

## **Wall to Wall Group AB publishes preliminary financial statements for the fourth quarter and full-year 2023**

**The contracting market for pipe relining remained cautious through the fourth quarter of 2023, resulting in price pressure and project margin contraction, which has resulted in full-year earnings for 2023 below the previously submitted forecast.**

**A number of actions have been initiated that are expected to lead to gradual improvements in the first half of this year.**

### **Comments on performance in the fourth quarter of 2023**

During the year, caution dominated the market, mainly due to uncertainty with regard to interest rate levels during the year and their consequent impact on investments in planned maintenance, particularly among housing companies and housing cooperatives. This has impacted the contracting operation for pipe relining, which has experienced price pressure subsequently impacting project margins. This trend became increasingly clear in the fourth quarter, where utilisation rates were generally good but with reduced average price levels.

Given the recent pipe relining acquisitions made during the past year, which have yet to be fully coordinated, costs in this part of the operations have also been excessively high. Together, these factors have heavily impacted pipe relining's net sales and earnings contribution in the fourth quarter which, together with initiated new establishments in the same segment, performed below expectations.

To some extent, market caution has also impacted the Group's project activity within geothermal energy, while the development of contracting services for duct sealing and service operations in flushing progressed according to plans.

During the year, Wall to Wall Group established itself as a Nordic market leader in its main service segments. Investments have been made in the offering, processes, reporting and sustainability as well as in an organisation that can manage larger volumes. This means that in the current market climate, shared costs are too high in relation to the operations' current net sales and earnings contribution. Therefore, a number of robust actions have been initiated to strengthen the operating margin and more quickly reach the long-term financial target. In addition to actions taken to reduce indirect costs, actions are being taken to strengthen cost control and project management, and to adjust direct costs of production to enhance competitiveness and improve project margins. This applies especially to areas where, by virtue of its size and market-leading position, Wall to Wall Group has particularly favourable preconditions, including optimal resource utilisation and purchases of materials and external services.

Moreover, consolidation of the Finnish operations into one company is being accelerated, which can be expected, in the short term, slightly lower revenue base concurrent with significantly reduced costs.

These actions are expected to lead to gradual improvements in the first half of this year.

**Preliminary financial performance for the fourth quarter of 2023**

Pro forma fourth-quarter net sales for Wall to Walls Group's operations (formerly Spolargruppen) amounted to SEK 274.7 million (281.6), corresponding to a currency-adjusted decrease of 3.2%, and 3.1% of which pertained to operations held in more than 12 months and 3.4% to operations added thereafter. The quarter's currency impact amounted to 0.8%. Adjusted EBITA amounted to SEK 14.1 million (42.5), corresponding to an adjusted EBITA margin of 5.1% (15.1).

For the full-year 2023, sales increased 10.1% (currency adjusted 8.4) to SEK 1,016.8 million (923.7) with an adjusted EBITA of SEK 73.3 million (98.6), corresponding to an adjusted EBITA margin of 7.3% (10.7). This was below the previously issued forecast of an adjusted EBITA margin in line with the previous year.

Fourth-quarter adjusted EBITA pro forma for the parent company Wall to Wall Group AB amounted to SEK 11.7 million (39.7). For 2023 as a whole, adjusted EBITA totalled SEK 60.6 million (84.2).

Non-recurring items amounting to SEK -0.4 million (4.6) were reported for the fourth quarter. These pertained mainly to earnout revaluations, restructuring of the Finnish operations and costs arising from name and listing changes.

**Other**

Wall to Wall Group will publish its year-end report on 16 February 2024 at 8.00 a.m. (CET). A more detailed outlook for 2024 will be presented in the year-end report.

Additional information can be found on the company's website, [www.walltowallgroup.com](http://www.walltowallgroup.com).

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**About Wall to Wall Group AB**

Wall to Wall's operations are mainly conducted via the subsidiary Wall to Wall, which is active within property related pipe flushing and relining. Wall to Wall's customers mainly consist of commercial property managers and housing cooperatives. Wall to Wall Group has a clear growth strategy with a focus on both acquisitions and organic growth, including through greenfieldings in new locations. The head office is located in Stockholm.

*This information is information that Wall To Wall Group is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2024-01-31 08:00 CET.*

**Attachments**

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