



## Interim Report Q1

JANUARY – MARCH 2023

# Good net sales growth and stable profitability

### First quarter: January - March

- Net sales increased by 13 percent to 326 MSEK (288)
- Order intake amounted to 245 MSEK (292)
- Order backlog amounted to 1,241 MSEK (1,567)
- Adjusted operating profit (EBITA) amounted to 28 MSEK (27)
- Operating profit (EBITA) amounted to 23 MSEK (27)
- Operating profit (EBIT) amounted to 22 MSEK (26)
- Net profit after tax amounted to 14 MSEK (19)
- Earnings per share amounted to 0.68 SEK (0.89)
- Operating cash flow amounted to -11 MSEK (-14)

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

- On March 2, all shares in the turnkey company NMT Montageteknik i Norden AB was acquired. The company is consolidated in the group from March 1.
- Further cost-savings has been implemented during March-April, which is estimated to provide 15 MSEK in annual savings and entailed items affecting comparability in the first quarter of 5 MSEK.

MSEK	Jan-Mar 2023	Jan-Mar 2022	Apr-Mar 2022/23	Jan-Dec 2022
Net sales	325,7	288,4	1 370,9	1 333,6
Order intake	245,2	291,8	1 062,0	1 108,6
Order backlog	1 240,7	1 567,3	1 240,7	1 274,7
Adjusted Operating profit (EBITA)	28,4	26,8	108,8	107,2
Adjusted Operating margin (EBITA), %	8,7	9,3	7,9	8,0
Operating profit (EBITA)	23,2	26,6	101,7	105,1
Operating profit margin (EBITA), %	7,1	9,2	7,4	7,9
Operating profit (EBIT)	21,6	25,9	98,2	102,5
Operating profit margin (EBIT), %	6,6	9,0	7,2	7,7
Net profit for the period	13,7	19,2	70,7	76,2
Operating cash flow	-10,8	-13,7	203,3	200,3
Earnings per share, SEK before dilution	0,68	0,89	3,57	3,78
Earnings per share, SEK, after dilution	0,68	0,86	3,56	3,75

"We continue to see strong interest in balcony renovations. We are prepared to continue growing both organically and through acquisitions that strengthen our offering and market position." - Camilla Ekdahl, President and CEO

## Good net sales growth and stable profitability

The outcome of the quarter was largely as expected with strong sales growth, pending order intake and continued pressure on the profit margin. The turnover is the best ever for a first quarter and increased by 13 percent to 326 MSEK and the adjusted profit margin was 8.7 percent. In order to improve profitability and adapt to the new market conditions, we have implemented further cost-savings.

### **The uncertainty of when interest rate increases will end affects order intake**

We notice that our customers are to some extent getting used to a higher interest rate level, but uncertainty about when Riksbanken will be ready with its interest rate increases continues to keep customers waiting in our main market, Sweden. However, we see that more meetings are planned during the second quarter, but several decisions are still being moved forward in time. This has affected our order intake during the first quarter and will have an impact in the coming quarters as well. We estimate that this uncertainty will persist for another couple of quarters.

### **Cost savings to strengthen profitability**

Due to pending order intake even during the first quarter, lower profitability and tougher market conditions, we have implemented further cost-savings which involves staff reductions in Sweden and Norway. The focus has been primarily to reduce the number of indirect resources and managers, not the operational resources. The organization is still well equipped to handle an increased order intake. The cost-savings are estimated to 15 MSEK annually and has resulted in costs affecting comparability of 5 MSEK in the quarter.

### **Stable underlying profitability**

We see a trend that a larger share of our turnover comes from companies and markets with a different cost structure than Balco's traditional one in Sweden and Norway. This means that the gross margin will weaken, but we see that sales and administration costs will decrease as a percentage. As the group continues to grow through acquisitions and these lead to certain amortization on acquired assets, *adjusted EBITA* and *adjusted EBITA-margin* gives a better measure of the group's underlying profitability.

### **The need for renovation of balconies remains**

The need for renovation of balconies remains and around 90 percent of Balco Group's turnover comes from the renovation segment. We have many customer meetings and the interest in our products and offers is still great and the customers are getting used to a higher interest rate. When there is a stabilization



of inflation and the interest rate increases are over, we are confident that order intake will pick up again.

### **Glazed balconies provide energy savings**

All glazing of a balcony results in energy savings. Simpler glazing provides 5 to 10 percent energy savings, while Balco's patented glazing provides a documented energy saving of 15 to 30 percent. In connection with glazing projects, Balco offers its customers a review of its energy declaration and offers suggestions for further energy-saving measures. We call this concept Green Transformation. However, we have noticed that with increased interest rates, it takes longer time for decisions on large projects even if they are sustainable as they require larger investments. Therefore, we assess that the proportion of Green Transforming projects will decrease until the interest rate stabilizes.

### **Acquisition of NMT Montageteknik i Norden AB**

Balco continues its strategy to grow both organically and via acquisitions. On March 2, NMT Montageteknik i Norden AB was acquired, with turnover in the last financial year of 49 MSEK. NMT is a turnkey company that has been one of Balco's strongest competitors in northern Sweden. NMT has its own assembly and project organization and will be integrated with Balco AB. NMT, together with Balco's resources in northern Sweden, will create a unit in northern Sweden as we see that proximity to customers is important.

Balco's strong financial position means that we can continue to grow through selective acquisitions that strengthen our market position in existing markets.

**Camilla Ekdahl**  
President and CEO

# The group's development

## The first quarter: January – March

Net sales increased by 13 percent to 326 MSEK (288). Acquired growth was 3 percent, currency effect was 1 percent and organic growth was 9 percent. All of the organic growth comes from price increases. Net sales for the renovation segment increased to 299 MSEK (246) and net sales for the New Build segment amounted to 26 MSEK (4).

Order intake amounted to 245 MSEK (292). The Renovation segment accounted for 199 MSEK (239) and the New Build segment accounted for 46 MSEK (52).

The order backlog amounted to 1,241 MSEK (1,567). The order backlog for the Renovation segment amounted to 1,091 MSEK (1,378) and the order backlog for the New Build segment amounted to 150 MSEK (189).

Gross profit amounted to 69 MSEK (74), entailing a gross margin of 21.2 percent (25.5). The gross result includes items affecting comparability of 4 MSEK linked to restructuring costs. The adjusted gross profit was 73 MSEK (74) and the adjusted gross margin 22.4 percent (25.5). The gross margin has decreased due to an increased share of sales in subsidiaries with a lower gross margin. In addition the gross margin is negatively affected low occupancy within production and project organization.

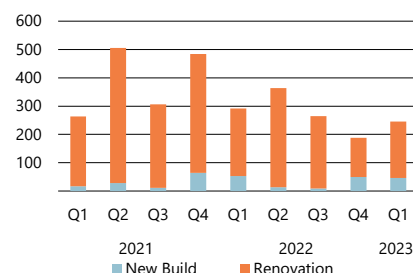
Sales costs amounted to 29 MSEK (31) and administrative costs amounted to 19 MSEK (17). Items affecting comparability of 1 MSEK were taken in the quarter linked to restructuring of the organization and acquisition costs.

Adjusted operating profit (EBITA) amounted to 28 MSEK (27), corresponding to an adjusted operating margin (EBITA) of 8.7 percent (9.2). Operating profit (EBITA) amounted to 23 MSEK (27), corresponding to an operating margin (EBITA) of 7.1 percent (9.2). Operating profit (EBIT) amounted to 22 MSEK (26), corresponding to an operating margin (EBIT) of 6.6 percent (9.0).

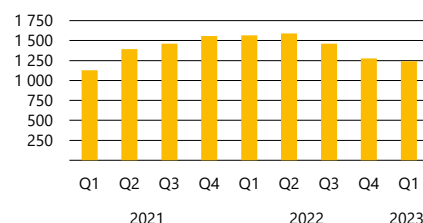
Net financial items amounted to -3 MSEK (-2), of which -0.4 MSEK (-0.4) refers to interest costs linked to right-to-use assets (leasing). The deterioration comes from increased market interest rates. Profit after tax amounted to 14 MSEK (19), corresponding to earnings per share of 0.68 SEK (0.89).

Operating cash flow amounted to -11 MSEK (-14).

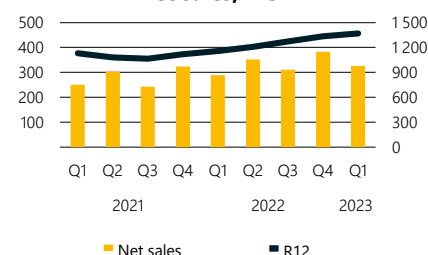
Order intake per segment, MSEK



Order backlog, MSEK



Net sales, MSEK



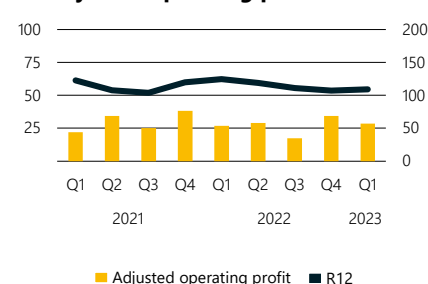
## Net sales per customer category, MSEK

	Jan-Mar 2023	Jan-Mar 2022	Apr-Mar 2022/23	Jan-Dec 2022
Tenant-owner associations	230,8	206,5	977,3	952,9
Private landlords	14,3	17,7	60,1	63,5
Publicly owned companies	16,9	12,4	57,6	53,2
Construction companies	63,7	51,8	275,9	264,0
<b>Total net sales</b>	<b>325,7</b>	<b>288,4</b>	<b>1 370,9</b>	<b>1 333,6</b>

## Net sales per geographic market, MSEK

	Jan-Mar 2023	Jan-Mar 2022	Apr-Mar 2022/23	Jan-Dec 2022
Sweden	207,7	177,5	865,8	835,6
Other Scandinavia	89,6	79,7	353,0	343,0
Other Europe	28,3	31,2	152,1	154,9
<b>Total net sales</b>	<b>325,7</b>	<b>288,4</b>	<b>1 370,9</b>	<b>1 333,6</b>

Adjusted operating profit, MSEK



# Development per segment

## Renovation

### First quarter

Net sales increased by 21 percent to 299 MSEK (246). The segment accounted for 92 percent of Balco's total net sales.

Order intake amounted to 199 MSEK (239), which corresponds to 81 percent of the total order intake.

Adjusted operating profit amounted to 26 MSEK (24), corresponding to an adjusted operating margin of 8.6 percent (9.8).

The order backlog amounted to 1,091 MSEK (1,378) which corresponds to 88 percent of the total order backlog.

<b>Renovation, MSEK</b>	<b>Jan-Mar 2023</b>	<b>Jan-Mar 2022</b>	<b>Apr-Mar 2022/23</b>	<b>Jan-Dec 2022</b>
Net sales	299,2	246,4	1 216,3	1 163,5
Adjusted Operating profit (EBITA)	25,7	24,2	99,3	97,9
Adjusted Operating margin (EBITA)	8,6	9,8	8,2	8,4
Order intake	199,2	239,4	943,7	983,9
Order backlog	1 090,6	1 378,3	1 090,6	1 145,6

## New build

### First quarter

Net sales amounted to 26 MSEK (42). The segment accounted for 8 percent of Balco's total net sales.

Order intake amounted to 46 MSEK (52) which corresponds to 19 percent of the total order intake.

Adjusted operating profit amounted to 1 MSEK (2), corresponding to an adjusted operating margin of 5.2 percent (5.7).

The order backlog amounted to 150 MSEK (189), which corresponds to 12 percent of the total order backlog.

<b>New Build, MSEK</b>	<b>Jan-Mar 2023</b>	<b>Jan-Mar 2022</b>	<b>Apr-Mar 2022/23</b>	<b>Jan-Dec 2022</b>
Net sales	26,4	42,0	154,6	170,1
Adjusted Operating profit (EBITA)	1,4	2,5	9,4	10,5
Adjusted Operating margin (EBITA)	5,2	5,9	6,1	6,2
Order intake	46,0	52,4	118,3	124,7
Order backlog	150,1	189,0	150,1	129,1

# Financial position and cash flow

## Liquidity and financial position

Interest-bearing net debt including leasing debt at the end of quarter amounted to 187 MSEK (190). Interest-bearing net debt including leasing debt in relation to adjusted EBITDA amounted to 1.2 times (1.2).

Interest-bearing net debt excluding leasing debt amounted to 108 MSEK (101). Interest-bearing net debt including leasing debt in relation to adjusted EBITDA amounted to 0.9 times (0.6). During the quarter, the acquisitions of both Arutex AB and NMT Montageteknik i Norden AB were completed.

At the end of the quarter, the Group's equity amounted to 746 MSEK (711).

The Group's equity ratio was 57 percent (56).

MSEK	31-mar 2023	31-mar 2022	31-dec 2022
Non-current liabilities to credit institutions	123,8	121,8	72,6
Leasing liabilities non-current	60,1	69,0	63,3
Current liabilities to credit institutions	0,4	0,4	0,8
Leasing liabilities current	18,7	20,0	20,0
Cash and cash equivalents	-16,4	-21,0	-51,9
<b>Interest-bearing net debt incl leasing debt</b>	<b>186,6</b>	<b>190,1</b>	<b>104,8</b>
<i>Interest-bearing net debt excl leasing debt</i>	<i>107,8</i>	<i>101,1</i>	<i>21,6</i>
Interest-bearing net debt incl. leasing/EBITDA (12 months), times	1,2 x	1,2 x	0,7 x
<i>Interest-bearing net debt excl. leasing/EBITDA (12 months), times</i>	<i>0,9 x</i>	<i>0,6 x</i>	<i>0,2 x</i>
Equity/assets ratio, %	56,8	56,0	56,3

## Cash flow, investments and amortization/depreciation

For the quarter, cash flow from operating activities amounted to -35 MSEK (-42).

Cash flow from investing activities amounted to -44 MSEK (-3), of which -1 MSEK (-2) was replacement investments, -3 MSEK (-1) expansion investments and -40 MSEK (0) acquisition of shares in subsidiaries.

Cash flow from financing activities amounted to 43 MSEK (-52) where the largest items refer to increased utilization of existing credit facility.

Cash flow for the quarter amounted to -36 MSEK (-97).

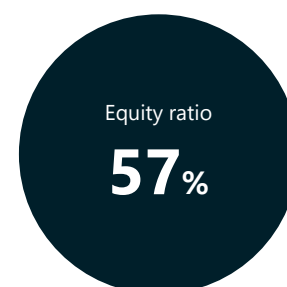
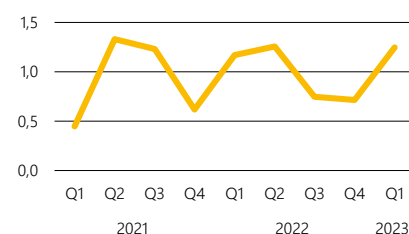
Depreciation for the quarter amounted to 12 MSEK (10), of which 6 MSEK (5) refers to depreciation linked to right-to-use assets (leasing) and 2 MSEK (1) refers to amortization of acquired intangible assets.

## The Parent Company

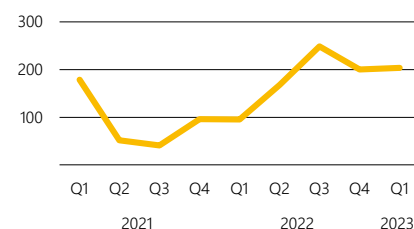
The Parent Company has its registered office in Växjö and conducts operations directly as well as through Swedish and foreign subsidiaries. The Parent Company's operations are focused primarily on strategic development, financial control, corporate governance issues, board work and relations with banks.

The operating result for the quarter amounted to 1 MSEK (1).

## External interest-bearing net debt relative to EBITDA



## Operating cash flow R12, MSEK



# 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.

In order 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.

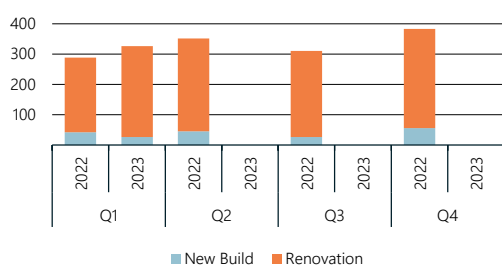
## Segment - Renovation



Sjøsiden Boligpark

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. The offer also includes facade renovation in connection with balcony projects.

### Sales development per quarter, MSEK



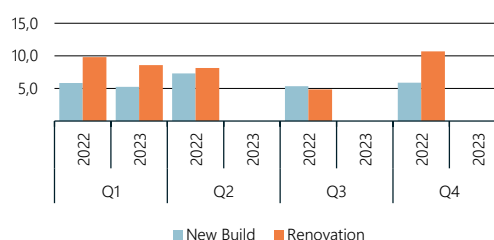
## Segment – New Build



New Road Rainham

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

### 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 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. Of the orders received in the last twelve months, 33 percent will provide 15 to 30 percent in energy savings and 9 percent will provide more than 30 percent in energy savings.



# Other information

## Employees

At the end of March 2023 Balco had 521 (484) full-time employees. The increase comes from the three acquired companies Söderåsens Mur & Kakel AB, Arutex AB and NMT Montageteknik i Norden AB.

## Seasonal variations

Balco's sales and earnings are partially affected by seasonal variations and the fact that the annual general meetings of tenant-owner associations normally take place in the second and fourth quarter. In addition, the Group is positively affected by months with a large number of workdays and lack of absences, and somewhat negatively affected by weather factors, where winters with significant volumes of snow entail increased costs. The Group's strongest quarters are normally the second quarter.

## Shares, share capital and shareholders

At the end of March 2023, there were 21 909 348 shares in Balco, corresponding to a share capital of 131 461 248 SEK. There were 5,766 shareholders. The five largest shareholders were The Family Hamrin, Skandrenting AB, Swedbank Robur fonder, Tredje AP-fonden and Lannebo Fonder.

## 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 112 and 133 in the 2022 Annual Report.

## Incentive program

Balco Group AB has three long-term incentive programs aimed at the company's senior executives and additional key employees, a total of 50 employees. The incentive programs comprise a total of no more than 820,000 warrants, which entitles to a maximum of new subscriptions of the corresponding number of shares. Balco's total cost for the incentive programs during the term of the programs is expected to amount to approximately 6 MSEK. The programs involve a dilution corresponding to approximately 4 percent of the company's total number of shares. The senior executives in Balco have acquired 233,332 warrants amounting to a total value of 2,180,784 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 2022 on pages 58-59, 90 and 110-111.

## 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 70-77, 85, 120-121, 124 and 127 in the Annual Report for 2022.

## Outlook

Balco Group is one of the few complete balcony suppliers on the market that provides customized and innovative balcony solutions on a turnkey basis. Balco Group is the market leader in Scandinavia and has a strong challenger position in other markets in which the Group operates. 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 and is expected to grow by approximately 5 percent annually over the next few years according to market research conducted in autumn 2020 by Arthur D. Little.

Strong financial position means that the company is equipped for growth through further acquisitions. The timing of building permits affects turnover between quarters. The uncertainty surrounding when the central banks will be finished with their interest rate increases has continued to have a negative impact on our order intake.

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

On March 2, all shares in the turnkey company NMT Montageteknik i Norden AB was acquired. The company is consolidated in the group from March 1.

Further cost-savings has been implemented during March-April, which is estimated to provide 15 MSEK in annual savings and entailed items affecting comparability in the first quarter of 5 MSEK.

# Financial targets

## Revenue growth

Balco shall achieve growth of 10 percent per year.

## Profitability

Earnings per share shall grow by 20 percent per year.

## Capital structure

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

## Dividend policy

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

## Sustainability

More than 30 percent of the group's net sales shall be within the EU-taxonomi.

The interim report has not 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 April 24, 2023 at 13:00 CET.

Växjö, April 24, 2023

Camilla Ekdahl  
President and CEO

## Web conference

A webcast conference call will be held at 14:30 CEST April 24, 2023, 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/q1-2023/>

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

SE: +46 8 5052 0017

PIN: 894 1190 5538#

## For more information, please contact:

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## Calendar 2023

Annual General Meeting 2023	9 May 2023
Interim report Jan-Jun 2023	14 July 2023
Interim report Jan-Sep 2023	30 October 2023
Year-end report 2023	5 February 2024



# Consolidated statement of comprehensive income

MSEK	Jan-Mar 2023	Jan-Mar 2022	Apr-Mar 2022/23	Jan-Dec 2022
Net sales	325,7	288,4	1 370,9	1 333,6
Production and project costs	-256,6	-214,7	-1 087,8	-1 046,0
<b>Gross profit</b>	<b>69,1</b>	<b>73,7</b>	<b>283,0</b>	<b>287,6</b>
Sales costs	-29,1	-31,0	-124,5	-126,4
Administration costs	-19,4	-16,7	-73,7	-71,0
Other operating income	1,2	-	13,4	12,3
Other operating expenses	-0,1	-	-0,1	-0,0
Operating costs	-47,5	-47,8	-184,8	-185,1
<b>Operating profit</b>	<b>21,6</b>	<b>25,9</b>	<b>98,2</b>	<b>102,5</b>
Finance income	0,9	0,0	1,8	1,0
Finance costs	-4,2	-1,5	-11,5	-8,8
<b>Profit before tax</b>	<b>18,4</b>	<b>24,4</b>	<b>88,5</b>	<b>94,6</b>
Income tax	-4,7	-5,3	-17,8	-18,5
<b>Net profit for the period</b>	<b>13,7</b>	<b>19,2</b>	<b>70,7</b>	<b>76,2</b>
<b>Other comprehensive income</b>				
Items that may later be reclassified to the income statement				
Translation difference when translating foreign operations	1,2	0,3	7,9	6,9
<b>Comprehensive income for the period</b>	<b>14,9</b>	<b>19,4</b>	<b>78,6</b>	<b>83,1</b>
Of which attributable to:				
Parent company's shareholders	15,0	19,4	78,3	82,8
Non-controlling interest	-0,1	-	0,3	0,3
Comprehensive income for the period	14,9	19,4	78,6	83,1
Earnings per share, SEK, before dilution	0,68	0,89	3,57	3,78
Earnings per share, SEK, after dilution	0,68	0,86	3,56	3,75
Average number of shares before dilution, thousands	21 909	21 909	21 909	21 909
Average number of shares after dilution, thousands	21 909	22 490	21 961	22 106

# Consolidated balance sheet in summary

MSEK	31-mar 2023	31-mar 2022	31-dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	485,3	448,1	457,8
Other intangible assets	144,3	109,4	135,3
<b>Total intangible assets</b>	<b>629,6</b>	<b>557,4</b>	<b>593,1</b>
<b>Tangible assets</b>			
Right-to-use assets	77,7	88,6	82,3
Property, plant and equipment	164,9	151,1	158,8
<b>Total tangible assets</b>	<b>242,6</b>	<b>239,7</b>	<b>241,1</b>
Financial assets	-	0,2	-
Deferred tax assets	0,6	0,0	1,0
<b>Total non-current assets</b>	<b>872,8</b>	<b>797,4</b>	<b>835,2</b>
<b>Current assets</b>			
Inventory	61,7	55,6	58,4
Accounts receivables	154,6	186,0	174,8
Contract assets	144,8	163,8	111,9
Current tax receivables	35,1	14,9	22,0
Other current receivables	25,1	32,6	42,4
Cash and cash equivalents	16,4	21,0	51,9
<b>Total current assets</b>	<b>437,7</b>	<b>473,8</b>	<b>461,4</b>
<b>TOTAL ASSETS</b>	<b>1 310,5</b>	<b>1 271,2</b>	<b>1 296,6</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	131,5	131,5	131,5
Other capital contributions	406,3	405,1	406,3
Reserves	9,4	1,6	8,3
Retained earnings, incl. profit for year	197,5	173,3	183,7
<b>Equity attributable to Parent Company's shareholders</b>	<b>744,8</b>	<b>711,4</b>	<b>729,8</b>
Non-controlling interest	1,1	-	1,2
<b>TOTAL EQUITY</b>	<b>745,9</b>	<b>711,4</b>	<b>731,0</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to credit institutions	123,8	121,8	72,6
Leasing liabilities	60,1	69,0	63,3
Other non-current liabilities	18,7	29,1	18,4
Deferred tax liabilities	43,4	32,8	40,0
<b>Total non-current liabilities</b>	<b>246,1</b>	<b>252,7</b>	<b>194,3</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	0,4	0,4	0,8
Leasing liabilities	18,7	20,0	20,0
Contract liabilities	84,0	78,9	124,9
Accounts payables	118,9	112,5	122,8
Current tax liabilities	1,6	2,3	3,6
Other current liabilities	29,4	36,6	38,2
Accrued expenses and prepaid income	65,6	56,4	61,1
<b>Total current liabilities</b>	<b>318,5</b>	<b>307,1</b>	<b>371,3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 310,5</b>	<b>1 271,2</b>	<b>1 296,6</b>

## Consolidated changes in Shareholders' Equity

MSEK	Share Capital	Addition al paid-in capital	Reserves	earnings including comprehensive	Non-controlling interest	Total equity
<b>Opening balance 1 Jan 2022</b>	<b>131,5</b>	<b>405,1</b>	<b>1,3</b>	<b>154,1</b>	<b>-</b>	<b>692,0</b>
<b>Comprehensive income for the period</b>						
Profit for the period	-	-	-	19,2	-	19,2
Other comprehensive income for the period	-	-	0,3	-	-	0,3
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>0,3</b>	<b>19,2</b>	<b>-</b>	<b>19,4</b>
Acquisition of non-controlling interest	-	-	-	-	-	-
<b>Transactions with shareholders:</b>						
Distributed dividend	-	-	-	-	-	-
New warrants issue	-	-	-	-	-	-
<b>Total transactions with Company owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing balance 31 Mar 2022</b>	<b>131,5</b>	<b>405,1</b>	<b>1,6</b>	<b>173,3</b>	<b>-</b>	<b>711,4</b>
<b>Opening balance 1 Jan 2023</b>	<b>131,5</b>	<b>406,3</b>	<b>8,3</b>	<b>183,7</b>	<b>1,2</b>	<b>731,0</b>
<b>Comprehensive income for the period</b>						
Profit for the period	-	-	-	13,8	-0,1	13,7
Other comprehensive income for the period	-	-	1,2	-	-	1,2
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>1,2</b>	<b>13,8</b>	<b>-0,1</b>	<b>14,9</b>
Acquisition of non-controlling interest	-	-	-	-	-	-
<b>Transactions with shareholders:</b>						
Distributed dividend	-	-	-	-	-	-
New warrants issue	-	-	-	-	-	-
<b>Total transactions with Company owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing balance 31 Mar 2023</b>	<b>131,5</b>	<b>406,3</b>	<b>9,4</b>	<b>197,5</b>	<b>1,2</b>	<b>745,9</b>

# Consolidated Cash Flow Statements in summary

MSEK	Jan-Mar 2023	Jan-Mar 2022	Apr-Mar 2022/23	Jan-Dec 2022
<b>Operating activities</b>				
Operating profit (EBIT)	21,6	25,9	98,2	102,5
Adjustment for non-cash items	14,0	4,7	41,5	32,2
Interest received	0,9	0,2	1,7	1,0
Interest paid	-3,7	-1,5	-9,3	-7,0
Income tax paid	-19,0	-23,8	-36,1	-41,0
<b>Cash flow from operating activities before changes in working capital</b>	<b>13,8</b>	<b>5,5</b>	<b>96,0</b>	<b>87,7</b>
<b>Changes in working capital</b>				
Increase (-)/Decrease (+) in inventories	-3,1	-2,5	-5,2	-4,6
Increase (-)/Decrease (+) in current assets	17,0	-55,1	74,9	2,9
Increase (+)/Decrease (-) in current liabilities	-62,8	10,4	-6,1	67,1
<b>Cash flow from operating activities</b>	<b>-35,1</b>	<b>-41,7</b>	<b>159,6</b>	<b>153,0</b>
<b>Cash flow from investing activities</b>				
Investments in intangible fixed assets	-2,2	-0,0	-9,3	-7,2
Investments in tangible fixed assets	-2,1	-3,2	-15,9	-16,9
Acquisitions of operations	-39,5	-	-68,0	-28,5
Changes in other non-current assets/liabilities	-	0,6	-0,6	-
<b>Cash flow from investing activities</b>	<b>-43,8</b>	<b>-2,6</b>	<b>-93,8</b>	<b>-52,6</b>
<b>Cash flow from financing activities</b>				
Changes in bank loans	49,5	-50,1	-0,1	-99,7
Changes in leasing	-6,3	-2,1	-29,6	-25,4
New warrants issue	0,0	-	1,2	1,2
Distributed dividend	-	-	-43,8	-43,8
<b>Cash flow from financing activities</b>	<b>43,2</b>	<b>-52,2</b>	<b>-72,3</b>	<b>-167,7</b>
<b>Cash flow for the period</b>	<b>-35,7</b>	<b>-96,5</b>	<b>-6,4</b>	<b>-67,3</b>
Cash and cash equivalents at beginning of the period	51,9	117,5	21,0	117,5
Exchange rate differential cash and cash equivalents	0,2	0,1	1,8	1,6
<b>Cash and cash equivalents at end of the period</b>	<b>16,4</b>	<b>21,0</b>	<b>16,4</b>	<b>51,9</b>

# Key ratios

MSEK	Jan-Mar 2023	Jan-Mar 2022	Apr-Mar 2022/23	Jan-Dec 2022
Net sales	325,7	288,4	1 370,9	1 333,6
Order intake	245,2	291,8	1 062,0	1 108,6
Order backlog	1 240,7	1 567,3	1 240,7	1 274,7
Gross profit	69,1	73,7	283,0	287,6
Adjusted Gross Profit	72,9	73,7	291,8	292,6
EBITDA	33,3	35,5	142,3	144,5
Adjusted EBITDA	38,5	35,7	149,4	146,6
Operating profit (EBITA)	23,2	26,6	101,7	105,1
Adjusted operating profit (EBITA)	28,4	26,8	108,8	107,2
Operating profit (EBIT)	21,6	25,9	98,2	102,5
Adjusted operating profit (EBIT)	26,9	26,1	105,4	104,6
Gross profit margin, %	21,2	25,5	20,6	21,6
Adjusted gross margin, %	22,4	25,5	21,3	21,9
EBITDA margin, %	10,2	12,3	10,4	10,8
Adjusted EBITDA margin, %	11,8	12,4	10,9	11,0
Operating profit margin (EBITA), %	7,1	9,2	9,6	9,5
Adjusted operating profit margin (EBITA), %	8,7	9,3	8,8	8,4
Operating profit margin (EBIT), %	6,6	9,0	7,2	7,7
Adjusted operating profit margin (EBIT), %	8,2	9,1	7,7	7,8
Operating cash flow	-10,8	-13,7	203,3	200,3
Operating cash conversion, %	-28,0	-38,5	136,0	136,6
Capital employed, average	883,0	845,3	811,8	716,4
Capital employed, excl. goodwill, average	411,5	397,2	358,9	292,0
Equity, average	737,3	701,7	710,9	645,3
Interest-bearing net debt incl leasing debt	186,6	190,1	186,6	104,8
Interest-bearing net debt excl leasing debt	107,8	101,1	107,8	21,6
Interest-bearing net debt incl. leasing/Adjusted EBITDA 12 months, times	1,2	1,2	1,2	0,7
Interest-bearing net debt excl. leasing/EBITDA (12 months), times	0,9	0,6	0,9	0,2
Return on capital employed, %, (12 months)	11,9	14,6	12,9	16,7
Return on capital employed, excl. goodwill, %, (12 months)	25,6	31,2	29,2	40,9
Return on invested capital, %, (12 months)	9,6	13,3	10,7	14,0
Equity/assets ratio, %	56,8	56,0	55,9	52,3
Number of full-time employees on the closing date	521	484	521	536
Average number of shares before dilution, thousands	21 909	21 909	21 909	21 909
Average number of shares after dilution, thousands	21 909	22 490	21 909	22 103
Equity per share, SEK	33,65	31,20	32,45	29,20

## Parent Company, income statement in summary

MSEK	Jan-Mar 2023	Jan-Mar 2022	Apr-Mar 2022/23	Jan-Dec 2022
Net sales	6,1	6,5	25,6	26,0
Administrative expenses	-5,0	-5,5	-23,6	-24,2
<b>Operating profit</b>	<b>1,1</b>	<b>1,0</b>	<b>1,9</b>	<b>1,8</b>
Interest income and similar profit/loss items	13,7	0,4	16,6	3,3
Interest expenses and similar profit/loss items	-4,6	-0,9	-11,8	-8,1
Dividend	-	-	-	-
<b>Profit/loss after financial items</b>	<b>10,1</b>	<b>0,4</b>	<b>6,8</b>	<b>-2,9</b>
Appropriations	-	-	62,0	62,0
Tax	0,5	-0,1	-11,7	-12,3
<b>Net profit/loss for the period</b>	<b>10,6</b>	<b>0,3</b>	<b>57,1</b>	<b>46,8</b>

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	31-mar 2023	31-mar 2022	31-dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Financial assets</b>			
Shares in group companies	745,3	683,2	702,5
Other non-current assets	-	1,6	3,1
<b>Total non-current assets</b>	<b>745,3</b>	<b>684,8</b>	<b>705,5</b>
<b>Current assets</b>			
Receivables from group companies	132,9	142,0	126,3
Other current receivables	30,1	8,2	25,7
Cash and cash equivalents	-	20,6	46,3
<b>Total current assets</b>	<b>163,0</b>	<b>170,8</b>	<b>198,3</b>
<b>TOTAL ASSETS</b>	<b>908,3</b>	<b>855,6</b>	<b>903,8</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity	131,5	131,5	131,5
Non-restricted equity	351,9	337,4	341,2
<b>Total equity</b>	<b>483,3</b>	<b>468,8</b>	<b>472,7</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to credit institutions	99,1	100,0	50,0
Other non-current liabilities	17,7	29,5	20,3
<b>Total non-current liabilities</b>	<b>116,8</b>	<b>129,5</b>	<b>70,3</b>
<b>Current liabilities</b>			
Liabilities to group companies	293,6	248,1	352,0
Other current liabilities	14,6	9,1	8,8
<b>Total current liabilities</b>	<b>308,1</b>	<b>257,3</b>	<b>360,8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>908,3</b>	<b>855,6</b>	<b>903,8</b>



# 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 2022 Annual Report, which was prepared in accordance with International Financial Reporting Standards and Interpretations as adopted by the EU.

The information on pages 1-8 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 0.5 MSEK (1.9) at the end of the period while financial liabilities at fair value amounted to 1.3 MSEK (0.2).

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.

Jan-Mar MSEK	Renovation		New Build		Group-wide		Eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales – External revenue	299,2	246,4	26,4	42,0	-	-	-	-	325,7	288,4
Net sales – Internal revenue	-	-	-	-	6,1	6,6	-6,1	-6,6	-	-
<b>Total sales</b>	<b>299,2</b>	<b>246,4</b>	<b>26,4</b>	<b>42,0</b>	<b>6,1</b>	<b>6,6</b>	<b>-6,1</b>	<b>-6,6</b>	<b>325,7</b>	<b>288,4</b>
<b>Operating profit (EBIT)</b>	<b>19,6</b>	<b>23,7</b>	<b>1,3</b>	<b>2,4</b>	<b>0,8</b>	<b>-0,1</b>	-	-	<b>21,6</b>	<b>25,9</b>
Depreciation included with	11,1	7,8	0,6	1,7	-	-	-	-	11,6	9,6
of which amortization	1,5	0,6	0,1	0,1	-	-	-	-	1,6	0,7
Items affecting comparison	4,6	-	-	-	0,6	0,2	-	-	5,2	0,2
<b>Adjusted operating profit (EBITA)</b>	<b>25,7</b>	<b>24,2</b>	<b>1,4</b>	<b>2,5</b>	<b>1,4</b>	<b>0,1</b>	-	-	<b>28,4</b>	<b>26,8</b>
Adjusted operating margin (EBITA)	8,6%	9,8%	5,2%	5,9%					8,7%	9,3%
Operating profit (EBIT)	19,6	23,7	1,3	2,4	0,8	-0,1	-	-	21,6	25,9
Finance income	-	-	-	-	0,9	0,0	-	-	0,9	0,0
Finance cost	-	-	-	-	-4,2	-1,5	-	-	-4,2	-1,5
<b>Profit before tax</b>	<b>19,6</b>	<b>23,7</b>	<b>1,3</b>	<b>2,4</b>	<b>-2,5</b>	<b>-1,6</b>	-	-	<b>18,4</b>	<b>24,4</b>

#### 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.

<b>MSEK</b>	<b>31-mar 2023</b>	<b>31-mar 2022</b>	<b>31-dec 2022</b>
<b>Interest-bearing net debt incl leasing debt</b>			
Non-current interest-bearing liabilities	184,0	190,7	135,9
Current interest-bearing liabilities	19,0	20,4	20,7
Cash and cash equivalents	-16,4	-21,0	-51,9
<b>Interest-bearing net debt incl leasing debt</b>	<b>186,6</b>	<b>190,1</b>	<b>104,8</b>
Adjusted EBITDA (R12)	149,4	162,3	146,6
<b>Interest-bearing net debt/EBITDA (R12), times</b>	<b>1,2</b>	<b>1,2</b>	<b>0,7</b>
<b>Interest-bearing net debt excl leasing debt</b>			
Interest-bearing net debt incl leasing debt	186,6	190,1	104,8
Leasing liabilities non-current	-60,1	-69,0	-63,3
Leasing liabilities current	-18,7	-20,0	-20,0
<b>Interest-bearing net debt excl leasing debt</b>	<b>107,8</b>	<b>101,1</b>	<b>21,6</b>
<b>Interest-bearing net debt/EBITDA excl leasing (R12), times</b>			
Adjusted EBITDA (R12)	149,4	162,3	146,6
Leasing depreciations (R12)	-26,2	-17,6	-23,4
<b>Adjusted EBITDA (R12) excl leasing depreciations</b>	<b>123,3</b>	<b>144,7</b>	<b>123,2</b>
<b>Interest-bearing net debt/EBITDA excl leasing (R12), times</b>	<b>0,9</b>	<b>0,7</b>	<b>0,2</b>
<b>Return on capital employed</b>			
Equity	744,8	711,4	729,8
Interest-bearing net debt	186,6	190,1	104,8
Average capital employed	916,5	794,1	811,8
Adjusted operating profit (EBIT), (R12)	105,4	123,8	104,6
<b>Return on capital employed, %</b>	<b>11,5</b>	<b>15,6</b>	<b>12,9</b>
<b>Equity/assets ratio</b>			
Equity attributable to owners of the parent company	744,8	711,4	729,8
Total assets	1 310,5	1 271,2	1 296,6
<b>Equity/assets ratio, %</b>	<b>56,8</b>	<b>56,0</b>	<b>56,3</b>

<b>MSEK</b>	<b>Jan-Mar 2023</b>	<b>Jan-Mar 2022</b>	<b>Apr-Mar 2022/23</b>	<b>Jan-Dec 2022</b>
<b>Adjusted operating profit (EBIT)</b>				
Operating profit (EBIT)	21,6	25,9	98,2	102,5
Items affecting comparison				
Adjustment of earn-out	-	-	-10,7	-10,7
Re-structuring costs	4,6	-	16,9	12,3
Acquisition costs	0,6	0,2	0,9	0,5
<b>Adjusted operating profit (EBIT)</b>	<b>26,9</b>	<b>26,1</b>	<b>105,4</b>	<b>104,6</b>
<b>Operating profit (EBITA)</b>				
Operating profit (EBIT)	21,6	25,9	98,2	102,5
Amortization	1,6	0,7	3,5	2,6
<b>Operating profit (EBITA)</b>	<b>23,2</b>	<b>26,6</b>	<b>101,7</b>	<b>105,1</b>
<b>Adjusted operating profit (EBITA)</b>				
Adjusted operating profit (EBIT)	26,9	26,1	105,4	104,6
Amortization	1,6	0,7	3,5	2,6
<b>Adjusted operating profit (EBITA)</b>	<b>28,4</b>	<b>26,8</b>	<b>108,8</b>	<b>107,2</b>
<b>EBITDA</b>				
Operating profit (EBIT)	21,6	25,9	98,2	102,5
Depreciation and amortization	11,6	9,6	44,1	42,0
<b>EBITDA</b>	<b>33,3</b>	<b>35,5</b>	<b>142,3</b>	<b>144,5</b>
<b>Adjusted EBITDA</b>				
Adjusted operating profit (EBIT)	26,9	26,1	105,4	104,6
Depreciation and amortization	11,6	9,6	44,1	42,0
<b>Adjusted EBITDA</b>	<b>38,5</b>	<b>35,7</b>	<b>149,4</b>	<b>146,6</b>
<b>Investments, excluding expansion investments</b>				
Investments in intangible fixed assets	-2,2	-0,0	-9,3	-7,2
Investments in tangible fixed assets	-2,1	-3,2	-15,9	-16,9
of which expansion investments	2,6	1,0	13,8	12,1
<b>Investments, excluding expansion investments</b>	<b>-1,6</b>	<b>-2,2</b>	<b>-11,4</b>	<b>-12,0</b>
<b>Operating cash flow</b>				
Adjusted EBITDA	38,5	35,7	149,4	146,6
Changes in working capital	-47,7	-47,2	65,3	65,7
Investments, excluding expansion investments	-1,6	-2,2	-11,4	-12,0
<b>Operating cash flow</b>	<b>-10,8</b>	<b>-13,7</b>	<b>203,3</b>	<b>200,3</b>
<b>Net Sales excluding acquisitions</b>				
Net Sales	325,7	288,4	1 370,9	1 333,6
Acquired net sales	-9,5	-33,4	-22,7	-46,6
<b>Net Sales excluding acquisitions</b>	<b>316,2</b>	<b>255,0</b>	<b>1 348,1</b>	<b>1 287,0</b>

## Note 5 Acquisition

On March 2, 2023, Balco entered into an agreement for the acquisition of all shares in NMT Montageteknik i Norden AB, a company in Sundsvall that offers total contracting in balcony renovation in northern Sweden. The acquisition is expected to contribute positively to earnings per share already in 2023.

NMT Montageteknik i Norden AB had a turnover of 49 MSEK during the last operating year. The acquisition has been financed with existing cash and cash equivalents.

More information can be found in press releases from March 2, 2023.

NMT Montageteknik i Norden AB is consolidated as of March 1, 2023.

The acquisition calculation is preliminary.

### **The purchase price comprises the following components (MSEK)**

Cash payment	42,8
Acquired net assets	-15,3
<b>Goodwill</b>	<b>27,5</b>

### **The following assets and liabilities were included in the acquisition (M)**

Cash and cash equivalents	6,1
Tangible fixed assets	1,6
Intangible assets	8,3
Receivables	12,1
Liabilities	-10,2
Deferred tax liabilities	-2,6
<b>Acquired net assets</b>	<b>15,3</b>

# Alternative performance measures

This interim report contains references to a number of performance measures. Some of these measures are defined in IFRS, while others are alternative measures and are not reported in accordance with applicable financial reporting frameworks or other legislation. The measures are used by Balco to help both investors and management to analyse 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
<b>Return on equity</b>	Income for the period divided by the average shareholder equity for the period. Average calculated as the average of the opening balance and the closing balance for the period.	Return on equity shows the return that is generated on the shareholders' capital that is invested in the company.
<b>Return on capital employed</b>	Adjusted EBIT as a percentage of average capital employed for the period. Average calculated as the average of the opening balance and the closing balance for the period.	Return on capital employed shows the return that is generated on capital employed by the company, and is used by Balco to monitor profitability as it relates to the capital efficiency of the company.
<b>Return on capital employed excluding goodwill</b>	Adjusted EBIT as a percentage of average capital employed for the period excluding goodwill. Average calculated as the average of the opening balance and the closing balance for the period.	Balco believes that return on capital employed excluding goodwill together with return on capital employed shows a complete picture of Balco's capital efficiency.
<b>Gross income</b>	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.
<b>Gross margin</b>	Gross income as a percentage of net sales.	Ratio is used for analysis of the company's effectiveness and profitability.
<b>EBITDA</b>	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.
<b>Interest-bearing net debt relative to adjusted EBITDA</b>	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.
<b>Adjusted EBITDA</b>	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.
<b>Adjusted EBITDA margin</b>	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.
<b>Adjusted EBIT margin</b>	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.
<b>Adjusted EBIT</b>	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.
<b>Adjusted EBITA margin</b>	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.

<b>Alternative performance measures</b>	<b>Definition</b>	<b>Reason for use</b>
<b>Adjusted EBITA</b>	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.
<b>Items affecting comparability</b>	Items affecting comparability are significant items reported separately due to their size or frequency, e.g. restructuring costs, write-downs, divestments and acquisition costs.	Balco believes that adjustment for items affecting comparability improves the possibility of comparison over time by excluding items with irregularity in frequency or size. This is to give a more accurate picture of the underlying operating profit.
<b>Operating cash conversion</b>	Operating cash flow divided by adjusted EBITDA.	Balco believes this is a good measure for comparing cash flow with operating profit.
<b>Operating cash flow</b>	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.
<b>Organic growth</b>	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.
<b>Interest-bearing net deb</b>	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.
<b>Net working capital</b>	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.
<b>EBIT margin</b>	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.
<b>EBIT</b>	Earnings before interest and tax.	Balco believes that EBIT shows the profit generated by the operating activities.
<b>EBITA margin</b>	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.
<b>EBITA</b>	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.
<b>Equity/asset ratio</b>	Equity divided on total assets.	Balco believes that equity to asset ratio is a useful measure for the company's survival.
<b>Capital employed</b>	Equity plus interest-bearing net debt.	Capital employed is used by Balco to indicate the general capital efficiency of the company.
<b>Capital employed excluding goodwill</b>	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 customised products contribute to enhanced quality of life, security, and increased value for residents in multi-occupancy buildings. Furthermore, Balco Group's standardised glazing systems result in reduced energy consumption.

**521** employees

**7** markets

**1 371** MSEK net sales R12

**27 000** sqm total production area

Balco Group was established in 1987 and is a group consisting of producing and selling companies. The Group's seven brands belong to the companies Balco AB, Balco Altaner AS, TBO-Haglinds AB, Stora Fasad AB, RK Teknik i Gusum AB, Söderåsen Mur & Kakel AB and NMT Montageteknik i Norden AB. The group is the market leader in Scandinavia and operates in several markets in northern Europe. The head office is located in Växjö and the group has more than 500 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 process.

**BALCO**  
GROUP