

Air care for healthy growth

Q4

Year-end report 2023

Summary

1 October – 31 December 2023

- Net sales amounted to SEK 341.9 (340.1) million, which corresponds to a growth of 0.5 (24.7) %.
- Operating result before amortizations and depreciations (EBITDA) decreased by 16.8 % and amounted to SEK 48.1 (57.8) million, corresponding to a margin of 14.1 (17.0) %.
- Operating result (EBIT) decreased by 27.1 % and amounted to SEK 34.5 (47.3) million, corresponding to a margin of 10.1 (13.9) %.
- The result for the quarter was negatively impacted by restructuring costs* of SEK 8.5 million, inventory write-downs of SEK 8.3 million and currency effects from revaluation of operating receivables and liabilities of SEK 7.5 million. Adjusted for these negative effects, the operating margin before amortizations and depreciations (EBITDA) amounted to 21.2 % and the operating margin (EBIT) to 17.2 %.
- Earnings per share amounted to SEK 1.44 (2.43).
- Cash flow from operating activities increased by 52.4 % and amounted to SEK 84.0 (55.1) million.

1 January – 31 December 2023

- Net sales amounted to SEK 1,408.5 (1,339.3) million, which corresponds to a growth of 5.2 (30.1) %.
- Operating result before amortizations and depreciations (EBITDA) increased by 0.3 % and amounted to SEK 261.3 (260.6) million, corresponding to a margin of 18.6 (19.5) %.
- Operating result (EBIT) decreased by 2.4 % and amounted to SEK 214.7 (220.0) million, corresponding to a margin of 15.2 (16.4) %.
- The result for the period was negatively impacted by restructuring costs* of SEK 8.5 million, inventory write-downs of SEK 8.3 million and currency effects from revaluation of operating receivables and liabilities of SEK 6.2 million. Adjusted for these negative effects, the operating margin before amortizations and depreciations (EBITDA) amounted to 20.2 % and the operating margin (EBIT) to 16.9 %.
- Earnings per share amounted to SEK 12.39 (13.40).
- Cash flow from operating activities increased by 9.2 % and amounted to SEK 214.1 (196.1) million.
- The Board of Directors has decided to propose to the AGM a dividend of SEK 3.00 (2.75) per share.

* Refer to the Group's Canadian and Dutch operations, as well as temporary cost increases in production due to restructuring related to new modular products.

Group key figures

Key figures	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales, SEK thousands	341 941	340 101	1 408 464	1 339 321
Sales growth, %	0.5	24.7	5.2	30.1
Operating result before amortizations and depreciations (EBITDA), SEK thousands	48 072	57 803	261 326	260 567
Operating margin before amortizations and depreciations, %	14.1	17.0	18.6	19.5
Operating result (EBIT), SEK thousands	34 503	47 348	214 650	220 001
Operating margin, %	10.1	13.9	15.2	16.4
Cash flow from operating activities, SEK thousands	83 997	55 124	214 095	196 141
Total assets, SEK thousands	1 679 360	1 665 931	1 679 360	1 665 931
Equity ratio, %	48.0	41.7	48.0	41.7
Net cash (+) / net debt (-), SEK thousands	-296 861	-293 128	-296 861	-293 128
Earnings per share, SEK	1.44	2.43	12.39	13.40
Equity per share, SEK	71.20	61.33	71.20	61.33
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	466	457	466	457

For definitions of key figures, see the Group Annual Report for 2022, p. 107.



CEO comments

Strong order intake and record high cash flow

The year ended with net sales of SEK 341.9 (340.1) million and an operating margin before amortizations and depreciations (EBITDA) of 14.1 (17.0) % for the fourth quarter of the year. The result for the quarter was negatively impacted by restructuring costs of SEK 8.5 million, inventory write-downs of SEK 8.3 million and currency effects from revaluation of operating receivables and liabilities of SEK 7.5 million. Adjusted for these items, the operating margin before amortizations and depreciations (EBITDA) for the fourth quarter amounted to 21.2 %, which shows a continued solid profitability and is in line with the margin for the third quarter of the year.

Cash flow from operating activities is the highest ever for a single quarter and amounted to SEK 84.0 (55.1) million. The improved cash flow is proof that our restructuring projects have paid off and is illustrated by a more efficient inventory and working capital management. Apart from a record strong cash flow, we can also report a strong order intake with a 26.7 % increase compared to the same period last year. Hence, we see a continued good demand on the market for our products, for both Industrial and Commercial Kitchen.

Industrial

For the period October-December 2023, the Industrial business area reports net sales of SEK 263.3 (276.4) million, where the EMEA region is on par with the previous year while the APAC and Americas regions report slightly lower sales. However, the business area shows an 18.0 % increase in order intake compared to the previous year. In the APAC region, we have been working actively on establishing a presence in the strongly growing segment of electric car manufacturers, and we have now started receiving orders from several of the larger manufacturers in this segment in China. In the Americas region, sales and profitability have continued to be negatively impacted by ongoing restructuring consolidation project where we create larger, more modern and more efficient production facilities, which has generated restructuring costs in the period. Industrial reports an operating result before amortizations and depreciations of SEK 34.6 (42.7) million, corresponding to a margin of 13.1 (15.5) %. The profitability for the quarter is negatively impacted by above-mentioned restructuring costs, temporary cost increases in production due to restructuring related to new modular products, inventory write-downs and currency effects. Adjusted for the negative impact of these items, the profitability for the Industrial business area remains stable with an EBITDA-margin of 21.3 %.

Commercial Kitchen

The Commercial Kitchen business area reports a net sales growth from SEK 63.7 million to SEK 78.7 million for the fourth quarter of the year, which is the highest sales ever for a single quarter and corresponds to a 23.5 % growth rate. The profitability continues to stay on a good level with an operating margin before amortizations and depreciations (EBITDA) of 19.9 (18.1) %, which includes some restructuring costs related to the Dutch operations. I am pleased to follow the good development for Commercial Kitchen, where the profitable growth continues. On the Nordic markets, we have several of the large Quick Service Restaurant (QSR) chains as customers, and we are now proud of having received the first orders from one of the larger QSR chains in the UK as well.

The future

We close 2023 and the fourth quarter with our strongest cash flow ever, and we keep investing in research and development to further strengthen our product assortment and to build a strong base for continued profitable growth, within areas such as modular product architectures and carbon capture. In the short term, external risks regarding inflation, interest levels and weaker economic situations in some markets remain. Altogether, we are well positioned for the future, and I look with expectation and confidence on our continued journey.

Axel Berntsson, CEO and President
Gothenburg, in February 2024

The Group

October – December 2023

Net sales

Net sales for the Group amounted to SEK 341.9 (340.1) million, which corresponds to a growth of 0.5 (24.7) %. The Industrial business area reported net sales of SEK 263.3 (276.4) million, where the EMEA region showed net sales in line with the previous year while the APAC and Americas regions slightly decreased. The Commercial Kitchen business area reported a net sales growth from SEK 63.7 million to SEK 78.7 million, corresponding to a growth of 23.5 %. The increase is driven by both organic growth and the acquisition of the Dutch company Nu-Air, which was finalized during the fourth quarter 2022.

Result

Operating result before amortizations and depreciations (EBITDA) amounted to SEK 48.1 (57.8) million, which corresponds to a margin of 14.1 (17.0) %. Operating result (EBIT) amounted to SEK 34.5 (47.3) million with an operating margin of 10.1 (13.9) %. The result for the period has been negatively impacted by restructuring costs of SEK 8.5 million, inventory write-offs of SEK 8.3 million and currency effects from revaluation of operating receivables and liabilities of SEK 7.5 million. Adjusted for these negative effects, the operating margin (EBIT) amounted to 17.2 %, which is in line with the profitability for previous quarters. The negative effects have mainly impacted the Industrial business area, for which the operating result amounted to SEK 25.7 (35.2) million. Commercial Kitchen, the Group's other business area, reported an operating result of SEK 12.7 (9.1) million, which includes some restructuring costs related to the operations in the Netherlands.

Net financial items amounted to SEK -16.3 (-7.5) million, where the change is mainly attributable to negative currency effects from revaluation of financial items. Result after tax amounted to SEK 16.4 (27.5) million.

Investments

During the fourth quarter, the Group has invested a total of SEK 9.4 (6.6) million in intangible and tangible fixed assets, where this period's investments mainly refer to machinery and equipment and capitalized product development costs. Cash flow from investing activities for the period also includes a SEK 5.7 million partial payment of the purchase price for the acquisition of the Dutch company Nu-Air, which was acquired during the fourth quarter 2022.

Cash flow

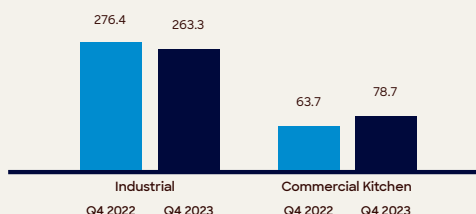
Cash flow from operating activities before changes in working capital amounted to SEK 34.4 (57.7) million and the cash flow after changes in working capital amounted to SEK 84.0 (55.1) million. The higher cash flow is mainly an effect of lower inventory levels and increased payments from customers.

Financial position

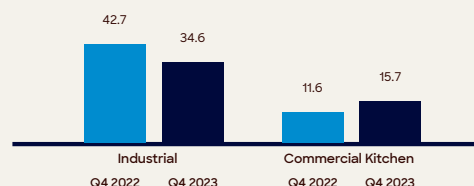
Interest-bearing liabilities at the end of the period amounted to SEK 594.9 (628.7) million, of which SEK 129.9 (72.3) million referred to lease liabilities. The increase of lease liabilities is to a large extent related to a new facility lease agreement in Canada, a part of the Group's project to create larger, more modern and more efficient production facilities. The net debt for the Group amounted to SEK 296.9 (293.1) million.

The equity ratio improved by 6.3 percentage points and amounted to 48.0 (41.7) % at the end of the period. The Parent company's credit facility totals SEK 800 million and expires in 2026.

Net sales, SEK million



EBITDA, SEK million



The Group

January – December 2023

Net sales

Net sales for the Group amounted to SEK 1,408.5 (1,339.3) million, which corresponds to a growth of 5.2 (30.1) %. Both business areas showed growth, with a net sales increase for Industrial from SEK 1,091.0 million to SEK 1,112.5 million and for Commercial Kitchen from SEK 248.3 million to SEK 295.9 million. The EMEA and APAC regions reported increased sales, while the Americas region decreased.

Result

Operating result before amortizations and depreciations (EBITDA) amounted to SEK 261.3 (260.6) million, which corresponds to a margin of 18.6 (19.5) %. Operating result (EBIT) amounted to SEK 214.7 (220.0) million with an operating margin of 15.2 (16.4) %. The Industrial business area reported a lower result of SEK 181.5 (189.4) million, while Commercial Kitchen improved their operating result from SEK 36.2 million to SEK 47.4 million. The increase is driven by both higher sales and improved margins.

Other operating income and expenses amounted to a total of SEK -5.6 (22.6) million and have decreased by SEK 28.2 million compared to the previous year. SEK 3.5 million of this decrease is related to a real estate sale during the second quarter of 2022 and the majority of the remaining part is attributable to currency effects. Adjusted for these effects, the Group's operating margin for the full year 2023 is higher than the previous year.

Net financial items amounted to SEK -34.4 (-23.1) million, where the previous year includes a SEK 5.4 million write-down of a financial receivable. Excluding this non-recurring item, net financial items have deteriorated by SEK 16.7 million, mainly attributable to higher interest expenses due to higher interest levels. Result after tax amounted to SEK 140.2 (151.8) million.

Investments

During the year, the Group has invested a total of SEK 21.6 (27.2) million in intangible and tangible fixed assets, where this year's investments mainly refer to capitalized product development costs and machinery and equipment. Cash flow from investing activities also includes acquisition of the Swiss company AIRfina of SEK 12.8 million, partial payment of the purchase price for Nu-Air of SEK 6.4 million and earnout payments related to the acquisitions of Quatro Air Technologies and Aerofil as well as Tessu Systems of SEK 60.2 million in total.

Cash flow

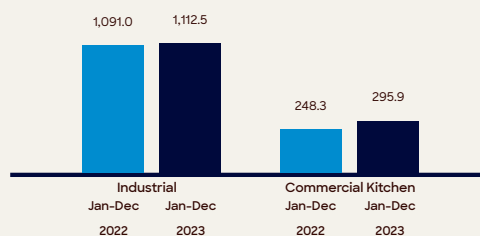
Cash flow from operating activities before changes in working capital amounted to SEK 183.3 (237.8) million and the cash flow after changes in working capital amounted to SEK 214.1 (196.1) million. The higher cash flow is mainly attributable to a more efficient working capital management, but was negatively impacted by increased tax payments and interest expenses.

Financial position

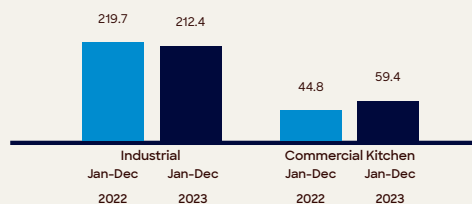
Interest-bearing liabilities at the end of the period amounted to SEK 594.9 (628.7) million, of which SEK 129.9 (72.3) million referred to lease liabilities. The increase of lease liabilities is to a large extent related to a new facility lease agreement in Canada, a part of the Group's project to create larger, more modern and more efficient production facilities. The net debt for the Group amounted to SEK 296.9 (293.1) million.

The equity ratio improved by 6.3 percentage points and amounted to 48.0 (41.7) % at the end of period. During the year, the Parent company has renewed and increased the credit facility with the bank Nordea. The credit facility has been increased to SEK 800 million and expires in 2026.

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 2022 (accessible at www.absolentgroup.com). The financial risks are also further described in Note 22 in the Annual report for 2022. The reported risks, as they are described in the Annual report, are deemed to be essentially unchanged.

The current geopolitical situation is still a factor of uncertainty, volatile macro factors such as inflation, interest rates and energy prices are also creating 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 the above-mentioned uncertainties.

Accounting policies

This report has been prepared in accordance with IAS 34 Interim Financial Reporting, RFR 1 Supplementary accounting rules for groups of companies and the Swedish Annual Accounts Act. The interim report for the Parent company has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

The applied accounting policies for the Group and the Parent company are consistent with the accounting policies used in the presentation of the Annual Report 2022.

No standards, amendments or interpretations effective from 2023 have had any material impact on Absolent Air Care Group's financial statements.

Annual General Meeting

The Annual General Meeting (AGM) will be held at Absolent ABs premises in Lidköping on May 16, 2024. The annual report is expected to be available on April 23, 2024 at the Group's head office in Gothenburg.

Dividend

The Board of Directors has decided to propose to the AGM a dividend of SEK 3.00 (2.75) per share, corresponding to SEK 34.0 (31.1) million.

Contact information

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Certified adviser

Carnegie Investment Bank AB (publ) is the company's Certified Adviser.

Financial calendar

Interim report Jan-Mar 2024, May 3, 2024
Annual General Meeting, May 16, 2024
Interim report Jan-Jun 2024, Jul 19, 2024
Interim report Jan-Sep 2024, Oct 30, 2024

This year-end report has not been reviewed by the company's 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 year-end report is accessible on the Group website (www.absolentgroup.com).

Gothenburg, February 20, 2024
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 2:00 p.m. CET February 20, 2024.

Group income statements in summary

SEK thousands	Note	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	1, 2, 3	341 941	340 101	1 408 464	1 339 321
Costs for products and services sold		-203 554	-201 794	-788 028	-791 107
Gross profit		138 387	138 307	620 436	548 214
Sales expenses		-47 141	-44 359	-197 492	-165 532
Administrative expenses		-41 349	-34 977	-168 934	-151 414
Research and development expenses		-8 060	-8 303	-33 752	-33 900
Other operating income		-	-	1 905	24 193
Other operating expenses		-7 334	-3 319	-7 513	-1 560
Operating result	3	34 503	47 348	214 650	220 001
Financial income		4 478	490	4 800	753
Financial expenses		-20 738	-7 943	-39 232	-23 871
Result after financial items	3	18 243	39 896	180 219	196 883
Tax expense		-1 887	-12 416	-39 996	-45 129
Result for the period		16 357	27 480	140 223	151 755
Result for the period attributable to:					
Shareholders of the Parent company		16 357	27 480	140 223	151 755
Non-controlling interests		-	-	-	-
Earnings per share*, SEK		1.44	2.43	12.39	13.40

* Before and after dilution. There are no outstanding options or similar financial instruments.

Statements of other comprehensive income in summary

SEK thousands	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Result for the period	16 357	27 480	140 223	151 755
Other comprehensive income				
<i>Items that may be reclassified to the income statement</i>				
Translation differences	-24 819	4 908	2 641	35 130
Other comprehensive income	-24 819	4 908	2 641	35 130
Total comprehensive income	-8 463	32 388	142 864	186 885
Total comprehensive income attributable to:				
Shareholders of the Parent company	-8 463	32 388	142 864	186 885
Non-controlling interests	-	-	-	-

Consolidated statements of financial position in summary

SEK thousands	Note	31 Dec 2023	31 Dec 2022
ASSETS			
<i>Fixed assets</i>			
Goodwill		636 706	626 000
Other intangible fixed assets		69 295	69 163
Tangible fixed assets		228 815	172 045
Financial fixed assets		2 132	621
Deferred tax assets		9 205	7 096
Total fixed assets	2	946 153	874 925
<i>Current assets</i>			
Inventories		179 376	203 847
Accounts receivable		193 968	205 838
Current tax receivables		11 685	4 790
Other receivables		12 090	17 025
Prepaid expenses and accrued income		38 007	23 981
Cash and cash equivalents		298 081	335 525
Total current assets		733 207	791 006
TOTAL ASSETS	4	1 679 360	1 665 931
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital		3 363	3 363
Other capital contributions		32 510	32 510
Translation reserve		39 622	36 980
Retained earnings incl. result for the period		730 524	621 434
Equity attributable to Parent company shareholders		806 019	694 287
Non-controlling interests		1	1
Total equity		806 020	694 288
<i>Long-term liabilities</i>			
Long-term interest-bearing lease liabilities		98 186	50 221
Other long-term interest-bearing liabilities	5	465 029	556 160
Provisions		1 594	2 136
Deferred tax liabilities		31 293	27 506
Other long-term liabilities		-	9 118
Total long-term liabilities		596 101	645 141
<i>Short-term liabilities</i>			
Short-term interest-bearing lease liabilities		31 727	22 033
Other short-term interest-bearing liabilities		-	239
Prepayments from customers		13 552	17 812
Accounts payable		72 088	56 885
Current tax liabilities		28 293	31 885
Other liabilities		23 287	85 779
Accrued expenses and prepaid income		108 291	111 871
Total short-term liabilities		277 239	326 504
TOTAL EQUITY AND LIABILITIES	4	1 679 360	1 665 931

Consolidated statement of changes in equity in summary

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 2022	3 363	32 510	1 850	492 321	530 044	1	530 045
Result for the period	-	-	-	151 755	151 755	-	151 755
Other comprehensive income							
Translation differences	-	-	35 130	-	35 130	-	35 130
Transactions with shareholders							
Dividend	-	-	-	-22 642	-22 642	-	-22 642
Closing equity 31 Dec 2022	3 363	32 510	36 980	621 434	694 287	1	694 288
Opening equity 1 Jan 2023	3 363	32 510	36 980	621 434	694 287	1	694 288
Result for the period	-	-	-	140 223	140 223	-	140 223
Other comprehensive income							
Translation differences	-	-	2 641	-	2 641	-	2 641
Transactions with shareholders							
Dividend	-	-	-	-31 133	-31 133	-	-31 133
Closing equity 31 Dec 2023	3 363	32 510	39 622	730 523	806 018	1	806 019

Group cash flow statements in summary

SEK thousands	Note	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Operating activities					
Operating result		34 503	47 348	214 651	220 001
Adjustments for items not included in the cash flow		11 382	12 589	44 611	36 950
Received interest		4 477	403	4 690	647
Paid interest		-8 346	-5 318	-31 069	-14 123
Paid income tax		-7 642	2 673	-49 611	-5 663
Cash flow from operating activities before changes in working capital		34 374	57 695	183 272	237 812
Changes in working capital					
Changes in inventories		16 980	-4 706	22 271	-42 455
Changes in operating receivables		55 466	27 895	704	25 728
Changes in operating liabilities		-22 823	-25 760	7 848	-24 944
Cash flow from operating activities		83 997	55 124	214 095	196 141
Investing activities					
Business combinations		-5 679	-12 243	-19 181	-12 243
Earnout payments		-	-	-60 221	-15 560
Investments in intangible fixed assets		-2 923	-4 802	-10 263	-19 570
Investments in tangible fixed assets		-6 503	-1 751	-11 349	-7 661
Sale of tangible fixed assets		471	310	1 147	9 551
Increase/decrease of long-term receivable		-	-	-1 523	51
Cash flow from investing activities	3	-14 634	-18 486	-101 390	-45 432
Financing activities					
Amortizations of loans		-	-17 212	-87 886	-17 212
Amortizations of lease liabilities		-7 386	-6 495	-25 231	-22 576
Paid dividend		-	-	-31 133	-22 642
Other items		-	-	-2 255	-
Cash flow from financing activities		-7 386	-23 706	-146 505	-62 430
Cash flow for the period		61 977	12 932	-33 800	88 279
Cash and cash equivalents at the beginning of the period		246 367	326 887	335 525	233 230
Translation difference in cash and cash equivalents		-10 264	-4 295	-3 644	14 015
Cash and cash equivalents at the end of the period		298 081	335 525	298 081	335 525



Parent company income statement in summary

SEK thousands	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	7 936	13 595	41 355	46 018
Sales expenses	-95	-273	-576	-1 589
Administrative expenses	-12 077	-15 215	-45 698	-48 830
Research and development expenses	-2 392	-1 813	-8 171	-6 085
Other operating income	-	1 015	286	2 718
Other operating expenses	-806	-	-	-
Operating result	-7 433	-2 691	-12 805	-7 767
Financial items				
Result from participations in Group companies	-	-	85 672	48 124
Financial income	5 330	4 124	25 486	12 561
Financial expenses	-15 869	-5 602	-37 094	-16 330
Result after financial items	-17 973	-4 168	61 259	36 586
Appropriations	92 308	82 017	92 308	82 017
Result before tax	74 335	77 848	153 567	118 602
Tax expense	-15 640	-16 434	-14 343	-14 929
Result for the period	58 696	61 415	139 224	103 674

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

Parent company balance sheet in summary

SEK thousands	31 Dec 2023	31 Dec 2022
ASSETS		
<i>Fixed assets</i>		
Intangible fixed assets	34 968	27 920
Tangible fixed assets	302	423
Participations in Group companies	476 692	476 938
Receivables on Group companies	273 848	257 249
Total fixed assets	785 810	762 530
<i>Current assets</i>		
Receivables on Group companies	55 021	74 460
Other receivables	790	373
Prepaid expenses and accrued income	3 112	3 027
Cash and cash equivalents	161 884	195 143
Total current assets	220 807	273 003
TOTAL ASSETS	1 006 616	1 035 533
EQUITY AND LIABILITIES		
<i>Equity</i>		
Share capital	3 363	3 363
Restricted reserve	918	918
Development costs reserve	34 963	27 550
Total restricted equity	39 245	31 831
Share premium reserve	32 510	32 510
Retained earnings	126 993	61 864
Result for the period	139 224	103 674
Total unrestricted equity	298 727	198 049
Total equity	337 972	229 880
<i>Untaxed reserves</i>		
Tax allocation reserve	62 093	38 708
Total untaxed reserves	62 093	38 708
<i>Long-term liabilities</i>		
Liabilities to credit institutions	465 029	556 160
Liabilities to Group companies	-	7 961
Total long-term liabilities	465 029	564 121
<i>Short-term liabilities</i>		
Accounts payable	2 410	2 505
Current tax liabilities	17 943	22 601
Liabilities to Group companies	104 429	129 487
Other liabilities	431	26 224
Accrued expenses and deferred income	16 310	22 006
Total short-term liabilities	141 522	202 824
TOTAL EQUITY AND LIABILITIES	1 006 616	1 035 533

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 business areas 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	
	Oct-Dec 2023	Oct-Dec 2022	Oct-Dec 2023	Oct-Dec 2022	Oct-Dec 2023	Oct-Dec 2022
Products, recorded at a certain point in time	211 440	226 260	50 644	44 422	262 085	270 682
Services, recorded over time	37 872	39 039	9 766	1 753	47 638	40 791
Products and services, recorded over time	13 952	11 077	18 266	17 550	32 218	28 627
Total	263 264	276 375	78 676	63 725	341 941	340 101

SEK thousands	Industrial		Commercial Kitchen		Total	
	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Products, recorded at a certain point in time	920 715	909 088	200 389	189 269	1 121 104	1 098 357
Services, recorded over time	131 079	124 698	19 004	7 644	150 083	132 342
Products and services, recorded over time	60 752	57 242	76 525	51 380	137 277	108 622
Total	1 112 547	1 091 028	295 917	248 293	1 408 464	1 339 321

Net sales per geographic region

SEK thousands	Industrial		Commercial Kitchen		Total	
	Oct-Dec 2023	Oct-Dec 2022	Oct-Dec 2023	Oct-Dec 2022	Oct-Dec 2023	Oct-Dec 2022
EMEA	134 404	135 493	78 331	63 023	212 735	198 516
Americas	99 913	110 389	345	414	100 258	110 803
APAC	28 947	30 493	-	289	28 947	30 782
Total	263 264	276 375	78 676	63 725	341 941	340 101

SEK thousands	Industrial		Commercial Kitchen		Total	
	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
EMEA	590 996	525 874	284 567	238 481	875 563	764 355
Americas	380 069	423 935	2 075	2 140	382 144	426 075
APAC	141 482	141 219	9 276	7 672	150 757	148 890
Total	1 112 547	1 091 028	295 917	248 293	1 408 464	1 339 321

Note 2 Reporting per geographic area

The Group's net sales per geographic area have been reported for the Group's regions and 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			
	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
EMEA	212 735	198 516	875 563	764 355
<i>of which UK</i>	60 313	56 814	258 885	234 347
<i>of which Sweden</i>	36 510	34 849	151 195	143 108
Americas	100 258	110 803	382 144	426 075
<i>of which USA</i>	57 867	70 079	243 744	270 581
APAC	28 947	30 782	150 757	148 890
Total	341 941	340 101	1 408 464	1 339 321

SEK thousands	Fixed assets*	
	31 Dec 2023	31 Dec 2022
EMEA	214 266	215 590
<i>of which UK</i>	61 284	60 336
<i>of which Sweden</i>	113 054	109 645
Americas	91 269	29 765
<i>of which USA</i>	2 833	5 061
APAC	1 779	2 949
Total	307 314	248 303

* 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.

SEK thousands	Industrial		Commercial Kitchen		Group functions		Eliminations		Total	
	Oct-Dec 2023	Oct-Dec 2022	Oct-Dec 2023	Oct-Dec 2022	Oct-Dec 2023	Oct-Dec 2022	Oct-Dec 2023	Oct-Dec 2022	Oct-Dec 2023	Oct-Dec 2022
Net sales	263 264	276 375	78 763	63 843	-	-	-87	-116	341 941	340 101
Operating result	25 686	35 182	12 676	9 095	-3 858	3 071	-	-	34 503	47 348
Net financial items									-16 260	-7 453
Result before tax									18 243	39 896
Amortizations and depreciations	-8 933	-7 548	-3 013	-2 482	-1 623	-425	-	-	-13 569	-10 455
Net investments	-6 318	-2 686	-18	-104	-2 620	-3 453	-	-	-8 955	-6 243

SEK thousands	Industrial		Commercial Kitchen		Group functions		Eliminations		Total	
	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	1 112 547	1 091 035	296 092	248 482	-	-	-175	-195	1 408 464	1 339 321
Operating result	181 477	189 428	47 418	36 155	-14 244	-5 582	-	-	214 650	220 001
Net financial items									-34 432	-23 118
Result before tax									180 219	196 883
Amortizations and depreciations	-30 884	-30 308	-11 963	-8 653	-3 829	-1 605	-	-	-46 676	-40 566
Net investments	-11 372	-2 774	-147	-996	-8 946	-13 909	-	-	-20 465	-17 680

Note 4

Financial instruments

SEK thousands	Financial assets		Financial liabilities	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Measured at amortized cost	525 330	561 094	574 406	663 740
Measured at fair value through profit and loss	-	-	-	60 372
Total	525 330	561 094	574 406	724 112

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 2022.

Note 5

Pledged assets and contingent liabilities

Group

SEK thousands	31 Dec 2023	31 Dec 2022
Contingent liabilities		
Other guarantees	4 087	3 929
Total	4 087	3 929

Parent company

SEK thousands	31 Dec 2023	31 Dec 2022
Contingent liabilities		
Guarantees for Group companies	22 256	21 931
Other guarantees	4 087	3 929
Total	26 343	25 860

Note 6 Business combinations

Nu-Air B.V.

As of December 1 2022, the Group acquired 100 percent of the Dutch company Nu-Air B.V. for a purchase price of EUR 2.3 million on a cash and debt-free basis. The acquisition is financed by available funds and the purchase price is paid over three years. The company has an annual turnover of approximately EUR 6 million, and forms together with Tessu Systems B.V., acquired by Absolent Air Care Group in 2021, a dominating player on the Dutch commercial kitchen ventilation market. Nu-Air is included in the Group's Commercial Kitchen business area.

The acquisition did not have any material impact on earnings per share for 2022. Transaction costs related to this acquisition amounted to SEK 1.0 million, and are recorded as administrative expenses in the Group income statement. The table summarizes purchase price as well as acquired assets and liabilities, recognized at fair value as of the acquisition date. The purchase price allocation has been finalized during the fourth quarter of 2023.

SEK thousands	Nu-Air B.V.
Tangible fixed assets	1 817
Right-of-use asset	16 529
Financial fixed assets	75
Inventories	8 778
Accounts receivable	7 829
Other receivables	33
Prepaid expenses and accrued income	-21
Cash and cash equivalents	8 417
Provisions	-211
Accounts payable	-3 726
Current tax liabilities	-37
Lease liability	-16 495
Other current liabilities	-5 751
Accrued expenses and deferred income	-7 077
Net identifiable assets and liabilities	10 158
Goodwill	19 917
Total purchase price	30 075
Purchase price liability, to be paid during 2023 and 2024	-8 745
Total transferred consideration	21 331
Cash and cash equivalents in the acquired company	-8 417
Effect on Group cash and cash equivalents	12 914



