

 QleanAir

# 2023

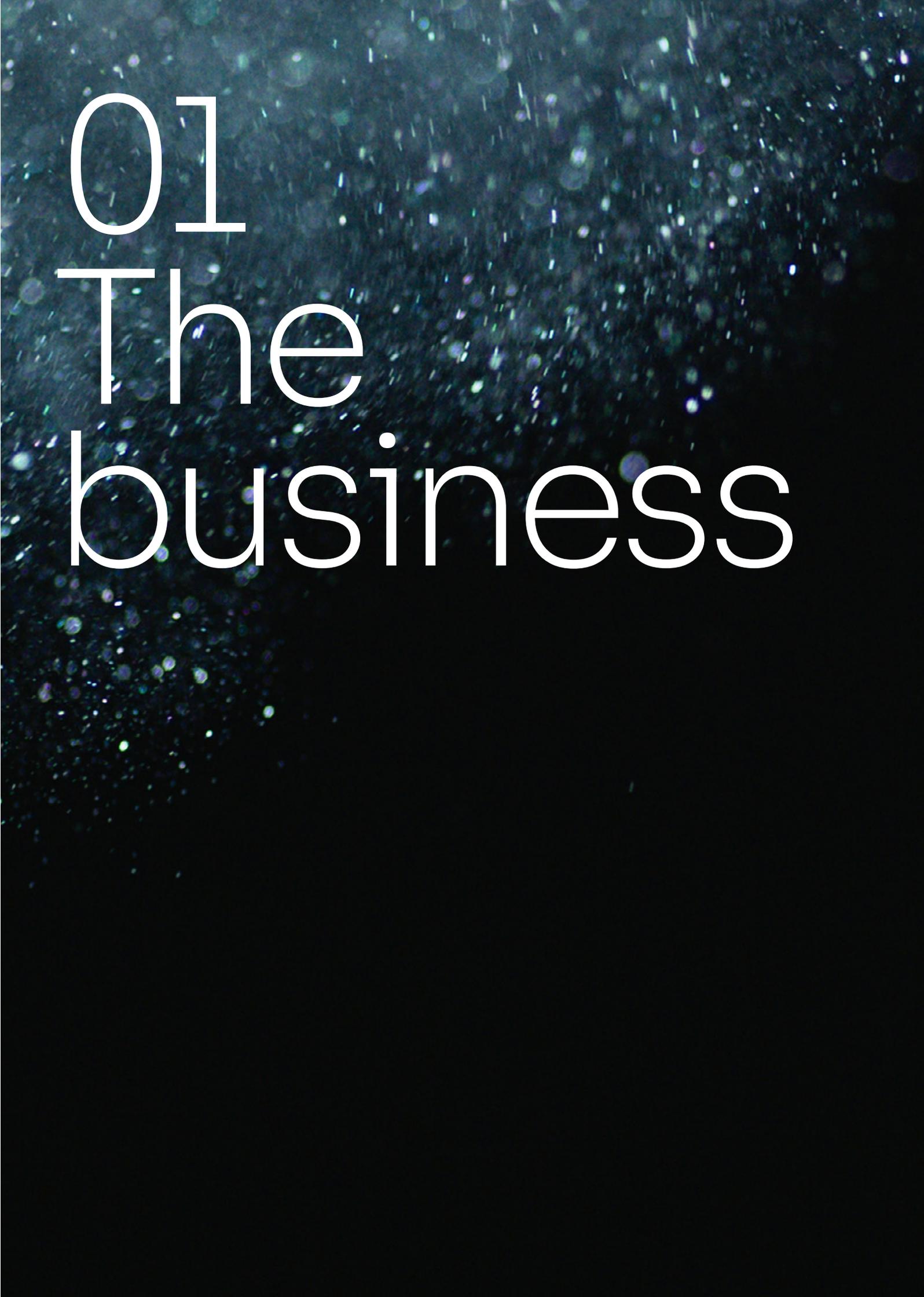
## Annual report





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01  
The  
business



# Revenues exceeded MSEK 500 for the first time (+11%), operating profit increased by 34% and recurring revenues reached a record MSEK 306 for the full year 2023.

**At the end of 2023, the number of installed units** amounted to 12,696 units, an increase of 7%.

**High and sustained proportion of recurring revenues**, MSEK 306, corresponding to 61% (61) of total revenue. Revenue increased from MSEK 455 to MSEK 504.

**Operating profit** increased to MSEK 64.1 (28.6) and the operating margin amounted to 12.7% (6.3).

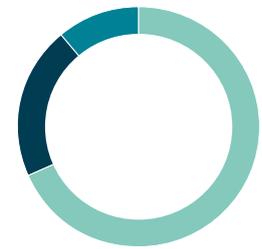
Adjusted for one-off items, operating profit amounted to MSEK 66.7 (49.8) and the operating margin to 13.2% (10.9).

**The Group's** operating cash flow amounted to MSEK 62.6 (29,7).



● EMEA	MSEK 232
● APAC	MSEK 224
● Americas	MSEK 48

**Net sales by geography 2023**  
Total: MSEK 504



● Cabin Solutions	MSEK 345
● Air Cleaners	MSEK 104
● Cleanrooms	MSEK 55

**Net sales per product category 2023**  
Total: MSEK 504



● Cabin Solutions
● Air Cleaners
● Cleanrooms

**Product mix**  
Cabin Solutions now represent 68% (72) of the product mix, Air Cleaners 21% (18), and Cleanrooms 11% (10).





## The year in numbers

504

Net sales, MSEK  
2022: 455

+11%

Net sales change in %  
(currency-adjusted 8.3%)

12,696

Installed units  
2022: 11,878

306

Recurring revenue MSEK  
2022: 277

+11%

Increase in recurring revenue

395

Order intake, MSEK  
2022: 408

13.2%

Operating margin %, adjusted  
2022: 10.9%

66.7

Operating profit, MSEK, adjusted  
2022: 49.8

43.4

Profit for the year, MSEK  
2022: 13.3

2.92

Earnings per share  
2022: 0.89

62.6

Operating cash flow, MSEK  
2022: 29.7

33

Equity ratio %  
2022: 28

# Message from the CEO



Sebastian Lindström  
CEO QleanAir

In 2023, we turned QleanAir back to profitable growth. For the full year of 2023, we grew by 11%, improved the operating profit by more than 30% and passed both the SEK half-billion threshold in turnover and passed SEK 300 million in recurring revenue. A fantastic job by the whole organization.

## Back to profitable growth

We are proud of our growth in 2023. In the end of 2022, I was given a clear assignment from the Board. We were to steer QleanAir back to profitable growth. This required a higher gear, a clearer customer focus, increased sales efficiency and better cost control.

During the year, we have undergone a journey of change and implemented new ways of working that have brought us closer to our customers and their needs. We have had a strong focus on increasing the efficiency of the sales organization. At the beginning of the year, to ensure profitable growth, we took necessary short-term cost reduction measures.

Revenue for 2023 amounted to MSEK 504 (455), an increase of 11%. Our recurring revenue increased to MSEK 306 (277), a growth of 11%. The rental contracts from our customers now generate MSEK 306 on an annual basis. The

operating margin was 13.2% for 2023. This is a clear improvement compared to 2022 and the focus is on improving it further.

## Increased growth in Europe and Japan

For EMEA, 2023 has been a year of macroeconomic and geopolitical challenges, with conditions gradually deteriorating throughout the year. Nevertheless, EMEA was stronger than ever for QleanAir. EMEA represented 46% of net sales in 2023, with growth of 7%. In Europe, we have a strong market position in the Cabin Solutions category with a broad customer base. Growth in 2023 was 7%. Air Cleaners had a strong performance in Europe, growing by 17%, with more and more markets in Europe contributing more to the revenue.

APAC represented 44% of net sales, with growth of 8%. The focus is on expansion. During the year, Japan delivered strong sales in Cabin Solutions despite fewer contracts coming up for renewal than normal in the second half of the year. Growth was 4%. The investment in Air Cleaners is now reflected in our revenues with a growth of 97%.

Americas represented 10% of net sales in 2023. During the third and fourth quarter, we reviewed our business set-up in the US,

as we do not have satisfactory profitability. We have approached this from three perspectives: Volume – invested in senior sales resources and now have coverage from east to west with four sales people, Product cost – a combination of value engineering and renegotiation of suppliers, which in the long term will reduce our product cost by approximately 16–18% and Price – where we updated our contracts to better hedge against cost inflation and disruptions in project delivery.

EMEA and APAC are exceeding our targets. Americas deviates on profitability. Our operational focus is on improving profitability in the US.

### Circular business model

QleanAir's business model is based on the rental of stand-alone air cleaning solutions including service. Our offer of unit rental including service with performance guarantee is strong. We have improvements to make in the Cleanrooms project business.

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.

### Outlook

The priority for 2024 is to continue to achieve growth combined with improved profitability. In 2024, we will continue our efforts to streamline operations while beginning to shift resources and investments towards the strategic acceleration of new products and solutions, which is our goal.

In Europe, we continue to see customer restraint due to the geopolitical situation and higher interest rates. The geopolitical situation has been further exacerbated by events in the Middle East. However, with our regional product supply model, logistical disruptions have been minimal. In 2024, we expect to get air cleaners back from two major German contracts as a result of non-extended contracts entered into in relation to the pandemic in Germany. Our aim is to install these with new customers. Still, we expect growth in EMEA in 2024. We have

a completely different momentum within the organization today.

In APAC, we have positive expectations for 2024 with a clear strategy to broaden sales to small and medium-sized companies in 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 to yield results in 2024, as demand is strong.

In conclusion, I would like to thank all our dedicated employees, as well as our customers and partners for their good cooperation.

Solna, April 17, 2024

**Sebastian Lindström,**  
CEO QleanAir AB



# We are QleanAir

QleanAir's mission is to protect people from harmful particles and gases and create a cleaner indoor environment. For more than 30 years, we have developed innovative air cleaning solutions that create healthy indoor environments for people, products and processes by controlling air quality.



9 out of 10 people breathe air with high air pollution levels.<sup>1</sup>



7 million people die prematurely due to air pollution every year.<sup>1</sup>



Air pollution is the greatest environmental threat to human health.<sup>1</sup>



Indoor air can be up to 50 times more polluted than outdoor air.<sup>2</sup>

<sup>1</sup>World Health Organization (WHO)  
<sup>2</sup>EU, ECA report no 23  
<sup>3</sup>Reuse rate: Installations of previously used installations/number of withdrawn installations



With unique specialist expertise, high-quality products, market-leading service and a lifetime performance guarantee, we can offer efficient and customized solutions that deliver clean air over time. The product portfolio consists of flexible, modular Clean-rooms, stand-alone Air Cleaners and solutions for protection against passive smoking (Cabin Solutions). With the help of our products, our customers can ensure the air quality in their workplace, which is of great importance to employee health. In many businesses, air quality is also critical to the shelf-life and quality of products and the efficiency of processes.

All our air cleaners use a mechanical filtration system and often have automatic flow control. Combined with service agreements, we can guarantee the solution's efficiency over time and provide a lifetime performance guarantee. We have solutions for most application areas and work closely with our customers to develop new solutions. Development and design of new products takes place at the corporate office in Solna, Sweden. Production

takes place through partners, which gives us flexibility.

Since the beginning, our business concept has been based on a circular business model focusing on rental contracts, which was groundbreaking when we started the business. Customers are satisfied and the churn rate was 8.4% for 2023. To minimize the use of resources, products and parts are reused or recycled after dismantling and end of contract. The reuse rate in 2023 was 34%.<sup>3</sup>

Our corporate office is located in Solna, and during 2023 we had an average of 109 employees and a network of market and service partners across three continents. By the end of December 2023, we had installed 12,696 units for over 3,600 customers in over 30 countries worldwide. In 2023, we cleaned 82 billion cubic meters of air worldwide. This represents an increase of 16.3% compared with the previous year. Our strongest contribution to society is that we increase the amount of cleaned air year after year.

# Objectives and strategy



Objective: Average annual organic revenue growth of around 10%.



Objective: 15–20% EBIT margin



Objective: Dividend percentage 30–50% of profit for the year

QleanAir offers solutions that protect people, products and processes from air pollution in indoor environments. Our product range consists of Air Cleaners; stand-alone air cleaners for professional and industrial environments, Cabin Solutions; solutions for protection against passive smoking and Cleanrooms; modular cleanrooms for businesses that require a controlled environment. All product areas are based on the same type of air cleaning technology, which gives us the opportunity and flexibility to expand the product portfolio with new innovative solutions and scale production in a cost-effective way.

The basis of QleanAir's business is to deliver clean air as a service through a circular business model based on long-term rental contracts. QleanAir has a clear strategy to reach the goals of profitable and capital-efficient growth: our strategic plan is focused on customer focus and new innovations, strategic resource allocation, expansion of the sales organization and expansion into new markets and segments.

## Customer focus and new innovations

We know that clean indoor air can make a big difference to human health, product quality and process efficiency. Our solutions are the result of over 30 years of experience in research, development, regular and independent testing, maintenance and communication with users and customers. We work systematically to understand our customers' challenges and are responsive and proactive to their future needs. Every year, we meet with selected customers in priority segments to ensure we are at the forefront and to develop new innovations that the market demands. With over 3,600 customers globally, we therefore have great opportunities to broaden our offering of solutions to existing customers.

In order to be able to provide the best solutions, we set high standards for ourselves. Therefore, all our products are developed by our own development department with mechanical multi-stage filtration that can be adapted to each customer's environment and specific challenge. We offer not only industry-leading air cleaning products, but unique solutions for each customer's needs. We can do this by combining our technology and products with deep knowledge to create tailor-made solutions.

Product development is a central part of QleanAir's business and we continuously introduce new products that solve relevant customer problems. Our strategy is to continue to launch new products for both existing and new customer segments and geographies.

## Strategic resource allocation

We are continuously optimizing QleanAir's cost structure and in 2024 will continue our efforts to streamline operations. At the same time, we will start shifting resources and investments towards the strategic acceleration of new products and solutions that is our goal.



### Focus on sales in key markets

Our technical expertise and ability to provide customized solutions is a key part of our offering. For this reason, we have expanded an already strong sales force with additional technical sales support in Japan, Germany and Sweden.

QleanAir will continue to have a clear focus with our own organization in key markets such as Japan, Sweden, Germany, France and the US. We also have a proven model for indirect channels and will further develop this outside our key markets.



# Making a real difference through clean air

We know the difference that air quality can make to the overall health and effectiveness of people, products, and processes. We also understand the sense of security an individual gets when they know they are breathing clean air. Therefore, we work every day to understand the needs of our customers and deliver unparalleled air cleaning solutions that allow us to make a real difference.

## The freedom of clean air

The freedom of clean air is the promise that we bring to our customers.

The freedom of clean air means peace of mind, knowing that people, products, and processes are in the best possible indoor environment. The freedom of clean air means that the process is hassle-free, and that we guarantee air quality over time. We tailor the solution to your needs. We do measurements and testing. Taking care of installation, service, upgrades and adjusting the solution when your needs change. We deliver the freedom of clean air.

## Position

The specialized provider of premium clean air solutions.

## Purpose

Making a real difference through clean air.

## Promise

The freedom of clean air.



# Financial targets and dividend policy



## Growth

The Group's goal is to achieve an average annual organic revenue growth of approximately 10% in the medium term.

## Profitability

The Group's goal is to achieve an EBIT margin of 15–20% in the medium term.

## Dividend policy

The goal is for 30–50% of the net profit for the year to be paid out in dividends. The dividend proposal shall take into account QleanAir's long-term development potential, financial position and investment needs.



Goal

~10%

2023

> 11%

Organic revenue growth

Net sales CAGR

Average annual organic sales growth of approximately 10%

Net sales CAGR

In 2023, exchange rate fluctuations positively affected net sales by MSEK 10.5

15–20%

>

13.2%

Profitability

EBIT margin

EBIT margin of 15–20%

EBIT margin, adjusted

30–50%

>

21%

Dividend policy

Dividend percentage

30–50% of net profit for the year to be paid out as dividends

Dividend proposed by the Board

SEK 0.60 per share



# Market overview

QleanAir is a niche supplier of premium solutions in air cleaning of indoor environments such as offices, industry and public spaces. Our solutions are used to protect people, processes and products from harmful particles and gases.

QleanAir operates in EMEA<sup>1</sup>, APAC<sup>2</sup> and the Americas<sup>3</sup> with its corporate office in Solna, Sweden. Our main markets are Japan, Germany, the USA and Sweden, but we also operate in other European and Asian countries as well as several smaller export markets. In recent years, the importance of air quality in society has been emphasized by authorities around the world.

## Driving forces

There are several main drivers that govern market development for air cleaning in indoor environments. The main driver is our customers' need to ensure employee health, product quality and process efficiency. Customers also need to reduce energy consumption and increase profitability. We also see greater awareness of issues regarding the working environment, sustainability issues and the importance of clean air. Stricter air quality legislation and an increasing demand for buying clean air as a service are other driving forces.

## Tougher requirements and focus on working environment issues

In addition to the stricter legislation, companies are becoming increasingly aware of the importance of maintaining a high level of air quality in and in association with the workplace. As research has highlighted the importance of clean air in workplaces, companies

are now inclined to pay for solutions to protect employees, processes and products against air pollution.

## Increased demands for sustainable products and processes

Society's focus on sustainable products and processes is growing. At the same time, organizations' primary focus is to keep costs down and have a profitable business. Often, these go hand in hand. With clean indoor air, our customers can guarantee the quality and sustainability of their products. If the air is not filled with particles, thus leading to less downtime and more efficient processes, equipment works better and lasts longer and it also requires less power to operate. Overall, this benefits the demand for our solutions.

## Air quality legislation

Exposure to air pollutants is the biggest environmental threat to humans and leads to 7 million premature deaths each year<sup>4</sup>. No country in the world meets the WHO air quality standards for outdoor air. There is no legislation regarding most indoor environments. In Germany, new standards for air cleaners were already introduced in 2022 by the German engineering association VDI, which has contributed to an increased focus on air cleaning capacity, room turbulence, noise levels

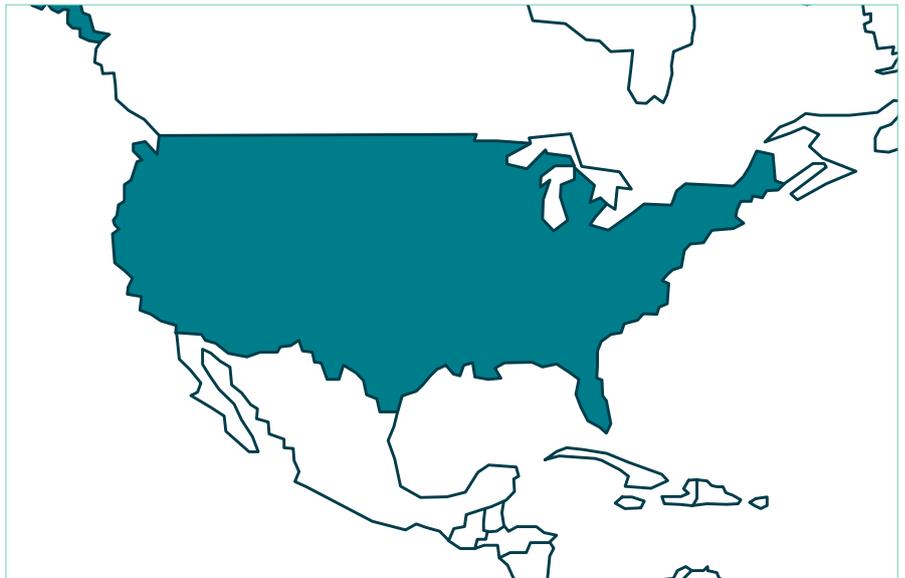
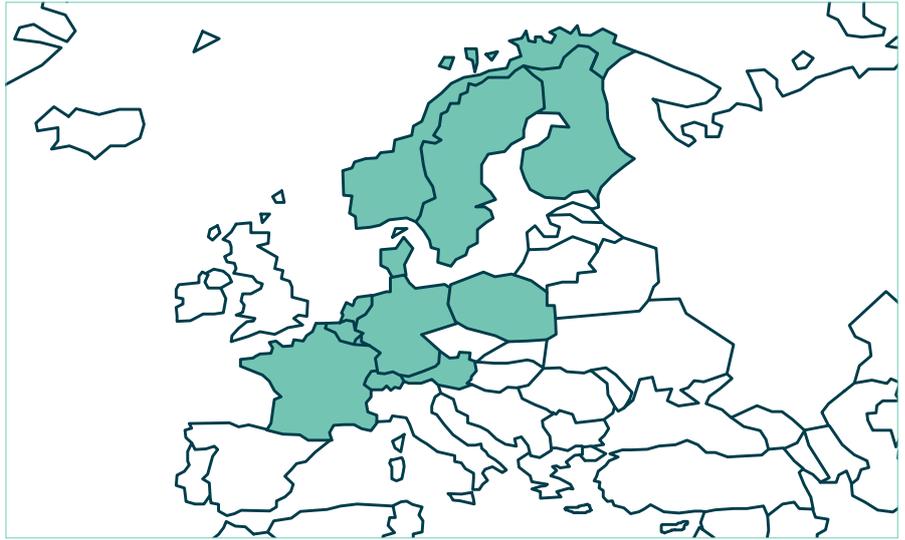
and end-user safety. QleanAir is one of the few companies that developed several air cleaners that meet the standards. WHO and other stakeholders are also working to develop stricter legislation in this area. Legislation within food and drug manufacturing, as well as drug preparation has a major impact on the demand for our products. The US Standard for Sterile Working Conditions in Drug Preparation<sup>6</sup>, which has historically driven significant growth in cleanrooms, was updated in 2022. The change came into effect at the end of 2023 and is expected to contribute to further growth going forward. Throughout 2023, the introduction of Japan's 2020 Health Promotion Act continued to drive demand for cabin solutions that meet the strict requirements.<sup>7</sup>

## Increased demand for clean air delivered as a service

A growing number of customers are demanding clean air delivered as a service: a single undertaking in terms of air quality, usually through long leases of air cleaning equipment. With comprehensive solutions, customers don't have to worry about air quality in the workplace and can focus on their core business instead. Clean air delivered as a service also means financial and functional flexibility to avoid large initial investment costs and increased flexibility in an ever-changing market climate.

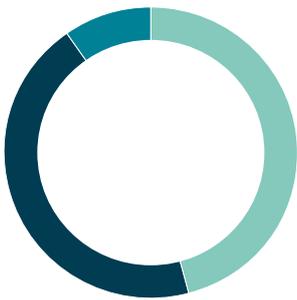


QleanAir operates in EMEA, APAC and the Americas.



### Geographical markets

QleanAir's different product categories have distinct end markets in different geographical regions, based on business climate as well as legal and cultural differences. Within each product category, QleanAir has several geographical focus markets: Germany, Japan, France and the Nordics in stand-alone air cleaners; the US and Sweden in cleanrooms; and Japan, Germany and France in cabin solutions.



	EMEA	MSEK 232
	APAC	MSEK 224
	Americas	MSEK 48

### Net sales by geography 2023

Total: MSEK 504

1. EMEA refers to Europe, the Middle East and Africa
2. APAC refers to Asia (excl. Middle East) and Oceania
3. Americas refers to North and South America
4. WHO
5. VDI, German Engineering Federation, VDI-EE 4300-14.
6. USP – New and revised compounding standards updated in 2022 and took effect in 2023
7. MHLW – Japan Ministry of Health Labour and Welfare

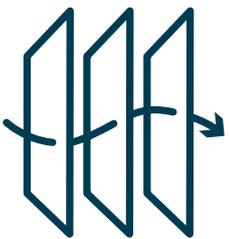


# Technology, products and services

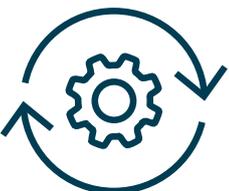
Most of our solutions use mechanical filtration in combination with automatic flow control. We deliver clean air as a service with a full service offer – which means that we can provide a lifetime performance guarantee.



Automatic flow control



Mechanical filtration



System efficiency



Service & maintenance

## Mechanical filtration

Our solutions use mechanical filtration, a technology where particles are filtered through fine, fibrous fabric. There are different types of mechanical particle filters suitable for different purposes and classified depending on the degree of separation according to the standards ISO16890 or EN1822 for Europe. Mechanical filtration often uses two or more filter stages. The aim is to increase safety, increase capacity and operational efficiency. The pre-filter is a coarser filter that traps large particles such as pollen and dust. Behind this is a finer filter that captures the smaller particles from, for example, combustion. The finer filters are usually EPA- or HEPA-classified according to standard EN1822, with a high guaranteed filtration efficiency that lasts over time. All HEPA filters are tested and certified individually to guarantee performance.

## Automatic flow control

The efficiency of an air cleaner is a result of airflow and filter capacity. As the filter fills with particles, the air resistance increases and the airflow decreases. QleanAir solves this by the fan automatically compensating for the increased resistance by gradually accelerating to deliver a constant airflow. When it is not possible to increase power further, it is time to change the filter. Whether the air cleaner has this function or not, it is important that there is a warning system for when the airflow becomes too low and the pressure drop across the filter too high, at which point it is time to change the filter.

## System efficiency

Another factor that determines the overall performance of an air cleaner is what we call system efficiency. In order for the filters to come into their own, a completely tight system and an airflow adapted to the filter are required, as the air takes the easiest path through the system. If there is a leak, the air cleaner contributes to the spread of untreated air, instead of the opposite. Our air cleaners have a third-party verified filtration performance equal to that of the filter, up to 99.995%, which is the best in the market according to our data.

## Low noise level

Our air cleaners have been designed to create a high airflow without disturbing noise or turbulence. We are one of the few companies that have air cleaners that meet the strict requirements of the German Engineering Federation (VDI) for air cleaners in schools and offices.

## Clean air as a service

We offer end-to-end solutions as a hassle-free service. Our service includes needs analysis, solution design, installation, regular service and maintenance, as well as our unique Lifetime Performance Guarantee. We also take care of dismantling, removal and waste management. We refurbish and reuse whole units and parts thereof. Non-functional parts are recycled and disposed of.

## Guaranteed air quality over time

Combined with our service offering, our technology allows us to guarantee the constant efficiency of our air cleaning solutions over time.



# Design & innovation



We depend on being able to offer competitive technical solutions to maintain our market position. The markets within our different product categories differ considerably, which means that the competitive situation varies. As important as it is that we ensure that our products maintain a high standard and good quality, it is just as crucial that we are innovative and ensure that our products create healthy environments for our users. Innovation is an important part of our growth strategy, and we have always worked closely with our customers to understand their needs and develop customized solutions.

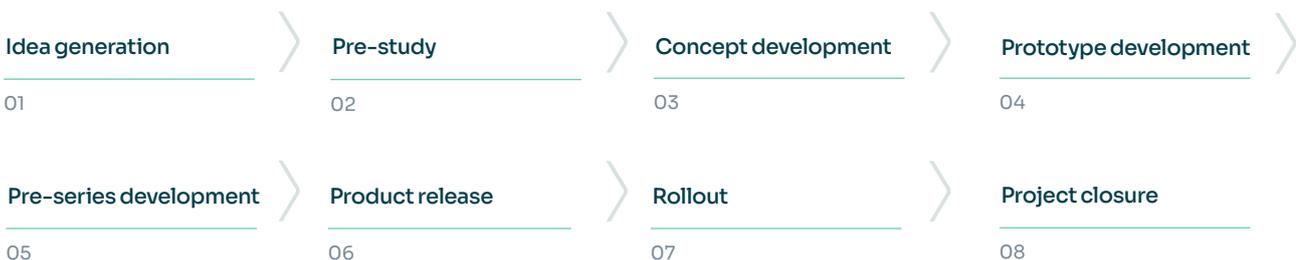
During 2023 we have focused on developing new solutions for clean zones. In close cooperation with our customers in the space industry, the solutions have been adapted to unique needs. This has allowed us to broaden our offering in the cleanroom segment.

Since 2023, we are part of a sustainability project with Linköping University and RE-think. The project is funded by the Swedish Energy Agency and runs until 2026/2027. We hope that the project will be able to further guide and improve our product development process and contribute to an even stronger sustainability focus going forward. It will also help us to measure and streamline our service and maintenance offering, which in turn further strengthens our circularity efforts.

In addition to product managers, we have our own product development department that works with continuous improvement of existing products and development of new ones. This allows us to maintain control over how the products are designed and produced, the materials used and what the composition of these should look like. We are aware that through our choice of materials we can reduce our

negative environmental impact, which is something that has become increasingly important in the development process. The same applies to work with energy-efficient solutions and low noise levels.

We have developed a product development process that defines the typical workflow when a product goes from idea to market launch. This is to ensure that we work with our product development in a structured way and that the customer can feel confident that our products are well thought out and worked through. Compliance issues are decentralized at QleanAir, as our product managers are responsible for identifying regulatory requirements and local customer needs during the product development process.





# Sustainability

Our entire business at QleanAir is focused on sustainability. Clean indoor air protects people, products and processes. Our business model is circular and we have located manufacturing facilities close to our main geographic markets. We work to be an attractive employer with a responsible value chain.



Environment



Social sustainability



Financial sustainability

### Products that create a more sustainable environment

Air pollution is the main environmental threat to human health, well-being and cognitive ability. Our solutions ensure a healthy and safe working environment in a wide range of indoor environments, from manufacturing industries to offices. Clean indoor air also ensures product quality and sustainability, irrespective of whether this relates to foodstuffs, technical components or medical equipment. Our solutions often lead to longer equipment life for customers, more efficient processes and reduced heating costs. Our cabin solutions protect against passive smoking and handle a quarter of a billion cigarette butts every year, which means that they do not poison the environment. Overall, our air cleaning solutions delivered 82 (71) billion cubic meters of cleaned air during 2023.

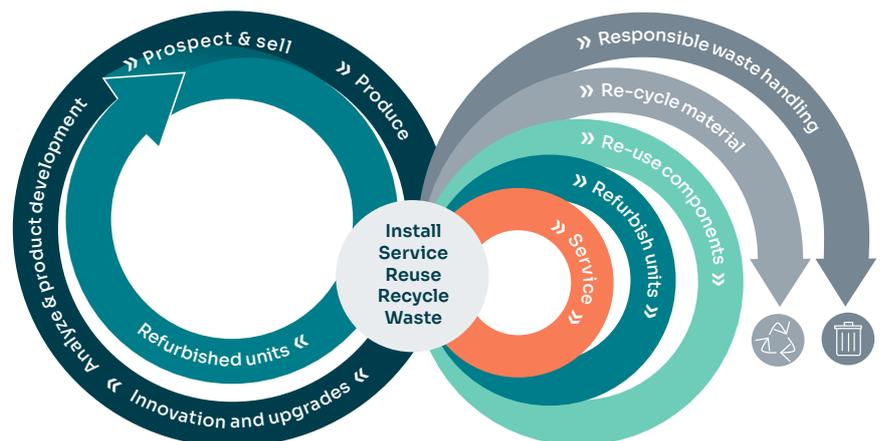
### Product quality

We constantly develop our products and engage in continuous dialogue with customers about their needs.

We also discuss how we contribute to their health, sustainability and efficiency. We believe product quality means that our products have a long service life and have a positive impact on our customers' air quality for a long time. We evaluate the quality of our products by measuring service life, how effectively they clean the air and the number of customer complaints and errors.

### Reuse and recycling

QleanAir's circular business model is based on leasing solutions with a full-service commitment and a lifetime performance guarantee. By restoring and reusing a large part of the material, we offer high-quality products while conserving resources and reducing our waste. Other materials are sorted and recycled. In Japan, a project to recycle the activated carbon and frames from used carbon filters has been running since 2021. In 2023, 6 tons of activated carbon and 1,022 filters were recycled.



The QleanAir cycle

### Waste disposal

Our cabin solutions ensure responsible disposal of cigarette butts and ash. Two out of three cigarettes are thrown onto the ground, thus contaminating water and soil. Cigarette butts are the most discarded waste in the world and account for around 767,000 tons of toxic waste every year.<sup>1</sup> In addition to thousands of harmful substances, such as arsenic, lead and cadmium, cigarette butts also contain plastic that remains in nature for hundreds of years in the form of microplastics.<sup>2</sup> During 2023, we ensured that 41 (41) tons of cigarette butts were collected in an environmentally friendly way instead of ending up in nature.

### Manufacturing and assembly close to end customers

As part of our sustainability strategy, we have chosen partners close to our main markets to reduce transport and environmental impact. We require our shipping agents to optimize their routes, choose environmentally friendly cars, prioritize ships or trains over road and air freight and they must be environmentally certified according to ISO 14001 or similar. During 2023 we have started collecting data to measure how much waste is created in manufacturing.

### An attractive employer

It is important for QleanAir to be an attractive employer and to build long lasting personal relationships with employees and partners. We offer security in employment and cooperation agreements, an inclusive, fair, diverse and equal working environment and continuous professional development. This includes working with meaningful tasks such as creating healthy environments for customers and reducing our own impact on the climate and the environment. During 2023 we measured the Employee Net Promoter Score (eNPS) for our entire global organization. This gave us a score of +42 which is good but we aim to get to the "very good/excellent" level which is +50 and above.<sup>3</sup>

### Business ethics and responsibility throughout the value chain

It is important for us to conduct business in an ethical manner and this also applies to our subcontractors. Our code of conduct describes our expectations of ethical and sustainable behavior and attitudes. The code supports the UN International Rules on Human Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and applies to all suppliers and partners, who are required to sign it when concluding a contract. We review our Code of Conduct annually to ensure that it is complied with and to check whether it needs to be revised. During the year, the entire organization took part in the UN e-learning program on anti-corruption.

QleanAir has a global operation and the value chain is dependent on third party suppliers for manufacturing, logistics and installation, service and maintenance. We place great responsibility and trust in our partners and suppliers to work continuously to minimize risks and misunderstandings. All strategic suppliers have signed our Supplier Code of Conduct. Our strategic suppliers regularly work on various local community initiatives, as well as on increasing the share of green energy in their production, including through using solar panels and collecting rainwater in large cisterns to be used for washing cars and logistics areas.

### CSRD – new EU legislation

We will be affected by the new EU legislation on corporate sustainability reporting within a few years. During 2024 we will therefore seek partners and data collection systems for this purpose. We will also analyze our value chain even more carefully. Key stakeholders will be contacted more frequently to gain greater understanding.

Since 2023 we are part of a sustainability project with Linköping University and RE-think. The project is funded by the Swedish Energy Agency and runs until 2026/2027.



82 (71) billion cubic meters of clean air 2023



34% (36) of withdrawn units were reused during the year<sup>4</sup>



41 (41) tons of cigarette butts collected in 2023

1. <https://www.earthday.org/tiny-but-deadly-cigarette-butts-are-the-most-commonly-polluted-plastic/>
2. <https://tobaksfakta.se/kampanj-om-mikroplast-i-cigarettfilter/>
3. eNPS is the internal equivalent of the Customer Net Promoter Score (NPS) which measures customer loyalty and was developed by Satmetrix, Bain & Company and Fred Reichheld.
4. The reuse rate: Installations of previously used installations/number of withdrawn installations

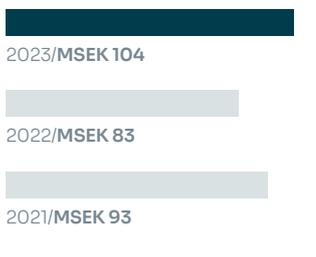


# Business areas

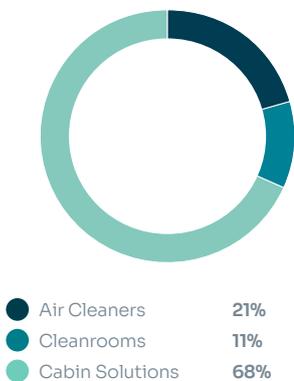
QleanAir's business is divided into three product categories: Air Cleaners, Cabin Solutions and Cleanrooms. Below is a description of each area.

## Air Cleaners

Air Cleaners include stand-alone air cleaning solutions that remove airborne pollutants in various environments. Especially in logistics, food, manufacturing and assembly industries that are often exposed to dust and particle pollution. Since the pandemic, offices, schools and the healthcare sector have also become important segments.



Net sales Air Cleaners



Share of net sales by product category 2023

During 2023, Air Cleaners accounted for around 21% of total net sales, compared to 18% in 2022. QleanAir works actively to increase sales of Air Cleaners through up-selling to existing customers, primarily in Cabin Solutions, but also by targeting specific industry segments.

solutions protect food from cross-contamination with ingredients and contaminants such as bacteria and mold. It also improves the working environment.

### Manufacturing industry

QleanAir's air cleaning solutions improve the working environment, ensure product quality, extend the life of equipment and contribute to more efficient processes in manufacturing industries such as metalworking and plastics. In manufacturing, we see the demand for cleaner air increasing due to stricter regulations and challenges in attracting and retaining staff.

### Assembly industry

QleanAir's air cleaning solutions improve the working environment, ensure product quality and contribute to more cost-effective production in the assembly industry. Product waste can be reduced and product quality is ensured in this customer segment in addition to improving the working environment for employees. The installations are highly customized

### Warehouses and logistics centers

The logistics market includes logistics, distribution and freight companies that conduct a large part of their operations in large facilities. Logistics operations tend to generate dust and other particles that are unhealthy for staff to breathe. Therefore, QleanAir has supplied these premises with stand-alone solutions that clean the air. In addition to protecting staff, they also keep products and equipment clean.

### The food industry

Companies that manufacture and distribute food products have stringent requirements for air quality and hygiene to ensure the shelf life and quality of food. QleanAir's stand-alone



and become an integral part of the production process. Increased focus on technical cleanliness, stricter air quality regulations drive this market segment.

### Healthcare

In healthcare, there are several different types of air quality challenges. These include airborne viruses, bacteria and fungal spores that risk infecting patients and staff, leading to human suffering but also high costs. Similarly, there are work environment challenges related to odors/gases and medicine handling. But there are also challenges in the form of limitations in suitable premises for different types of activities. With our air cleaning solutions, we can support healthcare in all these types of challenges.

### Schools and offices

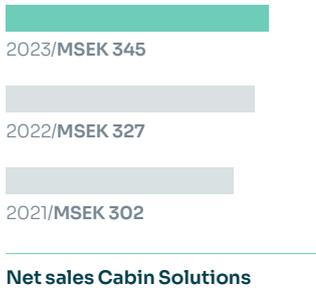
In schools and offices many people are crowded together and ventilation and air conditioning are often poor, leading to poor air quality. QleanAir's air cleaning solutions with antibacterial and antiviral HEPA 14 filters reduce the concentration of airborne particles and help create a better working environment, as well as reducing the risk of infection. QleanAir already sells smoking cabins in the office market, but since the corona pandemic, demand for the company's air cleaners from office customers has increased.





## Cabin Solutions

QleanAir's smoking cabins protect people from tobacco smoke and dispose of ashes and cigarette butts in a clean, safe and odorless way. The primary purpose of the cabins is to reduce the risk of passive smoking, thus helping to ensure a healthier working environment. Demand remains high in many parts of the world, in workplaces with long distances and in environments where people cannot go outside for safety reasons.



- Cabin Solutions 68%
- Air Cleaners 21%
- Cleanrooms 11%

**Share of net sales by product category 2023**



In 2023, QleanAir's original product category Cabin Solutions grew by more than 5% on a global basis. The product category represented approximately 68% of total net sales in 2023, compared to 72% in 2022. For Cabin Solutions, the largest sources of revenue are the Japanese and German markets, but there are also substantial sales in several other European countries. QleanAir's existing Cabin Solutions customer base has also been a good starting point for establishing the new product categories.

### End markets

Solutions within Cabin Solutions can be divided into four primary end

markets, consisting of Office, Industry and manufacturing, Public spaces and others.

### Offices

The office market in Japan is currently QleanAir's primary end market in Cabin Solutions due to their stringent legislative requirements banning outdoor smoking and high-efficiency requirements for indoor smoking stations. The cabins are mainly located close to workplaces and in common areas where they clean the air in the workplace, protect employees from passive smoking and ensure clean air in office environments.



### Industry and manufacturing

The industry and manufacturing market includes sales of cabins to industries and other manufacturing operations with high hygiene and safety requirements, such as the automotive industry, chemical plants, the food industry and marine segments. Cabins installed indoors in industry and manufacturing facilities mainly lead to a healthier working environment and reduce work interruptions from smoke breaks, resulting in increased efficiency in the workplace.

### High security facilities and institutions

In institutions and high-security facilities such as prisons, psychiatric care, government buildings and banks, it is impossible to go outside to smoke for security reasons. Instead of unhealthy smoking rooms, smoking cabins are installed to protect people from passive smoking.



### Transport & airports

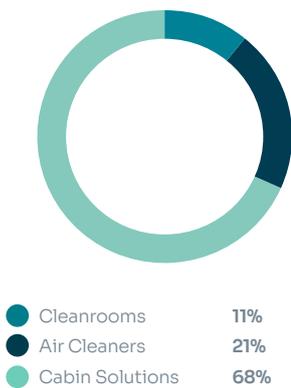
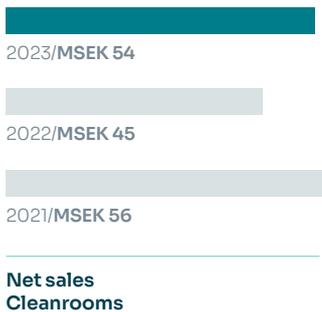
Public places like airports and train stations accounted for part of Cabin Solutions' installed base in 2023. Safe places to smoke are needed in these locations, as the buildings are often large in scale and security checks are also a factor. QleanAir is represented at Arlanda, Frankfurt, Cologne and Vienna.

### Hotels, casinos & restaurants

Hotels, casinos and restaurants account for part of QleanAir's installed base within Cabin Solutions. Smoking cabins are installed to keep customers and employees on the premises and to avoid contaminating the entrances. QleanAir's solutions are available in casinos in Sweden, France, Belgium and Germany.



## Cleanrooms



Share of net sales by product category 2023

The majority of the Cleanroom solutions are modular cleanrooms, which are in high demand in businesses that need a controlled environment. In Sweden, we mainly see a demand in the pharmaceutical industry, manufacturing industry, BioTech, MedTech, and Life Science. In the US, the strengthened requirements for pharmaceutical preparation in the pharmacy sector drive most of our business in the market.

In 2023, Cleanrooms accounted for approximately 11% of QleanAir's total net sales compared to 10% the previous year. Together with Air Cleaners, Cleanrooms were introduced with the aim of diversifying our portfolio of solutions. QleanAir works actively to increase sales in Cleanrooms by focusing on growth in Sweden and the US, which are currently the product category's largest markets.

### End markets

Our Cleanrooms solutions can be divided between the following end markets: hospital pharmacies, pharmaceutical compounding,

BioTech, MedTech, LifeScience and manufacturing, industries that are often subject to strict legal requirements regarding the number of particles allowed in the air (ISO 14644-1) and microbial growth (GMP).

### Drug preparation

Hospital pharmacies and other organizations that carry out the preparation and storage of pharmaceuticals must comply with existing laws and regulations for handling hazardous substances. Cleanrooms help to ensure the quality and sustainability of medicines and to protect staff and patients. These customers are mainly found



in the United States. The regulatory framework, USP 797, was updated in 2022, which is expected to drive a lot of new business in the US in the coming years. Several major contracts were signed in the US in 2023 with both private and public healthcare providers.

### Pharmaceutical manufacturing

In facilities where research, development and production of medicines take place, air quality is an important factor for the safety, quality and sustainability of the products as well as for the health of employees.

### BioTech, MedTech and Life Science

Organizations within BioTech, Life Science and MedTech need to be able to work in a strictly controlled environment to ensure the quality of their research results and products.

### Manufacturing industry

Companies that manufacture sensitive equipment such as electronics and optics often need a cleanroom to meet the requirements for technical purity. At present, these customers are primarily located in Sweden.



# Business model

QleanAir's business model is based on rental of stand-alone solutions that improve air quality in different indoor environments. The offering includes services such as installation, service, consultation, fault management and performance guarantee for the products, waste management and general indoor air quality testing.



## Rental and service agreements

QleanAir offers a complete solution that includes installation, service and performance guarantee (Rental with Performance Guarantee). The contracts usually run over a three-year period, after which the customer chooses whether to extend the current contract on an annual basis, or for another three years.

## Financing and rental

If the contract is not sold to a financing company, our solutions are rented on a contractual basis where quarterly payments are received from the customer, which guarantees a steady annual revenue flow and a good overview of future revenue streams.

QleanAir's business is integrated throughout the value chain through the installation and management of units in customers' premises. Installation, service and maintenance are provided by local suppliers working in the name of QleanAir, according to prescribed instructions and methods.

The rental model entails benefits for both the customer and QleanAir. The customer leaves the work of cleaning the air in their premises to us and can instead focus on their core business. Through our solutions, we take full responsibility for delivering a constant air cleaning result over time. In addition, our solutions meet the requirements for a range of certifications that emphasize the products' good performance and safety.

To ensure a continued low capital formation and good cash flow in connection with delivering services to the customer, we intend to continue to sell a large part of the leases to external financing companies. In 2023, these represented approximately 26% of QleanAir's revenue. 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. At the same time, the rental and service agreements we keep on our own books generate recurring revenue. In 2023, recurring revenue represented 61% of the company's total revenue.



## Customer Case: Dennree Group (Germany)

# Cleanroom-like conditions in Dennree's production facility with QleanAir air cleaners

### About Dennree Group

Founded: 1974, with a strong tradition of organic quality.

Business operations: A leading wholesaler and retailer of organic food and cosmetics.

Presence in over 380 locations in Germany and Austria.

Employees: More than 7,500.

Solutions from QleanAir: Several FS 70 stand-alone air cleaners installed for air cleaning in production.



As a leading wholesaler and retailer of organic food, quality and sustainability are high priorities for the Dennree Group. To improve air quality in production, especially where cheese is packed, they installed air cleaners from QleanAir. The results exceeded Dennree's expectations.

"Our cooperation with QleanAir has been smooth, solution-oriented and efficient."

Dennree Group is a leading German wholesaler and retailer of organic food and cosmetics with its registered office in Töpen. The company is well known for its dairy products, with a range of over 14,000 items from strictly organic farming. Through its extensive logistics network, Dennree delivers products to more than 1,200 organic stores in Germany, Austria, Luxembourg and South Tyrol.

### The challenge: Ensuring product quality and a healthy working environment

With a focus on quality and sustainability, Dennree aimed to improve air quality in production, especially where cheese is packed. The aim was to remove airborne bacteria without generating by-products such as ozone, which can be harmful to both humans and food.

**The solution: Air cleaners from QleanAir**

After a thorough search process and initial testing with QleanAir, results were achieved that not only met but exceeded Dennree's expectations. Despite challenging conditions such as handling different types of blue cheese and proximity to storage areas, QleanAir's solutions were able to deliver cleanroom-standard air quality. This also resulted in a significant improvement in the working environment for Dennree employees, while effectively filtering fine particles – potential carriers of airborne bacteria – from the air.

**A hassle-free solution for air cleaning**

Dennree uses QleanAir's FS 70 air cleaner to address various challenges; both to ensure clean air in the production area, but also to protect staff from passive smoking where employees take smoke breaks. By renting air cleaners from QleanAir, Dennree stays up to date with the latest technology and complies with applicable fire safety and health and safety standards.

**Smooth, solution-oriented and effective cooperation**

- Our cooperation with QleanAir has been smooth, solution-oriented and efficient. We are very pleased with the results and can highly recommend QleanAir as a partner to anyone who values a clean and healthy working environment," says Peter Herz, Head of Technology and Occupational Safety at Dennree.





## Customer Case: Toray Industries K.K. (Japan)

### About Toray Industries K.K.

Founded: 1926 by Mitsui Bussan.

Business operations: Fiber business, plastics and chemicals, information and communication materials and equipment, carbon fiber composites, environment and technology, life sciences.

Multinational corporation with corporate office in Tokyo, Japan.

Employees: Approximately 7,200

Solutions from QleanAir: Three SF Forum and one SF 6000, installed in the office areas of the corporate office to manage cigarette smoke.

# Improving the working environment and saving space in the premises

Leading Japanese industrial group Toray Industries K.K. takes its social responsibility very seriously. By investing in QleanAir smoking cabin, they create a better working environment. A solution that has many benefits.



Toray Industries K.K., with corporate office in Tokyo, is a multinational corporation operating in a wide range of industrial sectors. Initially focused on fibers, textiles, plastics and chemicals, the business also includes pharmaceuticals, biotechnology, research and development, medical devices, electronics, IT, engineering and advanced composite materials.

### The challenge: Odor leakage and visible dirt

Following a relocation of the company's Tokyo office, Toray Industries worked for nearly a decade to implement various measures to reduce the negative effects of employees smoking inside the office space. The company installed partitions, air conditioning solutions and adapted the ventilation system. However, operational limitations of the building's air conditioning system and inadequate ventilation equipment led to problems such as odor leakage and visible dirt accumulation on interior surfaces of the building. This compromised the well-being of both smokers and non-smokers in the workplace.

"Problems with odor leakage and interior staining were effectively addressed."



**The solution: QleanAir smoking cabins**

In connection with these challenges, the company embarked on a renovation project of its office space. QleanAir's contact person at the General Affairs Department had previously seen QleanAir's high-performance and odorless smoking cabins in a hotel common area and got permission from the company to make a test installation of one unit. Getting internal approval had not been easy and initially there were doubts from project stakeholders as to whether QleanAir's cabin solutions could be effective compared to a smoking room.

However, a post-installation evaluation

yielded positive results and found that problems with odor leakage and internal staining had been effectively addressed.

**A noticeable improvement in the working environment**

The installation of the smoking cabins not only solved the problem of odor leakage and resulted in cleaner surfaces, it also helped to make better use of the space in the premises. With the installation of the cabins, spaces that were previously exclusive to smokers could be turned into spaces where both smokers and non-smokers could interact. In addition, the smoking cabins helped to prevent cigarette odor from lingering in the premises and

counteracted problems with passive smoking.

"Previously, we had smoking rooms which did not solve the problems, despite investments in the rooms to prevent smoking-related problems. Therefore, after the installation of the smoking cabins, we decided to dismantle existing smoking rooms in every office renovation and replace them with QleanAir smoking cabins," explains QleanAir's contact person at Toray Industries.

The positive effects observed after the first installation have led to further installations, which has contributed to an improved working environment.



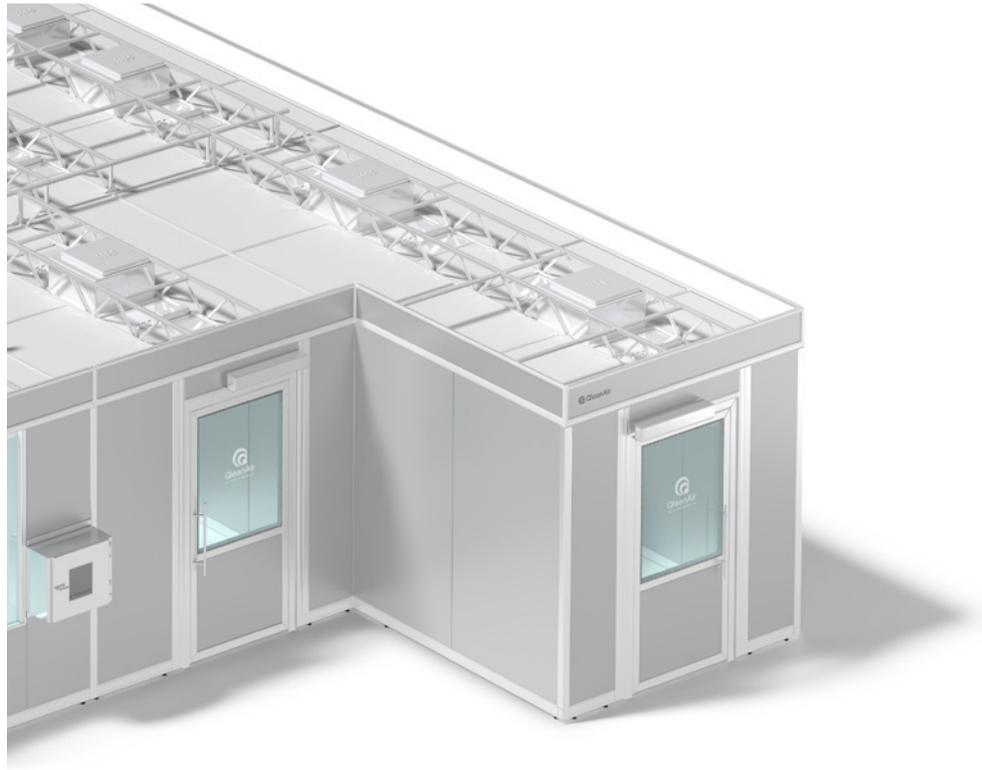
## Customer Case: UC Davis Health (USA)

### About UC Davis Health

UC Davis Health is a large healthcare organization in Northern California and a branch of the University of California with over 294,000 students.

With over 11,600 employees, the institution is a major actor in the Sacramento region and in California.

Solutions from QleanAir: A 190 square meter cleanroom, tailor-made for handling sterile medicines.



## UC Davis Health chooses QleanAir as a partner for the construction of a new cleanroom

"We are proud to be trusted to provide a high quality and reliable cleanroom for UC Davis."

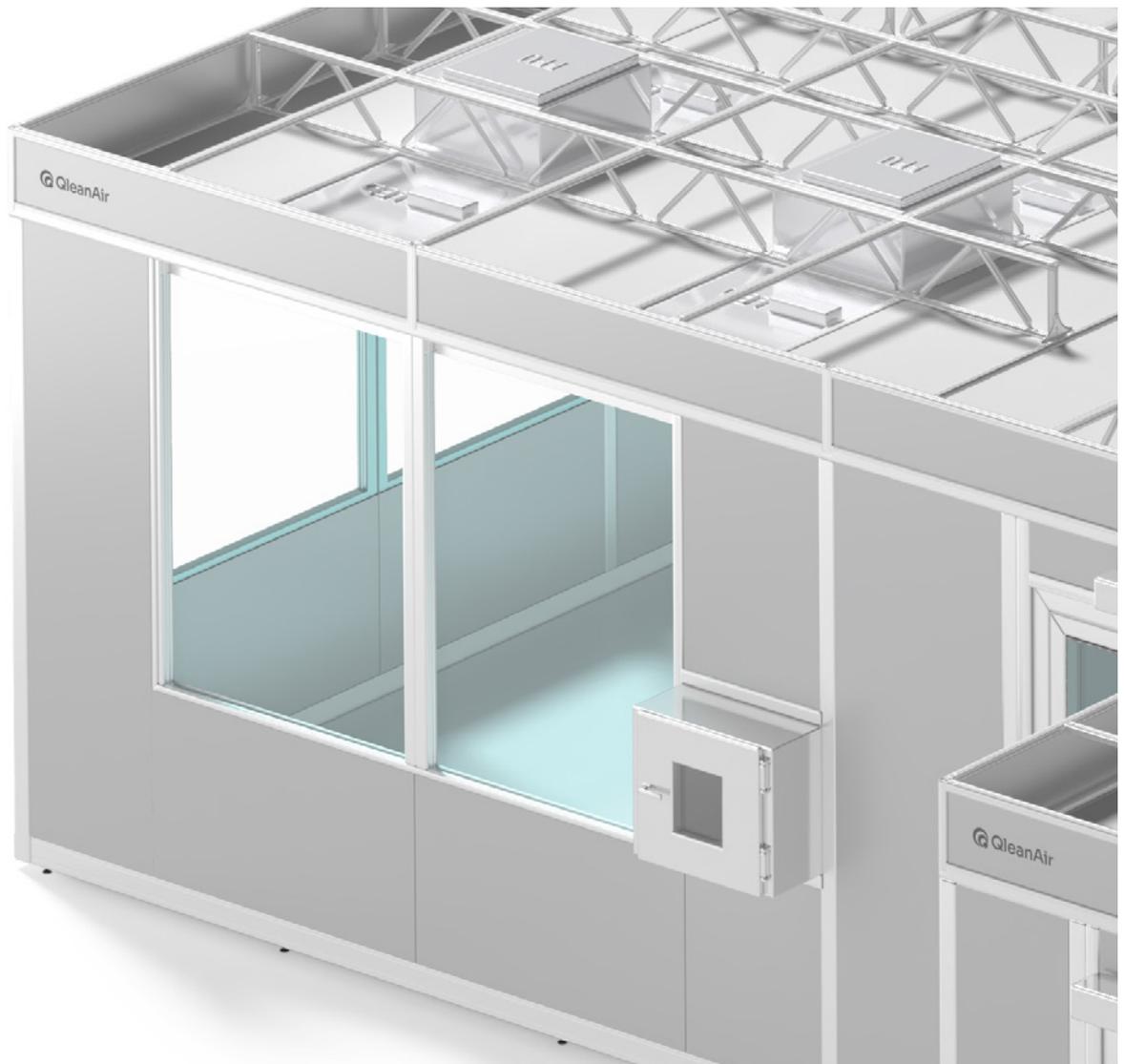
Zachary Douglas,  
President, QleanAir USA.

UC Davis Health is a large research university healthcare system in northern California affiliated with the University of California. When UC Davis's pharmacy services department was looking for a new cleanroom solution for infusions, sterile preparation and storage of products, they came into contact with QleanAir. With the new cleanroom from QleanAir, they can ensure that infusions, drug preparation and storage take place efficiently and safely, for the benefit of both patients, customers and employees.

In early 2020, UC Davis Health's Department of Pharmacy Services began plans for a new facility. The goal was to create a central hub for their home infusion network as well as a place for infusions.

### Cooperation with QleanAir

In 2022, UC Davis Health decided to partner with QleanAir to realize its vision of a cleanroom. Working closely together, UC Davis Health and QleanAir



designed a 190 square meter room tailored for sterile compounding and storage of products. Through the project, UC Davis Health has invested in a solution built with special consideration for seismic challenges, with the latest cleanroom technology and with flexibility for future cleanroom expansion and configuration needs.

### The starting point for further cooperation

In 2023, the cleanroom at UC Davis was completed. It marks the beginning of a continuing collaboration in which QleanAir continues to build additional cleanrooms for UC Davis, with opportunities extending to other branches of the University of California. The partnership symbolizes a milestone in the development of safer and more

efficient healthcare environments and a future where collaboration leads to innovation and improved patient care.

### The importance of partnerships

The close collaboration between QleanAir and UC Davis Health during the development of the new cleanroom has been crucial to the success of the project and to ensure a high quality and safe environment for both patients and staff. This project is a clear example of UC Davis Health's commitment to being at the forefront of medical research and patient care.

"We are proud to be trusted to provide a high quality and reliable cleanroom for UC Davis Health to protect patients, employees and processes," says Zachary Douglas, President, QleanAir USA.

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The pictures are conceptual images of QleanAir's cleanrooms.

02

# Director's report





For more than 30 years, QleanAir has been developing innovative air cleaning solutions that create healthy indoor environments for people, products and processes by controlling air quality. With unique specialist expertise, high-quality products, market-leading service and a lifetime performance guarantee, we can offer efficient and customized solutions that deliver clean air over time. The product portfolio consists of solutions for cleaning tobacco smoke and thus protecting against passive smoking, stand-alone air cleaners and modular cleanrooms. QleanAir is a Swedish company with its corporate office in Solna. We operate in B2B in EMEA, APAC and the Americas and continue to grow.

The Board of Directors and the President of QleanAir AB, CRN 556879-4548, hereby submit the annual and consolidated accounts for 2023.

**The nature and focus of the business**

For more than 30 years, QleanAir has been developing innovative air cleaning solutions that, by controlling air quality create healthy indoor environments for people, products and processes.

With unique specialist expertise, high-quality products, market-leading service and a lifetime performance guarantee, we can offer efficient and customized solutions that deliver clean air over time.

The product portfolio consists of solutions for the cleaning of tobacco smoke and protection against passive smoking, stand-alone air cleaners and modular cleanrooms.

QleanAir is a Swedish company with its corporate office in Solna. We operate in B2B in EMEA, APAC and the Americas and continue to grow.

**Research and Development**

QleanAir's research and development department maintains a close dialogue with customers to continuously identify development opportunities for Qlean Air's products and services. The strategic work consists partly of identifying new products and partly of improving existing products and product portfolios. In 2023, we have seen continued strong growth in demand for air cleaning as awareness of the importance of clean air increases. At an early stage of the pandemic, we launched HEPA-14 variants of our existing products in Air Cleaners to meet the need to reduce virus levels with safer environments as a result.

Development work is also conducted through close collaboration with QleanAir's suppliers. QleanAir has developed an eight-step process for product development that details the typical workflow when a product goes from idea to market launch. QleanAir strives to identify patentable technical solutions, products, product details and functions in its own products, and if possible, to patent these. During





2023, approximately MSEK 4.3 (5.7) has been capitalized as proprietary intangible assets.

### Significant events during the financial year

An extraordinary General Meeting was held on March 9, 2023. A decision was taken on an incentive scheme for the CEO. The maximum dilution is 445,776 shares. The Annual General Meeting was held on May 10, 2023. Among other things, a decision was made on a new incentive program for senior executives. The maximum dilution is 237,500 shares. An extraordinary General Meeting was held on November 14, 2023. A partially new board was elected. During 2023, QleanAir has published a number of press releases regarding, among other things, new orders. For more information see our website [www.qleanair.com](http://www.qleanair.com).

### 2023 press releases

- Study shows QleanAir air cleaners remove over 95% of virus particles in 10 minutes
- QleanAir made a preannouncement of results for the fourth quarter of 2022 as results deviate negatively from market expectations
- QleanAir launches a new quiet and energy efficient air cleaner, the FS 35, which meets tough quality requirements
- An extraordinary general meeting has been held in QleanAir AB where a long-term incentive program for the CEO was decided upon.
- QleanAir received information that Qevirp 41 Ltd. has reduced its ownership. The new major shareholder is Staffan Persson (Swedia Capital) with 12.5% of the votes and capital. After the sale, Qevirp 41 Ltd (Priveq) controls 10.9% of the shares and votes in the company before dilution.
- QleanAir signs new USD 503,000 contract with a major healthcare system for a cleanroom on the East Coast of the US.
- QleanAir delivered 6.86 billion cubic meters of purified air at the end of the second quarter.
- QleanAir in the US signs three new cleanroom contracts within two days for a total value of approximately USD 510,000.
- Via Swedia Capital, Staffan Persson bought an additional one million shares in QleanAir while Qevirp 41 Ltd (Priveq) has now sold its entire holding.
- QleanAir signs a second contract with the German space industry for a new air cleaning solution
- QleanAir Japan signs a large order for high performance air cleaners with a fruit and vegetable distribution and processing company.
- UNC Health signs framework agreement with QleanAir Scandinavia Inc in the US to provide consulting services for pharmacies.
- QleanAir had delivered 6.96 billion cubic meters of clean air by 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.

The war in Ukraine and the situation in the Middle East have only had a limited impact on QleanAir's operations. These factors have meant that investment decisions by some of our customers have taken longer than normal due to the prevailing uncertainties.





## Significant events after the end of the financial year

QleanAir delivered 7.21 billion cubic meters of purified air at the end of the fourth quarter

## Ownership

QleanAir AB is listed on the Nasdaq First North Premier Growth Market.

### The company's ten largest shareholders as of December 31, 2023

Staffan Persson (Swedia Capital)	26.5%
Avanza Pension	9.1%
Nordnet Pension	7.7%
Calandrella Ltd	6.6%
Fredrik Palmstierna	5.2%
Life insurance limited company Skandia	4.6%
CB LDN Citibank	2.0%
Frontier Liquidity Oy	1.8%
SEB Life Assurance, Ireland	1.5%
Sebastian Lindström	1.4%
Total, ten largest shareholders	66.5%

Public trustee list as of December 31, 2023, Euroclear.

## Expected future development

The past year has been challenging with geopolitical and macroeconomic uncertainties. We depend on open markets to conduct our business in an optimal way. At the same time, we see that the increased awareness of the need for clean indoor air continues to lead to an increased demand for advanced air cleaning, which is something that benefits our business, in the short, medium and long term. Priorities for 2024 are to continue to grow our Cabin Solutions business in Japan and Europe. We see that the demand for Air Cleaners in industry, warehouses, logistics, offices and public places is positively affected by the increased demand for clean air. We see growth in Europe and Japan. Furthermore, the ambition is to achieve higher profitable growth with Cleanrooms in the US.

## Financial goals

QleanAir has the following financial goals:

- Growth: the company's goal is to achieve an average annual organic sales growth of approximately 10% in the medium term.
- Profitability: the company's goal is to achieve an EBIT margin of 15–20% in the medium term.

- Dividend policy: the company's goal is for between 30–50% of the profit for the year to be paid out as dividends. The proposed dividend must consider the company's long-term development potential.

## Significant risks and uncertainty factors

### Legislation

QleanAir is subject to risks related to legislation regarding protection against passive smoking. QleanAir's solutions are used, among other things, to protect people from passive smoking by capturing and filtering the particles and gases released during smoking. The jurisdictions in which QleanAir operates have different levels of legislation and regulations regarding protection against passive smoking, which means varying conditions for the company to market and sell its products in each market.

### Suppliers

QleanAir is dependent on third-party suppliers for manufacturing, assembly and logistics, as well as installation, service and maintenance and is subject to risks related to this. QleanAir outsources manufacturing, assembly and logistics to suppliers and partners in Sweden, Germany, Poland and China. Installation, service and maintenance are outsourced to external service partners in the local markets, who represent QleanAir to customers. If suppliers do not meet their commitments, this could have a negative impact on our business.

### Regulations

QleanAir is subject to risks related to air quality regulations and standards. If QleanAir's products no longer comply with the requirements of applicable regulations or standards, and QleanAir fails to adapt the products accordingly, or should rules and standards be further changed, there is a risk that the company's operations would be adversely affected.

### External financing

QleanAir relies on external financing companies to maintain a low capital tie-up. Failure of such collaborations could have a negative impact on the company's operations and financial position.

## Cost situation, interest rates and currencies

QleanAir is exposed to global and regional cost situations, to interest rate developments and currency market movements. For further information, see note 25.

## Guidelines for senior executives

In summary, the basic principle applies that remuneration and other terms of employment for senior executives shall be market-based and competitive to ensure that the group can attract and retain competent senior executives at reasonable costs for the company. For a further description of guidelines for remuneration to senior executives, see the company's Note 17 Remuneration to employees, and the corporate governance report on page 80.

## The work of the Board

The Board appoints the CEO. The division of the Board's and the CEO's responsibilities and powers can be found in the Board's rules of procedure, which are established annually, as well as the Board's instructions to the CEO. The Board meetings follow the adopted rules of procedure which determine the items on the agenda that are fixed and those that may vary. The Board convenes regularly following a schedule laid down in the rules of procedure, which includes some fixed decision-making points, as well as other decision-making points as necessary.

The Board has not currently established an Audit Committee or a Remuneration Committee as the Board has not found it appropriate given its size.

## Corporate governance report

As a listed company on First North Premier Growth Market, the group is obliged to comply with the Swedish Corporate Governance Code. Accordingly, a Corporate Governance Report has been prepared, which is presented on page 80 of this document.

## Sustainability

Environmental issues, social responsibility and working environment issues have been QleanAir's focus since its inception over 30 years ago. Our air cleaning solutions create a healthy and safe working environment, ensure product quality and sustainability and contribute to more efficient processes and increased productivity. 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. Since 2015, the

Group has quantified the amount of cleaned air per hour on an ongoing basis. For more information, see [www.qleanair.com](http://www.qleanair.com).

### Activities in Sweden and abroad

The QleanAir Group operates in Sweden and abroad through wholly owned subsidiaries in Sweden, Japan, USA, Germany, Holland, France and China. The subsidiary QleanAir Scandinavia AB also operates through branches or representative offices in Norway, Denmark, Finland, Germany, Belgium, the Netherlands, Austria, France, Switzerland and Poland. Markets in, for example, the Middle East and South Korea are handled through distributors.

### Financial overview of the Group

Revenue for the full year amounted to MSEK 503.5 (455.2), an increase of 10.6%. Currency-adjusted organic growth was 8,3%. For the full year

2023, operating profit amounted to MSEK 64.1 (28.6). The adjusted operating profit amounted to MSEK 66.7 (49.8). The adjusted operating profit in 2023 has been adjusted with non-recurring items attributable to an organizational change MSEK 2.6 (21.2). For the full year, cash flow from operating activities amounted to MSEK 62.6 (29.7). Cash at the end of the period, excluding available overdraft facilities, amounted to MSEK 56.9 (67.0). Net interest-bearing liabilities amounted to MSEK 160.1 (184.2) excluding rental liabilities, which are now reported as interest-bearing liabilities. The improved operating profit in 2023 is mainly due to a higher revenue and lower external costs. Cash flow has improved during 2023, mainly due to an increase in operating profit.

The increase in right-of-use assets in 2023 is mainly attributable to the extension of the rental contract for the corporate office in Solna.





In 2023, cash flow from investing activities amounted to MSEK –23.8 (–28.3). The investments mainly relate to units that are owned by QleanAir and rented out to customers.

In 2023, net financial items amounted to MSEK –8.4 (–7.8). The full-year deterioration is mainly due to higher market interest rates.

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).

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).

### 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.

### Parent company

The company owns and administers shares in subsidiaries and provides management and consulting services in connection therewith. Revenue for the parent company for the full year January–December 2023 amounted to MSEK 10.2 (10.2). Profit for the period was MSEK 17.8 (–21.4). The improved result is due to a higher Group contribution in 2023. QleanAir AB, with company registration number 556879–4548, is a Swedish limited liability company with its registered office in Solna, Sweden.

### Multi-year comparison (for the Group)

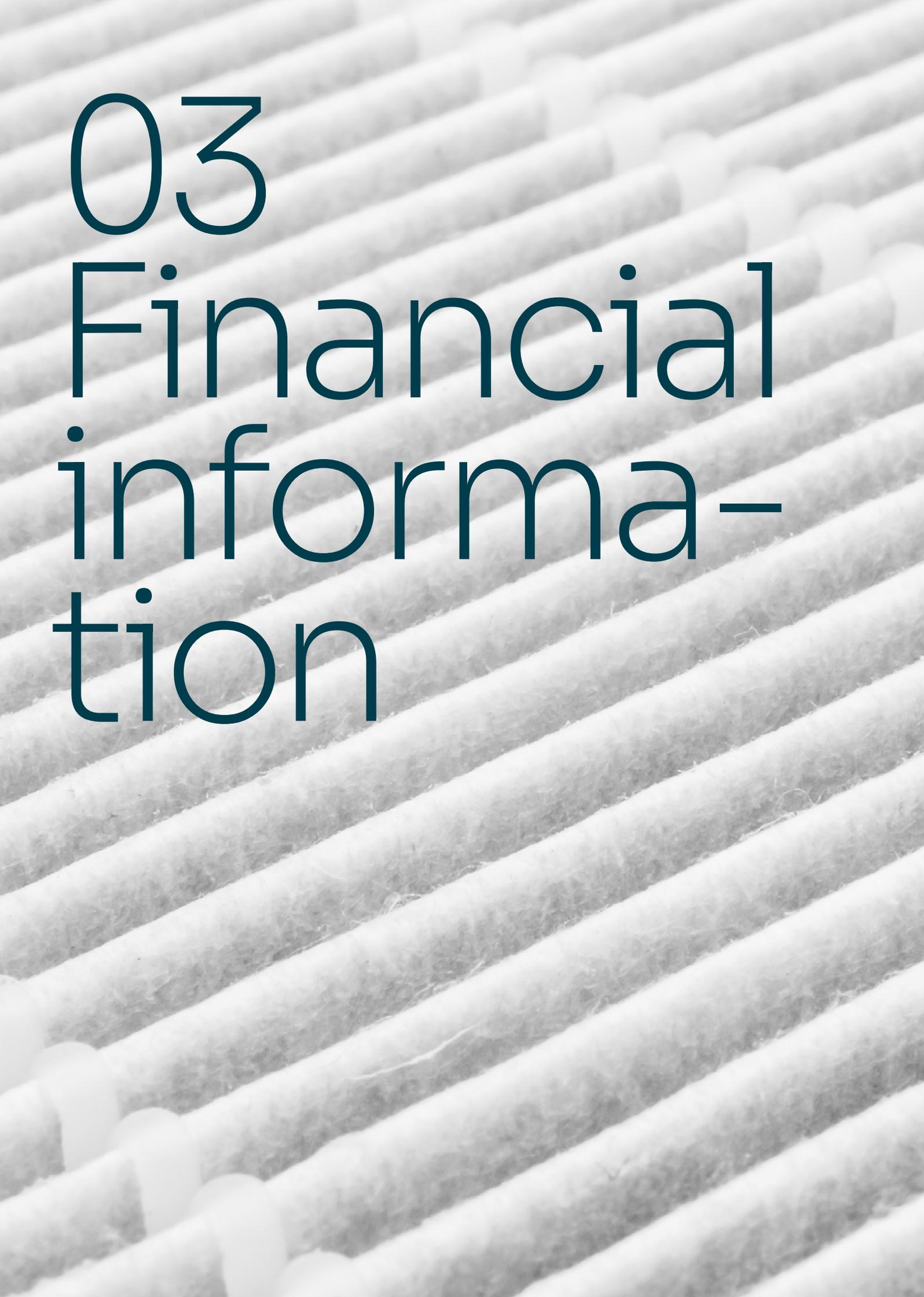
		2023	2022	2021	2020
Net sales	TSEK	503,518	455,172	450,576	492,970
EBITDA	TSEK	97,470	59,780	112,437	123,749
EBIT	TSEK	64,067	28,578	83,397	95,038
Profit after financial items	TSEK	55,700	20,781	75,543	85,618
Balance sheet total	TSEK	662,047	647,724	610,813	585,161
Number of employees	(total)	109	117	108	106
Equity ratio, subordinated loans from shareholders as equity	%	33%	28%	32%	27%
Order intake	TSEK	395,378	407,625	356,282	310,496

For definitions and additional key figures, see pages 87–89 under Condensed financial information.

### Allocation of profits (SEK)

The following profit is at the disposal of the Annual General Meeting				
Retained earnings		55,078,937		
<b>Profit/loss for the year</b>		17,820,016		
		<b>72,898,953</b>		
The Board and the CEO propose that available profit of SEK 72,898,953 is allocated so that:				
A dividend of SEK 0.60 per share is proposed distributed to shareholders		8,915,520		
Carried forward		63,983,433		
		<b>72,898,953</b>		

Regarding the parent company's and the group's earnings and financial position, refer to the following income statement, balance sheet, cash flow statements and accompanying information. All amounts are expressed in TSEK, unless otherwise stated.

The background of the image is a close-up, slightly angled view of corrugated cardboard. The ridges of the cardboard run diagonally from the top-left towards the bottom-right. The color is a light, off-white or light grey. Overlaid on this background is the text '03 Financial information' in a dark teal or blue-green color. The text is positioned in the upper-left to center area of the image.

03

Financial  
information



## Consolidated income statement

TSEK	Note	2023	2022
Net sales	5	503,518	455,172
<b>Total income</b>		<b>503,518</b>	<b>455,172</b>
<b>Operating expenses</b>			
Merchandise	12	159,480	-144,154
Other external expenses	17.4	111,974	-119,188
Costs for remuneration to employees	17	134,095	-132,050
Depreciation and impairment on tangible and intangible non-current assets	7, 8, 9	33,403	-31,202
Other operating expenses		-498	0
<b>Operating income</b>		<b>64,067</b>	<b>28,578</b>
Interest expenses and similar profit/loss items	19	17,879	-11,403
Interest income and similar profit/loss items	19	588	392
Other financial income and expenses	20	8,924	3,214
<b>Profit before tax</b>		<b>55,700</b>	<b>20,781</b>
Tax on profit for the year	21	-12,528	-3,626
Deferred tax	11.21	194	-3,864
<b>Profit/loss for the year</b>		<b>43,366</b>	<b>13,291</b>
Profit per share before dilution, SEK	16.4	2.92	0.89
Profit per share after dilution, SEK	16.4	2.92	0.89
<b>Profit/loss for the year</b>		<b>43,366</b>	<b>13,291</b>
Translation difference for the year relating to foreign subsidiaries	16	-12,338	-607
<b>Profit for the year</b>		<b>31,028</b>	<b>12,684</b>
<b>Comprehensive income for the year attributable to:</b>			
Parent company shareholders		31,028	12,684
Non-controlling interests		0	0
<b>Net profit for the year</b>		<b>31,028</b>	<b>12,684</b>



## Consolidated balance sheet

### Assets

TSEK	Note	2023-12-31	2022-12-31
<b>Intangible non-current assets</b>			
Capitalized development costs	7	13,214	13,485
Goodwill	6	343,704	343,704
		356,917	357,189
<b>Tangible non-current assets</b>			
Right-of-use assets	9	29,254	9,523
Leased equipment	8	45,834	47,781
Equipment	8	3,948	5,671
		79,036	62,975
<b>Financial assets</b>			
Deferred tax assets	11	69	619
		69	619
<b>Total non-current assets</b>		436,022	420,783
<b>Current assets</b>			
Goods in stock	12	60,482	59,947
		60,482	59,947
<b>Current receivables</b>			
Accounts receivable	10, 13	40,417	26,921
Current tax receivable		-	16
Other receivables		9,689	8,170
Prepaid expenses and accrued income	15	58,552	64,931
		108,658	100,039
Cash and cash equivalents	10, 14	56,885	66,956
<b>Total current assets</b>		226,025	226,942
<b>Total assets</b>		<b>662,047</b>	<b>647,724</b>

### Equity and liabilities

TSEK	Note	2023-12-31	2022-12-31
<b>Equity</b>			
	16		
Share capital		7,430	7,430
Other paid-in capital		120,894	120,602
Reserves		-18,249	-5,910
Appropriated earnings		61,855	48,564
Profit/loss for the year		43,366	13,291
<b>Total equity</b>		215,295	183,977
<b>Provisions</b>			
Deferred tax liability	11	3,245	3,987
		3,245	3,987
<b>Non-current liabilities</b>			
Liabilities to credit institutions	10	144,375	170,546
Non-current lease liabilities	9	22,136	2,723
		166,511	173,269
<b>Current liabilities</b>			
Liabilities to credit institutions	10	26,171	26,171
Overdraft facility	10	46,441	54,573
Current lease liabilities	9	7,420	7,057
Accounts payable	9	38,357	35,842
Tax liabilities		9,166	1,204
Other current liabilities		20,083	21,698
Contractual liabilities and other liabilities	18	129,358	140,046
		276,996	286,491
<b>Total equity and liabilities</b>		<b>662,047</b>	<b>647,724</b>



## Consolidated statement of changes in equity

TSEK	Note	Share capital	Other paid-in capital	Reserves	Appropriated earnings	Total equity
<b>2023</b>	16					
<b>Opening balance as of 2023-01-01</b>		7,430	120,602	-5,910	61,855	183,977
Warrants paid-up/payable		-	291	-	-	291
Dividends		-	-	-	-	0
Profit/loss for the year		-	-	-	43,366	43,366
Other comprehensive income		-	-	-12,338	-	-12,338
<b>Closing balance 2023-12-31</b>		<b>7,430</b>	<b>120,886</b>	<b>-18,249</b>	<b>105,220</b>	<b>215,295</b>
<b>2022</b>	16					
<b>Opening balance as of 2022-01-01</b>		7,430	121,116	-5,304	70,853	194,094
Warrants paid-up/payable		-	-513	-	-	-513
Dividends		-	-	-	-22,289	-22,289
Profit/loss for the year		-	-	-	13,291	13,291
Other comprehensive income		-	-	-606	-	-606
<b>Closing balance 2022-12-31</b>		<b>7,430</b>	<b>120,602</b>	<b>-5,910</b>	<b>61,855</b>	<b>183,977</b>



## Consolidated cash flow statement

TSEK	Note	2023	2022
Operating income		64,067	28,578
Adjustments for non-cash items	22	41,056	27,383
		105,123	55,961
Income tax paid		-4,343	-8,094
Interest received		588	392
Interest paid		-16,550	-10,074
<b>Cash flow from operating activities before changes in working capital</b>		<b>84,818</b>	<b>38,184</b>
<b>Cash flow from changes in working capital</b>			
Decrease (+)/increase (-) of goods in stock		4,190	-14,619
Decrease (+)/increase (-) in trade receivables		-14,578	3,291
Decrease (+)/increase (-) in receivables		9,319	-16,885
Decrease (-)/increase (+) in current liabilities		-16,641	20,807
Decrease (-)/increase (+) in accounts payable		3,921	-1,047
<b>Cash flow from current operations</b>		<b>62,650</b>	<b>29,731</b>
<b>Investment activities</b>			
Acquisition of tangible non-current assets	8	-19,505	-22,623
Acquisition of intangible non-current assets	7	-4,285	-5,670
<b>Cash flow from investing activities</b>		<b>-23,790</b>	<b>-28,294</b>
<b>Financing activities</b>			
Borrowings	10	-	54,473
Amortization of lease liabilities	9	-10,996	-12,062
Amortization of liabilities	10	-35,531	-26,171
Dividends paid		-	-22,289
Warrants paid-up/payable		283	-513
<b>Cash flow from financing activities</b>		<b>-46,244</b>	<b>-6,563</b>
Cash flow for the year		-7,385	-5,126
Opening cash and cash equivalents		66,956	69,662
Net foreign exchange difference in cash and cash equivalents		-2,686	2,419
<b>Closing cash and cash equivalents</b>	14	<b>56,885</b>	<b>66,956</b>



# Notes to the consolidated financial statements

## 1 The nature of the business

The QleanAir Group has a longstanding tradition of taking care of what is vital. For several decades, environmental problems, health and safety have been at the top of the QleanAir Group's priorities. For more than 30 years, QleanAir has worked to develop solutions that protect people from exposure to passive smoking.

QleanAir also markets and sells traditional air cleaning. The products clean the air through highly efficient air filters.

QleanAir Cleanrooms are cleanrooms where the environment is controlled by filters, automatically controlled fans and a unique monitoring system.

## 2 General information and compliance with IFRS

QleanAir AB, the Group's parent company, is a limited liability company with its registered office in Solna. The corporate office is located at Torggatan 13, Box 1178, 171 23 Solna, Sweden.

The Group operates in Sweden and abroad through subsidiaries, branches or representative offices in Norway, Denmark, Finland, the Netherlands, Germany, Belgium, Austria, France, Switzerland, Poland, Japan and the USA. Markets in, for example, the Middle East and South Korea are handled through distributors.

The group's financial reports have been prepared in accordance with the Annual Accounts Act, RFR 1 Complementary Financial Reporting Rules for Groups and International Financial Reporting Standards (IFRS) as they have been adopted by the EU.

The consolidated financial statements for the year ending December 31, 2023, were approved for issuance by the Board of Directors on April 17, 2024 (see Note 28). According to Swedish regulations, changes to the financial statements are not permitted after approval.

The financial statements have been prepared on the assumption that the Group operates on a going concern basis, which assumes that the Group will be able to discharge its liabilities as they fall due. In confirming the going concern assumption at preparation, the Group has considered the following specific factors:

- The group reported a profit for the current financial year of TSEK 43,366.
- The group generated a positive cash flow from operating activities of SEK 62,650 for the current financial year.
- The Group's liquidity needs are continuously monitored over different time periods, see note 25.3.
- Management establishes an annual budget and long-term strategic plans.

Based on these facts, management has reasonable expectations that the Group has and will have adequate

resources to continue its operations for the foreseeable future.

The consolidated report on profit and other comprehensive income, the report on financial position as well as the parent company's income statement and balance sheet will be subject to adoption by the Annual General Meeting on May 8, 2024.

## 3 Changes in accounting principles

### 3.1 New and updated standards and interpretations

The amendments that entered into force on January 1, 2023 and have therefore been applied this year have not had a material impact on the Group's results and position. At the date of approval of the annual accounts, certain new standards, amendments and interpretations to existing standards that are not yet effective have been published by the IASB or IFRIC. None of these standards have been adopted early by the Group. No interpretations have been published that are applicable to the Group and therefore need to be considered at the balance sheet date.

**IAS 1 Disclosure of Accounting Policies** An entity shall disclose material accounting policies rather than significant accounting policies. The amendment shall apply from 1 January 2023.

The Board and the CEO assume that all relevant statements will be incorporated into the Group's accounting policies when the statement becomes effective. New standards, amendments and clarifications that are not applied are not expected to have a material impact on the consolidated financial statements.

## 4 Overview of accounting principles

### 4.1 Overall considerations

The most important accounting principles that have been used in the preparation of the consolidated accounts are summarized below.

### 4.2 Basis for consolidation and estimates

In the consolidated financial statements, the parent company's and subsidiaries' operations from January 1, 2023, until December 31, 2023, have been consolidated. The consolidated financial statements have been prepared in accordance with the acquisition method and comprise the companies in which the parent company has a controlling influence directly or through subsidiaries. Controlling influence means that the parent company directly or through subsidiaries has influence over the company, has the right to a variable return and can exercise its influence over the company to influence the return. All subsidiaries have December 31 as their balance sheet date.

Intra-group transactions and balance sheet items are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. In cases

where unrealized losses on intra-group sales of assets are reversed on consolidation, the impairment need for the underlying asset is also tested from a group perspective. Where necessary, amounts reported in the financial statements of subsidiaries have been adjusted to ensure compliance with the Group's accounting principles.

Profit and other comprehensive income for subsidiaries acquired or divested during the year are reported from the date the acquisition or divestment takes effect, as applicable.

### 4.3 Parent company

The Parent Company applies the Annual Accounts Act and RFR 2 Accounting for Legal Entities. This means that, to the extent possible, EU-approved IFRS rules and statements are applied within the framework of the Swedish Annual Accounts Act and Swedish taxation. Depreciation of goodwill occurs in the parent company over 15 years since QleanAir can identify a cash flow from the acquisition that also covers goodwill. All group contributions received or paid are reported as appropriations.

#### Shares in subsidiaries

Shares in subsidiaries are reported according to the acquisition value method. Acquisition-related costs for subsidiaries, which are expensed in the consolidated accounts, are included as part of the acquisition value of shares in subsidiaries. The book value of shares in subsidiaries is tested for possible impairment when there is an indication of an impairment need.

#### Leasing

In the parent company, all leases are reported as operating leases. The company expenses leasing payments on a straight-line basis over the leasing period. Associated costs, such as maintenance and insurance, are expensed when they arise.

#### Tax

In the parent company, untaxed reserves are recognized including deferred tax liability. In the consolidated accounts, on the other hand, untaxed reserves are divided into deferred tax liabilities and equity.

#### Intra-group services

The parent company's services consist of providing management and consulting services. The costs are invoiced to the subsidiaries quarterly.

### 4.4 Business combinations

The Group applies the acquisition method when reporting business combinations. The remuneration that is transferred by the Group to obtain control of a subsidiary is calculated as the sum of fair values on the date of acquisition of the transferred assets, the liabilities assumed and the equity shares issued by the Group, which includes the fair value of an asset or liability arising from a conditional purchase price agreement. Acquisition costs are expensed as they arise.

The Group recognizes identifiable acquired assets and assumed liabilities in business combinations regardless of whether they have been previously recognized in the acquired company's pre-acquisition financial statements. Acquired assets and assumed liabilities are usually valued at fair value on the date of acquisition.

Goodwill is determined according to separate reporting of identifiable intangible assets. It is calculated as the excess amount of the sum of (a) the fair value of the transferred remuneration, (b) the reported amount of any non-controlling interest in the acquired company and (c) the fair value on the date of acquisition of any existing ownership interest in the acquired company and the fair values on the acquisition date of identifiable net assets. If the fair values of identifiable net assets exceed the estimated amount as described above, the excess amount (i.e., profit on a low-price acquisition) is recognized directly in the income statement.

### 4.5 Translation of foreign currency

#### Functional and presentation currency

Items included in the financial statements of the various entities within the group are measured using the currency primarily used in the economic environment in which the entity operates ('functional currency'). The consolidated financial statements are presented in Swedish kronor (SEK), which is the Parent Company's functional and presentation currency.

#### Transactions and balance sheet items in foreign currency

Transactions in foreign currency are translated into the functional currency at the exchange rates prevailing at the date of the transaction. Non-monetary items are not translated at the balance sheet date and are measured at cost (translated at the exchange rate on the transaction date). Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the balance sheet date exchange rate. Exchange rate differences arising from the translations are recognized in the profit and loss account. Non-monetary assets and liabilities reported at historical cost are translated at the exchange rate at the time of the transaction.

#### Foreign operations

Assets and liabilities of foreign operations are translated from the functional currency of the foreign operation into Swedish kronor, the Group's presentation currency, at the exchange rate on the balance sheet date. Revenues and expenses in a foreign operation are translated into Swedish kronor at the average exchange rate, which is an approximation of the exchange rates at the time of each transaction. Translation differences arising from the translation of foreign operations are recognized in other comprehensive income and accumulated in a separate item in equity, referred to as the translation reserve.



## 4.6 Revenue recognition

### Revenue recognition

IFRS 15, "Revenue from Contracts with Customers" is a principle-based model for reporting income from customer contact. It has a five-stage model whereby reporting of income occurs when control over products and services is transferred to the customer.

The following paragraphs describe different types of contracts, when performance commitments have been fulfilled and the timing of revenue recognition. They also describe the normal terms of payment attributable to different types of contracts as well as the effect on the balance sheet during the term of the contracts. The majority of the group's revenue is from the rental of goods and services. Sales of goods to finance companies follow the rules of IFRS 16 for manufacturers or retailers who are lessors and revenue is recognized at a certain point in time.

### Rental of goods including service

For recurring services such as rental of equipment and service takes place over the agreement period and for service when services are performed, generally pro rata over time. Costs incurred when the services are performed are recognized as the cost of goods sold when they arise and for rental income the costs arise in the form of depreciation on leased equipment over its useful life.

Transaction prices under these contracts are invoiced over time, often on a quarterly basis in advance. Invoiced amounts typically have a 30-day payment time from the invoice date. Contractual liabilities or receivables may arise depending on whether the quarterly invoicing is made in advance or based on work performed and is then recognized as accrued income or contract liability.

### Sales of goods to finance companies with underlying lease agreements

Revenue from the sale of goods to financial companies consist of rental agreements with end customers that QleanAir sells to external finance companies. The income is recognized when the rental agreement is transferred to the finance company, reduced by a service provision corresponding to the term of the agreement. The service provision is recognized as prepaid service income under agreement liabilities and other liabilities in the balance sheet and is then dissolved as the service is performed over the term of the agreement, typically three years. When selling goods with an underlying rental agreement to external finance companies, there is a clause in the lease agreements that QleanAir has the right to withdraw the item at a negligible residual value at the end of the lease term. Consequently, revenue recognition is done according to IFRS 16 paragraph 71c, which means that revenue is recognized at the time of sale. Invoicing and payment of the entire value of the goods is made from the finance company on delivery to the end customer. Invoiced amounts typically have a 30-day payment time from the invoice date.

### Sale of goods

Sales of products and services that do not require the performance of significant installation and integration services are generally completed within a short period of time. These products and services are to be regarded as separate and

distinct performance commitments. Revenue recognition for these products shall take place when control of the equipment is transferred to the customer at a specific time. This evaluation shall be considered from the customer's perspective considering indicators such as transfer of ownership and risks, customer acceptance, physical access and rights to issue invoices.

For product sales, control is normally deemed to be transferred when the equipment arrives at the customer's premises and for the service work when the service is carried out at the customer's premises. Contract terms may vary and therefore assessments are made to evaluate the indicators for the transfer of control for product sales.

Costs incurred in the delivery of products and services are recognized as the cost of goods sold when an attributable income recognition is made in the income statement. Costs incurred related to performance commitments that are not yet fully delivered are recognized as goods in stock. Transaction prices under these contracts are normally fixed and are usually invoiced upon delivery of the product and with service upon completion of the service. Invoiced amounts typically mean that payment must be made within 30 days from the invoice date.

### Customized solutions

Some products and services are sold together as part of a customized solution to the customer. This type of contract requires essential installation and integration services to be performed as part of the solution, normally over a period of about 3–6 months. These products and services are collectively considered as a combined performance commitment. This type of contract is usually sold as a binding contract in which the purpose of the solution and the commitments of both parties are clearly defined for the duration of the contract. Customized solutions do not have any alternative use for the group as they cannot be sold to or used by other customers. Revenue recognition for combined performance commitments shall be made over time if the degree of completion can be measured and mandatory rights to payment exist for the duration of the contract. The degree of completion is estimated by reference to what has been delivered, such as achieved contractual milestones and customer acceptance. This method sets milestones for income over the duration of the contract and is considered relevant because it reflects the nature of the customized solution and how integration services are delivered in these projects. If the criteria are not met, the entire income shall be recognized upon completion of the customized solution when final customer acceptance is received from the customer. Costs incurred to deliver customized solutions are recognized as cost of goods sold when the related income milestones are recognized in the income statement. Costs incurred for future milestones are recognized as inventory and recoverability is regularly evaluated.

The transaction price under these contracts is normally fixed, divided into several payments based on the degree of completion or invoicing milestones defined in the contract. In most cases, revenue recognition is limited to billing based on completion or unconditional billing milestones over the life of the contract, and therefore no contract assets or liabilities arise in these contracts. In some contracts, reporting of income

may occur before the invoicing milestones if mandatory payment rights exist throughout the duration of the contract. This will then result in non-invoiced receivables in the balance sheet until invoicing milestones have been reached. Invoiced amounts normally have payment terms of 30 days from the invoice date. Contracts for customized solutions are primarily attributed to the cleanroom business.

#### Segment reporting

The determination of QleanAir's operating segments has considered the financial reporting reviewed by the company's highest decision-maker (CEO). Therefore, only one operating segment is reported.

#### Interest and dividends

Interest income and expenses are accrued using the effective interest method. Dividend income is reported at the time when the right to receive payment is determined.

### 4.7 Operating expenses

Operating expenses are reported in the income statement when the service is used, or on the day they occurred.

### 4.8 Borrowing expenses

Borrowing expenses are expensed in the period when they arise and are reported in the item "Interest expenses and similar income items" (see Note 10).

### 4.9 Goodwill

Goodwill represents future financial benefits arising from a business combination, but which are not individually identified and separately reported. See Note 4.4 for information on how goodwill is determined on initial recognition. Goodwill is reported as acquisition value less accumulated impairments. See Note 4.13 for a description of impairment testing methods.

### 4.10 Intangible non-current assets

#### Reporting of other intangible assets

##### Capitalized development costs

Capitalized development costs consist of proprietary products for air cleaning, patents and tests and associated salary expense.

##### Accounting in subsequent periods

All intangible assets, including capitalized development expenses, have a definable useful life. They are therefore reported at acquisition value, whereby capitalized expenses are amortized on a straight-line basis over the estimated useful life. Residual value and useful life are reassessed on each balance sheet date. In addition, an impairment test is performed as described in Note 4.13. The following periods of use are used:

- Proprietary products: 5 years
- Patents and tests: 5 years

Depreciation is included in the item "Depreciation and impairment of intangible and tangible non-current assets".

### 4.11 Tangible non-current assets

#### Leased equipment

Leased inventory is initially reported at acquisition value, including expenses to obtain the asset and bring it into a condition to be used in accordance with the Group Management's intentions. Leased inventory is then valued at acquisition value less accumulated depreciation and impairment.

Depreciation of leased inventory is made on a straight-line basis based on the acquisition value with a useful life of 5 years.

On disposal of leased inventory, the compensation received is reported in the item "Net sales" and the book value of the leased inventory in the item "Merchandise".

The risk when leasing inventory is regarded as low. If a customer does not pay, QleanAir has the option to reclaim the product as QleanAir owns the product in the case of a rental agreement.

#### The Group as a lessor

The Group's rental of inventory is classified as operational leasing and thus reported as revenue on a straight-line basis over the rental period. The book value of this inventory can be found in the item "Rented inventory" in the balance sheet.

#### Other inventory

Other inventory (i.e., fittings in rented premises and furniture) is initially reported at acquisition value including expenses to get the asset in place and in condition for use according to Group management's intentions. The inventory is thereafter reported at acquisition value after deduction of cumulative depreciation and impairment.

Depreciation of inventory is done on a straight-line basis of acquisition value with a useful life of 5 years.

Gains or losses arising from the disposal of other inventory are determined as the difference between what has been received and the reported value of the assets and are reported on the income statement in the items "Other income" or "Other expenses".

#### Depreciation principle, right-of-use assets

Depreciation of right-of-use assets is made on a straight-line basis over the estimated useful life.

#### Right-of-use assets

Regarding right-of-use assets, the estimated useful life is determined with regard to the useful life of comparable owned assets or, if this is shorter, the leasing period. Assessment of significant residual values and useful lives is updated as necessary, but at least once a year.



#### 4.12 The Group as lessee

At the beginning of the leasing agreement, the Group assesses whether the agreement is a leasing agreement or contains a leasing agreement. A lease is defined as "an agreement, or part of an agreement, that transfers the right of use of an asset (the underlying asset) for a certain period of time in exchange for payment". To apply this definition, the Group assesses whether the agreement meets the requirements of three criteria:

1. The agreement contains an identified asset that is either specifically identified in the agreement or implicitly specified by being identified at the time the asset has been made available to the Group.
2. The Group is entitled to virtually all the financial benefits arising from the use of the identified asset throughout the lease period, considering the Group's rights within the defined scope of the agreement.
3. The Group has the right to control the use of the identified asset throughout the lease term. The Group assesses whether it holds the right to control "how and for what purpose" the asset is to be used throughout the lease term.

#### Rights-of-use assets/Leasing

Most of the Group's right-of-use assets consist of lease contracts for premises. Leasing contracts are normally written for fixed periods of up to three to five years, but there may be opportunities for extension, as described below. The terms are negotiated separately for each agreement and contain many different contractual conditions. The leasing agreements do not contain any specific conditions or restrictions that would terminate the contracts if the terms were not met, but the leased assets may not be used as security for loans.

The lease liability has been calculated as discounted future commitments for existing contracts, mainly related to rental of premises. The terms used for the leases correspond to the actual, remaining terms of contracts. Leases of less than 12 months are not included. Also not included are leases for assets of lesser value (less than TEUR 50). Payments for short-term contracts and leasing agreements of minor value are expensed on a straight-line basis in the income statement.

#### Extension and termination options

Some leasing agreements contain extension and termination options that the Group can exercise or not exercise, up to one year before the end of the non-cancellable leasing period. Whether it is reasonably certain that an option will be exercised is determined on the commencement date of the leasing agreement. Most commonly, the lease period corresponds to the agreed lease period without extensions. The Group reconsiders whether it is reasonably certain that an option will be exercised if there is an important event or significant change in circumstances within the Group's control. At the latest, the lease agreement is extended upon the expiration of the option.

#### 4.13 Testing impairment needs for goodwill, other intangible assets and tangible non-current assets

For impairment testing, the assets are grouped into as small cash-generating units as possible. A cash-generating unit is an asset group with essentially independent payments. As a result, some assets are tested for impairment individually and some are tested at the cash-generating unit level. Goodwill is allocated to the cash-generating units that are expected to benefit from synergy effects in the attributable business combinations and represents the lowest level in the Group at which group management monitors goodwill.

The need for impairment of the cash-generating units to which goodwill has been allocated is tested at least once a year. The impairment need of all other individual assets or cash-generating units are examined when events or changes in circumstances indicate that the reported value cannot be recovered.

An impairment loss is recognized for the amount by which the reported value of the asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value reduced by selling expenses and useful value. To determine the useful value, Group management estimates expected future cash flows from each cash-generating unit and establishes an appropriate rate to calculate the present value of those cash flows. The data used in the assessment of impairment needs is directly linked to the Group's last approved budget, adjusted as needed to exclude the effects of future reorganizations and asset improvements. Discount factors are determined individually for each cash-generating unit and reflect Group management's assessment of their respective risk profiles such as market and asset-specific risk factors.

Impairment losses on cash-generating units first reduce the book value of any goodwill that is allocated to the cash-generating unit. Any remaining impairment proportionally reduces the other assets in the cash-generating units. Except for goodwill, a new assessment of all assets is made for signs that a previous impairment is no longer justified. An impairment loss is reversed if the recoverable amount of the cash-generating unit exceeds the book value.

#### 4.14 Financial instruments

##### Reporting and valuation at initial recognition

Financial assets and liabilities are reported when the Group becomes a party to the agreed terms of the financial instrument. Financial assets are removed from the balance sheet when the contractual rights to the financial asset expire, or when the financial asset and all significant risks and benefits are transferred. A financial liability is removed from the balance sheet when it is fulfilled, i.e., when it is fulfilled, canceled or expires.

##### Classification and valuation of financial assets at initial recognition

Other than trade receivables that do not contain a significant financing component and are valued at the transaction price in accordance with IFRS 15, all financial assets are initially valued at fair value adjusted for transaction costs (where appropriate).

Financial assets, other than those identified and effective as hedging instruments, are classified into the following categories:

- Accrued acquisition value
- Fair value through profit or loss
- Fair value through other comprehensive income

During the periods included in the financial report, the Group has no financial assets categorized as valued at fair value through profit or loss or at fair value through other comprehensive income.

The classification is determined by both:

- The company's business model for the management of financial assets and
- The characteristics of the contractual cash flows from the financial asset

All income and expenses relating to financial assets that are recognized in profit or loss are classified in one of the items Financial costs, Financial income or Other financial items, except in the case of impairment of trade receivables, which are classified in the item Other expenses.

#### **Subsequent valuation of financial assets, financial assets valued at accrued acquisition value**

Financial assets are valued at accrued acquisition value if the assets meet the following conditions and are not reported at fair value through profit or loss:

- They are held within the framework of a business model the objective of which is to hold the financial assets and collect contractual cash flows, and
- The contractual terms for the financial assets give rise to cash flows that are only payments of capital sum and interest on the outstanding capital sum.

After initial recognition, these financial assets are valued at accrued acquisition value, using the effective interest method. Discounting is omitted if the effect of discounting is insignificant. The Group's cash and cash equivalents, accounts receivable and most other receivables belong to this category of financial instruments.

#### **Impairment of financial assets**

IFRS 9's impairment rules use more forward-looking information to recognize expected credit losses with the introduction of the expected loss model. This replaced IAS 39's previous incurred loss impairment model. The financial assets covered by the new requirements include bonds and debt securities that are valued at accrued acquisition value or fair value through other comprehensive income, trade receivables, contractual assets recognized and valued in accordance with IFRS 15 and loan commitments that are not measured at fair value through profit or loss.

Reporting of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers more comprehensive information when assessing credit risk and the valuation of expected credit losses, including past events, current conditions and reasonable and substantiated forecasts that affect the expected possibility of obtaining future cash flows from the asset.

#### **Accounts receivable, other receivables and contractual assets**

The Group uses a simplified method for reporting accounts receivable and other receivables and contractual assets and recognizes expected credit losses for the remaining term. These credit losses are expected losses in contractual cash flows given the risk of non-payment at some point during the term of the financial instrument. In the calculation, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provisioning matrix. The Group assesses impairment of accounts receivable individually.

#### **Classification and valuation of financial liabilities**

The Group's financial liabilities include loans, accounts payable and other liabilities. Financial liabilities are initially valued at fair value adjusted for transaction costs (if applicable), unless the Group has classified the financial liability at fair value through profit or loss. After initial recognition, financial liabilities are valued at accrued acquisition value using the effective interest method, except for financial liabilities which are valued at fair value through profit or loss and which, after initial recognition, are valued at fair value with gains or losses reported in the income statement.

All interest-related fees and, where applicable, changes in the fair value of an instrument recognized in the income statement are included in the Financial costs or Financial income items.

#### **4.15 Goods in stock**

Goods in stock are valued at acquisition value or net realizable value according to the first-in, first-out principle, whichever is lower. The net realizable value is the estimated sales price in the current operations, less any applicable sales costs.

#### **4.16 Income taxes**

The tax expense recognized in the income statement consists of the sum of the deferred tax and current tax that is not recognized in other comprehensive income or directly in equity.

Current tax receivables and/or liabilities consist of obligations to, or claims from, tax authorities regarding the current reporting period or previous periods, which have not been paid on the balance sheet date. Current tax shall be paid on taxable profits, which are different from the profit in the financial reports. Calculation of current tax is based on tax rates and tax rules that have been decided or in practice decided at the end of the reporting period. Current tax receivables and/or liabilities consist of obligations to, or claims from, tax authorities regarding the current reporting period or previous periods, which have not been paid on the balance sheet date. Current tax shall be paid on taxable profits, which are different from the profit in the financial reports. Calculation of current tax is based on tax rates and tax rules that have been decided or in practice decided at the end of the reporting period.

Deferred tax is calculated using the balance sheet method on temporary differences between the reported values of assets and liabilities and their tax values.



Deferred tax assets and liabilities are calculated without discounting according to the tax rates expected to apply to the accounting period in which they are exercised, if they have been decided or in practice decided at the end of the reporting period.

Deferred tax assets and liabilities are only offset when the group has a right and an intention to offset current tax assets and liabilities from the same tax authority.

Changes in deferred tax assets or liabilities are recognized as a partial amount of tax income or expenses in the income statement.

#### 4.17 Cash and cash equivalents

Cash and cash equivalents consist of cash and available balances with banks and similar institutions.

#### 4.18 Equity, reserves and dividends

Share capital represents the nominal value of issued shares.

Other contributed capital includes any premiums received in connection with a new share issue. Any transaction costs associated with new issues of shares are deducted from this fund, considering any income tax effects. Other contributed capital includes any premiums received in connection with a new share issue. Any transaction costs associated with new issues of shares are deducted from this fund, considering any income tax effects.

The item Reserves contains translation differences from the translation of financial reports for the Group's foreign operations into SEK (see Note 4.5).

Retained earnings include all retained earnings and share-based payments for the current and previous periods.

All transactions with the parent company's owners are reported separately in equity.

#### 4.19 Post-employment benefits and short-term employee benefits

##### Post-employment benefits

The Group provides post-employment benefits through defined contribution pension plans.

##### Defined contribution plans

The Group pays defined contributions to independent companies for several government plans and insurance for individual employees. The Group has no legal or informal obligation to pay anything in addition to the payment of the fixed contribution, which is recognized as an expense in the period in which the relevant service is performed.

#### 4.20 Significant estimates by group management in the application of financial reporting principles

When preparing financial reports, Group management makes a number of estimates, calculations and assumptions about reporting and valuation of assets, liabilities, income and expenses.

##### Significant assessments by Group management

The following are significant assessments made by Group management in applying the Group's financial reporting principles that have the most significant effect on the financial reports.

##### Reporting revenue from customized solutions

Some of the Group's agreements with customers require significant assessments to be made to determine whether the control of the performance commitment is transferred to the customer over time or at a certain time in accordance with IFRS 15. This mainly concerns the sale of customized solutions in the form of Cleanrooms, which corresponds to TSEK 54,438 (TSEK 44,982) of the Group's revenue. These require assessments when determining actual preparation, estimated expenditure to complete the customized solution and follow-up against the forecast of final outcome.

##### Valuation of goods in stock

Goods in stock are valued at the lower of acquisition cost and net realizable value.

#### 4.21 Uncertainties regarding estimates

The following information is on estimates and assumptions that have the most significant effect on the reporting and measurement of assets, liabilities, income and expenses. The outcome of these may differ significantly.

##### Impairment testing of goodwill and shares in subsidiaries

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

## 5 Net sales

The Group's revenues by geographic market are as follows:

Financial Year 2023	Sale of goods	Sales of goods to finance companies	Leasing goods, including services and other items	Total
<b>Income</b>				
Europe/EMEA (domicile)	21,658	8,111	202,053	231,822
APAC	3,394	121,607	98,805	223,806
Americas	41,922	532	5,436	47,890
<b>In total</b>	<b>66,973</b>	<b>130,250</b>	<b>306,294</b>	<b>503,518</b>

Financial Year 2022	Sale of goods	Sales of goods to finance companies	Rental of goods including service and other	Total
<b>Income</b>				
Europe/EMEA (domicile)	27,638	17,925	170,440	216,003
APAC	4,747	100,906	101,190	206,844
Americas	25,539	1,628	5,159	32,326
<b>In total</b>	<b>57,924</b>	<b>120,459</b>	<b>276,789</b>	<b>455,172</b>

Timing of revenue recognition	2023	2022
Goods and services transferred over time (rentals including services)	306,294	276,789
Goods and services transferred at one time (sales)	197,224	178,383
<b>In total</b>	<b>503,518</b>	<b>455,172</b>

The Group's revenues by product category are as follows

TSEK	full year 2023	full year 2022
Cabin Solutions	345,179	327,527
Air Cleaners	103,901	82,663
Cleanrooms	54,438	44,982
<b>In total</b>	<b>503,518</b>	<b>455,172</b>

Group revenue and non-current assets by country

TSEK	Income		Non-current assets	
	2023	2022	2023	2022
Sweden	36,496	51,098	9,284	10,867
Japan	223,783	207,291	15,940	20,101
Germany	117,340	100,903	15,590	14,533
USA	47,731	31,925	-	17
China	-	-	121	51
Norway	2,207	2,317	48	100
Denmark	7,122	5,669	2,210	2,175
Finland	9,672	7,539	1,786	1,381
The Netherlands	719	1,637	125	120
Belgium	6,069	4,935	1,544	1,505
Austria	15,246	12,707	1,129	835
Switzerland	16,980	15,614	421	563
France	11,001	6,089	611	537
Poland	6,824	5,684	971	632
Export	2,329	1,765	-	34
<b>In total</b>	<b>503,518</b>	<b>455,172</b>	<b>49,782</b>	<b>53,452</b>

Revenue has been distributed by country based on the location of customers.

Non-current assets have been distributed by country based on the location of the assets.

The company has only broken down tangible non-current assets by country. Right-of-use assets and goodwill have not been distributed by country.

Sales and installation of cleanrooms are recognized as revenue over time and are included in Sales of goods in the tables above.

Sales of goods and Sales of goods to finance companies are reported at a certain time. Rental of goods including services is recognized over time. The full revenue refers to revenue from contracts with customers. For sales of goods to finance companies with underlying leases, revenue is recognized in accordance with the rules of IFRS 16 for manufacturers who are lessors.

Of the Group's total net sales for 2023 of TSEK 503,518 (TSEK 455,172), TSEK 373,267 (TSEK 334,714) are sales from agreements with customers recognized in accordance with IFRS 15 and TSEK 130,250 (TSEK 120,459) are sales to finance companies recognized in accordance with IFRS 16.

### Information about major customers

No customer's sales amount to 10% or more of the Group's total revenues. Most sales consist of multi-year agreements with many customers.



## 6 Goodwill

### Reported goodwill values are as follows:

	2023	2022
Acquisition value of acquired businesses	343,704	343,704
<b>Closing balance December 31</b>	<b>343,704</b>	<b>343,704</b>
<b>Cumulative impairment</b>	<b>0</b>	<b>0</b>

### Impairment testing

The Group's goodwill of MSEK 343.7 (MSEK 343.7) has arisen through the acquisition of the subsidiary group QleanAir Scandinavia AB and the goodwill item consists in its entirety of the surplus value of the subsidiary group as a cash-generating unit. Goodwill is impairment tested annually.

Impairment testing consists of assessing whether the unit's recoverable amount is higher than the book value. The recoverable amount has been calculated based on the unit's value in use, which is the present value of the unit's expected future cash flows, without regard to any future business expansion and restructuring. The recoverable amounts were determined based on useful value calculations, which included a five-year forecast, followed by extrapolation of expected cash flows for the unit's useful life using the growth rates determined by Group management. The length of the useful life has been set as infinite.

Significant assumptions used for calculations of value in use are shown below:

- The cash flow forecast is made for the next five years based on the preliminary outcome in 2023. The annual growth volume for the first five years has been carefully estimated based on the companies' forecasts at 3% growth. These calculations are based on conservative estimates of future cash flows before tax, based on financial forecasts approved by company management.
- The operating margins have been calculated on a cautious basis and are assumed in the forecast to be 16.3% (12.1%).
- The weighted average growth rate for extrapolating cash flows beyond the forecast period has been estimated at 2% (0).
- The discount rate before tax used in the present value calculation of estimated future cash flows is 12.7% (11.5) for the cash-generating unit. The discount rate corresponds to QleanAir's estimated average cost of capital, i.e., the weighted sum of required return on equity and the cost of externally borrowed capital. The required return on equity is based on the assumption of a risk-free interest rate of 4.0% (2.0), a market risk premium of 6.1% (6.6), a company-specific premium of 2.6% (2.9) and a beta value of 1.0 (1.0). The beta value shows the relationship between the price of the QleanAir share and changes in a benchmark index. Support for the assumptions has been obtained from an external market and valuation report. With a discount factor of 12.7% (11.5), the value in use exceeds the book value by a significant amount. Thus, there is no need for impairment as of December 31, 2023.

### Sensitivity analysis

QleanAir has also analyzed whether a negative adjustment of several percentage points to the assumptions made for the discount rate and operating profit would result in an impairment of goodwill.

If the estimated operating margin during the forecast period had been one percentage point lower than management's assessment, the total recoverable amount would have decreased by 16%. If the estimated growth rate for extrapolated cash flows beyond the budget period had been one percentage point lower than the basic assumption of 2%, the total recoverable amount would have decreased by 11%. If the estimated weighted cost of capital applied for discounted cash flows for the Group had been one percentage point higher than the basic assumption of 12.7%, the total recoverable amount would have decreased by 10%. None of the above negative adjustments leads to a need for impairment.

The estimated weighted cost of capital can be increased to 24.7% before there is a need for impairment of goodwill and to 21.7% before there is a need for impairment of the shares in QleanAir Scandinavia AB.

Thus, no reasonable change in important assumptions would mean that the book value of the cash-generating unit would exceed the recoverable amount. Group management is currently not aware of any other probable changes that would require changes in the most important estimates.

## 7 Intangible non-current assets

The Group's intangible non-current assets refer to other intangible non-current assets and capitalized development expenses (proprietary products, patents, tests and related salaries) and consist of the following:

	Proprietary products	Patents and tests	Total
Opening acquisition value 2023-01-01	37,427	5,211	42,637
Investments	4,285	-	4,285
Disposals	-	-	0
<b>Cumulative acquisition value 2023-12-31</b>	<b>41,712</b>	<b>5,211</b>	<b>46,923</b>
Opening depreciation 2023-01-01	-24,822	-4,330	-29,152
Depreciation	-4,228	-328	-4,557
Disposals	-	-	0
Closing cumulative depreciation	-29,050	-4,658	-33,709
<b>Closing planned residual value 2023-12-31</b>	<b>12,661</b>	<b>553</b>	<b>13,214</b>
Opening acquisition value 2022-01-01	31,756	5,211	36,967
Investments	5,670	-	5,670
Reclassifications	-	-	0
Disposals	-	-	0
<b>Cumulative acquisition value 2022-12-31</b>	<b>37,427</b>	<b>5,211</b>	<b>42,637</b>
Opening depreciation 2022-01-01	-21,564	-3,850	-25,414
Depreciation	-3,259	-479	-3,738
Disposals	-	-	0
Closing cumulative depreciation	-24,822	-4,330	-29,152
<b>Closing planned residual value 2022-12-31</b>	<b>12,604</b>	<b>881</b>	<b>13,486</b>



## 8 Tangible non-current assets

The book value of the Group's inventory is as follows:

Acquisition value, gross	Leased equipment	Equipment *	Total
Opening balance January 1, 2023	59,849	25,194	85,044
Reclassifications		0	-
Procurement	18,116	543	18,659
Divestments	-17,063	-65	-17,128
Exchange rate differences	-3,691	-1,072	-4,763
<b>Closing balance December 31, 2023</b>	<b>57,211</b>	<b>24,600</b>	<b>81,812</b>
<b>Depreciation and impairment</b>			
Opening balance January 1, 2023	-12,068	-19,524	-31,592
Divestments	14,224	25	14,248
Exchange rate differences	2,433	677	3,111
Depreciation	-15,967	-1,831	-17,798
<b>Closing balance December 31, 2023</b>	<b>-11,378</b>	<b>-20,653</b>	<b>-32,030</b>
<b>Book value December 31, 2023</b>	<b>45,834</b>	<b>3,948</b>	<b>49,782</b>
<b>Acquisition value, gross</b>			
Opening balance January 1, 2022	77,321	24,046	101,366
Reclassifications			
Procurement	22,068	1,184	23,252
Divestments	-42,905	-327	-43,233
Exchange rate differences	3,366	292	3,658
<b>Closing balance December 31, 2022</b>	<b>59,849</b>	<b>25,194</b>	<b>85,044</b>
<b>Depreciation and impairment</b>			
Opening balance January 1, 2022	-35,223	-17,161	-52,384
Divestments	39,820	248	40,069
Exchange rate differences	-2,068	-286	-2,354
Depreciation	-14,598	-2,324	-16,922
<b>Closing balance December 31, 2022</b>	<b>-12,068</b>	<b>-19,524</b>	<b>-31,592</b>
<b>Book value December 31, 2022</b>	<b>47,781</b>	<b>5,671</b>	<b>53,452</b>

All depreciation (or any reversals) is included in the item

"Depreciation and impairment on intangible and tangible non-current assets".

## 9 Right-of-use assets and leasing liabilities

### Right-of-use assets:

Acquisition value, gross	Premises	Vehicle	Other	Total
Opening balance January 1, 2023	40,642	8,768	738	50,147
Procurement	29,301	1,333	0	30,634
Exchange rate differences	-1,905	-35	-73	-2,013
<b>Closing balance December 31, 2023</b>	<b>68,038</b>	<b>10,066</b>	<b>665</b>	<b>78,768</b>
<b>Depreciation and impairment</b>				
Opening balance January 1, 2023	-34,479	-5,558	-587	-40,625
Exchange rate differences	2,028	67	64	2,159
Depreciation	-9,027	-1,899	-123	-11,049
<b>Closing balance December 31, 2023</b>	<b>-41,478</b>	<b>-7,391</b>	<b>-645</b>	<b>-49,514</b>
<b>Book value December 31, 2023</b>	<b>26,560</b>	<b>2,675</b>	<b>19</b>	<b>29,254</b>

### Right-of-use assets:

Acquisition value, gross	Premises	Vehicle	Other	Total
Opening balance January 1, 2022	34,424	5,469	734	40,627
Procurement	4,988	2,992	0	7,981
Exchange rate differences	1,229	306	4	1,539
<b>Closing balance December 31, 2022</b>	<b>40,642</b>	<b>8,768</b>	<b>738</b>	<b>50,147</b>
<b>Depreciation and impairment</b>				
Opening balance January 1, 2022	-24,818	-3,683	-456	-28,957
Exchange rate differences	-897	-223	-5	-1,126
Depreciation	-8,764	-1,652	-126	-10,542
<b>Closing balance December 31, 2022</b>	<b>-34,479</b>	<b>-5,558</b>	<b>-587</b>	<b>-40,625</b>
<b>Book value December 31, 2022</b>	<b>6,163</b>	<b>3,210</b>	<b>151</b>	<b>9,523</b>

The increase in 2023 is mainly due to the extension of the rental contract for the corporate office in Solna.

## 9.1 Leasing agreement as lessee

### Future minimum lease fees are as follows:

	Minimum lease fees 2023-12-31			Total
	Within 1 year	1-5 years	After 5 years	
Rent of premises	7,331	19,503	-	26,834
Cars	68	2,633	-	2,701
Other	20	0	-	20
				<b>29,555</b>

The leases have a term of between 1 month and 24 months.

	Minimum lease fees 2022-12-31			Total
	Within 1 year	1-5 years	After 5 years	
Rent of premises	3,685	2,700	-	6,385
Cars	3,238	0	-	3,238
Other	134	23	-	157
				<b>9,780</b>

The leases have a term of between 1 month and 44 months.

### The following amounts related to leasing agreements are recognized in the Group's consolidated balance sheet:

Future maturity structure of lease liabilities	2023-12-31	2022-12-31
Within a year	7,420	7,057
Later than one but within five years	22,136	2,723
Later than five years	-	-
<b>Total</b>	<b>29,555</b>	<b>9,780</b>

### The following amounts are recognized in the income statement related to leasing agreements:

Amounts recognized in the Group's consolidated income statement, TSEK	2023-12-31	2022-12-31
Depreciation of right-of-use assets		
- Premises	9,027	8,764
- Vehicles	1,899	1,652
- Other	123	126
<b>Total depreciation</b>	<b>11,049</b>	<b>10,542</b>
Interest expenses for lease liabilities	759	358
Costs attributable to short-term lease agreements	-	-
<b>Total costs related to lease agreements</b>	<b>11,808</b>	<b>10,900</b>

### Amounts reported in the Group's consolidated cash flow statement.

The total cash flow from lease agreements during 2023 was TSEK 11,755 (TSEK 11,091). The above cash outflow includes amounts for leasing agreements that are reported as leasing liabilities, as well as amounts paid for variable leasing fees, short-term leases and low-value leases.

## 9.2 Leasing agreements as lessor

### The Group rents out equipment in accordance with operational leasing agreements.

	Minimum lease fees			Total
	Within 1 year	1-5 years	After 5 years	
2023-12-31	63,319	259,432	14,425	<b>337,177</b>
12/31/2022	54,921	255,080	18,761	<b>328,762</b>

For more information, see Notes 4.6 and 4.11.

## 10 Financial assets and liabilities

### 10.1 Categories of financial assets and liabilities

Note 4.14 describes each category of financial assets and liabilities and associated financial reporting principles. The carrying amounts of financial assets and liabilities are as follows:

December 31, 2023	Accrued acquisition value	Fair value through profit or loss (FVTPL)	Derivatives for hedging purposes (FV)	In total
<b>Other financial non-current assets</b>				
Accounts receivable and other receivables	40,417	–	–	40,417
Cash and cash equivalents	56,885	–	–	56,885
<b>Total assets</b>	<b>97,302</b>	<b>0</b>	<b>0</b>	<b>97,302</b>

December 31, 2023		Fair value through profit or loss (FVTPL)	Other liabilities (accrued acquisition value)	In total
<b>Financial liabilities</b>				
Non-current borrowing		–	144,375	144,375
Current borrowing		–	72,612	72,612
Accounts payable and other liabilities		–	38,357	38,357
<b>Total liabilities</b>		<b>0</b>	<b>255,344</b>	<b>255,344</b>

December 31, 2022	Accrued acquisition value	Fair value through profit or loss (FVTPL)	Derivatives for hedging purposes (FV)	In total
<b>Financial assets</b>				
Accounts receivable and other receivables	26,921	–	–	26,921
Cash and cash equivalents	66,956	–	–	66,956
<b>Total assets</b>	<b>93,877</b>	<b>0</b>	<b>0</b>	<b>93,877</b>

December 31, 2022		Fair value through profit or loss (FVTPL)	Other liabilities (accrued acquisition value)	In total
<b>Financial liabilities</b>				
Non-current borrowing		–	170,546	170,546
Current borrowing		–	80,644	80,644
Accounts payable and other liabilities		–	35,842	35,842
<b>Total liabilities</b>		<b>0</b>	<b>287,032</b>	<b>287,032</b>

The methods used to calculate the fair value of financial assets and liabilities are described in Note 9. A description of the Group's risk regarding financial instruments, including risk management objectives and principles, can be found in Note 25.



## 10.2 Borrowing

Borrowings includes the following financial liabilities, valued at accrued acquisition value:

SEK	Current		Non-current	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Overdraft	46,441	54,473	-	-
Bank loan	26,171	26,171	145,704	171,875
Accrued borrowing costs			-1,329	-1,329
<b>Total book value</b>	<b>72,612</b>	<b>80,644</b>	<b>144,375</b>	<b>170,546</b>

### Borrowing at accrued acquisition value:

As security for bank loans, the parent company has provided shares in QleanAir Scandinavia AB. As security for the overdraft facility, MSEK 90 (90), corporate mortgages in QleanAir Scandinavia AB of MSEK 90 (90) have been provided. Bank borrowings have been made at variable interest rates, which averaged 7.6% (5.1) in 2023.

### Covenants

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

## 10.3 Liabilities attributable to financing activities

	Cashflow impacts			Non-cash items			2023-12-31
	2023-01-01	Amortization	Payments	New leasing contracts	Exchange rate fluctuations	Accrued borrowing costs	
Liabilities to credit institutions	251,190	-35,531	-	-	-	1,329	216,987
Lease liabilities	9,779	-10,996	-	31,382	-611	-	29,555
<b>Total liabilities from financial activities</b>	<b>260,969</b>	<b>-46,527</b>	<b>0</b>	<b>31,382</b>	<b>-611</b>	<b>1,329</b>	<b>246,542</b>

	Cashflow impacts			Non-cash items			2022-12-31
	2022-01-01	Amortization	Payments	New leasing contracts	Exchange rate fluctuations	Accrued borrowing costs	
Liabilities to credit institutions	222,888	-27,500	54,473	-	-	1,329	251,190
Lease liabilities	12,116	-10,733	-	7,983	413	-	9,779
<b>Total liabilities from financial activities</b>	<b>235,04</b>	<b>-38,233</b>	<b>54,473</b>	<b>7,983</b>	<b>413</b>	<b>1,329</b>	<b>260,969</b>

## 11 Provision for taxes

Amounts relating to deferred tax assets and tax liabilities in the balance sheet relate to the following:

Deferred tax assets:	2023	2022
Deferred tax assets on temporary differences	69	260
	<b>69</b>	<b>260</b>
Setoffs	–	359
<b>Reported deferred tax assets</b>	<b>69</b>	<b>619</b>
<b>Deferred tax liabilities:</b>		
Deferred tax liabilities on temporary differences	3,245	3,628
	<b>3,245</b>	<b>3,628</b>
Setoffs	–	359
<b>Reported deferred tax liabilities</b>	<b>3,245</b>	<b>3,987</b>

Deferred tax assets and liabilities are reported net in cases where they relate to the same tax authority and can be offset.

Deferred tax assets and liabilities reported in the balance sheet relate to the following:

	2023			2022		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Tangible non-current assets				202	–	202
Leasing agreements	69	–	69	58	–	58
Untaxed reserves	–	3,245	–3,245	–	3,628	–3,628
<b>Net tax assets and liabilities</b>	<b>69</b>	<b>3,245</b>	<b>–3,176</b>	<b>260</b>	<b>3,628</b>	<b>–3,368</b>

The change in respect of deferred taxes is as follows:

Group 2023	Non-current assets	Untaxed reserves	Total
As of December 31, 2022	260	–3,628	–3,368
Through comprehensive income	–189	383	194
Through income statement	–2	–	–2
<b>As of December 31, 2023</b>	<b>69</b>	<b>–3,245</b>	<b>–3,176</b>
<b>Group 2022</b>			
As of December 31, 2021	3,916	–3,420	496
Through comprehensive income	0	0	0
Through income statement	–3,656	–208	–3,864
<b>As of December 31, 2022</b>	<b>260</b>	<b>–3,628</b>	<b>–3,368</b>

### Deferred tax related to leases

The deferred tax assets and deferred tax liabilities arising from the recognition of leases are netted in the balance sheet. Deferred tax assets related to lease liabilities amount to 6,773 (2,170) and deferred tax liabilities related to right-of-use assets amount to 6,704 (2,113) as of December 31, 2023.



## 12 Goods in stock

Goods in stock are valued at the lower of acquisition value and net realizable value. Acquisition value includes all expenses that are directly attributable to the products. Costs for usually interchangeable items are allocated according to the first-in, first-out principle. The net realizable value is the estimated sales price in the current operations, less any applicable sales costs.

### Geographical distribution of goods in stock

	2023-12-31	2022-12-31
EMEA	35,323	33,765
Americas	8,596	6,100
APAC	16,563	20,083
<b>Total</b>	<b>60,482</b>	<b>59,947</b>

In 2023, costs attributable to goods in stock totaling 60,482 (59,947) were included in profits.

### Goods in stock

	2023-12-31	2022-12-31
Components	19,711	15,040
Finished goods	40,771	44,907
<b>Total</b>	<b>60,482</b>	<b>59,947</b>

Write-down of goods in stock to net realizable value has been made for components and is deducted from the carrying amount and amounts to TSEK 0 (TSEK 13,200).

## 13 Accounts receivable

The Group's accounts receivable consists of both non-current and current accounts receivable. In cases where the accounts receivable have a maturity of more than 1 year, they have been classified as non-current receivables in the balance sheet.

	2023-12-31	2022-12-31
Accounts receivable, gross	40,417	26,921
<b>Total</b>	<b>40,417</b>	<b>26,921</b>

The book value of accounts receivable is considered a reasonable approximation of fair value.

All the Group's accounts receivable have been examined for signs of impairment. There is no need for impairment.

An analysis of non-impaired accounts receivable that have fallen due can be found in Note 25.1.

## 14 Cash and cash equivalents

### Cash and cash equivalents include the following:

Cash and cash equivalents at a bank:	2023-12-31	2022-12-31
- SEK	5,201	8,996
- CHF	2,479	3,594
- DKK	580	1,193
- EUR	18,611	15,422
- JPY	22,202	30,051
- NOK	1,052	2,910
- PLN	2,405	2,144
- USD	4,341	2,543
- CNY	13	103
<b>Total</b>	<b>56,885</b>	<b>66,956</b>

## 15 Prepaid expenses and accrued income

	2023-12-31	2022-12-31
Prepaid rent	1,400	1,412
Accrued income	25,405	33,292
Prepaid commission	14,273	16,341
Other prepaid expenses	17,343	13,800
Other items	131	87
<b>Total</b>	<b>58,552</b>	<b>64,931</b>

## 16 Equity

### 16.1 Share capital

The share capital in QleanAir AB consists solely of fully paid ordinary shares with a quota value of SEK 0.50. All shares have the same right to dividends and repayment of invested capital and correspond to one vote at QleanAir's Annual General Meeting.

### Subscribed and paid shares

	2023-12-31	2022-12-31
Share capital	7,430	7,430
<b>Total share capital December 31</b>	<b>7,430</b>	<b>7,430</b>

The Group has issued a total of 14,859,200 shares as of December 31, 2023. Each share has the same right to a dividend and repayment of invested capital and corresponds to one vote at QleanAir's Annual General Meeting.

### Incentive program

#### Warrant program 2020/2024

At QleanAir's Extraordinary General Meeting on June 26, 2020, it was decided to adopt an incentive program for the Group's senior executives and other key employees through the issue of warrants with the right to subscribe for new shares in the Parent Company ("Warrant Scheme 2020/2024").

The warrants have been transferred on market terms at a price (premium) determined based on an estimated market value of the warrants using the Black & Scholes valuation model, calculated by an independent valuation institute. Under the incentive program, the warrants vest over time based on continued employment over a three-year period.

Upon full exercise of all 222,888 warrants, the parent company's share capital will increase by a maximum of SEK 111,444 divided into 222,888 shares, each with a quota value of SEK 0.5, corresponding to a dilution effect of a maximum of approximately 1.48% based on the share capital and the votes in the parent company at the time of the Annual General Meeting on June 26, 2020.

Each warrant entitles the holder to subscribe for one new share in the company at a subscription price corresponding to 130% of the volume-weighted average price paid for the company's share over a period of ten trading days immediately preceding the Extraordinary General Meeting. The warrants can be exercised for subscription of new shares from and including July 1, 2023, to and including January 31, 2024.

#### Warrant Scheme 2021/2024

At QleanAir's Annual General Meeting on May 12, 2021, it was decided to adopt an incentive program for the Group's senior executives and other key employees through the issue of warrants entailing the right to subscribe for new shares in the Parent Company ("Warrant Scheme 2021/2024").

The warrants have been transferred on market terms at a price (premium) determined based on an estimated market value of the warrants using the Black & Scholes valuation model, calculated by an independent valuation institute. Under the incentive program, the warrants vest over time based on continued employment over a three-year period.

Upon full exercise of all 88,604 warrants subscribed, the parent company's share capital will increase by a maximum of SEK 44,302 divided into 88,604 shares, each with a quota value of SEK 0.5, corresponding to a dilution effect of a maximum of approximately 0.60% based on the share capital and votes in the parent company at the time of the Annual General Meeting on May 12, 2021.

Each warrant entitles the holder to subscribe for one new share in the company at a subscription price corresponding to 130% of the volume-weighted average price paid for the company's share over a period of ten trading days immediately preceding the Annual General Meeting. The warrants can be exercised for subscription of new shares from July 1, 2024 up to and including December 31, 2024.

#### Warrant Scheme 2022/2025

At QleanAir's Annual General Meeting on May 12, 2022, it was decided to adopt an incentive program for the Group's senior executives and other key employees through the issue of warrants entailing the right to subscribe for new shares in the Parent Company ("Warrant Scheme 2022/2025").

The warrants have been transferred on market terms at a price (premium) determined based on an estimated market value of the warrants using the Black & Scholes valuation model, calculated by an independent valuation institute. Under the incentive program, the warrants vest over time based on continued employment over a three-year period.

Upon full exercise of all 105,348 warrants subscribed, the parent company's share capital will increase by a maximum of SEK 52,674 divided into 105,348 shares, each with a quota value of SEK 0.5, corresponding to a dilution effect of a maximum of approximately 0.70% based on the share capital and votes in the parent company at the time of the Annual General Meeting on May 12, 2022.

Each warrant entitles the warrant holder to subscribe for one new share in the company at a subscription price corresponding to 130% of the volume weighted average price paid for the company's share during a period of ten trading days immediately preceding the annual general meeting (the subscription price is SEK 43.24/per share). The warrants can be exercised for subscription of new shares from July 1, 2025 up to and including December 31, 2025.

#### Warrant Scheme 2023/2026

At QleanAir's extraordinary general meeting on 9 March 2023, it was decided to adopt an incentive program for the Group's CEO through the issue of warrants carrying the right to subscribe for new shares in the parent company ("Warrant Scheme 2023/2026").

The warrants have been transferred on market terms at a price (premium) determined based on an estimated market value of the warrants using the Black & Scholes valuation model, calculated by an independent valuation institute. Under the incentive program, the warrants vest over time based on continued employment over a three-year period.

Upon full exercise of all 445,776 warrants subscribed, the parent company's share capital will increase by a maximum of SEK 222,888 divided into 445,776 shares, each with a quota value of SEK 0.5, corresponding to a dilution effect of a maximum of approximately 3% based on the share capital and votes in the parent company at the time of the Annual General Meeting on May 9, 2023.

Each warrant entitles the warrant holder to subscribe for one new share in the company at a subscription price of SEK 40.00 per share. The warrants can be exercised for subscription of new shares from April 1, 2026 up to and including October 31, 2026.

#### Warrant Scheme 2023/2026

At QleanAir's Annual General Meeting on May 10, 2023, it was decided to adopt an incentive program for the Group's senior executives and other key employees through the issue of warrants entailing the right to subscribe for new shares in the Parent Company ("Warrant Scheme 2023/2026").

The warrants have been transferred on market terms at a price (premium) determined based on an estimated market value of the warrants using the Black & Scholes valuation model, calculated by an independent valuation institute. Under the incentive program, the warrants vest over time based on continued employment over a three-year period.



Upon full exercise of all 237,500 warrants subscribed, the parent company's share capital will increase by a maximum of SEK 118,750 divided into 237,500 shares, each with a quota value of SEK 0.5, corresponding to a dilution effect of a maximum of approximately 1.6% based on the share capital and votes in the parent company at the time of the Annual General Meeting on May 10, 2023.

Each warrant entitles the warrant holder to subscribe for one new share in the company at a subscription price of SEK 40.00 per share. The warrants can be exercised for subscription of new shares from June 1, 2026 up to and including December 31, 2026. There are no outstanding share-based incentive programs in the Parent Company in addition to the warrants described above.

## 16.2 Other paid-in capital

Amounts received for issued shares in addition to the nominal value during the year (premium) are included in the item "Other paid-in capital".

## 16.3 Reserves

Refers to translation reserves and includes all exchange rate differences that occur when translating financial reports from companies that have prepared their financial reports in a currency other than the currency in which the Group's financial reports are presented.

## 16.4 Earnings per share and dividends

### Earnings per share

Both basic and diluted profit for shares have been calculated using profits attributable to the shareholders in the parent company as numerators, i.e. no adjustments to profits needed to be made in 2023 or 2022.

Reconciliation of the weighted average number of shares used to calculate diluted earnings per share may be reconciled with the weighted average ordinary shares used in the calculation of profit per share before dilution as follows:

Number of shares in thousands	2023	2022
Weighted average number of shares used for calculating earnings per share before dilution	14,859,200	14,859,200
Weighted average of share-based compensation programs	946,653	372,945
<b>Weighted average number of shares used in calculating earnings per share after dilution</b>	<b>15,805,853</b>	<b>15,232,145</b>
Shares that can be issued free of charge in share-based remuneration programs	1,100,116	416,840

If the current market price on December 31 is less than the warrant's subscription price, diluted earnings per share are calculated using only the existing number of shares.

### Dividends

For the 2023 financial year, the Board of Directors proposes a dividend of SEK 0.60 per share (SEK 0).

The Board of Directors considers the proposed dividend to be justifiable with regard to the requirements that the nature, scope and risks of the business place on the size of the equity and the company's consolidation needs, liquidity and position in general. The opinion should be read in the context of the information presented in the annual report. Management does not plan any significant changes to existing operations such as significant investments, sales or closures. Regarding the company's results and situation in general, please refer to the following income statements and balance sheets with accompanying notes.

## 17 Remuneration to employees, etc.

### 17.1 Costs for employee benefits

Costs reported for employee benefits are broken down as follows:

	2023		2022	
	Salaries and other remuneration	Social expenses (of which pension costs)	Salaries and other remuneration	Social expenses (of which pension costs)
<b>Parent company</b>	8,446	5,086	4,696	3,084
		(1,724)		(1,262)
<b>Subsidiaries</b>				
QA Scandinavia AB	29,828	13,286	33,866	13,946
		3,356		(3,500)
IFS BV	645	30	1,080	257
		(0)		(44)
QA Scandinavia KK	27,917	4,159	23,307	4,367
		(3,819)		(4,117)
QA Scandinavia GmbH	15,353	3,144	13,447	2,654
		(142)		(132)
QA Scandinavia Inc	15,665	1,745	14,172	1,561
		(0)		(0)
QA Scandinavia China	0	0	0	0
		(0)		(0)
SFS Finance AB	0	0	0	0
		(0)		(0)
<b>Total, Group</b>	<b>97,854</b>	<b>27,450</b>	<b>90,568</b>	<b>25,869</b>
		<b>(9,041)</b>		<b>(9,055)</b>

Salaries and remuneration by country and between board members etc. and employees:

	2023		2022	
	Board and CEO (of which bonuses on profits, etc.)	Other employees	Board and CEO (of which bonuses on profits, etc.)	Other employees
<b>Parent company</b>	6,293	2,153	4,203	1,968
	(1,744)		(0)	
<b>Subsidiaries</b>				
QA Scandinavia AB	0	29,828	-	33,866
	(0)		(0)	
IFS BV	0	645	-	1,080
	(0)		(0)	
QA Scandinavia KK	0	27,917	-	23,307
	(0)		(0)	
QA Scandinavia GmbH	0	15,353	-	13,447
	(0)		(0)	
QA Scandinavia Inc	0	15,665	-	14,172
	(0)		(0)	
QA Scandinavia China	0	0	-	-
	(0)		(0)	
SFS Finance AB	0	0	-	-
	(0)		(0)	
<b>Total, Group</b>	<b>6,293</b>	<b>91,561</b>	<b>4,203</b>	<b>87,840</b>
	<b>(1,744)</b>		<b>(0)</b>	

**Costs that are reported for remuneration to employees are broken down as follows**

	The group		Parent company	
	2023	2022	2023	2022
Salaries, Board and CEO	6,293	4,203	6,293	4,203
Salaries, other employees	91,561	86,363	2,153	1,968
Pensions, defined contribution, Board and CEO	1,068	928	1,068	928
Pensions, defined contribution, other employees	7,972	8,127	348	336
Other social contributions	18,411	17,743	3,670	1,822
<b>Total</b>	<b>125,305</b>	<b>117,364</b>	<b>13,533</b>	<b>9,257</b>

**Expensed remuneration and other benefits to the Board, CEO and other senior executives, 2023**

	Basic salary/ remuneration to the board	Variable remuneration	Other benefits	Total
Bengt Engström, Chair of the Board	500	–	–	500
Mats Hjerpe, board member	219	–	–	219
Johan Westman, board member	219	–	–	219
Johan Ryrberg, board member	242	–	–	242
Towe Ressman, board member	250	–	–	250
Sebastian Lindström, CEO	3,120	1,744	–	4,864
Henrik Resmark, CFO	1,622	453	78	2,153
<b>Total</b>	<b>6,172</b>	<b>2,197</b>	<b>78</b>	<b>8,447</b>

The Group has concluded an agreement with the CEO, Sebastian Lindström, which means that in case of termination, the company shall observe a notice period of six (6) months and Sebastian Lindström a notice period of six (6) months.

In the event of termination by the company, in addition to the termination salary Sebastian Lindström is entitled to a severance payment corresponding to six (6) times the

fixed monthly salary upon termination of employment. The severance pay is paid monthly with one sixth at a time starting in the month after the termination of employment. From the severance pay must be deducted what Sebastian Lindström receives from other employment during the period during which the severance pay is paid.

**Expensed remuneration and other benefits to the Board, CEO and other senior executives, 2022**

	Basic salary/ remuneration to the board	Variable remuneration	Other benefits	Total
Bengt Engström, Chair of the Board	500	–	–	500
Mats Hjerpe, board member	250	–	–	250
Johan Westman, board member	250	–	–	250
Johan Ryrberg, board member	250	–	–	250
Towe Ressman, board member	250	–	–	250
Sebastian Lindström, board member	125	–	–	125
Sebastian Lindström, CEO	250	0	0	250
Christina Lindstedt, CEO	2,400	0	78	2,478
Henrik Resmark, CFO	1,560	0	78	1,638
<b>Total</b>	<b>5,835</b>	<b>0</b>	<b>156</b>	<b>5,991</b>

Christina Lindstedt was CEO until November 28, 2022. Sebastian Lindström took over as CEO on November 28, 2022.

## 17.2 Average number of employees

	2023		2022	
	Average number of employees	Of which men	Average number of employees	Of which men
<b>Parent company</b>	2	100%	2	52%
<b>Subsidiaries</b>				
QA Scandinavia AB	36	60%	43	58%
IFS BV	0	0%	2	50%
QA Scandinavia Japan KK	39	68%	38	67%
QA Scandinavia GmbH	17	79%	17	84%
QA Scandinavia Inc	15	71%	15	64%
QA China	0	0%	0	0%
<b>Total for the Group</b>	<b>109</b>	<b>68%</b>	<b>117</b>	<b>65%</b>

### Guidelines for remuneration to senior executives

The total remuneration to senior executives may consist of fixed remuneration, variable remuneration, pension and other benefits. Variable remuneration shall be paid in cash and is based on outcome in relation to performance targets within the individual area of responsibility and shall be aligned with the interests of the shareholders. Variable remuneration shall correspond to a maximum of 100% of the fixed annual salary for the CEO and a maximum of 50% of the fixed annual salary for other senior executives. The Board decides on bonus programs annually. Senior executives shall, unless otherwise specifically agreed, be offered market pension terms in relation to the situation in the country in which the holders of the posts are permanent residents. As a rule, variable remuneration shall not be pensionable. Other benefits, such as company car, supplementary health insurance or occupational healthcare, shall be of limited value in relation to other remuneration and may be paid to the extent that this is deemed to be the market standard for senior executives in corresponding positions in the labor market in which the executive operates.

In the event of termination by the company, the notice period for all senior executives shall not exceed twelve months with the right to severance pay after the end of the notice period, corresponding to a maximum of 100% of the fixed salary for a maximum of twelve months, i.e., fixed salary during the notice period and severance pay for the senior executives shall not exceed 24 fixed monthly salaries when combined. As a rule, any right to severance pay shall be reduced in situations where compensation during the relevant period is obtained from another employer. In the event of resignation by senior executives, the notice period shall normally be six months for the CEO and three to six months for other senior executives.

To the extent that board members elected by the AGM perform work that goes beyond the work of the Board, it shall be possible to remunerate them for such work. The remuneration must be market-based and must be approved by the Board. The guidelines cover the persons who are included in the circle of senior executives during the time the guidelines apply. The guidelines apply to agreements concluded after the time of listing of the company's shares on First North Premier, and if changes are made to existing agreements after this time. The Board shall have the right to deviate from the guidelines if, in individual cases, there are special reasons for doing so.

### 17.3 Gender representation on the Board

Of the 5 (5) members of the Board, 1 (1) is a woman.

### 17.4 Remuneration to auditors

	2023	2022
- Audit assignments	2,386	2,378
- Audit activities in addition to audit assignments	260	107
- Tax advisory	601	1,124
<b>Total</b>	<b>3,247</b>	<b>3,609</b>

## 18 Contractual liabilities and other liabilities

	2023-12-31	2022-12-31
Accrued salaries and bonuses	20,914	19,627
Accrued holiday pay	7,772	9,176
Accrued statutory social costs	3,839	3,885
Other accrued expenses	23,941	29,420
Reserve service provision	26,901	24,565
Deferred revenue rent / service	45,991	53,374
<b>Total</b>	<b>129,358</b>	<b>140,046</b>

Deferred revenue for rent and services (contractual liabilities) relates to advances received for rented goods and for future performance obligations that will be recognized as revenue in the 2023 financial year.

When contracts are sold to finance companies, part of the revenue, i.e. the service provision, is reserved for future performance obligations. This provision is released over the life of the contracts and is recognized as revenue over a three-year period at an average rate of one third per year.

## 19 Interest expenses and interest income

Financial expenses for the reporting periods consist of the following:

	2023	2022
<b>Interest expenses, borrowing at accrued acquisition value:</b>		
Interest expenses, group companies	-	-
Interest expense, lease liabilities	759	358
Other interest expenses	17,120	11,045
<b>Total interest expenses for financial liabilities that are not reported at fair value through profit or loss</b>	<b>17,879</b>	<b>11,403</b>
<b>Financial revenue for the reporting periods consists of the following:</b>		
Interest income, cash and cash equivalents	588	392

## 20 Other financial income and expenses

Other financial items consist of the following:

	2023	2022
Foreign exchange gains	8,924	3,214
<b>Total</b>	<b>8,924</b>	<b>3,214</b>

## 21 Taxes

The following components are included in the tax costs

	2023	2022
Current tax	12,529	3,626
<b>Deferred tax in respect of:</b>		
Untaxed reserves	-382	208
Temporary differences, tangible non-current assets	188	3,656
<b>Reported tax</b>	<b>12,335</b>	<b>7,490</b>
Reported profit before tax	55,700	20,781
Tax according to current tax rate 20.6% (21.4%)	-11,474	4,281
<b>Tax effect of:</b>		
Adjustment of tax in previous years	493	0
Non-deductible expenses	-547	2,739
Non-taxable income	6	-1
Loss carried forward, utilized	204	-151
Difference in tax rate between parent company and foreign subsidiaries	-1,017	621
<b>Reported tax</b>	<b>-12,335</b>	<b>7,490</b>

## 22 Cash flow adjustments

The following non-cash adjustments have been made in profit before tax to arrive at cash flow from operating activities:

Adjustments

	2023	2022
Depreciation and impairment on non-financial items	33,403	31,202
Cost of goods sold on sale of non-current assets	2,953	3,060
Provisions	4,269	-7,354
Exchange rate gain/losses	430	475
<b>Total adjustments</b>	<b>41,056</b>	<b>27,382</b>

## 23 Related party transactions

The group's key persons include the Board of directors and the CEO as described below.

There are no transactions with special terms and conditions, and no guarantees have been issued or received. Outstanding balances are usually settled with cash and cash equivalents.

### 23.1 Transactions with key persons

**The Group's key persons are QleanAir's Board of directors and CEO. Remuneration to key persons includes the following costs:**

	2023	2022
Salaries including bonus	6,293	4,203
Statutory and contractual social expenses	3,045	1,321
Of which pension expenses	1,068	928
<b>Total</b>	<b>9,338</b>	<b>5,524</b>

See Note 17 for information on remuneration to key persons.

## 24 Pledged assets and contingent liabilities

### Pledged assets

Shares in QleanAir Scandinavia AB at a consolidated value of MSEK 475.5 (MSEK 470.5) regarding non-current liabilities to credit institutions in QleanAir AB. Company mortgage loans of MSEK 90.0 (MSEK 90.0) relating to an overdraft facility in QleanAir Scandinavia AB. Guarantee of approximately MSEK 1.9 (MSEK 1.9). Total approx. MSEK 567.4 (MSEK 562.4).

### Contingent liabilities

There were no contingent liabilities as of December 2023 (0).

## 25 Risk relating to financial instruments

### Risk management objectives and principles

The Group is exposed to various risks in relation to financial instruments. Summary information on the Group's financial assets and financial liabilities by category can be found in Note 10. The main types of risk are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated from its corporate office, in close collaboration with the Board of Directors and focuses actively on hedging the Group's short to medium-term cash flows by minimizing exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively trade in financial assets for speculative purposes, nor does it issue options. The most significant financial risks to which the Group are exposed are described below. For further information, see Significant risks and uncertainties in the Annual Review.

### 25.1 Market risk analysis

The Group is exposed to market risk and, in particular, to currency risk, interest rate risk and certain other price risks, because of both operating activities and investing activities. One market risk is legislation on tobacco smoking. The market risk regarding legislation refers to a number of countries in which QleanAir operates.

The political agenda directs the legislation towards a restriction on tobacco smoking. QleanAir has its origins in Sweden, where new laws and regulations against indoor smoking were introduced as early as the beginning of the 1990s. Based on the knowledge of these laws, QleanAir has become the market leader in Europe in protection against tobacco smoke and passive smoking in workplaces.

Today, all EU member states have laws that regulate smoking in the workplace. Today, there is also a working group under The Directorate-General for Employment, Social Affairs and Inclusion, which will assess whether the member states have done enough on the issue. This group will also take a position on any further need for EU legislation.

QleanAir monitors and works actively with all issues that deal with tobacco smoking, especially in workplaces. Based on what is known today, the company estimates that the risk of the EU making a proposal that completely bans QleanAir's solutions in workplaces does exist, but is currently less likely.

#### 25.1.1 Sensitivity to foreign currency

The majority of the Group's transactions are in Euro, Japanese Yen and US dollars. Exposures to exchange rate changes arise from the Group's sales to, and purchases from, other countries.

Exchange rate gains have affected other financial items by TSEK 8,924 (TSEK 3,214), see note 20.

#### Exchange rate impact

If SEK strengthens or weakens by 10% against EUR, YEN and USD, QleanAir's total revenue is affected in % as shown in the table below:

	Revenue, percentage change 2023	Revenue, percentage change 2022
EUR	+/- 3.9%	+/- 3.3%
YEN	+/- 4.4%	+/- 4.6%
USD	+/- 1.3%	+/- 1.1%



### 25.1.2 Analysis of credit risk

Credit risk is the risk that a counterparty fails to fulfill an obligation to the group. The Group is exposed to this risk for various financial instruments, e.g. by granting loans and receivables to customers, making deposits, etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets at the balance sheet date, as summarized below:

#### Types of financial assets – book values

	2023-12-31	2022-12-31
Accounts receivable	40,417	26,921
Other receivables	9,689	8,170
Cash and cash equivalents	56,885	66,956
<b>Total</b>	<b>106,991</b>	<b>102,046</b>

#### The receivables fall due for payment as below:

	2023-12-31	2022-12-31
Due within 1 year	106,991	102,046
Due 1–2 years	0	0
Due 2–3 years	0	0
<b>Total</b>	<b>106,991</b>	<b>102,046</b>

The Group continuously monitors payments from customers and other counterparties, identified individually or in groups, and incorporates this information into its credit risk controls. If external credit ratings and/or reports regarding customers and other counterparties are available at a reasonable cost, these are obtained and used. The Group's policy is to only do business with creditworthy counterparties.

Group management believes that all the above financial assets, that have not been impaired or fallen due for payment on the current balance sheet date, have a high credit quality.

#### Some of the current receivables have fallen due for payment on the balance sheet date. These can be listed as follows:

	2023-12-31	2022-12-31
Not due	17,348	11,193
Due up to 30 days	9,371	7,852
Due 31–60 days	3,064	2,519
Due 61–90 days	2,881	932
Due 91 days and older	8,065	4,989
Of which reserved for bad debt losses	–311	–564
<b>In total</b>	<b>40,417</b>	<b>26,921</b>

With regard to accounts receivable and other receivables, the Group is not exposed to any significant credit risks in respect of any individual counterparty or group of counterparties with similar characteristics. Accounts receivable consists of many customers in different industries and geographical areas. Based on historical information about customers' cancellations, Group management believes that accounts receivable that have not fallen due for payment or have been written down have a good credit quality. The non-current receivables from individual parties are also considered to have good credit quality as the receivable is also based on payment flows from many customers in different industries.

The credit risk for cash and cash equivalents is considered negligible, as the counterparties are well-known banks with high credit ratings by external assessors.

### 25.2 Sensitivity to interest rate risk

The Group's non-current borrowing consists of bank loans that run at variable interest rates. Therefore, only changes in market interest rates through bank loans are exposed to interest rate risk as of December 31, 2023. To minimize the Group's exposure to interest rate risk, interest rate developments are monitored continuously and decisions on any interest rate hedging are discussed in connection with the Group's Board meetings.

At the balance sheet date, the Group had variable rate liabilities of TSEK 216,987, of which bank loans represent TSEK 171,875. A 1% +/- change in interest rates on bank loans would affect the Group's interest expense before tax by TSEK 1,720.

### 25.3 Analysis of liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations. The Group manages liquidity needs by monitoring planned loan payments for non-current financial liabilities as well as forecast payments and disbursements in day-to-day operations. The data used to analyze these cash flows are consistent with those used in the analysis of agreed maturities below. Liquidity needs are monitored in different time spans, daily and weekly. Long-term liquidity needs for a period of 360 days are identified quarterly. The net cash requirements are compared with available credit facilities to determine the safety margin or any deficits. This analysis shows that available loan facilities are expected to be sufficient during this period.

The Group's goal is to have cash and cash equivalents that meet the liquidity requirements for periods of at least 30 days. This target was achieved during the reporting periods. The financing of long-term liquidity needs is also secured by an adequate amount of credit facilities granted and the opportunity to sell long-term financial assets.

The Group considers expected cash flows from financial assets when assessing and managing liquidity risk, especially cash reserves and accounts receivable. The Group's existing cash reserves and accounts receivable (see notes 14, 25) exceed the current requirements for cash outflows. Cash flows from accounts receivable and other receivables all fall due within six months.

As of December 31, 2023, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) that can be summarized as follows:

- Credits refer to bank loans and overdraft facilities. Bank loans have a variable interest rate and the current average interest rates for the financial year have been 7.6% (5.1).
- The overdraft facility amounts to TSEK 90,000 (90,000) and the unused portion on the balance sheet date amounts to TSEK 43,559 (35,527).

## 26 Principles and routines for asset management

The Group's asset management objectives are:

- to ensure the Group's ability to continue operations
- to provide an appropriate return to shareholders by pricing products and services corresponding to the level of risk

The Group monitors capital based on the book value of equity plus its subordinated loans, less cash and cash equivalents as reported in the statement of financial position and cash flow hedges reported in other comprehensive income.

Management assesses the Group's capital requirements to maintain an effective overall financing structure and at the same time avoid excessive leverage effects. This also includes subordinate levels of the Group's various debt classes. The Group manages the capital structure and adjusts in the event of changed economic conditions and regarding the risk properties of the underlying assets. To maintain or adjust the capital structure, the Group can adjust the amount of dividends to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce liabilities.

The Group's asset management objectives are to maintain a relationship between capital and total financing that is in accordance with the Group's so-called covenants included in the credit terms. The Group is covered by externally imposed capital requirements regarding the net debt/equity ratio (<2.5) and interest coverage ratio (>3.0).

The Group has fulfilled all agreed commitments (covenants) towards the bank in 2023.

## 27 Events after the balance sheet date

The Board assesses that the war in Ukraine and the situation in the Middle East are having a negative effect on the economy and will primarily impact new sales of QleanAir's products and solutions and thus the financial development. In addition, deliveries from QleanAir's suppliers are negatively affected, with delays and price increases as a consequence. The management and the Board actively monitor the development and take regular measures to limit the negative effects on the business.

- QleanAir delivered 7.21 billion cubic meters of purified air at the end of the fourth quarter 2023

## 28 Issue of financial reports

The consolidated financial statements for the reporting period ending December 31, 2023 were approved by the Board of Directors on April 17, 2024.



## Parent company income statement

TSEK	Note	2023	2022
<b>Operating income etc.</b>			
Net sales	29	10,200	10,200
		<b>10,200</b>	<b>10,200</b>
<b>Operating expenses</b>			
Other external expenses	30	-7,575	-8,701
Personnel costs	31	-11,583	-11,481
Depreciation of intangible non-current assets		-8,254	-8,254
<b>Operating income</b>		<b>-17,211</b>	<b>-18,236</b>
<b>Profit from financial investments</b>			
Other financial income and expenses		-	-18
Interest income and similar profit/loss items		5	0
Interest expenses and similar profit/loss items		-13,227	-9,390
Interest expenses to group companies		-17,002	-5,960
<b>Profit after financial items</b>		<b>-47,435</b>	<b>-33,604</b>
<b>Appropriations</b>			
Group contribution received		75,000	13,400
Tax on profit for the year	32	-9,745	-1,220
<b>Profit/loss for the year</b>		<b>17,820</b>	<b>-21,424</b>

## Parent company balance sheet

### Assets

TSEK	Note	2023-12-31	2022-12-31
Goodwill	33	25,448	33,702
<b>Financial assets</b>			
Shares in group companies	34	429,000	429,000
<b>Total non-current assets</b>		<b>454,448</b>	<b>462,702</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Tax receivables		-	26
Prepaid expenses and accrued income		1,566	2,745
		1,566	2,771
<b>Cash and bank deposits</b>		<b>2,923</b>	<b>511</b>
<b>Total current assets</b>		<b>4,488</b>	<b>3,282</b>
<b>Total assets</b>		<b>458,937</b>	<b>465,984</b>

**Equity and liabilities**

TSEK	Note	2023-12-31	2022-12-31
<b>Restricted equity</b>			
Share capital		7,430	7,430
<b>Unrestricted equity</b>			
Share premium reserve		122,445	122,162
Appropriated earnings		-67,366	-45,941
Profit/loss for the year		17,820	-21,424
<b>Total equity</b>		<b>80,329</b>	<b>62,226</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	35	144,375	171,875
		<b>144,375</b>	<b>171,875</b>
<b>Current liabilities</b>			
Liabilities to credit institutions		27,500	27,500
Accounts payable		699	415
Liabilities to group companies		191,511	188,494
Current tax liabilities		8,026	7,109
Other current liabilities		168	339
Accrued expenses and prepaid income	36	6,329	8,027
		<b>234,233</b>	<b>231,884</b>
<b>Total equity and liabilities</b>		<b>458,937</b>	<b>465,984</b>

## Changes in equity, parent company

TSEK	Share capital	Share premium reserve	Unrestricted reserves	Profit/loss for the year	Total equity
<b>2023</b>					
Opening balance as of 2023-01-01	7,430	122,162	-45,941	-21,424	62,225
Transfer of previous year's profit			-21,424	21,424	0
Dividends					0
Warrants paid-up/payable		283			
Profit/loss for the year				17,820	17,820
<b>Closing balance 2023-12-31</b>	<b>7,430</b>	<b>122,445</b>	<b>-67,366</b>	<b>17,820</b>	<b>80,329</b>
<b>2022</b>					
Opening balance as of 2022-01-01	7,430	122,162	-40,953	17,814	106,452
Transfer of previous year's profit			17,814	-17,814	0
Dividends			-22,289		-22,289
Warrants paid-up/payable			-513		-513
Profit/loss for the year				-21,424	-21,424
<b>Closing balance 2022-12-31</b>	<b>7,430</b>	<b>122,162</b>	<b>-45,941</b>	<b>-21,424</b>	<b>62,225</b>



## Parent company cash flow

TSEK	Note	2023	2022
<b>Parent company's cash flow report</b>			
Operating income		-17,211	-18,236
Adjustments for non-cash items	33	8,254	8,254
Interest paid		-30,229	-15,350
Interest received		5	-
Income tax paid/repaid		-8,801	-6,368
<b>Cash flow from operating activities before changes in working capital</b>		<b>-47,983</b>	<b>-31,701</b>
<b>Changes in working capital</b>			
Change in other current receivables		1,179	28,426
Change in accounts payable		284	-116
Change in other current liabilities		76,160	66,869
<b>Cash flow from current operations</b>		<b>29,640</b>	<b>63,479</b>
<b>Investment activities</b>			
Acquisition of intangible non-current assets		-	-
Acquisition of tangible non-current assets		-	-
Acquisition of group companies		-	-
<b>Cash flow from investing activities</b>		<b>0</b>	<b>0</b>
<b>Financing activities</b>			
Group contribution		-	-
Amortization of loans		-27,500	-27,500
Options		-12	-22
Dividends paid		-	-22,289
Warrants paid-up/payable		283	-513
<b>Cash flow from financing activities</b>		<b>-27,228</b>	<b>-50,324</b>
<b>Cash flow for the year/change in cash and cash equivalents</b>		<b>2,411</b>	<b>-463</b>
Opening cash and cash equivalents		511	975
<b>Closing cash and cash equivalents</b>		<b>2,923</b>	<b>511</b>

## Notes, parent company

### 29 Intra-group purchases and sales

	2023	2022
Sales to subsidiaries	10,200	10,200

### 30 Information about the auditor's fee and cost reimbursement

#### Grant Thornton Sweden AB

	2023	2022
Audit assignment	1,096	1,286
Audit activities in addition to audit assignments	260	107
Tax advisory	412	701
<b>Total</b>	<b>1,768</b>	<b>2,094</b>

Audit assignments refer to the auditor's work on the statutory audit and audit activities refer to various types of quality assurance services. Other assignments are those that are not included in audit assignments, audit activities or tax advisory.

### 31 Number of employees, salaries, other benefits and social costs

#### The average number of employees, by gender

	2023	2022
Men	2	1
Women	0	1
<b>In total</b>	<b>2</b>	<b>2</b>

#### Salaries and remuneration

Board and CEO	6,293	4,203
Other employees	2,153	1,968
<b>Total salaries and remuneration</b>	<b>8,446</b>	<b>6,171</b>
Statutory and contractual social expenses	3,670	3,547
Of which pension expenses	1,416	1,262
<b>Total salaries, remuneration, social expenses and pension expenses</b>	<b>12,117</b>	<b>9,718</b>

Of the company's pension expenses, 1,068 (928) relate to the Board and CEO.

### 32 Tax on profit for the year

	2023	2022
<b>The following components are included in the tax costs:</b>		
Current tax	-9,745	-1,220
<b>Reported tax</b>	<b>-9,745</b>	<b>-1,220</b>
Reported profit before tax	27,565	-20,204
Tax according to the current tax rate	-5,678	4,162
<b>Tax effect of:</b>		
Non-deductible expenses	-4,066	-5,382
<b>Reported tax</b>	<b>-9,745</b>	<b>-1,220</b>

### 33 Goodwill

	2023-12-31	2022-12-31
Opening acquisition value	116,237	116,237
<b>Closing accumulated acquisition value</b>	<b>116,237</b>	<b>116,237</b>
Opening depreciation	-82,536	-74,282
Depreciation for the year according to plan	-8,254	-8,254
<b>Closing cumulative depreciation</b>	<b>-90,789</b>	<b>-82,536</b>
<b>Closing planned residual value</b>	<b>25,448</b>	<b>33,702</b>

Goodwill is entirely attributable to QleanAir AB's acquisition of the operating subsidiary QleanAir Scandinavia AB and can be traced to a previous change of ownership that took place in 2012.

Goodwill is depreciated over a period of 15 years. The depreciation rate is based on the acquisition's long-term strategic importance and is set at 15 years due to the company's structure and the unit's earning capacity. In addition to goodwill being depreciated in the parent company, the acquisition is tested for impairment annually. For a further description of impairment testing, see Note 6 in the notes to the consolidated financial statements.

## 34 Shares in group companies

Shares in Group companies are accounted for using the cost method. Impairment testing of the units' book value is performed when there is an indication that the value of the units has decreased. If the book value exceeds the recoverable amount, impairment is made. Dividends received are reported in the income statement under profit from interests in group companies.

	2023-12-31	2022-12-31
Opening acquisition value	429,000	429,000
Closing acquisition value	429,000	429,000

### Direct ownership

The name of the company	Number of shares	Share %	Book value
QleanAir Scandinavia AB	1,000,000	100	429,000

Company name and CRN	Corporate office	Equity	Results after financial net
QleanAir Scandinavia AB (556303-9162)	Solna	180,245	13,010

In the annual impairment test, goodwill is distributed in its entirety to subsidiary group QleanAir Scandinavia AB.

### Indirect ownership

Company name and CRN	Number of shares	Share %	Book value
International Facility Solutions B.V., Naarden, NL, 32088469	18,000	100%	-
QleanAir Scandinavia GmbH, Frankfurt, DE, 143/150/21007	1	100%	275
QleanAir Scandinavia KK, Tokyo, JP, 0104-01-077796	200	100%	10,000
QleanAir Scandinavia Inc, USA, 5767624	100	100%	8
QleanAir Scandinavia (Shanghai) Co Ltd, 91310115MA1K438WXU	100	100%	-
Smoke Free Systems Finance, 556789-5536	200,000	100%	8,700
<b>Total</b>			<b>18,983</b>

	Equity	Result
International Facility Solutions B.V., Naarden, NL	-14,022	-527
QleanAir Scandinavia GmbH, Frankfurt, DE	-12,304	1,649
QleanAir Scandinavia KK, Tokyo, JP	94,512	3,507
QleanAir Scandinavia Inc, USA	-10,674	1,701
QleanAir Scandinavia (Shanghai) Co Ltd	307	-127
Smoke Free Systems Finance	22,605	516

## 35 Financial liabilities

	2023-12-31	2022-12-31
Liabilities to credit institutions due within 1 year	27,500	27,500
Liabilities to credit institutions, due in 2-5 years	144,375	171,875
<b>Total</b>	<b>171,875</b>	<b>199,375</b>

## 36 Accrued expenses and prepaid income

	2023-12-31	2022-12-31
Accrued holiday pay	1,004	1,474
Accrued social charges	311	383
Other items	5,014	6,170
<b>Total</b>	<b>6,329</b>	<b>8,027</b>

## 37 Pledged assets

	2023-12-31	2022-12-31
Shares in subsidiaries	429,000	429,000

## 38 Allocation of profits

### Allocation of profits (SEK)

The following profit is at the disposal of the Annual General Meeting

Retained earnings	55,078,937
Profit/loss for the year	17,820,016
<b>Total</b>	<b>72,898,953</b>

The Board and the CEO propose that available profit of SEK 72,898,953 is allocated so that:

A dividend of SEK 0,60 per share is paid to shareholders	8,915,520
Carried forward	63,983,433
<b>Total</b>	<b>72,898,953</b>

With reference to the above and what has otherwise come to the board's attention, the board's assessment is that a comprehensive assessment of the company's and the group's financial position indicates that the dividend is reasonable, with reference to the requirements that the business's nature, scope and risks set for the amount of the company and group equity, as well as the company and group consolidation needs, liquidity and position in general.

## 39 Issue of financial reports

The parent company's financial statements for the reporting period ending December 31, 2023 were approved by the Board of Directors on April 17, 2024.

## Declaration by the Board of Directors

### Declaration by the Board of Directors and the CEO

The Board of Directors and the President certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and provide a true and fair view of the Group's position and results. The annual report has been prepared in accordance with generally accepted accounting principles and provides a true and fair account of the parent company's position and results.

The Annual Review for the Group and the Parent Company provides a fair overview of the development of the Group's and the Parent Company's operations, position and results and describes significant risks and uncertainties that the Parent Company and the companies included in the Group face.

**Solna 2024-04-17**

**Sebastian Lindström**  
CEO

**Bengt Engström**  
Chair of the Board

**Fredrik Persson**

**Jan-Olof Backman**

**Dan Pitulia**

**Towe Ressman**

**Our audit report was issued on 2024-04-17**

**Grant Thornton Sweden AB**

**Olof Nordgaard**

**Authorized Public Accountant**



## Auditor's report

To the Annual General Meeting of QleanAir AB  
Org. no. 556879-4548

### Report on the annual report and consolidated accounts

#### Statements

We have audited the annual accounts and consolidated accounts of QleanAir AB for the year 2023.

The company's annual accounts and consolidated accounts are included on pages 33–75 of this document.

In our opinion, the annual report has been prepared in accordance with the Annual Accounts Act and provides a true and fair view of the parent company's financial position as of December 31, 2023 and of its financial results and cash flow for the year in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and, in all material respects, offer a fair account of the financial position of the Group as of December 31, 2023 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

The Annual Review is consistent with the other parts of the annual report and consolidated accounts.

We therefore recommend that the Annual General Meeting approve the income statement and balance sheet for the Parent Company and for the Group.

#### Basis for statements

We performed the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under these standards are further described in the section 'Auditor's responsibilities'. We are independent in relation to the Parent Company and the Group in accordance with good auditing practice in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Information other than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts and can be found on pages 1–32 and 79–90. The Board of Directors and the CEO are responsible for this other information.

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

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to review the information identified above and consider whether the

information is materially inconsistent with the annual accounts and consolidated accounts. In this review we also consider our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

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

#### Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts and for them offering a fair view in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as they deem necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the CEO are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and prepare the accounts under the going-concern concept. However, the concept of going concern is not applied if the Board of Directors and the CEO intend to liquidate the company, cease operations or have no realistic alternative to doing either of these.

#### Auditor's responsibilities

Our objective is to achieve a reasonable degree of certainty as to whether the annual accounts and consolidated accounts generally do not contain material misstatement, whether due to fraud or error, and to submit an auditors' report containing our opinions. Reasonable assurance is a high degree of assurance, but not a guarantee that an audit performed in accordance with ISA and good auditing practice in Sweden will always detect material misstatement if one exists. Errors can occur due to fraud or error and are considered significant if, individually or together, they can reasonably be expected to influence the financial decisions that users make based on the annual accounts and consolidated accounts.

As part of an audit done in accordance with ISA, we use professional judgment and maintain professional skepticism throughout the audit. In addition:

- identify and assess the risks of material misstatement in the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than for a material misstatement due to error, as fraud may include collusion, forgery, intentional omissions, incorrect information or breach of internal controls.
- obtain an understanding of the company's internal controls relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the

purpose of expressing an opinion on the effectiveness of internal controls.

- we evaluate the appropriateness of the accounting principles applied and the reasonableness of the Board of Directors' and the CEO's estimates in the accounts and related information.
- we draw a conclusion about the appropriateness of the Board of Directors and the CEO using the concept of going concern in the preparation of the annual accounts and the consolidated accounts. We also draw a conclusion, based on the audited evidence obtained, as to whether there is any significant uncertainty relating to such events or conditions that may lead to significant doubts about the company's and the group's ability to operate as a going concern. If we conclude that there is a significant uncertainty, in the audit report we must draw attention to the information in the annual accounts and consolidated accounts on the significant uncertainty or, if such information is insufficient, modify the statement on the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may mean that a company and a group can no longer operate as a going concern.
- we evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the information, and whether the annual accounts and consolidated accounts reflect the underlying transactions and events in a way that provides a true and fair view.
- we obtain sufficient and appropriate audit evidence regarding the financial information in the units or business activities within the Group to offer an opinion regarding the consolidated accounts. We are responsible for the direction, supervision and execution of the group audit. We remain solely responsible for our opinions.

We must inform the Board of directors about, among other things, the planned scope and focus of the audit, as well as its timing. We must also inform about significant observations during the audit, including any significant deficiencies in internal controls that we identify.

## Report on other legal and regulatory requirements

### Statements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the management by the Board of Directors and CEO of QleanAir Holding AB for the year 2023 and the proposed distribution of the company's profit or loss.

We recommend that the general meeting distribute the profit as proposed in the annual review and discharge the members of the board of directors and the CEO from liability for the financial year.

### Basis for statements

We performed the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under these are further described in the section 'Auditor's responsibilities'.

We are independent in relation to the Parent Company and the Group in accordance with good auditing practice in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposed appropriations of the company's profit or loss. When proposing a dividend, this includes an assessment of whether the dividend is justifiable with regard to the requirements that the company's and the group's business type, scope and risks place on the size of the company's and the group's equity, consolidation needs, liquidity and position in general.

The Board is responsible for the company's organization and the management of the company's affairs. This includes, among other things, continuously assessing the company's and the group's financial situation and ensuring that the company's organization is designed so that accounting, asset management and the company's financial affairs are otherwise controlled in a reassuring manner. The CEO shall manage the day-to-day administration in accordance with the Board's guidelines and instructions and, among other things, take the measures necessary for the company's accounting to be carried out in accordance with law and for the asset management to be handled in a secure manner.

### Auditor's responsibilities

Our objective for the audit of the administration, and thus our statement on discharge from liability, is to obtain audit evidence to be able to assess with a reasonable degree of certainty whether any board member or the CEO has in any significant respect:

- undertaken any action or been guilty of any omission which may give rise to liability for the company; or
- in any other way acted in violation of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thus our opinion on this, is to assess with a reasonable degree of certainty whether the proposal is compatible with the Swedish Companies Act.

Reasonable degree of certainty is a high degree of certainty, but not a guarantee that an audit performed in accordance with good auditing practice in Sweden will always detect measures or omissions that may give rise to liability for damages against the company, or that a proposal for appropriation of the company's profit or loss is incompatible with the Swedish Companies Act.

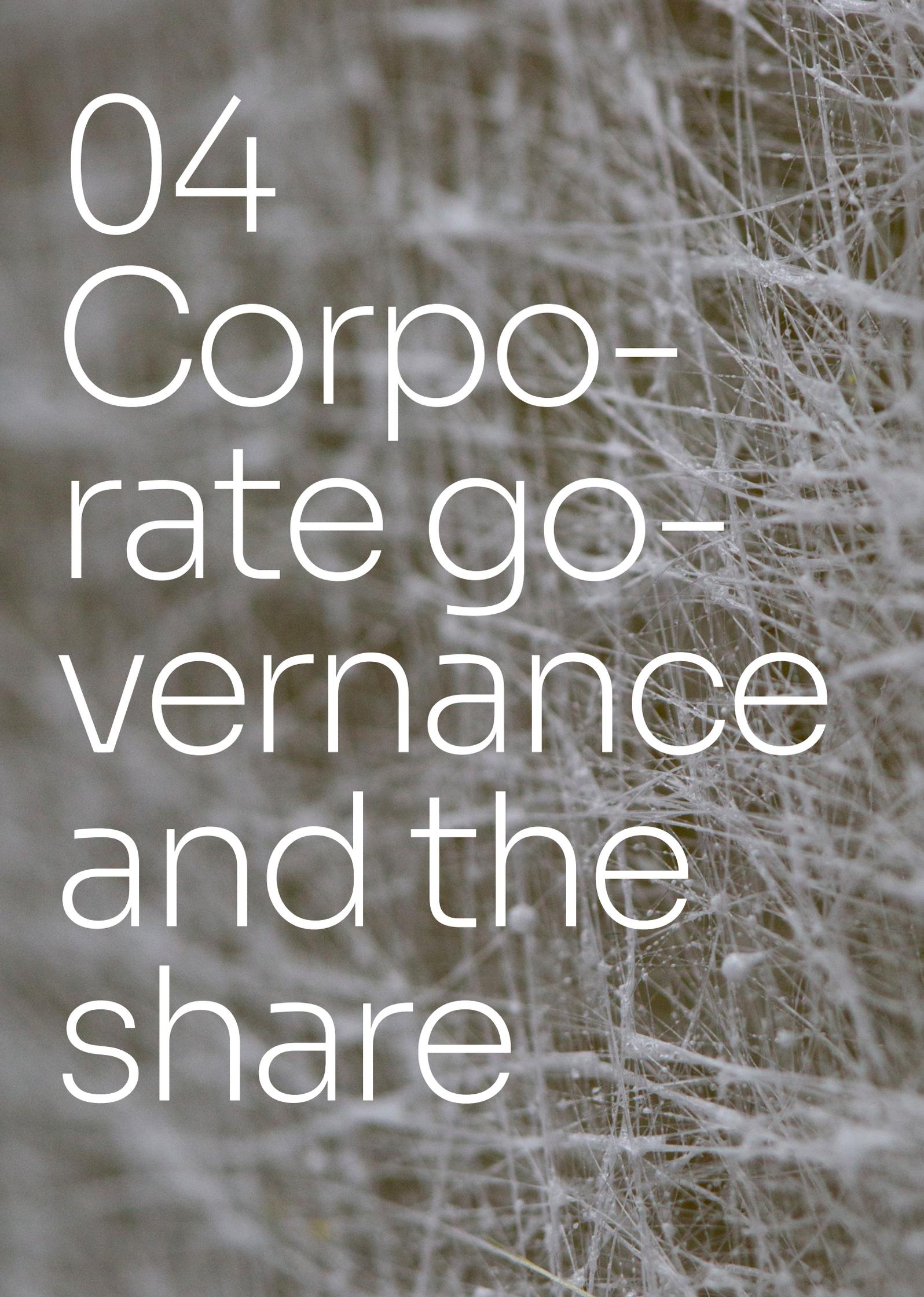
As part of an audit in accordance with good auditing practice in Sweden, we use professional judgment and maintain professional skepticism throughout the audit. The review of the administration and the proposed appropriation of the company's profits or loss are mainly based on the audit of the accounts. Additional audit procedures performed are based on our professional assessment based on risk and materiality.



This means that we focus the review on such actions, areas and matters as are material for the operations, and where deviations and violations would have particular importance for the company's situation. We review and test decisions made, support for decisions, actions taken and other matters of relevance to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we reviewed the Board of Directors' reasoned statement and a selection of the supporting evidence to be able to assess whether the proposal is in accordance with the Companies Act.

**Stockholm, April 17, 2024**  
**Grant Thornton Sweden AB**

**Olof Nordgaard**  
**Authorized Public Accountant**



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## Corporate governance report

The company applies the Swedish Corporate Governance Code (the Code) and complies with applicable corporate governance laws, primarily the Swedish Companies Act and Annual Accounts Act.

This corporate governance report has been prepared in accordance with the Swedish Corporate Governance Code (the Code) and has been reviewed by the Company's auditors. The corporate governance report covers the calendar year 2023.

The company's share has been listed on Nasdaq First North Premier Growth Market since December 12, 2019.

The Code has been applied since December 12, 2019.

## Shares and owners

The share capital in the company at the end of the year amounted to SEK 7,429,600, divided into 14,859,200 shares. The company's shares give one vote per share and equal rights to a share of the company's assets and dividends.

### The company's ten largest shareholders as of December 31, 2023

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%
Life insurance limited company Skandia	4.6%
CB LDN Citibank	2.0%
Frontier Liquidity Oy	1.8%
SEB Life Assurance, Ireland	1.5%
Sebastian Lindström	1.4%
<b>Total, ten largest shareholders</b>	<b>66.5%</b>

Public trustee list as of December 31, 2023, Euroclear.

## General meeting

The general meeting is the highest decision-making body in the company. At the Annual General Meeting, shareholders exercise their voting rights to make decisions on key issues, such as approval of income statements and balance sheets, appropriation of the company's profit or loss, granting discharge from liability for board members and the CEO, election of board members and auditors and remuneration to the Board and auditors.

The Annual General Meeting shall be held within six months from the end of the financial year. In addition to the Annual General Meeting, notice can also be given of an Extraordinary General Meeting, if the Board deems such necessary or if an owner of at least 10% of the shares so requests.

## The 2023 Annual General Meeting

The 2023 Annual General Meeting was held on May 10, 2023 in Solna. In total, 100% of a total of 14,859,200 of shares were represented. The 2022 accounts were approved and the members of the board and the CEO were discharged from liability. Decisions were also made on the election of board members, Chair of the Board and auditors, as well as remuneration to the Board and auditors. Furthermore, a decision was made on an incentive program.

According to the incentive program, participants will be offered to acquire warrants that entitle the holder to acquire shares in the company at a predetermined price, SEK 40 per share. Subscription of new shares supported by the warrants may take place during the period from June 1, 2026, to December 31, 2026. In total, a maximum of 237,500 warrants can be issued. Based on the number of shares in the company, the maximum dilution as a result of the incentive program can amount to approximately 1.6%.

## Nomination committee

The Nomination Committee consists of Bengt Engström, Oskar Börjesson (Skandia Fonder), Dan Pitulia (Calandrella) and Staffan Persson, Chairman (Swedia Capital).

The nomination committee appoints one of its members as chair of the nomination committee. The company's Chair of the Board may not be appointed chair of the nomination committee. The term of office for the members of the nomination committee continues until a new nomination committee is appointed. The members of the nomination committee shall not receive any fee. The nomination committee shall submit proposals for the chair at the Annual General Meeting, proposals for election and remuneration regarding board members (incl. Chair of the Board) and auditor as well as, where applicable, procedural matters for the next nomination committee.

## Auditors

The auditors of the company are elected by the Annual General Meeting and at the 2023 Annual General Meeting, Grant Thornton was re-elected as the audit firm for the period until the end of the 2024 Annual General Meeting. Olof Nordgaard has been appointed chief auditor. The audit mainly covers continuous auditing and review of the annual report.

## Role and composition of the Board

After the annual general meeting, the Board is the company's highest decision-making body. The Board's work is regulated by, among other things, the Swedish Companies Act, the Articles of Association and the Board's rules of procedure. The Board sets goals and strategic guidelines, is responsible for the CEO implementing Board decisions and holds ultimate responsibility for the Group's internal governance and control as well as risk management.

The Board's members elected by the Annual General Meeting are elected annually by the Annual General Meeting for the period until the next Annual General Meeting is held. According to the Articles of Association, the company's Board shall consist of a minimum of three and a maximum of seven ordinary members, elected by the AGM without deputies. The 2023 Annual General Meeting decided that the Board will consist of five ordinary members until the end of the Annual General Meeting to be held in 2023. Bengt Engström, Johan Westman, Mats Hjerpe, Johan Ryrberg and Towe Resson were re-elected. The Board consists of five ordinary members. At the extraordinary general meeting on November 14, 2023, Johan Westman, Johan Ryrberg and Mats Hjerpe declined re-election. Fredrik Persson, Jan-Olof Backman and Dan Pitulia were newly elected. No representative of the company's management is included on the Board. No employee representatives or deputies have been appointed to the Board. The members of the Board of Directors are presented on pages 84–85.

## Chair of the Board

The Chair of the Board leads the work of the Board and monitors operations in dialogue with the CEO. The chair represents the company in matters concerning the ownership structure and matters of special importance. The task entails responsibility for the Board's work being well organized, efficient, that the Board fulfills its commitments and that the Board receives satisfactory information and decision-making materials. Annually, the Board conducts a detailed evaluation once a year of the forms of its work, the composition of the Board, the Board's performance and areas for improvement. Each year, the Chair of the Board initiates and directs the evaluation of the Board's work. The purpose of the evaluation is to further develop working methods, dynamics, efficiency and working climate, as well as the main focus for the Board's work. This evaluation also focuses on access to, and the need for, specific competence on the Board. The evaluation includes interviews, joint discussions and that the Chair of the Board has individual discussions with individual board members. The evaluations are discussed at a Board meeting and serve as a basis for the nomination committee's work of proposing board members.

## The work of the Board

The Board appoints the CEO. The division of the Board's and the CEO's responsibilities and powers can be found in the Board's rules of procedure, which are established annually, as well as the Board's instructions to the CEO. The Board meetings follow the adopted rules of procedure which determine the items on the agenda that are fixed and those that may vary. The Board convenes regularly following a schedule laid down in the rules of procedure, which includes some fixed decision-making points, as well as other decision-making points as necessary.

The Board has not currently established an Audit Committee or a Remuneration Committee as the Board has not found it appropriate given its size.

## Ensuring quality in financial reporting

The rules of procedure adopted annually by the Board include detailed instructions on, among other things, which financial reports and financial information shall be submitted to the Board. In addition to the year-end report, interim reports and annual report, the Board reviews and evaluates extensive financial information relating to both the company as a whole and various entities that are part of the group. The Board also discusses information about risk assessments, disputes and any irregularities that may impact the company's financial position. The Board also reviews the most significant accounting principles applied in the group regarding financial reporting, as well as material changes to the principles and reports on internal controls and the processes for financial reporting. The company's auditors report to the Board as required, but at least twice a year.

## Remuneration to the Board

The decided remuneration to the Board of Directors amounted to a total of SEK 1,500,000 in 2023, distributed within the Board as shown in the table below. The 2023 Annual General Meeting decided that the fee to the Chairman of the Board shall amount to SEK 500,000 per year and to other board members SEK 250,000 per board member per year.

## Company management

The CEO leads the work of company management and makes decisions in consultation with the other members of management. Management consists of the CEO, CFO and managers of global functions and business area managers. Company management has regular reviews of operations under the direction of the CEO.



## Remuneration to senior executives

In 2023, a total of SEK 4,742,400 was paid in fixed remuneration to the company's senior executives (company management). The total gross remuneration paid to the CEO and executive management, including basic salary, pension payments and car and health insurance benefits, amounted to SEK 6,236,400 in 2023, of which SEK 4,188,000 was remuneration to the CEO. Remuneration to senior executives is described in Note 17. Remuneration paid complies with the decision on Guidelines for remuneration to senior executives made by the Extraordinary General Meeting on October 7, 2019. Guidelines for remuneration to senior executives are set out in Note 17.

## Audit

The company's auditors review the annual accounts and annual report, as well as the company's day-to-day operations and procedures, and then present their opinion on the financial reporting and the management by the Board and the CEO. After each financial year, the auditors shall submit an auditor's report to the annual general meeting. Every year, the company's auditors report their observations from the audit and their assessments of the company's internal control to the Board personally. At the Annual General Meeting on May 10, 2023, audit firm Grant Thornton was elected as the company's auditor with authorized public accountant Anders Meyer as the chief auditor for the period until the end of the Annual General Meeting to be held in 2024. At the 2023 Annual General Meeting, it was decided that remuneration to the auditor would be paid according to an approved invoice. The auditor's fee in 2023 amounted to a total of TSEK 3,247 for the entire Group. The interim report January–September 2023 was broadly reviewed by the company's auditors.

## Internal controls

According to the Swedish Companies Act, the Board is responsible for internal control. According to the Code, the corporate governance report shall contain information on the most important elements in the company's system for internal control and risk management, in connection with the financial reporting. The company's internal control structure follows the principles in the COSO model, according to which there is a review and assessment in the areas of control environment, risk assessment, control activities, information and communication and follow-up.

## Control environment

The Board has established a number of governing documents for the company's internal control and governance, including the Board's rules of procedure and instructions for the CEO, reporting instructions, authorization provisions, risk policy and financial policy, all of which aim to ensure a clear division of roles and responsibilities. Financial information is reported through a group-wide reporting system. Maintaining an effective control environment and the ongoing work with internal control and risk management is the responsibility of the CEO and CFO, who report to the Board based on established procedures. Senior executives at various levels in the company also have this responsibility within their respective areas of responsibility, and in turn report to Group management. The company's essential governing documentation in the form of policies, guidelines and manuals is primarily communicated via a group-wide intranet and a common business system.

## Risk assessment

The company continuously updates the risk analysis regarding the assessment of risks that may lead to errors in financial reporting. This is mainly done through contacts between management and the finance function. At the risk reviews, the company identifies the areas where the risk of errors is increased. Sustainability issues are an ongoing part of the risk analysis and assessment; see the company's sustainability report.

## Control activities

Every month, financial reports are prepared for all companies within the group. These form the basis for the meetings of executive management. Here, special analysis is made of the order situation, cost follow-up, investments and cash flow. At these meetings, special attention is paid to ensuring that any problems are followed up on and that correct financial reporting is ensured. Follow-up is done on outcomes and ensures that the financial information is true and correct.

The control environment is created through common values, company culture, rules and policies, communication and follow-up, as well as by the way the business is organized. The main task for company management and its employees is to implement, further develop and maintain the group's control procedures, and to perform internal controls focused on business-critical issues. The company's auditor reviews the financial information for the annual accounts. In addition, the auditor reviews a selection of controls and processes each year and reports any areas for improvement to company management and the Board. The company's finance function is located at the corporate office in Solna.

## Internal audits

Due to its size, the company has no internal audit function.



## Meeting attendance in 2023

For a presentation of the Board, see pages 84–85.

Name	Year elected	Independent of the company	Independent of major shareholders	Determined fee	Board meetings
Bengt Engström	2020	Yes	Yes	500,000	21/21
Johan Westman	2020	Yes	Yes	250,00	20/21
Mats Hjerpe	2012	Yes	No	250,00	20/21
Johan Ryrberg	2021	Yes	Yes	250,00	20/21
Towe Ressman	2021	Yes	Yes	250,00	21/21
Fredrik Persson	2023	Yes	No	250,00	1/21
Jan-Olof Backman	2023	Yes	Yes	250,00	1/21
Dan Pitulia	2023	Yes	Yes	250,00	1/21

Johan Westman, Mats Hjerpe and Johan Ryrberg left the Board in November 2023.

## Board

The Board of Directors has its registered office in Solna, Sweden. According to QleanAir's Articles of Association, the Board shall consist of a minimum of three and a maximum of seven ordinary members without deputies. The Board of Directors currently consists of five ordinary members elected for the period until the end of the Annual General Meeting to be held in 2024.

The table below presents the board members, their positions, the year they were appointed and their independence in relation to QleanAir and its senior executives as well as major shareholders. Major shareholders are defined in accordance with the Swedish Corporate Governance Code as shareholders who directly or indirectly control ten percent or more of the shares or votes in the company.

Name	Position	Board member since	Independent in relation to:	
			QleanAir and senior executives	Major shareholders as of today
Bengt Engström	Chair of the Board	2020	Yes	Yes
Towe Ressman	Board member	2021	Yes	Yes
Fredrik Persson	Board member	2023	Yes	No
Jan-Olof Backman	Board member	2023	Yes	Yes
Dan Pitulia	Board member	2023	Yes	Yes

## Auditor's report on the corporate governance statement

To the Annual General Meeting of QleanAir AB, corporate reg. no. 556879-4548.

### Tasks and division of responsibilities

The Board is responsible for the corporate governance report for 2023-12-31 on pages 79–83 in the annual report and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

### The focus and scope of the audit

Our audit was performed in accordance with FAR's standard RevR 16 Auditor's audit of the corporate governance statement. This means that our audit of the corporate governance statement has a different focus and a significantly smaller scope compared with the focus and scope of an audit under International Standards on Auditing and good auditing practice in Sweden. We believe that this audit provides us with a sufficient basis for our opinions.

### Opinions

A corporate governance report has been prepared. Disclosures in accordance with Ch. 6, section 6(2), points 2–6 of the Annual Accounts Act and chapter 7, section 31(2) of the same act is compatible with the annual accounts and the consolidated accounts and is in accordance with the Annual Accounts Act.

Stockholm, April 17, 2024

Grant Thornton Sweden AB

Olof Nordgaard

Authorized Public Accountant



## Board



### Bengt Engström

(Chair)

**Born** 1953

**Position:** Chair since 2020.

**Other ongoing assignments:** Chair of Nordic Flanges AB, Qlosr AB, BEngström AB/BEngström Förvaltning AB. Board member of Scanfil Oy, Real Holding AB, Scandinavian Chemotech AB and Polygiene AB.

**Previous assignments in the last five**

**years:** Chairman/Board member of Prevas AB, Advania AB, Opticos AB, Crem International AB, Scandinavian Executive AB, Bure Equity AB, Scandinova Systems AB, KTH Executive School, IFG Duroc.

**Other relevant experience:** Bengt holds a master's degree in engineering from KTH and has worked in senior positions in various companies since the 1980s.

Started as Director Production & Supply Chain at Bofors AB. Then various managerial jobs in Whirlpool such as global VP Microwave Ovens, European VP Manufacturing & Technology and then EVP Whirlpool Corporation and President Whirlpool Europe. After returning home to Sweden, he became CEO of Duni AB and Nordic CEO at Fujitsu. In recent years, he has worked as an advisor, board member and investor in both large and small companies

**Independent in relation to QleanAir and its senior executives:** Yes.

**Independent in relation to major shareholders (as of today):** Yes.

**Holdings in QleanAir:** 67,071 shares (privately held and via companies, as well as holdings of related natural persons).



### Fredrik Persson

(Board member)

**Born:** 1984

**Position:** Board member since 2023.

**Other ongoing assignments:** Investment Manager at Swedia Capital AB, Chairman Stiga Sports AB, Member Spotlight Group AB, Board member Greengold AB, Member Lundqvist Intressenter AB, Board member Arctic Falls AB, Board member Optise AB.

**Previous assignments in the last five**

**years:** Board member Breaking Media AB, L ETNetworks AB.

**Other relevant experience:** Master of Engineering from Uppsala University

**Independent in relation to QleanAir and its senior executives:** Yes.

**Independent in relation to major shareholders (as of today):** No.

**Holdings in QleanAir:** 4,033,421 shares, partly through Swedia Capital and partly privately.

**Jan-Olof Backman**

(Board member)

**Born:** 1961**Position:** Board member since 2023.

**Other ongoing assignments:** Chairman of Layer Group AB, Chairman of Northclean Group AB, Chairman of Credentia AB, Member of Tagehus Holding AB, Member of Sveab Holding AB, Member of Ifoodbag AB.

**Previous assignments in the last five years:** Chairman of 24Storage AB, Member of Vasakronan AB, Member of Logent AB, Member/Chair of Microsystemation AB.

**Other relevant experience:** Master of Engineering from KTH and Master of Science from the University of Washington, Seattle. Held senior positions at McKinsey & Co, Skanska and Coor Service Management AB.

**Independent in relation to QleanAir and its senior executives:** Yes.

**Independent in relation to major shareholders (as of today):** Yes.

**Holdings in QleanAir:** 550,000 shares via companies

**Dan Pitulia**

(Board member)

**Born:** 1956**Position:** Board member since 2023.

**Other ongoing assignments:** Board member 2006–2010 and Chair of the Board from 2011 in Neoventa Holding AB. Director at Pitulia&Co Ltd (UK).

**Previous assignments in the last five years:** During the last five years, in addition to the assignments mentioned above, Dan has been CEO of CoalaLife Group AB, Board member and Chair of Neoventa Medical AB and Board member of companies within the QleanAir group.

**Other relevant experience:** International business experience in management positions since 1984, firstly in consumer products and then medical technologies. CEO 2012–2018 and Vice Chairman 2018–2019 QleanAir AB. Chairman of the Board of Memira AB 2017–2019.

**Independent in relation to QleanAir and its senior executives:** Yes.

**Independent in relation to major shareholders (as of today):** Yes.

**Holdings in QleanAir:** 1,145,000 shares, through insurance and related parties.

**Towe Ressman**

(Board member)

**Born:** 1966**Position:** Board member since 2021.

**Other ongoing assignments:** Towe is currently VP Group Brand and Design at Husqvarna Group AB where she started her career in 2006.

**Previous assignments in the last five years:** Towe has previously held positions as one of the key players in the Virtual Innovation Lab and the Digital Solutions Planning and Connectivity Hub in Husqvarna Group.

**Other relevant experience:** Towe holds an MSc in Industrial Design from the University of Gothenburg and contributes to the board with her solid expertise in industrial design, product development, digitalization and branding.

**Independent in relation to QleanAir and its senior executives:** Yes.

**Independent in relation to major shareholders (as of today):** Yes.

**Holdings in QleanAir:** 8,612 shares



## Management

At present, QleanAir's CEO and CFO are the company's senior executives. Below is information about the senior executives' age, position, other ongoing assignments, previous assignments during the past five years, other relevant experience and holdings of shares and share-related instruments in the company. Assignments in subsidiaries within the Group have been excluded.



### Sebastian Lindström

(CEO)

**Born:** 1965

**Position:** CEO since November 2022.

**Other ongoing assignments:** Senior advisor VEA Ventures SRL, Founder and Chair of Lindstrom Invest AB and CASL et al AB, Board member of Heby Holding AB and Heby-textil AB. Board member of Motucsa AB.

**Other ongoing assignments:** Board member of QleanAir Scandinavia AB 2022. VP and Managing Director Crem, CEO Crem International Holding AB.

**Other relevant experience:** In 1991, Sebastian acquired an MSc in Engineering from Linköping University, specializing in Industrial Economics. For the past 20 years, Sebastian has worked in senior positions in a number of portfolio companies in the venture capital industry; Deputy CEO Grangården, Interim COO Bodilsen A/S, CEO Atea Holding AB.

**Holdings in QleanAir:** 210,000 shares 445,776 warrants (2023/2026).



### Henrik Resmark

(Chief Financial Officer/CFO)

**Born:** 1969

**Position:** CFO since 2013.

**Other ongoing assignments:** Board member of Drupps AB, Board member of Enequi AB.

**Other relevant experience** Henrik holds a master's degree in economics with an international focus from Lund University. Henrik has previous experience as controller at Midway Holding AB, management consultant at Carta Corporate Advisors, project manager at Aros Securities/Nordea Securities Corporate Finance between 1998 and 2003 and CFO at NeuroNova/Newron between 2003 and 2013.

**Holdings in QleanAir:** 30,000 shares. 12,828 warrants (2022/2026) and 25,000 warrants (2023/2026).

## QleanAir shares

### Listing

QleanAir's shares began trading on the Nasdaq First North Premier Growth Market under the ticker QAIR on December 12, 2019. The IPO share price was SEK 40 per share.

### Share capital

On December 31, 2023, the share capital amounted to SEK 7,429,600, divided into 14,859,200 shares with a quota value of SEK 0.50. All shares are of the same class with equal voting rights and share of the company's capital and profits.

### Trading in the share

The closing price on the last trading day of the year, December 29, 2023, was SEK 32.8, corresponding to a market capitalization of approximately MSEK 487. A total of 12,027,546 shares were traded during 2023, corresponding to a value of approximately MSEK 329. The average number of shares traded per trading day was 47,919.

### Shareholders

On December 31, 2023, there were 2,704 shareholders. The company's ten largest owners accounted for 66.5% of the share capital and votes. Staffan Persson (Swedia Capital) was the largest shareholder with 26.5% of the shares.

### Certified Advisor

All companies whose shares are listed on the Nasdaq First North Premier Growth Market must have a Certified Advisor. FNCA Sweden AB (+46 8 528 00 399, info@fnca.se) has been contracted as QleanAir's Certified Advisor.

#### The company's ten largest shareholders as of December 31, 2023

Staffan Persson (Swedia Capital)	26.5%
Avanza Pension	9.1%
Nordnet Pension	7.7%
Calandrella Ltd	6.6%
Fredrik Palmstierna	5.2%
Life insurance limited company Skandia	4.6%
CB LDN Citibank	2.0%
Frontier Liquidity Oy	1.8%
SEB Life Assurance, Ireland	1.5%
Sebastian Lindström	1.4%
<b>Total, ten largest shareholders</b>	<b>66.5%</b>

Public trustee list as of December 31, 2023, Euroclear.

## Financial information in summary

### The Group's report on earnings and other comprehensive income

TSEK	full year 2023	full year 2022
Revenue	503,518	455,172
Merchandise	-159,480	-144,154
<b>Gross profit</b>	<b>344,038</b>	<b>311,018</b>
Selling and administrative expenses	-279,971	-282,440
<b>Operating income</b>	<b>64,067</b>	<b>28,578</b>
Financial income	9,512	392
Financial costs	-17,879	-8,189
<b>Profit before tax</b>	<b>55,700</b>	<b>20,781</b>
Taxes	-12,334	-7,490
<b>Profit/loss for the year</b>	<b>43,366</b>	<b>13,291</b>

### The Group's report on financial position

TSEK	2023-12-31	2022-12-31
Non-current assets	436,022	420,783
Current assets	169,140	159,986
Cash and cash equivalents	56,885	66,956
<b>Total assets</b>	<b>662,047</b>	<b>647,724</b>
Equity	215,295	183,976
Non-current liabilities	169,756	177,256
Current liabilities	276,996	286,491
<b>Total liabilities</b>	<b>662,047</b>	<b>647,724</b>

### Key ratios

	2023	2022
Order intake, TSEK	395,378	407,625
Share of recurring revenue, %	61%	61%
EBITDA, TSEK	97,470	59,781
EBITDA margin, %	19.4%	13.1%
EBIT, TSEK	64,067	49,778
EBIT margin, %	12.7%	10.9%



### Quarterly information

	October- December 2023	July- September 2023	April- June 2023	January- March 2023	October- December 2022
Net sales, TSEK	123,751	123,855	134,864	121,048	120,075
Installed units	12,696	12,538	12,401	12,148	11,878
Recurring revenue, TSEK	78,545	75,770	77,503	74,476	70,809
Order intake, TSEK	89,640	86,655	104,968	114,115	109,161
Gross profit, TSEK	82,391	82,959	92,310	86,377	68,202
Gross margin, %	66.6%	67.0%	68.4%	71.4%	56.8%
EBITDA, TSEK	17,808	25,153	29,720	24,790	-9,642
EBITDA margin, %	14.4%	20.3%	22.0%	20.5%	-8.0%
EBIT, TSEK	9,627	16,765	21,080	16,595	-17,713
EBIT margin, %	7.8%	13.5%	15.6%	13.7%	-14.8%
Cash flow from operating activities (operating cash flow), TSEK	14,426	18,288	18,900	11,036	9,581
Working capital, TSEK	-27,824	-31,880	-31,044	-31,643	-38,804
Average capital employed, TSEK	432,911	440,762	441,916	435,507	438,719
Net interest-bearing liabilities excl. IFRS16, TSEK	160,103	163,747	175,380	184,008	184,234
Equity ratio, %	32.5%	31.4%	28.9%	28.9%	28.4%
Net debt/equity ratio	0.7	0.8	0.9	1.0	1.0
Return on capital employed (ROCE), %	14.8%	8.3%	8.5%	6.3%	6.5%

## Definitions

Key ratios	Definition and purpose
Order intake	Order intake includes all signed customer contracts. However, extra services are not included, nor are revenues 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.
Adjusted EBIT	Operating profit before financial items and tax, adjusted for non-recurring non-operating items, such as transaction costs. The ratio is used to show the earning potential of the business before financial items and tax, excluding non-recurring items.
EBIT margin	Operating income as a percentage of revenue. The measure is used to measure operating profitability after depreciation and write-downs.
Adjusted EBIT margin	Adjusted EBIT as a percentage of revenue. The measure is used to show the profitability of the business before financial items and tax, excluding non-recurring items.
Operational cash flow	Adjusted EBITDA minus net investment in tangible and intangible fixed assets and adjustment for cash flow from changes in working capital. Operational 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.
Adjusted 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. Adjusted EBIT is stated as the Company believes it excludes the impact of non-recurring items, which allows for a comparison of underlying operating profitability.
Recurring revenue	Recurring revenue is defined as revenue from leases on own balance sheet, service contracts and consumables.
Earnings per share	Earnings per share have been adjusted for the 2019 stock split for comparability.
EMEA	Germany, Austria, Switzerland, the Netherlands, Belgium, France, Poland and the Nordic countries
APAC	Japan
Americas	USA
APAC	Japan



## Upcoming reporting dates

### **8 May 2024:**

Interim report for the first quarter 2024

Annual General Meeting 2024

### **August 9, 2024:**

Interim report for the second quarter 2024

### **November 8, 2024:**

Interim report for the third quarter 2024

### **February 7, 2025:**

Interim report for the fourth quarter and full year 2024





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