

FINANCIAL CONSOLIDATION MADE SIMPLE

Q1 Report 2024

January 1 - March 31, 2024

Company announcement no 8-2024 April 26, 2024



Company reg. 36078383

Intelligence



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IBERIA IS ON THE MAP

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INVESTOR WEBINAR

On April 30, 2024, at 10.00 (CET) an investor webinar will be held.

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INTRODUCTION

KEY FINANCIAL VALUE DRIVERS Q1 2024

January - March 2024

Revenue
(DKK)

5.0m

Q1 2023: DKK 4.7m

ARR
(DKK)

19.4m

Q1 2023: DKK 18.6m

CAC/new ARR

69mth

Q1 2023: 44 months

Churn (LTM)

13.2%

Q1 2023: 8.4%

EBIT loss
(DKK)

2.7m

Q1 2023: DKK 2.9m

Net ARR increase

4%

Q1 2023: 30%

Net ARR increase/
Cash burn

0.0x

Q1 2023: 0.3x

Net retention (YTD)

98index

Q1 2023: 102 index

Refer to page 13 for definitions on SaaS metrics

LETTER FROM THE CEO

IBERIA IS ON THE MAP

In Q1 2024, Konsolidator delivered ARR growth of 4% (YoY). The focus has been on establishing our Iberia sales office and preparing and launching our growth initiatives, including a Microsoft D365 partner channel. Improving churn and increasing direct sales remain top priorities together with the growth initiatives. Konsolidator maintains its financial expectations of DKK 24-28m in ARR in 2024.

2024 is well underway, and while we have welcomed 7 new and larger customers, we have also, as previously mentioned, said goodbye to a number of smaller customers. Thus, churn has our utmost attention, and we expect to see a significant improvement in net ARR in the second half of 2024.

In Q1 2024, we initiated a Customer Success Academy, which will be implemented in Q2 2024. Further, in March 2024, we welcomed a new board member, Michael Rasmussen, who brings experience building a Customer Success department as VP of Technical Engagement in the SaaS company, Queue-it.

With the growth initiatives combined with our substantial efforts to minimize churn, we remain positive about the ARR development for 2024.

Growth opportunities

Konsolidator's business model today is primarily driven by direct sales in Denmark and inbound global sales. In the future, several new initiatives will define our growth.

Microsoft D365 Partner channel

Konsolidator resonates well with the Microsoft D365 Business Central segment. In August 2023, we recruited a channel partner manager to build a partner channel mainly within the D365 segment, including the ERP systems Business Central and F&O. We have experienced good progress, and in Q1 2024, we attended multiple Microsoft events and entered 5 active partnerships. We expect the first new customers in Q2 2024.

Opening a new sales office in Madrid

One highlight in Q1 2024 has been entering the Iberian market with a new sales office in Madrid. The new sales office covers Spain and Portugal and is led by Pedro Mardomingo, country manager, and his sales team, who have extensive experience selling financial consolidation software.

The business plan is outlined in [Company Announcement no 2-2024](#). We expect the investment will create a negative EBIT of DKK 1-2m and a cash flow requirement of approximately DKK 1m in 2024. The business plan is built on the expectation that the annual recurring revenue will grow by more than DKK 2m per year after a 3-month start-up phase and be cash flow positive in 2-3 years.

The office started on April 1, 2024, and is off to a good



» To regain growth momentum, we have initiated some projects that we will benefit from in 2024. We expect to improve ARR as well as consultancy with these initiatives."

Claus FINDERUP GROVE
CEO

start with meetings with partners and groups.

Introducing a Sales Partner in Sweden

During Q1 2024, we negotiated a partnership agreement with our former Swedish Country Manager, Peter Simonsson, who had one of the best sales track records in Konsolidator's history. In April 2024, we signed the final agreement. With a dedicated sales partner in Sweden, we expect sales to increase.

Konsolidator BI® solution

On the product side, we have launched a Konsolidator BI® solution using Microsoft PowerBI. Thereby, adding a BI solution to our customers who see the value in analyzing and presenting large amounts of financial data. With the Konsolidator BI® solution, our customers can access data from Konsolidator®, their ERP systems, FP&A systems, as well as other relevant sources.

We expect an increased consultancy revenue from the Konsolidator BI® solution in Q2 2024.

ARR and Churn

We signed 7 new customers in Q1 2024, ending the period with a total of 258 customers, down from 262 from December 2023. The ARR from new customers and upsale equals the churn in Q1 2024, as the ARR grew by DKK 28 thousand. During the last 12 months, we have seen an increasing average ARR per newly signed customer.

The ARR churn rate has been 13.5% for the last 12 months compared to 9.2% a year ago, but we do not expect to see the financial effects of our customer success initiatives until the second half of 2024. However, the increased customer attention from our customer success team has shown the first signs of a downward curve, and we have recruited yet another customer success manager to nurture our customers.

Outlook 2024 - Maintained

Konsolidator's financial expectations for 2024 are anchored within our growth initiatives, including exploring new business segments for

our consolidation engine. It is supported by the fact that the first ones have already seen the light of day. Konsolidator maintains its expectations for 2024 as outlined in the annual report 2023:

- ARR of DKK 24-28m
- Revenue of DKK 23-27m
- EBIT loss of DKK 0-5m

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As always, we would like to express our gratitude to our customers and partners for clarifying the value of Konsolidator. Building this company would be impossible without our skilled employees' dedication and loyal shareholders' support.



SaaS METRICS Q1 2024

SaaS METRICS IMPACTED BY CHURN

The Annual Recurring Revenue (ARR) totaled DKK 19.4m on March 31, 2024 - a growth of DKK 0.8m from DKK 18.6m on March 31, 2023. However, high churn still negatively impacted all metrics, including the net increase in ARR.

	Q1 2024	Q1 2023	2023	Outlook 2024
SaaS metrics				
ARR, DKK'000	19,379	18,596	19,351	24-28m
Net ARR increase, DKK'000	28	1,046	1,801	5-8m
CAC/new ARR, months	69	44	40	25-30
Net ARR increase/Cash burn, times	0.0	0.3	0.2	0.5
Churn LTM, percentage	13.2	8.4	10.9	8-10
Net retention from 1 Jan, index	98	102	94	99-101

ARR and growth

ARR increased to DKK 19.4m on March 31, 2024, compared to DKK 18.6m on March 31, 2023. The increase in ARR for the last 12 months is DKK 0.8m, equaling a growth of 4%. The net increase in Q1 2023 was DKK 1.0m. The increase includes 7 new customers, up-sales, and churn.

CAC divided by New ARR

The Customer Acquisition Cost (CAC) divided by new ARR has been calculated to 69 in Q1 2024 as compared to 44 in Q1 2023. The metric shows how many months it takes for the new ARR to cover the sales and marketing expenses for the period.

Net increase in ARR divided by cash burn

The net increase in ARR was almost zero in Q1 2024 and has been generated at a cash cost of DKK 3.1m, compared to 0.3 times in Q1 2023. The cash cost comes from cash flow from operating and investing activities.

Annualized churn rate

The annualized churn increased to 13.2% on March 31, 2024, compared to 8.0% on March 31, 2023. From Q4 2023 the churn has increased as the churn for 2023 was 10.9%.

With Konsolidator's termination clause, which is 6 months from the end of a quarter, the churn rate for 2024 is almost known. Konsolidator has been seeing the first signs of improvement, but it is still too early to conclude that a downward trend has been established. In order to improve the churn Konsolidator has hired

an extra customer success manager, who will start on May 1, 2024.

Net retention

The net retention, summarized to 98, has been influenced negatively by churn. The net retention on March 31, 2023, was 102, but for the entire 2023, it was 98. The metric expresses how the recurring revenue with existing customers has developed, including upsale and churn.

In the annual report, Konsolidator reported that from Q1 2024, Konsolidator would use the guide: "guidelines for calculating SaaS metrics" as issued in draft by the Association of Listed Growth Companies (Foreningen af Børsnoterede Vækstvirksomheder).

However, after working with the SaaS metrics in the guidelines, Konsolidator believes this would create more confusion for the investors than benefits. Konsolidator still plans to use the guidelines but will postpone until, either the guidelines have been adopted by the CFA society Denmark or the annual report 2024, where a more thorough explanation for the development in the guidelines will be possible.

FINANCIAL REVIEW Q1 2024

REVENUE AND EBIT IMPROVED

In Q1 2024, revenue increased by 8% compared to Q1 2023 and ended at DKK 5m. EBIT improved by 7% and amounted to a loss of DKK 2.7m compared to an EBIT loss of DKK 2.9m last year. At the end of Q1 2024, Konsolidator had a negative equity of DKK 1.7m. However, as announced on April 25, 2024, Konsolidator has received positive interest from private investors and the Board of Directors, which could lead to a future directed issue.

Revenue

For Q1 2024, revenue amounted to DKK 5.0m compared to DKK 4.7m for Q1 2023. The 8% improvement was impacted by the low increase in ARR in 2023. Revenue from subscription fees increased by 10% compared to last year. The onboarding and consultancy fees decreased compared to Q1 2023. The decrease relates to fewer onboardings and low sales during 2023.

EBIT

The EBIT improved in Q1 2024 to a loss of DKK 2.7m compared to an EBIT loss of DKK 2.9m in Q1 2023. The improvement is due to the increase in revenue and other income from subletting part of the office space.

Staff costs

Staff costs for Q1 2024 amounted to DKK 5.2m compared to DKK 5.0m in Q1 2023. The average number of employees in Q1 2024 was 26 compared to 26 in Q1 2023. The increase in costs is due to decreased capitalized wages for developing Konsolidator® compared to Q1 2023. During Q1 2024, the focus for the software engineers was maintaining and upgrading the software code, which is expensed.

External expenses

External expenses amounted to DKK 1.7m in Q1 2024 compared to DKK 1.5m in Q1 2023. The increase compared to last year is related to an increase in lawyer fees regarding the setup of Konsolidator Iberia and fees for a consultant assisting our sales team.

DKK'000	Q1 2024	Q1 2023	Change	
Income statement				
Revenue	5,038	4,657	8%	381
Contribution	4,684	4,295	9%	389
External expenses	(1,733)	(1,529)	(13%)	(204)
Staff costs	(5,167)	(5,019)	(3%)	(148)
EBITDA	(2,046)	(2,253)	9%	207
EBIT	(2,714)	(2,920)	7%	206
EBIT before share-based payments	(2,362)	(2,488)	5%	126
Financial items (net)	(744)	(1,002)	26%	258
Profit/loss for the period	(3,418)	(3,741)	9%	323
Cash Flow				
Cash flow from operating activities	(2,503)	(1,921)	(30%)	(582)
Cash flow from investing activities	(643)	(1,005)	36%	362
Cash flow from financing activities	1,558	1,618	(4%)	(60)
Net cash flow for the period	(1,588)	(1,308)	21%	280
Balance Sheet				
Intangible assets	13,951	13,680		
Cash and cash equivalents	246	157		
Total assets	22,120	20,703		
Equity	(1,745)	(14,770)		
Bank loan	1,684	1,808		
Other key figures and ratios				
Number of employees at the end of the period	26	23		
Average number of employees	26	26		
Contribution margin	93%	92%		
Equity ratio	(8%)	(71%)		
Earnings per share (in DKK)	(0.17)	(0.23)		
Earnings per share, diluted (in DKK)	(0.15)	(0.21)		

Financial items

Financial items summarized to DKK 0.7m for Q1 2024, compared to DKK 1.0 for Q1 2023. The financial expenses covered costs related to interest and other borrowing costs on the loans, entered in July 2023.

Loss for the period

The loss for Q1 2024 was DKK 3.4m compared to a loss of DKK 3.7m in Q1 2023. The improvement related to increased revenue and other operating income.

Cash flow

Net cash flow for Q1 2024 amounted to a negative cash flow of DKK 1.6m compared to a negative cash flow of DKK 1.3m in Q1 2023.

Cash flow from operating activities was negative by DKK 2.5m in Q1 2024 compared to negative cash flow in Q1 2023 of DKK 1.9m. The cash flow is impacted by the financial payments being DKK 0.5m higher than compared to same period last year.

Cash flow from investing activities in Q1 2024 amounted to a negative DKK 0.6m compared to a negative DKK 1.0m in Q1 2023. Investing activities related to capitalized development costs. The decrease in investing activities related to the focus on software maintenance in Q1 2024, which were expensed and not capitalized.

Cash flow from financing activities in Q1 2024 amounted to DKK 1.6m, which related to proceeds from borrowings of DKK 1.7m due to the use of the credit facility. In Q1 2023, the cash flow from financing activities amounted to DKK 1.6m.

Assets

Total assets fell from DKK 23.9m on December 31, 2023, to DKK 22.1m on March 31, 2024, primarily due to the cash burn in the first three months of 2024.

Intangible assets

The intangible assets mainly related to development costs incurred developing Konsolidator®. The development costs included capitalized salary costs and costs from external consultants. Completed development projects and development projects in progress amounted to DKK 13.9m on March 31, 2024, compared to DKK 13.7m on December 31, 2023.

Equity

On March 31, 2024, the equity was negative at DKK 1.7m compared to a positive equity of DKK 1.3m on December 31, 2023.

The company has lost more than 50% of the share capital. On April 25, 2024, Konsolidator announced that private investors and the Board of Directors and Management had expressed positive interest in a future directed issue of new shares. A capital increase is expected to reestablish the negative equity.

After the end of the period

As announced on April 25, 2024 Konsolidator has received positive interest from private investors, including the Board of Directors and Management to participate in a future directed issue of new shares.



“

Our cost base has been fully adjusted compared to last year and from now on the focus is on revenue and how we can increase revenue to reach break-even. We are seeking to further capitalize Konsolidator and with the positive interest from investors we expect to reestablish the equity.”

Jack Skov
CFO

INCOME STATEMENT

DKK'000	Note	Q1 2024	Q1 2023
Revenue	3	5,038	4,657
Variable costs		(354)	(362)
Contribution		4,684	4,295
External expenses		(1,733)	(1,529)
Staff costs		(5,167)	(5,019)
Other operating income		170	-
Other operating expenses		0	-
Earnings before interest, tax, depreciation and amortization (EBITDA)		(2,046)	(2,253)
Depreciation, amortization and impairment losses		(668)	(667)
Earnings before interest and tax (EBIT)		(2,714)	(2,920)
Financial income		7	13
Financial expenses		(751)	(1,015)
Profit/loss for the period		(3,458)	(3,922)
Corporation tax for the period		40	181
Profit/loss for the period		(3,418)	(3,741)
<i>Items that will subsequently be reclassified to the income statement:</i>			
Exchange rate adjustments during the period		0	-
Other comprehensive income for the period, net of tax		0	-
Total comprehensive income for the period		(3,418)	(3,741)
<i>Profit/loss for the period attributable to:</i>			
Shareholders of Konsolidator A/S		(3,418)	(3,741)

CASH FLOW STATEMENT

DKK'000	Note	Q1 2024	Q1 2023
Earnings before interest and tax (EBIT)		(2,714)	(2,920)
Depreciation, amortization and impairment losses reversed		668	667
Share-based payments reversed		353	432
Changes in working capital		(207)	(52)
Cash flows from primary activities		(1,900)	(1,873)
Financial income received		7	14
Financial costs paid		(610)	(65)
Income taxes paid/received		0	3
Cash flow from operating activities		(2,503)	(1,921)
Payments for intangible assets		(605)	(953)
Proceeds from disposal of property, plant and equipment		0	10
Payments for property, plant and equipment		(17)	(16)
Changes in other non-current assets		(21)	(46)
Cash flow from investing activities		(643)	(1,005)
Proceeds from borrowings		1,684	1,808
Lease payments		(133)	(196)
Changes in other non-current liabilities		7	6
Cash flow from financing activities		1,558	1,618
Net cash flow for the period		(1,588)	(1,308)
Cash and cash equivalents at the beginning of the period		1,833	1,465
Net cash flow for the period		(1,588)	(1,308)
Exchange rate adjustments on cash and cash equivalents		1	-
Cash and cash equivalents at the end of the period		246	157

BALANCE SHEET

DKK'000	Note	31. Mar. 2024	31. Mar. 2023	31. Dec. 2023
ASSETS				
Completed development projects		12,797	11,103	12,473
Patents, licenses and other rights		54	158	57
Development projects in progress		1,085	2,332	1,246
Customer lists		15	87	33
Intangible assets		13,951	13,680	13,809
Fixtures and fittings, other plant and equipment		369	569	407
Property, plant and equipment		369	569	407
Rental of premises		2,067	2,408	2,218
Right of use assets		2,067	2,408	2,218
Deferred tax assets		3,213	1,213	3,213
Other receivables		465	487	445
Financial assets		3,678	1,700	3,658
Total non-current assets		20,065	18,357	20,092
Accounts receivable		664	313	1,193
Work in Progress		103	56	34
Tax receivables		369	1,266	328
Other receivables		108	39	73
Prepayments		565	515	356
Receivables		1,809	2,189	1,984
Cash and cash equivalents		246	157	1,833
Total current assets		2,055	2,346	3,817
Total assets		22,120	20,703	23,909

DKK'000	Note	31. Mar. 2024	31. Mar. 2023	31. Dec. 2023
EQUITY AND LIABILITIES				
Share capital		819	645	819
Share premium		0	(25)	-
Reserves		8,493	6,636	8,141
Retained earnings		(11,057)	(22,026)	(7,639)
Equity		(1,745)	(14,770)	1,321
Lease liabilities		1,743	1,966	1,861
Credit institutions		6,302	-	6,236
Other loans		6,893	-	6,834
Other liabilities		1,313	1,287	1,306
Non-current liabilities		16,251	3,253	16,237
Lease liabilities		648	746	636
Convertible loan		-	24,227	-
Bank loan		1,684	1,808	-
Prepayments from customers		182	476	396
Accounts payable		1,696	1,768	980
Other liabilities		1,772	2,513	2,918
Deferred income		1,632	682	1,421
Current liabilities		7,614	32,220	6,351
Total liabilities		23,865	35,473	22,588
Total equity and liabilities		22,120	20,703	23,909

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, 2024	819	-	5,848	57	2,236	8,141	(7,639)	1,321	
Profit/loss for the period	-	-	-	-	-	-	(3,418)	(3,418)	
Total comprehensive income for the period	-	-	-	-	-	-	(3,418)	(3,418)	
<i>Transactions with shareholders</i>									
Share-based payments	-	-	352	-	-	352	-	352	
Total transactions with shareholders	-	-	352	-	-	352	-	352	
Equity March 31, 2024	819	-	6,200	57	2,236	8,493	(11,057)	(1,745)	
<i>Equity January 1, 2023</i>									
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)	

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, 2023, 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. Capital resources

As announced on April 25, 2024 Konsolidator has received positive interest from private investors, including the Board of Directors and Management to participate in a future directed issue of new shares. Konsolidator expects to raise further capital in order to finance the growth opportunities, including the establishment of the Spanish sales office and other business segments, as mentioned in the CEO letter.

Note 3. Revenue

DKK'000	YTD 2024	YTD 2023
Subscription fees	4,475	4,052
Onboarding and consulting fees	564	605
	5,038	4,657

Note 4. Earnings per share

	YTD 2024	YTD 2023
Number of outstanding shares at the end of the period	20,475,327	16,116,675
Average number of outstanding shares	20,475,327	16,116,675
Earnings per share (in DKK)	(0.17)	(0.23)
Number of outstanding shares at the end of the period, diluted	22,234,815	18,103,110
Average number of outstanding shares, diluted	22,255,646	18,109,479
Earnings per share, diluted (in DKK)	(0.15)	(0.21)

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 2023 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	$\frac{\text{Customer acquisition costs for the period}}{\text{Net increase in ARR}}$
CAC/Net ARR	$\frac{\text{Marketing \& sales cost}}{\text{ARR from new sales}}$

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 2024.

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, 2024 and of the Group's operations and the consolidated cash flows for the first three months of 2024.

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

Copenhagen, April 26, 2024

MANAGEMENT

Claus Finderup Grove
CEO

Jack Skov
CFO

BOARD OF DIRECTORS

Jesper Eigen Møller
Chair

Claus Jul Christiansen

Peter Gath

Thomas Bo á Porta

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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.