

Interim report January – September 2023

Strong quarter with improved profitability

July – September 2023

- Net sales increased by 18.7 percent and amounted to SEK 3,310 (2,788) million. Organic growth adjusted for currency effects amounted to 3.0 (7.8) percent.
- EBITA increased by 22.7 percent and amounted to SEK 246 (201) million. The EBITA margin was 7.4 (7.2) percent.
- Depreciation/amortisation of property, plant and equipment and intangible assets increased by SEK 15 million and amounted to SEK 133 (118) million.
- Operating profit (EBIT) increased by 24.1 percent and amounted to SEK 194 (156) million.
- Cash flow from operating activities amounted to SEK 119 (16) million.
- Earnings per share before dilution amounted to SEK 0.52 (0.27) and after dilution to SEK 0.52 (0.26).
- One acquisition was made during the period, which, on an annual basis, contributes an estimated total sales of SEK 85 million.

January - September 2023

- Net sales increased by 22.8 percent and amounted to SEK 10,406 (8,473) million. Organic growth adjusted for currency effects amounted to 7.2 (7.2) percent.
- EBITA increased by 24.3 percent and amounted to SEK 775 (624) million. The EBITA margin was 7.4 (7.4) percent
- Depreciation/amortisation of property, plant and equipment and intangible assets increased by SEK 104 million and amounted to SEK 382 (278) million.
- Operating profit (EBIT) increased by 20.0 percent and amounted to SEK 628 (523) million.
- Cash flow from operating activities amounted to SEK 567 (376) million.
- Earnings per share before dilution amounted to SEK 1.58 (1.32) kronor and after dilution to SEK 1.56 (1.30).
- Nine acquisitions were made during the period, which, on an annual basis, contribute an estimated total sales of SEK 1,147 million.



Key figures ¹⁾

SEK m	July-Sept 2023	July-Sept 2022	Change, %	Jan-Sept 2023	Jan-Sept 2022	Change, %	Rolling 12 months	Jan-Dec 2022
Net sales	3,310	2,788	18.7	10,406	8,473	22.8	13,996	12,063
EBITA	246	201	22.7	775	624	24.3	1,067	916
EBITA margin, %	7.4	7.2		7.4	7.4		7.6	7.6
Operating profit/loss (EBIT)	194	156	24.1	628	523	20.0	889	784
Earnings before taxes	179	131	36.9	553	467	18.4	783	697
Cash flow from operating activities	119	16		567	376		943	753
Net debt/EBITDA, times	2.6	2.5		2.6	2.5		2.6	2.1
Cash conversion (12-Month rolling),%	88	90		88	90		88	85
Basic earnings per share, SEK	0.52	0.27		1.58	1.32		2.25	1.99
Diluted earnings per share, SEK	0.52	0.26		1.56	1.30		2.22	1.96
Order backlog	9,201	8,158	12.8	9,201	8,158	12.8	9,201	8,376

1) For definitions of alternative key figures as per the ESMA guidelines, please see the definitions of key figures.

CEO Comments

The third quarter, with a strong September, resulted in a good development for Instalco with higher profitability that increased more than sales. Seasonally, the third quarter is a bit quieter for Instalco because of the summer vacation period. That said, our performance in all areas improved compared to last year. Sales grew by 18.7 percent, of which 3.0 percent was organic. Our profitability (EBITA) increased by 22.7 percent, resulting in a margin of 7.4 (7.2) percent.

Although the underlying need and demand for our services as regards both new construction and renovation is generally high, the rate of new orders for installation assignments has slowed down due to the overall macroeconomic situation.

With that in mind, it is thus gratifying that segment Sweden has held up well and that Rest of Nordic delivered such a strong performance during the quarter, with an improvement in the EBITA margin to 6.2 (4.3) percent. Both Finland and Norway contributed to the increase and we are seeing positive results from our focus on profitability, together with the strong acquisitions we have made.

A more resilient company today

Our favourable performance in the third quarter, despite the prevailing market situation, is a sign of strength, which is evidence of the power we derive from the diversification we have undergone in recent years, both geographically and by expanding into new disciplines. Although the demand for traditional installation services in some regions has decreased, our efforts in the industrial area are going strong and we continue to have a low exposure to the housing segment.

We are also benefiting from our focus on the middle section of the market in terms of project size, as well as from the unique balance we have between control and decentralisation in our organisation. We are also noticing the effects of our strategic focus on the service offering, which is less sensitive to cyclical fluctuations. In fact, it was responsible for 28 percent of our revenue in the quarter. This makes us stronger and more resilient than we used to be, although not entirely immune. Our order backlog remains steady at a good level.

Continued expansion and improved cash flow

During the quarter, we continued to execute on our acquisition strategy, although at a somewhat slower tempo. Our new company, URD Klima Sandnes in Norway, opens up an exciting new region for Instalco around Stavanger, where major investments are expected to be made in the future. Subsequent to the end of the quarter, we acquired Boas Industriservice, which is yet another complementary company that has been added to our growing industrial discipline.

As a rule, we prefer to fully own our subsidiaries. For some acquisitions and start-ups however, we make some tactical exceptions. In those cases, the plan is to continue acquiring additional shares in profitable businesses, which is something that we did during the quarter.

We have had a high rate of acquisition during the year and are delighted to have added so many great new companies to the Instalco team. Going forward, our focus will be on fully integrating them into our organisation. We are confident with how our balance sheet currently looks and have been quite focused on liquidity, which is reflected in the significant improvement to cash flow from operating activities during the quarter.



Expanded sustainability reporting on the agenda

We are intensifying our ESG work in many areas. In Norway, for example, we recently adapted our organisation to align it with the Transparency Act that was recently adopted by the Norwegian government. It requires an assessment, mapping and reporting of risks in the areas of human rights and working conditions. The aim is to more clearly prevent and limit negative consequences in these areas, both in our subsidiaries and the supply chain.

Our efforts in Norway to comply with the new legislation go hand-in-hand with the adaptations we are making to comply with other new regulations having to do with ESG in the EU, such as the Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy, as well as our own high level of ambition.

Installers are key players in the green transition. Besides the work we are doing in our own organisation, we are also, each and every day, helping our customers select and implement energy-efficient, resource-saving installations when they build for a better tomorrow. It's a journey we've only just seen the beginning of.

Robin Boheman
CEO

Performance of the Instalco Group

The Nordic market of installation services

There is a strong underlying demand for Instalco's services and the interest in energy-efficient, resource-saving installation services is constantly growing.

However, the market outlook over the short to medium term is difficult to assess given the prevailing macroeconomic situation. Over the last year, the prices of raw materials have stagnated at a high level and the dramatic increase has stopped. At the same time, rising interest rates, inflation and economic turmoil have caused a slowdown in construction starts for new housing. That, however, is an area where Instalco's direct exposure is low.

Generally speaking, the market is highly influenced by a number of long-term trends and the overall development of society. Technology development with electrification, digitalisation, sustainability, energy transition, ageing property holdings, urbanisation and a growing and ageing population are some of the biggest driving forces, all of which boost the demand for Instalco's core offering.

Net sales

Third quarter

Sales for the quarter amounted to SEK 3,310 (2,788) million, which is an increase of 18.7 percent. Adjusted for currency effects, organic growth amounted to 3.0 percent, while acquired growth amounted to 15.7 percent and divestments to -0.7 percent. Currency fluctuations only had a marginal impact on net sales.

One acquisition was made during the quarter, with estimated annual net sales of SEK 85 million.

January - September

Net sales for the period amounted to SEK 10,406 (8,473) million, which is an increase of 22.8 percent. Adjusted for currency effects, organic growth amounted to 7.2 percent, while acquired growth amounted to 16.4 percent and divestments to -0.3 percent. Currency fluctuations only had a marginal impact on net sales.

Order backlog

Order backlog at the end of the period amounted to SEK 9,201 (8,158) million, which is an increase of 12.8 percent. Organically, for comparable units, the order backlog grew, adjusted for currency effects, by 0.5 percent. The order backlog of acquired companies contributed with growth of 12.4 percent.

During the quarter for example, the Instalco subsidiaries, Uudenmaan LVI-Talo, Twinputki and Milvent, were jointly engaged for installations in conjunction with the new construction of Böle School in Helsinki. The combined order value for Instalco is approximately SEK 40 million. The work involves installation of the heating & plumbing, sprinkler and ventilation systems.

Earnings

Third quarter

Operating profit before amortisation of acquired intangible assets (EBITA) for the period amounted to SEK 246 (201) million, which corresponds to an EBITA margin of 7.4 (7.2) percent. There was good growth in earnings, with higher profitability that grew more than sales.

Operating profit (EBIT) for the quarter amounted to SEK 194 (156) million. Amortisation of acquired intangible assets increased by SEK 8 million and amounted to SEK 52 (44) million. The increase in amortisation is attributable to a high acquisition rate, with a larger portion of identified amortisable assets related to acquisitions.

Net financial items for the quarter amounted to SEK -15 (-25) million, of which currency fluctuations amounted to SEK 5 (-9) million, profit from divestment of subsidiaries to SEK 24 (0) million and the interest expense on external loans to SEK -42 (-14) million. The increase in interest costs stems from a mix of rate hikes from central banks and a higher level of borrowing.

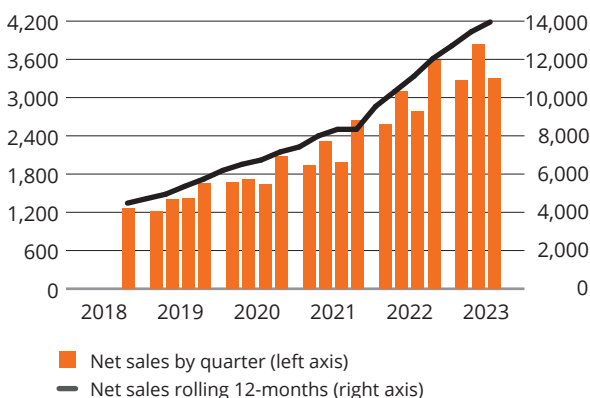
Tax for the quarter was SEK -38 (-54) million, which corresponds to an effective tax rate of 21 (41) percent. The change in the effective tax rate is attributable to an overprovision in previous quarters.

Earnings for the quarter were SEK 142 (77) million, which corresponds to earnings per share before dilution of SEK 0.52 (0.27) and earnings per share after dilution of SEK 0.52 (0.26).

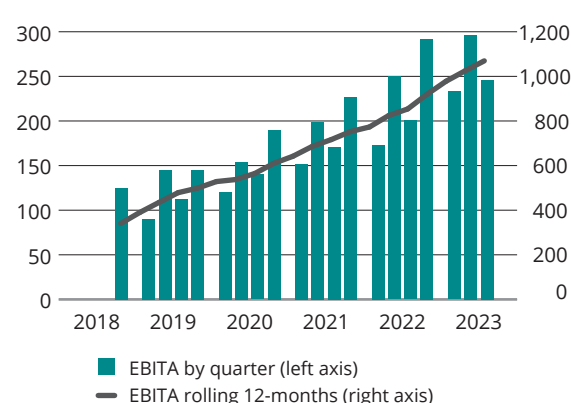
January - September

Operating profit before amortisation of acquired intangible assets (EBITA) for the period amounted to SEK 775 (624) million, which corresponds to an EBITA margin of 7.4 (7.4) percent. Operating profit (EBIT) for the quarter amounted to SEK 628 (523) million. Amortisation of acquired intangible assets increased by SEK 46 million and amounted to SEK 147 (101) million. The increase in amortisation is attributable to a high acquisition rate, with a larger portion of identified amortisable assets related to acquisitions.

NET SALES BY QUARTER, SEK M



EBITA BY QUARTER, SEK M



Net financial items for the quarter amounted to SEK -75 (-56) million, of which currency fluctuations amounted to SEK 11 (-18) million, profit from divestment of subsidiaries to SEK 24 (0) million and the interest expense on external loans to SEK -108 (-30) million. The increase in interest costs stems from a mix of rate hikes from central banks and a higher level of borrowing.

Tax for the quarter was SEK -114 (-98) million, which corresponds to an effective tax rate of 21 (21) percent.

Earnings for the period were SEK 439 (369) million, which corresponds to earnings per share before dilution of SEK 1.58 (1.32) and earnings per share after dilution of SEK 1.56 (1.30).

Cash flow

Third quarter

Cash flow from operating activities amounted to SEK 119 (16) million, with a change in working capital of SEK -83 (-176) million. The Group's working capital fluctuates from one quarter to the next primarily because of fluctuations in these line items: work-in-progress, accounts receivable and accounts payable.

Cash flow from investing activities amounted to SEK -256 (-148) million, of which acquisitions of subsidiaries and divestment of subsidiaries and businesses amounted to SEK -222

(-130) million. Cash flow from financing activities amounted to SEK 14 (-85) million, of which the net change in loans amounted to SEK 67 (-17) million and the amortisation of lease liabilities to SEK -63 (-62) million. In addition, the change in warrants amounted to SEK -21 (14) million and SEK 31 (0) million was added through the new issue.

January - September

Cash flow from operating activities amounted to SEK 567 (376) million, with a change in working capital of SEK -141 (-198) million. The Group's working capital fluctuates from one quarter to the next primarily because of fluctuations in these line items: work-in-progress, accounts receivable and accounts payable.

Cash flow from investing activities amounted to SEK -1,176 (-956) million, of which acquisitions and divestment of subsidiaries and businesses amounted to SEK -1,089 (-926) million. Cash flow from financing activities amounted to SEK 86 (159) million, of which the net change in loans amounted to SEK 385 (481) million and the amortisation of lease liabilities to SEK -186 (-147) million. In addition, the change in warrants amounted to SEK -21 (14) million and SEK 80 (0) million was added through the new issue.

Revenue by segment

	SEK m	July-Sept 2023	Share	July-Sept 2022	Share	Jan-Sept 2023	Share	Jan-Sept 2022	Share	Jan-Dec 2022	Share
Sweden		2,213	67%	2,103	75%	7,259	70%	6,534	77%	9,220	76%
Rest of Nordic		1,098	33%	686	25%	3,146	30%	1,939	23%	2,844	24%
Total		3,310		2,788		10,406		8,473		12,063	

EBITA, EBITA margin and earnings before taxes, per segment

SEK m	July-Sept 2023	EBITA margin	July-Sept 2022	EBITA margin	Jan-Sept 2023	EBITA margin	Jan-Sept 2022	EBITA margin	Jan-Dec 2022	EBITA margin
Sweden	177	8.0%	172	8.2%	586	8.1%	528	8.1%	772	8.4%
Rest of Nordic	68	6.2%	29	4.3%	191	6.1%	101	5.2%	151	5.3%
Group-wide	2		-1		-2		-5		-7	
EBITA	246	7.4%	201	7.2%	775	7.4%	624	7.4%	916	7.6%
Amortisation of acquired intangible assets	-52		-44		-147		-101		-132	
Net financial items	-15		-25		-75		-56		-87	
Earnings before taxes	179		131		553		467		697	

Distribution of revenue

SEK m	July-Sept 2023			July-Sept 2022			Jan-Sept 2023			Jan-Sept 2022		
	Service	Contract	Total	Service	Contract	Total	Service	Contract	Total	Service	Contract	Total
Sweden	687	1,525	2,213	663	1,440	2,103	2,154	5,105	7,259	1,842	4,691	6,534
Rest of Nordic	232	865	1,098	194	492	686	757	2,389	3,146	576	1,363	1,939
Total	920	2,391	3,310	857	1,931	2,788	2,911	7,494	10,406	2,418	6,055	8,473

Operations in Sweden

Market

Overall, the market Instalco serves is good regarding new construction, renovation and energy-efficiency measures at commercial properties and facilities in the public sector. The supply of installation projects in certain regions has declined somewhat, from a high level. For new production of residential property, we've noticed a clear dampening effect, primarily due to uncertainty about the interest rate situation.

Swedish industry is making major investments in research and innovation so that it can become fossil free. In several cases, the technology development has reached commercialization, which involves large investments. At present, this has primarily occurred in northern Sweden. However, we know that major investments are planned in other parts of Sweden as well. Investments in Swedish basic industry are increasing the need for energy-efficiency and investments in the grid. Demand in the area of technical consulting has declined from a high level, particularly in major metropolitan regions, which is a consequence of the overall weaker economic situation.

Net sales

Third quarter

Net sales for the quarter amounted to SEK 2,213 (2,103) million, which is an increase of SEK 110 million. Organic growth amounted to -0.9 percent, acquired growth to 7.0 percent and divestments to -0.9 percent.

January - September

Net sales for the period amounted to SEK 7,259 (6,534) million, which is an increase of SEK 725 million. Organic growth amounted to 4.9 percent, acquired growth to 7.5 percent and divestments to -0.4 percent.

Order backlog

Order backlog at the end of the period amounted to SEK 6,682 (6,287) million, which is an increase of 6.3 percent. Organically, for comparable units, order backlog increased by 0.1 percent. The order backlog of acquired companies contributed with growth of 6.1 percent.

During the third quarter for example, three Instalco subsidiaries signed an agreement for a joint assignment having to do with the design and planning of a new emergency hospital in Västerås. The Instalco companies, Instair and Sprinkerbolaget are closely collaborating with Intec (technical consulting) on a partnering project to design and plan the ventilation and sprinkler systems. The work is expected to continue through spring 2024. The size of the new hospital will be around 75,000 sq. m. and it is being built to meet the future care needs of Västmanland. In terms of size, it is the largest project to date for these three Instalco companies.

Earnings

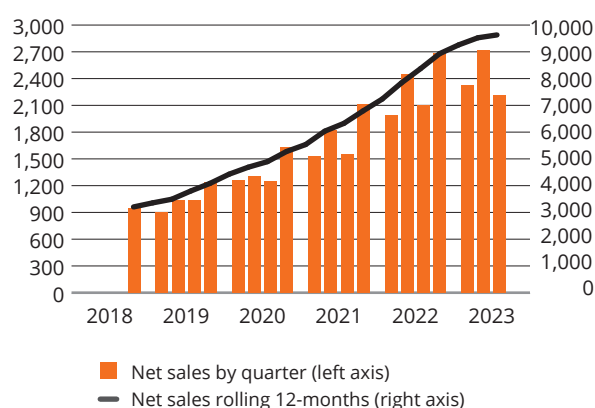
Third quarter

EBITA for the quarter was SEK 177 (172) million, which corresponds to a EBITA margin of 8.0 (8.2) percent. Operating profit increased to SEK 152 (145) million. Growth in earnings was stable, with good profitability.

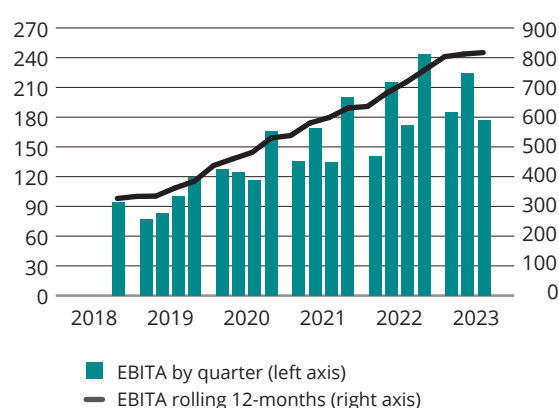
January - September

EBITA for the period amounted to SEK 586 (528) million, which corresponds to a EBITA margin of 8.1 (8.1) percent. Operating profit/loss was SEK 513 (466) million. Overall, our earnings performance was strong, with continued good profitability despite a challenging market.

NET SALES BY QUARTER, SEK M



EBITA BY QUARTER, SEK M



Key figures for Sweden

SEK m	July-Sept 2023	July-Sept 2022	Change, %	Jan-Sept 2023	Jan-Sept 2022	Change, %	Rolling 12 months	Jan-Dec 2022
Net sales	2,213	2,103	5.2	7,259	6,534	11.1	9,945	9,220
EBITA	177	172	2.7	586	528	11.0	830	772
EBITA margin, %	8.0	8.2		8.1	8.1		8.3	8.4
Order backlog	6,682	6,287	6.3	6,682	6,287	6.3	6,682	6,355

Operations in Rest of Nordic

Market

The market in Norway remains at a high level, with many inquiries about new projects for both new construction and renovation. For new production of residential property, we've noticed a clear dampening effect, which is primarily due to uncertainty about interest rates and high construction costs – though it is an area Instalco has low exposure towards. For new construction, there is now a more prevalent risk of delays, but the situation for renovations remains stable.

The demand for energy efficient installations is increasing in line with rising and volatile energy prices. The primary driving forces are continued major investments in the public sector, such as defence, schools and hospitals, along with private initiatives to develop industrial, office and commercial facilities.

Development of the market in Finland has been stable in recent months, albeit at a relatively low level. High interest rates have resulted in more cautious behaviour in the construction industry, while other areas, such as service, industrial operations and data cable projects are progressing as planned. With Finland now a member of NATO, more military investments in construction and infrastructure are expected.

Net sales

Third quarter

Net sales for the quarter amounted to SEK 1,098 (686) million, which is an increase of SEK 412 million. Organic growth, adjusted for currency effects, amounted to 14.9 percent and acquired growth was 42.1 percent.

January – September

Net sales for the period amounted to SEK 3,146 (1,939) million, which is an increase of SEK 1,207 million. Organic growth, adjusted for currency effects, amounted to 15.0 percent and acquired growth was 46.4 percent.

Order backlog

Order backlog at the end of the period amounted to SEK 2,519 (1,870) million, which is an increase of 34.7 percent. Organically, for comparable units, order backlog increased by 1.7 percent, adjusted for currency effects. The order backlog of acquired companies contributed with growth of 33.6 percent.

During the third quarter for example, the Instalco subsidiary, Lysteknikk Elektroentreprenør AS, won an assignment for design and installation of the electrical solution for Construction City, a new office building that will be constructed in Oslo. The project has an estimated total order value of NOK 250 million for Instalco. The design work has been underway since 2022 and the installation work, which has now begun, will be completed in 2025.

Earnings

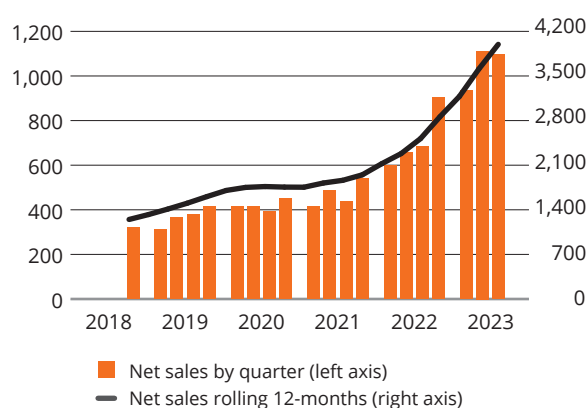
Third quarter

EBITA for the quarter was SEK 68 (29) million, which corresponds to a EBITA margin of 6.2 (4.3) percent. Operating profit/loss was SEK 40 (12) million. There was strong growth in earnings, with higher profitability that grew more than sales.

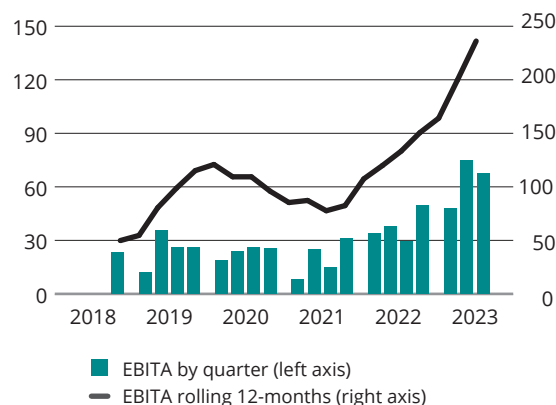
January – September

EBITA for the period was SEK 191 (101) million, which corresponds to an EBITA margin of 6.1 (5.2) percent. Operating profit/loss was SEK 117 (62) million.

NET SALES BY QUARTER, SEK M



EBITA BY QUARTER, SEK M



Key figures, Rest of Nordic

SEK m	July-Sept 2023	July-Sept 2022	Change, %	Jan-Sept 2023	Jan-Sept 2022	Change, %	Rolling 12 months	Jan-Dec 2022
Net sales	1,098	686	60.1	3,146	1,939	62.3	4,051	2,844
EBITA	68	29	131.5	191	101	88.5	240	151
EBITA margin, %	6.2	4.3		6.1	5.2		5.9	5.3
Order backlog	2,519	1,870	34.7	2,519	1,870	34.7	2,519	1,925

Acquisition

Instalco made 9 acquisitions during the period January through September. One of the acquisitions was partially financed with own shares, through a directed rights issue of SEK 50 million. One divestment was made during the period. Acquisition costs for the period amount to SEK 7 (10) million and they are reported among Other operating expenses in the income statement.

Instalco typically applies an acquisition structure that consists of the purchase price and contingent consideration. Payment of contingent consideration is based on future results. Companies that achieve higher profits over a specified period of time will thus be paid a higher amount of contingent consideration. Contingent consideration is paid within three years of the acquisition date and there is a fixed maximum level.

In accordance with IFRS, contingent consideration has been measured at fair value. It is classified in Level 3 of the fair value hierarchy and reported under Non-current liabilities and Other current liabilities in the balance sheet. At the end of the period, the Group's estimated total amount of contingent consideration was SEK 496 million, of which SEK 215 million is for acquisitions made in 2023.

Changes in reported contingent consideration.

SEK m	Jan-Sept 2023	Jan-Dec 2022
Opening carrying amounts	454	518
Gains and losses reported in the income statement	10	-2
Paid contingent consideration	-184	-173
Added through acquisitions made during the period	215	115
Exchange rate difference	1	-4
Closing carrying amounts	496	454

Company acquisitions

Instalco made the following company acquisitions during the period January – September 2023.

Acquisition / (Divestment)	Access gained	Area of technology	Segment	Share of the votes and capital	Net sales, SEK million ¹⁾	Number of employees
Telepatrol Oy	January	Electricity	Rest of Nordic	100%	48	30
Rörprodukter Montage Sverige AB	January	Heating & plumbing	Sweden	100%	24	12
Lysteknikk Entreprenør AS	February	Electricity	Rest of Nordic	100%	325	120
Processus AB	March	Industrial	Sweden	100%	193	65
SMT Norrbotten AB	March	Industrial	Sweden	100%	40	17
Enter Ställningar AB	March	Industrial	Sweden	100%	340	120
Halvard Thorsen AS	April	Heating & plumbing	Rest of Nordic	100%	42	20
Elektro Västerbotten AB	May	Electricity	Sweden	100%	50	23
(Tim Kyla AB)	(July)	(Cooling)	(Sweden)	(100%)	(89)	(38)
URD Klima Sandnes AS	September	Heating & plumbing	Rest of Nordic	100%	85	25
Total					1,058	394

1) Pertains to the assessed annual sales on the acquisition date, based on the most recent financial year that was subject to audit.

Impact of acquisitions

Acquisitions had the following impact on the Group's assets and liabilities. None of the acquisitions in the period have been assessed as individually significant, which is why the disclosures cover them as a whole. The acquisition analyses for companies acquired in 2023 are preliminary. Instalco regards the calculations as preliminary until final figures pertaining to the acquired companies have been received.

SEK m	Fair value of Group
Intangible assets	283
Deferred tax asset	0
Other non-current assets	175
Other current assets	303
Cash and cash equivalents	172
Deferred tax liability	-71
Current liabilities	-397
Total identifiable assets and liabilities (net)	466
Goodwill	795
Consideration paid	
Cash and cash equivalents	1,121
Contingent consideration	225
Total transferred consideration	1,345
Impact on cash and cash equivalents	
Cash consideration paid	1,121
Cash and cash equivalents of the acquired units	-172
Total impact on cash and cash equivalents	949
Settled contingent consideration attributable to acquisitions in the current year and prior years	184
Exchange rate difference	1
Total impact on cash and cash equivalents	1,133
Impact after the acquisition date included in the Instalco Group's net sales and operating profit/loss	
Net sales	811
Operating profit/loss	94
Impact on net sales and operating profit/loss up until the acquisition date if the acquisitions had been completed on 1 January 2023 ¹⁾	
Net sales	333
Operating profit/loss	16

1) There is a one-off effect of SEK 24.4 million on operating profit.

Financial and other information

Financial position

Equity at the end of the period amounted to SEK 3,329 (2,930) million, with an equity ratio of 30.9 (32.2) percent.

Cash and cash equivalents, together with its other short-term investments amounted to SEK 106 (288) million at the end of the period.

Interest-bearing debt including leasing at the end of the period amounted to SEK 3,705 (2,956) million, of which leasing amounts to SEK 640 (517) million. The increase in interest-bearing debt is primarily attributable to utilisation the credit line during the period in order to transfer funds for the Group's acquisitions.

As of the end of the period, Instalco's total credit line, including unutilised credit, amounted to a total of SEK 3,950 (3,700) million, of which SEK 2,950 (2,400) million had been utilised. The Group is meeting the stated covenants with a good margin. During the period, Instalco exercised a one-year extension option on the existing credit facility agreement, which now runs until 2025, with unchanged terms. The conditions include an option to further extend the term by another year.

Interest-bearing net debt at the end of the period amounted to SEK 3,599 (2,668) million, with a gearing ratio of 114.8 (97.4) percent. Net debt in relation to EBITDA was 2.6 (2.5) times and the increase is primarily attributable to the high rate of acquisition during the period. Currency changes impacted interest-bearing net debt by SEK 5 (-13) million.

Share Information

In July 2023, the number of shares and votes in Instalco AB (publ) increased by 2,531,125 due to the exercise of warrants in series 2020/2023 that were issued as part of the incentive programme that was set up based on a resolution by the 2020 AGM. All of these share were subscribed for and awarded to participants in the incentive programme. As of 30 September 2023, the number of shares and votes in Instalco AB (publ) amounted to 264,107,025.

Instalco's ten largest shareholders, 2023-09-30	Number of shares	Share of capital and votes
Per Sjöstrand	26,901,860	10.2%
Capital Group	23,268,957	8.9%
Swedbank Robur Fonder	22,786,162	8.6%
AMF Pension & Fonder	14,598 164	5.5%
Wipunen Varainhallinta Oy	12,300,000	4.7%
Heikintorppa Oy	12,275,000	4.7%
Odin Fonder	11,755,515	4.5%
SEB Fonder	11,636,305	4.4%
Cliens Fonder	11,055,978	4.2%
Vanguard	8,493,353	3.2%
Total, ten largest shareholders	155,071,294	58.9%
Other	109,035,731	41.1%
Total	264,107,025	100.0%

The ten largest known shareholders (grouped) of Instalco AB as of 30 September 2023. Source: Monitor by Modular Finance AB. Compiled and processed data from Euroclear, Morningstar and FI.

Investments, divestments, depreciation and amortisation

Acquisitions and divestments of subsidiaries for the period amounted to SEK 1,139 (926) million. The amount includes settled contingent consideration attributable to acquisitions made in the current and prior years equal to SEK 184 (173) million.

Net investments in other fixed assets for the period amounted to SEK 86 (31) million.

Depreciation/amortisation property, plant and equipment and intangible assets amounted to SEK 382 (278) million, of which SEK 235 (177) million was depreciation of PPE and SEK 147 (101) million was amortisation of acquired intangible assets. The increase in depreciation/amortisation is primarily attributable to a higher rate of investment and thus higher depreciation/amortisation according to plan.

Seasonal variations

To some extent, Instalco's business and market is affected by the seasonal variations prevailing in the construction industry, which primarily have to do with the vacations and holidays. Typically, Instalco has a lower level of activity during the third quarter because this is the summer vacation period. Earnings tend to be highest in the fourth quarter, when many projects are concluded. Earnings are then lower in the first quarter, which is when many new projects are starting up and not yet fully underway. The industrial business area also tends to have its lowest level of activity during the first quarter, which is another reason why sales are lower in the quarter.

Outstanding share-related incentive programmes

Based on a resolution at the AGM in May 2023, an offer was made to approximately 250 employees of the Group to acquire 2,350,000 warrants, all of which were subscribed for during the quarter. Instalco has two outstanding warrants scheme corresponding to a total of 4,950,000 shares that are directed at the expanded Group management team, CEOs of subsidiaries and other key individuals of the Group. The warrants have been transferred on market terms at a price that was established based on an estimated market value using the Black & Scholes valuation model calculated by an independent valuation institute. Conditions for subscription price per share in both programmes correspond to 115 percent of the volume-weighted average price during the period of five trading days after each AGM.

Outstanding programme	Number of options	Corresponding number of shares	Percentage of the total number of shares	Price per option per option	Redemption rate per option	Redemption period
2022/2025	2,600,000	2,600,000	1.00%	SEK 7.80	SEK 50.92	22 May 2025 - 16 June 2025
2023/2026	2,350,000	2,350,000	0.90%	SEK 2,09/SEK 7.27	SEK 64.90	22 May 2026 - 16 June 2026

Parent Company

The main operations of Instalco AB are head office activities like group-wide management and administration, along with finance and accounting. The comments below pertain to the period 1 January through 30 September 2023. Net sales for the Parent Company amounted to SEK 24 (18) million. Operating loss was SEK -2 (-2) million. Net financial items amounted to SEK 170 (131) million, primarily attributable to profit or loss from participations in Group companies. Earnings before taxes were SEK 169 (128) million and earnings for the period were SEK 169 (128) million. Cash and cash equivalents at the end of the period amounted to SEK 7 (21) million.

Transactions with related parties

Besides remuneration to senior executives, including long term share-related incentive programs, there were no transactions between Instalco and related parties that had a significant impact on the company's financial position or earnings during the period.

Risks and uncertainties

The Instalco Group is active in the Nordic market and it has a decentralised structure whereby each unit runs its own operations, with a large number of customers and suppliers.

Instalco's earnings and financial position, as well as its strategic position, are affected by a number of internal factors that Instalco has control over, as well as a number of external factors where the ability to impact the outcome is limited. The most significant risk factors are the state of economy and market situation, along with structural changes and competition. Also macroeconomic factors such as inflation, currency volatility and interest rate levels can affect demand, results and financial position.

Instalco does not have any direct exposure to Ukraine and Russia with either sales or purchasing. The risks related to the war has had no material financial impact on the company's development but it cannot be ruled out that this could happen in the future.

The decentralized business model combined with diversification and geographical expansion limits the aggregate business and financial risks.

For more information, please see the section on Risks (pages 48-50) in the 2022 Annual Report.

The Parent Company is indirectly impacted by the aforementioned risks and uncertainties via its function in the Group.

Accounting policies

The interim report has been prepared in accordance with IFRS that have been adopted by the EU, with the application of IAS 34 Interim Financial Reporting. Disclosures as per IAS 34.16A are provided in the financial statements, notes and other parts of the interim report. The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act and the Swedish Securities Market Act, which is in accordance with RFR 2 Accounting for Legal Entities. The same accounting policies and bases of computation have been applied in this interim report as in the most recent annual report. New and revised IFRS and IFRIC pronouncements applicable as of the 2023 financial year have not had any significant impact on the consolidated financial statements.

Fair value of financial instruments

The amount of contingent consideration that could be paid out to prior owners is classified in Level 3 of the fair value hierarchy and it is valued at fair value through profit or loss. More information on additional consideration is provided in the section on acquisitions. The fair value of other financial assets and liabilities does not differ significantly from the carrying amounts.

Events after the end of the reporting period

During the fourth quarter, Instalco acquired Boas Industri-service AB, with anticipated sales of SEK 73 million and 50 employees.

On 19 October, Instalco announced that the election committee for the 2024 AGM had been appointed. For more information, please visit instalco.se.

Condensed consolidated income statement and statement of comprehensive income

AMOUNTS IN SEK M	July-Sept 2023	July-Sept 2022	Jan-Sept 2023	Jan-Sept 2022	Rolling 12 months	Jan-Dec 2022
Net sales	3,310	2,788	10,406	8,473	13,996	12,063
Other operating income	30	15	93	86	123	115
Operating income	3,340	2,803	10,498	8,559	14,118	12,179
Materials and purchased services	-1,711	-1,480	-5,347	-4,380	-7,154	-6,186
Other external services	-261	-205	-785	-635	-1,117	-968
Personnel costs	-1,036	-832	-3,335	-2,693	-4,448	-3,805
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	-133	-118	-382	-278	-486	-381
Other operating expenses	-5	-12	-21	-50	-25	-54
Operating expenses	-3,146	-2,647	-9,871	-8,036	-13,230	-11,395
Operating profit/loss (EBIT)	194	156	628	523	889	784
Net financial items	-15	-25	-75	-56	-106	-87
Earnings before taxes	179	131	553	467	783	697
Tax on profit for the year	-38	-54	-114	-98	-162	-145
Earnings for the period	142	77	439	369	621	551
Other comprehensive income						
Translation difference	-14	22	-13	74	29	117
Comprehensive income for the period	127	100	425	443	650	668
<i>Comprehensive income for the period attributable to:</i>						
Parent Company's shareholders	122	92	401	419	618	636
Non-controlling interests	5	7	25	24	32	31
Earnings per share for the period, before dilution, SEK	0.52	0.27	1.58	1.32	2.25	1.99
Earnings per share for the period, after dilution, SEK	0.52	0.26	1.56	1.30	2.22	1.96
Average number of shares before dilution ¹⁾	263,996,442	260,564,020	262,016,921	260,564,020	262,016,921	260,564,020
Average number of shares after dilution ¹⁾	263,996,442	265,510,300	265,399,015	265,510,300	265,399,015	265,510,300

1) Instalco has two outstanding warrants schemes corresponding to a total of 4,950,000 shares.

Condensed consolidated balance sheet

AMOUNTS IN SEK M	30 Sept 2023	30 Sept 2022	31 Dec 2022
ASSETS			
Goodwill	5,378	4,306	4,610
Right-of-use assets	661	532	568
Other non-current assets	1,100	968	759
Total non-current assets	7,139	5,806	5,938
Accounts receivable	2,029	1,724	1,891
Contract assets	885	857	620
Other current assets	616	413	493
Cash and cash equivalents	106	288	631
Total current assets	3,636	3,282	3,636
TOTAL ASSETS	10,775	9,088	9,573
Equity and liabilities			
Equity	3,136	2,739	2,944
Non-controlling interests	193	191	208
Total equity	3,329	2,930	3,152
Non-current liabilities	3,579	2,994	3,188
Lease liabilities	433	347	372
Total non-current liabilities	4,013	3,341	3,559
Lease liabilities	207	170	181
Accounts payable	1,279	1,077	1,042
Contract liabilities	590	506	461
Other current liabilities	1,357	1,064	1,178
Total current liabilities	3,434	2,817	2,862
Total liabilities	7,446	6,158	6,421
TOTAL EQUITY AND LIABILITIES	10,775	9,088	9,573
Of which interest-bearing liabilities	3,705	2,956	3,135
<i>Equity attributable to:</i>			
Parent Company shareholders	3,136	2,739	2,944
Non-controlling interests	193	191	208

Statement of changes in equity

AMOUNTS IN SEK M	Share capital	Other contributed capital	Translation reserve	Accumulated profit or loss incl. profit (loss) for the year	Total	Non-controlling interests	Total equity
Opening balance 2023-01-01	1	996	117	1,830	2,944	208	3,152
Earnings for the period	-	-	-	414	414	25	439
Translation effect for the period of foreign operations	-	-	-13	-	-13	0	-13
Comprehensive income for the period	0	0	-13	414	401	25	425
<i>Transactions with owners</i>							
Dividends	-	-	-	-172	-172	-	-172
New issues	0	130	-	-	130	-	130
Change in non-controlling interests	-	-	-	-146	-146	-39	-185
Change in warrants	-	-	-	-21	-21	-	-21
Total transactions with owners	-	130	0	-339	-210	-39	-249
Closing balance 2023-09-30	1	1,126	104	1,905	3,136	193	3,329
Opening balance 2022-01-01	1	996	1	1,485	2,483	19	2,501
Earnings for the period	-	-	-	345	345	24	369
Translation effect for the period of foreign operations	-	-	74	-	74	-	74
Comprehensive income for the period	-	-	74	345	419	24	443
<i>Transactions with owners</i>							
Dividends	-	-	-	-168	-168	-2	-170
Change in non-controlling interests	-	-	-	-8	-8	149	141
Issue warrants	-	-	-	14	14	-	14
Total transactions with owners	-	-	-	-163	-163	147	-15
Closing balance 2022-09-30	1	996	75	1,667	2,739	191	2,930

Condensed consolidated cash flow statement

AMOUNTS IN SEK M	July-Sept 2023	July-Sept 2022	Jan-Sept 2023	Jan-Sept 2022	Rolling 12 months	Jan-Dec 2022
Cash flow from operating activities						
Earnings before taxes	179	131	553	467	783	697
Adjustment for items not included in cash flow	99	117	345	297	456	407
Tax paid	-76	-56	-189	-189	-214	-214
Changes in working capital	-83	-176	-141	-198	-80	-137
Cash flow from operating activities	119	16	567	376	943	753
Investing activities						
Acquisition and divestment of subsidiaries and businesses	-222	-130	-1,089	-926	-1,206	-1,043
Net investments in fixed assets	-35	-18	-86	-31	-93	-37
Cash flow from investing activities	-256	-148	-1,176	-956	1,300	-1,080
Financing activities						
New issue	31	-	80	-	80	-
Changes in options	-21	14	-21	14	21	14
Change in non-controlling interests	-	-20	-	-20	-2	-22
Dividends	-	-	-172	-170	-174	-171
Net change of loan	67	-17	385	481	528	624
Amortisation of lease liabilities	-63	-62	-186	-147	-244	-205
Cash flow from financing activities	14	-85	86	159	167	240
Cash flow for the period	-123	-216	-524	-421	-189	-87
Cash and cash equivalents at the beginning of the period	230	497	631	695	288	695
Translation differences in cash and cash equivalents	-1	7	-2	13	8	22
Cash and cash equivalents at the end of the period	106	288	106	288	106	631

Condensed Parent Company income statement

AMOUNTS IN SEK M	July-Sept 2023	July-Sept 2022	Jan-Sept 2023	Jan-Sept 2022	Rolling 12 months	Jan-Dec 2022
Net sales	7	6	24	18	31	25
Operating expenses	-8	-7	-26	-21	-34	-28
Operating profit/loss	-1	-1	-2	-2	-3	-3
Net financial items	-2	17	170	131	169	130
Profit/loss after net financial items	-3	16	169	128	166	126
Group contributions received	-	-	-	-	7	7
Earnings before taxes	-3	16	169	128	173	133
Tax	-	-	-	-	-1	-1
Earnings for the period	-3	16	169	128	172	132

Condensed Parent Company balance sheet

AMOUNTS IN SEK M	30 Sept 2023	30 Sept 2022	31 Dec 2022
ASSETS			
Shares in subsidiaries	1,375	1,375	1,375
Total non-current assets	1,375	1,375	1,375
Other current assets	117	5	7
Cash and cash equivalents	7	21	27
Total current assets	123	27	35
TOTAL ASSETS	1,498	1,402	1,410
Equity and liabilities			
Equity	1,345	1,246	1,250
Total equity	1,345	1,246	1,250
Non-current liabilities	146	149	149
Current liabilities	7	7	11
Total liabilities	153	155	160
TOTAL EQUITY AND LIABILITIES	1,498	1,402	1,410

Quarterly data

AMOUNTS IN SEK M	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Income statement								
Net sales	3,310	3,832	3,264	3,590	2,788	3,102	2,583	2,648
Growth in net sales, %	18.7	23.5	26.4	35.6	40.2	34.2	33.0	27.5
EBITDA	327	381	302	364	275	303	223	275
EBITDA margin, %	9.9	10.0	9.2	10.2	9.9	9.8	8.6	10.4
EBITA	246	296	233	292	201	250	173	227
EBITA margin, %	7.4	7.7	7.1	8.1	7.2	8.1	6.7	8.6
Operating profit/loss (EBIT)	194	244	190	261	156	215	151	212
Operating profit/loss (EBIT), %	5.9	6.4	5.8	7.3	5.6	6.9	5.9	8.0
Earnings before taxes	179	202	171	230	131	209	126	205
Earnings for the period	142	162	135	182	77	191	101	164
Equity, provisions and liabilities								
Return on equity, %	20.3	18.8	20.6	20.1	20.3	23.4	23.0	24.7
Return on capital employed, %	13.9	13.3	13.3	14.9	14.7	15.7	17.0	18.8
Interest-bearing net debt	3,599	3,372	3,107	2,503	2,668	2,365	1,710	1,650
Gearing ratio, %	114.8	107.6	101.9	85.0	97.4	90.3	64.8	66.5
Net debt/EBITDA, times	2.6	2.5	2.5	2.1	2.5	2.3	1.8	1.8
Key financial performance indicators								
Working capital	325	370	268	341	352	141	-257	-255
Equity ratio, %	30.9	31.2	30.1	32.9	32.2	31.7	32.6	33.0
Cash conversion (rolling 12 months), % ²⁾	88	81	82	85	90	88	88	84
Cash flow from operating activities	119	225	222	376	16	151	210	383
Order backlog								
Order backlog	9,201	9,185	8,987	8,376	8,158	8,120	7,602	6,795
Key figures, employees								
Average number of employees	6,076	5,474	5,453	5,431	5,341	5,115	4,860	4,642
Number of employees at the end of the period	6,228	6,183	6,023	5,611	5,517	5,386	5,027	4,887
Acquisition-related items								
Revaluation of contingent consideration	5	6	-1	11	-	8	6	16
Acquisition costs	-1	-3	-4	-2	-3	-4	-3	-4
Total acquisition-related items	4	3	-4	9	-3	4	3	13
Key figures per share SEK ¹⁾								
Average number of shares before dilution	263,996,442	261,520,302	260,564,020	260,564,020	260,564,020	260,564,020	260,564,020	260,252,160
Average number of shares after dilution	263,996,442	264,120,302	265,510,300	265,510,300	265,510,300	265,510,300	265,510,300	265,198,440
Profit (loss) for the period attributable to the Parent Company's shareholders, SEK million	137	152	126	175	70	175	100	159
Earnings per share for the period, before dilution, SEK	0.52	0.58	0.48	0.67	0.27	0.67	0.38	0.61
Earnings per share for the period, after dilution, SEK	0.52	0.57	0.47	0.66	0.26	0.66	0.37	0.60
Cash flow from operating activities per share, SEK	0.45	0.85	0.84	1.4	0.06	0.57	0.79	1.45
Equity per share, SEK	11.88	11.86	11.48	11.09	10.32	9.86	9.95	9.36
Share price at the end of the period, SEK	32.50	53.85	49.98	39.63	44.84	42.30	70.84	86.88

1) The number of shares has been restated to reflect the 5:1 share split that was carried out in January 2022.

2) A change was made to the calculation of cash conversion during Q4 2022. See pages 21- 22 for definitions.

Reconciliation of key figures not defined in accordance with IFRS

The Company presents certain financial measures in the interim report, which are not defined under IFRS. The Company believes that these measures provide useful supplemental information to investors and the company's management, since they allow for the evaluation relevant trends. Instalco's definitions of these measures may differ from other companies using the same terms. These financial measures should therefore be viewed as a supplement, rather than as a replacement for measures defined under IFRS. Presented below are definitions of measures that are not defined under IFRS and which are not mentioned elsewhere in the interim report. Reconciliation of these measures is provided in the table, below. For definitions of key figures, see page 21-22.

Earnings measures and margin measures

AMOUNTS IN SEK M	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
(A) Net sales	3,310	3,832	3,264	3,590	2,788	3,102	2,583	2,648
(B) EBITDA	327	381	302	364	275	303	223	275
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets (not acquired)	-81	-85	-69	-72	-74	-53	-50	-49
(C) EBITA	246	296	233	292	201	250	173	227
Depreciation/amortisation and impairment of acquired intangible assets	-52	-52	-43	-31	-44	-34	-22	-15
(D) Operating profit/loss (EBIT)	194	244	190	261	156	215	151	212
<i>(B/A) EBITDA margin, %</i>	<i>9.9</i>	<i>10.0</i>	<i>9.2</i>	<i>10.2</i>	<i>9.9</i>	<i>9.8</i>	<i>8.6</i>	<i>10.4</i>
<i>(C/A) EBITA margin, %</i>	<i>7.4</i>	<i>7.7</i>	<i>7.1</i>	<i>8.1</i>	<i>7.2</i>	<i>8.1</i>	<i>6.7</i>	<i>8.6</i>
<i>(D/A) Operating profit/loss, (EBIT), %</i>	<i>5.9</i>	<i>6.4</i>	<i>5.8</i>	<i>7.3</i>	<i>5.6</i>	<i>6.9</i>	<i>5.9</i>	<i>8.0</i>

Capital structure

AMOUNTS IN SEK M	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Calculation of working capital and working capital in relation to net sales								
Inventories	187	185	173	159	132	119	115	104
Accounts receivable	2,029	2,041	1,835	1,891	1,724	1,589	1,348	1,448
Contract assets	885	915	901	620	857	862	677	519
Prepaid expenses and accrued income	255	166	148	158	120	98	77	101
Other current assets	173	178	230	177	161	151	147	127
Accounts payable	-1,279	-1,172	-1,201	-1,042	-1,077	-987	-865	-788
Contract liabilities	-590	-594	-590	-461	-506	-581	-449	-403
Other current liabilities	-652	-558	-430	-473	-466	-458	-684	-784
Accrued expenses and deferred income, including provisions	-684	-791	-798	-687	-592	-651	-623	-580
(A) Working capital	325	370	268	341	352	141	-257	-255
(B) Net sales (12-months rolling)	13,996	13,474	12,744	12,063	11,121	10,322	9,531	8,890
(A/B) Working capital as a percentage of net sales, %	2.3	2.7	2.1	2.8	3.2	1.4	-2.7	-2.9

AMOUNTS IN SEK M	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Calculation of interest-bearing net debt and gearing ratio								
Non-current, interest-bearing financial liabilities	3,412	3,399	3,589	2,950	2,783	2,718	2,544	2,209
Current, interest-bearing financial liabilities	293	203	189	185	174	143	139	137
Cash and cash equivalents	-106	-230	-672	-631	-288	-497	-973	-695
(C) Interest-bearing net debt	3,599	3,372	3,107	2,503	2,668	2,365	1,710	1,650
(D) Equity	3,136	3,133	3,049	2,944	2,739	2,618	2,641	2,482
(C/D) Gearing ratio, %	114.8	107.6	101.9	85.0	97.4	90.3	64.8	66.5
(E) EBITDA (12-months rolling)	1,375	1,322	1,244	1,165	1,076	1,015	954	920
(C/E) Interest-bearing net debt in relation to EBITDA (12-months rolling)	2.6 times	2.5 times	2.5 times	2.1 times	2.5 times	2.3 times	1.8 times	1.8 times
Calculation of operating cash flow and cash conversion (12-months rolling)								
(F) EBITDA	1,375	1,322	1,244	1,165	1,076	1,015	954	920
Net investments in property, plant and equipment and intangible assets	-91	-76	-52	-37	-30	-16	-27	-18
Changes in working capital	-80	-172	-177	-137	-74	-109	-84	-130
(G) Operating cash flow (12-months rolling)	1,203	1,073	1,015	991	972	890	843	772
(G/F) Cash conversion % (12-months rolling) ¹⁾	88	81	82	85	90	88	88	84
(H) Earnings for the period (12-months rolling)	621	557	585	551	533	585	548	558
(H/D) Return on equity, %	20.3	18.8	20.6	20.1	20.3	23.4	23.0	24.7
(I) EBIT	194	244	190	261	156	215	151	212
(J) Financial income	63	27	17	38	34	16	8	23
(K) Total assets	10,775	10,762	10,854	9,573	9,088	8,840	8,154	7,589
(L) Interest-free liabilities	3,741	3,800	3,809	3,286	3,202	3,176	2,812	2,742
(I+J)/(K-L) Return on capital employed, %	13.9	13.3	13.3	14.9	14.9	15.7	17.0	18.8

1) A change was made to the calculation of cash conversion during Q4 2022. See pages 21- 22 for definition.

Signatures

Future reporting dates

Year-end report 2023	15 February 2024
Interim report January – March 2024	3 May 2024
AGM 2024	6 May 2024
Interim report January – June 2024	22 August 2024
Interim Report January – September 2024	25 October 2024

Board of Directors' assurance

The Board of Directors and CEO ensure that the year-end report provides a fair view of the Group's operations, position and earnings, and describes significant risks and uncertainties faced by company and the companies belonging to the Group.

Stockholm, 27 October 2023
Instalco AB (publ)

Per Sjöstrand
Chairman of the Board

Camilla Öberg
Board member

Carina Qvarngård
Board member

Ulf Wretskog
Board member

Per Leopoldsson
Board member

Carina Edblad
Board member

Johnny Alvarsson
Board member

Robin Boheman
CEO

This report has been reviewed by the company's auditors.

Presentation of the report

The report will be presented in a telephone conference/audiocast today, 27 October at 09:30 CET via <https://ir.financialhearings.com/instalco-q3-report-2023>

To participate by phone, register via <https://conference.financialhearings.com/teleconference/?id=5009240>

Note

This information is information that Instalco is required to disclose under the EU Market Abuse Regulation. The information was made public by the contact person listed below, on 27 October 2023 at 07:30 CET.

Additional information

Robin Boheman, CEO
Christina Kassberg, CFO, christina.kassberg@instalco.se
Mathilda Eriksson, IR, mathilda.eriksson@instalco.se +46 (0)70-972 34 29

Auditor's review report

Auditor's report on review of condensed interim financial information (interim report) prepared in accordance with IAS 34 and Chapter 9 of the Annual Accounts Act (1995:1554).

*Instalco AB (publ)
CIN 559015-8944*

Introduction

We have conducted a review of the condensed interim financial information (interim report) for Instalco AB as of 30 September 2023 and for the nine-month period that ended on that date. The Board of Directors and CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We conducted the review in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information conducted by the company's independent auditor. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical review and taking other review procedures. A review has a different focus and is substantially less in scope compared to the focus and scope of an audit in accordance with ISA and generally accepted auditing standards. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a review does not therefore give the same level of assurance as a conclusion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report for the Group, has not, in all material respects, been prepared in accordance with IAS 34 and the Annual Accounts Act and, for the Parent Company, in accordance with the Annual Accounts Act.

Stockholm, dated in accordance with the electronic signature

Grant Thornton Sweden AB

Camilla Nilsson
Authorised Public Accountant

Definitions with explanation

General

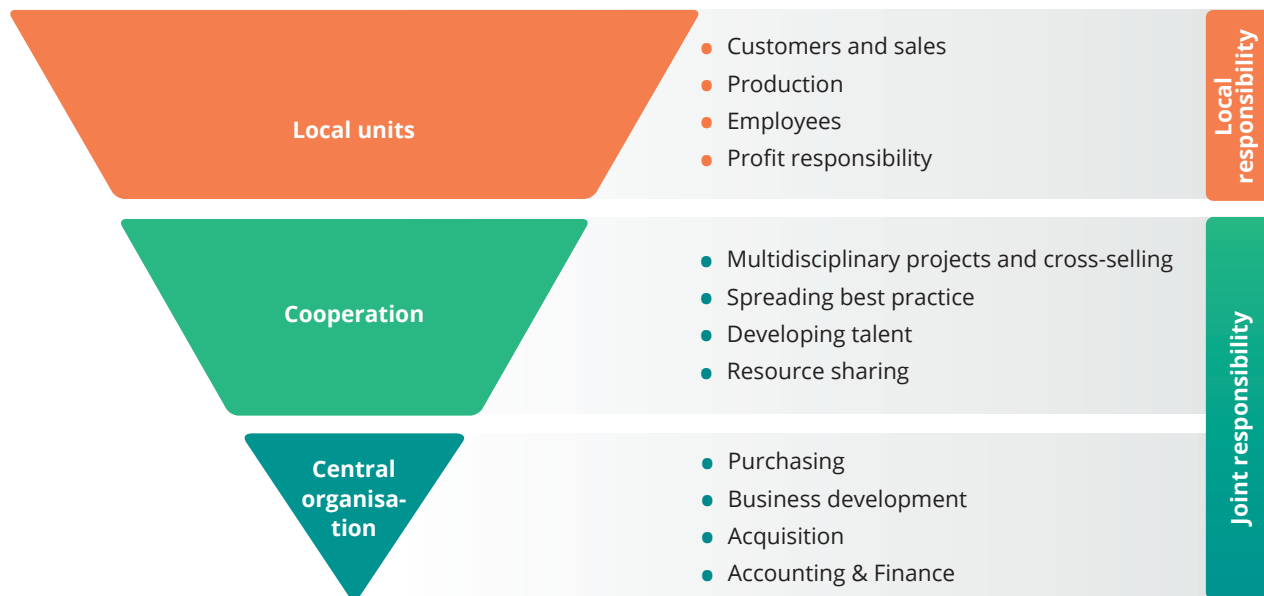
Unless otherwise indicated, all amounts in the report and tables are in SEK m. All amounts in parentheses () are comparison figures for the same period in the prior year, unless otherwise indicated.

Key figures	Definition/calculation	Purpose
Acquired growth in net sales	Change in net sales as a percentage of net sales during the comparable period, fuelled by acquisitions. Acquired net sales is defined as net sales during the period that are attributable to companies that were acquired during the last 12-month period and for these companies, the only amounts that are considered as acquired net sales are their sales up until 12 months after the acquisition date.	Acquired net sales growth reflects the acquired units' impact on net sales.
Cash conversion	Operating cash flow, 12-months rolling, as a percentage of EBITDA, 12-months rolling. A change in the calculation of cash conversion occurred in Q4 2022 and prior periods have been restated.	Cash conversion is used to monitor how effective the Group is in managing ongoing investments and working capital.
Change in exchange rates	The period's change in net sales that is attributable to the change in exchange rates (start of the period compared to the end of the period), as a percentage of net sales during the comparison period.	The change in exchange rates reflects the impact that exchange rate fluctuations has had on net sales during the period.
EBIT margin	Earnings before interest and taxes, as a percentage of net sales.	EBIT margin is used to measure operational profitability.
EBITA	Operating profit/loss (EBIT) before depreciation/amortisation and impairment of acquired intangible assets.	EBITA provides an overall picture of the profit generated from operating activities.
EBITA margin	Operating profit/loss (EBIT) before depreciation/amortisation and impairment of acquired intangible assets, as a percentage of net sales.	EBIT margin is used to measure operational profitability.
EBITDA	Operating profit/loss (EBIT) before depreciation/amortisation and impairment of acquired intangible assets and depreciation/amortisation and impairment of property, plant and equipment and intangible assets	EBITDA, together with EBITA provides an overall picture of the profit generated from operating activities.
EBITDA margin	Operating profit/loss (EBIT) before depreciation/amortisation and impairment of acquired intangible assets and depreciation/amortisation and impairment of property, plant and equipment and intangible assets, as a percentage of net sales.	EBITDA margin is used to measure operational profitability.
Equity ratio	Equity including non-controlling interests, expressed as a percentage of total assets.	Equity ratio is used to show the proportion of assets that are financed by equity.
Gearing ratio	Interest-bearing net debt as a percentage of total equity.	Gearing ratio measures the extent to which the Group is financed by loans. Because cash and other short-term investments can be used to pay off the debt on short notice, net debt is used instead of gross debt in the calculation.
Growth in net sales	Change in net sales as a percentage of net sales in the comparable period, prior year.	The change in net sales reflects the Groups realised sales growth over time.
Interest-bearing net debt	Non-current and current interest bearing liabilities less cash and other short-term investments.	Interest-bearing net debt is used as a measure that shows the Groups total debt.
Net debt in relation to EBITDA	Interest-bearing net debt compared to EBITDA provides a measure of liquidity for net liabilities in relation to cash-generating earnings in the business. Net debt on the closing date and EBITDA are calculated as the most recent 12-month period.	The measure provides an indication of the organisation's ability to pay its debts.
Operating cash flow	EBITDA less investments in property, plant and equipment and intangible assets, along with an adjustment for cash flow from change in working capital.	Operating cash flow is used to monitor the cash flow generated from operating activities.
Operating profit/loss (EBIT)	Earnings before interest and taxes.	Operating profit/loss (EBIT) provides an overall picture of the profit generated from operating activities.

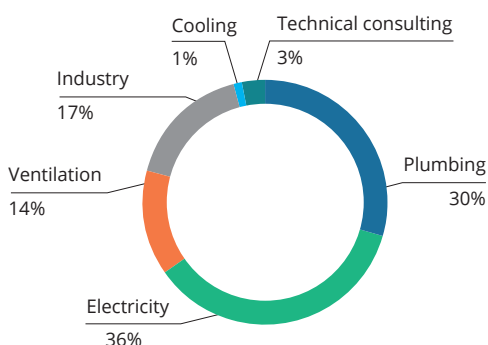
Key figures	Definition/calculation	Purpose
Order backlog	The value of outstanding, not yet accrued project revenue from received orders.	Order backlog provides an indication of the Group's remaining project revenue from orders already received.
Organic growth adjusted for currency effects	The change in net sales for comparable units after adjustment for acquisition and currency effects, as a percentage of net sales during the comparison period.	Organic growth in net sales does not include the effects of changes in the Group's structure and exchange rates, which enables a comparison of net sales over time.
Return on capital employed	Operating profit/loss (EBIT) plus financial income divided by capital employed (total assets less interest-free liabilities). The components are calculated as the average over the last 12 months.	The purpose is to analyse profitability in relation to capital employed.
Return on equity	Earnings for the period on a rolling 12-month basis divided by average total equity at the end of the period.	Return on equity is used to analyse profitability, based on how much equity is used.
Working capital	Inventories, accounts receivable, earned but not yet invoiced income, prepaid expenses and accrued income and other current assets, less accounts payable, invoiced but not yet earned income, accrued expenses and deferred income and other current liabilities.	Working capital is used to measure the company's ability to meet short-term capital requirements.
Working capital as a percentage of net sales	Working capital at the end of the period as a percentage of net sales on a 12-month rolling basis.	Working capital as a percentage of net sales is used to measure the extent to which working capital is tied up.

Instalco in brief

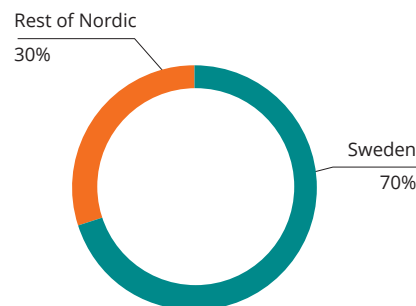
Instalco has a decentralised structure, where operations are conducted in each unit, in close cooperation with customers and with the support of a very streamlined central organisation. The Instalco model is designed to benefit from the advantages of both strong local ties and joint functions.



NET SALES BY AREA OF OPERATION¹⁾



NET SALES BY MARKET AREA¹⁾



1) Cumulative distribution of net sales for the reporting period.