

Year-end report January – December 2021

Stable quarter with strong cash flow

October – December 2021

- Net sales increased by 27.5 percent and amounted to SEK 2,648 (2,078) million. Organic growth, adjusted for currency effects, amounted to 7.0 (8.1) percent.
- EBITA increased by 19.0% and amounted to SEK 227 (190) million, which corresponds to an adjusted EBITA margin of 8.6 (9.2) percent.
- Cash flow from operating activities for the period was SEK 383 (277) million.
- Earnings per share before dilution were SEK 3.06 (2.94) and after dilution were SEK 3.00 (2.88).
- Six acquisitions were made during the quarter, which, on an annual basis, contribute an estimated total sales of SEK 743 million.
- A lump-sum payment from AFA Försäkring had a positive impact of EBITA by approximately SEK 22 million.

January – December 2021

- Net sales increased by 24.8 percent and amounted to SEK 8,890 (7,122) million. Organic growth, adjusted for currency effects, amounted to 4.2 (5.6) percent.
- EBITA increased by 23.6 percent and amounted to SEK 748 (605) million, which corresponds to an adjusted EBITA margin of 8.4 (8.5) percent.
- Cash flow from operating activities for the period was SEK 610 (689) million.
- Earnings per share before dilution were SEK 10.50 (9.00) and after dilution were SEK 10.31 (8.79).
- A total of 27 acquisitions were made during the period, which on an annual basis contribute an estimated total sales of SEK 1,760 million.
- The Board proposes a dividend of SEK 3.25 (2.70) per share (before split)¹⁾.



Key figures²⁾

SEK m	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	2,648	2,078	8,890	7,122
Operating profit/loss (EBIT)	212	190	722	604
Operating profit/loss (EBIT), %	8.0	9.1	8.1	8.5
EBITA	227	190	748	605
EBITA margin, %	8.6	9.2	8.4	8.5
Adjusted EBITA	214	193	728	625
Adjusted EBITA margin, %	8.1	9.3	8.2	8.8
Earnings before taxes	205	198	699	594
Cash flow from operating activities	383	277	610	689
Order backlog	6,795	6,625	6,795	6,625
Earnings per share before dilution, SEK ¹⁾	3.06	2.94	10.50	9.00
Earnings per share after dilution, SEK ¹⁾	3.00	2.88	10.31	8.79

1) Calculated in relation to the number of shares at the end of the reporting period.

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

CEO Comments

Sales for the fourth quarter were SEK 2,648 (2,078) million, which corresponds to a growth rate of 27.5 percent. EBITA for the quarter was SEK 227 (190) million, which corresponds to an adjusted EBITA margin of 8.6 (9.2) percent. Cash flow from operating activities was strong and amounted to SEK 383 (277) million.

We can sum up 2021 as a strong year, with total net sales of SEK 8,890 million and an EBITA margin of 8.4 percent, which is confirmation of our strength and resilience given the challenging circumstances we faced last year.

Absenteeism was once again higher than normal during the fourth quarter and we have been negatively impacted by rising prices for raw materials. One prioritised focus area during the quarter has been cash management. Efforts to strengthen our cash flow, have yielded desirable positive effects.

Even though, at the time of writing this, we are still being impacted quite substantially by the pandemic, I look ahead to 2022 with optimism. Demand for the services we offer is high, and we have a good acquisition pipeline.

Expansion into new geographic areas and activities

During the fourth quarter, our number of subsidiaries grew to more than 100. We will continue our journey of acquisitions, with an eye on the best companies in our industry. Instalco was, after all, created to be the best harbour for installation companies.

In Sweden, we grew with the acquisition of the Blomquist Group in Bollnäs. It works with heating, cooling and ventilation systems. We also acquired prestigious Lindingö Elektriska in Stockholm, which is specialised in service. We expanded geographically with the acquisition of our first companies in Norrbotten, MRM and EPS, which have niched themselves in industry and infrastructure in the ever-growing market of northern Sweden.

Another achievement was getting established in the industrial area in Finland via the acquisition of Nordpipe Composite Engineering (NCE), which is specialised in the production and installation of composite solutions to industry. NCE has collaborated with several Instalco companies in the past.

Five Instalco companies collaborate on assignment

One of the key elements of the Instalco model is creating collaboration and synergies between our subsidiaries. We also coordinate tendering efforts and resource allocation. It leads to cross-selling and, in many cases, we have more than one Instalco company working on the same assignment.

A clear example of that during the fourth quarter was when five Instalco companies collaborated on a joint assignment for Peab. It involved the design and installation of the electrical, heating & plumbing, ventilation and sprinkler systems for the property called Entré in Malmö. It will be run as a partnering project, with the work being done by El-pågarna (electrical), Bi-Vent (ventilation), Rörläggaren (heating & plumbing), Sprinklerbolaget (sprinkler) and Intec (design).



Positive full-year results, despite the pandemic

I am very proud to be able to sum up 2021 in a positive way, despite the prevailing circumstances of the ongoing pandemic and rising prices for raw materials. I'm impressed at how skilled our subsidiaries have been at coping with the situation and continuing to deliver such impressive results. It is confirmation that the Instalco model works.

We are all optimistic about the year ahead, as we continue pursuing our strategy of strengthening our technical consulting and industrial business areas, while prioritising the expansion of our base of companies in both Norway and Finland. Instalco's journey, which started in 2014, has been fascinating in many ways. And one of its many successes is to now, as of 2022, be on the Large Cap list on Nasdaq Stockholm.

Robin Boheman
CEO

Performance of the Instalco Group

The Nordic market of installation services

The market for technical installation and service in Sweden, Norway and Finland has been stable over quite some time. The COVID-19 pandemic has had a late cyclical effect on the market in the form of project delays, a lower demand for service and higher absenteeism. Raw material prices have increased, which has somewhat of a short-term impact on Instalco as an installation provider. More long term, it is expected that the margin impact will level off as companies in this sector apply the mechanisms in their contracts to compensate for this. However, should there be a shortage of components or raw materials such as copper, steel, plastic, aluminium or cement, it could possibly impact the business.

To a large extent, the market is fuelled by several long-term trends and developments in society such as technological progress, infrastructure investments, urbanisation, housing shortage, ageing property holdings and demographics. The major driving forces are environmental awareness, societal benefits and sustainability.

Net sales

Fourth quarter

Net sales for the quarter amounted to SEK 2,648 (2,078) million, which is an increase of 27.5 percent. Adjusted for currency effects, organic growth amounted to 7.0 percent and acquired growth was 19.7 percent. Currency fluctuations had a marginally positive impact on net sales of 0.7 percent. Six acquisitions were made during the quarter, with estimated annual sales of SEK 743 million.

January-December

Net sales for the period amounted to SEK 8,890 (7,122) million, which is an increase of 24.8 percent. Adjusted for currency effects, organic growth amounted to 4.2 percent and acquired growth was 20.6 percent. Currency fluctuations did not have any impact on net sales. A total of 27 acquisitions were made during the period with estimated annual sales of SEK 1,760 million.

Earnings

Fourth quarter

Adjusted EBITA for the quarter was SEK 214 (193) million. The adjustment in the quarter of SEK -13 million is attributable to a revaluation of additional consideration and acquisition costs. Operating profit/loss was SEK 212 (190) million. Net financial items for the quarter amounted to SEK -6 (8)

million, of which the interest expense on external loans amounted to SEK 6 (3) million. Earnings for the quarter were SEK 164 (154) million, which corresponds to earnings per share before dilution of SEK 3.06 (2.94).

January-December

Adjusted EBITA for the period was SEK 728 (625) million. The adjustment in the period of SEK -20 million is attributable to a revaluation of additional consideration and acquisition costs. Operating profit/loss was SEK 722 (604) million. Net financial items for the period amounted to SEK -23 (-9) million, of which the interest expense on external loans amounted to SEK 15 (13) million. Earnings for the period were SEK 558 (462) million, which corresponds to earnings per share before dilution of SEK 10.50 (9.00).

Order backlog

January-December

The order backlog at the end of the period was SEK 6,795 (6,625) million, which is an increase of 2.6 percent. Organically, for comparable units, the order backlog fell, adjusted for currency effects, by 9.5 percent. Even though organically, order backlog has decreased somewhat, it is still, historically, at a high level and the influx of new orders remains good. The order backlog of acquired companies contributed with growth of 10.9 percent.

During the quarter, El-Pågarna, Bi-Vent and Rörläggaren entered into a joint agreement with JM. They will be responsible for installation of the electrical, heating & plumbing and ventilation systems at a new apartment complex, Bruket, that is being built at Linhamns Sjöstad in Malmö.

Cash flow

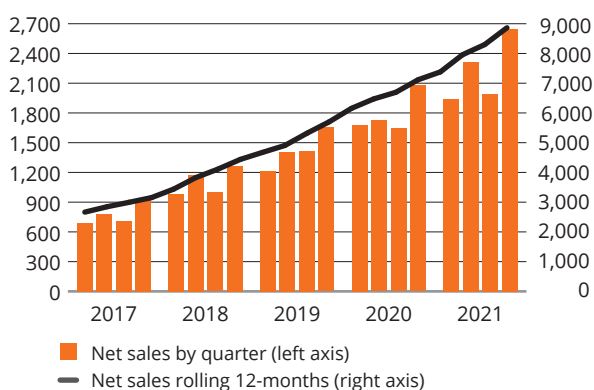
Fourth quarter

Cash flow from operating activities amounted to SEK 383 (277) million, with a change in working capital of SEK 124 (72) million. Instalco's cash flow varies over time, primarily because of work-in-progress. There can be significant fluctuations when making comparisons between quarters and this applies in particular to work-in-progress, accounts receivable and accounts payable.

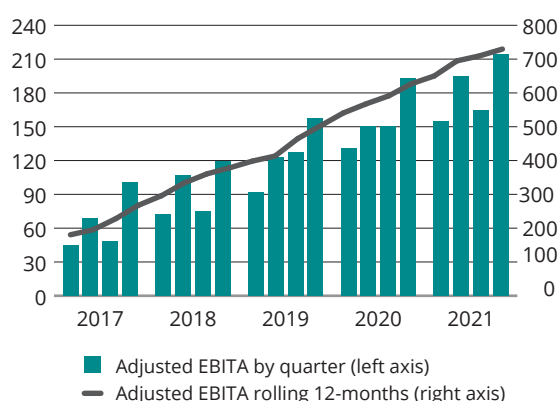
January-December

Cash flow from operating activities amounted to SEK 610 (689) million, with a change in working capital of SEK -130 (73) million.

NET SALES BY QUARTER, SEK M



ADJUSTED EBITA BY QUARTER, SEK M



Operations in Sweden

Market

In general, market development has been good. There is a high rate of construction in the public sector, along with renovation of commercial facilities. Production of apartment complexes has remained relatively stable and the number of new apartment projects starting up is increasing. Still however, the level of new development for residential property is below what is needed to satisfy the long-term needs. For technical consulting, we noticed an increase in demand, primarily for the industrial and energy segments where significant needs exist.

Net sales

Fourth quarter

Net sales for the quarter amounted to SEK 2,108 (1,629) million, which is an increase of SEK 479 million. Organic growth amounted to 7.4 percent and acquired growth was 22.1 percent.

January-December

Net sales for the period amounted to SEK 7,015 (5,451) million, which is an increase of SEK 1,564 million. Organic growth amounted to 6.5 percent and acquired growth was 22.2 percent.

Earnings

Fourth quarter

EBITA for the quarter was SEK 200 (167) million, which corresponds to a EBITA margin of 9.5 (10.2) percent. Operating profit/loss was SEK 200 (166) million.

January-December

EBITA for the period was SEK 640 (537) million, which corresponds to a EBITA margin of 9.1 (9.9) percent. Operating profit/loss was SEK 640 (536) million.

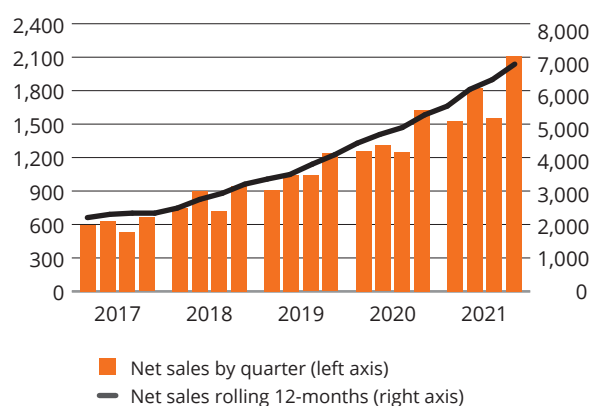
Order backlog

January-December

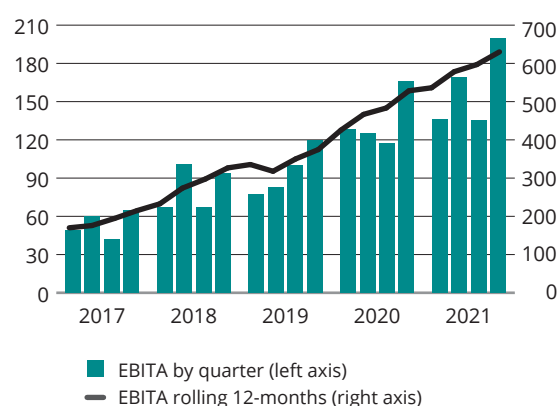
Order backlog at the end of the period amounted to SEK 5,363 (5,387) million, which is an decrease of 0.4 percent. Organically, for comparable units, order backlog decreased by 8.6 percent. The order backlog of acquired companies contributed with growth of 8.1 percent.

During the fourth quarter, the Instalco companies, Elektro-Centralen and Tingstad Rörinstallationer won a joint assignment for the electrical and heating & plumbing installations for the construction of Sweden's new electro-mobility test center in Gothenburg: Swedish Electric Transport Laboratory (SEEL). It will be Sweden's largest research facility for electric and charging vehicles.

NET SALES BY QUARTER, SEK M



EBITA BY QUARTER, SEK M



Key figures for Sweden

SEK m	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	2,108	1,629	7,015	5,451
EBITA	200	167	640	537
EBITA margin, %	9.5	10.2	9.1	9.9
Operating profit/loss (EBIT)	200	166	640	536
Operating profit/loss (EBIT), %	9.5	10.2	9.1	9.8
Earnings before taxes	108	143	547	510
Order backlog	5,363	5,387	5,363	5,387

Operations in Rest of Nordic

Market

The market in Norway has stabilised at a high level as regards both new construction and renovation. External market reports indicate that this continue during the next few years. The market is driven by major investments in the public sector, such as schools and hospitals, along with private initiatives to develop industrial and residential properties. We have noticed that there is higher interest in energy efficiency measures for the operation of both existing and new buildings.

The market in Finland is primarily driven by the major metropolitan areas. But during the pandemic, the market has been sluggish.

Net sales

Fourth quarter

Net sales for the quarter amounted to SEK 540 (449) million, which is an increase of SEK 91 million. Organic growth, adjusted for currency effects, amounted to 5.8 percent and acquired growth was 11.3 percent.

January-December

Net sales for the period amounted to SEK 1,875 (1,671) million, which is an increase of SEK 204 million. Organic growth, adjusted for currency effects, amounted to -3.2 percent and acquired growth was 15.5 percent.

Earnings

Fourth quarter

EBITA for the quarter was SEK 31 (25) million, which corresponds to a EBITA margin of 5.8 (5.7) percent. Operating profit/loss was SEK 31 (25) million.

January-December

EBITA for the period was SEK 80 (94) million, which corresponds to a EBITA margin of 4.3 (5.6) percent. Operating profit/loss was SEK 80 (94) million.

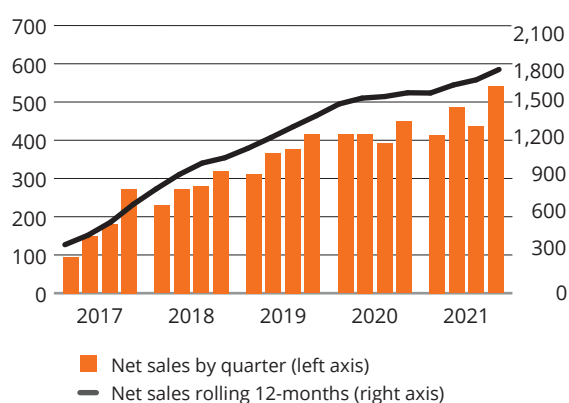
Order backlog

January-December

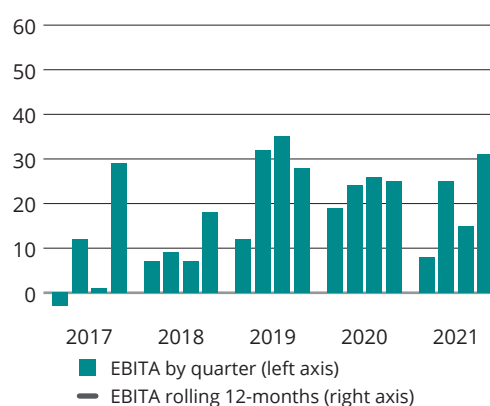
Order backlog at the end of the period amounted to SEK 1,432 (1,238) million, which is an increase of 9.5 percent, adjusted for currency effects. Organically, for comparable units, order backlog decreased by 13.8 percent. The order backlog of acquired companies contributed with growth of 23.3 percent.

During the fourth quarter, Instalco's subsidiary in Finland, LVI-Urakointi Paavola, signed an agreement for installation of the heating & plumbing and ventilation systems at the Supreme Administrative Court in Helsinki. It is a historic building from 1903.

NET SALES BY QUARTER, SEK M



EBITA BY QUARTER, SEK M



Key figures, Rest of Nordic

SEK m	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	540	449	1,875	1,671
EBITA	31	25	80	94
EBITA margin, %	5.8	5.7	4.3	5.6
Operating profit/loss (EBIT)	31	25	80	94
Operating profit/loss (EBIT), %	5.8	5.7	4.3	5.6
Earnings before taxes	32	24	80	91
Order backlog	1,432	1,238	1,432	1,238

Acquisition

Instalco made 27 acquisitions during the period January through December 2021.

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.

The maximum, non-discounted amount that could be paid to prior owners is SEK 674 million, of which SEK 438 million is acquisitions that were made in 2021. On the transaction date, contingent consideration is measured at fair value. The total amount of accrued additional consideration is SEK 518 million, of which SEK 382 million is for acquisitions made in 2021. They are reported among Other current liabilities in the balance sheet. The fair value of the contingent consideration is at Level 3 in the IFRS fair value hierarchy.

Acquisition costs for the year amount to SEK 11 (10) million and they are reported among Other operating expenses in the income statement.

Revaluation of contingent consideration had a positive net impact on the financial year of SEK 31 (-10) million, which is reported in Other operating income and Other operating expenses in the income statement.

The amount allocated to goodwill on the acquisition date corresponds to the cost of acquisition less the fair value of the acquired net assets. Recognition of goodwill is based on the future earnings capacity of companies. Equity at the end of the period, the Groups total goodwill amounted to SEK 3,847 (2,780) million. Consolidated goodwill is tested each year for impairment by looking at each cash-generating unit. No impairment of goodwill was necessary during the period.

Company acquisitions

Instalco made the following company acquisitions during the period January – December 2021.

Access gained	Acquisition	Area of technology	Segment	Share of the votes and capital	Net sales, SEK million ¹⁾	Number of employees
January	JB Elektro AS	Electricity	Rest of Nordic	100%	40	21
January	Lincom AB	Electricity	Sweden	100%	33	25
January	Nässjö Teknikprojektering AB	Technical consulting	Sweden	100%	15	10
February	Stockholm Luftkompetens AB	Ventilation	Sweden	100%	85	20
February	Kempes EI AB	Electricity	Sweden	100%	85	66
April	Inva Engineering AS	Heating & plumbing	Rest of Nordic	100%	6	10
April	Calmarsunds VVS AB	Heating & plumbing	Sweden	100%	68	26
May	Rörmokaren i Kolmården AB	Heating & plumbing	Sweden	100%	31	20
May	Lampans Elinstallationer AB	Electricity	Sweden	100%	55	41
May	Elinstallationer i Karlshamn AB	Electricity	Sweden	100%	40	31
June	KaVP AB och Karlskoga Tak AB	Ventilation	Sweden	100%	30	17
June	Nordengen VVS AS	Heating & plumbing	Rest of Nordic	100%	13	6
June	PlanProj AB	Technical consulting	Sweden	100%	17	14
June	Nihlén Elmontage AB	Electricity	Sweden	100%	80	19
June	Industriprodukter AB	Electricity	Sweden	100%	20	22
July	Klimateknikk Oslo AS	Ventilation	Rest of Nordic	100%	40	5
July	Forsséns Elektriska AB	Electricity	Sweden	100%	65	40
August	App Start-up AB	Industrial	Sweden	100%	97	63
September	PeMi Ventilation & Montage AB	Ventilation	Sweden	100%	38	13
September	Installationsservice Nicklas Eriksson AB	Electricity	Sweden	100%	59	30
September	Sydsvenska Elanläggningar AB	Electricity	Sweden	100%	100	70
October	Total VVS AS	Heating & plumbing	Rest of Nordic	100%	114	23
October	Kompressorteknik AB	Industrial	Sweden	100%	37	13
October	Blomquist Group	Heating, cooling and ventilation	Sweden	100%	160	80
November	MRM Mining AB / EPS Sweden AB	Industrial	Sweden	100%	75	21
December	Nordpipe Composite Engineering Oy (NCE)	Industrial	Rest of Nordic	100%	330	120
December	Lidingö Elektriska AB	Electricity	Sweden	100%	27	16
Total					1,760	842

1) Pertains to the assessed situation on a full-year basis at the acquisition date.

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 2021 are preliminary.

SEK m	Fair value of Group
Intangible assets	167
Deferred tax asset	0
Other non-current assets	56
Other current assets	412
Cash and cash equivalents	215
Deferred tax liability	-48
Current liabilities	-337
Total identifiable assets and liabilities (net)	465
Goodwill	1,041
Consideration paid	
Cash and cash equivalents	1,116
Contingent consideration	389
Total transferred consideration	1,505
Impact on cash and cash equivalents	
Cash consideration paid	1116
Cash and cash equivalents of the acquired units	-215
Total impact on cash and cash equivalents	902
Settled contingent consideration attributable to acquisitions in the current year and prior years	51
Exchange rate difference	-1
Total impact on cash and cash equivalents	953
Impact on net sales and operating profit/loss 2021	
Net sales	655
Operating profit/loss	77
Consolidated pro forma for net sales and operating profit/loss from 1 January 2021	
Net sales	1,885
Operating profit/loss	211

Financial information

Financial position

Equity at the end of the period amounted to SEK 2,501 (1,973) million, with an equity ratio of 33.0 (37.7) percent.

Cash and cash equivalents, together with its other short-term investments amounted to SEK 695 (386) million at the end of the period. Interest-bearing debt at the end of the period were SEK 2,346 (1,298) million. In September, Instalco signed a supplementary agreement with Danske Bank to increase the credit facility by SEK 500 million. The agreement reflects the prior existing terms. As of the end of the period, Instalco's total credit facility amounted to SEK 2,001 million, of which SEK 1,896 million had been utilised. As of the end of the period, interest-bearing net debt amounted to SEK 1,651 (912) million, with a gearing ratio of 66.5 (46.5) percent and net debt in relation to adjusted EBITDA was 1.8 (1.2). Currency changes impacted net debt for the period by SEK 15 (-21) million.

Investments, depreciation and amortisation

The Group's net investments for the period, not including company acquisitions, amounted to SEK 18 (2) million pertaining to other non-current assets. Investments in company acquisitions amounted to SEK 953 (582) million. The amount includes settled contingent consideration attributable to acquisitions made in the current and prior years equal to SEK 51 (97) million.

Depreciation/amortisation and impairment of other property, plant and equipment and intangible assets amounted to SEK 198 (135) million, of which SEK 172 (136) million was depreciation of PPE and SEK 26 (0) was amortisation of intangible assets.

Impairment testing

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate a possible decrease in value. The carrying amounts of Goodwill were tested for impairment as of the balance sheet date. The testing of impairment this year did not yield a write-down requirement, nor did it last year. A sensitivity analysis has been carried out on both the discount rate and margin for each cash-generating unit and based on that, it was concluded that no reasonable changes in the underlying assumptions result in the need to record impairment.

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 31 December 2021. Net sales for the Parent Company amounted to SEK 22 (23) million. Operating profit/loss was SEK -1 (2) million. Net

financial items amounted to SEK -2 (-2) million. Earnings before taxes were SEK 7 (6) million and earnings for the period were SEK 6 (5) million. Cash and cash equivalents at the end of the period amounted to SEK 54 (50) million.

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. The business model limits the aggregated business and financial risks.

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, which impact the demand for new construction of homes and offices, as well as investments from the public sector and industry. The demand for service and maintenance work is less impacted by these risk factors. Instalco could continue to be impacted by the COVID-19 pandemic in the form of absenteeism (among employees, customers and suppliers), operational disturbances and deterioration of its financial position. Disturbance in logistics chains, along with rising prices for raw materials that are not possible to compensate for in our own contracts, could impact some of the subsidiaries in the Group. For more information, please see the section on Risks (pages 37-39) in the 2020 Annual Report.

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

Outstanding share-related incentive programs

At the Instalco AGM on 7 May 2020, it was decided to implement an incentive scheme for the Group's senior executives and other key employees by issuing warrants with the right to subscribe for new shares in the company.

The warrants have been transferred on market terms at a price (premium) that was established based on an estimated market value of the warrants using the Black & Scholes valuation model calculated by an independent valuation institute.

There are no outstanding share-related incentive programmes besides the warrants described above.

Transactions with related parties

During the period, there were no transactions between Instalco and related parties that had a significant impact on the company's financial position or earnings.

Outstanding share-related incentive programs

Outstanding program	Number of options	Corresponding number of shares	Percentage of total shares	Redemption rate per share	Redemption period
2020/2023	989,256	989,256	2.00%	SEK 157.78	22 May 2023 - 16 June 2023

Revenue and earnings by segment

Revenue by segment	Operations		
	Contract	Service	Total
Sweden	5,389	1,625	7,015
Rest of Nordic	1,418	457	1,875
Group	6,808	2,082	8,890

Revenue and earnings by segment

	Sweden	Rest of Nordic	Group-wide	Total
			and eliminations	
Net sales	7,015	1,875	0	8,890
EBITA	640	80	27	748
Earnings before taxes	547	80	72	699

Events after the end of the reporting period

During the first quarter of 2022, Instalco acquired the following companies: TC-Kraft AB and Z-Signaler AB with expected sales of SEK 50 million and 31 employees, Manglerud Rörleggerbedrift AS with expected sales of SEK 25 million and 14 employees and Kyrön Sähkö Oy, with expected sales of SEK 77 million and 50 employees.

Preliminary acquisition analyses for these acquisitions have not yet been prepared.

At the extraordinary general meeting on 13 January 2022, Instalco resolved to increase the number of shares in the company via a 1:5 split, granting the Board the authority to set the record date for the split.

Accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) along with interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Commission for application within the EU. The standards and interpretations that have been applied are the ones that go into effect as of 1 January 2021 and which have been adopted by the EU. The Company has also applied recommendations from the Swedish Financial Reporting Board, RFR 1 Supplementary Accounting Rules for Groups. The consolidated financial statements for the interim period have been prepared in accordance with IAS 34 Interim Financial Reporting. Preparation has also been in accordance with the applicable requirements stated in the Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act, which is in accordance with RFR 2 Accounting for Legal Entities. The same accounting principles and bases of computation have been applied in this interim report as in the most recent annual report.

New standards and interpretations that enter into force in 2021 and beyond

As of the end of this quarter, no other new standards, amendments and interpretations of existing standards that have not yet entered into force or have been published by the IASB have been early-adopted by the Group.

Other

In its financial statements, Instalco only has liabilities in the form of contingent consideration that are valued at fair value through profit or loss. The valuation of contingent consideration is based on other observable data for assets or liabilities, i.e. Level 3 in the IFRS fair value hierarchy. There have not been any reclassifications between the different levels in the hierarchy during the period. The total amount of contingent consideration recognised as a liability amounts to SEK 518 million.

Condensed consolidated income statement and statement of comprehensive income

AMOUNTS IN SEK M	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	2,648	2,078	8,890	7,122
Other operating income	48	32	115	63
Operating income	2,696	2,110	9,005	7,184
Materials and purchased services	-1,349	-1,036	-4,552	-3,720
Other external services	-178	-125	-521	-398
Personnel costs	-890	-697	-2,975	-2,274
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	-63	-41	-198	-135
Other operating expenses	-4	-21	-37	-54
Operating expenses	-2,484	-1,919	-8,283	-6,580
Operating profit/loss (EBIT)	212	190	722	604
Net financial items	-6	8	-23	-9
Earnings before taxes	205	198	699	594
Tax on profit for the year	-42	-44	-142	-133
Earnings for the period	164	154	558	462
Other comprehensive income				
Translation difference	24	-25	69	-91
Comprehensive income for the period	187	128	627	371
<i>Comprehensive income for the period attributable to:</i>				
Parent Company's shareholders	183	127	615	365
Non-controlling interests	4	1	12	6
Earnings per share for the period, before dilution, SEK	3.06	2.94	10.50	9.00
Earnings per share for the period, after dilution, SEK	3.00	2.88	10.31	8.79
Average number of shares before dilution	52,050,432	51,858,474	52,022,644	50,609,729
Average number of shares after dilution ¹⁾	53,039,688	52,847,730	53,011,900	51,834,563

1) The company has one warrant scheme outstanding totalling 989,256 warrants (see Incentive program, page 8).

Condensed consolidated balance sheet

AMOUNTS IN SEK M	31 Dec 2021	31 Dec 2020
ASSETS		
Goodwill	3,847	2,780
Right-of-use assets	446	323
Other non-current assets	300	71
Total non-current assets	4,593	3,174
Accounts receivable	1,448	995
Contract assets	519	407
Other current assets	334	266
Cash and cash equivalents	695	386
Total current assets	2,996	2,054
Total assets	7,589	5,228
Equity and liabilities		
Equity	2,482	1,960
Non-controlling interests	19	12
Total equity	2,501	1,973
Non-current liabilities	2,095	1,099
Lease liabilities	295	210
Total non-current liabilities	2,390	1,308
Lease liabilities	137	103
Accounts payable	788	588
Contract liabilities	403	349
Other current liabilities	1,370	907
Total current liabilities	2,698	1,947
Total liabilities	5,088	3,255
Total equity and liabilities	7,589	5,228
Of which interest-bearing liabilities	2,345	1,298
<i>Equity attributable to:</i>		
Parent Company shareholders	2,482	1,960
Non-controlling interests	19	12

Condensed statement of changes in equity

AMOUNTS IN SEK M	31 Dec 2021	31 Dec 2020
Opening equity	1,973	1,485
Total comprehensive income for the period	615	365
New issues	53	222 ¹⁾
Issue warrants	3	18
Change in non-controlling interests	-10	-
Repurchase of own shares	-	-14
Dividends	-141	-115
Other	1	1
Non-controlling interests	6	10
Closing equity	2,501	1,973
<i>Equity attributable to:</i>		
Parent Company's shareholders	2,482	1,960
Non-controlling interests	19	12

1) The amount is attributable to redemption of warrants from prior incentive programs along with smaller amounts associated with the acquisition of new companies.

For more information, please see the following link: <https://instalco.se/investerare/bolagsstyrning/incitamentsprogram>

Condensed consolidated cash flow statement

AMOUNTS IN SEK M	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Cash flow from operating activities				
Earnings before taxes	205	198	699	594
Adjustment for items not included in cash flow	66	35	190	146
Tax paid	-12	-28	-150	-125
Changes in working capital	124	72	-130	73
Cash flow from operating activities	383	277	610	689
Investing activities				
Acquisition of subsidiaries and businesses	-359	-171	-953	-582
Other non-current assets	0	-1	-18	-2
Cash flow from investing activities	-358	-172	-971	-584
Financing activities				
New issue	30	26	53	222
Warrants	0	0	3	18
Change in non-controlling interests	0		-15	-
Repurchase of own shares	-	-14	-	-14
Dividends	-	-	-141	-115
New loans	244	0	917	70
Repayment of loan	-2	-3	-10	-74
Amortisation of lease liability	-42	-34	-151	-119
Cash flow from financing activities	229	-24	658	-12
Cash flow for the period	254	81	297	92
Cash and cash equivalents at the beginning of the period	438	308	386	317
Translation differences in cash and cash equivalents	4	-3	12	-22
Cash and cash equivalents at the end of the period	695	386	695	386

Condensed Parent Company income statement

AMOUNTS IN SEK M	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	2	5	22	23
Operating expenses	-5	-5	-22	-21
Operating profit/loss	-2	1	-1	2
Net financial items	-1	0	-2	-2
Profit/loss after net financial items	-3	0	-3	-1
Group contributions received	10	7	10	7
Earnings before taxes	7	7	7	6
Tax	-2	-2	-2	-2
Earnings for the period	6	6	6	5

Condensed Parent Company balance sheet

AMOUNTS IN SEK M	31 Dec 2021	31 Dec 2020
ASSETS		
Shares in subsidiaries	1,375	1,465
Total non-current assets	1,375	1,465
Receivables from Group companies	10	7
Other current assets	0	0
Cash and cash equivalents	54	50
Total current assets	64	57
Total assets	1,440	1,522
Equity and liabilities		
Equity	1,287	1,369
Total equity	1,287	1,369
Liabilities to credit institutions	143	142
Total non-current liabilities	143	142
Accounts payable	0	0
Other current liabilities	9	11
Total current liabilities	10	11
Total liabilities	152	154
Total equity and liabilities	1,440	1,522

Quarterly data

AMOUNTS IN SEK M	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Net sales	2,648	1,989	2,311	1,942	2,078	1,643	1,725	1,676
Growth in net sales, %	27.5	21.0	33.9	15.9	25.8	16.1	22.7	37.6
Operating profit/loss (EBIT)	212	163	197	150	190	140	154	120
EBITA	227	171	199	152	190	140	154	120
EBITDA	275	214	241	189	231	171	186	150
Adjusted EBITA	214	165	195	154	193	150	150	131
Adjusted EBITDA	263	209	237	192	234	182	182	161
EBIT margin, %	8.0	8.2	8.5	7.7	9.1	8.5	8.9	7.1
EBITA margin, %	8.6	8.6	8.6	7.8	9.2	8.5	9.0	7.2
EBITDA margin, %	10.4	10.8	10.4	9.7	11.1	10.4	10.8	9.0
Adjusted EBITA margin, %	8.1	8.3	8.4	8.0	9.3	9.2	8.7	7.8
Adjusted EBITDA margin, %	9.9	10.5	10.3	9.9	11.3	11.0	10.6	9.6
Working capital	-255	-15	-156	-216	-176	-60	-55	-30
Interest-bearing net debt	1,650	1,620	1,219	911	912	974	903	853
Gearing ratio, %	66.5	71.4	57.2	42.4	46.5	53.5	56.7	55.2
Net debt/in relation to adjusted EBITDA, times	1.8	1.9	1.4	1.2	1.2	1.4	1.3	1.3
Cash conversion %	147	-2	62	117	130	78	121	102
Cash flow from operating activities	383	-42	104	164	277	90	190	131
Earnings before taxes	205	158	197	140	198	137	152	108
Equity ratio, %	33.0	34.6	36.5	39.3	37.7	38.2	35.5	36.9
Order backlog	6,795	6,494	6,610	6,708	6,625	6,263	6,006	5,215
Average number of employees	4,642	4,335	4,085	3,876	3,609	3,474	3,202	3,075
Number of employees at the end of the period	4,887	4,597	4,256	3,993	3,856	3,630	3,352	3,180

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 20-21.

Earnings measures and margin measures

AMOUNTS IN SEK M	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
(A) Operating profit/loss (EBIT)	212	163	197	150	190	140	154	120
Depreciation/amortisation and impairment of acquisition-related intangible assets	15	7	2	2	0	0	0	0
(B) EBITA	227	171	199	152	190	140	154	120
Depreciation/amortisation and impairment of other property, plant and equipment and intangible assets	63	51	44	39	41	31	32	30
(C) EBITDA	275	214	241	189	231	171	186	150
Non-recurring items								
Additional consideration	-16	-9	-5	0	1	8	-7	8
Acquisition costs	4	4	1	3	2	2	2	3
Total, non-recurring items	-13	-6	-4	3	3	10	-4	11
(D) Adjusted EBITA	214	165	195	154	193	150	150	131
(E) Adjusted EBITDA	263	209	237	192	234	182	182	161
(F) Net sales	2,648	1,989	2,311	1,942	2,078	1,643	1,725	1,676
<i>(A/F) EBIT margin, %</i>	8.0	8.2	8.5	7.7	9.1	8.5	8.9	7.1
<i>(B/F) EBIT margin, %</i>	8.6	8.6	8.6	7.8	9.2	8.5	9.0	7.2
<i>(C/F) EBIT margin, %</i>	10.4	10.8	10.4	9.7	11.1	10.4	10.8	9.0
<i>(D/F) Adjusted EBITA margin, %</i>	8.1	8.3	8.4	8.0	9.3	9.2	8.7	7.8
<i>(E/F) Adjusted EBITDA margin, %</i>	9.9	10.5	10.3	9.9	11.3	11.0	10.6	9.6

Capital structure

AMOUNTS IN SEK M	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Calculation of working capital and working capital in relation to net sales								
Inventories	104	76	76	68	62	52	50	48
Accounts receivable	1,448	1,176	1,093	900	995	878	889	818
Contract assets	519	637	565	570	407	452	470	416
Prepaid expenses and accrued income	101	93	67	54	107	56	47	53
Other current assets	127	118	111	99	96	88	87	73
Accounts payable	-788	-754	-755	-677	-588	-616	-566	-528
Contract liabilities	-403	-322	-296	-344	-349	-308	-400	-314
Other current liabilities	-784	-549	-489	-399	-431	-293	-244	-223
Accrued expenses and deferred income, including provisions	-580	-490	-529	-487	-476	-369	-388	-373
(A) Working capital	-255	-15	-156	-216	-176	-60	-55	-30
(B) Net sales (12-months rolling)	8,890	8,319	7,973	7,388	7,122	6,696	6,469	6,149
(A/B) Working capital as a percentage of net sales, %	-2.9	-0.2	-2.0	-2.9	-2.5	-0.9	-0.9	-0.5
Calculation of interest-bearing net debt and gearing ratio								
Non-current, interest-bearing financial liabilities	2,209	1,935	1,423	1,204	1,196	1,178	1,129	1,040
Current, interest-bearing financial liabilities	137	123	120	112	103	104	86	85
Cash and cash equivalents	-695	-438	-323	-404	-386	-308	-313	-272
(A) Interest-bearing net debt	1,650	1,620	1,219	911	912	974	903	853
(B) Equity	2,482	2,269	2,130	2,147	1,960	1,820	1,592	1,544
(A/B) Gearing ratio, %	66.5	71.4	57.2	42.4	46.5	53.5	56.7	55.2
(C) EBITDA (12-months rolling)	920	876	833	778	739	678	646	626
(A/C) Interest-bearing net debt in relation to EBITDA (12-months rolling)	1.8 times	1.9 times	1.5 times	1.2 times	1.2 times	1.4 times	1.4 times	1.4 times
Calculation of operating cash flow and cash conversion								
(A) Adjusted EBITDA	263	209	237	192	234	182	182	161
Net investments in property, plant and equipment and intangible assets	0	-3	-13	-2	-1	0	-2	0
Changes in working capital	124	-210	-78	34	72	-41	39	2
(B) Operating cash flow	387	-4	146	223	305	141	220	164
(B/A) Cash conversion %	147	-2	62	117	130	78	121	102

Signatures

Future reporting dates

Annual Report 2021	Published on the company's website during week of 21 March 2022
Interim report January – March 2022	5 May 2022
AGM	5 May 2022
Interim report January – June 2022	25 August 2022
Interim Report January – September 2022	9 November 2022

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 17 February 2022
Instalco AB (publ)

Per Sjöstrand
Chairman of the Board

Johnny Alvarsson
Board member

Camilla Öberg
Board member

Carina Qvarngård
Board member

Olof Ehrlén
Board member

Per Leopoldsson
Board member

Carina Edblad
Board member

Robin Boheman
CEO

This report has not been reviewed by the company's auditors.

Presentation of the report

The report will be presented in a telephone conference/audiocast today, 17 February at 14:00 CET via <https://tv.streamfabriken.com/instalco-q4-2021>. To participate by phone: +46(0)8-505 583 65.

Note

This information is information that Instalco is required to disclose under the EU Market Abuse Regulation. The information was made public, via the contact person listed below on 17 February 2022 at 11:00 CET.

Additional information

Robin Boheman, CEO
Christina Kassberg, CFO, christina.kassberg@instalco.se
Fredrik Trahn, IR, fredrik.trahn@instalco.se +46 (0)70 913 67 96

Definitions with explanation

General

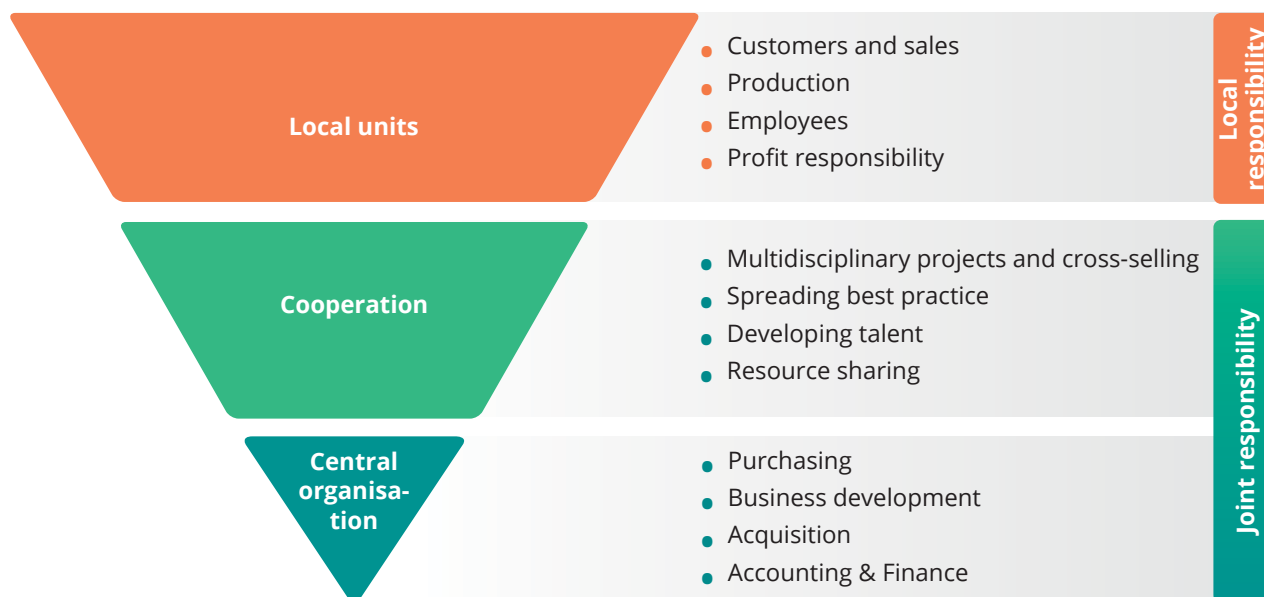
Unless otherwise indicated, all amounts in the report and tables are in SEK m. All amounts in parentheses () are comparison figures for the same period in the prior year, unless otherwise indicated.

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.
Adjusted EBITA	Adjusted EBITA for non-recurring items, primarily attributable to revaluation of additional consideration and acquisition costs.	Adjusted EBITA increases comparability of EBITA.
Adjusted EBITA margin	EBITA adjusted for non-recurring items, primarily attributable to revaluation of additional consideration and acquisition costs, as a percentage of net sales.	Adjusted EBITA margin excludes the effect of items affecting non-recurring items, which facilitates a comparison of the underlying operational profitability.
Adjusted EBITDA	Adjusted EBITDA for non-recurring items, primarily attributable to revaluation of additional consideration and acquisition costs.	Adjusted EBITDA increases comparability of EBITDA.
Adjusted EBITDA margin	EBITDA adjusted for non-recurring items, primarily attributable to revaluation of additional consideration and acquisition costs, as a percentage of net sales.	Adjusted EBITDA margin excludes the effect of non-recurring items, which facilitates a comparison of the underlying operational profitability.
Cash conversion	Operating cash flow as a percentage of adjusted EBITDA	Cash conversion is used to monitor how effective the Group is in managing ongoing investments and working capital.
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 acquisition-related 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 acquisition-related 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 acquisition-related 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 acquisition-related 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.
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 adjusted EBITDA	Net debt at end of period divided by adjusted EBITDA, on a 12-month rolling basis.	Net debt in relation to adjusted EBITDA provides an estimate of the company's ability to reduce its debt. It represents the number of years it would take to pay back the debt if the net debt and adjusted EBITDA is kept constant, without taking into account the cash flows relating to interest, taxes and investments.

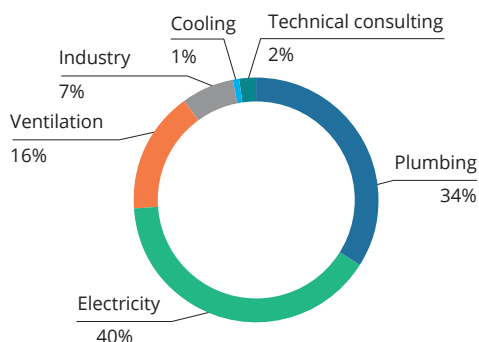
Key figures	Definition/calculation	Purpose
Non-recurring items	Non-recurring items, like additional consideration, acquisition costs, the costs associated with refinancing, listing costs and sponsorship costs.	By excluding non-recurring items, it is easier to compare earnings between periods.
Operating cash flow	Adjusted 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.
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.
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 OPERATION



NET SALES BY MARKET AREA

