

Quarter 3

INTERIM REPORT
JANUARY – SEPTEMBER 2020

QUARTER 3, 2020

- Net sales amounted to 191.1 MSEK (285.6) which is a decrease of -33.1 % (69.3)
- Operating profit before amortization of goodwill (EBITA) reached 12.8 MSEK (37.8) with a margin of 6.7 % (13.2)
- Operating profit after amortization of goodwill (EBIT) amounted to -6.5 MSEK (19.1) with a margin of -3.4 % (6.7). Amortizations of goodwill had an impact on EBIT with -19.3 MSEK (-18.7)
- Earnings per share amounted to -1.1 SEK (0.9)
- Cash flow from operating activities after change in working capital amounted 24.9 MSEK (42.0)

JANUARY - SEPTEMBER, 2020

- To adapt to the current market situation with Covid-19, we continuously review the Group's expenses. As previously communicated a cost reduction program was initiated in the second quarter with one-time expenses of 58 MSEK and the cost reduction program runs according to plan. Adjusted figures are presented below
- Net sales amounted to 666.8 MSEK (714.3) which is an increase of -6.7 % (47.8)
- Adjusted operating profit before amortization of goodwill (EBITA1)* reached 61.9 MSEK (121.8) with a margin of 9.3 % (17.0). Operating profit before amortization of goodwill (EBITA) reached 3.1 MSEK (121.8) with a margin of 0.5 % (17.0)
- Adjusted operating profit after amortization of goodwill (EBIT1)* reached 2.3 MSEK (89.5) with a margin of 0.3 % (12.5). Amortizations of goodwill had an impact on EBIT1 with -59.6 MSEK (-32.3). Operating profit after amortization of goodwill (EBIT) reached -55.7 MSEK (89.5) with a margin of -8.4 % (12.5). Amortizations of goodwill had an impact on EBIT with -59.6 MSEK (-32.3)
- Adjusted earnings per share amounted to -0.4 SEK (5.9). Earnings per share amounted to -6.8 SEK (5.9)
- Cash flow from operating activities after change in working capital amounted to 46.3 MSEK (89.6)

**Definition can be found on page 2 in this report.*

ADJUSTED KEY RATIOS¹	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net sales (TSEK)	191,098	285,558	666,799	714,345	1,038,351
Sales growth (%)	-33.1	69.3	-6.7	47.8	61.3
Adjusted EBITDA1 (TSEK)	16,438	41,470	73,479	130,401	174,968
Adjusted EBITA1 (TSEK)	12,802	37,786	61,861	121,765	162,462
Adjusted EBITA1 (%)	6.7	13.2	9.3	17.0	15.6
Amortization of goodwill (TSEK)	-19,254	-18,712	-59,589	-32,280	-51,329
Adjusted operating profit EBIT1 (TSEK)	-6,453	19,074	2,272	89,485	111,148
Adjusted operating margin EBIT1 (%)	-3.4	6.7	0.3	12.5	10.7
Adjusted earnings per share (SEK)	-1.1	0.9	-0.4	5.9	6.5

1)

Adjusted result (EBITDA1) – Result before depreciations and amortization of goodwill excluding one-time revenue and expenses

Adjusted result (EBITA1) – Result before amortization of goodwill excluding one-time revenue and expenses

Adjusted result (EBIT1) – Result excluding one-time revenue and expenses

KEY RATIOS	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net sales (TSEK)	191,098	285,558	666,799	714,345	1,038,351
Sales growth (%)	-33.1	69.3	-6.7	47.8	61.3
EBITDA (TSEK)	16,438	41,470	19,081	130,401	174,968
EBITA (TSEK)	12,802	37,786	3,072	121,765	162,462
EBITA (%)	6.7	13.2	0.5	17.0	15.6
Amortization of goodwill (TSEK)	-19,254	-18,712	-59,589	-32,280	-51,329
Operating profit EBIT (TSEK)	-6,453	19,074	-55,718	89,485	111,148
Operating margin EBIT (%)	-3.4	6.7	-8.4	12.5	10.7
Cash flow from operating activities (TSEK)	24,858	42,045	46,294	89,627	126,084
Debt/equity ratio (%)	29.3	41.1	29.3	41.1	41.7
Net debt (TSEK)	145,434	176,578	145,434	176,578	153,167
Earnings per share (SEK)	-1.1	0.9	-6.8	5.9	6.5
Equity per share (SEK)	29.9	37.6	29.9	37.6	37.7
Number of shares, end of period	11,320,968	11,320,968	11,320,968	11,320,968	11,320,968



COMMENTS BY THE CEO AXEL BERTSSON

During the third quarter of the year, as well as in the second quarter, operating activities delivered a relatively strong cash flow despite a low sales volume.

As a consequence of Covid-19, we had a falling order intake for the period between March and August, which resulted in that sales for the third quarter decreased to 191.1 MSEK (285.6) and the operating profit (EBITDA) decreased to 16.4 MSEK (41.5). During the quarter we had a strong cash-flow from the operating activities in relation to EBITDA which reached 151% (101).

Fortunately, we have seen a recovery in order intake since September in Europe and Asia. It is the automotive-related industry and precision machining industry that have bounced back most strongly. Our commercial kitchen and food production business has continued to deliver at a good level both in terms of sales volume and margins. In North America and the UK, a more challenging market situation remain, and we expect it to persist for the remainder of the year.

Our cost reduction program has proceeded according to plan and we are pleased to successfully have protected our price levels and believe that our offering remains strong even in a tougher market. We are

therefore well positioned to deliver increasing margins again as the market conditions improves.

In addition to the cost reduction program, we have invested a lot of time and effort in developing new solutions and strengthening our customer offering during the quarter. We are making clear progress in molecular filtration and connected devices and look forward to seeing the result of that work in upcoming years.

I would like to thank my co-workers for their commitment and loyalty to the company even during the challenging times we have due to Covid-19. To see that the energy and desire for development is as strong in headwind as it is in tailwind makes me proud and grateful to share this journey with you.

Axel Berntsson, MD and CEO

Lidköping, November 2020

GROUP JANUARY TO SEPTEMBER 2020

NET SALES

The net sales for the Group amounted to 666.8 MSEK (714.3), which corresponds to a growth of -6.7 % (47.8).

OPERATING PROFIT

Adjusted operating profit (EBIT1) reached 2.3 MSEK (89.5), which corresponds to an adjusted operating margin (EBIT1) of 0.3 % (12.5). Operating profit (EBIT) amounted to -55.7 MSEK (89.5), which corresponds to an operating margin (EBIT) of -8.4 % (12.5). The parent company and the Group do not apply IFRS/IAS 36. Thereby, impairment test of the goodwill is not performed. The Group amortize the goodwill linear over the estimated useful life, which is five to ten years. Several acquisitions were made during the last two quarters previous year and the amortizations have therefore increased compare to the same period previous year. The amortizations of the goodwill do not affect the taxable profit. The currency rates impacted the operating profit (EBIT) positively for the period. The financial items were negatively impacted by the currency rates. The impact is related to the credit facility in foreign currency. After taxes and financial items of -21.2MSEK (-23.2) the result for the period was -76.9MSEK (66.3). Adjusted result for the period was -4.4 MSEK (66.3). Adjusted earnings per share amounted to -0.4SEK (5.9). Earnings per share was -6.8 SEK (5.9).

INVESTMENTS

The Group invested 12.9 MSEK (57.0) for the period January to September mainly in machinery and inventories in current operations. A new company was established in Japan to facilitate and pursue the Japanese market. In addition, a branch was started in Switzerland.

CASH FLOW

Cash flow from the operating activities before changes in working capital amounted to 32.5 MSEK (107.9).

Cash flow after changes in working capital amounted to 46.3 MSEK (89.6).

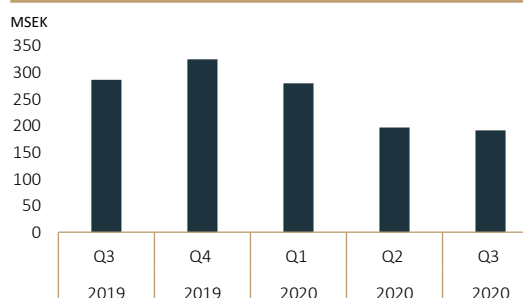
FINANCIAL POSITION

Interest bearing liabilities amounted to 593.4 MSEK at the end of the period. At the beginning of the period the liabilities amounted to 303.5 MSEK. Net debt of the Group was 145.4 MSEK by the end of September compared to 153.2 MSEK in the beginning of the period. The debt/equity ratio was at the end of the period 29.3% compared to 41.7 % by the beginning of the period.

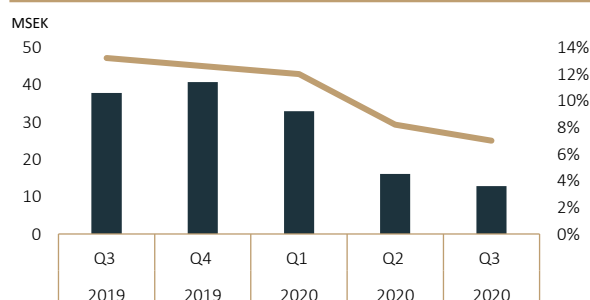
NET SALES PER REGION, JAN TO SEP



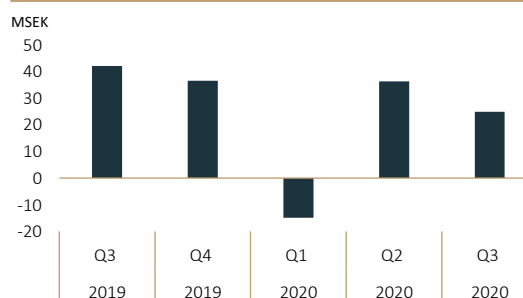
NET SALES



EBITA OCH EBITA MARGIN (EBITA1 Q2 2020)



CASH FLOW FROM OPERATING ACTIVITES



OTHER INFORMATION

RISKS AND UNCERTAINTIES

The Group and the parent company are exposed to different risks in their daily operations such as business risk, competitor risk, distributor risk, supplier risk and acquisition risk. These risks are described in detail in the Annual Report of Absolent Group for 2019 (available on www.absolentgroup.com). The risk profile remains since the Annual Report of 2019 was published. However, the spread of Covid-19 has created uncertainties in the market that are difficult to predict.

FINANCIAL IMPACT OF COVID 19

The Group's order intake has continued to be impacted negatively by Covid-19 during the third quarter and the Group has seen a recovery in order intake in Europe and Asia since September. As already communicated a cost reduction program was initiated to meet the decreased sales. The program runs according to plan and one-time expenses of 58 MSEK are included in the second quarter.

Furloughs of employees have been made on our markets in Europe and North America. The furloughs are handled locally based on local regulations. The Group has received governmental grants of 20 MSEK.

The impact of Covid-19 is still uncertain, and the Group management follows the development closely and evaluates both the operational and financial impact and takes proactive measures to limit the effects.

ACCOUNTING PRINCIPLES

The Group and the parent company applies the Swedish Annual Accounts Act (1995:1554) and General recommendation BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3) of the Swedish Accounting Standard Board. The accounting principles applied are the same as those described in the disclosures of the annual report for 2019 (available on www.absolentgroup.com). The group have changed the presentation of deferred tax assets and liabilities, and the comparison figures have been adjusted accordingly.

No new accounting principles for 2020 has been applied by the Group.

OTHER INFORMATION

The Group CFO, Anna Åkerblad, has handed in her notice. She will remain in her current position during the four months' notice period to ensure a structured handover until a new CFO joins the company. The process to recruit a new CFO has been initiated.

The Board of Directors has discussed the question of holding an extraordinary general meeting during 2020 for proposal of dividend. Due to the great uncertainties due to Covid-19, the Board of Directors will not send a notification of an extraordinary general meeting nor propose any dividend for the current year.

CONTACT INFORMATION

Axel Berntsson, Verkställande direktör
Absolent Group AB (publ)
Staplaregatan 1, SE-531 40 Lidköping
Company ID: 556591-2986
Phone: +46 (0) 510 48 40 00
Fax: +46 (0) 510 48 40 29
E-mail: ir@absolentgroup.se
Website: www.absolentgroup.com

CERTIFIED ADVISER

Erik Penser Bank AB är Bolagets Certified Adviser.

FINANCIAL CALENDER

Fourth quarter, Q4 2020	February 26, 2021
Annual Report, 2020	April 13, 2021
First quarter 2021,	May 4, 2021
Annual General Meeting	May 4, 2021

This interim report has not been reviewed by the company auditors.

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

The interim report is available on the Group website (www.absolentgroup.com).

Lidköping November 19, 2020
Axel Berntsson
CEO

This information is information Absolent Group AB (publ.) is obligated to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 a.m. CET November 19, 2020.

GROUP – INCOME STATEMENT

(TSEK)	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net sales	191,098	285,558	666,799	714,345	1,038,351
Cost of products and services sold	-129,962	-178,157	-452,704	-415,294	-616,832
Gross profit	61,136	107,401	214,095	299,051	421,519
Sales expenses	-46,189	-52,514	-165,732	-119,656	-172,274
Administrative expenses	-23,780	-33,525	-104,134	-78,926	-121,555
Research and development expenses	-3,479	-3,817	-20,069	-10,659	-13,848
Other operating income and expenses	5,859	1,529	20,122	-325	-2,694
Operating result (EBIT)	-6,453	19,074	-55,718	89,485	111,148
Financial items	-3,020	-1,593	-8,568	-1,310	-3,204
Result before tax	-9,473	17,481	-64,286	88,175	107,943
Taxes	-2,738	-7,120	-12,611	-21,866	-33,869
Result for the period	-12,211	10,361	-76,897	66,309	74,074

GROUP – BALANCE SHEET

(TSEK)	30-Sep 2020	30-Sep 2019	31-Dec 2019
Assets			
<i>Fixed assets</i>			
Intangible assets	295,537	407,299	361,648
Tangible assets	118,024	122,174	128,043
Financial assets	91	209	208
Deferred tax assets	6,706	3,367	2,450
Total fixed assets	420,358	533,049	492,349
<i>Current assets</i>			
Inventories	109,514	129,520	112,742
Account receivables	145,978	208,851	238,691
Other current assets	33,628	36,635	33,244
Cash and cash equivalents	447,991	130,670	150,378
Total current assets	737,111	505,676	535,055
Total assets	1,157,469	1,038,725	1,027,404
Equity and liabilities			
<i>Equity</i>			
Share capital (11,320,968 shares)	3,363	3,363	3,363
Other contributed capital	32,510	32,510	32,510
Other equity including profit for the year	303,118	389,849	391,199
Minority interests	1	1	1
Total equity	338,992	425,723	427,073
<i>Provisions</i>			
Deferred tax liabilities	15,922	14,714	14,725
Other provisions	84,138	99,240	72,850
Total provisions	100,060	113,954	87,575
<i>Long-term liabilities</i>			
Liabilities to credit institutions	588,867	300,515	296,848
Total long-term liabilities	588,867	300,515	296,848
<i>Short-term liabilities</i>			
Other interest-bearing liabilities	2,544	6,733	5,204
Bank overdraft	2,014	-	1,494
Accounts payables	36,194	88,373	84,916
Other current liabilities	88,798	103,427	124,292
Total short-term liabilities	129,550	198,533	215,908
Total equity and liabilities	1,157,469	1,038,725	1,027,404

GROUP - STATEMENT OF CHANGES IN EQUITY

(TSEK)	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Opening balance	427,073	358,701	358,701
Translation differences	-11,184	17,693	11,278
Dividends	-	-16,981	-16,981
Result for the year	-76,897	66,309	74,074
Change in minority	-	1	1
Closing balance	338,992	425,723	427,073

GROUP - CASH FLOW STATEMENT

(TSEK)	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Operating result (EBIT)	-6,453	19,074	-55,718	89,485	111,148
Adjustment for items not included in the cash flow	15,732	24,505	118,300	43,761	66,186
Financial net, paid	-2,437	-870	-5,871	-384	-3,615
Paid tax	-12,063	-10,038	-24,259	-24,978	-27,121
Changes in working capital	30,079	-9,374	-13,842	-18,257	-20,514
Cash flow from operating activities	24,858	42,045	46,294	89,627	126,084
Investing activities	-2,762	-12,731	-12,877	-57,010	-68,334
Acquired operations	-	-356,766	-27,000	-455,135	-409,471
Provision for additional purchase price, not included in the cash flow	-	97,130	-	97,130	47,000
Cash flow from investing activities	22,096	-230,332	6,417	-325,388	-304,721
Financing activities	-2,269	197,362	292,710	277,004	277,567
Cash flow for the period	19,827	-32,970	299,127	-48,384	-27,154
Cash and cash equivalents at the beginning of the period	429,775	162,981	150,379	172,771	172,771
Translation differences	-1,611	659	-1,515	6,283	4,762
Cash and cash equivalents at the end of the period	447,991	130,670	447,991	130,670	150,379

PARENT COMPANY – INCOME STATEMENT

(TSEK)	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net sales	10,795	1,513	16,187	4,055	6,006
Gross profit	10,795	1,513	16,187	4,055	6,006
Sales expenses	-139	-239	-768	-809	-990
Administrative expenses	-7,318	-6,431	-20,760	-16,802	-23,458
Research and development expenses	-587	-346	-1,623	-1,593	-1,927
Other operating income and expenses	-137	-47	825	-272	-147
Operating result (EBIT)	-2,614	-5 550	-6,139	-15,421	-20,516
Financial items	-2,230	-2,189	-3,322	-2,464	-268
Appropriations	-9,900	7,721	-	17,742	20,819
Result before tax	-9,516	-18	-9,461	-143	35
Taxes	2,025	-	1,997	-	-49
Result for the period	-7,491	-18	-7,464	-143	-14

PARENT COMPANY - BALANCE SHEET

(TSEK)	30-Sep 2020	30-Sep 2019	31-Dec 2019
Assets			
<i>Fixed assets</i>			
Intangible assets	9,605	1,500	6,868
Tangible assets	152	140	135
Participations in group companies	362,447	313,400	362,447
Long-term receivables group companies	105,937	119,358	113,809
Deferred tax assets	2,025	-	-
Total fixed assets	480,166	434,398	483,259
<i>Current assets</i>			
Receivables group companies	69,30	46,543	54,653
Other receivables	1,639	2,871	2,531
Cash and cash equivalents	314,228	3,533	9,920
Total current assets	385,497	52,947	67,103
Total assets	865,663	487,345	550,363
Equity and liabilities			
<i>Equity</i>			
<i>Restricted equity</i>			
Share capital (11,320,968 shares)	3,363	3,363	3,363
Reserve fund	918	918	918
<i>Non-restricted equity</i>			
Share premium fund	32,510	32,510	32,510
Retained earnings	101,550	101,565	101,564
Result for the period	-7,464	-143	-14
Total equity	130,877	138,213	138,341
<i>Provisions</i>			
Other provisions	20,000	-	47,000
Total provisions	20,000	-	47,000
<i>Long-term liabilities</i>			
Liabilities to credit institutions	588,844	300,949	295,830
Liabilities group companies	37,504	-	-
Total long-term liabilities	626,348	300,949	295,830
<i>Short-term liabilities</i>			
Accounts payables	1,826	2,253	2,547
Liabilities group companies	79,571	39,648	59,438
Other liabilities	7,041	6,282	7,207
Total short-term liabilities	88,438	48,183	69,192
Total equity and liabilities	865,663	387,345	550,363