

QUARTER 4
YEAR-END REPORT 2021

SUMMARY QUARTER 4 2021

- Net sales amounted to SEK 272.7 (229.1) million, which equals a growth of 19.0 (-29.3) %.
- Operating profit before amortizations of intangible assets (EBITA) amounted to SEK 31.9 (45.7) million with a margin of 11.7 (19.9) %. Adjusted operating profit before amortizations of intangible assets (EBITA1*) amounted to SEK 44.6 (29.9) million with a margin of 16.3 (13.0) %.
- Operating profit (EBIT) amounted to SEK 3.8 (24.5) million with a margin of 1.4 (10.7) %. Adjusted operating profit (EBIT1*) amounted to SEK 16.4 (8.8) million with a margin of 6.0 (3.8) %. Amortizations of goodwill had an impact on EBIT of SEK -28.0 (-21.1) million.
- Earnings per share amounted to SEK -0.20 (1.93). Adjusted earnings per share amounted to SEK 0.91 (0.53).
- Cash flow from operating activities after changes in working capital amounted to SEK 33.2 (8.2) million.

SUMMARY JANUARY-DECEMBER 2021

- Net sales amounted to SEK 1,029.8 (895.9) million, which equals a growth of 15.0 (-13.7) %.
- Operating profit before amortizations of intangible assets (EBITA) amounted to SEK 138.8 (49.5) million with a margin of 13.5 (5.5) %. Adjusted operating profit before amortizations of intangible assets (EBITA1*) reached SEK 151.4 (91.8) million with a margin of 14.7 (10.2) %.
- Operating profit (EBIT) amounted to SEK 36.3 (-31.2) million with a margin of 3.5 (-3.5) %. Adjusted operating profit (EBIT1*) reached SEK 48.9 (11.0) million with a margin of 4.8 (1.2) %. Amortizations of goodwill had an impact on EBIT with SEK -101.2 (-80.7) million.
- Earnings per share amounted to SEK 0.37 (-4.87). Adjusted earnings per share amounted to SEK 1.48 (-1.14).
- Cash flow from operating activities after changes in working capital amounted to SEK 97.7 (54.4) million.
- The Board of Directors has decided to propose to the AGM a dividend of SEK 2.00 (1.80) per share.

** 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. The cost reduction program was initiated during the second quarter of 2020 and successfully finalized during the fourth quarter of 2020. The fourth quarter of 2020 showed a positive impact, due to the costs for the program ending up lower than previously reported. To facilitate comparability, adjustment for items affecting comparability has also been made for 2021, partly a negative impact on the result of SEK 8.1 million related to the divestment of Bristol and partly costs of SEK 4.6 million related to restructuring of parts of the operations in China and our project-based business in the UK.*

KEY RATIOS

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales (SEK thousands)	272 689	229 061	1 029 807	895 860
Sales growth (%)	19.0	-29.3	15.0	-13.7
EBITDA (SEK thousands)	34 084	53 559	149 703	73 455
EBITA (SEK thousands)	31 933	45 673	138 759	49 543
EBITA (%)	11.7	19.9	13.5	5.5
Amortizations of goodwill (SEK thousands)	-27 994	-21 139	-101 225	-80 728
Operating profit EBIT (SEK thousands)	3 762	24 534	36 323	-31 184
Operating margin EBIT (%)	1.4	10.7	3.5	-3.5
Cash flow from operating activities (SEK thousands)	33 236	8 153	97 691	54 447
Equity ratio (%)	29.7	30.5	29.7	30.5
Net debt (SEK thousands)	312 913	129 903	312 913	129 903
Earnings per share (SEK)	-0.20	1.93	0.37	-4.87
Equity per share (SEK)	31.37	30.37	31.37	30.37
Number of shares, end of period	11 320 968	11 320 968	11 320 968	11 320 968

ADJUSTED KEY RATIOS

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Adjusted EBITA1 (SEK thousands)	44 557	29 892	151 383	91 752
Adjusted EBITA1 (%)	16.3	13.0	14.7	10.2
Adjusted operating profit EBIT1 (SEK thousands)	16 386	8 753	48 947	11 025
Adjusted operating margin EBIT1 (%)	6.0	3.8	4.8	1.2
Adjusted earnings per share (SEK)	0.91	0.53	1.48	-1.14



COMMENTS BY CEO AXEL BERTSSON

2021 was an intense year for Absolent Air Care Group, where recovery and structural work were mixed with market expansion, two acquisitions and two divestments. The result of the good work of all employees is a growth of 15.0% to SEK 1,029.8 (895.9) million in sales for the full year and a result improvement (EBITA) of 180.1% to SEK 138.8 (49.5) million.

During the fourth quarter, the Group delivered a growth of 19.0% compared to the same quarter previous year with net sales increasing to SEK 272.7 (229.1) million. The Group's underlying profitability also improved compared to the same period last year. However, the result includes some items affecting comparability – a SEK 8.1 million negative profit impact of the divestment of Bristol as well as costs of SEK 4.6 million related to restructuring of parts of the operations in China and our project-based business in the UK. Adjusted for these items, the Group's operating margin (EBITA) for the quarter amounted to 16.3% compared to 13.0% (adjusted EBITA-margin) the previous year.

Halfway through the fourth quarter, Quatro Air Technologies Inc. including its subsidiary Aerofil Inc. were acquired. The companies have their head office in Pointe-Claire, Quebec in Canada and generate net sales of approximately CAD 16 million with an average EBITDA-margin of 23%. The acquisition gives us access to several new market niches where we do not have any business today. This refers to, for example, portable plug & play air cleaning solutions and follows the Group strategy to increase our business outside of traditional machining. The acquisition also strengthens the Group's position on the North American market and gives access to a new product assortment that we intend to offer our customers on a global basis through our existing sales channels.

During the quarter, we opened a sales office in Italy. The office will serve as a base for direct sales in Italy and will also support our local partner and be a center for sales support and global business development for Italian customers. The opening of our sales office in Italy is a long-term investment with good potential, since Italy is the fourth largest economy in Europe with a large process industry.

After a period during the summer and autumn when order intake and delivery capacity have been hampered by shortage of components for us and our customers, the latter part of the year and the start of 2022 has shown a considerably higher market activity and order intake. Once again, the Group has received some larger orders from automotive companies and their subcontractors, which we have not seen since early spring 2021. The Commercial Kitchen companies, which have retained their sales levels despite major challenges faced by the industry during the pandemic, have also seen a clearly positive trend regarding number of quotes and order intake. The Group continues into 2022 with a well-filled order book and looks with confidence on the possibility of additional growth and profitability improvement.

Axel Berntsson, President and CEO
Gothenburg, February 2022

JANUARY-DECEMBER 2021

NET SALES

The net sales for the Group amounted to SEK 1,029.8 (895.9) million, which corresponds to a change of 15.0 (-13.7) %.

RESULT

Operating profit (EBITA) amounted to SEK 138.8 (49.5) million, which corresponds to a margin of 13.5 (5.5) %. As the Group does not apply IFRS, no impairment tests of goodwill are performed. Instead, the Group amortizes goodwill over the estimated useful life, which is five to ten years. The amortizations of goodwill do not affect the taxable profit. EBIT amounted to SEK 36.3 (-31.2) million, where the previous year was negatively impacted of the Group cost reduction program of SEK 42.2 million. Currency rates impacted the operating profit (EBIT) by SEK 0.6 (-1.3) million for the period. The financial items include SEK 0.1 (-2.2) million of currency effects. The impact is related to the credit facility in foreign currency. Net financial items amounted to SEK -6.4 (-9.9) million and result for the period to SEK 4.1 (-55.1) million. Earnings per share amounted to SEK 0.37 (-4.87).

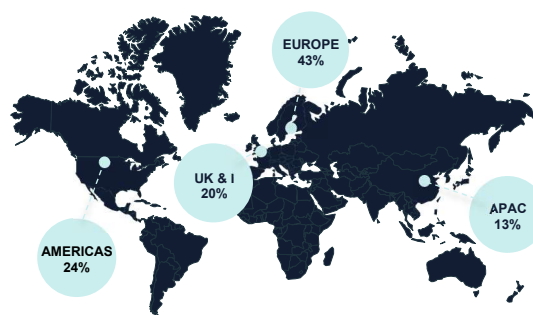
INVESTMENTS

During the period January-December, the Group invested SEK 14.8 (14.3) million mainly in software, machinery and equipment in existing operations. In January 2021, the Group acquired the commercial kitchen ventilation company Tessu Systems B.V. in the Netherlands for EUR 5.3 million on a cash and debt-free basis plus an additional earnout depending on the company's performance in 2021 and 2022. During November 2021, the two Canadian companies Quatro Air Technologies Inc. and Aerofil Inc. were acquired for CAD 22 million plus an earnout based on the earnings development during 2022 and 2023. In January 2021, the Group divested the UK company Gallito Limited and during the fourth quarter the Bristol brand with related operations, where the latter had a negative impact on the result of SEK 8.1 million. In the second quarter of the year an earnout of SEK 35 million was paid in relation to the Interzon acquisition in 2019.

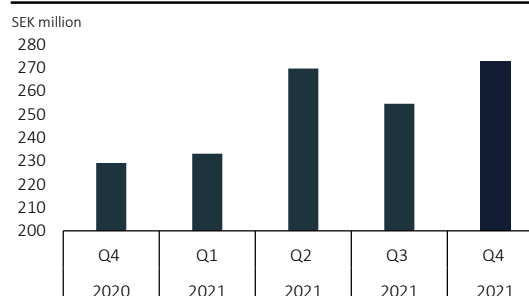
CASH FLOW

Cash flow from the operating activities before changes in working capital amounted to SEK 112.9 (38.7) million. Cash flow after changes in working capital amounted to SEK 97.7 (54.4) million.

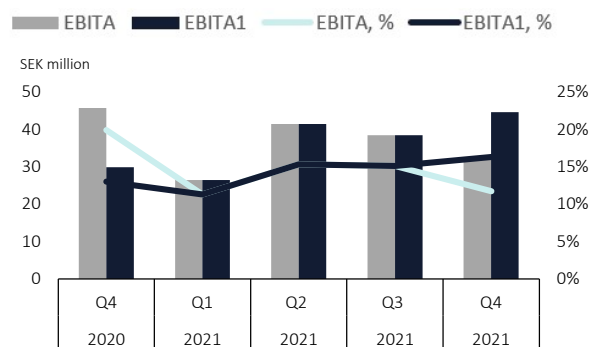
NET SALES PER REGION, JAN – DEC



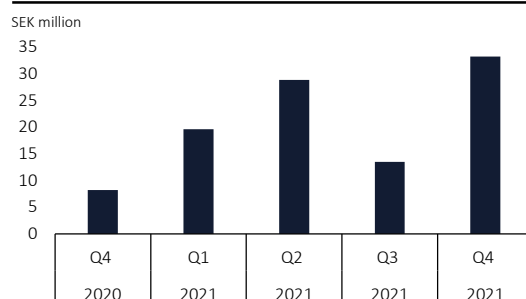
NET SALES



EBITA AND EBITA MARGIN



CASH FLOW FROM OPERATING ACTIVITIES



FINANCIAL POSITION

Interest-bearing liabilities amounted to SEK 546.1 million at the end of the period. At the beginning of the period, the liabilities amounted to SEK 581.7 million. Net debt of the Group was SEK 312.9 million by the end of the period compared to SEK 129.9 million at the beginning of the period. The net debt increase is related to the acquisitions made during the year. The equity ratio amounted to 29.7 (30.5) %. The Parent company's credit facility amounts SEK 600 million and expires during 2024.

OTHER INFORMATION

RISKS AND UNCERTAINTIES

The Group and the Parent company are exposed to a number of different risks in their daily operations such as business risk, competitor risk, distributor risk, supplier risk and acquisition risk. These risks are described in detail in the Annual Report of Absolent Air Care Group for 2020 (available on www.absolentgroup.com). The risk profile remains since the Annual Report of 2020 was published. During 2021, COVID-19 has continued to create uncertainty in the market, but to a more limited extent and with more regional differences.

FINANCIAL IMPACT OF COVID-19

The Group has received government grants of SEK 3.3 million for the period January to December 2021.

ACCOUNTING POLICIES

The Group and the Parent company apply the Swedish Annual Accounts Act (1995:1554) and BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3). The accounting policies applied are the same as those described in the annual report for 2020. Government grants are reported as other operating income. No new accounting policies for 2021 have had any material impact on the Group.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) will be held on May 19 (a meeting with only postal voting, provided that the so-called temporary AGM Act is reintroduced). The annual report is expected to be available on April 26 at the company's head office in Gothenburg.

This information is information Absolent Air Care Group AB (publ.) is obligated to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 8:00 a.m. CET Feb 24, 2022.

DIVIDEND

The Board of Directors has decided to propose to the AGM a dividend of SEK 2.00 (1.80) per share, corresponding to SEK 22.6 (20.4) million.

CONTACT INFORMATION

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CERTIFIED ADVISER

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

FINANCIAL CALENDER

Interim report Jan-Mar 2022, May 19, 2022

Annual General Meeting, May 19, 2022

Interim report Jan-Jun 2022, Aug 17, 2022

Interim report Jan-Sep 2022, Nov 11, 2022

This year-end report has not been reviewed by the company auditors.

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

The year-end report is available on the Group website (www.absolentgroup.com).

Gothenburg, February 24, 2022

Axel Berntsson

President and CEO

GROUP – INCOME STATEMENT

(SEK thousands)	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	272 689	229 061	1 029 807	895 860
Cost of goods sold	-162 175	-139 785	-616 334	-592 490
Gross profit	110 513	89 276	413 474	303 370
Sales expenses	-61 408	-45 699	-230 002	-211 431
Administrative expenses	-34 083	-20 627	-121 737	-124 761
Research and development expenses	-7 748	-4 879	-27 218	-24 948
Other operating income and expenses	-3 513	6 463	1 806	26 586
Operating result (EBIT)	3 762	24 534	36 323	-31 184
Financial items	-1 598	-1 380	-6 412	-9 947
Result before tax	2 164	23 154	29 912	-41 131
Taxes	-4 472	-1 343	-25 767	-13 955
Result for the period	-2 308	21 811	4 145	-55 086

GROUP – BALANCE SHEET

(SEK thousands)	31 Dec 2021	31 Dec 2020
Assets		
<i>Fixed assets</i>		
Intangible assets	430 956	261 332
Tangible assets	106 030	107 499
Other long-term receivables	5 914	87
Deferred tax assets	4 730	2 622
Total fixed assets	547 631	371 540
<i>Current assets</i>		
Inventories	143 770	98 788
Accounts receivable	200 935	157 713
Other current assets	69 412	46 980
Cash and cash equivalents	233 230	451 846
Total current assets	647 347	755 327
Total assets	1 194 979	1 126 867
Equity and liabilities		
<i>Equity</i>		
Share capital (11,320,968 shares)	3 363	3 363
Other contributed capital	32 510	32 510
Other equity including result for the period	319 218	307 920
Non-controlling interests	1	1
Total equity	355 092	343 794
<i>Provisions</i>		
Deferred tax liabilities	16 132	16 553
Other provisions	68 989	47 469
Total provisions	85 121	64 022
<i>Long-term liabilities</i>		
Liabilities to credit institutions	545 926	579 967
Total long-term liabilities	545 926	579 967
<i>Short-term liabilities</i>		
Other interest-bearing liabilities	218	1 782
Accounts payable	63 823	46 734
Other current liabilities	144 799	90 568
Total short-term liabilities	208 840	139 084
Total equity and liabilities	1 194 979	1 126 867

GROUP - STATEMENT OF CHANGES IN EQUITY

(SEK thousands)	Jan-Dec 2021	Jan-Dec 2020
Opening balance	343 794	427 073
Translation differences	27 531	-28 193
Dividends	-20 378	-
Result for the period	4 145	-55 086
Changes in non-controlling interests	-	-
Closing balance	355 092	343 794

GROUP - CASH FLOW STATEMENT

(SEK thousands)	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Operating result (EBIT)	3 762	24 534	36 323	-31 184
Adjustment for items not included in the cash flow	24 004	-1 186	109 869	117 114
Financial net, paid	-254	-2 059	-7 081	-7 930
Paid tax	665	-15 059	-26 251	-39 318
Changes in working capital	5 060	1 923	-15 170	15 765
Cash flow from operating activities	33 236	8 153	97 691	54 447
Investing activities	-5 648	9 200	-14 791	-3 908
Business combinations	-154 637	-5 000	-236 682	-32 000
Change long-term receivable	-150	127	-5 647	358
Cash flow from investing activities	-160 435	12 480	-257 119	18 897
Cash flow from financing activities	111 497	-3 330	-69 151	289 380
Cash flow for the period	-15 702	9 150	-228 580	308 277
Cash and cash equivalents at the beginning of the period	245 360	447 991	451 846	150 379
Translation differences	3 572	-5 295	9 964	-6 810
Cash and cash equivalents at the end of the period	233 230	451 846	233 230	451 846

PARENT COMPANY – INCOME STATEMENT

(SEK thousands)	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	10 664	6 578	31 757	22 765
Sales expenses	-453	-180	-1 461	-948
Administrative expenses	-10 467	-8 011	-37 895	-28 772
Research and development expenses	-1 842	-733	-4 275	-2 356
Other operating income and expenses	454	-100	718	726
Operating result (EBIT)	-1 645	-2 446	-11 156	-8 585
Financial items	-4 626	-237	-8 116	-3 559
Appropriations	58 319	13 214	58 319	13 214
Result before tax	52 048	10 531	39 047	1 070
Taxes	-11 654	-2 244	-8 987	-246
Result for the period	40 395	8 287	30 060	824

PARENT COMPANY - BALANCE SHEET

(SEK thousands)	31 Dec 2021	31 Dec 2020
Assets		
<i>Fixed assets</i>		
Intangible fixed assets	14 218	10 023
Tangible fixed assets	544	503
Participations in Group companies	479 262	377 805
Receivables on Group companies	242 158	92 836
Total fixed assets	736 181	481 167
<i>Current assets</i>		
Receivables on Group companies	60 255	55 914
Other receivables	2 200	1 331
Cash and cash equivalents	84 953	311 883
Total current assets	147 408	369 128
Total assets	883 589	850 295
Equity and liabilities		
<i>Equity</i>		
<i>Restricted equity</i>		
Share capital (11,320,968 shares)	3 363	3 363
Fund for capitalized development expenditure	3 486	-
Restricted reserves	918	918
<i>Non-restricted equity</i>		
Share premium reserve	32 510	32 510
Retained earnings	78 510	101 550
Result for the period	30 060	824
Total equity	148 847	139 165
Untaxed reserves	14 542	-
<i>Provisions</i>		
Other provisions	40 908	35 358
Total provisions	40 908	35 358
<i>Long-term liabilities</i>		
Liabilities to credit institutions	545 926	579 967
Liabilities to Group companies	-	41 369
Total long-term liabilities	545 926	621 336
<i>Short-term liabilities</i>		
Accounts payable	4 373	2 741
Liabilities to Group companies	107 639	43 714
Other liabilities	21 355	7 981
Total short-term liabilities	133 367	54 436
Total equity and liabilities	883 589	850 295
Contingent liabilities	25 428	-