

Interim report 1 July – 30 September

Highlights July – September 2024

- Net sales increased 68% to SEK 205 (122) million
- Organically, sales increased 8%
- EBITA increased 107% to SEK 29 (14) million
- Pro forma net sales increased 5% to SEK 213 (203) million
- Pro forma adjusted EBITDA increased 10% to SEK 32 (29) million
- Pro forma adjusted EBITA increased 11% to SEK 31 (28) million

Highlights January – September 2024

- Net sales increased 125% to SEK 594 (263) million
- Organically, sales increased 12%
- EBITA increased 175% to SEK 88 (32) million
- Pro forma net sales increased 4% to SEK 709 (682) million
- Pro forma adjusted EBITDA decreased 4% to SEK 116 (121) million
- Pro forma adjusted EBITA decreased 4% to SEK 111 (116) million

Significant events

- Expanded presence in Sweden: Qflow further strengthened its position in the Swedish market through the acquisition of Fire and Risk Engineering in July 2024.
- Acquisition of Prodecon AS: a Norwegian project management specialist acquired by Qflow in September 2024.
- Completed bond offering of 575 SEK million. The bond was successfully listed on the Frankfurt Open Market on 2 October, following the completion of its issuance.
- Several major framework agreements, spanning multiple years, have been awarded and are crucial for several of the companies within the group.

Key figures

SEKm	juli-sep 2024	juli-sep 2023	jan - sep 2024	jan - sep 2023	jan - dec 2023
Net sales, pro forma	213	203	709	682	952
EBITDA, pro forma	32	29	114	121	175
EBITA, pro forma	30	28	109	116	169
EBITDA, pro forma adjusted	32	29	116	121	175
EBITA, pro forma adjusted	31	28	111	116	169
KPI:s					
Billing rate	88%	90%	88%	84%	84%
Number of Full-time employees	511	305	440	237	247

Comments from the CEO

Svante Hagman

CEO

A stable third quarter

Pro forma net sales and earnings increased in the quarter compared to last year. On a full-year basis we were slightly behind last year due to a slower start in the first quarter.

The overall demand for Qflow's service is at a stable level. Continued strong demand for engineering consulting services related to the infrastructure sector where the main part of our business stems from. Demand related to the building sector is weaker due to the low volume of residential construction. Our direct exposure to residential end-markets is limited and the overall effect is partly offset by offering service in other areas.

The Group has grown to 18 companies in Sweden and Norway with the most recent acquisition of Oslo-based Prodecon AS in September 2024. Qflow further strengthened its presence by acquiring Fire and Risk Engineering in Sweden during the quarter.

In all acquisitions, 100% of the share capital was acquired.

To support Qflow's strategic growth plans, Qflow completed a successful bond offering of SEK 575 million. The bond offering will enable Qflow to fund future acquisitions and further advance its market position.



Qflow in brief

- Qflow is a leading Nordic group of specialist engineering consulting businesses
- The Group was founded in 2022 by Aspira Partners together with the Group's CEO and COO through the acquisitions of two leading platform investments in specialised engineering consulting companies
- Unique service breadth of specialist competencies from today's 18 subsidiaries with expertise areas in infrastructure, construction, energy and environment as well as testing and inspection
- Highly qualified personnel, consisting primarily of trained engineers (M.Sc., PhDs, etc.)
- With national presence and focus on urban hubs in Sweden, the Group is positioned to capitalise on Swedish infrastructure investment trends
- Qflow operates a decentralised business model where the Group's subsidiaries are in charge of day-to-day operations, ensuring aligned interests and proximity to end customers, markets, and local know-how
- Through both organic and inorganic growth, Qflow has quickly become an important player on the market and is on track to become a leading specialist in civil engineering consulting
- Industry-leading profitability underpinned by high level of customer satisfaction, high utilisation and low employee turnover

Group performance

July – September 2024

Net sales

Net sales increased by 68 percent in the quarter and amounted to SEK 205 (122) million. The significant increase compared to the same period last year is primarily attributable to the consolidation of newly acquired companies within the Group. From 11 companies at the end of the third quarter of 2023, the Group has grown to 18 companies as of 30 September 2024, including the recent acquisitions of Prodecon AS and Fire and Risk Engineering. Each acquisition made since the third quarter of 2023 has contributed directly to increased net sales. Organic growth was 8 percent.

Cash flow

Cash flow from operating activities amounted to SEK 10 (-13) million in the quarter. This improvement is driven by stronger operating profit and stable working capital. Cash flow from investment activities amounted to SEK -93 million (-107), indicating a consistent acquisition pace compared to the third quarter 2023. Cash flow from financing activities increased to SEK 575 (107) million, primarily due to the proceeds from a bond offering. The outstanding balance of the company's previous loans has not yet been reduced in the quarter. Outstanding loans have been settled in October 2024.

Financial position

At the end of the period, cash and cash equivalents amounted to SEK 631 million (77). The total issued amount was SEK 575 million, of which SEK 60 million was taken from Qflow's own funds. SEK 515 million was raised through the bond offering in September 2024 and was initially placed in a deposit account. Subsequently, these funds were deployed towards repayment of existing loans and will be used towards new acquisitions.

January – September 2024

Net sales

Net sales amounted to SEK 594 (263) million, which is an increase of 125 percent. The increase, compared to the same period of 2023, is mainly driven by acquisitions of companies. After the end of the third quarter 2023, one additional acquisition was made: Betong och Stålteknik i Stockholm AB. During the first nine months of the year, Qflow acquired five companies: Inviattech AB, H2 Hardanger AS, Infrakonsult Group, Fire & Risk Engineering Nordic AB and Prodecon AS.

Organic growth was 12 percent for companies included in the group in the current as well as the entire comparison period.

Qflow Group's business is subject to seasonal fluctuations in revenue and earnings. While Q1 2024 was weaker compared to the previous year, related to Q2 and Q3 showed more stability. However, the overall performance for the year has been impacted by the slower start.

EBITA increased by 175 percent in the period and amounted to SEK 88 (32) million. The infrastructure consulting group continued to exhibit a stable performance during the period.

Cash flow

Cash flow from operating activities amounted to SEK 42 (3) million. Payments for investments in subsidiaries for the period amounted to SEK -294 (-346) million and investments in tangible assets amounted to SEK -7 (-5) million. Cash flow from financing activities amounted to SEK 732 (163) million, an increase due to the proceeds from a bond offering. The detailed information above accounts for the year-to-date outcome in the financing activities in the cash flow.

Financial position

The company's equity position strengthened during the quarter, primarily due to a significant increase attributable to the recent new share issues of SEK 106 million mainly associated with acquisitions. The positive impact of other equity incl. profit for the year of SEK 3 million resulted in an overall increase in equity.

Financial statements

Consolidated income statement

SEKm	Note	juli - sep 2024	juli-sep 2023	jan - sep 2024	jan - sep 2023	jan - dec 2023
Net sales	2	205	122	594	263	444
Other income		1	1	3	1	2
Total revenue		206	123	597	264	446
Raw materials and consumables		-2	0	-6	0	-9
Other external costs		-68	-44	-193	-89	-139
Personnel costs		-107	-66	-305	-142	-227
Depreciation and amortization		-30	-20	-80	-38	-59
Other operating expenses		0	0	0	0	0
Total cost		-206	-130	-584	-269	-435
Operating profit		0	-7	12	-4	11
Financial income		0	0	0	0	1
Financial expenses		-7	-2	-18	-3	-6
Total income from financial items		-7	-2	-17	-3	-5
Earnings before tax		-7	-9	-5	-7	6
Total tax		2	-	8	0	-11
Profit (loss) for the period		-5	-9	3	-7	-5

Consolidated balance sheet, in summary

SEKm	Note	30 sep 2024	30 sep 2023	31 dec 2023
Assets				
Intangible assets	3	1 052	740	759
Tangible assets		19	14	15
Financial assets		6	3	2
Total non-current assets		1 076	756	777
Inventories		2	2	1
Accounts receivable		124	78	103
Accrued income not yet invoiced		58	40	34
Other receivables		68	43	36
Total Cash & bank		581	77	124
Total current assets		831	237	297
Total Assets		1 910	995	1 076
Equity and liabilities				
Share capital		2	2	2
Non-restricted share premium reserve		796	672	690
Other equity including net profit for the year		7	1	3
Provisions		16	13	13
Long term liabilities		507	147	161
Short term liabilities		404	-	40
Accounts payable		36	32	25
Other payables		142	127	140
Total Equity and liabilities		1 910	995	1 076

Consolidated statement of changes in shareholders' equity

SEKm	Share capital	Other capital contributed	Other equity incl. Profit (loss) for the year	Total
Equity 2023-01 -01	2	509	8	519
New share issue	0	182		182
Unregistered share capital	0			0
Profit (loss) for the period			-5	-5
Closing balances 2023-12-31	2	690	3	696
Equity 2024-01 -01	2	690	3	696
New share issue	0	106		106
Translation differences			2	2
Profit (loss) for the period			3	3
Closing balances 2024-09-30	2	796	7	806

Consolidated cash flow statement

SEKm	juli-sep 2024	juli-sep 2023	jan - sep 2024	jan - sep 2023	jan - dec 2023
EBIT	0	-7	12	-4	11
Adjustments non-cash items	27	8	80	26	43
Interest received	0	0	0	0	1
Interest paid	-7	-2	-18	-3	-6
Taxes received/paid	-11	-7	-25	-12	-16
Cashflow from operations before change in working capital	8	-9	51	7	33
Change in inventories	0	1	0	1	1
Change in other operating receivables	8	-9	19	-3	-6
Change in other operating payables	-6	3	-27	-3	-2
Cashflow from operating activities	10	-13	42	3	27
Investments in tangible assets	-3	-3	-7	-5	-7
Investments in subsidiaries	-91	-104	-294	-346	-380
Changes in other non current-assets	0	0	1	0	0
Cashflow from investing activities	-93	-107	-300	-351	-387
New share issue	5	13	5	18	23
New loans	595	94	762	145	200
Repayments of loans	-25	0	-35	0	0
Cashflow from financing activities	575	107	732	163	222
Cashflow for the year	492	-13	473	-185	-138
Opening balance cash and cash equivalents	140	90	158	262	262
Translation difference	0	-	0	-	-
Closing balance cash and cash equivalents	631	77	631	77	124

Parent company income statement

SEKm	juli-sep 2024	juli-sep 2023	jan - sep 2024	jan - sep 2023	jan - dec 2023
Net sales	2	1	6	3	4
Other income	0	-	0	0	0
Total revenue	2	1	6	3	4
Other external costs	-2	-2	-6	-3	-5
Personnel costs	-2	-3	-9	-7	-9
Total cost	-4	-4	-15	-10	-14
Operating profit	-2	-3	-7	-7	-9
Financial expenses	-7	-2	-17	-3	-6
Total income from financial items	-3	-2	31	-3	-6
Earnings before tax	-5	-5	24	-10	-15
Appropriations	-	-	-	-	17
Tax	-	-	-	-	0
Profit (loss) for the period	-5	-5	22	-10	2

Parent company balance sheet, in summary

SEKm	30 sep 2024	30 sep 2023	31 dec 2023
Assets			
Financial assets	1 374	901	949
Total non-current assets	1 374	901	949
Receivables group companies	-	0	19
Other receivables	1	1	1
Total Cash & bank	525	78	77
Total current assets	526	79	97
Total assets	1 900	980	1 046
Equity and Liabilities			
Share capital	2	2	2
Non-restricted share premium reserve	796	672	690
Other equity including net profit for the year	52	17	30
Deferred tax liability	0	-	0
Long term liabilities to credit institutions	850	145	160
Accounts payable	2	1	1
Payables group companies	116	46	79
Other payables	81	97	83
Total Equity and liabilities	1 900	980	1 046

Notes

Note 1 Accounting principles

Qflow Group AB's annual report and consolidated financial statements as well as this quarter report have been prepared in accordance with the Annual Accounts Act and the general recommendation BFNAR 2012:1 Annual and Consolidated Financial Statements (K3) issued by the Swedish Accounting Standards Board.

The accounting principles applied for preparing consolidated financial statements are disclosed in more detail in the annual report. The accounting principles are unchanged from the latest annual report. Tax is calculated and booked only in the full year periods.

Note 2 Net sales

SEKm	juli - sep 2024	juli - sep 2023	jan - sep 2024	jan - sep 2023	jan - dec 2023
Sweden	187	121	567	262	442
Norway	15	-	20	-	-
Other	3	1	8	1	2
Total Sales	205	122	594	263	444

Note 3 Acquisitions of companies

Several acquisitions have been completed during 2024. In July Qflow acquired Fire and Risk Engineering in Sweden and in September Prodecon AS in Norway.

Company name	Corporate ID	Consolidate d as of	Full- year sales	Number of employees
Inviattech AB	5591 47-0041	2024-01	31	15
H2 Hardanger AS	925 233 323	2024-05	27	13
Infrakonsult Group	*	2024-05	93	48
Fire and risk engineering AB	556731-6285	2024-07	34	23
Prodecon AS	881 250 772	2024-09	89	34

***Infrakonsult Group contains:**

Infrakonsult Gruppen Skandinavien AB (559139-8440), Infrakonsult Sverige AB (556682-0493), Infrakonsult Mälardalen AB (559202-1371), Infrakonsult STHLM Nord AB (559054-2287), Infrakonsult STHLM

Fire and risk engineering AB was acquired on 3 July and Prodecon AS on 10 September. The balance sheets of both companies are included in the Group's consolidated balance sheet as of September 30. The acquired companies have contributed to SEK 87 million in net sales and SEK 18 million in EBITA during the year.

Note 4 Significant events after the year end of the reporting period

There have been no significant events since the end of the reporting period.

Key performance indicators for the Group

SEKm	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Net sales	205	211	179	180	122	84	57
Net sales pro forma	213	255	241	270	203	249	230
EBITA	29	30	30	35	11	15	6
EBITA margin %	14%	14%	17%	20%	9%	17%	10%
EBITA pro forma	30	40	39	52	28	42	47
EBITA pro forma adj	31	40	38	52	28	42	47
EBITDA	30	32	32	37	13	15	6
EBITDA margin %	15%	15%	18%	20%	10%	18%	10%
EBITDA pro forma	32	42	40	54	29	43	48
EBITDA pro forma adj	32	42	41	54	29	43	48
Working capital	60	45	31	39	37	35	31
KPI:s							
Net debt / Pro forma EBITDA R12 ggr	2,0x	1,5x	0,7x	0,4x	0,4x	-	-
Equity/assets ration, %	42%	61 %	61 %	65%	65%	69%	87%
Number of shares	678 578	658 112	633 549	625 599	61 6 404	562 861	530 314
Average number of employees	511	458	382	331	305	170	129

Definitions of alternative performance measures

Note

Net sales pro forma

EBITA

EBITA margin, %

EBITA pro forma

EBITA pro forma adj

EBITDA

EBITDA margin %

EBITDA pro forma

EBITDA pro forma adj

Working capital

Net debt / Pro forma EBITDA LTM, ggr

Equity/assets ratio, %

Organic growth

Key ratios definition

Total revenue according to income statement including acquired entities, as if they were part of the Group during the complete period

Operating profit (loss) before amortization and impairment of intangible assets

EBITA as a percentage of net sales

Pro forma adjusted EBITA in relation to pro forma net sales

EBITA adjusted for nonrecurring items and including acquired entities, as if they were part of the Group during the complete period

Earnings before interest tax, depreciation, and amortization and before write-down of intangible and tangible assets

EBITDA as a ratio of net operating revenue

Pro forma adjusted EBITDA in relation to pro forma net sales

EBITDA adjusted for nonrecurring items and including acquired entities, as if they were part of the Group during the complete period

Current assets not including cash and cash equivalents, less current liabilities

Net debt in relation to proforma EBITDA, last twelve month

Equity in relation to total assets

Increases in sales of legal entities owned both the current period as well as the entire comparison period

Assurance

The CEO gives assurance that the interim report provides a true and fair overview of the Group's and Parent Company's operations, financial position and earnings.

Malmö, 2024-11-05

Svante Hagman
CEO

This report has not been subject to review by the company's auditors.

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