

Quarter 4

INTERIM REPORT
JANUARY – DECEMBER 2020

QUARTER 4, 2020

- Net sales amounted to 229.1 MSEK (324.0) which is a growth of -29.3 % (102.0)
- Operating profit before amortization of goodwill (EBITA) reached 45.7 MSEK (40.7) with a margin of 19.9 % (12.6). Adjusted operating profit before amortization of goodwill (EBITA1) amounted to 29.9 (40.7) with a margin of 13.0 % (12.6). Adjustment is related to lower cost than anticipated regarding our cost reduction program
- Operating profit after amortization of goodwill (EBIT) amounted to 24.5 MSEK (21.7) with a margin of 10.7 % (6.7). Amortizations of goodwill had an impact on EBIT with -21.1 MSEK (-19.0). Adjusted operating profit after amortization of goodwill (EBIT1) amounted to 8.8 MSEK (21.7) with a margin of 3.8% (6.7). Amortizations of goodwill had an impact on EBIT1 with -21.1 MSEK (-19.0)
- Earnings per share amounted to 1.9 SEK (0.7). Adjusted earnings per share amounted to 0.5 SEK (0.7)
- Cash flow from operating activities after change in working capital amounted 8.2 MSEK (36.5)

JANUARY – DECEMBER, 2020

- Actions were taken during the year to reduce costs within the Group due to the effects of Covid-19. Within a short period of time, Absolent Group implemented several measures including furloughs and reduction of non-essential costs. As a long-term measure, the Group reduced the costs on a yearly basis of 53 MSEK through a company-wide cost reduction program communicated in June 2020. The action program was gradually implemented during the second half of 2020 and achieved full effect when Gallito was sold in the beginning of January 2021. Related one-time expenses of 42 MSEK were recorded. Adjusted figures are presented below
- Net sales amounted to 895.9 MSEK (1,038.4) which is a growth of -13.7 % (61.3)
- Operating profit before amortization of goodwill (EBITA) reached 49.6 MSEK (162.5) with a margin of 5.5 % (15.6). Adjusted operating profit before amortization of goodwill (EBITA1)* reached 91.8 MSEK (162.5) with a margin of 10.2 % (15.6)
- Operating profit after amortization of goodwill (EBIT) reached -31.2 MSEK (111.1) with a margin of -3.5 % (10.7). Amortizations of goodwill had an impact on EBIT with -80.7 MSEK (-51.3). Adjusted operating profit after amortization of goodwill (EBIT1)* reached 11.0 MSEK (111.1) with a margin of 1.2 % (10.7). Amortizations of goodwill had an impact on EBIT1 with -80.7 MSEK (-51.3)
- Earnings per share amounted to -4.9 SEK (6.5). Adjusted earnings per share amounted to -1.1 SEK (6.5)
- Cash flow from operating activities after change in working capital amounted to 54.4 MSEK (126.1)
- The Board proposes a dividend of 1.8 SEK (0) per share

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

ADJUSTED KEY RATIOS¹	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales (TSEK)	229,061	324,006	895,860	1,038,351
Sales growth (%)	-29.3	102.0	-13.7	61.3
Adjusted EBITDA1 (TSEK)	37,586	44,581	111,065	174,968
Adjusted EBITA1 (TSEK)	29,892	40,711	91,752	162,477
Adjusted EBITA1 (%)	13.0	12.6	10.2	15.6
Amortization of goodwill (TSEK)	-21,139	-19,048	-80,728	-51,329
Adjusted operating profit EBIT1 (TSEK)	8,753	21,663	11,025	111,148
Adjusted operating margin EBIT1 (%)	3.8	6.7	1.2	10.7
Adjusted earnings per share (SEK)	0.5	0.7	-1.1	6.5

1)

Adjusted result (EBITDA1) – Result before depreciations and amortization of goodwill excluding one-time expenses related to the cost reduction program

Adjusted result (EBITA1) – Result before amortization of goodwill excluding one-time expenses related to the cost reduction program

Adjusted result (EBIT1) – Result excluding one-time expenses related to the cost reduction program

KEY RATIOS	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales (TSEK)	229,061	324,006	895,860	1,038,351
Sales growth (%)	-29.3	102.0	-13.7	61.3
EBITDA (TSEK)	53,559	44,581	73,455	174,968
EBITA (TSEK)	45,673	40,711	49,543	162,477
EBITA (%)	19.9	12.6	5.5	15.6
Amortization of goodwill (TSEK)	-21,139	-19,048	-80,728	-51,329
Operating profit EBIT (TSEK)	24,534	21,663	-31,184	111,148
Operating margin EBIT (%)	10.7	6.7	-3.5	10.7
Cash flow from operating activities (TSEK)	8,153	36,457	54,447	126,084
Debt/equity ratio (%)	30.5	41.7	30.5	41.7
Net debt (TSEK)	129,903	153,167	129,903	153,167
Earnings per share (SEK)	1.9	0.7	-4.9	6.5
Equity per share (SEK)	30.4	37.7	30.4	37.7
Number of shares, end of period	11,320,968	11,320,968	11,320,968	11,320,968



COMMENTS BY THE CEO AXEL BERTSSON

The fourth quarter of the year was in many ways positive for Absolent Group. We continued to see a steady rise in new orders, which is now approaching last year's levels in several regions. We also experienced a recovery in profitability and delivered a strong operating profit before depreciation. The increasing profitability comes partly as a result of the successful completion of our cost reduction program and improved organizational structure.

Operating profit before amortization of goodwill amortization (EBITA) amounted to 45.7 MSEK (40.7) in the quarter, corresponding to a margin of 19.9% (12.6). Adjusted for lower than expected costs for our cost reduction program that had a positive impact on earnings, the operating margin before amortization of goodwill (EBITA1) was 13.0% compared to last year's 12.6% in the corresponding quarter.

Sales amounted 229.1 MSEK (324.0), a growth rate of approximately 20 % compared to Q3, which is a clear step in the right direction albeit still lower than the previous year. The recovery is strongest in Europe and Asia, where we are close to last year's levels. In North America, we are still a bit behind last year but have seen a clear recovery towards the end of the year. In the UK, the situation remains challenging due to Covid-19 and Brexit. We have not seen a significant impact on the recovery from the second wave of Covid-19 and see good prospects for a continued recovery even if the outlook remains uncertain.

Just after the year-end, we acquired Tessu Systems, the market leader in commercial kitchen ventilation

in the Netherlands which is a high-performing company with good growth and profitability. Commercial kitchen ventilation is a high priority growth platform for us and Tessu is our first major step outside the Nordic region within this segment. Tessu adds an additional dimension with its strategic position in the central part of Europe and with its cutting-edge expertise in the design and management of commercial kitchen ventilation systems. We look forward to continuing to expand in commercial kitchen and build an even stronger business area.

At year-end, Karin Brossing Lundqvist was appointed as the new CFO and will assume the position during the first half of 2021. We warmly welcome Karin to the team and look forward to having her as a colleague and at the same time we thank our departing CFO Anna Åkerblad for her efforts.

Finally, I would also like to thank all my colleagues for their commitment during one of the most challenging year we have been through. We are emerging from the pandemic as a stronger company because of you and I look forward to continuing our expansion and development together in 2021.

A handwritten signature in black ink, appearing to be 'Axel Berntsson'.

Axel Berntsson, MD and CEO
Lidköping, February 2021

GROUP JANUARY TO DECEMBER 2020

NET SALES

The net sales for the Group amounted to 895.9 MSEK (1 038.4), which corresponds to a growth of -13.7 % (61.3).

OPERATING PROFIT

Adjusted operating profit (EBIT1) reached 11.0 MSEK (111.1), which corresponds to an adjusted operating margin (EBIT1) of 1.2 % (10.7). Operating profit (EBIT) amounted to -31.2 MSEK (111.1), which corresponds to an operating margin (EBIT) of -3.5 % (10.7). 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) negatively with -5.5 MSEK for the period. The financial items were negatively impacted with -2.2 MSEK by the currency rates. The impact is related to the credit facility in foreign currency. After taxes and financial items of -23.9MSEK (-37.1) the result for the period was -55.1MSEK (74.1). Adjusted result for the period was -12.9 MSEK (74.1). Adjusted earnings per share amounted to -1.1SEK (6.5). Earnings per share was -4.9 SEK (6.5).

INVESTMENTS

The Group invested 14.3 MSEK (72.2) for the period January to December mainly in software, machinery and inventory in current operations. Property was sold in the last quarter for 10 MSEK. Additional purchase price was paid out with 27.0 MSEK (0) for acquisitions of subsidiaries. The Provision for additional purchase price was adjusted with a net of -5.0 MSEK (47.0), which did not impact the cash flow for 2020.

CASH FLOW

Cash flow from the operating activities before changes in working capital amounted to 38.7 MSEK (146.6). Cash flow after changes in working capital amounted to 54.4 MSEK (126.1).

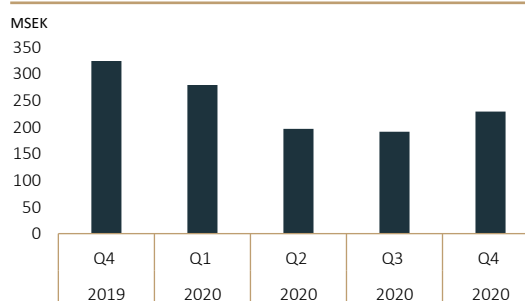
FINANCIAL POSITION

Interest bearing liabilities amounted to 581.7 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 129.9 MSEK by the end of December compared to 153.2 MSEK in the beginning of the period. The debt/equity ratio was at the end of the period 30.5% (41.7).

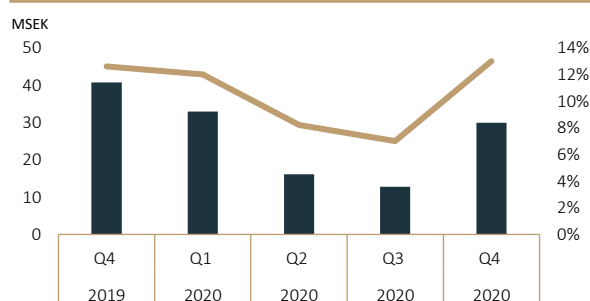
NET SALES PER REGION, JAN TO DEC



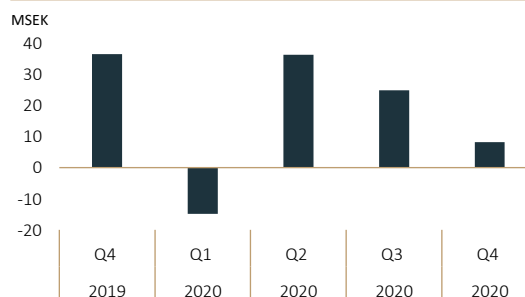
NET SALES



EBITA OCH EBITA MARGIN (EBITA1 Q2-Q4 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 effects of the Covid-19 pandemic highly impacted 2020 for the Group. A powerful cost reduction program was initiated during the year to reduce costs within the Group due to the effects of Covid-19. Within a short period of time, Absolent Group implemented several measures including furloughs and reduction of non-essential costs. As a long-term measure, the Group reduced the costs on a yearly basis of 53 MSEK through a company-wide cost reduction program communicated in June 2020. The action program was gradually implemented during the second half of 2020 and achieved full effect when Gallito was sold in the beginning of January 2021. Related one-time expenses of 42 MSEK were recorded for the cost reduction program.

Furloughs of employees have been made on our markets in Europe and North America. The furloughs were handled locally based on local regulations. The Group has received governmental grants of approximately 23 MSEK.

Absolent Group AB signed a supplement to existing credit facility of additional 300 MSEK April 1, 2020.

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.

Government grant is reported as other operating income.

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

OTHER INFORMATION

During the fourth quarter the Group CFO, Anna Åkerblad, handed in her notice and she will be replaced by Karin Brossing Lundqvist. Karin will join Absolent during the first half of the year 2021.

EVENTS AFTER THE BALANCE SHEET DATE

During January 2021, the Group acquired the commercial kitchen ventilation company Tessu Systems B.V. in the Netherlands for 5.3 MEUR on a cash and debt-free basis with an opportunity for an additional earn-out conditional on Tessu's performance in 2021 and 2022.

In January 2021, Gallito Limited in the UK was divested. The divestment is in line with Absolent Group's strategy and sharpens the focus on core growth platforms.

No other major events besides what is presented above have taken place between the balance sheet date and the date this report was signed.

ANNUAL GENERAL MEETING

Absolent Group AB's Annual General Meeting will be held on May 4, 2021. The company is reviewing the possibilities for holding the meeting. More information and notice will at the latest be published in connection with the notice convening the Annual General Meeting.

Mikael Ekdahl has declined re-election as Chairman of the Board. The company's larger shareholders will nominate Johan Westman, current member of the board, as new Chairman of the Board. Johan is President and CEO of AAK AB (publ).

CONTACT INFORMATION

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CERTIFIED ADVISER

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

FINANCIAL CALENDER

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 February 26, 2021
Axel Berntsson
MD and 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 February 26, 2021.

GROUP – INCOME STATEMENT

(TSEK)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	229,061	324,006	895,860	1,038,351
Cost of products and services sold	-139,785	-201,538	-592,490	-616,832
Gross profit	89,276	122,468	303,370	421,519
Sales expenses	-45,699	-52,618	-211,431	-172,274
Administrative expenses	-20,627	-42,629	-124,761	-121,555
Research and development expenses	-4,879	-3,189	-24,948	-13,848
Other operating income and expenses	6,463	-2,369	26,586	-2,694
Operating result (EBIT)	24,534	21,663	-31,184	111,148
Financial items	-1,380	-1,895	-9,947	-3,204
Result before tax	23,154	19,768	-41,131	107,943
Taxes	-1,343	-12,003	-13,955	-33,869
Result for the period	21,811	7,764	-55,086	74,074

GROUP – BALANCE SHEET

(TSEK)	31-Dec 2020	31-Dec 2019
Assets		
<i>Fixed assets</i>		
Intangible assets	261,332	361,648
Tangible assets	107,499	128,043
Financial assets	87	208
Deferred tax assets	2,622	2,450
Total fixed assets	371,540	492,349
<i>Current assets</i>		
Inventories	98,788	112,742
Account receivables	157,713	238,691
Other current assets	46,980	33,244
Cash and cash equivalents	451,846	150,379
Total current assets	755,327	535,055
Total assets	1,126,867	1,027,404
Equity and liabilities		
<i>Equity</i>		
Share capital (11,320,968 shares)	3,363	3,363
Other contributed capital	32,510	32,510
Other equity including profit for the year	307,920	391,199
Minority interests	1	1
Total equity	343,794	427,073
<i>Provisions</i>		
Deferred tax liabilities	16,553	14,725
Other provisions	47,469	72,850
Total provisions	64,022	87,575
<i>Long-term liabilities</i>		
Liabilities to credit institutions	579,967	296,848
Total long-term liabilities	579,967	296,848
<i>Short-term liabilities</i>		
Other interest-bearing liabilities	1,782	5,204
Bank overdraft	-	1,494
Accounts payables	46,734	84,916
Other current liabilities	90,568	124,294
Total short-term liabilities	139,084	215,908
Total equity and liabilities	1,126,867	1,027,404

GROUP - STATEMENT OF CHANGES IN EQUITY

(TSEK)	Jan-Dec 2020	Jan-Dec 2019
Opening balance	427,073	358,701
Translation differences	-28,193	11,278
Dividends	-	-16,981
Result for the year	-55,086	74,074
Change in minority interest	-	1
Closing balance	343,794	427,073

GROUP - CASH FLOW STATEMENT

(TSEK)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Operating result (EBIT)	24,534	21,663	-31,184	111,148
Adjustment for items not included in the cash flow	-1,186	22,425	117,114	66,186
Financial net, paid	-2,059	-3,231	-7,930	-3,615
Paid tax	-15,059	-2,143	-39,318	-27,121
Changes in working capital	1,923	-2,257	15,765	-20,514
Cash flow from operating activities	8,153	36,457	54,447	126,084
Investing activities	9,327	-11,324	-3,550	-68,334
Acquired operations	-	45,664	-	-409,471
Provision for additional purchase price, included in the cash flow	-	-	-27,000	
Provision for additional purchase price, not included in the cash flow	-5,000	-50,130	-5,000	47,000
Cash flow from investing activities	12,480	-20,667	18,897	-304,721
Financing activities	-3,330	563	289,380	277,567
Cash flow for the period	9,150	21,230	308,277	-27,154
Cash and cash equivalents at the beginning of the period	447,991	130,670	150,379	172,771
Translation differences	-5,295	-1,521	-6,810	4,762
Cash and cash equivalents at the end of the period	451,846	150,379	451,846	150,379

PARENT COMPANY – INCOME STATEMENT

(TSEK)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	6,578	1,951	22,765	6,006
Gross profit	6,578	1,951	22,765	6,006
Sales expenses	-180	-181	-948	-990
Administrative expenses	-8,011	-6,657	-28,772	-23,458
Research and development expenses	-733	-334	-2,356	-1,927
Other operating income and expenses	-100	125	726	-147
Operating result (EBIT)	-2,446	-5,096	-8,585	-20,516
Financial items	-237	2,196	-3,559	-268
Appropriations	13,214	3,077	13,214	20,819
Result before tax	10,531	177	1,070	35
Taxes	-2,244	-49	-246	-49
Result for the period	8,287	128	824	-14

PARENT COMPANY - BALANCE SHEET

(TSEK)	31-Dec 2020	31-Dec 2019
Assets		
<i>Fixed assets</i>		
Intangible assets	10,023	6,868
Tangible assets	503	135
Participations in group companies	377,805	362,447
Long-term receivables group companies	92,836	113,809
Total fixed assets	481,167	483,259
<i>Current assets</i>		
Receivables group companies	55,914	54,653
Other receivables	1,331	2,531
Cash and cash equivalents	311,883	9,920
Total current assets	369,128	67,103
Total assets	850,295	550,363
Equity and liabilities		
<i>Equity</i>		
<i>Restricted equity</i>		
Share capital (11,320,968 shares)	3,363	3,363
Reserve fund	918	918
<i>Non-restricted equity</i>		
Share premium fund	32,510	32,510
Retained earnings	101,550	101,564
Result for the period	824	-14
Total equity	139,165	138,341
<i>Provisions</i>		
Other provisions	35,358	47,000
Total provisions	35,358	47,000
<i>Long-term liabilities</i>		
Liabilities to credit institutions	579,967	295,830
Liabilities group companies	41,369	-
Total long-term liabilities	621,336	295,830
<i>Short-term liabilities</i>		
Accounts payables	2,741	2,547
Liabilities group companies	43,714	59,438
Other liabilities	7,981	7,207
Total short-term liabilities	54,436	69,192
Total equity and liabilities	850,295	550,363