

Interim report

1 January – 30 June 2023

Fasadgruppen 

“Good order backlog growth and improved cash flow”

Second quarter highlights

- Net sales increased to SEK 1,309.6 million (1,217.1), corresponding to growth of 8 percent. Organic growth was 0 percent.
- EBITA amounted to SEK 104.0 million (116.7) and the EBITA margin was 7.9 percent (9.6).
- Items affecting comparability¹ impacted EBITA by SEK -23.6 million (-6.9). Adjusted EBITA (excluding items affecting comparability) increased to SEK 127.5 million (123.5).
- Earnings for the period amounted to SEK 56.3 million (76.7), earnings per share before and after dilution were SEK 1.13 (1.58).
- Operating cash flow rose to SEK 116.1 million (-8.2).
- The order backlog increased to SEK 3,527.9 million (3,129.5).

Significant events during the quarter

- In June, the acquisition of Danish balcony manufacturer Weldmatic A/S was announced.
- Fasadgruppen has won several major renovation contracts, including two schools in Stockholm and four apartment buildings in Oslo.

Key figures ^{1, 2}

SEKm	2023		Δ	2022		Δ	2023Q2		2022
	Apr–Jun	Apr–Jun		Jan–Jun	Jan–Jun		12M	Jan–Dec	
Net sales	1,309.6	1,217.1	7.6%	2,453.0	1,954.6	25.5%	5,046.1	4,547.7	
EBITA	104.0	116.7	-10.9%	175.9	155.3	13.3%	442.5	421.9	
EBITA margin, %	7.9	9.6		7.2	7.9		8.8	9.3	
Adjusted EBITA	127.5	123.5	3.2%	201.7	167.0	20.8%	466.3	431.6	
Adjusted EBITA margin, %	9.7	10.2		8.2	8.5		9.2	9.5	
Cash flow from operating activities	116.1	-8.2	n.a.	193.1	66.7	189.4%	528.1	401.7	
Cash conversion, %	90.1	-6.0		86.1	34.7		98.6	79.7	
Return on capital employed, %	11.7	12.7		11.7	12.7		11.7	12.6	
Return on shareholders' equity, %	13.3	16.1		13.3	16.1		13.3	16.2	
Net debt to equity ratio, %	64.7	57.4		64.7	57.4		64.7	69.8	
Profit/loss before tax	77.8	99.9	-22.1%	116.9	128.9	-9.4%	334.3	346.3	
Order backlog	3,527.9	3,129.5	12.7%	3,527.9	3,129.5	12.7%	3,527.9	2,983.3	

¹ For items affecting comparability in the respective period, see Note 7.

² Measures defined in accordance with IFRS are Net Sales and Profit/loss before tax. Other measures are Alternative performance measures. For definitions of Alternative performance measures, please see page 16.

Fasadgruppen is the largest complete provider of sustainable façades in the Nordics. The operations are based on local entrepreneurial companies with a clear focus on cooperation, commitment and know-how.

First half highlights

- Net sales increased to SEK 2,453.0 million (1,954.6), corresponding to growth of 25 percent. Organic growth was 9 percent.
- EBITA increased to SEK 175.9 million (155.3) and the EBITA margin was 7.2 percent (7.9).
- Items affecting comparability¹ impacted EBITA by SEK -25.7 million (-11.7). Adjusted EBITA (excluding items affecting comparability) increased to SEK 201.7 million (167.0).
- Earnings for the period amounted to SEK 85.1 million (98.9), earnings per share before and after dilution were SEK 1.72 (2.09).
- Operating cash flow totalled SEK 193.1 million (66.7).

Events after the end of the period

- Fasadgruppen has been awarded contracts to replace the roofs of 171 terraced houses as well as a renovation of an entire neighbourhood in Copenhagen.
- Fasadgruppen has joined the Science Based Targets initiative.
- Fasadgruppen has entered into a new financing agreement.

CEO comment

Large order backlog provides stability for the future

This is my first interim report as CEO of Fasadgruppen and I am both grateful and proud of the trust placed in me. Fasadgruppen will continue to achieve profitable growth. Based on our target of at least 15 percent annual growth in net sales, we will achieve a turnover of at least SEK 10 billion by 2028, with a margin above 10 percent. Fasadgruppen is only at the beginning of its journey, and I see large potential for our company in the coming years.

The first half of 2023 indicates that we have made good progress towards 10 billion but that there is still a lot to do. Demand for our services remains favourable and the order backlog at the end of the period totalled SEK 3,528 million. This is the highest level ever recorded and represents a sequential increase of around 24 percent since the first quarter.

Sales during the first half of the year totalled SEK 2,453 million, an increase of 25 percent compared with the corresponding period last year. An organic growth of 9 percent despite falling material prices during the end of the period points to healthy volume growth.

Adjusted EBITA for the first half of the year improved by 21 percent to SEK 202 million compared with the corresponding period last year, while the adjusted EBITA margin decreased from 8.5 to 8.2 percent. Competition in Stockholm and Copenhagen, which are both major markets for Fasadgruppen, has become somewhat tougher, putting some pressure on margins during the second quarter.

Cash flow improved significantly during the first half of the year and contributed to us almost achieving 100 percent cash conversion for the last 12 months. This improvement is due partly to us not purchasing materials early (as was done last year to lock in lower purchase prices) and partly to the measures that we have implemented to improve the working capital.

We are not seeing any direct change in the mix between renovation and new construction, where the share of current projects remains at around 75 percent and 25 percent respectively, with an average order value of around SEK 3 million.

Acquisition dialogues

At the end of the quarter, we signed an agreement to acquire Danish balcony manufacturer Weldmatic, which has local production in Ringsted. This is the first acquisition of the year and complements our existing balcony operations. Several acquisition dialogues progressed during the quarter and at the time of publication of this interim report, five LOIs had been signed with companies across all of our markets.

After the end of the quarter, we entered into a new financing agreement with Nordea, SEB and Svensk



“Being able to adapt to the prevailing economic conditions is key to continuing to deliver shareholder value now and in the future.”

Exportkredit for a total of SEK 2.7 billion, which provides significant financial flexibility for continuing our growth journey. The loan agreement entails an extended credit facility of around SEK 600 million, with a term of three years and the option to extend for a further two years. Our overall ambition is to be able to grow through our cash flow, and we are therefore continuing to place great emphasis on working with cash optimisation in the subsidiaries. At the end of June, our KPI for capital structure, net debt to adjusted EBITDA, was 2.4x, which continues to enable more acquisitions.

Energy savings

We continue to experience strong demand for energy efficiency measures in connection with façade renovations. Our patented SmartFront method, which combines façade measures with an upgrade of the property’s ventilation system, thereby improving the energy performance by up to 75 percent, grew by around 200 percent during the first half of 2023. We therefore intend to expand this specific product expertise to more of our subsidiaries.

To accelerate the pace of our own climate work and contribution to sustainable development, Fasadgruppen joined the Science Based Targets initiative after the end of the quarter. As part of this initiative, we will develop a net-zero target and I am looking forward to this important work.

Creating shareholder value through entrepreneurship

One of Fasadgruppen’s major strengths is the entrepreneurs we have at our subsidiaries, most of whom have run their businesses through several economic cycles. Their combined experience gives us a particular edge and we see opportunities to strengthen our market share going forward as smaller players may struggle. Being able to adapt to the prevailing economic conditions is key to continuing to deliver shareholder value now and in the future.

I would like to thank everyone the organisation for their commitment to delivering on our strategy.

Martin Jacobsson, *Group President and CEO*

Group development

Second quarter

Net sales

Net sales for the second quarter of 2023 amounted to SEK 1,309.6 million (1,217.1), a 7.6 percent increase compared with the same period in the previous year. Organic growth amounted to -0.1 percent and growth through acquisitions to 7.7 percent. Exchange rate fluctuations had a positive effect on organic growth of 0.0 percentage points. The considerable impact on organic growth of cost inflation for materials in the first quarter quickly wore off during the second quarter. Net sales were also negatively affected by cold temperatures.

Earnings

EBITA for the current quarter amounted to SEK 104.0 million (116.7) and adjusted EBITA to SEK 127.5 million (123.5). Items affecting comparability in the quarter as a whole amounted to SEK -23.6 million (-6.9); see also Note 7. The adjusted EBITA margin for the current quarter amounted to 9.7 percent (10.2). During the quarter, increased competition was noted, particularly in the metropolitan regions, which resulted in a slightly weaker margin development than in the comparison period. Net financial items for the quarter amounted to SEK -19.9 million (-9.0). Interest expenses on loans from credit institutions amounted to SEK -20.1 million (-4.7). Exchange rate effects had an impact on net financial items of SEK 1.4 million net. Profit for the period amounted to SEK 56.3 million (76.7), corresponding to earnings per share of SEK 1.13 (1.58) before dilution. The effective tax rate was 27.7 percent (23.2). The difference in effective tax rate between the periods is the result of additional costs from earnouts paid in excess of the previous valuation, which are non-deductible. This has an effect of around 5.0 percentage points on the effective tax rate for the current period.

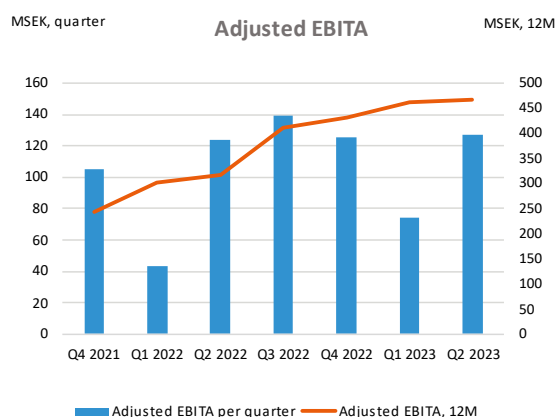
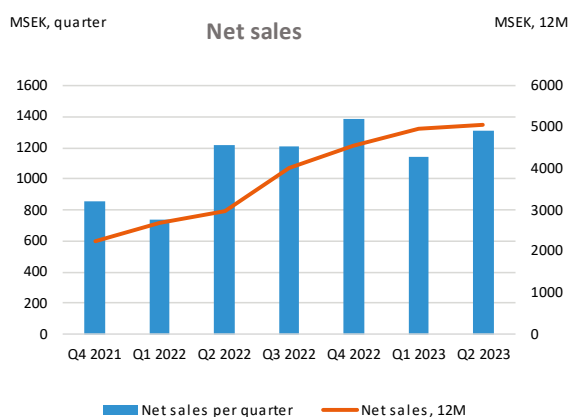
First half

Net sales

Net sales for the first half of 2023 amounted to SEK 2,453.0 million (1,954.6), a 25.5 percent increase compared with the same period in the previous year. Organic growth amounted to 9.4 percent and growth through acquisitions to 16.1 percent. Exchange rate fluctuations had a positive effect on organic growth of 0.4 percentage points. Organic growth has otherwise been primarily affected by the impacts of the cost inflation of materials during the first quarter but also by real volume growth in relation to the comparison period in 2022.

Earnings

EBITA for the current quarter amounted to SEK 175.9 million (155.3) and adjusted EBITA to SEK 201.7 million (167.0). Items affecting comparability during the first half of the year totalled SEK -25.7 million (-11.7), see also Note 7, with an adjusted EBITA margin of 8.2 percent (8.5). Customer pricing could be managed satisfactorily during the first quarter, with positive effects on the margin, but was negatively affected by an increased competition in particularly the metropolitan regions during the second quarter. Net financial items for the first half of the year totalled SEK -43.8 million (-12.6). Interest expenses on loans from credit institutions amounted to SEK -38.1 million (-6.5). Exchange rate effects impacted on net financial items by SEK -0.6 million net and discounting of earnouts by a further SEK -2.6 million for the current half year. Profit for the period amounted to SEK 85.1 million (98.9), corresponding to earnings per share of SEK 1.72 (2.09) before dilution. The effective tax rate was 27.1 percent (23.3). The difference in effective tax rate between the periods is the result of additional costs from earnouts paid in excess of the previous valuation as well as the discounting of earnouts, which are non-deductible. This has an effect of around 5.0 percentage points on the effective tax rate for the current period.



Order backlog

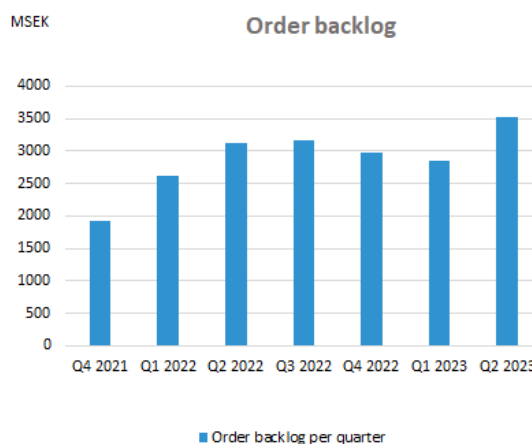
At the end of June 2023, the order backlog amounted to SEK 3,527.9 million (3,129.5), an increase of 12.7 percent. The order backlog for comparable companies at the end of June 2022 increased by 0.6 percent, despite tough comparison numbers, while the acquired growth in the order backlog amounted to 12.1 percent. The order backlog developed strongly during the second quarter, particularly towards the end of the quarter, and increased by 23.7 percent, SEK +676.3 million, compared with the first quarter of 2023.

Financial position and financing

At the end of the period, shareholders' equity amounted to SEK 2,116.1 million (1,772.3). The change in shareholders' equity between period ends is attributable to offset share issues related to acquisitions that added SEK 90.9 million and warrant payments of SEK 3.6 million between period ends. A dividend was paid during May 2023 totalling SEK -84.9 million. The rest of the change in shareholders' equity is attributable to the comprehensive income for the period. Interest-bearing net debt on 30 June 2023 amounted to SEK 1,369.9 million (1,016.5). The interest-bearing net debt includes lease liabilities amounting to SEK 161.7 million (162.5). Earnouts are not included in interest-bearing net debt and on 30 June 2023 amounted to SEK 208.0 million (299.3). The fixed interest period for interest-bearing liabilities varies between 1 and 3 months. The ratio of Fasadgruppen's interest-bearing net debt to adjusted EBITDA 12M (not on a proforma basis) was 2.4 (2.3) at the end of the period. On 30 June 2023, the Group held cash and cash equivalents and other short-term investments amounting to SEK 487.6 million (425.9). In addition to cash and cash equivalents and other short-term investments, there were unutilised credit facilities of SEK 433.9 million at the end of the period.

Cash flow and investments

The change in working capital for the current half-year was significantly better than the comparison period and amounted to SEK 23.9 million (-97.6). The strong development of working capital during the first half-year is primarily the result of the measures implemented since the turn of the year to improve tied-up capital within the Group, which are now beginning to bear fruit. Operating cash flow totalled SEK 193.1 million (66.7) as a direct result of the positive development in working capital during the current period. Group net investments in tangible non-current assets for the current half-year amounted to SEK -55.0 million (-28.2) for the period. The increase between the periods is mainly attributable to a major investment in scaffolding during the second quarter this year totalling SEK 22.2 million in scaffolding company Rapid. Depreciation on non-current assets for the first half of the year amounted to SEK -63.5 million (-51.1), of which depreciation on acquired intangible assets, such as customer relationships, amounted to



SEK -15.2 million (-13.8). Contingent earnouts relating to acquisitions in previous years were settled at a net amount of SEK 84.1 million during the first half of the year. Of this, SEK 18.0 million comprised the portion of contingent earnouts paid that exceeded the previous valuation; see also Note 6.

Personnel

The Group had 2,025 employees (1,901) on 30 June 2023, of whom 82 were women (86). The average number of employees for the first half of the year was 1,947 (1,647). The change relative to the comparison period is primarily attributable to new acquisitions between the periods.

Parent Company

Fasadgruppen Group AB acts as a holding company for the Group and provides head office functions such as Group-wide management, administration and a finance department. Income comprises management fees from Group companies for Group-wide services and costs covered by the Parent Company. Net financial items mainly comprise dividends and interest income from Group companies, as well as interest expenses from external financing. Profit/loss for the period January–June amounted to SEK 49.3 million (-10.3). Assets, primarily consisting of participations in and receivables from Group company Fasadgruppen Norden AB, amounted to SEK 3,186.5 million (2,652.8) at the end of the period. Shareholders' equity amounted to SEK 1,492.9 million (1,375.1) on the balance sheet date. The number of employees at the parent company at the end of the period was 2 (3).

Acquisitions

In the period July 2022 to June 2023, Fasadgruppen acquired four new businesses, of which three were company acquisitions and one was an asset acquisition. These acquisitions are a key part of the Group's growth strategy and are carefully chosen based on selective criteria that are defined in the Fasadgruppen growth strategy.

During the period July 2022 to June 2023, the Group has acquired an estimated SEK 390 million in annual sales and added around 106 new employees to the workforce, bringing new know-how and working capacity to the Group.

Goodwill totalling SEK 2,868.6 million within the Group is a result of continuous and consciously targeted acquisitions over a number of years. Accumulated goodwill primarily relates to growth expectations, expected future profitability, the significant knowledge and expertise possessed by subsidiary company personnel and expected synergies on the costs side.

No new acquisitions were closed during the first half of 2023. In June, an agreement was signed to acquire the Danish balcony manufacturer Weldmatic A/S, which was completed in July.

Company acquisitions

Fasadgruppen has closed the following acquisitions over the last twelve months and in the period between the end of the reporting period and the publication of this interim report.

Closing	Acquisitions	Country	Estimated annual sales at time of acquisition, SEKm	No. of employees
July 2023	Weldmatic A/S	Denmark	41	11
November 2022	Sydskiffer Aktiebolag	Sweden	70	15
September 2022	Jan Tryk Facadepuds Aps (asset acquisition)	Denmark	20	20
August 2022	RKC Construction	Finland	167	28
July 2022	Altana A/S	Denmark	133	43
			431	117

The Fasadgruppen M&A strategy

Fasadgruppen has an active M&A strategy. Acquisitions are primarily completed with the aim of broadening the Group geographically and strengthening its offering. As well as adding new companies to the Group, add-on acquisitions are also made to existing companies with the aim of adding expertise, framework agreements and critical mass.

Fasadgruppen has established a number of acquisition criteria with requirements such as good profitability, geographic locations and long-term management. Potential acquisitions are identified primarily through internal networks and references from existing subsidiaries, which generate a continuous flow of candidates. When a new acquisition has been completed, an established model is used to ensure a smooth integration where the subsidiary quickly benefits from Fasadgruppen's economies of scale and can begin to contribute to the value creation in the Group.

Other information

Risks and uncertainties

Fasadgruppen's business is affected by a number of risks whose effects on earnings and financial position can be managed to varying degrees. When assessing the Group's future development, it is important to consider the risk factors in addition to possible opportunities for earnings growth. The Group is exposed to different types of risk in its business and these are categorised as operational risks, financial risks and external risks. External risks are primarily related to factors outside Fasadgruppen's own businesses, such as macroeconomic growth on the Group's main markets. Operational risks are related to day-to-day operations such as tendering, capacity utilisation, percentage of completion and price risks. The financial risks include liquidity and loan financing risks. Risk management is clearly defined in the Fasadgruppen management system, which is designed to prevent and reduce the Group's risk exposure. Risk management in the Group aims to identify, measure, control and limit risks in the business.

The demand for raw materials and energy, which combined with production and delivery issues caused a shortage of materials in several industries in 2022, has continued to have a limited impact on Fasadgruppen's operations. The Group continues to work purposefully with its suppliers to ensure the supply of materials and manage price changes. The longer-term consequences of the rising interest rate levels, which are mostly considered to be of a general cyclical nature, remain hard to predict. The Group continues to monitor developments closely as part of its ongoing risk management work, making adjustments when necessary.

No additional risks and uncertainties, beyond those presented, are deemed to have arisen during the period. For further information on the Group's risks, please see the 2022 Annual Report.

Seasonal variations

Fasadgruppen's activities and markets are affected by seasonal variations to a certain degree. As a rule, the first quarter of the year is weaker than the remaining nine-month period as the winter conditions can make roof work and other outdoor services, for example, more difficult. Low temperatures mean it is more difficult for rendering and masonry work to be cured to the expected compressive strength and therefore larger projects involving rendering and masonry are avoided during winter months. The Group's diversified structure, with regard to both market offering and geographic presence, limits exposure to seasonal variations to a certain extent, however.

Future projections

The Nordic market is expected to continue to have stable underlying renovation requirements in the future. Underlying driving forces, such as urbanisation, housing shortages, the tough Nordic weather climate and increased focus on improving energy efficiency in buildings, are considered to lead to a continuing willingness to invest among the Group's customer groups, which points to continued long-term growth potential for Fasadgruppen. The Group has a well underpinned acquisition strategy and future acquisition opportunities are considered to remain good. The Group's financial base creates the stability that aids both investments and acquisitions. Fasadgruppen continues to develop its sustainability work with the focus on profitability and those products that are being developed for the sustainable façade solutions of the future that will boost the competitiveness of customers. The Group is firmly resolved to drive both daily improvement work in its business and the transformation of the façade sector towards safe and more sustainable solutions.

You can also read about how the Group is working to counter possible risks as a consequence of the shortage of materials and energy in several industries and rising interest rates in the section on Risks and uncertainties.

Incentive programmes

The Annual General Meetings of 2021, 2022 and 2023 resolved to implement long-term incentive programmes for employees in the Group, consisting of warrants. Each warrant entitles the holder to subscribe for one new share in the Company at a predetermined price and within a specified subscription period. The subscription price corresponds to 125 percent of the volume-weighted average price for the Company's shares on Nasdaq Stockholm during the last ten trading days prior to the respective Annual General Meeting that approved the incentive programme.

Warrants have been transferred to employees at a market price calculated in accordance with the Black–Scholes model. Warrants not transferred to employees have been transferred to the company's wholly owned subsidiary Fasadgruppen Norden AB free of charge.

Under certain circumstances, the Company is entitled to repurchase warrants from holders whose employment in the Group is terminated or who wish to transfer their warrants to a third party. Further information on the terms and conditions for the warrants is available on the Company's website.

The share and share capital

The number of shares and votes is unchanged during the period January to June 2023. As at 30 June 2023, the number of shares and votes amounted to 49,623,830 with

a share capital of SEK 2.5 million, corresponding to a quotient value of SEK 0.05 per share. The three largest shareholders in the company at the end of June 2023 were Capital Group, Connecting Capital and Swedbank Robur Fonder.

Events after the end of the period

- Fasadgruppen has been awarded a contract to replace the roofs of 171 terraced houses as well as a renovation of an entire neighbourhood in Copenhagen.
- Fasadgruppen has joined the Science Based Targets initiative.
- Fasadgruppen has entered into a new financing agreement in a total amount of SEK 2,700 million, comprising a revolving credit facility in an amount of SEK 1,600 million and two credit facilities in a total amount of SEK 1,100 million. The duration of the agreement is three years with two one-year extension options, giving a maximum duration of five years. The agreement increases the group's total available credit facilities with approximately SEK 600 million.

Presentation of interim report

The interim report will be presented in a conference call and webcast on 15 August 2023 at 8.15 a.m. CEST via <https://ir.financialhearings.com/fasadgruppen-group-q2-2023>. To participate via telephone, register at <https://conference.financialhearings.com/teleconference/?id=200906>.

Warrant series	Max. number of warrants	Number of warrants transferred to employees	Number of employees who have acquired warrants	Warrant premium paid (SEKm)	Subscription period	Subscription price (SEK)
2023/2026	500,000	218,410	69	3.6	June 2026	104.0
2022/2025	484,000	236,196	46	1.7	June 2025	179.8
2021/2024	923,010	501,472	65	7.9	June 2024	164.1

The table below above a summary of the current warrant programmes.

Financial reports

Condensed consolidated income statement and statement of comprehensive income

SEKm	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	2023Q2 12M	2022 Jan–Dec
Net sales	1,309.6	1,217.1	2,453.0	1,954.6	5,046.1	4,547.7
Other operating income	-2.2	7.5	8.9	14.2	174.6	179.9
Operating income	1,307.5	1,224.6	2,461.9	1,968.9	5,220.6	4,727.6
Materials and consumables	-665.1	-644.9	-1,283.5	-1,012.5	-2,699.6	-2,428.5
Remuneration to employees	-406.7	-358.9	-765.0	-623.8	-1,488.3	-1,347.1
Depreciation and impairments of tangible and intangible non-current assets	-31.2	-28.4	-63.5	-51.1	-131.9	-119.4
Other operating costs	-106.8	-83.6	-189.1	-140.0	-497.1	-448.0
Total operating costs	-1,209.8	-1,115.8	-2,301.2	-1,827.4	-4,816.8	-4,343.0
Operating profit/loss	97.7	108.9	160.7	141.5	403.8	384.6
Net financial items	-19.9	-9.0	-43.8	-12.6	-69.5	-38.2
Profit/loss after financial items	77.8	99.9	116.9	128.9	334.3	346.3
Tax on profit for the period	-21.5	-23.2	-31.7	-30.0	-76.1	-74.4
Profit/loss for the period	56.3	76.7	85.1	98.9	258.2	271.9
Other comprehensive income for the period:						
<i>Items that will not be reclassified to profit or loss:</i>						
<i>Items that can be reclassified to profit or loss:</i>						
Exchange rate differences on translation of foreign operations	54.2	-9.8	31.4	16.8	87.5	72.9
Hedging of net investments	-10.8	-	-15.2	-	-15.2	-
Income tax attributable to components in other comprehensive income	2.2	-	3.1	-	3.1	-
Other comprehensive income for the period, net after tax	45.7	-9.8	19.3	16.8	75.4	72.9
Comprehensive income for the period	101.9	66.9	104.4	115.7	333.6	344.8
Comprehensive income for the period attributable to:						
Shareholders in the Parent Company	101.9	66.9	104.4	115.7	333.6	344.8
Holdings without controlling interest	-	-	-	-	-	-
Earnings per share for the period before dilution, SEK	1.13	1.58	1.72	2.09	5.22	5.62
Earnings per share for the period after dilution, SEK	1.13	1.58	1.72	2.09	5.22	5.62
Average no. of shares before dilution	49,623,830	48,530,413	49,623,830	47,349,730	49,497,149	48,360,099
Average no. of shares after dilution	49,623,830	48,530,413	49,623,830	47,349,730	49,497,149	48,360,099
Actual no. of shares at the end of the period	49,623,830	48,610,382	49,623,830	48,610,382	49,623,830	49,623,830

Condensed consolidated balance sheet

SEKm	30 Jun 2023	30 Jun 2022	31 Dec 2022
ASSETS			
Brand	409.1	352.3	406.7
Customer relationships	2.1	15.0	17.0
Goodwill	2,868.6	2,307.6	2,842.3
Other intangible assets	1.7	1.5	1.8
<i>Total intangible assets</i>	<i>3,281.5</i>	<i>2,676.3</i>	<i>3,267.8</i>
Right-of-use assets	163.2	153.8	163.3
Tangible non-current assets	125.5	117.0	118.7
<i>Total property, plant and equipment</i>	<i>288.7</i>	<i>270.9</i>	<i>282.0</i>
Financial non-current assets	8.7	5.4	4.3
Total non-current assets	3,578.9	2,952.6	3,554.1
Inventories	28.8	23.5	25.5
Accounts receivable	702.4	698.5	702.3
Revenues from contracts with customers and similar receivables	270.7	254.6	211.3
Prepaid expenses and accrued income	38.6	25.4	36.1
Other receivables	61.6	67.4	67.6
Cash and cash equivalents	487.6	425.9	452.6
Total current assets	1,589.7	1,495.3	1,495.4
TOTAL ASSETS	5,168.5	4,447.9	5,049.5
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	2,116.1	1,772.3	2,092.5
Non-current interest-bearing liabilities	1,547.1	1,159.5	1,421.0
Non-current lease liabilities	98.3	113.3	102.1
Deferred tax liabilities	128.0	107.2	122.6
Other non-current liabilities	123.6	186.6	198.1
Total non-current liabilities	1,897.0	1,566.6	1,843.8
Current interest-bearing liabilities	148.8	120.3	139.1
Current lease liabilities	63.4	49.2	64.8
Accounts payable	378.6	354.5	356.4
Contract and similar liabilities	98.0	390.2	165.2
Accrued expenses and prepaid income	232.9	194.9	205.6
Other current liabilities	233.8	-	182.2
Total current liabilities	1,155.4	1,109.0	1,113.3
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5,168.5	4,447.9	5,049.5

Condensed statement of changes in shareholders' equity

SEKm	Share capital	Other contributed capital	Retained earnings including profit/loss for the period	Reserves	Total shareholders' equity
Shareholders' equity					
01 Jan 2022	2.3	887.3	364.5	15.6	1,269.7
Profit/loss for the period	-	-	98.9	-	98.9
<i>Other comprehensive income:</i>					
Exchange rate differences on translation of foreign operations	-	-	-	16.8	16.8
Total comprehensive income	-	-	98.9	16.8	115.7
Dividend	-	-	-58.3	-	-58.3
Warrant payment	-	1.6	-	-	1.6
Directed new share issue	0.2	409.4	-	-	409.6
Offset share issue	0.0	34.2	-	-	34.2
Transactions with shareholders	0.2	445.2	-58.3	-	387.0
Shareholders' equity					
30 Jun 2022	2.4	1,332.5	405.0	32.3	1,772.3
Shareholders' equity					
01 Jan 2022	2.3	887.3	364.5	15.6	1,269.6
Profit/loss for the period	-	-	271.9	-	271.9
<i>Other comprehensive income:</i>					
Exchange rate differences on translation of foreign operations	-	-	-	72.9	72.9
Total comprehensive income	-	-	271.9	72.9	344.8
Dividend	-	-	-58.3	-	-58.3
Warrant payment	-	1.7	-	-	1.7
Directed new share issue	0.2	409.4	-	-	409.5
Offset share issue	0.1	125.1	-	-	125.2
Transactions with shareholders	0.2	536.1	-58.3	-	478.0
Shareholders' equity					
31 Dec 2022	2.5	1,423.4	578.1	88.5	2,092.5
Shareholders' equity					
01/01/2023	2.5	1,423.4	578.1	88.5	2,092.5
Profit/loss for the period	-	-	85.1	-	85.1
<i>Other comprehensive income:</i>					
Exchange rate differences on translation of foreign operations	-	-	-	31.4	31.4
Hedging of net investments	-	-	-	-15.2	-15.2
Income tax attributable to components in other comprehensive income	-	-	-	3.1	3.1
Total comprehensive income	-	-	85.1	19.3	104.4
Dividend	-	-	-84.4	-	-84.4
Warrant payment	-	3.6	-	-	3.6
Transactions with shareholders	-	3.6	-84.4	-	-80.7
Shareholders' equity					
30 Jun 2023	2.5	1,427.1	578.8	107.8	2,116.1

Condensed consolidated statement of cash flows

SEKm	2023	2022	2023	2022	2023Q2	2022
	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	12M	Jan–Dec
Operating activities						
Profit/loss after financial items	77.8	99.9	116.9	128.9	334.3	346.3
Adjustment for non-cash items	70.7	30.3	120.3	53.2	184.3	117.2
Interest paid	-20.1	-5.3	-36.8	-10.8	-57.3	-31.2
Tax paid	-33.0	-21.9	-69.5	-58.7	-85.1	-74.3
Changes in working capital	31.3	-131.4	23.9	-97.6	76.4	-45.2
Cash flow from operating activities	126.8	-28.4	154.8	15.0	452.6	312.8
Investing activities						
Acquisition of subsidiaries and businesses	-	-214.9	-	-414.7	-501.9	-916.6
Net investments in non-current assets	-44.2	-14.1	-55.0	-28.2	-84.0	-57.1
Net investments in financial assets	-0.6	-0.7	-0.6	0.1	0.1	0.7
Cash flow from investing activities	-44.7	-229.7	-55.6	-442.8	-585.8	-973.0
Financing activities						
New share issue	-	-	-	409.5	-	409.5
Warrant payments	3.6	1.6	3.6	1.6	3.7	1.7
Dividend paid	-84.4	-58.3	-84.4	-58.3	-84.4	-58.3
Proceeds from financing	203.0	246.1	260.7	426.7	625.4	791.3
Amortisation of financing	-111.7	-175.0	-209.2	-175.0	-294.4	-260.3
Repayment of lease liability	-17.4	-13.1	-33.5	-23.7	-61.6	-51.9
Cash flow from financing activities	-6.8	1.3	-62.6	580.7	188.6	832.0
Cash flow for the period	75.3	-256.8	36.6	152.9	55.5	171.8
Cash and cash equivalents at start of period	406.1	685.0	452.6	271.6	425.9	271.6
Translation difference in cash and cash equivalents	6.2	-2.4	-1.6	1.4	6.2	9.2
Cash and cash equivalents at end of period	487.6	425.9	487.6	425.9	487.6	452.6

Condensed Parent Company income statement

SEKm	2023	2022	2023	2022	2023Q2	2022
	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	12M	Jan–Dec
Operating income	3.5	2.7	7.0	5.4	13.7	12.2
Operating expenses	-4.1	-7.7	-8.7	-12.1	-17.9	-21.3
Operating profit/loss	-0.6	-5.0	-1.7	-6.7	-4.2	-9.2
Net financial items	57.7	-4.9	45.7	-6.3	21.8	-30.1
Profit/loss after net financial items	57.1	-9.9	43.9	-13.0	17.6	-39.3
Appropriations	-	-	-	-	102.5	102.5
Profit/loss before tax	57.1	-9.9	43.9	-13.0	120.1	63.2
Tax on profit for the period	2.6	2.1	5.3	2.6	-12.6	-15.3
Profit/loss for the period*	59.8	-7.8	49.3	-10.3	107.5	47.9

*There are no items recognised in other comprehensive income at the Parent Company and therefore the total comprehensive income is the same as the profit/loss for the period.

Condensed Parent Company balance sheet

SEKm	30 Jun 2023	30 Jun 2022	31 Dec 2022
ASSETS			
Tangible non-current assets	0.5	0.1	0.0
Financial non-current assets	3,180.3	2,648.5	3,101.9
Total non-current assets	3,180.9	2,648.7	3,102.1
Current receivables	5.6	4.1	1.7
Cash and bank	-	-	-
Total current assets	5.6	4.1	1.7
TOTAL ASSETS	3,186.5	2,652.8	3,103.8
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted shareholders' equity	2.5	2.4	2.5
Unrestricted shareholders' equity	1,490.4	1,372.7	1,521.9
Total shareholders' equity	1,492.9	1,375.1	1,524.3
Non-current liabilities	1,530.2	1,153.4	1,417.7
Accounts payable	1.0	1.1	0.3
Other current liabilities	155.2	120.2	157.3
Accrued expenses and prepaid income	7.2	2.9	4.1
Total liabilities	1,693.6	1,277.7	1,579.5
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,186.5	2,652.8	3,103.8

Notes

Note 1 Accounting policies

Fasadgruppen Group AB applies the International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated accounts in this interim report have been prepared in accordance with IAS 34 Interim Financial Reporting plus applicable regulations in the Swedish Annual Accounts Act. The Parent Company accounts have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities. The interim report should be read together with the annual report for the financial year ending on 31 December 2022. The accounting policies and calculation bases are the same as those that were applied in the annual report for 2022. Information in accordance with IAS 34 16A also appears in other parts of the interim report in addition to the financial statements and associated notes.

The amounts are rounded to the nearest million (SEK million) to one decimal place, unless otherwise stated. As a consequence of rounding, figures presented in the financial reports may not add up to the exact total in certain cases and percentage figures can differ from the exact percentage figures. Amounts in parentheses refer to the comparison period.

Note 3 Allocation of income

Group, SEKm	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	2023Q2 12M	2022 Jan–Dec
Sweden	802.5	747.2	1,489.6	1,217.7	3,003.6	2,731.7
Denmark	210.1	181.3	424.9	275.5	911.4	762.0
Norway	254.7	288.6	458.1	461.4	971.0	974.4
Finland	42.3	-	80.4	-	160.1	79.6
Total	1,309.6	1,217.1	2,453.0	1,954.6	5,046.1	4,547.7

Sales come from external customers, with no individual customer accounting for 10 percent or more of sales. Group Management identifies business operations as an operating segment, which is the division used by Fasadgruppen in its internal reporting. The operating segment is monitored by the Group's executive decision-makers and strategic decisions are made on the basis of the operating profit for the segment.

Hedge accounting of foreign operations

On 1 January 2023, Fasadgruppen began applying hedge accounting to parts of its net investments in foreign operations. The Group uses loans as hedging instruments. Hedging of net investments in foreign operations is recognised in a similar way to cash flow hedging. The proportion of gain or loss on the hedging instrument that is deemed to be an effective hedge is recognised in Other comprehensive income. The gain or loss attributable to the ineffective portion is recognised in the income statement. Accumulated gains and losses in shareholders' equity are recognised in the income statement when the foreign operations are divested in whole or in part. IFRS 9 is not applied at the Parent Company and the accounting is therefore unaffected by the new accounting policies.

Note 2 Significant estimates and assessments

Preparation of the interim report requires Company Management to make assessments and estimates as well as assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses. The actual outcome may deviate from these estimates and assessments. The critical assessments and estimates made when preparing this interim report are the same as in the most recent annual report.

Income outside Sweden comprises 40.5 percent (37.7) of total income for the Group for the period January to June 2023. The Group applies the percentage of completion method.

Note 4 Related party transactions

The nature and scale of related party transactions are described in the Group Annual Report for 2022.

Transactions with related parties arise in current operations and are based on business terms and conditions and market prices. In addition to ordinary transactions between Group companies and remuneration to executives and directors, the following transactions with related parties have occurred during the period: During the period 1 January to 30 June 2023, Fasadgruppen has

bought and sold services from/to companies controlled by senior executives for amounts totalling SEK 0.9 million for purchased services and SEK 0.0 million for services sold linked to project-related work. As at 30 June 2023, Fasadgruppen's current liabilities to companies controlled by senior executives amounted to SEK 0.0 million and current receivables to SEK 0.0 million for project-related work.

Note 5 Pledged assets and contingent liabilities

Group, SEKm	30 Jun 2023	30 Jun 2022	31 Dec 2022
Pledged assets:			
Company mortgages	32.9	26.9	35.6
Other	55.3	67.9	51.8
Total	88.2	94.8	87.4
Contingent liabilities:			
Guarantees	514.5	310.2	451.6

Note 6 Fair value of financial instruments

The Group has financial instruments where level 3 has been used to determine the fair value. Financial liabilities measured at fair value through profit or loss pertain to earnouts not yet settled and amounted to SEK 271.5 million as at 01/01/2023. Additional earnouts were settled in the amount of SEK -84.1 million during the period January to June 2023. At the end of the period, earnouts not yet settled amounted to SEK 208.0 million. The earnout amounts are mostly based on either EBITDA, EBIT or post-tax profits for the years 2022, 2023, 2024, 2025 and/or 2026. The earnouts are valued on an ongoing basis using a probability assessment, where an evaluation is made of whether they will be paid at the agreed amounts. Management has considered here the risk for the outcome of future cash flows.

The fair value of Group financial assets and liabilities is estimated as equal to their book value. The Group does not apply netting for any of its significant assets or liabilities. No transfers between levels or valuation categories occurred in the period.

Changes in contingent earnouts, SEKm

Opening contingent earnouts, 01/01/2023	271.5
Earnouts settled	-84.1
Earnouts settled at more than their assessed valuation	18.0
Fixed interest time factor	2.6
Closing contingent earnouts 30/06/2023	208.0
Expected disbursements	
Expected disbursements in < 12 months	-99.5
Expected disbursements in > 12 months	-108.5

Note 7 Items affecting comparability

The table below presents items affecting comparability during the quarter and period.

Group, SEKm	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2023Q2 12M	2022 Jan-Dec
Acquisition-related costs	-	-6.8	-0.4	-11.6	-8.7	-15.5
Revaluation of earnouts	-18.0	0.9	-18.0	0.9	-7.9	11.0
Other	-5.6	-1.0	-7.4	-1.0	-9.9	-5.2
Total	-23.6	-6.9	-25.7	-11.7	-26.5	-9.8

Signatures

The Board of Directors and the Chief Executive Officer hereby confirm that the interim report gives a true and fair view of the Company's and the Group's operations, financial position and performance, and describes significant risks and uncertainties faced by the Company and the companies in the Group.

Stockholm, 14 August 2023

Fasadgruppen Group AB

Ulrika Dellby
Chair of the Board

Tomas Georgiadis
Board member

Mats Karlsson
Board member

Christina Lindbäck
Board member

Tomas Ståhl
Board member

Gunilla Öhman
Board member

Martin Jacobsson
Group President and CEO

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

The information in this report is such that Fasadgruppen Group AB (publ) is obliged to publish under the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication through the agency of the Chief Executive Officer on 15 August 2023 at 7.30 a.m. CEST.

Definitions of alternative performance measures

Fasadgruppen reports performance figures to describe the underlying profitability of the business and to improve comparability. The Group applies the ESMA guidelines on alternative performance measures. A list of alternative performance measures is available at www.fasadgruppen.se

Growth in net sales

Change in net sales as a percentage of net sales during the comparison period, previous year.

The change in net sales reflects the sales growth achieved by the Group over time.

Organic growth

Change in net sales as a percentage of net sales during the comparison period, previous year, for the companies that were part of the Group throughout the comparison period and the current period unadjusted for any currency effects.

Organic growth reflects the Group's realised sales growth, excluding acquisitions, over the measurement period.

EBITA

Earnings before interest and taxes (EBIT) before amortisation and impairment of goodwill, brands and customer relationships.

EBITA provides a picture of earnings generated from operating activities.

EBITDA

Earnings before interest and taxes (EBIT) before depreciation, amortisation, write-downs and impairment of tangible and intangible non-current assets.

EBITDA provides a picture of a company's current operating profit before depreciation and amortisation.

EBIT margin

Earnings (EBIT) as a percentage of net sales.

The EBIT margin is used to measure operating profitability.

EBITA margin

EBITA as a percentage of net sales.

The EBITA margin is used to measure operating profitability.

Items affecting comparability

Items affecting comparability are property sales, acquisition-related costs, preparatory costs of floatation and floatation costs, issue costs, restructuring costs and revaluations of earnouts.

Excluding items affecting comparability makes it easier to compare earnings between periods.

Adjusted EBIT

EBIT adjusted for items affecting comparability.

Adjusted EBIT improves comparability between periods.

Adjusted EBITA

EBITA adjusted for items affecting comparability.

Adjusted EBITA improves comparability between periods.

Adjusted EBITA margin

Adjusted EBITA as a percentage of net sales.

The adjusted EBITA margin is used to measure operating profitability.

Adjusted EBITDA

EBITDA adjusted for items affecting comparability.

Adjusted EBITDA improves comparability between periods.

Cash flow from operating activities

EBITDA less net investments in tangible and intangible non-current assets plus adjustments for cash flow from changes in working capital.

Cash flow from operating activities is used to monitor the cash flow generated by operating activities.

Cash conversion

Cash flow from operating activities as a percentage of EBITDA.

The cash conversion ratio is used to monitor how efficiently the Group manages investment activities and working capital.

Order backlog

The value of outstanding, not yet accrued project income from orders received at the end of the period.

The order backlog is an indicator of the Group's outstanding project income from orders already received.

Return on shareholders' equity¹

Total earnings for the last 12 months as a percentage of average shareholders' equity during the corresponding period (shareholders' equity at the start and end of the period respectively divided by two).

Return on equity is important for investors who want to be able to compare their investment with alternative investments.

Return on capital employed¹

Total earnings before tax plus financial expenses over the last 12 months as a percentage of capital employed during the corresponding period (sum of capital employed at the start and end of the period respectively, divided by two).

Return on capital employed is important for assessing profitability on externally financed capital and shareholders' equity.

Return on capital employed, excluding goodwill¹

Total earnings before tax plus financial expenses for the last 12 months as a percentage of capital employed with deductions for goodwill and other acquisition-related intangible non-current assets over the same period (the sum of capital employed minus goodwill and other acquisition-related intangible non-current assets at the start and end of the period, divided by two).

The return on capital employed, excluding goodwill and other acquisition-related intangible non-current assets is important for assessing profitability on externally financed capital and shareholders' equity adjusted for goodwill arising from acquisitions.

Capital employed

Total capital with or without goodwill minus non-interest-bearing liabilities and appropriations.

Capital employed shows by how much company assets are financed by the return on this capital.

Interest-bearing net debt²

Current and non-current interest-bearing liabilities plus current and non-current lease liabilities minus cash and cash equivalents. Earnouts are not included in this performance measure.

Interest-bearing net debt is used as a measure showing the Group's total indebtedness.

Net debt to adjusted EBITDA ratio

Interest-bearing net debt at the end of the period divided by adjusted EBITDA for a rolling 12-month period.

The net debt to adjusted EBITDA ratio provides an estimate of the company's ability to reduce its debt. It represents the number of years it would take to repay the debt if the net debt and adjusted EBITDA were to remain constant, without taking into consideration cash flow related to interest, tax and investments.

Net debt to equity ratio

Interest-bearing net debt as a percentage of total shareholders' equity.

The net debt to equity ratio measures the extent to which the Group is financed by loans. As cash and cash equivalents and other current investments can be used to pay off debt at short notice, net debt is used instead of gross debt in the calculation.

¹ The definition of the performance measures has been changed as of Q1 2021. The performance measures are calculated on a rolling 12-month period instead of an annualisation of the return in the period concerned. Comparison figures have been recalculated.

² The definition of the performance measure has been changed as of Q1 2021 and now includes lease liabilities, unlike previously. Comparison figures have been recalculated.



Fasadgruppen in brief

Vision

A future with beautiful, sustainable buildings and good living environments for people.

Mission

With solid craftsmanship, we maintain and create buildings with sustainable exteriors.

Business model

The Fasadgruppen business model is based on a decentralised structure with extensively delegated responsibilities to entrepreneurial subsidiaries supported by a Group-wide organisation with purchasing, business development, acquisitions, finance and similar services. Three geographical business areas simplify regional coordination through the sharing of resources and best practice, identification of cross-selling opportunities and joint sales initiatives. In this way, the entrepreneurial endeavour, convenience and modest overheads of each local company are enhanced by Group opportunities to achieve economies of scale and offer comprehensive solutions to customers.

Offering

Fasadgruppen possesses expertise in all aspects of exterior work on properties. The offering includes services such as façade renovation, window renovation and window replacement, and balcony and roof renovation.

Projects and customers

Fasadgruppen mainly focuses on medium-sized projects with an order value of SEK 1–100 million. Our customers operate in the Nordic construction and renovation market and include owners of public and private properties, tenant-owner associations and construction companies.

Strategy

Acquire and develop local market leaders

Fasadgruppen strives to continue growing through its established acquisition model and develop local market leaders in façade work. Each subsidiary has a high degree of autonomy to ensure that the business can be run optimally based on its expertise, customer knowledge and local market.

Strong local entrepreneurship with economies of scale

Through Fasadgruppen's business model, local entrepreneurship is combined with economies of scale. Fasadgruppen's ambition is to provide an organisation that effectively shares resources, purchasing agreements and best practice.

A safe pair of hands through sustainable enterprise

As the biggest player in façade work in the Nordics, the Group works sustainably, locally and with a high level of craftsmanship when it comes to whole property exteriors. Thanks to well-established and energy-efficient working methods with short lead times and delivery precision, Fasadgruppen offers conscious customers personal commitment, competitive prices and a safe pair of hands throughout the project.

Financial targets

Fasadgruppen's financial targets aim to ensure long-term and stable profitability and growth in value to give our shareholders a good return.

Sales growth >15%

We aim to achieve an average growth in sales of at least 15 percent per year over an entire economic cycle. Growth should be both organic and via acquisitions.

EBITA margin >10%

Our EBITA margin should be at least 10 percent per year over an entire economic cycle.

Cash conversion ratio 100%

Our cash conversion ratio should be 100 percent.

For sustainable development

Sustainable enterprise is an integral part of Fasadgruppen's strategy and a necessity for sustainable, profitable growth. We work within three focus areas – The industry's best workplace, Leading the climate transition and The industry's most stable partner – which will contribute to both the Group's goals and the UN Sustainable Development Goals. Below are the global goals where Fasadgruppen believes it has the greatest opportunity to influence.



Fasadgruppen

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Financial calendar

Interim report Jan–Sep 2023	14 November 2023
Year-end report 2023	13 February 2024
Interim report Jan–Mar 2024	9 May 2024
AGM 2024	15 May 2024
Interim report Jan–Jun 2024	15 August 2024
Interim report Jan–Sep 2024	12 November 2024
Year-end report 2024	11 February 2025

