Air care for healthy growth

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

2022

Annual Report

Absolent
AIR CARE GROUP

Clean air for people, planet and life



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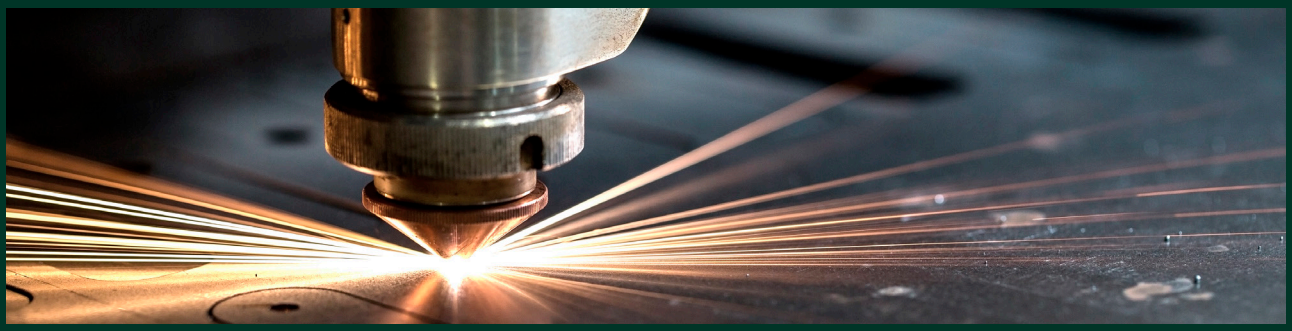
108 Auditor's report

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

01 About Absolent Air Care Group

Clean air in production environments

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



Organization

Absolent Air Care Group, with head office in Sweden, operates production facilities in Sweden, the UK, Canada, the Netherlands 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 products are made through our own subsidiaries as well as through a network of carefully selected distributors in more than 60 countries. Absolent Air Care Group's brands consist of Absolent, Aerofil, Airmaid, Avani, Dustcheck, Diversitech, Filtermist, Jeven, Kerstar, Nu-Air, Tessu and Quatro. Each brand has its own character and functions as an independent entity in its own field.

Customer segments

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

Applications

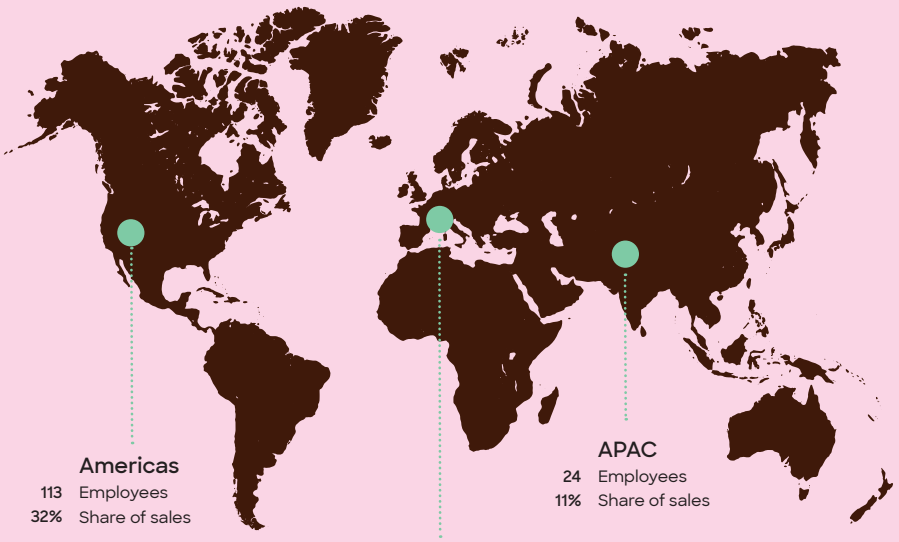
The Group's products are used to clean process air from various types of particles and gases. Typical sources of particulate emissions and gases are manufacturing processes such as milling, turning, rolling, hardening, die casting, welding, laser cutting, grinding, additive manufacturing, frying, roasting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

Technologies

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

447

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

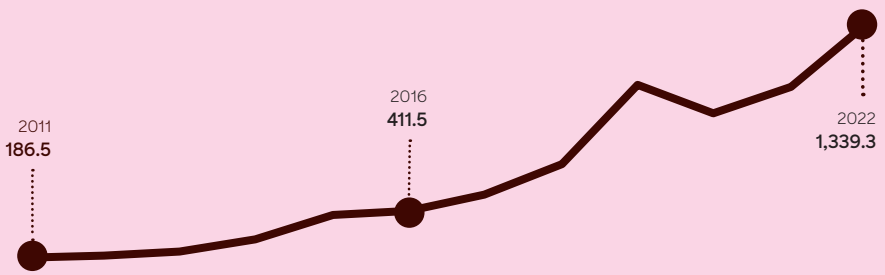


1,339
Net sales, 2022, SEK million

457
Number of employees

60
Sales in number of countries

12
Brands



Net sales development 2011-2022, SEK million

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

History of the Group

2019
Group turnover exceeds SEK 1 billion

2014
Group Parent company listed on stock market

2010
Filtermist Group in the UK is acquired

2006
Schörling becomes the majority shareholder of the Group

1993
Absolent AB is founded



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

In 2006, Melker Schörling acquired a dominating share and became the Group's majority shareholder. To increase the Group's product assortment and geographical presence, the British company Filtermist was acquired in 2010. The year after, the Group set up a sales company in China to establish a sales organization on the Chinese market. At the end of 2013, the German company Bristol Tool and Gauge International GmbH was acquired, which further completes the Group's product portfolio and strengthens the Group's presence on the local market. 2014 also mark an important milestone for the Group, as the Parent company was listed on Nasdaq First North. During 2015, Absolent's American distributor, Avani International Inc, was acquired and during the same time, the German sales company Absolent GmbH was established. In 2016, Multifan Systems in the UK was acquired, and during 2017 and 2018 sales companies were established in France, China and India. During 2017, the British dust filter company Dustcheck was acquired.

2019 was an acquisition-intensive year for Absolent Air Care Group, when six acquisitions were completed. In Sweden, the company SMK, a strategically important subcontractor for Absolent products, was acquired. In the UK, two acquisitions were carried out when the DCS Group, with smoke and dust extraction business, and Kerstar, manufacturer of high-vacuum cleaners, were acquired. The Group further strengthened its offer through the acquisition of the Canadian company Diversitech, market leader in cleaning fumes from welding and cutting. During

2019, the Group also started its investments in commercial kitchen ventilation when Jeven (with operations in Finland and Sweden) and Interzon (with operations in Sweden and Estonia) were acquired.

Together with a strong growth, the above-mentioned acquisitions resulted in the Group reporting a turnover exceeding SEK 1 billion for the first time.

During 2020, Absolent Air Care Group started a sales company in Japan, to further strengthen the Group's presence in the APAC region, and also opened a sales office in Switzerland. 2020 was also the year when the Group set the ambitious target that the Group's own operations shall be carbon neutral in 2030 and the Group's value chain shall be carbon negative in 2050. As a way to have control over its carbon reduction technologies, the Group chose to intensify the development of carbon capture solutions.

2021 began with Absolent Air Care Group increasing its commercial kitchen ventilation investment with the acquisition of the Dutch company Tessu Systems. Together with Jeven and Interzon, the company constitutes the Group's Commercial Kitchen business area. During the year, Absolent strengthened its presence on the European market by establishing a sales company in Italy. As part of the Group's strategy to increase focus on selected growth platforms, two divestments were carried out during 2021; the UK company Gallito Ltd. and the Bristol brand with electrostatic filter operations in Germany. During the fourth quarter of the year, the Canadian companies Quatro Air Technologies Inc. and Aerofil Inc. were acquired. Quatro develops and markets portable air cleaning solutions for hospitals, schools and offices etc. and Aerofil distributes air purification solutions for industries such as mineral processing and pulp and paper.

During the fourth quarter 2022, the Group expanded its investments in the Commercial Kitchen business area through the acquisition of the Dutch company Nu-Air B.V. Together with Tessu, acquired by Absolent Air Care Group in 2021, the company forms a dominating player on the Dutch commercial kitchen ventilation market.



Innovations 2022



Limitless

The mission of Absolent Air Care Group is to always put our customers first and strive to respond to every specific need they might have. At the same time, we always strive to improve efficiency in everything we do and remove inefficiencies wherever possible. To execute on this, we are moving towards new modular product architectures, which will enable more attractive product offers to our customers, while at the same time enable improved efficiency in the full value chain - from product development, through purchasing, production and supply chain, to sales and marketing.

Every customer is unique, and we need to prepare ourselves with flexible product offers to be able to always offer the right solution and the right commercial offer, in shortest possible time. With our new platforms and using the combined strengths of Absolent Air Care Group, we will continuously launch new, innovative products which will further strengthen our leading position on the process air filtration markets.

So let us introduce A·erity – Absolent's new line of oil mist filter units with an unmatched flexibility and performance.

A·erity is a powerful filter unit for industrial processes that guarantees clean air for at least 8,760 operating hours. With rising awareness and knowledge of the effects that airborne pollution can have on our health, Absolent has developed A·erity for a safer work environment with smart solution to optimize energy consumption and minimise CO2 footprint for the customers.

"It is our mission to make the air as clean and the work environment as safe as we possibly can. A·erity is developed in collaboration with our customers to fulfill needs on uptime assurance, energy efficiency and scalability to satisfy future needs. Absolent has proved itself for 30 years and with A·erity comes the next level of filter units."
– Mattias Cleveson, CEO Absolent AB.

A·erity can be modified and scaled to each customer's specific premises, machines and challenges. Depending on airflow and particle load, the unit can be adapted and converted – from 500 up to 40,000 m3/h in airflow with a particle load of 70 down to 10mg/m2. The flexible design of A·erity makes it easy to upgrade if there are other needs in the future. A·erity consists of modules that are selected according to the customer's particle load and flow, which gives a flexibility on a whole new level. A·erity does not only give clean air, but it also gives the chance to future-proof.

All units are fitted with EcoDrive, an IE5 class EC-motor, for optimized energy consumption and safer operation. The EcoDrive runs at optimal speed, saving energy and guaranteeing a smooth, safe, and

"Absolent has proved itself for 30 years and with A·erity comes the next level of filter units."

highly energy-efficient air filtration process. Absolent has a unique composition of fibre materials in our filters with the patented Catch & Release® selfdraining function. The oil captured can be reused or recycled. The final step is a HEPA H13 filter, leaving the air 99.95% free of harmful particles. As always, Absolent promises long-lasting filters, low maintenance and high productivity with our filters.

A·erity has secured IoT solution that gives the customers' control over the filter units and work environment via a user-friendly dashboard with a full overview of the air quality and notifications to plan maintenance efficiently. A·erity will notify when it is time to plan for maintenance or service – for less production stops and to be more energy efficient.

99% of our world is exposed to polluted air

99% of our world is exposed to polluted air* causing an estimated 7 million premature deaths every year. With the rising awareness of the effects that airborne pollution can have on our health in mind - A·smart Ambient was introduced in 2022.

A·smart Ambient can assist and bring light to the indoor air quality problems by monitoring and tracking the ambient air. A·smart Ambient will notify if the air quality in the work environment changes - to be able to prevent and react to protect employees and equipment. The specifically selected sensors monitor Particulate Matter (PM10, PM2,5 and PM1), Volatile Organic Compound (VOC), Carbon dioxide (CO2), Relative Humidity and Temperature in real time. The air quality data is collected and sent to the Absolent secure Cloud where it can be viewed on a laptop or smartphone. A·smart keeps track of the customers' work environment. If something changes A·smart will notify so the customer can plan or act ahead – to make sure their employees and machines stay healthy.

Air pollution is an environmental risk to human health and with A·smart Ambient supporting the progress we are one step closer towards clean indoor air. A·smart makes sure that your filters are in perfect condition, while A·smart Ambient make sure that your work environment is in perfect condition – together they help protect your whole operation and take you towards a smarter and cleaner future!

A gas filter with focus on sustainability and ergonomics

Filtration of polluted air can be divided into two main areas: particle filtration and molecular (gas) filtration. Absolent Air Care Group is a leader within particle filtration, while our solutions for odour reduction and gas filtration have not fully met our high standards on simple, ergonomic handling or circular sustainability – until now. This is why we are now launching CarbonBag – a new standard within sustainable and ergonomic gas filters.

CarbonBag's patented design has been optimized towards simple, safe and ergonomic handling, protecting the operator through avoiding all contact with potentially harmful substances. The product is a part of a patented circular flow where it is possible to reuse the used active carbon through reactivation. All parts are recyclable and contributes to a more sustainable future.

* In concentrations of PM2.5 in excess of the WHO guidelines of 5 µg/m³

02 The year in brief

Net sales

Net sales for the year amounted to SEK 1,339.3 (1,029.8) million, which corresponds to a growth of 30.1 (15.0) %.

Result

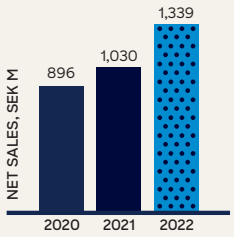
Operating result before depreciations and amortizations (EBITDA) amounted to SEK 260.6 (168.5) million and a margin of 19.5 (16.4) %. Operating result (EBIT) amounted to SEK 220.0 (131.5) million, corresponding to a margin of 16.4 (12.8) %. Result after tax amounted to SEK 151.8 (98.2) million, and earnings per share amounted to SEK 13.40 (8.68).

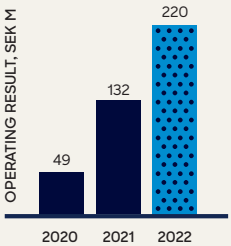
Cash flow

Cash flow from operating activities after changes in working capital amounted to SEK 196.1 (114.5) million.

Dividend

The Board of Directors has decided to propose to the Annual General Meeting a dividend of SEK 2.75 (2.00) per share.





Key figures

	2022	2021	2020
Net sales, SEK thousands	1 339 321	1 029 807	895 860
Sales growth, %	30.1	15.0	-13.7
Operating result before amortizations and depreciations (EBITDA), SEK thousands	260 567	168 538	95 088
Operating margin before amortizations and depreciations, %	19.5	16.4	10.6
Adjusted operating result before amortizations and depreciations (EBITDA1**), SEK thousands	260 567	181 162	128 467
Adjusted operating margin before amortizations and depreciations (EBITDA1**), %	19.5	17.6	14.3
Operating result, SEK thousands	220 001	131 542	48 912
Operating margin, %	16.4	12.8	5.5
Adjusted operating result (EBIT1**), SEK thousands	220 001	144 166	91 121
Adjusted operating margin (EBIT1**), %	16.4	14.0	10.2
Cash flow from operating activities, SEK thousands	196 141	114 510	69 202
Number of employees	457	446	412

* Adjusted key ratios are excluding items affecting comparability for 2021 and 2020. Key ratios for 2020 have been adjusted for effects related to the cost reduction program carried out by the Group during 2020. 2021 has also been adjusted for items affecting comparability, partly a negative impact on the result of SEK 8.1 million related to the divestment of Bristol and partly costs of SEK 4.6 million related to restructuring of parts of the operations in China and our project-based business in the UK. No adjustments have been made for the other periods.



Continuous development and acquisitions

During the fourth quarter, the Group's investment in the Commercial Kitchen business area was expanded through the acquisition of the Dutch company Nu-Air B.V. Together with Tessu Systems B.V., acquired by Absolent Air Care Group in the beginning of 2021, this acquisition forms a dominating player on the Dutch commercial kitchen ventilation market.

The acquisition is one step further in our strategy to build a global market leader in commercial kitchen ventilation and the search for growth opportunities both in terms of organic growth as well as additional acquisitions will continue.

Company	Country	Business area	Time of acquisition	Description
NU-AIR Ventinox AirSystems	The Netherlands	Commercial Kitchen	Q4 2022	Designs, manufactures, sells and maintains commercial kitchen ventilation systems

03 CEO comments

Positive development on all levels

2022 was a year when Absolent Air Care Group developed in the right direction on all levels. We reported good growth, improved cash flow higher margins and not least, we improved the Group's market position by development of new products, company acquisition and organizational development.

To see the Group reporting a strong financial result is of course very gratifying, but with the perspective that Absolent Air Care Group is still in an early stage of its development, the progress with the team, the processes, the systems and the product offering are even more interesting to follow. As CEO, I am proud of what we achieved in these areas during 2022. Our employees have shown great commitment and have worked systematically and energetically to drive the Group's development, and we see an increasingly natural collaboration between our companies.

Next-generation product architectures

During 2022, an increased value creation of belonging to the same Group has shown itself most clearly in product development. We have a long-term goal that no one should have to work in an environment where the air is harmful to them. We estimate that we already protect more than three million people from harmful air, and to protect a hundred times more, we need to offer a significantly larger range of products in different price ranges, with different performances and make them available globally. To achieve that goal, the Group's development must be based on a long-term approach – we need to create the right conditions for sales, distribution, production and administration of large product volumes with great variety. At the core of our ability to execute this evolution are product architectures engineered to efficiently cope with variation.

During the year, we have intensified the work to develop next-generation product architectures with our long-term goals in focus, and that work involves the majority of the Group companies. The strength of collaborating on product development comes from being able to include many different perspectives on how customers use products, what they prioritize and how to solve their challenges in the best way. We can also use the strength of each Group company's deep knowledge of various technologies and their supplier relationships and based on that create better products in a faster and more efficient way.

With our existing product offering, we are the technology market leader, we win deals from competitors and steadily gain market shares, which gives us a good starting point when launching the next generation of products. Our new products will gradually be brought to market over the next few years and gradually give us a stronger offering and a more efficient supply chain, which I expect will lead to an increased organic growth rate and improved margin.

The future

The future for Absolent Air Care Group is very exciting and if we continue to follow our strategic plan as we did in 2022, we will be able to build a Group that makes a big difference to the world and at the same time delivers a fantastic return to our shareholders. I want to thank our employees for their fantastic efforts in 2022 and I look forward to everything we will achieve together in 2023.



Axel Berntsson, CEO
Gothenburg, in April 2023



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 280 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 stick to other components, thereby creating problems for sensitive electronic equipment, which increases the risk for down time and tolerance problems. The significant role of air quality in the availability and productivity of machines means that automation is a trend that supports the demand for air cleaning solutions. Digitalization contributes to new opportunities such as developing additional services related to remote monitoring, predictable maintenance, and pollution-optimized air cleaning solutions.

Local value chains

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

Sustainability

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

5%

The global market for products and services for industrial air filtration and commercial kitchen ventilation is estimated to be worth approximately SEK 280 billion per year. The growth rate for the global market is on average approximately 5% per year.

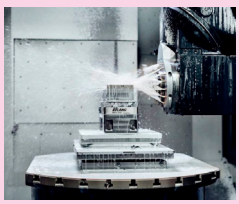
05 Strategy and vision

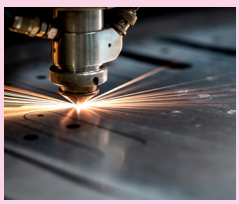
Absolent Air Care Group's strategic target is to be a long-term partner to our customers when it comes to clean air and a good working environment. Among other things, this means we aim to have air cleaning products ranging from entry models to the very best products combined with a focused service offering in the form of consultation, installation and service to give the customers best possible value for their investment. Our goal is always to guide the customer to choose, at once or as soon as possible in the near future, to provide their employees with the best possible working environment with focus on clean and fresh air.

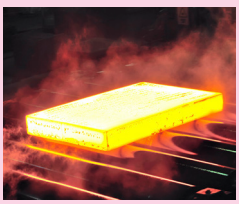
The Group's growth strategy is based on our ability to deliver organic growth that is higher than the industry average as well as growth through acquisitions. The strategy is built on the Group strengthening its position within the two business areas Industrial and Commercial Kitchen. Within the business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

Organizationally, Absolent Air Care Group is built on our highly skilled and committed employees. We are organized to 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.

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


A•smart
Absolent
A•smart
Absolent



06 Value creation model

Business model

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

Assets

8 Production plants

457 Employees

60 Markets

12 Strong brands

53 Years of application experience

Activities



Created value for our stakeholders

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

07 Business areas

Industrial

About the business area

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

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

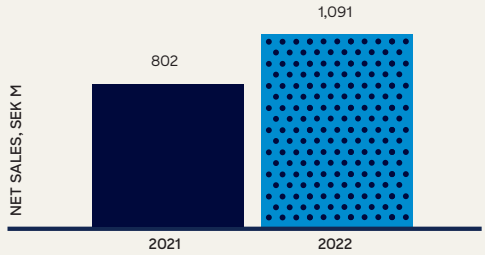
Industrial's end customers include many world-leading companies, such as Bosch, Boeing, Caterpillar, Rolls Royce, Scania, SKF, Sandvik Material Technology, Volvo Cars and Volvo Trucks.

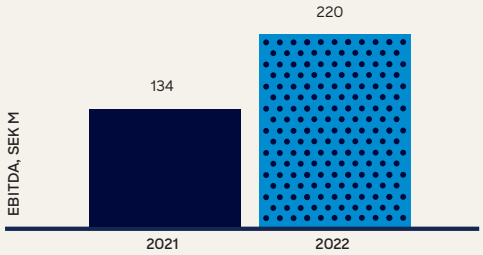
Development during the year

Industrial's net sales amounted to SEK 1,091.0 (802.0) million, which corresponds to a growth of 36.0%. Operating result amounted to SEK 189.4 (105.8) million.

We experienced substantial growth on the European and North American markets, mainly driven by products from the Absolent brand as well as the newly acquired Quatro. We have a diversified customer base in a variety of segments, where many have developed well during the year. The best developments were seen in precision machining within medical technology, watches, jewelry as well as electric cars.

Within the Industrial business area, there is an intense work to develop next generation products built on an entirely new architecture that will increase the attractiveness of our offer and also give completely new conditions to conduct a professionally industrialized process for purchasing, production and distribution. Based on the foundation we have established with the development of the new product platform, we will continuously launch new, innovative and efficient products in the coming years that give us good opportunities for both higher organic growth as well as economies of scale.






GEAR

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.

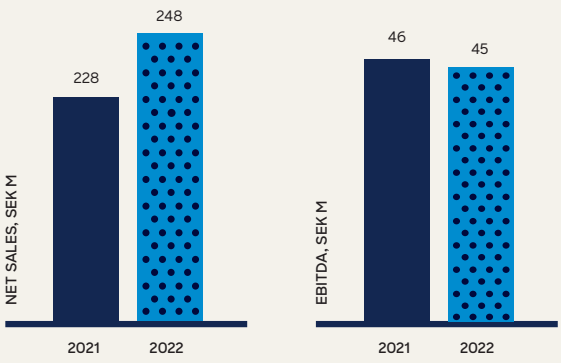
Commercial Kitchen offers an extensive product portfolio of hoods, filtration technologies and fire extinguishing systems to deliver the optimal kitchen ventilation solution. The solutions are applied in kitchens in schools, hospitals, fast foods chains and restaurants. Commercial Kitchen's end customers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

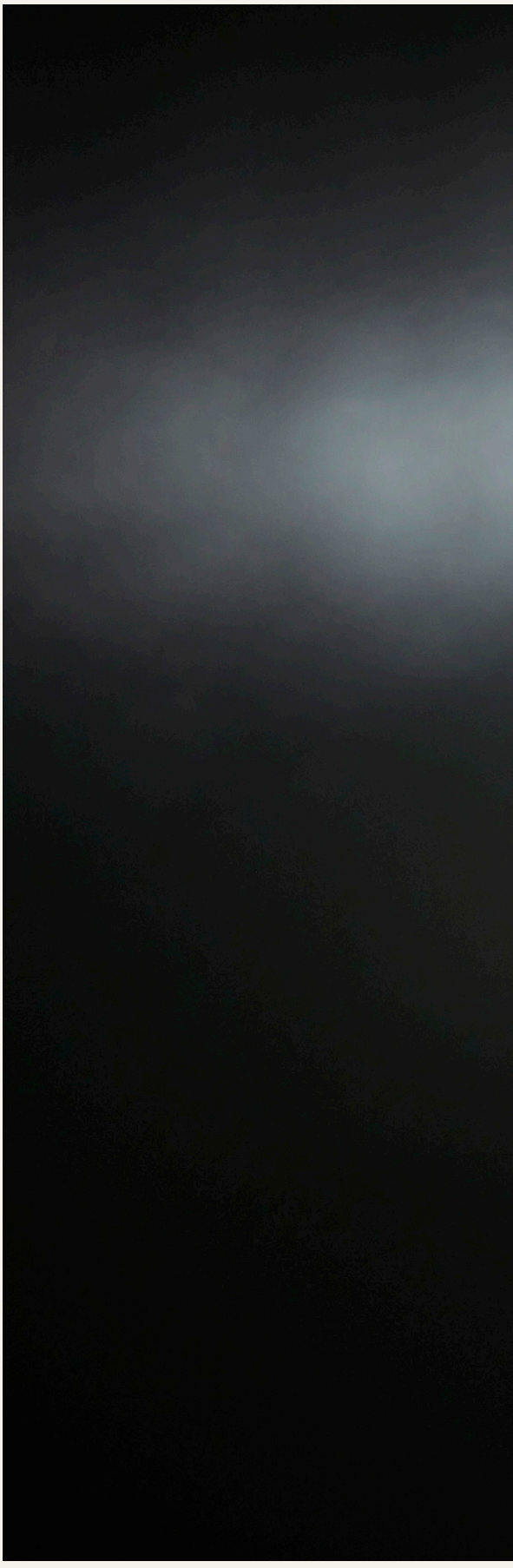
Development during the year

Commercial Kitchen's net sales amounted to SEK 248.3 (227.8) million, which corresponds to a growth of 9.0 %. Operating result amounted to SEK 36.2 (38.9) million.

Within the Commercial Kitchen business area, the Swedish companies have experienced challenges during the year in the form of large, rapid price increases on input material. In combination with the fact that a large share of these companies' business has long order cycles, the above-mentioned price increases on input material have negatively impacted the companies' profitability for the year. Price increases to customers have come into effect gradually during the year and we are continuously working to secure an appropriate balance between cost increases and price adjustments. The business area ended the year with a strong sales growth and reports a solid order intake.

During the fourth quarter 2022, the Group increased the investment in commercial kitchen ventilation with the acquisition of the Dutch company Nu-Air B.V. Together with the Group's existing Dutch company Tessu Systems B.V., they will form a leader on the Dutch commercial kitchen ventilation market. The acquisition is one step further in the Group's strategy to build a global market leader in commercial kitchen ventilation.







”2022 was a year when Absolent Air Care Group developed in the right direction on all levels”



08 Customer cases

Poppe+ Potthoff

Poppe+Potthoff chose Absolent to ensure clean air in their French factory

Founded as a tube mill in 1928, today the Poppe+Potthoff Group employs 1,600 people around the world, using its competence in a wide range of metal working areas to provide creative solutions to diverse customers in over 50 countries.
Drawing on their traditional strengths in the fields of precision steel pipes, common rails, and lines for diesel injection systems as well as precision components and couplings they have developed new technologies and systems that use hydrogen for an emission-free future.

By making targeted investments in young companies, they have created an eco-system that allows them to help their customers meet the challenges presented by sustainability and digitization.

It was therefore obvious that Poppe+Potthoff to equip their workshops with an efficient filtration system for the oil mists generated by the machining to ensure clean air in the factory.

Poppe+Potthoff chose Absolent because of the quality of our equipment and commitment to results, and they are very satisfied with the outcome of their investment.

End user
Poppe+Potthoff

Business area
Industrial

Filter brand
Absolent

Total airflow
36,000 m³/h

Country
France

Application
Metal Working - Automotive

Filter solution
A·smoke 40 and A·smoke 160



McDonald's

50 McDonald’s restaurants with the TurboSwing® technology

With over 200 restaurants from Luleå in the north to Ystad in the south, McDonald's is Sweden’s largest restaurant chain. More than 400,000 Swedes visit McDonald's every day. In 2022, we celebrate the 50th installation of our TurboSwing® Hood technology in Sweden and Norway since the start in 2018.

The challenges of today put even tougher demands on McDonald's as an actor within QSR (Quick Service Restaurants). With their size comes a responsibility, but also the possibility to make a real difference and lead the development forward. For ventilation and energy savings, McDonald's (Food Folk) has invested in the TurboSwing® technology that facilitates a long-term continuous heat recycling through ventilation units with heat exchangers. When McDonald's takes a decision in the right direction, it results in large positive effects for both the food they serve as well as the society they operate in. McDonald's is large enough to make a difference, and with over 39,000 restaurants world-wide they want to participate and make the right choice simple. Absolent Commercial Kitchen Ventilation is a proud long-term supplier to McDonald's and shares the commitment on the focus areas: Food, People and Environment.

End user
McDonald's

Business area
Commercial Kitchen

Filter brand
TurboSwing®

Total airflow
279,000 m³/h

Country
Sweden and Norway

Application
Cooking

Filter solution
Separation in combination with UVC

Kitchen Equipment Supplier
FRANKE FOODSERVICE SYSTEMS & H + K International

Mindray Group

Absolent handles challenging oil smoke for Mindray Group with excellent result

Mindray Group, headquartered in Shenzhen, provides medical devices for the global market. They have branches in more than 30 provinces in China and 40 overseas subsidiaries, with nearly 10,000 employees globally. Mindray's main business covers life information and support, in vitro diagnostics and medical imaging.

Mindray produces various medical devices, which requires high cleanliness in the processing workshop. They also want to have a clean and safe working environment, and provide employees with a healthy workplace. Mindray uses pure oil coolant and high spindle speeds with titanium products, where the resulting smoke is dense and challenging to filter. To tackle this challenge, Mindray Group chose Absolent oil smoke filters and achieved very good results.

Absolent Air Care Group first entered the Chinese medical market in 2016 and this case is an important milestone in our accelerated growth journey in the medical industry in China.

End user
Mindray Group

Business area
Industrial

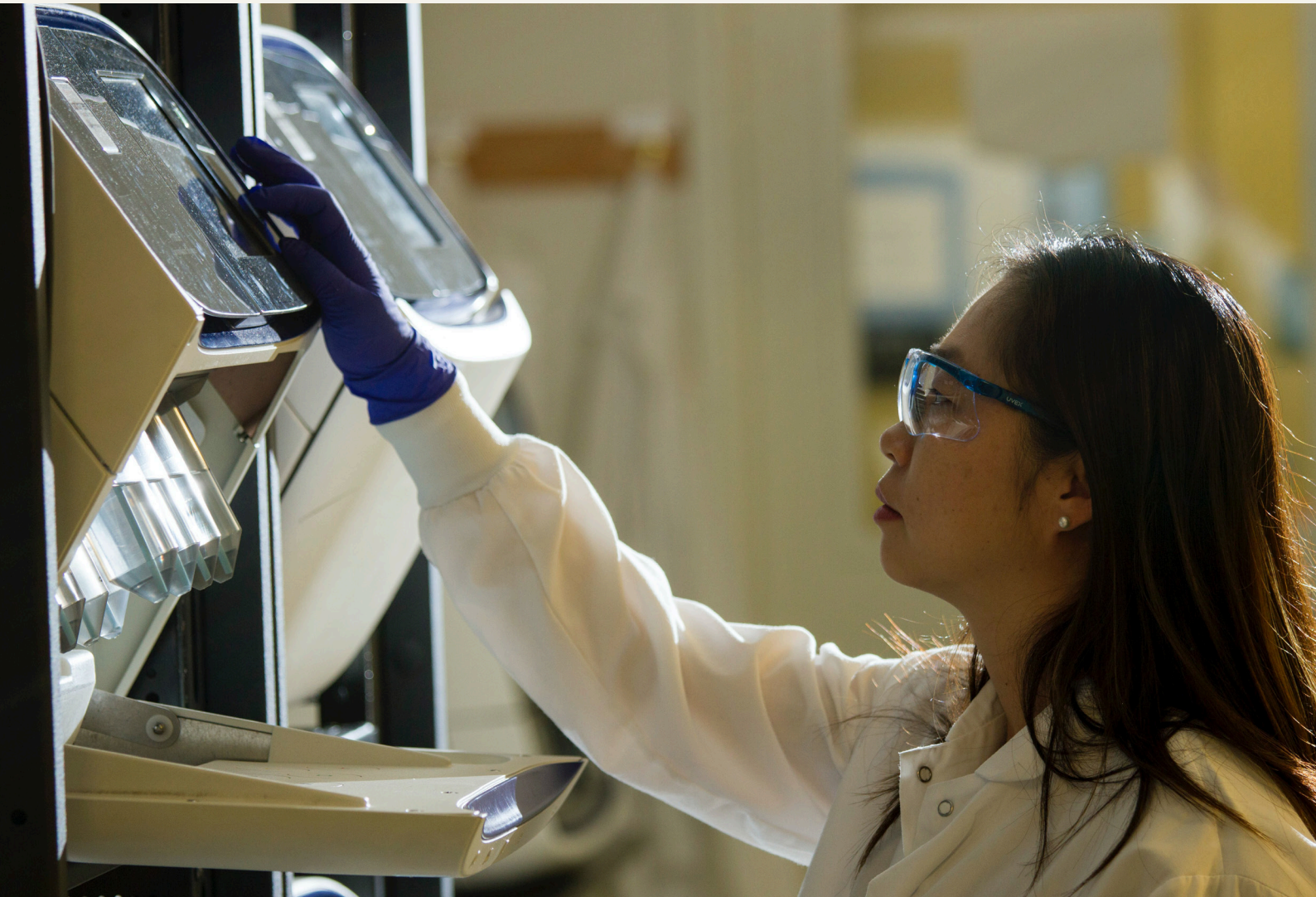
Filter brand
Absolent

Total airflow
44,000 m³/h

Country
China

Application
Machining - Medical Industry

Filter solution
A·smoke 20



09 Sustainability report

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

Sustainable business model

Our business model is based on providing our customers with the most appropriate and qualitative air filtration units, 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 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 IoT-solution A·Smart Ambient and the filtration unit A·erity under the Absolent brand. For more information on product development and innovations, see pages 8-9.

A·erity is based on a modular platform which means that the sizing of the unit can be matched closer to the customer requirements and hence avoiding potential over-sizing of the unit. In order to further reduce energy consumption, A·erity is equipped with a more energy efficient EC motor with energy class IE5 as compared to older units which used AC IE3 motors. The fact that it is an EC motor will also enable variable speed which means that the motor rotates slower during most of its operational time further contributing to energy savings. Finally due to the lower speed of the motor the fan will draw less air through the filters. Hence, the air speed through the filters will be lower giving lower pressure drop, which further reduces the energy use.

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, Canada and the Netherlands. 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.

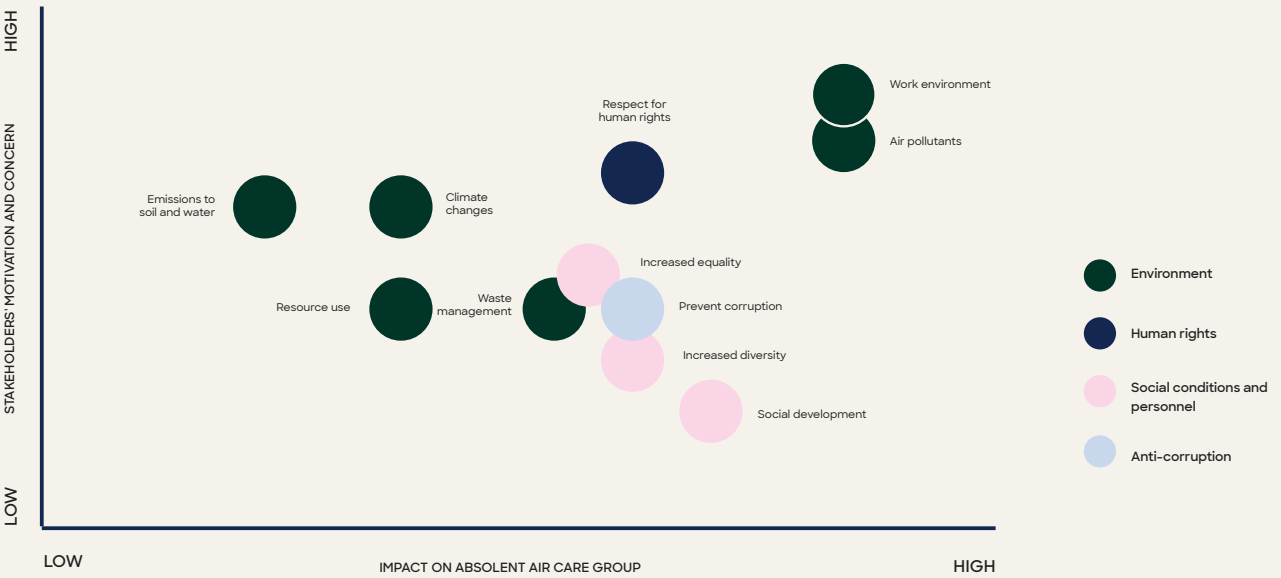

Absolet

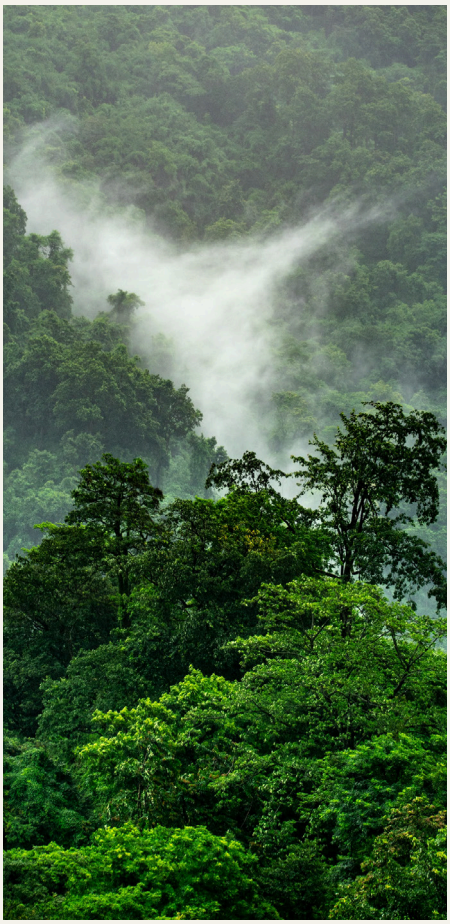


Stakeholders and materiality analysis

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

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





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

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



UN Global goals

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

Absolent Air Care Group's contribution

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



UN Global goals

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

Absolent Air Care Group's contribution

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



UN Global goals

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

Absolent Air Care Group's contribution

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



UN Global goals

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

Absolent Air Care Group's contribution

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



UN Global goals

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

Absolent Air Care Group's contribution

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

Environment

Environmental responsibility

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

Our air cleaning solutions need energy to clean the air, which has a negative environmental impact. Absolent Air Care Group is working actively to minimize our air filtration units' energy 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 measures how successful we are at implementing new technologies in the market to reduce the carbon footprint.

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

Climate changes

One of the main causes of climate change is the 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 2020, all companies within the Group measure their greenhouse gas emissions and work systematically to reduce greenhouse gas emissions and to reach the Group's goals.

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

During the year, the Group has made efforts to reduce the Scope 1 and 2 emissions by switching to fossil-free electricity in several of the Group's production facilities as well as by increasing the share of electric cars in the Group. The Scope 3 emissions have increased compared to the previous year, which is mainly due to acquired operations. Altogether, we see a positive development with a decrease in total emissions in relation to net sales compared to the previous year.

Climate key ratios	2022	2021
Scope 1 CO2e emissions, ton	450	430
Scope 2 CO2e emissions, ton	85	211
Scope 3 CO2e emissions, ton	219 739	201 074
Scope 1+2+3 in relation to net sales*	0.16	0.20

*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 products that free process air from particles. Every year, the Group's filter units clean millions of cubic meters of air. In addition to the positive impact of our products on the environment, Absolent Air Care Group minimizes emissions of air pollutants in its own operations through an environmental management system certified by external auditors in accordance with ISO 14000.

Emissions to soil and water

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

Resource use

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

Waste management

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

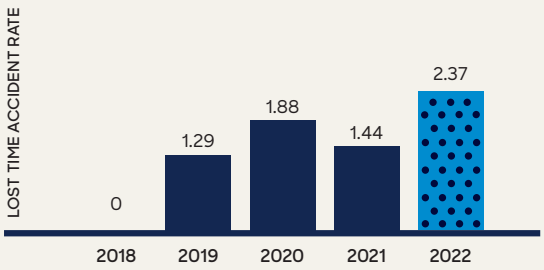
Social conditions and personnel

Work environment

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

By following the Group's guidelines for health and safety, we ensure that our own personnel work in a good work environment. Absolent Air Care Group works actively and systematically with environment management, and the process includes risk analysis, where the risks 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. The increase in LTAR during 2022 is mainly an effect of our greater focus on safety culture, which has resulted in an increased awareness in the whole organization in terms of accident reporting.





76%

of the employees agree that Absolent Air Care Group is a very good workplace, according to the 2022 Employee survey

Personnel

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

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

- All employees shall have equal opportunities based on competence, performance and experience regardless of gender, nationality, religion, ethnic origin, sexual orientation, political opinion, trade union affiliation or social background.
- We never tolerate discrimination, physical or verbal harassment or other kinds of threats.
- All employees shall have the opportunity to exercise their rights to form, join or refrain from joining trade unions or similar organizations and negotiate collectively or individually according to national laws and regulations.
- Terms and conditions of employment and wages shall be reasonable and fair. Absolent Air Care Group complies with applicable laws and industry standards regarding working time. All employees, including temporary employees, shall have written terms of employment and be made aware of the meaning of their terms of employment.

Great Place To Work®

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

Employee survey 2022
76% of Absolent Air Care Group employees agree with the statement:



Diversity and equality policy

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

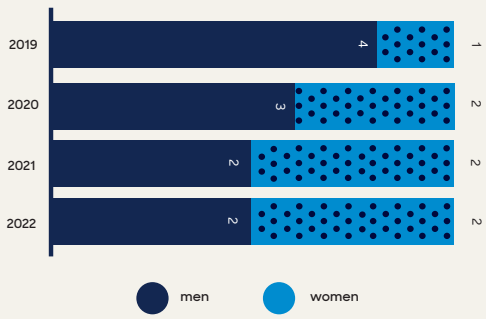
Society

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



GENDER DISTRIBUTION, BOARD OF DIRECTORS





Human rights

Respect for human rights

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

Anti-corruption

Counteraction against corruption

Absolent Air Care Group does not tolerate corruption and or bribery in any form. We comply with applicable legislation and our Code of Conduct also describes how we shall act. All business decisions shall be based on Absolent Air Care Group's best interests regardless of personal relationships or considerations.

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

Risks and risk management

Environmental risks

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

Social conditions and personnel

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

Human rights

As 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. In 2020, 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

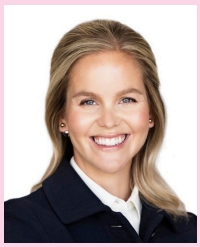
Born
1973

Elected
2019

Education
MSc. Industrial Engineering and Management

Holdings
0 shares

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



MÄRTA SCHÖRLING ANDREEN
Member of the Board

Born
1984

Elected
2017

Education
MSc. Business Administration

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

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

Group management



AXEL BERNTSSON
CEO and President

Born
1980

Employed
2016

Education
MSc. Industrial Engineering

Holdings
190,006 shares



KARIN BROSSING LUNDQVIST
CFO

Born
1964

Employed
2021

Education
MSc. Business Administration

Holdings
934 shares



JAMES STANSFIELD
CEO Filtermist

Born
1974

Employed
2010

Education
MSc. Business Administration

Holdings
6,703 shares



JOHAN WOLLIN
COO

Born
1974

Employed
2020

Education
Phd. Mechanical Engineering and MBA

Holdings
1,006 shares



ROBERT WIKTORÉN
CPO

Born
1975

Employed
2021

Education
MSc. Mechanical Engineering

Holdings
6 shares

Auditor

JOAKIM FALCK
Ernst & Young AB

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

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

11 The share and shareholders

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

General

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

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

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

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

Shareholders

The ownership structure of Absolent Air Care Group as of 31 December 2022 is presented in the table below.

Shareholder	Number of shares	Holding
Mexab Industri AB	6 288 514	55.6%
Westh Ventures AB	1 417 500	12.5%
Cliens Fonder	580 909	5.1%
Odin Small Cap	500 000	4.4%
Lannebo Fonder	400 694	3.5%
BNY Mellon	245 237	2.2%
Investering & Tryghed A/S	216 500	1.9%
Danske Bank	201 385	1.8%
Axel Berntsson	190 000	1.7%
RBS Investor Service	162 320	1.4%
Others	1 117 909	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 2022 financial year. Absolent Air Care Group AB (publ), headquartered in Göteborg, is the Parent company of Absolent Air Care Group and the company's shares are listed on Nasdaq First North Growth Market. The closest Parent company that prepares consolidated financial statements in which the Parent company is included is Mexab Holding AB, corporate identity number 556733-2613 with registered office in Stockholm.

The business

Absolent Air Care Group develops products for cleaning process air and is helping production companies to provide clean fresh air to their employees, reduce energy costs and increase their productivity. The end customers are active in a wide range of industries including the aerospace, automotive, chemical, electronics, pharmaceutical, woodworking and food industries as well as in power generation, hotels and restaurants. The Group's products remove oil mist, smoke, dust and volatile organic pollutants (VOC) from process air. Typical sources of pollution are manufacturing processes such as milling, turning, rolling, hardening, die casting, welding, laser cutting, grinding, additive manufacturing, deep frying, roasting and grilling that generate oil mist, oil smoke, dust or VOC.

The Group, with head office in Sweden, operates production facilities in Sweden, the UK, Canada, the Netherlands 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 products are made through our Group companies and through a network of carefully selected distributors in more than 60 countries.

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

Significant events during 2022

During the fourth quarter, the Group's Commercial Kitchen business area was expanded with the acquisition of the Dutch company Nu-Air B.V. The company performs installation and service of commercial kitchen ventilation equipment and operates production of ventilation hoods and similar equipment. Together with Tessu Systems B.V., acquired by Absolent Air Care Group in 2021, Nu-Air forms a dominating player on the commercial kitchen ventilation market in the Netherlands. The companies will work close together to realize synergies and will be consolidated into one entity over time.

The purchase price amounted to EUR 2.3 million on a cash and debt-free basis, which will be paid over three years. The acquisi-


Absolent

tion was financed with available funds and no earnouts are included in the transaction. During 2023, the acquired operations are expected to contribute to the Group's profit with between five to ten million.

When it comes to product development, the development of the new product A·erity was finalized during the fourth quarter. A·erity will be launched in the beginning of 2023 and will be part of Absolent's product portfolio. This is the Group's first product series that builds on an entirely new architecture that will increase the attractiveness of our offer and also bring completely new conditions to conduct a professionally industrialized process for purchasing, production and distribution. Based on the foundation established with this new product platform, Absolent Air Care Group will continuously launch new, innovative and efficient products in the coming years. A·erity can be modified and scaled to each customer's specific premises, machines and challenges, and guarantees a safe and highly energy-efficient air filtration process.

During the year, A·smart Ambient has also been launched, which is an add-on to the A·smart product and helps customers to monitor and analyze the ambient air. Absolent Air Care Group has also developed CarbonBag during 2022 – a new standard within sustainable and ergonomic gas filters. The product is a part of a patented circular flow where it is possible to reuse the used carbon through reactivation. All parts are recyclable and contributes to a more sustainable future.

As part of the Group's growth strategy, a CEO for Absolent AB was recruited during the spring to strengthen the investment in the Absolent brand. Since the position as CEO for Absolent AB previously was held by Group CEO Axel Berntsson, this recruitment has led to that he can allocate more time to his role as Group CEO and thereby intensify the implementation of the Group's growth agenda. New Absolent AB CEO Mattias Cleveson has also assumed the role as site manager for the production facilities in Lidköping and Skövde. Pontus Broberg, previously holding this role, has continued in the Group organization and works with establishing a global function for strategic purchasing.

2022 has been characterized by geopolitical disturbances, mainly in the form of the Russian invasion of Ukraine. Together with concern about future economic conditions, this has contributed to an uncertainty in the market that is still present.

Financial information

Net sales and result

Net sales for the Group amounted to SEK 1,339.3 (1,029.8) million, which corresponds to a growth of 30.1 (15.0) %. Both business areas experienced growth, where Industrial reported net sales of SEK 1,091.0 (802.0) million and Commercial Kitchen SEK 248.3 (227.8) million. The operating result (EBIT) amounted to SEK 220.0 (131.5) million, where the result improvement is mainly driven by the Industrial business area with an EBIT increase from SEK 105.8 million to SEK 189.4 million. The comparison year 2021 was negatively impacted by some items affecting comparability – a SEK 8.1 million negative profit impact of divestment of Bristol operations 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. Translation effects of foreign Group companies' results have impacted the operating result (EBIT) with SEK 7.5 (-0.5) million. Net financial items amounted to SEK -23.1 (-8.3) million and include exchange rate effects of SEK -3.4 (0.1) million. Net financial items also include an impairment of a financial receivable of SEK 5.4 million related to a transfer of assets made during the previous year. The other part of the increase of net financial items is mainly related to higher interest expenses. Result after tax amounted to SEK 151.8 (98.2) million and earnings per share amounted to SEK 13.40 (8.68).

Cash flow and financial position

Cash flow from operating activities amounted to SEK 196.1 (114.5) million. The cash flow was positively affected by the improved operating result while the increased working capital had a negative impact. During the year, the Group has invested SEK 27.2 (15.2) mainly in capitalized development costs for product development and ERP system, software and machinery in existing operations. The Group's net debt amounted to SEK 293.1 million at the end of the year and SEK 392.1 million at the beginning of the year, where the decrease is attributable to repayments made during the year. The equity ratio amounted to 41.7 (36.4) % at the end of the year.

Expected future development

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

Risks and uncertainties

Cyclical dependence

Absolent Air Care Group's net sales depend on the customers'

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

Competition and technological development

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

Distribution partners

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

Suppliers and access to materials

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

Expansion and acquisitions

In connection with the Group's expansion, business combinations have been carried out. There are always risks associated with business combinations, and these risks include the integration of an acquired company with the Group's operations, the departure of key persons from the acquired company, risks associated with the termination of existing agreements by distributors, customers and suppliers of the acquired company etc. As a result, Absolent Air Care Group cannot guarantee that all business combinations will be successful transactions.

In addition to business combinations, the expansion of the Group means to establish or expand existing operations in several geographic markets. An expansion means investments in establishing and developing local businesses. However, it is not always guaranteed that these investments will generate a positive return, as local market conditions can change as well as vary widely.

Product warranty

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

Political risks

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

Legal risks

The operations are affected by 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 laws and 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 22 on pages 86-87.

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 2022 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 (55.6) % and Westh Ventures AB with 12.5 (12.5) %.



13 Financial report

Financial overview Group

	2022	2021	2020	2019*	2018*
Net sales, SEK thousands	1 339 321	1 029 807	895 860	1 038 351	643 758
Sales growth, %	30.1	15.0	-13.7	61.3	31.0
Operating result before amortizations and depreciations (EBITDA), SEK thousands	260 567	168 538	95 088	174 983	138 007
Operating margin before amortizations and depreciations (EBITDA), %	19.5	16.4	10.6	16.9	21.4
Adjusted operating result before amortizations and depreciations (EBITDA1**), SEK thousands	260 567	181 162	128 467	174 983	138 007
Adjusted operating margin before amortizations and depreciations (EBITDA1**), %	19.5	17.6	14.3	16.9	21.4
Operating result, SEK thousands	220 001	131 542	48 912	111 148	119 977
Operating margin, %	16.4	12.8	5.5	10.7	18.6
Adjusted operating result (EBIT1**), SEK thousands	220 001	144 166	91 121	111 148	119 977
Adjusted operating margin (EBIT1**), %	16.4	14.0	10.2	10.7	18.6
Cash flow from operating activities, SEK thousands	196 141	114 510	69 202	126 084	92 074
Total assets, SEK thousands	1 665 931	1 457 227	1 283 347	1 024 955	481 643
Equity ratio, %	41.7	36.4	32.6	41.7	74.5
Net cash (+) / net debt (-), SEK thousands	-293 128	-392 098	-211 936	-153 167	172 546
Earnings per share, SEK	13.40	8.68	2.06	6.54	8.61
Equity per share, SEK	61.33	46.82	36.94	37.72	31.68
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	457	446	412	531	238

* The comparison years 2019 and 2018 are reported in accordance with previous accounting policies (K3) while 2022, 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. 2021 has also been adjusted for items affecting comparability, partly a negative impact on the result of SEK 8.1 million related to the divestment of Bristol and partly costs of SEK 4.6 million related to restructuring of parts of the operations in China and our project-based business in the UK. No adjustments have been made for the other periods.

Proposed appropriation of profit

SEK	
The Board of Directors proposes that the funds available	
Share premium fund	32 510 167
Retained earnings	61 864 085
Result for the year	103 674 458
	198 048 710
to be appropriated as follows	
distributed to the shareholders (SEK 2.75 per share)	31 132 662
balance carried forward	166 916 048
	198 048 710

Group income statements

SEK thousands	Note	2022	2021
Net sales	4, 5	1 339 321	1 029 807
Costs of products and services sold	7, 12, 13	-791 107	-615 616
Gross profit		**548 214**	**414 192**
Sales expenses	12, 13	-165 532	-131 146
Administrative expenses	3, 12, 13	-151 414	-126 134
Research and development expenses	12, 13	-33 900	-27 224
Other operating income*	6	24 193	8 733
Other operating expenses*	6	-1 560	-6 879
Operating result	**5, 7, 8, 9**	**220 001**	**131 542**
Financial income*	10	753	1 953
Financial expenses*	10, 13	-23 871	-10 264
Result after financial items		**196 883**	**123 230**
Tax expense	11	-45 129	-24 999
Result for the year		**151 755**	**98 232**
Result for the year attributable to:			
Shareholders of the Parent company		151 755	98 232
Non-controlling interests		-	-
Earnings per share, SEK**	**20**	**13.40**	**8.68**

* Currency gains and losses within operating result as well as financial items are reported on a net basis. Comparison figures have been reclassified.
** Before and after dilution

Group statements of other comprehensive income

SEK thousands	2022	2021
Result for the year	**151 755**	**98 232**
Other comprehensive income		
Items that may be reclassified to the income statement		
Translation differences of foreign operations	35 130	33 966
Other comprehensive income	**35 130**	**33 966**
Total comprehensive income	**186 885**	**132 198**
Total comprehensive income attributable to:		
Shareholders of the Parent company	186 885	132 198
Non-controlling interests	-	-

Consolidated statements of financial position

SEK thousands	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Fixed assets			
Goodwill	12	626 000	562 096
Other intangible fixed assets	12	69 163	53 863
Tangible fixed assets	13	172 045	184 515
Financial fixed assets	22	621	5 914
Deferred tax assets	11	7 096	5 257
Total fixed assets		**874 925**	**811 645**
Current assets			
Inventories	14	203 847	143 770
Accounts receivable	22	205 838	200 935
Current tax receivables	11	4 790	17 498
Other receivables	22	17 025	15 358
Prepaid expenses and accrued income	15, 22	23 981	34 791
Cash and cash equivalents	16, 22	335 525	233 230
Total current assets		**791 006**	**645 582**
TOTAL ASSETS		**1 665 931**	**1 457 227**
EQUITY AND LIABILITIES			
Equity	19		
Share capital		3 363	3 363
Other capital contributions		32 510	32 510
Translation reserve		36 980	1 850
Retained earnings incl. result for the year		621 434	492 321
Equity attributable to Parent company shareholders		**694 287**	**530 044**
Non-controlling interests		1	1
Total equity		**694 288**	**530 045**
Long-term liabilities			
Long-term interest-bearing lease liabilities	13, 16	50 221	58 405
Other long-term interest-bearing liabilities	16, 21, 22	556 160	545 926
Provisions	17	2 136	1 604
Deferred tax liabilities	11	27 506	24 234
Other long-term liabilities	22	9 118	49 499
Total long-term liabilities		**645 141**	**679 668**
Short-term liabilities			
Short-term interest-bearing lease liabilities	13, 16	22 033	20 779
Other short-term interest-bearing liabilities	16, 21, 22	239	218
Prepayments from customers		17 812	15 870
Accounts payable	22	56 885	63 823
Current tax liabilities	11	31 885	5 889
Other liabilities	22	85 779	32 838
Accrued expenses and prepaid income	18, 22	111 871	108 099
Total short-term liabilities		**326 504**	**247 515**
TOTAL EQUITY AND LIABILITIES		**1 665 931**	**1 457 227**


Absolent

Consolidated statement of changes in equity

SEK thousands	Share capital	Other capital contribu-tions	Translation reserve	Retained earnings incl. result for the year	Total	Non-con-trolling interests	Total equity
Opening equity 1 Jan 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**
Opening equity 1 Jan 2022	**3 363**	**32 510**	**1 850**	**492 321**	**530 044**	**1**	**530 045**
Result for the year	-	-	-	151 755	151 755	-	151 755
Other comprehensive income							
Translation differences	-	-	35 130	-	35 130	-	35 130
Transactions with shareholders							
Dividend	-	-	-	-22 642	-22 642	-	-22 642
Closing equity 31 Dec 2022	**3 363**	**32 510**	**36 980**	**621 434**	**694 287**	**1**	**694 288**

Group cash flow statements

SEK thousands	Note	2022	2021
Operating activities			
Operating result		220 001	131 542
Adjustments for items not included in the cash flow			
Depreciations, amortizations and write-downs		40 566	36 996
Other items		-3 616	-3 745
Total		**256 952**	**164 793**
Received interest		647	774
Paid interest		-14 123	-9 754
Paid income tax		-5 663	-26 251
Cash flow from operating activities before changes in working capital		**237 812**	**129 561**
Changes in working capital			
Changes in inventories		-42 455	-12 645
Changes in operating receivables		25 728	-25 450
Changes in operating liabilities		-24 944	23 042
Cash flow from operating activities		**196 141**	**114 510**
Investing activities			
Business combinations	3	-12 243	-192 905
Earnout payments		-15 560	-39 003
Investments in intangtible fixed assets	12	-19 570	-7 784
Investments in tangible fixed assets	13	-7 661	-7 374
Sale of tangible fixed assets	13	9 551	367
Increase/decrease of long-term receivable		51	-5 647
Cash flow from investing activities		**-45 432**	**-252 346**
Financing activities			
Amortizations of loans	16	-17 212	-48 773
Amortizations of lease liabilities	16	-22 576	-21 595
Paid dividend		-22 642	-20 378
Cash flow from financing activities		**-62 430**	**-90 746**
Cash flow for the year		**88 279**	**-228 580**
Cash and cash equivalents at the beginning of the year		233 230	451 846
Translation difference in cash and cash equivalents		14 015	9 964
Cash and cash equivalents at the end of the year		**335 525**	**233 230**

The Group

Note 1 Accounting policies

General information

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

The Board of Directors and the CEO resolved to adopt these consolidated financial statements for publication on 4 April 2023.

Basis for preparation

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 2022

No changes of current standards that were effective from 2022 are considered to have had a material impact on the Group's financial statements.

New accounting policies for 2023 and later

No changes of current standards that are effective from 2023 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 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.

Tangible fixed assets

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

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 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.

99%

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

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 9.

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 12.

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

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

Earnouts
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 3 and 22.

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 22.

Note 3 Business combinations

Nu-Air B.V.

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

The acquisition did not have any material impact on earnings per share for 2022. Transaction costs related to this acquisition amounted to SEK 1.0 million, and are recorded as administrative expenses in the Group income statement. The table below summarizes purchase price as well as acquired assets and liabilities, recognized at fair value as of the acquisition date. The purchase price allocation is preliminary, and may be subject to adjustments.

SEK thousands	Nu-Air B.V.
Tangible fixed assets	1 732
Right-of-use asset	16 529
Financial fixed assets	75
Inventories	9 064
Accounts receivable	7 829
Other receivables	37
Prepaid expenses and accrued income	-61
Cash and cash equivalents	8 417
Provisions	-211
Accounts payable	-3 726
Current tax liabilities	-97
Lease liability	-16 495
Other current liabilities	-5 751
Accrued expenses and deferred income	-6 983
Net identifiable assets and liabilities	**10 358**
Goodwill	19 046
Total purchase price	**29 404**
Purchase price liability, to be paid during 2023 and 2024	-8 745
Total transferred consideration	**20 659**
Cash and cash equivalents in the acquired company	-8 417
Effect on Group cash and cash equivalents	**12 243**

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 31 December 2022, the earnout liability is recognized at CAD 4.5 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. 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. The purcase price allocation was completed during the fourth quarter of 2022.

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	24 968
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	**37 112**
Goodwill	143 408
Total purchase price	**180 520**
Earnout	-31 381
Total transferred consideration	**149 139**
Cash and cash equivalents in the acquired companies	-4 015
Effect on Group cash and cash equivalents	**145 124**



Note 4 Revenue

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

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

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

Net sales per products and services

	Industrial		Commercial Kitchen		Total	
SEK thousands	2022	2021	2022	2021	2022	2021
Products, recorded at a certain point in time	909 088	653 854	189 269	172 964	1 098 357	826 818
Services, recorded over time	124 698	73 558	7 644	9 741	132 342	83 299
Products and services, recorded over time	57 242	74 590	51 380	45 099	108 622	119 690
Total	**1 091 028**	**802 003**	**248 293**	**227 804**	**1 339 321**	**1 029 807**

Net sales per geographic region

SEK thousands	Industrial 2022	Industrial 2021	Commercial Kitchen 2022	Commercial Kitchen 2021	Total 2022	Total 2021
EMEA*	525 874	428 665	238 481	216 727	764 355	645 392
Americas	423 935	242 500	2 140	3 545	426 075	246 044
APAC	141 219	130 839	7 672	7 532	148 890	138 371
Total	**1 091 028**	**802 003**	**248 293**	**227 804**	**1 339 321**	**1 029 807**

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

Contractual assets

SEK thousands	31 Dec 2022	31 Dec 2021
Contractual assets		
Accounts receivable	205 838	200 935
Accrued income with remaining performance obligations	9 395	19 257
Total	**215 233**	**220 192**

Contractual liabilities and repayment liabilities

SEK thousands	31 Dec 2022	31 Dec 2021
Contractual liabilities		
Prepaid income	14 150	9 873
Prepayment from customers	17 812	15 870
Total	**31 962**	**25 743**
Repayment liabilities		
Accrued expenses for kickbacks and discounts	2 264	666

Change of contractual liabilities

SEK thousands	2022	2021
Opening balance	25 743	5 243
Recognized as revenue during the year	-26 242	-5 182
Additional contractual liabilities during the year	29 999	24 380
Translation differences	2 463	1 303
Closing balance	**31 962**	**25 743**

Note 5 Segment reporting

The Group's operations consists of two operating segments, Industrial and Commercial Kitchen. The Group CEO has been identified as the chief operating decision-maker (CODM), and the Group CEO follows the development of the operating segments based on net sales and operating result. Net financial items and tax is not followed per segment, neither is the balance sheet. Any transactions between the operating segments are conducted on market terms. The result for each segment includes directly attributable items and items that can be allocated to each segment on a reasonable and reliable manner. Group functions are not allocated to each segment, but recorded separately. Net investments refer to intangible and tangible fixed assets. For more information about the operating segments, see pages 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 Note 1 Accounting policies.

2022

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

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**

Reporting per geographic area

	Net sales		Fixed assets*	
SEK thousands	2022	2021	2022	2021
EMEA**	764 355	645 392	215 590	209 948
of which UK	*234 347*	*201 938*	*60 336*	*85 270*
of which Sweden	*143 108*	*133 002*	*109 645*	*91 171*
Americas	426 075	246 044	29 765	31 955
of which USA	*270 581*	*164 854*	*5 061*	*6 029*
APAC	148 890	138 371	2 949	1 732
Total	**1 339 321**	**1 029 807**	**248 303**	**243 635**

* Do not include goodwill or financial fixed assets. Goodwill has not been allocated on geographical areas since it is only allocated per operating segment.
** The previously separately reported regions Europe and UK & I have been merged and are now reported as EMEA.

Note 6 Other operating income and expenses

SEK thousands	2022	2021
Other operating income		
Government grants	298	3 321
Earnout adjustment	2 349	-
Gains from selling fixed assets	3 958	-
Lease termination gain	-	48
Exchange rate gains*	16 705	4 476
Other operating income	883	888
Total	**24 193**	**8 733**
Other operating expenses		
Revaluation lease contracts	-929	-
Loss from transfer of assets	-	-6 523
Other operating expenses	-631	-355
Total	**-1 560**	**-6 879**

* Currency gains and losses within operating result are reported on a net basis. Comparison figures have been reclassified.

Government grants

The Group has received government grants related to the COVID-19 pandemic. The grants mainly refer to temporary lay-offs.

Note 7 Expenses by nature

SEK thousands	2022	2021
Cost of material	523 074	404 709
Personnel costs	360 049	293 045
Deprecitions, amortizations and write-downs	40 566	36 996
Other external costs	218 264	165 370
Other operating expenses	1 560	6 879
Total operating costs	**1 143 513**	**906 998**

Note 8 Remuneration to auditors

SEK thousands	2022	2021
Ernst & Young		
Audit assignment	1 890	2 246
Audit-related services	5	17
Tax advisory services	-	90
Other services	-	36
Other auditors		
Audit assignment	1 902	1 302
Tax advisory services	171	190
Total	**3 967**	**3 882**

Note 9 Employees and personnel costs

Average number of employees

	2022		2021	
	Number of employees	of which men	Number of employees	of which men
Parent company				
Sweden	9	8	7	6
Total Parent company	**9**	**8**	**7**	**6**
Subsidiaries				
Sweden	106	92	91	79
Estonia	9	1	10	1
Finland	6	5	6	5
France	7	7	8	8
India	6	6	4	4
Italy	1	1	1	1
Japan	1	1	1	1
Canada	98	81	104	87
China	17	12	15	11
Netherlands	13	12	10	9
Norway	-	-	1	1
Switzerland	2	2	1	1
UK	154	112	154	111
Germany	12	10	19	14
USA	15	11	15	11
Total subsidiaries	**447**	**353**	**439**	**344**
Total Group	**457**	**362**	**446**	**350**

Gender distribution for Board of Directors and Group management

	2022		2021	
	Total	of which men	Total	of which men
Board of Directors	4	2	4	2
Group management	7	6	7	6

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

Salaries, other remunerations and social security contributions

SEK thousands	2022 Salaries and other remunerations	2022 Social security contributions	2022 of which pension costs	2021 Salaries and other remunerations	2021 Social security contributions	2021 of which pension costs
Parent company	20 280	11 021	4 187	16 036	8 940	3 202
Subsidiaries, Sweden	59 356	28 427	8 258	52 459	24 713	8 012
Subsidiaries, other	200 924	32 006	6 365	157 021	26 339	4 950
Total Group	**280 560**	**71 454**	**18 809**	**225 517**	**59 992**	**16 164**

Of the Parent company's pension costs, SEK 1,000 (749) thousands refer to Board of Directors and CEO.
Of the Group's pension costs, SEK 2,942 (2,033) thousands refer to Board of Directors and CEOs.

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

SEK thousands	2022 Board and CEO	2022 of which bonus	2022 Other employees	2021 Board and CEO	2021 of which bonus	2021 Other employees
Parent company	6 948	2 206	13 332	6 004	2 100	10 032
Subsidiaries, Sweden	3 453	623	55 903	1 761	174	50 699
Subsidiaries, other	20 172	3 616	180 752	17 613	4 167	139 408
Total Group	**30 573**	**6 445**	**249 987**	**25 378**	**6 441**	**200 139**

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

SEK thousands	2022 Salaries and other remuneration	2022 of which bonus	2022 Pension costs	2021 Salaries and other remuneration	2021 of which bonus	2021 Pension costs
Axel Berntsson, CEO	5 442	2 206	1 000	5 205	2 100	749
Johan Westman, Chairman of the Board	600	-	-	400	-	-
Joakim Westh, Board member	200	-	-	133	-	-
Märta Schörling Andreen, Board member	200	-	-	133	-	-
Gun Nilsson, Board member	200	-	-	133	-	-
Other Group management	12 909	4 101	2 472	10 491	3 358	2 203
Total	**19 550**	**6 307**	**3 472**	**16 495**	**5 458**	**2 951**

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 2022 and 2021, 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 5.1 (4.5) million.

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

Note 10 Financial income and expenses

SEK thousands	2022	2021
Interest income from bank balances	647	774
Exchange rate gains on financial receivables and liabilities*	-	48
Other financial income	106	1 131
Total financial income	**753**	**1 953**
Write-down financial receivable	-5 492	-
Interest expenses on interest-bearing liabilities, excl. lease liabilities	-12 457	-7 148
Interest expenses on lease liabilities	-1 666	-1 900
Exchange rate losses on financial receivables and liabilities*	-3 394	-
Other financial expenses	-861	-1 217
Total financial expenses	**-23 871**	**-10 264**

* Exchange rate gains and losses in financial items are recorded on a net basis. Financial information for the comparison period has been recalculated.

Note 11 Tax

SEK thousands	2022	2021
Current tax	-44 030	-28 086
Deferred tax related to temporary differences and tax loss carry-forwards	-1 099	3 087
Total recorded tax expense for the result for the year	**-45 129**	**-24 999**
Effective tax rate, %	22.9	20.3
Reconciliation of effective tax		
Result before tax	196 883	123 230
Estimated Swedish tax 20.6% (20.6%)	-40 558	-25 385
Tax effects from:		
Non-deductible expenses	-2 007	-4 296
Non-taxable income	326	-23
Recognized loss carry-forwards and utilization of previously non-recognized loss carry-forwards	219	1 279
Non-recognized loss carry-forwards	-844	-427
Tax depreciations on buildings	-28	-32
Differences in tax rates in foreign subsidiaries	-1 895	-1 712
Tax related to previous years	-1 196	1 964
Other	853	3 634
Total recorded tax expense for the result for the year	**-45 129**	**-24 999**
Effective tax rate, %	22.9	20.3

	Deferred tax assets		Deferred tax liabilities	
SEK thousands	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Tax allocation reserves	-	-	16 285	12 623
Loss carry-forwards	281	430	-	-
Intra-Group profit in inventories	5 661	3 907	-	-
Surplus values fixed assets	-	-	7 463	8 102
Temporary differences fixed assets	740	747	3 757	2 584
Other temporary differences	413	173	-	926
Total	**7 096**	**5 257**	**27 506**	**24 234**

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 27.2 (26.8) million. The maturity for all tax loss carry-forwards is shown in the table below.

SEK thousands	31 Dec 2022	31 Dec 2021
2022	-	713
2023	5 248	4 901
2024	5 760	6 371
2025	4 803	3 608
2026-2030	5 915	4 493
Unlimited utilization period	5 505	6 693
Total loss carry-forwards	**27 231**	**26 779**

Note 12 Intangible fixed assets

	Goodwill		Internally developed intangible fixed assets		Other intangible fixed assets		Intangible fixed assets in progress	
SEK thousands	2022	2021	2022	2021	2022	2021	2022	2021
Opening accumulated acquisition values	**562 910**	**321 626**	**20 078**	**18 165**	**47 038**	**19 490**	**14 631**	**9 466**
Business combinations	21 969	218 226	-	-	-	33 548	-	-
Investments	-	-	-	-	165	2 670	19 405	5 113
Sales/disposals	-	-	-	-	-	-8 769	-	-
Reclassifications	-	737	1 813	-	-1 813	-502	-	-
Translation differences	42 007	22 320	1 771	1 913	3 238	601	100	51
Closing accumulated acquisition values	**626 886**	**562 910**	**23 662**	**20 078**	**48 628**	**47 038**	**34 136**	**14 631**
Opening accumulated amortizations	**-**	**-**	**-19 837**	**-17 771**	**-8 047**	**-8 565**	**-**	**-**
Sales/disposals	-	-	-	-	-	4 249	-	-
Amortizations	-	-	-123	-153	-6 992	-3 708	-	-
Reclassifications	-	-	-1 813	-	1 813	-	-	-
Translation differences	-	-	-1 771	-1 913	-491	-22	-	-
Closing accumulated amortizations	**-**	**-**	**-23 544**	**-19 837**	**-13 717**	**-8 047**	**-**	**-**
Opening accumulated write-downs	**-814**	**-799**	-	-	**-**	**-4 382**	-	-
Sales/disposals	-	-	-	-	-	4 429	-	-
Translation differences	-72	-15	-	-	-	-47	-	-
Closing accumulated write-downs	**-886**	**-814**	**-**	**-**	**-**	**-**	**-**	**-**
Closing book value	**626 000**	**562 096**	**117**	**241**	**34 911**	**38 992**	**34 136**	**14 631**

Internally developed intangible fixed assets mainly refer to capitalized expenditure for product development. Other intangible assets mainly refer to customer relations, software licenses etc.

Intangible assets in progress refer to capitalized expenditure for product development and ERP system etc. for which the work not yet has been completed.

Goodwill per business area

SEK thousands	31 Dec 2022	31 Dec 2021
Industrial	366 926	338 427
Commercial Kitchen	259 074	223 669
Total	**626 000**	**562 096**

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

SEK thousands	2022	2021
Cost of products and services sold	-337	-445
Sales expenses	-5 394	-2 656
Administrative expenses	-718	-260
Research and development expenses	-666	-506
Total	**-7 115**	**-3 866**

Impairment testing

Impairment testing of goodwill and intangible assets not yet ready fopr use is performed annually and in case of indication of impairment. Other intangible assets with fixed useful lives are tested in case of indication of impairment. The goodwill in the Group is attributable to subsidiaries and their operations. The Group is divided into the two operating segments Industrial and Commercial Kitchen, which have been defined as separate cash-generating units, and is the level on which the Group's impairment tests have been performed. When preparing the impairment tests, estimates are made to determine the value in use for each cash-generating unit. The value in use is based on established cash flow forecasts for the next five years and a long-term growth rate, i.e. terminal growth. The most important assumptions refer to growth rate, operating margin and discount rate (WACC). When discounting expected future cash flows, a pre-tax WACC of 9.0 (8.5) % has been used. This is considered to be representative for all cash-generating units in the Group.

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

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

Note 13 Tangible fixed assets

SEK thousands	Buildings and land 31 Dec 2022	Buildings and land 31 Dec 2021	Plant and machinery 31 Dec 2022	Plant and machinery 31 Dec 2021	Equipment, tools, fixtures and fittings 31 Dec 2022	Equipment, tools, fixtures and fittings 31 Dec 2021	Construction in progress 31 Dec 2022	Construction in progress 31 Dec 2021	Total 31 Dec 2022	Total 31 Dec 2021
Owned assets	70 011	76 667	14 944	18 296	10 318	10 980	5 396	87	100 669	106 030
Right-of-use asset for leased assets	60 606	72 604	-	112	10 770	5 768	-	-	71 376	78 485
Total book value	**130 617**	**149 271**	**14 944**	**18 408**	**21 088**	**16 749**	**5 396**	**87**	**172 045**	**184 515**

Owned assets

SEK thousands	Buildings and land 2022	Buildings and land 2021	Plant and machinery 2022	Plant and machinery 2021	Equipment, tools, fixtures and fittings 2022	Equipment, tools, fixtures and fittings 2021	Construction in progress 2022	Construction in progress 2021
Opening accumulated acquisition values	**88 479**	**85 943**	**78 564**	**81 907**	**42 173**	**32 978**	**87**	**388**
Business combinations	-	-	3 482	-	6 903	7 536	47	-
Investments	-	107	1 139	4 836	1 344	2 381	5 179	51
Sales/disposals	-6 291	-1 051	-1 184	-10 577	-442	-4 769	-	-
Reclassifications	-	-	-96	-1 770	55	2 125	43	-355
Translation differences	1 478	3 480	1 739	4 168	2 766	1 922	42	3
Closing accumulated acquisition values	**83 667**	**88 479**	**83 644**	**78 564**	**52 798**	**42 173**	**5 396**	**87**
Opening accumulated depreciations	**-11 812**	**-8 964**	**-60 269**	**-61 722**	**-31 193**	**-23 031**	**-**	**-**
Business combinations	-	-	-2 907	-	-5 426	-5 973	-	-
Sales/disposals	1 112	398	693	7 252	179	4 405	-	-
Depreciations	-2 694	-2 700	-4 960	-4 457	-3 857	-3 798	-	-
Reclassifications	-	-	-	1 436	-	-1 429	-	-
Translation differences	-262	-547	-1 259	-2 777	-2 184	-1 366	-	-
Closing accumulated depreciations	**-13 657**	**-11 812**	**-68 701**	**-60 269**	**-42 480**	**-31 193**	**-**	**-**
Closing book value	**70 011**	**76 667**	**14 944**	**18 296**	**10 318**	**10 980**	**5 396**	**87**

Right-of-use asset for leased assets

SEK thousands	Buildings and land 2022	Buildings and land 2021	Plant and machinery 2022	Plant and machinery 2021	Equipment, tools, fixtures and fittings 2022	Equipment, tools, fixtures and fittings 2021
Opening accumulated acquisition values	**101 335**	**86 486**	**339**	**308**	**15 077**	**15 359**
Investments	12 743	10 176	-	-	9 832	3 317
Terminated contracts	-20 255	-1 377	-	-	-7 667	-4 587
Revaluations	1 912	-	-	-	303	78
Translation differences	5 095	6 051	34	32	829	911
Closing accumulated acquisition values	**100 831**	**101 335**	**373**	**339**	**18 374**	**15 077**
Opening accumulated depreciations	**-28 731**	**-13 807**	**-227**	**-103**	**-9 309**	**-6 420**
Terminated contracts	6 343	1 377	-	-	7 574	4 474
Depreciations	-16 350	-15 169	-124	-110	-5 487	-6 907
Translation differences	-1 487	-1 132	-23	-14	-382	-455
Closing accumulated depreciations	**-40 225**	**-28 731**	**-373**	**-227**	**-7 604**	**-9 309**
Closing book value	**60 606**	**72 604**	**-**	**112**	**10 770**	**5 768**

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	2022	2021
Cost of products and services sold	-14 703	-14 583
Sales expenses	-6 800	-7 278
Administrative expenses	-11 388	-10 781
Research and development expenses	-581	-488
Total	**-33 471**	**-33 130**

Items recorded in the income statement related to leasing contracts

SEK thousands	2022	2021
Gains/losses from terminated leasing contracts	-	48
Revaluation leasing contracts	-929	-
Short-term lease expenses	-1 217	-312
Low-value lease expenses	-704	-104
Depreciations on right-of-use asset	-21 961	-22 186
Interest expenses on lease liabilities	-1 666	-1 900
Total	**-26 478**	**-24 454**

See Note 22 regarding maturity analysis lease liability as well as Note 16 for split between long- and short-term lease liabilities.

The total cash flow from leasing contracts amounted to SEK 26.2 (23.9) million, of which SEK 3.6 (2.3) million from operating activities and SEK 22.6 (21.6) million from financing activities.

Note 14 Inventories

SEK thousands	31 Dec 2022	31 Dec 2021
Raw materials	99 990	77 957
Work in progress	12 499	5 077
Finished goods and goods for resale	91 358	60 736
Total	**203 847**	**143 770**

As of the balance sheet date, the total obsolescence provision amounted to SEK 2.7 (4.1) million.

Note 15 Prepaid expenses and accrued income

SEK thousands	31 Dec 2022	31 Dec 2021
Accrued income	9 395	19 257
Rent expenses	661	791
Insurance expenses	5 934	5 833
Other prepaid expenses	7 991	8 911
Total	**23 981**	**34 791**

Note 16 Net debt

SEK thousands	31 Dec 2022	31 Dec 2021
Cash and cash equivalents	335 525	233 230
Liabilities to credit institutions	556 160	545 926
Long-term interest-bearing lease liabilities	50 221	58 405
Short-term interest-bearing lease liabilities	22 033	20 779
Other interest-bearing liabilities	239	218
Net debt	**293 128**	**392 098**

Change of interest-bearing liabilities

SEK thousands	2022	2021
Opening balance	625 328	663 782
New and terminated lease liabilities	9 281	13 207
Amortizations*	-17 212	-48 773
Amortizations of lease liabilities*	-22 576	-21 595
Revaluations of lease liabilities	2 215	78
Translation differences	31 617	18 629
Closing balance	**628 653**	**625 328**

* These items affect the cash flow.

Note 17 Provisions

SEK thousands	2022	2021
Opening book value	1 604	8 720
Provisions for the year	1 408	1 132
Reversals	-523	-1 608
Utilized during the year	-431	-7 181
Translation differences	78	539
Closing book value	**2 136**	**1 604**

The item includes warranty provisions of SEK 2.1 (1.4) thousands, which refer to product responsibilities in the event that the sold products should contain defects or cause personal injury or property damage.

Note 18 Accrued expenses and prepaid income

SEK thousands	31 Dec 2022	31 Dec 2021
Personnel-related costs	63 078	48 733
Repayment liabilities for kickbacks and discounts	2 264	666
Sales commission	3 102	6 191
Purchases	9 797	12 584
Other accrued expenses	19 480	30 050
Prepaid income	14 150	9 875
Total	**111 871**	**108 099**

Note 19 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 20 Earnings per share

In 2022, 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 151,755 (98,232) thousand resulted in earnings per share of SEK 13.40 (8.68), which is both before and after dilution.

Note 21 Pledged assets and contingent liabilities

SEK thousands	31 Dec 2022	31 Dec 2021
Pledged assets		
Bank funds	-	2 873
Total	**-**	**2 873**
Contingent liabilities		
Other guarantees	3 929	-
Total	**3 929**	**-**

Note 22 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 2022

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

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

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**



Earnout liabilities

Liabilities related to earnouts measured at fair value are included in the items other long-term liabilities and other short-term liabilities. The fair value of the earnouts are evaluated regularly and includes management's assessment of future financial performance of the acquired companies.

SEK thousands	2022	2021
Opening balance	67 397	38 769
Increase through business combinations	-	66 578
Adjustment of preliminary PPA	5 828	-
Payment of earnouts	-15 560	-39 007
Reversal of unutilized amounts	-2 349	-
Translation differences	5 056	1 056
Closing balance	**60 372**	**67 397**

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 5.6 (5.5) million, calculated using the interest-bearing liabilities at the end of the year.

Currency risk

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

Transaction exposure

Transaction exposure shall primarliy be minimized by internal actions such as matching of in- and outflows as well as choice of invoicing currency. No currency hedge agreements have been entered into during 2021 and 2022, 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%	
	2022	2021	2022	2021	2022	2021
EUR	5 398	9 395	57 390	95 308	2 870	4 765
USD	14 415	9 858	145 941	84 593	7 297	4 230
CNY	28 107	19 048	42 217	25 347	2 111	1 267
Total			**245 548**	**205 248**	**12 277**	**10 262**

Translation exposure

A 5 percent increase of all exchange rates in relation to SEK would have a positive impact on the Group's equity of SEK 64.3 (55.3) thousands and on the Group's net result of SEK 4.3 (3.5) 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 2022	31 Dec 2021
GBP	496 635	448 707
EUR	338 105	333 411
CAD	361 027	253 174
CNY	49 453	36 267
USD	40 513	35 608
INR	2 358	1 499
JPY	1 218	1 020
HKD	162	-694
CHF	-580	-1 487
NOK	-2 978	-1 575
Total	**1 285 911**	**1 105 929**

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 2022

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



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**

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 2022

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

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**

Change of credit risk reserve

SEk thousands	2022	2021
Opening credit risk reserve	-3 003	-7 950
Recovered reserves	285	850
Reserve for expected losses	-1 120	-2 008
Confirmed losses	532	6 636
Translation differences	-152	-532
Closing credit risk reserve	**-3 459**	**-3 003**

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 23 Related parties

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

Note 24 Significant events after the closing date

After the closing date, Absolent Air Care Group has renewed the Group's credit facility agreement with Nordea, where the renewed agreement was effective from 29 March 2023 and runs over three years. In connection with the renegotiation and renewal of the agreement, the revolving credit facility has been expanded from the previous SEK 600 million to SEK 800 million.

After the closing date, Absolent Air Care Group has also increased its direct presence in Switzerland by an agreement of acquisition of all shares in the Swiss company AIRfina AG, which up until then acted as one of Absolent AB's distributors in the country. The purchase price amounts to CHF 1.1 million and was financed by available funds.


Absolent
Type:
S3B3/650x300
Art. no.:
92110705
Airflow



Parent company income statement

SEK thousands	Note	2022	2021
Net sales	2	46 018	31 757
Sales expenses		-1 589	-1 461
Administrative expenses		-48 830	-37 895
Research and development expenses		-6 085	-4 275
Other operating income*	3	2 718	718
Operating result	**2, 4, 5, 9, 10**	**-7 767**	**-11 156**
Financial items	6		
Result from participations in Group companies		48 124	-
Financial income*		12 561	4 257
Financial expenses*		-16 330	-12 373
Result after financial items		**36 586**	**-19 272**
Appropriations	7	82 017	58 319
Result before tax		**118 602**	**39 047**
Tax expense	8	-14 929	-8 987
Result for the year		**103 674**	**30 060**

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

* Currency gains and losses are reported on a net basis. Comparison figrues have been reclassified.

Parent company balance sheet

SEK thousands	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Fixed assets			
Intangible fixed assets	10	27 920	14 218
Tangible fixed assets	11	423	544
Participations in Group companies	12	476 938	479 262
Receivables on Group companies		257 249	242 158
Total fixed assets		**762 530**	**736 181**
Current assets			
Receivables on Group companies		74 460	60 255
Other receivables		373	348
Prepaid expenses and accrued income	13	3 027	1 576
Cash and cash equivalents		195 143	84 953
Total current assets		**273 003**	**147 131**
TOTAL ASSETS		**1 035 533**	**883 312**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	3 363	3 363
Restricted reserve		918	918
Development costs reserve		27 550	3 486
Total restricted equity		**31 831**	**7 767**
Share premium reserve		32 510	32 510
Retained earnings		61 864	78 510
Result for the year		103 674	30 060
Total unrestricted equity		**198 049**	**141 080**
Total equity		**229 880**	**148 847**
Untaxed reserves			
Tax allocation reserves		38 708	14 542
Total untaxed reserves		**38 708**	**14 542**
Long-term liabilities			
Liabilities to credit institutions	15, 17	556 160	545 926
Liabilities to Group companies		7 961	-
Other long-term receivables	2	-	23 011
Total long-term liabilities		**564 121**	**568 937**
Short-term liabilities			
Accounts payable		2 505	4 373
Current tax liabilities	9	22 601	8 270
Liabilities to Group companies		129 487	107 639
Other liabilities	2	26 224	18 344
Accrued expenses and deferred income	16	22 006	12 360
Total short-term liabilities		**202 824**	**150 986**
TOTAL EQUITY AND LIABILITIES		**1 035 533**	**883 312**

Parent company statement of changes in equity

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

Parent company cash flow statement

SEK thousands	2022	2021
Operatig activities		
Operating result	-7 767	-11 156
Adjustment for items not included in the cash flow		
Amortizations, depreciations and write-downs	328	303
Unrealized exchange rate gains and losses	4 300	1 311
Other	-810	680
Total	**-3 950**	**-8 862**
Received interest	12 561	2 946
Paid interest	-12 030	-6 968
Paid income tax	-598	-1 130
Cash flow from operating activities before changes in working capital	**-4 017**	**-14 014**
Changes in working capital		
Changes in operating receivables	-15 681	-8 246
Changes in operating liabilities	29 707	7 702
Cash flow from operating activities	**10 009**	**-14 558**
Investing activities		
Business combinations	-	-61 062
Investments in intangible fixed assets	-13 909	-4 899
Investments in tangible fixed assets	-	-142
Earnout payments	-15 560	-35 604
Changes in long-term loans to Group companies	15 198	-116 261
Cash flow from investing activities	**-14 272**	**-217 968**
Financing activities		
Amortizations of loans	-17 212	-46 887
Paid dividend	-22 642	-20 378
Received dividend	48 124	-
Received group contribution	106 183	72 861
Cash flow from financing activities	**114 453**	**5 596**
Cash flow for the year	**110 190**	**-226 930**
Cash and cash equivalents at the beginning of the year	84 953	311 883
Cash and cash equivalents at the end of the year	**195 143**	**84 953**

The Parent company

Note 1 Accounting policies

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

Shareholders' contribution and group contribution

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

Business combinations

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

Leasing

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

Financial instruments

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

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

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

Earnouts

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

Note 2 Intra-Group sales and purchases

%	2022	2021
Sales to Group companies in relation to total sales	100%	100%
Purchases from Group companies in relation to total purchases	12%	11%

Note 3 Other operating income and expenses

SEK thousands	2022	2021
Other operating income		
Exchange rate gains	2 718	715
Other operating income	-	3
Total	**2 718**	**718**

Note 4 Remuneration to auditors

SEK thousands	2022	2021
Ernst & Young		
Audit assignment	930	994
Tax advisory services	-	70
Other services	-	36
Total	**930**	**1 100**

Note 5 Employees and personnel costs

Average number of employees

	2022		2021	
	Number of employees	of which men	Number of employees	of which men
Sweden	9	8	7	6
Total	**9**	**8**	**7**	**6**

Gender distribution of the Board of Directors and senior executives

	2022		2021	
	Total	Of which men	Total	Of which men
Senior executives	6	5	6	5
Board of Directors	4	2	4	2
Total	**10**	**7**	**10**	**7**

Salaries, other remunerations and social security contributions

SEK thousands	2022			2021		
	Salaries and other remunerations	Social security contributions	of which pension costs	Salaries and other remunerations	Social security contributions	of which pension costs
Total	19 974	11 327	4 187	16 036	8 940	3 202

Of the Parent company's pension costs, SEK 1,000 (749) thousands refer to Board of Directors and CEO.

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

SEK thousands	2022			2021		
	Board and CEO	of which bonus	Other employees	Board and CEO	of which bonus	Other employees
Totalt	6 642	2 206	13 332	6 004	2 100	10 032

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

SEK thousands	2022 Salaries and other remuneration	2022 of which bonus	2022 Pension costs	2021 Salaries and other remuneration	2021 of which bonus	2021 Pension costs
Axel Berntsson, CEO	5 442	2 206	1 000	5 205	2 100	749
Johan Westman, Chairman of the Board	600	-	-	400	-	-
Joakim Westh, Board member	200	-	-	133	-	-
Märta Schörling Andreen, Board member	200	-	-	133	-	-
Gun Nilsson, Board member	200	-	-	133	-	-
Other senior executives	9 653	2 880	2 350	7 470	2 225	2 089
Total	**16 295**	**5 086**	**3 350**	**13 474**	**4 325**	**2 838**

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 2022 and 2021, 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 2.4 (2.2) million.

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

Note 6 Financial items

SEK thousands	2022	2021
Dividends from Group companies	48 124	-
Interest income from Group companies	12 335	3 621
Other interest income	226	636
Total financial income	**12 561**	**4 257**
Interest expenses	-12 030	-6 968
Exchange rate losses on financial receivables and liabilities	-4 300	-1 311
Write-down of intra-Group receivable	-	-4 095
Total financial expenses	**-16 330**	**-12 373**
Total	**44 353**	**-8 116**

* Exchange rate gains and losses are recorded on a net basis. Financial information for the comparison period has been recalculated.

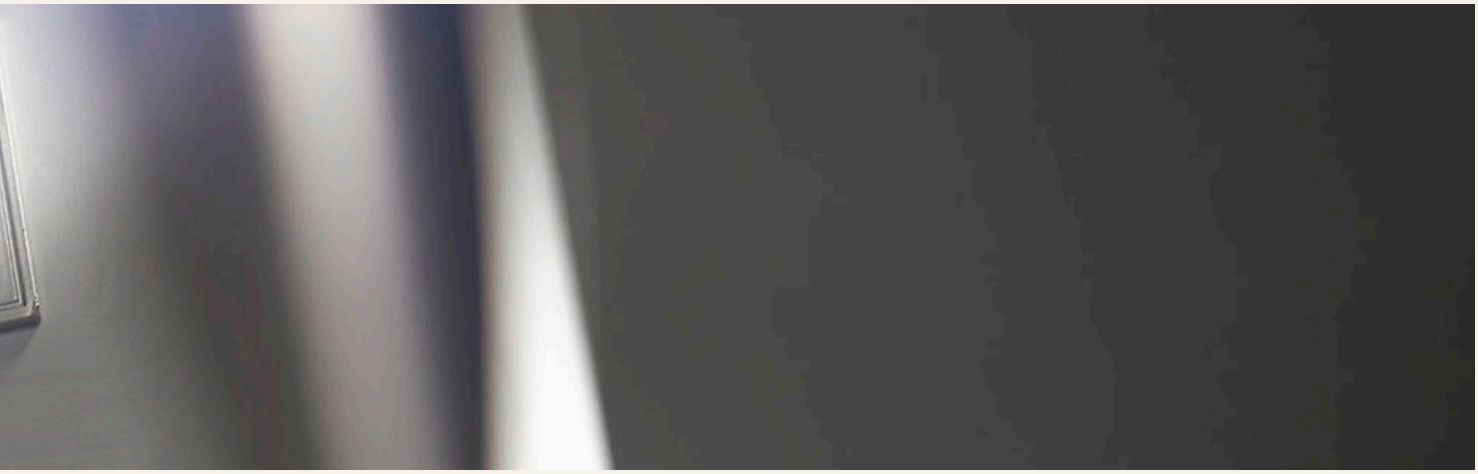


Note 7 Appropriations

SEK thousands	2022	2021
Tax allocation reserve	-24 166	-14 542
Group contribution received	106 183	72 861
Total	**82 017**	**58 319**

Note 8 Tax

SEK thousands	2022	2021
Current tax	-14 929	-8 987
Total recorded tax expense for the result for the year	**-14 929**	**-8 987**
Effective tax rate, %	12.6	23.0
Reconciliation of effective tax		
Result before tax	118 603	39 047
Estimated tax 20.6% (20.6%)	-24 432	-8 044
Tax effects from:		
Non-deductible expenses	-401	-943
Non-taxable income	9 914	-
Other	-9	-
Total recorded tax expense for the result for the year	**-14 929**	**-8 987**
Effective tax rate, %	12.6	23.0



Note 9 Intangible fixed assets

	Internally developed intangible fixed assets		Other intangible fixed assets		Intangible fixed assets in progress	
SEK thousands	2022	2021	2022	2021	2022	2021
Opening accumulated acquisition values	**201**	**201**	**1 495**	**1 495**	**13 496**	**9 099**
Investments	-	-	-	-	13 909	4 899
Reclassifications	-	-	-	-	-	-502
Closing accumulated acquisition values	**201**	**201**	**1 495**	**1 495**	**27 405**	**13 496**
Opening accumulated amortizations	**-53**	**-13**	**-921**	**-760**	**-**	**-**
Amortizations	-40	-40	-167	-161	-	-
Closing accumulated amortizations	**-93**	**-53**	**-1 088**	**-921**	**-**	**-**
Closing book value	**108**	**148**	**407**	**574**	**27 405**	**13 496**

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 capital expenditure for product development and ERP system for which the work not yet has been completed.

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

SEK thousands	2022	2021
Administrative expenses	-207	-201
Total	**-207**	**-201**

Note 10 Tangible fixed assets

SEK thousands	Equipment, tools, fixtures and fittings 2022	2021
Opening accumulated acquisition values	**710**	**568**
Investments	-	142
Closing accumulated acquisition values	**710**	**710**
Opening accumulated depreciations	**-167**	**-65**
Depreciations	-121	-101
Closing accumulated depreciations	**-288**	**-167**
Closing book value	**423**	**544**

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

SEK thousands	2022	2021
Administrative expenses	-121	-101
Total	**-121**	**-101**

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	2022	2021
Administrative expenses	1 635	1 533
Research and development expenses	123	81
Total	**1 758**	**1 613**

Future minimum commitments for operational leasing

SEK thousands	2022	2021
Due for payment < 1 year	1 376	1 255
Due for payment 1-5 years	1 211	2 206

Note 11 Participations in Group companies

	Share of capital, %	Share of votes, %	Number of shares	Book value 31 Dec 2022, SEK thousands	Book value 31 Dec 2021, 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
Absolent CKV AB*	100	100	100	79 996	79 996
Tessu Systems B.V.	100	100	18 000	98 886	101 210
Total				**476 938**	**479 262**

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
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
Absolent CKV AB*	100	556746-6841	Täby, Sweden
Interzon OU	100	11019095	Tallinn, Estonia
Tessu Systems B.V.	100	39095511	Dronten, the Netherlands
Nu-Air B.V.	100	39033741	Almere, the Netherlands

* Formerly known as Interzon AB.



Note 12 Prepaid expenses and accrued income

SEk thousands	31 Dec 2022	31 Dec 2021
Rent expenses	355	306
IT-related expenses	1 015	270
Insurance expenses	1 014	925
Other prepaid expenses	643	74
Total	**3 027**	**1 576**

Note 13 Share capital

	Quota value, SEK		Number of shares	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Class A shares	0.2971	0.2971	11 320 968	11 320 968

Note 14 Liabilities to credit institutions

The Parent company's total liabilities to credit institutions amounted to SEK 556.2 (545.9) million and run until 2024.

The Parent company also has an overdraft facility of SEK 20.0 (20.0) million.

Note 15 Accrued expenses and prepaid income

SEK thousands	31 Dec 2022	31 Dec 2021
Personnel-related costs	12 153	8 452
Interest expenses	4 821	779
Other accrued expenses	5 032	3 129
Total	**22 006**	**12 360**



Note 16 Pledged assets and contingent liabilities

The company's liabilities to credit institutions are tied to covenants, which are met as of 31 December 2022. 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 2022	31 Dec 2021
Contingent liabilities		
Guarantees for Group companies	21 931	25 428
Other guarantees	3 929	-
Total	**25 860**	**25 428**

Note 17 Related parties

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

Note 18 Appropriation of profit

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

SEK	2022	2021
Share premium fund	32 510 167	32 510 167
Retained earnings	61 864 085	78 509 421
Result for the year	103 674 458	30 060 155
Funds available	**198 048 710**	**141 079 743**
Dividend to the shareholders of SEK 2.75 (2.00) per share	31 132 662	22 641 936
Balance carried forward	166 916 048	118 437 807
Total	**198 048 710**	**141 079 743**

Alternative performance measures

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

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

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

Gothenburg, April 4, 2023

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 4, 2023
Ernst & Young AB

JOAKIM FALCK
Authorized Public Accountant

14 Auditor's report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Absolent Air Care Group AB for the financial year 2022. The annual accounts and consolidated accounts of the company are included on pages 46-107 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent company as of 31 December 2022 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 2022 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 Group.

Basis for Opinions

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

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

Other Information than the annual accounts and consolidated accounts

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

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

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

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual

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

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

Auditor's responsibility

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the CEO of Absolent Air Care Group AB for the financial year 2022 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 4, 2023
Ernst & Young AB

JOAKIM FALCK
Authorized Public Accountant

Annual Report
2022

Absolent
AIR CARE GROUP

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