2023

APRIL–JUNE

Qlosr

Don’t think about IT. We do.

Efforts during the quarter have been heavily focused on growth in general and organic growth in particular. The growth rate of 33.8 percent, of which an organic growth of 19.9 percent, compared to Q2 2022, is almost twice the growth rate seen in Q1 2023. In the currently financially constrained environment in which we operate, we see investments in organic growth as the main success factor for building added value and increased profitability in the medium and long term.

Qlosr Group AB (publ)

Interim Report, Q2 2023

Disclaimer: The English version of our quarterly report is provided for convenience and reference purposes. While we have made every effort to ensure the accuracy of this translation, it is based on the original Swedish document. In case of any discrepancies, the Swedish version serves as the definitive and governing document. We appreciate your understanding and are happy to address any clarifying questions.

Great Place To Work® Certifierad OKT 2022–OKT 2023 SVERIGE

Qlosr continues to grow and had a growth of 33.8 percent and increased EBITDA by 3.8 percent compared to the second quarter of 2022. The organic growth of MSEK 24.6 corresponds to an organic growth of 19.9 percent, which is the highest increase in SEK ever, driven by the new agreements we signed during the last six months.

SECOND QUARTER APRIL–JUNE 2023

- Operating income increased by 33.8 percent to MSEK 165.6 (123.8), of which 19.9 percent was organic growth.
- Subscription revenue increased by 10.4 percent to MSEK 65.5 (59.3), of which 1.4 percent was organic growth.
- The contract value amounted to MSEK 392, which is an increase from the previous quarter's level of MSEK 380.
- Gross profit increased by 13.6 percent to MSEK 61.9 (54.5). Gross margin was 37.4 percent (44.0). The lower gross margin is attributable to several delivered direct sales in the quarter and delayed launches of new subscription agreements.
- EBITDA amounted to MSEK 7.8 (7.5), which corresponds to a margin of 4.7 percent (6.1), which continues to be affected by ongoing and delayed implementation projects for business acquired and more direct sales delivered in the quarter.
- Net profit for the period adjusted for goodwill amortisation amounted to MSEK 1.2 (2.6).
- Cash flow from operating activities after changes in working capital amounted to MSEK -18.7 (25.3), which is driven by continued larger quantities of hardware purchases and ongoing implementation projects for acquired business.
- Cash and bank balance decreased during the quarter by MSEK 24.8 to MSEK 10.4, attributable to the settlement of the purchase price at the time of asset acquisition and continued hardware purchases for delivery of ongoing direct business communicated in Q4 2022 and Q1 2023.
- Group earnings per share before and after dilution amounted to SEK -0.22 (-0.18).

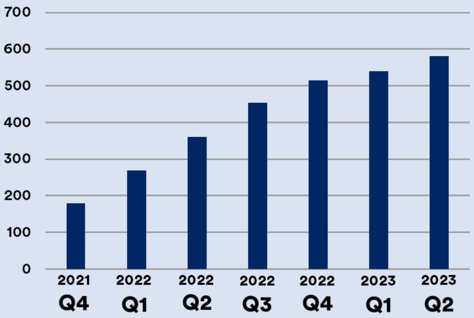
PERIOD JANUARY–JUNE 2023

- Operating income increased by 26.7 percent to MSEK 310.1 (244.8), of which 12.7 percent was organic growth.
- Subscription revenue increased by 12.6 percent to MSEK 86.8 (68.0), of which 3.2 percent was organic growth.
- The contract value amounted to MSEK 392, which is an increase of 10.4 percent compared to the beginning of the year.
- Gross profit increased by 14.4 percent to MSEK 122.8 (107.4). Gross margin was 39.6 percent (43.9). The lower gross margin is attributable to more direct sales delivered in the first half of the year and delayed launches of new subscription agreements.
- EBITDA amounted to MSEK 16.4 (14.6), corresponding to a margin of 5.3 percent (6.0), which, as planned, was affected by ongoing implementation projects for the acquired business as well as several delivered direct sales in the second quarter and delayed launches of new subscription agreements.
- Net profit for the period adjusted for goodwill amortisation amounted to MSEK 3.7 (5.5).
- Cash flow from operating activities after changes in working capital amounted to MSEK -22.0 (42.7), which is in line with expectations, taking into account larger quantities of hardware purchases and ongoing implementation projects for acquired business.
- Group earnings per share before and after dilution amounted to SEK -0.41 (-0.18).

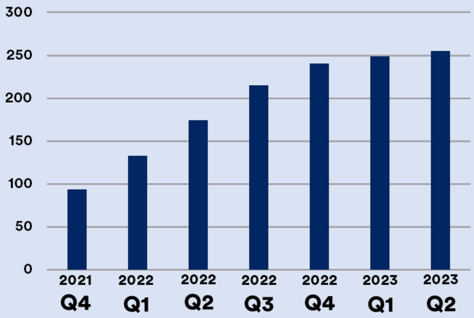
INDICATORS (MSEK)

	Second quarter		First half year		Full year
	2023	2022	2023	2022	2022
Revenue	165,6	123,8	310,1	244,8	515,6
Of which subscription revenue	65,5	59,3	131,3	116,7	240,2
EBITDA	7,8	7,5	16,4	14,6	36,6
EBITDA %	*4,7%*	*6,1%*	*5,3%*	*6,0%*	*7,1%*
Result of the period	-12,5	-7,9	-23,8	-15,6	-32,2
Result of the period %	*-7,6%*	*-6,4%*	*-7,7%*	*-6,4%*	*-6,2%*
Results for the period excluding goodwill amortization	1,2	2,6	3,7	5,5	14,3
Results for the period excluding goodwill amortization %	*0,7%*	*2,1%*	*1,2%*	*2,2%*	*2,8%*
Cash flow from current operations after change in working capital	-18,7	25,3	-22,0	42,7	51,2
Cash and bank at the end of the period	10,4	59,6	10,4	59,6	46,8
Earnings per share before dilution, SEK	-0,22	-0,18	-0,41	-0,18	-0,82
Earnings per share after dilution, SEK	-0,22	-0,18	-0,41	-0,18	-0,82

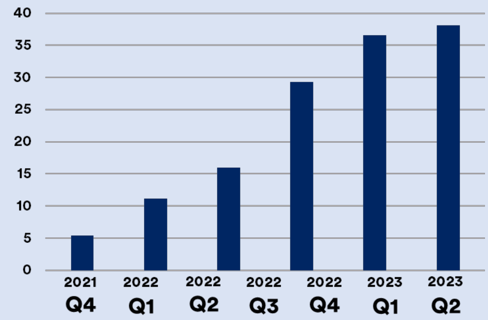
Operating revenue, MSEK
Rolling 12 months



Contract revenue, MSEK
Rolling 12 months



Adjusted EBITDA, MSEK
Rolling 12 months



SIGNIFICANT EVENTS DURING THE QUARTER

Qlosr Gothenburg made a strong regional investment in the Business segment, which includes small and medium-sized customers. Development and ownership of the central service packaging Cloud Workplace will be included in the expanded operations in Gothenburg as part of this initiative. You can read more about this in the press release on qlosrgroup.se.

Qlosr announced that its latest acquisition in Uddevalla, Attaxera IT AB, intends to rebrand to Qlosr. The brand change will also make it easier for the business in Uddevalla to utilise the delivery capacity being built in Gothenburg, which will drive increased sales throughout the region.

Qlosr agreed with Volvo Car Retail AB to sign a new IT agreement to deliver packaged subscription services for computers. The total contract value amounts to approximately MSEK 14 and the duration of the agreement is initially 3 years. The delivery consists of modern cloud-based workplace services with great consideration for the environment in terms of both delivery, packaging and CO_2-compensation.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

The Board of Qlosr has decided on new financial targets for 2026 as follows:

- Net sales of at least SEK 1.4 billion, including contract revenue of at least MSEK 650.
- EBITDA margin of at least 12 percent.
- EBITA margin of at least 10 percent.

The targets assume that the Company has a restrictive acquisition agenda over the next 12 months but can return to an acquisition rate in line with 2022. The Company’s organic growth should be 15–20 percent over time.

A WORD FROM THE CEO

Our overall strategy is to grow since we know that growth generates profitability over time and that size is important to develop further synergies. In the second quarter of 2023, we increased sales by more than MSEK 20 compared to the first quarter of 2023, and we delivered organic growth of 19.9 percent compared to the second quarter of 2022. It is clear that we are attracting customers with our packaged offers.

Our new updated financial targets are based on continued strong growth, both organically and through acquisitions, although in the next 12 months, we will focus more on organic growth.

Jonas Norberg
Group CEO

Looking at the rolling 12-month outcome, we have increased revenue from MSEK 539 to MSEK 580, contract revenue has increased from MSEK 249 to MSEK 255, and EBITDA has improved from MSEK 38.1 to MSEK 38.4.

We are very pleased that we have achieved our growth targets, which shows that our growth-on-growth strategy also delivers in a slightly more challenging environment. Our clear growth strategy, which has been in place since 2021, also shows strength as we have managed to increase the growth rate compared to the first quarter of 2023. We have rapidly increased organic growth through a higher focus on new larger direct agreements, which will give us increased direct revenue over a period of 3–4 years and good opportunities for conversions to recurring revenue. The growth-on-growth strategy, i.e., converting existing direct business into long-term agreements that will eventually result in increased gross profit, is correct in the long term and remains unchanged, although it may slightly impact profitability in the short term. In the future, thanks to our size and improved pipeline management, we will be able to utilise existing resources more efficiently and thus keep costs down.

We already informed in the plan, communicated in the Year-End Report for 2022, that implementation projects of many new major agreements would lead to increased costs in the short term but in favour of long-term recurring revenue over several years. We also pointed out in the Q1 report that the second quarter would be affected similarly as the new business was unusually large and plentiful.

Linked to our new, more extensive, previously communicated subscription agreements (total value MSEK 86 over 3 years), we still have one-off costs of approximately MSEK 2 in Q2. Due to launch delays, we have slightly lower contract revenue than expected. In total, the postponed starts of the contracts and the increased one-off costs for implementation burden the EBITDA result by MSEK 2.8 in the second quarter. During Q2, the result is also burdened by the starting costs of MSEK 1 for the previously communicated direct agreements, worth MSEK 200 over 3 years.

Cash was temporarily lower during the quarter, mainly driven by a negative change in working capital. This, in turn, is affected by the strong growth that resulted in increased purchases before deliveries in Q3 and significantly increased trade receivables after deliveries in June. We expect a positive change in working capital during Q3 and an estimated strong cash position in parity with Q1 of just over MSEK 30, which, together with an unutilised overdraft facility of MSEK 43, means that we continue to have a financial position that gives us freedom of movement.

The market

In Q2 2023, data from Statistics Sweden showed that the service price index in the IT sector increased by 0.6 percent compared with Q1 2023, representing an annual increase of 4.1 percent from Q2 2022. The trend shows a slowdown from an increase of 5.9 percent in Q1 2023. At the same time, the Swedish Public Employment Service reports an unemployment rate in the IT sector of only 4.2 percent, which is significantly lower than the average for all sectors. The Radar Group provides further insight with an overall growth of 1.6 percent in IT budgets. An interesting segment is 'Everything as a Service', which experienced a growth of 8.2 percent. Radar also highlights a 4.7 percent increase in operating budgets outside of traditional IT departments.

These figures underline the stability and potential of the Swedish IT sector. However, while the market is growing, the industry faces challenges related to labour fluctuations, highlighting the importance of our continued investment in personnel, and keeping pace with a dynamic market.

The AI initiative

During the quarter, we intensified our AI initiative and saw it translate into several new projects. Prominent examples are our collaboration with a major customer in the wholesale business, where an AI solution automates and streamlines process flows, and a school currently introducing AI support in Service Desk.

Internally, innovation in AI has led to substantial improvements in our processes and services. Examples include automating and improving our data analysis and troubleshooting, as well as streamlining manual processes.

To further highlight our work and engage more customers, we are holding a webinar for our customers in August, focusing on how investments in AI can and should impact their upcoming budget decisions. So far, the revenue is relatively small, but as Microsoft makes its AI solutions available to all users, the revenue associated with AI development should increase significantly.

Second half of the year

With the year's first half completed, we estimate that for the full year 2023, we should reach at least MSEK 600 in net sales and an adjusted EBITDA margin above 7 percent, excluding any acquisitions. With the strong development of increased contract values and new large customer accounts as well as generally high order intake, we are confident in our growth.

The investment in our strategically senior sales organisation, which will drive business with strategically important customers with high revenue potential over time, has been extremely successful over the past 12 months, so we are continuing to invest in it.

As the larger rollouts of subscription services are carried out, already initiated synergies are realised, and the new major direct agreements are transferred to management, we will be able to reduce other external costs and salary costs by a total of MSEK 4 in the second half of 2023. This is compared to the first half of 2023 and is net of adjustments for holiday debt. For the full year 2024, we expect a full-year effect of approximately MSEK 16 associated with the savings initiatives. With a strong order book and clear synergy projects that have already been started, we can continue to grow organically while developing profitability.

We have previously announced that in 2023 we intend to carry out the previously communicated transition to take increased margins on hardware over the contract period and dissolve financing agreements to, among other things, reduce the cost of capital. This initiative is now planned to be implemented in the third quarter.

Our overall goal remains unchanged: We will continue to drive increased recurring revenue in the same way as we have done for several years, but we need to balance the current with the short-term profitability. Going forward, we also see that the volume business is a good complement to increase scalability and improve the opportunities for future conversion to recurring revenue, such as the direct agreement we made with Volvo Car Retail AB in the second quarter of 2023.

As the world around us and the financial market changes, our strategies, objectives, and initiatives need to be updated. In connection with the updated strategy to increase the focus on organic growth and work more carefully with acquisitions, the Board has therefore decided to update our financial targets.

Financial Targets 2026

- Net sales of at least SEK 1.4 billion, including contract revenue of at least MSEK 650.
- EBITDA margin of at least 12 percent.
- EBITA margin of at least 10 percent.

The targets assume that we have a restrictive acquisition agenda over the next 12 months but can return to an acquisition rate in line with 2022. The organic growth should be 15–20 percent over time.

The targets will be achieved by improving the gross margin as the profitability of the customer contracts during the contract period improves and by reducing the cost level for 2024 compared to 2023.

Stockholm on 25 August 2023

Jonas Norberg, Group CEO

THE CONSOLIDATION PHASE SUITS US WELL IN THE PREVAILING WORLD SITUATION.

Our updated financial targets entail a temporary slowdown in new acquisitions. Focus on streamlining our completed acquisitions and synergies from these are prioritised over new acquisitions.

The shift towards increased organic growth means that acquisitions will be a smaller share of total growth, at least until Q2 2024.

However, we have ongoing acquisition dialogues and with the right type of acquisition, the right purchase price and reasonable financing, we see that during the period Q4 2023 – Q1 2024, we will be able to close one or two smaller acquisitions. We operate in an industry with a history of numerous and ongoing mergers and acquisitions. We are, therefore, constantly monitoring the market closely and staying up to date.

This estimate is a downward revision from the estimate in the Q1 report, where we forecast two to three acquisitions in H2 2023.

The new estimate also aligns with the new financial targets we set for 2026. The adjustment also allows us to reduce our costs for carrying out acquisitions.

Despite our previous rapid pace of acquisitions, we are convinced that the current situation is not to rush the acquisition decisions and carefully weigh all effects for the Company. We must adapt to the current reality and world situation, which has led us to adopt this cautious approach.

In the longer term, it is also nice to know that the prospects exist and that we have a well-oiled machine to be able to increase the pace of acquisitions again, subject to market conditions.

STRATEGIC BUSINESS THAT CONTRIBUTES TO TRANSFORMATION, GROWTH AND PROFITABILITY

The transformation, cross-selling and growth-on-growth strategy continues to be based on a balanced combination of direct business and subscription-based agreement models with recurring revenue streams.

We continue to steadily transform a lot of our direct business, consisting of hardware and hours, into subscription services, consisting of bundled service packages. The primary goal of this strategy is to offer customers increased value while ensuring recurring profitability and scalability for Qlosr.

In the Year-End Report for 2022, we communicated a positive outcome of the initiative undertaken with a dedicated group of senior business developers and IT architects. The strategic sales team has a clear focus on new business with national customers and strategic sales support to the local offices for more extensive, complex deals. In 2023, the intention is to continue the development of this team to create more new revenue for the Group, where the target is just over MSEK 100 in new contract values for the full year.

In the first half of 2023, the strategic sales team has been further strengthened and now includes resources with specialist skills in the following business areas: Public, Education and Business. During the year's second half, there will be further reinforcements in the form of resources with high expertise in AI.

Looking at the results, the outcome in the first half of 2023 has been favourable despite the challenging international situation affecting several business transactions with protracted decision-making processes. The possibility of achieving communicated sales targets for the whole year still looks good.

The focus on strategic sales continues to be a top priority as we see that it provides a clear outcome in the form of major new national business and new customers. The work also leads to an increased transformation of direct business, which is often a key gateway for larger customers to subscription businesses containing service packages. The balance between direct and subscription business remains important to enable growth and profitability. The direct business generates revenue here and now, is easier to plan and drives less cost, unlike the subscription business, which generates a recurring revenue with higher profitability but often has a delay of up to 6–12 months from deals closed to delivery approval before revenue is visible.

As part of this, we see great opportunities in continuing to win major direct business, which can create room for further growth and scalability through increased volumes, new market shares and revenue here and now. A lot of this direct business can then be transformed into more profitable recurring subscription packaging that includes more services. Read more about a specific example in the press release published on 30 June 2023 regarding the agreement with Volvo Car Retail AB.

ABOUT QLOSR GROUP

Qlosr Group AB (publ) is a complete IT solutions provider, selling and delivering packaged subscription services. Its three primary target groups are SMEs, the public sector, and the private school sector, mainly large national school groups. Most of the operations are conducted in the Nordic market and consist of packaged IT services within the workplace, networks, and server operations.

The Group's IT services are sold through long-term subscription agreements where most of the contract revenue is signed over 24–60 months and where the Group's employees handle sales, project management, and delivery. By bundling services into a complete solution, it is possible to maintain good margins while reducing the risk of comparable offers from competitors.

The business model adopts a framework agreement approach, where the scope of the agreement can change over time, creating opportunities for Qlosr Group to offer the customer a partnership with the development of new services and new contract values, as well as aligning with the Group's acquisition strategy, based on acquiring companies with evolving customer bases.

Development occurs through cross-selling centrally produced services and transformation from traditional IT purchases of products and hours to packaged subscription services.

CUSTOMER PROMISE

We understand, develop, and make a positive difference for our customer. We dare to be proactive and present. With our owner-managed organisation, we are agile, flexible, and committed.

VISION

We aim to be the leading Nordic provider of complete solutions in IT and digitalisation, with the most satisfied customers and employees within our target group.

OPERATIONAL OVERVIEW BY BUSINESS AREA

QLOSR TO BUSINESS

The target group is SMEs without their own IT department or in need of IT support.

Success factors are a close relationship with the customer, knowledge of the customer's operations and IT environment, and the ability to offer complete delivery of IT ser-vices from a supplier, such as server operations and maintenance combined with hardware and license packaging.

The number of customers generates a stable recurring revenue with good margin potential.

QLOSR TO EDUCATION

The target group is major private national school groups without their own IT department or in need of IT support.

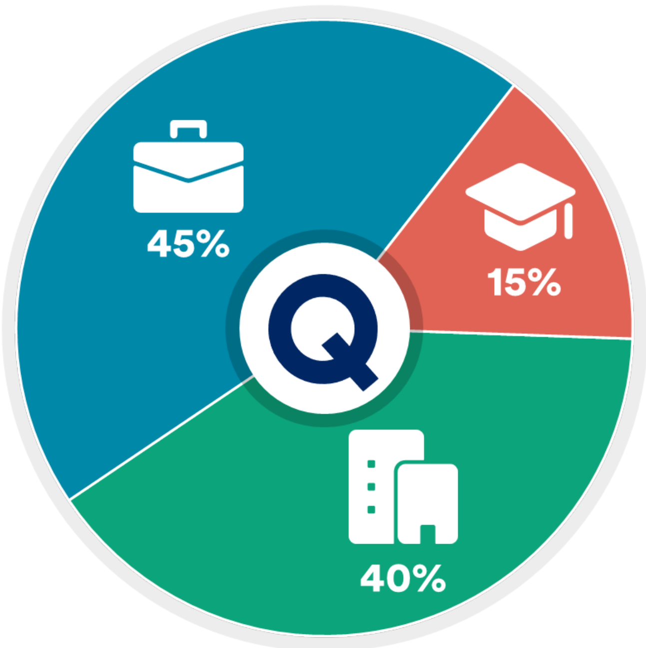
Success factors are a close relationship, knowledge of the customer's operations and IT environment, and the ability to offer complete delivery of IT services tailored for schools and education.

The volume of each customer (between 500 and 50 000 users) creates significant opportunities for additional sales, with each added service generating additional revenue.

QLOSR TO PUBLIC

The target group is the public sector subject to the Public Procurement Act (LOU), where services in demand match the Group's subscription services or strategically selected areas such as volume deliveries and lifecycle management.

Success factors are close relationships with the customer before, during and after the procurement is completed.



REVENUE BREAKDOWN
BY BUSINESS AREA
Q2, 2023

Financial statements

Urban Norberg
Group CFO

ECONOMIC DEVELOPMENT OF THE GROUP

Performance and position have been prepared as a Group for the current period and the comparative year to compare the periods.

A change in goodwill accounting for the part of the total purchase price that was carried out through a set-off issue was made in Q4 2022, which affects the comparison year 2022 for this report. The comparative figures for 2022 have been updated for the relevant financial figures and tables. For further information, the reader is referred to Qlosr Group's Year-End Report for 2022.

SECOND QUARTER

APRIL–JUNE 2023

OPERATING REVENUE

Operating income increased by 33.8 percent to MSEK 165.6 (123.8), of which 19.9 percent was organic growth.

GROSS PROFIT

Gross profit increased by 13.6 percent to MSEK 61.9 (54.5). Gross margin was 37.4 percent (44.0). The lower gross margin is attributable to several delivered direct sales in the quarter.

OPERATING COSTS

Merchandise costs increased by 49.7 percent to MSEK -103.7 (-69.3). The higher percentage increase in merchandise than operating revenue is due to a higher share of hardware deliveries (direct business).

Other external costs decreased by 20.9 percent to MSEK -10.3 (-13.0), driven by lower costs for premises and consultants who became employees.

Personnel costs increased by 28.8 percent to MSEK -43.7 (-33.9). The increase is related to growth, acquired companies, and strategic investments in sales and other areas.

The average number of employees during the period amounted to 176 (160). The increase is attributable to acquired companies and strategic investments in sales and other areas.

Depreciation of tangible and intangible assets amounted to MSEK -17.5 (-12.4), of which MSEK -13.8 (-10.6) is attributable to goodwill, MSEK -3.5 (-1.7) to machinery, equipment, and financial leases (cars) and MSEK -0.2 (-0.1) to intangible assets.

EBITDA

EBITDA amounted to MSEK 7.8 (7.5), which corresponds to a margin of 4.7 percent (6.1), which according to plan continues to be affected by ongoing implementation projects for business acquired and more direct sales delivered.

OPERATING PROFIT

The operating profit amounted to MSEK -9.7 (-4.9), where goodwill amortisation amounted to MSEK -13.8 (-10.6).

NET FINANCIAL ITEMS

Net financial items amounted to MSEK -2.9 (-2.5). The interest expense relates to loans for the part-financing of acquisitions made.

TAX

Net tax amounted to MSEK 0.1 (-0.5).

PROFIT FOR THE PERIOD

Profit for the period amounted to MSEK -12.5 (-7.9), with goodwill amortisation amounting to MSEK -13.8 (-10.6).

PROFIT FOR THE PERIOD ADJUSTED FOR GOODWILL AMORTISATION

Profit for the period adjusted for goodwill amortisation amounted to MSEK 1.2 (2.6), which equals a margin of 0.7 percent (2.1).

The goodwill arising from acquiring the companies is amortised on a straight-line basis over five years based on K3's accounting and valuation principles.

FIRST HALF-YEAR

JANUARY–JUNE 2023

OPERATING REVENUE

Operating income increased by 26.7 percent to MSEK 310.1 (244.8), of which 12.7 percent was organic.

GROSS PROFIT

Gross profit increased by 14.4 percent to MSEK 122.8 (107.4). Gross margin was 39.6 percent (43.9). The lower gross margin is attributable to several delivered direct sales in the first half of the year.

OPERATING COSTS

Merchandise costs increased by 36.3 percent to MSEK -187.3 (-137.4). The higher percentage increase in merchandise than operating revenue is due to a higher share of hardware deliveries (direct business).

Other external costs decreased by 21.4 percent to MSEK -19.4 (-24.7), driven by lower costs for premises and consultants who became employees.

Personnel costs increased by 27.6 percent to MSEK -86.8 (-68.0). The increase is related to growth, acquired companies, and strategic investments in sales and other areas.

The average number of employees during the period amounted to 176 (160). The increase is attributable to acquired companies and strategic investments in sales and other areas.

Depreciation of tangible and intangible assets amounted to MSEK -34.6 (-25.3), of which MSEK -27.5 (-21.1) is attributable to goodwill, MSEK -6.7 (-3.9) to machinery, equipment, and financial leases (cars) and MSEK -0.5 (-0.2) to intangible assets.

EBITDA

EBITDA amounted to MSEK 16.4 (14.6), which corresponds to a margin of 5.3 percent (6.0), which as planned has been affected by ongoing implementation projects for business acquired and more direct sales delivered.

OPERATING PROFIT

The operating profit amounted to MSEK -18.3 (-10.7), where goodwill amortisation amounted to MSEK -27.5 (-21.1).

NET FINANCIAL ITEMS

Net financial items amounted to MSEK -5.7 (-4.9). The interest expense relates to loans for the part-financing of acquisitions made.

TAX

Net tax amounted to MSEK 0.1 (-0.0).

PROFIT FOR THE PERIOD

Profit for the period amounted to MSEK -23.8 (-15.6), with goodwill amortisation amounting to MSEK -27.5 (-21.1).

PROFIT FOR THE PERIOD ADJUSTED FOR GOODWILL AMORTISATION

Profit for the period adjusted for goodwill amortisation amounted to MSEK 3.7 (5.5), which equals a margin of 1.2 percent (2.2).

The goodwill arising from acquiring the companies is amortised on a straight-line basis over five years based on K3's accounting and valuation principles.

FINANCIAL POSITION AND LIQUIDITY

The Group's total assets on 30 June 2023 amounted to MSEK 473.4 (479.8).

The Group's equity on 30 June 2023 amounted to MSEK 48.9 (72.7).

The equity ratio as of 30 June 2023 amounted to 10.3 percent (15.2).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities after changes in working capital during the second quarter amounted to MSEK -18.7 (25.3), which is driven by continued larger quantities of hardware purchases and ongoing implementation projects for acquired business.

For the first half of the year, cash flow from operating activities after changes in working capital amounted to MSEK -22.0 (42.7), which is in line with expectations, considering larger quantities of hardware purchases and ongoing implementation projects for the acquired business.

Cash flow from investing activities during the second quarter amounted to MSEK -3.2 (-11.0), attributable to the settlement of the purchase price at the time of asset acquisition and purchase of machinery and equipment.

For the first half of the year, cash flow from investing activities amounted to MSEK -19.8 (-18.2), attributable to cash payments of earn-outs for Qlosr SBL, Rg19 and settlement of the purchase price at the time of asset acquisition. The remainder is attributable to machinery & equipment.

Cash flow from financing activities during the second quarter amounted to MSEK -2.9 (-5.1), attributable to amortisations made.

For the first half of the year, cash flow from financing activities amounted to MSEK 5.4 (-7.4).

The total cash flow in the second quarter amounted to MSEK -24.8 (9.2).

The aggregated cash flow for the first half year amounted to MSEK -36.3 (17.1).

PARENT COMPANY

The Parent Company's operating revenue in the second quarter amounted to MSEK 4.6 (3.6). The operating profit was MSEK -4.3 (-3.0), and the profit for the period amounted to MSEK -5.9 (-4.8).

For the first half of the year, operating revenue amounted to MSEK 8.7 (6.4). Operating profit was MSEK -8.9 (-5.2) and profit for the period amounted to MSEK -12.1 (-8.7).

CONSOLIDATED INCOME STATEMENT

KSEK

Group	3 month		6 month	
	apr - jun 2023	apr -jun 2022	jan - jun 2023	jan - jun 2022
Net sales	157 733	118 620	292 467	227 288
Other operating income	7 916	5 207	17 615	17 468
Total operating income	**165 649**	**123 827**	**310 082**	**244 756**
Cost of sales	-103 734	-69 316	-187 260	-137 372
Other external expenses	-10 258	-12 967	-19 429	-24 705
Personnel expenses	-43 712	-33 943	-86 762	-67 977
Depreciation and write-down of fixed assets and intangible assets	-17 537	-12 435	-34 622	-25 260
	-111	-53	-267	-139
Total operating expenses	**-175 352**	**-128 713**	**-328 340**	**-255 453**
Operating profit/loss	**-9 703**	**-4 886**	**-18 257**	**-10 697**
Interest income and similar income	23	0	57	0
Interest expenses and similar expenses	-2 948	-2 546	-5 727	-4 945
Total financial incomes and expences	**-2 925**	**-2 546**	**-5 670**	**-4 945**
Result after financial earnings	**-12 628**	**-7 432**	**-23 927**	**-15 642**
Profit before tax	**-12 628**	**-7 432**	**-23 927**	**-15 642**
Income tax for the year	79	-500	127	-3
Profit for the year	**-12 549**	**-7 932**	**-23 800**	**-15 645**

Other operating revenue relates to sales & leasebacks arising from the financing of the hardware part of customer deliveries. From the turn of the year 2021/22, it will be reported on a net basis as other operating revenue. Previously it was reported as part of net sales and merchandise.

The consolidated earnings per share before and after dilution for the second quarter of 2023 amounted to SEK -0.22 (-0.18).

CONSOLIDATED BALANCE SHEET

KSEK

Group	30 Jun 2023	30 Jun 2022	31 Dec 2022
Capitalized development expenditure	1 732	2 165	1 949
Concession, patent, licence, brand	3 360	3 840	3 600
Goodwill	199 453	184 922	222 316
Fixed assets	24 524	10 443	21 324
Other long-term securities	0	2 928	959
Deferred tax	12 970	6 498	12 842
	307	1 580	1 580
Total Financial assets	**242 346**	**212 376**	**264 570**
Stock	38 548	23 949	16 569
Accounts receivables	113 238	60 879	103 325
Receivables inter-company	0	204	0
Income taxes receivables	5 835	0	0
Other receivables	2 128	4 494	2 710
Earned but not invoiced income	2 775	1 631	2 797
Prepaid expenses and accrued income	58 052	52 909	43 085
Other short-term investments	3	0	3
Cash and bank	10 435	59 627	46 769
Total current assets	**231 014**	**203 693**	**215 258**
ASSETS	**473 360**	**416 069**	**479 828**
Share capital	12 626	12 575	12 626
Other contributed capital	178 512	177 201	178 512
Other equity including the profit of the year	-142 199	-86 976	-118 398
Total equity	**48 939**	**102 800**	**72 740**
Provision for pension and similar obligations	307	2 903	1 122
Provision deferred tax	1 257	1 416	1 257
Other provisions	60 596	56 307	60 696
Provisions	**62 160**	**60 626**	**63 075**
Liabilities to credit institutes	55 446	53 064	54 769
Liabilities inter-company	0	10 375	0
Other liabilities	98 461	5 628	94 898
Long-term liabilities	**153 907**	**69 067**	**149 667**
Liabilities to credit institutes	6 274	4 229	4 399
Deposits customer	285	130	4 024
Accounts payable	83 134	44 299	72 903
Income tax liability	0	1 616	1 619
Other liabilities	42 398	67 529	40 125
Accrued expenses and prepaid income	76 263	65 773	71 276
Total shot-term liabilities	**208 354**	**183 576**	**194 346**
EQUITY AND LIABILITIES	**473 360**	**416 069**	**479 828**

The item other provisions relate to earn-outs for acquisitions made for uncertain amounts. The most likely scenario is taken into account, which means that the full earn-out will be payable. Other long-term liabilities relate to earn-outs for acquisitions made that are certain in amount and interest-bearing liabilities.

As of 30 June 2023, the Group has a granted, and unused, overdraft facility of MSEK 43 (43).

CHANGES IN GROUP EQUITY

KSEK

Group	Share capital	Other contributed capital	Profit carried forward	Loss for the year	Total equity
Opening balance 2023-01-01	**12 626**	**178 512**	**-71 325**	**-47 073**	**72 740**
Carried forward of last year result			-47 073	47 073	0
Loss for the year				-23 800	-23 800
Ending balance 2023-06-30	**12 626**	**178 512**	**-118 398**	**-23 800**	**48 939**

Group	Share capital	Other contributed capital	Profit carried forward	Loss for the year	Total equity
Adjusted opening balance 2022-01-01	**12 466**	**171 584**	**-17 003**	**-48 614**	**118 434**
Offset issues	109	4 891			5 000
Carried forward of last year result			-48 614	48 614	0
Issue costs		-51			-51
Warrents		777			777
Redemption			-5 714		-5 714
Loss for the year				-15 645	-15 645
Ending balance 2022-06-30	**12 575**	**177 201**	**-71 331**	**-15 645**	**102 800**

Group	Share capital	Other contributed capital	Profit carried forward	Loss for the year	Total equity
Adjusted opening balance 2022-01-01	**12 466**	**171 584**	**-17 003**	**-48 614**	**118 434**
Offset issues	160	6 218			6 378
Carried forward of last year result			-48 614	48 614	0
Issue costs		-59			-59
Warrents		769			769
Redemption			-5 709		-5 709
Loss for the year				-47 073	-47 073
Ending balance 2022-12-31	**12 626**	**178 512**	**-71 325**	**-47 073**	**72 740**

CONSOLIDATED CASH FLOW ANALYSIS

KSEK

Group	3 month		6 month	
	apr - jun 2023	apr - jun 2022	jan - jun 2023	jan - jun 2022
Result before financial items	-9 703	-4 886	-18 257	-10 697
Adjustment for depreciations	17 537	12 435	34 622	25 260
Adjusted for other items not included in the cash flow	143	1 507	-550	1 800
Received interest	23	0	57	0
Paid interest	-1 716	-1 857	-4 209	-3 879
Paid tax	-1 598	2 223	-5 604	1 332
Cash flow before changes in assets and liabilities of the current business	**4 686**	**9 423**	**6 059**	**13 816**
Increase/decrease in stock	-14 996	-11 527	-21 979	-11 756
Increase/decrease accounts receivables	-31 975	18 733	-9 913	13 885
Increase/decrease other receivables	-9 891	80	-14 747	3 690
Increase/decrease accounts payable	21 888	-1 942	10 231	4 878
Increase/decrease other payables	11 544	10 540	8 376	18 138
Cash flow from current business	**-23 430**	**15 884**	**-28 032**	**28 835**
Cash flow after changes in assets and liabilities of the current business	**-18 744**	**25 307**	**-21 973**	**42 651**
Acquisition of tangible assets	-3 437	-2 729	-10 144	-3 721
Acquisition of subsidiary	-1 225	-1 053	-11 891	-11 884
Acquisition of financial assets	-72	-17	-307	-17
Disposal/amortization other financial assets	1 580	-7 176	2 539	-2 531
Cashflow from investing activities	**-3 154**	**-10 974**	**-19 803**	**-18 153**
New share issue	0	0	0	-51
Redemption	0	-5 737	0	-5 737
Loan	42	40	7 398	82
Amortizations	-2 906	-140	-3 829	-2 445
Increase/decrease financial debts	-39	718	1 873	718
Cashflow from financing activities	**-2 904**	**-5 119**	**5 442**	**-7 433**
Cashflow for the year	**-24 802**	**9 213**	**-36 334**	**17 065**
Cash at the beginning of the year	35 238	50 413	46 769	42 561
Conversion difference				
Cash at the end of the year	10 435	59 627	10 435	59 627

PARENT COMPANY INCOME STATEMENT

KSEK

Qlosr Group AB	3 month		6 month	
	apr - jun 2023	apr -jun 2022	jan - jun 2023	jan - jun 2022
Net sales	4 057	3 628	8 115	6 372
Other operating income	527	0	558	0
Total operating income	**4 585**	**3 628**	**8 674**	**6 372**
Other external expenses	-1 608	-2 907	-3 320	-5 705
Personnel expenses	-7 288	-3 754	-14 220	-5 843
Depreciations	-1	0	-1	0
Other operating expenses	0	0	-1	0
Total operating costs	**-8 897**	**-6 660**	**-17 543**	**-11 547**
Operating loss	**-4 312**	**-3 032**	**-8 869**	**-5 175**
Interest income and similar items	72	0	72	0
Interest expenses and similar items	-1 673	-1 780	-3 294	-3 475
Total financial income and expenses	**-1 600**	**-1 780**	**-3 221**	**-3 475**
Result after financial earnings	**-5 912**	**-4 812**	**-12 090**	**-8 650**
Result before tax	**-5 912**	**-4 812**	**-12 090**	**-8 650**
Income tax for the year	0	0	0	0
Profit for the year	**-5 912**	**-4 812**	**-12 090**	**-8 650**

PARENT COMPANY BALANCE SHEET

KSEK

Qlosr Group AB	30 Jun 2023	30 Jun 2022	31 dec 2022
Fixed assets	16	0	0
Participation in affiliated companies	506 856	432 646	506 856
Other long-term securities	0	25	0
Deferred tax	10 933	0	10 933
Financial assets	307	0	0
Total financial assets	**518 112**	**432 671**	**517 789**
Accounts receivables	0	1 112	0
Receivables inter-company	1 047	18 686	10 840
Other receivables	26	203	25
Income tax receivables	318	0	0
Prepaid expenses and accrued income	3 487	2 790	1 631
Cash and bank	2 699	2 558	2 809
Total current assets	**7 577**	**25 350**	**15 305**
ASSETS	**525 688**	**458 021**	**533 094**
Share capital	12 626	12 575	12 626
Free premium fund	323 071	321 034	323 071
Loss carried forward	-59 366	-32 671	-33 420
Net result for tjhe year	-12 090	-8 650	-25 946
Total equity	**264 241**	**292 288**	**276 332**
Provision for pension and similar obligations	307	0	0
Other provisions	56 596	56 407	60 259
Provisions	**56 904**	**56 407**	**60 259**
Liabilities to credit institutes	49 764	49 597	49 681
Liabilities inter-company	0	16 000	0
Other long-term liabilities	19 589	0	21 436
Long-term liabilities	**69 353**	**65 597**	**71 117**
Accounts payable	1 527	1 258	1 863
Others liabilities	14 344	22 491	19 728
Liabilities inter-company	115 219	17 166	97 479
Accrued expenses and prepaid income	4 100	2 814	6 316
Total short-term liabilities	**135 190**	**43 729**	**125 386**
EQUITY AND LIABILITIES	**525 688**	**458 021**	**533 094**

ALTERNATIVE KPIs

Certain information in this report, which management and analysts use to assess the Group's development, is not prepared according to K3. Management believes this information makes it easier for investors to analyse the Group's performance and financial position. Investors should consider this information as a supplement to the financial reporting required by K3.

ALTERNATIVE KPI	DEFINITION
Revenue growth	Change in the period's revenue, calculated as an increase in revenue compared to the previous period, expressed as a percentage.
Subscription revenues	Contract with a fixed contract period where the customer has specified prices for agreed service packages. The packages can contain products, software, services, and hours.
Subscription revenue growth	Change in the period's subscription revenues, calculated as an increase in subscription revenues compared to the previous period, expressed as a percentage.
Share of Subscription revenues	Subscription revenues in relation to total revenues.
Business value	The value that the business is expected to generate in accordance with the signed contract with the customer. The business value can be generated from direct revenues and ongoing, recurring revenues. The business value is based on the contract period that the agreement can maximally apply.
Contract value	Remaining contract revenues calculated from the end of the reporting period to the end of customer contracts. (The value includes newly signed subscription agreements where delivery has not yet started to the customer but does not exclude signed additional options).
Churn	Monthly contract revenue from lost customer contracts during the period in relation to the total monthly contract revenue for the last month of the period.
Gross profit	Results after operating revenues and cost of goods sold.
Adjusted gross profit	Results after operating revenues and cost of goods sold, excluding items affecting comparability.
Gross margin	Gross profit in relation to revenue.
EBITDA	The result before interest income and interest expenses, taxes, depreciation of tangible assets and amortization of intangible assets.
EBITDA margin	EBITDA in relation to revenue.
Adjusted EBITDA	EBITDA excluding items affecting comparability.
Adjusted EBITDA margin	Adjusted EBITDA in relation to revenue.
Equity ratio	Equity as a percentage of the balance sheet total.

FURTHER INFORMATION

ORGANISATION

The average number of employees for the second quarter of 2023 amounted to 176 (160).

TRANSACTIONS WITH RELATED PARTIES

There were no related party transactions during the quarter.

THE INTERNATIONAL SITUATION

The ongoing war in Europe and high inflation continue to contribute to capital market uncertainty, resulting in higher interest rates. For this reason, we still see a medium risk that access to capital may continue to be somewhat limited for us. Hence, we have also chosen a more cautious acquisition agenda for the next 12 months. We continuously monitor the international situation closely.

SEASONAL VARIATIONS

Historically, Q1 and Q3 have been the weaker quarters in terms of sales and profitability. Q2 and Q4 are usually the strongest quarters of the year.

ACCOUNTING PRINCIPLES

This Interim Report has been prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 “K3”. The accounting principles and calculation methods applied are consistent with those described in the 2022 Annual Report.

DIVIDENDS

Qlosr Group AB (publ) seeks to invest its profits and cash flows in organic growth initiatives and acquisitions to support value creation. The Group does not expect to pay annual dividends in the medium term.

THE AUDITORS’ REVIEW

The Group’s auditors have not reviewed this report.

SHARE INFORMATION

The number of shares before and after dilution for the first half of 2023 and as of 30 June 2023 amounted to 57 864 090 (57 628 790), corresponding to a share capital of MSEK 12.6.

The ten largest shareholders in Qlosr Group AB as of 30 June 2023 are listed below:

Name	Number of class A shares	Number of class B shares	Capital (%)	Votes (%)
QLOSR HOLDING AB	4 667 460	26 736 876	54.3	73.5
LODET AB	-	3 387 500	5.9	3.4
NORDNET PENSIONSFÖRSÄKRING AB	-	2 629 910	4.5	2.6
HOFMANN, ANDREAS JOHANNES	-	2 079 842	3.6	2.1
AVANZA PENSION	-	1 367 809	2.4	1.4
STRIVO AB	-	1 323 529	2.3	1.3
ABG SUNDAL COLLIER ASA	-	1 000 000	1.7	1.0
STRANDELIN, PIERRE	-	800 000	1.4	0.8
GREVELIUS, FREDRIK	-	749 551	1.3	0.8
CAMBRIAN AB	-	609 550	1.1	0.6
Total top 10	4 667 460	40 684 567	78.4	87.5
Total	4 667 461	53 196 629	100.0	100.0

Source: Euroclear

ANALYSTS FOLLOWING THE QLOSR GROUP

- ABG Sundal Collier
- Mangold Fondkommission
- Analyst Group
- Aktiespararna / Analysguiden

FINANCIAL CALENDAR
QLOSR GROUP PRESENTS FINANCIAL REPORTS EVERY QUARTER.
The financial calendar is shown below.
Any future updates may occur and can be followed at qlosrgroup.se.

Q3 Report 2023
24 November 2023

Year-End Report & Q4 Report 2023
23 February 2024

Annual Report, 2023
26 April 2024

General Meeting, 2024
23 May 2024

FOR MORE INFORMATION

You can find more information about the Group on the Company's website: www.qlosrgroup.se.

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