

A tall, dark grey QleanAir air purifier stands on a blue carpeted floor against a white wall. To its right is a modern chair with a red backrest and a white desk with a bookshelf. The scene is brightly lit, casting shadows on the wall.

QleanAir presentation of the
Q3 Interim Report 2020
November 12 2020

QleanAir - A strong position in the market niche indoor air cleaning

TODAY'S AGENDA AND SPEAKERS

1. Introduction

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2. Business Update

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3. Financial Update

34



Christina Lindstedt, CEO

- ▶ CEO since August 31, 2020.
- ▶ Prior to QleanAir, various global business leadership roles at Electrolux and Sony until 2014. From 2014 Business advisor through own company and several board assignments incl. QleanAir. Joined QleanAir as COO in May 2020.
- ▶ Master of Science in Business Administration and Economics from Gothenburg School of Economics, International Program



Henrik Resmark, CFO

- ▶ CFO since 2013 and head of the finance organisation
- ▶ Henrik held other CFO and corporate finance positions before joining QleanAir; most notably at Aros Securities / Nordea Securities, from 1998–2003 and NeuroNova (Newron), from 2003–2013
- ▶ MSc in Business Administration from Lund University

IN BRIEF - A NICHE PREMIUM PROVIDER OF CLEAN INDOOR ENVIRONMENT SOLUTIONS

COMPANY

- ▶ Global provider of premium indoor clean air solutions
- ▶ Diversified customer base with high retention rate
- ▶ Strong cash flow generation from rental revenue model
- ▶ Circular and asset light business model ready for further global expansion
- ▶ Established platform with high visibility through long-term contracts
- ▶ Proprietary technology and solutions providing substantial barriers to entry

FAST FACTS

- ▶ **+2,500** customers
- ▶ **36 months** typical contract length
- ▶ **>75%** contracts extended or renewed¹
- ▶ **3.75 billions m3** clean air/month
- ▶ **Ticker QAIR**, Nasdaq First North Premier Growth Market,

FINANCIAL TARGETS

- ▶ **~10%** organic net sales CAGR
- ▶ **15-20%** EBIT-margin
- ▶ **30-50%** dividend of net profit

MARKET

- ▶ Strong fundamental market drivers from regulatory shift and awareness of air pollution as a health concern
- ▶ Large opportunity within logistics, food, offices, automotive and cleanroom segments
- ▶ QleanAir established as premium provider of clean air managed services
- ▶ Customer base between product categories is conducive to cross-selling





QleanAir
SCANDINAVIA

BUSINESS UPDATE

Christina Lindstedt, CEO

KEY OPERATIONAL HIGHLIGHTS Q3 – LAUNCH OF NEW PRODUCTS

- High activity level in the company.
- Continued strong focus on launching new products in Facility Solutions;
 - Launch of the FS90
 - Q4 launch of FS30, developed in close co-operation with the healthcare sector.
- Launch of Facility Solutions in Japan.
- New marketing team in place at Head Quarter in Solna.
- New frame agreement with PostNord

FS 30 LAUNCHED Q4 – TARGETING THE OFFICE SEGMENT



FS 90 LAUNCHED Q3 – TARGETING THE INDUSTRIAL SECTOR



FS 70 LAUNCHED Q2 – TARGETING THE FOOD INDUSTRY



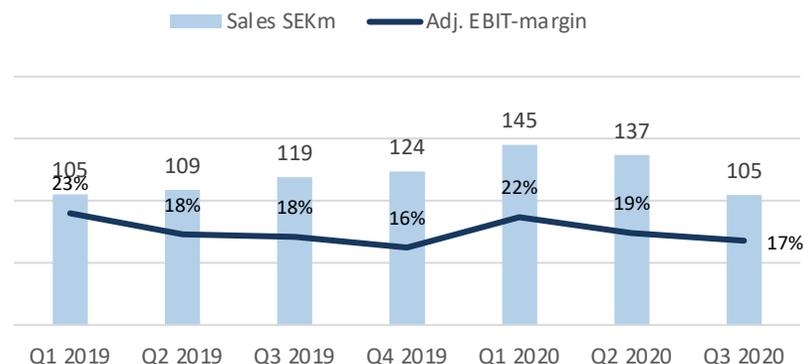
KEY FINANCIAL HIGHLIGHTS Q3 – STABLE MARGINS & INCREASED EPS

- EBIT-margin slightly decrease 17.0% (17.7)
- EBIT SEKm 17.8 (21.0)
- Sales SEKm 104.9 (119.0) -4.6% (currency adjusted)
- Order intake SEKm 54.4 (89.5) -39%
- Strong increase in recurring revenues SEK 64.9 (48.3) +35%
- Improved operating cash-flow SEKm 22.4 (14.0)
- Earnings per share SEK 0.61 (0.16)
- Resilient business model

SOFT PERFORMANCE IN SALES AND ORDER INTAKE - COVID19



STABLE PROFITABILITY AND EBIT-MARGIN

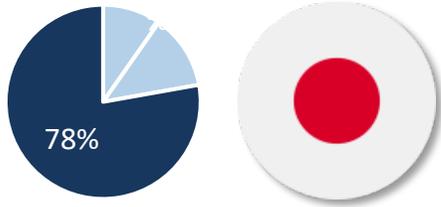


CABIN SOLUTIONS – STABLE CASH GENERATING BASE

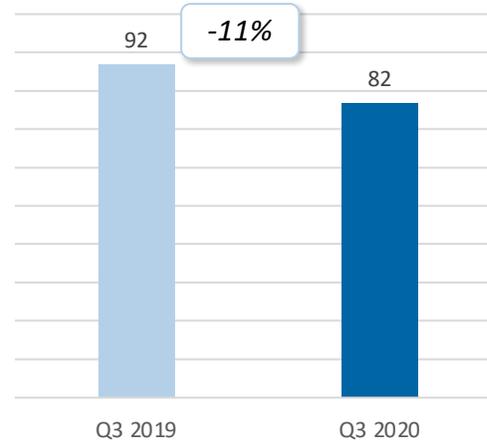
- ▶ The positive effect (Q3 2019 and H1 2020) from the health promotion act in force from April 1 in Japan – normalized in Q3
- ▶ Strong and broad customer base in Europe and Japan. Mature market in Europe, growth market in Japan.
- ▶ Cross selling opportunities with Facility Solutions.

KEY MARKETS & TRENDS

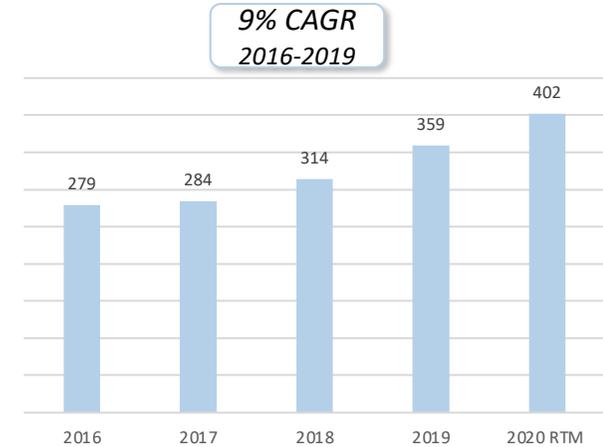
- ▶ Increased regulation
- ▶ Required Compliance
- ▶ Health impact of air pollution



SALES PERFORMANCE Q3 - SEKm



TRACK-RECORD SALES - SEKm



Three product lines of stand-alone indoor smoking cabins for different sizes and application demands, providing filtration of particles and gases as well as an ash handling system.

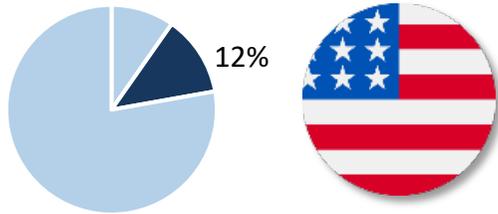


ROOM SOLUTIONS – CHALLENGES IN THE US MARKET

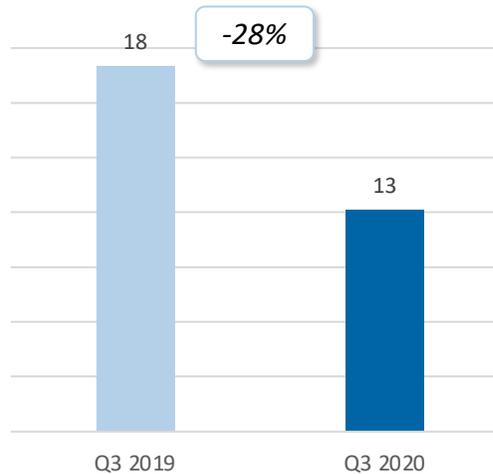
- ▶ Challenging quarter with key customers segments in the US in healthcare, largely impacted by Corona
- ▶ Focus on closing ongoing customer opportunities, strong pipeline
- ▶ Reinforce channel co-operations and marketing activities

KEY MARKETS & TRENDS

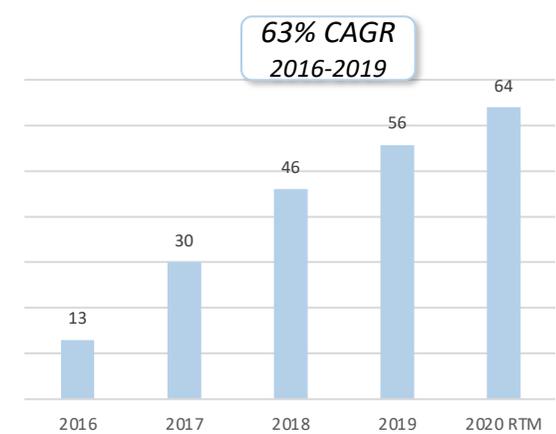
- ▶ Mandatory regulations and required compliance
- ▶ Corporations and institutions are moving from CAPEX to OPEX
- ▶ Flexible and scalable solutions



SALES PERFORMANCE Q3 - SEKm



TRACK-RECORD SALES - SEKm



Cleanrooms / clean zones caters to spaces with regulatory classification either based on new construction or retrofitting of existing spaces / rooms

Compounders



Bio-medical labs & MedTech



Hospital pharmacies

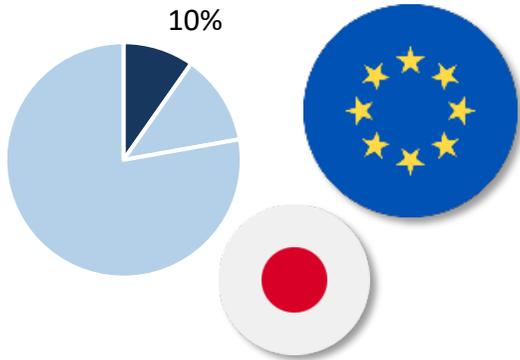


FACILITY SOLUTIONS – MANY NEW PRODUCT LAUNCHES, INTRODUCTION IN JAPAN

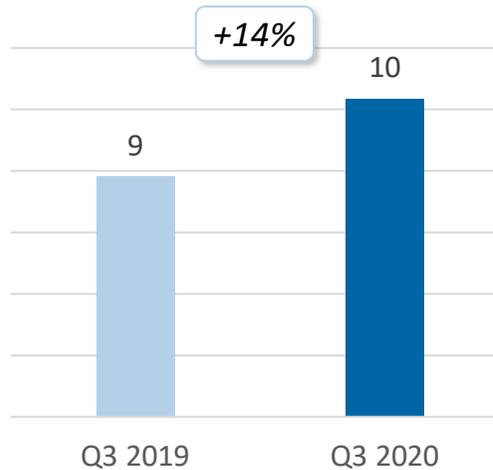
- ▶ Launch of FS 90 targeting larger areas within the warehousing, logistics and industry sectors
- ▶ Increased demand for air cleaning solutions from Corona. New FS30 launch in Q4 as a respons.
- ▶ First sale into Japan and the Office segment

KEY MARKETS & TRENDS

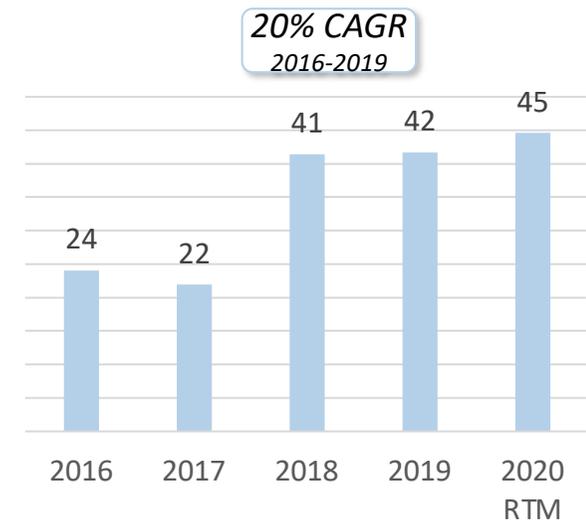
- ▶ Health impact of air pollution
- ▶ Corporations and institutions are moving from CAPEX to OPEX



SALES PERFORMANCE Q3 - SEKm



TRACK-RECORD SALES - SEKm



Healthcare



Food



Industry/Automotive



Logistics



FS – product line



| | AirQlean Low 115 | FS 30 | FS 70 FG | FS 70 | FS 90 |
|---------------------|---|---|--|--|---|
| Key segments | <ul style="list-style-type: none"> Smoking rooms Offices Hotels | <ul style="list-style-type: none"> Offices Health care Hotels Schools | <ul style="list-style-type: none"> Food industry Cosmetics industry | <ul style="list-style-type: none"> Logistics Warehousing Production industry Automotive | <ul style="list-style-type: none"> Logistics Ware housing Production industry |
| USPs | <ul style="list-style-type: none"> Mechanical filtration up to HEPA classification Efficiently removes large quantities of smells and smoke Small footprint for easy placement | <ul style="list-style-type: none"> Silent operation at large air flow HEPA filtration Small footprint Adjustable exhaust for optimal air flow | <ul style="list-style-type: none"> Hygienic design Materials compliant with food production Constant air flow regulation Mechanical filtration up to HEPA classification | <ul style="list-style-type: none"> Flexible and versatile design Constant air flow regulation Mechanical filtration up to HEPA classification Small footprint compared to air flow | <ul style="list-style-type: none"> Powerful air flow up to 9000m³/h. Constant air flow regulation Mechanical filtration Flexible design with hybrid mounting possibility |

THE COVID-19 IMPACT

Mixed impact in the **short-term** perspective, but strong increase in awareness of IAQ

- ▶ Continued lower activity level in most markets. QA sales process still largely dependent on physical meetings and open markets.
- ▶ Increased demand for Air cleaners in segments related to Covid-19. Longer decision processes in some other segments during the crisis.
- ▶ Tightening our cost and cash discipline and have addressed certain cost saving projects
- ▶ Our rental business model with a high degree of recurring revenue and a flexible cost

A market driver in the **mid to longer-term**, with increased demand for air cleaning

- ▶ The virus risk puts a general focus on the need to have a good and safe indoor environment and air quality.
- ▶ The increased focus for the IAQ matter as a whole will benefit QleanAir.
- ▶ Intense focus in some key markets, eg Germany with publicly funded activities to finance air cleaning solutions in public places, eg schools etc.
- ▶ Increases in demand expected both for the short, medium and the longer term.

Our enterprise is based on creating healthy indoor environments that help improve the productivity of employees, products and processes.

STABLE AND DIVERSIFIED REVENUE BASE > 2,500 CUSTOMERS

PORTFOLIO SUMMARY

+2,500
Global customers

+9,400
Installed units¹

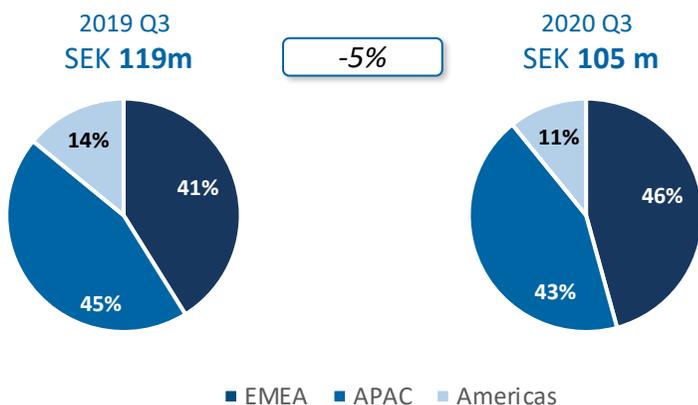
+20
Countries customer base

62%
Recurring revenue
in Q3 2020

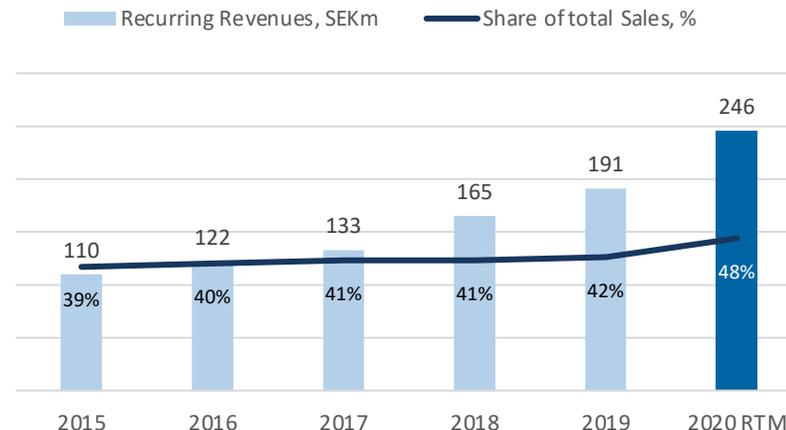
36 months
Typical contract length

>75%
Contracts extended or
renewed²

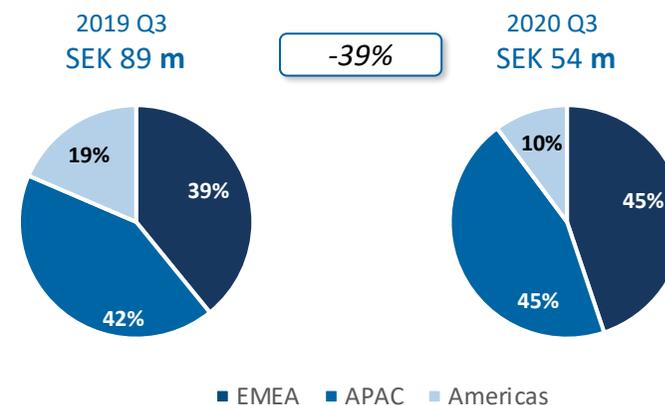
SALES GEOGRAPHICAL DISTRIBUTION Q3



RECURRING REVENUES



ORDER INTAKE GEOGRAPHICAL DISTRIBUTION Q3



The background image shows a clean, industrial or laboratory environment. In the foreground, there is a long, low-profile structure with a series of glass-walled rooms or enclosures. Above this structure, a complex network of large, silver, insulated pipes runs across the ceiling. The ceiling itself is high and features various mechanical elements, including ductwork and lighting fixtures. The overall atmosphere is professional and technical.

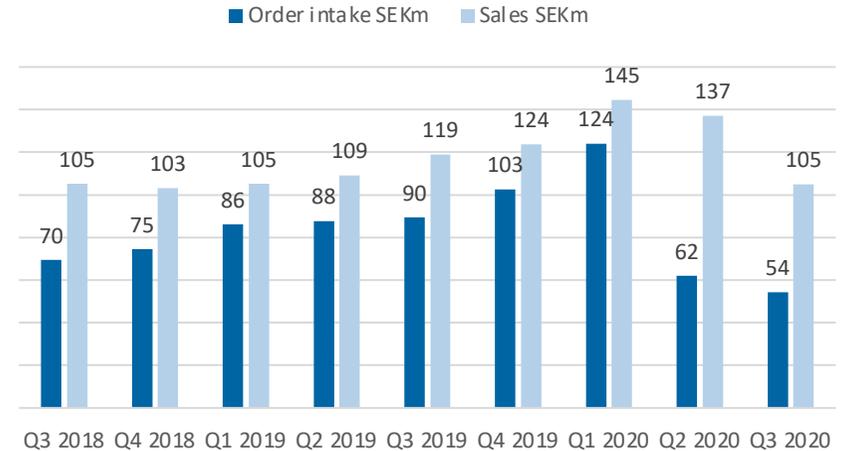
Financials

Henrik Resmark, CFO

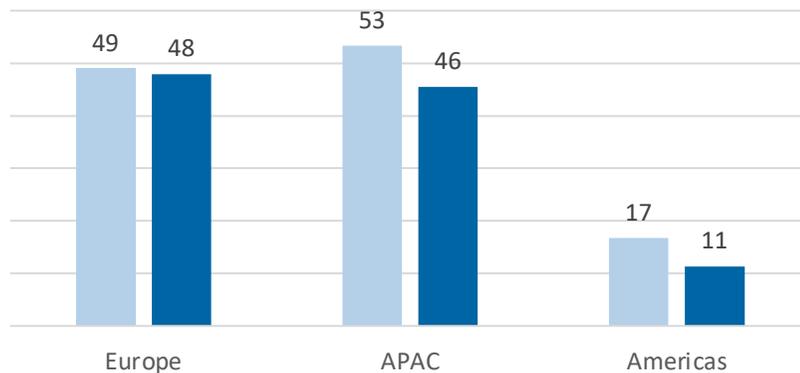
ORDER INTAKE AND SALES AFFECTED Covid-19

THIRD QUARTER 2020

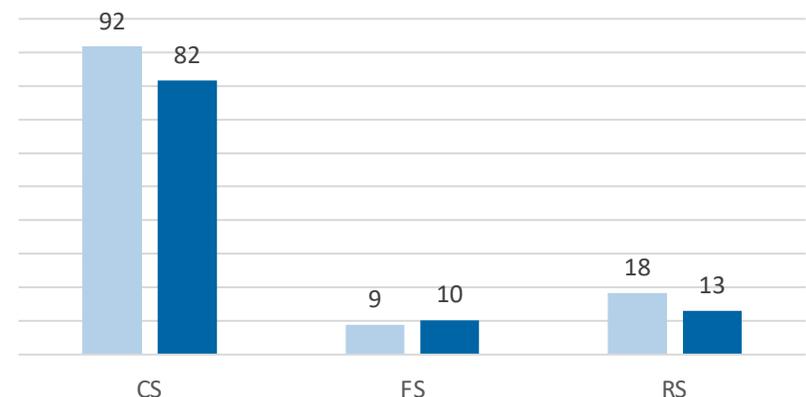
- ▶ Order intake -39% clearly hit by Corona
- ▶ Organic sales growth -4.6%
- ▶ Cabin Solutions -11%
- ▶ Product launches in FS – Sales growth +14%
- ▶ Sales Room Solutions -28%



SALES BY GEOGRAPHY Q3



SALES BY CATEGORY Q3



2019 2020

STABLE MARGINS AND INCREASED RECURRING REVENUE

P&L COMMENTS

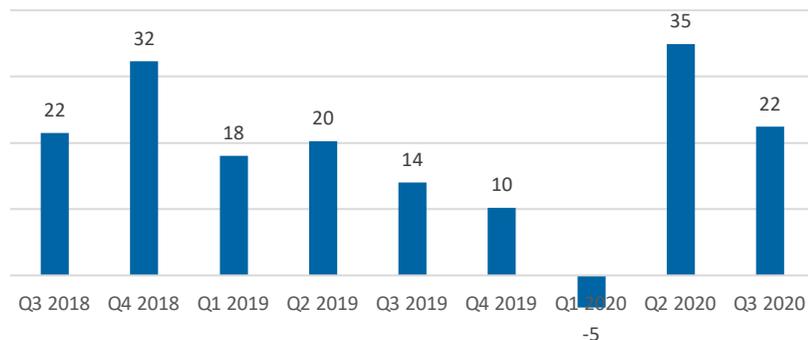
- ▶ Recurring revenues +34%, SEKm 65 (48)
- ▶ Recurring rental revenues from units in own balance sheet 62% (41%) of total sales
- ▶ EBITDA amounted to SEKm 24.9 (adj. 26.4) the third quarter
 - ▶ EBITDA margin 23.7% (22.2%)
- ▶ EBIT amounted to SEKm 17.8 (adj. 21.0) in the third quarter
 - ▶ EBIT margin 17.0% (17.7%)
- ▶ Retention rate >75%¹ contracts extended or renewed

SALES & ADJ. EBIT-MARGIN QUARTER BY QUARTER

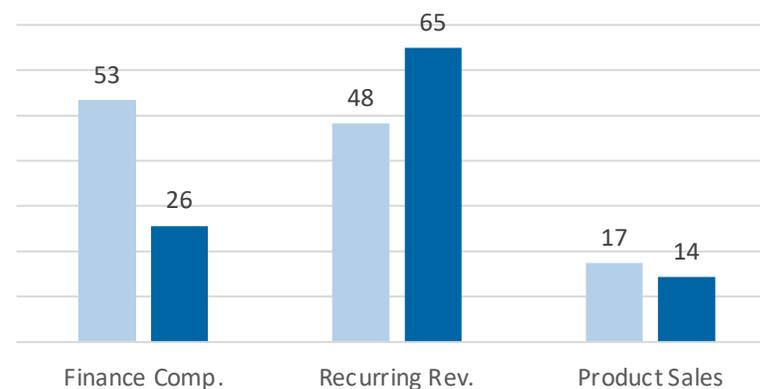


CASH FLOW FROM OPERATIONS SEKm

■ Cash-flow Operations SEKm



SALES PER REVENUE STREAM Q3 2020 vs 2019 SEKm



■ 2019 ■ 2020

IMPROVED CASH-FLOW AND REDUCED NET DEBT

CASH-FLOW IN SUMMARY

| TSEK | July-Sept 2020 | July-Sept 2019 | Jan-Sept 2020 | Jan-Sept 2019 | Full year 2019 |
|---|-------------------|-------------------|------------------|------------------|-------------------|
| Operating activities | | | | | |
| Operating income | 17 837 | 13 934 | 74 495 | 57 341 | 32 073 |
| Adjustment for non-cash items | 5 281 | 4 173 | 13 902 | 15 614 | 46 706 |
| Net finance and currency translation effect | -2 800 | -1 085 | -8 657 | -3 378 | -12 215 |
| Tax paid | -10 970 | -8 506 | -29 679 | -18 189 | -21 675 |
| Total | 9 349 | 8 515 | 50 062 | 51 388 | 44 889 |
| Decrease (+)/Increase (-) inventories | -6 295 | -3 229 | -5 868 | -5 813 | -8 390 |
| Decrease (+)/Increase (-) account receivables | 19 094 | 6 283 | 8 255 | 7 816 | 5 032 |
| Decrease (+)/Increase (-) current assets | 8 560 | -2 595 | 1 703 | -18 457 | 2 778 |
| Decrease (-)/Increase (+) account payables | -5 692 | -7 564 | -16 324 | 3 404 | 12 430 |
| Decrease (-)/Increase (+) current liabilities | -2 607 | 12 585 | 14 650 | 13 926 | 5 758 |
| Cash-flow from operations | 22 408 | 13 997 | 52 479 | 52 265 | 62 498 |

- ▶ Strong operative cash flow in the third quarter
- ▶ Equity ratio improved to 23% (14%)
- ▶ Net debt reduced to 207 MSEK (251)
- ▶ The board withdrew the proposed dividend 2020 due to Corona

BALANCE SHEET IN SUMMARY

| TSEK | 2020-09-30 | 2019-09-30 | 2019-12-31 |
|---|----------------|----------------|----------------|
| ASSETS | | | |
| Capitalized development cost | 7 741 | 6 128 | 5 934 |
| Customer contracts | 0 | 1 | 0 |
| Goodwill | 343 704 | 343 704 | 343 704 |
| Intangible fixed assets | 351 445 | 349 834 | 349 637 |
| Leasing (IFRS 16) | 16 045 | 25 799 | 22 632 |
| Tangible fixed assets | 49 609 | 31 319 | 39 813 |
| Tangible fixed assets | 65 653 | 57 119 | 62 445 |
| Deferred tax | 5 631 | 173 | 11 427 |
| Long term receivables | 0 | 12 178 | 0 |
| Fixed assets | 422 730 | 419 303 | 423 509 |
| Inventories | 31 432 | 31 266 | 32 147 |
| Account receivables | 27 907 | 47 005 | 35 936 |
| Tax receivables | 10 996 | 0 | 0 |
| Other receivables | 10 007 | 9 378 | 11 296 |
| Prepaid costs and accrued income | 42 592 | 64 565 | 43 068 |
| Cash and bank | 74 378 | 80 804 | 56 994 |
| Current assets | 197 312 | 233 019 | 179 441 |
| TOTAL ASSETS | 620 042 | 652 322 | 602 950 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Share capital | 7 430 | 6 642 | 7 430 |
| Additional paid in capital | 121 401 | 58 929 | 121 140 |
| Translation differences | 3 853 | 10 204 | 5 269 |
| Balanced result | -36 093 | -4 457 | -28 572 |
| Result for the period | 44 262 | 20 730 | -7 521 |
| Equity | 140 853 | 92 049 | 97 746 |
| Accrued tax liabilities | 0 | 3 193 | 0 |
| Subordinated shareholder loan | 0 | 251 464 | 0 |
| Long term interest bearing liabilities | 236 931 | 65 000 | 249 684 |
| Other liabilities (IFRS 16) | 7 906 | 16 812 | 14 053 |
| Long term liabilities | 244 837 | 336 469 | 263 737 |
| Short term interest bearing liabilities | 44 720 | 15 000 | 37 348 |
| Accounts payable | 24 938 | 40 667 | 41 496 |
| Tax liabilities | | 3 485 | 1 626 |
| Other short term liabilities | 14 358 | 10 698 | 9 803 |
| Other liabilities (IFRS 16) | 8 863 | 9 762 | 9 351 |
| Accrued expenses and deferred income | 141 473 | 144 193 | 141 843 |
| Current liabilities | 234 353 | 223 805 | 241 467 |
| Liabilities | 479 189 | 560 273 | 505 204 |
| TOTAL EQUITY AND LIABILITIES | 620 042 | 652 322 | 602 950 |

Financial targets and dividend policy

MEDIUM-TERM FINANCIAL TARGETS AND DIVIDEND POLICY

1

Organic sales growth

~10%

Net sales CAGR

- ▶ Average annual organic sales growth of circa 10 percent

2

Profitability

15-20%

EBIT margin

- ▶ EBIT margin of 15-20 percent

3

Dividend policy

30-50%

Payout ratio

- ▶ 30-50 percent of net profit paid out as dividend

PERFORMANCE Q3 2020

-5%

Organic growth

+15.6% January-September

17%

EBIT margin

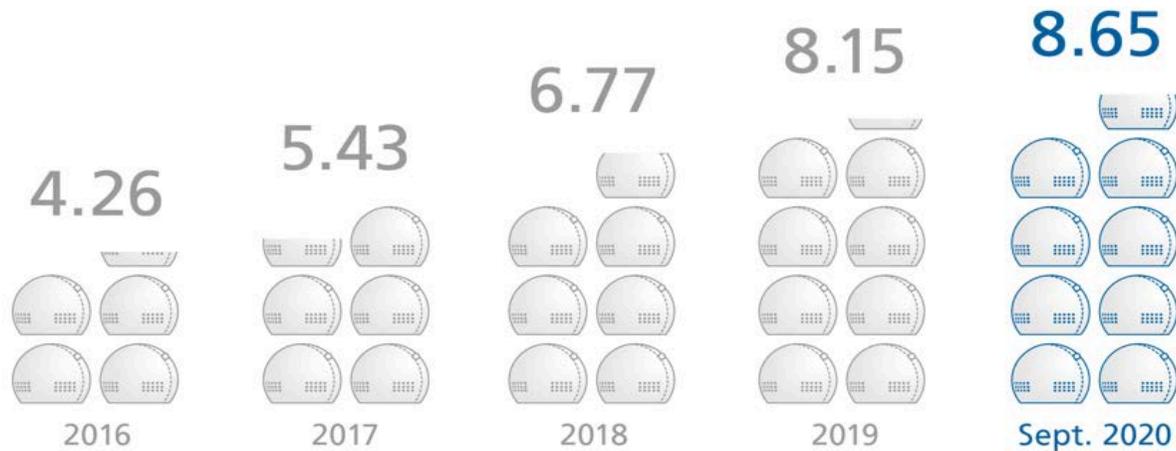
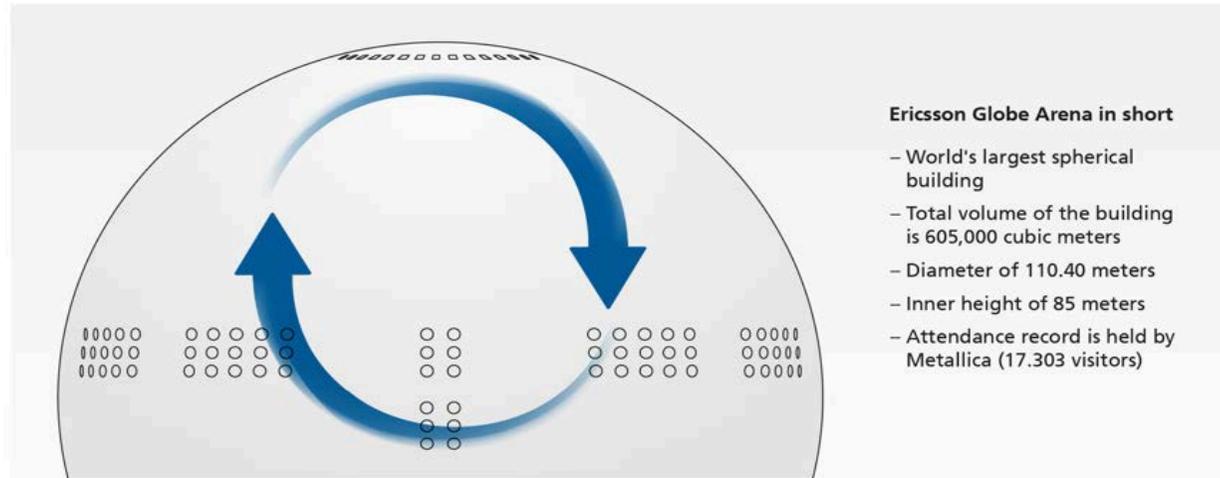
19.3% January-September

0 SEK

Dividend per share
(withdrawn due to
COVID-19)

Continuous increased delivery of indoor clean air

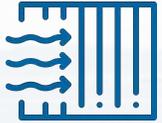
Number of Ericsson Globe Arenas cleaned per hour



In summary - QleanAir as investment



Unique service offering based on holistic approach to clean air as a service with full-service rental contracts



Proprietary air cleaning technology and back-office solutions providing substantial barriers to entry



Long contracts with high degree of extensions across a diversified blue-chip customer base generating strong and predictable revenues



Asset light business model with limited capex needs providing strong free cash conversion and equity returns



Q&A

Christina Lindstedt, CEO

Henrik Resmark, CFO

APPENDIX



Appendix | Key ratios and Quarterly Development

| | July-Sept 2020 | July-Sept 2019 | Jan-Sept 2020 | Jan-Sept 2019 | Full year 2019 |
|--|-------------------|-------------------|------------------|------------------|-------------------|
| Order intake, TSEK | 54 442 | 89 540 | 240 372 | 263 516 | 365 979 |
| Sales, TSEK | 104 851 | 119 018 | 386 534 | 333 032 | 456 879 |
| Recurring revenue from units in own balance sheet, % | 62% | 41% | 50% | 42% | 42% |
| EBITDA, TSEK | 24 858 | 19 284 | 95 531 | 73 175 | 105 206 |
| EBITDA-margin, % | 23,7% | 16,2% | 24,7% | 22,0% | 17,5% |
| Adjusted EBITDA, TSEK | 24 858 | 26 384 | 95 531 | 80 275 | 105 206 |
| Adjusted EBITDA-margin, % | 23,7% | 22,2% | 24,7% | 24,1% | 23,0% |
| EBIT, TSEK | 17 837 | 13 934 | 74 495 | 57 341 | 32 073 |
| EBIT-margin, % | 17,0% | 11,7% | 19,3% | 17,2% | 7,0% |
| Adjusted EBIT, TSEK | 17 837 | 21 034 | 74 495 | 64 441 | 83 719 |
| Adjusted EBIT-margin, % | 17,0% | 17,7% | 19,3% | 19,3% | 18,3% |
| Result for the period, TSEK | 9 033 | 2 177 | 44 262 | 20 730 | -7 521 |
| Earnings per share, SEK | 0,61 | 0,16 | 2,98 | 1,56 | -0,56 |
| Earnings per share after full dilution, SEK | 0,60 | 0,16 | 2,93 | 1,56 | -0,56 |
| Cash flow from operations, TSEK | 22 408 | 13 997 | 52 479 | 52 265 | 62 498 |
| Net working capital, TSEK | -57 835 | -46 828 | -57 835 | -46 828 | -72 321 |
| Equity/Asset ratio, % | 23% | 14% | 23% | 14% | 16% |

| | July-Sept 2020 | April-June 2020 | Jan-March 2020 | Oct-Dec 2019 | Jul-Sept 2019 | April-June 2019 | Jan-March 2019 | Oct-Dec 2018 |
|---|-------------------|--------------------|-------------------|-----------------|------------------|--------------------|-------------------|-----------------|
| Order intake, TSEK | 54 442 | 62 424 | 124 134 | 102 466 | 89 540 | 87 753 | 86 223 | 74 712 |
| Sales, TSEK | 104 851 | 137 002 | 144 681 | 123 847 | 119 018 | 108 997 | 105 151 | 103 209 |
| Gross profit, TSEK | 70 669 | 93 582 | 98 283 | 73 882 | 73 979 | 73 775 | 74 398 | 64 820 |
| Gross-margin, % | 67,4% | 68,3% | 67,9% | 59,7% | 62,2% | 67,7% | 70,8% | 62,8% |
| Adjusted EBITDA, TSEK | 24 858 | 32 400 | 38 272 | 24 931 | 26 384 | 27 677 | 28 835 | 29 252 |
| Adjusted EBITDA-margin, % | 23,7% | 23,6% | 26,5% | 20,1% | 22,2% | 25,4% | 27,4% | 28,3% |
| Adjusted EBIT, TSEK | 17 837 | 25 308 | 31 351 | 19 278 | 21 034 | 19 786 | 23 621 | 15 626 |
| Adjusted EBIT-margin, % | 17,0% | 18,5% | 21,7% | 15,6% | 17,7% | 18,2% | 22,5% | 15,1% |
| Operating cash-flow, TSEK | 22 408 | 34 880 | -4 810 | 10 233 | 13 997 | 20 247 | 18 002 | 32 306 |
| Working capital, TSEK | -57 835 | -59 032 | -56 804 | -72 321 | -46 828 | -46 952 | -45 796 | -47 626 |
| Average Capital Employed, TSEK | 421 941 | 423 625 | 395 989 | 394 811 | 421 063 | 416 087 | 413 132 | 410 749 |
| Net debt, excl. IFRS16, TSEK | 207 273 | 223 156 | 242 223 | 236 684 | 250 660 | 259 029 | 265 833 | 260 560 |
| Equity/Asset ratio, % | 22,7% | 20,9% | 18,5% | 16,2% | 14,1% | 13,4% | 12,2% | 11,6% |
| Net debt/Equity ratio, % | 1,5 | 1,7 | 2,0 | 2,4 | 2,7 | 3,0 | 3,5 | 4,1 |
| Adjusted return on Capital employed (ROCE), % | 22,2% | 22,9% | 23,1% | 21,2% | 19,0% | 19,5% | 20,5% | 17,8% |

Appendix | Largest shareholders

| Shareholder | % , capital and votes |
|----------------------------------|-----------------------|
| Qevirp 41 Ltd | 40,7% |
| JP Morgan Bank Lux. | 8,2% |
| Livförsäkringsbolaget Skandia | 3,3% |
| JP Morgan Chase Bank London | 3,2% |
| Nordnet Pension | 3,0% |
| LGT Bank Ltd | 2,7% |
| Taaleri Nordic Value Equity Fund | 2,7% |
| Avanza Pension | 2,7% |
| Enter Småbolagsfond | 2,1% |
| Skandia Sverige Hållbar | 2,1% |
| Ten largest shareholders | 70,7% |
| Other shareholders | 29,3% |
| Total | 100,0% |

Euroclear data & Company information per September 30, 2020.

