

Year-end report

2021: Q4 October-December

BALCONIES
FOR
GREATER
LIVING



Strong order intake and launch of a new product segment

The fourth quarter: October – December

- Net sales increased 20 percent to 324 MSEK (269).
- Order intake increased 111 percent to 484 MSEK (230).
- Order backlog increased 43 percent to 1,557 MSEK (1,087).
- Operating profit increased to 38 MSEK (3).
- Adjusted operating profit increased to 38 MSEK (22).
- Net profit after tax increased to 30 MSEK (-5).
- Earnings per share increased to 1.36 SEK (-0.23).
- Operating cash flow increased to 125 MSEK (71).

The full year 2021: January – December

- Net sales amounted to 1,120 MSEK (1,200).
- Order intake increased 67 percent to 1,558 MSEK (933).
- Operating profit increased to 118 MSEK (115).
- Adjusted operating profit amounted to 120 MSEK (135).
- Net profit after tax increased to 90 MSEK (78).
- Earnings per share increased to 4.12 SEK (3.58).
- Operating cash flow amounted to 96 MSEK (196).
- The Board of Directors proposes a dividend of 2.00 SEK per share (0) divided into two payments, 1.00 SEK per share in May 2022 and 1.00 SEK per share in November 2022.

Events during the fourth quarter and after end of the quarter

- Balco Group presented its new financial targets on 10 January.
- Balco Group received a Green Transformation order of 103 MSEK in December.
- February 9, Balco launched a new unique product segment to solve overcrowding - "Balco Living"

MSEK	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Net sales	323,7	268,6	1 120,5	1 200,0
Order intake	483,8	229,7	1 558,3	932,7
Order backlog	1 557,0	1 086,6	1 557,0	1 086,6
Gross profit	85,0	49,1	296,3	289,4
Gross margin %	26,3	18,3	26,4	24,1
Operating profit	37,8	2,8	118,0	115,4
Operating profit margin (EBIT-margin), %	11,7	1,1	10,5	9,6
Adjusted operating profit (EBIT) 1)	38,1	22,3	119,5	134,8
Adjusted operating profit margin (EBIT-margin), %	11,8	8,3	10,7	11,2
Net profit for the period	29,8	-5,0	90,2	77,6
Operating cash flow	124,8	71,2	96,0	196,5
Earnings per share, SEK 2)	1,36	-0,23	4,12	3,58

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 strong order intake that we have had since springtime continued even in the fourth quarter. Our order intake increased by 111 percent compared with the previous year to 484 MSEK and was also 38 percent higher than in the fourth quarter of 2019. Order intake was 49 percent higher than sales in the quarter. Our order backlog is now 43 percent higher than at the end of last year and is over 1.5 billion SEK.

In the fourth quarter, sales grew 20 percent of which 8 percent organic to 324 MSEK. Operating profit strengthened to 38 MSEK and our operating cash flow was as much as 125 MSEK in the quarter.

Our concept Green Transformation of properties, which we launched in connection with the third quarter's interim report, has been very well received. In December, Balco Group received an order of 103 MSEK in this area. The order includes cooperation between the three group companies Balco AB, TBO-Haglinds AB and Stora Fasad AB. The project will provide energy savings to the customer of over 30 percent. During December, two collaboration agreements were also signed for a total of approximately 250 MSEK, which include balcony and facade renovation and installation of solar cells. The two cooperation agreements are expected to become orders in 2022.

The concept Green Transformation of properties means that when signing a cooperation agreement for balcony renovation with glazed balconies, the customer is offered to go through their energy declaration. The customer is offered complementary energy-efficient measures so the total energy savings will be more than 30 percent. The banks can then offer our customers green loans at a lower interest rate.

On January 10, our new and updated financial targets were presented. To clarify management's focus on creating increased value for the company's shareholders, we have replaced our profitability target with "Earnings per share will grow by 20 percent per year". A new sustainability goal was introduced to emphasize the Group's sustainability focus. The goal is that "More than 30 percent of the Group's sales shall be within the EU taxonomy¹⁾ and provide at least 30 percent energy savings for our customers." This goal shall be achieved within three years at the latest.

Of the order intake in the fourth quarter, 55 percent will give more than 15 percent in energy savings and 27 percent will give more than 30 percent in energy savings and of the full-year order intake, 53 percent will give more than 15 percent in energy savings and 12 percent give more than 30 percent in energy savings.

Earlier this week, Balco launched a new unique product segment to solve the cramped living space "Balco Living". Significant development resources have been invested over a period of one and a half years to develop this product segment, which Balco will be the first in Europe to offer. If a balcony renovation is needed, Balco can now offer new living space at a low construction cost. Additional square meter price on the new space will be extremely attractive. This product segment should be interesting for tenant-owner associations and private landlords who need to offer larger apartments and for the publicly owned companies in areas where many people live in crowded areas, for example, it can be a way to lift vulnerable areas and make them more attractive. The product can also be interesting for contractors who convert office properties into homes and for hotels. This product segment should be able to provide major positive social effects. We anticipate that this product segment will be a significant part of Balco's sales within a three-year period.

The new launches Green Transformation and Balco Living together with a strong underlying order intake and our strong financial position make the future look promising. Order intake growth is expected to be strong in the coming quarters and Balco is equipped to grow through acquisitions of companies that strengthen our offering and provides synergies for our organic growth.



“ The new launches Green Transformation and Balco Living together with a strong underlying order intake and our strong financial position make the future look promising. ”

Kenneth Lundahl, President and CEO

Växjö 17 February 2022

Kenneth Lundahl, President and CEO
Balco Group AB

THE GROUP'S DEVELOPMENT

Fourth quarter: October - December

Net sales increased 20 percent to 324 MSEK (269). Acquired growth was 12 percent, while organic growth was 8 percent. Revenue for the renovation segment increased to 268 MSEK (246), while net sales for the new build segment increased to 56 MSEK (23).

The order intake increased 111 percent to 484 MSEK (230) and was 38 percent higher than in the fourth quarter 2019. The order intake was 49 percent higher than the revenue in the quarter. Acquired order intake was 8 percent, while organic growth for order intake was 103 percent. The renovation segment accounted for 420 MSEK (204) of the order intake for the quarter, while the order intake of the new build segment was 64 MSEK (26).

The order backlog increased 43 percent to 1,557 MSEK (1,087). The order backlog for the renovation segment increased to 1,379 MSEK (882), while the order backlog for the new build segment amounted to 178 MSEK (204). The order backlog for the new build segment has decreased due to cancellation of a Maritime-order of 70 MSEK.

Gross profit improved to 85 MSEK (49), entailing a gross margin of 26.3 percent (18.3). Last year, costs affecting comparability of 19 MSEK were incurred in the fourth quarter, so the adjusted gross margin was 25.5 percent last year. The gross margin has improved due to better occupancy in production and the project organization and to the fact that a larger part of sales comes from high-margin markets.

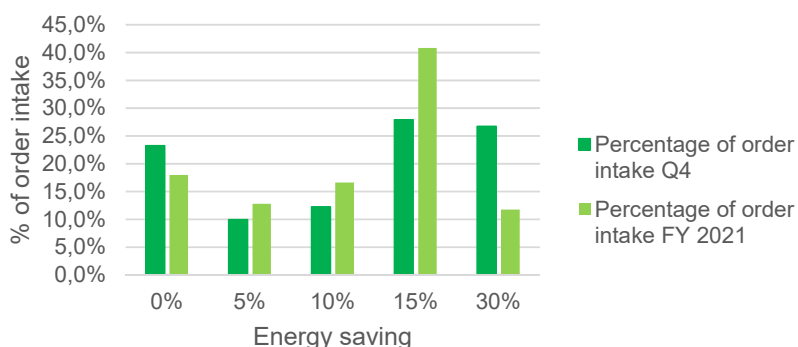
Sales costs amounted to 32 MSEK (29) and administrative costs to 20 MSEK (17). The increase in operating expenses is explained by acquired companies.

Operating profit amounted to 38 MSEK (3), corresponding to an operating margin of 11.7 percent (1.1). Adjusted operating profit amounted to 38 MSEK (22), corresponding to an adjusted operating margin of 11.8 percent (8.3).

Net financial items amounted to -2 MSEK (-3), of which -0,3 (-0,4) refers to interest costs linked to concessions (leasing). Profit after tax amounted to 30 MSEK (-5), corresponding to an earnings per share of 1.36 SEK (-0.23).

Operating cash flow improved to 125 MSEK (71), where the improvement comes from increased operating profit and lower working capital. The capital tied up between the quarters is dependent on the different phases of the projects.

Energy saving in Order intake

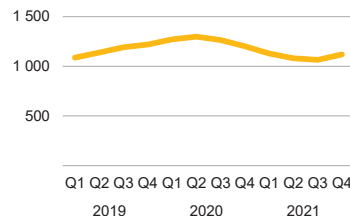


Of the order intake in the fourth quarter, 55 percent will give more than 15 percent in energy savings and 27 percent will give more than 30 percent in energy savings. Of the full-year's order intake 53 percent will give more than 15 percent in energy savings and 12 percent will give more than 30 percent in energy savings.

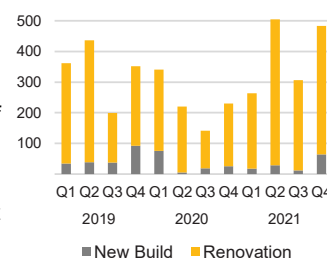
Our goal is that more than 30 percent of the group's sales within three years shall be within the EU taxonomy and provide at least 30 percent energy savings to our customers.



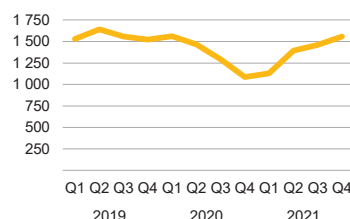
Net sales, R12 MSEK



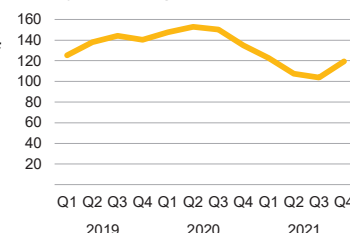
Order intake per segment, MSEK



Order backlog, MSEK



Adj. Operating profit, R12 MSEK



The full year: January - December

Net sales amounted to 1,120 MSEK (1,200). Acquired growth was 10 percent, while organic growth was negative by 17 percent. Net sales for the renovation segment amounted to 946 MSEK (1,096) and for the new build segment revenue increased to 174 MSEK (104).

Order intake increased 67 percent to 1,558 MSEK (933). Acquired order intake was 20 percent, while organic growth for order intake was 47 percent. The order intake for the full year was 39 percent higher than net sales. Order intake for the renovation segment improved to 1,436 MSEK (808). Order intake for the new build segment amounted to 122 MSEK (124).

Gross profit increased to 296 MSEK (289), entailing a gross margin of 26.4 percent (24.1). Last year, costs affecting comparability of 19 MSEK were incurred, so the adjusted gross margin was 25.7 percent last year. The gross margin has improved despite lower occupancy in production and the project organization during the year as a whole. The improvement is due to the fact that a larger part of sales comes from high-margin markets.

Sales costs amounted to 120 MSEK (111) and administrative costs to 63 MSEK (63). The increase in operating expenses is explained by acquired companies as well as increased marketing activities and an item affecting comparability of 2 MSEK among administrative expenses for acquisition costs.

Operating profit amounted to 118 MSEK (115) corresponding to an operating margin of 10.5 percent (9.6). Adjusted for items affecting comparability, operating profit amounted to 120 MSEK (135), corresponding to an adjusted operating margin of 10.7 percent (11.2).

The net financial items amounted to -6 MSEK (-9), of which -1,5 (-1,7) refers to interest costs linked to concessions (leasing). Profit after tax amounted to 90 MSEK (78), corresponding to earnings per share of 4.12 SEK (3.58).

Operating cash flow amounted to 96 MSEK (196), where the decrease comes increased working capital. The capital tied up between the quarters is dependent on the different phases of the projects.

DEVELOPMENT PER SEGMENT

Net sales, MSEK	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Renovation	268,0	246,1	946,6	1 095,7
New Build	55,7	22,5	173,9	104,3
Group other	6,2	5,2	24,5	21,3
Elimination	-6,2	-5,2	-24,5	-21,3
Total Net Sales	323,7	268,6	1 120,5	1 200,0

Operating profit, MSEK	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Renovation	33,3	4,8	105,6	113,5
New Build	4,5	0,6	14,0	6,8
Group other	-0,0	-2,6	-1,7	-4,9
Elimination	-	-	-	-
Total EBIT	37,8	2,8	118,0	115,4

EBIT margin, %	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Renovation	12,4	2,0	11,2	10,4
New Build	8,1	2,5	8,1	6,5
Group other	n/a	n/a	n/a	n/a
Elimination	n/a	n/a	n/a	n/a
Total EBIT margin	11,7	1,1	10,5	9,6

Renovation

Net sales in the quarter increased 9 percent to 268 MSEK (246). The segment accounted for 83 percent of Balco's total turnover in the quarter.

Order intake increased 106 percent to 420 MSEK (204), corresponding to 87 percent of the total order intake in the quarter.

Operating profit in the quarter increased to 33 MSEK (5), corresponding to an operating margin of 12.4 percent (2.0). Last year, costs affecting comparability of 19 MSEK were incurred in the fourth quarter, so the adjusted operating profit for the quarter amounted to 24 MSEK, corresponding to an adjusted operating margin of 9.9 percent last year.

For the full year net sales amounted to 946 MSEK (1,096). The segment accounted for 84 percent of Balco's total net sales in the full year.

Order intake during the full year increased 78 percent to 1,436 MSEK (808), corresponding to 92 percent of the total order intake.

Operating profit for the full year amounted to 106 MSEK (114) corresponding to an operating margin of 11.2 percent (10.4). Last year, costs affecting comparability of 19 MSEK were incurred, so the adjusted operating profit amounted to 133 MSEK, corresponding to an adjusted operating margin of 12.1 percent last year.

The order backlog increased 56 percent to 1,379 MSEK (882), corresponding to 89 percent of the total order backlog.

Share
renovation
Q4 2021

83%



New build

Net sales in the quarter increased 148 percent to 56 MSEK (22). The segment accounted for 17 percent of Balco's total net sales in the quarter.

Order intake increased 150 percent to 64 MSEK (26), corresponding to 13 percent of the total order intake in the quarter.

Operating profit in the quarter improved to 4 MSEK (1), corresponding to an operating margin of 8.1 percent (2.5).

For the full year net sales increased 67 percent to 174 MSEK (104) corresponding to 16 percent of Balco's total turnover.

Order intake for the full year amounted to 122 MSEK (124), corresponding to 8 percent of the total order intake.

Operating profit for the full year improved to 14 MSEK (7) corresponding to an operating margin of 8.1 percent (6.5).

Order backlog amounted to 178 MSEK (204), corresponding to 11 percent of the total order backlog. The reduction is due to a canceled Maritime order of 70 MSEK.

Share
new build
Q4 2021

17%

Net sales per customer category, MSEK

	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Tenant-owner associations	243,8	206,6	808,7	931,5
Private landlords	26,0	14,7	45,6	87,8
Publicly owned companies	7,3	11,1	31,4	64,5
Construction and manufacturing companies	46,6	36,3	234,7	116,3
Total Net sales	323,7	268,6	1 120,5	1 200,0



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 customized, 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



Sjøsiden Boligpark

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.

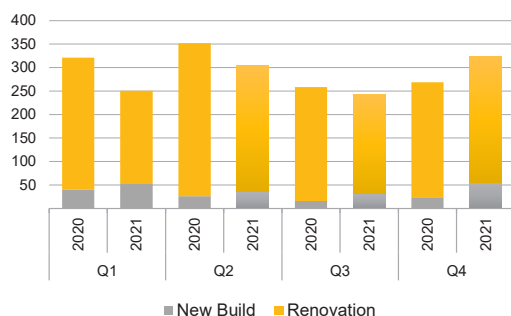
New build



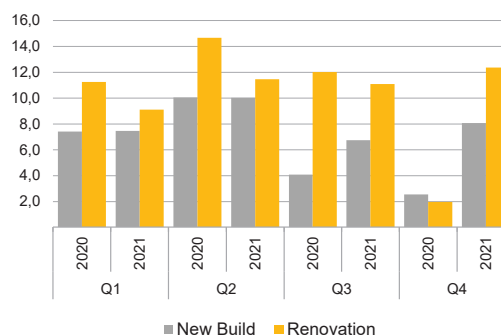
New Road Rainham

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.

Net 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 year amounted to 97 MSEK (45). The increase in net debt comes from the two acquisitions that have been completed during the year. Interest-bearing net debt relative to adjusted EBITDA was 0.6 times (0.3), which is within the scope of the Company's indebtedness target (not to exceed 2.5 times). The Group's interest-bearing net debt, excluding debt related to financial leasing, relative to adjusted EBITDA was 0.3 times (-0.0).

At the end of the year the Group's equity amounted to 692 MSEK (599). The Group's equity ratio was 56 percent (49).

MSEK	31-dec 2021	31-dec 2020
External non-current interest-bearing liabilities excl leasing	171,7	203,0
Leasing non-current liabilities	21,9	26,6
Current interest-bearing liabilities	0,4	10,4
Leasing current liabilities	20,5	19,4
Cash and cash equivalents	-117,5	-214,1
Interest-bearing net debt	97,0	45,2
<i>Interest-bearing net debt excl leasing</i>	<i>54,6</i>	<i>-0,7</i>
External interest-bearing net debt/EBITDA (12 months), times	0,6 x	0,3 x
External interest-bearing net debt excl. leasing/EBITDA (12 months), times	0,3 x	-0,0 x
Equity/assets ratio, %	55,6	48,9

Cash flow, investments and amortisation/depreciation

Cash flow from ongoing activities for the full year amounted to 63 MSEK (112). Higher working capital are the main reasons to the reduced cash flow.

The cash flow from investing activities amounted to -102 MSEK (-14), of which -10 MSEK (-14) was replacement investments, -7 MSEK (0) expansion investments and -85 MSEK (0) acquisition of shares in subsidiaries.

Cash flow from financing activities amounted to -58 MSEK (-2) and mainly refers to loan repayments.

Cash flow for the full year amounted to -97 MSEK (96).

Amortisation/depreciation for the full year amounted to 38 MSEK (38), of which 19 (19) refers to depreciation linked to concessions (leasing).

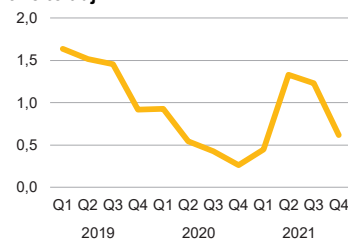
The Parent Company

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 full year period amounted to 3 MSEK (-3).



Balco Living

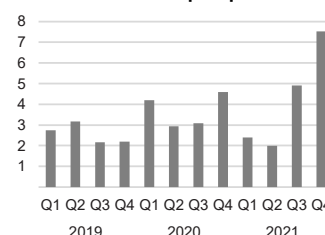
External interest-bearing net debt relative to adj. EBITDA



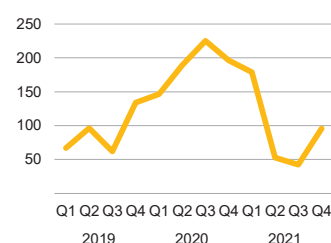
Equity ratio

56%

Investments in MSEK per quarter



Cash flow R12, MSEK



OTHER INFORMATION

Employees

At the end of December 2021 Balco had 467 (428) full-time employees. The increase in staff is mainly attributable to the acquisitions of Stora Fasad AB and RK Teknik AB.

Seasonal variations

Balco's net 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 quarter is normally the second quarter.

Shares, share capital and shareholders

At the end of December, there were 21,909,348 shares in Balco, corresponding to a share capital of 131,461,248 SEK. There were 5,101 shareholders. The five largest shareholders were The Family Hamrin, Skandrenting AB, Swedbank Robur fonder, Lannebo Fonder and Tredje AP-fonden.

Related-party transactions

Related parties comprise the Board of Directors, Group management and the CEO. This is due to ownership stakes in Balco and positions as senior executives. Related parties also include the Company's largest shareholder, The Family Hamrin which is represented on the Board of Directors by Carl-Mikael Lindholm and Skandrenting AB 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 Annual Report 2020.

Incentive program

Balco Group AB has two long-term incentive programs aimed at the company's senior executives and additional key employees, a total of 25 employees. The incentive programs comprise a total of no more than 600,000 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 SEK 6 million. The programs involve a dilution corresponding to approximately 2.7 percent of the company's total number of shares. The senior executives in Balco have acquired 372,498 warrants amounting to a total value of 3,999,276 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 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 81-82 in the Annual Report 2020.

Outlook

Balco is one of a small number of complete balcony suppliers on the market providing customised, innovative balcony solutions on a turnkey basis. Balco is the market leader in Scandinavia and enjoys a strong challenger position on other markets where the Group operates.

Strong financial position means that the company is equipped for growth through further acquisitions.

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 36 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

Balco Group presented its new financial targets on January 10.

Balco Group received a Green Transformation order of 103 MSEK in December.

February 9, Balco launched a new unique product segment to solve overcrowding - "Balco Living".

The Board of Directors proposes a dividend of 2.00 SEK per share (0) divided into two payments, 1.00 SEK per share in May 2022 and 1.00 SEK per share in November 2022.

FINANCIAL TARGETS

Revenue growth

Balco shall achieve growth of 10 percent per year.

Profitability (new from January 10, 2022)

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 amortisation (EBITDA), other than temporarily.

Dividend policy (updated from January 10, 2022)

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

Sustainability (new from January 10 2022)

More than 30 percent of the group's sales shall be within the EU taxonomy and provide at least 30 percent energy savings to our customers.

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

Växjö, 17 February 2022

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 17 February 2022 at 07.30 CET.

Telephone conference

An online telephone conference will be held on 17 February 2022 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 2022/2023

Interim report Jan-Mar 2022	6 May 2022
Annual General Meeting 2022	24 May 2022
Interim report Jan-Jun 2022	14 July 2022
Interim report Jan-Sep 2022	8 November 2022
Year-end report 2022	7 February 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	Oct-Dec		Jan-Dec	
		2021	2020	2021	2020
Net sales		323,7	268,6	1 120,5	1 200,0
Production and project costs		-238,7	-219,5	-824,2	-910,6
Gross profit		85,0	49,1	296,3	289,4
Sales costs		-32,4	-28,8	-119,7	-111,0
Administration costs		-19,6	-17,5	-63,5	-63,0
Other operating income		4,9	-	4,9	-
Other operating expenses		-0,1	-	-0,1	-
Operating costs		-47,2	-46,3	-178,3	-174,0
Operating profit		37,8	2,8	118,0	115,4
Finance income		0,1	0,0	0,2	0,2
Finance costs		-2,4	-3,1	-6,5	-9,8
Profit before tax		35,6	-0,3	111,6	105,7
Income tax		-5,8	-4,7	-21,4	-28,1
Net profit for the period		29,8	-5,0	90,2	77,6
Other comprehensive income					
Items that have been/can be reclassified to profit/loss					
Exchange rate differences on translation of foreign operation		0,7	-3,0	1,2	-5,0
Comprehensive income for the period		30,5	-8,0	91,4	72,7
Of which attributable to:					
Owners of the parent company		30,5	-8,0	91,4	72,7
Earnings per share, SEK, before dilution	4	1,36	-0,23	4,12	3,58
Earnings per share, SEK, after dilution	4	1,32	-0,22	4,01	3,51
Average number of shares, thousands		21 909,3	21 909,3	21 909,3	21 694,8

CONSOLIDATED BALANCE SHEET IN SUMMARY

MSEK	31-dec 2021	31-dec 2020
ASSETS		
Non-current assets		
Goodwill	448,0	400,9
Other intangible assets	109,9	48,5
Concessions	39,7	42,5
Property, plant and equipment	151,8	129,8
Financial assets	0,0	1,4
Deferred tax assets	0,4	0,6
Total non-current assets	749,8	623,8
Current assets		
Inventory	53,1	25,6
Trade receivables	153,5	175,3
Contract assets	136,7	130,3
Current tax receivables	8,0	19,0
Other current receivables	26,9	35,2
Cash and cash equivalents	117,5	214,1
Total current assets	495,8	599,6
TOTAL ASSETS	1 245,6	1 223,3
EQUITY AND LIABILITIES		
Equity		
Share capital	131,5	131,5
Additional paid-in capital	405,1	403,2
Retained earnings, incl. profit for year	155,4	64,0
Equity attributable to owners of the parent company	692,0	598,6
Non-current liabilities		
Deferred tax liabilities	33,0	18,9
Interest-bearing liabilities to banks	171,7	203,0
Leasing non-current liabilities	21,9	26,6
Other non-current liabilities	28,3	-
Total non-current liabilities	254,9	248,5
Current liabilities		
Interest-bearing liabilities to banks	0,4	10,4
Leasing current liabilities	20,5	19,4
Contract liabilities	68,1	82,2
Trade payables	112,2	112,2
Current tax liabilities	13,8	35,2
Other liabilities	26,6	34,8
Other accrued expenses and prepaid income	57,2	82,1
Total current liabilities	298,7	376,2
TOTAL EQUITY AND LIABILITIES	1 245,6	1 223,3

CONSOLIDATED CHANGES IN EQUITY IN SUMMARY

MSEK	Share Capital	Additional paid-in capital	Reserves	Retained earnings including comprehensive income for the year	Total equity
Opening balance 1 Jan 2020	129,7	393,5	5,1	-13,8	514,5
Comprehensive income for the period					
Profit for the period	-	-	-	77,6	77,6
Other comprehensive income for the period	-	-	-5,0	-	-5,0
Total comprehensive income for the period	-	-	-5,0	77,6	72,7
Transactions with shareholders in their status as Company owners:					
Distributed dividend	-	-	-	-	-
Warrants to shares	1,7	-	-	-	1,7
Proceeds, Warrants	-	9,7	-	-	9,7
Total transactions with Company owners	1,7	9,7	-	-	11,4
Closing balance 31 Dec 2020	131,5	403,2	0,1	63,9	598,6
Opening balance 1 Jan 2021	131,5	403,2	0,1	63,9	598,6
Comprehensive income for the period					
Profit for the period	-	-	-	90,2	90,2
Other comprehensive income for the period	-	-	1,2	-	1,2
Total comprehensive income for the period	-	-	1,2	90,2	91,4
Transactions with shareholders in their status as Company owners:					
Distributed dividend	-	-	-	-	-
Proceeds, Warrants	-	1,9	-	-	1,9
Total transactions with Company owners	-	1,9	-	-	1,9
Closing balance 31 Dec 2021	131,5	405,1	1,3	154,1	692,0

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

MSEK	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Operating activities				
Operating profit (EBIT)	37,8	2,8	118,0	115,4
Adjustment for non-cash items	6,0	28,9	28,0	38,6
Interest received	0,6	-0,2	0,8	0,2
Interest paid	-2,0	-3,8	-6,4	-9,8
Income tax paid	-37,1	-1,8	-34,1	-35,7
Cash flow from operating activities before changes in working capital	5,2	26,1	106,2	108,6
Changes in working capital				
Increase (-)/Decrease (+) in inventories	-10,4	5,1	-18,0	0,4
Increase (-)/Decrease (+) in operating receivables	101,2	1,4	51,4	-43,2
Increase (+)/Decrease (-) in operating liabilities	-12,9	2,2	-77,1	46,0
Cash flow from operating activities	83,1	34,7	62,5	111,7
Investing activities				
Purchase/sale of intangible assets	-0,9	-0,3	-3,2	-1,1
Purchase/sale of property, plant and equipment	-6,7	-4,3	-13,6	-13,7
Purchase/sale of subsidiaries	-0,0	0,5	-85,3	0,5
Cash flow from investing activities	-7,5	-4,1	-102,1	-14,3
Financing activities				
Changes in bank loans	-25,2	-2,4	-59,4	-12,8
Changes in leasing	-5,5	-10,1	-	-
Changes in other non-current assets/liabilities	-1,6	4,7	-	-
Warrants	-0,0	9,7	1,9	9,7
Rights issue	-	1,7	-	1,7
Distributed dividend	-	-	-	-
Cash flow from financing activities	-32,3	3,6	-57,5	-1,4
Cash flow for the period	43,2	34,2	-97,1	96,1
Cash and cash equivalents at beginning of the period	74,3	180,5	214,1	119,4
Exchange rate differential cash and cash equivalents	-0,0	-0,6	0,5	-1,4
Cash and cash equivalents at end of the period	117,5	214,1	117,5	214,1

KEY RATIOS

MSEK	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Net sales	323,7	268,6	1 120,5	1 200,0
Order intake	483,8	229,7	1 558,3	932,7
Order backlog	1 557,0	1 086,6	1 557,0	1 086,6
Gross profit	85,0	49,1	296,3	289,4
EBITDA	48,8	12,3	155,6	153,0
Adjusted EBITDA	49,1	31,7	157,1	172,4
Operating profit (EBIT)	37,8	2,8	118,0	115,4
Adjusted operating profit	38,1	22,3	119,5	134,8
Gross profit margin, %	26,3	18,3	26,4	24,1
EBITDA margin, %	15,1	4,6	13,9	12,7
Adjusted EBITDA margin, %	15,2	11,8	14,0	14,4
Operating profit margin (EBIT), %	11,7	1,1	10,5	9,6
Adjusted operating profit margin (EBIT), %	11,8	8,3	10,7	11,2
Operating cash flow	124,8	71,2	96,0	196,5
Operating cash conversion, %	254,0	224,8	61,1	114,0
Capital employed, average	811,2	659,7	716,4	660,2
Capital employed, excl. goodwill, average	362,2	258,7	292,0	259,1
Equity, average	676,8	596,9	645,3	556,6
External interest-bearing net debt	97,0	45,2	97,0	45,2
External interest-bearing net debt/Adjusted EBITDA 12 months, times	0,6	0,3	0,6	0,3
Return on capital employed, %, (12 months)	14,7	20,4	16,7	20,4
Return on capital employed, excl. goodwill, %, (12 months)	33,0	52,1	40,9	52,0
Return on invested capital, %, (12 months)	13,3	13,0	14,0	13,9
Equity/assets ratio, %	55,6	48,9	52,3	47,8
Number of full-time employees on the closing date	467	428	467	428
Average number of common shares for the period, 000s	21 909,3	21 909,3	21 909,3	21 623,3
Equity per common share, SEK	30,89	27,24	29,45	25,74

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

PARENT COMPANY, INCOME STATEMENT IN SUMMARY

MSEK	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Net sales	5,8	5,0	23,3	20,0
Operating expenses	-4,5	-7,4	-20,6	-23,0
Operating profit	1,3	-2,4	2,8	-3,0
Interest income	0,4	0,1	1,7	0,6
Interest expenses	-1,7	-1,0	-4,3	-3,9
Dividend	-	-	0,9	-
Profit/loss after financial items	-0,0	-3,3	1,0	-6,3
Change in untaxed reserves	65,0	167,9	65,0	167,9
Tax	-13,6	-35,2	-13,6	-34,6
Net profit/loss for the period	51,4	129,4	52,4	127,0

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-dec 2021	31-dec 2020
ASSETS		
Non-current assets		
Financial assets	684,9	1 081,6
Total non-current assets	684,9	1 081,6
Current assets		
Current receivables	146,3	260,6
Cash and cash equivalents	116,1	213,0
Total current assets	262,3	473,6
TOTAL ASSETS	947,3	1 555,2
EQUITY AND LIABILITIES		
Equity		
Restricted equity	131,5	131,5
Unrestricted equity	337,1	282,7
Total equity	468,5	414,2
Non-current liabilities	179,1	180,0
Other current liabilities	299,6	961,0
TOTAL EQUITY AND LIABILITIES	947,3	1 555,2

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 1–9 relating to the part of the year covered by this interim report constitutes an integral part of this financial report.

Note 2 Financial instruments

The financial instruments measured at fair value are forward exchange contracts. Financial assets at fair value amounted to 1.2 MSEK (9.3) at the end of the period while financial liabilities at fair value amounted to 0.4 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 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.

Jan-Dec	Renovation		New Build		Group Other		Eliminations		Total	
MSEK	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net sales – External revenue	946,6	1 095,7	173,9	104,3	-	-	-	-	1 120,5	1 200,0
Net sales – Internal revenue	-	-	-	-	24,5	21,3	-24,5	-21,3	-	-
Total sales	946,6	1 095,7	173,9	104,3	24,5	21,3	-24,5	-21,3	1 120,5	1 200,0
Operating profit (EBIT)	105,6	113,5	14,0	6,8	-1,7	-4,9	-	-	118,0	115,4
Depreciation included with	30,2	33,8	7,4	3,8	-	-	-	-	37,6	37,6
Non-recurring items	-	19,4	-	-	1,5	-	-	-	1,5	19,4
Adjusted operating profit (EBIT)	105,6	132,9	14,0	6,8	-0,1	-4,9	-	-	119,5	134,8
Adjusted operating margin	11,2%	12,1%	8,1%	6,5%					10,7%	11,2%
Operating profit (EBIT)	105,6	113,5	14,0	6,8	-1,7	-4,9	-	-	118,0	115,4
Finance income	-	-	-	-	0,2	0,2	-	-	0,2	0,2
Finance cost	-	-	-	-	-6,5	-9,8	-	-	-6,5	-9,8
Profit before tax	105,6	113,5	14,0	6,8	-8,0	-14,6	-	-	111,6	105,7

Note 4 Earnings per share

	Oct-Dec		Jan-Dec	
MSEK	2021	2020	2021	2020
Net profit for the period attributable to the owners of the parent company	29,8	-5,0	90,2	77,6
Average number of shares, '000'	21 909,3	21 909,3	21 909,3	21 694,8
Earnings per share, SEK, before dilution	1,36	-0,23	4,12	3,58
Earnings per share, SEK, after dilution	1,32	-0,22	4,01	3,51

Note 5 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	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Adjusted operating profit				
Operating profit	37,8	2,8	118,0	115,4
Write-down and risk allocation concerning projects	-	15,2	-	15,2
Write-down of other current assets	-	4,2	-	4,2
Acquisition costs	0,3	-	1,5	-
Adjusted operating profit	38,1	22,3	119,5	134,8
Adjusted EBITDA				
Operating profit	37,8	2,8	118,0	115,4
Depreciation	11,1	9,4	37,6	37,6
Write-down and risk allocation concerning projects	-	15,2	-	15,2
Write-down of other current assets	-	4,2	-	4,2
Acquisition costs	0,3	-	1,5	-
Adjusted EBITDA	49,1	31,7	157,1	172,4
Operating cash flow				
Adjusted EBITDA	49,1	31,7	157,1	172,4
Changes in working capital	77,8	44,1	-51,2	38,9
Investments in other non-current assets, net	-2,1	-4,6	-10,0	-14,8
Operating cash flow	124,8	71,2	96,0	196,5
			31-dec	31-dec
MSEK			2021	2020
External interest-bearing net deb				
External non-current interest-bearing liabilities			193,6	229,6
Current interest-bearing liabilities			20,9	29,8
Cash and cash equivalents			-117,5	-214,1
Interest-bearing net debt			97,0	45,2
Adjusted EBITDA (12 months)			157,1	172,4
Interest-bearing net debt/EBITDA 12 months, times			0,6 x	0,3 x
Return on capital employed				
Equity			692,0	598,6
External interest-bearing net debt			97,0	45,2
Average capital employed			716,4	660,2
Adjusted operating profit (EBIT), (12 months)			119,5	134,8
Return on capital employed, %			16,7	20,4
Equity/assets ratio				
Equity attributable to owners of the parent company			692,0	598,6
Total assets			1 245,6	1 223,3
Equity/assets ratio, %			55,6	48,9

Note 6 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 30 MSEK in 2020 with an operating profit of approximately 5 MSEK. Balco paid 23.5 MSEK in cash for the shares upon acquisition. An additional 10 MSEK 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 acquisition calculation is final.

The purchase price comprises the following components (MSEK)

Cash payment	23,5
Conditional purchase price	9,6
Acquired net assets	-17,5
Goodwill	15,6

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

Cash and cash equivalents	7,7
Tangible fixed assets	0,2
Intangible assets	15,0
Receivables	7,5
Liabilities	-9,8
Deferred tax liabilities	-3,1
Acquired net assets	17,5

Note 7 Acquisition of RK Teknik AB

On April 8, 2021, Balco entered into an agreement to acquire 100 percent of the shares in RK Teknik AB, a company in Gusum active in the balcony market in Sweden and focusing primarily on the renovation segment but also some new build. The acquisition is expected to make a positive contribution to earnings per share, already in 2021.

RK Teknik had sales of approximately 115 MSEK in 2020 with an operating profit of approximately 10 MSEK. Balco paid 61,9 MSEK in cash for the shares upon acquisition. An additional 20 MSEK may be added to the additional purchase consideration, which is based on RK Teknik'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 April 8, 2021.

RK Teknik will be consolidated as of April 1, 2021.

The acquisition calculation is final.

The purchase price comprises the following components (MSEK)

Cash payment	61,9
Conditional purchase price	18,8
Acquired net assets	-49,4
Goodwill	31,3

The following assets and liabilities were included in the acquisition

Cash and cash equivalents	7,7
Tangible fixed assets	26,2
Intangible assets	47,4
Inventories	9,4
Receivables	17,0
Liabilities	-46,0
Deferred tax liabilities	-12,4
Acquired net assets	49,4

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
Return on equity	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.
Return on capital employed	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
Return on capital employed excluding goodwill	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
Gross income	Revenue less production and project costs.	Shows the effectiveness of Balco's operations and together with EBIT, provides a complete picture of the operating profit generation and expenses.
Gross margin	Gross income as a percentage of net sales.	Ratio is used for analysis of the company's effectiveness and profitability.
EBITDA	Earnings before interest, tax, depreciation and amortization.	Balco believes that EBITDA shows the profit generated by the operating activities and is a good measure of cash flow from operations.
External interest-bearing net debt relative to adjusted EBITDA	Interest-bearing external net debt divided by adjusted EBITDA.	Balco believes this ratio helps to show financial risk and is a useful measure for Balco to monitor the level of the company's indebtedness.
Adjusted EBITDA	EBITDA as adjusted for items affecting comparability. For a reconciliation of adjusted EBITDA to income for the period.	Balco believes that adjusted EBITDA is a useful measure for showing the company's profit generated by the operating activities after adjusting for non-recurring items, and primarily uses adjusted EBITDA for purposes of calculating the company's operating cash flow and cash conversion.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales.	Balco believes that adjusted EBITDA margin is a useful measure for showing the company's profit generated by the operating activities after non-recurring items.
Adjusted EBIT margin	Adjusted EBIT as a percentage of net sales.	Balco believes that adjusted EBIT margin is a useful measure for showing the company's profit generated by the operating activities.
Adjusted EBIT	EBIT adjusted for items affecting comparability. For a reconciliation of adjusted EBIT to income for the period.	Balco believes that adjusted 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.
Items affecting comparability	Items affecting comparability are significant items reported separately due to their size or frequency, e.g. restructuring costs, write-downs, divestments and acquisition costs.	Balco believes that adjustment for items affecting comparability improves the possibility of comparison over time by excluding items with irregularity in frequency or size. This is to give a more accurate picture of the underlying operating profit.
Operating cash conversion	Operating cash flow divided by adjusted EBITDA.	Balco believes this is a good measure for comparing cash flow with operating profit.
Operating cash flow	Adjusted EBITDA increased/decreased with changes in net working capital less investments, excluding expansion investments.	Operating cash flow is used by Balco to monitor business performance.
Organic growth	Net sales excluding acquired growth current period divided by net sales during the corresponding period last year	Organic growth excludes the effects of changes in the Group's structure, which enables a comparison of net sales over time.
Interest-bearing net debt	The sum of non-current interest-bearing liabilities and current interest-bearing liabilities. For a reconciliation of net debt for the periods.	Balco believes interest-bearing net debt is a useful measure to show the company's total debt financing.
Net working capital	Current assets excluding cash and cash equivalents and current tax assets less non-interest-bearing liabilities excluding current tax liabilities.	This measure shows how much net working capital that is tied up in the operations and can be put in relation to net sales to understand how effectively net working capital tied up in the operations is used.

Alternative performance measures	Definition	Reason for use
EBIT margin	EBIT as a percentage of net sales.	Balco believes EBIT margin is a useful measure together with net sales growth and net working capital to monitor value creation.
EBIT	Earnings before interest and tax.	Balco believes that EBIT shows the profit generated by the operating activities.
Equity/asset ratio	Equity divided on total assets.	Balco believes that equity to asset ratio is a useful measure for the company's survival.
Capital employed	Equity plus interest-bearing net debt (external net debt).	Capital employed is used by Balco to indicate the general capital efficiency of the company
Capital employed excluding goodwill	Capital employed minus goodwill.	Capital employed excluding goodwill is used together with capital employed by Balco as a measure of the company's capital efficiency.



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