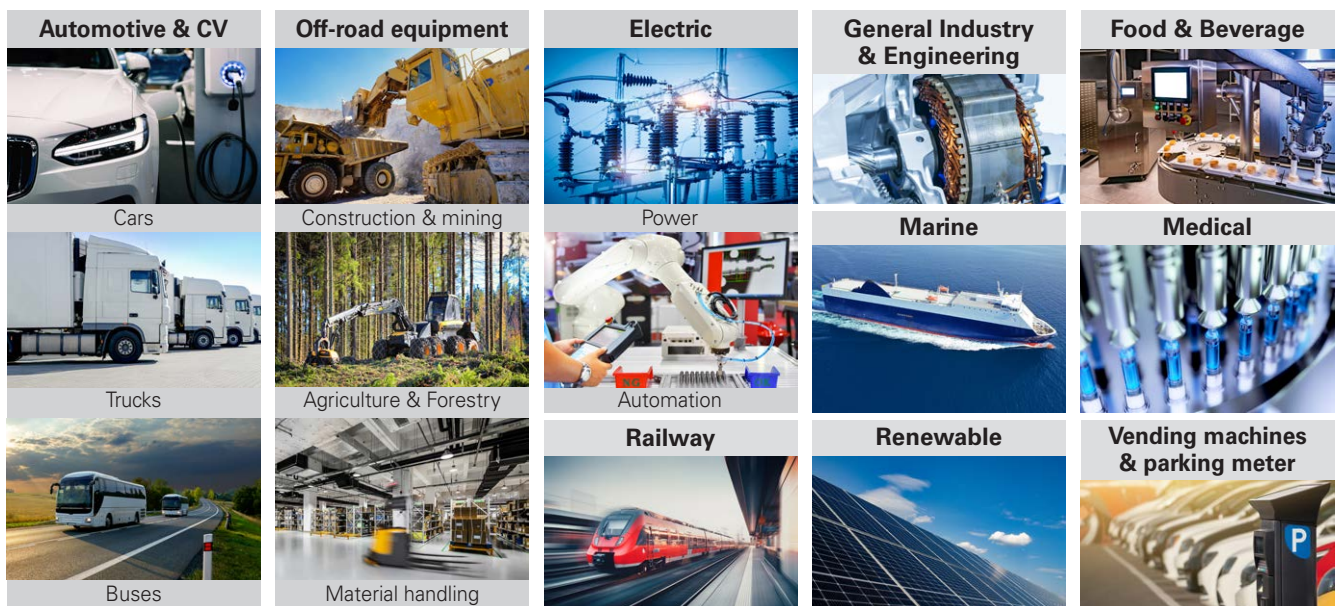


Design	Industrialisation	Purchasing/ Logistics	Serial production
AQ can, thanks to its long experience in manufacturing, help customers with the design of components and systems. This works best when AQ is involved early in the product development process.	In many cases AQ helps its clients to industrialise 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.

Market segments

AQ Group have many world class customers within many market segments. This means we have good risk diversification that helps us to manage demand fluctuations and makes us less cyclical. None of the 15 areas below is a dominating part of the net sales, our business is well distributed across these segments. We are working with commercial vehicles that operate both on and off public roads. We work more with vehicle customers that have an high mix and low volume profile operating in special applications. Most of these vehicle customers are currently developing

electrical drivetrains and AQ is part of this development. We have business in Power, automation, railway and renewables which are key technologies to enable the sustainable society of the future. Our combined business to railway and bus customers means we have a certain exposure to local transit systems. Our marine deliveries are both for port infrastructure as well as ships. Finally we manufacture complete machines for food and beverage, medical and traffic infrastructure customers.



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.



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

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.

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

Injection molding and Precision stamping

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 longterm partners.

We have a modern machine park with more than 120 injection molding machines with locking force from 25 to 1500 tons and 20 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



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. In recent years, we have actively participated in the conversion to electrically powered vehicles.

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.



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

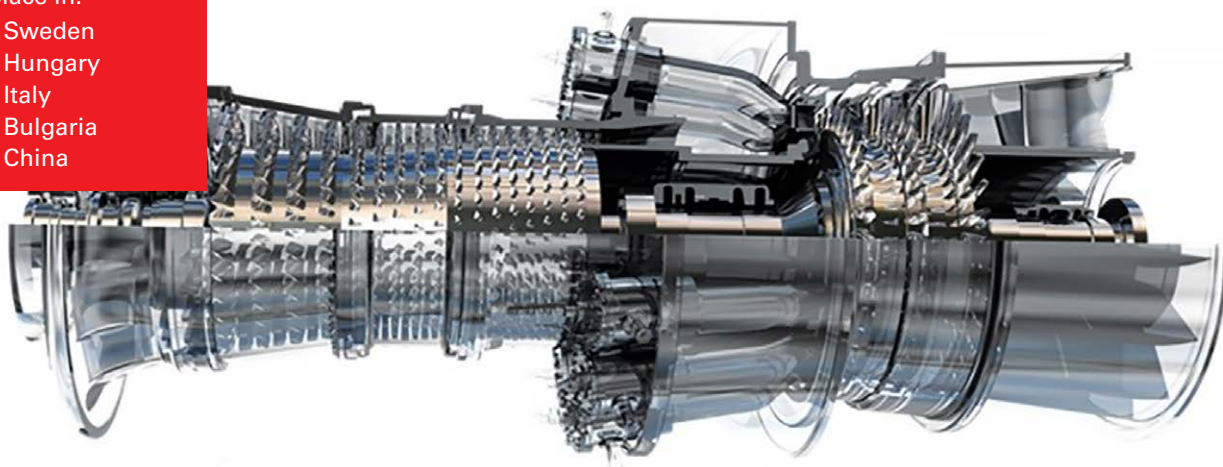
Thickness levels from 0.2 mm to 20 mm in grades standard materials, high strength materials, aluminium and stainless steel.

Processes

- Sheet metal in high volumes (precision punching)
- Laser cutting and edge bending
- Hydraulic and eccentric pressing from 10 to 400 t
- Manual and robotic welding (TIG, MAG and CMT)
- Powder painting, wet painting and Zinc phosphating/ED
- Assembly

Sales, product development and production takes place in:

- Sweden
- Hungary
- Italy
- Bulgaria
- China



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 our 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.

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.

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, Italy

THE PURCHASING FUNCTION PROVIDES ADDED VALUE FOR AQ'S CUSTOMERS

The purchasing function is of strategic importance in a company like AQ Group. In close cooperation with sales, we ensure cost effective and competent suppliers. It provide added value for our customers and strengthen AQ:s competitiveness.

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, that want to grow together with AQ. 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 support to ensure a global and cost-effective supplier base that can act both globally, regionally, and locally.

We have during the year continued to develop AQ:s purchasing function. Among other things, we have arranged online seminars. During these events, we have shared experience, knowledge and information from all AQ subsidiaries. Furthermore, we have engaged external competence to carry out in-depth legal commercial training. All with the aim to strengthen the purchasing function by developing our employees.

We have also continued the coordination in our business areas, thereby ensuring synergies and volume benefits between the companies and AQ's global supplier base.

Together with our suppliers, we strive to act and collaborate with the customer to further strengthen AQ:s capacity to provide added value. Since we have a strong focus on ensuring top quality and delivery precision to our customers, our suppliers must live up to high performance.

To live up to our customers' requirements, we ensure that our suppliers meet and develop



Digital meeting for AQ Purchasing team

our basic requirements in terms of cost-effective 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.

The capacity at our suppliers was good at the beginning of the year. We have worked actively with the whole supply chain to limit the effects of the temporary lockdowns, introduced by several countries due to the pandemic. At the end of the year, we did note a decrease in available capacity. Commodity prices have fluctuated during the year.

The year started with increasing commodity prices, which then temporarily fell back. During the second part of the year, raw material prices increased again.

AQ continues to focus on category management of strategically important components and services. This strategy strengthens and develops AQ's competitiveness and provides added value to our customers.

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.

INTEGRATION 2020

There were no acquisitions made in 2020. The inflow of acquisition objects was very low after the Covid-19 pandemic began, but increased during the autumn.

The focus has instead been on integrating the Trafotek companies into AQ. The Trafotek group was acquired in 2019 and is a leading supplier of power electronics components, such as reactors, transformers and filters. Our head of the Inductive Components business areas has taken over the role of Managing Director of Trafotek Oy to facilitate integration and find synergies. Among other things, our factory in India has received orders from Trafotek's global customers and we are merging the factories in China to increase efficiency.

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.

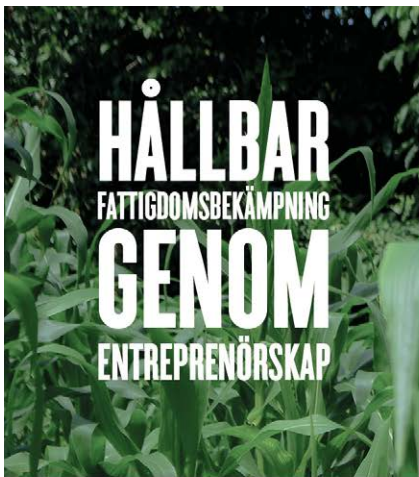
SUSTAINABLE ENTERPRISE

WE SUPPORT



AQ GROUP SUSTAINABILITY REPORT

AQ was founded in Sweden in 1994 and consists today of about 5,900 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 communicated 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 the Hand in Hand foundation in India. We donate money to prospective entrepreneurs in the village to help them to a better life. During 2020 the support have been directed to prevent Covid-19 spread.

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 employ 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 eight are men (including the CEO). Within the entire AQ Group, we have an even gender distribution with 45% women and 55% 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 2020 show high scores on average. An action plan is made to strengthen the subsidiaries where the score is considered low.

In 2020 the score for Labor principles was on average 3,83 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 2020 we have passed audits from but not limited to Volvo, Scania, ABB, Siemens, Bosch, Alstom, GE, Ericsson, Bombardier and Tetra Pak. These companies focus strongly on corporate social responsibility which helps us to comply with Labor Principles.

As a result of improved work environment, the number of accidents that led to sick leave has decreased by 40% between 2019 and 2020.

ENVIRONMENTAL PRINCIPLES

Principle 7: Support a precautionary approach to environmental challenges

Principle 8: undertake initiatives to promote greater environmental responsibility

Principle 9: encourage the development 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 2020 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 have implemented 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

Prior to 2021 we have performed follow-up meetings with all our operational companies and reviewed the work with the environment management system, performance during 2020 and goals for 2021. Of the Groups 40 production units all have a certified ISO 14001 management system, and we have ensured that each company has at least one goal in its management system to reduce carbon dioxide emission. 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 2020 was 3.84 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.
- The Covid-19 pandemic has led to a drastic reduction of air travel and a widespread use of digital meeting technology.
- Many of the AQ factories have implemented LED lighting and motion sensors to reduce energy consumption.
- AQ has four 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 adapting 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

Source: UN Global Compact

Assessment, Policy and Goals

AQ Group puts great emphasis on building trust and longlasting 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 2020 self-assessment was 3.94 on a 4-grade scale.

WHISTLEBLOWER FUNCTION

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

In 2020 we have received two reported cases. The AQ group management team has analyzed them and taken actions in line with the process.

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 production 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.aqq.se/en/core-values>

AQ's sustainability guideline:

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

AQ's Policies:

<https://www.aqq.se/en/aq-group/policies>

AQ Whistleblower

Please contact us at whistleblower@aqq.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 2020 on pages 22-26 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 March 26, 2021

KPMG AB

Helena Arvidsson Älgne
Authorized Public Accountant

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 31, 2020 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 30, 2020 the number of shareholders in AQ Group was 5,444 (4,943).

See table below:

Number of shares	Total amount of shares	Percentage of equity (%)	Number of shareholders	Market value (TSEK)
1-500	442,073	2.42	4,744	94,604
501-1,000	237,639	1.30	302	50,855
1,001-5,000	603,304	3.30	278	129,107
5,001-10,000	342,400	1.87	44	73,274
10,001-15,000	254,423	1.39	20	54,447
15,001-20,000	171,818	0.94	10	36,769
20,001-	16,242,401	88.79	46	3,475,874
Total	18,294,058	100.00	5,444	3,914,928

Source: Euroclear

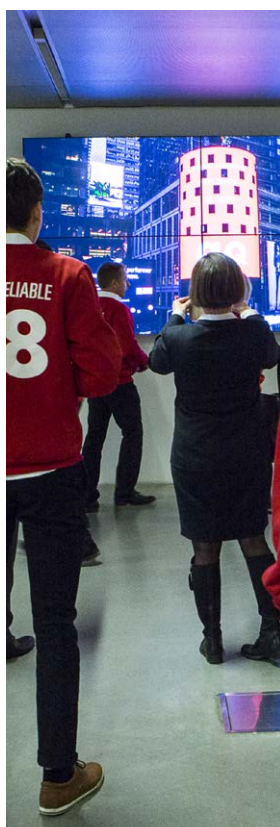
Shareprice development and turnover 2020

On the first trading day of the year, January 2, 2020, the closing price was SEK 235 per share and on the last trading day, December 30, 2020, it was SEK 214 per share, a decrease of 9 percent. The price was highest on January 2 at SEK 235 per share. The share development is shown in a diagram on page 29.

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

Dividends

Earnings per share after taxes and after dilution amounted to SEK 17.24 (14.37). 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 2006. On the web page there is also information about the share.

Authorisation by the Annual General Meeting

The Annual General Meeting (AGM) of 2020 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. The authorisation has not been utilized during the year.

Shareholders

The table below shows the 10 largest shareholders per December 30, 2020. 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 9.40 (9.28) procent, Brown Brothers Harriman & Co. W9 9.29 (9.24) percent and Nordea Investment Funds 5.27 (6.77) percent.

Total number of shareholders per December 31, 2020 was 5,444 compared to previous year 4,943. This corresponds to an increase in the number of shareholders with 10 percent.

The 10 largest shareholders per December 30, 2020

Owner	Number of shares	Number of shares (%)	Market value (SEK thousands)
Claes Mellgren with family	4,553,095	24.89	974,362
Per Olof Andersson	4,483,975	24.51	959,571
Verdipapirfonde Odin Sverige	1,720,314	9.40	368,147
Brown Brothers Harriman @ Co., W9	1,699,937	9.29	363,787
Nordea Investment Funds	963,693	5.27	206,230
AVANZA Pension	323,869	1.77	69,308
Nordea Småbolagsfonden Sverige	294,788	1.61	63,085
Nordnet Pensionsförsäkring AB	288,425	1.58	61,723
Grenspecialisten Förvaltning AB	281,022	1.54	60,139
Carnegie fonder	140,000	0.77	29,960
Total of the 10 largest	14,749,118	80.62	3,156,311
Total Other	3,544,940	19.38	758,617
TOTAL SUM	18,294,058	100.00	3,914,928

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 2020



Source: www.avanza.se

CORPORATE GOVERNANCE

AQ Group is a Swedish public company listed on Nasdaq Stockholm’s main market since January 16, 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 5,444 (4,943) 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.

General Meeting

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

Annual General Meeting

The AGM shall be held within six 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 June 25, 2020 was attended by 8 shareholders and representatives amounting to 59.75% of the total number of shares and votes in the Company. At the AGM, the CEO, parts of the Group Management Team and members of the Board were present. Representation were lower than in previous years due to Covid-19 restrictions. 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 thousands 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 2020, 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 2020.

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.

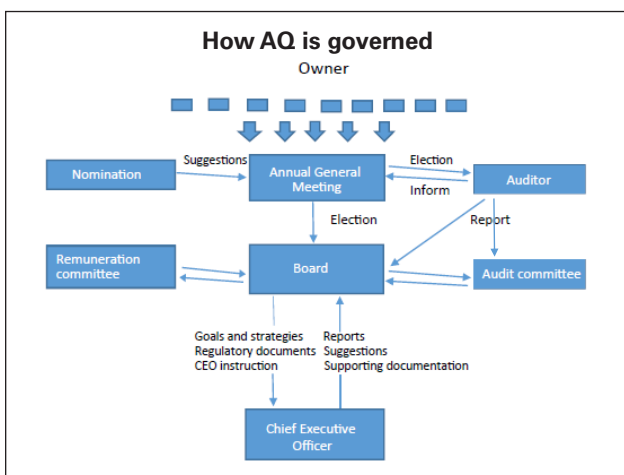
These four shall be members of the Nomination Committee for the AGM in 2021.

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 Per-Olof Andersson via own mandate. Hans Christian Bratterud, ODIN Fonder, Björn Henriksson elected from Nordea Fonder, and Claes Mellgren via own mandate until the AG Meeting for 2021.



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 AGM, 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 2020, six scheduled meetings were held, one statutory meeting, four teleconferences and eight 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 2020, devoted particular attention to activities related to Covid-19 and acquisition candidates.

Board's attendance in 2020:

Patrik Nolåker	19 of (19) possible
P-O Andersson	18 of (19) possible
Ulf Gundemark	19 of (19) possible
Gunilla Spongh	19 of (19) possible
Lars Wrebo	19 of (19) possible
Annika Johansson-Rosengren	19 of (19) possible
Claes Mellgren	19 of (19) 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 2020, 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 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 2020, held seven 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.

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

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

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.aqq.se). There are also press releases and presentation materials relating to recent years. Information released by the Company follows the Board's established information and insider policy.

Follow-up

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

Company management

The Board has delegated operational responsibility for the Company and the Group to the CEO. An instruction concerning the division of duties between the Board and the CEO are decided annually by the Board. AQ's senior management consists of the management team which, during 2020 consisted of Anders Carlsson - CEO, Mia Tomczak - Finance (until April 30, 2020), Christina Hegg - Finance (from April 1, 2020), Erik Mattsson - Purchasing, Paulina Duszel - Marketing and sales, Per Lindblad - Business development and IT, Katharina Frisk - HR. (until November 14, 2020) and Jenny Eivhammar (from December 15, 2020), Åsa Lostorp -

System products, Nerijus Olsauskas - Wiring Systems, Ola Olsson - Electric Cabinets, Niklas Ericsson - Inductive Components, Ragnar Koppel - Sheet Metal Processing and Per Wedel - 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.

REMUNERATION TO THE BOARD

During 2020, SEK 200 thousands (200) 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 thousands (450).

Chairman of the Audit Committee, Gunilla Spongh has received SEK 100 thousands (100) and other members of the Audit Committee, Ulf Gundemark and Claes Mellgren have each received SEK 40 thousands (40). Chairman of the Remuneration Committee, Patrik Nolåker, has received SEK 50 thousands (50) and the other member of the Remuneration Committee, P-O Andersson, has received SEK 30 thousands (30). 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 2020 amounted to SEK 4,135 thousands (3,490). The CEO is entitled to a monthly pension provision equal to 35% of base salary. Pension costs in 2020 for Anders Carlsson amounted to SEK 785 thousands (722).

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 seni-

or 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 2020 amounted to SEK 16,724 thousands (9,020). Pension costs in 2020 amounted to SEK 3,070 thousands excluding the CEO (2,140). 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
March 26, 2021

AQ Group AB (publ)
Board of Directors

AQ's sustainability report for 2020 is described in more detail on pages 21-26 of this annual report.



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 2020 on pages 30 - 33 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinions

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

Västerås den 26 March 2021
KPMG AB

Helena Arvidsson Älgne
Authorized Public Accountant

BOARD



PATRIK NOLÅKER (1963)
Chairman of the Board

Elected 2015, independent*.

Education and experience M.Sc. 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 AS and ViaCon Holding AB and board member of Systemair AB, iMPREG and Palmarosia AB.

Holdings in AQ 7,000 shares



ULF GUNDEMARK (1951)
Board member

Elected 1998, independent*.

Education and experience

M.Sc. in Engineering. Has international experience and worked as manager of Elektroskandia/ Hagemeyer Nordics, IBM Utilities and various positions within ABB. Has been Chairman of Nordic Waterproofing Group AB and Lindab International, and also board member of Swedish Stirling (publ), Opti Group AB, Scandi Standard AB, Solar Group AS and Lantmännen Ekonomisk Förening.

Ongoing assignments:

Board member of 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 shares



GUNILLA SPONGH (1966)
Board member

Elected 2014, independent*.

Education and experience

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

Ongoing assignments

Board member of Byggmax (publ), Lerna, Pierce Group, Swedish Stirling (publ), Momentum Group (publ), Consivo Group, Systemair (publ) and G Spong 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. As part of the Group Management in 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 LEAX Group and Ålö AB.

Holdings in AQ 4,000 shares



ANNIKA JOHANSSON-ROSENGREN (1969)
Board member

Elected 2018, independent*.

Education and experience

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

Holdings in AQ 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

M.Sc. Engineering
Employed since 2018
Holdings in AQ: 18,000 shares



CHRISTINA HEGG (1970)
CFO

M.Sc. Economics
Employed since April 1, 2020
Holdings in AQ: 0 shares



PER LINDBLAD (1959)
Manager Business Development and IT

M.Sc. Engineering
Employed since 2008
Holdings in AQ: 2,020 shares



JENNY EIVHAMMAR (1974)
HR Manager

Bsc. Human Resources
Bsc. Media and Communication
Employed since December 15, 2020
Holdings in AQ: 0 shares



ERIK MATSSON (1975)
Purchasing Manager

B.Sc. Engineering
Employed since 2014
Holdings in AQ: 0 shares



PAULINA DUSZEL (1981)
Marketing and Sales Manager

MBA
Employed since 2010
Holdings in AQ: 0 shares



ÅSA LOSTORP (1964)
BA Manager System Products

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



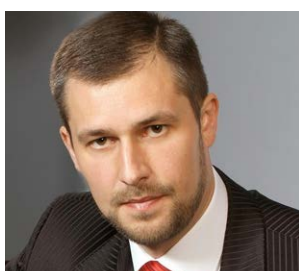
PER WEDEL (1960)
BA Manager Precision Stamping and Injection Molding

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



NIKLAS ERICSSON (1972)
BA Manager Inductive Components

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



NERIJUS OLSAUSKAS (1978)
BA Manager Wiring Systems

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



OLA OLSSON (1967)
BA Manager Electric Cabinets

MBA
Employed since 2011
Holdings in AQ: 540 shares



RAGNAR KOPPEL (1982)
BA Manager Sheet Metal Processing

M.Sc Woodworking technology
Employed since 2009
Holdings in AQ: 908 shares

Information regarding own and related parties' shareholdings refer to the situation as per December 31, 2020.

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, Momentum AB and Knowit (publ).

EVENTS DURING THE YEAR

2020

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 2020 financial year.

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

Net sales for the full year was SEK 4,819 million (5,113), a decrease of SEK 294 million compared to the previous year. The decrease in net sales can mainly be explained by the large negative impact from the Covid-19 pandemic in the second quarter.

For the full year, total growth was -5.7% (9.5), of which organic growth was -8.6% (-1.2), growth through acquisitions 4.6% (8.6) and a currency effect of -1.8% (2.1). The currency effect of -1.8% corresponds to approximately SEK -91 million and mainly relates to the currencies PLN, HUF and EUR.

Operating profit (EBIT) for the full year was SEK 401 million (340), an increase of SEK 61 million. Operating profit has increased despite reduced net sales thanks to rapid restructuring work and extensive cost control.

Goodwill and other intangible assets decreased during the year by SEK 62 million compared with the beginning of the year. The net change is due to currency translation effects and yearly depreciation of technology and customer relations.

The Group's investments in tangible fixed assets for the year amounted to SEK 114 million (199), the majority of which relates to the construction of a new factory in Canada and capacity investments and improvement projects for a more efficient production. In total, tangible fixed assets amounted to SEK 913 million (1,012), of which SEK 265 million (305) consists of the book value of rights of use in accordance with IFRS 16.

The Group's interest-bearing liabilities amount to SEK 797 million (916) and cash and cash equivalents to SEK 452 million (161), which means that the Group has a net debt of SEK 345 million (755). The Group's inte-

rest-bearing liabilities without regard to leasing liabilities amounted to SEK 531 million (613).

Cash flow from operating activities amounted to SEK 609 million (499), an improvement of SEK 110 million, which mainly comes from positive earnings development in combination with increased efficiency in working capital utilization.

Cash flow from investing activities amounted to SEK -137 million (-481), which mainly relates to investments in fixed assets and earn-out for acquisitions.

Cash flow from financing activities amounted to SEK -169 million (42) and relates to reduced utilization of overdraft facilities, amortization of loans and payment of leasing debts.

At the end of the period, equity amounted to SEK 2,191 million (2,015) in the Group.

Development for each segment, see Note 6.

FIRST QUARTER

On March 27, AQ Group announced that the AGM will be moved forward. The spread of the Covid-19 pandemic in the world meant that our three units in China were closed for another 1-3 weeks in addition to the Chinese New Year. In addition, states in Canada and USA, India and Italy closed their communities at the end of March. The European automotive industry closed its production at the same time.

The first quarter was negatively affected by SEK 25 million lower net sales and SEK 5 million lower operating profit.

SECOND QUARTER

On April 1, Christina Hegg was appointed as new CFO. On April 22, AQ Group's Board of Directors decided to withdraw the previous dividend proposal and instead propose that the Annual General Meeting on June 25 decides that no dividend should be paid for 2019. On June 25, the Annual General Meeting decided in accordance with the Board's proposal.

The Covid-19 pandemic struck with great force and affected the second quarter with SEK 229 million lower net sales. To counteract the uncertainty in the outside world and with our customers, we continued the cost-saving programs we introduced at the end of last year and also postponed some investments. We also received SEK 35 million in subsidies and similar support measures from the authorities in different countries during the quarter.

THIRD QUARTER

On August 24, it was announced that the subsidiary AQ Components Västerås AB will begin union negotiations to close the business in Smedjebacken and move it to Estonia. We also closed a smaller unit in Serbia and moved this production to AQ in Bulgaria during the quarter. During the quarter, SEK 13 million was received in subsidies and similar support measures from the authorities of different countries because of the impact of the Covid-19 pandemic.

FOURTH QUARTER

Our unit in Mexico was negatively affected by the reduced demand for coach buses and the unit was also charged with costs for restructuring operations. During the quarter, SEK 25 million was received in subsidies and similar support measures, primarily from the authorities in Bulgaria, Lithuania and Canada, to deal with the consequences of Covid-19. In China, we consolidated the operations for inductive components to the same company and premises in Suzhou. At the same time, we started a new company for Electric Cabinets and Sheet Metal Processing in new premises nearby.

On December 7, it was announced that Anders Carlsson will leave the position as CEO of AQ Group in 2021 and that James Ahrgren will take over as CEO no later than April 1, 2021.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

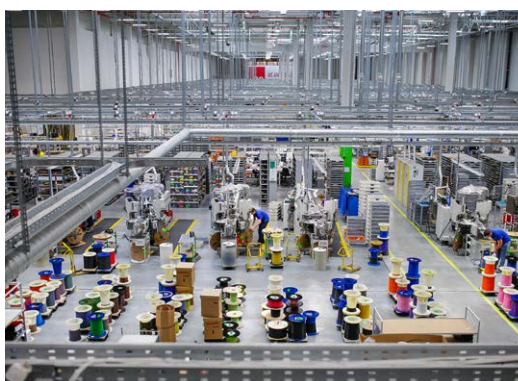
On February 19, 2021, Aeternum Capital acquires 1,850,000 shares in AQ Group AB (publ) from AQ's founders Claes Mellgren and Per-Olof Andersson. The sale corresponds to 10.1% of the company's shares. After the transaction, the founders' shareholding amounts to 39.3 percent. The Nomination Committee proposes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

Anders Carlsson will leave his position as President and CEO on March 31, 2021 and James Ahrgren will replace him as the new President and CEO on April 1, 2021.

OUTLOOK

The Covid-19 pandemic continues globally. The spread of infection continues in all the countries where AQ is active except in China where it is very low. The intensity of the spread of infection varies between different countries and goes up and down and also affects, among other things, the possibility for labour to cross national borders. Uncertainty about the continued impact on demand and our operations remains. We will continue with the measures we introduced in 2020 and are prepared to do so for a longer period of time. All our production units are up and running and we work closely with our customers to minimize the impact of the pandemic.

The Group's goal is continued profitable growth. The target is a profit margin before tax (EBT) of 8% during a business cycle. 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.



MULTI-YEAR OVERVIEW

Below is shown the development over the past five years. For Key indicators and definitions, see pages 86-88.

GROUP

	2020	2019	2018	2017	2016
Net revenue, SEK thousands	4,819,001	5,112,602	4,667,220	4,019,740	3,289,215
Operating profit, SEK thousands	401,238	340,495	208,184	263,282	281,353
Profit after net financial items, SEK thousands	369,104	321,412	198,322	255,828	279,344
Operating margin, %	8.3	6.7	4.5	6.5	8.6
Liquid ratio, %	135	106	111	125	142
Debt/equity ratio, %	57	52	58	61	60
Return on total assets, %	10.8	10.1	7.4	10.4	13.1
Return on equity after tax, %	15.1	13.8	8.9	13.2	17.9
Number of employees in Sweden	794	856	900	1,043	1,005
Number of employees outside Sweden	5,097	5,474	5,169	4,505	4,158

Key indicators per share, SEK ¹⁾

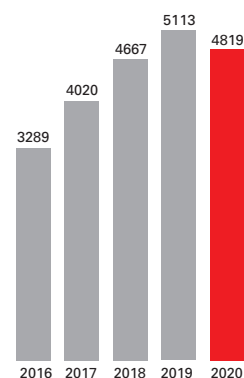
Profit for the year	17.24	14.37	8.26	11.14	13.01
Dividend ²⁾	-	-	2.75	2.75	2.75
Equity	119.75	110.15	97.45	89.82	79.98
Number of shares, thousands	18,294	18,294	18,294	18,294	18,294

¹⁾ There are no instruments that could cause dilution.

²⁾ Proposal presented for each year to the AGM.

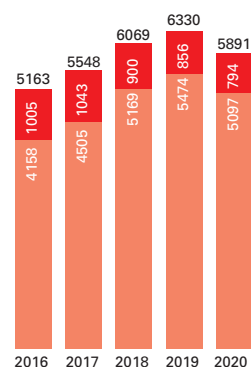
Net turnover

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

	2020	2019	2018	2017	2016
Net turnover, SEK thousands	43,442	43,113	51,637	50,240	55,696
Operating profit, SEK thousands	-4,371	-2,973	7,992	17,190	19,716
Profit after net financial items, SEK thousands	47,321	134,118	210,691	98,946	118,074
Liquid ratio, %	61	60	68	58	50
Equity ratio, %	42	43	47	43	41

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 43.4 million (43.1). Other external expenses amounted to SEK 16.8 million (19.5).

Personnel costs were SEK 35.3 million (28.1). Costs for the resigning CEO have charged the personnel costs with SEK 2.7 million.

Operating profit (EBIT) was SEK -4.4 million (-3.0). Net financial items were SEK 51.7 million (137.1) and consisted mainly of tax-free dividends from subsidiaries of SEK 79.7 million (158.0), exchange rate losses of SEK -22.6 million (-2.8), write-down of shares in subsidiary of SEK -4.6 million (-18.2), bank interest of SEK -7.9 million (-5.8) and internal interest of SEK 6.8 million (7.0).

Tax costs of SEK 0.6 million (8,5) are lower than in the previous year.

Other current receivables are mainly receivables from group companies SEK 168 million (376) and consist of cash pool, accrued interest, and accounts receivable.

The increase in unrestricted equity of SEK 74 million compared to December 31, 2019 consists of the period's profit.

Untaxed reserves consist of tax allocation funds.

Non-current interest-bearing liabilities at the end of the period are unchanged from the previous year, SEK 210 million (210), and is the long-term part of a bank loan relating to the acquisition of Trafotek.

Interest-bearing current liabilities increased by SEK 144 million compared to the same period last year, and consist of short-term bank loans of SEK 260 million (260), utilization of bank overdraft of SEK 0 million (56.1) and liabilities to subsidiaries in the cash pool SEK 449.3 million (233.8).

Other current liabilities SEK 36 million (32) consists of other liabilities and accrued costs and prepaid re-

venues.

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 2020, based on these principles, we have taken measures, see the section "sustainable enterprise", pages 21-26.

Research and development

AQ does not conduct its own research.

Investment policy

The investments correspond to a normal need for the current production rate. In 2021, 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 2020. The Board held nineteen minutes 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 2020, see Note 9.

The Board's proposed guidelines for remuneration to senior executives of AQ in 2021, 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 thousands (450) and SEK 200 thousands (200) for each of the Board's ordinary members. The Chairman of the Audit Committee SEK 100 thousands (100) and the members of the Audit Committee SEK 40 thousands (40). Chairman of the Remuneration Committee SEK 50 thousands (50) and the member of the Remuneration Committee SEK 30 thousands (30). 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 2020 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 2021, 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 and in Outlook at page 37. 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 authorized the Board to, until the Annual General Meeting for fiscal year 2020, 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, 2020 can be found on page 28.

PROPOSED APPROPRIATION OF PROFIT SEK

The Board proposes that the retained earnings, 684,424,384, is distributed as follows:

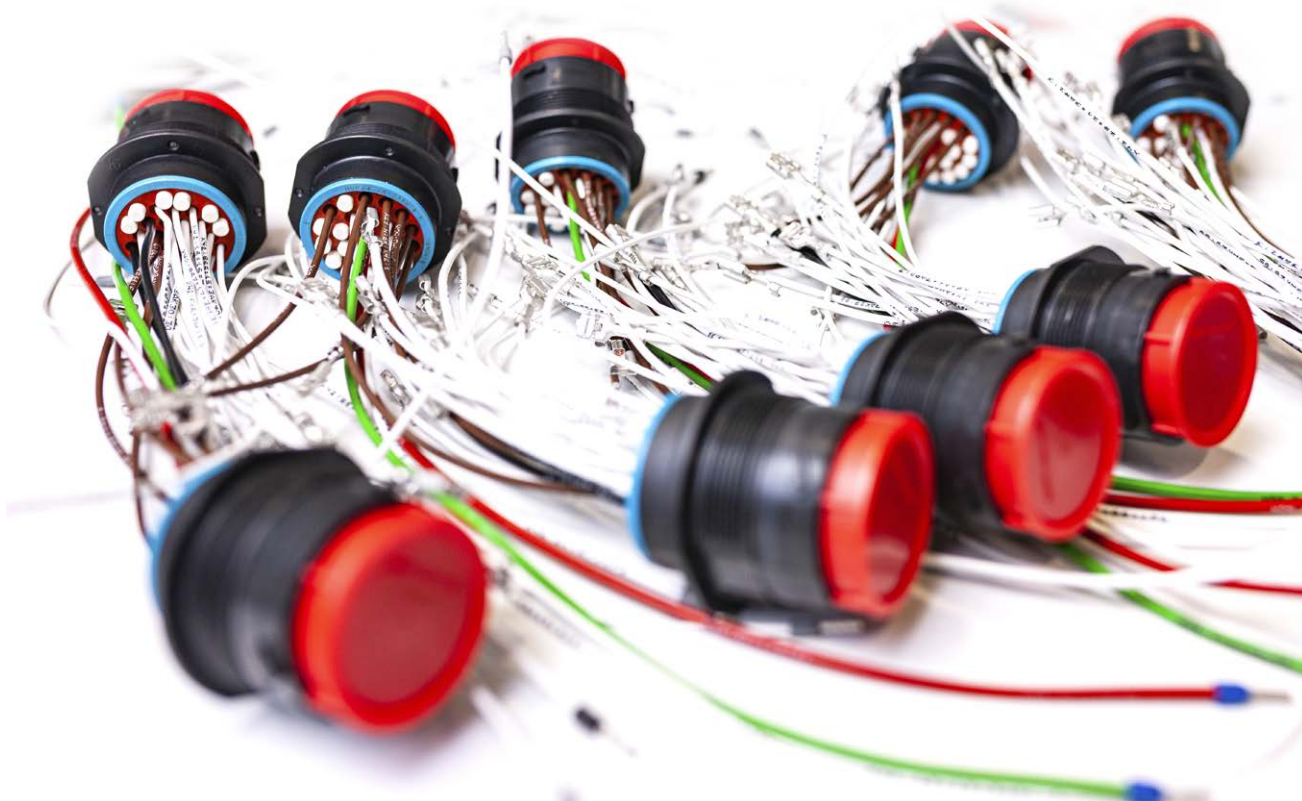
Available		Appropriation	
Share premium reserve	84,194,103	Distributed to shareholders, SEK 0 SEK per share	-
Retained earnings incl. profit for the year	600,230,281	Carried forward ¹⁾	684,424,384
Total free equity	684,424,384	Total	684,424,384

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

BOARD'S STATEMENT

The Board's proposal for appropriation of profit is in accordance with chapter 18 § 4 of the Swedish Companies Act (2005:551). The Board of Directors proposes that the Annual General Meeting on April 21, 2021, decides that the profit according to the most recently approved balance sheet will be disposed of in such a way that SEK 0 is distributed to shareholders and that available profits of SEK 684,424,384 will be carried forward. Due to the ongoing Covid-19 pandemic and to ensure financial freedom during the beginning of 2021, the Board proposes that no dividend will be paid for 2020. However, the Board may return later in 2021 and propose a dividend given the strong balance sheet in AQ Group.

Regarding earnings and position in general, reference is made to subsequent income statements and balance sheets with accompanying year-end comments. The financial year refers to the period 1 January to 31 December. All amounts are in TSEK unless otherwise stated.



Consolidated income statement

SEK thousands	Note	01/01/2020 31/12/2020	01/01/2019 31/12/2019
OPERATING INCOME			
Net sales	6	4,819,001	5,112,602
Other operating income	7	153,368	84,857
Total income		4,972,369	5,197,459
OPERATING EXPENSES			
Change in inventory of work in progress		-18,374	-8,787
Raw material and consumables		-2,351,525	-2,579,663
Goods for resale		-88,720	-66,215
Other external expenses	8	-468,834	-534,998
Personnel costs	9	-1,352,532	-1,406,937
Depreciation and amortisation	8,15,16, 17, 18, 19	-233,996	-220,191
Other operating expenses		-57,150	-40,174
Total expenses		-4,571,131	-4,856,964
Operating profit		401,238	340,495
PROFIT FROM FINANCIAL ITEMS			
Financial income	11	15,869	10,716
Financial expenses	12	-48,002	-29,800
Net financial income/expense		-32,134	-19,084
Profit before tax		369,104	321,412
Taxes	14	-51,226	-58,541
Profit for the year		317,878	262,871
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Parent company shareholders		315,420	260,878
Non-controlling interests		2,458	1,992
Profit for the year		317,878	262,871
SHARE-RELATED REPORTING, SEK			
Earnings per share 1)		17.24	14.37

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

	01/01/2020	01/01/2019
SEK thousands	31/12/2020	31/12/2019
PROFIT FOR THE YEAR	317,878	262,871
OTHER COMPREHENSIVE INCOME		
Items that cannot be transferred to the profit for the year		
Actuarial gains/losses related to defined benefit pension plans	-101	-346
Actuarial gains/losses related to defined benefit pension plans, tax effect	22	16
Items transferred or that can be transferred to the profit for the year		
Translation differences, foreign operations	-142,324	20,213
Other comprehensive income for the year after tax	-142,403	19,884
Comprehensive income for the year	175,475	282,754
COMPREHENSIVE INCOME FOR THE YEAR		
ATTRIBUTABLE TO:		
Parent company shareholders	173,400	280,718
Non-controlling interests	2,075	2,036
Comprehensive income for the year	175,475	282,754

Consolidated balance sheet

SEK thousands	Note	31/12/2020	31/12/2019
ASSETS			
NON-CURRENT ASSETS			
<i>Intangible assets</i>			
Goodwill	16	330,244	353,246
Customer relations	15	84,508	109,060
Technologies	15	80,166	97,894
Other intangible non-current assets	15	13,602	10,122
Total intangible assets		508,520	570,322
<i>Tangible assets</i>			
Land and buildings	17	241,863	227,106
Plant and machinery	8, 18	590,675	672,431
Equipment, tools, fixtures and fittings	19	49,909	70,941
Construction in progress	20	30,239	41,690
Total tangible assets		912,686	1,012,168
<i>Financial assets</i>			
Non-current receivables		1,676	2,123
Deferred tax assets	14	53,990	54,244
Total financial assets		55,666	56,367
TOTAL NON-CURRENT ASSETS		1,476,872	1,638,858
CURRENT ASSETS			
<i>Inventories</i>			
	2		
Raw materials and consumables		552,486	590,788
Work in progress		128,132	137,432
Finished goods and goods for resale		135,113	161,731
Total inventories		815,731	889,952
<i>Current receivables</i>			
Trade and other receivables	3	995,212	1,043,903
Current tax assets		17,053	20,621
Other receivables	23	54,216	62,409
Prepaid expenses and accrued income	24	53,834	35,239
Total current receivables		1,120,315	1,162,173
Cash and cash equivalents	32	451,545	161,323
Cash and cash equivalents		451,545	161,323
TOTAL CURRENT ASSETS		2,387,591	2,213,447
TOTAL ASSETS		3,864,463	3,852,305

SEK thousands	Note	31/12/2020	31/12/2019
EQUITY AND LIABILITIES			
EQUITY	25		
Share capital		36,588	36,588
Other capital contributions		84,194	84,194
Translation reserve		13,606	155,543
Retained earnings incl. profit for the year		2,046,747	1,731,410
Equity attributable to parent company shareholders		2,181,135	2,007,735
Non-controlling interests		9,497	7,422
TOTAL EQUITY		2,190,632	2,015,157
LIABILITIES			
<i>Interest-bearing non-current liabilities</i>			
Non-current liabilities to credit institutions	3, 32	406,049	442,411
<i>Non-current non-interest-bearing liabilities</i>			
Deferred tax liabilities	14	84,293	96,281
Provisions for pensions	28	12,580	11,938
Provisions for warranty	28	3,569	2,938
Other non-current liabilities	3, 31	1,034	32,073
Total non-current liabilities		507,525	585,642
<i>Interest-bearing current liabilities</i>			
Bank overdraft facilities	3, 32	6,388	65,931
Other liabilities to credit institutions	3, 32	384,272	408,073
<i>Other current liabilities</i>			
Provisions for warranty undertakings	28	5,030	3,600
Advance payments from customers	6	36,222	28,768
Trade and other payables	3	439,457	464,700
Current tax liabilities		13,333	10,754
Other liabilities	29	79,871	72,800
Accrued expenses / prepaid income	30	201,733	196,879
Total current liabilities		1,166,306	1,251,506
TOTAL LIABILITIES		1,673,831	1,837,148
TOTAL EQUITY AND LIABILITIES		3,864,463	3,852,305

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, 01/01/2019	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, 31/12/2019	36,588	84,194	155,542	1,731,410	2,007,735	7,422	2,015,157
Equity, 01/01/2020	36,588	84,194	155,542	1,731,410	2,007,735	7,422	2,015,157
Profit for the year				315,420	315,420	2,458	317,878
Translation differences in foreign operations			-141,937		-141,937	-387	-142,324
Revaluation of defined benefit pension plans				-105	-105	4	-101
Revaluation of defined benefit pension plans, tax effect				22	22		22
Other comprehensive income			-141,937	-83	-142,020	-383	-142,403
Comprehensive income for the year			-141,937	315,337	173,400	2,075	175,475
Dividends paid				-	-		-
Transactions with shareholders				-	-		-
Equity, 31/12/2020	36,588	84,194	13,606	2,046,747	2,181,135	9,497	2,190,632

SEK thousands	Note	01/01/2020 31/12/2020	01/01/2019 31/12/2019
CASH FLOW STATEMENT FOR THE GROUP			
Profit before tax		369,104	321,412
Adjustment for non-cash generating items	32	250,426	222,785
Income tax paid	14	-55,515	-77,741
Cash flow from operating activities before change in working capital		564,015	466,456
Change in inventories		31,402	-8,866
Change in trade receivables		-2,691	105,725
Change in other receivables		-19,246	56,505
Change in trade payables		2,858	-65,015
Change in other liabilities		32,366	-55,648
Change in working capital		44,690	32,701
Cashflow from operating activities		608,705	499,158
Aquisitions of shares in subsidiaries	3, 31	-20,024	-295,571
Acquisition of intangible non-current assets		-8,097	-3,360
Acquisition of tangible non-current assets		-114,123	-199,468
Sale of tangible non-current assets		5,016	17,225
Sale of intangible non-current assets		406	-
Other changes in non-current assets		111	-
Sale of short-term investment in securities		-	242
Cashflow from investing activities		-136,710	-480,932
New borrowings		-	299,115
Amortisation of loans		-20,722	-62,132
Amortisation of loans (financial leases)		-91,180	-85,418
Change in bank overdraft facilities		-58,714	-59,675
Dividends to the parent company shareholders		-	-50,309
Other changes in financial activities		1,124	-
Cashflow from financing activities	32	-169,493	41,582
Increase/decrease in cash and cash equivalents		302,502	59,808
Cash and cash equivalents at the beginning of the year		161,323	100,683
Exchange rate differences in cash and cash equivalents		-12,280	833
Cash and cash equivalents at the end of the year		451,545	161,323

Parent Company's Income Statement

SEK thousands	Note	01/01/2020 31/12/2020	01/01/2019 31/12/2019
OPERATING INCOME			
Net sales		43,442	43,113
Other operating income	7	4,711	2,212
Total income		48,154	45,326
OPERATING EXPENSES			
Other external expenses	8	-16,771	-19,500
Personnel costs	9	-35,340	-28,088
Other operating expenses		-413	-711
Total expenses		-52,525	-48,299
Operating profit		-4,371	-2,973
PROFIT FROM FINANCIAL ITEMS			
Income from participation in group companies	10	75,128	139,805
Financial income	11	13,857	12,042
Financial expenses	12	-37,293	-14,756
Net financial income/expense		51,692	137,091
Earnings after financial items		47,321	134,118
Appropriations	13	27,100	27,654
Profit before tax		74,421	161,772
Taxes	14	-641	-8,514
Profit for the year ¹⁾		73,780	153,259

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

SEK thousands	Note	31/12/2020	31/12/2019
ASSETS			
NON CURRENT ASSETS			
<i>Financial assets</i>			
Participations in group companies	21	1,118,188	1,078,755
Receivables from group companies	22, 33	154,168	120,329
Deferred tax assets	14	-	267
Total financial assets		1,272,356	1,199,350
TOTAL NON-CURRENT ASSETS		1,272,356	1,199,350
CURRENT ASSETS			
<i>Current receivables</i>			
Receivables from group companies	33	167,936	375,473
Current tax assets		12,775	7,514
Other receivables	23	1,904	2,757
Prepaid expenses/accrued income	24	2,130	1,778
Total current receivables		184,745	387,523
Cash and cash equivalents	32	296,257	-
TOTAL CURRENT ASSETS		481,003	387,523
TOTAL ASSETS		1,753,359	1,586,873

Balance sheet for the Parent company

SEK thousands	Note	31/12/2020	31/12/2019
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		526,451	373,192
Profit for the year		73,780	153,259
Non-restricted equity		684,424	610,645
Total equity		722,169	648,389
Untaxed reserves	26	28,400	52,400
Deferred tax liabilities	14	353	-
Other provisions	3	-	32,073
Provisions		353	32,073
LIABILITIES			
<i>Interest bearing non-current liabilities</i>			
Non-current liabilities to credit institutions	3, 32	210,000	210,000
Total non-current liabilities		210,000	210,000
<i>Interest-bearing current liabilities</i>			
Current liabilities to credit institutions	32	260,000	260,000
Bank overdraft facilities	3, 32	-	56,131
Other liabilities to credit institutions	32	44,052	59,205
Interest-bearing current liabilities to Group companies	33	449,348	233,782
<i>Other current liabilities</i>			
Trade and other payables	3	2,880	2,766
Liabilities to group companies	33	21,925	19,137
Current tax liabilities		-	2,949
Other liabilities	29	1,091	2,581
Accrued expenses/deferred income	30	13,143	7,459
Total current liabilities		792,437	644,010
TOTAL LIABILITIES		1,002,790	886,084
TOTAL EQUITY AND LIABILITIES		1,753,359	1,586,873

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, 01/01/2019	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
Equity, 01/01/2020	36,588	1,156	37,745	84,194	526,451	610,645	648,389
Profit for the year ¹⁾					73,780	73,780	73,780
Dividends paid					-	-	-
Transactions with shareholders					-	-	-
Equity, 31/12/2020	36,588	1,156	37,745	84,194	600,230	684,424	722,169

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

Parent Company's Cash Flow statement

SEK thousands	Note	01/01/2020 31/12/2020	01/01/2019 31/12/2019
CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit		74,421	161,772
Adjustment for non-cash generating items	32	-22,500	-11,093
Income tax paid	14	-8,052	-16,876
Cash flow from operating activities before change in working capital		43,869	133,803
Change in other receivables		170	-36,222
Change in trade payables		-365	-1,425
Change in other liabilities		-7,809	12,850
Change in working capital		-8,004	-24,797
Cashflow from operating activities		35,865	109,006
Acquisitions of shares in subsidiaries	3, 31	-20,184	-317,521
Shareholder contributions paid	21	-55,923	-15,499
Change in cashpool		453,988	123,374
New borrowings to group companies		-62,834	-68,496
Amortisation of loans to group companies		13,977	2,107
Cashflow from investing activities		329,023	-276,034
New borrowings		-	299,115
Amortisation of loans		-15,600	-55,000
Change in bank overdraft facilities		-56,131	-53,778
Group contributions		3,100	27,000
Dividends to the parent company shareholders		-	-50,309
Cashflow from financing activities	32	-68,631	167,028
Increase/decrease in cash and cash equivalents		296,257	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		269,257	-

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 2020 have been approved by the Board for publication and are available on the company's website www.aqq.se from March 26, 2021. 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 decisionmaker. 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 without discounting 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 2020 the companies paid a total of SEK 7,121 thousand (6,671) 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 0.00151% and 0.00243% (2019: 0.00256% and 0.00245%). The contributions for the next reporting period are expected to be on a par with last year. In accordance with IAS 19 and UFR 10, the ITP pensions financed via Alecta must be treated as defined contribution pension plans until further notice, as information from Alecta does not enable reporting as defined benefit pension plans.

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

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

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

The consolidation ratio reported below relates to Alecta's assets as a percentage of the insurance obligations. Alecta has provided the following information regarding the consolidation level: "The collective consolidation level can normally vary between 125% and 175%. The consolidation ratio for 2020 was 148% (148).

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.

IFRS 16 has an amendment regarding how tenants report rent reductions due to Covid-19. The rent reduction does not need to be accrued over the remaining rental period, but can be reported in the same period as the rent was reduced. The Group has chosen to apply this rule.

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 552.5 million (590.8), 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 263.2 million (299.2), will be turned over in their entirety within one year. The value of inventories was written down by SEK 100.5 million (89.1) on the balance sheet date. The valuation was based on the use of an obsolescence scale. The obsolescence

scale is based on each company's historical obsolescence risks, quantities and maturity.

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. Pension provisions mainly 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. The income is accounted for in other operating income.

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.

IFRS 16 Leasing agreements

The Parent Company does not apply IFRS 16, according to the exception in RFR 2. As a lessee the lease expenses are reported on a straight-line basis over the lease period. Right-of-use assets and lease liabilities are therefore not reported in the balance sheet.

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	
	2020	2019	2020	2019
Long-term external receivables	1,676	2,123	-	-
Accounts receivable	995,212	1,043,903	-	-
Receivables from group companies	-	-	322,104	495,892
Other receivables	27,476	20,583	1,899	2,757
Cash and cash equivalents	451,545	161,323	296,257	-
Total	1,475,909	1,227,932	620,260	498,649

At closing, the need for impairment of unsecure receivables is tested, see credit risks at the next page.

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 164.1 million (108.6), 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 2020, 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.

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 liabilities valued at amortized cost SEK thousands	Group		Parent company	
	2020	2019	2020	2019
Non-current liabilities to credit institutions	406,049	442,411	210,000	210,000
Bank overdraft facilities	6,388	65,931	-	56,131
Other debts to credit institutions	384,272	408,073	304,052	319,205
Accounts payable - trade	439,457	464,700	2,880	2,766
Other liabilities	16,623	13,545	-	1,247
Liabilities to group companies	-	-	471,273	252,918
Total	1,252,789	1,394,660	988,204	842,267

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 and cash and cash equivalents. For cash and cash equivalents, banks are counterparties. The expected credit losses in cash and cash equivalents have been assessed as insignificant.

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 (60) days. A change in the credit period of 1 day, with current turnover rate, means a change in working capital and cash flow of approximately SEK 16 million.

Other measures of the Group's credit risk is illustrated by the total exposure to individual customers. At closing, the single largest receivable was SEK 209 million (230). The net sales of the Group's two largest customers amounted to 28% (30) 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, analysis based on the Group's historical experience, credit assessment and forward-looking information. See Note 2.14 for more information on impairment of financial assets.

Specification of trade receivables SEK thousands	Total		Loss reserves	
	2020	2019	2020	2019
Not overdue	873,583	862,121	2,227	2,349
Total overdue by 1 - 30 days	89,631	134,532	-	-
Total overdue by 31 - 90 days	25,800	36,214	-	198
Total overdue by 91 - 180 days	6,765	11,746	-	174
Total overdue by more than 180 days	15,978	16,539	14,319	14,528
Total	1,011,758	1,061,152	16,546	17,249

Accounts receivable are denominated in Swedish kronor, approximately SEK 333.8 million (347.1), thereafter, the main currencies are EUR, CNY and USD - converted to Swedish kronor - amount to approximately SEK 496.1 million (508.5), SEK 66.1 million (72.9) and SEK 42.1 million (52.6) respectively.

Loss reserves on balance date are reported as a total of SEK 16.5 million (17.2), and the year's profit includes losses of SEK 1.0 million (2.6). The loss reserve is calculated on the expected loss percentage according to historical experience and specific conditions based on the maturity of the receivables.

Non-current liabilities SEK thousands	Group	
	2020	2019
Bank loans	214,685	217,805
Leasing liabilities	191,364	224,606
Total	406,049	442,411

NOTE 3 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT.)

Current liabilities SEK thousands	Group	
	2020	2019
Overdraft facility	6,388	65,931
Bank loan	307,431	325,407
Current leasing liabilities	76,841	82,666
Total	390,660	474,004

Liquidity risks

Liquidity risk is the risk that the Group may face problems meeting its obligations associated with financial liabilities. See specification of financial liabilities at previous page. 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			
				2020		2019	
				Nom. Amount	Booked Amount	Nom. Amount	Booked Amount
Revolving facility	SEK	1.40%	2021	263,640	260,000	262,054	260,000
Bank loan, current part	SEK	1.14%	2021	15,170	15,000	60,576	59,820
Bank loan, non-current part (amortized SEK 15 million / quarter)	SEK	1.14%	2021-2024	242,726	240,000	212,031	209,385
Bank loan	SEK	1.33%	2021-2022	2,040	2,014	3,804	3,749
Bank loan	CAD	6.00%	2021-2024	6,413	6,050	10,823	10,259
Leasing liabilities		1.0-5.0%	2021-2050	289,617	268,205	316,661	307,272
Overdraft facility	SEK	0.49%	2021	105,395	104,881	160,896	160,096
Overdraft facility	EUR	0.49%	2021	-	-	-	-
Overdraft facility	PLN	0.49%	2021	-	-	2,531	2,518
Overdraft facility	USD/CNY/CAD	0.49%	2021	-	-	-	-
Overdraft facility	CAD	3.00%	2021	6,580	6,388	9,871	9,800
Accounts payable - trade			2021	439,457	439,457	464,700	464,700
Other liabilities			2021	16,623	16,623	13,545	13,545
Total				1,387,662	1,358,619	1,517,492	1,501,144

Maturity structure - contracted non-discounted cash flow leasing liabilities

SEK thousands Maturity	Group	
	2020	2019
0-6 months	35,253	37,740
7-12 months	47,786	47,842
Withing 1 year	83,039	85,582
1-2 years	69,444	63,590
2-5 years	100,174	119,634
Over 5 years	36,961	47,854
Total undiscounted lease liabilities 31/12/2020	289,617	316,661
Current	76,841	82,666
Non-current	191,364	224,606
Leasing liabilities according to balance sheet 31/12/2020	268,205	307,272

Additional purchase price

	B3CG	MiniCon	Total
Opening balance 01/01/2020	32,073	900	32,973
Paid during the year	-19,574	-450	-20,024
Revaluation to fair value	-11,890	-450	-12,340
Exchange differences	-610	-	-610
Closing balance 31/12/2020	-	-	-

The additional purchase price belonged to valuation level 3 and was valued at fair value.

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 31/12/2020, a change of 1 percentage point has an impact of about SEK 3.5 million.

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 339 million (341).

Sales in other currencies than SEK is about 70% (67) of turnover.

Exchange rates	BGN	BRL	CAD	CNY	EUR	HKD	HUF	INR	MXN	NOK	PLN	RSD	THB	USD
Average exchange rate 2016	4.84	-	-	1.29	9.47	-	0.03	0.13	0.46	1.02	2.17	0.08	0.24	8.56
Closing day rate 2016	4.89	-	-	1.31	9.57	-	0.03	0.13	0.44	1.05	2.17	0.08	0.25	9.10
Average exchange rate 2017	4.93	-	-	1.26	9.63	1.10	0.03	0.13	0.45	1.03	2.26	0.08	0.25	8.54
Closing day rate 2017	5.04	-	-	1.26	9.85	1.05	0.03	0.13	0.42	1.00	2.36	0.08	0.25	8.23
Average exchange rate 2018	5.24	-	6.71	1.31	10.26	1.11	0.03	0.13	0.45	1.07	2.41	0.09	0.27	8.69
Closing day rate 2018	5.25	-	6.59	1.31	10.28	1.15	0.03	0.13	0.46	1.02	2.39	0.09	0.28	8.97
Average exchange rate 2019	5.41	2.40	7.13	1.37	10.59	1.21	0.03	0.13	0.50	1.07	2.46	0.09	0.30	9.46
Closing day rate 2019	5.33	2.30	7.13	1.33	10.43	1.20	0.03	0.13	0.50	1.06	2.44	0.09	0.31	9.32
Average exchange rate 2020	5.36	1.81	6.86	1.33	10.49	1.19	0.03	0.12	0.43	0.98	2.36	0.09	0.29	9.20
Closing day rate 2020	5.13	1.57	6.40	1.25	10.04	1.06	0.03	0.11	0.41	0.95	2.22	0.09	0.27	8.19

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 by SEK 14.3 million.

Three currencies are responsible for most of the conversion exposure, PLN where a five percent change gives an effect before tax of SEK 4.2 million, EUR which has a corresponding effect on the earnings by SEK 4.8 million and BGN by SEK 4.1 million. Other exchange rate changes have a minor affect.

The net effect on equity of a five percent change against SEK is SEK 54.2 million (51.4), 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 43.7 million, with the following assumptions:
Aluminum: 1,114 tonnes x USD 1,750 x 9.20 = SEK 17.9 million
Copper: 457 tonnes x USD 6,125 x 9.20 = SEK 25.8 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 2020 changed in accordance with what is stated for the Group.

4.2 Group

IFRS 16 has an amendment regarding how tenants report rent reductions due to Covid-19. The rent reduction does not need to be accrued over the remaining rental period, but can be reported in the same period as the rent was reduced. The Group has chosen to apply this rule.

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 2020, 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 percent or more each of the Group's total revenue. These revenues amounted to SEK 675 million (836) and SEK 675 million (705) 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.

2020 SEK thousands	Component	System	Unallocated and eliminations	Group
External invoicing within Sweden	1,459,558	435,804	-	1,895,362
External invoicing outside Sweden	2,251,401	672,238	-	2,923,639
Internal invoicing, other segments	327,713	190,778	-518,491	-
Total net turnover	4,038,672	1,298,820	-518,491	4,819,001
Material costs, excl. purchases own segment	-1,998,086	-889,440	428,907	-2,458,619
Depreciation	-204,439	-28,896	-661	-233,996
Other operating expenses/income	-1,568,626	-243,095	86,573	-1,725,148
Operating profit	267,520	137,389	-3,672	401,238
Net financial items	-	-	-32,134	-32,134
Profit before tax	267,520	137,389	-35,805	369,104
Other comprehensive income plus tax	-	-	-193,629	-193,629
Comprehensive income for the year	267,520	137,389	-229,435	175,475

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

NOTE 6 OPERATING SEGMENTS AND MARKET DISTRIBUTION (CONT.)

2020 SEK thousands	Component	System	Unallocated and eliminations	Group
Cash and cash equivalents (incl. short-term investments)	518,396	111,314	-178,165	451,545
Trade and other receivables	752,406	242,803	2	995,212
Inventories	651,677	167,206	-3,152	815,731
Tangible assets in Sweden	144,235	44,171	-2,328	186,078
Tangible assets in other countries	659,930	66,678	-	726,608
Other assets	801,644	71,614	-183,969	689,289
Total assets	3,528,288	703,787	-367,611	3,864,463
Current liabilities	931,744	274,560	-39,998	1,166,306
Non-current liabilities	378,103	32,784	96,639	507,525
Equity	2,218,441	396,443	-424,252	2,190,632
Total liabilities and equity	3,528,288	703,787	-367,611	3,864,463

2019 SEK thousands	Component	System	Unallocated and eliminations	Group
Cash and cash equivalents (incl. short-term investments)	323,193	62,149	-224,019	161,323
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

Contract liabilities amount to SEK 36.2 million (28.8). They consist of advance payments from customers.

Net sales allocated to operating segments and geographical markets

2020 SEK thousands	Component	System	Unallocated and eliminations	Group
Sweden	961,105	785,899	43,442	1,790,446
Other European Countries	2,468,970	316,934	-	2,785,904
Other countries	608,597	195,987	-	804,584
Net sales	4,038,672	1,298,820	43,442	5,380,934
Internal sales, eliminations	-	-	-561,933	-561,933
Total net turnover	4,038,672	1,298,820	-518,491	4,819,001

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

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		Tangible and intangible assets	
Country	2020	2019	2020	2019
Sweden	1,895,362	2,113,015	229,459	262,904
Germany	346,633	393,080	-	-
Finland	409,977	369,171	177,186	203,890
Estonia	88,033	183,333	193,644	224,665
France	139,646	165,945	-	-
Poland	165,097	141,822	130,341	163,404
Netherlands	96,050	112,003	-	-
Hungary	117,297	106,829	164,317	192,239
Denmark	155,719	100,820	-	-
Belgium	77,707	100,433	-	-
Spain	79,268	74,876	-	-
Norway	71,251	70,645	-	-
Italy	48,953	71,910	4,059	4,642
Great Britain	62,107	66,726	-	-
Bulgaria	31,125	30,777	129,462	123,420
Lithuania	9,783	7,196	99,846	105,595
Serbia	523	1,068	6,295	5,555
Other countries in Europe	127,692	101,950	-	-
China	410,237	372,396	58,140	48,816
India	102,961	75,533	26,616	36,479
Thailand	10,959	32,745	-	-
Singapore	15,738	19,767	-	-
Hong Kong	898	706	-	-
Other countries in Asia	24,872	13,549	-	-
USA	175,280	184,810	43,386	53,652
Canada	112,677	130,397	129,411	122,056
Mexico	15,245	27,867	15,348	17,035
Other countries in Central America	1,389	2,410	-	-
Brazil	9,021	-	13,695	18,141
Other countries in South America	260	11,305	-	-
Australia	8,675	20,084	-	-
Africa	8,568	9,436	-	-
Total	4,819,001	5,112,602	1,421,206	1,582,491

NOTE 7 OTHER OPERATING INCOME

SEK thousands	Group		Parent company	
	2020	2019	2020	2019
Exchange gains from operations, realised	33,183	20,995	234	312
Exchange gains from operations, unrealised	8,179	9,390	1	-
Capital gains on non-current assets	940	896	-	0
Recovery of previously impaired trade and other receivables	405	2,058	-	-
Rental income	91	186	-	-
Sale of scrap and obsolete material	19,580	27,112	-	-
Government grants ¹⁾	37,873	9,824	-	-
Other operating income ^{1,2)}	53,117	14,397	4,476	1,900
Total	153,368	84,857	4,711	2,212

¹⁾ Received subsidies for Covid-19 are included.

²⁾ Other operating income includes received insurance compensation, subsidies etc.

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

SEK thousands	Group		Parent company	
	2020	2019	2020	2019
<i>KPMG</i>				
Audit assignment	2,674	2,055	691	445
Audit-related assignments	62	-	-	-
Tax consultation/Other services	18	338	18	192
	2,754	2,393	709	637
<i>PWC</i>				
Audit assignment	-	310	-	-
Audit-related assignments	-	20	-	-
	-	330	-	-
<i>BDO</i>				
Audit assignment	983	429	-	-
	983	429	-	-
<i>Demers Beaulne</i>				
Audit assignment	1,119	957	-	-
	1,119	957	-	-
<i>FangBen CPA</i>				
Audit assignment	14	196	-	-
Tax consultation/Other services	15	139	-	-
	29	335	-	-
<i>Other</i>				
Audit assignment	818	746	-	-
Audit-related assignments	450	-	-	-
Tax consultation/Other services	241	264	-	-
	1,509	1,010	-	-
Total	6,394	5,454	709	637

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 Leasing agreements

The Group's leasing agreements mainly consist of properties used for production and offices.

Right-of-use assets and lease liabilities Reported value of right-of-use assets SEK thousands	Group				
	2020				
	Real estate	Machinery	Vehicles	IT equipment	Total
Opening balance 01/01/2020	289,200	7,045	8,134	910	305,289
Depreciation during the year	-80,834	-2,562	-3,413	-715	-87,524
Closing value per December 31, 2020	253,862	5,442	4,891	336	264,530

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 63 million (105). The amount includes new contracts and increased payments due to an extended lease period. Last year new contracts of SEK 76 million were included in the acquisition of the Trafotek Group and MiniCon AB.

See note Note 3 where information regarding leasing liabilities can be found.

Cost information

The income statement includes the following costs SEK thousands	Group	
	2020	2019
Depreciation of right-of-use assets	-87,524	-81,603
Interest on lease liabilities	-4,807	-4,761
Costs for short term leases	-4,343	-5,229
Costs for leases of lesser value	-1,653	-1,424
	-98,328	-93,017

Amounts reported in the cash flow report SEK thousands	Group	
	2020	2019
Total cash flows attributable to lease agreements	-97,176	-92,071

NOTE 9 PERSONNEL

Average number of employees	2020			2019		
	Women	Men	Total	Women	Men	Total
Parent company, Sweden	15	8	23	13	9	22
Subsidiaries, Sweden	173	598	771	237	597	834
Brazil	2	3	5	1	3	4
Bulgaria	645	588	1,233	695	613	1,308
Estonia	152	429	581	152	444	596
Finland	32	155	187	40	175	215
India	13	124	137	10	119	129
Italy	7	11	18	7	14	21
Canada	112	52	164	114	52	166
China	262	310	572	189	289	478
Lithuania	462	143	605	608	151	759
Mexico	125	75	200	162	34	196
Poland	544	396	940	656	467	1,123
Serbia	-	4	4	23	12	35
Germany	-	3	3	-	3	3
Hungary	85	291	376	79	284	363
USA	27	45	72	31	47	78
Total	2,656	3,235	5,891	3,017	3,313	6,330

Gender distribution, executive officers	2020			2019		
	Women	Men	Total	Women	Men	Total
Board						
Parent company	29%	71%	100 %	29 %	71 %	100 %
Group	14%	86%	100 %	14 %	86 %	100 %
Group management and CEO						
Parent company	33%	67%	100 %	36 %	64 %	100%
Group	25%	75%	100 %	25 %	75 %	100%

	Group		Parent company	
	2020	2019	2020	2019
Salaries and remunerations, SEK thousands				
Sweden				
Board, CEO and other executive officers ¹⁾	46,230	36,065	12,781	12,777
Other employees	271,869	299,458	9,156	8,853
Total in Sweden	318,099	335,523	21,937	21,630
<i>1) Of which bonuses and the like to executive officers</i>	<i>7,983</i>	<i>6,383</i>	<i>3,748</i>	<i>2,686</i>
Other countries				
Board and CEO ¹⁾	56,441	55,175	-	-
Other employees	711,505	730,867	-	-
Subsidiaries in other countries	767,946	786,042	-	-
<i>1) Of which bonuses and the like to executive officers</i>	<i>7,331</i>	<i>5,472</i>	-	-
Total				
Board, CEO and other executive officers ¹⁾	102,671	91,240	12,781	12,777
Other employees	983,374	1,030,324	9,156	8,853
Total	1,086,045	1,121,564	21,937	21,630
<i>1) Of which bonuses and the like to executive officers.</i>	<i>15,314</i>	<i>11,855</i>	<i>3,748</i>	<i>2,686</i>
Payroll overhead, SEK thousands				
Sweden				
Pension expenses for Board, CEO and other executive officers	7,663	7,300	3,430	2,391
Pension expenses for other employees	17,961	18,222	997	826
Other payroll overhead	100,741	113,669	7,914	7,159
Total in Sweden	126,365	139,191	12,341	10,376
Other countries				
Pensions expenses for Board and CEO	1,225	1,542	-	-
Pension expenses for other employees	40,816	48,324	-	-
Other payroll overhead	60,631	61,348	-	-
Subsidiaries in other countries	102,673	111,214	-	-
Total				
Pensions expenses for Board and CEO	8,888	8,842	3,430	2,391
Pension expenses for other employees	58,777	66,547	997	826
Other payroll overhead	161,372	175,017	7,914	7,159
Total	229,037	250,406	12,341	10,376

Remuneration to the Board, CEO and Group management SEK thousands	Basic salary/fee	Variable remuneration	Other benefits	Pension expenses	Total
2020					
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	2,278	1,793	64	785	4,920
Other executive officers, eleven	11,846	4,490	388	3,070	19,794
Total	16,034	6,283	452	3,855	26,624

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, ten, whereof BA-managers part of the year	6,764	1,922	316	2,140	11,142
Total	10,905	3,111	386	2,862	17,265

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

The Board's proposed guidelines for remuneration in 2021, according to Chapter 8, § 51 of the Swedish Companies Act, are presented in the management report. The remuneration paid to senior executives in 2020 are presented in the note.

The following decision on guidelines for remuneration in 2020 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 2020 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.

Anders Carlsson will leave his position as President and CEO on March 31, 2021 as agreed on December 8, 2020, and thereafter no duty to work until the end of the notice period of December 5, 2021. Remunerations during the notice period including benefits and pension provision continue under the same conditions as before but no costs related to this are included in the amounts shown in the table above. As regards variable remuneration, pro rata will be paid for the period January-March 2021. In the case of other full-time employment during the notice period, the remuneration from AQ Group shall be reduced by an amount corresponding to the new income during the period of termination pay. The cost of remuneration including benefits and pension provisions during the notice period without a duty to work amounts to SEK 2,745 thousands and has been expensed in 2020.

NOTE 10 PROFIT/LOSS FROM PARTICIPATIONS IN GROUP COMPANIES

SEK thousands	Parent company	
	2020	2019
Dividends from group companies	79,728	158,046
Impairment losses from shares in subsidiaries	-4,600	-18,241
Total	75,128	139,805
Write-downs	2020	2019
AQ Mechanical & Electrical Manuf India Pvt.Ltd	-4,600	-16,117
AQ Inductive Components India Pvt. Ltd	-	-2,124
Total	-4,600	-18,241

NOTE 11 FINANCIAL INCOME

SEK thousands	Group		Parent company	
	2020	2019	2020	2019
Interest income, trade and other receivables	346	1,150	-	-
Interest income from Group companies	-	-	7,956	7,856
Other interest income ¹⁾	4,519	698	2,979	19
Exchange rate gains, realized	5,734	2,845	-	3
Exchange rate gains, not realized	5,269	6,023	2,923	4,164
Total	15,869	10,716	13,857	12,042

¹⁾ Valuation of forward agreements are included in the amount of SEK thousands 2,959 (-), see note 12.

NOTE 12 FINANCIAL EXPENSES

SEK thousands	Group		Parent company	
	2020	2019	2020	2019
Interest expenses, trade and other payables	-266	-464	-	-
Interest expenses to Group companies	-	-	-1,158	-858
Other interest expenses ¹⁾	-19,065	-14,775	-10,607	-6,944
Exchange rate losses, realised	-5,337	-5,488	-1,126	-1,574
Exchange rate losses, unrealised	-23,335	-9,073	-24,403	-5,380
Total	-48,002	-29,800	-37,293	-14,756

¹⁾ Valuation of forward agreements are included in the amount of SEK thousands 0 (-1,075), see note 11. No other interest expenses are attributable to items valued to fair value.

NOTE 13 APPROPRIATIONS

SEK thousands	Parent company	
	2020	2019
Excess depreciation	-	354
Change in tax allocation reserve	24,000	300
Group contribution, received	25,100	47,000
Group contribution, paid	22,000	-20,000
Total	27,100	27,654

NOTE 14 TAXES

SEK thousands	Group		Parent company	
	2020	2019	2020	2019
Current tax for the year	-61,897	-57,706	-22	-5,580
Deferred tax	11,172	1,873	-619	225
Withholding tax on dividend	-501	-2,708	-	-3,159
Tax recorded for the period	-51,226	-58,541	-641	-8,514
Specification of recorded tax				
<i>Recorded profit before tax</i>	369,104	321,412	74,421	161,772
Estimated tax based on applicable tax rate in Sweden 21,4 %	-78,988	-68,782	-15,926	-34,619
Tax effect of:				
Standard taxation, tax allocation reserve	-383	-265	-210	-110
Non-deductible expenses	-3,951	-7,218	-2,200	-3,970
Non-taxable income	6,214	3,588	17,695	33,821
Adjusted tax from previous year	1,103	495	-	-477
Effect of other tax rates in foreign companies	27,407	16,014	-	-
Change in non-recorded tax loss carryforwards	-4,893	-3,428	-	-
Utilisation of tax loss carryforwards not previously capitalized	945	3,854	-	-
Effect of changed tax rates	1,231	-	-	-
Other	590	-90	-	-
	-50,725	-55,833	-641	-5,355
Withholding tax on dividend	-501	-2,708	-	-3,159
Tax recorded for the period	-51,226	-58,541	-641	-8,514

SEK thousands	Group	
	2020	2019
Non-recorded tax loss carryforwards	72,422	104,471
<i>Expires:</i>		
2020	-	2,096
2021	11,555	19,000
2022	6,651	24,098
2023	6,420	20,955
2024	15,051	12,033
2025	13,207	-
Later	19,537	26,289
Total	72,422	104,471

Non-recorded tax loss carryforwards relate primarily to subsidiaries in India 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	
	2020	2019	2020	2019
Deferred tax asset				
Tangible assets	1,833	1,633	-	-
Inventories	2,477	2,097	-	-
Loss carry forwards	23,602	41,182	-	-
Other ¹⁾	26,077	9,332	-	267
	53,990	54,244	-	267
¹⁾ Included in Other are receivable write-downs and exchange rate differences				
Deferred tax liability				
Intangible assets	38,005	46,367	-	-
Tangible assets	11,198	10,697	-	-
Untaxed reserves	33,604	38,212	-	-
Others	1,486	1,005	353	-
	84,293	96,281	353	-
Change in deferred tax				
Reorded in the income statement	11,172	1,873	-619	225
Acquisition of subsidiaries, surplus values	-	28,187	-	-
Acquisition of subsidiaries, untaxed reserves	-	-4,352	-	-
Translation difference	561	-1,556	-	-
	11,734	24,152	-619	225

NOTE 15 OTHER INTANGIBLE NON-CURRENT ASSETS

SEK thousands	Group							
	2020				2019			
	Customer relations	Technology	Other	Total	Customer relations	Technology	Other	Total
Opening accumulated cost of acquisition	153,377	116,555	68,162	338,094	118,313	76,397	48,788	243,498
Direct investments for the year	-	-	8,097	8,097	-	44	3,316	3,360
Acquisition of subsidiaries	-	-	-	-	33,472	38,114	11,008	82,594
Sales/retirements	-	-	-1 856	-1 856	-	-	-33	-33
Reclassifications	-	-	-	-	-	-	4,356	4,356
Translation difference	-11,321	-8,517	-3,991	-23,829	1,593	2,001	726	4,320
Closing accumulated cost of acquisition	142,056	108,038	70,413	320,507	153,377	116,555	68,162	338,094
Opening depreciation	-44,318	-18,661	-58,040	-121,018	-28,522	-8,388	-41,920	-78,830
Acquisition of subsidiaries	-	-	-	-	-	-	-9,380	-9,380
Sales/retirements	-	-	1,660	1,660	-	-	34	34
Reclassifications	-	-	-	-	-	-	-1,125	-1,125
Translation difference	4,613	2,357	3,208	10,178	-215	28	-477	-664
Depreciation for the year	-17,843	-11,568	-3,639	-33,050	-15,580	-10,301	-5,170	-31,051
Closing accumulated depreciation	-57,549	-27,872	-56,811	-142,231	-44,318	-18,661	-58,040	-121,018
Closing planned residual value	84,508	80,166	13,602	178,276	109,060	97,894	10,122	217,076

NOTE 16 GOODWILL

SEK thousands	Group	
	2020	2019
Opening accumulated cost of acquisition	356,013	275,039
Acquisition of subsidiaries	-	76,969
Sales/retirements	-955	-
Translation difference	-22,291	4,005
Closing accumulated costs of acquisition	332,768	356,013
Opening accumulated write-downs	-2,767	-2,726
Write-down for the year	-716	-
Sales/retirements	716	-
Translation difference	244	-41
Closing accumulated write-downs	2,523	-2,767
Closing residual value	330,244	353,246

During 2020 no acquisitions were made. More information on the acquisitions made in 2019 can be found in 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:

	2020	2019
AQ Wiring Systems UAB	70,202	72,973
AQ Anton Kft	41,223	47,219
AQ Industrial Systems (f.d Gerdins)	23,589	24,890
AQ Mecanova OY	44,304	46,053
B3CG Interconnect	68,319	76,596
Trafotek	71,292	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%.

	Estimated growth of cash flow beyond a four-year period	Discount rate, before tax	Discount rate, after tax
AQ Wiring Systems	2% (2%)	8% (8%)	7% (7%)
AQ Anton Kft	2% (2%)	8% (8%)	7% (7%)
AQ Industrial Systems (f.d Gerdins)	2% (2%)	9% (8%)	7% (6%)
AQ Mecanova OY	2% (2%)	9% (8%)	7% (6%)
B3CG Interconnect	2% (2%)	11% (10%)	8% (7%)
Trafotek	2% (2%)	8% (8%)	7% (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 published by the riksbank in Sweden.

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	
	2020	2019
Opening cost of acquisition	320,636	254,403
Direct investments for the year	3,999	21,199
Acquisition of subsidiaries	-	7,231
Sales/retirements	-12,667	-4,396
Reclassifications	44,540	41,515
Translation difference	-16,518	685
Closing accumulated cost of acquisition	339,990	320,636
Opening accumulated depreciation	-93,531	-79,754
Acquisition of subsidiaries	-	-6,408
Sales/retirements	4,779	4,133
Translation difference	3,904	-261
Depreciation for the year	-13,280	-11,241
Closing accumulated depreciation	-98,127	-93,531
Closing planned residual value	241,863	227,106

NOTE 18 PLANT AND MACHINERY

SEK thousands	Group		Parent company	
	2020	2019	2020	2019
	Machinery and equipment	Machinery and equipment	Leased machinery	Leased machinery
Opening accumulated cost of acquisition	865,415	607,209	-	1,897
Direct investments for the year	36,428	77,060	-	-
Acquisition of subsidiaries	-	199,267	-	-
Sales/retirements	-22,924	-33,751	-	-1,897
Reclassifications	50,700	16,099	-	-
Translation difference	-70,117	-468	-	-
Closing accumulated cost of acquisition	859,502	865,415	-	-
Opening accumulated depreciation	-498,054	-309,966	-	-532
Acquisition of subsidiaries	-	-134,665	-	-
Sales/retirements	17,558	20,195	-	532
Reclassifications	-17,306	-136	-	-
Translation difference	46,320	1,763	-	-
Depreciation for the year	-81,663	-75,245	-	-
Closing accumulated depreciation	-533,145	-498,054	-	-
Opening accumulated impairment	-220	-217	-	-
Amortisation for the year	-	-	-	-
Translation difference	8	-3	-	-
Closing accumulated impairment	-212	-220	-	-
Closing planned residual value	326,145	367,142	-	-

NOTE 19 EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

SEK thousands	Group		Parent company	
	2020	2019	2020	2019
Opening accumulated cost of acquisition	210,986	168,883	59	59
Direct investments for the year	17,315	32,107	-	-
Acquisition of subsidiaries	-	21,309	-	-
Sales/retirements	-9,756	-13,006	-59	-
Reclassifications	-31,080	-336	-	-
Translation difference	-13,662	2,027	-	-
Closing accumulated cost of acquisition	173,803	210,986	-	59
Opening accumulated depreciation	-140,045	-113,953	-59	-59
Acquisition of subsidiaries	-	-17,356	-	-
Sales/retirements	7,613	10,398	59	-
Reclassifications	17,306	1,125	-	-
Translation difference	8,994	-1,310	-	-
Depreciation for the year	-17,763	-18,950	-	-
Closing accumulated depreciation	-123,894	-140,045	-	-59
Closing planned residual value	49,909	70,941	-	-

NOTE 20 CONSTRUCTION IN PROGRESS

SEK thousands	Koncernen	
	2020	2019
Opening accumulated cost of acquisition	41,690	35,324
Direct investments for the year	56,381	69,082
Acquisition of subsidiaries	-	53
Sales/retirements	-	-975
Reclassifications	-64,996	-61,558
Translation difference	-2,837	-236
Closing accumulated costs of acquisition	30,239	41,690
Opening accumulated depreciation	-	-
Depreciation for the year	-	-
Closing accumulated depreciation	-	-
Closing planned residual value	30,239	41,690

NOTE 21 SHARES AND PARTICIPATIONS IN GROUP COMPANIES

SEK thousands	Parent company	
	2020	2019
Opening cost of acquisition	1,207,004	896,073
Shareholder contribution	55,923	15,499
Investment in subsidiaries	-11,890	295,432
Closing accumulated costs of acquisition	1,251,037	1,207,004
Opening accumulated impairment	-128,250	-110,009
Impairment losses ¹⁾	-4,600	-18,241
Closing accumulated amortisation	-132,850	-128,250
Closing book value	1,118,188	1,078,755

¹⁾ Refer to note 10.

NOTE 21 SHARES AND PARTICIPATIONS IN SUBSIDIARIES (CONT.)

Companies	Corp. ID no.	Number of participation rights	Share of equity	Share of votes	Book value SEK thousands
AQ Fastighet Tokarp AB, Gislaved, Sweden	556220-0195	1,000	100%	100%	3,578
AQ Fastighet i Pålshoda AB, Eskilstuna, Sweden	556275-6212	14,200	100%	100%	5,580
AQ Fastighet i Lund AB, Lund, Sweden	556527-5228	10,000	100%	100%	3,942
AQ Fastighet i Lyrestad AB, Eskilstuna, Sweden	556443-9734	15,000	100%	100%	0
AQ Fastighet i Torslanda AB, Göteborg, Sweden	556690-3018	1,000	100%	100%	100
AQ Elautomatik AB, Västerås, Sweden	556272-8484	1,000	100%	100%	4,457
AQ M -Tech AB, Uppsala, Sweden	556358-1411	1,000	100%	100%	2,435
AQ Enclosure Systems AB, Vaggeryd, Sweden	556660-1844	20,000	100%	100%	2,000
AQ Trafo AB, Enköping, Sweden	556443-9726	26,000	100%	100%	0
AQ Mekatronik AB, Västerås, Sweden	556666-7829	1,000	100%	100%	100
AQ ParkoPrint AB, Gävle, Sweden	556574-6319	20,000	100%	100%	17,314
- AQ Fastigheter i Gävle AB, Gävle, Sweden	556448-3385				
AQ Plast AB, Västerås, Sweden	556497-2239	3,000	100%	100%	4,400
AQ Special Sheet Metal AB, Hallsberg, Sweden	559138-9753	1,000	100%	100%	45 100
AQ Engineering AB, Göteborg, Sweden	556622-8697	1,050	100%	100%	2,105
AQ Welded Structures AB, Ludvika, Sweden	556660-2016	1,000	100%	100%	100
AQ Components Västerås AB, Västerås, Sweden	556733-7216	5,000	100%	100%	11,365
AQ Components Mjällom AB, Kramfors, Sweden	556209-2634	10,000	100%	100%	11,162
AQ Wiring Systems AB, Kramfors, Sweden	556261-0955	10,000	100%	100%	16,192
- AQ Wiring Systems STG Sp. Z.o.o., Linowiec, Poland	0000043722				
- MiniCon AB, Stockholm, Sweden	556624-1054				
AQ Enclosure Sollefteå AB, Sollefteå, Sweden	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, Panevežys, Lithuania	148 427 212	1,200	100%	100%	56,078
AQ Electric Suzhou Co Ltd, Suzhou, China	913205057859862000	169,730	100%	100%	23,298
- AQ Electric & Enclosure Suzhou Co Ltd, Suzhou, China	91320505MA22AAMD01				
- Trafotek Suzhou Co, Ltd, Suzhou, China	91320594783360415Y				
AQ Components Suzhou Co Ltd, Suzhou, China	91320505717465227Y	173,517	100%	100%	1,806
- AQ Manufacturing Co., Ltd, Bangkok, Thailand	0115 558 018 096				
AQ Asia Ltd, Hong Kong, China	2568747	100,000	100%	100%	108
AQ Magnetica Italy S.r.l., Castelfidardo, Italy	02591110420	30,000	100%	100%	3,127
AQ Inductive Components d.o.o Pirot, Serbia	21531723		100%	100%	5,838
- AQ Magnetica Technology d.o.o., Pirot, Serbia	20993294				
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	0000199352	2,227	100%	100%	42,630
AQ Anton Kft, Zalaegerszeg, Hungary	20-09-061216	*)	100%	100%	235,672
AQ Mecanova OY, Nivala, Finland	0745938-3	494,854	100%	100%	39,624
- Mecanova Inc					

*) 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.)

Companies	Corp. ID no.	Number of participation rights	Share of equity	Share of votes	Book value SEK thousands
Société de Gestion B3CG Interconnect Inc, Saint-Eustace, Canada	807949219 RC0001	4,590,000	100%	100%	90,016
- AQ B3CG Real Estate Inc, Saint-Eustace, Canada	768141731 RC0001				
- B3CG Interconnect Inc, Saint-Eustace, Canada	136814217 RC0002				
8046000 Canada Inc, Saint-Eustace, Canada	842130304 RC0001	441,620	100%	100%	34,482
- B3CG Interconnect USA Inc, Plattsburgh, USA	98-1035861				
AQ Inductive Components India Pvt.Ltd, Pune, India	U29309PN2018FTC175319	338,664	100%	100%	19,024
LTI Holding OY, Helsinki, Finland	2368936-5	5,619,145	100%	100%	294,882
- AQ Trafotek OY, Kaarina, Finland	2359889-3				
- AQ Trafotek AS, Harjumaa, Estonia	12625219				
- Trafotek Power Eletrônicos e Transformadores LTDA, Itu, Brazil	22.119.284/0001-72				
- Trafotek Corporation, Houston, USA	80-2012450				
					1,118,188

NOTE 22 LONG-TERM RECEIVABLES

Receivables from group companies	Parent company	
	2020	2019
Opening receivables	120,329	53,940
Lending during the year	60,050	68,496
Repayments during the year	-13,977	-3,632
Translation difference	-12,234	1,525
Closing receivables	154,168	120,329

NOTE 23 OTHER RECEIVABLES

SEK thousands	Group		Parent company	
	2020	2019	2020	2019
VAT receivables	26,740	41,827	5	-
Other current receivables	27,476	20,582	1,899	2,757
	54,216	62,409	1,904	2,757

NOTE 24 PREPAID EXPENSES AND ACCRUED INCOME

SEK thousands	Group		Parent company	
	2020	2019	2020	2019
Prepaid rent	5,876	7,114	63	63
Prepaid leasing	301	230	-	-
Prepaid insurances	833	1,453	278	256
Customer owned equipment	14,911	9,204	-	-
Accrued income	1,323	1,180	-	-
Accrued government support	11,541	571	-	-
Prepaid IT expenses	9,235	7,733	1,789	1,459
Other interim receivables ¹⁾	9,814	7,754	-	-
	53,834	35,239	2,130	1,778

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 (36,588), the reserve fund SEK 1,156 thousands (1,156), the share premium fund SEK 84,194 thousands (84,194), capitalized earnings SEK 526,451 thousands (373,192) and profit for the year SEK 73,780 thousands (153,259)

The Group's objective is to maintain an equity ratio of at least 40%. Group equity ratio at closing 31/12/2020 was 57% (52). 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	
Number/Amount at year-end - 12/31/2020	18,294,058	36,588,116	
		Group	
		2020	2019
Profit for the year attributable to Parent company shareholders, SEK thousands		315,420	260,878
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		17.24	14.37

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 0.00 (0.00) per share to the Annual General Meeting for fiscal year 2020, which means that SEK 0 will be distributed to shareholders if the Annual General Meeting decides so in accordance with the Board's proposal. During the year, no change in the Group's capital management has taken place.

NOTE 26 UNTAXED RESERVES

SEK thousands	Parent company	
	2020	2019
Tax allocation reserve, SFL 2014	-	4,900
Tax allocation reserve, SFL 2015	-	5,800
Tax allocation reserve, SFL 2016	-	6,800
Tax allocation reserve, SFL 2017	9,600	16,100
Tax allocation reserve, SFL 2018	10,900	10,900
Tax allocation reserve, SFL 2019	7,900	7,900
	28,400	52,400

NOTE 27 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK thousands	Group		Parent company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Pledged assets				
Property mortgages	94,895	102,094	-	-
Floating charges	321,450	1,362,351	-	-
<i>of which in own custody</i>	<i>404,575</i>	<i>1,380,405</i>	-	-
Ownership reservation regarding leased machines	3,714	3,860	-	-
Other ownership reservations	1,740	4,164	-	-
Mortgaged trade and other receivables	-	15,696	-	-
Contingent liabilities				
Other contingencies	24,369	26,315	20,000	20,000

NOTE 28 PROVISIONS - NON-CURRENT AND CURRENT

SEK thousands	Group	
	2020	2019
Opening pension provisions, non-current	11,938	11,133
Provisions made during the year	2,052	1,900
Used provisions	-673	226
Reversed provisions	-28	-35
Reclassifications	-	-1,472
Translation difference	-708	185
Closing pension provisions, non-current	12,580	11,938
Opening provisions for warranty obligations, non-current	2,938	2,288
Provisions made during the year	1,318	280
Reclassifications	-274	339
Translation difference	-414	31
Closing provisions for warranty obligations, non-current	3,569	2,938
Opening other provisions, non-current	-	1,512
Used provisions	-	-226,
Reclassifications	-	-1,326
Translation difference	-	40
Closing other provisions, non-current	-	-
Opening provisions for warranty obligations, current	3,600	3,710
Provisions made during the year	2,317	1,052
Used provisions	-513	-410
Reversed provisions	-285	-444
Reclassifications	274	-339
Translation difference	-362	31
Closing provisions for warranty obligations, current	5,030	3,600

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 Bulgaria, Italy, Lithuania and Poland.

The net obligation at the end of the year of SEK 12.6 (11.9) million are recorded in Provisions for pensions in the balance sheet of the Group. It is mainly attributable to Bulgaria 50 percent (51), Italy 20 percent (24), Lithuania 12 percent (6) and Poland 11 percent (11).

NOTE 29 OTHER LIABILITIES

SEK thousands	Group		Parent company	
	2020	2019	2020	2019
Liability for VAT and personnel	62,269	57,793	1,091	1,334
Other current liabilities	17,602	15,007	-	1,247
	79,871	72,800	1,091	2,581

NOTE 30 ACCRUED EXPENSES AND PREPAID INCOME

SEK thousands	Group		Parent company	
	2020	2019	2020	2019
Liability to personnel	123,849	120,234	8,429	4,186
Liability, social security contributions	40,215	40,152	2,739	2,059
Other interim liabilities	37,670	36,493	1,975	1,214
	201,733	196,879	13,143	7,459

NOTE 31 ACQUISITIONS**2020**

There were no acquisitions made in 2020. The inflow of acquisition objects was very low after the Covid-19 pandemic began, but increased during the autumn. The focus has instead been on integrating the Trafotek companies into AQ.

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 acquisition analysis which shows consolidated overvalues of approx. SEK 145.3 million divided into customer relations SEK 31.7 million, technology SEK 38.1million, 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.

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, 2019, 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 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.

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.

NOTE 32 CASH FLOW ANALYSIS

SEK thousands	Group		Parent company	
	2020	2019	2020	2019
Cash and bank balances	451,545	161,323	296,257	-
Cash and cash equivalents recorded in the cash flow statement	451,545	161,323	296,257	-

The Group's total unutilized limits on overdraft facilities at the end of the year amounted to SEK 164,1 million (108.6). AQ has a revolving loan facility of SEK 400 million, of which SEK 140 million (140) remains to be used.

Changes in interest-bearing liabilities included in financing activities

SEK thousands	Group		Parent company	
	2020	2019	2020	2019
Opening long term interest-bearing liabilities	442,411	16,667	210,000	683
Acquisition of companies	-	434	-	-
Reclassification to/from short-term interest-bearing liabilities	-82,721	-1,662	-	-
Items affecting cashflow from financing activities	-3,387	202,985	-	210,000
Non-cash generating item, financial leases	50,340	223,204	-	-683
Non-cash generating item, exchange rate differences	-594	784	-	-
Closing long term interest-bearing liabilities	406,049	442,411	210,000	210,000

SEK thousands	Group		Parent company	
	2020	2019	2020	2019
Opening short term interest-bearing liabilities	474,004	417,480	375,336	395,521
Acquisition of companies	-	1,261	-	-
Reclassification to/from short-term interest-bearing liabilities	82,721	1,662	-	-
Items affecting cashflow from financing activities	-167,230	-28,659	-71,285	-19,574
Non-cash generating item, financial leases	2,343	80,811	-	-611
Non-cash generating item, exchange rate differences	-1,178	1,451	-	-
Closing short term interest-bearing liabilities	390,660	474,004	304,052	375,336

Specification of adjustments for items non-cash generating items

SEK thousands	Group		Parent company	
	2020	2019	2020	2019
Depreciations and impairment losses	233,982	220,191	4,600	18,241
Result from sold fixed assets	6,780	214	-	72
Group contributions not paid	-	-	-3,100	-27,000
Provisions	3,506	1,882	-24,000	-654
Interest	4,807	4,383	-	-
Withholding tax dividends	501	-	-	-3,159
Exchange rate differences	851	-3,885	-	1,408
Non-cash generating items	250,426	222,785	-22,500	-11,093

Information regarding interest and dividends

SEK thousands	Group		Parent company	
	2020	2019	2020	2019
Received interest during the year	7,640	4,693	7,976	7,878
Paid interest during the year	-19,821	-15,222	-12,890	-8,300
Received dividend during the year	-	-	79,728	158,046

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 2020, AQ

Group AB paid SEK 0 (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 as per December 30, 2020 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	
	2020	2019
Billing	47,802	44,862
Purchase	1,182	2,746
Loans to group companies (non-current)	154,168	120,329
Receivables to group companies (current)	167,936	375,473
Interest-bearing liabilities to group companies (current)	449,348	233,782
Liabilities to group companies (current)	21,925	19,137
Interest revenue	7,956	7,856
Interest expense	1,158	858
Dividends from subsidiaries	79,728	158,046

NOTE 34 PROPOSED APPROPRIATION OF PROFITS, SEK

The Board proposes that the retained earnings, SEK 684,424,384 is distributed as follows:

Available		Appropriation	
Share premium reserve	84,194,103	Distributed to shareholders,	
Retained earnings incl.		0 SEK per share	-
Profit for the year	600,230,281	Carried forward ¹⁾	684,230,281
Total non-restricted equity	684,424,384	Total	684,230,281

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

NOTE 35 POST BALANCE SHEET EVENTS

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

Anders Carlsson will leave his position as President and CEO on March 31, 2021 and James Ahrgren will replace him as the new President and CEO on April 1, 2021.

The Covid-19 pandemic continues globally. The spread of infection continues in all the countries where AQ is active except in China where it is very low. The intensity of the spread of infection varies between different countries and goes up and down and also affects, among other things, the possibility for labour to cross national borders. Uncertainty about the continued impact on demand and our operations remains. We will continue with the measures we introduced in 2020 and are prepared to do so for a longer period of time. All our production units are up and running and we work closely with our customers to minimize the impact of the pandemic.

KEY INDICATORS AND DEFINITIONS

Key indicators defined by IFRS

SEK thousands	2020	2019	2018	2017	2016
Net revenue, SEK thousands	4,819,001	5,112,602	4,667,220	4,019,740	3,289,215
Earnings per share, SEK	17.24	14.37	8.26	11.14	13.01

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	2020	2019	2018	2017	2016
Operating margin, (EBIT %)					
Operating profit	401,238	340,495	208,184	263,282	281,353
Net revenue	4,819,001	5,112,602	4,667,220	4,019,740	3,289,215
Operating margin	8.3%	6.7%	4.5%	6.5%	8.6%
Profit margin before tax, (EBT %)					
Profit before tax	369,104	321,412	198,322	255,828	279,344
Net revenue	4,819,001	5,112,602	4,667,220	4,019,740	3,289,215
Profit margin before tax	7.7%	6.3%	4.2%	6.4%	8.5%
Liquid ratio, %					
Trade and other receivables	995,212	1,043,903	1,081,833	900,387	805,186
Other current receivables	125,103	118,269	104,804	143,575	160,179
Cash and cash equivalents	451,545	161,323	100,683	142,049	162,812
Current liabilities	1,166,306	1,251,506	1,163,307	946,851	794,582
Liquid ratio	135%	106%	111%	125%	142%
Equity ratio, %					
Total equity	2,190,632	2,015,157	1,782,711	1,643,193	1,463,195
Total assets	3,864,463	3,852,305	3,099,788	2,677,444	2,449,796
Equity ratio	57%	52%	58%	61%	60%
Return on total assets, %					
Profit before tax	369,104	321,412	198,322	255,828	279,344
Financial expenses	-47,963	-29,753	-14,715	-10,741	-12,977
Total equity and liabilities, opening balance	3,852,305	3,099,788	2,677,444	2,449,796	2,024,282
Total equity and liabilities, closing balance	3,864,463	3,852,305	3,099,788	2,677,444	2,449,796
Total equity and liabilities, average	3,858,384	3,476,046	2,888,616	2,563,620	2,237,039
Return on total assets	10.8%	10.1%	7.4%	10.4%	13.1%
Return on equity after tax, %					
Profit for the period after tax	317,878	262,871	152,544	204,674	235,678
Total equity, opening	2,015,157	1,782,711	1,643,193	1,463,195	1,169,736
Total equity, closing	2,190,632	2,015,157	1,782,711	1,643,193	1,463,195
Total equity, average	2,102,894	1,898,934	1,712,952	1,553,194	1,316,465
Return on equity after tax	15.1%	13.8%	8.9%	13.2%	17.9%
Net cash / Net debt					
Cash and cash equivalents	451,545	161,323	100,683	142,049	162,812
Non-current interest bearing liabilities	406,049	442,411	16,667	12,757	107,779
Current interest bearing liabilities	390,660	474,004	417,480	253,264	164,034
Total interest bearing liabilities	796,709	916,416	434,146	266,021	271,812
Net cash / Net debt	-345,164	-755,093	-333,464	-123,972	-109,000

GROUP KEY FIGURES (CONT.)

SEK thousands	2020	2019	2018	2017	2016
Growth, %					
Organic growth					
Net revenue current period	4,819,001	5,112,602	4,667,220	4,019,740	3,289,215
- Effect of changes in exchange rates	-90,777	101,439	124,524	29,308	-20,452
- Net revenue last year	5,112,602	4,667,220	4,019,740	3,289,215	2,931,878
- Net revenue for acquired companies	235,981	400,297	265,762	325,055	327,803
= Organic growth	-438,804	-56,354	257,194	376,162	49,987
Organic growth divided by last year net revenue, %	-8.6%	-1.2%	6.4%	11.4%	1.7%
Growth through acquisitions					
Net revenue for acquired companies divided by last year net revenue, %	4.6%	8.6%	6.6%	9.9%	11.2%
EBITDA					
Operating profit	401,238	340,495	208,184	263,282	281,353
Depreciation	-233,996	-220,191	-112,231	-97,499	-79,944
EBITDA	635,234	560,686	320,415	360,781	361,297

KEY FIGURES, PARENT COMPANY

SEK thousands	2020	2019	2018	2017	2016
Liquid ratio, %					
Account receivables	-	-	-	-	-
Current receivables	184,745	387,523	420,157	316,805	251,503
Cash and cash equivalents	296,257	-	-	-	-
Current liabilities	792,437	644,010	621,082	547,433	502,146
Liquid ratio, %	61%	60%	68%	58%	50%
Debt/equity ratio, %					
Total equity	722,169	648,389	545,439	371,476	395,676
Equity part of untaxed reserves	22,550	41,186	41,700	47,117	34,398
Adjusted equity	744,719	689,575	587,139	418,593	430,074
Total assets	1,753,359	1,586,873	1,261,569	979,472	1,039,360
Debt/equity ratio, %	42%	43%	47%	43%	41%

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 March 26, 2021. Consolidated financial statements and the Parent company's income statement and balance sheet are subject to approval at the AGM on April 21, 2021.

Västerås, March 26, 2021

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 March 26, 2021
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 2020. The annual accounts and consolidated accounts of the company are included on pages 36-89 in this document.

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 2020 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 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Key Audit Matters

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

Valuation of inventories

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

Description of key audit matter

The Group reports per December 31, 2020 inventories of SEK 816 million, which represents 21% 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 101 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 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, dispatches and arrival of goods.

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

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



Valuation of trade receivables

See disclosure 3 and accounting principles on page 56 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The Group reports per December 31, 2020 trade receivables of SEK 995 million, which represents 26% 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

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-29, 34-35 and 94-98. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other 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

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, measures that have been taken to eliminate the threats or 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 2020 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 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 June 25, 2020. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2014.

Västerås 26 March 2021

KPMG AB

Helena Arvidsson Älgne
Authorized Public Accountant

GROUP STRUCTURE - OPERATIONS

PARENT COMPANY

AQ Group AB (publ) (556281-8830)

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

CEO: Anders Carlsson

SWEDISH OPERATING SUBSIDIARIES

AQ Elautomatik AB (556272-8484)

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

MD: Ola Olsson

AQ M-Tech AB (556358-1411)

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

MD: Tobias Hammar

AQ Enclosure Systems AB (556660-1844)

The company is engaged in manufacturing and selling complete machines and sheet metal components. The company's operations are conducted in Vaggeryd 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 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 Pålshoda 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 Pålshoda AB (556275-6212)

The company manages an industrial property in Pålshoda 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

AQ Welded Structures AB (556660-2016)

The company is being liquidated.
MD: Ragnar Koppel

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 (913205057859862000)

The company designs, manufactures and assembles wiring systems and inductive components. The company's operations are conducted in Suzhou, China, and focuses on external customers in Asia.
MD: Andreas Björk

AQ Electric & Enclosure Suzhou Co. Ltd (91320505MA22AAMD01)

The company designs, manufactures and assembles enclosures, sheet metal parts, electric cabinets, container-based electrical and automation solutions. The company's operations are conducted in Suzhou, China, and focuses on external customers in Asia.
MD: Andreas Björk

AQ Inductive Components India Pvt. Ltd. (U29309PN2018FTC175319)

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

AQ Components Suzhou Co. Ltd (91320505717465227Y)

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 (10 930 852)

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 99,7% by AQ Group AB (publ). The company manufactures and sells inductive components and relays. The company operates in its own property of approximately 8,500 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., (0000199352)

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 Panevėžys, 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 Inductive Components d.o.o Pirot (21531723)

The company manufactures components and details for inductive components. The company conducts business in Pirot, Serbia.

MD: Krasimir Cholakov

AQ Trafotek OY (2359889-3)

The company is a leading supplier of power transformers for marine applications and reactors for frequency converters and wind turbines. The company operates in Kaarina, Finland, with a sales department/branch in Germany.

MD: Niklas Ericsson

AQ 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

Trafotek Suzhou Ltd Co (91320594783360415Y)

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 Eletrônicos e Transformadores LTDA (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 (0000043722)

The company manufactures and sells wiring systems and electromechanical modules for industrial customers. The company conducts business in Linowiec, Polen.

MD: Ewa Sulewska

AQ Mecanova OY (0745938-3)

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

MD: Ulla Landenperä-Koski

B3CG Interconnect Inc (136814217 RC0002)

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

MD: Céline Brunet

B3CG Interconnect USA Inc (98-1035861)

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

MD: Céline Brunet

OTHER FOREIGN SUBSIDIARIES**8046000 Canada Inc (842130304 RC0001)**

Holding company that owns B3CG Interconnect USA Inc.

MD: Céline Brunet

Société de Gestion B3CG Interconnect Inc (807949219 RC0001)

Holding company that owns B3CG Interconnect Inc.

MD: Céline Brunet

LTI Holding OY (2368936-5)

Holding company that owns AQ Trafotek OY.

MD: Niklas Ericsson

AQ Asia Ltd. (2568747)

Sales company in Hong Kong, without employees.

MD: Andreas Björk

AQ Manufacturing Co., Ltd (0115 558 018 096)

The company is being liquidated.

MD: Ragnar Koppel

Mecanova Inc

Resting company.

MD: Ulla Landenperä-Koski

AQ Magnetica Technology D.O.O (20993294)

Resting company.

MD: Krasimir Cholakov

Trafotek Corporation USA (80-2012450)

Resting company.

AQ B3CG Real Estate Inc (768141731 RC0001)

MD: Céline Brunet

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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

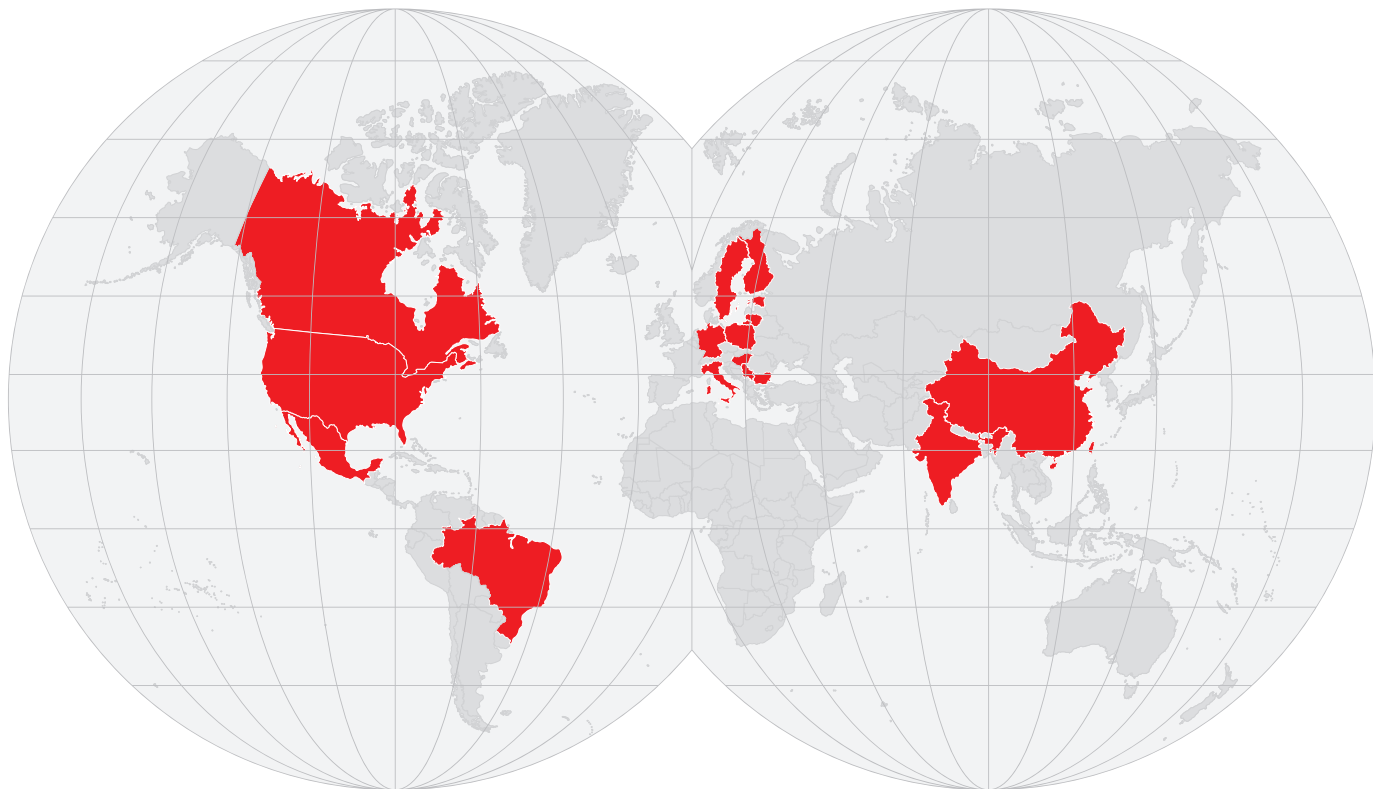
Companies within the AQ Group shall, based on AQ core values, run their business as entrepreneurs and strive for profitability and growth.

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	