Clean air is a right

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

2021

Annual Report

Absolent

AIR CARE GROUP

Clean air for people, planet and life

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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 solutions for cleaning process air in a wide range of industries. Our air cleaning solutions 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 Estonia. Overall, the Group has operations in Sweden, the UK, Canada, China, USA, Germany, the Netherlands, Finland, France, Estonia, India, Switzerland, Japan, Hong Kong, Italy and Norway. Direct sales of our air cleaning solutions 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, Tessu and Quatro. Each brand has its own character and functions as an independent entity in its own field.

Customer segments

Our air cleaning solutions 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, dental laboratories, and restaurants. The Group'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.

Applications

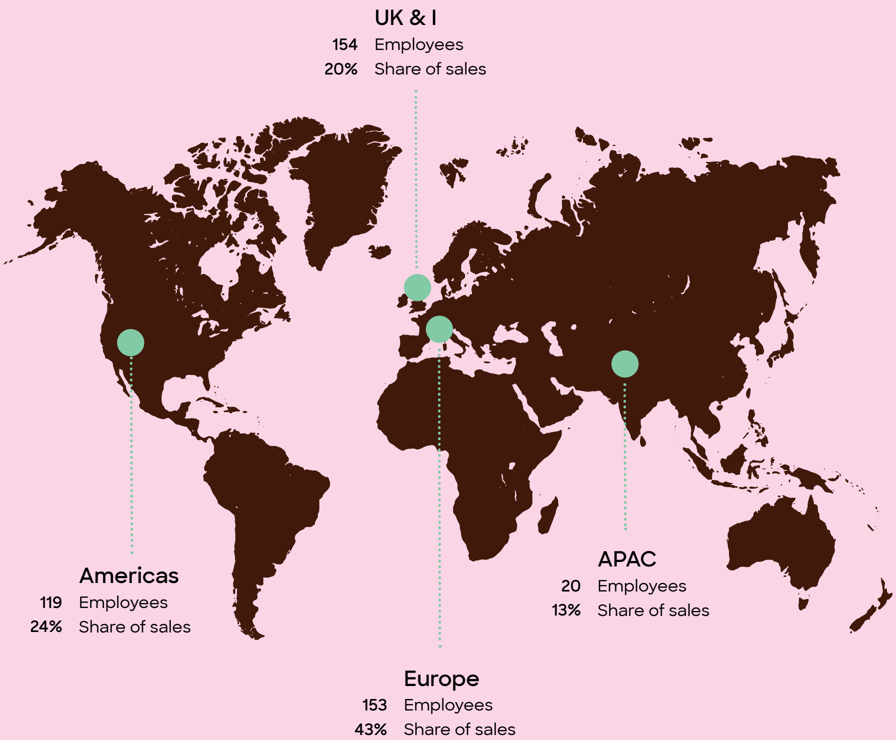
The Group's solutions are used to clean process air from various types of particles and gases. Typical sources of particulate emissions and gases are manufacturing processes such as milling, turning, rolling, hardening, die casting, welding, laser cutting, grinding, additive manufacturing, frying, roasting 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 solution. 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 the knowledge of the technology platforms' strengths and weaknesses and how they complement each other in different application areas.

347

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

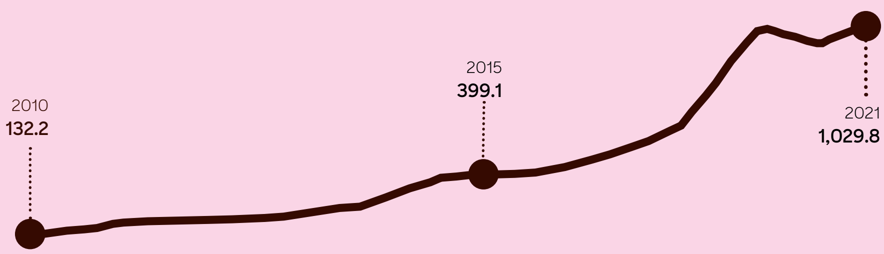


1,030
Net sales, 2021, SEK million

446
Number of employees

60
Sales in number of countries

11
Brands



Net sales development 2010–2021, SEK million

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

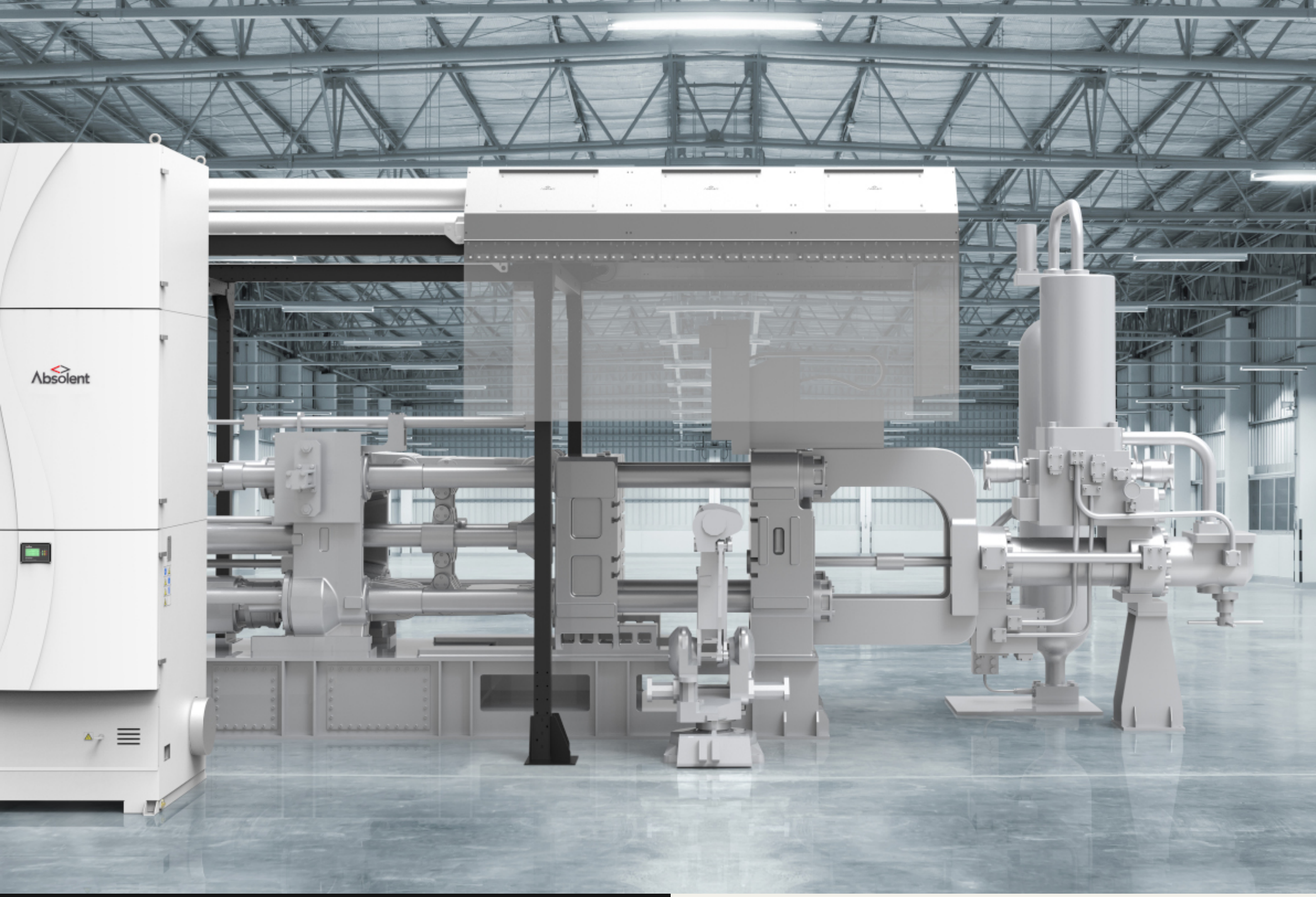
Innovations 2021

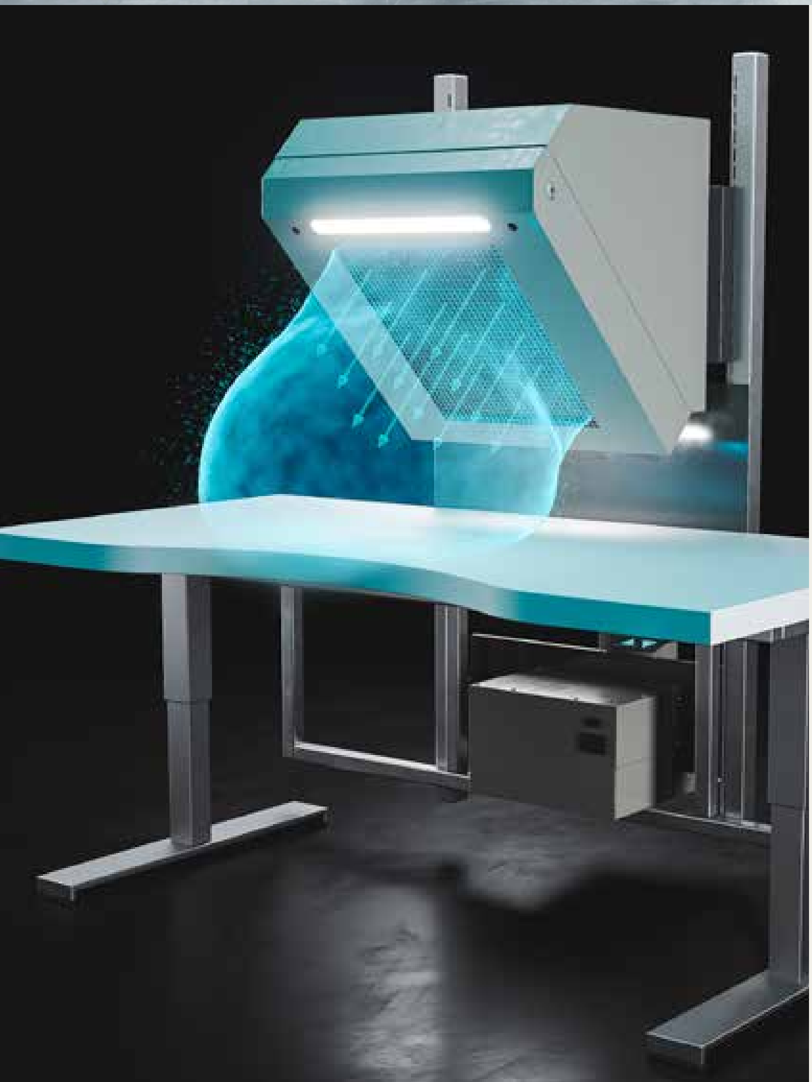
Clean air. Now completely digital.

A•smart is a complete digital solution that provides cleaner air, cleaner premises, healthier employees and more efficient production. As the industry rapidly changes, old factory floors become new digital landscapes. A•smart is an intelligent and closed IOT system that at an early stage notifies the customer of planned maintenance, which means costly downtime can be avoided. A•smart minimizes maintenance costs through scheduled maintenance and maximizes filter unit life and performance.

Clean air for die casting

Absolent Die Cast Hood is the new efficient way to capture polluted air from die casting processes. The modular design enables installation in places with limited space and the flexible construction makes it easy to adapt to the size of unique machines and surrounding area.





A bubble of clean air

DAIR was born when Absolent Air Care Group was asked to create a clean workspace for a Swedish company that manufactures and repairs advanced radar equipment. The customer had challenges in creating a suitable working environment in their assembly and repair workshops.

The workspace needed to be completely clean, without particles, but remain flexible with good ergonomics. This was not possible to achieve with existing solutions on the market without making costly changes. Creating clean workspaces is often very costly, with limited opportunity to use the solution elsewhere.

Through intensive development, testing and verification, we are very pleased to be able to present DAIR. The product creates an invisible “bubble” around the work surface and ensures that the air is free from contaminants. The speed of the laminar air flow means that the user does not feel the flow, which results in a comfortable workspace protected from exposure to airborne particles.

With the knowledge we gained from the customer and other partners involved, we designed an air purifier that is smaller, lighter, and more flexible than any other product currently available and can be mounted on any worktable.

02 The year in brief

Net sales

Net sales for the year amounted to SEK 1,029.8 (895.9) million, which corresponds to a growth of 15.0 (-13.7) %.

Result

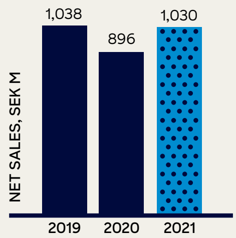
Operating result before depreciations and amortizations (EBITDA) amounted to SEK 168.5 (95.1) million and a margin of 16.4 (10.6) %. Operating result (EBIT) amounted to SEK 131.5 (48.9) million, corresponding to a margin of 12.8 (5.5) %, where the previous year was negatively impacted by costs related to the Group's cost reduction program of SEK 42.2 million. This year's operating result was also negatively impacted by one-off items of a total of SEK 12.7 million.

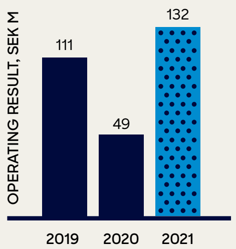
Cash flow

Cash flow from operating activities after changes in working capital amounted to SEK 114.5 (69.2) million.

Dividend

The Board of Directors has decided to propose to the Annual General Meeting a dividend of SEK 2.00 (1.80) per share.



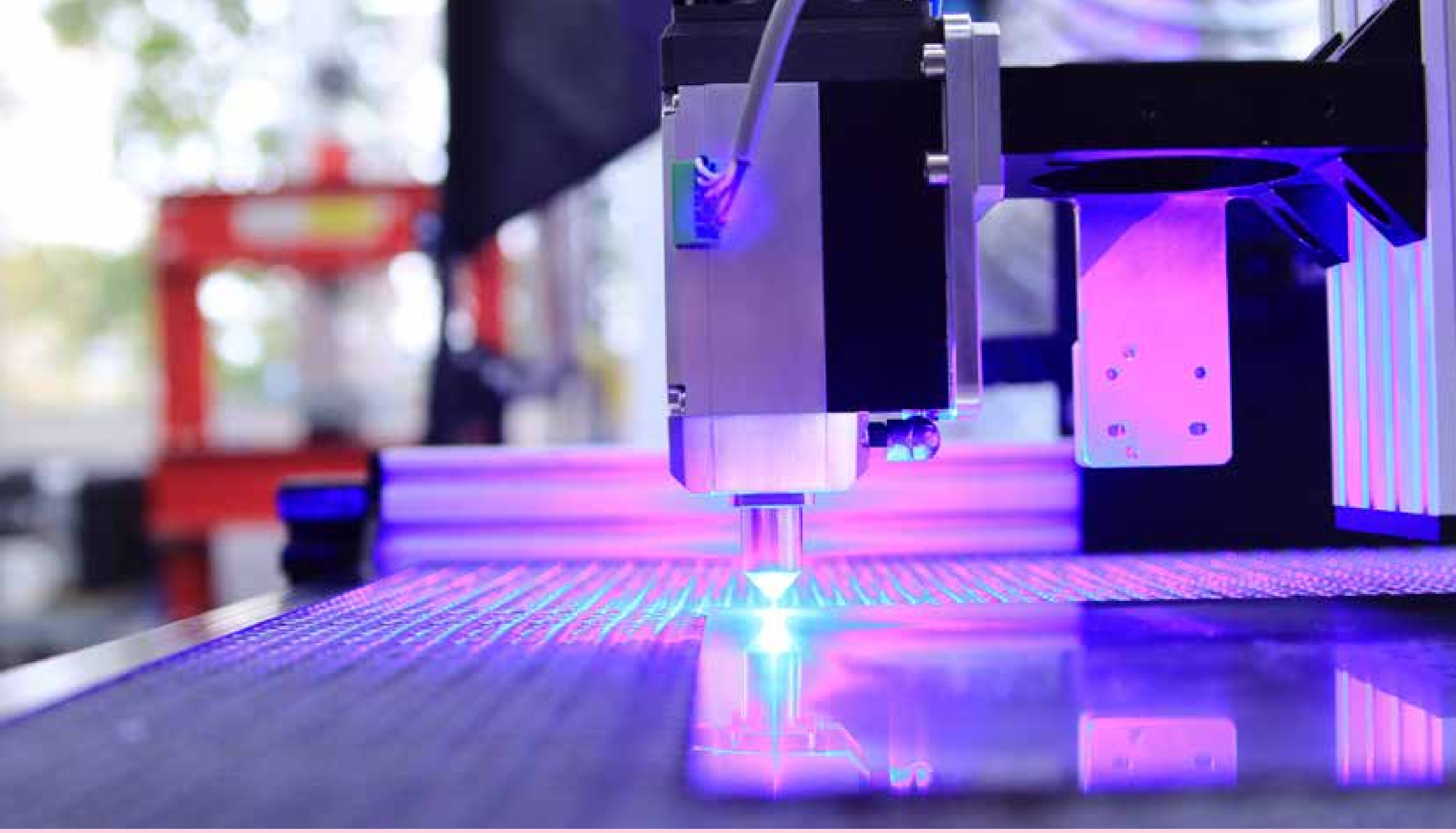


Key figures

	2021	2020	2019*
Net sales, SEK thousands	1 029 807	895 860	1 038 351
Sales growth, %	15.0	-13.7	61.3
Operating result before amortizations and depreciations (EBITDA), SEK thousands	168 538	95 088	174 983
Operating margin before amortizations and depreciations, %	16.4	10.6	16.9
Adjusted operating result before amortizations and depreciations (EBITDA1**), SEK thousands	181 162	128 467	174 983
Adjusted operating margin before amortizations and depreciations (EBITDA1**), %	17.6	14.3	16.9
Operating result, SEK thousands	131 542	48 912	111 148
Operating margin, %	12.8	5.5	10.7
Adjusted operating result (EBIT1**), SEK thousands	144 166	91 121	111 148
Adjusted operating margin (EBIT1**), %	14.0	10.2	10.7
Cash flow from operating activities, SEK thousands	114 510	69 202	126 084
Number of employees	446	412	531

* The compairson year 2019 are reported in accordance with previous accounting policies (K3) while 2021 and 2020 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. To facilitate comparability, adjustment for items affecting comparability has also been made 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.



Continuous development and acquisitions

During 2021, Absolent Air Care Group acquired three companies and divested two businesses to strengthen its position on the global air purification market.

Tessu Systems B.V. was acquired during the first quarter and is a market leader within commercial kitchen ventilation in the Netherlands. With its strategic supply position in central Europe and high-level competence in commercial kitchen ventilation, Tessu Systems is a perfect match with the Group's existing operations.

During the fourth quarter, the Canadian company Quatro Air Technologies Inc. with the subsidiary Aerofil Inc. were acquired, which increases the Group's product offering in the Industrial business area and our recurring sales of replacement filters. Quatro gives us access to a diversified customer base as well as growth opportunities in pharmaceuticals, additive manufacturing, hospitals and dental laboratories.

We work systematically to improve and refine our offer to customers and during the first quarter the UK company Gallito Ltd., a supplier of pipes and spray booths, was divested. Gallito was a relatively small part of the DCS Group, which was acquired during 2019.

During the fourth quarter, the focus on filtration of oil mist to centrifugal and fiber media technologies, and as a consequence of that decision the Group's brand for electrostatic filters, Bristol, and related operations were divested. The divestments of Bristol and Gallito have strengthened Absolent Air Care Group's focus on selected growth areas.

Company	Country	Business area	Time of acquisition	Description
TESSU SYSTEMS	The Netherlands	Commercial Kitchen	Q1, 2021	Designs, sells and maintains commercial kitchen ventilation systems
QUATRO AIR TECHNOLOGIES INC.	Canada	Industrial	Q4, 2021	Develops and sells portable air cleaning solutions to remove particles at hospitals, dental laboratories, schools, data centers and offices
AEROFIL	Canada	Industrial	Q4, 2021	Distributes air cleaning solutions to remove particles and gas at industries such as pulp and paper, minerals processing and pharmaceuticals

03 CEO comments

The year in brief

2021 was a year with focus on growth and higher profitability. We achieved both growth in sales as well as a substantial result improvement, and despite disruptions due to the pandemic and shortage of components we almost recovered to the 2019 levels. We have also carried out several activities to make us ready for a successful 2022, and among other things we strengthened Group management with a new CFO in Karin Brossing Lundqvist and a new CPO in Robert Wiktorén.

Efficiency

Digitalization is an important and long-term component in the Group's development and is constantly in focus. This year, we have taken steps forward by implementing connected systems for sales, customer management and service, which during 2022 will be fully integrated with the Group's ERP systems. The systems are implemented in business unit after business unit and will give us a good basis to assist our customers quickly and efficiently.

We also work long-term to create a market-leading Group – not only in the offer to customer, but also in industrialization structure. This means that we constantly challenge and evaluate everything we do. As a result, we chose to divest two businesses during the year: the electrostatic filter brand Bristol and the pipe and spray booth manufacturer Gallito. We have also streamlined our supply chain through improved modularity of the products, increased cooperation between Group companies as well as merging of smaller production units. Efficiency calls for discipline and focused work, and we are satisfied with how we have developed during the year and the activities performed.

Increased growth

During the first quarter of the year, the Group acquired the company Tessu Systems B.V., a market leader in commercial kitchen ventilation in the Netherlands and a high-performing company with good growth and profitability. Commercial kitchen ventilation is a highly prioritized platform for growth and Tessu is our first major step outside the Nordics in the Commercial Kitchen business area.

In the fourth quarter, the Canadian companies Quatro Air Technologies Inc. and Aerofil Inc. were acquired, and they are added to the Industrial business area. This acquisition gives us access to several new market niches where we currently do not have any business and follows the Group's strategy to increase our business outside traditional machining.

During the fourth quarter we also established a sales office in Italy. The office will serve as a basis for direct sales in Italy and will also support our local partner and be a center for sales support and global business development for Italian customers.

All our employees have made a fantastic job during the year with efficiency as well as creating good conditions for growth. Altogether, the business year 2021 has proceeded according to plan and we enter 2022 with a stronger customer offer, a more efficient organization and look forward to continuing the Group's profitable growth journey. I would like to thank all employees for their efforts during 2021 and together we look forward to entering 2022 with higher order intake and larger order book than ever.

Axel Berntsson, CEO
Gothenburg, in April 2022

”We achieved both growth in sales as well as a substantial result improvement, despite disruptions due to the pandemic and shortage of components”

04 Market and trends

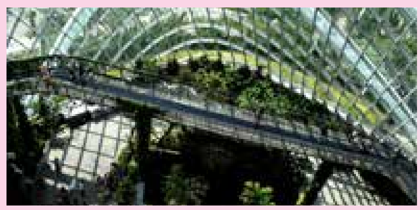
Market with strong growth

The global market for products and services for industrial air filtration and commercial kitchen ventilation is estimated to be worth approximately SEK 270 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 applications 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 adhere 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 uptime 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 solutions 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 270 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 solutions ranging from entry models to the very best solutions combined with a broad service offering in the form of consultation, installation and service. 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 strengthen 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 and attractive solutions. Common to all areas is the fact that by helping customers with solutions 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 allow us to integrate new companies quickly and easily and our culture is based on always responding to people and challenges with respect, curiosity and with a solution-oriented approach. To give our employees the greatest opportunity to succeed, we are developing a market-leading system for collecting and analyzing data.

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


Absolent


Absolet

06 Value creation model

Business model

Absolent Air Care Group creates value by developing products and solutions that clean process air 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 five plants and the products reach the end customer via a tailored-made sales network for each geographic region.

Assets

5 Production plants

446 Employees

60 Markets

11 Strong brands

52 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 advanced air filtration solutions. The solutions 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 and qualitative air filtration solution. The solutions 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.

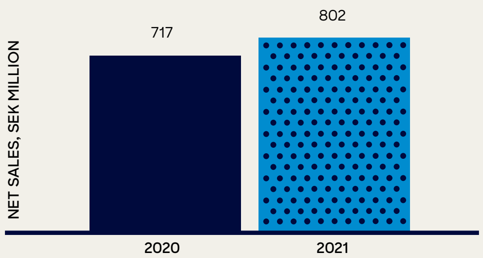
Development during the year

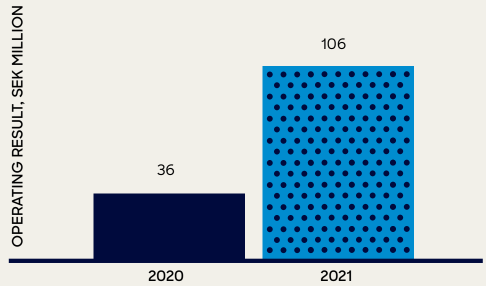
Industrial's net sales amounted to SEK 802.0 (716.6) million, which corresponds to a growth of 11.9 %. Operating result amounted to SEK 105.8 (36.1) million.

After a period during the summer and autumn when order intake and delivery capacity was hampered by shortage of components for us and our customers, the latter part of the year and the start of 2022 showed a considerably higher market activity and order intake. Once again, the Group has received some larger orders from automotive companies and their subcontractors, which we have not seen since early spring 2021.

During the fourth quarter, Quatro Air Technologies Inc. and the subsidiary Aerofil Inc. in Canada were acquired, which increases Industrial's product offering and our recurring sales of replacement filters. During the year, the business area also opened a sales office in Italy that will serve as a base for direct sales in Italy. Furthermore, two businesses were divested during the year; the electrostatic filter brand Bristol and the pipe and spray booth manufacturer Gallito; which increases Industrial's focus on selected growth areas.

Industrial has developed well during the year, there are still good growth opportunities, and we look with confidence on the future development of the business area.






LANG
Makro-Grip

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. Commercial Kitchen's end customers include several well-known companies, such as KFC, Vapiano, Hard Rock Café, Bastard Burgers, Max, Hilton, Sheraton Doha and Frantzén.

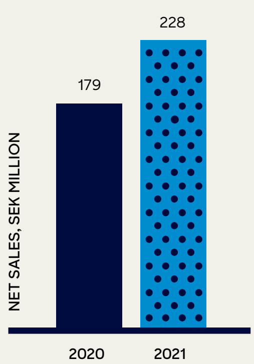
Development during the year

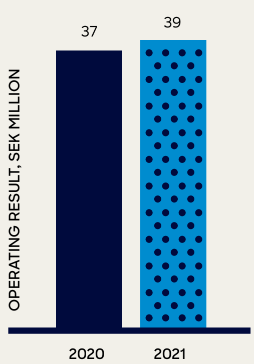
Commercial Kitchen's net sales amounted to SEK 227.8 (179.3) million, which corresponds to a growth of 27.0 %. Operating result amounted to SEK 38.9 (36.6) million.

The Commercial Kitchen companies have managed to retain their sales levels during 2021 despite major challenges faced by the industry during the pandemic. Commercial Kitchen has not been affected by component shortage to the same extent as Industrial, which has contributed to that our business has seen a positive development compared to the previous year, where the post-summer period has shown a strong order intake and sales.

During the beginning of 2021, the Group acquired the company Tessu Systems B.V. – a market leader in the Netherlands in commercial kitchen ventilation. With its strategic supply position in central Europe, Tessu Systems is a very good match with the Group's other business.

Commercial Kitchen has seen a clear positive trend in terms of number of quotes and order intake during the end of 2021 and beginning of 2022.



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”We enter 2022 with
customer offer, a mo
organization and loo
continuing the Grou
growth journey”

n a stronger
ore efficient
ok forward to
p’s profitable

08 Customer cases

Bastard Burgers

Air cleaning solution from Jeven facilitates the workday for fast-growing Bastard Burgers

Bastard Burgers is the startup that has opened 50 restaurants in five years and serves street food with inspiration from New York and quality from the north of Sweden. Since their restaurant in the Kongahälla mall is located next door to fashion stores, it is important that the smell from the fryers and grills is captured by the kitchen hoods instead of the latest fashion collection.

The goal was to create as good a working environment as possible, and thanks to the high grease separation in the Jeven hoods, the emission and smell from the fryers and grills are so clean that even the exhaust air can be used to heat the restaurant.

Restaurant manager Ronnie Hester believes that the system from Jeven facilitates the workday since they can focus on good ingredients and the art of creating and serving burgers.

End user
Bastard Burgers

Business area
Commercial Kitchen

Filter brand
Jeven

Total airflow
10,800 m³/h

Country
Sweden

Application
Cooking

Filter solution
UV-TurboSwing

TATA Group

TATA Group chose Filtermist to ensure clean air in electronics factory

TATA Group is a multinational conglomerate headquartered in Mumbai, India. The Group operates in more than 100 countries and collectively employ over 800,000 people.

TATA Group aims to be the largest electronics manufacturer in India and recently invested in a greenfield electronic component plant to serve its multinational clients. In the production processes, precision components are machined which requires effective air filtration to ensure clean air in the factory.

TATA Group required a solution that could provide a clean and safe work environment while delivering the best air quality for its employees. The Group chose Filtermist oil mist collector and is satisfied with the results.

Absolent Air Care Group entered the Indian market in 2018 and this case is an important milestone in our accelerated growth journey in the country.

End user TATA Group	**Business area** Industrial	**Filter brand** Filtermist	**Total airflow** 788,000 m³/h
Country India	**Application** Machining	**Filter solution** Filtermist S800	

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 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 and qualitative air cleaning solutions, which contribute to a better working environment and reduce the climate impact for our customers. The business is based on our employees having access to the information they need for developing products and solutions 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 customer's needs. The most recently developed products are the DAIR filter unit under the Interzon brand as well as the A·smart IOT-solution and Die Cast Hood under the Absolent brand.

Purchases of subcomponents are made at both global and local 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 subcomponents and believes that there should be several potential subcontractors to reduce the dependency on individual suppliers. Assessment of suppliers is carried out throughout the year, and the Group is continuously working to achieve purchasing synergies between the companies.

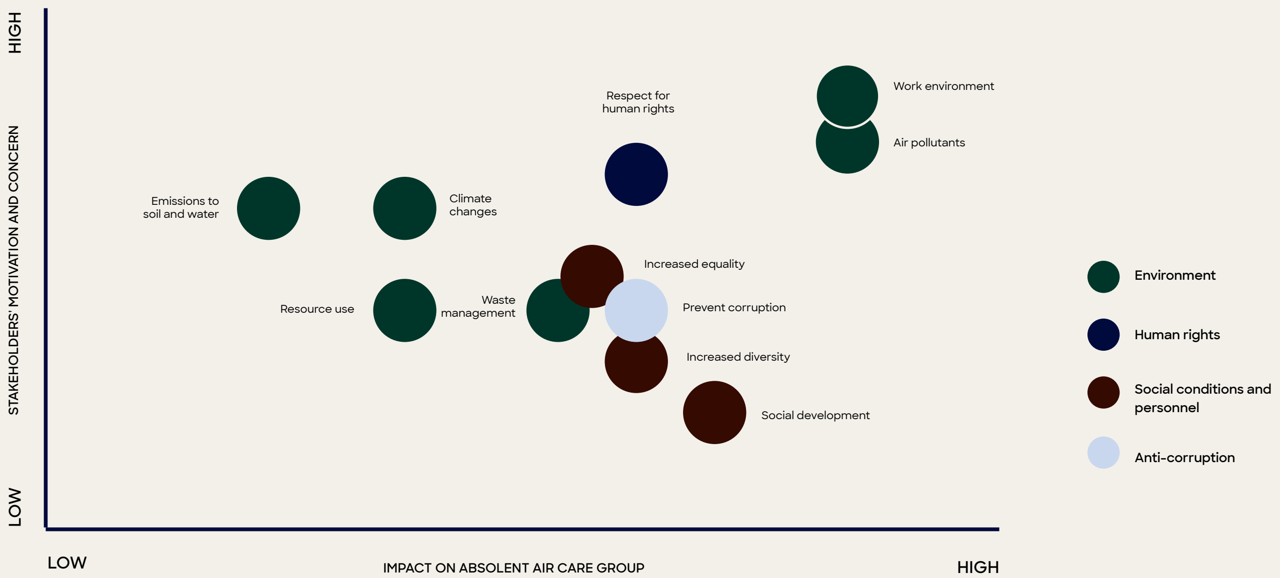
Absolent Air Care Group has a long-term strategy to reduce transports by producing closer to our large geographic markets. Absolent Air Care Group has production of system-critical components and final assembly in Sweden, UK, Estonia and Canada. From these production units, the products are exported to distributors, Group companies 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 carefully selected distributors in more than 60 countries. Absolent Air Care Group's vision, business concept and strategy are described in more detail on pages 16-19.

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/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 for the better and Absolent 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 disease due to harmful chemicals, pollution and contamination of air, water and soil.

Absolent Air Care Group's contribution

We are developing air cleaning solutions that free the air from contaminants. Every year, these solutions 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

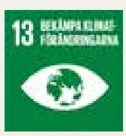
We are developing solutions that clean the process air arising from various industrial processes and enable the recycling of cutting fluids, materials and cleaned hot or cooled air.

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 solutions 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 is 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 to improve the working environment for our customers and the health of their employees.

Our air cleaning solutions need energy to clean the air, which has a negative environmental impact. Absolent Air Care Group is working actively to minimize our air cleaning solutions' energy consumption 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 measuring 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 release of greenhouse gases, such as CO2. 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 emissions are indirect from energy consumption, and Scope 3 represents the other indirect emissions in addition to the consumption of energy that occurs in the operation's value chain. As of last year, 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 Air Care Group's total emissions. The Group actively works to implement the latest and most energy efficient technologies to minimize the energy consumption of products throughout the life cycle.

Climate key ratios	2020	2021
Scope 1 CO2e emissions, ton	424	411
Scope 2 CO2e emissions, ton	431	329
Scope 3 CO2e emissions, ton	202 605	255 341
Scope 1+2+3 in relation to net sales*	0.23	0.25

*CO2e 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 solutions that free process air from particles. Every year, the Group's filters clean millions of cubic meters of air. In addition to the positive impact of our products on the environment, Absolent Air Care Group shall minimize 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.

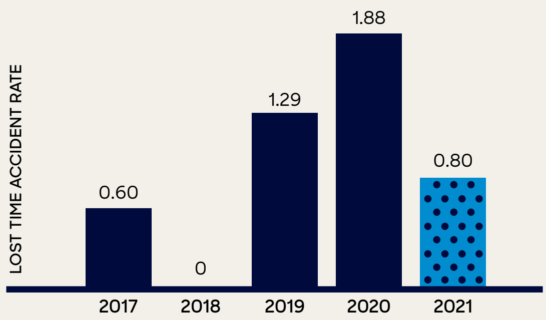
Social conditions and personnel

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 solutions that create a better working environment for our customers, and we are working actively to ensure that the solutions do not contribute to any other work environment problem such as disruptive noise.

By following the Group's health and safety policy, we ensure that our own personnel work in a good work environment. Absolent Air Care Group's active and systematic work environment management is carried out according to the process "Work Environment and Safety". The process includes a risk analysis, where the risks present 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.



72%

of the employees agree that Absolent Air Care Group is a very good workplace, according to the 2021 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 now affiliated 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 staff manual, 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.

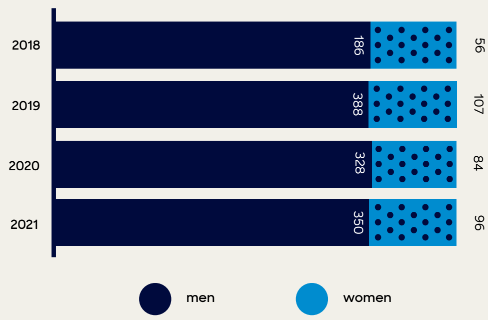
”All in all, I would say that this is a very good workplace”

Employee survey 2021
72% 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.

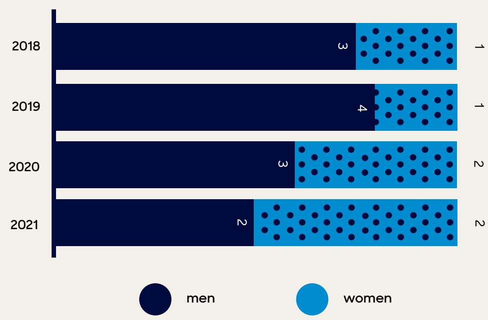
GENDER DISTRIBUTION, EMPLOYEES



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 are of the opinion the air quality in places of work does not receive much attention and, for this reason, we are actively working to spread the message. Once a year, all Group companies are encouraged to engage in an initiative of their choice, which contributes to a more sustainable society.

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 activities or in the activities 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 activities 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 this requirement. 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. 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 (Anti-Bribery & Anti-Corruption Policy) and believes that these rules and instructions work well to counteract corruption in our organization. Absolent Air Care Group continuously works to streamline our 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 the 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, because we are active and operate in geographical areas and cultures where we do not have the same knowledge and control. Last year, Absolent Air Care Group established a Group-wide Code of Conduct that is the basis for identifying any lack of respect for human rights.

Corruption

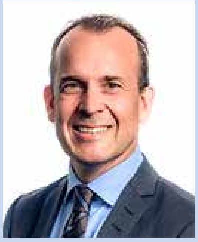
Absolent Air Care Group is well aware that corruption is a major problem in some countries and businesses. Thanks to a clear Code of Conduct and a clear approach this can be avoided, and today there are no information or signs that suggest any corruption.

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 does not have a formal sustainability policy, but for the areas described in this sustainability report, the Group has a detailed Code of Conduct.

10 Board of Directors, Group management and auditors

Board of Directors



JOHAN WESTMAN
Chairman of the Board

Born
1973

Elected
2019

Education
MSc. Industrial Engineering and Management

Holdings
20,000 stock options

Other current positions
CEO and President AAK

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, 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, Swedish Match, CGI and Westh Ventures

GUN NILSSON
Member of the Board

Born
1955

Elected
2020

Education
MSc. Business Administration

Holdings
1,601 shares

Other current positions
CEO Melker Schörling, Chairman of the Board Hexagon and member of the Board Hexpol, AAK, Bonnier Group, Einar Mattson and the Swedish Corporate Governance Board

Group management

AXEL BERNTSSON
CEO and President

Born
1980

Employed
2016

Education
MSc. Industrial Engineering

Holdings
190,000 shares and 15,000 stock options

KARIN BROSSING LUNDQVIST
CFO

Born
1964

Employed
2021

Education
MSc. Business Administration

Holdings
928 shares

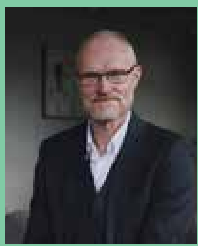
JAMES STANSFIELD
CEO Filtermist

Born
1974

Employed
2012

Education
MSc. Business Administration

Holdings
6,700 shares and 9,164 stock options



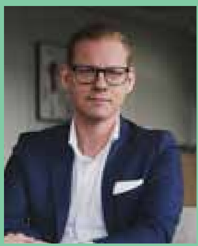
JAN BERNDTSSON
CTO

Born
1960

Employed
1999

Education
Engineer

Holdings
76,883 shares



MATTIAS NURMAN
CIO

Born
1978

Employed
2019

Education
Higher Education Diploma Information Systems

Holdings
8,000 stock options

JOHAN WOLLIN
Head of Operational Excellence

Born
1974

Employed
2020

Education
Phd. Mechanical Engineering and MBA

Holdings
871 shares and 10,000 stock options

ROBERT WIKTORÉN
CPO

Born
1975

Employed
2021

Education
MSc. Mechanical Engineering

Holdings
0

Auditor

DAMIR MATÉSA
Ernst & Young AB

Auditor in charge
Damir Matésa (born 1972), authorized public accountant and affiliated to the trade asiciation FAR since 2001, Partner. Elected auditor since 2015.

Selection of other audit assignments
CEJN, DALOC, Skandia Elevator AB, AB Furhoffs Rostfria, Lantmännen Aspen AB, Sparbanken Alingsås AB.

11 The share and shareholders

The share capital in the Absolent Group AB (publ) amounts to SEK 3,363,041 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	148 333	3 363 041	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 2021 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%
Lannebo Fonder	533 371	4.7%
Cliens Fonder	518 588	4.6%
Odin Small Cap	400 000	3.5%
BNY Mellon	257 500	2.3%
Danske Bank	249 805	2.2%
Investering & Tryghed A/S	216 500	1.9%
Axel Berntsson	190 000	1.7%
RBS Investor Service	133 824	1.2%
Other	1 115 366	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 2021 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 solutions 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 solutions remove oil mist, smoke, dust and volatile organic pollutants (VOC) from process air. Typical sources 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 Estonia and has subsidiaries in China, the United States, Germany, the Netherlands, Finland, France, India, Japan, Hong Kong and Italy. Direct sales of the Group's air cleaning solutions 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 advanced air cleaning solutions. Industrial has a wide product portfolio of filtration technologies to meet the customer needs with the most appropriate and qualitative air cleaning solution. The Industrial business area includes the brands Absolent, Filtermist, Avani Environmental, 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 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 and Tessu Systems. 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 2021

In the beginning of 2021, the Group completed the acquisition of the commercial kitchen ventilation company Tessu Systems B.V., with registered office in the Netherlands. The purchase price amounted to EUR 5.3 million on a cash and debt-free basis plus an earnout conditional on the company's performance in 2021 and 2022. The maximum earnout amounts to EUR 6 million. During the last three years, Tessu had an average turnover of EUR 5.5 million with an EBIT margin of approximately 29 percent. The acquisition continues the Group's investments in commercial kitchen ventilation, which started during 2019 with the acquisitions of Jeven and Interzon. Together with those companies, Tessu forms the Commercial Kitchen business area.

Another acquisition was completed during the fourth quarter of the year, when the Group acquired the company Quatro Air Technologies Inc. with subsidiary Aerofil Inc, with registered offices in Canada. Quatro Air Technologies develops and sells portable air cleaning solutions to remove particles at hospitals, dental labs, schools, data centers and offices. Aerofil distributes air cleaning solutions to remove particles and gas at industries such as minerals processing, pulp and paper and pharmaceuticals. The purchase price amounted to CAD 22 million on a cash and debt-free basis plus an earnout of maximum CAD 14.5 million depending on the companies' EBITDA levels during 2022 and 2023. The acquired companies are included in the Industrial business area and follows the Group's strategy to expand the business and reduce the cyclical dependency.

In addition to the above-mentioned acquisitions, the Group established a sales office in Italy during the last quarter of the year. The office will serve as a base for sales in Italy and it will also support our local partner and be a center for sales support and business development for Italian customers in Europe as well as globally.

During 2020, the Group launched a strong restructuring program to reduce costs as a result of COVID-19, where an important part was the divestment of the UK company Gallito Ltd. The divestment, completed in January 2021, was made in line with the Group's strategy to increase focus on selected growth platforms. As part of this strategy, the Group completed an additional divestment during the fourth quarter of 2021, when the Group's brand for electrostatic technology, Bristol, and related operations were divested.

When it comes to product development, the Group launched a new series of connected and intelligent products (IOT) during the fourth quarter. The first products will form the basis in an offer giving the customers improved access, analysis and presentation of data related to the customers' processes and working environment.

During 2021, there has also been changes in Group management. In the end of the second quarter, Karin Brossing Lundqvist assumed the position as CFO and during August Group management was further strengthened when Robert Wiktorén was recruited to the position as Chief Product Officer (CPO). The role as CPO is new, as part of the Group's ambition to lead the development within industrial air cleaning.

During 2021, COVID-19 has continued to create uncertainty in the market, but to a more limited extent and with more regional differences.

Financial information

Net sales and result

Net sales for the Group amounted to SEK 1,029.8 (895.9) million, which corresponds to a growth of 15.0 (-13.7) %. Both business areas experienced growth, where Industrial reported net sales of SEK 802.0 (716.6) million and Commercial Kitchen SEK 227.8 (179.3) million. The operating result (EBIT) amounted to SEK 131.5 (48.9) million, where the previous year was negatively affected by costs related to the Group restructuring program of SEK 42.2 million. The operating result of 2021 was also negatively impacted by some items affecting comparability – a SEK 8.1 million negative profit impact of the divestment of Bristol as well as costs of SEK 4.6 million related to restructuring of parts of the operations in China and the Group's project-based business in the UK. The major profitability improvement was seen in the Industrial business area. Exchange rates had a negative impact of operating result of SEK 3.0 (1.2) million. Net financial items amounted to SEK -8.3 (-12.1) million and include exchange rate effects of SEK 0.1 (-2.2) million. Result after tax amounted to SEK 98.2 (23.3) million and earnings per share amounted to SEK 8.68 (2.06).

Cash flow and financial position

Cash flow from operating activities amounted to SEK 114.5 (69.2) million. During the year, the Group has invested SEK 14.8 (14.3) mainly in software, machinery and equipment in existing operations. The Group's net debt amounted to SEK 392.1 million at the end of the year and SEK 211.9 million at the beginning of the year. The net debt increase is related to the business combinations during the year. The equity ratio amounted to 36.4 (32.6) % 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.

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 also 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, launching 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

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. Therefore, the suppliers' ability to ensure the quality and delivery according to contracts entered into is very important for the Group.

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 start up or expand existing operations in a number of geographic markets. An expansion means investments in building up local businesses. However, it is not always guaranteed that these investments will generate a positive return, as local market conditions can 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 are supported by 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.

Legal risks

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

Environmental risks

Several of the Group companies carry out activities that are subject to authorization or notification in accordance with current local environmental legislation. Changes in legislation and official regulations could require additional investments and generate increased costs for the Group as a whole. Furthermore, major changes in local environmental legislation could limit the Group's current operations.

Key people and resource constraints

Absolent Air Care Group's success depends to a large 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 significant 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 financial risk policy defining the risks and establishing guidelines for risk management. The general 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.

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. For more information about the currency exposure of the Group, see Note 23 on page 97.

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, a high interest rate 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. Hence, the Group is exposed to credit risks through 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 the countries concerned. 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.

Environmental impact

Absolent Air Care Group deems the operations to be conducted in all material respects in accordance with applicable environmental laws and regulations. A number of the Group companies carry out activities that are subject to authorization or notification in accordance with applicable local environmental legislation. Consequently, these activities are under supervision of the relevant authority in each country. Absolent Air Care Group continuously ensures that all significant applicable notification obligations are met.

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 2021 and can be found on pages 28-40 of this annual report.

Ownership

The main shareholders of the Parent company at the balance sheet date are Mexab Industri AB with 55.6 (56.7) % and Westh Ventures AB with 12.5 (12.5) %.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13 Financial report

Financial overview Group

	2021	2020	2019*	2018*	2017*
Net sales, SEK thousands	1 029 807	895 860	1 038 351	643 758	491 527
Sales growth, %	15.0	–13.7	61.3	31.0	19.5
Operating result before amortizations and depreciations (EBITDA), SEK thousands	168 538	95 088	174 983	138 007	97 771
Operating margin before amortizations and depreciations (EBITDA), %	16.4	10.6	16.9	21.4	19.9
Adjusted operating result before amortizations and depreciations (EBITDA1**), SEK thousands	181 162	128 467	174 983	138 007	97 771
Adjusted operating margin before amortizations and depreciations (EBITDA1**), %	17.6	14.3	16.9	21.4	19.9
Operating result, SEK thousands	131 542	48 912	111 148	119 977	85 608
Operating margin, %	12.8	5.5	10.7	18.6	17.4
Adjusted operating result (EBIT1**), SEK thousands	144 166	91 121	111 148	119 977	85 608
Adjusted operating margin (EBIT1**), %	14.0	10.2	10.7	18.6	17.4
Cash flow from operating activities, SEK thousands	114 510	69 202	126 084	92 074	89 034
Total assets, SEK thousands	1 457 227	1 283 347	1 024 955	481 643	377 442
Equity ratio, %	36.4	32.6	41.7	74.5	70.4
Net cash (+) / net debt (-), SEK thousands	–392 098	–211 936	–153 167	172 546	105 065
Earnings per share, SEK	8.68	2.06	6.54	8.61	5.68
Equity per share, SEK	46.82	36.94	37.72	31.68	23.46
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	446	412	531	238	216

* The comparison years 2019, 2018 and 2017 are reported in accordance with previous accounting policies (K3) while 2021 and 2020 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. To facilitate comparability, adjustment for items affecting comparability has also been made 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.

Proposed appropriation of profit

SEK	
The Board of Directors proposes that the funds available	
Share premium fund	32 510 167
Retained earnings	78 509 421
Result for the year	30 060 155
	141 079 743
to be appropriated as follows	
distributed to the shareholders (SEK 2.00 per share)	22 641 936
balance carried forward	118 437 807
	141 079 743

Group income statements

SEK thousands	Note	2021	2020
Net sales	5, 6	1 029 807	895 860
Costs of products and services sold	3, 8, 13, 14	–615 616	–592 451
Gross profit		**414 192**	**303 409**
Sales expenses	3, 13, 14	–131 146	–131 360
Administrative expenses	3, 4, 13, 14	–126 134	–124 742
Research and development expenses	3, 13, 14	–27 224	–24 980
Other operating income	3, 7	11 409	50 481
Other operating expenses	7	–9 555	–23 895
Operating result	**3, 6, 8, 9, 10**	**131 542**	**48 912**
Financial income	3, 11	15 148	11 684
Financial expenses	3, 11, 14	–23 460	–23 793
Result after financial items		**123 230**	**36 803**
Tax expense	3, 12	–24 999	–13 536
Result for the year		**98 232**	**23 267**
Result for the year attributable to:			
Shareholders of the Parent company		98 232	23 267
Non-controlling interests		–	–
Earnings per share*, SEK	21	8.68	2.06

* Before and after dilution

Group statements of other comprehensive income

SEK thousands		2021	2020
Result for the year		**98 232**	**23 267**
Other comprehensive income			
Items that may be reclassified to the income statement			
Translation differences	3	33 966	–32 115
Other comprehensive income		**33 966**	**–32 115**
Total comprehensive income		**132 198**	**–8 848**
Total comprehensive income attributable to:			
Shareholders of the Parent company		132 198	–8 848
Non-controlling interests		–	–

Consolidated statements of financial position

SEK thousands	Note	31 Dec 2021	31 Dec 2020	1 Jan 2020*
ASSETS				
Fixed assets				
Goodwill	13	562 096	320 827	344 336
Other intangible fixed assets	13	53 863	16 403	17 312
Tangible fixed assets	14	184 515	189 322	227 481
Financial fixed assets	23	5 914	87	208
Deferred tax receivables	12	5 257	3 020	2 450
Total fixed assets		**811 645**	**529 659**	**591 787**
Current assets				
Inventories	15	143 770	98 788	112 742
Accounts receivable	23	200 935	157 713	238 691
Current tax receivables	12	17 498	–	–
Other receivables	23	15 358	26 185	4 218
Prepaid expenses and accrued income	16, 23	34 791	19 156	27 610
Cash and cash equivalents	17, 23	233 230	451 846	150 379
Total current assets		**645 582**	**753 688**	**533 640**
TOTAL ASSETS		1 457 227	1 283 347	1 125 427
EQUITY AND LIABILITIES				
Equity	20			
Share capital		3 363	3 363	3 363
Other capital contributions		32 510	32 510	32 510
Translation reserve		1 850	-32 115	–
Retained earnings incl. result for the year		492 321	414 466	391 199
Equity attributable to Parent company shareholders		**530 044**	**418 224**	**427 072**
Non-controlling interests		1	1	1
Total equity		**530 045**	**418 225**	**427 073**
Long-term liabilities				
Long-term interest-bearing lease liabilities	14, 17	58 405	61 911	78 036
Other long-term interest-bearing liabilities	17, 22, 23	545 926	579 967	296 848
Provisions	18	1 604	8 720	915
Deferred tax liabilities	12	24 234	16 552	14 727
Other long-term liabilities	23	49 499	–	44 949
Total long-term liabilities		**679 668**	**667 150**	**435 475**
Short-term liabilities				
Short-term interest-bearing lease liabilities	14, 17	20 779	20 122	19 974
Other short-term interest-bearing liabilities	17, 22, 23	218	1 782	6 698
Prepayments from customers		15 870	5 243	13 552
Accounts payable	23	63 823	46 734	84 916
Current tax liabilities	12	5 889	4 218	14 370
Other liabilities	23	32 838	53 714	39 047
Accrued expenses and prepaid income	19, 23	108 099	66 159	84 322
Total short-term liabilities		**247 515**	**197 972**	**262 879**
TOTAL EQUITY AND LIABILITIES		1 457 227	1 283 347	1 125 427

* Date of transition to IFRS

Consolidated statement of changes in equity

SEK thousands	Share capital	Other capital contributions	Translation reserve*	Retained earnings incl. result for the year	Total	Non-controlling interests	Total equity
Opening equity 1 Jan 2020	3 363	32 510	–	391 199	427 072	1	427 073
Result for the year	–	–	–	23 267	23 267	–	23 267
Other comprehensive income							
Translation differences	–	–	–32 115	–	–32 115	–	–32 115
Transactions with shareholders							
Dividend	–	–	–	–	–	–	–
Closing equity 31 Dec 2020	3 363	32 510	–32 115	414 466	418 224	1	418 225
Opening equity 1 Jan 2021	3 363	32 510	–32 115	414 466	418 224	1	418 225
Result for the year	–	–	–	98 232	98 232	–	98 232
Other comprehensive income							
Translation differences	–	–	33 966	–	33 966	–	33 966
Transactions with shareholders							
Dividend	–	–	–	–20 378	–20 378	–	–20 378
Closing equity 31 Dec 2021	3 363	32 510	1 850	492 321	530 044	1	530 045

* After conversion to IFRS, translation reserve is recorded as separate component in equity. For further information, see Note 3.

Group cash flow statements

SEK thousands	Note	2021	2020
Operating activities			
Operating result		131 542	48 912
Adjustments for items not included in the cash flow			
Depreciations, amortizations and write-downs		36 996	46 175
Unrealized exchange rate gains and losses		–669	2 939
Other items		–3 076	4 551
Total		**164 793**	**102 578**
Received interest		774	159
Paid interest		–9 754	–11 380
Paid income tax		–26 251	–39 318
Cash flow from operating activities before changes in working capital		**129 561**	**52 039**
Changes in working capital			
Changes in inventories		–12 645	6 251
Changes in operating receivables		–25 450	59 535
Changes in operating liabilities		23 042	–48 623
Cash flow from operating activities		**114 510**	**69 202**
Investing activities			
Business combinations	4	–192 905	–
Earnout payments		–39 003	–27 000
Investments in intangtible fixed assets	13	–7 784	–6 074
Investments in tangible fixed assets	14	–7 374	–8 228
Sale of tangible fixed assets	14	367	10 393
Increase/decrease of long-term receivable		–5 647	359
Cash flow from investing activities		**–252 346**	**–30 550**
Financing activities			
New loans	17	–	295 274
Amortizations of loans	17	–48 773	–5 894
Amortizations of lease liabilities	17	–21 595	–19 755
Paid dividend		–20 378	–
Cash flow from financing activities		**–90 746**	**269 625**
Cash flow for the year		**–228 580**	**308 277**
Cash and cash equivalents at the beginning of the year		451 846	150 379
Translation difference in cash and cash equivalents		9 964	–6 810
Cash and cash equivalents at the end of the year		**233 230**	**451 846**

The Group

Note 1 Accounting policies

General information

Absolent Air Care Group develops solutions 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 11 April 2022.

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 2021

This is Absolent Air Care Group's first annual report that has been prepared in accordance with IFRS, issued by IASB as adopted by the EU. For previous financial reports, the Group applied BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3). Date of transition to IFRS has been set to 1 January 2020, meaning that comparable information for 2020 has been recalculated. The transition has been recorded in accordance with IFRS 1. Effects of transition to new accounting policies are recorded directly to equity. Financial information related to business years prior to 2020 has not been recalculated.

The general rule is that all applicable IFRS and IAS, which have entered into force and have been approved by the EU, shall be applied with retroactive effect. However, IFRS 1 contains transitional rules with either options or requirements that allow for deviations from the general rule. See Note 3 for information about the cases where Absolent Air Care Group has chosen to apply such exceptions.

The transitional effects have been described and quantified in Note 3. Apart from quantitative effects, the transition has resulted in several changes regarding item names and classification within the income statement and balance sheet.

New accounting policies for 2022 and later

No changes of current standards that are effective from 2022 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. Subsidiaries are all companies over which the Parent company has a controlling influence, which means that the Parent company is exposed to or is entitled to variable return from its holding in the company and is able to affect the return by exerting influence in the company. Subsidiaries are included in the consolidated financial statements as from the date on which the controlling influence starts and are excluded from the consolidated financial statements as from the date on which the controlling influence ceases.

Intra-Group transactions, balance sheet items, revenue and costs regarding transactions between Group companies are eliminated in the consolidated financial statements. Pricing between Group companies is set on a commercial basis and thus constitute market prices. Internal profits and losses arising from sales between Group companies have been fully eliminated.

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 as other operating income or other operating expenses. Exchange rate gains and losses related to financial assets and liabilities are recorded 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.

Classification of balance sheet items

Fixed assets consist of items that are expected to be recovered or paid later than twelve months from the balance sheet date. Current assets consist of amounts that are expected to be recovered or paid within twelve months from the balance sheet date. Long-term liabilities consist of amounts that the Group, as of the balance sheet date, can choose unconditionally to pay later than twelve months after the end of the reporting period. If the Group does not have such a right at the balance sheet date or if the liability is expected to be paid during a normal business cycle, the liability is classified as short-term.

Segment reporting

The operating segments of the Group 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 and goodwill

A business combination is identified when acquired assets and assumed liabilities constitute a business. In other cases, the transaction is considered an asset acquisition. When assessing if an acquisition constitutes a business, the company assesses if input and processes that can contribute to output exist. All business combinations are recorded according to the purchase method. The cost for a business combination constitutes the sum of fair value of transferred assets, liabilities incurred, and shares issued by the Group. The cost also includes the fair value of all assets and liabilities related to earnouts. If the cost for the business combination recorded in the Group financial statements exceeds the fair value of the acquired company's net assets, consolidated goodwill is recognized. If the fair value of acquired net assets exceeds the cost, the difference is immediately recognized in the Group's consolidated income statement. Acquisition-related costs are recognized as administrative costs in the income statement when incurred. Identified acquired assets and assumed liabilities from a business combination are initially recorded at fair value at the time of the acquisition. 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.

The acquisition value of shares in Group companies is eliminated against equity in each subsidiary at the time of acquisition, meaning that only the portion of equity in the Group company that has been generated after the acquisition date is included in equity attributable to the shareholders of the Parent company.

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

Intangible fixed assets are recognized at cost less accumulated amortization and, when applicable, accumulated impairment losses. Subsequent expenditures for an intangible asset are added to the carrying amount only when it is likely that future economic benefits associated with the asset will accrue to the Group and the cost of the asset can be reliably measured. Other expenditure is expensed as incurred.

Goodwill

Goodwill represents the amount by which the cost for a business combination exceeds the fair value of acquired assets and assumed liabilities. Goodwill is not amortized, but subject to annual impairment tests and is recorded as cost less accumulated write-downs, if any. Previously recorded write-downs are never reversed. When performing impairment tests, goodwill is distributed to each cash-generating unit. In order to assess whether there are indications of impairment, the recoverable amount needs to be determined by a calculation of the respective cash-generating unit's value in use. If the carrying amount of the tested cash-generating unit exceeds the calculated recoverable amount, the difference is recognized as an impairment loss in the Group's statement of comprehensive income.

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. Expenditures related to research are charged to the statement of comprehensive income when incurred. Development expenditures are capitalized when the following conditions are met:

- It is technically feasible to complete the intangible asset so that it can be used or sold.
- The Group's intention is to complete the intangible asset and use or sell it.
- The Group has the ability to use or sell the intangible asset
- The Group can show how the intangible asset will generate probable future economic benefits.
- There are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The Group is able to reliably measure the expenditure attributable to the intangible asset during its development.

Capitalized expenditures include external direct costs for material and services as well as salaries and salary-related costs for employees directly tied to the project. Development expenditures previously recognized in the statement of comprehensive income are not recognized as an asset in a later period. Amortization of capitalized expenditures does not begin until the development of the underlying asset has been finalized and the asset is available for use. Intangible fixed assets not yet available for use are tested for impairment on an annual basis.

Tangible fixed assets

Tangible fixed assets are recognized at cost less accumulated depreciations and write-downs, if any. The cost includes expenses directly attributable to the acquisition of the asset. Subsequent expenditures are added to the carrying amount of the asset only when it is likely that future economic benefits associated with the asset will accrue to the Group and the cost of the asset can be reliably measured. All other repairs and maintenance are expensed as incurred. Depreciation is allocated on a straight-line basis over the asset's expected useful life. Depreciation starts when an asset is made available for use. Land is not depreciated. To the extent assets consist of components that differ significantly in respect of useful life, each component is separately depreciated. 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	3–5 years
Equipment, tools, fixtures and fittings	3–5 years

Tangible fixed assets are subject to impairment if there are events or changes in conditions indicating that the recoverable amount of the asset is lower than the carrying amount. The recoverable amount is the higher of value in use and net realizable value. If the asset's carrying amount exceeds the recoverable amount, an impairment loss is recognized. Capital gains or losses from sales of tangible fixed assets consist of the difference between the sales price and the asset's carrying amount and are recognized among other operating income or other operating expenses in the statement of comprehensive income.

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

99%

A HEPA H13 filter guarantees 99.97%
clean air.

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 are recognized as right-of-use assets as well as interest-bearing liabilities. The right-of-use assets are initially recognized at cost consisting of the initial value of the lease liabilities adjusted for any lease payments made on or before commencement date and for any benefits received. In subsequent periods, the right-of-use assets are recognized at cost less accumulated depreciations and, when applicable, write-downs. Lease agreements can 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

A financial asset or financial liability is included in the Group's consolidated balance sheet when the company becomes an active party in accordance with the contractual terms of the instrument. A financial asset is derecognized from the Group's consolidated balance sheet when all benefits and risks associated with the asset have been transferred. A financial liability is derecognized from the Group's consolidated balance sheet when the obligations of the contract have been met, or otherwise extinguished.

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 instruments are initially measured at cost corresponding to the fair value of the instrument, and subsequently at amortized cost or fair value depending on classification. Financial assets are measured at amortized cost if both following conditions are met:

- The financial asset is owned within the framework of a business model with the purpose of receiving contractual cash flows.
- At fixed dates, the contractual terms for the financial asset give rise to cash flows, which only consist of payments of the nominal amount and interest payments.

All the Group's financial assets are assessed to meet these criteria. Financial liabilities shall be measured at amortized cost except for the financial liabilities measured at fair value through comprehensive income, i.e. earnouts.

Financial assets measured at amortized cost
The Group's financial assets measured at amortized cost 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 and goodwill 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 23, in section Credit risk. Impairment of accounts receivable and contractual assets are recorded 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 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 for the inventory value.

Equity

Common stocks are classified as share capital. Transaction expenses directly attributable to an issue of new shares or options are recognized, net after taxes, in equity as a deduction from the proceeds.

Provisions

Provisions are recorded in the Group's consolidated balance sheet when the Group has an existing legal or informal obligation as a result of an event that has occurred, and it is probable that an outflow of financial resources will be required to settle the obligation, as well as a reliable estimate of the amount can be made. No provisions are made for future operating losses. Where the effect of when payment occurs is significant, provisions are calculated by discounting expected future cash flows using a pre-tax interest rate that reflects current market assessments of the monetary value over time and, if appropriate, the risks associated with the obligation. A provision for restructuring is recorded when the Group has established a detailed and formal restructuring plan and the restructuring has either started or been officially communicated.

The Group is subject to warranty commitments regarding product liability in case sold products should be defective or cause personal injury or property damage. Warranty provisions are recognized at the amounts by which they are expected to be settled.

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 is considered to be a part of the product and not a separate performance obligation.

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.

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.

Government grants
Government grants are recorded in the Group's statement of comprehensive income and the consolidated financial statement when it is reasonably certain that the Group will meet the requirements connected to the grants and hence obtain the grants accordingly. Government grants related to costs are recognized as other operating income in the same period as the costs for which the grants are supposed to compensate.

Financial income and expenses
Financial income mainly relates to interest income as well as realized and unrealized exchange rate gains. Financial expenses mainly relate to interest expenses as well as realized and unrealized exchange rate losses. Interest expenses are recognized in the statement of comprehensive income in the period they relate to, regardless of how the borrowed capital has been used. Interest income on receivables and interest expenses on liabilities are calculated using the effective interest rate method.

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 10.

Corporate income tax
Corporate income tax consists of current tax and deferred tax and is recognized in the income statement, except when the underlying transaction is recorded in other comprehensive income whereby the tax effect is also recognized in other comprehensive income. Current tax refers to tax payable or receivable for the current year, but also adjustments of current tax relevant to previous years. The current tax expense is calculated using applicable tax laws in the countries in which the Group companies operate.

Deferred tax is calculated using the balance sheet method based on temporary differences between the carrying amounts and tax values of assets and liabilities in the Group financial statements. The calculation is partly based on how temporary differences are expected to be balanced and partly on the tax rates and tax laws that have been decided upon or announced as of the balance sheet date and are expected to be applicable when the deferred tax asset will be realized, or the deferred tax liability settled. Temporary differences are not taken into consideration in consolidated goodwill or when an asset or liability is recognized as part of a transaction, which is not a business combination and which, at the time of the transaction, neither affects the reported profit or the taxable profit or loss. Deferred tax assets are recognized for all deductible temporary differences, including loss carryforwards, to the extent that it is likely that future taxable profits will be available against which the temporary differences can be offset.

Current and deferred tax assets and liabilities are offset if there is a legal right to offset the amounts against each other and if they are attributable to the same tax authority.

Cash flow statement
The Group prepares cash flow statements in accordance with the indirect method.

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.


Absolent

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 13.

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 14.

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 12.

Earnouts
The Group has outstanding commitments regarding conditional earnouts related to business combinations performed. These are continuously recorded at fair value and the calculation is based on a number of estimates and assumptions regarding the acquired company's financial performance during a certain period. Liabilities regarding earnouts are further described in Note 4 and 23.

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 23.

Note 3 Transition to IFRS

Absolent Air Care Group AB has previously applied BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3). This is the first annual report and consolidated financial statements that the Group prepares in accordance with IFRS and interpretations from the IFRS Interpretations Committee (IFRIC), as adopted by the EU. The date of transition to IFRS has been set at 1 January 2020, and the transition to IFRS is reported in accordance with IFRS 1. The general rule of IFRS 1 is that an entity shall apply all recommendations retroactively when determining the opening balance. However, there are some mandatory and optional exceptions to retroactive application. The Group has chosen to apply the following exceptions:

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

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

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

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

- Intangible assets in progress have been included in the balance sheet item other intangible fixed assets, but are specified in Note 13 instead.
- Buildings and land, plant and machinery, equipment, tools, fixtures and fittings as well as construction in progress for buildings have been included in the balance sheet item tangible fixed assets. A specification of these items is available in Note 14.
- Participations in securities in other companies and other long-term receivables have been reclassified to the item financial fixed assets.
- Raw materials and consumables, work in progress as well as finished goods have been included in the balance sheet item inventories. The different parts of inventories are specified in Note 15.
- Other equity including profit for the year has been included in the item retained earnings incl. result for the year. Translation reserve was previously included in the item other equity including profit for the year, but is reported on a separate row in accordance with IFRS. For more information, see Note 3.D.
- Deferred tax liabilities and other provisions were previously reported under the line provisions. At the time of transition to IFRS, these items have been included under long-term liabilities instead.
- Liabilities to credit institutions has changed name and is now reported as other long-term interest-bearing liabilities.

Some minor reclassifications and name changes have also been made in the income statement, where the items results from other securities and receivables recorded as fixed assets as well as interest income and other similar income have been reported as financial income in this annual report. The previous item interest expenses and other similar expenses has been renamed to financial expenses. These income statement items are specified more in detail in Note 11.

Group income statement

SEK thousands	Note	2021 K3	Effects from transition to IFRS	2021 IFRS	2020 K3	Effects from transition to IFRS	2020 IFRS
Net sales		1 029 807	–	1 029 807	895 860	–	895 860
Cost of products and services sold	3.B	–616 334	718	–615 616	–592 490	39	–592 451
Gross profit		**413 474**	**718**	**414 192**	**303 370**	**39**	**303 409**
Sales expenses	3.A, 3.B	–230 002	98 856	–131 146	–211 431	80 070	–131 360
Administrative expenses	3.A, 3.B	–121 737	–4 397	–126 134	–124 761	20	–124 742
Research and development expenses	3.B	–27 218	–6	–27 224	–24 948	–31	–24 980
Other operating income	3.B	11 361	48	11 409	50 481	–	50 481
Other operating expenses		–9 555	–	–9 555	–23 895	–	–23 895
Operating result		**36 323**	**95 219**	**131 542**	**–31 184**	**80 097**	**48 913**
Financial income		–	15 148	15 148	–	11 684	11 684
Results from other securities and receivables recorded as fixed assets		–	–	–	*240*	*–240*	–
Interest income and similar income		*15 148*	*–15 148*	–	*11 444*	*–11 444*	–
Financial expenses	3.B	–	–23 460	–23 460	–	–23 793	–23 793
Interest expenses and other similar expenses		*–21 560*	*21 560*	–	*–21 631*	*21 631*	–
Result after financial items		**29 912**	**93 319**	**123 230**	**–41 131**	**77 935**	**36 803**
Tax expense	3.A, 3.B	–25 767	768	–24 998	–13 955	419	–13 536
Result for the year		**4 145**	**94 088**	**98 232**	**–55 086**	**78 354**	**23 267**
Result for the year attributable to:							
Parent company shareholders		4 145	94 088	98 232	–55 086	78 354	23 267
Non-controlling interests		–	–	–	–	–	–

Group statement of other comprehensive income

SEK thousands	Note	2021 K3	Effects from transition to IFRS	2021 IFRS	2020 K3	Effects from transition to IFRS	2020 IFRS
Result for the year		**4 145**	**94 088**	**98 232**	**–55 086**	**78 354**	**23 267**
Other comprehensive income							
Items that may be reclassified to the income statement							
Translation differences	3.D	–	33 966	33 966	–	–32 115	–32 115
Other comprehensive income		**4 145**	**128 054**	**132 198**	**–55 086**	**46 238**	**–8 848**
Total comprehensive income							
Total comprehensive income attributable to:							
Parent company shareholders		4 145	128 054	132 198	–55 086	46 238	–8 848
Non-controlling interests		–	–	–	–	–	–

Consolidated statement of financial position

SEK thousands	Note	31 Dec 2021 K3	Effects from transition to IFRS	31 Dec 2021 IFRS	31 Dec 2020 K3	Effects from transition to IFRS	31 Dec 2020 IFRS	1 Jan 2020 K3	Effects from transition to IFRS	1 Jan 2020 IFRS
ASSETS										
Fixed assets										
Goodwill	3.A	408 490	153 606	562 096	244 929	75 898	320 827	344 336	–	344 336
Other intangible fixed assets	3.A	7 835	46 028	53 863	7 304	9 099	16 403	10 657	6 655	17 312
Intangible assets in progress		*14 631*	*–14 631*	–	*9 099*	*–9 099*	–	*6 655*	*–6 655*	–
Tangible fixed assets	3.B	–	184 515	184 515	–	189 322	189 322	–	227 481	227 481
Buildings and land		*76 667*	*–76 667*	–	*76 979*	*–76 979*	–	*86 820*	*–86 820*	–
Plant and machinery		*18 296*	*–18 296*	–	*20 185*	*–20 185*	–	*30 329*	*–30 329*	–
Equipment, tools, fixtures and fittings		*10 980*	*–10 980*	–	*9 947*	*–9 947*	–	*10 853*	*–10 853*	–
Construction in progress for buildings		*87*	*–87*	–	*388*	*–388*	–	*41*	*–41*	–
Financial fixed assets		–	5 914	5 914	–	87	87	–	208	208
Participations in securities in other companies		*4*	*–4*	–	*4*	*–4*	–	*4*	*–4*	–
Other long-term receivables		*5 910*	*–5 910*	–	*83*	*–83*	–	*204*	*–204*	–
Deferred tax assets	3.B	4 730	527	5 257	2 622	398	3 020	2 450	–	2 450
Total fixed assets		**547 631**	**264 015**	**811 646**	**371 540**	**158 119**	**529 659**	**492 349**	**99 438**	**591 787**
Current assets										
Inventories		–	143 770	143 770	–	98 788	98 788	–	112 742	112 742
Raw materials and consumables		*50 434*	*–50 434*	–	*32 708*	*–32 708*	–	*33 632*	*–33 632*	–
Work in progress		*5 077*	*–5 077*	–	*10 393*	*–10 393*	–	*4 263*	*–4 263*	–
Finished goods		*88 259*	*–88 259*	–	*55 687*	*–55 687*	–	*74 847*	*–74 847*	–
Accounts receivable		200 935	–	200 935	157 713	–	157 713	238 691	–	238 691
Current tax receivables		17 498	–	17 498	–	–	–	–	–	–
Other receivables		15 358	–	15 358	26 185	–	26 185	4 218	–	4 218
Prepaid expenses and accrued income	3.B	36 557	–1 765	34 791	20 795	–1 639	19 156	29 025	–1 415	27 610
Cash and cash equivalents		–	233 230	233 230	–	451 846	451 846	–	150 379	150 379
Cash and cash equivalents		*233 230*	*–233 230*	–	*451 846*	*–451 846*	–	*150 379*	*–150 379*	–
Total current assets		**647 347**	**–1 765**	**645 582**	**755 327**	**–1 639**	**753 687**	**535 055**	**–1 415**	**533 640**
TOTAL ASSETS		1 194 979	262 248	1 457 227	1 126 867	156 481	1 283 347	1 027 404	98 023	1 125 427

Consolidated statement of financial position

SEK thousands	Note	31 Dec 2021 K3	Effects from transition to IFRS	31 Dec 2021 IFRS	31 Dec 2020 K3	Effects from transition to IFRS	31 Dec 2020 IFRS	1 Jan 2020 K3	Effects from transition to IFRS	1 Jan 2020 IFRS
EQUITY AND LIABILITIES										
Equity										
Share capital		3 363	–	3 363	3 363	–	3 363	3 363	–	3 363
Other contributed capital		32 510	–	32 510	32 510	–	32 510	32 510	–	32 510
Translation reserve	3.D	–	1 850	1 850	–	–32 115	–32 115	–	–	–
Retained earnings incl. result for the year		–	492 322	492 322	–	414 466	414 466	–	391 199	391 199
Other equity including profit for the year		*319 218*	*–319 218*	–	*307 920*	*–307 920*	–	*391 199*	*–391 199*	–
Total equity related to the Parent company's shareholders		**355 091**	**174 952**	**530 044**	**343 793**	**74 430**	**418 223**	**427 072**	–	**427 072**
Non-controlling interests		1	–	1	1	–	1	1	–	1
Total equity		**355 092**	**174 952**	**530 045**	**343 794**	**74 430**	**418 224**	**427 073**	–	**427 073**
Long-term provisions										
Deferred tax liabilities		*16 132*	*–16 132*	–	*16 553*	*–16 553*	–	*14 727*	*–14 727*	–
Other provisions	*3.B, 3.C*	*68 989*	*–68 989*	–	*47 469*	*–47 469*	–	*72 850*	*–72 850*	–
Total long-term provisions		**85 121**	**–85 121**	–	**64 022**	**–64 022**	–	**87 577**	**–87 577**	–
Long-term liaiblities										
Long-term interest-bearing lease liabilities	3.B	–	58 405	58 405	–	61 911	61 911	–	78 036	78 036
Other long-term interest-bearing liabilities		–	545 926	545 926	–	579 967	579 967	–	296 848	296 848
Liabilities to credit institutions		*545 926*	*–545 926*	–	*579 967*	*–579 967*	–	*296 848*	*–296 848*	–
Provisions	3.B, 3.C	–	1 604	1 604	–	8 720	8 720	–	915	915
Deferred tax liabilities	3.A	–	24 234	24 234	–	16 553	16 553	–	14 727	14 727
Other long-term liabilities	3.C	–	49 499	49 499	–	–	–	–	44 949	44 949
Total long-term liabilities		**545 926**	**133 742**	**679 668**	**579 967**	**87 184**	**667 151**	**296 848**	**138 626**	**435 474**
Short-term liabilities										
Short-term interest-bearing lease liabilities	3.B	–	20 779	20 779	–	20 122	20 122	–	19 974	19 974
Bank overdraft		–	–	–	–	–	–	*1 494*	*–1 494*	–
Other short-term interest-bearing liabilities		218	–	218	1 782	–	1 782	5 204	1 494	6 698
Advances from customers		15 870	–	15 870	5 243	–	5 243	13 552	–	13 552
Accounts payable		63 823	–	63 823	46 734	–	46 734	84 916	–	84 916
Current tax liabilities		5 889	–	5 889	4 218	–	4 218	14 370	–	14 370
Other liabilities	3.C	14 941	17 897	32 838	14 948	38 766	53 714	12 049	27 000	39 049
Accrued expenses and prepaid income		108 099	–	108 099	66 159	–	66 159	84 322	–	84 322
Total short-term liabilities		**208 840**	**38 675**	**247 515**	**139 084**	**58 888**	**197 972**	**215 907**	**46 974**	**262 881**
TOTAL EQUITY AND LIABILITIES		**1 194 979**	**262 248**	**1 457 227**	**1 126 867**	**156 481**	**1 283 347**	**1 027 404**	**98 023**	**1 125 427**


Absolent
A•smoke
Premium Air Filtration

Group cash flow statement

SEK thousands	Note	2021 K3	Effects from transition to IFRS	2021 IFRS	2020 K3	Effects from transition to IFRS	2020 IFRS
Operating activities							
Operating result		36 323	95 219	131 542	-31 184	80 097	48 912
Adjustments for items not included in the cash flow							
Depreciations, amortizations and write-downs	3.A, 3.B	113 379	-76 382	36 996	104 624	-58 449	46 175
Unrealized exchange rate gains and losses		-669	–	-669	2 939	–	2 939
Other items		-2 841	-234	-3 076	–	4 551	4 551
Write-down of accounts receivable		–	–	–	*5 622*	*-5 622*	–
Changes in warranty provision		–	–	–	*200*	*-200*	–
Changes in other provisions		–	–	–	*8 140*	*-8 140*	–
Result from disposal of tangible assets		–	–	–	*-4 411*	*4 411*	–
Total		**146 192**	**18 603**	**164 793**	**85 930**	**16 649**	**102 578**
Received interest		774	–	774	159	–	159
Paid interest	3.B	-7 854	-1 900	-9 754	-9 218	-2 162	-11 380
Paid tax		-26 251	–	-26 251	-39 318	–	-39 318
Cash flow from operating activities before changes in working capital		**112 861**	**16 703**	**129 561**	**37 552**	**14 487**	**52 039**
Changes in working capital							
Changes in inventories		-12 645	–	-12 645	6 251	–	6 251
Changes in operating receivables	3.B	-25 567	118	-25 450	59 267	268	59 535
Changes in operating liabilities		23 042	–	23 042	-48 623	–	-48 623
Cash flow from operating activities		**97 691**	**16 821**	**114 510**	**54 447**	**14 754**	**69 202**
Investing activities							
Business combinations		-197 679	4 775	-192 905	–	–	–
Earnout payments		-39 003	–	-39 003	-27 000	–	-27 000
Investments in intangtible fixed assets		–	-7 784	-7 784	–	-6 074	-6 074
Investments in tangible fixed assets		–	-7 374	-7 374	–	-8 228	-8 228
Investments in fixed assets		*-15 158*	*15 158*	–	*-13 943*	*13 943*	–
Sale of tangible fixed assets		367	–	367	10 393	–	10 393
Provisions for additional purchase price, no cash flow effect		–	–	–	*-5 000*	*5 000*	–
Increase/decrease of long-term receivable		-5 647	–	-5 647	–	359	359
Cash flow from investing activities		**-257 119**	**4 774**	**-252 346**	**-35 549**	**5 000**	**-30 550**
Financing activities							
New loans		–	–	–	295 274	–	295 274
Amortizations of loans		-48 773	–	-48 773	-3 154	-2 740	-5 894
Amortizations of lease liabilities	3.B	–	-21 595	-21 595	–	-19 755	-19 755
Paid dividend		-20 378	–	-20 378	–	–	–
Other changes in loans		–	–	–	*-2 740*	*2 740*	–
Cash flow from financing activities		**-69 151**	**-21 595**	**-90 746**	**289 380**	**-19 755**	**269 625**
Cash flow for the year		**-228 580**	**-**	**-228 580**	**308 278**	**-**	**308 277**
Cash and cash equivalents at the beginning of the year		451 846	–	451 846	150 379	–	150 379
Translation differences in cash and cash equivalents		9 964	–	9 964	-6 810	–	-6 810
Cash and cash equivalents at the end of the year		**233 230**	**-**	**233 230**	**451 846**	**-**	**451 846**

Consolidated statement of changes in equity

SEK thousands	Note	Share capital	Other capital contributions	Translation reserve	Retained earnings incl. result for the year	Total
1 Jan 2020 K3		3 363	32 510	–	391 199	427 072
1 Jan 2020 IFRS		3 363	32 510	–	391 199	427 072
31 Dec 2020 K3		3 363	32 510	–	307 920	343 793
Effect of transition to IFRS		–	–	–32 115	106 547	74 431
Translation reserve separate component in equity	3.D	–	–	–28 193	28 193	–
Translation effect from reversal of goodwill amortization	3.A	–	–	–3 995	–	–3 995
Translation effect IFRS 16		–	–	72	–	72
Effects recorded in the result for the year		–	–	–	78 354	78 354
31 Dec 2020 IFRS		3 363	32 510	–32 115	414 466	418 224
31 Dec 2021 K3		3 363	32 510	–	319 218	355 091
Effect of transition to IFRS		–	–	1 850	173 104	174 953
Opening effects from 2020		–	–	–32 115	106 547	74 431
Translation reserve separate component in equity	3.D	–	–	27 531	–27 531	–
Translation effect from reversal of goodwill amortization	3.A	–	–	6 166	–	6 166
Translation effect from purchase price allocation	3.A	–	–	503	–	503
Translation effect IFRS 16		–	–	–107	–	–107
Effects recorded in the result for the year		–	–	–	94 088	94 088
Other		–	–	–128	–	–128
31 Dec 2021 IFRS		3 363	32 510	1 850	492 321	530 044

Note 3A Intangible fixed assets

SEK thousands	Note	Goodwill	Other intangible fixed assets	Intangible fixed assets in progress	Total
Book value according to K3 1 Jan 2020		344 336	10 657	6 655	361 648
Book value according to IFRS 1 Jan 2020		**344 336**	**10 657**	**6 655**	**361 648**
Book value according to K3 31 Dec 2020		244 929	7 304	9 099	261 332
Reversed amortizations	A.1	79 893	–	–	79 893
Translation differences		–3 995	–	–	–3 995
Book value according to IFRS 31 Dec 2020		**320 827**	**7 304**	**9 099**	**337 230**
Book value according to K3 1 Jan 2021		244 929	7 304	9 099	261 332
Book value according to IFRS 1 Jan 2021		**320 827**	**7 304**	**9 099**	**337 230**
Book value according to K3 31 Dec 2021		408 490	7 836	14 631	430 957
Opening IFRS adjustment, net		75 898	–	–	75 898
Reversed amortizations	A.1	101 225	–	–	101 225
Purchase price allocation in accordance with IFRS 3	A.2	–29 684	33 548	–	3 865
Amortizations	A.2	–	–2 656	–	–2 656
Translation differences		6 166	503	–	6 669
Book value according to IFRS 31 Dec 2021		**562 096**	**39 232**	**14 631**	**615 959**

A1: According to IFRS, goodwill is an intangible asset with an indeterminable useful life, which means that the item is not amortized but subject to impairment testing. This differs from the previous accounting policy (K3), where goodwill has been amortized over the estimated economic life (5-10 years). The transition to IFRS therefore means that amortization of goodwill in 2020 and 2021 is reversed. Goodwill is not a deductible expense, and the adjustment therefore has no tax effects. The transition to IFRS entails new requirements for Absolent Air Care Group to test goodwill for any impairment annually, or whenever there is an indication of impairment. The balance sheet item has been tested for impairment based on circumstances that prevailed at the time of transition to IFRS (1 January 2020) and as of 31 December 2021. No need for impairment was identified. For further information, see Note 13.

The book value of goodwill as of 1 January 2020 represents the new acquisition value. Amortization of goodwill in 2020 amounts to SEK 79,893 thousands and in 2021 to SEK 101,225 thousands. The amortizations of goodwill have been reversed in full.

A2: The Group applies the exemption rule in IFRS 1 stating that business combinations carried out before the transition to IFRS do not have to be reassessed in accordance with IFRS 3. Hence, in the transition to IFRS purchase price allocations prepared during 2020 and 2021 have been reviewed, which has resulted in the identifiaction of other intangible assets related to the acquisitions of Tessu Systems B.V. and Quatro Air Technologies Inc. with subsidiary Aerofil Inc. during 2021. The identified intangible assets refer to customer relations, which has been reclassified from goodwill to other intangible assets and also affected deferred tax liabilities. In total, the other intangible assets category has increased by an amount of SEK 33,548 thousands related to these customer relations. The useful life of customer relations has been determined to seven years, and the amount will be amortized over this period. Total amortization for 2021 amounts to SEK 2,656 thousands, on which deferred tax of SEK 668 thousands has been recorded. As of 31 December 2021, the deferred tax liability related to these customer relations amounts to SEK 8,102 thousands.

Acquisition-related expenses to a total of SEK 4,777 thousands have been removed from the intangible assets and recognized as administrative expenses in the income statement. SEK 834 thousands are related to the acquisition of Tessu Systems B.V. and SEK 3,943 thousands are related to the acquisition of Quatro Air Technologies Inc. and Aerofil Inc.

Note 3B Leasing

In accordance with previously applied accounting policies, the Group recorded all leasing agreements as operational. According to IFRS 16, the Group recognizes the leasing agreements as a right-of-use asset and a lease liability in the balance sheet instead. This treatment implies that the costs for the previously operational leasing agreements will be reversed from operating expenses and replaced by depreciations of the right-of-use asset and interest expenses on the lease liability. Effects from termination of lease agreements are recorded as other operating income or other operating expenses.

The Group's leasing commitments mainly relate to cars and rented premises. For all leasing agreements, except those excluded based on the practical expedients mentioned below, the Group recognizes a right-of-use asset of SEK 99,438 thousands and a lease liabilty of the same amount as of 1 January 2020. The right-of-use asset is reported as tangible fixed assets and the lease liability is recorded on separate lines for the long-term and short-term part. For further information about the right-of-use asset see Note 14 and for the lease liability see Note 17 and Note 22. The item prepaid expenses and accrued income is also affected by the transition to IFRS 16. This item contains prepaid leasing fees, and according to IFRS 16 these prepaid leasing fees shall increase the value of the right-of-use asset. Hence, prepaid leasing fees have been reclassified to the right-of-use asset in the conversion to IFRS.

When calculating the lease liability, future leasing fees have been discounted using the marginal borrowing rate for the Group, if there is no implicit interest rate stated in the contract. Restatement of the 2020 and 2021 financials according to IFRS 16 has, as mentioned above, implied that costs for leasing fees have been reversed and replaced by depreciations of right-of-use asset and interest expenses on the lease liability. Reversal of leasing fees as well as depreciations on the right-of-use asset are specified per function in the table on next page.

The discrepancy between accounting according to IFRS 16 and the legal accounting in the Group companies regarding right-of-use assets and lease liabilities results in temporary differences between book values and taxable values. For these temporary differences the Group records a deferred tax, which affects the tax expense for the year as well as deferred tax assets.

The Group has chosen to apply the practical expedients and excluded short-term leasing agreements with a leasing period shorter than twelve months and leasing agreements for assets with low value. The leasing fees for those agreements have been expensed on a straight-line basis over the term of the agreement. The Group is also applying the simplification rule for the definition of leasing agreements and non-lease components are thus included as part of the right-of-use asset and the lease liability for all asset classes except premises and cars. For a reconciliation of total costs related to leasing agreements recorded in the operting result, see Note 14.

Transition to IFRS 16 has also affected the presentation of the cash flows for the Group. In accordance with previous accounting policies, the cash flow from the operational leasing agreements was recognized as part of the operating activities. However, according to IFRS 16 the cash flow is split between amortizations of the lease liability and interest payments. Of the various parts of the cash flow, the operating result is affected by SEK 1,426 (204) thousands, adjustment for items not affecting cash flow with SEK 22,138 (21,444) thousands, paid interest increased by SEK 1,900 (2,162) thousands and amortizations of lease liability amounted to SEK 21,595 (19,755) thousands.

The following tables show the income statement gross effects of reversal of leasing fees and depreciation of right-of-use asset.

Reversal of leasing fees

SEK thousands	2021	2020
Cost of products and services sold	7 914	7 853
Sales expenses	7 149	6 256
Administrative expenses	8 135	7 273
Research and development expenses	365	267
Total	**23 564**	**21 649**

Depreciation of right-of-use asset

	2021	2020
Cost of products and services sold	–7 197	–7 814
Sales expenses	–6 863	–6 079
Administrative expenses	–7 755	–7 253
Research and development expenses	–371	–298
Total	**–22 186**	**–21 444**

Note 3C Provisions

SEK thousands	31 Dec 2021	31 Dec 2020	1 Jan 2020
Book value according to K3	**68 989**	**47 469**	**72 850**
Reclassifications of earnouts to other long-term liabilities	–49 499	–	–44 949
Reclassifications of earnouts to other short-term liabilities	–17 897	–38 766	–27 000
Additional provision related to lease agreements	11	17	14
Book value according to IFRS	**1 604**	**8 720**	**915**

In accordance with IFRS, earn-outs that meet the defintion of a financial liability are to be recognized as financial liabilities. Hence, earn-outs have been reclassified from other provisions to other long-term liabilities or other short-term liabilities, depending on maturity.

Note 3D Translation reserve

In accordance with IAS 21, translation differences are recorded in other comprehensive income as well as an accumulated separate component in equity. The Group applies the exception rule in IFRS 1, which implies that accumulated translation differences for all foreign subsidiaries are considered to amount to zero at the transition to IFRS.

Note 3E Credit risk reserve related to accounts receivable

In accordance with previous accounting policies, Absolent Air Care Group has applied a model for bad debt provision based on occurred events. According to IFRS 9, both historical and forward-looking information shall be taken into account when assessing expected credit losses. The Group has chosen to apply the simplified model of expected credit losses on accounts receivable under which total expected credit losses for the remaining maturity of the receivable are reported. Transition to the model according to IFRS 9 has not had any effect on the Group's financial statements. See Note 23 for more information.

Note 4 Business combinations

Tessu Systems B.V.

On January 8 2021, the Group acquired 100 percent of the Dutch commercial kitchen ventilation company Tessu Systems B.V. for EUR 5.3 million on a cash and debt-free basis plus an earnout conditional on the company's financial performance in 2021 and 2022. The maximum earnout amounts to to EUR 6 million. As of the balance sheet date, the earnout liability is recognized at EUR 4.0 million, which is the Group's best assessment of the possible outcome. Tessu Systems B.V. is an addition to the Group's Commercial Kitchen business area.

The acquired operations contributed SEK 55.1 million to the Group turnover and SEK 13.5 million to the Group operating result for the period 8 January 2021 to 31 December 2021. If the acquisition had been carried out on 1 January 2021, the Group turnover would have amounted to SEK 1,029.8 million and operating result to SEK 131.5 million. The transaction costs for this acquisition amounted to SEK 0.8 million, and are recognized on the row administrative expenses in the Group income statement.

Identified intangible fixed assets refer to customer relations, which are amortized over seven years. Goodwill is attributable to the earnings capacity and the synergies that will be created when the company's operations are included the Group's existing operations. Assets and liabilities presented in the table below have been recognized at fair value.

SEK thousands	Tessu Systems B.V.
Intangible fixed assets	16 607
Tangible fixed assets	1 364
Right-of-use asset	5 399
Inventories	2 529
Accounts receivable	4 147
Other receivables	1 333
Cash and cash equivalents	5 807
Deferred tax liability	–4 152
Liabilities to credit institutions	–1 020
Lease liability	–5 399
Other liabilities	–3 953
Net identifiable assets and liabilities	**22 665**
Goodwill	77 714
Total purchase price	**100 378**
Earnout	–40 150
Total transferred consideration	**60 228**
Cash and cash equivalents in the acquired company	–5 807
Effect on Group cash and cash equivalents	**54 421**

Quatro Air Technologies Inc. and Aerofil Inc.

On November 15 2021, the Group acquired 100 percent of the shares in the Canadian company Quatro Air Technologies Inc. including the subsidiary Aerofil Inc. Quatro Air Technologies Inc. manufactures an extensive range of portable air cleaning solutions and Aerofil distributes advanced solutions for purification, treatment and movement of air. The initial purchase price amounted to CAD 22 million on a cash and debt-free basis plus an earnout of maximal CAD 14.5 million depending on the company's EBITDA-level for 2022 and 2023. As of the balance sheet date, the earnout liability is recognized at CAD 3.75 million, which is the Group's best assessment of the possible outcome. Quatro Air Technologies Inc. and Aerofil Inc. are included in the Industrial business area.

The acquired operations contributed SEK 11.3 million to the Group turnover and SEK 1.5 million to the Group operating result for the period 15 November to 31 December 2021. If the acquisition had been carried out on 1 January 2021, the Group turnover would have amounted to SEK 1,128.0 million and operating result to SEK 155.2 million. The transaction costs for the this acquisition amounted to SEK 3.9 million, and are recognized on the row administrative expenses in the Group income statement. Identified intangible assets refer to customer relations, which are amortized over a period of seven years. Goodwill is attributable to earnings capacity and the synergies that will be created when the companies' operations are included in the Group's existing operations. Assets and liabilities presented in the table below have been recognized at fair value.

SEK thousands	Quatro Air Technologies Inc. with subsidiary Aerofil Inc.
Intangible fixed assets	16 942
Tangible fixed assets	188
Right-of-use asset	2 717
Inventories	21 481
Accounts receivable	14 596
Prepaid expenses and deferred income	2 923
Cash and cash equivalents	4 015
Deferred tax liability	–4 490
Accounts payable	–9 498
Current tax liabilities	–1 853
Lease liability	–2 688
Other liabilities	–2 379
Accrued expenses and prepaid income	–8 328
Net identifiable assets and liabilities	**33 625**
Goodwill	140 511
Total purchase price	**174 136**
Earnout	–26 151
Total transferred consideration	**147 985**
Cash and cash equivalents in the acquired companies	–4 015
Effect on Group cash and cash equivalents	**143 970**

No other business combinations have been made during 2021 or 2020.

Note 5 Revenue

The Group's contracts with customers refer to sales of products for cleaning of process air in a variety of industries, in the Group's two business areas Industrial and Commercial Kitchen. Net sales refers only to revenue from contracts with customers. Related to the products, the Group also sells 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. Howver, 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	2021	2020	2021	2020	2021	2020
Products, recorded at a certain point in time	653 854	553 075	172 964	175 646	826 818	728 720
Services, recorded over time	73 558	64 929	9 741	3 598	83 299	68 527
Products and services, recorded over time	74 590	98 613	45 099	–	119 690	98 613
Total	**802 003**	**716 617**	**227 804**	**179 243**	**1 029 807**	**895 860**

Net sales per geographic region

SEK thousands	Industrial		Commercial Kitchen		Total	
	2021	2020	2021	2020	2021	2020
Europe	226 229	192 280	213 512	154 219	439 741	346 499
UK & I	202 436	205 301	3 215	1 228	205 651	206 529
Americas	242 500	210 229	3 545	4 305	246 044	214 534
APAC	130 839	108 807	7 532	19 491	138 371	128 298
Total	**802 003**	**716 617**	**227 804**	**179 243**	**1 029 807**	**895 860**

Contractual assets

SEK thousands	31 Dec 2021	31 Dec 2020	1 Jan 2020
Contractual assets			
Accounts receivable	200 935	157 713	238 691
Deferred income with remaining performance obligations	19 257	6 686	18 114
Total	**220 192**	**164 399**	**256 805**

Contractual liabilities and repayment liabilities

SEK thousands	31 Dec 2021	31 Dec 2020	1 Jan 2020
Contractual liabilities			
Prepaid income	9 873	–	5 980
Prepayment from customers	15 870	5 243	13 552
Total	**25 743**	**5 243**	**19 532**
Repayment liabilities			
Accrued expenses for kickbacks and discounts	666	195	309

Change of contractual liabilities

SEK thousands	2021	2020
Opening balance	5 243	19 532
Recognized as revenue during the year	–5 182	–19 242
Additional contractual liabilities during the year	24 380	5 268
Translation differences	1 303	–314
Closing balance	**25 743**	**5 243**

Note 6 Segment reporting

The Group's operations consists of two business areas, Industrial and Commercial Kitchen. The Group CEO has been identified as the chief operating decision-maker (CODM), and the Group CEO follows the development of the 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 20–23.

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 pages 20–23.

2021

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

2020

SEK thousands	Industrial	Commercial Kitchen	Group functions	Eliminations	Total
Net sales	716 623	179 337	–	–100	**895 860**
Operating result (EBIT)	36 085	36 607	–23 779	–	**48 912**
Net financial items					**–12 109**
Result before tax					**36 803**
Amortizations and depreciations	–41 001	–3 693	–1 481	–	**–46 175**
Net investments	1 847	–193	–5 562	–	**–3 908**

Reporting per geographic area

SEK thousands	Net sales 2021	Net sales 2020	Fixed assets* 2021	Fixed assets* 2020
Europe	439 741	346 499	124 678	101 401
of which Sweden	*133 002*	*125 731*	*91 171*	*87 115*
Americas	246 044	214 534	31 955	14 102
of which USA	*164 854*	*157 421*	*6 029*	*7 026*
UK & I	205 651	206 529	85 270	90 622
of which UK	*201 938*	*203 916*	*85 270*	*90 622*
APAC	138 371	128 298	1 732	2 619
Total	**1 029 807**	**895 860**	**243 635**	**208 745**

* 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 7 Other operating income and expenses

SEK thousands	2021	2020
Other operating income		
Government grants	3 321	22 546
Earnout adjustment	–	20 538
Lease termination gain	48	–
Exchange rate gains	7 152	874
Other operating income	888	6 523
Total	**11 409**	**50 481**
Other operating expenses		
Earnout adjustment	–	–15 358
Exchange rate losses	–2 676	–6 377
Loss from transfer of assets	–6 523	–
Other operating expenses	–355	–2 160
Total	**–9 555**	**–23 895**

Government grants

During the year, the Group has received government grants related to the COVID-19 pandemic. The grants mainly refer to temporary lay-offs in several countries.

Note 8 Expenses by nature

SEK thousands	2021	2020
Cost of material	404 709	378 844
Personnel costs	293 045	281 406
Deprecitions, amortizations and write-downs	36 996	46 175
Other external costs	165 370	167 108
Other operating expenses	9 555	23 895
Total operating costs	**909 674**	**897 428**

Note 9 Remuneration to auditors

SEK thousands	2021	2020
Ernst & Young		
Audit assignment	2 246	1 460
Audit-related services	17	–
Tax advisory services	90	82
Other services	36	623
Other auditors		
Audit assignment	1 302	1 405
Audit-related services	–	–
Tax advisory services	190	–
Other services	–	–
Total	**3 882**	**3 570**

Note 10 Employees and personnel costs

Average number of employees

	2021		2020	
	Number of employees	of which men	Number of employees	of which men
Parent company				
Sweden	*7*	*6*	*7*	*5*
Total Parent company	**7**	**6**	**7**	**5**
Subsidiaries				
Sweden	91	79	98	87
Estonia	10	1	10	1
Finland	6	5	6	5
France	8	8	7	7
India	4	4	3	3
Italy	1	1	–	–
Japan	1	1	1	1
Canada	104	87	61	52
China	15	11	17	12
Netherlands	10	9	–	–
Norway	1	1	1	1
Switzerland	1	1	1	1
UK	154	111	164	126
Germany	19	14	21	16
USA	15	11	15	11
Total subsidiaries	**439**	**344**	**405**	**323**
Total Group	**446**	**350**	**412**	**328**

Gender distribution for Board of Directors and Group management

	2021		2020	
	Total	of which men	Total	of which men
Board of Directors	4	2	5	3
Group management	7	6	6	5

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

Salaries, other remunerations and social security contributions

SEK thousands	2021 Salaries and other remunerations	2021 Social security contributions	2021 of which pension costs	2020 Salaries and other remunerations	2020 Social security contributions	2020 of which pension costs
Parent company	16 036	8 940	3 202	11 406	6 693	2 950
Subsidiaries, Sweden	52 459	24 713	8 012	46 384	21 532	5 500
Subsidiaries, other	157 021	26 339	4 950	160 488	27 591	5 395
Total Group	**225 517**	**59 992**	**16 164**	**218 277**	**55 816**	**13 845**

Of the Parent company's pension costs, SEK 749 (416) thousands refer to Board of Directors and CEO.
Of the Group's pension costs, SEK 2,033 (1,552) thousands refer to Board of Directors and CEOs.

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

SEK thousands	2021 Board and CEO	2021 of which bonus	2021 Other employees	2020 Board and CEO	2020 of which bonus	2020 Other employees
Parent company	6 004	2 100	10 032	3 990	–	7 415
Subsidiaries, Sweden	1 761	174	50 699	2 498	250	43 885
Subsidiaries, other	17 613	4 167	139 408	11 395	1 570	149 094
Total Group	**25 378**	**6 441**	**200 139**	**17 883**	**1 820**	**200 394**

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

SEK thousands	2021 Salaries and other remuneration	2021 of which bonus	2021 Pension costs	2020 Salaries and other remuneration	2020 of which bonus	2020 Pension costs
Axel Berntsson, CEO	5 205	2 100	749	3 202	–	416
Johan Westman, Chairman of the Board	400	–	–	100	–	–
Mikael Ekdahl, resigned as Chairman of the Board 2021	–	–	–	200	–	–
Joakim Westh, Board member	133	–	–	100	–	–
Märta Schörling Andreen, Board member	133	–	–	100	–	–
Gun Nilsson, Board member	133	–	–	100	–	–
Other Group management	10 491	3 358	2 203	5 467	–	1 232
Total	**16 495**	**5 458**	**2 951**	**9 269**	–	**1 648**

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 and no severance pay. For the other Group management, the mutual notice periods vary between three and twelve months. Severance pay of minor amounts may be paid in certain individual cases.

Pension obligations

For the financial years 2021 and 2020, 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 4,944 (4,408) thousands.

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 172 (148) percent.

Note 11 Financial income and expenses

SEK thousands	2021	2020
Interest income from bank balances	774	124
Exchange rate gains on financial receivables and liabilities	14 234	11 285
Other financial income	140	275
Total financial income	**15 148**	**11 684**
Interest expenses on interest-bearing liabilities, excl. lease liabilities	–7 148	–7 329
Interest expenses on lease liabilities	–1 900	–2 162
Exchange rate losses on financial receivables and liabilities	–14 103	–13 463
Other financial expenses	–309	–839
Total financial expenses	**–23 460**	**–23 793**

Note 12 Tax

SEK thousands	2021	2020
Current tax	–28 086	–12 080
Deferred tax related to temporary differences and tax loss carry-forwards	3 087	–1 456
Total recorded tax expense for the result for the year	**–24 999**	**–13 536**
Effective tax rate, %	20.3	36.8
Reconciliation of effective tax		
Result before tax	123 230	36 803
Estimated Swedish tax 20.6% (21.4%)	–25 385	–7 876
Tax effects from:		
Non-deductible expenses	–4 296	–11 685
Non-taxable income	–23	5 266
Recognized loss carry-forwards and utilization of previously non-recognized loss carry-forwards	1 279	–
Non-recognized loss carry-forwards	–427	–3 414
Tax depreciations on buildings	–32	–67
Differences in tax rates in foreign subsidiaries	–1 712	–787
Tax related to previous years	1 964	5 188
Other	3 634	–161
Total recorded tax expense for the result for the year	**–24 999**	**–13 536**
Effective tax rate, %	20.3	36.8

	Deferred tax assets			Deferred tax liabilities		
SEK thousands	31 Dec 2021	31 Dec 2020	1 Jan 2020	31 Dec 2021	31 Dec 2020	1 Jan 2020
Tax allocation reserves	–	–	–	12 623	11 752	11 034
Loss carry-forwards	430	263	51	–	–	–
Intra-Group profit in inventories	3 907	2 335	2 399	–	–	–
Surplus values fixed assets	–	–	–	8 102	–	–
Temporary differences fixed assets	747	398	–	2 584	2 713	3 182
Other temporary differences	173	24	–	926	2 088	510
Total	**5 257**	**3 020**	**2 450**	**24 234**	**16 552**	**14 727**

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 26,779 (23,580) thousands. The maturity for all tax loss carry-forwards is shown in the table below.

SEK thousands	31 Dec 2021	31 Dec 2020	1 Jan 2020
2022	713	630	670
2023	4 901	4 331	4 606
2024	6 371	5 630	5 987
2025	3 608	3 188	–
2026–2030	4 493	1 696	195
Unlimited lifetime	6 693	8 105	5 403
Total loss carry-forwards	**26 779**	**23 580**	**16 862**

Note 13 Intangible fixed assets

	Goodwill		Internally developed intangible fixed assets		Other intangible fixed assets		Intangible fixed assets in progress	
SEK thousands	2021	2020	2021	2020	2021	2020	2021	2020
Opening accumulated acquisition values	**321 626**	**344 336**	**18 165**	**19 973**	**19 490**	**15 943**	**9 466**	**6 910**
Business combinations	218 226	–	–	–	33 548	–	–	–
Investments	–	–	–	201	2 670	3 280	5 113	2 593
Sales/disposals	–	–	–	–	–8 769	–1 898	–	–
Reclassifications	737	–163	–	–	–502	2 601	–	–
Translation differences	22 320	–22 546	1 913	–2 009	601	–437	51	–36
Closing accumulated acquisition values	**562 910**	**321 626**	**20 078**	**18 165**	**47 038**	**19 490**	**14 631**	**9 466**
Opening accumulated amortizations	**–**	**–**	**–17 771**	**–19 654**	**–8 565**	**–5 860**	**–**	**–**
Sales/disposals	–	–	–	–	4 249	95	–	–
Amortizations	–	–	–153	–126	–3 708	–1 912	–	–
Reclassifications	–	–	–	–	–	–1 111	–	–
Translation differences	–	–	–1 913	2 009	–22	223	–	–
Closing accumulated amortizations	**–**	**–**	**–19 837**	**–17 771**	**–8 047**	**–8 565**	**–**	**–**
Opening accumulated write-downs	**–799**	–	–	–	**–4 382**	–	–	–
Sales/disposals	–	–	–	–	4 429	–	–	–
Write-downs	–	–835	–	–	–	–4 578	–	–
Translation differences	–15	36	–	–	–47	196	–	–
Closing accumulated write-downs	**–814**	**–799**	**–**	**–**	**–**	**–4 382**	**–**	**–**
Closing book value	**562 096**	**320 827**	**241**	**394**	**38 992**	**6 542**	**14 631**	**9 466**

Internally developed intangible fixed assets mainly refer to capitalized expenditure for product development. Other intangible fixed assets mainly refer to customer relations, software licenses etc. The increase during 2021 mainly refers to intangible assets related to customer relations, which were identified in connection with the acquisitions of Tessu Systems B.V. and Quatro Air Technologies Inc. with subsidiary Aerofil Inc. Intangible fixed assets in progress refer to product development and ERP systems etc. for which the work not yet has been completed as well as ongoing development projects.

Goodwill per business area

SEK thousands	31 Dec 2021	31 Dec 2020	1 Jan 2020
Industrial	338 427	178 209	197 595
Commercial Kitchen	223 669	142 618	146 741
Total	**562 096**	**320 827**	**344 336**

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

SEK thousands	2021	2020
Cost of products and services sold	-445	-823
Sales expenses	-2 656	-835
Administrative expenses	-260	-644
Research and development expenses	-506	-5 054
Total	**-3 866**	**-7 356**

Impairment testing

Impairment testing of goodwill and intangible fixed 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 business areas Industrial and Commercial Kitchen, and each business area contains subsidiaries (and sub-Groups) that have been acquired over the years. Each acquired subsidiary (or sub-Group) has been defined as separate cash-generating units, which is the level on which the Group's impairment tests have been performed on. 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 8.0 (10.0) % 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 does 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.

Note 14 Tangible fixed assets

SEK thousands	Buildings and land 31 Dec 2021	Buildings and land 31 Dec 2020	Plant and machinery 31 Dec 2021	Plant and machinery 31 Dec 2020	Equipment, tools, fixtures and fittings 31 Dec 2021	Equipment, tools, fixtures and fittings 31 Dec 2020	Construction in progress 31 Dec 2021	Construction in progress 31 Dec 2020	Total 31 Dec 2021	Total 31 Dec 2020
Owned assets	76 667	76 979	18 296	20 185	10 980	9 947	87	388	106 030	107 498
Right-of-use asset for leased assets	72 604	72 679	112	205	5 768	8 939	–	–	78 485	81 823
Total book value	**149 271**	**149 657**	**18 408**	**20 390**	**16 749**	**18 886**	**87**	**388**	**184 515**	**189 322**

Owned assets

SEK thousands	Buildings and land 2021	Buildings and land 2020	Plant and machinery 2021	Plant and machinery 2020	Equipment, tools, fixtures and fittings 2021	Equipment, tools, fixtures and fittings 2020	Construction in progress 2021	Construction in progress 2020
Opening accumulated acquisition values	85 943	99 213	81 907	85 818	32 978	31 732	388	41
Business combinations	–	–	–	–	7 536	–	–	–
Investments	107	1 719	4 836	2 789	2 381	3 085	51	636
Sales/disposals	-1 051	-11 352	-10 577	-217	-4 769	-644	–	-20
Reclassifications	–	41	-1 770	-1 887	2 125	786	-355	-266
Translation differences	3 480	-3 678	4 168	-4 596	1 922	-1 981	3	-3
Closing accumulated acquisition values	**88 479**	**85 943**	**78 564**	**81 907**	**42 173**	**32 978**	**87**	**388**
Opening accumulated depreciations	**-8 964**	**-12 393**	**-61 722**	**-55 489**	**-23 031**	**-20 878**	**-**	**-**
Business combinations	–	–	–	–	-5 973	–	–	–
Sales/disposals	398	5 984	7 252	1 468	4 405	382	–	–
Depreciations	-2 700	-3 059	-4 457	-10 433	-3 798	-3 789	–	–
Reclassifications	–	–	1 436	–	-1 429	–	–	–
Translation differences	-547	504	-2 777	2 732	-1 366	1 254	–	–
Closing accumulated depreciations	**-11 812**	**-8 964**	**-60 269**	**-61 722**	**-31 193**	**-23 031**	**-**	**-**
Closing book value	**76 667**	**76 979**	**18 296**	**20 185**	**10 980**	**9 947**	**87**	**388**

Right-of-use asset for leased assets

SEK thousands	Buildings and land 2021	Buildings and land 2020	Plant and machinery 2021	Plant and machinery 2020	Equipment, tools, fixtures and fittings 2021	Equipment, tools, fixtures and fittings 2020
Opening accumulated acquisition values	**86 486**	**86 477**	**308**	**343**	**15 359**	**12 619**
Investments	10 176	6 321	–	–	3 317	3 920
Terminated contracts	-1 377	–	–	–	-4 587	-138
Revaluations	–	–	–	–	78	–
Translation differences	6 051	-6 312	32	-35	911	-1 042
Closing accumulated acquisition values	**101 335**	**86 486**	**339**	**308**	**15 077**	**15 359**
Opening accumulated depreciations	**-13 807**	**–**	**-103**	**–**	**-6 420**	**–**
Terminated contracts	1 377	–	–	–	4 474	138
Depreciations	-15 169	-14 461	-110	-110	-6 907	-6 873
Translation differences	-1 132	655	-14	7	-455	315
Closing accumulated depreciations	**-28 731**	**-13 807**	**-227**	**-103**	**-9 309**	**-6 420**
Closing book value	**72 604**	**72 679**	**112**	**205**	**5 768**	**8 939**

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	2021	2020
Cost of products and services sold	-14 583	-22 137
Sales expenses	-7 278	-6 650
Administrative expenses	-10 781	-9 554
Research and development expenses	-488	-479
Total	**-33 130**	**-38 819**

Items recorded in the income statement related to leasing contracts

SEK thousands	2021	2020
Gains/losses from terminated leasing contracts	48	–
Short-term lease expenses	-312	-2 878
Low-value lease expenses	-104	-451
Depreciations on right-of-use asset	-22 186	-21 444
Interest expenses on lease liabilities	-1 900	-2 162
Total	**-24 454**	**-26 935**

See Note 23 regarding maturity analysis lease liability as well as Note 17 for split between long- and short-term lease liabilities.

The total cash flow from leasing contracts amounted to SEK 23,911 (25,246) thousands, of which SEK 2,316 (5,491) thousands from operating activities and SEK 21,595 (19,755) thousands from financing activities.

Note 15 Inventories

SEK thousands	31 Dec 2021	31 Dec 2020	1 Jan 2020
Raw materials	50 434	32 708	33 632
Work in progress	5 077	10 393	4 263
Finished goods and goods for resale	88 259	55 687	74 847
Total	**143 770**	**98 788**	**112 742**

Total costs for obsolescence during the year amounted to SEK 1,593 (3,158) thousands.

Note 16 Prepaid expenses and accrued income

SEK thousands	31 Dec 2021	31 Dec 2020	1 Jan 2020
Accrued income	19 257	6 686	18 114
Rent expenses	791	587	1 037
Insurance expenses	5 833	2 117	1 330
Other prepaid expenses	8 911	9 767	7 129
Total	**34 791**	**19 156**	**27 610**

Note 17 Net debt

SEK thousands	31 Dec 2021	31 Dec 2020	1 Jan 2020
Cash and cash equivalents	233 230	451 846	150 379
Liabilities to credit institutions	545 926	579 967	296 848
Long-term interest-bearing lease liabilities	58 405	61 911	78 036
Bank overdraft	–	–	1 494
Short-term interest-bearing lease liabilities	20 779	20 122	19 974
Other interest-bearing liabilities	218	1 782	5 204
Net debt	**392 097**	**211 936**	**251 176**

Change of interest-bearing liabilities

SEK thousands	2021	2020
Opening balance	663 782	401 556
New and terminated lease liabilities	13 207	10 214
Borrowing*	–	295 274
Amortizations*	-48 773	-5 894
Amortizations of lease liabilities*	-21 595	-19 755
Revaluations of lease liabilities	78	–
Translation differences	18 629	-17 612
Closing balance	**625 328**	**663 782**

* These items affect the cash flow.

Note 18 Provisions

SEK thousands	2021	2020
Opening book value	8 720	915
Provisions for the year	1 132	8 961
Reversals	-1 608	-21
Utilized during the year	-7 181	-597
Translation differences	539	-538
Closing book value	**1 604**	**8 720**

The item includes warranty provisions of SEK 1,351 (2,798) thousands, which refer to product responsibilities in the event that the sold products should contain defects or cause personal injury or property damage.

Note 19 Accrued expenses and prepaid income

SEK thousands	31 Dec 2021	31 Dec 2020	1 Jan 2020
Personnel-related costs	48 733	27 350	35 702
Repayment liabilities for kickbacks and discounts	666	195	309
Sales commission	6 191	7 972	4 786
Purchases	12 584	6 493	6 095
Other accrued expenses	30 050	24 149	31 451
Prepaid income	9 875	–	5 980
Total	**108 099**	**66 159**	**84 322**

Note 20 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 21 Earnings per share

In 2021, 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 98,232 (23,267) thousand resulted in earnings per share of SEK 8.68 (2.06), which is both before and after dilution.

Note 22 Pledged assets and contingent liabilities

SEK thousands	31 Dec 2021	31 Dec 2020	1 Jan 2020
Pledged assets for liabilities to credit institutions			
Floating charges	–	2 500	10 500
Total	**-**	**2 500**	**10 500**
Other pledged assets			
Accounts receivable	–	–	2 494
Bank funds	2 873	1 001	2 820
Total	**2 873**	**1 001**	**5 314**

Note 23 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. Historically, the Group has had loans with low interest rates and therefore the fair value is assessed as essentially corresponding with the carrying amount. The financial instruments recognized at fair value belong to the measurement level three and refer to earnouts.

31 Dec 2021

SEK thousands	Assets measured at amortized cost	Assets measured at fair value through profit and loss	Total
Financial assets			
Financial fixed assets	5 914	–	5 914
Accounts receivable	200 935	–	200 935
Other receivables	11 329	–	11 329
Accrued income	19 257	–	19 257
Cash and cash equivalents	233 230	–	233 230
Total	**470 665**	**-**	**470 665**

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	545 926	–	545 926
Other long-term liabilities	–	49 499	49 499
Other short-term interest-bearing liabilities	218	–	218
Accounts payable	63 823	–	63 823
Other liabilities	3 849	17 897	21 746
Accrued expenses	49 491	–	49 491
Total	**663 307**	**67 396**	**730 703**

31 Dec 2020

SEK thousands	Assets measured at amortized cost	Assets measured at fair value through profit and loss	Total
Financial assets			
Financial fixed assets	87	–	87
Accounts receivable	157 713	–	157 713
Other receivables	4 382	–	4 382
Accrued income	6 686	–	6 686
Cash and cash equivalents	451 846	–	451 846
Total	**620 714**	**–**	**620 714**

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	579 967	–	579 967
Other short-term interest-bearing liabilities	1 782	–	1 782
Accounts payable	46 734	–	46 734
Other liabilities	1 971	38 766	40 737
Accrued expenses	38 809	–	38 809
Total	**669 263**	**38 766**	**708 029**

1 Jan 2020

SEK thousands	Assets measured at amortized cost	Assets measured at fair value through profit and loss	Total
Financial assets			
Financial fixed assets	208	–	208
Accounts receivable	238 691	–	238 691
Other receivables	7 598	–	7 598
Accrued income	18 114	–	18 114
Cash and cash equivalents	150 379	–	150 379
Total	**414 990**	**–**	**414 990**

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	296 848	–	296 848
Other long-term liabilities	–	44 949	44 949
Other short-term interest-bearing liabilities	6 698	–	6 698
Accounts payable	84 916	–	84 916
Other liabilities	5 793	27 000	32 793
Accrued expenses	42 640	–	42 640
Total	**436 895**	**71 949**	**508 844**

Earnouts

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.

Earnout liabilities

SEK thousands	2021	2020
Opening balance	38 769	71 949
Increase through business combinations	66 578	-
Adjustment of preliminary PPA	–	15 358
Payment of earnouts	-39 007	-27 000
Reversal of unutilized amounts	–	-20 355
Translation differences	1 056	-1 184
Closing balance	**67 397**	**38 769**

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 financial risk policy defining the risks and establishing risk management guidelines. The overall 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 6,000 (4,750) thousands, 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 2020 and 2021, 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%	
	2021	2020	2021	2020	2021	2020
EUR	9 395	7 225	95 308	75 762	4 765	3 788
USD	9 858	9 312	84 593	85 705	4 230	4 285
CNY	19 048	3 614	25 347	4 817	1 267	241
Total			**205 248**	**166 284**	**10 262**	**8 314**

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 55,296 (35,293) thousands and on the Group's net result of SEK 3,461 (692) thousands. 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 2021	31 Dec 2020	1 Jan 2020
GBP	448 707	374 305	440 260
EUR	333 411	213 887	209 085
CAD	253 174	62 310	40 836
CNY	36 267	27 532	27 676
USD	35 608	30 026	31 994
INR	1 499	–192	179
JPY	1 020	67	–
HKD	–694	–808	–899
CHF	–1 487	–560	–
NOK	–1 575	–705	–
Total	**1 105 929**	**705 863**	**749 132**

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 2024. The following tables present maturity analysis of the amortization of financial liabilities including contractual and undiscounted interest payments.

31 Dec 2021

SEK thousands	Term < 1 year	Term 1–2 years	Term 2–5 years	Term > 5 years	Total
Lease liabilities	20 565	16 360	23 395	23 592	83 913
Other interest-bearing liabilities	8 164	7 882	549 867	–	565 913
Other long-term liabilities	–	37 728	11 771	–	49 499
Accounts payable	63 823	–	–	–	63 823
Other liabilities	21 746	–	–	–	21 746
Accrued expenses	49 491	–	–	–	49 491
Total	**163 790**	**61 970**	**585 033**	**23 592**	**834 385**

31 Dec 2020

SEK thousands	Term < 1 year	Term 1-2 years	Term 2-5 years	Term > 5 years	Total
Lease liabilities	21 309	17 743	28 138	27 023	94 214
Other interest-bearing liabilities	8 695	7 946	583 908	–	600 549
Accounts payable	46 734	–	–	–	46 734
Other liabilities	40 737	–	–	–	40 737
Accrued expenses	38 809	–	–	–	38 809
Total	**156 284**	**25 690**	**612 046**	**27 023**	**821 043**

1 Jan 2020

SEK thousands	Term < 1 year	Term 1-2 years	Term 2-5 years	Term > 5 years	Total
Lease liabilities	20 169	18 667	35 439	33 270	107 544
Other interest-bearing liabilities	12 826	8 771	299 516	–	321 113
Other long-term liabilities	–	44 949	–	–	44 949
Accounts payable	84 916	–	–	–	84 916
Other liabilities	32 793	–	–	–	32 793
Accrued expenses	42 640	–	–	–	42 640
Total	**193 344**	**72 387**	**334 955**	**33 270**	**633 956**

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 2021

SEK thousands	Current	Past due < 30 days	Past due 31-60 days	Past due 61-90 days	Past due > 90 days	Total
Accounts receivable	142 748	25 191	18 541	7 166	10 291	203 938
Credit risk reserve	–	–6	–31	–235	–2 732	–3 003
Book value accounts receivable						**200 935**

31 Dec 2020

SEK thousands	Current	Past due < 30 days	Past due 31-60 days	Past due 61-90 days	Past due > 90 days	Total
Accounts receivable	107 136	17 900	12 403	4 899	23 324	165 663
Credit risk reserve	–	–7	–	–1 020	–6 922	–7 950
Book value accounts receivable						**157 713**

1 Jan 2020

SEK thousands	Current	Past due < 30 days	Past due 31-60 days	Past due 61-90 days	Past due > 90 days	Total
Accounts receivable	102 047	54 777	26 168	25 373	32 443	240 807
Credit risk reserve	–	–182	–78	–13	–1 843	–2 116
Book value accounts receivable						**238 691**

Change of credit risk reserve

SEk thousands	2021	2020
Opening credit risk reserve	–7 950	–2 116
Recovered reserves	850	129
Reserve for expected losses	–2 008	–6 968
Confirmed losses	6 636	492
Translation differences	–532	514
Closing credit risk reserve	**–3 003**	**–7 950**

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 24 Related parties

All Group companies mentioned in Note 12 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 10. There are no other transactions with related parties.

Note 25 Significant events after the closing date

Absolent Air Care Group is closely following the recent developments in Ukraine. The Group has no employees on site in the region, nor any suppliers critical to the supply chain. Ukraine and Russia make up only an unsignificant part of the Group's net sales, based on the 2021 sales figures. However, it cannot be ruled out that the Group's partners, suppliers and/or customers may be affected in the future, both directly and indirectly as a result of macroeconomic factors or global disturbances in the supply chain.


Type H
Kerstar

Parent company income statement

SEK thousands	Note	2021	2020
Net sales	3	31 757	22 765
Sales expenses		–1 461	–948
Administrative expenses		–37 895	–28 771
Research and development expenses		–4 275	–2 356
Other operating income	4	718	1 085
Other operating expenses	4	–	–359
Operating result	**3, 5, 6, 10, 11**	**–11 156**	**–8 584**
Financial items	7		
Financial income		15 792	15 020
Financial expenses		–23 908	–18 579
Result after financial items		**–19 272**	**–12 143**
Appropriations	8	58 319	13 214
Result before tax		**39 047**	**1 071**
Tax expense	9	–8 987	–247
Result for the year		**30 060**	**824**

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

Parent company balance sheet

SEK thousands	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Fixed assets			
Intangible fixed assets	10	14 218	10 023
Tangible fixed assets	11	544	503
Participations in Group companies	12	479 262	377 805
Receivables on Group companies		242 158	92 836
Total fixed assets		**736 181**	**481 167**
Current assets			
Receivables on Group companies		60 255	55 914
Other receivables		348	166
Prepaid expenses and accrued income	13	1 576	1 165
Cash and cash equivalents		84 953	311 883
Total current assets		**147 131**	**369 128**
TOTAL ASSETS		883 312	850 295
EQUITY AND LIABILITIES			
Equity			
Share capital	14	3 363	3 363
Restricted reserve		918	918
Development costs reserve		3 486	–
Total restricted equity		**7 767**	**4 281**
Share premium reserve		32 510	32 510
Retained earnings		78 510	101 550
Result for the year		30 060	824
Total unrestricted equity		**141 080**	**134 884**
Total equity		**148 847**	**139 165**
Untaxed reserves			
Tax allocation reserve		14 542	–
Total untaxed reserves		**14 542**	**–**
Long-term liabilities			
Liabilities to credit institutions	15, 17	545 926	579 967
Liabilities to Group companies		–	41 369
Other long-term receivables	2	23 011	–
Total long-term liabilities		**568 937**	**621 336**
Short-term liabilities			
Accounts payable		4 373	2 741
Current tax liabilities	9	8 270	413
Liabilities to Group companies		107 639	43 714
Other liabilities	2	18 344	35 755
Accrued expenses and deferred income	16	12 360	7 171
Total short-term liabilities		**150 986**	**89 794**
TOTAL EQUITY AND LIABILITIES		883 312	850 295

Parent company statement of changes in equity

	Restricted equity			Unrestricted equity			
SEK thousands	Share capital	Res-tricted reserve	Develop-ment costs reserve	Share premium reserve	Retained earnings	Result for the year	Total
Opening equity 1 Jan 2020	3 363	918	–	32 510	101 564	–14	138 341
Appropriation of previous year's result	–	–	–	–	–14	14	–
Transactions with shareholders							
Dividend	–	–	–	–	–	–	–
Result for the year	–	–	–	–	–	824	824
Closing equity 31 Dec 2020	**3 363**	**918**	**–**	**32 510**	**101 550**	**824**	**139 165**
Opening equity 1 Jan 2021	3 363	918	–	32 510	101 550	824	139 165
Appropriation of previous year's result	–	–	–	–	824	–824	–
Change in development costs reserve	–	–	3 486	–	–3 486	–	–
Transactions with shareholders							
Dividend	–	–	–	–	–20 378	–	–20 378
Result for the year	–	–	–	–	–	30 060	30 060
Closing equity 31 Dec 2021	**3 363**	**918**	**3 486**	**32 510**	**78 510**	**30 060**	**148 847**

Parent company cash flow statement

SEK thousands	2021	2020
Operatig activities		
Operating result	–11 156	–8 584
Adjustment for items not included in the cash flow		
Amortizations, depreciations and write-downs	303	236
Unrealized exchange rate gains and losses	1 311	199
Other	680	1 803
Total	**–8 862**	**–6 348**
Received interest	2 946	15 019
Paid interest	–6 968	–17 451
Paid income tax	–1 130	365
Cash flow from operating activities before changes in working capital	**–14 014**	**–8 415**
Changes in working capital		
Changes in operating receivables	–8 246	–2 972
Changes in operating liabilities	7 702	–1 461
Cash flow from operating activities	**–14 558**	**–12 848**
Investing activities		
Business combinations	–61 062	–
Investments in intangible fixed assets	–4 899	–5 174
Investments in tangible fixed assets	–142	–388
Earnout payments	–35 604	-27 000
Changes in long-term loans to Group companies	–116 261	38 901
Cash flow from investing activities	**–217 968**	**6 339**
Financing activities		
New loans	–	295 258
Amortizations of loans	–46 887	–
Paid dividend	–20 378	–
Received group contribution	72 861	13 214
Cash flow from financing activities	**5 596**	**308 472**
Cash flow for the year	**–226 930**	**301 963**
Cash and cash equivalents at the beginning of the year	311 883	9 920
Cash and cash equivalents at the end of the year	**84 953**	**311 883**

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.

Shareholder 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 takes place to the fair value or the present value of the executive management's best assessment of the future cash flows that the asset is expected to provide, whichever is the highest. 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 claim 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 Transition to RFR 2

These financial statements for the Parent company are the first that have been prepared in accordance with RFR 2. Previous financial statements for the Parent company have been prepared in accordance with BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3). Transition to RFR 2 has not resulted in any impact on the financial statements of the Parent company other than that earnout obligations previously recorded as provisions are now recorded as long-term or short-term non-interest-bearing liabilities. In accordance with this transition effect, SEK 23,011 (-) thousands has been reclassified from provisions to other long-term liabilities and SEK 17,897 (35,358) thousands to other short-term liabilities.

Note 3 Intra-Group sales and purchases

%	2021	2020
Sales to Group companies in relation to total sales	100%	100%
Purchases from Group companies in relation to total purchases	11%	6%

Note 4 Other operating income and expenses

SEK thousands	2021	2020
Other operating income		
Exchange rate gains	715	1 070
Other operating income	3	15
Total	**718**	**1 085**
Other operating expenses		
Exchange rate losses	–	–359
Total	**-**	**-359**

Note 5 Remuneration to auditors

SEK thousands	2021	2020
Ernst & Young		
Audit assignment	994	480
Audit-related services	–	20
Tax advisory services	70	82
Other services	36	380
Total	**1 100**	**963**

Note 6 Employees and personnel costs

Average number of employees

	2021		2020	
	Number of employees	of which men	Number of employees	of which men
Sweden	7	6	7	5
Total	**7**	**6**	**7**	**5**

Gender distribution of the Board of Directors and senior executives

	2021		2020	
	Total	Of which men	Total	Of which men
Senior executives	6	5	5	4
Board of Directors	4	2	5	3
Total	**10**	**7**	**10**	**7**

Salaries, other remunerations and social security contributions

SEK thousands	2021			2020		
	Salaries and other remunerations	Social security contributions	of which pension costs	Salaries and other remunerations	Social security contributions	of which pension costs
Total	16 036	8 940	3 202	11 406	6 693	2 950

Of the Parent company's pension costs, SEK 749 (416) thousands refer to Board of Directors and CEO.

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

SEK thousands	2021			2020		
	Board and CEO	of which bonus	Other employees	Board and CEO	of which bonus	Other employees
Totalt	6 004	2 100	10 032	3 990	–	7 415

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

SEK thousands	2021			2020		
	Salaries and other remuneration	of which bonus	Pension costs	Salaries and other remuneration	of which bonus	Pension costs
Axel Berntsson, CEO	5 205	2 100	749	3 202	–	416
Johan Westman, Chairman of the Board	400	–	–	100	–	–
Mikael Ekdahl, resigned as Chairman of the Board 2021	–	–	–	200	–	–
Joakim Westh, Board member	133	–	–	100	–	–
Märta Schörling Andreen, Board member	133	–	–	100	–	–
Gun Nilsson, Board member	133	–	–	100	–	–
Other senior executives	7 470	2 225	2 089	3 726	–	1 119
Total	**13 474**	**4 325**	**2 838**	**7 528**	**-**	**1 535**

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 and no severance pay. For the other senior executives, the mutual notice periods vary between three and twelve months and they are not entitled to any severance pay.

Pension obligations

For the financial years 2021 and 2020, 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 2,131 (1,806) thousands.

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 172 (148) percent.

Note 7 Financial items

SEK thousands	2021	2020
Interest income from Group companies	3 621	3 899
Other interest income	636	–
Exchange rate gains on financial receivables and liabilities	11 535	11 121
Total financial income	**15 792**	**15 020**
Interest expenses to Group companies	–	-4
Other interest expenses	-6 968	-6 913
Exchange rate losses on financial receivables and liabilities	-12 846	-10 960
Write-down of intra-Group receivable	-4 095	–
Other financial expenses	–	-702
Total financial expenses	**-23 908**	**-18 579**
Total	**-8 116**	**-3 559**

Note 8 Appropriations

SEK thousands	2021	2020
Tax allocation reserve	-14 542	-
Group contribution received	72 861	13 214
Total	**58 319**	**13 214**

Note 9 Tax

SEK thousands	2021	2020
Current tax	-8 987	-247
Total recorded tax expense for the result for the year	**-8 987**	**-247**
Effective tax rate, %	23.0	23.0
Reconciliation of effective tax		
Result before tax	39 047	1 070
Estimated tax 20.6% (21.4%)	-8 044	-229
Tax effects from:		
Non-deductible expenses	-943	-21
Tax related to previous years	-	3
Total recorded tax expense for the result for the year	**-8 987**	**-247**
Effective tax rate, %	23.0	23.0

Note 10 Intangible fixed assets

SEK thousands	Internally developed intangible fixed assets 2021	2020	Other intangible fixed assets 2021	2020	Intangible fixed assets in progress 2021	2020
Opening accumulated acquisition values	201	–	1 497	771	9 099	6 655
Investments	–	201	–	2 529	4 899	2 444
Sales/disposals	–	–	–	-1 803	–	–
Reclassifications	–	–	–	–	-502	–
Closing accumulated acquisition values	**201**	**201**	**1 497**	**1 497**	**13 496**	**9 099**
Opening accumulated amortizations	**-13**	**–**	**-760**	**-558**	**–**	**–**
Amortizations	-40	-13	-161	-203	–	–
Closing accumulated amortizations	**-53**	**-13**	**-921**	**-760**	**–**	**–**
Closing book value	**148**	**188**	**575**	**736**	**13 496**	**9 099**

Internally developed intangible fixed assets mainly refer to development costs for ERP systems. Other intangible fixed assets mainly refer to ERP systems and licenses. Intangible fixed assets in progress refer to ERP systems and software for which the work not yet has been completed as well as ongoing development projects.

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

SEK thousands	2021	2020
Administrative expenses	-201	-216
Total	**-201**	**-216**

Note 11 Tangible fixed assets

SEK thousands	Equipment, tools, fixtures and fittings 2021	2020
Opening accumulated acquisition values	**568**	**180**
Investments	142	388
Closing accumulated acquisition values	**710**	**568**
Opening accumulated depreciations	**-65**	**-45**
Depreciations	-101	-20
Closing accumulated depreciations	**-167**	**-65**
Closing book value	**544**	**503**

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

SEK thousands	2021	2020
Administrative expenses	-101	-20
Total	**-101**	**-20**

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	2021	2020
Administrative expenses	1 394	1 274
Research and development expenses	44	69
Total	**1 438**	**1 343**

Future minimum commitments for operational leasing

SEK thousands	2021	2020
Due for payment < 1 year	1 255	1 338
Due for payment 1-5 years	2 206	3 438

Note 12 Participations in Group companies

	Share of capital, %	Share of votes, %	Number of shares	Book value 31 Dec 2021, SEK thousands	Book value 31 Dec 2020, 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	242
Filtermist GmbH	100	100	2	15 987	15 987
Jeven Global Oy	100	100	10 000	166 298	166 298
Interzon AB	100	100	100	79 996	79 750
Tessu Systems B.V.*	100	100	18 000	101 210	–
Total				**479 262**	**377 805**

* Acquired during 2021.

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 Fastighets AB	100	559178-3435	Lidköping, Sweden
SMK Sverige AB	100	556212-6341	Skövde, Sweden
Absolent Japan Ltd.	100	0104-01-151086	Tokyo, Japan
Filtermist Holding Ltd.	100	03312267	Telford, UK
Filtermist Systems Ltd.	100	04220347	Stourbridge, UK
Filtermist International Ltd.	100	05671698	Stourbridge, UK
Filtermist Shanghai Ltd.	100	91319999MA1GUOX82J	Shanghai, China
Filtermist Asia Pte. Ltd.	100	201315672M	Singapore
Absolent Filtermist India Private Ltd.	100	07AARCA5325Q1Z0	Delhi, India
Am Sägewerk 1 GmbH*	100	HRB 5795	Dombühl, Germany
Filtermist GmbH**	100	HRB 962	Dombühl, 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
Interzon AB	100	556746-6841	Täby, Sweden
Interzon OU	100	11019095	Tallinn, Estonia
Tessu Systems B.V.	100	39095511	Dronten, the Netherlands

* Formerly known as Bristol Real Estate GmbH.
** Formerly known as Bristol Tool & Gauge International GmbH.


Absolent

Note 13 Prepaid expenses and accrued income

SEk thousands	31 Dec 2021	31 Dec 2020
Rent expenses	306	254
Interest expenses	5	132
Insurance expenses	925	158
Other prepaid expenses	339	620
Total	**1 576**	**1 165**

Note 14 Share capital

	Quota value, SEK		Number of shares	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Class A shares	0.2971	0.2971	11 320 968	11 320 968

Note 15 Liabilities to credit institutions

The Parent company's total liabilities to credit institutions amounted to SEK 545,926 (579,967) thousands and run until 2024.

The Parent company also has an overdraft facility of SEK 20,000 (20,000) thousands.

Note 16 Accrued expenses and prepaid income

SEK thousands	31 Dec 2021	31 Dec 2020
Personnel-related costs	8 452	2 069
Interest expenses	779	1 447
Other accrued expenses	3 129	3 655
Total	**12 360**	**7 171**

Note 17 Pledged assets and contingent liabilities

The company's liabilities to credit institutions are tied to covenants, which are met as of 31 December 2021. 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 2021	31 Dec 2020
Contingent liabilities		
Guarantees for Group companies	25 428	-
Total	**25 428**	**-**

Note 18 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 3. For remuneration to the Board of Directors, see Note 6.

Note 19 Appropriation of profit

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

SEK	2021	2020
Share premium fund	32 510 167	32 510 167
Retained earnings	78 509 421	101 549 774
Result for the year	30 060 155	823 691
Funds available	**141 079 743**	**134 883 632**
Dividend to the shareholders of SEK 2.00 (1.80) per share	22 641 936	20 377 742
Balance carried forward	118 437 807	114 505 890
Total	**141 079 743**	**134 883 632**

Defintions of key figures

Operating margin before amortizations and depreciations (EBITDA)
Operating result before amortizations, depreciations and write-downs in relation to net sales.

Operating margin (EBIT)
Earnings before interest and tax, in relation to net sales.

Net result
Equal to result for the year.

Equity ratio
Total equity in relation to total assets.

Net debt
Cash and cash equivalents less interest-bearing liabilities.

Equity per share
Total equity divided by number of outstanding shares at the end of the period.

Effective tax rate
Tax expenses in relation to result before tax.

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.

Gothenburg, April 11, 2022

JOHAN WESTMAN
Chairman of the Board

JOAKIM WESTH
Member of the Board

GUN NILSSON
Member of the Board

MÄRTA SCHÖRLING ANDREEN
Member of the Board

AXEL BERNTSSON
CEO

Our auditor's report was submitted on April 11, 2022
Ernst & Young AB

DAMIR MATÉSA
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 (publ.) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 46-117.

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 2021 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 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), 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 report over result and other comprehensive income and the report over financial position in 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 (publ.) for the year 2021 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 11, 2022
Ernst & Young AB

DAMIR MATÉSA
Authorized Public Accountant


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Annual Report
2021

ABSOLENT AIR CARE GROUP AB (PUBL)
Västra Hamngatan 10
SE-411 17 Göteborg
Sweden