

QUARTER 3

INTERIM REPORT JANUARY – SEPTEMBER 2021

SUMMARY QUARTER 3 2021

- Net sales amounted to SEK 254.4 (191.1) million, which equals a growth of 33.1 (-33.1) %.
- Operating profit before amortizations of intangible assets (EBITA) amounted to SEK 38.4 (12.8) million with a margin of 15.1 (6.7) %.
- Operating profit (EBIT) amounted to SEK 13.1 (-6.5) million with a margin of 5.1 (-3.4) %. Amortizations of goodwill had an impact on EBIT of SEK -25.0 (-19.3) million.
- Earnings per share amounted to SEK 0.33 (-1.08).
- Cash flow from operating activities after changes in working capital amounted to SEK 13.4 (24.9) million.

SUMMARY JANUARY-SEPTEMBER 2021

- Net sales amounted to SEK 757.1 (666.8) million, which equals a growth of 13.5 (-6.7) %.
- Operating profit before amortizations of intangible assets (EBITA) amounted to SEK 106.8 (3.1) million with a margin of 14.1 (0.5) %.
- Operating profit (EBIT) amounted to SEK 32.6 (-55.7) million with a margin of 4.3 (-8.4) %. Amortizations of goodwill had an impact on EBIT with SEK -73.2 (-59.6) million.
- Earnings per share amounted to SEK 0.57 (-6.79).
- Cash flow from operating activities after changes in working capital amounted to SEK 61.9 (46.3) million.

KEY RATIOS

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net sales (SEK thousands)	254 395	191 098	757 119	666 799	895 860
Sales growth (%)	33.1	-33.1	13.5	-6.7	-13.7
EBITDA (SEK thousands)	41 289	16 438	115 618	19 081	73 455
EBITA (SEK thousands)	38 436	12 802	106 826	3 072	49 543
EBITA (%)	15.1	6.7	14.1	0.5	5.5
Amortizations of goodwill (SEK thousands)	-24 956	-19 254	-73 231	-59 589	-80 728
Operating profit EBIT (SEK thousands)	13 054	-6 453	32 562	-55 718	-31 184
Operating margin EBIT (%)	5.1	-3.4	4.3	-8.4	-3.5
Cash flow from operating activities (SEK thousands)	13 439	24 858	61 853	46 294	54 447
Equity ratio (%)	33.9	29.3	33.9	29.3	30.5
Net debt (SEK thousands)	181 903	145 434	181 903	145 434	129 903
Earnings per share (SEK)	0.33	-1.08	0.57	-6.79	-4.90
Equity per share (SEK)	30.88	29.94	30.88	29.94	30.40
Number of shares, end of period	11 320 968	11 320 968	11 320 968	11 320 968	11 320 968



COMMENTS BY CEO AXEL BERTSSON

Sales for the third quarter have developed positively compared to the previous year and amounted to SEK 254.4 (191.1) million, which corresponds to a growth of 33.1%. The operating margin (EBITA) has also developed positively and increased from 6.7% to 15.1%. The combination of higher margin and higher volume causes EBITA for the quarter to triple compared to the same period last year.

Despite a positive result for the quarter, we still see challenges in the market for industrial applications. Several customer segments, with the automotive industry at the forefront, have challenges related to shortage of components which hampers their production and increases uncertainty. As a result, we see longer decision-making processes and delayed investments at several of our customers.

The Group's own companies delivering industrial products are also affected by the shortage of components. Together with challenges related to in- and outbound logistics, the component shortage has caused increased costs and longer lead times during the quarter. As a response we have decided to temporarily increase inventory levels, which has resulted in a higher working capital and lower cash flow.

The Commercial Kitchen market has distinct seasonal effects where the months with larger share of vacation days (July, August and December) imply less installations and lower sales. However, shortage of components does not affect the Commercial Kitchen business to the same extent as the Industrial business, which is why Commercial Kitchen has had a positive development compared the previous year where the post-summer period has shown a strong order intake and sales.

Geographically, the strongest development during the quarter compared to the previous year has been seen

in the Europe region. Partly driven by the fact that our Commercial Kitchen business mainly operates in this region and partly a result of many years' diligent work in building a large customer base outside the automotive industry. Other regions have also experienced growth compared to the previous year. Looking at individual countries, India stands out with a high growth related to the fact that we have been trusted to deliver filter units to a number of new production facilities for one of the world's largest producer of electronics. This project has potential to become the Group's single largest deal ever and the first units have been delivered during the quarter.

We are continuously working with improving and refining our offer to customers and during the quarter decision has been taken to stream-line our investments in filtration of oil mist to centrifugal and fiber media technologies, and because of that we have chosen to divest the Group's brand for electrostatic technology, Bristol, and the related operations. The divestment, which has occurred during the fourth quarter, will not have any material effects on the Group's sales, cash flow or margins. During the fourth quarter, we have also launched a new series of connected and intelligent products (IOT). The first products will form the basis in an offer giving the customers improved access, analysis and presentation of data related to the customers' processes and working environment.

In conclusion, the Group's business is developing well and despite above-mentioned uncertainties there are still good growth opportunities, and we are confident in the future development of the business.

Axel Berntsson, President and CEO
Gothenburg, November 2021

JANUARY-SEPTEMBER 2021

NET SALES

The net sales for the Group amounted to SEK 757.1 (666.8) million, which corresponds to a change of 13.5 (-6.7) %.

RESULT

Operating profit (EBITA) amounted to SEK 106.8 (3.1) million, which corresponds to a margin of 14.1 (0.5) %. As the Group does not apply IFRS, no impairment tests of goodwill are performed. Instead, the Group amortizes goodwill over the estimated useful life, which is five to ten years. The amortizations of the goodwill do not affect the taxable profit. EBIT amounted to SEK 32.6 (-55.7) million. Currency rates impacted the operating profit (EBIT) positively by SEK 2.0 (0.2) million for the period. The financial items were impacted by SEK 0.8 (-2.9) million by currency rates. The impact is related to the credit facility in foreign currency. Net financial items amounted to SEK -4.8 (-8.6) million and result for the period to SEK 6.5 (-76.9) million. Earnings per share amounted to SEK 0.57 (-6.79).

INVESTMENTS

During the period January-September, the Group invested SEK 12.0 (12.9) million mainly in software, machinery and equipment in existing operations. In January 2021, the Group acquired the commercial kitchen ventilation company Tessu Systems B.V. in the Netherlands for EUR 5.3 million on a cash and debt-free basis plus an additional earnout depending on Tessu's performance in 2021 and 2022. In January 2021, the Group divested the UK company Gallito Limited, and during the second quarter of the year an earnout of SEK 35 million was paid in relation to the Interzon acquisition in 2019.

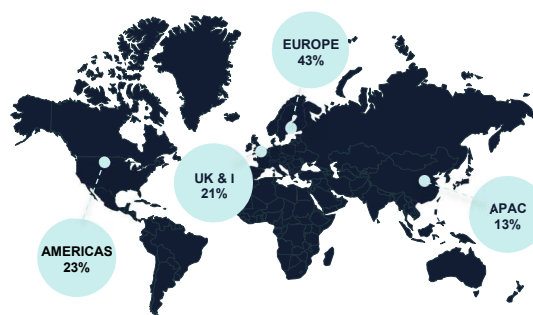
CASH FLOW

Cash flow from the operating activities before changes in working capital amounted to SEK 84.7 (32.5) million. Cash flow after changes in working capital amounted to SEK 61.9 (46.3) million.

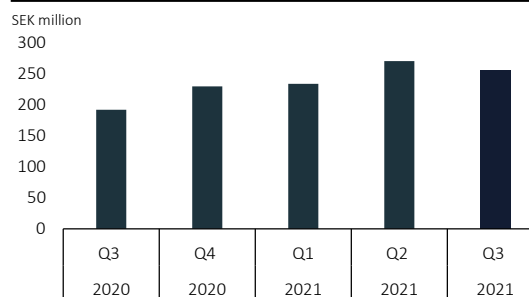
FINANCIAL POSITION

Interest-bearing liabilities amounted to SEK 427.3 million at the end of the period. At the beginning of the period, the liabilities amounted to SEK 581.7 million. Net debt of the Group was SEK 181.9 million by the end of the period compared to SEK 129.9 million at the beginning of the period. The net debt increase is related to the acquisition of Tessu. The equity ratio amounted to 33.9 (29.3) %. The Parent company's credit facility amounts SEK 600 million and expires during 2024.

NET SALES PER REGION, JAN – SEP



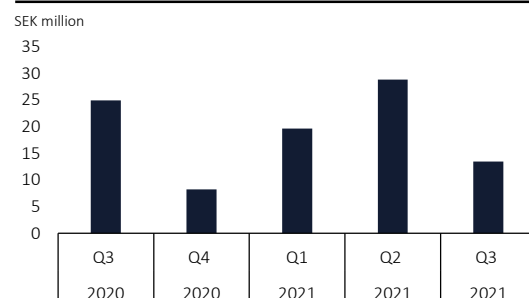
NET SALES



EBITA AND EBITA MARGIN



CASH FLOW FROM OPERATING ACTIVITIES



OTHER INFORMATION

RISKS AND UNCERTAINTIES

The Group and the Parent company are exposed to a number of different risks in their daily operations such as business risk, competitor risk, distributor risk, supplier risk and acquisition risk. These risks are described in detail in the Annual Report of Absolent Air Care Group for 2020 (available on www.absolentgroup.com). The risk profile remains since the Annual Report of 2020 was published. During 2021, COVID-19 has continued to create uncertainty in the market, but to a more limited extent and with more regional differences.

FINANCIAL IMPACT OF COVID-19

The Group has received government grants of SEK 3.0 million for the period January to September 2021.

ACCOUNTING POLICIES

The Group and the Parent company apply the Swedish Annual Accounts Act (1995:1554) and BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3). The accounting policies applied are the same as those described in the annual report for 2020. Government grants are reported as other operating income. No new accounting policies for 2021 have had any material impact on the Group.

EVENTS AFTER THE CLOSING DATE

As of November 1, the Group's brand for electrostatic technology, Bristol, and the related operations have been divested. The divestment will not have any material effects on the Group's sales, cash flow or margins.

CONTACT INFORMATION

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CERTIFIED ADVISER

Erik Penser Bank AB is the company's Certified Adviser.

FINANCIAL CALENDER

Year-end report 2021, Feb 24, 2022
Interim report Jan-Mar 2022, May 19, 2022
Annual General Meeting, May 19, 2022
Interim report Jan-Jun 2022, Aug 17, 2022
Interim report Jan-Sep 2022, Nov 11, 2022

This interim report has not been reviewed by the company auditors.

This document is a translation of the Swedish original. In the event of any discrepancies between this translation and the Swedish original, the latter shall prevail.

The interim report is available on the Group website (www.absolentgroup.com).

Gothenburg, November 12, 2021
Axel Berntsson
President and CEO

This information is information Absolent Air Care Group AB (publ.) is obligated to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 8:00 a.m. CET Nov 12, 2021.

GROUP – INCOME STATEMENT

(SEK thousands)	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net sales	254 395	191 098	757 119	666 799	895 860
Cost of products and services sold	-150 299	-129 962	-454 158	-452 704	-592 490
Gross profit	104 097	61 136	302 960	214 095	303 370
Sales expenses	-57 023	-46 189	-168 593	-165 732	-211 431
Administrative expenses	-29 935	-23 780	-87 654	-104 134	-124 761
Research and development expenses	-7 113	-3 479	-19 470	-20 069	-24 948
Other operating income and expenses	3 028	5 859	5 319	20 122	26 586
Operating result (EBIT)	13 054	-6 453	32 562	-55 718	-31 184
Financial items	-1 904	-3 020	-4 814	-8 568	-9 947
Result before tax	11 150	-9 473	27 748	-64 286	-41 131
Taxes	-7 383	-2 738	-21 295	-12 611	-13 955
Result for the period	3 767	-12 211	6 453	-76 897	-55 086

GROUP – BALANCE SHEET

(SEK thousands)	30 Sep 2021	30 Sep 2020	31 Dec 2020
Assets			
<i>Fixed assets</i>			
Intangible assets	303 375	295 537	261 332
Tangible assets	105 849	118 024	107 499
Other long-term assets	3 027	91	87
Deferred tax assets	3 414	6 706	2 622
Total fixed assets	415 665	420 358	371 540
<i>Current assets</i>			
Inventories	115 461	109 514	98 788
Accounts receivable	170 138	145 978	157 713
Other current assets	83 981	33 628	46 980
Cash and cash equivalents	245 360	447 991	451 846
Total current assets	614 940	737 111	755 327
Total assets	1 030 605	1 157 469	1 126 867
Equity and liabilities			
<i>Equity</i>			
Share capital (11,320,968 shares)	3 363	3 363	3 363
Other contributed capital	32 510	32 510	32 510
Other equity including result for the period	313 770	303 118	307 920
Non-controlling interests	1	1	1
Total equity	349 644	338 992	343 794
<i>Provisions</i>			
Deferred tax liabilities	15 667	15 922	16 553
Other provisions	61 964	84 138	47 469
Total provisions	77 631	100 060	64 022
<i>Long-term liabilities</i>			
Liabilities to credit institutions	426 016	588 867	579 967
Total long-term liabilities	426 016	588 867	579 967
<i>Short-term liabilities</i>			
Other interest-bearing liabilities	1 247	2 544	1 782
Bank overdraft	-	2 014	-
Accounts payable	56 252	36 194	46 734
Other current liabilities	119 814	88 798	90 568
Total short-term liabilities	177 314	129 550	139 084
Total equity and liabilities	1 030 605	1 157 469	1 126 867

GROUP - STATEMENT OF CHANGES IN EQUITY

(SEK thousands)	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Opening balance	343 794	427 073	427 073
Translation differences	19 775	-11 184	-28 193
Dividends	-20 378	-	-
Result for the period	6 453	-76 897	-55 086
Changes in non-controlling interests	-	-	-
Closing balance	349 644	338 992	343 794

GROUP - CASH FLOW STATEMENT

(SEK thousands)	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Operating result (EBIT)	13 054	-6 453	32 562	-55 718	-31 184
Adjustment for items not included in the cash flow	28 542	15 732	85 865	118 300	117 114
Financial net, paid	-1 376	-2 437	-6 827	-5 871	-7 930
Paid tax	-4 488	-12 063	-26 915	-24 259	-39 318
Changes in working capital	-22 293	30 079	-22 832	13 842	15 765
Cash flow from operating activities	13 439	24 858	61 853	46 294	54 447
Investing activities	-3 920	-2 762	-12 037	-12 877	-3 550
Acquired operations	-	-	-82 045	-27 000	-32 000
Cash flow from investing activities	-3 920	-2 762	-94 082	-39 877	-35 550
Cash flow from financing activities	-159 695	-2 269	-180 648	292 710	289 380
Cash flow for the period	-150 176	19 827	-212 877	299 127	308 277
Cash and cash equivalents at the beginning of the period	392 565	429 775	451 846	150 379	150 379
Translation differences	2 971	-1 611	6 392	-1 515	-6 810
Cash and cash equivalents at the end of the period	245 360	447 991	245 360	447 991	451 846

PARENT COMPANY – INCOME STATEMENT

(SEK thousands)	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net sales	6 735	10 795	21 093	16 187	22 765
Sales expenses	-326	-139	-1 007	-768	-948
Administrative expenses	-9 306	-7 318	-27 428	-20 760	-28 772
Research and development expenses	-1 007	-587	-2 433	-1 623	-2 356
Other operating income and expenses	-81	-137	264	825	726
Operating result (EBIT)	-3 985	2 614	-9 511	-6 139	-8 585
Financial items	-625	-2 230	-3 490	-3 322	-3 559
Appropriations	-	-9 900	-	-	13 214
Result before tax	-4 610	-9 516	-13 001	-9 461	1 070
Taxes	947	2 025	2 667	1 997	-246
Result for the period	-3 663	-7 491	-10 335	-7 464	824

PARENT COMPANY - BALANCE SHEET

(SEK thousands)	30 Sep 2021	30 Sep 2020	31 Dec 2020
Assets			
<i>Fixed assets</i>			
Intangible fixed assets	11 269	9 605	10 023
Tangible fixed assets	574	152	503
Participations in Group companies	489 593	362 447	377 805
Receivables on Group companies	88 563	105 937	92 836
Deferred tax assets	-	2 025	-
Total fixed assets	589 998	480 166	481 167
<i>Current assets</i>			
Receivables on Group companies	71 080	69 630	55 914
Other receivables	4 325	1 639	1 331
Cash and cash equivalents	103 189	314 228	311 883
Total current assets	178 594	385 497	369 128
Total assets	768 593	865 663	850 295
Equity and liabilities			
<i>Equity</i>			
<i>Restricted equity</i>			
Share capital (11,320,968 shares)	3 363	3 363	3 363
Restricted reserves	918	918	918
<i>Non-restricted equity</i>			
Share premium reserve	32 510	32 510	32 510
Retained earnings	81 996	101 550	101 550
Result for the period	-10 335	-7 464	824
Total equity	108 452	130 877	139 165
<i>Provisions</i>			
Other provisions	50 479	20 000	35 358
Total provisions	50 479	20 000	35 358
<i>Long-term liabilities</i>			
Liabilities to credit institutions	425 998	588 844	579 967
Liabilities to Group companies	-	37 504	41 369
Total long-term liabilities	425 998	626 348	621 336
<i>Short-term liabilities</i>			
Accounts payable	2 762	1 826	2 741
Liabilities to Group companies	170 550	79 571	43 714
Other liabilities	10 351	7 041	7 981
Total short-term liabilities	183 663	88 438	54 436
Total equity and liabilities	768 593	865 663	850 295