

Press release 27 October 2023 (14:30 CET)

CORRECTION: Interim report January – September 2023

Instalco AB (publ) issues a correction of the press release “Interim report January – September 2023”, published today on October 27, 2023, at 07:30 CEST.

Corrected report attached. The correction has no impact on the KPIs or the rest of the report and no changes have been made apart from the below.

The correction refers to that the press release had a typo in the table named “Impact after the acquisition date included in the Instalco Group’s net sales and operating profit/loss” on page 8. The correct number for Net Sales is 811 (incorrect version stated 1,191) and the correct number for Operating profit/loss is 94 (incorrect version stated 178).

Strong quarter with improved profitability

July – September 2023

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

January - September 2023

- Net sales increased by 22.8 percent and amounted to SEK 10,406 (8,473) million. Organic growth adjusted for currency effects amounted to 7.2 (7.2) percent.
- EBITA increased by 24.3 percent and amounted to SEK 775 (624) million. The EBITA margin was 7.4 (7.4) percent.

- Depreciation/amortisation of property, plant and equipment and intangible assets increased by SEK 104 million and amounted to SEK 382 (278) million.
- Operating profit (EBIT) increased by 20.0 percent and amounted to SEK 628 (523) million.
- Cash flow from operating activities amounted to SEK 567 (376) million.
- Earnings per share before dilution amounted to SEK 1.58 (1.32) kronor and after dilution to SEK 1.56 (1.30).
- Nine acquisitions were made during the period, which, on an annual basis, contribute an estimated total sales of SEK 1,147 million.

Comments from CEO Robin Boheman:

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

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

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

A more resilient company today

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

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

Continued expansion and improved cash flow

During the quarter, we continued to execute on our acquisition strategy, although at a somewhat slower tempo. Our new company, URD Klima Sandnes in Norway, opens up an exciting new region for Instalco around Stavanger, where major investments are expected to be made in the

future. Subsequent to the end of the quarter, we acquired Boas Industriservice, which is yet another complementary company that has been added to our growing industrial discipline.

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

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

Expanded sustainability reporting on the agenda

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

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

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

Report presentation

Instalco's CEO Robin Boheman and CFO Christina Kassberg will present the report in a conference call/audiocast today 27 October at 09.30 CET.

To participate by phone, register via:

<https://conference.financialhearings.com/teleconference/?id=5009240>

The presentation can also be followed at <https://ir.financialhearings.com/instalco-q3-report-2023>

This information is information that Instalco is required to disclose under the EU Market Abuse Regulation. The information was made public by the contact person listed below, on 27 October 2023 at 14:30 CET.

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Instalco is one of the leading installation companies in the Nordic region, active in the areas of heating, plumbing, electricity, cooling, industrial solutions and technical consulting. We offer project planning, installation, service and maintenance of systems installed at properties and facilities throughout Sweden, Norway and Finland. The operations are conducted through approximately 130 leading and highly specialised local companies, with the support of a small central organisation. Instalco is listed at Nasdaq Stockholm under the ticker INSTAL. For further information, visit www.instalco.se