

Air care for healthy growth

Q1

Interim report 2022

Summary

1 January - 31 March 2022

- Net sales amounted to SEK 322.1 (233,1) million, which corresponds to a growth of 38.2 (-16.5) %.
- Operating result before amortizations and depreciations (EBITDA) amounted to SEK 62.1 (34.8) million, corresponding to a margin of 19.3 (14.9) %.
- Operating result (EBIT) amounted to SEK 51.9 (25.4) million, corresponding to a margin of 16.1 (10.9) %.
- Earnings per share amounted to SEK 3.41 (1.61).
- Cash flow from operating activities amounted to SEK 42.3 (27.7) million.



Group key figures

Key figures	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021	Rolling 12 months Apr 2021- Mar 2022
Net sales, SEK thousands	322 105	233 080	1 029 807	1 118 832
Sales growth, %	38.2	-16.5	15.0	31.7
Operating result before amortizations and depreciations (EBITDA), SEK thousands	62 141	34 790	168 538	195 889
Operating margin before amortizations and depreciations, %	19.3	14.9	16.4	17.5
Adjusted operating result before amortizations and depreciations (EBITDA*), SEK thousands	62 141	34 790	181 162	208 513
Adjusted operating margin before amortizations and depreciations*, %	19.3	14.9	17.6	18.6
Operating result (EBIT), SEK thousands	51 939	25 368	131 542	158 113
Operating margin, %	16.1	10.9	12.8	14.1
Adjusted operating result (EBIT1*), SEK thousands	51 939	25 368	144 166	170 737
Adjusted operating margin*, %	16.1	10.9	14.0	15.3
Cash flow from operating activities, SEK thousands	42 253	27 720	114 510	129 043
Total assets, SEK thousands	1 534 922	1 424 540	1 457 227	1 479 731
Equity ratio, %	37.6	32.5	36.4	35.2
Net cash (+) / net debt (-), SEK thousands	-363 149	-248 929	-392 098	-306 039
Earnings per share, SEK	3.41	1.61	8.68	10.48
Equity per share, SEK	51.02	40.96	46.82	45.99
Number of outstanding shares at the balance sheet date	11 320 968	11 320 968	11 320 968	11 320 968
Average number of employees	454	401	446	459

* Adjusted key ratios are excluding items affecting comparability for the full year 2021. Key ratios for 2021 have been adjusted for items affecting comparability, partly a negative impact on the result of SEK 8.1 million related to the divestment of Bristol and partly costs of SEK 4.6 million related to restructuring of parts of the operations in China and our project-based business in the UK. No adjustments have been made for the periods Jan-Mar 2022 or Jan-Mar 2021.



CEO comments

Strong start of the year

We have started 2022 strongly with a positive development for both sales and margins. Net sales increased by 38.2 % to SEK 322.1 (233.1) million, and, thanks to improved operating margin, operating result before amortizations and depreciations (EBITDA) increased by as much as 78.5 % to SEK 62.1 (34.8) million. We continued to take market shares during the quarter and saw a record-breaking order intake, which means that we enter the second quarter with full order books for the Group's business areas Industrial and Commercial Kitchen.

Like other manufacturing groups, we had to deal with challenges in supply of components during the quarter, inflation as well as continued effects of the pandemic with relatively high sick leave on our production facilities during the first half of the quarter and lockdowns in China, in particular, during the end of the quarter. Thanks to great efforts from our employees, the effects of the disruptions have been reduced, but it has been a challenge to implement price increases to customers at the same pace as prices for materials and freight have increased. Related to the component supply challenges, we have chosen to slightly increase the Group inventory levels to improve security of supply to customers.

The war in Ukraine is a real tragedy and very worrying, but it has not had a significant impact on the Group as less than one percent of purchases and sales are related to Ukraine, Russia and Belarus.

Industrial

The business area had a very good sales quarter in the APAC region, where the Absolent and Filtermist brands showed strong growth. Absolent also showed a high growth in the EMEA region. On the American market, the organic sales growth was lower, with the Diversitech brand developing slightly weaker and other brands slightly better. Thanks to the acquisition of Quatro and AeroFil, completed during the fourth quarter previous year, the total growth for the Americas region was very good. The total growth for the Industrial business area amounted to 48.4 % and in terms of margins the development is also very positive compared to the corresponding quarter previous year. The operating margin before amortizations and depreciations (EBITDA) increased from 13.8 % to 20.4 %, which is a relatively high level historically.

Commercial Kitchen

The first quarter of the year resulted in a growth of 8.5 % for the commercial kitchen area, where the positive development is mainly driven by Sweden but with a weaker development in Finland. In terms of margins, the first quarter was slightly weaker than the previous year with an operating margin before amortizations and depreciations of 19.3 (21.2) %, which is slightly lower than expected. The reason is mainly long sales cycles and rapid increase in material prices, which we have not been able to offset with price increases to customers in a satisfactory manner. However, Commercial Kitchen has a good margin improvement over time, and we see good opportunities to strengthen the margin from the current level.

Altogether, the Group performed a very good quarter, and we look with confidence on our ability to continue our profitable growth and on the long-term development and growth of the industry.

Axel Berntsson, CEO and President
Gothenburg, in May 2022

The Group

January – March 2022

Net sales

Net sales for the Group amounted to SEK 322.1 (233.1) million, which corresponds to a growth of 38.2 (-16.5) %. The Industrial business area showed the largest growth, with a net sales increase from SEK 173.6 million to SEK 257.6 million. For Commercial Kitchen, the Group's other business area, net sales amounted to SEK 64.6 (59.5) million. Net sales increased in all regions.

Result

Operating result before amortizations and depreciations (EBITDA) amounted to SEK 62.1 (34.8) million, which corresponds to a margin of 19.3 (14.9) %. Operating result (EBIT) amounted to SEK 51.9 (25.4) million with an operating margin of 16.1 (10.9) %. Translation effects of foreign Group companies' results have impacted the operating result (EBIT) for the period with 1.3 (-1.0) million. The result improvement is driven by the Industrial business area, for which operating result (EBIT) increased from SEK 16.8 million to SEK 44.6 million. The increase is an effect of both improved margin and increased net sales. For Commercial Kitchen, operating result (EBIT) amounted to SEK 10.4 (10.6) million, which is on par with the previous year.

Net financial items amounted to SEK -3.5 (-0.9) million, of which exchange rate effects amounted to SEK -1.5 (1.4) million. These effects are mainly related to the credit facility in foreign currency. Result after tax amounted to SEK 38.6 (18.2) million.

Investments

During the period January-March, the Group has invested a total of SEK 4.7 (1.6) million in intangible and tangible fixed assets, where this year's investments refer to capitalized development costs and software.

Cash flow

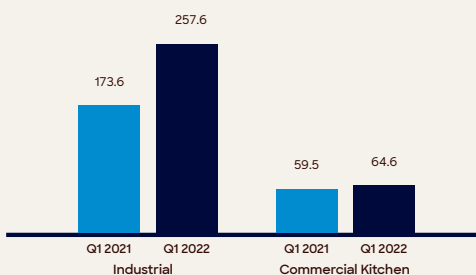
Cash flow from operating activities before changes in working capital amounted to SEK 59.2 (24.5) million and the cash flow after changes in working capital amounted to SEK 42.3 (27.7) million. The higher cash flow has been positively affected by the improved operating result while working capital increased mainly related to inventory.

Financial position

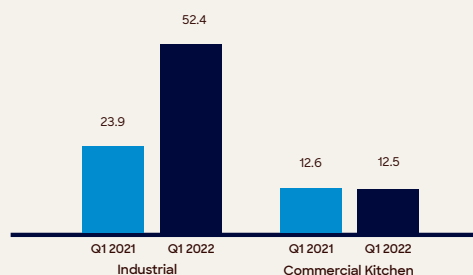
Interest-bearing liabilities at the end of the period amounted to SEK 633.1 (673.5) million, of which SEK 77.0 (87.0) million refers to lease liabilities. The net debt for the Group amounted to SEK 363.1 (248.9) million. The increase is mainly attributable to the acquisition of Quatro Air Technologies Inc. and Aerofil Inc., which was finalized during the fourth quarter 2021.

The equity ratio improved by 5.1 percentage points and amounted to 37.6 (32.5) % at the end of the period. The Parent company's credit facility totals SEK 600 million and expires in 2024.

Net sales, SEK million



EBITDA, SEK million



Other information

Risks and uncertainties

Through its operations, Absolent Air Care Group is exposed to several different risks, such as external risks, operational risks as well as financial risks. These risks are described more in detail in the Board of Directors' report in the Absolent Air Care Group Annual report for 2021. (accessible at www.absolentgroup.com). The financial risks are also further described in Note 23 in the Annual report for 2021. The reported risks, as they are described in the Annual report, are deemed to be essentially unchanged.

There is still some uncertainty due to disruptions in the supply chain regarding transport and component shortage. The current geopolitical situation is also a factor of uncertainty, and it cannot be ruled out that the Group, partners, suppliers and/or customers may be affected in the future, both directly and indirectly as a result of macroeconomic factors or global disturbances in the supply chain.

Accounting policies

This report is the Group's first interim report in accordance with IFRS. For the Group, the report is prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting, and for the Parent company in accordance with the Annual Accounts Act and RFR 2 Reporting for Legal Entities.

The applied accounting policies for the Group and the Parent company are consistent with the accounting policies applied in the Annual report 2021.

No standards, amendments or interpretations effective from 2022 have had any material impact on Absolent Air Care Group's financial statements.

Contact information

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Certified adviser

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

Financial calendar

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's auditors.

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

Gothenburg, May 19, 2022
Axel Berntsson
CEO and President

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 1:00 p.m. CEST May 19, 2022.

Group income statements

SEK thousands	Note	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
Net sales	1, 2, 3	322 105	233 080	1 029 807
Costs for products and services sold	6	-185 563	-145 382	-615 616
Gross profit		136 542	87 698	414 192
Sales expenses	6	-39 937	-31 108	-131 146
Administrative expenses	6	-37 786	-29 195	-126 134
Research and development expenses	6	-8 429	-5 559	-27 224
Other operating income	6	3 013	4 632	11 409
Other operating expenses		-1 464	-1 100	-9 555
Operating result	3	51 939	25 368	131 542
Financial income		8 802	7 398	15 148
Financial expenses	6	-12 265	-8 345	-23 460
Result after financial items	3	48 476	24 421	123 230
Tax expense	6	-9 841	-6 195	-24 999
Result for the period		38 636	18 226	98 232
Result for the period attributable to:				
Shareholders of the Parent company		38 636	18 226	98 232
Non-controlling interests		-	-	-
Earnings per share*, SEK		3.41	1.61	8.68
* Before and after dilution				

Statement of other comprehensive income

SEK thousands	Note	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
Result for the period		38 636	18 226	98 232
Other comprehensive income				
<i>Items that may be reclassified to the income statement</i>				
Translation differences	6	8 962	27 233	33 966
Other comprehensive income		8 962	27 233	33 966
Total comprehensive income		47 598	45 459	132 198
Total comprehensive income attributable to:				
Shareholders of the Parent company		47 598	45 459	132 198
Non-controlling interests		-	-	-

Consolidated statements of financial position

SEK thousands	Note	31 Mar 2022	31 Mar 2021	31 Dec 2021
ASSETS				
<i>Fixed assets</i>				
Goodwill	6	575 013	426 462	562 096
Other intangible fixed assets	6	57 497	32 376	53 863
Tangible fixed assets	6	179 407	194 798	184 515
Financial fixed assets		5 772	3 100	5 914
Deferred tax assets	6	6 435	3 772	5 257
Total fixed assets	2	824 125	660 507	811 645
<i>Current assets</i>				
Inventories		158 546	105 958	143 770
Accounts receivable		223 027	183 188	200 935
Current tax receivables		11 438	20 525	17 498
Other receivables		17 103	7 160	15 358
Prepaid expenses and accrued income	6	30 779	22 634	34 791
Liquid funds		269 902	424 568	233 230
Total current assets		710 796	764 033	645 582
TOTAL ASSETS	4	1 534 922	1 424 540	1 457 227
EQUITY AND LIABILITIES				
<i>Equity</i>				
Share capital		3 363	3 363	3 363
Other capital contributions		32 510	32 510	32 510
Translation reserve	6	10 812	-4 882	1 850
Retained earnings incl. result for the period		530 957	432 692	492 321
Equity attributable to Parent company shareholders		577 642	463 683	530 044
Non-controlling interests		1	1	1
Total equity	6	577 643	463 684	530 045
<i>Long-term liabilities</i>				
Long-term interest-bearing lease liabilities	6	56 405	65 010	58 405
Other long-term interest-bearing liabilities	5	555 744	585 325	545 926
Provisions		1 652	13 435	1 604
Deferred tax liabilities		24 570	18 030	24 234
Other long-term liabilities	6	51 047	50 479	49 499
Total long-term liabilities		689 419	732 279	679 668
<i>Short-term liabilities</i>				
Short-term interest-bearing lease liabilities	6	20 582	22 016	20 779
Other short-term interest-bearing liabilities		320	1 146	218
Prepayments from customers		14 016	9 450	15 870
Accounts payable		86 451	64 451	63 823
Current tax liabilities		10 891	-	5 889
Other liabilities		35 293	54 822	32 838
Accrued expenses and prepaid income		100 307	76 692	108 099
Total short-term liabilities		267 860	228 577	247 515
TOTAL EQUITY AND LIABILITIES	4	1 534 922	1 424 540	1 457 227

Consolidated statement of changes in equity

SEK thousands	Share capital	Other capital contributions	Translation reserve*	Retained earnings incl. result for the period	Total	Non-controlling interests	Total equity
Opening equity 1 Jan 2021	3 363	32 510	-32 115	414 466	418 224	1	418 225
Result for the period	-	-	-	18 226	18 226	-	18 226
Other comprehensive income							
Translation differences	-	-	27 233	-	27 233	-	27 233
Transactions with shareholders							
Dividend	-	-	-	-	-	-	-
Closing equity 31 Mar 2021	3 363	32 510	-4 882	432 692	463 683	1	463 684
Opening equity 1 Jan 2022	3 363	32 510	1 850	492 321	530 044	1	530 045
Result for the period	-	-	-	38 636	38 636	-	38 636
Other comprehensive income							
Translation differences	-	-	8 962	-	8 962	-	8 962
Transactions with shareholders							
Dividend	-	-	-	-	-	-	-
Closing equity 31 Mar 2022	3 363	32 510	10 812	530 957	577 642	1	577 643

* After conversion to IFRS, translation reserve is recorded as separate component in equity. For further information, see Note 6.

Group cash flow statements

SEK thousands	Note	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
Operating activities				
Operating result		51 939	25 368	131 542
Adjustments for items not included in the cash flow		9 667	16 424	33 251
Received interest		48	259	774
Paid interest	6	-2 388	-3 029	-9 754
Paid income tax		-102	-14 481	-26 251
Cash flow from operating activities before changes in working capital		59 164	24 541	129 561
Changes in working capital				
Changes in inventories		-11 422	525	-12 645
Changes in operating receivables	6	-15 838	-15 053	-25 450
Changes in operating liabilities		10 349	17 706	23 042
Cash flow from operating activities		42 253	27 720	114 510
Investing activities				
Business combinations		-	-45 731	-192 905
Earnout payments		-	-3 645	-39 003
Investments in intangible fixed assets		-4 289	-297	-7 784
Investments in tangible fixed assets		-396	-1 256	-7 374
Sale of tangible fixed assets		555	-	367
Increase/decrease of long-term receivable		161	-2 891	-5 647
Cash flow from investing activities	3	-3 969	-53 820	-252 346
Financing activities				
Amortizations of loans		-	-587	-48 773
Amortizations of lease liabilities	6	-5 478	-5 264	-21 595
Paid dividend		-	-	-20 378
Cash flow from financing activities		-5 478	-5 851	-90 746
Cash flow for the period		32 806	-31 950	-228 580
Cash and cash equivalents at the beginning of the period		233 230	451 846	451 846
Translation difference in cash and cash equivalents		3 866	4 672	9 964
Cash and cash equivalents at the end of the period		269 902	424 568	233 230



Parent company income statement

SEK thousands	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
Net sales	10 187	7 061	31 757
Sales expenses	-397	-315	-1 461
Administrative expenses	-10 324	-8 544	-37 895
Research and development expenses	-1 406	-730	-4 275
Other operating income	494	438	718
Other operating expenses	-269	-	-
Operating result	-1 715	-2 090	-11 156
<i>Financial items</i>			
Financial income	11 474	6 279	15 792
Financial expenses	-11 392	-7 363	-23 908
Result after financial items	-1 634	-3 174	-19 272
Appropriations	-	-	58 319
Result before tax	-1 634	-3 174	39 047
Tax expense	341	655	-8 987
Result for the period	-1 293	-2 519	30 060

Total comprehensive income for the period corresponds to the result for the period

Parent company balance sheet

SEK thousands	31 Mar 2022	31 Mar 2021	31 Dec 2021
ASSETS			
<i>Fixed assets</i>			
Intangible fixed assets	17 138	9 464	14 218
Tangible fixed assets	513	608	544
Participations in Group companies	479 287	489 461	479 262
Receivables on Group companies	249 954	94 539	242 158
Deferred tax asset	6	-	-
Total fixed assets	746 898	594 072	736 181
<i>Current assets</i>			
Receivables on Group companies	84 688	45 673	60 255
Current tax receivables	-	1 249	-
Other receivables	556	167	348
Prepaid expenses and accrued income	1 983	1 498	1 576
Cash and cash equivalents	100 583	305 644	84 953
Total current assets	187 810	354 231	147 131
TOTAL ASSETS	934 708	948 303	883 312
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	3 363	3 363	3 363
Restricted reserve	918	918	918
Development costs reserve	3 486	-	3 486
Total restricted equity	7 767	4 281	7 767
Share premium reserve	32 510	32 510	32 510
Retained earnings	108 570	102 374	78 510
Result for the period	-1 293	-2 519	30 060
Total unrestricted equity	139 787	132 364	141 080
Total equity	147 554	136 646	148 847
<i>Untaxed reserves</i>			
Tax allocation reserve	14 542	-	14 542
Total untaxed reserves	14 542	-	14 542
<i>Long-term liabilities</i>			
Liabilities to credit institutions	555 744	585 325	545 926
Liabilities to Group companies	-	1 736	-
Other long-term receivables	23 261	50 479	23 011
Total long-term liabilities	579 005	637 540	568 937
<i>Short-term liabilities</i>			
Accounts payable	5 441	3 196	4 373
Current tax liabilities	7 586	-	8 270
Liabilities to Group companies	148 393	127 946	107 639
Other liabilities	21 326	35 732	18 344
Accrued expenses and deferred income	10 860	7 243	12 360
Total short-term liabilities	193 404	174 117	150 986
TOTAL EQUITY AND LIABILITIES	934 708	948 303	883 312

Note 1 Revenue

The Group's contracts with customers refer to sales of products for cleaning of process air in a variety of industries, in the Group's two operating segments Industrial and Commercial Kitchen. Net sales refers only to revenue from contracts with customers. Related to the products, the Group also sell installation services in a many cases as well as maintenance. The Group sometimes also recharge freight to customers, depending on the incoterms.

In the majority of the Group's contracts with customers, products and installation are deemed to be distinct and are accounted for as separate performance obligations. However, for some contracts with customers the installation services do not meet the criteria for being distinct, since these contracts include a slightly higher degree of customization and the contract is more of a package solution where the installation cannot be separated. In these cases, products and installation are considered as one joint performance obligation. The Group's products come with standardized

warranties, which are assessed to be a part of the product and not considered as separate performance obligations.

The performance obligation for sale of products is deemed to be fulfilled when control is transferred to the customer, which is assessed to coincide with physical delivery to the customer. Installation services as well as service and maintenance are assessed to be performance obligations fulfilled over time. Hence, the revenue for these services is recognized as they are performed. However, installation is usually performed in connection with delivery of the products and mainly refers to short installation assignments. For these short installation assignments, the revenue is thus recognized in practice when the installation has been completed. For the customer contracts where products and installation are considered a joint performance obligation, the revenue is recognized over time, based on costs incurred in relation to total costs for the products and services under the contract.

Net sales per products and services

SEK thousands	Industrial		Commercial Kitchen		Total	
	Jan-Mar 2022	Jan-Mar 2021	Jan-Mar 2022	Jan-Mar 2021	Jan-Mar 2022	Jan-Mar 2021
Products, recorded at a certain point in time	217 914	136 542	48 697	44 258	266 611	180 800
Services, recorded over time	26 712	18 008	1 412	1 315	28 124	19 323
Products and services, recorded over time	12 955	19 035	14 415	13 922	27 370	32 957
Total	257 581	173 585	64 524	59 495	322 105	233 080

SEK thousands

SEK thousands	Industrial	Commercial Kitchen	Total
	Jan-Dec 2021	Jan-Dec 2021	Jan-Dec 2021
Products, recorded at a certain point in time	653 854	172 964	826 818
Services, recorded over time	73 558	9 741	83 299
Products and services, recorded over time	74 590	45 099	119 690
Total	802 003	227 804	1 029 807

Net sales per geographic region

SEK thousands	Industrial		Commercial Kitchen		Total	
	Jan-Mar 2022	Jan-Mar 2021	Jan-Mar 2022	Jan-Mar 2021	Jan-Mar 2022	Jan-Mar 2021
EMEA*	119 139	98 607	60 885	57 223	180 024	155 830
Americas	97 323	52 277	1 042	936	98 364	53 212
APAC	41 120	22 702	2 597	1 336	43 717	24 038
Total	257 581	173 585	64 524	59 495	322 105	233 080

SEK thousands	Industrial	Commercial Kitchen	Total
	Jan-Dec 2021	Jan-Dec 2021	Jan-Dec 2021
EMEA*	428 665	216 727	645 392
Americas	242 500	3 545	246 044
APAC	130 839	7 532	138 371
Total	802 003	227 804	1 029 807

* The previously separately reported regions Europe and UK & I have been merged and are now reported as EMEA.

Note 2 Reporting per geographic area

The Group's net sales per geographic area have been reported for the most important markets. Net sales is reported based on where the customer is located and the assets are allocated to each region

based on where they are physically located. No single customer accounts for more than 10 percent of total sales for the Group.

SEK thousands	Net sales		
	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
EMEA*	180 024	155 830	645 392
of which UK	52 654	48 227	201 938
of which Sweden	38 592	35 015	133 002
Americas	98 364	53 212	246 044
of which USA	61 887	34 565	164 854
APAC	43 717	24 038	138 371
Total	322 105	233 080	1 029 807

SEK thousands	Fixed assets**		
	31 Mar 2022	31 Mar 2021	31 Dec 2021
EMEA*	210 099	214 296	209 948
of which UK	82 456	91 884	85 270
of which Sweden	94 343	85 317	91 171
Americas	31 803	14 203	31 955
of which USA	5 700	7 120	6 029
APAC	1 437	2 446	1 732
Total	243 340	230 945	243 636

* The previously separately reported regions Europe and UK & I have been merged and are now reported as EMEA.

** Do not include goodwill or financial fixed assets. Goodwill has not been allocated on geographical areas since it is only allocated per operating segment.

Note 3 Segment reporting

The Group's operations consists of two business areas, Industrial and Commercial Kitchen. The Group CEO has been identified as the chief operating decision-maker (CODM), and the Group CEO follows the development of the business areas based on net sales and operating result. Net financial items and tax is not followed per business area, neither is the balance sheet. Any transactions

between the business areas are conducted on market terms. The result for each business area includes directly attributable items and items that can be allocated to each business area on a reasonable and reliable manner. Group functions are not allocated to each business area, but recorded separately. Net investments refer to intangible and tangible fixed assets.

January-March

SEK thousands	Industrial		Commercial Kitchen		Group functions		Eliminations		Total	
	Jan-Mar 2022	Jan-Mar 2021	Jan-Mar 2022	Jan-Mar 2021	Jan-Mar 2022	Jan-Mar 2021	Jan-Mar 2022	Jan-Mar 2021	Jan-Mar 2022	Jan-Mar 2021
Net sales	257 581	173 585	64 566	59 495	-	-	-42	-	322 105	233 080
Operating result	44 619	16 833	10 447	10 631	-3 126	-2 096	-	-	51 940	25 368
Net financial items									-3 463	-947
Result before tax									48 477	24 421
Amortizations and depreciations	-7 804	-7 090	-2 007	-1 965	-391	-367	-	-	-10 202	-9 422
Net investments	-1 145	-1 412	-11	-23	-2 973	-118	-	-	-4 130	-1 552

Full year 2021

SEK thousands	Industrial	Commercial Kitchen	Group functions	Eliminations	Total
Net sales	802 008	227 829	-	-29	1 029 807
Operating result	105 796	38 905	-13 158	-	131 542
Net financial items					-8 312
Result before tax					123 230
Amortizations and depreciations	-28 222	-7 254	-1 521	-	-36 996
Net investments	-8 796	-954	-5 041	-	-14 791

Note 4 Financial instruments

SEK thousands	Financial assets			Financial liabilities		
	31 Mar 2022	31 Mar 2021	31 Dec 2021	31 Mar 2022	31 Mar 2021	31 Dec 2021
Measured at amortized cost	522 950	621 635	470 665	680 121	690 348	663 307
Measured at fair value through profit and loss	-	-	-	69 139	85 837	67 396
Total	522 950	621 635	470 665	749 260	776 185	730 703

Financial instruments are measured at amortized cost or fair value based on classification. For more detailed information, see the Group accounting policies in the Annual Report for 2021.

Note 5 Pledged assets and contingent liabilities

Group

SEK thousands	31 Mar 2022	31 Mar 2021	31 Dec 2021
Pledged assets for liabilities to credit institutions			
Floating charges	-	2 500	-
Total	-	2 500	-
Other pledged assets			
Bank funds	1 458	1 062	2 873
Total	1 458	1 062	2 873

Parent company

SEK thousands	31 Mar 2022	31 Mar 2021	31 Dec 2021
Contingent liabilities			
Guarantees for Group companies	25 409	-	25 428
Total	25 409	-	25 428

Note 6 Transition to IFRS

Absolent Air Care Group AB has previously applied BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3). This report is the first interim report that the Group prepares in accordance with IFRS and interpretations from the IFRS Interpretations Committee (IFRIC), as adopted by the EU. The date of transition to IFRS has been set at 1 January 2020, and the transition to IFRS is reported in accordance with IFRS 1. The first report the Group prepared in accordance with IFRS was the Annual report for 2021, which was published on 26 April 2022. In that report, the transition effects for the balance sheet as of 1 January 2020, 31 December 2020 and 31 December 2021 as well as for the income statement and cash flow statement for the full year of 2021 and 2020 were reported. In this interim report, transition effects on the financial statements for the first quarter 2021 are reported.

The general rule of IFRS 1 is that an entity shall apply all recommendations retroactively when determining the opening balance. However, there are some mandatory and optional exceptions to retroactive application. The Group has chosen to apply the following exceptions:

- The Group has chosen to apply the practical expedient in IFRS 1 appendix C item 1, and thus not recalculated any business combinations made before the transition date to IFRS, 1 January 2020.
- Lease liabilities have been measured at the present value of remaining lease payments, discounted by the marginal borrowing rate at the time of transition to IFRS. The right-of-use asset has been valued to an amount corresponding to the lease liability, with adjustments for any prepaid or accrued leasing fees. Assessments of whether an agreement contains a lease have been made based on facts and circumstances as of the transition date to IFRS. The Group has also chosen to apply the rules that lease agreements ending within twelve months from transition to IFRS and lease agreements where the underlying assets are of low value are expensed on a linear basis over the leasing period.
- Accumulated translation differences in equity are set to zero at the date of transition to IFRS.

The following tables present and quantify the effects assessed by management on the consolidated statement of comprehensive income, consolidated statement of financial position, cash flow statement as well as equity in transition to IFRS for the Group. The main effects on the financial reporting are the following:

- Reversal of amortization of goodwill, see Note 6.A.
- Application of IFRS 3 to the purchase price allocation regarding the acquisition completed during 2021, see Note 6.A.
- For the lease agreements previously recorded as operational leases, the Group will recognize right-of-use assets and lease liabilities, see Note 6.B.
- Reclassification of obligations related to earn-outs from other provisions to other long-term liabilities and other short-term liabilities, see Note 6.C.

In connection with preparing of the interim report in accordance with IFRS, several reclassifications of balance sheet items have been made. All italicized balance sheet items have been reclassified as below:

- Other equity including profit for the period has been included in the item retained earnings incl. result for the period. Translation reserve was previously included in the item other equity including profit for the period, but is reported on a separate row in accordance with IFRS. For more information, see Note 6.D.
- Deferred tax liabilities and other provisions were previously reported under the line provisions. At the time of transition to IFRS, these items have been included under long-term liabilities instead.
- The item liabilities to credit institutions has changed name and is now reported as other long-term interest-bearing liabilities.

Some minor reclassifications and name changes have also been made in the income statement and cash flow statement, and some previously aggregated items have been divided into more detailed items.

Group income statement

SEK thousands	Note	Jan-Mar 2021 K3	Effects from transition to IFRS	Jan-Mar 2021 IFRS
Net sales		233 080	-	233 080
Cost of products and services sold	6.B	-145 458	77	-145 382
Gross profit		87 622	77	87 698
Sales expenses	6.A, 6.B	-54 394	23 285	-31 108
Administrative expenses	6.A, 6.B	-28 498	-697	-29 195
Research and development expenses	6.B	-5 558	-1	-5 559
Other operating income	6.B	-	4 632	4 632
Other operating expenses		-	-1 100	-1 100
<i>Other operating income and expenses</i>		3 506	-3 506	-
Operating result		2 678	22 690	25 368
Financial income		-	7 398	7 398
Financial expenses	6.B	-	-8 344	-8 345
<i>Financial items</i>		-457	457	-
Result after financial items		2 221	22 200	24 421
Tax expense	6.A, 6.B	-6 361	166	-6 195
Result for the period		-4 140	22 366	18 226
Result for the period attributable to:				
Shareholders of the Parent company		-4 140	22 366	18 226
Non-controlling interests		-	-	-

Statement of comprehensive income

SEK thousands	Note	Jan-Mar 2021 K3	Effects from transition to IFRS	Jan-Mar 2021 IFRS
Result for the period		-4 140	22 366	18 226
Other comprehensive income				
<i>Items that may be reclassified to the income statement</i>				
Translation differences	6.D	-	27 233	27 233
Other comprehensive income		-	27 233	27 233
Total comprehensive income		-4 140	49 599	45 459
Total comprehensive income attributable to:				
Shareholders of the Parent company		-4 140	49 599	45 459
Non-controlling interests		-	-	-

Consolidated statement of financial position

SEK thousands

	Note	31 Mar 2021 K3	Effects from transition to IFRS	31 Mar 2021 IFRS
ASSETS				
<i>Fixed assets</i>				
Goodwill	6.A	-	426 462	426 462
Other intangible fixed assets	6.A	-	32 376	32 376
<i>Intangible fixed assets</i>		351 950	-351 950	-
Tangible fixed assets	6.B	108 237	86 560	194 798
Financial fixed assets		3 100	-	3 100
Deferred tax assets	6.B	3 322	450	3 772
Total fixed assets		466 609	193 898	660 507
<i>Current assets</i>				
Inventories		105 958	-	105 958
Accounts receivable		183 188	-	183 188
Current tax receivables		-	20 525	20 525
Other receivables		39 274	-32 114	7 160
Prepaid expenses and accrued income	6.B	-	22 634	22 634
Cash and cash equivalents		-	424 568	424 568
<i>Cash and cash equivalents</i>		424 568	-424 568	-
Total current assets		752 988	11 045	764 033
TOTAL ASSETS		1 219 597	204 943	1 424 540

Consolidated statement of financial position

SEK thousands	Note	31 Mar 2021 K3	Effects from transition to IFRS	31 Mar 2021 IFRS
EQUITY AND LIABILITIES				
<i>Equity</i>				
Share capital		3 363	-	3 363
Other capital contributions		32 510	-	32 510
Translation reserve	6.D	-	-4 882	-4 882
Retained earnings incl. result for the period		-	432 692	432 692
<i>Other equity including profit for the period</i>		326 678	-326 678	-
Equity attributable to Parent company shareholders		362 551	101 132	463 683
Non-controlling interests		1	-	1
Total equity		362 552	101 132	463 684
<i>Provisions</i>				
<i>Deferred tax liabilities</i>		13 933	-13 933	-
<i>Other provisions</i>		99 259	-99 259	-
Total provisions		113 192	-113 192	-
<i>Long-term liabilities</i>				
Long-term interest-bearing lease liabilities	6.B	-	65 010	65 010
Other long-term interest-bearing liabilities		-	585 325	585 325
<i>Liabilities to credit institutions</i>		585 325	-585 325	-
Provisions	6.C	-	13 435	13 435
Deferred tax liabilities	6.A	-	18 030	18 030
Other long-term liabilities	6.C	-	50 479	50 479
Total long-term liabilities		585 325	146 954	732 279
<i>Short-term liabilities</i>				
Short-term interest-bearing lease liabilities	6.B	-	22 016	22 016
Other short-term interest-bearing liabilities		1 146	-	1 146
Prepayments from customers		-	9 450	9 450
Accounts payable		64 451	-	64 451
Other liabilities	6.C	92 931	-38 109	54 822
Accrued expenses and prepaid income		-	76 692	76 692
Total short-term liabilities		158 528	70 049	228 577
TOTAL EQUITY AND LIABILITIES		1 219 597	204 943	1 424 540

Group cash flow statement

SEK thousands	Note	Jan-Mar 2021 K3	Effects from transition to IFRS	Jan-Mar 2021 IFRS
Operating activities				
Operating result		2 678	22 690	25 368
Adjustments for items not included in the cash flow		30 134	-13 710	16 424
Received interest		-	259	259
Paid interest	6.B	-	-3 029	-3 029
<i>Financial net, paid</i>		-1 830	1 830	-
Paid income tax		-14 481	-	-14 481
Cash flow from operating activities before changes in working capital		16 501	8 039	24 541
Changes in working capital				
Changes in inventories		-	525	525
Changes in operating receivables	6.B	-	-15 053	-15 053
Changes in operating liabilities		-	17 706	17 706
<i>Changes in working capital</i>		3 144	-3 144	-
Cash flow from operating activities		19 645	8 074	27 720
Investing activities				
Business combinations		-	-45 731	-45 731
<i>Acquired operations</i>		-46 565	46 565	-
Earnout payments		-	-3 645	-3 645
Investments in intangible fixed assets		-	-297	-297
Investments in tangible fixed assets		-	-1 256	-1 256
Sale of tangible fixed assets		-	-	-
Increase/decrease of long-term receivable		-	-2 891	-2 891
<i>Investing activities</i>		-4 443	4 443	-
Cash flow from investing activities		-51 008	-2 810	-53 820
Financing activities				
Amortizations of loans		-	-587	-587
Amortizations of lease liabilities	6.B	-	-5 264	-5 264
Paid dividend		-	-	-
<i>Cash flow from financing activities</i>		-587	587	-
Cash flow from financing activities		-587	-5 264	-5 851
Cash flow for the period		-31 950	-	-31 950
Cash and cash equivalents at the beginning of the period		451 846	-	451 846
Translation differences in cash and cash equivalents		4 672	-	4 672
Cash and cash equivalents at the end of the period		424 568	-	424 568

Statement of changes in equity

SEK thousands	Note	Share capital	Other contributed capital	Translation reserve	Retained earnings incl. result for the period	Total
31 Mar 2021 K3		3 363	32 510	-	326 678	362 551
Effects from transition to IFRS		-	-	-4 882	106 015	101 133
Translation reserve separate component in equity	6.D	-	-	22 898	-22 898	-
Opening IFRS transition effect*		-	-	-32 115	106 547	74 431
Effects recorded in the result for the period		-	-	-	22 366	22 366
Translation effect IFRS 16		-	-	-81	-	-81
Translation effect reversed amortizations of goodwill	6.A	-	-	4 171	-	4 171
Translation effect from acquisition analysis adjustment	6.A	-	-	325	-	325
Other		-	-	-80	-	-80
31 Mar 2021 IFRS		3 363	32 510	-4 882	432 692	463 683

* See specification in the Group annual report for 2021.

Note 6A Intangible fixed assets

SEK thousands	Goodwill	Other intangible fixed assets	Total
Book value K3 31 Mar 2021	335 963	15 987	351 950
Opening IFRS adjustment, net*	75 898	-	75 898
Reversed amortizations	23 719	-	23 719
Acquisition analysis in accordance with IFRS 3	-13 289	16 606	3 317
Amortizations	-	-543	-543
Translation differences	4 171	325	4 497
Book value IFRS 31 Mar 2021	426 462	32 376	458 838

* Opening effects from transition to IFRS are presented in the Group annual report for 2021.

According to IFRS, goodwill is an intangible asset with an indeterminate useful life, which means that the item is not amortized but subject to impairment testing. This differs from the previous accounting policy (K3), where goodwill has been amortized over the estimated economic life (5-10 years). The transition to IFRS therefore means that amortization of goodwill in 2021 is reversed. Goodwill is not a deductible expense, and the adjustment therefore has no tax effects.

In the transition to IFRS, acquisition analyses prepared during 2020 and 2021 have been reviewed, which has resulted in the identification of other intangible assets related to the acquisition of Tessu Systems B.V. during the first quarter of 2021. The identified intangible assets refer to customer relations, which has been reclassified from goodwill to other intangible fixed assets and also affected

deferred tax liabilities. In total, the other intangible fixed assets category has increased by an amount of SEK 16,606 thousands related to these customer relations. The useful life of the customer relations has been determined to seven years, and the amount is amortized over this period. Total amortization for the period January-March 2021 amounts to SEK 543 thousands, on which deferred tax of SEK 136 thousands has been recorded. As of 31 December 2021, the deferred tax liability related to these customer relations amounts to SEK 4,097 thousands as of 31 March 2021.

Acquisition-related expenses of SEK 834 thousands related to the acquisition of Tessu Systems B.V. have been removed from the intangible assets and recognized as administrative expenses in the income statement.

Note 6B Leasing

In accordance with previously applied accounting policies, the Group recorded all lease agreements as operational. According to IFRS 16, the Group recognizes the lease agreements as a right-of-use asset and a lease liability in the balance sheet instead. This treatment implies that the costs for the previously operational lease agreements are reclassified from operating expenses to depreciations of the right-of-use asset and interest expenses on the lease liability.

As of 31 March 2021, the total book value for the right-of-use asset amounted to SEK 86,560 thousands and the lease liability to SEK 87,026 thousands, of which SEK 22,016 thousands is recorded as short-term. The item prepaid expenses and accrued income is also affected by the transition to IFRS 16. This item contains prepaid leasing fees, and according to IFRS 16 these prepaid leasing fees shall increase the value of the right-of-use asset. Hence, prepaid leasing fees have been reclassified to the right-of-use asset in the transition to IFRS. Reversal of leasing fees as well as depreciations on the right-of-use asset are specified per function in the tables on next page. The discrepancy between accoun-

ting according to IFRS 16 and the legal accounting in the Group companies results in a deferred tax on the net effect in the income statement, which affects the tax expense for the period as well as deferred tax assets.

Transition to IFRS 16 has also affected the presentation of the cash flows for the Group. In accordance with previous accounting policies, the cash flow from the operational lease agreements was recognized as part of the operating activities. However, according to IFRS 16 the cash flow is split between amortizations of the lease liability and interest payments. Of the various parts of the cash flow, the operating result is affected by SEK 348 thousands, adjustment for items not affecting cash flow with SEK 5,486 thousands, paid interest increased by SEK 489 thousands and amortizations of lease liability amounted to SEK 5,264 thousands.

For more detailed presentation of the transition to IFRS 16 and accounting policies, please see the Group annual report for 2021.

Reversal of leasing fees

SEK thousands	Jan-Mar 2021
Cost of products and services sold	1 955
Sales expenses	1 793
Administrative expenses	2 010
Research and development expenses	76
Total	5 834

Depreciation of right-of-use asset

Cost of products and services sold	-1 879
Sales expenses	-1 684
Administrative expenses	-1 873
Research and development expenses	-77
Total	-5 512

Note 6C Other provisions

SEK thousands	31 Mar 2021
Book value K3	99 259
Reclassifications of earnouts to other long-term liabilities	-50 479
Reclassifications of earnouts to other short-term liabilities	-35 358
Additional provision related to lease agreements	14
Book value IFRS	13 435

In accordance with IFRS 3, earn-outs that meet the definition of a financial liability are to be recognized as financial liabilities. Hence, earn-outs attributable to the acquisitions of Interzon and Tessu

have been reclassified from other provisions to other long-term liabilities and other short-term liabilities, depending on due date.

Note 6D Translation reserve

In accordance with IAS 21, translation differences are recorded in other comprehensive income as well as an accumulated separate component in equity. The Group applies the exception rule in

IFRS 1, which implies that accumulated translation differences for all foreign subsidiaries are considered to amount to zero at the transition date to IFRS.

Note 6E Credit risk reserve related to accounts receivable

In accordance with previous accounting policies, Absolent Air Care Group has applied a model for bad debt provision based on occurred events. According to IFRS 9, both historical and forward-looking information shall be taken into account when assessing expected credit losses. The Group has chosen to apply the simplified model

of expected credit losses on accounts receivable under which total expected credit losses for the remaining maturity of the receivable are reported. Transition to the model according to IFRS 9 has not had any effect on the Group's financial statements.

