

Air care for healthy growth

Q2

Interim report 2022

Summary

1 April - 30 June 2022

- Net sales amounted to SEK 350.7 (269.6) million, which corresponds to a growth of 30.1 (37.2) %.
- Operating result before amortizations and depreciations (EBITDA) increased by 45.5 % and amounted to SEK 73.4 (50.4) million, corresponding to a margin of 20.9 (18.7) %.
- Operating result (EBIT) increased by 54.2 % and amounted to SEK 63.4 (41.1) million, corresponding to a margin of 18.1 (15.2) %.
- Earnings per share amounted to SEK 3.75 (2.72).
- Cash flow from operating activities amounted to SEK 20.6 (34.2) million.

1 January - 30 June 2022

- Net sales amounted to SEK 672.8 (502.7) million, which corresponds to a growth of 33.8 (5.7) %.
- Operating result before amortizations and depreciations (EBITDA) increased by 59.0 % and amounted to SEK 135.5 (85.2) million, corresponding to a margin of 20.1 (17.0) %.
- Operating result (EBIT) increased by 73.5 % and amounted to SEK 115.3 (66.5) million, corresponding to a margin of 17.1 (13.2) %.
- Earnings per share amounted to SEK 7.17 (4.33).
- Cash flow from operating activities amounted to SEK 62.9 (61.9) million.

Group key figures

Key figures	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021	Rolling 12 months Jul 2021- Jun 2022
Net sales, SEK thousands	350 688	269 643	672 793	502 723	1 029 807	1 199 877
Sales growth, %	30.1	37.2	33.8	5.7	15.0	30.0
Operating result before amortizations and depreciations (EBITDA), SEK thousands	73 374	50 438	135 516	85 228	168 538	218 826
Operating margin before amortizations and depreciations, %	20.9	18.7	20.1	17.0	16.4	18.2
Adjusted operating result before amortizations and depreciations (EBITDA1*), SEK thousands	73 374	50 438	135 516	85 228	181 162	231 450
Adjusted operating margin before amortizations and depreciations*, %	20.9	18.7	20.1	17.0	17.6	19.3
Operating result (EBIT), SEK thousands	63 381	41 101	115 320	66 469	131 542	180 393
Operating margin, %	18.1	15.2	17.1	13.2	12.8	15.0
Adjusted operating result (EBIT1*), SEK thousands	63 381	41 101	115 320	66 469	144 166	193 017
Adjusted operating margin*, %	18.1	15.2	17.1	13.2	14.0	16.1
Cash flow from operating activities, SEK thousands	20 620	34 168	62 873	61 888	114 510	115 495
Total assets, SEK thousands	1 577 598	1 412 900	1 577 598	1 412 900	1 457 227	1 494 066
Equity ratio, %	39.1	33.0	39.1	33.0	36.4	36.3
Net cash (+) / net debt (-), SEK thousands	-395 506	-276 557	-395 506	-276 557	-392 098	-336 032
Earnings per share, SEK	3.75	2.72	7.17	4.33	8.68	11.52
Equity per share, SEK	54.52	41.21	54.52	41.21	46.82	47.87
Number of outstanding shares at the balance sheet date	11 320 968	11 320 968	11 320 968	11 320 968	11 320 968	11 320 968
Average number of employees	456	403	456	403	446	460

* Adjusted key ratios are excluding items affecting comparability for the full year 2021 and rolling 12 months Jul 2021-Jun 2022. Key ratios for these periods have been adjusted for items affecting comparability, partly a negative impact on the result of SEK 8.1 million related to the divestment of Bristol and partly costs of SEK 4.6 million related to restructuring of parts of the operations in China and our project-based business in the UK. No adjustments have been made for the other periods.



CEO comments

The strong trend continues

During the second quarter of the year, the Group reported the highest net sales and the highest operating result for a single quarter ever, a clear sign of strength given the current challenges on the world market. Net sales increased by 30.1 % to SEK 350.7 (269.6) million and thanks to continued improvements of the operating margin, the operating result before amortizations and depreciations (EBITDA) increased by 45.5 % to SEK 73.4 (50.4) million.

The Group's own sales companies have made strong efforts by winning deals and gaining market shares, and despite a seasonally calmer summer period, the Group's business areas, Industrial and Commercial Kitchen, have strong order books. However, the challenges of managing component supply and inflation are still palpable. Our efforts to manage the disruptions are becoming increasingly effective, but there is still a time lag from when cost increases from suppliers arise to corresponding price increases for

customers can be implemented, which temporarily puts pressure on the gross margin. Due to the component supply challenges, we have chosen to slightly increase the Group inventory levels to ensure security of supply to customers.

Industrial

The growth in the quarter for the Group's largest business area Industrial amounted to 36.3 % and the operating margin before amortizations and depreciations (EBITDA) amounted to 23.2 %, an increase by almost four percentage points compared to the same quarter previous year. Organically, the growth has been strongest in the EMEA region, where mainly the Group's premium brand Absolent has had great success. Region APAC experienced a slightly slower development during the quarter, mainly due to severely limited delivery capacity as our warehouses in Shanghai for the Chinese market have largely been affected by the extensive lockdowns in the country. Sales increased sharply in the Americas region, mainly because the newly acquired Canadian companies Quatro and Aerofil have developed very positively and contribute to growth as well as margin improvement.

Commercial Kitchen

The Commercial Kitchen business area reported a growth of 8.2 % compared to the same quarter last year and sales in line with the first quarter of the year. The challenges from the first quarter with sharp, rapid increases in material prices have continued, causing the business area to report a gross margin four percentage points lower than previous year. The challenges mainly relate to the Swedish market, where we have own production and a large share of contracts with long order cycles. However, the order intake for the business area is still on a good level and we expect to see a gradual improvement of the gross margin during the autumn.

Altogether, we are proud of a record-strong quarter and look with confidence on the future in terms of both growth as well as margin improvement.

Axel Berntsson, CEO and President
Gothenburg, in August 2022

The Group

April – June 2022

Net sales

Net sales for the Group amounted to SEK 350.7 (269.9) million, which corresponds to a growth of 30.1 (37.2) %. The Industrial business area showed the largest growth, with a net sales increase from SEK 209.6 million to SEK 285.7 million. For Commercial Kitchen, the Group's other business area, net sales amounted to SEK 65.0 (60.1) million. Net sales increased in the regions EMEA and Americas, while APAC was on par with the previous year.

Result

Operating result before amortizations and depreciations (EBITDA) amounted to SEK 73.4 (50.4) million, which corresponds to a margin of 20.9 (18.7) %. Operating result (EBIT) amounted to SEK 63.4 (41.1) million with an operating margin of 18.1 (15.2) %. Translation effects of foreign Group companies' results have impacted the operating result (EBIT) for the period with 1.9 (1.2) million. The result improvement is driven by the Industrial business area, for which operating result (EBIT) increased from SEK 33.8 million to SEK 58.8 million. The increase is an effect of both improved margin and increased net sales. For Commercial Kitchen, operating result (EBIT) amounted to SEK 7.9 (11.1) million, where the decrease mainly is an effect of the combination of sharp, rapid material price increases and long order cycles.

The operating result also includes gains from a real estate sale finalized during the quarter. The gain amounts to SEK 3.5 million and is recorded as other operating income.

Net financial items amounted to SEK -7.4 (-2.9) million, of which exchange rate effects amounted to SEK 1.0 (-0.2) million. These

effects are mainly related to the credit facility in foreign currency. Net financial items for the quarter also include an impairment of a financial receivable of SEK 5.4 million related to a transfer of assets made during the previous year. Result after tax amounted to SEK 42.5 (30.8) million.

Investments

During the period April-June, the Group has invested a total of SEK 11.1 (3.9) million in intangible and tangible fixed assets, where this period's investments refer to capitalized development costs, software and machinery.

Cash flow

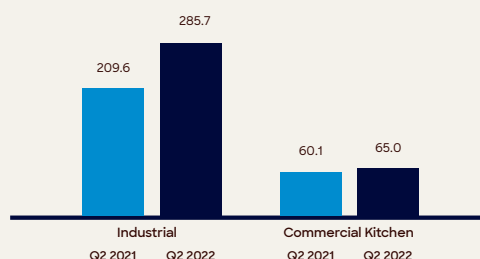
Cash flow from operating activities before changes in working capital amounted to SEK 60.0 (37.9) million and the cash flow after changes in working capital amounted to SEK 20.6 (34.2) million. The lower cash flow has been negatively affected by mainly larger payments of current liabilities as well as increased inventory.

Financial position

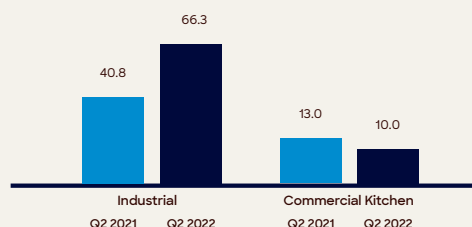
Interest-bearing liabilities at the end of the period amounted to SEK 650.5 (669.1) million, of which SEK 73.6 (84.6) million refers to lease liabilities. The net debt for the Group amounted to SEK 395.5 (276.6) million. The increase is mainly attributable to the acquisition of Quatro Air Technologies Inc. and Aerofil Inc., which was finalized during the fourth quarter 2021.

The equity ratio improved by 6.1 percentage points and amounted to 39.1 (33.0) % at the end of the period. The Parent company's credit facility totals SEK 600 million and expires in 2024.

Net sales, SEK million



EBITDA, SEK million



The Group

January – June 2022

Net sales

Net sales for the Group amounted to SEK 672.8 (502.7) million, which corresponds to a growth of 33.8 (5.7) %. The Industrial business area showed the largest growth, with a net sales increase from SEK 383.2 million to SEK 543.3 million. For Commercial Kitchen, the Group's other business area, net sales amounted to SEK 129.5 (119.5) million. Net sales increased in all regions.

Result

Operating result before amortizations and depreciations (EBITDA) amounted to SEK 135.5 (85.2) million, which corresponds to a margin of 20.1 (17.0) %. Operating result (EBIT) amounted to SEK 115.3 (66.5) million with an operating margin of 17.1 (13.2) %. Translation effects of foreign Group companies' results have impacted the operating result (EBIT) for the period with 5.1 (0.3) million. The result improvement is driven by the Industrial business area, for which operating result (EBIT) increased from SEK 50.6 million to SEK 103.4 million. The increase is an effect of both improved margin and increased net sales. For Commercial Kitchen, operating result (EBIT) amounted to SEK 18.3 (21.7) million, where the lower result mainly is an effect of the combination of sharp, rapid material price increases and long order cycles.

The operating result also includes other operating income of SEK 14.1 million, of which exchange rate effects amount to SEK 9.7 million and gain from real estate sale amounts to SEK 3.5 million.

Net financial items amounted to SEK -10.8 (-3.9) million, of which exchange rate effects amounted to SEK -0.4 (1.2) million. These effects are mainly related to the credit facility in foreign currency. Net financial items also include an impairment of a financial recei-

vable of SEK 5.4 million related to a transfer of assets made during the previous year. Result after tax amounted to SEK 81.1 (49.0) million.

Investments

During the first half year, the Group has invested a total of SEK 15.8 (5.5) million in intangible and tangible fixed assets, where this year's investments refer to capitalized development costs, software and machinery.

Cash flow

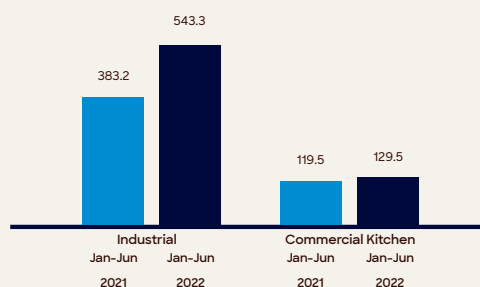
Cash flow from operating activities before changes in working capital amounted to SEK 119.1 (62.5) million and the cash flow after changes in working capital amounted to SEK 62.9 (61.9) million. The cash flow has been positively affected by the improved operating result while working capital increased.

Financial position

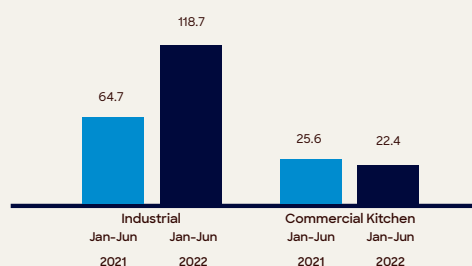
Interest-bearing liabilities at the end of the period amounted to SEK 650.5 (669.1) million, of which SEK 73.6 (84.6) million refers to lease liabilities. The net debt for the Group amounted to SEK 395.5 (276.6) million. The increase is mainly attributable to the acquisition of Quatro Air Technologies Inc. and Aerofil Inc., which was finalized during the fourth quarter 2021.

The equity ratio improved by 6.1 percentage points and amounted to 39.1 (33.0) % at the end of period. The Parent company's credit facility totals SEK 600 million and expires in 2024.

Net sales, SEK million



EBITDA, SEK million



Other information

Risks and uncertainties

Through its operations, Absolent Air Care Group is exposed to several different risks, such as external risks, operational risks as well as financial risks. These risks are described more in detail in the Board of Directors' report in the Absolent Air Care Group Annual report for 2021. (accessible at www.absolentgroup.com). The financial risks are also further described in Note 23 in the Annual report for 2021. The reported risks, as they are described in the Annual report, are deemed to be essentially unchanged.

There is still some uncertainty due to disruptions in the supply chain regarding transport and component shortage. The current geopolitical situation is also a factor of uncertainty, and it cannot be ruled out that the Group, partners, suppliers and/or customers may be affected in the future, both directly and indirectly as a result of macroeconomic factors or global disturbances in the supply chain.

Accounting policies

This report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report for the Parent company has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

The applied accounting policies for the Group and the Parent company are consistent with the accounting policies used in the presentation of the Annual Report 2021.

No standards, amendments or interpretations effective from 2022 have had any material impact on Absolent Air Care Group's financial statements.

Contact information

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Certified adviser

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

Financial calendar

Interim report Jan-Sep 2022, Nov 11, 2022
Year-end report 2022, Feb 22, 2023
Interim report Jan-Mar 2023, May 16, 2023
Interim report Jan-Jun 2023, Aug 17, 2023
Interim report Jan-Sep 2023, Nov 8, 2023

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

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

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

Gothenburg, August 17, 2022
Axel Berntsson
CEO and President

This information is information Absolent Air Care Group AB (publ.) is obligated to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 1:00 p.m. CEST August 17, 2022.

Group income statements

SEK thousands	Note	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Net sales	1, 2, 3	350 688	269 643	672 793	502 723	1 029 807
Costs for products and services sold	6	-210 395	-158 229	-395 958	-303 611	-615 616
Gross profit		140 293	111 415	276 835	199 113	414 192
Sales expenses	6	-42 667	-33 152	-82 604	-64 260	-131 146
Administrative expenses	6	-37 071	-29 146	-74 857	-58 341	-126 134
Research and development expenses	6	-9 187	-6 800	-17 616	-12 359	-27 224
Other operating income*	6	12 012	-	14 097	3 822	8 733
Other operating expenses*		-	-1 215	-535	-1 505	-6 879
Operating result	3	63 381	41 101	115 320	66 469	131 542
Financial income*		97	-	200	1 645	1 045
Financial expenses*	6	-7 464	-2 934	-11 030	-5 526	-9 357
Result after financial items	3	56 014	38 167	104 490	62 588	123 230
Tax expense	6	-13 526	-7 363	-23 367	-13 558	-24 999
Result for the period		42 486	30 804	81 122	49 030	98 232
Result for the period attributable to:						
Shareholders of the Parent company		42 486	30 804	81 122	49 030	98 232
Non-controlling interests		-	-	-	-	-
Earnings per share**, SEK		3.75	2.72	7.17	4.33	8.68

* Currency gains and losses within operating result as well as financial items are reported on a net basis starting from this report. Comparison figures have been reclassified.

** Before and after dilution.

Statement of other comprehensive income

SEK thousands	Note	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Result for the period		42 486	30 804	81 122	49 030	98 232
Other comprehensive income						
Items that may be reclassified to the income statement						
Translation differences	6	19 690	-7 516	28 652	19 717	33 966
Other comprehensive income		19 690	-7 516	28 652	19 717	33 966
Total comprehensive income		62 176	23 288	109 774	68 747	132 198
Total comprehensive income attributable to:						
Shareholders of the Parent company		62 176	23 288	109 774	68 747	132 198
Non-controlling interests		-	-	-	-	-

Consolidated statements of financial position

SEK thousands	Note	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS				
<i>Fixed assets</i>				
Goodwill	6	600 115	421 392	562 096
Other intangible fixed assets	6	64 019	33 551	53 863
Tangible fixed assets	6	173 789	189 888	184 515
Financial fixed assets		548	3 016	5 914
Deferred tax assets	6	7 330	3 942	5 257
Total fixed assets	2	845 801	651 788	811 645
<i>Current assets</i>				
Inventories		182 764	110 714	143 770
Accounts receivable		221 022	177 490	200 935
Current tax receivables		11 964	23 986	17 498
Other receivables		22 033	8 373	15 358
Prepaid expenses and accrued income	6	39 061	47 984	34 791
Cash and cash equivalents		254 954	392 565	233 230
Total current assets		731 797	761 112	645 582
TOTAL ASSETS	4	1 577 598	1 412 900	1 457 227
EQUITY AND LIABILITIES				
<i>Equity</i>				
Share capital		3 363	3 363	3 363
Other capital contributions		32 510	32 510	32 510
Translation reserve	6	30 502	-12 398	1 850
Retained earnings incl. result for the period		550 801	443 118	492 321
Equity attributable to Parent company shareholders		617 176	466 593	530 044
Non-controlling interests		1	1	1
Total equity	6	617 177	466 594	530 045
<i>Long-term liabilities</i>				
Long-term interest-bearing lease liabilities	6	53 545	62 821	58 405
Other long-term interest-bearing liabilities	5	576 469	583 207	545 926
Provisions		1 808	11 230	1 604
Deferred tax liabilities		23 393	18 718	24 234
Other long-term liabilities	6	14 844	26 249	49 499
Total long-term liabilities		670 060	702 226	679 668
<i>Short-term liabilities</i>				
Short-term interest-bearing lease liabilities	6	20 040	21 818	20 779
Other short-term interest-bearing liabilities		406	1 275	218
Prepayments from customers		20 241	15 143	15 870
Accounts payable		83 527	66 943	63 823
Current tax liabilities		19 039	2 367	5 889
Other liabilities		55 567	44 731	32 838
Accrued expenses and prepaid income		91 540	91 803	108 099
Total short-term liabilities		290 361	244 079	247 515
TOTAL EQUITY AND LIABILITIES	4	1 577 598	1 412 900	1 457 227

Consolidated statement of changes in equity

SEK thousands	Share capital	Other capital contributions	Translation reserve*	Retained earnings incl. result for the period	Total	Non-controlling interests	Total equity
Opening equity 1 Jan 2021	3 363	32 510	-32 115	414 466	418 224	1	418 225
Result for the period	-	-	-	49 030	49 030	-	49 030
Other comprehensive income							
Translation differences	-	-	19 717	-	19 717	-	19 717
Transactions with shareholders							
Dividend	-	-	-	-20 378	-20 378	-	-20 378
Closing equity 30 Jun 2021	3 363	32 510	-12 398	443 118	466 593	1	466 594
Opening equity 1 Jan 2022	3 363	32 510	1 850	492 321	530 044	1	530 045
Result for the period	-	-	-	81 122	81 122	-	81 122
Other comprehensive income							
Translation differences	-	-	28 652	-	28 652	-	28 652
Transactions with shareholders							
Dividend	-	-	-	-22 642	-22 642	-	-22 642
Closing equity 30 Jun 2022	3 363	32 510	30 502	550 801	617 176	1	617 177

* After conversion to IFRS, translation reserve is recorded as separate component in equity. For further information, see Note 6.

Group cash flow statements

SEK thousands	Note	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Operating activities						
Operating result		63 379	41 101	115 319	66 469	131 542
Adjustments for items not included in the cash flow		7 440	7 903	17 107	24 328	33 251
Received interest		57	–	105	187	774
Paid interest	6	-2 537	-3 148	-4 925	-6 105	-9 754
Paid income tax		-8 356	-7 946	-8 458	-22 427	-26 251
Cash flow from operating activities before changes in working capital		59 983	37 910	119 148	62 452	129 561
Changes in working capital						
Changes in inventories		-15 819	-6 020	-27 241	-5 495	-12 645
Changes in operating receivables	6	-996	-23 789	-16 835	-38 842	-25 450
Changes in operating liabilities		-22 548	26 067	-12 199	43 773	23 042
Cash flow from operating activities		20 620	34 168	62 873	61 888	114 510
Investing activities						
Business combinations		–	–	–	-45 731	-192 905
Earnout payments		-15 560	-35 358	-15 560	-39 003	-39 003
Investments in intangible fixed assets		-6 528	-2 305	-10 817	-2 602	-7 784
Investments in tangible fixed assets		-4 582	-1 607	-4 978	-2 863	-7 374
Sale of tangible fixed assets		8 645	233	9 200	233	367
Increase/decrease of long-term receivable		-28	-117	133	-3 008	-5 647
Cash flow from investing activities	3	-18 053	-39 154	-22 022	-92 974	-252 346
Financing activities						
Amortizations of loans		–	–	–	-586	-48 773
Amortizations of lease liabilities	6	-5 338	-5 387	-10 816	-10 651	-21 595
Paid dividend		-22 642	-20 378	-22 642	-20 378	-20 378
Cash flow from financing activities		-27 980	-25 765	-33 458	-31 615	-90 746
Cash flow for the period		-25 413	-30 751	7 393	-62 701	-228 580
Cash and cash equivalents at the beginning of the period		269 902	424 568	233 230	451 846	451 846
Translation difference in cash and cash equivalents		10 464	-1 252	14 330	3 420	9 964
Cash and cash equivalents at the end of the period		254 954	392 565	254 954	392 565	233 230



Parent company income statement

SEK thousands	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Net sales	11 431	7 297	21 618	14 358	31 757
Sales expenses	-631	-367	-1 028	-682	-1 461
Administrative expenses	-11 754	-9 578	-22 078	-18 122	-37 895
Research and development expenses	-1 586	-696	-2 992	-1 426	-4 275
Other operating income*	-	-	-	344	718
Other operating expenses*	-275	-94	-50	-	-
Operating result	-2 815	-3 437	-4 530	-5 526	-11 156
<i>Financial items</i>					
Result from participations in Group companies	48 124	-	48 124	-	-
Financial income*	2 794	434	4 833	1 424	4 257
Financial expenses*	-3 399	-2 216	-5 356	-4 289	-12 373
Result after financial items	44 704	-5 218	43 071	-8 392	-19 272
Appropriations	-	-	-	-	58 319
Result before tax	44 704	-5 218	43 071	-8 392	39 047
Tax expense	696	1 065	1 037	1 720	-8 987
Result for the period	45 401	-4 153	44 108	-6 672	30 060

Total comprehensive income for the period corresponds to the result for the period

* Currency gains and losses within operating result as well as financial items are reported on a net basis starting in this report. Comparison figures have been reclassified.

Parent company balance sheet

SEK thousands	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS			
<i>Fixed assets</i>			
Intangible fixed assets	22 068	11 162	14 218
Tangible fixed assets	483	603	544
Participations in Group companies	479 287	489 593	479 262
Receivables on Group companies	269 673	88 103	242 158
Deferred tax asset	6	-	-
Total fixed assets	771 517	589 460	736 181
<i>Current assets</i>			
Receivables on Group companies	76 984	48 226	60 255
Current tax receivables	-	2 217	-
Other receivables	340	634	348
Prepaid expenses and accrued income	2 364	1 347	1 576
Cash and cash equivalents	65 211	260 110	84 953
Total current assets	144 899	312 533	147 131
TOTAL ASSETS	916 416	901 993	883 312
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	3 363	3 363	3 363
Restricted reserve	918	918	918
Development costs reserve	3 486	-	3 486
Total restricted equity	7 767	4 281	7 767
Share premium reserve	32 510	32 510	32 510
Retained earnings	85 928	81 996	78 510
Result for the period	44 108	-6 672	30 060
Total unrestricted equity	162 546	107 834	141 080
Total equity	170 313	112 115	148 847
<i>Untaxed reserves</i>			
Tax allocation reserve	14 542	-	14 542
Total untaxed reserves	14 542	-	14 542
<i>Long-term liabilities</i>			
Liabilities to credit institutions	576 469	583 187	545 926
Liabilities to Group companies	4 280	-	-
Other long-term receivables	-	26 249	23 011
Total long-term liabilities	580 750	609 436	568 937
<i>Short-term liabilities</i>			
Accounts payable	3 637	2 617	4 373
Current tax liabilities	6 215	-	8 270
Liabilities to Group companies	100 259	145 279	107 639
Other liabilities	27 805	24 655	18 344
Accrued expenses and deferred income	12 897	7 891	12 360
Total short-term liabilities	150 811	180 441	150 986
TOTAL EQUITY AND LIABILITIES	916 416	901 993	883 312

Note 1

Revenue

The Group's contracts with customers refer to sales of products for cleaning of process air in a variety of industries, in the Group's two operating segments Industrial and Commercial Kitchen. Net sales refers only to revenue from contracts with customers. Related to the products, the Group also sell installation services in a many cases as well as maintenance. The Group sometimes also recharge freight to customers, depending on the incoterms.

In the majority of the Group's contracts with customers, products and installation are deemed to be distinct and are accounted for as separate performance obligations. However, for some contracts with customers the installation services do not meet the criteria for being distinct, since these contracts include a slightly higher degree of customization and the contract is more of a package solution where the installation cannot be separated. In these cases, products and installation are considered as one joint performance obligation. The Group's products come with standardized

warranties, which are assessed to be a part of the product and not considered as separate performance obligations.

The performance obligation for sale of products is deemed to be fulfilled when control is transferred to the customer, which is assessed to coincide with physical delivery to the customer.

Installation services as well as service and maintenance are assessed to be performance obligations fulfilled over time. Hence, the revenue for these services is recognized as they are performed. However, installation is usually performed in connection with delivery of the products and mainly refers to short installation assignments. For these short installation assignments, the revenue is thus recognized in practice when the installation has been completed. For the customer contracts where products and installation are considered a joint performance obligation, the revenue is recognized over time, based on costs incurred in relation to total costs for the products and services under the contract.

Net sales per products and services

SEK thousands	Industrial		Commercial Kitchen		Total	
	Apr-Jun 2022	Apr-Jun 2021	Apr-Jun 2022	Apr-Jun 2021	Apr-Jun 2022	Apr-Jun 2021
Products, recorded at a certain point in time	238 413	164 882	51 219	45 057	289 632	209 939
Services, recorded over time	29 352	21 915	2 349	1 110	31 701	23 025
Products and services, recorded over time	17 941	22 792	11 414	13 887	29 355	36 679
Total	285 706	209 589	64 982	60 054	350 688	269 643

SEK thousands	Industrial		Commercial Kitchen		Total	
	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021
Products, recorded at a certain point in time	456 327	301 426	99 917	89 314	556 243	390 740
Services, recorded over time	56 064	39 923	3 761	2 425	59 825	42 348
Products and services, recorded over time	30 896	41 826	25 828	27 809	56 725	69 635
Total	543 287	383 175	129 506	119 548	672 793	502 723

SEK thousands	Industrial	Commercial Kitchen	Total
	Jan-Dec 2021	Jan-Dec 2021	Jan-Dec 2021
Products, recorded at a certain point in time	653 854	172 964	826 818
Services, recorded over time	73 558	9 741	83 299
Products and services, recorded over time	74 590	45 099	119 690
Total	802 003	227 804	1 029 807

Net sales per geographic region

SEK thousands	Industrial		Commercial Kitchen		Total	
	Apr-Jun 2022	Apr-Jun 2021	Apr-Jun 2022	Apr-Jun 2021	Apr-Jun 2022	Apr-Jun 2021
EMEA*	140 156	115 334	62 818	57 445	202 974	172 780
Americas	114 476	60 971	316	1 462	114 791	62 433
APAC	31 074	33 284	1 848	1 146	32 922	34 430
Total	285 706	209 589	64 982	60 054	350 688	269 643

SEK thousands	Industrial		Commercial Kitchen		Total	
	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021
EMEA*	259 295	213 942	123 703	114 668	382 998	328 609
Americas	211 798	113 247	1 357	2 398	213 156	115 646
APAC	72 194	55 986	4 445	2 483	76 639	58 468
Total	543 287	383 175	129 506	119 548	672 793	502 723

SEK thousands	Industrial	Commercial Kitchen	Total
	Jan-Dec 2021	Jan-Dec 2021	Jan-Dec 2021
EMEA*	428 665	216 727	645 392
Americas	242 500	3 545	246 044
APAC	130 839	7 532	138 371
Total	802 003	227 804	1 029 807

* The previously separately reported regions Europe and UK & I have been merged and are now reported as EMEA.

Note 2 Reporting per geographic area

The Group's net sales per geographic area have been reported for the Group's regions and the most important markets. Net sales is reported based on where the customer is located and the assets

are allocated to each region based on where they are physically located. No single customer accounts for more than 10 percent of total sales for the Group.

SEK thousands	Net sales				
	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
EMEA*	202 974	172 780	382 998	328 609	645 392
<i>of which UK</i>	60 465	52 389	113 119	100 617	201 938
<i>of which Sweden</i>	40 959	31 915	79 551	66 930	133 002
Americas	114 791	62 433	213 156	115 646	246 044
<i>of which USA</i>	68 203	43 664	130 090	78 228	164 854
APAC	32 922	34 430	76 639	58 468	138 371
Total	350 688	269 643	672 793	502 723	1 029 807

SEK thousands	Fixed assets**		
	30 Jun 2022	30 Jun 2021	31 Dec 2021
EMEA*	211 013	212 310	209 948
<i>of which UK</i>	84 514	87 378	85 270
<i>of which Sweden</i>	99 229	87 220	91 171
Americas	32 995	13 089	31 955
<i>of which USA</i>	5 807	6 512	6 029
APAC	1 129	1 982	1 732
Total	245 137	227 381	243 636

* The previously separately reported regions Europe and UK & I have been merged and are now reported as EMEA.

** Do not include goodwill or financial fixed assets. Goodwill has not been allocated on geographical areas since it is only allocated per operating segment.

Note 3 Segment reporting

The Group's operations consists of two business areas, Industrial and Commercial Kitchen. The Group CEO has been identified as the chief operating decision-maker (CODM), and the Group CEO follows the development of the business areas based on net sales and operating result. Net financial items and tax is not followed per business area, neither is the balance sheet. Any transactions

between the business areas are conducted on market terms. The result for each business area includes directly attributable items and items that can be allocated to each business area on a reasonable and reliable manner. Group functions are not allocated to each business area, but recorded separately. Net investments refer to intangible and tangible fixed assets.

SEK thousands	Industrial		Commercial Kitchen		Group functions		Eliminations		Total	
	Apr-Jun 2022	Apr-Jun 2021	Apr-Jun 2022	Apr-Jun 2021	Apr-Jun 2022	Apr-Jun 2021	Apr-Jun 2022	Apr-Jun 2021	Apr-Jun 2022	Apr-Jun 2021
Net sales	285 713	209 589	65 012	60 082	-	-	-37	-29	350 688	269 643
Operating result	58 827	33 782	7 861	11 093	-3 309	-3 775	-	-	63 381	41 101
Net financial items									-7 367	-2 934
Result before tax									56 014	38 167
Amortizations and depreciations	-7 491	-6 988	-2 112	-1 899	-393	-451	-	-	-9 995	-9 337
Net investments	3 281	-1 179	-764	-665	-4 981	-1 835	-	-	-2 465	-3 679

SEK thousands	Industrial		Commercial Kitchen		Group functions		Eliminations		Total	
	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021
Net sales	543 294	383 175	129 577	119 577	-	-	-78	-29	672 793	502 723
Operating result	103 446	50 615	18 307	21 724	-6 435	-5 871	-	-	115 320	66 469
Net financial items									-10 830	-3 881
Result before tax									104 490	62 588
Amortizations and depreciations	-15 294	-14 077	-4 119	-3 864	-784	-818	-	-	-20 197	-18 760
Net investments	2 135	-2 591	-776	-688	-7 955	-1 953	-	-	-6 595	-5 231

SEK thousands	Industrial		Commercial Kitchen		Group functions		Eliminations		Total	
	Jan-Dec 2021	Jan-Dec 2021	Jan-Dec 2021	Jan-Dec 2021	Jan-Dec 2021	Jan-Dec 2021	Jan-Dec 2021	Jan-Dec 2021	Jan-Dec 2021	Jan-Dec 2021
Net sales	802 008	227 829			-		-29		1 029 807	
Operating result	105 796	38 905			-13 158		-		131 542	
Net financial items									-8 312	
Result before tax									123 230	
Amortizations and depreciations	-28 222	-7 254			-1 521		-		-36 996	
Net investments	-8 796	-954			-5 041		-		-14 791	

Note 4 Financial instruments

SEK thousands	Financial assets			Financial liabilities		
	30 Jun 2022	30 Jun 2021	31 Dec 2021	30 Jun 2022	30 Jun 2021	31 Dec 2021
Measured at amortized cost	509 701	584 788	470 665	691 853	703 443	663 307
Measured at fair value through profit and loss	-	-	-	56 849	50 479	67 396
Total	509 701	584 788	470 665	748 702	753 922	730 703

Financial instruments are measured at amortized cost or fair value based on classification. For more detailed information, see the Group accounting policies in the Annual Report for 2021.

Note 5 Pledged assets and contingent liabilities

Group

SEK thousands	30 Jun 2022	30 Jun 2021	31 Dec 2021
Pledged assets for liabilities to credit institutions			
Floating charges	500	3 000	-
Total	500	3 000	-
Other pledged assets			
Bank funds	330	285	2 873
Total	330	285	2 873

Parent company

SEK thousands	30 Jun 2022	30 Jun 2021	31 Dec 2021
Contingent liabilities			
Guarantees for Group companies	25 916	-	25 428
Total	25 916	-	25 428

Note 6 Transition to IFRS

Absolent Air Care Group AB has previously applied BFAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3). The date of transition to IFRS has been set at 1 January 2020, and the transition to IFRS is reported in accordance with IFRS 1. The first report the Group prepared in accordance with IFRS was the Annual report for 2021, which was published on 26 April 2022. In that report, the transition effects for the balance sheet as of 1 January 2020, 31 December 2020 and 31 December 2021 as well as for the income statement and cash flow statement for the full year of 2021 and 2020 were reported. In this interim report, transition effects on the financial statements for the second quarter 2021 and the period January – June 2021 are reported.

The general rule of IFRS 1 is that an entity shall apply all recommendations retroactively when determining the opening balance. However, there are some mandatory and optional exceptions to retroactive application. The Group has chosen to apply the following exceptions:

- The Group has chosen to apply the practical expedient in IFRS 1 appendix C item 1, and thus not recalculated any business combinations made before the transition date to IFRS, 1 January 2020.
- Lease liabilities have been measured at the present value of remaining lease payments, discounted by the marginal borrowing rate at the time of transition to IFRS. The right-of-use asset has been valued to an amount corresponding to the lease liability, with adjustments for any prepaid or accrued leasing fees. Assessments of whether an agreement contains a lease have been made based on facts and circumstances as of the transition date to IFRS. The Group has also chosen to apply the rules that lease agreements ending within twelve months from transition to IFRS and lease agreements where the underlying assets are of low value are expensed on a linear basis over the leasing period.
- Accumulated translation differences in equity are set to zero at the date of transition to IFRS.

The following tables present and quantify the effects assessed by management on the consolidated statement of comprehensive income, consolidated statement of financial position, cash flow statement as well as equity in transition to IFRS for the Group. The main effects on the financial reporting are the following:

- Reversal of amortization of goodwill, see Note 6.A.
- Application of IFRS 3 to the purchase price allocation regarding the acquisition completed during the first half of 2021, see Note 6.A.
- For the lease agreements previously recorded as operational leases, the Group will recognize right-of-use assets and lease liabilities, see Note 6.B.
- Reclassification of obligations related to earn-outs from other provisions to other long-term liabilities and other short-term liabilities, see Note 6.C.

In connection with preparing of the interim report in accordance with IFRS, several reclassifications of balance sheet items have been made. All italicized balance sheet items have been reclassified as below:

- Other equity including profit for the period has been included in the item retained earnings incl. result for the period. Translation reserve was previously included in the item other equity including profit for the period, but is reported on a separate row in accordance with IFRS. For more information, see Note 6.D.
- Deferred tax liabilities and other provisions were previously reported under the line provisions. At the time of transition to IFRS, these items have been included under long-term liabilities instead.
- The item liabilities to credit institutions has changed name and is now reported as other long-term interest-bearing liabilities.

Some minor reclassifications and name changes have also been made in the income statement and cash flow statement, and some previously aggregated items have been divided into more detailed items.

Group income statement

SEK thousands	Note	Apr-Jun 2021 K3	Effects from transition to IFRS	Apr-Jun 2021 IFRS	Jan-Jun 2021 K3	Effects from transition to IFRS	Jan-Jun 2021 IFRS
Net sales		269 643	-	269 643	502 723	-	502 723
Cost of products and services sold	6.B	-158 401	172	-158 229	-303 860	249	-303 611
Gross profit		111 242	172	111 415	198 863	249	199 113
Sales expenses	6.A, 6.B	-57 177	24 025	-33 152	-111 570	47 310	-64 260
Administrative expenses	6.A, 6.B	-29 221	75	-29 146	-57 719	-622	-58 341
Research and development expenses	6.B	-6 800	-	-6 800	-12 357	-2	-12 359
Other operating income	6.B	-	-	-	-	3 822	3 822
Other operating expenses		-	-1 215	-1 215	-	-1 505	-1 505
<i>Other operating income and expenses</i>		<i>-1 215</i>	<i>1 215</i>	<i>-</i>	<i>2 291</i>	<i>-2 291</i>	<i>-</i>
Operating result		16 829	24 272	41 101	19 507	46 961	66 469
Financial income		-	-	-	-	1 645	1 645
Financial expenses	6.B	-	-2 934	-2 934	-	-5 526	-5 526
<i>Financial items</i>		<i>-2 452</i>	<i>2 452</i>	<i>-</i>	<i>-2 910</i>	<i>2 910</i>	<i>-</i>
Result after financial items		14 377	23 791	38 167	16 598	45 990	62 588
Tax expense	6.A, 6.B	-7 550	188	-7 363	-13 912	354	-13 558
Result for the period		6 827	23 979	30 804	2 686	46 344	49 030
Result for the period attributable to:							
Shareholders of the Parent company		6 827	23 979	30 804	2 686	46 344	49 030
Non-controlling interests		-	-	-	-	-	-

Statement of comprehensive income

SEK thousands	Note	Apr-Jun 2021 K3	Effects from transition to IFRS	Apr-Jun 2021 IFRS	Jan-Jun 2021 K3	Effects from transition to IFRS	Jan-Jun 2021 IFRS
Result for the period		6 827	23 979	30 804	2 686	46 344	49 030
Other comprehensive income							
<i>Items that may be reclassified to the income statement</i>							
Translation differences	6.D	-	-7 516	-7 516	-	19 717	19 717
Other comprehensive income		-	-7 516	-7 516	-	19 717	19 717
Total comprehensive income		6 827	16 462	23 288	2 686	66 060	68 747
Total comprehensive income attributable to:							
Shareholders of the Parent company		6 827	16 462	23 288	2 686	66 060	68 747
Non-controlling interests		-	-	-	-	-	-

Consolidated statement of financial position

SEK thousands

	Note	30 Jun 2021 K3	Effects from transition to IFRS	30 Jun 2021 IFRS
ASSETS				
<i>Fixed assets</i>				
Goodwill	6.A	-	421 392	421 392
Other intangible fixed assets	6.A	-	33 551	33 551
<i>Intangible fixed assets</i>		325 373	-325 373	-
Tangible fixed assets	6.B	105 810	84 078	189 888
Financial fixed assets		3 016	-	3 016
Deferred tax assets	6.B	3 459	483	3 942
Total fixed assets		437 659	214 131	651 788
<i>Current assets</i>				
Inventories		110 714	-	110 714
Accounts receivable		177 490	-	177 490
Current tax receivables		-	23 986	23 986
Other receivables		82 018	-73 645	8 373
Prepaid expenses and accrued income	6.B	-	47 984	47 984
Cash and cash equivalents		-	392 565	392 565
<i>Cash and cash equivalents</i>		392 565	-392 565	-
Total current assets		762 786	-1 675	761 112
TOTAL ASSETS		1 200 445	212 455	1 412 900

Consolidated statement of financial position

SEK thousands

	Note	30 Jun 2021 K3	Effects from transition to IFRS	30 Jun 2021 IFRS
EQUITY AND LIABILITIES				
<i>Equity</i>				
Share capital		3 363	-	3 363
Other capital contributions		32 510	-	32 510
Translation reserve	6.D	-	-12 398	-12 398
Retained earnings incl. result for the period		-	443 118	443 118
Other equity including profit for the period		306 829	-306 829	-
Equity attributable to Parent company shareholders		342 702	123 891	466 593
Non-controlling interests		1	-	1
Total equity		342 703	123 891	466 594
<i>Provisions</i>				
Deferred tax liabilities		14 815	-14 815	-
Other provisions		61 695	-61 695	-
Total provisions		76 510	-76 510	-
<i>Long-term liabilities</i>				
Long-term interest-bearing lease liabilities	6.B	-	62 821	62 821
Other long-term interest-bearing liabilities		-	583 207	583 207
Liabilities to credit institutions		583 207	-583 207	-
Provisions	6.C	-	11 230	11 230
Deferred tax liabilities	6.A	-	18 718	18 718
Other long-term liabilities	6.C	-	26 249	26 249
Total long-term liabilities		583 207	119 020	702 226
<i>Short-term liabilities</i>				
Short-term interest-bearing lease liabilities	6.B	-	21 818	21 818
Other short-term interest-bearing liabilities		1 275	-	1 275
Prepayments from customers		-	15 143	15 143
Accounts payable		66 943	-	66 943
Current tax liabilities		-	2 367	2 367
Other liabilities	6.C	129 807	-85 076	44 731
Accrued expenses and prepaid income		-	91 803	91 803
Total short-term liabilities		198 025	46 054	244 079
TOTAL EQUITY AND LIABILITIES		1 200 445	212 455	1 412 900

Group cash flow statement

SEK thousands

	Note	Apr-Jun 2021 K3	Effects from transition to IFRS	Apr-Jun 2021 IFRS	Jan-Jun 2021 K3	Effects from transition to IFRS	Jan-Jun 2021 IFRS
Operating activities							
Operating result		16 829	24 272	41 101	19 507	46 961	66 469
Adjustments for items not included in the cash flow		27 190	-19 285	7 903	57 324	-32 996	24 328
Received interest		-	-	-	-	187	187
Paid interest	6.B	-	-3 148	-3 148	-	-6 105	-6 105
Financial net, paid		-3 622	3 622	-	-5 451	5 451	-
Paid income tax		-7 946	-	-7 946	-22 427	-	-22 427
Cash flow from operating activities before changes in working capital		32 451	5 460	37 910	48 953	13 498	62 452
Changes in working capital							
Changes in inventories		-	-6 020	-6 020	-	-5 495	-5 495
Changes in operating receivables	6.B	-	-23 789	-23 789	-	-38 842	-38 842
Changes in operating liabilities		-	26 067	26 067	-	43 773	43 773
Changes in working capital		-3 683	3 683	-	-539	539	-
Cash flow from operating activities		28 768	5 401	34 168	48 414	13 474	61 888
Investing activities							
Business combinations		-	-	-	-	-45 731	-45 731
Acquired operations		-35 480	35 480	-	-82 045	82 045	-
Earnout payments		-	-35 358	-35 358	-	-39 003	-39 003
Investments in intangible fixed assets		-	-2 305	-2 305	-	-2 602	-2 602
Investments in tangible fixed assets		-	-1 607	-1 607	-	-2 863	-2 863
Sale of tangible fixed assets		-	233	233	-	233	233
Increase/decrease of long-term receivable		-	-117	-117	-	-3 008	-3 008
Investing activities		-3 674	3 674	-	-8 117	8 117	-
Cash flow from investing activities		-39 154	-	-39 154	-90 162	-2 811	-92 974
Financing activities							
Amortizations of loans		-	-	-	-	-586	-586
Amortizations of lease liabilities	6.B	-	-5 387	-5 387	-	-10 651	-10 651
Paid dividend		-	-20 378	-20 378	-	-20 378	-20 378
Cash flow from financing activities		-20 366	20 366	-	-20 954	20 954	-
Cash flow from financing activities		-20 366	-5 401	-25 765	-20 954	-10 661	-31 615
Cash flow for the period		-30 751	-	-30 751	-62 701	-	-62 701
Cash and cash equivalents at the beginning of the period		424 568	-	424 568	451 846	-	451 846
Translation differences in cash and cash equivalents		-1 252	-	-1 252	3 420	-	3 420
Cash and cash equivalents at the end of the period		392 565	-	392 565	392 565	-	392 565

Statement of changes in equity

SEK thousands	Note	Share capital	Other contributed capital	Translation reserve	Retained earnings incl. result for the period	Total
30 Jun 2021 K3		3 363	32 510	-	306 829	342 702
Effects from transition to IFRS						
Translation reserve separate component in equity	6.D	-	-	16 601	-16 601	-
Opening IFRS transition effect*		-	-	-32 115	106 547	74 431
Effects recorded in the result for the period		-	-	-	46 344	46 344
Translation effect IFRS 16		-	-	-58	-	-58
Translation effect reversed amortizations of goodwill	6.A	-	-	3 073	-	3 073
Translation effect from acquisition analysis adjustment	6.A	-	-	146	-	146
Other		-	-	-46	-	-46
30 Jun 2021 IFRS		3 363	32 510	-12 398	443 118	466 593

* See specification in the Group annual report for 2021.



Note 6A Intangible fixed assets

SEK thousands	Goodwill	Other intangible fixed assets	Total
Book value K3 30 Jun 2021	307 435	17 939	325 374
Opening IFRS adjustment, net*	75 898	-	75 898
Reversed amortizations	48 275	-	48 275
Acquisition analysis in accordance with IFRS 3	-13 289	16 606	3 317
Amortizations	-	-1 140	-1 140
Translation differences	3 073	146	3 219
Book value IFRS 30 Jun 2021	421 392	33 551	454 943

* Opening effects from transition to IFRS are presented in the Group annual report for 2021.

According to IFRS, goodwill is an intangible asset with an indeterminate useful life, which means that the item is not amortized but subject to impairment testing. This differs from the previous accounting policy (K3), where goodwill has been amortized over the estimated economic life (5-10 years). The transition to IFRS therefore means that amortization of goodwill in 2021 is reversed. Goodwill is not a deductible expense, and the adjustment therefore has no tax effects.

In the transition to IFRS, acquisition analyses prepared during 2020 and 2021 have been reviewed, which has resulted in the identification of other intangible assets related to the acquisition of Tessu Systems B.V. during the first quarter of 2021. The identified intangible assets refer to customer relations, which has been reclassified from goodwill to other intangible assets and also affected defer-

red tax liabilities. In total, the other intangible assets category has increased by an amount of SEK 16,606 thousands related to these customer relations. The useful life of the customer relations has been determined to seven years, and the amount will be amortized over this period. Total amortization for the period January-June 2021 amounts to SEK 1,140 thousands, on which deferred tax of SEK 285 thousands has been recorded. As of 31 December 2021, the deferred tax liability related to these customer relations amounts to SEK 3,903 thousands.

Acquisition-related expenses of SEK 834 thousands related to the acquisition of Tessu Systems B.V. have been removed from the intangible assets and recognized as administration costs in the income statement.

Note 6B Leasing

In accordance with previously applied accounting policies, the Group recorded all leasing agreements as operational. According to IFRS 16, the Group recognizes the leasing agreements as a right-of-use asset and a lease liability in the balance sheet instead. This treatment implies that the costs for the previously operational leasing agreements will be reclassified from operating expenses to depreciations of the right-of-use asset and interest expenses on the lease liability.

As of 30 June 2021, the total book value for the right-of-use asset amounted to SEK 84,078 thousands and the lease liability to SEK 84,639 thousands, of which SEK 21,818 thousands is recorded as short-term. The item prepaid expenses and accrued income is also affected by the transition to IFRS 16. This item contains prepaid leasing fees, and according to IFRS 16 these prepaid leasing fees shall increase the value of the right-of-use asset. Hence, prepaid leasing fees have been reclassified to the right-of-use asset in the conversion to IFRS. Reversal of leasing fees as well as depreciations on the right-of-use asset are specified per function in the table below. The discrepancy between accounting according to IFRS 16 and the legal accounting in the Group companies results in a deferred tax on the net effect in the income statement, which affects the tax expense for the year as well as deferred tax receivables.

Transition to IFRS 16 has also affected the presentation of the cash flows for the Group. In accordance with previous accounting policies, the cash flow from the operational leasing agreements was recognized as part of the operating activities. However, according to IFRS 16 the cash flow is split between amortizations of the lease liability and interest payments. Of the various parts of the cash flow for the period January-June, the operating result is affected by SEK 661 thousands, adjustment for items not affecting cash flow with SEK 11,046 thousands, paid interest increased by SEK 971 thousands and amortizations of lease liability amounted to SEK 10,651 thousands. For the period April-June, operating result is affected by SEK 313 thousands, adjustment for items not affecting cash flow with SEK 5,560 thousands, paid interest increased by SEK 482 thousands and amortizations of lease liability amounted to SEK 5,387 thousands.

For more detailed presentation of the transition to IFRS 16 and accounting policies, please see the Group annual report for 2021.

Reversal of leasing fees

SEK thousands	Apr-Jun 2021	Jan-Jun 2021
Cost of products and services sold	2 013	3 968
Sales expenses	1 777	3 570
Administrative expenses	1 981	3 991
Research and development expenses	101	178
Total	5 872	11 707

Depreciation of right-of-use asset

Cost of products and services sold	-1 840	-3 719
Sales expenses	-1 712	-3 395
Administrative expenses	-1 906	-3 779
Research and development expenses	-102	-180
Total	-5 560	-11 073

Note 6C Other provisions

SEK thousands

30 Jun 2021

Book value K3	61 695
Reclassifications of earnouts to other long-term liabilities	-26 249
Reclassifications of earnouts to other short-term liabilities	-24 230
Additional provision related to lease agreements	14
Book value IFRS	11 230

In accordance with IFRS 3, earn-outs that meet the definition of a financial liability are to be recognized as financial liabilities. Hence, earn-out attributable to the acquisition of Tessu has been reclass-

sified from other provisions to other long-term liabilities and other short-term liabilities, depending on due date.

Note 6D Translation reserve

In accordance with IAS 21, translation differences are recorded in other comprehensive income as well as an accumulated separate component in equity. The Group applies the exception rule in IFRS

1, which implies that accumulated translation differences for all foreign subsidiaries are considered to amount to zero at the transition date to IFRS.

Note 6E Credit risk reserve related to accounts receivable

In accordance with previous accounting policies, Absolent Air Care Group has applied a model for bad debt provision based on occurred events. According to IFRS 9, both historical and forward-looking information shall be taken into account when assessing expected credit losses. The Group has chosen to apply the simplified model

of expected credit losses on accounts receivable under which total expected credit losses for the remaining maturity of the receivable are reported. Transition to the model according to IFRS 9 has not had any effect on the Group's financial statements.

