

# Interim report

2021: Q1 January-March

BALCONIES  
FOR  
GREATER  
LIVING



## Acquisitions strengthen Balco Group's customer offering

### The first quarter: January – March

- Net sales amounted to 250 MSEK (321)
- Order intake amounted to 263 MSEK (341)
- Order backlog amounted to 1,128 MSEK (1,561)
- Operating profit amounted to 22 MSEK (34)
- Net profit after tax amounted to 16 MSEK (25)
- Earnings per share amounted to 0.74 SEK (1.16)
- Operating cash flow amounted to -13 MSEK (5)

### Events during the first quarter and after end of the quarter

- On April 8, Balco acquired RK Teknik AB, with net sales in 2020 of 115 MSEK and an operating profit of 10 MSEK. The acquisition strengthens and complements Balco Group's product range and customer offering and means that City balconies will now be introduced on the Swedish market, a product segment that has so far only been sold in Denmark.
- Covid-19 with a continued high spread of infection has affected order intake, net sales and profit in the first quarter and will continue to affect net sales and profit in the coming quarters.

MSEK	Jan-Mar		Apr-Mar	Jan-Dec
	2021	2020	2020/21	2020
Net sales	250,4	321,2	1 129,3	1 200,0
Order intake	263,1	340,6	855,3	932,7
Order backlog	1 127,6	1 560,9	1 127,6	1 086,6
Gross profit	63,2	80,4	272,2	289,4
Gross margin %	25,2	25,0	24,1	24,1
Operating profit	21,9	34,2	103,0	115,4
Operating profit margin (EBIT-margin), %	8,7	10,7	9,1	9,6
Adjusted operating profit (EBIT) 1)	21,9	34,2	122,5	134,8
Adjusted operating profit margin (EBIT-margin), %	8,7	10,7	10,8	11,2
Net profit for the period	16,3	25,2	68,8	77,6
Operating cash flow	-12,8	4,8	178,9	196,5
Earnings per share, SEK 2)	0,74	1,16	3,17	4,79

1) For information on adjusted operating profit, please see note 5

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



## KENNETH LUNDAHL, PRESIDENT AND CEO

The second acquisition of the year was presented on April 8, when RK Teknik AB became part of the Balco Group. Last year, RK Teknik had sales of approximately 115 MSEK and an operating profit of approximately 10 MSEK. RK Teknik's products, which strengthen and complement Balco Group's product range and customer offering, will be launched in all markets in which the Group operates. In addition, the acquisition means that City balconies will now be introduced on the Swedish market, a product segment that has so far only been sold in Denmark. The acquisition was completed on April 22 and RK Teknik will be consolidated as of April 1.

Our previous acquisition for this year, Stora Fasad, made a positive contribution to the Group's sales and profit in the first quarter. We look forward with confidence to further develop these two companies together with existing management, both in terms of growth and profitability.

The continued high spread of Covid-19 and extended and new restrictions have continued to affect order intake, net sales and profit in the first quarter of this year and will also affect net sales and profit in the coming quarters. We have chosen not to cut human resources and other investments, so as not to harm future growth. Our strategic plan is unchanged since before the outbreak of the Corona Pandemic.

Our unique business model where we work close to the customer throughout the process is dependent on people being able and daring to meet. New methods have been developed during the year to make sales work where exhibitions are extended from one to three days and then voting takes place at the general meeting by postal vote. This method is starting to work better and better, especially in Sweden. Also in Denmark, we have seen improvements since the latter part of March when they have started to open up the country and from April 1, digital general meetings are again allowed in Norway, so it is starting to brighten on the order intake side.

Occupancy in production and the project organization has been negatively affected by the lower order intake since March last year. From January 2021, short-term furlough has been introduced and will continue until at least the end of June.

However, the sales and marketing department is working full time as the interest in our products is still strong. There is a pent-up need for balcony renovation and our assessment is that no business has been lost but only moved forward in time.

Balco continuously monitors developments in the countries in which we operate and does everything possible to fulfill the commitments we have to our customers and to ensure the health of our employees and our customers, as well as our operations.

Net sales in the quarter amounted to 250 MSEK and order intake 263 MSEK. The gross margin strengthened to 25.2 percent (25.0) in the quarter, despite lower occupancy in production and the project organization. Operating profit amounted to 22 MSEK with an operating margin of 8.7 percent.

Our sustainability work has the highest priority and on April 16, a separate Sustainability Report was published for the first time to describe the work we carry out in all areas linked to sustainability. The sustainability report is available on our website as well as the Annual Report for 2020.

Balco is the market leader in the niche market for balcony renovation where the need and growth potential is great. Our strategy is to invest for further growth, primarily in the renovation segment.

Even though we are affected in the short term by restrictions on Covid-19 and the lower order intake that this has entailed, the future for Balco looks positive in the long term. Large prospectus and quotation stock, strong financial position, completed acquisitions, as well as exciting development and further acquisition opportunities provide good conditions for long-term growth.



” The acquisition of RK Teknik strengthens and complements Balco Group's product range and customer offering. City balconies will now be introduced on the Swedish market. ”

*Kenneth Lundahl, President and CEO*

Växjö 20 May 2021

Kenneth Lundahl, President and CEO  
Balco Group AB

# THE GROUP'S DEVELOPMENT

## First quarter: January - March

Net sales amounted to 250 MSEK (321). Revenue for the Renovation segment amounted to 199 MSEK (282), while the New Build segment increased to 52 MSEK (40). The acquisition Stora Fasad AB has contributed with a growth of 4 percent, while the organic growth was negative with 26 percent. The lower net sales for the renovation segment are explained by the weaker order intake since March last year due to the Covid-19 outbreak and the restrictions introduced to try to reduce its spread of infection.

The order intake was 5 percent higher than the net sales and amounted to 263 MSEK (341). The Renovation segment accounted for 246 MSEK (265) of the order intake for the quarter, while the New Build segment accounted for 17 MSEK (75).

The order backlog amounted to 1,128 MSEK (1,561), of which 25 MSEK is acquired order backlog. The order backlog for the Renovation segment amounted to 935 MSEK (1,341), while the order backlog for the New Build segment amounted to 193 MSEK (220).

Gross profit amounted to 63 MSEK (82), entailing a gross margin of 25,2 percent (25,0). The gross margin has been stable despite lower occupancy in production and the project organization where some short-term furlough has been implemented in the quarter.

Sales costs amounted to 28 MSEK (30) and administrative costs to 13 MSEK (16). Total operating costs amounted to 41 MSEK (46). The cost reduction is explained by reduced travel costs and marketing activities such as mini-fairs

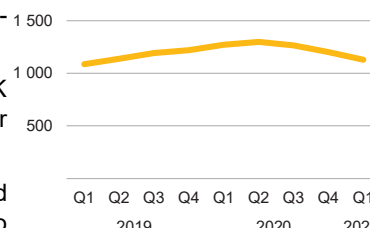
Operating profit amounted to 22 MSEK (34), corresponding to an operating margin of 8.7 percent (10.7).

Net financial items amounted to -1 MSEK (-2). Profit after tax amounted to 16 MSEK (25), corresponding to earnings per share of 0.74 SEK (1.16).

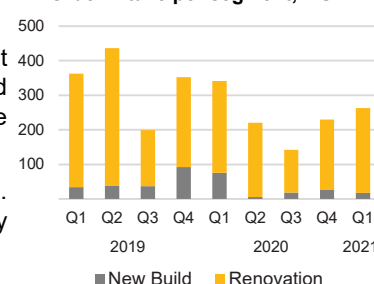
Operating cash flow amounted to -13 MSEK (5), where the decrease comes mainly from lower operating profit. The capital tied up between the quarters is dependent on the different phases of the projects.



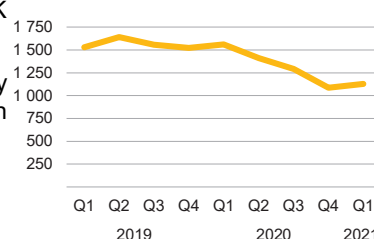
Net sales, R12 MSEK



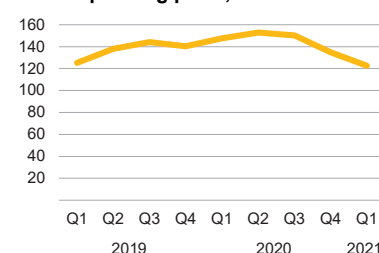
Order intake per segment, MSEK



Order backlog, MSEK



Operating profit, R12 MSEK



## DEVELOPMENT PER SEGMENT

	Jan-Mar		Apr-Mar	Jan-Dec
Net sales, MSEK	2021	2020	2020/21	2020
Renovation	198,7	281,6	1 012,8	1 095,7
New Build	51,7	39,6	116,4	104,3
Group other	5,8	5,6	21,5	21,3
Elimination	-5,8	-5,6	-21,5	-21,3
<b>Total Net Sales</b>	<b>250,4</b>	<b>321,2</b>	<b>1 129,3</b>	<b>1 200,0</b>

	Jan-Mar		Apr-Mar	Jan-Dec
Operating profit, MSEK	2021	2020	2020/21	2020
Renovation	18,1	31,7	99,9	113,5
New Build	3,9	2,9	7,7	6,8
Group other	-0,1	-0,4	-4,6	-4,9
Elimination	-	-	-	-
<b>Total EBIT</b>	<b>21,9</b>	<b>34,2</b>	<b>103,0</b>	<b>115,4</b>

	Jan-Mar		Apr-Mar	Jan-Dec
EBIT margin, %	2021	2020	2020/21	2020
Renovation	9,1	11,3	9,9	10,4
New Build	7,5	7,4	6,6	6,5
Group other	n/a	n/a	n/a	n/a
Elimination	n/a	n/a	n/a	n/a
<b>Total EBIT margin</b>	<b>8,7</b>	<b>10,7</b>	<b>9,1</b>	<b>9,6</b>

### Renovation

Net sales amounted to 199 MSEK (282). The segment accounted for 79 percent of Balco's total sales in the quarter. The lower order intake since March last year, which has been strongly affected by Covid-19, has had a negative effect on the segment's sales.

Order intake amounted to 246 MSEK (265), which corresponds to 93 percent of the total order intake in the quarter.

The order backlog amounted to 935 MSEK (1,341), which corresponds to 83 percent of the total order backlog.

Operating profit amounted to 18 MSEK (32), corresponding to an operating margin of 9.1 percent (11.3).

### New build

Net sales increased by 31 percent to 52 MSEK (40). The segment accounted for 21 percent of Balco's total sales in the quarter. The increase come from Maritime and Stora Fasad,

Order intake amounted to 17 MSEK (75), corresponding to 7 percent of total order intake.

The order backlog amounted to 193 MSEK (220), which corresponds to 17 percent of the total order backlog

Operating profit increased to 4 MSEK (3), corresponding to an operating margin of 7.5 percent (7.4).

### Net sales per customer category, MSEK

	Jan-Mar		Apr-Mar	Jan-Dec
	2021	2020	2020/21	2020
Tenant-owner associations	178,6	246,1	864,0	931,5
Private landlords	4,6	27,0	65,4	87,8
Publicly owned companies	6,9	12,0	59,3	64,5
Construction and manufacturing companies	60,3	36,1	140,5	116,3
<b>Total Net sales</b>	<b>250,4</b>	<b>321,2</b>	<b>1 129,3</b>	<b>1 200,0</b>

Share, renovation  
Q1 2021

**79%**

Share, new build  
Q1 2021

**21%**



# OPERATIONS AND SEGMENT DESCRIPTION

## Operations

Balco's core expertise is in delivering glazed balconies and balcony solutions under its own brands, primarily to the renovation market and tenant-owner associations. Several advantages are achieved by replacing existing balconies with new glazed balconies in accordance with the Balco method. The method, which involves demolition and rebuilding of the entire balcony, contributes for example to lower maintenance and energy costs, an enhanced quality of life and an increase in the value of the property. Balco is unique with processes that involve the Company assuming full responsibility and assisting the customer throughout the decision-making and building process, from visualisation and viewing to project planning, production and installation, with subsequent final inspection. Balco is a turnkey balcony supplier offering customised, high-quality balcony solutions irrespective of size and complexity, with short delivery times. Balco's offering is focused on tenant-owner associations, private landlords, municipal housing companies and construction companies in, primarily, Sweden, Norway and Denmark, but also in Germany, Finland, the UK and the Netherlands. Balco is the market leader in Scandinavia within the attractive niche market for balconies. On other markets, Balco enjoys a strong challenger position. Since the autumn of 2020, Balco will take on turnkey contract responsibility for renovation projects with both a balcony and a façade, and to strengthen this offer, the façade company Stora Fasad has been acquired in February 2021.

## Renovation



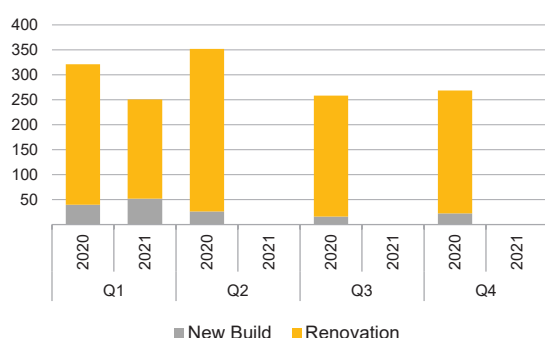
Within renovation, Balco provides solutions for replacing and expanding existing balconies and the installation of new balconies on apartment buildings without balconies. The majority of Balco's sales within the area comprise glazed balconies for tenant-owner associations. Sweden is the Company's largest market within renovation and the main drivers on the market are the pent-up need for renovation and the prevailing age profile of the property portfolio.

## New build

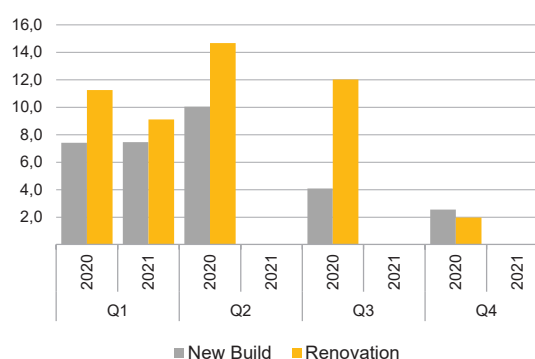


Within new build, Balco performs installation of balconies in conjunction with the construction of new apartment buildings as well as balcony solutions within maritime applications (shipbuilding industry). The largest product areas comprise balcony glazing solutions and open balconies. Balco is acting selectively in the segment, based on a focus on profitability and low risk. Demand is driven by the rate of building of new housing and growth within the maritime segment.

Sales growth per quarter, MSEK



Operating margin per quarter, %



# FINANCIAL POSITION AND CASH FLOW

## Liquidity and financial position

The Group's interest-bearing net debt at the end of the quarter amounted to 71 MSEK (172). Interest-bearing net debt in relation to adjusted EBITDA amounted to 0.4 times (0.9). Interest-bearing net debt, excluding leasing liability, in relation to adjusted EBITDA amounted to 0.2 times (0.6).

At the end of the quarter the Group's equity amounted to 616 MSEK (541). The Group's equity ratio was 50.5 percent (46.1).

MSEK	31-mar 2021	31-mar 2020
External non-current interest-bearing liabilities excl leasing	200,3	205,1
Leasing non-current liabilities	27,3	34,5
Current interest-bearing liabilities	10,4	10,4
Leasing current liabilities	18,9	17,9
Cash and cash equivalents	-185,7	-96,1
<b>Interest-bearing net debt</b>	<b>71,2</b>	<b>171,8</b>
<i>Interest-bearing net debt excl leasing</i>	<i>25,0</i>	<i>119,4</i>
External interest-bearing net debt/EBITDA (12 months), times	0,4 x	0,9 x
<i>External interest-bearing net debt excl. leasing/EBITDA (12 months), times</i>	<i>0,2 x</i>	<i>0,6 x</i>
Equity/assets ratio, %	50,5	46,1

## Cash flow, investments and amortisation/depreciation

For the quarter, cash flow from operating activities amounted to -1 MSEK (-18), where the improvement comes from less paid tax. The capital tied up between the quarters depends on the different phases of the projects.

Cash flow from investing activities amounted to -26 MSEK (-4), of which -2 MSEK (-4) was replacement investments and 0 MSEK (0) expansion investments and 24 MSEK (0) acquisition of shares in subsidiaries.

Cash flow from financing activities amounted to -3 MSEK (-1).

Cash flow for the quarter amounted to -29 MSEK (-23).

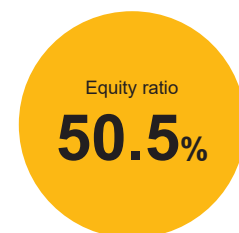
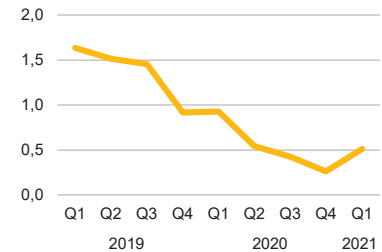
Depreciation for the quarter amounted to SEK 9 M (9).

## The Parent Company

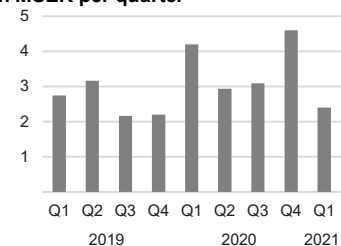
The Parent Company has its registered office in Växjö and conducts operations directly as well as through Swedish and foreign subsidiaries. The Parent Company's operations are focused primarily on strategic development, financial control, corporate governance issues, board work and relations with banks. The operating result amounted to 1 MSEK (0).



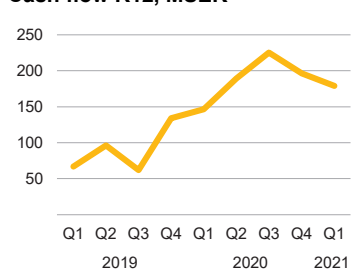
External interest-bearing net debt relative to EBITDA



Investments (excl. acquisitions) in MSEK per quarter



Cash flow R12, MSEK



## OTHER INFORMATION

### Employees

At the end of March 2021 Balco had 440 (428) full-time employees. The increase in personnel is mainly attributable to the acquisition of Stora Fasad.

### Seasonal variations

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

### Shares, share capital and shareholders

At the end of March 2021, there were 21,909,348 shares in Balco, corresponding to a share capital of 131,461,248 SEK. At the end of March 2021, there were 5,105 shareholders. The five largest shareholders were The Family Hamrin, Swedbank Robur fonder, Lannebo Fonder, Skandrenting AB and Segulah.

### 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 which is represented on the Board of Directors by Carl-Mikael Lindholm and Skandrenting which is represented on the Board of Directors by Johannes Nyberg. Related-party transactions take place on commercial terms. For further information, see pages 44 and 99 in the 2020 annual report.

### Incentive program

Balco Group AB has a long-term incentive program aimed at the company's senior executives and additional key employees, a total of 25 employees. The incentive program comprises a total of a maximum of 400,000 warrants, which entitles to a maximum of new subscriptions of the corresponding number of shares. Balco's total cost for the incentive program during the program's duration is expected to amount to approximately SEK 4 million. The program entails a dilution corresponding to approximately 1.8 percent of the company's total number of shares. The senior executives in Balco have acquired 236,000 warrants amounting to a total value of SEK 2,673,880. The purpose of the incentive program is to encourage broad shareholding among Balco's employees, facilitate recruitment, retain competent employees and increase the motivation to achieve or exceed the company's financial goals. For more information, see the Annual Report 2020 on pages 44, 53, 59-60 and 86-87.

### Risks and uncertainty factors

Through its operations, the Group 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 as a result of a weaker economy or other macro-economic 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. financial framework. The financial risks are summarized under financing risk, liquidity risk, credit risk and interest rate risk. Balco's risks and uncertainties are described on pages 46-50, 61 and on pages 78-81 in the annual report for 2020.

### Outlook

Balco is one of the few complete balcony suppliers on the market that provides customized and innovative balcony solutions on a turnkey basis. Balco is the market leader in Scandinavia and has a strong challenger position in other markets in which the Group operates.

Reduced order intake and order backlog will have a negative impact on sales and earnings in the coming quarters. Strong financial position means that the company is equipped for growth through further acquisitions. The timing of the building permit affects sales between quarters.

The market is fragmented and growing throughout northern Europe. The value of the balcony market in the countries where Balco is represented is estimated at just over 35 billion SEK and is expected to grow by approximately 5 percent annually over the next few years. The Group's long-term goals are set out on the next page.

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

On April 8, Balco acquired RK Teknik AB, with net sales in 2020 of 115 MSEK and an operating profit of 10 MSEK. The acquisition strengthens and complements Balco Group's product range and customer offering and means that City balconies will now be introduced on the Swedish market, a product segment that has so far only been sold in Denmark.

Covid-19 with a continued high spread of infection has affected order intake, net sales and profit in the first quarter and will continue to affect net sales and profit in the coming quarters.

Order intake is expected to return to normal as soon as restrictions on Covid-19 begin to ease.

# FINANCIAL GOALS

## Revenue growth

Balco shall achieve growth of 10 percent per year.

## Profitability

Balco shall achieve an operating profit margin (EBIT) of at least 13 percent.

## Capital structure

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

## Dividend policy

Balco shall distribute at least one-half of profit after tax, taking into consideration needs for Balco's long-term growth and prevailing market conditions.

The interim report has not been subject to a review of ISRE 2410 by the company's auditors.

**Växjö, 20 May 2021**

**Kenneth Lundahl**

*President and CEO*

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 20 May 2021 at 07:30 CET.

## Telephone conference

An online telephone conference will be held on 20 May 2021 at 09:00 CET at which President and CEO Kenneth Lundahl and CFO Michael Grindborn will present the report and answer questions. To participate, please call:

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## For more information, please contact:

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Tel: +46 70 670 18 48

## Calendar 2021/2022

**Annual General Meeting 2021** 25 May 2021

**Interim report Jan-Jun 2021** 18 August 2021

**Interim report Jan-Sep 2021** 18 November 2021

**Interim report Jan-Dec 2021** 17 February 2022



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	Jan-Mar 2021	2020	Apr-Mar 2020/21	Jan-Dec 2020
<b>Net sales</b>		250,4	321,2	1 129,3	1 200,0
Production and project costs		-187,2	-240,7	-857,1	-910,6
<b>Gross profit</b>		<b>63,2</b>	<b>80,4</b>	<b>272,2</b>	<b>289,4</b>
Sales costs		-28,0	-30,3	-108,7	-111,0
Administration costs		-13,4	-15,9	-60,5	-63,0
Other operating income		-	-	-	-
Other operating expenses		-	-	-	-
<b>Operating costs</b>		<b>-41,3</b>	<b>-46,2</b>	<b>-169,2</b>	<b>-174,0</b>
<b>Operating profit</b>		<b>21,9</b>	<b>34,2</b>	<b>103,0</b>	<b>115,4</b>
Finance income		0,0	0,1	0,1	0,2
Finance costs		-1,4	-2,3	-9,0	-9,8
<b>Profit before tax</b>		<b>20,5</b>	<b>32,0</b>	<b>94,2</b>	<b>105,7</b>
Income tax		-4,2	-6,9	-25,4	-28,1
<b>Net profit for the period</b>		<b>16,3</b>	<b>25,2</b>	<b>68,8</b>	<b>77,6</b>
<b>Other comprehensive income</b>					
Items that have been/can be reclassified to profit/loss					
Exchange rate differences on translation of foreign operation		0,6	1,4	-5,8	-5,0
<b>Comprehensive income for the period</b>		<b>16,9</b>	<b>26,5</b>	<b>63,0</b>	<b>72,7</b>
Of which attributable to:					
Owners of the parent company		16,9	26,5	63,0	72,7
Earnings per share, SEK, before dilution	4	0,74	1,16	3,16	3,58
Earnings per share, SEK, after dilution	4	0,73	1,15	3,10	3,51
Average number of shares, thousands		21 909,3	21 623,3	21 766,3	21 694,8

# CONSOLIDATED BALANCE SHEET IN SUMMARY

MSEK	31-mar 2021	31-mar 2020	31-dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	418,4	401,5	400,9
Other intangible assets	62,4	52,4	48,5
Concessions	42,8	49,2	42,5
Property, plant and equipment	127,9	136,3	129,8
Financial assets	0,1	3,1	1,4
Deferred tax assets	0,6	2,1	0,6
<b>Total non-current assets</b>	<b>652,2</b>	<b>644,6</b>	<b>623,8</b>
<b>Current assets</b>			
Inventory	28,4	30,7	25,6
Trade receivables	147,8	199,6	175,3
Contract assets	121,2	175,8	130,3
Current tax receivables	5,0	0,8	19,0
Other current receivables	79,5	27,0	35,2
Cash and cash equivalents	185,7	96,1	214,1
<b>Total current assets</b>	<b>567,6</b>	<b>529,9</b>	<b>599,6</b>
<b>TOTAL ASSETS</b>	<b>1 219,7</b>	<b>1 174,5</b>	<b>1 223,3</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	131,5	129,7	131,5
Additional paid-in capital	403,2	393,5	403,2
Retained earnings, incl. profit for year	80,9	17,9	64,0
<b>Equity attributable to owners of the parent company</b>	<b>615,5</b>	<b>541,1</b>	<b>598,6</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	21,6	33,4	18,9
Interest-bearing liabilities to banks	200,3	205,1	203,0
Leasing non-current liabilities	27,3	34,5	26,6
Other non-current liabilities	10,0	27,7	-
<b>Total non-current liabilities</b>	<b>259,2</b>	<b>300,7</b>	<b>248,5</b>
<b>Current liabilities</b>			
Interest-bearing liabilities to banks	10,4	10,4	10,4
Leasing current liabilities	18,9	17,9	19,4
Contract liabilities	56,2	49,5	82,2
Trade payables	124,0	154,0	112,2
Current tax liabilities	34,9	-	35,2
Other liabilities	34,8	38,8	34,8
Other accrued expenses and prepaid income	65,7	62,1	82,1
<b>Total current liabilities</b>	<b>345,0</b>	<b>332,7</b>	<b>376,2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 219,7</b>	<b>1 174,5</b>	<b>1 223,3</b>

## CONSOLIDATED CHANGES IN EQUITY IN SUMMARY

MSEK	Share Capital	Additional paid-in capital	Reserves	Retained earnings	Total equity
<b>Opening balance 1 Jan 2020</b>	<b>129,7</b>	<b>393,5</b>	<b>5,1</b>	<b>-13,8</b>	<b>514,5</b>
Impact from implementation of IFRS 16	-	-	-	-	-
<b>Comprehensive income for the period</b>					
Profit for the period	-	-	-	25,2	25,2
Other comprehensive income for the period	-	-	1,4	-	1,4
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>1,4</b>	<b>25,2</b>	<b>26,5</b>
<b>Transactions with shareholders in their status as Company owners:</b>					
Distributed dividend	-	-	-	-	-
Warrants to shares	-	-	-	-	-
Proceeds, Warrants	-	-	-	-	-
<b>Total transactions with Company owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing balance 31 Mar 2020</b>	<b>129,7</b>	<b>393,5</b>	<b>6,5</b>	<b>11,4</b>	<b>541,1</b>
<b>Opening balance 1 Jan 2021</b>	<b>131,5</b>	<b>403,2</b>	<b>0,1</b>	<b>63,9</b>	<b>598,6</b>
<b>Comprehensive income for the period</b>					
Profit for the period	-	-	-	16,3	16,3
Other comprehensive income for the period	-	-	0,6	-	0,6
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>0,6</b>	<b>16,3</b>	<b>16,9</b>
<b>Transactions with shareholders in their status as Company owners:</b>					
Distributed dividend	-	-	-	-	-
Warrants to shares	-	-	-	-	-
Proceeds, Warrants	-	-	-	-	-
<b>Total transactions with Company owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing balance 31 Mar 2021</b>	<b>131,5</b>	<b>403,2</b>	<b>0,7</b>	<b>80,1</b>	<b>615,5</b>

## CASH FLOW STATEMENT IN SUMMARY

MSEK	Jan-Mar 2021	2020	Apr-Mar 2020/21	Jan-Dec 2020
<b>Operating activities</b>				
Operating profit (EBIT)	21,9	34,2	103,0	115,4
Adjustment for non-cash items	9,1	3,6	44,1	38,6
Interest received	0,1	0,1	0,2	0,2
Interest paid	-1,5	-2,1	-9,2	-9,8
Income tax paid	9,5	-19,6	-6,6	-35,7
<b>Cash flow from operating activities before changes in working capital</b>	<b>39,1</b>	<b>16,1</b>	<b>131,5</b>	<b>108,6</b>
<b>Changes in working capital</b>				
Increase (-)/Decrease (+) in inventories	-2,7	-4,6	2,2	0,4
Increase (-)/Decrease (+) in operating receivables	-5,4	-90,7	42,0	-43,2
Increase (+)/Decrease (-) in operating liabilities	-31,5	61,3	-46,8	46,0
<b>Cash flow from operating activities</b>	<b>-0,6</b>	<b>-17,8</b>	<b>129,0</b>	<b>111,7</b>
<b>Investing activities</b>				
Purchase/sale of intangible assets	-0,7	-0,1	-1,6	-1,1
Purchase/sale of property, plant and equipment	-1,7	-4,1	-11,4	-13,7
Purchase/sale of subsidiaries	-23,5	-	-23,0	0,5
<b>Cash flow from investing activities</b>	<b>-25,9</b>	<b>-4,2</b>	<b>-36,0</b>	<b>-14,3</b>
<b>Financing activities</b>				
Changes in bank loans	-2,6	-6,2	-9,2	-12,8
Changes in leasing	-	4,6	-4,6	-
Changes in other non-current assets/liabilities	-	0,7	-0,7	-
Warrants	-	-	9,7	9,7
Rights issue	-	-	1,7	1,7
<b>Cash flow from financing activities</b>	<b>-2,6</b>	<b>-0,9</b>	<b>-3,1</b>	<b>-1,4</b>
<b>Cash flow for the period</b>	<b>-29,1</b>	<b>-22,9</b>	<b>90,0</b>	<b>96,1</b>
Cash and cash equivalents at beginning of the period	214,1	119,4	96,1	119,4
Exchange rate differential cash and cash equivalents	0,6	-0,4	-0,3	-1,4
<b>Cash and cash equivalents at end of the period</b>	<b>185,7</b>	<b>96,1</b>	<b>185,7</b>	<b>214,1</b>



## KEY RATIOS

MSEK	Jan-Mar		Apr-Mar	Jan-Dec
	2021	2020	2020/21	2020
Net sales	250,4	321,2	1 129,3	1 200,0
Order intake	263,1	340,6	855,3	932,7
Order backlog	1 127,6	1 560,9	1 127,6	1 086,6
Gross profit	63,2	80,4	272,2	289,4
EBITDA	30,6	43,6	139,9	153,0
Adjusted EBITDA	30,6	43,6	159,4	172,4
Operating profit (EBIT)	21,9	34,2	103,0	115,4
Adjusted operating profit	21,9	34,2	122,5	134,8
Gross profit margin, %	25,2	25,0	24,1	24,1
EBITDA margin, %	12,2	13,6	12,4	12,7
Adjusted EBITDA margin, %	12,2	13,6	14,1	14,4
Operating profit margin (EBIT), %	8,7	10,7	9,1	9,6
Adjusted operating profit margin (EBIT), %	8,7	10,7	10,8	11,2
Operating cash flow	-12,8	4,8	178,9	196,5
Operating cash conversion, %	-41,9	11,1	112,2	114,0
Capital employed, average	665,3	694,7	660,2	655,8
Capital employed, excl. goodwill, average	255,6	293,3	259,1	254,7
Equity, average	607,1	527,8	556,6	477,5
External interest-bearing net debt	71,2	171,8	71,2	45,2
External interest-bearing net debt/Adjusted EBITDA 12 months, times	0,4	0,9	0,4	0,3
Return on capital employed, %, (12 months)	18,4	21,2	20,4	21,4
Return on capital employed, excl. goodwill, %, (12 months)	47,9	50,3	52,0	55,1
Return on invested capital, %, (12 months)	11,3	20,5	13,9	21,5
Equity/assets ratio, %	50,5	46,1	47,8	44,0
Number of full-time employees on the closing date	440	428	440	428
Average number of common shares for the period, 000s	21 909,3	21 623,3	21 694,8	21 477,4
Equity per common share, SEK	27,71	24,41	25,66	22,23

1) For information on adjusted operating profit, please see note 5

## PARENT COMPANY, INCOME STATEMENT IN SUMMARY

MSEK	Jan-Mar 2021	2020	Apr-Mar 2020/21	Jan-Dec 2020
Net sales	5,5	5,0	20,5	20,0
Operating expenses	-4,6	-4,7	-22,9	-23,0
<b>Operating profit</b>	<b>0,9</b>	<b>0,3</b>	<b>-2,4</b>	<b>-3,0</b>
Interest income	0,2	0,2	0,6	0,6
Interest expenses	-0,9	-1,0	-3,9	-3,9
<b>Profit/loss after financial items</b>	<b>0,2</b>	<b>-0,5</b>	<b>-5,6</b>	<b>-6,3</b>
Change in untaxed reserves	-	-	167,9	167,9
Tax	-0,1	0,1	-34,7	-34,6
<b>Net profit/loss for the period</b>	<b>0,1</b>	<b>-0,4</b>	<b>127,6</b>	<b>127,0</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 2021	31-mar 2020	31-dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets	601,9	389,7	1 081,6
<b>Total non-current assets</b>	<b>601,9</b>	<b>389,7</b>	<b>1 081,6</b>
<b>Current assets</b>			
Current receivables	249,3	17,6	260,6
Cash and cash equivalents	178,6	93,5	213,0
<b>Total current assets</b>	<b>427,9</b>	<b>111,0</b>	<b>473,6</b>
<b>TOTAL ASSETS</b>	<b>1 029,8</b>	<b>500,7</b>	<b>1 555,2</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Restricted equity	131,5	129,7	131,5
Unrestricted equity	282,9	145,6	282,7
<b>Total equity</b>	<b>414,3</b>	<b>275,3</b>	<b>414,2</b>
<b>Non-current liabilities</b>	<b>187,5</b>	<b>110,0</b>	<b>180,0</b>
<b>Other current liabilities</b>	<b>428,0</b>	<b>115,4</b>	<b>961,0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 029,8</b>	<b>500,7</b>	<b>1 555,2</b>

# NOTES

## Note 1 Accounting principles

This 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 the Group, the same accounting policies and computation methods have been applied as in the 2020 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 4.7 MSEK (7.4) at the end of the period while financial liabilities at fair value amounted to 1.0 MSEK (8.4).

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 categorised in level 2.

## 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. The balcony solutions in the New Build segment have a lower average cost than those in Renovation. This is because the segment consists largely of open balconies, which have a lower per unit cost than glazed balconies.

MSEK	Jan-Mar		Renovation		New Build		Group Other		Eliminations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net sales – External revenue	198,7	281,6	51,7	39,6	-	-	-	-	-	-	250,4	321,2
Net sales – Internal revenue	-	-	-	-	5,8	5,6	-5,8	-5,6	-	-	-	-
<b>Total sales</b>	<b>198,7</b>	<b>281,6</b>	<b>51,7</b>	<b>39,6</b>	<b>5,8</b>	<b>5,6</b>	<b>-5,8</b>	<b>-5,6</b>	<b>250,4</b>	<b>321,2</b>	<b>250,4</b>	<b>321,2</b>
<b>Operating profit (EBIT)</b>	<b>18,1</b>	<b>31,7</b>	<b>3,9</b>	<b>2,9</b>	<b>-0,1</b>	<b>-0,4</b>	-	-	<b>21,9</b>	<b>34,2</b>	<b>21,9</b>	<b>34,2</b>
Depreciation included with	6,8	8,1	1,9	1,2	-	-	-	-	8,7	9,3	8,7	9,3
Non-recurring items	-	-	-	-	-	-	-	-	-	-	-	-
<b>Adjusted operating profit (EBIT)</b>	<b>18,1</b>	<b>31,7</b>	<b>3,9</b>	<b>2,9</b>	<b>-0,1</b>	<b>-0,4</b>	-	-	<b>21,9</b>	<b>34,2</b>	<b>21,9</b>	<b>34,2</b>
Adjusted operating margin	9,1%	11,3%	7,5%	7,4%	-	-	-	-	8,7%	10,7%	8,7%	10,7%
Operating profit (EBIT)	18,1	31,7	3,9	2,9	-0,1	-0,4	-	-	21,9	34,2	21,9	34,2
Finance income	-	-	-	-	0,0	0,1	-	-	0,0	0,1	0,0	0,1
Finance cost	-	-	-	-	-1,4	-2,3	-	-	-1,4	-2,3	-1,4	-2,3
<b>Profit before tax</b>	<b>18,1</b>	<b>31,7</b>	<b>3,9</b>	<b>2,9</b>	<b>-1,5</b>	<b>-2,6</b>	-	-	<b>20,4</b>	<b>32,0</b>	<b>20,4</b>	<b>32,0</b>

## Note 4 Earnings per share

MSEK	Jan-Mar		Apr-Mar	Jan-Dec
	2021	2020	2020/21	2020
<b>Net profit for the period attributable to the owners of the parent company</b>	<b>16,3</b>	<b>25,2</b>	<b>68,8</b>	<b>77,6</b>
Average number of common shares, 000'	21 909,3	21 623,3	21 766,3	21 694,8
Earnings per common share, SEK, before dilution	0,74	1,16	3,16	3,58
Earnings per common share, SEK, after dilution	0,73	1,15	3,10	3,51

## Note 5 Acquisition of Stora Fasad AB

On February 10, 2021, Balco entered into an agreement to acquire 100 percent of the shares in Stora Fasad AB, a company in Västerås active in facade work in Sweden and focused on both the new construction and renovation segments. The acquisition is expected to make a positive contribution to earnings per share, already in 2021.

Stora Fasad had sales of approximately SEK 30 million in 2020 with an operating profit of approximately SEK 5 million. Balco paid SEK 23.5 million in cash for the shares upon acquisition. An additional SEK 10 million may be added to the additional purchase consideration, which is based on Stora Fasad's accumulated earnings development during the period 2021-2023, and will be paid during 2024. The acquisition has been financed with existing cash and cash equivalents.

More information can be found in press releases from February 10, 2021.

Stora Fasad will be consolidated as of January 1, 2021.

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

Cash payment	23,5
Conditional purchase price	10,0
Acquired net assets	-16,2
<b>Goodwill</b>	<b>17,3</b>

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

Cash and cash equivalents	7,7
Tangible fixed assets	0,2
Financial assets	-
Intangible assets	13,4
Inventories	-
Receivables	7,5
Liabilities	-9,8
Deferred tax liabilities	-2,8
<b>Acquired net assets</b>	<b>16,2</b>

## Note 6 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	Jan-Mar 2021	2020	Apr-Mar 2020/21	Jan-Dec 2020
<b>Adjusted operating profit</b>				
Operating profit	21,9	34,2	103,0	115,4
Write-down and risk allocation concerning projects	-	-	15,2	15,2
Write-down of other current assets	-	-	4,2	4,2
<b>Adjusted operating profit</b>	<b>21,9</b>	<b>34,2</b>	<b>122,5</b>	<b>134,8</b>
<b>Adjusted EBITDA</b>				
Operating profit	21,9	34,2	103,0	115,4
Depreciation	8,7	9,3	36,9	37,6
Write-down and risk allocation concerning projects	-	-	15,2	15,2
Write-down of other current assets	-	-	4,2	4,2
<b>Adjusted EBITDA</b>	<b>30,6</b>	<b>43,6</b>	<b>159,4</b>	<b>172,4</b>
<b>Operating cash flow</b>				
Adjusted EBITDA	30,6	43,6	159,4	172,4
Changes in working capital	-41,0	-34,6	32,5	38,9
Investments in other non-current assets, net	-2,4	-4,2	-13,0	-14,8
<b>Operating cash flow</b>	<b>-12,8</b>	<b>4,8</b>	<b>178,9</b>	<b>196,5</b>



<b>MSEK</b>	<b>31-mar 2021</b>	<b>31-mar 2020</b>	<b>31-dec 2020</b>
<b>External interest-bearing net deb</b>			
External non-current interest-bearing liabilities	227,6	239,6	229,6
Current interest-bearing liabilities	29,3	28,2	29,8
Cash and cash equivalents	-185,7	-96,1	-214,1
<b>Interest-bearing net debt</b>	<b>71,2</b>	<b>171,8</b>	<b>45,2</b>
<b>Adjusted EBITDA (12 months)</b>	<b>159,4</b>	<b>185,0</b>	<b>172,4</b>
<b>Interest-bearing net debt/EBITDA 12 months, times</b>	<b>0,4 x</b>	<b>0,9 x</b>	<b>0,3 x</b>
<b>Return on capital employed</b>			
Equity	615,5	541,1	598,6
External interest-bearing net debt	71,2	171,8	45,2
Average capital employed	699,8	709,8	660,2
Adjusted operating profit (EBIT), (12 months)	122,5	147,6	134,8
<b>Return on capital employed, %</b>	<b>17,5</b>	<b>20,8</b>	<b>20,4</b>
<b>Equity/assets ratio</b>			
Equity attributable to owners of the parent company	615,5	541,1	598,6
Total assets	1 219,7	1 174,5	1 223,3
<b>Equity/assets ratio, %</b>	<b>50,5</b>	<b>46,1</b>	<b>48,9</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, see note 5.	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>External interest-bearing net debt</b>	Interest-bearing net debt excluding the shareholder loan. For a reconciliation of net debt for the periods, see note 5.	Balco believes that external interest-bearing net debt is a useful measure for showing the company's total external debt financing.
<b>External 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, see note 5.	Balco believes that adjusted EBITDA is a useful measure for showing the company's profit generated by the operating activities after adjusting for non-recurring items, 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, see note 5.	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, which is used by Balco to monitor profitability as it relates to the capital efficiency of the company.
<b>Items affecting comparability</b>	Items affecting comparability are significant items reported separately due to their size or frequency	Balco believes that adjustment for items affecting comparability improves the possibility of comparison over time by excluding items with irregularity in frequency or size.
<b>Operating cash flow</b>	Adjusted EBITDA increased/decreased with changes in net working capital less investments, excluding expansion investments, see note 5.	Operating cash flow is used by Balco to monitor business performance.
<b>Interest-bearing net debt</b>	The sum of shareholder loan, non-current interest-bearing liabilities and current interest-bearing liabilities. For a reconciliation of net debt for the periods, see note 5.	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.

Alternative performance measures	Definition	Reason for use
<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>Equity/asset ratio</b>	Equity divided on total assets, see note 5.	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 (external net debt plus shareholder loan).	Capital employed is used by Balco to indicate the general capital efficiency of the company



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