

Focus on margin over volume

April – June 2024

- Net sales decreased by 4.6 percent and amounted to SEK 3,656 (3,832) million. Organic growth, adjusted for currency effects, amounted to -6.4 (5.5) percent.
- EBITA was SEK 265 (296) million.
- The EBITA margin was 7.2 (7.7) percent
- Operating profit (EBIT) amounted to SEK 224 (244) million.
- Cash flow from operating activities for the period was SEK 158 (225) million.
- Earnings per share before dilution were SEK 0.47 (0.58) and after dilution were SEK 0.47 (0.57).

January – June 2024

- Net sales decreased by 2.2 percent and amounted to SEK 6,938 (7,095) million. Organic growth, adjusted for currency effects, amounted to -7.0 (8.4) percent.
- EBITA was SEK 495 (529) million.
- The EBITA margin was 7.1 (7.5) percent.
- Operating profit (EBIT) amounted to SEK 414 (434) million.
- Cash flow from operating activities for the period was SEK 356 (448) million.
- Earnings per share before dilution were SEK 0.84 (1.06) and after dilution were SEK 0.84 (1.05).
- Two acquisitions were made during the period, which, on an annual basis, contribute an estimated total sales of SEK 29 million.



Key figures¹⁾

AMOUNTS IN SEK M	Apr-Jun 2024	Apr-Jun 2023	Δ%	Jan-Jun 2024	Jan-Jun 2023	Δ%	Rolling 12 months	Jan-Dec 2023
Net sales	3,656	3,832	-4.6	6,938	7,095	-2.2	14,122	14,279
EBITDA	359	381	-5.8	680	683	-0.5	1,413	1,416
EBITA	265	296	-10.8	495	529	-6.4	1,051	1,085
EBITA margin, %	7.2	7.7		7.1	7.5		7.4	7.6
Operating profit (EBIT)	224	244	-8.2	414	434	-4.5	879	899
Profit/loss before tax	170	202	-16.1	308	373	-17.5	727	792
Cash flow from operating activities	158	225	-30.1	356	448	-20.5	907	999
Cash conversion (12-Month rolling),%	89	81		89	81		89	90
Earnings per share before dilution, SEK	0.47	0.58	-19.0	0.84	1.06	-20.6	2.07	2.29
Earnings per share after dilution, SEK	0.47	0.57	-17.5	0.84	1.05	-19.1	2.07	2.26
Order backlog	9,058	9,185	-1.4	9,058	9,185	-1.4	9,058	8,437

¹⁾ For definitions of alternative key figures as per the ESMA guidelines, please see the definitions of key figures at [instalco.se](https://www.instalco.se).

CEO Comments

Our decentralized model and the diversification of our offering that we have achieved in recent years makes us highly resilient in a challenging market and our revenue from service has continued to grow as our subsidiaries adapt to current conditions. The results for the second quarter of 2024 reflect our focus on prioritizing margin ahead of volume. Many of the projects we delivered during the quarter were signed in a tough market, which is reflected in our margins. It is particularly true for Segment Sweden. Overall, I am proud of how we continue to protect our position as the profitability leader in our industry.

Also today, we are submitting tenders in a challenging market, characterized by high interest rates and inflation. In some regions, the number of available projects has decreased, especially in southern Sweden and the Stockholm area, although we are starting to see positive signals. In the short term, it is unlikely that the interest rate trajectory will impact our customers' project calculations very much. But it is still an important psychological factor. Both profitability and capacity utilization for our technical consultants at Intec remain good. The services that they offer are early cyclical, while more traditional installation services are late cyclical. We anticipate a slow, gradual improvement once the market trend turns upward again, but exactly when that will happen is difficult to predict.

Over the long term however, we can expect a strong increase in demand driven by such things as the green transition and EU regulations.

I am also happy to see that our cash conversion rate has improved compared to the same quarter last year. On the debt side, we are currently slightly above our long-term target for net debt/EBITDA, which is primarily due to the planned payments of contingent consideration and dividends during the quarter. Taking all of that into consideration, we feel secure with our financial position.

New business area in automation

Already at the end of the first quarter, we were able to report about an important milestone that we had achieved in the technical consulting part of the business run under the Intec brand. For the first time, its margin exceeded that of the Group. It remained so in the second quarter as well.

Based on our experience of building up Intec, at the end of May, we announced our start of a new business area and brand in property automation, applying the same start-up model and the knowledge gained there. We are thus expanding the Technical Consulting division by adding a new business area and brand. It is called Inmatiq, which focuses on energy efficiency and automation in the property and process area.

The launch of Inmatiq is not only a natural next step in our development, but also a critical component for creating sustainable, energy-efficient buildings and industries. Integrating advanced automation technology enables us to offer solutions that both lowers resource and energy consumption and improve comfort for our customers as well as lowers their operational costs. We look forward to continuing to drive innovation and contribute to a greener future.



Focus on culture-building remains

Over the last decade, we have built a decentralized Group with our own unique culture and model. In many ways, it has enabled us to shape and change the installation sector.

At the end of May, we gathered more than 4,000 of our employees at 100+ locations across Sweden, Norway and Finland. Together, we celebrated our first ten years and look ahead to the future. The event was the largest digital meeting in our history to date. The Instalco spirit has never been stronger and there was a great feeling of joy and pride as we celebrated our decentralized way of doing business together. Culture-building and the Instalco spirit is what drives us.

Within Instalco, we are many that share the conviction that our strong culture is an advantage that we will derive many benefits from once the market situation improves.

Robin Boheman
CEO

Performance of the Instalco Group

The Nordic market of installation services

There is a strong underlying demand for Instalco's services and the interest in energy-efficient, resource-saving installation services is constantly growing. However, the market outlook over the short to medium term is difficult to assess given the prevailing macroeconomic situation. There are also large regional variations in both demand and pricing. Construction starts for new housing in particular have been affected. That, however, is an area where Instalco's direct exposure is low. Falling interest rates will benefit the entire construction industry over the medium term.

Generally speaking, the market is highly influenced by a number of long-term trends and the overall development of society. Some of the important trends behind this are technological advancements with digitalization and electrification, along with certain challenges, such as ageing property holdings, a growing population and energy shortages. Other important driving forces that contribute to the rising demand for Instalco's core offering are the need for green transition and the requisite green industrial investments in the Nordics, as well as a strengthened defence force.

Net sales

Second quarter

Sales for the quarter amounted to SEK 3,656 (3,832) million, which is a decrease of 4.6 percent. Adjusted for currency effects, organic growth amounted to -6.4 percent, while acquired growth amounted to 2.1 percent and divestments to -0.5 percent. Currency fluctuations only had a marginal impact on net sales.

January - June

Net sales for the period amounted to SEK 6,938 (7,095) million, which is a decrease of 2.2 percent. Adjusted for currency effects, organic growth amounted to -7.0 percent, while acquired growth amounted to 5.5 percent and divestments to -0.5 percent.

Currency fluctuations only had a marginal impact on net sales.

Order backlog

Order backlog at the end of the period amounted to SEK 9,058 (9,185) million, which is a decrease of 1.4 percent. Organically, for comparable units, the order backlog fell, adjusted for currency effects, by 1.3 percent. The order backlog of acquired companies contributed with growth of 0.8 percent.

During the second quarter for example, the Instalco

company ETK AB has signed an agreement with Stockholm Exergi for electrical work that will be done at the Värtaverket power station in Stockholm. Five other Instalco companies will be assisting ETK by participating in the assignment.

Earnings

Second quarter

Operating profit before amortisation of acquired intangible assets (EBITA) for the period amounted to SEK 265 (296) million, which corresponds to an EBITA margin of 7.2 (7.7) percent. Overall, it is a stable growth in earnings given the current market situation.

Operating profit (EBIT) for the quarter amounted to SEK 224 (244) million. Amortisation of acquired intangible assets decreased by SEK 11 million and amounted to SEK 41 (52) million. The decrease is attributable to a lower rate of acquisition.

Net financial items for the quarter amounted to SEK -54 (-42) million, of which unrealised value changes amounted to SEK -3 (-1) million and the interest expense on external loans amounted to SEK -42 (-39) 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 -39 (-41) million, which corresponds to an effective tax rate of 23 (20) percent.

Earnings for the quarter were SEK 131 (162) million, which corresponds to earnings per share before dilution of SEK 0.47 (0.58) and earnings per share after dilution of SEK 0.47 (0.57).

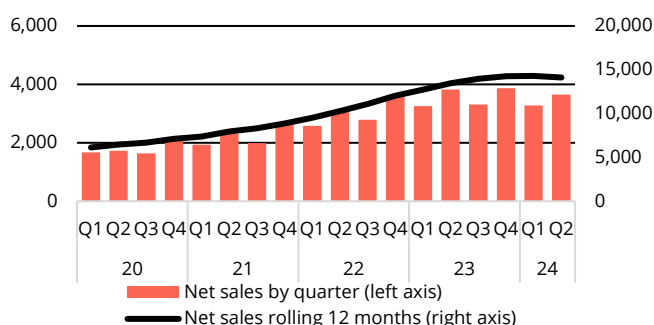
January - June

Operating profit before amortisation of acquired intangible assets (EBITA) for the period amounted to SEK 495 (529) million, which corresponds to an EBITA margin of 7.1 (7.5) percent.

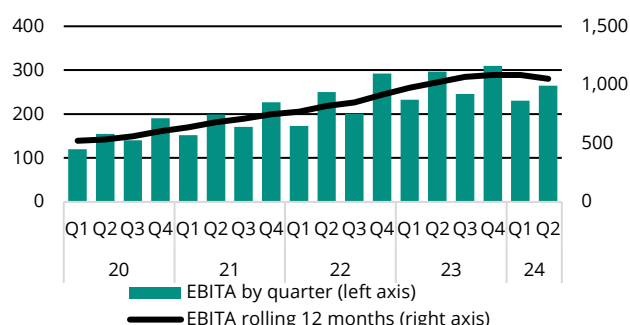
Operating profit (EBIT) for the quarter amounted to SEK 414 (434) million. Amortisation of acquired intangible assets decreased by SEK 14 million and amounted to SEK 81 (95) million. The decrease is attributable to a lower rate of acquisition and lower proportion of identified depreciable assets.

Net financial items for the period amounted to SEK -106 (-61) million, of which unrealised value changes amounted to SEK -10 (6) million and the interest expense on external loans amounted to SEK -83 (-66) million. The increase in interest costs stems from a mix of rate hikes from central banks and a higher level of borrowing.

NET SALES PER QUARTER, SEK M



EBITA PER QUARTER, SEK M



Tax for the quarter was SEK -66 (-76) million, which corresponds to an effective tax rate of 21 (20) percent.

Earnings for the period were SEK 242 (297) million, which corresponds to earnings per share before dilution of SEK 0.84 (1.06) and earnings per share after dilution of SEK 0.84 (1.05).

Cash flow

Second quarter

Cash flow from operating activities amounted to SEK 158 (225) million, with a change in working capital of SEK -134 (-99) 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 -83 (-138) million, of which acquisitions of subsidiaries and businesses amounted to SEK -58 (-112) million. Cash flow from financing activities amounted to SEK -141 (-535) million, of which the net change in loans amounted to SEK 211 (-345) million, acquisition of non-controlling interests amounted to SEK 108 (0) million and amortisation of lease liabilities

amounted to SEK -74 (-67) million. Dividends of SEK 0.68 (0.66) per share were paid out during the quarter, which corresponds to SEK 179 (172) million.

January - June

Cash flow from operating activities amounted to SEK 356 (448) million, with a change in working capital of SEK -92 (-59) 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 -192 (-969) million, of which acquisitions of subsidiaries and businesses amounted to SEK -164 (-918) million. Cash flow from financing activities amounted to SEK -422 (121) million, of which the net change in loans amounted to SEK 0 (318) million, acquisition of non-controlling interests amounted to 108 (0) million and the amortisation of lease liabilities to SEK -145 (-123) million. Dividends of SEK 0.68 (0.66) per share were paid out during the period, which corresponds to SEK 179 (172) million.

Revenue by segment

AMOUNTS IN SEK M	Apr-Jun 2024		Apr-Jun 2023		Jan-Jun 2024		Jan-Jun 2023		Full-year 2023	
	Share	Share	Share	Share	Share	Share	Share	Share	Share	Share
Sweden	2,550	70%	2,720	71%	4,798	69%	5,046	71%	9,962	70%
Rest of Nordics	1,106	30%	1,112	29%	2,141	31%	2,049	29%	4,317	30%
Total	3,656		3,832		6,938		7,095		14,279	

EBITA, EBITA margin and earnings before taxes, per segment

AMOUNTS IN SEK M	Apr-Jun 2024		Apr-Jun 2023		Jan-Jun 2024		Jan-Jun 2023		Full-year 2023	
	EBITA	EBITA	EBITA	EBITA	EBITA	EBITA	EBITA	EBITA	EBITA	EBITA
Sweden	182	7.1%	224	8.2%	359	7.5%	409	8.1%	833	8.4%
Rest of Nordics	85	7.7%	75	6.7%	140	6.5%	123	6.0%	253	5.9%
Group-wide	-3		-3		-4		-3			
EBITA	265	7.2%	296	7.7%	495	7.1%	529	7.5%	1,085	7.6%
Amortisation of acquired intangible assets	-41		-52		-81		-95		-186	
Net financial items	-54		-42		-106		-61		-107	
Profit/loss before tax	170		202		308		373		792	

Distribution of revenue

AMOUNTS IN SEK M	Apr-Jun 2024			Apr-Jun 2023			Jan-Jun 2024			Jan-Jun 2023		
	Service	Contract	Total	Service	Contract	Total	Service	Contract	Total	Service	Contract	Total
Sweden	837	1,713	2,550	887	1,833	2,720	1,583	3,215	4,798	1,466	3,580	5,046
Rest of Nordics	352	754	1,106	250	862	1,112	648	1,492	2,141	525	1,524	2,049
Total	1,189	2,467	3,656	1,136	2,695	3,832	2,232	4,707	6,938	1,991	5,104	7,095
Share	33%	67%	100%	30%	70%	100%	32%	68%	0%	28%	72%	0%

Operations in Sweden

Market

Overall, the market for new construction, renovation and energy-efficiency measures is good for both commercial properties and facilities in the public sector. For new production of residential property, we've noticed a clear dampening effect, primarily due to the interest rate situation. Geographic differences in demand and pricing remain, with the strongest market conditions prevailing in the northern part of the country. The situation is somewhat weaker, however, in Stockholm and southern Sweden.

Swedish industry is investing heavily in new ventures and sustainable transition, particularly in the northern part of Sweden. The prison system and armed forces are also renovating and expanding. Many infrastructure projects are underway as well, which impacts opportunities for new business and urban development.

Technical consulting services are early in the cycle. Demand has, however, improved from the more challenging situation that has prevailed over the last year.

Net sales

Second quarter

Net sales for the quarter amounted to SEK 2,550 (2,720) million, which is an increase of SEK 170 million. Organic growth amounted to -7.1 percent and acquired growth was 1.4 percent.

January – June

Net sales for the period amounted to SEK 4,798 (5,046) million, which is an increase of SEK 248 million. Organic growth

amounted to -7.5 percent and acquired growth was 3.3 percent.

Order backlog

Order backlog at the end of the period amounted to SEK 6,619 (6,677) million, which is a decrease of 0.9 percent. Organically, for comparable units, order backlog decreased by 0.6 percent. The order backlog of acquired companies contributed with growth of 0.2 percent.

For example, Instalco won a joint assignment during the quarter involving these four subsidiaries: El-Pågarna, Rörläggaren, Bi-Vent and Sprinklerbolaget. They will be responsible for installations at Malmö's new landmark, Docks. The project involves construction of two towers with around 160 apartments where Instalco will be installing the electrical, heating & plumbing, ventilation and sprinkler systems.

Earnings

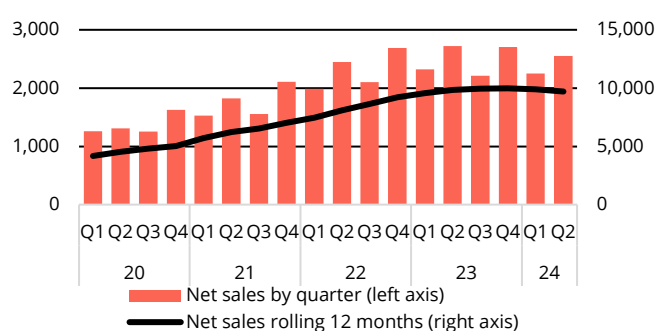
Second quarter

EBITA for the quarter was SEK 182 (224) million, which corresponds to an EBITA margin of 7.1 (8.2) percent. Operating profit/loss was SEK 165 (197) million.

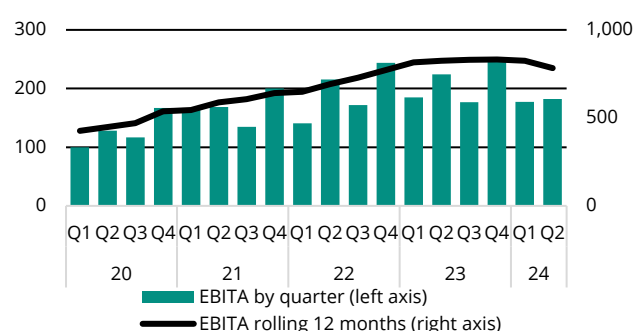
January – June

EBITA for the period amounted to SEK 359 (409) million, which corresponds to a EBITA margin of 7.5 (8.1) percent. Operating profit/loss was SEK 324 (360) million.

NET SALES PER QUARTER, SEK M



EBITA PER QUARTER, SEK M



Key figures for Sweden

AMOUNTS IN SEK M	Apr-Jun 2024	Apr-Jun 2023	Δ%	Jan-Jun 2024	Jan-Jun 2023	Δ%	Rolling 12 months	Jan-Dec 2023
Net sales	2,550	2,720	-6.3	4,798	5,046	-4.9	9,714	9,962
EBITA	182	224	-18.7	359	409	-12.2	783	833
EBITA margin, %	7.1	8.2		7.5	8.1		8.1	8.4
Order backlog	6,619	6,677	-0.9	6,619	6,677	-0.9	6,619	6,216

Operations in Rest of Nordics

Market

The market in Norway remains at a high level, with many inquiries about new projects for both new construction and renovation, although slightly more caution is being exhibited when it comes to decisions about project starts. There is, however, more and more evidence of positive signals for the future. For new production of residential property, we have noticed a clear dampening effect, which has resulted in slightly higher competition for other types of projects. The primary driving forces are continued major investments in the public sector, such as defence, schools and hospitals, along with private initiatives to develop industrial, office and commercial facilities. A higher demand for energy optimisation of existing properties has also been noticed.

Development of the market in Finland has been stable in recent months, albeit at a relatively low level. The interest rate situation has resulted in more cautious behaviour in the construction industry, while other areas, such as service, industrial operations and data cable projects are progressing as planned. More acquisition investments are expected in the construction and infrastructure sectors.

Net sales

Second quarter

Net sales for the quarter amounted to SEK 1,106 (1,112) million, which is an increase of SEK 6 million. Organic growth, adjusted for currency effects, amounted to -5.0 percent and acquired growth was 3.7 percent.

January - June

Net sales for the period amounted to SEK 2,141 (2,049) million, which is an increase of SEK 92 million. Organic growth, adjusted for currency effects, amounted to -5.7 percent and acquired growth was 10.7 percent.

Order backlog

Order backlog at the end of the period amounted to SEK 2,440 (2,507) million, which is a decrease of 2.7 percent, adjusted for currency effects. Organically, for comparable units, order backlog decreased by -3.0 percent. The acquired order backlog declined by 2.2 percent.

During the second quarter for example and via its subsidiaries, Uudenmaan Lvi-Talo, Uudenmaan Automatiikkahuolto and Milvent, Instalco won an assignment for installation work associated with the conversion of Kaartin Hospital in Helsinki. The old military hospital will be converted into a daycare centre. The assignment involves installation of heating & plumbing, automation and ventilation systems.

Earnings

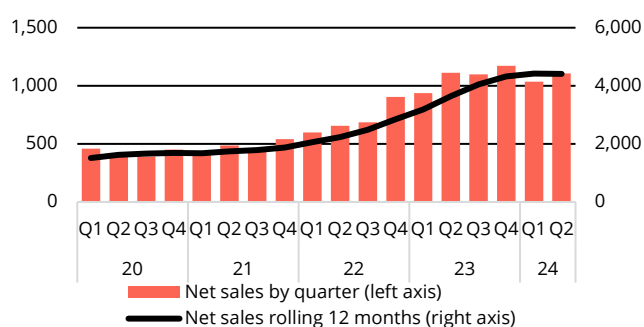
Second quarter

EBITA for the quarter was SEK 85 (75) million, which corresponds to an EBITA margin of 7.7 (6.7) percent. Operating profit/loss was SEK 62 (50) million.

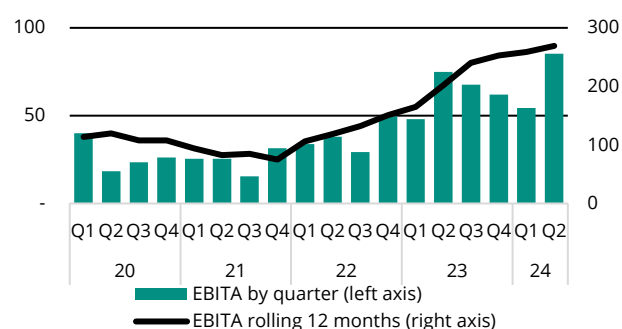
January - June

EBITA for the period was SEK 140 (123) million, which corresponds to an EBITA margin of 6.5 (6.0) percent. Operating profit/loss was SEK 94 (77) million.

NET SALES PER QUARTER, SEK M



EBITA PER QUARTER, SEK M



Key figures, Rest of Nordics

AMOUNTS IN SEK M	Apr-Jun 2024	Apr-Jun 2023	Δ%	Jan-Jun 2024	Jan-Jun 2023	Δ%	Rolling 12 months	Jan-Dec 2023
Net sales	1,106	1,112	-0.5	2,141	2,049	4.5	4,408	4,317
EBITA	85	75	13.8	140	123	13.5	269	253
EBITA margin, %	7.7	6.7		6.5	6.0		6.1	5.9
Order backlog	2,440	2,507	-2.7	2,440	2,507	-2.7	2,440	2,222

Acquisition

Instalco made two acquisitions during the period January through June. Acquisition costs for the period amount to SEK 0 (6) 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 192 million, of which SEK 1 million is for acquisitions made in 2024.

Changes in reported contingent consideration

AMOUNTS IN SEK M	Jan-Jun 2024	Jan-Dec 2023
Opening carrying amounts	349	454
Gains and losses reported in the income statement	-9	23
Paid contingent consideration	-151	-215
Added through acquisitions made during the period	1	89
Exchange rate difference	2	-2
Closing carrying amounts	192	349

Company acquisitions

Instalco made the following company acquisitions during the period January – June 2024

Access gained	Acquisition	Area of technology	Segment	Share of the votes and capital	Net sales, SEK million ¹	Number of employees
March	Lund Elektro AS	Electrical	Rest of Nordics	100%	15	9
<i>Add-on acquisition</i>						
February	Solyx AB	Electrical	Sweden	70%	14	5
Total					29	14

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

The maximum, non-discounted amount that could be paid to prior owners is SEK 436 million, of which SEK 13 million pertains to acquisitions that were made in 2024.

Revaluation of contingent consideration had a net impact on the period of SEK 9 (5) million, which is reported in Other operating income and Other operating expenses in the income statement.

The Group's goodwill stems from continuous, goal-oriented 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. Equity at the end of the period, the Group's total goodwill amounted to SEK 5,325 (5,325) 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 211 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 2024 are preliminary. Instalco regards the calculations as preliminary until final figures pertaining to the acquired companies have been received.

AMOUNTS IN SEK M	
Intangible assets	-
Deferred tax asset	-
Other non-current assets	2
Other current assets	3
Cash and cash equivalents	2
Deferred tax asset	-0
Other liabilities	-3
Total identifiable assets and liabilities (net)	3
Goodwill	8
Consideration paid	
Cash and cash equivalents	12
Contingent consideration including settlement via issue in kind	-
Total transferred consideration	12
Impact on cash and cash equivalents	
Cash consideration paid	12
Cash and cash equivalents of the acquired units	-2
Total impact on cash and cash equivalents	10
Settled contingent consideration attributable to acquisitions in the current year and prior years	151
Exchange rate difference	3
Total impact on cash and cash equivalents	164
Impact after the acquisition date included in the Instalco Group's net sales and operating profit/loss	
Net sales	5
Operating profit (EBIT)	1
Impact on net sales and operation profit/loss until the acquisition date if the acquisitions had been completed on 1 January 2024	
Net sales	3
Operating profit (EBIT)	0

Financial and other information

Financial position

Equity at the end of the period amounted to SEK 3,328 (3,360) million, with an equity ratio of 31.6 (31.2) percent.

Cash and cash equivalents, together with its other short-term investments amounted to SEK 17 (230) million at the end of the period.

Interest-bearing debt including leasing at the end of the period amounted to SEK 3,711 (3,602) million, of which leasing amounts to SEK 716 (602) million.

As of the end of the period, Instalco's total credit facility, including unutilised credit, amounted to a total of SEK 3,850 (3,950) million, of which SEK 2,950 (2,950) million had been utilised. As of the end of the quarter, the Group was meeting the stated covenants with a good margin.

Interest-bearing net debt at the end of the period amounted to SEK 3,695 (3,372) million, with a gearing ratio of 116.6 (107.6) percent. Net debt in relation to EBITDA was 2.6 (2.5) times, which is somewhat higher than the target that it should not exceed 2.5 times. Currency changes impacted interest-bearing net debt by SEK -5 (-8) million.

Share Information

At the end of the period, the number of shares and votes in Instalco AB amounted to 264,107,025.

Instalco's ten largest shareholders, 2024-06-30

1 Capital Group	25,207,224	9.5%
2 Per Sjöstrand	22,957,835	8.7%
3 Swedbank Robur Fonder	19,524,362	7.4%
4 AMF Pension & Fonder	15,200,125	5.7%
5 Cliens Fonder	13,265,978	5.0%
6 Wipunen varainhallinta OY	12,900,000	4.9%
7 Heikintorppa Oy	12,700,000	4.8%
8 SEB Fonder	12,160,870	4.6%
9 ODIN Fonder	11,755,515	4.5%
10 Första AP-fonden	10,820,356	4.1%
Total, ten largest shareholders	156,492,265	59.2%
Other	107,614,760	40.8%
Total	264,107,025	100.0%

The ten largest known shareholders (grouped) of Instalco AB as of 30 June 2024. Source: Monitor by Modular Finance AB. Compiled and processed data from Euroclear, Morningstar and FI.

Investments, depreciation and amortisation

Investments in company acquisitions amounted to SEK 164 (918) million during the period. The amount includes settled contingent consideration attributable to acquisitions made in the current and prior years equal to SEK 151 (184) million.

Net investments in fixed assets for the period amounted to SEK 28 (52) million.

Depreciation/amortisation property, plant and equipment and intangible assets amounted to SEK 266 (249) million, of which SEK 185 (154) million was depreciation of PPE and SEK 81 (95) million was amortisation of acquired intangible assets.

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 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 three outstanding warrants scheme corresponding to a total of 7,300,000 shares that are directed at the expanded Group management team, CEOs of subsidiaries and other key individuals of the Group. The warrants have been transferred on market terms at a price that was established based on an estimated market value using the Black & Scholes valuation model calculated by an independent valuation institute. Conditions for subscription price per share in the programmes correspond to 115 percent of the volume-weighted average price during the period of five trading days after each AGM.

Outstanding programme	Number of options	Corresponding number of shares	Percentage of the total number of shares	Price per option	Redemption rate per option	Redemption period
2022/2025	2,600,000	2,600,000	1.0%	SEK 7.80	SEK 50.92	22 May 2025 - 16 June 2025
2023/2026	2,350,000	2,350,000	0.9%	SEK 2.09/SEK 7.27	SEK 64.90	22 May 2026 - 16 June 2026
2024/2027	2,350,000	2,350,000	0.9%	SEK 7.74	SEK 44.32	24 May 2027 - 18 June 2027

Parent Company

The main operations of Instalco AB are head office activities like group-wide management and administration, along with finance and accounting. The comments below pertain to the period 1 January through 30 June 2024. Net sales for the Parent Company amounted to SEK 10 (17) million. Operating profit/loss was SEK -1 (-1) million. Net financial items amounted to SEK 51 (172) million. Earnings before taxes were SEK 50 (171) million and earnings for the period were SEK 50 (171) million. Cash and cash equivalents at the end of the period amounted to SEK 13 (42) 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.

Ongoing geopolitical conflicts currently have no direct impact on Instalco regarding sales or procurement. Indirect effects such as potential disruptions in logistics chains and increased raw material prices that cannot be compensated by own price increases could affect certain subsidiaries within the group. We follow developments closely and currently find it

difficult to assess what future consequences conflicts may have on the market and the economic cycle.

For more information, please see the section on Risks (pages 50-52) in the 2023 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 2024 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

In August 2024, Instalco announced that the company had exercised a one-year extension option on the existing credit facility agreement. The total amount is SEK 3.4 billion. With the extension, the facility runs until 2026 under the same terms as the original facility from 2022.

During the third quarter, Instalco acquired IT-Line Service Oy, with an anticipated sales of SEK 40 million and 33 employees.

Condensed consolidated income statement and statement of comprehensive income

AMOUNTS IN SEK M	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Rolling 12 months	Full-year 2023
Net sales	3,656	3,832	6,938	7,095	14,122	14,279
Other operating revenue	21	17	77	63	130	117
Operating income	3,676	3,848	7,015	7,159	14,253	14,396
Materials and purchased services	-1,727	-1,952	-3,249	-3,636	-6,828	-7,215
Other external services	-297	-272	-568	-524	-1,113	-1,069
Personnel costs	-1,292	-1,234	-2,512	-2,299	-4,886	-4,673
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	-135	-137	-266	-249	-534	-517
Other operating expenses	-2	-9	-6	-16	-13	-23
Operating costs	-3,452	-3,604	-6,601	-6,725	-13,373	-13,497
Operating profit (EBIT)	224	244	414	434	879	899
Net financial items	-54	-42	-106	-61	-153	-107
Profit/loss before tax	170	202	308	373	727	792
Tax on profit for the year	-39	-41	-66	-76	-167	-177
Profit/loss for the period	130	162	242	297	559	615
Other comprehensive income						
Exchange rate difference when translating subsidiaries abroad	3	76	44	1	-75	-118
Comprehensive income for the period	135	238	286	298	484	496
<i>Comprehensive income for the period attributable to:</i>						
Parent Company's shareholders	128	228	267	278	471	483
Non-controlling interests	6	10	18	20	13	14
Earnings per share for the period, before dilution, SEK	0.47	0.58	0.84	1.06	2.07	2.29
Earnings per share for the period, after dilution, SEK	0.47	0.57	0.84	1.05	2.07	2.26
Average number of shares before dilution ¹	264,107,025	261,520,302	264,107,025	261,042,161	264,107,025	262,539,447
Average number of shares after dilution ¹	264,107,025	264,120,302	264,107,025	264,815,301	264,107,025	265,726,017

1) Instalco has three outstanding warrants schemes corresponding to a total of 7,300,000 shares.

Condensed consolidated balance sheet

AMOUNTS IN SEK M	30 Jun 2024	30 Jun 2023	31 Dec 2023
ASSETS			
Goodwill	5,325	5,325	5,288
Right of use asset	738	621	762
Other non-current assets	974	1,102	1,039
Total non-current assets	7,037	7,048	7,089
Accounts receivable	2,076	2,041	2,091
Contract assets	768	915	628
Other current assets	622	528	641
Cash and cash equivalents	17	230	267
Total current assets	3,484	3,714	3,627
TOTAL ASSETS	10,521	10,762	10,716
TOTAL EQUITY			
Equity	3,167	3,133	3,207
Non-controlling interests	161	227	183
Total equity	3,328	3,360	3,390
Non-current liabilities	3,505	3,647	3,520
Lease liabilities	472	402	507
Total non-current liabilities	3,977	4,050	4,028
Lease liabilities	244	200	232
Trade payables	1,088	1,172	1,052
Contract liabilities	532	594	549
Other current liabilities	1,352	1,387	1,466
Total current liabilities	3,215	3,352	3,298
Total liabilities	7,192	7,402	7,326
TOTAL EQUITY AND LIABILITIES	10,521	10,762	10,716
Of which interest-bearing liabilities	3,711	3,602	3,728
<i>Equity attributable to:</i>			
Parent Company shareholders	3,167	3,133	3,207
Non-controlling interests	161	227	183

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 2024-01-01	1	1,126	-1	2,080	3,207	183	3,390
Profit/loss for the period				223	223	18	242
Translation effect for the period fo foreign operations	-	-	44	-	44	-1	43
Other comprehensive income	-	-					
Comprehensive income for the period	-	-	44	223	267	17	285
<i>Transactions with owners</i>							
Dividends		-	-	-179	-179	0	-179
Change in non-controlling interests	-	-	-	-137	-137	-40	-177
Change in warrants	-	-	-	10	10	-	10
Total transactions with owners	-	-	-	-307	-307	-40	-346
Closing balance 2024-06-30	1	1,126	43	1,996	3,167	161	3,328
Opening balance 2023-01-01	1	996	117	1,830	2,944	208	3,152
Profit/loss for the period	-	-	-	277	277	20	297
Translation effect for the period fo foreign operations	-	-	1	-	1	0	1
Comprehensive income for the period	-	-	1	277	278	20	298
<i>Transactions with owners</i>							
New issues	0	49	-		49	-	49
Dividends	-	-	-	-172	-172	-	-172
Change in non-controlling interests	-	-	-	-17	-17	0	-17
Change in warrants	-	-	-	50	50		50
Total transactions with owners	0	49	-	-139	-90	0	-90
Closing balance 2023-06-30	1	1,046	118	1,968	3,132	227	3,360

Condensed consolidated cash flow statement

AMOUNTS IN SEK M	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Rolling 12 months	Full-year 2023
Cash flow from operating activities						
Profit/loss before tax	170	202	308	373	727	792
Adjustments for non-cash items	132	161	268	247	466	445
Tax paid	-11	-39	-128	-114	-204	-191
Changes in working capital	-134	-99	-92	-59	-80	-47
Cash flow from operating activities	158	225	356	448	908	999
Investing activities						
Acquisition and divestment of subsidiaries and businesses	-58	-112	-164	-918	-433	-1,188
Other	-25	-26	-28	-52	-79	-102
Cash flow from investing activities	-83	-138	-192	-969	-511	-1,288
Financing activities						
New issue	-	49	0	49	31	80
Warrants	10	-0	10	50	-61	-21
Acquisition of non-controlling interests	-108	-	-108		-108	-
Dividends	-179	-172	-179	-172	-179	-172
Net change of loan	211	-345	0	318	-29	289
Amortisation leasing	-74	-67	-145	-123	-281	-260
Cash flow from financing activities	-141	-535	-422	121	-628	-85
Cash flow for the period	-67	-447	-258	-401	-232	-375
Cash and cash equivalents at the beginning of the period	80	672	267	631	230	631
Translation differences in cash and cash equivalents	4	6	8	-1	20	11
Cash and cash equivalents at the end of the period	17	230	17	230	17	267

Condensed Parent Company income statement

AMOUNTS IN SEK M	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Rolling 12 months	Full-year 2023
Net sales	5	11	10	17	26	32
Other operating expenses	-0	-	-0	-0	-0	-0
Operating costs	-5	-11	-12	-18	-30	-36
Operating profit (EBIT)	-1	-0	-1	-1	-4	-3
Net financial items	53	174	51	172	47	168
Profit/loss after net financial items	52	173	50	171	43	165
Group contribution received	-	-	-	-	9	9
Profit/loss before tax	52	173	50	171	52	174
Income tax	-	-	-	-	1	1
Profit/loss for the period	52	173	50	171	52	174

Condensed Parent Company balance sheet

AMOUNTS IN SEK M	30 Jun 2024	30 Jun 2023	31 Dec 2023
Assets			
Financial assets	1,375	1,375	1,375
Deferred tax asset	2	-	2
Total non-current assets	1,377	1,375	1,377
Other current assets	6	89	109
Cash and cash equivalents	13	42	37
Total current assets	19	130	146
TOTAL ASSETS	1,396	1,505	1,523
EQUITY AND LIABILITIES			
Equity	1,241	1,348	1,361
Total equity	1,241	1,348	1,361
Non-current liabilities	147	149	146
Current liabilities	7	7	15
Total liabilities	155	157	162
TOTAL EQUITY AND LIABILITIES	1,396	1,505	1,523

Quarterly data

AMOUNTS IN SEK M	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Income statement								
Net sales	3,656	3,283	3,873	3,310	3,832	3,264	3,590	2,788
Growth in net sales, %	-4.6	0.6	7.9	18.7	23.5	26.4	35.6	40.2
EBITDA	359	321	406	327	381	302	364	275
EBITDA margin, %	9.8	9.8	10.5	9.9	10.0	9.2	10.2	9.9
EBITA	265	231	310	246	296	233	292	201
EBITA margin, %	7.2	7.0	8.0	7.4	7.7	7.1	8.1	7.2
Operating profit (EBIT)	224	190	271	194	244	190	261	156
Operating profit/loss (EBIT), %	6.1	5.8	7.0	5.9	6.4	5.8	7.3	5.6
Profit/loss before tax	170	138	239	179	202	171	230	131
Profit/loss for the period	131	111	176	142	162	135	182	77
Equity, provisions and liabilities								
Return on equity, %	17.4	18.4	19.6	20.3	18.8	20.6	20.1	20.3
Return on capital employed, %	12.7	13.0	14.1	13.9	13.3	13.3	14.9	14.9
Interest-bearing net debt	3,695	3,419	3,461	3,599	3,372	3,107	2,503	2,668
Gearing ratio, %	116.6	102.2	107.9	114.8	107.6	101.9	85.0	97.4
Net debt/EBITDA, times	2.6	2.4	2.4	2.6	2.5	2.5	2.1	2.5
Key financial performance indicators								
Working capital	518	360	322	325	370	268	341	352
Equity ratio, %	31.6	33.9	31.6	30.9	31.2	30.1	32.9	32.2
Cash conversion (rolling 12 months), % ¹	89	91	90	88	81	82	85	90
Cash flow from operating activities	158	198	432	119	225	222	376	16
Order backlog								
Order backlog	9,058	8,921	8,437	9,201	9,185	8,987	8,376	8,158
Key figures, employees								
Average number of employees	6,144	6,188	6,237	6,076	5,474	5,453	5,431	5,341
Number of employees at the end of the period	6,233	6,224	6,282	6,228	6,183	6,023	5,611	5,517
Acquisition-related items								
Revaluation of contingent consideration	5	4	14	5	6	-1	11	-
Acquisition costs	-0	-0	-2	-1	-3	-4	-2	-3
Total acquisition-related items	5	4	12	4	3	-4	9	-3
Key figures per share SEK								
Average number of shares before dilution	264,107,025	264,107,025	264,107,025	263,996,442	261,520,302	260,564,020	260,564,020	260,564,020
Average number of shares after dilution	264,107,025	264,107,025	264,107,025	263,996,442	264,120,302	265,510,300	265,510,300	265,510,300
Profit/loss for the period attributable to the Parent Company's shareholders, SEK million	124	99	187	137	152	126	175	70
Earnings per share for the period before dilution, SEK	0.47	0.37	0.71	0.52	0.58	0.48	0.67	0.27
Earnings per share for the period after dilution, SEK	0.47	0.37	0.71	0.52	0.57	0.47	0.66	0.26
Cash flow from operating activities per share, SEK	0.60	0.75	1.64	0.45	0.85	0.84	1.42	0.06
Equity per share, SEK	11.99	12.67	12.14	11.88	11.86	11.48	11.09	10.32
Share price at the end of the period, SEK	40.56	42.28	40.90	32.50	53.85	49.98	39.63	44.84

¹ A change in the calculation of cash conversion occurred in Q4 2022 and prior periods have been restated.

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 instalco.se.

Earnings measures and margin measures

AMOUNTS IN SEK M	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
(A) Net sales	3,656	3,283	3,873	3,310	3,832	3,264	3,590	2,788
(B) EBITDA	359	321	406	327	381	302	364	275
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets (not acquired)	-95	-90	-96	-81	-85	-69	-72	-74
(C) EBITA	265	231	310	246	296	233	292	201
Depreciation/amortisation and impairment of acquired intangible assets	-41	-40	-39	-52	-52	-43	-31	-44
(D) Operating profit/loss (EBIT)	224	190	271	194	244	190	261	156
(B/A) EBITDA margin, %	9.8	9.8	10.5	9.9	10.0	9.2	10.2	9.9
(C/A) EBITA margin, %	7.2	7.0	8.0	7.4	7.7	7.1	8.1	7.2
(D/A) Operating profit/loss, (EBIT), %	6.1	5.8	7.0	5.9	6.4	5.8	7.3	5.6

Capital structure

AMOUNTS IN SEK M	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Calculation of working capital and working capital in relation to net sales								
Inventories	212	213	202	187	185	173	159	132
Accounts receivable	2,076	1,906	2,091	2,029	2,041	1,835	1,891	1,724
Contract assets	768	774	628	885	915	901	619	857
Prepaid expenses and accrued income	234	199	271	255	166	148	158	120
Other current assets	176	246	168	173	178	230	177	161
Trade payables	-1,088	-1,065	-1,052	-1,279	-1,172	-1,201	-1,042	-1,077
Contract liabilities	-532	-512	-549	-590	-594	-590	-461	-506
Other current liabilities	-515	-526	-642	-652	-558	-430	-473	-466
Accrued expenses and deferred income, including provisions	-814	-875	-795	-684	-791	-798	-687	-592
(A) Working capital	518	360	322	325	370	268	341	352
(B) Net sales (12-months rolling)	14,122	14,298	14,279	13,996	13,474	12,744	12,063	11,121
(A/B) Working capital as a percentage of net sales, %	3.7	2.5	2.3	2.3	2.7	2.1	2.8	3.2

AMOUNTS IN SEK M	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Calculation of interest-bearing net debt and gearing ratio								
Non-current, interest-bearing financial liabilities	3,465	3,155	3,492	3,412	3,399	3,589	2,950	2,783
Current, interest-bearing financial liabilities	247	344	236	293	203	189	185	174
Cash and cash equivalents	-17	-80	-267	-106	-230	-672	-631	-288
(C) Interest-bearing net debt	3,695	3,419	3,461	3,599	3,372	3,107	2,503	2,668
(D) Equity	3,167	3,347	3,207	3,136	3,133	3,049	2,944	2,739
(C/D) Gearing ratio, %	116.6	102.2	107.9	114.8	107.6	101.9	85.0	97.4
(E) EBITDA (12-months rolling)	1,413	1,435	1,416	1,375	1,322	1,244	1,165	1,076
(C/E) Interest-bearing net debt in relation to EBITDA (12-months rolling)	2.6x	2.4x	2.4x	2.6x	2.5x	2.5x	2.1x	2.5x
Calculation of operating cash flow and cash conversion (12-months rolling)								
(F) EBITDA	1,413	1,435	1,416	1,375	1,322	1,244	1,165	1,076
Net investments in property, plant and equipment and intangible assets	-78	-78	-102	-91	-76	-52	-37	-30
Changes in working capital	-80	-46	-47	-80	-172	-177	-137	-74
(G) Operation cash flow (12-months rolling)	1,255	1,311	1,267	1,204	1,074	1,015	991	972
(G/F) Cash conversion % (12-months rolling)¹	89	91	90	88	81	82	85	90
(H) Earnings for the period (12-months rolling)	559	590	615	621	557	585	551	533
(H/D) Return on equity, %	17.4	18.4	19.6	20.3	18.8	20.6	20.1	20.3
(I) EBIT	224	190	271	194	244	190	261	156
(J) Financial income	15	13	93	63	27	17	38	34
(K) Total assets	10,521	10,472	10,716	10,775	10,762	10,854	9,573	9,088
(L) Interest-free liabilities	3,480	3,423	3,598	3,741	3,800	3,809	3,286	3,200
(I+J)/(K-L) Return on capital employed, %	12.7	13.0	14.1	13.9	13.3	13.3	14.9	14.9

¹ A change in the calculation of cash conversion occurred in Q4 2022 and prior periods have been restated.

Signatures

Future reporting dates

Interim Report January – September 2024	25 October 2024
Year-end report 2024	13 February 2025
Interim report January – March 2025	29 April 2025
AGM 2025	6 May 2025

Board of Directors' assurance

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

Stockholm, 22 August 2024

Instalco AB (publ)

Per Sjöstrand
Chairman

Camilla Öberg
Director

Carina Qvarngård
Director

Ulf Wretskog
Director

Per Leopoldsson
Director

Carina Edblad
Director

Johnny Alvarsson
Director

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, 22 August at 09:30 CET via <https://ir.financialhearings.com/instalco-q2-report-2024>

To participate by phone, register via

<https://conference.financialhearings.com/teleconference/?id=50048288>

Note

This information is information that Instalco is required to disclose under the EU Market Abuse Regulation and the Securities Markets Act. The information was made public, via the contact person listed below on 22 August 2024, 07:30 CET.

Additional information

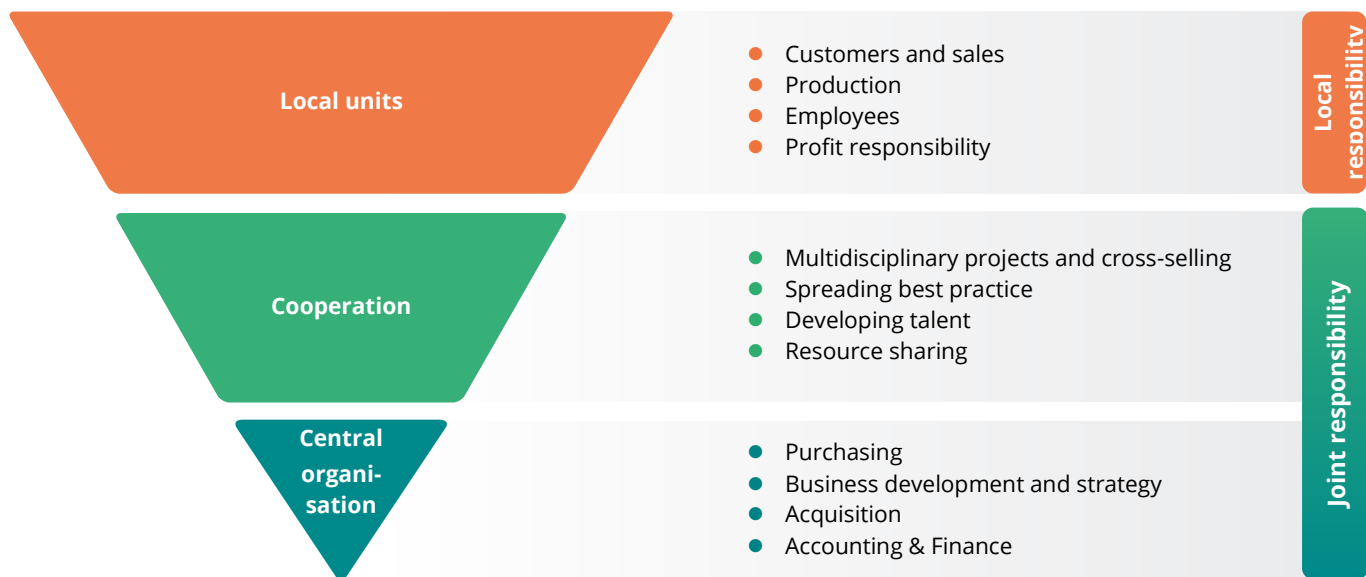
Robin Boheman, CEO

Christina Kassberg, CFO, christina.kassberg@instalco.se

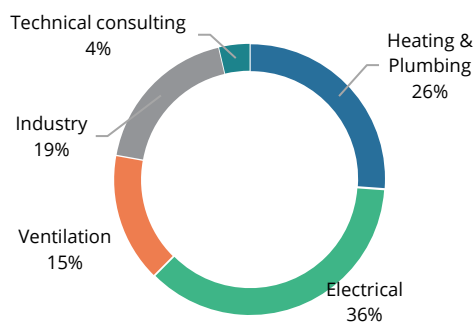
Mathilda Eriksson, Head of IR, mathilda.eriksson@instalco.se +46 (0)70-972 34 29

Instalco in brief

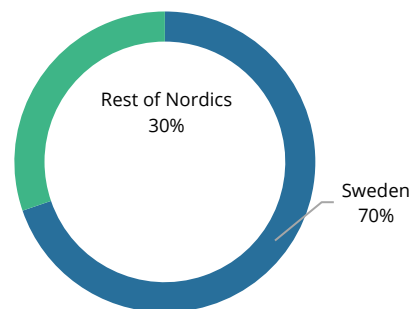
Instalco has a decentralised structure, where operations are conducted in each unit, in close cooperation with customers and with the support of a very streamlined central organisation. The Instalco model is designed to benefit from the advantages of both strong local ties and joint functions.



NET SALES BY AREA OF OPERATION¹⁾



NET SALES BY MARKET AREA¹⁾



1) Cumulative distribution of net sales for the reporting period