



Q1 Report 2023

January 1 - March 31, 2023

Company announcement no 10-2023 May 4, 2023



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INVESTOR WEBINAR

On May 4, 2023, at 15.00 (CET) an investor webinar will be held. [Sign up here.](#)

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INTRODUCTION

KEY FINANCIAL VALUE DRIVERS Q1 2023

Konsolidator reports an improved EBIT covering increased revenue and lower costs. Further, SaaS metrics are in general improved compared to last year. These metrics are expected to improve further during 2023.

Revenue
(DKK)

4.7m

Q1 2022: DKK 3.7m

ARR
(DKK)

18.6m

Q1 2022: DKK 14.3m

CAC/ARR

32mth

Q1 2022: 60 months

Churn

8.4%

Q1 2022: 7.7%

EBIT loss
(DKK)

2.9m

Q1 2022: DKK 6.5m

Growth in ARR

30%

Q1 2022: 55%

ARR increase/
Cash burn

0.3x

Q1 2022: 0.1x

Net retention

102index

Q1 2022: 101 index

LETTER FROM THE CEO

LOOKING AHEAD

The business development in Q1 2023 was in line with expectations, and we expect to complete a capital injection of DKK 33-35m in May 2023. We are looking ahead for further growth, profitability, and to be cash flow positive.

In company announcement no 9-2023, we announced that we expect to complete the capital injection of DKK 33-35m in May, which will restore the equity and secure enough capital until we generate positive cash flow from operations.

The capital injection includes DKK 18.5m in a directed share issue, and we expect during May 2023 a final approval on a long-term loan between DKK 14.5-16.5m.

10 new customers

In Q1 2023, we signed 10 new customers compared to 15 new customers in Q1 2022. The net increase of 30% in ARR summarizes to DKK 1m compared to DKK 0.7m in Q1 2022, which demonstrates a satisfactory growth in the average revenue per customer.

We signed 4 customers in Denmark and 3 customers in the rest of the Nordics. The UK and Ireland (UKI) continued the success from Q4 2022 with 2 new customers, and further we signed 1 customer from Rest of the World (RoW).

Investing in customer success

In line with our operational goals for 2023 we have expanded our customer success team to drive ARR upsale as well as support our customers on a consultancy basis. With these initiatives, we expect the customer churn to be reduced, which altogether will improve our cash base.

During Q1, 2023 we were pleased to note that the increased customer attention led to improved customer churn. The churn landed on 8.4% on a 12-month basis from April 1, 2022, to March 31, 2023. We expect churn to be between 8-10% at year-end 2023 in line with guidance.



» When the capital injection and the strengthening of the capital structure is in place, we have a new starting point with a strong pipeline, and the opportunities to investigating Konsolidator Audit® even further together with our new board member, Peter Gath.

CLAUS FINDERUP GROVE
CEO

Releasing integration to EXACT

As part of our strategy of integrating Konsolidator® with other cloud-based accounting systems, we released an integration to EXACT in February 2023. We are following the technological trends to make sure that Konsolidator® always stays relevant in the market by releasing enhancements improving performance, user experience and other small features. Next in line is F&O and PowerOffice.

We will also maintain a high level of data security, and in Q2 2023 we will begin the process of our second audit opinion (ISAE 3402) on our data security.

Board of Directors expanded

On March 23, 2023, Konsolidator had its ordinary Annual General Meeting. The Board of Directors had proposed an expansion of the board by one member, and we are pleased that Peter Gath was elected.

Peter has more than 20 years of experience as a partner from EY and KPMG, and former Chairman of the Danish Institute of Public Accountants (FSR – danske revisorer). With his knowledge of Audit and Accounting, we are looking forward to cooperating with Peter Gath about Konsolidator Audit® to define the Konsolidator Audit® strategy and reach the potential within the audit segment.

Outlook 2023

The outlook for 2023, as announced in the [annual report 2022](#), is maintained as follows:

- ARR of DKK 21-23m, corresponding to a growth of 20-30%
- Revenue of DKK 20-22m, corresponding to a growth of 20-30%
- EBIT loss of DKK 5-8m

I would like to express my gratitude to our customers and partners for clarifying the value of Konsolidator. Without the dedication of our skilled employees and the support of our loyal shareholders, it would not be possible to build this company.



SaaS METRICS Q1 2023

POSITIVE DEVELOPMENT IN SaaS METRICS

The Annual Recurring Revenue (ARR) growth is 30% - totalling an ARR of DKK 18.6m on March 31, 2023. During Q1 2023, the effects from the cost reductions during 2022 are visible in SaaS metrics with improved CAC/ARR and cash burn.

	Q1 2023	Q1 2022	2022	Outlook 2023
SaaS metrics				
ARR, DKK'000	18,596	14,280	17,550	21-23m
Growth in ARR, DKK'000	1,046	721	3,990	3.4-5.4m
CAC/ARR, months	32	60	42	25-30
ARR increase/Cash burn, times	0.3	0.1	0.2	0.4-0.6
Churn LTM, percentage	8.4	7.7	10.8	8-10
Net retention from 1 Jan, index	102	101	102	100-102

ARR and growth

ARR increased to DKK 18.6m on March 31, 2023, compared to DKK 14.3m on March 31, 2022. The increase in ARR for the last 12 months is DKK 4.3m, equaling a growth of 30%. The net increase in Q1 2023 was DKK 1.0m compared to DKK 0.7m for Q1 2022. The increase includes 10 new customers, up-sales and churn.

CAC divided by ARR

The Customer Acquisition Cost (CAC) divided by ARR has been calculated to 32 months for Q1 2023, compared to 60 months in Q1 2022. This improvement has a direct link to the cost reductions performed during 2022, where the sales team was reduced to a minimum for generating an ARR increase of 20-30% in 2023. This metric is expected to improve towards 25-30 months during 2023, which means that the cost of acquiring a customer is paid back in 2-3 years.

ARR increase divided by cash burn

The net increase in ARR by DKK 1.0m in Q1 2023 has been generated by a cash cost of DKK 2.9m, equaling 0.3 times, compared to 0.1 times in Q1 2022. During 2023, this metric is expected to be improved to 0.4-0.6 times, as the revenue is expected to grow at the current cost base.

Churn

The annualized churn increased to 8.4% on March 31, 2023, compared to 7.7% on March 31, 2022. Churn has improved from 10.8% on December 31, 2022. The changes from standardizing the onboarding process even more, as well as improving the user experience in Konsolidator® have shown effects in the onboarding churn for the first quarter of 2023 and is expected to improve slightly during 2023.

Net retention

Konsolidator has experienced an increase in net retention due to price increases and a continued focus on up-sale to existing customers. The net retention has increased to 102 from 101 in Q1 2022. The metric expresses how the recurring revenue with existing customers has developed during 2023, which includes both up-sale and churn.

FINANCIAL REVIEW Q1 2023

IN LINE WITH EXPECTATIONS

In Q1 2023, revenue and EBIT were in line with expectations with a revenue increase of 24% and EBIT amounted to a loss of DKK 2.9m compared to a loss of DKK 6.5m last year. In May 2023, Konsolidator expects to finalize a capital injection of DKK 33-35m including a private placement of DKK 18.5m, which will restore the negative equity.

Revenue

For Q1 2023, revenue summarized to DKK 4.7m compared to DKK 3.7m for Q1 2022. The improvement of 24% was in line with expectations. Revenue from subscription fees has increased by 33% and a decrease in onboarding and consultancy work compared to Q1 2022. This relates to fewer onboardings and less resources performing consultancy work compared to the same period last year.

EBIT

The cost reductions made during 2022 showed its impact where salaries fell by 29% and external expenses dropped by 39% compared to Q1 2022. The cost reductions and the revenue increase showed the EBIT improve by 55% to a loss of DKK 2.9m in Q1 2023 compared to a loss of DKK 6.5m in Q1 2022.

Staff costs

Staff costs for Q1 2023 amounted to DKK 5.0m compared to DKK 7.1m in Q1 2022. The average number of employees in Q1 2023 is 26 compared to 38 in Q1 2022. The reduction in average full-time equivalents is due to cost reductions made during 2022, which have reduced the staff costs by 29%.

External expenses

External expenses amounted to DKK 1.5m in Q1 2023 compared to DKK 2.5m in Q1 2022. The reduction of 39% compared to last year is related to the cost reductions during 2022. The expenses were related to Konsolidator's ordinary activities, such as premises, office supplies, marketing costs, consultancy costs, listing costs, etc.

DKK'000	Q1 2023	Q1 2022	Change	
Income statement				
Revenue	4,657	3,748	909	24%
Contribution	4,295	3,566	729	20%
External expenses	(1,529)	(2,499)	970	(39%)
Staff costs	(5,019)	(7,060)	2,041	(29%)
EBITDA	(2,253)	(5,980)	3,727	(62%)
EBIT	(2,920)	(6,509)	3,589	(55%)
EBIT before share-based payments	(2,488)	(5,918)	3,430	(58%)
Financial items (net)	(1,002)	(1,010)	9	(1%)
Profit/loss for the period	(3,741)	(7,138)	3,397	(48%)
Cash Flow				
Cash flow from operating activities	(1,921)	(5,404)	3,482	(64%)
Cash flow from investing activities	(1,005)	(1,682)	677	(40%)
Cash flow from financing activities	1,618	(139)	1,757	(1264%)
Net cash flow for the period	(1,308)	(7,225)	5,916	(82%)
Balance Sheet				
Intangible assets	13,680	11,894		
Cash and cash equivalents	157	9,923		
Total assets	20,703	29,696		
Equity	(14,770)	(1,637)		
Bank loan	1,808	1		
Other key figures and ratios				
Number of employees at the end of the period	23	31		
Average number of employees	26	38		
Contribution margin	92%	95%		
Equity ratio	(72%)	(6%)		
Earnings per share (in DKK)	(0.23)	(0,46)		
Earnings per share, diluted (in DKK)	(0.21)	(0,41)		

Financial items

Financial items summarized to DKK 1.0m for Q1 2023, which is at same level as Q1 2022. The financial expenses covered costs related to interest and other borrowing costs on the convertible loan, entered in September 2021.

Loss for the period

The loss for Q1 2023 was DKK 3.7m compared to a loss of DKK 7.1m in Q1 2022. The improvement was related to increased revenue and lower costs.

Cash flow

Net cash flow for Q1 2023 improved by 82% compared to Q1 2022. The net cash flow was in Q1 2023 negative by DKK 1.3m, compared to a negative cash flow of DKK 7.2m for Q1 2022.

Cash flow from operating activities was negative by DKK 1.9m in Q1 2023 compared to negative cash flows in Q1 2022 of DKK 5.4m. Part of improving the cash flow from operating activities has been invoicing the onboarding and consultancy work in advance and receiving prepayments from customers for subscription fees on a yearly basis.

Cash flow from investing activities in Q1 2023 amounted to a negative DKK 1.0m compared to DKK 1.7m in Q1 2022. Investing activities relate to capitalized development costs. The decrease in investing activities was related to a smaller engineering team than previously, due to cost reductions made during 2022.

Cash flow from financing activities in Q1 2023 amounted to positive DKK 1.6m, which related to proceeds from borrowings of DKK 1.8m due to use of credit facility. In Q1 2022, the cash flow from financing activities amounted to DKK 0.1m, which related to lease payments.

Assets

Total assets fell from DKK 22.0m on December 31, 2022, to DKK 20.7m on March 31, 2023, which primarily was related to the cash burn the first three months of 2023.

Intangible assets

The intangible assets mainly relate to development costs incurred developing Konsolidator®. The development costs include capitalized salary costs and costs from external consultants. Completed development projects and development projects in progress amounted to DKK 13.4m on March 31, 2023, compared to DKK 12.8m on December 31, 2022.

Equity

On March 31, 2023, the equity was negative at DKK 14.8m compared to a negative equity of DKK 11.4m on December 31, 2022.

The company has lost more than 50% of the share capital. On March 23, 2023, at the annual general meeting, Management explained how to restore the negative equity through a capital increase.

Events after the reporting date

According to company announcement no 9-2023, the company has received loan offers and expects to finalize the capital injection of DKK 33-35m during May 2023.

No other significant events that materially affect the assessment of the Group's operating loss or financial position have occurred between the reporting date and the publication of this interim report.

» We have successfully reduced the cost base and together with the expected capital injection in May 2023, we will have restored our equity.

JACK SKOV
CFO



INCOME STATEMENT

DKK'000	Note	Q1 2023	Q1 2022
Revenue	3	4,657	3,748
Variable costs		(362)	(182)
Contribution		4,295	3,566
External expenses		(1,529)	(2,499)
Staff costs		(5,019)	(7,060)
Other operating income		-	13
Other operating expenses		-	-
Earnings before interest, tax, depreciation and amortization (EBITDA)		(2,253)	(5,980)
Depreciation, amortization and impairment losses		(667)	(529)
Earnings before interest and tax (EBIT)		(2,920)	(6,509)
Financial income		13	25
Financial expenses		(1,015)	(1,035)
Profit/loss for the period		(3,922)	(7,519)
Corporation tax for the period		181	381
Profit/loss for the period		(3,741)	(7,138)
<i>Items that will subsequently be reclassified to the income statement:</i>			
Exchange rate adjustments during the period		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		(3,741)	(7,138)
<i>Profit/loss for the period attributable to:</i>			
Shareholders of Konsolidator A/S		(3,741)	(7,138)

CASH FLOW STATEMENT

DKK'000	Note	Q1 2023	Q1 2022
Earnings before interest and tax (EBIT)		(2,920)	(6,509)
Depreciation, amortization and impairment losses reversed		667	529
Share-based payments reversed		432	591
Changes in working capital		(52)	556
Cash flows from primary activities		(1,873)	(4,833)
Financial income received		14	19
Financial costs paid		(65)	(589)
Income taxes paid/received		3	(1)
Cash flow from operating activities		(1,921)	(5,404)
Payments for intangible assets		(953)	(1,612)
Proceeds from disposal of property, plant and equipment		10	-
Payments for property, plant and equipment		(16)	(7)
Changes in other non-current assets		(46)	(63)
Cash flow from investing activities		(1,005)	(1,682)
Proceeds from borrowings		1,808	1
Lease payments		(196)	(147)
Changes in other non-current liabilities		6	7
Cash flow from financing activities		1,618	(139)
Net cash flow for the period		(1,308)	(7,225)
Cash and cash equivalents at the beginning of the period		1,465	17,150
Net cash flow for the period		(1,308)	(7,225)
Exchange rate adjustments on cash and cash equivalents		-	(2)
Cash and cash equivalents at the end of the period		157	9,923

BALANCE SHEET

DKK'000	Note	31. Mar. 2023	31. Mar. 2022	31. Dec. 2022
ASSETS				
Completed development projects		11,103	9,160	11,152
Patents, licenses and other rights		158	353	209
Developing projects in progress		2,332	2,303	1,682
Customer lists		87	78	105
Intangible assets		13,680	11,894	13,148
Fixtures and fittings, other plant and equipment		569	701	632
Property, plant and equipment		569	701	632
Rental of premises		2,408	2,737	2,584
Right of use assets		2,408	2,737	2,584
Deferred tax assets		1,213	1,232	1,213
Other receivables		487	451	441
Financial assets		1,700	1,683	1,654
Total non-current assets		18,357	17,015	18,018
Accounts receivable		313	390	794
Work in Progress		56	218	73
Tax receivables		1,266	1,246	1,089
Other receivables		39	172	70
Prepayments		515	732	503
Receivables		2,189	2,758	2,529
Cash and cash equivalents		157	9,923	1,465
Total current assets		2,346	12,681	3,994
Total assets		20,703	29,696	22,012

DKK'000	Note	31. Mar. 2023	31. Mar. 2022	31. Dec. 2022
EQUITY AND LIABILITIES				
Share capital		645	618	645
Share premium		(25)	-	-
Reserves		6,636	4,780	6,205
Retained earnings		(22,026)	(7,035)	(18,285)
Equity		(14,770)	(1,637)	(11,435)
Lease liabilities		1,966	2,417	2,159
Other liabilities		1,287	1,856	1,280
Convertible loan		-	22,451	-
Non-current liabilities		3,253	26,724	3,439
Lease liabilities		746	653	736
Convertible loan		24,227	-	23,782
Bank loan		1,808	1	-
Prepayments from customers		476	258	549
Accounts payable		1,768	1,406	2,089
Corporation tax		-	6	-
Other liabilities		2,513	2,211	2,162
Deferred income		682	74	690
Current liabilities		32,220	4,609	30,008
Total liabilities		35,473	31,333	33,447
Total equity and liabilities		20,703	29,696	22,012

STATEMENT OF CHANGES IN EQUITY

DKK'000	Reserves						Retained Earnings	Total Equity
	Share capital	Share premium	Share-based payment	Exchange rate adjustments	Financial instrument	Total reserves		
Equity January 1, 2023	645	-	3,981	59	2,165	6,205	(18,285)	(11,435)
Profit/loss for the period	-	-	-	-	-	-	(3,741)	(3,741)
Total comprehensive income for the period	-	-	-	-	-	-	(3,741)	(3,741)
<i>Transactions with shareholders</i>								
Costs regarding capital increase	-	(25)	-	-	-	-	-	(25)
Share-based payments	-	-	494	-	-	494	-	494
Warrant programs terminated	-	-	(63)	-	-	(63)	-	(63)
Total transactions with shareholders	-	(25)	431	-	-	431	-	406
Equity March 31, 2023	645	(25)	4,412	59	2,165	6,636	(22,026)	(14,770)
Equity January 1, 2022								
Equity January 1, 2022	618	-	2,064	(41)	2,165	4,188	103	4,909
Profit/loss for the period	-	-	-	-	-	-	(7,138)	(7,138)
Total comprehensive income for the period	-	-	-	-	-	-	(7,138)	(7,138)
<i>Transactions with shareholders</i>								
Share-based payments	-	-	683	-	-	683	-	683
Warrant programs terminated	-	-	(91)	-	-	(91)	-	(91)
Total transactions with shareholders	-	-	592	-	-	592	-	592
Equity March 31, 2022	618	-	2,656	(41)	2,165	4,780	(7,035)	(1,637)

NOTES

Note 1. Significant accounting policies

1.1 Basis of preparation

The consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

The accounting policies applied are consistent with those applied in the consolidated Annual Report for the year ended December 31, 2022, for Konsolidator A/S.

The consolidated interim financial statements are presented in DKK and all values are rounded to the nearest thousand (DKK'000) except when otherwise indicated.

Note 2. Going concern

By reference to company announcement no 9-2023, Konsolidator has received loan offers and expects to complete the capital restructuring of DKK 33-35 million during May 2023. The capital restructure includes DKK 18.5m in a directed share issue, and a long-term loan between DKK 14.5-16.5m.

With the proceeds from the capital increase and the long-term loan Konsolidator will have enough funds to repay the convertible loan of DKK 25m, which is expected to be fully repaid in Q2 2023. Further, the negative equity is expected to be restored through the capital increase.

The Financial Statements are prepared after the assumptions, that the capital requirement and the refinancing will be solved, and therefore prepared on a going concern basis. However, until a final loan agreement has been obtained uncertainty exists.

Note 3. Revenue

DKK'000	YTD 2023	YTD 2022
Subscription fees	4,052	3,038
Onboarding and consulting fees	605	710
	4,657	3,748

Note 4. Earnings per share

	YTD 2023	YTD 2022
Number of outstanding shares at the end of the period	16.116.675	15,454,546
Average number of outstanding shares	16.116.675	15,454,546
Earnings per share (in DKK)	(0.23)	(0.46)
Number of outstanding shares at the end of the period, diluted	18.103.110	17,393,675
Average number of outstanding shares, diluted	18.109.479	17,407,915
Earnings per share, diluted (in DKK)	(0.21)	(0.41)

Note 5. Segment information

Konsolidator is organized in only one operating segment including results of the business at a consolidated level. The costs related to the main nature of the business are not attributable to any specific geographical segment, revenue stream or customer type. The consolidated operating segment is as presented in the Income statement.

NOTES

Note 6. Key figures and financial ratios

Other ratios are calculated in accordance with the Danish Finance Society "Recommendations & Financial Ratios." Earnings per share (EPS) and diluted earnings per share are calculated in accordance with IAS 33.

Equity ratio	$\frac{\text{Equity}}{\text{Total equity and liabilities}}$
Contribution margin	$\frac{\text{Contribution}}{\text{Revenue}}$
EPS	$\frac{\text{Net Profit}}{\text{Average outstanding shares}}$
EPS diluted	$\frac{\text{Net Profit}}{\text{Average outstanding shares + diluted shares}}$

Note 7. SaaS metrics

SaaS metrics are consistent with the description in annual report 2022 page 68, and are calculated as below:

Net increase ARR/Cash burn	$\frac{\text{Period end ARR} - \text{Beginning period ARR}}{\text{Net cash flow for the period} - \text{Cash flow from financing activities}}$
Net retention	$\frac{\text{ARR} + \text{Upgrades} - \text{Downgrades} - \text{Churn}}{\text{Beginning period ARR}}$
Churn	$\frac{\text{ARR lost over last twelve month}}{\text{Average ARR for the last twelve months}}$
ARR	$\frac{\text{Customer acquisition costs for the period}}{\text{Net increase in ARR}}$

STATEMENT BY THE BOARD OF DIRECTORS AND MANAGEMENT

Today, the Board of Directors and Management have considered and approved the interim financial report of Konsolidator for the first three months of 2023.

The interim financial report, which has not been audited or reviewed by the Company's auditor, has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

In our opinion, the consolidated interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at March 31, 2023 and of the Group's operations and the consolidated cash flows for the first three months of 2023.

We believe that the management commentary includes a true and fair view of the affairs and conditions of the Group referred to therein.

Copenhagen, May 4, 2023

MANAGEMENT

Claus Finderup Grove
CEO

Jack Skov
CFO

BOARD OF DIRECTORS

Jesper Eigen Møller
Chairman

Karin Cecilia Hultén

Thomas Bo á Porta

Claus Jul Christiansen

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Or follow us

**About this report:**

This report contains forward-looking statements which are based on the current expectations of the Management of Konsolidator. All statements regarding the future are subject to inherent risks and uncertainties that could cause the Company's actual results to differ substantially from what has been expressed or implied in such statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results.