



Annual Report

2019

 FLEXQUBE®

INTRODUCTION

This is FlexQube

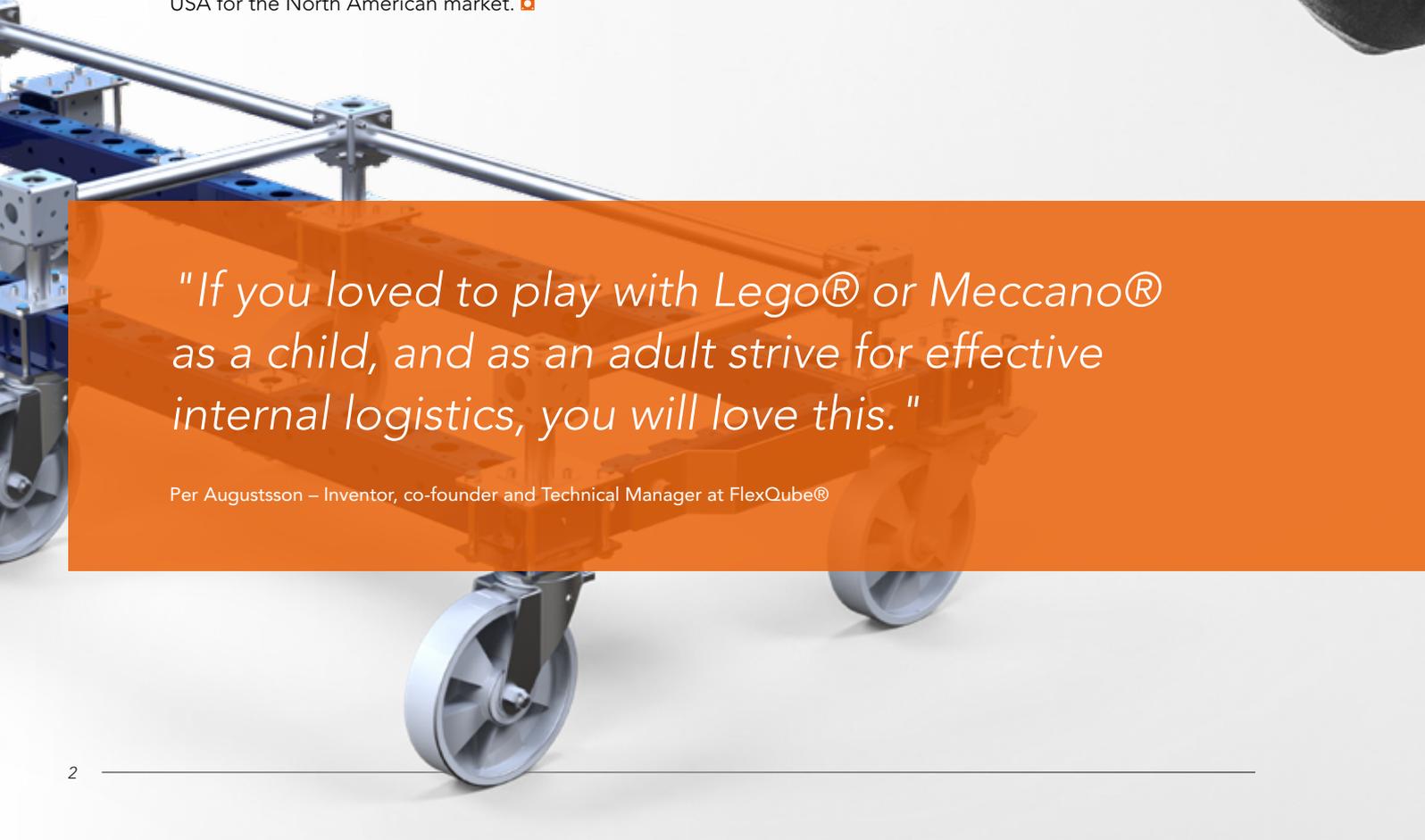


FlexQube is a global provider of flexible and robust industrial carts for material handling. The Group was founded in 2010 and in a short period of time has secured a large number of prominent companies as customers.

STANDARDIZED interfaces and modular building blocks allow for a unique, efficient and scalable design process where customers have access to customized cart solutions.

Material presentation and transport, with help from configurable carts, streamline material flows, reduce accidents with forklifts, improve ergonomics and the work environment and increase flexibility.

Currently, FlexQube's sales organization focuses on Europe and North America with manufacturing in Sweden for the European market and in Georgia, USA for the North American market. 



"If you loved to play with Lego® or Meccano® as a child, and as an adult strive for effective internal logistics, you will love this."

Per Augustsson – Inventor, co-founder and Technical Manager at FlexQube®



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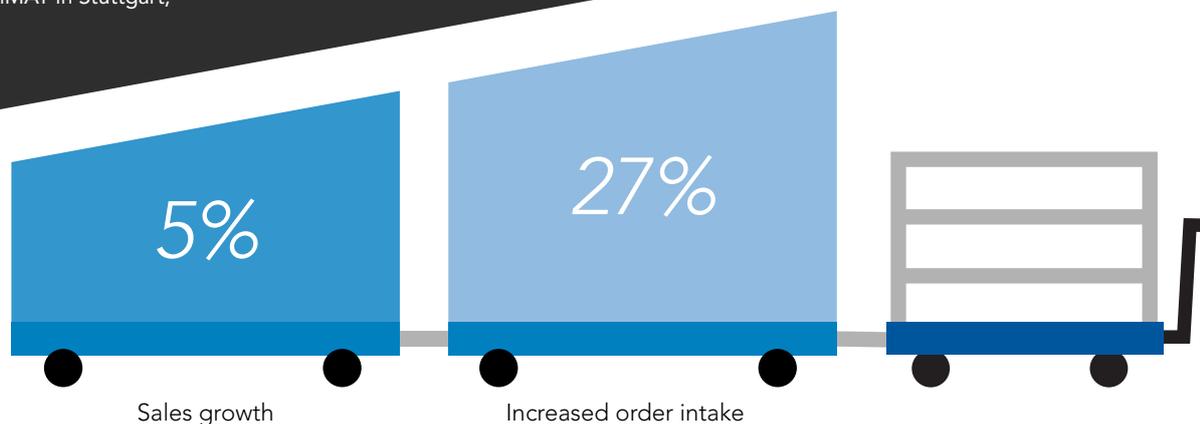
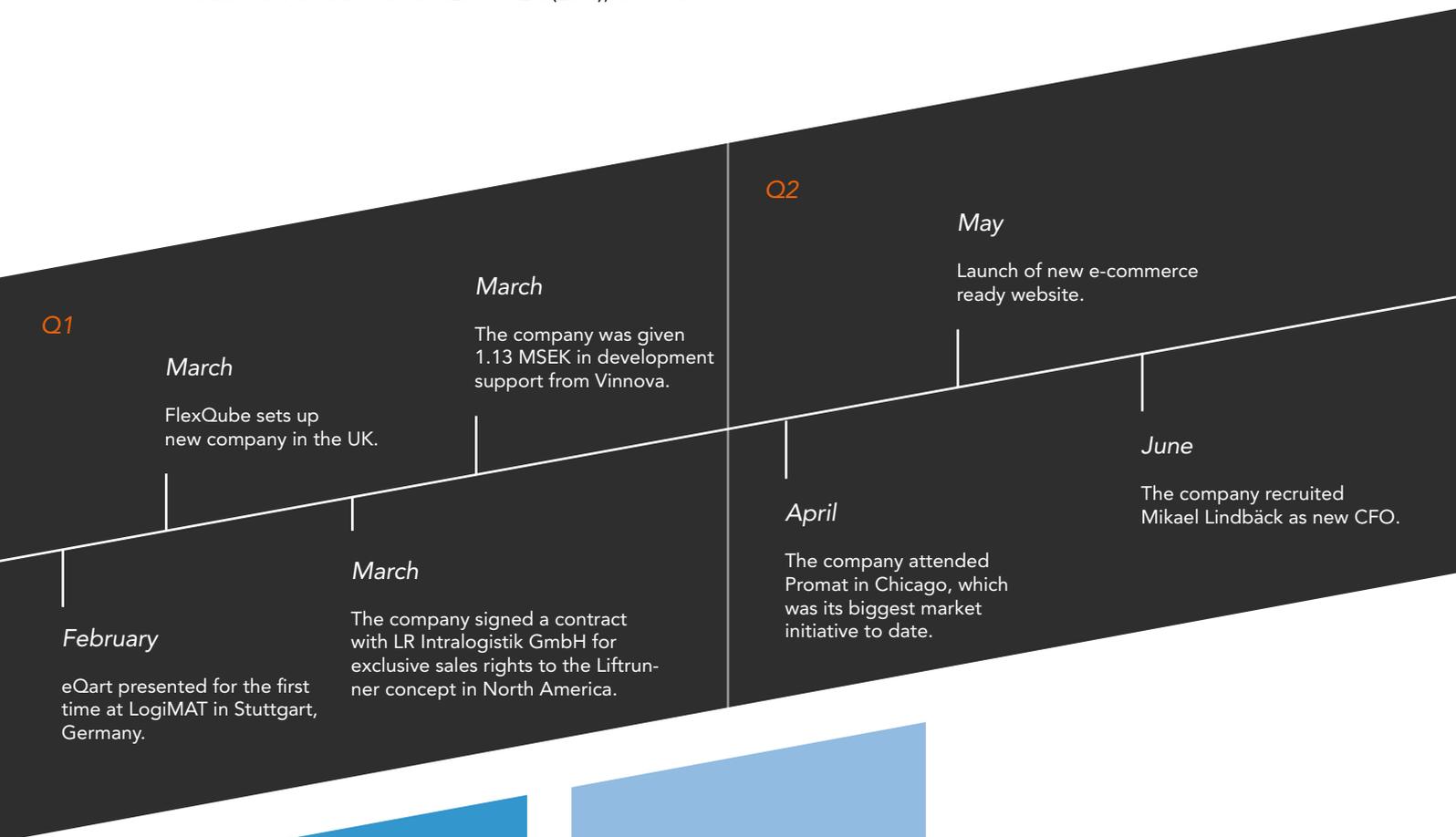
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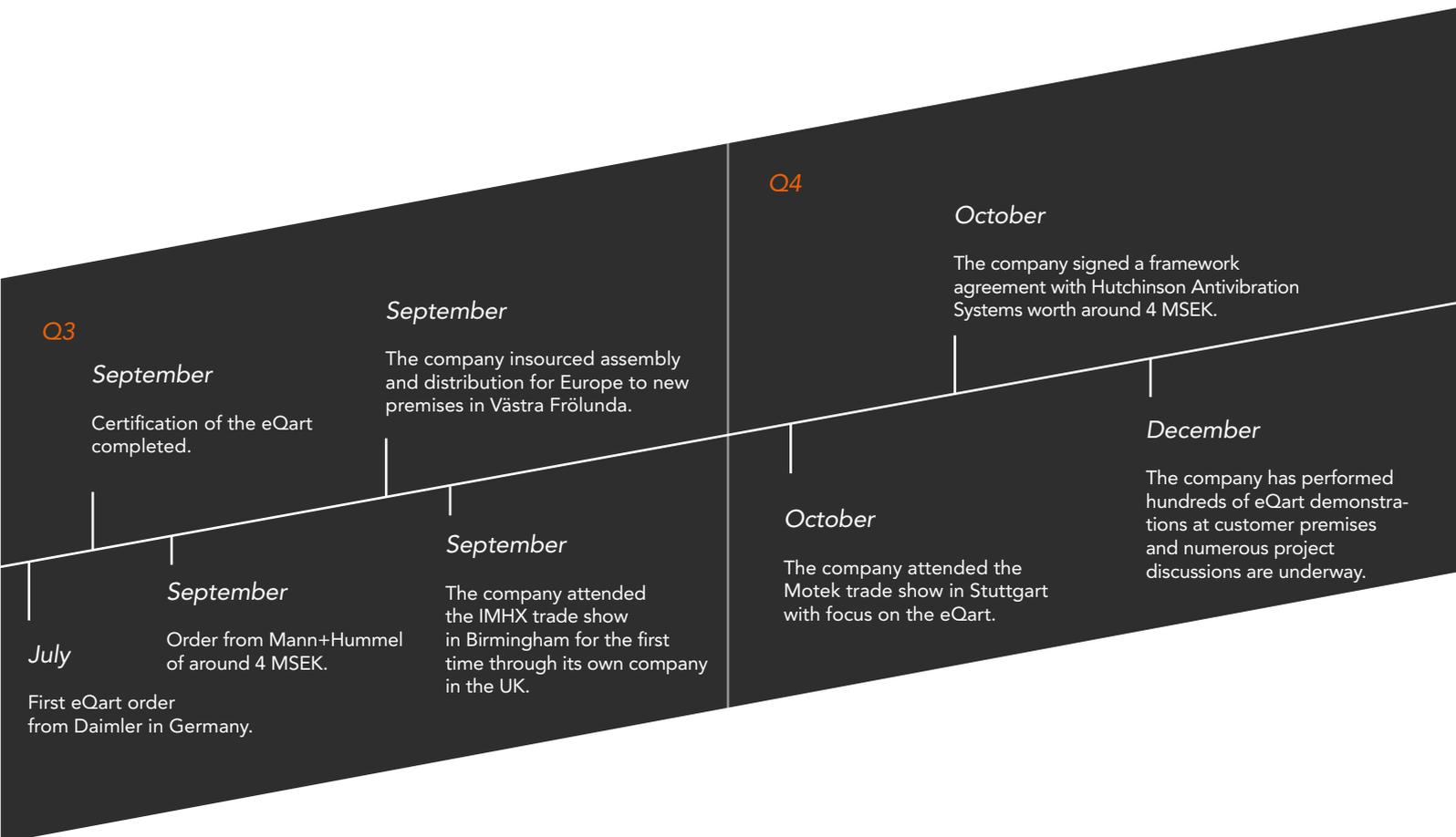
The year in brief

- Order intake increased by 27 percent to 81.2 MSEK (63.7). Adjusted for the impact of currency rates between comparative periods, order intake increased by 19 percent.
- Net sales were up 5 percent to 72.6 MSEK (68.9). Adjusted for the impact of currency rates between comparative periods, net sales were down 2 percent.
- EBITDA amounted to -20.5 MSEK (-6.0) and EBIT amounted to -21.7 MSEK (-6.7).
- Profit before tax amounted to -21.8 MSEK (-6.9).
- Cash flow amounted to -42.3 MSEK (26.0), of which
 - 28.5 MSEK (-23.5) came from operating activities,
 - 13.5 MSEK (-5.3) from investing activities and
 - 0.3 MSEK (54.8) from financing activities.
- Cash and cash equivalents amounted to 18.1 MSEK (60.1) at the end of the period.
- The Board of Directors proposes that no dividend should be paid for the 2019 financial year. The dividend proposal is based on the fact that the company is in a strong growth phase.



Total number of customers, accumulated 2017-2019:

600



Number of countries FlexQube has sold to:

30

Number of new customers, 2019:

215



Our story – From mechanical to digital

The FlexQube story began 30 years ago in central Sweden, with small three boys who developed a love for playing with Lego®. They grew up and embarked on their professional careers, but the love of being able to build constructions in a seemingly endless number of permutations stayed with them.

While working for a global manufacturer of construction equipment, Per Augustsson (CTO, Chief Technical Officer, FlexQube) noticed that the handling of materials did not meet modern requirements. The industry's standards for welded solutions could not be sufficiently adapted to manage the constant changes within the industry.

Material carts used to transport items from the store to the assembly area were welded together based on a design modified according to the dimensions and weight of the items.

When a product life cycle was modified or an ongoing improvement was needed, a welded cart was not flexible enough to change.

Per Augustsson realized immediately that because the production lines were being changed more frequently, there was also an increasing need for adaptive material handling carts. "I realized that the need for a robust and flexible concept for creating material handling carts was great. The more I looked into it, the more I realized that a concept with a small number of standardized building blocks was what was needed," says Per.

This insight led to the birth of the three friends' FlexQube idea. With it, they created a professional, robust and flexible material handling concept based on standardized building blocks.

"The concept is inspired by Lego®. We use an interval of seven centimeters in all the components, so you can easily design and assemble them into different solutions. Regardless of how you connect our products together, you get the same interface—just like you do with Lego®", says Anders.

Thanks to the modular building blocks, creating solutions for FlexQube's customers is fast and efficient. FlexQube has grown since it started and today helps over 600 customers in 30 countries - and the customer base keeps growing. It has customers in a wide range of industries: automotive, construction and agriculture, heavy vehicle (buses, trucks, trains), distribution and storage, aviation, domestic appliances, consumer goods, energy, medical equipment and defense.

"The concept saves both time and money when a new design is needed."

In December 2017, Anders, Christian and Per reached one of the interim goals when FlexQube was listed on Nasdaq First North in Stockholm, and in its first year as a listed company posted growth of around 140 percent.

A lot has already happened in the FlexQube story; a short story, so far, but the robust, modular concept has much more potential, and we are still at the beginning of our journey.

The biggest transformation in the company's history began in the same year as FlexQube was listed. A transformation from mechanical products to products with advanced electronics and software. The project, which was christened FlexQube 4.0, was started with the aim of bringing motorized, self-drive carts to market. Two years later, our first FlexQube 4.0 concept is fully developed; the eQart. The mechanical FlexQube building blocks have been supplemented with smart modules such as motors, batteries, sensors and controllers.

With the eQart, we have created a whole new product segment within the accelerating logistics automation market. We call the segment "motorized carts". Modular and flexible carts, which are available in different sizes and applications, and come with various degrees of self-drive capability. The eQart makes our offering unique and we are ready to take the next step in FlexQube's history.

**2010**

FlexQube is started by Anders, Christian and Per in December 2010

**2011**

The patent is granted

**2012**

Sales launch

**2013**

FlexQube Inc. is launched

**2014**

Made in USA

**2015/16**

Ranked number one on the "33-listan" (the top 33 most innovative companies in Sweden) two years in a row and new logotype

**2017**

Sales to 22 countries and listing on the Nasdaq First North

**2018**

Sales to a total of 25 countries and growth of around 140%. FlexQube GmbH is launched and carries out a targeted new share issue of 62.7 MSEK.

**2019**

Expansion to the UK, cooperation with LR Intralogistik GmbH and launch of the eQart®

**2021**

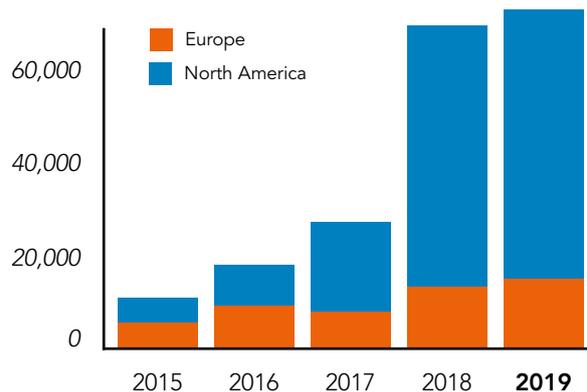
#1 Global supplier of material handling carts

Key ratios

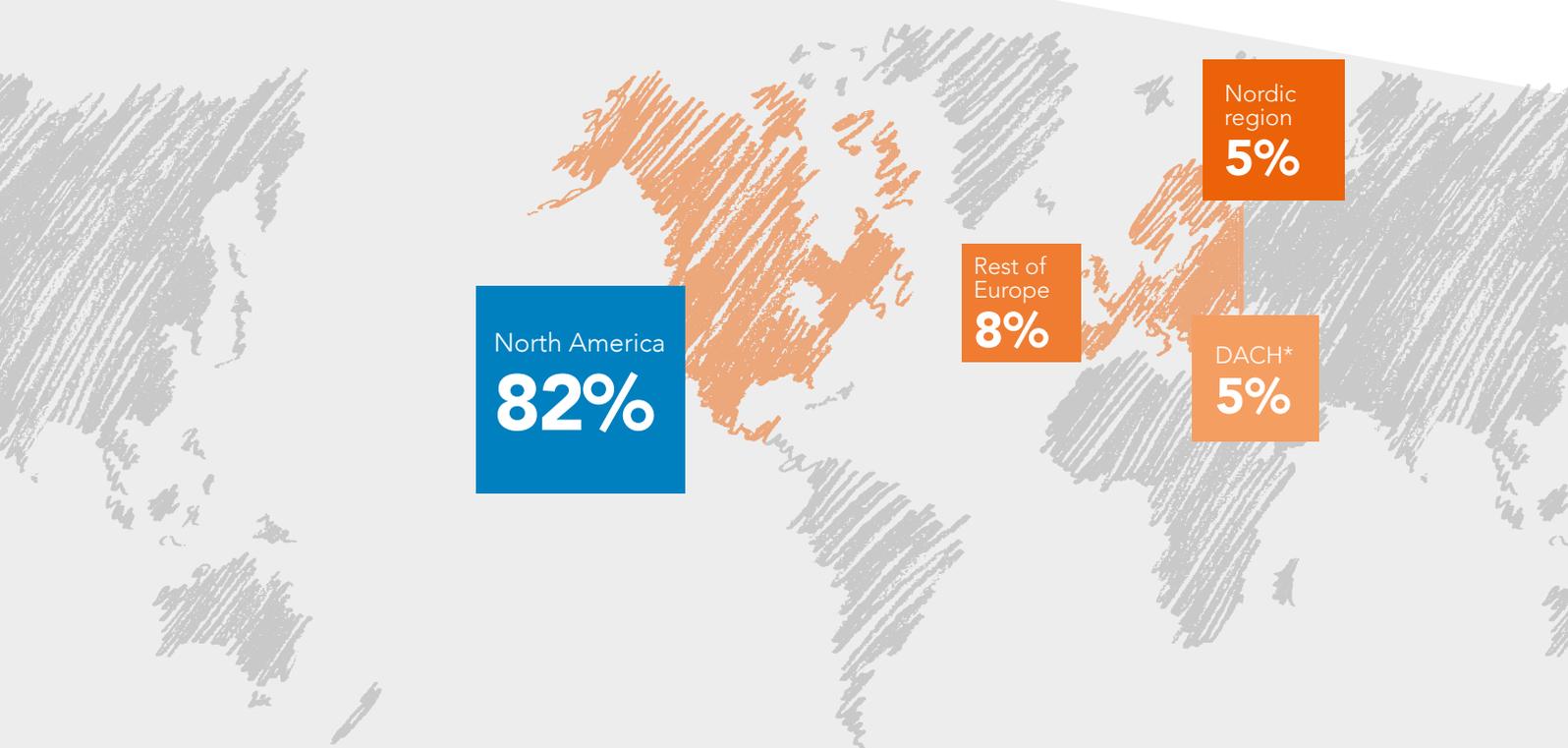
Order intake and net sales (kSEK)



Net sales per region (kSEK)



Order intake per market 2019

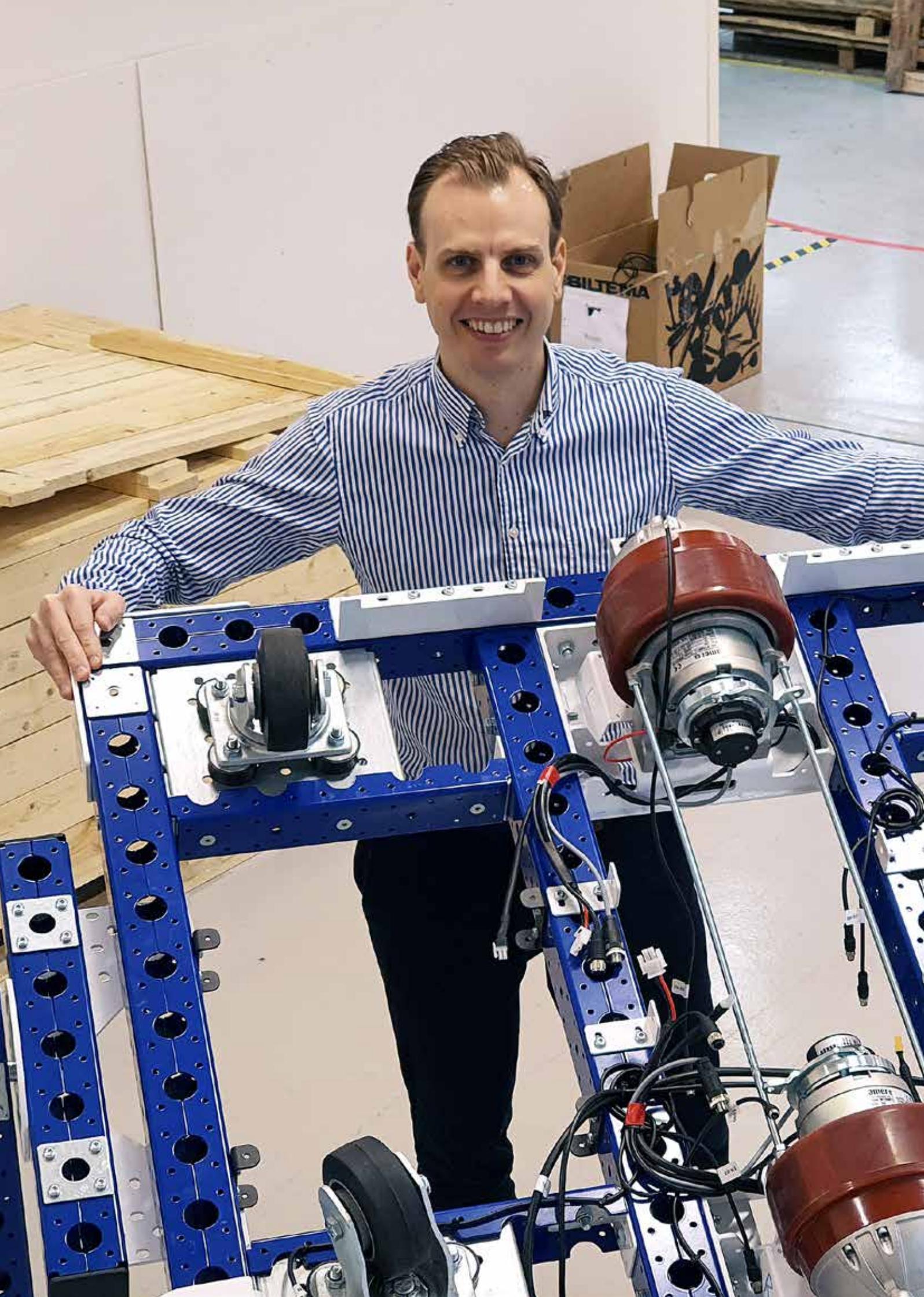


* Germany, Austria and Switzerland

Multi-year overview and KPIs

For definitions of key ratios, see Note 1 on page 55.

Earnings	Unit	2019	2018	2017	2016	2015
Order intake	kSEK	81,208	63,743	37,232	23,583	16,546
Net sales	kSEK	72,561	68,901	29,004	19,260	16,482
Group's sales growth	%	5%	138%	51%	17%	57%
EBITDA	kSEK	-20,522	-5,971	-2,417	493	-1,384
EBIT	kSEK	-21,722	-6,714	-2,848	128	-1,388
Operating margin	%	-30%	-10%	-10%	1%	-8%
Profit/loss before tax	kSEK	-21,801	-6,901	-3,050	-44	-1,520
Profit margin	%	-30%	-10%	-11%	0%	-9%
Earnings per share before and after dilution	SEK	-2.9	-1.1	-2.5	-1.6	-30.5
FINANCIAL POSITION						
Equity/assets ratio	%	74%	81%	73%	4%	1%
Net debt including shareholder loans	kSEK	-45,175	-78,565	-33,451	2,009	423
Working capital	kSEK	46,131	79,610	35,266	2,326	2,602
Current ratio	%	311%	502%	415%	133%	150%
Working capital as a percentage of net sales	%	64%	116%	122%	12%	16%
Quick ratio including unused part of overdraft facilities	%	205%	406%	382%	52%	66%
Equity per share before and after dilution	SEK	8.9	11.7	5.7	8.3	2.3
CASH FLOW						
Cash flow from operating activities	kSEK	-28,474	-23,541	248	-1,837	-219
Cash flow from investing activities	kSEK	-13,496	-5,278	-594	-2,251	-510
Cash flow from financing activities	kSEK	-316	54,781	34,242	1,932	3,004
SHARES						
Number of shares at the end of the period before and after dilution	No.	7,433,333	7,433,333	6,333,333	50,000	50,000
Average number of shares before and after dilution	No.	7,433,333	6,384,566	1,224,155	50,000	50,000
EMPLOYEES						
Average number of employees	No.	24	17	11	12	10
Number of employees at the end of the period	No.	32	21	13	10	9



CEO LETTER

Our **strongest** sales and order intake figures **ever**

AN OVERVIEW OF 2019 shows that we grew sales from approx. 68.9 MSEK to 72.6 MSEK, representing growth of 5%. The weaker growth this year compared with the previous year was due in particular to the lower order intake at the end of 2018 owing to reduced volumes in the automotive industry, and a few growing pains resulting from our strong growth in 2018. So, it is especially good to see sales growth of approx. 17 percent and a 75 percent increase in order intake over the last six months. This is mainly due to our new sales organization starting to find its feet, but also to good marketing and healthy demand from both new and existing customers.

We work with companies in a wide range of industries and traditionally have gravitated towards companies in the automotive and industrial sectors. In 2019 we broadened our customer base even further and towards the end of the year, it was primarily customers in the consumer product and distribution segments who represented the strongest growth. Order intake from the automotive industry represented approx. 46 percent of the total order intake in Q4 2019

compared with 59 percent in the same period in the previous year. This shows that our efforts to establish new customer relationships outside the automotive industry, which, in previous years, represented 70 percent of our order intake, are paying off.

2019 has been an historic year for FlexQube where a lot has happened in terms of organization, product development and market conditions. We have continued to expand and strengthen our organization in all areas in order to meet the rising demand and ensure that we carry on developing both products and processes. In spring 2019, we established our UK company and recruited a sales manager with a wealth of experience in our segment. We also increased our sales organization in Mexico, a strategic future market with a large automotive industry, and signed a contract with LR Intralogistik in 2019, which gives us exclusive rights to sell Liftrunner® products in North America. Our FlexQube concept for carts together with the world-leading Liftrunner® tigger train system create an ideal combination and we have completed many successful projects during the year.

Towards the end of 2019, we took steps to insource all assembly and distribution for the European market in-house. This gave us the opportunity to bring all operations in Sweden together from the previously four sites to one. In addition to expecting more cost-effective assembly and distribution, the biggest advantage is that we achieve much closer cooperation between all parts of the company. Daily contact with our assembly operation provides an extra dimension, particularly for our product development and design department.

Launch of the eQart®

The highlight of the year was, however, that we were able to officially launch the eQart on the market following a development period of two years. The intralogistics market is on the brink of a transformation where the key word is automation. FlexQube has a clear ambition to be a leading player in this market. Our customers want more flexible, safer and more cost-effective solutions. The eQart is the first product in a completely new line of automation products and we are very proud of the positive response from the market. Towards the end of 2019, we carried out hundreds of demonstrations both at customer premises and at trade shows. We attended the MWC trade show in Los Angeles, for example, as a guest of Ericsson, where we demonstrated how the eQart can be controlled and monitored remotely using 5G technology. Intralogistics automation is still in its infancy, but we see huge potential and we intend to focus fully on sales and the further development of the eQart in 2020.

We also launched a new e-commerce ready website during the year and plan to start testing the water with

selected markets in 2020. In general, we also consolidated our digital presence so that we can handle more inquiries, and also work more effectively and digitally in our sales process.

In 2018, we established our German company with its own sales organization. We saw positive trends in 2019 with an increased order intake, but it has taken longer than we wanted to reach the volumes where we can be profitable. Germany is not an easy market for a Swedish company to break into, but we are convinced that this is a market with good potential for our product range, and we see Germany as a key market going forward. We believe the groundwork we laid in 2018-2019 will present us with good opportunities to deliver a strong increase in sales in 2020.

As we are all fully aware, the ongoing COVID-19 pandemic is affecting people's everyday lives and the activities of companies. Since this letter was written on March 17, the extent to which this will affect FlexQube's order intake going forward is not yet clear, but we are actively working on our scenario planning in order to manage the challenges in both upstream and downstream processes.

In summary, we believe that 2019 has laid a good foundation for the continuing work in 2020. One of our main goals in 2020 is to achieve profitability. FlexQube has positioned itself well on the market and we go into 2020 with three clear product platforms that complement each other. Our clear ambition is to consolidate our position as an operator driving the future development of state-of-the-art intralogistics. 



Anders Fogelberg
CEO FlexQube AB (publ)



"In summary, we believe that 2019 has laid a good foundation for the continuing work in 2020. One of our main goals in 2020 is to achieve profitability."

Anders Fogelberg, CEO



FlexQube in the world



Proterra

Location USA

FlexQube developed 25 different cart designs to improve the transportation and presentation of components on Proterra's bus assembly line. The project began initially with the development of carts using FlexQube's unique web-based tool, where customers can work with our team and easily create a design that is suitable for their particular plant. The result was custom-designed carts for Proterra's material handling process and for components such as tires, batteries, windshields, tools, hoses and cables. Thanks to FlexQube's solution, the company has managed to reduce the number of forklifts used in Proterra's plants, which has paved the way for a much more efficient assembly process and a safer working environment.



Autoliv

Location Mexico

FlexQube has helped Autoliv increase its productivity by reducing downtime and drastically reducing the need for maintenance of the material handling carts in its facility. Using our carts has also led to reduced noise levels and using only one concept reduces the complexity when container sizes need to be changed.

FlexQube was able to provide a modular system that allows Autoliv to be more flexible in case of material and process changes, and thus extends the life expectancy of their material handling carts. Autoliv also saw the short-term advantages of investing in the FlexQube concept, such as an improved material flow in terms of productivity, the environment and quality.

Since 2015, FlexQube has supplied almost 250 carts to various Autoliv plants across Mexico.



Siemens

Location USA

FlexQube has delivered a wide array of material handling carts to several Siemens plants over the past few years. What stands out in this cooperation is FlexQube's capacity to match the high standards and expectations set by Siemens in terms of material handling carts. Different cart designs make Siemens' life easier when it comes to transporting and presenting materials. The carts supplied range from larger and more robust shelf carts for transporting Siemens' heavier materials, to more specialized and detailed designs for smaller and more specific material.

FlexQube is proud to have developed a good partnership with a number of Siemens plants and we look forward to further developing their internal logistics together.



Facil

Location Sweden

Facil is a global supplier of fastening solutions to a wide range of different manufacturers. Facil was looking for sustainable and robust carts that could cope with the heavy duty environment that its internal logistics required. We had the opportunity to provide Facil with shelf carts that are able to handle its demanding logistics and at the same time improve efficiency at its plant. Each cart was equipped with features, and designed in such a way that made transport, handling and access to material more ergonomic. More recently, we supplied Facil with larger shelf carts that were assembled and installed by FlexQube fitters on site.



Terex

Location UK

The imperative need for a robust material handling cart prompted TEREX to contact FlexQube. TEREX was looking for a solution that could be adapted to its heavy duty and demanding environment. Flexibility was also an important factor. The company's working environment is in a constant state of flux with deliveries of various materials. A successful project where the FlexQube team and concept were able to meet the customer's expectations. TEREX chose to use its own workforce to assemble the carts thereby ensuring that no resources were wasted.



Ponsse

Location Finland

FlexQube's material handling carts have improved Ponsse's presentation of material. A greater number of product variants can be presented to fitters at each assembly station. Investment in FlexQube's modular material handling system has also created a safer working environment as fewer forklifts are now needed to transport material. Better ergonomics has also been achieved for operators, both in the warehouse and on the assembly line. Having better overall control of the process has made it possible to reduce both operating and handling time as well as the need for manual handling.



Customer case study

High quality material handling carts aimed at reducing operating times

FlexQube was able to help Autoliv achieve flexible material handling which meant that a more sustainable and long-term investment was created as the service life of the carts increased. Autoliv saw the opportunities and advantages of investing in a robust, modular and serviceable concept. By using the material handling carts from FlexQube, Autoliv created both short-term and long-term advantages, including in terms of material flow and plant productivity.



Challenges

The carts that Autoliv used previously were low quality and caused a lot of costly downtime in the manufacturing process. The constant changes of materials also placed high demands on the carts' flexibility which they were unable to meet.

Solution

FlexQube's material handling carts have brought many advantages for Autoliv. The project focused on facilitating, speeding up and simplifying the manufacturing process. A further advantage was that noise levels were reduced. The flexible carts do not require as much maintenance as Autoliv's previous material handling solution and are also better ergonomically for the plant operators.



Core values

FlexQube's four core values communicate what drives the company now and in the future as well as the fundamental values that build the brand. Trust, customer focus, courage and industry leadership – these keywords permeate throughout everything the organization and its employees do. Our core values ensure that we act consistently in all our markets, at all times.

We show and create

TRUST

- We supply safe products
- We mean what we say and deliver what we promise
- We build relationships based on trust between employees and with partners
- We make ourselves available and give support when it is most needed, both internally and externally

We are

CUSTOMER-FOCUSED

- We have the highest level of service
- Focusing on our customers' best interests, we act on the basis of honesty and loyalty
- We have the most professional approach



We have

COURAGE

- We set ambitious targets and we are driven to think outside the box
- We seek inspiration in technology and behavior outside our own industry
- We are not afraid of mistakes, and mistakes are a major source of our know-how

We are

INDUSTRY LEADERS

- We inspire our customers
- Our competitors look up to us
- We have the greatest and most advanced knowledge in intralogistics

"WHY, HOW and WHAT"

"WHY" is the reason for our existence

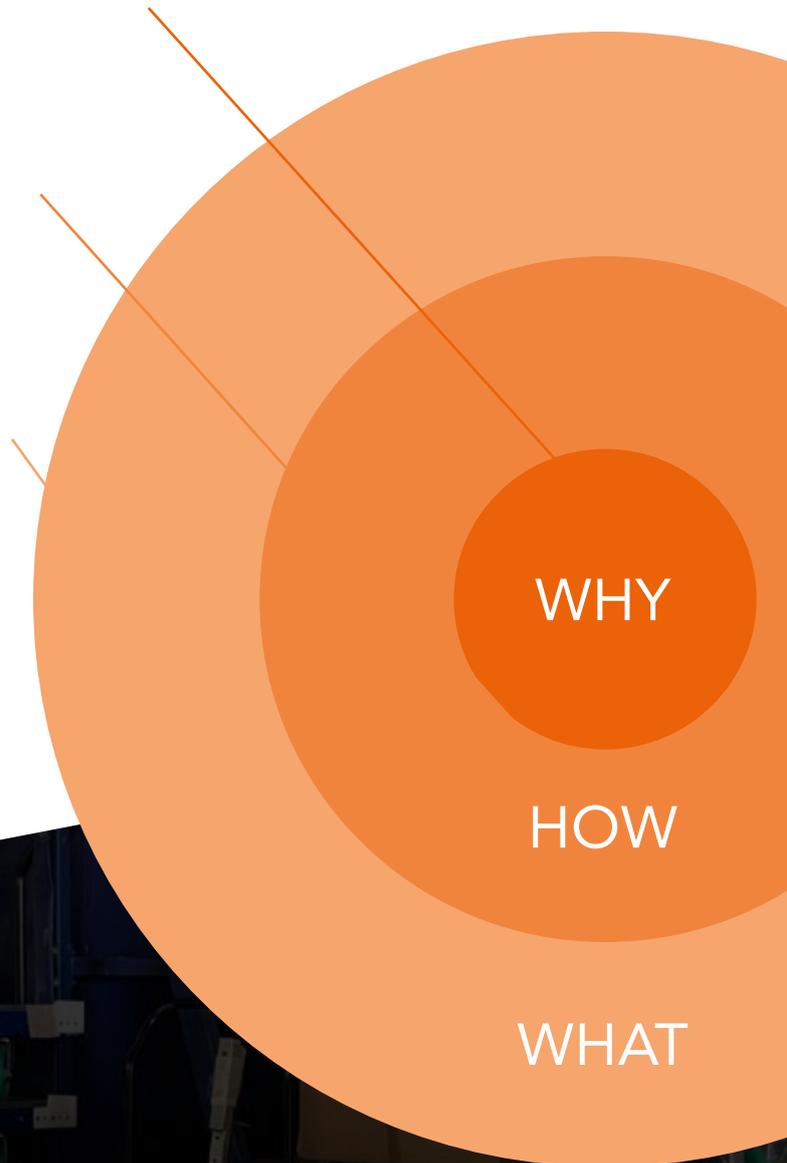
We exist in order to make our customers world leaders in intralogistics.

"HOW" is how we fulfill our core values and our "WHY"

Our expertise and dynamic modular technology make it easy to create, use and customize the best intralogistics solutions.

"WHAT" is what our business does to fulfill our core values and our "WHY"

We offer module-based, standardized building blocks in order to create future-proofed, sustainable intralogistics solutions that, together with our knowledge database, customized solutions and comprehensive Solutions Library™, create the best opportunities for making our customers world leaders in intralogistics.



VISION

"A world free from welded industrial carts"



FlexQube HQ

Move to new headquarters

In September 2019, FlexQube relocated its headquarters from the center of Gothenburg to larger premises. A decision was made in tandem with the relocation to also move the production of our carts from Värmland to the new premises. It has been an exciting development for everyone involved at FlexQube. It has given all our employees, regardless of their position, the opportunity to get closer to the products and the supply chain.

At the beginning of 2020, being in our new premises provided new inspiration for us all. We have been able to take control of our manufacturing processes which has already provided many benefits for the supply chain. Our productivity has also increased significantly.

Moving production to Gothenburg has helped us make considerable savings in terms of lead time to customers and has led to closer cooperation with suppliers thereby strengthening the supply chain.

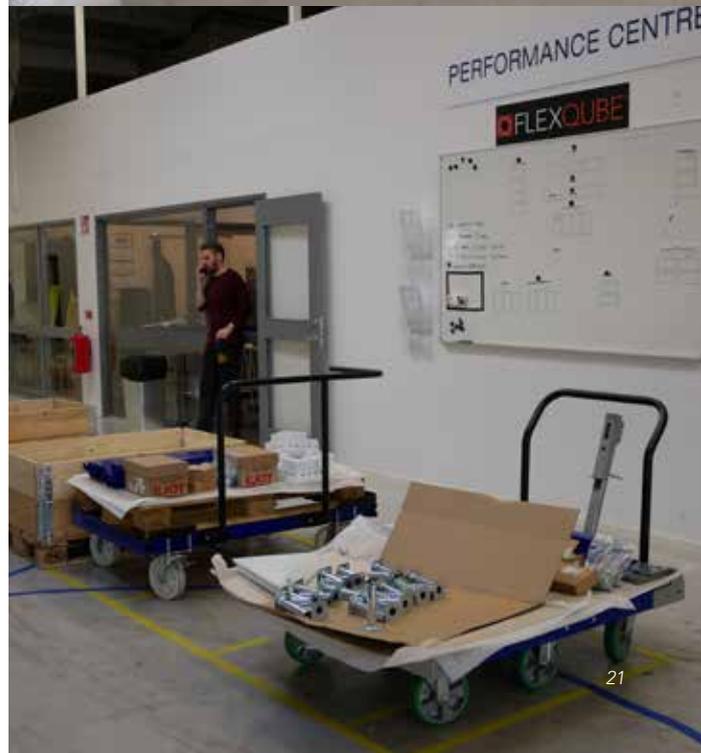
Moving production to Gothenburg has helped us make considerable savings in terms of lead time to customers and has led to closer cooperation with suppliers thereby strengthening the supply chain. We are expecting further improvements, including significant gains in margins over the next 12 months.

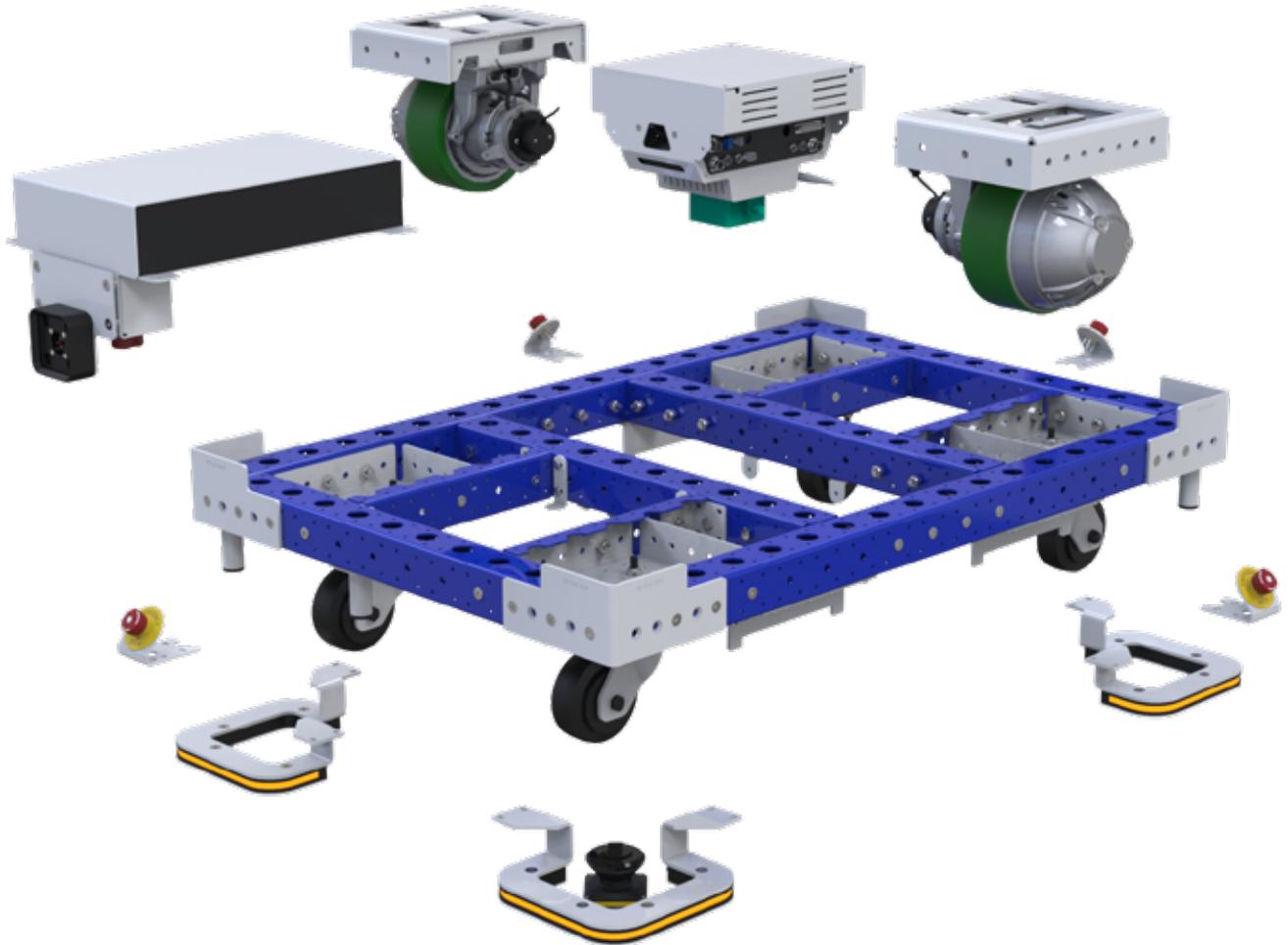
The new premises also give us the option to invite customers to attend demonstrations of our products. A number of customers have already visited our new premises for demonstrations and we are expecting further positive meetings in 2020.

2020 is a crucial year for FlexQube, since it will be the first whole year period for sales of our eQart. This product is the first stage for FlexQube on the road to becoming a serious operator in the automation market.

The move to new premises will enable many experiments and tests, which, in turn, may lead to more rapid developments in the R&D team that could provide long-term advantages for our customers. More space as well as a real manufacturing environment will facilitate progress in terms of navigation, safety and design.

The launch of the eQart and the relocation to our new headquarters has given the company a new start, which we believe will drive FlexQube to achieve its goal for the year, profitability.





eQart

eQart - A unique offering that is in demand in an accelerating automation market

The market for logistics robots is expected to experience strong growth over the next decade. From 3.9 billion USD in 2018 to 18.6 billion USD in 2026 with a compound annual growth rate (CAGR) of 21.3 percent.

Market

The driving force is the big increase in activities linked to logistics in both factories and warehouses. More transportation and more material handling gives rise to higher costs and companies want to use automation to streamline and reduce these costs. The fact that it is

difficult to recruit qualified logistics personnel is also a driving force behind investment in logistics robots.

Operators

The current market for logistics robots can be divided into three main operator groups:

- **Suppliers of truck solutions**

Standard manual products, for example, forklifts and tugger vehicles, are equipped with self-drive technology.

- **AGV suppliers**

Companies offering traditional AGVs (Automated Guided Vehicle) that come in a few standard sizes and navigate using magnetic tracks in the floor.

- **AMR suppliers**

AMR stands for Autonomous Mobile Robot. Companies focusing on a high technological level and high level of autonomous and flexible navigation. But a high level of standardization in terms of size and application.

- **New segment! Motorized carts**

With the eQart, FlexQube has created a new segment with modular and motorized carts that come with various levels of self-drive capability.

Creation of a new segment

Our experience in designing carts in close cooperation with our customers has given us unique knowledge and insight into intralogistics and the need for different applications. By utilizing this knowledge and adding smart modules to the FlexQube concept, we have lifted our customer offering to a whole new level.

The eQart is an historical product not just for FlexQube, but for our customers too. The eQart can, to a certain extent, solve the same problems as existing products on the market, but we have created a clearly complementary product with excellent value for customers.

The option to create customized motorized carts creates new opportunities to solve logistics problems effectively when the standard AGV and AMP solutions do not function optimally.

Projects

A number of eQarts have already been delivered to customers in both Europe and North America.

We are now focusing on building up a growing pipeline of projects and we believe there is a great deal of interest in the eQart, especially in manufacturing and assembly, where the need for flexibility is greatest and where our core customers are. It is interesting to see that all the applications we have configured look very different, have different sizes and different functions. Our view that a flexible concept is called for has been confirmed as we have built our pipeline.

The eQart and its modules enable inquiries to be quickly converted into unique customer solutions and a quote. The challenge is that investment in the eQart is generally greater than for standard carts and we have found that sell-in processes are slightly longer and involve more people. One advantage is that the eQart concept does not require investment in infrastructure. A decision to invest in eQarts should be simple and there should be a quick return on the investment. Many of the projects we are working on have an ROI (return on investment) within six months.

“The smart building blocks are always the same no matter what size or configuration the customer chooses. This enables an effective supply chain where the modules can be kept in stock and then assembled when the customer places an order.”

Future

Our introduction of the eQart is just the beginning of a long journey into automation and motorized carts.

We will develop our offering on an ongoing basis and thanks to the smart modules we have a platform from which we can implement new ideas quickly.

Fully autonomous navigation using light detection and ranging (LIDAR) and 3D cameras is on the agenda as well as 5G, and our goal is to establish partnerships with a number of world-leading companies in the development of future eQart generations.

Per Augustsson

CTO FLEXQUBE GROUP



Sustainability

The majority of FlexQube's customers are large international companies with world-class products and manufacturing. They have strict requirements for their products in terms of sustainability, but manufacturing and factories are also becoming increasingly important from an environmental point of view.

Constantly reducing energy consumption and greenhouse gas emissions from factories is becoming increasingly important in meeting tougher requirements from customers, consumers and authorities.

The factory of the future must therefore not only be smart and flexible; it must also manufacture products in an environmentally-friendly and sustainable way. There are several examples that illustrate this. Audi recently

announced that its new factory for the e-tron electric car will have completely CO₂-neutral manufacturing and several other automobile manufacturers are working with similar initiatives.

As a supplier of carts, FlexQube clearly cannot do everything, but there are several areas where the concept brings a great environmental benefit and can contribute to a more sustainable factory and supply chain.



Possibility of reconfiguring an existing cart fleet

In comparison with welded carts, the FlexQube modular concept makes it easier to update and rebuild an existing cart fleet. Rebuilding carts rather than buying new ones has a large positive impact on climate emissions. For every ton of cart that can be reused, CO₂ emissions are reduced by 1.7 tons. In addition, customized carts that are optimized for the purpose ensure that material can be moved as efficiently as possible. This reduces traffic and energy consumption in the factory.



Energy-efficient transport to the customer

The FlexQube modular concept makes it possible for carts to be sent as "flat packages" and assembled at the customer's premises. This means that less air is transported and overall fewer trucks are required for transport. "Flat packages" have been sent from FlexQube's plant in Atlanta to both Mexico and the west coast of the USA. As a bonus, the customer's transport costs are lower.



Digital sales and design meetings

FlexQube's digital sales and design tool allows carts to be created efficiently without any need to visit the customer. This reduces the number of flights and automobile journeys considerably.



Reuse

In the longer term, FlexQube sees opportunities for customers to return or sell back carts they no longer require in their operations. Thanks to the standardized concept, FlexQube can reuse many of the constituent building blocks in a cart. For example, FlexBeams™, which accounts for a large proportion of the value and function in a cart, can be renovated and repainted and then used by other customers and projects.

The customer in focus



Modular concept

The FlexQube concept offers standardized building blocks specifically designed with material handling carts in mind. This ensures that function and performance are optimized for the tough environment to which the carts are exposed.



Autonomous carts

FlexQube's eQart consists of the same standardized building blocks, but it is also equipped with a motor, battery, cameras and sensors that enable it to navigate autonomously. The eQart is designed to be the operator's best friend, and it is extremely easy to maneuver thanks to a large, clear, ergonomic screen supplied with each cart. The eQart is not a specific size or cart, but rather a concept that enables all FlexQube carts, both new and existing, to become smart.



Design standard

FlexQube's carts are designed using a step-by-step process with standardized choices at every step. This makes it easy to develop quality-assured solutions, even though each cart looks different and has different functions.



Expert in material handling

By working with many different customers in different industries and regions, FlexQube is building up a large knowledge bank. FlexQube gathers all solutions in its SolutionsLibrary™, which is available to all customers via FlexQube's website. The more solutions that are generated, the larger the knowledge bank and the greater the likelihood of finding a cart that already has a design that meets a customer requirement. In addition to the SolutionsLibrary™, FlexQube has a high level of knowledge concerning logistics development, strategies for this and what the future trends are.



Scalable and global concept

Thanks to FlexQube's standardized building blocks and standardized design process, sales can be established quickly in new markets. A design can be created for a customer regardless of geographical location, and the concept makes it possible to send FlexQube's products unassembled for quick, cheap transportation. Manufacturing and assembly can also be established quickly if necessary.

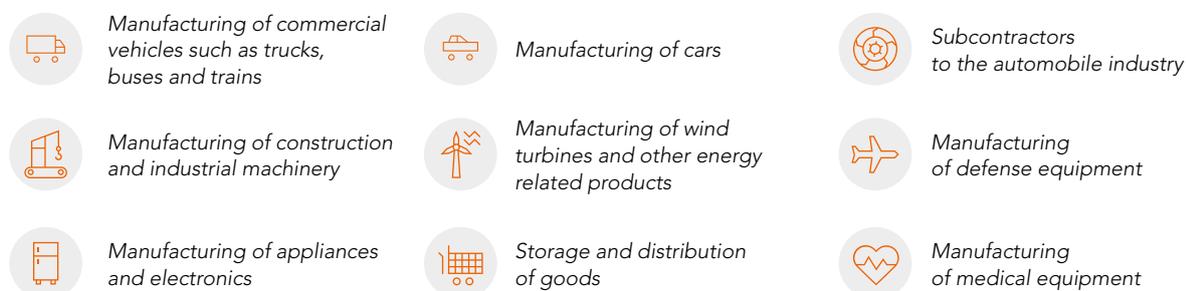


Simple integration

The factories of the future require interaction between different processes and equipment to create efficient material flows. FlexQube, thanks to its flexibility, can easily create carts that can be integrated with equipment from third parties. This applies above all to tugger vehicles, mother-daughter trains and solutions for automatic material robots, which are the most common integrations.

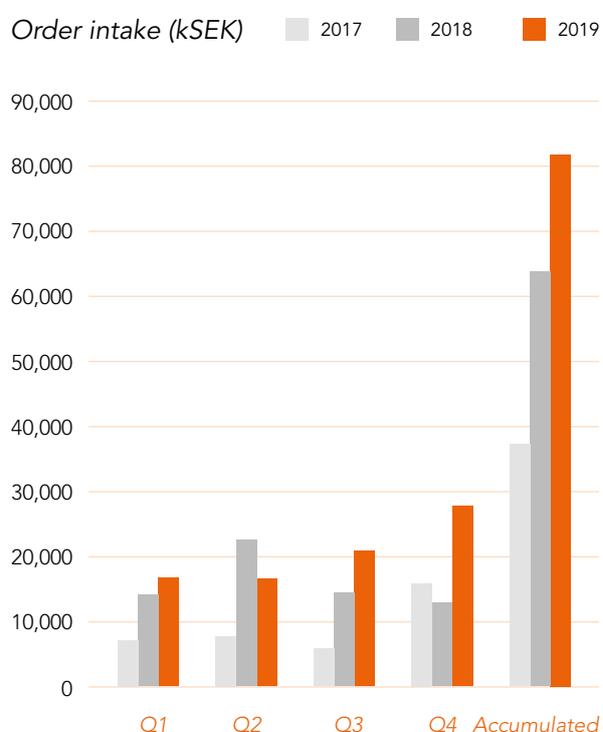
Customer Base

FlexQube's customers are found in different industry segments and regions. As at December 31, 2019, FlexQube had an active customer base of approximately 600 customers in 30 different countries. Below are the segments in which FlexQube operates:



ORDER INTAKE GREW BY 27 percent in 2019 compared to 2018. The new sales organization is becoming more mature and independent, conversions are increasing at a rapid rate, quality is increasing in the pipeline and we have a more diversified customer base, which overall have a positive impact on order intake. As mentioned previously, the company and its distributors now have larger and higher quality individual project portfolios, and overall the company has never had such an interesting pipeline as it has now.

Order intake is one of FlexQube's most important metrics and something that will be communicated to the market insofar as the Group considers a single order to be of sufficient importance for communication. Even though there is an existing customer base with very prominent customers and great potential, FlexQube is still young, and large continuous sales are not self-evident, even if they continue to accrue daily. FlexQube offers a concept where the benefits are greatest for the customer if implemented broadly, but implementation is to a certain extent governed by the projects being implemented. Historically, FlexQube has not seen a customer stop buying products but rather that their need consistently increases over time. At the same time, the need is governed by the other projects for the customer that are in progress, which may vary from year to year. 📊



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Number of new customers in 2019

27%

Growth compared with 2018

Strategies

Strategy	Why	Impact on growth/ profitability	Examples of activities in 2020
Focus on increased awareness.	Participation in more, and bigger, procurements. A hygiene factor for a small, newly started company.	Winning large reference projects is important for future procurements and new customer sales.	Participation in strategically important trade shows where we know many decision makers will be present. Continued expansion of the sales organization during the year as earnings improve.
Be a leader in concept and technology development related to intralogistics.	Create trust in our capacity for both innovation and becoming a long-term intralogistics partner for our customers.	Increase the chances of larger framework agreements and becoming a global supplier to large groups. Building a vision for the future together with our customers is an order winner and makes it possible to maintain a higher price level.	100 percent focus on the successful launch of the eQart on to the market, which began at the end of 2019.
Improve scalability in our supply chain.	Be able to offer our concept with even shorter lead times for larger volumes in both Europe and North America, but also create a model for establishment in other markets.	Short lead times give us the ability to win new business. Exploit the fact that we have standardized fundamental concepts, which with good planning give scope for improved profitability.	Further develop integration with our key suppliers and processes in our distribution centers, to ensure our ability to supply larger volumes.
Work toward an increased gross margin	Achieve an improved level of profitability to give scope for investments in both the organization and product development.	Economies of scale from a volume increase, together with improved production methods, mean relatively large improvement potential for the gross margin.	Further investments in production methods and improvement projects in storage and distribution operations, working even more actively with the supplier structure, implementation of design improvements in products and applications. Working with dynamic pricing and new financing structures for our customers for large projects.
Ensure profitability and positive cash flow.	The company is starting to reach such volumes where we will be able achieve positive results without reducing ongoing investment.	Positive results will create the conditions for even greater investment going forward.	Continued focus on increasing growth in order intake combined with activities to increase the gross margin and reduce working capital in relation to sales volume.

Goals

In the short term, FlexQube's goals are to

- Continue very active sales work to drive growth and increase market shares in all relevant markets.
- Continue building up own sales organization, strengthen customer and sales cooperation with various partners and continue developing internal sales processes to increase conversion.
- Find new production logistics solutions through close-to-market development work, improve product technology and the product manufacturing process to lower manufacturing costs and increase the gross margin.
- Ensure an increased delivery capacity for our products in North America and Europe.
- Further develop our digital presence and launch e-commerce.
- Broaden the customer base to achieve an increased spread to more customers in distribution and warehousing, and to strive to increase the number of new customers significantly.
- Ensure complete focus across the whole organization on the ongoing launch of the eQart.
- Achieve profitability and positive cash flow in 2020.

In the medium term, FlexQube's goals are to

- Strengthen our market position through continued broadening and expansion of the customer base and recurring sales to existing customers, and by reaching out to and establishing ourselves in new markets.
- Continue the strong increase of market shares in North America, primarily in the USA but also in Mexico, in terms of both the existing concept and the eQart concept.
- Continue the strong increase of market shares in Europe, primarily Germany and the UK, and enter other major European countries with our own sales companies and organizations in terms of both the existing concept and the eQart concept.

In the long term, FlexQube's ambition is to

- Become the market-leading supplier of material carts for internal logistics. FlexQube will be the go-to solution for tomorrow's production, warehousing and distribution logistics, and for making its customers world leaders in intralogistics. A necessary condition for this is having a presence and infrastructure – in sales, manufacturing and distribution – in all parts of the world.
- Further develop more products linked to Industry 4.0 and be a pioneer in technology that can be used to increase productivity, safety and ergonomics in intralogistics.

Share capital, the share and ownership

FlexQube shares

The company's stock has been listed on the Nasdaq Stockholm First North under the FLEXQ symbol since December 14, 2017. FlexQube shares had a sales volume of 849,517 shares during the period from January 1 to December 31, 2019. This produced an average turnover of 3,439 shares per trading day worth 140,819 SEK. The average price of the share during the period was around 40.9 SEK. The last closing at the end of the period was 37.5 SEK, which corresponds to a market capitalization of 278.8 MSEK and an increase of 25 percent from the subscription price associated with its listing on December 14, 2017 or a fall of 30.5 percent from the closing rate on December 31, 2018.

Share capital

FlexQube's share capital amounted to 0.7 MSEK on December 31, 2019, divided among 7,433,333 outstanding shares. According to FlexQube's Articles of Association, the share capital must amount to at least 0.5 MSEK and at most 2.0 MSEK, and the number of shares must be at least 5,000,000 and at most 20,000,000. The quota value of the shares is 0.1 SEK. The shares in FlexQube are not, and have not been, the subject of an offer due to a mandatory bid, squeeze-out right or sell-out right. Neither have the shares been the subject of any public takeover bid. The shares have been issued in accordance with Swedish legislation and are denominated in Swedish kronor. There are no restrictions on the right to transfer shares freely.

Shareholders in FlexQube

As of December 31, 2019 FlexQube had approximately 1,500 shareholders. The table below shows the company's largest shareholders as of December 31, 2019.

Shareholders	Capital	Capital and votes %
Christian Thiel through Feldthusen Invest AB	1,930,000	26.0
Per Augustsson through Augutech AB	1,458,443	19.6
Anders Fogelberg through Birdmountain Invest AB	1,248,444	16.8
Didner & Gerge Fonder Aktiefbolag	660,000	8.9
Roosgruppen	351,875	4.7
SEB Nanocap	275,000	3.7
Others	1,509,471	20.3

Certain rights associated with the shares

FlexQube has only one type of share. All rights associated with a share are assigned to the person registered in the share register maintained by Euroclear Sweden. The rights associated with shares issued by the company, including those following from the Articles of Association, can only be changed in accordance with the procedures laid down in the Swedish Companies Act (2005: 551).

Voting rights

Each share entitles the holder to one vote at general meetings of shareholders. Each shareholder is entitled to vote for the number of votes corresponding to the shareholder's total number of shares in FlexQube.

Entitlement to dividend and balance in the event of liquidation

The shares give equal rights to a share in the company's assets, earnings and any surplus in the event of liquidation. If FlexQube decides to issue new shares, warrants or convertibles through a cash or set-off issue, the shareholders have preferential subscription rights in proportion to the number of shares they already hold. There are, however, no provisions in the company's Articles of Association that limit the possibility of issuing new shares, warrants or convertibles, in accordance with the provisions of the Companies Act, with a deviation from the shareholders' preferential rights.

Dividend and dividend policy

The Board of Directors of FlexQube decided at its meeting on October 23, 2017, to establish the following dividend policy.

FlexQube's strategy is continued international expansion and strong organic growth of sales over the next three to five years. In line with the company's strategy, growth will be prioritized over dividends over the next few years, and future decisions on dividends will be taken with regard to FlexQube's development and opportunities for growth. Decisions concerning dividends are made by the Annual General Meeting, and dividends are paid via Euroclear Sweden. Payment of dividends will be made in SEK.

A dividend may only be paid to such an amount that, after the dividend, there is full coverage for the company's restricted equity, and only if the dividend appears justified with regard to

- the requirements that the nature, scope and risks of the business place on the size of its equity; and
- the company's requirements for consolidation, liquidity and position in other respects (the so-called precautionary rule).

The right to dividend is assigned to the person who is registered as a holder of shares in the share register maintained by Euroclear Sweden on the record day set for the dividend by the Annual General Meeting. If a shareholder cannot be reached through Euroclear Sweden, the shareholder's claim on the company remains with respect to the amount of the dividend and is limited in time only by rules on ten-year limitation. In the event of limitation, the amount of the dividend accrues to the company. Neither the Companies Act nor FlexQube's Articles of Association contain any restrictions on the right to dividend of shareholders outside Sweden. Apart from any restrictions imposed by banking or clearing systems in the jurisdictions concerned, payment is made to such shareholders in the same way as to shareholders resident in Sweden.



Central safekeeping of securities

FlexQube's shares are registered in a central security deposit register in accordance with the Swedish Central Securities Depository and Financial Instruments Accounts Act (1998:1479). The account operator is Euroclear Sweden AB, Box 7822, 103 97 Stockholm, Sweden. No share certificates have been issued for the company's shares. The ISIN code for FlexQube's shares is SE0010547075.

Development of share capital

Since the company was formed in October 2012, the share capital in FlexQube has changed as shown in the following table.

Year	Event	Number of shares		Share capital (SEK)	
		Change	Total	Change (SEK)	Total (SEK)
2012	Start-up	50,000	50,000	50,000	50,000
2017	Bonus issue	-	-	450,000	500,000
2017	Share split 100:1	4,950,000	5,000,000	-	500,000
2017	New issue	1,333,333	6,333,333	133,333	633,333
2018	New issue	1,100,000	7,433,000	110,000	743,333

Convertibles, warrants, etc.

FlexQube has no outstanding warrants, convertibles or other share-related financial instruments.

Agreements with current shareholders

As far as the Board of Directors of FlexQube is aware, there are no agreements or the equivalent between shareholders that aim at joint influence over FlexQube or that may later lead to a change in the control of FlexQube.

Incentive program

FlexQube has not entered into any incentive, share-based or employee share-option program, nor does it intend to implement any such program in the near future.

Report of the Board of Directors

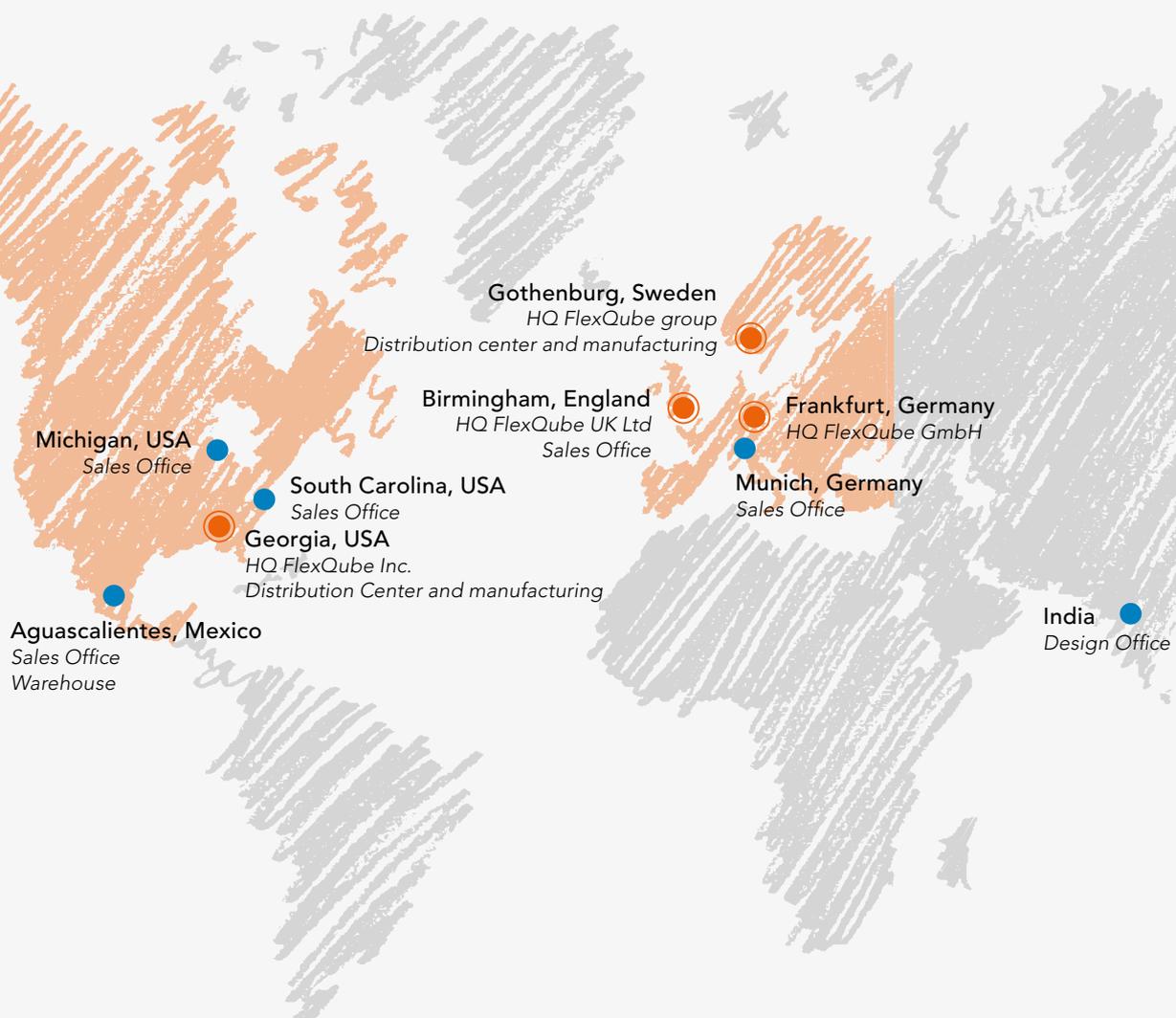
The Board of Directors and CEO of FlexQube AB (publ), CIN 556905-3944, with registered office in Gothenburg, Sweden, hereby submits the Annual Report for the Parent Company and the Group for the financial year 2019.

Business

FlexQube is a global supplier of flexible and robust industrial carts in the field of material handling. The Group was founded at the end of 2010, with sales starting in the second half of 2012, and has in a short period of time secured a large number of prominent companies as customers. Standardized interfaces and modular building blocks allow for a unique, efficient, scalable design process where customers have access to unique future-proof cart solutions.

Material presentation and transport with the aid of configurable carts creates, among other things, more efficient material flows, fewer accidents with forklift trucks and improved ergonomics and environment.

Currently, FlexQube sales organization focuses on Europe and North America, with manufacturing in Gothenburg, Sweden for the European market and in Georgia, USA, for the North American market.



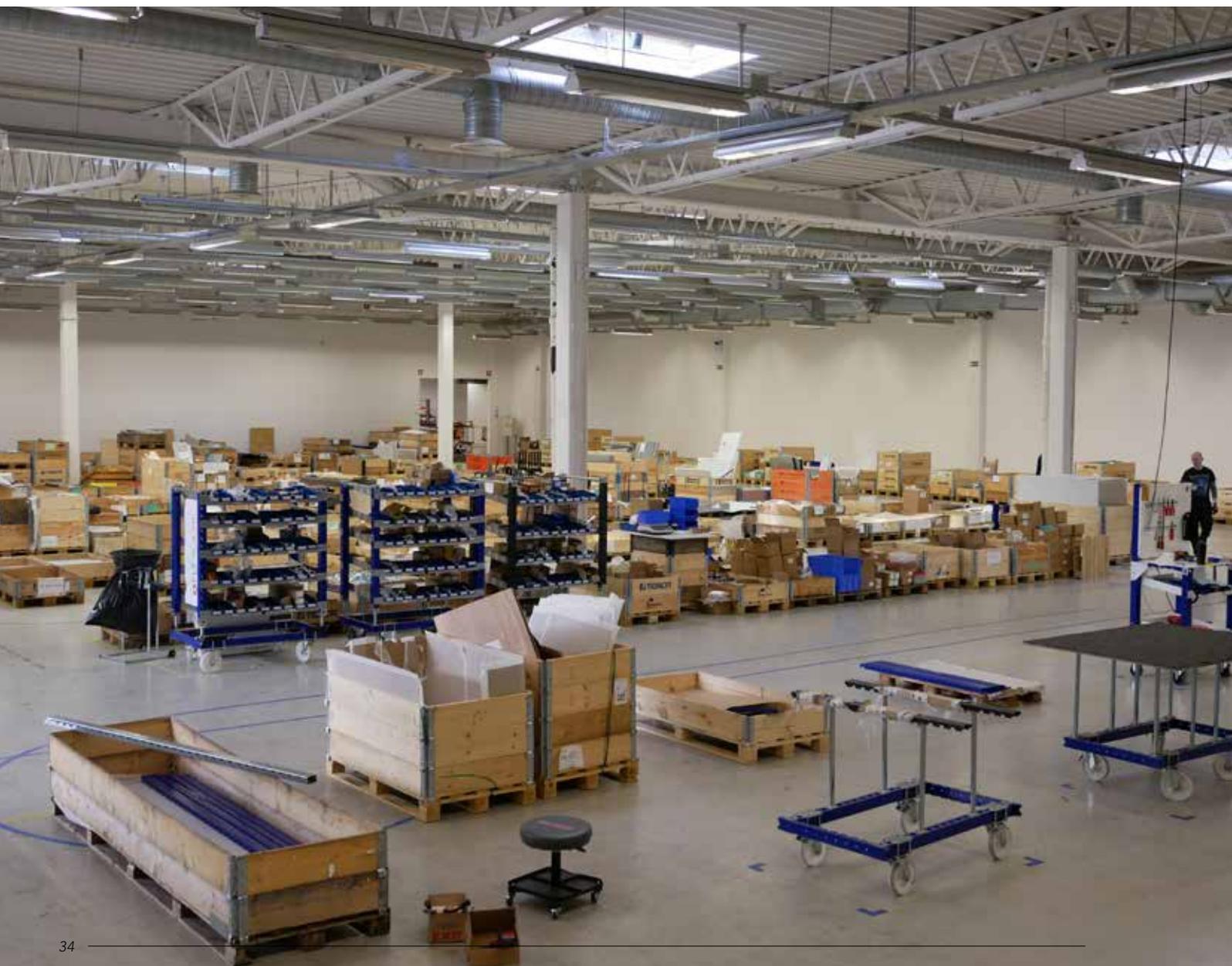
Market and trends

FlexQube is a global provider of modular and robust industrial carts for material handling. The Group was founded in 2010 and ever since then has had the ambition to create a brand new market. Today, the Group has a sales organization that focuses on Europe and North America. Manufacturing takes place in Sweden for the European market and outside Atlanta in the US for the North American and Mexican markets.

The industries and segments that FlexQube operates within are undergoing major challenges in the field of material handling, where today's consumers expect more and more products and variants to choose from. The paradigm shift, called "mass customization", began in the late 1980s and has since developed into a situation where the number of products and

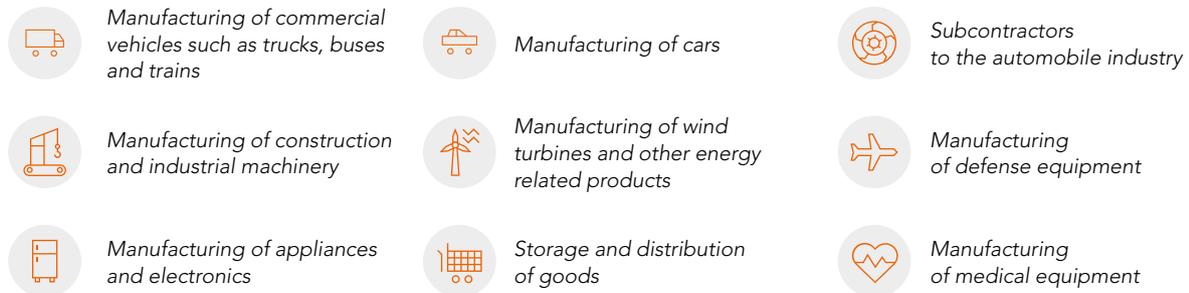
variants offered has increased significantly. The mass customization phenomenon drives a huge need for the products offered by FlexQube, such as the need to switch from truck-based material handling to cart-based material handling, as demands for safe and frequent transport increase. In addition to this paradigm shift, global uncertainty, rapid changes in volume and mix, as well as rapid technology development, add greater demands on flexibility and the ability to re-configure the carts.

FlexQube's goal is to help its customers improve their internal logistics and achieve this by creating unique material carts with modular building blocks, an innovative design process, and a high level of internal logistics skills.



Customer Base

FlexQube's customers are found in different industry segments and regions. As at December 31, 2019, FlexQube had an active customer base of approximately 600 customers in 30 different countries. Below are the segments in which FlexQube operates:



The product

The FlexQube concept can be divided into hard and soft products. The hard products are the building blocks and the customer-unique carts that are built using these blocks, while the soft products are system tools and processes for quickly and easily creating the design that the customer needs.

FlexQube has developed a toolbox of smart, modular building blocks that are combined to create customer-unique carts for material handling.

FlexQube has four basic building blocks:

1. FlexQube®
2. FlexPlate™
3. FlexBeam™
4. FlexTube™

All building blocks are equipped with FlexQube's standardized interfaces (couplings), which are used to connect the building blocks with one another. No matter how and which building blocks are combined, the same interface is always created. FlexBeam™ and FlexTube™ come in different lengths to make it possible to create different-sized carts. The lengths are also standardized and come in intervals of seven centimeters; the blocks are based on a modular conception where it must always be possible to combine all building blocks with one another.

In addition to FlexQube's basic building blocks, screws, couplings, shelves and wheels are also used to create a complete solution for the customer. All accessories connected to FlexQube's building blocks are equipped with FlexQube's standardized interface, which makes integration straightforward. FlexQube is, as far as the company is aware, the only player on the market with a modular concept that is 100 percent designed for creating material handling carts.

FlexQube's motorized cart, the eQart, consists of the same standardized building blocks, but is also equipped with smart modules such as a motor, battery, cameras and sensors that enable it to navigate automatically. The eQart is not a specific size or cart, but a concept that enables all FlexQube carts, both new and existing, to become self-drive. For more information, please see pages 22-23.



STRATEGY AND GOALS

For information concerning the company's strategy and goals, please see pages 28-29.

Research and development

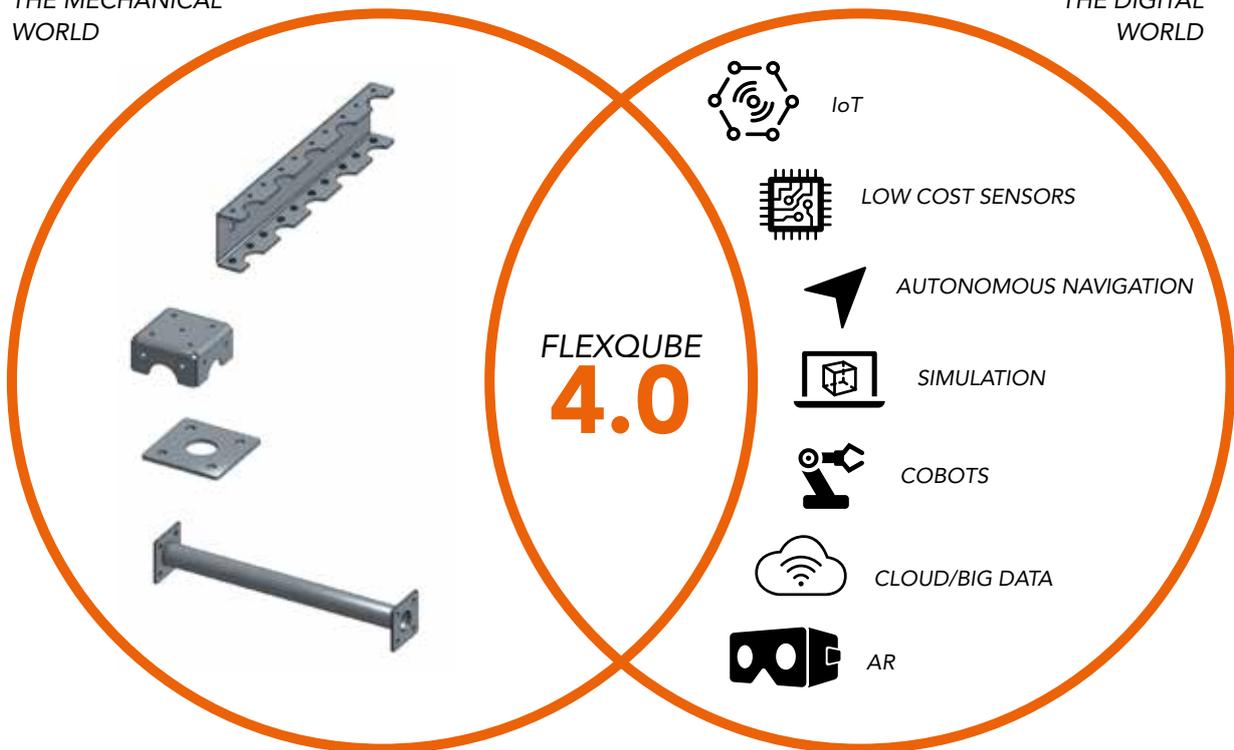
Innovation and product development are an important area for FlexQube. Developments in intralogistics are gathering pace. FlexQube tries to work closely with its customers to ensure the value of the new innovations, while constantly monitoring trends and technological developments.

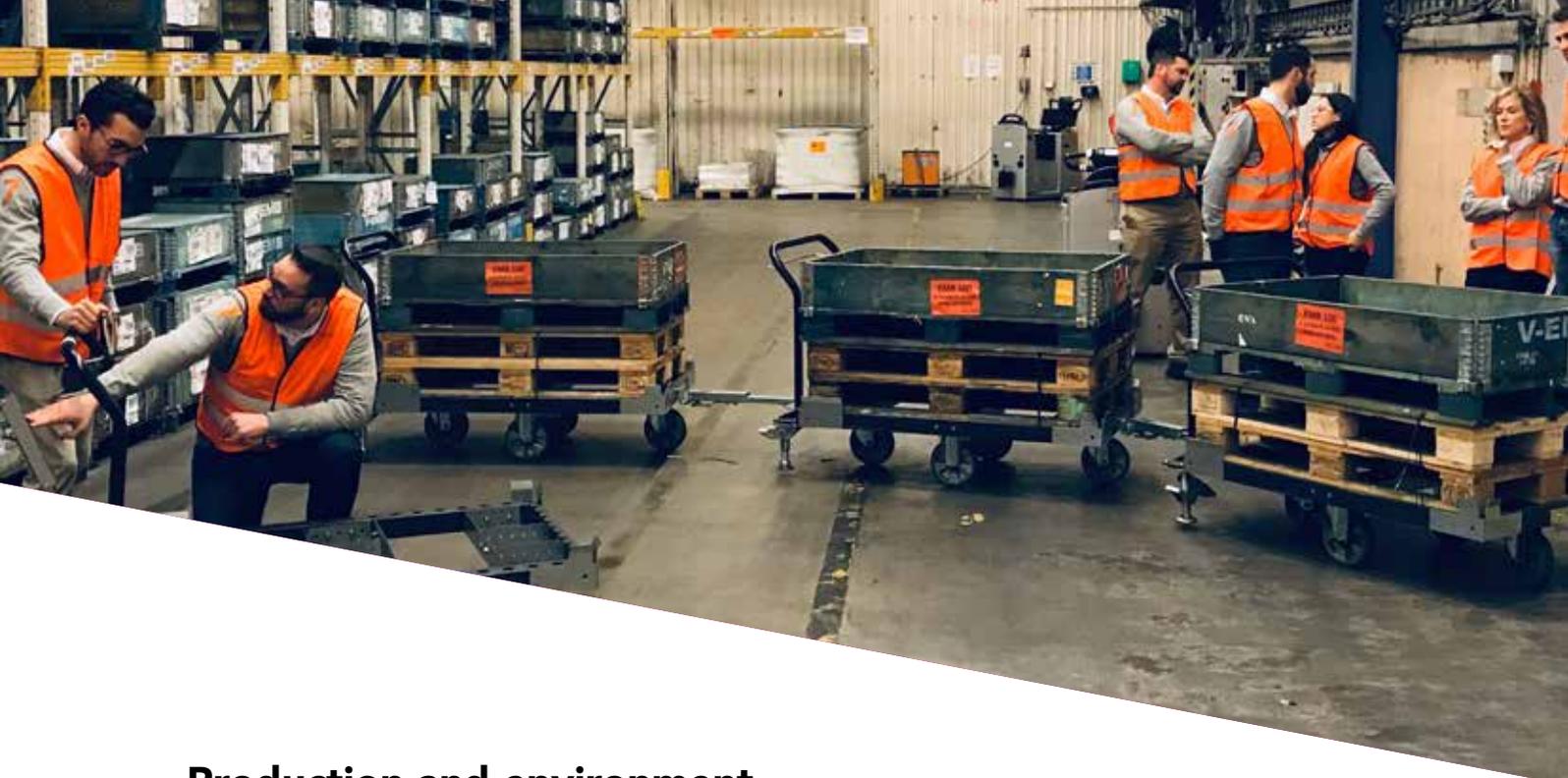
Some development work is linked to improving the building blocks in the FlexQube concept, but the main aspect of FlexQube's development work is linked to the eQart, as this is expected to yield the greatest return in terms of customer value and increased sales.

The eQart is part of a development program called FlexQube 4.0, which includes a number of different projects to supplement FlexQube's mechanical building blocks with smart modules such as sensors, drive motors and batteries. The first version of the eQart, referred to as eQart generation 1, has been certified and handed over to the sales organization. Development work relating to this focuses mostly on developing and improving the software in order to offer customers new functions that can be updated "over the air" (OTA). Development work on the next generation of the eQart will include new hardware, new software and the establishment of partnerships in certain technological fields. The next generation eQart modules will offer even more performance, and options for fully autonomous navigation.

THE MECHANICAL
WORLD

THE DIGITAL
WORLD



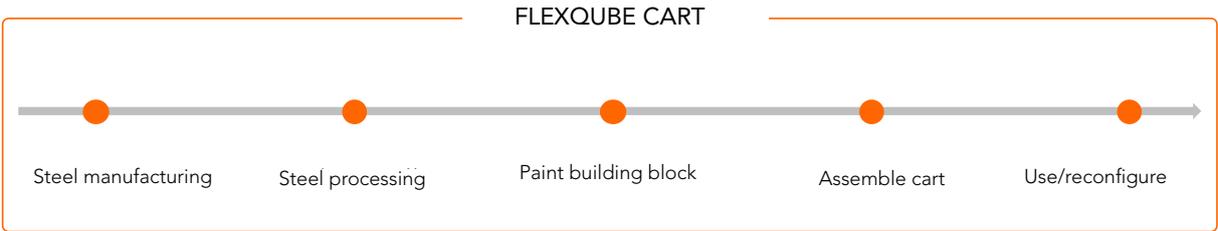
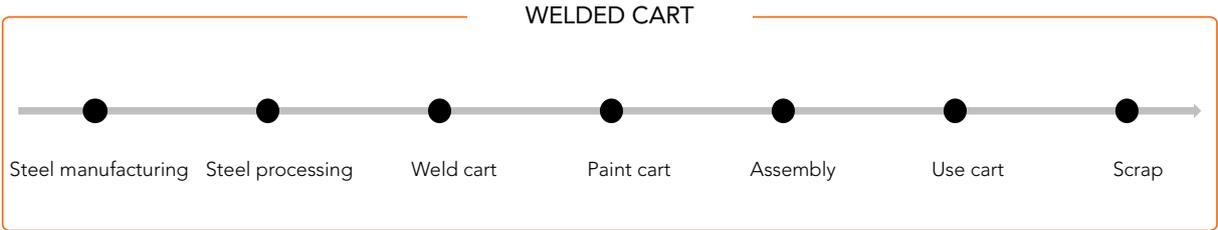


Production and environment

FlexQube does not have its own production for the North American market, but primarily makes use of a main supplier who produces, stocks, assembles and distributes the company's products in its own premises. In September 2019, FlexQube moved its production for the European market from its subcontractor in Värmland to its own production facility in Gothenburg. This has led to huge savings in terms of lead times to customers and closer cooperation with suppliers. The main supplier for the Group has particular

commitments governed by contracts with FlexQube, which must be fulfilled regarding ability to deliver, quantity, quality and delivery time, where the processes are designed to comply with applicable legislation and with directives in the field of safety and environment.

The FlexQube concept enables clear environmental gains, since the modular design is easy to customize. For more information about sustainability, please see pages 24-25.





Personnel and organization

The number of employees at FlexQube reflects the scalable business model that the Group actively works with in order to take advantage of economies of scale in the long term and, at the same time, limit the risk. As at December 31, 2019, there were 32 employees, of whom six were women. The average number of employees for the full-year was 24, of whom five were women. 15 employees have joined the company, and nine have left. Although the number of employees in the company is relatively low,

the company still has a wide range of expertise in relevant areas, stemming from the background, education and experience of its employees. In addition, if necessary, the company will hire staff to gain the necessary skills and to a large extent cooperate with the company's subcontractors. It can thus be noted that, given the business model, the company has an additional approximately 40 employees based at suppliers and external consultants.



Multi-year overview

For definitions of key ratios, see Note 1 on page 55.

Earnings	Unit	2019	2018	2017	2016	2015
Order intake	kSEK	81,208	63,743	37,232	23,583	16,546
Net sales	kSEK	72,561	68,901	29,004	19,260	16,482
EBIT	kSEK	-21,722	-6,714	-2,848	128	-1,388
FINANCIAL POSITION						
Equity/assets ratio	%	74%	81%	73%	4%	1%
Working capital	kSEK	46,131	79,610	35,266	2,326	2,602
Current ratio	%	311%	502%	415%	133%	150%
Quick ratio including unused part of overdraft facilities	%	205%	406%	382%	52%	66%

Comments on financial development in 2019

Numerical data in brackets in this Annual Report refer to comparisons with the period January - December 2018 or the balance sheet date of December 31, 2018. FlexQube's accounting currency is the Swedish krona (SEK). When translating the income statement of foreign subsidiaries, the Group has applied the average exchange rate for the respective quarter in the accumulated period in 2019, and for the accumulated period in 2018, the corresponding average exchange rate for the whole of the period.

Revenue

Net sales for the year amounted to 72.6 MSEK (68.9), an increase of 5 percent compared with the previous year. Total revenue increased by 8 percent and amounted to 76.6 MSEK (71.3) at the end of the period. The increase in Other income relates essentially to a positive exchange rate while capitalized work for own account relates to the development program that will supplement FlexQube's mechanical building blocks with mechatronic components ("FlexQube 4.0") and the conceptual development of FlexQube's mechanical building blocks. Capitalization during the period consists of accumulated accrued personnel costs for the respective development process. Total operating income excluding the item for capitalized work amounted to 74.5 MSEK (70.1).

Costs

The cost of goods for resale, which includes purchases of materials and related expenses, such as freight and packaging, amounted to 42.4 MSEK (42.4), and represents a decrease in relation to sales during the same period in the previous year, which is in line with budgeted cost developments. This is in spite of a larger write-down of stock in the current period than the write-down performed in the comparative period.

Other external expenses amounted to 35.0 MSEK (21.4). The increase in these expenses is in line with planned expansion and mainly relates to:

- more sales and marketing activities, including trade shows and industry conferences during the year in Germany, Mexico, the UK and the USA,
- production of new printed profile and marketing materials, both for operating activities and large trade shows,
- more sales trips within North America and Europe,
- increased assembly, storage and freight costs owing to higher volumes,
- increased costs of office and warehouse premises, relating particularly to the new premises in Gothenburg and attributable costs,
- increased costs for the design department due to higher project volume,
- operating costs for the UK subsidiary, FlexQube Ltd.

Personnel costs amounted to 19.8 MSEK (13.4) and have therefore increased in relation to sales compared with the previous year. The increase between the periods relates to the planned expansion, which includes:

- increased personnel in North America and Europe as well as related recruitment costs and HR management,
- a reclassification of directors' fees, which have been transferred from Other external services to Personnel costs.

Earnings

EBITDA amounted to -20.5 MSEK (-6.0) and EBIT amounted to -21.7 MSEK (-6.7). Profit before taxes amounted to -21.8 MSEK (-6.9) and profit after tax amounted to -21.8 million MSEK (-6.9).

Deferred tax assets from loss carry-backs have not been taken into account.

Balance sheet

The company's total assets as at December 31, 2019, amounted to 88.7 MSEK (108.0). Intangible fixed assets amounted to 17.6 MSEK (6.0). This item consists mainly of expenses linked to development expenditure for the development program that will complement FlexQube's mechanical building blocks with mechatronic building components ("FlexQube 4.0"). Other items which are included in intangible fixed assets are expenses for development work on IT and software solutions for customers, patents and trademarks, and the conceptual development of FlexQube's mechanical building blocks. Tangible fixed assets amounted to 3.1 MSEK (2.4) at the end of the period, and consisted partly of office equipment and office inventories and demo equipment. Other large items are fixed assets relating to company cars, which are included in the Group's consolidated balance sheet due to financial leasing, and three directly owned cars in the Group's foreign subsidiaries. One lease car was redeemed to the leasing company during Q1. Financial assets amounted to 0.0 MSEK (0.2) at the end of the period; the change is due to rental appropriations being moved to Other current liabilities as this liability is expected to be settled at the beginning of 2020.

Current assets amounted to 68.0 MSEK (99.4) on the balance sheet date. Inventories amounted to 25.4 MSEK (19.0), accounts receivable amounted to 20.5 MSEK (17.2) and cash and cash equivalents amounted to 18.1 MSEK (60.1). The increase in Inventories is due to the planned build up of stock and the translation difference between the current and the comparative period due to a higher USD exchange rate, as most of the Group's stock is held by the North American unit. The change in Accounts receivable is due in part to most sales being carried out at the end of the year and higher volume. The decrease in Cash and cash equivalents is due not only to investments made in the form of capitalized expenditure and tangible fixed assets, but also to the expansion of offices, stocks and investment in growth. Other current receivables, tax receivables and prepaid expenses and accrued income amounted to 3.9 MSEK (3.1).

Equity amounted to MSEK 65.9 (87.2) at the end of the period.

Non-current liabilities amounted to 1.0 MSEK (1.0) and this item only consists of financial leasing on the balance sheet date for the period.

Current liabilities amounted to 21.8 MSEK (19.8), consisting mainly of accounts payable combined with accrued costs and deferred expenses, which relate to the company's stock building following the gradual increase in order intake and launch of the eQart@.

Cash flow

Cash flow for the period amounted to -42.3 MSEK (26.0), of which:

- Cash flow from operating activities amounted to -28.5 MSEK (-23.5), and was driven primarily by changes in inventories and operating receivables, combined with changes in operating liabilities as well as a decrease in earnings compared with the previous year. The difference between the periods can be explained mainly by the negative result and the building up of stock during the year with a view to supporting expansion.
- Cash flow from investing activities amounted to -13.5 MSEK (-5.3), of which the majority of the change between the comparative periods concerns investments in intangible fixed assets linked to the development program that will supplement FlexQube's mechanical building blocks with mechatronic building components ("FlexQube 4.0"). Other lower value investments have also been made in intangible assets such as patents, trademarks and IT and software solutions for customers, and conceptual development of FlexQube's mechanical building blocks. Investments in tangible fixed assets relate mainly to office equipment, machines for warehouse management and assembly, and company cars.
- Cash flow from financing activities amounted to -0.3 MSEK (54.8). Cash flow in the period and comparative period was attributable mainly to the new issue in December 2018, and the amortization of external loans and financial lease liabilities. No new loans were taken on during the current quarter. Noteworthy in the period is a delayed issue cost relating to the new issue in December 2018.



Risk and uncertainties

FlexQube is an internationally active company that is exposed to a number of market and financial risks. The company constantly monitors identified risks and takes measures to reduce the risks and their effects if necessary.

Examples of financial risks are market, liquidity and credit risks. Market risks consist mainly of currency risk. The Board of Directors of FlexQube is ultimately responsible for managing and monitoring the Group's financial risks. Currency and liquidity risks represent the most significant financial risks, while interest, financing and credit risks can be assigned lower risk.

Currency risk is derived from the fact that some of the Group's revenue is in EUR for the European market, while operating expenses are mainly in SEK. The US unit has local manufacturing and a supply chain in the USA; only limited purchases are made in currencies other than USD. Consequently, the US unit experiences limited currency risk, excluding any intra-Group transactions.

The liquidity risk is primarily due to the fact that the Group's major customers require long payment periods and that the Group is in an expansion phase. The Group is actively working to reduce these risks, and existing global financing agreements ensure a satisfactory cash flow. Liquidity risk is managed on an ongoing basis in cooperation with the Group's lenders and other financial partners.

Shares

FlexQube's shares have been listed on Nasdaq First North in Stockholm since December 14, 2017, under the designation FLEXQ. FlexQube's share capital amounted to 0.7 MSEK on December 31, 2019, divided among 7,433,333 outstanding shares with equal rights. For more information concerning the share, see Share capital, the share, and ownership on pages 30-32.

Parent Company

FlexQube AB (publ) in Gothenburg, CIN 556905-3944 is the Group's Parent Company. In connection with the company's public offering, the Parent Company has established a management function for the Group, within the framework of corporate management and governance. All other business-related transactions that do not concern Group management, with external and/or intra-Group parties, are carried out primarily by the subsidiaries.

Other significant events during the financial year

eQart

Development of the first commercial version of the eQart was completed in 2019. The product was finally certified in September and the first orders were placed by Daimler in Germany. The eQart was officially launched at the end of 2019 and the company carried out hundreds of demonstrations at customer premises. A large number of project discussions are ongoing in all primary markets.

Sales and marketing

The company reported record sales volume and order intake for the whole year; the second half of the year in particular was very successful. The company participated in many trade shows during the year, including Promat in Chicago, Motek in Stuttgart and IMHX in Birmingham. The eQart has been a big focus of our marketing efforts and these have generated a great deal of interest in the product.

The company established a legal entity in the UK during the year and recruited our first local sales manager, Tim Massey. Tim has many years' experience in internal logistics and we have made a positive start in the UK market.

In March, the company signed a contract with LR Intralogistik GmbH for exclusive sales rights to the Liftrunner concept in North America which will complement FlexQube's existing range extremely well.

A completely new website with e-commerce ready functionality also went live during the year.

Other significant events after the end of the financial year

At the time of writing, Coronavirus has taken a firm grip in Europe and is spreading in the USA. The situation is very uncertain and it is difficult to predict how this will affect the company's business activities in 2020. We are monitoring the situation carefully and we have prepared plans for various scenarios which we will act on if order intake and liquidity are significantly affected.

Organization and capacity

FlexQube has continued to grow in 2019 and has boosted organization in all areas, both through our own employees and also by increasing resources among our external partners. The number of employees increased from 21 to 32 between December 2018 and December 2019.

In September, Mikael Lindbäck took over as CFO from Christian Thiel. Mikael brings many years of financial experience and is expected to make a positive contribution to developing corporate governance and creating a data-driven culture.

Christian is still a Board member and will focus on the long-term, strategic questions facing the Group. Christian is still the major shareholder in FlexQube.

In September, the company decided to insource all assembly and production for Europe at its new premises in Gothenburg. All the company's Swedish operations are now altogether on one site instead of the previous four. This will contribute to greater efficiency and particularly to more cooperation. These consolidations are expected not only to increase the gross margin, but also to lead to better quality in both products and processes.

Proposed distribution of profits and dividends

Given the result for 2019 and that the Group is in an expansion and growth phase, the company's Board of Directors proposes that the profit be carried forward on a new account and no dividend be paid to the shareholders.

With regard to the Group's and the Parent Company's earnings and financial position in general, please refer to the following balance sheet and income statement, statement of changes in equity, cash flow statements, and notes. The Corporate Governance Report may be found on pages 68-75.

The following funds in the Parent Company (SEK) are at the disposal of the Annual General Meeting:

Profit carried forward	3,009,413
Share premium reserve	93,816,463
Profit for the year	6,293
	96,832,169

The Board of Directors proposes the following amount to be carried forward on new account

96,832,169





Group's consolidated income statement

SEK	Note	2019	2018
Net sales		72,560,757	68,901,365
Work performed by the company for its own use and capitalized		2,176,746	1,135,088
Other operating income*	2, 21	1,890,922	1,216,891
Total operating income		76,628,425	71,253,344
OPERATING COSTS			
Goods for resale		-42,353,695	-42,401,392
Other external costs	4	-35,042,532	-21,392,662
Personnel costs	3	-19,754,275	-13,430,222
Depreciation of fixed assets	5	-1,199,899	-743,302
Total operating costs		-98,350,402	-77,967,578
EBIT		-21,721,977	-6,714,234
INCOME FROM FINANCIAL ITEMS			
Operating costs and similar profit/loss items		-78,978	-186,904
Total financial items		-78,978	-186,904
Profit/loss after financial items		-21,800,955	-6,901,138
Tax on profit for the period	7	-12,771	-20,738
Profit for the year		-21,813,726	-6,921,877
ATTRIBUTABLE TO:			
the Parent Company's owners		-21,813,726	-6,921,877
Earnings per share attributable to the Parent Company's owners		-2.9	-1.1

*Includes exchange rate fluctuations of operating items.

Group's consolidated balance sheet

Assets

SEK	Note	12/31/2019	12/31/2018
ASSETS			
Fixed assets			
Intangible fixed assets 8			
Capitalized expenditure for development and similar work		13,364,095	4,492,250
Concessions, patents, licenses, trademarks		2,755,213	1,480,480
Other intellectual property rights		1,500,181	-
Total intangible fixed assets		17,619,489	5,972,730
Tangible fixed assets 9			
Plant and machinery		2,035,739	1,569,093
Equipment, tools and fixtures and fittings		1,062,767	804,451
Total tangible fixed assets		3,098,506	2,373,544
Financial assets 10			
Other non-current receivables		-	243,750
Total financial assets		0	243,750
Total fixed assets		20,717,995	8,590,024
Current assets			
Inventories 12			
Total inventories, etc.		25,401,813	18,993,630
Current receivables			
Accounts receivable		20,522,335	17,206,391
Current tax assets		-	37,939
Other receivables		2,278,076	1,079,056
Prepaid expenses and accrued income	13	1,666,402	2,012,568
Total current receivables		24,466,812	20,335,953
Cash and bank balances	20	18,091,453	60,065,111
Total current assets		67,960,078	99,394,693
TOTAL ASSETS		88,678,073	107,984,717

Group's consolidated balance sheet

Equity and liabilities

SEK	Note	12/31/2019	12/31/2018
EQUITY			
Share capital		743,333	743,333
Total restricted equity		743,333	743,333
Other paid-up capital		97,069,463	97,172,163
Profit carried forward, etc.		-10,105,606	-3,838,645
Profit for the year		-21,813,726	-6,921,877
Total non-restricted equity		65,150,131	86,411,642
Total equity	14	65,893,464	87,154,975
Non-current liabilities			
Other non-current liabilities	15, 21	955,407	1,044,780
Total non-current liabilities		955,407	1,044,780
CURRENT LIABILITIES			
Accounts payable		12,935,412	11,704,034
Current tax liability		4,660	-
Other current liabilities	15, 21	1,163,678	1,409,692
Accrued expenses and deferred income	17	7,725,451	6,671,237
Total current liabilities		21,829,201	19,784,963
TOTAL EQUITY AND LIABILITIES		88,678,073	107,984,717

Group's consolidated changes in equity

SEK				Other equity
	Share capital	Other paid-up capital	Profit carried forward, etc.	Total equity
Opening balance 1/1/2018	633,333	39,879,329	-4,472,677	36,039,985
Profit for the year			-6,921,877	-6,921,877
Exchange rate differences when calculating foreign subsidiaries			634,032	634,032
New issue*	110,000	57,292,834		57,402,834
CLOSING BALANCE 12/31/2018	743,333	97,172,163	-10,760,521	87,154,975
Opening balance 1/1/2019	743,333	97,172,163	-10,760,521	87,154,975
Profit for the year			-21,813,726	-21,813,726
Exchange rate differences when calculating foreign subsidiaries			654,915	654,915
Issue costs**		-102,700		-102,700
CLOSING BALANCE 12/31/2019	743,333	97,069,463	-31,919,332	65,893,464

*Payments for the new issue in December 2018 are offset against issue costs, which amounted to approximately 5.3 MSEK.

**Issue costs for new issue in December 2018.

Group's consolidated cash flow statement

SEK	Note	2019	2018
Operating activities			
Operating profit/loss before financial items		-21,721,977	-6,714,234
<i>Adjustments for non-cash items</i>			
Depreciation/amortization		1,199,899	743,302
Other non-cash items	19	2,735,899	590,734
Interest paid		-78,978	-186,904
Income tax paid		29,828	-30,565
Cash flow from operating activities before changes in working capital		-17,835,330	-5,597,669
<i>Cash flow from changes in working capital</i>			
Changes in inventories		-8,753,644	-12,957,994
Changes in operating receivables		-3,925,048	-13,979,302
Changes in operating liabilities		2,040,378	8,994,233
Cash flow from operating activities		-28,473,644	-23,540,732
INVESTING ACTIVITIES			
Acquisition of intangible fixed assets	8	-12,000,472	-4,355,308
Acquisition of tangible fixed assets	9	-1,495,616	-922,749
Cash flow from investing activities		-13,496,088	-5,278,057
FINANCING ACTIVITIES			
New issue*		-102,700	57,402,834
Amortization of loans		-	-2,425,000
Amortization of financial lease liabilities		-213,038	-196,703
Cash flow from financing activities		-315,738	54,781,131
Cash flow for the period		-42,285,470	25,962,342
Cash and cash equivalents at beginning of period		60,065,111	34,059,241
Exchange rate differences in cash and cash equivalents		311,812	43,528
CASH AND CASH EQUIVALENTS AT END OF PERIOD		18,091,453	60,065,111

*Payments for the new issue in 2018 are offset against issue costs, which amount to approximately 5.3 MSEK.

Parent Company's income statement

SEK	Note	2019	2018
Net sales	21	946,772	622,326
Other operating income	2	390,384	391,859
Total operating income		1,337,156	1,014,185
OPERATING COSTS			
Other external costs	4	-1,146,606	-1,435,812
Personnel costs	3	-732,112	-
Total operating costs		-1,878,718	-1,435,812
EBIT		-541,561	-421,627
INCOME FROM FINANCIAL ITEMS			
Other interest income and similar profit/loss items		1,820,015	743,464
Operating costs and similar profit/loss items		-14,161	-5,641
Total financial items		1,805,854	737,822
Profit/loss after financial items		1,264,293	316,194
Appropriations	6	-1,258,000	-316,194
Tax on profit for the period	7	-	-
Profit for the year		6,293	0

Parent Company's balance sheet

SEK	Note	12/31/2019	12/31/2018
ASSETS			
Fixed assets			
Financial assets	10		
Shares in Group companies	11	34,058,351	14,865,951
Receivables from Group companies		48,887,178	26,422,580
Total financial assets		82,945,529	41,288,531
Total fixed assets		82,945,529	41,288,531
Current assets			
Current receivables			
Receivables from Group companies		2,066,519	944,058
Other receivables		18,602	50,804
Prepaid expenses and accrued income	13	50,200	1,667
Total current receivables		2,135,321	996,529
Cash and bank balances	20	15,130,351	56,869,706
Total current assets		17,265,672	57,866,235
TOTAL ASSETS		100,211,201	99,154,766
Equity			
Share capital		743,333	743,333
Total restricted equity		743,333	743,333
Share premium reserve		93,816,463	93,919,163
Profit carried forward		3,009,414	3,009,413
Profit for the year		6,293	0
Total non-restricted equity		96,832,169	96,928,577
Total equity	14	97,575,502	97,671,910
Current liabilities			
Accounts payable		37,670	283,793
Liabilities to Group companies		1,624,300	316,194
Accrued expenses and deferred income	17	973,729	882,870
Total current liabilities		2,635,699	1,482,857
TOTAL EQUITY AND LIABILITIES		100,211,201	99,154,766

Parent Company's changes in equity

SEK	Share capital	Share premium reserve	Other equity	
			Profit carried forward, etc.	Total equity
Opening balance 1/1/2018	633,333	36,626,329	3,009,413	40,269,075
Profit for the year			0	0
New issue*	110,000	57,292,834		57,402,834
CLOSING BALANCE 12/31/2018	743,333	93,919,163	3,009,413	97,671,910
Opening balance 1/1/2019	743,333	93,919,163	3,009,413	97,671,910
Profit for the year			6,293	6,293
Issue costs**		-102,700		-102,700
CLOSING BALANCE 12/31/2019	743,333	93,816,463	3,015,706	97,575,502

*Payments for the new issue in December 2018 are offset against issue costs, which amount to approximately 5.3 MSEK.

**Issue costs for new issue in December 2018.

Parent Company's cash flow statement

SEK	Note	2019	2018
Operating activities			
Operating profit/loss before financial items		-541,561	-421,627
<i>Adjustments for non-cash items</i>			
Other non-cash items	19	-390,384	-391,859
Interest received		766,811	743,464
Interest paid		-14,161	-5,641
Income tax paid		-	-
Cash flow from operating activities before changes in working capital		-179,295	-75,665
<i>Cash flow from changes in working capital</i>			
Changes in operating receivables		-85,589	-631,429
Changes in operating liabilities		-155,264	-1,957,471
Cash flow from operating activities		-420,147	-2,664,565
INVESTING ACTIVITIES			
	10		
Capital contribution received		-18,826,100	-6,280,146
Loans granted to Group companies		-22,074,214	-11,513,362
Cash flow from investing activities		-40,900,314	-17,793,508
FINANCING ACTIVITIES			
New issue*		-102,701	57,402,834
Group contributions paid		-316,194	-
Cash flow from financing activities		-418,895	57,402,834
Cash flow for the period		-41,739,356	36,944,762
Cash and cash equivalents at beginning of period		56,869,706	19,924,944
Cash and cash equivalents at end of period		15,130,351	56,869,706

*Payments for the new issue in 2018 are offset against issue costs, which amount to approximately 5.3 MSEK.

NOTES Apply to both the Group and the Parent

Note 1 ACCOUNTING AND VALUATION PRINCIPLES

Company

The current financial information has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Board's BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3). The accounting principles have not changed from the previous year.

CONSOLIDATED FINANCIAL STATEMENTS

Companies in which FlexQube holds the majority of votes at the Annual General Meeting are classified as subsidiaries and consolidated in the consolidated financial statements. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date on which the controlling influence ceases. The consolidated financial statements have been prepared in accordance with the acquisition method. The acquisition date is the date on which the controlling influence is obtained. Identifiable assets and liabilities are initially valued at fair value on the acquisition date. Goodwill/Negative goodwill is the difference between the acquired identifiable net assets at the acquisition date and the acquisition value including the value of the minority interest, and is initially valued at the acquisition value. The Group has never reported any goodwill.

Transactions between Group companies have been eliminated in their entirety.

Subsidiaries in other countries prepare their annual reports in foreign currency. Upon consolidation, the items in these subsidiaries' balance sheets and income statements are translated at the exchange rate on the balance sheet date or the spot rate on the day each transaction took place. The exchange rate differences arising from the translation of the balance sheet for foreign subsidiaries are reported as accumulated exchange rate differences under consolidated equity.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are measured at the spot rate on the balance sheet date. Transactions in foreign currency are translated in accordance with the spot rate on the date of the transaction.

Revenue

Sales of goods are recognized when significant risks and benefits are transferred from sellers to buyers in accordance with the terms of sale. Sales are recognized after deduction of VAT and discounts. Sales of services are reported when the service in question has been carried out under the agreed terms.

Leases

Leases that essentially transfer the economic risks and benefits of owning an asset from the lessor to the lessee are classified in the consolidated financial statements as financial leases. Financial leases entail that rights and obligations are recognized in the balance sheet as assets and liabilities, respectively. The asset and liability is initially measured at the lower of the asset's fair value and the present value of the minimum lease payments. Expenses directly attributable to the lease are added to the value of the asset. Leasing fees are allocated on interest and amortization according to the effective interest rate method. Variable fees are recognized as an expense in the period they arise. The leased asset is depreciated on a straight-line basis over the estimated service life.

Leases where the economic benefits and risks that are attributable to the leasehold item remain in essence with the lessor are classified as operating leases. Payments, including a first increased rent, under these agreements are recognized on a straight-line basis over the term of the lease.

Employee benefits (short-term benefits)

Short-term benefits in the Group consist of salary, social security contributions, paid vacation, paid sick leave, health care and bonuses. Short-term benefits are reported as an expense and a liability when there is a legal or informal obligation to pay compensation.

Compensation after termination of employment

The Group only has defined contribution plans. In defined contribution plans, the company pays fixed fees to another company and has no legal or informal obligation to pay anything further even if the other company cannot fulfill its commitment. The Group's profit/loss is charged for expenses as employees' pensionable services are performed.

Income tax

Current taxes are measured based on the tax rates and tax rules applicable on the balance sheet date. Deferred taxes are measured based on the tax rates and tax rules determined prior to the balance sheet date.

Intangible fixed assets

Intangible fixed assets are recognized at cost less accumulated amortization and impairment losses. The capitalization model for internally generated intangible fixed assets is applied in the consolidated financial statements, which means that:

Development expenditure directly attributable to the development and testing of identifiable, unique software products controlled by the Group is reported as intangible fixed assets when the following criteria are met:

- it is technically possible to complete the software so that it may be used,
- the company's intention is to complete the software and to use or sell it,
- there are conditions for using or selling the software,
- it can be shown how the software generates likely future financial benefits,
- adequate technical, financial and other resources for completing the development and for using or selling the software are available, and
- the expenses attributable to the software during its development can be calculated in a reliable manner.

Directly attributable expenses capitalized as part of a development program include expenses for employees and a reasonable proportion of indirect costs. Capitalized development expenditure is reported as intangible assets and amortized from the time when the asset is ready to be used.

Amortization is carried out on a straight-line basis over the estimated useful life. The amortization period for internally generated intangible fixed assets is from three to ten years.

Tangible fixed assets

Tangible fixed assets are reported at cost less depreciation. Cost includes expenses directly attributable to the acquisition of the asset. Expenses for ongoing repairs and maintenance are reported as expenses. Capital gains and losses on the disposal of capital assets are reported as Other operating income and Other operating expenses respectively.

The following depreciation periods are applied:

Inventories, 2 to 5 years.

Cars, 3 to 6 years.

Financial instruments

Financial instruments are reported in accordance with the rules in Chapter 11 of K3, which means that valuation is based on cost. Financial instruments recognized in the balance sheet include accounts receivable and other receivables, accounts payables and loan liabilities. The instruments are recognized in the balance sheet when FlexQube becomes party to the instrument's contractual terms. Financial assets are derecognized from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred virtually all risks and benefits associated with ownership. Financial liabilities are derecognized from the balance sheet when the obligations have been canceled or otherwise terminated.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method (FIFO). The reported value of stock includes a deduction for obsolescence in accordance with phased obsolescence which has been defined for the Group. Phasing means that on the basis of a consistent equation, write-down is calculated at different intervals, based on the turnover rate of the individual product. This write-down rule is also supplemented by an assessment of the individual product group.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The reported cash flow only includes transactions that have resulted in incoming or outgoing payments. The company classifies cash as cash and cash equivalents.

PARENT COMPANY ACCOUNTING AND VALUATION PRINCIPLES

The same accounting and valuation principles apply to the Parent Company as to the Group, except in the cases listed below:

Shares and shares in subsidiaries

Shares and shares in subsidiaries are reported at cost less any impairment losses. Cost includes the purchase price paid for the shares as well as acquisition costs. Any capital contributions are added to cost when they are paid. Dividends from subsidiaries are reported as income.

Group contributions

Group contributions from the Parent Company to subsidiaries and Group contributions received by the Parent Company from subsidiaries are reported as appropriations.

Equity

Equity is divided into restricted and unrestricted equity, in accordance with the Annual Accounts Act.

ITEMS AFFECTING COMPARABILITY

Items affecting comparability are accounted for separately where necessary to explain the Group's results. Items affecting comparability are substantial income or expense items that should be noted because of the importance of their nature or amount.

ASSESSMENTS AND ESTIMATES

Assessments and estimates are made continuously on the basis of historical outcomes and expectations of future developments that can be considered reasonable given prevailing conditions.

DEFINITIONS OF KEY RATIOS

Current ratio: Current assets as a percentage of current liabilities.

EBIT: Earnings before interest and tax.

EBITDA: Earnings before interest, tax, and depreciation and amortization.

Equity per share: Equity at the end of the period divided by the adjusted number of shares at the end of the financial period.

Sales growth: The difference in net sales between two periods, divided by net sales during the first period.

Quick ratio: Current assets excluding inventories and including unused overdraft facilities as a percentage of current liabilities.

Net debt: Gross debt, i.e. total non-current and current borrowings, including any used part of the overdraft facilities, minus cash and cash equivalents, current receivables and easily realized assets.

Order intake: Value of orders received during the specified period.

Earnings per share: Earnings for the period in relation to the adjusted average number of shares during the financial period.

Working capital: Total current assets less current liabilities.

Operating margin: Operating profit/loss after depreciation/amortization as a percentage of net sales.

Equity/assets ratio: The ratio of the company's equity to the total assets in the company's balance sheet.

Profit margin: Profit before tax as a percentage of net sales.

Definitions of alternative key ratios

Quick ratio including unused part of overdraft facilities: Current assets excluding inventories plus unused overdraft facilities as a percentage of current liabilities.

Working capital as a percentage of net sales: Total current assets less current liabilities in relation to net sales in percent.

Note 2	OTHER OPERATING INCOME	2019	2018
	OTHER OPERATING INCOME, GROUP		
	Other income	463,318	62,011
	Exchange gains from operating activities (net)	1,427,604	1,154,880
	Total other operating income, Group	1,890,922	1,216,891
	OTHER OPERATING INCOME, PARENT COMPANY		
	Exchange gains on receivables from Group companies	390,384	391,859
	Total other operating income, Parent Company	390,384	391,859

Note 3	PERSONNEL	2019	2018
	AVERAGE NUMBER OF EMPLOYEES IN THE GROUP		
	The average number of employees was	24	17
	-Of whom women	5	3
	Hired staff	40	28
	GENDER DISTRIBUTION IN BOARD AND MANAGEMENT AS AT THE BALANCE SHEET DATE		
	Number of Board members	5	5
	-Of whom women	1	1
	Number of other senior executives, incl. CEO	3	3
	-Of whom women	0	0
	SALARIES, REMUNERATION, ETC. TO BOARD, PARENT COMPANY		
	Ulf Ivarsson, Chairman of the Board	250,000	250,000
	Anders Ströby	150,000	150,000
	Kristina Ljunggren	150,000	100,000
	Christian Thiel	0	0
	Per Augustsson	0	0
	Total salaries, remuneration etc. to Board	550,000	500,000
	Total social security contributions	148,423	157,100

The Board has not received any variable remuneration, pension or other benefits.

SALARIES, REMUNERATION, ETC. TO EMPLOYEES, SUBSIDIARIES			
	Anders Fogelberg (CEO)*	1,246,574	1,077,436
	Other senior executives (2)	2,295,395	1,710,156
	Other employees	10,936,156	7,425,682
	Total salaries, remuneration, etc. to employees	14,478,125	10,213,274
	Total social security contributions	3,219,090	2,395,013

*Benefits in addition to salary and pension have been awarded to the CEO in the amount of 121,692 SEK (116,566).

Note 3	PERSONNEL(contd.)	2019	2018
	PENSION COSTS, SUBSIDIARIES*		
	Anders Fogelberg (CEO)	89,437	76,800
	Other senior executives (2)	187,476	124,000
	Other employees	371,977	168,933
	Total pensions to employees	648,891	369,733
	Total special payroll tax on pension costs	131,553	89,554

*Pension costs consist of contract premiums paid during the year in accordance with defined contribution pension plans. No pension was paid by the Parent Company in 2019 or 2018.

Note 4	REMUNERATION TO THE AUDITORS	2019	2018
	REMUNERATION TO AUDITORS, GROUP		
	Audit, PwC	160,000	160,000
	Other assignments, PwC	0	115,300
	Total remuneration to auditors, Group	160,000	275,300
	REMUNERATION TO AUDITORS, PARENT COMPANY		
	Audit, PwC	160,000	160,000
	Other assignments, PwC	0	115,300
	Total remuneration to auditors, Parent Company	160,000	275,300

Note 5 DEPRECIATION/AMORTIZATION

Amortization of intangible fixed assets in the Group amounts to 0.4 MSEK (0.4). Depreciation of tangible fixed assets in the Group amounts to MSEK 0.8 (0.4). No depreciation/amortization was carried out in the Parent Company.

Note 6	APPROPRIATIONS, PARENT COMPANY	2019	2018
	Group contributions paid	1,258,000	316,194
	Total appropriations, Parent Company	1,258,000	316,194

Note 7	TAX ON PROFIT FOR THE YEAR	2019	2018
	TAX ON PROFIT FOR THE YEAR, GROUP		
	Swedish companies	0	0
	Foreign companies	-12,771	-20,738
	Total current tax, Group	-12,771	-20,738

Deferred tax assets for carry-backs in 2019 or 2018 have not been reported; the deficit on the balance sheet date amounts to 31.9 MSEK (10.8) in the Group.

TAX ON PROFIT FOR THE YEAR, PARENT COMPANY			
	Tax on profit for the year	0	0
	Total current tax, Parent Company	0	0

Note 8	INTANGIBLE ASSETS, GROUP	2019	2018
	CAPITALIZED EXPENDITURE FOR DEVELOPMENT WORK		
	Opening cost and depreciation/amortization	4,492,250	676,891
	Cost for the year	9,707,150	4,003,816
	Reclassifications	-835,306	0
	Depreciation/amortization for the year	0	-188,457
	Closing book value	13,364,095	4,492,250
	OTHER INTELLECTUAL PROPERTY RIGHTS		
	Opening cost and depreciation/amortization	0	0
	Cost for the year	1,165,117	0
	Reclassifications	666,752	0
	Depreciation/amortization for the year	-331,688	0
	Closing book value	1,500,181	0
	CONCESSIONS, PATENTS, LICENSES AND TRADEMARKS		
	Opening cost and depreciation/amortization	1,480,480	1,326,822
	Cost for the year	1,128,205	351,492
	Reclassifications	168,554	0
	Depreciation/amortization for the year	-22,026	-197,834
	Closing book value	2,755,213	1,480,480

Note 9	TANGIBLE FIXED ASSETS, GROUP	2019	2018
	PLANT AND MACHINERY		
	Opening cost and depreciation/amortization	1,569,093	0
	Cost for the year	1,600,223	1,800,463
	Disposals	-383,435	0
	Depreciation/amortization for the year	-750,141	-231,370
	Closing book value	2,035,739	1,569,093

0.5 MSEK of the year's acquisition value for tangible assets relates to fixed assets related to company cars included in the Group's consolidated balance sheet as a result of financial leasing.

INVENTORIES, TOOLS AND FACILITIES			
	Opening cost and depreciation/amortization	804,451	341,500
	Cost for the year	354,361	588,668
	Depreciation/amortization for the year	-96,044	-125,717
	Closing book value	1,062,767	804,451

Note 10	FINANCIAL ASSETS	2019	2018
	FINANCIAL ASSETS, GROUP		
	Leasehold deposit	0	243,750
	Total financial assets, Group	0	243,750
	FINANCIAL ASSETS, PARENT COMPANY		
	Shares in Group companies	34,058,351	14,865,951
	Receivables from Group companies	48,887,178	26,422,580
	Total financial assets, Parent Company	82,945,529	41,288,531

Note 11 SHARES IN GROUP COMPANIES

FlexQube AB (publ), CIN 556905-3944, is the Parent Company of the FlexQube Group. The table below lists all wholly-owned subsidiaries with their company name, CIN, registered office and book value as of December 31, 2019.

Group companies	CIN	Registered office	Number of shares	Book value 2019	Book value 2018
FlexQube Europe AB	556823-6078	Gothenburg, Sweden	50,000	11,940,000	8,600,000
FlexQube GmbH	HRB 110829	Frankfurt am Main, Germany	25,000	6,893,781	2,280,146
FlexQube Inc	90-0998273	Delaware, USA	1,000	13,014,741	3,885,805
FlexQube Ltd	11917032	London, United Kingdom	1,000	1,924,829	-
FQ IP AB	556905-4017	Gothenburg, Sweden	50,000	285,000	100,000
Total			127,000	34,058,351	14,865,951

Note 12	INVENTORIES, GROUP	2019	2018
	North America	20,778,731	14,891,097
	Europe	4,623,083	4,102,533
	Total inventories, Group	25,401,813	18,993,630

Note 13	PREPAID EXPENSES AND ACCRUED INCOME	2019	2018
	PREPAID EXPENSES AND ACCRUED INCOME, GROUP		
	Other prepaid expenses	535,587	1,952,634
	Other interim claims	1,130,815	59,933
	Total prepaid expenses and accrued income, Group	1,666,402	2,012,568
	PREPAID EXPENSES AND ACCRUED INCOME, PARENT COMPANY		
	Other prepaid expenses	50,200	0
	Other interim claims	0	1,667
	Total prepaid expenses and accrued income, Parent Company	50,200	1,667
Note 14	SHARE CAPITAL	Share	Value per share
	Number/quota value at start of year	7,433,333	0.1
	Number/quota value at end of year	7,433,333	0.1
	FlexQube has only one type of share. The shares give equal rights to a share in the company's assets, earnings and any surplus in the event of liquidation.		
Note 15	NON-CURRENT LIABILITIES	2019	2018
	NON-CURRENT LIABILITIES, GROUP		
	Liabilities to credit institutions	0	0
	Other non-current liabilities	1,179,660	1,269,833
	-Of which current component	224,252	225,053
	The item "Other non-current liabilities" has been included in the balance sheet as a result of financial leasing and consists of financial leasing agreements as of the current balance sheet date only.		
Note 16	OVERDRAFT FACILITIES, GROUP	2019	2018
	Used overdraft facilities	0	0
	Unused overdraft facilities	2,300,000	2,300,000
	Total limit	2,300,000	2,300,000
Note 17	ACCRUED EXPENSES AND DEFERRED INCOME	2019	2018
	ACCRUED EXPENSES AND DEFERRED INCOME, GROUP		
	Accrued salaries and vacation pay	2,194,633	1,048,463
	Social security contributions	634,371	298,845
	Deferred expenses	1,513,998	4,319,883
	Other accrued expenses	3,382,448	1,004,046
	Total accrued expenses and deferred income, Group	7,725,451	6,671,237
	ACCRUED EXPENSES AND DEFERRED INCOME, PARENT COMPANY		
	Accrued fees to Board	391,667	399,726
	Social security contributions	123,062	125,594
	Other accrued expenses	459,000	357,550
	Total accrued expenses and deferred income, Parent Company	973,729	882,870

Note 18	PLEDGED ASSETS	2019	2018
	PLEDGED ASSETS, GROUP		
	Floating charges	2,300,000	2,300,000
	Shares in subsidiaries	248,941	63,876
	PLEDGED ASSETS, PARENT COMPANY		
	Floating charges	2,300,000	2,300,000
	Shares in subsidiaries	285,000	100,000
Note 19	CASH FLOW STATEMENT, GROUP	2019	2018
	OTHER NON-CASH ITEMS, GROUP		
	Exchange rate differences, translation of foreign subsidiaries	652,556	634,261
	Stock obsolescence	2,345,460	0
	Disposal, leasing	49,695	0
	Exchange rate differences in cash and cash equivalents	-311,812	-43,528
	Total non-cash items, Group	2,735,899	590,734
	OTHER NON-CASH ITEMS, PARENT COMPANY		
	Exchange difference on loans in foreign currency	390,384	391,859
	Total non-cash items, Parent Company	390,384	391,859
Note 20	CASH AND CASH EQUIVALENTS	2019	2018
	Available cash and cash equivalents, bank accounts with the Group	18,091,453	60,065,111
	-Of which available cash and cash equivalents with Parent Company	15,130,351	56,869,706
Note 21	TRANSACTIONS WITH RELATED PARTIES		
	<i>Transactions with related companies</i>		
	No significant transactions with related companies were carried out during the year.		
	<i>Purchases and sales between Group companies</i>		
	For the Parent Company, 100 per cent (100) of the year's sales and 0 per cent (0) of the year's purchases relate to subsidiaries. Sales in the Parent Company relate to Group administration. Other sales and purchases between subsidiaries are omitted from the consolidated accounts in their entirety.		
Note 22	PROPOSED DISTRIBUTION OF PROFITS	2019	
	THE FOLLOWING FUNDS ARE AVAILABLE TO THE PARENT COMPANY (SEK):		
	Profit carried forward		3,009,413
	Share premium reserve		93,816,463
	Profit for the year		6,293
			96,832,169
	The Board of Directors proposes the following amount to be carried forward on new account		96,832,169
			96,832,169
Note 23	EVENTS AFTER THE BALANCE SHEET DATE		

At the time of writing, Coronavirus has taken a firm grip in Europe and is spreading in the USA. The situation is very uncertain and it is difficult to predict how this will affect the company's business

activities in 2020. We are monitoring the situation carefully and we have prepared plans for various scenarios which we will act on if order intake and liquidity are significantly affected.

Certifications & signatures

Consolidated income statement and balance sheets will be submitted to the Annual General Meeting on May 5, 2020, for approval.

The undersigned confirm that the consolidated financial statements and Annual Report have been drawn up in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general advice BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3), respectively, and with generally accepted accounting practice, and provide a fair and accurate view of the Group's and the Parent Company's operations, position and results.

The Report of the Board of Directors for the Group and the Parent Company provides a fair and accurate view of the development of the Group's and the company's operations, position and results, and describes significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Gothenburg, March 20, 2020

Ulf Ivarsson
CHAIRMAN OF THE BOARD

Anders Ströby
MEMBER OF THE BOARD

Christian Thiel
MEMBER OF THE BOARD

Per Augustsson
MEMBER OF THE BOARD

Anders Fogelberg
CEO

Kristina Ljunggren
MEMBER OF THE BOARD

Our audit report was submitted on March 20, 2020

PricewaterhouseCoopers AB

Johan Palmgren
AUTHORIZED PUBLIC ACCOUNTANT

Auditor's report

To the General Meeting of FlexQube AB (publ), CIN 556905-3944

Report on the Annual Report and consolidated financial statements

Statements

We have carried out an audit of the Annual Report and consolidated financial statements of FlexQube AB (publ) for the year 2019. The company's Annual Report and consolidated financial statements are included in pages 33-62 of this document.

In our opinion, the Annual Report and consolidated financial statements have been drawn up in accordance with the Annual Accounts Act and give, in all important respects, a true overview of the parent company's and the Group's financial position as of December 31, 2019 and of their financial results and cash flow for the year in accordance with the Annual Accounts Act. The Report of the Board of Directors is consistent with other parts of the Annual Report and consolidated financial statements.

We therefore recommend that the Annual General Meeting adopt the income statement and balance sheet of the Parent Company and the Group.

Basis for statements

We have carried out the audit in accordance with the International Standards on Auditing (ISA) and with generally accepted auditing practice in Sweden. Our responsibilities with respect to these standards are described in greater detail in the section "Auditor's responsibility". We are independent of the Parent Company and the Group, as required by generally accepted auditing standards in Sweden, and have in other respects fulfilled our professional ethical responsibilities in accordance with these requirements.

We consider that the audit evidence we have obtained is sufficient and appropriate as a basis for our statements.

Information other than the Annual Report and consolidated financial statements

This document also includes information other than the Annual Report and consolidated financial statements; this information can be found on pages 1-32, 66-67 and 76-81.

The Board and the CEO are responsible for this additional information.

Our statement concerning the Annual Report and consolidated financial statements does not cover this information, and we make no statement confirming this additional information.

In conjunction with our audit of the Annual Report and consolidated financial statements, it is our responsibility to read the information identified above and to consider whether the information is, to a substantial extent, incompatible with the Annual Report and consolidated financial statements. In this review, we also consider the knowledge we have otherwise obtained during the audit and assess whether the information appears, in other respects, to contain substantial inaccuracies.

If, on the basis of the work carried out concerning this information, we conclude that the additional information contains a substantial inaccuracy, we are obliged to report this. We have nothing to report in this respect.

Responsibility of the Board and CEO

It is the Board and CEO who are responsible for ensuring that the Annual Report and consolidated financial statements are drawn up and that they give a true overview in accordance with the Annual Accounts Act. The Board and CEO are also responsible for the internal checks they judge to be necessary in order to draw up an annual report and consolidated



financial statements which do not contain any significant inaccuracies, whether these result from irregularity or error.

In drawing up the Annual Report and consolidated financial statements, the Board and CEO are responsible for assessing the company's and the Group's ability to continue operations. They report, when appropriate, on conditions that may affect the ability to continue operations and to use the assumption of continued operation. However, the assumption of continued operation is not applied if the Board and the CEO intend to liquidate the company, to cease operations, or have no realistic alternative to doing either of these.

Auditor's responsibility

Our goals are to achieve a reasonable degree of certainty as to whether the Annual Report and consolidated financial statements as a whole do not contain any significant inaccuracies, whether due to irregularities or errors, and to submit an audit report containing our statements. Reasonable certainty is a high degree of certainty, but is not a guarantee that an audit carried out in accordance with ISA and good auditing practice in Sweden will always detect a significant inaccuracy if one exists. Inaccuracies may arise as a result of irregularities or errors, and are deemed to be significant if they, individually or collectively, can reasonably be expected to affect the financial decisions that users make on the basis of the Annual Report and consolidated financial statements.

A further description of our responsibility for the audit of the Annual Report and consolidated financial statements may be found on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description is a part of the audit report.

Report on other requirements in accordance with laws and other ordinances

Statements

In addition to our audit of the Annual Report and consolidated financial accounts, we have also carried out an audit of the Board's and the CEO's administration of FlexQube AB (publ) for the year 2019, and of the proposal for appropriation of the company's profit or loss.

We advise the Annual General Meeting to dispose of the profit in accordance with the proposal in the report of the Board of Directors, and to grant the members of the Board and the CEO discharge from liability for the financial year.

Basis for statements

We have carried out the audit in accordance with generally accepted auditing practice in Sweden. Our responsibilities in this respect are described in greater detail in the section "Auditor's responsibility". We are independent of the Parent Company and the Group, as required by generally accepted auditing standards in Sweden, and have in other respects fulfilled our professional ethical responsibilities in accordance with these requirements.

We consider that the audit evidence we have obtained is sufficient and appropriate as a basis for our statements.

Responsibility of the Board and CEO

It is the Board that is responsible for the proposal for appropriation of the company's profit or loss. In the case of a proposed dividend this includes, among other things, an assessment of whether the dividend is justifiable in view of the requirements that the company's and the Group's type of business, scope and risks impose on the size of the parent company's and the Group's equity, consolidation requirements, liquidity and position in other respects.

The Board is responsible for the company's organization and the administration of the company's affairs. This includes, among other things, a continuous assessment of the company's and the Group's financial situation, and ensuring that the company's organization is designed so that accounting, fund management and the company's other financial affairs

are monitored in a satisfactory manner.

The CEO must take care of the day-to-day administration in accordance with the Board's guidelines and instructions and, inter alia, take the necessary measures to ensure that the company's accounting is carried out in accordance with the law and that the funds are managed in a satisfactory manner.

Auditor's responsibility

Our goal regarding the audit of the administration, and thus our statement concerning discharge from liability, is to obtain audit evidence in order to be able to assess, with a reasonable degree of certainty, whether any board member or the CEO has in any material respect:

- taken any action or been guilty of any negligence that may cause liability to the company;
- acted in any other way in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our goal regarding the audit of the proposal for appropriation of the company's profit or loss, and thus our statement concerning this, is to assess with a reasonable degree of certainty whether the proposal is compatible with the Companies Act.

A reasonable degree of certainty is a high degree of certainty, but no guarantee that an audit carried out in accordance with generally accepted auditing standards in Sweden will always detect measures or omissions that may result in liability to the company, or that a proposal for disposals of the company's profit or loss is not compatible with the Companies Act.

A further description of our responsibility for the audit of the administration may be found on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description is a part of the audit report.

Gothenburg, March 20, 2020

PricewaterhouseCoopers AB

Johan Palmgren

AUTHORIZED PUBLIC ACCOUNTANT



Ulf Ivarsson
Chairman of the Board

LETTER FROM THE CHAIRMAN

Growth for profitability

Prior to its listing on First North in December 2017, FlexQube communicated that the company's focus was controlled growth, gaining a toehold in new markets, consolidating its organization and product development. We are following the basic principles of the company's strategic plan where strong organic growth and continued product development have been prioritized. During the period 2017-2019, the company took several important steps towards achieving a market position and volume of business that were expected to generate sustained profitability.

- Establishment of FlexQube in new markets (Mexico 2017, Germany 2018, United Kingdom 2019)
- Increase sales in existing markets and with existing customers and reach new customers with a broader industry structure
- Active marketing and consolidation of sales organization
- Coordinate development, production and logistics in Sweden for the European market
- Launch of the eQart®, where "e" stands for Electric.

The eQart® is FlexQube's biggest development initiative to date and the first product to be launched from the in-house development project "FlexQube 4.0", which began in 2017. The growth of autonomous and digitized products will be significant over the next few years and I believe that FlexQube has a unique offering when the eQart® is combined with our modular and flexible basic concept.

The investment and expansion efforts made by FlexQube in recent years have paid off. At the end of 2019, there was strong growth in order intake and sales, which continued at the start of 2020. Along with the Board and management, I am expecting the strengthening of the company's leadership and development of its organization over the course of the year to reap positive rewards in terms of profit and cash flow. This will be the outcome of a period of intense build-up where the company clearly created a position in its market.

Well-functioning cooperation between Board and management is important, not least in a dynamically growing company like FlexQube. The Board and management engage in ongoing dialog, which, in addition to regular Board meetings, also includes special meetings focusing on strategy, product development and organization.

At the same time, it is important to note that the Board also has a supervisory responsibility:

the Board is also responsible for ensuring that the company develops in an efficient and responsible manner. One of its functions is to act as a supervisory body, while our perhaps most important task is to "coach" the management and contribute to adapting the company's operations so that they make the best use of the opportunities in the market and changes in the outside world. This is a matter of both critically reviewing strategy and management and, at the same time, contributing to the right conditions for continued development. A more detailed description of the company's governance and the division of roles between the Annual General Meeting, the Board of Directors and the CEO can be found in the Corporate Governance Report on pages 68-75.

The market for intralogistics is growing and is also in a constant state of flux. Demand for digital solutions that contribute to increased automation and streamlining is evident. With combinations of a modular basic concept and the eQart, FlexQube has good opportunities to meet demanding customer needs. Together with committed employees and leadership driving the company forward, the conditions are good for sustainable growth and value creation for both FlexQube's shareholders and its employees.

Gothenburg, March 20, 2020

Ulf Ivarsson

CHAIRMAN OF THE BOARD, FLEXQUBE AB (PUBL)

Corporate Governance Report

FlexQube AB (publ) is a public Swedish company whose shares are listed on Nasdaq First North Stockholm. The company is a global supplier of flexible and robust industrial carts in the field of material handling. Standardized interfaces and modular building blocks allow for a unique, efficient, scalable design process where customers have access to unique solutions.

FlexQube's corporate governance describes how the owners, through the General Meeting, and the Board of Directors govern the company and ensures that the CEO and the company management create value and manage the risks in the business.

Shareholders

The FlexQube Group comprises five companies. The Group's Parent Company is the Swedish public share company FlexQube AB (publ), whose shares are listed on Nasdaq First North Stockholm.

FlexQube's share capital is represented by common shares. Each share entitles the holder to one vote. All shares carry the same right to a share of the company's assets and profits. The number of shares is 7,433,333. As at December 31, 2019, the number of shareholders was approximately 1,500.

For more information about the ownership structure, trading and price trend, see pages 30-32 of the Annual Report. The major shareholders in FlexQube exercise an active ownership role. The Board and Group management control a total of 64.5 per cent of the capital and votes in the company. The Articles of Association do not contain any proviso concerning a restriction on the right to vote.

Corporate governance

The basis for the governance of FlexQube is the Swedish Companies Act, the Articles of Association, Nasdaq First North's regulations, internal rules and regulations, and other applicable Swedish and foreign laws and regulations.

Articles of Association

According to the Articles of Association, the company's name is FlexQube AB (publ) and the company is public. The Board has its registered office in Gothenburg municipality, Västra Götaland County, Sweden. The company shall, directly or indirectly, develop, manufacture and market material racks and locking and coupling devices for the manufacturing and construction industry and the retail trade. The company shall also carry out consultancy services in production and product development, with a focus on mechanical engineering, and pursue business compatible with this.

General meeting

The right of the shareholders to make decisions concerning FlexQube's affairs is exercised through the highest decision-making body, the annual general meeting or an extraordinary general meeting. For example, the general meeting makes decisions concerning amendments to the Articles of Association, election of the Board of Directors and auditors, adoption of the income statement and balance sheet, discharge from liability for the Board of Directors and the CEO, and the appropriation of profit or loss.

In accordance with FlexQube AB's Articles of Association, notice of the general meeting shall be made through advertisement in the Post- och Inrikes Tidningar official journal and on the Company's website. The fact that notice has been given shall at the same time be advertised in Dagens Industri.

Right to attend the general meeting

In order to attend the general meeting, shareholders

must register themselves with FlexQube no later than the day stated in the notice of the meeting. This day may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve, and may not fall earlier than the fifth weekday before the meeting.

Initiatives from shareholders

Shareholders who wish to have a matter raised at the general meeting must submit a written request to the company's Board of Directors. Such a request must normally be received by the Board no later than four weeks before the general meeting.

Annual General Meeting 2019

The 2019 Annual General Meeting was held on May 3 at the Comfort Hotel in Gothenburg. A total of 68.3 percent of the total number of shares and votes were present. The accounts for 2018 were approved, and the Board members and CEO were discharged from liability. Decisions were also taken concerning the election of board members, Chairman of the Board and auditors, and fees to the Board and auditors.

Annual General Meeting 2020

On May 5, 2020 at the company's headquarters at August Barks Gata 1, Västra Frölunda. For information concerning the Annual General Meeting, see page 81.

Nomination Committee

The FlexQube general meeting currently has no nomination committee.

Board of Directors

The Board of Directors, after the general meeting, is FlexQube's highest decision-making body. It is the Board of Directors that is responsible for the company's organization and the administration of the company's affairs, for example by setting goals and strategy, ensuring procedures and systems for monitoring the goals set, continuously assessing FlexQube's financial situation and evaluating the operational management. It is also the responsibility of the Board to ensure that correct information is given to the company's stakeholders, that the company complies with laws and regulations and that the company develops and implements internal policies and ethical guidelines. The Board also appoints FlexQube's CEO and determines the CEO's salary and other remuneration on the basis of relevant guidelines.

Composition of the Board of Directors

The Board members elected by the Annual General Meeting are elected annually by the Annual General Meeting for the period until the next Annual General Meeting has been held. In accordance with the Articles of Association, the Board of Directors shall consist of at least three and no more than six ordinary members elected by the Annual General Meeting, without deputies.

In 2019, the Board of Directors consisted of five members elected for one year by the Annual General Meeting.

The company's Board of Directors currently consists of the following ordinary members elected by the Annual General Meeting: Ulf Ivarsson, Chairman of the Board, Per Augustsson, Christian Thiel, Kristina Ljunggren and Anders Ströby. CEO Anders Fogelberg is not a member of the Board, but takes part in all meetings as a rapporteur. The company's CFO is the permanent secretary at Board meetings.

The members of the Board are presented in more detail on pages 76-78.

Chairman of the Board

The Chairman of the Board has the task of ensuring that the work of the Board is carried out efficiently and that the Board fulfills its obligations. In particular, the Chairman shall organize and lead the work of the Board in order to create the best possible conditions for the Board's work.

It is the task of the Chairman to ensure that a new Board member undergoes the necessary induction and other training that the Chairman and member together judge appropriate, to ensure that the Board continuously updates and deepens its knowledge of the company, to ensure that the Board receives adequate information and decision support for its work, to determine proposals for the agenda for the Board's meetings after consultation with the CEO, to verify that the Board's decisions are implemented, and to ensure that the work of the Board is evaluated annually.

The Chairman of the Board is responsible for contacts with the owners concerning ownership matters and communicating views from the owners to the Board. The Chairman does not take part in the operational work of the company; nor is the Chairman a member of the Group management.

The work of the Board

The Board of Directors follow written rules of procedure that are reviewed annually and adopted at the constituent Board meeting. The rules of procedure regulate, inter alia, the working methods of the Board, its tasks, the decision-making procedure in the company, the procedure for the Board's meetings, the Chairman's duties and an appropriate division of work between the Board and the CEO. Instructions concerning financial reporting and instructions to the CEO are also established in conjunction with the constituent Board meeting.

The work of the Board is also conducted on the basis of an annual meeting plan that satisfies the Board's need for information. The meeting plan should be drawn up so that the meetings coincide with the presentation of quarterly reports, financial statements and the end-of-year report. Requests for confirmation addressed to the Board are handled by the Board as a whole. In addition to the Board meetings, the Chairman of the Board and the CEO have an ongoing dialog concerning the management of FlexQube.

The Board meets in accordance with a predetermined meeting plan, and should hold at least five ordinary Board meetings between each Annual General Meeting. In addition to these meetings, extra meetings may be arranged to deal with matters that cannot be postponed until one of the ordinary meetings. During the financial year 2019, the Board held nine meetings, all of which were minuted.

Below is a list of the members with their shareholdings, attendance at meetings and their independence to owners and the company respectively.

The work of the Board is assessed constantly. An annual evaluation is conducted in writing, and followed up by a working meeting at which the Chairman of the Board reports the results for joint assessment and discussion. The outcome for 2019 showed that the work of the Board functions well and that the composition of the Board fosters a good climate for discussion and cooperation.

Committees

The Board has appointed an audit committee and a remuneration committee.

Audit committee

The Board of Directors constitutes the audit committee, with Ulf Ivarsson as Chairman. The principal tasks of the audit committee are to monitor FlexQube's financial reporting, monitor the effectiveness of the company's internal monitoring, internal auditing and risk management with respect to financial reporting, and to make recommendations and proposals for ensuring the reliability of the reporting. The audit committee shall, in collaboration with FlexQube's auditor, ensure audit planning, follow-up and audit status in advance of the annual report and consolidated accounts, and the conclusions of the Swedish Inspectorate of Auditor's quality control.

In addition, the audit committee shall oversee the auditor's impartiality and independence and, in particular, if necessary, give approval in advance for the auditor to provide the company with services other than audit services.

Name	Number of shares	Attendance at Board meetings	Independence from owners or company
Ulf Ivarsson	80,000	9/9	Yes
Anders Ströby	70,000	9/9	Yes
Kristina Ljunggren	18,600	9/9	Yes
Per Augustsson	1,458,443	9/9	No
Christian Thiel	1,930,000	9/9	No

Board's annual planning

The Board's work follows a structure with fixed and recurrent tasks, primarily as in the following plan.

FEBRUARY

Board

- Year-end report
- Annual Report
- Proposed dividend
- Preparations for Annual General Meeting
- Corporate Governance Report
- Board evaluation

Audit committee

- Audit status Annual Report
- Evaluation auditors

APRIL/MAY

Board

- Quarterly report first quarter
- Audit plan
- Evaluation of incentive program and need for new programs to be presented at the Annual General Meeting

Constituent Board meeting

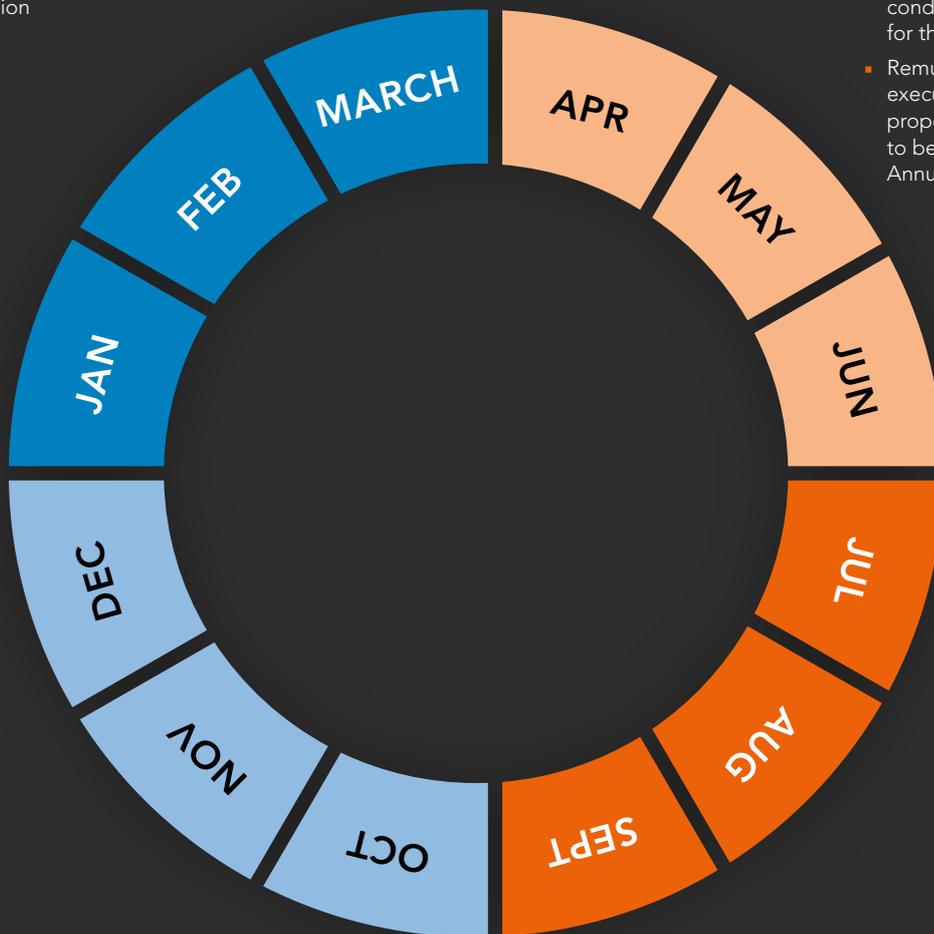
- Board's and committees' rules of procedure, CEO's instructions
- Members for audit or remuneration committee

Remuneration committee

- Overall salary and conditions policy for the Group
- Remuneration to senior executives, including proposals for guidelines to be decided on at the Annual General Meeting

Audit committee

- Audit plan



DECEMBER

Board

- Budget and business targets
- Corporate governance
- Follow-up and evaluation of Board's work

Remuneration committee

- Evaluation of CEO's work and management group, and planning for future needs

SEPTEMBER-NOVEMBER

Board

- Quarterly report third quarter
- Strategic development, evaluation, strategic focus and targets

Audit committee

- Audit planning annual accounts
- Evaluation of internal monitoring and risk assessment

JULY/AUGUST

Board

- Quarterly report second quarter

Remuneration committee

The remuneration committee consists of Anders Ströby (Chairman) and Ulf Ivarsson. The CEO acts as rapporteur in matters that do not concern the CEO's terms and conditions.

The task of the remuneration committee is to review and give the Board recommendations concerning the principles for terms and conditions and remuneration to the company's senior executives.

The remuneration committee shall assess the work of the CEO annually. Matters concerning the CEO's terms and conditions of employment, remuneration and benefits are prepared by the remuneration committee and decided on by the Board.

Chief Executive Officer and Management

The CEO is, in his/her role, subordinate to the Board, and has the principal task of managing FlexQube's day-to-day administration and daily operations. The Board's rules of procedure and the instructions for the CEO state which matters the Board of Directors of FlexQube shall decide on, and which decisions fall to the CEO. The CEO also produces reports and necessary supporting documentation in advance of Board meetings, and acts as rapporteur of the material at Board meetings.

In addition to the CEO, FlexQube has two senior executives - see page 79.

Other information concerning the Board and Management

The Chairman of the Board, Ulf Ivarsson, and the members Kristina Ljunggren and Anders Ströby, are independent in relation to FlexQube, the company's management and its principal owners. Anders Fogelberg, CEO, Christian Thiel, Board member, and Per Augustsson, CTO, hold more

than 10 percent of the capital and votes in FlexQube AB, and are thus considered to be dependent in relation to major shareholders and the company.

None of the Board members or members of the Group management has any family relationship with any other Board member or member of the Group management in FlexQube. None of the Board members or members of the Group management has, during the past five years

- been convicted in a case related to fraud,
- been a representative of any company that has been declared bankrupt or liquidated, with the exception of what is stated in the compilation of ongoing and previous assignments of each person under the heading "Board" on pages 76-78, or
- been forbidden by a court to act as a board member or senior executive or in any other way pursue business activities, and none of the Board members or members of the Group management has been subject to official charges or sanctions by authorities authorized by law or regulation.

Nor are there any conflicts of interest through which the private interests of Board members or members of the Group management would be in conflict with the company's interests.

Related party transactions

No company in the Group has entered into an agreement that entitles Board members or members of the management group to benefits after their assignment has been completed. Persons in the management group are entitled to salary during the notice period.



Internal monitoring

The Board's responsibility for internal monitoring is regulated in the Swedish Companies Act and the Annual Accounts Act, which include requirements that information concerning the most important elements of FlexQube's internal monitoring and risk management systems in connection with financial reporting be included each year in the corporate governance report.

The Board shall, inter alia, ensure that FlexQube has good internal monitoring and formalized procedures to ensure that established principles for financial reporting and internal monitoring are complied with, and that there are appropriate systems for monitoring and checking the company's operations and the risks associated with FlexQube and its operations.

The purpose of the internal monitoring is to ensure to a reasonable extent that the Group's operational strategies and goals are followed up and that the owners' investment is protected. The internal monitoring shall also ensure to a reasonable extent that the external financial reporting is reliable and drawn up in accordance with generally accepted accounting principles, that applicable laws and regulations are complied with and that requirements for listed companies are complied with.

Monitoring environment

The Board has the overall responsibility for the internal monitoring of financial reporting. In order to create and maintain a functional monitoring environment, the Board has adopted a number of policies and governing documents that regulate financial reporting. These consist primarily of the Board's rules of procedure, the CEO's instructions and the instructions for financial reporting. The Board has also adopted a special certification scheme and a risk and finance policy.

The Board continuously follows the company's financial position and the effectiveness of the company's internal monitoring and risk management, and keeps itself informed of the audit of the annual accounts and consolidated accounts. The Board also reviews and monitors the auditor's impartiality and independence. The Board also receives reports from FlexQube's auditor.

Risk assessment

The Board receives additional information concerning risk management, internal monitoring and financial reporting from the auditor via the audit committee or at Board meetings with the auditor present.

Monitoring activities

Monitoring activities limit risks identified and ensure accurate and reliable financial reporting. The Board is responsible for the internal monitoring and follow-up of the company management. This takes place by means of both internal and external monitoring activities and by means of review and follow-up of the company's governing documents. An important part of FlexQube's monitoring activities are standardized reporting procedures and clear documented rules of procedure and divisions of responsibility.

Governance and follow-up

Continuous follow-up of earnings outcomes takes place at a number of levels in the Group, both at company level and at Group level. Follow-up takes place in relation to budget and forecasts.

Reporting takes place to the CEO and Board. According to the Board's instructions to the audit committee, the committee must hold at least one meeting per year in which the company's auditors participate without the presence of FlexQube employees. The auditors must report on the focus and scope of the audit, the auditors' observations made during the audit and their observations concerning the internal monitoring. The audit committee's meetings are minuted and the minutes are provided to the Board.

Need for internal auditing

The effectiveness of internal auditing is largely dependent on the company's organizational structure and the size of the organization. FlexQube has a relatively small organization, with finance and other administration managed from the company's office in Gothenburg. Follow-up of results and balance sheet is done on a monthly basis by the various functions in the company and by the company management and Board. As a result, a special unit for internal auditing is not considered to be necessary.

Information and communication

The company has information and communication paths that are intended to promote the accuracy of financial reporting and to enable reporting and feedback from the operations to the Board and management, for example by making governing documents in the form of internal policies, guidelines and instructions concerning financial reporting available and known to relevant employees. The company has also drawn up policies and instructions with the purpose of informing employees and other interested parties in FlexQube of the laws that apply to the company's information disclosure and the specific requirements for persons who are active in a listed company in situations such as the management of insider information. In connection with this, FlexQube has drawn up procedures for handling and limiting the dissemination of information that has not yet been published, so-called deferred publication. The Board has adopted a communication policy and insider policy that regulates the Group's disclosure of information.

IR function

The main tasks of the IR function are to support the CEO, CFO and senior executives in relation to the capital markets, to prepare quarterly reports and annual reports, analyst meetings, general meetings and capital market meetings.

Follow-up

Compliance and effectiveness of the internal monitoring are followed up continuously. The CEO ensures that the Board receives on-going reporting on the development of the company's operations, including the development of FlexQube's earnings and position, and information about important events.

Remuneration to the Board and Senior Executives

Remuneration to the Board

The Annual General Meeting on May 3, 2019, resolved that remuneration to the Board of Directors should amount SEK 550,000, of which SEK 250,000 to the Chairman of the Board and SEK 150,000 to each member who is not employed by the company.

Remuneration to senior executives

The total expensed gross compensation to the CEO and Group management, including basic salary, pension payments and car and health insurance benefits, amounted in 2019 to 3.8 MSEK, of which 1.3 MSEK comprised remuneration to the CEO.

Audit

FlexQube's auditors review the annual accounts and the annual report, as well as the company's ongoing operations and procedures, in order to comment on the accounts and the administration by the Board and the CEO. The auditors must, after each financial year, submit an audit report to the general meeting. The company's auditors report personally to the Board each year their observations from the audit and their assessments of the company's internal monitoring.

At the Annual General Meeting on May 3, 2019, PricewaterhouseCoopers AB was elected auditing firm, with Johan Palmgren as auditor-in-charge, and it was resolved that remuneration to the auditor shall be paid according to an approved invoice.

For information concerning remuneration to the auditor, see Note 4.

Auditor's statement concerning the Corporate Governance Report

To the General Meeting of FlexQube AB (publ),
CIN 556905-3944

TASKS AND DIVISION OF RESPONSIBILITY

It is the Board of Directors that is responsible for the Corporate Governance Report on pages 68-75 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

FOCUS AND SCOPE OF THE REVIEW

Our review has been carried out in accordance with FAR's statement RevU 16 Auditor's review of the corporate governance report. This means that our review of the corporate governance report has a different focus and a considerably narrower scope than the focus and scope of an audit carried out in accordance with the International Standards on Auditing and good auditing standards in Sweden. We consider that this review gives us a sufficient basis for our statements.

STATEMENT

A corporate governance report has been drawn up. Information given in accordance with Chapter 6, Section 6, second paragraph, points 2-6 of the Annual Accounts Act and Chapter 7, Section 31, second paragraph of the same Act is consistent with the other parts of the annual accounts and consolidated accounts and complies with the Annual Accounts Act.

Gothenburg, March 20, 2020
PricewaterhouseCoopers AB

Johan Palmgren
Authorized Public Accountant



Board of Directors

In accordance with FlexQube's Articles of Association, the Board of Directors shall consist of at least three and no more than six members, without deputies. FlexQube's Board of Directors currently consists of five members, including the Chairman of the Board, who have been appointed until the end of the 2019 Annual General Meeting. The following is a list of information concerning the independence of each Board member in relation to the company and its management,

and to the company's major shareholders, as well as a presentation of the respective Board member with information including name, year of birth, year of election to the Board, education and experience, ongoing and completed assignments in the past five years and shareholding in the company. Shareholdings in the company include own, direct and indirect holdings and related party holdings. Other or previous assignments in the FlexQube Group are not stated.

Name	Post	Member since	Independence in relation to	
			The company and its management	Major shareholders
Ulf Ivarsson	Chairman of the Board	2017	Yes	Yes
Per Augustsson	Member of the Board	2012	No	No
Christian Thiel	Member of the Board	2012	No	No
Anders Ströby	Member of the Board	2017	Yes	Yes
Kristina Ljunggren	Member of the Board	2018	Yes	Yes



Ulf Ivarsson

Chairman of the Board since 2017, born 1961

Education

Master of Business Administration, School of Business, Gothenburg University, 1993.

Ongoing important assignments

Chairman of Board of AB Stratio, Negotium Curago Göteborg AB, Syntegra Invest AB, SmartHome4u Sweden AB and Board member of Exsultat AB and Klövern AB.

Background

Ulf has extensive experience of board work, e.g. as chairman of Serneke Group AB, ArcCore AB, Guide Konsult AB, board member of Akademibokhandelsgruppen AB, chairman of IFK Göteborg Fotboll AB, board member of Idrottsföreningen Kamraterna Göteborg, partner and chairman of AB Stratio, partner at Nordic Capital, various assignments for Bure Equity (including vice CEO). Ulf has previously acted as editor of Dagens Industri and held various assignments in Corporate Finance and Management Consulting.

Holding in the company

Ulf Ivarsson holds, through the company, 80,000 shares in the company.



Per Augustsson

Co-founder and Board member since 2012, born 1981

Education

Master of Mechanical Engineering at Chalmers University of Technology.

Ongoing assignments

Board member of AuguTech AB and FlexQube subsidiary and deputy board member of Mostly AB.

Background

Per founded FlexQube AB (publ) in 2012 (the subsidiary FlexQube Europe AB was founded in 2010) jointly with Christian Thiel and Anders Fogelberg, and has previously worked, inter alia, at Zenitel and Volvo CE as a project manager with a focus on product development and investments.

Holding in the company

Per Augustsson holds, through the company, 1,458,443 shares in the company.

Christian Thiel

Co-founder and Board member since 2012, born 1981

Education

Master of Laws, LL.M. from the School of Business, University of Gothenburg and Bachelor's degree in Industrial and Financial Economics from the School of Business, University of Gothenburg.

Ongoing assignments

Chairman of Board of Svensk Tillgångsutveckling AB, Feldthusen Invest AB and F&T Equity AB.

Background

Christian founded FlexQube AB (publ) in 2012 (the subsidiary FlexQube Europe AB was founded in 2010) jointly with Per Augustsson and Anders Fogelberg, and has previously worked, inter alia, as CEO of Svensk Tillgångsutveckling, head of investment at F&T Equity AB and lawyer at Mannheimer Swartling Advokatbyrå, with a focus on M&As and commercial law. Christian has several years' experience of starting and running companies in a number of industries.

Holding in the company

Christian Thiel holds, through the company, 1,930,000 shares in the company.





Anders Ströby

Board member since 2017, born 1953

Education

Master of Mechanical Engineering, Royal Institute of Technology (KTH), economics studies at Stockholm University and studies in Business Management at the Gothenburg Management Institute.

Ongoing assignments

Board member in Bravik Mgm AB and Senior Advisor in ISEA Sweden KB.

Background

Anders has extensive experience from a series of different assignments and roles in the Husqvarna Group, including work in the Group management and CEO of the Construction division (assignments as board member and chairman of Husqvarna AB subsidiaries), assignments as senior executive of Electrolux Outdoor Products Ltd, chairman of the board of Hebei Jikai Industrial co, Shijiazhuang (China). Previously, Anders worked, inter alia, as CEO of Jonsered AB.

Holding in the company

Anders Ströby holds, through the company and related parties, 70,000 shares in the company.

Kristina Ljunggren

Board member since 2018, born 1980

Education

Master of Industrial Economics and Management from Chalmers University of Technology and Instituto Tecnológico y Estudios Superiores de Monterrey in Mexico.

Ongoing assignments

Board member of Triathlon AB and deputy of TPIII Global AB, TPIII Global II AB, Alea Redovisning AB, Pinestreet AB and Industrial Senior Advisors Vehiculum AB.

Background

Kristina is a senior partner in the Triathlon Group, and her competence in leading major change work and the development and implementation of best practices in a producing organizations has won widespread recognition. Kristina has worked internationally with end-to-end corporate development to optimize operations in line with goal setting, specifically within processes and IT. Kristina also manages projects involving business model transformation, servitization, data-driven analysis and the development of supply chains.

Holding in the company

Kristina Ljunggren holds, privately and through related parties, 18,600 shares in the company.



Senior executives

FlexQube currently has three senior executives: Anders Fogelberg, Mikael Lindbäck and Per Augustsson. Below is a list of the senior executives' posts and employment period, year of birth, background, shareholding in the company and ongoing assignments. Other or previous assignments

in the FlexQube Group are not stated. Shareholdings in the company include own, direct and indirect holdings and related party holdings.



Anders Fogelberg

Co-founder and Group CEO since 2013, born 1981.

Education

Master of Mechanical Engineering from Chalmers University of Technology and Bachelor of Science in Industrial and Financial Economics from the School of Business, Economics and Law at the University of Gothenburg.

Ongoing assignments

Board member of Birdmountain Invest AB and board member of FlexQube's subsidiary.

Background

Anders founded FlexQube AB (publ) in 2012 (the subsidiary FlexQube Europe AB was founded in 2010) jointly with Christian Thiel and Per Augustsson and has previously been, inter alia, CEO of F&T Equity AB and worked as a management consultant at Accenture with a focus on Supply Chain Management. Anders has several years' experience of running his own companies.

Holding in the company

Anders Fogelberg holds, through the company, 1,248,444 shares in the company.

Mikael Lindbäck

Head of Finance of the Group since 2019, born 1982.

Education

Masters' Degree in Accounting from the Gothenburg School of Business, Economics and Law at the University of Gothenburg.

Ongoing assignments

Chairman and board member of FlexQube's subsidiary.

Background

Mikael has many years' experience from various financial positions and previously worked as CFO for Gigant AB and Grunda AB in the B&B TOOLS (publ) Group. He subsequently worked as Head of Finance at Centiro Solutions AB before joining FlexQube.

Holding in the company

Mikael Lindbäck holds 3,000 shares in the company.



Other information concerning the Board and senior executives

All Board members and senior executives in FlexQube can be reached at the address of FlexQube's head office, August Barks Gata 1, 421 32 Västra Frölunda, Sweden.

No Board member or member of the Group management has any family ties to any other Board members or members of the Group management. There are no conflicts of interest or potential conflicts of interest between the Board members' and senior executives' obligations towards FlexQube and their private interests and/or other obligations. However,

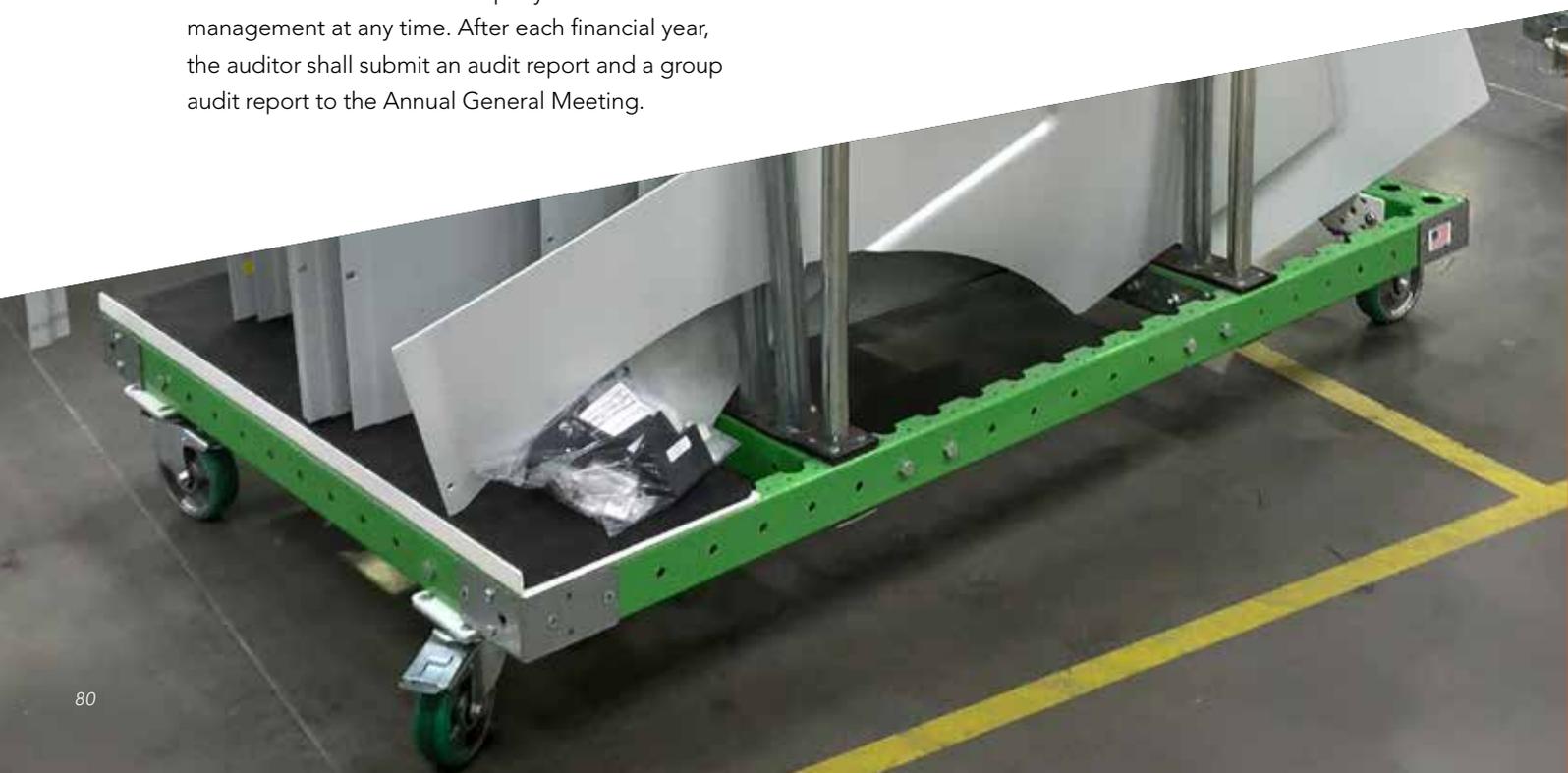
several Board members and senior executives have financial interests in FlexQube as a result of their indirect shareholdings in the company.

None of the above-mentioned Board members or senior executives have entered into agreements with any Group companies regarding benefits after the completion of their assignment.

Auditor

In accordance with the Articles of Association, FlexQube shall appoint one or two auditors with a maximum of two deputy auditors, or a registered auditing company. The company's auditor is appointed by the Annual General Meeting. The auditor shall review FlexQube's annual report and accounts, as well as the administration by the Board and the CEO. The company's auditor is continuously informed of the company's operations, including through regular meetings with the company management, distributed Board material and minutes. The auditor may submit comments and recommendations to the company's board and management at any time. After each financial year, the auditor shall submit an audit report and a group audit report to the Annual General Meeting.

At the Annual General Meeting on May 3, 2019, PricewaterhouseCoopers AB was elected as the auditing company, with Johan Palmgren as auditor-in-charge. Johan Palmgren is an authorized public accountant and a member of FAR. Remuneration to the auditor is paid in accordance with an approved invoice.



Annual General Meeting and financial calendar

FlexQube's Annual General Meeting will be held on May 5, 2020 at the company's headquarters at August Barks Gata 1, Västra Frölunda.

Attendance

A shareholder who is included in the share register kept by Euroclear Sweden AB on April 28, 2020, and who notifies his intention to attend the Annual General Meeting to FlexQube AB no later than April 28, 2020, is entitled to attend. In order to be entitled to attend the AGM, shareholders who have registered their shares with an administrator must temporarily register the shares in their own name with Euroclear Sweden AB. Such re-registration should be requested in good time before April 28, 2020, with the bank or stockbroker who manages the shares. The shareholder's rights at the AGM may be exercised by proxy. A representative legal entity must be authorized by the signatory and a copy of a current registration certificate stating who the signatories are must be attached.

Registration

Registration for the Annual General Meeting can be done by post to FlexQube AB, August Barks Gata 1, 421 32 Västra Frölunda or by email: ir@flexqube.com. When registering, the name, address, telephone number, personal ID number or CIN and name of any proxies should be stated.

Distribution policy

The Annual Report is made available as a PDF at www.flexqube.com and a printed Annual Report is sent to all those who request one. Orders should be sent to ir@flexqube.com or by post to FlexQube AB, August Barks Gata 1, 421 32 Västra Frölunda, Sweden.

Financial calendar

Quarterly report 1, 2020	May 5, 2020
Annual General Meeting 2020	May 5, 2020
Q2 Report 2020	August 5, 2020
Q3 Report 2020	October 28, 2020
Q4 Report 2020	February 24, 2021

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Reprinting may only be done with FlexQube's prior written consent.

The report was originally written in Swedish and translated into English.

In the event of any discrepancies between the two versions, the Swedish version takes precedence.