

Remuneration report 2020 AQ Group AB

Introduction

This remuneration report describes how the guidelines for remuneration to senior executives of AQ Group AB, adopted by the Annual General Meeting 2020, were applied during 2020. The report also contains information on remuneration to the CEO. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board Rules on remuneration to senior executives and on incentive programs.

Further information on remuneration to senior executives can be found in Note 9 on pages 69-70 of the Annual Report for 2020. Information about the remuneration committee's work in 2020 can be found in the corporate governance report on pages 30-33 of the Annual Report for 2020. Board fees are not covered by this report. Such fees are resolved annually by the Annual General Meeting and are reported in Note 9 and in the Corporate Governance Report in the Annual Report for 2020.

Key developments 2020

The CEO summarizes the company's overall results in his statement on page 6-7 of the Annual Report 2020. Further information on the significant events for the year can be found on pages 36-41 of the Annual Report for 2020.

The company's remuneration guidelines: scope, purpose and deviations 2020

AQ Group shall maintain the remuneration levels and other employment conditions that are necessary to ensure that the company can have access to competent executives who have the capacity to achieve the company goals, and that are well balanced in relation to the costs of the company as a whole. The remuneration may consist of the following components: fixed salary, variable remuneration, pension and other benefits. There are currently no share-based or share price-based incentive programs. Where variable remuneration is offered, they shall have a fixed ceiling amount and be linked to predetermined and clearly set measurable target criteria with the aim of promoting the company's business strategy, sustainability and long-term value creation. The guidelines can be found on page 33 of the Annual Report for 2020 and on the company's website www.aqgroup.se/Årsstämma.

In 2020, the Company followed the applicable remuneration guidelines for the CEO adopted by the General Meeting. No deviations from the guidelines have been made and no deviations have been made from the decision-making process to be applied in order to determine the remuneration. The auditor's opinion on the company's compliance with the guidelines is available on the company's website www.aqgroup.se/Årsstämma. No compensation has been claimed back.

Remuneration of the Board of Directors

None of the members of the Board of Directors is employed by the company, any other company in the Group or acts as an advisor to any of these companies. The members of the Board of Directors

are therefore not entitled to any form of employment-related remuneration in the form of salaries, remuneration, financial compensation or other benefits that are not related to their work on the Board. The members of the Board of Directors are also not entitled to any pension benefits. Board members do not receive the company's shares as remuneration and they do not participate in the company's incentive program. Fees paid to the Board of Directors for 2020 are shown in the Company's Annual Report 2020 in Note 9. The fees have been paid in cash and there has been no obligation to acquire the company's shares.

Remuneration and meeting fees to the Board of Directors from 2020 not yet paid

There are no remunerations from 2020 to be paid to board members.

Remuneration to the CEO

Remuneration to the CEO consists of fixed elements (base salary, benefits, insurance, pension) that provide a basic level of remuneration for the reliable and consistent implementation of the AQ Group operating strategy, and enable the CEO to concentrate on performing his duties. Variable parts of the remuneration (incentive program/bonus) emphasize performance-based remuneration and focus on the achievement of both the short- and long-term goals of AQ Group.

Table 1 - Total remuneration to the CEO 2020 (TSEK)

	1 Fixed remuneration		2 Variable remuner		3	4	5	6
	Base salary	Other benefits	One-year variable	Extraordinary items				
2020: Anders Carlsson, CEO	2 278	64	1 793	-		785	4 920	64/36
2019: Anders Carlsson, CEO	2 231	70	1 189	-		722	4 212	72/28

Basic salary refers to the annual fixed salary including holiday pay.

Variable remuneration refers to annual bonuses whose outcome is based on target fulfilment of profit margin before tax (EBT) % and cash flow from operating activities for the Group as a whole during the year. The variable bonus compensation is capped at 100% of the annual base salary.

Benefits to the CEO consist of car and health benefits. Compensation for pensions includes the cost of health insurance.

Pensions have been fully recognised as fixed remuneration.

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

Remuneration to the CEO from 2020 not yet paid

The variable remuneration for 2020 is paid 30 days after the audited annual report for AQ Group AB is published in 2021.

Application of performance criteria

The performance criteria for the CEO's variable remuneration have been chosen to realize the company's strategy and to encourage actions that are in the company's long-term interest. When selecting performance criteria, the strategic goals and short- and long-term business priorities for 2020 have been taken into account. Living up to the company's core values and contributing to increased sustainability of the business is an inherent expectation of the CEO, which is not specifically expressed as a non-financial performance criterion.

Table 2 - CEO's performance during the reported financial year: variable cash remuneration (TSEK)

Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	Measured performance / actual award, remuneration outcome (TSEK)	
Consolidated earnings before tax (EBT) % for the year, bonus based on outcome between minimi- and max level, limited to 70% of annual base salary	70%	Between minimi- and max level/ 7,7%	1 120
Consolidated cash flow from operating activities (NCFOA) for the year in absolute numbers, bonus based on outcome between minimi- and max level, limited to 30% of annual base salary	30%	Exceeding max level / 608 705 TSEK	673

Comparative information on the change of remuneration and company performance

The table below illustrates and compares the development of the CEO's remuneration with the development of the average remuneration to employees and the company's profit before tax (EBT).

Table 3 - Change of remuneration and company performance over the last five reported financial years

Remuneration and company performance	Change 2016 vs 2015	Change 2017 vs 2016	Change 2018 vs 2017	Change 2019 vs 2018	Change 2020 vs 2019	2020
CEO, remuneration	-	-	+101,1%	+128,9%	+16,8%	4 920 TSEK
Consolidated earnings before tax (EBT) %, change in %	+18,1%	-24,7%	-34,4%	+50,0%	+22,2%	7,7%
Average remuneration on a full time equivalent basis of employees in the Group, excl board, CEO and executive officers, change in %	+0,3%	+14,5%	+3,2%	+10,8%	+2,3%	

In August 2018, a new CEO was appointed.

AQ Group AB March 26, 2021

The Board of directors

