

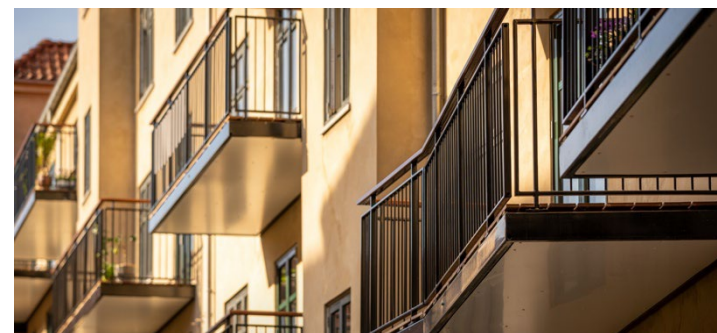
BALCO | GROUP

Q2 Report 2024

January - June

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.

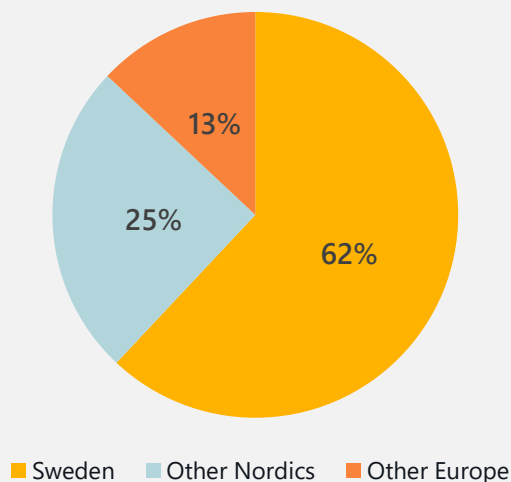
The market

- 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 (2023)



Increased order intake from our acquisitions

Order intake increased

Order intake increased by 26 percent to 380 MSEK (301).

The increase comes from the acquisitions we made previous quarter.

The organic order intake was 11 percent lower than previous year.

Net sales increased

Net sales increased by 8 percent to 374 MSEK (346).

The increase comes from the acquisitions we made previous quarter.

Organically net sales decreased by 23 percent.

Strong cash flow

Operating cash flow improved to 64 MSEK (-10).

Continued focus on costs

The entire Group continues to have a strong focus on increasing order intake and profitability.

A few structural changes were implemented during the quarter on our production side to streamline and focus certain processes through production moves.

Q2 2024

Order intake

380 MSEK
Apr – Jun 2024

301 MSEK
Apr – Jun 2023



Market update

- The market situation for our largest market, Sweden, has clearly improved with the interest policy rate cut in May. Customer activity has increased and interest in our products is high. Customers want to evaluate more options and opportunities before decisions are made, which means that the real boost for order intake in the Swedish market has not arrived.
- In Denmark, it is even clearer with longer process times.
- In Norway, there is a clear increase in activity and order intake for the first half of the year compared to the same period last year.
- Sales in the UK continue to be good with our product Levitate, which is focused on new build.
- There is a great need to renovate properties in Finland, and there is a demand for both balcony products and major renovations.
- During the quarter, we received a major order for a modular house manufacturer in Germany worth approximately 37 MSEK

70
years lifetime

City balconies

90
years lifetime

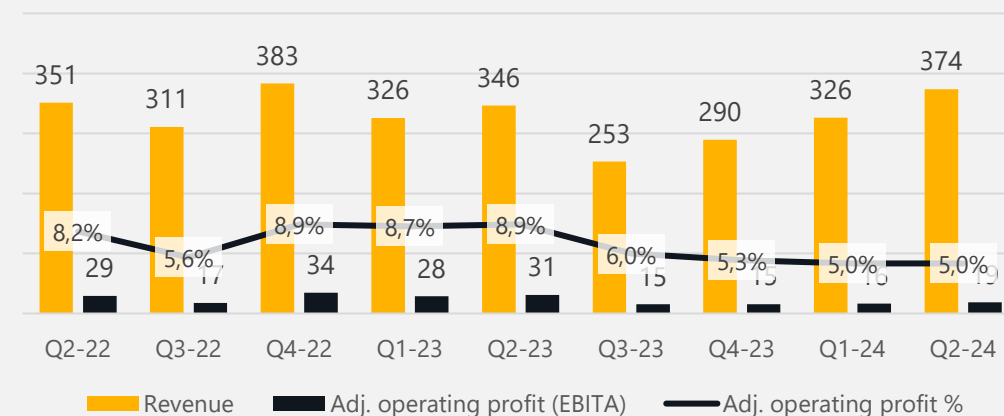
Glazed balconies



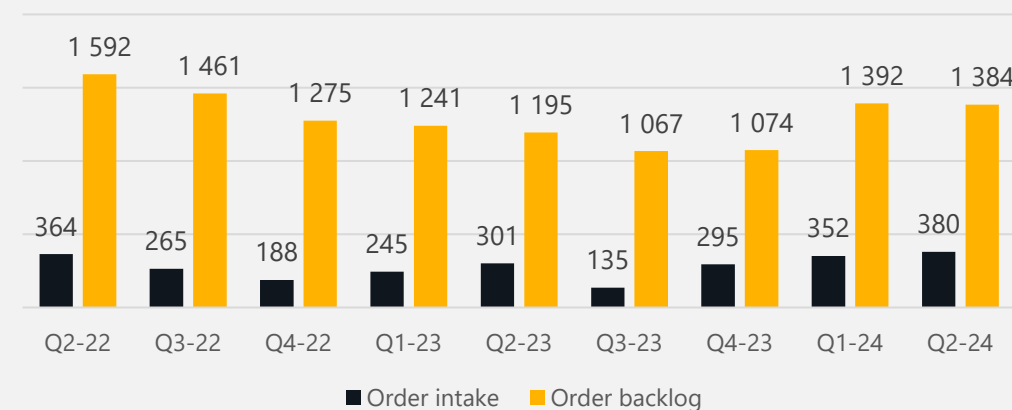
Quarterly results

- **Net sales** increased by 8 percent to 374 MSEK (346). Acquired growth was 30 percent, currency effect was 0,4 percent and organic growth was -23 percent. *Net sales YTD increased by 4 percent to 700 MSEK (672).*
- **Adjusted operating profit (EBITA)** amounted to 19 MSEK (31), corresponding to an adjusted operating margin (EBITA-margin) of 5.0 percent (8.9). *Adjusted operating profit (EBITA) YTD amounted to 35 MSEK (59), corresponding to an adjusted operating margin (EBITA-margin) of 5.0 percent (8.8).*
- **Order intake** increased by 26 percent to 380 MSEK (301). Acquired order intake was 37 percent and organic order intake was -11 percent. *Order intake YTD increased by 34 percent to 732 MSEK (547).*
- **Order backlog** increased by 16 percent to 1,384 MSEK (1,195).
- **Earnings per share** amounted to 0.15 SEK (0.94). *Earnings per share YTD amounted to 0.25 SEK (1.57).*
- **Operating cash flow** improved to 64 MSEK (-10). *Operating cash flow YTD improved to 82 MSEK (-20).*

REVENUE AND ADJUSTED OPERATING PROFIT, MSEK



ORDER INTAKE AND BACKLOG, MSEK

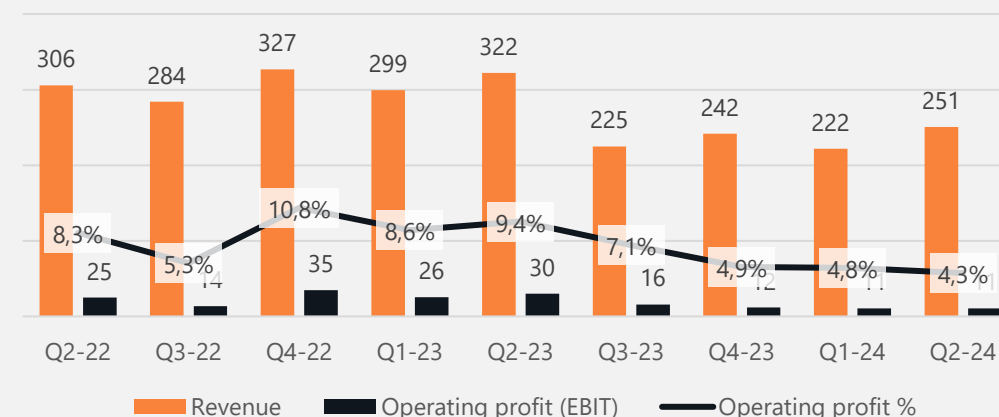


Renovation

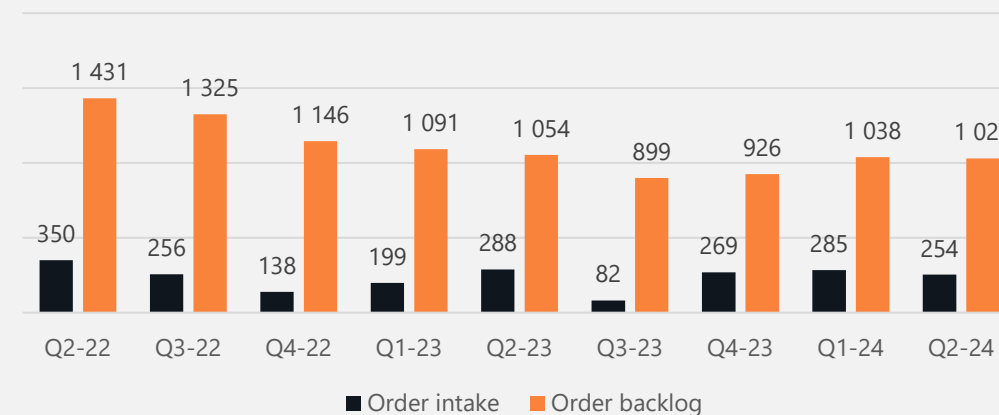
- **Net sales** in the quarter amounted to 251 MSEK (322), which corresponds to 67 percent (93) of the total net sales.
Net sales YTD amounted to 473 MSEK (621).
- **Order intake** in the quarter amounted to 254 MSEK (288), which corresponds to 67 percent (96) of the total order intake.
Order intake YTD amounted to 539 MSEK (488).
- **Adjusted operating profit (EBITA)** in the quarter amounted to 11 MSEK (30), corresponding to an adjusted operating margin of 4.3 percent (9.4).
Adjusted operating profit (EBITA) YTD amounted to 21 MSEK (56), corresponding to an adjusted operating margin (EBITA-margin) of 4.5 percent (9.0).
- **Order backlog** amounted to 1,029 MSEK (1,054) which corresponds to 74 percent (88) of the total order backlog

Renovation, MSEK	Jan-Mar 2024	Jan-Mar 2023	Apr-Mar 2023/24	Jan-Dec 2023
Net sales	222,0	299,2	1 010,8	1 088,0
Adjusted Operating profit (EBITA)	10,7	25,7	68,8	83,8
Adjusted Operating margin (EBITA), %	4,8	8,6	6,8	7,7
Order intake	284,9	199,2	924,4	838,7
Order backlog	1 037,8	1 090,6	1 037,8	925,5

REVENUE AND EBIT, MSEK



ORDER INTAKE AND BACKLOG, MSEK

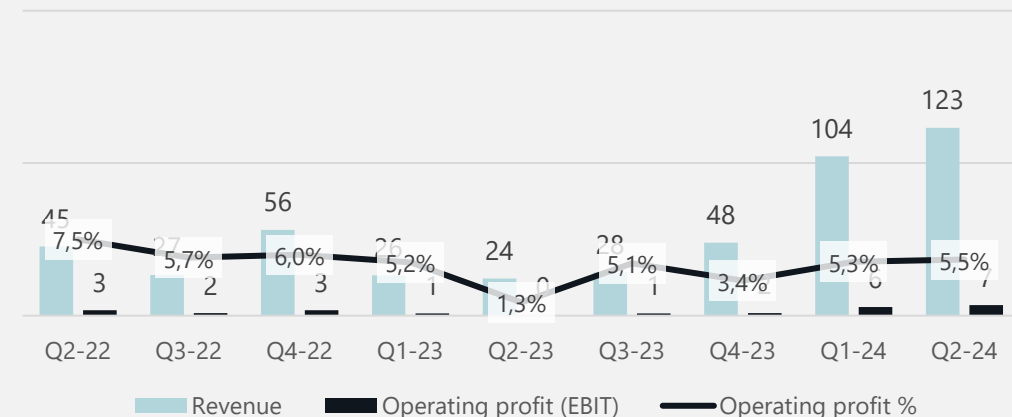


New build

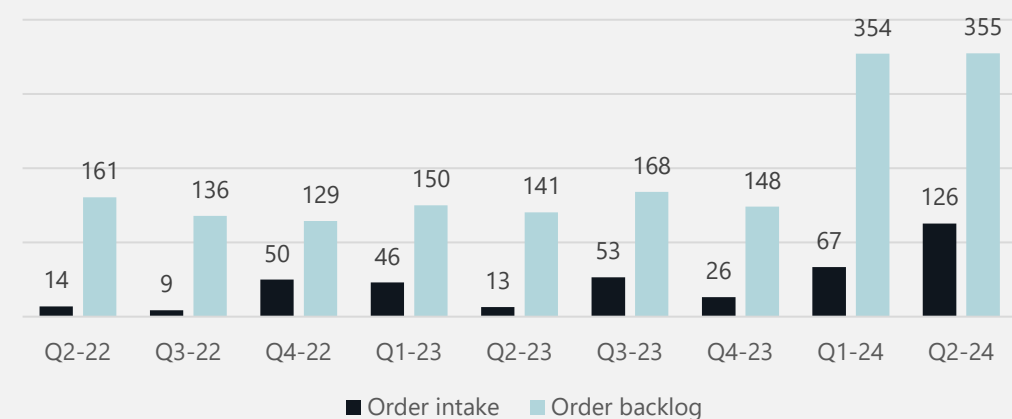
- **Net sales** in the quarter increased to 123 MSEK (24), which corresponds to 33 percent (7) of the total net sales.
Net sales YTD increased to 228 MSEK (51).
- **Order intake** in the quarter increased to 126 MSEK (13), which corresponds to 33 percent (4) of the total order intake.
Order intake YTD increased to 193 MSEK (59).
- **Adjusted operating profit (EBITA)** in the quarter amounted to 7 MSEK (0.3), corresponding to an adjusted operating margin of 5.5 percent (1.3).
Adjusted operating profit (EBITA) YTD amounted to 12 MSEK (2), corresponding to an adjusted operating margin (EBITA-margin) of 5.4 percent (3.3).
- **Order backlog** increased to 355 MSEK (141) which corresponds to 26 percent (12) of the total order backlog

New Build, MSEK	Jan-Mar 2024	Jan-Mar 2023	Apr-Mar 2023/24	Jan-Dec 2023
Net sales	104,4	26,4	204,9	126,9
Adjusted Operating profit (EBITA)	5,6	1,4	9,0	4,8
Adjusted Operating margin (EBITA), %	5,3	5,2	4,4	3,8
Order intake	67,1	46,0	159,4	138,3
Order backlog	354,4	150,1	354,4	148,1

REVENUE AND EBIT, MSEK



ORDER INTAKE AND BACKLOG, MSEK

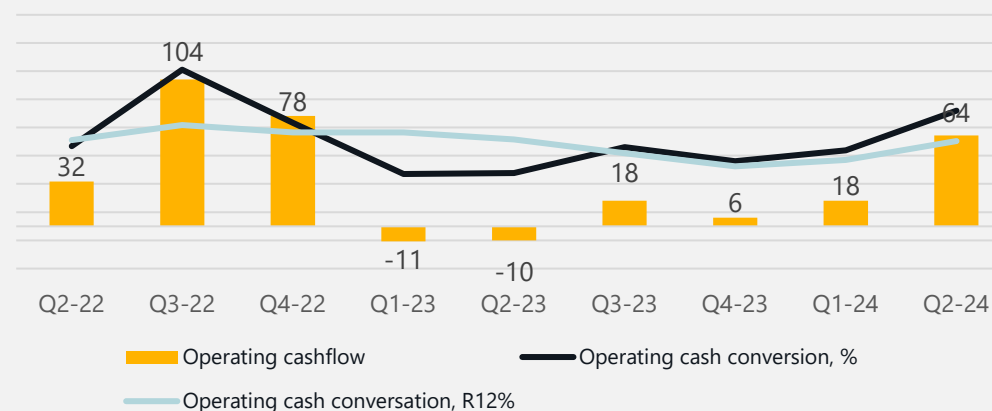


Financial position

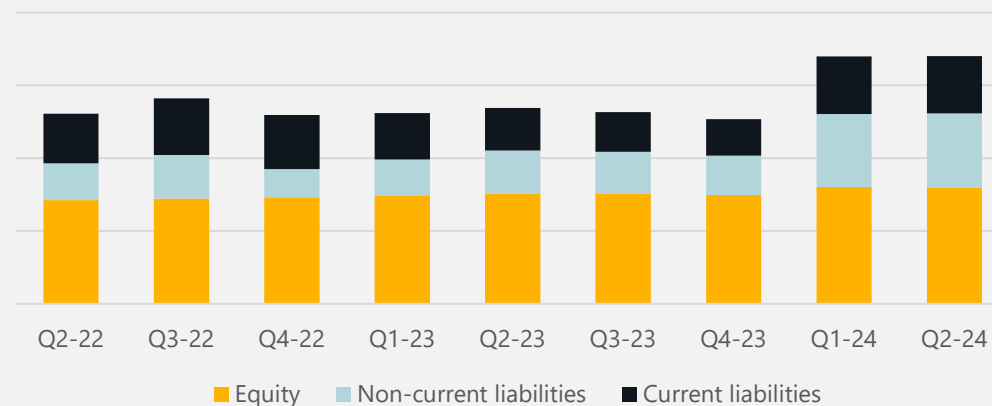
Increased debt after the two large Finnish acquisitions

- At the end of the quarter, the Group's **equity** amounted to 798 MSEK (757). Equity ratio at 47% (56).
- Interest-bearing net debt excluding leasing debt in relation to adjusted EBITDA (proforma) amounted to 2.4 times (1.0)
- Bank agreement with Danske Bank which is valid until October 12, 2026, with a sustainability-linked RCF of 510 MSEK and an overdraft facility of 75 MSEK.

OPERATING CASH FLOW, MSEK



EQUITY, LIABILITIES AND NET DEBT



Financial targets

BALCO GROUP
R12 Q2 2024

Growth	"Balco shall achieve growth of 10% per year during a business cycle"	REVENUE GROWTH -9%
Profitability	"Earnings per share shall grow by 20% per year during a business cycle"	EPS GROWTH -75%
Capital structure	"Interest-bearing net debt shall not exceed 2.5 times adjusted earnings before interest, taxes, depreciation and amortization (EBITDA), other than temporarily" (excl. leasing debt and proforma adj. EBITDA)	NET DEBT/ adj. EBITDA 2.4
Dividend policy	"Balco shall distribute 30-50% of profit after tax, taking into consideration needs for Balco's long-term growth and prevailing market conditions"	0%¹⁾

1) No dividend for the financial year 2023.

Acquisition strategy

Long experience in acquisitions

- Acquisitions are an important part of Balco Group's growth strategy. Our experience from previous acquisitions has given us a clear and structured process for the successful integration and development of the acquired companies.

What are we looking for?

- European balcony companies or companies with activities that can complement Balco's Green Transformation product offering
- Strong position in a niche market
- Profitable, well-managed companies
- Business philosophy and culture in line with Balco Group
- Sustainable business model
- Continued commitment from management and key employees.

What do we offer?

- Financial stability
- Collaboration and knowledge sharing within the Balco Group
- Decentralized business model where the company retains its own brand, identity and culture
- Expertise and resources in sustainability, digitalization and business development



Concluding remarks

Summary

- Net sales in Q2 of 374 MSEK and adj. EBITA-margin 5.0 percent.
- Order intake 380 MSEK.
- Operating cash flow 64 MSEK.

Outlook

- There is a clear increase in activity in the market, but the processes continue to take a long time.
- This means that we also estimate that our net sales and earnings will be affected in the second half of the year.
- The entire Group continues to have a strong focus on increasing order intake and profitability.
- As previously communicated, the company's priority is to retain important key expertise within the Group as we have a long-term focus and know that the market potential remains.



*Balco Group has
a strong market
position with high
quality and long
durability.*



Q&A

BALCO

GROUP