Air care for healthy growth

Absolent Air Care Group is a global group that develops products for cleaning process air in a wide range of industries.

2023

Annual Report

Absolent
AIR CARE GROUP

Clean air for people, planet and life

Table of contents

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.

01 About Absolent Air Care Group

Clean air in production environments

Absolent Air Care Group is a global group that develops products for cleaning process air in a wide range of industries. Our air cleaning products help production companies provide clean and fresh air to their employees, reduce energy costs and increase the productivity. Absolent Air Care Group is listed on Nasdaq First North Growth Market.

Organization

Absolent Air Care Group, with head office in Sweden, operates production facilities in Sweden, the UK, Canada and the Netherlands. Overall, the Group has operations in Sweden, the UK, Canada, China, USA, Germany, the Netherlands, Finland, France, India, Switzerland, Japan, Hong Kong, Italy and Norway. Direct sales of our air cleaning products are made through our own subsidiaries as well as through a network of carefully selected distributors in more than 60 countries. Absolent Air Care Group's brands consist of Absolent, Aerofil, Airmaid, Avani, Dustcheck, Diversitech, Filtermist, Jeven, Kerstar, Nu-Air, Tessu and Quatro. Each brand has its own character and functions as an independent entity in its own field.

Customer segments

Our air cleaning products are used to separate air pollutants in a wide range of industries including the aerospace, automotive, chemical, electronics, pharmaceutical, woodworking and food industries as well as in power generation, contract manufacturing, dental laboratories, and restaurants. The Group's end customers include many world-leading companies, such as Bosch, Boeing, Burger King, Caterpillar, McDonald's, Rolls Royce, Scania, SKF, Sandvik Material Technology, Volvo Cars and Volvo Trucks.

Applications

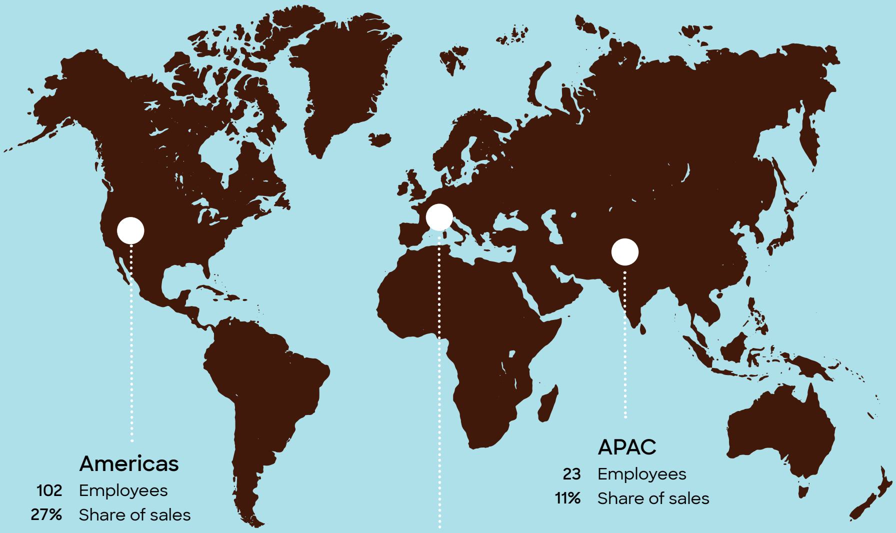
The Group's products are used to clean process air from various types of particles and gases. Typical sources of particulate emissions and gases are manufacturing processes such as milling, turning, rolling, hardening, die casting, welding, laser cutting, grinding, additive manufacturing, frying, roasting and grilling.

Technologies

Absolent Air Care Group has a broad portfolio of filtration technologies to meet our customers' needs with the most suitable and qualitative air cleaning units. The product portfolio covers the majority of all technology platforms for particle and gas filtration. This is relatively unique in the industry and further contributes to our solid knowledge of the technology platforms' strengths and weaknesses and how they complement each other in different application areas.

499

million m³ clean air per hour is delivered by Absolent Air Care Group's filtration units

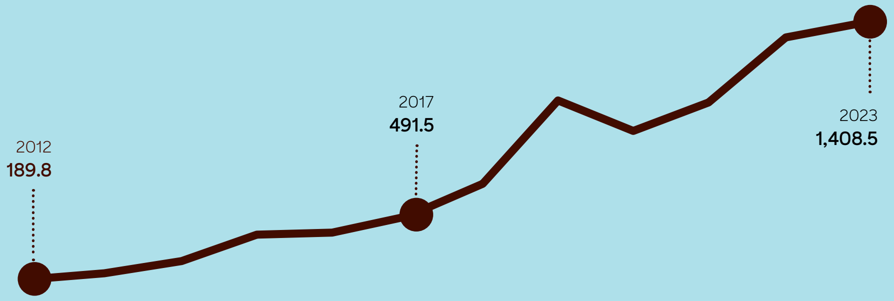


1,408
Net sales, 2023, SEK million

466
Number of employees

60
Sales in number of countries

12
Brands



Net sales development 2012–2023, SEK million

Production countries	Brands	Industries
Sweden, UK, the Netherlands and Canada	Absolent, Aerofil, Airmaid, Avani, Dustcheck, Diversitech, Filtermist, Jeven, Kerstar, Nu-Air, Tessu and Quatro	Aerospace, automotive, chemical, electronics, pharmaceuticals, woodworking and food industries as well as power generation, contract manufacturing, dental laboratories and restaurants

History of the Group

2019
Group turnover exceeds SEK 1 billion

2014
Group Parent company listed on stock market

2010
Filtermist Group in the UK is acquired

2006
Schörling becomes the majority shareholder of the Group

2000
Established on the US market

1993
Absolent AB is founded

Absolent AB, the first company in the Group, was founded by Joakim Westh, still a board member of the Parent company, together with two partners in Lidköping, Sweden in 1993. During the period 1994-2000, Absolent AB rapidly grew to become market leader on the domestic market for oil mist filtration. A new product line was also developed during the first years, further increasing the company's competitiveness.

Focus on export sales began early in the Group's history. In 1995, the first units were sold to Norway, followed by Finland in 1997 and Germany and Switzerland in 1998. During the following years, distributors were established in several other European countries. About 1998, the first units were delivered to the US, initially through OEM customers and later directly to American distributors. In 2000, the company Absolent Inc. was founded, to serve as a platform for the sales expansion on the American market. The same year, the Parent company Absolent Air Care Group AB was founded, and a few years after, 2002, the Swedish industrialist Carl-Henric Svanberg became one of the company's major shareholders. Carl-Henric Svanberg was an active board member during several years and remained a major shareholder for many years.

In 2006, the investment company Melker Schörling AB acquired a large share and became the Group's majority shareholder. To increase the Group's product assortment and geographical presence, the British company Filtermist was acquired in 2010. The year after, the Group set up a sales company in China to establish a sales organization on the Chinese market. 2014 mark an important milestone for the Group, as the Parent company was listed on Nasdaq First North. During 2015, Absolent's American distributor, Avani International Inc, was acquired and during the same time, the German sales company Absolent GmbH was established. In 2016, Multifan Systems in the UK was acquired, and during 2017 and 2018 sales companies were established in France, China and India. During 2017, the British dust filter company Dustcheck was acquired.

2019 was an acquisition-intensive year for Absolent Air Care Group, when six acquisitions were completed. In Sweden, the company SMK, a strategically important subcontractor for Absolent products, was acquired. In the UK, two acquisitions were carried out when the DCS Group, with smoke and dust extraction business, and Kerstar, manufacturer of high-vacuum cleaners, were acquired.

The Group further strengthened its offer through the acquisition of the Canadian company Diversitech, market leader in cleaning fumes from welding and cutting. During 2019, the Group also started its investments in commercial kitchen ventilation when Jeven (with operations in Finland and Sweden) and Interzon (with operations in Sweden and Estonia) were acquired. Together with a strong growth, the above-mentioned acquisitions resulted in the Group reporting a turnover exceeding SEK 1 billion for the first time in 2019.

2020 was the year when the Group set the ambitious target that the Group's own operations shall be carbon neutral in 2030 and the Group's value chain shall be carbon negative in 2050. As a way to have control over its carbon reduction technologies, the Group chose to intensify the development of carbon capture solutions.

2021 began with Absolent Air Care Group increasing its commercial kitchen ventilation investment with the acquisition of the Dutch company Tessu Systems. During the year, Absolent strengthened its presence on the European market by establishing a sales company in Italy. During the end of 2021, the Canadian companies Quatro Air Technologies Inc. and Aerofil Inc. were acquired. Quatro develops and markets portable air cleaning solutions for hospitals, schools and offices etc. and Aerofil distributes air purification solutions for industries such as mineral processing and pulp and paper.

During 2022, the Group expanded its investments in the Commercial Kitchen business area through the acquisition of the Dutch company Nu-Air B.V. Together with Tessu, acquired by Absolent Air Care Group in 2021, the company forms a dominating player on the Dutch commercial kitchen ventilation market. In the beginning of 2023, the Swiss company AIRfina AG, a former distributor of Absolent AB, was acquired to strengthen the Group's presence on the Swiss market. 2023 is also an anniversary year for Absolent Air Care Group, since it marks 30 years since the first company Absolent AB was founded!

Absolent Air Care Group celebrates 30 years!

Back in 1993, Absolent AB, the first company in the Group, was founded in Lidköping, Sweden, by Joakim Westh, Thomas Lindblom and Dan Holmberg. To mark the 30-year anniversary, we sat down with Joakim Westh, still active as a board member and large owner of Absolent Air Care Group, to talk about how it all started and some milestones during these 30 years.

We are now 30 years in the business, but how did it all start, Joakim? There is a rumor about a restaurant and a napkin, is there any truth to that?

The first spark of what should later become Absolent was actually due to my friend Thomas Lindblom losing his job. He wanted to start a company, and he contacted me to help develop a business plan together with him. I was working in Stockholm as a management consultant at the time, he was living outside Lidköping, so we decided to meet halfway between those cities. That meant the city of Örebro, where we met at a hamburger restaurant, and I started to interview him about his skills and ideas about the company he wanted to start. He had previously worked as production manager where one of the smaller product areas was industrial filters, and we both wanted to do something good for the work environment. This altogether sounded like a good idea, and based on that, the embryo of a business plan was sketched on a napkin in this hamburger restaurant. With this business plan as a start, I guaranteed a loan from Almi and I borrowed the additional funds needed to finance the company so we could start the journey together.

Did you have a clear picture from the beginning of what you wanted to achieve with this business plan?

No, it was not clear at all to be honest. We started with filters similar to those Thomas had previously worked with and tried to redesign them to find the best filter solution. At this point in time, we met Dan Holmberg, who owned a small company designing and selling industrial filters, and after roughly half a year me and Thomas Lindblom ended up buying his company and thereby making Dan Holmberg the third partner in our company. Together we formed a good team, with Thomas as a result-oriented and driven leader, Dan as a typical inventor with ideas on how to make good oil mist filters, and finally myself as the person helping out with everything else you need to build a company, such as our strategy, contracts and other company formalities, and I also became the chairman of the company fairly early on.

We worked with merging Dan's ideas regarding oil mist filters with Thomas' and my own designs from the beginning, and we did a lot of experimenting with different filter materials and so on to find the best configuration. We actually used Thomas' garage as test lab! It ended up being destroyed, but it was a very fun and interesting period, and it was in this very lab the basis of what today is Absolent was created.

When did you feel that the company really took off?

Fairly early on after we had started, we got in contact with SKF in Gothenburg and understood that they had a lot of filter units from a competitor in their production environment. These filter

"For us, it has always been important to create products that are better than what is on the market."

units were not optimal for their environment, they required a lot of maintenance and cleaning on a monthly basis. We knew we had a good filter technology with self-draining capacity, so we assured our contact at SKF that we could solve all these problems but told him that they had to place a large order and give us an up-front payment to cover our costs for the material required to produce these filter units – we could not afford it! SKF trusted us and agreed to pay part of the order value up-front, and with that order in hand and the trust from a big internationally well-known customer, I really felt that the company took off.

How important was it to involve large and more experienced owners, like Carl-Henric Svanberg and Melker Schörling, and how have they contributed to the development of the company?

We were on a good journey already, but during the period 2000-2002 Carl-Henric Svanberg came in as an owner and contributed with his extensive industrial experience as well as with a large contact network of potential customers. During 2006, Thomas Lindblom wanted to sell his share of the company and we needed to find a suitable owner to acquire his share. At that time, we had been approached by a large US company who had expressed interest to buy 100% of the company. For Thomas, who wanted to sell his shares, it was obviously an attractive proposal, but I was not keen on selling my shares and leaving Absolent behind. Instead, I contacted Melker Schörling, who I knew from my time at ASSA Abloy and asked him with very short notice if he was interested in acquiring Thomas Lindblom's share of Absolent. Melker Schörling, one of Sweden's most experienced industrialists, thought about the offer a couple of weeks and then ended up acquiring Thomas' share, plus additional shares, and became the majority shareholder in Absolent. The Schörling family has stayed as the strong majority owner of Absolent to this very day, and they have brought a lot of industrial experience and financial strength. With the Schörling family as a strong owner, we also dared to start looking at potential acquisitions, and a couple of years later Filtermist Group in the UK was acquired and several other acquisitions have followed over the years.

For many of us Absolent employees, the fact that we work for clean air is very important and give us a sense of pride. How important has that been for you and for the company from the beginning?

The sense of doing something good for society and for the workplace has always been a strong driving force for us, and I find an enormous satisfaction to have been part of this company over these 30 years to see how much good we have actually done for the workplace and the environment. The joy of doing something good for the environment has actually grown on me over these years, where we at the same time have seen sustainability issues getting more and more attention in the media and everyday life.

What do you think are some of the key success factors for the Group over time?

For us, it has always been important to create products that are better than what is on the market, and we have been able to create innovation in an industry that was not really known for innovation. From the beginning, we also put a lot of focus on really understanding the challenges the customers face and how our products could be adapted to suit the customers' needs in the best possible way. We then coupled these factors with a way of selling based on facts and measurements of the customers' air pollution, previously unheard of in this industry. All of the factors above have been included in our strategy from the beginning and has been further developed over the years, and I think this has been the fundament behind our successful journey.

When we sit here and look back on our 30-year history, what are your expectations on the coming 30 years for Absolent Air Care Group?

If we continue to develop the previously mentioned success factors in our strategy, I am sure that we will find new areas to grow in – in addition to our currently prioritized application areas. Looking back, I am amazed how much has happened during the past 30 years, but I have to say that I am even more positive about the future, given that the trends that has taken us this far are getting even stronger and more in focus in all parts of the world. We had good opportunities when we started 30 years ago, but we have even better opportunities today!

Technology Leadership

Customer First

Everything starts with the customer. Helping our customers to ensure a safe and healthy working environment, reduce their emissions and comply with environmental regulations has always been the mission of Absolent Air Care Group. We use our leading filtration technologies to provide clean air in many different applications across the world, and we will continue to lead the development.

Every customer is different and there are many factors impacting the choice of the right process air filter solution. Putting the customer first means for us spending a lot of time and effort listening and understanding what is important for the ones using our products.

Reduce waste

A flexible and attractive offer to our customers also requires cost-efficiency and speed in operations. We continuously identify and remove activities not providing any value to our customers, and we ensure output and operational efficiency in all areas.

Balanced offer

Combining strong customer focus with removal of all possible waste requires a balanced product offer, with the right performance options to satisfy the needs of our customers. We work hard every day to maximize the number of choices of our customers while minimizing internal complexity. A cornerstone in this journey is the development of new modular product architectures.

During 2023 we have launched the first of a number of new product families from Absolent Air Care Group; A·erity. A·erity is a new range of powerful oil mist filters built on our state-of-the-art filtration technology and offering flexibility to be able to guarantee clean air and energy efficiency to a wide variety of applications.

Our approach on modular product development is an integrated process putting requirements on all aspects of the full value chain. It provides several opportunities and customer benefits:

Space and weight saving

Floor space is a scarcity in most factories. The smaller we can make our filter units the better for the customer, and the better for the environment since less resources are needed in the production process. A structured understanding of required filtration performance combined with our flexible product architecture gives us and our customers the ability to reduce filter unit size while maintaining sufficient filtration capacity. We call this High Filtration Power Density

It is often preferred to mount the filters on top of the machine, or even integrate it into the machine. Absolent Air Care Group already offers a leading range of machine mounted filters with our A·Line fiber bed technology and our Filtermist centrifugal filters, but with our High Filtration Power Density methodology combined with flexible and easy installation features we will soon be taking our machine-mounted filter range to the next level.

Energy efficiency

Energy efficiency is an area continuously growing in importance for our customers, and a central point in our development of new modular product architectures. We have a portfolio of technologies to always ensure a highly energy-efficient air filtration process, helping customers to reduce electricity bills, complying with environmental legislation, reducing maintenance and supporting high-level sustainability targets.

Energy-efficient solutions from Absolent Air Care Group constitutes many components. Examples of this include EcoDrive, an IE5 class EC-motor, for optimized energy use and safer operation which is a core component in our new A·erity oil mist filter range. Our IoT solutions also play a crucial role, ensuring optimal running of the fan engine and that maintenance is carried out for optimal performance.

The clean air leaving our filter provides additional opportunities for energy efficiency at the customers, for example allowing for efficient heat recovery of the process air.

Speed

Speed is crucial to efficiently support our customers. With our modular product architectures, our configurators and a well-established supply chain, we are able to offer customized products with high availability and short lead times.

Modular product architecture fundament

From a development perspective two areas can be highlighted when it comes to modular product architecture fundament.

State-of-the art filtration technology

The heart and main purpose of a filter unit is the separation of harmful particles from the polluted air. Our unique composition of fibre materials in our filters with the patented Catch & Release® self-draining function already provides us with the most efficient technology in the world for oil mist filtration, and we are investing heavily to further strengthen our leading position.

Standardized interfaces

We use our knowledge about the customer needs and our focus on offer efficiency to select and right-size our assortment of components and modules. A key challenge in our development work is to develop standardized interfaces between components and modules to maximize our flexibility to configure the right filter solution for each customer.

Master of Products

Our focused strategy on always being able to provide the best possible solution for our customers is a cornerstone in our strive to further strengthen our leading position within process air filtration. But we are also making important progress in game-changing areas such as CO_2 capturing. Results in our lab are satisfying and we are now starting the process to build a first full-scale unit.

TurboSwing®

In a commercial kitchen, many different cooking processes create grease particles in the process air. An efficient system with a high-performance hood and efficient pre-filtration technology is a cornerstone in keeping the kitchen environment clean, safe and healthy. It also prevents grease from building up in the duct, causing risk of fire and driving need of extensive maintenance.

Absolent Air Care Group's patented superior pre-filtration and separation technology TurboSwing® was invented some ten years ago. Since then, 50,000 units have been manufactured and sold. The fumes or aerosol of the cooking process enter the TurboSwing® unit through the basin and the airflow is directed towards the separation disc. The mechanical rotation of the disc (driven by an electrical motor) separates the grease particles out of the airstream and back to the bottom of the basin, where they are collected and easy to remove.

Installing TurboSwing® as a pre-filtration solution has made a big difference for thousands of customers already, and the interest has continued to grow strongly during 2023. No spill or slippery floors, silent operation, super-easy maintenance, strong reduction in ducting maintenance and through a pre-filter with very low energy consumption will continue to be key for our customers in the dynamic Commercial Kitchen business.

Cobot filtration unit

A cobot, or collaborative robot, is a robot intended for direct human-robot interaction within a shared space, or where humans and robots are in close proximity. The cobot market in the US only is expected to grow by more than 30 percent in average per year until 2030. Cobot applications contrast with traditional industrial robot applications in which robots are isolated from human contact. When operating a cobot for welding, it is important to capture the welding fume and separate the harmful particles from the process air, both to ensure a safe and healthy environment for operators and to ensure quality output from the welding operation. Absolent Air Care Group has developed a new filtration unit for cobots under the Diversitech brand, which combines a cobot hood with an electrostatic precipitator creating a filtration unit adaptable to many different cobot applications with a great number of mounting options.

Focus in our development has been to combine simplicity in installation and maintenance, quiet and energy-efficient operation and high flexibility, using an environmentally sustainable technology with minimal consumable waste. We expect a strong continued growth of this unique solution during the coming years.

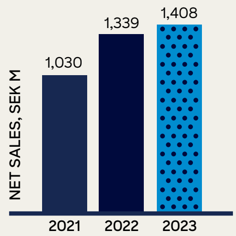
02 The year in brief

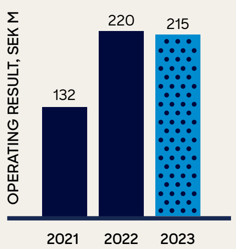
Net sales
Net sales for the year amounted to SEK 1,408.5 (1,339.3) million, which corresponds to a growth of 5.2 (30.1) %.

Result
Operating result before depreciations and amortizations (EBITDA) amounted to SEK 261.3 (260.6) million and a margin of 18.6 (19.5) %. Operating result (EBIT) amounted to SEK 214.7 (220.0) million, corresponding to a margin of 15.2 (16.4) %. Result after tax amounted to SEK 140.2 (151.8) million, and earnings per share amounted to SEK 12.39 (13.40).

Cash flow
Cash flow from operating activities after changes in working capital amounted to SEK 214.1 (196.1) million.

Dividend
The Board of Directors has decided to propose to the Annual General Meeting a dividend of SEK 3.00 (2.75) per share.





Key figures

	2023	2022	2021
Net sales, SEK thousands	1 408 464	1 339 321	1 029 807
Sales growth, %	5.2	30.1	15.0
Operating result before amortizations and depreciations (EBITDA), SEK thousands	261 326	260 567	168 538
Operating margin before amortizations and depreciations, %	18.6	19.5	16.4
Adjusted operating result before amortizations and depreciations*, SEK thousands	261 326	260 567	181 162
Adjusted operating margin before amortizations and depreciations*, %	18.6	19.5	17.6
Operating result, SEK thousands	214 650	220 001	131 542
Operating margin, %	15.2	16.4	12.8
Adjusted operating result*, SEK thousands	214 650	220 001	144 166
Adjusted operating margin*, %	15.2	16.4	14.0
Cash flow from operating activities, SEK thousands	214 095	196 141	114 510
Number of employees	466	457	446

* Adjusted key ratios are excluding items affecting comparability for 2021, 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 other periods.

Continuous development and acquisitions

During the spring, Absolent Air Care Group increased its direct presence in Switzerland through the acquisition of the Swiss company AIRfina AG, up until then one of Absolent AB's distributors in the country. The acquisition gives us the opportunity to build a direct relationship with important key customers on the Swiss market.

Company	Country	Business area	Time of acquisition	Description
AIRfina AG	Switzerland	Industrial	Q2 2023	Distributor of Absolent products

03 CEO comments

Solid year where we build for the future

When I look back on 2023, I find that we had a solid development during the year, despite continued uncertainties in some markets and challenging external factors such as inflation and interest rates. We continue to show growth, together with a slightly lower profitability than the previous year, where 2023 was burdened by unfavorable currency effects and some restructuring costs. During the year, we have run consolidation projects in the UK and Canada to create larger, more modern and more efficient production facilities. In Canada, a relocation of parts of the operations (including production) has been finalized, which eventually also will gather our other Canadian operations under the same roof. We have also carried out some personnel-related restructuring measures in Canada and the Netherlands during 2023, to ensure the organizations are better adapted to our strategy for the coming years. The above-mentioned measures have created a solid base for future periods, with a business adapted to the development we want to achieve.

Focus on product development

During the year, we have continued the work with developing the next generation product architectures, with focus on modularity. These product architectures will not only give us a better offer to present and efficiently deliver to our customers, but also considerably simplify the integration and margin improvement of acquisitions. Our first product series built on these architectures – A·erity – was launched in the beginning of the year and will be followed by other launches during the coming years. The modular product structures mean that the products can be more efficiently adapted to the customers' individual needs, and they also have more sustainable profile through a significantly lower energy use than other products.

In addition to the modular product structures, our product development department has been working with developing our carbon capture technology. It is a challenging project, but we are taking steps in the right direction and during the year developed a prototype able to capture carbon and transform it to a liquid state. We are now focusing on producing a first full-scale product and make the process efficient enough for further commercialization.

Commercial Kitchen towards new markets

2023 was a year when the Commercial Kitchen business area had a positive development, both in terms of sales and profitability. On the Nordic markets, several of the large Quick Service Restaurant (QSR) chains are our customers, and QSR is an area where we invest heavily to develop the business and enter new markets. The US and the UK are two of the largest QSR markets in the world, and during a longer time we have been working actively to build relations with potential customers on these markets. Hence, we are delighted that we have now received the first orders from one of the larger QSR chains in the UK. We are very positive about our potential to grow in the QSR segment on several markets going forward.

The future

In the short term, there is still an uncertainty in external factors and in some markets, but the restructuring measures we have taken during the year give us a solid base for the future, and together with a good product assortment and continued focus on product development, we have a positive and excited view of the future. We continue to build a Group that will generate clean air to more and more people every year, and at the same time maintain our profitable growth, both organically and through acquisitions. I would like to thank all colleagues for your hard work and commitment during the year, and I look forward to continuing our journey together during 2024.

Axel Berntsson, CEO and President
Gothenburg, in April 2024

04 Market and trends

Market with strong growth

The global market for products and services for industrial air filtration and commercial kitchen ventilation is estimated to be worth approximately SEK 290 billion per year. The growth rate for the global market is on average approximately 5% per year, while the growth rate differs between different geographical, product and service areas.

Fragmented market

The global market for industrial air filtration and commercial kitchen ventilation is fragmented and many of our competitors are small local companies in each country. There are a few global actors, including Donaldson, Camfil, and Halton. Absolent Air Care Group's brands hold established positions in their market segments. The Group's main strengths are based on our specific product and application knowledge in the cleaning of polluted process air that has been accumulated over time as thousands of customer-specific products have been installed.

Trends

Automation and digitalization

Manufacturing companies invest in automation and digitalization solutions to enable cost-effective production by increasing the utilization rate of machines and realizing productivity increases. The air pollutants that arise in a manufacturing process can accumulate and stick to other components, thereby creating problems for sensitive electronic equipment, which increases the risk for down time and tolerance problems. The significant role of air quality in the availability and productivity of machines means that automation is a trend that supports the demand for air cleaning solutions. Digitalization contributes to new opportunities such as developing additional services related to remote monitoring, predictable maintenance, and pollution-optimized air cleaning solutions.

Local value chains

As a result of increased global trade barriers, there is a shift from global to local value chains where an increasing number of companies are placing their production closer to its customers. The shift towards shorter local value chains means a globally increased pace of construction of new factories, resulting in a growing need for air cleaning solutions. Newly built factories generally place higher demands on air quality, which requires more advanced air cleaning solutions - a trend that benefits Absolent Air Care Group's broad product portfolio.

Sustainability

Increased focus on sustainability, minimized environmental impact and social responsibility is a trend that supports the demand for air cleaning solutions. Companies that manage risks and try to find opportunities related to sustainability are becoming increasingly attractive to potential investors as associated risks are reduced. Absolent Air Care Group's air filtration products help customers minimize emissions of air pollutants to the environment, create a better working environment for people, and can contribute to energy savings.

5%

The global market for products and services for industrial air filtration and commercial kitchen ventilation is estimated to be worth approximately SEK 290 billion per year. The growth rate for the global market is on average approximately 5% per year.

05 Strategy and vision

Absolent Air Care Group's strategic target is to be a long-term partner to our customers when it comes to clean air and a good working environment. Among other things, this means we aim to have air cleaning products ranging from entry models to the very best products combined with a focused service offering in the form of consultation, installation and service to give the customers best possible value for their investment. We were the first in the business to ensure that we sell the right filter equipment to the right customer by measuring the customers' process air at an early stage of the sales process, which is still an important part in our sales process. Our goal is always to guide the customer to choose, at once or as soon as possible in the near future, to provide their employees with the best possible working environment with focus on clean and fresh air.

The Group's growth strategy is based on our ability to deliver organic growth that is higher than the industry average as well as growth through acquisitions. The strategy is built on the Group strengthening its position within the two business areas Industrial and Commercial Kitchen. Within the business areas, there are prioritized application areas chosen based on their attractiveness and our ability to offer and deliver value-creating products. Common to all areas is the fact that by helping customers with products for process air management, we help reduce their climate impact, provide employees with a better working environment and increase the customers' productivity.

Organizationally, Absolent Air Care Group is built on our highly skilled and committed employees. We are organized to be agile and to easily integrate new companies in our operations, and our culture is based on always responding to people and challenges with respect, curiosity and with a solution-oriented approach.

Prioritized application areas within Industrial


Machining


Metal fumes


Heavy industry


Food processing


Bulk handling

Prioritized application areas within Commercial Kitchen


Restaurants


Fast food chains


Schools


Hotels


Hospitals


FILTE

06 Value creation model

Business model

Absolent Air Care Group creates value by developing products that clean process air more efficiently than its competitors and create a better working environment for millions of people all around the world. The business is based on our employees having access to the information they need for developing products and solutions for effectively cleaning our customers' process air in a wide range of industries. The Group operates cost-effective manufacturing in seven plants and the products reach the end customer via a tailor-made sales network for each geographic region.

Assets

7 Production plants

466 Employees

60 Markets

12 Strong brands

54 Years of application experience

Created value for our stakeholders

Customers	Employees	Shareholders	Society
Improved working environment	Good working conditions	Result for the year	Taxes and social charges
Increased productivity	Good development opportunities	Share dividend	Reduced emissions from the industry
Reduced maintenance and energy costs	Great place to work		

07 Business areas

Industrial

About the business area

Industrial develops, designs, sells, installs and maintains air filtration units. The units capture and recycle harmful airborne particles and gases generated from processes such as machining, additive manufacturing, die casting, welding, frying and roasting.

Industrial has a wide portfolio of filtration technologies to meet the customers' needs with the most appropriate air filtration products of the best quality. The products are applied in a wide range of industries, including aerospace, automotive, pharmaceuticals, chemical, electronics, wood processing, food processing as well as dental laboratories.

Industrial's end customers include many world-leading companies, such as Bosch, Boeing, Caterpillar, Rolls Royce, Scania, SKF, Sandvik Material Technology, Volvo Cars and Volvo Trucks.

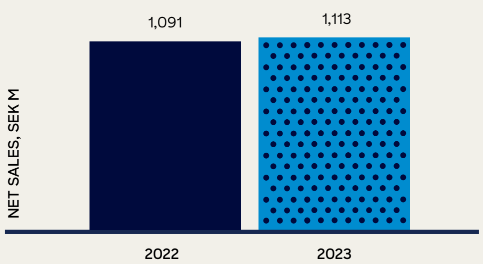
Development during the year

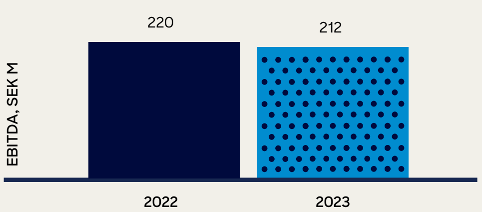
Industrial's net sales amounted to SEK 1,112.5 (1,091.0) million, which corresponds to a growth of 2.0%. Operating result amounted to SEK 181.5 (189.4) million.

During 2023, we have run consolidation projects to create larger, more modern and more efficient production facilities in Canada and in the UK. In the UK, efficiency measures have been taken and further improvements will occur during 2024. In Canada, a relocation of parts of the operations (including production) has been finalized, which give us possibilities to gather all the Canadian operations under the same roof over time – an improvement with obvious synergies and a solid platform for continued profitable growth. In relation to this project, the Canadian operations have incurred restructuring costs during the later part of 2023, causing a negative temporary impact on the profitability.

To expand the business into new customer segments, we have worked actively during the year to establish a presence in the strongly growing segment of electric car manufacturers. Among other things, this includes the large manufacturers on the Chinese market, and we have now started to receive orders from several of these companies.

Within the Industrial business area, the intense work continues to develop next generation products built on an entirely new architecture that will increase the attractiveness of our offer and also give completely new conditions to conduct a professionally industrialized process for purchasing, production and distribution. In the beginning of 2023, A·erity, the first product series based on this structure, was launched under the Absolent brand. Based on this modular product platform, we will launch several new products during the coming years that will give us a solid base for future organic growth and profitability.





Commercial Kitchen

About the business area

Commercial Kitchen develops, designs, installs and maintains commercial kitchen ventilation systems. The systems handle harmful airborne particles and gases generated from cooking, create a better working climate for professional kitchen staff and increase the energy efficiency of the building.

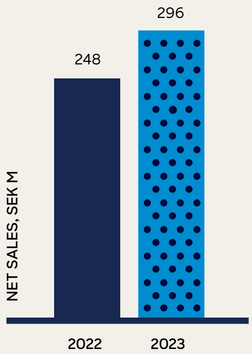
Commercial Kitchen offers an extensive product portfolio of hoods, filtration technologies and fire extinguishing systems to deliver the optimal kitchen ventilation solution. The solutions are applied in kitchens in schools, hospitals, fast foods chains and restaurants. The end customers of the business area include several well-known companies, such as Burger King, McDonald's, KFC, Vapiano, Hard Rock Café, Bastard Burgers, Max, Hilton and Frantzén.

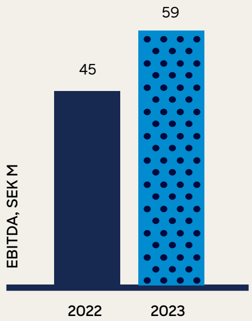
Development during the year

Commercial Kitchen's net sales amounted to SEK 295.9 (248.3) million, which corresponds to a growth of 19.2 %. Operating result amounted to SEK 47.4 (36.2) million. The business area's increased result compared to the previous year is an effect of both increased sales and improved profitability. In terms of sales, we have seen a good recovery on the Swedish market as well as increased sales in the Netherlands due to the acquisition of Nu-Air, which was finalized during the fourth quarter of 2022. During last year, the profitability for Commercial Kitchen was negatively impacted by temporary imbalances between large, rapid price increases on input material and our possibility to increase prices to customers. Back then, we started working on ensuring the right balance between cost increases and price adjustments, and during 2023 we have seen the effect of this work through a considerably improved profitability.

On the Nordic markets, Commercial Kitchen has several of the large Quick Service Restaurant (QSR) chains as customers, and our strategy is to develop this business on other markets as well. As a result of our efforts, we have now received the first orders from one of the largest QSR chains in the UK.

During the end of 2022, the Group increased the investment in commercial kitchen ventilation with the acquisition of the Dutch company Nu-Air B.V. Together with the Group's existing Dutch company Tessu Systems B.V., they form a leader on the Dutch commercial kitchen ventilation market. The integration of Nu-Air with Tessu has proceeded during the year, and has resulted in some personnel-related restructuring costs. The companies are run as one organization and the integration continues and will be finalized during 2024.





08 Customer cases

SPEE3D

SPEE3D chooses Diversitech as OEM for their innovative 3D printing system

Australia based SPEE3D was founded in 2014 to help customers simplify sourcing of metal parts. From supply chain issues to part obsolescence, manufacturers face a battery of obstacles and can struggle to find efficient ways to keep critical equipment up and running. These obstacles are magnified when equipment is in remote locations such as in the Oil & Gas, Mining, or Military sectors.

SPEE3D's 3D printing systems use a cold spray process along with proprietary technology to manufacture metal parts their clients need with the fastest cycle time in the industry to reduce downtime. As the adage goes, time is money!

The printing cavity is kept under constant negative pressure by Diversitech's Monsoon WX5000 Wet Dust Collector which traps fugitive combustible powders with a safe and efficient mechanical filtration process. SPEE3D chose Diversitech for the robustness and reliability of our products as the products' ability to keep up with their printing system was paramount. A Diversitech Dust Collector is mated with every Warp SPEE3D printer sold around the world and our 2023 deliveries included 7 systems to the US Defence Department. With forecasted growth and several deliveries pending, 2024 is positioned to be this partnership's best year yet!

End user
SPEE3D

Business area
Industrial

Filter brand
Diversitech

Total airflow
8,500 m³/h

Country
Australia, US and multiple EU countries.

Application
3D metal printing

Filter solution
Monsoon WX5000 Wet Dust Collector

Restaurant ÄNG

Michelin star-studded sustainability-focused restaurant chooses TurboSwing®

Restaurant ÄNG captured the attention of the Guide Michelin even before it was even built. Since 2021, ÄNG holds a star in the Guide Michelin, as well as the Guide's Green star for its meticulous work on sustainability. ÄNG is also KRAV-labelled with two stars – a Swedish label for organic food. In the 360° Eat Guide for sustainable restaurants, ÄNG holds two rings. The Nordic restaurant guide White Guides rates ÄNG as "Master class". Further affirming its excellence, ÄNG was honored as the 'Destination of the Year' by Di Weekend Krog in 2023.

Right from the project's inception, the vision was clear - dedication to perfection, functionality, and an unwavering focus on intricate details. With Restaurant ÄNG's dedication to quality and sustainability, the choice of the TurboSwing® technology for the kitchen ventilation was easy. Collaborating closely with consultant, construction, and operator, no aspect was left unattended. The focus was on customer demand and control, and to find the best-tailored solution. TurboSwing® technology is the new standard. A standard set at the highest level, above and beyond any other solution on the market. A standard that the customer embraced from the very beginning and will reap the benefits of, for many years to come. We just loved the challenge, the result and most of all, a satisfied customer.

End user
Restaurant ÄNG

Business area
Commercial Kitchen

Filter brand
TurboSwing®

Total airflow
13,320 m³/h

Country
Sweden

Application
Cooking

Filter solution
Separation in combination with UVC

09 Sustainability report

Absolent Air Care Group's global operations are based on helping our customers create a better working environment and reducing the climate impact by cleaning process air. A natural part of Absolent Air Care Group's DNA is protecting our surroundings, and we endeavor to minimize our negative impact through structured sustainability management. The most important areas for the operations have been identified via a materiality analysis and these form the basis for the Group's sustainability work. We are convinced that our active environmental management along with our clear guidelines in the Group's Code of Conduct are contributing to a more sustainable world.

Sustainable business model

Our business model is based on providing our customers with the most appropriate air filtration units of best quality, which contribute to a better working environment and reduce the climate impact for our customers by enabling recycling of process fluids. The business is based on our employees having access to the information they need for developing products for efficiently cleaning process air with the minimum reasonable negative impact on the climate.

Research and development are an important part of Absolent Air Care Group's operations and is conducted in-house in order to develop energy- and material-efficient products that meet our customers' needs. During the end of 2022, the filter unit A·erity, under the Absolent brand, was presented and that is the first product series that builds on an entirely new modular architecture, which means that the product and its sizing can be matched closer to the customer requirements and hence avoiding potential over-sizing of the unit. In order to further reduce energy consumption, A·erity is equipped with a more energy efficient EC motor with energy class IE5 as compared to older units which used AC IE3 motors.

During 2023, the A·erity product series has been broadened and launched on several markets. Two smaller motor fans have also been added to the product range to cover more applications, which will be launched in the beginning of 2024. These smaller fans will further improve the possibility to size A·erity according to the customers' needs together with a lower energy usage.

Purchases of components are made at both local and global level, where purchasing volumes and components differ between Group companies depending on the production structure of each company. Absolent Air Care Group has good collaborations with both local and international suppliers of components and believes that there should be several potential subcontractors to reduce the dependency on individual suppliers. Assessment of suppliers is carried out on a regular basis, and the Group is continuously working to achieve purchasing synergies between the companies.

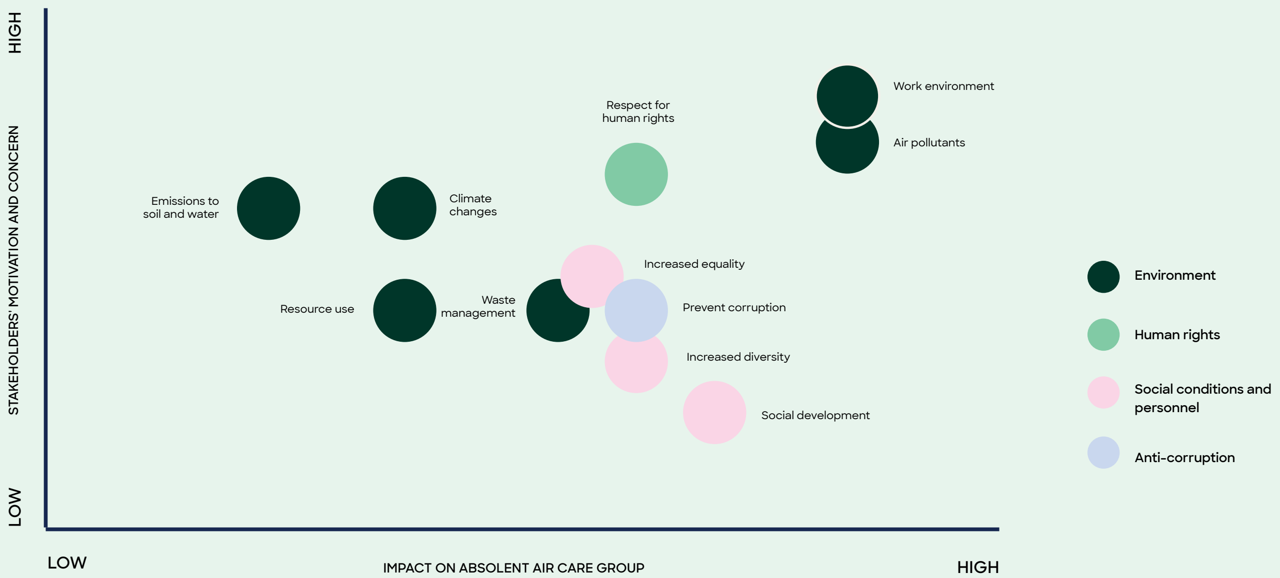
Absolent Air Care Group has a long-term strategy to reduce transports by producing closer to our large geographic markets. Absolent Air Care Group has production of system-critical components and final assembly in Sweden, UK, Canada and the Netherlands. From these production units, the products are exported to Group companies, distributors or directly to customers around the world. We are working actively to reduce the Group's total transport volume by developing smart designs.

Direct sales are made through Group companies and through a network of distributors in more than 60 countries. Absolent Air Care Group's vision, business concept and strategy are described in more detail on pages 18-21.

Stakeholders and materiality analysis

Absolent Air Care Group has conducted a materiality analysis to identify the most important sustainability areas for the Group's operations. The materiality analysis is based on information gathered from dialogues with our stakeholders. The stakeholders include customers, shareholders, investors, employees, suppliers and the society at large. Communication with our stakeholders is made through surveys, press releases, the website and financial reports etc. The analysis has provided Absolent Air Care Group with insight into the issues that are important to the activities and form the basis for the Group's sustainability work.

Stakeholder	Communication channels
Customers	Personal meetings, customer surverys
Shareholders and Investors	Financial reports, press releases, Annual General Meeting and website
Employees	Employee surverys and employee appraisals
Suppliers	Supplier assessments
Society	Seminars, trade associations and trade fairs



Absolent Air Care Group's contribution to the UN Global goals

In 2015, the UN Member States adopted Agenda 2030 and 17 global goals for sustainable development. The 2030 Agenda is the most ambitious agreement the world has ever adopted, with the purpose of ending climate change, eradicating poverty and creating safe and peaceful societies. Through the 17 global goals and 169 milestones, the world can change to the better and Absolent Air Care Group's sustainability activities are contributing to many of these milestones.

UN Global goals

3.9 By 2030, significantly reduce the number of deaths and illnesses due to harmful chemicals, pollution and contamination of air, water and soil.

Absolent Air Care Group's contribution

We are developing air cleaning products that free the air from contaminants. Every year, these units are delivering millions of cubic metres of fresh air to people in a wide range of industries.

UN Global goals

8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the Ten-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead.

Absolent Air Care Group's contribution

We are working actively to develop, design and manufacture products in such a way that energy, natural resources and raw materials are used efficiently and to minimize waste and residues.

UN Global goals

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Absolent Air Care Group's contribution

We are developing products that clean the process air arising from various industrial processes and enable the recycling of cutting fluids, materials and cleaned hot or cooled air.

UN Global goals

12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

Absolent Air Care Group's contribution

Our air cleaning units minimize the release of chemicals and waste into the air and minimize their negative impact on human health and the environment. The emissions from our own operations are controlled by our environmental management system.

UN Global goals

13. Take urgent action to combat climate change and its impact.

Absolent Air Care Group's contribution

Absolent Air Care Group has set two ambitious targets. The first target is to reach net zero carbon emissions from the Group's own operations by 2030 and the second target is to reach net negative carbon emissions from Absolent Air Care Group's value chain by 2050.

Environment

Environmental responsibility

Absolent Air Care Group has an active environmental management and we are convinced that our environmental responsibility is contributing to a more sustainable world. Several companies in the Group are certified in accordance with ISO 14000, and the certificates are audited annually by external auditors. Absolent Air Care Group's core business includes environmental responsibility and, by selling more filter units, we are contributing to cleaner air as well as improving the working environment for our customers and the health of their employees.

Our air cleaning units need energy to clean the air, which has a negative environmental impact. Absolent Air Care Group is working actively to minimize our air filtration units' energy usage by optimizing and implementing the latest and most energy efficient technologies in the products.

Absolent Air Care Group's ambition is to minimize the negative environmental impact of our products and services by finding innovative ways to reduce the negative effects throughout the entire life cycle. The products are developed, designed and manufactured in such a way that energy, natural resources and raw materials are used efficiently, and that waste and residues are minimized.

The Group sets annual targets for how much more air shall be filtered by our products each year as well as measures how successful we are at implementing new technologies in the market to reduce the carbon footprint.

Absolent Air Care Group have procedures and management systems throughout the organization to ensure compliance with all relevant laws, rules and standards. To achieve our goal of continuous improvement, we include our own employees, subcontractors, partners and other employees in the environmental management system (ISO 14000).

Climate changes

One of the main causes of climate change is the emission of greenhouse gases, such as CO_2. During 2020, Absolent Air Care Group set two ambitious carbon targets. The first goal is that the Group's own operations shall be carbon neutral by 2030, and the second goal is that Absolent Air Care Group's value chain shall be carbon negative by 2050.

Absolent Air Care Group shall achieve carbon neutrality and later become carbon negative by optimizing processes, shifting to renewable energy, using electric transport and capturing carbon dioxide in the air.

Absolent Air Care Group aims to have complete control over its carbon reduction technologies, which is why the Group chose to intensify the development of carbon dioxide capture solutions in ambient air in 2020.

In 2020, the Absolent Air Care Group implemented the GHG Protocol (Greenhouse Gas Protocol), which is a global standard for how companies and organizations account for production and greenhouse gas emissions.

According to the GHG Protocol, emissions are reported in three different scopes. Scope 1 includes the operation's direct emissions, Scope 2 indirect emissions from energy usage, and Scope 3 represents the other indirect emissions in addition to the use of energy that occurs in the operation's value chain. Since 2020, all companies within the Group measure their greenhouse gas emissions and work systematically to reduce greenhouse gas emissions and to reach the Group's goals.

Scope 3 emissions, which include our products' energy consumption throughout the life cycle, account for more than 99 percent of Absolent Aire Care Group's total emissions. The Group actively works to implement the latest and most energy efficient technologies to minimize the energy usage of products throughout the life cycle, where the launch of the new product A·erity is a good example.

During the year, the Group has made efforts to reduce the Scope 1 and 2 emissions by continue switching to fossil-free electricity in several of the Group's production facilities as well as by increasing the share of electric cars in the Group. For the Group's UK operations, a new planning tool has been introduced for customer site visits by service technicians. By using this new tool, the number of kilometers driven per customer site visit has been reduced.

Climate key ratios	2023	2022
Scope 1 CO_2e emissions, ton	460	508
Scope 2 CO_2e emissions, ton	87	92
Scope 3 CO_2e emissions, ton	212 953	237 213
Scope 1+2+3 in relation to net sales*	0.15	0.18

*CO_2e ton / SEK thousands

Absolent Air Care Group shall become carbon negative

Absolent Air Care Group's goal is that the Group's own operations shall be carbon neutral by 2030 and that the value chain shall be carbon negative by 2050.

Absolent Air Care Group shall achieve carbon neutrality and later become carbon negative by optimizing processes, shifting to renewable energy, using electric transport and capturing carbon dioxide in the air.

Air pollution

Apart from climate change, air pollution is perhaps the greatest challenge facing humanity. Airborne particles are one of the air pollutants that cause the most premature mortality according to the State of Global Air report issued by the Health Effects Institute. Absolent Air Care Group provides its customers with air cleaning products that free process air from particles. Every year, the Group's filter units clean approximately 500 million cubic meters of air. In addition to the positive impact of our products on the environment, Absolent Air Care Group minimizes emissions of air pollutants in its own operations through an environmental management system certified by external auditors in accordance with ISO 14000.

Emissions to soil and water

It is important that Absolent Air Care Group's products are designed in such a way that air pollutants are not converted into emissions to soil and water. In the same way as air pollutants, emissions to soil and water from the Group's operations are controlled and monitored by our environmental management system.

Resource use

To minimize the consumption of resources, our products are designed to allow as much as possible to be recycled. There is continuous improvement work underway to reduce resource use.

Waste management

For products that filter out a pollutant, the pollutants captured must always be processed. Most of what is captured in our products can be returned to, and reused in, the manufacturing process. For the part that becomes waste, there are instructions for environmentally friendly management.

Social conditions and personnel

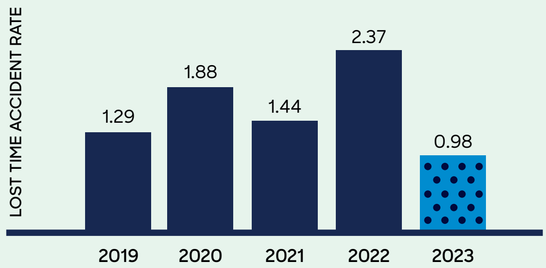
Work environment

Improved work environment is a part of Absolent Air Care Group's business concept and also our most important sustainability area according to the materiality analysis. We develop air cleaning units that create a better working environment for our customers, and we are working actively to ensure that the products do not contribute to any other work environment problems, such as disruptive noise etc.

By following the Group's guidelines for health and safety, we ensure that our own personnel work in a good work environment. Absolent Air Care Group works actively and systematically with environment management, and the process includes risk analysis, where the risks are assessed based on severity, probability and frequency. The risk analysis is regularly updated, and regular safety rounds are conducted. Any risks and shortcomings identified and discovered are included in an action plan.

Every year, incidents, accidents and absence are measured and the number of accidents that lead to lost working hours per 200,000 hours worked is reported in the table below, so-called Lost time accident rate (LTAR). All employees in the Group also have an annual employee appraisal interview to identify and resolve things that are not working satisfactorily. The sick leave in Absolent Air Care Group is low, but it is continuously analyzed to detect changes.

For 2023, we see a lower number of accidents compared to the previous year, a development that to some extent is expected to be a result of our increased safety culture the last years, where incidents and "near miss" are reported more accurately, leading to safety improvements being implemented.



74%

of the employees agree that Absolent Air Care Group is a very good workplace, according to the 2023 Employee survey

Personnel

Absolent Air Care Group's most important asset is our employees, and we are working actively to maintain a strong and long-lasting relationship with our personnel. We value a sustainable working life, which is why we are connected to the organization Great Place to Work, which has been researching the aspects that create a good corporate culture for 30 years. The research has concluded that organizations based on credibility, fairness, respect, pride and camaraderie have a healthy staff who thrive and do a little bit more, which, in its turn also leads to financial success for the company. Every year, Absolent Air Care Group conducts a global employee survey that measures confidence in the organization.

The rights and obligations of Absolent Air Care Group and its personnel are governed by laws and agreements. In the Group's Code of Conduct and internal guidelines, it is described how employees should behave towards one another and their surroundings as well as the Group's internal rules.

- All employees shall have equal opportunities based on competence, performance and experience regardless of gender, nationality, religion, ethnic origin, sexual orientation, political opinion, trade union affiliation or social background.

- We never tolerate discrimination, physical or verbal harassment or other kinds of threats.

- All employees shall have the opportunity to exercise their rights to form, join or refrain from joining trade unions or similar organizations and negotiate collectively or individually according to national laws and regulations.

- Terms and conditions of employment and wages shall be reasonable and fair. Absolent Air Care Group complies with applicable laws and industry standards regarding working time. All employees, including temporary employees, shall have written terms of employment and be made aware of the meaning of their terms of employment.

Great Place To Work®

”All in all, I would say that this is a very good workplace”

Employee survey 2023
74% of Absolent Air Care Group employees agree with the statement:

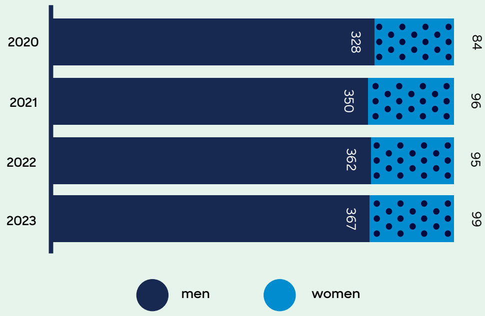
Diversity and equality policy

Since Absolent Air Care Group is a global group and exists and operates in many places in the world, diversity is a major focus area. At Absolent Air Care Group, active measures against discrimination form a natural part of the systematic work environment management carried out and are, thus, followed up annually. We are working, via preventive and promotion measures, to combat discrimination and are working to create equal rights and opportunities, regardless of gender, transgender, identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age. This not only applies to all employees, but also to the candidates who apply to us.

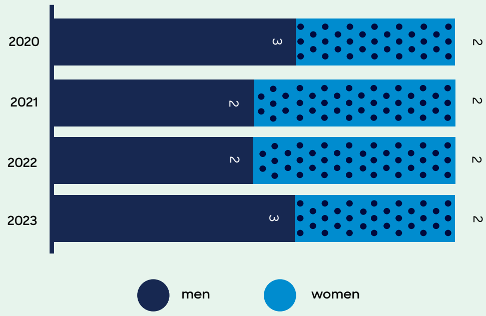
Society

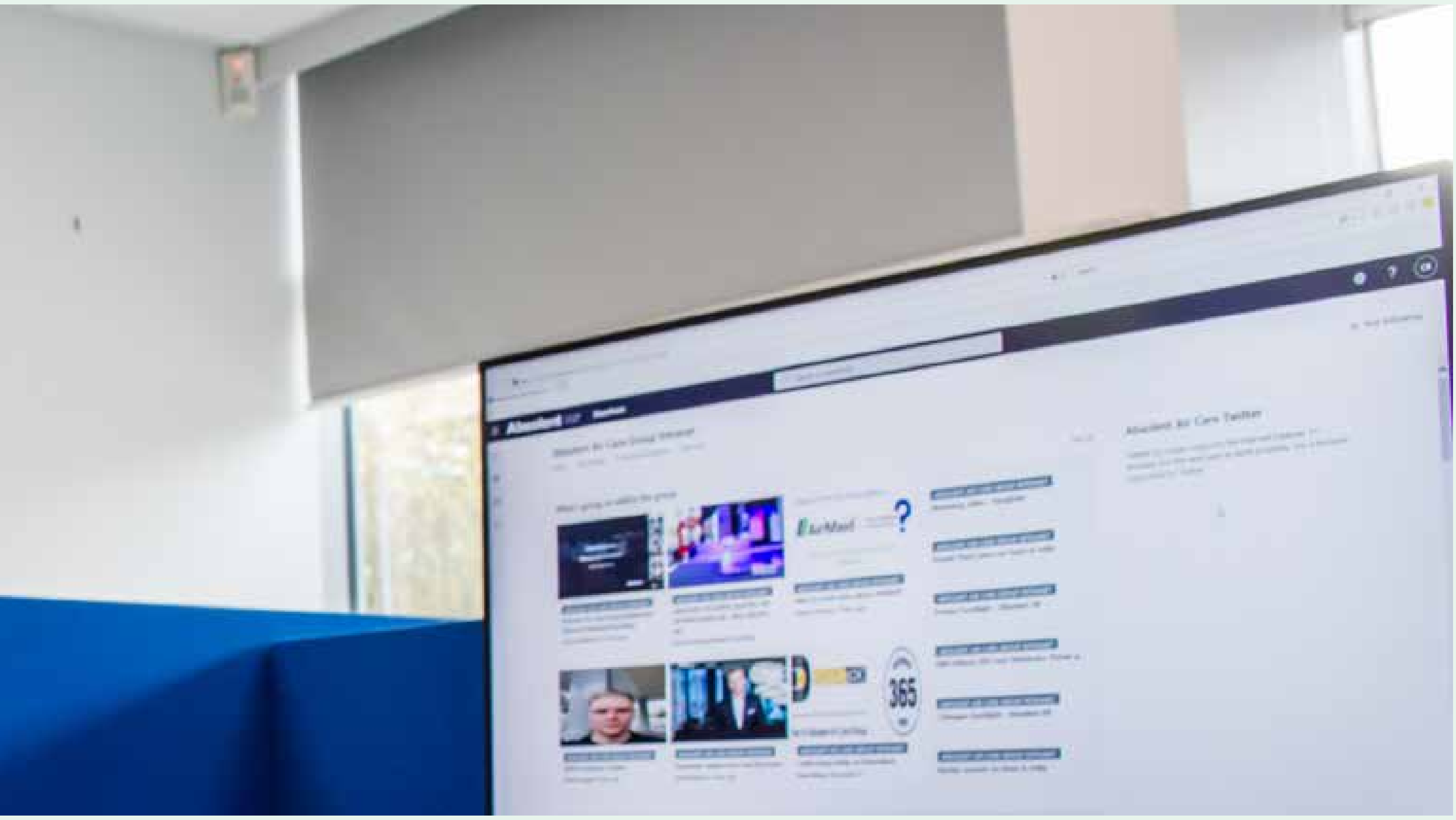
Absolent Air Care Group is committed to important social issues and, first and foremost, in the area of work environment and the right to breathe clean air. We consider that the air quality in places of work does not receive the large attention it deserves and, for this reason, we are actively working to spread the message.

GENDER DISTRIBUTION, EMPLOYEES



GENDER DISTRIBUTION, BOARD OF DIRECTORS





Human rights

Respect for human rights

Absolent Air Care Group shall support and respect the protection of human rights against internationally proclaimed crimes. Absolent Air Care Group does not tolerate child labor in its operations or in the operations of any supplier or other party with whom the Group collaborates. The lowest age of employment is 15, or the relevant statutory higher age to work in the country in question. Absolent Air Care Group does not tolerate illegal or forced labor in our operations or in the operations of any party with whom we collaborate, and we do not tolerate any conditions that restrict workers' right to free movement. The agreements the Group companies sign with suppliers include accepting and acting in accordance with our Code of Conduct, which forms part of the agreement. Thus, when preparing and extending agreements, each supplier declares that they comply with these requirements. Absolent Air Care Group has so far had no reason to terminate cooperation with, or demonstrate deficiencies in, any supplier due to deficiencies in respect for human rights.

Anti-corruption

Counteraction against corruption

Absolent Air Care Group does not tolerate corruption and or bribery in any form. We comply with applicable legislation and our Code of Conduct also describes how we shall act. All business decisions shall be based on Absolent Air Care Group's best interests regardless of personal relationships or considerations. Employees are not permitted to accept gifts, benefits or payments (directly or through intermediaries) that may affect the employee's objectivity and professional judgement. Similarly, Absolent Air Care Group or its employees shall not offer rewards and benefits (directly or through intermediaries) to business partners that violate or appear to violate applicable legislation. Absolent Air Care Group must not and shall not facilitate or support money laundering. All the Group's financial transactions are recorded in accordance with accepted accounting policies and applicable legislation. If an employee has access to confidential information belonging to Absolent Air Care Group or any third party, it is not permitted to forward the information to any unauthorized party. Absolent Air Care Group complies with applicable rules and legislation regarding insiders trading in shares and options, and also has an Insider policy. Any situation where any form of corruption is detected or suspected shall be reported to an immediate superior for further action and follow-up. Absolent Air Care Group has an Anti-corruption policy as well as an Anti-money laundering policy and believes that these rules and instructions work well to counteract corruption in our organization. Absolent Air Care Group continuously works to streamline the anti-corruption work through the development of supplier assessments and existing procedures to educate relevant stakeholders.

Risks and risk management

Environmental risks

A significant environmental risk that has been identified is washing and destruction of used filter cassettes, which are returned from customers to Absolent Air Care Group. To minimize the risk, the Group companies have constant contact with licensors and agreements with local companies that handle the contamination in question in a safe and environmentally friendly manner.

Social conditions and personnel

Physical risks arise in industrial operations, but they are minimized by complying with applicable safety rules. In the Group's operations, these safety rules are continuously monitored and improved by systematic work environment management. During customer visits, local safety regulations are observed and during business travel to areas where visiting could be risky, the official recommendations are followed. All of Absolent Air Care Group's products comply with applicable safety directives and are safe to be used by our customers. Absolent Air Care Group tries to prevent all types of risks that arise in the operations by ensuring that all employees have the right conditions and training for their job. All incidents and accidents are followed up. Sick leave, which can be another indicator of illness linked to social conditions and risks, is continuously measured and followed.

Human rights

As Absolent Air Care Group has enjoyed very long partnerships with its largest and most important suppliers, the risk for a lack of respect for human rights has been deemed to be low. However, the situation has changed, and is changing, since we are active and operate in geographical areas and cultures where we do not have the same knowledge and control. To be on top of this development, Absolent Air Care Group has a Group-wide Code of Conduct that is the basis for identifying any lack of respect for human rights.

Corruption

Absolent Air Care Group is well aware that corruption is a major problem in some countries and businesses. Thanks to a clear Code of Conduct, a clear approach as well as policies against money laundering and corruption, this can be avoided, and today there are no information or signs that suggest any corruption.

Frameworks and guidelines when there is no policy

Absolent Air Care Group currently uses no other framework than that available in the Swedish Annual Accounts Act. In the future, we believe that the guidelines in the GRI (Global Reporting Initiative) can help us develop our sustainability work. The Group has a formal sustainability policy, describing the majority of the areas covered in this sustainability report, as well as a detailed Code of Conduct.

10 Board of Directors, Group management and auditor

Board of Directors

JOHAN WESTMAN
Chairman of the Board

Born
1973

Elected
2019

Education
MSc. Industrial Engineering and Management

Holdings
0 shares

Other current positions
CEO and President AAK and member of the Board Thule

MÄRTA SCHÖRLING ANDREEN
Member of the Board

Born
1984

Elected
2017

Education
MSc. Business Administration

Holdings
6,288,514 shares
(via Mexab Industri AB)

Other current positions
Member of the Board Melker Schörling AB, Hexagon, HEXPOL and AAK

JOAKIM WESTH
Member of the Board and co-founder

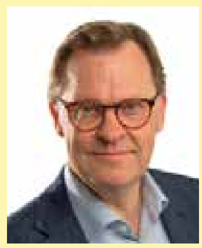
Born
1961

Elected
1993

Education
MSc. Aeronautics and MSc. Aerospace Engineer

Holdings
1,417,500 shares

Other current positions
Chairman of the Board Amexci and member of the Board SAAB and Westh Ventures



NILS-JOHAN ANDERSSON
Member of the Board

Born
1962

Elected
2023

Education
MSc. Business Administration

Holdings
300 shares

Other current positions
CEO Melker Schörling AB, chairman of the Board Hissen AB, member of the Board HEXPOL and AAK and member of Greenbridge investment committee

MALIN PERSSON
Member of the Board

Born
1968

Elected
2023

Education
MSc. Industrial Engineering and Management

Holdings
1,000 shares

Other current positions
CEO Accuracy AB and member of the Board of, among others, HEXPOL, Peab and Ricardo PLC

Group management

AXEL BERNTSSON
CEO and President, Business Area Director Industrial

Born
1980

Employed
2016

Education
MSc. Industrial Engineering

Holdings
190,012 shares

KARIN BROSSING LUNDQVIST
CFO

Born
1964

Employed
2021

Education
MSc. Business Administration

Holdings
940 shares

JONAS FAGERSTRÖM
Business Area Director Commercial Kitchen

Born
1971

Employed
2023

Education
MSc. Mechanical Engineering and MSc. Business Administration

Holdings
3 shares

JOHAN WOLLIN
COO

Born
1974

Employed
2020

Education
Phd. Mechanical Engineering and MBA

Holdings
1,012 shares

ROBERT WIKTORÉN
CPO

Born
1975

Employed
2021

Education
MSc. Mechanical Engineering

Holdings
12 shares

Auditor

JOAKIM FALCK
Ernst & Young AB

Auditor in charge
Joakim Falck (born 1972), authorized public accountant and member of FAR, Partner. Elected auditor since 2022.

Selection of other audit assignments
Nolato, Garo, HEXPOL, Nefab, One Partner Group and ITAB Shop Concept.

11 The share and shareholders

The share capital in the Absolent Air Care Group AB (publ) amounts to SEK 3,363,249 divided into 11,320,968 shares with a quota value of SEK 0.2971 per share.

General

Each share entitles to one vote and each person entitled to vote may vote for his/her full number of shares without limitation. All shares give equal rights to the company's assets, profits and any surpluses in the event of liquidation. Each share gives an equal right to a dividend. The company's Articles of association stipulate that the share capital shall not be less than SEK 2,000,000 and not more than SEK 8,000,000, equivalent to a minimum of 10,000,000 shares and a maximum of 40,000,000 shares. The share capital is denominated in Swedish krona.

The company's shares are issued in accordance with Swedish law and are registered in a CSD register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479). Euroclear Sweden AB (with address Euroclear Sweden AB, Box 191, 101 23 Stockholm) manages this register and settlements. The company establishes shares in accordance with Swedish law and is governed by the Swedish Companies Act (2005:551). The company's shares have the ISIN code SE0006256558.

Year	Event	Change in the number of shares	Number of shares	Change in share capital	Share capital	Quota value
2000	Formation	100 000	100 000	100 000	100 000	1
2000	New share issue	3 000	103 000	3 000	103 000	1
2003	Redemption of warrants	1 500	104 500	1 500	104 500	29.7
2014	Bonus issue	–	104 500	3 000 000	3 104 500	0.2971
2014	Split 100:1	10 345 500	10 450 000	–	3 104 500	0.2971
2014	New share issue	370 968	10 820 968	110 208	3 214 708	0.2971
2015	New share issue*	500 000	11 320 968	148 541	3 363 249	0.2971

* Refers to warrants issued to senior executives that have been converted into shares.

Shareholders

The ownership structure of Absolent Air Care Group as of 31 December 2023 is presented in the table below.

Shareholder	Number of shares	Holding
Mexab Industri AB	6 288 514	55.6%
Westh Ventures AB	1 417 500	12.5%
Cliens Fonder	673 448	5.9%
Lannebo Fonder	446 194	3.9%
Odin Small Cap	280 000	2.5%
BNY Mellon	242 404	2.1%
Danske Bank	232 249	2.1%
Investering & Tryghed A/S	216 500	1.9%
JP Morgan	212 726	1.9%
Axel Berntsson	190 000	1.7%
Others	1 121 433	9.9%
Total	**11 320 968**	**100.0%**

12 Board of Directors´ report

The Board of Directors and CEO of Absolent Air Care Group AB (publ), corporate identity number 556591-2986, hereby issue the annual accounts and consolidated accounts for the 2023 financial year. Absolent Air Care Group AB (publ), headquartered in Göteborg, is the Parent company of Absolent Air Care Group and the company's shares are listed on Nasdaq First North Growth Market. The closest Parent company that prepares consolidated financial statements in which the Parent company is included is Mexab Holding AB, corporate identity number 556733-2613 with registered office in Stockholm.

The business

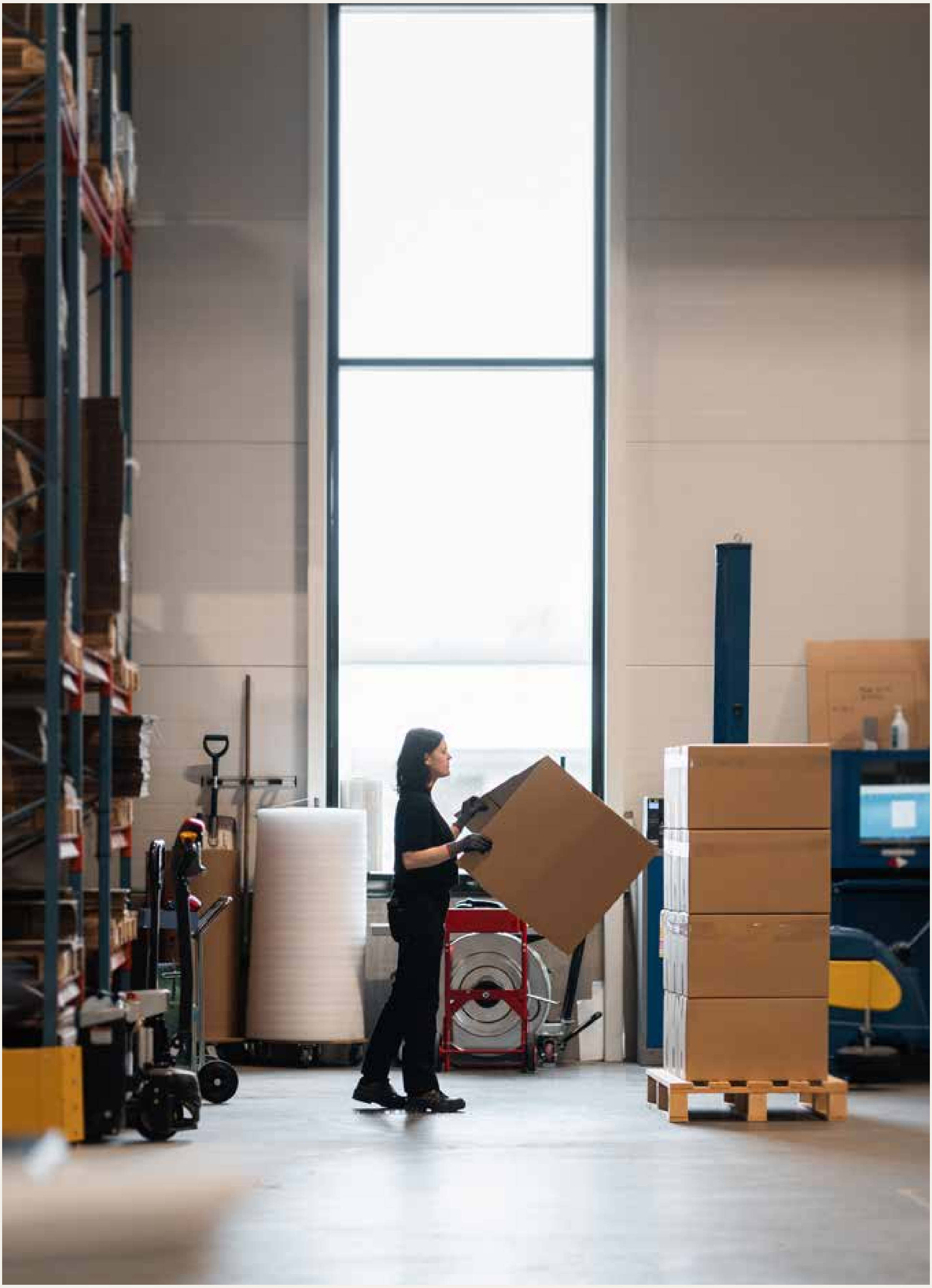
Absolent Air Care Group develops products for cleaning process air and is helping production companies to provide clean fresh air to their employees, reduce energy costs and increase their productivity. The end customers are active in a wide range of industries including the aerospace, automotive, chemical, electronics, pharmaceutical, woodworking and food industries as well as in power generation, hotels and restaurants. The Group's products remove oil mist, smoke, dust and volatile organic pollutants (VOC) from process air. Typical sources of pollution are manufacturing processes such as milling, turning, rolling, hardening, die casting, welding, laser cutting, grinding, additive manufacturing, deep frying, roasting and grilling that generate oil mist, oil smoke, dust or VOC. The Group, with head office in Sweden, operates production facilities in Sweden, the UK, Canada and the Netherlands and has subsidiaries in China, the US, Germany, the Netherlands, Finland, France, India, Japan, Hong Kong and Italy. Direct sales of the Group's air cleaning products are made through our Group companies and through a network of carefully selected distributors in more than 60 countries.

The Group's operations are divided into two business areas: Industrial and Commercial Kitchen. Industrial develops, designs, sells, installs and maintains filter units. Industrial has a wide product portfolio of filtration technologies to meet the customer needs with the most appropriate air cleaning product of best quality. The Industrial business area includes the brands Absolent, Filtermist, Avani, Dustcheck, Diversitech, Kerstar as well as Quatro and Aerofil. Each brand has its own characteristics and acts independently within its area. Commercial Kitchen develops, designs, installs and maintains commercial kitchen ventilation systems, and offers a wide product portfolio of hoods, filtration technologies and fire extinguishing systems to deliver the optimal kitchen ventilation solution. The Commercial Kitchen business area includes the brands Airmaid, Jeven, Nu-Air and Tessu. In addition to these business areas, Absolent Air Care Group has Group-wide functions in the form of finance, IT as well as business development and product development.

Significant events during 2023

During spring, the Group increased its direct presence in Switzerland through the acquisition of the Swiss company AIRfina AG, which up until then acted as one of Absolent AB's distributors in the country. The purchase price amounted to CHF 1.1 million, and was financed by available funds. The acquisition gives us an opportunity to build direct relationships with important key customers on the Swiss market and increase the potential for future growth.

In the end of the first quarter of 2023, the Group renewed and expanded its existing credit facility with Nordea. The renewed agreement runs over three years until March 2026 and was expanded from the previous SEK 600 million to SEK 800 million. The expansion of the credit facility follows the Group's growth strategy and enables increased flexibility in connection with acquisition opportunities.



To further strengthen the Group's investment in Commercial Kitchen, Jonas Fagerström was recruited as Business area director during the year. Jonas Fagerström assumed the position on June 1, 2023 and is part of Group management, and his business acumen in combination with operational and technical knowledge will be key in the further development of the Commercial Kitchen business area. Group management was also changed when CIO Mattias Nurman left during the year, and in connection with this, it was decided to rationalize Group management and integrate the responsibility for IT and digitalization within the responsibilities of CFO Karin Brossing Lundqvist.

The Group's project to create larger, more modern and more efficient production facilities in the UK and Canada continues. In the UK, efficiency measures have been taken and further improvements will occur during 2024. In Canada, a relocation of parts of the operations (including production) has been finalized, which has had some negative impact on sales and profitability for the Americas region. However, the new facilities give us possibilities to gather all our Canadian operations under the same roof over time – an improvement with obvious synergies and a solid platform for continued profitable growth. During the year, the integration of the company Nu-Air, acquired during the end of 2022, with our other Dutch company Tessu has continued. The companies now operate as one organization and the integration will be finalized during 2024.

During the year, we have continued our investments in product development, which is further described in the section Technology leadership on pages 10-11. In the beginning of the year, the product A·erity was launched – the Group's first product series based on a completely new modular architecture that increases the attractiveness of our offer and also brings completely new conditions to conduct a professionally industrialized process for purchasing, production and distribution. Based on the foundation established with this new product platform, Absolent Air Care Group will continuously launch new, innovative and efficient products in the coming years. A·erity can be modified and scaled to each customer's specific premises, machines and challenges, and guarantees a safe and highly energy-efficient air filtration process.

Like 2022, 2023 has continued to be characterized by geopolitical disturbances, mainly in the form of the Russian invasion of Ukraine and later during the year also the war between Israel and Hamas. This, together with weaker economic conditions on some markets, has led to that there is still some uncertainty in the market as well as in volatile macro factors such as inflation and interest rates.

Financial information

Net sales and result

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 experienced growth, where Industrial reported net sales of SEK 1,112.5 (1,091.0) million and Commercial Kitchen SEK 295.9 (248.3) million. The operating result (EBIT) amounted to SEK 214.7 (220.0) million, where the Industrial business area reported a lower result of SEK 181.5 (189.4) million, while the Group's other business area 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. The result is burdened by restructuring costs of SEK 8.5 million, related to the Group's Canadian and Dutch operations as well as temporary cost increases in production due to restructuring related to new modular products.

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 in 2022 and the majority of the remaining part is attributable to currency effects. Adjusted for these effects, the Group's operating margin for 2023 is higher than 2022. 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 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 and earnings per share amounted to SEK 12.39 (13.40).

Cash flow and financial position

Cash flow from operating activities amounted to SEK 214.1 (196.1) million. During the year, the Group has invested SEK 21.6 (27.2) mainly in capitalized development costs and machinery and equipment in existing operations. 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. The Group's net debt amounted to SEK 296.9 million at the end of the year and SEK 293.1 million at the beginning of the year, of which SEK 129.9 (72.3) million referred to lease liabilities. The increase of the 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. During the year, the Group's indebtedness has decreased due to amortizations of loans of SEK 87.9 million. The equity ratio amounted to 48.0 (41.7) % at the end of the year.

Expected future development

Due to obvious health risks to the population with today's air quality, many markets and countries are characterized by an increased focus on environmental measures. The UN's environmental work and the mass media's reporting are contributing further, in a positive way, to increased awareness of the health risks caused by polluted air. This awareness is expected to benefit the sales of the Group's products for a long time to come. The Group's sales also benefit from the mechanical industry's development towards faster and more efficient processing. With a growing market and a strong market position together with acquisitions made in new growing segments, the Group has a good basis to continue to develop in a stable and positive manner.

Risks and uncertainties

Cyclical dependence

Absolent Air Care Group's net sales depend on the customers' propensity to invest, which in turn is affected by economic conditions. The majority of Absolent Air Care Group's end customers are active in cyclical industries such as automotive, aerospace, electronics, steel and manufacturing. Hence, a weak economic situation in all or parts of the world affects the Group's sales as well as earnings. However, the Group has end customers in a wide range of industries, which contributes to an increased risk diversification.

Competition and technological development

Absolent Air Care Group considers the Group's success to be partly dependent on the ability to develop new products and continuously developing existing products further. The competition may increase as the market grows and technological developments can change unfavorably. There are several competitors operating in the same or similar business areas with greater financial and organizational resources. These competitors could influence the Group's competitive position through aggressive pricing, launch of competitive products or by sales of package solutions where the Absolent Air Care Group's products could be replaced.

Distribution partners

To some extent, Absolent Air Care Group relies on distributors for the global sales of products, and for this reason, the relationship with the distributors is important for the Group. If most of the current distributors choose not to keep Absolent Air Care Group's products in their range, or if distributors suffer from financial problems, this may significantly affect the Group's result and financial position.

Suppliers and access to materials

In the short term, Absolent Air Care Group is dependent on a few suppliers, and the Group's ability to deliver high quality products is based on a working collaboration with these suppliers and their ability to deliver material. Therefore, the suppliers' ability to ensure the quality and delivery according to contracts entered into is very important for the Group. Absolent Air Care Group is also affected by price fluctuations on input material, and rapid movements in market prices may have short-term effects on the Group's financial result.

Expansion and acquisitions

In connection with the Group's expansion, business combinations have been carried out. There are always risks associated with business combinations, and these risks include the integration of an acquired company with the Group's operations, the departure of key persons from the acquired company, risks associated with the termination of existing agreements by distributors, customers and suppliers of the acquired company etc. As a result, Absolent Air Care Group cannot guarantee that all business combinations will be successful transactions. In addition to business combinations, the expansion of the Group means to establish or expand existing operations in several geographic markets. An expansion means investments in establishing and developing local businesses. However, it is not always guaranteed that these investments will generate a positive return, as local market conditions may change as well as vary widely.

Product warranty

The Group is covered by product liability and warranties if products should contain defects or cause personal injury or damage to property. Product liability, warranties and recalls may have a negative impact on the Group's operations and financial result.

Political risks

Absolent Air Care Group's products benefit from increased regulations and work environment legislation in the engineering industry. A significant change in the current regulations on the markets where the Group operates could have a significant impact on the Group's earnings and development. Absolent Air Care Group is obviously affected by the geopolitical situation in the world, where events can cause negative effects by the impact on macroeconomic factors and trade barriers, among other things.

Legal risks

The operations are affected by laws, regulations, rules, agreements and guidelines, including those relating to health and safety, trade restrictions, competition law regulations and currency regulations. Changes in existing laws and regulations in countries where the Group operates could have a negative effect on the Group's earnings.

Environmental and climate-related risks

The operations of Absolent Air Care Group affect the environment mainly through CO_2 emissions, and we work actively to reduce the environmental impact of our business. We strive to construct products for a more efficient use of resources, both in terms of resources used in the production as well as the products' energy usage at our customers. The Group's efforts to minimize environmental impact and our targets for this work are further described in the Sustainability report on page 32.

All around us, there is an increased focus on sustainability and minimized environmental impact, and also on the related legislation. For Absolent Air Care Group, increased regulation regarding environmental impact and sustainability is likely to mainly have a positive impact, as it supports the demand for air cleaning products, when our customers get stricter environmental requirements to fulfil in terms of clean air. Since several of the Group companies carry out activities subject to authorization or notification in accordance with current local environmental legislation, changes in legislation and official regulations may also call for investments and generate increased costs for the Group as a whole, related to adapting the production facilities to changed regulations. However, our assessment is that increased regulation of emissions and environmental impact is positive for the future development of Absolent Air Care Group. None of the Group's entities are assessed to be directly exposed to extreme weather conditions or flooding that may occur as effects from climate changes. Hence, these kinds of climate-related risks are not deemed to have any material financial impact on the Group.

Key people and resource constraints

Absolent Air Care Group's success depends to some extent on the core competence of a few employees. The loss of the core competence in the Group - if the employee resigns - could result in losses for the Group in the future. Absolent Air Care Group has limited operational and financial resources. Poor utilization of resources and inefficiency could also have significant negative consequences for the Group as a whole.

Owners with significant influence

The principal shareholders together hold a significant share of the shares in the Parent company and can thus exercise significant influence over the Board of Directors as well as in connection with general meetings. For information about number of shares and shareholder structure, see pages 44-45.

Financial risks

Through its operations, the Group is exposed to different kinds of financial risks. To minimize the impact of the risks, the Group has a risk policy defining different kinds of risks and establishing guidelines for risk management. The general financial risk management of the Group is focused on managing uncertainties on the financial markets and strives to minimize unfavorable impact on the Group's result. The financial risks are described more in detail in Note 21, on pages 86-89.

Currency risks

Absolent Air Care Group's sales are largely made in foreign currencies such as EUR, USD and GBP. Furthermore, production and purchases are to some extent made abroad, where the above-mentioned currencies can affect the production and purchase prices. Fluctuations in these currencies could have significant effects on the Group's earnings and financial position.

Interest rate risks

With external financing, the Group is exposed to interest rate risks and fluctuations in interest rate levels affect the Group's net interest income and cash flows. To the extent the Group's customers are financed through external financing, increased interest levels and reduced funding opportunities may also reduce the customers' propensity to make new investments.

Credit risks

Absolent Air Care Group's direct customers and end customers are located all over the world and may be affected by local as well as global financial problems. The Group is exposed to credit risk mainly through outstanding accounts receivable.

Tax risks

Absolent Air Care Group runs operations in several countries and the operations are conducted in accordance with the Group's interpretation of the applicable tax laws, tax treaties and regulations in each country. However, it cannot be ruled out that the Group's interpretations of applicable laws, tax treaties and regulations are incorrect or that such rules are amended and have retroactive impact.

Research and development

Research and development are central to the Absolent Air Care Group's operations and is conducted in-house in order to develop energy and material-efficient products that meet our customers' needs. The development projects are carried out according to a structured gateway process with predetermined checks and objectives for each part of the process.

Sustainability report

Absolent Air Care Group AB has chosen to prepare a voluntary sustainability report as a report separate from the annual report. This sustainability report refers to the financial year 1 January - 31 December 2023 and can be found on pages 29-40 of this annual report.

Ownership

The main shareholders of the Parent company at the balance sheet date are Mexab Industri AB with 55.6 (55.6) % and Westh Ventures AB with 12.5 (12.5) %.

"We continue to build a Group that will generate clean air to more and more people every year."

Axel Berntsson, CEO and President

13 Financial report

Financial overview Group	2023	2022	2021	2020	2019*
Net sales, SEK thousands	1 408 464	1 339 321	1 029 807	895 860	1 038 351
Sales growth, %	5.2	30.1	15.0	–13.7	61.3
Operating result before amortizations and depreciations (EBITDA), SEK thousands	261 326	260 567	168 538	95 088	174 983
Operating margin before amortizations and depreciations (EBITDA), %	18.6	19.5	16.4	10.6	16.9
Adjusted operating result before amortizations and depreciations**, SEK thousands	261 326	260 567	181 162	128 467	174 983
Adjusted operating margin before amortizations and depreciations**, %	18.6	19.5	17.6	14.3	16.9
Operating result, SEK thousands	214 650	220 001	131 542	48 912	111 148
Operating margin, %	15.2	16.4	12.8	5.5	10.7
Adjusted operating result**, SEK thousands	214 650	220 001	144 166	91 121	111 148
Adjusted operating margin**, %	15.2	16.4	14.0	10.2	10.7
Cash flow from operating activities, SEK thousands	214 095	196 141	114 510	69 202	126 084
Total assets, SEK thousands	1 679 360	1 665 931	1 457 227	1 283 347	1 024 955
Equity ratio, %	48.0	41.7	36.4	32.6	41.7
Net cash (+) / net debt (–), SEK thousands	–296 861	–293 128	–392 098	–211 936	–153 167
Earnings per share, SEK	12.39	13.40	8.68	2.06	6.54
Equity per share, SEK	71.20	61.33	46.82	36.94	37.72
Number of outstanding shares at the balance sheet date	11 320 968	11 320 968	11 320 968	11 320 968	11 320 968
Number of employees	466	457	446	412	531

* The comparison year 2019 is reported in accordance with previous accounting policies (K3) while the following years are reported according to the current accounting policies (IFRS).
** Adjusted key ratios are excluding items affecting comparability for 2021 and 2020. Key ratios for 2020 have been adjusted for effects related to the cost reduction program carried out by the Group during 2020. 2021 has also 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 other periods.
Definitions of alternative performance measures are found on page 107.

Proposed appropriation of profit

SEK	
The Board of Directors proposes that the funds available	
Share premium fund	32 510 167
Retained earnings	126 992 640
Result for the year	139 224 405
	298 727 212
to be appropriated as follows	
distributed to the shareholders (SEK 3.00 per share)	33 962 904
balance carried forward	264 764 308
	298 727 212

Group income statements

SEK thousands	Note	2023	2022
Net sales	4, 5	1 408 464	1 339 321
Costs of products and services sold	7, 12, 13	–788 028	–791 107
Gross profit		**620 436**	**548 214**
Sales expenses	12, 13	–197 492	–165 532
Administrative expenses	3, 12, 13	–168 934	–151 414
Research and development expenses	12, 13	–33 752	–33 900
Other operating income	6	1 905	24 193
Other operating expenses	6	–7 513	–1 560
Operating result	**5, 7, 8, 9**	**214 650**	**220 001**
Financial income	10	4 800	753
Financial expenses	10, 13	–39 232	–23 871
Result after financial items		**180 219**	**196 883**
Tax expense	11	–39 996	–45 129
Result for the year		**140 223**	**151 755**
Result for the year attributable to:			
Shareholders of the Parent company		140 223	151 755
Non-controlling interests		–	–
Earnings per share*, SEK	19	**12.39**	**13.40**

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

Group statements of other comprehensive income

SEK thousands	2023	2022
Result for the year	**140 223**	**151 755**
Other comprehensive income		
Items that may be reclassified to the income statement		
Translation differences of foreign operations	2 641	35 130
Other comprehensive income	**2 641**	**35 130**
Total comprehensive income	**142 864**	**186 885**
Total comprehensive income attributable to:		
Shareholders of the Parent company	142 864	186 885
Non-controlling interests	–	–

Consolidated statements of financial position

SEK thousands	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Fixed assets			
Goodwill	12	636 706	626 000
Other intangible fixed assets	12	69 295	69 163
Tangible fixed assets	13	228 815	172 045
Financial fixed assets	21	2 132	621
Deferred tax assets	11	9 205	7 096
Total fixed assets	**5**	**946 153**	**874 925**
Current assets			
Inventories	14	179 376	203 847
Accounts receivable	21	193 968	205 838
Current tax receivables	11	11 685	4 790
Other receivables	21	12 090	17 025
Prepaid expenses and accrued income	15, 21	38 007	23 981
Cash and cash equivalents	16, 21	298 081	335 525
Total current assets		**733 207**	**791 006**
TOTAL ASSETS		1 679 360	1 665 931
EQUITY AND LIABILITIES			
Equity	18		
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 year		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**
Long-term liabilities			
Long-term interest-bearing lease liabilities	13, 16	98 186	50 221
Other long-term interest-bearing liabilities	16, 20, 21	465 029	556 160
Provisions		1 594	2 136
Deferred tax liabilities	11	31 293	27 506
Other long-term liabilities	21	–	9 118
Total long-term liabilities		**596 101**	**645 141**
Short-term liabilities			
Short-term interest-bearing lease liabilities	13, 16	31 727	22 033
Other short-term interest-bearing liabilities	16, 20, 21	–	239
Prepayments from customers		13 552	17 812
Accounts payable	21	72 088	56 885
Current tax liabilities	11	28 293	31 885
Other liabilities	21	23 287	85 779
Accrued expenses and prepaid income	17, 21	108 291	111 871
Total short-term liabilities		**277 239**	**326 504**
TOTAL EQUITY AND LIABILITIES		1 679 360	1 665 931


Absolent

Consolidated statement of changes in equity

SEK thousands	Share capital	Other capital contribu-tions	Translation reserve	Retained earnings incl. result for the year	Total	Non-con-trolling interests	Total equity
Opening equity 1 Jan 2022	**3 363**	**32 510**	**1 850**	**492 321**	**530 044**	**1**	**530 045**
Result for the year	–	–	–	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 year	–	–	–	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**	**730 524**	**806 019**	**1**	**806 020**

Group cash flow statements

SEK thousands	Note	2023	2022
Operating activities			
Operating result		214 650	220 001
Adjustments for items not included in the cash flow			
Depreciations, amortizations and write-downs		46 676	40 566
Other items		–2 065	–3 616
Total		**259 261**	**256 952**
Received interest		4 690	647
Paid interest		–31 069	–14 123
Paid income tax		–49 611	–5 663
Cash flow from operating activities before changes in working capital		**183 272**	**237 812**
Changes in working capital			
Changes in inventories		22 271	–42 455
Changes in operating receivables		704	25 728
Changes in operating liabilities		7 848	–24 944
Cash flow from operating activities		**214 095**	**196 141**
Investing activities			
Business combinations	3	–19 181	–12 243
Earnout payments		–60 221	–15 560
Investments in intangtible fixed assets	12	–10 263	–19 570
Investments in tangible fixed assets	13	–11 349	–7 661
Sale of tangible fixed assets	13	1 147	9 551
Increase/decrease of long-term receivable		–1 523	51
Cash flow from investing activities		**–101 390**	**–45 432**
Financing activities			
Amortizations of loans	16	–87 886	–17 212
Amortizations of lease liabilities	16	–25 231	–22 576
Paid dividend		–31 133	–22 642
Other items		–2 255	–
Cash flow from financing activities		**–146 505**	**–62 430**
Cash flow for the year		**–33 800**	**88 279**
Cash and cash equivalents at the beginning of the year		335 525	233 230
Translation difference in cash and cash equivalents		–3 644	14 015
Cash and cash equivalents at the end of the year		**298 081**	**335 525**

The Group

Note 1 Accounting policies

General information
Absolent Air Care Group develops products for cleaning process air and is helping production companies to provide clean fresh air to their employees, reduce energy costs and increase their productivity. The Parent company Absolent Air Care Group AB (publ), corporate registration number 556591-2986, is a limited liability company registered in Sweden domiciled in Gothenburg. The shares of the Parent company are listed on Nasdaq First North Growth Market.

The Board of Directors and the CEO resolved to adopt these consolidated financial statements for publication on 8 April 2024.

Basis for preparation
The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the International Accounting Standards Board (IASB) as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. The annual report has also been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups of companies.

New accounting policies for 2023
IAS 1 Presentation of Financial Statements has been amended in terms of the accounting principles subject to disclosure. This amendment only requires the disclosure of material information about accounting principles and therefore Note 1 has not been revised. IAS 12 Income Taxes has been amended with regard to the exemption from reporting deferred tax on certain transactions. This exemption may no longer be applied. The impact on the deferred tax accounting is presented in Note 11. No other changes of current standards that were effective from 2023 are considered to have had a material impact on the Group's financial statements.

New accounting policies for 2024 and later
No changes of current standards that are effective from 2024 or later are considered to have a material impact on the Group's financial statements.

Consolidated financial statements and principles of consolidation
The consolidated financial statements cover Absolent Air Care Group AB and all subsidiaries. Pricing between Group companies is set on a commercial basis and thus constitute market prices.

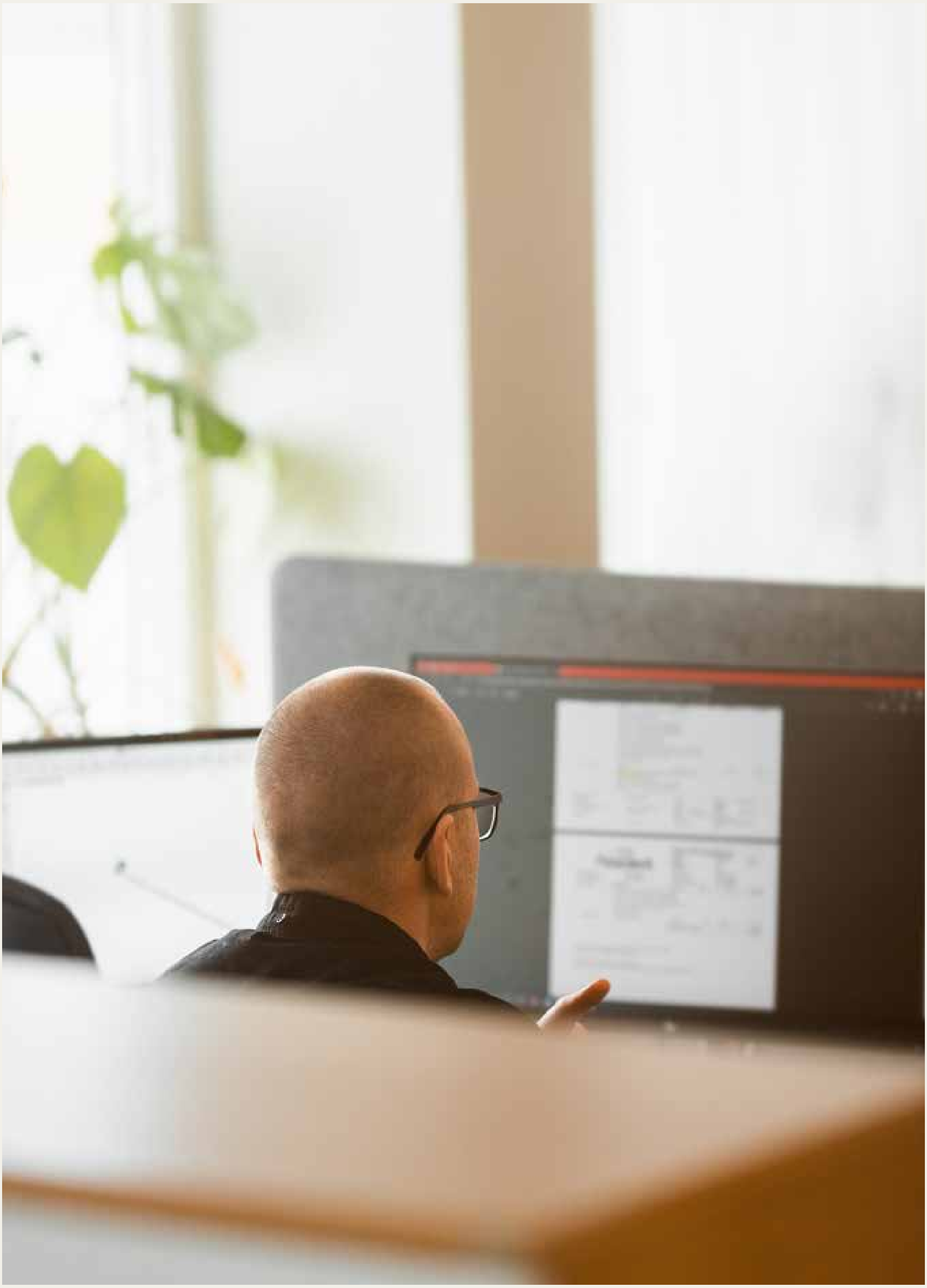
Translation of items denominated in foreign currency
Transactions and balance sheet items

Transactions in foreign currency are translated to each company's functional currency at the exchange rates prevailing at the transaction date. Receivables and liabilities in foreign currency are translated using the exchange rate at the closing date. Exchange rate gains and losses related to operating receivables and liabilities are recorded on a net basis as other operating income or other operating expenses. Exchange rate gains and losses related to financial assets and liabilities are recorded an a net basis among the financial items.

Consolidation of foreign subsidiaries

Items included in the financial statements of foreign subsidiaries or affiliates are recorded in the currency used in the primary economic environment of each company´s operations (functional currency). The Parent Company's functional currency is Swedish kronor (SEK) and is hence utilized in the consolidated financial statements. In preparing the consolidated financial statements, items in the income statement of foreign subsidiaries are translated to SEK using annual average exchange rates. Assets and liabilities in foreign subsidiaries are translated to SEK using exchange rates at year-end. Translation differences are recognized in other comprehensive income and recorded as a separate component in equity.

Segment reporting
The operating segments of the Group are Industrial and Commercial Kitchen, and are reported in line with the internal reporting submitted to the chief operating decision maker (CODM). The CODM is the function responsible for allocation of resources and assessment of the operating segments' result. For Absolent Air Care Group, the Group CEO has been identified as the CODM.



Business combinations

Acquisition-related costs are recognized as administrative costs in the income statement. For each business combination, the Group decides whether the non-controlling interest shall be recorded at fair value or at the non-controlling interest´s proportionate share of the net assets.

Changes in fair value related to earnouts occurring during the valuation period, e.g. within twelve months from the acquisition, are recorded against goodwill when a change refers to additional information received regarding facts and conditions that existed at the time of the acquisition. Changes related to events after the time of the acquisition are not considered adjustments during the valuation period, and such adjustments are recorded as other operating income or other operating expenses in the Group's consolidated income statement.

Intangible fixed assets

Other intangible assets

Other intangible assets refer to capitalized expenditures for IT and product development, customer relations, patents, licenses and similar rights. These assets are recognized as cost less accumulated amortizations and write-downs and are amortized on a straight-line basis over each respective useful life, ranging between five to ten years.

Capitalized expenditures include external direct costs for material and services as well as salaries and salary-related costs for employees directly tied to each development project. Amortization of capitalized expenditures does not begin until the Group has made the assessment that the development of the underlying asset has been finalized and the asset is available for use.

Tangible fixed assets

Depreciation is allocated on a straight-line basis over the asset's expected useful life. Depreciation starts when the Group has made the assessment that an asset is available for use. The assets' residual values and useful lives are reviewed at the end of each financial year and adjusted, if necessary, at each reporting date. The Group applies the following useful lives for tangible fixed assets.

Tangible fixed assets	
Buildings	15–50 years
Plant and machinery	3–10 years
Equipment, tools, fixtures and fittings	3–5 years

Leasing

The Group is lessee and the most common lease agreements refer to premises and cars. To a lesser extent, the Group also has lease agreements for machinery and equipment. At contract inception, the Group assesses whether an agreement is, or contains, a lease. That is, if the agreement conveys the right to control the use of an identified asset for a given period of time in exchange for consideration. If the terms and conditions of the agreement change during the term of the contract, the Group makes a new assessment whether the agreement is, or contains, a lease.

The Group applies the practical expedients in IFRS 16 for short-term leases (i.e. leases that have a lease term of twelve months or less from the commencement date) as well as for lease of low-value assets. Lease payments for short-term and low-value leases are recognized as expenses on a straight-line basis over each lease term. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which they occur.

The lease term is determined as the non-cancellable term of the lease, adjusted for any periods covered by an option to extend or shorten the lease if it is reasonably certain the option will be exercised. Extension options are assessed for each lease agreement and applied based on the best estimate at each balance sheet date.

Lease agreements may also contain non-lease components, and for all asset classes, except premises and cars, the Group has chosen to not separate lease and non-lease components and instead recording them as one single lease component.

Lease liabilities are initially measured at the present value of future lease payments, discounted with the Group's marginal borrowing rate if there is no implicit rate in the agreement. In subsequent periods, the lease liability increases by the interest expenses on the lease liability and decreases by the payments of leasing fees.

Financial instruments

Financial instruments recorded in the Group's consolidated balance sheet include long-term financial receivables, long-term securities, accounts receivable, other current receivables, accrued income, and cash and cash equivalents, as well as other long-term and short-term interest-bearing liabilities, other long-term liabilities, accounts payable, other current liabilities and accrued expenses.

Financial assets measured at amortized cost

All of the Group's financial assets are measured at amortized cost and consist of long-term financial receivables, long-term securities, accounts receivable, other current receivables, accrued income, and cash and cash equivalents. Cash and cash equivalents include bank account balances and available cash. The expected maturity of accounts receivable is short, and the value is therefore recognized at a nominal amount without discounting, less provision for credit losses. The Group applies the simplified model for expected credit losses on accounts receivable, at which total expected credit losses are recognized for the remaining maturity of the receivable.

Financial liabilities measured at fair value through profit and loss
This category includes earnout liabilities, which are recorded as other long-term liabilities and other current liabilities depending on maturity. These liabilities are initially measured at fair value at the time of the acquisition and are subsequently measured at fair value through profit and loss. Some adjustments of earnouts within the valuation period of a business combination are recorded directly against goodwill. More information can be found in the Business combination section above.

Financial liabilities measured at amortized cost
The Group's financial liabilities measured at amortized cost consist of other long-term and short-term interest-bearing liabilities, accounts payable, other current liabilities and accrued expenses. Interest-bearing liabilities refer to liabilities to credit institutions, which are initially recognized at fair value less transaction costs and subsequently measured at amortized cost applying the effective interest method. The expected maturity of accounts payable is short and is therefore recognized at the nominal amount without discounting.

Impairment of financial assets

For financial assets measured at amortized cost, the Group makes an assessment of future expected credit losses. For cases when credit risk has not substantially increased compared to initial recognition, the credit risk reserve shall correspond to the expected credit losses for the coming 12 months. For cases when credit risk has substantially increased compared to initial recognition, the credit risk reserve shall amount to the expected credit losses for its remaining maturity. For accounts receivable and contractual assets, the Group applies the simplified method according to IFRS 9, where the reserve for expected credit losses are calculated based on the expected credit loss risk for the entire maturity of the receivable. For more information, see Note 21, in section Credit risk. Impairment of accounts receivable and contractual assets are recorded as sales expenses in the operating result, and payments for previously impaired receivables are recorded as a credit effect on the same row.

Inventory

Inventory is recognized at the lower of cost and net realizable value. The cost is determined, in all material aspects, by the standard cost method. The net realizable value is calculated as the estimated selling price less costs necessary to perform the sale. Internal profits generated through intra-Group sales are deducted from the inventory value.

Revenue recognition

Revenue from contracts with customers are recognized as net sales in the Group's statement of comprehensive income. The Group sells products and spare parts to customers in two business areas. Contract with customers can consist of pure product sales as well as contracts also including installation services. The Group also sells service and maintenance. For the majority of the Group's contracts with customers, products and installation are deemed to be distinct and are thus recorded as separate performance obligations. Installation is deemed to be distinct since the customer can benefit from it together with other available resources (the products). Installation is also considered to be distinct within the frame of the contract since it does not substantially change the products and can be separated in the contract. However, for some contracts with customers, the installation services do not meet the criteria for being distinct since these cases are considered to contain a higher degree of customization and the contract is rather a package deal where installation cannot be separated. In these cases, products and installation are considered to be a joint performance obligation towards the customer. The Group's products come with standardized warranties, which are not considered separate performance obligations.

The Group recognizes revenue when a performance obligation to deliver products and/or services to the customer has been fulfilled, which is considered to occur when control is transferred to the customer. The performance obligation for sale of products is considered to be satisfied when control is transferred to the customer, which is deemed to coincide with physical delivery to the customer. Revenue is recorded to the amount stated in the contract, less discounts and VAT. Installation services as well as service and maintenance are considered to be performance obligations satisfied over time, as the Group assesses that the customer receives performance benefits over time. Revenue is therefore recorded over time in relation to costs incurred and time spent, i.e. according to the input method. Installation is usually performed in connection with delivery, and mainly refers to shorter installation assignments. For these shorter installation assignments, the revenue is recognized in practice when the installation is completed. For the customer contracts where products and installations cannot be separated as individual performance obligations, the performance obligation is considered as delivery of an installed system to the customer. In these cases, the performance obligation shall be recorded over time, since the performance does not create an asset with alternative use for the Group and the Group has a right to payment for performance completed to date. Revenue is thus recognized over time, according to the input method based on costs incurred in relation to total costs for the products and services according to the contract.

99%

A HEPA H13 filter guarantees 99.97%
clean air, all the time.

There is generally no significant variable remuneration in the contracts with customers, but a few contracts include volume-based discounts and kickbacks. In such cases, an assessment is made of the expected sales to the customer in question and the variable remuneration is calculated based on the expected sales and recorded as a liability.

Contractual balances

The Group has contractual assets in the form of accrued income with remaining performance obligations, and contractual liabilities related to prepayments from customers and deferred income. The Group applies the exemption not to disclose revenue allocated to remaining performance obligations that are part of an agreement that will be finalized within a year. The Group has also some repayment liabilities regarding volume-based discounts and kickbacks to customers, which are recorded in the balance sheet item Accrued expenses and deferred income.

Costs of obtaining a contract

In some cases, the Group uses sales agents to enter into contracts with customers and these sales agents are compensated through sales commission, which is regarded as costs of obtaining the contract. Costs of obtaining a contract are recognized as costs in the period in which they occur, since they essentially refer to contracts shorter than one year.

Remuneration to employees

Remuneration to employees in the form of salaries, paid vacation, paid absence due to sickness, pensions etc. are recognized as they are earned. Provision for variable remuneration is expensed on a current basis in accordance with the financial content of the agreement.

The pension plans in the Group consist of defined contribution plans, except for the Swedish ITP 2 plan's defined benefit pension obligations for retirement and family pension (or family pension) that are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Accounting for pension plan ITP 2 financed by insurance with Alecta, this is a defined benefit plan that covers several employers. Since Alecta does not have sufficient information available for measurement, the Group's pension obligation with Alecta is accounted for as a defined contribution plan. The Group's contributions to defined contribution pension plans are charged to the statement of comprehensive income in the period to which they are attributable. For further information regarding the Group's pension plans in Alecta, see Note 9.

Earnings per share

The calculation of earnings per share is based on result for the year attributable to the shareholders of the Parent company and on the weighted average number of shares outstanding during the year. There is no dilution effect, with earnings per share being the same before and after dilution.

Note 2 Key estimates and assumptions

Preparing the consolidated financial statements requires that management and the Board make certain estimates and assumptions that affect the carrying amounts for assets, liabilities, revenue and costs. These estimates and assumptions are in all essential based on historical experience and expected future events and are deemed reasonable under the prevailing circumstances. Changes are reported in the period in which the estimates and assumptions are changed and in future periods if these are affected. Estimates and assumptions made by management that may have a significant effect on the Group's financial statements are described below.

Impairment test of goodwill
When calculating the recoverable amounts for cash-generating units as part of assessing whether any impairment of goodwill is needed, several assumptions regarding future conditions and estimates of parameters are made. An account of these can be found in Note 12.

Leasing
The Group makes assessments to establish the leasing period for some leasing agreements where the Group is lessee and the agreement contains extension options. Assessments are made to determine whether it is reasonably certain or not that extension options will be exercised, and these assessments affect the carrying amounts of the lease liability as well as the right-of-use asset. For further information, refer to Note 13.

Deferred tax
Deferred tax assets attributable to tax loss carry-forwards have been capitalized to the extent it has been estimated these can be used against future taxable profits. For further information, refer to Note 11.

Earnouts
At the end of 2022, the Group had outstanding commitments regarding conditional earnouts related to business combinations performed. These were continuously recorded at fair value based on a number of estimates and assumptions regarding the acquired companies' financial performance during a certain period. The Group had no outstanding commitments regarding earnouts at the end of 2023. Liabilities regarding earnouts are further described in Note 21.

Credit risk reserve regarding accounts receivable
Accounts receivable are short-term by nature and consequently the risk assessment horizon is short. When assessing future expected credit losses, both historical information as well as current and forecasted situations are taken into account. Historically, the Group has low confirmed credit losses. For further information, refer to Note 21.

Note 3 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. EUR 0.5 million was paid during 2023, and the remaining EUR 0.3 million will be paid during December 2024. 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 strong 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 below 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**

AIRfina AG

During the beginning of April 2023, the Group acquired 100 percent of the shares in the Swiss company AIRfina AG, up until then one of Absolent AB's distributors in the country. The purpose of the acquisition was to build direct relationships with important key customers on the Swiss market. The acqusition was made by Absolent Air Care Group's Swedish subsidiary Absolent AB, and the purchase price amounted to CHF 1.1 million. After the acquisition, the name of the company has been changed to Absolent Suisse SA. Given the small size of the acquisition, no further information is presented.

Note 4 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 Indyustrial 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 later part is a limited part of the Group's total sales. 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

	Industrial		Commercial Kitchen		Total	
SEK thousands	2023	2022	2023	2022	2023	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	
	2023	2022	2023	2022	2023	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**

Contractual assets

SEK thousands	31 Dec 2023	31 Dec 2022
Contractual assets		
Accounts receivable	193 968	205 838
Accrued income with remaining performance obligations	25 001	9 395
Total	**218 969**	**215 233**

Contractual liabilities and repayment liabilities

SEK thousands	31 Dec 2023	31 Dec 2022
Contractual liabilities		
Prepaid income	19 894	14 150
Prepayment from customers	13 552	17 812
Total	**33 446**	**31 962**
Repayment liabilities		
Accrued expenses for kickbacks and discounts	1 573	2 264

Change of contractual assets – accrued income

SEK thousands	2023	2022
Opening balance	9 395	19 257
Invoiced during the year	–9 492	–20 102
Additional accrued income during the year	25 944	9 370
Translation differences	–846	871
Closing balance	**25 001**	**9 395**

Change of contractual liabilities

SEK thousands	2023	2022
Opening balance	31 962	25 743
Recognized as revenue during the year	–27 697	–26 242
Additional contractual liabilities during the year	29 337	29 999
Translation differences	–157	2 463
Closing balance	**33 446**	**31 962**

Note 5 Segment reporting

The Group's operations consists of two operating segments, 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 operating segments based on net sales and operating result. Net financial items and tax is not followed per segment, neither is the balance sheet. Any transactions between the operating segments are conducted on market terms. The result for each segment includes directly attributable items and items that can be allocated to each segment on a reasonable and reliable manner. Group functions are not allocated to each segment, but recorded separately. Net investments refer to intangible and tangible fixed assets. For more information about the operating segments, see pages 22-25.

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. For more information about segment reporting, see Note 1 Accounting policies.

2023

SEK thousands	Industrial	Commercial Kitchen	Group functions	Eliminations	Total
Net sales	1 112 547	296 092	–	–175	1 408 464
Operating result (EBIT)	181 477	47 418	–14 244	–	214 650
Net financial items					–34 432
Result before tax					180 219
Amortizations and depreciations	–30 884	–11 963	–3 829	–	–46 676
Net investments	–11 372	–147	–8 946	–	–20 465

2022

SEK thousands	Industrial	Commercial Kitchen	Group functions	Eliminations	Total
Net sales	1 091 035	248 482	–	–195	1 339 321
Operating result (EBIT)	189 428	36 155	–5 582	–	220 001
Net financial items					–23 118
Result before tax					196 883
Amortizations and depreciations	–30 308	–8 653	–1 605	–	–40 566
Net investments	–2 774	–996	–13 909	–	–17 680

Reporting per geographic area

SEK thousands	Net sales 2023	Net sales 2022	Fixed assets* 2023	Fixed assets* 2022
EMEA	875 563	764 355	214 266	215 590
of which UK	*258 885*	*234 347*	*61 284*	*60 336*
of which Sweden	*151 195*	*143 108*	*113 054*	*109 645*
Americas	382 144	426 075	91 269	29 765
of which USA	*243 744*	*270 581*	*2 833*	*5 061*
APAC	150 757	148 890	1 779	2 949
Total	**1 408 464**	**1 339 321**	**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 6 Other operating income and expenses

SEK thousands	2023	2022
Other operating income		
Government grants	537	298
Earnout adjustment	246	2 349
Gains from selling fixed assets	731	3 958
Exchange rate gains	–	16 705
Other operating income	391	883
Total	**1 905**	**24 193**
Other operating expenses		
Exchange rate losses	–6 151	–
Termination and revaluation of lease contracts	–698	–929
Other operating expenses	–664	–631
Total	**–7 513**	**–1 560**

Government grants

During 2023, the Group has received government grants mainly related to subsidies for electricity costs. The government grants received during 2022 were mainly related to the COVID-19 pandemic and referred mostly to temporary lay-offs and similar items.

Note 7 Expenses by nature

SEK thousands	2023	2022
Cost of material	508 834	523 074
Personnel costs	402 006	360 049
Deprecitions, amortizations and write-downs	46 676	40 566
Other external costs	230 690	218 264
Other operating expenses	7 513	1 560
Total operating costs	**1 195 718**	**1 143 513**

Note 8 Remuneration to auditors

SEK thousands	2023	2022
Ernst & Young		
Audit assignment	1 990	1 890
Audit-related services	–	5
Other auditors		
Audit assignment	1 752	1 902
Tax advisory services	87	171
Total	**3 829**	**3 967**

Note 9 Employees and personnel costs

Average number of employees

	2023		2022	
	Number of employees	of which men	Number of employees	of which men
Parent company				
Sweden	8	6	9	8
Total Parent company	**8**	**6**	**9**	**8**
Subsidiaries				
Sweden	108	92	106	92
Estonia	8	1	9	1
Finland	6	5	6	5
France	10	9	7	7
India	7	7	6	6
Italy	–	–	1	1
Japan	1	1	1	1
Canada	87	70	98	81
China	15	10	17	12
Netherlands	41	38	13	12
Switzerland	2	2	2	2
UK	147	106	154	112
Germany	11	9	12	10
USA	15	11	15	11
Total subsidiaries	**458**	**361**	**447**	**353**
Total Group	**466**	**367**	**457**	**362**

Gender distribution for Board of Directors and Group management

	2023		2022	
	Total	of which men	Total	of which men
Board of Directors	5	3	4	2
Group management	5	4	7	6

For presentation of the Board of Directors and Group management, see pages 42-43.

Salaries, other remunerations and social security contributions

SEK thousands	2023 Salaries and other remunerations	2023 Social security contributions	2023 of which pension costs	2022 Salaries and other remunerations	2022 Social security contributions	2022 of which pension costs
Parent company	16 574	9 766	3 681	19 974	11 327	4 187
Subsidiaries, Sweden	62 576	26 899	7 699	59 356	28 427	8 258
Subsidiaries, other	235 167	40 845	11 669	200 924	32 006	6 365
Total Group	**314 317**	**77 510**	**23 049**	**280 254**	**71 760**	**18 809**

Of the Parent company's pension costs, SEK 1,011 (1,000) thousands refer to Board of Directors and CEO.
Of the Group's pension costs, SEK 3,986 (2,942) thousands refer to Board of Directors and CEOs.

Salaries and other remunerations divided between Board and CEO and other employees

SEK thousands	2023 Board and CEO	2023 of which bonus	2023 Other employees	2022 Board and CEO	2022 of which bonus	2022 Other employees
Parent company	5 558	760	11 016	6 642	2 206	13 332
Subsidiaries, Sweden	4 273	165	58 303	3 453	623	55 903
Subsidiaries, other	20 170	3 824	214 997	20 172	3 616	180 752
Total Group	**30 001**	**4 749**	**284 316**	**30 267**	**6 445**	**249 987**

Salaries and other remunerations distributed by Board of Directors and Group management

SEK thousands	2023 Salaries and other remuneration	2023 of which bonus	2023 Pension costs	2022 Salaries and other remuneration	2022 of which bonus	2022 Pension costs
Axel Berntsson, CEO	4 187	760	1 011	5 442	2 206	1 000
Johan Westman, Chairman of the Board	616	–	–	600	–	–
Joakim Westh, Board member	205	–	–	200	–	–
Märta Schörling Andreen, Board member	205	–	–	200	–	–
Nils-Johan Andersson, Board member (elected 2023)	139	–	–	–	–	–
Malin Persson, Board member (elected 2023)	139	–	–	–	–	–
Gun Nilsson, Board member (resigned 2023)	67	–	–	200	–	–
Other Group management	8 394	1 961	2 021	12 909	4 101	2 472
Total	**13 952**	**2 721**	**3 031**	**19 550**	**6 307**	**3 472**

Employment conditions for CEO and other Group management

Remuneration to CEO and other Group management comprises fixed and variable remuneration, other benefits and pension. For the CEO, a mutual notice of six months applies. Severance pay of up to twelve months salary is payable if employment is terminated by the company. For the other Group management, the mutual notice periods vary between three and six months, without severance pay.

Pension obligations

For the financial years 2023 and 2022, the Group has not had access to information to account for its proportionate share of the Alecta-plan's obligations, plan assets and costs which meant that the plan has not been possible to account for as a defined benefit plan. The ITP 2 penion plan secured through insurance in Alecta is therefore recognized as a defined contribution plan. The premium for the defined benefit retirement and family pension is individually calculated and is dependent on factors including salary, previously earned pension and expected remaining period of service. Expected premiums for the coming financial year for ITP 2 pension insurance in Alecta amount to SEK 4.4 (5.1) million.

The collective funding level is the market value of Alecta's assets in percent of the commitments calculated in accordance with Alecta's calculation assumptions for insurance purposes, which do not comply with IAS 19. The collective consolidation level is normally allowed to vary between 125% and 175%. At low consolidation, a measure can be to raise the agreed price for new agreements. At high consolidation, a measure can be to introduce premium reductions. Alecta's collective funding ratio at the end of the year was 158 (172) percent.

Note 10 Financial income and expenses

SEK thousands	2023	2022
Interest income from bank balances	4 690	647
Other financial income	110	106
Total financial income	**4 800**	**753**
Write-down financial receivable	–	–5 492
Interest expenses on interest-bearing liabilities, excl. lease liabilities	–27 667	–12 457
Interest expenses on lease liabilities	–3 402	–1 666
Exchange rate losses on financial receivables and liabilities	–7 594	–3 394
Other financial expenses	–569	–861
Total financial expenses	**–39 232**	**–23 871**

Note 11 Tax

SEK thousands	2023	2022
Current tax	–39 463	–44 030
Deferred tax related to temporary differences and tax loss carry-forwards	–533	–1 099
Total recorded tax expense for the result for the year	**–39 996**	**–45 129**
Effective tax rate, %	22.2	22.9
Reconciliation of effective tax		
Result before tax	180 219	196 883
Estimated Swedish tax 20.6% (20.6%)	–37 125	–40 558
Tax effects from:		
Non-deductible expenses	–930	–2 007
Non-taxable income	3 364	326
Recognized loss carry-forwards and utilization of previously non-recognized loss carry-forwards	324	219
Non-recognized loss carry-forwards	–200	–844
Tax depreciations on buildings	243	–28
Differences in tax rates in foreign subsidiaries	–5 239	–1 895
Tax related to previous years	530	–1 196
Other	–962	853
Total recorded tax expense for the result for the year	**–39 996**	**–45 129**
Effective tax rate, %	22.2	22.9

	Deferred tax assets		Deferred tax liabilities	
SEK thousands	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Tax allocation reserves	–	–	20 127	16 285
Loss carry-forwards	2 677	281	–	–
Intra-Group profit in inventories	5 505	5 661	–	–
Surplus values fixed assets	–	–	6 034	7 463
Temporary differences fixed assets	304	263	3 406	3 757
Leased assets	31 168	15 472*	30 512	14 995*
Other temporary differences	63	413	1 726	–
Net accounting of offsettable deferred tax assets/liabilities	–30 512	–14 995*	–30 512	–14 995*
Total	**9 205**	**7 096**	**31 293**	**27 506**

* Restated due to the amendment in IAS 12, whereby the exemption from reporting deferred tax no longer applies. The change has no effect on the balance sheet.

Loss carry-forwards

Tax loss carry-forwards are recognized in the balance sheet to the extent it has been estimated that these can be used against future taxable profits. At the year-end, the Group had total tax loss carry-forwards of SEK 29.9 (27.2) million. The maturity for all tax loss carry-forwards is shown in the table below.

SEK thousands	31 Dec 2023	31 Dec 2022
2023	–	5 248
2024	6 347	5 760
2025	3 595	4 803
2026	3 993	3 487
2027–2031	11 476	2 428
Unlimited utilization period	4 451	5 505
Total loss carry-forwards	**29 862**	**27 231**

Note 12 Intangible fixed assets

	Goodwill		Internally developed intangible fixed assets		Other intangible fixed assets		Intangible fixed assets in progress	
SEK thousands	2023	2022	2023	2022	2023	2022	2023	2022
Opening accumulated acquisition values	**626 886**	**562 910**	**23 662**	**20 078**	**48 628**	**47 038**	**34 136**	**14 631**
Business combinations	13 606	21 969	–	–	–	–	–	–
Investments	–	–	–	–	343	165	9 919	19 405
Sales/disposals	–	–	–	–	–	–	–473	–
Reclassifications	–	–	33 597	1 813	–5 249	–1 813	–26 893	–
Translation differences	–2 919	42 007	–352	1 771	–428	3 238	–46	100
Closing accumulated acquisition values	**637 573**	**626 886**	**56 907**	**23 662**	**43 295**	**48 628**	**16 643**	**34 136**
Opening accumulated amortizations	**–**	**–**	**–23 544**	**–19 837**	**–13 717**	**–8 047**	**–**	**–**
Amortizations	–	–	–2 686	–123	–7 169	–6 992	–	–
Reclassifications	–	–	–3 154	–1 813	2 045	1 813	–	–
Translation differences	–	–	798	–1 771	–120	–491	–	–
Closing accumulated amortizations	**–**	**–**	**–28 587**	**–23 544**	**–18 963**	**–13 717**	**–**	**–**
Opening accumulated write-downs	**–886**	**–814**	–	–	**–**	**–**	–	–
Translation differences	19	–72	–	–	–	–	–	–
Closing accumulated write-downs	**–867**	**–886**	**–**	**–**	**–**	**–**	**–**	**–**
Closing book value	**636 706**	**626 000**	**28 319**	**117**	**24 332**	**34 911**	**16 643**	**34 136**

Internally developed intangible fixed assets mainly refer to capitalized expenditure for product development and ERP systems. Other intangible assets mainly refer to customer relations, software licenses etc. Intangible assets in progress refer to capitalized expenditure for product development projects for which the work has not yet been completed.

Goodwill per business area

SEK thousands	31 Dec 2023	31 Dec 2022
Industrial	377 376	366 926
Commercial Kitchen	259 329	259 074
Total	**636 706**	**626 000**

Amortizations and write-downs have been recorded to each function as below:

SEK thousands	2023	2022
Cost of products and services sold	–265	–337
Sales expenses	–5 749	–5 394
Administrative expenses	–1 995	–718
Research and development expenses	–1 668	–666
Total	**–9 678**	**–7 115**

Impairment testing

Impairment testing of goodwill and intangible assets not yet ready for use is performed annually and in case of indication of impairment. Other intangible assets with fixed useful lives are tested in case of indication of impairment. The goodwill in the Group is attributable to subsidiaries and their operations. The Group is divided into the two operating segments Industrial and Commercial Kitchen, which have been defined as separate cash-generating units, and is the level on which the Group's impairment tests have been performed. When preparing the impairment tests, estimates are made to determine the value in use for each cash-generating unit. The value in use is based on established cash flow forecasts for the next five years and a long-term growth rate, i.e. terminal growth. The most important assumptions refer to growth rate, operating margin and discount rate (WACC). When discounting expected future cash flows, a pre-tax WACC of 9.5 (9.0) % has been used. This is considered to be representative for all cash-generating units in the Group.

The cash-flow forecasts that are basis for the tests are based on five year forecasts established by Group management and thereafter a terminal growth of 2 (2) %. The forecasts have been prepared internally by Group management using historical data, collective experience as well as the best assessment of development potential and market growth. Based on the tests that have been performed, there is currently no need for impairment.

While management believes that estimates of future cash flows and other assumptions are reasonable, there are uncertainties which could affect the valuations. To support the impairment tests, a comprehensive sensitivity analysis of the variables used in the model has been performed. The sensitivity analysis do not indicate any need for impairment even if the WACC increases by one percentage point or if the growth rate or operating margin decrease by one percentage point.

When establishing the impairment tests and performing the above-mentioned sensitivity analysis, the Group has also considered potential impact of environmental and climate risks, as described in the Board of Directors' report on page 50. Given the expected positive impact for the Group from increased regulation regarding environmental impact and emissions, this has not had any negative effects on the impairment tests.

Note 13 Tangible fixed assets

SEK thousands	Buildings and land 31 Dec 2023	Buildings and land 31 Dec 2022	Plant and machinery 31 Dec 2023	Plant and machinery 31 Dec 2022	Equipment, tools, fixtures and fittings 31 Dec 2023	Equipment, tools, fixtures and fittings 31 Dec 2022	Construction in progress 31 Dec 2023	Construction in progress 31 Dec 2022	Total 31 Dec 2023	Total 31 Dec 2022
Owned assets	68 144	70 011	16 962	14 944	8 424	10 318	6 769	5 396	100 300	100 669
Right-of-use asset for leased assets	108 618	60 606	–	–	19 898	10 770	–	–	128 515	71 376
Total book value	**176 762**	**130 617**	**16 962**	**14 944**	**28 322**	**21 088**	**6 769**	**5 396**	**228 815**	**172 045**

Owned assets

SEK thousands	Buildings and land 2023	Buildings and land 2022	Plant and machinery 2023	Plant and machinery 2022	Equipment, tools, fixtures and fittings 2023	Equipment, tools, fixtures and fittings 2022	Construction in progress 2023	Construction in progress 2022
Opening accumulated acquisition values	**83 667**	**88 479**	**83 644**	**78 564**	**52 798**	**42 173**	**5 396**	**87**
Business combinations	–	–	–	3 482	–	6 903	–	47
Investments	394	–	1 967	1 139	2 045	1 344	6 943	5 179
Sales/disposals	–	–6 291	–	–1 184	–3 488	–442	–12	–
Reclassifications	96	–	4 256	–96	–754	55	–5 597	43
Translation differences	573	1 478	349	1 739	54	2 766	39	42
Closing accumulated acquisition values	**84 731**	**83 667**	**90 215**	**83 644**	**50 655**	**52 798**	**6 769**	**5 396**
Opening accumulated depreciations	**–13 657**	**–11 812**	**–68 701**	**–60 269**	**–42 480**	**–31 193**	**–**	**–**
Business combinations	–	–	–	–2 907	–	–5 426	–	–
Sales/disposals	–	1 112	–	693	2 886	179	–	–
Depreciations	–2 638	–2 694	–4 961	–4 960	–4 054	–3 857	–	–
Reclassifications	–217	–	557	–	1 259	–	–	–
Translation differences	–78	–262	–148	–1 259	159	–2 184	–	–
Closing accumulated depreciations	**–16 588**	**–13 657**	**–73 254**	**–68 701**	**–42 231**	**–42 480**	**–**	**–**
Closing book value	**68 144**	**70 011**	**16 962**	**14 944**	**8 424**	**10 318**	**6 769**	**5 396**

Right-of-use asset for leased assets

SEK thousands	Buildings and land 2023	Buildings and land 2022	Plant and machinery 2023	Plant and machinery 2022	Equipment, tools, fixtures and fittings 2023	Equipment, tools, fixtures and fittings 2022
Opening accumulated acquisition values	**100 831**	**101 335**	**373**	**339**	**18 374**	**15 077**
Investments	77 856	12 743	–	–	17 349	9 832
Terminated contracts	–28 558	–20 255	–373	–	–6 162	–7 667
Revaluations	3 580	1 912	–	–	–56	303
Translation differences	–2 747	5 095	–	34	–284	829
Closing accumulated acquisition values	**150 962**	**100 831**	**–**	**373**	**29 220**	**18 374**
Opening accumulated depreciations	**–40 225**	**–28 731**	**–373**	**–227**	**–7 604**	**–9 309**
Terminated contracts	15 450	6 343	373	–	5 408	7 574
Depreciations	–18 237	–16 350	–	–124	–7 106	–5 487
Translation differences	669	–1 487	–	–23	–20	–382
Closing accumulated depreciations	**–42 343**	**–40 225**	**–**	**–373**	**–9 322**	**–7 604**
Closing book value	**108 618**	**60 606**	**–**	**–**	**19 898**	**10 770**

The leasing agreements in the Group mainly refer to premises and cars. Premises are included in the buildings and land category, and cars in the equipment, tools, fixtures and fittings category.

Depreciations and write-downs have been recorded to each function as below:

SEK thousands	2023	2022
Cost of products and services sold	–17 543	–14 703
Sales expenses	–4 859	–6 800
Administrative expenses	–13 606	–11 388
Research and development expenses	–990	–581
Total	**–36 997**	**–33 471**

Items recorded in the income statement related to leasing con-tracts

SEK thousands	2023	2022
Gains/losses from terminated leasing contracts	–739	–929
Revaluation leasing contracts	41	–
Short-term lease expenses	–1 623	–1 217
Low-value lease expenses	–75	–704
Depreciations on right-of-use asset	–25 343	–21 961
Interest expenses on lease liabilities	–3 402	–1 666
Total	**–31 141**	**–26 478**

See Note 21 regarding maturity analysis lease liability as well as Note 16 for split between long- and short-term lease liabilities.

The total cash flow from leasing contracts amounted to SEK 30.3 (26.3) million, of which SEK 5.1 (3.6) million from operating activities and SEK 25.2 (22.6) million from financing activities.

Note 14 Inventories

SEK thousands	31 Dec 2023	31 Dec 2022
Raw materials	107 906	99 990
Work in progress	18 219	12 499
Finished goods and goods for resale	53 251	91 358
Total	**179 376**	**203 847**

As of the balance sheet date, the total obsolescence provision amounted to SEK 6.2 (2.7) million.

Note 15 Prepaid expenses and accrued income

SEK thousands	31 Dec 2023	31 Dec 2022
Accrued income	25 001	9 395
Rent expenses	926	661
Insurance expenses	3 043	5 934
Other prepaid expenses	9 039	7 991
Total	**38 007**	**23 981**

Note 16 Net debt

SEK thousands	31 Dec 2023	31 Dec 2022
Cash and cash equivalents	298 081	335 525
Liabilities to credit institutions	465 029	556 160
Long-term interest-bearing lease liabilities	98 186	50 221
Short-term interest-bearing lease liabilities	31 727	22 033
Other interest-bearing liabilities	–	239
Net debt	**296 861**	**293 128**

Change of interest-bearing liabilities

SEK thousands	2023	2022
Opening balance	628 653	625 328
New and terminated lease liabilities	81 786	9 281
Amortizations*	-87 886	-17 212
Amortizations of lease liabilities*	-25 231	-22 576
Revaluations of lease liabilities	3 524	2 215
Loan-related fees*	-1 691	-
Translation differences	-4 212	31 617
Closing balance	**594 943**	**628 653**

* These items affect the cash flow.

Note 17 Accrued expenses and prepaid income

SEK thousands	31 Dec 2023	31 Dec 2022
Personnel-related costs	56 010	63 078
Repayment liabilities for kickbacks and discounts	1 573	2 264
Sales commission	2 189	3 102
Purchases	2 924	9 797
Accrued interest expenses	6 922	4 821
Other accrued expenses	18 779	14 659
Prepaid income	19 894	14 150
Total	**108 291**	**111 871**

Note 18 Equity

Share capital

Only one share class exists, and all shares have the same rights regarding capital and votes. The share capital refers to the registered share capital in the Parent company, which constitutes a total number of outstanding shares of 11,320,968 (11,320,968) with a quota value of SEK 0.2971 (0.2971). All issued shares are fully paid.

Other capital contributions

Refers to capital contributed by the owners, which in this case refers to share premium reserve.

Translation reserve

Refers to exchange rate effects arising from translation to SEK of financial statements for foreign subsidiaries.

Retained earnings

Refers to the Group's accumulated profits and losses, reduced with dividends paid to the shareholders.

Capital management

The Board's financial objective is to maintain a strong financial position that contributes to maintaining investor, creditor and market confidence and to providing a platform for ongoing development of the business. Capital consists of total equity. The Board of Directors proposes the dividend to the shareholders. The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors capital on the basis of net debt and equity ratio.

Note 19 Earnings per share

In 2023, the average number of shares outstanding was 11,320,968 (11,320,968). Result for the year attributable to the Parent Company's shareholders amounted to SEK 140,223 (151,755) thousand resulted in earnings per share of SEK 12.39 (13.40), which is both before and after dilution.

Note 20 Pledged assets and contingent liabilities

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

Note 21 Financial instruments and financial risk management

Classification of financial assets and liabilities

For financial instruments such as accounts receivable, accounts payable and other non-interest-bearing financial assets and liabilities, which are carried at amortized cost less any impairment losses, the fair value is deemed to agree with the carrying amount. For the Group's interest-bearing assets and interest-bearing liabilities, the fair value is also estimated to correspond to the carrying amount. The financial instruments recognized at fair value belong to the measurement level three and refer to earnouts.

31 Dec 2023

SEK thousands	Assets measured at amortized cost	Assets measured at fair value through profit and loss	Total
Financial assets			
Financial fixed assets	2 132	–	2 132
Accounts receivable	193 968	–	193 968
Other receivables	6 147	–	6 147
Accrued income	25 001	–	25 001
Cash and cash equivalents	298 081	–	298 081
Total	**525 330**	**-**	**525 330**

SEK thousands	Liabilities measured at amortized cost	Liabilities measured at fair value through profit and loss	Total
Financial liabilities			
Other long-term interest-bearing liabilities	465 029	–	465 029
Accounts payable	72 088	–	72 088
Other liabilities	4 901	–	4 901
Accrued expenses	32 388	–	32 388
Total	**574 406**	**-**	**574 406**

31 Dec 2022

SEK thousands	Assets measured at amortized cost	Assets measured at fair value through profit and loss	Total
Financial assets			
Financial fixed assets	621	–	621
Accounts receivable	205 838	–	205 838
Other receivables	9 716	–	9 716
Accrued income	9 395	–	9 395
Cash and cash equivalents	335 525	–	335 525
Total	**561 094**	**-**	**561 094**

SEK thousands	Liabilities measured at amortized cost	Liabilities measured at fair value through profit and loss	Total
Financial liabilities			
Other long-term interest-bearing liabilities	556 160	–	556 160
Other long-term liabilities	3 338	5 780	9 118
Other short-term interest-bearing liabilities	239	–	239
Accounts payable	56 885	–	56 885
Other liabilities	12 475	54 593	67 068
Accrued expenses	34 643	–	34 643
Total	**663 740**	**60 372**	**724 113**

Earnout liabilities

Liabilities related to earnouts measured at fair value are included in the items other long-term liabilities and other short-term liabilities. The fair value of the earnouts are evaluated regularly and includes management's assessment of future financial performance of the acquired companies. As of 31 December 2023, the Group has no earnout obligations.

SEK thousands	2023	2022
Opening balance	60 372	67 397
Adjustment of preliminary PPA	-	5 828
Payment of earnouts	-60 221	-15 560
Reversal of unutilized amounts	246	-2 349
Translation differences	-396	5 056
Closing balance	**-**	**60 372**

Financial risks

Through its operations, the Group is exposed to various types of financial risks. The primary financial risks are composed of currency risk, interest rate risk, liquidity and financing risk and credit risk. A description of each risk area is presented below. To minimize the effects of these risks, the Group has a risk policy defining different kinds of risks and establishing risk management guidelines. The general financial risk management of the Group focuses on managing uncertainty on the financial markets and strive to minimize possible adverse effects on the Group's result.

Interest rate risk

Interest rate risk represents how changes in interest rate levels on long-term and short-term interest-bearing liabilities to credit institutions can affect the Group negatively. The Group continuously analyzes its exposure to interest rate risk and performs regular simulations of interest rate changes. No hedging through interest rate swaps or similar is applied. An interest rate increase of one percentage point would negatively affect the Group's result before tax by SEK 4.7 (5.6) million, calculated using the interest-bearing liabilities at the end of the year.

Currency risk

The Group is exposed to currency risks due to its international operations. Exchange rate fluctuations affect the result of the Group partly in connection with buying and selling in other currencies than the local currency of each Group company (transaction exposure), and partly through translation of the income statements and balance sheets of foreign subsidiaries to SEK (translation exposure).

Transaction exposure

Transaction exposure shall primarliy be minimized by internal actions such as matching of in- and outflows as well as choice of invoicing currency. No currency hedge agreements have been entered into during 2022 and 2023, in accordance with Group policy. The table below presents the Group's net transaction exposure per each relevant currency and how large impact a 5 percent exchange rate increase in relation to SEK would have on the Group's net result.

Transaction exposure

	Local currency		SEK		Impact on net result, +5%	
	2023	2022	2023	2022	2023	2022
USD	15 115	17 624	160 414	178 433	8 021	8 922
EUR	7 047	5 398	80 873	57 390	4 044	2 870
CNY	19 735	28 107	29 567	42 217	1 478	2 111
Total			**270 854**	**278 040**	**13 543**	**13 903**

Translation exposure

A 5 percent increase of all exchange rates in relation to SEK would have a positive impact on the Group's equity of SEK 64.8 (64.3) million and on the Group's net result of SEK 3.9 (4.3) million. The Group does not hedge this risk. The net assets for the foreign Group companies are distributed by currency as below.

Net assets per currency, recalculated to SEK

SEK thousands	31 Dec 2023	31 Dec 2022
GBP	487 498	496 635
EUR	372 773	338 105
CAD	348 950	361 027
USD	37 746	40 513
CNY	31 986	49 453
CHF	15 421	–580
INR	3 027	2 358
JPY	1 170	1 218
HKD	231	162
NOK	–2 788	–2 978
Total	**1 296 013**	**1 285 911**

Liquidity risk and financing risk

Liquidity risk refers to the risk of not being able to fulfill payment obligations as they fall due, which is mitigated by sufficient liquid funds as well as available credit facilities. Financing risk refers to the risk that it will not be possible to obtain financing or that financing can only be obtained at a significantly higher cost. The Group's liabilities to credit institutions are tied to covenants, which are met as of the closing date. Based on the current forecast, Group management deems that the Group will be able to meet these covenants by a satisfactory margin going forward. The financing agreement related to these liabilities to credit institutions runs until 2026. The following tables present maturity analysis of the amortization of financial liabilities including contractual and undiscounted interest payments.

31 Dec 2023

SEK thousands	Term < 1 year	Term 1–2 years	Term 2–5 years	Term > 5 years	Total
Lease liabilities	33 290	26 699	49 293	53 946	163 227
Other interest-bearing liabilities	28 017	28 017	472 034	–	528 068
Accounts payable	72 088	–	–	–	72 088
Other liabilities	4 901	–	–	–	4 901
Accrued expenses	32 388	–	–	–	32 388
Total	**170 683**	**54 716**	**521 326**	**53 946**	**800 671**

31 Dec 2022

SEK thousands	Term < 1 year	Term 1-2 years	Term 2-5 years	Term > 5 years	Total
Lease liabilities	21 875	18 519	23 325	10 139	73 858
Other interest-bearing liabilities	16 322	564 202	–	–	580 524
Other long-term liabilities	–	9 118	–	–	9 118
Accounts payable	56 885	–	–	–	56 885
Other liabilities	67 068	–	–	–	67 068
Accrued expenses	34 643	–	–	–	34 643
Total	**196 794**	**591 839**	**23 325**	**10 139**	**822 096**

Credit risk

Credit risk refers to the risk that a counterparty to the Group will be unable to meet its obligations and thereby cause a loss. Financial transactions also give rise to credit risks in relation to financial and commercial counterparties. The Group is exposed to credit risk from its operating activities, primarily from accounts receivable, and from financing activities through deposits at banks and other financial institutions. The Group's counterparties in financial transactions are only well-established banks and other institutions.

Accounts receivable

The credit risk related to accounts receivable is limited by credit assessments as well as close monitoring of the accounts receivable by the finance and market functions of the Group companies. The Group uses the simplified model for expected credit losses for accounts receivable, where the initial provision for credit losses is based on expected credit losses for the entire term of the receivable. The Group takes historical data into account, as well as perform individual assessments of accounts receivable in terms of solvency and credit rating as of each closing date. Regarding risk for default, accounts receivable are considered to be credit-impaired when overdue with more than 90 days or when other credit-impairing factors have been identified.

Historically, the Group has had low confirmed credit losses. In the assessment based on historical data, all accounts receivable is regarded as one population since no significant differences have been identified. The Group's historically low credit losses, taking into account forward-looking factors, do not give rise to any significant credit losses for non-overdue accounts receivable, which is why no provision is recorded.

Aging distribution for accounts receivable and credit risk reserve

31 Dec 2023

SEK thousands	Current	Past due < 30 days	Past due 31–60 days	Past due 61–90 days	Past due > 90 days	Total
Accounts receivable	135 527	35 428	11 934	4 647	8 758	196 294
Credit risk reserve	–	–	–	–259	–2 067	–2 326
Book value accounts receivable						**193 968**

31 Dec 2022

SEK thousands	Current	Past due < 30 days	Past due 31–60 days	Past due 61–90 days	Past due > 90 days	Total
Accounts receivable	132 040	41 358	18 660	5 016	12 224	209 297
Credit risk reserve	–25	–	–13	–156	–3 265	–3 459
Book value accounts receivable						**205 838**

Change of credit risk reserve

SEk thousands	2023	2022
Opening credit risk reserve	–3 459	–3 003
Recovered reserves	940	285
Reserve for expected losses	–973	–1 120
Confirmed losses	1 183	532
Translation differences	–16	–152
Closing credit risk reserve	**–2 326**	**–3 459**

Other financial instruments

In addition to accounts receivable, the Group has contractual assets in terms of accrued income with some remaining performance obligations that are covered by the simplified model for expected credit losses. The Group has not identified any signs of credit losses for these assets and consequently no reserve for expected credit losses is recognized related to contractual assets.

The financial assets not covered by the simplified model refer to financial fixed assets, other receivables as well as cash and cash equivalents. Financial fixed assets and other receivables only amount to small amounts and no reserve for expected credit losses is therefore taken into account, since such a reserve would not amount to any significant amount. Cash and cash equivalents consist of balances with banks with a high rating, which is why it is not considered that there is any credit risk that should be recorded as an expected credit loss.

Note 22 Related parties

All Group companies mentioned in Note 11 for the Parent company are considered to be related parties. Transactions between Group companies are eliminated upon consolidation. For information about salaries and remuneration to the Board of Directors and Group management, see Note 9. There are no other material transactions with related parties.

Note 23 Significant events after the closing date

No significant events have occurred after the closing date.


Absolent

Parent company income statement

SEK thousands	Note	2023	2022
Net sales	2	41 355	46 018
Sales expenses		–576	–1 589
Administrative expenses		–45 698	–48 830
Research and development expenses		–8 171	–6 085
Other operating income	3	286	2 718
Operating result	**2, 4, 5, 9, 10**	**–12 805**	**–7 767**
Financial items	6		
Result from participations in Group companies		85 672	48 124
Financial income		25 486	12 561
Financial expenses		–37 094	–16 330
Result after financial items		**61 259**	**36 586**
Appropriations	7	92 308	82 017
Result before tax		**153 567**	**118 602**
Tax expense	8	–14 343	–14 929
Result for the year		**139 224**	**103 674**

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

Parent company balance sheet

SEK thousands	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Fixed assets			
Intangible fixed assets	9	34 968	27 920
Tangible fixed assets	10	302	423
Participations in Group companies	11	476 692	476 938
Receivables on Group companies		273 848	257 249
Total fixed assets		**785 810**	**762 530**
Current assets			
Receivables on Group companies		55 021	74 460
Other receivables		790	373
Prepaid expenses and accrued income	12	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			
Equity			
Share capital	13	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 year		139 224	103 674
Total unrestricted equity		**298 727**	**198 049**
Total equity		**337 972**	**229 880**
Untaxed reserves			
Tax allocation reserves		62 093	38 708
Total untaxed reserves		**62 093**	**38 708**
Long-term liabilities			
Liabilities to credit institutions	14, 16	465 029	556 160
Liabilities to Group companies		–	7 961
Total long-term liabilities		**465 029**	**564 121**
Short-term liabilities			
Accounts payable		2 410	2 505
Current tax liabilities	8	17 943	22 601
Liabilities to Group companies		104 429	129 487
Other liabilities		431	26 224
Accrued expenses and deferred income	15	16 310	22 006
Total short-term liabilities		**141 522**	**202 824**
TOTAL EQUITY AND LIABILITIES		1 006 616	1 035 533

Parent company statement of changes in equity

	Restricted equity			Unrestricted equity			
SEK thousands	Share capital	Restricted reserve	Development costs reserve	Share premium reserve	Retained earnings	Result for the year	Total
Opening equity 1 Jan 2022	**3 363**	**918**	**3 486**	**32 510**	**78 510**	**30 060**	**148 847**
Appropriation of previous year's result	–	–	–	–	30 060	–30 060	–
Change in development costs reserve	–	–	24 064	–	–24 064	–	–
Transactions with shareholders							
Dividend	–	–	–	–	–22 642	–	–22 642
Result for the year	–	–	–	–	–	103 674	103 674
Closing equity 31 Dec 2022	**3 363**	**918**	**27 550**	**32 510**	**61 864**	**103 674**	**229 880**
Opening equity 1 Jan 2023	**3 363**	**918**	**27 550**	**32 510**	**61 864**	**103 674**	**229 880**
Appropriation of previous year's result	–	–	–	–	103 674	–103 674	–
Change in development costs reserve	–	–	7 413	–	–7 413	–	–
Transactions with shareholders							
Dividend	–	–	–	–	–31 133	–	–31 133
Result for the year	–	–	–	–	–	139 224	139 224
Closing equity 31 Dec 2023	**3 363**	**918**	**34 963**	**32 510**	**126 993**	**139 224**	**337 972**

Parent company cash flow statement

SEK thousands	2023	2022
Operating activities		
Operating result	–12 805	–7 767
Adjustment for items not included in the cash flow		
Amortizations, depreciations and write-downs	2 019	328
Other	406	3 490
Total	**–10 379**	**–3 950**
Received interest	25 486	12 561
Paid interest	–31 002	–12 030
Paid income tax	–19 002	–598
Cash flow from operating activities before changes in working capital	**–34 897**	**–4 017**
Changes in working capital		
Changes in operating receivables	18 937	–15 681
Changes in operating liabilities	–30 948	29 707
Cash flow from operating activities	**–46 909**	**10 009**
Investing activities		
Investments in intangible fixed assets	–8 946	–13 909
Earnout payments	–25 454	–15 560
Changes in long-term loans to Group companies	–31 842	15 198
Cash flow from investing activities	**–66 243**	**–14 272**
Financing activities		
Amortizations of loans	–88 086	–17 212
Paid dividend	–31 133	–22 642
Received dividend	85 672	48 124
Received group contribution	115 694	106 183
Other items	–2 255	–
Cash flow from financing activities	**79 892**	**114 453**
Cash flow for the year	**–33 259**	**110 190**
Cash and cash equivalents at the beginning of the year	195 143	84 953
Cash and cash equivalents at the end of the year	**161 884**	**195 143**

The Parent company

Note 1 Accounting policies

The financial statements of the Parent company have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. In its financial reporting, the Parent company applies International Financial Reporting Standards (IFRS) that have been endorsed by the EU where this is possible within the framwork of the Swedish Annual Accounts Act and with consideration of the link between accounting and taxation. This primarliy entails the following differences between accounting in the Parent company and the Group. The accounting policies have been consistently applied in all periods presented in the financial statement of the Parent company.

Shareholders' contribution and group contribution

Shareholders' contributions to subsidiaries are added to the value of the shares and participations in the balance sheet, after which impairment testing is conducted. Group contributions received and provided are recognized as appropriations in the income statement.

Business combinations

Transaction costs in connection with business combinations are included in the acquisition value.

Leasing

The Parent company applies the exception from application of IFRS 16 Leases. Leasing costs are recogized in the income statement and do not impact the balance sheet. However, identification of a leasing agreement follows the same structure as in IFRS, see the accounting policies for the Group.

Financial instruments

IFRS 9 does not apply to the Parent company. Instead, the Parent company applies those items set out in RFR 2. Financial instruments are valued at cost. In subsequent periods, financial assets that have been acquired with the intention of being held in the short term will be recognized in accordance with the lowest value principle, at either the cost or the fair value, whichever is the lowest.

For financial fixed assets in respect of shares in subsidiaries, impairment is made to the highest of the fair value and the present value of the executive management's best assessment of the future cash flows that the asset is expected to provide. For other financial assets, IFRS 9 is applied, in accordance with p.8 of RFR 2. This means that impairment testing is carried out in the same way as for receivables recognized as current assets (see below).

When calculating the net realizable value of receivables that are recognized as current assets, the principles for impairment testing and loss risk provisioning in IFRS 9 should be applied. For a receivable that is recognized at amortized cost at Group level, this means that the loss risk reserve that is recognized in the Group in accordance with IFRS 9 should also be recognized in the Parent company.

Earnouts

Conditional earnouts shall be recorded as a part of the cost if it is likely that they will be payable. If it in subsequent periods turns out that the initial assessment needs to be revised, the acquisition value will be adjusted. Conditional earnouts are recorded as long-term or short-term non-interest-bearing liabilities in the balance sheet.

Note 2 Intra-Group sales and purchases

%	2023	2022
Sales to Group companies in relation to total sales	100%	100%
Purchases from Group companies in relation to total purchases	30%	12%

Note 3 Other operating income and expenses

SEK thousands	2023	2022
Other operating income		
Exchange rate gains	283	2 718
Other operating income	4	–
Total	**286**	**2 718**

Note 4 Remuneration to auditors

SEK thousands	2023	2022
Ernst & Young		
Audit assignment	878	930
Total	**878**	**930**

Note 5 Employees and personnel costs

Average number of employees

	2023		2022	
	Number of employees	of which men	Number of employees	of which men
Sweden	8	6	9	8
Total	**8**	**6**	**9**	**8**

Gender distribution of the Board of Directors and senior executives

	2023		2022	
	Total	Of which men	Total	Of which men
Senior executives	6	5	6	5
Board of Directors	4	2	4	2
Total	**10**	**7**	**10**	**7**

Salaries, other remunerations and social security contributions

SEK thousands	2023			2022		
	Salaries and other remunerations	Social security contributions	of which pension costs	Salaries and other remunerations	Social security contributions	of which pension costs
Total	16 574	9 766	3 681	19 974	11 327	4 187

Of the Parent company's pension costs, SEK 1,011 (1,000) thousands refer to Board of Directors and CEO.

Salaries and other remunerations divided between Board and CEO and other employees

SEK thousands	2023			2022		
	Board and CEO	of which bonus	Other employees	Board and CEO	of which bonus	Other employees
Total	5 558	760	11 016	6 642	2 206	13 332

Salaries and other remunerations distributed by Board of Directors and senior executives

SEK thousands	2023			2022		
	Salaries and other remuneration	of which bonus	Pension costs	Salaries and other remuneration	of which bonus	Pension costs
Axel Berntsson, CEO	4 187	760	1 011	5 442	2 206	1 000
Johan Westman, Chairman of the Board	616	–	–	600	–	–
Joakim Westh, Board member	205	–	–	200	–	–
Märta Schörling Andreen, Board member	205	–	–	200	–	–
Nils-Johan Andersson, Board member (elected 2023)	139	–	–	–	–	–
Malin Persson, Board member (elected 2023)	139	–	–	–	–	–
Gun Nilsson, Board member (resigned 2023)	67	–	–	200	–	–
Other senior executives	6 975	1 577	1 733	9 653	2 880	2 350
Total	**12 533**	**2 337**	**2 743**	**16 295**	**5 086**	**3 350**

Employment conditions for CEO and other senior executives

Remuneration to CEO and other senior executives comprises fixed and variable remuneration, other benefits and pension. For the CEO, a mutual notice of six months applies. Severance pay of up to twelve months salary is payable if employment is terminated by the company. For the other senior executives, the mutual notice periods vary between three and six months and they are not entitled to any severance pay.

Pension obligations

For the financial years 2023 and 2022, the company has not had access to information to account for its proportionate share of the Alecta-plan's obligations, plan assets and costs which meant that the plan has not been possible to account for as a defined benefit plan. The ITP 2 penion plan secured through insurance in Alecta is therefore recognized as a defined contribution plan. The premium for the defined benefit retirement and family pension is individually calculated and is dependent on factors including salary, previously earned pension and expected remaining period of service. Expected premiums for the coming financial year for ITP 2 pension insurance in Alecta amount to SEK 1.7 (2.4) million.

The collective funding level is the market value of Alecta's assets in percent of the commitments calculated in accordance with Alecta's calculation assumptions for insurance purposes, which do not comply with IAS 19. The collective consolidation level is normally allowed to vary between 125% and 175%. At low consolidation, a measure can be to raise the agreed price for new agreements. If the consolidation level exceeds 150%, a measure can be to introduce premium reductions. Alecta's collective funding ratio at the end of the year was 158 (172) percent.

Note 6 Financial items

SEK thousands	2023	2022
Dividends from Group companies	85 672	48 124
Interest income from Group companies	21 377	12 335
Other interest income	4 109	226
Total financial income	**25 486**	**12 561**
Interest expenses to Group companies	-3 395	–
Other interest expenses	-27 608	-12 030
Exchange rate losses on financial receivables and liabilities	-5 528	-4 300
Write-down of intra-Group receivable	-564	–
Total financial expenses	**-37 094**	**-16 330**
Total	**74 064**	**44 353**

Note 7 Appropriations

SEK thousands	2023	2022
Tax allocation reserve	–23 218	–24 166
Excess depreciation	–167	–
Group contribution received	115 694	106 183
Total	**92 308**	**82 017**

Note 8 Tax

SEK thousands	2023	2022
Current tax	–14 343	–14 929
Total recorded tax expense for the result for the year	**-14 343**	**-14 929**
Effective tax rate, %	9.3	12.6
Reconciliation of effective tax		
Result before tax	153 567	118 603
Estimated tax 20.6% (20.6%)	–31 635	–24 432
Tax effects from:		
Non-deductible expenses	–210	–401
Non-taxable income	17 651	9 914
Other	–149	–9
Total recorded tax expense for the result for the year	**-14 343**	**-14 929**
Effective tax rate, %	9.3	12.6

Note 9 Intangible fixed assets

SEK thousands	Internally developed intangible fixed assets 2023	Internally developed intangible fixed assets 2022	Other intangible fixed assets 2023	Other intangible fixed assets 2022	Intangible fixed assets in progress 2023	Intangible fixed assets in progress 2022
Opening accumulated acquisition values	**201**	**201**	**1 495**	**1 495**	**27 405**	**13 496**
Investments	–	–	–	–	8 946	13 909
Reclassifications	20 856	–	–725	–	–20 131	–
Closing accumulated acquisition values	**21 057**	**201**	**770**	**1 495**	**16 220**	**27 405**
Opening accumulated amortizations	**-93**	**-53**	**-1 088**	**-921**	**-**	**-**
Amortizations	–1 882	–40	–16	–167	–	–
Reclassifications	–339	–	339	–	–	–
Closing accumulated amortizations	**-2 314**	**-93**	**-765**	**-1 088**	**-**	**-**
Closing book value	**18 743**	**108**	**5**	**407**	**16 220**	**27 405**

Internally developed intangible fixed assets mainly refer to development costs for ERP systems and products. Other intangible assets mainly refer to licenses etc. Intangible assets in progress refer to product development projects.

Amortizations and write-downs have been recorded to each function as below:

SEK thousands	2023	2022
Sales expenses	–185	–
Administrative expenses	–1 595	–207
Research and development expenses	–118	–
Total	**-1 898**	**-207**

Note 10 Tangible fixed assets

SEK thousands	Equipment, tools, fixtures and fittings 2023	2022
Opening accumulated acquisition values	**710**	**710**
Closing accumulated acquisition values	**710**	**710**
Opening accumulated depreciations	**–288**	**–167**
Depreciations	–121	–121
Closing accumulated depreciations	**–409**	**–288**
Closing book value	**302**	**423**

Depreciations and write-downs have been recorded to each function as below:

SEK thousands	2023	2022
Administrative expenses	–121	–121
Total	**–121**	**–121**

Operational leasing

The Parent company has operational lease agreements related to mainly premises and cars.

Total costs for operational leasing have been recorded to each function as below:

SEK thousands	2023	2022
Administrative expenses	–1 901	–1 635
Research and development expenses	–148	–123
Total	**–2 049**	**–1 758**

Future minimum commitments for operational leasing

SEK thousands	2023	2022
Due for payment < 1 year	1 576	1 376
Due for payment 1–5 years	55	1 211

Note 11 Participations in Group companies

	Share of capital, %	Share of votes, %	Number of shares	Book value 31 Dec 2023, SEK thousands	Book value 31 Dec 2022, SEK thousands
Absolent AB	100	100	1 000	3 000	3 000
Filtermist Holding Ltd	100	100	208 250	112 528	112 528
Am Sägewerk 1 GmbH*	100	100	1	–	242
Filtermist GmbH	100	100	2	16 229	15 987
Jeven Global Oy	100	100	10 000	166 298	166 298
Absolent CKV AB	100	100	100	79 996	79 996
Tessu Systems B.V.	100	100	18 000	98 640	98 886
Total				**476 692**	**476 938**

* Merged into Filtermist GmbH during 2023.

Information regarding corporate identity numbers and domiciles for the Group companies

	Share of capital, %	Corporate identity number	Domicile
Absolent AB	100	556476-0642	Lidköping, Sweden
Absolent Americas Inc.	100	36-4354021	Chicago, USA
Absolent Inc.	100	743196019	Youngsville, USA
Diversitech Equipment & Sales (1984) Ltd.	100	117488375	Montreal, Canada
10855090 Canada Inc.	100	747110310	Montreal, Canada
C&C Mechanical	100	141304303	Toronto, Canada
Quatro Air Technologies Inc.	100	1141710690	Montreal, Canada
Aerofil Inc.	100	1142501734	Montreal, Canada
Absolent (Beijing) Co Ltd.	100	110000450170768	Beijing, China
Absolent Hong Kong Ltd.	100	70320286	Hong Kong
Absolent GmbH	100	HRB 26770	Sprockhövel, Germany
Absolent SAS	100	828500397	Simandre-sur-Suran, France
Absolent S.r.l.	100	11988040967	Burgherio, Italy
Absolent Suisse SA*	100	CHE-260.691.986	Tannay, Switzerland
Absolent Fastighets AB	100	559178-3435	Lidköping, Sweden
Absolent Japan Ltd.	100	0104-01-151086	Tokyo, Japan
Filtermist Holding Ltd.	100	03312267	Telford, UK
Filtermist Ltd.	100	04220347	Telford, UK
Filtermist International Ltd.	100	05671698	Telford, UK
Filtermist Shanghai Ltd.	100	91319999MA1GUOX82J	Shanghai, China
Filtermist Asia Pte. Ltd.	100	201315672M	Singapore
Absolent Filtermist India Private Ltd.	100	07AARCA5325Q1Z0	Delhi, India
Filtermist GmbH	100	HRB 962	Sprockhövel, Germany
Jeven Global Oy	100	2793081-4	Mikkeli, Finland
Jeven Oy	100	0753391-8	Mikkeli, Finland
Jeven AB	100	556769-0390	Söderhamn, Sweden
Jeven Ltd.	51	8557213	Birmingham, UK
Absolent CKV AB	100	556746-6841	Täby, Sweden
Interzon OU	100	11019095	Tallinn, Estonia
Tessu Systems B.V.	100	39095511	Dronten, the Netherlands
Nu-Air B.V.	100	39033741	Almere, the Netherlands

* Formerly known as AIRfina AG, which was acquired during the first half of 2023.

Note 12 Prepaid expenses and accrued income

SEk thousands	31 Dec 2023	31 Dec 2022
Rent expenses	425	355
IT-related expenses	1 319	1 015
Insurance expenses	831	1 014
Other prepaid expenses	537	643
Total	**3 112**	**3 027**

Note 13 Share capital

	Quota value, SEK		Number of shares	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Class A shares	0.2971	0.2971	11 320 968	11 320 968

Note 14 Liabilities to credit institutions

The Parent company's total liabilities to credit institutions amounted to SEK 465.0 (556.2) million and run until 2026.

The Parent company also had an overdraft facility of SEK 20.0 million during 2022, but that facility was terminated during 2023.

Note 15 Accrued expenses and prepaid income

SEK thousands	31 Dec 2023	31 Dec 2022
Personnel-related costs	5 336	12 153
Interest expenses	6 922	4 821
Other accrued expenses	4 052	5 032
Total	**16 310**	**22 006**

Note 16 Pledged assets and contingent liabilities

The company's liabilities to credit institutions are tied to covenants, which are met as of 31 December 2023. Based on the current forecast, management deems that the company will be able to meet these covenants by a satisfactory margin going forward.

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 17 Related parties

The Parent company has not had any transactions with related parties during the year, except remunerations to the Board of Directors and dividend as well as the transactions with Group companies mentioned in Note 2. For remuneration to the Board of Directors, see Note 5.

Note 18 Appropriation of profit

The Board of Directors proposes that the funds available to be appropriated as follows:

SEK	2023	2022
Share premium fund	32 510 167	32 510 167
Retained earnings	126 992 640	61 864 085
Result for the year	139 224 405	103 674 458
Funds available	**298 727 212**	**198 048 710**
Dividend to the shareholders of SEK 3.00 (2.75) per share	33 962 904	31 132 662
Balance carried forward	264 764 308	166 916 048
Total	**298 727 212**	**198 048 710**

Alternative performance measures

This report includes certain key ratios not defined in IFRS, but they are included in the report as company management considers that this information makes it easier for investors to analyse the Group's financial performance and position. Investors should regard these alternative key ratios as complementing rather than replacing financial information in accordance with IFRS.

Please note that Absolent Air Care Group's definitions of these key ratios may differ from other companies' definitions of the same terms. A list of definitions is found below of the key ratios that are used, referred to and presented in the financial reports.

Key ratios	Definition	Purpose
Operating margin before amortizations and depreciations (EBITDA)	Operating result before amortizations, depreciations and write-downs in relation to net sales.	To show operating profitability, regardless of depreciation, amortization and write-downs.
Operating margin (EBIT)	Earnings before interest and tax, in relation to net sales.	To show operating profitability.
Equity ratio	Total equity in relation to total assets.	To show how the large share of the Group's assets are financed by the shareholders through equity.
Net debt	Cash and cash equivalents less interest-bearing liabilities.	To show the Group's financing through borrowings.
Equity per share	Total equity divided by number of outstanding shares at the end of the period.	To measure the net asset value per share and determine if the Group is increasing shareholder value over time.
Net investments	Cash flow from investing activities, which includes acquisitions of business combinations, investments in and sales of tangible and intangible assets and raised long-term debt.	To measure how much capital is used for investments in operations and for expansion.

Gothenburg, April 8, 2024

JOHAN WESTMAN
Chairman of the Board

JOAKIM WESTH
Member of the Board

NILS-JOHAN ANDERSSON
Member of the Board

MÄRTA SCHÖRLING ANDREEN
Member of the Board

MALIN PERSSON
Member of the Board

AXEL BERNTSSON
CEO

Our auditor's report was submitted on April 8, 2024
Ernst & Young AB

JOAKIM FALCK
Authorized Public Accountant

14 Auditor's report

To the general meeting of the shareholders of Absolent Air Care Group AB (publ.), corporate identity number 556591-2986.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Absolent Air Care Group AB for the financial year 2023. The annual accounts and consolidated accounts of the company are included on pages 46-107 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS Standards), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the Parent company and the Group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 3-45. The Board of Directors and the CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated. If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the CEO are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the CEO intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO.

- Conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the CEO of Absolent Air Care Group AB for the financial year 2023 and the proposed appropriations of the company's profit or loss. We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the Parent company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the CEO in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Gothenburg, April 8, 2024
Ernst & Young AB

JOAKIM FALCK
Authorized Public Accountant

Annual Report
2023

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