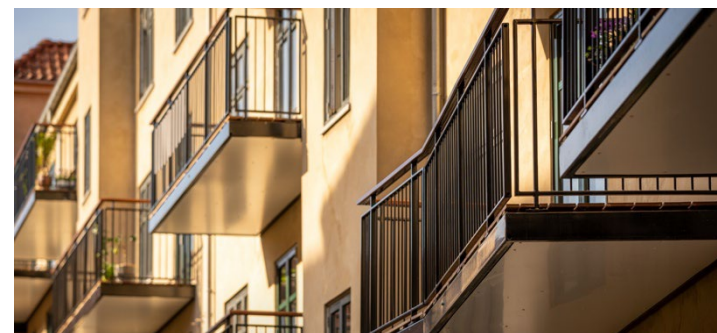


BALCO | GROUP

Q1 Report 2025

January - March

CAMILLA EKDAHL, CEO
MICHAEL GRINDBORN, CFO



BALCO / RIIKKU / BALCO ALTANER / RK TEKNIK / TBO-HAGLINDS /
STORA FASAD / SÖDERÅSEN / SUOMEN OHUTLEVYASENNUS

Snapshot of Balco Group

The Group

- Balco Group was founded in 1987 and consists of the companies Balco, Riikku, RK Teknik, TBO-Haglinds, Balco Altaner, Stora Fasad, Söderåsens Mur & Kakel and Suomen ohutlevyasennus.
- The head office is in Växjö, and the group has approximately 650 employees.

The offering

- Balco operates in two main segments: renovations and new build.
- The core expertise is supplying glazed balconies and balcony solutions, primarily on the renovation market and to tenant-owner associations and replacing existing balconies with new glazed balconies according to the Balco method.
- However, the group has a broad offering of balcony solutions, including both open and glazed balconies, as well as complementary offerings such as façade renovations.

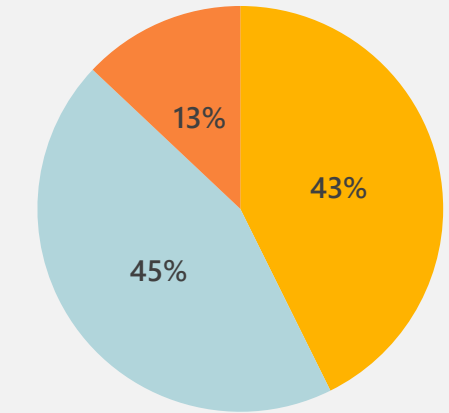
The market

- Balco Group is the market leader in the Nordics with key markets being Sweden, Denmark, Norway and Finland.
- Strong challenger position on other northern European markets.

Energy-savings

- All glazing of a balcony results in energy savings. Simpler glazing provides 5 to 10 percent energy savings, while Balco's patented glazing provides a documented energy saving of 20 to 30 percent.
- Facade renovation with additional insulation give energy savings of up to 10 percent.

REVENUE PER MARKET (2024)



■ Sweden ■ Other Nordics ■ Other Europe



Major structural changes made

Adjusted EBITA-margin

Adjusted EBITA-margin amounted to -0,9% (5,0%).

- Delays in processes
- Over capacity in production
- Project deviations in one big project

Actions taken

- Major reduction of manning in Finland and Denmark
- Close production in Arboga, move to existing plants in Växjö and Poland.

Structural costs

- Structural costs for planned and implemented actions taken in the quarter, 31 MSEK.
- Yearly savings of roughly 60 MSEK.

Net sales

- Net sales decreased by 3 percent to 316 MSEK (326).

Order intake

- Order intake was lower than same period previous year, 275 MSEK (352 MSEK). Big projects were taken in Q1 2024.
- All Swedish balcony companies and our Finnish, Riikku, had a better order intake this year.

Q1 2025

Net sales

316 MSEK
Jan – Mar 2025

326 MSEK
Jan – Mar 2024



Market update

Throughout 2024, we saw an increase in the number of requests for quotations, and the trend continues in the first quarter as well.

However, the recovery in general growth is slower than all economic forecasts indicated in the autumn of 2024.

There is increased customer activity in the renovation segment for our balcony companies in Sweden and Norway. Suffers from delays in the permission processes.

The Finnish new build market has bottomed out, but we do not yet see a rapid return for new construction of multi-family buildings in any of the Nordic countries.

We continue to have a good activity in new build segment in UK and Germany. We have invested in more local design resources.

There continues to be a strained competitive situation for our Swedish façade companies and our balcony company in Denmark.

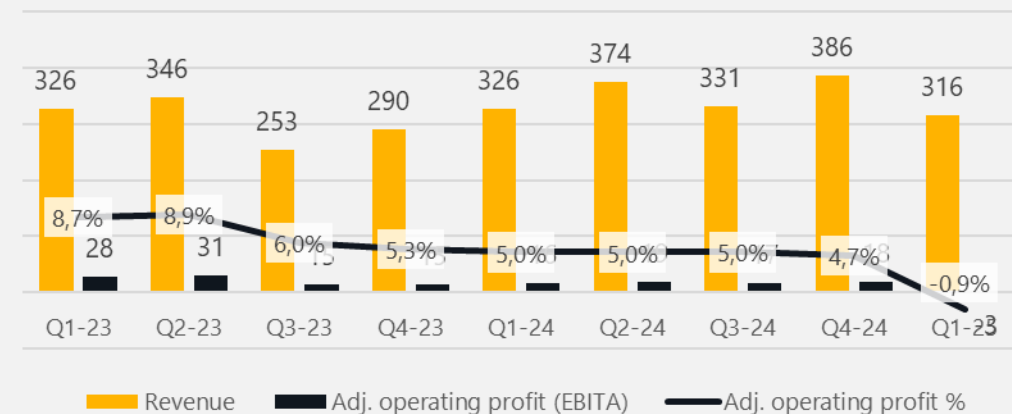
The maritime segment has started up again with new orders on ships to the shipyards.



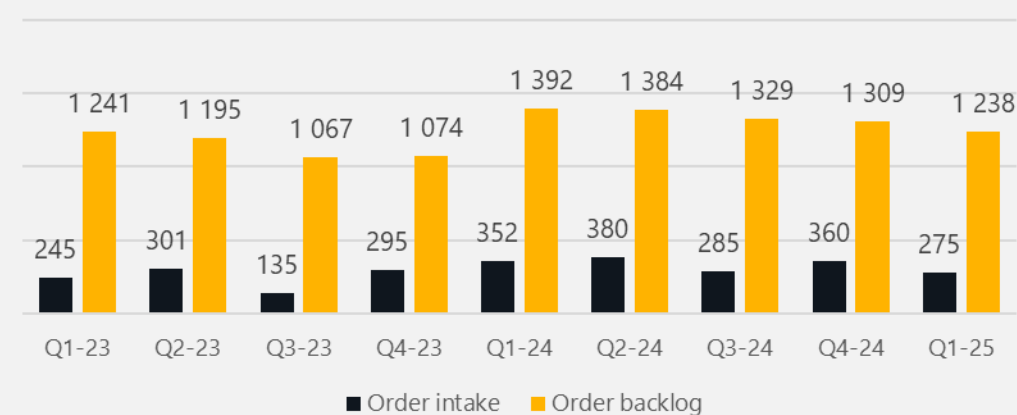
Quarterly results

- **Net sales** amounted to 316 MSEK (326). Acquired growth was 8 percent, currency effect was -1 percent, and organic growth was -10 percent.
- **Adjusted operating result (EBITA)** amounted to -3 MSEK (16), corresponding to an adjusted EBITA-margin of -0.9 percent (5.0).
- **Order intake** amounted to 275 MSEK (352).
- **Order backlog** amounted to 1,238 MSEK (1,392).
- **Adjusted earnings per share** amounted to -0.24 SEK (0.11).
Earnings per share amounted to -1.31 SEK (0.00)
- **Operating cash flow** amounted to 1 MSEK (34).

REVENUE AND ADJUSTED OPERATING PROFIT, MSEK



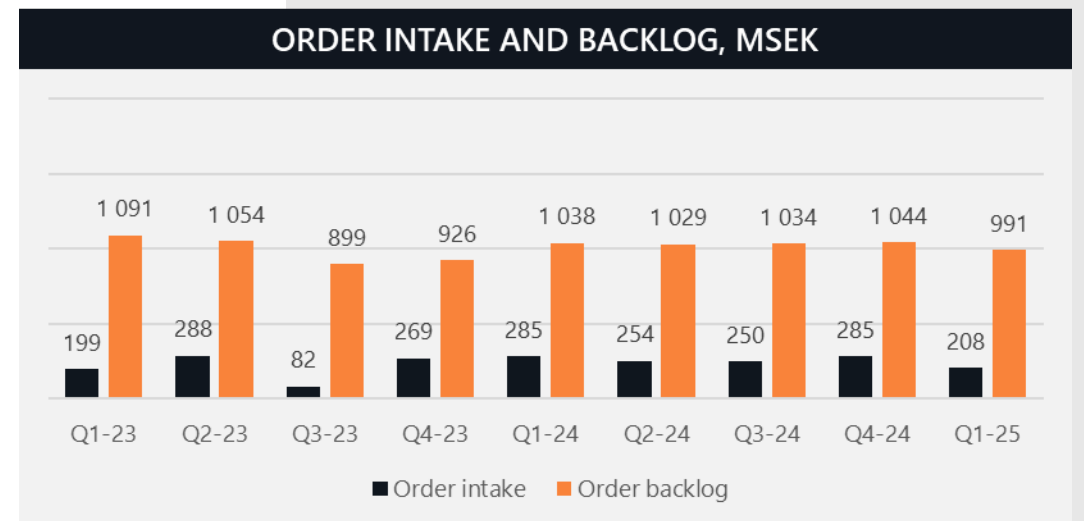
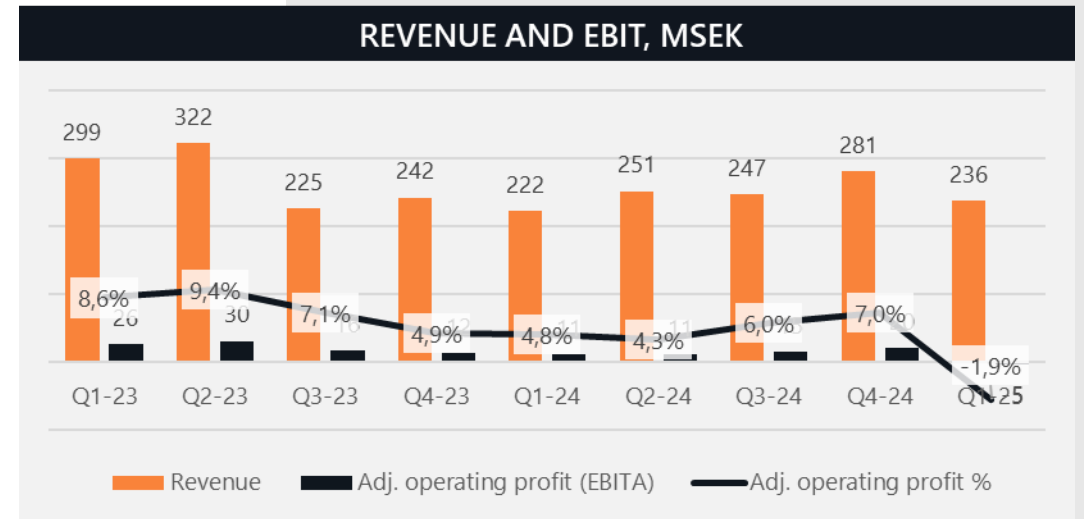
ORDER INTAKE AND BACKLOG, MSEK



Renovation

- **Net sales** in the quarter increased to 236 MSEK (222), which corresponds to 75 percent (68) of the total net sales.
- **Order intake** in the quarter amounted to 208 MSEK (285), which corresponds to 76 percent (81) of the total order intake.
- **Adjusted operating result (EBITA)** in the quarter amounted to -5 MSEK (11), corresponding to an adjusted operating margin of -1.9 percent (4.8).
- **Order backlog** amounted to 991 MSEK (1,038) which corresponds to 80 percent (75) of the total order backlog

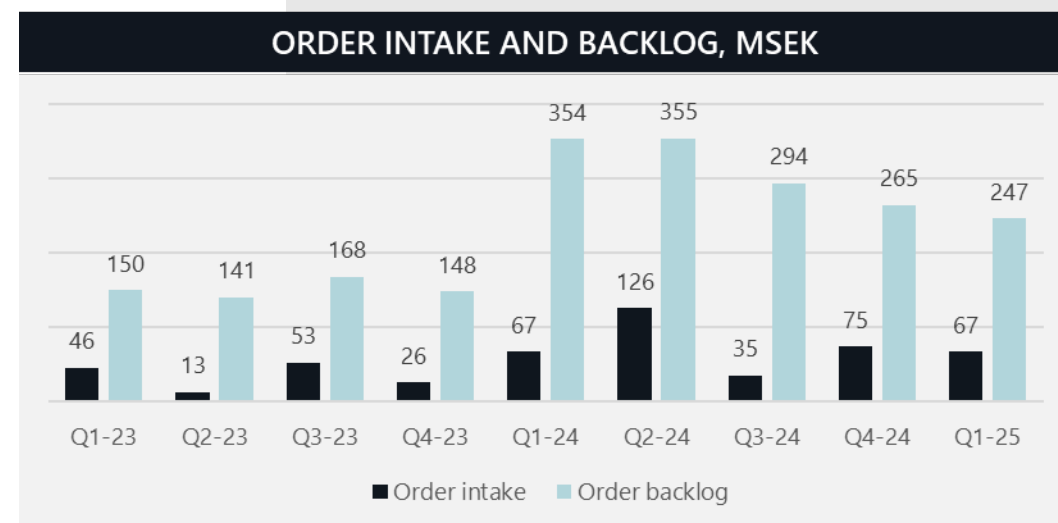
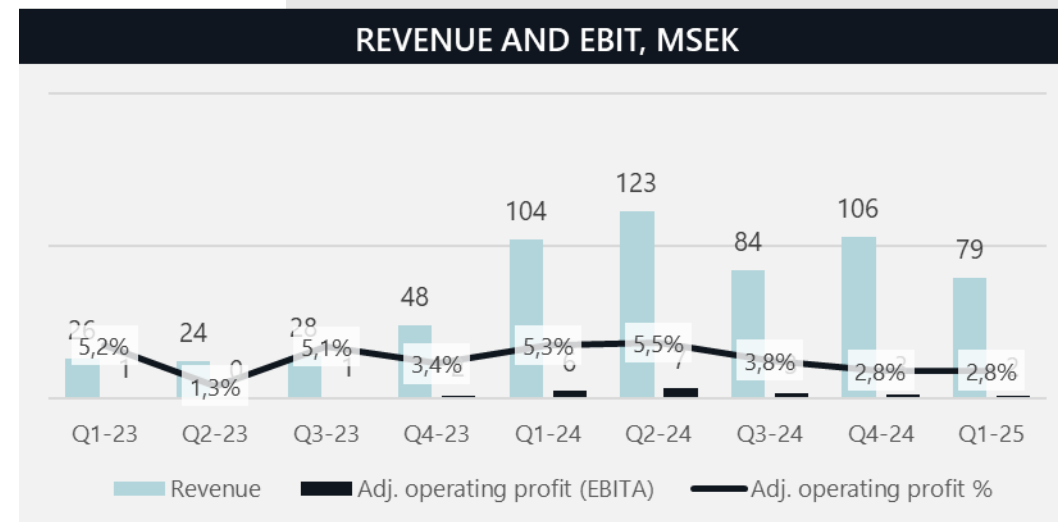
Renovation, MSEK	Jan-Mar 2025	Jan-Mar 2024	Apr-Mar 2024/25	Jan-Dec 2024
Net sales	236,4	222,0	1 014,6	1 000,2
Adjusted operating profit (EBITA)	-4,6	10,7	40,5	55,8
Adjusted operating margin (EBITA), %	-1,9	4,8	4,0	5,6
Order intake	208,0	284,9	997,3	1 074,2
Order backlog	991,1	1 037,8	991,1	1 044,3



New build

- **Net sales** in the quarter amounted to 79 MSEK (104), which corresponds to 25 percent (32) of the total net sales.
- **Order intake** in the quarter amounted to 67 MSEK (67), which corresponds to 24 percent (19) of the total order intake.
- **Adjusted operating result (EBITA)** in the quarter amounted to 2 MSEK (6), corresponding to an adjusted operating margin of 2.8 percent (5.3).
- **Order backlog** amounted to 247 MSEK (354) which corresponds to 20 percent (25) of the total order backlog

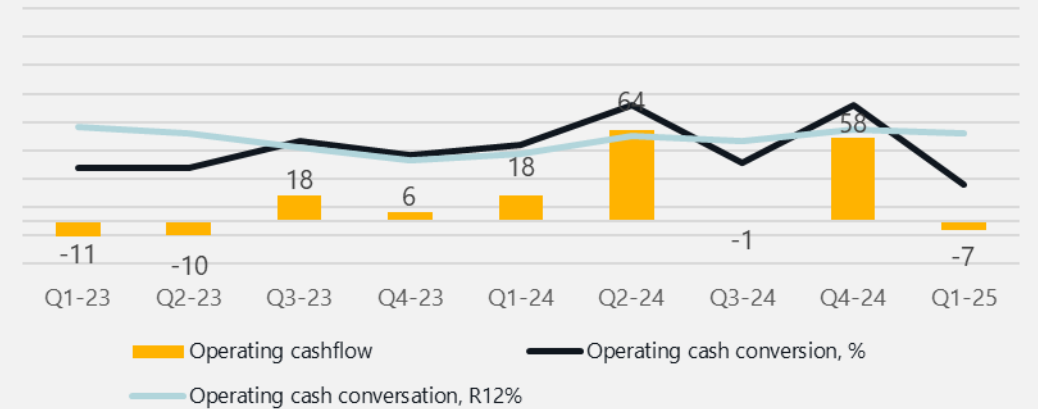
New Build, MSEK	Jan-Mar 2025	Jan-Mar 2024	Apr-Mar 2024/25	Jan-Dec 2024
Net sales	79,4	104,4	392,8	417,7
Adjusted operating profit (EBITA)	2,2	5,6	15,2	18,6
Adjusted operating margin (EBITA), %	2,8	5,3	3,9	4,5
Order intake	67,0	67,1	302,5	302,6
Order backlog	246,9	354,4	246,9	265,0



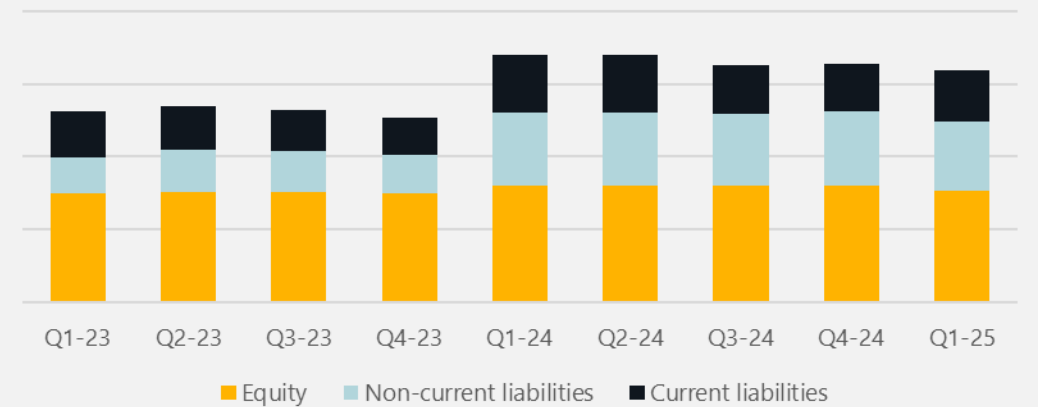
Financial position

- At the end of the quarter, the Group's equity amounted to 757 MSEK (801). Equity/assets ratio at 47 percent (47).
- Interest-bearing net debt excluding leasing debt in relation to adjusted EBITDA amounted to 4.0 times (3.2).
- The banking agreement with Danske Bank with a sustainability-linked credit facility of 510 MSEK and an overdraft facility of 75 MSEK has been extended until March 31, 2028, with an option for a further two-year extension.

OPERATING CASH FLOW, MSEK



EQUITY, LIABILITIES AND NET DEBT



Concluding remarks

Outlook

- Our assessment that the overall market will gradually improve remains, but the recovery will take longer, and setbacks will occur as new unrest and uncertainty arise in our operating environment.
- The need for the services and products offered by Balco Group remains and we will continue to invest in sales, market and product development at the same time as we make major structural changes in our operations to improve our profitability.
- The assessment is that the coming quarters will be affected in terms of sales and earnings, but we aim to return to an earnings level in line with last year.
- There continues to be a strained competitive situation for our Swedish façade companies and our balcony company in Denmark
- There is increased customer activity in the renovation segment for our balcony companies in Sweden and Norway.
- All Swedish balcony companies and our Finnish, Riikku, had a better order intake this year.
- The Finnish new build market has bottomed out and we also see a slight increase in the Swedish new build market.





Q&A

BALCO

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