

A photograph of a man with short brown hair and a beard, wearing a light blue button-down shirt. He is smiling and looking towards the camera. He is sitting at a desk in an office environment. In the background, there is a computer monitor displaying a blue interface with a vertical rectangular element. A keyboard and a green folder are also visible on the desk.

Fourth Quarter and
Year-end Report

2023

REVENUES EXCEEDED MSEK 500 FOR THE FIRST TIME (+11%), OPERATING PROFIT INCREASED BY 34% AND RECURRING REVENUES REACHED RECORD-HIGH MSEK 306 FOR THE FULL YEAR 2023

MSEK 124 Net revenue, +3%

MSEK 79 Recurring revenue, +11%

7.8% EBIT margin (2.9%)

"We achieve growth of 11% for the full year of 2023. We strengthen operating income by more than 30% for the full year. We have brought QleanAir back to profitable growth. In Q4, we broke both the half-billion mark for revenue and the 300 million mark for recurring revenue, a fantastic job by the entire organization. Growth for the fourth quarter reached 3%. Recurring revenue increased by 11%. We improve the operating income by approximately 170% in the quarter. EMEA and APAC exceeded our targets for 2023. Americas deviates in terms of profitability", CEO Sebastian Lindström notes.

October – December 2023 in summary

- Net revenue MSEK 123.8 (120.1)
- Recurring revenue MSEK 78.5 (70.8)
- Order intake MSEK 89.6 (109.2)
- EBITDA MSEK 17.8 (-9.6)
- EBITDA margin 14.4% (-8.0%)
- Operating income (EBIT) MSEK 9.6 (-17.7)
- Operating margin 7.8% (-14.8%)
- Operating income (EBIT), adjusted MSEK 9.6 (3.5)
- Operating margin, adjusted 7.8% (2.9%)
- Earnings per share SEK 0.36 (-1.26)
- Cash flow from current operations MSEK 14.4 (9.6)

January – December 2023 in summary

- Net revenue MSEK 503.5 (455.2)
- Recurring revenue MSEK 306.3 (276.8)
- Order intake MSEK 395.4 (407.6)
- EBITDA MSEK 97.5 (59.8)
- EBITDA margin 19.4% (13.1%)
- Operating income (EBIT) MSEK 64.1 (28.6)
- Operating margin 12.7% (6.3%)
- Operating income (EBIT), adjusted MSEK 66.7 (49.8)
- Operating margin, adjusted 13.2% (10.9%)
- Earnings per share SEK 2.92 (0.89)
- Cash flow from current operations MSEK 62.6 (29.7)
- The Board of directors proposes a dividend of 0,60 SEK per share (0) for 2023

Significant events during the fourth quarter

- UNC Health signs framework agreement with QleanAir Scandinavia Inc in the US to provide consulting services for pharmacies.
- QleanAir delivered 6.96 billion cubic meters of cleaned air in the end of the third quarter.
- The election committee has been appointed for the 2024 AGM.
- An extraordinary general meeting has been held in QleanAir AB, where a partly new board was elected.
- QleanAir in Japan signs large order for high-performance air cleaners with NEC Networks & System Integration Corporation
- Huntsville Memorial Hospital in Huntsville, Texas purchases a cleanroom solution from QleanAir funded by Walker County Hospital District.

Significant events after the end of the period

- QleanAir delivered 7,21 billion m³ of cleaned air in the end of the fourth quarter.

A WORD FROM THE CEO

We achieve growth of 11% for the full year of 2023. We strengthen operating income by more than 30% for the full year. We have brought QleanAir back to profitable growth. In Q4, we broke both the half-billion mark for revenue and the 300 million mark for recurring revenue, a fantastic job by the entire organization. Growth for the fourth quarter reached 3%. Recurring revenue increased by 11%. We improve the operating income by approximately 170% in the quarter. EMEA and APAC exceeded our targets for 2023. Americas deviates in terms of profitability.



Operating margin was 7.8% in the quarter and 13.2% for 2023. This is a clear improvement compared to 2022, and our focus is on improving it further. The priority for 2024 is to achieve growth combined with improved profitability. A customer-centric approach and sales efficiency have really taken EMEA to a higher level with momentum going into 2024. APAC is focused on capitalizing on our market position in Cabin Solutions and continuing to grow Air Cleaners. The Americas, with a project-based cleanroom business, will be a game changer when we get our profitability right.

POSITIVE TURNAROUND IN EUROPE

EMEA represented 53% of net revenue and 47% of order intake in the fourth quarter. Activities leads to more activities and in the fourth quarter we see the result of our program for profitable growth. In Europe we have a strong market position within the Cabin Solutions category with a broad customer base. Air Cleaners had a strong development in Europe, with a growth of 42%, and more markets are contributing to a higher extent.

FOCUS ON EXPANSION IN JAPAN

APAC represented 41% of net revenue and 50% of the order intake in the quarter. Focus is on expansion and Japan is our sales center of excellence. During the fourth quarter Japan delivered stable sales within Cabin Solutions, despite the number of contracts due for renewal were lower than normal. The investments made in Air Cleaners is now delivering revenues with a growth of 73% and growing in importance.

FOCUS ON PROFITABILITY IN THE US

Americas represented 6% of net revenue and 4% of order intake in the fourth quarter. During the third and the fourth quarter we have re-worked our set-up in the US, due to unsatisfactory profitability. We have approached this from three perspectives: Volume – invested in senior sales resources and now have coverage from east to west with four salespeople, Product Cost – a combination of value engineering and renegotiation with suppliers, which in the long term will reduce our product cost by around 16-18% and Price – where we have updated our contracts to better hedge against cost inflation and disruptions in project delivery.

GROWTH AND PROFITABILITY

Growth and profitability are our goal and we will achieve this through our three priorities; Customer Focus, Sales Efficiency and Cost Control. We continue to work with these focus areas. Further, we intensify our work with operational efficiency where there is still cost savings to be made. We have gradually during the fourth quarter shifted focus towards the strategic product side.

BUSINESS MODEL

The QleanAir business model consists of a combination of rental and sales, including service. Revenue amounted to MSEK 123.8 (120.1) for the quarter, an increase of 3%. Our recurring revenue increased to MSEK 78.5 (70.8), a growth of 11%. On an annual basis, our recurring revenue amounts to MSEK 306.3 (276.8), representing an increase of 11%.

As a company, we know where we are going. We have great opportunities to create value. Our business model is circular, i.e. our products have a long life with our customers through our strong service model, and at the end of the contract we recondition the product to give it a new life for the next customer.

We clean indoor air by reducing harmful particles. The working environment for people is improved. Furthermore, the quality of customers' products and the efficiency of their processes is improved. We work systematically on growth combined with profitability.

FUTURE OUTLOOK

In Europe, we continue to see customer restraint due to the geopolitical situation and higher interest rates. The geopolitical situation has been exacerbated by events in the Middle East. Despite this, we are seeing growth in EMEA. And we have a totally different tempo in the organization going in to 2024.

We expect growth in EMEA in 2024 despite regional uncertainties. We have a strong position in Cabin Solutions, combined with growth in our markets for Air Cleaners.

In APAC, we have positive expectations for 2024 with a clear strategy to broaden sales to small and medium-sized companies within Cabin Solutions and continue to invest heavily in industrial air cleaning with Air Cleaners.

In the Americas, we have initiated a number of measures that we expect will yield results in 2024.

I wish to thank all our dedicated employees, customers and partners for a wonderful collaboration.

Solna, February 9, 2024

Sebastian Lindström, CEO QleanAir AB

FINANCIAL DEVELOPMENT

KEY RATIOS

	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Sales, TSEK	123 751	120 075	503 518	455 172
Installed units, at the end of the period	12 696	11 878	12 696	11 878
Recurring revenue, TSEK	78 545	70 809	306 294	276 790
Recurring revenue from units in own balance sheet, %	63%	59%	61%	61%
Order intake ¹ , TSEK	89 640	109 161	395 378	407 625
Gross profit, TSEK	82 391	68 202	344 038	311 018
Gross margin, %	66,6%	56,8%	68,3%	68,3%
Gross profit, TSEK, <u>adjusted</u>	82 391	81 402	344 038	324 218
Gross margin, %, <u>adjusted</u>	66,6%	67,8%	68,3%	71,2%
EBITDA ² , TSEK	17 808	-9 642	97 470	59 781
EBITDA-margin, %	14,4%	-8,0%	19,4%	13,1%
EBIT, TSEK	9 627	-17 713	64 067	28 578
EBIT-margin, %	7,8%	-14,8%	12,7%	6,3%
EBIT, TSEK, <u>adjusted</u>	9 627	3 487	66 667	49 778
EBIT-margin, %, <u>adjusted</u>	7,8%	2,9%	13,2%	10,9%
Result for the period, TSEK	5 401	-18 672	43 366	13 291
Earnings per share ² , SEK	0,36	-1,26	2,92	0,89
Earnings per share after full dilution, SEK	0,36	-1,26	2,92	0,89
Cash flow from ongoing operations, TSEK	14 426	9 581	62 650	29 731
Net working capital, TSEK	-27 824	-38 804	-27 824	-38 804
Equity/Asset ratio, %	33%	28%	33%	28%

¹Definition of key figures appears from page 21.² Explanation for EBITDA and operating income can be found on page 9.

RECURRING REVENUE AND TYPES OF REVENUE

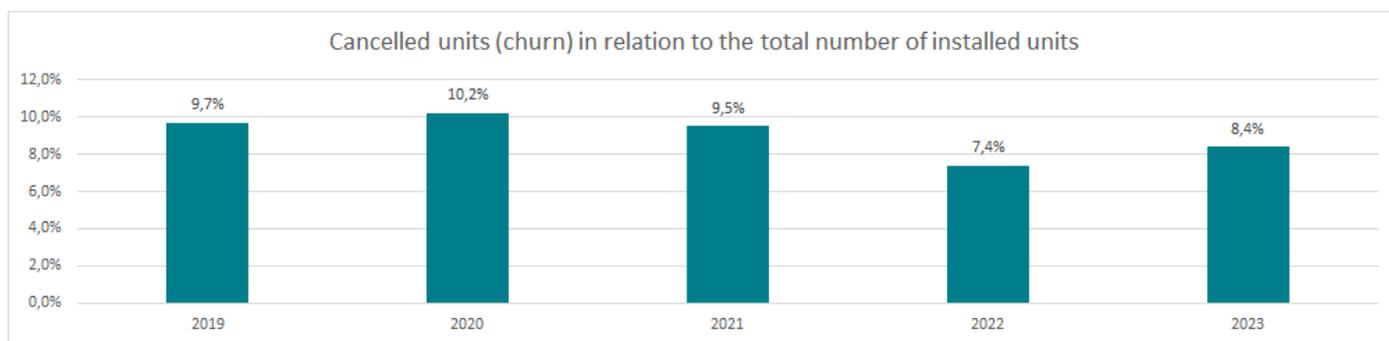
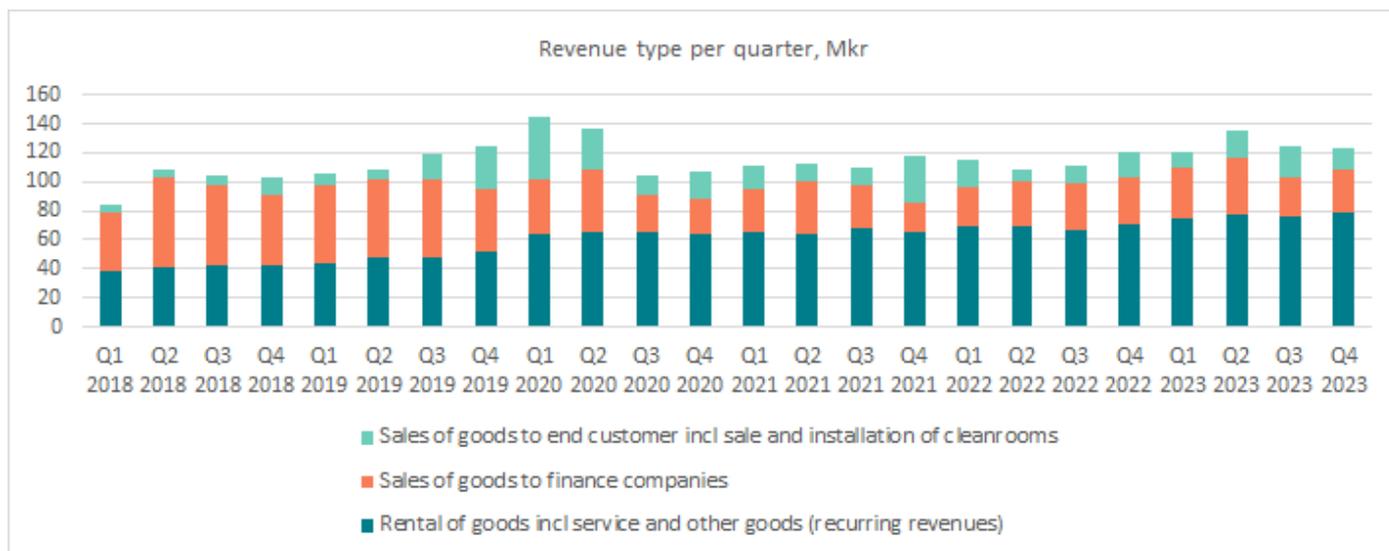
The group's revenue consists of three revenue streams; Rental of goods including service and other (recurring revenue), Sale of goods to finance companies and Sale of goods including sale and installation of cleanrooms. For direct sales to customers, QleanAir signs separate three-year service contracts.

Recurring revenue increased by 11% during the fourth quarter and amounted to MSEK 78.5 (70.8). The recurring revenue comes from rental of units owned by QleanAir, service and other, and amounted to 63% (59) of total revenue in Q4 2023.

During January-December 2023, recurring revenues amounted to MSEK 306.3 (276.8), an increase of 11%.

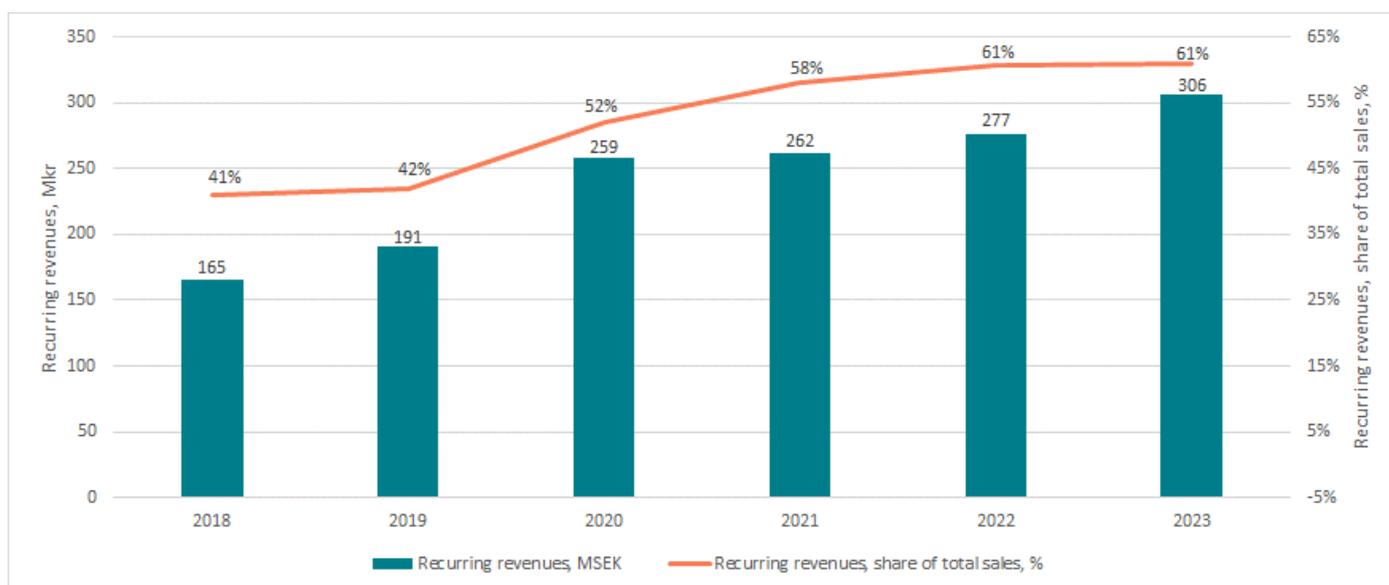
The number of terminations of installed units, often referred to as churn, relative to the total number of installed units amounted to 8.4% (7.4%) for the period January-December 2023.

The cooperation with finance companies in Germany ended in 2023 and thus a larger part of the contracts and revenues in Germany will be recurring revenues in 2024.



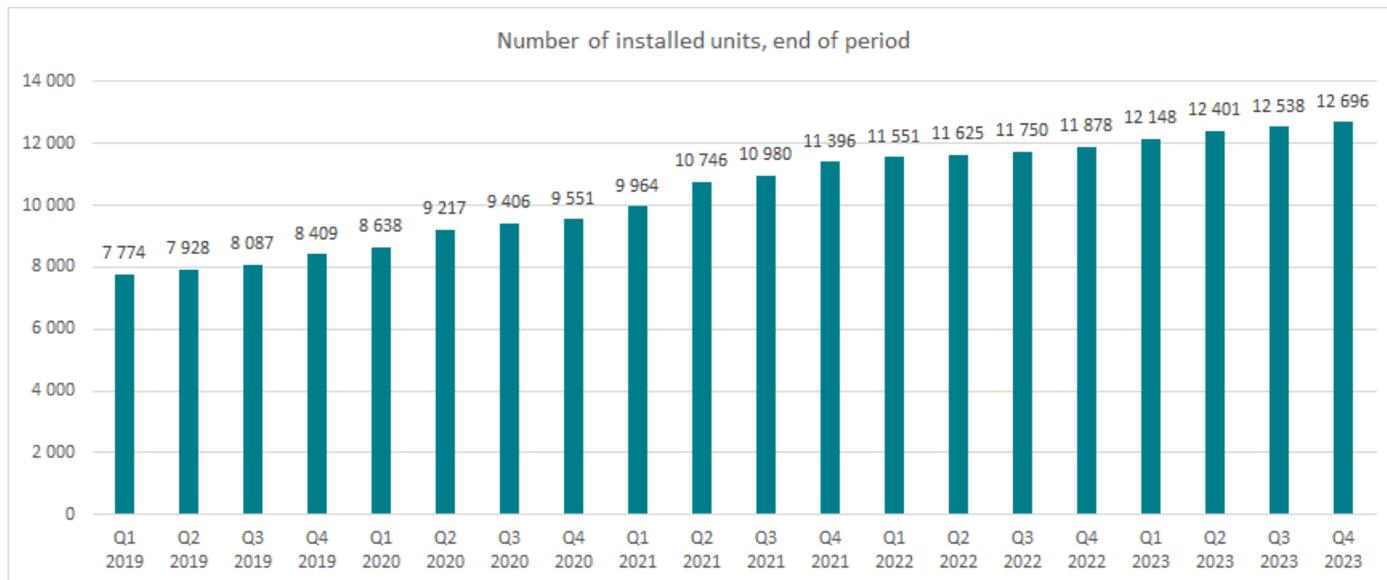
TSEK	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Rental of goods incl service and other goods (recurring revenues)	78 545	70 809	306 294	276 790
Sales of goods to finance companies	29 547	31 599	130 251	120 459
Sales of goods to end customer incl sale and installation of cleanrooms	15 659	17 666	66 973	57 924
Total	123 751	120 075	503 518	455 172

Recurring revenue per year



INSTALLED UNITS

The number of installed units increased by 7% from January to December 2023, with Air Cleaners in particular showing growth in Japan, Germany and Sweden. The total number of installed units at the end of the period amounted to 12,696 (11,878), of which 5,238 (4,819) units are owned and rented out by QleanAir.



	December 2023	December 2022
Accounted value installed units, TSEK (accounted for in tangible fixed assets)	49 782	53 452
Installed units in balance sheet rented out, number	5 238	4 819
Installed units sold to finance companies, number	1 989	2 250
Sold units with service agreement, number	5 469	4 809
Total installed units, number	12 696	11 878

ORDER INTAKE BY GEOGRAPHY

Order intake for the fourth quarter of 2023 amounted to MSEK 89.6 (109.2), a decrease of 18%. Growth in EMEA was 2%. In APAC, order intake dropped by 4% for the quarter and in the Americas by 85%. Work is ongoing to continuously streamline sales in the Americas and EMEA to increase order intake and thus increase their contribution to the Group's order intake and revenue. Furthermore, order intake in the Americas is more volatile from quarter to quarter. EMEA accounted for 47% (38) of order intake during the fourth quarter. APAC accounted for 50% (43) of the order intake, with Americas delivering 4% (20).

During January-December 2023, order intake amounted to MSEK 395.4 (407.6), a decrease of 3%. EMEA accounted for 42% (48) of the order intake in January-December 2023. APAC accounted for 50% (39) of the order intake, with Americas contributing 8% (13).

TSEK	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
EMEA	41 847	40 950	167 362	195 717
APAC	44 605	46 479	197 637	160 432
Americas	3 188	21 731	30 379	51 476
Total	89 640	109 161	395 378	407 625



REVENUE

October-December 2023

Fourth-quarter revenue amounted to MSEK 123.8 (120.1), an increase of 3.1% compared with the previous year. Currency-adjusted, this is an increase of 3.7%. By geographic area, revenue for the third quarter amounted to MSEK 65.3 (50.6) for EMEA, MSEK 50.9 (53.7) for APAC and MSEK 7.6 (15.8) for the Americas. Revenue by product category amounted to MSEK 83.8 (83.8) for Cabin Solutions, MSEK 28.2 (19.2) for Air Cleaners and MSEK 11.8 (17.1) for Cleanrooms.

Revenue increased by 29% in EMEA during the fourth quarter. In APAC and in the Americas, revenue decreased by 5% and 52%, respectively. Cabin Solutions was unchanged for the quarter, Air Cleaners increased by 47% and Cleanrooms decreased by 31%.

EMEA has a continued strong position in Cabin Solutions with growth of about 12% in the quarter. In Japan, focus remains on the premium segment of office space in Tokyo, but with an increasingly clear strategy to broaden the offering and reach more customers, including outside Tokyo. Cabin Solutions in APAC fell by around 9%. The reason for the decline is that the number of contracts that expired in the quarter was relatively low. As a result, fewer contracts could be renewed in the quarter.

Air Cleaners in EMEA grew by 42% in the fourth quarter. Growth comes mainly from Germany and Sweden, but more and more countries in EMEA are starting to contribute to revenue. Air Cleaners in Japan grew by approximately 73% in the quarter. The systematic selection of customer segments continues to be successful.

During the fourth quarter, the focus for Cleanrooms in EMEA was on completing delayed Nordic customer projects. Two projects have yet to be completed. This had a negative impact on new sales as the delayed projects required more time. In Americas, several cleanroom projects are ongoing, but revenue recognition was lower in the quarter than in the same period last year.

Revenue for October-December 2023 was negatively affected by currency effects of MSEK -0.7 (4.6) and currency-adjusted organic revenue growth amounted to 3.7% (-2.1).

January-December 2023

Revenue in January-December 2023 amounted to MSEK 503.5 (455.2), an increase of 10.6%. Currency-adjusted, this is an increase of 8.3%.

By geography, revenue for January-December 2023 amounted to MSEK 231.8 (216.0) for EMEA, MSEK 223.8 (206.8) for APAC and MSEK 47.9 (32.3) for Americas. Revenue per product category amounted to MSEK 345.2 (327.5) for Cabin Solutions, MSEK 103.9 (82.7) for Air Cleaners and MSEK 54.4 (45.0) for Cleanrooms.

Revenue for January-December 2023 was positively impacted by currency effects of MSEK 10.5 (11.1) and the currency-adjusted organic revenue growth was 8.3% (-1.4).

Revenue by geography, TSEK

TSEK	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
EMEA	65 261	50 572	231 822	216 003
APAC	50 880	53 662	223 806	206 844
Americas	7 610	15 841	47 890	32 326
Total	123 751	120 075	503 518	455 172

Revenue by product category, TSEK

TSEK	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Cabin Solutions	83 756	83 790	345 179	327 527
Air Cleaners	28 231	19 219	103 901	82 663
Cleanrooms	11 765	17 066	54 438	44 982
Total	123 751	120 075	503 518	455 172

SEASONAL VARIATIONS

Historical revenues and costs have not significantly been affected by seasonal variations for QleanAir. Thanks to the company's revenue model, of which a relatively large proportion is recurring revenue from rental of goods including service and others, QleanAir has historically shown relatively undramatic changes in both revenue and operating income between quarters.

GROSS PROFIT AND OPERATING INCOME

During the fourth quarter, gross profit amounted to MSEK 82.4 (81.4 adjusted), corresponding to a gross margin of 66.6% (67.8 adjusted). The lower gross margin is mainly attributable to the Americas, where customer projects incurred higher costs for materials and installation. Furthermore, the share of revenue from Air Cleaners is increasing and the gross margin is lower in Air Cleaners compared to Cabin Solutions.

An important part of QleanAir's business model is that customers renew their leases. We continue to see a high proportion of renewed contracts within our more mature product category Cabin Solutions. This contributes to our gross margins. In Air Cleaners, we are also renewing more and more leases as we have been established on the market for a longer time and as the population grows. Gross margins in Cabin Solutions and Air Cleaners are as planned.

In Cleanrooms, each contract is customer-specific. We have improvements to make in quoting, planning and implementing customer-specific projects. Focused and prioritized operational work is ongoing.

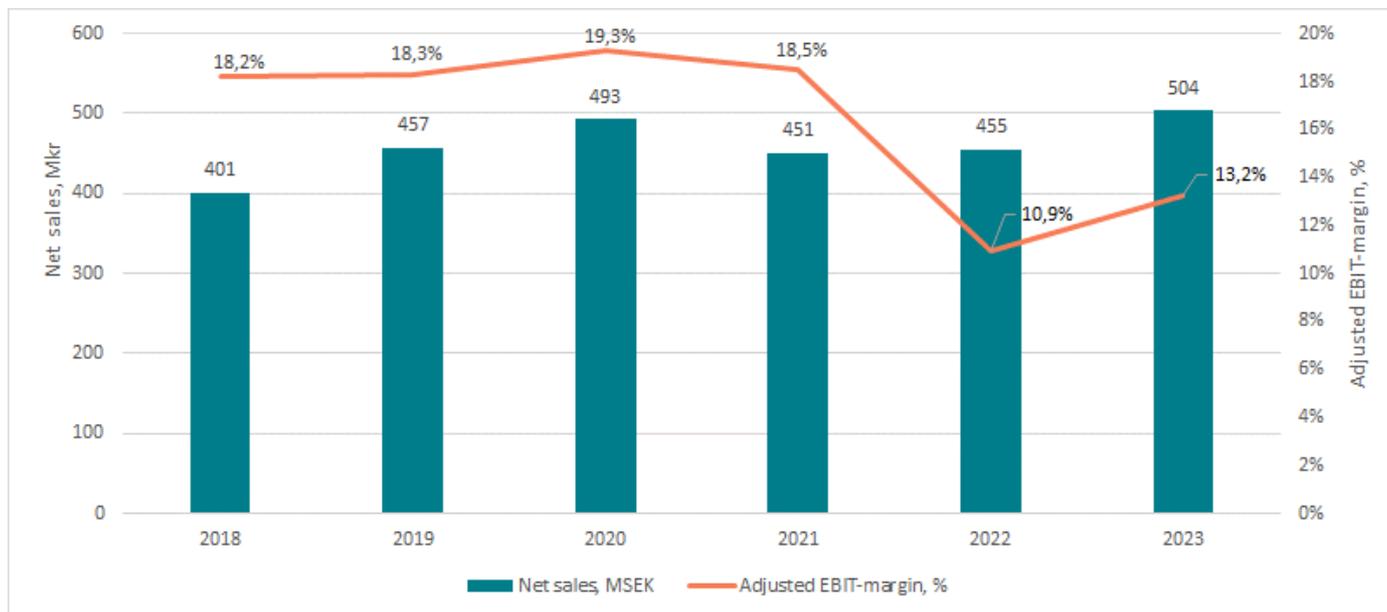
For the fourth quarter of 2023, operating income amounted to MSEK 9.6 (3.5 adjusted), an increase by approximately 170%. The operating margin was 7.8% (2.9 adjusted). The improvement in earnings is due to higher revenue and lower expenses for personnel and other external costs. However, the operating margin for the quarter is too low, partly due to the gross margin in Americas being too low, and lower revenue in Japan due to fewer contract renewals in the fourth quarter.

During January-December 2023, gross profit amounted to MSEK 344.0 (324.2 adjusted) and the gross margin to 68.3% (71.2 adjusted).

During January-December 2023, adjusted operating income amounted to MSEK 66.7 (49.8), an increase by approximately 30%. The adjusted operating margin was 13.2% (10.9). The 2023 operating income has been adjusted with a one-off cost of MSEK 2.6 due to an organizational change in the first quarter of 2023.

TSEK	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Operating income (EBIT)	9 627	-17 713	64 067	28 578
Adjustments for one off items	0	21 200	2 600	21 200
Operating income (EBIT), adjusted	9 627	3 487	66 667	49 778
Depreciations fixed assets	8 181	8 071	33 403	31 202
EBITDA, adjusted	17 808	11 558	100 070	80 981

Net revenue in MSEK and adjusted EBIT margin, outcome 12 months



OTHER EXTERNAL COSTS

Other external costs are mainly attributable to marketing, sales commission to market partners/sales agents, rents, travel expenses and consulting costs. During the fourth quarter of 2023, other external costs amounted to MSEK 31.2 (39.1). Savings in projects and consultants in favor of local initiatives to drive sales have resulted in a lower net cost base. During January-December 2023, other external costs amounted to MSEK 112.5 (119.2). Focus on cost control has given lower costs full year 2023.

PERSONNEL COSTS AND EMPLOYEES

During the fourth quarter of 2023, personnel costs amounted to MSEK 33.4 (38.7). Costs are lower as a result of the organizational changes made. For January-December 2023, personnel costs were MSEK 134.1 (132.0). The increase full year is mainly related to bonus costs for 2023.

The average number of employees in the group was 109 (117). The breakdown between men and women in the group was 74 (76) men and 35 (41) women. The number of employees at the end of the period was 111 (118).

NET FINANCIAL ITEMS

Net financial items for the fourth quarter of 2023 amounted to MSEK -3.5 (-4.5). The improvement is attributable to positive exchange rate differences and a lower level of overdraft utilization. For January-December 2023, net financial items amounted to MSEK -8.4 (-7.8). The full-year deterioration is mainly due to higher market interest rates.

EARNINGS BEFORE TAX, NET PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Earnings before tax for the fourth quarter amounted to MSEK 6.1 (-22.3). Reported tax for the period was MSEK -0.7 (+3.6). For January-December 2023, earnings before tax amounted to MSEK 55.7 (20.8). Reported tax amounted to MSEK -12.3 (-7.5). For January – December 2023, the Group's tax expense as a percentage amounted to 22.1% (36.0).

Net profit for the fourth quarter was MSEK 5.4 (-18.7). For January-December, net profit was MSEK 43.4 (13.3). The improvement is attributable to higher revenue and to the one off costs related to inventory write downs and organizational changes booked in December 2022.

Earnings per share for the quarter were SEK 0.36 (-1.26) and SEK 0.36 (-1.26) after full dilution. For January-December 2023, earnings per share were SEK 2.92 (0.89) and SEK 2.92 (0.89) after full dilution.

CASH FLOW FROM CURRENT OPERATIONS AND INVESTMENTS

Cash flow from current operations (operating cash flow) for the fourth quarter amounted to MSEK 14.4 (9.6). For January-December, cash flow from operating activities amounted to MSEK 62.6 (29.7). The improvement in operating cash flow is mainly due to the improved operating income.

Cash flow from investing activities during the fourth quarter amounted to MSEK -6.3 (-6.7). For January-December, cash flow from investing activities amounted to MSEK -23.8 (-28.3). The investments mainly relate to units that are owned by QleanAir and leased to customers.

CASH AND FINANCIAL POSITION

Cash at the end of the period, excluding available overdraft facilities, amounted to MSEK 56.9 (67.0). Interest-bearing net debt, i.e. liabilities to credit institutions less cash and cash equivalents, amounted to MSEK 160.1 (184.2). QleanAir continues to amortize quarterly according to plan. The Group's total assets amounted to MSEK 670.1 (647.7).

Fixed assets amounted to MSEK 436.0 (420.8) and are mainly attributable to goodwill of MSEK 343.7 (343.7). The book value of equipment and installed units amounted to MSEK 49.8 (53.5). Inventories amounted to MSEK 60.5 (59.9). In all material respects, stated values for financial assets and liabilities correspond to fair value.

QleanAir has covenants to be achieved according to the financing agreement with Swedbank. These covenants are interest coverage ratio (>3.0), and net debt/EBITDA (<2.5). The covenants were achieved for the period January-December 2023.

FOLLOW-UP ON FINANCIAL OBJECTIVES

The Group's strategic goal is an average annual growth of approx. 10% (7-13%) over time. During January-December 2023, QleanAir achieved currency-adjusted growth of 8.3%. QleanAir aims to achieve a 15–20% EBIT margin. The January-December 2023 outcome was adjusted to 13.2%. The Board of Directors proposes to the 2024 Annual General Meeting a dividend of SEK 0.60 per share (0.0), corresponding to approximately 20% of net profits for 2023. The dividend policy is 30–50% of net profits.

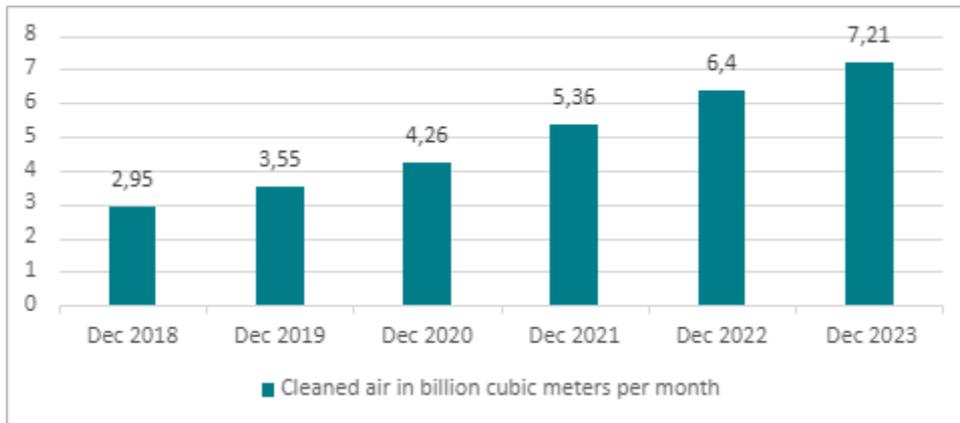
GOODWILL

Goodwill is attributable in its entirety to QleanAir AB's acquisition of the operating subsidiary QleanAir Scandinavia AB and can be derived from the change of ownership that took place in 2012. Goodwill is assessed for impairment at least annually by comparing its value in use, based on the discounted value of future cash flows, with its carrying value. The impairment test, prepared as of December 2023, shows no need for impairment, despite the change in the global situation. Thus, there is no indication of a need for impairment as of December 31, 2023.

SUSTAINABILITY

QleanAir has been developing solutions that protect people from indoor air pollution for 30 years. Environmental issues, corporate social responsibility and working environment issues have been focus areas for QleanAir since its inception. Our air cleaning solutions create a healthy and safe working environment, ensure product quality and durability and contribute to more efficient processes and increased productivity by, for example, extending the life of mechanical equipment. QleanAir's operating subsidiary, QleanAir Scandinavia AB, has been ISO-certified to quality standard ISO 9001 and environmental standard ISO 14001. QleanAir's circular business model is based on renting out modular units with a performance guarantee. The equipment can be recycled and reused. Large parts of the business are based on subcontractors who undertake to comply with QleanAir's Code of Conduct. The Code of Conduct is linked to the sustainability policy, the quality and environmental policy, the marketing policy and the work environment policy. The group has been measuring the amount of air cleaned per month continuously since 2015. The amount of delivered, cleaned air continues to rise every quarter. For more information, see www.qleanair.com.

At the end of December 2023, 7.21 (6.40) billion cubic meters of cleaned indoor air were delivered per month, an increase of 13% compared to December 2022.



RISKS

There is a risk that the war in Ukraine and its consequences on the global economy will continue to impact the market situation and supply chains for QleanAir. In addition, the situation in the Middle East has increased geopolitical uncertainty.

QleanAir is exposed to market risks and especially currency risks, interest risk and other price risks as part of its ongoing operations and investment activities. One market risk is regulation concerning tobacco smoke. This market risk applies to EMEA and APAC. QleanAir is exposed to different financial risks on financial instruments, mainly market risk, credit risk and liquidity risk. Risk management is focused on the management of financial risks via a centralized finance department. For more information about company risks, see QleanAir's 2022 annual report, available at www.qleanair.com.

PARENT COMPANY

Revenue for the parent company amounted to MSEK 2.6 (2.6) in the fourth quarter of 2023. Profits for the fourth quarter amounted to MSEK 38.5 (-5.0). Revenue in January-December 2023 amounted to MSEK 10.2 (10.2) and profits to MSEK 17.8 (-21.4). The improvement is due to increased group contribution. The increased interest costs is mainly due to an increase in the interest rate on internal balances, in line with market conditions. QleanAir AB delivers management services to QleanAir Scandinavia AB. Amounts owed to group companies relate to the subsidiary QleanAir Scandinavia AB, which pays for QleanAir AB's current expenses including interest and amortization. QleanAir AB, with company registration number 556879-4548, is a Swedish limited liability company with its registered office in Solna, Sweden.

DISPUTES

The group had no ongoing disputes as of December 31, 2023.

TRANSACTIONS WITH RELATED PARTIES

Other than remuneration to the CEO, no significant transactions have taken place with related parties during the fourth quarter 2023.

CAPITAL STOCK, SHARES AND OWNERS

The total number of shares as of 31 December 2023 was 14,859,200 and the share capital was MSEK 7.4. After full dilution, the number of shares amounts to 15,959,316. The dilution consists of a maximum of 1,100,116 warrants issued to employees in senior positions. The maximum dilution effect of the issued warrants relative to the number of shares is 7.4%.

The decision to issue 222,888 warrants was made on June 26, 2020, and 222,888 warrants have been subscribed. Subscription of new shares under the warrants shall be possible during the period from July 1, 2023 to January 31, 2024. The subscription price is SEK 41.83/share.

The decision to issue 166,784 warrants was made on May 12, 2021, and 88 604 warrants have been subscribed. Subscription of new shares supported by the warrants may take place during the period from June 1, 2024, to December 31, 2024. The subscription price is SEK 81.99/share.

The decision to issue 145,384 warrants was made on May 12, 2022, and 105 348 warrants have been subscribed. Subscription of new shares supported by the warrants may take place during the period from June 1, 2025, to December 31, 2025. The subscription price is SEK 43.24/share.

The decision to issue 445,776 warrants was taken on March 9, 2023 and 445,776 warrants have been subscribed. Subscription of new shares under the warrants will be possible during the period from April 1, 2026 up to and including October 31, 2026. The subscription price is SEK 40.00/share.

The decision to issue 237,500 warrants was made on May 10, 2023. Subscription of new shares supported by the warrants may take place during the period from June 1, 2026, to December 31, 2026. The subscription price is SEK 40.00/share.

The average number of shares January-December 2023 was 14,859,200 before dilution and 15,805,853 shares after full dilution. All shares are ordinary shares with equal voting rights. The shares have a quota value of SEK 0.5 per share. QleanAir AB is listed on the Nasdaq First North Premier Growth Market.

FNCA (First North Certified Advisor) is the certified advisor. For contact, email: info@fnca.se.

2023-12-31	
Shareholders	%, capital and votes
Staffan Persson (Swedia Capital)	26,5%
Avanza Pension	9,1%
Nordnet Pension	7,7%
Calandrella Ltd	6,6%
Fredrik Palmstierna	5,2%
Livförsäkringsbolaget Skandia	4,6%
CB LDN Citibank	2,0%
Frontier Liquidity Oy	1,8%
SEB Life Assurance, Ireland	1,5%
Sebastian Lindström	1,4%
Ten largest shareholders	66,5%
Other shareholders	33,5%
Total	100,0%

CALENDAR

- April 17, 2024: Annual report 2023
- 8 May 2024: First quarter 2024
- August 9, 2024: Second quarter 2024
- November 8, 2024: Third quarter 2024
- February 7, 2025: Fourth quarter and Year-end report 2024

OTHER INFORMATION

The quarterly report for January – December 2023 offers a true and fair view of the group's operations, financial position and performance. If there are discrepancies between the Swedish and English versions of the report, the Swedish version shall prevail.

The undersigned declares that this interim report provides a true and fair account of the parent company's and the group's operations, position and results and describes the significant risks and uncertainties faced by the parent company and the companies included in the group.

This information is information that QleanAir AB is obliged to publish in accordance with the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 08.00 CET on February 9, 2024.

GENERAL REVIEW

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

PRESENTATION

QleanAir invites you to a webcast/teleconference on February 9, 2024 at 10:00 am CET. The company's CEO, Sebastian Lindström and CFO, Henrik Resmark, will present the company's quarterly report in English.

Link to watch the presentation online:

<https://ir.financialhearings.com/qleanair-q4-report-2023>

Telephone number to dial-in and follow the presentation and ask questions:

<https://conference.financialhearings.com/teleconference/?id=50046667>

For more information, please contact

Sebastian Lindström, CEO, on 070-308 94 51 or Henrik Resmark CFO, on 070-260 09 17.

Board of Directors of QleanAir AB

Solna, February 9 2024

Bengt Engström, Chair

Fredrik Persson

Jan-Olof Backman

Dan Pitulia

Towe Ressman

Sebastian Lindström, CEO

THE GROUP'S CONSOLIDATED BALANCE SHEET IN SUMMARY

TSEK	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Net sales	123 751	120 075	503 518	455 172
Other income	0	0	0	0
Sales	123 751	120 075	503 518	455 172
Cost of goods sold	-41 360	-51 872	-159 480	-144 154
Gross profit	82 391	68 202	344 038	311 018
Other external costs	-31 220	-39 131	-112 473	-119 188
Personnel costs	-33 363	-38 713	-134 095	-132 049
Depreciation of tangible and intangible assets	-8 181	-8 071	-33 403	-31 202
Operating income	9 627	-17 713	64 067	28 578
Financial income	1 358	0	9 512	3 606
Financial expenses	-4 852	-4 549	-17 879	-11 403
Income before tax	6 133	-22 262	55 700	20 781
Deferred tax	-3 350	-2 689	194	-3 864
Tax on result for the period	2 617	6 279	-12 528	-3 626
Net result for the period	5 401	-18 672	43 366	13 291
Profit/Loss attributable to:				
Shareholders parent company	5 401	-18 672	43 366	13 291
Non-controlling interest	0	0	0	0
Net result for the period	5 401	-18 672	43 366	13 291
Earnings per share basic, SEK	0,36	-1,26	2,92	0,89
Earnings per share basic, after dilution, SEK	0,36	-1,26	2,92	0,89
Net result for the period	5 401	-18 672	43 366	13 291
Currency translation differences foreign subsidiaries	-3 009	3 781	-12 338	-607
Total result for the period	2 392	-14 890	31 028	12 684
Profit/loss attributable to:				
Shareholders parent company	2 392	-14 890	31 028	12 684
Total net result for the period	2 392	-14 890	31 028	12 684



THE GROUP'S FINANCIAL POSITION IN SUMMARY

TSEK	2023-12-31	2022-12-31
ASSETS		
Capitalized development cost	13 214	13 485
Goodwill	343 704	343 704
Intangible fixed assets	356 917	357 189
Leasing	29 254	9 523
Tangible fixed assets	49 782	53 452
Tangible fixed assets	79 036	62 975
Deferred tax	69	619
Fixed assets	436 022	420 783
Inventories	60 482	59 947
Account receivables	40 417	26 921
Skattefordringar	0	16
Other receivables	9 689	8 170
Prepaid costs and accrued income	58 552	64 931
Cash and bank	56 885	66 956
Current assets	226 025	226 942
TOTAL ASSETS	662 047	647 724
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	7 430	7 430
Additional paid in capital	120 894	120 603
Translation differences	-18 249	-5 911
Balanced result	61 855	48 564
Result for the period	43 366	13 291
Shareholders' Equity	215 295	183 976
Long term interest bearing liabilities	144 375	170 546
Deferred tax liability	3 245	3 987
Other liabilities	22 136	2 723
Long term liabilities	169 756	177 256
Short term interest bearing liabilities	72 612	80 644
Accounts payable	38 357	35 842
Tax liabilities	9 166	1 204
Other short term liabilities	20 083	21 698
Other liabilities	7 420	7 057
Accrued expenses and deferred income	129 358	140 046
Current liabilities	276 996	286 491
Liabilities	446 752	463 748
TOTAL EQUITY AND LIABILITIES	662 047	647 724

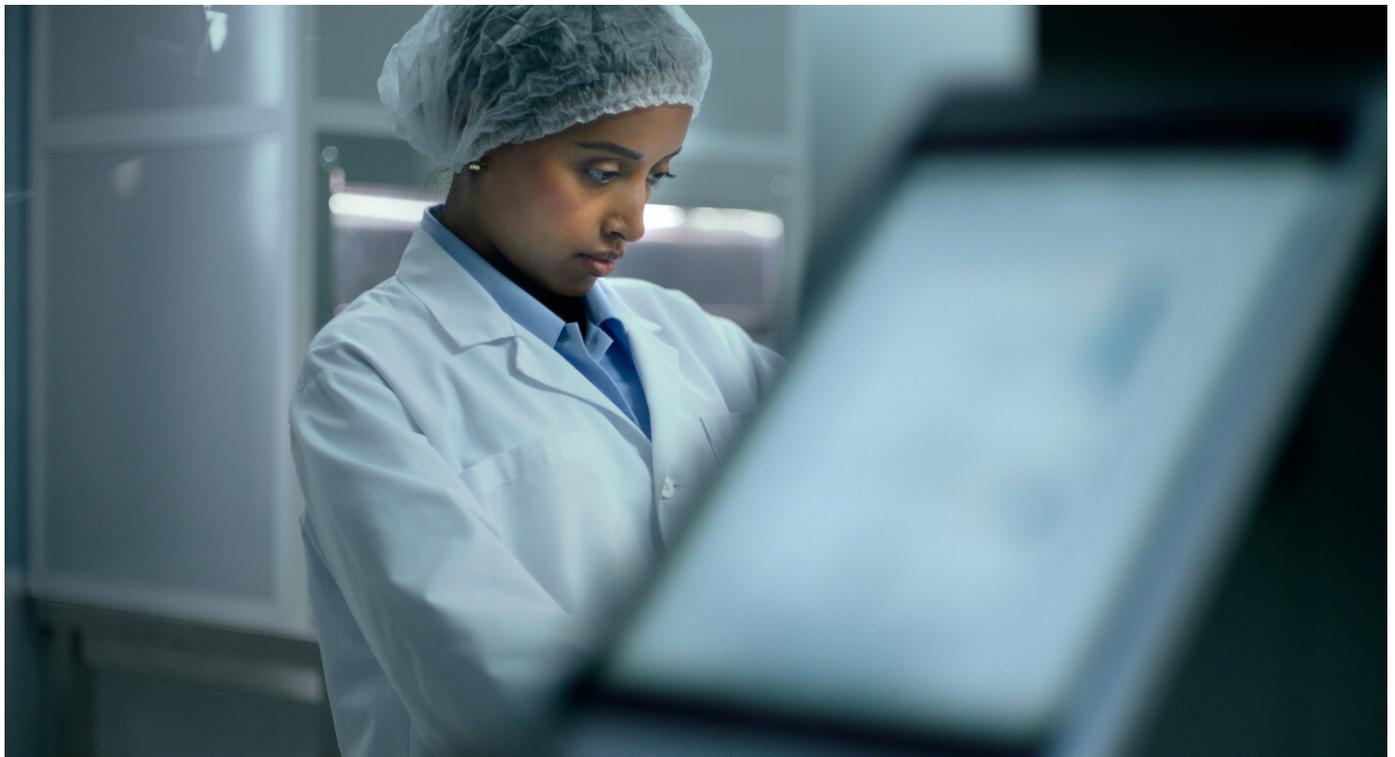
THE GROUP'S CHANGES IN SHAREHOLDERS' EQUITY IN SUMMARY

2023, TSEK	Share capital	Other paid in capital	Reserves	Balanced result	Total equity
Opening balance 2023-01-01	7 430	120 603	-5 911	61 855	183 976
Warrants, net		291			291
Net result for the period				43 366	43 366
Other result			-12 338		-12 338
Closing balance 2023-12-31	7 430	120 894	-18 249	105 221	215 295

2022, TSEK	Share capital	Other paid in capital	Reserves	Balanced result	Total equity
Ingående eget kapital 2022-01-01	7 430	121 401	-2 835	30 912	156 908
Warrants, net		-285			-285
Dividend				-19 317	-19 317
Net result for the period				59 258	59 258
Other result			-2 469		-2 469
Closing balance 2022-12-31	7 430	121 116	-5 304	70 853	194 095

THE GROUP'S CASH-FLOW STATEMENT IN SUMMARY

TSEK	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Operating activities				
Operating income	9 627	-17 713	64 067	28 578
Adjustment for non-cash items	10 864	8 572	40 625	26 908
Net finance effect	-4 257	-3 616	-15 532	-9 207
Tax paid	6 520	412	-4 343	-8 094
Total	22 754	-12 346	84 818	38 184
Decrease (+)/Increase (-) inventories	1 658	7 537	-4 190	-14 619
Decrease (+)/Increase (-) account receivables	-5 976	4 754	-14 578	3 291
Decrease (+)/Increase (-) current assets	7 128	10 334	9 319	-16 885
Decrease (-)/Increase (+) account payables	1 685	-4 826	3 921	-1 047
Decrease (-)/Increase (+) current liabilities	-12 822	4 128	-16 641	20 807
Cash-flow from ongoing operations	14 426	9 581	62 650	29 731
Investing activities				
Investments in intangible assets	-1 368	-2 063	-4 285	-5 670
Investments in tangible assets	-4 884	-4 627	-19 505	-22 623
Cash flow from investing activities	-6 252	-6 691	-23 790	-28 294
Financing activities				
Increase in loan	0	15 018	0	54 473
Paid dividend	0	0	0	-22 289
Amortization of loan	-6 528	-9 626	-46 527	-38 233
Payment of warrants, net	-89	-694	283	-513
Cash flow from financing activities	-6 617	4 695	-46 244	-6 563
Cash flow for the period	1 558	7 585	-7 385	-5 126
Opening cash balance	56 808	58 530	66 956	69 662
Exchange rate differences on financial items	-1 481	841	-2 686	2 420
Closing cash balance	56 885	66 956	56 885	66 956



THE PARENT COMPANY'S INCOME STATEMENT IN SUMMARY

TSEK	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Net sales	2 550	2 550	10 200	10 200
Other external costs	-585	-2 920	-7 575	-8 701
Personnel costs	-2 450	-5 478	-11 583	-11 481
Depreciation on intangible assets	-2 063	-2 063	-8 254	-8 254
Operating profit	-2 549	-7 912	-17 211	-18 236
Interest costs and similar profit/loss items	-20 469	-9 259	-30 224	-15 368
Result after financial items	-23 017	-17 171	-47 435	-33 604
Group contribution	75 000	13 400	75 000	13 400
Tax on result for the period	-13 500	-1 220	-9 745	-1 220
Net result for the period	38 483	-4 991	17 820	-21 424

THE PARENT COMPANY'S BALANCE SHEET IN SUMMARY

TSEK	2023-12-31	2022-12-31
<i>Intangible assets</i>		
Goodwill	25 448	33 702
<i>Financial assets</i>		
Shares in Group companies	429 000	429 000
Total fixed assets	454 448	462 702
Current tax receivables	0	26
Prepaid expenses and accrued income	1 566	2 745
Cash and bank	2 923	511
Total current assets	4 488	3 282
Total assets	458 937	465 984
Shareholders' equity	7 430	7 430
Premium reserve	55 079	76 220
Profit/loss for the period	17 820	-21 424
Total equity	80 329	62 225
Long term interest bearing liabilities	144 375	171 875
Total long term liabilities	144 375	171 875
Short term interest bearing liabilities	27 500	27 500
Accounts payable	699	415
Liabilities to Group companies	191 511	188 494
Tax liabilities	8 026	7 109
Other current liabilities	168	339
Accrued expenses and prepaid income	6 329	8 027
Total current liabilities	234 233	231 884
Total equity and liabilities	458 937	465 984

ACCOUNTING PRINCIPLES

QleanAir applies International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

The parent company's interim report has been prepared in accordance with the Swedish Annual Accounts Act and RFR2 Accounting for legal entities, issued by the Swedish Financial Reporting Board.

The accounting policies applied correspond to those of the previous financial year, as described in the 2022 Annual Report.

New or revised IFRS and interpretative statements from IFRIC with effect from January 1, 2023, have not had a material impact on the Group's financial statements.

Segment

QleanAir has a segment that reflects the Group's operations, financial governance and management structure.

Financial instruments and currency exposure

The majority of the Group's transactions are denominated in euros and Japanese yen. Exposure to changes in foreign exchange rates is related to group sales and purchases from other countries.

Basis of valuations applied in preparing financial statements

Assets and liabilities are recognized at historical cost with the exception of currency derivatives, which are measured at fair value.

Assessments and estimates in financial statements

Preparation of the financial statements in compliance with IFRS requires the company's management to make assessments, estimates and assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses. Actual outcomes may deviate from such estimates and assessments. Assumptions are reviewed on a regular basis. Changes to estimates are recognized in the period when the change is made if the change affects only that period, or in the period when the change is made and future periods if the change affects both the current period and future periods.

Impairment testing of goodwill and shares in subsidiaries

To assess the need for impairment, management calculates the recoverable amount of each cash-generating unit, based on expected future cash flows, and uses an appropriate interest rate to discount the cash flows. Uncertainties lie in the assumptions about future operating income and the determination of an appropriate discount rate.

Adjustments, rounded

Some of the financial information provided in this report has been rounded, which may affect totals in tables.

NOTES

Distribution of revenue

QleanAir's geographic markets are EMEA, which includes Germany, Austria, Switzerland, the Netherlands, Belgium, France, Poland and the Nordic countries, along with the Middle East, APAC with Japan and the Americas with the US. QleanAir's solutions can be divided into three product categories; cabin solutions, stand-alone air cleaners and cleanrooms. Net revenue by geography and product category, as well as by revenue type, appears on pages 8-9.

Sales of goods and sales of goods to finance companies are recognized at a specific point in time. Regarding the sale of goods to finance companies, revenue is recognized in accordance with the rules in IFRS 16 for manufacturer lessors, which means that the profit or loss is recognized at the start date of the leasing agreement. Revenue is therefore recognized in accordance with the same principle as for sales of goods directly to customers to which IFRS 15 applies and is therefore recognized at a specific point in time. Rental of goods including services and other (recurring revenue) as well as sales and installation of cleanrooms are recognized on an ongoing basis.

Currency effect and organic growth

	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Net sales, TSEK	123 751	120 075	503 518	455 172
Growth Net sales, %	3,1%	1,7%	10,6%	1,0%
Currency exchange variances, TSEK	-721	4 557	10 471	11 100
Currency exchange variances, %	-0,6%	3,9%	2,3%	2,5%
Organic growth Net sales, TSEK	4 397	-2 537	37 874	-6 503
Organic growth Net sales, %	3,7%	-2,1%	8,3%	-1,4%

Alternative key ratios

The company complies with ESMA (European Securities and Markets Authority) guidelines on alternative key ratios. Alternative key ratios refer to financial measures that cannot be directly read or derived from financial statements. These financial measures are intended to help management and investors analyze the Group's performance. Investors should consider these alternative key ratios as a complement to financial reporting prepared in accordance with IFRS. As not all companies calculate financial ratios in the same way, these are not always comparable with ratios used by other companies.

Key ratios	Definition and purpose
Order intake	Order intake do not include extra services. Nor do they include income from short-term rental contracts that are automatically extended beyond the initial contract period.
Revenue	Revenue, including other operating revenue. The ratio shows the company's total revenue.
Gross profit	Revenue less cost of sold goods.
Gross margin	Gross profit as percentage of revenue.
EBITDA	Earnings before depreciation and write-downs. The ratio is used to show the company's profitability before depreciations and write-downs.
EBITDA margin	Operating income before depreciation and write-downs as a percentage of revenue. This ratio is used to measure operating profitability before depreciation and write-downs.
Operating result (EBIT)	Profit before financial items and tax. The measure shows the operational profitability of the company.
EBIT margin	Operating income as a percentage of revenue. The measure is used to measure operating profitability after depreciation and write-downs.
Operating cash flow	EBITDA and adjustment for cash flow from changes in working capital. Operating cash-flow is stated to track the cash flow generated by operating activities.
Working capital	Current assets excluding cash and cash equivalents minus current liabilities (non-interest-bearing).
Average capital employed	Average equity and interest-bearing liabilities for the period. This ratio is used to analyze how much capital is employed in the business during the period.
Net interest-bearing debt	Interest-bearing short- and long-term liabilities minus cash and cash equivalents. Does not include IFRS 16 items. The ratio shows the financial position of the company.
Equity/asset ratio	Equity as a percentage of the company's total assets. The ratio is used to assess the financial stability of the company.
Net debt/equity ratio	Interest-bearing liabilities minus cash and cash equivalents divided by equity. Does not include IFRS 16 items. Net debt/equity ratio is stated because the Company believes that the ratio contributes to investors' understanding of the company's financial position.
Return on average capital employed	Adjusted EBIT rolling twelve months as a percentage of average capital employed. This ratio has been included to help investors understand the company's profitability relative to the capital employed in the business during the year.
Recurring revenue	Recurring revenue is defined as revenue from rental of goods incl. services and other.
Earnings per share	Earnings per share have been adjusted for the 2019 stock split for comparability.

Quarterly information

	Oct-Dec 2023	July-Sept 2023	April-June 2023	Jan-March 2023	Oct-Dec 2022	July-Sept 2022	April-June 2022	Jan-March 2022
Sales, TSEK	123 751	123 855	134 864	121 048	120 075	111 422	108 273	115 402
Installed units	12 696	12 538	12 401	12 148	11 878	11 750	11 625	11 551
Recurring revenues, TSEK	78 545	75 770	77 503	74 476	70 809	67 172	69 783	69 026
Order intake, TSEK	89 640	86 655	104 968	114 115	109 161	92 180	89 331	116 954
Gross profit, TSEK	82 391	82 959	92 310	86 377	68 202	81 452	77 729	83 634
Gross-margin, %	66,6%	67,0%	68,4%	71,4%	56,8%	73,1%	71,8%	72,5%
EBITDA, TSEK	17 808	25 153	29 720	24 790	-9 642	25 376	18 892	25 154
EBITDA-margin, %	14,4%	20,3%	22,0%	20,5%	-8,0%	22,8%	17,4%	21,8%
EBIT, TSEK	9 627	16 765	21 080	16 595	-17 713	17 466	11 265	17 560
EBIT-margin, %	7,8%	13,5%	15,6%	13,7%	-14,8%	15,7%	10,4%	15,2%
Operating cash-flow, TSEK	14 426	18 288	18 900	11 036	9 581	11 389	9 004	-243
Working capital, TSEK	-27 824	-31 880	-31 044	-31 643	-38 804	-24 790	-32 051	-36 623
Average Capital Employed, TSEK	432 911	440 762	441 916	435 507	438 719	435 690	424 807	418 744
Net debt, excl. IFRS16, TSEK	160 103	163 747	175 380	184 008	184 234	184 185	185 013	162 567
Equity/Asset ratio, %	32,5%	31,4%	28,9%	28,9%	28,4%	30,1%	29,2%	32,5%
Net debt/Equity ratio, %	0,7	0,8	0,9	1,0	1,0	0,9	1,0	0,8
Adjusted return on Capital employed (ROCE), %	14,8%	8,3%	8,5%	6,3%	6,5%	14,7%	17,6%	19,4%
Key figures per share								
Shareholders' equity per share, SEK	14,49	14,33	13,84	12,96	12,38	13,43	12,59	13,74
Operating cash-flow per share, SEK	0,97	1,23	1,27	0,74	0,64	0,77	0,61	-0,02
Earnings per share, SEK	0,36	0,70	1,18	0,68	-1,26	0,71	0,51	0,92
Earnings per share after full dilution, SEK	0,36	0,70	1,18	0,68	-1,26	0,71	0,49	0,91
QleanAir-share, last day in each quarter	32,8	34,5	24,1	19,8	22,3	22,9	33,3	39,6
Adjusted key figures								
Gross profit, TSEK, <u>adjusted</u>					81 402			
Gross margin, %, <u>adjusted</u>					67,8%			
EBIT, TSEK, <u>adjusted</u>				19 195	3 487			
EBIT-margin, %, <u>adjusted</u>				15,9%	2,9%			



ABOUT QLEANAIR

QleanAir is a premium supplier in the market for air cleaning in professional and public indoor environments. The company's business model is based on rental contracts for modular solutions with a full-service offer. QleanAir's solutions are developed from filter technology that captures, clean up and recirculates indoor air. QleanAir's corporate office is in Solna, Sweden.

BUSINESS IDEA

QleanAir offers modular indoor air cleaning solutions to protect people, products and processes.

VISION

QleanAir aims to be a world-class supplier of standalone solutions for air cleaning in indoor environments within the product categories the company chooses to operate in.

MISSION

QleanAir seeks to create healthy indoor environments that help protect and enhance the productivity of people, products and processes.

VALUES

For health and safety with quality and trust.

FINANCIAL GOALS

Growth

QleanAir's goal is to achieve an average annual organic revenue growth of approximately 10 (7-13%) percent in the medium term.

Profitability

QleanAir's objective is to achieve an EBIT margin of 15–20% in the medium term.

Dividend policy

QleanAir's objective is to distribute between 30–50% of profits for the year. The dividend proposal shall consider QleanAir's long-term development potential.

QleanAir AB (publ)
Org. no. 556879-4548
Box 1178, Torggatan 13
171 23 Solna, Sweden
+46 8 545 788 00
info@qleanair.com
www.qleanair.com