BALCO GROUP

Interim Report Q2

JANUARY – JUNE 2024

Strong cash flow

Second quarter: April - June

- Net sales increased by 8 percent to 374 MSEK (346)
- Order intake increased by 26 percent to 380 MSEK (301)
- Order backlog increased by 16 percent to 1,384 MSEK (1,195)
- Adjusted operating profit (EBITA) amounted to 19 MSEK (31)
- Adjusted operating margin amounted to 5.0 percent (8.9)
- Net profit after tax amounted to 3.5 MSEK (21)
- Earnings per share amounted to 0.15 SEK (0.94)
- Operating cash flow improved to 64 MSEK (-10)

The half-year period: January– June

- Net sales increased by 4 percent to 700 MSEK (672)
- Order intake increased by 34 percent to 732 MSEK (547)
- Adjusted operating profit (EBITA) amounted to 35 MSEK (59)
- Adjusted operating margin amounted to 5.0 percent (8.8)
- Net profit after tax amounted to 6 MSEK (34)
- Earnings per share amounted to 0.25 SEK (1.57)
- Operating cash flow improved to 82 MSEK (-20)

Events during the quarter and since the end of the quarter

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

MSEK	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jul-Jun 2023/24	Jan-Dec 2023
Net sales	374,0	346,4	700,4	672,1	1 243,2	1 214,9
Order intake	379,7	301,4	731,7	546,6	1 162,1	977,0
Order backlog	1 384,2	1 194,7	1 384,2	1 194,7	1 384,2	1 073,6
Adjusted operating profif (EBITA)	18,7	30,9	35,0	59,3	65,5	89,8
Adjusted operating margin (EBITA), %	5,0	8,9	5,0	8,8	5,3	7,4
Net profit for the period	3,5	20,6	5,8	34,3	18,0	46,5
Operating cash flow	64,2	-9,7	82,2	-20,4	106,2	3,6
Earnings per share, SEK before dilution	0,15	0,94	0,25	1,57	0,81	2,12
Earnings per share, SEK, after dilution	0,15	0,94	0,25	1,57	0,81	2,12

" During the quarter, we received a major order for a modular house manufacturer in Germany worth approximately 37 MSEK. "

" We are seeing a clear increase in activity in the market, but the processes are still taking a long time. “

- Camilla Ekdahl, President and CEO

Major order taken for modular house manufacturer in Germany

Both order intake and net sales increased compared to the same period last year thanks to the acquisitions made in the first quarter of 2024. Order intake increased by 26 percent and net sales by 8 percent. Organically, net sales decreased due to the lower order intake in 2023. Cash flow improved during the quarter.

Market update

The market situation for our largest market, Sweden, has clearly improved with the interest policy rate cut in May and clear signals of more upcoming cuts in the autumn. Customer activity has increased and interest in our products is high. However, there have been many cost increases for our customers in 2023 and the start of 2024, which means that the trend of processes taking longer than before continues. 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. There are a couple of larger projects where companies in the group have been chosen as suppliers, but the customer has postponed the signing of the contract.

In Denmark, it is even clearer with longer process times. There is a slight increase in the level of activity on quotations in the first half of the year compared to the same period last year, but even when we are chosen as supplier, it takes a very long time before the contracts are signed. This, together with the long process times for building permits in the country, means that both our sales and profitability have been affected this quarter and the assessment is that this will continue over the next six months.

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. Our turnkey contract solution with the inclusion of air-air heat pumps and solar panels has been a success. Sales have also been good for our "clima walls", where the old balcony slab is removed, and the balcony size is increased to cover an entire house façade and glazed. With this solution, customers can achieve energy savings of up to 30 percent in the apartment, depending on the direction in which the façade is facing. At the same time, the customer gets a large and attractive patio to be on.

Sales in the UK continue to be good with our product Levitate, which is focused on new build. Although there is competition for projects, the level of profitability has gradually improved and there is a lot of activity in the market with new offers.

In Germany, the focus is on two customer groups. One is rental properties within Gesellschaft/Genossenschaft and the other is modular house builders. The Gesellschaft/Genossenschaft group are repeat customers who have a large property portfolio in their region. They renovate a share of their property portfolio annually. A typical Balco project within this customer group is glazing of the existing balcony slab, which protects the balcony slab from further wear and tear and makes the balcony more attractive to the residents. For this customer group, it is important to create attractive housing within their region.

In Germany, there is a great shortage of apartments, there is talk of "Wohnungskrise". This, together with the soaring construction costs in recent years, has driven that much of the construction will be carried out "modular", which means a high proportion of prefabrication in the factory. We are in contact with several different players in modular apartment construction and offer balcony solutions that are suitable for concrete, wood and steel. After completing several smaller projects, a larger order was received during the quarter at a value of approximately 37 MSEK. The development in this segment looks positive going forward and the assessment is that we will have a similar development as in the UK, where profitability has gradually increased in the new build segment.

New build in Finland, which is primarily our new company Riikku's customer group, has declined significantly over the past year. We took this into account in our calculations when acquiring the company, and work is underway to broaden Riikku on the renovation side in Finland. The focus is to go from being a glazing company to becoming a balcony company. There is also a great need to renovate properties in Finland, and there is a demand for both balcony products and major renovations. Our second acquisition, Suomen Ohutlevyasennus, which works with turnkey projects on the renovation side, both balcony and façade, has continued to have a good order intake during the quarter.

Continued focus on costs

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 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. A few structural changes were implemented during the quarter on our production side to streamline and focus certain processes through production moves. Evaluation of further measures will continue in the future.

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.

Camilla Ekdahl
President and CEO

The group's development

The second quarter: April – June

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 for the renovation segment amounted to 251 MSEK (322) and net sales for the new build segment amounted to 123 MSEK (24).

Order intake increased by 26 percent to 380 MSEK (301). Acquired order intake was 37 percent and organic order intake was -11 percent. The renovation segment accounted for 254 MSEK (288) and the new build segment accounted for 126 MSEK (13).

The order backlog increased by 16 percent to 1,384 MSEK (1,195). The order backlog for the renovation segment amounted to 1,029 MSEK (1,054) and the order backlog for the new build segment increased to 355 MSEK (141).

Gross profit amounted to 69 MSEK (72), entailing a gross margin of 18.4 percent (20,9). The gross result includes items affecting comparability of 3 MSEK (0) linked to restructuring costs. The adjusted gross profit was 72 MSEK (72) and the adjusted gross margin 19.6 percent (20.9). The gross margin has decreased due to a different cost structure in the acquired companies with a slightly 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 33 MSEK (27) and administrative costs amounted to 27 MSEK (18). The increase comes from the acquired companies. Items affecting comparability of -3 MSEK (-1) were taken in the quarter linked acquisition costs and restructuring of the organization.

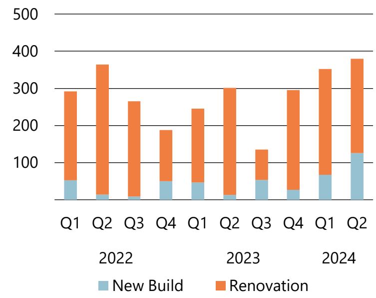
Adjusted operating profit (EBITA) amounted to 19 MSEK (31), corresponding to an adjusted operating margin of 5.0 percent (8,9).

Net financial items amounted to -4 MSEK (-2), of which -0.4 MSEK (-0.4) refers to interest costs linked to right-to-use assets (leasing) and 2 MSEK (0) are unrealized foreign exchange profit. Interest costs of -6 MSEK (-2) have increased linked to increased borrowing in connection with completed acquisitions and higher market interest rates.

Profit after tax amounted to 3.5 MSEK (21). Earnings per share amounted to 0,15 SEK (0,94).

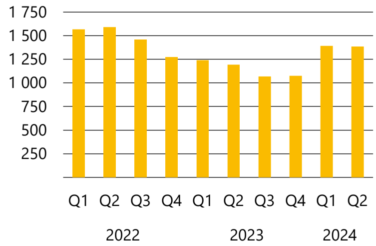
Operating cash flow improved to 64 MSEK (-10). The timing of building permits and the phases of the projects affect the cash flow between quarters.

Order intake per segment, MSEK



Order intake
Q2 2024
380 MSEK

Order backlog, MSEK



BALCO | GROUP

The half-year period: January – June

Net sales increased by 4 percent to 700 MSEK (672). Acquired growth was 31 percent, currency effect was 0.6 percent and organic growth was -27 percent. Net sales for the renovation segment amounted to 473 MSEK (621) and net sales for the new build segment amounted to 227 MSEK (51).

Order intake increased by 34 percent to 732 MSEK (547). Acquired order intake was 41 percent and organic order intake was -7 percent. The renovation segment accounted for för 539 MSEK (488) and the new build segment accounted for 193 MSEK (59).

Gross profit amounted to 136 MSEK (142), entailing a gross margin of 19.5 percent (21.1). The gross result includes items affecting comparability of 3 MSEK (4) linked to restructuring costs. The adjusted gross profit was 140 MSEK (145) and the adjusted gross margin 19.9 percent (21.6). The gross margin has decreased due to a different cost structure in the acquired companies with a slightly 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 64 MSEK (56) and administrative costs amounted to 53 MSEK (37). The increase comes from the acquired companies. Items affecting the comparability of -6 MSEK (-2) were taken linked acquisition costs and restructuring of the organization.

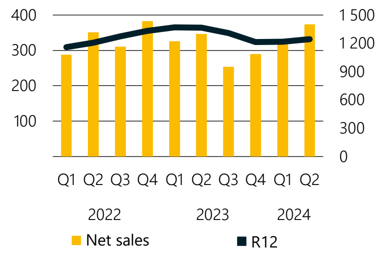
Adjusted operating profit (EBITA) amounted to 35 MSEK (59), corresponding to an adjusted operating margin of 5.0 percent (8,8).

Net financial items amounted to -12 MSEK (-5), of which -0,8 MSEK (-0,8) refers to interest costs linked to right-to-use assets (leasing) and -1 MSEK (0) are unrealized foreign exchange losses. Interest costs of -11 MSEK (-5) have increased linked to increased borrowing in connection with completed acquisitions and higher market interest rates.

Profit after tax amounted to 6 MSEK (34), while comprehensive income for the period amounted to 9 MSEK (42) after positive currency translation differences. Earnings per share amounted to 0.25 SEK (1.57).

Operating cash flow amounted to 82 MSEK (-20). The timing of building permits and the phases of the projects affect the cash flow between quarters.

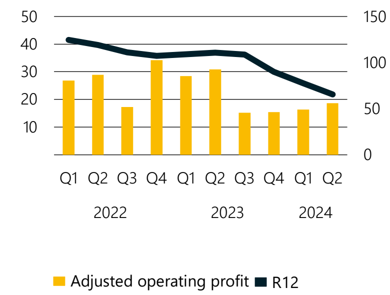
Net sales, MSEK



Operating cash flow

82 MSEK

Adjusted operating profit, MSEK



Net sales per customer category, MSEK

	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jul-Jun 2023/24	Jan-Dec 2023
Tenant-owner associations	194,5	238,4	348,2	469,3	669,3	790,3
Private landlords	24,7	34,8	47,0	49,1	116,4	118,5
Publicly owned companies	12,2	14,3	24,3	31,1	43,6	50,5
Construction companies	142,7	58,9	280,9	122,6	413,9	255,6
Total net sales	**374,0**	**346,4**	**700,4**	**672,1**	**1 243,2**	**1 214,9**

Net sales per geographic market, MSEK

	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jul-Jun 2023/24	Jan-Dec 2023
Sweden	169,8	229,7	302,0	437,4	617,1	752,6
Other Nordics	162,4	74,8	324,7	164,4	470,3	310,0
Other Europe	41,8	41,9	73,8	70,3	155,8	152,3
Total net sales	**374,0**	**346,4**	**700,4**	**672,1**	**1 243,2**	**1 214,9**

Development per segment

Renovation

Second quarter

Net sales amounted to 251 MSEK (322). The segment accounted for 67 percent (93) of the total net sales.

Order intake amounted to 254 MSEK (288), which corresponds to 67 percent (96) of the total order intake.

The adjusted operating profit (EBITA) amounted to 11 MSEK (30) corresponding to an adjusted operating margin 4.3 percent (9,4).

The half-year period

Net sales amounted to 473 MSEK (621). The segment accounted for 68 percent (92) of the total net sales.

Order intake increased to 539 MSEK (488), which corresponds to 74 percent (89) of the total order intake.

The adjusted operating profit (EBITA) amounted to 21 MSEK (56), corresponding to an adjusted operating margin 4.5 percent (9,0).

The order backlog amounted to 1,029 (1,054), which corresponds to 74 percent (88) of the total order backlog.

Renovation, MSEK	**Apr-Jun 2024**	**Apr-Jun 2023**	**Jan-Jun 2024**	**Jan-Jun 2023**	**Jul-Jun 2023/24**	**Jan-Dec 2023**
Net sales	250,8	322,1	472,9	621,3	939,5	1 088,0
Adjusted operating profit (EBITA)	10,7	30,3	21,4	56,0	49,2	83,8
Adhusted operating margin (EBITA), %	4,3	9,4	4,5	9,0	5,2	7,7
Order intake	254,2	288,4	539,1	487,5	890,2	838,7
Order backlog	1 029,4	1 054,0	1 029,4	1 054,0	1 029,4	925,5

New build

Second quarter

Net sales increased to 123 MSEK (24). The segment accounted for 33 percent (7) of the total net sales.

Order intake increased to 126 MSEK (13) which corresponds to 33 percent (4) of the total order intake.

The adjusted operating profit (EBITA) improved to 7 MSEK (0,3) corresponding to an adjusted operating margin 5.5 percent (1,3).

The half-year period

Net sales increased to 228 MSEK (51). The segment accounted for 32 percent (8) of the total net sales.

Order intake increased to 193 MSEK (59) which corresponds to 26 percent (11) of the total order intake.

The adjusted operating profit (EBITA) improved to 12 MSEK (2), corresponding to an adjusted operating margin 5.4 percent (3,3).

The order backlog increased to 355 MSEK (141), which corresponds to 26 percent (12) of the total order backlog.

New Build, MSEK	**Apr-Jun 2024**	**Apr-Jun 2023**	**Jan-Jun 2024**	**Jan-Jun 2023**	**Jul-Jun 2023/24**	**Jan-Dec 2023**
Net sales	123,2	24,3	227,6	50,8	303,7	126,9
Adjusted operating profit (EBITA)	6,8	0,3	12,4	1,7	15,5	4,8
Adhusted operating margin (EBITA), %	5,5	1,3	5,4	3,3	5,1	3,8
Order intake	125,5	13,1	192,6	59,1	271,9	138,3
Order backlog	354,8	140,7	354,8	140,7	354,8	148,1

Financial position and cash flow

Liquidity and financial position

Interest-bearing net debt including leasing debt at the end of half-year period amounted to 342 MSEK (223). Interest-bearing net debt including leasing debt in relation to adjusted EBITDA amounted to 3.3 times (1,5).

Proforma, including 12-month result of the acquired companies, interest-bearing net debt including leasing debt in relation to adjusted EBITDA amounted to 2.5 times.

Interest-bearing net debt excluding leasing debt amounted to 276 MSEK (149). Interest-bearing net debt excluding leasing debt in relation to adjusted EBITDA amounted to 3.2 times (1,2).

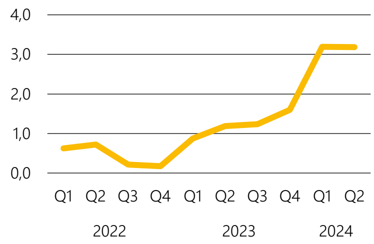
Proforma, including 12-month result of the acquired companies, interest-bearing net debt excluding leasing debt in relation to adjusted EBITDA amounted to 2.4 times.

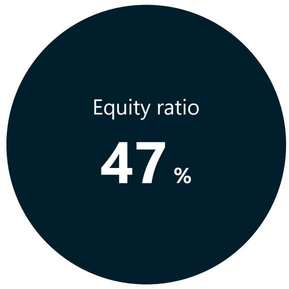
At the end of the half-year period, the Group's equity amounted to 798 MSEK (757).

The Group's equity ratio was 47 percent (56).

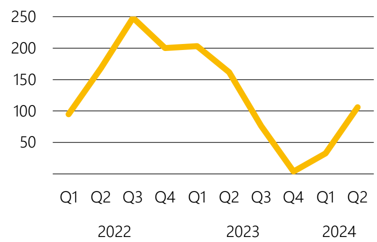
MSEK	30-jun 2024	30-jun 2023	31-dec 2023
Non-current liabilities to credit institutions	356,9	176,3	174,2
Leasing liabilities non-current	50,4	57,1	51,2
Current liabilities to credit institutions	-	0,4	-
Leasing liabilities current	15,5	16,6	19,0
Cash and cash equivalents	-81,2	-27,5	-2,8
Interest-bearing net debt incl leasing debt	**341,6**	**222,9**	**241,6**
Interest-bearing net debt excl leasing debt	*275,7*	*149,2*	*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	2,5 x	1,3 x	1,9 x
Interest-bearing net debt excl. leasing/EBITDA (12 months), times	3,2 x	1,2 x	1,6 x
Interest-bearing net debt excl. leasing/EBITDA (proforma) (12 months), times	2,4 x	1,0 x	1,6 x
Equity/assets ratio, %	46,6	56,2	58,9

External interest-bearing net debt relative to EBITDA





Operating cash flow R12, MSEK



Cash flow, investments and amortization/depreciation

For the half-year period, cash flow from operating activities amounted to 52 MSEK (-50).

Cash flow from investing activities amounted to -85 MSEK (-48), of which -1 MSEK (-2) was replacement investments and -3 MSEK (-7) expansion investments and -81 MSEK (-39) acquisition of shares in subsidiaries.

Cash flow from financing activities amounted to 112 MSEK (71) where the largest items refer increased utilization of the revolving credit facility.

Cash flow for the half-year period amounted to 79 MSEK (-26).

Depreciation for the half-year period amounted to -27 MSEK (-23), of which -9 MSEK (-12) refers to depreciation linked to right-to-use assets (leasing) and -5 MSEK (-3) refers to amortization of acquired intangible assets.

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.

Operations and segment description

Balco Group is a market-leading player in the balcony industry and offers a range of different services, from development and manufacturing to sales and installation of self-made open and glazed balcony systems. Balco has a unique method, known as the Balco Method, for delivering glazed balconies and balcony solutions. The method means that existing balconies are removed and replaced with new, larger glazed balconies with a lifespan of over 90 years, which provides the market's most economical and sustainable solution.

To offer complete and customized solutions in the balcony industry, Balco Group has several subsidiaries that work together to offer a comprehensive solution in areas such as manufacturing and delivery of balconies, masonry and tiling services, technical solutions and facade services such as renovation, window replacement and facade cleaning. Balco Group strives to meet customer needs and requirements by offering a combination of specialized services and expertise. Balco Group's offer contributes to increased quality of life, safety and value for residents in apartment buildings and provides energy savings up to 30 percent. The group takes full responsibility for the project and guides the customer through the entire process from project planning to final inspection and service.

Segment - Renovation

Sjøsiden Boligpark, Norway

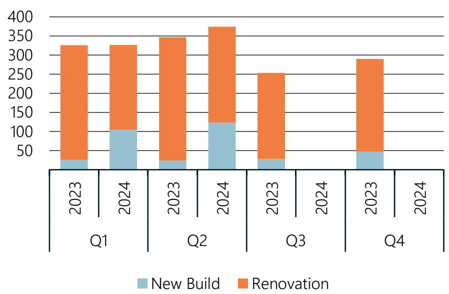
The segment includes the replacement and extension of existing balconies as well as the installation of new balconies on multi-residential properties, mainly glazed balconies. The main driving force is the pent-up need for renovation and the age profile of the properties.

Segment - New Build

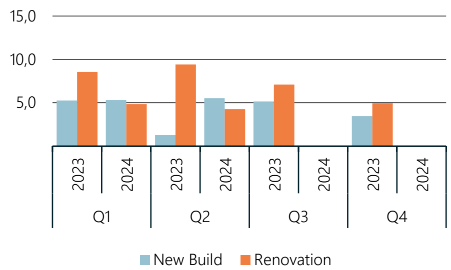
New Road Rainham, UK

The segment includes balconies in the construction of multi-residential properties as well as balcony projects in the maritime market. Balco expands selectively with a focus on profitability and low risk. Demand is driven by the pace of new housing production.

Sales development per quarter, MSEK



Operating margin per quarter, %



Sustainability

Sustainability is a prerequisite for long-term profitability for the Balco Group. By focusing on sustainability, we can create a strong brand, increase customer trust and improve our competitiveness in the long term. We will continue to work hard to incorporate sustainability into all aspects of our business.

Sustainability is a focus area in the construction industry and affects all links in the value chain. This particularly applies to the market for balconies where Balco Group operates. Property developers and property owners demand economically advantageous and climate-smart solutions with a long lifespan.

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

Other information

Employees

At the end of June 2024 Balco Group had 655 (527) full-time employees. The increase comes from the acquired companies Riikku Group Oy and Suomen ohutlevyasennus Oy.

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 many workdays and lack of absences, and negatively affected by weather factors, when winters with significant volumes of snow entail increased costs.

Shares, share capital and shareholders

At the end of June 2024, there were 23,021,648 shares in Balco, corresponding to a share capital of 138,135,310 SEK. There were 5,276 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 79 and 99 in the 2023 Annual Report.

Incentive program

Balco Group AB has one long-term incentive program aimed at the company's senior executives and additional key employees, a total of 40 employees. The incentive programs comprise a total of no more than 220,000 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 2 MSEK. The programs involve a dilution corresponding to approximately 1 percent of the company's total number of shares. The senior executives in Balco have acquired 55,000 warrants amounting to a total value of 280,700 SEK. The purpose of the incentive programs is to encourage broad shareholding among Balco's employees, facilitate recruitment, retain competent employees, and increase motivation to achieve or exceed the company's financial goals. For more information, see the Annual Report 2023 on pages 76, 78 and 113.

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 30-35, 42, 87-88, 91 and 94 in 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 basis. Balco Group is the market leader in Scandinavia and has a challenger position in other markets in which the Group operates. The market is fragmented and growing throughout northern Europe. The value of the balcony market in the countries where Balco Group is represented is estimated at just over 40 billion SEK.

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 in the past year will affect sales and earnings in coming quarters. We continue to focus on costs and adjust the organization based on changes in occupancy and order intake but retain important competence 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 the 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

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

This information comprises such information as Balco Group AB is obliged to publish in accordance with the EU Market Abuse Regulation and the Securities Market Act. The information was provided by the contact persons below for publication on July 12, 2024, at 13:00 CEST.

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

Växjö, July 12, 2024

Ingalill Berglund
Chairman of the Board

Carl-Mikael Lindholm
Board member

Mikael Andersson
Board member

Johannes Nyberg
Board member

Camilla Ekdahl
President and CEO

Vibecke Hverven
Board member

Thomas Widstrand
Board member

Web conference
A webcast conference call will be held at 14:00 CET July 12, 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/q2-2024/

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

SE: +46 8 4468 2488
PIN: 836 6050 0734#

For more information, please contact:
Camilla Ekdahl, President and CEO, Tel: +46 70 606 30 32, camilla.ekdahl@balco.se
Michael Grindborn, CFO and Head of IR, Tel: +46 70 670 18 48, michael.grindborn@balco.se

Calendar 2024
Interim report Jan-Sep 2024 .... October 28, 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

Consolidated statement of comprehensive income

MSEK	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jul-Jun 2023/24	Jan-Dec 2023
Net sales	374,0	346,4	700,4	672,1	1 243,2	1 214,9
Production and project costs	-305,1	-274,0	-564,2	-530,6	-1 003,1	-969,5
Gross profit	**68,9**	**72,4**	**136,3**	**141,5**	**240,1**	**245,4**
Sales costs	-33,1	-27,1	-64,2	-56,3	-116,3	-108,4
Administration costs	-26,9	-17,7	-52,6	-37,2	-92,1	-76,7
Other operating income	0,6	1,0	1,0	2,1	9,2	10,3
Other operating expenses	-0,0	-0,1	-0,0	-0,1	-0,1	-0,2
Operating costs	-59,4	-44,0	-115,8	-91,5	-199,3	-175,0
Operating profit	**9,5**	**28,4**	**20,4**	**50,1**	**40,7**	**70,4**
Finance income	0,2	0,9	2,2	1,8	4,1	3,7
Finance costs	-3,8	-2,7	-14,6	-6,9	-25,8	-18,1
Profit before tax	**5,9**	**26,7**	**8,1**	**45,0**	**19,1**	**56,0**
Income tax	-2,4	-6,0	-2,3	-10,7	-1,1	-9,5
Net profit for the period	**3,5**	**20,6**	**5,8**	**34,3**	**18,0**	**46,5**
Other comprehensive income						
Items that may later be reclassified to the income statement						
Translation difference when translating foreign operations	-3,5	6,8	3,4	8,0	-1,2	3,4
Comprehensive income for the period	**0,0**	**27,4**	**9,2**	**42,3**	**16,8**	**49,9**
Of which attributable to:						
Parent company's shareholders	0,0	27,4	8,4	42,4	15,3	49,2
Non-controlling interest	-0,0	-0,0	0,8	-0,1	1,5	0,6
Comprehensive income for the period	0,0	27,4	9,2	42,3	16,8	49,9
Earnings per share, SEK, before dilution	0,15	0,94	0,25	1,57	0,81	2,12
Earnings per share, SEK, after dilution	0,15	0,94	0,25	1,57	0,81	2,12
Average number of shares before dilution, thousands	23 022	21 909	22 894	21 909	22 402	21 909
Average number of shares after dilution, thousands	23 022	21 909	22 894	21 909	22 402	21 909

Consolidated balance sheet in summary

MSEK	30-jun 2024	30-jun 2023	31-dec 2023
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	513,6	485,6	485,2
Other intangible assets	278,8	143,9	142,2
Total intangible assets	**792,4**	**629,5**	**627,3**
Tangible assets			
Right-to-use assets	63,8	72,7	70,5
Property, plant and equipment	230,5	169,9	161,9
Total tangible assets	**294,3**	**242,6**	**232,4**
Financial assets	3,6	-	-
Deferred tax assets	0,8	0,7	0,3
Total non-current assets	**1 091,0**	**872,7**	**860,1**
Current assets			
Inventory	70,7	60,0	51,5
Accounts receivables	208,1	155,2	138,0
Contract assets	200,8	163,0	177,1
Other current receivables	49,2	66,9	37,7
Cash and cash equivalents	81,2	27,5	2,8
Total current assets	**610,1**	**472,6**	**407,2**
TOTAL ASSETS	**1 701,2**	**1 345,3**	**1 267,2**
EQUITY AND LIABILITIES			
Equity			
Share capital	138,1	131,5	131,5
Other capital contributions	449,9	406,3	406,3
Reserves	3,7	16,2	11,6
Retained earnings, incl. profit for year	201,7	201,7	196,7
Equity attributable to Parent Company's shareholders	**793,4**	**755,7**	**746,1**
Non-controlling interest	4,5	1,1	1,8
TOTAL EQUITY	**797,9**	**756,8**	**748,0**
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	356,9	176,3	174,2
Leasing liabilities	50,4	57,1	51,2
Other non-current liabilities	31,5	18,7	1,4
Deferred tax liabilities	70,1	42,5	41,7
Total non-current liabilities	**508,9**	**294,7**	**268,5**
Current liabilities			
Liabilities to credit institutions	-	0,4	-
Leasing liabilities	15,5	16,6	19,0
Contract liabilities	65,4	66,3	50,0
Accounts payables	173,6	106,0	91,0
Other current liabilities	139,9	104,5	90,7
Total current liabilities	**394,3**	**293,8**	**250,7**
TOTAL EQUITY AND LIABILITIES	**1 701,2**	**1 345,3**	**1 267,2**

Consolidated changes in Shareholders’ Equity

MSEK	Share Capital	Additional paid-in capital	Reserves	Retained earnings including comprehensive income for the year	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	-	-	-	34,4	-0,1	34,3
Other comprehensive income for the period	-	-	8,0	-	-	8,0
Total comprehensive income for the period	**-**	**-**	**8,0**	**34,4**	**-0,1**	**42,3**
Acquisitiom of non-controlling interest	-	-	-	-	-	-
Transactions with shareholders:						
Distributed dividend	-	-	-	-16,4	-	-16,4
Total transactions with Company owners	**-**	**-**	**-**	**-16,4**	**-**	**-16,4**
Closing balance 30 Jun 2023	**131,5**	**406,3**	**16,2**	**201,7**	**1,1**	**756,8**
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	-	-	-	5,0	0,8	5,8
Other comprehensive income for the period	-	-	3,4	-	-	3,4
Total comprehensive income for the period	**-**	**-**	**3,4**	**5,0**	**0,8**	**9,2**
Acquisitiom of non-controlling interest	-	-	-	-	1,9	1,9
Transactions with shareholders:						
Acquisition/disposal of share in holdings without control	-	-	-	-11,3	-	-11,3
New shares issue	6,7	43,5	-	-	-	50,2
Total transactions with Company owners	**6,7**	**43,5**	**-**	**-11,3**	**-**	**38,9**
Closing balance 30 Jun 2024	**138,1**	**449,9**	**15,1**	**190,4**	**4,5**	**797,9**

Consolidated Cash Flow Statements in summary

MSEK	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jul-Jun 2023/24	Jan-Dec 2023
Operating activities						
Operating profit (EBIT)	9,5	28,4	20,4	50,1	40,7	70,4
Adjustment for non-cash items	5,0	11,1	10,4	25,1	24,2	38,9
Interest received	0,8	0,9	1,8	1,8	3,7	3,7
Interest paid	-7,1	-2,3	-12,9	-6,1	-23,4	-16,5
Income tax paid	-4,3	-6,1	-8,6	-25,0	10,6	-5,8
Cash flow from operating activities before changes in working capital	**3,9**	**32,1**	**11,1**	**45,9**	**55,9**	**90,7**
Changes in working capital						
Increase (-)/Decrease (+) in inventories	2,7	2,4	-2,0	-0,6	6,0	7,4
Increase (-)/Decrease (+) in current assets	14,0	-19,5	-3,7	-2,5	3,1	4,3
Increase (+)/Decrease (-) in current liabilities	17,9	-29,5	46,3	-92,4	10,2	-128,5
Cash flow from operating activities	**38,5**	**-14,4**	**51,7**	**-49,5**	**75,1**	**-26,1**
Cash flow from investing activities						
Investments in intangible fixed assets	-0,1	-0,9	-1,1	-3,0	-3,7	-5,6
Investments in tangible fixed assets	-1,0	-3,3	-2,4	-5,4	-4,8	-7,7
Acquisitions of operations	-1,4	-	-81,1	-39,5	-81,1	-39,5
Changes in other non-current assets/liabilities	-0,4	-	-0,4	-	-0,4	-
Cash flow from investing activities	**-2,9**	**-4,1**	**-85,0**	**-47,9**	**-89,9**	**-52,9**
Cash flow from financing activities						
Changes in bank loans	-1,0	50,0	122,5	99,5	108,8	85,8
Changes in leasing	-5,2	-5,4	-10,3	-11,7	-21,9	-23,4
New warrants issue	-	-0,0	-	0,0	-	0,0
Distributed dividend	-	-16,4	-	-16,4	-16,4	-32,9
Cash flow from financing activities	**-6,2**	**28,2**	**112,2**	**71,3**	**70,5**	**29,6**
Cash flow for the period	29,3	9,6	78,9	-26,1	55,6	-49,4
Cash and cash equivalents at beginning of the period	49,1	16,4	2,8	51,9	27,5	51,9
Exchange rate differential cash and cash equivalents	2,8	1,5	-0,5	1,7	-1,9	0,4
Cash and cash equivalents at end of the period	**81,2**	**27,5**	**81,2**	**27,5**	**81,2**	**2,8**

Key ratios

MSEK	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jul-Jun 2023/24	Jan-Dec 2023
Net sales	374,0	346,4	700,4	672,1	1 243,2	1 214,9
Order intake	379,7	301,4	731,7	546,6	1 162,1	977,0
Order backlog	1 384,2	1 194,7	1 384,2	1 194,7	1 384,2	1 073,6
Gross profit	68,9	72,4	136,3	141,5	240,1	245,4
Adjusted Gross Profit	72,2	72,5	139,6	145,4	247,1	252,9
EBITDA	22,9	40,1	46,9	73,4	88,2	114,7
Adjusted EBITDA	28,9	40,7	56,2	79,2	104,3	127,4
Operating profit (EBITA)	12,7	30,3	25,7	53,5	49,4	77,1
Adjusted operating profit (EBITA)	18,7	30,9	35,0	59,3	65,5	89,8
Operating profit (EBIT)	9,5	28,4	20,4	50,1	40,7	70,4
Adjusted operating profit (EBIT)	15,5	29,0	29,7	55,9	56,9	83,0
Gross profit margin, %	18,4	20,9	19,5	21,1	19,3	20,2
Adjusted gross margin, %	19,3	20,9	19,9	21,6	19,9	20,8
EBITDA margin, %	6,1	11,6	6,7	10,9	7,1	9,4
Adjusted EBITDA margin, %	7,7	11,8	8,0	11,8	8,4	10,5
Operating profit margin (EBITA), %	3,4	8,7	3,7	8,0	4,2	7,9
Adjusted operating profit margin (EBITA), %	5,0	8,9	5,0	8,8	4,7	8,4
Operating profit margin (EBIT), %	2,5	8,2	2,9	7,5	3,3	5,8
Adjusted operating profit margin (EBIT), %	4,1	8,4	4,2	8,3	4,6	6,8
Operating cash flow	64,2	-9,7	82,2	-20,4	106,2	3,6
Operating cash conversion, %	222,2	-23,7	146,3	-25,8	101,8	2,8
Capital employed, average	1 154,2	955,0	1 061,4	906,7	1 056,9	911,2
Capital employed, excl. goodwill, average	640,9	469,6	562,0	434,9	557,3	439,7
Equity, average	795,1	750,3	769,8	742,8	774,6	738,0
Interest-bearing net debt incl leasing debt	341,6	222,9	341,6	222,9	341,6	241,6
Interest-bearing net debt excl leasing debt	275,7	149,2	275,7	149,2	275,7	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	3,2	1,2	3,2	1,2	3,2	1,6
Return on capital employed, %, (12 months)	4,9	11,1	5,4	11,7	5,4	9,1
Return on capital employed, excl. goodwill, %, (12 months)	8,9	22,6	10,1	24,4	10,2	18,9
Return on invested capital, %, (12 months)	2,3	9,5	2,3	9,6	2,3	6,3
Equity/assets ratio, %	46,6	56,2	51,9	56,2	50,9	57,6
Number of full-time employees on the closing date	655	527	655	527	655	490
Average number of shares before dilution, thousands	23 022	21 909	22 894	21 909	22 402	21 909
Average number of shares after dilution, thousands	23 022	21 909	22 894	21 909	22 402	21 909
Equity per share, SEK	34,54	34,24	33,62	33,90	34,58	33,68

Parent Company, income statement in summary

MSEK	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jul-Jun 2023/24	Jan-Dec 2023
Net sales	5,9	6,1	11,9	12,2	26,0	26,4
Administrative expenses	-6,3	-4,4	-10,9	-9,4	-26,2	-24,7
Operating profit	**-0,4**	**1,7**	**1,0**	**2,8**	**-0,2**	**1,7**
Interest income and similar profit/loss items	1,7	2,2	4,5	3,2	8,3	6,9
Interest expenses and similar profit/loss items	-3,9	-4,8	-13,0	-9,4	-23,0	-19,4
Dividend / result from group company	272,7	-	272,7	12,7	297,9	37,9
Profit/loss after financial items	**270,1**	**-0,9**	**265,2**	**9,2**	**283,0**	**27,0**
Appropriations	-	-	-	-	47,9	47,9
Tax	0,5	0,2	1,5	0,7	-6,9	-7,7
Net profit/loss for the period	**270,7**	**-0,7**	**266,8**	**9,9**	**323,9**	**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-jun 2024	30-jun 2023	31-dec 2023
ASSETS			
Non-current assets			
Financial assets			
Shares in group companies	1 079,3	746,1	1 458,2
Other non-current assets	3,3	2,8	3,4
Total non-current assets	**1 082,6**	**748,9**	**1 461,6**
Current assets			
Receivables from group companies	120,9	155,3	89,7
Other current receivables	15,2	36,6	6,2
Cash and cash equivalents	68,5	16,1	-
Total current assets	**204,5**	**208,1**	**95,8**
TOTAL ASSETS	**1 287,1**	**956,9**	**1 557,4**
EQUITY AND LIABILITIES			
Equity			
Restricted equity	138,1	131,5	131,5
Non-restricted equity	685,8	334,8	375,5
Total equity	**823,9**	**466,2**	**507,0**
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	325,0	150,0	150,0
Other non-current liabilities	31,8	20,4	10,9
Total non-current liabilities	**356,8**	**170,4**	**160,9**
Current liabilities			
Liabilities to credit institutions	-	-	3,4
Liabilities to group companies	78,3	307,8	874,7
Other current liabilities	28,1	12,5	11,4
Total current liabilities	**106,5**	**320,3**	**889,6**
TOTAL EQUITY AND LIABILITIES	**1 287,1**	**956,9**	**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 (1,6) at the end of the period while financial liabilities at fair value amounted to 0,0 MSEK (3,2). The fair values of financial instruments are determined using valuation techniques. Market information is used as far as possible when available, while company-specific information is used as little as possible. If all key inputs required for the fair value measurement of an instrument are observable, the instrument is categorized in level 2. Reported value of trade receivables, other receivables, cash and cash equivalents, trade payables and other liabilities constitutes a reasonable approximation of fair value.

Note 3 Business segments

Balco reports the following segments:

- Renovation: includes replacement and expansion of existing balconies and installation of new balconies on apartment buildings without balconies. The segment's main market driver is the age profile of the residential property portfolio.

New Build: includes installation of balconies in conjunction with the construction of apartment buildings and balcony solutions in the maritime area. The segment is driven mainly by the rate of new residential construction.

Apr-Jun	**Renovation**		**New Build**		**Group-wide**		**Eliminations**		**Total**	
MSEK	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Net sales – External revenue	250,8	322,1	123,2	24,3	-	-	-	-	374,0	346,4
Net sales – Internal revenue	-	-	-	-	5,9	6,1	-5,9	-6,1	-	-
Total sales	**250,8**	**322,1**	**123,2**	**24,3**	**5,9**	**6,1**	**-5,9**	**-6,1**	**374,0**	**346,4**
Operating profit (EBIT)	**6,9**	**28,2**	**3,6**	**0,3**	**-1,0**	**-0,0**	**-**	**-**	**9,5**	**28,4**
Depreciation included with	9,4	10,3	4,1	1,4	-	-	-	-	13,4	11,7
of which amortization	0,5	1,8	2,7	0,0	-	-	-	-	3,2	1,8
Items affecting comparison	3,3	0,3	0,5	-	2,2	0,3	-	-	6,0	0,6
Adjusted operating profit (EBITA)	**10,7**	**30,3**	**6,8**	**0,3**	**1,2**	**0,2**	**-**	**-**	**18,7**	**30,9**
Adjusted operating margin	4,3%	9,4%	5,5%	1,3%					5,0%	8,9%
Operating profit (EBIT)	6,9	28,2	3,6	0,3	-1,0	-0,0	-	-	9,5	28,4
Finance income	-	-	-	-	0,2	0,9	-	-	0,2	0,9
Finance cost	-	-	-	-	-3,8	-2,7	-	-	-3,8	-2,7
Profit before tax	**6,9**	**28,2**	**3,6**	**0,3**	**-4,6**	**-1,8**	**-**	**-**	**5,9**	**26,7**

Jan-Jun	**Renovation**		**New Build**		**Group-wide**		**Eliminations**		**Total**	
MSEK	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Net sales – External revenue	472,9	621,3	227,6	50,8	-	-	-	-	700,4	672,1
Net sales – Internal revenue	-	-	-	-	11,9	12,2	-11,9	-12,2	-	-
Total sales	**472,9**	**621,3**	**227,6**	**50,8**	**11,9**	**12,2**	**-11,9**	**-12,2**	**700,4**	**672,1**
Operating profit (EBIT)	**15,5**	**47,8**	**9,1**	**1,5**	**-4,2**	**0,7**	**-**	**-**	**20,4**	**50,1**
Depreciation included with	20,4	21,4	6,1	2,0	-	-	-	-	26,5	23,3
of which amortization	2,6	3,2	2,7	0,2	-	-	-	-	5,3	3,4
Items affecting comparison	3,3	4,9	0,5	-	5,4	0,9	-	-	9,3	5,8
Adjusted operating profit (EBITA)	**21,4**	**56,0**	**12,4**	**1,7**	**1,2**	**1,6**	**-**	**-**	**35,0**	**59,3**
Adjusted operating margin (EBITA)	4,5%	9,0%	5,4%	3,3%					5,0%	8,8%
Operating profit (EBIT)	15,5	47,8	9,1	1,5	-4,2	0,7	-	-	20,4	50,1
Finance income	-	-	-	-	2,2	1,8	-	-	2,2	1,8
Finance cost	-	-	-	-	-14,6	-6,9	-	-	-14,6	-6,9
Profit before tax	**15,5**	**47,8**	**9,1**	**1,5**	**-16,6**	**-4,3**	**-**	**-**	**8,1**	**45,0**

Note 4 Reconciliation with IFRS financial statements

Balco's financial statements include alternative performance measures, which complement the measures that are defined or specified in applicable rules for financial reporting. Alternative performance measures are presented since, as in their context, they provide clearer or more in-depth information than the measures defined in applicable rules for financial reporting. The alternative performance measures are derived from the Company's consolidated financial reporting and are not measured in accordance with IFRS.

MSEK	30-jun 2024	30-jun 2023	31-dec 2023
Interest-bearing net debt incl leasing debt			
Non-current interest-bearing liabilities	407,3	233,4	225,4
Current interest-bearing liabilities	15,5	17,0	19,0
Cash and cash equivalents	-81,2	-27,5	-2,8
Interest-bearing net debt incl leasing debt	**341,6**	**222,9**	**241,6**
Adjusted EBITDA (R12)	104,3	151,4	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	341,6	222,9	241,6
Leasing liabilities non-current	-50,4	-57,1	-51,2
Leasing liabilities current	-15,5	-16,6	-19,0
Interest-bearing net debt excl leasing debt	**275,7**	**149,2**	**171,4**
Interest-bearing net debt/EBITDA excl leasing (R12), times			
Adjusted EBITDA (R12)	104,3	151,4	127,4
Leasing depreciations (R12)	-17,8	-25,8	-20,2
Adjusted EBITDA (R12) excl leasing depreciations	*86,5*	*125,5*	*107,1*
Interest-bearing net debt/EBITDA excl leasing (R12), times	**3,2**	**1,2**	**1,6**
Return on capital employed			
Equity	793,4	755,7	746,1
Interest-bearing net debt	341,6	222,9	241,6
Average capital employed	1 056,9	945,6	911,2
Adjusted operating profit (EBIT), (R12)	56,9	106,0	83,0
Return on capital employed, %	**5,4**	**11,2**	**9,1**
Equity/assets ratio			
Equity attributable to owners of the parent company	793,4	755,7	746,1
Total assets	1 701,2	1 345,3	1 267,2
Equity/assets ratio, %	**46,6**	**56,2**	**58,9**

MSEK	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jul-Jun 2023/24	Jan-Dec 2023
Adjusted operating profit (EBIT)						
Operating profit (EBIT	9,5	28,4	20,4	50,1	40,7	70,4
Items affecting comparison						
Re-structuring costs	3,7	0,3	3,9	4,9	9,7	10,7
Acquisition costs	2,3	0,3	5,4	0,9	6,4	1,9
Adjusted operating profit (EBIT)	**15,5**	**29,0**	**29,7**	**55,9**	**56,9**	**83,0**
Operating profit (EBITA)	-	-	-	-	-	-
Operating profit (EBIT)	9,5	28,4	20,4	50,1	40,7	70,4
Amortization	3,2	1,8	5,3	3,4	8,6	6,8
Operating profit (EBITA)	**12,7**	**30,3**	**25,7**	**53,5**	**49,4**	**77,1**
Adjusted operating profit (EBITA)	-	-	-	-	-	-
Adjusted operating profit (EBIT)	15,5	29,0	29,7	55,9	56,9	83,0
Amortization	3,2	1,8	5,3	3,4	8,6	6,8
Adjusted operating profit (EBITA)	**18,7**	**30,9**	**35,0**	**59,3**	**65,5**	**89,8**
EBITDA						
Operating profit (EBIT)	9,5	28,4	20,4	50,1	40,7	70,4
Depreciation and amortization	13,4	11,7	26,5	23,3	47,5	44,3
EBITDA	**22,9**	**40,1**	**46,9**	**73,4**	**88,2**	**114,7**
Adjusted EBITDA						
Adjusted operating profit (EBIT)	15,5	29,0	29,7	55,9	56,9	83,0
Depreciation and amortization	13,4	11,7	26,5	23,3	47,5	44,3
Adjusted EBITDA	**28,9**	**40,7**	**56,2**	**79,2**	**104,3**	**127,4**
Investments, excluding expansion investments						
Investments in intangible fixed assets	-0,1	-0,9	-1,1	-3,0	-3,7	-5,6
Investments in tangible fixed assets	-1,0	-3,3	-2,4	-5,4	-4,8	-7,7
of which expansion investments	0,9	1,3	2,8	4,0	5,9	7,0
Investments, excluding expansion investments	**-0,2**	**-2,8**	**-0,6**	**-4,4**	**-2,6**	**-6,4**
Operating cash flow						
Adjusted EBITDA	28,9	40,7	56,2	79,2	104,3	127,4
Changes in working capital	35,5	-47,6	26,6	-95,3	4,4	-117,4
Investments, excluding expansion investments	-0,2	-2,8	-0,6	-4,4	-2,6	-6,4
Operating cash flow	**64,2**	**-9,7**	**82,2**	**-20,4**	**106,2**	**3,6**
Net Sales excluding acquisitions						
Net Sales	374,0	346,4	700,4	672,1	1 243,2	1 214,9
Acquired net sales	-105,6	-30,6	-206,4	-40,1	-230,9	-64,6
Net Sales excluding acquisitions	**268,4**	**315,8**	**494,0**	**632,0**	**1 012,3**	**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.

655 employees

7 markets

1 243 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