

2023

JULY–SEPTEMBER

Qlosr

**Don't think about IT.
We do.**

In the third quarter of 2023, subscription revenue increased by 10 percent compared to the same quarter last year, which positively affected the gross margin. The effect would have been even greater if we had not, at the same time, generated slightly lower consultancy revenue than planned during the holiday period.

We are delighted that the increased subscription revenue provides more stable profitability, even during a seasonally weaker quarter where direct revenue is reduced.

We also note that during the first nine months of the year, we continued to increase gross profit faster than our other costs, resulting in more robust profitability, which is a significant trend.

Qlosr Group AB (publ)

Interim Report, Q3 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.

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NOV 2023–NOV 2024
SVERIGE

Increased subscription revenue drives improved gross margin, stronger cash flow from operating activities and increased EBITDA compared to the same quarter in 2022.

THIRD QUARTER: JULY–SEPTEMBER 2023 *) **, **)

- Operating income increased by 5.5 percent to MSEK 132.2 (125.3). Growth during the quarter was temporarily affected by lower direct revenue in Stockholm and a larger share of business focused on transformation into more profitable subscription revenue. This results in an organic growth of -6.9 percent.
- Subscription revenue increased by 9.8 percent to MSEK 67.1 (61.1), of which 2.7 percent was organic growth.
- The contract value amounted to MSEK 396 (312), which is an increase of 26.8 percent.
- Gross profit increased by 13.7 percent to MSEK 56.6 (49.8). Gross margin was 42.8 percent (39.7).
- EBITDA amounted to MSEK 10.5 (4.3), corresponding to a margin of 7.9 percent (3.4).
- Profit for the period adjusted for goodwill amortisation amounted to MSEK -2.9 (-0.1).
- Cash flow from operating activities after changes in working capital amounted to MSEK 6.6 (-10.1), driven by inventories and trade receivables, which are back to a normal level after major hardware purchases in the second quarter, fuelled by the ongoing implementation projects for the acquired business.
- Cash and bank balance decreased to MSEK 6.1 due to settling earn-outs compared to the previous quarter. In addition, an unused overdraft facility of MSEK 43.0 is available.
- Group earnings per share before and after dilution amounted to SEK -0.29 (-0.51).

PERIOD JANUARY–SEPTEMBER 2023 *) **, **)

- Operating income increased by 19.5 percent to MSEK 442.3 (370.1), of which 6.4 percent was organic growth.
- Subscription revenue increased by 11.6 percent to MSEK 198.4 (177.8), of which 3.1 percent was organic growth.
- The contract value amounted to MSEK 396, which is an increase of 11.4 percent compared with the beginning of the year.
- The gross profit increased by 14.2 percent to MSEK 179.4 (157.2). Gross margin was 40.6 percent (42.5). The lower gross margin is attributable to more direct sales delivered in the first nine months and delayed launches of new subscription agreements.
- EBITDA amounted to MSEK 26.8 (18.9), corresponding to a margin of 6.1 percent (5.1), which, as planned, was affected by ongoing implementation projects for acquired business as well as several delivered direct sales in the second quarter and delayed launches of new subscription agreements.
- Profit for the period adjusted for goodwill amortisation amounted to MSEK 0.8 (6.1).
- Cash flow from operating activities after changes in working capital amounted to MSEK -15.4 (32.6), driven by a negative working capital development during the year of MSEK 21.7.
- The consolidated earnings per share before and after dilution amounted to SEK -0.70 (-0.87).

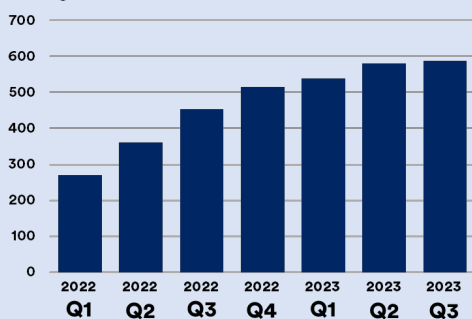
**) During the third quarter of 2023, a remeasurement to a lower amount has been applied to earn-outs attributable to the two Gothenburg acquisitions made in October 2021. The previous owners have chosen to receive the earn-outs in cash instead of issued shares. Consequently, it has been possible to reduce the booked debt and the fixed asset item goodwill by MSEK 6.0. Other operating income, gross profit and EBITDA were positively affected by MSEK 6.0 and depreciation and amortisation negatively by MSEK 6.0, which leaves the operating profit unaffected.*

****) The comparative figures for the third quarter of 2022 and for the first nine months of 2022 are adjusted for merger costs of the Stockholm operation.*

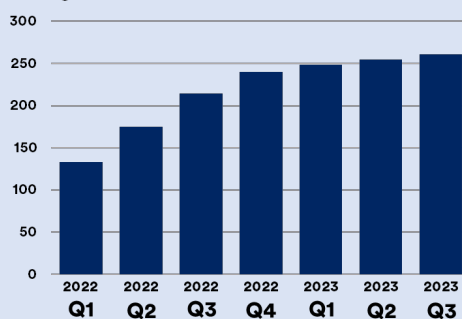
INDICATORS (MSEK)	Tredje kvartalet		Nio månader		Helår
	2023	2022	2023	2022	2022
Revenue	132,2	125,3	442,3	370,1	515,6
<i>Of which subscription revenue</i>	67,1	61,1	198,4	177,8	240,2
EBITDA	10,5	4,3	26,9	18,9	36,6
EBITDA %	7,9%	3,4%	6,1%	5,1%	7,1%
Result of the period	-16,8	-11,0	-40,6	-26,7	-32,2
<i>Result of the period %</i>	neg	neg	neg	neg	neg
Results for the period excluding goodwill	-2,9	-0,1	0,8	6,1	14,3
<i>Results for the period excluding goodwill</i>	neg	neg	neg	1,6%	2,8%
Cash flow from current operations after change in working capital	6,6	-10,1	-15,4	32,6	51,2
Cash and bank at the end of the period	6,1	48,4	6,1	48,4	46,8
Earnings per share before dilution, SEK	-0,29	-0,51	-0,70	-0,87	-0,82
Earnings per share after dilution, SEK	-0,29	-0,51	-0,70	-0,87	-0,82

The comparative figures for the third quarter of 2022 and for the first nine months of 2022 are adjusted for merger costs of the Stockholm operation.

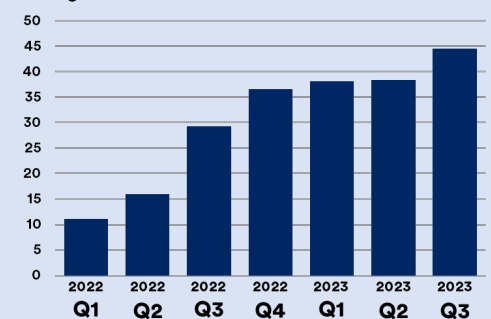
Operating revenue, MSEK
Rolling 12 months



Contract revenue, MSEK
Rolling 12 months



Adjusted EBITDA, MSEK
Rolling 12 months



**SIGNIFICANT EVENTS
DURING THE QUARTER**

- The Board of Qlosr Group AB (publ) 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.

- Qlosr Group AB (publ) has decided to implement a regional investment in Värmland that will result in more satisfied customers and increased market shares as part of the continued organic growth.

**SIGNIFICANT EVENTS
AFTER THE END OF THE QUARTER**

- Qlosr Group AB (publ) has, to fulfil its commitments under previously entered into and published share purchase agreements, decided on two directed new issues through set-off regarding earn-out and purchase price. The Board has decided to issue a total of 1 577 022 new B-shares in Qlosr Group at a subscription price of SEK 16 and 17 per share, respectively.
- Qlosr Group AB (publ) has signed an agreement with Devyser AB regarding subscription services for running a server, network infrastructure and associated management of clients, documents, licences and support. The total value amounts to MSEK 9, and the contract period is three (3) years from the contract's start, on a renewable basis.

A WORD FROM THE CEO

With the transformation to subscription revenue, the acquisition strategy delivers well in the field and positively affects the gross margin. At the same time, the transition to a subscription revenue model results in a temporary slowdown in growth as revenue is spread over the contract period.

We have successfully continued to drive growth and profitability for the acquired companies, and the acquisitions as a Group have a positive trend. In Stockholm, we see the potential for improvement, and this unit has great prospects for boosting both growth and profitability. Therefore, we have introduced a new and more focused organisation in Stockholm during the quarter with new local leadership, which makes us optimistic about the possibility of regaining good growth and better profitability in 2024.



Jonas Norberg
Group CEO

According to previously communicated and known seasonality, the third quarter is our weakest, both in terms of net sales and EBITDA, due to lower direct revenue, decreased consulting revenue and a general impact of the holiday period.

The third quarter of 2023 saw a positive development compared to the same period the year before. We have generated positive cash flow from operations during the quarter with continued good momentum on the transition to subscription revenue, higher EBITDA compared to the comparative quarter in 2022 and a higher gross margin both compared to the previous quarter this year and the same quarter last year. However, the Stockholm organisation has performed weaker than the comparable period last year, which affected both growth and EBITDA during the quarter.

The share of subscription revenue increased and amounted to just over 50 percent of the quarter's total net sales due to the launch of several new major agreements. At the same time, direct net sales have decreased as a result of the transformation to subscription revenue and lower-than-expected direct revenue. A higher share of subscription revenue results in an improved gross margin over time but also in weaker growth and a short-term negative effect on the gross margin.

After changes in working capital, cash flow from operating activities amounted to MSEK 6.6, which is significantly better compared to the same period in the previous year. However, we had hoped to strengthen the cash flow further through planned activities. However, we continue to assess that the initiatives we implemented in the third quarter regarding inventory, payment- and business flow will have a good effect in the fourth quarter of 2023 and, together with the solid seasonal pattern we have historically seen, provide a positive cash generation. We still have MSEK 43.0 in an unused overdraft facility.

During the third quarter, we saw a positive effect on the operating income, gross profit, and EBITDA of MSEK 6.0 due to a remeasurement of the outstanding acquisition proceeds in the same quarter. The effect is driven by a decrease in the value of earn-outs of MSEK 6.0 compared to what we previously estimated. However, the outcome for the above indicators for the third quarter is better than last year's comparative quarter, even without this effect.

New organisation in Stockholm

The Stockholm-based organisation delivers a larger share of the Group's packaged services. During the spring, we saw that the Stockholm organisation's different goals, to both drive growth and improved profitability in its own business and at the same time deliver services to other companies, created inefficiency and lower supply towards new business. Therefore, in the third quarter, we decided to split the old Stockholm organisation into two parts: Qlosr Stockholm and Managed Services.

Qlosr Stockholm will focus on the end customer and growing the business with good profitability. Managed Services will focus on effectively developing and delivering the standardised and packaged services nationwide.

Focused initiatives for Managed Services will initially be measures aimed at reducing costs and increasing efficiency within the organisation, such as consolidating systems and infrastructure, rationalising data centres and hardware, and simplifying procurement processes and division of roles. These measures should contribute to the previously communicated expected cost reduction in 2024. The change will also enable the Group's newly developed centralised security and cloud services, previously delivered successfully to larger customers, to be rolled out more easily and efficiently to all the Group's customers.

Fourth quarter

The focus for the fourth quarter of 2023 remains on the transformation from direct revenue to subscription revenue, which temporarily drives negative growth but increases the EBITDA margin. At the same time, we have significant direct sales to be delivered during the quarter, which means that we should be able to deliver increased organic growth overall. We also continue to execute on the synergy initiative that we communicated in connection with the second quarter report, which, among other things, gives us lower personnel costs in the fourth quarter. The initiative will generate a total of approximately MSEK 16 in lower overheads in 2024. A large part of the initiative is driven by the introduction of Managed Services.

During the fourth quarter, we saw increased revenue linked to our AI initiatives. However, it was limited since Microsoft has yet to launch the product Copilot, which gives users access to AI technology throughout the O365 platform. Revenue is linked to support around data management and security, and administration of the customer's AI applications. According to Microsoft, a broad launch of Copilot is planned during the first quarter of 2024. This will significantly drive our services around training, implementation, data management and security and, not least, licence revenue as the price is set at USD 30 per user and month. Our internal investments continue, especially to streamline administration and support flows, which are part of the savings we communicate in order to contribute to lower overheads in 2024.

For the full year 2023, we continue to see that we will be able to pass MSEK 600 in net sales, as the fourth quarter is our seasonally strongest quarter, which we expect will also apply this year. We have several, previously announced, newly signed agreements that are being delivered and will contribute positively to the outcome compared to the previous year. The initiatives in Stockholm are expected to have an impact already by the end of the fourth quarter of 2023, while the acquired companies deliver net sales, subscription revenue and EBITDA according to plan.

Provided that the positive trend in the acquired companies continues and that we achieve the desired effect of the initiatives in Stockholm, we should be able to keep delivering an EBITDA margin of 6–7 percent, including the positive effects from the remeasurement of earn-outs from the Gothenburg acquisitions. We have previously announced that in 2023, we intend to implement the previously communicated transition to increasing the share of self-financed hardware.

The trend of increasing gross profit more than we increase our total overheads is still clear nine months into 2023. The scaling of our business is one of the most critical long-term metrics that we monitor and prioritise initiatives for. Having once again been certified as a "Great Place to Work" also proves that we are pursuing the synergy initiatives and scaling together with the organisation and employees. All acquired companies are, separately, re-certified.

The market

In the third quarter of 2023, data from Statistics Sweden showed that the services price index in the IT sector increased by 1.1 percent compared with the second quarter of 2023, representing an annual increase of 3.7 percent. The annual rate for service prices fell for the fifth consecutive quarter. The Radar Group identifies an overall growth of 3.0 percent in IT budgets. The “Everything as a Service” segment sees a continued increase in demand with a growth of 12.5 percent.

The figures for the third quarter show a continued positive trend in the growth of the Swedish IT sector, with an increase in the Service Producer Price Index and a particularly strong expansion in the “Everything as a Service” segment, which is a direct link to our subscription services. Despite a decline in the annual growth rate, which may indicate a stabilisation of price increases, the increased growth in IT budgets, according to Radar Group, signals an increased willingness to invest and optimism in the sector. These indicators reflect an evolving industry with an apparent demand for innovative services.

Stockholm, 24 November 2023

Jonas Norberg, Group CEO

FOCUS ON PROFITABLE GROWTH

Growth and transformation to subscription revenue with better profitability continue with a positive outcome for the acquired companies in the Group. The success factor of having a centralised strategic sales function is clearly visible in the form of new customer contracts with significant contract values.

The Stockholm unit has struggled over the year to reverse the negative revenue trend that has become increasingly evident. To remedy this problem, we have decided to take substantial measures. New leadership, a focused objective and more resources with the right qualifications are already starting to produce results in terms of new business and increased revenue on existing customers.



Gustav Tjernström
Sales & Marketing Director

The work on profitable growth and transforming direct revenue into subscription revenue remains paramount for the Group's sales organisation. The acquired companies are delivering positively against the plan that has been set, where an important sign of success is the increased gross margin and the rising contract value, both of which ensure profitable subscription revenue for several years to come.

The strategic sales also show clear results with new customer contracts, significant contract values and large projects. The latest business deal, communicated via press release on 27 October 2023, shows the strength of the packaged subscription services combined with a close partnership with the customer, where overall responsibility, development and competence are important cornerstones.

Quote from the press release published on 27 October 2023: *"Closeness and understanding of our business have been important to us in procuring a new IT supplier. Qlosr Group has proven that they can take overall responsibility for the entire service delivery and, at the same time, be close to us as a supplier. We also believe that our own growth journey matches well with the growth of Qlosr Group. In addition, it is especially important for Devyser to be able to benefit from Qlosr Group's expertise in standard processes and best practices while having access to a dedicated customer team of our own. We look forward to a good collaboration and long-term partnership."*

Based on these success factors and the negative revenue trend of the Stockholm unit during the year, we have decided to take several measures.

We have appointed a new leadership in the form of Andreas Lantz, most recently from Dustin, where he was responsible for the service sales in Sweden. Andreas brings energy, a focus on goals, and expertise to both the business and building the sales organisation we need in Stockholm.

We have also created two business units and separated the resources that work locally in Stockholm with customer teams, revenues and projects from the resources that work on the centrally produced services for the whole Group. The initiative gives the business a better chance of achieving its financial targets.

In addition, we have also strengthened the customer teams with more resources that have the right expertise in sales, technical customer responsibility and delivery responsibility. The aim is to increase both new customer sales and additional sales as well as ensure more contract renewals.

Activities to be carried out in Stockholm during the fourth quarter of 2023:

- **We organise for the future** – A new organisation that supports the local company's customers and unique abilities combined with a scalable, central offering of IT services.
- **We staff the sales organisation** – Creating conditions for future growth on both new and existing customers. The work includes sales strategy, strategic account planning, deliverability and specialised skills in specific areas/services.
- **We boost customer satisfaction** – Optimised customer teams increase our presence among our customers with the right individuals, competencies, and collaboration models in place.
- **We make the most of synergies** – The potential to expand collaboration, advice and delivery of managed services is excellent, given the large number of clients we already have.

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 services 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.

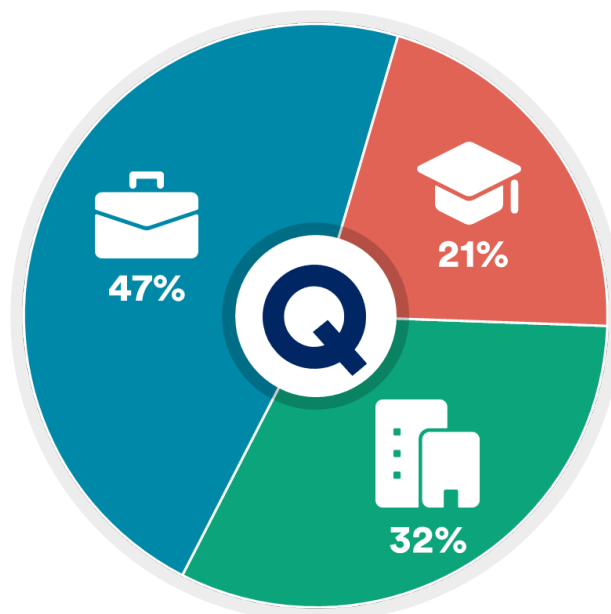
The volume of each customer (between 500 and 50 000 users) creates significant opportunities for additional sales, with each added service generating additional revenue.

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
Third quarter, 2023

A photograph of Urban Norberg, Group CFO, sitting at a table. He is wearing a dark blue suit jacket over a light blue button-down shirt and glasses. He has a beard and is smiling slightly. His hands are resting on the table. In front of him is a laptop and two glasses of water. The background is a brick wall with a lamp.

Financial
statements

Urban Norberg
Group CFO

ECONOMIC DEVELOPMENT OF THE GROUP

During the third quarter of 2023, a remeasurement has been applied to earn-outs attributable to the two Gothenburg acquisitions made in October 2021. The previous owners have chosen to receive the earn-outs in cash instead of issued shares. Consequently, it has been possible to reduce the booked debt and the fixed asset item goodwill by MSEK 6.0. Other operating income, gross profit and EBITDA were positively affected by MSEK 6.0 and depreciation and amortisation negatively by MSEK 6.0, which leaves the operating profit unaffected.

A change in goodwill accounting for the part of the total purchase price carried out through a set-off issue was made in the fourth quarter of 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.

The comparative figures for the third quarter of 2022 and for the first nine months of 2022 are adjusted for merger costs of the Stockholm operation. The total one-off costs amounted to MSEK 14.9, of which merchandise was MSEK 11.3, personnel costs were MSEK 0.7 and other external costs were MSEK 2.9. For further information, the reader is referred to Qlosr Group's Interim Report for the third quarter of 2022.

THIRD QUARTER

JULY–SEPTEMBER 2023

OPERATING INCOME

Operating income increased by 5.5 percent to MSEK 132.2 (125.3). During the quarter, growth was temporarily affected by reduced direct revenue in Stockholm and a larger share of business focused on transformation into more profitable subscription revenue. This results in an organic growth of -6.9 percent.

GROSS PROFIT

Gross profit increased by 13.7 percent to MSEK 56.6 (49.8). Gross margin was 42.8 percent (39.7).

OPERATING COSTS

Merchandise costs increased by 0.1 percent to MSEK -75.6 (-75.6).

Other external costs decreased by 27.2 percent to MSEK -10.8 (-14.8), driven by lower costs for premises and consultants who became employees.

Personnel costs increased by 15.8 percent to MSEK -35.2 (-30.4). 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 182 (158). The increase is attributable to acquired companies and strategic investments in sales and other areas.

Depreciation and amortisation of tangible and intangible assets amounted to MSEK -23.7 (-12.8), of which MSEK -13.9 (-11.6) is attributable to planned goodwill amortisation, MSEK -6.0 (0) is attributable to impairment of goodwill for the Gothenburg acquisitions, MSEK -3.5 (-1.0) is attributable to machinery, equipment and financial leases (cars), and MSEK -0.2 (-0.1) is attributable to intangible assets.

EBITDA

EBITDA amounted to MSEK 10.5 (4.3), corresponding to a margin of 7.9 percent (3.4).

OPERATING PROFIT

The operating profit amounted to MSEK -13.1 (-8.5), where planned goodwill amortisation amounted to MSEK -13.9 (-11.6).

NET FINANCIAL ITEMS

Net financial items amounted to MSEK -3.6 (-2.5). The interest expense relates to loans for the part-financing of acquisitions made.

TAX

Net tax amounted to MSEK 0.0 (0.0)

PROFIT FOR THE PERIOD

Profit for the period amounted to MSEK -16.8 (-11.0), where planned goodwill amortisation amounted to MSEK -13.9 (-11.6).

Profit for the period adjusted for planned goodwill amortisation amounted to MSEK -2.9 (-0.1).

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

PERIOD**JANUARY–SEPTEMBER 2023****OPERATING INCOME**

Operating income increased by 19.5 percent to MSEK 442.3 (370.1), of which 6.4 percent was organic growth.

GROSS PROFIT

Gross profit increased by 14.2 percent to MSEK 179.4 (157.2). Gross margin was 40.6 percent (42.5). The lower gross margin is attributable to more direct sales delivered in the first nine months and delayed launches of new subscription agreements.

OPERATING COSTS

Merchandise costs increased by 23.5 percent to MSEK -262.9 (-212.9). The higher percentage increase in merchandise than operating income is due to a higher share of hardware deliveries (direct sales).

Other external costs decreased by 23.5 percent to MSEK -30.2 (-39.5), driven by lower costs for premises and consultants who became employees.

Personnel costs adjusted for one-off costs increased by 24.0 percent to MSEK -121.9 (-98.3). 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 178 (157). The increase is attributable to

acquired companies and strategic investments in sales and other areas.

Depreciation and amortisation of tangible and intangible assets amounted to MSEK -58.3 (-38.1), of which MSEK -41.4 (-32.8) is attributable to planned goodwill amortisation, MSEK -6.0 (0.0) is attributable to impairment of goodwill for the Gothenburg acquisitions, MSEK -10.2 (-4.9) is attributable to machinery, equipment and financial leases (cars), and MSEK -0.7 (-0.4) is attributable to intangible assets.

EBITDA

EBITDA amounted to MSEK 26.8 (18.9), corresponding to a margin of 6.1 percent (5.1), which, as planned, was affected by ongoing implementation projects for acquired business as well as several delivered direct sales in the second quarter and delayed launches of new subscription agreements.

OPERATING PROFIT

The operating profit amounted to MSEK -31.4 (-19.2), where planned goodwill amortisation amounted to MSEK -41.4 (-32.8).

NET FINANCIAL ITEMS

Net financial items amounted to MSEK -9.3 (-7.5). 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 -40.6 (-26.7), where planned goodwill amortisation amounted to MSEK -41.4 (-32.8).

Profit for the period adjusted for planned goodwill amortisation amounted to MSEK 0.8 (6.1), which corresponds to a margin of 0.2 percent (1.6).

The goodwill items 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 September 2023 amounted to MSEK 391.8 (479.8).

The Group's equity on 30 September 2023 amounted to MSEK 32.1 (72.7).

The equity ratio as of 30 September 2023 amounted to 8.2 percent (15.2).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities after changes in working capital during the third quarter amounted to MSEK 6.6 (-10.1), driven by inventories and trade receivables, which are back to a normal level after major hardware purchases in the second quarter, fuelled by the ongoing implementation projects for the acquired business.

For the first nine months, cash flow from operating activities after changes in working capital amounted to MSEK -15.4 (32.6), driven by a negative working capital development during the year of MSEK 21.7.

Cash flow from investing activities during the third quarter amounted to MSEK -35.4 (-44.9), attributable to the settlement of earn-outs for Rg19 and the Gothenburg companies corresponding to MSEK -30.8 (-42.5) and purchases of machinery and equipment corresponding to MSEK -4.6 (-2.4).

For the first nine months, cash flow from investing activities amounted to MSEK -55.2 (-63.0) attributable to cash payments of earn-outs for Rg19, the Gothenburg companies and Qlosr SBL, 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 third quarter amounted to MSEK 24.5 (43.7), attributable to an increase in interest-bearing loans to finance the settling of cash earn-outs.

For the first nine months, cash flow from financing activities amounted to MSEK 30.0 (36.3).

The total cash flow in the third quarter amounted to MSEK -4.3 (-11.2).

The total cash flow for the first nine months amounted to MSEK -40.7 (5.8).

PARENT COMPANY

The Parent Company's operating income in the third quarter amounted to MSEK 4.1 (4.2). The operating profit was MSEK -3.7 (-18.3) and the profit for the period amounted to MSEK -5.2 (-20.1).

For the first nine months, the operating income amounted to MSEK 12.8 (10.6). The operating profit was MSEK -12.6 (-23.5) and the profit for the period amounted to MSEK -17.3 (-28.7).

CONSOLIDATED INCOME STATEMENT

KSEK

Group	3 month		9 month	
	jul - sep 2023	jul -sep 2022	jan -sep 2023	jan - sep 2022
Net sales	125 918	124 382	418 385	351 670
Other operating income	6 322	964	23 936	18 432
Total operating income	132 239	125 346	442 321	370 102
Cost of sales	-75 646	-86 877	-262 906	-224 249
Other external expenses	-10 802	-17 714	-30 231	-42 419
Personnel expenses	-35 184	-31 086	-121 946	-99 063
Depreciation and write-down of fixed assets and intangible assets	-23 657	-12 802	-58 279	-38 062
	-96	-251	-362	-392
Total operating expenses	-145 385	-148 730	-473 724	-404 185
Operating profit/loss	-13 145	-23 384	-31 403	-34 083
Profit from other securities and receivables that are	0	-5	0	-5
Interest income and similar income	341	0	398	0
Interest expenses and similar expenses	-3 975	-2 529	-9 702	-7 474
Total financial incomes and expenses	-3 634	-2 535	-9 304	-7 479
Result after financial earnings	-16 779	-25 919	-40 707	-41 562
Profit before tax	-16 779	-25 919	-40 707	-41 562
Income tax for the year	-32	0	95	-3
Profit for the year	-16 811	-25 919	-40 612	-41 566

Other operating income recognises sales & leaseback 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 income. Previously it was reported as part of net sales and merchandise.

During the third quarter of 2023, the income item for the remeasurement of the goodwill item for the Gothenburg acquisitions of MSEK 6.0 was recognised under other operating income and depreciation and amortisation of tangible and intangible fixed assets. The profit for the period is affected by MSEK 0.0.

The consolidated earnings per share before and after dilution for the first nine months of 2023 amounted to SEK -0.70 (-0.87).

CONSOLIDATED BALANCE SHEET

KSEK

Group	30 Sep 2023	30 Sep 2022	31 Dec 2022
Capitalized development expenditure	1 624	2 057	1 949
Concession, patent, licence, brand	3 240	3 720	3 600
Goodwill	179 668	222 316	222 316
Fixed assets	29 861	13 114	21 324
Other long-term securities	0	2 902	959
Deferred tax	12 935	6 502	12 842
	380	1 580	1 580
Total Financial assets	227 708	252 191	264 570
Stock	22 837	17 102	16 569
Accounts receivables	59 339	67 243	103 325
Receivables inter-company	0	204	0
Income taxes receivables	8 541	0	0
Other receivables	1 523	8 943	2 710
Earned but not invoiced income	2 391	1 444	2 797
Prepaid expenses and accrued income	63 381	59 717	43 085
Other short-term investments	3	0	3
Cash and bank	6 114	48 381	46 769
Total current assets	164 129	203 034	215 258
ASSETS	391 837	455 225	479 828
Share capital	12 626	12 626	12 626
Other contributed capital	178 512	178 512	178 512
Other equity including the profit of the year	-159 011	-112 895	-118 398
Total equity	32 127	78 243	72 740
Provision for pension and similar obligations	380	2 902	1 122
Provision deferred tax	1 257	1 616	1 257
Other provisions	24 015	60 696	60 696
Provisions	25 652	65 214	63 075
Liabilities to credit institutes	58 480	52 938	54 769
Liabilities inter-company	0	4 479	0
Other liabilities	121 745	94 898	94 898
Long-term liabilities	180 225	152 315	149 667
Liabilities to credit institutes	7 466	4 203	4 399
Deposits customer	93	130	4 024
Accounts payable	54 246	44 287	72 903
Income tax liability	0	2 096	1 619
Other liabilities	33 679	36 127	40 125
Accrued expenses and prepaid income	58 349	72 610	71 276
Total short-term liabilities	153 833	159 453	194 346
EQUITY AND LIABILITIES	391 837	455 225	479 828

The item other provisions relate to earn-outs for acquisitions made for uncertain amounts. The most likely scenario is taken into account. Other long-term liabilities relate to earn-outs for acquisitions made that are certain in amount and interest-bearing liabilities.

As of 30 September 2023, the Group has a granted, and unused, overdraft facility of MSEK 43.0 (43.0).

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				-40 612	-40 612
Ending balance 2023-09-30	12 626	178 512	-118 398	-40 612	32 127

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			-5 714		-5 714
Loss for the year				-41 566	-41 566
Ending balance 2022-09-30	12 626	178 513	-71 330	-41 566	78 243

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		9 month		12 Month
	jul - sep 2023	jul - sep 2022	jan - sep 2023	jan - sep 2022	jan - dec 2022
	Result before financial items	-13 146	-23 384	-31 403	-34 083
Adjustment for depreciations	17 701	12 802	52 323	38 062	60 995
Adjusted for other items not included in the cash flow	352	1 386	-199	3 186	385
Received interest	341	0	398	0	27
Paid interest	-2 314	-2 244	-6 523	-6 123	-8 844
Paid tax	-2 706	0	-8 310	1 332	-2 185
Cash flow before changes in assets and liabilities of the current business	228	-11 441	6 286	2 375	11 103
Increase/decrease in stock	15 711	8 766	-6 268	-2 990	-2 457
Increase/decrease accounts receivables	53 899	-5 111	43 986	8 774	-27 309
Increase/decrease other receivables	-4 337	3 433	-19 084	7 123	22 075
Increase/decrease accounts payable	-28 888	-4 992	-18 657	-114	29 748
Increase/decrease other payables	-30 020	-723	-21 644	17 415	18 005
Cash flow from current business	6 365	1 373	-21 667	30 208	40 062
Cash flow after changes in assets and liabilities of the current business	6 593	-10 068	-15 381	32 583	51 165
Acquisition of tangible assets	-4 608	-2 406	-14 752	-6 127	-14 415
Acquisition of subsidiary	-30 751	-42 489	-42 642	-54 373	-72 789
Acquisition of financial assets	-73	17	-380	0	0
Disposal/amortization other financial assets	0	0	2 539	-2 530	6 579
Cashflow from investing activities	-35 432	-44 878	-55 235	-63 030	-80 625
New share issue	0	0	0	-51	-51
Redemption	0	0	0	-5 737	-5 737
Loan	27 796	47 615	35 194	47 696	50 006
Amortizations	-1 587	-2 170	-5 416	-4 616	-9 067
Increase/decrease financial debts	-1 690	-1 743	183	-1 025	-1 485
Cashflow from financing activities	24 519	43 701	29 961	36 267	33 666
Cashflow for the year	-4 320	-11 245	-40 655	5 820	4 206
Cash at the beginning of the year	10 435	59 626	46 769	42 561	42 561
Conversion difference					
Cash at the end of the year	6 114	48 381	6 114	48 381	46 767

PARENT COMPANY INCOME STATEMENT

KSEK

Qlosr Group AB	3 month		9 month		jan-dec 2022
	jul - sep 2023	jul -sep 2022	jan - sep 2023	jan - sep 2022	
Net sales	4 058	4 238	12 173	10 610	10 952
Other operating income	53	0	611	0	2 481
Total operating income	4 110	4 238	12 784	10 610	13 433
Other external expenses	-1 457	-16 491	-4 777	-22 195	-25 666
Personnel expenses	-6 361	-6 088	-20 581	-11 930	-18 679
Depreciations	-6	0	-8	0	
Other operating expenses	0	0	-2	0	0
Total operating costs	-7 824	-22 578	-25 367	-34 125	-44 344
Operating loss	-3 714	-18 340	-12 583	-23 515	-30 911
Interest income and similar items	474	0	546	0	
Interest expenses and similar items	-1 960	-1 738	-5 254	-5 213	-6 890
Total financial income and expenses	-1 486	-1 738	-4 707	-5 213	-6 890
Result after financial earnings	-5 200	-20 078	-17 290	-28 728	-37 801
Result before tax	-5 200	-20 078	-17 290	-28 728	-36 879
Income tax for the year	0	0	0	0	10 933
Profit for the year	-5 200	-20 078	-17 290	-28 728	-25 946

PARENT COMPANY BALANCE SHEET

KSEK

Qlosr Group AB	30 Sep 2023	30 Sep 2022	31 dec 2022
Fixed assets	90	0	0
Participation in affiliated companies	501 027	506 856	506 856
Deferred tax	10 933	0	10 933
Financial assets	380	0	0
Total financial assets	512 430	506 856	517 789
Accounts receivables	0	0	0
Receivables inter-company	0	17 573	10 840
Other receivables	399	905	25
Income tax receivables	556	0	0
Prepaid expenses and accrued income	3 948	1 396	1 631
Cash and bank	5 354	6 142	2 809
Total current assets	10 256	26 016	15 305
ASSETS	522 685	532 872	533 094
Share capital	12 626	12 626	12 626
Free premium fund	323 071	323 071	323 071
Loss carried forward	-59 365	-33 420	-33 420
Net result for tje year	-17 290	-28 728	-25 946
Total equity	259 042	273 549	276 332
Provision for pension and similar obligations	380	0	0
Other provisions	20 015	60 259	60 259
Provisions	20 395	60 259	60 259
Liabilities to credit institutes	49 806	49 639	49 681
Liabilities inter-company	0	4 479	0
Other long-term liabilities	18 665	31 917	21 436
Long-term liabilities	68 471	86 035	71 117
Accounts payable	2 790	2 158	1 863
Others liabilities	14 524	41 514	19 728
Liabilities inter-company	154 789	59 770	97 479
Accrued expenses and prepaid income	2 673	9 587	6 316
Total short-term liabilities	174 777	113 029	125 386
EQUITY AND LIABILITIES	522 685	532 872	533 094

ALTERNATIVE KPIS

Certain information in this report, which management and analysts use to assess the Group's performance, has not been prepared in accordance with 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 in accordance with 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 third quarter of 2023 amounted to 182 (158).

TRANSACTIONS WITH RELATED PARTIES

There were no related party transactions during the quarter.

THE INTERNATIONAL SITUATION

We continuously monitor the uncertain international situation closely. We have not defined any specific risks directly connected to our activities in the short term. However, we note that inflation has strongly impacted the capital market and interest rate, which complicates our acquisition agenda.

SEASONAL VARIATIONS

Historically, the first and third quarters have been the weaker quarters in terms of net sales and profitability. The second and fourth quarters 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 average number of shares before and after dilution in the third quarter and as of 30 September 2023 amounted to 57 864 090 (57 864 090), corresponding to a share capital of MSEK 12.6. For the first nine months, the average number of shares before and after dilution amounted to 57 864 090 (57 649 385).

The ten largest shareholders in Qlosr Group AB as of 30 September 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	-	3 383 494	5,9	3,4
NORDNET PENSIONS FÖRSÄKRING AB	-	2 583 524	4,5	2,6
HOFMANN, ANDREAS JOHANNES	-	2 136 768	3,7	2,1
STRIVO AB	-	1 323 529	2,3	1,3
AVANZA PENSION	-	1 272 019	2,2	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
Totat top 10	4 667 460	40 595 311	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

Year-End Report & Fourth Quarter Report 2023

23 February 2024

Annual Report 2023

26 April 2024

Interim Report, First Quarter 2024

23 May 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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