



## Interim Report Q3

JANUARY – SEPTEMBER 2023

### Stable profitability despite lower sales

#### The third quarter: July – September

- Net sales amounted to 253 MSEK (311)
- Order intake amounted to 135 MSEK (265)
- Order backlog amounted to 1,067 MSEK (1,461)
- Adjusted operating profit (EBITA) amounted to 15 MSEK (17)
- Operating profit (EBITA) amounted to 14 MSEK (16)
- Operating profit (EBIT) amounted to 12 MSEK (16)
- Net profit after tax amounted to 6 MSEK (11)
- Earnings per share amounted to 0.26 SEK (0.48)
- Operating cash flow amounted to 20 MSEK (104)

#### The interim period: January– September

- Net sales amounted to 925 MSEK (950)
- Order intake amounted to 682 MSEK (921)
- Adjusted operating profit (EBITA) amounted to 74 MSEK (73)
- Operating profit (EBITA) amounted to 67 MSEK (71)
- Operating profit (EBIT) amounted to 62 MSEK (69)
- Net profit after tax amounted to 40 MSEK (50)
- Earnings per share amounted to 1.82 SEK (2.39)
- Operating cash flow amounted to 2 MSEK (122)

#### Events during the quarter and since the end of the quarter

- In October, Balco has received an order of more than 70 MSEK in Northern Sweden.
- Balco has received its first order in Ireland with a value of just over 3 MEUR.
- Balco Group has joined the Science Based Targes initiative.
- Balco Group has prolonged its RCF with Danske Bank with two years and it is now valid until October 12, 2026.

MSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct-Sep 2022/23	Jan-Dec 2022
Net sales	253,3	310,8	925,4	950,4	1 308,6	1 333,6
Order intake	135,1	264,8	681,7	920,7	869,6	1 108,6
Order backlog	1 066,9	1 460,8	1 066,9	1 460,8	1 066,9	1 274,7
Adjusted Operating profit (EBITA)	15,2	17,3	74,5	73,0	108,7	107,2
Adjusted Operating margin (EBITA), %	6,0	5,6	8,0	7,7	8,3	8,0
Operating profit (EBITA)	13,9	16,5	67,4	71,1	101,3	105,1
Operating profit margin (EBITA), %	5,5	5,3	7,3	7,5	7,7	7,9
Operating profit (EBIT)	12,3	16,0	62,3	69,4	95,4	102,5
Operating profit margin (EBIT), %	4,8	5,1	6,7	7,3	7,3	7,7
Net profit for the period	5,6	10,7	39,9	50,1	66,0	76,2
Operating cash flow	19,9	104,2	2,3	122,2	80,4	200,3
Earnings per share, SEK before dilution	0,26	0,48	1,82	2,39	3,21	3,78
Earnings per share, SEK, after dilution	0,26	0,48	1,82	2,36	3,21	3,75

*" Weak order intake during the quarter but continued great interest in our products. The need to take action on your balcony does not disappear. In the long run, an untreated balcony poses a danger to both the resident and those who move around the balcony. "*

*" Balco is entering a new market as we have taken our first order in Ireland with a value of approx. 3 MEUR. We assess that there is great potential in this market going forward within the new build segment. "*

- Camilla Ekdahl, President and CEO

## New market - Ireland

As expected, the quarter had a declining turnover, but we have managed to defend our profit margin in a good way. Order intake was weak as customers are still waiting and the decision-making process takes longer.

### More persistent inflation and larger than expected interest rate increases have affected order intake

When we look back, most macroeconomists' expectations were that the Swedish key interest rate would peak in 2023 at 2.25 percent. The tenacious inflation has meant that the Riksbank has raised the key interest rate to 4 percent and will perhaps raise it somewhat further. There has been similar development in the euro area, Norway, Denmark and Great Britain. This has meant that the recovery in order intake that we had expected has been postponed.

Activity in inquiries and discussions about projects continued to increase in the third quarter. Our customers have started to get used to a higher interest rate, but the process leading up to a decision takes longer than before, as discussions with banks and potential advisors, among other things, often drag on. When it comes to housing associations in Scandinavia, Balco has a unique sales model where we support and help the associations also in these discussions with financial expertise, but currently these processes take longer due to the uncertainty that still prevails around when the central banks will be ready with their interest rate increases.

### New market - Ireland

Balco has had a very good development in the UK market in the new build segment with our product Levitate. There is still a great need for housing in the UK, but also in Ireland. In the quarter, Balco took its first order in Ireland worth just over 3 MEUR. We see it as a first step in getting part of a market that is currently planning for 350 construction projects in Dublin containing balconies, where the balcony part of these projects has a value of up to 2,700 MSEK.

### Green transformation and sustainability

As an important step in our sustainability work and aim to be a leader in climate change in its industry, Balco Group has committed to developing short-term and long-term targets for emission reduction including net zero targets in line with the Science Based Targets initiative (SBTi). Through the undertaking, Balco Group will develop and report its targets, including a long-term net zero target, to SBTi for approval. We thus become part of the UNFCCC's Race to Zero campaign. The new and more ambitious targets will, upon approval, replace Balco Group's existing reduction targets for scope 1, 2 and parts of scope 3 until 2030.

We know that there is, and will be, a great need to renovate not only balconies, but also the entire surface layer of apartment buildings in the future, as approximately 40% of our entire energy needs are used to heat the homes. As previously informed, Balco will be part of this necessary transformation by being able to run turnkey projects where the glazed balcony is a trigger for the start-up of such a project.



To further strengthen this part, we in Norway have signed a cooperation agreement with a company that works to inform and sell these types of projects to housing associations. The founder has solid experience from both the balcony industry and larger transformation projects, and we see great potential in this collaboration going forward.

### Acquisition discussions

We have several ongoing acquisition discussions and receive various prospects on an ongoing basis which we evaluate. However, we are selective and focus on profitable companies that strategically strengthen our market position in existing markets as well as companies that strengthen our green transformation offer. Acquisition of balcony companies can also be interesting in new markets if we judge that the market has potential and that the companies are well managed and profitable.

### The need for renovation of balconies remains

The need for renovation of balconies remains. Postponing the measures will not improve the balconies. A balcony that is not renovated in time can pose a danger to the resident as well as to people moving around the balcony when chunks of concrete fall down. In the worst case, the balcony must be closed off and also the area around the balcony. This of course greatly affects the living environment, but also the property owner as it leads to the need to lower rents until the balcony is renovated. About 90 percent of Balco Group's turnover comes from the renovation segment, which means that we are convinced that order intake will start again in the future. In October, we received a large order in northern Sweden of more than 70 MSEK, which shows that projects are coming but the sales work is taking longer.

### Challenging coming years with cost focus

The lower order intake in the past year will affect turnover and earnings in the coming year. We continue to focus on costs to defend our profit margin and adjust to the organization based on changes in occupancy and order intake but retain important competence so that the company is not damaged in the long term. We still have good capacity in our factories and in our project organization, which will be needed when the market situation around interest rates and inflation has stabilized, and order intake picks up.

**Camilla Ekdahl**  
President and CEO

# The group's development

## The third quarter: July – September

Net sales amounted to 253 MSEK (311). Acquired growth was 6 percent, currency effect was 2 percent and organic growth was -26 percent. Net sales for the renovation segment increased to 225 MSEK (284) and net sales for the New Build segment amounted to 28 MSEK (27).

Order intake amounted to 135 MSEK (265). The Renovation segment accounted for 82 MSEK (256) and the New Build segment accounted for 53 MSEK (9).

The order backlog amounted to 1,067 MSEK (1,461). The order backlog for the Renovation segment amounted to 899 MSEK (1,325) and the order backlog for the New Build segment amounted to 168 MSEK (136).

Gross profit amounted to 53 MSEK (61), entailing a gross margin of 21.1 percent (19.6).

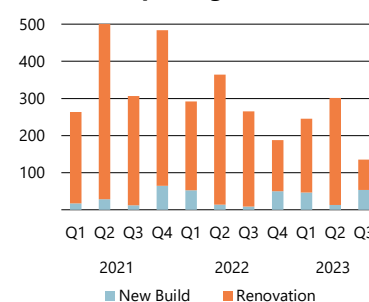
Sales costs amounted to 25 MSEK (29) and administrative costs amounted to 17 MSEK (16). Items affecting comparability of 1 MSEK (1) were taken in the quarter linked to restructuring of the organization and acquisition costs.

Adjusted operating profit (EBITA) amounted to 15 MSEK (17), corresponding to an adjusted operating margin of 6.0 percent (5.6). Operating profit (EBITA) amounted to 14 MSEK (16), corresponding to an operating margin of 5.5 percent (5.3). Operating profit (EBIT) amounted to 12 MSEK (16), corresponding to an operating margin of 4.8 percent (5.1).

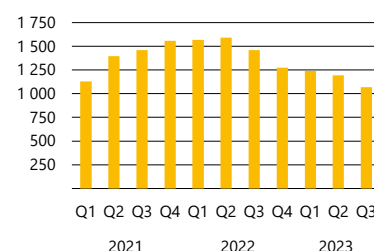
Net financial items amounted to -5 MSEK (-2), of which -0.4 MSEK (-0.5) refers to interest costs linked to right-to-use assets (leasing). Profit after tax amounted to 6 MSEK (11). Earnings per share increased to 0.26 SEK (0.48).

Operating cash flow amounted to 20 MSEK (104). The timing of building permits and the phases of the projects affect the cash flow between quarters.

Order intake per segment, MSEK



Order backlog, MSEK



## The interim period: January – September

Net sales amounted to 925 MSEK (950). Acquired growth was 6 percent, currency effect was 2 percent and organic growth was -11 percent. Net sales for the Renovation segment increased to 846 MSEK (836) and the net sales for New Build segment amounted to 79 MSEK (114).

The order intake amounted to 682 MSEK (921). The Renovation segment accounted for 570 MSEK (846) and the New Build segment accounted for 112 MSEK (75).

Gross profit amounted to 195 MSEK (211), entailing a gross margin of 21.1 percent (22.2). The gross result includes items affecting comparability of 4 MSEK (1) linked to restructuring costs. The adjusted gross profit was 199 MSEK (212) and the adjusted gross margin 21.5 percent (22.3). The gross margin has decreased due to an increased share of sales in low-margin markets and in subsidiaries with a lower gross margin. In addition, the gross margin is negatively affected by low occupancy within mainly production.

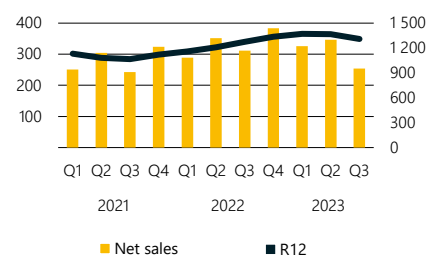
Sales costs amounted to 82 MSEK (93) and administrative costs amounted to 54 MSEK (49). Items affecting comparability of 3 MSEK (1) are taken in connection with restructuring of the organization and acquisition costs.

Adjusted operating profit (EBITA) amounted to 74 MSEK (73), corresponding to an adjusted operating margin of 8.0 percent (7.7). Operating profit (EBITA) amounted to 67 MSEK (71), corresponding to an operating margin of 7.3 percent (7.5). Operating profit (EBIT) amounted to 62 MSEK (69), corresponding to an operating margin of 6.7 percent (7.3).

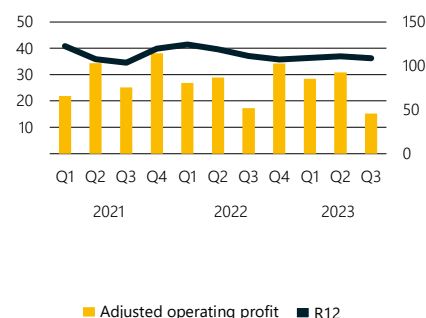
Net financial items amounted to -10 MSEK (-5), of which -1.2 MSEK (-1.5) refers to interest costs linked to right-to-use assets (leasing). Interest costs have increased linked to higher market interest rates. Profit after tax amounted to 40 MSEK (50). Earnings per share amounted to 1.82 SEK (2.39).

Operating cash flow amounted to 2 MSEK (122). The timing of building permits and the phases of the projects affect the cash flow between quarters.

Net sales, MSEK



Adjusted operating profit, MSEK



### Net sales per customer category, MSEK

	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct-Sep 2022/23	Jan-Dec 2022
Tenant-owner associations	130,5	225,3	599,7	680,1	872,5	952,9
Private landlords	30,1	9,8	79,2	47,6	95,0	63,5
Publicly owned companies	9,1	11,9	40,3	43,5	50,0	53,2
Construction companies	83,6	63,8	206,2	179,2	291,0	264,0
<b>Total net sales</b>	<b>253,3</b>	<b>310,8</b>	<b>925,4</b>	<b>950,4</b>	<b>1 308,6</b>	<b>1 333,6</b>

### Net sales per geographic market, MSEK

	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct-Sep 2022/23	Jan-Dec 2022
Sweden	148,3	189,0	585,8	588,8	832,6	835,6
Other Scandinavia	63,7	80,9	228,1	250,4	320,8	343,0
Other Europe	41,2	40,9	111,5	111,2	155,1	154,9
<b>Total net sales</b>	<b>253,3</b>	<b>310,8</b>	<b>925,4</b>	<b>950,4</b>	<b>1 308,6</b>	<b>1 333,6</b>

# Development per segment

## Renovation

### The third quarter

Net sales amounted to 225 MSEK (284). The segment accounted for 89 percent of Balco's total net sales.

Order intake amounted to 82 MSEK (256), which corresponds to 61 percent of the total order intake.

The adjusted operating profit (EBITA) improved to 16 MSEK (15) corresponding to an adjusted operating margin of 7.1 percent (5.3). Operating profit (EBIT) improved to 14 MSEK (15), corresponding to an operating margin of 6.2 percent (5.1).

### The interim period

Net sales amounted to 846 MSEK (836). The segment accounted for 91 percent of Balco's total net sales.

Order intake amounted to 570 MSEK (846), which corresponds to 84 percent of the total order intake.

The adjusted operating profit improved to 72 MSEK (65) corresponding to an adjusted operating margin of 8.5 percent (7.7). Items affecting comparability are included with 5 MSEK (1) linked restructuring costs. Operating profit amounted to 62 MSEK (62), corresponding to an operating margin of 7.3 percent (7.5).

The order backlog amounted to 899 MSEK (1,325) which corresponds to 84 percent of the total order backlog.

Renovation, MSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct-Sep 2022/23	Jan-Dec 2022
Net sales	225,0	284,2	846,3	836,5	1 173,3	1 163,5
Adjusted Operating profit (EBITA)	15,9	15,0	71,9	64,7	107,4	100,1
Adjusted Operating margin (EBITA)	7,1	5,3	8,5	7,7	9,1	8,6
Order intake	82,0	256,2	569,6	845,9	707,5	983,9
Order backlog	898,7	1 325,1	898,7	1 325,1	898,7	1 145,6

## New build

### The third quarter

Net sales amounted to 28 MSEK (27). The segment accounted for 11 percent of Balco's total net sales.

Order intake amounted to 53 MSEK (9) which corresponds to 39 percent of the total order intake.

The adjusted operating profit (EBITA) amounted to 1.5 MSEK (1.5) corresponding to an adjusted operating margin of 5.1 percent (5.7).

### The interim period

Net sales amounted to 79 MSEK (114). The segment accounted for 9 percent of Balco's total net sales.

Order intake amounted to 112 MSEK (75) which corresponds to 16 percent of the total order intake.

The adjusted operating profit (EBITA) amounted to 3 MSEK (7) corresponding to an adjusted operating margin of 4.0 percent (6.5). The decrease is since the Maritime business, which in recent years has been the most profitable part of the New Build segment, no longer has any turnover.

The order backlog amounted to 168 MSEK (136), which corresponds to 16 percent of the total order backlog.

New Build, MSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct-Sep 2022/23	Jan-Dec 2022
Net sales	28,3	26,6	79,1	113,9	135,3	170,1
Adjusted Operating profit (EBITA)	1,5	1,5	3,1	7,4	6,5	10,8
Adjusted Operating margin (EBITA)	5,1	5,7	4,0	6,5	4,8	6,3
Order intake	53,0	8,6	112,1	74,8	162,1	124,7
Order backlog	168,2	135,6	168,2	135,6	168,2	129,1

# Financial position and cash flow

## Liquidity and financial position

Interest-bearing net debt including leasing debt at the end of half-year period amounted to 223 MSEK (113). Interest-bearing net debt including leasing debt in relation to adjusted EBITDA amounted to 1.5 times (0.7).

Interest-bearing net debt excluding leasing debt amounted to 153 MSEK (32). Interest-bearing net debt excluding leasing debt in relation to adjusted EBITDA amounted to 1.1 times (0.2).

At the end of the half-year period, the Group's equity amounted to 758 MSEK (724).

The Group's equity ratio was 57 percent (51).

MSEK	30-sep 2023	30-sep 2022	31-dec 2022
Non-current liabilities to credit institutions	174,7	172,2	72,6
Leasing liabilities non-current	54,3	64,5	63,3
Current liabilities to credit institutions	0,4	0,4	0,8
Leasing liabilities current	14,8	16,4	20,0
Cash and cash equivalents	-21,6	-140,7	-51,9
<b>Interest-bearing net debt incl leasing debt</b>	<b>222,6</b>	<b>112,8</b>	<b>104,8</b>
<i>Interest-bearing net debt excl leasing debt</i>	<i>153,5</i>	<i>31,9</i>	<i>21,6</i>
Interest-bearing net debt incl. leasing/EBITDA (12 months), times	1,5 x	0,7 x	0,7 x
<i>Interest-bearing net debt excl. leasing/EBITDA (12 months), times</i>	<i>1,1 x</i>	<i>0,2 x</i>	<i>0,2 x</i>
Equity/assets ratio, %	57,5	51,3	56,3

## Cash flow, investments and amortization/depreciation

For the interim period, cash flow from operating activities amounted to -44 MSEK (56).

Cash flow from investing activities amounted to -50 MSEK (-13), of which -2 MSEK (-8) was replacement investments and -9 MSEK (-5) expansion investments and -39 MSEK (0) acquisition of shares in subsidiaries.

Cash flow from financing activities amounted to 62 MSEK (-22) where the largest items refer to dividends paid of -16 MSEK (-22) and increased utilization of the revolving credit facility of 100 MSEK (0).

Cash flow for the interim period amounted to -31 MSEK (22).

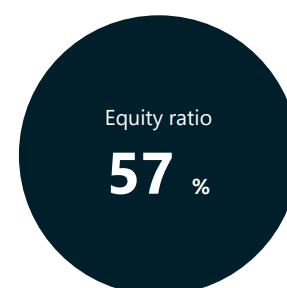
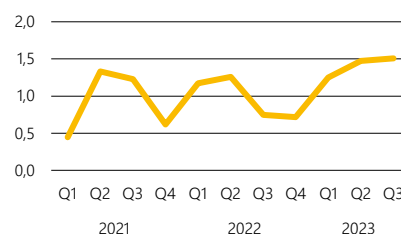
Depreciation for the interim period amounted to 33 MSEK (26), of which 15 MSEK (15) refers to depreciation linked to right-to-use assets (leasing) and 5 MSEK (2) refers to amortization of acquired intangible assets.

## The Parent Company

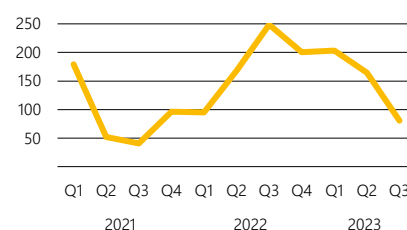
The Parent Company has its registered office in Växjö and conducts operations directly as well as through Swedish and foreign subsidiaries. The Parent Company's operations are focused primarily on strategic development, financial control, corporate governance issues, board work and relations with banks.

The operating result for the interim period amounted to 4 MSEK (4).

## External interest-bearing net debt relative to EBITDA



## Operating cash flow R12, MSEK





# Operations and segment description

Balco Group is a market-leading player in the balcony industry and offers a range of different services, from development and manufacturing to sales and installation of self-made open and glazed balcony systems. Balco has a unique method, known as the Balco Method, for delivering glazed balconies and balcony solutions. The method means that existing balconies are removed and replaced with new, larger glazed balconies with a lifespan of over 90 years, which provides the market's most economical and sustainable solution.

In order to offer complete and customized solutions in the balcony industry, Balco Group has several subsidiaries that work together to offer a comprehensive solution in areas such as manufacturing and delivery of balconies, masonry and tiling services, technical solutions and facade services such as renovation, window replacement and facade cleaning. Balco Group strives to meet customer needs and requirements by offering a combination of specialized services and expertise. Balco Group's offer contributes to increased quality of life, safety and value for residents in apartment buildings and provides energy savings up to 30 percent. The group takes full responsibility for the project and guides the customer through the entire process from project planning to final inspection and service.

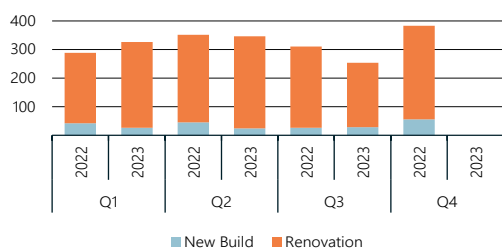
## Segment - Renovation



Sjøsiden Boligpark

The segment includes the replacement and extension of existing balconies as well as the installation of new balconies on multi-residential properties, mainly glazed balconies. The main driving force is the pent-up need for renovation and the age profile of the properties. The offer also includes facade renovation in connection with balcony projects.

## Sales development per quarter, MSEK



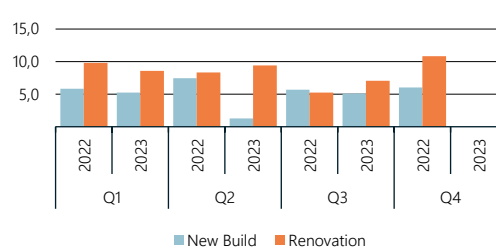
## Segment – New Build



New Road Rainham

The segment includes balconies in the construction of multi-residential properties as well as balcony projects in the maritime market. Largest product areas are balcony glazing and open balconies. Balco expands selectively with a focus on profitability and low risk. Demand is driven by the pace of new housing production.

## Operating margin per quarter, %



## Sustainability

Sustainability is a prerequisite for long-term profitability for the Balco Group. By focusing on sustainability, we can create a strong brand, increase customer trust and improve our competitiveness in the long term. We will continue to work hard to incorporate sustainability into all aspects of our business.

Sustainability is a focus area in the construction industry and affects all links in the value chain. This particularly applies to the market for balconies where Balco Group operates. Property developers and property owners demand economically advantageous and climate-smart solutions with a long lifespan.

As an important step in our sustainability work and aim to be a leader in climate change in its industry, Balco Group has committed to developing short-term and long-term targets for emission reduction including net zero targets in line with the Science Based Targets initiative (SBTi).

# Other information

## Employees

At the end of September 2023 Balco had 501 (518) full-time employees.

## Seasonal variations

Balco's sales and earnings are partially affected by the date when orders are placed, seasonal variations and the fact that the annual general meetings of tenant-owner associations normally take place in the second and fourth quarter. In addition, the Group is positively affected by months with a large number of workdays and lack of absences, and somewhat negatively affected by weather factors, when winters with significant volumes of snow entail increased costs.

## Shares, share capital and shareholders

At the end of September 2023, there were 21,909,348 shares in Balco, corresponding to a share capital of 131,461,248 SEK. There were 5,636 shareholders. The five largest shareholders were The Family Hamrin, Skandrenting AB, Swedbank Robur fonder, Lannebo Fonder and Tredje AP-fonden.

## Related-party transactions

Related parties comprise the Board of Directors, Group management and the CEO. This is due to ownership stakes in Balco and positions as senior executives. Related parties also include the Company's largest shareholder, The Family Hamrin that is represented on the Board of Directors by Carl-Mikael Lindholm and Skandrenting that is represented on the Board of Directors by Johannes Nyberg. Related-party transactions take place on commercial terms. For further information, see pages 112 and 133 in the 2022 Annual Report.

## Incentive program

Balco Group AB has three long-term incentive programs aimed at the company's senior executives and additional key employees, a total of 50 employees. The incentive programs comprise a total of no more than 820,000 warrants, which entitles to a maximum of new subscriptions of the corresponding number of shares. Balco's total cost for the incentive programs during the term of the programs is expected to amount to approximately 6 MSEK. The programs involve a dilution corresponding to approximately 4 percent of the company's total number of shares. The senior executives in Balco have acquired 233,332 warrants amounting to a total value of 2,180,784 SEK. The purpose of the incentive programs is to encourage broad shareholding among Balco's employees, facilitate recruitment, retain competent employees and increase motivation to achieve or exceed the company's financial goals. For more information, see the Annual Report 2022 on pages 58-59, 90 and 110-111.

## Risks and uncertainty factors

Through its operations, the Group and the Parent Company is exposed to various types of risks. The risks can be divided into industry and market-related risks, business-related risks and financial risks. Industry and market-related risks include changes in demand because of a weaker economy or other macroeconomic changes, a changed price picture for raw materials that are central to Balco's production, and a change in competition or price pressure. Business-related risks include Balco's ability to develop and sell new innovative products and solutions, that the Group can attract and retain qualified employees and that Balco's profitability depends on the results of the individual projects, i.e., the Group's ability to anticipate, calculate and deliver projects. The financial risks are summarized under financing risk, liquidity risk, credit risk and interest rate risk. Balco's risks and uncertainties are described on pages 70-77, 85, 120-121, 124 and 127 in the Annual Report for 2022.

## Outlook

Balco Group is one of the few complete balcony suppliers on the market that provides customized and innovative balcony solutions on a turnkey basis. Balco Group is the market leader in Scandinavia and has a strong challenger position in other markets in which the Group operates. The market is fragmented and growing throughout northern Europe. The value of the balcony market in the countries where Balco Group is represented is estimated at just over 40 billion SEK.

Our financial position means that the company is equipped for growth through selective acquisitions that strengthen our market position in existing markets. The timing of building permits affects cash flow between quarters. The lower order intake in the past year will affect sales and earnings in the coming year. We continue to focus on costs to defend our profit margin and make adjustments to the organization based on changes in occupancy and order intake but retain important competence so that the company is not damaged in the long term.

## Events during the quarter and since the end of the quarter

In October, Balco has received an order of more than 70 MSEK in Northern Sweden.

Balco has received its first order in Ireland with a value of just over 3 MEUR.

Balco Group has joined the Science Based Targets initiative.

Balco Group has prolonged its RCF with Danske Bank with two years and it is now valid until October 12, 2026.



# Financial targets

## Revenue growth

Balco shall achieve growth of 10 percent per year during a business cycle.

## Profitability

Earnings per share shall grow by 20 percent per year during a business cycle.

## Capital structure

Interest-bearing net debt shall not exceed 2.5 times operating profit before depreciation and amortization (EBITDA), other than temporarily.

## Dividend policy

Balco shall distribute 30-50 percent of profit after tax, taking into consideration the needs for Balco's long-term growth and prevailing market conditions.

The interim report has been subject to a review of ISRE 2410 by the company's auditors.

This information comprises such information as Balco Group AB is obliged to publish in accordance with the EU Market Abuse Regulation. The information was provided by the contact person below for publication on 30 October 2023 at 13:00 CET.

Camilla Ekdahl  
*President and CEO*

## Web conference

A webcast conference call will be held at 14:00 CET October 30, 2023, where CEO and President Camilla Ekdahl and CFO Michael Grindborn will present the report and answer questions.

To follow the webcast presentation and send written questions, please use this link:

<https://www.finwire.tv/webcast/balcogroup/balco-group-q3-presentation-2023/>

To participate via teleconference and be able to ask questions, call in:

SE: +46 8 5050 0829

PIN: 859 7363 6769#

## For more information, please contact:

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## Calendar 2023

Year-end report Jan-Dec 2023	February 5, 2024
Interim report Jan-Mar 2024	April 29, 2024
Annual General Meeting 2024	May 14, 2024
Interim report Jan-Jun 2024	July 12, 2024
Interim report Jan-Sep 2024	October 28, 2024

# Consolidated statement of comprehensive income

MSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct-Sep 2022/23	Jan-Dec 2022
Net sales	253,3	310,8	925,4	950,4	1 308,6	1 333,6
Production and project costs	-199,9	-249,9	-730,5	-739,6	-1 036,8	-1 046,0
<b>Gross profit</b>	<b>53,4</b>	<b>60,9</b>	<b>194,9</b>	<b>210,7</b>	<b>271,8</b>	<b>287,6</b>
Sales costs	-25,3	-28,8	-81,5	-92,6	-115,4	-126,4
Administration costs	-17,2	-16,2	-54,3	-49,1	-76,2	-71,0
Other operating income	1,4	-0,0	3,5	0,4	15,4	12,3
Other operating expenses	-0,1	-	-0,2	-	-0,2	-0,0
Operating costs	-41,1	-45,0	-132,6	-141,3	-176,4	-185,1
<b>Operating profit</b>	<b>12,3</b>	<b>16,0</b>	<b>62,3</b>	<b>69,4</b>	<b>95,4</b>	<b>102,5</b>
Finance income	0,9	0,2	2,7	0,3	3,4	1,0
Finance costs	-5,8	-2,2	-12,7	-5,8	-15,7	-8,8
<b>Profit before tax</b>	<b>7,3</b>	<b>14,0</b>	<b>52,4</b>	<b>63,9</b>	<b>83,0</b>	<b>94,6</b>
Income tax	-1,7	-3,3	-12,4	-13,8	-17,1	-18,5
<b>Net profit for the period</b>	<b>5,6</b>	<b>10,7</b>	<b>39,9</b>	<b>50,1</b>	<b>66,0</b>	<b>76,2</b>
<b>Other comprehensive income</b>						
Items that may later be reclassified to the income statement						
Translation difference when translating foreign operations	-4,5	-0,1	3,4	2,3	8,0	6,9
<b>Comprehensive income for the period</b>	<b>1,1</b>	<b>10,5</b>	<b>43,4</b>	<b>52,4</b>	<b>74,0</b>	<b>83,1</b>
Of which attributable to:						
Parent company's shareholders	0,8	10,5	43,2	52,4	73,5	82,8
Non-controlling interest	0,3	-	0,2	-	0,5	0,3
Comprehensive income for the period	1,1	10,5	43,4	52,4	74,0	83,1
Earnings per share, SEK, before dilution	0,26	0,48	1,82	2,39	3,21	3,78
Earnings per share, SEK, after dilution	0,26	0,48	1,82	2,36	3,21	3,75
Average number of shares before dilution, thousands	21 909	21 909	21 909	21 909	21 909	21 909
Average number of shares after dilution, thousands	21 909	21 909	21 909	21 909	21 909	22 106

# Consolidated balance sheet in summary

MSEK	30-sep 2023	30-sep 2022	31-dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	485,4	448,4	457,8
Other intangible assets	142,2	109,0	135,3
<b>Total intangible assets</b>	<b>627,6</b>	<b>557,4</b>	<b>593,1</b>
<b>Tangible assets</b>			
Right-to-use assets	67,8	80,0	82,3
Property, plant and equipment	162,9	153,6	158,8
<b>Total tangible assets</b>	<b>230,6</b>	<b>233,6</b>	<b>241,1</b>
Deferred tax assets	0,7	0,1	1,0
<b>Total non-current assets</b>	<b>858,9</b>	<b>791,2</b>	<b>835,2</b>
<b>Current assets</b>			
Inventory	58,6	60,6	58,4
Accounts receivables	158,6	229,8	174,8
Contract assets	156,2	114,9	111,9
Current tax receivables	42,2	33,7	22,0
Other current receivables	20,5	39,6	42,4
Cash and cash equivalents	21,6	140,7	51,9
<b>Total current assets</b>	<b>457,8</b>	<b>619,3</b>	<b>461,4</b>
<b>TOTAL ASSETS</b>	<b>1 316,7</b>	<b>1 410,5</b>	<b>1 296,6</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	131,5	131,5	131,5
Other capital contributions	406,3	406,3	406,3
Reserves	11,7	3,7	8,3
Retained earnings, incl. profit for year	207,0	182,3	183,7
<b>Equity attributable to Parent Company's shareholders</b>	<b>756,5</b>	<b>723,7</b>	<b>729,8</b>
Non-controlling interest	1,4	-	1,2
<b>TOTAL EQUITY</b>	<b>757,9</b>	<b>723,7</b>	<b>731,0</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to credit institutions	174,7	172,2	72,6
Leasing liabilities	54,3	64,5	63,3
Other non-current liabilities	13,8	29,0	18,4
Deferred tax liabilities	42,1	32,6	40,0
<b>Total non-current liabilities</b>	<b>284,9</b>	<b>298,3</b>	<b>194,3</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	0,4	0,4	0,8
Leasing liabilities	14,8	16,4	20,0
Contract liabilities	70,3	135,5	124,9
Accounts payables	101,7	139,1	122,8
Current tax liabilities	4,2	4,5	3,6
Other current liabilities	31,0	36,8	38,2
Accrued expenses and prepaid income	51,4	55,8	61,1
<b>Total current liabilities</b>	<b>273,9</b>	<b>388,5</b>	<b>371,3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 316,7</b>	<b>1 410,5</b>	<b>1 296,6</b>

# Consolidated changes in Shareholders' Equity

MSEK	Share Capital	Additional paid-in capital	Reserves	earnings including comprehensive income for the year	Non- controlling interest	Total equity
<b>Opening balance 1 Jan 2022</b>	<b>131,5</b>	<b>405,1</b>	<b>1,3</b>	<b>154,1</b>	-	<b>692,0</b>
<b>Comprehensive income for the period</b>						
Profit for the period	-	-	-	50,1	-	50,1
Other comprehensive income for the period	-	-	2,3	-	-	2,3
<b>Total comprehensive income for the period</b>	-	-	<b>2,3</b>	<b>50,1</b>	-	<b>52,4</b>
Acquisition of non-controlling interest	-	-	-	-	-	-
<b>Transactions with shareholders:</b>						
Distributed dividend	-	-	-	-21,9	-	-21,9
New warrants issue	-	1,2	-	-	-	1,2
<b>Total transactions with Company owners</b>	-	<b>1,2</b>	-	<b>-21,9</b>	-	<b>-20,7</b>
<b>Closing balance 30 Sep 2022</b>	<b>131,5</b>	<b>406,3</b>	<b>3,7</b>	<b>182,3</b>	-	<b>723,7</b>
<b>Opening balance 1 Jan 2023</b>	<b>131,5</b>	<b>406,3</b>	<b>8,3</b>	<b>183,7</b>	<b>1,2</b>	<b>731,0</b>
<b>Comprehensive income for the period</b>						
Profit for the period	-	-	-	39,7	0,2	39,9
Other comprehensive income for the period	-	-	3,4	-	-	3,4
<b>Total comprehensive income for the period</b>	-	-	<b>3,4</b>	<b>39,7</b>	<b>0,2</b>	<b>43,4</b>
Acquisition of non-controlling interest	-	-	-	-	-	-
<b>Transactions with shareholders:</b>						
Distributed dividend	-	-	-	-16,4	-	-16,4
New warrants issue	-	-	-	-	-	-
<b>Total transactions with Company owners</b>	-	-	-	<b>-16,4</b>	-	<b>-16,4</b>
<b>Closing balance 30 Sep 2023</b>	<b>131,5</b>	<b>406,3</b>	<b>11,7</b>	<b>207,0</b>	<b>1,4</b>	<b>757,9</b>

# Consolidated Cash Flow Statements in summary

MSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct-Sep 2022/23	Jan-Dec 2022
<b>Operating activities</b>						
Operating profit (EBIT)	12,3	16,0	62,3	69,4	95,4	102,5
Adjustment for non-cash items	8,9	4,5	34,0	13,4	52,8	32,2
Interest received	0,9	0,2	2,7	0,6	3,1	1,0
Interest paid	-5,5	-2,2	-11,5	-5,6	-12,9	-7,0
Income tax paid	-7,4	-13,9	-32,4	-49,4	-24,0	-41,0
<b>Cash flow from operating activities before changes in working capital</b>	<b>9,2</b>	<b>4,5</b>	<b>55,1</b>	<b>28,4</b>	<b>114,4</b>	<b>87,7</b>
<b>Changes in working capital</b>						
Increase (-)/Decrease (+) in inventories	0,8	2,4	0,2	-7,2	2,8	-4,6
Increase (-)/Decrease (+) in current assets	10,0	28,7	7,5	-54,3	64,7	2,9
Increase (+)/Decrease (-) in current liabilities	-14,0	47,7	-106,4	89,7	-129,0	67,1
<b>Cash flow from operating activities</b>	<b>5,9</b>	<b>83,4</b>	<b>-43,6</b>	<b>56,5</b>	<b>53,0</b>	<b>153,0</b>
<b>Cash flow from investing activities</b>						
Investments in intangible fixed assets	-0,5	-0,0	-3,5	-0,2	-10,6	-7,2
Investments in tangible fixed assets	-1,4	-3,4	-6,8	-12,9	-10,8	-16,9
Acquisitions of operations	-	-	-39,5	-	-68,0	-28,5
Changes in other non-current assets/liabilities	-	-2,1	-	-1,8	1,8	-
<b>Cash flow from investing activities</b>	<b>-1,9</b>	<b>-3,3</b>	<b>-49,8</b>	<b>-12,6</b>	<b>-89,8</b>	<b>-52,6</b>
<b>Cash flow from financing activities</b>						
Changes in bank loans	-5,0	49,9	94,4	-0,3	-4,9	-99,7
Changes in leasing	-4,0	0,3	-15,7	-1,2	-39,9	-25,4
New warrants issue	-	1,2	0,0	1,2	0,0	1,2
Distributed dividend	-	-	-16,4	-21,9	-38,3	-43,8
<b>Cash flow from financing activities</b>	<b>-9,0</b>	<b>51,4</b>	<b>62,3</b>	<b>-22,2</b>	<b>-83,1</b>	<b>-167,7</b>
<b>Cash flow for the period</b>	<b>-5,0</b>	<b>131,5</b>	<b>-31,1</b>	<b>21,6</b>	<b>-120,0</b>	<b>-67,3</b>
Cash and cash equivalents at beginning of the period	27,5	8,4	51,9	117,5	140,7	117,5
Exchange rate differential cash and cash equivalents	-0,9	0,8	0,8	1,6	0,9	1,6
<b>Cash and cash equivalents at end of the period</b>	<b>21,6</b>	<b>140,7</b>	<b>21,6</b>	<b>140,7</b>	<b>21,6</b>	<b>51,9</b>



# Key ratios

MSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct-Sep 2022/23	Jan-Dec 2022
Net sales	253,3	310,8	925,4	950,4	1 308,6	1 333,6
Order intake	135,1	264,8	681,7	920,7	869,6	1 108,6
Order backlog	1 066,9	1 460,8	1 066,9	1 460,8	1 066,9	1 274,7
Gross profit	53,4	60,9	194,9	210,7	271,8	287,6
Adjusted Gross Profit	53,4	60,9	198,7	211,8	279,5	292,6
EBITDA	22,3	26,3	95,7	99,8	140,4	144,5
Adjusted EBITDA	23,5	27,2	102,8	101,7	147,7	146,6
Operating profit (EBITA)	13,9	16,5	67,4	71,1	101,3	105,1
Adjusted operating profit (EBITA)	15,2	17,3	74,5	73,0	108,7	107,2
Operating profit (EBIT)	12,3	16,0	62,3	69,4	95,4	102,5
Adjusted operating profit (EBIT)	13,5	16,8	69,4	71,3	102,7	104,6
Gross profit margin, %	21,1	19,6	21,1	22,2	20,8	21,6
Adjusted gross margin, %	21,1	19,6	21,5	22,3	21,4	21,9
EBITDA margin, %	8,8	8,5	10,3	10,5	10,7	10,8
Adjusted EBITDA margin, %	9,3	8,7	11,1	10,7	11,3	11,0
Operating profit margin (EBITA), %	5,5	5,3	7,3	7,5	11,7	9,5
Adjusted operating profit margin (EBITA), %	6,0	5,6	8,0	7,7	10,2	8,4
Operating profit margin (EBIT), %	4,8	5,1	6,7	7,3	7,3	7,7
Adjusted operating profit margin (EBIT), %	5,3	5,4	7,5	7,5	7,9	7,8
Operating cash flow	19,9	104,2	2,3	122,2	80,4	200,3
Operating cash conversion, %	84,6	383,7	2,2	120,2	54,4	136,6
Capital employed, average	978,9	874,5	906,9	812,8	907,8	811,8
Capital employed, excl. goodwill, average	493,4	426,2	435,2	364,6	440,9	358,9
Equity, average	756,1	717,9	743,2	707,9	740,1	710,9
Interest-bearing net debt incl leasing debt	222,6	112,8	222,6	112,8	222,6	104,8
Interest-bearing net debt excl leasing debt	153,5	31,9	153,5	31,9	153,5	21,6
Interest-bearing net debt incl. leasing/Adjusted EBITDA 12 months, times	1,5	0,7	1,5	0,7	1,5	0,7
Interest-bearing net debt excl. leasing/EBITDA (12 months), times	1,1	0,2	1,1	0,2	1,1	0,2
Return on capital employed, %, (12 months)	11,1	12,8	11,3	13,5	11,3	12,9
Return on capital employed, excl. goodwill, %, (12 months)	22,0	26,2	23,6	30,0	23,3	29,2
Return on invested capital, %, (12 months)	8,7	11,1	8,9	11,3	8,9	10,7
Equity/assets ratio, %	57,5	51,3	56,9	53,3	54,3	55,9
Number of full-time employees on the closing date	501	518	501	518	501	536
Average number of shares before dilution, thousands	21 909	21 909	21 909	21 909	21 909	21 909
Average number of shares after dilution, thousands	21 909	21 909	21 909	22 116	21 909	22 106
Equity per share, SEK	34,51	32,77	33,92	32,01	33,78	32,16

## Parent Company, income statement in summary

MSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct-Sep 2022/23	Jan-Dec 2022
Net sales	6,2	6,5	18,4	19,4	24,9	26,0
Administrative expenses	-3,9	-5,7	-13,3	-15,2	-22,3	-24,2
<b>Operating profit</b>	<b>2,3</b>	<b>0,7</b>	<b>5,1</b>	<b>4,3</b>	<b>2,6</b>	<b>1,8</b>
Interest income and similar profit/loss items	0,8	0,9	4,0	1,9	5,4	3,3
Interest expenses and similar profit/loss items	-5,0	-2,1	-14,4	-4,2	-18,2	-8,1
Dividend / result from group companies	-	-	12,7	-	12,7	-
<b>Profit/loss after financial items</b>	<b>-2,0</b>	<b>-0,4</b>	<b>7,3</b>	<b>1,9</b>	<b>2,5</b>	<b>-2,9</b>
Appropriations	-	-	-	-	62,0	62,0
Tax	0,4	0,1	1,1	-0,4	-10,8	-12,3
<b>Net profit/loss for the period</b>	<b>-1,6</b>	<b>-0,3</b>	<b>8,4</b>	<b>1,5</b>	<b>53,7</b>	<b>46,8</b>

In the Parent Company there are no items that are reported as other comprehensive income, so total comprehensive income is consistent with the profit for the period.

## Parent company, balance sheet in summary

MSEK	30-sep 2023	30-sep 2022	31-dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Financial assets</b>			
Shares in group companies	745,7	683,2	702,5
Other non-current assets	2,9	3,2	3,1
<b>Total non-current assets</b>	<b>748,5</b>	<b>686,4</b>	<b>705,5</b>
<b>Current assets</b>			
Receivables from group companies	154,7	122,3	126,3
Other current receivables	39,1	27,4	25,7
Cash and cash equivalents	14,0	139,3	46,3
<b>Total current assets</b>	<b>207,8</b>	<b>289,0</b>	<b>198,3</b>
<b>TOTAL ASSETS</b>	<b>956,4</b>	<b>975,4</b>	<b>903,8</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity	131,5	131,5	131,5
Non-restricted equity	333,2	317,8	341,2
<b>Total equity</b>	<b>464,7</b>	<b>449,3</b>	<b>472,7</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to credit institutions	150,0	150,0	50,0
Other non-current liabilities	15,8	31,6	20,3
<b>Total non-current liabilities</b>	<b>165,8</b>	<b>181,6</b>	<b>70,3</b>
<b>Current liabilities</b>			
Liabilities to group companies	316,1	338,8	352,0
Other current liabilities	9,8	5,7	8,8
<b>Total current liabilities</b>	<b>325,9</b>	<b>344,5</b>	<b>360,8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>956,4</b>	<b>975,4</b>	<b>903,8</b>

# Notes

## Note 1 Accounting principles

This summary consolidated interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and relevant provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with RFR 2 and Chapter 9, Interim Reports, of the Swedish Annual Accounts Act. For both the Parent Company and the Group, the same accounting policies and computation methods have been applied as in the 2022 Annual Report, which was prepared in accordance with International Financial Reporting Standards and Interpretations as adopted by the EU. The information on pages 1-9 relating to the part of the year covered by this interim report constitutes an integral part of this financial report.

## Note 2 Financial instruments

The financial instruments measured at fair value are forward exchange contracts. Financial assets at fair value amounted to 0.7 MSEK (0.9) at the end of the period while financial liabilities at fair value amounted to 1.0 MSEK (0.8). The fair values of financial instruments are determined using valuation techniques. Market information is used as far as possible when available, while company-specific information is used as little as possible. If all key inputs required for the fair value measurement of an instrument are observable, the instrument is categorized in level 2. Reported value of trade receivables, other receivables, cash and cash equivalents, trade payables and other liabilities constitutes a reasonable approximation of fair value.

## Note 3 Business segments

Balco reports the following segments:

- Renovation: includes replacement and expansion of existing balconies and installation of new balconies on apartment buildings without balconies. The segment's main market driver is the age profile of the residential property portfolio.
- New Build: includes installation of balconies in conjunction with the construction of apartment buildings and balcony solutions in the maritime area. The segment is driven mainly by the rate of new residential construction.

Jul-Sep MSEK	Renovation		New Build		Group-wide		Eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales – External revenue	225,0	284,2	28,3	26,6	-	-	-	-	253,3	310,8
Net sales – Internal revenue	-	-	-	-	6,2	19,8	-6,2	-19,8	-	-
<b>Total sales</b>	<b>225,0</b>	<b>284,2</b>	<b>28,3</b>	<b>26,6</b>	<b>6,2</b>	<b>19,8</b>	<b>-6,2</b>	<b>-19,8</b>	<b>253,3</b>	<b>310,8</b>
<b>Operating profit (EBIT)</b>	<b>14,1</b>	<b>14,6</b>	<b>1,5</b>	<b>1,4</b>	<b>-3,3</b>	<b>-0,0</b>	-	-	<b>12,3</b>	<b>16,0</b>
Depreciation included with	9,8	9,0	0,2	1,3	-	-	-	-	10,0	10,4
of which amortization	1,7	0,4	-	0,1	-	-	-	-	1,7	0,5
Items affecting comparison	0,2	-	-	-	1,0	0,8	-	-	1,2	0,8
<b>Adjusted operating profit (EBITA)</b>	<b>15,9</b>	<b>15,0</b>	<b>1,5</b>	<b>1,5</b>	<b>-2,2</b>	<b>0,8</b>	-	-	<b>15,2</b>	<b>17,3</b>
Adjusted operating margin	7,1%	5,3%	5,1%	5,7%					6,0%	5,6%
Operating profit (EBIT)	14,1	14,6	1,5	1,4	-3,3	-0,0	-	-	12,3	16,0
Finance income	-	-	-	-	0,9	0,2	-	-	0,9	0,2
Finance cost	-	-	-	-	-5,8	-2,2	-	-	-5,8	-2,2
<b>Profit before tax</b>	<b>14,1</b>	<b>14,6</b>	<b>1,5</b>	<b>1,4</b>	<b>-8,2</b>	<b>-2,0</b>	-	-	<b>7,3</b>	<b>14,0</b>

Jan-Sep MSEK	Renovation		New Build		Group-wide		Eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales – External revenue	846,3	836,5	79,1	113,9	-	-	-	-	925,4	950,4
Net sales – Internal revenue	-	-	-	-	18,4	33,1	-18,4	-33,1	-	-
<b>Total sales</b>	<b>846,3</b>	<b>836,5</b>	<b>79,1</b>	<b>113,9</b>	<b>18,4</b>	<b>33,1</b>	<b>-18,4</b>	<b>-33,1</b>	<b>925,4</b>	<b>950,4</b>
<b>Operating profit (EBIT)</b>	<b>61,9</b>	<b>62,5</b>	<b>3,0</b>	<b>7,1</b>	<b>-2,5</b>	<b>-0,2</b>	-	-	<b>62,3</b>	<b>69,4</b>
Depreciation included with	31,2	26,1	2,2	4,3	-	-	-	-	33,4	30,4
of which amortization	4,9	1,5	0,2	0,2	-	-	-	-	5,1	1,7
Items affecting comparison	5,1	0,8	-	-	1,9	1,0	-	-	7,0	1,8
<b>Adjusted operating profit (EBITA)</b>	<b>71,9</b>	<b>64,7</b>	<b>3,1</b>	<b>7,4</b>	<b>-0,6</b>	<b>0,9</b>	-	-	<b>74,5</b>	<b>73,0</b>
Adjusted operating margin (EBITA)	8,5%	7,7%	4,0%	6,5%					8,0%	7,7%
Operating profit (EBIT)	61,9	62,5	3,0	7,1	-2,5	-0,2	-	-	62,3	69,4
Finance income	-	-	-	-	2,7	0,3	-	-	2,7	0,3
Finance cost	-	-	-	-	-12,7	-5,8	-	-	-12,7	-5,8
<b>Profit before tax</b>	<b>61,9</b>	<b>62,5</b>	<b>3,0</b>	<b>7,1</b>	<b>-12,5</b>	<b>-5,7</b>	-	-	<b>52,4</b>	<b>63,9</b>

#### Note 4 Reconciliation with IFRS financial statements

Balco's financial statements include alternative performance measures, which complement the measures that are defined or specified in applicable rules for financial reporting. Alternative performance measures are presented since, as in their context, they provide clearer or more in-depth information than the measures defined in applicable rules for financial reporting. The alternative performance measures are derived from the Company's consolidated financial reporting and are not measured in accordance with IFRS.

<b>MSEK</b>	<b>30-sep 2023</b>	<b>30-sep 2022</b>	<b>31-dec 2022</b>
<b>Interest-bearing net debt incl leasing debt</b>			
Non-current interest-bearing liabilities	229,0	236,7	135,9
Current interest-bearing liabilities	15,1	16,8	20,7
Cash and cash equivalents	-21,6	-140,7	-51,9
<b>Interest-bearing net debt incl leasing debt</b>	<b>222,6</b>	<b>112,8</b>	<b>104,8</b>
Adjusted EBITDA (R12)	147,7	150,8	146,6
<b>Interest-bearing net debt/EBITDA (R12), times</b>	<b>1,5</b>	<b>0,7</b>	<b>0,7</b>
<b>Interest-bearing net debt excl leasing debt</b>			
Interest-bearing net debt incl leasing debt	222,6	112,8	104,8
Leasing liabilities non-current	-54,3	-64,5	-63,3
Leasing liabilities current	-14,8	-16,4	-20,0
<b>Interest-bearing net debt excl leasing debt</b>	<b>153,5</b>	<b>31,9</b>	<b>21,6</b>
<b>Interest-bearing net debt/EBITDA excl leasing (R12), times</b>			
Adjusted EBITDA (R12)	147,7	150,8	146,6
Leasing depreciations (R12)	-3,9	-20,0	-23,4
<i>Adjusted EBITDA (R12) excl leasing depreciations</i>	<i>143,8</i>	<i>130,8</i>	<i>123,2</i>
<b>Interest-bearing net debt/EBITDA excl leasing (R12), times</b>	<b>1,1</b>	<b>0,2</b>	<b>0,2</b>
<b>Return on capital employed</b>			
Equity	756,5	723,7	729,8
Interest-bearing net debt	222,6	112,8	104,8
Average capital employed	907,8	835,0	811,8
Adjusted operating profit (EBIT), (R12)	102,7	109,3	104,6
<b>Return on capital employed, %</b>	<b>11,3</b>	<b>13,1</b>	<b>12,9</b>
<b>Equity/assets ratio</b>			
Equity attributable to owners of the parent company	756,5	723,7	729,8
Total assets	1 316,7	1 410,5	1 296,6
<b>Equity/assets ratio, %</b>	<b>57,5</b>	<b>51,3</b>	<b>56,3</b>

<b>MSEK</b>	<b>Jul-Sep 2023</b>	<b>Jul-Sep 2022</b>	<b>Jan-Sep 2023</b>	<b>Jan-Sep 2022</b>	<b>Oct-Sep 2022/23</b>	<b>Jan-Dec 2022</b>
<b>Adjusted operating profit (EBIT)</b>						
Operating profit (EBIT)	12,3	16,0	62,3	69,4	95,4	102,5
Items affecting comparison						
Adjustment of earn-out	-	-	-	-	-10,7	-10,7
Re-structuring costs	0,2	0,8	5,1	1,6	15,9	12,3
Acquisition costs	1,0	0,0	1,9	0,3	2,1	0,5
<b>Adjusted operating profit (EBIT)</b>	<b>13,5</b>	<b>16,8</b>	<b>69,4</b>	<b>71,3</b>	<b>102,7</b>	<b>104,6</b>
<b>Operating profit (EBITA)</b>	-	-	-	-	-	-
Operating profit (EBIT)	12,3	16,0	62,3	69,4	95,4	102,5
Amortization	1,7	0,5	5,1	1,7	5,9	2,6
<b>Operating profit (EBITA)</b>	<b>13,9</b>	<b>16,5</b>	<b>67,4</b>	<b>71,1</b>	<b>101,3</b>	<b>105,1</b>
<b>Adjusted operating profit (EBITA)</b>	-	-	-	-	-	-
Adjusted operating profit (EBIT)	13,5	16,8	69,4	71,3	102,7	104,6
Amortization	1,7	0,5	5,1	1,7	5,9	2,6
<b>Adjusted operating profit (EBITA)</b>	<b>15,2</b>	<b>17,3</b>	<b>74,5</b>	<b>73,0</b>	<b>108,7</b>	<b>107,2</b>
<b>EBITDA</b>						
Operating profit (EBIT)	12,3	16,0	62,3	69,4	95,4	102,5
Depreciation and amortization	10,0	10,4	33,4	30,4	45,0	42,0
<b>EBITDA</b>	<b>22,3</b>	<b>26,3</b>	<b>95,7</b>	<b>99,8</b>	<b>140,4</b>	<b>144,5</b>
<b>Adjusted EBITDA</b>						
Adjusted operating profit (EBIT)	13,5	16,8	69,4	71,3	102,7	104,6
Depreciation and amortization	10,0	10,4	33,4	30,4	45,0	42,0
<b>Adjusted EBITDA</b>	<b>23,5</b>	<b>27,2</b>	<b>102,8</b>	<b>101,7</b>	<b>147,7</b>	<b>146,6</b>
<b>Investments, excluding expansion investments</b>						
Investments in intangible fixed assets	-0,5	-0,0	-3,5	-0,2	-10,6	-7,2
Investments in tangible fixed assets	-1,4	-3,4	-6,8	-12,9	-10,8	-16,9
of which expansion investments	1,9	1,0	8,7	4,9	15,9	12,1
<b>Investments, excluding expansion investments</b>	<b>-</b>	<b>-2,4</b>	<b>-1,6</b>	<b>-8,1</b>	<b>-5,5</b>	<b>-12,0</b>
<b>Operating cash flow</b>						
Adjusted EBITDA	23,5	27,2	102,8	101,7	147,7	146,6
Changes in working capital	-3,6	79,4	-98,9	28,7	-61,9	65,7
Investments, excluding expansion investments	-	-2,4	-1,6	-8,1	-5,5	-12,0
<b>Operating cash flow</b>	<b>19,9</b>	<b>104,2</b>	<b>2,3</b>	<b>122,2</b>	<b>80,4</b>	<b>200,3</b>
<b>Net Sales excluding acquisitions</b>						
Net Sales	253,3	310,8	925,4	950,4	1 308,6	1 333,6
Acquired net sales	-18,1	-	-58,2	-33,4	-71,4	-46,6
<b>Net Sales excluding acquisitions</b>	<b>235,1</b>	<b>310,8</b>	<b>867,2</b>	<b>917,0</b>	<b>1 237,1</b>	<b>1 287,0</b>



## Note 5 Acquisition

On March 2, 2023, Balco entered into an agreement for the acquisition of all shares in NMT Montageteknik i Norden AB, a company in Sundsvall that offers total contracting in balcony renovation in northern Sweden. The acquisition is expected to contribute positively to earnings per share already in 2023.

NMT Montageteknik i Norden AB had a turnover of 49 MSEK during the last operating year. The acquisition has been financed with existing cash and cash equivalents.

More information can be found in press releases from March 2, 2023.

NMT Montageteknik i Norden AB is consolidated as of March 1, 2023.

The acquisition calculation is preliminary.

### **The purchase price comprises the following components (MSEK)**

Cash payment	42,8
Acquired net assets	-15,3
<b>Goodwill</b>	<b>27,5</b>

### **The following assets and liabilities were included in the acquisition (M)**

Cash and cash equivalents	6,1
Tangible fixed assets	1,6
Intangible assets	8,3
Receivables	12,1
Liabilities	-10,2
Deferred tax liabilities	-2,6
<b>Acquired net assets</b>	<b>15,3</b>

# Alternative performance measures

This interim report contains references to a number of performance measures. Some of these measures are defined in IFRS, while others are alternative measures and are not reported in accordance with applicable financial reporting frameworks or other legislation. The measures are used by Balco to help both investors and management to analyse its operations. The measures used in this interim report are described below, together with definitions and the reason for their use.

Alternative performance measures	Definition	Reason for use
<b>Return on equity</b>	Income for the period divided by the average shareholder equity for the period. Average calculated as the average of the opening balance and the closing balance for the period.	Return on equity shows the return that is generated on the shareholders' capital that is invested in the company.
<b>Return on capital employed</b>	Adjusted EBITA as a percentage of average capital employed for the period. Average calculated as the average of the opening balance and the closing balance for the period.	Return on capital employed shows the return that is generated on capital employed by the company and is used by Balco to monitor profitability as it relates to the capital efficiency of the company.
<b>Return on capital employed excluding goodwill</b>	Adjusted EBITA as a percentage of average capital employed for the period excluding goodwill. Average calculated as the average of the opening balance and the closing balance for the period.	Balco believes that return on capital employed excluding goodwill together with return on capital employed shows a complete picture of Balco's capital efficiency.
<b>Gross income</b>	Revenue less production and project costs.	Shows the effectiveness of Balco's operations and together with EBIT provides a complete picture of the operating profit generation and expenses.
<b>Gross margin</b>	Gross income as a percentage of net sales.	Ratio is used for analysis of the company's effectiveness and profitability.
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortization.	Balco believes that EBITDA shows the profit generated by the operating activities and is a good measure of cash flow from operations.
<b>Interest-bearing net debt relative to adjusted EBITDA</b>	Interest-bearing external net debt divided by adjusted EBITDA.	Balco believes this ratio helps to show financial risk and is a useful measure for Balco to monitor the level of the company's indebtedness.
<b>Adjusted EBITDA</b>	EBITDA as adjusted for items affecting comparability. For a reconciliation of adjusted EBITDA to income for the period.	Balco believes that adjusted EBITDA is a useful measure for showing the company's profit generated by the operating activities after adjusting for items affecting comparability, and primarily uses adjusted EBITDA for purposes of calculating the company's operating cash flow and cash conversion.
<b>Adjusted EBITDA margin</b>	Adjusted EBITDA as a percentage of net sales.	Balco believes that adjusted EBITDA margin is a useful measure for showing the company's profit generated by the operating activities after non-recurring items.
<b>Adjusted EBIT margin</b>	Adjusted EBIT as a percentage of net sales.	Balco believes that adjusted EBIT margin is a useful measure for showing the company's profit generated by the operating activities.
<b>Adjusted EBIT</b>	EBIT adjusted for items affecting comparability. For a reconciliation of adjusted EBIT to income for the period.	Balco believes that adjusted EBITA is a useful measure for showing the company's profit generated by the operating activities, and primarily uses adjusted EBIT for calculating the company's return on capital employed.
<b>Adjusted EBITA margin</b>	Adjusted EBITA as a percentage of net sales.	Balco believes that adjusted EBITA margin is a useful measure for showing the company's profit generated by the operating activities.

<b>Alternative performance measures</b>	<b>Definition</b>	<b>Reason for use</b>
<b>Adjusted EBITA</b>	EBITA adjusted for items affecting comparability. For a reconciliation of adjusted EBIT to income for the period.	Balco believes that adjusted EBIT is a useful measure for showing the company's profit generated by the operating activities, and primarily uses adjusted EBIT for calculating the company's return on capital employed.
<b>Items affecting comparability</b>	Items affecting comparability are significant items reported separately due to their size or frequency, e.g., restructuring costs, write-downs, divestments and acquisition costs.	Balco believes that adjustment for items affecting comparability improves the possibility of comparison over time by excluding items with irregularity in frequency or size. This is to give a more accurate picture of the underlying operating profit.
<b>Operating cash conversion</b>	Operating cash flow divided by adjusted EBITDA.	Balco believes this is a good measure for comparing cash flow with operating profit.
<b>Operating cash flow</b>	Adjusted EBITDA increased/decreased with changes in net working capital less investments, excluding expansion investments.	Operating cash flow is used by Balco to monitor business performance.
<b>Organic growth</b>	Net sales excluding acquired growth current period divided by net sales during the corresponding period last year.	Organic growth excludes the effects of changes in the Group's structure, which enables a comparison of net sales over time.
<b>Interest-bearing net deb</b>	The sum of non-current interest-bearing liabilities and current interest-bearing liabilities.	Balco believes interest-bearing net debt is a useful measure to show the company's total debt financing.
<b>Net working capital</b>	Current assets excluding cash and cash equivalents and current tax assets less non-interest-bearing liabilities excluding current tax liabilities.	This measure shows how much net working capital that is tied up in the operations and can be put in relation to sales to understand how effectively net working capital tied up in the operations is used.
<b>EBIT margin</b>	EBIT as a percentage of net sales.	Balco believes EBIT margin is a useful measure together with net sales growth and net working capital to monitor value creation.
<b>EBIT</b>	Earnings before interest and tax.	Balco believes that EBIT shows the profit generated by the operating activities.
<b>EBITA margin</b>	EBITA as a percentage of net sales.	Balco believes EBITA margin is a useful measure together with net sales growth and net working capital to monitor value creation.
<b>EBITA</b>	EBIT excluding amortization on acquired intangible assets.	Balco's growth strategy includes acquiring companies. In order to better illustrate the development of the underlying business, the management has chosen to follow EBITA, which is an expression of the operating profit before depreciation and write-downs of acquired intangible assets.
<b>Equity/asset ratio</b>	Equity divided on total assets.	Balco believes that equity to asset ratio is a useful measure for the company's survival.
<b>Capital employed</b>	Equity plus interest-bearing net debt.	Capital employed is used by Balco to indicate the general capital efficiency of the company.
<b>Capital employed excluding goodwill</b>	Capital employed minus goodwill.	Capital employed excluding goodwill is used together with capital employed by Balco as a measure of the company's capital efficiency.

## Balco Group in brief

Balco Group is a market leader in the balcony industry, where we develop, manufacture, sell, and take responsibility for the installation of our own bespoke open and glazed balcony systems. The Group's customised products contribute to enhanced quality of life, security, and increased value for residents in multi-occupancy buildings. Furthermore, Balco Group's standardised glazing systems result in reduced energy consumption.

**501** employees

**7** markets

**1 309** MSEK net sales R12

**27 000** sqm total production area

Balco Group was established in 1987 and is a group consisting of producing and selling companies. The Group's seven brands belong to the companies Balco AB, Balco Altaner AS, TBO-Haglinds AB, Stora Fasad AB, RK Teknik i Gusum AB, Söderåsen Mur & Kakel AB and NMT Montageteknik AB. The group is the market leader in Scandinavia and operates in several markets in northern Europe. The head office is located in Växjö, and the group has more than 500 employees. A general and distinctive feature of the companies in the Group is that they control the entire value chain - from sales work to installed balcony - through a decentralised and efficient sales process.

**BALCO**  
GROUP