

CLEAN AIR FOR
PEOPLE, PLANET
AND LIFE

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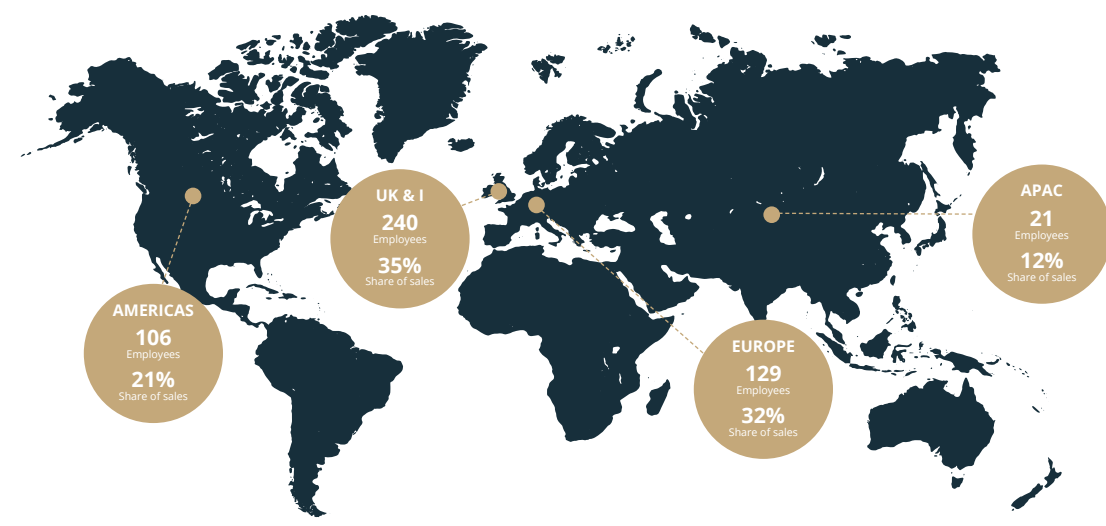
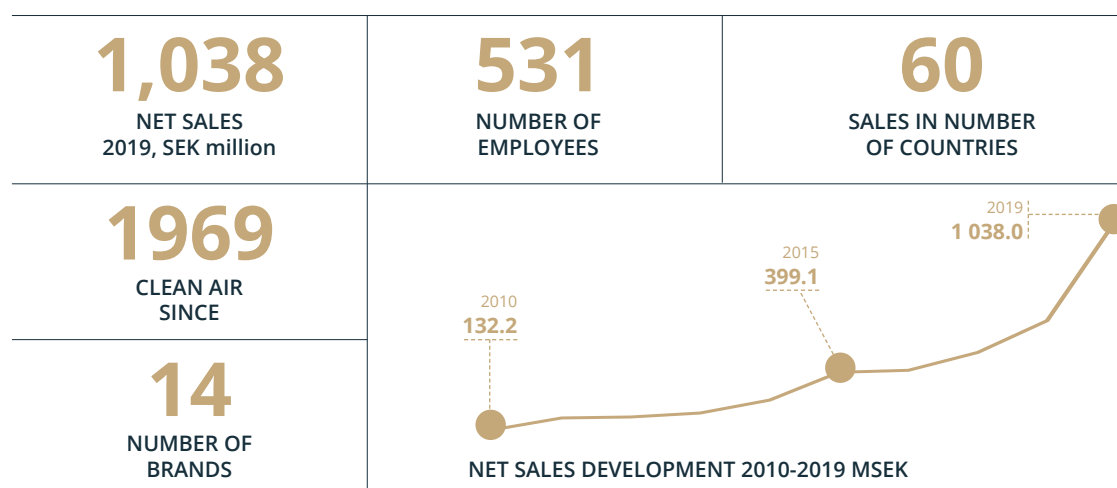
ABOUT ABSOLENT GROUP

CLEAN AIR IN PRODUCTION ENVIRONMENTS

Absolent Group is operating globally and develops solutions for cleaning process air in a wide range of industries. Our air cleaning solutions help production companies to provide clean air to their employees, reduce energy costs and increase the productivity. Absolent Group is listed on NASDAQ First North Growth Market.

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ABOUT
ABSOLENT
GROUP



ORGANIZATION

Absolent Group, with its head office in Sweden, operates production facilities in Sweden, the UK, Germany, Canada and Estonia. The Group has subsidiaries in China, France, Germany, Hong Kong, India, Finland and the United States. Direct sales of our air cleaning solutions are made through our own subsidiaries and through a network of carefully selected distributors in more than 60 countries.

Absolent Group's brands consist of Absolent, Avani Environmental, Bristol, Dustcheck, Infinity, Diversitech, FastClip, Filtermist, Gallito, Interzon, Jeven, Kerstar and XS Automation. Each brand has its own character and acts as an independent entity in its own field.

CUSTOMER SEGMENTS

Our air cleaning solutions are used to remove air contaminants 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 company's end customers include many of the world's leading companies, and a selection includes Bosch, Boeing, Caterpillar, Rolls Royce, Scania, SKF, Sandvik Material Technology, Volvo Cars and Volvo Trucks.

APPLICATIONS

The company's solutions are used to remove oil mist, smoke, dust and volatile organic compounds (VOC) from process air. Typical sources that generate oil mist, smoke, dust or VOC are manufacturing processes

such as milling, turning, rolling, hardening, die casting, welding, laser cutting, grinding, additive manufacturing, deep frying, roasting and grilling.

TECHNOLOGIES

Absolent Group has a broad portfolio of filtration technologies to meet our customers' needs supplying the most suitable and qualitative air cleaning solution. The product portfolio covers the majority of all technology platforms for removing oil mist, oil fumes,

dust, smoke, and VOC. This is relatively unique in the industry and further contributes to our knowledge of the strengths and weaknesses of the different platform arms and how they complement each other in different application areas.



Absolent Group's subsidiary Jeven is the Nordic market leader in commercial kitchen ventilation.

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THE YEAR IN BRIEF

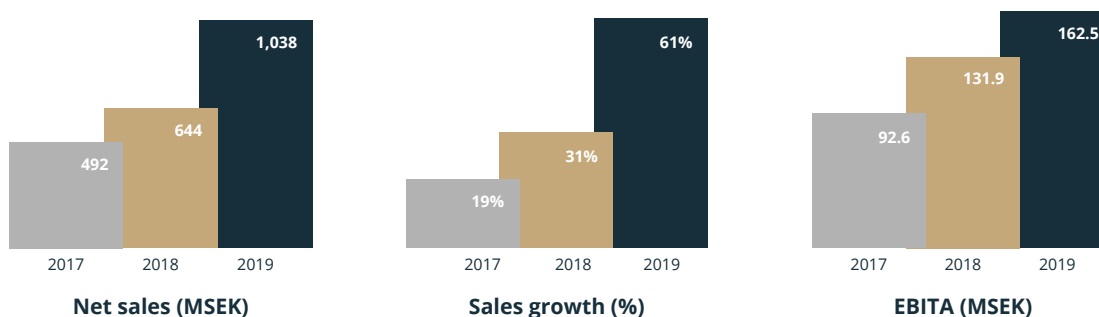
2019 IN BRIEF

<p>NET SALES for the period January – December was SEK 1,038.4 million (643.8), corresponding to growth of 61.3% (31.0).</p>	<p>OPERATING PROFIT before amortization of goodwill (EBIT-A) amounted to SEK 162.5 million (131.9), equivalent to a margin of 15.6% (20.5).</p>	<p>OPERATING PROFIT (EBIT) totalled SEK 111.1 million (120.0), equivalent to a margin of 10.7% (18.6). Amortization of goodwill for the period January-December had an effect of SEK -51.3 million (11.9).</p>
<p>CASH FLOW from operating activities after changes in working capital was SEK 126.1 million (92.1).</p>		<p>THE BOARD OF DIRECTORS proposes a dividend of SEK 1.80 (1.50) per share.</p>

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THE YEAR
IN BRIEF

KEY RATIOS	JAN-DEC 2019	JAN-DEC 2018	JAN-DEC 2017
Net sales (TSEK)	1,038,351	643,758	491,527
Sales growth (%)	61.3	31.0	20
Operating profit before amortization of goodwill, EBITA (TSEK)	162,477	131,863	92,556
Operating margin, EBITA (%)	15.6	20.5	18.8
Operating profit, EBIT (TSEK)	111,148	119,977	85,608
Operating margin, EBIT (%)	10.7	18.6	17
Number of Employees	531	238	216



CONTINUOUS COMPANY BUILDING

The Absolent Group has further expanded the central group function that will provide the subsidiaries both strategic and operational support. During the second half of 2018, Jan Berntsson was appointed as CTO and Johannes Hallman to be responsible for M&A. During 2019, the Group management was strengthened by the recruitment of Anna Åkerblad, CFO, and

Mattias Nurman, CIO. Through the full year, Absolent Group has taken major steps forward in its digital transformation towards becoming a fast-moving data-driven organization. The Group has also simplified and streamlined the organizational structure by organizing the operations into four geographical regions.

MARKET SEGMENTS AND ACQUISITIONS

Absolent Group has a strategy to accelerate growth by establishing six carefully selected market segments. The selected market segments have significant growth potential and opportunities for innovation while spreading the company's market exposure across new areas. During the year, Absolent Group strengthened

and established four of six selected market segments through both organic growth and acquisitions. In 2019, seven businesses were acquired with a total annual sales of approximately SEK 500 million.

COMPLETED ACQUISITIONS 2019				
COMPANY	COUNTRY	MARKET SEGMENT	DESCRIPTION	ACQUISITION DATE
 SMK AB	Sweden	Machining	Focuses primarily on contract manufacturing of mechanical components and products where Absolent AB is the dominant customer.	02/01/2019
	United Kingdom	Dust Bulk Handling	Planner, supplier, and installer of smoke and dust extraction systems. The Group also manufactures FastClip pipe systems and energy management systems.	31/01/2019
	Canada	Metal fumes	Market leader for cleaning fumes arising from welding and cutting.	03/07/2019
Jeven	Finland	Commercial Kitchen Ventilation	Nordic market leader for catering ventilation.	08/07/2019
Kerstar	United Kingdom	Dust Bulk Handling	Produces high-vacuum cleaners, including ATEX-rated versions, for industrial use where there is a risk of explosion.	16/07/2019
	Sweden	Commercial Kitchen Ventilation	Develops and produces filtration products for removing oil mist and odours in global fast food and hotel chains	02/09/2019
Assets in CEE's air service division	United Kingdom	Metal fumes	Wide range of dust extraction equipment consisting of dry dust filters, booths, benches and scrubbers.	05/06/2019

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CEO COMMENTS



*"SEVEN STRATEGICALLY IMPORTANT ACQUISITIONS AND EXPANSION INTO
THREE NEW MARKET SEGMENTS RESULTED IN MORE THAN 60% GROWTH
ON A FULL-YEAR BASIS"*

YET ANOTHER FANTASTIC YEAR FOR THE ABSOLENT GROUP

After our strong development in 2019, we are pleased that we have passed 1.5 million people who can now go to work and breathe clean air thanks to our installed base of air cleaning solutions. We are very proud of the difference we make for our customers, and we are looking forward to continuing our growth and being able to help even more people.

Financially, 2019 resulted in more than 60% growth on a full-year basis and, towards the end of the year, the growth rate exceeded 100%, which resulted in us passing one billion SEK in annual sales. Moreover, we created three new market segments; commercial kitchen ventilation, dust bulk handling as well as metal fumes arising from welding & cutting by the acquisition of Jeven, the DCS Group and Diversitech, which gives us excellent opportunities to deliver good growth in the future.

STRATEGY & ACQUISITION

In our strategic plan, which was launched in early 2018, the focus is on both organic growth and growth through acquisitions. We have built the strategy around moving from focusing on one market segment, machining, to becoming strong in six market segments. Common to all six segments is the fact that by helping our customers with solutions for process air management, we help reduce their climate impact, provide employees with a better working environment and increase productivity.

In the first quarter of this year, we acquired the DCS Group, providing us with access to our second segment, bulk handling of dust. During the third quarter, we acquired Jeven, the Nordic market leader in commercial kitchen ventilation, and Diversitech, which is strong in the cleaning of metal fumes arising from welding and cutting and thus we are standing with legs in four markets. In addition, we have made two smaller acquisitions of Kerstar and the assets in Carter's air services division, strengthening our dust bulk handling offering and acquired Interzon, providing us with a complementary technology for cleaning oil mist in commercial kitchens.

ORGANIZATION & MARKET

During the year, we have chosen to organize ourselves into four geographic business units where we collaborate between product brands to strengthen our offering and to exploit synergies. This has entailed some one-off costs but has created better conditions for profitable growth in the future.

DIGITIZATION

One of our strategic initiatives is to digitize our business both internally and in our customer applications. The efforts to strengthen our competitiveness with the help of digital transformation will run continuously over the next few years. In the long term, this will increase our productivity and further improve the customer experience.

The first step is to implement a group-wide business system and sales support system with new optimized common processes for all employees within the Group. Most regions have been using the new sales support system since autumn 2019 and in 2020 we will roll out the new business system in the UK and Sweden. In parallel with this, we are working intensively with solutions for the Internet of Things to connect our products, which, together with our new modern business applications, will make us a fast-moving data-driven organization.

In conclusion, 2019 was an intensive, stimulating and successful year for the Absolent Group. Our dedicated team has done a fantastic job of integrating acquisitions and developing the operations and I would like to conclude by thanking all employees for their efforts during the year.



Axel Berntsson CEO, Absolent Group AB

Lidköping March 2020

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MARKET & TRENDS



MARKET WITH STRONG GROWTH

The global market for industrial air filtration and commercial kitchen ventilation is estimated to be worth approximately SEK 190 billion per year. The growth rate for industrial air filtration units is on

average around 7% per year. The aftermarket has a slightly different pattern and is deemed to have a lower growth rate as we see a shift towards filtration products requiring less maintenance.

FRAGMENTED MARKET WITH FEW GLOBAL ACTORS

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 Group's brands have established positions in their market

segments. The company's main strengths are based on its specific product and knowledge of applications in cleaning contaminated process air, which has been accumulated over the time that some 10,000 customer-specific applications have been installed.

TRENDS



HEALTH

According to the World Health Organization, more than 90 percent of the world's population is breathing high levels of air contaminants, which cause around seven million deaths each year¹. Increased understanding and focus on the negative impact of air pollution on human health is supporting a growing demand for qualitative air filtration solutions.



WORK ENVIRONMENT REQUIREMENTS

The company's management considers the national work environment requirements to be very diverse, with the Nordic countries at the forefront regarding commitments to national recommendations and work environment legislation. Over time, we have seen that national work environment requirements and the monitoring of the requirements are becoming increasingly strict in other countries as well, which is supporting an increased demand for the air filtration products provided by the company.



ENVIRONMENT AND SOCIAL RESPONSIBILITY

Increased focus on environmental impact and social responsibility are trends that are supporting the demand for our air cleaning solutions. Our solutions are helping customers to minimize emissions of air pollutants to the environment, create a good working environment and they can contribute to energy savings because clean hot or cooled air can often be reused.



AUTOMATION

Manufacturing companies tend to invest in automation solutions to increase the utilization rate of machinery and realize productivity increases. The air pollutants that arise in a manufacturing process have the ability to fasten, and thereby create problems, on tools and sensitive electronic equipment, increasing the risk for production stoppages and problems with tolerances on manufactured products. The significant role of air quality for machine uptime and productivity means that automation is a trend that is supporting the demand for our air filtration solutions.

¹ https://www.who.int/health-topics/air-pollution#tab=tab_1

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STRATEGY & VISION

Our strategic target is to be a genuine partner to our customers when it comes to clean air and a good working environment.

Among other things, this means we aim to have air cleaning solutions ranging from entry models to the very best solutions combined with a broad service offering in the form of consultation, installation and service. Our goal is always to guide the customer to choose, at once or as soon as possible in the near future, to provide their employees with the best possible working environment with a focus on clean air. Our growth strategy is based on our ability to deliver organic growth that is higher than the industry average as well as growth through acquisitions. We have built the strategy around becoming strong in six market segments; machining, metal fumes, commercial kitchen ventilation, food processing, heavy industry and dust bulk handling.

We have chosen the segments based on the attractiveness of the segments and our ability

to offer and deliver attractive value creating solutions. Common to all six segments is the fact that by helping customers with solutions for process air management, we help reduce their climate impact, provide employees with a better working environment and increase productivity.

Organizationally, Absolent 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 meeting people and challenges with respect, curiosity and in a solution-oriented way of working. To give our employees the greatest opportunity to succeed, we are developing a market-leading system for collecting and analysing data.



MACHINING

Metalworking machines such as lathes, grinders and multi-operation machines generate oil mist and oil smoke. Our solutions ensure clean air for people in the medical device, aerospace, watch and automotive industries etc.



METAL FUMES

Welders, laser cutters and plasma cutters generate fumes and dust. Our solutions guarantee clean air for people in polytechnics, welding workshops and the aerospace and automotive industries etc.



COMMERCIAL KITCHEN VENTILATION

Cooking operations such as roasting, grilling and deep frying generate oil mist, oil smokes and VOC. Our solutions guarantee clean air for people in the restaurant and hotel industry.



FOOD PROCESSING

Large-scale deep fryers, roasting tables and smoke machines generate oil mist, oil smoke and VOC. Our solutions guarantee clean air for people in the food industry.



HEAVY INDUSTRY

Die casting machines, forges and presses generate oil mist and oil smoke. Our solutions guarantee clean air for people in the medical device, aerospace and automotive industries.



DUST BULK HANDLING

Silo emptying, silo filling and silo storage generate dust. Our products guarantee clean air for people and recycling of materials in the pharmaceutical, wood, and cement industries etc.

06

VALUE CREATION

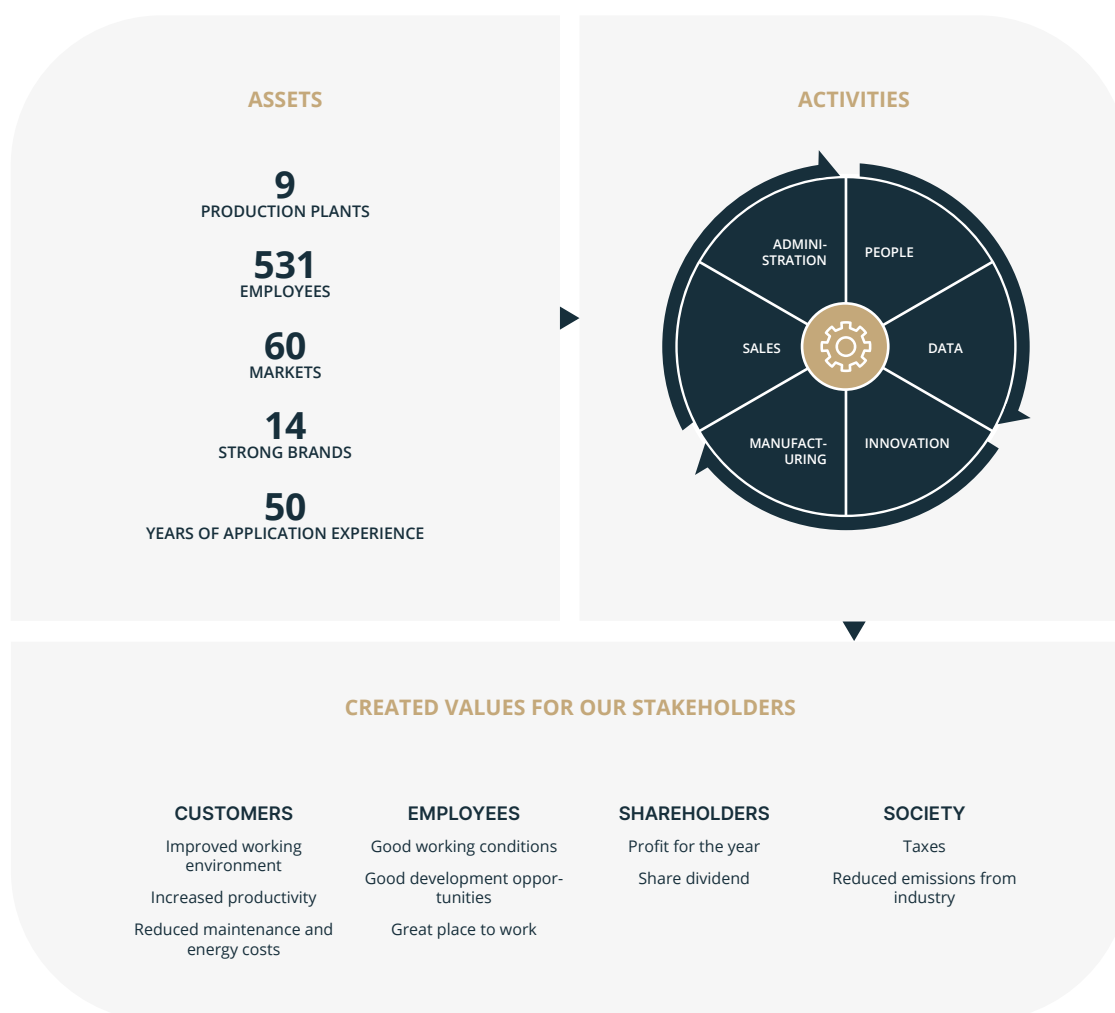
BUSINESS MODEL

Absolent Group creates value by developing products and solutions that clean process air and create a better working environment for millions of people all around the world. The business is based on our employees having access to the information they need for developing products and solutions for effectively

cleaning our customers' process air in a wide range of industries. The Group operates cost-effective manufacturing in nine plants and the products reach the end customer via a tailored-made sales network for each geographic region.

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VALUE
CREATION



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REGIONAL MARKETS

UK & IRELAND



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MARKETS

“
2019 was a successful year, Filtermist acquired three companies that further strengthen our position as the market leader in air cleaning solutions in the UK.
”

Our largest business unit is UK & Ireland, where we have worked hard to consolidate our operations. Among other things, we have closed a production unit, integrated all support functions into one legal entity and our marketing team into one legal entity, which has greatly simplified our operations and governance. During the year, Brexit has lowered customers' willingness to invest and has slowed down decisions, leading to a weaker market than in previous

years. Organically, we are very pleased that we have succeeded in maintaining the volumes from last year and that we managed to win Absolent Group's single largest order ever, a dust extraction system for the woodworking industry worth SEK 32.6 million. The acquisitions of DCS Group, Kerstar and the assets in Carter's air services division have significantly strengthened our position and we have excellent prospects for winning market share going forward.

35%

SHARE OF SALES

240

NUMBER OF EMPLOYEES



SHARE OF SALES BY COUNTRY

EUROPE

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OLIVIER JACQUES
President Europe

“

2019 was also a strong year for Absolent Group in the Europe region, we have significantly broadened our market through three strategically important acquisitions and a new sales office in Norway

”

In Europe, we have created a joint marketing team for most of our brands. Despite a weak European automotive industry, we have had organic growth and gained market share, particularly in the German and French-speaking parts of Europe, thanks to successes in, among other things, the watch industry and medical device. We have strengthened our geographical

presence with a new sales office in Norway and we have won several major projects and contracts with GROB, Thyssen Krupp and Danfoss. We have acquired the businesses SMK, Jeven and Interzon and thereby broadened our market significantly.

32%

SHARE OF SALES

164

NUMBER OF EMPLOYEES



SHARE OF SALES BY COUNTRY

AMERICAS



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“

“It’s been an exciting year for the Americas region. We have delivered profitable growth by focusing on the core business, new market segments and developing new sales channels”

”

In North America, Joshua Hannah has taken up the position as the new President of Americas in the spring and he has stabilized the team and turned around the sales into organic growth with improved margins. The work to integrate Diversitech, which was acquired during the year, is proceeding according to plan and we expect the organizations to be fully integrated by

the end of 2020. We have also simplified our legal structure here, and we will establish joint management and support functions for the region during 2020. We have won market share in the premium segment of cutting machining with direct sales while we have faced a few more challenges in the distributor chain.

21%

SHARE OF SALES

106

NUMBER OF EMPLOYEES



SHARE OF SALES BY COUNTRY

APAC

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ANDREAS JOHANSSON
President APAC

“

"The year resulted in record-breaking projects and growing confidence from global vehicle manufacturers, which is an excellent testimonial for our organization and shows how strong our offering is"

”

In Asia, we have established a joint management and support functions for all of the companies and merged the offices in Shanghai. Our new business in India reached profitability within 12 months, and we have taken the step of establishing a new company in Japan. In China, we faced major challenges with delayed investment decisions during the middle of the year but,

despite the toughest market conditions in 25 years, we managed to close the year with good organic growth. Our organization in China is now more mature and we are now aiming to offer a more complete product portfolio to our customers as well as expanding our geographic presence in countries with great sales potential in the APAC region.

12%

SHARE OF SALES

21

NUMBER OF EMPLOYEES



SHARE OF SALES BY COUNTRY

08

CUSTOMER CASES

CUSTOMER CASE 1: RESTAURANT FRANTZÉN

THE THREE-STAR MICHELIN RESTAURANT FRANTZÉN CHOSE
A VENTILATION SOLUTION FROM JEVEN

When Björn Frantzén built his new restaurant in Stockholm, the ventilation presented a challenge.

The challenge was to create a good environment for both guests and employees since the seating is located around the kitchen, where the food is prepared over an open fire.

Now that the kitchen is up and running, the air environment in the restaurant has turned out to be very successful and has even been praised by the Swedish restaurant guide, White Guide.

"A tribute is in order to a profession that is rarely celebrated in this kind of context: a ventilation genius has ensured that, as a guest, you experience the maximum theatrical cooking without suffering the slightest from odours, either during dinner or when sniffing your clothes the next morning"

White Guide¹

CASE FACTS

END USER	COUNTRY	MARKET SEGMENT	APPLICATION
Restaurang Frantzén	Sweden	Commercial kitchen ventilation	Cooking
FILTER BRAND	TOTAL AIRFLOW	FILTER SOLUTION	
Jeven	11,520 m ³ /h	UV-TurboSwing filters, hoods, condensate separator and Ansulex extinguishing system	

<https://whiteguide.com/se/sv/news/1065-nytestat-frantzen-stockholm>

CUSTOMER CASE 2: DANFOSS



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ABSOLENT IS CONTRIBUTING TO ENERGY SAVINGS OF 83% BY CLEANING CONTAMINATED PROCESS AIR

Danfoss is a global company active within heating and cooling industries among other. Danfoss is represented in more than 100 countries and has its headquarters in Denmark.

Danfoss initiated a major energy-saving program in 2013, in which Absolent has played an important role. Absolent has installed 44 filter units in one plant, which cleans over 138,000 m³/h.

Thanks to Absolent filter units and other smart installations for air treatment, energy savings of 83% have been achieved.

Following the successful result, Danfoss has decided to invest in an additional 39 Absolent filter units for its German plants, totalling 112,000 m³/h, which will be installed in early 2020.

CASE FACTS

END USER Danfoss	COUNTRY Denmark	MARKET SEGMENT Industrial	APPLICATION Machining
FILTER BRAND Absolent	TOTAL AIRFLOW 138,000 m ³ /h	FILTER SOLUTION A•smoke, A•mist, A•line filter units	

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SUSTAINABILITY REPORT

ABSOLENT GROUP'S SUSTAINABILITY WORK

Absolent 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 Group's DNA is protecting our surroundings and we endeavour 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 Absolent Group's sustainability work. We are convinced that our active environmental management along with our clear guidelines in our Code of Conduct are contributing to a more sustainable world.

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SUSTAINABLE BUSINESS MODEL

Our business model is based on providing our customers with the most appropriate and qualitative air cleaning solutions, which contribute to a better working environment and reduce the climate impact for our customers. The business is based on our employees having access to the information they need for developing products and solutions for efficiently cleaning process air with the minimum reasonable negative impact on the climate.

Research and development is a central part of Absolent Group's operations and is conducted in-house, through its subsidiaries, in order to develop energy and material-efficient products that meet our customer's needs. The most recently products produced are the A.5 filter unit, under the brand name Absolent, Infinity from Filtermist and UV-TurboSwing from Jeven.

Purchases of subcomponents are made at both the global and the local level, purchasing volumes and their components differ between subsidiaries depending on their production structure. Absolent Group has good collaborations with both local and international suppliers of subcomponents and believes that there should be a number of potential subcontractors to reduce the dependence on individual actors.

Assessment of suppliers is carried out continuously throughout the year, and the Group is working continuously to achieve purchasing synergies between the companies.

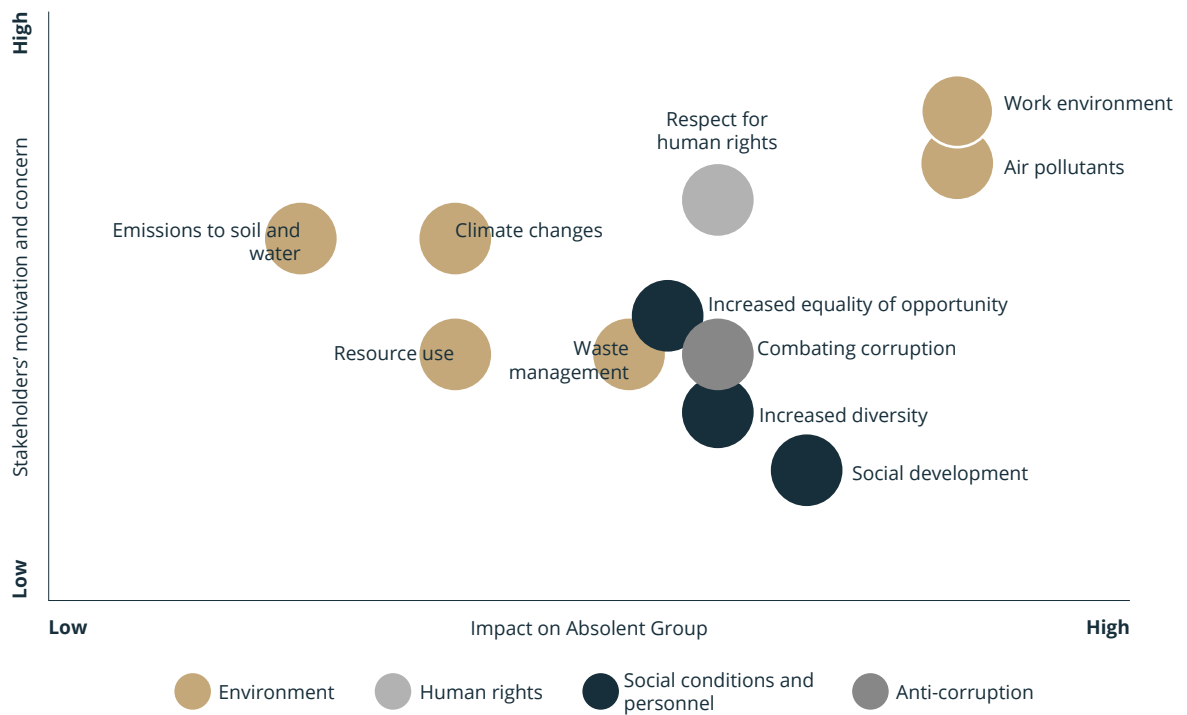
Absolent Group has a long-term strategy to reduce transport by producing closer to our large geographic markets. During 2019, several production operations were acquired, and Absolent Group now operates the production of system-critical components and final assembly in Sweden, England, Germany, Estonia, Canada and the USA. From these production units, the products are exported further to distributors, distribution centres or directly to customers around the world. We are working actively to reduce our total transport volume by developing smart designs.

Direct sales of our air cleaning solutions are made through our own subsidiaries and through a network of carefully selected distributors in more than 60 countries. Our vision, business concept and strategy are described in more detail in the annual report, pages 20-23.

STAKEHOLDERS AND MATERIALITY ANALYSIS

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

STAKEHOLDER	COMMUNICATION CHANNELS
Customers	Personal meetings Customer surveys
Shareholders/Investors	Financial Reports Press Releases Annual General Meeting Website
Employees	Employee surveys Employee appraisal
Suppliers	Supplier assessments
Society	Seminars Trade Associations Trade Fairs



ABSOLENT GROUP'S CONTRIBUTION TO THE UN GLOBAL GOALS

In 2015, the UN Member States adopted Agenda 2030 and 17 global goals for sustainable development. The 2030 Agenda is the most ambitious agreement the world has ever adopted, with the purpose of ending climate change, eradicating poverty and creating safe

and peaceful societies. Through the 17 global goals and 169 milestones, the world can change for the better and Absolent Group's sustainability activities are contributing to many of these milestones.

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UN GLOBAL GOALS	UN GLOBAL GOALS, MILESTONES	THE ABSOLENT GROUP'S CONTRIBUTION
	<p>3.9 By 2030, significantly reduce the number of deaths and disease due to harmful chemicals, pollution and contamination of air, water and soil</p>	<p>We are developing air cleaning solutions that free the air from contaminants. Every year, these solutions are delivering millions of cubic metres of fresh air to people in a wide range of industries.</p>
	<p>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.</p>	<p>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.</p>
	<p>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. All countries taking action in accordance with their respective capabilities.</p>	<p>We are developing solutions that clean the process air arising from various industrial processes and enable the recycling of cutting fluids, materials and cleaned hot or cooled air.</p>
	<p>12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their lifecycle, 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.</p>	<p>Our air cleaning solutions minimize the release of chemicals and waste into the air and minimize their negative impact on human health and the environment. The emissions from our own operations are controlled by our environmental management system.</p>

ENVIRONMENT

ENVIRONMENTAL RESPONSIBILITY

Absolent Group has an active environmental management and is convinced that our environmental responsibility is contributing to a more sustainable world. Most of the companies in the Group are ISO 14000 certified, and the certificates are audited annually by external auditors. Absolent Group's core business includes environmental responsibility and, by selling more filter units, we are helping to make the air cleaner, improve the working environment and improve the health of employees.

Our air cleaning solutions need energy to clean the air, which has a negative environmental impact. We are working actively to minimize our air cleaning solutions' energy consumption by optimizing and implementing the latest and most energy efficient technologies in the products.

Our 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 waste and residues minimized.

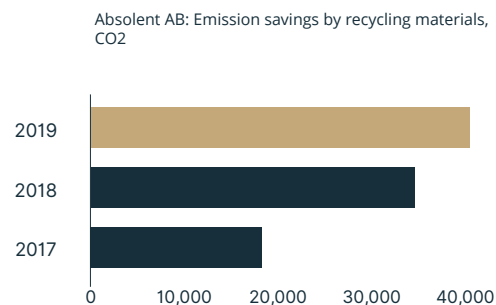
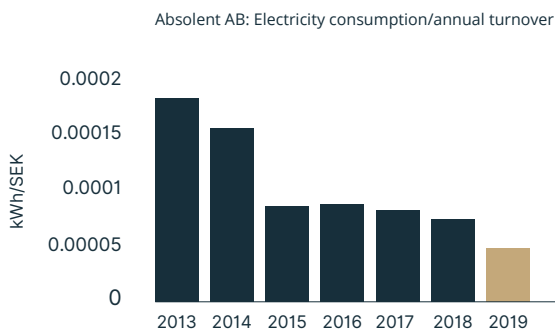
We set annual targets for how much more air will be filtered by our products each year as well as measuring how successful we are at implementing new technologies in the market to reduce the carbon footprint.

We 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. Even though the greenhouse gas emissions from the operations are very small from a global perspective, we are working continuously to reduce energy consumption, both of our products and in the business. In 2019, Absolent AB 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. During 2019, we choose to report two improvement trends for our Absolent AB subsidiary's electricity consumption/annual turnover and emission savings by recycling materials. Our ambition is that all companies within Absolent Group will implement the GHG protocol in order to be able to measure and systematically work to reduce the operations' emissions of greenhouse gases.

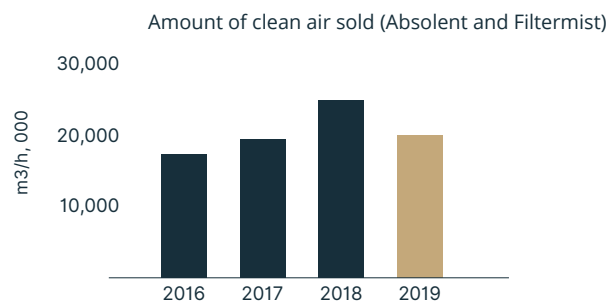
In 2013, Absolent AB introduced a new energy efficient series of filter units under the name A.line. The A.line units have an integrated EcoDrive, where the filter is controlled according to the airflow requirements instead of running at constant full capacity, resulting in an energy (CO₂) saving of 30-50% depending on the operating conditions. The A.line is increasing its share of Absolent AB's sales every year. Absolent Group has a long-term strategy to reduce our transport by producing closer to our major markets and, in 2019, Diversitech was acquired and thus we gained access to production facilities in North America. We are working actively to reduce our total transport volume by developing smart designs.



AIR POLLUTANTS

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". Absolent Group provides its customers with air cleaning solutions that free process air from particles. Every year, these filters clean millions of cubic metres of air. In 2019, Absolent AB and Filtermist

sold filter units with a capacity of approx. 20,000,000 m³/h. Although the filter solutions provided by Absolent Group to its customers have an infinitely greater impact on the environment, Absolent Group shall, of course, minimize emissions of air pollutants in its own operations and, for this reason, it is controlled by an environmental management system certified by external auditors in accordance with ISO 14000.



EMISSIONS TO SOIL AND WATER

It is important that our products are designed in such a way that air pollutants are not converted into emissions to soil and water. Our activities' emissions

to soil and water are controlled and monitored in the same way as air pollution by our environmental management system.

RESOURCE USE

To minimize the consumption of resources, the 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

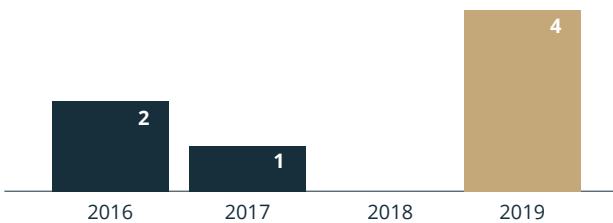
WORK ENVIRONMENT

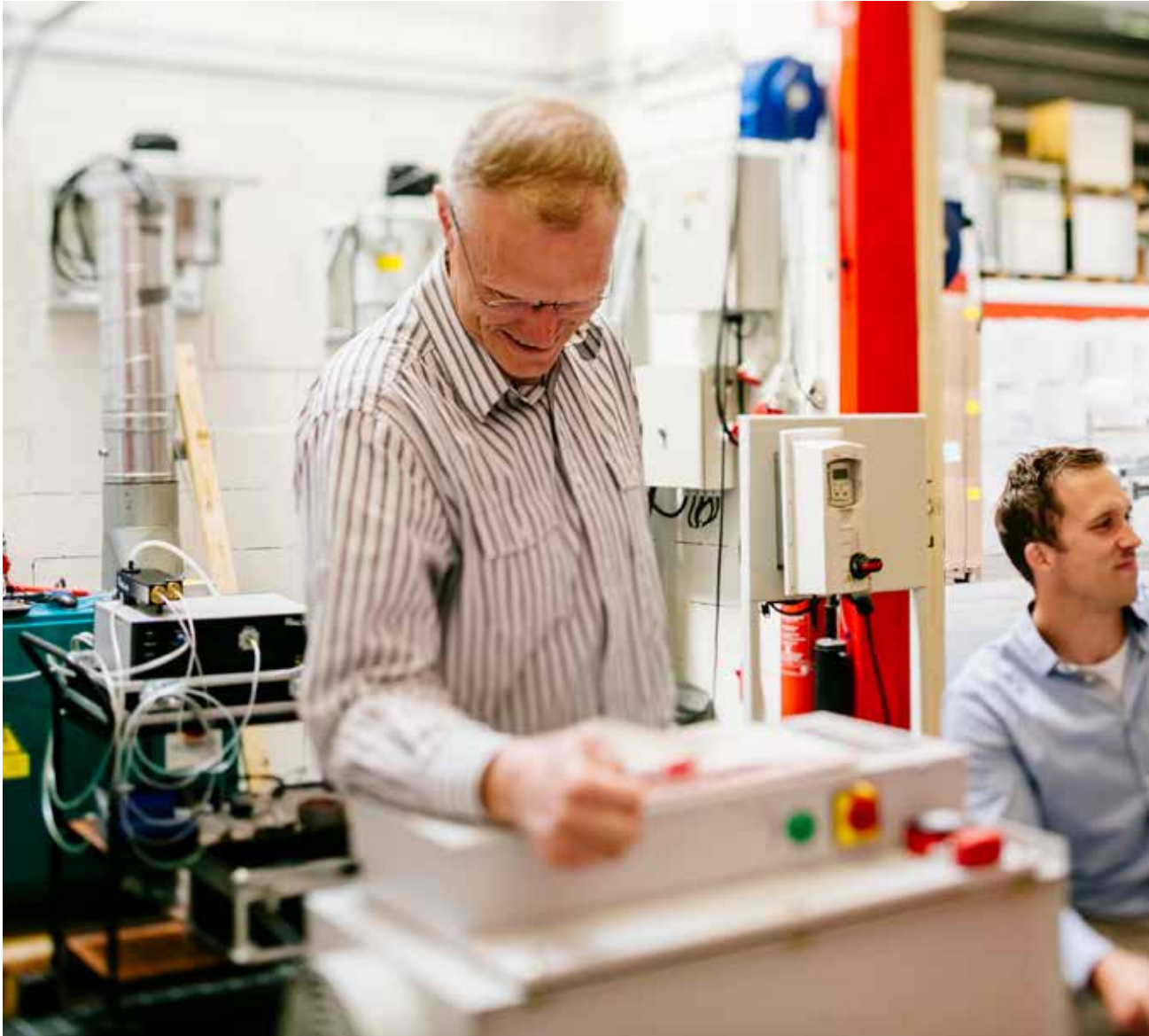
Improved work environment is one part of Absolent Group’s business concept and also our most important sustainability area according to the materiality analysis. We develop air cleaning solutions that create a better working environment for our customers and we are working actively to ensure that the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

We ensure that our own personnel work in a good work environment by following our health and safety policy. Our active and systematic work environment management is carried out according to the process

“Work Environment and Safety”. The process includes a risk analysis, where the risks present are assessed based on severity, probability and frequency. This risk analysis is regularly updated. Regular safety rounds are conducted. The risks and shortcomings identified and discovered are noted in the action plan. Every year, incidents, accidents and absences are measured. All employees also have an annual employee appraisal interview to catch and make it possible to fix things that are not working satisfactorily. The sick leave in Absolent Group is low, but it is continuously analysed to detect changes.

Serious work injuries Jeven, Interzon, Absolent and Filtermist





PERSONNEL

Our most important asset is our employees and we are working actively to maintain a strong and long-lasting relationship with our personnel. We value a sustainable working life, which is why we are now affiliated to 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, we conduct a global employee survey that measures confidence in the organization.

The rights and obligations of the Absolent Group and its personnel are, of course, governed by laws and agreements. In the Code of Conduct and the Staff Manual, we describe how we should behave towards one another as well as our surroundings as well as our 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.



72%

of Absolent Group employees agree with the statement in the 2019 employee survey

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



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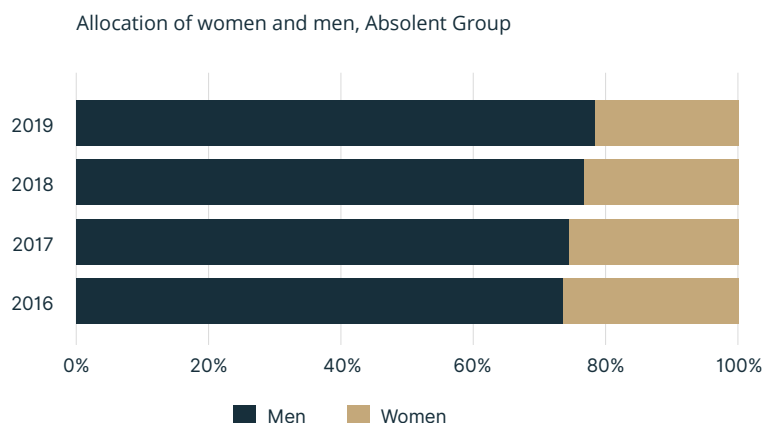
- We never tolerate discrimination, physical or verbal harassment or other unlawful threats.
- All employees can exercise their rights to form, join or refrain from joining trade unions or similar organizations and negotiate collectively or individually according to national laws and regulations.
- Terms and conditions of employment and wages shall be reasonable and fair. Absolent Group complies with applicable laws and industry

standards regarding working time. All employees, including those who are employed temporarily, shall have their terms of employment in writing and be made aware of their terms of employment.

DIVERSITY AND EQUAL OPPORTUNITY POLICY

Since Absolent Group is a global group and we exist and operate in many places in the world, diversity is a major focus area. At Absolent Group, active measures against discrimination form a natural part of our systematic work environment management 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 those who work for us but also to the candidates who apply to us.



SOCIETY

Absolent 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 the air quality in places of work does not receive much attention and, for this reason, we are actively working to spread the message. In 2019, Absolent Group lectured on workplace air at the Contamination Expo in Birmingham and Diversitech is organising the Divers-u event in Canada, which is highlighting this topic.

We encourage all of our offices to engage in an initiative of their choice, which contributes to a more sustainable society, once a year. In recent years, our employees have participated in Spin of Hope, plogging on World Environment Day and in a large tree planting project in China. The Hebei Province in China faces a major challenge from factories that emit air pollution in the region and contribute to Beijing's problem with smog, our employees participated in the important project to plant a million trees to clean the air.

TREE PLANTING PROJECT IN HEBEI PROVINCE, CHINA.



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PLOGGING IN LIDKÖPING ON WORLD ENVIRONMENT DAY



HUMAN RIGHTS

RESPECT FOR HUMAN RIGHTS

Absolent Group shall support and respect the protection of human rights against internationally proclaimed crimes. Absolent does not tolerate minors/child labour in its activities or in the activities of any supplier or other party with whom we collaborate. The minimum age of employment is 15 years, or the relevant statutory higher age to work in the country in question. Absolent does not tolerate illegal or forced labour in our operations or in the activities of any party with whom we collaborate. We do not tolerate any conditions that restrict workers' right to free movement.

The agreements Absolent signs with suppliers include accepting and acting in accordance with our Code of Conduct, which forms part of the contract. Thus, when preparing and prolonging contracts, suppliers declare that they comply with this requirement. Filtermist uses a questionnaire where the supplier declares that it complies with our requirements on respecting human rights. To date, Absolent Group has had no reason to terminate cooperation with, or bring attention to deficiencies on the part of, any supplier due to shortcomings in the respect for human rights.

ANTI-CORRUPTION

COUNTERACTION AGAINST CORRUPTION

The Absolent Group and subsidiaries do not tolerate corruption and or bribery in any form. We comply with applicable legislation but also describe how we shall act in our Code of Conduct. All business decisions are based on Absolent Group's best interests regardless of personal relationships or consideration. Employees are not permitted to accept gifts, benefits, payments directly or through intermediaries that may affect or appear to affect the employee's objectivity and professional judgement. Similarly, Absolent 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. The Absolent Group must and shall not facilitate or support money laundering. The Absolent Group reports

all financial transactions in accordance with accepted accounting practices and applicable legislation. If Absolent Group's personnel have access to confidential information belonging to Absolent Group or any third party, passing it on to any unauthorised natural person or legal entity is not permitted. The Absolent Group complies with applicable rules and legislation regarding insiders trading in Shares and Options. Any situation where any form of corruption is detected or suspected shall be reported to an immediate superior for further action and follow-up. The Absolent Group deems that the rules and instructions contained in our Code of Conduct work well to combat corruption in our organization.

RISKS AND RISK MANAGEMENT

ENVIRONMENTAL RISKS

A significant environmental risk that has been identified is using filter cassette, which are sent from the customer to Absolent Group for washing and destruction. To minimize the risk, Absolent Group

has 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 these are minimized by complying with the applicable safety rules. In the operations, these safety rules are continuously monitored and improved by systematic work environment management. During customer visits, local safety regulations are observed. During business travel to areas where visiting could be risky, the official recommendations are followed. All of the Absolent Group's products comply with applicable

safety directives and are safe to be used by our customers. Absolent Group tries to prevent all types of risks that arise in the operations by ensuring everyone has the right conditions and training for their job. All incidents and accidents are followed up. Sick leave can also be an indicator of illness linked to social conditions and risks, for which reason we measure and follow up sick leave continuously.

HUMAN RIGHTS

Since Absolent Group has very long collaborations with the largest and most important suppliers, the risk for a lack of respect for human rights has been assessed to be low. The situation has changed, and is changing, because we are active and operate in

places and cultures where we do not have the same knowledge and control. Absolent Group will need to develop our tools to avoid and to detect any lack of respect for human rights.

CORRUPTION

Absolent 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, we

avoid this. Today we have no data/facts that suggest corruption.

FRAMEWORK

USE FRAMEWORKS AND GUIDELINES WHEN THERE IS NO POLICY

Absolent Group currently uses no other framework than that available in the Swedish Annual Accounts Act (ÅRL). In the future, we believe that the guidelines contained in the GRI (Global Reporting Initiative) can help us develop

our sustainability work. Since there is no formal policy, the companies in Absolent Group have a detailed Code of Conduct that provides instructions and guidance on how to act in all of the areas in the sustainability report.

BOARD OF DIRECTORS



Mikael Ekdahl

Chairman of the Board

Born: 1951

Elected: 2011

Education: Degrees in business administration and law

Holdings: 111,800 shares

Other current positions: Chairman of the Board Melker Schörling AB, Board Member Bong AB



Joakim Westh

Member of the Board

Born: 1961

Elected: 1993

Education: MSc. Aeronautics and MSc. Aerospace Engineering

Holdings: 1,567,500 shares

Other current positions: Chairman of the Board Amexci AB, Board Member SAAB AB, Board Member Swedish Match AB, Board Member CGI Inc, Board Member Westh Ventures AB



Per-Axel Fagerholm

Member of the Board

Born: 1945

Elected: 2011

Education: M.Political Science

Holdings: 35,000 shares

Other current positions: Chairman of the Board Wallnäs AB, Board Member Linnea Invest AB



Märta Schörling Andreen

Member of the Board

Born: 1984

Elected: 2017

Education: MSc. Business Administration

Holdings: 6,413,514 shares (via Mexab Industri AB)

Other current positions: Board Member Melker Schörling AB, Board Member HEXPOL AB, Board Member AAK AB, Board Member Hexagon AB



Johan Westman

Member of the Board

Born: 1973

Elected: 2019

Education: MSc. Industrial Engineering and Management

Holdings: 20,000 stock options

Other current positions: CEO and President AAK AB

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BOARD OF
DIRECTORS,
GROUP
MANAGEMENT
AND AUDITORS

GROUP MANAGEMENT

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BOARD OF
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AND AUDITORS



Jan Berntsson
CTO

Born: 1960
Employed: 1999
Education: Engineer
Holdings: 79,383 shares

Axel Berntsson
President and CEO

Born: 1980
Employed: 2016
Education: MSc. Industrial
Engineering
Holdings: 92,000 shares and
133,000 stock options

James Stansfield
VP and CEO of Filtermist

Born: 1974
Employed: 2012
Education: Master of Business
Administration.
Holdings: 6,700 shares and 9,164
stock options



Anna Åkerblad
CFO

Born: 1975
Employed: 2019
Education: MSc. Business Administration
Holdings: 500 shares and 10,000 stock options

Mattias Nurman
CIO

Born: 1978
Employed: 2019
Education: Higher Education Diploma in Information Systems
Holdings: 4,000 stock options

AUDITORS

ERNST & YOUNG AB

Auditor in charge: Damir Matésa (born 1972). The Authorized Public Accountant Damir Matésa has been authorised and affiliated to the trade association FAR since 2001. Partner in the Swedish firm.

Selection of audit assignments: the CEJN Group, DALOC group, Skandia Elevator AB, AB Furhoffs Rostfria, Lantmännen Aspen AB, Sparbanken Skaraborg (publ), Sparbanken Alingsås AB.

SHARES AND SHARE CAPITAL

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SHARES, SHARE-
HOLDERS AND
SHAREHOLDER
STRUCTURE

GENERAL

The share capital in the Absolent Group AB (publ) amounts to SEK 3,363,041 divided into 11,320,968 shares with a quota value of SEK 0.2971 per share. 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 be not 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 (formerly VPC) 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	1
2014	Bonus issue	-	104,500	3,000,000	3,104,500	29.71
2014	Split 100:1	10,345,500	10,450,000	-	3,104,500	0.2971
2014	New share issue	370,968	10,820,968	110,208	3,214,708	0.2971
2015	New share issue*	500,000	11,320,968	148,333	3,363,041	0.2971

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

SHAREHOLDER STRUCTURE

Absolent's ownership structure on 31 December 2019 is presented in the table below.

Shareholder	Number of shares	Holding
Mexab Industri AB	6,413,514	56.7%
Westh Ventures AB	1,567,500	13.8%
C H Svanberg AB	1,146,732	10.1%
Lannebo Fonder	363,877	3.2%
Ola Burénus	135,000	1.2%
Pontus Broberg and family	129,847	1.1%
Investering & Trygghed AS	126,500	1.1%
Mikael Ekdahl AB	111,800	1.0%
Avanza Pension	99,927	0.9%
Axel Berntsson *)	92,000	0.8%
Jan Berndtsson	79,383	0.7%
Mats Larsson	60,600	0.5%
Eva Landh	44,500	0.4%
Philip Landh	42,709	0.4%
Göran Källebo	40,251	0.4%
Other	866,828	7.7%
TOTAL	11,320,968	100.0%

*) Share options (125,000) issued by Mexab Industri AB.

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DIRECTORS' REPORT

DIRECTORS' REPORT

INFORMATION ABOUT THE BUSINESS

The company develops solutions for cleaning process air and is helping production companies to provide clean fresh air to their employees, reduce energy costs and increase their productivity. The end customers are active in a wide range of industries including the aerospace, automotive, chemical, electronics, pharmaceutical, woodworking and food industries as well as in power generation, hotels and restaurants.

The company's solutions remove oil mist, smoke, dust and volatile organic pollutants (VOC) from process air. Typical sources are manufacturing processes such as milling, turning, rolling, hardening, die casting, welding, laser cutting, grinding, additive manufacturing, deep frying, roasting and grilling that generate oil mist, oil smoke, dust or VOC.

The company, with its head office in Sweden, operates production facilities in Sweden, the UK, Germany, Canada and Estonia. The Group has subsidiaries in China, France, Germany, Hong Kong, India, Finland and the United States. Direct sales of the Company's air cleaning solutions are made through our own subsidiaries and through a network of carefully selected distributors in more than 60 countries.

Absolent Group's brands consist of Absolent, Avani Environmental, Bristol, Dustcheck, Infinity, Diversitech, FastClip, Filtermist, Gallito, Interzon, Jeven, Kerstar and XS Automation. Each brand has its own character and acts as an independent entity in its own field.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

2019 has been a strong year for Absolent Group. We sum up the year with seven acquired companies, more than 60% growth on a full-year basis and, towards the end of the year, the growth rate exceeded 100%, which resulted in the Company passing one billion SEK in annual turnover.

In the Company's strategic plan, which was launched in early 2018, the focus is on both organic growth and growth through acquisitions. The Company has built the strategy around moving from focusing on one

market segment, machining, to becoming strong in six market segments. Common to all six segments is the fact that by helping customers with solutions for process air management, the Company helps reduce their climate impact, provide employees with a better working environment and increase productivity.

Financially, 2019 resulted in more than 60% growth on a full-year basis and, towards the end of the year, the growth rate exceeded 100%, which resulted in the Company passing one billion SEK in annual turnover. Moreover, the Company created three new market segments; commercial kitchen ventilation, bulk handling of dust as well as dust arising from welding & cutting by the acquisition of Jeven, the DCS Group and Diversitech, which gives excellent opportunities for delivering good growth.

During the year, the Company has chosen to organize itself into four geographic business units, where there is collaboration between product brands to strengthen the Company's offering and to exploit synergies. This has entailed some one-off costs but it has created better conditions enabling profitable growth in the future.

EXPECTED FUTURE DEVELOPMENTS, RISKS AND UNCERTAINTIES

Expected future development

Due to obvious health risks to the population with today's air quality, many markets and countries are characterised 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 Company's products for a long time to come.

The mechanical industry's development towards faster and faster processing benefits the Company's market position and sales.

With a growing market and a strong market position as well as acquisitions made in new growing segments,

the Board of Directors believes that the Company will continue to develop in a stable and positive manner.

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

RISKS AND UNCERTAINTIES

Cyclical dependence

The majority of Absolent's end customers are active in cyclical industries such as automotive, aerospace, electronics, steel and manufacturing. As a result, Absolent's sales depend on the customer's willingness to invest, which in its turn is affected by economic conditions. A weak economic situation in all or part of the world affects both the Company's sales and earnings.

Competition and technological development

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

Distribution partners

To some extent, the Company relies on distributors for the global sales of its products. For this reason, the relationship with the distributors is important for the Company. If most of the Company's current distributors choose not to keep the Company in their range, or if the distributor suffers from financial insolvency, this may significantly affect the Company's position.

Suppliers

In the short term, the Company is dependent on a few suppliers. The Company's ability to deliver high quality products is based on a working collaboration with its

Expansion and acquisitions

In connection with the Company's expansion, acquisitions of companies have been carried out. There are always risks associated with the acquisition of a company. For example, these risks include the integration of an acquired company, the departure of key persons from the acquired company, risks associated with the cancellation of existing agreements by distribution partners, customers and suppliers of the acquired company, and more.

As a result, the Company cannot guarantee that all acquisitions will be successful transactions. The expansion of the Company means that the Company will start up or expand existing operations in a number of geographic markets. An expansion means investments in building up local businesses. However, it is not always guaranteed that these investments will generate a positive return, as local market conditions can vary widely.

Product guarantees

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

Political risks

The Company's products are supported by increased regulations and work environment legislation in the engineering industry. A significant change in the current regulations on the markets where the Company operates could have a significant impact on the Company's earnings and development.

Legal risks

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

Environmental risks

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

Key people and resource constraints

The Company's success depends to a large extent on the core competence of a few employees. The loss of the core competence in the Company, if the employee resigns, could result in significant losses for the Company in the future. The Company has limited resources operationally as well as financially. Poor utilisation of resources and inefficiency in the Company could also have significant negative consequences for the Company as a whole.

Owners with significant influence

The principal shareholders together hold a significant share of the shares and can thus exercise significant influence over the Board of Directors as well as in connection with general meetings.

FINANCIAL RISKS

Currency risks

The Company's sales are largely in foreign currencies such as Euro, US dollar and British pound. Furthermore, to some extent production and purchases are made abroad, where the above-

mentioned currencies can affect the production and purchase prices. Fluctuations in these currencies could have significant effects on the Company's earnings and financial position.

Interest rate risks

Interest rate fluctuations affect the Company's net interest income and the cash flows and could have a negative impact on the Company's financial results. Furthermore, the Company's customers finance via financial instruments that are affected by changes in market interest rates. A high interest rate and reduced funding opportunities may also reduce customers' willingness to make new investments.

Credit risks

The Company's direct and end customers are spread throughout the world and may be affected by internal as well as local and global financial problems. Thus, the Company is exposed to credit risks in the Company's accounts receivable.

Tax risks

The Company's operations are located in a number of countries and are conducted in accordance with the Company's interpretation of the applicable tax laws, tax treaties and regulations in the countries concerned. However, it cannot be ruled out that the Company's interpretation of applicable laws, tax treaties and regulations is incorrect, or that such rules are amended and have retroactive effect.

Research and development

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

Environmental impact

Absolent deems the operations to be conducted in all material respects in accordance with applicable environmental laws and regulations. A number of

the companies in the Company carry out activities that are subject to authorisation or notification in accordance with applicable local environmental legislation. As a consequence, these activities are supervised by the appropriate authorities. Absolent continuously ensures that all significant applicable notification obligations are met. The notification requirement in Lidköping refers to the plant for washing filters, which promotes the environmental code's objectives. The activity is not considered to cause any inconvenience from an environmental or health protection perspective.

Sustainability report

Absolent Group AB has chosen to prepare a voluntary sustainability report as a report separate from the annual report. This sustainability report

was submitted to the auditor at the same time as the annual report and can be found on pages 32-45 of this annual report.

Ownership

The main shareholders of the company at the balance sheet date are Mexab Industri AB 56.7 (56.7)%, Westh Ventures AB 13.8 (13.8)% and CH Svanberg AB 10.1 (9.2)%.

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FINANCIAL OVERVIEW

Financial overview Group	2019	2018	2017	2016
Net sales (TSEK)	1,038,351	643,758	491,527	411,453
Sales growth (%)	61.3	31.0	19.5	3.1
EBITA (TSEK)	162,477	131,863	92,556	82,676
EBITA margin (%)	15.6	20.5	18.8	20.1
Amortization of goodwill (TSEK) ¹	-51,329	-11,887	-6,948	-3,801
Operating profit EBIT (TSEK)	111,148	119,977	85,608	78,875
Operating margin EBIT (%)	10.7	18.6	17.4	19.2
Cash flow from operating activities (TSEK)	126,084	92,074	89,034	49,357
Total assets (TSEK)	1,024,955	481,643	377,442	283,014
Debt/equity ratio (%)	41.7	74.5	70.4	75.5
Net asset (+) /Net debt (-) (TSEK)	-153,167	172,546	105,065	62,714
Earnings per share (SEK)	6.54	8.61	5.68	5.65
Earnings per share excluding amortization of goodwill (SEK)	11.08	9.66	6.30	5.98
Equity per share (SEK)	37.72	31.68	23.46	18.87
Number of shares, end of period	11,320,968	11,320,968	11,320,968	11,320,968
Number of employees	531	238	216	160

1) The parent company and the Group do not apply IFRS/IAS 36. The Group do not perform impairment test of the goodwill in the end of the year. The Group amortize the goodwill linear during five to ten years, majority of the goodwill is amortized over ten years.

Appropriation of profits

The board of directors propose that the

Share premium fund	32,510,167
Retained earnings	101,564,732
Result for the year	-14,630

134,060,269

should be appropriated as follows

distributed to the shareholders (dividend of SEK 1.8 per share)	20,377,742
the remaining balance is to be carried forward	113,682,527

134,060,269

GROUP INCOME STATEMENT

	Not	2019	2018
Net sales	2	1,038,351	643,758
Cost of products and services sold		-616,832	-345,618
Gross profit	3	421,519	298,140
Sales expenses		-172,274	-102,254
Administrative expenses		-121,554	-62,078
Research and development expenses		-13,848	-14,095
Other operating income		3,538	2,534
Other operating expenses		-6,233	-2,270
Operating result (EBIT)	3, 4, 5, 6	111,148	119,977
<i>Result from financial items</i>			
Results from other securities and receivables recorded as fixed assets		123	-20
Interest income and other similar income	9	309	1,994
Interest expenses and other similar expenses	10	-3,637	-124
		-3,205	1,850
Result after financial items		107,943	121,827
Income tax	12	-33,869	-24,396
Result for the year		74,074	97,431
Attributable to			
Parent company shareholders		74,074	97,431
Non-controlling interests		1	0

GROUP BALANCE SHEET

	Not	2019-12-31	2018-12-31
ASSETS			
<i>Fixed assets</i>			
<i>Intangible assets</i>			
Goodwill	13	344,336	49,847
Other intangible assets	14	17,312	6,707
		361,648	56,554
<i>Tangible assets</i>			
Buildings and land	15	86,820	42,088
Plant and machinery	16	30,329	10,720
Equipment, tools, fixture and fittings	17	10,853	5,225
Construction in progress for buildings	18	41	5,529
		128,043	63,562
<i>Financial assets</i>			
Participations in securities in other companies	22	4	0
Other long-term receivables		204	183
		208	183
Total fixed assets		489,899	120,299
<i>Current assets</i>			
<i>Inventories</i>			
Raw materials and consumables		33,632	13,418
Work in progress		4,263	3,636
Finished goods		74,847	35,907
		112,742	52,961
<i>Current receivables</i>			
Account receivables		238,691	115,988
Other current assets		4,219	7,617
Prepaid expenses and accrued income	23	29,025	12,007
		271,935	135,612
<i>Cash and cash equivalents</i>	24	150,379	172,771
Total current assets		535,056	361,344
TOTAL ASSETS		1,024,955	481,643

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GROUP
BALANCE
SHEET

GROUP BALANCE SHEET

	Note	2019-12-31	2018-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital	25	3,363	3,363
Other contributed capital		32,510	32,510
Other equity including profit for the year		391,199	322,828
Equity attributable to parent company shareholders		427,072	358,701
Minority interests		1	0
		427,073	358,701
Provisions			
Deferred tax liabilities	26	12,277	7,397
Other provisions		72,850	683
		85,127	8,080
Long-term liabilities			
Liabilities to credit institutions	27	296,848	225
		296,848	225
Short-term liabilities			
Bank overdraft	28	1,494	0
Other interest bearing liabilities		5,204	0
Advances from customers		13,552	8,551
Accounts payables		84,916	50,062
Current tax liabilities		14,370	7,717
Other current liabilities		12,049	8,800
Accrued expenses and deferred income	29	84,322	39,507
		215,907	114,637
TOTAL EQUITY AND LIABILITIES		1,024,955	481,643

GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital	Other contributed capital	Other equity including profit for the year	Total
Opening balance 1 January 2018	3,363	32,510	229,701	265,574
Transactions with shareholders				
Dividends to shareholders	0	0	-11,320	-11,320
Translation difference	0	0	7,016	7,016
Result for the year	0	0	97,431	97,431
Closing balance 31 December 2018	3,363	32,510	322,828	358,701
Transactions with shareholders				
Dividends to shareholders	0	0	-16,981	-16,981
Translation difference	0	0	11,278	11,278
Result for the year			1	1
Closing balance 31 December 2019	3,363	32,510	391,199	427,073

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GROUP
STATEMENT OF
CHANGES IN
EQUITY

GROUP CASH FLOW STATEMENT

	Note	2019	2018
Operating activities			
<i>Operating result (EBIT)</i>		111,148	119,977
Adjustments for items not included in the cash flow			
Depreciations, amortizations and write-downs		63,834	18,031
Unrealized exchange rate gains and losses		1,937	569
Write-downs of account receivables		635	108
Changes in warranty provisions		-515	39
Changes in other provisions		224	-2,319
Result from disposal of tangible assets		70	-71
		177,334	136,332
Received interest		462	338
Paid interest		-4,077	-126
Paid tax		-27,121	-26,327
Cash flow from operating activities before changes in working capital		146,598	110,217
<i>Changes in working capital</i>			
Changes in inventory		10,575	-10,480
Changes in operating receivables		-31,569	-17,083
Changes in operating payables		480	9,420
Cash flow from operating activities		126,084	92,074
<i>Investing activities</i>			
Acquired operations		-409,471	0
Investments in tangible assets		-68,334	-16,537
Divestments of tangible assets		0	754
Provisions for additional purchase price		47,000	0
Cash flow from investing activities		-430,805	-15,783
<i>Financing activities</i>			
New loans		298,415	0
Amortization of loans		-3,867	-139
Dividend paid		-16,981	-11,321
Cash flow from financing activities		277,567	-11,460
Cash flow for the year		-27,154	64,831
Cash and cash equivalents at the beginning of the period		172,771	105,413
Translation difference in cash and cash equivalents		4,762	2,527
Cash and cash equivalents at the end of the period		150,379	172,771

PARENT COMPANY INCOME STATEMENT

	Not	2019	2018
Net sales		6,006	4,971
Gross profit		6,006	4,971
Sales expenses		-990	0
Administrative expenses		-23,458	-14,219
Research and development expenses		-1,927	0
Other operating income		-147	63
Other operating expenses		0	-1,332
Operating result (EBIT)	3, 4, 5, 6, 7	-20,516	-10,517
<i>Result from financial items</i>			
Results from participations in group companies	8	0	35,879
Interest income and other similar income	9	3,156	960
Interest expenses and other similar expenses	10	-3,424	-52
		-268	36,787
Result after financial items		-20,784	26,270
Appropriations	11	20,819	9,496
Result before tax		35	35,766
Income tax	12	-49	-2
Result for the year		-14	35,764

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PARENT
COMPANY
INCOME
STATEMENT

PARENT COMPANY BALANCE SHEET

	Not	2019-12-31	2018-12-31
ASSETS			
<i>Fixed assets</i>			
<i>Intangible assets</i>			
Other intangible assets	14	6,868	312
		6,868	312
<i>Tangible assets</i>			
Equipment, tools, fixture and fittings	17	135	153
		135	153
<i>Financial assets</i>			
Participations in group companies	19, 20	362,447	131,757
Other long-term receivables group companies	21	113,810	9,916
		476,257	141,672
Total fixed assets		483,260	142,138
<i>Current assets</i>			
<i>Current receivables</i>			
Receivables group companies		54,653	9,910
Tax receivables		195	181
Other current assets		1,574	0
Prepaid expenses and accrued income	23	761	547
		57,183	10,638
<i>Cash and cash equivalents</i>	24	9,920	124,184
Total current assets		67,103	134,822
TOTAL ASSETS		550,363	276,960

PARENT COMPANY BALANCE SHEET

	Not	2019-12-31	2018-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	25	3,363	3,363
Restricted reserve		918	918
		4,281	4,281
<i>Non-restricted equity</i>			
Share premium fund		32,510	32,510
Retained earnings		101,564	82,782
Result for the year		-14	35,764
	33	134,060	151,056
		138,341	155,337
Provisions			
Other provisions	26	47,000	0
		47,000	0
Long-term liabilities			
Liabilities to credit institutions	27	295,830	0
		295,830	0
Short-term liabilities			
Accounts payables		2,547	456
Liabilities group companies		59,438	116,670
Other current liabilities		403	163
Accrued expenses and deferred income	29	6,804	4,334
		69,192	121,623
TOTAL EQUITY AND LIABILITIES		550,363	276,960

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PARENT
COMPANY
BALANCE SHEET

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	Share capital	Reserve fund	Share premium fund	Retained earnings	Result for the Year	Total
Opening balance 1 January 2018	3,363	918	32,510	79,490	14,613	130,894
Disposition of previous year's result	0	0	0	14,613	14,613	0
Transactions with shareholders						
Dividends to shareholders	0	0	0	-11,321	0	-11,321
Result for the year	0	0	0	0	35,764	35,764
Closing balance 31 December 2018	3,363	918	32,510	82,782	35,764	155,337
Disposition of previous year's result	0	0	0	35,764	-35,764	0
Transactions with shareholders						
Dividends to shareholders	0	0	0	-16,982	0	-16,982
Result for the year	0	0	0	0	-14	-14
Closing balance 31 December 2019	3,363	918	32,510	101,564	-14	138,341

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PARENT COMPANY
STATEMENTS
OF CHANGES IN
EQUITY

PARENT COMPANY CASH FLOW

	2019	2018	
Operating activities			
Operating result (EBIT)	-20,516	-10,517	ANNUAL REPORT 2019
Adjustments for items not included in the cash flow			
Depreciations, amortizations and write-downs	167	150	
Unrealized exchange rate gains and losses	498	-411	
	-19,851	-10,778	PARENT COMPANY CASH FLOW
Received interest	3,156	960	
Paid interest	-3,423	-52	
Paid tax	-64	-18	
Cash flow from operating activities before changes in working capital	-20,182	-9,888	
<i>Changes in working capital</i>			
Changes in operating receivables	-7,082	-718	
Changes in operating payables	5,917	2,089	
Cash flow from operating activities	-21,347	-8,517	
<i>Investing activities</i>			
Acquired operations	-230,690	0	
Investments in tangible assets	-6,704	-141	
Provisions for additional purchase price	47,000	0	
Cash flow from investing activities	-190,394	-141	
<i>Financing activities</i>			
New loans	294,868	0	
Changes in balances with group companies	-201,229	50,678	
Dividend received	0	35,879	
Dividend paid	-16,981	-11,321	
Group contribution received	20,819	9,496	
Cash flow from financing activities	97,477	84,732	
Cash flow for the year	-114,264	76,074	
Cash and cash equivalents at the beginning of the period	124,184	48,110	
Cash and cash equivalents at the end of the period	9,920	124,184	

NOTE 1

ACCOUNTING PRINCIPLES ETC.

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NOTES

General accounting principles

The annual report has been prepared in accordance with the Annual Report Act (1995:1554) and BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3).

Consolidated financial statements

The consolidated financial statements are prepared according to the acquisition method. The consolidated financial statements include the Parent Company and its subsidiaries. Subsidiaries are those companies in which the Parent Company has, directly or indirectly, a controlling influence. Normally, this refers to companies where the Parent Company holds more than 50% of the voting rights. The consolidated financial statements include the subsidiaries from the date the Company (the Group) acquires control until the date on which it no longer exists. The subsidiaries' accounting principles are in accordance with the Company's accounting principles in general.

Transactions between Group companies, income and expenses, as well as changes in internal profit in stock, have been eliminated in the consolidated income statement.

In the consolidated financial statements, the Group companies' appropriations are eliminated and are included in the reported profit after deduction for deferred tax. This means that the Group companies' untaxed reserves on the Company's balance sheet are divided between deferred tax liability and equity.

In addition to what is stated regarding appropriations and untaxed reserves, all accounting and measurement principles applied in the consolidated financial statements are consistent with those described and applied by the Parent Company.

Revenue recognition

The income is recognised at the fair value of what the company received or will receive. This means that the Company recognises the income at face value (invoice amount) if the Company receives payment in cash and cash equivalents directly at the time of delivery. Discounts provided are deducted.

Sale of goods

For the sale of goods, revenue is normally recognised as income when the material benefits and risks associated with ownership of the goods have been transferred from the Company to the buyer.

Service and construction assignments

The Group recognises services and construction assignments at a fixed price as the work is carried out, so-called percentage of completion method. When measuring accrued profit, the percentage of completion

has been calculated as expenditure incurred at the balance sheet date in relation to the total estimated expenses for completing the assignment. The difference between recognised revenue and invoiced installments is recognised in the balance sheet in the item "earned but not invoiced revenue".

Interest, royalties and dividends

Remuneration in the form of interest, royalties or dividends is recognised as revenue when it is probable that the Company will receive the economic benefits associated with the transaction and when the income can be reliably calculated. Dividends are recognised as revenue when the Company's right to payment is secured.

Borrowing expenses

Borrowing expenses for borrowed capital are expensed in the income statement in the period in which they arise.

Accounting for leases

The Company and the Parent Company are lessees through so-called operating leases when the financial risks and benefits associated with the asset have not been transferred to the Company. Leasing fees, including any first increased rent, are recognised as an expense on a straight-line basis over the lease period. See further Note 5.

Employee benefits

Employee benefits refer to all types of benefits that the Company provides to employees. The Company's benefits include, among other things, salaries, paid leave, paid absences, bonuses and post-employment benefits (pensions). Recognition takes place in line with the period of service. In the Parent Company and the Company, only defined contribution pension plans exist. Defined contribution plans are classified as plans where fixed fees are paid, and there isn't any obligation for further payments, in addition to these fees. Expenses for defined contribution plans is recognised as a cost during the period the employee performs the services on which the obligation is based.

Tax

Total tax consists of current tax and deferred tax. Taxes are recognised in the income statement, except where the underlying transaction is recognised directly in equity, in which case the associated tax effect is recognised in equity.

Current tax

Current tax refers to income tax for the current fiscal year and that part of the income tax for previous fiscal years that has not yet been recognised. Current tax is calculated on the basis of the tax rate applicable on the balance sheet date.

NOTE 1

ACCOUNTING PRINCIPLES ETC.

Deferred tax

Deferred tax is income tax relating to future financial years as a consequence of past events. Recognition is according to the balance sheet method. According to this, deferred tax liabilities and deferred tax assets are recognised on temporary differences arising between the carrying value and tax values of assets and liabilities and for other tax deductions or losses. Deferred tax assets are only recognised net against deferred tax liabilities if they can be paid with a net amount. Deferred tax is measured based on the applicable tax rate at the balance sheet date. Effects of changes in current tax rates are measured in the period during which the change became statutory. Deferred tax assets are reduced to the extent that it is unlikely that the underlying tax asset will be realisable in the foreseeable future. Deferred tax assets are recognised as a financial fixed asset and deferred tax liability as provision.

Fixed assets

Tangible and intangible fixed assets are recognised at cost less accumulated depreciation and any impairment. Tangible fixed assets have been divided into significant components, when the components have substantially different useful lives.

Depreciable amount consists of acquisition cost less an estimated residual value, if this is significant. Depreciation is performed on a straight-line basis over the expected useful life.

The following depreciation periods are applied:

Intangible fixed assets

Goodwill	5-10 years
Other intangible	5-10 years

Tangible fixed assets

Buildings	15-50 years
Machinery and other technical facilities	3-5 years
Equipment, tools and installations	3-5 years

Internally generated intangible fixed assets

The Parent Company and the Company apply the so-called "activation model" for internally generated intangible fixed assets. The method involves allocating costs for internally generated intangible fixed assets to a research phase and a development phase. Costs in the research phase are expensed directly when they arise and costs in the development phase are capitalized when the conditions for an intangible fixed asset are met. An inter-account transfer from free equity to a fund for development expenses in restricted equity is booked for the corresponding amount capitalized during the year. Reversal from funds

to free equity takes place with the equivalent amount as recognised depreciation/impairment.

Financial instruments

The Company recognises and measures financial instruments at cost. Accounts receivable and other current receivables are recognised at the lower of cost and the amount by which they are expected to be settled, i.e. deduction for the losses feared. Accounts payable and other current liabilities are recognised at the amount by which they are expected to be settled.

Non-current receivables and liabilities are measured after initial recognition at accrued acquisition cost.

Inventories

Inventories have been measured at the lower of acquisition cost and net realisable value at the balance sheet date. Net realisable value refers to the estimated selling price of the goods, reduced by selling costs. The chosen measurement method means that any obsolescence in inventories has been taken into account.

Translation of foreign currency items

Receivables and liabilities denominated in foreign currencies have been measured at the exchange rate on the balance sheet date. Exchange gains and losses on operating receivables and liabilities are recognised in operating profit, while exchange gains and losses on financial receivables and liabilities are recognised as financial items.

Provisions

The Company is subject to guarantee obligations regarding product liability and warranties if the Company's products should contain defects or cause personal injury or damage to property. Guarantee commitments are measured at the amounts by which they are expected to be settled.

Estimates and assessments

The Board of Directors considers that there are no estimates or assessments of major importance that may affect the annual report of the Parent Company and the Group beyond what is stated below:

The Board of Directors tests the value of shares in Group companies/goodwill by means of cash flow forecasts, which include assumptions about, for example, revenue and trends in costs and working capital. Provisions also include additional consideration, which is also based on assessed earnings trends in 2020. If the real outcome in the companies concerned deviate from the assessments made, it has an impact on carrying amounts of shares in Group companies, Group goodwill and provisions.

NOTES

NOTE 2

SALES BY GEOGRAPHIC MARKETS

Net sales are divided by geographic markets according to the following:

	Group	
	2019	2018
Sweden	102,322	35,244
Other Nordic countries	35,645	8,697
Other Europe	544,695	350,742
North America	217,999	131,287
Other countries	137,690	117,787
	1,038,351	643,758

NOTE 3

Depreciation, amortization and write-downs

	Group		Parent company	
<i>Specification by function</i>	2019	2018	2019	2018
Cost of goods and services sold	-10,683	-4,183	0	0
Sales expenses	-51,690	-12,413	0	0
Administrative expenses	-1,007	-1,155	-167	-149
Research and development expenses	-454	-280	0	0
	-63,834	-18,031	-167	-149
<i>Specification by asset</i>				
Goodwill	-51,329	-11,887	0	0
Other intangible assets	-1,140	-778	-149	-137
Buildings and land	-1,815	-1,345	0	0
Plant and machinery	-4,041	-2,456	0	0
Equipment, tools, fixture and fittings	-5,509	-1,565	-18	-12
	-63,834	-18,031	-167	-149

NOTES

NOTE 4

FEES TO THE AUDITORS

	Group		Parent company	
	2019	2018	2019	2018
Ernst & Young				
Audit assignment	914	552	392	185
Audit-related services	3	0	3	0
Tax advisory services	102	17	102	17
Other services	438	374	427	364
C. C. Yang & Associates				
Audit assignment	84	0	0	0
Audit-related services	0	0	0	0
Tax advisory services	18	0	0	0
Other services	56	0	0	0
PKF Cooper Parry / Clement Keys				
Audit assignment	869	323	0	0
Audit-related services	0	0	0	0
Tax advisory services	0	108	0	0
Other services	0	827	0	0
Afigec				
Audit assignment	68	36	0	0
Audit-related services	0	0	0	0
Tax advisory services	0	0	0	0
Other services	0	0	0	0
	0	0	0	0
Xin Zhen Guang Certified Public Accountants				
Audit assignment	41	1	0	0
Audit-related services	9	0	0	0
Tax advisory services	6	0	0	0
Other services	0	0	0	0
Beijing Biaoguan CPA Co., Ltd				
Audit assignment	31	26	0	0
Audit-related services	0	0	0	0
Tax advisory services	0	2	0	0
Other services	0	0	0	0
BDO				
Audit assignment	392	0	0	0
Audit-related services	0	0	0	0
Tax advisory services	182	0	0	0
Other services	0	0	0	0

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NOTES

NOTES

NOTE 4 CONT.

FEES TO THE AUDITORS

	Group		Parent company	
	2019	2018	2019	2018
Segerros Revisionsbyrå AB				
Audit assignment	133	0	0	0
Audit-related services	0	0	0	0
Tax advisory services	0	0	0	0
Other services	0	0	0	0
Grow Audit OÜ				
Audit assignment	11	0	0	0
Audit-related services	0	0	0	0
Tax advisory services	0	0	0	0
Other services	0	0	0	0
Yiu Cho Yan Certified Public Accountant				
Audit assignment	10	0	0	0
Audit-related services	0	0	0	0
Tax advisory services	0	0	0	0
Other services	0	0	0	0

NOTES

NOTE 5

OPERATIONAL LEASING AGREEMENTS

	Group		Parent company	
	2019	2018	2019	2018
Expensed leasing payments for operational leasing agreements	14,608	12,074	660	284
Future minimum lease payments under non-cancellable operating lease:				
Due within 1 year	16,933	8,710	439	295
Due within 2-5 years	32,792	12,752	410	416
Due later than 5 years	3,611	2,909	0	0

Parent company and the Group have signed the following material leasing agreement which are accounted for as operational leasing agreements:
Rents for vehicles and office equipment (variable payment based on interest and utilization)
Rents for buildings (yearly increased by property index)

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NOTE 6

PERSONNEL

Average number of employees	2019		2018	
	Number of employees	of which are men	Number of employees	of which are men
<i>Parent company</i>				
Sweden	8	63%	2	100%
	8	63%	2	100%
<i>Subsidiaries</i>				
Sweden	109	91%	40	75%
Estonia	10	10%	0	0%
Finland	7	71%	0	0%
France	6	100%	5	100%
India	2	100%	0	0%
Canada	90	82%	0	0%
China	18	72%	16	69%
Singapore	1	100%	1	100%
Great Britain	240	81%	127	76%
Germany	24	75%	30	83%
USA	16	75%	17	76%
	523	80%	236	77%
Group Total	531	80%	238	77%

NOTES

NOTE 6 CONT.

PERSONNEL

Salaries and other remunerations

	2019		2018	
	Salaries and other remunerations	Social expenses (of which pension expenses)	Salaries and other remunerations	Social expenses (of which pension expenses)
Parent company	8,420	5,788 (2,556)	5,768	3,103 (1,337)
Subsidiaries	206,776	37,770 (8,256)	120,660	27,191 (7,963)
Group Total	215,196	43,558 (10,812)	126,428	30,294 (9,300)

Salaries and other remunerations specified by Board of directors, Chief executive officer and other employees

	2019		2018	
	Board of directors, Chief executive officer (of which bonuses etc.)	Other employees	Board of directors, Chief executive officer (of which bonuses etc.)	Other employees
Parent company	3,792 (120)	4,628	4,406 (1,287)	1,362
Subsidiaries	12,683 (2,942)	194,093	12,059 (1,560)	108,601
Group Total	16,475 (3,062)	198,721	16,644 (2,847)	109,963

Of the parent company's pension expenses TSEK 225 (228) is related to the Board of directors and CEO.

Of the Group pension expenses TSEK 1 374 (2390) is related to the board and CEO.

Allocation of women and men in the Board of directors and other executives

	Group		Parent company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Percentage women in the Board	20%	25%	20%	25%
Percentage men in the Board	80%	75%	80%	75%
Percentage women in other executives	24%	16%	25%	0%
Percentage men in other executives	76%	84%	75%	100%

Distribution is at the closing date.

NOTES

NOTE 7

PURCHASE AND SALES BETWEEN GROUP COMPANIES

	Parent company	
	2019	2018
Percentage of total purchase from other group companies	4%	9%
Percentage of total sales to other group companies	100%	100%

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NOTES

NOTE 8

RESULTS FROM PARTICIPATIONS IN GROUP COMPANIES

	Parent company	
	2019	2018
Dividend received	0	35,879
	0	35,879

NOTE 9

INTEREST INCOME AND OTHER SIMILAR INCOME

	Group		Parent company	
	2019	2018	2019	2018
Interest income from group companies	0	0	3,087	500
Other interest income	178	338	64	49
Exchange rate gains	131	1,656	5	411
	309	1,994	3,156	960

NOTE 10

INTEREST EXPENSES AND OTHER SIMILAR EXPENSES

	Koncernen		Moderbolaget	
	2019	2018	2019	2018
Interest expenses from group companies	0	0	-25	-52
Other interest expenses	-2,928	-116	-2,570	0
Exchange rate losses	-159	0	0	0
Other financial expenses	-550	-8	-830	0
	-3,637	-124	-3,424	-52

NOTES

NOTE 11

GROUP CONTRIBUTION RECEIVED

	Parent company	
	2019	2018
Group contribution received	20,819	9,496
	20,819	9,496

NOTE 12

TAXES ON RESULT FOR THE YEAR

	Group		Parent company	
	2019	2018	2019	2018
Income taxes	30,400	23,312	49	2
Changes in deferred taxes on temporary differences	3,470	1,084	0	0
Total taxes	33,869	24,396	49	2
Average tax rate	31.4%	20.0%	141.1%	0.0%
Reconciliation of average tax rate				
Result before tax	107,943	121,827	35	35,766
Income tax according to applicable tax rate (21.4%)	23,100	26,802	7	7,869
Tax effect of:				
Amortization of goodwill	10,945	2,417	0	0
Other non-deductible expenses	1,781	1,209	42	27
Other non-taxable income	-963	-6,737	0	-7,893
Tax losses carried forward	543	3,477	0	0
Tax depreciations on buildings	25	60	0	0
Differences in tax rates for foreign subsidiaries	-949	-1,341	0	0
Other	-613	-1,492	0	0
Recorded tax	33,869	24,396	49	2
Tax rate	31.4%	20.0%	141.1%	0.0%

NOTES

NOTE 13

GOODWILL

	Group		Parent company	
	2019	2018	2019	2018
Opening acquisition value	183,703	178,670	0	0
Acquired operations	340,302	0	0	0
Investments	5,367	1,758	0	0
Translation differences	2,866	3,275	0	0
Closing acquisition value	532,238	183,703	0	0
Opening accumulated amortizations	-133,856	-121,245	0	0
Amortization acquired operations	-1,135	0		
Amortization for the year	-51,329	-11,887	0	0
Translation differences	-1,582	-724	0	0
Closing accumulated amortizations	-187,902	-133,856	0	0
Net residual value	344,336	49,847	0	0

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NOTE 14

OTHER INTANGIBLE ASSETS

	Group		Parent company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Opening acquisition value	9,325	6,754	721	672
Acquired operations	22,784	0	0	0
Investments	10,891	2,314	6,705	49
Sales and disposals	-260	0	0	0
Translation differences	86	257	0	0
Closing acquisition value	42,826	9,325	7,426	721
Opening accumulated amortizations	-2,618	-1,777	-409	-272
Amortization acquired operations	-21,887	0	0	0
Amortization for the year	130	0	0	0
Sales and disposals	-1,140	-778	-149	-138
Translation differences	1	-63	0	0
Closing accumulated amortizations	-25,514	-2,618	-558	-409
Net residual value	17,312	6,707	6,868	312

Other intangible assets refers so software, licences, and capitalized cost for product development.

NOTES

NOTE 15

BULDINGS AND LAND

	Group		Parent company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Opening acquisition value	51,667	50,663	0	0
Acquired operations	1,109	0		
Investments	38,292	0	0	0
Reclassifications	5,488			
Translation differences	2,657	1,003	0	0
Closing acquisition value	99,213	51,666	0	0
Opening accumulated depreciations	-9,578	-8,183	0	0
Depreciations acquired operations	-757	0		
Depreciations for the year	-1,815	-1,345	0	0
Reclassifications	0	0	0	0
Translation differences	-243	-50	0	0
Closing accumulated depreciations	-12,393	-9,578	0	0
Net residual value	86,820	42,088	0	0

NOTE 16

PLANT AND MACHINERY

	Group		Parent company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Opening acquisition value	32,089	28,725	0	0
Acquired operations	43,163	0	0	0
Investments	9,416	2,814	0	0
Sales and disposals	-1,038	0	0	0
Translation differences	2,188	550	0	0
Closing acquisition value	85,818	32,089	0	0
Opening accumulated depreciations	-21,369	-18,584	0	0
Depreciations acquired operations	-29,749	0	0	0
Depreciations for the year	-4,041	-2,456	0	0
Sales and disposals	1,029	0	0	0
Translation differences	-1,359	-329	0	0
Closing accumulated depreciations	-55,489	-21,369	0	0
Net residual value	30,329	10,720	0	0

NOTES

NOTE 17

EQUIPMENT, TOOLS, FUTURE AND FITTINGS

	Group		Parent company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Opening acquisition value	13,533	10,277	180	88
Acquired operations	14,138	0	0	0
Investments	4,482	4,014	0	92
Sales and disposal	-911	-1,082	0	0
Translation differences	490	323	0	0
Closing acquisition value	31,732	13,533	180	180
Opening accumulated depreciations	-8,307	-6,930	-27	-15
Depreciations acquired operations	-7,647	0	0	0
Depreciations for the year	-5,509	-1,565	-18	-12
Sales and disposal	872	401	0	0
Translation differences	-287	-213	0	0
Closing accumulated depreciations	-20,878	-8,307	-45	-27
Net residual value	10,854	5,225	135	153

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NOTE 18

CONSTRUCTIONS IN PROGRESS FOR BUILDINGS

	Group		Parent company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Opening acquisition value	5,529	0	0	0
Investments	0	5,529	0	0
Reclassifications	-5,488	0	0	0
Closing acquisition value	41	5,529	0	0

NOTE 19

PARTICIPATION IN GROUP COMPANIES

	Parent company	
	2019-12-31	2018-12-31
Opening book value	131,757	131,757
Investments	230,690	0
Closing book value	362,447	131,757

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NOTE 20

PARTICIPATIONS IN GROUP COMPANIES

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Company name	Share	Voting rights	Number of shares	Book value
Absolent AB	100%	100%	1,000	3,000
Filtermist Holding Ltd	100%	100%	208,250	112,528
Bristol Real Estate GmbH	100%	100%	1	242
Bristol Tool & Gauge International GmbH	100%	100%	2	15,987
Jeven Global OY	100%	100%	10,000	166,298
Interzon AB	100%	100%	100	64,392
				362,447

Company name	Share	Identity no.	Registered office
Absolent AB	100%	556476-0642	Lidköping, Sweden
Absolent Inc	100%	6093-142-9	Chicago, USA
Avani Environmental Intl. Inc	100%	743196019	Youngsville, USA
Diversitech Equipment & Sales (1984) Ltd	100%	117488375	Quebec, Canada
10855090 Canada Inc	100%	747110310	Quebec, Canada
C&C Mechanical	100%	141304303	Ontario, Canada
Absolent (Beijing) Co, Ltd	100%	110000450170768	Peking, China
Absolent GmbH	100%	Essen HRB 26770	Sprockhövel, Germany
Absolent SAS	100%	828 500 397	Simandre-sur-Suran, France
Absolent Fastighets AB	100%	559178-3435	Lidköping, Sweden
SMK Sweden AB	100%	556212-6341	Skövde Sweden
Filtermist Holding Ltd	100%	03312267	Telford, Great Britain
Filtermist Systems Ltd	100%	4220347	Stourbridge, Great Britain
Dust Control Systems Ltd	100%	02687779	Dewsbury, Great Britain
Cades Ltd	100%	0378735	Dewsbury, Great Britain
Gallito Ltd	100%	01303110	Wetherby, Great Britain
Lev Direct Ltd	100%	03080027	Dewsbury, Great Britain
Dustcheck Ltd	100%	01365594	Stoke-on-Trent, Great Britain
ECO Gate Ltd	100%	04885679	Dewsbury, Great Britain
Kerstar Ltd	100%	05809013	Northampton, Great Britain
Filtermist Shanghai Ltd	100%	91319999MA1GUOX82J	Shanghai, China
Filtermist Asia Pte. Ltd	100%	201315672M	Singapore
Absolent Filtermist India Private Ltd	100%	07AARCA5325Q1Z0	Delhi, India
Bristol Real Estate GmbH	100%	Ansbach HRB 962	Dombühl, Germany
Bristol Tool & Gauge International GmbH	100%	Ansbach HRB 5795	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%	08557213	Birmingham, Great Britain
Interzon AB	100%	556746-6841	Täby, Sweden
Interzon OU	100%	11019095	Tallin, Estonia

NOTES

NOTE 21

OTHER LONG-TERM RECEIVABLES GROUP COMPANIES

	Parent company	
	2019-12-31	2018-12-31
Opening balance	9,916	9,505
Receivables for the year	103,407	0
Translation difference	487	411
Closing balance	113,810	9,916

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NOTE 22

PARTICIPATIONS IN SECURITIES IN OTHER COMPANIES

	Group		Parent company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Opening balance	0	20	0	0
Acquired operations	4	0	0	0
Sales and disposals	0	-20	0	0
Closing balance	4	0	0	0

NOTE 23

PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Accrued income	18,114	5,396	0	0
Prepaid rent	2,452	436	25	0
Prepaid interest	0	105	0	0
Prepaid insurance	1,330	1,316	214	0
Other prepaid cost	7,129	4,754	522	547
	29,025	12,007	761	547

NOTE 24

Cash and cash equivalents

	Group		Parent company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Available balances	150,379	172,771	9,920	124,184
	150,379	172,771	9,920	124,184

Companies in the Group within EU are connected to Group Cash-pool. Receivables/liabilities on sub accounts to the Cash-pool is reported as assets/liabilities to Group companies in the parent company.

NOTES

NOTE 25

NUMBER OF SHARES

	2019-12-31	2018-12-31	2019-12-31	2018-12-31
	Quota value	Quota value	Number	Number
A-Shares	0.2971	0.2971	11,320,968	11,320,968
			11,320,968	11,320,968

NOTE 26

PROVISIONS

	Group		Parent company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
<i>Deferred tax liabilities</i>				
Opening balances	7,397	6,488	0	0
Deferred tax for the year	4,880	909	0	0
	12,277	7,397	0	0
See note 12, Tax on result for the year.				
<i>Other provisions</i>				
Opening balances	683	2,856	0	0
Provisions for the year	72,172	48	47,000	0
Reversal of unused amounts	-5	-2,221	0	0
	72,850	683	47,000	0
<i>Specification of Other provisions</i>				
Warranty	678	683	0	0
Additional purchase price	71,949	0	47,000	0
Other provisions	223	0	0	0
	72,850	683	47,000	0

The Group covers warranty provisions for product responsibilities and warranty in the event that the Group's products should contain defects or causes personal injury or damage property. The provision is valued at the amount that is expected to be settled. Additional purchase price refers to future final payments of the shares in the subsidiaries Jeven Global OY, Interzon AB and Diversitech Inc.

NOTE 27

LONG-TERM LIABILITIES

	Group		Parent company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Due within 2 and 5 years after balance sheet date				
Liabilities to credit institutions	296,848	225	295,830	0
	296,848	225	295,830	0

NOTES

NOTE 28

BANK OVERDRAFT FACILITIES

	Group		Parent Company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Approved credit	23,000	20,000	20,000	20,000
Credit utilized	1,494	0	0	0

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NOTE 29

ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Accrued salaries	17,805	9,841	353	1,787
Accrued holiday pay	9,741	4,484	1,384	532
Accrued social security contribution	7,367	4,227	546	729
Other accrued expenses	43,429	20,955	4,521	1,286
Other deferred income	5,980	0	0	0
	84,322	39,507	6,804	4,334

NOTE 30

PLEDGED ASSETS

	Group		Parent company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Pledged assets for own liabilities to credit institutions				
Business mortgages	10,500	None	None	None
Property mortgages	None	None	None	None
Assets with legal ownership reservation	1,325	None	None	None
Other pledged assets				
Pledged accounts receivables	2,494	None	None	None
Bank funds as collateral	2,820	3,868	None	None
Total pledged assets	17,139	3,868	None	None

NOTE 31

CONTINGENT LIABILITIES

	Group		Parent company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Guarantee and contingent liabilities	None	None	None	None

The parent company's liabilities against credit institutions are conditional of a maximum level of Net debt/EBITDA. The company meets the condition at year end, December 31, 2019.

NOTE 32

EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet day an outbreak of Covid-19 occurred around the world, which also effected the Group. Based on the available information today it is difficult to assess how long and to what extent the virus outbreak will impact the operations within the Group. It is currently difficult to predict the potential effects and the Group is monitoring the development closely and will act proactively to limit the impact.

NOTE 33

APPROPRIATION OF PROFIT OR LOSS

	2019-12-31	2018-12-31
Proposed appropriation of profits (SEK)		
The board of directors propose that the disposable profit and brought forward and result for the year		
Share premium fund	32,510,167	32,510,167
Retained earnings	101,564,732	82,782,171
Result for the year	-14,630	35,764,013
	134,060,269	151,056,351
should be appropriated as follows		
distributed to the shareholders dividend of SEK 1.8 (1.5) per share	20,377,742	16,981,452
the remaining balance is to be carried forward	113,682,527	134,074,899
	134,060,269	151,056,351

NOTE 34

ACQUISITIONS DURING THE YEAR

The Group has acquired seven business operations during 2019 with a yearly net sales of about MSEK 500. The Group goodwill has increased as a connection of the acquisitions and the changes are specified in Note 13. The acquisition value of the Shares in subsidiaries can be found in Note 19 and 20. The effect on the bank and equivalent, with respect to the acquisitions, can be found in the cashflow for the parent company and the Group in this annual report.

NOTE 35

FINANCIAL DEFINITIONS

Operating margin (EBIT)

Earnings before interest and tax in relation to net sales.

Adjusted equity

Equity plus untaxed reserves reduced by deferred tax.

Equity ratio

Adjusted equity in relation to total assets.

Net assets/Net debt

Liquid funds less interest bearing liabilities.

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Lidköping March 23, 2020

Mikael Ekdahl
Chairman

Joakim Westh

Per-Axel Fagerholm

Märta Schörling Andreen

Axel Berntsson
CEO

Johan Westman

Our auditor´s report was submitted on March 25, 2020

Damir Matesa
Authorized Public Accountant

14	AUDITOR'S REPORT
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AUDITOR'S REPORT

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

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AUDITOR'S
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REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Absolent Group AB (publ) for the year 2019. The annual accounts and consolidated accounts of the company are included on pages 53-87 in this document.

In our opinion, the annual accounts and consolidated 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 and the group as of December 31, 2019 and their financial performance and cash flow for the year then ended in accordance with 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

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises pages 1-52 (but does not include the annual accounts, consolidated accounts and our auditor's report thereon).

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 MANAGING DIRECTOR

The Board of Directors and the Managing Director 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. The Board of Directors and the Managing Director 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 Managing Director 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 Managing Director 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 Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director'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 Managing Director of Absolent Group AB (publ) for the year 2019 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 Managing Director 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 MANAGING DIRECTOR

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 Managing Director shall manage the ongoing administration according to the Board of Directors' guide-lines 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 Managing Director 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.

Skovde March 25, 2020

Ernst & Young AB

Damir Matésa

Authorized Public Accountant

