

THIRD QUARTER AND FIRST NINE MONTHS 2020



INCREASED RECURRING REVENUES AND STABLE MARGINS DESPITE THE EFFECT OF COVID-19 ON SALES AND ORDER INTAKE

Jul – Sep 2020 in summary

- Order intake¹ SEKm 54.4 (89.5)
- Sales SEKm 104.9 (119.0)
- EBITDA² SEKm 24.9 (adjusted 26.4)
- EBITDA-margin 23.7% (adjusted 22.2%)
- Operating profit (EBIT) SEKm 17.8 (adjusted 21.0)
- EBIT-margin 17.0% (adjusted 17.7%)
- Net profit SEKm 9.0 (2.2)
- Earnings per share² SEK 0.61 (0.16),
- Cash-flow from operations SEKm 22.4 (14.0)

Significant events

- Christina Lindstedt was appointed CEO on August 31, 2020
- QleanAir wins tender of a frame agreement with PostNord for air cleaners in premises for logistics
- The board estimates that the outbreak of the Covid-19 will affect sales and the financial development. Management and the Board actively monitor the development and take regular measures to limit the negative effects on the business.

January – September 2020 in summary

- Order intake SEKm 240.4 (263.5)
- Sales SEKm 386.5 (333.0)
- EBITDA SEKm 95.5 (adjusted 80.3)
- EBITDA-margin 24.7% (adjusted 24.1%)
- Operating profit (EBIT) SEKm 74.5 (adjusted 64.4)
- EBIT-margin 19.3% (adjusted 19.3%)
- Net profit SEKm 44.3 (20.7)
- Earnings per share² SEK 2.98 (1.56)
- Cash-flow from operations SEKm 52.5 (52.3)

	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	79 756
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%

¹ Order intake is defined as rental contracts of at least 36 months with a defined end date and sale of products. Contracts shorter than 36 months are not included in the order intake. ² For definitions of key ratios, see page 20. EBITDA 2019 and 2020 have been affected by IFRS 16 which has been applied from January 1, 2019. Earnings per share, July-September, have been adjusted for the share split in 2019 for comparability.

CEO Comment

"I'm pleased that given the challenging circumstances, we have delivered stable margins, a strong increase in recurring revenues and an improved net profit. All QleanAir's markets and product categories were negatively impacted by the pandemic during the third quarter. The order intake and sales were lower. However, we saw a recovery in sales during the latter part of the quarter and sales in September 2020 were in line with September 2019", comments Christina Lindstedt, CEO.



Stable margins, better cash-flow and increased net profit

Sales for the quarter amounted to SEKm 104.9 (119.0) with currency-adjusted organic growth of -4.6%. The EBITDA-margin for the quarter was 23.7% (adjusted 22.2). Cash-flow increased to SEKm 22.4 (13.9). Net profit increased to SEKm 9.0 (2.2). Order intake decreased by 39% to SEKm 54.4 (89.5). The order intake does not include contracts shorter than 36 months. For the period January-September 2020, we delivered continued strong organic growth of 15.6%. Our total installed base of units continued to increase and amounted to 9 406 units at the end of the quarter, an increase of 16% compared with the end of the third quarter previous year. Furthermore, net debt decreased, and the equity/assets ratio increased, which strengthened the balance sheet.

Slowdown in APAC and Americas, stable in Europe for the quarter

On the Japanese market, the pandemic impacted our business due to the continued lock-down ever since the beginning of the outbreak. Sales from Cabin Solutions in Japan decreased in the third quarter in relation to the first half year, where the Health Promotion Act contributed to an exceptionally strong start. In the medium term, we continue to see favorable growth potential in Japan, for both Cabin Solutions and Facility Solutions, where we just launched our Facility Solution range of products. Meanwhile, we experienced an increase in new contracts with terms shorter than 36 months (which are excluded from our statistics for incoming orders). Contracts with terms shorter than 36 months are more common for our new solutions within the Facility Solutions. The US market was greatly affected by the Covid-19 pandemic, especially in our segments in the healthcare sector. Our business in the US consists solely of Room Solutions, where each installation has a higher value than for Facility Solutions and Cabin Solutions, and has historically had greater volatility between quarters.

Increased pace of innovation and business development. More product launches for Facility Solutions and more market introductions

In Q3 we experienced a continued positive trend in demand for our FS solutions. We are gaining ground with our new dedicated solution for the Food segment that we launched in Q2. In Q3 we launched FS90, our most powerful air cleaning solution to date for large industrial facilities. The FS90 is an even more efficient installation of air cleaning solutions, especially for customers in our warehouse/logistics and production segments. We also launched another new product, FS30, in Q4. The FS30 is developed for office and healthcare environments with a customized efficient air cleaning solution and delivers HEPA-filtered air at a low noise level. This product provides yet another solution that will enable QleanAir to take an active role in reducing the risk of Covid-19 transmission in the workplace, thereby providing a safer working environment primarily in offices and the healthcare setting.

In Q3 we won a contract for a framework agreement with PostNord. PostNord has been an important customer for many years.

Q3 was also the quarter when we received our first order in Japan for air cleaning solution in the office environment with Facility Solution. We plan to further develop this market by introducing more solutions related to Facility Solutions to more customer segments in Japan.

The pandemic – closed markets impact sales and incoming orders; increased demand for air cleaning solutions in the long term

The pandemic has raised awareness about the importance of clean indoor air quality. We see that this increased awareness will have a positive impact on demand for our solutions in both the medium and long term. In the short term, we experience mixed effects from the pandemic. Closed markets have a negative impact on incoming orders, deliveries and revenue. At the same time, when a high percentage of the workforce is working from home, in some cases customers are postponing investments in the working environment. On the other hand, we have also seen increased demand for air cleaning solutions in the short term from certain segments, such as office and healthcare environments, where the issue of being able to provide a safe working environment has become an even greater priority during the pandemic.

The recurring revenues amounted to SEKm 64.9 (48.3). An increase in the number of installed units in our own balance sheet means an increase in recurring revenue. This trend means an increased revenue stream through monthly rent payments, with fewer contracts sold to financing companies, which explains to some extent the decline in sales compared with the same period the previous year. Our focus on controlling costs and cash flow at an early stage of the pandemic has had a positive impact on margins and earnings. Our business model, with a high proportion of recurring revenue, like our model of working with strategic partners for production and service, makes us resilient in times with challenging market conditions.

Outlook

We continue to pursue our growth strategy for the medium and long term, with a focus on developing and expanding our new product categories Facility Solutions and Room Solutions, while growing our position with identified customer segments in a global perspective. In the short term, we experience a continued high degree of uncertainty in our markets. In the medium and longer term, I am convinced that there will be an increase in the need for clean, safe, and controlled indoor environments with good air quality. We have an excellent customer base on which to continue to build our business, we have a strong product portfolio, and we will continue to invest in our brand and in our products. I would like to take this opportunity to extend a warm thank you to all of our dedicated and committed employees, our customers and our partners in these turbulent times.

Solna on November 12, 2020

Christina Lindstedt, CEO QleanAir Holding AB



FINANCIAL DEVELOPMENT

QleanAir's geographical home markets are "EMEA" (Germany, Austria, Switzerland, The Netherlands, Belgium, France, Poland and the Nordic region), "APAC" (Japan) and "Americas" (USA). QleanAir has three product categories; our original product category Cabin Solutions which minimize exposure to harmful tobacco smoke, general air cleaning solutions for industrial facilities, offices and health care environments, Facility Solutions, and clean rooms, i.e. for hospital indoor environment "Room Solutions". The Group's sales consist of revenues from the sale of rental contracts to finance companies, rental contracts, service revenue, consumables and product sales.

ORDER INTAKE

Order intake for the third quarter was negatively affected by the pandemic and amounted to SEKm 54.4 (89.5), a decrease of 39 percent. The EMEA accounted for 45 percent (39) of order intake for the third quarter, the APAC for 45 percent (42) and the Americas for 10 percent (18). The order intake for rental contracts shorter than 36 months and which are not fixed term (therefore not included in the order intake) has increased by 127% in the quarter in terms of the number of units. Order intake is defined as a rental contract of at least 36 months with a defined end date or sale of products. Contracts shorter than 36 months are not included in the order intake and therefore the order entry cannot be put in direct relation to the revenue level. In Q3 2020, shorter contracts increased to a great extent compared to the same period in 2019, somewhat compensating for the lower number of long-term contracts in the quarter.

Order intake per geography, TSEK

TSEK	July-Sept 2020	July-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	Full year 2019
EMEA	24 425	35 067	71 865	113 375	139 685
APAC	24 482	37 893	154 503	106 438	170 462
Americas	5 535	16 580	14 004	43 703	55 831
Total	54 442	89 540	240 372	263 516	365 979

SALES

July-September 2020

Sales for the third quarter amounted to SEKm 104.9 (119.0), a decrease of 12 percent. Sales for the third quarter, broken down by geography, amounted to SEKm 48.0 (49.0) for EMEA, SEKm 45.6 (53.3) for APAC and SEKm 11.3 (16.7) for Americas. Sales per product category amounted to SEKm 81.6 (91.8) for Cabin Solutions, SEKm 10.2 (8.9) for Facility Solutions and SEKm 13.1 (18.3) for Room Solutions. In APAC, sales in Japan decreased due to the pandemic. Sales from Cabin Solutions in Japan has decreased in the third quarter in relation to the first half year, where the Health Promotion Act contributed to an exceptionally strong start. In EMEA, sales of Facility Solutions increased, with new product launches making a positive contribution. In Americas, Room Solutions had a weak quarter where the pandemic had a negative effect on new sales. Positive effect for the quarter was the increase in recurring revenue to SEKm 64.9 (48.3), an increase of 34%. Sales of rental contract to finance companies decreased at the same time as recurring revenue increased to 62 percent (41) of total sales. An increase in the number of units in installed base on the balance sheet means an increase in recurring revenue. This thus means an increased share of revenue in the form of current monthly rents and that fewer contracts are sold to finance companies, which to some extent explains the decline in sales compared with the same period last year. Sales for the third quarter were negatively affected by currency effects of SEKm 8.7 (+8.5) and currency-adjusted organic sales growth amounted to -4.6 percent (+5.0).

Sales by geography, TSEK

TSEK	July-Sept 2020	July-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	Full year 2019
EMEA	47 951	48 972	159 941	163 566	222 438
APAC	45 557	53 335	194 392	144 605	191 217
Americas	11 344	16 711	32 201	24 861	43 224
Total	104 851	119 018	386 534	333 032	456 878

Sales by product category, TSEK

TSEK	July-Sept 2020	July-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	Full year 2019
Cabin Solutions	81 587	91 780	312 641	270 144	359 502
Facility Solutions	10 181	8 908	32 760	29 804	41 647
Room Solutions	13 082	18 330	41 133	33 084	55 730
Total	104 851	119 018	386 534	333 032	456 878

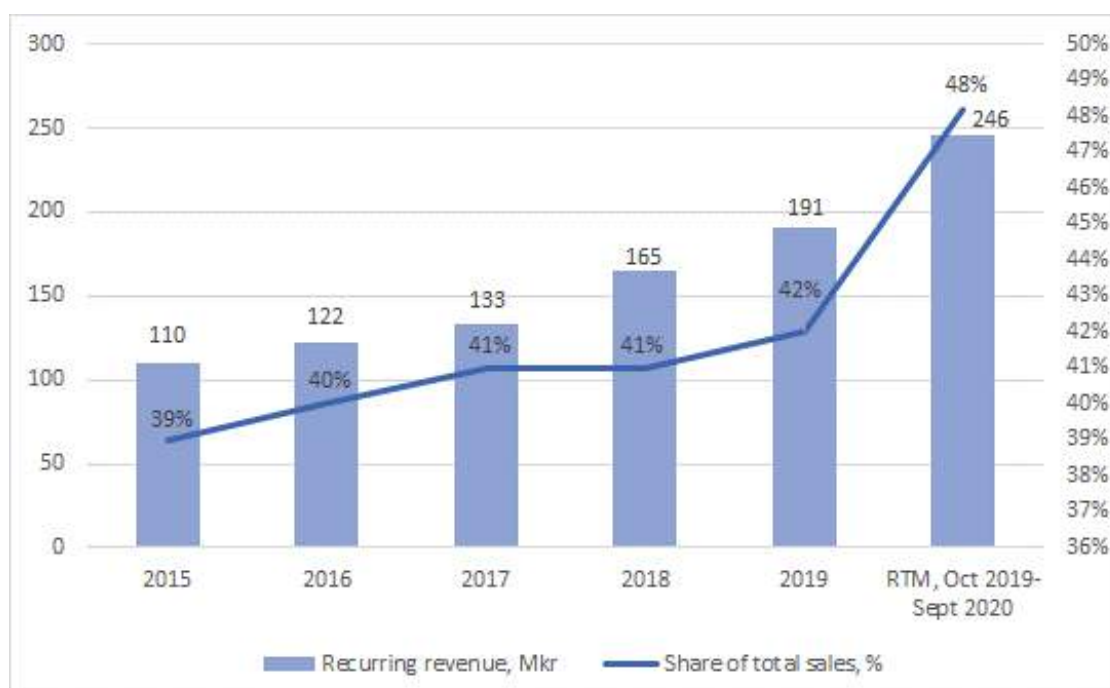
January–September 2020

Sales for January–June 2020 amounted to SEKm 386.5 (333.0), an increase of 16.1 percent. The share of recurring revenue amounted to SEKm 194.1 (139.0), corresponding to 50 percent (42) of sales for the period. Sales by geography for January–September 2020 amounted to SEKm 159.9 (163.6) for EMEA, SEKm 194.4 (144.6) for APAC and SEKm 32.2 (24.9) for Americas. Sales for January–September 2020, broken-down by product category, amounted to SEKm 312.6 (270.1) for Cabin Solutions, SEKm 32.8 (29.8) for Facility Solutions and SEKm 41.1 (33.1) for Room Solutions. All markets were affected by the pandemic for second and third quarter. Positive effects for the first nine months is the sharp increase in sales in Japan, a breakthrough for Facility Solutions driven in part by product launches and an increase of 40% in recurring revenues, to SEKm 194.1 (139.0). Sales January–September 2020 were positively affected by currency effects of SEKm 1.7 (18.1) and currency-adjusted organic sales growth amounted to 15.6 percent (5.8).

Sales per type of revenue, TSEK

TSEK	July-Sept 2020	July-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	Full year 2019
Sales to finance companies	25 621	53 342	106 544	161 310	204 528
Recurring revenues, units in balance sheet, service, consumables	64 872	48 260	194 060	138 989	190 763
Product sale to end customer	14 357	17 416	85 931	32 733	61 587
Total	104 851	119 018	386 534	333 032	456 878

Recurring revenue, SEKm



SEKm in recurring revenue from rental contracts for units on the balance sheet, service agreements and consumables, as a proportion of total sales.

SEASONAL VARIATIONS

Historical revenues and costs have not significantly been affected by seasonal variations for QleanAir. This is due to the company's revenue model, which largely consists of recurring revenues from rental contracts. Historically, QleanAir has not experienced significant fluctuations in sales and operating profit between quarters.



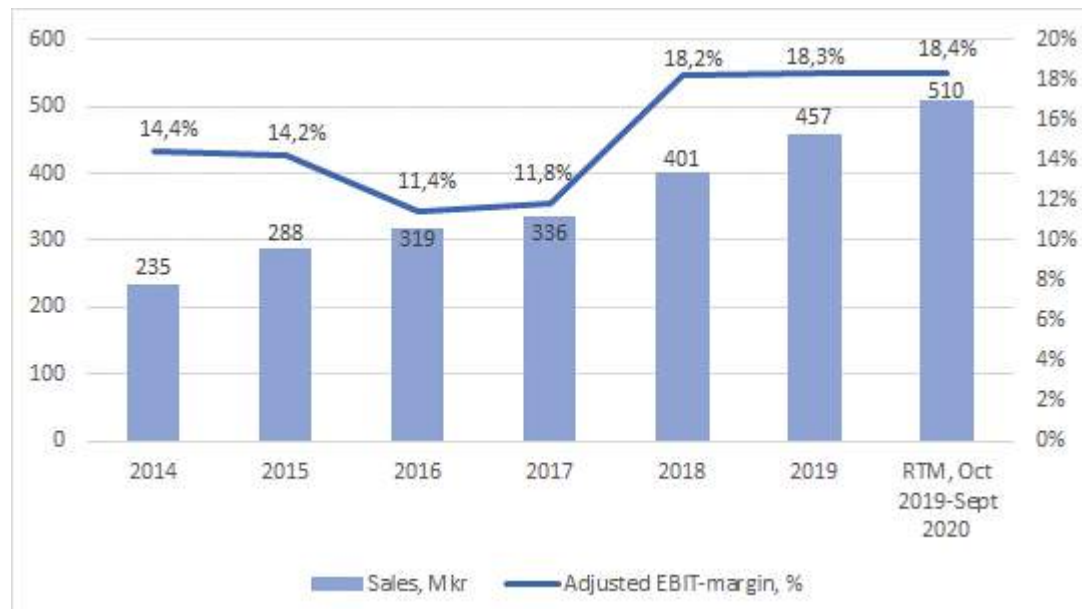
OPERATING PROFIT

For the third quarter of 2020, the operating profit amounted to SEKm 17.8 (13.9) and the operating margin was 17.0 percent (11.7). The third quarter of 2019 has been adjusted for a non-recurring cost of SEKm 3.6 to upgrade the installed base in Japan and a non-recurring cost of SEKm 3.5 to terminate an agreement with a partner on the German market. For January-September 2020, the operating profit amounted to SEKm 74.5 (57.3) and the operating margin was 19.3 percent (17.2).

TSEK	July-Sept 2020	July-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	Full year 2019
EBIT	17 837	13 934	74 495	57 341	32 073
Adjustments	0	7 100	0	7 100	51 645
Adjusted EBIT	17 837	21 034	74 495	64 441	83 719
Depreciations fixed assets incl IFRS 16 (from 1 Jan 2019)	7 021	5 350	21 036	15 834	21 487
Adjusted EBITDA	24 858	26 384	95 531	80 275	105 206

For adjusted items 2019, see annual report 2019.

Historical development Revenues SEKm and adjusted EBIT-margin %



OTHER EXTERNAL COSTS

Other external costs are primarily attributable to marketing, sales commission to marketing partners/sales agents, premises rents, travel expenses and consulting costs. For the third quarter, other external costs amounted to SEKm 19.1 (26.9). The third quarter of 2019 includes costs of SEKm 3.6 to upgrade the installed base in Japan and SEKm 3.5 to terminate an agreement with a partner on the German market. For January-September 2020, other external costs amounted to SEKm 73.4 (70.7).

PERSONNEL COSTS AND EMPLOYEES

For the third quarter, personnel costs amounted to SEKm 26.8 (27.8). For January-September 2020, personnel costs amounted to SEKm 93.6 (78.3). The average number of employees in the Group was 106 (94). The distribution between men and women in the Group was 70 (66) men and 36 (28) women. The number of employees at the end of the period was 105 (97).

NET FINANCIAL ITEMS

Net financial items for the third quarter amounted to SEKm -2.3 (-7.9). The change from the previous year is primarily attributable to the refinancing in connection with the listing of QleanAir's share. Net financial items for the quarter include SEKm -0.1 (-0.2) in costs relating to interest on lease liabilities in accordance with IFRS 16. Net financial items January-September amounted to SEKm -7.6 (-19.5).

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

The third quarter's profit before tax amounted to SEKm 15.5 (6.0). Reported tax for the period amounted to SEKm -4.6 (-3.8). Net income for the third quarter amounted to SEKm 9.0 (2.2). Earnings per share amounted to SEK 0.61 (0.16) and after full dilution SEK 0.60 (0.16).

Profit before tax, January-September, amounted to SEKm 66.9 (37.8). Reported tax for the period was SEKm -16.9 (-17.1). The tax cost is lower January-September 2020 compared to the same period 2019 as in 2019 there were interest costs on shareholder loans that are not tax deductible. The net result for January-September was SEKm 44.3 (20.7). Earnings per share amounted to SEK 2.98 (1.56) and after full dilution SEK 2.93 (1.56).

CASH-FLOW

Cash flow from operating activities, operating cash flow, for the third quarter amounted to SEKm 22.4 (14.0). The increase is attributable to an improved EBITDA result in combination with improved working capital. Cash flow from investing activities for the third quarter amounted to SEKm -3.2 (-4.4). The investments in the third quarter mostly refer to module-based units that are rented out to customers.

Cash flow from operating activities, operating cash flow, for January-September amounted to SEKm 52.5 (52.3). Cash flow from investing activities for January-September amounted to SEKm -21.3 (-13.6). The investments mostly refer to module-based units that are rented out to customers.

CASH AND FINANCIAL POSITION

Cash excluding available overdraft facilities at the end of the period amounted to SEKm 74.4 (80.8). The interest-bearing net debt amounted to SEKm 207.3 (250.7) excluding rental liabilities, which are now reported as interest-bearing debt. The Group's total assets amounted to SEKm 620.0 (652.3). Fixed assets amounted to SEKm 422.7 (419.3) and are mainly attributable to goodwill SEKm 343.7 (343.7). Book value for equipment and installed units amounted to SEKm 49.6 (31.3). Reported values for assets and liabilities correspond in all material respect to fair value.

INVESTMENTS

Investments for the third quarter amounted to SEKm 3.2 (4.4). For January-September, investments amounted to SEKm 21.3 (13.6). The investments mainly relate to module-based units that are rented out to customers.

INSTALLED BASE

At the end of the period the total number of installed units amounted to 9,406 of which 3,671 units are on the balance sheet.

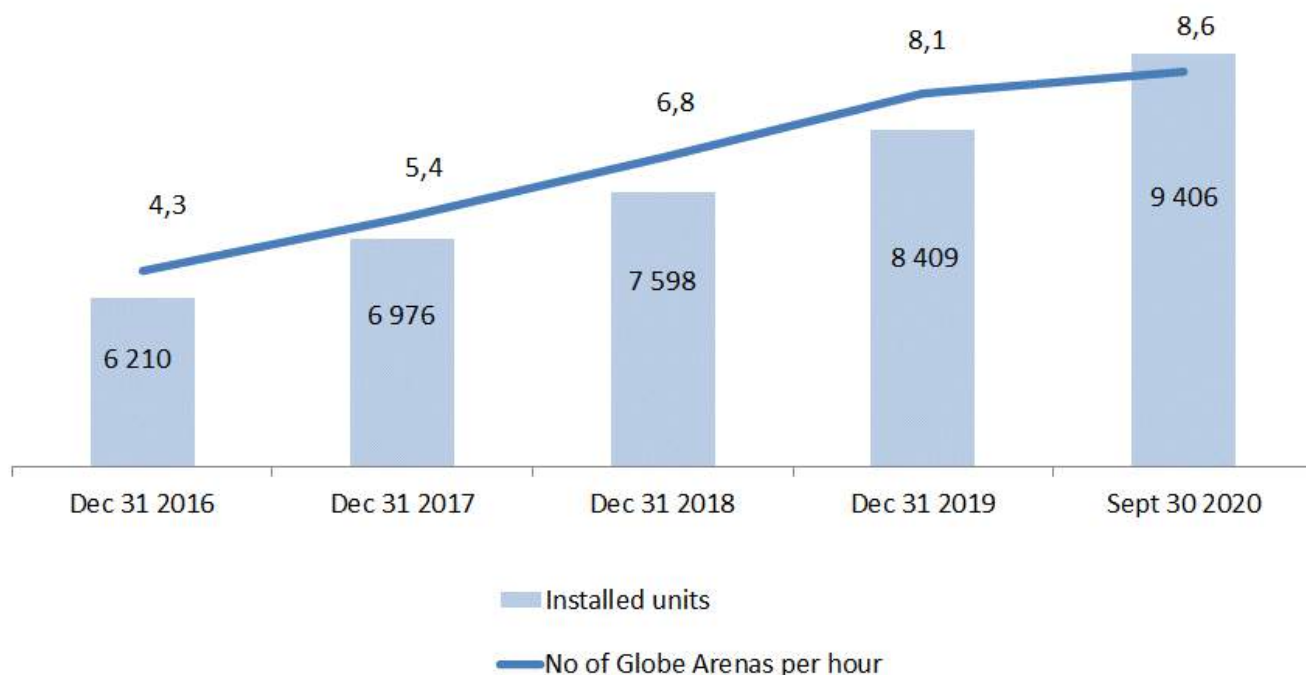
	September 2020	September 2019
Accounted value installed units, TSEK	44 398	31 319
Installed units in balance sheet, number	3 671	2 239
Installed units sold to finance companies, number	2 445	3 444
Sold units with service agreement, number	3 290	2 404
Total installed units, number	9 406	8 087
* where of 620 units (620) served with consumables only		

QleanAir calculates its installed base of clean rooms as one unit per SEK 100,000 in order value. The increase of installed units in QleanAir's balance sheet is partly a consequence of the acquisition of Smoke Free Systems Finance AB (SFS Finance). The installed units on the balance sheet form a basis of recurring revenues.

SUSTAINABILITY

QleanAir has a long tradition of seriously addressing crucial issues. Environmental issues, health and safety have been key priorities for QleanAir for decades. QleanAir has been developing solutions that protect people against indoor air pollution for 20 years. The Swedish operating company, QleanAir Scandinavia AB, is ISO-certified to quality standard ISO 9001 and environmental standard ISO 14 001. Our business model is based on renting modular solutions with a performance guarantee. The equipment can be recycled and reused. A high proportion of operations is outsourced to suppliers who comply with the QleanAir code of conduct. This code of conduct is linked to our policies for sustainability, quality assurance and environmental and marketing. Since 2015 the Group has quantified the amount of cleaned air per hour on an ongoing basis. The sustainability report for the European operations is available on www.qleanair.com.

Total number of installed units and cleaned indoor air per month in m3 and expressed as the number of Ericsson Globe Arenas in Stockholm per hour



RISKS

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.

The Board continues to estimate that the outbreak of the Covid-19 virus will affect sales and the financial development. The management and the Board actively monitor the development and take regular measures to limit the negative effects on the business.

For more information about company risks, see QleanAir annual report 2019, available on www.qleanair.com.

PARENT COMPANY

Sales for the parent company for the third quarter of 2020 amounted to SEKm 2.6 (2.6). January - September 2020 sales amounted to SEKm 7.6 (7.6). The result for the third quarter was SEKm -5.5 (-7.3). January - September 2020, the result amounted to SEKm -18.6 (-21.2). QleanAir Holding AB with organization number 556879-4548 is a Swedish limited liability company with its registered office in Solna, Sweden.

DISPUTES

The group had no ongoing disputes.

TRANSACTION WITH RELATED PARTIES

At the end of the period, subordinated shareholder loans amounted to SEKm 0 (251.5). Interest for the third quarter of 2020 on subordinated shareholder loans amounted to SEKm 0 (-4.8). For January-September 2020, interest rates on subordinated shareholder loans amounted to SEKm 0 (-14.2).

SHARE CAPITAL, THE SHARES AND OWNERS

The total number of shares as of September 30, 2020 amounted to 14,859,200 and the share capital to SEKm 7.4. After full dilution, the number of shares amounts to 15,082,088 shares. The dilution consists of 222,888 warrants issued to employees in senior positions. The average number of shares in January-September 2020 was 14,859,200 shares before dilution and 14,958,261 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 Holding AB is a listed company on the Nasdaq First North Premier Growth Market. FNCA is a certified advisor, telephone +46 8 528 00 399.

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%

FINANCIAL CALENDAR

- February 15, 2021: Q4 and Year-End Report 2020
- May 12, 2021: Q1 Interim Report 2021
- AGM 2021: May 12, 2021
- August 12, 2021: Q2 Interim Report January-June 2021
- November 11, 2021: Q3 Interim Report January- September 2021
- February 11, 2022: Q4 and Year-End Report 2021

SIGNIFICANT EVENTS AFTER THE PERIOD

- QleanAir launched the new product FS90 targeting customers in the industry, warehousing and logistics segments.
- QleanAir launched the FS30 which, among other things, contributes to reducing the risk of spreading virus in offices and public spaces.

OTHER INFORMATION

This interim report provides a true and fair view of the Group's business, financial position and performance. In the event of any discrepancies between the English and Swedish versions of the report, the Swedish version shall apply.

AUDITOR'S REVIEW

The company auditors have conducted a general review of this report.

This information is information that QleanAir Holding AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at November 12, 2020 at 8:00 am CET.

PRESENTATION

QleanAir invites to telefonconference/audiocast on November 12, 2020 at 10.00. The company's CEO, Christina Lindstedt, and CFO, Henrik Resmark, will present the third quarter and first nine months 2020 results in English.

Here is the link to follow the presentation online: <https://tv.streamfabriken.com/qleanair-holding-q3-2020>

Telephone numbers for dial-in:

Dial-in number SE: +46856642703 UK: +443333009268 US: +18335268383

For more information, please contact:

Christina Lindstedt, CEO on phone +46 70-677 28 77 or Henrik Resmark CFO on phone +46 70-260 09 17.

Solna, November 12, 2020

The Board of Directors QleanAir Holding AB

Bengt Engström, Chairman

Johan Westman

Mats Hjerpe

Maria Perez Hultström

Christina Lindstedt, CEO

This is a translation of the Swedish original. In case of discrepancies between this English translation and the Swedish original, the latter shall prevail.

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying balance sheet of QleanAir Holding AB as of 30 September 2020 and the related statements of income, changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards and the Annual Accounts Act in Sweden. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on

Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of the entity as at September 30, 2020, and of its financial performance and its cash flows for the nine-month period then ended in accordance with International Financial Reporting Standards for the consolidated accounts and the Annual Accounts Act in Sweden for the parent company.

Stockholm the 12 of November 2020

Grant Thornton Sweden AB

Anders Meyer
Authorized Public Accountant

THE GROUP'S CONSOLIDATED STATEMENT COMPREHENSIVE INCOME IN SUMMARY

TSEK	July-Sept 2020	July-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	Full year 2019
Net sales	104 851	119 018	386 534	333 032	456 879
Other income	0	0	0	114	114
Sales	104 851	119 018	386 534	333 146	456 993
Cost of goods sold	-34 182	-45 039	-124 000	-110 994	-160 959
Gross profit	70 669	73 979	262 534	222 152	296 034
Other external costs	-19 050	-26 885	-73 371	-70 679	-111 395
Personnel costs	-26 761	-27 811	-93 631	-78 298	-104 883
Depreciation of tangible and intangible assets	-7 021	-5 350	-21 036	-15 834	-47 682
Operating income	17 837	13 934	74 495	57 341	32 073
Financial income	556	0	1 175	16	503
Financial expenses	-2 878	-7 946	-8 753	-19 533	-23 739
Income before tax	15 515	5 988	66 918	37 824	8 837
Deferred tax	-1 899	-22	-5 795	0	5 374
Tax on result for the period	-4 583	-3 788	-16 860	-17 093	-21 732
Net result for the period	9 033	2 177	44 262	20 730	-7 521
Profit/Loss attributable to:					
Shareholders parent company	9 033	2 177	44 262	20 730	-7 521
Non-controlling interest	0	0	0	0	0
Net result for the period	9 033	2 177	44 262	20 730	-7 521
Earnings per share basic, SEK	0,61	0,16	2,98	1,56	-0,56
Earnings per share basic, after dilution, SEK	0,60	0,16	2,93	1,56	-0,56
Net result for the period	9 033	2 177	44 262	20 730	-7 521
Currency translation differences foreign subsidiaries	-1 120	3 819	-1 416	6 559	1 605
Total result for the period	7 913	5 996	42 846	27 289	-5 916
Profit/loss attributable to:					
Shareholders parent company	7 913	5 996	42 846	27 289	-5 916
Non-controlling interest	0	0	0	0	0
Total net result for the period	7 913	5 996	42 846	27 289	-5 916

THE GROUP'S CONSOLIDATED 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

Short and long-term interest bearing liabilities are netted after deduction of fee for new credit facilities, according to IFRS.

THE GROUP'S CHANGES IN SHAREHOLDERS' EQUITY IN SUMMARY

2020, TSEK	Share capital	Other paid in capital	Reserves	Balanced result	Total equity
Opening balance equity 2020-01-01	7 430	121 140	5 269	-36 093	97 746
Net result for the period				44 262	44 262
Payment of warrants		261			261
Other result			-1 416		-1 416
Closing balance 2020-09-30	7 430	121 401	3 853	8 169	140 853

2019, TSEK	Share capital	Other paid in capital	Reserves	Balanced result	Total equity
Opening balance equity 2019-01-01	6 642	58 929	3 664	-5 261	63 974
Adjustments to IFRS 16				-480	-480
Changed accounting internal sales				1 284	1 284
Adjusted opening balance equity 2019-01-01	6 642	58 929	3 664	-4 457	64 778
Net result for the period				20 730	20 730
Other result			6 540		6 540
Closing balance 2019-09-30	6 642	58 929	10 204	16 273	92 049

THE GROUP'S CASH-FLOW STATEMENT 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
Investing activities					
Investments in intangible assets	-1 442	-437	-3 832	-1 299	-1 774
Investments in tangible assets	-1 714	-3 999	-17 423	-12 281	-17 447
Acquisition	0	0	0	0	-6 603
Cash flow from investing activities	-3 156	-4 436	-21 255	-13 581	-25 824
Financing activities					
New loans	-505	0	7 372	0	277 254
Amortization of loan	-9 193	-8 353	-21 015	-38 718	-334 615
Payment of warrants	261	0	261	0	0
Cash flow from financing activities	-9 437	-8 353	-13 383	-38 718	-57 361
Cash flow for the period	9 816	1 207	17 841	-34	-20 688
Opening cash balance	65 543	76 702	56 994	74 935	74 935
Exchange rate differences on financial items	-980	2 896	-456	5 903	2 747
Closing cash balance	74 379	80 804	74 379	80 804	56 994

THE PARENT COMPANY'S INCOME STATEMENT IN SUMMARY

TSEK	July-Sept 2020	July-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	Full year 2019
Net sales	2 550	2 550	7 650	7 650	10 200
Other external costs	-1 478	-608	-6 763	-1 086	-20 116
Personnel costs	-1 929	-1 640	-5 733	-5 234	-7 897
Depreciation on intangible and tangible assets	-2 063	-2 063	-6 190	-6 190	-8 254
Operating profit	-2 921	-1 761	-11 036	-4 860	-26 067
Other interest income and similar profit/loss items					
Interest costs and similar profit/loss items	-2 545	-5 524	-7 517	-16 315	-21 370
Result after financial items	-5 466	-7 285	-18 553	-21 175	-47 437
Group contribution	0	0	0	0	21 000
Tax on result for the period	0	0	0	0	-14
Net result for the period	-5 466	-7 285	-18 553	-21 175	-26 451

THE PARENT COMPANY'S BALANCE SHEET IN SUMMARY

TSEK	2020-09-30	2019-09-30	2019-12-31
Intangible assets	52 272	60 526	58 462
Tangible assets			
Shares in Group companies	429 000	429 000	429 000
Total financial fixed assets	481 272	489 526	487 462
Current tax receivables	501	383	457
Other receivables	4	0	2 290
Prepaid expenses and accrued income	5 385	5 352	6 357
Cash and bank	1 454	1 739	728
Total current assets	7 345	7 474	9 832
Total assets	488 617	496 999	497 295
Shareholders' equity	7 430	6 642	7 430
Premium reserve	87 379	51 356	113 569
Profit/loss for the period	-18 553	-21 175	-26 451
Total equity	76 255	36 823	94 548
Subordinated shareholder liabilities	0	251 464	0
Long term interest bearing liabilities	261 250	65 000	255 000
Total long term liabilities	261 250	316 464	255 000
Short term interest bearing liabilities	0	15 000	20 000
Accounts payable	349	154	9 151
Liabilities to Group companies	145 521	126 016	109 990
Other current liabilities	483	94	0
Accrued expenses and prepaid income	4 759	2 448	8 606
Total current liabilities	151 112	143 712	147 747
Total equity and liabilities	488 617	496 999	497 295

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 Annual Report of 2019, with the addition of the application of the new IFRS standard for IFRS 16 Leases.

IASB has published amendments of standards that are effective as of January 1, 2020 or later. The standards have not had any material impact on the financial reports.

Segments

QleanAir has one segment which reflect the Group's operations, financial management and management structure.

Financial instruments, currency exposure and risk management

Most transactions are expressed in EUR. Exposure to changes in foreign exchange rates is related to Group sales and purchases from other countries. QleanAir uses forward exchange contracts to manage currency risk. Forward exchange contracts are mainly used to manage currency exposure not expected to be netted against other currency transactions.

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.

Adjustments, rounded

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

NOTES

Distribution of net sales

QleanAir's main markets are Northern Europe in EMEA, with Germany, Austria, Switzerland, the Netherlands, Belgium, France, Poland and the Nordic countries, together with Middle East, "APAC" with Japan and "Americas" with sales in the US. QleanAir solutions can be divided into three product categories: Cabin Solutions, Facility Solutions and Room Solutions with clean rooms and lounges. Net sales by geographic area and segments are presented on page 5.

Currency effect and organic growth

	July-Sept 2020	July-Sept 2019	Jan-Sept 2020	Jan-Sept 2019	Full year 2019
Net sales, TSEK	104 851	119 018	386 534	333 032	456 879
Growth Net sales, %	-11,9%	13,1%	16,1%	11,8%	13,9%
Currency exchange variances, TSEK	-8 652	8 455	1 693	18 121	23 980
Currency exchange variances, %	-7,3%	8,0%	0,5%	6,1%	6,0%
Organic growth Net sales, TSEK	-5 516	5 314	51 810	17 162	31 941
Organic growth Net sales, %	-4,6%	5,0%	15,6%	5,8%	8,0%

Goodwill

Goodwill refers to QleanAir Holding AB's acquisition of subsidiary company QleanAir Scandinavia in 2012, the operating company. In light of the sales and earnings trend January-September 2020, QleanAir assesses that there is no indication of a decrease in the value of goodwill.

Alternative key ratios

The company applies ESMA's (European Securities and Markets Authority) guidance for alternative key performance indicators. Alternative key performance indicators are financial measurements that cannot be directly discerned or derived from financial statements. These financial measurements are intended to help company management and investors to analyze the Group's performance. Investors should view these alternative key performance indicators as a complement to the financial statements prepared in accordance with IFRS. As not all companies calculate financial key ratios in the same way. The key ratios are not always comparable with the same key ratio used by other companies.

Key ratio	Definition and purpose
Order intake	The value of incoming orders in the period. Defined as rental contracts of minimum 36 months with a defined end date and product sale. Contracts shorter than 36 months are not included in the order intake.
Sales	Sales including other income. The ratio shows the Company's total sales.
Gross profit	Cost of sold goods deducted from sales.
Gross-margin	Gross profit divided with sales.
EBITDA	Earnings before depreciations and write-downs. The ratio is used to show the business profitability before depreciations and write-downs.
Adjusted EBITDA	Earnings before depreciations and write-downs adjusted for non-operational one-off costs such as costs associated with the listing (2018: restructuring costs). The ratio is used to show the company's earnings potential independent of depreciations, write-downs and without regards to one-off items.
EBITDA-margin	Earnings before depreciations and write-downs in relation to sales. The ratio is used to show the business profitability before depreciations and write-downs.
Adjusted EBITDA-margin	Adjusted EBITDA as part of sales. The ratio is used to measure operational profitability, independent of depreciations and write-downs, excl one off items.
Operating profit (EBIT)	Earnings before financial items and tax. The ratio shows the company's operational profitability.
Adjusted EBIT	Operating profit before financial items and tax adjusted for non-operational one-off costs such as costs associated with the listing (2018: restructuring costs). The ratio is used to show the company's earnings potential before financial items, without regards to one-off items.
EBIT-margin	Operating profit divided with sales. The ratio is used to show operational profitability after depreciations and write-downs.
Adjusted EBIT-margin	Adjusted EBIT divided with sales. The ratio is used to show the company's profitability before financial items and tax, without regards to one-off items.
Operational cash-flow	Net investment in material and immaterial fixed assets deducted from adjusted EBITDA and adjustment for changes in working capital. Operational cash-flow shows to track the cash-flow generated from the company's ongoing operations.
Working capital	Current assets excluding cash deducted with short-term liabilities (non-interest-bearing).
Average capital employed	Average equity and interest bearing liabilities for the period. The ratio is used to analyze how much capital that is employed in the business has during the period.
Net debt	Cash deducted from short- and long-term interest bearing liabilities. The ratio shows the company's financial position.
Equity/Asset ratio	Equity divided with the company's total assets. The ratio is used to measure the company's financial stability.
Net debt/Equity ratio	Cash deducted from interest bearing liabilities divided by equity. The net debt/Equity ratio helps the company's investors to understand the company's financial position.
Adjusted return on average capital employed	Adjusted EBITDA as percent of average capital employed. The ratio is included to help investors to get a view of the company's profitability in relation to capital employed in the business during the year. Adjusted EBITDA is used as the company believes that the effect of items affecting comparability, which makes it possible to compare the underlying operational profitability.

Quarterly information

	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%

EBITDA is affected by IFRS 16, applied from January 1, 2019.

ABOUT

QleanAir is a niche premium provider of clean indoor environment solutions. The company's business model is based on rental contracts for modular solutions with a full-service offer. QleanAir solutions are developed using filter technology that traps, filters and recycles indoor air. QleanAir's head office is in Solna, Sweden.

BUSINESS IDEA

QleanAir provides modular solutions for indoor air purification to protect people, products and processes.

VISION

QleanAir aims to be a world-class supplier of standalone solutions for air purification 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 environment with quality and trust.

FINANCIAL GOALS

Growth

In a mid-term perspective QleanAir aims to achieve average annual organic growth of approximately 10 percent.

Profitability

In a mid-term perspective QleanAir aims to achieve an EBIT-margin of 15–20 percent.

Dividend policy

QleanAir aims to pay a share dividend of 30–50 percent of annual net profit. The dividend proposal is to take QleanAir's long-term development potential into account.

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FS Product Line

