

Interim report January – March 2023

High organic growth and strengthened profitability

January – March 2023

- Net sales increased by 26.4 percent and amounted to SEK 3,264 (2,583) million. Organic growth, adjusted for currency effects, amounted to 12.5 (7.8) percent.
- EBITA increased by 34.1 percent and amounted to SEK 233 (173) million.
- The EBITA margin was 7.1 (6.7) percent.
- Depreciation/amortisation of property, plant and equipment and intangible assets increased by SEK 40 million and amounted to SEK 112 (72) million.
- Operating profit (EBIT) amounted to SEK 190 (151) million.
- Cash flow from operating activities for the period was SEK 222 (210) million.
- Earnings per share before dilution were SEK 0.48 (0.38) and after dilution were SEK 0.47 (0.37).
- Six acquisitions were made during the period, which, on an annual basis, contribute an estimated total sales of SEK 970 million.



Key figures ¹⁾

SEK m	Jan-March 2023	Jan-March 2022	Change, %	Rolling 12 months	Jan-Dec 2022
Net sales	3,264	2,583	26.4	12,744	12,063
EBITA	233	173	34.1	975	916
EBITA margin, %	7.1	6.7		7.6	7.6
Operating profit/loss (EBIT)	190	151	25.5	823	784
Earnings before taxes	171	126	35.5	741	697
Cash flow from operating activities	222	210	6.0	765	753
Net debt/EBITDA, times	2.5	1.8	39.4	2.4	2.1
Cash conversion (12-Month rolling),%	82	88		82	85
Basic earnings per share, SEK	0.48	0.38	26.0	2.09	1.99
Diluted earnings per share, SEK	0.47	0.37	26.1	2.06	1.96
Order backlog	8,987	7,602	18.2	8,987	8,376

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

CEO Comments

Sales in the first quarter were SEK 3,264 (2,583) million, which corresponds to a growth rate of 26.4 percent. EBITA for the quarter was SEK 233 (173) million, which corresponds to an EBITA margin of 7.1 (6.7) percent.

Organic growth, adjusted for currency effects, amounted to 12.5 percent. Both of our segments contribute to the strong growth, with Sweden contributing 12.0 percent and Rest of Nordic 14.3 percent. Acquired growth amounted to 13.8 percent.

Many acquisitions

The year started with a lot of activity on the acquisition front and we acquired around SEK 970 million in sales, of which three major acquisitions: Lysteknikk, Enter Ställningar and Processus accounts for the major part. We also acquired three smaller companies: Telepatrol, RP Montage and SMT. All of the acquired companies are very successful and specialised and therefore a good fit with Instalco's business model and culture. We have had a dialogue underway with several of the companies for quite some time before arriving at the point where the time was ripe for us to join forces and follow a shared path.

The high pace of acquisition has raised our level of indebtedness but due to our strong earnings growth, we still managed to achieve our goal of a net debt in relation to EBITDA of 2.5 times. For the 12-month rolling period, our debt-to-equity ratio is slightly lower. We are secure with the rate of acquisition, our cash flow and the balance sheet.

Building a network between our subsidiaries

In 2023 we will focus on integrating our latest acquisitions and making sure that they quickly will contribute to our continued growth in earnings and cash flow. We will also continue pursuing our acquisition agenda, looking to acquire the best companies in our industry.

Instalco's ambition is to always be the best harbour for entrepreneurial companies in the fields of installation, industry and technical consulting. We are working in a focused way to integrate our acquisitions and ensure that our employees and companies understand and embrace our vision and the Instalco spirit. We are building a network between our companies as a means of deriving the greatest possible benefits and synergies from their cumulative expertise. Instalco also puts a lot of emphasis on coaching and further developing the companies of these entrepreneurs, along with ensuring that they remain profitable as part of the Instalco Group. We are also actively pursuing dialogue with companies that are interesting candidates for future acquisition.

Positive signals from Finland

Order backlog is strong and stable, amounting to SEK 8,987 (7,602) million, which is an increase of 18.2 percent. We are getting positive signals from Finland and for the first time in quite a while, the order backlog there is increasing.

Many exciting new contracts were signed during the quarter, with projects starting up throughout the Nordic region, most of which are focused on making properties more energy efficient in various ways. As we've grown the



industrial side of the business, the number of projects in that area has grown as well. During the quarter, for example, we signed a contract with SSAB via our Finnish subsidiary, Pohjanmaan Talotekniikka in Uleåborg. The work involves installation of heating, plumbing and ventilation systems in conjunction with the expansion of their facilities in Brahestad.

Safe employees the foundation of Instalco

We are continuing to develop our work with sustainability and reported some good results on our sustainability goals towards the end of the quarter. The social and physical work environment for our employees is a high priority and employee satisfaction for the Group remains at a very high level. 85 percent of our employees responded that they are satisfied or very satisfied with their work situation overall.

Our Safe Employee training is one aspect of Instalco's internal work with sustainability. During the quarter, we updated and developed the training to cover the social perspective and psychosocial workplace, thereby supplementing the rules and routines for avoiding physical injury and accidents in the workplace. Safe Employee is also part of our certification system, Sustainable Instalco Project, which we have high ambitions for in 2023.

Robin Boheman
CEO

Performance of the Instalco Group

The Nordic market of installation services

There is a strong underlying demand for the industry's services and there is a growing interest and demand for energy-efficient and resource-saving installation services. The market outlook is, however, difficult to assess in light of the prevailing macroeconomic situation. Energy prices have risen sharply over the last year. The prices of raw materials have stagnated at a high level. Because of rising interest rates, the pace of production of new building construction has slowed down, an area Instalco has low exposure to.

In general, the market is driven by a number of long-term trends and general societal development. Technology development, digitalisation, sustainability, ageing property holdings, urbanisation and a growing and ageing population are some of the biggest driving forces.

Net sales

First quarter

Sales for the quarter amounted to SEK 3,264 (2,583) million, which is an increase of 26.4 percent. Adjusted for currency effects, organic growth amounted to 12.5 percent and acquired growth was 13.8 percent. Currency fluctuations only had a marginal impact on net sales.

Six acquisitions were made during the quarter, with estimated annual net sales of SEK 970 million.

Earnings

First quarter

Operating profit before amortisation of acquired intangible assets (EBITA) amounted to SEK 233 (173) million, which corresponds to an EBITA margin of 7.1 (6.7) percent. Overall, it was a strong earnings performance that improved compared to the previous period together with positive effects from the business area Industry.

Operating profit (EBIT) for the quarter amounted to SEK 190 (151) million. Amortisation of acquired intangible assets increased by SEK 21 million and amounted to SEK 43 (22) million. The increase is attributable to a high acquisition rate, with a larger portion of depreciable assets related to acquisitions.

Net financial items for the quarter amounted to SEK -19 (-25) million, of which unrealised value changes amounted to SEK 8 (-17) million and the interest expense on external loans amounted to SEK -28 (-7) 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 -36 (-25) million, which corresponds to an effective tax rate of 21 (20) percent.

Earnings for the quarter were SEK 135 (101) million, which corresponds to earnings per share before dilution of SEK 0.48 (0.38) and earnings per share after dilution of SEK 0.47 (0.37).

Order backlog

January - March

Order backlog at the end of the period amounted to SEK 8,987 (7,602) million, which is an increase of 18.2 percent. Organically, for comparable units, the order backlog grew, adjusted for currency effects, by 0.8 percent. The order backlog of acquired companies contributed with growth of 17.4 percent.

During the first quarter and through its subsidiaries ETKK and Liab, Instalco was contracted for the technical installations associated with renovation of the Zinkgruvan Mining enrichment plant near Askersund. The work will involve such things as installations of new pump systems and power supply via switchgear and transformers.

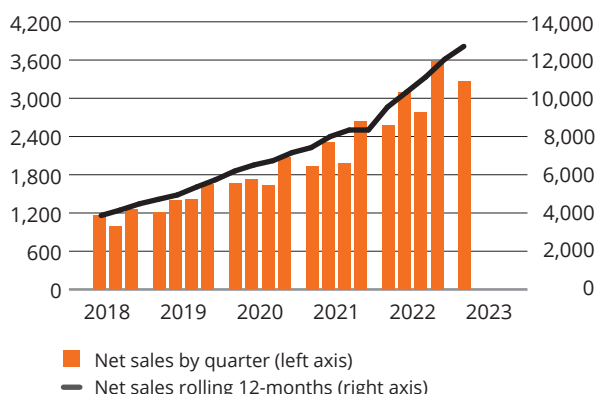
Cash flow

First quarter

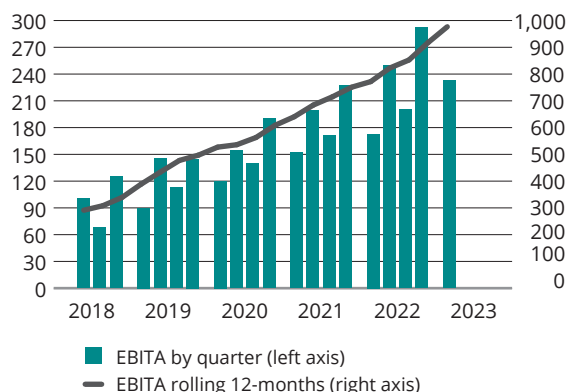
Cash flow from operating activities amounted to SEK 222 (210) million, with a change in working capital of SEK 40 (80) million. The Group's working capital fluctuates from one quarter to the next primarily because of fluctuations in these line items: work-in-progress, accounts receivable and accounts payable.

Cash flow from investing activities amounted to SEK -830 (-221) million, of which acquisitions of subsidiaries and businesses amounted to SEK -804 (-210) million. Cash flow from financing activities amounted to SEK 656 (275) million, of which the net change in loans amounted to SEK 663 (319) million and amortisation of lease liabilities amounted to SEK -57 (-42) million.

NET SALES BY QUARTER, SEK M



EBITA BY QUARTER, SEK M



Revenue by segment

SEK m	Jan-March 2023	Share	Jan-March 2022	Share	Jan-Dec 2022	Share
Sweden	2,327	71%	1,985	77%	9,220	76%
Rest of Nordic	937	29%	598	23%	2,844	24%
Total	3,264		2,583		12,063	

EBITA, EBITA margin and earnings before taxes, per segment

SEK m	Jan-March 2023	EBITA margin	Jan-March 2022	EBITA margin	Jan-Dec 2022	EBITA margin
Sweden	185	8.0%	141	7.1%	772	8.4%
Rest of Nordic	48	5.1%	34	5.7%	151	5.3%
Group-wide	-1		-1		-7	
EBITA	233	7.1%	173	6.7%	916	7.6%
Amortisation of acquired intangible assets	-43		-22		-132	
Net financial items	-19		-25		-87	
Earnings before taxes	171		126		697	

Distribution of revenue

SEK m	Jan-March 2023			Jan-March 2022			Jan-Dec 2022		
	Service	Con- tract	Total	Service	Con- tract	Total	Service	Con- tract	Total
Sweden	580	1,747	2,327	500	1,485	1,985	2,767	6,452	9,220
Rest of Nordic	275	662	937	168	430	598	857	1,987	2,844
Total	855	2,409	3,264	668	1,915	2,583	3,624	8,439	12,063

Operations in Sweden

Market

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

Industrial construction investments remain at a high level, particularly in northern Sweden, where major investments will be made in the years ahead. High electricity prices and investments in Swedish basic industry are increasing the need for energy-efficiency and investments in the grid. For technical consulting, short-term demand is good, primarily for the logistics, industrial, ROT (a tax relief scheme for repairs, conversion, and extensions) and energy areas where significant needs exist.

The inflation and high material prices are impacting the industry's profitability. Long delivery times and component shortages could delay installations.

Net sales

First quarter

Net sales for the quarter amounted to SEK 2,327 (1,985) million, which is an increase of SEK 342 million. Organic growth amounted to 12.0 percent and acquired growth was 5.3 percent.

Earnings

First quarter

EBITA for the quarter was SEK 185 (141) million, which corresponds to a EBITA margin of 8.0 (7.1) percent. Operating profit/loss was SEK 164 (141) million. Overall, it was a strong earnings performance that improved compared to the previous period together with positive effects from the business area Industry.

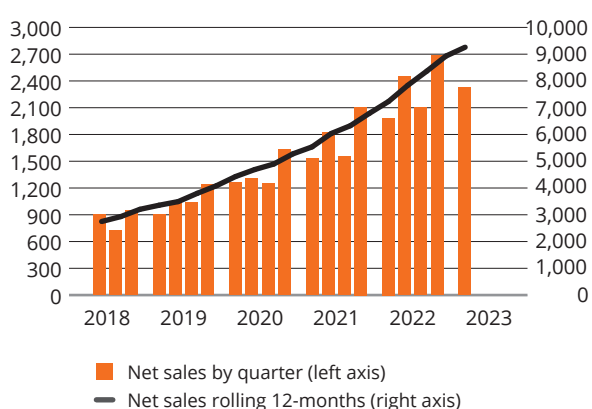
Order backlog

January - March

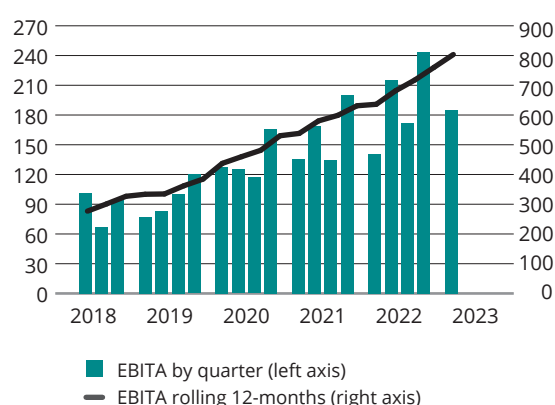
Order backlog at the end of the period amounted to SEK 6,255 (5,799) million, which is an increase of 12.5 percent. Organically, for comparable units, order backlog increased by 3.8 percent. The order backlog of acquired companies contributed with growth of 8.7 percent.

During the first quarter for example, and through its subsidiaries, Calmarsunds VVS and Elovent, Instalco was engaged as the general contractor for a two-stage renovation of apartments situated at the HSB Graniten housing area in Kalmar. Another Instalco subsidiary, Elovent, is subcontractor for the project, where focus is on energy efficiency. The work involves design and installation of the heating & plumbing, ventilation, electrical, control technology and automatics, construction and ground work.

NET SALES BY QUARTER, SEK M



EBITA BY QUARTER, SEK M



Key figures for Sweden

SEK m	Jan-March 2023	Jan-March 2022	Change, %	Rolling 12 months	Jan-Dec 2022
Net sales	2,327	1,985	17.2	9,562	9,220
EBITA	185	141	31.5	816	772
EBITA margin, %	8.0	7.1		8.5	8.4
Order backlog	6,522	5,799	12.5	6,522	6,355

Operations in Rest of Nordic

Market

The market in Norway is stable in terms of both construction and renovation. For new production of residential property, we've noticed a dampening effect, at a high level, primarily due to uncertainty about the interest rate situation and high construction costs. The demand for energy efficient installations is increasing in line with high energy prices. The major driving forces are continued major investments in the public sector, such as schools and hospitals, along with private initiatives to develop industrial, office and commercial facilities.

The market in Finland is primarily being driven by investments in the major metropolitan regions. It is still somewhat tentative however, due to the high interest rates. The rate of construction for office premises is currently high, but for new housing construction, the rate has fallen. In conjunction with Finland becoming a member of NATO, more military investments in construction and installation are expected.

Net sales

First quarter

Net sales for the quarter amounted to SEK 937 (598) million, which is an increase of SEK 339 million. Organic growth, adjusted for currency effects, amounted to 14.3 percent and acquired growth was 42.1 percent.

Earnings

First quarter

EBITA for the quarter was SEK 48 (34) million, which corresponds to a EBITA margin of 5.1 (5.7) percent. Operating profit/loss was SEK 27 (34) million.

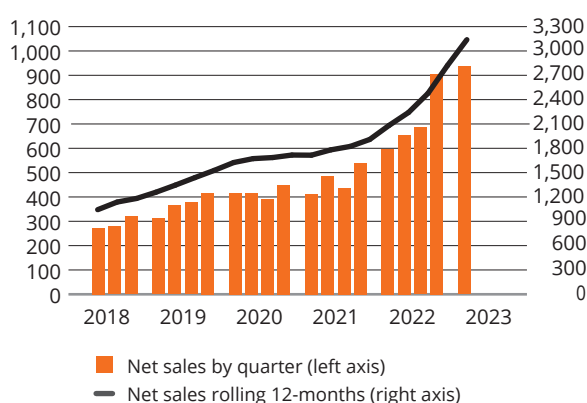
Order backlog

January - March

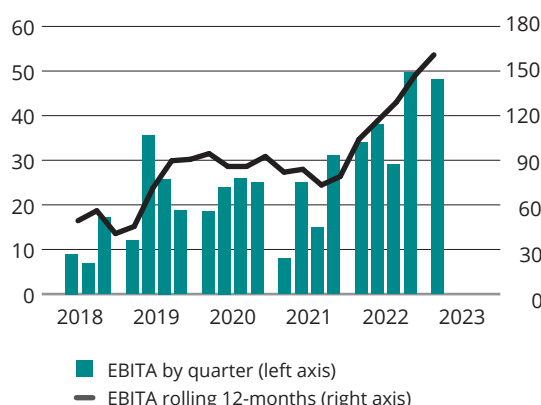
Order backlog at the end of the period amounted to SEK 2,465 (1,803) million, which is an increase of 36.7 percent, adjusted for currency effects. Organically, for comparable units, order backlog decreased by 8.6 percent. The order backlog of acquired companies contributed with growth of 45.3 percent.

During the first quarter for example, Instalco won an assignment at a logistics warehouse through its subsidiary, Uudenmaan Lvi-Talo Oy. The work involves heating, plumbing and ventilation installations. The customer is HOK-Elanto, which will be building a logistics warehouse for a major online grocery store at Vanda, just north of Helsinki.

NET SALES BY QUARTER, SEK M



EBITA BY QUARTER, SEK M



Key figures, Rest of Nordic

SEK m	Jan-March 2023	Jan-March 2022	Change, %	Rolling 12 months	Jan-Dec 2022
Net sales	937	598	56.6	3,182	2,844
EBITA	48	34	42.1	165	151
EBITA margin, %	5.1	5.7		5.2	5.3
Order backlog	2,465	1,803	36.7	2,465	1,925

Acquisition

Instalco made six acquisitions during the period January through March. One of the acquisitions was partially financed with own shares. There was a targeted new issue of SEK 50 million during the period to facilitate that. Acquisition costs for the period amount to SEK 4 (3) 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 519 million, of which SEK 195 million is for acquisitions made in 2023.

Changes in reported contingent consideration.

SEK m	Jan-March 2023	Jan-Dec 2022
Opening carrying amounts	454	518
Gains and losses reported in the income statement	-2	-2
Paid contingent consideration	-128	-173
Added through acquisitions made during the period	195	115
Exchange rate difference	0	-4
Closing carrying amounts	519	454

Company acquisitions

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

Access gained	Acquisition	Area of technology	Segment	Share of the votes and capital	Net sales, SEK million ¹⁾	Number of employees
January	Telepatrol Oy	Electricity	Rest of Nordic	100%	48	30
January	Rörprodukter Montage Sverige AB	Heating & plumbing	Sweden	100%	24	12
February	Lysteknikk Entreprenør AS	Electricity	Rest of Nordic	100%	325	120
March	Processus AB	Industrial	Sweden	100%	193	65
March	SMT Norrbotten AB	Industrial	Sweden	100%	40	17
March	Enter Ställningar AB	Industrial	Sweden	100%	340	120
Total					970	364

1) Refers to annual net sales at the acquisition date, based on the most recent financial year that was subject to an audit.

The maximum, non-discounted amount that could be paid to prior owners is SEK 716 million, of which SEK 226 million pertains to acquisitions that were made in 2023.

Revaluation of contingent consideration had a net impact on the period of SEK 0 (6) million, which is reported in Other operating income and Other operating expenses in the income statement.

The Group's goodwill stems from continuous, focused acquisition efforts over a period of many years. The amount allocated to goodwill on the acquisition date corresponds to the cost of acquisition less the fair value of the acquired net assets. The value of goodwill is motivated by the earnings capacity of our companies and it represents the future economic benefits of collaboration between subsidiaries, cross-selling and joint purchasing. The benefits have not, however, been individually identified or reported separately. At the end of the period, the Group's total goodwill amounted to SEK 5,211 (4,042) 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. Other identified goodwill, such as customer relations and the order backlog, have been measured at present value of future cash flows and as a rule, is amortised over a period of 3 to 10 years.

Instalco's acquired net sales over the last 12-month period (RTM), in accordance with the assessed situation on the acquisition date, amounted to SEK 1 959 million.

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 the final, confirmed data from the acquired companies has been obtained.

SEK m	Fair value of Group
Intangible assets	239
Deferred tax asset	0
Other non-current assets	172
Other current assets	265
Cash and cash equivalents	152
Deferred tax liability	-64
Current liabilities	-375
Total identifiable assets and liabilities (net)	389
Goodwill	634
Consideration paid	
Cash and cash equivalents	828
Contingent consideration	195
Total transferred consideration	1,023
Impact on cash and cash equivalents	
Cash consideration paid	828
Cash and cash equivalents of the acquired units	-152
Total impact on cash and cash equivalents	676
Settled contingent consideration attributable to acquisitions in the current year and prior years	128
Exchange rate difference	0
Total impact on cash and cash equivalents	804
Impact on net sales and operating profit/loss 2023	
Net sales	59
Operating profit/loss	4
Consolidated pro forma for net sales and operating profit/loss from 1 January 2023 until the acquisition date ¹⁾	
Net sales	238
Operating profit/loss	5

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 3,266 (2,659) million, with an equity ratio of 30.1 (32.6) percent.

Cash and cash equivalents, together with its other short-term investments amounted to SEK 672 (973) million at the end of the period.

Interest-bearing debt including leasing at the end of the period amounted to SEK 3,779 (2,683) million, of which leasing amounts to SEK 539 (430) million. The increase in interest-bearing debt is attributable to large funds transferred for the Group's acquisitions during the period.

As of the end of the period, Instalco's total credit facility, including unutilised credit, amounted to a total of SEK 3,700 (2,501) million, of which SEK 3,200 (2,230) million had been utilised. The Group is meeting the stated covenants with a good margin.

As of the end of the period, interest-bearing net debt amounted to SEK 3,107 (1,710) million and with a gearing ratio of 101.9 (64.8) percent. Net debt in relation to EBITDA was 2.5 (1.8) which is within our target of 2.5. Currency changes impacted interest-bearing net debt by SEK -15 (0) million.

Investments, depreciation and amortisation

Investments in company acquisitions amounted to SEK 804 (210) million during the period. The amount includes settled contingent consideration attributable to acquisitions made in the current and prior years equal to SEK 128 (59) million.

Share Information

At the end of the period, the number of shares and votes in Instalco AB amounted to 260,564,020.

Instalco's ten largest shareholders, 2023-03-31	Number of shares	Share of capital and votes
Per Sjöstrand	26,901,860	10.3%
Capital Group	23,393,034	9.0%
Swedbank Robur Fonder	22,780,227	8.7%
AMF Pension & Fonder	14,598,164	5.6%
Odin Fonder	11,755,515	4.5%
SEB Fonder	11,123,900	4.3%
Wipunen Varainhallinta	10,430,000	4.0%
Heikintorppa	10,340,000	4.0%
Handelsbanken Fonder	10,138,507	3.9%
Cliens Fonder	8,805,591	3.4%
Total, 10 largest shareholders	150,266,798	57.7%
Other	110,297,222	42.3%
Total	260,564,020	100.0%

The ten largest known shareholders (grouped) of Instalco AB as of 31 March 2023. Source: Monitor by Modular Finance AB. Compiled and processed data from Euroclear, Morningstar and FI.

Net investments in fixed assets for the period amounted to SEK -26 (-11) million.

Depreciation/amortisation of property, plant and equipment and intangible assets amounted to SEK 112 (72) million, of which SEK 69 (50) million was depreciation of property, plant and equipment and SEK 43 (22) 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

Instalco has two outstanding warrants scheme corresponding to a total of 7,546,280 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 total shares	Price per option per option	Redemption rate per option	Redemption rate per share	Redemption period
2020/2023 ¹⁾	989,256	4,946,280	2.00%	SEK 24.56	SEK 157.78	SEK 31.56	22 May 2023 - 16 June 2023
2022/2025	2,600,000	2,600,000	1.00%	SEK 7.80	SEK 50.92	SEK 50.92	22 May 2025 - 16 June 2025

1) The 2020/2023 programme has been restated to reflect the 5:1 share split that was carried out in January 2022.

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 March 2023. Net sales for the Parent Company amounted to SEK 6 (6) million. Operating profit/loss was SEK -1 (-1) million. Net financial items amounted to SEK -1 (-1) million. Earnings before taxes were SEK -2 (-2) million and earnings for the period were SEK -2 (-2) million. Cash and cash equivalents at the end of the period amounted to SEK 71 (52) million.

Transactions with related parties

Besides remuneration to senior executives, 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. 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, including inflation and interest rates, 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 does not have any direct exposure to Ukraine and Russia with either sales or purchasing. Instalco's assessment is that the indirect effects are currently limited, although disruptions in logistics chains and higher prices for raw materials where we are not able to compensate

with a corresponding increase in our own prices impacts some of the Group's subsidiaries. We are monitoring developments carefully but it is currently difficult to assess what future consequences the conflict could have on the economic situation in Europe.

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 second quarter of 2023, Instalco has via its subsidiary Moi Rør AS acquired Halvard Thorsen AS with expected sales of SEK 42 million and 20 employees.

Condensed consolidated income statement and statement of comprehensive income

AMOUNTS IN SEK M	Jan-March 2023	Jan-March 2022	Rolling 12 months	Jan-Dec 2022
Net sales	3,264	2,583	12,744	12,063
Other operating income	47	34	129	115
Operating income	3,310	2,617	12,872	12,179
Materials and purchased services	-1,685	-1,303	-6,567	-6,186
Other external services	-251	-194	-1,025	-968
Personnel costs	-1,066	-876	-3,994	-3,805
Depreciation/amortisation and impairment of prop- erty, plant and equipment and intangible assets	-112	-72	-421	-381
Other operating expenses	-7	-20	-42	-54
Operating expenses	-3,121	-2,465	-12,050	-11,395
Operating profit/loss (EBIT)	190	151	823	784
Net financial items	-19	-25	-81	-87
Earnings before taxes	171	126	741	697
Tax on profit for the year	-36	-25	-156	-145
Earnings for the period	135	101	585	551
Other comprehensive income				
Translation difference	-75	60	-19	117
Comprehensive income for the period	60	161	567	668
<i>Comprehensive income for the period attributable to:</i>				
Parent Company's shareholders	50	159	527	636
Non-controlling interests	9	1	40	31
Earnings per share for the period, before dilution, SEK	0.48	0.38	2.09	1.99
Earnings per share for the period, after dilution, SEK	0.47	0.37	2.06	1.96
Average number of shares before dilution ¹⁾	260,564,020	260,564,020	260,564,020	260,564,020
Average number of shares after dilution ¹⁾	265,510,300	265,510,300	265,510,300	265,510,300

1) Instalco has an outstanding warrants scheme corresponding to a total of 7,546,280 shares.

Condensed consolidated balance sheet

AMOUNTS IN SEK M	31 March 2023	31 March 2022	31 Dec 2022
ASSETS			
Goodwill	5,211	4,042	4,610
Right-of-use assets	558	444	568
Other non-current assets	1,126	332	759
Total non-current assets	6,895	4,818	5,938
Accounts receivable	1,835	1,348	1,891
Contract assets	902	677	620
Other current assets	551	339	493
Cash and cash equivalents	672	973	631
Total current assets	3,959	3,336	3,636
TOTAL ASSETS	10,854	8,154	9,573
EQUITY AND LIABILITIES			
Equity	3,049	2,641	2,944
Non-controlling interests	217	18	208
Total equity	3,266	2,659	3,152
Non-current liabilities	3,999	2,438	3,188
Lease liabilities	353	293	372
Total non-current liabilities	4,352	2,731	3,559
Lease liabilities	186	137	181
Accounts payable	1,201	865	1,042
Contract liabilities	590	449	461
Other current liabilities	1,258	1,312	1,178
Total current liabilities	3,235	2,763	2,862
Total liabilities	7,587	5,495	6,421
TOTAL EQUITY AND LIABILITIES	10,854	8,154	9,573
Of which interest-bearing liabilities	3,779	2,683	3,135
<i>Equity attributable to:</i>			
Parent Company shareholders	3,049	2,641	2,944
Non-controlling interests	217	18	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	-	-	-	126	126	9	135
Translation effect for the period of foreign operations	-	-	-75	-	-75	0	-75
Comprehensive income for the period	-	-	-75	126	50	9	60
<i>Transactions with owners</i>							
Dividends	-	-	-	-	-	-	-
New issues ¹⁾	0	50	-	-	50	-	50
Change in non-controlling interests	-	-	-	4	4	0	4
Issue warrants	-	-	-	0	0	-	0
Total transactions with owners	0	50	-	4	54	0	54
Closing balance 2023-03-31	1	1,046	42	1,960	3,049	217	3,266
Opening balance 2022-01-01	1	996	1	1,485	2,483	19	2,501
Earnings for the period	-	-	-	100	100	1	101
Translation effect for the period of foreign operations	-	-	60	-	60	0	60
Comprehensive income for the period	-	-	60	100	160	1	161
<i>Transactions with owners</i>							
Dividends	-	-	-	-	-	-2	-2
Change in non-controlling interests	-	-	-	1	1	-1	0
Issue warrants	-	-	-	0	0	-	0
Other	-	-	-	-2	-2	-	-2
Total transactions with owners	-	-	-	-1	-1	-3	-4
Closing balance 2022-03-31	1	996	61	1,583	2,641	18	2,659

1) Unregistered share capital of SEK 3 thousand is reported under the item, share capital.

Condensed consolidated cash flow statement

AMOUNTS IN SEK M	Jan-March 2023	Jan-March 2022	Rolling 12 months	Jan-Dec 2022
Cash flow from operating activities				
Earnings before taxes	171	126	741	697
Adjustment for items not included in cash flow	85	93	400	407
Tax paid	-75	-89	-199	-214
Changes in working capital	40	80	-177	-137
Cash flow from operating activities	222	210	765	753
Investing activities				
Acquisition of subsidiaries and businesses	-804	-210	-1,638	-1,043
Other non-current assets	-26	-11	-52	-37
Cash flow from investing activities	-830	-221	-1,691	-1,080
Financing activities				
New issue	50	-	50	-
Warrants	0	0	14	14
Change in non-controlling interests	-	0	-22	-22
Dividends	-	-2	-169	-171
Net change of loan	663	319	968	624
Amortisation of lease liabilities	-57	-42	-220	-205
Cash flow from financing activities	656	275	622	240
Cash flow for the period	47	263	-304	-87
Cash and cash equivalents at the beginning of the period	631	695	973	695
Translation differences in cash and cash equivalents	-6	14	2	22
Cash and cash equivalents at the end of the period	672	973	672	631

Condensed Parent Company income statement

AMOUNTS IN SEK M	Jan-March 2023	Jan-March 2022	Rolling 12 months	Jan-Dec 2022
Net sales	6	6	25	25
Operating expenses	-7	-7	-28	-28
Operating profit/loss	-1	-1	-3	-3
Net financial items	-1	-1	129	130
Profit/loss after net financial items	-2	-2	126	126
Group contributions received	-	-	7	7
Earnings before taxes	-2	-2	133	133
Tax	-	-	-1	-1
Earnings for the period	-2	-2	132	132

Condensed Parent Company balance sheet

AMOUNTS IN SEK M	31 March 2023	31 March 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	7	7	7
Cash and cash equivalents	71	52	27
Total current assets	79	59	35
TOTAL ASSETS	1,454	1,434	1,410
EQUITY AND LIABILITIES			
Equity	1,298	1,285	1,250
Total equity	1,298	1,285	1,250
Non-current liabilities	149	143	149
Current liabilities	7	6	11
Total liabilities	156	149	160
TOTAL EQUITY AND LIABILITIES	1,454	1,434	1,410

Quarterly data

AMOUNTS IN SEK M	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Income statement								
Net sales	3,264	3,590	2,788	3,102	2,583	2,648	1,989	2,311
Growth in net sales, %	26.4	35.6	40.2	34.2	33.0	27.5	21.0	33.9
EBITDA	302	364	275	303	223	275	214	241
EBITDA margin, %	9.2	10.2	9.9	9.8	8.6	10.4	10.8	10.4
EBITA	233	292	201	250	173	227	171	199
EBITA margin, %	7.1	8.1	7.2	8.1	6.7	8.6	8.6	8.6
Operating profit/loss (EBIT)	190	261	156	215	151	212	163	197
Operating profit/loss (EBIT), %	5.8	7.3	5.6	6.9	5.9	8.0	8.2	8.5
Earnings before taxes	171	230	131	209	126	205	158	197
Earnings for the period	135	182	77	191	101	164	129	154
Equity, provisions and liabilities								
Return on equity, %	20.6	20.1	20.3	23.4	23.0	24.7	25.8	26.0
Return on capital employed, %	13.3	14.9	14.7	15.7	17.0	18.8	20.2	21.2
Interest-bearing net debt	3,107	2,503	2,668	2,365	1,710	1,650	1,620	1,219
Gearing ratio, %	101.9	85.0	97.4	90.3	64.8	66.5	71.4	57.2
Net debt/EBITDA, times	2.5	2.1	2.5	2.3	1.8	1.8	1.9	1.5
Key financial performance indicators								
Working capital	268	341	352	141	-257	-255	-15	-156
Equity ratio, %	30.1	32.9	32.2	31.7	32.6	33.0	34.6	36.5
Cash conversion (rolling 12 months), % ²⁾	82	85	90	88	88	84	77	97
Cash flow from operating activities	222	376	16	151	210	383	-42	104
Order backlog								
Order backlog	8,987	8,376	8,158	8,120	7,602	6,795	6,494	6,610
Key figures, employees								
Average number of employees	5,453	5,431	5,341	5,115	4,860	4,642	4,335	4,085
Number of employees at the end of the period	6,023	5,611	5,517	5,386	5,027	4,887	4,597	4,256
Acquisition-related items								
Revaluation of contingent consideration	-1	11	-	8	6	16	10	5
Acquisition costs	-4	-2	-3	-4	-3	-4	-4	-1
Total acquisition-related items	-4	9	-3	4	3	13	6	4
Key figures per share SEK ¹⁾								
Average number of shares before dilution	260,564,020	260,564,020	260,564,020	260,564,020	260,564,020	260,252,160	260,122,655	260,104,835
Average number of shares after dilution	265,510,300	265,510,300	265,510,300	265,510,300	265,510,300	265,198,440	265,068,935	265,051,115
Profit (loss) for the period attributable to the Parent Company's shareholders, SEK million	126	175	70	175	100	159	128	151
Earnings per share for the period, before dilution, SEK	0.48	0.67	0.27	0.67	0.38	0.61	0.49	0.58
Earnings per share for the period, after dilution, SEK	0.47	0.66	0.26	0.66	0.37	0.60	0.48	0.57
Cash flow from operating activities per share, SEK	0.84	1.4	0.06	0.57	0.79	1.45	-0.16	0.39
Equity per share, SEK	11.48	11.09	10.32	9.86	9.95	9.36	8.56	8.04
Share price at the end of the period, SEK	49.98	39.63	44.84	42.30	70.84	86.88	80.40	71.00

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 the fourth quarter. See page 20 for more information.

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	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
(A) Net sales	3,264	3,590	2,788	3,102	2,583	2,648	1,989	2,311
(B) EBITDA	302	364	275	303	223	275	214	241
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets (not acquired)	-69	-72	-74	-53	-50	-49	-44	-42
(C) EBITDA	233	292	201	250	173	227	171	199
Depreciation/amortisation and impairment of acquired intangible assets	-43	-31	-44	-34	-22	-15	-7	-2
(D) Operating profit/loss (EBIT)	190	261	156	215	151	212	163	197
<i>(B/A) EBITDA margin, %</i>	9.2	10.2	9.9	9.8	8.6	10.4	10.8	10.4
<i>(C/A) EBITA margin, %</i>	7.1	8.1	7.2	8.1	6.7	8.6	8.6	8.6
<i>(D/A) Operating profit/loss, (EBIT), %</i>	5.8	7.3	5.6	6.9	5.9	8.0	8.2	8.5

Capital structure

AMOUNTS IN SEK M	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Calculation of working capital and working capital in relation to net sales								
Inventories	173	159	132	119	115	104	76	76
Accounts receivable	1,835	1,891	1,724	1,589	1,348	1,448	1,176	1,093
Contract assets	901	620	857	862	677	519	637	565
Prepaid expenses and accrued income	148	158	120	98	77	101	93	67
Other current assets	230	177	161	151	147	127	118	111
Accounts payable	-1,201	-1,042	-1,077	-987	-865	-788	-754	-755
Contract liabilities	-590	-461	-506	-581	-449	-403	-322	-296
Other current liabilities	-430	-473	-466	-458	-684	-784	-549	-489
Accrued expenses and deferred income, including provisions	-798	-687	-592	-651	-623	-580	-490	-529
(A) Working capital	268	341	352	141	-257	-255	-15	-156
(B) Net sales (12-months rolling)	12,744	12,063	11,121	10,322	9,531	8,890	8,319	7,973
(A/B) Working capital as a percentage of net sales, %	2.1	2.8	3.2	1.4	-2.7	-2.9	-0.2	-2.0

AMOUNTS IN SEK M	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Calculation of interest-bearing net debt and gearing ratio								
Non-current, interest-bearing financial liabilities	3,589	2,950	2,783	2,718	2,544	2,209	1,935	1,423
Current, interest-bearing financial liabilities	189	185	174	143	139	137	123	120
Cash and cash equivalents	-672	-631	-288	-497	-973	-695	-438	-323
(C) Interest-bearing net debt	3,107	2,503	2,668	2,365	1,710	1,650	1,620	1,219
(D) Equity	3,049	2,944	2,739	2,618	2,641	2,482	2,269	2,130
(C/D) Gearing ratio, %	101.9	85.0	97.4	90.3	64.8	66.5	71.4	57.2
(E) EBITDA (12-months rolling)	1,244	1,165	1,076	1,015	954	920	876	833
(C/E) Interest-bearing net debt in relation to EBITDA (12-months rolling)	2.5 times	2.1 times	2.5 times	2.3 times	1.8 times	1.8 times	1.9 times	1.5 times
Calculation of operating cash flow and cash conversion (12-months rolling)								
(F) EBITDA	1,244	1,165	1,076	1,015	954	920	876	833
Net investments in property, plant and equipment and intangible assets	-52	-37	-30	-16	-27	-18	-19	-16
Changes in working capital	-177	-137	-74	-109	-84	-130	-181	-13
(G) Operating cash flow (12-months rolling)	1,015	991	972	890	843	772	676	804
(G/F) Cash conversion % (12-months rolling) ¹⁾	82	85	90	88	88	84	77	97
(H) Earnings for the period (12-months rolling)	585	551	533	585	548	558	548	523
(H/D) Return on equity, %	20.6	20.1	20.3	23.4	23.0	24.7	25.8	26.0
(I) EBIT	190	261	156	215	151	212	163	197
(J) Financial income	17	38	34	16	8	23	12	8
(K) Total assets	10,854	9,573	9,088	8,840	8,154	7,589	6,594	5,880
(L) Interest-free liabilities	3,809	3,286	3,202	3,176	2,812	2,742	2,253	2,193
(I+J)/(K-L) Return on capital employed, %	13.3	14.9	14.9	15.7	17.0	18.8	20.2	21.2

1) A change was made to the calculation of cash conversion during the fourth quarter. See page 20 for more information.

Signatures

Future reporting dates

AGM 2023	5 May 2023
Interim Report January – June 2023	22 August 2023
Interim Report January – September 2023	27 October 2023

Board of Directors' assurance

The Board of Directors and CEO ensure that the interim 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, 4 May 2023
Instalco AB (publ)

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, 4 May at 09:30 CET via <https://ir.financialhearings.com/instalco-q1-2023>

To participate by phone, register via <https://conference.financialhearings.com/teleconference/?id=200716>

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 4 May 2023 at 07:30 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

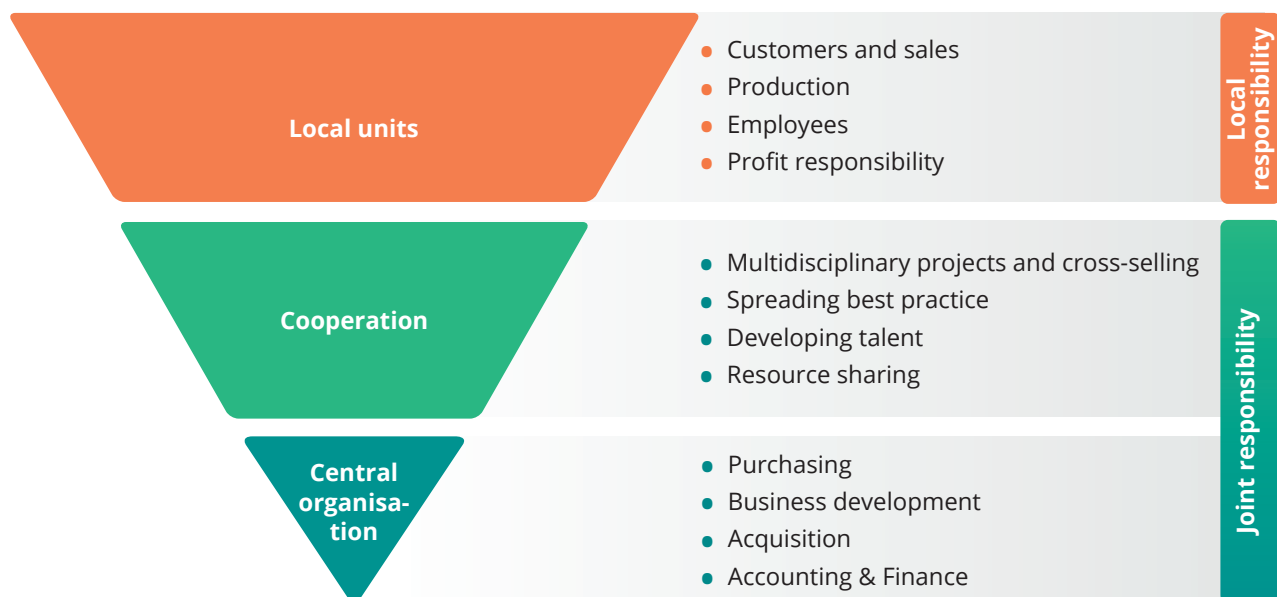
Unless otherwise indicated, all amounts in the report and tables are in SEK m. All amounts in parentheses () are comparison figures for the same period in the prior year, unless otherwise indicated.

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.
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.

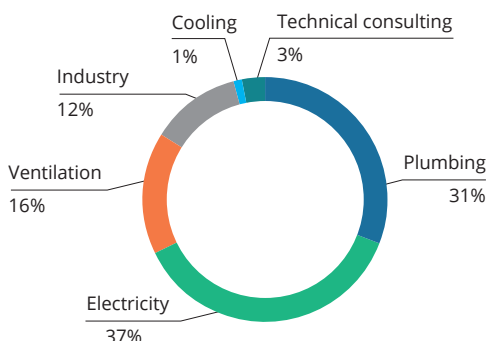
Key figures	Definition/calculation	Purpose
Order backlog	The value of outstanding, not yet accrued project revenue from received orders.	Order backlog provides an indication of the Group's remaining project revenue from orders already received.
Organic growth adjusted for currency effects	The change 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 OPERATION



NET SALES BY MARKET AREA

