



Interim Report Q4

JANUARY – DECEMBER 2023

Increased order intake and Balco Group's largest acquisition

The fourth quarter: October – December

- Net sales amounted to 290 MSEK (383)
- Order intake increased by 57 percent to 295 MSEK (188)
- Order backlog amounted to 1,074 MSEK (1,275)
- Adjusted operating profit (EBITA) amounted to 15 MSEK (34)
- Operating profit (EBITA) amounted to 10 MSEK (34)
- Operating profit (EBIT) amounted to 8 MSEK (33)
- Net profit after tax amounted to 7 MSEK (26)
- Earnings per share amounted to 0.30 SEK (1.19)
- Operating cash flow amounted to 6 MSEK (78)

The full year: January– December

- Net sales amounted to 1,215 MSEK (1,334)
- Order intake amounted to 977 MSEK (1,109)
- Adjusted operating profit (EBITA) amounted to 90 MSEK (107)
- Operating profit (EBITA) amounted to 77 MSEK (105)
- Operating profit (EBIT) amounted to 70 MSEK (102)
- Net profit after tax amounted to 47 MSEK (76)
- Earnings per share amounted to 2.12 SEK (3.48)
- Operating cash flow amounted to 4 MSEK (200)

Events during the quarter and since the end of the quarter

- January 22 Balco Group acquired the Finnish group Riikku Group with a turnover of approximately 40 MEUR. This is Balco Group's largest acquisition to date.
- The Board does not propose a dividend to the Annual General Meeting in order to finance the recently completed strategic acquisition.

MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	289,5	383,2	1 214,9	1 333,6
Order intake	295,3	187,9	977,0	1 108,6
Order backlog	1 073,6	1 274,7	1 073,6	1 274,7
Adjusted Operating profit (EBITA)	15,4	34,2	89,8	107,2
Adjusted Operating margin (EBITA), %	5,3	8,9	7,4	8,0
Operating profit (EBITA)	9,7	33,9	77,1	105,1
Operating profit margin (EBITA), %	3,4	8,9	6,4	7,9
Operating profit (EBIT)	8,0	33,1	70,4	102,5
Operating profit margin (EBIT), %	2,8	8,6	5,8	7,7
Net profit for the period	6,6	26,0	46,5	76,2
Operating cash flow	5,6	78,1	3,6	200,3
Earnings per share, SEK before dilution	0,30	1,19	2,12	3,48
Earnings per share, SEK, after dilution	0,30	1,19	2,12	3,44

" Order intake during the quarter was significantly better than the corresponding period last year. As inflation has continued to decline and long-term interest rates are beginning to fall, we see an increased interest among customers to invest. "

" Balco Group has acquired the Finnish group Riikku Group with a turnover of approximately 40 MEUR, which is the largest acquisition in Balco Group's history. "

- Camilla Ekdahl, President and CEO

Better order intake and Balco Group's largest acquisition

The quarter's order intake increased by 57 percent compared to the corresponding quarter last year and amounted to SEK 295 million. Turnover was as expected weak and during the quarter additional cost saving initiatives were implemented.

The market situation

We have noticed an increased willingness to make investment decisions among our customers in connection with the reduced inflation rate and that long-term interest rates have started to fall as a result.

Activity in inquiries and discussions around projects continues to be good. Our customers are more likely to make decisions without adding risk premiums to their calculations as interest rates have stabilised, but processes still take longer than before.

When it comes to tenant owned in the Nordics, Balco has a unique sales model where we support and help the tenant associations in these discussions with financial expertise.

Acquisition of Riikku Group

On January 22, Balco Group completed its largest acquisition to date when the Finnish balcony glazing group Riikku Group became part of the Balco Group. With this acquisition, we are establishing a strong position in Finland.

Riikku Group Oy was founded in 2005 and is one of Finland's two largest balcony glazing companies. The company mainly works with new build, but also sells in the renovation segment. With Balco's experience and expertise in the renovation segment, we will be able to contribute to developing this part within the Riikku Group.

Finland is the market with the largest share of glazing on balconies of all countries. Balco previously had a weaker position on the Finnish balcony market, but through the acquisition, Balco Group now establishes a strong position there as well and strengthens the supply within the new construction segment. The acquisition strengthens Balco Group's market position in the Nordics in line with the group's long-term strategy.

Riikku's head office is in Alavus, Finland and has sales offices in several Finnish cities as well as subsidiaries in Sweden, Norway and Finland. The Riikku Group has approximately 200 employees and a turnover of approximately EUR 40 million in 2023.

Riikku has a modern and well-invested production facility of approximately 7,500 m² in Alavus. Riikku and

its subsidiaries will continue to be run by the current management with Joakim Petersen-Dyggve as Managing Director.



The need for renovation of balconies remains

We know that there is, and will be, a great need to renovate balconies and even entire facades on apartment buildings in the future. A renovated, glazed balcony means a marked improvement in the living environment. In addition, it also contributes to energy savings for heating in the apartment. About 40 percent of our total energy consumption is used to heat homes. Balco Group will continue to be part of the ongoing and necessary transition towards energy-efficient properties. This by running turnkey projects where our glazed balconies are a first step towards such a project.

Continued cost focus

The lower order intake in the past year will affect sales and earnings in the coming six months. We have a continued cost focus to defend our margins and adapt the organization based on changes in occupancy and order intake. From the management's side, we prioritize maintaining important competence within the group as we have a long-term focus. We still have good capacity in our factories and in our project organization, which will be needed in the future.

Camilla Ekdahl
President and CEO

The group's development

The fourth quarter: October – December

Net sales amounted to 290 MSEK (383). Acquired growth was 2 percent, currency effect was 2 percent and organic growth was -28 percent. Net sales for the renovation segment amounted to 242 MSEK (327) and net sales for the New Build segment amounted to 48 MSEK (56).

Order intake increased by 57 percent to 295 MSEK (188). The Renovation segment accounted for 269 MSEK (138) and the New Build segment accounted for 26 MSEK (50).

The order backlog amounted to 1,074 MSEK (1,275). The order backlog for the Renovation segment amounted to 926 MSEK (1,146) and the order backlog for the New Build segment amounted to 148 MSEK (129).

Gross profit amounted to 50 MSEK (77), entailing a gross margin of 17.4 percent (20.1). The gross result includes items affecting comparability of -4 MSEK (-4) linked to restructuring costs. The adjusted gross profit was 54 MSEK (81) and the adjusted gross margin 18.7 percent (21.1). 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 in the group's production facilities and in the project organization.

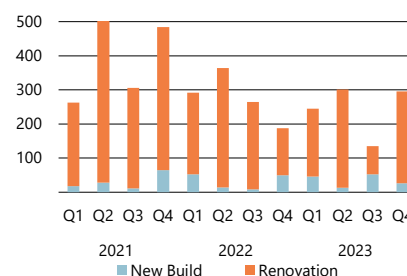
Sales costs amounted to 27 MSEK (34) and administrative costs amounted to 22 MSEK (22). Items affecting comparability of -2 MSEK (-7) were taken in the quarter linked to restructuring of the organization and acquisition costs.

Adjusted operating profit (EBITA) amounted to 15 MSEK (34), corresponding to an adjusted operating margin of 5.3 percent (8.9). Operating profit (EBITA) amounted to 10 MSEK (34), corresponding to an operating margin of 3.4 percent (8.9). Operating profit (EBIT) amounted to 8 MSEK (33), corresponding to an operating margin of 2.8 percent (8.6).

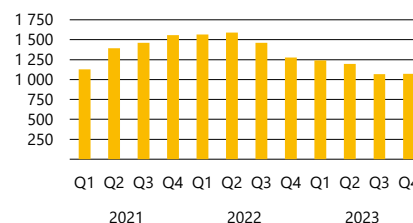
Net financial items amounted to -4 MSEK (-2), of which -0.4 MSEK (-0.3) refers to interest costs linked to right-to-use assets (leasing). Interest costs have increased linked to higher market interest rates. Profit after tax amounted to 7 MSEK (26). Earnings per share increased to 0.30 SEK (1.19).

Operating cash flow amounted to 6 MSEK (78). 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 full year: January – December

Net sales amounted to 1,215 MSEK (1,334). Acquired growth was 5 percent, currency effect was 2 percent and organic growth was -16 percent. Net sales for the Renovation segment amounted to 1,088 MSEK (1,164) and the net sales for New Build segment amounted to 127 MSEK (170).

The order intake amounted to 977 MSEK (1,109). The Renovation segment accounted for 839 MSEK (984) and the New Build segment accounted for 138 MSEK (125).

Gross profit amounted to 245 MSEK (288), entailing a gross margin of 20.2 percent (21.6). The gross result includes items affecting comparability of -8 MSEK (-5) linked to restructuring costs. The adjusted gross profit was 253 MSEK (293) and the adjusted gross margin 20.8 percent (21.9). 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.

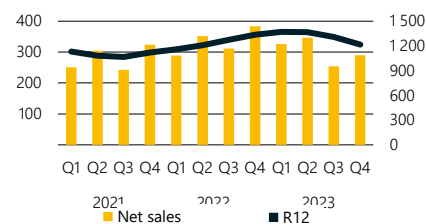
Sales costs amounted to 108 MSEK (126) and administrative costs amounted to 77 MSEK (71). Items affecting comparability of -5 MSEK (-8) are taken in connection with restructuring of the organization and acquisition costs.

Adjusted operating profit (EBITA) amounted to 90 MSEK (107), corresponding to an adjusted operating margin of 7.4 percent (8.0). Operating profit (EBITA) amounted to 77 MSEK (105), corresponding to an operating margin of 6.4 percent (7.9). Operating profit (EBIT) amounted to 70 MSEK (102), corresponding to an operating margin of 5.8 percent (7.7).

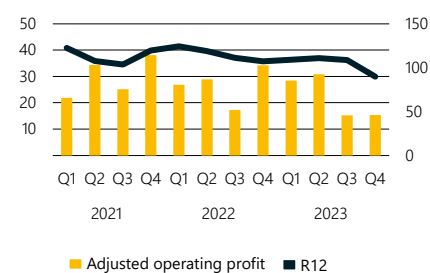
Net financial items amounted to -14 MSEK (-8), of which -1.5 MSEK (-1.8) refers to interest costs linked to right-to-use assets (leasing). Interest costs have increased linked to higher market interest rates. Profit after tax amounted to 47 MSEK (76). Earnings per share amounted to 2.12 SEK (3.48).

Operating cash flow amounted to 4 MSEK (200). 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

	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Tenant-owner associations	190,6	272,8	790,3	952,9
Private landlords	39,3	15,9	118,5	63,5
Publicly owned companies	10,2	9,7	50,5	53,2
Construction companies	49,4	84,8	255,6	264,0
Total net sales	289,5	383,2	1 214,9	1 333,6

Net sales per geographic market, MSEK

	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Sweden	166,8	246,9	752,6	835,6
Other Scandinavia	81,9	92,7	310,0	343,0
Other Europe	40,8	43,7	152,3	154,9
Total net sales	289,5	383,2	1 214,9	1 333,6

Development per segment

Renovation

The fourth quarter

Net sales amounted to 242 MSEK (327). The segment accounted for 83 percent (85) of Balco's total net sales.

Order intake increased by 95 percent to 269 MSEK (138), which corresponds to 91 percent (73) of the total order intake.

The adjusted operating profit (EBITA) amounted to 12 MSEK (35) corresponding to an adjusted operating margin of 4.9 percent (10.8). Items affecting comparability are included with SEK -6 million (-6) linked restructuring costs

The full year

Net sales amounted to 1,088 MSEK (1,164). The segment accounted for 90 percent (87) of Balco's total net sales.

Order intake amounted to 839 MSEK (984), which corresponds to 86 percent (89) of the total order intake.

The adjusted operating profit amounted to 84 MSEK (100) corresponding to an adjusted operating margin of 7.7 percent (8.6). Items affecting comparability are included with -11 MSEK (-7) linked restructuring costs.

The order backlog amounted to 926 MSEK (1,146) which corresponds to 86 percent (90) of the total order backlog.

Renovation, MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	241,7	327,0	1 088,0	1 163,5
Adjusted Operating profit (EBITA)	11,8	35,4	83,8	100,1
Adjusted Operating margin (EBITA), %	4,9	10,8	7,7	8,6
Order intake	269,1	137,9	838,7	983,9
Order backlog	925,5	1 145,6	925,5	1 145,6

New build

The fourth quarter

Net sales amounted to 48 MSEK (56). The segment accounted for 17 percent (15) of Balco's total net sales.

Order intake amounted to 26 MSEK (50) which corresponds to 9 percent (27) of the total order intake.

The adjusted operating profit (EBITA) amounted to 2 MSEK (3) corresponding to an adjusted operating margin of 3.4 percent (6.0).

The full year

Net sales amounted to 127 MSEK (170). The segment accounted for 10 percent (13) of Balco's total net sales.

Order intake increased by 11 percent to 138 MSEK (125) which corresponds to 14 percent (11) of the total order intake.

The adjusted operating profit (EBITA) amounted to 5 MSEK (11) corresponding to an adjusted operating margin of 3.8 percent (6.3). The decrease is since the Maritime business, which in recent years has been the most profitable part of the New Build segment, has had no turnover in 2023.

The order backlog has increased by 15 percent to 148 MSEK (129), which corresponds to 14 percent (10) of the total order backlog.

New Build, MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	47,9	56,2	126,9	170,1
Adjusted Operating profit (EBITA)	1,6	3,4	4,8	10,8
Adjusted Operating margin (EBITA), %	3,4	6,0	3,8	6,3
Order intake	26,2	49,9	138,3	124,7
Order backlog	148,1	129,1	148,1	129,1

Financial position and cash flow

Liquidity and financial position

Interest-bearing net debt including leasing debt at the end of the year amounted to 242 MSEK (105). Interest-bearing net debt including leasing debt in relation to adjusted EBITDA amounted to 1.9 times (0.7).

Interest-bearing net debt excluding leasing debt amounted to 171 MSEK (22). Interest-bearing net debt excluding leasing debt in relation to adjusted EBITDA amounted to 1.6 times (0.2).

At the end of year, the Group's equity amounted to 748 MSEK (731).

The Group's equity ratio was 59 percent (56).

MSEK	31-dec 2023	31-dec 2022
Non-current liabilities to credit institutions	174,2	72,6
Leasing liabilities non-current	51,2	63,3
Current liabilities to credit institutions	-	0,8
Leasing liabilities current	19,0	20,0
Cash and cash equivalents	-2,8	-51,9
Interest-bearing net debt incl leasing debt	241,6	104,8
<i>Interest-bearing net debt excl leasing debt</i>	<i>171,4</i>	<i>21,6</i>
Interest-bearing net debt incl. leasing/EBITDA (12 months), times	1,9 x	0,7 x
<i>Interest-bearing net debt excl. leasing/EBITDA (12 months), times</i>	<i>1,6 x</i>	<i>0,2 x</i>
Equity/assets ratio, %	58,9	56,3

Cash flow, investments and amortization/depreciation

For the full year, cash flow from operating activities amounted to -26 MSEK (153).

Cash flow from investing activities amounted to -53 MSEK (-53), of which -7 MSEK (-12) was replacement investments and -7 MSEK (-12) expansion investments and -39 MSEK (-29) acquisition of shares in subsidiaries.

Cash flow from financing activities amounted to 30 MSEK (-168) where the largest items refer to dividends paid of -33 MSEK (-44) and increased utilization of the revolving credit facility of 100 MSEK (-100).

Cash flow for the full year amounted to -49 MSEK (-67).

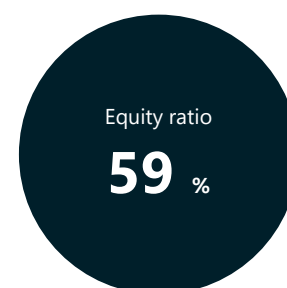
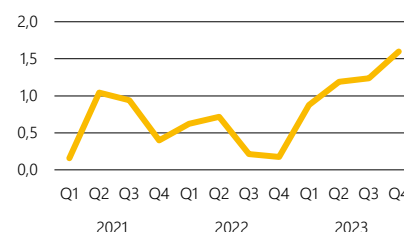
Depreciation for the full year amounted to 44 MSEK (42), of which 20 MSEK (23) refers to depreciation linked to right-to-use assets (leasing) and 7 MSEK (3) refers to amortization of acquired intangible assets.

The Parent Company

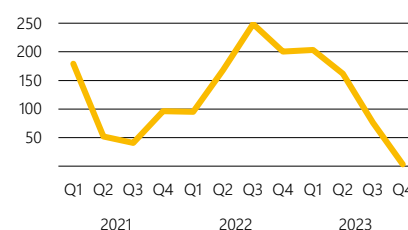
The Parent Company has its registered office in Växjö and conducts operations directly as well as through Swedish and foreign subsidiaries. The Parent Company's operations are focused primarily on strategic development, financial control, corporate governance issues, board work and relations with banks.

The operating result for the full year amounted to 2 MSEK (2).

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.

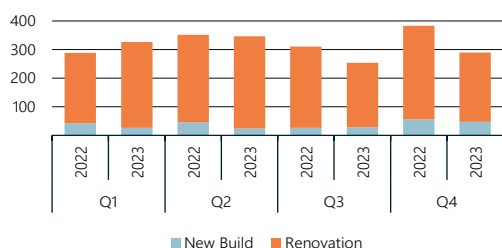
Segment - Renovation



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



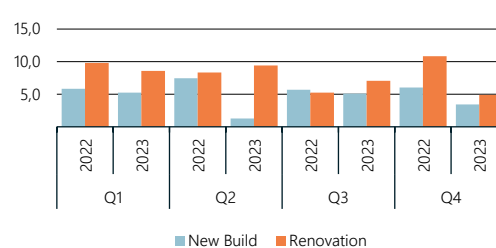
Segment – New Build



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 December 2023 Balco had 490 (536) 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 December 2023, there were 21,909,348 shares in Balco, corresponding to a share capital of 131,461,248 SEK. There were 5,521 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 half-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

January 22 Balco Group acquired the Finnish group Riikku Group with a turnover of 40 MEUR. It is Balco Group's largest acquisition so far.

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 not 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 February 5, 2024 at 13:00 CET.

Växjö, February 5, 2023

Camilla Ekdahl
President and CEO

Web conference

A webcast conference call will be held at 14:00 CET February 5, 2024, 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/balco/2024/02/05/1400>

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

SE: +46 8 5050 0829
PIN: 826 6372 5363#

For more information, please contact:

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Calendar 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
Year-end report Jan-Dec 2024	February 10, 2025

Consolidated statement of comprehensive income

MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	289,5	383,2	1 214,9	1 333,6
Production and project costs	-239,1	-306,3	-969,5	-1 046,0
Gross profit	50,5	76,9	245,4	287,6
Sales costs	-26,8	-33,8	-108,4	-126,4
Administration costs	-22,3	-21,8	-76,7	-71,0
Other operating income	6,8	11,9	10,3	12,3
Other operating expenses	-0,1	-0,0	-0,2	-0,0
Operating costs	-42,4	-43,8	-175,0	-185,1
Operating profit	8,0	33,1	70,4	102,5
Finance income	1,0	0,7	3,7	1,0
Finance costs	-5,4	-3,1	-18,1	-8,8
Profit before tax	3,7	30,7	56,0	94,6
Income tax	2,9	-4,6	-9,5	-18,5
Net profit for the period	6,6	26,0	46,5	76,2
Other comprehensive income				
Items that may later be reclassified to the income statement				
Translation difference when translating foreign operations	-0,1	4,6	3,4	6,9
Comprehensive income for the period	6,5	30,7	49,9	83,1
<i>Of which attributable to:</i>				
Parent company's shareholders	6,1	30,3	49,2	82,8
Non-controlling interest	0,4	0,3	0,6	0,3
Comprehensive income for the period	6,5	30,7	49,9	83,1
Earnings per share, SEK, before dilution	0,30	1,19	2,12	3,48
Earnings per share, SEK, after dilution	0,30	1,19	2,12	3,44
Average number of shares before dilution, thousands	21 909,3	21 909,3	21 909,3	21 909,3
Average number of shares after dilution, thousands	21 909,3	21 909,3	21 909,3	22 106,3

Consolidated balance sheet in summary

MSEK	31-dec 2023	31-dec 2022
ASSETS		
Non-current assets		
Intangible assets		
Goodwill	485,2	457,8
Other intangible assets	142,2	135,3
Total intangible assets	627,3	593,1
Tangible assets		
Right-to-use assets	70,5	82,3
Property, plant and equipment	161,9	158,8
Total tangible assets	232,4	241,1
Deferred tax assets	0,3	1,0
Total non-current assets	860,1	835,2
Current assets		
Inventory	51,5	58,4
Accounts receivables	138,0	174,8
Contract assets	177,1	111,9
Current tax receivables	15,4	22,0
Other current receivables	22,4	42,4
Cash and cash equivalents	2,8	51,9
Total current assets	407,2	461,4
TOTAL ASSETS	1 267,2	1 296,6
EQUITY AND LIABILITIES		
Equity		
Share capital	131,5	131,5
Other capital contributions	406,3	406,3
Reserves	11,6	8,3
Retained earnings, incl. profit for year	196,7	183,7
Equity attributable to Parent Company's shareholders	746,1	729,8
Non-controlling interest	1,8	1,2
Summa eget kapital	748,0	731,0
LIABILITIES		
Non-current liabilities		
Liabilities to credit institutions	174,2	72,6
Leasing liabilities	51,2	63,3
Other non-current liabilities	1,4	18,4
Deferred tax liabilities	41,7	40,0
Total non-current liabilities	268,5	194,3
Current liabilities		
Liabilities to credit institutions	-	0,8
Leasing liabilities	19,0	20,0
Contract liabilities	50,0	124,9
Accounts payables	91,0	122,8
Current tax liabilities	0,8	3,6
Other current liabilities	28,5	38,2
Accrued expenses and prepaid income	61,4	61,1
Total current liabilities	250,7	371,3
TOTAL EQUITY AND LIABILITIES	1 267,2	1 296,6

Consolidated changes in Shareholders' Equity

MSEK	Share Capital	Additional paid-in capital	Reserves	Retained earnings including comprehensive income for the	Non- controlling interest	Total equity
Opening balance 1 Jan 2022	131,5	405,1	1,3	154,1	-	692,0
Deferred tax	-	-	-	-2,4	-	-2,4
Comprehensive income for the period						
Profit for the period	-	-	-	75,8	0,3	76,2
Other comprehensive income for the period	-	-	6,9	-	-	6,9
Total comprehensive income for the period	-	-	6,9	75,8	0,3	83,1
Acquisition of non-controlling interest	-	-	-	-	0,9	0,9
Transactions with shareholders:						
Distributed dividend	-	-	-	-43,8	-	-43,8
New warrants issue	-	1,2	-	-	-	1,2
Total transactions with Company owners	-	1,2	-	-43,8	-	-42,6
Closing balance 31 Dec 2022	131,5	406,3	8,3	186,1	1,2	733,4
Opening balance 1 Jan 2023	131,5	406,3	8,3	183,7	1,2	731,0
Comprehensive income for the period						
Profit for the period	-	-	-	45,9	0,6	46,5
Other comprehensive income for the period	-	-	3,4	-	-	3,4
Total comprehensive income for the period	-	-	3,4	45,9	0,6	49,9
Transactions with shareholders:						
Distributed dividend	-	-	-	-32,9	-	-32,9
Total transactions with Company owners	-	0,0	-	-32,9	-0,0	-32,9
Closing balance 31 Dec 2023	131,5	406,3	11,6	196,7	1,8	748,0

Consolidated Cash Flow Statements in summary

MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Operating activities				
Operating profit (EBIT)	8,0	33,1	70,4	102,5
Adjustment for non-cash items	4,9	18,8	38,9	32,2
Interest received	1,0	0,4	3,7	1,0
Interest paid	-5,0	-1,4	-16,5	-7,0
Income tax paid	26,6	8,5	-5,8	-41,0
Cash flow from operating activities before changes in working capital	35,6	59,3	90,7	87,7
Changes in working capital				
Increase (-)/Decrease (+) in inventories	7,2	2,6	7,4	-4,6
Increase (-)/Decrease (+) in current assets	-3,2	57,2	4,3	2,9
Increase (+)/Decrease (-) in current liabilities	-22,1	-22,6	-128,5	67,1
Cash flow from operating activities	17,4	96,6	-26,1	153,0
Cash flow from investing activities				
Investments in intangible fixed assets	-2,1	-7,0	-5,6	-7,2
Investments in tangible fixed assets	-1,0	-4,0	-7,7	-16,9
Acquisitions of operations	-	-28,5	-39,5	-28,5
Changes in other non-current assets/liabilities	-	1,8	-	-
Change in other financial assets	-	-2,3	-	-
Cash flow from investing activities	-3,1	-40,0	-52,9	-52,6
Cash flow from financing activities				
Changes in bank loans	-8,6	-99,4	85,8	-99,7
Changes in leasing	-7,6	-24,2	-23,4	-25,4
New warrants issue	-	0,0	0,0	1,2
Distributed dividend	-16,4	-21,9	-32,9	-43,8
Cash flow from financing activities	-32,7	-145,4	29,6	-167,7
Cash flow for the period				
Cash flow for the period	-18,3	-88,9	-49,4	-67,3
Cash and cash equivalents at beginning of the period	21,6	140,7	51,9	117,5
Exchange rate differential cash and cash equivalents	-0,5	0,1	0,4	1,6
Cash and cash equivalents at end of the period	2,8	51,9	2,8	51,9

Key ratios

MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	289,5	383,2	1 214,9	1 333,6
Order intake	295,3	187,9	977,0	1 108,6
Order backlog	1 073,6	1 274,7	1 073,6	1 274,7
Gross profit	50,5	76,9	245,4	287,6
Adjusted Gross Profit	54,2	80,8	252,9	292,6
EBITDA	19,0	44,7	114,7	144,5
Adjusted EBITDA	24,6	45,0	127,4	146,6
Operating profit (EBITA)	9,7	33,9	77,1	105,1
Adjusted operating profit (EBITA)	15,4	34,2	89,8	107,2
Operating profit (EBIT)	8,0	33,1	70,4	102,5
Adjusted operating profit (EBIT)	13,7	33,4	83,0	104,6
Gross profit margin, %	17,4	20,1	20,2	21,6
Adjusted gross margin, %	18,7	21,1	20,8	21,9
EBITDA margin, %	6,6	11,7	9,4	10,8
Adjusted EBITDA margin, %	8,5	11,7	10,5	11,0
Operating profit margin (EBITA), %	3,4	8,9	6,4	7,9
Adjusted operating profit margin (EBITA), %	5,3	8,9	7,4	8,0
Operating profit margin (EBIT), %	2,8	8,6	5,8	7,7
Adjusted operating profit margin (EBIT), %	4,7	8,7	6,8	7,8
Operating cash flow	5,6	78,1	3,6	200,3
Operating cash conversion, %	22,8	173,7	2,8	136,6
Capital employed, average	983,4	835,6	911,2	811,8
Capital employed, excl. goodwill, average	498,1	382,5	439,7	358,9
Equity, average	751,3	726,8	738,0	710,9
Interest-bearing net debt incl leasing debt	241,6	104,8	241,6	104,8
Interest-bearing net debt excl leasing debt	171,4	21,6	171,4	21,6
Interest-bearing net debt incl. leasing/Adjusted EBITDA 12 months, times	1,9 x	0,7 x	1,9 x	0,7 x
Interest-bearing net debt excl. leasing/EBITDA (12 months), times	1,6 x	0,2 x	1,6 x	0,2 x
Return on capital employed, %, (12 months)	8,4	12,5	9,1	12,9
Return on capital employed, excl. goodwill, %, (12 months)	16,7	27,4	18,9	29,2
Return on invested capital, %, (12 months)	6,2	10,5	6,3	10,7
Equity/assets ratio, %	59	56	58	56
Number of full-time employees on the closing date	490	536	490	536
Average number of shares before dilution, thousands	21 909,3	21 909,3	21 909,3	21 909,3
Average number of shares after dilution, thousands	21 909,3	21 909,3	21 909,3	22 116,0
Equity per share, SEK	34,29	33,17	33,68	32,14

Parent Company, income statement in summary

MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	8,0	6,5	26,4	26,0
Administrative expenses	-11,4	-9,0	-24,7	-24,2
Operating profit	-3,4	-2,4	1,7	1,8
Interest income and similar profit/loss items	3,0	1,4	6,9	3,3
Interest expenses and similar profit/loss items	-5,0	-3,8	-19,4	-8,1
Dividend / result from group company	25,2	-	37,9	-
Profit/loss after financial items	19,7	-4,8	27,0	-2,9
Appropriations	47,9	62,0	47,9	62,0
Tax	-8,9	-11,9	-7,7	-12,3
Net profit/loss for the period	58,7	45,3	67,1	46,8

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	31-dec 2023	31-dec 2022
ASSETS		
Non-current assets		
Financial assets		
Shares in group companies	1 458,2	702,5
Other non-current assets	3,4	3,1
Total non-current assets	1 461,6	705,5
Current assets		
Receivables from group companies	89,7	126,3
Other current receivables	6,2	25,7
Cash and cash equivalents	-	46,3
Total current assets	95,8	198,3
TOTAL ASSETS	1 557,4	903,8
EQUITY AND LIABILITIES		
Equity		
Restricted equity	131,5	131,5
Non-restricted equity	375,5	341,2
Total equity	507,0	472,7
LIABILITIES		
Non-current liabilities		
Liabilities to credit institutions	150,0	50,0
Other non-current liabilities	3,1	20,3
Total non-current liabilities	153,1	70,3
Current liabilities		
Liabilities to credit institutions	3,4	-
Liabilities to group companies	874,7	352,0
Other current liabilities	19,2	8,8
Total current liabilities	897,4	360,8
TOTAL EQUITY AND LIABILITIES	1 557,4	903,8

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 0.0 MSEK (1.4) at the end of the period while financial liabilities at fair value amounted to 0.0 MSEK (3.2). 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.

Oct-Dec MSEK	Renovation		New Build		Group-wide		Eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales – External revenue	241,7	327,0	47,9	56,2	-	-	-	-	289,5	383,2
Net sales – Internal revenue	-	-	-	-	8,0	6,6	-8,0	-6,6	-	-
Total sales	241,7	327,0	47,9	56,2	8,0	6,6	-8,0	-6,6	289,5	383,2
Operating profit (EBIT)	4,6	28,7	1,6	3,3	1,9	1,0	-	-	8,0	33,1
Depreciation included with	10,3	10,4	0,7	1,2	-	-	-	-	10,9	11,6
of which amortization	1,7	0,8	-	0,1	-	-	-	-	1,7	0,8
Items affecting comparison	5,6	5,9	-	-	0,0	-5,6	-	-	5,6	0,3
Adjusted operating profit (EBITA)	11,8	35,4	1,6	3,4	1,9	-4,6	-	-	15,4	34,2
Adjusted operating margin	4,9%	10,8%	3,4%	6,0%					5,3%	8,9%
Operating profit (EBIT)	4,6	28,7	1,6	3,3	1,9	1,0	-	-	8,0	33,1
Finance income	-	-	-	-	1,0	0,7	-	-	1,0	0,7
Finance cost	-	-	-	-	-5,4	-3,1	-	-	-5,4	-3,1
Profit before tax	4,6	28,7	1,6	3,3	-2,5	-1,4	-	-	3,7	30,7

Jan-Dec MSEK	Renovation		New Build		Group-wide		Eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales – External revenue	1 088,0	1 163,5	126,9	170,1	-	-	-	-	1 214,9	1 333,6
Net sales – Internal revenue	-	-	-	-	26,4	39,7	-26,4	-39,7	-	-
Total sales	1 088,0	1 163,5	126,9	170,1	26,4	39,7	-26,4	-39,7	1 214,9	1 333,6
Operating profit (EBIT)	66,4	91,2	4,6	10,4	-0,7	0,8	-	-	70,4	102,5
Depreciation included with	41,4	36,5	2,9	5,5	-	-	-	-	44,3	42,0
of which amortization	6,6	2,2	0,2	0,3	-	-	-	-	6,8	2,6
Items affecting comparison	10,7	6,7	-	-	1,9	-4,6	-	-	12,7	2,1
Adjusted operating profit (EBITA)	83,8	100,1	4,8	10,8	1,2	-3,7	-	-	89,8	107,2
Adjusted operating margin (EBITA)	7,7%	8,6%	3,8%	6,3%					7,4%	8,0%
Operating profit (EBIT)	66,4	91,2	4,6	10,4	-0,7	0,8	-	-	70,4	102,5
Finance income	-	-	-	-	3,7	1,0	-	-	3,7	1,0
Finance cost	-	-	-	-	-18,1	-8,8	-	-	-18,1	-8,8
Profit before tax	66,4	91,2	4,6	10,4	-15,0	-7,0	-	-	56,0	94,6

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.

MSEK	31-dec 2023	31-dec 2022
Interest-bearing net debt incl leasing debt		
Non-current interest-bearing liabilities	225,4	135,9
Current interest-bearing liabilities	19,0	20,7
Cash and cash equivalents	-2,8	-51,9
Interest-bearing net debt incl leasing debt	241,6	104,8
Adjusted EBITDA (R12)	127,4	146,6
Interest-bearing net debt/EBITDA (R12), times	1,9 x	0,7 x
Interest-bearing net debt excl leasing debt		
Interest-bearing net debt incl leasing debt	241,6	104,8
Leasing liabilities non-current	-51,2	-63,3
Leasing liabilities current	-19,0	-20,0
Interest-bearing net debt excl leasing debt	171,4	21,6
Interest-bearing net debt/EBITDA excl leasing (R12), times		
Adjusted EBITDA (R12)	127,4	146,6
Leasing depreciations (R12)	-20,2	-23,4
<i>Adjusted EBITDA (R12) excl leasing depreciations</i>	<i>107,1</i>	<i>123,2</i>
Interest-bearing net debt/EBITDA excl leasing (R12), times	1,6 x	0,2 x
Return on capital employed		
Equity	746,1	729,8
Interest-bearing net debt	241,6	104,8
Average capital employed	911,2	811,8
Adjusted operating profit (EBIT), (R12)	83,0	104,6
Return on capital employed, %	9,1	12,9
Equity/assets ratio		
Equity attributable to owners of the parent company	746,1	729,8
Total assets	1 267,2	1 296,6
Equity/assets ratio, %	58,9	56,3

MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Adjusted operating profit (EBIT)				
Operating profit (EBIT)	8,0	33,1	70,4	102,5
Items affecting comparison				
Adjustment of earn-out	-	-10,7	-	-10,7
Re-structuring costs	5,6	10,8	10,7	12,3
Acquisition costs	0,0	0,2	1,9	0,5
Adjusted operating profit (EBIT)	13,7	33,4	83,0	104,6
Operating profit (EBITA)				
Operating profit (EBIT)	8,0	33,1	70,4	102,5
Amortization	1,7	0,8	6,8	2,6
Operating profit (EBITA)	9,7	33,9	77,1	105,1
Adjusted operating profit (EBITA)				
Adjusted operating profit (EBIT)	13,7	33,4	83,0	104,6
Amortization	1,7	0,8	6,8	2,6
Adjusted operating profit (EBITA)	15,4	34,2	89,8	107,2
EBITDA				
Operating profit (EBIT)	8,0	33,1	70,4	102,5
Depreciation and amortization	10,9	11,6	44,3	42,0
EBITDA	19,0	44,7	114,7	144,5
Adjusted EBITDA				
Adjusted operating profit (EBIT)	13,7	33,4	83,0	104,6
Depreciation and amortization	10,9	11,6	44,3	42,0
Adjusted EBITDA	24,6	45,0	127,4	146,6
Investments, excluding expansion investments				
Investments in intangible fixed assets	-2,1	-7,0	-5,6	-7,2
Investments in tangible fixed assets	-1,0	-4,0	-7,7	-16,9
of which expansion investments	2,6	7,2	7,0	12,1
Investments, excluding expansion investments	-0,5	-3,9	-6,4	-12,0
Operating cash flow				
Adjusted EBITDA	24,6	45,0	127,4	146,6
Changes in working capital	-18,5	37,0	-117,4	65,7
Investments, excluding expansion investments	-0,5	-3,9	-6,4	-12,0
Operating cash flow	5,6	78,1	3,6	200,3
Net Sales excluding acquisitions				
Net Sales	289,5	383,2	1 214,9	1 333,6
Acquired net sales	-6,3	-13,2	-64,6	-46,6
Net Sales excluding acquisitions	283,2	370,0	1 150,3	1 287,0

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
Goodwill	27,5

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
Acquired net assets	15,3

On January 22, Balco Group entered into an agreement on and completed the acquisition of all shares in Riikku Group Oy, one of Finland's leading companies in balcony glazing. The acquisition is consolidated from 1 January 2024 and is expected to contribute positively to earnings per share during the full year 2024.

Through the acquisition, Balco Group establishes a strong position in the Finnish balcony market and strengthens the range in the new construction segment. The acquisition also strengthens Balco Group's market position in the Nordics, in line with the group's long-term strategy.

Riikku Group Oy was founded in 2005 and is one of Finland's two largest balcony glazing companies. The company mainly works with new build, but also sells in the renovation segment. Riikku's head office is in Alavus, Finland and has sales offices in several Finnish cities as well as subsidiaries in Sweden, Norway and Finland. The Riikku Group had a turnover of approximately EUR 40 million in 2023 with an operating margin that was slightly lower than Balco Group's. Riikku has a modern and well-invested production facility of approximately 7,500 m² in Alavus. Riikku and its subsidiaries will continue to be run by the current management with Joakim Petersen-Dyggve as Managing Director.

The agreed purchase price amounts to EUR 15 million on a cash and debt-free basis. EUR 3 million will be paid with newly issued shares to Riikku's former owners. The remaining EUR 12 million is financed with own cash and was paid half upon entry and half over the next four years with a quarter per year.

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
Return on equity	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.
Return on capital employed	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.
Return on capital employed excluding goodwill	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.
Gross income	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.
Gross margin	Gross income as a percentage of net sales.	Ratio is used for analysis of the company's effectiveness and profitability.
EBITDA	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.
Interest-bearing net debt relative to adjusted EBITDA	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.
Adjusted EBITDA	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.
Adjusted EBITDA margin	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.
Adjusted EBIT margin	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.
Adjusted EBIT	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.
Adjusted EBITA margin	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.

Alternative performance measures	Definition	Reason for use
Adjusted EBITA	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.
Items affecting comparability	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.
Operating cash conversion	Operating cash flow divided by adjusted EBITDA.	Balco believes this is a good measure for comparing cash flow with operating profit.
Operating cash flow	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.
Organic growth	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.
Interest-bearing net deb	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.
Net working capital	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.
EBIT margin	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.
EBIT	Earnings before interest and tax.	Balco believes that EBIT shows the profit generated by the operating activities.
EBITA margin	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.
EBITA	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.
Equity/asset ratio	Equity divided on total assets.	Balco believes that equity to asset ratio is a useful measure for the company's survival.
Capital employed	Equity plus interest-bearing net debt.	Capital employed is used by Balco to indicate the general capital efficiency of the company.
Capital employed excluding goodwill	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.

490 employees

7 markets

1,215 MSEK net sales 203

34,000 sqm total production area

Balco Group was established in 1987 and is a group consisting of producing and selling companies. The Group's eight brands belong to the companies Balco AB, Riikku Group Oy, 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 the Nordics and operates in several markets in northern Europe. The head office is located in Växjö, and the group has approximately 700 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