BALCO GROUP

# Interim Report Q3

JANUARY – SEPTEMBER 2024

## More than doubled order intake

### Third quarter: July - September

- Net sales increased by 31 percent to 331 MSEK (253)
- Order intake increased by 111 percent to 285 MSEK (135)
- Order backlog increased by 25 percent to 1,329 MSEK (1,067)
- Adjusted operating profit (EBITA) amounted to 17 MSEK (15)
- Adjusted operating margin amounted to 5.0 percent (6.0)
- Net profit after tax amounted to 1 MSEK (6)
- Earnings per share amounted to -0.03 SEK (0.24)
- Operating cash flow amounted to -1 MSEK (18)

### The interim period: January– September

- Net sales increased by 11 percent to 1,031 MSEK (925)
- Order intake increased by 49 percent to 1,017 MSEK (682)
- Adjusted operating profit (EBITA) amounted to 52 MSEK (74)
- Adjusted operating margin amounted to 5.0 percent (8.0)
- Net profit after tax amounted to 7 MSEK (40)
- Earnings per share amounted to 0.12 SEK (1.81)
- Operating cash flow improved to 81 MSEK (-2)

### Events during the quarter and since the end of the quarter

- Structural change of Riikku's operations and company structure.

| MSEK | Jul-Sep 2024 | Jul-Sep 2023 | Jan-Sep 2024 | Jan-Sep 2023 | Oct-Sep 2023/24 | Jan-Dec 2023 |
|---|---|---|---|---|---|---|
| Net sales | 331,0 | 253,3 | 1 031,5 | 925,4 | 1 321,0 | 1 214,9 |
| Order intake | 285,5 | 135,1 | 1 017,2 | 681,7 | 1 312,5 | 977,0 |
| Order backlog | 1 328,8 | 1 066,9 | 1 328,8 | 1 066,9 | 1 328,8 | 1 073,6 |
| Adjusted operating profit (EBITA) | 16,6 | 15,2 | 51,5 | 74,5 | 66,9 | 89,8 |
| Adjusted operating margin (EBITA), % | 5,0 | 6,0 | 5,0 | 8,0 | 5,1 | 7,4 |
| Net profit for the period | 0,9 | 5,6 | 6,7 | 39,9 | 13,3 | 46,5 |
| Operating cash flow | -1,4 | 18,4 | 80,8 | -2,0 | 86,4 | 3,6 |
| Earnings per  share, SEK before dilution | -0,03 | 0,24 | 0,12 | 1,81 | 0,40 | 2,09 |
| Earnings per share, SEK, after dilution | -0,03 | 0,24 | 0,12 | 1,81 | 0,40 | 2,09 |

*" During the quarter, Balco AB received a major turnkey project in Borås in Sweden of approximately 60 MSEK. "*

*" Our newly acquired Finnish company Suomen ohutlevyasennus Oy has been selected as a supplier for several major projects during the quarter and so far in October in total of 8 MEUR. "*

- Camilla Ekdahl, President and CEO

# Strong increase in order intake

Both order intake and sales increased during the quarter compared to the same period last year. Order intake increased sharply by 111 percent, of which 49 percent was organic. Net sales increased by 31 percent, with the entire increase in net sales coming from acquisitions.

Profit and net sales are still affected by the weaker order intake last year, but profitability remains stable with an adjusted EBITA margin of 5 percent. This is not a level we are satisfied with in the longer term but given the slowdown the market experienced when interest rates and inflation increased, we still have stability in our profitability, albeit at a level that is too low compared to our target.

## The market situation

Both the willingness and ability to start renovation projects have increased due to the continued lowering of interest rates and inflation that has decreased. Customer activity has continued to increase, but the trend of longer process times for decisions remains and some of our companies are exposed to greater price pressure. This applies above all to the facade companies in Sweden and our balcony company in Denmark.

The need for renovation is great both for balconies and facades and continues to be a fundamental driving force for all our companies. The need is reinforced with the new EU directive on energy performance for buildings. Balco Group will be able to play an important role in future renovation projects by offering balcony glazing that can provide energy savings of up to 30 percent. In addition, we offer turnkey projects with other energy-saving measures such as facade renovations, window replacements, roof insulation, installation of solar panels and air-to-air heat pumps.

## More new turnkey projects

Our newly acquired Finnish company Suomen ohutlevyasennus Oy has been selected as a supplier for several major projects during the quarter and so far in October. The total order value is approximately 8 MEUR, of which 1.9 MEUR is included in the order intake for the third quarter. The contracts involve a turnkey renovation of the façade, windows, doors and balconies for three tenant-owner associations with a total of nine apartment buildings. The balconies will be supplied by our other Finnish company Riikku. The projects will start up at the end of the year.

During the quarter, Balco AB received a major turnkey project in Borås of approximately 60 MSEK which, in addition to glazed balconies, includes facade work, drainage and upgrading of green areas. Here we have had a long-standing dialogue with the customer, where we have continuously supported with financial expertise in the discussions both within the housing association and with banks and consultants.

## New innovative solution

Balco continues to prove to be the leading developer in the balcony area with solutions that can provide energy savings for the residents. A patent has been applied for further development of our solution with air-to-air heat pumps. Balco's offer to supply glazed balconies where the air-to-air heat pumps are part of the overall offering continues to attract great interest in the Norwegian market.

## Structural changes

We are constantly working on optimizing our processes and our organization. To achieve the best development from our newly acquired Finnish group Riikku, we have therefore taken a decision to restructure their operations and company structure. This means, among other things, that Riikku will create an additional business area of its own in its Finnish operations with focus on renovation, while at the same time the Swedish operations for new build will be transferred to RK Teknik.

## Prospects

We are noticing an increase in activity from a low level for our balcony companies that work with renovation. The entire Group has a strong focus on order intake, but we will be cautious about entering into price-pressured projects. Net sales and profit will continue to be affected in the coming quarters, due to a lower order intake in the past year, as well as the lead time from order intake until the projects can start up and generate turnover. All companies in the Group have a strong focus on costs, while at the same time we work to create good long-term profitability. This means that the coming quarters will also have some overcapacity for certain resources in the Group.

**Camilla Ekdahl**
President and CEO

# Group development

## Third quarter: July – September

Net sales increased by 31 percent to 331 MSEK (253). Acquired growth was 43 percent, currency effect was -4 percent, and organic growth was -8 percent. Net sales for the renovation segment amounted to 247 MSEK (225) and net sales for the new build segment amounted to 84 MSEK (28).

Order intake increased by 111 percent to 285 MSEK (135). Acquired order intake was 62 percent and organically order intake increased by 49 percent. The renovation segment accounted for 250 MSEK (82) and the new build segment accounted for 35 MSEK (53).

The order backlog increased by 25 percent to 1,329 MSEK (1,067). The order backlog for the renovation segment amounted to 1,034 MSEK (899) and the order backlog for the new build segment increased to 295 MSEK (168).

Gross profit amounted to 54 MSEK (53), corresponding to a gross margin of 16.2 percent (21.1). Gross profit includes items affecting comparability of 2 MSEK (0) related to restructuring costs. Adjusted gross profit was 56 MSEK (53) and adjusted gross margin was 17.0 percent (21.1). The gross margin has decreased due to a different cost structure in the acquired companies with a lower gross margin than the Group average. In addition, the gross margin is affected by low occupancy in the Group's production facilities and in the project organization.

Sales costs amounted to 25 MSEK (25) and administrative costs amounted to 20 MSEK (17). The increase comes from the acquired companies. Items affecting comparability of -2 MSEK (-1) were taken in the quarter related to acquisition costs and restructuring of the organization.

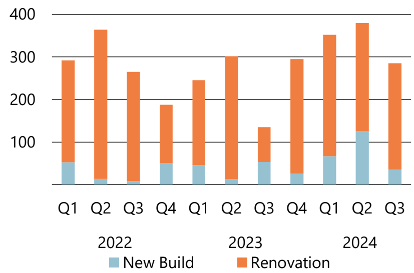
Adjusted operating profit (EBITA) amounted to 16 MSEK (15), corresponding to an adjusted operating margin of 5.0 percent (6,0).

Net financial items amounted to -9 MSEK (-5), of which -0.3 MSEK (-0.3) relates to interest expenses linked to rights of use (leases) and -1 MSEK (0) relates to unrealized currency losses. Interest expenses of -6 MSEK (-5) have increased due to increased borrowing in connection with completed acquisitions.

Profit after tax amounted to 1 MSEK (6). Earnings per share amounted to -0.03 SEK (0.24).

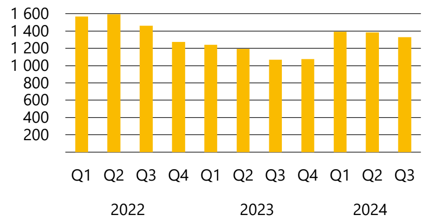
Operating cash flow amounted to -1 MSEK (18). The timing of building permits and the phases of the projects affect the cash flow between quarters.

**Order intake per segment, MSEK**




Order intake
Q3 2024
**285** MSEK

**Order backlog, MSEK**






BALCO | GROUP

## Interim period: January – September

Net sales increased by 11 percent to 1,031 MSEK (925). Acquired growth was 34 percent, currency effect was -1 percent, and organic growth was -22 percent. Net sales for the renovation segment amounted to 719 MSEK (846) and net sales for the new build segment amounted to 312 MSEK (79).

Order intake increased by 49 percent to 1,017 MSEK (682). Acquired order intake was 45 percent and organic order intake increased by 4 percent. The renovation segment accounted for 789 MSEK (570) and the new build segment accounted for 228 MSEK (112).

Gross profit amounted to 190 MSEK (195), corresponding to a gross margin of 18.4 percent (21.1). The gross result includes items affecting comparability of- 6 MSEK (-4) related to restructuring costs. Adjusted gross profit was 196 MSEK (199) and adjusted gross margin 19.0 percent (21.5). The gross margin has decreased due to a different cost structure in the acquired companies with a lower gross margin than the Group average. In addition, the gross margin is affected by low occupancy in the Group's production facilities and in the project organization.

Sales costs amounted to 90 MSEK (82) and administrative costs amounted to 72 MSEK (54). The increase comes from the acquired companies. Items affecting the comparability of -8 MSEK (-3) have been taken so far this year linked to acquisition costs and restructuring of the organization.

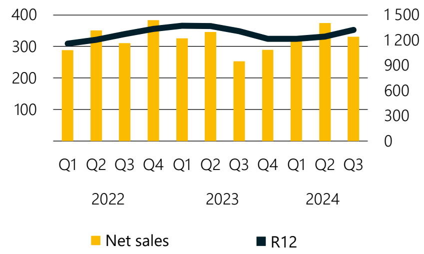
Adjusted operating profit (EBITA) amounted to 52 MSEK (74), corresponding to an adjusted operating margin of 5.0 percent (8,0).

Net financial items amounted to -21 MSEK (-10), of which -1.1 MSEK (-1.2) relates to interest expenses linked to rights of use (leases) and -1 MSEK (0) relates to unrealized currency losses. Interest expenses of -17 MSEK (-10) have increased, due to increased borrowing in connection with completed acquisitions.

Profit after tax amounted to 7 MSEK (40), while comprehensive income for the period amounted to 9 MSEK (43) after positive currency translation differences. Earnings per share amounted to 0.12 SEK (1.81).

Operating cash flow improved to 81 MSEK (-2). The timing of building permits and the phases of the projects affect the cash flow between quarters.

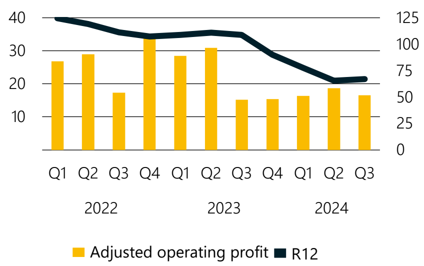
**Net sales, MSEK**




Operating cash flow YTD

**81** MSEK

**Adjusted operating profit, MSEK**




**Net sales per customer category, MSEK**

| | Jul-Sep 2024 | Jul-Sep 2023 | Jan-Sep 2024 | Jan-Sep 2023 | Oct-Sep 2023/24 | Jan-Dec 2023 |
|---|---|---|---|---|---|---|
| Tenant-owner associations | 180,6 | 130,5 | 528,8 | 599,7 | 719,4 | 790,3 |
| Private landlords | 20,1 | 30,1 | 67,1 | 79,2 | 106,4 | 118,5 |
| Publicly owned companies | 14,4 | 9,1 | 38,6 | 40,3 | 48,9 | 50,5 |
| Construction companies | 116,0 | 83,6 | 397,0 | 206,2 | 446,3 | 255,6 |
| **Total net sales** | **331,0** | **253,3** | **1 031,5** | **925,4** | **1 321,0** | **1 214,9** |

**Net sales per geographic market, MSEK**

| | Jul-Sep 2024 | Jul-Sep 2023 | Jan-Sep 2024 | Jan-Sep 2023 | Oct-Sep 2023/24 | Jan-Dec 2023 |
|---|---|---|---|---|---|---|
| Sweden | 137,8 | 148,3 | 439,8 | 585,8 | 606,6 | 752,6 |
| Other Nordics | 165,2 | 63,7 | 489,9 | 228,1 | 571,7 | 310,0 |
| Other Europe | 28,1 | 41,2 | 101,8 | 111,5 | 142,7 | 152,3 |
| **Total net sales** | **331,0** | **253,3** | **1 031,5** | **925,4** | **1 321,0** | **1 214,9** |

# Development per segment

## Renovation

### *Third quarter*

Net sales increased by 10 percent to 247 MSEK (225), corresponding to 75 percent (89) of total net sales.

Order intake increased by 205 percent to 250 MSEK (82), corresponding to 88 percent (61) of total order intake.

The adjusted operating profit (EBITA) amounted to 15 MSEK (16), corresponding to an adjusted operating margin of 6.0 percent (7.1).

### *Interim period*

Net sales amounted to 719 MSEK (846), corresponding to 70 percent (91) of total net sales.

Order intake increased by 39 percent to 789 MSEK (570), corresponding to 78 percent (84) of total order intake.

The adjusted operating profit (EBITA) amounted to 36 MSEK (72), corresponding to an adjusted operating margin of 5.0 percent (8.5).

The order backlog increased by 15 percent to 1,034 (899), corresponding to 78 percent (84) of the total order backlog.

| **Renovation, MSEK** | **Jul-Sep 2024** | **Jul-Sep 2023** | **Jan-Sep 2024** | **Jan-Sep 2023** | **Oct-Sep 2023/24** | **Jan-Dec 2023** |
|---|---|---|---|---|---|---|
| Net sales | 246,6 | 225,0 | 719,5 | 846,3 | 961,2 | 1 088,0 |
| Adjusted operating profit (EBITA) | 14,8 | 15,9 | 36,2 | 71,9 | 48,0 | 83,8 |
| Adhusted operating margin (EBITA), % | 6,0 | 7,1 | 5,0 | 8,5 | 5,0 | 7,7 |
| Order intake | 250,0 | 82,0 | 789,1 | 569,6 | 1 058,2 | 838,7 |
| Order backlog | 1 034,4 | 898,7 | 1 034,4 | 898,7 | 1 034,4 | 925,5 |

## New build

### *Third quarter*

Net sales increased by 198 percent to 84 MSEK (28), corresponding to 25 percent (11) of total net sales.

Order intake amounted to 35 MSEK (53), corresponding to 12 percent (39) of total order intake.

The adjusted operating profit (EBITA) amounted to 3 MSEK (1), corresponding to an adjusted operating margin of 3.8 percent (5.1).

### *Interim period*

Net sales increased by 295 percent to 312 MSEK (79), corresponding to 30 percent (9) of total net sales.

Order intake increased by 103 percent to 228 MSEK (112), corresponding to 22 percent (16) of total order intake.

The adjusted operating profit (EBITA) improved to 16 MSEK (3), corresponding to an adjusted operating margin of 5.0 percent (4.0).

The order backlog increased by 75 percent to 294 MSEK (168), corresponding to 22 percent (16) of the total order backlog.

| **New Build, MSEK** | **Jul-Sep 2024** | **Jul-Sep 2023** | **Jan-Sep 2024** | **Jan-Sep 2023** | **Oct-Sep 2023/24** | **Jan-Dec 2023** |
|---|---|---|---|---|---|---|
| Net sales | 84,4 | 28,3 | 312,0 | 79,1 | 359,8 | 126,9 |
| Adjusted operating profit (EBITA) | 3,2 | 1,5 | 15,6 | 3,1 | 17,2 | 4,8 |
| Adhusted operating margin (EBITA), % | 3,8 | 5,1 | 5,0 | 4,0 | 4,8 | 3,8 |
| Order intake | 35,4 | 53,0 | 228,1 | 112,1 | 254,3 | 138,3 |
| Order backlog | 294,4 | 168,2 | 294,4 | 168,2 | 294,4 | 148,1 |

# Financial position and cash flow

## Liquidity and financial position

Interest-bearing net debt including lease liabilities at the end of interim period amounted to 359 MSEK (223). Pro forma, including 12 months of earnings from acquired companies, interest-bearing net debt including lease liabilities in relation to adjusted EBITDA was 2.9 times (1.4).

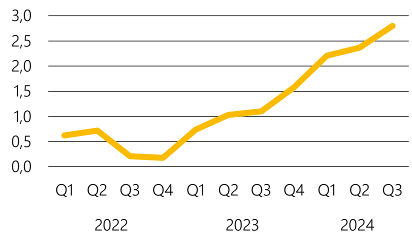
Interest-bearing net debt excluding lease liabilities amounted to 298 MSEK (153). Pro forma, including 12 months of earnings from acquired companies, interest-bearing net debt excluding lease liabilities in relation to adjusted EBITDA was 2.8 times (1.1).

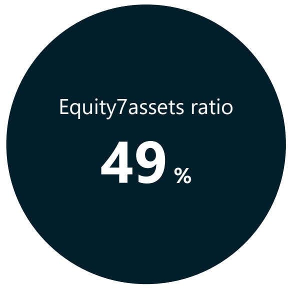
At the end of the interim period, the Group's equity amounted to 797 MSEK (758).

The Group's equity/assets ratio was 49 percent (56).

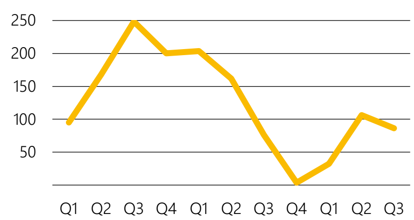
| MSEK | 30-sep 2024 | 30-sep 2023 | 31-dec 2023 |
|---|---|---|---|
| Non-current liabilities to credit institutions | 337,0 | 174,7 | 174,2 |
| Leasing liabilities non-current | 48,1 | 54,3 | 51,2 |
| Current liabilities to credit institutions | - | 0,4 | - |
| Leasing liabilities current | 13,1 | 14,8 | 19,0 |
| Cash and cash equivalents | -39,4 | -21,6 | -2,8 |
| **Interest-bearing net debt incl leasing debt** | **358,8** | **222,6** | **241,6** |
| *Interest-bearing net debt excl leasing debt* | *297,6* | *153,5* | *171,4* |
| Interest-bearing net debt incl. leasing/EBITDA (12 months), times | 3,3 x | 1,5 x | 1,9 x |
| Interest-bearing net debt incl. leasing/EBITDA (proforma) (12 months), times | 2,9 x | 1,4 x | 1,9 x |
| Interest-bearing net debt excl. leasing/EBITDA (12 months), times | 3,3 x | 1,2 x | 1,6 x |
| Interest-bearing net debt excl. leasing/EBITDA (proforma) (12 months), times | 2,8 x | 1,1 x | 1,6 x |
| Equity/assets ratio, % | 48,9 | 57,5 | 58,9 |

**External interest-bearing net debt In relation to EBITDA (proforma)**




**Operating cash flow R12, MSEK**




## Cash flow, investments and amortization/depreciation

For the interim period, cash flow from operating activities amounted to 32 MSEK (-44).

Cash flow from investing activities amounted to -87 MSEK (-50), of which -1 MSEK (-2) was replacement investments and -5 MSEK (-9) expansion investments and -81 MSEK (-39) acquisition of shares in subsidiaries.

Cash flow from financing activities amounted to 93 MSEK (62) with the largest item relating to increased utilization of the revolving credit facility.

Cash flow for the interim period amounted to 38 MSEK (-31).

Depreciation for the interim period amounted to -39 MSEK (-33), of which -14 MSEK (-15) relates to depreciation related to rights of use (lease) and -7 MSEK (-5) relates to amortization of acquired intangible assets.

## Parent company

The Parent Company is headquartered in Växjö and conducts business directly and through Swedish and foreign subsidiaries. The activities of the Parent Company are mainly focused on strategic development, financial management, corporate governance issues, board work and banking relations.

# Operations and segment description

Balco Group is a market leader in the balcony industry and offers a range of services, from development and manufacturing to sales and installation of in-house manufactured open and glazed balcony systems. Balco has a unique method, known as the Balco method, to deliver glazed balconies and balcony solutions. The method involves removing existing balconies and replacing them with new, larger, glazed balconies with a lifespan of over 90 years, which provides the market's most economical and sustainable solution.

To offer complete and customized solutions in the balcony industry, Balco Group has several subsidiaries that work together to offer a complete solution in areas such as the manufacture and delivery of balconies, masonry and tile services, technical solutions and façade services such as renovation, window replacement and façade cleaning. Balco Group strives to meet the customer's needs and requirements by offering a combination of specialized services and expertise. Balco Group's offering contributes to increased quality of life, security and value increase for residents in apartment buildings and provides energy savings of 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, Norway

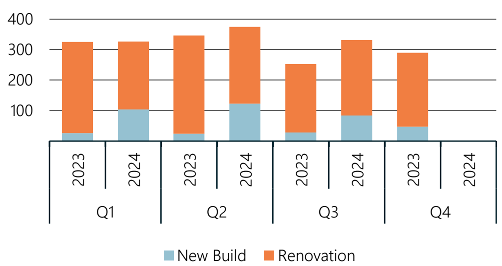
The segment includes the replacement and expansion of existing balconies, mainly glazed balconies. The main driving force is the pent-up need for renovation and the age profile of the properties. The offer also includes façade renovation.

**Segment - New Build**

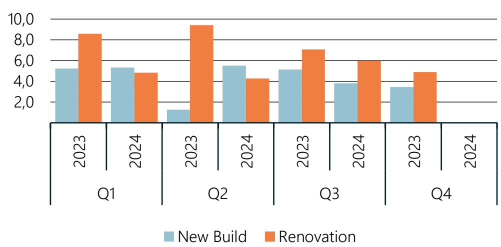
New Road Rainham, UK

The segment includes balconies in the construction of multi-dwelling properties. Demand is driven by the pace of new housing production. The offer also includes façade work in new construction.

**Sales development per quarter, MSEK**




**Operating margin per quarter, %**




## Sustainability

Sustainability is a prerequisite for long-term profitability for 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 parts of the value chain. This is especially true of the market for balconies where Balco Group operates. Property developers and property owners are demanding economically advantageous and climate-smart solutions with a long lifespan.

As an important step in our sustainability work and goal to be a leader in the climate transition in its industry, Balco Group has committed to developing short-term and long-term emission reduction targets including net zero targets in line with the Science Based Targets initiative (SBTi).

# Other information

## Employees

The number of full-time employees in Balco Group amounted to 631 (501) as of the end of September 2024. The increase comes from the acquired companies Riikku Group Oy and Suomen ohutlevyasennus Oy.

## Seasonality

Balco's sales and earnings are partly affected by the timing of orders, seasonal variations and the fact that the general meeting season in tenant-owner associations normally falls in the second and fourth quarters. Furthermore, the Group is positively affected by months with many working days and lack of time off, as well as negatively by weather factors where winters with significant snowfall mean increased costs.

## Shares, share capital and shareholders

As of the end of September 2024, the number of shares in Balco Group AB amounted to 23,021,648 shares, corresponding to a share capital of 138,135,310 SEK. The number of shareholders was 5,025. The five largest shareholders were Familjen Hamrin, Skandrenting AB, Lannebo Kapitalförvaltning, Swedbank Robur fonder and AB Tuna Holding.

## Related party transactions

The related parties consist of the Board of Directors, Group Management and the CEO, partly through ownership in Balco and partly through the role of senior executive. The related parties also include the company's largest shareholders, the Hamrin family, which is represented on the board by Carl-Mikael Lindholm, and Skandrenting, which is represented on the board by Johannes Nyberg. Transactions with related parties are carried out on a market basis. For further information, see the Annual Report 2023 on pages 79 and 99.

## 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 approximately 40 employees. The incentive programs comprise a maximum of 450,000 warrants in total, which entitle the holder to subscribe for a maximum 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 3 MSEK. The programs entail a dilution corresponding to approximately 2 percent of the company's total number of shares. The senior executives of Balco have acquired 120,000 warrants amounting to a total value of 549,800 SEK. The purpose of the incentive programs is to encourage broad shareholding among Balco's employees, facilitate recruitment, retain competent employees and increase the motivation to achieve or exceed the company's financial targets. For more information, see the Annual Report 2023 on pages 76, 78 and 113.

## Risks and uncertainty factors

The Group and the Parent Company are exposed to various types of risks through their operations. The risks can be divided into industry- and market-related risks, business-related risks and financial risks. Industry- and market-related risks include, among other things, 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 changes 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 is dependent on the results of the individual projects, i.e. the Group's ability to predict, calculate and deliver the projects within set financial frameworks. 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 30–35, 42, 87–88, 91 and 94 of the Annual Report for 2023.

## Outlook

Balco Group is one of the few complete balcony suppliers on the market that provides customized and innovative balcony solutions on a turnkey contract. Balco Group is the market leader in the Nordic region and has a challenging position in other markets where 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.

Balco Group continuously evaluates selective acquisitions that can strengthen our market position in existing markets. The timing of building permits affects cash flow between quarters. The lower order intake over the past year will affect sales and earnings in the coming quarters. We continue to focus on costs and adjust the organization based on changes in occupancy and order intake but retain important expertise so that the company is not damaged in the long term.

# Financial targets

### Revenue growth
Balco shall achieve growth of 10 percent per year during a business cycle.

### Profitability
Earnings per share shall grow by 20 percent per year during a business cycle.

### Capital structure
Interest-bearing net debt shall not exceed 2.5 times operating profit before depreciation and amortization (EBITDA), other than temporarily.

### Dividend policy
Balco shall distribute 30-50 percent of profit after tax, taking into consideration the needs for Balco's long-term growth and prevailing market conditions

The interim report has 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 October 28, 2024, at 13:00 CET.

Camilla Ekdahl
*President and CEO*

### Web conference
A webcast conference call will be held at 14:00 CET October 28, 2024, where CEO and President Camilla Ekdahl and CFO Michael Grindborn will present the report and answer questions.

To follow the webcast presentation and send written questions, please use this link:
https://www.finwire.tv/webcast/balcogroup/q3-2024/

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

SE: +46 8 5052 0017
PIN: 835 5857 5016 #

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### Calendar 2024
Year-end report Jan-Dec 2024 ........ February 10, 2025
Annual Report 2024 ........................... March 14, 2025
Interim report Jan-Mar 2025 ............ April 28, 2025
Annual General Meeting 2025 ......... May 6, 2025
Interim report Jan-Jun 2025 ............. July 14, 2025
Interim report Jan-Sep 2025............. October 27, 2025

# Consolidated statement of comprehensive income

| MSEK | Jul-Sep 2024 | Jul-Sep 2023 | Jan-Sep 2024 | Jan-Sep 2023 | Oct-Sep 2023/24 | Jan-Dec 2023 |
|---|---|---|---|---|---|---|
| Net sales | 331,0 | 253,3 | 1 031,5 | 925,4 | 1 321,0 | 1 214,9 |
| Production and project costs | -277,5 | -199,9 | -841,6 | -730,5 | -1 080,7 | -969,5 |
| **Gross profit** | **53,6** | **53,4** | **189,8** | **194,9** | **240,3** | **245,4** |
| Sales costs | -25,5 | -25,3 | -89,7 | -81,5 | -116,5 | -108,4 |
| Administration costs | -19,8 | -17,2 | -72,4 | -54,3 | -94,8 | -76,7 |
| Other operating income | 1,2 | 1,4 | 2,2 | 3,5 | 9,0 | 10,3 |
| Other operating expenses | -0,0 | -0,1 | -0,0 | -0,2 | -0,1 | -0,2 |
| **Operating profit** | **9,5** | **12,3** | **29,9** | **62,3** | **38,0** | **70,4** |
| Finance income | 0,4 | 0,9 | 2,7 | 2,7 | 3,7 | 3,7 |
| Finance costs | -9,2 | -5,8 | -23,8 | -12,7 | -29,2 | -18,1 |
| **Profit before tax** | **0,8** | **7,3** | **8,8** | **52,4** | **12,5** | **56,0** |
| Income tax | 0,2 | -1,7 | -2,1 | -12,4 | 0,8 | -9,5 |
| **Net profit for the period** | **0,9** | **5,6** | **6,7** | **39,9** | **13,3** | **46,5** |
| Net result attributable to parent company's shareholders | -0,7 | 5,3 | 2,7 | 39,7 | 8,9 | 45,9 |
| Net result attributable to non-controlling interest | 1,6 | 0,3 | 4,0 | 0,2 | 4,4 | 0,6 |
| **Net profit for the period** | **0,9** | **5,6** | **6,7** | **39,9** | **13,3** | **46,5** |
| | | | | | | |
| **Other comprehensive income** | | | | | | |
| Items that may later be reclassified to the income statement | | | | | | |
| Translation difference when translating foreign operations | -1,5 | -4,5 | 1,9 | 3,4 | 1,9 | 3,4 |
| **Comprehensive income for the period** | **-0,5** | **1,1** | **8,7** | **43,4** | **15,2** | **49,9** |
| Comprehensive income attributable to parent company's shareholders | -2,2 | 0,8 | 4,7 | 43,2 | 10,8 | 49,2 |
| Comprehensive income attributable to non-controlling interest | 1,6 | 0,3 | 4,0 | 0,2 | 4,4 | 0,6 |
| **Comprehensive income for the period** | **-0,5** | **1,1** | **8,7** | **43,4** | **15,2** | **49,9** |
| | | | | | | |
| Earnings per share, SEK, before dilution | -0,03 | 0,24 | 0,12 | 1,81 | 0,40 | 2,09 |
| Earnings per share, SEK, after dilution | -0,03 | 0,24 | 0,12 | 1,81 | 0,40 | 2,09 |
| Average number of shares before dilution, thousands | 23 022 | 21 909 | 22 936 | 21 909 | 22 680 | 21 909 |
| Average number of shares after dilution, thousands | 23 022 | 21 909 | 22 936 | 21 909 | 22 680 | 21 909 |

# Consolidated balance sheet in summary

| MSEK | 30-sep 2024 | 30-sep 2023 | 31-dec 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| **Intangible assets** | | | |
| Goodwill | 515,0 | 485,4 | 485,2 |
| Other intangible assets | 276,6 | 142,2 | 142,2 |
| **Total intangible assets** | **791,6** | **627,6** | **627,3** |
| **Tangible assets** | | | |
| Right-to-use assets | 59,0 | 67,8 | 70,5 |
| Property, plant and equipment | 224,6 | 162,9 | 161,9 |
| **Total tangible assets** | **283,6** | **230,6** | **232,4** |
| Financial assets | 3,6 | - | - |
| Deferred tax assets | 0,8 | 0,7 | 0,3 |
| **Total non-current assets** | **1 079,6** | **858,9** | **860,1** |
| **Current assets** | | | |
| Inventory | 70,7 | 58,6 | 51,5 |
| Accounts receivables | 179,8 | 158,6 | 138,0 |
| Contract assets | 207,3 | 156,2 | 177,1 |
| Other current receivables | 51,5 | 62,7 | 37,7 |
| Cash and cash equivalents | 39,4 | 21,6 | 2,8 |
| **Total current assets** | **548,6** | **457,8** | **407,2** |
| **TOTAL ASSETS** | **1 628,2** | **1 316,7** | **1 267,2** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 138,1 | 131,5 | 131,5 |
| Other capital contributions | 450,8 | 406,3 | 406,3 |
| Reserves | 13,6 | 11,7 | 11,6 |
| Retained earnings, incl. profit for year | 191,5 | 207,0 | 196,7 |
| **Equity attributable to Parent Company's shareholders** | **794,0** | **756,5** | **746,1** |
| Non-controlling interest | 4,6 | 1,4 | 1,8 |
| **TOTAL EQUITY** | **798,6** | **757,9** | **748,0** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Liabilities to credit institutions | 337,0 | 174,7 | 174,2 |
| Leasing liabilities | 48,1 | 54,3 | 51,2 |
| Other non-current liabilities | 36,6 | 13,8 | 1,4 |
| Deferred tax liabilities | 69,5 | 42,1 | 41,7 |
| **Total non-current liabilities** | **491,2** | **284,9** | **268,5** |
| **Current liabilities** | | | |
| Liabilities to credit institutions | - | 0,4 | - |
| Leasing liabilities | 13,1 | 14,8 | 19,0 |
| Contract liabilities | 61,0 | 70,3 | 50,0 |
| Accounts payables | 147,1 | 101,7 | 91,0 |
| Other current liabilities | 117,1 | 86,7 | 90,7 |
| **Total current liabilities** | **338,3** | **273,9** | **250,7** |
| **TOTAL EQUITY AND LIABILITIES** | **1 628,2** | **1 316,7** | **1 267,2** |

# Consolidated changes in Shareholders' Equity

| MSEK | Share Capital | Additional paid-in capital | Reserves | Retained earnings including comprehensive | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|
| **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 | - | - | - | 39,7 | 0,2 | 39,9 |
| Other comprehensive income for the period | - | - | 3,4 | - | - | 3,4 |
| **Total comprehensive income for the period** | **-** | **-** | **3,4** | **39,7** | **0,2** | **43,3** |
| **Transactions with shareholders:** | | | | | | |
| Distributed dividend | - | - | - | -16,4 | - | -16,4 |
| **Total transactions with Company owners** | **-** | **-** | **-** | **-16,4** | **-** | **-16,4** |
| **Closing balance 30 Sep 2023** | **131,5** | **406,3** | **11,7** | **207,0** | **1,4** | **757,9** |
| | | | | | | |
| **Opening balance 1 Jan 2024** | **131,5** | **406,3** | **11,6** | **196,7** | **1,8** | **748,0** |
| **Comprehensive income for the period** | | | | | | |
| Profit for the period | - | - | - | 2,7 | 4,0 | 6,7 |
| Other comprehensive income for the period | - | - | 1,9 | - | - | 1,9 |
| **Total comprehensive income for the period** | **-** | **-** | **1,9** | **2,7** | **4,0** | **8,7** |
| Transactions/ acquisitions/ disposald in holdings without control | - | - | - | -7,9 | -1,2 | -9,1 |
| **Transactions with shareholders:** | | | | | | |
| New shares issue | 6,7 | 43,5 | - | - | - | 50,2 |
| New warrants issue | - | 0,9 | - | - | - | 0,9 |
| **Total transactions with Company owners** | **6,7** | **44,5** | **-** | **-** | **-** | **51,1** |
| **Closing balance 30 Sep 2024** | **138,1** | **450,8** | **13,6** | **191,5** | **4,6** | **798,6** |

# Consolidated Cash Flow Statements in summary

| MSEK | Jul-Sep 2024 | Jul-Sep 2023 | Jan-Sep 2024 | Jan-Sep 2023 | Oct-Sep 2023/24 | Jan-Dec 2023 |
|---|---|---|---|---|---|---|
| **Operating activities** | | | | | | |
| Operating profit (EBIT) | 9,5 | 12,3 | 29,9 | 62,3 | 38,0 | 70,4 |
| Adjustment for non-cash items | 12,5 | 8,9 | 22,9 | 34,0 | 27,9 | 38,9 |
| Interest received | 0,7 | 0,9 | 2,5 | 2,7 | 3,5 | 3,7 |
| Interest paid | -7,5 | -5,5 | -20,4 | -11,5 | -25,5 | -16,5 |
| Income tax paid | -5,7 | -7,4 | -14,3 | -32,4 | 12,4 | -5,8 |
| **Cash flow from operating activities before changes in working capital** | **9,5** | **9,2** | **20,6** | **55,1** | **56,2** | **90,7** |
| | | | | | | |
| **Changes in working capital** | | | | | | |
| Increase (-)/Decrease (+) in inventories | -0,0 | 0,8 | -2,0 | 0,2 | 5,2 | 7,4 |
| Increase (-)/Decrease (+) in current assets | 22,2 | 10,0 | 18,5 | 7,5 | 15,3 | 4,3 |
| Increase (+)/Decrease (-) in current liabilities | -51,5 | -14,0 | -5,2 | -106,4 | -27,3 | -128,5 |
| **Cash flow from operating activities** | **-19,8** | **5,9** | **31,9** | **-43,6** | **49,3** | **-26,1** |
| | | | | | | |
| **Cash flow from investing activities** | | | | | | |
| Investments in intangible fixed assets | -1,5 | -0,5 | -2,5 | -3,5 | -4,6 | -5,6 |
| Investments in tangible fixed assets | -0,5 | -1,4 | -2,9 | -6,8 | -3,8 | -7,7 |
| Acquisitions of operations | 0,3 | - | -80,8 | -39,5 | -80,8 | -39,5 |
| Changes in other non-current assets/liabilities | -0,4 | - | -0,8 | - | -0,8 | - |
| **Cash flow from investing activities** | **-2,0** | **-1,9** | **-87,0** | **-49,8** | **-90,0** | **-52,9** |
| | | | | | | |
| **Cash flow from financing activities** | | | | | | |
| Changes in bank loans | -14,2 | -5,0 | 108,3 | 94,4 | 99,7 | 85,8 |
| Changes in leasing | -4,9 | -4,0 | -15,1 | -15,7 | -22,8 | -23,4 |
| New warrants issue | 0,9 | - | 0,9 | 0,0 | 0,9 | 0,0 |
| Distributed dividend to non-controlling interest | -1,2 | - | -1,2 | - | -1,2 | - |
| Distributed dividend to parent company's shareholders | - | - | - | -16,4 | -16,4 | -32,9 |
| **Cash flow from financing activities** | **-19,3** | **-9,0** | **92,9** | **62,3** | **60,2** | **29,6** |
| | | | | | | |
| **Cash flow for the period** | -41,2 | -5,0 | 37,8 | -31,1 | 19,5 | -49,4 |
| Cash and cash equivalents at beginning of the period | 81,2 | 27,5 | 2,8 | 51,9 | 21,6 | 51,9 |
| Exchange rate differential cash and cash equivalents | -0,7 | -0,9 | -1,2 | 0,8 | -1,7 | 0,4 |
| **Cash and cash equivalents at end of the period** | **39,4** | **21,6** | **39,4** | **21,6** | **39,4** | **2,8** |

# Key ratios

| MSEK | Jul-Sep 2024 | Jul-Sep 2023 | Jan-Sep 2024 | Jan-Sep 2023 | Oct-Sep 2023/24 | Jan-Dec 2023 |
|---|---|---|---|---|---|---|
| Net sales | 331,0 | 253,3 | 1 031,5 | 925,4 | 1 321,0 | 1 214,9 |
| Order intake | 285,5 | 135,1 | 1 017,2 | 681,7 | 1 312,5 | 977,0 |
| Order backlog | 1 328,8 | 1 066,9 | 1 328,8 | 1 066,9 | 1 328,8 | 1 073,6 |
| Gross profit | 53,6 | 53,4 | 189,8 | 194,9 | 240,3 | 245,4 |
| Adjusted Gross Profit | 56,2 | 53,4 | 195,8 | 198,7 | 249,9 | 252,9 |
| EBITDA | 22,4 | 22,3 | 69,4 | 95,7 | 88,4 | 114,7 |
| Adjusted EBITDA | 27,4 | 23,5 | 83,6 | 102,8 | 108,2 | 127,4 |
| Operating profit (EBITA) | 11,6 | 13,9 | 37,3 | 67,4 | 47,0 | 77,1 |
| Adjusted operating profit (EBITA) | 16,6 | 15,2 | 51,5 | 74,5 | 66,9 | 89,8 |
| Operating profit (EBIT) | 9,5 | 12,3 | 29,9 | 62,3 | 38,0 | 70,4 |
| Adjusted operating profit (EBIT) | 14,5 | 13,5 | 44,2 | 69,4 | 57,9 | 83,0 |
| | | | | | | |
| Gross profit margin, % | 16,2 | 21,1 | 18,4 | 21,1 | 18,2 | 20,2 |
| Adjusted gross margin, % | 17,0 | 21,1 | 19,0 | 21,5 | 18,9 | 20,8 |
| EBITDA margin, % | 6,8 | 8,8 | 6,7 | 10,3 | 6,7 | 9,4 |
| Adjusted EBITDA margin, % | 8,3 | 9,3 | 8,1 | 11,1 | 8,2 | 10,5 |
| Operating profit margin (EBITA), % | 3,5 | 5,5 | 3,6 | 7,3 | 3,6 | 7,9 |
| Adjusted operating profit margin (EBITA), % | 5,0 | 6,0 | 5,0 | 8,0 | 5,0 | 8,4 |
| Operating profit margin (EBIT), % | 2,9 | 4,8 | 2,9 | 6,7 | 2,9 | 5,8 |
| Adjusted operating profit margin (EBIT), % | 4,4 | 5,3 | 4,3 | 7,5 | 4,4 | 6,8 |
| | | | | | | |
| Operating cash flow | -1,4 | 18,4 | 80,8 | -2,0 | 86,4 | 3,6 |
| Operating cash conversion, % | -5,1 | 78,2 | 96,6 | -2,0 | 79,8 | 2,8 |
| | | | | | | |
| Capital employed, average | 1 144,0 | 978,9 | 1 070,3 | 906,9 | 1 066,0 | 911,2 |
| Capital employed, excl. goodwill, average | 629,7 | 493,4 | 570,2 | 435,2 | 565,8 | 439,7 |
| Equity, average | 793,7 | 756,1 | 770,1 | 743,2 | 775,3 | 738,0 |
| Interest-bearing net debt incl leasing debt | 358,8 | 222,6 | 358,8 | 222,6 | 358,8 | 241,6 |
| Interest-bearing net debt excl leasing debt | 297,6 | 153,5 | 297,6 | 153,5 | 297,6 | 171,4 |
| Interest-bearing net debt incl. leasing/Adjusted EBITDA 12 months, times | 3,3 | 1,5 | 3,3 | 1,5 | 3,3 | 1,9 |
| Interest-bearing net debt excl. leasing/EBITDA (12 months), times | 3,3 | 1,2 | 3,3 | 1,2 | 3,3 | 1,6 |
| | | | | | | |
| Return on capital employed, %, (12 months) | 5,1 | 10,5 | 5,4 | 11,3 | 5,4 | 9,1 |
| Return on capital employed, excl. goodwill, %, (12 months) | 9,2 | 20,8 | 10,1 | 23,6 | 10,2 | 18,9 |
| Return on invested capital, %, (12 months) | 1,7 | 8,7 | 1,7 | 8,9 | 1,7 | 6,3 |
| Equity/assets ratio, % | 48,8 | 57,5 | 53,2 | 56,9 | 52,7 | 57,6 |
| | | | | | | |
| Number of full-time employees on the closing date | 631 | 501 | 631 | 501 | 631 | 490 |
| | | | | | | |
| Average number of shares before dilution, thousands | 23 022 | 21 909 | 22 936 | 21 909 | 22 680 | 21 909 |
| Average number of shares after dilution, thousands | 23 022 | 21 909 | 22 936 | 21 909 | 22 680 | 21 909 |
| Equity per share, SEK | 34,49 | 34,53 | 33,57 | 33,92 | 34,18 | 33,68 |

# Parent Company, income statement in summary

| MSEK | Jul-Sep 2024 | Jul-Sep 2023 | Jan-Sep 2024 | Jan-Sep 2023 | Oct-Sep 2023/24 | Jan-Dec 2023 |
|---|---|---|---|---|---|---|
| Net sales | 6,0 | 6,2 | 17,8 | 18,4 | 25,8 | 26,4 |
| Administrative expenses | -4,5 | -3,9 | -15,4 | -13,3 | -26,8 | -24,7 |
| **Operating profit** | **1,4** | **2,3** | **2,4** | **5,1** | **-1,0** | **1,7** |
| Interest income and similar profit/loss items | 3,1 | 0,8 | 7,6 | 4,0 | 10,6 | 6,9 |
| Interest expenses and similar profit/loss items | -5,2 | -5,0 | -18,2 | -14,4 | -23,3 | -19,4 |
| Dividend / result from group company | 4,8 | - | 277,5 | 12,7 | 302,7 | 37,9 |
| **Profit/loss after financial items** | **4,1** | **-2,0** | **269,3** | **7,3** | **289,1** | **27,0** |
| Appropriations | - | - | - | - | 47,9 | 47,9 |
| Tax | 0,1 | 0,4 | 1,7 | 1,1 | -7,2 | -7,7 |
| **Net profit/loss for the period** | **4,3** | **-1,6** | **271,0** | **8,4** | **329,8** | **67,1** |

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 2024 | 30-sep 2023 | 31-dec 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| **Financial assets** | | | |
| Shares in group companies | 1 080,0 | 745,7 | 1 458,2 |
| Other non-current assets | 3,7 | 2,9 | 3,4 |
| **Total non-current assets** | **1 083,7** | **748,5** | **1 461,6** |
| **Current assets** | | | |
| Receivables from group companies | 194,8 | 154,7 | 89,7 |
| Other current receivables | 17,0 | 39,1 | 6,2 |
| Cash and cash equivalents | 34,4 | 14,0 | - |
| **Total current assets** | **246,2** | **207,8** | **95,8** |
| **TOTAL ASSETS** | **1 329,9** | **956,4** | **1 557,4** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Restricted equity | 138,1 | 131,5 | 131,5 |
| Non-restricted equity | 691,0 | 333,2 | 375,5 |
| **Total equity** | **829,1** | **464,7** | **507,0** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Liabilities to credit institutions | 324,3 | 150,0 | 150,0 |
| Other non-current liabilities | 32,2 | 15,8 | 10,9 |
| **Total non-current liabilities** | **356,5** | **165,8** | **160,9** |
| **Current liabilities** | | | |
| Liabilities to credit institutions | - | - | 3,4 |
| Liabilities to group companies | 120,7 | 316,1 | 874,7 |
| Other current liabilities | 23,7 | 9,8 | 11,4 |
| **Total current liabilities** | **144,3** | **325,9** | **889,6** |
| **TOTAL EQUITY AND LIABILITIES** | **1 329,9** | **956,4** | **1 557,4** |

# 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 2023 Annual Report, which was prepared in accordance with International Financial Reporting Standards and Interpretations as adopted by the EU. The information on pages 1-9 relating to the part of the year covered by this interim report constitutes an integral part of this financial report.

## Note 2 Financial instruments

The financial instruments measured at fair value are forward exchange contracts. Financial assets at fair value amounted to 0,0 MSEK (0.7) at the end of the period while financial liabilities at fair value amounted to 0,0 MSEK (1.0). 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 | Renovation | | New Build | | Group-wide | | Eliminations | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| **MSEK** | **2024** | **2023** | **2024** | **2023** | **2024** | **2023** | **2024** | **2023** | **2024** | **2023** |
| Net sales – External revenue | 246,6 | 225,0 | 84,4 | 28,3 | - | - | - | - | 331,0 | 253,3 |
| Net sales – Internal revenue | - | - | - | - | 6,0 | 6,2 | -6,0 | -6,2 | - | - |
| **Total sales** | **246,6** | **225,0** | **84,4** | **28,3** | **6,0** | **6,2** | **-6,0** | **-6,2** | **331,0** | **253,3** |
| **Operating profit (EBIT)** | **9,2** | **14,1** | **2,4** | **1,5** | **-2,2** | **-3,3** | **-** | **-** | **9,5** | **12,3** |
| Depreciation included with | 9,6 | 9,8 | 3,4 | 0,2 | - | - | - | - | 13,0 | 10,0 |
| of which amortization | 1,6 | 1,7 | 0,5 | - | - | - | - | - | 2,1 | 1,7 |
| Items affecting comparison | 3,9 | 0,2 | 0,3 | - | 0,7 | 1,0 | - | - | 5,0 | 1,2 |
| **Adjusted operating profit (EBITA)** | **14,8** | **15,9** | **3,2** | **1,5** | **-1,4** | **-2,2** | **-** | **-** | **16,6** | **15,2** |
| Adjusted operating margin | 6,0% | 7,1% | 3,8% | 5,1% | | | | | 5,0% | 6,0% |
| Operating profit (EBIT) | 9,2 | 14,1 | 2,4 | 1,5 | -2,2 | -3,3 | - | - | 9,5 | 12,3 |
| Finance income | - | - | - | - | 0,4 | 0,9 | - | - | 0,4 | 0,9 |
| Finance cost | - | - | - | - | -9,2 | -5,8 | - | - | -9,2 | -5,8 |
| **Profit before tax** | **9,2** | **14,1** | **2,4** | **1,5** | **-10,9** | **-8,2** | **-** | **-** | **0,8** | **7,3** |

| Jan-Sep | Renovation | | New Build | | Group-wide | | Eliminations | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| **MSEK** | **2024** | **2023** | **2024** | **2023** | **2024** | **2023** | **2024** | **2023** | **2024** | **2023** |
| Net sales – External revenue | 719,5 | 846,3 | 312,0 | 79,1 | - | - | - | - | 1 031,5 | 925,4 |
| Net sales – Internal revenue | - | - | - | - | 17,8 | 18,4 | -17,8 | -18,4 | - | - |
| **Total sales** | **719,5** | **846,3** | **312,0** | **79,1** | **17,8** | **18,4** | **-17,8** | **-18,4** | **1 031,5** | **925,4** |
| **Operating profit (EBIT)** | **24,7** | **61,9** | **11,6** | **3,0** | **-6,4** | **-2,5** | **-** | **-** | **29,9** | **62,3** |
| Depreciation included with | 30,0 | 31,2 | 9,5 | 2,2 | - | - | - | - | 39,5 | 33,4 |
| of which amortization | 4,2 | 4,9 | 3,2 | 0,2 | - | - | - | - | 7,4 | 5,1 |
| Items affecting comparison | 7,2 | 5,1 | 0,9 | - | 6,1 | 1,9 | - | - | 14,2 | 7,0 |
| **Adjusted operating profit (EBITA)** | **36,2** | **71,9** | **15,6** | **3,1** | **-0,2** | **-0,6** | **-** | **-** | **51,5** | **74,5** |
| Adjusted operating margin (EBITA) | 5,0% | 8,5% | 5,0% | 4,0% | | | | | 5,0% | 8,0% |
| Operating profit (EBIT) | 24,7 | 61,9 | 11,6 | 3,0 | -6,4 | -2,5 | - | - | 29,9 | 62,3 |
| Finance income | - | - | - | - | 2,7 | 2,7 | - | - | 2,7 | 2,7 |
| Finance cost | - | - | - | - | -23,8 | -12,7 | - | - | -23,8 | -12,7 |
| **Profit before tax** | **24,7** | **61,9** | **11,6** | **3,0** | **-27,5** | **-12,5** | **-** | **-** | **8,8** | **52,4** |

## 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 2024 | 30-sep 2023 | 31-dec 2023 |
|---|---|---|---|
| **Interest-bearing net debt incl leasing debt** | | | |
| Non-current interest-bearing liabilities | 385,1 | 229,0 | 225,4 |
| Current interest-bearing liabilities | 13,1 | 15,1 | 19,0 |
| Cash and cash equivalents | -39,4 | -21,6 | -2,8 |
| **Interest-bearing net debt incl leasing debt** | **358,8** | **222,6** | **241,6** |
| | | | |
| Adjusted EBITDA (R12) | 108,2 | 147,7 | 127,4 |
| **Interest-bearing net debt/EBITDA (R12), times** | **3,3** | **1,5** | **1,9** |
| | | | |
| **Interest-bearing net debt excl leasing debt** | | | |
| Interest-bearing net debt incl leasing debt | 358,8 | 222,6 | 241,6 |
| Leasing liabilities non-current | -48,1 | -54,3 | -51,2 |
| Leasing liabilities current | -13,1 | -14,8 | -19,0 |
| **Interest-bearing net debt excl leasing debt** | **297,6** | **153,5** | **171,4** |
| | | | |
| **Interest-bearing net debt/EBITDA excl leasing (R12), times** | | | |
| Adjusted EBITDA (R12) | 108,2 | 147,7 | 127,4 |
| Leasing depreciations (R12) | -18,8 | -23,9 | -20,2 |
| *Adjusted EBITDA (R12) excl leasing depreciations* | *89,5* | *123,9* | *107,1* |
| **Interest-bearing net debt/EBITDA excl leasing (R12), times** | **3,3** | **1,2** | **1,6** |
| | | | |
| **Return on capital employed** | | | |
| Equity | 794,0 | 756,5 | 746,1 |
| Interest-bearing net debt | 358,8 | 222,6 | 241,6 |
| Average capital employed | 1 066,0 | 907,8 | 911,2 |
| Adjusted operating profit (EBIT), (R12) | 57,9 | 102,7 | 83,0 |
| **Return on capital employed, %** | **5,4** | **11,3** | **9,1** |
| | | | |
| **Equity/assets ratio** | | | |
| Equity attributable to owners of the parent company | 794,0 | 756,5 | 746,1 |
| Total assets | 1 628,2 | 1 316,7 | 1 267,2 |
| **Equity/assets ratio, %** | **48,8** | **57,5** | **58,9** |

| MSEK | Jul-Sep 2024 | Jul-Sep 2023 | Jan-Sep 2024 | Jan-Sep 2023 | Oct-Sep 2023/24 | Jan-Dec 2023 |
|---|---|---|---|---|---|---|
| **Adjusted operating profit (EBIT)** | | | | | | |
| Operating profit (EBIT | 9,5 | 12,3 | 29,9 | 62,3 | 38,0 | 70,4 |
| Items affecting comparison | | | | | | |
| Re-structuring costs | 4,2 | 0,2 | 8,1 | 5,1 | 13,7 | 10,7 |
| Acquisition costs | 0,7 | 1,0 | 6,1 | 1,9 | 6,2 | 1,9 |
| **Adjusted operating profit (EBIT)** | **14,5** | **13,5** | **44,2** | **69,4** | **57,9** | **83,0** |
| | | | | | | |
| **Operating profit (EBITA)** | - | - | - | - | - | - |
| Operating profit (EBIT) | 9,5 | 12,3 | 29,9 | 62,3 | 38,0 | 70,4 |
| Amortization | 2,1 | 1,7 | 7,4 | 5,1 | 9,0 | 6,8 |
| **Operating profit (EBITA)** | **11,6** | **13,9** | **37,3** | **67,4** | **47,0** | **77,1** |
| | | | | | | |
| **Adjusted operating profit (EBITA)** | - | - | - | - | - | - |
| Adjusted operating profit (EBIT) | 14,5 | 13,5 | 44,2 | 69,4 | 57,9 | 83,0 |
| Amortization | 2,1 | 1,7 | 7,4 | 5,1 | 9,0 | 6,8 |
| **Adjusted operating profit (EBITA)** | **16,6** | **15,2** | **51,5** | **74,5** | **66,9** | **89,8** |
| | | | | | | |
| **EBITDA** | | | | | | |
| Operating profit (EBIT) | 9,5 | 12,3 | 29,9 | 62,3 | 38,0 | 70,4 |
| Depreciation and amortization | 13,0 | 10,0 | 39,5 | 33,4 | 50,4 | 44,3 |
| **EBITDA** | **22,4** | **22,3** | **69,4** | **95,7** | **88,4** | **114,7** |
| | | | | | | |
| **Adjusted EBITDA** | | | | | | |
| Adjusted operating profit (EBIT) | 14,5 | 13,5 | 44,2 | 69,4 | 57,9 | 83,0 |
| Depreciation and amortization | 13,0 | 10,0 | 39,5 | 33,4 | 50,4 | 44,3 |
| **Adjusted EBITDA** | **27,4** | **23,5** | **83,6** | **102,8** | **108,2** | **127,4** |
| | | | | | | |
| **Investments, excluding expansion investments** | | | | | | |
| Investments in intangible fixed assets | -1,5 | -0,5 | -2,5 | -3,5 | -4,6 | -5,6 |
| Investments in tangible fixed assets | -0,5 | -1,4 | -2,9 | -6,8 | -3,8 | -7,7 |
| of which expansion investments | 1,6 | 0,4 | 4,4 | 4,4 | 7,0 | 7,0 |
| **Investments, excluding expansion investments** | **-0,4** | **-1,5** | **-1,0** | **-5,9** | **-1,4** | **-6,4** |
| | | | | | | |
| **Operating cash flow** | | | | | | |
| Adjusted EBITDA | 27,4 | 23,5 | 83,6 | 102,8 | 108,2 | 127,4 |
| Changes in working capital | -28,5 | -3,6 | -1,8 | -98,9 | -20,4 | -117,4 |
| Investments, excluding expansion investments | -0,4 | -1,5 | -1,0 | -5,9 | -1,4 | -6,4 |
| **Operating cash flow** | **-1,4** | **18,4** | **80,8** | **-2,0** | **86,4** | **3,6** |
| | | | | | | |
| **Net Sales excluding acquisitions** | | | | | | |
| Net Sales | 331,0 | 253,3 | 1 031,5 | 925,4 | 1 321,0 | 1 214,9 |
| Acquired net sales | -109,2 | -18,1 | -315,7 | -58,2 | -322,0 | -64,6 |
| **Net Sales excluding acquisitions** | **221,8** | **235,1** | **715,8** | **867,2** | **999,0** | **1 150,3** |

## Note 5 Acquisition

On January 22, Balco Group entered into an agreement on and completed the acquisition of all shares in Riikku Group Oy, one of Finland's leading companies in balcony glazing. The acquisition is consolidated from 1 January 2024 and is expected to contribute positively to earnings per share during the full year 2024.Through the acquisition, Balco Group establishes a strong position in the Finnish balcony market and strengthens the range in the new construction segment. The acquisition also strengthens Balco Group's market position in the Nordics, in line with the group's long-term strategy.

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

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

| The purchase price comprises the following components (MSEK) | |
|---|---|
| Cash payment | 78,5 |
| Present value calculated future payments | 39,2 |
| Aquired net assets | -117,7 |
| **Goodwill** | **-** |

| The following assets and liabilities were included in the acquisition (M | |
|---|---|
| Cash and cash equivalents | 2,2 |
| Tangible fixed assets | 64,3 |
| Intangible assets | 104,6 |
| Inventories | 15,9 |
| Receivables | 84,3 |
| Liabilities | -133,8 |
| Deferred tax liabilities | -19,8 |
| **Acquired net assets** | **117,7** |

On March 6, Balco Group entered into an agreement and completed the acquisition of sixty percent of the shares in Suomen ohutlevyasennus Oy, a Finnish general contracting and facade company. The acquisition is consolidated from 1 March 2024 and is expected to contribute positively to earnings per share during the full year 2024.

Through the acquisition, Balco Group further strengthens its position on the Finnish market and expands the offer in the renovation segment as well as in turnkey and green transformation. Balco Group's latest acquisition Riikku is a major supplier to Suomen Ohutlevyasennus and together the two acquisitions lead to the group establishing itself as a leading player in Finland.

Suomen ohutlevyasennus Oy was founded in 1984 and is a turnkey company with facade renovation as an area of expertise. The projects mainly include facade renovation with additional insulation and often installation of balcony glazing. Over 90 percent of the company's turnover comes from the renovation segment, and the customers are tenant-owned associations and construction companies. The company is located in Turku, Finland and had a turnover of just over 11 MEUR in 2023 with a higher operating margin than Balco Group's for several years. Suomen ohutlevyasennus will continue to be run by co-owners Jukka Stam and Mikko Jokinen.

The agreed purchase price amounts to 5.4 MEUR for 60 percent of the shares on a cash and debt-free basis. 1.4 MEUR is paid with newly issued shares to Suomen ohutlevyasennus' previous owners. The remaining EUR 4 million is financed with own cash and the access was paid. The acquisition calculation is preliminary.

| The purchase price comprises the following components (MSEK) | |
|---|---|
| Cash payment | 60,9 |
| Aquired net assets | -34,8 |
| **Goodwill** | **26,1** |

| The following assets and liabilities were included in the acquisition (M | |
|---|---|
| Cash and cash equivalents | 4,3 |
| Tangible fixed assets | 9,8 |
| Intangible assets | 44,3 |
| Receivables | 11,1 |
| Liabilities | -25,4 |
| Deferred tax liabilities | -9,3 |
| **Acquired net assets** | **34,8** |

# Alternative performance measures

This interim report contains references to several 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. The average calculated as the average of the opening balance and the closing balance for the period. | Return on equity shows the return that is generated on the shareholders' capital that is invested in the company. |
| **Return on capital employed** | Adjusted EBITA as a percentage of average capital employed for the period. The average calculated as the average of the opening balance and the closing balance for the period. | Return on capital employed shows the return that is generated on capital employed by the company and is used by Balco to monitor profitability as it relates to the capital efficiency of the company. |
| **Return on capital employed excluding goodwill** | Adjusted EBITA as a percentage of average capital employed for the period excluding goodwill. Average calculated as the average of the opening balance and the closing balance for the period. | Balco believes that return on capital employed excluding goodwill together with return on capital employed shows a complete picture of Balco's capital efficiency. |
| **Gross income** | Revenue less production and project costs. | Shows the effectiveness of Balco's operations and together with EBIT provides a complete picture of the operating profit generation and expenses. |
| **Gross margin** | Gross income as a percentage of net sales. | Ratio is used for analysis of the company's effectiveness and profitability. |
| **EBITDA** | Earnings before interest, tax, depreciation, and amortization. | Balco believes that EBITDA shows the profit generated by the operating activities and is a good measure of cash flow from operations. |
| **Interest-bearing net debt relative to adjusted EBITDA** | Interest-bearing external net debt divided by adjusted EBITDA. | Balco believes this ratio helps to show financial risk and is a useful measure for Balco to monitor the level of the company's indebtedness. |
| **Adjusted EBITDA** | EBITDA as adjusted for items affecting comparability. For a reconciliation of adjusted EBITDA to income for the period. | Balco believes that adjusted EBITDA is a useful measure for showing the company's profit generated by the operating activities after adjusting for items affecting comparability, and primarily uses adjusted EBITDA for purposes of calculating the company's operating cash flow and cash conversion. |
| **Adjusted EBITDA margin** | Adjusted EBITDA as a percentage of net sales. | Balco believes that adjusted EBITDA margin is a useful measure for showing the company's profit generated by the operating activities after non-recurring items. |
| **Adjusted EBIT margin** | Adjusted EBIT as a percentage of net sales. | Balco believes that adjusted EBIT margin is a useful measure for showing the company's profit generated by the operating activities. |
| **Adjusted EBIT** | EBIT adjusted for items affecting comparability. For a reconciliation of adjusted EBIT to income for the period. | Balco believes that adjusted EBITA is a useful measure for showing the company's profit generated by the operating activities, and primarily uses adjusted EBIT for calculating the company's return on capital employed. |
| **Adjusted EBITA margin** | Adjusted EBITA as a percentage of net sales. | Balco believes that adjusted EBITA margin is a useful measure for showing the company's profit generated by the operating activities. |
| **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 |

| Alternative performance measures | Definition | Reason for use |
|---|---|---|
| | | 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 customized products contribute to enhanced quality of life, security, and increased value for residents in multi-occupancy buildings. Furthermore, Balco Group's standardized glazing systems result in reduced energy consumption.

**631** employees

**7** markets

**1,321** MSEK net sales R12

**35,000** sqm total production area

Balco Group was established in 1987 and is a group consisting of producing and selling companies. The group is the market leader in the Nordics and operates in several markets in northern Europe. The head office is in Växjö, and the group has approximately 650 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