QleanAir

2022
Annual report

Contents

01 The business

Order intake increased by 14%. Growth in Cabin Solutions, +8%. Negative growth for Air Cleaners and Cleanrooms.

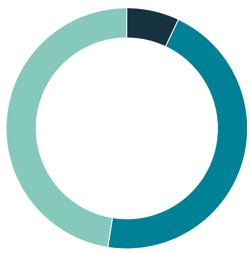
The number of units installed continued to increase, amounting to 11,878 units at the end of 2022, an increase of 4% compared with the previous year.

High and increasing proportion of recurring revenue, MSEK 277, corresponded to 61% (58) of total revenue. Revenue increased from MSEK 451 to MSEK 455.

Operating profit decreased to MSEK 28.6 (83.4) and the operating margin amounted to 6.3% (18.5).

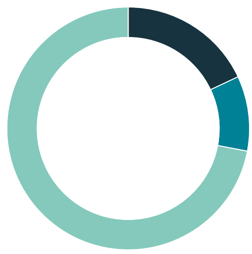
Adjusted for one-off items, operating profit amounted to MSEK 49.8 (83.4) and the operating margin to 10.9% (18.5).

The Group's operating cash flow amounted to MSEK 29.7 (104,2).



Americas	MSEK 32
APAC	MSEK 207
EMEA	MSEK 216

Net sales by geography 2022
Total: MSEK 455



Air Cleaners	MSEK 83
Cleanrooms	MSEK 45
Cabin Solutions	MSEK 328

Net sales per product category 2022
Total: MSEK 455

Air Cleaners
Cleanrooms
Cabin Solutions

Product mix
Cabin Solutions now represent 72% (67) of the product mix, Air Cleaners 18% (21), and Cleanrooms 10% (12).

The year in numbers

455

Net sales, MSEK
2021: 451

-1.4%

Net sales change in %
(currency adjusted)

11,878

Installed units
2021: 11,396

277

Recurring revenue MSEK
2021: 262

+6%

The increase in recurring revenue

14%

Order intake change %

408

Order intake, MSEK
2021: 356

10.9%

Operating margin %, adjusted
2021: 18.5

49.8

Operating profit, MSEK, adjusted
2021: 83.4

13.3

Profit for the year, MSEK
2021: 59.3

0.89

Earnings per share
2021: 3.99

29.7

Operating cash flow, MSEK
2021: 104

28

Equity ratio %
2021: 32

Message from the CEO

Sebastian Lindström
CEO QleanAir

After just over four months as CEO of QleanAir, I can say that we have strong products, knowledgeable and committed employees and very satisfied customers. At the same time, the past year has presented challenges in terms of geopolitical and macroeconomic uncertainties, leading to varying degrees of customer restraint and disruptions in the flow of goods.

Net revenue increased during the year to MSEK 455 (451). Adjusted operating profit decreased to MSEK 50 (83) due to investments in 2022 that did not have the desired effect on revenue. Recurring revenues were fairly stable at MSEK 277 (262) and order intake increased to MSEK 408 (356). To secure our delivery capacity, we have had to temporarily increase stock levels during the year, a measure that has secured our delivery capacity and only resulted in limited situations with excess stock. One-off costs for write-down of inventory, organizational changes, change of CEO and project-related costs reduced profits with MSEK 21 for the fourth quarter, which led to a profit warning.

Products and markets

Japan and Europe remain the largest markets for QleanAir, while the US is the single most important market for Cleanrooms.

Cabin Solutions developed strongly during the year, largely due to increased demand in Japan, as more people returned to their workplaces after extensive lockdowns due to the COVID-19 pandemic. The increased investment and cultivation in Europe was also positive.

Cleanrooms received a clear boost in the fourth quarter as new regulatory requirements in the US market, USP 797, contributed to the strong order intake.

Sales of Air Cleaners slowed down, mainly due to macroeconomic uncertainty in Europe. Customers were more reluctant to make new investments, focusing instead on cost savings as a result of increased energy costs, among other things.

We also started to develop Clean Zones - customezed products in the intersection between air cleaners and cleanrooms, was initiated. One such example is the successful partnership with German space technology firm, OHB, near Munich. The first delivery will already be made in the first quarter of 2023.

The product range was also expanded and strengthened with the launch of the FS 35 mobile air cleaner for offices and hospitals. Our air cleaner specific to food applications, the FS 70, received important updates. The Cabin Solutions offering was adapted and expanded to better address the market segment of small and medium-sized enterprises.

Platform for profitable growth

My mission from the Board of Directors is clear. We will steer QleanAir back to profitable growth. This requires putting things into a higher gear, maintaining a clearer customer focus, increasing sales efficiency and maintaining better cost control.

A clearer customer focus is achieved by moving the entire organization closer to the customer, including everything from product development to handling installation and aftermarket through our service organization. As a result, the product offering has been expanded during the year and we have broadened our sales capabilities, resulting in almost 300 new customer contracts in the fourth quarter alone. However, our customer cultivation, sales management and sales follow-up can be further improved and refined. This is something we are continuing to work on.

In all markets, we are seeing a return to the workplace after the pandemic, while awareness of the importance of good indoor air quality has never been higher. We can turn the clear focus on energy efficiency in Europe to our advantage. Our air cleaning solutions are energy efficient and help customers reduce energy consumption. Both by increasing air circulation and by improving the functionality of machinery, heating and cooling systems. Overall, this provides new opportunities to work with customers to find smart solutions to improve air quality, reduce electricity costs and improve staff well-being.

As the market leader in Japan, we concentrate on growing the Cabin Solutions market, both geographically and in new market segments. At the same time, we are also building the market for our Air Cleaners. In Europe, we are continuing our successful investment in Air Cleaners without losing focus on our strong base in Cabin Solutions. We will also continue to gain market share in the US healthcare segment. The team works systematically and has broadened its focus from large hospital systems to private pharmaceutical formulators. It is now expanding to meet the demand resulting from the new regulatory directives, USP 797.

Growth must be achieved with cost control. The current cost level is being reviewed and adjusted. This does not mean that we are afraid to take on short-term costs that lead us towards our financial targets. In Q1 2023, we have already reduced our central organization by around 15% in order to shorten decision-making paths, get closer to customers and improve cost effectiveness. The marketing focus is shifting towards more sales supporting activities. Along with a more systematic sales follow-up, we are also adapting and streamlining processes and project management for our larger project sales.

Outlook

We live in uncertain times with geopolitical tensions, concerning inflation levels and uncertainty about the direction of the economy. The ambition of our customer-oriented and fast-moving organization is to enable us to act quickly if market conditions change. Provided that the geopolitical and economic situation does not deteriorate significantly, I see good opportunities for profitable growth. Our recurring revenue from the large installed base of satisfied customers protects us. Our strong product portfolio and our dedicated team of skilled employees ensure continued success.

Finally, I would like to thank all our dedicated employees. I would also like to thank our customers and partners for a good and developing cooperation. Together, we will reach new heights!

Solna April 19, 2023

Sebastian Lindström,
CEO QleanAir

We are QleanAir

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

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

7 million people die prematurely due to air pollution every year.[1]

Air pollution is the greatest environmental threat to human health. [1]

Indoor air is often up to 50 times more polluted than outdoor air. [2]

[1]World Health Organization (WHO)
[2] EU, ECA report no 23

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

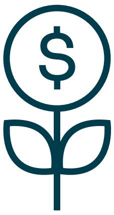
All our air cleaners use a mechanical filtration system and often have automatic flow control. Combined with service agreements, we can guarantee the solution's efficiency over time and provide a lifetime performance guarantee. We have solutions for most application areas and work closely with our customers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

Since the beginning, our business concept has been based on a circular business model focusing on rental contracts, which was groundbreaking when we started the business. Customers are satisfied and renew or extend contracts in an average of 75% of cases. Products and parts are reused after service to minimize resource consumption.

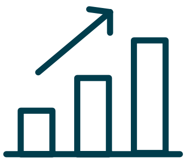
Our corporate office is located in Solna, Sweden. In 2022 we had an average of 117 employees and a network of marketing and service partners on four continents. By the end of December 2022, we had installed 11,878 units for over 3,500 customers in over 30 countries worldwide. In 2022, we cleaned 71 billion cubic meters of air worldwide. This represents an increase of 23% on the previous year. Our strongest contribution to society is that we increase the amount of cleaned air year after year.

Objectives and strategy

QleanAir offers solutions that protect people, products and processes from air pollution in indoor environments. Our original product category Cabin Solutions, with solutions for protection against tobacco smoke, has been supplemented with Air Cleaners, stand-alone air cleaners, and Cleanrooms, cleanrooms for businesses that require a controlled environment. All product areas are based on the same type of air cleaning technology, which gives us the opportunity to expand the product portfolio and scale production in a cost-effective way.



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



Objective: 15–20% EBIT margin

New CEO

The basis of QleanAir's business is to deliver clean air as a service through our circular business model based on long leases. QleanAir has a clear strategy for profitable and capital-efficient growth, and our strategic plan is focused on the following initiatives:

Development of the sales organization

QleanAir has strengthened its sales organization by recruiting salespeople with a primary focus on current key markets in Air Cleaners and Cleanrooms.

A large part of the sales process involves advisory services and proposing customized solutions for our customers to safeguard employee health, efficient processes and sustainable products.

Through this, we can use our strong customer base within Cabin Solutions for additional sales of other product categories.

Launch of new solutions

Product development is a fundamental part of QleanAir's operations. 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 Air Cleaners and Cleanrooms. This, together with the continued integration of new technologies in areas such as IoT, enables better data management, resource optimization and real-time monitoring that will create increased value for our customers.

Our strategy is to continue to launch new products for both existing and new customer segments and geographies.

Strategic resource allocation

We continuously optimize QleanAir's cost structure and facilitate the globalization of our business by locating production and assembly centers closer to our main markets. This also has a positive effect on our climate footprint. We are established in Europe, the US and Asia and will continue to further develop our strategic partnerships to reflect our growth strategy.

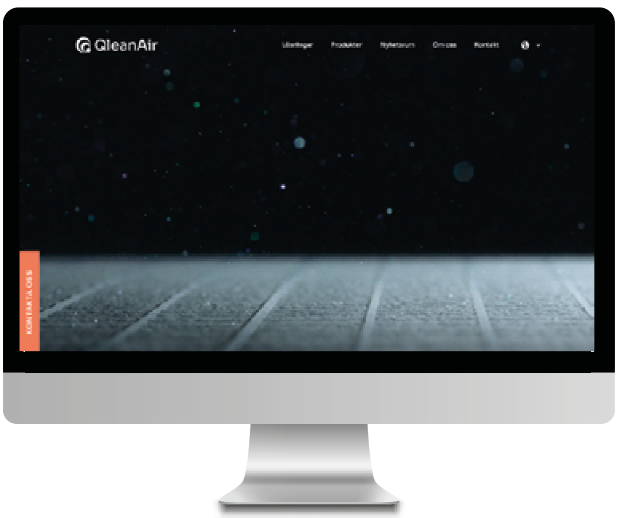
Future opportunities

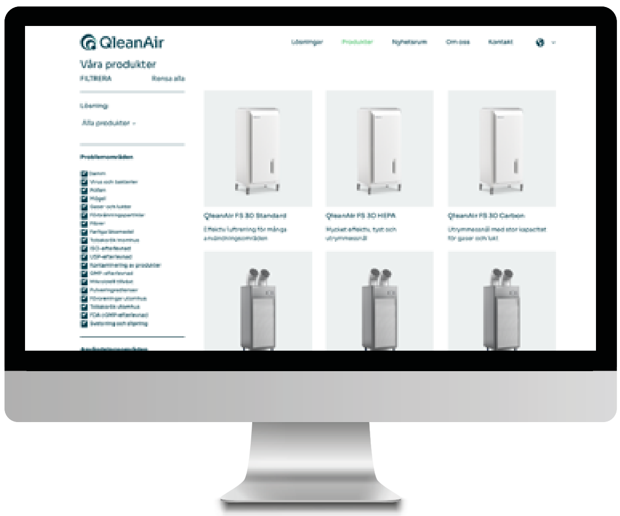
QleanAir has identified several growth opportunities:

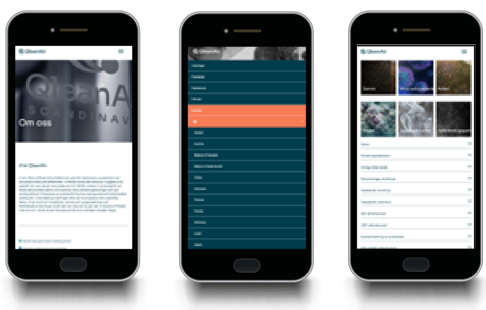
- Increase penetration for Air Cleaners in existing customer segments in production, warehousing, logistics and food.
- Continue to grow the new customer segments for Air Cleaners established during the pandemic, such as offices, schools and healthcare.
- Launch new products and technologies. Further develop the IoT platform QleanAir Connect and spread to more customers.
- Develop the cleanroom business with innovative solutions for businesses with stringent hygiene requirements that are not entirely suitable for classic cleanrooms. Our fruitful cooperation with OHB on aerospace has potential for additional business opportunities. Here, we have a special position in that we have expertise in both air cleaning in general and cleanroom environments.
- We have much to develop in our existing markets, where we have a strong base of references before expanding into additional markets.

New brand platform launched in 2022

In early 2022, the new website and the new brand platform were launched. The revitalization of the brand has been a large and important project over the last three years. This has now been completed and we are fully shifting our marketing focus to sales supporting activities.







Making a real difference through clean air

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

The freedom of clean air

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

The freedom of clean air means peace of mind, knowing that people, products, and processes are in the best possible indoor environment. The freedom of clean air means that the process is hassle-free, and that we guarantee air quality over time. We tailor the solution to your needs. We do measurements and testing. We take care of installation, servicing, upgrades, compliance with regulations and futureproofing of our solutions. 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 maintain an EBIT margin of 15–20% in the medium term.

Dividend policy

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

	Goal		2022
	~10%	〉	-1.4%
Organic revenue growth	**Net sales CAGR** Average annual organic sales growth of approximately 10%		**Net sales CAGR** In 2022, exchange rate fluctuations positively affected net sales by MSEK 11.1.
	15–20%	〉	10.9%
Profitability	**EBIT margin** EBIT margin of 15-20%		**EBIT margin, adjusted**
	30–50%	〉	0%
Dividend policy	**Dividend percentage** 30-50% of net profit for the year to be paid out as dividends		**Dividend proposed by the Board** SEK 0 per share

Market overview

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

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

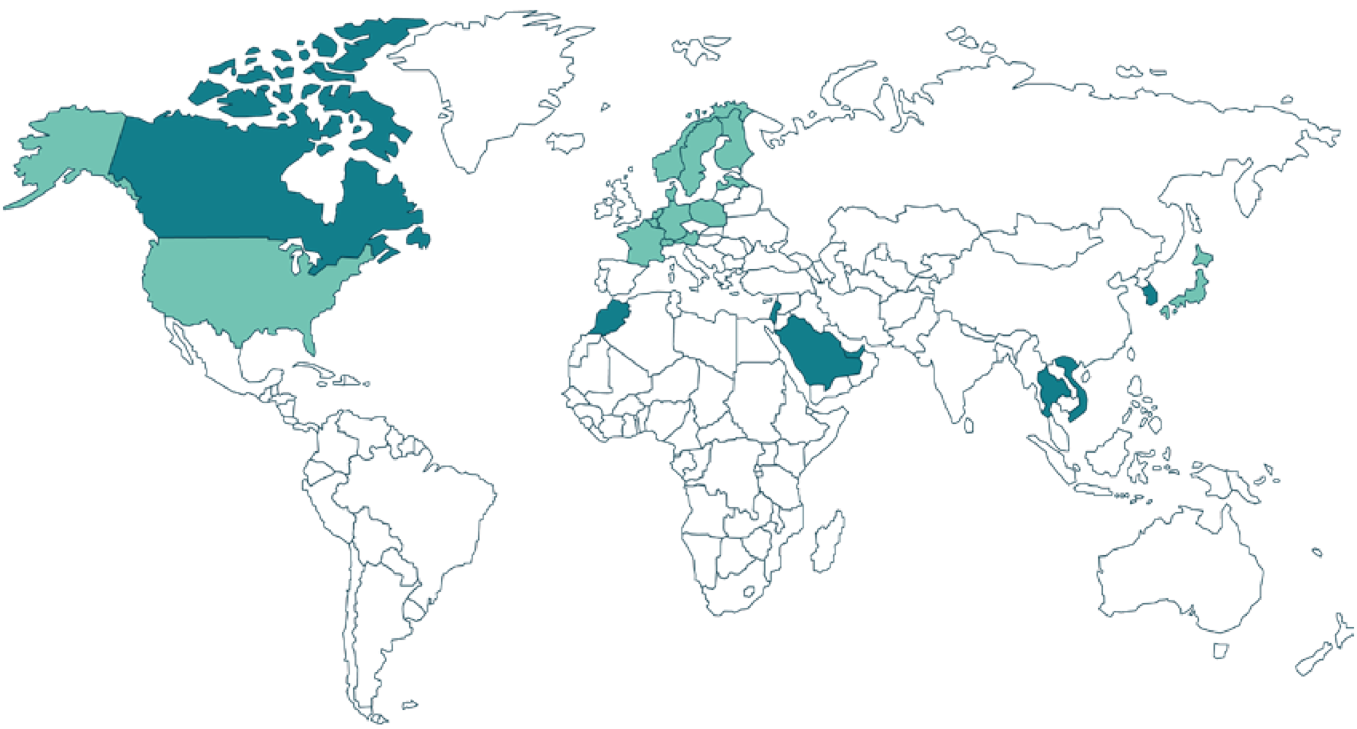
Driving forces

There are several main drivers that govern market development for air cleaning in indoor environments. The main driver is our customers' need to ensure employee health, product quality and process efficiency. Customers also need to reduce energy consumption and increase profitability. We also see a greater awareness of working environment issues, sustainability issues and the importance of clean air. Air quality legislation and an increased demand for clean air as a service are other drivers. The pandemic led to increased awareness that the risk of airborne infection increases with poor ventilation and that air cleaning can reduce the spread of infection. Institutions such as the CDC, ECDC

QleanAir sales agents and/or marketing partners

Distribution collaboration with third parties

Business overview



and RKI and numerous published reports now recommend air cleaners as a tool against the spread of infection.

Tougher requirements and focus on working environment issues

In addition to the tougher legislation, companies are becoming increasingly aware of the importance of maintaining a high level of air quality in and in association with the workplace. As research has highlighted the importance of clean air in workplaces, companies are now inclined to pay for solutions to protect employees, processes and products against air pollution. The COVID-19 pandemic increased awareness of the health impact of air quality, which has sparked a debate about the importance of clean air in society in general, both in public environments and in companies. This has contributed to an increased demand for air cleaning solutions in areas such as offices, schools and care environments. Not least in Germany, where in 2021 many federal states subsidized investments in air cleaning, resulting in strong growth in the air cleaning market.

Increased demands for sustainable products and processes

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

Air quality legislation

Exposure to air pollutants is the biggest environmental threat to humans and leads to 7 million premature deaths each year [4]. No country in the world meets the WHO air quality standards for outdoor air. Legislation is also lacking for most indoor environments. In Germany, new standards for air cleaners have contributed to an increased focus on air cleaning capacity, turbulence in rooms, noise levels and safety for end users.[5] WHO and other stakeholders are also working to develop stricter legislation in this area. Legislation within food and drug manufacturing, as well as drug preparation has a major impact on the demand for our products. The US Standard for sterile working conditions in pharmaceutical compounding[6], which has historically driven significant growth in cleanrooms, was updated in 2022. The change will take effect in 2023 and is expected to contribute strongly to further growth in the future. In 2018, the EU Non-Financial Reporting Directive entered into force, requiring companies with more than 500 employees to report their environmental impact, an area where air quality is included.[7] The introduction of Japan's Health Promotion Act in 2020 contributes to increased demand for cabin solutions that live up to the strict legislative requirements.

Increased demand for clean air delivered as a service

A growing number of customers are demanding clean air delivered as a service: a single undertaking in terms of air quality, usually through long leases of air cleaning equipment. With complete solutions, customers do not have to worry about the air quality in the workplace but can instead focus on their main business. In addition, solutions that measure air quality in rooms are expected to increase as the issue is raised further. Clean air delivered as a service also means financial and functional flexibility to avoid large initial investment costs and increased flexibility in an ever-changing market climate[8].

Market by product category

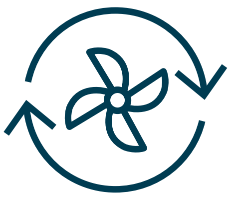
QleanAir's different product categories have distinct end markets in different geographical regions, based on business climate as well as legal and cultural differences. Within each product category, QleanAir has several geographical focus markets: Germany, Japan and the Nordic countries in standalone air cleaners; USA and Sweden in cleanrooms; Japan, Germany and Austria in cabin solutions.

Net sales by geography 2022
Total: MSEK 455

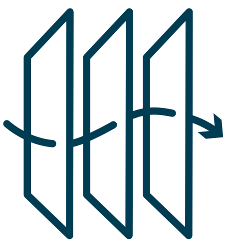
1. EMEA refers to Europe, the Middle East and Africa
2. APAC refers to Asia (excl. Middle East) and Oceania
3. Americas refers to North and South America
4. WHO
5. VDI, the Association of German Engineers, VDI-EE 4300-14.
6. USP – Publishes New and Revised Compounding Standards 2022 to take effect in 2023
7. European Commission – Non-financial reporting - EU rules require large companies to publish regular reports on the social and environmental impacts of their activities, 2018
8. L.E.K. Consulting GmbH – 2019 Market Report
9. 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 cleanroom 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 cleanroom.

Technology, products and services

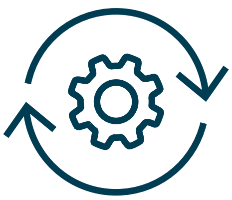
Most of our solutions use mechanical filtration in combination with automatic flow control. We deliver clean air as a service with a full service offer – which means that we can provide a lifetime performance guarantee.



Automatic flow control



Mechanical filtration



System efficiency

Service & maintenance

Mechanical filtration

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

Automatic flow control

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

System efficiency

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

Low noise level

Our air cleaners have been designed to create a high airflow without disturbing noise or turbulence. They are among the few air cleaners that meet the strict requirements of the German engineering association VDI for air cleaners in schools and offices.

Clean air as a service

Our solutions are delivered as a service, with a complete service offering that includes everything from needs analysis, solution proposals, installation, maintenance and upgrades to our unique Lifetime Performance Guarantee.

Guaranteed air quality over time

Our technology combined with our service scheme means that we can guarantee a constant air quality over time.

Design & innovation

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

In 2022, we launched three solutions compatible with the new German expert recommendation for air cleaners from the VDI (the Association of German Engineers). Since 2021, a pilot project has been underway to explore the possibility of recycling carbon filters.

We also launched the IoT platform QleanAir Connect. A smart cloud solution that enables real-time monitoring, remote control and optimization of air cleaners.

In 2022, we worked on the FS 35, a successor to the FS 30 mobile air cleaner developed in collaboration with Karolinska University Hospital during the COVID-19 pandemic. FS 35 has new configurations that open up more application areas, new features for energy efficiency and operation on demand. It is also easier to service and produce.

In addition to product managers, we have our own product development department that works with continuous improvement of existing products and development of new ones. This allows us to maintain control over how the products are designed and produced, the materials used and what the composition of these should look like. We are aware that through our choice of materials we can reduce our negative environmental impact, which is something that has become increasingly important in the development process. The same applies to work with energy-efficient solutions and low noise levels.

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

Idea generation
01

Pre-study
02

Concept development
03

Prototype development
04

Pre-series development
05

Product release
06

Rollout
07

Project closure
08

Sustainability

Environment

Social sustainability

Economic sustainability

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

Products that create a more sustainable environment

Polluted air is one of the main environmental threats to human health, well-being and cognitive ability. Our solutions ensure a healthy and safe working environment in everything from the manufacturing industry to offices. Clean indoor air also ensures product quality and sustainability, irrespective of whether this relates to foodstuffs, technical components or medical equipment. Our solutions often lead to customers' equipment lasting longer, processes becoming more efficient and reduced heating costs. Our cabin solutions protect against passive smoking and handle a quarter of a billion cigarette butts every year, which means that they do not poison the environment. Overall, our air cleaning solutions delivered 71 billion cubic meters of cleaned air in 2022.

Product quality

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

Reuse and recycling

QleanAir's circular business model is based on leasing solutions with a full-service commitment and a lifetime performance guarantee. By restoring and reusing a large part of the material, we offer high-quality products while conserving resources and reducing our waste. Other materials are sorted and recycled. In Japan, a pilot project to recover the activated carbon and frames from spent carbon filters has been running since 2021. In 2022, ten tons of carbon were recovered and 1,600 filters recreated.

Waste disposal

Our Cabin Solutions ensure responsible disposal of cigarette ends and ash. Two out of three cigarettes are thrown onto the ground, thus contaminating water and soil. Cigarette ends are the most discarded waste in the world, accounting for approximately 767,000 tons of toxic waste each year. In addition to thousands of harmful substances such as arsenic, lead and cadmium, cigarette ends also contain microplastic that remains in nature for hundreds of years. In 2022, we ensured that 41 tons of cigarette butts were collected in an environmentally friendly way instead of ending up in nature.

Manufacturing and assembly close to end customers

As part of our sustainability strategy, we have chosen partners close to our main markets to reduce transport and environmental impact. We require our shipping agents to optimize their routes, choose environmentally friendly cars, prioritize ships or trains over road and air freight and they must be environmentally certified according to ISO 14001 or similar.

An attractive employer

It is important for QleanAir to be an attractive employer and to build long lasting personal relationships with employees and partners.

We offer security in employment and cooperation agreements, an inclusive, fair, diverse and equal working environment and continuous professional development. This includes working with meaningful tasks such as creating healthy environments for customers and reducing our own impact on the climate and the environment.

Business ethics and responsibility throughout the value chain

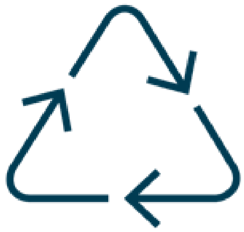
It is important for us to conduct business in an ethical manner and this also applies to our subcontractors. Our code of conduct describes our expectations of ethical and sustainable behavior and attitudes. The code supports the UN International Rules on Human Rights and the International Labor Organization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

QleanAir operates a global business and the value chain depends on third-party suppliers for manufacturing, logistics as well as installation, service and maintenance. We place great responsibility and trust in our partners and suppliers to work continuously to minimize risks and misunderstandings. Among other things, we sign agreements with clear instructions on what to expect as a customer and what we require in relation to the environment, human rights and anti-corruption.

Sustainability report

Since the stock exchange listing in 2019, we voluntarily publish an annual sustainability report. Read more about our sustainability goals and our impact on the environment in the 2022 Sustainability Report.

71 billion cubic meters of clean air in 2022



Ten tons of carbon recycled and 1,600 filters recreated in Japan.

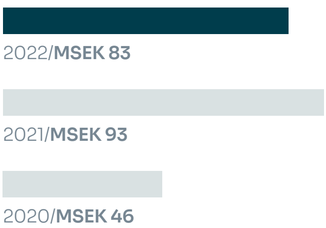
41 tons of cigarette butts collected in 2022

Business areas

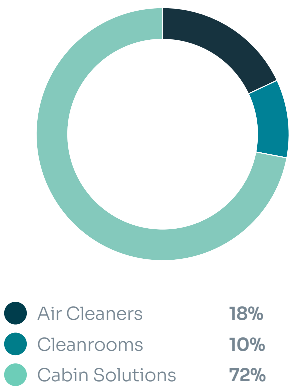
QleanAir's operations are divided into three product categories: Air Cleaners, Cabin Solutions and Cleanrooms. Below is a description of each area.

Air Cleaners

Air Cleaners include stand-alone air cleaning solutions that remove airborne pollutants in various environments. This is particularly relevant in the manufacturing industry, warehousing and logistics, which are often exposed to dust and particulate pollution. But with the COVID-19 pandemic, this has spread to offices, schools and healthcare.



Net sales Air Cleaners



Net sales per product category 2022

In 2022, Air Cleaners accounted for around 18% of total net revenue, compared to 21% in 2021 and 9% in 2020. QleanAir works actively to increase sales in Air Cleaners through additional sales to existing customers, mainly in Cabin Solutions, but also through new processing of specific industry segments.

End markets

From a historical perspective we have primarily worked with three end markets for Air Cleaners: logistics, food and the manufacturing industry. In 2020, three new customer segments were added: healthcare, schools and offices, as a result of the COVID-19 pandemic. Sales in this product category are mainly driven by the Nordic countries, Germany and Japan. These continued to grow strongly in 2021, partly due to the COVID-19 pandemic, but in 2022 we saw a slowdown due to the war in Ukraine and the energy crisis.

Logistics centers and warehouses

The logistics market includes logistics, distribution and freight companies that conduct a large part of their operations in large facilities. Logistics activities tend to generate dust and other particles that are unhealthy for staff to breathe. Therefore, QleanAir has supplied these premises with stand-alone solutions that clean the air. In addition to protecting staff, they also keep products and equipment clean. In 2022, the first ceiling-mounted QleanAir FS 90 was installed with our new IoT solution QleanAir Connect.

The food industry

Companies that manufacture and distribute food products have stringent requirements for air quality and hygiene to ensure the shelf life and quality of food. QleanAir's stand-alone solutions protect food from cross-contamination with ingredients and contaminants such as bacteria and mold. In addition, the often poor working environment is improved.

Manufacturing industry

QleanAir's air cleaning solutions improve the working environment, ensure product quality and extend equipment life. They also contribute to more efficient processes in manufacturing industries, such as the automotive industry and at subcontractors.

Healthcare

In 2022, we have worked on developing the successor QleanAir FS 35 High Protect HEPA in close cooperation with the healthcare sector. The air cleaner separates and degrades viruses and bacteria quickly using nanoparticles. The predecessor FS 30 was developed in collaboration with Karolinska University Hospital, a pioneer in the use of air cleaning as a tool against the spread of infection in healthcare.

In 2022, a report was published by the Sendai Medical center showing that FS 30 removes more than 95% of virus particles in 10 minutes.

Schools

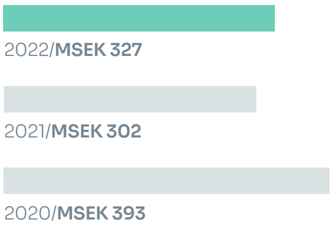
On school premises, students and teachers work closely together. Ventilation and venting options are often substandard, which impacts air quality. QleanAir's air cleaning solutions with HEPA 14 filters reduce the concentration of airborne particles and help create a better working environment, in addition to reducing the risk of an infection spreading. In 2022, the contract with 27 schools in Ludwigshafen am Rhein in Germany was renewed.

Office

Creating healthy working environments is a strategic issue that is important part of getting people back to their workplaces. QleanAir already sells Cabin Solutions in the office market, but since the COVID-19 pandemic, there has also been a growing demand for the company's Air Cleaners from office customers. In this segment, several major deals were completed in Japan in 2022.

Cabin Solutions

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



Net sales Cabin Solutions

Cabin Solutions	72%
Cleanrooms	10%
Air Cleaners	18%

Net sales per product category 2022

In 2022, QleanAir's original product category Cabin solutions grew in both Europe and Japan. The product category represented approximately 72% of total net revenue in 2022, compared to 67% in 2021 and 80% in 2020. For Cabin Solutions, the largest sources of revenue are the Japanese and German markets, but there are also substantial sales in several other European countries. QleanAir's existing Cabin Solutions customer base has also been a good starting point for establishing the new product categories.

End markets

Solutions within Cabin Solutions can be divided into four primary end markets, consisting of Office, Industry and manufacturing, Public spaces and others.

Office

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

workplace, protect employees from passive smoking and ensure clean air in office environments.

Industry and manufacturing

The market in industry and manufacturing includes sales of cabins to industries and other manufacturing operations with high hygiene and safety requirements, such as the automotive industry, chemical plants, the food industry and marine segments. Cabins installed indoors in industry and manufacturing facilities lead to a healthier working environment and reduce work interruptions from smoking breaks, resulting in increased efficiency in the workplace. In 2022, a major contract was signed with the Swedish plastics industry, and we renewed a large contract with Porsche in Germany.

High security facilities and institutions

In institutions and high-security facilities such as prisons, mental health facilities, government buildings and banks, going outside to smoke is impossible for security reasons. Instead of unhealthy smoking rooms, smoking cabins are installed to protect people from passive smoking. In 2022, we renewed the contract with the high-security prisons in Finland.

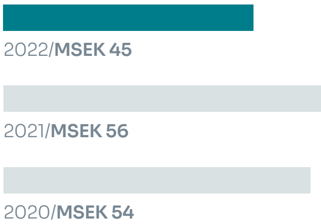
Transport & airports

Public spaces such as airports and train stations etcetera accounted for part of Cabin Solutions' installed base in 2022. Safe places to smoke are needed in these locations, as the buildings are often large in scale and security checks are also a factor. QleanAir is represented at Arlanda Airport, among others.

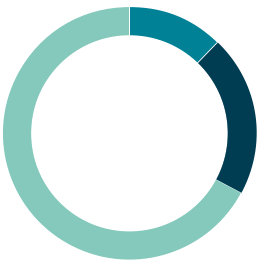
Hotels, casinos & restaurants

Hotels, casinos and restaurants account for part of QleanAir's installed base within Cabin Solutions. Smoking stations are installed to keep customers and employees on the premises and to avoid contaminating the entrances. QleanAir's solutions are available in casinos in Sweden, France and, since 2022, in Germany.

Cleanrooms



Net sales Cleanrooms



Cleanrooms	10%
Air Cleaners	18%
Cabin Solutions	72%

Net sales per product category 2022

Most of the solutions in Cleanrooms are modular cleanrooms, which are in high demand in businesses with a need for a strictly controlled environment. In Sweden, we mainly see a demand in the pharmaceutical industry, manufacturing industry, BioTech, MedTech, and Life Science. In the US, the enhanced requirements in pharmaceutical preparation drive most of our business in the market.

In 2022, Cleanrooms accounted for approximately 10% of QleanAir's total net revenue compared to 12% the previous year. Together with Air Cleaners, Cleanrooms were introduced with the aim of diversifying our portfolio of solutions. QleanAir works actively to increase sales in Cleanrooms by focusing on growth in Sweden and the US, which are currently the product category's largest markets.

End markets

Our solutions within Cleanrooms can be divided into the following end markets: hospital pharmacies, pharmaceutical preparation, BioTech, MedTech, Life Science and the manufacturing industry. Activities often subject to strict legal requirements regarding the number of particles allowed in the air (ISO 14644-1) and microbial growth (GMP).

Drug preparation

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

The regulatory framework for sterile pharmaceutical compounding, USP 797, was updated in 2022, which is expected to generate a large amount of new business in the US. Several major contracts were signed in the US in 2022 with both private and public healthcare providers.

Pharmaceutical manufacturing

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

BioTech, MedTech and Life Science

Organizations within BioTech, Life Science and MedTech need to be able to work in a strictly controlled environment to ensure the quality of their research results and products. At the time of writing, these end customers are only found on the Swedish market.

Manufacturing industry

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

Business model

QleanAir's business model is based on rental of stand-alone solutions that improve air quality in different indoor environments. The scheme includes solutions such as installation, service, advisory, fault management and performance guarantee for 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 performance guarantee (so-called Rental with Performance Guarantee contract). The contracts usually run over a three-year period, after which the customer chooses whether to extend the current contract on an annual basis, or for another three years.

Financing and rental

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

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

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

To ensure a continued low capital formation and good cash flow in connection with delivering services to the customer, we intend to continue to sell a large part of the leases to external financing companies. In 2022, these represented approximately 26% of QleanAir's revenue. At the same time, the rental and service agreements we keep on our own books generate recurring revenue. In 2022, recurring revenue represented 61% of the company's total revenue.

Customer case

Better working environment for the people at Johan & Nyström's coffee roastery

About Johan & Nyström

Founded in 2004

Owned by Espresso House since 2016

Built the new roastery in 2017

Turnover MSEK 168, 71 employees (2019)

Four QleanAir FS 70 units installed

Johan & Nyström's coffee roastery and tea merchant located in Länna outside Stockholm roasts exclusive specialty coffee. The raw coffee and the sacs they are delivered in emits a lot of dust, which is why the air quality has been a problem. Since they purchased air cleaners from QleanAir, the working environment has improved significantly.

"We notice a big difference with the air cleaners – the air is easier to breathe"

"Better coffee for the people" is the motto of Johan & Nyström's coffee roastery based in Länna, south of Stockholm. They roast all their coffee gently and slowly so that the flavors have time to develop properly. All coffee is uniquely roasted to highlight its flavors as well as possible. Johan & Nyström work with specialty coffee, which is a quality designation, where the coffee must exceed 80 points on a 100-point scale. The company operates four coffee bars in its own name in Stockholm and Helsinki and its products are supplied to hotels, restaurants, shops and cafés.

Transport and emptying generates lot of dust

Both the raw coffee and the jute sacks in which the raw material is delivered release a lot of dust particles. Production takes place in a closed system where the dust is handled. But during transport and emptying, the dust leads to a tiresome working environment for employees. The dirt settles in machines and materials and affects how they behave. In addition, a lot of cleaning of both premises and equipment is required.

When QleanAir contacted Johan & Nyström, production manager Joakim Rosengren Ahlund had already started looking for a solution. First, they installed two QleanAir FS 70 air cleaners in the room where raw material is received, which is where the problems are the greatest. In stage two, two machines were also installed in the production area.

Better working environment and less cleaning

“We notice a big difference in the premises where we have air cleaners,” says Joakim Rosengren Ahlund. The air is easier to breathe. The premises are cleaner and the equipment feels better. We do not need to clean as much and above all, the working environment is more pleasant.”

Both machines have pre-filters that are replaced by the customer, and lots of dust is captured here. QleanAir handles all service.

“We have had the machines for two years and we are very satisfied with both performance and service. The units are easy to move when we need to target another area. It is basically plug-and-play and we have never experienced any trouble or defects. It is a very simple and flexible solution for us. We do not need to think about anything", Joakim Rosengren Ahlund concludes.

Customer case

Improves the working environment, saves space and money

Legal name
Mitsui Fudosan KK

Company
Property development and property management in Japan and abroad.

Employees
Mitsui Fudosan KK: 1,678
Including subsidiaries: 20,864

Number of units installed
Four QleanAir SF 4000 and SF 6000 units at Nihonbashi, six SF 4000 and SF Forum units at Ginza.

Japan's leading real estate group Mitsui Fudosan takes its corporate social responsibility very seriously. By investing in QleanAir smoking cabin, they create a better working environment. A solution that has many benefits.

“Excellent at eliminating odors and minimizing costs. “

Mitsui Fudosan, Japan's leading real estate group, develops and manages office buildings, residential complexes, commercial and logistics facilities both in Japan and abroad. There was previously a smoking room in part of the office, which led to problems from the smell of smoke and hygiene issues.

When the corporate office was rebuilt, it was decided to install a QleanAir smoking cabin after an employee had received a product demonstration. It was found to be excellent at eliminating odors and minimizing costs, compared to conventional smoke removal solutions. Smokers can also communicate with non-smokers as the cabins are partially open. After experiencing how well the cabin worked, Mitsui decided to start using it in its Nihonbashi and Ginza offices too.

The Ginza office employs more than 1,600 people in five different companies that are part of the Group. An office café was set up to encourage communication between different companies and departments. Mitsui decided to install two eight person QleanAir cabins that could accommodate many people. Now smokers are often seen interacting with passing non-smokers and we find that the cabins facilitate and promote communication.

In addition, Mitsui appreciates that the smoking cabins are space-efficient and stand-alone. They save space in the smoking areas and you can choose exactly where you want to place them and then move them between the floors if the plans change in the future. Mitsui also values the high-quality inspections performed by QleanAir's service technicians. Because there are so many benefits, they would like to continue using this service in the future.

Customer case

Absolute Pharmacy upgrades to a cleanroom from QleanAir

About Absolute Pharmacy

Part of Absolute Health Services, based in Ohio.

Provides medicines to over 100 healthcare facilities

Pharmacy services 24/7/365

Delivers 2 million prescriptions per year

Serves 7,500 patients with medicine every day

USP 797 cleanroom of 18 square meters in size

Absolute Pharmacy provides medicines to patients being treated at home or in long-term care. With their new QleanAir cleanroom, they ensure that pharmaceutical compounding is done efficiently and safely, for the benefit of patients, customers and employees alike.

"With QleanAir, we have entered into a true partnership that we look forward to continuing."

Absolute Pharmacy is a long-term care pharmacy that dispenses prescriptions to residents in qualified nursing, assisted living and intermediate care. They prepare drugs to provide tailored treatments to patients in rehabilitation, long-term care or palliative care in Ohio and western Pennsylvania. Absolute Pharmacy provides advanced pharmaceutical products and services with 24-hour availability, 365 days a year. They ensure that their customers avoid problems with medication errors, drug availability and increased costs.

When Absolute Pharmacy moved to new premises, they chose to build a new cleanroom with the help of QleanAir. The new cleanroom makes a complex and potentially hazardous process simpler and safer. In the cleanroom, staff use aseptic techniques to ensure that medicines are safe and clean to use. Having a cleanroom also minimizes the risk of staff inhaling strong drugs such as chemotherapy and antibiotics.

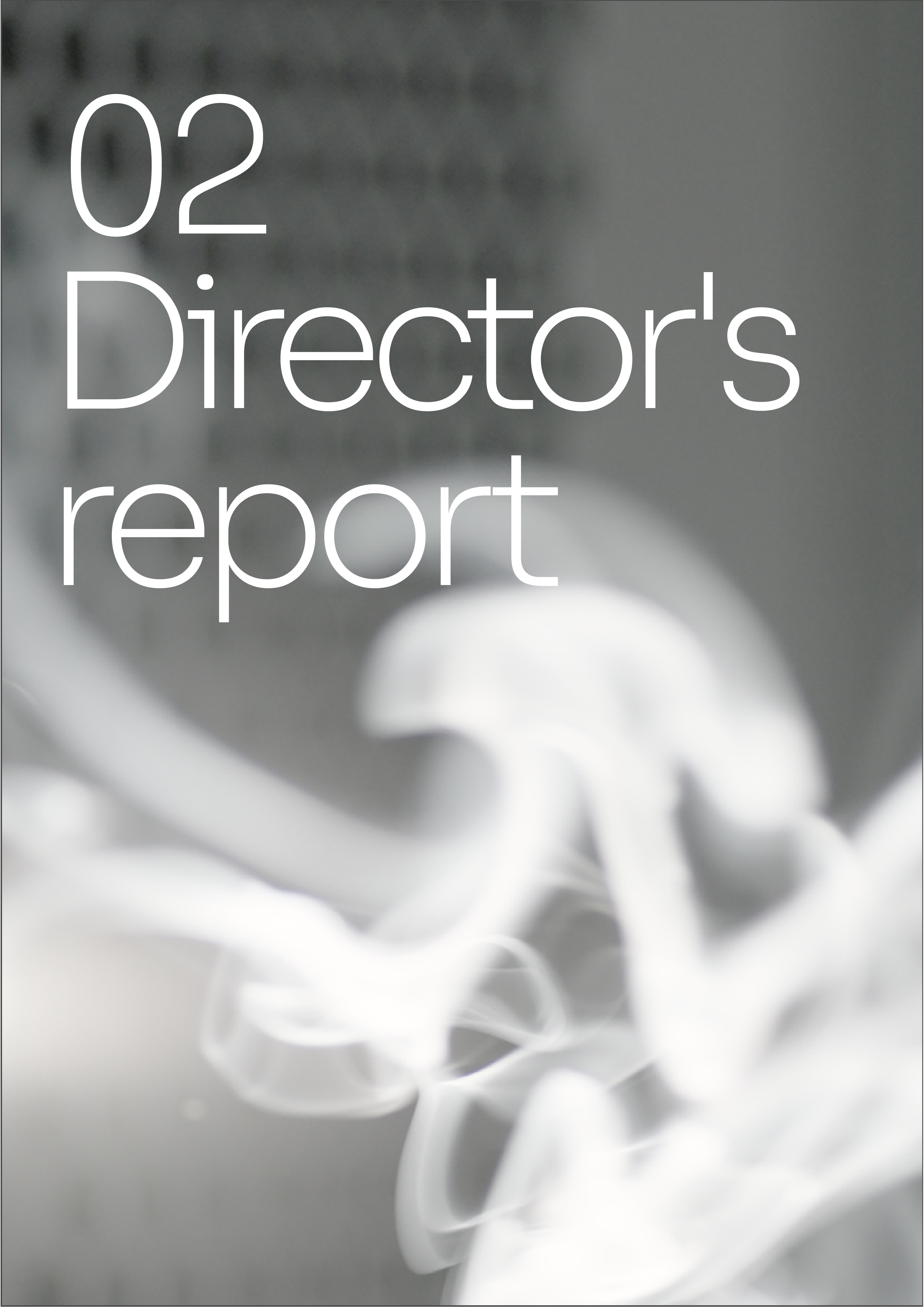
"The cleanroom has been a huge upgrade from what we had in our old pharmacy before we moved. Everything about the cleanroom is an

upgrade from what we had before," says Jerry Liliestedt, Vice President of Operations at Absolute Pharmacy.

The cleanroom consists of an anteroom and a room for sterile compounding, classified according to ISO 8 and ISO 7 respectively. QleanAir designed, manufactured and installed the room. QleanAir also services and maintains the operation of the cleanroom.

"Once we decided that QleanAir was the right partner for us, the process was very quick and easy", Jerry Liliestedt continues. "I would like to thank everyone I have met at QleanAir over the past years. They represent everything we are trying to create for our customers, a true partnership, unlike a supplier who builds a room and goes home at the end of the day. We look forward to continuing that relationship."

02 Director's report



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

The Board of Directors and the President of QleanAir AB, CRN 556879-4548, hereby submit the annual and consolidated accounts for 2022.

The nature and focus of the business

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

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

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

QleanAir is a Swedish company with its corporate office in Solna (Stockholm). We are active in B2B in over 30 countries around the world and continue to grow.

Research and Development

QleanAir's research and development department maintains a close dialogue with customers to continuously identify development opportunities for Qlean Air's products and services. The strategic work consists partly of identifying new products and partly of improving existing products and product portfolios. In 2022, we have seen an increase in the 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 variants of our existing products in Air Cleaners to meet the need to reduce virus levels with safer environments as a result.

Development work is also conducted through close collaboration with QleanAir's suppliers. QleanAir has developed a process in eight steps

for product development 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 functions in its own products, and if possible, to patent these. During 2022, approximately MSEK 5.7 (2.7) was capitalized as proprietary intangible non-current assets.

Significant events during the financial year

The war in Ukraine has negatively impacted QleanAir's operations. The war and its impact on the economy has meant that investment decisions by some of our customers have taken longer than normal due to the prevailing uncertainties.

The Annual General Meeting was held on May 12, 2022. The decision included the appointment of a new board member, Sebastian Lindström. A decision was also taken on a new incentive program. The maximum dilution is 105,348 shares. In November 2022, Sebastian Lindström took over as the new CEO and left the board at the same time. During 2022, QleanAir has published a number of press releases regarding, among other things, new orders. For more information, see page 80, and the quarterly reports for 2022 on our website www.qleanair.com.

Significant events after the end of the financial year

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

A study shows QleanAir air cleaners remove over 95% of virus particles in 10 minutes.

QleanAir announced preliminary profits for the fourth quarter of 2022 and full year of 2022 on January 31, 2023 as the result was lower than the market forecasts.

QleanAir launches new quiet and energy-efficient air cleaner that meets tough quality requirements.

CEO has bought 100,000 shares in QleanAir.

The Extraordinary General Meeting of QleanAir AB was held on March 9, 2023. It was decided to offer Sebastian Lindström 445,776 warrants in QleanAir AB.

Ownership

QleanAir AB is listed on the Nasdaq First North Premier Growth Market. Information about shareholders can be found on page 87.

Expected future development

The past year has been challenging with geopolitical and macroeconomic uncertainties. We depend on open markets to conduct our business in an optimal way. At the same time, we see that the increased awareness of the need for clean indoor air continues to lead to an increased demand for advanced air cleaning, which is something that benefits our business, in the short, medium and long term. Priorities for 2023 are to continue to grow our Cabin Solutions business in Japan and Europe. We expect that demand for Air Cleaners in industry, warehousing and logistics, offices and public spaces will be positively affected by the increased demand for clean indoor air. And that our increased geographical expansion, for example the launch of Air Cleaners in Japan, will have a positive impact. Furthermore, the ambition is to achieve growth with Cleanrooms in the US.

Financial goals

QleanAir has the following financial goals:

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

- Profitability: the company's goal is to achieve an EBIT margin of 15-20% in the medium term.

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

Significant risks and uncertainty factors

Legislation

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

Suppliers

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

Regulations

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

External financing

QleanAir relies on external financing companies to maintain a low capital tie-up. Failure of such collaborations could have a negative impact on the company's operations and financial position. For risk related to financial instruments and risk management objectives and principles, see Note 25.

Guidelines for senior executives

In summary, the basic principle applies that remuneration and other terms of employment for senior executives shall be market-based and competitive to ensure that the group can attract and retain competent senior executives at reasonable costs for the company. For a further description of guidelines for remuneration to senior executives, see the company's Note 17 Remuneration to employees, and the corporate governance report on pages 79–83.

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 pages 79–83 of this document.

Sustainability

Environmental issues, social responsibility and working environment issues have been QleanAir's focus since its inception over 30 years ago. Our air cleaning solutions create a healthy and safe working environment, ensure product quality and sustainability and contribute to more efficient processes and increased productivity. QleanAir's operating subsidiary, QleanAir Scandinavia AB, has been ISO-certified to quality standard ISO 9001 and environmental standard ISO 14001. QleanAir's circular business model is based on renting out modular units with a performance guarantee. The equipment can be recycled and reused. Large parts of the business are based on subcontractors who undertake to comply with QleanAir's Code of Conduct. The Code of Conduct is linked to the sustainability policy, the quality and environmental policy, the marketing policy and the work environment policy. Since 2015, the Group has quantified the amount of cleaned air per hour on an ongoing basis. The 2022 Sustainability Report will be made available on April 19, 2023, at www.qleanair.com.

Foreign operations

The QleanAir Group conducts foreign operations through subsidiaries in Japan, the US, Germany, the Netherlands and China. In addition, operations are conducted 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

Revenue for the full year amounted to MSEK 455.2 (450.6), an increase of 1%. Currency-adjusted organic growth was -1%. For the full year 2022, EBIT amounted to MSEK 28.6 (83.4). The adjusted operating profit amounted to MSEK 49.8. The adjusted operating income has been adjusted with one-off write-downs of a few Nordic customer projects totaling approx. MSEK 13, organizational changes of approx. MSEK 5 and project-related costs of approx. MSEK 3. For the full year, cash flows from current activities amounted to MSEK 29.7 (104.2). Cash at the end of the period, excluding available overdraft facilities, amounted to MSEK 67.0 (69.7). Net interest-bearing liabilities amounted to MSEK 184.2 (153.2) excluding rental liabilities.

The decrease in operating profit 2022 was because of investments in marketing, sales, and product management that did not result in sales growth.

The cash flow is weaker during 2022 because of a lower operating profit and higher capital binding in among other things inventories. The short term credit facility is to a higher degree utilized 2022.

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 2022 amounted to MSEK 10.2 (10.2). Profit for the period was MSEK 21.4 (17.8). The weaker result is partly attributable to the CEO change and partly due to lower group contributions in 2022. QleanAir AB, with company registration number 556879-4548, is a Swedish limited liability company with its registered office in Solna, Sweden.

Multi-year comparison (for the Group)

		2022	2021	2020	2019
Net sales	TSEK	455,172	450,576	492,970	456,879
EBITDA	TSEK	59,780	112,437	123,749	79,756
EBIT	TSEK	28,578	83,397	95,038	32,073
Profit after financial items	TSEK	20,781	75,543	85,618	8,837
Balance sheet total	TSEK	647,724	610,813	585,161	602,950
Number of employees	(total)	117	108	106	96
Equity ratio	%	28%	32%	27%	16%
Order intake	TSEK	407,625	356,282	310,496	365,979

Allocation of profits (SEK)		
The following profit is at the disposal of the Annual General Meeting		
Retained earnings		76,220,024
Profit/loss for the year		-21,424,071
		54,795,953
The Board and the CEO propose that available profit of SEK 54,795,953 is allocated so that:		
A dividend of SEK 0 per share is paid to shareholders		0
Carried forward		54,795,953
		54,795,953

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 in TSEK, unless otherwise stated.

03 Financial infor-mation

Consolidated income statement

TSEK	Note	2022	2021
Net sales	5	455,172	450,576
Other operating income	5	0	3,768
Total income		**455,172**	**454,345**
Operating expenses			
Merchandise	12	-144,154	-132,533
Other external expenses	17.4	-119,188	-92,272
Costs for remuneration to employees	17	-132,050	-116,560
Depreciation and impairment on tangible and intangible non-current assets	7, 8, 9	-31,202	-29,039
Other operating expenses		0	-542
Operating profit		**28,578**	**83,397**
Interest expenses and similar profit/loss items	19	-11,403	-9,122
Interest income and similar profit/loss items	19	392	84
Other financial income and expenses	20	3,214	1,184
Profit before tax		**20,781**	**75,543**
Tax on profit for the year	21	-3,626	-12,156
Deferred tax	11.21	-3,864	-4,129
Profit/loss for the year		**13,291**	**59,258**
Profit per share before dilution, SEK	16.4	0.89	3.99
Profit per share after dilution, SEK	16.4	0.89	3.93
Profit/loss for the year		13,291	59,258
Translation difference for the year relating to foreign subsidiaries	16	-607	-2,469
Profit for the year		**12,684**	**56,788**
Comprehensive income for the year attributable to:			
Parent company shareholders		12,684	56,788
Non-controlling interests		0	0
Net profit for the year		**12,684**	**56,788**

Consolidated balance sheet

Assets

TSEK	Note	12/31/2022	12/31/2021
Intangible non-current assets			
Capitalized development costs	7	13,485	11,553
Goodwill	6	343,704	343,704
		357,189	355,257
Tangible non-current assets	8		
Right-of-use assets	9	9,523	11,671
Leased equipment		47,781	42,098
Equipment	8	5,671	6,884
		62,975	60,653
Financial assets			
Deferred tax assets	11	619	495
		619	495
Total non-current assets		420,783	416,405
Current assets			
Goods in stock.	12	59,947	43,964
		59,947	43,964
Current receivables			
Accounts receivable	10, 13	26,921	26,674
Current tax receivable		16	-
Other receivables		8,170	7,560
Prepaid expenses and accrued income	15	64,931	46,547
		100,039	80,781
Cash and cash equivalents	10, 14	66,956	69,662
Total current assets		226,942	194,408
Total assets		**647,724**	**610,813**

Equity and liabilities

TSEK	Note	12/31/2022	12/31/2021
Equity	16		
Share capital		7,430	7,430
Other paid-in capital		120,602	121,116
Reserves		-5,910	-5,304
Appropriated earnings		48,564	11,595
Profit/loss for the year		13,291	59,258
Total equity		183,977	194,094
Provisions			
Deferred tax liability	11	3,987	-
		3,987	0
Non-current liabilities			
Liabilities to credit institutions	10	170,546	196,717
Non-current lease liabilities	9	2,723	5,328
		173,269	202,045
Current liabilities			
Liabilities to credit institutions	10	26,171	26,171
Overdraft facility	10	54,573	-
Current lease liabilities	9	7,057	6,788
Accounts payable	9	35,842	34,770
Tax liabilities		1,204	5,749
Other current liabilities		21,698	18,461
Contractual liabilities and other liabilities	18	140,046	122,734
		286,491	214,674
Total equity and liabilities		**647,724**	**610,813**

Consolidated statement of changes in equity

TSEK	Note	Share capital	Other paid-in capital	Reserves	Appropriated earnings	Total equity
2022	16					
Opening balance as of January 1, 2022		7,430	121,116	-5,304	70,853	194,094
Warrants paid-up/payable		-	-513	-	-	-513
Dividends		-			-22,289	-22,289
Profit/loss for the year		-	-	-	13,291	13,291
Other comprehensive income		-	-	-606	-	-606
Closing balance 12/31/2022		**7,430**	**120,602**	**-5,910**	**61,855**	**183,977**

TSEK	Note	Share capital	Other paid-in capital	Reserves	Appropriated earnings	Total equity
2021	16					
Opening balance as of 01/01/2021		7,430	121,400	- 2,835	30,912	156,907
Warrants paid-up/payable		-	-285	-	-	-285
Dividends		-	-	-	-19,317	-19,317
Profit/loss for the year		-	-	-	59,258	59,258
Other comprehensive income		-	-	-2,469	-	-2,469
Closing balance 12/31/2021		**7,430**	**121,116**	**-5,304**	**70,853**	**194,094**

Consolidated cash flow statement

TSEK	Note	2022	2021
Operating profit		28,578	83,397
Adjustments for non-cash items	22	27,383	22,248
		55,961	105,645
Income tax paid		-8,094	1,588
Interest received		392	84
Interest paid		-10,074	-7,793
Cash flow from operating activities before changes in working capital		**38,184**	**99,525**
Cash flow from changes in working capital			
Decrease (+)/increase (-) of goods in stock		-14,619	-16,686
Decrease (+)/increase (-) in trade receivables		3,291	8,932
Decrease (+)/increase (-) in receivables		-16,885	-9,068
Decrease (-)/increase (+) in current liabilities		20,807	12,900
Decrease (-)/increase (+) in accounts payable		-1,047	8,550
Cash flow from current operations		**29,731**	**104,153**
Investment activities			
Acquisition of tangible non-current assets	8	-22,623	-25,592
Acquisition of intangible non-current assets	7	-5,670	-2,705
Cash flow from investing activities		**-28,294**	**-28,297**
Financing activities			
Borrowings	10	54,473	-
Amortization of lease liabilities	9	-12,062	-9,907
Amortization of liabilities	10	-26,171	-29,692
Dividends paid		-22,289	-19,317
Warrants paid-up/payable		-513	-285
Cash flow from financing activities		**-6,563**	**-59,200**
Cash flow for the year		-5,126	16,656
Opening cash and cash equivalents		69,662	52,600
Net foreign exchange difference in cash and cash equivalents		2,419	406
Closing cash and cash equivalents	14	**66,956**	**69,662**

Notes to the consolidated financial statements

1 The nature of the business

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

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

QleanAir Scandinavia's Cleanrooms are cleanrooms where the environment is controlled using filters, automatically controlled fans and a unique monitoring system.

2 General information and compliance with IFRS

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

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

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

The consolidated financial statements for the year ending December 31, 2022, were approved for issuance by the Board of Directors on April 19, 2023 (see Note 28). According to Swedish regulations, changes to the financial statements are not permitted after approval.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption the Group operates on a going concern basis, which assumes the Group will be able to discharge its liabilities as they fall due. In confirming the validity of the going concern basis of preparation, the Group has considered the following specific factors:

- the Group reported a profit of CU 12,684 for the year
- the Group generated positive operating cash flows of CU 29,731 in the current period
- the Group's liquidity needs are monitored in various time periods, see note 25.3.
- management prepares an annual budget and longer-term strategic plan.

Based on these factors, management has a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for the foreseeable future.

The consolidated report on profit and other comprehensive income, the report on financial position as well as the parent company's income statement and balance sheet will be subject to adoption by the Annual General Meeting on May 10, 2023.

3 Changes in accounting principles

3.1 New standards

The changes which entered into force on January 1, 2022 and which have been applied this year have not had any significant impact on the result of the group. At the date of authorisation of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Group and no Interpretations have been issued that are applicable and need to be taken into consideration by the Group at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements.

4 Overview of accounting principles

4.1 Overall considerations

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

4.2 Basis for consolidation

In the consolidated financial statements, the parent company's and subsidiaries' operations from January 1, 2022, until December 31, 2022, have been consolidated. The consolidated financial statements have been prepared in accordance with the acquisition method and comprise the companies in which the parent company has a controlling influence directly or through subsidiaries. Controlling influence means that the parent company directly or through subsidiaries has influence over the company, has the right to a variable return and can exercise its influence over the company to influence the return.

All subsidiaries have December 31 as their balance sheet date.

Intra-group transactions and balance sheet items are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. In cases where unrealized losses on intra-group sales of assets are reversed on consolidation, the impairment need for the underlying asset is also tested from a group perspective. Where necessary, amounts reported in the financial statements of subsidiaries have been adjusted to ensure compliance with the Group's accounting principles.

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

4.3 Parent company

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

Shares in subsidiaries

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

Leasing

In the Parent Company, all 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 accounts, on the other hand, untaxed reserves are divided into deferred tax liabilities and equity.

Intra-group services

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

4.4 Business combinations

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

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

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

Revenue recognition

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

The following paragraphs describe different types of contracts, when performance commitments have been fulfilled and the timing of revenue recognition. They also describe the normal terms of payment attributable to different types of contracts as well as the effect on the balance sheet during the term of the contracts. Most of the Group's revenue 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, and are recognized at certain time.

Sales of goods to finance companies with underlying rental contract

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

Rental of goods including service

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

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

Sale of goods

Sales of products and services that do not require the performance of significant installation and integration services are generally completed within a short period of time. These products and services are to be regarded as separate and distinct performance commitments. Revenue recognition for these products shall take place when control of the equipment is transferred to the customer at a specific time. This evaluation shall be considered from the customer's perspective considering indicators such as transfer of ownership and risks, customer acceptance, physical access and rights to issue invoices.

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

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

Customized solutions

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

The transaction price under these contracts is normally fixed, divided into several payments based on the degree of completion or invoicing milestones defined in the contract. In most cases, revenue recognition is limited to billing based on completion or unconditional billing milestones over the life of the contract, and therefore no contract assets or liabilities arise in these contracts. In some contracts, reporting of income may occur before the invoicing milestones if mandatory payment rights exist throughout the duration of the contract. This will then result in non-invoiced receivables in the balance sheet until invoicing milestones have been reached. Invoiced amounts normally have payment terms of 30 days from the invoice date. Contracts for customized solutions are primarily attributed to the cleanroom business.

Segment reporting

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

Interest and dividends

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

Other operating income

As a result of the COVID-19 pandemic, the pandemic has received government aid in a market related to personnel costs (the subsidiary QleanAir Scandinavia Inc). The company recognizes this grant as other operating income in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. Grants are recognized in the profit and loss account, when there is reasonable assurance that they will be received, and any conditions attached to them have been met. This other operating income refers to the comparative year 2021.

4.7 Operating expenses

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

4.8 Borrowing expenses

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

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 and associated salary expense.

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

- Development costs 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 potential 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 expensed as they arise.

Accounting in subsequent periods

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

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

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

4.11 Tangible non-current assets

Rented equipment

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

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

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

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

The Group as a lessor

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

Other inventory

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

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

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

Depreciation principle, right-of-use assets

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

Right-of-use assets

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

4.12 The Group as lessee

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

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

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 (less any benefits received). The Group writes off the right of use on a straight-line basis from the beginning of the lease until the end of the useful life of the right of use or the end of the leasing agreement, whichever comes first. 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/Leases

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

The 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 agreements 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 terms used for the leases correspond to the actual, remaining terms of contracts. Leasing agreements that are shorter than 12 months are not included. Nor are leasing agreements included for assets of minor value (less than SEK 50,000). Payments for short-term contracts and leasing agreements of minor value are expensed on a straight-line basis in the income statement

Lease payments are discounted with the implicit interest rate in the agreement. If the interest rate cannot be easily determined, which is usually the case, the marginal loan interest rate is used. The marginal borrowing rate is determined based on the country, maturity and creditworthiness of each entity.

Assets with right of use 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 signing the leasing agreement
- Initial direct expenses
- Expenses to restore the asset to the condition prescribed in the terms of the lease

Extension and termination options

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

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

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

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

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

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

4.14 Financial instruments

Reporting and valuation at initial recognition

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

Classification and valuation of financial assets at initial recognition

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

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

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

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

The classification is determined by both:

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

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

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

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

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

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

Impairment of financial assets

IFRS 9's impairment rules use forward-looking information to recognize expected credit losses. The financial assets covered by the 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.

The Group considers comprehensive information when assessing credit risk and the valuation of expected credit losses, including past events, current conditions and reasonable and substantiated forecasts that affect the expected possibility of obtaining future cash flows from the asset.

Accounts receivable, other receivables and contractual assets

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

Classification and valuation of financial liabilities

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

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

4.15 Goods in stock

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

4.16 Income taxes

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

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

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

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

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

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

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

4.17 Cash and cash equivalents

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

4.18 Equity, reserves and dividends

Share capital represents the nominal value of issued shares.

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

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

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

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

4.19 Post-employment benefits and short-term employee benefits

Post-employment benefits

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

Defined contribution plans

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

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

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

Significant assessments by Group management

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

Reporting revenue from customized solutions

Some of the Group's agreements with customers require significant assessments to be made to determine whether the control of the performance commitment is transferred to the customer over time or at a certain time in accordance with IFRS 15. This mainly applies to sales of customized solutions in the form of cleanrooms, corresponding to SEK 44,982,000 (SEK 55,870,000) of Group revenues. 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 in new product development projects and the determination of whether the requirements for capitalization of 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 utilized. 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).

4.21 Uncertainties regarding estimates

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

Impairment testing of goodwill and shares in subsidiaries

To assess the need for impairment, Group management calculates the recoverable amount for each cash-generating unit based on expected future cash flows and uses an appropriate rate to be able to discount the cash flow. Uncertainties lie in assumptions about future growth, operating profit and the determination of an appropriate discount rate. In establishing the impairment test, the impact of COVID-19 on operations has been considered.

Revenue from customized solutions

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

Valuation of goods in stock

Goods in stock are valued at the lower of acquisition cost and net realizable value. Estimates are required when assessing the net realizable value of work in progress. In situations where the assessed net realizable value is lower than its acquisition cost, a write-down is made. The total inventory reserves regarding estimated losses amounted to SEK 13.2 M (0) or 18% (0%) on December 31, 2022.

5 Net sales

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

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

Financial Year 2021	Sale of goods	Sales of goods to finance companies	Rental of goods inclu-ding service and other	Total
Income				
Europe/EMEA (domicile)	45,631	25,144	156,092	226,866
APAC	8,453	80,686	101,159	190,298
Americas	18,346	10,343	4,724	33,412
In total	**72,429**	**116,172**	**261,975**	**450,576**

The Group's revenues by product category are as follows

TSEK	full year 2022	full year 2021
Cabin Solutions	327,527	302,178
Air Cleaners	82,663	92,528
Cleanrooms	44,982	55,870
In total	**455,172**	**450,576**

The group's revenues and non-current assets per country

	Revenue from customers		Non-current assets	
TSEK	2022	2021	2022	2021
Sweden	51 098	60 456	10 867	8 500
Japan	207 291	190 384	20 101	21 069
Germany	100 903	109 031	14 533	12 769
USA	31 925	29 316	17	124
China	-	-	51	64
Norway	2 317	2 032	100	175
Denmark	5 669	5 768	2 175	1 741
Finland	7 539	6 899	1 381	841
The Netherlands	1 637	3 547	120	271
Belgium	4 935	4 451	1 505	1 060
Austria	12 707	11 756	835	709
Switzerland	15 614	13 423	563	395
France	6 089	7 151	537	642
Poland	5 684	5 180	632	544
Export	1 765	1 180	34	78
Totalt	**455 172**	**450 576**	**53 452**	**48 982**

The revenue has been distributed per country based on the location of the customers.

The non-current assets have been distributed per country based on the location of the assets.

The company has distributed the non-current assets per country only. The right of use assets and goodwill are not distributed per country.

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

Sales of goods and Sales of goods to finance companies are reported at a certain time. Rental of goods incl. service is recognized over time. The full revenue refers to revenue from contracts with customers. As regards to sale of goods to finance companies with underlying rental agreement, the revenue recognition is according to IFRS 16 for manufacturers lessors.

Of the Group's total net sales for 2022 of TSEK 455,172 (TSEK 450,576), TSEK 334,714 (TSEK 334,404) are sales from agreements with customers recognized in accordance with IFRS 15, and TSEK 120,459 (TSEK 116,172) are sales to finance companies recognized in accordance with IFRS 16.

Information about larger customers

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

Other operating income

Government contributions

Government support related to COVID-19 in the form of compensation for personnel costs amounts to TSEK 0 (3,768) 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:

	2022	2021
Acquisition value of acquired businesses	343,704	343,704
Closing balance December 31	343,704	343,704
Cumulative impairment	**0**	**0**

Impairment testing

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

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

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

- The cash flow forecast is made for the next five years based on the preliminary outcome in 2022. The annual growth volume for the first five years has been carefully assessed based on the companies' forecasts of constant growth of 0%. These calculations are based on conservative estimates of future cash flows before tax, based on financial forecasts approved by company management.
- The operating margins have been calculated on a cautious basis and are assumed in the forecast to be 12.1% (18.5%).
- The weighted average growth rate for extrapolating cash flows beyond the forecast period has been estimated at 0 (2)%.
- The discount rate before tax used in the present value calculation of estimated future cash flows is 11.5% (8.2) for the cash-generating unit. The discount rate corresponds to QleanAir's estimated average cost of capital, i.e., the weighted sum of required return on equity and the cost of externally borrowed capital. The required return on equity is based on the assumption of a risk-free interest rate of 2.0% (0.0), a market risk premium of 6.6% (7.0), a company-specific premium of 2.9% (3.5) and a beta value of 1.0 (1.0). The beta value shows the relationship between the price of the QleanAir share and changes in a benchmark index. Support for the assumptions has been obtained from an external market and valuation report. With a discount factor of 11.5% (8.2), the value in use exceeds the book value by a significant amount. Thus, there is no need for impairment as of December 31, 2022.

Sensitivity analysis

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

If the estimated operating margin during the forecast period had been one percentage point lower than management's assessment, the total recoverable amount would have decreased by 11%. If the estimated growth rate for extrapolated cash flows beyond the budget period had been one percentage point lower than the basic assumption of 2%, the total recoverable amount would have decreased by 13%. If the estimated weighted cost of capital applied for discounted cash flows for the Group had been one percentage point higher than the basic assumption of 11.5%, the total recoverable amount would have decreased by 12%. None of the above negative adjustments leads to a need for impairment.

The estimated weighted cost of capital can be increased to 12.7% before there is a need for impairment of goodwill and to 14.6% before there is a need for impairment of the shares in QleanAir Scandinavia AB.

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

7 Intangible non-current assets

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

	Proprietary products	Patents and tests	Total
Opening acquisition value 01-01-2022	31,756	5,211	36,967
Investments	5,670	–	5,670
Disposals	–	–	0
Cumulative acquisition value 12/31/2022	**37,427**	**5,211**	**42,637**
Opening depreciation 01/01/2022	-21,564	-3,850	-25,414
Depreciation	-3,259	-479	-3,738
Disposals	–	–	0
Closing cumulative depreciation	-24,822	-4,330	-29,152
Closing planned residual value 12/31/2022	**12,604**	**881**	**13,486**
Opening balance acquisition value 01/01/2021	29,123	5,211	34,334
Investments	2,705	–	2,705
Reclassifications	–	–	0
Disposals	-73	–	-73
Cumulative acquisition value 12/31/2021	**31,756**	**5,211**	**36,967**
Opening depreciation 01/01/2021	-18,085	-3,299	-21,384
Depreciation	-3,508	-552	-4,059
Disposals	29	–	29
Closing cumulative depreciation	-21,564	-3,850	-25,414
Closing planned residual value 12/31/2021	**10,193**	**1,361**	**11,553**

8 Tangible non-current assets

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

Acquisition value, gross	Leased equipment	Equipment *	Total
Opening balance January 1, 2022	77,321	24,046	101,366
Reclassifications	-	-	-
Procurement	22,068	1,184	23,252
Divestments	-42,905	-327	-43,233
Exchange rate differences	3,366	292	3,658
Closing balance December 31, 2022	**59,849**	**25,194**	**85,044**
Depreciation and impairment			
Opening balance January 1, 2022	-35,223	-17,161	-52,384
Divestments	39,820	248	40,069
Exchange rate differences	-2,068	-286	-2,354
Depreciation	-14,598	-2,324	-16,922
Closing balance December 31, 2022	**-12,068**	**-19,524**	**-31,592**
Book value December 31, 2022	**47,781**	**5,671**	**53,452**

Acquisition value, gross	Leased equipment	Equipment	Total
Opening balance January 1, 2021	86,058	22,266	108,324
Reclassifications	185	-185	-
Procurement	22,884	2,908	25,792
Divestments	-32,158	-1,022	-33,180
Exchange rate differences	-352	-80	-431
Closing balance December 31, 2021	**77,321**	**24,046**	**101,366**
Depreciation and impairment			
Opening balance January 1, 2021	-51,776	-14,982	-66,758
Divestments	29,732	415	30,147
Exchange rate differences	-362	-98	-460
Depreciation	-12,817	-2,496	-15,313
Closing balance December 31, 2021	**-35,223**	**-17,161**	**-52,384**
Book value December 31, 2021	**42,098**	**6,884**	**48,982**

All depreciation (or any reversals) is included in the item “Depreciation and impairment on intangible and tangible non-current assets”.

9 Right-of-use assets and leasing liabilities

Right-of-use assets:

Acquisition value, gross	Premises	Vehicle	Other	Total
Opening balance January 1, 2022	34,942	5,548	788	41,278
Procurement	4,988	2,992	0	7,981
Exchange rate differences	1,229	306	4	1,539
Closing balance December 31, 2022	**41,159**	**8,847**	**792**	**50,798**
Depreciation and impairment				
Opening balance January 1, 2022	-25,336	-3,761	-510	-29,607
Exchange rate differences	-897	-223	-5	-1,126
Depreciation	-8,764	-1,652	-126	-10,542
Closing balance December 31, 2022	**-34,997**	**-5,637**	**-641**	**-41,275**
Book value December 31, 2022	**6,163**	**3,210**	**151**	**9,523**

Right-of-use assets:

Acquisition value, gross	Premises	Vehicle	Other	Total
Opening balance January 1, 2021	30,364	4,156	794	35,314
Procurement	4,354	1,354	-	5,708
Exchange rate differences	224	38	-6	257
Closing balance December 31, 2021	**34,942**	**5,548**	**788**	**41,278**
Depreciation and impairment				
Opening balance January 1, 2021	-16,756	-2,511	-384	-19,651
Exchange rate differences	-261	-29	2	-289
Depreciation	-8,318	-1,221	-127	-9,667
Closing balance December 31, 2021	**-25,336**	**-3,761**	**-510**	**-29,607**
Book value December 31, 2021	**9,606**	**1,787**	**278**	**11,671**

9.1 Leasing agreement as lessee

Future minimum lease fees are as follows:

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

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

	Minimum lease fees 2021-12-31			
	Within 1 year	1-5 years	After 5 years	Total
Rent of premises	4,853	5,172	–	10,025
Cars	1,805	0	–	1,805
Other	129	156	–	285

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

9.2 Leasing agreements as lessor

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

	Minimum lease fees			
	Within 1 year	1-5 years	After 5 years	Total
12/31/2022	54,921	255,080	18,761	328,762
12/31/2021	52,980	207,265	11,422	271,667

For more information, see Notes 4.6 and 4.11.

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

Lease liabilities TSEK	12/31/2022	12/31/2021
Non-current	2,723	5,328
Current	7,957	6,788
Total	**9,780**	**12,116**

Future maturity structure of lease liabilities	12/31/2022	12/31/2021
Within a year	7,057	6,788
Later than one but within five years	2,723	5,328
Later than five years	–	–
Total	**9,780**	**12,116**

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

Amounts recognized in the consolidated income statement, TSEK	2022	2021
Depreciation of right-of-use assets		
- Premises	8,764	8,318
- Vehicles	1,652	1,221
- Other	126	127
Total depreciation	10,542	9,667
Interest expenses for lease liabilities	358	396
Costs attributable to short-term lease agreements	–	–
Total costs related to lease agreements	10,900	10,063

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

The total cash flow from lease agreements during 2022 (2021) was SEK 11,091,000 (SEK 10,303,000). The above cash outflow includes amounts for leasing agreements that are reported as leasing liabilities, as well as amounts paid for variable leasing fees, short-term leases and low-value leases.

10 Financial assets and liabilities

10.1 Categories of financial assets and liabilities

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

December 31, 2022	Accrued acquisition value	Fair value through profit or loss (FVTPL)	Derivatives for hedging purposes (FV)	In total
Other financial non-current assets				
Accounts receivable and other receivables	26,921	-	-	26,921
Cash and cash equivalents	66,956	-	-	66,956
Total assets	**93,877**	**0**	**0**	**93,877**

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

December 31, 2021	Accrued acquisition value	Fair value through profit or loss (FVTPL)	Derivatives for hedging purposes (FV)	In total
Financial assets				
Accounts receivable and other receivables	26,674	-	-	26,674
Cash and cash equivalents	69,662	-	-	69,662
Total assets	**96,335**	**0**	**0**	**96,335**

December 31, 2021	Fair value through profit or loss (FVTPL)	Other liabilities (accrued acquisition value)	In total
Financial liabilities			
Non-current borrowing	-	196,717	196,717
Current borrowing	-	26,171	26,171
Accounts payable and other liabilities	-	34,770	34,770
Total liabilities	**0**	**257,658**	**257,658**

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

10.2 Borrowing

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

	Current		Non-current	
SEK	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Overdraft	54,473	-	-	-
Bank loan	26,171	26,171	171,875	199,375
Accrued borrowing costs	-	-	-1,329	-2,658
Total book value	**80,644**	**26,171**	**170,546**	**196,717**

Borrowing at accrued acquisition value:

As security for bank loans, the parent company has provided shares in QleanAir Scandinavia AB. As security for the overdraft facility, MSEK 90 (60), unutilized at the time of submission of the annual report, corporate mortgage loans of MSEK 90 (60) have been provided in QleanAir Scandinavia AB. Bank borrowings have been made at variable interest rates, which averaged 5.1% (4.0) in 2022.

10.3 Changes in liabilities arising from financing activities

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

		Cash flow impact		Non-cash items			
	2021	Amortization	Payments	New leasing contracts	Exchange rate fluctuations	Accrued borrowing costs	2022
Liabilities to credit institutions	222 888	-27 500	54 473	0	0	1 329	251 190
Lease liabilities	12 116	-10 733	0	7 983	413	0	9 780
Total liabilities from financial activities	**235 004**	**-38 233**	**54 473**	**7 983**	**413**	**1 329**	**260 969**

		Cash flow impact		Non-cash items			
	2020	Amortization	Payments	New leasing contracts	Exchange rate fluctuations	Accrued borrowing costs	2021
Liabilities to credit institutions	251 251	-29 692	0	0	0	1 329	222 888
Lease liabilities	16 348	-9 907	0	5 708	-33	0	12 116
Total liabilities from financial activities	**267 599**	**-39 599**	**0**	**5 708**	**-33**	**1 329**	**235 004**

11 Provision for taxes

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

Deferred tax assets:	2022	2021
Deferred tax assets on temporary differences	260	3,915
	260	**3,915**
Setoffs	359	-3,420
Reported deferred tax assets	**619**	**495**
Deferred tax liabilities:		
Deferred tax liabilities on temporary differences	3,628	3,420
	3,628	**3,420**
Setoffs	359	-3,420
Reported deferred tax liabilities	**3,987**	**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 the following:

			2022			2021
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Tangible non-current assets	260	–	260	3,915	–	3,915
Untaxed reserves	–	3,628	3,628	–	3,420	-3,420
Net tax assets and liabilities	**260**	**3,628**	**-3,368**	**3,915**	**3,420**	**495**

The change in respect of deferred taxes is as follows:

Group 2022	Non-current assets	Untaxed reserves	Total
As of December 31, 2021	3,915	-3,420	495
Through comprehensive income	–	–	0
Through income statement	-3,656	-208	-3,864
As of December 31, 2022	**259**	**-3,628**	**-3,369**
Group 2021			
As of December 31, 2020	9,410	-4,786	4,624
Through comprehensive income	-5	–	0
Through income statement	-5,495	1,366	-4,129
As of December 31, 2021	**3,915**	**-3,420**	**4,624**

12 Goods in stock

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

Goods in stock

	12/31/2022	12/31/2021
EMEA	33,765	22,518
Americas	6,100	3,670
APAC	20,083	17,776
Total	**59,947**	**43,964**

In 2022, costs attributable to goods in stock totaling 59,947 (43,964) were included in profits.

The stock has been written off with 13,200 to net realizable value and the deduction is considered in the declared values.

13 Accounts receivable

	12/31/2022	12/31/2021
Accounts receivable, gross	26,921	26,674
Total	**26,921**	**26,674**

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

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

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

14 Cash and cash equivalents

Cash and cash equivalents include the following:

Cash and cash equivalents at a bank:	12/31/2022	12/31/2021
- SEK	11,785	20,672
- CHF	3,589	1,994
- DKK	1,193	803
- EUR	12,639	16,418
- JPY	30,051	26,094
- NOK	2,910	628
- PLN	2,144	1,062
- USD	2,541	1,961
- CNY	103	29
Total	**66,956**	**69,662**

15 Prepaid expenses and accrued income

	12/31/2022	12/31/2021
Prepaid rent	1,449	1,366
Accrued income/contract assets	33,265	21,035
Other items	30,218	24,146
Total	**64,931**	**46,548**

16 Equity

16.1 Share capital

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

Subscribed and paid shares

	12/31/2022	12/31/2021
Share capital	7,430	7,430
Total decided shares December 31	**7,430**	**7,430**

The Group has issued a total of 14,859,200 shares as of December 31, 2022. Each share has the same right to a dividend and repayment of invested capital and corresponds to one vote at QleanAir's Annual General Meeting.

Incentive program

Warrant program 2020/2024

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

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

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

Each warrant entitles the holder to subscribe for one new share in the company at a subscription price corresponding to 130% of the volume-weighted average price paid for the company's share over a period of ten trading days immediately preceding the Extraordinary General Meeting (41.83 SEK/share). The warrants can be exercised for subscription of new shares from and including July 1, 2023, to and including January 31, 2024. There are no outstanding share-based incentive programs in the Parent Company in addition to the warrants described above.

Warrant Scheme 2021/2025

At QleanAir's Annual General Meeting on May 12, 2021, it was decided to adopt an incentive program for the Group's senior executives and other key employees through the issue of warrants entailing the right to subscribe for new shares in the Parent Company ("Warrant Scheme 2021/2025").

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

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

Each warrant entitles the holder to subscribe for one new share in the company at a subscription price corresponding to 130% of the volume-weighted average price paid for the company's share over a period of ten trading days immediately preceding the Annual General Meeting (81.99 SEK/share). The warrants can be exercised for subscription of new shares from and including July 1, 2024, to and including January 31, 2025. There are no outstanding share-based incentive programs in the Parent Company in addition to the warrants described above.

Warrant Scheme 2022/2026

At QleanAir's Annual General Meeting on May 12, 2022, it was decided to adopt an incentive program for the Group's senior executives and other key employees through the issue of warrants entailing the right to subscribe for new shares in the Parent Company ("Warrant Scheme 2022/2026").

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

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

Each warrant entitles the holder to subscribe for one new share in the company at a subscription price corresponding to 130% of the volume-weighted average price paid for the company's share over a period of ten trading days immediately preceding the Annual General Meeting (43.24 SEK/share). The warrants can be exercised for subscription of new shares from and including July 1, 2025, to and including January 31, 2026. There are no outstanding share-based incentive programs in the Parent Company in addition to the warrants described above.

16.2 Other paid-in capital

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

16.3 Reserves

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

16.4 Earnings per share and dividends

Earnings per share

Both basic and diluted profit for shares have been calculated using profits attributable to the shareholders in the parent company as numerators, i.e., no adjustments to profits needed to be made in 2022 or 2021.

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	2022	2021
Weighted average number of shares used for calculating earnings per share before dilution	14,859,200	14,859,200
Weighted average of share-based compensation programs	372,945	222,888
Weighted average number of shares used in calculating earnings per share after dilution	**15,232,145**	**15,082,088**
Shares that can be issued free of charge in share-based remuneration programs	416,840	311,492

Dividends

For 2023, the Board proposes a dividend of SEK 0 per share (SEK 1.50).

17 Remuneration to employees, etc.

17.1 Costs for employee benefits

Costs reported for employee benefits are broken down as follows:

	2022		2021	
	Salaries and other remuneration	Social expenses (of which pension costs)	Salaries and other remuneration	Social expenses (of which pension costs)
Parent company	4,696	3,084	4,219	2,062
		(1,262)		(949)
Subsidiaries				
QA Scandinavia AB	33,866	13,946	29,966	13,053
		(3,500)		(3,700)
IFS BV	1,080	257	1,639	348
		(44)		(61)
QA Scandinavia KK	23,307	4,367	23,326	3,714
		(4,117)		(3,483)
QA Scandinavia GmbH	13,447	2,654	12,563	2,403
		(132)		(102)
QA Scandinavia Inc	14,172	1,561	11,317	1,215
		(0)		(0)
QA Scandinavia China	–	–	–	–
		(0)		(0)
SFS Finance AB	–	–	–	–
		(0)		(0)
Total, Group	**90,568**	**25,869**	**83,030**	**22,795**
		(9,055)		**(8,295)**

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

	2022		2021	
	Board and CEO (of which bonuses on profits, etc.)	Other employees	Board and CEO (of which bonuses on profits, etc.)	Other employees
Parent company	4,203	1,968	3,080	2,006
	(0)		(0)	
Subsidiaries				
QA Scandinavia AB	–	33,866	–	29,966
	(0)		(0)	
IFS BV	–	1,080	–	1,639
	(0)		(0)	
QA Scandinavia KK	–	23,307	–	23,326
	(0)		(0)	
QA Scandinavia GmbH	–	13,447	–	12,563
	(0)		(0)	
QA Scandinavia Inc	–	14,172	–	11,317
	(0)		(0)	
QA Scandinavia China	–	–	–	–
	(0)		(0)	
SFS Finance AB	–	–	–	–
	(0)		(0)	
Total, Group	**4,203**	**87,840**	**3,080**	**80,817**
	(0)		**(0)**	

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

	The group		Parent company	
	2022	2021	2022	2021
Salaries, Board and CEO	4,203	3,080	4,203	3,080
Salaries, other employees	86,363	80,817	1,968	2,006
Share-related remuneration	–	–	–	–
Pensions, defined contribution, Board and CEO	928	540	928	540
Pensions, defined contribution, other employees	8,127	7,755	336	409
Other social contributions	17,743	14,500	1,822	1,385
Total	**117,364**	**106,692**	**9,257**	**7,420**

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

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

Christina Lindstedt was CEO until November 28, 2022. Sebastian Lindström was appointed CEO on November 28, 2022.

Other benefits consist of a car benefit.

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

In the event of termination by the company, in addition to the termination salary Sebastian Lindström is entitled to a severance payment corresponding to six (6) times the fixed monthly salary upon termination of employment. The severance pay is paid monthly with one sixth at a time starting in the month after the termination of employment. From the severance pay must be deducted what Sebastian Lindström receives from other employment during the period during which the severance pay is paid.

17.2 Average number of employees

	2022		2021	
	Average number of employees	Of which men	Average number of employees	Of which men
Parent company	2	52%	2	54%
Subsidiaries				
QA Scandinavia AB, Sweden	43	58%	36	57%
IFS BV, The Netherlands	2	50%	3	69%
QA Scandinavia Japan KK, Japan	38	67%	35	69%
QA Scandinavia GmbH, Germany	17	84%	16	82%
QA Scandinavia Inc, USA	15	64%	16	70%
QA China, China	0	0%	0	0%
Total for the Group	**117**	**65%**	**108**	**67%**

Guidelines for remuneration to senior executives

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

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

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

17.3 Gender representation on the Board

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

17.4 Remuneration to auditors

	2022	2021
– Audit assignments	2,378	1,438
– Audit activities in addition to audit assignments	107	150
– Tax advisory	1,124	1,505
Total	**3,609**	**3,093**

Audit assignments refer to the auditor's work for the statutory audit, and audit activities in addition to the audit assignment include various types of quality assurance services. Other services are those not included in audit assignments, audit activities or tax advisory. The auditing firm is Grant Thornton Sweden AB.

18 Contractual liabilities and other liabilities

	12/31/2022	12/31/2021
Accrued holiday pay	9,176	7,349
Prepaid revenue, rent/service (contract liabilities)	53,456	49,194
Reserved service deposit	24,565	26,575
Other	52,849	39,616
Total	**140,046**	**122,734**

Prepaid revenue for rent and service (contract liabilities) refer to advance payment from customers that has been received for future commitments and will be recognized as income during 2023.

When a contract is sold to a finance company a part of the revenue is reserved, i.e. service deposit, for future performance commitments. This reservation is resolved during the contract and recognized as revenue over a three-year period, with an average of one third per year.

19 Interest expenses and interest income

Financial expenses for the reporting periods consist of the following:

	2022	2021
Interest expenses, borrowing at accrued acquisition value:		
Interest expenses, group companies	-	-
Interest expense, lease liabilities	358	396
Other interest expenses	11,045	8,726
Total interest expenses for financial liabilities that are not reported at fair value through profit or loss	**11,403**	**9,122**
Financial income for the reporting periods consists of the following:		
Interest income, cash and cash equivalents	392	84

20 Other financial income and expenses

Other financial items consist of the following:

	2022	2021
Foreign exchange gains	3,214	1,184
Total	**3,214**	**1,184**

21 Tax

The following components are included in the tax costs

	2022	2021
Current tax	3,626	12,156
Deferred tax in respect of:		
Untaxed reserves	208	-1,366
Temporary differences, tangible non-current assets	3,656	5,495
Reported tax	**7,489**	**16,285**
Reported profit before tax	20,781	75,543
Tax according to current tax rate 20.6% (20.6%)	4,281	15,562
Tax effect of:		
Non-deductible expenses	2,739	5,965
Non-taxable income	-1	-756
Loss carried forward, utilized	-151	-5,519
Difference in tax rate between parent company and foreign subsidiaries	621	1,033
Reported tax	**7,489**	**16,285**

22 Cash flow adjustments

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

Adjustments

	2022	2021
Depreciation and impairment on non-financial items	31,202	29,039
Capital gains, non-current assets	0	44
Cost of goods sold on sale of non-current assets	3,060	3,007
Provisions	-7,354	-9,492
Exchange rate gains/losses	475	0
Total adjustments	**27,383**	**22,598**

23 Related party transactions

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

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

23.1 Transactions with key persons

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

	2022	2021
Salaries including bonus	4,203	3,080
Statutory and contractual social expenses	1,321	968
Of which pension expenses	928	630
Total	**5,524**	**4,047**

See Note 17 for information on remuneration to key persons.

24 Pledged assets and contingent liabilities

Pledged assets

Shares in QleanAir Scandinavia AB at a consolidated value of MSEK 470.5 (MSEK 414.3) regarding non-current liabilities to credit institutions in QleanAir AB. Company mortgage loans of MSEK 90.0 (60.0) relating to an overdraft facility in QleanAir Scandinavia AB. Guarantee of approximately MSEK 1.9 (MSEK 1.9). Total approx. MSEK 562.4 (MSEK 476.2).

Contingent liabilities

There were no contingent liabilities as of December 2022 (0).

25 Risk relating to financial instruments

Risk management objectives and principles

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

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

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

25.1 Market risk analysis

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

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

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

QleanAir monitors and works actively with all issues that deal with tobacco smoking, especially in workplaces. Based on what is known today, the company believes that the risk that the EU will come up with a proposal that completely bans QleanAir's solutions in the workplace does exist but is currently not likely.

25.1.1 Sensitivity to foreign currency

Most of the Group's transactions are made in Euro and Japanese YEN. Exposures to exchange rate changes arise from the Group's sales to, and purchases from, other countries.

Exchange rate gains have affected other financial items by TSEK 3,214 (TSEK 1,980), (see note 20).

Exchange rate impact
If SEK strengthens or weakens by 10% against EUR and YEN, respectively, QleanAir's total revenue in % will be affected as per the table below:

	Revenue, percentage change 2022	Revenue, percentage change 2021
EUR	+/- 3.3%	+/- 3.6%
YEN	+/- 4,6%	+/- 4.2%

25.1.2 Analysis of credit risk

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

Types of financial assets – book values

	12/31/2022	12/31/2021
Accounts receivable	26,921	26,674
Other receivables	8,170	7,560
Cash and cash equivalents	66,956	69,662
Total	**102,046**	**103,896**

The receivables fall due for payment as below:

	12/31/2022	12/31/2021
Due within 1 year	102,046	103,896
Due 1–2 years	-	-
Due 2–3 years	-	-
Total	**102,046**	**103,896**

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

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

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

	12/31/2022	12/31/2021
Not due	11,193	12,650
Due up to 30 days	7,852	5,762
Due 31–60 days	2,519	1,181
Due 61–90 days	932	1,224
Due 91 days and older	4,989	6,141
Of which reserved for bad debt losses	-564	-285
In total	**26,921**	**34,237**

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

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

25.2 Sensitivity to interest rate risk

The Group's non-current borrowing consists of bank loans that run at variable interest rates. Therefore, only changes in market interest rates through bank loans are exposed to interest rate risk as of December 31, 2022. To minimize the Group's exposure to interest rate risk, interest rate developments are monitored continuously and decisions on any interest rate hedging are discussed in connection with the Group's Board meetings.

At the balance sheet date, the Group had variable rate liabilities of TSEK 252,519, of which bank loans represent TSEK 198,046. A 1% +/- change in interest rates on bank loans would affect the Group's interest expense before tax by TSEK 1,980.

25.3 Analysis of liquidity risk

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

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

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

As of December 31, 2022, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) that can be summarized as follows:

- Credits refer to bank loans and overdraft facilities. Bank loans have a variable interest rate and the current average interest rates for the financial year have been 5.1% (4.0).
- The overdraft facility amounts to TSEK 90,000 (60,000) and the unused portion on the balance sheet date amounts to TSEK 35,537 (60,000).

26 Principles and routines for asset management

The Group's asset management objectives are:

- to ensure the Group's ability to continue operations

- to provide an appropriate return to shareholders by pricing products and services corresponding to the level of risk

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

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

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

The Group has fulfilled all agreed commitments (covenants) towards the bank in 2022.

27 Events after the balance sheet date

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

A study shows QleanAir air cleaners remove over 95% of virus particles in 10 minutes.

QleanAir announced preliminary profits for the fourth quarter of 2022 and full year of 2022 on January 31, 2023 as the result was worse than the market forecasts.

QleanAir launches new quiet and energy-efficient air cleaner that meets tough quality requirements.

CEO has bought 100,000 shares in QleanAir.

The Extraordinary General Meeting of QleanAir AB was held on March 9, 2023. It was decided to offer Sebastian Lindström 445,776 warrants in QleanAir AB.

28 Issue of financial reports

The consolidated financial statements for the reporting period ending December 31, 2022 were approved by the Board of Directors on April 19, 2023.

Parent company income statement

TSEK	Note	2022-01-01 12/31/2022	01/01/2021 12/31/2021
Operating income etc.			
Net sales	29	10,200	10,200
		10,200	**10,200**
Operating expenses			
Other external expenses	30	-8,701	-7,639
Personnel costs	31	-11,481	-7,558
Depreciation of intangible non-current assets		-8,254	-8,254
Operating profit		**-18,236**	**-13,251**
Profit from financial investments			
Other financial income and expenses		-18	-5
Interest income and similar profit/loss items		0	-
Interest income from group companies		-	-
Interest expenses and similar profit/loss items		-9,390	-13,413
Interest expenses to group companies		-5,960	-
Profit after financial items		**-33,604**	**-26,670**
Appropriations			
Group contribution received		13,400	52,000
Tax on profit for the year	32	-1,220	-7,517
Profit/loss for the year		**-21,424**	**17,814**

Parent company balance sheet

Assets

TSEK	Note	12/31/2022	12/31/2021
Goodwill	33	33,702	41,955
Financial assets			
Shares in group companies	34	429,000	429,000
Total non-current assets		**462,702**	**470,955**
Current assets			
Current receivables			
Accounts receivable		-	-
Tax receivables		26	680
Other receivables		-	-
Prepaid expenses and accrued income		2,745	4,171
		2,771	4,851
Cash and bank deposits		**511**	**975**
Total current assets		**3,282**	**5,825**
Total assets		**465,984**	**476,781**

Equity and liabilities

TSEK	Note	12/31/2022	12/31/2021
Restricted equity			
Share capital		7,430	7,430
Unrestricted equity			
Share premium reserve		122,162	122,162
Appropriated earnings		-45,941	-40,953
Profit/loss for the year		-21,424	17,814
Total equity		**62,226**	**106,452**
Non-current liabilities	35		
Liabilities to credit institutions		171,875	200,704
		171,875	**200,704**
Current liabilities			
Liabilities to credit institutions		27,500	26,171
Accounts payable		415	531
Liabilities to group companies		188,494	125,679
Current tax liabilities		7,109	12,911
Other current liabilities		339	307
Accrued expenses and prepaid income	36	8,027	4,026
		231,884	169,625
Total equity and liabilities		**465,984**	**476,781**

Changes in equity, parent company

TSEK	Share capital	Share premium reserve	Unrestricted reserves	Profit/loss for the year	Total equity
2022					
Opening balance as of January 1, 2022	**7,430**	**122,162**	**-40,953**	**17,814**	**106,452**
Transfer of previous year's profit			17,814	-17,814	0
Dividends			-22,289		-22,289
Warrants paid-up/payable			-513		
Profit/loss for the year				-21,424	21,424
Closing balance 12-31-2022	**7,430**	**122,162**	**-45,941**	**-21,424**	**62,225**
2021					
Opening balance as of 01/01/2021	**7,430**	**122,162**	**-34,783**	**13,431**	**108,240**
Transfer of previous year's profit			13,431	-13,431	0
Dividends			-19,317		-19,317
Warrants paid-up/payable			-285		-285
Profit/loss for the year				17,814	17,814
Closing balance 12-31-2021	**7,430**	**122,162**	**-40,953**	**17,814**	**106,452**

Parent company cash flow

TSEK	Note	2022-01-01 12/31/2022	01/01/2021 12/31/2021
Parent company's cash flow report			
Operating profit		-18,236	-13,251
Adjustments for non-cash items	33	8,254	8,254
Interest paid		-9,390	-13,413
Interest received		5,960	0
Income tax paid/repaid		-6,368	-925
Cash flow from operating activities before changes in working capital		**-31,701**	**-19,335**
Changes in working capital			
Change of goods in stock/work in progress		–	–
Change in accounts receivable		–	4
Change in other current receivables		28,426	53,006
Change in accounts payable		-116	-999
Change in other current liabilities		66,869	13,202
Cash flow from current operations		**63,479**	**45,878**
Investment activities			
Acquisition of intangible non-current assets		–	–
Acquisition of tangible non-current assets		–	–
Acquisition of group companies		–	–
Cash flow from investing activities		**0**	**0**
Financing activities			
Group contribution		–	–
Borrowings		–	–
Amortization of loans		-27,500	-27,500
Options		-22	–
Dividends paid		-22,289	-19,317
Warrants paid-up/payable		-513	- 285
Cash flow from financing activities		**-50,324**	**-47,102**
Cash flow for the year/change in cash and cash equivalents		-463	-1,229
Opening cash and cash equivalents		975	2,203
Cash and cash equivalents in merged subsidiaries		–	–
Net foreign exchange difference in cash and cash equivalents		–	–
Closing cash and cash equivalents		**511**	**975**

Notes, parent company

29 Intra-group purchases and sales

	2022	2021
Sales to subsidiaries	**10,200**	**10,200**

30 Information about the auditor's fee and cost reimbursement

Grant Thornton Sweden AB

	2022	2021
Audit assignment	1,286	456
Audit activities in addition to audit assignments	0	0
Total	**1,286**	**456**

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

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

The average number of employees, by gender

	2022	2021
Men	1	1
Women	1	1
In total	**2**	**2**
Salaries and remuneration		
Board and CEO	4,203	3,080
Other employees	1,968	2,006
Total salaries and remuneration	**6,171**	**5,086**
Statutory and contractual social expenses	3,547	2,334
Of which pension expenses	1,262	949
Total salaries, remuneration, social expenses and pension expenses	**9,718**	**7,420**

Of the company's pension expenses, 928 (630) relate to the Board and CEO.

32 Tax on profit for the year

	2022	2021
The following components are included in the tax costs:		
Current tax	-1,220	-7,517
Reported tax	**-1,220**	**-7,517**
Reported profit before tax	-20,204	25,330
Tax according to the current tax rate	4,162	-5,218
Tax effect of:		
Non-deductible expenses	-5,382	-2,299
Reported tax	**-1,220**	**-7,517**

33 Goodwill

	12/31/2022	12/31/2021
Opening acquisition value	116,237	116,237
Closing accumulated acquisition value	**116,237**	**116,237**
Opening depreciation	-74,282	-66,029
Depreciation for the year according to plan	-8,254	-8,254
Closing cumulative depreciation	-82,536	-74,282
Closing planned residual value	**33,702**	**41,955**

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

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

34 Shares in group companies

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

	12/31/2022	12/31/2021
Opening acquisition value	429,000	429,000
Closing acquisition value	**429,000**	**429,000**

Direct ownership

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

Company name and CRN	Corporate office	Equity	Results after financial net
QleanAir Scandinavia AB (556303-9162)	Solna	169,387	3,202

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

Indirect ownership

Company name and CRN	Number of shares	Share %	Book value
International Facility solutions B.V., Naarden, NL, 32088469	18,000	100%	0
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%	0
Smoke Free Systems Finance, 556789-5536	200,000	100%	8,700
Total			**21,672**

	Equity	Result
International Facility solutions B.V., Naarden, NL	-13,686	-389
QleanAir Scandinavia GmbH, Frankfurt, DE	-13,735	1,455
QleanAir Scandinavia KK, Tokyo, JP	102,185	2,883
QleanAir Scandinavia Inc, USA	-14,185	3,214
QleanAir Scandinavia (Shanghai) Co Ltd	652	-333
Smoke Free Systems Finance	22,548	58

35 Financial liabilities

	12/31/2022	12/31/2021
Liabilities to credit institutions due within 1 year	27,500	26,171
Liabilities to credit institutions, due in 2-5 years	171,875	200,704
Total	**199,375**	**226,875**

For further information, see note 25.2, 25.3, and 26.

36 Accrued expenses and prepaid income

	12/31/2022	12/31/2021
Accrued holiday pay	1,474	904
Accrued social charges	383	171
Other items	6,170	2,951
Total	**8,027**	**4,026**

37 Pledged assets

	12/31/2022	12/31/2021
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	76,220,024
Profit/loss for the year	-21,424,071
	54,795,953

The Board and the CEO propose that available profit of SEK 54,795,953 is allocated so that:

A dividend of SEK 0 per share is paid to shareholders	0
Carried forward	54,795,953
	54,795,953

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

39 Issue of financial reports

The parent company's financial statements for the reporting period ending December 31, 2022 were approved by the Board of Directors on April 19, 2023.

Declaration by the Board of Directors

Declaration by the Board of Directors and the CEO

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

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

Solna 04-19-2023

Sebastian Lindström CEO	Bengt Engström Chair of the Board
Johan Westman	Mats Hjerpe
Johan Ryrberg	Towe Ressman

Our audit report was issued on 04-19-2023

Grant Thornton Sweden AB

Olof Nordgaard

Authorized Public Accountant

Auditor's report

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

Report on the annual report and consolidated accounts

Statements

We have audited the annual accounts and consolidated accounts of QleanAir AB for the year 2022. The company's annual accounts and consolidated accounts are included on pages 33-75 of this document.

In our opinion, the annual report has been prepared in accordance with the Annual Accounts Act and provides a true and fair view of the parent company's financial position as of December 31, 2022, and of its financial results and cash flow for the year in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of December 31, 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The Annual Review is consistent with the other parts of the annual report and consolidated accounts.

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

Basis for statements

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

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

Information other than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts and can be found on pages 1-33 and 79-91. The Board of Directors and the CEO are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the CEO

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

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

Auditor's responsibilities

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

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

- identify and assess the risks of material misstatement in the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than for a material misstatement due to error, as fraud may include collusion, forgery, intentional omissions, incorrect information or breach of internal controls.
- obtain an understanding of the company's internal controls relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls.
- we evaluate the appropriateness of the accounting principles applied and the reasonableness of the Board of Directors' and the CEO's estimates in the accounts and related information.
- we draw a conclusion about the appropriateness of the Board of Directors and the CEO using the concept of going concern in the preparation of the annual accounts and the consolidated accounts. We also draw a conclusion, based on the audited evidence obtained, as to whether there is any significant uncertainty relating to such events or conditions that may lead to significant doubts about the company's and the group's ability to operate as a going concern. If we conclude that there is a significant uncertainty, in the audit report we must draw attention to the information in the annual accounts and consolidated accounts on the significant uncertainty or, if such information is insufficient, modify the statement on the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may mean that a company and a group can no longer operate as a going concern.
- we evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the information, and whether the annual accounts and consolidated accounts reflect the underlying transactions and events in a way that provides a true and fair view.
- we obtain sufficient and appropriate audit evidence regarding the financial information in the units or business activities within the Group to offer an opinion regarding the consolidated accounts. We are responsible for the direction, supervision and execution of the group audit. We remain solely responsible for our opinions.

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

Report on other legal and regulatory requirements

Statements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the management by the Board of Directors and CEOs of QleanAir Holding AB for the year 2022 and the proposed distribution of the company's profit or loss.

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

Basis for statements

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

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

Responsibilities of the Board of Directors and the CEO

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

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

Auditor's responsibilities

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

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

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

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

As part of an audit in accordance with good auditing practice in Sweden, we use professional judgment and maintain professional skepticism throughout the audit. The review of the administration and the proposed appropriation of the company's profits or loss are mainly based on the audit of the accounts. Additional audit procedures performed are based on our professional assessment based on risk and materiality. This means that we focus the review on such actions, areas and matters as are material for the operations, and where deviations and violations would have particular importance for the company's situation. We review and test decisions made, support for decisions, actions taken and other matters of relevance to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we reviewed if the proposal is in accordance with the Companies Act.

Stockholm April 19, 2023

Grant Thornton Sweden AB
Olof Nordgaard
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 Annual Accounts Act.

This corporate governance report has been prepared in accordance with the Swedish Corporate Governance Code (the Code) and has been reviewed by the Company's auditors. The corporate governance report covers the calendar year 2022.

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

The Code has been applied since December 12, 2019.

Shares and owners

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

The company's ten largest shareholders as of December 31, 2022

- Qevirp 41 Ltd.
- Bankinvest
- Avanza Pension
- Calandrella Ltd.
- Life insurance limited company Skandia
- Enter Small Company Fund
- Nordnet Pension
- LGT Bank Ltd.
- CB LND Citibank
- Sensor Select

General meeting

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

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

The 2022 Annual General Meeting

The 2022 Annual General Meeting was held on May 12, 2022 in Solna. In total, 100% of a total of 14,859,200 of shares were represented. The 2021 accounts were approved and the members of the board and the CEO were discharged from liability. Decisions were also made on the election of board members, Chair of the Board and auditors, as well as remuneration to the Board and auditors. Furthermore, a decision was made on an incentive program.

According to the incentive program, participants will be offered to acquire warrants 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 over a period of ten trading days, immediately preceding the AGM. Subscription of new shares under the warrants shall be possible during the period from July 1, 2025 up to and including January 31, 2026. In total, a maximum of 145,384 warrants can be issued. 105,348 warrants were subscribed to. Based on the number of shares in the company, the maximum dilution as a result of the incentive program can amount to approximately 0.70%.

Nomination committee

The Nomination Committee consists of Magnus Hardmeier, Chair, Oskar Börjesson Skandia Fonder, Bengt Engström Chair QleanAir AB and Dan Pitulia Calandrella.

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

Auditors

The auditors of the company are elected by the Annual General Meeting and at the 2022 Annual General Meeting, Grant Thornton was re-elected as the audit firm for the period until the end of the 2023 Annual General Meeting. Olof Nordgaard has been appointed chief auditor. The audit mainly covers continuous auditing and review of the annual report.

Role and composition of the Board

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

The Board's members elected by the Annual General Meeting are elected annually by the Annual General Meeting for the period until the next Annual General Meeting is held. According to the Articles of Association, the company's Board shall consist of a minimum of three and a maximum of seven ordinary members, elected by the AGM without deputies. The 2022 Annual General Meeting decided that the Board will consist of five ordinary members until the end of the Annual General Meeting to be held in 2023. Re-election of Bengt Engström, Johan Westman, Mats Hjerpe, Johan Ryrberg and Towe Ressman. New election of Sebastian Lindström. Sebastian Lindström left the board of directors in November 2022 in connection with his appointment as CEO of QleanAir AB. The Board consists of five ordinary members. No representative of the company's management is included on the Board. No employee representatives or deputies have been appointed to the Board. The members of the Board of Directors are presented on pages 84-85.

Chair of the Board

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

The work of the Board

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

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 reviews and evaluates extensive financial information relating to both the company as a whole and various entities that are part of the group. The Board also discusses information about risk assessments, disputes and any irregularities that may impact the company's financial position. The Board also reviews the most significant accounting principles applied in the group regarding financial reporting, as well as material changes to the principles and reports on internal controls and the processes for financial reporting. The company's auditors report to the Board as required, but at least twice a year.

Remuneration to the Board

The agreed remuneration to the Board of Directors amounted to a total of SEK 1,750,000 in 2022, distributed within the Board as shown in the table below. The 2022 Annual General Meeting decided that the fee to the Chairman of the Board shall amount to SEK 500,000 per year and to other board members SEK 250,000 per board member per year.

Company management

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

Remuneration to senior executives

In 2022, a total of SEK 4,210,000 was paid in fixed remuneration to the company's senior executives (company management). The total gross remuneration paid to the CEO and executive management, including basic salary, pension payments and car and health insurance benefits, amounted to SEK 5,630,000 in 2022, of which SEK 3,656,000 was remuneration to the CEO. Remuneration to senior executives is described in Note 17. Remuneration paid complies with the decision on Guidelines for remuneration to senior executives made by the Extraordinary General Meeting on October 7, 2019. Guidelines for remuneration to senior executives are set out in Note 17.

Audit

The company's auditors review the annual accounts and annual report, as well as the company's day-to-day operations and procedures, and then present their opinion on the financial reporting and the management by the Board and the CEO. After each financial year, the auditors shall submit an auditor's report to the annual general meeting. Every year, the company's auditors report their observations from the audit and their assessments of the company's internal control to the Board personally. At the Annual General Meeting on May 12, 2022, audit firm Grant Thornton was elected as the company's auditor with authorized public accountant Anders Meyer as the chief auditor for the period until the end of the Annual General Meeting to be held in 2023. At the 2022 Annual General Meeting, it was decided that remuneration to the auditor would be paid according to an approved invoice. The auditor's fee in 2022 amounted to a total of TSEK 2,378 for the entire Group. The interim report January-September 2021 was broadly reviewed by the company's auditors.

Internal controls

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

Control environment

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

Risk assessment

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

Control activities

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

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

Internal audits

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

Meeting attendance in 2022

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

Name	Year elected	Inde-pendent of the company	Inde-pendent of major share-holders	Determi-ned fee	Board meetings
Bengt Engström	2020	Yes	Yes	500,000	15/15
Johan Westman	2020	Yes	Yes	250,00	15/15
Mats Hjerpe	2012	Yes	No	250,00	15/15
Johan Ryrberg	2021	Yes	Yes	250,00	15/15
Towe Ressman	2021	Yes	Yes	250,00	15/15
Sebastian Lindström	2022	Yes	Yes	250,00	7/15

Sebastian Lindström left the Board of Directors in November 2022 in connection with his appointment as CEO on November 28, 2022.

The Board of Directors

The Board of Directors has its seat in Solna, Sweden. According to QleanAir's Articles of Association, the Board shall consist of a minimum of three and a maximum of seven ordinary members without deputies. The Board of Directors currently consists of five ordinary members elected for the period until the end of the Annual General Meeting to be held in 2023.

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

			Independent in relation to:	
Name	Position	Board member since	QleanAir and senior executives	Major shareholders as of today
Bengt Engström	Chair of the Board	2020	Yes	Yes
Johan Westman	Board member	2020	Yes	Yes
Mats Hjerpe	Board member	2012	Yes	No
Johan Ryrberg	Board member	2021	Yes	Yes
Towe Ressman	Board member	2021	Yes	Yes
Sebastian Lindström	Board member	2022	Yes	Yes

Sebastian Lindström left the Board of Directors in November 2022 in connection with his appointment as CEO on November 28, 2022.

Auditor's report on the corporate governance statement

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

Tasks and division of responsibilities

The Board is responsible for the corporate governance report for 12-31-2022 on pages 79-83 in the annual report, and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

The focus and scope of the audit

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

Opinions

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

Stockholm, April 19, 2023
Grant Thornton Sweden AB
Olof Nordgaard
Authorized Public Accountant

Board

Bengt Engström
(Chair)

Born 1953

Position: Chair since 2020.

Other ongoing assignments: Chair of Nordic Flanges AB, Qlosr AB, BEngström/BEngström Förvaltning AB, IFG Duroc. Board member of Scanfil Oy, Real Holding AB, Scandinavian Chemotech AB and KTH Executive School AB

Previous assignments in the last five years: Chair/board member of Prevas AB, Advania AB, Partnertech AB, Opticos AB, Crem International AB, Scandinavian Executive AB, Bure Equity AB, Scandinova Systems AB

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

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

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

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

Holdings in QleanAir: 48,571 shares (privately held and via companies, as well as holdings of related natural persons)

Mats Hjerpe
(Board member)

Born: 1974

Position: Board member since 2012.

Other ongoing assignments: Board member of Caybon International AB, Caybon Holding AB, Caybon LP AB, 4C Group AB, Trustscale AB, Priveq Holding V AB, Aquilonis AB, Aquilonis Invest AB and Smoke Free Systems Finance AB. Deputy board member of Priveq Advisory AB, Priveq Investment V (B) AB and Priveq Investment V (A) AB.

Previous assignments in the last five years: Board member of CSAM Health AS (Norway) och Hedskog Equity AB.

Other relevant experience: Mats holds a master's degree in economics from Stockholm University. He has experience as an investment manager at Priveq Investment, where he has also been a partner for 12 years. Mats' area of responsibility at Priveq ranges from identifying investment objects to implementing the growth strategies of owned companies with other owners, the board and management. Regarding several of Priveq's portfolio companies, Mats has played an active role in issues relating to IPOs and geographical expansion. He also holds board positions in several of Priveq's portfolio companies, including 4C Group AB and Caybon International AB. Previously, Mats worked as a financial analyst with a focus on the health sector at Aragon Fondkommission AB. Furthermore, Mats has 15 years of experience from board assignments in companies in various industries, often with sales 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, advisor to Priveq Investment Fund (IV) LP, which owns 100 percent of the shares in Qevirp 41 Limited, which in turn owns 3,412,359 shares in the Company.

Holdings in QleanAir: –

Johan Westman

(Board member)

Born: 1959

Position: Board member since 2020.

Other ongoing assignments: VD i Metenova AB

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

Other relevant experience: Johan holds an MSc in Engineering from KTH from 1985. Johan has worked in senior positions in various companies since the mid-1990s.

In addition to being CEO and board member of Biolin Scientific AB, Johan has worked as CEO of NovAseptic America Inc, CEO NovAseptic Group between 1997 and 2005. Following the sale of NovAseptic to American firm Millipore AB, Johan worked as VP Marketing in the Millipore Bioprocess division. Johan has also worked with various CEOs 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: 5,000 shares (also refers to holdings of related natural persons).

Johan Ryrberg

(Board member)

Born: 1959

Position: Board member since 2021

Other current positions: Johan is currently a business angel and board member of DHS Venture Partners and interim CFO of Dustin Group.

Previous assignments in the past five years: CFO Kry/Livi Group, Interim CFO ROL Group, Interim CFO Perstorp Group, Interim CFO Cabonline Group, CFO & EVP Group Finance, IT and Purchasing Ovako Group.

Other relevant experience: Johan holds a BBA from the Stockholm School of Economics and brings solid CFO and industrial expertise to the board as Johan has held several senior positions, including CFO, Area Manager Asia and COO during his twenty-year career at Camfil Group, a global manufacturer of air filtration systems.

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

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

Holdings in QleanAir: 3,000 shares

Towe Ressman

(Board member)

Born: 1966

Position: Board member since 2021.

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

Previous assignments in the past five years:

Towe has previously held positions as one of the main actors in Virtual Innovation Lab and Digital Solutions Planning and Connectivity Hub in the Husqvarna Group.

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

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

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

Holdings in QleanAir: 8,612 shares

Management

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

Sebastian Lindström
(CEO)

Born: 1965

Position: CEO since November 2022.

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

Previous assignments in the last five years: Board member of QleanAir Scandinavia AB 2022. VP and Managing Director Crem, CEO Crem International Holding AB.

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

Holdings in QleanAir: 100,000 shares. 445,776 (2023/2026) warrants.

Henrik Resmark
(Chief Financial Officer/CFO)

Born: 1969

Position: Chief Financial Officer/CFO since 2013.

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

Previous assignments in the last five years: –

Other relevant experience: Henrik holds a master's degree in economics with an international focus from Lund University. Henrik has previous experience as a 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: 30,000 shares. 16,717 warrants (2020/2024) and 12,828 warrants (2022/2026).

QleanAir shares

Listing

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

Share capital

On December 31, 2021, the share capital amounted to SEK 7,429,600, divided into 14,859,200 shares with a quota value of SEK 0.50. All shares are of the same share class with equal voting rights and share of the company's capital and profit.

Trading in the share

The closing price on the last trading day of the year, December 30, 2022, was SEK 22.30, corresponding to a market capitalization of approximately MSEK 331. A total of 7,340,739 shares were traded during 2022, corresponding to a value of approximately MSEK 262. The average number of shares traded per trading day was 29,015.

Shareholders

On December 30, 2022, there were 2,996 shareholders. The company's ten largest shareholders represented 66.1% of the share capital and votes. Qevirp 41 Ltd was the largest shareholder with 23.6% of the shares.

Certified Advisor

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

The company's ten largest shareholders as of December 31, 2022

- Qevirp 41 Ltd.	23.6%
- Bankinvest	11.5%
- Avanza Pension	71%
- Calandrella Ltd.	6.6%
- Livförsäkringsaktiebolaget Skandia	4.6%
- Enter Småbolagsfond	2.8%
- Nordnet Pension	2.7%
- LGT Bank Ltd.	2.7%
- CB LND Citibank	2.5%
- Sensor Select	2.0%
Total	**66.1%**

Financial information in summary

The Group's report on earnings and other comprehensive income

TSEK	full year 2022	full year 2021
Revenue	455,172	454,345
Merchandise	-144,154	-132,533
Gross profit	**311,018**	**321,811**
Selling and administrative expenses	-282,440	-238,414
Operating profit	**28,578**	**83,397**
Financial income	392	84
Financial costs	-8,189	-7,939
Profit before tax	**20,781**	**75,543**
Taxes	-7,490	-16,285
Profit/loss for the year	**13,291**	**59,258**

The Group's report on financial position

TSEK	12/31/2022	12/31/2021
Non-current assets	420,783	416,405
Current assets	159,986	124,746
Cash and cash equivalents	66,956	69,662
Total assets	**647,724**	**610,813**
Equity	183,977	194,094
Non-current liabilities	177,256	202,045
Current liabilities	286,491	214,674
Total liabilities	**647,724**	**610,813**

Key ratios

	2022	2021
Order intake, TSEK	407,625	356,282
Share of recurring revenue, %	61%	58%
EBITDA, TSEK	59,781	112,437
EBITDA margin, %	13.1%	25.0%
EBIT, TSEK	49,778	83,397
EBIT margin, %	10.9%	18.5%

Quarterly information

	Oct–Dec 2022	Jul–Sep 2022	Apr–Jun 2022	Jan–Mar 2022	Oct–Dec 2021
Net sales, TSEK	120,075	111,422	108,273	115,402	118,055
Installed units	11,878	11,750	11,625	11,551	11,396
Recurring revenue, TSEK	70,809	67,172	69,783	69,026	65,210
Order intake, TSEK	109,161	92,180	89,331	116,954	72,890
Gross profit, TSEK	68,202	81,452	77,729	83,634	81,225
Gross margin, %	56.8%	73.1%	71.8%	72.5%	68.8%
EBITDA, TSEK	-9,642	25,376	18,892	25,154	25,434
EBITDA margin, %	-8.0%	22.8%	17.4%	21.8%	21.5%
EBIT, TSEK	-17,713	17,466	11,265	17,560	17,887
EBIT margin, %	-14.8%	15.7%	10.4%	15.2%	15.2%
Cash flow from operating activities (operating cash flow), TSEK	9,581	11,389	9,004	-243	22,076
Working capital, TSEK	-38,804	24,790	-32,051	-36,623	-56,969
Average capital employed, TSEK	438,719	435,690	424,807	418,744	416,716
Net interest-bearing liabilities excl. IFRS16, TSEK	184,234	184,185	185,13	162,567	153,227
Equity ratio, %	28.4%	30.1%	29.2%	32.5%	31.8%
Net debt/equity ratio	1.0	0.9	1.0	0.8	0.8
Return on capital employed (ROCE), %	6.5%	14.7%	17.6%	19.4%	20.0%

Definitions

Key ratios	Definition and purpose
Order intake	Order intake is defined as longer leases with a defined end date and sale of products.
Revenue	Revenue, including other operating revenue. The ratio shows the company's total revenue.
Gross profit	Revenue less cost of sold goods.
Gross margin	Gross profit as percentage of revenue.
EBITDA	Earnings before depreciation and write-downs. The ratio is used to show the company's profitability before depreciations and write-downs.
Adjusted EBITDA	Earnings before depreciations and write-downs adjusted for non-operational non-recurring costs such as transaction costs. The ratio is used to show the earning potential of the business before depreciation and write-downs, excluding non-recurring items.
EBITDA margin	Operating profit before depreciation and write-downs as a percentage of revenue. This ratio is used to measure operating profitability before depreciation and write-downs.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of revenue. The ratio is used to measure operating profitability, independent of depreciation and write-downs, excluding non-recurring items.
Operating profit (EBIT)	Profit before financial items and tax. The measure shows the operational profitability of the company.
Adjusted EBIT	Operating profit before financial items and tax, adjusted for non-recurring non-operating items, such as transaction costs. The ratio is used to show the earning potential of the business before financial items and tax, excluding non-recurring items.
EBIT margin	Operating profit as a percentage of revenue. The measure is used to measure operating profitability after depreciation and write-downs.
Adjusted EBIT margin	Adjusted EBIT as a percentage of revenue. The measure is used to show the profitability of the business before financial items and tax, excluding non-recurring items.
Operational cash flow	Adjusted EBITDA minus net investment in tangible and intangible fixed assets and adjustment for cash flow from changes in working capital. Operational cash-flow is stated to track the cash flow generated by operating activities.
Working capital	Current assets excluding cash and cash equivalents minus current liabilities (non-interest-bearing).
Average capital employed	Average equity and interest-bearing liabilities for the period. This ratio is used to analyze how much capital is employed in the business during the period.
Net interest-bearing debt	Interest-bearing short- and long-term liabilities minus cash and cash equivalents. Does not include IFRS 16 items. The ratio shows the financial position of the company.
Equity/asset ratio	Equity as a percentage of the company's total assets. The ratio is used to assess the financial stability of the company.
Net debt/equity ratio	Interest-bearing liabilities minus cash and cash equivalents divided by equity. Does not include IFRS 16 items. Net debt/equity ratio is stated because the Company believes that the ratio contributes to investors' understanding of the company's financial position.

Adjusted return on average capital employed	Adjusted EBIT rolling twelve months as a percentage of average capital employed. This ratio has been included to help investors understand the company's profitability relative to the capital employed in the business during the year. Adjusted EBIT is stated as the Company believes it excludes the impact of non-recurring items, which allows for a comparison of underlying operating profitability.
Recurring revenue	Recurring revenue is defined as revenue from leases on own balance sheet, service contracts and consumables.
Earnings per share	Earnings per share have been adjusted for the 2019 stock split for comparability.
EMEA	Germany, Austria, Switzerland, the Netherlands, Belgium, France, Poland and the Nordic countries
APAC	Japan
Americas	USA

Upcoming reporting dates

May 10, 2023:
Interim report for the first quarter of 2023
Annual General Meeting 2023

August 10, 2023:
Interim report for the second quarter 2023

November 9, 2023:
Interim report for the third quarter 2023

February 9, 2024:
Interim report for the fourth quarter and full year 2023

QleanAir

QleanAir AB (publ)
Org.no. 556879-4548

Box 1178, Torggatan 13
171 23 Solna, Sweden

+46 8 545 788 00

info@qleanair.com
www.qleanair.com