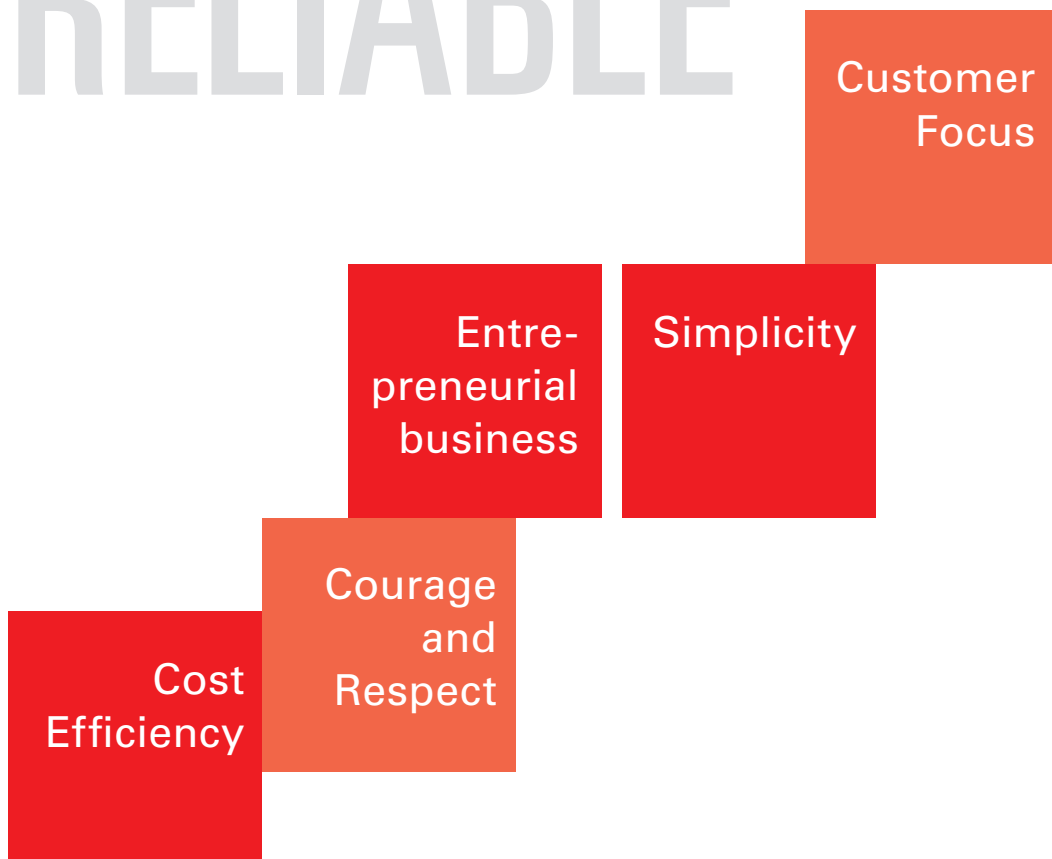




AQ Group AB
Annual Report **2022**

www.aqgroup.com

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.

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.

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 Injection Molding and Precision stamping, Inductive Components, Wiring Systems, Sheet Metal Processing as well as Special technologies and Engineering.

Since its inception in 1994, AQ Group has reported steady, rapid growth with good profitability. The Group has approximately 7,200 employees in total, whereof 88% in countries outside of Sweden. Annual turnover is SEK 7 billion. The company is listed on Nasdaq Stockholm's main market since January 16, 2017.

SYSTEM

- Electric cabinets
- System products

COMPONENT

- Injection molding and Precision stamping
- Inductive components
- Wiring Systems
- Sheet metal processing
- Special technologies and Engineering



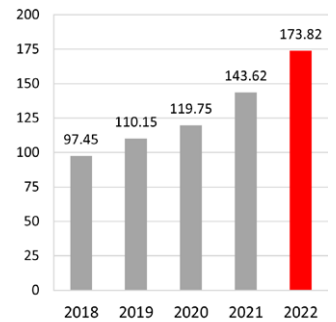
AQ's WORLD

AQ currently has operations in Sweden, Bulgaria, Hungary, Estonia, Poland, Lithuania, Mexico, Italy, India, China, Finland, USA, Canada, Brazil and Germany.

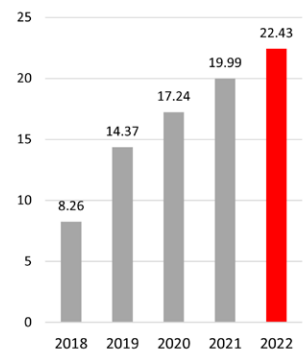
HISTORY IN BRIEF

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 and AQ Plast
2006	Acquisition of companies in sheet metal with operations in Sweden and in Pärnu, Estonia, AQ Special Sheet Metal, AQ Lasertool
2008	Acquisition of transformer manufacturer in Suzhou China, AQ Electric
2010	Acquisition of a company in wiring harness manufacturing in Poland, AQ Wiring Systems
2011	Start of a new company in wiring systems and mechanical components in Pune India, AQ Mechanical & Electrical
2012	Acquisition of a company in wiring systems manufacturing with operations in Lithuania and Mexico, AQ Wiring Systems
2013	Acquisition of bankruptcy estate active in the assembly of packaging machines in Falköping, AQ Enclosure Systems. Acquisition of bankruptcy estate within special silencers in Lyrestad, AQ Special Sheet Metal
2014	Acquisition of companies in injection molding and assembly in Bulgaria, AQ Plastronic Acquisition of surface treatment company (ED) in Estonia, AQ Lasertool
2015	Acquisition of a company in injection molding and advanced mechanical components in Hungary, AQ Anton
2016	Acquisition of a Group within wiring systems and mechanical manufacturing, AQ Wiring Systems, AQ Components
2017	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 Wiring Systems Canada, Inc and AQ Wiring Systems NY, Inc.
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
2021	Acquisition of manufacturers of inductive components - AQ Inductive Components Germany (Germany), AQ Inductives Hungary (Hungary), AQ Transformer Solutions (USA) and AQ Power Magnetics Shanghai (China)

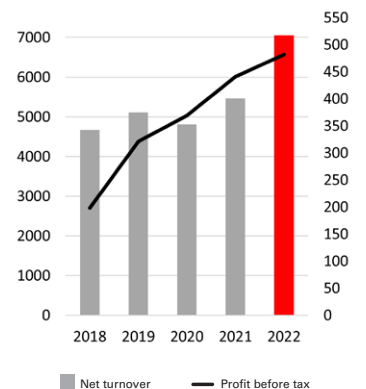
Equity per share, SEK



Prrprofit after tax per share, SEK



Net sales and profit before tax, MSEK



AQ GROUP 2022



- Turnover and profit record
- Hard work adjusting prices to compensate for increased costs of energy, transport and materials
- Acquisition and renovation of property in Bulgaria for production of electrical cabinets and battery systems for energy storage
- Completion of a wiring systems factory in Lithuania for production of wiring systems for commercial vehicles
- New deals in electrification, electric vehicles, renewable energy, medical technology, and energy storage

MARKET

Since we were founded in 1994, AQ has worked with electrification. We are now seeing strong growth among our customers who manufacture technical solutions to transmit, store, and transform energy in an efficient way. This means that during the year we saw a strong volume increase in our business areas for Inductive components, Electrical cabinets and Wiring systems. Our turnover is increasing in all geographic markets but it is our sales from Eastern Europe that has grown the fastest during the year.

Net sales increased by 29% in 2022, of which 24% was organic growth. About 12% of our organic growth during the year has been affected by the price increases that we have implemented due to cost increases for materials, energy and transport. We grow organically in all business areas and market segments, but above all within components and systems for the electrification of vehicles.

During the year, we have successfully started deliveries of battery storage systems for the storage of renewable energy as well as cab wiring for leading truck manufacturers. We have also increased our deliveries of inductive components and systems to leading suppliers of frequency converters that reduce energy consumption in electric motors.

During the year, we won new orders for components for vehicles in the defense industry as well as a large number of orders for transformers and inductors for ships. This together with our investments in battery systems and wiring systems will contribute to continued growth in the coming years. We are convinced that we will grow by more than SEK 1 billion in 2023. That is fun.

PROFIT AND CASH FLOW

Earnings before tax (EBT) increased by 9.3% to SEK 482 million and our profit per share increased by 12.2% to SEK 22.43. This improvement comes from high organic growth within, above all, electrification and high capacity utilization in our production units. Our profit margin before tax was 6.8%. That is lower than our target of 8%. During the year we have been too slow to pass on costs of price increases on materials, energy and transport, which has lowered our profit margin. Our strong growth has also brought difficulties to achieve normal productivity in some of our factories. At the same time, we have had profitability problems during the year in

Mexico and China. We have carried out intensive improvement work there that should produce results in 2023. Furthermore, have our and our customers component shortages caused disturbances for our production. Our ambition is to get back to a profit margin before tax of 8% in 2023. Cash flow from operating activities during 2022 has been weak, although it improved towards the end of the year. That is due to our rapid growth which has increased our inventory and accounts receivable. In the second part of 2022, we started a project to increase the inventory turnover throughout the Group.

DIVIDEND

This year, the Board has proposed a dividend of SEK 3.33 per share. We have strong organic growth and see plenty of interesting opportunities to continue like this. Therefore, the Board proposes to retain a larger part of the capital we have generated in the company than what our dividend policy indicates. We believe that the money will grow faster for our shareholders within AQ than outside.

DELIVERY CAPABILITY & CAPACITY

During the year, our ability to deliver has been poor. We have had major problems to deliver due to strong growth as well as disruptions caused by component shortages. During 2022 we delivered 90% of our orders on time. It's not good enough. To improve this, we have invested in increased production capacity during the year as well as, in some cases, increased our inventory of components that is important for our customers.

Some of the important initiatives we carried out during the year;

- Investment in property and production equipment to increase the production capacity of electrical cabinets in Pernik, Bulgaria.
- Recruited more than 1,000 new employees to increase our production capacity.
- Invested in several new machines for sheet metal processing and wiring systems production in Sweden, Finland, Estonia, Bulgaria and Mexico.



ACQUISITIONS

We work continuously to identify potential acquisitions that will fit in AQ. We are very careful that the acquisitions we make will contribute and develop the Group in the long run. There are many companies to buy, but it is certainly not all that we want to buy. During the year, we have made several bids for companies we like. Unfortunately, the expectations regarding valuation for these acquisitions has been too high for us. We want a margin of safety when we buy companies.

ENVIRONMENT

We need to do more to reduce our carbon dioxide emissions. Within AQ Group, we have chosen to do so within the framework of our environmental management system in our operational production units. There are concrete goals, metrics and activities to reduce our environmental impact and in our Sustainability Report for in 2022, we report our carbon dioxide emissions according to scope 1 and 2, as well as targets for reduction. Our carbon dioxide emissions according to scope 1 and 2 in relation to turnover has during the year decreased by 14%.

During the year, we have invested in new production equipment which is more energy efficient, optimized several of our painting facilities to reduce energy consumption and decided about investing in solar cells on one of our production properties in Poland. At the same time, we have extra focus on taking advantage of the opportunities to produce components and systems to our customers' products that improve the environment. Some examples are our battery system production, production of inductive components for battery-electric trains and aluminum components to wind turbines.

ORGANISATION

AQ Group has a culture of decentralized leadership and strong core values in customer focus, simplicity, entrepreneurship, cost efficiency and courage and respect. We run our operations in independent companies with capable leaders and employees who work closely with our customers with a mandate to make quick decisions to help our customers. Then we can be swift and take advantage of the existing opportunities together with our customers. This in combination with the fact that we can identify synergies within sales, purchasing, IT and finance upon group level enables us to continue to grow, our company, our employees, our net sales and our result.

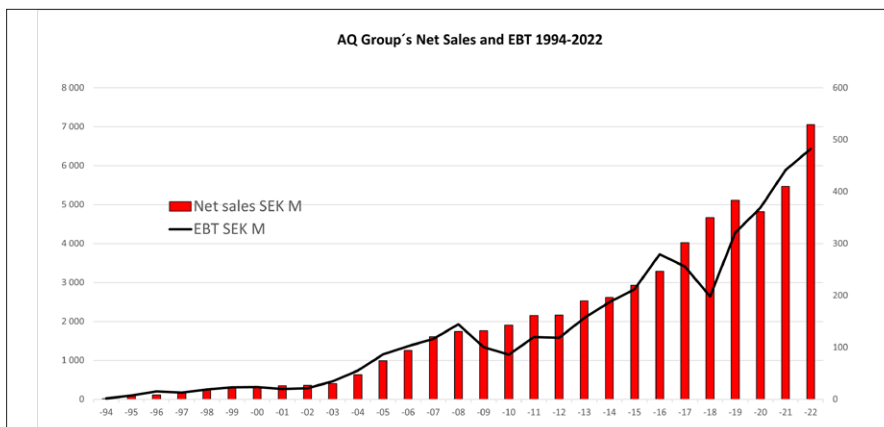
OUTLOOK

We want to be a long-term, growing and profitable company with a profit margin before tax of 8% and with strong financial position. We enjoy doing business with demanding industrial customers. With strong relationships with world-leading customers and committed employees, we will do everything to create organic growth and carry out new acquisitions. An important part in this are our core values and our aspiration to be a long-term and "Reliable" supplier to leading industrial customers. In the long run, we see an even greater focus on driving solutions to make us all independent of fossil energy. This leads to increased focus on AQ's customers in renewable energy, electromobility and energy storage.

AQ's strategy and core values are fixed. We are working long-term with demanding industrial customers who have high requirements for quality and on-time-delivery. We always want to do the "little extra" for our customers and help them to be successful in their markets. The key to this is talent employees who work in decentralized companies that are managed by strong entrepreneurs. We are simple and cost-effective which means we are competitive. Finally we dare to go our own way and tell the truth, which helps us grasp the problems and opportunities that arise in each company.

At AQ, we deliver shareholder value. We therefore have no adjusted profit measures but chooses to focus on the profits accruing to shareholders. We have increased earnings per share by an average of 18% per year for the last 10 years and with the last quarter of the year we have reported profitability 113 quarters in a row. We are proud of the development AQ has had since its inception in 1994 and will do everything in our power to keep breaking new records. Together with our fantastic employees and customers, we leave 2022 strengthened and I dare to promise that 2023 will be even better.

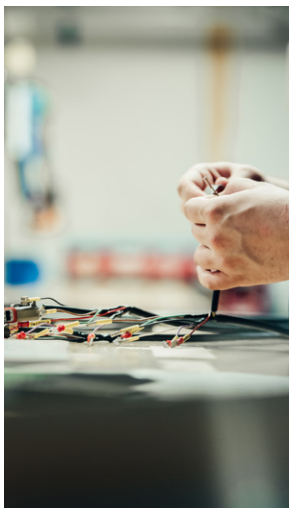
James Ahrgren
CEO





CORE VALUES

Our core values form an important basis for our business and unites AQ’s companies world- wide. Our building blocks **Customer focus, Simplicity, Entrepreneurial business, Cost efficiency** and **Courage and Respect** 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.



CORE 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 core 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 2022, we have continued to implement the core values in our units. The CEO and HR Manager have, for example, together met the management teams and gone through everything from AQ’s history to AQ’s core 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

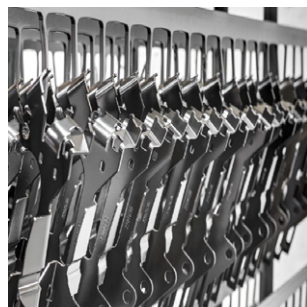
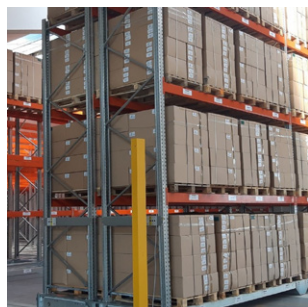
Customer
Focus

Simplicity

Entre-
preneurial
business

Cost
Efficiency

Courage
and
Respect



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, off-road 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.

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

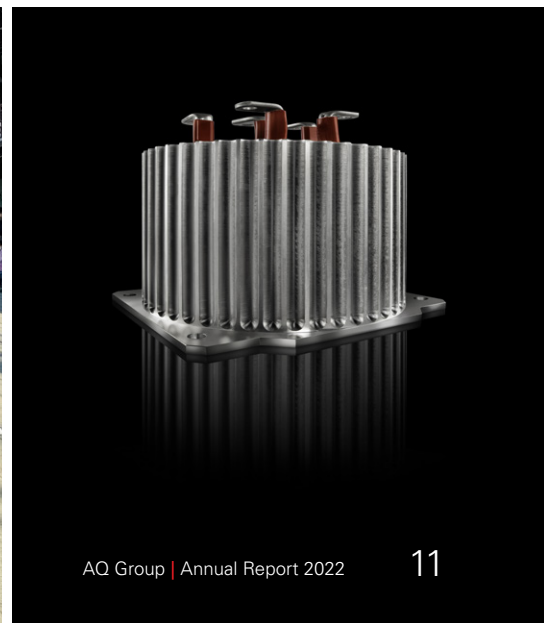
AQ Group's Board has set a few operational targets for the Group, which should be easy for all employees to understand and strive for. The objectives assure that the Group is being managed towards a good profit, high quality and delivery reliability, and strong growth with a sound level of financial 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 and at the same time 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. In 2022, our product quality increased slightly to 99.6%, compared to the last four years' 99.5%.	<table border="1"> <caption>Product Quality (%)</caption> <thead> <tr><th>Year</th><th>Value</th></tr> </thead> <tbody> <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> <tr><td>2021</td><td>99.5</td></tr> <tr><td>2022</td><td>99.6</td></tr> </tbody> </table>	Year	Value	2018	99.5	2019	99.5	2020	99.5	2021	99.5	2022	99.6
Year	Value														
2018	99.5														
2019	99.5														
2020	99.5														
2021	99.5														
2022	99.6														
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. We continue to have material shortages and longer than normal lead times on certain components. It affects our delivery precision, which during the year was 90% compared to our target of 98%.	<table border="1"> <caption>Delivery Precision (%)</caption> <thead> <tr><th>Year</th><th>Value</th></tr> </thead> <tbody> <tr><td>2018</td><td>88</td></tr> <tr><td>2019</td><td>92</td></tr> <tr><td>2020</td><td>95</td></tr> <tr><td>2021</td><td>92</td></tr> <tr><td>2022</td><td>90</td></tr> </tbody> </table>	Year	Value	2018	88	2019	92	2020	95	2021	92	2022	90
Year	Value														
2018	88														
2019	92														
2020	95														
2021	92														
2022	90														
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%	Our equity ratio has been above the target in the last five years, and amounts to 56% in 2022.	<table border="1"> <caption>Financial Standing (%)</caption> <thead> <tr><th>Year</th><th>Value</th></tr> </thead> <tbody> <tr><td>2018</td><td>58</td></tr> <tr><td>2019</td><td>52</td></tr> <tr><td>2020</td><td>58</td></tr> <tr><td>2021</td><td>56</td></tr> <tr><td>2022</td><td>56</td></tr> </tbody> </table>	Year	Value	2018	58	2019	52	2020	58	2021	56	2022	56
Year	Value														
2018	58														
2019	52														
2020	58														
2021	56														
2022	56														
PROFITABILITY															
AQ's goal is to reach a profit before tax of 8%.	+8%	Our profit before tax amounted to 6.8%, which is lower than the target of 8%.	<table border="1"> <caption>Profitability (%)</caption> <thead> <tr><th>Year</th><th>Value</th></tr> </thead> <tbody> <tr><td>2018</td><td>4.2</td></tr> <tr><td>2019</td><td>6.2</td></tr> <tr><td>2020</td><td>7.8</td></tr> <tr><td>2021</td><td>8.2</td></tr> <tr><td>2022</td><td>6.8</td></tr> </tbody> </table>	Year	Value	2018	4.2	2019	6.2	2020	7.8	2021	8.2	2022	6.8
Year	Value														
2018	4.2														
2019	6.2														
2020	7.8														
2021	8.2														
2022	6.8														
GROWTH															
AQ's goal is to grow by 15% per year.	+15%	AQ's strategy is to yearly grow, both organic by at least 10% and through acquisitions by at least 5%. The organic growth during 2022 has been all time high and the total growth during the year amounted to 28.9%.	<table border="1"> <caption>Growth (%)</caption> <thead> <tr><th>Year</th><th>Value</th></tr> </thead> <tbody> <tr><td>2018</td><td>15</td></tr> <tr><td>2019</td><td>10</td></tr> <tr><td>2020</td><td>-2</td></tr> <tr><td>2021</td><td>12</td></tr> <tr><td>2022</td><td>28.9</td></tr> </tbody> </table>	Year	Value	2018	15	2019	10	2020	-2	2021	12	2022	28.9
Year	Value														
2018	15														
2019	10														
2020	-2														
2021	12														
2022	28.9														

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. None of the 15 areas below is a dominating part of the net sales, our business is well distributed over many customers. We are working with commercial vehicles that operate both on and off public roads. AQ Group 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 vehicles and

AQ is part of this development. We have business in power, automation, railway and renewable energy which are key technologies to enable the sustainable society of the future. Our combined business to bus and railway customers means we have a certain exposure to local transit systems. Our marine businesses are both for port infrastructure as well as ships. Finally we manufacture complete machines for both 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 competence to produce for the automotive industry combined with our knowledge in electric power and electrical automation.

REFERENCE PROJECTS

- Design, industrialization and serial deliveries of battery systems for the storage of renewable energy.
- We supply inductors to industrial drives which helps to lower electricity consumption by using electric motors only when they are needed.
- Serial deliveries of liquid-cooled inductors for wind turbine converters for customers in Denmark and Finland.
- Serial deliveries of aluminum structure for cooling systems for wind power in Germany.
- Industrialization and serial deliveries of power cables and fuse boxes for commercial electric vehicles.
- Design, industrialization and serial deliveries of electric automation cabinets to a product that cleans ballast water on board boats.



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



Electric cabinets

AQ is a complete partner for customers who need electrical systems. Our equipment is used in a variety of applications that are 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 organized into customer teams, an organizational 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.

Sales, product development and production takes place in:

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



System products

AQ offers a spectrum of machines and automats. Examples are medtech skids, ticket machines for parking and travel tickets, ATMs, packaging machines, printers and passport machines.

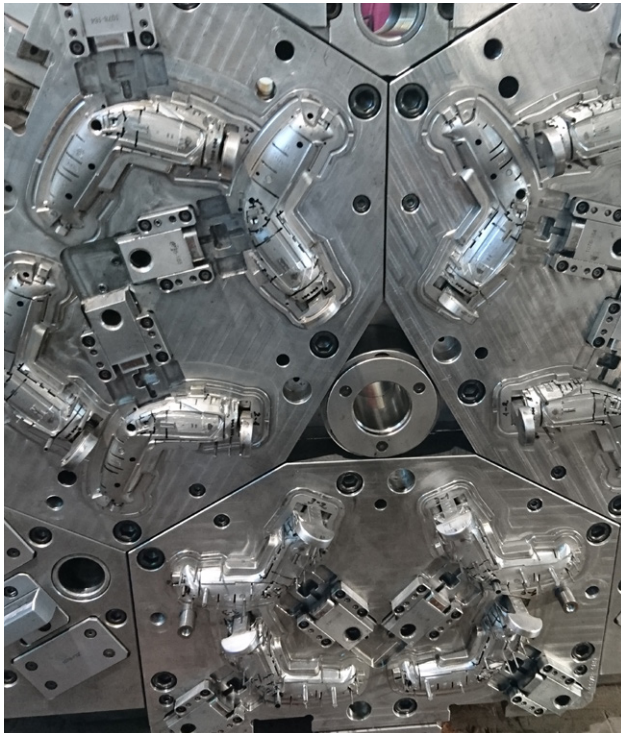
The products, which are often technically advanced, are developed and refined in close collaboration with our customers to achieve solutions that are cost-effective and technically optimized.

We utilize AQ's entire production and purchasing network to manufacture components that are part of these systems. Our strong expertise in everything from sheet metal processing, injection molding and electrical assembly is used to cut costs and improve quality and thereby increase our customers' competitiveness.

We work to create and preserve long-term business relationships where we are the customer's producing party, which creates added value in terms of cost efficiency, quality, development, delivery precision and logistics solutions.

Sales, product development and production takes place in:

- Sweden
- China
- Bulgaria



Injection molding and Precision stamping

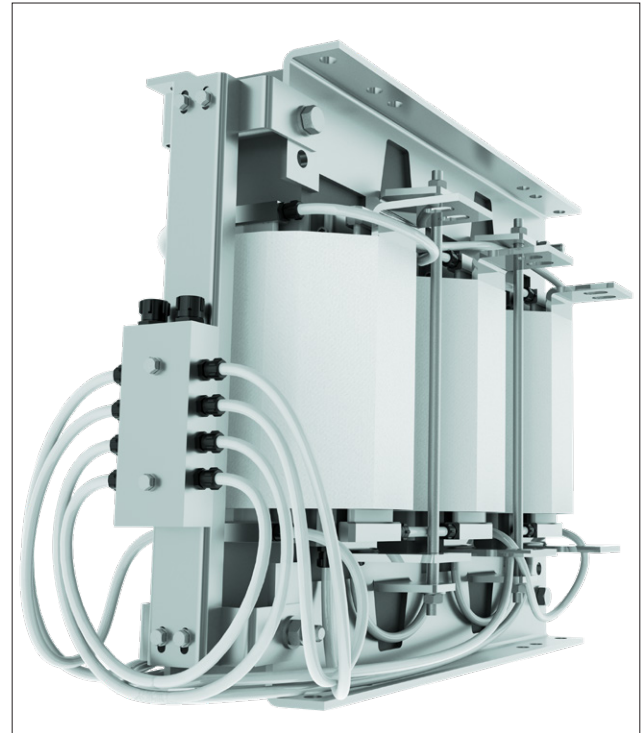
AQ is a global supplier of manufacturing and assembling tool-bound sheet metal and thermoplastic parts to demanding industrial customers. With our commitment to total quality, our customers become long-term partners. Our customer base is made up of large industrial customers in various industries such as the automotive, medical, telecom and engineering industries.

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, but also high-performance plastics that can withstand temperatures above 200°C. We have extensive experience of punching complex materials with high tolerance requirements and advanced design capabilities and tool manufacturing in-house. We also have the capacity to injection mold plastic with up to 4 different materials in one and the same component. Other processes are stamping, bending and surface treatments.

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
- Hungary
- China



Inductive components

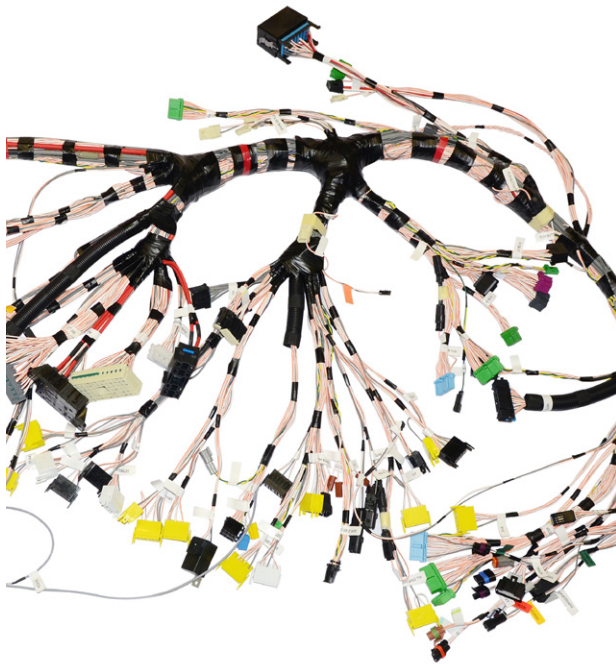
Inductive components from AQ are found in some of the most demanding applications, such as in motor drives, rail transport and trackside equipment, solar and wind energy, marine and offshore technics, relay protection systems, military equipment, airplanes and equipment for process automation.

Our products are mainly developed in cooperation with the customer. This possibility is used by more and more companies because it provides the opportunity to realize economically and technically optimal solutions.

This business area works with electrical and mechanical design, engineering and manufacturing of inductive components for enhanced power quality, improved energy efficiency and exploitation of renewable energies. We are also an electro-technical supplier for inductive components and systems for low and medium voltage applications.

Sales, product development and production takes place in:

- Sweden
- Bulgaria
- Finland
- Estonia
- India
- Italy
- China
- Brazil
- Germany
- USA
- Hungary



Wiring systems

Wiring systems is a business area that globally provides a wide range of customized industrial wire harnesses and electromechanical modules for demanding customers around the world. We work from design to assembly.

We have extensive experience and knowledge when it comes to working with clients in the railway, cars, trucks, buses, engines, agriculture and forestry, construction and mining, material handling, general and engineering industries. This has taught us to consistently strive to improve our processes and products and have 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 make AQ an ideal partner for customers with qualified demands.

Sales, product development and production takes place in:

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



Sheet metal processing

AQ provides contract manufacturing of sheet metal components and complex sheet metal designs in the commercial vehicles, off-road equipment, electric power, railway and medical industries.

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

We offer services and products such as design support & project management, punching and laser cutting, eccentric and hydraulic pressing, laser cutting and edge bending, manual and robotic welding, surface treatments, post-treatments and powder coating and assembly and functional tests.

Sales, product development and production takes place in:

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



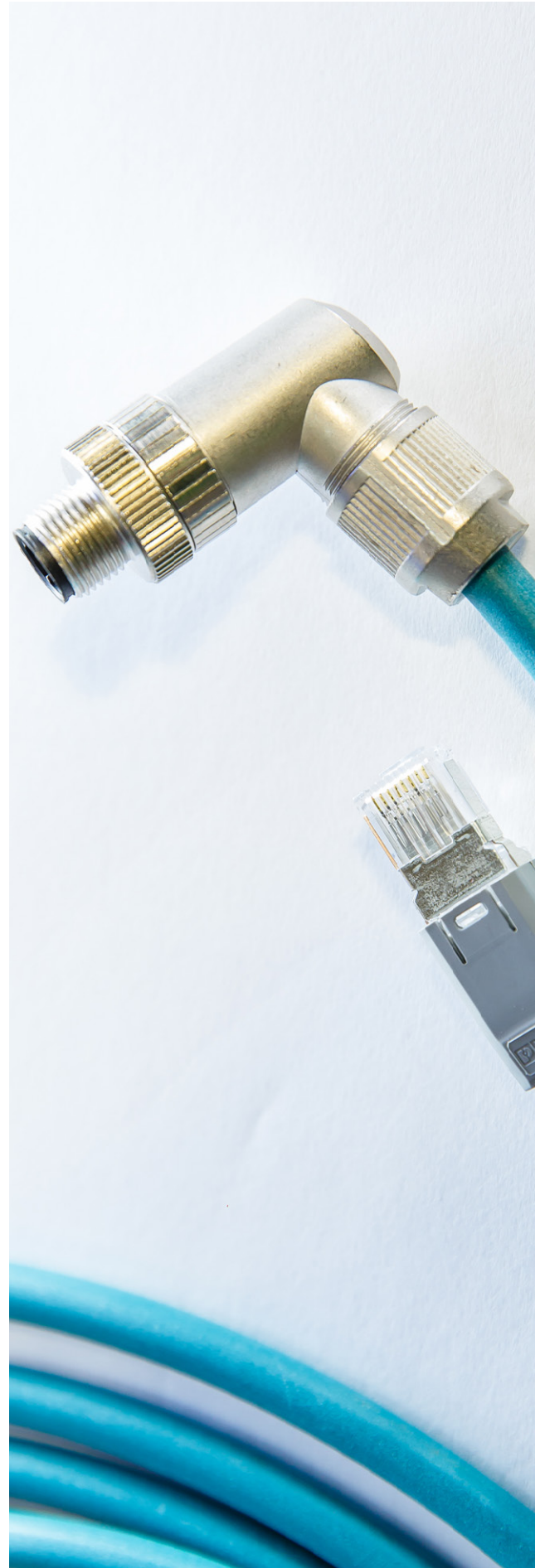
Special technologies and Engineering

The business area Special technologies and Engineering consists of AQ's operations involving a high level of technology and engineering content which supplies advanced technology products and services to demanding customers in the commercial vehicles, automotive, food & beverages, medical, railway and general industries.

The products and services vary from Special machining for gas turbines, air sensors in plastic and stainless steel for medical industry, power supplies and drive controls to complete engineering of mechanics and complete systems.

Sales, product development and production takes place in:

- Sweden
- Italy
- China
- Hungary
- Bulgaria
- Germany



Growth and 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 the demand for local content is increasing on many of our customers' markets. During the year, we have had strong growth in most of our geographic markets - the Nordics, Eastern Europe, India, China, North America and Brazil.

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 better for the environment.

During 2022, we have invested heavily in increased production capacity to meet our customers' needs. Among other things, we have commissioned a new production unit in Lithuania for the production of wiring systems for commercial vehicles and built a new factory for the production of electrical cabinets and battery systems in Bulgaria. We have also invested in new efficient production equipment in Sweden, Finland, Estonia and Poland.

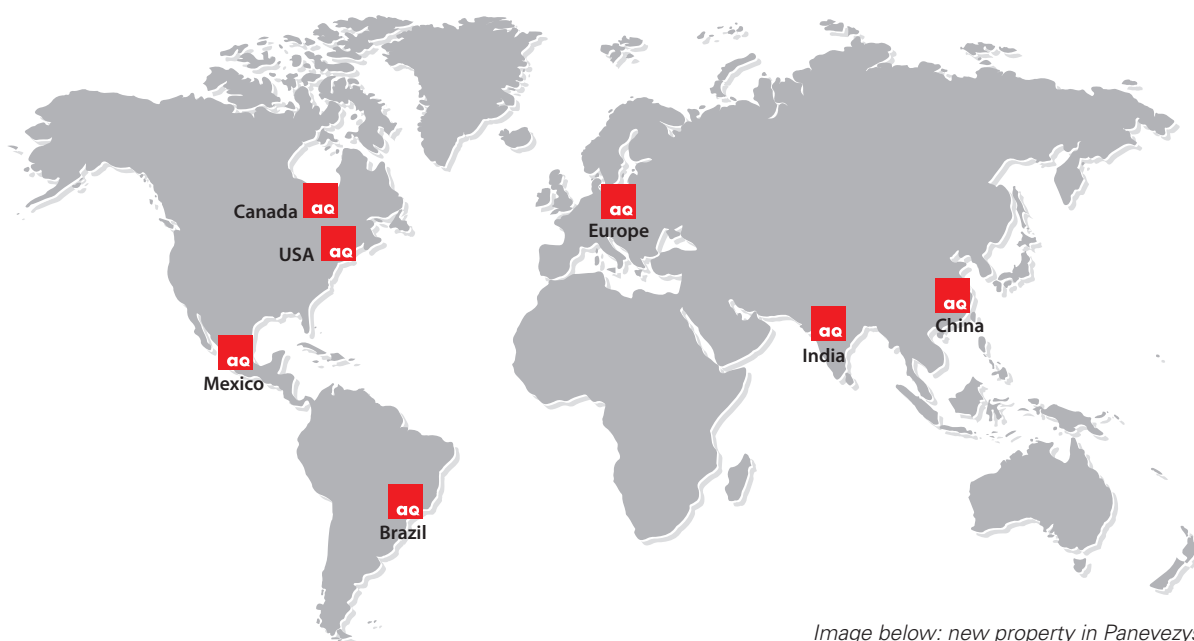


Image below: new property in Panevezys, Lithuania



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 sector 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. The integration is also reinforced since staff in sales, purchasing, finance and IT rapidly become integrated into the internal networks of AQ. We see it as a way to create good relationships at various levels. The companies' part in the AQ's organisation with clear reporting lines are also a priority of integration.

ACQUISITIONS 2022

During the year, AQ has had great organic growth and has not carried out any acquisitions in 2022. The focus has been to handle the historically high organic expansion rate with investments in increased capacity.

During April, AQ in Lithuania completed a new property for production of wiring systems, which will double AQ's capacity in the production of wiring harnesses for commercial vehicles in Europe. The new factory will be in full production in 2023 and will then have 1,500 employees. During the summer, AQ acquired a property in Pernik, Bulgaria with the aim of continuing the growth in the business area Electric cabinets and greatly expanding the capacity for the production of large battery systems in Europe. The new AQ factory will produce sheet metal enclosures and carry out electrical installations for large battery systems used to store energy for the power grid.

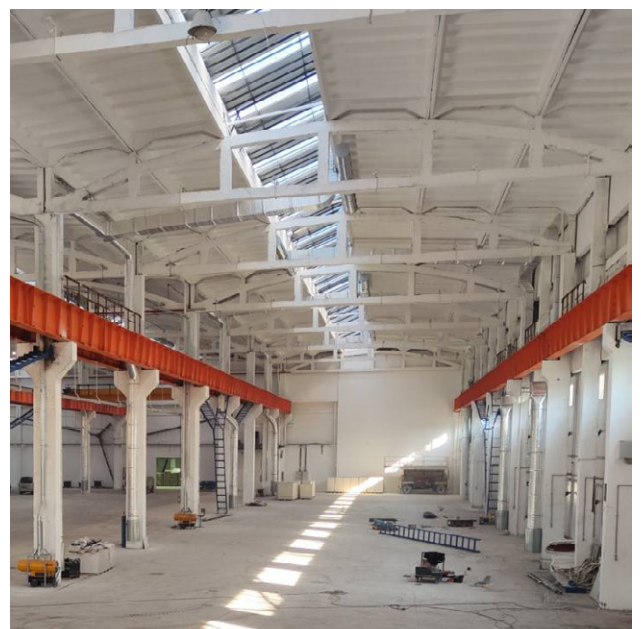
FUTURE ACQUISITIONS

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 going forward.

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

Images below: the progress of the new property in Pernik, Bulgaria



THE PURCHASING FUNCTION CONTRIBUTES TO AQ'S GROWTH

The purchasing function is of strategic importance in a company like AQ Group. In close cooperation with current and new suppliers, we ensure a reliable and sustainable supplier base. It provides added value for our customers and strengthens AQ's opportunities for profitable growth.

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 and 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 the group when it comes to purchasing material, components and equipment. Through a global collaboration within purchasing, 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. This ensures a global and cost-effective supplier base that can act both globally, regionally, and locally.

We have during the year, continued to develop the purchasers within AQ. One of the key activities was to gather AQ's purchasing managers and category managers in Estonia to network and share experiences within the purchasing community. During the year, we have also continued with the online seminars, which was started up a couple of years ago. This activity has become an efficient and appreciated forum to exchanging information and knowledge within the purchasing function. We have also developed our tools and methods. One example of this is our IT solution, which enables us to efficiently collect purchasing data from AQ's subsidiaries. This enables us to be even sharper, in our continued work to take advantage of the synergies and volume we have within the Group.

We have also continued the coordination of activities in our business areas, and thereby ensuring synergies and volume benefits for AQ's global and regional supplier base. Together with our suppliers, we strive to act and collaborate with the customer to further strengthen AQ's capability to provide added value to the customers.

Since we have a strong focus on ensuring high quality and delivery precision to our customers, our suppliers must



Purchasing conference in Estonia September 2022

live up to high performance. To fulfill our customers' requirements, we ensure that our suppliers meet and develop 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 supply situation for raw materials and components from AQ's suppliers have during the first half of the year been under pressure, mainly due to shortages of materials, but also due to disturbances in the logistic network. We have worked actively with our suppliers to ensure availability and secure the deliveries to minimize the impact on AQ's customers. In the second half of the year there has been improvements of the availability in some purchasing areas however, the disturbance has continued in several areas, such as the supply of electronic components.

The year has been characterized by increased costs for raw material, semi-finished goods, and components. We have also been exposed to increased indirect costs, such as logistics and electricity.

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



AQ GROUP SUSTAINABILITY REPORT 2022

AQ was founded in Sweden in 1994 and consists today of about 7,200 employees, with a large share working in emerging countries outside Sweden. We are a global manufacturer of components and systems for industrial customers with high demands around the world. This sustainability report covers all AQ companies within the Group.

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'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

AQ works continuously with implementation and monitoring of our core values, which were established in early 2012. 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". All AQ employees have received a booklet with AQ's values in their local language and we arrange workshops to strengthen understanding of our values throughout the company. This together with the AQ Code of Conduct gives guidance how to act within AQ.

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's 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@aqgroup.com if there are any violations against human rights.

Measurement of outcomes

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

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 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 or trade union membership. Diversity in the workplace is encouraged at all levels.

Assessment, Policy and Goals

Our Code of Conduct shows 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 we have a non-discrimination policy that take stand against all kind of discriminations and this is stated clearly in our code of conduct. We uphold the law and our ethical responsibility by only employing people of a legal working age.

The AQ goal for Labor Principles is to have an average self-assessment score higher than 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 are working well. AQ applies collective agreements that are negotiated by the parties and follow 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 are 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.

Continuous work with health and safety 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

The Board of Directors of AQ Group AB consists of six men and two women. In AQ group management team seven are men (including the CEO) and three are women. Within the entire AQ, we have an even gender distribution with 46% women and 54% 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 2022 show high scores on average. An action plan is made to strengthen the subsidiaries where the score is considered low.

In 2022 the score for Labor principles was on average 3.80 on a scale from 1 to 4 where 4 is highest. No subsidiary within the group has scored lower than 3.

AQ’s subsidiaries are continuously being audited by our customers. During 2022, several customers, such as Volvo, Scania, ABB, Hitachi, Alstom and Getinge, performed audits on our production sites. These companies focus strongly on corporate social responsibility and work environment which helps us to comply with Labor Principles.

ENVIRONMENTAL PRINCIPLES

Principle 7: Support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility

Principle 9: Encourage the development 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 the past years 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 AQ we have chosen to act through our environmental management system, where there are concrete goals and actions to reduce carbon dioxide emissions in all companies.

In 2021, we also set the goal of reducing our carbon dioxide emissions in relation to our turnover by 2% for 2022 and by 4% for 2023.

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. We work to reduce our truck transports through more efficient transport solutions and coordination of transports. We also offer production in many countries close to customers and suppliers. Furthermore, we participate as a supplier in the transportation industry’s transition to new fuels and technologies.

Measurement of outcomes

All AQ units ensure that national environmental laws are complied with. This is ensured at Group management level through AQ’s self-assessment and the external ISO audits that are carried out. The result of the self-assessment with respect to the environment in 2022 was 3.87 on a scale between 1 and 4.

For the second year, we have also compiled our carbon dioxide emissions according to scope 1 and 2, i.e. emissions from our own operations and control. In total, our carbon dioxide emissions according to scope 1 and 2 amount to 43,786 tons in 2022, which corresponds to a reduction of 14% in relation to our net sales. The plan for 2023 is also to identify possible renewable energy sources and to start measuring scope 3, i.e. the carbon dioxide emissions of the entire value chain.

AQ is convinced that continuous improvement through



more efficient, more economical and more sustainable energy consumption is a key to success and cost-effectiveness. We have processes in place to identify and follow up on changes in our purchasing, production and delivery processes that contribute to improving the environment. Some of the concrete measures that have been taken in this regard are:

- The Covid-19 pandemic has led to a reduction of business trips 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 long-lasting relations with our employees, customers and suppliers. It lies in our business ethics to always follow laws and regulations as a minimum requirement in all countries we operate.



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

Every employee that is involved in business transactions receive training on our code of conduct and our supplier code of conduct which clearly indicates our stance on corruption: "If an employee is offered a gift, a bribe, an illegitimate commission, or any other form of personal payment, it must not be accepted."

A preliminary evaluation of the risk of corruption has been made. The biggest risks come in the form of gifts and bribes from suppliers. Therefore, we have introduced a special Code of Conduct for suppliers where we have made it clear 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@aqgroup.com 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, 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 2022 self-assessment was 3.97 on a 4-grade scale.



WHISTLEBLOWER FUNCTION

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

In 2022 we have received three reported cases. AQ 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.

Finally, AQ then assesses how environmentally sustainable our operation is based on the technical decision criteria found in the Commission's delegated act on the EU's climate taxonomy.

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.

Sustainability assessment according to EU's taxonomy/Taxonomi Report

As described by the European Commission, the EU's taxonomy is a classification system that establishes a list of environmentally sustainable economic activities and sets criteria for when an economic activity can be classified as "environmentally sustainable". The purpose is to promote financing of more environmentally and climate-friendly activities. AQ is covered by EU directives and must state the extent to which the activities conducted meet the criteria in the EU taxonomy. AQ has assessed how environmentally sustainable our

operations are based on the technical criteria contained in the Commission's delegated act on EU climate taxonomy (Article 8 of the Regulation) and which should be considered as contributing to the first two environmental objectives (on limiting and adapting to climate change). The assessment is based on the fact that AQ is a component manufacturer for large global OEM customers and we thus do not own and develop products under our own brand. Component manufacturing is not yet included in the taxonomy, hence a very limited share of AQ's business are included in activities classified as covered by the taxonomy.

A complete assessment of taxonomy alignment has not yet been concluded. AQ is dependent on third parties and has not received complete information regarding how buildings and vehicles meet requirements in order to not do significant harm to the environmental objectives in the taxonomy. The EU taxonomy framework is still under development and therefore the content and format of the taxonomy report will develop over time in parallel with the progress of the EU taxonomy.

AQ is deemed to be covered by the economic activity 7.7 *Acquisition and ownership of buildings* in line with the environmental objective *Climate change mitigation* concerning purchases of taxonomy-related goods and services. More specifically, this relates to capital expenditures for new and leased premises and operating expenditure for maintenance and repairs of these premises.

Further, AQ is deemed to be covered by the economic activity 6.5 *Transport by motorbikes, passenger cars and light commercial vehicles* in line with the environmental objective *Climate change mitigation* concerning purchases of taxonomy-related goods and services.

More specifically, this relates to capital expenditures for leases of passenger cars and company cars and operating expenditure for maintenance and repairs of these cars.

The share of the business that is environmentally sustainable is to be reported in accordance with the taxonomy through three financial metrics with a breakdown on each of the EU's six environmental objectives. AQ's only discloses in accordance with one environmental objective, *Climate change mitigation*.

Total **turnover** includes the Group's total external net sales for the year (see consolidated income statement page 44). See Note 2.4 for accounting principles for the Group's revenue. No turnover from AQ's economic activities eligible to the Taxonomy Regulation.

Total **capital expenditures** refer to investments for the acquisition of fixed assets during the current year which are presented in Note 17-19, Other intangible assets, Right-of-use assets and Tangible assets. Goodwill is not included. Capital expenditures eligible to the Taxonomy Regulation consist of the portion of the year's invest-



ments (capital expenditure) that are attributable to fixed assets used for economic activities eligible to the Taxonomy Regulation.

AQ's fixed assets primarily comprise own buildings and machinery for production- and office activities and right-of-use assets for premises and vehicles.

Total **operating expenditures** include costs for renovation of buildings, maintenance/repairs and service required for efficient daily operation of property, plant and equipment.

Operating expenses that are eligible to the Taxonomy Regulation consist of operating expenses that are attributable to fixed assets used for economic activities eligible to the Taxonomy Regulation.

In 2022, the share of eligible turnover was 0%, the share of eligible CapEx was 40% and the share of eligible OpEx was 52%. For reporting of the key financial metrics in accordance with the taxonomy regulation, see tables on the following pages 26-28.

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:

www.aqgroup.com/en/core-values

AQ's sustainability guideline:

www.aqgroup.com/en/aq-group/sustainability

AQ's Policies:

www.aqgroup.com/en/aq-group/policies

AQ Whistleblower. Please contact us at:

whistleblower@aqgroup.com 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 2022 on pages 21-28 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 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 27, 2023
KPMG AB

Hök Olov Forsberg
Authorized Public Accountant

CapEx

Economic activities (1)	Code(s) (2)	Absolute CapEx (3) SEK M	Proportion of CapEx (4) %	Substantial contribution criteria					DNSH criteria ('Does Not Significantly Harm')										
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of CapEx, year N (18) Percent	Taxonomy-aligned proportion of CapEx, year N-1 (19) Percent	Category (enabling activity or) (20) E
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned) CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	-	-	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) Acquisition and ownership of buildings	7.7	155	39%																
Transportation by motor-bikes, passenger cars and light commercial vehicles	6.5	3	1%																
CapEx of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		158	40%																
Total (A.1 + A.2)		158	40%																
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		241	60%																
Total (A+B)		399	100%																

OpEx

Economic activities (1)	Code(s) (2)	Absolute OpEx (3) SEK M	Proportion of OpEx (4) %	Substantial contribution criteria					DNSH criteria ('Does Not Significantly Harm')					
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N
A. TAXONOMY-ELIGIBLE ACTIVITIES														
A.1. Environmentally sustainable activities (Taxonomy-aligned) OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	-	-	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	7.7	32	48%											
Acquisition and ownership of buildings (repairs and maintenance)														
Transportation by motorbikes, passenger cars and light commercial vehicles (repairs and maintenance)	6.5	3	4%											
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		35	52%											
Total (A.1+A.2)		35	52%											

B. TAXONOMY NON-ELIGIBLE ACTIVITIES

OpEx of Taxonomy-non-eligible activities (B)	32	48%
Total (A+B)	67	100%

THE SHARE, 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 share is 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, 2022 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.

OWNERSHIP STRUCTURE

Per December 30, 2022 the number of shareholders in AQ Group was 6,290 (5,933). See table below:

Number of shares	Total amount of shares	Percentage of equity (%)	Number of shareholders	Market value (SEK M)
1-500	454,588	2.48	5,641	141
501-1,000	203,380	1.11	263	63
1,001-5,000	581,483	3.18	267	180
5,001-10,000	340,147	1.86	43	105
10,001-15,000	261,076	1.43	20	81
15,001-20,000	122,261	0.67	7	38
20,001-	16,331,123	89.27	49	5,054
Total	18,294,058	100.00	6,290	5,662

Source: Euroclear

Shareprice development 2022

On the first trading day of the year, January 3, 2022, the closing price was SEK 355.00 per share and on the last trading day, December 30, 2022, it was SEK 309.50 per share, a decrease of 13 percent. The closing price was highest on January 3, 2022, at SEK 355.00 per share. The share development is shown in a diagram on page 31.

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

Dividends

Earnings per share after taxes before and after dilution amounted to SEK 22.43 (19.99). 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, and are 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.

Incentive program

The Annual General Meeting (AGM) of 2022 resolved to introduce a warrant-based program for senior executives and other key personnel in the company. The warrants are priced at market value, which is based on a valuation made by an independent party. Each warrant will entitle its holder to subscribe for one share in the company at a subscription price of SEK 351.20. The warrant program expires on May 12, 2025 and redemption is possible from this day until June 10, 2025.

Authorisation by the Annual General Meeting

The AGM of 2022 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 with non-cash consideration. 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, 2022. The two main shareholders are Claes Mellgren 19.78% (19.78) och Per Olof Andersson 19.45% (19.45). Other large shareholders are Aeternum Capital AS 10.11% (10.11%), Verdipapirfondet Odin Sverige 9.29% (9.84), Brown Brothers Harriman & Co., W9 7.95% (9.27) and Nordea Investment Funds 7.25% (6.08).

Total number of shareholders per December 30, 2022 was 6,290 compared to previous year 5,933. This corresponds to an increase in the number of shareholders of 6%.

The 10 largest shareholders per December 30, 2022

Owner	Number of shares	Number of shares (%)	Market value (SEK M)
Claes Mellgren with family	3,617,895	19.78	1,120
Per Olof Andersson	3,558,975	19.45	1,102
Aeternum Capital AS	1,850,000	10.11	573
Verdipapirfondet Odin Sverige	1,700,000	9.29	526
Brown Brothers Harriman & Co., W9	1,454,661	7.95	450
Nordea Investment Funds	1,327,113	7.25	411
Grenspecialisten Förvaltning AB	281,022	1.54	87
Avanza Pension	271,049	1.48	84
Carnegie fonder	153,483	0.84	48
Handelsbanken fonder	146,339	0.80	45
Total of the 10 largest	14,360,537	78.50	4,445
Total Other	3,933,521	21.50	1,217
TOTAL	18,294,058	100.00	5,662

Source: Euroclear

The share capital and its development, AQ Group AB

Year	Event	Shares	Total 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
			Total shares: 18,294,058	Total share capital: 36,588,116	

Source: Euroclear

AQ share development 2022



— AQ

— OMX Stockholm PI.

Source: www.avanza.se

CORPORATE GOVERNANCE

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

Corporate governance in AQ Group AB (publ), herein the Company, 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), with the exception of the composition of the Nomination Committee, see section Nomination Committee.

The shareholders

AQ Group had at year-end 6,290 (5,933) shareholders. Information on share performance, ownership, dividends and more can be found under The share, 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 (AGM) 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 Annual General Meeting (AGM) shall be held within six months of the fiscal year's end. At the AGM, among other things resolutions 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 AGM 2022 on April 21, 2022 was attended by 23 shareholders and representatives, representing 57.06% 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. During the meeting, shareholders were given the opportunity to ask questions which were also answered during the meeting. In addition to the above mentioned resolutions, the AGM decided on remuneration to the Board of SEK 2,140 thousands in total, including remuneration to the members of committees. The Meeting resolved to approve the Board's proposal for remuneration to senior executives.

The meeting authorised the Board to, until the AGM for fiscal year 2022, 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 2022.

APPOINTMENT OF OFFICERS

Nomination Committee

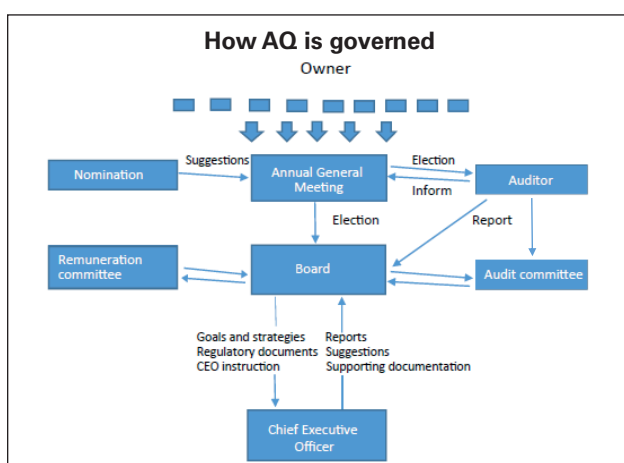
The Nomination Committee represents the shareholders and shall consist of one member appointed by each of the four largest shareholders.

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 AGM, the Board's fees, the Board's composition, the Chairman, the Chairman of the AGM 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 Nomination 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 composition of the Nomination Committee differs from the Swedish Corporate Governance Code as two board members are dependent in relation to the Company's major shareholders. Considering the Company's ownership structure where these two shareholders, who also are the Company's founders, together own approximately 39% of the shares in the Company, AQ Group's largest shareholders believe that the Nomination Committee is best represented by these two shareholders together with other members appointed by major shareholders.

The Nomination Committee consists of Chairman Hans





Christian Bratterud, (ODIN Fonder). Per Olof Andersson (own mandate), Henrik Carlman (Aeternum Capital) and Claes Mellgren (own mandate) until the AG Meeting for 2023.

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 AGM. An even gender distribution should be strived for.

At the AGM, Per Olof Andersson, Ulf Gundemark, Gunilla Spongh, Lars Wrebo, Annika Johansson-Rosengren, Claes Mellgren and Vegard Søråunet were elected board members. Patrik Nolåker was elected Chairman of the Board.

Tasks for the Board

The Board shall on behalf of 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 long-term capital returns are realised in the best possible way.

Board composition

The Board shall, according to the articles of association, consist of at least three and no more than eight 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 2022, six scheduled meetings were held, two extraordinary meetings, one statutory meeting and four per capsulam meetings. Before Board meetings, Board members were provided with written information on the issues to be discussed at the meeting. The Board has, in 2022, devoted particular attention to activities related to working capital, investments and acquisition candidates. All board members attended all thirteen board meetings in 2022.

During the year, the Board evaluated its work and all members participated in the evaluation and presented opinions. The Chairman of the Board is responsible for the evaluation and the results of the evaluation have been reported to the Nomination Committee.

Remuneration Committee

The Remuneration Committee is composed of Annika Johansson-Rosengren (Chairman), Patrik Nolåker and Per Olof 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 2022, the Remuneration Committee held two minuted meetings.

Audit Committee

The Audit Committee is composed 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 2022, held five 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, i.e. press releases. The rules of procedure also include guidelines for the decisions the Board may delegate to the CEO and senior management.

ACCOUNTING, AUDITING, 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 Director's and the CEO.

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.

The board annually evaluates the need for an internal audit function and has found no reason to establish one.

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

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 remunerations
- The Nomination Committee's motivated opinion about the board

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.aqgroup.com). There are 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 2022 consisted of James Ahrgren - CEO, Christina Hegg - Finance, Erik Mattsson - Purchasing and M&A, Paulina Duszal - Marketing, Fredrik Spännare - IT (from May 16), Per Lindblad - IT (until May 25), Jenny Eivhammar - HR, Nerijus Olšauskas - Wiring Systems, Ola Olsson - Electric Cabinets and System Products, Niklas Ericsson - Inductive Components, Ragnar Koppel - Sheet Metal Processing and Injection Molding & Precision Stamping.

Remuneration for Manageing Directors (MDs) of subsidiaries is decided by the Group CEO according to the principles established by the Remuneration Committee in the parent company.

REMUNERATION TO THE BOARD

During 2022, SEK 200 thousands (200) in Board remuneration was paid to Board members Per Olof Andersson, Gunilla Spongh, Ulf Gundemark, Lars Wrebo, Annika Johansson-Rosengren, Claes Mellgren and Vegard Söraunet. The Chairman, Patrik Nolåker, was paid SEK 450 thousands (450) in board remuneration.

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, Annika Johansson-Rosengren has received SEK 50 thousands (50) and the other members of the Remuneration Committee, Per Olof Andersson and Patrik nolåker, have each 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

Paid salary and other remuneration to CEO for 2022 amounted to SEK 2,655 thousands (5,797). The CEO is entitled to a monthly pension provision equal to 30% of base salary. Pension costs in 2022 for the CEO amounted to SEK 600 thousands (897). Guidelines for remuneration to senior executives is decided by the AGM. The decision means that AQ Group shall maintain remuneration levels and other employment conditions needed to ensure the company's access to executives with the competence and capacities to achieve set goals. The starting point for salary and other remuneration to senior executives of AQ Group AB is that they shall be at market level. The CEO's notice period is six months to the Group, and the Group's notice period is 12 months to the CEO. Salaries and other remuneration to other senior executives excluding the CEO in 2022 amounted to SEK 15,070 thousands (16,797). Pension costs in 2022 amounted to SEK 2,251 thousands excluding the CEO (2,867). 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.

LONG-TERM INCENTIVES

The 2022 Annual General Meeting resolved to introduce a long-term warrant-based incentive program for senior executives and other key personnel within AQ Group. Described in Note 10.

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 auditor. Authorised Public Accountant Hök Olov Forsberg is Chief Auditor since the Annual General Meeting 2021. Hök Olov was born in 1980 and is a member of FAR, and has been an authorised public accountant since 2010. 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
March 27, 2023

AQ Group AB (publ)
Board of Director

AQ's sustainability report for 2022 is described on pages 21-28 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 2022 on pages 32 - 37 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 standard RevR 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, March 27, 2023
KPMG AB

Hök Olov Forsberg
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. 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 and various 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, Palmarosia AB and OptiGroup AB.

Holdings in AQ 7,000 shares



ULF GUNDEMARK (1951)
Board member

Elected 1998, independent*.

Education and experience

M.Sc. in Engineering at Chalmers. 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, Lindab International, Swedish Stirling AB and Bridge to China. Has also been board member of Scandi Standard AB, Constructor Group AS, Lönne International AS, Solar Group AS, Opti Group AB and Lantmännen Ekonomisk Förening.

Ongoing assignments:

Board member of 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 five 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

Chairman of Note AB and board member of Teqnon AB.

Holdings in AQ 3,603,975 shares



VEGARD SØRÅUNET (1980)
Board member

Elected 2021, Dependent to major shareholders of the Company.

Education and experience

A Master's degree in Accounting and in Business Administration from Norwegian School of Management BI and exchange MBA-program in Finance from Bond University, Australia. CIO of ODIN Forvaltning AS and investment director at Seatankers Management Norway AS.

Ongoing assignments

CEO and founder of Aeternum Management AS, that manages Aeternum Capital AS. Board member in ITAB and Skistar. CEO and chairman of Søråunet Invest AS.

Holdings in AQ Represents shareholder Aeternum Capital AS who has a 10.11% ownership in AQ.



PER OLOF ANDERSSON (1955)
Board member

Elected 1994.

Independent of the Company and the Company's management, not independent of major shareholders.

Education and experience

Tool expert and founder of AQ.

Chairman of the Board 2009-2018.

Ongoing assignments

Chairman of Ocusnet Group AB and board member of SPG Holding AB.

Holdings in AQ 3,558,975 shares



GUNILLA SPØNGH (1966)
Board member

Elected 2014, independent*.

Education and experience

Master of Industrial Economics. Former CFO Preem, chief international affairs and CFO Mekonomen.

Ongoing assignments

Board member of Byggmax, Consivo Group, Meds Apotek, Momentum Group, Lernia, Pierce Group, Swedish Stirling, Systemair, ViaCon and OptiGroup AB. Chairman of Bluefish Pharmaceuticals.

Holdings in AQ 100 shares



LARS WREBO (1961)
Board member

Elected 2017, independent*.

Education and experience

M.Sc. Engineering KTH. 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 AB, Ålö AB, SMPP Holding AB and Thor Ahlgren 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 25 years. She has been HR manager at Valeo, HR Director at ASSA ABLOY, Bombardier Transportation, and works today as HR Director at Alstom Group.

Holdings in AQ 500 shares

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

Information regarding own and related parties' shareholdings refers to the situation as per December 31, 2022.

GROUP MANAGEMENT



JAMES AHRGREN (1979)
CEO and Investor relations

Engineering studies
Employed 2021, 2011-2019
Holdings in AQ: 10,200 shares
Warrants AQ: 10,000



CHRISTINA HEGG (1970)
CFO

M.Sc. Economics
Employed 2020
Holdings in AQ: 1,500 shares
Warrants AQ: 3,500



FREDRIK SPÄNNARE (1971)
IT Manager

Economic studies
Employed since May 16, 2022
Holdings in AQ: 0 shares
Warrants AQ: 1,000



JENNY EIVHAMMAR (1974)
HR Manager

Bsc. Human Resources
Bsc. Media and Communication
Employed 2020
Holdings in AQ: 375 shares
Warrants AQ: 0



ERIK MATTSSON (1975)
Purchasing Manager and M&A

B.Sc. Engineering
Employed 2014
Holdings in AQ: 135 shares
Warrants AQ: 1,000



PAULINA DUSZEL (1981)
Marketing and Sales Manager

MBA
Employed 2010
Holdings in AQ: 0 shares
Warrants AQ: 0



NIKLAS ERICSSON (1972)
BA Manager Inductive Components

Eng. degree in Power Electronics
Employed 1994
Holdings in AQ: 7,000 shares
Warrants AQ: 5,000



NERIJUS OLŠAUSKAS (1978)
BA Manager Wiring Systems

Business Administration
Employed 2012
Holdings in AQ: 0 shares
Warrants AQ: 5,000



OLA OLSSON (1967)
*BA Manager Electric Cabinets
BA Manager System products*

MBA
Employed 2011
Holdings in AQ: 540 shares
Warrants AQ: 1,500



RAGNAR KOPPEL (1982)
*BA Manager Sheet Metal Processing
BA Manager Injection Molding and
Precision Stamping*

M.Sc Woodworking technology
Employed 2009
Holdings in AQ: 9,222 shares
Warrants AQ: 5,000

Information regarding own and related parties' shareholdings refer to the situation as per December 31, 2022.

AUDITORS

KPMG

Chief auditor is Hök Olov Forsberg, born 1980.

Chief auditor of AQ Group since the AGM in 2021.

Hök Olov is an authorized public accountant and member of FAR.

Other audit assignments that Hök Olov has include Advania, Billerud, LKAB Minerals, Ovako and Smurfit Kappa.



2022

GENERAL ABOUT OPERATIONS

The Board of Directors and the CEO of AQ Group AB (publ), corporate identity number 556281-8830, hereby submit annual reports and consolidated accounts for the 2022 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 assembles complete machines in close cooperation with customers.

Net sales was SEK 7,053 million (5,471), an increase of SEK 1,581 million compared to the previous year.

The total growth for the year was 28.9% (13.5), of which organic growth was 23.6% (12.3), growth through acquisitions 3.4% (4.0) and a currency effect of 1.9% (-2.8). The currency effect corresponds to approximately SEK 103 million and was mainly driven by the currencies CNY, PLN and HUF.

Operating profit (EBIT) was SEK 491 million (446), an increase of SEK 44 million. The organic growth has been very high throughout the year in most of our companies, which results in higher volumes that positively affect the operating profit. Strongly increased energy and transport costs have negatively affected our operating profit by SEK 42 million compared to last year. Our new units from the acquisition previous year have made a positive contribution of SEK 15 million during the year.

Goodwill and other intangible assets increased during the year by SEK 10 million compared with the beginning of the year. The net change is due to yearly amortizations of technology and customer relations and currency translation effects.

The Group's investments in tangible fixed assets for the year amounted to SEK 297 million (205), and mainly pertain to capacity investments and improvement projects for more efficient production in Europe. The single largest investments are a new factory building and production equipment in Bulgaria of SEK 115 million and a new factory building in Lithuania of SEK 67 million. In total, tangible fixed assets was SEK 1,043 million (820).

The Group's interest-bearing liabilities amounted to SEK 1,040 million (844) and cash and cash equivalents to SEK 231 million (283), which means that the Group has a net debt of SEK 810 million (561). The Group's interest-bearing liabilities without regard to leasing liabilities amounted to SEK 803 million (607), which means a net debt adjusted for leasing liabilities of SEK 572 million (325).

Cash flow from operating activities amounted to SEK 208 million (238).

Cash flow from investing activities amounted

to SEK -283 million (-391) and relates mainly to replacement and capacity investments in fixed assets of SEK -284 million (-189).

Cash flow from financing activities amounted to SEK 12 million (-26) and mainly refers to extended use of revolving credit facilities of SEK 234 million, repayments of bank loans and leasing liabilities of SEK -165 million and paid dividend of SEK -61 million.

At the end of the year, equity amounted to SEK 3,180 million (2,627) in the Group. Development for each segment, see Note 6.

SIGNIFICANT EVENTS DURING THE YEAR

The year has been characterized by great organic growth. During April, AQ in Lithuania completed a new property for wiring systems production which will double our capacity in the production of wiring harnesses for commercial vehicles in Europe. The new factory will be in full production in 2023 and will then have 1,500 employees. During the year, we recruited 650 new operators. It is natural that productivity will be lower for a while when we recruit so many new operators at once. A large part of the capacity in the new factory is already booked by new and existing customers.

On June 27, AQ Group signed an agreement to acquire a property in Pernik, Bulgaria in order to continue our growth in the business area Electrical Cabinets. Access took place at the beginning of the third quarter. The new AQ factory will produce sheet metal housings and carry out electrical installations for large battery systems used to store energy for the power grid. We have worked intensively to complete the new factory after the day of accession, and we expect to reach full production rate in the first quarter of 2023.

The invasion of Ukraine that began in February 2022 is still ongoing. AQ's direct financial impact has not been significant as we have no production units in Ukraine, Russia or Belarus. Neither does AQ have any significant customers or suppliers in these countries. However, AQ has received several orders from customers who are moving their production to our factories in, for example, Poland, Lithuania, Estonia and Bulgaria.

In mid-March, the spread of Covid-19 in China increased, and restrictions were introduced in the country which, among other things meant continued supply problems of semiconductor components throughout 2022. The spread of Covid-19 in China continued during April and the local restrictions that were introduced at the end of March/ April meant that our factory in Shanghai, which accounts for about 1% of the group's turnover, was closed until the beginning of June. Both the long shutdown and the restrictions on transport and mobility in China have negatively affected the group's sales and earnings during the period from March to June.



At the Annual General Meeting on April 21, a decision was made to introduce a warrant-based incentive program for executive officers and other key personnel within AQ. The duration for the warrant-incentive program is three years and expires on May 12, 2025. A total of 52,500 warrants were subscribed, each of which entitles to one new share upon redemption during the period from May 12 to June 10, 2025. The subscription price was set at SEK 351.20/share.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

The high global inflation and the ongoing war in Ukraine affect the economic development in several of the countries where AQ operates. AQ has a large share of its business in Europe, where energy prices continue to be at a high level together with wage inflation. This affects AQ's production costs. We also see continued supply problems of semiconductor components. We constantly monitor and evaluate the situation in order to be prepared to act quickly to limit any impact on the company.

On February, 2023 the Nomination Committee in AQ Group AB informed the company that it is proposing existing board member Claes Mellgren as new board chairman, Kristina Willgård as new board member and that the number of board members will be reduced from eight to six, at the Annual General Meeting on April 20, 2023. Chairman of the board Patrik Nolåker and board members Annika Johansson-Rosengren and Vegard Søråunet will not run for re-election. Re-election is proposed for board members Gunilla Spongh, Lars Wrebo, Ulf Gundemark and Per Olof Andersson. Claes Mellgren was CEO of AQ Group between 2010 and 2018 and is now board member since 2018. Claes Mellgren is one of the founders of AQ Group. Kristina Willgård most recently came from a position as Group CEO at the Life-Science company AddLife and is currently board member in Mölnlycke Health Care, Ernströmgruppen, and the Addnode Group and is part of Aeternum Capital's advisory board. The Nomination Committee's complete proposal is presented in the notice of AQ Group's Annual General Meeting, which will be held on April 20, 2023.

OUTLOOK

The demand from our customers is strong and we have a good spread of risk between countries, customers and market segments.

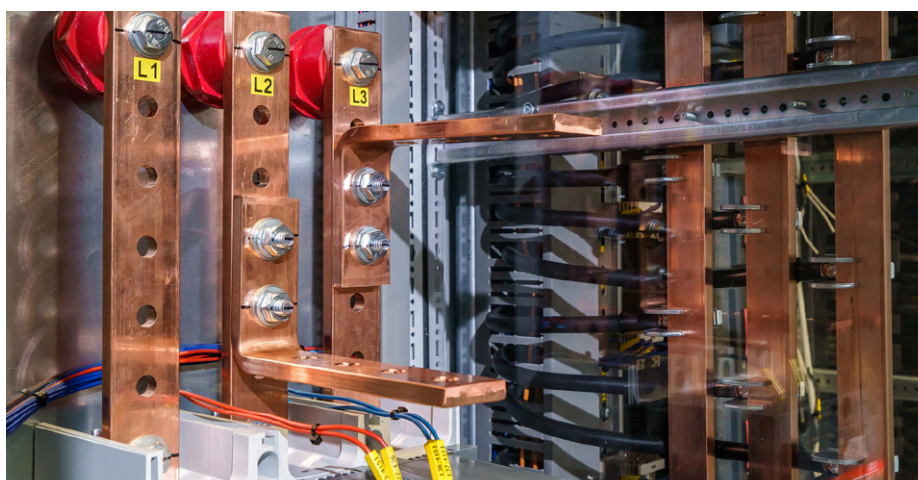
In 2022, we have successfully started deliveries of battery storage systems for storing renewable energy as well as cab wiring to leading truck manufacturers. We have also increased our deliveries of inductive components and systems to leading suppliers of frequency converters that reduce the energy consumption of electric motors.

During the year, we won new orders for components for vehicles in the defense industry as well as a large number of orders for transformers and inductors for ships. This together with our investments in battery systems and wiring systems will contribute to continued growth in the coming years.

We aim to be a long-term stable, growing and profitable group with a strong financial position. We like to do business with the customer in focus. With strong relationships with world-leading customers and committed employees, we will do everything to create organic growth and implement new acquisitions. An important part of this is our values and our striving to be a long-term and "Reliable" supplier to leading industrial customers.

In the long run, we see an even greater focus on finding solutions to make us all independent of fossil energy. This leads to an increased focus on AQ's customers in renewable energy, electromobility and energy storage.

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 commented factors the real outcome can be affected by for example other political events, business cycle effects, currency and interest rates, competing products and their pricing, product development, commercial and technical difficulties, events linked to cyber security and IT infrastructure, delivery problems, outbreak of virus diseases and large credit losses at our customers.



MULTI-YEAR OVERVIEW

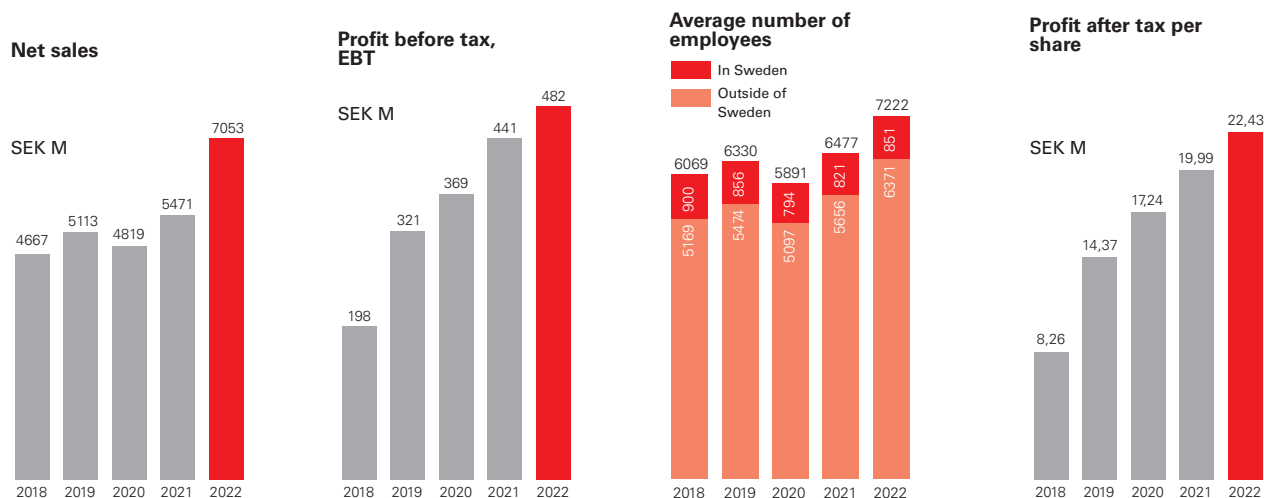
Below is shown the development over the past five years. For Key indicators and definitions, see pages 86-88.

GROUP

SEK M unless otherwise stated	2022	2021	2020	2019	2018
Net sales	7,053	5,471	4,819	5,113	4,667
Operating profit (EBIT)	491	446	401	340	208
Profit before tax (EBT)	482	441	369	321	198
Operating margin, (EBIT) %	7.0	8.2	8.3	6.7	4.5
Liquid ratio, %	140	130	135	106	111
Debt/equity ratio, %	56	56	57	52	58
Return on total assets, %	10.2	11.0	10.8	10.1	7.4
Return on equity after tax, %	14.2	15.3	15.1	13.8	8.9
Number of employees in Sweden	851	821	794	856	900
Number of employees outside Sweden	6,371	5,656	5,097	5,474	5,169
Key indicators per share, SEK					
Profit for the year	22.43	19.99	17.24	14.37	8.26
Dividend ¹⁾	3.33	3.33	-	-	2.75
Equity	173.82	143.62	119.75	110.15	97.45
Number of shares, thousands ²⁾	18,294	18,294	18,294	18,294	18,294

1) Proposal presented for each year to the AGM.

2) There are no dilution effects.



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

SEK M unless otherwise stated	2022	2021	2020	2019	2018
Net sales	49	50	43	43	52
Operating profit	2	-4	-4	-3	8
Profit after net financial items	55	-13	47	134	211
Liquid ratio, %	94	57	61	60	68
Equity ratio, %	39	43	42	43	47

The parent company, AQ Group AB, is primarily focused on the management and development of the Group. The 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 2022 amounted to SEK 49 million (50). Other external expenses amounted to SEK 19 million (28). Personnel costs were SEK 31 million (28).

Operating profit (EBIT) was SEK 2 million (-4). Net financial items were SEK 53 million (-8) and consisted mainly of dividends from subsidiaries of SEK 119 million (73), write-down of loan receivable to subsidiary of SEK -72 million (18), exchange rate losses of SEK 10 million (-13), write-down of shares in subsidiary of SEK 0 million (-109), bank interest of SEK -14 million (-8) and internal interest of SEK 10 million (6).

Current receivables are mainly receivables from group companies SEK 356 million (106) and consist of cash pool, accrued interest and accounts receivable.

The decrease in unrestricted equity of SEK 7 million compared to December 31, 2021 consists of the period's profit of SEK 51 million, paid dividend of SEK 61 million and additional capital related to the subscription of warrants of SEK 2 million. Untaxed reserves consist of tax allocation funds.

Non-current interest-bearing liabilities have increased compared to previous year, and amounts to SEK 683 million (478) at the end of the year. The increase is mainly related to new loans. Interest-bearing current liabilities decreased by SEK 30 million compared to the same period last year, and consist of short-term bank loans of SEK 59 million (72) and liabilities to group companies in the cash pool SEK 368 million (385). Other current liabilities SEK 19 million (19) consists of other liabilities and accrued costs and prepaid revenues.

The parent company's risks and uncertainties are essentially the same as for the other companies in the group. 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 among others in connection with powder coating.

Sustainability

AQ is an active member of UN Global Compact. Thus, AQ and all its subsidiaries are committed to following ten principles in terms of human rights, labor law, the environment and preventing corruption. In 2022, based on these principles, we have taken measures, see pages 21-28 in the Sustainability Report.

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 2023, 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

During the past year, the Board of Directors consisted of eight members, all elected at the Annual General Meeting 2022. The Board held thirteen minutes meetings during the year. The Board of Directors and the CEO work according to a set rules of procedure. See further information in Corporate Governance Report pages 32-37.

Remunerations to Senior executives

Regarding remuneration to the Board of Directors, the CEO and Senior executives during 2022, see Note 10. The Board's proposed guidelines for remuneration to Senior executives of AQ in 2023 is mainly in accordance with the guidelines adopted at the AGM 2022 and what have been in practice in AQ Group for many years and are as follows:

Regarding remuneration to the Board the following is proposed: The Chairman of the Board SEK 450 thousands (450) and SEK 225 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 0 thousands (50) and the members of the Remuneration Committee SEK 0 thousands (30).

Variable remuneration to AQ's management group consists of a variable cash salary (bonus). The AGM 2022 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.

For the AGM 2023, 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 before tax and inventory turnover. The remuneration can be paid as cash compensation or extra premium payments to pension insurance. In total, the variable remunera-

tion shall not exceed 100% of fixed salary. The Board may deviate from the guidelines if there are special reasons for this in individual cases.

Warrant-based incentive program

At the Annual General Meeting on April 21, 2022, a decision was made to introduce a warrant-based incentive program for executive officers and other key personnel within AQ. The duration for the warrant-based incentive program is three years and expires on May 12, 2025. A total of 52,500 warrants were subscribed, each of which entitles to one new share upon redemption during the period from May 12 to June 10, 2025. The subscription price was set at SEK 351.20/share. AQ had no share and share price-based incentive programme during 2021.

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 in the Directors' Report. Within the next 12 months, we see no significant change in these risks.

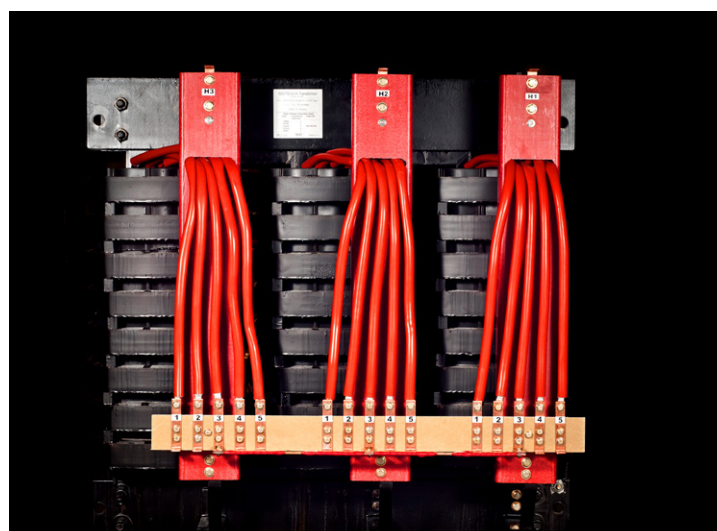
Ownership structure

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 AGM authorised the Board to, until the AGM for fiscal year 2022, 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 30, 2022 can be found on page 30.



PROPOSED APPROPRIATION OF PROFIT

The Board proposes that the retained earnings, 678,474,935, is distributed as follows:

Available, SEK		Appropriation, SEK	
Share premium reserve	86,304,157	Distributed to shareholders, SEK 3.33 per share	60,919,213
Retained earnings incl. profit for the year	592,170,778	Carried forward ¹⁾	617,555,722
Total free equity	678,474,935	Total	678,474,935

1) of which 86,304,157 returns to the share premium reserve

The Board of Directors proposes that the AGM on April 20, 2023 decide on a dividend of SEK 3.33 per share, a total of SEK 60.9 million.

The proposed dividend corresponds to 15% (17) of the Group's profit after tax. The proposed dividend is not expected to affect the Company's or the Group's ability to meet its commitments in the short- and long-term, continue its operations and make further commercially motivated investments.

Regarding the Company's profit and financial position, refer to following income statements, balance sheets, cash flow statements and comments and notes.

The Board proposes that the following conditions apply to dividends:

- SEK 3.33 per share shall be distributed and
- April 24, 2023 is the date of reconciliation

The Board proposes that

3.33 SEK per share shall be distributed

Image below: inauguration of new punching machine in Västerås, Sweden



Consolidated income statement

SEK M	Note	01/01/2022 31/12/2022	01/01/2021 31/12/2021
OPERATING INCOME			
Net sales	6,7	7,053	5,471
Other operating income	8	180	143
Total income		7,232	5,614
OPERATING EXPENSES			
Change in inventory of work in progress		82	184
Raw material and consumables		-3,760	-2,866
Goods for resale		-81	-121
Other external expenses	9,18	-789	-598
Personnel costs	10	-1,849	-1,486
Depreciation and amortisation	16,17,18,19	-261	-234
Other operating expenses		-85	-46
Total expenses		-6,742	-5,168
Operating profit		491	446
PROFIT FROM FINANCIAL ITEMS			
Financial income	12	39	22
Financial expenses	13,18	-48	-28
Net financial income/expense		-8	-5
Profit before tax		482	441
Taxes	15	-69	-73
Profit for the year		413	368
PROFIT FOR THE YEAR ATTRIBUTABLE TO			
Parent company shareholders		410	366
Non-controlling interests		3	2
SHARE-RELATED REPORTING, SEK			
Earnings per share before dilution		22.43	19.99
Earnings per share after dilution		22.43	19.99

SEK M	01/01/2022 31/12/2022	01/01/2021 31/12/2021
PROFIT FOR THE YEAR	413	368
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to the income statement		
Revaluation related to defined benefit pension plans	0	-1
Revaluation related to defined benefit pension plans, tax effect	-0	0
Items that subsequently may be reclassified to the income statement		
Translation differences, foreign operations	198	70
Other comprehensive income for the year after tax	198	69
Comprehensive income for the year	611	437
COMPREHENSIVE INCOME FOR THE YEAR		
ATTRIBUTABLE TO:		
Parent company shareholders	607	434
Non-controlling interests	4	2

Consolidated balance sheet

SEK M	Note	31/12/2022	31/12/2021
ASSETS			
Non-current assets			
Goodwill	16	395	366
Other intangible assets	17	144	162
Right-of-use assets	18	233	232
Tangible assets	19	1,043	820
Non-current receivables		5	2
Deferred tax assets	15	76	62
Total non-current assets		1,896	1,644
Current assets			
Inventories	22	1,629	1,305
Accounts receivable - trade	3	1,745	1,295
Current tax assets		22	14
Other receivables	23	106	94
Prepaid expenses and accrued income	24	76	65
Cash and cash equivalents	32	231	283
Total current assets		3,808	3,056
TOTAL ASSETS		5,704	4,699
EQUITY AND LIABILITIES			
Equity			
Share capital		37	37
Other capital contributions		86	84
Translation reserve		280	84
Retained earnings incl. profit for the year		2,761	2,411
Equity attributable to parent company shareholders		3,164	2,616
Non-controlling interests		16	12
TOTAL EQUITY	25	3,180	2,627
Non-current liabilities			
Interest-bearing liabilities to credit institutions	3,32	861	632
Deferred tax liabilities	15	90	80
Provisions	29	22	18
Other non-current liabilities		0	0
Total non-current liabilities		973	730
Current liabilities			
Interest-bearing liabilities to credit institutions	3,32	180	212
Provisions	29	13	11
Contract liabilities	6	94	62
Accounts payable - trade	3	862	711
Current tax liabilities		25	38
Other current liabilities	28	107	84
Accrued expenses and prepaid income	30	271	224
Total current liabilities		1,551	1,342
TOTAL LIABILITIES		2,524	2,072
TOTAL EQUITY AND LIABILITIES		5,704	4,699

Equity attributable to parent company shareholders

SEK M	Share capital	Other contributed capital	Reserves	Retained earnings incl. profit	Subtotal	Non-controlling interests	Total equity
Equity, 01/01/2021	37	84	14	2,047	2,181	9	2,191
Profit for the year	-	-	-	366	366	2	368
Translation differences	-	0	70	-1	69	0	70
Revaluation of defined benefit pension plans	-	-	-	-1	-1	0	-1
Revaluation of defined benefit pension plans, tax effect	-	-	-	0	0	0	0
Other comprehensive income	-	0	70	-2	69	0	69
Comprehensive income for the year	-	0	70	364	434	2	437
Dividends paid	-	-	-	-	-	0	0
Transactions with shareholders	-	-	-	-	-	0	0
Equity, 31/12/2021	37	84	84	2,411	2,616	12	2,627
Equity, 01/01/2022	37	84	84	2,411	2,616	12	2,627
Profit for the year	-	-	-	410	410	3	413
Translation differences	-	0	196	-	196	1	198
Revaluation of defined benefit pension plans	-	-	-	0	0	0	0
Revaluation of defined benefit pension plans, tax effect	-	-	-	-0	-0	-0	-0
Other comprehensive income	-	0	196	0	197	1	198
Comprehensive income for the year	-	0	196	411	607	4	611
Issue of warrants	-	2	-	-	2	-	2
Dividends paid	-	-	-	-61	-61	-	-61
Transactions with shareholders	-	2	-	-61	-59	-	-59
Equity, 31/12/2022	37	86	280	2,761	3,164	16	3,180

Consolidated cash flow statement

SEK M	Note	01/01/2022 31/12/2022	01/01/2021 31/12/2021
Profit before tax		482	441
Adjustment for non-cash generating items	32	264	221
Income tax paid		-91	-56
Cash flow from operating activities before change in working capital		655	606
Change in inventories		-239	-370
Change in trade receivables		-357	-191
Change in other receivables		-9	-34
Change in trade payables		82	198
Change in other liabilities		76	30
Change in working capital		-447	-368
Cashflow from operating activities		208	238
Acquisitions of subsidiaries and other businesses	31	-	-203
Acquisition of intangible non-current assets		-4	-3
Acquisition of tangible non-current assets		-284	-189
Sale of tangible non-current assets		6	3
Other changes in non-current assets		0	0
Cashflow from investing activities		-283	-391
New borrowings	32	234	82
Amortisation of loans	32	-62	-49
Amortisation of loans (financial leases)	32	-103	-95
Change in bank overdraft facilities	32	2	36
Payment of warrants		2	-
Dividends		-61	-0
Cashflow from financing activities		12	-26
Increase/decrease in cash and cash equivalents		-63	-178
Cash and cash equivalents at the beginning of the year		283	452
Exchange rate differences in cash and cash equivalents		11	10
Cash and cash equivalents at the end of the year	32	231	283

Parent Company's Income Statement

SEK M	Note	01/01/2022 31/12/2022	01/01/2021 31/12/2021
OPERATING INCOME			
Net sales		49	50
Other operating income	8	5	4
Total income		53	54
OPERATING EXPENSES			
Other external expenses	9	-19	-28
Personnel costs	10	-31	-28
Depreciation and amortisation		-0	-
Other operating expenses		-1	-2
Total expenses		-51	-59
Operating profit		2	-4
PROFIT FROM FINANCIAL ITEMS			
Income from participation in group companies	11	47	-35
Financial income	12	42	42
Financial expenses	13	-35	-14
Net financial income/expense		53	-8
Earnings after financial items		55	-13
Appropriations	14	-2	23
Profit before tax		53	10
Taxes	15	-2	-9
Profit for the year ¹⁾		51	1

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

Balance sheet for the Parent company

SEK M	Note	31/12/2022	31/12/2021
ASSETS			
Non-current assets			
Tangible assets		0	-
Participations in group companies	20	1,222	1,217
Receivables from group companies	21,33	211	196
Deferred tax assets	15	-	0
Total non-current assets		1,433	1,413
Current assets			
Accounts receivable - trade	3	-	0
Receivables from group companies	33	356	106
Current tax assets		2	4
Other receivables	23	0	18
Prepaid expenses and accrued income	24	2	3
Cash and cash equivalents	32	62	142
Total current assets		423	274
TOTAL ASSETS		1,856	1,687
EQUITY AND LIABILITIES			
Equity			
Share capital		37	37
Statutory reserve		1	1
Restricted equity		38	38
Share premium reserve		86	84
Retained earnings		541	600
Profit for the year		51	1
Non-restricted equity		678	686
TOTAL EQUITY	25	716	724
Untaxed reserves	26	8	6
Non-current liabilities			
Interest-bearing liabilities to credit institutions	3,32	683	478
Total non-current liabilities		683	478
Current liabilities			
Interest-bearing liabilities to credit institutions	3,32	59	72
Interest-bearing liabilities to group companies	33	368	385
Accounts payable - trade	3	3	4
Liabilities to group companies	33	0	-
Other current liabilities	29	9	9
Accrued expenses and deferred income	30	10	10
Total current liabilities		449	480
TOTAL LIABILITIES		1,132	958
TOTAL EQUITY AND LIABILITIES		1,856	1,687

Statement of changes in equity for the Parent company

SEK M	Restricted equity			Non-restricted equity			Total equity
	Share capital	Statutory reserve	Subtotal	Share premium reserve	Retained earnings incl. profit for the year	Subtotal	
Equity, 01/01/2021	37	1	38	84	600	684	722
Profit for the year ¹⁾	-	-	-	-	1	1	1
Dividends paid	-	-	-	-	-	-	-
Transactions with shareholders	-	-	-	-	-	-	-
Equity, 31/12/2021	37	1	38	84	602	686	724
Equity, 01/01/2022	37	1	38	84	602	686	724
Profit for the year ¹⁾	-	-	-	-	51	51	51
Issue of warrants	-	-	-	2	-	2	2
Dividends paid	-	-	-	-	-61	-61	-61
Transactions with shareholders	-	-	-	2	-61	-59	-59
Equity, 31/12/2022	37	1	38	86	592	678	716

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

Parent Company's Cash Flow statement

SEK M	Note	01/01/2022 31/12/2022	01/01/2021 31/12/2021
Operating profit		53	10
Adjustment for non-cash generating items	32	72	90
Income tax paid		1	0
Cash flow from operating activities before change in working capital		126	100
Change in other receivables		46	-6
Change in trade payables		-1	1
Change in other liabilities		1	-17
Change in working capital		46	-22
Cashflow from operating activities		172	78
Acquisitions of shares in subsidiaries	31	-0	-86
Shareholder contributions paid	20	-5	-122
Acquisition of tangible assets		-0	-
Change in cashpool		-294	-14
New borrowings to group companies		-82	-106
Amortisation of loans to group companies		14	64
Cashflow from investing activities		-367	-262
New borrowings	32	234	75
Amortisation of loans	32	-60	-45
Payment of warrants		2	-
Dividends to the parent company shareholders		-61	-
Cashflow from financing activities		115	30
Increase/decrease in cash and cash equivalents		-80	-154
Cash and cash equivalents at the beginning of the year		142	296
Cash and cash equivalents at the end of the year	32	62	142

NOTES TO THE FINANCIAL STATEMENTS

Note 1 General information

AQ Group AB (publ) and its subsidiaries is primarily a contract manufacturer and 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, 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 Västerås, Sweden. The head office is located at Regattagatan 29, 723 48 Västerås, Sweden and the company's website is www.aqgroup.com. The consolidated financial statements and the Annual Report for AQ Group for the financial year 2022 has been approved by the Board for issuing March 27, 2023 and is available on the company's website on March 30, 2023 at the latest. The balance sheets and income statements are subject to approval by the AGM on April 20, 2023.

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 million.

2.2 Consolidated statements and acquisitions

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

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

Other operating income. Internal profits in inventories are eliminated in the consolidated financial statements.

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

2.3 Segment reporting

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

The parent company's turnover is derived almost exclusively from the subsidiaries. The parent company's financial statements are included in the adjustment item together with the real estate companies in segment reporting. Note 6, Operating segments, 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 when the services are 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 2022 the companies paid a total of SEK 5,404 thousand (7,562) 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 0.02466% and 0.03109% (2021: 0.02351% and 0.03099%). 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 2022 was 172% (172).

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

Share-based benefits in the existing warrant program do not entail any cost, since the price of the warrants corresponds to their fair value.

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.

Year 2020 an amendment in IFRS 16 regarding how tenants report rent reductions due to Covid-19 was implemented. 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 chose to apply this rule during the pandemic.

2.7 Fixed assets

2.7.1 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.

2.7.2 Capitalised expenditures

Other intangible assets relate primarily to acquired software. Software is depreciated linearly over 5 years.

2.7.3 Customer relations and technology

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

2.7.4 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.

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. 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.

2.7.5 Assets are depreciated over the periods indicated below

Buildings	10-60 years
Improvement expenses on leasehold property	20 years
Land improvements	20 years
Plants and machinery	5-12 years
Equipment, tools, fixtures and fittings	3-10 years

2.7.6 Buildings consist of several components with varying useful lives

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

Frame	40-60 years
Supplements to the frame, internal walls, etc.	20-40 years
Installations; heating, electricity, plumbing, ventilation	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, 2.12.

2.8 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.

2.9 Inventories

2.9.1 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.

2.9.2 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.

2.9.3 Work in progress on behalf of another party is valued as direct costs and an estimated proportion of indirect costs.

2.10 Effects of changes in exchange rates

2.10.1 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.

2.10.2 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 SEK 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 are accumulated in a separate component in equity, named reserves. 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.

2.11 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 occur in the Bulgarian, Lithuanian, Polish, Indian 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.

2.12 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 Group's earnings in Estonia are not burdened with income tax since the current tax regime only taxes dividends. Deferred tax has instead been reported for future, estimated dividends.

2.13 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.

2.14 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.

2.15 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.

2.16 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 Note 2.3 and 6.

There have been no transactions with owners beyond the benefits described in Note 10, Personnel.

2.17 Sustainability assessment according to EU's taxonomy

AQ is covered by EU directives and must state the extent to which the activities conducted meet the criteria in the EU taxonomy. AQ has assessed how environmentally sustainable our operations are based on the technical criteria contained in the Commission's delegated act on EU climate taxonomy (Article 8 of the Regulation) and which should be considered as contributing to the first two environmental objectives (on limiting and adapting to climate change).

2.18 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 million SEK. Unless otherwise specified, the parent company's accounting policies have been applied consistently for all periods. The descriptions below have been limited to deviations that occur.

2.18.1 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. 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.

2.18.2 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.

2.18.3 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.

2.18.4 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.

2.18.5 Income taxes

In the parent company's balance sheet items, there is no deferred tax on untaxed reserves, due to the connection between accounting and taxation.

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.

3.1 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.

3.1.1 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 the income statement.

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 the income statement.

For management of credit risks, see further information in section 3.5.

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 187 million (186). Linked to the Group's loan facility are stipulated covenant conditions. These limit, among other things, net debt in relation to operating profit before interest, tax, depreciation and amortization (EBITDA) and net debt in relation to equity. In 2022, AQ has met the covenant conditions.

Financial assets valued at amortized cost

SEK M	Group		Parent company	
	2022	2021	2022	2021
Long-term external receivables	5	2	-	-
Accounts receivable - trade	1,745	1,295	-	0
Receivables from group companies	-	-	566	302
Other receivables	24	44	0	18
Cash and cash equivalents	231	283	62	142
Total	2,004	1,623	629	463

3.2 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 acquisition value and any reporting of changes in value, such as foreign exchange, is carried through the income statement.

Financial liabilities valued at amortized cost

SEK M	Group		Parent company	
	2022	2021	2022	2021
Non-current liabilities to credit institutions	861	632	683	478
Bank overdraft facilities	28	46	-	-
Other debts to credit institutions	152	166	59	72
Accounts payable - trade	862	711	3	4
Other liabilities	25	26	8	8
Liabilities to group companies	-	-	368	385
Total	1,927	1,581	1,120	946

3.3 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.

3.4 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.

3.5 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 72 (69) 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 24 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 375 million (242). The net sales of the Group's two largest customers amounted to 27% (28) of total net sales.

The Group's maximum exposure to credit risk is limited to the 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 2.15 for more information on impairment of financial assets.

Specification of accounts receivable - trade SEK M	Group			
	Total		Loss reserves	
	2022	2021	2022	2021
Not overdue	1,564	1,084	0	-
Total overdue by 1 - 30 days	132	141	0	-
Total overdue by 31 - 90 days	33	46	0	0
Total overdue by 91 - 180 days	10	20	0	0
Total overdue by more than 180 days	24	21	19	17
Total	1,764	1,312	19	17

Accounts receivable denominated in Swedish kronor, amounts to approximately SEK 484 million (377). The main currencies apart from SEK are EUR, USD and CNY which converted to Swedish kronor amount to approximately SEK 889 million (609), SEK 140 million (108) and SEK 138 million (136) respectively. Loss reserves on balance date are reported as a total of SEK 19 million (17). The year's profit includes losses of SEK 4 million (1). The loss reserve for accounts

receivable is always valued at an amount corresponding to expected credit losses during the remaining term of the receivable. The Group uses a matrix for calculating the loss reserve with expected loss percentages divided by how many days a claim is late. The loss percentages are based on historical experience and specific conditions and expectations at the end of the reporting period.

Non-current liabilities

SEK M	Group	
	2022	2021
Loans to credit institutions	707	481
Leasing liabilities	154	151
Total	861	632

Current liabilities

SEK M	Group	
	2022	2021
Overdraft facility	28	46
Loans to credit institutions	68	81
Current leasing liabilities	83	85
Total	180	212

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

SEK M	Currency	Nom. interest rate,%	Due	Group			
				2022		2021	
				Nom. amount	Booked amount	Nom. amount	Booked amount
Revolving facility	SEK	2.66-3.44	2025	371	360	263	260
Revolving facility	USD	5.29	2025	99	94	82	81
Revolving facility	EUR	2.38-2.91	2025	143	139	-	-
Bank loan, current part	SEK	3.50	2023	62	60	61	60
Bank loan, non-current part	SEK	3.50	2024-2025	93	90	263	150
Bank loan	CAD	9.61	2024	4	3	5	5
Bank loan, current part	CNY	3.69	2023	8	8	7	7
Bank loan, non-current part	CNY	3.69	2024	23	23	-	-
Leasing liabilities		1.0-3.0	2023-2050	263	237	254	236
Overdraft facility	SEK	0.35	2023	26	26	64	64
Overdraft facility	CAD	6.45	2023	22	20	12	12
Overdraft facility	CNY	3.69	2023	8	8	35	34
Accounts payable - trade			2023	862	862	711	711
Other liabilities			2023	25	25	26	26
Total				2,008	1,954	1,784	1,646

Maturity structure - contracted non-discounted cash flow leasing liabilities

SEK M Maturity	Group	
	2022	2021
0-6 months	41	40
7-12 months	50	48
<i>Withing 1 year</i>	91	89
1-2 years	60	67
2-5 years	90	76
Over 5 years	23	23
Total undiscounted lease liabilities	263	254

3.7 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 risks, such as commodity prices. All of those affect the group.

Exchange rates	BGN	BRL	CAD	CNY	EUR	HKD	HUF	INR	MXN	NOK	PLN	RSD	THB	USD
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
Average exchange rate 2021	5.19	1.59	6.85	1.33	10.14	1.10	0.03	0.12	0.42	1.00	2.22	0.09	0.27	8.58
Closing day rate 2021	5.23	1.59	7.06	1.42	10.23	1.16	0.03	0.12	0.44	1.03	2.23	0.09	0.27	9.04
Average exchange rate 2022	5.44	1.96	7.77	1.50	10.63	1.29	0.03	0.13	0.50	1.05	2.27	0.09	0.29	10,12
Closing day rate 2022	5.69	1.97	7.71	1.50	11.13	1.34	0.03	0.13	0.54	1.06	2.37	0.10	0.30	10,44

3.7.2 Currency risks

The Group includes subsidiaries in the Euro area and Bulgaria, India, China, Mexico, Hungary, Poland, Serbia, USA, Canada and Brazil. Transactions, assets and liabilities 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 499 million (371).

Sales in other currencies than SEK is about 71% (68) of turnover.

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 other comprehensive income by SEK 12 million (11).

Three currencies are responsible for most of the conversion exposure, BGN where a five percent change gives an effect before tax of SEK 4 million (3), EUR which has a corresponding effect on the earnings by SEK 4 million (3) and PLN by SEK 4 million (5). Other exchange rate changes have a minor affect.

The net effect on equity of a five percent change against SEK is SEK 89 million (71), 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 EUR, BGN and PLN.

3.7.1 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 31/12/2022, a change of 1 percentage point has an impact of about SEK 6 million.

3.7.3 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 176 million, with the following assumptions:

Aluminum: 2,075 tons x USD 2,716 x 10.12 = SEK 57 million

Copper: 1,335 tons x USD 8,802 x 10.12 = SEK 119 million

The risk is minimised by price clauses in customer contracts.

Note 4 New or amended accounting standards 2022 and upcoming changes

4.1 Parent company

Unless otherwise stated, the Parent Company's accounting policies in 2022 changed in accordance with what is stated for the Group.

4.2 Group

The following amended accounting standards were applicable from January 1, 2022: IFRS 3, Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, IAS 12 Income Taxes, Annual improvements 2018-2020, as well as amendments to IAS 1 and IFRS Practice Statement 2. The amended accounting standards did not have any material impact on AQ Group's financial statements.

A number of new and amended accounting standards and interpretations have been published and is effective from 2023 and later. The new or amended accounting standards or interpretations are not expected to have a material impact on AQ Group's financial reports. However, the EU taxonomy will entail extended reporting in coming reports.

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 2022, 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, 2.12, 3 and 16.

Note 6 Operating segments

The product composition in the segment Component includes among others 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 2.16). 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.

Two of the group's customers have generated revenues that constitute 10 percent or more each of the Group's total revenue. These revenues amounted to SEK 916 million (635) and SEK 835 million (794) 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.

2022 SEK M	Component	System	Unallocated and eliminations	Group
External invoicing within Sweden	1,969	463	-	2,432
External invoicing outside Sweden	3,741	879	-	4,620
Internal invoicing, other segments	455	178	-633	-
Total net turnover	6,165	1,521	-633	7,053
Material costs, excl. purchases own segment	-3,289	-1,007	538	-3,759
Depreciation	-236	-24	-1	-261
Other operating expenses/income	-2,324	-319	101	-2,542
Operating profit	315	171	5	491
Net financial items				-8
Profit before tax				482

2021 SEK M	Component	System	Unallocated and eliminations	Group
External invoicing within Sweden	1,568	390	-	1,958
External invoicing outside Sweden	2,814	699	-	3,514
Internal invoicing, other segments	357	285	-642	-
Total net turnover	4,739	1,374	-642	5,471
Material costs, excl. purchases own segment	-2,415	-945	557	-2,802
Depreciation	-207	-26	-1	-234
Other operating expenses/income	-1,828	-254	94	-1,988
Operating profit	289	149	8	446
Net financial items				-5
Profit before tax				441

Notes to the financial statements

2022 SEK M	Component	System	Unallocated and eliminations	Group
Cash and cash equivalents (incl. short-term investments)	479	97	-345	231
Accounts receivables - trade	1,391	355	-1	1,745
Inventories	1,282	352	-4	1,629
Tangible assets in Sweden	138	26	-0	164
Tangible assets in other countries	972	140	-	1,112
Other assets	1,078	60	-315	824
Total assets	5,340	1,031	-666	5,704
Current liabilities	1,639	478	-566	1,551
Non-current liabilities	507	32	435	973
Equity	3,194	521	-535	3,180
Total liabilities and equity	5,340	1,031	-666	5,704

2021 SEK M	Component	System	Unallocated and eliminations	Group
Cash and cash equivalents (incl. short-term investments)	450	104	-272	283
Accounts receivables - trade	1,019	276	0	1,295
Inventories	1,023	287	-5	1,305
Tangible assets in Sweden	138	38	-1	175
Tangible assets in other countries	794	83	-	877
Other assets	887	81	-203	765
Total assets	4,311	869	-481	4,699
Current liabilities	1,233	342	-233	1,342
Non-current liabilities	384	29	318	730
Equity	2,695	499	-566	2,627
Total liabilities and equity	4,311	869	-481	4,699

Contract liabilities amount to SEK 94 million (62). They consist of advance payments from customers.

Net sales allocated to operating segments and geographical markets

2022 SEK M	Component	System	Unallocated and eliminations	Group
Sweden	1,261	915	49	2,224
Other European Countries	3,749	379	-	4,128
Other countries	1,155	227	-	1,382
Net sales	6,165	1,521	49	7,734
Internal sales, eliminations	-	-	-682	-682
Total net turnover	6,165	1,521	-633	7,053

2021 SEK M	Component	System	Unallocated, and, eliminations	Group
Sweden	1,066	789	50	1,905
Other European Countries	2,825	300	-	3,125
Other countries	848	285	-	1,133
Net sales	4,739	1,374	50	6,163
Internal sales, eliminations	-	-	-691	-691
Total net turnover	4,739	1,374	-642	5,471

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

Note 7 Geographical market distribution

Geographical sales distribution SEK M	Group	
	2022	2021
Sweden	2,432	1,958
Germany	628	462
Finland	628	450
China	556	507
USA	524	317
France	279	233
Netherlands	221	144
Poland	220	162
Canada	138	119
Estonia	134	93
Hungary	129	121
India	102	127
Denmark	100	129
Other countries	961	649
Total	7,053	5,471

Sales are based on where the customer is located.

Tangible and intangible assets geographical distribution SEK M	Group	
	2022	2021
Sweden	200	214
Bulgaria	255	137
Lithuania	243	169
Finland	203	161
Hungary	200	211
Estonia	168	169
Canada	142	137
Poland	131	122
Other countries	273	262
Total	1,815	1,580

The tangible and intangible assets are based on where the assets are located. No financial assets are included in the table.

Note 8 Other operating income

SEK M	Group		Parent company	
	2022	2021	2022	2021
Exchange gains from operations, realised	52	24	1	2
Exchange gains from operations, unrealised	26	8	0	-
Capital gains on non-current assets	3	1	-	-
Recovery of previously impaired accounts receivable	1	2	-	-
Sale of scrap and obsolete material	47	36	-	-
Government grants ¹⁾	21	23	-	-
Other operating income ^{1,2)}	30	49	3	3
Total other operating income	180	143	5	4

¹⁾ Received subsidies for Covid-19 are included.

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

Note 9 Remuneration to auditors

SEKT	Group		Parent company	
	2022	2021	2022	2021
<i>KPMG</i>				
Audit assignment	4,183	3,011	1,098	852
Audit-related assignments	-	1	-	-
Tax consultation/Other services	47	26	-	-
Total	4,229	3,038	1,098	852
<i>BDO</i>				
Audit assignment	1,587	1,062	-	-
Audit-related assignments	165	39	-	-
Tax consultation/Other services	153	194	-	-
Total	1,906	1,295	-	-
<i>Demers Beaulne</i>				
Audit assignment	767	817	-	-
Audit-related assignments	76	51	-	-
Tax consultation/Other services	191	53	-	-
Total	1,034	922	-	-
<i>E&Y</i>				
Audit assignment	391	236	-	-
Audit-related assignments	225	-	-	-
Total	615	236	-	-
<i>Brown and Edwards</i>				
Audit assignment	837	258	-	-
Total	837	258	-	-
<i>Other</i>				
Audit assignment	528	1,215	-	-
Audit-related assignments	366	-	-	-
Tax consultation/Other services	225	106	-	-
Total	1,119	1,321	-	-
Total remuneration to auditors	9,741	7,070	1,098	852

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 auditing company to process during the fiscal year.

Note 10 Personnel

Average number of employees	2022			2021		
	Women	Men	Total	Women	Men	Total
Parent company, Sweden	15	8	23	16	7	23
Subsidiaries, Sweden	188	640	828	187	611	798
Brazil	2	6	8	4	5	9
Bulgaria	705	689	1,394	668	635	1,303
Estonia	159	415	574	148	399	547
Finland	35	153	188	35	150	185
India	17	157	174	13	143	156
Italy	7	11	18	7	11	18
Canada	99	62	161	107	60	167
China	264	438	702	199	438	637
Lithuania	768	230	998	531	147	678
Mexico	185	150	335	125	104	229
Poland	674	483	1,157	588	439	1,027
Serbia	3	4	7	4	7	11
Germany	3	17	20	4	18	22
Hungary	115	362	477	117	383	500
USA	50	108	158	53	114	167
Total	3,289	3,933	7,222	2,806	3,671	6,477

Gender distribution, executive officers	2022			2021		
	Women	Men	Total	Women	Men	Total
Board						
Parent company	25%	75%	100%	25%	75%	100%
Group	14%	86%	100%	19%	81%	100%
Group management and CEO						
Parent company	30%	70%	100%	33%	67%	100%
Group	28%	72%	100%	26%	74%	100%

Salary and remuneration	Group		Parent company	
	2022	2021	2022	2021
SEK M				
Salary expenses	1,488	1,198	18	16
Social expenses	217	172	7	8
Pension expenses	92	79	3	4
Total	1,798	1,449	28	28

Whereof remuneration to Board, Presidents and other senior managers ¹⁾				
Salary expenses	153	138	9	7
(Of which bonuses and similar other salary expenses)	15	14	2	1
Pension expenses	9	7	2	2

1) Refers to remuneration for all board members, presidents and other senior executives in the Parent Company and subsidiaries.

Remunerations to the Board, CEO and Group management SEKT	Basic salary/fee	Variable remuneration	Other benefits	Pension expenses	Total
2022					
Chairman of the Board, Patrik Nolåker	480	-	-	-	480
Board member, Ulf Gundemark	240	-	-	-	240
Board member, Annika Johansson-Rosengren	250	-	-	-	250
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
Board member, Vegard Söraunet	200	-	-	-	200
CEO, James Ahrgren	2,047	604	5	600	3,255
Other executive officers, nine	11,837	2,832	401	2,251	17,321
Total	16,024	3,436	406	2,851	22,716

Remunerations to the Board, CEO and Group management SEKT	Basic salary/fee	Variable remuneration	Other benefits	Pension expenses	Total
2021					
Chairman of the Board, Patrik Nolåker	480	-	-	-	480
Board member, Ulf Gundemark	240	-	-	-	240
Board member, Annika Johansson-Rosengren	250	-	-	-	250
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
Board member, Vegard Söraunet	200	-	-	-	200
CEO, James Ahrgren	1,254	1,176	4	378	2,812
CEO, Anders Carlsson	2,026	393	49	519	2,987
Other executive officers, eleven	11,763	4,442	593	2,867	19,664
Total	17,183	6,011	646	3,764	27,603

Generally, no special pension benefits or severance pay agreements exist generally, in addition to normal pensions. The Board's proposed guidelines for remuneration in 2023 are presented in the Corporate governance report, page 42. The remuneration paid to senior executives in 2022 are presented above.

The following resolution on guidelines for remuneration in 2022 was made at the previous AGM; Variable remuneration to AQ's management group consists of a variable cash salary (bonus). The variable remuneration shall be 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 left his position as President and CEO on March 31, 2021 and James Ahrgren took over as President and CEO on April 1, 2021. Remunerations during the notice period including benefits and pension provision continued under the same conditions as before until the adjusted end-date September 14, 2021. Regarding variable remuneration, pro rata was paid for the period January-March 2021. The cost of remuneration including benefits and pension provisions during the notice period without a duty to work amounted to SEK 2,745 thousands and was expensed in 2020.

Warrant program

The 2022 AGM resolved to introduce a warrant-based incentive program for senior executives and other key personnel within AQ Group. The warrants are priced at market value, which is based on a valuation made by an independent party using the Black-Scholes model. Each warrant entitles its holder to subscribe for one share in the company at the subscription price shown in the table below. The 2022 warrant program expires on May 12 2025 and exercising is possible from the same day until June 10, 2025.

Warrant program	2022
Total number of warrants, pcs	52,500
Price, SEK	40.20
Subscription price, SEK	351.20
Duration, year	3
Number of participants	21

Note 11 Profit/Loss from participations in group companies

SEK M	Parent company	
	2022	2021
Dividends from subsidiaries	119	73
Write-down of loan receivable to subsidiaries ¹⁾	-72	-
Impairment losses from shares in subsidiaries ¹⁾	-	-109
Total	47	-35

¹⁾ AQ Wiring Systems S.A. de C.V.

Note 12 Financial income

SEK M	Group		Parent company	
	2022	2021	2022	2021
Interest income, trade receivables	0	0	-	-
Interest income from group companies	-	-	12	7
Other interest income ¹⁾	1	1	0	18
Exchange rate gains, realized	0	10	-	6
Exchange rate gains, unrealized	38	12	30	10
Total	39	22	42	42

¹⁾ An income of SEK 18 million was included in the Parent company previous year as a result of the bankruptcy of Segerström & Svensson AB.

Note 13 Financial expenses

SEK M	Group		Parent company	
	2022	2021	2022	2021
Interest expenses, trade payables	-1	0	-0	0
Interest expenses to group companies	-	-	-2	-1
Interest expenses to credit institutions	-19	-10	-14	-8
Lease liability interest expenses	-4	-5	-	-
Other interest expenses ¹⁾	-1	-3	-0	-2
Exchange rate losses, realized	-0	-2	-	-
Exchange rate losses, unrealized	-22	-8	-20	-4
Total	-48	-28	-35	-14

¹⁾ Per December 31, 2022, there are no remaining derivatives, previous year the market value amounted to SEK -0.0 million. No other interest expenses are attributable to items valued to fair value.

Note 14 Appropriations

SEK M	Parent company	
	2022	2021
Change in tax allocation reserve	-2	23
Group contribution, paid	-0	-
Total	-2	23

Note 15 Taxes

SEK M	Group		Parent company	
	2022	2021	2022	2021
Current tax	-70	-85	-1	-8
Deferred tax	3	13	-0	0
Withholding tax on dividend	1	-2	-0	-1
Tax recorded	-69	-73	-2	-9
Specification of recorded tax				
<i>Recorded profit before tax</i>	482	441	53	10
Estimated tax based on applicable tax rate in Sweden 20.6 %	-99	-91	-11	-2
Tax effect of:				
Non-deductible expenses	-30	-7	-15	-24
Non-taxable income	29	7	24	19
Effect of other tax rates in foreign companies	26	25	-	-
Change in non-recorded tax loss carryforwards	-12	-10	-	-
Other ¹⁾	-18	4	-1	-1
	-68	-71	-1	-7
Withholding tax on dividend	-1	-2	-0	-1
Tax recorded for the period	-69	-73	-2	-9

¹⁾ Tax rebate for investments is included.

The actual tax rate for the Group is 14% (17).

SEK M	Group	
	2022	2021
Non-recorded tax loss carryforwards	151	108
<i>Expires year:</i>		
2022	-	5
2023	21	18
2024	23	18
2025	13	11
2026	4	13
2027	18	-
Later	72	42
Total	151	108

Non-recorded tax loss carryforwards relate primarily to subsidiaries in India and Mexico, which are in establishment phase and there it is currently not possible to assess with certainty when the companies will be able to use them to offset future profits. The Parent company has no tax loss.

SEK M	Group		Parent company	
	2022	2021	2022	2021
Deferred tax asset				
Tangible assets	11	1	-	-
Inventories	3	3	-	-
Loss carry forwards	38	38	-	-
Other ¹⁾	24	19	-	0
Total	76	62	-	0
¹⁾ Included in Other are receivable write-downs and exchange rate differences.				
Deferred tax liability				
Intangible assets	34	35	-	-
Tangible assets	13	13	-	-
Untaxed reserves	38	27	-	-
Others	5	5	-	-
Total	90	80	-	-
Change in deferred tax				
Recorded in the income statement	3	13	0	0
Acquisition of subsidiaries, surplus values	-	-1	-	-
Change in tax rate	-	0	-	-
Translation difference	2	0	-	-
Total	4	12	0	0

Note 16 Goodwill

SEK M	Group	
	2022	2021
Opening accumulated cost of acquisition	369	333
Acquisition of subsidiaries	-	24
Reclassifications	0	-
Translation difference	29	12
Closing accumulated costs of acquisition	398	369
Opening accumulated write-downs	-3	-3
Write-down for the year	-	-
Translation difference	-1	0
Closing accumulated write-downs	-3	-3
Closing residual value	395	366

During 2022 no acquisitions were made. More information on the acquisitions made in 2021 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 with subsidiaries, LTI Holding Oy with subsidiaries (Trafotek group) and Schaffner Power Magnetics 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:

SEK M	2022	2021
AQ Wiring Systems UAB	78	72
AQ Anton Kft	42	42
AQ Industrial Systems (formerly Gerdins)	25	25
AQ Mecanova OY	49	45
B3CG Interconnect	84	75
Trafotek	79	73
Schaffner Power Magnetics	28	24
Total	385	356

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 beyond a four-year period, %	Discount rate, before tax, %	Discount rate, after tax, %
AQ Wiring Systems	2 (2)	10 (8)	8 (7)
AQ Anton Kft	2 (2)	10 (8)	8 (7)
AQ Industrial Systems (f.d Gerdins)	2 (2)	10 (9)	8 (7)
AQ Mecanova OY	2 (2)	10 (8)	8 (7)
B3CG Interconnect	2 (2)	10 (11)	8 (8)
Trafotek	2 (2)	10 (8)	8 (7)
Schaffner Power Magnetics	2 (2)	10 (10)	8 (8)

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 according to external sources of information is expected to grow during the forecast period, and AQ's 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 and external sources of information.

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 the-reafter 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), AQ Mecanova OY, B3CG Interconnect with subsidiaries, LTI Holding Oy with subsidiaries (Trafotek group) and Schaffner Power Magnetics exceeds the reported value by a significant amount. Sensitivity analyzes have been performed and management believes that no reasonable changes in the key assumptions may lead to the recovery value being lower than reported values.

Note 17 Other intangible assets

SEK M	Group			
	Customer relations	Technology	Other	Total
Opening accumulated cost of acquisition, 2022	154	113	74	341
Direct investments for the year	-	0	4	5
Sales/retirements	-	-	-2	-2
Reclassifications	-	-	1	1
Translation difference	9	10	4	24
Closing accumulated cost of acquisition, 2022	163	123	82	368
Opening accumulated amortization, 2022	-77	-41	-61	-179
Amortization for the year	-19	-12	-3	-35
Sales/retirements	-	-	1	1
Translation difference	-4	-4	-3	-12
Closing accumulated amortization, 2022	-101	-56	-67	-224
Closing planned residual value, 2022	61	67	15	144
Opening accumulated cost of acquisition, 2021	142	108	70	321
Direct investments for the year	-	0	2	2
Acquisition of subsidiaries	7	-	0	7
Sales/retirements	-	-	-0	-0
Translation difference	5	5	2	12
Closing accumulated cost of acquisition, 2021	154	113	74	341
Opening accumulated amortization, 2021	-58	-28	-57	-142
Amortization for the year	-18	-11	-3	-32
Acquisition of subsidiaries	-	-	-0	-0
Sales/retirements	-	-	0	0
Translation difference	-2	-1	-1	-5
Closing accumulated amortization, 2021	-77	-41	-61	-179
Closing planned residual value, 2021	76	73	13	162

Significant intangible non-current assets and their remaining amortization period

	Customer relations		Technology	
	Closing planned residual value (SEK M)	Remaining amortization period (years)	Closing planned residual value (SEK M)	Remaining amortization period (years)
AQ Mecanova OY	- (-)	- (-)	13 (15)	5 (6)
AQ Anton Kft	10 (13)	2 (3)	- (-)	- (-)
AQ Wiring System, Canada Inc	13 (14)	5 (6)	16 (17)	5 (6)
AQ Trafotek OY	- (-)	- (-)	13 (14)	6 (7)
AQ Trafotek AS	- (-)	- (-)	13 (14)	6 (7)

Note 18 Right-of-use assets

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

Reported value of right-of-use assets SEK M	Group				Total
	Real estate	Machinery	Vehicles	IT equipment	
Opening balance, 2022	220	6	6	0	232
Depreciation during the year	-92	-2	-3	-0	-98
Closing value, 2022	224	4	5	0	233
Opening balance, 2021	254	5	5	0	265
Depreciation during the year	-86	-2	-3	-0	-91
Closing value, 2021	220	6	6	0	232

During the year, acquisitions of right-of-use assets were made of SEK 96 million (65). The amount includes new contracts and increased payments due to an extended lease period. During previous year new contracts of SEK 31 million were included in the acquisition of the Schaffner Power Magnetics division.

Leasing liabilities SEK M	Group	
	2022	2021
Current	83	85
Non-current	154	151
Total	237	236

See also Note 3 where information on maturity structure for leasing liabilities can be found.

Amounts reported in the income statement SEK M	Group	
	2022	2021
Depreciation of right-of-use assets	-98	-91
Interest on lease liabilities	-4	-5
Costs for short term leases	-12	-10
Costs for leases of lesser value	-2	-3
Total	-115	-109

Amounts reported in the cash flow report SEK M	Group	
	2022	2021
Total cash flows attributable to lease agreements	-116	-108

Note 19 Tangible assets

SEK M	Group				Total
	Land and buildings	Plant and machinery	Equipment, tools, fixtures and fittings	Construction in progress	
Opening accumulated cost of acquisition, 2022	388	1,019	224	116	1,748
Direct investments for the year	70	92	32	103	298
Sales/retirements	-0	-1	-9	-1	-11
Reclassifications	116	24	26	-166	-1
Translation difference	22	65	15	14	116
Closing accumulated cost of acquisition, 2022	596	1,199	287	66	2,149
Opening accumulated depreciation, 2022	-117	-652	-158	-	-927
Depreciation for the year	-18	-84	-26	-	-128
Sales/retirements	0	0	7	-	7
Reclassifications	-	-	-	-	-
Translation difference	-6	-43	-10	-	-59
Closing accumulated depreciation, 2022	-141	-780	-186	-	-1,106
Closing planned residual value, 2022	456	419	102	66	1,043
Opening accumulated cost of acquisition, 2021	340	858	174	30	1,402
Direct investments for the year	2	51	21	136	210
Acquisition of subsidiaries	38	44	25	0	108
Sales/retirements	-	-8	-6	-0	-15
Reclassifications	1	47	4	-51	-
Translation difference	7	27	7	2	43
Closing accumulated cost of acquisition, 2021	388	1,019	224	116	1,748
Opening accumulated depreciation, 2021	-98	-532	-124	-	-754
Depreciation for the year	-13	-76	-21	-	-111
Acquisition of subsidiaries	-6	-33	-13	-	-51
Sales/retirements	-	5	6	-	11
Reclassifications	1	-1	0	-	-
Translation difference	-1	-16	-5	-	-22
Closing accumulated depreciation, 2021	-117	-652	-158	-	-927
Closing planned residual value, 2021	271	367	67	116	820

Note 20 Shares and participations in group companies

SEK M	Parent company	
	2022	202
Opening accumulated cost of acquisition	1,459	1,251
Investment in subsidiaries	0	86
Shareholder contribution	5	122
Sale of subsidiaries	-	0
Closing accumulated costs of acquisition	1,464	1,459
Opening accumulated impairment	-242	-133
Impairment losses ¹⁾	-	-109
Closing accumulated impairment	-242	-242
Closing book value	1,222	1,217

¹⁾ Refer to Note 11.

Companies	Corp. ID no.	Number of participation rights	Share of equity ²⁾	Book value
AQ Fastighet i Lund AB, Lund, Sweden	556527-5228	10,000	100%	4
AQ Fastighet Tokarp AB, Gislaved, Sweden	556220-0195	1,000	100%	4
AQ Fastighet i Pålshoda AB, Eskilstuna, Sweden	556275-6212	14,200	100%	6
AQ Plast AB, Västerås, Sweden	556497-2239	3,000	100%	4
AQ Trafo AB, Enköping, Sweden	556443-9726	26,000	100%	0
AQ Mekatronik AB, Västerås, Sweden	556666-7829	1,000	100%	0
AQ Special Sheet Metal AB, Hallsberg, Sweden	559138-9753	1,000	100%	45
AQ ParkoPrint AB, Gävle, Sweden	556574-6319	20,000	100%	17
- AQ Fastigheter i Gävle AB, Gävle, Sweden	556448-3385			-
AQ Fastighet i Lyrestad AB, Eskilstuna, Sweden	556443-9734	15,000	100%	0
AQ Elautomatik AB, Västerås, Sweden	556272-8484	1,000	100%	4
AQ M-Tech AB, Uppsala, Sweden	556358-1411	1,000	100%	2
AQ Enclosure Systems AB, Vaggeryd, Sweden	556660-1844	20,000	100%	2
AQ Components Västerås AB, Västerås, Sweden	556733-7216	5,000	100%	11
AQ Components Mjällom AB, Kramfors, Sweden	556209-2634	10,000	100%	11
AQ Wiring Systems AB, Kramfors, Sweden	556261-0955	10,000	100%	16
- AQ Wiring Systems STG Sp. Z.o.o., Linowiec, Poland	0000043722			-
AQ Enclosure Sollefteå AB, Sollefteå, Sweden	556720-8466	10,000	100%	14
AQ Engineering AB, Göteborg, Sweden	556622-8697	1,050	100%	2
AQ Fastighet i Torslanda AB, Göteborg, Sweden	556690-3018	1,000	100%	0
AQ Lasertool OÜ, Pärnu, Estonia	10 930 852	40,000	100%	9
AQ Components Kodara OÜ, Kodara, Estonia	16 532 472	100,000	100%	0
AQ Magnetica Italy S.r.l., Castelfidardo, Italy	02591110420	30,000	100%	3
AQ Inductive Components d.o.o Pirot, Serbia	21531723		100%	6
AQ Mecanova OY, Nivala, Finland	0745938-3	494,854	100%	40
- Mecanova Inc, Dallas, USA	150214900			-
AQ Anton Kft, Zalaegerszeg, Hungary	20-09-061216	¹⁾	100%	236
AQ Inductives Hungary Kft., Kecskemét, Hungary	03-09-108594	1	100%	62

¹⁾ AQ Anton Kft, has no shares. Instead the company has a "business quota" of HUF 12 millions.

Companies	Corp. ID no.	Number of participation rights	Share of equity ²⁾	Book value
AQ Plastronic AD, Veliko Tarnovo, Bulgaria	1040 11529	595,560	95%	14
AQ Electric AD, Radomir, Bulgaria	1135 61397	544,618	96%	17
AQ Magnit AD, Godech, Bulgaria	1220 33267	690,681	99.7%	40
AQ Wiring Systems Sp.z.o.o., Łódź, Poland	0000199352	2,227	100%	43
AQ Wiring Systems UAB, Panevėžys, Lithuania	148 427 212	1,200	100%	56
AQ Wiring Systems SA DE CV, Tultitlan Edo, Mexico ³⁾	DME051116H2A	317,308,905	99.9%	24
AQ Electric Suzhou Co Ltd, Suzhou, China	913205057859862515	169,730	100%	23
- AQ Electric & Enclosure Suzhou Co Ltd, Suzhou, China	91320505MA22AAMD01			-
- AQ Power Magnetics Shanghai Co, Shanghai, China	91310115MA1HBNCL5A			-
AQ Components Suzhou Co Ltd, Suzhou, China	91320505717465227Y	173,517	100%	2
AQ Asia Ltd, Hong Kong, China	2568747	100,000	100%	0
AQ Mechanical & Electrical M.I.Pvt.Ltd, Pune, India	U31909PN2011FTC139442	5,153,321	100%	32
AQ Inductive Components India Pvt.Ltd, Pune, India ⁴⁾	U29309PN2018FTC175319	497,696	99.9%	24
Société de Gestion B3CG Interconnect Inc, Saint-Eustache, Canada	807949219 RC0001	340,000	100%	90
- AQ Wiring Systems Canada Inc., Saint-Eustache, Canada	136814217 RC0002			-
- AQ B3CG Real Estate Inc, Saint-Eustache, Canada	768141731 RC0001			-
8046000 Canada Inc, Saint-Eustache, Canada	842130304 RC0001	340,000	100%	34
- AQ Wiring Systems NY Inc., Plattsburgh, USA	98-1035861			-
LTI Holding OY, Helsinki, Finland	2368936-5	5,619,145	100%	295
- AQ Trafotek OY, Kaarina, Finland	2359889-3			-
- AQ Trafotek AS, Harjumaa, Estonia	12625219			-
- AQ Trafotek Power Eletrônicos e Transformadores LTDA, Itu, Brazil	22.119.284/0001-72			-
- Trafotek Corporation, Houston, USA	80-2012450			-
AQ Transformer Solutions Inc, Wytheville, USA	11222449	5 000	100%	23
AQ Inductive Components Germany GmbH, Paderborn, Germany	HRB15234	100	100%	5
Total				1,222

²⁾ The voting share corresponds to the share of equity in all companies.

³⁾ Total holding by AQ Elautomatik AB and AQ Group AB is 100%.

⁴⁾ Total holding by AQ Trafo AB and AQ Group AB is 100%.

Note 21 Long-term receivables

Receivables from group companies, SEK M	Parent company	
	2022	2021
Opening receivables	196	154
Lending during the year	82	148
Repayments during the year	-14	-23
Write-down of loan receivable, subsidiaries	-72	-
Conversion of shareholder contribution, subsidiaries	-	-91
Translation difference	20	7
Closing receivables	211	196

Note 22 Inventories

SEK M	Group	
	2022	2021
Raw materials and consumables	1,128	909
Work in progress	297	224
Finished goods and goods for resale	205	171
Total	1,629	1,305

Of the recorded inventory values of raw materials and consumables of SEK 1,128 million (909), 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 501 million (395), will be turned over in their entirety within one year. The value of inventories was written down by SEK 118 million (104) 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.

Note 23 Other receivables

SEK M	Group		Parent company	
	2022	2021	2022	2021
VAT receivables	82	50	0	0
Other current receivables	24	44	0	18
Total	106	94	0	18

Note 24 Prepaid expenses and accrued income

SEK M	Group		Parent company	
	2022	2021	2022	2021
Prepaid rent	7	7	0	0
Prepaid leasing	0	0	-	-
Prepaid insurances	4	2	1	0
Customer owned equipment	34	26	-	-
Accrued income	3	1	-	-
Accrued government support	-	2	-	-
Prepaid IT expenses	9	7	1	2
Other interim receivables ¹⁾	18	20	0	0
Total	76	65	2	3

¹⁾ Refers to prepaid project, service and maintenance costs.

Note 26 **Untaxed reserves**

SEK M	Parent company	
	2022	2021
Tax allocation reserve, 2019	6	6
Tax allocation reserve, 2022	2	-
Total	8	6

Note 27 **Pledged assets and contingent liabilities**

SEK M	Group		Parent company	
	2022	2021	2022	2021
Pledged assets				
Property mortgages	95	95	-	-
Floating charges	329	322	-	-
<i>of which in own custody</i>	339	333	-	-
Ownership reservation regarding leased machines	4	4	-	-
Other ownership reservations	-	1	-	-
Contingent liabilities				
Other contingencies	208	182	175	175

Note 28 **Other liabilities**

SEK M	Group		Parent company	
	2022	2021	2022	2021
Liability for VAT and personnel	82	58	1	1
Other current liabilities	25	26	8	8
Total	107	84	9	9

Note 29 Provisions

SEK M	Group	
	2022	2021
Opening pension provisions, non-current	15	13
Provisions made during the year	2	2
Used provisions	-1	-1
Reversed provisions	-1	-0
Translation difference	1	0
Closing pension provisions, non-current	17	15
Opening provisions for warranty obligations, non-current	3	4
Provisions made during the year	2	0
Used provisions	-0	-1
Reversed provisions	-	-1
Acquisition of companies	-	1
Reclassifications	-	-0
Translation difference	0	0
Closing provisions for warranty obligations, non-current	5	3
Opening other provisions, non-current	0	-
Provisions made during the year	1	-
Used provisions	-0	-4
Acquisition of companies	-	4
Translation difference	0	-0
Closing other provisions, non-current	1	0
Opening provisions for warranty obligations, current	10	5
Provisions made during the year	1	7
Used provisions	-0	-1
Reversed provisions	-2	-4
Acquisition of companies	-	2
Reclassifications	-	0
Translation difference	1	0
Closing provisions for warranty obligations, current	10	10
Opening other provisions, current	1	-
Provisions made during the year	2	0
Used provisions	-0	0
Acquisition of companies	-0	-
Translation difference	0	0
Closing other provisions, current	3	1

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, India, Lithuania and Poland.

The net obligation at the end of the year of SEK 17 (15) million are recorded in Provisions for pensions. It is attributable to Bulgaria 60 percent (56), Italy 16 percent (16), India 9 percent (9), Lithuania 5 percent (10) and Poland 9 percent (9).

Note 30 Accrued expenses and prepaid income

SEK M	Group		Parent company	
	2022	2021	2022	2021
Liability to personnel	157	139	3	5
Liability, social security contributions	48	44	2	2
Other interim liabilities	65	41	5	3
Total	271	224	10	10

Note 31 Acquisitions**2022**

AQ's strategy is to grow in both segments. During 2022, no new acquisitions were made. The focus was instead on organic growth and integration of the Schaffner companies.

2021

During 2021, one major acquisition was made. Purchase prices and the impact on the Group's cash and cash equivalents was as follows:

Acquisition of subsidiaries	Acquired net assets at time of acquisition
	Schaffner Power Magnetics
Intangible assets	0
Tangible assets incl. right-of-use assets	88
Deferred tax assets loss carryforwards	1
Inventories	92
Other current assets	74
Cash and cash equivalents	5
Total assets	261
Non-current liabilities incl. leasing liabilities	21
Deferred tax liabilities	2
Interest-bearing current liabilities incl. leasing liabilities	10
Other current liabilities	49
Total provisions and liabilities	82
Total Net Assets	179
Purchase price:	
Cash paid	-208
Customer relations	6
Deferred tax on customer relations	-1
Goodwill	24
Less: Cash and cash equivalents in the acquired business	5
Effect on cash and cash equivalents	-203

Schaffner Power Magnetics

On July 1, 2021, AQ Group AB closed the deal with listed Schaffner Group to acquire their Power Magnetics division. The acquisition comprises 100% of the shares in the unlisted company Schaffner EMV Hungary Kft. (renamed after the acquisition to AQ Inductives Hungary Kft) and the Power Magnetics operations in the USA, Germany, China and India which was acquired by AQ Group's new wholly owned companies AQ Inductive Components Germany GmbH (Germany), AQ Transformer Solutions Inc. (USA) and AQ Power Magnetics Shanghai Co. Ltd. (China) and the existing company AQ Inductive Components India Pvt Ltd (India). At the time of the acquisition, approximately 370 employees were taken over.

The purpose of the acquisition was to expand AQ's customer

base and broaden the offering within inductive components. The business area is a strong supplier in the market and delivers to customers who provide electrification solutions to marine and railway industry and renewable energy. The purchase price amounted to SEK 208 million in cash, of which SEK 17 million was paid as a final adjustment on October 8, 2021. Purchase price analysis was prepared which showed consolidated surplus values of SEK 30 million divided into customer relations SEK 6 million and goodwill SEK 24 million and a deferred tax liability of SEK 1 million. The depreciation rate is estimated at 5 years for customer relationships. The goodwill value of SEK 24 million includes synergy effects in the form of more efficient production processes and the employees' technical knowledge.

External acquisition-related expenses in connection with the acquisition amounted to SEK 0.1 million, which are included in the Group's other external costs. Operating receivables are stated at gross value, as there are no accounts receivable provisions, which corresponds to fair value. The acquisition was financed partly with own funds and partly with a new bank loan.

During the period July to December, the acquired business contributed SEK 192 million to the Group's revenues and SEK -5.2 million to the Group's profit after tax, taking into account consolidated acquisition depreciation. The contribution to the Group's profit after tax without regard to consolidated acquisition depreciation is SEK -4.6 million.

If the acquisition had occurred as of January 1, 2021, i.e. including January to June, the company management estimates that the Group's revenues would have been SEK 165 million higher and the profit after tax for the period with regard to consolidated acquisition depreciation would have been SEK 2 million higher i.e., that the acquired operations would have contributed to the Group's revenues for the period January-December 2021 by SEK 357 million and the profit after tax by SEK -3 million. The contribution to the Group's profit after tax without regard to consolidated Acquisition depreciation would have been SEK 3 million higher.

Note 32 Cash flow analysis

Cash and cash equivalents, SEK M	Group		Parent company	
	2022	2021	2022	2021
Cash and bank balances	231	283	62	142
Cash and cash equivalents recorded in the cash flow statement	231	283	62	142

The Group's total unutilized limits on overdraft facilities at the end of the year amounted to SEK 187 million (186). AQ has a revolving loan facility of SEK 600 million (600), of which SEK 7 million (259) remains to be used.

Changes in interest-bearing liabilities included in financing activities, SEK M

Opening long term interest-bearing liabilities	481	215	478	210
New loans	234	64	234	64
Amortizations	-2	-32	-	-30
Reclassification	-22	230	-44	230
Non-cash generating item, exchange rate differences	16	4	16	4
Closing long term interest-bearing liabilities	707	481	683	478
Opening short term interest-bearing liabilities	127	314	72	304
New loans	-	18	-	11
Change in overdraft facility	2	36	-	-
Amortizations	-60	-17	-60	-15
Reclassification	22	-230	44	-230
Non-cash generating item, exchange rate differences	6	4	2	1
Other	1	1	1	1
Closing short term interest-bearing liabilities	96	127	59	72
Opening leasing liabilities	236	268	-	-
New leasing contracts	97	22	-	-
Amortizations	-103	-95	-	-
Non-cash generating items, exchange rate differences and interest	7	11	-	-
Acquisition of companies	-	31	-	-
Other	0	0	-	-
Closing leasing liabilities	237	236	-	-
Total closing balance interest-bearing liabilities	1,040	844	742	550

Specification of adjustments for non-cash generating items, SEK M	Group		Parent company	
	2022	2021	2022	2021
Depreciations and impairment losses	261	234	72	109
Result from sold fixed assets	-2	-1	-	0
Group contributions not paid	-	-	0	-
Provisions	5	0	2	-23
Interest	4	4	-	-
Withholding tax	-1	-2	-0	0
Exchange rate differences	-2	-15	-2	4
Non-cash generating items	264	221	72	90

Information regarding interest and dividends, SEK M

Received interest during the year	1	11	12	13
Paid interest during the year	-21	-15	-16	-11
Received dividend during the year	-	-	119	73

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 settled continuously. Between the parent company and a few Group companies, there are 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 2022, AQ

Group AB paid SEK 60,919,213 (-) 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, 2022 about 39% (39) 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 10.

SEK M	Parent company	
	2022	2021
Billing	51	51
Purchase	-1	-1
Interest revenue	12	7
Interest expense	-2	-1
Dividends from subsidiaries	119	73
Loans to group companies (non-current)	211	196
Receivables to group companies (current)	356	106
Interest-bearing liabilities to group companies (current)	368	385
Liabilities to group companies (current)	0	-

Note 34 Proposed appropriation of profits

The Board proposes that the retained earnings, 678,474,935, are distributed as follows:

Available, SEK		Appropriation, SEK	
Share premium reserve	86,304,157	Distributed to shareholders, 3.33 SEK per share	60,919,213
Retained earnings incl. Profit for the year	592,170,778	Carried forward ¹⁾	617,555,722
Total non-restricted equity	678,474,935	Total	678,474,935

1) of which 86,304,157 returns to the share premium reserve

Note 35 Post balance sheet events

The high global inflation and the ongoing war in Ukraine affect the economic development in several of the countries where AQ operates. AQ has a large share of its business in Europe, where energy prices continue to be at a high level together with wage inflation. This affects AQ's production costs. We also see continued supply problems of semiconductor components. We constantly monitor and evaluate the situation in order to be prepared to act quickly to limit any impact on the company.

On February, 2023 the Nomination Committee in AQ Group AB informed the company that it is proposing existing board member Claes Mellgren as new board chairman, Kristina Willgård as new board member and that the number of board members will be reduced from eight to six, at the Annual General Meeting on April 20, 2023.

Chairman of the board Patrik Nolåker and board members Annika Johansson-Rosengren and Vegard Søraunet will not run for re-election. Re-election is proposed for board members Gunnilla Spongh, Lars Wrebo, Ulf Gundemark and Per Olof Andersson. Claes Mellgren was CEO of AQ Group between 2010 and 2018 and is now board member since 2018. Claes Mellgren is one of the founders of AQ Group. Kristina Willgård most recently came from a position as Group CEO at the Life-Science company AddLife and is currently board member in Mölnlycke Health Care, Ernströmgruppen, and the Addnode Group and is part of Aeternum Capital's advisory board. The Nomination Committee's complete proposal was presented in the notice of AQ Group's Annual General Meeting, which will be held on April 20, 2023.

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 M

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, SEK M

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 M

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 amortization of tangible and intangible assets. The measure is used in the calculation of covenants towards the bank.

Group key figures

Key figures defined by IFRS

	2022	2021	2020	2019	2018
Net sales, SEK M	7,053	5,471	4,819	5,113	4,667
Earnings per share after dilution, SEK	22.43	19.99	17.24	14.37	8.26

Alternative key figures 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 M unless otherwise stated	2022	2021	2020	2019	2018
Operating margin, (EBIT %)					
Operating profit	491	446	401	340	208
Net sales	7,053	5,471	4,819	5,113	4,667
Operating margin, %	7.0	8.2	8.3	6.7	4.5
Profit margin before tax, (EBT %)					
Profit before tax	482	441	369	321	198
Net sales	7,053	5,471	4,819	5,113	4,667
Profit margin before tax, %	6.8	8.1	7.7	6.3	4.2
Liquid ratio, %					
Accounts receivable - trade	1,745	1,295	995	1,044	1,082
Other current receivables	204	173	125	118	105
Cash and cash equivalents	231	283	452	161	101
Current liabilities	1,551	1,342	1,166	1,252	1,163
Liquid ratio, %	140	130	135	106	111
Equity ratio, %					
Total equity	3,180	2,627	2,191	2,015	1,783
Total assets	5,704	4,699	3,864	3,852	3,100
Equity ratio, %	56	56	57	52	58
Return on total assets, %					
Profit before tax	482	441	369	321	198
Financial expenses	-48	-28	-48	-30	-15
Total equity and liabilities, opening balance	4,699	3,864	3,852	3,100	2,677
Total equity and liabilities, closing balance	5,704	4,699	3,864	3,852	3,100
Total equity and liabilities, average	5,202	4,282	3,858	3,476	2,889
Return on total assets, %	10.2	11.0	10.8	10.1	7.4
Return on equity after tax, %					
Profit for the year	413	368	318	263	153
Total equity, opening	2,627	2,191	2,015	1,783	1,643
Total equity, closing	3,180	2,627	2,191	2,015	1,783
Total equity, average	2,904	2,409	2,103	1,899	1,713
Return on equity after tax, %	14.2	15.3	15.1	13.8	8.9
Net cash/Net debt					
Cash and cash equivalents	231	283	452	161	101
Non-current interest bearing liabilities	861	632	406	442	17
Current interest bearing liabilities	180	212	391	474	417
Total interest bearing liabilities	1,040	844	797	916	434
Net cash/Net debt	-810	-561	-345	-755	-333

Group key figures

SEK M unless otherwise stated	2022	2021	2020	2019	2018
Growth, %					
Organic growth					
Net sales	7,053	5,471	4,819	5,113	4,667
- Effect of changes in exchange rates	105	-134	-91	101	125
- Net sales last year	5,471	4,819	5,113	4,667	4,020
- Net sales for acquired companies	185	192	236	400	266
= Organic growth	1,293	594	-439	-56	257
Organic growth divided by last year net revenue, %	23.6	12.3	-8.6	-1.2	6.4
Growth through acquisitions					
Net sales for acquired companies divided by last year net revenue, %	3.4	4.0	4.6	8.6	6.6
EBITDA					
Operating profit	491	446	401	340	208
Depreciation and amortization	-261	-234	-234	-220	-112
EBITDA	751	681	635	561	320

Key figures, parent company

SEK M unless otherwise stated	2022	2021	2020	2019	2018
Liquid ratio, %					
Account receivables	-	0	-	-	-
Current receivables	360	132	185	388	420
Cash and cash equivalents	62	142	296	-	-
Current liabilities	449	480	792	644	621
Liquid ratio, %	94	57	61	60	68
Debt/equity ratio, %					
Total equity	716	724	722	648	545
Equity part of untaxed reserves	6	5	23	41	42
Adjusted equity	722	728	745	690	587
Total assets	1,856	1,687	1,753	1,587	1,262
Debt/equity ratio, %	39	43	42	43	47

The Board and the CEO ensure that the Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements 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. The Annual Report

and the consolidated financial statements provide a true and fair view of the Parent Company's and the Group's position and results. The Directors' Report for the Parent Company and the Group provide a fair overview of the development of the Parent Company's and the Group's operations, financial position and results and describes significant risks and uncertainties which the Parent Company and the companies included in the Group are facing.

Västerås, March 27, 2023

James Ahrgren
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

Vegard Søråunet
Board member

Our audit report has been submitted on March 27, 2023
KPMG AB

Hök Olov Forsberg
Authorised auditor

AUDITOR'S REPORT

Auditor's Report

To the general meeting of the shareholders of AG 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 2022. The annual accounts and consolidated accounts of the company are included on pages 38-89 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 2022 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 2022 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 22 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

Per 31 December 2022, the carrying value of inventory on the Group's consolidated balance sheet is SEK 1,629 million. The inventory balance consists of raw materials and consumables, work in progress as well as finished goods and merchandise.

The cost of finished goods and work in progress comprise direct costs and reasonable part of indirect costs based on normal capacity of production.

The valuation of inventory is deemed to be a key audit matter as the valuation contains a certain level of estimation and management judgement. There is a risk that the fair value of inventory is lower than the carrying value and that adjustments may have an impact on the financial results.

Response in the audit

We have evaluated the design of the company's internal controls relating to inventory accounting and assessed how these controls have been implemented. Moreover, we have tested the operating effectiveness of key controls.

We have also attended inventory counts.

We have evaluated the model used for calculating inventory obsolescence and audited the application of this model.

Furthermore, we have evaluated the information and disclosures presented in the annual accounts and consolidated accounts in relation to inventory.

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 1-31 and 95-98. 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

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

Auditor's audit of the administration and the proposed appropriations of profit or loss

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 2022 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and

the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

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

Auditor's responsibility

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

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

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

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

accordance with the Companies Act.

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

The auditor's examination of the Esef report

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for AQ Group AB (publ) for year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.



Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of AQ Group AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528),

and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various pro-

cedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of AG Group AB (publ.) by the general meeting of the shareholders on the 21 April 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2014.

Stockholm 27 March 2023

KPMG AB

Hök Olov Forsberg
Authorized Public Accountant

GROUP STRUCTURE - OPERATIONS

The information within parentheses refers to the companies corporation identification number.

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: James Ahrgren

SWEDISH OPERATING GROUP COMPANIES

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: Emma Östling

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. 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. 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. Operations are conducted in Västerås.

MD: Emma Östling

AQ ParkoPrint AB (556574-6319)

The company manufactures OEM products, such as check-in terminals, parking meters and high-end work-out equipment. In addition to manufacturing, assembly and testing, the company has resources for visual and mechanical design. Operations are conducted in Gävle.

MD: Marcus Halldin

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: Krister Fahlström

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. Operations are conducted in Västerås.

MD: Emma Östling

AQ Special Sheet Metal AB (559138-9753)

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

MD: Lars Gäfvert

AQ Wiring Systems AB (556261-0955)

The company offers solutions in the development and manufacturing of electrical systems. Through close collaboration with product-owning customers, added value and optimal total cost are created, which contributes to the customers' competitiveness. Lead time and service are focus areas and the customers are mainly in the industries Forest, Defense and Construction. 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. 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. The company delivers mechanical components and parts within sheet metal and machining. Operations are conducted in Mjällom.

MD: Peter Wallberg

OTHER SWEDISH GROUP COMPANIES

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: Emma Östling

AQ Fastighet i Lyrestad AB (556443-9734)

The company manages an industrial property in Lyrestad, Mariestad of 7,360 m², where AQ Special Sheet Metal AB operates.

MD: Lars Gäfvert

AQ Fastighet i Pålsboda AB (556275-6212)

The company manages industrial properties in Pålsboda of approximately 5,500 m², where AQ Special Sheet Metal AB operates.

MD: Lars Gäfvert

FOREIGN OPERATING GROUP COMPANIES

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 32,244 m² in Radomir and 21,437m² in Pernik, Bulgaria.

MD: Emil Nikolov

AQ Electric Suzhou Co. Ltd (913205057859862515)

The company designs, manufactures assembles wiring systems and inductive components. Operations are conducted in Suzhou, China, focusing 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. Operations are conducted in Suzhou, China, and focuses on external customers in Asia.

MD: Andreas Björk

AQ Power Magnetics Shanghai Co, Ltd. (91310115MA1HBNCL5A)

The company designs, manufactures and assembles inductive components for traction including EMU and metro, renewable energy, HVAC and industrial applications. Our products range from small capacity to high voltage products, liquid cooled products, and filter inductors. The company meets different regional standards like UL and CE.

Operations are conducted in Shanghai, 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. Operations are conducted in Pune, India.

MD: Shreeniwas Bhide

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

The company manufactures and sells metal products and wiring systems. Operations are conducted in Pune, India.

MD: Ajit Vibhandik

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: Krister Fahlström

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: Krister Fahlström

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: Marcus Halldin

AQ Components Suzhou Co. Ltd (91320505717465227Y)

The company manufactures and sells stamped metal components and injection molded thermoplastic parts.

Operations are conducted in Suzhou, China, and are geared towards external customers in Asia.

MD: Andreas Björk

AQ Lasertool OÜ (10 930 852)

The company manufactures, assembles and sells processed sheet metal parts and performs surface treatment for industrial customers. Operations are conducted in own properties of about 10,000 m² in Pärnu Lagre and rental premises in Jüri and Viimsi, Estonia.

MD: Rein Volt

AQ Components Kodara OÜ (16 532 472)

The company manufactures, assembles and sells processed sheet metal parts and performs surface treatment for railway and general industrial customers. Operations are conducted in rental premises in Pärnu Kodara, Estonia.

MD: Ivari Pöld

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. Operations are conducted in its own property of approximately 8,500 m² in Godech, Bulgaria.

MD: Arto Hairisto

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. Operations are conducted in Veliko Tarnovo, Bulgaria.

MD: Levtera Kirilova

AQ Wiring Systems SA de CV (DME051116H2A)

The company manufactures and sells wiring systems and electromechanical modules for industrial customers. Operations are conducted in Tultitlan Edo, Mexico.

MD: Nersis Trindade

CONTINUATION: FOREIGN OPERATING GROUP COMPANIES

AQ Wiring Systems Sp. Z.o.o., (0000199352)

The company manufactures and sells wiring systems and electromechanical modules for industrial customers. Operations are conducted in Lodz, Poland.

MD: Mariusz Kopec

AQ Wiring Systems UAB (148 427 212)

The company manufactures and sells wiring systems and electromechanical modules. Operations are conducted in Panevėžys, Lithuania.

MD: Nerijus Olšauskas

AQ Anton Kft. (20-09-061216)

The company is leading within the machining of components for industrial gas turbines (IGT) and aircraft engines, in the production of complex injection molded components and in the design and manufacture of tools and custom machines.

Operations are conducted in Zalaegerszeg, Hungary.

MD: András Németh

AQ Inductives Hungary Kft. (03-09-108594)

The company manufactures and assembles of LV power electronics inductive components, such as reactors, transformers and filters for demanding Industry segments. Operations are conducted in Kecskemét, Hungary.

MD: Gabor Papp

AQ Magnetica Italy S.r.l (02591110420)

The company is a technology and sales company, primarily for inductive components. Operations are conducted in Castelfidardo and Milan, Italy.

MD: Giovanni Di Manici

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. Operations are conducted in St Karins, Finland, with a sales department 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. Operations are conducted in Rae, Estland.

MD: Tero Hankiala

AQ 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. Operations are conducted in Itu - São 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. Operations are conducted in Linowiec, Poland.

MD: Ewa Sulewska

AQ Mecanova OY (0745938-3)

The company designs, manufactures and assembles sheet metal and copper parts ranging from components to complete systems. Operations are conducted in Nivala, Finland.

MD: Ulla Lahdenperä-Koski

AQ Wiring Systems Canada Inc. (136814217 RC0002)

The company manufactures and sells wiring systems and electromechanical modules. Operations are conducted in Saint-Eustache, Quebec, Canada.

MD: Guy Joannette

AQ Wiring Systems NY, Inc. (98-1035861)

The company manufactures and sells wiring systems and electromechanical modules. Operations are conducted in Plattsburgh, New York, USA.

MD: Guy Joannette

AQ Transformer Solutions, Inc (11222449)

The company is the leading supplier of custom-built power magnetics components, such as transformers, reactors and filters. Operations are conducted in Wytheville, Virginia, USA.

MD: Matt Gregg

AQ Inductive Components Germany GmbH (HRB15234)

The company designs and sells inductive components. Operations are conducted in Paderborn, Germany.

MD: Krasimir Cholakov

OTHER FOREIGN GROUP COMPANIES

8046000 Canada Inc (842130304 RC0001)

Holding company that owns AQ Wiring Systems NY, Inc.

MD: Guy Joannette

Société de Gestion B3CG Interconnect Inc (807949219 RC0001)

Holding company that owns AQ Wiring Systems Canada, Inc.

MD: Guy Joannette

AQ B3CG Real Estate Inc (768141731 RC0001)

The company holds an industrial property of approximately 4,200 m² in Saint-Eustache, Quebec, Canada.

MD: Guy Joannette

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

The company is being liquidated.

MD: Arto Hairisto

LTI Holding OY (2368936-5)

Holding company that owns AQ Trafotek OY.

MD: Niklas Ericsson

Trafotek Corporation USA (80-2012450)

Resting company.

AQ Asia Ltd. (2568747)

Sales company in Hong Kong, without employees.

MD: Andreas Björk

Mecanova Inc (150214900)

Resting company.

MD: Ulla Lahdenperä-Koski

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

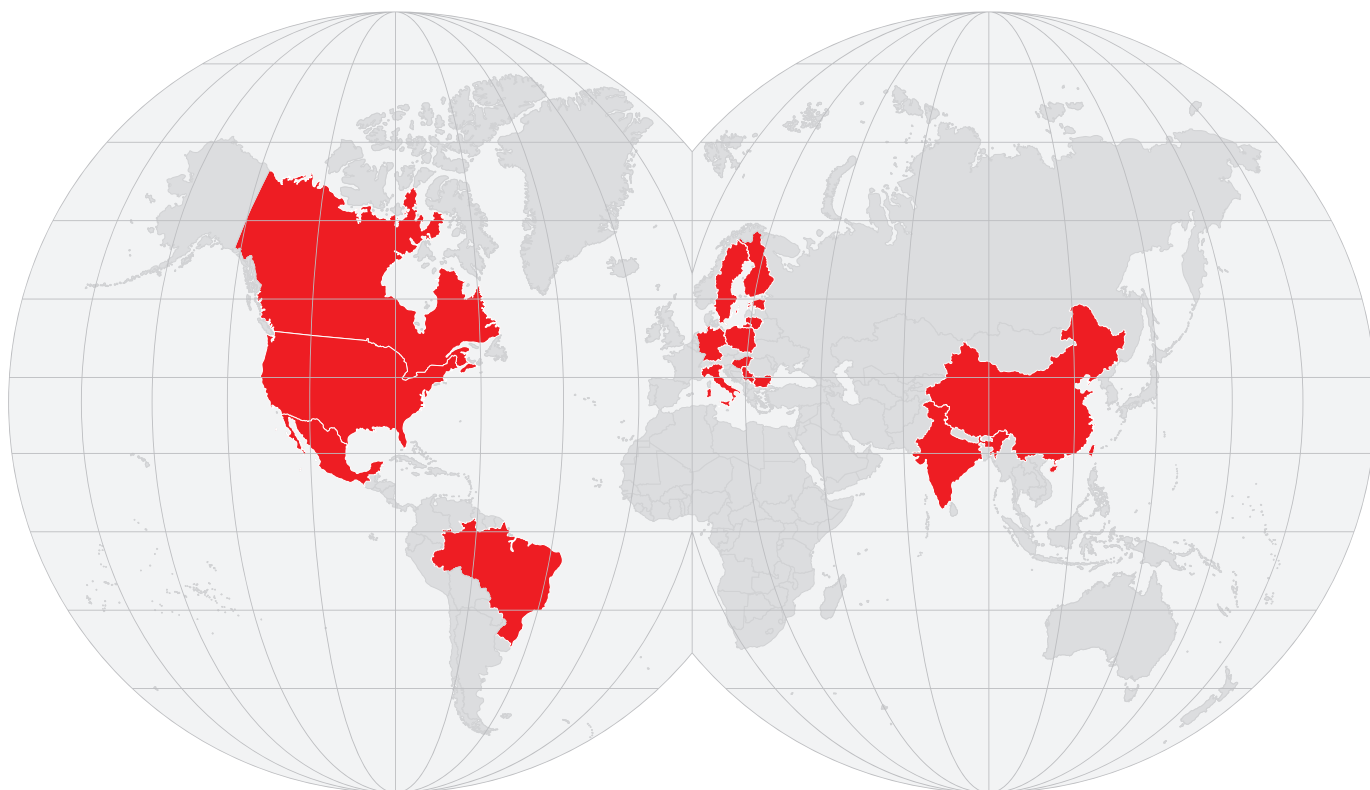
Companies within the AQ Group shall, based on AQ core values, run their business as entrepreneurs and strive for profitability and growth.

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