



Balco Group AB

Third quarter

January – September 2022

Interim report

2022: Q3 July - September

Strong revenue growth and cash flow at the same time as a cost-cutting program is launched

Third quarter: July – September

- Net sales increased by 28 percent to 311 MSEK (243)
- Order intake amounted to 265 MSEK (306)
- Order backlog amounted to 1,461 MSEK (1,460)
- Operating profit amounted to 16 MSEK (24)
- Adjusted operating profit amounted to 17 MSEK (25)
- Net profit after tax amounted to 11 MSEK (18)
- Earnings per share amounted to 0.48 SEK (0.80)
- Operating cash flow improved to 104 MSEK (25)

The nine-month period: January – September

- Net sales increased by 19 percent to 950 MSEK (797)
- Order intake amounted to 921 MSEK (1 075)
- Operating profit amounted to 69 MSEK (80)
- Adjusted operating profit amounted to 71 MSEK (81)
- Net profit after tax amounted to 50 MSEK (60)
- Earnings per share amounted to 2.39 SEK (2.76)
- Operating cash flow improved to 122 MSEK (-30)

Events during the quarter and since the end of the quarter

On October 25, Balco acquired Söderåsens Mur och Kakel AB, with turnover in the latest financial year of 53 MSEK. The acquisition complements the group's other facade companies geographically, as Söderåsen works mainly in southern Sweden and will strengthen the group's offer regarding turnkey contracting and green transformation.

A cost saving program of 20 MSEK will be implemented to strengthen profitability.

MSEK	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2021/22	Jan-Dec 2021
Net sales	310.8	242.9	950.4	796.8	1,274.0	1,120.5
Order intake	264.8	306.3	920.7	1,074.5	1,404.5	1,558.3
Order backlog	1,460.8	1,460.4	1,460.8	1,460.4	1,460.8	1,557.0
Gross profit	60.9	66.2	210.7	211.3	295.7	296.3
Gross margin %	19.6	27.2	22.2	26.5	23.2	26.4
Operating profit	16.0	23.9	69.4	80.2	107.2	118.0
Operating profit margin (EBIT-margin), %	5.1	9.8	7.3	10.1	8.4	10.5
Adjusted operating profit (EBIT) 1)	16.8	25.2	71.3	81.5	109.3	119.5
Adjusted operating profit margin (EBIT-margin)	5.4	10.4	7.5	10.2	8.6	10.7
Net profit for the period	10.7	18.3	50.1	60.5	79.9	90.2
Operating cash flow	104.2	23.9	122.2	-30.3	248.5	96.0
Earnings per share, SEK 2)	0.48	0.83	2.39	2.76	3.78	4.12
Earnings per share, SEK, after dilution	0.48	0.81	2.39	2.69	3.78	4.01

1) For information on adjusted operating profit, please see note 4

2) Calculated in relation to the number of shares before dilution at the end of the reporting period





Acting CEO

Camilla Ekdahl

The quarter showed a strong operating cash flow of 104 MSEK and a net sales increase of 28 percent to 311 MSEK. However, the quarter's results were a disappointment with continued project deviations in Norway. Rising material prices for glass as well as increased energy costs and transport costs also weigh on the result. Several of our BRF customers are affected by increased costs. This has led to some orders being canceled during the quarter as the customers have lost their previously promised financing and thus a lower order intake than planned.

The market concerns and the uncertainty about when interest rates and costs will stabilize have meant that several deals have been moved forward in time. This has affected our order intake in the last two quarters. We estimate that this uncertainty will persist for another 6-9 months.

Based on a strong order intake when the corona restrictions eased in the second, third and fourth quarter of 2021, we added resources. Since the war in Ukraine broke out, and in connection with the increase in energy prices and interest rates, we have had difficulty occupying our increased resources.

"A cost-saving program of 25 MSEK will be implemented to strengthen profitability"

Due to lower results during the last two quarters and tougher market conditions with expected lower order intake, we have decided to implement a cost-saving program that will entail staff reductions in several of our markets. The cost-savings program is estimated to provide savings of 20 MSEK annually and will lead to costs affecting comparability in the fourth quarter.

"The need to renovate balconies is not going away and about 90 percent of Balco's turnover comes from the renovation segment"

But the need to renovate balconies is not going away and about 90 percent of Balco's turnover comes from the renovation segment. We see continued strong interest in our products and offerings, so when there is a stabilization of inflation, material prices, interest

rates and energy prices, even if it is at a higher level than before the pandemic and Russia's invasion of Ukraine, we are confident that order intake is picking up again. However, we estimate that this may take until the end of the second quarter next year.

An important countermeasure against increased costs is to save energy, which Balco offers through the Green Transformation of estate concept. This means that when signing a cooperation agreement for balcony renovation with glazed balconies, the customer is offered a review of their energy declaration. Additional energy-efficient measures are proposed to the customer. The banks can then offer our customers green loans with interest rate discount. The possibility of being able to help customers with energy savings provides both a positive financial effect and a reduced environmental impact.

"An important countermeasure against increased costs is to save energy, which Balco offers through the Green Transformation of estate concept"

Balco continues its strategy to grow both organically and via acquisitions. On October 25, Söderåsens Mur och Kakel AB was acquired, with turnover in the latest financial year of 53 MSEK. The acquisition complements the group's other facade companies geographically, as Söderåsen mainly jobs in southern Sweden and will strengthen the group's offer around turnkey contracting and green transformation.

"On October 25, Söderåsens Mur och Kakel AB was acquired"

Our strong cash flow in the quarter and low level of debt enable us to continue to grow through acquisitions that strengthen our market position in existing markets and strengthen our offer within Green Transforming.

Växjö 31 October 2022

Camilla Ekdahl, acting CEO

Balco Group AB



The group's development

Third quarter: July – September

Net sales increased by 28 percent to 311 MSEK (243). Net sales for the Renovation segment increased to 284 MSEK (213), while the net sales for New Build segment increased to 27 MSEK (30).

The order intake amounted to 265 MSEK (306). The Renovation segment accounted for 256 MSEK (295) of the order intake, while the New Build segment accounted for 9 MSEK (12).

The order backlog amounted to 1,461 MSEK (1,460). The order backlog for the Renovation segment increased to 1,325 MSEK (1,253), while the order backlog for the New Build segment amounted to 136 MSEK (207). During the quarter, a number of orders totaling 106 MSEK have been canceled as the customers' financing has been canceled by their banks.

Gross profit amounted to 61 MSEK (66), entailing a gross margin of 19.6 percent (27.2). The gross margin has decreased due to continued negative project deviations in Norway, as well as accrued costs in canceled orders that have a negative impact of 4 MSEK. Increased costs for energy, transport and glass also have a negative effect on the gross margin, as well as low occupancy in production and operations in Balco AB.

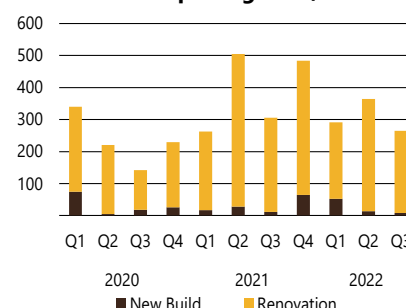
Sales costs amounted to 29 MSEK (28) and administrative costs to 16 MSEK (14). The increase in operating costs is explained by increased travel costs and marketing activities. An item affecting comparability of 1 MSEK was taken in the quarter linked to the restructuring of the organization..

Operating profit amounted to 16 MSEK (24), corresponding to an operating margin of 5.1 percent (9.8). Deterioration comes from the lower gross margin. Adjusted operating profit amounted to 17 MSEK (25), corresponding to an operating margin of 5.4 percent (10.4).

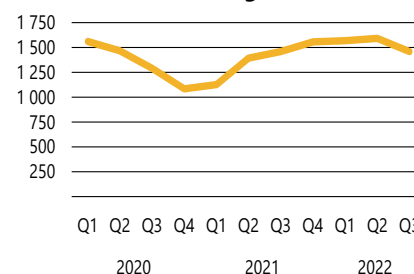
Net financial items amounted to -2 MSEK (-1), of which -0.4 MSEK (-0.4) refers to interest costs linked to right-to-use assets (leasing). The deterioration is due to higher market interest rates. Profit after tax amounted to 11 MSEK (18), corresponding to earnings per share of 0.48 SEK (0.80).

Operating cash flow amounted to 104 MSEK (25).

Order intake per segment, MSEK



Order backlog, MSEK



The nine-month period: January – September

Net sales increased by 19 percent to 950 MSEK (797), of which 15 percent was organic growth. Net sales for the Renovation segment increased to 836 MSEK (679), while the net sales for New Build segment amounted to 114 MSEK (118).

The order intake amounted to 921 MSEK (1,075). The Renovation segment accounted for 846 MSEK (1,017) of the order intake, while the New Build segment accounted for 75 MSEK (58).

Gross profit amounted to 211 MSEK (211), entailing a gross margin of 22.2 percent (26.5). The gross margin has decreased linked to large negative project deviations in Norway as well as accrued costs in canceled orders and increased costs for energy, transport and glass. An item affecting comparability of SEK 1 million was taken in the second quarter linked to the restructuring of the Norwegian organization.

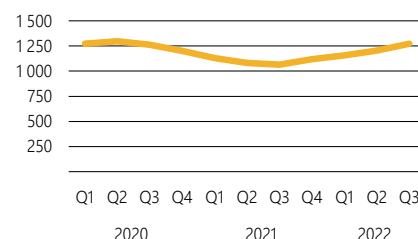
Sales costs amounted to 93 MSEK (87) and administrative costs to 49 MSEK (44). The cost increase is explained by increased travel costs and marketing activities as well as additional costs during the first quarter from RK Teknik, when RK Teknik was consolidated from the second quarter of 2021. An item affecting comparability of SEK 1 million was taken in the third quarter linked to the restructuring of the organization.

Operating profit amounted to 69 MSEK (80), corresponding to an operating margin of 7.3 percent (10.1). Deterioration comes from the lower gross margin. Adjusted operating profit amounted to 71 MSEK (81), corresponding to an operating margin of 7.5 percent (10.2).

Net financial items amounted to -6 MSEK (-4), of which -1.3 MSEK (-1.2) refers to interest costs linked to right-to-use assets (leasing). The deterioration is due to higher market interest rates. Profit after tax amounted to 50 MSEK (60), corresponding to earnings per share of 2.39 SEK (2.76).

Operating cash flow amounted to 122 MSEK (-30).

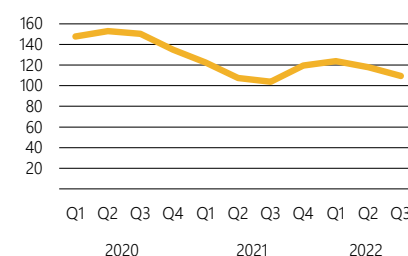
Net sales, R12 MSEK



Operating cash flow
Q3 2022

104 MSEK

Adjusted operating profit, R12 MSEK



Net sales per customer category, MSEK

	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2021/22	Jan-Dec 2021
Tenant-owner associations	225.3	169.3	680.1	564.9	924.0	808.7
Private landlords	9.8	3.0	47.6	19.6	73.6	45.6
Publicly owned companies	11.9	10.9	43.5	24.1	50.7	31.4
Construction and manufacturing companies	63.8	59.7	179.2	188.1	225.7	234.7
Total net sales	310.8	242.9	950.4	796.8	1,274.0	1,120.5

Net sales per geographic market, MSEK

	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2021/22	Jan-Dec 2021
Sweden	189.0	148.8	588.8	490.7	808.3	710.3
Other Scandinavia	80.9	58.6	250.4	193.2	321.6	264.5
Other Europe	40.9	37.5	111.2	114.8	142.1	145.7
Total net sales	310.8	244.8	950.4	798.8	1,272.0	1,120.5

Development per segment

	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2021/22	Jan-Dec 2021
Net sales, MSEK						
Renovation	284.2	212.6	836.5	678.6	1,104.4	946.6
New Build	26.6	30.3	113.9	118.2	169.6	173.9
Group other	19.8	6.7	33.1	18.4	39.3	24.5
Elimination	-19.8	-6.7	-33.1	-18.4	-39.3	-24.5
Total Net Sales	310.8	242.8	950.4	796.8	1,274.0	1,120.5

	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2021/22	Jan-Dec 2021
Operating profit, MSEK						
Renovation	14.6	23.6	62.5	72.3	95.8	105.6
New Build	1.4	2.0	7.1	9.5	11.6	14.0
Group other	-0.0	-1.7	-0.2	-1.6	-0.2	-1.7
Total EBIT	16.0	23.9	69.4	80.2	107.2	118.0

	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2021/22	Jan-Dec 2021
EBIT margin, %						
Renovation	5.1	11.1	7.5	10.7	8.7	11.2
New Build	5.4	6.7	6.2	8.1	6.8	8.1
Total EBIT margin	5.1	9.8	7.3	10.1	8.4	10.5

Renovation

Net sales in the quarter increased by 34 percent to 284 MSEK (213). The segment accounted for 91 percent of Balco's total net sales. Order intake in the quarter amounted to 256 MSEK (295), which corresponds to 97 percent of the total order intake. Operating profit in the quarter amounted to 15 MSEK (24), corresponding to an operating margin of 5.1 percent (11.1). The result has decreased due to negative project deviations in Norway as well as accrued costs in canceled orders which have a negative impact of 4 MSEK.

Net sales for the nine-month period increased by 23 percent to 836 MSEK (679). The segment accounted for 88 percent of Balco's total net sales. Order intake for the nine-month period amounted to 846 MSEK (1,017), which corresponds to 92 percent of the total order intake. Operating profit for the nine-month period amounted to 62 MSEK (72), corresponding to an operating margin of 7.5 percent (10.7). The result has decreased due to negative project deviations in Norway and accumulated costs in canceled orders. An item affecting comparability of SEK 1 million has been taken in the second quarter linked to the restructuring of the Norwegian organization.

The order backlog increased by 6 percent to 1,325 MSEK (1,253), which corresponds to 91 percent of the total order backlog.

New build

Net sales in the quarter amounted to 27 MSEK (30). The segment accounted for 9 percent of Balco's total net sales. Order intake in the quarter amounted to 9 MSEK (12), corresponding to 3 percent of total order intake. Operating profit in the quarter amounted to 1 MSEK (2), corresponding to an operating margin of 5.4 percent (6.7). The result has decreased due to projects in the UK where the market does not accept material price indices which has resulted in negative deviations of 1 MSEK.

Net sales for the nine-month period amounted to 114 MSEK (118). The segment accounted for 12 percent of Balco's total net sales. Order intake for the nine-month period increased to 75 MSEK (58), corresponding to 8 percent of total order intake. Operating profit for the nine-month period amounted to 7 MSEK (10), corresponding to an operating margin of 6.2 percent (8.1). The result has decreased due to projects in the UK where the market does not accept material price indices which has resulted in negative deviations of just over 2 MSEK.

The order backlog amounted to 136 MSEK (207), which corresponds to 9 percent of the total order backlog.

Financial position and cash flow

Liquidity and financial position

The Group's interest-bearing net debt at the end of the nine-month period amounted to 113 MSEK (172). A new ten-year lease after the expansion of the head office in Växjö has increased the leasing debt by roughly 50 MSEK. Interest-bearing net debt in relation to adjusted EBITDA amounted to 0.7 times (1.2). Interest-bearing net debt, excluding leasing liability, in relation to adjusted EBITDA amounted to 0.2 times (0.9).

At the end of the half-year period, the Group's equity amounted to 724 MSEK (662). The Group's equity ratio was 51 percent (51).

MSEK	30-sep 2022	30-sep 2021	31-dec 2021
Non-current liabilities to credit institutions	172.2	195.3	171.7
Leasing liabilities non-current	64.5	23.8	21.9
Current liabilities to credit institutions	0.4	10.4	0.4
Leasing liabilities current	16.4	16.7	20.5
Cash and cash equivalents	-140.7	-74.3	-117.5
Interest-bearing net debt	112.8	171.9	97.0
<i>Interest-bearing net debt excl leasing</i>	<i>31.9</i>	<i>131.4</i>	<i>54.6</i>
Interest-bearing net debt incl. leasing/EBITDA (12 months), times	0.7 x	1.2 x	0.6 x
<i>Interest-bearing net debt excl. leasing/EBITDA (12 months), times</i>	<i>0.2 x</i>	<i>0.9 x</i>	<i>0.3 x</i>
Equity/assets ratio, %	51.3	51.4	55.6

Cash flow, investments and amortization/depreciation

For the nine-month period, cash flow from operating activities amounted to 56 MSEK (-21). The capital tied up between the quarters depends on the different phases of the projects.

Cash flow from investing activities amounted to -13 MSEK (-93), of which -8 MSEK (-8) was replacement investments and -5 MSEK (-1) expansion investments and 0 MSEK (-85) acquisition of shares in subsidiaries.

Cash flow from financing activities amounted to -22 MSEK (-27) and refers to paid dividend of -22 MSEK (0) in the second quarter..

Cash flow for the nine-month period amounted to 22 MSEK (-140).

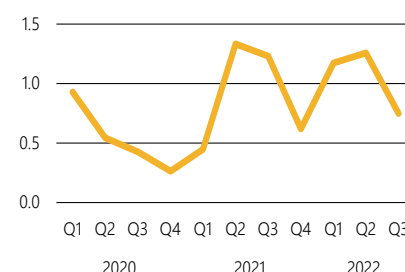
Depreciation for the nine-month period amounted to 30 MSEK (27), of which 17 MSEK (14) refers to depreciation linked to right-to-use assets (leasing).

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 4 MSEK (2).

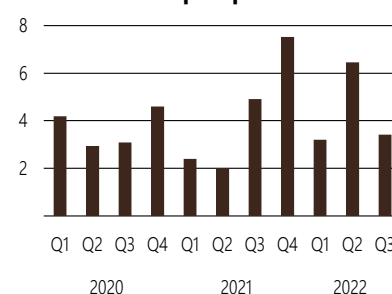
External interest-bearing net debt relative to EBITDA



Equity ratio

51%

Investments (excl. acquisitions) in MSEK per quarter



Cash flow R12, MSEK



Operations and segment description

Operations

Balco Group is the market leader in the balcony industry, developing, manufacturing, selling and installing our own open and glazed balcony systems. The Group's customized products contribute to increased quality of life, safety and value for the residents of apartment buildings, and Balco Group's standardized glazing means lower energy consumption.

Delivering glazed balconies and other balcony solutions in accordance with the "Balco method" represents the core of what we do. The method, developed by Balco AB and applied predominantly in the renovation market, entails removing existing balconies and replacing them with new, larger glazed balconies. Balco's glazed balconies have a lifespan of more than 90 years, providing the most economical and sustainable solution in the market. Balco's glazed balconies offer energy savings of 15-30%. We assume full responsibility for the project, guiding customers through the entire process, from project planning to final inspection and service. We offer superior expertise in providing customized balcony solutions with fast delivery, regardless of size and complexity

Renovation



Sjösiden Boligpark

The segment includes replacement and extension of existing balconies, as well as installation of new balconies on apartment buildings, primarily glazed balconies. The main driving force is the pent-up need for renovation and the age profile of the properties. Our products include façade renovation in connection with balcony projects.

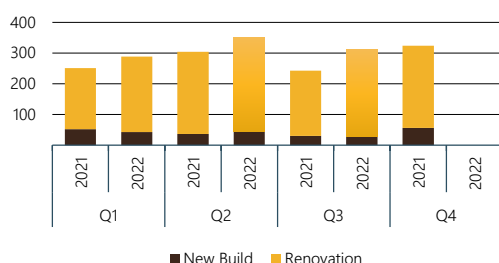
New build



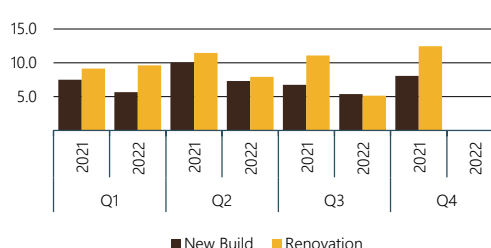
New Road Rainham

The segment includes installation of balconies in connection with building new apartment properties, as well as balcony projects in the maritime market. The largest product areas are glazed and open balconies. Balco is expanding selectively, focusing on profitability and low risk. Demand is driven by the pace of new housing building.

Sales development per quarter, MSEK



Operating margin per quarter, %



Sustainability for Balco Group

Our vision is to offer energy savings through innovative solutions and high quality products in the form of balconies and facade solutions that provide improved quality of life for residents, and create a safer and more aesthetically pleasing environment. Achieving this requires sustainable business practices, which are a prerequisite for Balco Group's operations to develop, be profitable and create value over time.

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Sustainability trends

Sustainability issues are becoming increasingly important in the construction industry. They affect and place demands on all stages of the value chain and can be crucial to the success of a construction project. This is particularly true in the balcony market, where Balco Group operates. Property developers and owners are looking for economical, climate-smart, long-life balcony solutions that can be easily installed in renovation or new-build projects.

Balco Group and Agenda 2030

UN's Sustainable Development Goals, Agenda 2030 addresses the social, environmental and economic challenges facing the global community and makes clear that not only political leadership but also industry has an important role to play. Balco Group has selected four specific global goals we believe can make the biggest positive difference and which are aligned with our overall business objectives and strategic sustainability areas - Sustainable Governance, Environment and People.



Goal 5 - Gender equality. Balco Group's goal is to achieve a more balanced gender distribution in all departments, work areas and positions. Working conditions must be suitable for all workers, regardless of gender.



Goal 8 - Decent work and economic growth. The Balco Group Code of Conduct requires decent employment conditions, within our own operations and at our suppliers.



Goal 9 - Industry, innovation and infrastructure. Balco Group will contribute to reduced environmental impact through active material choices, innovative solutions and focus on resource efficiency in development, purchasing and manufacturing processes.



Goal 12 – Responsible consumption and production. Balco Group's balcony solutions help create improved quality of life and more energy-efficient living environment.

Sustainability - a prerequisite for long-term profitability

The vision for the Group as well as for our sustainability work is to be an innovative company, creating products that are in demand on the market and that contribute to an improved quality of life. A prerequisite for doing so is that Balco Group conducts sustainable business that lays the foundation for a business that grows, is profitable and creates value for our customers, employees, owners and other stakeholders.

Caring for the environment

The environment and climate are constantly present in Balco Group's operations, manufacturing and product development work. As a group of manufacturing companies, we have a direct and indirect impact on our environment - an impact we are keen to take responsibility for and constantly work to improve.

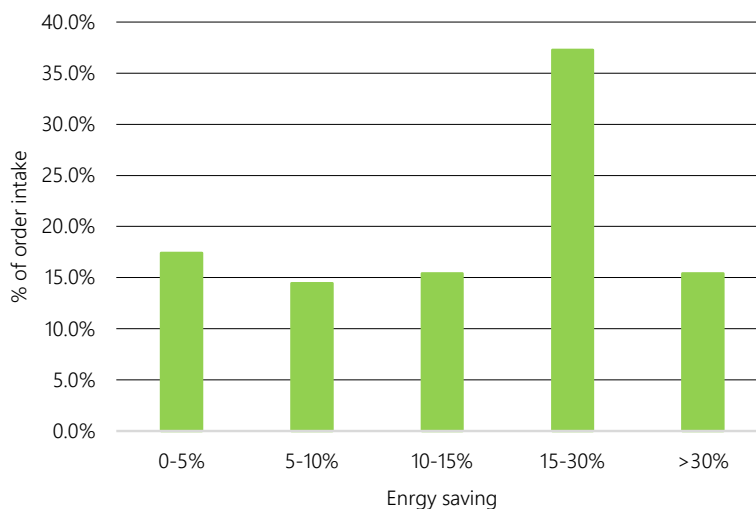
Putting people first

The people in Balco Group are the most important resource we have. All the value we create comes from the skills, commitment, responsibility and desire of our employees to constantly develop themselves. That is why it is vital that our employees have the very best conditions to do their jobs in a stimulating, safe and secure way.

Energy-savings in order intake

Of the order intake in the last twelve months, 37 percent will give 15 to 30 percent in energy savings and 15 percent will give more than 30 percent in energy savings.

Our goal is for more than 30% of our glazing projects to provide 30% energy savings to our customers.



Other information

Employees

At the end of September 2022 Balco had 518 (506) 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. The Group's strongest quarters are normally the second quarter.

Shares, share capital and shareholders

At the end of September 2022, there were 21,909,348 shares in Balco, corresponding to a share capital of 131,461,248 SEK. There were 5,438 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 45 and 101 in the 2021 annual report.

Incentive program

Balco Group AB has two 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 218,332 warrants amounting to a total value of 2,167,284 SEK. The decrease compared to the previous quarter is due to changes in group management. 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 2021 on pages 44, 52-53, 62 and 87-88.

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 46-50, 63 and 79-82 in the annual report for 2021.

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.

Strong financial position means that the company is equipped for growth through further acquisitions. The timing of the building permit affects sales between quarters.

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 36 billion SEK and is expected to grow by approximately 5 percent annually over the next few years according to market research conducted in autumn 2020 by Arthur D. Little.

The uncertainty surrounding continued material price fluctuations, increased interest rates and wage inflation will probably have a negative impact on our order intake, turnover and results in the coming quarters.

The Group's long-term goals are set out on the next page.

Events during the quarter and since the end of the quarter

On October 25, Balco acquired Söderåsens Mur och Kakel AB, with turnover in the latest financial year of 53 MSEK. The acquisition complements the group's other facade companies geographically, as Söderåsen works mainly in southern and western Sweden and will strengthen the group's offer regarding turnkey contracting and green transformation.

A cost saving program of 20 MSEK will be implemented to strengthen profitability.

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 needs for Balco's long-term growth and prevailing market conditions.

Sustainability

More than 30% of our glazing projects will provide 30% energy savings to our customers.

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

This information comprises such information as Balco Group AB is obliged to publish in accordance with the EU Market Abuse Regulation. The information was provided by the contact person below for publication on 31 October 2022 at 13:00 CET.

Växjö, 31 October 2022

Camilla Ekdahl
acting CEO

Telephone conference

An online telephone conference will be held on 31 October 2022 at 14:30 CET at which acting CEO Camilla Ekdahl and CFO Michael Grindborn will present the report and answer questions. To participate, please call:

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Calendar 2022/2023

Year-end report Jan-Dec 2022 6 February 2023

Interim report Jan-Mar 2023 24 April 2023

Annual General Meeting 2023 9 May 2023

Interim report Jan-Jun 2023 14 July 2023

Interim report Jan-Sep 2023 30 October 2023

Year-end report Jan-Dec 2023 5 February 2024



Consolidated statement of comprehensive income

MSEK	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2021/22	Jan-Dec 2021
Net sales	310.8	242.9	950.4	796.8	1,274.0	1,120.5
Production and project costs	-249.9	-176.7	-739.6	-585.5	-978.3	-824.2
Gross profit	60.9	66.2	210.7	211.3	295.7	296.3
Sales costs	-28.8	-27.8	-92.6	-87.2	-125.0	-119.7
Administration costs	-16.2	-14.4	-49.1	-43.8	-68.7	-63.5
Other operating income	-0.0	-	0.4	-	5.4	4.9
Other operating expenses	-	-	-	-	-0.1	-0.1
Operating profit	16.0	23.9	69.4	80.2	107.2	118.0
Finance income	0.2	0.0	0.3	0.0	0.4	0.2
Finance costs	-2.2	-1.2	-5.8	-4.2	-8.2	-6.5
Profit before tax	14.0	22.7	63.9	76.1	99.5	111.6
Income tax	-3.3	-4.5	-13.8	-15.6	-19.6	-21.4
Net profit for the period	10.7	18.3	50.1	60.5	79.9	90.2
Other comprehensive income						
Items that may later be reclassified to the income statement						
Translation difference when translating foreign operations	-0.1	-0.7	2.3	0.5	3.1	1.2
Comprehensive income for the period	10.5	17.6	52.4	61.0	82.9	91.4
Of which attributable to:						
Parent company's shareholders	10.5	17.6	52.4	61.0	82.9	91.4
Earnings per share, SEK, before dilution	0.48	0.83	2.39	2.76	3.78	4.12
Earnings per share, SEK, after dilution	0.48	0.81	2.39	2.69	3.78	4.01
Average number of shares, thousands	21,909.3	21,909.3	21,909.3	21,909.3	21,909.3	21,909.3
Average number of outstanding warrants, thousands	21,909.3	22,509.3	21,909.3	22,509.3	21,909.3	22,509.3

Consolidated balance sheet in summary

MSEK	30-sep 2022	30-sep 2021	31-dec 2021
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	448.4	450.1	448.0
Other intangible assets	109.0	111.3	109.9
Total intangible assets	557.4	561.4	557.8
Tangible assets			
Right-to-use assets	80.0	37.4	39.7
Property, plant and equipment	153.6	149.8	151.8
Total tangible assets	233.6	187.2	191.5
Financial assets	0.2	2.4	0.0
Deferred tax assets	0.1	0.6	0.4
Total non-current assets	791.2	751.5	749.8
Current assets			
Inventory	60.6	42.6	53.1
Accounts receivables	229.8	181.1	153.5
Contract assets	114.9	159.3	136.7
Current tax receivables	33.7	0.9	8.0
Other current receivables	39.6	77.8	26.9
Cash and cash equivalents	140.7	74.3	117.5
Total current assets	619.3	536.0	495.8
TOTAL ASSETS	1,410.5	1,287.5	1,245.6
EQUITY AND LIABILITIES			
Equity			
Share capital	131.5	131.5	131.5
Other capital contributions	406.3	405.1	405.1
Reserves	3.7	0.6	1.3
Retained earnings, incl. profit for year	182.3	124.3	154.1
Total equity attributable to Parent Company's shareholders	723.7	661.5	692.0
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	172.2	195.3	171.7
Leasing liabilities	64.5	23.8	21.9
Other non-current liabilities	29.0	32.4	28.3
Deferred tax liabilities	32.6	34.0	33.0
Total non-current liabilities	298.3	285.5	254.9
Current liabilities			
Liabilities to credit institutions	0.4	10.4	0.4
Leasing liabilities	16.4	16.7	20.5
Contract liabilities	135.5	66.5	68.1
Accounts payables	139.1	117.9	112.2
Current tax liabilities	4.5	36.9	13.8
Other current liabilities	36.8	29.9	26.6
Accrued expenses and prepaid income	55.8	62.3	57.2
Total current liabilities	388.5	340.5	298.7
TOTAL EQUITY AND LIABILITIES	1,410.5	1,287.5	1,245.6

Consolidated changes in Shareholders' Equity

MSEK	Share Capital	Additional paid-in capital	Reserves	earnings including comprehensive income for the	Total equity
Opening balance 1 Jan 2021	131.5	403.2	0.1	63.9	598.6
Comprehensive income for the period					
Profit for the period	-	-	-	60.5	60.5
Other comprehensive income for the period	-	-	0.5	-	0.5
Total comprehensive income for the period	-	-	0.5	60.5	61.0
Transactions with shareholders:					
New warrants issue		1.9	-	-	1.9
Total transactions with Company owners	-	1.9	-	-	1.9
Closing balance 30 Sep 2021	131.5	405.1	0.6	124.3	661.5
Opening balance 1 Jan 2022	131.5	405.1	1.3	154.1	692.0
Comprehensive income for the period					
Profit for the period	-	-	-	50.1	50.1
Other comprehensive income for the period	-	-	2.3	-	2.3
Total comprehensive income for the period	-	-	2.3	50.1	52.4
Transactions with shareholders:					
Distributed dividend	-	-	-	-21.9	-21.9
New warrants issue	-	1.2	-	-	1.2
Total transactions with Company owners	-	1.2	-	-21.9	-20.7
Closing balance 30 Sep 2022	131.5	406.3	3.7	182.3	723.7

Consolidated Cash Flow Statements in summary

MSEK	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Oct-Sep 2021/22	Jan-Dec 2021
Operating activities						
Operating profit (EBIT)	16.0	23.9	69.4	80.2	107.2	118.0
Adjustment for non-cash items	4.5	4.1	13.4	22.0	19.4	28.0
Interest received	0.2	0.1	0.6	0.2	1.2	0.8
Interest paid	-2.2	-1.5	-5.6	-4.4	-7.6	-6.4
Income tax paid	-13.9	0.1	-49.4	3.0	-86.6	-34.1
Cash flow from operating activities before changes in working capital	4.5	26.7	28.4	101.1	33.6	106.2
Changes in working capital						
Increase (-)/Decrease (+) in inventories	2.4	-2.8	-7.2	-7.6	-17.7	-18.0
Increase (-)/Decrease (+) in current assets	28.7	-13.9	-54.3	-49.8	46.9	51.4
Increase (+)/Decrease (-) in current liabilities	47.7	9.5	89.7	-64.2	76.8	-77.1
Cash flow from operating activities	83.4	19.5	56.5	-20.6	139.5	62.5
Cash flow from investing activities						
Investments in intangible fixed assets	-0.0	-0.8	-0.2	-2.4	-1.0	-3.2
Investments in tangible fixed assets	-3.4	-4.2	-12.9	-6.9	-19.6	-13.6
Acquisitions of operations	-	-	-	-85.3	-0.0	-85.3
Changes in other non-current assets/liabilities	-2.1	-0.0	-1.8	1.6	-3.4	-
Change in other financial assets	2.3	-	2.3	-	2.3	-
Cash flow from investing activities	-3.3	-4.9	-12.6	-93.0	-21.7	-102.1
Cash flow from financing activities						
Changes in bank loans	49.9	-3.0	-0.3	-34.3	-25.5	-59.4
Changes in leasing	0.3	2.3	-1.2	5.5	-6.8	-
New warrants issue	1.2	-	1.2	1.9	1.2	1.9
Distributed dividend	-	-	-21.9	-	-21.9	-
Cash flow from financing activities	51.4	-0.7	-22.2	-26.8	-53.0	-57.5
Cash flow for the period	131.5	13.8	21.6	-140.3	64.9	-97.1
Cash and cash equivalents at beginning of the period	8.4	60.4	117.5	214.1	74.3	214.1
Exchange rate differential cash and cash equivalents	0.8	0.1	1.6	0.5	1.5	0.5
Cash and cash equivalents at end of the period	140.7	74.3	140.7	74.3	140.7	117.5

Key ratios

MSEK	Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec
	2022	2021	2022	2021	2021/22	2021
Net sales	310.8	242.9	950.4	796.8	1,274.0	1,120.5
Order intake	264.8	306.3	920.7	1,074.5	1,404.5	1,558.3
Order backlog	1,460.8	1,460.4	1,460.8	1,460.4	1,460.8	1,557.0
Gross profit	60.9	66.2	210.7	211.3	295.7	296.3
EBITDA	26.3	34.6	99.8	106.7	148.7	155.6
Adjusted EBITDA	27.2	35.9	101.7	108.0	150.8	157.1
Operating profit (EBIT)	16.0	23.9	69.4	80.2	107.2	118.0
Adjusted operating profit	16.8	25.2	71.3	81.5	109.3	119.5
Gross profit margin, %	19.6	27.2	22.2	26.5	23.2	26.4
EBITDA margin, %	8.5	14.2	10.5	13.4	11.7	13.9
Adjusted EBITDA margin, %	8.7	14.8	10.7	13.6	11.8	14.0
Operating profit margin (EBIT), %	5.1	9.8	7.3	10.1	8.4	10.5
Adjusted operating profit margin (EBIT), %	5.4	10.4	7.5	10.2	8.6	10.7
Operating cash flow	104.2	23.9	122.2	-30.3	248.5	96.0
Operating cash conversion, %	383.7	66.6	120.2	-28.0	164.8	61.1
Capital employed, average	874.5	833.2	812.8	738.6	835.0	716.4
Capital employed, excl. goodwill, average	426.2	383.1	364.6	313.1	385.7	292.0
Equity, average	717.9	652.7	707.9	630.1	692.6	645.3
External interest-bearing net debt	112.8	171.9	112.8	171.9	112.8	97.0
External interest-bearing net debt/Adjusted EBITDA 12 months, times	0.7 x	1.2 x	0.7 x	1.2 x	0.7 x	0.6 x
Return on capital employed, %, (12 months)	12.5	12.4	13.5	11.0	13.1	16.7
Return on capital employed, excl. goodwill, %, (12 months)	25.7	27.1	30.0	26.0	28.3	40.9
Return on invested capital, %, (12 months)	11.1	8.5	11.3	9.6	11.5	14.0
Equity/assets ratio, %	51.3	51.4	53.3	50.2	51.3	52.3
Number of full-time employees on the closing date	518	480	518	480	518	467
Average number of shares for the period, 000s	21,909.3	21,909.3	21,909.3	21,909.3	21,909.3	21,909.3
Equity per share, SEK	32.77	29.79	32.31	28.76	31.61	29.45

1) For information on adjusted operating profit, please see note 4

Parent Company, income statement in summary

MSEK	Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec
	2022	2021	2022	2021	2021/22	2021
Net sales	6.5	6.5	19.4	17.5	25.2	23.3
Administrative expenses	-5.7	-6.0	-15.2	-16.0	-19.7	-20.6
Operating profit	0.7	0.5	4.3	1.5	5.5	2.8
Interest income and similar profit/loss items	0.9	0.5	1.9	1.3	2.3	1.7
Interest expenses and similar profit/loss items	-2.1	-0.9	-4.2	-2.7	-5.9	-4.3
Dividend	-	-	-	0.9	-	0.9
Profit/loss after financial items	-0.4	0.2	1.9	1.0	1.9	1.0
Appropriations	-	-	-	-	65.0	65.0
Tax	0.1	-0.0	-0.4	-0.1	-14.0	-13.6
Net profit/loss for the period	-0.3	0.1	1.5	1.0	52.9	52.4

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

Parent company, balance sheet in summary

MSEK	30-sep 2022	30-sep 2021	31-dec 2021
ASSETS			
Non-current assets			
Financial assets			
Shares in group companies	683.2	683.4	683.2
Other non-current assets	3.2	1.8	1.7
Total non-current assets	686.4	685.2	684.9
Current assets			
Receivables from group companies	122.3	134.8	145.5
Other current receivables	27.4	34.8	0.8
Cash and cash equivalents	139.3	50.1	116.1
Total current assets	289.0	219.7	262.3
TOTAL ASSETS	975.4	904.9	947.3
EQUITY AND LIABILITIES			
Equity			
Restricted equity	131.5	131.5	131.5
Non-restricted equity	317.8	285.7	337.1
Total equity	449.3	417.1	468.5
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	150.0	172.5	150.0
Other non-current liabilities	31.6	31.5	29.1
Total non-current liabilities	181.6	204.0	179.1
Current liabilities			
Liabilities to group companies	338.8	233.3	278.8
Other current liabilities	5.7	50.5	20.8
Total current liabilities	344.5	283.8	299.6
TOTAL EQUITY AND LIABILITIES	975.4	904.9	947.3

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 2021 annual report, which was prepared in accordance with International Financial Reporting Standards and Interpretations as adopted by the EU.

The information on pages 1–13 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 0.9 MSEK (2.5) at the end of the period while financial liabilities at fair value amounted to 0.8 MSEK (0.1). The fair values of financial instruments are determined using valuation techniques. Market information is used as far as possible when available, while company-specific information is used as little as possible. If all key inputs required for the fair value measurement of an instrument are observable, the instrument is categorized in level 2. Reported value of trade receivables, other receivables, cash and cash equivalents, trade payables and other liabilities constitutes a reasonable approximation of fair value.

Note 3 Business segments

Balco reports the following segments:

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

Jul-Sep MSEK	Renovation		New Build		Group Other		Eliminations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net sales – External revenue	284.2	212.6	26.6	30.3	-	-	-	-	310.8	242.8
Net sales – Internal revenue	-	-	-	-	19.8	6.7	-19.8	-6.7	-	-
Total sales	284.2	212.6	26.6	30.3	19.8	6.7	-19.8	-6.7	310.8	242.8
Operating profit (EBIT)	14.6	23.6	1.4	2.0	-0.0	-1.7	-	-	16.0	23.9
Depreciation included with	9.0	9.2	1.3	1.5	-	-	-	-	10.4	10.7
Items affecting comparison	-	-	-	-	0.8	1.3	-	-	0.8	1.3
Adjusted operating profit (EBIT)	14.6	23.6	1.4	2.0	0.8	-0.4	-	-	16.8	25.2
Adjusted operating margin	5.1%	11.1%	5.4%	6.7%					5.4%	10.4%
Operating profit (EBIT)	14.6	23.6	1.4	2.0	-0.0	-1.7	-	-	16.0	23.9
Finance income	-	-	-	-	0.2	0.0	-	-	0.2	0.0
Finance cost	-	-	-	-	-2.2	-1.2	-	-	-2.2	-1.2
Profit before tax	14.6	23.6	1.4	2.0	-2.0	-2.9	-	-	14.0	22.7

Jan-Sep MSEK	Renovation		New Build		Group Other		Eliminations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net sales – External revenue	836.5	678.6	113.9	118.2	-	-	-	-	950.4	796.8
Net sales – Internal revenue	-	-	-	-	33.1	18.4	-33.1	-18.4	-	-
Total sales	836.5	678.6	113.9	118.2	33.1	18.4	-33.1	-18.4	950.4	796.8
Operating profit (EBIT)	62.5	72.3	7.1	9.5	-0.2	-1.6	-	-	69.4	80.2
Depreciation included with	26.1	22.3	4.3	4.2	-	-	-	-	30.4	26.5
Items affecting comparison	0.8	-	-	-	1.0	1.3	-	-	1.8	1.3
Adjusted operating profit (EBIT)	63.3	72.3	7.1	9.5	0.9	-0.4	-	-	71.3	81.5
Adjusted operating margin	7.6%	10.7%	6.2%	8.1%					7.5%	10.2%
Operating profit (EBIT)	62.5	72.3	7.1	9.5	-0.2	-1.6	-	-	69.4	80.2
Finance income	-	-	-	-	0.3	0.0	-	-	0.3	0.0
Finance cost	-	-	-	-	-5.8	-4.2	-	-	-5.8	-4.2
Profit before tax	62.5	72.3	7.1	9.5	-5.7	-5.8	-	-	63.9	76.1

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-sep 2022	30-sep 2021	31-dec 2021
Interest-bearing net debt			
Non-current interest-bearing liabilities	236.7	219.1	193.6
Current interest-bearing liabilities	16.8	27.1	20.9
Cash and cash equivalents	-140.7	-74.3	-117.5
Interest-bearing net debt	112.8	171.9	97.0
Adjusted EBITDA (R12)	150.8	139.7	157.1
Interest-bearing net debt/EBITDA (R12), times	0.7	1.2	0.6
Return on capital employed			
Equity	723.7	661.5	692.0
Interest-bearing net debt	112.8	171.9	97.0
Average capital employed	835.0	754.5	716.4
Adjusted operating profit (EBIT), (R12)	109.3	103.7	119.5
Return on capital employed, %	13.1	13.7	16.7
Equity/assets ratio			
Equity attributable to owners of the parent company	723.7	661.5	692.0
Total assets	1,410.5	1,287.5	1,245.6
Equity/assets ratio, %	51.3	51.4	55.6

MSEK	Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec
	2022	2021	2022	2021	2021/22	2021
Adjusted operating profit (EBIT)						
Operating profit (EBIT)	16.0	23.9	69.4	80.2	107.2	118.0
Items affecting comparison						
Re-structuring costs	0.8	-	1.6	-	1.6	-
Acquisition costs	0.0	1.3	0.3	1.3	0.5	1.5
Adjusted operating profit (EBIT)	16.8	25.2	71.3	81.5	109.3	119.5
EBITDA						
Operating profit (EBIT)	16.0	23.9	69.4	80.2	107.2	118.0
Depreciation	10.4	10.7	30.4	26.5	41.5	37.6
EBITDA	26.3	34.6	99.8	106.7	148.7	155.6
Adjusted EBITDA						
Adjusted operating profit	16.8	25.2	71.3	81.5	109.3	119.5
Depreciation	10.4	10.7	30.4	26.5	41.5	37.6
Adjusted EBITDA	27.2	35.9	101.7	108.0	150.8	157.1
Investments, excluding expansion investments						
Investments in intangible fixed assets	-0.0	-0.8	-0.2	-2.4	-1.0	-3.2
Investments in tangible fixed assets	-3.4	-4.2	-12.9	-6.9	-19.6	-13.6
of which expansion investments	-1.0	-0.0	-4.9	0.0	-11.8	-6.9
Investments, excluding expansion investments	-2.4	-4.9	-8.1	-9.3	-8.8	-9.9
Operating cash flow						
Adjusted EBITDA	27.2	35.9	101.7	108.0	150.8	157.1
Changes in working capital	79.4	-7.0	28.7	-129.0	106.5	-51.2
Investments, excluding expansion investments	-2.4	-4.9	-8.1	-9.3	-8.8	-9.9
Operating cash flow	104.2	23.9	122.2	-30.3	248.5	96.0
Net Sales excluding acquisitions						
Net Sales	310.8	242.9	950.4	796.8	1,274.0	1,120.5
Acquisitions	-	30.0	33.4	119.1	151.1	236.9
Net Sales excluding acquisitions	310.8	212.9	917.0	677.7	1,122.9	883.6

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 analyze 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.
External 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 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.

Alternative performance measures	Definition	Reason for use
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.
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 the market leader in the balcony industry, developing, manufacturing, selling and installing our own open and glazed balcony systems. The Group's customized products contribute to increased quality of life, safety and value for the residents of apartment buildings, and Balco Group's standardized glazing means lower energy consumption.

518 employees

7 markets

Net sales of **1,274** MSEK, LTM

Total production area of **27,000** sqm

Balco Group was established in 1987 and is a group of 16 companies in total, including production and sales companies, as well as consulting and holding companies. The Group's five brands belong to Balco AB, Balco Altaner AS, TBO-Haglinds AB, Stora Fasad AB and RK Teknik i Gusum AB. The Group is the market leader in Scandinavia and operates in a number of markets in Northern Europe. The head office is located in Växjö and the Group employs approximately 500 people. A general and distinctive feature of the companies in the Group is that they control their entire value chain - from sales to the installed balcony.