

Interim report

2021: Q2 April-June

BALCONIES
FOR
GREATER
LIVING



Best order intake so far in a quarter

The second quarter: April – June

- Net sales amounted to 304 MSEK (352).
- Order intake increased 82 percent to 505 MSEK (278).
- Order backlog amounted to 1,394 MSEK (1,469).
- Operating profit amounted to 34 MSEK (49).
- Net profit after tax amounted to 26 MSEK (37).
- Earnings per share amounted to 1.18 SEK (1.71).
- Operating cash flow amounted to -41 MSEK (86).

The half-year period: January – June

- Net sales amounted to 554 MSEK (673).
- Order intake increased 24 percent to 768 MSEK (618).
- Operating profit amounted to 56 MSEK (84).
- Net profit after tax amounted to 42 MSEK (62).
- Earnings per share amounted to 1.93 SEK (2.87).
- Operating cash flow amounted to -54 MSEK (90).

Events during the second quarter and after end of the quarter

- Relief in Covid-19 restrictions during the latter part of the second quarter has led to a sharp increase in order intake.
- RK Teknik, which was acquired on April 8, has been consolidated in the Group from April 1.

MSEK	Apr-Jun		Jan-Jun		Jul-Jun	Jan-Dec
	2021	2020	2021	2020	2020/21	2020
Net sales	303,5	351,7	554,0	672,9	1 081,1	1 200,0
Order intake	505,1	277,7	768,2	618,3	1 082,7	932,7
Order backlog	1 394,4	1 468,8	1 394,4	1 468,8	1 394,4	1 086,6
Gross profit	81,9	94,4	145,2	174,8	259,7	289,4
Gross margin %	27,0	26,8	26,2	26,0	24,0	24,1
Operating profit	34,4	49,4	56,3	83,7	88,0	115,4
Operating profit margin (EBIT-margin), %	11,3	14,1	10,2	12,4	8,1	9,6
Adjusted operating profit (EBIT) 1)	34,4	49,4	56,3	83,7	107,4	134,8
Adjusted operating profit margin (EBIT-margin), %	11,3	14,1	10,2	12,4	9,9	11,2
Net profit for the period	25,9	37,0	42,2	62,1	57,7	77,6
Operating cash flow	-41,3	85,6	-54,2	90,5	51,9	196,5
Earnings per share, SEK 2)	1,18	1,71	1,93	2,87	2,65	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

Our best order intake ever! Relief in Covid-19 restrictions during the latter part of the second quarter has led to a sharp increase in order intake. The quarter's order intake of 505 MSEK is our best so far! Order intake was 82 percent higher than the same quarter last year and 66 percent higher than our sales in the quarter.

Net sales in the quarter amounted to 304 MSEK with a strong gross margin of 27.0 percent, despite lower occupancy in production and the project organization. Operating profit amounted to 34 MSEK with an operating margin of 11.3 percent. Sales and earnings will continue to be negatively affected in the third quarter due to the lower order intake during the period from March 2020 to April 2021.

Our decision not to cut human resources and other investments, so as not to harm future growth, has proved to be the right one. This has had a negative effect on our results for a few quarters, but our strategic plan is unchanged since before the outbreak of the Corona pandemic and appears to be feasible or even surpassed.

Our new companies Stora Fasad and RK Teknik acquired during the year have entered the Group well and are performing according to plan with positive contributions to sales and earnings.

The reduced spread of Covid-19 and easing of restrictions means

that we can return to normal marketing and sales work with mini trade fairs from August. People can and dare to meet again, which our business model depends on, and the tenant-owner associations can hold general meetings and make decisions about, among other things, investing in balcony renovations, which is of the utmost importance for our sales.

We see that there is a pent-up need for balcony renovation and the interest in getting a fresh balcony has increased during the pandemic as many people have spent more time at home.

Our offer of turnkey contracts for both balcony and facade renovation is meeting increasing interest and we are working with several interesting deals.

To further improve our communication about sustainability, we have updated our website and supplemented it with information about our sustainability work.

The future looks positive for Balco. The order intake looks to be very good the rest of the year and the projects will also start at the end of the year. There is great interest in our products, which we see in our large prospectus and quotation stock. Our strong financial position gives us opportunities to make further acquisitions. This, together with exciting development projects, provides good conditions for profitable growth.



“ The quarter's order intake of SEK 505 million is our best so far! Order intake was 82 percent higher than the same quarter last year and 66 percent higher than our sales in the quarter. ”

Kenneth Lundahl, President and CEO

Växjö 18 August 2021

Kenneth Lundahl, President and CEO
Balco Group AB

THE GROUP'S DEVELOPMENT

Second quarter: April - June

Net sales amounted to 304 MSEK (352). Acquired growth was 14 percent, while organic growth was negative by 27 percent. Revenue for the renovation segment amounted to 267 MSEK (326), while net sales for the new build segment increased to 36 MSEK (26). The lower net sales for the renovation segment are explained by the weaker order intake from March last year to April this year due to the Covid-19 outbreak and the restrictions introduced to try to reduce its spread of infection.

The order intake increased by 82 percent to 505 MSEK (278). The order intake was 66 percent higher than the revenue in the quarter. The renovation segment accounted for 476 MSEK (273) of the order intake for the quarter, while the order intake of the new build segment was 29 MSEK (5). Relief in Covid-19 restrictions during the latter part of the second quarter has led to a sharp increase in order intake.

The order backlog amounted to 1,394 MSEK (1,469), of which 94 MSEK is acquired order backlog. The order backlog for the Renovation segment amounted to 1,161 MSEK (1,267), while the order backlog for the New Build segment was 233 MSEK (202).

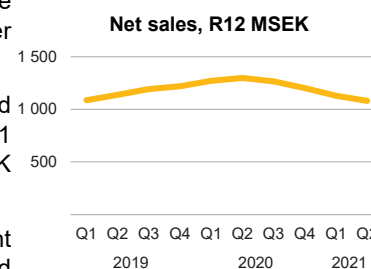
Gross profit amounted to 82 MSEK (94), entailing a gross margin of 27,0 percent (26.8). The gross margin has been stable despite lower occupancy in production and the project organization, where some furlough has been implemented in the quarter.

Sales costs amounted to 32 MSEK (27) and administrative costs to 16 MSEK (18). Total operating costs amounted to 48 MSEK (45). The increase in sales costs is explained by acquired companies and increased sales and marketing activities at the end of the quarter.

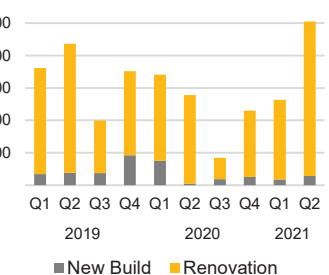
Operating profit amounted to 34 MSEK (49), corresponding to an operating margin of 11.3 percent (14.1).

Net financial items amounted to -2 MSEK (-3). Profit after tax amounted to 26 MSEK (37), corresponding to an earnings per share of 1.18 SEK (1.71).

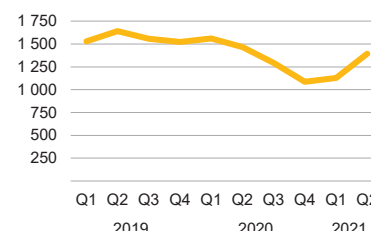
Operating cash flow amounted to -41 MSEK (86), where the decrease comes from lower earnings and increased working capital. The capital tied up between the quarters is dependent on the different phases of the projects.



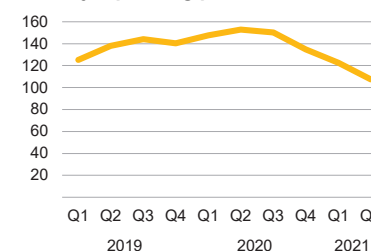
Order intake per segment, MSEK



Order backlog, MSEK



Adj. Operating profit, R12 MSEK



The half-year period: January - June

Net sales amounted to 554 MSEK (673). Net sales for the renovation segment amounted to 466 MSEK (607) and for the new build segment revenue improved to 88 MSEK (66).

Order intake increased 24 percent to 768 MSEK (618). The order intake in the first half year was 39 percent higher than revenue. Order intake for the renovation segment improved to 722 MSEK (538). Order intake for the new build segment amounted to 46 MSEK (80).

Gross profit amounted to 145 MSEK (175), entailing a gross margin of 26.2 percent (26.0). The gross margin has been stable despite lower occupancy in production and the project organization, where some furlough has been implemented in the first half-year.

Operating profit amounted to 56 MSEK (84) corresponding to an operating margin of 10.2 percent (12.4).

The net financial items amounted to -3 MSEK (-5). Profit after tax amounted to 42 MSEK (62), corresponding to earnings per share of 1.93 SEK (2.87).

Operating cash flow amounted to -54 MSEK (90), where the decrease comes from lower earnings and 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	Apr-Jun		Jan-Jun		Jul-Jun	Jan-Dec
	2021	2020	2021	2020	2020/21	2020
Renovation	267,3	325,5	466,1	607,1	954,7	1 095,7
New Build	36,2	26,3	87,9	65,8	126,4	104,3
Group other	5,8	3,6	11,6	9,2	23,8	21,3
Elimination	-5,8	-3,6	-11,6	-9,2	-23,8	-21,3
Total Net Sales	303,5	351,7	554,0	672,9	1 081,1	1 200,0

Operating profit, MSEK	Apr-Jun		Jan-Jun		Jul-Jun	Jan-Dec
	2021	2020	2021	2020	2020/21	2020
Renovation	30,6	50,5	48,7	82,2	80,0	113,5
New Build	3,6	2,6	7,5	5,6	8,7	6,8
Group other	-0,2	-3,7	-0,3	-4,1	-1,1	-4,9
Elimination	-	-	-	-	-	-
Total EBIT	34,1	49,4	55,9	83,7	87,6	115,4

EBIT margin, %	Apr-Jun		Jan-Jun		Jul-Jun	Jan-Dec
	2021	2020	2021	2020	2020/21	2020
Renovation	11,5	15,5	10,5	13,5	8,4	10,4
New Build	10,0	10,0	8,5	8,5	6,9	6,5
Group other	n/a	n/a	n/a	n/a	n/a	n/a
Elimination	n/a	n/a	n/a	n/a	n/a	n/a
Total EBIT margin	11,2	14,1	10,1	12,4	8,1	9,6



Renovation

Net sales in the quarter amounted to 267 MSEK (326). The segment accounted for 88 percent of Balco's total turnover in the quarter.

Order intake increased 75 percent to 476 MSEK (273), corresponding to 94 percent of the total order intake in the quarter.

Operating profit in the quarter amounted to 31 MSEK (50), corresponding to an operating margin of 11.5 percent (15.5).

For the half-year period net sales amounted to 466 MSEK (607). The segment accounted for 84 percent of Balco's total net sales in the half-year period.

Operating profit for the period amounted to 49 MSEK (82) corresponding to an operating margin of 10.5 percent (13.5).

Order intake during the first half-year increased 34 percent to 722 MSEK (538), corresponding to 94 percent of the total order intake.

The order backlog for the segment amounted to 1,161 MSEK (1,267) as of last June, corresponding to 83 percent of the total order backlog.

Share
renovation
Q2 2021

88%



New build

Net sales in the quarter increased 38 percent to 36 MSEK (26). The segment accounted for 12 percent of Balco's total net sales in the quarter.

Order intake grew to 29 MSEK (5), corresponding to 6 percent of the total order intake in the quarter.

Operating profit in the quarter improved to 4 MSEK (3), corresponding to an operating margin of 10.0 percent (10.0).

For the half-year period net sales increased 34 percent to 88 MSEK (66) corresponding to 16 percent of Balco's total turnover.

Operating profit for the first half-year improved to 7 MSEK (6) corresponding to an operating margin of 8.5 percent (8.5).

Order intake for the half-year period amounted to 46 MSEK (80), corresponding to 6 percent of the total order intake.

Order backlog as of last June grew to 233 MSEK (202), corresponding to 17 percent of the total order backlog.

Share
new build
Q2 2021

12%

Net sales per customer category, MSEK

	Apr-Jun		Jan-Jun		Jul-Jun	Jan-Dec
	2021	2020	2021	2020	2020/21	2020
Tenant-owner associations	217,1	274,5	395,7	520,6	806,5	931,5
Private landlords	12,0	26,1	16,6	53,2	51,2	87,8
Publicly owned companies	6,3	24,1	13,2	36,1	41,6	64,5
Construction and manufacturing companies	68,1	27,0	128,5	63,0	181,7	116,3
Total Net sales	303,5	351,7	554,0	672,9	1 081,1	1 200,0

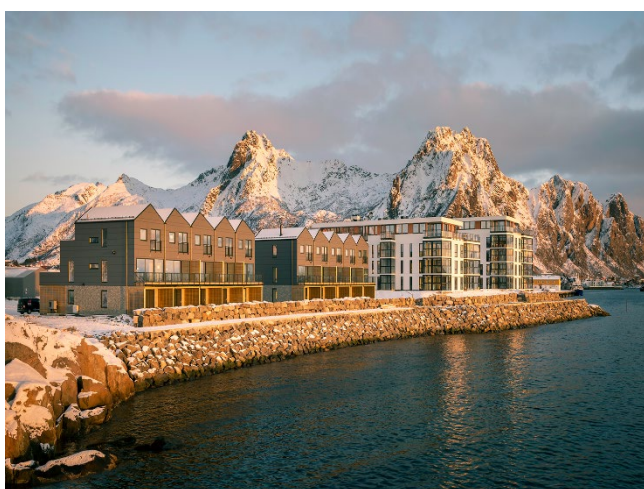


OPERATIONS AND SEGMENT DESCRIPTION

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



Sjosiden 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.

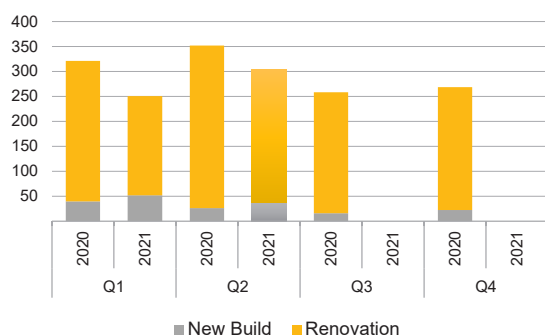
New build



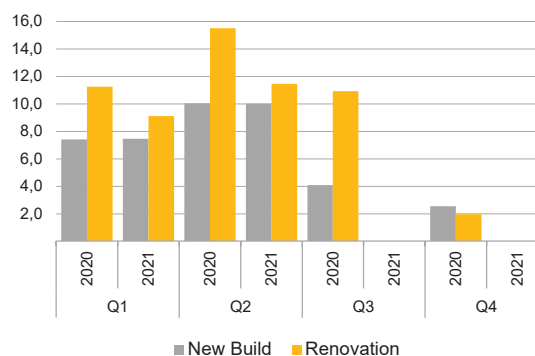
AIDAnova

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 period amounted to 189 MSEK (104). The increase in net debt comes from the two acquisitions that have been completed during the first half year. Interest-bearing net debt relative to adjusted EBITDA was 1.3 times (0.5), 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 1.0 times (0.3).

At the end of the quarter the Group's equity amounted to 644 MSEK (575). The Group's equity ratio was 51 percent (48).

MSEK	30-jun 2021	30-jun 2020	31-dec 2020
External non-current interest-bearing liabilities excl leasing	198,2	203,1	203,0
Leasing non-current liabilities	24,0	35,3	26,6
Current interest-bearing liabilities	10,4	10,4	10,4
Leasing current liabilities	16,8	16,8	19,4
Cash and cash equivalents	-60,4	-161,6	-214,1
Interest-bearing net debt	189,1	103,9	45,2
<i>Interest-bearing net debt excl leasing</i>	<i>148,3</i>	<i>51,8</i>	<i>-0,7</i>
External interest-bearing net debt/EBITDA (12 months), times	1,3 x	0,5 x	0,3 x
External interest-bearing net debt excl. leasing/EBITDA (12 months), times	1,0 x	0,3 x	-0,0 x
Equity/assets ratio, %	51,0	47,5	48,9

Cash flow, investments and amortisation/depreciation

Cash flow from ongoing activities for the half-year period amounted to -40 MSEK (53). Lower operating profit and higher working capital are the main reasons for the improvement.

The cash flow from investing activities during the half-year period amounted to -90 MSEK (-7), of which -5 MSEK (-7) was replacement investments, 0 MSEK (0) expansion investments and -85 MSEK (0) acquisition of shares in subsidiaries.

Cash flow from financing activities amounted to -24 MSEK (-3).

Cash flow for the half-year period amounted to -154 MSEK (43).

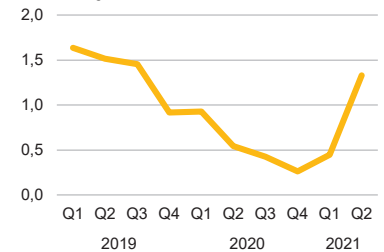
Amortisation/depreciation in the half-year period amounted to 16 MSEK (19).

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 half-year period amounted to 1 MSEK (-2).



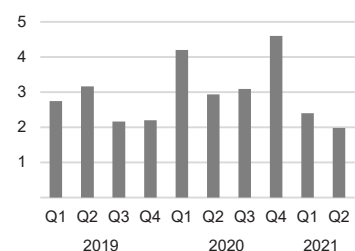
External interest-bearing net debt relative to adj. EBITDA



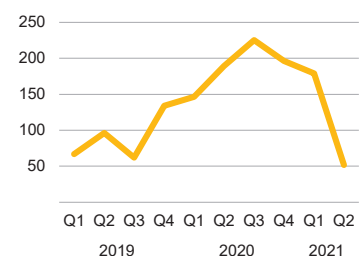
Equity ratio

51%

Investments in MSEK per quarter



Cash flow R12, MSEK



OTHER INFORMATION

Employees

At the end of June 2021 Balco had 506 (427) 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 June 2021, there were 21,909,348 shares in Balco, corresponding to a share capital of 131,461,248 SEK. At the end of June 202, there were 5,233 shareholders. The five largest shareholders were The Family Hamrin, Swedbank Robur fonder, Skandrenting AB, Lannebo Fonder 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 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 78-81 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.

Reduced order intake during the period March 2020 to April 2021 will have a negative impact on sales and earnings in the coming quarter. 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 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

Relief in Covid-19 restrictions during the latter part of the second quarter has led to a sharp increase in order intake.

RK Teknik, which was acquired on April 8, has been consolidated in the Group from April 1.



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.

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

This information comprises such information as Balco Group AB is obliged to publish in accordance with the EU Market Abuse Regulation and the Securities Market Act. The information was provided by the contact persons below for publication on 18 August 2021 at 07:30 CET.

Telephone conference

An online telephone conference will be held on 18 August 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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The Board of Directors and President certify that the half-year report gives a true and fair presentation of the Parent Company's and Group's business, financial position and result of operations, and describes the material risks and uncertainties facing the Parent Company and the Group.

Växjö, 18 August 2021

Ingalill Berglund
Chairman of the Board

Vibecke Hverven
Board member

Johannes Nyberg
Board member

Kenneth Lundahl
President and CEO

Mikael Andersson
Board member

Carl-Mikael Lindholm
Board member

Thomas Widstrand
Board member

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Calendar 2021

Interim report Jan-Sep 2021 18 November 2021

Interim report Jan-Dec 2021 17 February 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	Apr-Jun		Jan-Jun		Jul-Jun	Jan-Dec
		2021	2020	2021	2020	2020/21	2020
Net sales		303,5	351,7	554,0	672,9	1 081,1	1 200,0
Production and project costs		-221,6	-257,3	-408,8	-498,1	-821,3	-910,6
Gross profit		81,9	94,4	145,2	174,8	259,7	289,4
Sales costs		-31,5	-26,9	-59,4	-57,2	-113,3	-111,0
Administration costs		-16,0	-18,1	-29,4	-34,0	-58,5	-63,0
Other operating income		-	-	-	-	-	-
Other operating expenses		-	-	-	-	-	-
Operating costs		-47,5	-45,0	-88,9	-91,1	-171,8	-174,0
Operating profit		34,4	49,4	56,3	83,7	88,0	115,4
Finance income		-0,0	-0,0	0,0	0,0	0,2	0,2
Finance costs		-1,6	-2,6	-3,0	-4,8	-8,0	-9,8
Profit before tax		32,8	46,9	53,3	78,9	80,2	105,7
Income tax		-6,9	-9,9	-11,1	-16,8	-22,4	-28,1
Net profit for the period		25,9	37,0	42,2	62,1	57,7	77,6
Other comprehensive income							
Items that have been/can be reclassified to profit/loss							
Exchange rate differences on translation of foreign operation		0,6	-3,2	1,1	-1,9	-2,0	-5,0
Comprehensive income for the period		26,5	33,7	43,3	60,3	55,7	72,7
Of which attributable to:							
Owners of the parent company		26,5	33,7	43,3	60,3	55,7	72,7
Earnings per share, SEK, before dilution	4	1,18	1,71	1,93	2,87	2,64	3,58
Earnings per share, SEK, after dilution	4	1,15	1,69	1,87	2,87	2,57	3,51
Average number of shares, thousands		21 909,3	21 623,3	21 909,3	21 623,3	21 837,8	21 694,8

CONSOLIDATED BALANCE SHEET IN SUMMARY

MSEK	30-jun 2021	30-jun 2020	31-dec 2020
ASSETS			
Non-current assets			
Goodwill	450,0	401,2	400,9
Other intangible assets	111,0	51,1	48,5
Concessions	39,6	45,7	42,5
Property, plant and equipment	150,4	133,8	129,8
Financial assets	1,6	4,3	1,4
Deferred tax assets	0,2	3,2	0,6
Total non-current assets	752,9	639,3	623,8
Current assets			
Inventory	39,9	28,0	25,6
Trade receivables	148,1	194,7	175,3
Contract assets	177,0	154,8	130,3
Current tax receivables	4,7	1,8	19,0
Other current receivables	79,1	29,2	35,2
Cash and cash equivalents	60,4	161,6	214,1
Total current assets	509,1	570,1	599,6
TOTAL ASSETS	1 262,0	1 209,4	1 223,3
EQUITY AND LIABILITIES			
Equity			
Share capital	131,5	129,7	131,5
Additional paid-in capital	405,1	393,5	403,2
Retained earnings, incl. profit for year	107,3	51,6	64,0
Equity attributable to owners of the parent company	643,9	574,8	598,6
Provisions			
Provision for pension	1,6	-	-
Deferred tax liabilities	34,1	33,1	18,9
Total provisions	35,7	33,1	18,9
Non-current liabilities			
Interest-bearing liabilities to banks	198,2	203,1	203,0
Leasing non-current liabilities	24,0	35,3	26,6
Other non-current liabilities	30,0	24,0	-
Total non-current liabilities	252,2	262,4	229,6
Current liabilities			
Interest-bearing liabilities to banks	10,4	10,4	10,4
Leasing current liabilities	16,8	16,8	19,4
Contract liabilities	36,4	63,1	82,2
Trade payables	125,8	147,1	112,2
Current tax liabilities	36,0	4,3	35,2
Other liabilities	25,1	34,2	34,8
Other accrued expenses and prepaid income	79,6	63,3	82,1
Total current liabilities	330,2	339,1	376,2
TOTAL EQUITY AND LIABILITIES	1 262,0	1 209,4	1 223,3

CONSOLIDATED CHANGES IN EQUITY IN SUMMARY

	Share Capital	Additional paid-in capital	Reserves	Retained earnings including comprehensive income for the year	Total equity
MSEK					
Opening balance 1 Jan 2020	129,7	393,5	5,1	-13,8	514,5
Comprehensive income for the period					
Profit for the period	-	-	-	62,1	62,1
Other comprehensive income for the period	-	-	-1,9	-	-1,9
Total comprehensive income for the period	-	-	-1,9	62,1	60,3
Transactions with shareholders in their status as Company owners:					
Distributed dividend	-	-	-	-	-
Total transactions with Company owners	-	-	-	-	-
Closing balance 30 Jun 2020	129,7	393,5	3,3	48,4	574,8
Opening balance 1 Jan 2021	131,5	403,2	0,1	63,9	598,6
Comprehensive income for the period					
Profit for the period	-	-	-	42,2	42,2
Other comprehensive income for the period	-	-	1,1	-	1,1
Total comprehensive income for the period	-	-	1,1	42,2	43,3
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 30 Jun 2021	131,5	405,1	1,3	106,1	643,9

CASH FLOW STATEMENT IN SUMMARY

MSEK	Apr-Jun		Jan-Jun		Jul-Jun	Jan-Dec
	2021	2020	2021	2020	2020/21	2020
Operating activities						
Operating profit (EBIT)	34,4	49,4	56,3	83,7	88,0	115,4
Adjustment for non-cash items	8,8	2,7	17,9	6,2	50,2	38,6
Interest received	0,1	0,2	0,1	0,2	0,1	0,2
Interest paid	-1,4	-2,5	-2,9	-4,6	-8,1	-9,8
Income tax paid	-6,5	-6,8	3,0	-26,4	-6,3	-35,7
Cash flow from operating activities before changes in working capital	35,3	43,0	74,4	59,1	123,8	108,6
Changes in working capital						
Increase (-)/Decrease (+) in inventories	-2,2	2,6	-4,9	-2,0	-2,5	0,4
Increase (-)/Decrease (+) in operating receivables	-30,5	20,8	-35,9	-69,9	-9,3	-43,2
Increase (+)/Decrease (-) in operating liabilities	-42,2	4,6	-73,7	65,9	-93,5	46,0
Cash flow from operating activities	-39,5	71,0	-40,1	53,1	18,6	111,7
Investing activities						
Purchase/sale of intangible assets	-1,0	-0,5	-1,6	-0,7	-2,0	-1,1
Purchase/sale of property, plant and equipment	-1,0	-2,4	-2,7	-6,4	-10,0	-13,7
Purchase/sale of subsidiaries	-61,8	-	-85,3	-	-84,7	0,5
Cash flow from investing activities	-63,8	-2,9	-89,7	-7,1	-96,8	-14,3
Financing activities						
Changes in bank loans	-28,6	-2,2	-31,2	-8,4	-35,7	-12,8
Changes in leasing	3,2	3,8	3,2	8,4	-5,2	-
Changes in other non-current assets/liabilities	1,7	-4,1	1,7	-3,4	5,0	-
Warrants	1,9	-	1,9	-	11,6	9,7
Rights issue	-	-	-	-	1,7	1,7
Distributed dividend	-	-	-	-	-	-
Cash flow from financing activities	-21,8	-2,5	-24,4	-3,4	-22,5	-1,4
Cash flow for the period	-125,1	65,6	-154,2	42,6	-100,7	96,1
Cash and cash equivalents at beginning of the period	185,7	96,1	214,1	119,4	161,6	119,4
Exchange rate differential cash and cash equivalents	-0,3	0,0	0,4	-0,4	-0,6	-1,4
Cash and cash equivalents at end of the period	60,4	161,6	60,4	161,6	60,4	214,1

KEY RATIOS

MSEK	Apr-Jun		Jan-Jun		Jul-Jun	Jan-Dec
	2021	2020	2021	2020	2020/21	2020
Net sales	303,5	351,7	554,0	672,9	1 081,1	1 200,0
Order intake	505,1	277,7	768,2	618,3	1 082,7	932,7
Order backlog	1 394,4	1 468,8	1 394,4	1 468,8	1 394,4	1 086,6
Gross profit	81,9	94,4	145,2	174,8	259,7	289,4
EBITDA	41,6	58,9	72,1	102,5	122,6	153,0
Adjusted EBITDA	41,6	58,9	72,1	102,5	142,0	172,4
Operating profit (EBIT)	34,4	49,4	56,3	83,7	88,0	115,4
Adjusted operating profit	34,4	49,4	56,3	83,7	107,4	134,8
Gross profit margin, %	27,0	26,8	26,2	26,0	24,0	24,1
EBITDA margin, %	13,7	16,8	13,0	15,2	11,3	12,7
Adjusted EBITDA margin, %	13,7	16,8	13,0	15,2	13,1	14,4
Operating profit margin (EBIT), %	11,3	14,1	10,2	12,4	8,1	9,6
Adjusted operating profit margin (EBIT), %	11,3	14,1	10,2	12,4	9,9	11,2
Operating cash flow	-41,3	85,6	-54,2	90,5	51,9	196,5
Operating cash conversion, %	-99,4	145,3	-75,1	88,3	36,5	114,0
Capital employed, average	759,9	695,8	738,4	677,6	755,9	660,2
Capital employed, excl. goodwill, average	325,7	294,5	313,0	276,4	330,2	259,1
Equity, average	629,7	558,0	621,3	544,7	609,4	556,6
External interest-bearing net debt	189,1	103,9	189,1	103,9	189,1	45,2
External interest-bearing net debt/Adjusted EBITDA 12 months, times	1,3 x	0,5 x	1,3 x	0,5 x	1,3 x	0,3 x
Return on capital employed, %, (12 months)	14,1	22,0	7,6	12,4	14,2	20,4
Return on capital employed, excl. goodwill, %, (12 months)	33,0	51,9	18,0	30,3	32,5	52,0
Return on invested capital, %, (12 months)	9,2	20,0	6,8	11,4	9,5	13,9
Equity/assets ratio, %	51,0	47,5	50,0	47,1	49,3	47,8
Number of full-time employees on the closing date	506	427	506	427	506	428
Average number of common shares for the period, 000s	21 909,3	21 623,3	21 909,3	21 623,3	21 837,8	21 574,7
Equity per common share, SEK	28,74	25,80	28,36	25,19	27,90	25,80

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

PARENT COMPANY, INCOME STATEMENT IN SUMMARY

MSEK	Apr-Jun 2021	2020	Jan-Jun 2021	2020	Jul-Jun 2020/21	Jan-Dec 2020
Net sales	5,5	5,0	11,0	10,0	21,0	20,0
Operating expenses	-5,4	-6,1	-10,0	-10,8	-22,2	-23,0
Operating profit	0,1	-1,1	1,0	-0,8	-1,2	-3,0
Interest income	0,5	0,2	0,8	0,4	1,0	0,6
Interest expenses	-0,8	-0,9	-1,8	-1,9	-3,8	-3,9
Profit/loss after financial items	-0,2	-1,8	-0,0	-2,3	-4,0	-6,3
Dividend	0,9	-	0,9	-	0,9	-
Change in untaxed reserves	-	-	-	-	167,9	167,9
Tax	0,0	0,4	-0,0	0,5	-35,1	-34,6
Net profit/loss for the period	0,7	-1,4	0,9	-1,8	129,7	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	30-jun 2021	30-jun 2020	31-dec 2020
ASSETS			
Non-current assets			
Financial assets	684,4	389,7	1 081,6
Total non-current assets	684,4	389,7	1 081,6
Current assets			
Current receivables	166,1	92,1	260,6
Cash and cash equivalents	40,6	161,1	213,0
Total current assets	206,8	253,2	473,6
TOTAL ASSETS	891,2	642,9	1 555,2
EQUITY AND LIABILITIES			
Equity			
Restricted equity	131,5	129,7	131,5
Unrestricted equity	285,5	144,2	282,7
Total equity	417,0	273,9	414,2
Non-current liabilities	205,7	190,0	180,0
Other current liabilities	268,5	178,9	961,0
TOTAL EQUITY AND LIABILITIES	891,2	642,9	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 4.1 MSEK (11.8) at the end of the period while financial liabilities at fair value amounted to 0.0 MSEK (0.9).

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-Jun		Renovation		New Build		Group Other		Eliminations		Total	
MSEK	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net sales – External revenue	466,1	607,1	87,9	65,8	-	-	-	-	-	-	554,0	672,9
Net sales – Internal revenue	-	-	-	-	11,6	9,2	-11,6	-9,2	-	-	-	-
Total sales	466,1	607,1	87,9	65,8	11,6	9,2	-11,6	-9,2	-	-	554,0	672,9
Operating profit (EBIT)	48,7	82,2	7,5	5,6	-0,3	-4,1	-	-	-	-	55,9	83,7
Depreciation included with	13,1	16,8	2,7	2,0	-	-	-	-	-	-	15,9	18,8
Non-recurring items	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted operating profit (EBIT)	48,7	82,2	7,5	5,6	-0,3	-4,1	-	-	-	-	55,9	83,7
Adjusted operating margin	10,5%	13,5%	8,5%	8,5%	-	-	-	-	-	-	10,1%	12,4%
Operating profit (EBIT)	48,7	82,2	7,5	5,6	-0,3	-4,1	-	-	-	-	55,9	83,7
Finance income	-	-	-	-	0,0	0,0	-	-	-	-	0,0	0,0
Finance cost	-	-	-	-	-3,0	-4,8	-	-	-	-	-3,0	-4,8
Profit before tax	48,7	82,2	7,5	5,6	-3,3	-8,9	-	-	-	-	52,9	78,9

Note 4 Earnings per share

	Apr-Jun		Jan-Jun		Jul-Jun	Jan-Dec
MSEK	2021	2020	2021	2020	2020/21	2020
Net profit for the period attributable to the owners of the parent company	25,9	37,0	42,2	62,1	57,7	77,6
Average number of shares, '000'	21 909,3	21 623,3	21 909,3	21 623,3	21 837,8	21 694,8
Earnings per share, SEK, before dilution	1,18	1,71	1,93	2,87	2,64	3,58
Earnings per share, SEK, after dilution	1,15	1,69	1,87	2,87	2,57	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	Apr-Jun		Jan-Jun		Jul-Jun	Jan-Dec
	2021	2020	2021	2020	2020/21	2020
Adjusted operating profit						
Operating profit	34,4	49,4	56,3	83,7	88,0	115,4
Write-down and risk allocation concerning projects	-	-	-	-	15,2	15,2
Write-down of other current assets	-	-	-	-	4,2	4,2
Adjusted operating profit	34,4	49,4	56,3	83,7	107,4	134,8
Adjusted EBITDA						
Operating profit	34,4	49,4	56,3	83,7	88,0	115,4
Depreciation	7,2	9,5	15,9	18,8	34,6	37,6
Write-down and risk allocation concerning projects	-	-	-	-	15,2	15,2
Write-down of other current assets	-	-	-	-	4,2	4,2
Adjusted EBITDA	41,6	58,9	72,1	102,5	142,0	172,4
Operating cash flow						
Adjusted EBITDA	41,6	58,9	72,1	102,5	142,0	172,4
Changes in working capital	-81,0	29,6	-121,9	-4,9	-78,1	38,9
Investments in other non-current assets, net	-2,0	-2,9	-4,4	-7,1	-12,1	-14,8
Operating cash flow	-41,3	85,6	-54,2	90,5	51,9	196,5
MSEK			30-jun	30-jun	31-dec	
			2021	2020	2020	
External interest-bearing net deb						
External non-current interest-bearing liabilities			222,3	238,3	229,6	
Current interest-bearing liabilities			27,2	27,2	29,8	
Cash and cash equivalents			-60,4	-161,6	-214,1	
Interest-bearing net debt			189,1	103,9	45,2	
Adjusted EBITDA (12 months)			142,0	191,1	172,4	
Interest-bearing net debt/EBITDA 12 months, times			1,3 x	0,5 x	0,3 x	
Return on capital employed						
Equity			643,9	574,8	598,6	
External interest-bearing net debt			189,1	103,9	45,2	
Average capital employed			755,9	692,0	660,2	
Adjusted operating profit (EBIT), (12 months)			107,4	152,7	134,8	
Return on capital employed, %			14,2	22,1	20,4	
Equity/assets ratio						
Equity attributable to owners of the parent company			643,9	574,8	598,6	
Total assets			1 262,0	1 209,4	1 223,3	
Equity/assets ratio, %			51,0	47,5	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 still preliminary.

The purchase price comprises the following components (MSEK)

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

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

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
Acquired net assets	16,2

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 Göså 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 still preliminary.

The purchase price comprises the following components (MSEK)

Cash payment	61,9
Conditional purchase price	20,0
Acquired net assets	-50,0
Goodwill	31,9

The following assets and liabilities were included in the acquisition

Cash and cash equivalents	7,7
Tangible fixed assets	26,2
Financial assets	-
Intangible assets	47,1
Inventories	9,4
Receivables	18,2
Liabilities	-46,0
Deferred tax liabilities	-12,6
Acquired net assets	50,0

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, 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
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, 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.
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, 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.
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 flow	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.
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, see note 5.	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.
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.

Alternative performance measures	Definition	Reason for use
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, see note 5.	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 plus shareholder loan).	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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