



Interim Report Q2

JANUARY – JUNE 2023

Good net sales and profitability in a challenging market

Second quarter: April - June

- Net sales amounted to 346 MSEK (351)
- Order intake amounted to 301 MSEK (364)
- Order backlog amounted to 1,195 MSEK (1,592)
- Adjusted operating profit (EBITA) improved to 31 MSEK (29)
- Operating profit (EBITA) improved to 30 MSEK (28)
- Operating profit (EBIT) amounted to 28 MSEK (28)
- Net profit after tax improved to 21 MSEK (20)
- Earnings per share improved to 1.25 SEK (1,03)
- Operating cash flow amounted to -7 MSEK (32)

The half-year period: January– June

- Net sales increased by 5 percent to 672 MSEK (640)
- Order intake amounted to 547 MSEK (656)
- Adjusted operating profit (EBITA) improved to 59 MSEK (56)
- Operating profit (EBITA) amounted to 53 MSEK (55)
- Operating profit (EBIT) amounted to 50 MSEK (53)
- Net profit after tax amounted to 34 MSEK (39)
- Earnings per share improved to 1.93 SEK (1.91)
- Operating cash flow amounted to -18 MSEK (18)

Events during the quarter and since the end of the quarter

- No significant events after the end of the period have been reported.

MSEK	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul-Jun 2022/23	Jan-Dec 2022
Net sales	346,4	351,2	672,1	639,5	1 366,1	1 333,6
Order intake	301,4	364,1	546,6	655,9	999,3	1 108,6
Order backlog	1 194,7	1 591,9	1 194,7	1 591,9	1 194,7	1 274,7
Adjusted Operating profit (EBITA)	30,9	28,9	59,3	55,7	110,8	107,2
Adjusted Operating margin (EBITA), %	8,9	8,2	8,8	8,7	8,1	8,0
Operating profit (EBITA)	30,3	28,1	53,5	54,6	103,9	105,1
Operating profit margin (EBITA), %	8,7	8,0	8,0	8,5	7,6	7,9
Operating profit (EBIT)	28,4	27,6	50,1	53,5	99,1	102,5
Operating profit margin (EBIT), %	8,2	7,8	7,5	8,4	7,3	7,7
Net profit for the period	20,6	20,3	34,3	39,4	71,0	76,2
Operating cash flow	-6,9	31,8	-17,6	18,0	164,7	200,3
Earnings per share, SEK before dilution	1,25	1,03	1,93	1,91	3,79	3,78
Earnings per share, SEK, after dilution	1,25	1,02	1,92	1,88	3,79	3,75

" The cost reductions we have made have been effective with an improved profit margin during the quarter compared to the previous year.. " - Camilla Ekdahl, President and CEO

Balco contributes to the green transformation

The outcome of the quarter was largely as expected, with good net sales, slightly pending order intake and expected profit margin.

Continued interest rate increases affect order intake

The number of inquiries and discussions about projects has increased during the second quarter compared to the first quarter. Our customers have started to get used to a higher interest rate level, but since inflation is not coming down as quickly as one would like, there is still some hesitancy to make major investment decisions. This means that some customers continue to postpone their decisions. This mainly applies to our main markets in Scandinavia, which has affected our order intake during the first half of the year. We assess that the uncertainty will remain until the central banks clearly communicate that their interest rate increases are over and that you can expect more stable interest rates going forward.

Green transformation

Balco continues to lead the balcony industry forward and as part of the green transition, we have now developed a patent-pending solution with a smartly placed air-to-air heat pump that becomes common to several apartments and where piping is integrated into the balcony, which makes the installation aesthetically pleasing. Good for the environment and really good for the residents' wallets. During the month of June, we have reached an agreement with a housing association in Norway regarding an installation, and we have also been selected as a supplier for two major projects that will be decided in the fall with the described solution.

During the quarter, Balco also took its first order in Sweden as general contractor, where we will supply solar panels together with our glazed balconies.

Balco will continue to develop the concept of "Green transformation" where the glazed balcony itself, which can provide 15-30% energy savings, becomes a trigger to make more energy-saving measures on the property, that contribute to the necessary green transition with a reduced need for fossil energy sources.

Product development

Of course, Balco also continues to invest in its core business – balconies. In recent years, we have had great success in England with our product Levitate



for the new build segment. Further development of the product has taken place continuously and now we can launch a version in aluminum, which makes the product lighter in terms of weight and thus easier to both ship and install. This product gives us the opportunity to further grow within this segment, especially in the UK. In order to optimize the material flow and reduce shipping costs, we have established final assembly of the product locally in England.

The cost reductions have been effective

The cost reductions we have made, have been effective with an increased profit margin, but we still have a lower profit margin during the quarter than we have as a long-term goal for our business. 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.

The need for renovation of balconies remains

The need for renovation of balconies remains. The balconies will not improve by postponing the measures. Around 90 percent of Balco Group's turnover comes from the renovation segment, which makes us confident that the order intake will get started again in the future.

Challenging second half of the year

Balco has a strong financial position and plans to continue to grow through selective acquisitions that strengthen our market position in existing markets.

The lower order intake the last year will probably affect net sales and earnings in the next quarter.

Camilla Ekdahl
President and CEO

The group's development

The second quarter: April – June

Net sales amounted to 346 MSEK (351). Acquired growth was 9 percent, currency effect was 1 percent and organic growth was -11 percent. Net sales for the renovation segment increased to 322 MSEK (306) and net sales for the New Build segment amounted to 24 MSEK (45).

Order intake amounted to 301 MSEK (364). The Renovation segment accounted for 288 MSEK (350) and the New Build segment accounted for 13 MSEK (14).

The order backlog amounted to 1,195 MSEK (1,592). The order backlog for the Renovation segment amounted to 1,054 MSEK (1,431) and the order backlog for the New Build segment amounted to 141 MSEK (161).

Gross profit amounted to 72 MSEK (76), entailing a gross margin of 20.9 percent (21.7). 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.

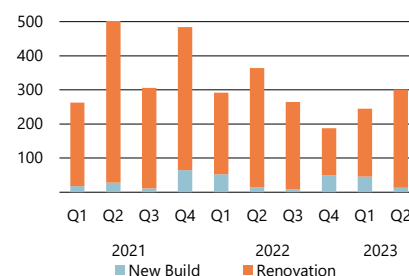
Sales costs amounted to 27 MSEK (33) and administrative costs amounted to 18 MSEK (16). Items affecting comparability of 1 MSEK were taken in the quarter linked to restructuring of the organization and acquisition costs.

Adjusted operating profit (EBITA) amounted to 31 MSEK (29), corresponding to an adjusted operating margin of 8.9 percent (8.2). Operating profit (EBITA) amounted to 30 MSEK (28), corresponding to an operating margin of 8.7 percent (8.0). Operating profit (EBIT) amounted to 28 MSEK (28), corresponding to an operating margin of 8.2 percent (7.8).

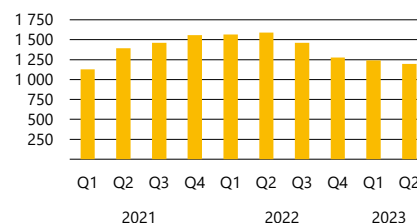
Net financial items amounted to -2 MSEK (-2), of which -0.4 MSEK (-0.5) refers to interest costs linked to right-to-use assets (leasing). Profit after tax amounted to 21 MSEK (20). Earnings per share increased to 1.25 SEK (1.03).

Operating cash flow amounted to -7 MSEK (32). 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 half-year period: January – June

Net sales increased by 5 percent to 672 MSEK (640). Acquired growth was 6 percent, currency effect was 1 percent and organic growth was -2 percent. Net sales for the Renovation segment increased to 621 MSEK (552) and the net sales for New Build segment amounted to 51 MSEK (87).

The order intake amounted to 547 MSEK (656). The Renovation segment accounted for 488 MSEK (590) and the New Build segment accounted for 59 MSEK (66).

Gross profit amounted to 142 MSEK (150), entailing a gross margin of 21.1 percent (23.4). The gross result includes items affecting comparability of 4 MSEK linked to restructuring costs. The adjusted gross profit was 145 MSEK (151) and the adjusted gross margin 21.6 percent (23.6). 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.

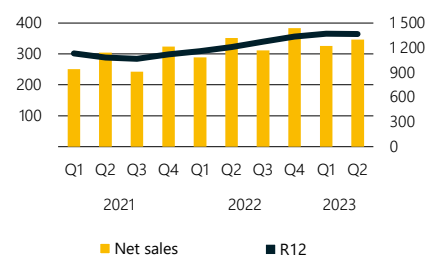
Sales costs amounted to 56 MSEK (64) and administrative costs amounted to 37 MSEK (33). Items affecting comparability of 2 MSEK are taken in connection with restructuring of the organization and acquisition costs.

Adjusted operating profit (EBITA) amounted to 59 MSEK (56), corresponding to an adjusted operating margin of 8.8 percent (8.7). Operating profit (EBITA) amounted to 53 MSEK (55), corresponding to an operating margin of 8.0 percent (8.5). Operating profit (EBIT) amounted to 50 MSEK (53), corresponding to an operating margin of 7.5 percent (8.4).

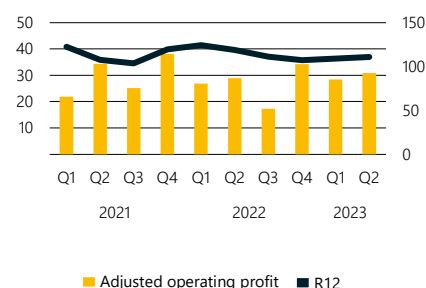
Net financial items amounted to -5 MSEK (-4), of which -0.8 MSEK (-0.9) refers to interest costs linked to right-to-use assets (leasing). Profit after tax amounted to 34 MSEK (39). Earnings per share increased to 1.93 SEK (1.91).

Operating cash flow amounted to -18 MSEK (18). 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

	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul-Jun 2022/23	Jan-Dec 2022
Tenant-owner associations	238,4	248,3	469,3	454,8	967,4	952,9
Private landlords	34,8	20,2	49,1	37,8	74,7	63,5
Publicly owned companies	14,3	19,1	31,1	31,5	52,8	53,2
Construction companies	58,9	63,6	122,6	115,4	271,2	264,0
Total net sales	346,4	351,2	672,1	639,5	1 366,1	1 333,6

Net sales per geographic market, MSEK

	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul-Jun 2022/23	Jan-Dec 2022
Sweden	229,7	222,2	437,4	399,8	873,3	835,6
Other Scandinavia	74,8	89,8	164,4	169,5	338,0	343,0
Other Europe	41,9	39,2	70,3	70,3	154,8	154,9
Total net sales	346,4	351,2	672,1	639,5	1 366,1	1 333,6

Development per segment

Renovation

Second quarter

Net sales increased by 5 percent to 322 MSEK (306). The segment accounted for 93 percent of Balco's total net sales.

Order intake amounted to 288 MSEK (350), which corresponds to 96 percent of the total order intake.

The adjusted operating profit (EBITA) improved to 30 MSEK (25) corresponding to an adjusted operating margin of 9.4 percent (8.3). Operating profit (EBIT) improved to 28 MSEK (24), corresponding to an operating margin of 8.8 percent (7.9).

The half-year period

Net sales increased by 13 percent to 621 MSEK (552). The segment accounted for 92 percent of Balco's total net sales.

Order intake amounted to 488 MSEK (590), which corresponds to 89 percent of the total order intake.

The adjusted operating profit improved to 56 MSEK (50) corresponding to an adjusted operating margin of 9.0 percent (9.0). Items affecting comparability are included with 5 MSEK linked restructuring costs. Operating profit amounted to 48 MSEK (48), corresponding to an operating margin of 7.7 percent (8.7).

The order backlog amounted to 1,054 MSEK (1,431) which corresponds to 88 percent of the total order backlog.

Renovation, MSEK	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul-Jun 2022/23	Jan-Dec 2022
Net sales	322,1	305,8	621,3	552,2	1 232,5	1 163,5
Adjusted Operating profit (EBITA)	30,3	25,5	56,0	49,7	106,4	100,1
Adjusted Operating margin (EBITA)	9,4	8,3	9,0	9,0	8,6	8,6
Order intake	288,4	350,3	487,5	589,7	881,7	983,9
Order backlog	1 054,0	1 431,0	1 054,0	1 431,0	1 054,0	1 145,6

New build

Second quarter

Net sales amounted to 24 MSEK (45). The segment accounted for 7 percent of Balco's total net sales.

Order intake amounted to 13 MSEK (14) which corresponds to 4 percent of the total order intake.

The adjusted operating profit (EBITA) amounted to 0.3 MSEK (3) corresponding to an adjusted operating margin of 1.3 percent (7.5). 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 and that some projects in Great Britain have been stopped as customers have financial problems.

The half-year period

Net sales amounted to 51 MSEK (87). The segment accounted for 8 percent of Balco's total net sales.

Order intake amounted to 59 MSEK (66) which corresponds to 11 percent of the total order intake.

The adjusted operating profit (EBITA) amounted to 2 MSEK (6) corresponding to an adjusted operating margin of 3.3 percent (6.7).

The order backlog amounted to 141 MSEK (161), which corresponds to 12 percent of the total order backlog.

New Build, MSEK	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul-Jun 2022/23	Jan-Dec 2022
Net sales	24,3	45,3	50,8	87,3	133,6	170,1
Adjusted Operating profit (EBITA)	0,3	3,4	1,7	5,9	6,6	10,8
Adjusted Operating margin (EBITA)	1,3	7,5	3,3	6,7	4,9	6,3
Order intake	13,1	13,8	59,1	66,2	117,6	124,7
Order backlog	140,7	160,9	140,7	160,9	140,7	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 (200). Interest-bearing net debt including leasing debt in relation to adjusted EBITDA amounted to 1.5 times (1.3).

Interest-bearing net debt excluding leasing debt amounted to 149 MSEK (115). Interest-bearing net debt excluding leasing debt in relation to adjusted EBITDA amounted to 1.2 times (0.7).

At the end of the half-year period, the Group's equity amounted to 757 MSEK (712).

The Group's equity ratio was 56 percent (55).

MSEK	30-jun 2023	30-jun 2022	31-dec 2022
Non-current liabilities to credit institutions	176,3	122,5	72,6
Leasing liabilities non-current	57,1	67,3	63,3
Current liabilities to credit institutions	0,4	0,4	0,8
Leasing liabilities current	16,6	18,7	20,0
Cash and cash equivalents	-27,5	-8,4	-51,9
Interest-bearing net debt incl leasing debt	222,9	200,5	104,8
<i>Interest-bearing net debt excl leasing debt</i>	<i>149,2</i>	<i>114,5</i>	<i>21,6</i>
Interest-bearing net debt incl. leasing/EBITDA (12 months), times	1,5 x	1,3 x	0,7 x
<i>Interest-bearing net debt excl. leasing/EBITDA (12 months), times</i>	<i>1,2 x</i>	<i>0,7 x</i>	<i>0,2 x</i>
Equity/assets ratio, %	56,2	54,6	56,3

Cash flow, investments and amortization/depreciation

For the half-year period, cash flow from operating activities amounted to -50 MSEK (-27).

Cash flow from investing activities amounted to -48 MSEK (-10), of which -2 MSEK (-6) was replacement investments and -7 MSEK (-4) expansion investments and -39 MSEK (0) acquisition of shares in subsidiaries.

Cash flow from financing activities amounted to 71 MSEK (-73) where the largest items refer to dividends paid of -16 MSEK (-22) and increased utilization of the revolving credit facility of 100 MSEK (-50).

Cash flow for the half-year period amounted to -26 MSEK (-110).

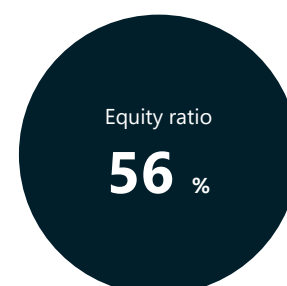
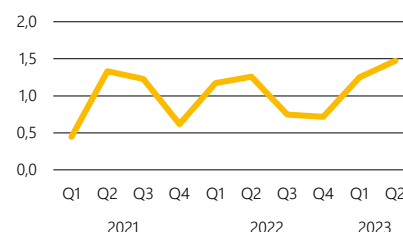
Depreciation for the half-year period amounted to 23 MSEK (20), of which 12 MSEK (11) refers to depreciation linked to right-to-use assets (leasing) and 3 MSEK (1) refers to amortization of acquired intangible assets.

The Parent Company

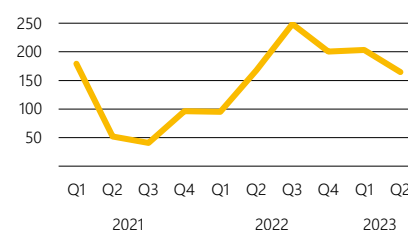
The Parent Company has its registered office in Växjö and conducts operations directly as well as through Swedish and foreign subsidiaries. The Parent Company's operations are focused primarily on strategic development, financial control, corporate governance issues, board work and relations with banks.

The operating result for the half-year period amounted to 3 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.

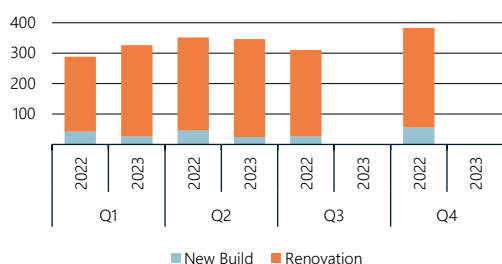
Segment - Renovation



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



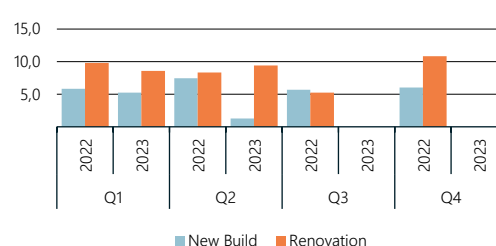
Segment – New Build



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.

Other information

Employees

At the end of June 2023 Balco had 527 (506) full-time employees. The increase comes from the three acquired companies Söderåsens Mur & Kakel AB, Arutex AB and NMT Montageteknik i Norden AB, as well as the fact that more own assemblers have been hired instead of working with subcontractors

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 June 2023, there were 21,909,348 shares in Balco, corresponding to a share capital of 131,461,248 SEK. There were 5,532 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.

Strong 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 net sales and cash flow between quarters. The uncertainty around when inflation will come down and the central banks will stop raising interest rates will probably have an impact on our order intake in the coming quarters. Net sales and profit will probably be affected next quarter, despite implemented cost savings, due to weak order intake the last year.

Events during the quarter and since the end of the quarter

No significant events after the end of the period have been reported..

Financial targets

Revenue growth

Balco shall achieve growth of 10 percent per year.

Profitability

Earnings per share shall grow by 20 percent per year.

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.

Sustainability

More than 30 percent of the group's net sales shall be within the EU taxonomy.

This half-year report has not been the subject of a general review by the Company's auditors in accordance with ISRE 2410.

This information comprises such information as Balco Group AB is obliged to publish in accordance with the EU Market Abuse Regulation and the Securities Market Act. The information was provided by the contact persons below for publication on July 14, 2023 at 13:00 CEST.

The Board of Directors and President certify that the half-year report gives a true and fair presentation of the Parent Company's and Group's business, financial position and result of operations, and describes the material risks and uncertainties facing the Parent Company and the Group.

Växjö, July 14, 2023

Ingalill Berglund
Chairman of the Board

Mikael Andersson
Board member

Vibecke Hverven
Board member

Carl-Mikael Lindholm
Board member

Johannes Nyberg
Board member

Thomas Widstrand
Board member

Camilla Ekdahl
President and CEO

Web conference

A webcast conference call will be held at 14:00 CET July 14, 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/balcoq2-2023/>

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

SE: +46 8 5050 0829
PIN: 875 9209 4583#

For more information, please contact:

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Calendar 2023

Interim report Jan-Sep 2023	October 30, 2023
Year-end report Jan-Dec 2023	February 5, 2024
Interim report Jan-Mar 2024	April 29, 2023
Annual General Meeting 2024	May 14, 2023
Interim report Jan-Jun 2024	July 12, 2023

Consolidated statement of comprehensive income

MSEK	Note	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul-Jun 2022/23	Jan-Dec 2022
Net sales		346,4	351,2	672,1	639,5	1 366,1	1 333,6
Production and project costs		-274,0	-275,1	-530,6	-489,8	-1 086,8	-1 046,0
Gross profit		72,4	76,1	141,5	149,8	279,4	287,6
Sales costs		-27,1	-32,8	-56,3	-63,8	-118,9	-126,4
Administration costs		-17,7	-16,2	-37,2	-32,9	-75,2	-71,0
Other operating income		1,0	0,4	2,1	0,4	14,0	12,3
Other operating expenses		-0,1	-	-0,1	-	-0,2	-0,0
Operating costs		-44,0	-48,5	-91,5	-96,3	-180,3	-185,1
Operating profit		28,4	27,6	50,1	53,5	99,1	102,5
Finance income		0,9	0,1	1,8	0,1	2,7	1,0
Finance costs		-2,7	-2,1	-6,9	-3,6	-12,1	-8,8
Profit before tax		26,7	25,5	45,0	49,9	89,7	94,6
Income tax		-6,0	-5,2	-10,7	-10,5	-18,6	-18,5
Net profit for the period		20,6	20,3	34,3	39,4	71,0	76,2
Other comprehensive income							
Items that may later be reclassified to the income statement							
Translation difference when translating foreign operations		6,8	2,2	8,0	2,5	12,4	6,9
Comprehensive income for the period		27,4	22,5	42,3	41,9	83,5	83,1
Of which attributable to:							
Parent company's shareholders		27,4	22,5	42,4	41,9	83,2	82,8
Non-controlling interest		-0,0	-	-0,1	-	0,2	0,3
Comprehensive income for the period		27,4	22,5	42,3	41,9	83,5	83,1
Earnings per share, SEK, before dilution	4	1,25	1,03	1,93	1,91	3,79	3,78
Earnings per share, SEK, after dilution	4	1,25	1,02	1,92	1,88	3,79	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	22 116	21 909	22 116	21 909	22 106

Consolidated balance sheet in summary

MSEK	30-jun 2023	30-jun 2022	31-dec 2022
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	485,6	448,2	457,8
Other intangible assets	143,9	109,3	135,3
Total intangible assets	629,5	557,5	593,1
Tangible assets			
Right-to-use assets	72,7	85,2	82,3
Property, plant and equipment	169,9	155,2	158,8
Total tangible assets	242,6	240,4	241,1
Deferred tax assets	0,7	0,0	1,0
Total non-current assets	872,7	798,2	835,2
Current assets			
Inventory	60,0	63,0	58,4
Accounts receivables	155,2	188,7	174,8
Contract assets	163,0	181,3	111,9
Current tax receivables	37,6	22,8	22,0
Other current receivables	29,4	41,8	42,4
Cash and cash equivalents	27,5	8,4	51,9
Total current assets	472,6	505,9	461,4
TOTAL ASSETS	1 345,3	1 304,1	1 296,6
EQUITY AND LIABILITIES			
Equity			
Share capital	131,5	131,5	131,5
Other capital contributions	406,3	405,1	406,3
Reserves	16,2	3,8	8,3
Retained earnings, incl. profit for year	201,7	171,6	183,7
Equity attributable to Parent Company's shareholders	755,7	712,0	729,8
Non-controlling interest	1,1	-	1,2
TOTAL EQUITY	756,8	712,0	731,0
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	176,3	122,5	72,6
Leasing liabilities	57,1	67,3	63,3
Other non-current liabilities	18,7	28,9	18,4
Deferred tax liabilities	42,5	33,0	40,0
Total non-current liabilities	294,7	251,7	194,3
Current liabilities			
Liabilities to credit institutions	0,4	0,4	0,8
Leasing liabilities	16,6	18,7	20,0
Contract liabilities	66,3	97,0	124,9
Accounts payables	106,0	123,3	122,8
Current tax liabilities	5,2	3,7	3,6
Other current liabilities	32,6	28,6	38,2
Accrued expenses and prepaid income	66,7	68,7	61,1
Total current liabilities	293,8	340,4	371,3
TOTAL EQUITY AND LIABILITIES	1 345,3	1 304,1	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
Comprehensive income for the period						
Profit for the period	-	-	-	39,4	-	39,4
Other comprehensive income for the period	-	-	2,5	-	-	2,5
Total comprehensive income for the period	-	-	2,5	39,4	-	41,9
Acquisition of non-controlling interest	-	-	-	-	-	-
Transactions with shareholders:						
Distributed dividend	-	-	-	-21,9	-	-21,9
New warrants issue	-	-	-	-	-	-
Total transactions with Company owners	-	-	-	-21,9	-	-21,9
Closing balance 30 Jun 2022	131,5	405,1	3,8	171,6	-	712,0
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	-	-	-	34,4	-0,1	34,3
Other comprehensive income for the period	-	-	8,0	-	-	8,0
Total comprehensive income for the period	-	-	8,0	34,4	-0,1	42,3
Acquisition of non-controlling interest	-	-	-	-	-	-
Transactions with shareholders:						
Distributed dividend	-	-	-	-16,4	-	-16,4
New warrants issue	-	-	-	-	-	-
Total transactions with Company owners	-	-	-	-16,4	-	-16,4
Closing balance 30 Jun 2023	131,5	406,3	16,2	201,7	1,1	756,8

Consolidated Cash Flow Statements in summary

MSEK	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul-Jun 2022/23	Jan-Dec 2022
Operating activities						
Operating profit (EBIT)	28,4	27,6	50,1	53,5	99,1	102,5
Adjustment for non-cash items	11,1	4,3	25,1	8,9	48,4	32,2
Interest received	0,9	0,2	1,8	0,4	2,4	1,0
Interest paid	-2,3	-1,9	-6,1	-3,4	-9,7	-7,0
Income tax paid	-6,1	-11,7	-25,0	-35,5	-30,5	-41,0
Cash flow from operating activities before changes in working capital	32,1	18,4	45,9	23,8	109,8	87,7
Changes in working capital						
Increase (-)/Decrease (+) in inventories	2,4	-7,1	-0,6	-9,6	4,4	-4,6
Increase (-)/Decrease (+) in current assets	-19,5	-28,0	-2,5	-83,1	83,5	2,9
Increase (+)/Decrease (-) in current liabilities	-29,5	31,5	-92,4	41,9	-67,2	67,1
Cash flow from operating activities	-14,4	14,8	-49,5	-26,9	130,4	153,0
Cash flow from investing activities						
Investments in intangible fixed assets	-0,9	-0,1	-3,0	-0,1	-10,1	-7,2
Investments in tangible fixed assets	-3,3	-6,4	-5,4	-9,5	-12,8	-16,9
Acquisitions of operations	-	-	-39,5	-	-68,0	-28,5
Changes in other non-current assets/liabilities	-	-0,3	-	0,4	-0,4	-
Cash flow from investing activities	-4,1	-6,7	-47,9	-9,3	-91,2	-52,6
Cash flow from financing activities						
Changes in bank loans	50,0	-0,1	99,5	-50,2	50,0	-99,7
Changes in leasing	-5,4	0,5	-11,7	-1,6	-35,5	-25,4
New warrants issue	-0,0	-	0,0	-	1,2	1,2
Distributed dividend	-16,4	-21,9	-16,4	-21,9	-38,3	-43,8
Cash flow from financing activities	28,2	-21,5	71,3	-73,7	-22,7	-167,7
Cash flow for the period	9,6	-13,4	-26,1	-109,9	16,5	-67,3
Cash and cash equivalents at beginning of the period	16,4	21,0	51,9	117,5	8,4	117,5
Exchange rate differential cash and cash equivalents	1,5	0,7	1,7	0,8	2,5	1,6
Cash and cash equivalents at end of the period	27,5	8,4	27,5	8,4	27,5	51,9

Key ratios

MSEK	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul-Jun 2022/23	Jan-Dec 2022
Net sales	346,4	351,2	672,1	639,5	1 366,1	1 333,6
Order intake	301,4	364,1	546,6	655,9	999,3	1 108,6
Order backlog	1 194,7	1 591,9	1 194,7	1 591,9	1 194,7	1 274,7
Gross profit	72,4	76,1	141,5	149,8	279,4	287,6
Adjusted Gross Profit	72,5	77,2	145,4	150,9	287,1	292,6
EBITDA	40,1	38,0	73,4	73,5	144,4	144,5
Adjusted EBITDA	40,7	38,8	79,2	74,5	151,4	146,6
Operating profit (EBITA)	30,3	28,1	53,5	54,6	103,9	105,1
Adjusted operating profit (EBITA)	30,9	28,9	59,3	55,7	110,8	107,2
Operating profit (EBIT)	28,4	27,6	50,1	53,5	99,1	102,5
Adjusted operating profit (EBIT)	29,0	28,4	55,9	54,5	106,0	104,6
Gross profit margin, %	20,9	21,7	21,1	23,4	20,4	21,6
Adjusted gross margin, %	20,9	22,0	21,6	23,6	21,0	21,9
EBITDA margin, %	11,6	10,8	10,9	11,5	10,6	10,8
Adjusted EBITDA margin, %	11,8	11,1	11,8	11,6	11,1	11,0
Operating profit margin (EBITA), %	8,7	8,0	8,0	8,5	10,4	9,5
Adjusted operating profit margin (EBITA), %	8,9	8,2	8,8	8,7	9,3	8,4
Operating profit margin (EBIT), %	8,2	7,8	7,5	8,4	7,3	7,7
Adjusted operating profit margin (EBIT), %	8,4	8,1	8,3	8,5	7,8	7,8
Operating cash flow	-6,9	31,8	-17,6	18,0	164,7	200,3
Operating cash conversion, %	-16,8	81,8	-22,3	24,2	108,8	136,6
Capital employed, average	955,0	907,0	906,7	850,7	945,6	716,4
Capital employed, excl. goodwill, average	469,6	458,9	434,9	402,6	478,7	292,0
Equity, average	750,3	711,7	742,8	702,0	733,9	645,3
Interest-bearing net debt incl leasing debt	222,9	200,5	222,9	200,5	222,9	104,8
Interest-bearing net debt excl leasing debt	149,2	114,5	149,2	114,5	149,2	21,6
Interest-bearing net debt incl. leasing/Adjusted EBITDA 12 months, times	1,5	1,3	1,5	1,3	1,5	0,7
Interest-bearing net debt excl. leasing/EBITDA (12 months), times	1,2	0,7	1,2	0,7	1,2	0,2
Return on capital employed, %, (12 months)	11,1	13,0	11,7	13,8	11,2	14,6
Return on capital employed, excl. goodwill, %, (12 months)	22,6	25,7	24,4	29,2	22,2	35,8
Return on invested capital, %, (12 months)	9,5	12,3	9,6	12,5	9,7	11,8
Equity/assets ratio, %	56,2	54,6	56,2	55,1	55,4	52,3
Number of full-time employees on the closing date	527	506	527	506	527	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	22 116	21 909	22 116	21 909	22 106
Equity per share, SEK	34,24	32,18	33,90	31,74	33,50	29,19

Parent Company, income statement in summary

MSEK	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul-Jun 2022/23	Jan-Dec 2022
Net sales	6,1	6,5	12,2	13,0	25,2	26,0
Administrative expenses	-4,4	-3,9	-9,4	-9,4	-24,1	-24,2
Operating profit	1,7	2,6	2,8	3,5	1,1	1,8
Interest income and similar profit/loss items	2,2	0,5	15,8	0,9	18,2	3,3
Interest expenses and similar profit/loss items	-4,8	-1,2	-9,4	-2,1	-15,3	-8,1
Dividend	-	-	-	-	-	-
Profit/loss after financial items	-0,9	1,9	9,2	2,3	4,0	-2,9
Appropriations	-	-	-	-	62,0	62,0
Tax	0,2	-0,4	0,7	-0,5	-11,1	-12,3
Net profit/loss for the period	-0,7	1,5	9,9	1,8	54,9	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	30-jun 2023	30-jun 2022	31-dec 2022
ASSETS			
Non-current assets			
Financial assets			
Shares in group companies	746,1	683,2	702,5
Other non-current assets	2,8	2,0	3,1
Total non-current assets	748,9	685,2	705,5
Current assets			
Receivables from group companies	155,3	142,9	126,3
Other current receivables	36,6	17,5	25,7
Cash and cash equivalents	16,1	7,3	46,3
Total current assets	208,1	167,8	198,3
TOTAL ASSETS	956,9	853,0	903,8
EQUITY AND LIABILITIES			
Equity			
Restricted equity	131,5	131,5	131,5
Non-restricted equity	334,8	317,0	341,2
Total equity	466,2	448,5	472,7
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	150,0	100,0	50,0
Other non-current liabilities	20,4	30,2	20,3
Total non-current liabilities	170,4	130,2	70,3
Current liabilities			
Liabilities to group companies	307,8	268,5	352,0
Other current liabilities	12,5	5,9	8,8
Total current liabilities	320,3	274,4	360,8
TOTAL EQUITY AND LIABILITIES	956,9	853,0	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 1.6 MSEK (1.8) at the end of the period while financial liabilities at fair value amounted to 3.2 MSEK (0.2). 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.

Apr-Jun MSEK	Renovation		New Build		Group-wide		Eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales – External revenue	322,1	305,8	24,3	45,3	-	-	-	-	346,4	351,2
Net sales – Internal revenue	-	-	-	-	6,1	6,7	-6,1	-6,7	-	-
Total sales	322,1	305,8	24,3	45,3	6,1	6,7	-6,1	-6,7	346,4	351,2
Operating profit (EBIT)	28,2	24,2	0,3	3,3	-0,0	0,0	-	-	28,4	27,6
Depreciation included with	10,3	9,2	1,4	1,2	-	-	-	-	11,7	10,4
of which amortization	1,8	0,4	0,0	0,1	-	-	-	-	1,8	0,5
Items affecting comparison	0,3	0,8	-	-	0,3	-	-	-	0,6	0,8
Adjusted operating profit (EBITA)	30,3	25,5	0,3	3,4	0,2	0,0	-	-	30,9	28,9
Adjusted operating margin	9,4%	8,3%	1,3%	7,5%					8,9%	8,2%
Operating profit (EBIT)	28,2	24,2	0,3	3,3	-0,0	0,0	-	-	28,4	27,6
Finance income	-	-	-	-	0,9	0,1	-	-	0,9	0,1
Finance cost	-	-	-	-	-2,7	-2,1	-	-	-2,7	-2,1
Profit before tax	28,2	24,2	0,3	3,3	-1,8	-2,0	-	-	26,7	25,5
Jan-Jun MSEK	Renovation		New Build		Group-wide		Eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales – External revenue	621,3	552,2	50,8	87,3	-	-	-	-	672,1	639,5
Net sales – Internal revenue	-	-	-	-	12,2	13,3	-12,2	-13,3	-	-
Total sales	621,3	552,2	50,8	87,3	12,2	13,3	-12,2	-13,3	672,1	639,5
Operating profit (EBIT)	47,8	47,9	1,5	5,7	0,7	-0,1	-	-	50,1	53,5
Depreciation included with	21,4	17,1	2,0	2,9	-	-	-	-	23,3	20,0
of which amortization	3,2	1,0	0,2	0,2	-	-	-	-	3,4	1,2
Items affecting comparison	4,9	0,8	-	-	0,9	0,2	-	-	5,8	1,0
Adjusted operating profit (EBITA)	56,0	49,7	1,7	5,9	1,6	0,1	-	-	59,3	55,7
Adjusted operating margin (EBITA)	9,0%	9,0%	3,3%	6,7%					8,8%	8,7%
Operating profit (EBIT)	47,8	47,9	1,5	5,7	0,7	-0,1	-	-	50,1	53,5
Finance income	-	-	-	-	1,8	0,1	-	-	1,8	0,1
Finance cost	-	-	-	-	-6,9	-3,6	-	-	-6,9	-3,6
Profit before tax	47,8	47,9	1,5	5,7	-4,3	-3,6	-	-	45,0	49,9

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	30-jun 2023	30-jun 2022	31-dec 2022
Interest-bearing net debt incl leasing debt			
Non-current interest-bearing liabilities	233,4	189,8	135,9
Current interest-bearing liabilities	17,0	19,1	20,7
Cash and cash equivalents	-27,5	-8,4	-51,9
Interest-bearing net debt incl leasing debt	222,9	200,5	104,8
Adjusted EBITDA (R12)	151,4	159,5	146,6
Interest-bearing net debt/EBITDA (R12), times	1,5	1,3	0,7
Interest-bearing net debt excl leasing debt			
Interest-bearing net debt incl leasing debt	222,9	200,5	104,8
Leasing liabilities non-current	-57,1	-67,3	-63,3
Leasing liabilities current	-16,6	-18,7	-20,0
Interest-bearing net debt excl leasing debt	149,2	114,5	21,6
Interest-bearing net debt/EBITDA excl leasing (R12), times			
Adjusted EBITDA (R12)	151,4	159,5	146,6
Leasing depreciations (R12)	-25,8	-20,5	-23,4
<i>Adjusted EBITDA (R12) excl leasing depreciations</i>	<i>125,5</i>	<i>139,0</i>	<i>123,2</i>
Interest-bearing net debt/EBITDA excl leasing (R12), times	1,2	0,8	0,2
Return on capital employed			
Equity	755,7	712,0	729,8
Interest-bearing net debt	222,9	200,5	104,8
Average capital employed	945,6	872,8	811,8
Adjusted operating profit (EBIT), (R12)	106,0	117,7	104,6
Return on capital employed, %	11,2	13,5	12,9
Equity/assets ratio			
Equity attributable to owners of the parent company	755,7	712,0	729,8
Total assets	1 345,3	1 304,1	1 296,6
Equity/assets ratio, %	56,2	54,6	56,3

MSEK	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul-Jun 2022/23	Jan-Dec 2022
Adjusted operating profit (EBIT)						
Operating profit (EBIT)	28,4	27,6	50,1	53,5	99,1	102,5
Items affecting comparison						
Adjustment of earn-out	-	-	-	-	-10,7	-10,7
Re-structuring costs	0,3	0,8	4,9	0,8	16,5	12,3
Acquisition costs	0,3	-	0,9	0,2	1,1	0,5
Adjusted operating profit (EBIT)	29,0	28,4	55,9	54,5	106,0	104,6
Operating profit (EBITA)	-	-	-	-	-	-
Operating profit (EBIT)	28,4	27,6	50,1	53,5	99,1	102,5
Amortization	1,8	0,5	3,4	1,2	4,8	2,6
Operating profit (EBITA)	30,3	28,1	53,5	54,6	103,9	105,1
Adjusted operating profit (EBITA)	-	-	-	-	-	-
Adjusted operating profit (EBIT)	29,0	28,4	55,9	54,5	106,0	104,6
Amortization	1,8	0,5	3,4	1,2	4,8	2,6
Adjusted operating profit (EBITA)	30,9	28,9	59,3	55,7	110,8	107,2
EBITDA						
Operating profit (EBIT)	28,4	27,6	50,1	53,5	99,1	102,5
Depreciation and amortization	11,7	10,4	23,3	20,0	45,3	42,0
EBITDA	40,1	38,0	73,4	73,5	144,4	144,5
Adjusted EBITDA						
Adjusted operating profit (EBIT)	29,0	28,4	55,9	54,5	106,0	104,6
Depreciation and amortization	11,7	10,4	23,3	20,0	45,3	42,0
Adjusted EBITDA	40,7	38,8	79,2	74,5	151,4	146,6
Investments, excluding expansion investments						
Investments in intangible fixed assets	-0,9	-0,1	-3,0	-0,1	-10,1	-7,2
Investments in tangible fixed assets	-3,3	-6,4	-5,4	-9,5	-12,8	-16,9
of which expansion investments	4,1	2,9	6,8	3,9	15,0	12,1
Investments, excluding expansion investments	-	-3,5	-1,6	-5,8	-7,9	-12,0
Operating cash flow						
Adjusted EBITDA	40,7	38,8	79,2	74,5	151,4	146,6
Changes in working capital	-47,6	-3,5	-95,3	-50,7	21,2	65,7
Investments, excluding expansion investments	-	-3,5	-1,6	-5,8	-7,9	-12,0
Operating cash flow	-6,9	31,8	-17,6	18,0	164,7	200,3
Net Sales excluding acquisitions						
Net Sales	346,4	351,2	672,1	639,5	1 366,1	1 333,6
Acquired net sales	-30,6	-	-40,1	-33,4	-53,3	-46,6
Net Sales excluding acquisitions	315,8	351,2	632,0	606,2	1 312,8	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

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 EBIT 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 EBIT 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.

527 employees

7 markets

1 366 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