QleanAir

2020
Annual Report

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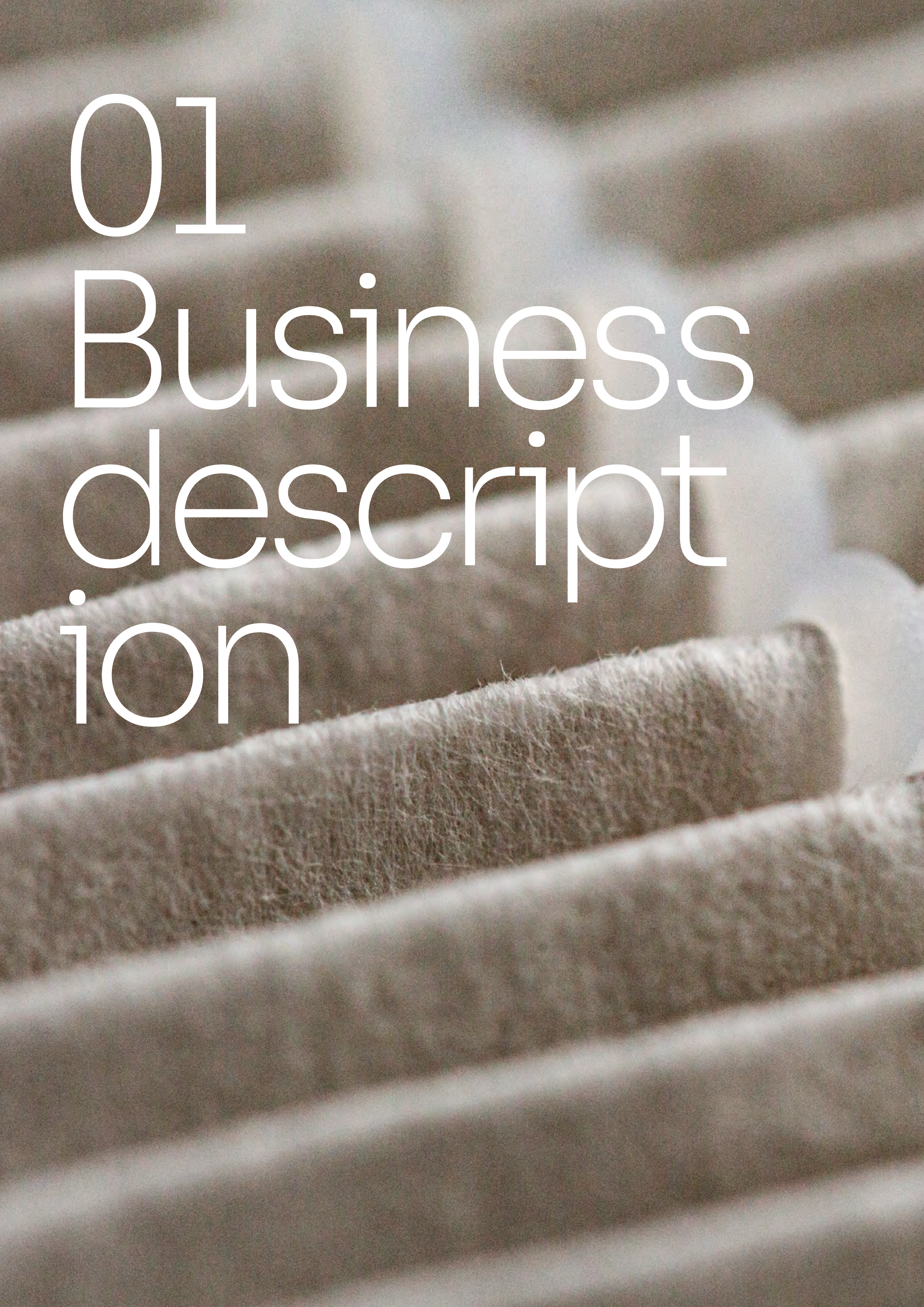


Year in brief: growth and improved operating profit. We increase our installed base and proportion of recurring revenue

Revenue increased from MSEK 457 to MSEK 493. Adjusted operating profit increased to MSEK 95 (84) and the adjusted operating margin increased to 19.3% (18.3).

The number of installed units continued to increase, amounting to 9,551 units at the end of 2020, an increase of 14% on the previous year.

Recurring revenue increased by 35% to MSEK 258.7, corresponding to 52% of total sales.

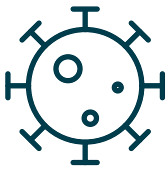
The group's operating cash flow amounted to MSEK 72 (62).

Americas	MSEK 42
APAC	MSEK 241
EMEA	MSEK 210

Net sales by geography 2020
Total: MSEK 493

Facility solutions	MSEK 46
Room solutions	MSEK 54
Cabin solutions	MSEK 393

Net sales by product category 2020
Total: MSEK 493



Significant events 2020
The corona pandemic led to increased demand for air cleaning within Facility solutions and the establishment of new customer segments for QleanAir.

Significant events 2020
QleanAir launched a record number of new solutions in the Facility solutions product category.

Significant events 2020
Japan's Health Promotion Act contributed to strong performance for Cabin solutions in Japan, which reached a new sales record.

Year in figures

493
Net sales MSEK
2019: 457

+9%
Net sales change %
(Currency adjusted)

9,551
Installed units
2019: 8,409

259
Recurring income MSEK
2019: 191

+35%
The increase of recurring revenue

-15.1
Order intake change %

310
Order intake MSEK
2019: 366

19.3
Operating margin %
2019: 7.0

95
Adjusted operating profit MSEK
2019: 84

95
Operating profit MSEK
2019: 32

67
Profit for the year MSEK
2019: -8

4.51
Profit per share
2019: 0.56

19.3
Adjusted operating margin %
2019: 18.3

72
Operating cash flow MSEK
2019: 62

27
Equity ratio %
2019: 16

Message from the CEO

Christina Lindstedt
CEO, QleanAir

A strong increase in awareness of the importance of indoor air quality during the corona pandemic paved the way for new customer segments, new collaborations and innovation power.

The pandemic has led to long lockdowns of all the markets in which QleanAir operates, which has meant challenges in the implementation of our sales work. At the same time, the increased level of uncertainty in the world has often meant longer decision-making processes for our customers. However, the team at QleanAir managed early on to switch to using digital channels to a significantly higher degree than before. Even at an early stage of the pandemic, we also started to develop new solutions aimed at reducing virus concentration in the air and thus contributing to safer and more secure working environments in contexts that needed it most, such as intensive care units, schools and office environments.

New solutions and customer groups

As part of our innovation work, we have developed a close collaboration with Karolinska University Hospital where we have learned about their needs for air cleaning solutions and used this in the development of our latest innovation at Facility solutions: FS30. The FS30 is a customized, efficient air cleaner that delivers HEPA-cleaned air at a very low noise level. In 2020, we have begun selling Facility solutions to new customer segments, including healthcare, schools and offices, and we have also introduced our FS range in Japan – one of our most important markets – where our strong position in the office segment is very well suited to Facility solutions. We also see that the increased awareness of the importance of good quality indoor air will have a positive effect on demand for our solutions from our established customer segments in warehousing, logistics, light production and food production. We have also launched two specific solutions for these customer segments in 2020: FS90 for larger environments in warehousing, logistics and production and FS70 Food Graded. We are entering 2021 with a broader and more competitive product range than ever before.

Strong year in Japan

Japan is an important market for QleanAir. For the full year 2020, we delivered growth of 26% in the country. What became the strongest year ever for our Japanese business started with the exceptional start of 2020, ahead of the implementation of the new Health Promotion Act on 1 April. Towards the end of the year, we also started selling our Facility solutions in Japan, where we see good opportunities both in terms of existing customers in the office segments, as well as in our traditional Facility solutions segments in warehousing, logistics and industry. In the medium and long term, we continue to see good growth opportunities in Japan, in both Cabin solutions and Facility solutions.

Due to the very high sales of Cabin solutions in Japan in 2020, in principle Cabin solutions accounted for an unchanged percentage of total sales in 2020. Our medium- and long-term growth strategy remains in place, with a focus on developing and growing our new product categories Facility solutions and Room solutions and maintaining our strong position with Cabin solutions. 2020 was a breakthrough year as we received our largest orders to date (in value) in our two newest product categories, Facility solutions and Room solutions, paving the way for continued growth in 2021.

Our business model with a high and increasing share of recurring income is sustainable and gives us good visibility for future income

In 2020, our installed base increased by 14% to just over 9,500 units, on a customer base of just over 3,000 customers. On average, an installation is out with the customer for more than six years and a rental contract is extended in 75% of cases, which for us is a sign that we have very satisfied customers. Our installed base is our base for future income. In 2020, our installed base generated MSEK 259 in recurring income, MSEK 130 in sales of contracts to financial companies and MSEK 104 in product sales. A sales mix consisting of different forms of income means that we offer flexibility to our customers and that we have good visibility of our future income generation. In addition, our model of working with strategic partners for production and service gives us flexibility and good resilience during more difficult market conditions.

Profitable growth in focus

QleanAir's business is about delivering healthy and safe indoor environments, protecting people's health and our customers' product and process quality. This is our mission and the basis of our values. By doing this successfully, we are working to achieve our goals, in the short and long term.

It is with pride that I look back on a 2020 in which we delivered our highest level of sales and profit to date. With sales of MSEK 493 and an EBIT of MSEK 95 (19.3%), we have met our financial targets during a year with many major challenges. We show strong growth potential in our business and very good underlying margins. We are also entering 2021 with a stronger customer offering than ever before, which, together with the increased demand for air cleaning for indoor environments, means that we are optimistic about 2021. I especially thank our dedicated and committed employees for their fantastic efforts, and our customers and partners for a highly appreciated collaboration.

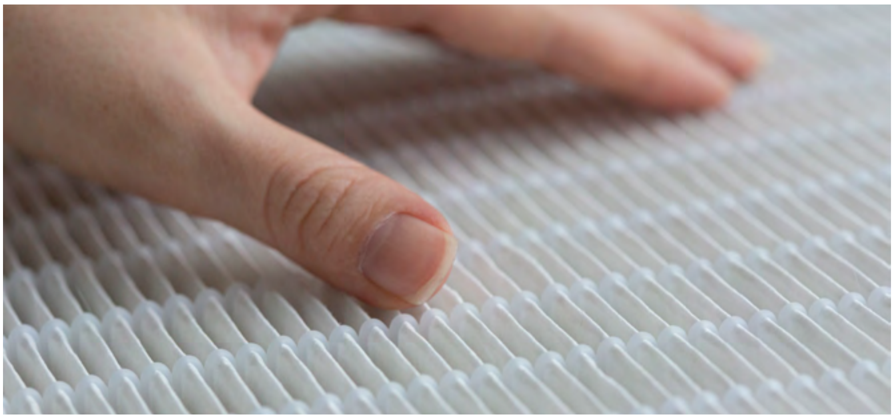
Solna 19 April 2021

Christina Lindstedt

Christina Lindstedt, CEO, QleanAir

Business model

QleanAir's business model is based on the rental of standalone solutions that improve air quality in various indoor environments. The offer includes services such as installation, service, advice, fault handling and functional guarantee of the products, as well as general quality testing of indoor air.



Rental and service agreements

QleanAir offers a complete solution that includes installation, service and functional guarantee (so-called Rental with Performance Guarantee contracts). The contracts usually run for a three-year period where customers then choose for themselves whether to extend the current contract on an annual basis or for another three years.

Financing and rental

Unless the contract is sold to a financing company, our solutions are rented on an agreement basis under which quarterly payments are received from the customer, ensuring an even income revenue stream and a good overview of future income streams.

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

The rental model offers benefits for both the customer and QleanAir. The customer leaves the work of cleaning the air in its premises to us, and can instead focus on its core business. We have full control over our systems and can thus ensure high quality, and that the brand and our services are associated with high-performance solutions over time. Our solutions also meet the requirements for a range of certifications that underline the good performance and safety of the products.

For a continued low capital tie-up and good cash flows in connection with our services being delivered to customers, we intend to continue to sell a substantial proportion of the rental contracts to external financing companies. In 2020, these represented approximately 25% of QleanAir's installed base. At the same time, the rental and service agreements we keep on our own books generate recurring income. In 2020, recurring income represented 52% of the company's total income.

9 out of 10 people inhale air with high air pollution levels[1]

The socio-economic costs of bad air are estimated at SEK 56 billion annually in Sweden alone[2]

1. World Health Organization (WHO)
2. Dagens Industri – Air in 30 Swedish cities worse than target

Objectives and strategy

QleanAir offers solutions that protect people, products and processes from air pollution in indoor environments. Our original product category Cabin solutions (cabins that protect from exposure to harmful tobacco smoke by filtration of particles and gases) has been supplemented with Facility solutions (air cleaners for industrial premises, among others), as well as Room solutions (cleanrooms for activities that require a highly cleaned or a sterile environment). All product areas are based on the same type of air cleaning technology, which gives us the opportunity to expand the product portfolio and scale production in a cost-effective way.

QleanAir also has a clear strategy for continued capital-efficient and profitable growth, in which our strategic plan is focused on the following initiatives:

Development of the sales organization

QleanAir has strengthened the sales organization through the recruitment of salespeople with a main focus on the present key markets for Facility solutions and Room solutions. A large part of the sales work involves informing current and potential customers about the positive effects our air cleaning solutions have on the working environment and people's health, the quality of products and the efficiency of processes. Through this, we can use our strong customer base for Cabin solutions for cross-selling of other product categories. During 2020, our sales organization has made extensive use of digital tools for customer processing and meetings.

Launch of new products and solutions

Product development is a central part of QleanAir's business and we continuously introduce new products that solve relevant customer problems. The focus is on solving global problems with global solutions based on our patent-protected technology, developing new product categories and broadening the product range, primarily in Facility solutions and Room solutions. This, together with the integration of new technologies in areas such as IoT, enables better data management, resource optimization and real-time monitoring that create increased value for our customers.

Strategic resource allocation

We continuously optimize QleanAir's cost structure and facilitate the globalization of our business by locating our production, and having assembly centers, closer to our main markets. We are already in place in the USA and Asia and will continue to further develop our strategic partnerships to reflect our growth strategy. Our strategy is to continue to launch new products, in both existing and new customer segments.

Future opportunities

QleanAir has identified a number of opportunities for growth outside the current establishment:

- Develop new customer segments, as well as create increased penetration in existing customer segments.
- Cleanroom products, which QleanAir currently only offers in the USA and Sweden, also have potential in many other markets.
- Launch of new products and technologies.
- Geographical expansion into new markets.
- Introduction of new concepts and services that accelerate organic growth.

A brand revitalization is underway

Over the next 1-3 years, we will see the effects of our new way of working on branding and marketing. These resources will be important contributors to our continued profitable growth and increased brand capital.

We have implemented a modernization of our visual identity and laid the foundation for brand work that will reflect what the QleanAir brand stands for today and illustrate QleanAir's strong positioning.

The new brand platform is based on the motto "Keep QleanAir Clean".

The QleanAir brand shall not only provide first-class, modular clean air solutions, it should also be perceived as clean by customers and consumers. We wish to demonstrate pride in our products and commitment to detail and emphasize our technical heritage.

By amplifying our identity and maintaining a high level of simplicity, we can create associations that are representative of QleanAir's quality and competence at all points of contact with the brand.

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 that comes when an individual knows 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 deliver on 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 it is hassle-free, and that we guarantee the air quality over time. We tailor the solution for your needs. Doing measurements and testing. Taking care of installation, service, upgrades, compliance to regulations and future-proofing the solution. We deliver the freedom of clean air - so you can focus on what really matters.

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 sales growth of approximately 10% in the medium term.

Profitability

The group's goal is to deliver an EBIT margin of 15-20% in the medium term.

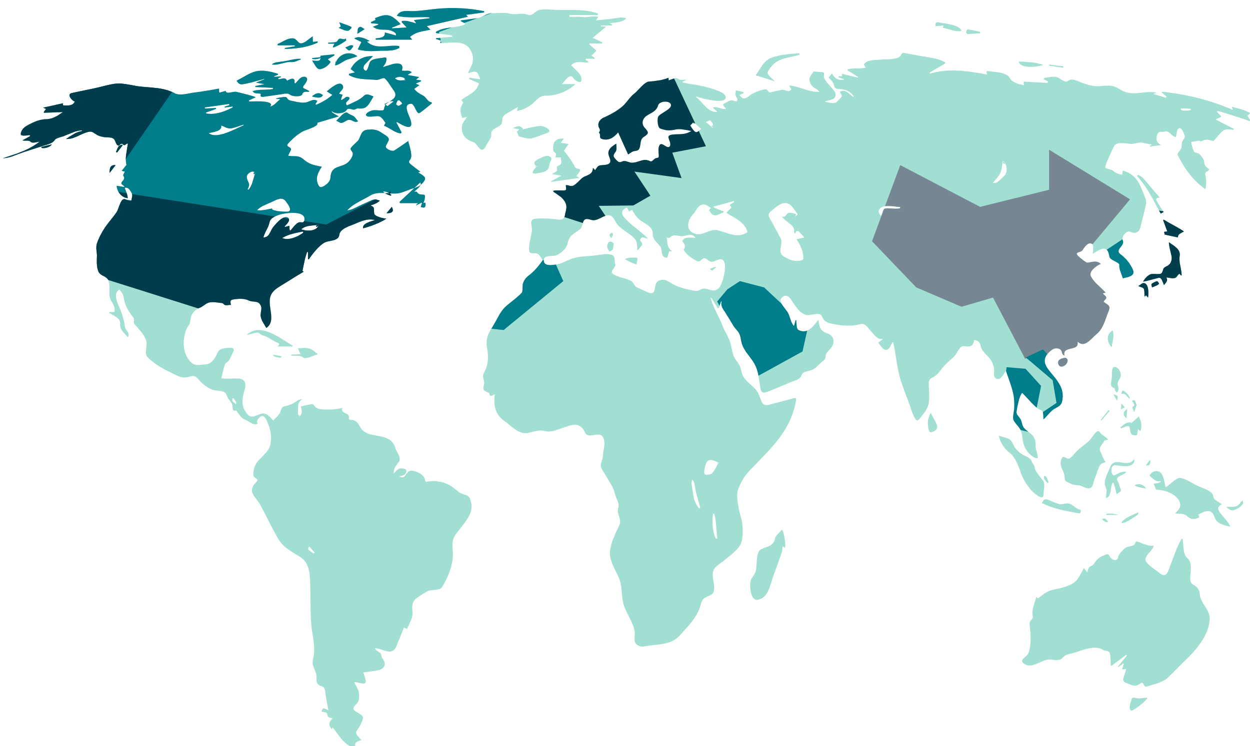
Dividend policy

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

	Goal	Outcome 2020
	~10%	9%
Organic sales growth	**Net sales CAGR** Average annual organic sales growth of approximately 10%	**Net sales CAGR** In 2020, exchange rate fluctuations affected net sales by -1%
	15–20%	19%
Profitability	**EBIT margin** EBIT margin of 15-20%	**EBIT margin**
	30–50%	29%
Dividend policy	**Dividend percentage** 30-50% of net profit for the year shall be paid in dividends	**Dividend proposed by the board** SEK 1.30 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 that are captured and filtered out by our products and technical solutions.



QleanAir sales agents and/or marketing partners
Distribution collaboration with third parties
Pilot market

Business overview

QleanAir operates in EMEA[1], APAC[2] and Americas[3] with its headquarters 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 a number of smaller export markets. In recent years, the importance of air quality in society has been highlighted by authorities around the world and as a result, a number of regulatory changes have increased air quality requirements.

Driving forces

The main drivers that govern market development for air cleaning in indoor environments are stricter legislation on air quality, increased requirements and a focus on working environment issues, as well as increased demand for Clean Air as a Service. In 2020, we were able to add to these the corona pandemic, which increased awareness of the health effects of air quality and thereby tightened up not only the requirements for society as a whole, but also for companies to follow the defined goals. This in turn created an increased demand for QleanAir's products from new customers and will continue to affect demand in the medium to long term. Creating safer and healthier working environments has become an important dimension for employers and can ultimately encourage people to return to their workplaces when the pandemic subsides. During the year, QleanAir developed new products to meet the new customer needs.

Tougher air quality legislation

The growing exposure to air pollution is harmful to both people's health and nature. At the same time, attention from the media and health organizations has increased pressure on government and global judicial authorities to tighten legislation in this area. An expected new American standard for sterile working conditions in drug preparation[4] has resulted in significant growth in the market for cleanrooms that meet these requirements, which has contributed to a strong development for QleanAir's Room solutions product category. During the period 2016-2020, net sales for Room solutions have shown an average compound annual growth rate ("CAGR") of 43%[5]. In 2018, the EU Law on Non-Financial Reporting came into force, which requires companies with more than 500 employees to report their environmental impact – an area that includes air quality[6].

Increased 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 around the workplace. Since research has highlighted the importance of clean air in workplaces, companies today are prepared to pay for solutions to protect employees, processes and products from air pollution.

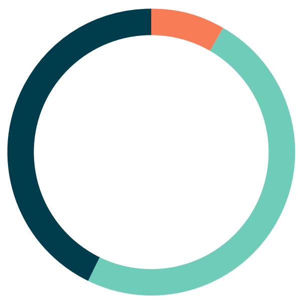
Increased demand for Clean Air as a Service

More and more customers are demanding Clean Air as a Service: an overall commitment in terms of air quality, usually through long leases of air cleaning equipment. With comprehensive solutions, customers do not have to worry about air quality in the workplace, but can instead focus on their main business. solutions that measure air quality in premises are also expected to increase as the issue becomes more prominent.

Clean Air as a Service also means financial and functional flexibility so as to avoid large initial investment costs, as well as increased agility in an ever-changing market climate[7].

Market by product category

QleanAir's different product categories have distinct end markets in different geographical regions, based on business climate as well as legal, cultural and political differences. Within each product category, QleanAir has a number of geographical focus markets: Germany, Austria and the Nordic region in standalone air cleaners; the USA and Sweden in cleanrooms; and Japan, Germany and Austria in cabin solutions. To enhance the comparability of the company's installed base, QleanAir recalculates cleanrooms in its installed base as one unit per SEK 100,000 in order value. According to QleanAir's assessment, the market order value per clean room amounts to between SEK 500,000-2,500,000, which in our installed base corresponds to between 5 and 25 installed units, depending on the order value of the clean room.



Americas	MSEK 42
APAC	MSEK 241
EMEA	MSEK 210

Net sales by geography 2020
Total: MSEK 493

1. EMEA refers to Europe, the Middle East and Africa
2. APAC refers to Asia (excl. the Middle East) and Oceania
3. Americas refers to North and South America
4. USP – USP Publishes New and Revised Compounding Standards, 2019
5. Based on unaudited information retrieved from QleanAir's internal reporting system
6. European Commission - Non-financial reporting - EU rules require large companies to publish regular reports on the social and environmental impacts of their activities, 2018
7. L.E.K. Consulting GmbH – 2019 Market Report

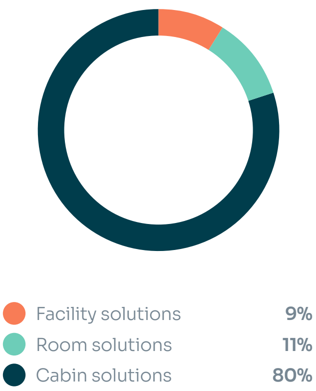
Business areas

QleanAir's operations are divided into the three product categories: Facility solutions, Room solutions and Cabin solutions. Below is a description of each area.

Facility solutions

Facility solutions includes air cleaning solutions that remove airborne pollutants in industrial and logistics environments that are often exposed to dust and particle pollution, such as warehouse and freight companies, food and automotive industries.

Net sales Facility solutions



Net sales by product category 2020

In 2020, Facility solutions accounted for approximately 9% of total net sales. QleanAir is actively working to increase sales in Facility solutions through cross-selling to existing customers, primarily of Cabin solutions, but also through new development of specific industry segments. As a result of the corona pandemic, QleanAir started selling Facility solutions to new customer segments in 2020. Sales in this product category are mainly driven by the Nordic countries, Germany and Japan.

End markets

Within Facility solutions, we have primarily worked with three end markets historically: logistics, food and manufacturing industry. In 2020, three new customer segments were added: healthcare, schools and offices.

Logistics

The logistics market includes logistics, distribution and freight companies that conduct a large part of their operations in large premises. Logistics premises tend to contain dust and other particles that are unhealthy for staff to inhale. QleanAir has therefore provided a variety of these premises with standalone solutions that clean the air. In addition to protecting the staff working in these premises from contaminated air, they also work to keep products and machines clean of dust and other particles.

Food

The food market consists of companies with premises for the manufacture and storage of food products that require good air quality in order to ensure the quality of the food. The standalone solutions offered by QleanAir protect food from pollution and contamination in the form of bacteria and mold. The working environment for those working on handling the production and logistics of food products is also improved.

Manufacturing industry

QleanAir's air cleaning solutions improve the working environment, contribute to cleaner processes and extend the life of sensitive tools and machines in the manufacturing industry, such as vehicle manufacturers and their direct subcontractors.

Health care

Right from the beginning of the pandemic, QleanAir began to develop new solutions aimed at reducing virus concentration in the air and contributing to safer and more secure working environments for healthcare professionals. As a result, QleanAir was trusted to deliver its latest innovation FS30 – a customized, efficient air cleaner that delivers HEPA-cleaned air at a very low noise level – to Karolinska University Hospital, among others.

Schools

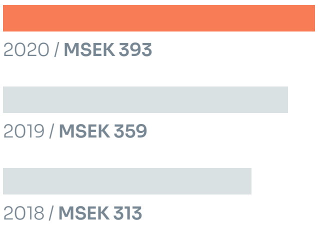
In school premises, students and teachers mingle closely together, while ventilation and airing possibilities are often substandard, which affects air quality. During the year, QleanAir delivered its first Facility solutions to schools. QleanAir's air cleaning solutions with HEPA 14 filters reduce the concentration of airborne particles and help create a better working environment, as well as reducing the risk of spreading infection.

Offices

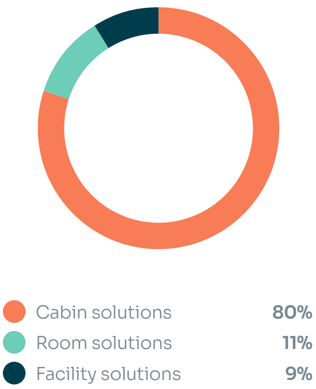
Creating healthy working environments will be a strategic issue for attracting people back to their workplaces. QleanAir already sells Cabin solutions in the office market, but 2020 also meant a growing demand for the company's Facility solutions from office customers.

Cabin solutions

In Cabin solutions, QleanAir offers cabins that capture and filter tobacco smoke including gases, particles and odors, as well as safely taking care of ash and cigarette butts. The primary purpose of the cabins is to reduce the exposure to passive smoking and thus help to ensure a healthy working environment.



Net sales Cabin solutions



Net sales by product category 2020

Cabin solutions is QleanAir's original product category, representing approximately 80% of total net sales in 2020. Cabin solutions' main source of income is the Japanese and German markets, but significant sales are made in several other European countries. QleanAir works actively to offer air cleaning solutions from the other product categories (Facility solutions and Room solutions) to existing Cabin solutions customers.

In Sweden, we have gone from focusing on Cabin solutions to becoming a successful supplier of solutions from Facility solutions and Room solutions.

End markets

solutions from Cabin solutions can be divided into four defined end markets consisting of offices, industry and manufacturing, public places and others.

Offices

The office market is currently QleanAir's main end market for Cabin solutions. The cabins are placed primarily near workplaces and in common areas where they clean the air in the workplace, protect employees from passive smoking and ensure clean air outside entrances to the office building.

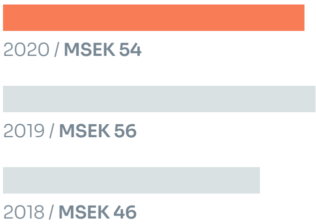
Industry and manufacturing

The industry and manufacturing market includes the sale of cabins to industries and other manufacturing operations with strict hygiene and safety requirements, such as the automotive industry, chemical plants, the food industry and marine segments. Cabins installed indoors in industry and manufacturing spaces mainly provide a healthier working environment and also reduce work interruptions that can occur during smoking breaks allowing for increased efficiency in the workplace.

Public spaces

Public spaces accounted for a small part of Cabin solutions' installed base in 2020. In public spaces, cabins are installed in airports, train stations, ships, hotels, restaurants and casinos.

Room solutions



Net sales Room solutions

Net sales by product category 2020

The majority of solutions from Room solutions are modular cleanrooms, whose popularity has increased as healthcare and the pharmaceutical industry set higher requirements for cleanliness in the handling and storage of medicines. Other companies in Biotech and Medtech, as well as other industries that place the same demands on cleanliness, have also shown interest in QleanAir's solutions as they offer particle-free conditions in the workplace. The increased interest in solutions from Room solutions is an effect of the stricter requirements that authorities (especially in the USA) are expected to set for the healthcare and pharmaceutical industries.

In 2020, Room solutions accounted for approximately 11% of QleanAir's total net sales. Together with Facility solutions, Room solutions was introduced with the aim of transforming the business through a diversification of our solutions. QleanAir is actively working to increase sales in Room solutions by focusing on growth in the USA, which is currently the product category's largest market. We also have a targeted focus on our home market of Sweden.

End markets

solutions from Room solutions can be divided into three defined current end markets: hospital pharmacies, drug processors as well as BioTech, MedTech and other end markets.

Hospital pharmacies

Hospital pharmacies need to provide patients with personalized medicines on site quickly and easily. They must comply with the laws and regulations that exist for handling hazardous substances, which is facilitated by the use of modular cleanrooms. These are used for the preparation, composition and storage of medicines with regulatory classification.

Drug processors

Like hospital pharmacies, there are companies that carry out drug preparation and deliver patient-specific medication, but are not affiliated with a specific hospital. They offer a centralized merging of services to hospitals and other providers of long-term care. As with hospital pharmacies, demand is driven by stricter clean room requirements for all handling of medicines with regulatory classification.

BioTech and MedTech

Bio- and MedTech companies need to be able to work in an environment undisturbed by airborne particles that could negatively affect the work process. To these customers, QleanAir delivers cleanrooms with regulatory classification that is required to maintain a particle-free working environment. These end customers are only on the Swedish market at the time of writing.

Customer case

Karolinska University Hospital

In third-party tests, FS 30 and FS 70 HEPA have demonstrated a filtering performance ofover 99,995%. For critical applications such as healthcare, it is important to choose an air cleaner without any housing leakage.

During the outbreak of the corona pandemic, close collaboration was initiated with Karolinska University Hospital in Solna and Huddinge. QleanAir Scandinavia has since delivered over ninety air cleaners to protect intensive care staff from the coronavirus, as a complement to protective equipment and ventilation.

Karolinska University Hospital is one of Europe's leading teaching hospitals and is leading the development of medical breakthroughs together with the Karolinska Institute, one of the world's leading medical universities. When the corona pandemic broke out, pressure on the intensive care units at Karolinska Hospital in Stockholm was high. Temporary intensive care units wards were therefore prepared in spaces with room for a large number of covid-19 patients. The staff were mainly protected from the virus with the aid of protective equipment and ventilation. But around patients treated with high-flow oxygen, the virus became airborne and staff needed extra protection.

Safer working environment in intensive care units

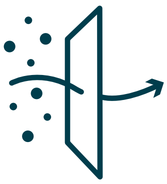
To reduce virus levels and create a safer working environment, air cleaners with certified HEPA 14 filters, high capacity and quiet operation were needed. QleanAir was able to adapt one of the company's products to the high standards in a short space of time. Over a couple of weeks, QleanAir delivered a total of 63 units of FS 70 HEPA to four different intensive care units wards at Karolinska Hospital in Solna and Huddinge. We measured particle levels in the air before and after installation. The result showed a dramatic decrease. After the first wave was over, QleanAir also installed the FS 70 HEPA in waiting rooms and emergency wards for children. The staff were very satisfied with the effect and felt the difference in air quality – fresher, cleaner and more comfortable air.

New awareness of air quality

Karolinska University Hospital has gained a new awareness of the importance of air quality. Standalone air cleaners will continue to be used as a complement to protective equipment and ventilation, to protect employees from viruses, bacteria and other hazardous particles in the air.

Customer case

Schools, Germany



QleanAir's high air filter efficiency air cleaner ensures constant air circulation. Equipped with HEPA 14 filters, they also reduce the concentration of airborne particles such as viruses and bacteria.

In 2020, QleanAir Scandinavia provided over 140 German schools with air cleaners. Equipped with HEPA 14 filters, they reduce the concentration of particles in the air and improve air circulation. Much needed, because many German schools suffer from poor ventilation.

When the German states reopened their schools and preschools after the first two waves of the pandemic, doubts arose as to whether the schools were really prepared for classroom teaching, especially in terms of air quality. This is because many schools in Germany lack proper ventilation or even the possibility of opening windows. Since proper ventilation is an important measure against coronavirus and fresh air is a top priority, several German states initiated funding programs to support their schools in the purchase of air cleaners.

Extremely quiet operation

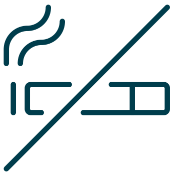
QleanAir was trusted with installing nearly 420 air cleaners in more than 140 schools and daycare centers, for example in Berlin, Ebersberg, Ettal, Lübbecke, Ludwigshafen, Schwalbach and the Main-Taunus district. For ordinary classrooms with an area of approximately 70 m^2 or teachers' rooms, QleanAir FS 30 HEPA or QleanAir FS 70 HEPA was selected. Both products are equipped with a multi-stage HEPA 14 filter, certified according to EN1822, are easy to install and convincing with their extremely quiet operation, which means that teaching and concentration are not disturbed.

Comprehensive offer

With QleanAir, these new customers could also count on a reliable and comprehensive service with lifetime performance guarantee and regional contacts: QleanAir supports schools in finding the best air cleaning solution through a situation analysis and then takes care of installation, maintenance and filter replacement. The latter is done preventively, i.e. before the change interval becomes critical. Another advantage of QleanAir's offer is that schools and municipalities can choose between buying air cleaners or renting them for a certain period.

Customer case

Yostar, Japan



Staff at Yostar were surprised by the performance of the SF 6000, which filters out cigarette smoke without leakage or smell. This convinced the company to also invest in our standalone air cleaning solution AirQlean Low 115 HEPA.

Tokyo-based game development company Yostar Limited is committed to creating a healthy environment for its staff. They previously used standalone air cleaners from another manufacturer and QleanAir smoke stations. During the covid-19 outbreak, the company decided to install QleanAir's high-performance HEPA air cleaner to protect staff.

Yostar Limited, with 170 employees, develops animated games and videos in central Tokyo, Japan. They recognize the importance of good indoor air quality for the health and comfort of their employees. Standalone air cleaners are seen as a natural part of their infrastructure to promote employee wellbeing. During the corona pandemic, air quality also became a matter of employee safety and the company decided to introduce high-performance HEPA air cleaners from QleanAir to prevent the spread of infectious diseases in their offices – and in this way also make a contribution to society at large. As a result, Yostar also became the very first customer when QleanAir introduced the Facility solutions product category in Japan.

Appreciated design

By the end of 2020, Yostar had installed 45 AirQlean Low 115 HEPA units from QleanAir in meeting rooms, offices, cafeterias and other spaces. They appreciated the design, which gives silence and simplicity, since all maintenance is carried out by Qleanair. Two SF 6000 smoke stations had already been installed.

02 Directors' report

For more than 30 years, QleanAir Scandinavia has been developing innovative air cleaning solutions that control air quality in order to create healthy indoor environments for people, products and processes. With unique specialist expertise, high-quality products, market-leading service and lifetime functional guarantees, we can offer efficient and customized solutions that deliver clean air over time. The product portfolio consists of turnkey cleanrooms, standalone air cleaners and solutions for cleaning tobacco smoke and protection against passive smoking. QleanAir is a Swedish company headquartered in Solna (Stockholm). We are active in B2B in over 25 countries around the world and continue to grow constantly.

The board and the CEO of QleanAir Holding AB, corporate identity number 556879- 4548, hereby submit the annual report and consolidated financial statements for 2020.

The nature and focus of the business

For more than 30 years, QleanAir Scandinavia has been developing innovative air cleaning solutions that control air quality in order to create healthy indoor environments for people, products and processes.

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

The product portfolio consists of turnkey cleanrooms, standalone air cleaners and solutions for cleaning tobacco smoke and protection against passive smoking.

QleanAir is a Swedish company headquartered in Solna (Stockholm). We are active in B2B in over 25 countries around the world and continue to grow constantly.

Research and development

QleanAir's research and development department maintains a close dialogue with customers to continuously identify development opportunities of QleanAir's offering. The strategic work consists partly of identifying new products and partly of improving existing products and product portfolios. In 2020, we have seen a strong increase in demand for air cleaning as awareness of the importance of clean air has increased. At an early stage of the pandemic, we launched HEPA-14 versions of our existing Facility solutions products to meet the need to reduce virus levels with safer environments as a result. At the same time, we started a close collaboration with Karolinska University Hospital and developed a completely new product for air cleaning, FS30, which we launched towards the end of 2020.

The development work is also carried out through close collaboration with QleanAir's suppliers. QleanAir has developed a five-stage product development process that explains the typical workflow when a product goes from being an idea to its market launch. QleanAir strives to identify patentable technical solutions, products, product details and features in its own products, and if possible patent them.

Significant events during the financial year

The annual general meeting was held on 13 May 2020. A decision was made, among other things, to appoint two new board members, including Bengt Engström as the new chairman. At an extraordinary general meeting on 26 June 2020, a new incentive program was decided. The maximum dilution is 222,888 shares. Christina Lindstedt was appointed CEO on 31 August 2020. The pandemic has affected QleanAir's operations both positively and negatively. The pandemic has meant that it has been more difficult to perform our sales process, which is partly based on physical meetings and is dependent on open markets, while at the same time we have greatly increased the number of digital meetings. Similarly, investment decisions by some of our customers have taken longer than normal due to current uncertainties. These factors have had a negative effect on our business. At the same time, QleanAir's operations have been positively affected by the sharp increase in awareness of the importance of clean air and we see that this increase will persist over time. In 2020, QleanAir has published a number of press releases regarding new orders and product launches. In 2020, we have reached new customer segments with our solutions for air cleaning, including schools, hospitals and offices. In December, we announced the first significant school order in Germany, which has since been followed by two similar press releases in early 2021. Similarly, through our close cooperation with Karolinska University Hospital, we have won and communicated significant orders for air cleaning in hospital environments. For more information see the 2020 quarterly reports on our website www.qleanair.com.

For the full year 2020, approximately MSEK 2.8 in corona support was received by QleanAir Scandinavia Inc (USA).

In Japan, the Cabin solutions market is driven by new legislation, the Health Promotion Act, which includes regulations to protect people from passive smoking in public areas. The legislation entered into force on 1 April 2020. This was the reason why 2020 was the best year yet in Japan for QleanAir, as demand for smoke cabins increased sharply prior to the implementation of the legislation.

After seeing some delay in investment decisions by our clean room customers in the USA in 2020 linked to the pandemic, we ended 2020 by receiving our largest clean room order ever, which amounted to an approximate value of MUSD 1.

Significant events after the end of the financial year

The board continues to assess that the outbreak of the covid-19 virus primarily affects new sales and thus financial development. Management and the board actively monitor developments and take ongoing measures to limit negative effects on the business.

- QleanAir wins first significant order for FS 30 in Japan.
- QleanAir announces another major order from the school sector in Germany.
- QleanAir has received information that BankInvest via funds now owns a total of 1,629,903 shares in QleanAir corresponding to 10.97% of the number of shares and votes in the company (10.81% after full dilution).
- QleanAir wins order of SEK 4.3 million for cleanroom in Sweden.
- Changes in ownership, Qevirp 41 Ltd from 40.6% to 23.6%.

Ownership structure

QleanAir Holding AB is listed on Nasdaq First North Premier Growth Market. Information about shareholders may be found on page 78.

Expected future development

We see a continued impact of covid-19 on our business during the beginning of 2021. We rely on open markets to be able to perform our business in an optimal way and long periods of lockdown have a negative impact. At the same time, 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. We are now in an intensive phase of delivering our new solutions from Facility solutions to our markets and we see that both Facility solutions and Room solutions will represent a growing share of our sales in the coming years. We also see that demand from our traditional customer segments in industry, warehousing and logistics, offices and public places has been positively affected by the increased demand for clean indoor air and that our increased geographical expansion in which we have, among other things, launched Facility solutions in Japan will have a positive impact.

Financial targets

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 deliver an EBIT margin of 15-20% in the medium term.
- Dividend policy: the company's goal is that between 30 and 50% of profit for the year will be paid in dividends. The dividend proposal shall take into account the company's long-term development potential.

Significant risks and uncertainty factors

Legislation

QleanAir is subject to risks related to passive smoking protection legislation. 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. For risk related to financial instruments and risk management objectives and principles, see Note 25.

Guidelines, 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 71.

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 71 of this document.

Sustainability

The QleanAir group has a long tradition of taking care of what is important for life. Environmental problems, health and safety have been QleanAir's priorities for decades. For more than 30 years, QleanAir has been working to develop solutions that protect people from contaminated indoor air. QleanAir's operating subsidiary QleanAir Scandinavia AB is ISO certified for quality ISO 9001 and environment 14001. QleanAir's circular business model is based on renting out modular units with a functional guarantee. The units are 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, quality and environmental policy, marketing policy and work environment policy. The group has continuously measured the volume of air cleaned per hour since 2015. The Sustainability Report for 2020 will be available on 19 April 2021 at www.qleanair.com.

Operations abroad

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

Financial overview of the group

Sales for the full year amounted to MSEK 493.0 (456.9), an increase of 8 %. For the full year 2020, EBIT profit amounted to MSEK 95.0 (adjusted 2019 83.7). Cash flow from current activities for the full year amounted to MSEK 72.1 (62.5). Cash at the end of the period excluding available overdraft facilities amounted to MSEK 52.6 (57.0). Interest-bearing net liabilities amounted to MSEK 198.7 (236.7) excluding rental liabilities that are now reported as interest-bearing liabilities. For more information, see page 78-79.

Parent company

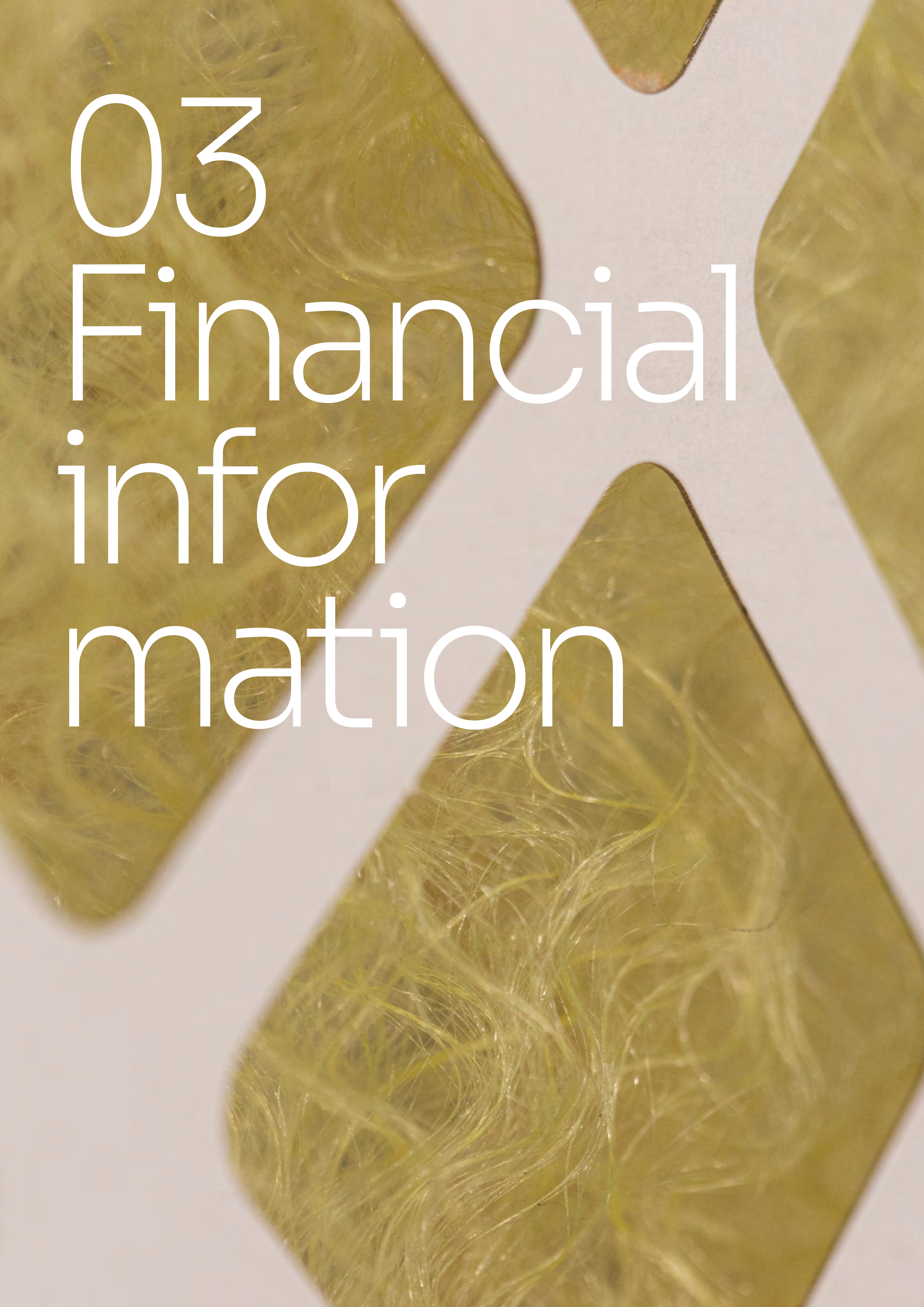
The company owns and administers shares in subsidiaries and provides management and consulting services in connection therewith. Sales for the parent company for the full year January-December 2020 amounted to MSEK 10.2 (10.2). Profit for the period was MSEK 13,4 (-26,5). The improved result compared to 2019 is attributable to group contributions received. QleanAir Holding AB with corporate registration number 556879-4548 is a Swedish limited liability company with its registered office in Solna, Sweden.

Multi-year comparison (for the group)

		2020	2019	2018	2017
Net sales	TSEK	492,970	456,879	400,813	336,239
EBITDA	TSEK	123,749	79,756	72,898	45,482
EBIT	TSEK	95,038	32,073	61,793	36,869
Profit after financial items	TSEK	85,618	8,837	40,064	14,005
Balance sheet total	TSEK	585,161	602,950	586,048	548,414
Shareholders equity	TSEK	156,907	97,746	63,975	44,215
Number of employees		106	96	87	80
Equity ratio	%	27%	16%	52%	48%
Order intake	TSEK	310,496	365,979	313,379	227,246
Allocation of profits SEK)					
The following profit is at the disposal of the annual general meeting					
Retained earnings from the previous year		87,378,610			
Profit for the year		13,431,401			
		100,810,011			
The board and the CEO propose that available profit of SEK 100,810,011 is allocated so that:					
Dividend of SEK 1.30 per share is paid to shareholders		19,316,960			
Carried forward		81,493,051			
		100,810,011			

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.

For further information 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, where not otherwise stated.



03 Financial information

Consolidated income statement

TSEK	Note	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Net sales	5	492,970	456,879
Other operating income	5	2,831	-
Total income		**495,801**	**456,879**
Operating expenses			
Merchandise		-156,567	-160,959
Other external expenses		-92,012	-110,210
Costs for remuneration to employees	17	-119,614	-104,883
Depreciation and impairment of tangible and intangible non-current assets	7, 8, 9	-28,711	-47,682
Other operating expenses		-3,860	-1,071
Operating profit		**95,038**	**32,073**
Interest expenses and similar income items	19	-11,456	-22,503
Interest income and similar income items	19	55	24
Other financial income and costs	20	1,980	-757
Profit before tax		**85,618**	**8,837**
Tax on profit for the year	21	-11,815	-21,732
Deferred tax	11, 21	-6,798	5,374
Profit for the year		**67,005**	**-7,521**
Profit per share before dilution, SEK	16.4	4.51	-0.56
Profit per share after dilution, SEK	16.4	4.44	-0.56
Profit for the year		67,005	-7,521
Translation difference for the year relating to foreign subsidiaries	16	-8,104	1,605
Comprehensive income for the year		**58,901**	**-5,916**
Comprehensive income for the year attributable to:			
Parent company shareholders		58,901	-5,916
Non-controlling interests		0	0
Net profit for the year		**58,901**	**-5,916**

Consolidated balance sheet

Assets

TSEK	Note	31/12/2020	31/12/2019
Intangible non-current assets			
Capitalized development costs	7	12,950	5,934
Goodwill	6	343,704	343,704
		356,654	349,637
Tangible non-current assets	8		
User rights assets	9	15,662	22,632
Improvements in rented premises		272	400
Rented inventory		34,282	33,272
Inventory		7,012	6,140
		57,228	62,445
Financial non-current assets			
Deferred tax assets	11	4,624	11,427
		4,624	11,427
Total non-current assets		418,506	423,509
Current assets			
Goods in stock etc.	12		
Merchandise		27,069	32,147
		27,069	32,147
Current receivables			
Accounts receivable	10, 13	34,237	35,936
Current tax assets		8,092	
Other receivables		9,999	11,296
Prepaid expenses and accrued income	15	34,659	43,068
		86,987	90,300
Cash and cash equivalents	10, 14	52,600	56,994
Total current assets		166,655	179,441
Total assets		**585,161**	**602,950**

Equity and liabilities

TSEK	Note	31/12/2020	31/12/2019
Equity	16		
Share capital		7,430	7,430
Other paid-in capital		121,401	121,141
Reserves		-2,835	5,269
Retained earnings		-36,093	-28,572
Profit for the year		67,005	-7,521
Total equity		156,907	97,746
Non-current liabilities			
Liabilities to credit institutions	10	230,388	249,684
Non-current lease liabilities	9	6,643	14,053
		237,031	263,737
Current liabilities			
Liabilities to credit institutions	10	20,863	18,671
Bank overdraft facilities	10	-	18,677
Current lease liabilities	9	9,705	9,351
Trade accounts payable	9	25,194	41,496
Tax liabilities		–	1,626
Other current liabilities		11,600	9,803
Contractual liabilities and other liabilities	18	123,862	141,842
		191 224	241,466
Total equity and liabilities		**585,161**	**602,950**

Consolidated statement of changes in equity

TSEK	Note	Share capital	Other paid-in capital	Reserves	Retained earnings	Total equity
2020	16					
Opening balance as at 01/01/2020		7,430	121,140	5,269	-36,094	97,745
Payment for subscription options		–	261	–	–	261
Profit for the year		–	–	–	67,005	67,005
Other comprehensive income		–	–	-8,105	–	-8,105
Closing balance 31/12/2020		**7,430**	**121,401**	**-2,835**	**30,911**	**156,907**
2019	16					
Opening balance as at 01/01/2019		6,642	58,929	3,664	-5,260	63,975
Adjustment on transition to IFRS 16					-480	-480
Changed accounting principle internal sales					1,284	1,284
Opening balance as at 01/01/2019		6,642	58,929	3,664	-4,457	64,778
New issue of shares by set-off		788	62,212	–	–	63,000
Effect of acquisition SFS Finance		–	–	–	-24,116	-24,116
Transactions with the owners		788	62,212	0	-24,116	38,884
Profit for the year		–	–	–	-7,521	-7,521
Other comprehensive income		–	–	1,605	–	1,605
Closing balance 31/12/2019		**7,430**	**121,141**	**5,269**	**-36,094**	**97,746**

Consolidated report of cash flow

TSEK	Note	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Operating profit		95,038	32,073
Adjustments for non-cash items	22	18,188	46,706
		113,226	78,780
Income tax paid		-22,251	-21,675
Interest received		55	24
Interest paid		-10,127	-11,002
Exchange gain/loss		-1,562	-1,236
Cash flow from operating activities before changes in working capital		**79,342**	**44,889**
Cash flow from changes in working capital			
Decrease (+)/Increase (-) of goods in stock		-4,032	-8,390
Decrease (+)/increase (-) of trade receivables		-1,319	5,032
Decrease (+)/increase (-) in receivables		6,699	2,778
Decrease (-)/increase (+) of current liabilities		5,855	12,430
Decrease (-)/increase (+) in accounts payable		14,411	5,758
Cash flow from current operations		**72,133**	**62,498**
Investment activities			
Acquisition of tangible non-current assets		-21,483	-17,447
Acquisition of intangible non-current assets		-4,875	-1,774
Acquisition of group companies		-	-6,603
Cash flow from investment activities		**-26,357**	**-25,824**
Financing activities			
Borrowings	10	-	277,254
Amortization of lease liabilities	9	-10,335	-9,713
Amortization of liabilities	10	-37,111	-324,902
Paid up subscription options		260	0
Cash flow from financing activities		**-47,185**	**-57,361**
Cash flow for the year		-1,409	-20,688
Cash and cash equivalents at start of year		56,994	74,935
Exchange rate differences in cash and cash equivalents		-2,985	2,747
Cash and cash equivalents at end of period	14	**52,600**	**56,994**

With effect from 2019, changes in the group's overdraft facilities are reported under financing activities.

Notes to the consolidated financial statements

1 Nature of the business

The QleanAir group has a long tradition of taking care of what is important for life. Environmental problems, health and safety have for decades been at the top of the QleanAir group's priorities. For more than 30 years, QleanAir Scandinavia has been working to develop solutions that protect people from exposure to passive smoking.

QleanAir Scandinavia has also moved into traditional air cleaning. The products clean the air through highly-efficient air filters.

QleanAir Scandinavia's innovation QleanSpace, is a cleanroom in which the environment is controlled by filter, automatically controlled fans and a unique monitoring system.

2 General information and compliance with IFRS

QleanAir Holding AB, the group's parent company, is a limited liability company based in Stockholm. The head office is at Torggatan 13, Box 1178, 171 23 Solna, Sweden.

The group operates 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 Reports 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 31 December 2020 were approved for issue by the board on 19 April 2021 (see Note 28). According to the provisions in Sweden, changes to the financial statements are not allowed after approval.

The financial statements have been prepared on the assumption that the group conducts its business in accordance with the going concern principle.

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 12 May 2021.

3 Changes in financial reporting principles

3.1. Standards, amendments and interpretations concerning new standards

There are no new IFRS standards approved for application from 2020 onwards. There are some changes in standards that are approved for application from 2020; these have not been deemed to have a material effect on the group’s financial statements.

As of the date of approval of these financial statements, certain new standards, amendments and interpretations of existing standards that have not yet entered into force have been published by the IASB. These have not been applied prematurely by the group.

4 Overview of financial reporting principles

4.1 Overall considerations

The most important financial reporting principles used in the preparation of the consolidated financial statements are summarized below.

4.2 Basis for consolidation

The consolidated financial statements consolidate the parent company's and subsidiaries' operations from 1 January 2020 to 31 December 2020 inclusive. The consolidated financial statements are prepared in accordance with the acquisition method and include the companies in which the parent company has a determining influence directly or through subsidiaries. Determining influence means that the parent company has, directly or through subsidiaries, influence over the company, has the right to variable returns and has the opportunity to exercise its influence over the company in order to influence returns. All subsidiaries have a balance sheet date of 31 December.

The group’s internal transactions and balance sheet items are eliminated on consolidation, including unrealized gains and losses on transactions between group companies. Where unrealized losses on intra-group asset sales are reversed in consolidation, the impairment requirement of the underlying asset is also examined from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure compliance with the group's financial reporting principles.

Profit and other comprehensive income of subsidiaries that are acquired or disposed of during the year are recognized from the date that the acquisition or the divestment takes effect, as applicable.

4.3 Parent company

The parent company applies the Annual Reports Act and RFR 2 Accounting for legal entities. This means that EU-approved IFRS rules and statements are applied as far as possible within the framework of the Annual Reports 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

Interests in subsidiaries are reported according to the acquisition value method. Acquisition-related costs for subsidiaries, which are expensed in the consolidated financial statements, are included as part of the acquisition value of interests in subsidiaries. The reported value of interests in subsidiaries is examined for possible impairment requirements when there is an indication that impairment requirements exist.

Leasing

In the parent company, all leasing agreements are reported as operational leasing agreements. 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 reporting on the other hand, untaxed reserves are divided into deferred tax liability and equity.

Intra-group services

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

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 on the income statement.

4.5 Translation of foreign currency

Functional and presentation currency

The consolidated financial statements are presented in SEK, which is also the parent company's functional currency.

Transactions and balance sheet items in foreign currency

Non-monetary items are not translated on the balance sheet date and are measured at acquisition value (translated at the transaction date rate) except non-monetary items measured at fair value which are translated at the exchange rate on the date on which the fair value was determined.

Foreign operations

In the consolidated financial statements, all assets, liabilities and transactions in group companies that have a functional currency other than SEK (the group's reporting currency) are converted into SEK at the time of consolidation. The functional currency of group companies remained unchanged during the reporting period.

During the consolidation, assets and liabilities have been recalculated at the closing price at the balance sheet date. Income and expenses have been translated into SEK at an average rate during the reporting period. Exchange differences are recorded directly against other comprehensive income and are recognized in the currency translation reserve in equity.

4.6 Income reporting

Income reporting

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 income reporting. 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. Most of the group’s income consists of the sale of goods to financial companies and the rental of goods including services. Sales of goods to financial companies occur in accordance with the rules of IFRS 16 regarding manufacturers or dealers who are lessors.

Sale of goods to financial companies

Income from the sale of goods to financial companies consist of rental agreements with end customers that QleanAir sells to external financial companies. The income is recognized when the rental agreement is transferred to the finance company, reduced by a service provision corresponding to the duration 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 rental agreements that the company has the right to withdraw the item at a negligible residual value at the end of the rental period. Consequently, the risk but not the control has been transferred to the customer at the time of sale. Reporting of income is thus done in accordance with IFRS 16 p 71c, i.e. in accordance with the direct sales policy for which IFRS 15 is applied. 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.

Rental of goods including service

Reporting of income 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 price under these contracts is invoiced over time, often on a quarterly basis in advance. Invoiced amounts typically have a 30-day payment time from the invoice date. Contract 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.

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. Reporting of income 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 taking into account 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 for the customer. This type of contract requires significant 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. Reporting of income 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 a number of payments based on the degree of completion or invoicing milestones defined in the contract. In most cases, income is limited to invoicing based on completion or unconditional invoicing milestones over the duration 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 uninvoiced 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 mainly for the clean room business.

Segment reporting

The determination of QleanAir's operating segments has taken into account 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 has been determined.

Other operating income

As a result of the covid-19 pandemic, the group has received government aid in a market related to personnel costs (the subsidiary QleanAir Scandinavia Inc). The company recognizes this support as other operating income in accordance with IAS 20 Accounting for government grants and dislockdowns of state aid. The aid is recognized in the income statement and balance sheet when it is reasonably certain that the aid will be received and any conditions for the aid are met.

4.7 Operating expenses

Operating expenses are reported on the income statement when the service is used or on the date of its creation.

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).

Borrowing expenses include interest expenses calculated using the effective interest method. Interest expenses include accrued amounts such as direct transaction costs and similar costs for obtaining loans.

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.

Expenditure directly attributable to the development phase of a project is recognized as an intangible asset provided that it meets the following requirements:

- Development expenditure can be measured reliably
- The project is technically and commercially feasible
- The group intends and has sufficient resources to complete the project
- The group has the conditions to use or sell the product
- The product will generate probable future financial benefits

Development expenses that do not fulfill these criteria for capitalization are entered as costs as they arise.

Accounting in subsequent periods

All intangible assets, including capitalized development expenses, have a determinable useful life. They are therefore reported at acquisition value whereby capitalized expenses are depreciated on a straight-line basis over the estimated useful life. Residual value and useful life are reviewed at each balance sheet date. In addition, an impairment test is carried out as described in Note 4.13. The following useful lives are applied:

- Customer contracts: Over the remaining term of the contract
- Proprietary products: 5 years
- Patents and tests: 5 years

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

4.11 Tangible non-current assets

Rented inventory

Rented inventory 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. Rented inventory is thereafter reported at acquisition value after deduction of cumulative depreciation and impairment.

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

On disposal of rented inventory, the remuneration received is reported in the income statement in the item "Net sales" and the book value of the rented inventory in the item "Merchandise".

The risk when renting inventory is considered 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 equipment rental is classified as operational leasing and is thus reported in income on a straight-line basis over the lease period. The reported amount of this equipment is 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 policy for 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

In the case of right-of-use assets, the estimated useful life is determined taking into account the useful life of comparable owned assets or the lease period if this is shorter. The assessment of significant residual values and useful life is updated as necessary, but at least once a year.

4.12 The group as a lessee

For all agreements entered into on 1 January 2020 and later, the group assesses whether the agreement is a lease agreement or contains a lease 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". In order 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, taking into account 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 period. The group assesses whether it holds the right to control "how and for what purpose" the asset is to be used throughout the lease period.

Valuation and recognition of leases as a lessee

At the beginning of the lease, the group recognizes a right of use and a lease liability in the balance sheet. The right of use is valued at acquisition value, which includes the amount to which the lease liability is originally valued, any initial direct expenses incurred by the group, an estimate of the group's expenses for the dismantling and removal of the asset at the end of the lease period and any lease payments paid before the start of the lease (reduced by any benefits received). The group writes off the right of use on a straight-line basis from the beginning of the lease until the earlier of the end of the right of use and the end of the lease. The group also assesses a possible impairment requirement of the right of use when there is an indication of a decrease in value. At the beginning of the lease agreement, the group values the lease liability at the present value of the lease fees not paid at that time. Leasing fees are discounted using the implied interest rate of the lease if this interest rate can be easily determined, or the group's marginal borrowing rate is used. Leasing fees that are included in the valuation of the lease liability include fixed fees (including the substantive fixed fees), variable lease fees based on an index or price, amounts that are expected to be paid by the group under residual value guarantees, and payments under options that the group is reasonably confident will be exercised. After the start date, the liability is reduced by lease payments that are divided between amortization and interest. The liability is revalued to reflect any reassessment or change or if there are changes in the substantive fees. When the lease liability is revalued, a corresponding adjustment shall be made in respect of the right of use or in the income statement if the right of use has already been assigned zero value. The group has chosen to recognize short-term leases and leases for which the underlying asset has a low value by taking advantage of the practical solution found in IFRS 16. Instead of reporting a right of use and a lease liability, lease fees relating to these leases are expensed on a straight-line basis over the lease period. Rights of use have been included in the balance sheet in the item Right-of-use assets, while the lease liability has been included in the items Non-current lease liabilities and Current lease liabilities.

Right-of-use assets/Leasing (pursuant to IFRS 16, as of 01/01/2019)

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 a large number of 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 leasing agreements are reported as rights of use and with an equivalent liability on the date on which the leased asset is available for use by the group. Each leasing payment is divided between amortization of the liability and the financial cost. The financial cost shall be distributed over the term of the lease so that each accounting period is charged with an amount corresponding to a fixed interest rate for the liability recognized in each period. The right of use is depreciated on a straight line basis over the shorter of the asset's useful life and the duration of the leasing contract.

Assets and liabilities arising from leasing contracts are initially reported at present value.

The lease liability has been calculated as discounted future commitments for existing contracts, mainly related to rental of premises. The maturity of the leases used is consistent with actual remaining contractual maturities. Leases less than 12 months are not included. Nor are leases for assets of minor value (less than TSEK 50). Payments for short-term contracts and leasing contracts of lesser value are expensed on a straight line basis in the income statement.

The lease payments are discounted at the implicit interest rate in the agreement. If the interest rate cannot be easily determined, as is usually the case, the marginal borrowing rate is used. The marginal borrowing rate is determined on the basis of the country, maturity and creditworthiness of each entity.

The assets with right-of-use rights are valued at acquisition value and include the following:

- The amount at which the leasing liability was initially valued
- Lease fees paid at or before the starting date, less any benefits received in connection with taking out the lease
- Initial direct expenditure
- Expenditure to restore the asset to the condition prescribed in the terms of the lease

Extension and termination options

Some leases contain extension options and termination options that the group may exercise or not exercise up to one year before the end of the non-cancellable lease period. Whether it is reasonably certain that an option will be exercised is determined on the starting date of the lease. The most common is that the lease period corresponds to the agreed lease period without extensions. The group reassesses 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. A lease extension occurs no later than at the time of the option's maturity.

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-generated units as possible. A cash-generating unit is an asset group with substantially independent payments. Consequently, the impairment requirements of certain assets are examined individually and some are tested at the cash-generating unit level. Goodwill is distributed among the cash-generating units that are expected to benefit from synergies in the related business combinations and represent the lowest level in the group where 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 needs 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 is reported 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. In order 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 of cash-generating units first reduces the reported value of any goodwill distributed to the cash-generating unit. Any remaining impairment proportionally decreases the other assets in the cash-generating units. With the exception of goodwill, all assets are reassessed for signs that a previous impairment is no longer justified. An impairment is reversed if the recoverable value of the cash-generating unit exceeds the reported value.

4.14 Financial instruments

Initial reporting and measurement

Financial assets and financial liabilities are reported when the group becomes party to the agreed terms of the financial instrument. Financial assets are removed from the balance sheet when the contractual rights relating to the financial asset cease 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 extinguished, i.e. when is fulfilled, canceled or terminated.

Classification and valuation of financial assets on 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 that are 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 had no financial assets categorized as measured at fair value through profit or loss or fair value through other comprehensive income.

The classification is determined both by:

- The company's business model for the management of the financial asset 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 costs.

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 recognized at fair value through profit or loss:

- They are held within the framework of a business model whose objective 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 the 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 where 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 impairment model with losses incurred. 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 ability to obtain 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 period to maturity. These credit losses are expected losses in contractual cash flows given the risk of non-payment at any time during the life 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 measured at fair value adjusted for transaction costs (if applicable), unless the group has classified the financial liability at fair value through profit or loss. Financial liabilities are measured after initial recognition at accrued acquisition value using the effective interest method, except for financial liabilities that are measured at fair value through profit or loss and which after initial recognition are measured at fair value with gains or losses recognized in the income statement.

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

4.15 Goods in stock

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

4.16 Income taxes

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

Deferred tax is calculated with the aid of the balance sheet method on all temporary differences between the reported values of assets and liabilities and their value for tax.

Deferred tax assets and liabilities are calculated without discounting at the rates expected to apply to the accounting period in which they are exercised, provided that they are 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 disposable 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 premium received in the event of a new share issue. Any transaction costs associated with new issues of shares are deducted from this fund, taking into account 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 compensation for current and earlier periods.

All transactions with the parent company's owner 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 a number of 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 assessments by group management in the application of financial reporting principles

When preparing financial statements, group management makes a number of assessments, calculations and assumptions about the reporting and measurement 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 income from customized solutions

Some of the group's agreements with customers need considerable assessments to be made to determine whether the control of the performance commitment is considered to be transferred to the customer over time or at a certain time in accordance with IFRS 15. This mainly applies to sales of customized solutions in the form of cleanrooms (Room solutions) amounting to TSEK 53,605 (2019: TSEK 55,730) of the group's income. These require assessments when determining actual preparation, estimated expenditure to complete the customized solution and follow-up against the forecast of final outcome.

Capitalization of proprietary products

The distribution between the research and development phases of new product development projects and the determination of whether the requirements for capitalizing development expenditure are met require assessments. After capitalization, management monitors whether the accounting requirements for development costs continue to be met and whether there are indications that the capitalized expenditure may be subject to a decline in value (see Note 4.10)

Reporting of deferred tax assets

The assessment of the extent to which deferred tax assets can be reported is based on an assessment of the probability of the group's future taxable income against which deferred tax assets can be used. In addition, material considerations are required when assessing the impact of certain legal or financial constraints or uncertainties in different tax jurisdictions (see Note 4.16).

Extension and termination options

The group has leasing agreements that include extension and termination options. At the start date of a lease, an assessment is made to determine whether it is reasonably safe to exercise an option by taking into account all relevant factors that create financial incentives to either extend or terminate a lease.

4.21 Uncertainty in the 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 impairment requirement, group management calculates the recoverable amount of each cash-generating unit based on expected future cash flow and uses an appropriate rate to be able to discount cash flow. There are uncertainties in assumptions about future growth, operating profit and the determination of an appropriate discount rate. When making impairment tests, the impact of covid-19 on the business has been taken into account in particular.

Income from customized solutions

Reported income amounts and associated receivables for customized solutions reflect management's best assessment of the outcome and completion rate of each agreement. In the case of more complex contracts, there is uncertainty in assessing the costs of completion (see Note 4.6).

Leasing – determine the appropriate discount rate to calculate the lease liability

The group enters into leasing agreements with external landlords and as a consequence it is not possible to determine the implicit interest rate for the leases. Therefore, the group uses the marginal borrowing rate as a discount rate in order to calculate the lease liability at the beginning of the lease period. The marginal borrowing rate consists of the estimated interest rate that the group would have to pay for financing on similar terms that requires estimates when no interest rates are available.

5 Net sales

The group's income broken down by geographical market is as follows:

Financial year 2020	Sale of goods	Sale of goods to financial companies	Rental of goods including service and other	Total
Income				
Europe (domicile)	17,879	37,508	154,792	210,180
APAC	50,258	89,678	100,638	240,574
Americas	35,669	3,290	3,257	42,216
Total	**103,807**	**130,476**	**258,687**	**492,970**

Financial year 2019	Sale of goods	Sale of goods to financial companies	Rental of goods including service and other	Total
Income				
Europe (domicile)	20,947	84,751	116,741	222,439
APAC	5,742	113,226	72,249	191,217
Americas	34,898	6,551	1,774	43,224
Other countries	0	0	0	0
Total	**61,587**	**204,528**	**190,764**	**456,879**

The group's income broken down by product category is as follows

TSEK	Full year 2020	Full year 2019
Cabin solutions	393,457	359,502
Facility solutions	45,908	41,647
Room solutions	53,605	55,730
Total	**492,970**	**456,879**

Sales and installation of cleanrooms 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 incl. service is taken over time. The entire turnover refers to revenue from agreements with customers. With regard to the sale of goods to finance companies, revenue is recognized in accordance with the rules in IFRS 16 for manufacturers who are lessors, as the company formally retains control of the objects after the sale. In practice, however, these rules mean that revenue is recognized in accordance with the same principle as when selling goods directly to the customer to whom IFRS 15 applies.

Out of QleanAir Group's net sales 2020 of 492,970 TSEK (456,879 TSEK), 362,494 TSEK (252,351 TSEK) are sales to customers that are recognized according to IFRS 15 and 130,476 TSEK (204,528 TSEK) are sales to finance companies recognized according to IFRS 16.

Customer structure

No customer's turnover amounts to 10% or more of the group's total income. Most of the sales consist of multi-year contracts with a large number of customers.

Other operating income

Government contributions

Government aid related to covid-19 in the form of compensation for personnel costs amounts to 2,831 in the consolidated income statement, reported as other operating income. There are no unfulfilled conditions or contingent liabilities.

6 Goodwill

Reported goodwill values are as follows:

	2020	2019
Acquisition value acquired businesses	343,704	343,704
Closing balance 31 December	343,704	343,704
Cumulative impairment	**0**	**0**

Impairment testing

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

The impairment test consists of assessing whether the unit's recoverable value is higher than the reported value. The recoverable value has been calculated on the basis of the value in use of the unit, which constitutes the present value of the unit's expected future cash flows, regardless of any future business expansion and restructuring. The recoverable amounts were determined on the basis of 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 perpetual.

Significant assumptions used to calculate value in use are as follows:

- The cash flow forecast is made for the next five years based on the preliminary outcome in 2020. The annual growth volume for the first five years has been carefully assessed on the basis of the company's forecasts for constant growth of 0%. These calculations are based on conservatively estimated future cash flows before tax based on financial forecasts approved by management.
- Operating margins have been produced based on historical operating margins and are assumed to be in line with the 2020 outcome of 24.8%.
- The weighted average growth rate for extrapolating cash flows beyond the forecast period has been assessed at 2% (3).
- The discount rate before tax used in the present value calculation of estimated future cash flows is 8.4% (7.6) for the cash-generating unit. The discount rate corresponds to QleanAir's estimated average cost of capital, i.e. the weighted total of return requirement on equity and the cost of externally borrowed capital. The return requirement on equity is based on the assumption of a risk-free interest rate of 0.0% (0.0), a market risk premium of 7.7% (6.8), a company-specific premium of 3.2% (2.9) and a beta value of 0.7 (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 derived from an external market and valuation report. With a discount factor of 8.4% (7.6), the value in use exceeds the reported value by a significant amount. Thus, there is no impairment requirement as of 12/31/2020.

Sensitivity analysis

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

If the estimated operating margin after the end of the budget period had been one percentage point lower than management's estimate, the total recoverable amount would decrease by 9%. If the estimated weighted cost of capital applied to discounted cash flows for the group had been one percentage point higher than the basic assumption of 2%, the total recoverable amount would be reduced by 14%. If the estimated weighted cost of capital applied to discounted cash flows for the group had been one percentage point higher than the basic assumption of 8.4%, the total recoverable amount would be reduced by 17%. None of the above negative adjustments leads to an impairment requirement.

The estimated weighted cost of capital can be increased to 24.1% before impairment requirements exist for goodwill and to 41.8% before impairment requirements exist for shares in QleanAir Scandinavia AB.

Thus, no reasonable change in key assumptions would mean that the reported value of the cash-generating unit would exceed the recoverable amount. Group management is not currently aware of any other likely changes that would require changes to 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 and patents and tests) and consist of the following:

	Proprietary products	Patents and tests	Total
Opening acquisition value 01/01/2020	18,693	4,637	23,330
Investments	4,300	574	4,875
Reclassifications	6,197	-	6,197
Disposals	67	-	67
Cumulative acquisition value 31/12/2020	**29,123**	**5,211**	**34,334**
Opening depreciation 01/01/2020	-14,684	-2,712	-17,396
Depreciation	-3,406	-587	-3,993
Disposals	6	-	6
Closing accumulated depreciation	-18,090	-3,299	-21,384
Closing residual value 31/12/2020	**11,033**	**1,912**	**12,951**
Opening acquisition value 01/01/2019	17,491	4,064	21,555
Investments	1,202	573	1,774
Cumulative acquisition value 31/12/2019	**18,693**	**4,637**	**23,330**
Opening depreciation 01/01/2019	-12,396	-2,015	-14,412
Depreciation	-2,288	-696	-2,984
Closing accumulated depreciation	-14,684	-2,712	-17,396
Closing residual value 31/12/2019	**4,009**	**1,925**	**5,934**

8 Tangible non-current assets

The reported value of the group's inventory is as follows:

Acquisition value, gross	Improvements in rented premises	Rented inventory	Inventory	Total
Opening balance 1 January 2020	2,791	111,468	16,842	131,101
Purchasing	110	34,164	3,644	37,918
Disposals	–	-55,140	-242	-55,381
Exchange rate differences	–	-4,412	-872	-5,284
Closing balance 31 December 2020	**2,902**	**86,081**	**19,371**	**108,354**
Depreciation and impairment				
Opening balance 1 January 2020	-2,392	-78,196	-10,701	-91,288
Disposals	–	36,156	229	36,384
Exchange rate differences	–	2,217	348	2,565
Depreciation	-238	-11,976	-2,235	-14,449
Closing balance 31 December 2020	**-2,630**	**-51,799**	**-12,360**	**-66,789**
Reported value 31 December 2020	**272**	**34,282**	**7,012**	**41,566**
Opening balance 1 January 2019	2,791	38,228	14,063	55,082
Purchasing	–	14,580	2,866	17,447
Added through acquisitions	–	64,768	–	64,768
Disposals	–	-7,488	-290	-7,778
Exchange rate differences	–	1,380	202	1,582
Closing balance 31 December 2019	**2,791**	**111,468**	**16,842**	**131,101**
Depreciation and impairment				
Opening balance 1 January 2019	-2,157	-20,183	-9,124	-31,464
Adjustment internal sales 2011-2018	–	1,284	–	1,284
Impairment of historical internal profit on acquisition of SFS Finance	–	-30,373	–	-30,373
Disposals	–	4,898	-8	4,891
Exchange rate differences	–	-742	-52	-794
Depreciation	-235	-33,080	-1,517	-34,832
Closing balance 31 December 2019	**-2,392**	**-78,196**	**-10,701**	**-91,288**
Reported value 31 December 2019	**400**	**33,272**	**6,141**	**39,813**

All depreciation (or any reversal) is included in the item "Depreciation and impairment of tangible and intangible non-current assets".

Adjustment of internal sales between QleanAir Scandinavia AB (Sweden) and QleanAir Scandinavia KK (Japan) retroactively for the years 2011-2018.

9 Right-of-use assets and lease liabilities

Right-of-use assets:

Acquisition value, gross	Premises	Vehicles	Other	Total
Opening balance 1 January 2020	29,880	2,277	240	32,397
Purchasing	1,402	1,908	562	3,872
Exchange rate differences	-919	-28	-9	-956
Closing balance 31 December 2020	**30,364**	**4,156**	**794**	**35,314**
Depreciation and impairment				
Depreciation and impairment	-8,459	-1,180	-125	-9,765
Exchange rate differences	414	-6	-26	381
Depreciation	-8,711	-1,325	-233	-10,268
Closing balance 31 December 2020	**-16,756**	**-2,511**	**-384**	**-19,651**
Reported value 31 December 2020	**13,607**	**1,645**	**410**	**15,662**
Opening balance 1 January 2019	29,097	2,241	228	31,566
Purchasing	0	0	0	0
Exchange rate differences	783	36	12	831
Closing balance 31 December 2019	**29,880**	**2,277**	**240**	**32,397**
Depreciation and impairment				
Opening balance 1 January 2019	0	0	0	0
Exchange rate differences	80	11	2	93
Depreciation	-8,540	-1,191	-127	-9,858
Closing balance 31 December 2019	**-8,459**	**-1,180**	**-125**	**-9,765**
Reported value 31 December 2019	**21,421**	**1,097**	**115**	**22,632**

9.1 Leasing agreements as lessee

Future minimum lease payments are as follows:

	Minimum leasing fees 31/12/2020			
	Within 1 year	1-5 years	After 5 years	Total
Rental of premises	7,966	6,299	-	14,265
Vehicles	1,612	56	-	1,669
Other	127	287	-	414

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

	Minimum lease payments 31/12/2019			
	Within 1 year	1-5 years	After 5 years	Total
Rental of premises	8,344	13,812	-	22,156
Vehicles	880	248	-	1,128
Other	120	-	-	120

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

9.2 Leasing agreements as lessor

The group rents out equipment under operational leasing agreements.

	Minimum lease payments			
	Within 1 year	1-5 years	After 5 years	Total
31/12/2020	55,781	207,495	9,535	272,811
31/12/2019	36,407	142,782	6,903	186,092

See notes 4.6 and 4.11 for more information.

The following amounts related to leasing agreements are recognized in the consolidated balance sheet:

Lease liabilities TKR	31/12/2020	31/12/2019
Non-current	6,643	14,053
Current	9,705	9,351
Total	**16,348**	**23,404**
Future maturity structure lease liabilities		
Within one year	9,705	9,351
Between one and five years	6,643	14,053
Later than five years	-	-
Total	**16,348**	**23,404**

The income statement presents the following amounts related to leasing agreements:

Amounts recognized in the consolidated income statement TKR	2020	2019
Depreciation of right-of-use assets		
- Premises	8,711	8,540
- Vehicles	1,325	1,191
- Other	233	127
Total depreciation	**10,268**	**9,858**
Interest expenses for lease liabilities	608	810
Expenses attributable to current leasing agreements[1]	0	368
Total costs related to lease agreements	**10,876**	**11,036**

Amounts reported in the consolidated cash flow statement.

The total cash flow from lease agreements in 2020 (2019) was TSEK 10,943 (TSEK 10,523). The above cash outflow includes both amounts for leases recognized as lease liabilities, as well as amounts paid for variable lease payments, short-term leases and low-value leases.

1. During the transition to IFRS 16, operational leasing agreements with a remaining lease term of less than 12 months as of January 1, 2019 have been reported as current leasing agreements.

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 reported values of financial assets and liabilities are as follows:

31 December 2020		Accrued acquisition value	Fair value through profit or loss (FVTPL)	Total
Other financial non-current assets				
Accounts receivable and other receivables		34,237	–	34,237
Cash and cash equivalents		52,600	–	52,600
Total assets		**86,836**	**0**	**86,836**

31 December 2020		Fair value through profit or loss (FVTPL)	Other liabilities (accrued acquisition value)	Total
Financial liabilities				
Non-current borrowing		–	230,388	230,388
Current borrowing		–	20,863	20,863
Supplier liabilities and other liabilities		–	25,194	25,194
Total liabilities		**0**	**276,444**	**276,444**

31 December 2019		Accrued acquisition value	Fair value through profit or loss (FVTPL)	Total
Financial assets				
Accounts receivable and other receivables		35,936	–	35,936
Cash and cash equivalents		56,994	–	56,994
Total assets		**92,930**	**0**	**92,930**

31 December 2019	Fair value through profit or loss (FVTPL)	Other liabilities (accrued acquisition value)	Total
Financial liabilities			
Non-current borrowing	–	249,684	249,684
Current borrowing	–	18,671	18,671
Supplier liabilities and other liabilities	–	41,496	41,496
Total liabilities	**0**	**309,851**	**309,851**

The methods used to calculate the fair value of financial assets and liabilities are described in Note 9.4. 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 include the following financial liabilities, measured at accrued acquisition value:

	Current		Non-current	
SEK	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Overdraft		18,677	–	–
Bank loans	20,863	18,671	234,375	249,684
Accrued borrowing costs	–	–	-3,987	0
Total reported value	**20,863**	**37,348**	**230,388**	**249,684**

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 60, which was unused at the time of presenting the annual report, company mortgages in QleanAir Scandinavia AB of MSEK 60 have been provided. Bank borrowings have been made at variable interest rates, which averaged 3.7% in 2020.

10.3 Liabilities attributable to financing activity

Changes in liabilities attributable to financing activities can be classified as follows:

	Non-current liabilities	Current liabilities	Total
01/01/2020	249,684	37,348	287,032
Cash flow effect:			
- Repayments	-19,296	-18,677	-37,973
- Incoming payments	-	2,192	2,192
No cash flow effect:			
Capitalized interest	-	-	0
31/12/2020	**230,388**	**20,863**	**251,251**
01/01/2019	302,302	30,000	332,302
Cash flow effect:			
- Repayments	-323,286	-11,329	-334,615
- Incoming payments	270,668	-	270,668
No cash flow effect:			
Capitalized interest	-	-	0
31/12/2019	**249,684**	**18,671**	**268,355**

11 Provisions for taxes

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

Deferred tax assets:	2020	2019
Deferred tax assets on temporary differences	9,410	16,912
	9,410	**16,912**
Set-offs	-4,786	-5,485
Reported deferred tax assets	**4,624**	**11,427**
Deferred tax liabilities:		
Deferred tax liabilities on temporary differences	4,786	5,485
	4,786	**5,485**
Set-offs	-4,786	-5,485
Reported deferred tax liabilities	**0**	**0**

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:

	2020			2019		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Tangible non-current assets	9,410	0	9,410	16,912	0	16,912
Untaxed reserves	0	4,786	-4,786	0	5,485	-5,485
Net tax assets and liabilities	**9,410**	**4,786**	**4,624**	**16,912**	**5,485**	**11,427**

The change in respect of deferred taxes is as follows:

Group 2020	Non-current assets	Untaxed reserves	Total
As at 31 December 2019	16,912	-5,485	11,427
Through comprehensive income	-5	-	-5
Through Income statement	-7,497	699	-6,798
As at 31 December 2019	**9,410**	**-4,786**	**4,624**
Group 2019			
As at 31 December 2018	-	-3,193	-3,193
Changed accounting principles IFRS 16	140	-	140
Acquisition of operations	5,291	-2,442	2,849
Through Equity	6,257	-	6,257
Through Income statement	5,224	150	5,374
As at 31 December 2019	**16,912**	**-5,485**	**11,427**

12 Goods in stock

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

Goods in stock

	31/12/2020	31/12/2019
EMEA	6,806	13,593
Americas	2,424	1,279
APAC	17,838	17,275
Total	**27,069**	**32,147**

In 2020, costs attributable to goods in stock totaling 27,069 (32,147) were included in the income statement.

13 Non-current receivables and accounts receivable

The group's accounts receivable consist of both current and non-current receivables. Where receivables have a maturity of more than 1 year, they have been classified as non-current receivables in the balance sheet.

	31/12/2020	31/12/2019
Accounts receivable gross	34,237	35,936
Total	**34,237**	**35,936**

Net reported value of accounts receivable is considered as a reasonable approximation of fair value.

All of the group's accounts receivable have been reviewed for signs of impairment need. No impairment requirement is deemed to be present.

An analysis of unimpaired 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:	31/12/2020	31/12/2019
- SEK	8,271	3,744
- CHF	1,139	1,348
- DKK	1,692	513
- EUR	11,753	8,397
- JPY	27,260	40,442
- NOK	293	112
- PLN	1,409	323
- USD	310	1,984
- CNY	473	131
Total	**52,600**	**56,994**

15 Prepaid expenses and accrued income

	31/12/2020	31/12/2019
Prepaid rents	1,262	2,267
Accrued income	14,559	23,999
Other items	18,838	16,802
Total	**34,659**	**43,068**

16 Equity

16.1 Share capital

The share capital of QleanAir Holding AB consists solely of fully paid ordinary shares with a quota value of SEK 0.50. All shares have the same right to dividend and repayment of invested capital and correspond to one vote at QleanAir Holdings' annual general meeting.

Subscribed and paid shares

	31/12/2020	31/12/2019
Share capital	7,430	7,430
Total decided shares 31 December	**7,430**	**7,430**

The group has issued a total of 14,859,200 shares as of 31 December 2020. Each share has the same right to dividend and repayment of invested capital and corresponds to one vote at QleanAir Holdings' annual general meeting.

Incentive programs

At Qleanair's extraordinary general meeting on 26 June 2020, it was resolved to adopt an incentive program for the group's senior executives and other key employees through the issue of subscription options with the right to subscribe for new shares in the parent company ("Subscription Option Program 2020/2024").

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

Upon full exercise of all 222,888 options, 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 votes in the parent company at the time of the annual general meeting on 26 June 2020.

Each option 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 during a period of ten trading days immediately preceding the extraordinary general meeting. The options may be exercised for subscription of new shares from 1 July 2023 to 31 January 2024 inclusive. There are no outstanding share-based incentive programs in the parent company other than the subscription options described above.

16.2 Other paid-in capital

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

16.3 Reserves

Refers to the translation reserve and covers all exchange rate differences that occur when converting financial reports from operations that have prepared their financial reports in a currency other than the currency in which the group's financial reports are presented.

16.4 Profit per share and dividends

Profit per share

Both basic and diluted profit for shares have been calculated using profits attributable to the shareholders of the parent company as numerators, i.e. no adjustments to profit needed to be made in 2020 or 2019.

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	2020	2019
Weighted average number of shares used for calculating profit per share before dilution	14,859,200	14,859,200
Shares that can be issued in share-based remuneration programs	222,888	0
Weighted average of share-based compensation programs	130,018	0
Weighted average number of shares used for calculating profit per share after dilution	**14,989,218**	**14,859,200**

Dividend

In 2020, QleanAir Holding paid no dividend (SEK 0) to its shareholders.

In 2021, the board proposes a dividend of SEK 1.30 per share (SEK 0). Since QleanAir Holdings' dividend must be approved by the general meeting, no liability in this respect is reported in the group's financial statements for 2020. Income tax is not expected to be affected at company level for QleanAir Holding as a result of this transaction.

17 Remuneration to employees etcetera

17.1 Costs for remuneration to employees

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

	2020		2019	
	Salaries and other remuneration	Social expenses (of which pension costs)	Salaries and other remuneration	Social expenses (of which pension costs)
Parent company	5,011	2,918	5,822	2,046
		(1,175)		(810)
Subsidiaries				
QA Scandinavia AB	21,793	9,776	22,783	9,346
		(2,466)		(2,226)
IFS BV	1,229	362	1,227	338
		(40)		(40)
QA Scandinavia KK	34,239	4,133	25,437	3,073
		(3,826)		(2,857)
QA Scandinavia GmbH	9,346	1,968	8,493	1,764
		(91)		(83)
QA Scandinavia Inc	15,447	932	13,400	1,172
		(0)		(0)
QA Scandinavia China	0	0	0	0
		(0)		(0)
SFS Finance AB	0	0	0	0
		(0)		(0)
Total group	**87,065**	**20,089**	**77,162**	**17,739**
		(7,598)		**(6,016)**

Salaries and remuneration by country and between board members etcetera and employees:

	2020		2019	
	Board and CEO (of which bonus on profits etc.)	Other employees	Board and CEO (of which bonus on profits etc.)	Other employees
Parent company	3,308	1,703	3,673	2,149
	(0)		(0)	
Subsidiaries				
QA Scandinavia AB	–	21,793	–	22,783
	(0)		(0)	
IFS BV	–	1,229	–	1,227
	(0)		(0)	
QA Scandinavia KK	–	34,239	–	25,437
	(0)		(0)	
QA Scandinavia GmbH	–	9,346	–	8,493
	(0)		(0)	
QA Scandinavia Inc	–	15,447	–	13,400
	(0)		(0)	
QA Scandinavia China	–	–	–	–
	(0)		(0)	
SFS Finance AB	–	–	–	–
	(0)		(0)	
Total in group	**3,308**	**83,757**	**3,673**	**73,488**
	(0)		**(0)**	

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

	Group		Parent company	
	2020	2019	2020	2019
Salaries, board and CEO	3,308	3,673	3,308	3,673
Salaries, other employees	83,757	73,488	1,703	2,149
Share-related remuneration	–	–	–	–
Pensions, defined contribution, board and CEO	540	548	540	548
Pensions, defined contribution, other employees	7,058	5,469	635	262
Other social security contributions	12,491	11,722	1,743	1,236
Total	**107,154**	**94,900**	**7,929**	**7,868**

Expensed remuneration and other benefits to the board, CEO and other senior executives

	Basic salary/ board fees	Variable remuneration	Other benefits	Total
Rolf Classon, board	83	–	–	83
Christina Lindstedt, board	42	–	–	42
Bengt Engström, board	233	–	–	233
Johan Westman, board	117	–	–	117
Andreas Göth, CEO 8 months	1,092	221	45	1,358
Christina Lindstedt, CEO 4 months	600	122	25	747
Henrik Resmark, CFO	1,440	194	70	1,704
Total	**3,607**	**537**	**140**	**4,284**

Other benefits consist of car benefit.

The group has entered into an agreement with the CEO, Christina LIndstedt, whereby upon termination the company shall observe a notice period of six (6) months and Christina LIndstedt a notice period of six (6) months.

In the event of termination by the company, Christina LIndstedt (in addition to the termination salary) is entitled to severance pay equal to six (6) times the fixed monthly salary at the end of the employment. The severance pay is paid monthly one sixth at a time starting in the month following the termination of employment. From the severance pay must be deducted what Christina LIndstedt actually receives from other employment during the period during which the severance pay is paid.

17.2 Average number of employees

	2020		2019	
	Average number of employees	Of which men	Average number of employees	Of which men
Parent company	3	75%	2	100%
Subsidiaries				
QA Scandinavia AB	33	61%	34	62%
IFS BV	3	67%	3	67%
QA Scandinavia Japan KK	35	68%	30	66%
QA Scandinavia GmbH	15	74%	13	73%
QA Scandinavia Inc	17	68%	14	77%
QA China	0	0%	0	0%
Total for the group	**106**	**67%**	**96**	**68%**

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 coincide with the interests of the shareholders. Variable remuneration shall correspond to a maximum of 75% of the fixed annual salary for the CEO and a maximum of 50% of the fixed annual salary for other senior executives. 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 post are permanently resident. As a general rule, variable remuneration shall not be pensionable.

Other benefits, such as company car, supplementary health insurance or occupational health care, 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 together shall not exceed 24 fixed monthly salaries. Any right to severance pay shall, as a general rule, be reduced in situations where compensation during the relevant period is obtained from another employer. In the event of resignation of 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 general meeting carry out work that goes beyond the work of the board, they shall be able to be paid for such work. The remuneration shall be on market terms and shall be approved by the board. The guidelines cover the persons who, during the period the guidelines are valid, are members of the group of senior executives. The guidelines apply to agreements entered into after the date of listing of the company's shares on First North Premier, and in the event that changes are made to existing agreements after this date. The board shall have the right to deviate from the guidelines if there are special reasons for this in an individual case.

17.3 Gender representation on the board

Of the four members of the board, one is a woman.

17.4 Remuneration to auditors

	2020	2019
– Audit assignments	1,705	1,211
– Audit activities in addition to audit assignments	150	1,186
– Tax advisory	1,414	0
Total	**3,269**	**2,397**

Audit assignments refer to the auditor's work on the statutory audit and audit activities in addition to audit assignments refers to various types of quality assurance services. Other services are those that are not part of audit assignments, auditing activities or tax advice. The auditing firm is Grant Thornton Sweden AB.

18 Contractual liabilities and other liabilities

	31/12/2020	31/12/2019
Accrued holiday pay	6,976	5,861
Prepaid service income	86,219	92,216
Other	30,667	43,764
Total	**123,862**	**141,841**

Advances received for prepaid service income refer to customer payments received for performance commitments in the future (contractual liabilities) and will be recognized during a three year period, on an average one third per year.

19 Interest expenses and income

Financial expenses for the reporting periods consist of the following:

	2020	2019
Interest expenses on borrowing at accrued acquisition value:		
Interest expenses, group companies	–	18,146
Interest expenses lease liabilities	608	810
Other interest expenses	10,848	3,548
Total interest expenses for financial liabilities that are not reported at fair value through profit or loss	**11,456**	**22,503**
Financial income for the reporting periods comprises the following:		
Interest income cash and cash equivalents	55	24

20 Other financial income and costs

Other financial items consist of the following:

	2020	2019
Foreign exchange gains	1,980	-757
Total	**1,980**	**-757**

21 Tax

The following components are included in the tax costs

	2020	2019
Current tax	11,815	21,732
Deferred tax in respect of:		
Untaxed reserves	-699	-150
Temporary differences, tangible non-current assets	-7,497	-5,224
Reported tax	**18,613**	**16,358**
Reported income before taxes	85,618	8,837
Tax at current tax rate 21.4% (21.4%)	18,322	1,891
Tax effect of:		
Non-deductible expenses	649	4,366
Non-taxable income	0	0
Loss carry forward utilized	-280	3,502
Difference in tax rate between parent company and foreign subsidiaries	-78	6,599
Reported tax	**18,613**	**16,358**

22 Cash flow adjustments

The following non-cash adjustments have been made in profit before tax in order to arrive at cash flow from current operations:

Adjustments:

	2020	2019
Depreciation and impairment of non-financial items	28,711	47,682
Cost of sold goods on sale of non-current assets	2,562	2,888
Provisions	-13,085	-3,864
Total adjustments	**18,188**	**46,706**

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 Holdings' board of directors and CEO. Remuneration to key persons comprises the following costs:

	2020	2019
Salaries including bonus	3,721	3,861
Statutory and contractual social expenses	1,071	2,046
Of which pension expenses	540	810
Total	**4,792**	**5,907**

Board fees have been paid to Rolf Classon at TSEK 83 (200), Christina Lindstedt at TSEK 42 (100), Bengt Engström 233 (0) and Johan Westman 117 (0).

24 Pledged assets and contingent liabilities

Pledged assets:

Shares in QleanAir Scandinavia AB at a group value of MSEK 414.3 (377.1) relating to long-term liabilities to credit institution in QleanAir Holding AB. Company mortgages of MSEK 60.0 (60.0) for overdraft credit in QleanAir Scandinavia AB. Guarantee of approximately MSEK 1.9 (1.9). A total of approximately MSEK 476.2 (439.0).

Contingent liabilities

There were no contingent liabilities as of December 2020 (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 broken down into categories 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 at its headquarters in close cooperation with the board and actively focuses on securing the group's short to medium term cash flows by minimizing exposure on financial markets. Long-term financial investments are managed to generate lasting returns.

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

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, as a result of both operating and investment activities. One market risk is legislation on tobacco smoking. The market risk relating to legislation refers to a number of countries in which QleanAir operates.

The political agenda is steering legislation towards a restriction on tobacco smoking. QleanAir originated in Sweden, where new laws and regulations against smoking indoors were introduced in the early 1990s. Building on knowledge from these laws, QleanAir has become the market leader in Europe in the management of protection against tobacco smoke and passive smoking in the workplace.

All EU members currently have laws regulating 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 member states have done enough on this issue. This group shall also consider any additional need for EU legislation.

QleanAir actively monitors and works with all issues related to tobacco smoking, in workplaces in particular. Based on what is known today, the company estimates that the risk of the EU presenting a proposal that completely prohibits QleanAir's solutions in workplaces exists, but is unlikely at present.

25.1.1 Sensitivity to foreign currency

Most of the group's transactions are made in Euro and Japanese YEN. Exposure to changes in exchange rates arises from the group's sales to and purchases from other countries.

In order to reduce the group's exposure to foreign exchange risk, cash flows that are not in SEK are monitored and forward exchange contracts are concluded in accordance with the group's risk management guidelines. In cases where the amounts to be paid and received in a particular currency are expected to substantially balance each other, no further hedging is done. Forward exchange contracts are concluded mainly for currency exposures that are not expected to be offset against other foreign exchange transactions.

Foreign exchange gains have affected other financial items by TSEK 1,980 (TSEK -757), (see Note 20).

Exchange rate impact
If SEK strengthens or weakens by 10% against EUR and YEN respectively, QleanAir's total income is affected as a percentage as shown in the table below:

	Income, percentage change 2020	Income, percentage change 2019
EUR	+/- 2.7%	+/- 3.3%
YEN	+/- 4.8%	+/- 4.2%

25.1.2 Credit risk analysis

Credit risk is the risk that a counterparty does not meet an obligation to the group. The group is exposed to this risk for various financial instruments, such as by granting loans to and claims on customers, making deposits etc. The group's maximum exposure to credit risk is limited to the reported value of financial assets on the balance sheet date, as summarized below:

Types of financial assets — reported values

	31/12/2020	31/12/2019
Accounts receivable	34,237	35,936
Other receivables	9,999	11,296
Cash and cash equivalents	52,600	56,994
Total	**96,836**	**104,226**

The receivables fall due for payment as follows:

	31/12/2020	31/12/2019
Due within 1 year	96,836	104,226
Due 1-2 years	0	0
Due 2-3 years	0	0
Total	**96,836**	**104,226**

The group continuously monitors non-payment by 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 relating to customers and other counterparties are available at a reasonable cost, they are obtained and used. The group's policy is to do business only with creditworthy counterparties.

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

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

	31/12/2020	31/12/2019
Not yet due	10,711	14,967
Due up to 30 days	11,628	8,482
Due 31-60 days	2,471	3,603
Due 61-90 days	2,020	269
Due 91 days and older	7,663	8,927
Of which reserved for bad debt losses	-256	-312
Total	**34,237**	**35,936**

In the case of 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 consist of a large number of customers in different industries and geographical areas. Based on historical information about customers' cancellations, group management considers that accounts receivable that have not fallen due or been impaired have a good credit quality. Non-current receivables from an individual party are also considered to have good credit quality as the receivables are also based on payment flows from a large number of customers in different industries.

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

25.2 Sensitivity to interest rate risk

The group's long-term borrowings consist of bank loans that run at variable rates. Thus, only changes in market interest rates through bank loans as of 31 December 2020 are exposed to interest rate risk. In order to minimize the group's exposure to interest rate risk, interest rate trends are continuously monitored and decisions on possible interest rate hedging are discussed at the group's board meetings.

On the balance sheet date, the group had liabilities at variable interest rates of TSEK 251,251, of which bank loans represent TSEK 251,251. A change in interest rates of 1% +/- for bank loans would affect the group's interest expenses before tax by TSEK 2,512.

25.3 Liquidity risk analysis

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 long-term financial liabilities and forecasting receipts and payments in day-to-day operations. The data used to analyze these cash flows is consistent with that 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 objective is to have cash and cash equivalents that meet the liquidity requirements for periods of at least 30 days. This objective was achieved during the reporting periods. In addition, the financing of long-term liquidity needs is secured by an adequate amount of credit facilities granted and the possibility of selling long-term financial assets.

The group takes into account expected cash flows from financial assets when assessing and managing liquidity risk, in particular cash reserves and accounts receivable. The group's existing cash reserves and accounts receivable (see Notes 14, 25) exceed the present requirements for cash outflows. Cash flows from accounts receivable and other receivables are all due within six months.

As of 31 December 2020, the group's non-derivative financial liabilities have agreed maturities (including interest payments where applicable) that can be summarized as follows:

- Credits refer to bank loans and overdraft facilities. Bank loans are at variable rates and current average interest rates for the financial year have been 3.7%.
- The overdraft facility amounts to TSEK 60,000 and the unused portion on the balance sheet date amounts to TSEK 60,000.

26 Principles and procedures for asset management

The group's objectives for asset management 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 on the basis of the reported value of equity plus its subordinated loans, reduced by cash and cash equivalents as reported in the statement of financial position and cash flow hedges recognized in other comprehensive income.

Management assesses the group's capital needs in order to maintain an effective overall financing structure while avoiding excessive leverage effects. This also includes subordinate levels of the group's different liability classes. The group manages the capital structure and makes adjustments to it in the event of a change in economic conditions and with respect to the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount for dividend paid to shareholders, repay capital to the owners, issue new shares or sell assets to reduce liabilities.

The group's objective for asset management is to maintain a relationship between capital and total financing that is in accordance with the group's covenants that are included in the credit terms. The group is subject to externally imposed capital requirements regarding the net liabilities ratio (2.5-3.0) and interest coverage ratio (3.0).

The group has fulfilled all agreed commitments (covenants) with the banks in 2020.

27 Events after the balance sheet date

The board assesses that the outbreak of the covid-19 virus will affect financial developments. Management and the board actively monitor developments and take ongoing measures to limit negative effects on the business.

QleanAir wins first significant order for FS 30 in Japan. QleanAir announces another major order from the school sector in Germany.

QleanAir has received information that BankInvest via funds now owns a total of 1,629,903 shares in QleanAir corresponding to 10.97% of the number of shares and votes in the company (10.81% after full dilution).

QleanAir wins order of SEK 4.3 million for cleanroom in Sweden. Changes in ownership, Qevirp 41 Ltd from 40.6% to 23.6%.

28 Issue of financial reports

The group's financial reports for the reporting period ending 31 December 2020 were approved by the board on 19 March 2021.

Parent company income statement

TSEK	Note	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Operating income etc.			
Net sales	29	10,200	10,200
		10,200	**10,200**
Operating expenses			
Other external expenses	30	-9,737	-20,116
Personnel expenses	31	-7,993	-7,897
Depreciation of intangible fixed assets		-8,254	-8,254
Operating profit		**-15,784**	**-26,067**
Profit from financial investments			
Other financial income and costs		1	-
Interest income from group companies		-	-
Interest expenses and similar income items		-9,867	-3,224
Interest expenses to group companies		-	-18,146
Profit after financial items		**-25,650**	**-47,437**
Appropriations			
Group contributions received		45,000	21,000
Tax on profit for the year	32	-5,919	-14
Profit for the year		**13,431**	**-26,451**

Parent company balance sheet

Assets

TSEK	Note	31/12/2020	31/12/2019
Goodwill	33	50,209	58,462
Financial non-current assets			
Interests in group companies	34	429,000	429,000
Total non-current assets		**479,209**	**487,462**
Current assets			
Current receivables			
Accounts receivable		4	-
Tax assets		654	457
Other receivables		39	2,290
Prepaid expenses and accrued income		5,138	6,357
		5,835	9,104
Cash and bank deposits		**2,203**	**728**
Total current assets		**8,039**	**9,832**
Total assets		**487,248**	**497,295**

Equity and liabilities

TSEK	Note	31/12/2020	31/12/2019
	35		
Restricted equity			
Share capital		7,430	7,430
Unrestricted equity			
Share premium reserve		122,162	122,162
Retained earnings		-34,783	-8,593
Profit for the year		13,431	-26,451
Total equity		**108,240**	**94,548**
Non-current liabilities	35		
Liabilities to credit institutions		234,375	255,000
		234,375	**255,000**
Current liabilities			
Liabilities to credit institutions		20,000	20,000
Trade accounts payable		1,530	9,151
Liabilities to group companies		111,340	109,990
Current tax liabilities		6,293	-
Other current liabilities		34	-
Accrued expenses and deferred income	36	5,436	8,606
		144,633	147,747
Total equity and liabilities		**487,248**	**497,295**

Changes in equity, parent company

TSEK	Share capital	Share premium reserve	Unrestricted reserves	Profit for the year	Total equity
2020					
Opening balance 01/01/2020	**7,430**	**122,162**	**-8,593**	**-26,450**	**94,548**
Transfer of previous year's profit			-26,450	26,450	0
Payment for subscription options			261		261
Profit for the year				13,431	13,431
Closing balance 31/12/2020	**7,430**	**122,162**	**-34,783**	**13,431**	**108,240**
2019					
Opening balance 01/01/2019	**6,642**	**59,949**	**17,267**	**-25 859**	**57,998**
Transfer of previous year's profit			-25 859	25,859	0
New issue/Bonus issue	788	62,213			63,000
Profit for the year				-26,450	-26,450
Closing balance 31/12/2019	**7,430**	**122,162**	**-8,593**	**-26,450**	**94,548**

Parent company's cash flow

TSEK	01/01/2020 31/12/2020	01/01/2019 31/12/2019
Parent company's report of cash flow		
Operating profit	-15,784	-26,067
Adjustments for non-cash items	8,254	8,254
Interest paid	-9,867	-9,869
Income tax paid/repaid	177	8
Cash flow from operating activities before changes in working capital	**-17,219**	**-27,674**
Changes in working capital		
Change in goods in stock/work in progress	–	–
Change in accounts receivable	440	-444
Change in other current receivables	48,026	851
Change in accounts payable	-7,621	9,096
Change in other current liabilities	-1,819	27,842
Cash flow from current operations	**21,806**	**9,670**
Investment activities		
Acquisition of intangible non-current assets	–	–
Acquisition of tangible non-current assets	–	–
Acquisition of group companies	–	–
Cash flow from investment activities	**0**	**0**
Financing activities		
Group contributions	–	–
Borrowings	–	275,000
Amortization of loans	-20,591	-287,448
Paid up subscription options	260	–
Cash flow from financing activities	**-20,331**	**-12,448**
Cash flow for the year/change in cash and cash equivalents	1,476	-2,778
Cash and cash equivalents at start of year	728	3,506
Cash and cash equivalents in merged subsidiaries	0	0
Exchange rate differences in cash and cash equivalents	0	0
Cash and cash equivalents at end of period	**2,203**	**728**

Notes parent company

29 Intra-group purchases and sales

	2020	2019
Sales to subsidiaries	10,200	10,200

30 Information about auditor's fee and cost reimbursement

Grant Thornton Sweden AB

	2020	2019
Audit assignment	500	440
Audit activities in addition to audit assignments	150	1,113
Total	**650**	**1,553**

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

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

Average number of employees by women and men

	2020	2019
Men	2	2
Women	1	0
Total	**3**	**2**
Salaries and remuneration		
The board and the CEO	3,308	3,673
Other employees	1,703	2,149
Total salaries and remuneration	**5,011**	**5,822**
Statutory and contractual social expenses	2,918	2,046
Of which pension expenses	1,175	810
Total salaries, remuneration, social expenses and pension expenses	**7,929**	**7,868**

Of the company's pension expenses, 540 (548) refers to the board and CEO.

32 Tax on profit for the year

	2020	2019
The following components are included in the tax costs:		
Current tax	-5,919	-14
Reported tax	**-5,919**	**-14**
Reported income before taxes	19,350	-26,501
Tax at current rate	-4,141	5,671
Tax effect of:		
Non-deductible expenses	-1,778	-5,685
Reported tax	**-5,919**	**-14**

33 Goodwill

	31/12/2020	31/12/2019
Opening acquisition value	116,237	116,237
Closing accumulated acquisition value	**116,237**	**116,237**
Opening depreciation	-57,775	-49,522
Depreciation for the year according to plan	-8,254	-8,254
Closing accumulated depreciation	-66,029	-57,775
Closing residual value	**50,208**	**58,462**

Goodwill is attributable in its entirety to QleanAir Holding AB's acquisition of the operating subsidiary QleanAir Scandinavia AB and can be attributed 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 long-term strategic importance of the acquisition and is set at 15 years because of 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 needs annually. For a further description of the impairment test, see Note 6 in notes to the consolidated financial statements.

34 Interests in group companies

Interests in group companies are reported according to the acquisition value method. Impairment testing of the reported value of the interests is carried out when there is an indication that the value of the interests has decreased. If the reported value exceeds the recoverable amount, an impairment is made. Dividends received are reported in the income statement under profit from interests in group companies.

	31/12/2020	31/12/2019
Opening acquisition value	429,000	429,000
Closing acquisition value	**429,000**	**429,000**

Direct ownership

Company name	Number of shares	Capital share %	Book value
QleanAir Scandinavia AB	1,000,000	100	429,000

Company name and org.nr.	Reg. off.	Equity	Profit after net financial items
QleanAir Scandinavia AB (556303-9162)	Solna	177,782	14,926

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

Direct ownership

Company name and corp. ID no.	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%	2,265
Smoke Free Systems Finance, 556789-5536	200,000	100%	8,700
Total			**21,248**

	Equity	Profit
International Facility solutions B.V., Naarden, NL	-11,986	40
QleanAir Scandinavia GmbH, Frankfurt, DE	-38,605	-129
QleanAir Scandinavia KK, Tokyo, JP	94,996	4,517
QleanAir Scandinavia Inc, USA	-14,749	2,202
QleanAir Scandinavia (Shanghai) Co Ltd	1,273	-618
Smoke Free Systems Finance	21,151	842

35 Financial liabilities

	31/12/2020	31/12/2019
Liabilities to credit institutions due within 1 year	20,000	20,000
Liabilities to credit institutions due 2-5 years	234,375	255,000
Total	**254,375**	**275,000**

36 Accrued expenses and deferred income

	31/12/2020	31/12/2019
Accrued holiday pay	1,381	1,438
Accrued social expenses	1,383	81
Other items	2,672	7,086
Total	**5,436**	**8,606**

37 Pledged assets

	31/12/2020	31/12/2019
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 from the previous year	87,378,610
Profit for the year	13,431,401
	100,810,011

The board and the CEO propose that available profit of SEK 100,810,011 is allocated so that:

Dividend of SEK 1.30 per share is paid to shareholders	19,316,960
Carried forward	81,493,051
	100,810,011

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 reports for the reporting period ending 31 December 2020 were approved by the board on 19 March 2021.

The board's declaration

The declaration of the board and CEO

The board and managing director declare that the consolidated financial report has been prepared in accordance with the international financial reporting standards IFRS as adopted by the EU and gives a true and fair view of the group's position and results. The annual report has been prepared in accordance with good accounting practice and gives a true and fair view of the parent company's position and results.

The report of the board for the group and the parent company gives a true and fair overview of the development of the group's and the parent company's activities, position and results, as well as describing significant risks and uncertainty factors to which the parent company and the companies within the group are exposed.

Christina Lindstedt
Chief Executive Officer

Bengt Engström
Chairman

Johan Westman

Mats Hjerpe

Maria Perez Hultström

Our audit report is submitted 2021-04-19
Grant Thornton Sweden AB
Anders Meyer
Authorized Public Accountant

Auditor's Report

To the general meeting of the shareholders of QleanAir Holding AB
Corporate identity number 556879-4548

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of QleanAir Holding AB for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 26-66 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of the parent company and the group in accordance with professional ethics for accountants 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.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-25 and 70-83. The Board of Directors and the Managing Director are responsible for the other information.

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

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a 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 Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation 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 Managing Director are also responsible for such internal control as they determine is 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 Managing Director 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 using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control 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 the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related dislockdowns made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related dislockdowns in the annual accounts and consolidated accounts or, if such dislockdowns are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the dislockdowns, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of QleanAir Holding AB for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of the parent company and the group in accordance with professional ethics for accountants 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 Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- Has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- In any other way has acted in contravention of the Companies Act, the 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 thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant 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 we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Stockholm 2021-04-19
Grant Thornton Sweden AB
Anders Meyer
Authorized Public Accountant

04 Corporate governance and the share

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 the Annual Reports Act.

This corporate governance report is prepared in accordance with the Swedish Corporate Governance Code (the Code) and has been scrutinized by the company's auditors. The corporate governance report refers to the calendar year 2020.

The company's share has been admitted to trading on Nasdaq First North Premier Growth Market since 12 December 2019.

The Code has been applies since 12 December 2019.

Shares and owners

The share capital of the company amounted to SEK 7,429,600 at year-end, divided into 14,859,200 shares. The company's shares entitle to one vote per share and have the same right to a share of the company's assets and dividends.

The company's ten largest shareholders as of 31 December 2020

- Qevirp 41 Ltd
- JP Morgan Bank Lux
- Livförsäkringsaktiebolaget Skandia
- Avanza Pension
- Nordnet Pension
- LGT Bank Ltd
- Taaleri Nordic Value Equity Fund
- Enter Småbolagsfond
- Sensor Sverige Select
- JP Morgan Chase Bank London

General meeting

The general meeting of the company is the highest decision-making body in the company. At the annual general meeting, shareholders exercise their voting rights to decide on key issues, such as the adoption of income statements and balance sheets, allocation of the company's profits, discharge from liability for the members of the board 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 of the end of the financial year. In addition to the annual general meeting, an extraordinary general meeting maybe convened if the board considers that there is a need or if an owner of at least 10% of the shares so requests.

Annual general meeting 2020

The annual general meeting 2020 was held on 13 May 2020 in Solna. A total of 100% of a total of 14,859,200 shares were represented. The accounts for 2020 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, the chairman of the board and auditors, as well as fees to the board and auditors.

Extraordinary general meeting 2020

On 26 June 2020, an extraordinary general meeting was held in the company per capsulam. A total of 100% of a total of 14,859,200 shares were represented. The extraordinary general meeting resolved to introduce a long-term incentive program for senior executives and other key employees.

Under the incentive program, participants have the opportunity to acquire subscription options which entitle the holder to acquire shares in the company at a predetermined 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 extraordinary general meeting. Subscription to the new shares with the support of subscription options may occur during the period from 1 July 2023 to 31 January 2024 inclusive. A maximum of 222,888 subscription options may be issued. Based on the number of shares in the company, the maximum dilution resulting from the incentive program may amount to approximately 1.48%.

Nomination committee

The nomination committee consists of Magnus Hardmeier, chairman, Oskar Börjesson, Skandia Fonder and Bengt Engström, chairman of QleanAir Holding AB.

The nomination committee appoints one of its members as chairman of the nomination committee. The chairman of the board may not be appointed as chairman of the nomination committee. The term of office of the members of the nomination committee continues until a new nomination committee is appointed. The members of the nomination committee shall not receive any remuneration. The nomination committee shall submit a proposal for the chairman of the annual general meeting, proposals for election and remuneration of board members (including the chairman of the board) and auditor and, 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 annual general meeting 2020 Grant Thornton was re-elected as the accounting firm for the period until the end of the annual general meeting 2021. Anders Meyer has been appointed as chief auditor. The audit mainly includes continuous auditing and auditing of the annual report.

Role and composition of the board

The board is the company's highest decision-making body after the annual general meeting. The work of the board is governed by, among other things, the Swedish Companies Act, the Articles of Association and the board's Rules of Procedure. The board establishes objectives and strategic guidelines, is responsible for ensuring that the CEO implements board decisions and has ultimate responsibility for the group's internal governance and control, as well as risk management.

The board's elected members 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 no fewer than three and no more than seven members elected by the annual general meeting without deputies. At the annual general meeting 2020, it was resolved that the board shall consist of four ordinary board members until the end of the annual general meeting to be held in 2021, as well as the re-election of Maria Perez Hultström and Mats Hjerpe and the election of Bengt Engström and Johan Westman. Rolf Classon and Christina Lindstedt declined re-election. The board consists of four ordinary members. No representative of the management is a member of the board. No employee representatives or deputies have been appointed to the board. The members of the board are presented on pages 75-76.

Chairman of the board

The chairman of the board leads the board's work and follows the business in dialogue with the CEO. The chairman represents the company in matters relating to the ownership structure and issues of particular importance. The assignment entails responsibility for ensuring that the board's work is well organized and effective, that the board fulfills its commitments and that the board receives satisfactory information and decision-making materials. The board also 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 chairman 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 chairman of the board has individual discussions with individual board members. The evaluations are discussed at a board meeting and also 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 responsibilities and powers of the board and the CEO can be found in the board's rules of procedure, which are established annually, as well as in 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 meets regularly following a program laid down in the rules of procedure which includes some fixed decision-making points, as well as other decision-making points as necessary.

To date, the board has not set up an audit committee or remuneration committee because, given its size, the board has found this appropriate.

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 scrutinizes 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 have an impact on the company's financial position. The board also reviews the most significant accounting principles that are applied in the group regarding financial reporting, as well as material changes to the principles and reports on internal control and the processes for financial reporting. The company's auditors report to the board as required, but at least twice a year.

Remuneration to board members

In 2020, the remuneration to the board amounted to a total of SEK 1,000,000, distributed within the board as shown in the table below. The annual general meeting 2020 resolved that fees to the chairman of the board shall be SEK 400,000 per year and to the other board members SEK 200,000 per board member per year. Board members Maria Perez Hultström and Mats Hjerpe are employed by Priveq Advisory AB and advisors to Priveq Investment Fund (IV) L.P and receive no fee from QleanAir.

Company management

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

Remuneration to senior executives

In 2020, a total of SEK 3,132,000 was paid as fixed remuneration to the company's senior executives (company management). In 2020, the total gross remuneration paid to the CEO and company management, including basic salary, pension payments and car and health insurance benefits, amounted to SEK 3,879,000, of which SEK 2,175,000 was remuneration to the CEO. Remuneration to senior executives is described in Note 17. Remuneration paid is in accordance with the decision on guidelines for remuneration to senior executives made by the extraordinary general meeting held on 7 October 2019. Guidelines for remuneration to senior executives are shown 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. The company's auditors report to the board personally each year their observations from the audit and their assessments of the company's internal control. At the annual general meeting on 13 May 2020, Grant Thornton was elected as the company's auditor with authorized public accountant Anders Meyer as chief auditor for the period until the end of the annual general meeting to be held in 2021. At the annual general meeting 2020, it was resolved that remuneration to the auditor would be paid in accordance with approved invoices. The auditor's fee in 2020 amounted to a total of TSEK 1,855 for the entire group. The quarterly reports for the period January-September 2020 were broadly reviewed by the company's auditors.

Internal control

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

Control environment

The board has adopted 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 rules, risk policy and financial policy, all of which aim to ensure a clear division of roles and responsibilities. Reporting of financial information is done through a group-wide reporting system. The responsibility to maintain an effective control environment and the ongoing work on internal control and risk management lies with the CEO and CFO who report to the board based on established procedures. Senior executives at different levels of the company also have this responsibility within their respective areas and in turn report to group management. The company's essential governing documentation in the form of policies, guidelines and manuals is communicated primarily through 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 financial 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. Special analysis is made here 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 and that correct financial reporting is ensured. Follow-up of outcomes is performed 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 control focused on business-critical issues. The company's auditor reviews the financial information for the annual accounts. Each year the auditor also reviews a selection of controls and processes and reports any areas for improvement to company management and the board. The company's financial function is located at the head office in Solna.

Internal audits

Due to its size, the company does not yet have an internal audit function.

Meeting attendance in 2020

For information about the board of directors, see pages 75–76.

Name	Year elected	Independent of the company	Independent of major shareholders	Determined fee	Board meetings
Rolf Classon	2012	Yes	Yes	200 000	5/5
Christina Lindstedt	2016	Yes	Yes	100 000	5/5
Maria Perez Hultström	2017	Yes	No	200 000	16/16
Mats Hjerpe	2012	Yes	No	200 000	16/16
Bengt Engström	2020	Yes	Yes	400 000	11/16
Johan Westman	2020	Yes	Yes	200 000	11/16

Rolf Classon and Christina Lindstedt left the board at the annual general meeting on 13 May 2020.

The board

The board resides in Stockholm, Sweden. According to QleanAir's articles of association, the company's board shall consist of no fewer than three and no more than seven members without deputies. The board currently consists of four members elected until the decision of the 2021 annual general meeting.

The table below presents the board members, their positions, the year in which 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% or more of the shares or votes in the company.

			Independent in relation to:	
Name	Position	Board member since	QleanAir and senior executives	Major shareholders as of today
Bengt Engström	Chairman	2020	Yes	Yes
Johan Westrman	Board member	2020	Yes	Yes
Maria Perez Hultström	Board member	2017	Yes	No
Mats Hjerpe	Board member	2012	Yes	No

Auditor's Report on the Corporate Governance Statement

To the general meeting of the shareholders in QleanAir Holding AB, corporate identity number 556879-4548

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard Rev 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Dislockdowns in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm April 19, 2021
Grant Thornton Sweden AB
Anders Meyer
Authorized Public Accountant

Bengt Engström
(Chairman)

Born: 1953

Position: Chairman since 2020.

Other ongoing assignments: Chairman of Nordic Flanges AB, BEngström/BEngström Förvaltning AB, IFG Duroc. Board member of Bure Equity AB, Scanfil Oy, Real Holding AB, Scandinova Systems AB, Scandinavian Chemotech AB and KTH Executive School AB.

Previous assignments in the last five years: Chairman/board member of Prevas AB, Advania AB, Partnertech AB, Opticos AB, Crem International AB, Scandinavian Executive AB.

Other relevant experience: Bengt holds a Master of Science degree 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 at Whirlpool such as Global VP Microwave Ovens, Europe VP Manufacturing &Technology and then EVP Whirlpool Corporation and President Whirlpool Europe. After moving home to Sweden, he was CEO of Duni AB and Nordic CEO 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: 6,000 shares (private and through companies, as well as related natural persons' holdings).

Johan Westman
(Board member)

Born: 1959

Position: Board member since 2020.

Other current positions: CEO of Metenova AB, board member of Callidus AB

Previous assignments in the last five years: Board member and CEO of Biolin Scientific AB, chairman of Metenova AB.

Other relevant experience: Johan holds a Master of Science degree from KTH from 1985. Since the mid-1990s, Johan has worked in senior positions in various companies.

As well as being CEO and board member of Biolin Scientific AB, Johan has worked as CEO of NovAseptic America Inc and CEO of NovAseptic Group between 1997 and 2005. After the sale of NovAseptic to the American company Millipore AB, Johan worked as VP marketing in the Millipore Bioprocess division. Johan has also had various CEO and board assignments for small startup companies within the University of Gothenburg and Chalmers University of Technology.

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

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

Holdings in QleanAir: 0 shares (also refers to related natural persons' holdings).

Maria Perez Hultström

(Board member)

Born: 1981

Position: Board member since 2017 (previously deputy board member 2012-2017).

Other current positions: Board member of Lamiflex Aktiebolag, Lamiflex Group AB, Lamiflex Holding AB, Smoke Free Systems Finance AB, Parfym Sverige Holding AB, Parfym Sverige AB, PSAB Holding AB and Fume AB. Deputy board member of Monas Deli AB, Zerep Investment AB and Zerep Pref Investment AB.

Previous assignments in the last five years: Deputy board member of Crem International Holding AB and Avaj International Holding AB.

Other relevant experience: Maria has studied at KTH Royal Institute of Technology in Stockholm, Georgia College and State University in the USA and the Stockholm School of Economics from which she has a Degree of Master of Science in Business and Economics. Maria works as an investment manager at Priveq Investment, and is a partner since one year. Her area of responsibility extends throughout the investment process – from finding investment objects to implementing the growth and development strategies of owned companies. Maria is also a board member of several of Priveq's current and former portfolio companies. Maria previously worked in corporate finance at Svenska Handelsbanken and Erik Penser Bank.

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

Independent in relation to major shareholders (as of today): No. Maria Perez Hultström is employed by Priveq Advisory AB and is advisor to Priveq Investment Fund (IV) L.P. which owns 84.6% of the shares in Qevirp 41 Limited, which in turn owns 6,044,890 shares in the company.

Holdings in QleanAir: –

Mats Hjerpe

(Board member)

Born: 1974

Position: Board member since 2012.

Other current positions: Chairman of Smoke Free Systems Finance AB. Board member of Mediaplanet International AB, Mediaplanet Holding AB, Mediaplanet LP AB, 4C Group AB, Hedskog Equity AB, Priveq Holding V AB, Aquilonis AB, Aquilonis Invest AB and CSAM Health AS (Norway). Deputy board member of Priveq Advisory AB, Priveq Investment V(B) AB and Priveq Investment V(A) AB.

Other relevant experience: Mats has a Master of Science degree in Business and Economics from Stockholm University. He has experience as an investment manager at Priveq Investment where he has also been a partner for eight years. Mats' area of responsibility at Priveq ranges from identifying investment objects to implementing the growth strategies of owned companies with other owners, boards and management. With regards to several of Priveq's portfolio companies, Mats has played an active role in issues related to flotation and geographical expansion. He also holds board positions in several of Priveq's portfolio companies, including 4C Group AB, Mediaplanet and CSAM (Norway). Mats previously worked as a financial analyst with a focus on the health sector at Aragon Fondkommission AB. Mats also has ten years of experience of board assignments in companies in various industries, often with sales of between MSEK 100 and MSEK 2,300.

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

Independent in relation to major shareholders (as of today): No. Mats Hjerpe is employed by Priveq Advisory AB and is advisor to Priveq Investment Fund (IV) L.P. which owns 84.6% of the shares in Qevirp 41 Limited, which in turn owns 6,044,890 shares in the company.

Holdings in QleanAir: –

Management

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

Christina Lindstedt
(CEO)

Born: 1968

Position: CEO since September 2020.

Other ongoing assignments: CEO and deputy board member of Smoke Free Systems Finance AB, board member Scanfil Oy, board member Handicare Group.

Previous assignments in the last five years: Board member Swedish Lorry Parts, board member Minalyze, advisor through own company.

Other relevant experience: Christina has an international Msc of Business Administration & Economics from the Gothenburg School of Economics. She has worked in various leadership positions at Electrolux and Sony mobile, 1994 – 2014, based in Sweden and abroad. Christina is a partner at Stockholm Affärsänglar and has acted as an advisor to various medium-sized B2C and B2B companies.

Holdings in QleanAir: 60,000 shares.
16,717 subscription options.

Henrik Resmark
(CFO)

Born: 1969

Position: CFO since 2013.

Other ongoing assignments:

Previous assignments in the last five years: Deputy Board member of Rökfria AB

Other relevant experience: Henrik has a Master of Science in Business and Economics with an international specialization from Lund University. Henrik has previous experience as controller at a listed company, 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: 127,000 shares.
16,717 subscription options.

QleanAir Holding's share

Listing

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

Share capital

On 31 December 2020, the share capital amounted to SEK 7,429,600, made up of 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, 30 December 2020, was SEK 53, corresponding to a market capitalization of approximately MSEK 788. A total of 7,845,154 shares were traded in 2020, corresponding to a value of approximately MSEK 307. The average number of shares traded per trading day was 31,132.

Shareholders

On 31 December 2020 there were 1,829 shareholders. The company's ten largest shareholders accounted for 72.1% of the share capital and votes. Qevirp 41 Ltd was the largest shareholder with 40.7% of the shares.

Certified Advisor

All companies whose shares are admitted to trading 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 appointed as QleanAir Holding's Certified Advisor.

The company's ten largest shareholders as of 31 December 2020

Qevirp 41 Ltd	40.7%
JP Morgan Bank Lux.	9.3%
Livförsäkringsbolaget Skandia	4.8%
Avanza Pension	3.2%
Nordnet Pension	2.9%
LGT Bank Ltd	2.7%
Taaleri Nordic Value Equity Fund	2.7%
Enter Småbolagsfond	2.1%
Sensor Sverige Select	2.0%
JP Morgan Chase Bank London	1.7%
Total	**72.1%**

Financial information in summary

Consolidated report on profit and other comprehensive income

TSEK	Full year 2020	Full year 2019
Sales	495,801	456,993
Merchandise	-156,567	-160,959
Gross profit	**339,234**	**296,034**
Sales and administration costs	-244,196	-263,960
Operating profit	**95,038**	**32,074**
Financial income	55	503
Financial expenses	-9,475	-23,739
Profit before tax	**85,618**	**8,838**
Tax	-18,613	-16,358
Profit for the year	**67,005**	**-7,520**

Consolidated report of financial position

TSEK	31/12/2020	31/12/2019
Non-current assets	418,506	423,509
Current assets	114,055	122,447
Cash and cash equivalents	52,600	56,994
Total assets	**585,161**	**602,950**
Equity	156,907	97,745
Non-current liabilities	237,031	263,737
Current liabilities	191,223	241,468
Total liabilities	**585,161**	**602,950**

Key figures

	2020	2019
Share of recurring income, %	52%	42%
Order intake, TSEK	310,496	365,979
EBITDA, TSEK	123,749	79,756
EBITDA margin, %	25.1%	17.5%
Adjusted EBITDA, TSEK	123,749	105,206
Adjusted EBITDA margin, %	25.1%	23.0%
EBIT, TSEK	95,038	32,073
EBIT margin, %	19.3%	7.0%
Adjusted EBIT, TSEK	95,038	83,719
Adjusted EBIT margin, %	19.3%	18.3%

Quarterly information

	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019
Net sales, TSEK	106,436	104,851	137,002	144,681	123,847
Installed units	9,551	9,406	9,217	8,638	8,409
Recurring income TSEK	64,629	64,872	64,833	64,354	51,775
Order intake, TSEK	66,592	54,442	62,424	124,134	102,466
Gross profit, TSEK	76,700	70,669	93,582	98,283	73,882
Gross margin, %	72.1%	67.4%	68.3%	67.9%	59.7%
Adjusted EBITDA, TSEK	28,217	24,858	32,400	38,272	24,931
Adjusted EBITDA margin, %	26.5%	23.7%	23.6%	26.5%	20.1%
Adjusted EBIT, TSEK	20,542	17,837	25,308	31,351	19,278
Adjusted EBIT margin, %	19.3%	17.0%	18.5%	21.7%	15.6%
Operating cash flow, TSEK	19,654	22,408	34,880	-4,810	10,233
Working capital, TSEK	-46,599	-57,835	-59,032	-56,804	-72,321
Average capital employed, TSEK	415,331	421,941	423,625	395,989	394,811
Interest-bearing net liabilities excluding IFRS16, TSEK	198,651	207,273	223,156	242,223	236,684
Equity ratio, %	26.8%	22.7%	20.9%	18.5%	16.2%
Net debt/equity ratio, times	1.3	1.5	1.7	2.0	2.4
Adjusted return on capital employed (ROCE), %	22.9%	22.2%	22.9%	23.1%	21.2%

Explanation of adjusted result

2020 no adjustments. 2019 has been adjusted for: MSEK 3.6 for the adaptation of installed units in Japan for the new legislation ("Health Promotion Act", which includes regulation to protect people from passive smoking in public areas) which will enter into force in 2020, MSEK 3.5 for termination of agreement with a market partner in Germany, one-off costs of MSEK 18.4 for the listing on Nasdaq First North Premier Growth Market and MSEK 26.2 attributable to impairment of internal profits in 2019 as a result of the acquisition of SFS Finance AB. Adjusted EBITDA, earning capacity before depreciation, and adjusted EBIT taking into account the non-recurring items are shown in the table below.

Adjusted EBITDA and adjusted EBIT

	Full year 2020	Full year 2019
Operating profit, EBIT	95,038	32,073
Adjustment for non-recurring items	0	51,645
Adjusted EBIT	**95,038**	**83,718**
Depreciation of non-current assets including IFRS 16 (from 1 January 2019)	28,711	21,487
Adjusted EBITDA	**123,749**	**105,205**

Definitions

Key figures	Definition and purpose
Sales	Sales including other operating income. This measurement shows the company's total sales turnover.
Recurring income	Recurring income is defined as income from rental agreements in the company's own balance sheet, service agreements and consumables.
Order intake	Order intake is defined as longer rental contracts with a defined end date and sales of products.
Gross profit	Sales less the cost of merchandise.
Gross margin	Gross profit as a proportion of sales.
EBITDA	Operating profit before depreciation and impairment. This measurement is used to show the profitability of the business before depreciation and impairment.
Adjusted EBITDA	Operating profit before depreciation and impairment adjusted for non-operating non-recurring items, such as transaction costs. This measurement is used to demonstrate the business' earning capacity before depreciation and impairment without regard to non-recurring items.
EBITDA margin	Operating profit before depreciation and impairment as a proportion of sales. This measurement is used to measure operating profitability before impairment and depreciation.
Adjusted EBITDA margin	Adjusted EBITDA as a proportion of sales. This measurement is used to measure operating profitability, regardless of depreciation and impairment, excluding non-recurring items.
Operating profit (EBIT)	Profit before financial items and tax. This measurement shows the company's operating profitability.
Adjusted EBIT	Operating profit before financial items and tax adjusted for non-operating non-recurring items, such as transaction costs. This measurement is used to demonstrate the business' earning capacity before financial items and tax without regard to non-recurring items.
EBIT margin	Operating profit as a proportion of sales. This measurement is used to measure operating profitability after impairment and depreciation.
Adjusted EBIT margin	Adjusted EBIT as a proportion of sales. This measurement is used to demonstrate the business' profitability before financial items and tax without regard to non-recurring items.
Operating cash flow	Adjusted EBITDA less net investments in tangible and intangible non-current assets, as well as adjustment for cash flow from changes in working capital. Operating cash flow is indicated so as to follow the cash flow generated by current operations.
Working capital	Current assets excluding cash and cash equivalents less current liabilities (non-interest-bearing).
Average capital employed	Average equity and average interest-bearing liabilities during the period. This measurement is used to analyze how much capital is employed in the business during the period.
Interest-bearing net liabilities	Interest-bearing current and non-current liabilities less cash and cash equivalents. Does not include IFRS 16 items. This measurement shows the company's financial position.
Equity ratio	Equity as a proportion of the company's total assets. This measurement is used to assess the company's financial stability.

Net debt/equity ratio	Interest-bearing liabilities less cash and cash equivalents divided by equity. Does not include IFRS 16 items. The net debt/equity ratio is given when the company believes that the measurement contributes to investors' understanding of the company's financial position.
Adjusted return on average capital employed	Rolling twelve-month adjusted EBIT as a percentage of average capital employed. This measurement has been included to make it easier for investors to obtain an impression of the company's profitability in relation to the capital employed in the business during the year. Adjusted EBIT is given when the company considers that it excludes the effect of non-recurring items, which allows a comparison of underlying operating profitability.
Profit per share	Profit per share has been adjusted for the share split of 2019 for comparability.
EMEA	Germany, Austria, Switzerland, Holland, Belgium, France, Poland and the Nordic countries.
APAC	Japan
Americas	USA

Future reporting

12 May 2021:
Interim report for the first quarter 2021

12 May 2021:
Annual general meeting

12 August 2021:
Interim report second quarter and six months 2021

11 November 2021:
Interim report third quarter and nine months 2021

11 February 2022:
Interim report fourth quarter and full year 2021

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