

CLEAN AIR FOR
PEOPLE, PLANET
AND LIFE

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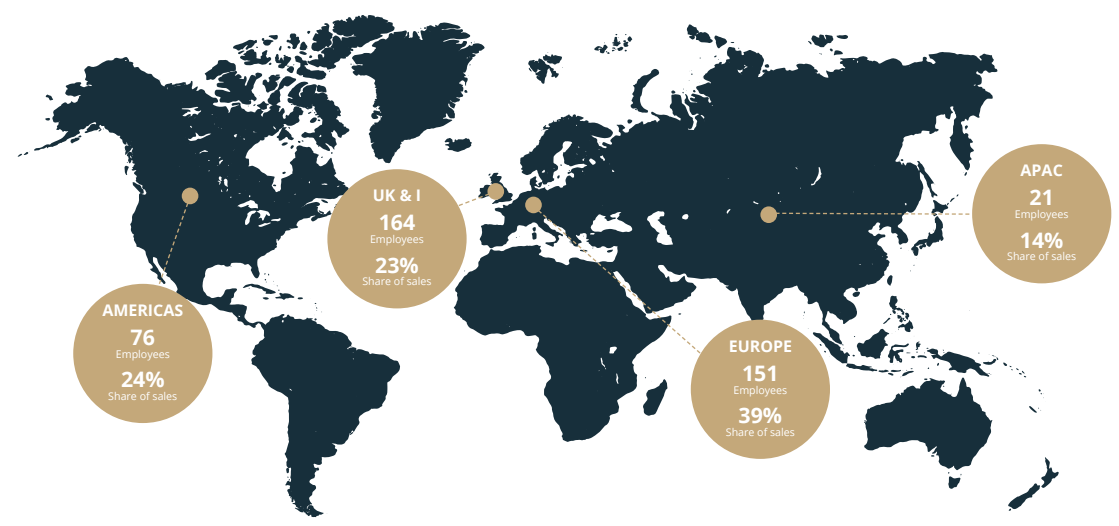
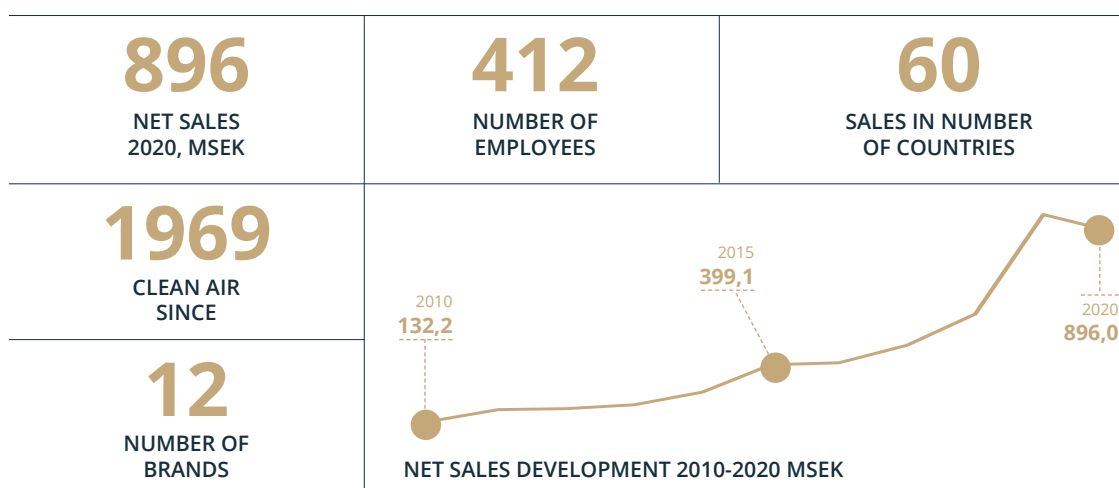
ABOUT ABSOLENT GROUP

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.

ANNUAL REPORT
2020

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 operations in Finland, France, Netherlands, Hong Kong, India, Japan, China, Norway, Switzerland, Sweden, Germany and USA. 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, Airmaid, Avani Environmental, Bristol, Dustcheck, Diversitech, Filtermist, Infinity, Jeven, Kerstar and Tessu Systems. 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 particles and gases from process air. Typical sources that generate particles and gases 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 particles and gases. This is relatively unique in the industry and further contributes to our knowledge of the strengths and weaknesses of the different platforms and how they complement each other in different application areas.

TECHNOLOGY LEADERSHIP



WET FILTRATION TECHNOLOGY

"Diversitech's Typhoon Series Wet Dust collectors use water and turbulence created by our internal baffling system to immerse combustible dusts in water, separate it from the airstream, and release clean filtered air. A wet system is the safest way to neutralise and collect combustible material and does not require additional safety mechanisms like explosion venting or fire suppression systems that drive up costs and risks on mechanical filtration systems"

Jared Simms, Global Business Development Manager, Diversitech



TURBOSWING TECHNOLOGY

"The heart of TurboSwing technology is a rotating, perforated disc on which the grease particles are separated and thrown out against the walls of the filter, while the purified air passes over it. The separation rate is over 90 percent with particle sizes as little as approx. 5µm, surpassing all other commercial kitchen ventilation technologies. TurboSwing provides a particularly high level of grease separation that reduces the risk of fire in the duct and reduces the need for cleaning"

Mattias Östlund, CTO, Jeven



CATCH AND RELEASE TECHNOLOGY

"Catch and release means that air pollution passes through filter cassettes in which particles are captured and then drained downwards, away from the cassettes. Absolent's unique filter material can be mixed and matched to reach optimised functionality for each application. The filtration process always ends with a HEPA filter class H13, which ensures that the air is 99.95% free of harmful MPPS particles"

Annika Sedwall, Commercial Product Director, Absolent



CENTRIFUGAL TECHNOLOGY

"Centrifugal force is stronger than gravity and is an effective way to separate particles, such as oil mist, from the air. The particles are drained back into the machine for reuse or collection. Centrifugal technology is light and compact, which means that it is easy to install the filter"

Craig Woodward, Divisional Sales Director, Filtermist

02

THE YEAR IN BRIEF

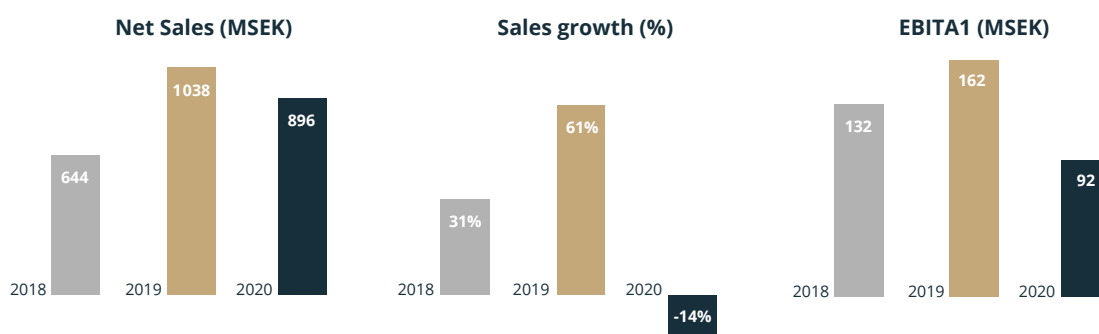
2020 IN BRIEF

NET SALES for the period January – December was SEK 895.9 million (1,038.4) corresponding to growth of -13.7% (61.3).	OPERATING PROFIT before amortization of goodwill adjusted (EBITA1) amounted to SEK 91.8 million (162.5) equivalent to a margin of 10.2% (15.6)	OPERATING PROFIT (EBIT1) adjusted totalled SEK 11.0 million (111.1) equivalent to a margin of 1.2% (10.7). Amortization of goodwill for the period January - December had an effect of SEK -80.7 million(-51.3).
CASH FLOW from operating activities after changes in working capital was SEK 54.5 million (126.1).		THE BOARD OF DIRECTORS proposes a dividend of SEK 1.80 kr (-) per share.

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THE YEAR IN
BRIEF

KEY RATIOS	JAN-DEC 2020	JAN-DEC 2019	JAN-DEC 2018
Net sales (TSEK)	895,860	1,038,351	643,758
Sales growth (%)	-13.7	61.3	31.0
Operating profit before amortization (EBITA TSEK)	49,543	162,477	131,863
Adjusted operating profit before amortization (EBITA1 TSEK)	91,752	162,477	131,863
Operating margin (EBITA %)	5.5	15.6	20.5
Adjusted operating margin (EBITA1 %)	10.2	15.6	20.5
Adjusted operating profit (EBIT1 TSEK)	11,025	111,148	119,977
Adjusted operating margin (EBIT1 %)	1.2	10.7	18.6
Operating profit (EBIT TSEK)	-31,184	111,148	119,977
Operating margin (EBIT %)	-3.5	10.7	18.6
Number of employees	412	531	238



1)

Adjusted operating profit before amortization (EBITA1) - Operating profit before amortization of goodwill excluding costs related to the cost reduction program.

Adjusted operating profit (EBIT1) - Operating profit excluding costs related to the cost reduction program.



CONTINUOUS DEVELOPMENT

Absolent Group has a strategy for accelerating growth by establishing six carefully selected market segments. The selected market segments have significant growth and innovation opportunities while expanding the company's market exposure across new areas.

Commercial kitchen ventilation was added as a strategic growth platform 1.5 years ago through the acquisitions of Jeven and Interzon. Over the course of the year, Absolent Group has strengthened its position in commercial kitchen ventilation by realising synergies between existing companies and continuous acquisition work.

In 2020, Absolent Group was actively working on the acquisition of Tessu Systems, which was completed in early January 2021. Tessu Systems, the market leader in the Netherlands, is a perfect match with our existing companies with its strategic delivery position in the central part of Europe and with their cutting-edge expertise in the design and management of commercial kitchen ventilation systems.

THE EFFECTS OF THE COVID-19 PANDEMIC

The virus has had a clear impact on the willingness to invest and our ability to carry out installations in customers' facilities.

Before order intake and, subsequently, sales began to moderately recover, Absolent's sales fell continuously from March to August. As a consequence of the weaker sales figures, the company chose to initiate a cost reduction program that resulted in reduced costs by 53 MSEK on an annual basis.

For the long-term development of the market and the company, however, COVID-19 can have a positive impact through increased awareness of the importance of clean air.

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CEO COMMENTS

*"WE WILL CONTINUE TO INVEST IN THE BROADENING OF OUR BUSINESS
AND BUILDING A COMPANY THAT IS LESS CYCLICAL"*

A DIFFERENT KIND OF YEAR FOR ABSOLENT GROUP

2020 was a different kind of year for Absolent Group. The uncertainties surrounding the impact of the COVID-19 pandemic on the world economy caused restraint with industry investments and we saw a continuous decrease in order intake from the end of the first quarter until the end of the third quarter.

Financially, our sales decreased to SEK 896 million (SEK 1,038 million) and our operating profit decreased to SEK 92 million (SEK 163 million) adjusted for one-time costs related to our cost reduction programme.

STREAMLINING

After several years of strong focus on expansion with several acquisitions and new sales offices around the world, we chose to streamline the business in 2020 through organisational optimisation, consolidation of operations, and divestment of Gallito. The efficiency improvements were co-ordinated in a cost reduction programme that resulted in annual savings of SEK 53 million.

STRATEGY DEVELOPMENT

Absolent Group has also chosen to spend time during the pandemic for strategy development and reflect more deeply on the strategy that was laid down three years ago. We conduct ongoing market analyses and follow our customers' development. From this analysis, it has become increasingly clear that our customers have an increased focus on reducing emissions of air pollutants and their overall negative impact on the environment.

Furthermore, the analysis shows that several initiatives have been launched among our customers related to carbon dioxide capture from the air. We have thus chosen to carry out an in-depth analysis of both the attractiveness of the market and our ability to help our customers with filtration and management of carbon dioxide. We determined that we have a high level of

ability to develop an attractive solution, and that the market is willing to invest. We have thus chosen to add carbon capture solutions to our strategy plan. Aside from this, our strategy remains firm and we will continue to build our six growth platforms through acquisitions and organic processes.

Part of our strategy to expand to six growth platforms is to create a more stable, less volatile market for the company as a whole. We are still at the beginning of that expansion, but we were proven right in 2020. Our greatest expansion to date is to the space of commercial kitchen ventilation; during the year, we had organic growth in this sector despite periods of closed restaurants in many countries. We will continue to invest in the broadening of our business and in building a company that is less cyclical.

RECOVERY

During the autumn, we have seen that economic indicators have turned upwards again and our order intake has also steadily increased. Towards the end of the year, we were back to last year's levels in Europe and Asia and we also saw a positive upward trend in North America and the UK.

We are entering 2021 strengthened by our experience and hard work in 2020. Our view on the market's development over the next few years is fundamentally positive, but we have also identified risks arising from the pandemic's potential to continue to create uncertainty.



Axel Berntsson CEO, Absolent Group AB

Lidköping February 2021

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MARKET AND 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 as thousands of customer specific applications has been installed.

TRENDS



LOCAL VALUE CHAINS

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



SUSTAINABILITY

Increased focus on environmental impact and social responsibility are trends that are supporting the demand for our air cleaning solutions. Companies that manage risks and try to find opportunities related to sustainability are becoming increasingly attractive to potential investors as associated risks decreasing. Our solutions are helping customers to minimise emissions of air pollutants to the environment, creating a good working environment, and may contribute to energy savings.



AUTOMATION & DIGITALIZATION

Manufacturing companies invest in automation and digitalisation solutions to enable cost-effective production by increasing the utilisation rate of machines and realising productivity increases. The air pollutants that arise in a manufacturing process have the ability to adhere to other components, thereby creating problems for sensitive electronic equipment, in turn increasing the risk for production stoppages and problems with tolerance. 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 cleaning solutions. Digitalization contributes to new opportunities such as developing additional services related to remote monitoring, predictive maintenance, and pollution-optimised air cleaning solutions.

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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

Sawing, grinding and cutting as well as emptying, filling and storing materials in silos generate dust. Our products guarantee clean air for people and recycling of materials in the pharmaceutical, wood, and cement industries etc.

06

VALUE CREATION MODEL

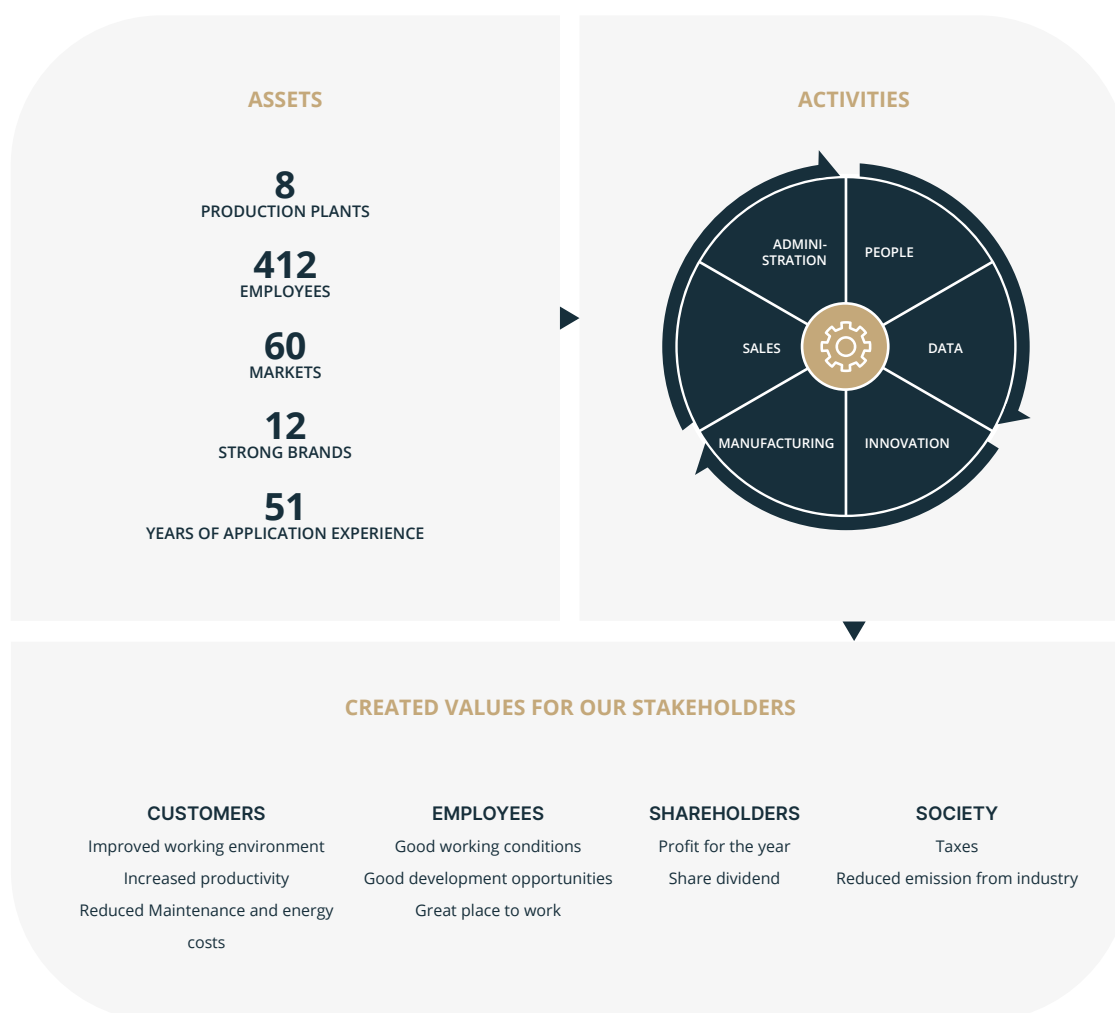
BUSINESS MODEL

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 eight plants and the products reach the end customer via a tailored-made sales network for each geographic region.

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VALUE
CREATION
MODEL



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REGIONAL MARKETS

UK & IRLAND

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2020

REGIONAL
MARKETS



“

Despite a UK shutdown, we managed to perform in the aftermarket segment and expand in the food industry

”

Despite challenging market conditions and a substantial business restructure and refocus, highlights for the year included a strong post-lockdown recovery in the Aftermarket department and new customer gains in the Food industry, predominantly with the Dustcheck range.

Some sizeable opportunities were won on the oil mist extraction side, including a 45-unit order for Filtermist's centrifugal filters. Several large extraction and air movement orders were also closed in the Precision Engineering sector.

23%

SHARE OF SALES

164

NUMBER OF EMPLOYEES



SHARE OF SALES BY COUNTRY

EUROPE

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REGIONAL
MARKETS



“

We managed to limit the impact of a weaker global economy by developing new business segments and opening a new branch in Switzerland to meet the growing demand in the country

”

In Europe, we had a strong start to the year with good order intake. Towards the end of the first quarter, we started becoming affected by customer shutdowns in several markets, which reduced sales. In 2020, the European organisation took major steps forward in many new business segments such as energy, food, asphalt, and metal recycling. We opened a branch in Switzerland in order to meet the growing demand we

see from the Swiss market, and to get closer to both existing and new customers in the medical industry, watch manufacturing, and other precision machining areas. In September, we saw a recovery in order intake and recovery was most significant in the vehicle-related industries and precision machining.

39%

SHARE OF SALES

151

NUMBER OF EMPLOYEES



SHARE OF SALES BY COUNTRY

AMERICAS

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2020

REGIONAL
MARKETS



“

A strong order intake in early 2020 combined with a major restructuring enabled Americas to perform well during the year despite challenging market conditions

”

2020 proved to be a challenging year as Absolent Group faced the impact of the Covid pandemic on our North American businesses. Strong order entry in the early part of 2020, combined with a major restructuring of our overhead, allowed Absolent Americas to maintain our financial performance during this period. We found strength in large projects on applications typically not within our core business.

As we move into 2021 Absolent Americas is ready to capitalize on the increased awareness our customers now have around the importance of clean air. We have plans to increase the Absolent Group product offerings in the region, while continuing to focus on our recent trend of organic and acquisition-based growth.

24%

SHARE OF SALES

76

NUMBER OF EMPLOYEES



SHARE OF SALES BY COUNTRY

APAC

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REGIONAL
MARKETS



ANDREAS JOHANSSON
President APAC

“

China was hit hard by the Covid-19 crisis early in the year but all-in-all APAC did not reduce its sales volume in 2020 thanks to hard work from our dedicated team in Asia

”

2020 in APAC started with the Covid-19 crisis hitting China hard early in the year which affected both order intake and sales heavily in the first quarter. Other markets in APAC continued to develop positively until a little later in the year when they were also hit by the Coronavirus. Fortunately, China came out of the lockdown and managed to re-start the domestic

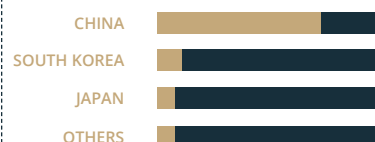
industry, albeit with significantly reduced growth. Among other things, we managed to get our second largest order to date in the region from a die casting plant outside Shanghai and our newly established entity in Japan generated sales above our expectations. All-in-all we did not lose sales in APAC in 2020 thanks to hard work from the whole strong team in Asia.

14%

SHARE OF SALES

21

NUMBER OF EMPLOYEES



SHARE OF SALES BY COUNTRY

08

CUSTOMER CASES

CUSTOMER CASE 1: CHOPCHOP

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CUSTOMER
CASE



AIR CLEANING SOLUTION WITH TECHNOLOGIES FROM BOTH JEVEN OCH AIRMAID FOR COMMERCIAL KITCHENS

ChopChop is a growing fast food chain in Sweden that specialises in Asian cuisine. The food is cooked with high heat in gas-powered wok stoves which generate cooking fumes containing a lot of oil, fat, and sugar. The commercial kitchen ventilation company Jeven has previously supplied kitchen hoods to a large number of ChopChop's restaurants around Sweden.

At ChopChop's restaurant in Borlänge, Jeven's TurboSwing filter was tested for the first time together

with Airmaid ozone generator system from Interzon. The combination of the two air cleaning technologies was very successful and resulted in both the exhaust air duct and the unit being completely free of grease and oil.

Both the installer and the restaurant owner are very satisfied with the installation. The air cleaning solution with two filtration technologies has now become the standard for future ChopChop kitchens.

CASE FACTS

END USER	COUNTRY	MARKET SEGMENT	APPLICATION
ChopChop	Sweden	Commercial Kitchen	Cooking
FILTER BRAND	TOTAL AIRFLOW	FILTER SOLUTION	
Jeven & Airmaid	10,800 m ³ /h	TurboSwing-filter, hoods & Airmaid ozon generator	

CUSTOMER CASE 2: SAMSUNG SDI



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CUSTOMER
CASE

GAS FILTRATION AT SAMSUNG SDI'S BATTERY PLANT

Samsung SDI manufactures batteries for the automotive industry, IT industry, and energy storage systems. The company also produces advanced materials used to produce semiconductors, screens, and solar panels.

Samsung SDI contacted Absolent Group's Hungarian distributor Pure Air for help in eliminating gas pollution from its battery production and complying with local emission regulations in Hungary.

Pure Air and Absolent Group designed an air cleaning solution with a capacity of 21,000 m³/h using Absolent's premium technologies including peripherals such as fans, pressure-driven frequency-control equipment, and complete stainless steel ductwork.

The air cleaning solution was installed in September 2020 and helped Samsung SDI comply with local emission regulations and obtain approval from the local air emissions control authority.

CASE FACTS

END USER	COUNTRY	MARKET SEGMENT	APPLICATION
Samsung SDI	Hungary	Automotive	Battery Manufacturing
FILTER BRAND	TOTAL AIRFLOW	FILTER SOLUTION	
Absolent	21,000 m ³ /h	A•mist 80C and Activated Carbon	

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SUSTAINABILITY REPORT

ABSOLENT GROUPS 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.

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.

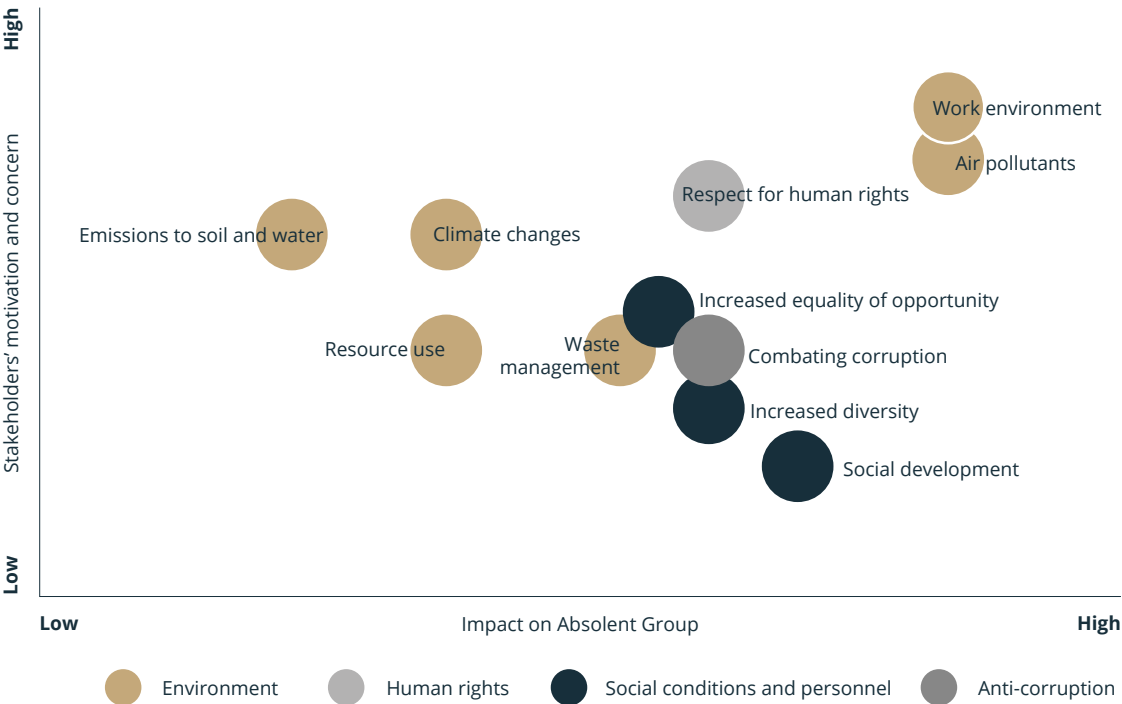
Absolent Group has a long-term strategy to reduce transport by producing closer to our large geographic markets. Absolent Group operates production of system-critical components and final assembly in Sweden, England, Germany, Estonia and Canada. From these production units, the products are exported 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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SUSTAINABILITY
REPORT

UN GLOBAL GOALS UN GLOBAL GOALS, MILESTONES OUR CONTRIBUTION



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

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.



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.

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



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

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.



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

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.



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

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

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 contributing to cleaner air, 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 are minimized.

We set annual targets for how much more air shall 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. Absolent Group has set two ambitious carbon targets in 2020. The first goal is to reach net-zero carbon emissions from the Group's own operations by 2030, and the second goal is to reach net negative carbon dioxide emissions from Absolent Group's value chain by 2050.

Absolent Group will achieve carbon neutrality and later become carbon negative by optimising processes, shifting to renewable energy, using electric transport, and capturing carbon dioxide in the air.

Absolent Group aims to have complete control over its carbon reduction technologies, which is why the Group chose to intensify the development of carbon dioxide capture solutions in ambient air in 2020.

In 2020, the Absolent AB Group implemented the GHG Protocol (Greenhouse Gas Protocol), which is a global standard for how companies and organisations account for production and greenhouse gas emissions.

According to the GHG protocol, emissions are reported in three different scopes. Scope 1 includes the operation's direct emissions, Scope 2 emissions are indirect from energy consumption, and Scope 3 represents the other indirect emissions in addition to the consumption of energy that occurs in the operation's value chain. As of 2020, all companies within the Group will measure their greenhouse gas emissions and will systematically work to reduce plant gas emissions and reach the Group's goals.

Scope 3 emissions, which include our products' energy consumption throughout the life cycle, account for more than 99% of Absolent Group's total emissions. The Group is actively working to implement the latest and most energy efficient technologies to minimise the energy consumption of products throughout the life cycle.

Climate Key Ratios

	2020
Scope 1 CO ₂ e-emission, ton	424
Scope 2 CO ₂ e-emission, ton	431
Scope 3 CO ₂ e-emission, ton	202,605
Scope 1+2+3 per net sales*	0.23

*CO₂e ton / TSEK

ABSOLENT GROUP SHALL BECOME CARBON NEGATIVE

Absolent Group aims to reach net zero carbon dioxide emissions from the Group's own operations by 2030 and to reach net negative carbon dioxide emissions from Absolent Group's value chain by 2050.

Absolent Group will achieve carbon neutrality and become carbon negative by optimizing processes, shifting to renewable energy, using electric mobility and direct air capturing.

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 addition to the positive impact of our products on the environment, Absolent Group shall minimize emissions of air pollutants in its own operation, which are controlled through 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

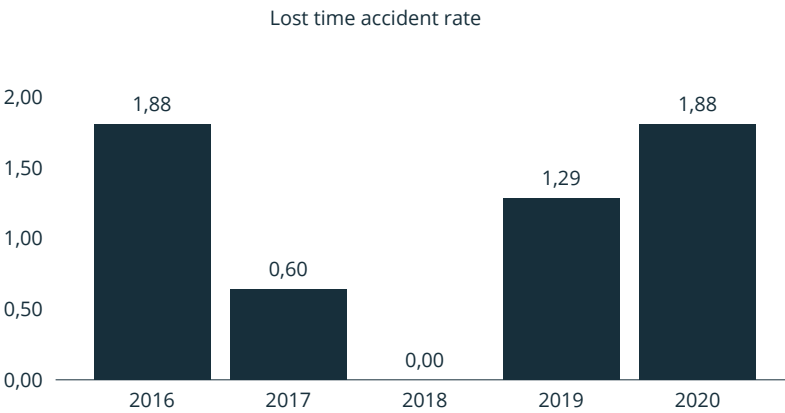
WORK ENVIRONMENT

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 and the number of accidents that lead to lost working hours per 200,000 hours worked is reported below, so-called lost time accident rate (LTAR). All employees also have an annual employee appraisal interview to identify and resolve things that are not working satisfactorily. The sick leave in Absolent Group is low, but it is continuously analyzed to detect changes.





Employee survey 2020

72%

of Absolent Group employees agree with the statement:

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



ANNUAL REPORT
2020

SUSTAINABILITY
REPORT

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.
- 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 work-ing 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.

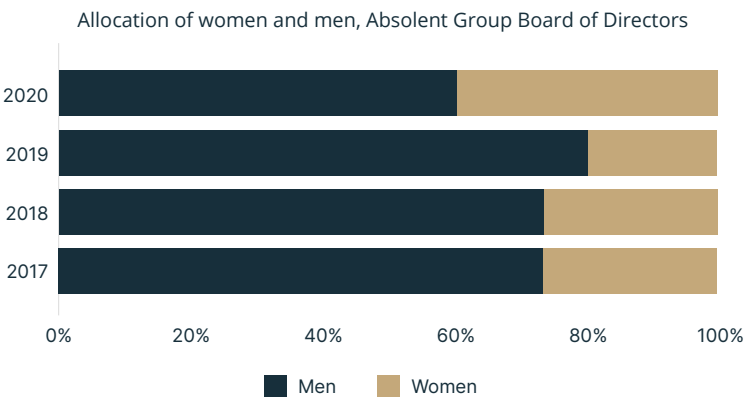
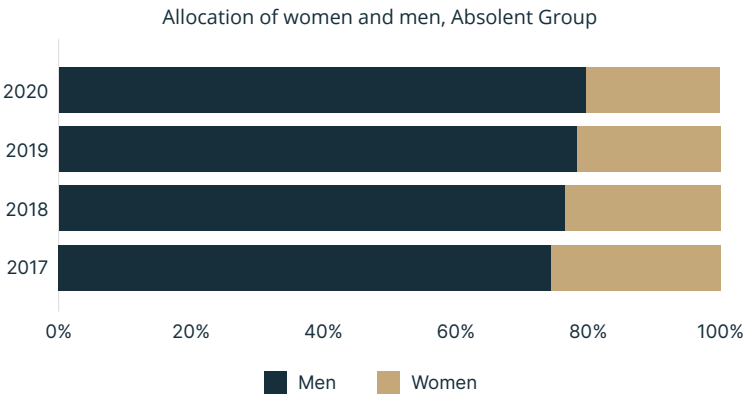
DIVERSITY & EQUAL OPPORTUNITY POLICY

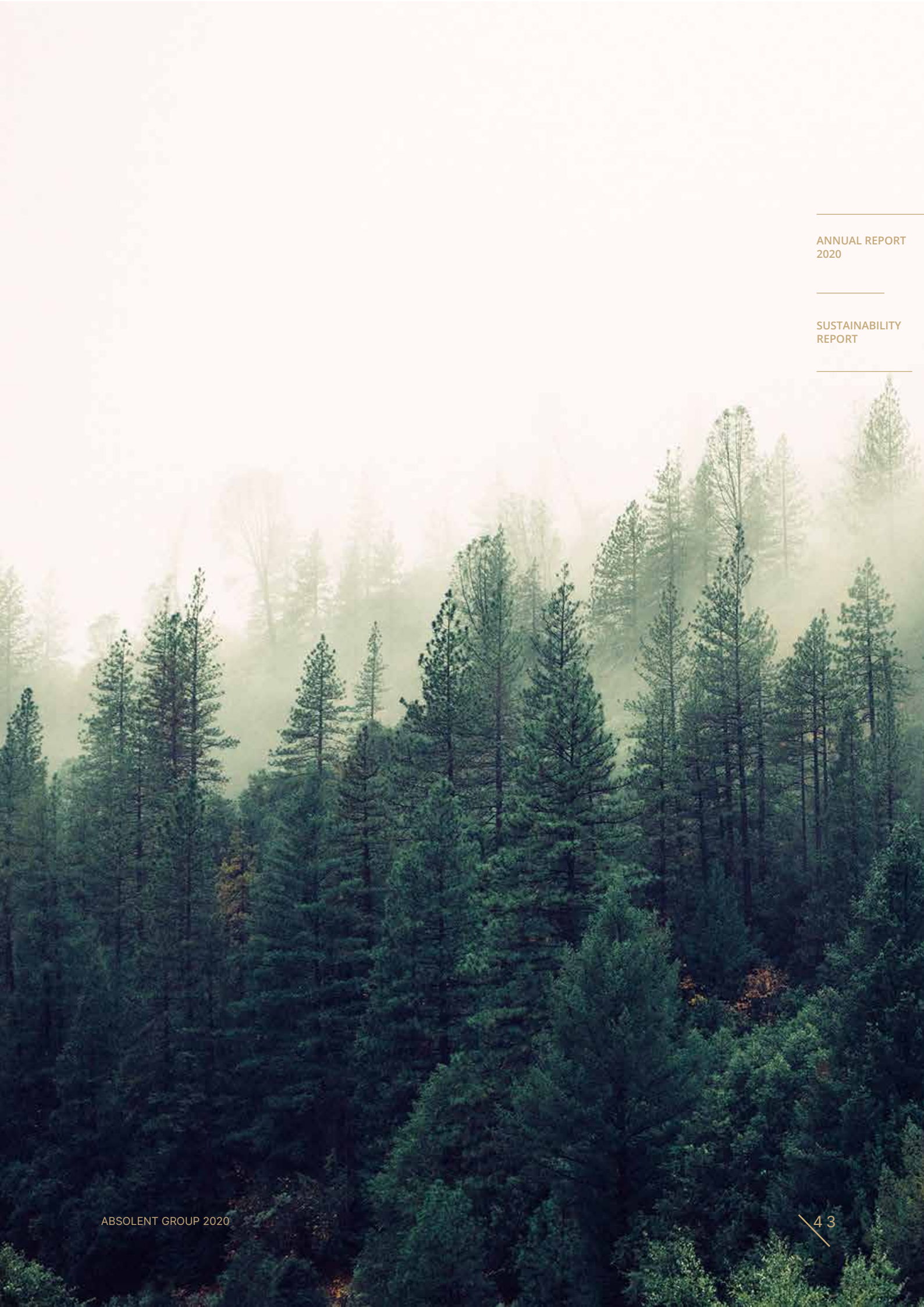
Since Absolent Group is a global group and we exist and operate in many places in the world, diversity is a major focus area. At Absolent Group, active measures against discrimination form a natural part of our systematic work environment management and are, thus, followed up annually. We are working, 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.

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.





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2020

SUSTAINABILITY
REPORT

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. 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 unauthorized 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. Absolent Group has a communicated anti-corruption policy (Anti-Bribery & Anti-Corruption Policy) and believes that these rules and instructions work well to combat corruption in our organization. Absolent Group works continuously to streamline our anti-corruption work through the development of supplier assessments and existing procedures to educate relevant stakeholders.

RISKS AND RISK MANAGEMENT

ENVIRONMENTAL RISKS

A significant environmental risk that has been identified is 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

As the Absolent Group has enjoyed very long partnershipss with the largest and most important suppliers, the risk for a lack of respect for human rights has been deemed 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. In 2020, Absolent Group has developed a group-wide code of conduct that is the basis for identifying 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 he 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.

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BOARD OF DIRECTORS, GROUP MANAGEMENT AND AUDITORS

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 Engineer

Holdings: 1,417,500 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



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



Gun Nilsson

Member of the Board

Born: 1955

Elected: 2020

Education: MSc. Business Administration

Holdings: 1,601 shares

Other positions: President and CEO of Melker Schörling AB, Chairman of the Board of Directors of Hexagon AB, Board member of Hexpol AB, AAK AB, Bonnier Group AB, Einar Mattsson AB and the Swedish Corporate Governance Board.

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BOARD OF
DIRECTORS,
GROUP
MANAGEMENT
AND AUDITORS

GROUP MANAGEMENT



Axel Berntsson

President and CEO

Born: 1980

Employed: 2016

Education: MSc. Industrial Engineering

Holdings: 77,000 shares and 133,000 stock options



Anna Åkerblad

CFO

Born: 1975

Employed: 2019

Education: MSc. Business Administration

Holdings: 500 shares and 10,000 stock options



James Stansfield

MD of Filtermist

Born: 1974

Employed: 2012

Education: Master of Business Administration.

Holdings: 6,700 shares and 9,164 stock options



Jan Berntsson

CTO

Born: 1960

Employed: 1999

Education: Engineer

Holdings: 78,883 shares



Mattias Nurman

CIO

Born: 1978

Employed: 2019

Education: Higher Education Diploma in Information Systems

Holdings: 4,000 stock options



Johan Wollin

Head of Operational Excellence

Born: 1974

Employed: 2020

Education: PhD, MBA

Holdings: 871 shares

AUDITORS

ERNST & YOUNG AB

Auditor in charge: Damir Matésa (born 1972), Authorized Public Accountant has been authorised and affiliated to the trade association FAR since 2001. Partner in the Swedish firm and elected auditor since 2015.

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

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BOARD OF
DIRECTORS,
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AND AUDITORS

SHARES AND SHARE CAPITAL

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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.

SHARES, SHARE-
HOLDERS AND
SHAREHOLDER
STRUCTURE

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 2020 is presented in the table below.

Shareholder	Number of shares	Holding
Mexab Industri AB	6,413,514	56.7%
Westh Ventures AB	1,417,500	12.5%
C H Svanberg AB	1,146,732	10.1%
Danske Bank	225,557	2.0%
Lannebo Fonder	221,503	2.0%
Odin Small Cap	146,000	1.3%
Investering & Trygghed AS	126,500	1.1%
Mikael Ekdahl AB	111,800	1.0%
Ola Burénus	92,833	0.8%
Nordnet Pensionsförsäkring AB	80,917	0.7%
Jan Berndtsson	78,883	0.7%
Pontus Broberg and family	78,647	0.7%
Axel Berntsson *)	77,000	0.7%
Europa Small Cap KL	68,805	0.6%
Insurance company Avanza Pension	63,181	0.6%
Other	971,596	8.5%
TOTAL	11,320,968	100.0%

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

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DIRECTORS' REPORT

DIRECTORS' REPORT

The Board of Directors and CEO of Absolent Group AB (publ), corporate identity number 556591-2986, may hereby issue annual accounts and consolidated accounts for the 2020 financial year. Absolent Group AB (publ), headquartered in Lidköping, is the parent company of the Group Absolent Group and the company's shares are listed on Nasdaq First North Growth Market. The parent company that prepares consolidated financial statements in which the parent company is included is Mexab Holding AB, corporate registration number 556733-2613 with registered office in Stockholm.

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, Airmaid, Avani Environmental, Bristol, Dustcheck, Diversitech, Filtermist, Infinity, Jeven, Kerstar och Tessu Systems. Each brand has its own character and acts as an independent entity in its own field.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

2020 was significantly impacted by the COVID pandemic and its effects on the Company. A strong restructuring programme was launched during the year to reduce costs in the Group as a result of COVID-19. In the short term, the Company implemented a variety of measures including short-term layoffs and reduction of non-critical costs. As a long-term measure, the Group reduced its annual costs by SEK 53 million through an overall action programme that was announced in June 2020. The savings have gradually started to take effect in the second half of 2020 to reach full level once Gallito is sold in early January 2021. Associated one-time costs for the action programme amounted to SEK 42 million.

In 2020, Absolent Group has taken extensive measures to consolidate past acquisitions, streamline production processes, and adapt operations to address declining demand in connection with COVID-19. Demand decreased in some of our customer segments due to COVID-19; to adapt the cost base in these customer segments, we reduced our global workforce at related production facilities and offices by about a quarter, including 11 people in Sweden, 82 people in the UK, and others in the rest of the world. The layoffs have been handled locally based on local regulations. The Group has received government grant of approximately SEK 23 million.

As the uncertainty surrounding COVID-19's continued impact remains unclear, Group Management is following developments closely and continuously evaluating the operational and financial effects and

taking proactive measures to limit the impact.

In 2020, we have thus chosen to carry out an in-depth analysis of both the attractiveness of the market and our ability to help our customers with filtration and management of carbon dioxide. The company stated that there is a high level of ability to develop an attractive solution and that the market is willing to invest; the Company has therefore chosen to add carbon capture solutions to the strategy plan.

Aside from this, our strategy remains firm and we will continue to build our six growth platforms through acquisitions and organic processes.

Part of our strategy to expand to hold six growth platforms is to create a more stable, less volatile market for the company as a whole. We are still at the beginning of that expansion, but we were proven right in 2020. Our greatest expansion to date is into the space of commercial kitchen ventilation; during the year, we had organic growth in this sector despite periods of closed restaurants in many countries. "We will continue to invest in the broadening of our business and in building a company that is less cyclical."

The company ended the year with profit and in a strong financial position thanks to rapid and strong cost measures combined with a recovery in the market in the last quarter. A recovery in order intake was also seen at the end of the year. The company's financial position remains strong.

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.

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

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 12.5% (13.8) samt CH Svanberg AB 10.1% (9.2).

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FINANCIALS

FINANCIAL OVERVIEW

ANNUAL REPORT
2020

Financial overview Group	2020	2019	2018	2017
Net sales (TSEK)	895,860	1,038,351	643,758	491,527
Sales growth (%)	-13.7	61.3	31.0	19.5
EBITA (TSEK)	49,543	162,477	131,863	92,556
EBITA margin (%)	5.5	15.6	20.5	18.8
Amortization of goodwill (TSEK) ¹	-80,728	-51,329	-11,887	-6,948
Operating profit EBIT (TSEK)	-31,184	111,148	119,977	85,608
Operating margin EBIT (%)	-3.5	10.7	18.6	17.4
Cash flow from operating activities (TSEK)	54,447	126,084	92,074	89,034
Total assets (TSEK)	1,126,867	1,024,955	481,643	377,442
Debt/equity ratio (%)	30.5	41.7	74.5	70.4
Net asset (+) /Net debt (-) (TSEK)	129,903	-153,167	172,546	105,065
Earnings per share (SEK)	-4.87	6.54	8.61	5.68
Earnings per share excluding amortization of goodwill (SEK)	2.26	11.08	9.66	6.30
Equity per share (SEK)	30.37	37.72	31.68	23.46
Number of shares, end of period	11,320,968	11,320,968	11,320,968	11,320,968
Number of employees	412	531	238	216

FINANCIAL
OVERVIEW

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 TSEK

The board of directors propose that the

Share premium fund	32,510,167
Retained earnings	101,549,774
Result for the year	823,691

134,883,632

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	114,505,890

134,883,632

GROUP INCOME STATEMENT

TSEK	Note	2020	2019
Net sales	2	895,860	1,038,351
Cost of products and services sold		-592,490	-616,832
Gross profit	3	303,370	421,519
Sales expenses		-211,431	-172,274
Administrative expenses		-124,761	-121,554
Research and development expenses		-24,948	-13,848
Other operating income	4	50,481	3,538
Other operating expenses	4	-23,895	-6,233
Operating result (EBIT)	3, 5, 6, 7	-31,184	111,148
<i>Result from financial items</i>			
Results from other securities and receivables recorded as fixed assets		240	123
Interest income and other similar income	10	11,444	309
Interest expenses and other similar expenses	11	-21,631	-3,637
Result after financial items		-41,131	107,943
Income tax	13	-13,955	-33,869
Result for the year	36	-55,086	74,074
Attributable to			
Parent company shareholders		-55,086	74,074
Non-controlling interests		-	1

GROUP BALANCE SHEET

TSEK	Note	2020-12-31	2019-12-31
ASSETS			
<i>Fixed assets</i>			
<i>Intangible assets</i>			
Goodwill	14	244,929	344,336
Other intangible assets	15	7,304	10,657
Intangible assets in progress	16	9,099	6,655
		261,332	361,648
<i>Tangible assets</i>			
Buildings and land	17	76,979	86,820
Plant and machinery	18	20,185	30,329
Equipment, tools, fixture and fittings	19	9,947	10,853
Construction in progress for buildings	20	388	41
		107,499	128,043
<i>Financial assets</i>			
Participations in securities in other companies	24	4	4
Deferred tax assets		2,622	2,450
Other long-term receivables		83	204
		2,709	2,658
Total fixed assets		371,540	492,349
<i>Current assets</i>			
<i>Inventories</i>			
Raw materials and consumables		32,708	33,632
Work in progress		10,393	4,263
Finished goods		55,687	74,847
		98,788	112,742
<i>Current receivables</i>			
Account receivables		157,713	238,691
Other current assets		26,185	4,218
Prepaid expenses and accrued income	25	20,795	29,025
		204,693	271,934
<i>Cash and cash equivalents</i>	26	451,846	150,379
Total current assets		755,327	535,055
TOTAL ASSETS		1,126,867	1,027,404

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GROUP
BALANCE
SHEET

GROUP BALANCE SHEET

TSEK	Note	2020-12-31	2019-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital	27	3,363	3,363
Other contributed capital		32,510	32,510
Other equity including profit for the year		307,920	391,199
Equity attributable to parent company shareholders		343,793	427,072
Non-controlling interests		1	1
		343,794	427,073
Provisions			
Deferred tax liabilities	28	16,553	14,727
Other provisions		47,469	72,850
		64,022	87,577
Long-term liabilities			
Liabilities to credit institutions	29	579,967	296,848
		579,967	296,848
Short-term liabilities			
Bank overdraft	30	-	1,494
Other interest bearing liabilities		1,782	5,204
Advances from customers		5,243	13,552
Accounts payables		46,734	84,916
Current tax liabilities		4,218	14,370
Other current liabilities		14,948	12,049
Accrued expenses and deferred income	31	66,159	84,322
		139,084	215,907
TOTAL EQUITY AND LIABILITIES	32,33,34,36	1,126,867	1,027,404

GROUP STATEMENT OF CHANGES IN EQUITY

TSEK	Share capital	Other contributed capital	Other equity including profit for the year	Total
Opening balance 2019-01-01	3,363	32,510	322,828	358,701
Transactions with shareholders				
Dividends to shareholders	-	-	-16,981	-16,981
Translation difference	-	-	11,278	11,278
Result for the year	-	-	74,074	74,074
Changes in non-controlling interests			1	1
Closing balance 2019-12-31	3,363	32,510	391,200	427,073
Transactions with shareholders	-	-	-	-
Translation difference	-	-	-28,193	-28,193
Result for the year	-	-	-55,086	-55,086
Changes in non-controlling interests			-	-
Closing balance 2020-12-31	3,363	32,510	307,921	343,794

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GROUP STATEMENT
OF CHANGES
IN EQUITY

GROUP CASH FLOW STATEMENT

TSEK	Note	2020	2019
Operating activities			
<i>Operating result (EBIT)</i>		-31,184	111,148
Adjustments for items not included in the cash flow			
Depreciations, amortizations and write-downs		104,624	63,834
Unrealized exchange rate gains and losses		2,939	1,937
Write-downs of account receivables		5,622	635
Changes in warranty provisions		200	-515
Changes in other provisions		8,140	224
Result from disposal of tangible assets		-4,411	70
		85,930	177,334
Received interest		159	462
Paid interest		-9,218	-4,077
Paid tax		-39,318	-27,121
Cash flow from operating activities before changes in working capital		37,552	146,598
<i>Changes in working capital</i>			
Changes in inventory		6,251	10,575
Changes in operating receivables		59,267	-31,569
Changes in operating payables		-48,623	480
Cash flow from operating activities		54,447	126,084
<i>Investing activities</i>			
Acquired operations		-	-409,471
Additional purchase prices, paid		-27,000	-
Investments in tangible assets		-13,943	-68,334
Divestments of tangible assets		10,393	-
Provisions for additional purchase price, no cash flow effect		-5,000	47,000
Cash flow from investing activities		-35,550	-430,805
<i>Financing activities</i>			
New loans		295,274	298,415
Amortization of loans		-3,154	-3,867
Dividend paid		-	-16,981
Other changes in long- and short-term borrowings		-2,740	-
Cash flow from financing activities		289,380	277,567
Cash flow for the year		308,277	-27,154
Cash and cash equivalents at the beginning of the period		150,379	172,771
Translation difference in cash and cash equivalents		- 6,810	4,762
Cash and cash equivalents at the end of the period		451,846	150,379

PARENT COMPANY INCOME STATEMENT

TSEK	Note	2020	2019
Net sales		22,765	6,006
Gross profit		22,765	6,006
Sales expenses		-948	-990
Administrative expenses		-28,772	-23,458
Research and development expenses		-2,356	-1,927
Other operating income	4	1,084	-
Other operating expenses	4	-358	-147
Operating result (EBIT)	3, 5, 6, 7, 8	-8,585	-20,516
<i>Result from financial items</i>			
Results from participations in group companies	9	-	-
Interest income and other similar income	10	15,020	3,156
Interest expenses and other similar expenses	11	-18,579	-3,424
Result after financial items		-12,144	-20,784
Appropriations	12	13,214	20,819
Result before tax		1,070	35
Income tax	13	-246	-49
Result for the year	36	824	-14

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PARENT
COMPANY
INCOME
STATEMENT

PARENT COMPANY BALANCE SHEET

TSEK	Note	2020-12-31	2019-12-31
ASSETS			
<i>Fixed assets</i>			
<i>Intangible assets</i>			
Other intangible assets	15	924	213
Intangible assets in progress	16	9,099	6,655
		10,023	6,868
<i>Tangible assets</i>			
Equipment, tools, fixture and fittings	19	503	135
		503	135
<i>Financial assets</i>			
Participations in group companies	21, 22	377,805	362,447
Other long-term receivables group companies	23	92,836	113,810
		470,641	476,257
Total fixed assets		481,167	483,260
<i>Current assets</i>			
<i>Current receivables</i>			
Receivables group companies		55,914	54,653
Tax receivables		-	195
Other current assets		166	1,574
Prepaid expenses and accrued income	25	1,165	761
		57,245	57,183
<i>Cash and cash equivalents</i>	26	311,883	9,920
Total current assets		369,128	67,103
TOTAL ASSETS		850,295	550,363

PARENT COMPANY BALANCE SHEET

TSEK	Note	2020-12-31	2019-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	27	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		101,550	101,564
Result for the year		824	-14
	35	134,884	134,060
		139,165	138,341
Provisions			
Other provisions	28	35,358	47,000
		35,358	47,000
Long-term liabilities			
Liabilities to credit institutions	29,30	579,967	295,830
Liabilities group companies		41,369	-
		621,336	295,830
Short-term liabilities			
Accounts payables		2,741	2,547
Liabilities group companies		43,714	59,438
Other current liabilities		810	403
Accrued expenses and deferred income	31	7,171	6,804
		54,436	69,192
TOTAL EQUITY AND LIABILITIES	32,33,34	850,295	550,363

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PARENT
COMPANY
BALANCE
SHEET

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

TSEK	Share capital	Reserve fund	Share premium fund	Retained earnings	Result for the Year	Total
Opening balance 2019-01-01	3,363	918	32,510	82,782	35,764	155,337
Disposition of previous year's result	-	-	-	35,764	-35,764	-
Transactions with shareholders						
Dividends to shareholder	-	-	-	-16,982	-	-16,982
Result for the year	-	-	-	-	-14	-14
Closing balance 2019-12-31	3,363	918	32,510	101,564	-14	138,341
Disposition of previous year's result	-	-	-	-14	14	-
Transactions with shareholders	-	-	-	-	-	-
Result for the year	-	-	-	-	824	824
Closing balance 2020-12-31	3,363	918	32,510	101,550	824	139,165

PARENT COMPANY CASH FLOW

TSEK	2020	2019	
Operating activities			
Operating result (EBIT)	-8,586	-20,516	ANNUAL REPORT 2020
Adjustments for items not included in the cash flow			
Depreciations, amortizations and write-downs	236	167	
Result from disposal of tangible assets	1,803	-	
Unrealized exchange rate gains and losses	199	498	PARENT COMPANY CASH FLOW
	-6,348	-19,851	
Received interest	15,019	3,156	
Paid interest	-17,451	-3,423	
Paid tax	365	-64	
Cash flow from operating activities before changes in working capital	-8,415	-20,182	
<i>Changes in working capital</i>			
Changes in operating receivables	-2,972	-7,082	
Changes in operating payables	-1,461	5,917	
Cash flow from operating activities	-12,848	-21,347	
<i>Investing activities</i>			
Acquired operations	-	-230,690	
Additional purchase prices, paid	-27,000	-	
Investments in tangible assets	-5,562	-6,704	
Provisions for additional purchase price, no cash flow effect	-	47,000	
Cash flow from investing activities	-32,562	-190,394	
<i>Financing activities</i>			
New loans	295,258	294,868	
Change in interest liabilities to group companies	38,901	-201,229	
Dividend paid	-	-16,981	
Group contribution received	13,214	20,819	
Cash flow from financing activities	347,373	97,477	
Cash flow for the year	301,963	-114,264	
Cash and cash equivalents at the beginning of the period	9,920	124,184	
Cash and cash equivalents at the end of the period	311,883	9,920	

NOTE 1

ACCOUNTING PRINCIPLES ETC.

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) and BFNAR:2020:1 Certain accounting issues related to the coronavirus.

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.

Deferred tax

Deferred tax is income tax relating to future financial years

NOTE 1

ACCOUNTING PRINCIPLES ETC. CONT.

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.

Foreign branches

Foreign branches are accounted for in accordance with the daily rate method, which means that assets and liabilities have been measured at the exchange rate of the balance sheet date rates while income statements are measured to the average exchange rates for the period.

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.

Government grants

BFNAR:2020:1 Certain accounting issues related to the coronavirus is applied, see item 5. The grant is recognized as revenue in the period it belongs to.

NOTES

NOTE 2

SALES BY GEOGRAPHIC MARKETS

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

TSEK	Group	
	2020	2019
Sweden	125,731	102,322
Other Nordic countries	60,712	35,645
Other Europe	363,783	544,695
North America	213,700	217,999
Other countries	131,934	137,690
	895,860	1,038,351

NOTE 3

DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

TSEK	Group		Parent company	
	2020	2019	2020	2019
<i>Specification by function</i>				
Cost of goods and services sold	-15,146	-10,683	-	-
Sales expenses	-81,298	-51,690	-	-
Administrative expenses	-2,945	-1,007	-236	-167
Research and development expenses	-5,235	-454	-	-
	-104,624	-63,834	-236	-167
<i>Specification by asset</i>				
Goodwill	-80,728	-51,329	-	-
Other intangible assets	-6,616	-1,140	-216	-149
Buildings and land	-3,059	-1,815	-	-
Plant and machinery	-10,432	-4,041	-	-
Equipment, tools, fixture and fittings	-3,789	-5,509	-20	-18
	-104,624	-63,834	-236	-167

NOTE 4

OTHER OPERATING INCOME AND EXPENSES

TSEK	Group		Parent company	
	2020	2019	2020	2019
<i>Other operating income</i>				
Governmental grant	22,546	-	-	-
Reversal of provision for purchase price	20,538	-	-	-
Other operating income	7,397	3,538	1,084	-
	50,481	3,538	1,084	-
<i>Other operating expenses</i>				
Provision for purchase price	-15,358	-	-	-
Other operating expenses	-8,537	-6,233	-358	-147
	-23,895	-6,233	-358	-147

NOTES

NOTE 5

FEES TO THE AUDITORS

	Group		Parent company	
TSEK	2020	2019	2020	2019
Ernst & Young				
Audit assignment	1,460	914	480	392
Audit-related services	-	-	-	-
Tax advisory services	82	102	82	102
Other services	623	441	400	430
Cooper Parry				
Audit assignment	661	869	-	-
Audit-related services	-	-	-	-
Tax advisory services	-	-	-	-
Other services	-	-	-	-
BDO				
Audit assignment	-	392	-	-
Audit-related services	-	-	-	-
Tax advisory services	-	182	-	-
Other services	-	-	-	-
Baker Tilly				
Audit assignment	377	-	-	-
Audit-related services	-	-	-	-
Tax advisory services	-	-	-	-
Other services	-	-	-	-
Other Auditors				
Audit assignment	367	378	-	-
Audit-related services	-	9	-	-
Tax advisory services	-	24	-	-
Other services	-	56	-	-

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NOTES

NOTE 6

OPERATIONAL LEASING AGREEMENTS

TSEK	Group		Parent company	
	2020	2019	2020	2019
Expensed leasing payments for operational leasing agreements	22,742	16,608	1,346	660
Future minimum lease payments under non-cancellable operating lease:				
Due within 1 year	19,202	18,933	1,338	439
Due within 2-5 years	29,336	32,792	3,438	410
Due later than 5 years	462	3,611	-	-

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)

NOTE 7

PERSONNEL

Average number of employees	2020		2019	
	Number of employees	of which are men	Number of employees	of which are men
<i>Parent company</i>				
Sweden	7	71%	8	63%
	7	71%	8	63%
<i>Subsidiaries</i>				
Sweden	98	94%	109	91%
Estonia	10	10%	10	10%
Finland	6	83%	7	71%
France	7	100%	6	100%
India	3	100%	2	100%
Japan	1	100%	-	-
Canada	61	85%	90	82%
China	17	71%	18	72%
Norway	1	100%	-	0%
Switzerland	1	100%	-	0%
Singapore	-	0%	1	100%
Great Britain	164	77%	240	81%
Germany	21	76%	24	75%
USA	15	73%	16	75%
	405	80%	523	80%
Group total	412	80%	531	80%

NOTES

NOTE 7

PERSONNEL CONT.

Salaries and other remunerations

TSEK	2020		2019	
	Salaries and other remunerations	Social expenses (of which pension expenses)	Salaries and other remunerations	Social expenses (of which pension expenses)
Parent company	11,406	6,693 (2,950)	8,420	5,788 (2,556)
Subsidiaries	206,872	49,123 (10,895)	206,776	37,770 (8,256)
Group Total	218,277	55,816 (13,845)	215,196	43,558 (10,812)

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

TSEK	2020		2019	
	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	3,990 (0)	7,415	3,792 (120)	4,628
Subsidiaries	13,893 (1,820)	192,979	12,683 (2,942)	194,093
Group Total	17,883 (1,820)	200,394	16,475 (3,062)	198,721

Of the parent company's pension expenses TSEK 416 (225) is related to the Board of directors and CEO.

Of the Group pension expenses TSEK 1,552 (1,374) is related to the Board of directors and CEO.

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

	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Percentage women in the Board	40%	20%	40%	20%
Percentage men in the Board	60%	80%	60%	80%
Percentage women in other executives	23%	24%	25%	25%
Percentage men in other executives	77%	76%	75%	75%

Distribution is at the closing date.

NOTES

NOTE 8

PURCHASE AND SALES BETWEEN GROUP COMPANIES

	Parent company	
	2020	2019
Percentage of total purchase from other group companies	6%	4%
Percentage of total sales to other group companies	100%	100%

NOTE 9

RESULTS FROM PARTICIPATIONS IN GROUP COMPANIES

TSEK	Parent company	
	2020	2019
Dividend received	-	-
	-	-

NOTE 10

INTEREST INCOME AND OTHER SIMILAR INCOME

TSEK	Group		Parent company	
	2020	2019	2020	2019
Interest income from group companies	-	-	3,899	3,087
Other interest income	124	178	-	64
Exchange rate gains	11,320	131	11,121	5
	11,444	309	15,020	3,156

NOTE 11

INTEREST EXPENSES AND OTHER SIMILAR EXPENSES

TSEK	Group		Parent company	
	2020	2019	2020	2019
Interest expenses from group companies	-	-	-4	-25
Other interest expenses	-7,328	-2,928	-6,913	-2,570
Exchange rate losses	-135	-159	-	-
Other financial expenses	-14,168	-550	-11,662	-830
	-21,631	-3,637	-18,579	-3,424

NOTES

NOTE 12

GROUP CONTRIBUTION RECEIVED

TSEK	Parent company	
	2020	2019
Group contribution received	13,214	20,819
	13,214	20,819

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NOTE 13

TAXES ON RESULT FOR THE YEAR

TSEK	Group		Parent company	
	2020	2019	2020	2019
Income taxes	-12,080	-30,400	-246	-49
Changes in deferred taxes on temporary differences	-1,875	-3,470	-	-
Total taxes	-13,955	-33,869	-246	-49
Average tax rate	33.9%	-31.4%	-23.0%	-141.1%
Reconciliation of average tax rate				
Result before tax	-41,131	107,943	1,070	35
Income tax according to applicable tax rate (21.4%)	8,802	-23,100	-229	-7
Tax effect of:				
Amortization of goodwill	-16,954	-10,945	-	-
Other non-deductible expenses	-11,828	-1,781	-21	-42
Other non-taxable income	5,266	963	-	-
Tax losses carried forward	-3,414	-543	-	-
Tax depreciations on buildings	-67	-25	-	-
Differences in tax rates for foreign subsidiaries	-787	949	-	-
Income tax previous years	5,188	-	4	-
Other	-161	613	-	-
Recorded tax	-13,955	-33,869	-246	-49
Tax rate	33.9%	-31.4%	-23.0%	-141.1%

NOTES

NOTE 14

GOODWILL

TSEK	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Opening acquisition value	532,238	183,703	-	-
Acquired operations	-	340,302	-	-
Investments	-	5,367	-	-
Translation differences	-29,096	2,866	-	-
Reclassifications	-1,275	-	-	-
Closing acquisition value	501,867	532,238	-	-
Opening accumulated amortizations	-187,902	-133,856	-	-
Amortization acquired operations	-	-1,135	-	-
Amortization for the year	-80,728	-51,329	-	-
Translation differences	10,581	-1,582	-	-
Reclassifications	1,111	-	-	-
Closing accumulated amortizations	-256,938	-187,902	-	-
Net residual value	244,929	344,336	-	-

NOTE 15

OTHER INTANGIBLE ASSETS

TSEK	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Opening acquisition value	36,171	9,325	771	721
Acquired operations	-	22,784	-	-
Investments	3,630	4,236	2,730	50
Sales and disposals	-1,898	-260	-	-
Translation differences	-2,482	86	-1,803	-
Reclassifications	2,601	-	-	-
Closing acquisition value	38,022	36,171	1,698	771
Opening accumulated amortizations	-25,514	-2,618	-558	-409
Amortization acquired operations	-	-21,887	-	-
Amortization for the year	95	130	-	-
Sales and disposals	-2,038	-1,140	-216	-149
Translation differences	-1,111	-	-	-
Reclassifications	2,428	1	-	-
Closing accumulated amortizations	26,140	-25,514	-773	-558
Net residual value	7,304	10,657	924	213

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

NOTES

NOTE 16

INTANGIBLE ASSETS IN PROGRESS

TSEK	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Opening acquisition value	6 655	-	6 655	-
Investments	2 444	6 655	2 444	6 655
Reclassifications	-	-	-	-
Closing acquisition value	9 099	6 655	9 099	6 655

Intangible assets in progress refers to ERP-systems and software where the work has not been completed. Comparison figures have been adjusted, were included in other immaterial assets previous year.

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NOTE 17

BULDINGS AND LAND

TSEK	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Opening acquisition value	99,213	51,667	-	-
Acquired operations	-	1,109	-	-
Investments	1,719	38,292	-	-
Sales and disposals	-11,352	-	-	-
Translation differences	41	5,488	-	-
Reclassifications	-3,678	2,657	-	-
Closing acquisition value	85,943	99,213	-	-
Opening accumulated depreciations	-12,393	-9,578	-	-
Depreciations acquired operations	-	-757	-	-
Depreciations for the year	-3,059	-1,815	-	-
Sales and disposals	5,984	-	-	-
Translation differences	504	-243	-	-
Closing accumulated depreciations	-8,964	-12,393	-	-
Net residual value	76,979	86,820	-	-

NOTES

NOTE 18

PLANT AND MACHINERY

TSEK	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Opening acquisition value	85 818	32 089	-	-
Acquired operations	-	43 163	-	-
Investments	2 789	9 416	-	-
Sales and disposals	-217	-1 038	-	-
Translation differences	-1 887	-	-	-
Reclassifications	-4 596	2 188	-	-
Closing acquisition value	81 907	85 818	-	-
Opening accumulated depreciations	-55 489	-21 369	-	-
Depreciations acquired operations	-	-29 749	-	-
Depreciations for the year	-10 433	-4 041	-	-
Sales and disposals	1 468	1 029	-	-
Translation differences	2 732	-1 359	-	-
Closing accumulated depreciations	-61 722	-55 489	-	-
Net residual value	20 185	30 329	-	-

NOTE 19

EQUIPMENT, TOOLS, FUTURE AND FITTINGS

TSEK	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Opening acquisition value	31,732	13,533	180	180
Acquired operations	-	14,138	356	-
Investments	3,085	4,482	32	-
Sales and disposals	-644	-911	-	-
Translation differences	786	-	-	-
Reclassifications	- 1,981	490	-	-
Closing acquisition value	32,978	31,732	568	180
Opening accumulated depreciations	-20,878	-8,307	-45	-27
Depreciations acquired operations	-	-7,647	-	-
Depreciations for the year	-3,789	-5,509	-20	-18
Sales and disposals	382	872	-	-
Translation differences	1,254	-287	-	-
Closing accumulated depreciations	-23,031	-20,878	-65	-45
Net residual value	9,947	10,854	503	135

NOTES

NOTE 20

CONSTRUCTIONS IN PROGRESS FOR BUILDINGS

TSEK	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Opening acquisition value	41	5,529	-	-
Investments	636	-	-	-
Translation differences	-266	-5,488	-	-
Reclassifications	-1	-	-	-
Closing acquisition value	388	41	-	-

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NOTE 21

PARTICIPATION IN GROUP COMPANIES

TSEK	Parent company	
	2020-12-31	2019-12-31
Opening book value	362,447	131,757
Investments	15,358	230,690
Closing book value	377,805	362,447

NOTES

NOTE 22

PARTICIPATIONS IN GROUP COMPANIES

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	79,750
				377,805

Company name	Share	Identity no.	Registered office
Absolent AB	100%	556476-0642	Lidköping, Sweden
Absolent Americas Inc.	100%	36-4354021	Chicago, USA
Absolent Inc.	100%	743196019	Youngsville, USA
Diversitech Equipment & Sales (1984) Ltd	100%	117488375	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 Sverige AB	100%	556212-6341	Skövde Sweden
Absolent Japan Ltd	100%	0104-01-151086	Tokyo, Japan
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 23

OTHER LONG-TERM RECEIVABLES GROUP COMPANIES

TSEK	Parent company	
	2020-12-31	2019-12-31
Opening balance	113,810	9,916
Receivables for the year	-	103,407
Translation differences	-11,841	487
Amortizations	-9,133	-
Closing balance	92,836	113,810

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NOTE 24

PARTICIPATIONS IN SECURITIES IN OTHER COMPANIES

TSEK	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Opening balance	4	-	-	-
Acquired operations	-	4	-	-
Sales and disposals	-	-	-	-
Closing balance	4	4	-	-

NOTE 25

PREPAID EXPENSES AND ACCRUED INCOME

TSEK	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Accrued income	1,914	18,114	-	-
Prepaid rent	2,226	2,452	254	25
Prepaid interest	286	-	132	-
Prepaid insurance	2,116	1,330	159	214
Other prepaid cost	14,253	7,129	620	522
	20,795	29,025	1,165	761

NOTE 26

CASH AND CASH EQUIVALENTS

TSEK	Koncernen		Moderbolaget	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Available balances	451,846	150,379	311,883	9,920
	451,846	150,379	311,883	9,920

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 27

NUMBER OF SHARES

	2020-12-31	2019-12-31	2020-12-31	2020-12-31
	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 28

PROVISIONS

TSEK	Group		Parent Company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
<i>Deferred tax liabilities</i>				
Opening balances	12,277	7,397	-	-
Deferred tax for the year	4,276	4,880	-	-
	16,553	12,277	-	-
See note 13 ,Tax on result for the year.				
<i>Other provisions</i>				
Opening balances	72,850	683	47,000	-
Provisions for the year	23,340	72,172	15,358	47,000
Utilized amounts	-27,000		-27,000	
Reversal of unused amounts	-21,711	-5	-	-
	47,469	72,850	35,358	47,000
<i>Specification of Other provisions</i>				
Warranty	847	678	-	-
Additional purchase price	38,766	71,949	35,358	47,000
Other provisions	7,856	223	-	-
	47,469	72,850	35,358	47,000

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 Interzon AB and Diversitech Inc.

NOTE 29

LONG-TERM LIABILITIES

TSEK	Group		Parent Company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Due within 2 and 5 years after balance sheet date				
Liabilities to credit institutions	579,967	296,848	579,967	295,830
	579,967	296,848	579,967	295,830

NOTE 30

BANK OVERDRAFT FACILITIES

TSEK	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Approved credit	20,000	23,000	20,000	20,000
Credit utilized	-	1,494	-	-

NOTE 31

ACCRUED EXPENSES AND DEFERRED INCOME

TSEK	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Accrued salaries	9,741	17,805	-	353
Accrued holiday pay	9,875	9,741	1,574	1,384
Accrued social security contribution	6,946	7,367	495	546
Other accrued expenses	39,597	43,429	5,102	4,521
Other deferred income	-	5,980	-	-
	66,159	84,322	7,171	6,804

NOTE 32

PLEDGED ASSETS

TSEK	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Pledged assets for own liabilities to credit institutions				
Business mortgages	2,500	10,500	None	None
Property mortgages	None	None	None	None
Assets with legal ownership reservation	None	1,325	None	None
Other pledged assets				
Pledged accounts receivables	None	2,494	None	None
Bank funds as collateral	1,001	2,820	None	None
Total pledged assets	3,501	17,139	None	None

NOTES

NOTE 33

CONTINGENT LIABILITIES

TSEK	Group		Parent Company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
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, 2020.

NOTE 34

EVENTS AFTER THE BALANCE SHEET DATE

The Group has acquired the commercial kitchen ventilation company Tessu Systems B.V. in the Netherlands, January 8, 2021 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. Maximum earn out amounts to 6 MEUR. The acquisition is financed by cash and is expected to have a positive impact on earnings per share for 2021.

Group has divested Gallito Limited in the United Kingdom January 12, 2021. The divestment is in line with Absolent Group's strategy and sharpens the focus on core growth platforms. Gallito manufacture and sell a variety of paint finishing systems such as spray booths, drying ovens and conveyor operated systems, alongside a range of ducting products sold under the Fastclip brand. Gallito was a small part of the Group and the transaction will have a neutral impact on the Group's earnings per share for 2021.

At the time of signing this annual report the Corona pandemic has significantly affected the general market conditions in terms of uncertainty and risk. The uncertainty in future political decisions and market behaviour makes it difficult to assess the continued impact of the pandemic. As a result, we monitor developments continuously.

No other major events have taken place between the balance sheet date and the date this report was signed.

NOTE 35

APPROPRIATION OF PROFIT OR LOSS

SEK	2020-12-31	2019-12-31
Proposed appropriation of result		
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	101,549,774	101,564,732
Result for the year	823,691	-14,630
	134,883,632	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	114,505,890	134,060,269
	134,883,632	134,060,269

NOTES

NOTE 36

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.

Lidköping February 25, 2021

Mikael Ekdahl
Chairman of the Board

Joakim Westh

Gun Nilsson

Märta Schörling Andreen

Axel Berntsson
Managing Director

Johan Westman

Our auditor's report was submitted on February 25, 2021
Ernst & Young AB

Damir Matesa
Authorized Public Accountant

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AUDITOR´S REPORT

AUDITOR'S REPORT

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Absolent Group AB (publ) for the financial year 2020. 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 parent company and the group as of 31st December 2020 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

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-52. The Board of Directors and the Managing Director are responsible for this other information.

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

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE 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 financial year 2020 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' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the

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.

Skövde February 25, 2021
Ernst & Young AB

Damir Matésa
Authorized Public Accountant

