

# BALCO | GROUP

ANNUAL AND SUSTAINABILITY REPORT 2024



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**f** = Administration report

## › VISION

Balco Group aims to be the clear choice for balcony solutions and to help create a better living environment.

## › BUSINESS MODEL

To develop innovative, sustainable and attractive balcony and facade solutions – with the customer in focus – that improve people's quality of life.

## › CORE VALUES

Pride, entrepreneurship, and quality.

## Annual and Sustainability Report 2024

Balco Group's Annual and Sustainability Report is published in both Swedish and English. The Swedish version is the original version. The administration report comprises the following pages: 32-37, 39-43, 50, 52-58, 64-95, 98-101. The annual accounts and consolidated accounts for the financial year 2024, as examined and audited by the auditor, are included on pages 32-37, 39-45, 50-62, 64-102.

### Other external review

The auditor has reviewed the corporate governance report, pages 39-42, 44-45, in accordance with FAR's statement RevR 16 Auditor's review of the corporate governance report.

## ABOUT BALCO GROUP

# This is Balco Group

**Balco Group AB is a market leader in innovative, sustainable balcony solutions and facade renovations. Under nine brands, we help our customers create safer and more pleasant homes in eight markets in Northern Europe.**

Balco AB was founded in 1987 in Växjö and has since developed into a group with around 650 employees. Often locally based, the group's subsidiaries are spread across a large number of locations in the Nordic region and Northern Europe. The geographical proximity of our customers is of great importance for the Group's brands and at the same time creates good knowledge of the market.

**A majority of Balco Group's** subsidiaries specialise in balcony solutions, working primarily in the renovation segment. Among them, Balco AB stands out as one of the Nordic region's largest companies, offering patented balcony solutions with glass enclosures that yield energy savings of up to 30 percent after installation.

The group is also active in the new build segment, with several successful product ranges. Within this segment and as a supplement to balcony projects, Balco Group additionally offers complementary add-on

services, including facade renovation, solar panel installation, air-to-air heat pump installation, window replacement, roof insulation, and more. These add-on services further enhance the energy savings realised.

**Through innovation, our own manufacturing operations, and a decentralised business model, Balco Group and its subsidiaries have succeeded in creating a competitive offering.** Hiring and using in-house installation teams for balcony installations and other projects has also enabled the group to control a greater portion of the value chain while ensuring that delivery and assembly are performed safely and efficiently.

Investing in a balcony or having a facade renovated is often a costly and complex project, which is why customer satisfaction is a natural starting point for all our projects – from the first planning meeting to the final inspection.

REVENUE 2024

1,418

SEK MILLION

OPERATING PROFIT  
(ADJUSTED EBITA)

70

SEK MILLION

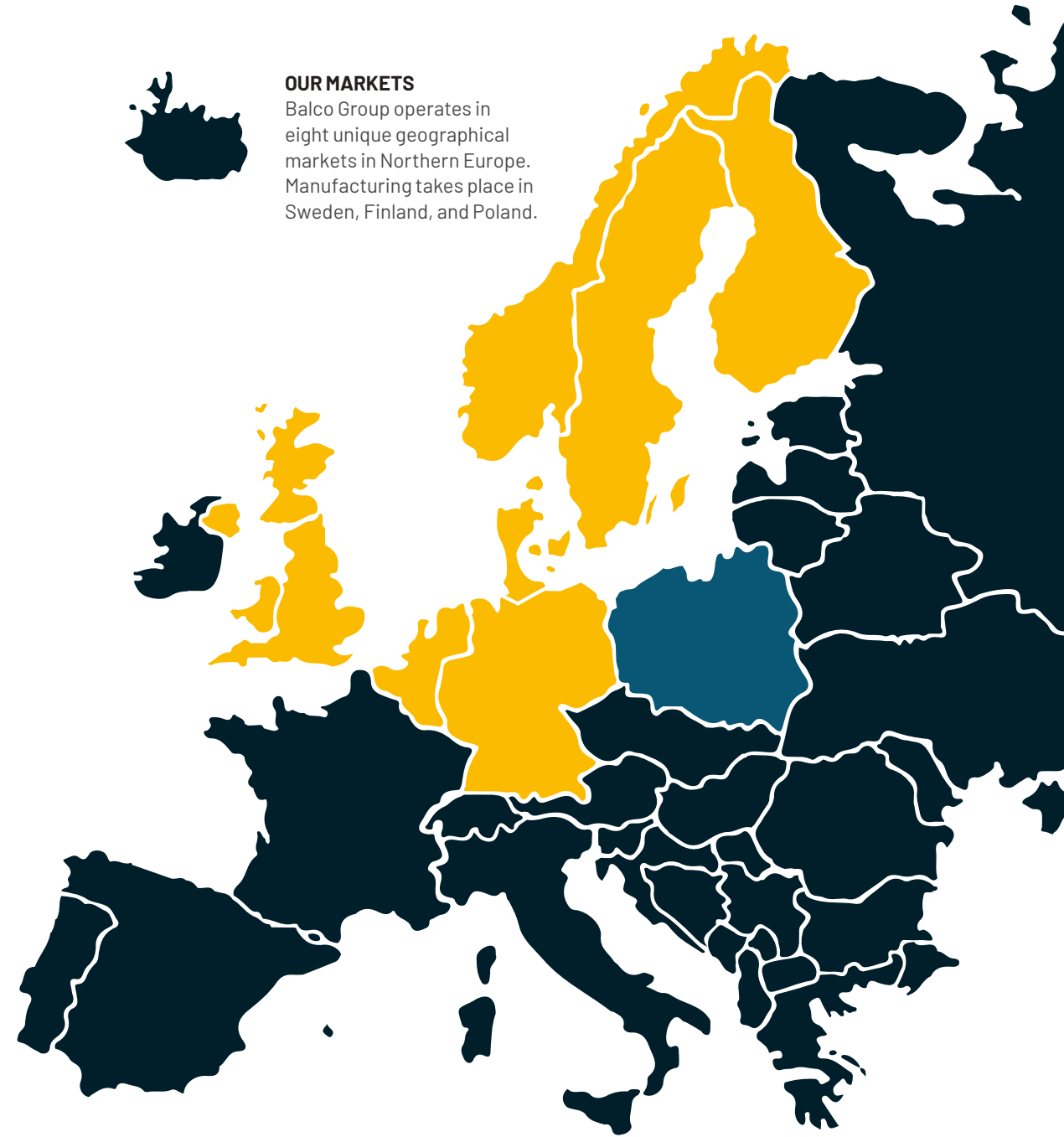
OPERATING MARGIN  
(ADJUSTED EBITA)

4.9

PERCENT

**OUR MARKETS**

Balco Group operates in eight unique geographical markets in Northern Europe. Manufacturing takes place in Sweden, Finland, and Poland.



## THE YEAR IN BRIEF



## 2024 for Balco Group

■ **On 22 January 2024**, Balco Group acquired the Finnish group Riikku with a turnover of approximately EUR 40 million. This is Balco Group's largest acquisition to date. The Board of Directors is not proposing a dividend at the annual general meeting to facilitate the financing of this strategic acquisition.

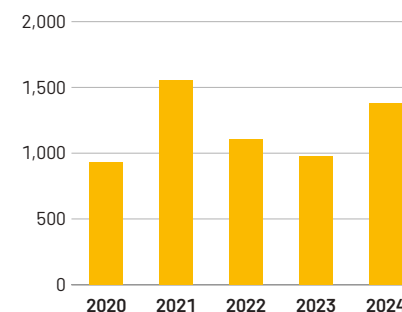
■ **On 6 March 2024**, Balco Group acquired Finnish Suomen Ohutlevyasennus Oy with a turnover of approximately EUR 11 million. Suomen Ohutlevyasennus is a turnkey contractor specialising in facade renovation, operating primarily in the Turku region.

■ **In March 2024**, Balco AB started the Bjørgene 1 project, in Norway, with an order value of NOK 63 million.

■ **On 29 May 2024**, Balco AB was selected as the supplier for 584 balconies for Goldbeck's large Greenpark project in Berlin. The AluTwo modular balcony solution was ranked as the top choice for the project. This contract has a value of 3.3 million EUR.

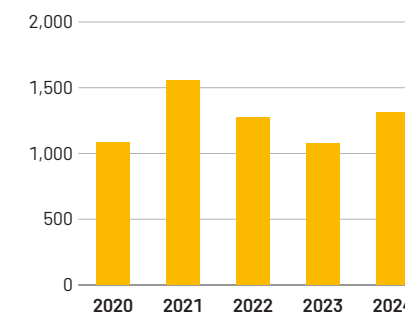
■ **On 15 October 2024**, through Balco AB, Balco Group was chosen as a turnkey contractor for an extensive balcony project in Borås, with an order value of SEK 60 million. This deal includes new glass-enclosed balconies and patio areas, with construction scheduled to begin in spring 2025.

### ORDER INTAKE SEK MILLION



Order intake rose by 41% to SEK 1,377 (977) million. The increase is due to the acquisitions of Riikku and Suomen Ohutlevyasennus. There was no organic change in order intake.

### ORDER BACKLOG SEK MILLION



The order backlog rose by 22% to SEK 1,309 (1,074) million.

### NET SALES BY SEGMENT %



The renovation segment accounted for 71% of all earnings in 2024. New build accounted for the remaining 29%.

### KEY FIGURES OVERVIEW

SEK million	2024	2023
Net sales	1,417.9	1,214.9
Order intake	1,376.8	977.0
Order backlog	1,309.3	1,073.6
Adjusted operating profit (EBITA)	69.6	89.8
Adjusted operating margin (EBITA), %	4.9	7.4
Net profit for the period	4.6	46.5
Adjusted profit after tax	24.1	56.5
Operating cash flow	138.5	3.6
Basic earnings per share, SEK	0.05	2.09
Diluted earnings per share, SEK	0.05	2.09
Adjusted earnings per share, basic and diluted	0.89	2.55

# A year of strategic acquisitions and structural reorganisation

**The year 2024** was marked by continued challenging conditions for a number of our companies. We bolstered our strategic position through two important acquisitions in Finland, while also making structural changes to minimise our costs while increasing our efficiency. Throughout the year, Balco Group continued to develop new products, and the company is a pioneer in the development of innovative balcony solutions.

Sales increased by 17% to just over SEK 1.4 billion, 30% of which came from our acquisitions. Meanwhile, organic growth was negatively impacted by challenging market conditions. Despite reduced volumes, controlling expenses has allowed us to preserve an acceptable, if not wholly satisfactory, level of profitability which falls short of our long-term goals. Our organisation has shown the ability to adapt to changing and challenging market conditions by developing creative, flexible solutions while preserving our companies' capabilities.

The market with the greatest share of glazed balconies is the Finnish market. Balco Group was previously present in this market under the premium brand Balco. However, we realised that its offerings were not a good fit for the Finnish market. For this reason, we started the year with our largest acquisition to date: that of Riikku Group Oy, one of Finland's leading balcony glazing companies. This acquisition was later complemented by the acquisition of Suomen Ohutlevyasennus Oy, a successful facade and turnkey contracting company. With these acquisitions and Balco Group's knowledge

of the renovation segment, we now have the best turnkey offering in the market, affording us the opportunity to gain a greater market share in Finland.

Riikku's product portfolio also strengthens our offerings in the rest of the Nordic region and Europe. The company's products are aligned with current demands in both new build and renovation. We have comprehensively restructured the Riikku group, integrating businesses in Finland and Sweden and establishing a dedicated renovation division within Riikku. In Sweden, we have paved the way for greater collaboration between our companies by making NMT a reseller of Riikku products in northern Sweden, complementing the company's existing business as an installer of Balco products. These measures will serve as a solid foundation for future growth as market conditions change.

**Throughout the year** and heading into 2025, we have made structural changes to our manufacturing units in order to make better use of their capacities and capabilities. Furthermore, the acquisition of Riikku granted us access to another modern, well-equipped aluminium manufacturing facility within the group. Taken together, these developments have prepared us to adapt to increased demand while affording us greater flexibility in the midst of a macroeconomic climate that continues to pose challenges.

Market conditions have varied across geographic areas. In Norway, we have seen positive developments in the renovation

Camilla Ekdahl  
President & CEO, Balco Group



## COMMENTS FROM THE CEO

segment, driven by such factors as our innovative, energy-efficient balcony solutions with integrated air-to-air heat pump solutions. Over the course of the year, this concept has been further developed to meet a variety of customer needs. We are continuing to see significant interest in this type of holistic solution.

New build is expected to see continued positive development in the United Kingdom, and there are good opportunities for continued growth in this market. We have also found that our balcony solutions are an attractive offering in the new build segment within Germany, particularly for modular housing projects. In 2024, we received an order for 584 AluTwo balconies for Greenpark, a new build project in the Berlin area. The installation of these balconies began at the end of 2024. Within the German new production segment, we are focusing primarily on larger projects where our products and offerings are an especially good fit, and we see good potential in this strategy.

**Within Germany's renovation** segment, meanwhile, we are continuing to focus our resources on projects from Gesellschaft- and Genossenschaft-type residential developments. These projects come from returning customers with significant real estate holdings. These customers annually renovate a portion of their properties, and we have noted that our premium glazing solution, which protects the surface of the balcony and creates a pleasant balcony environment for residents, is an attractive solution in this regard.

In the case of the Swedish balcony market, low inflation and continued low interest rates have prompted increased activity from our customer segments, resulting in a significant increase in requests for quotes compared to 2023. However, we have yet to see a significant increase in new orders in Sweden, although some prospective customers have yet to make their decisions. Having said this, our assessment is that this trend will change at the same rate as overall consumption trends. Renovations can be put off, but they must eventually be carried out for balconies to remain usable.

### ➤ FOCUS AREAS FOR 2025

■ **Increasing order intake in renovation:** The group continues to prioritise the renovation market, where we see a great need going forward. In particular, we are focusing on increasing the proportion of turnkey projects and energy efficiency, where we can utilise our expertise in integrated solutions that combine balconies, facades, and energy-saving measures. We see potential in developing this segment, especially within the public sector.

■ **Realising synergies from acquisitions:** In 2025, we will focus on realizing the strategic benefits from our Finnish acquisitions. This includes developing Riikku's position in the renovation segment, expanding the use of Riikku's products in export markets, and further developing the collaboration between Riikku, Suomen Ohutlevyasennus and our Swedish subsidiaries with the aim of strengthening our turnkey offerings.

■ **Continued structural streamlining:** We are continuing to optimise our group structure, product and market development and to strengthen cooperation between group companies. The focus is on cost control and on creating further economies of scale through a stable value chain centred on production, while maintaining flexibility to meet increased demand when the market turns upwards.

Our facade companies in Sweden have weathered a challenging year, with tough competition for projects compounded by pricing pressure. Although our companies are working both with new customer segments and moving more towards the renovation side, we believe that new production needs to start to facilitate the market as there are currently many companies fighting for the same project.

In Denmark, challenging market conditions have continued to prevail in spite of new activity in the renovation segment. As we mainly work with installing new so-called city balconies on existing properties, there is not the same strong incentive to take the measure as when renovating existing balconies, which makes the normally long processes even longer.

**We continue to lead the development** of energy-efficient solutions for our market segment. Over the course of the year, we have once again received verification that a glazed balcony from Balco can yield energy savings as high as 30% by reducing the need to operate residential heating. Energy savings are of course an important driver for our glazing, but a stronger driver is the living environment

that they contribute to, where residents have the opportunity to spend time outside on their balcony for a much longer period of the year. Glazed balconies also provide an acoustic dampening effect, reducing indoor noise and increasing resident comfort. In addition, there will also be an increase in the value of the apartment with a glazed balcony.

**Throughout the year,** we have continued to adapt our offerings to local market demand. In addition to the continued developments regarding air-to-air heat pump solutions, Balco has introduced a number of new products and solutions to the new production markets in Germany and the United Kingdom. These local adaptations are a key part of our strategy for meeting the specific preferences and demands of a variety of markets.

We further demonstrated our engagement with innovation and sustainability by maintaining a low ESG risk rating from Sustainalytics, placing us among the top 10% of the world's companies in the Building Products category, with the lowest sustainability risk achievable. In the previous year, we also join the Science-Based Targets

Initiative (SBTI), requiring us to develop and implement science-based climate goals in 2024 and 2025. We are continuously working to balance sustainability and financial efficiency, focusing on initiatives that have a strong positive impact on our clients' and our own climate footprints.

**Looking ahead to the remainder of 2025,** we see signs that the market will gradually improve. Unlike the rapid recovery we saw during the pandemic, we are now expecting to see more gradual improvements in market conditions. Note also that the underlying market for our largest segment, renovation, has not shrunk – in fact, it may have even grown if renovation projects were postponed.

Our priorities for the year are clear: increasing order intake, combining cost control with product and market development initiatives, and further developing our organisation and potential synergies between subsidiaries. In particular, we see potential in increasing the proportion of projects where we act as a turnkey contractor and can contribute to more comprehensive and sustainable renovations rather than short-term solutions. This applies especially to the public sector, where we see a significant need for more comprehensive and sustainable renovations.

Taken together, our bolstered position in Finland, continued success in Norway and the United Kingdom, and promising developments in Germany will serve as a strong platform for future growth. We have the capacity to handle increased volumes as the market shifts, and we have retained key expertise and resources needed to safeguard our competitiveness in the long term. Our ambition is to continue to lead developments in the balcony industry with innovative and sustainable solutions.

Växjö, March 2025

**Camilla Ek Dahl**

President & CEO, Balco Group AB

## REASONS TO INVEST

# A sustainable investment

Balco Group is an industrial corporate group with growth potential within its market segment. Balco Group's balcony solutions and products are contributing to the development of the properties of the future, with reduced energy consumption. Through control of the value chain, unique patents, and market-leading solutions, the group is able to adapt material choices, transport, and processes, facilitating long-term value creation for customers, employees, shareholders, and society at large.

## › More than just balconies

Balco Group's balcony offerings are complemented by opportunities to implement additional energy-saving measures, such as solar panels, facade insulation, window replacements, roof insulation, and integrated heat pumps.

**Read more about Balco Group's offerings on pages 23–24**

## › A growing market

Balco Group's total addressable market (TAM) is valued at approximately SEK 40 billion, and the market for balcony renovations in our primary markets is expected to grow by 5% in the coming years.

**Read more about Balco Group's market on pages 9–10**

## › Attractive financial profile

Despite high interest rates, which negatively impacted both sales and costs, Balco Group has managed to grow and stand firm, thanks to a sustainable long-term capital allocation strategy, based on limiting liabilities and maintaining a strong operating cash flow.

**Read the CFO's comments on page 19**

## › International presence

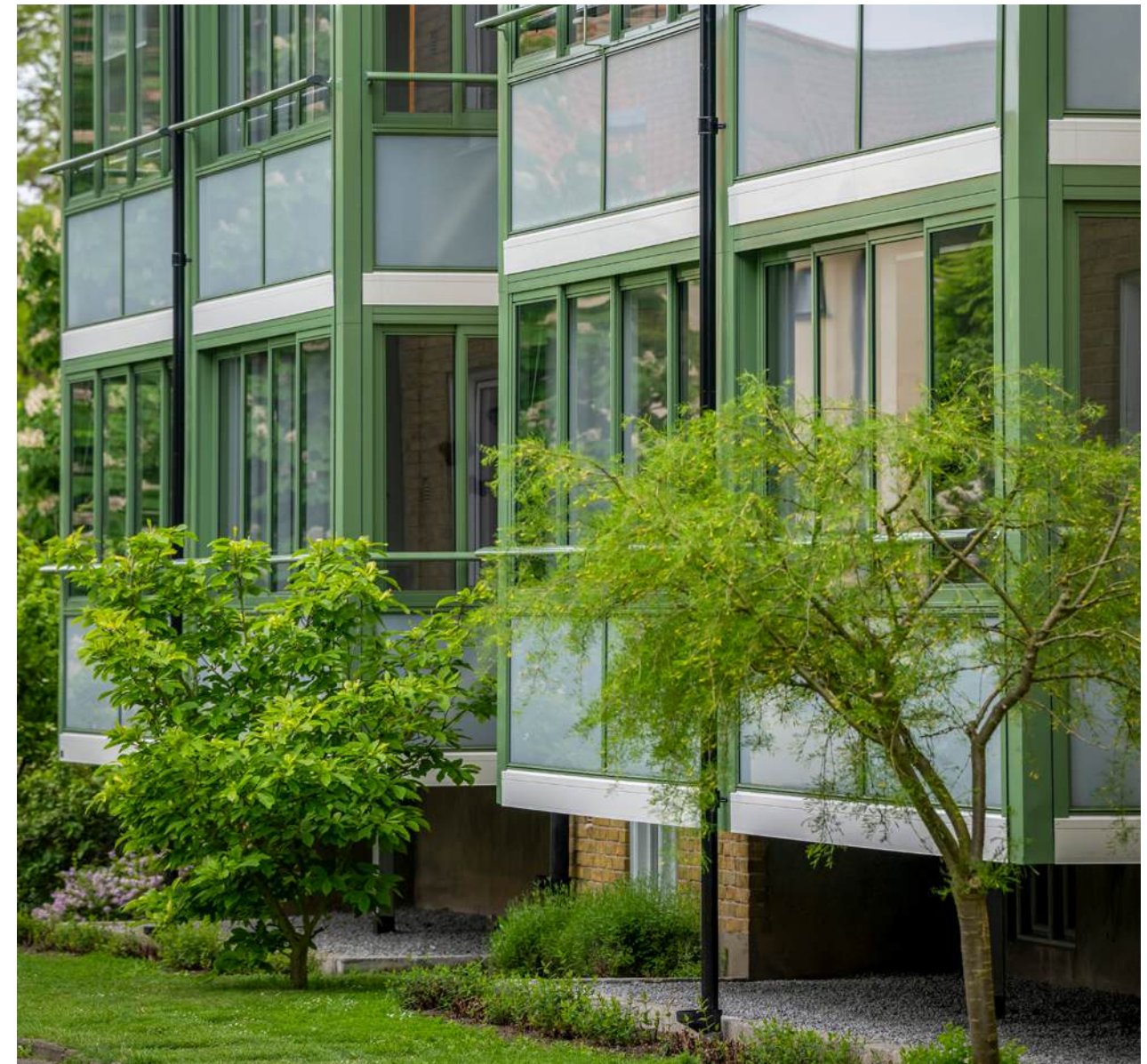
Balco Group is the market leader in our main markets in Sweden and Norway. The group is also a key player in Denmark, and it also operates in Germany, the United Kingdom, and the Netherlands. In the wake of the acquisition of Riikku and Suomen Ohutlevyasennus, the group has also established a strong position in Finland.

**Read more about the acquisitions on pages 16 and 26–27**

## › Low ESG risk

Energy savings are an important component of Balco Group's offerings. Additionally, the group has implemented a variety of initiatives to minimise the environmental impact of its manufacturing operations. In terms of product development, material choices, processes, and new products are under constant evaluation. These targeted sustainability efforts have reduced our ESG risk for three consecutive years, according to figures from Sustainalytics. In the construction sector, Balco Group is among the top 10% of companies with the lowest ESG risk.

**Read Balco Group's sustainability report on pages 50–62**



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## MARKET AND TRENDS

# Balco Group's market

Balco Group is the market leader in the Nordic region and has a position as a challenger in other markets in northern Europe. A majority of the Group's turnover comes from the renovation segment, with housing associations being the largest customer group. Common to all geographic markets is a pent-up need for renovation of an ageing property portfolio, with a large proportion of properties built between 1940 and 1980.

## › Fragmented market

Apart from Balco Group, there are only a few larger companies that compete on several geographical markets. Instead, Balco Group's main competitors are smaller local installers, manufacturers and concrete renovation contractors.

## › Input goods and rising prices

Input prices rose sharply in 2022-2023, but the price increase has since slowed down and stabilised in 2024. Balco Group is mainly affected by price increases for aluminium, steel, cement, concrete and glass. A dilemma throughout the industry is that the speed of price changes of inputs does not match price increases for producing companies towards customers. Balco Group has only European suppliers and works actively to minimise risk by adjusting prices against indices.

## › Geographical features

Sweden and the greater Nordic region are Balco's main markets, in which renovations constitute the majority of projects. In Sweden there is a high demand for glazed balconies, while the driving product for the Danish market is city balconies. In countries such as the United Kingdom, new build is Balco Group's largest segment, and glazed balconies are not as established due to differences in regulations and culture.

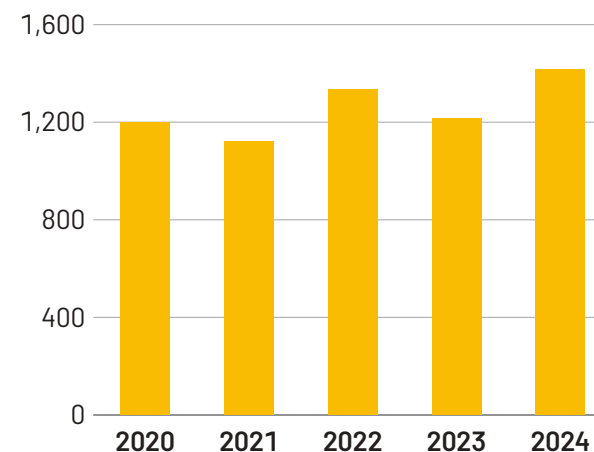
## › Driving forces in new build

A growing urban population has increased the need for new housing, while at the same time there is great interest in access to an outdoor environment in connection with the home, which creates a demand for Balco Group's solutions.

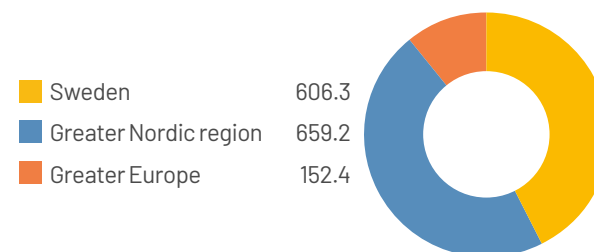
## › Driving forces in renovation

Northern Europe's property stock was largely built in the 1940s, resulting in a pent-up need for renovation. With increased interest in energy-efficient housing, demand for facade and balcony renovations is also growing. The new build segment is relatively sensitive to interest rates as many customers finance renovation projects through loans.

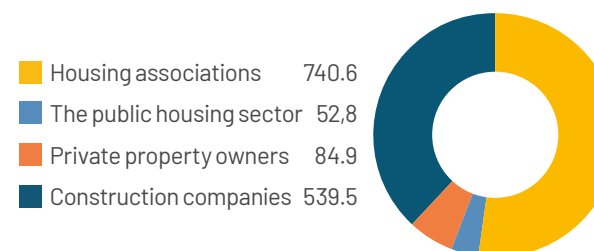
BALCO GROUP NET SALES SEK MILLION



NET SALES BY GEOGRAPHICAL MARKET SEK MILLION



NET SALES BY CUSTOMER GROUP SEK MILLION



## MARKET AND TRENDS

## Market trends

## Sustainable housing

## Energy savings and quality of life

As consumers' interest in reducing their climate impact grows and energy costs continue to rise, more and more customers are seeking energy-efficient solutions for their homes. There is also significant interest in balconies, roof terraces, and other solutions that create outdoor environments directly attached to the spaces where people live.



## Balco Group's approach to the market

## Glazed balconies and complementary services

Balco Group offers glazed balconies that have been proven to yield energy savings of up to 30%. The group's subsidiaries also offer a wide variety of other balcony solutions and services, such as facade renovation, solar panel installation, insulation, and heat recovery.

## Changing needs

## Increased demand for flexible and aesthetic solutions

There is a high demand for balcony solutions in big cities, but at the same time, due to space constraints, a smooth assembly process and delivery is necessary when different suppliers have to work together in a limited space. Furthermore, obtaining building permits can also be a slow process in view of stringent requirements related to a building's character and cultural heritage. Balconies with the right appearance and design can make this process more efficient.



## Market knowledge, experience, and new solutions

As a market leader, Balco Group is well versed in building permit processes and always adapts the product design to fulfil local requirements. With complete control over its value chain, Balco Group can also provide turnkey contracting services, including installation performed by the group's own staff. Some of the group's subsidiaries offer so-called "city balconies", which can be easily adapted to any building and feature an aesthetic that fits perfectly into urban environments.

## Changing processes

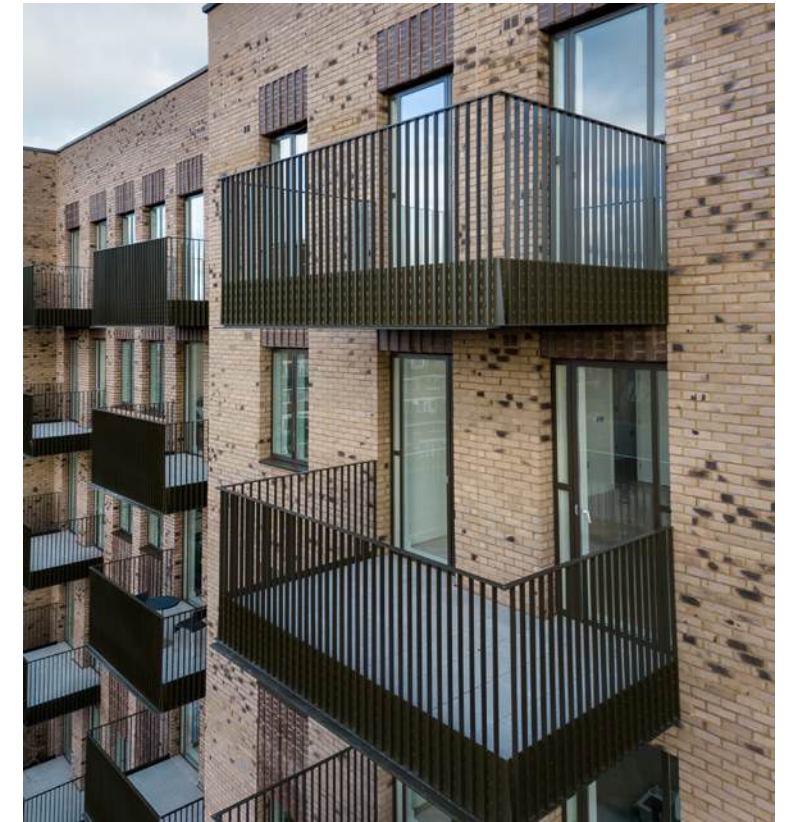
## High demand despite market uncertainty

The current state of the economy, marked by high interest rates, has prompted residential associations and market actors to make more cautious decisions when it comes to new investments. In spite of this, there are increasing need for renovations of existing properties and construction of new housing.



## Strong sales organisation and customer dialogues

Both inside and outside of Sweden, Balco Group actively strives to build long-term relationships with its customers. Through its subsidiaries, the group is firmly anchored in many locations, and it has a well-developed sales process through which projects can be developed out over time in collaboration with the group's customers. In recent years, the Group has implemented efficiency improvements in production, which enables the Group to quickly meet demand in the event of a change in market conditions.



## LEVITATE

In 2020, Balco Group launched the Levitate open balcony to adapt to regulatory requirements and preferences in the United Kingdom. In 2023, it launched a second version of this balcony to a positive reception throughout the British Isles. Now, the United Kingdom looks to be a promising market in the new build segment.

## GROUP STRATEGY

# Sustainable and profitable growth

The housing of the future must be geared towards high urban density, resource efficiency, and quality of life. Taking into account economic, environmental and social value creation, Balco Group's strategy is based on four pillars: a long-term business model, innovation, acquisitions and entrepreneurship.

## 1 A long-term business model

**Balco group aims to be** the obvious choice for balconies. Ageing residential buildings are creating increased demand for safe, innovative balcony solutions, and Balco Group's range of offerings is currently among the best on the market, with options for both standardised new build projects and unique solutions adapted to particular renovation requirements.

Over time, Balco Group has also expanded its offerings to the point of offering turnkey contracting services within facade renovation. This strong portfolio is able to meet a wide variety of needs across multiple customer segments. With customer safety as a top priority, Balco Group strives to offer world-class products. This priority, combined with a high level of expertise and extensive experience, serves as Balco's foundation for growth in new and existing markets alike.

## 2 Innovation for sustainable development

**As a manufacturer,** Balco Group is also an innovator. New products bolster and fill out the group's offerings. Today, the group holds a total of 69 patents in 27 categories, including in such areas as steel construction and industrial design. By constantly seeking to improve its products in terms of function, materials, and installation processes, Balco Group is able to offer modern products that often serve to set new standards within the industry.

Product development expertise is also key to the group's efforts to help make society at large more sustainable. Balco AB's glazed balconies have been proven to yield energy savings of up to 30%. These savings come with even more benefits for our customers – properties that achieve energy savings of more than 30% qualify for "green bank loans" with favourable terms.

## 3 Selective acquisitions that create value

**Two key elements of Balco Group's strategy** are a broad offering and a geographical presence to customers. These are achieved partly through organic growth and expansion, and partly through acquisitions of well-managed companies that contribute new expertise and strong local connections. Until the IPO, Balco Group's growth was primarily organic, which continues to be an important part of the growth strategy.

In 2024, the group took a major step in establishing itself on the Finnish market by acquiring Riikku and Suomen Ohutlevyasennus. These two acquisitions have positioned Balco Group as a market leader in Finland. The group is also engaged in continuous dialogue with candidates that are carefully evaluated to ensure strong synergy in a potential acquisition.

## 4 Entrepreneurship and decentralisation

**Balco Group cherishes** entrepreneur-led companies that have built and are continuing to build their own brands. Each subsidiary's management is fully responsible for its own profitability and development, preserving flexibility and a customer-orientated focus in every market.

While this decentralised model is essential to the group's companies in terms of customer acquisition and retention, Balco Group must also provide the necessary means for their businesses to grow. For this reason, from a group strategy perspective, Balco Group's job is to create synergy and provide support through centralised functions like accounting, IT, HR, procurement, and sustainability so as to maximise the potential of each business unit. The goal is for every company within Balco Group to be able to focus on doing what it does best.



## BUSINESS MODEL

# 1 A business model for long-term value creation

At Balco Group, our business model is closely linked to our vision – to be the obvious choice for balconies. Our business model rests on three pillars: customer safety, the green transformation, and unique solutions.

Today, Balco Group is one of Northern Europe's safest and fastest suppliers of balconies in a growing market that continues to form the core of our business. The wide variety of needs across customers, places, and properties, in terms of preferences, designs, and possibilities, remains one of the strongest driving forces.

**Offering holistic solutions** is one of Balco Group's strategic advantages. The group has its own sales staff and project managers, its own manufacturing operations, and its own installers, able to plan and execute projects from start to finish. The group's turnkey contracting offerings also include facade renovation and a number of other services, such as assistance with applying for building permits. The group's goal is for the client to feel confident that their project will be carried out quickly, smoothly, and within budget throughout the process.

Over the past decade, Balco Group has broadened its portfolio of offerings through both innovation and acquisitions. These

developments have largely centred around the sustainable transformation, offering products and services that reduce energy consumption in buildings, such as solar panel installation. In recent years, cold winters and regional conflicts have resulted in volatile energy prices. Together with more stringent building requirements on the horizon, these conditions have caused energy savings to remain an important factor in the group's business development.

**A balcony not** only creates a larger living space, but also provides a higher quality of life by offering residents the opportunity to spend time outdoors without leaving home. Balco AB, the largest subsidiary of Balco Group, has also taken the value of having a balcony one step further. Since 2023, the company has offered the option of adding an integrated air-to-air heat pump to its glazed balconies. This solution is fully aligned with the group's business model, and it creates unique opportunities for the properties of the future.



## > UNIQUE OFFERING

Customers' visions and needs vary, but the possibilities for any given project are ultimately determined by the conditions of each property. Balco Group's many years of experience and expertise in balcony solutions lead to good results that match the customer's vision, current needs and conditions.

## > CUSTOMER SAFETY

A balcony renovation is a significant investment for our customers. As in any construction project, challenges can arise along the way, creating the need for trust. Balco Group is a reliable partner that guides customers through each project from beginning to end. We take responsibility for the entire process and offer proactive support for everything from building permit management to financing.

## > SUSTAINABLE TRANSFORMATION

Today, heating buildings is responsible for 40% of all energy consumption in Europe. The group's balcony and facade solutions contribute to the green transition through energy savings of up to 30% – reducing energy costs and contributing to a more sustainable society at the same time.

## BUSINESS MODEL



## Balco Group offers complete solutions



### Consulting, planning, and visualisation

Early in the process, one of Balco Group's project managers examines the building to get an idea of the balcony installation conditions and the likelihood of successfully obtaining a building permit. The project manager prepares a proposal that includes the appearance, choice of materials, timetable and financial calculation for the intended balcony solution based on the customer's wishes. Balco Group also provides support for residential association meetings and advice on financing plans.



### Construction and design

Each balcony structure is unique, and through careful calculations, adaptations are made to fulfil both the customer's requirements and the technical conditions. As early as in the design phase, we use a material optimisation process to minimise material consumption and waste, as well as to ensure that the finished structure has a long lifespan. Once all the information is in place, we create detailed two- and three-dimensional plans and prepare for production.



### Manufacturing

The group's companies prioritise quality in all of their work, using specialised management systems including ISO 9001, ISO 14001, and ISO 3834-2. Manufacturing is based on strict requirements for a safe working environment and takes into account important sustainability considerations to minimise waste and energy consumption. To facilitate later project phases, we strive to maximise the degree of pre-fabrication.



### Delivery and installation

Assembled products and associated components are delivered to the relevant property, where specialised fitters carry out the installation. Transport is optimised to ensure the lowest possible environmental impact and cost. Incorporating choice of materials into the design phase enables careful waste sorting during installation, resulting in a high material recycling rate.



### Final inspection and guarantee

When Balco Group's project manager issues a final decision for a contract, a final inspection is carried out together with the client, who has the opportunity to offer input and request complementary services. Through our well-developed service organisation, we also ensure that the customer has a positive customer experience even after the end of the project. We offer a five- to ten-year warranty on most of our products, as well as continued access to spare parts after the end of the warranty period.

## INNOVATION AND DEVELOPMENT

## 2 How Balco Group creates the products of the future

**Innovation and development play a central role in Balco Group's strategy. The group operates in several markets with specific characteristics and varying demand. As each project is unique, product development is a natural and continuous process that runs alongside client projects.**

In some cases, a new product may begin with an idea of how to streamline a specific process, but often, customer demand is the primary driver. As early as 2005, Balco AB established its own product development department, which has specialist expertise in steel construction, static calculations, industrial design, energy optimisation, and programming. Several of the ideas also result in new patents for Balco Group. At present, the group's patent portfolio consists of 69 patents divided into 27 groups, plus a further 12 patents under investigation.

**Balco Group operates** in several markets in Northern Europe where regulations and demand differ. This, in turn, requires good knowledge, skills, and flexibility to launch new products and adapt existing ones. The group's product development takes place at a rapid pace from idea to finished product through five overarching phases.

To ensure a smooth installation and reduce costs, all of the group's products and pro-

cesses are optimised and standardised to the greatest extent possible. Meanwhile, each project comes with its own unique challenges and opportunities. Balco Group's success lies in its ability to rapidly produce tailor-made solutions developed according to proven processes.

**Additionally, handling product** development in-house facilitates more resource-efficient operations. The group's development process investigates the environmental impact and recycling options for various materials and design choices. In addition, material usage is carefully optimised to keep the waste and scrap generated during manufacturing to a minimum. One important component of the evaluation is the environmental performance and longevity of the final product. Overall, the aim is to create solutions that reduce the impact of the group's operations while offering customers long-lasting products with high recyclability.



### ▶ PRODUCT DEVELOPMENT IN FIVE PHASES

**1 Idea stage:** Each idea must first pass through Balco Group's product committee. Then, development begins with a requirements specification, design drawings, and an assessment of the project's technical feasibility and financial viability. In cases where the product has a unique function, a patent application is also filed.

**2 Prototype stage:** In this phase, a prototype is developed for further calculations and evaluations. In many cases, 3D printers are used to manufacture parts. If the prototype is to be made from metal, special tool-makers are used.

**3 Full-scale testing:** A full-scale prototype is developed, enabling testing of the design's lifespan, safety, and need for specific components. At the test facility, the prototype is assembled in a realistic environment. The marketing department also starts developing relevant marketing material for the product at an early stage.

**4 Preparation for production:** The product development team ensures that the new product is fit for sale and can be manufactured feasibly. Ensuring the product can be adapted and customised is a key step in this process. Specifications and drawings are produced and shared with the sales team.

**5 Production stage:** By the final phase, the product has normally already been sold in connection with a customer project. The first production run, the zero series, is tested and installed at the customer's site. This is followed by evaluations and possible adjustments for future runs.

## ACQUISITION STRATEGY

## 3 A growing group with ever stronger offerings

Acquisitions are an important part of Balco Group's growth strategy, and today, the group consists of nine brands, each with a unique portfolio of offerings. Our experience from previous acquisitions has yielded a clear and structured process for the successful integration and development of acquired companies.

Balco Group is a long-term owner and understands that while a successful acquisition can take time – sometimes several years from negotiations to integration into the group – this also increases the likelihood of a satisfactory outcome for both parties.

**A high-level strategy** for the group's acquisition activities is to ensure that Balco Group is an attractive option for small- and medium-sized companies within our niche. Balco Group allows acquired subsidiaries to continue their operations under their existing management and brands. As an owner, the group provides financial stability, resources, and tools that make business development easier and more efficient. Each company brings unique expertise and capabilities to the group, enabling it to further broaden its offerings. Each year, the group's subsidiaries collaborate to jointly execute a number of larger projects, most commonly in the renovation segment.

Gaining access to new markets is another key aspect of Balco Group's acquisition strategy. In 2024, Balco Group acquired Riikku Group Oy and Suomen Ohutlevyasennus Oy,

two market leaders in Finland in balcony glazing and railings for balconies and facade renovation respectively. The companies have previously collaborated on projects and now the integration into the larger Balco Group organisation is in progress. For instance, Suomen Ohutlevyasennus Oy is now considering selling and installing Balco AB's products in Finland, while Riikku is investigating opportunities for expanding into the German market via Balco Group.

**These two acquisitions** have positioned the group as a leader within the Finnish market. As Balco Group grows, it gains expertise in more and more areas, leading to new collaborations between subsidiaries and opportunities for new, larger projects. As an owner, Balco Group also provides expertise in resource management, sustainability, digitalisation and business development. Thanks to collaboration within the group, smaller companies in local markets can also offer their customers more products and services, thereby strengthening their positions in the areas where they operate.



### > CRITERIA FOR GOOD ACQUISITION CANDIDATES

- European balcony companies, or other companies whose activities can complement Balco Group's offerings for creating green transformations.
- Profitable, well-managed companies with strong positions in niche markets.
- A corporate culture in line with Balco Group's sustainable business model.
- Ongoing engagement from management and staff.

## INTERVIEW: RIIKKU



## “ We now have opportunities to reach new markets

**In just under 20 years, Riikku has gone from being an idea to one of Finland's leading balcony companies. The founders, who were well-versed in the industry, had a clear idea from the beginning about how Riikku would run its business. By being something like the IKEA of glazed balconies, delivering rapidly, and always carrying themselves professionally, they could gain market share in Finland.**

**In 2023, Riikku's** turnover exceeded EUR 40 million, a testament to its strong business concept. However, the founders were having a difficult time determining what direction to take the company in. Ultimately, they decided to sell the company. At the same time, they brought in Joakim Petersen-Dyggve as CEO. With over 20 years of experience as a civil engineer in the manufacturing industry, Joakim Petersen-Dyggve has extensive experience in business development and large contracts.

“It was tough at first, like getting on a train that never picks up speed. It's always difficult to come in from the outside and look at costs and developments, but all colleagues have been involved. Nobody has lost faith and it helps to try your best,” he says.

The headwinds in the construction industry have not only hit Riikku in recent years. But Joakim Petersen-Dyggve and Riikku have chosen to continue working along the same lines.

“We have continued to focus on new build together with the major players, including NCC, Peab, and JM-Suomi. Our products are easy to customise, we deliver quickly, and we handle ourselves professionally on the sites, where our customers see us working.”

**In early 2024, Riikku** was acquired by Balco Group. According to Joakim Petersen-Dyggve, it was a natural next step to take.

“It was what we needed. Our previous owners did a fantastic job, but we needed some-

thing new, something to build on that would allow us to take the next step and develop.”

**Petersen-Dyggve notes that** so far, the acquisition has been all pros and no cons from his perspective. He already has ideas on how to develop Riikku's business with the help of Balco Group. Partly through an expanded offer, partly through access to new markets.

“We've been interested in establishing and managing subsidiaries, but it hasn't been easy. However, through Balco Group, we can now gain access to markets like Germany. Nobody here speaks German, and I don't understand how the German market works, but Balco Group does. That's a big advantage.”

In the latter half of 2024, the construction industry recovered somewhat, and Petersen-Dyggve suspects that the trend is turning.

“We've seen new build reach a turning point in mid 2024. Clients typically come to Riikku about six to twelve months into a new project, so we're working to get ready for the curve to flip. We're trying to get settled in Balco Group's

system and workflows. We don't want to sit waiting around and get caught by surprise. We're proactive about making changes.”

The collaboration itself has been easy so far, and Riikku has continued with its strategy, although with some adaptations to the group.

“It's been incredibly easy. Camilla and I have very similar views. Internally, it works pretty much the same way: I say what we're going to achieve, and the guys here tell us how we're going to do it. We're part of a family, so we get support from each other, but also freedom.”

**Despite some concerns** during the year that there would be major, serious changes, most Riikku employees have begun to see the benefits of being part of a group, says Joakim Petersen-Dyggve. He also has an example of what their new life looks like in practical terms.

“I've heard them playing Abba in the workshop, but I don't think we're about to start speaking Swedish. Balco will have to learn Finnish!”

### › THIS IS RIIKKU

Riikku is a professional glass and aluminium construction company. Its main business includes the development, manufacturing, and installation of glazed balcony solutions. In Alavus, approximately 150 people work at the head office and in its manufacturing division. As Riikku has grown, the factory has been expanded on four occasions, most recently in 2021. Riikku also employs more than 50 fitters, project managers and supervisors in Helsinki.

### › MARKET POSITION

A majority of Riikku's sales take place in the new build segment, where its customers are large construction companies like JM-Suomi, Peab, and NCC. Riikku has also, for several years, worked together with Suomen Ohutlevy-asennus, which is now also part of Balco Group.

### › FUTURE PROSPECTS

Riikku is currently an established supplier of balcony solutions on the Finnish market. The company is focusing on expanding its offerings to enter new build projects earlier, as balconies are often added in the final stages of these projects. With Balco Group's acquisition of the company, Riikku also sees opportunities to offer more services within renovation, gain access to more markets, collaborate on projects within the group, and expand its balcony offerings.

## ENTREPRENEURSHIP

## 4 Entrepreneurship creates a strong organisation

Balco Group values entrepreneurship highly. Within the sectors in which its subsidiaries operate, branding is highly important and often serves as a mark of quality. Consequently, as part of Balco Group's strategy, each company is encouraged to focus on its strengths and develop its business, while the group supports its subsidiaries with central functions.

The fact that companies within Balco Group can continue to develop under their own brands has been crucial to the group's growth.

For each subsidiary, this gives management the freedom to conduct operations in the manner that best suits their expertise and market within an overall strategic framework developed together with group management. It facilitates decision-making, speeds up processes, and creates incentives to refine offerings and improve operations.

**A further advantage** of the structure within Balco Group is that all companies bring their own reliable subcontractors and partners into the group. The companies are encouraged to maintain these if doing so is beneficial from both a cost perspective and a quality perspective, and companies within the group can also help their sister companies with benchmarking and finding new collaboration contacts.

When recruiting personnel, it is also important that each company maintain its brand and identity. Each company shapes its own organisation based on the company's structure and operations. From a business perspective, customers in both the renovation and new build segments often choose to work with contractors they already know,

which creates major competitive advantages and leads to high customer satisfaction. Over time, a decentralised business creates diversification in offerings and knowledge about how different projects can be implemented, as well as a great deal of responsibility when the business is run under its own brand.

**As a group**, Balco Group takes responsibility for offering support and developing parts of the company that are not directly connected to the core business. For instance, the group provides centralised functions, including accounting, IT, HR, and procurement, and it drives sustainability efforts throughout Balco Group. Our companies' manufacturing facilities can produce for both themselves and their sister companies within the group, depending on expertise, geographical location, and availability.

Balco Group encourages collaboration between group companies. In many projects, there are major synergy effects between the subsidiaries' portfolios, which strengthens the individual companies' offerings.

From a strategic point of view, decentralisation is also positive for the group's diversification, risk management, and resilience, allowing the group's resources to be used where they are most useful.



### > OWN BRANDS AND OWN PRODUCTS

■ Product development within the group takes place internally within each individual company. Balco AB has an important leadership role, as the company currently accounts for the majority of new products.

■ The goal of investing in product development is to strengthen the group's offerings with better, safer, and more sustainable products.

■ Each individual company has its own unique role within the group, and the specific expertise available within each company often leads to new ideas and needs that drive product development forward.

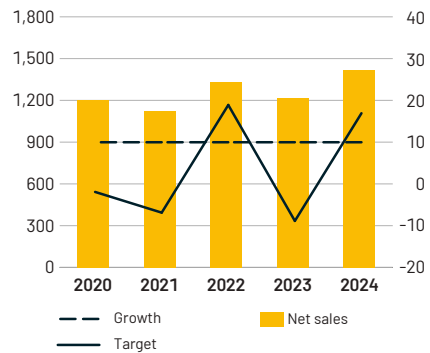
■ Although each group company is responsible for its own portfolio of offerings, there are synergies between the subsidiaries' offerings. This approach is part of Balco Group's decentralised model and has proven to be successful, leading to a wide range of products and services.

## STRATEGIC GOALS

# Financial targets

## Growth

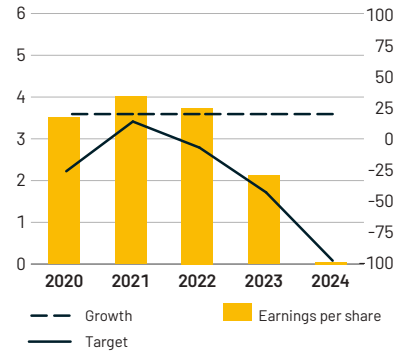
The growth target for net sales is **10%** per business cycle.



In 2024, net sales rose by 17% to SEK 1,417.9 million (1,215). Acquired growth was 30%, currency effects -1%, and organic growth -12%.

## Profitability

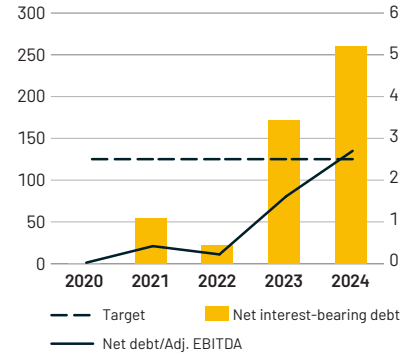
The growth target for earnings per share is **20%** per business cycle.



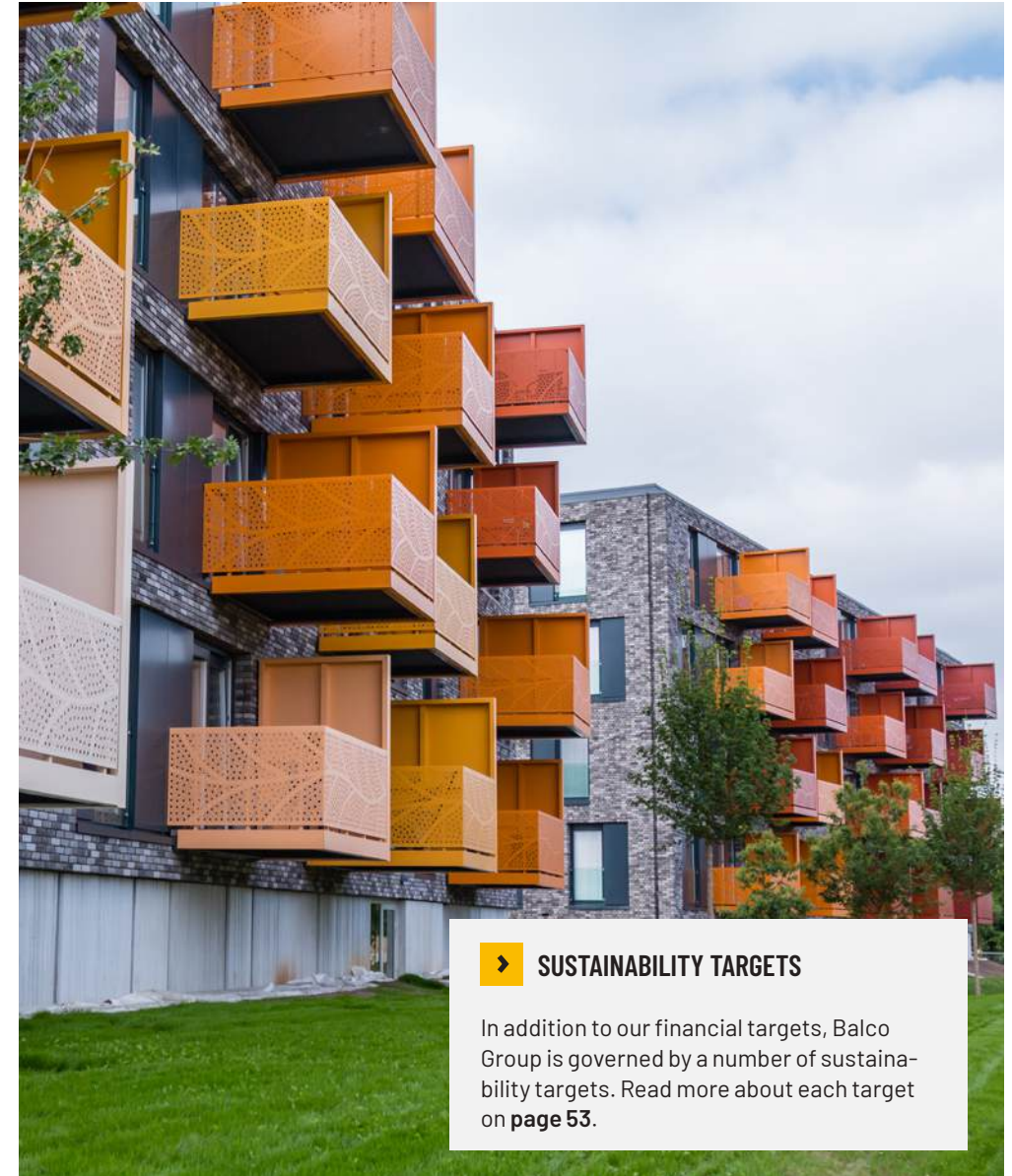
Earnings per share fell to SEK 0.05 (2.12). A narrower profit margin, restructuring and acquisition expenses, and increased finance costs all negatively impacted earnings per share.

## Capital structure

Interest-bearing net debt is not to exceed **2,5 times** EBITDA, other than temporarily.



Net interest-bearing debt (excluding lease liabilities) totalled SEK 260 million at the end of 2024, corresponding to 2.7 times pro forma adjusted EBITDA. Periodically, this figure may be significantly higher than the target due to acquisitions and other large transactions. The increase in net debt can be attributed to the acquisitions of Riikku and Suomen Ohutlevyasennus. The leverage ratio was also further impacted by declining profitability.



## > DIVIDEND POLICY

Balco Group aims to distribute 30–50% of its post-tax profits in dividends, taking into account the needs of Balco's long-term development and prevailing market conditions. The board proposes that no dividend be issued for this financial year.

## > SUSTAINABILITY TARGETS

In addition to our financial targets, Balco Group is governed by a number of sustainability targets. Read more about each target on **page 53**.

## COMMENTS FROM THE CFO

# Financial discipline in a challenging market

**The integration of** our acquisitions and intensive work on bolstering our operational efficiency were the hallmarks of 2024. Our turnover rose by 17% to SEK 1.4 billion, 30% of which was contributed by our Finnish acquisitions. Organic growth was -12%, due primarily to weaker markets in Sweden and Denmark. Meanwhile, other markets remained relatively stable, and growth was positive in Norway.

In spite of weaker overall organic growth, targeted cost management measures and efficiency improvements enabled us to maintain an acceptable, if not fully satisfactory, level of profitability, reflecting our focus on balancing short-term profitability with long-term development potential.

Throughout the year, we made a number of significant structural changes. We restructured the Riikku group by selling off its Norwegian business, integrating its Swedish business into RK Teknik, and integrating its Finnish subsidiary into its parent company. We also took significant steps in developing our production operations and improving their efficiency, so that they can become a centralised function within the group. This work will continue to some extent during 2025, with the short-term goal of safeguarding our margins. In the long term, we see significant potential for increased profitability.

We made a conscious choice to retain strategic resources, particularly in the areas of project management and sales, despite reduced activity levels. This way, we remain prepared to rapidly scale up our business once or-

der volumes rise, and we believe we will be able to increase sales significantly without investments.

**The year's most** positive news was our strong operating cash flow, which amounted to SEK 139 million, significantly above profit. We achieved this through intensive efforts related to our working capital. We have improved our handling of past-due invoices, minimising our risk exposure.

Our strong cash flow has helped to decrease our net leverage ratio. At the end of the year, it stood at 2.7 excluding leases and 2.9 including leases on a pro forma basis, approaching our target of 2.5. Now, our focus is on continuing to strengthen our financial position through improved profitability and short-term debt reduction. Under normal profitability, our current debt would be reasonable for a group of our size, with our ambitions. However, under our current profitability, we must reduce our debt.

**The integration of our Finnish** acquisitions has been a priority throughout the year. Riikku has proven to be a very well-managed company, with strong product development and efficient processes. While the Finnish market has faced challenging conditions over the course of the year, particularly in new build, both Riikku and Suomen Ohutlevyasennus have contributed positively to the group's cash flow through good cost management and efficient handling of working capital.

In Sweden, we have experienced increased competition and price pressure, particularly in facade renovation, which makes up 5% of our business. Several actors in the new build segment have temporarily shifted their businesses to focus more on renovation, resulting in increased price pressure and narrower margins.

In 2025, we expect to see continued pressure on our margins for the first half of the year, although there are signs of improvements to come in the second half. We expect to see gradual improvements as consumers' variable-rate loans benefit from reduced interest rates and real wage increases begin to materialise.

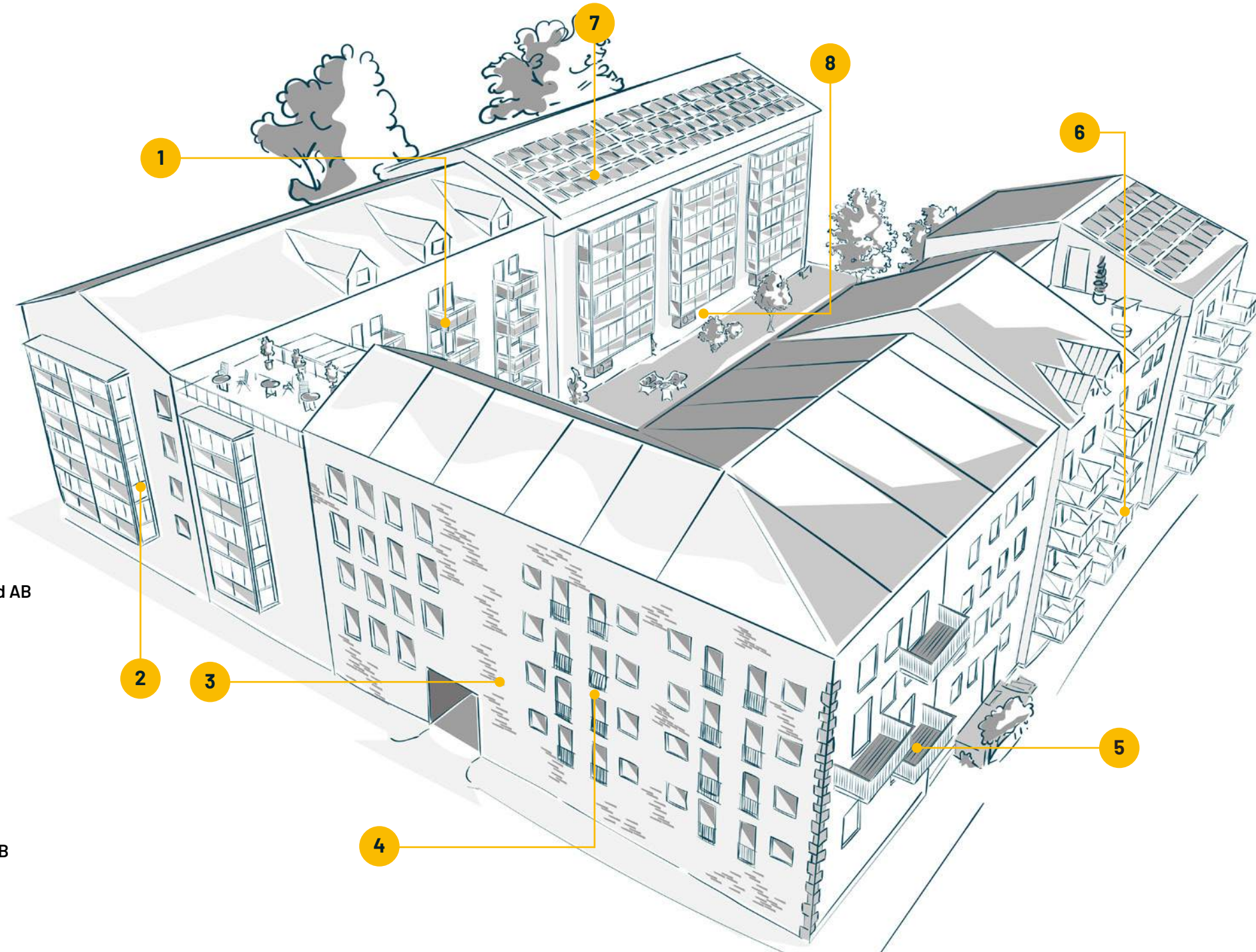
**In conclusion, we** will be focusing on increasing order volumes, improving profitability, and maintaining a strong cash flow. We expect to achieve organic growth throughout 2025, supported by positive developments in order volume throughout the second half of 2024 and increased customer activity in the renovation segment amongst our balcony companies in Sweden and Norway. In light of our bolstered operational platform and improved market conditions, we see good opportunities for a gradual return to our long-term profitability goals in the coming years.

Växjö, March 2025  
**Michael Grindborn**  
 CFO, Balco Group



# Balco Groups operations

Balco Group creates spaces for living. The group's operations include constructing, supplying, and installing glazed and open balconies; renovating facades; and providing complementary services. These offerings are aligned with the green transformation, and beyond improving residents' quality of life, each product aims to also minimise resource consumption for the property where it is installed.



- 1 AluOne balconies designed by **Balco AB**
- 2 Glazed Eriksberg balconies installed by **RK Teknik i Gusum AB**
- 3 Facade renovated by **Söderåsens Mur & Kakel AB, Stora Fasad AB** and **Suomen Ohutlevyasennus Oy**
- 4 French city balconies delivered by **Balco Altaner A/S**
- 5 Levitate, produced and installed by **Balco AB**
- 6 Classic balconies from **TBO-Haglinds AB** and **Riikku Oy**
- 7 Solar panels installed in consultation with **Balco AB**
- 8 TwinView balconies with integrated heat pumps from **Balco AB**

## SEGMENTS

# Renovation

Renovation is Balco Group's primary segment, and the largest geographical market for the group is Sweden, followed by the greater Nordic region. This segment mainly includes the replacement and extension of existing balconies, and the installation of new (primarily glazed) balconies on existing apartment buildings. The main drivers are a pent-up need for renovation and the prevalence of older buildings in the housing stock of the regions the group serves.

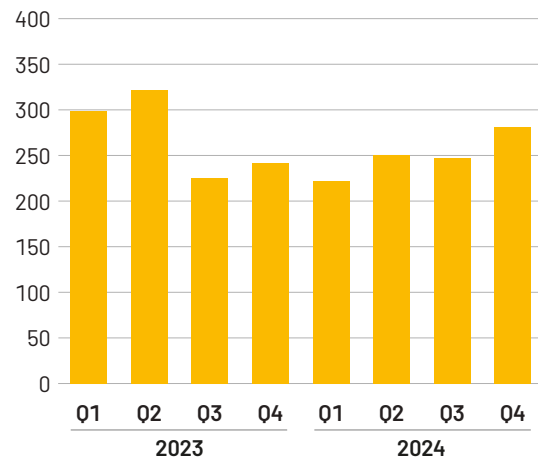
## > Development during the year

Net sales amounted to SEK 1,000 (1,088) million. This segment accounted for 71% (90%) of Balco Group's total sales. Order intake rose by 28% to SEK 1,074 million (839), corresponding to 78% (86%) of the total order intake. Adjusted operating profit (EBITA) amounted to SEK 56 (84) million, corresponding to an adjusted operating margin of 5.6% (7.7%).

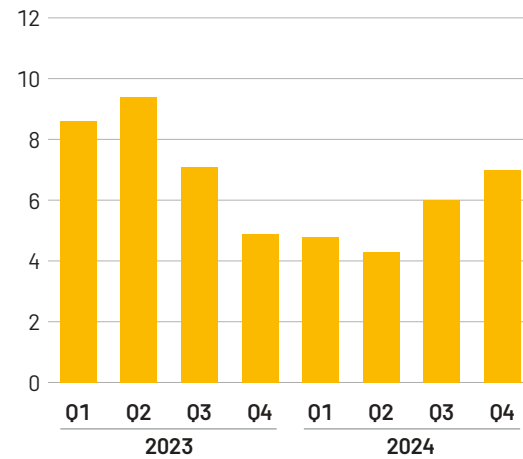
## > Trend

The renovation segment has high interest rate sensitivity. However, the need for renovations is great, as a large proportion of Northern Europe's residential stock was built between 1940 and 1980. In 2024, willingness to invest has continued to rise among the group's customers as interest rates have fallen, but demand remains low compared to the period before the outbreak of the war in Ukraine.

SALES GROWTH BY QUARTER SEK MILLION



OPERATING MARGIN BY QUARTER %



## SEGMENTS

# New Build

Balco Group operates in the new build segment in all markets where the company is represented. The group offers a full range of products, including the installation of balconies in new build projects and balcony solutions for the maritime sector. The main product category consists of open balcony solutions with fast delivery, easy installation, and high quality. Within this segment, Balco Group is expanding selectively with a focus on profitability and low risk.

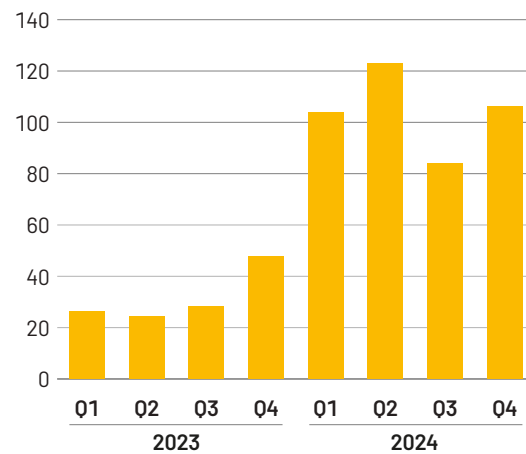
## > Development during the year

Net sales rose to SEK 418 (127) million. This segment accounted for 29% (10%) of Balco Group's total sales. The order intake rose to SEK 303 (138) million, corresponding to 22% (14%) of the total order intake. Adjusted operating profit (EBITA) rose to SEK 19 (5) million, corresponding to an adjusted operating margin of 4.5% (3.8%).

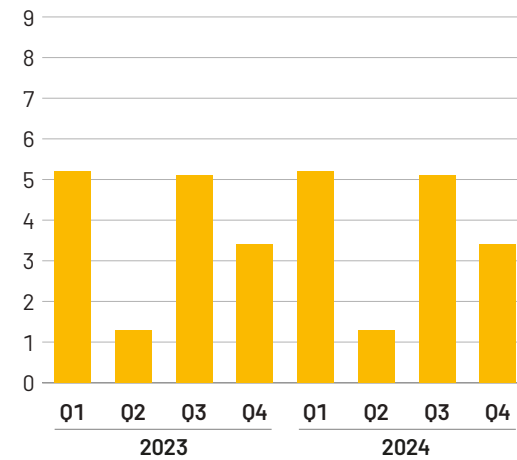
## > Trend

This segment is primarily driven by the pace of new build projects. Like recent years, 2024 was challenging for the entire construction industry, and the pace of expansion has stalled in many of Balco Group's markets. Within the segment, the Group has a strong focus on the Finnish and German markets, as well as on the British Isles, where the Levitate balcony has been well received.

SALES GROWTH BY QUARTER SEK MILLION



OPERATING MARGIN BY QUARTER %



## CUSTOMER OFFERS



## Balco Group's customer offering

**Balco Group's offering is a result of the Group's long-term vision and strategy to be the obvious choice for balconies. A large part of product development revolves around specific and adaptable solutions for different markets, customers, and types of properties.**

A decisive factor for many customers to choose Balco Group is the Group's ability to safely and securely deliver innovative and high-quality balconies and facade solutions. Although its products have evolved over time, the group's values – pride, entrepreneurial spirit, and quality – have always led the way forward. In our latest customer survey, 95 percent reported that they would recommend Balco Group to others, and the group continues to work actively to live up to each individual customer's requirements and expectations.

**Balco Group's customer offering** is partly tailored to its customers and markets. The Group has four main customer groups: tenant-owner associations, private property owners, public utilities and construction companies.

In Scandinavia, Balco AB generates most of its sales through outreach to residential associations. The group also arranges over 100 mini-fairs in Sweden and Norway annually to showcase balconies and products. For many of the other group companies, inquiries are the main driver of new projects, but participation in real estate and board events is also an important sales channel.

In public procurement, some sales also take place through inquiries. In certain markets, such as the UK, sales within new build are often made directly to construction consultants. These types of projects place different demands on Balco Group as an organisation, but ultimately,

it is about the basic principle of satisfying the customer's needs and wishes. However, with a wide product range that includes glazed balconies, city balconies, and open balcony solutions made from various materials, as well as its own manufacturing operations, installers, and supply chain, Balco Group has a competitive offering for all markets and all customer groups.

**Within the renovation** segment, many customers have additional needs for facade renovation, as well as an interest in energy and cost savings. An initial conversation about balconies is therefore a natural jumping-off point to discuss further services.

Balco Group's project management organisation has expertise in carrying out turnkey projects, as well as agreements with a number of subcontractors offering complementary services. All in all, this means that Balco Group can offer facade renovation, solar panel installation, additional insulation, heat recovery, and window replacement as add-ons for balcony projects. To create further added value, Balco Group offers assistance with building permit applications and decision-making documents for association meetings. In Sweden, Balco AB also has a co-operation agreement with a Nordic bank which, in turn, offers up to 70 years of amortisation on a project, making an investment both environmentally and financially sustainable.

## CUSTOMER OFFERS



### > Glazed balconies

**63%** of total group sales

**Glazed balconies are** a cost-effective balcony solution that contributes to energy savings by reducing the thermal bridge between the indoor and outdoor environment. When renovating, the best effect is achieved by replacing the balcony slab followed by glazing with one of Balco Group's patented balcony solutions. Glazing also contributes to noise reduction while reducing the risk of corrosion of the reinforcement, which in turn protects the new concrete slab against frost cracking. Overall, a glazed balcony creates a safer and more pleasant living environment and has a positive impact on both energy consumption and property value.

**Within the glazed** balcony product category, through Balco AB, Balco Group holds several patents for unique functions, such as ventilation and drainage. Our product portfolio includes the customised Access glazing system for open attics, and an integrated heat pump solution launched in 2023 and further refined in 2024. For properties where it is appropriate, Balco AB also offers climate walls. In this solution, the entire facade is covered with glazed balconies, creating an extra climate shell for the building. Another example of a complex project is glazed multi-storey balconies adapted for terraced houses. The solution is aesthetically pleasing while solving drainage and water run-off problems.



### > Open balconies

**23%** of total group sales

**Several of Balco Group's** companies produce open balconies for both the renovation and new build segments. The balconies are always customised for each customer, and they range from standardised products for new build to city balconies, adaptable in size, material and shape, and are relatively small designs made from steel. The latter are relatively small designs made from steel. City balconies are specially designed for inner-city environments with stringent design requirements, common in older properties. Balco Altaner A/S has a market in the Copenhagen city centre for this type of balcony, while RK Teknik i Gusum AB supplies the Swedish market.

**Balco AB has** a wide variety of prefabricated balcony solutions in its product portfolio. AluOne and AluTwo are primarily designed for the German market, but are also sold in the British Isles and the Dutch market. It is a flexible and cost-effective aluminium balcony, which is adaptable and can be safely installed in a wide variety of properties. Levitate is another prefabricated solution, specifically designed for the UK market, which began delivery in 2021. The balcony is built in advance and delivered complete to the property, making it possible for a team to assemble up to 30 balconies in one day. Since 2023, Balco has also offered Levitate in a new aluminium version, further broadening the product's range of applications.



### > Facade and other services

**14%** of total group sales

**Balco Group offers** complete facade solutions and a number of other services in the renovation segment. Within Sweden, Stora Fasad AB and Söderåsens Mur & Kakel AB specialise in traditional services, such as bricklaying, plastering, ventilation conversion, and installation of additional insulation. Since 2024, Suomen Ohutlevyasennus has also been part of Balco Group. Offering turnkey construction services, the company operates in Turku and the surrounding area on the Finnish market. Investments in facade renovations generally create a better indoor climate by improving ventilation and reducing cold drafts. Furthermore, facade renovations lead to energy savings and a higher property value, which is often seen as an attractive opportunity for property owners.

**Within this product** category, Balco AB also offers an integrated heat pump solution that can be installed as part of a renovation project as well as other energy-saving products, such as solar panel installation. Many of the subsidiaries additionally offer a large selection of products specifically developed for balconies, such as privacy screens, side and intermediate screens, glass corners, balcony doors, and sun protection in the form of electrically powered awnings. This line-up also includes roller blinds, flower boxes, flag brackets, solar panels, and locks. TBO-Haglinds AB has specially adapted products, such as integrated lighting, ceiling heating, and facade panels for the balcony interiors.

## INTERNATIONAL PRESENCE

# Balco Group expands in Europe

**At the beginning of 2024, Balco Group had operations in eight countries in Northern Europe: Sweden, Norway, Denmark, Finland, Germany, the Netherlands, the United Kingdom, and Ireland. Balco Group has also accepted individual projects in several other countries on occasion.**

Balco Group's expansion in Northern Europe has been an important part of the company's growth for many years and will continue to play a crucial role in the future. The fact that the group controls production and has supply chains in place throughout Northern Europe, including the British Isles, simplifies expansion.

Differences in rules, regulations and procurements between the geographical areas place stringent demands on Balco Group as a whole, as well as on our sales organisation specifically, which has built up relationships with property managers in each country over many years.

**In Sweden and Norway,** Balco Group often works directly with residential associations to provide customised solutions. A large majority of projects are in the renovation segment and it is often a priority that the project is carefully planned according to conditions and budget and is carried out as quickly and smoothly as possible.

In Denmark and especially in Copenhagen, where Balco Altaner A/S operates, renovation is also the most common segment. The largest product category in Copenhagen is city balconies, which are available in both standardised and customisable formats, enabling Balco Altaner A/S to

undertake many types of assignments, regardless of the property.

One key difference between Scandinavia and the United Kingdom is that in the British Isles, there are more new build projects and construction companies are the main customers, so price, quality, and reliable delivery are crucial. Successful projects often lead to further collaborations, which means long-term relationships are of great significance. The UK also has specific regulations on fire safety. This combination of a large proportion of new construction and special regulations has meant that Balco Group has developed a specific product development and sales strategy for the market with its own patented solutions.

**In Germany and the Netherlands,** the group has projects in both new build and renovation. The German market is somewhat unique in that there are huge property managers who can be responsible for up to thousands of homes in multiple properties in different areas. In other words, a small, well-executed project can lead to larger procurements in the future. The ability to quickly adjust production and plan deliveries as a subcontractor is a prerequisite for success.



**Glazed balconies in Laan der Continenten, Alphen aan den Rijn, Netherlands.**



**Corner balconies at Street Court in Poole, United Kingdom.**



**AluTwo balconies on Rudower Straße in Berlin, Germany.**



## > BALCO GROUP IN FINLAND

At the beginning of 2024, Balco Group acquired Riikku Group Oy and Suomen Ohutlevyasennus Oy, which operate on the Finnish market. **Read more about the acquisitions on the following pages.**

## INTERNATIONAL PRESENCE

# Balco Group takes a leading position in the Finnish market

Through its strategic acquisitions of Riikku and Suomen Ohutlevyasennus in the first quarter of 2024, Balco has taken up a leading position in the Finnish balcony and facade market. Despite its geographical proximity to the group's main market in Sweden, the Finnish market is developing differently, and Balco Group sees great opportunities here to gain market share.

The acquisitions of Suomen Ohutlevyasennus and Riikku enable continued expansion in the Finnish market through local expertise and good customer relations.

**Riikku is a** glass and aluminium construction company whose main business includes the development, manufacturing, and installation of glazed balcony solutions. Riikku's glazing solutions include innovative material choices and modular designs that reduce production times. Riikku works primarily in the new build segment and is often a subcontractor for large construction companies, but the company has also collaborated on several projects with Suomen Ohutlevyasennus.

**Suomen Ohutlevyasennus is** a leading player in turnkey contracting, with facade renovation as its speciality. The company operates primarily in the Turku region and has built a strong brand in Finland over 40 years. Today, there is a strong focus on project management, with Suomen Ohutlevyasennus managing projects with its own staff and using a carefully selected group of subcontractors to manage large projects. For example, in 2024, the company completed a project that included a total of 29 properties.

In recent years, the Finnish construction market, like the Swedish one, has suffered from a reduced willingness to invest due to a weaker macroeconomic outlook. For

Balco Group, however, increased geographical diversification means opportunities to reach more customers – in the right markets – where the willingness to invest currently exists.

**Both acquisitions also** enable collaborations within the group. For example, Riikku has started a collaboration with RK Teknik, which has expanded its portfolio with Riikku's products. Other partners for Riikku are NMT Montageteknik, which specialises in balcony installation and carries out turnkey contracts in Sundsvall and the surrounding area, and Balco AB, which has access to the German market. Suomen Ohutlevyasennus also has good opportunities to cooperate with Balco AB in the future.

The knowledge and experience from the Finnish market that Suomen Ohutlevyasennus and Riikku contribute to Balco Group create a stable foundation for long-term growth in the group and in the Nordic region. Balco Group's competitive advantages are growing as the group becomes larger and its portfolio of products and services becomes broader. These acquisitions are in line with our long-term strategy to be the leading balcony supplier in the Nordic region and to be able to execute larger turnkey projects within the framework of transforming properties to be greener.



## INTERVIEW: SUOMEN OHUTLEVYASENNUS



## “ We had 7-8 parties interested in acquiring us

**For the past 40 years, Suomen Ohutlevyasennus has been a turnkey contractor renovating buildings in throughout Finland's greater Turku area. The company's two leaders and co-owners – Jukka Stam, whose father founded the company in 1984, and Mikko Jokinen – have been around since the start and the mid 90s, respectively. Between the two of them, there's nothing they don't know about the local market.**

Suomen Ohutlevyasennus is a family business and has remained so except for a few years in the early 2000s when the company was bought by Danish Icopal. When Icopal was sold in 2012, Jukka Stam saw an opportunity to buy the company back, and he quickly managed to recreate the warm, familiar atmosphere and the culture and values that had been there from the start. Many of the 25 employees have worked for the company for many years, and all of the approximately 70 subcontractors that Suomen Ohutlevyasennus has in its network are interested in the company's well-being.

**Since 2012, Suomen Ohutlevyasennus** has grown considerably, and in 2020, Jukka appointed his friend and long-time colleague Mikko as the company's CEO, while taking on the role of business developer himself. The successful business has turned heads, and becoming a part of Balco Group in 2024 was a big step.

“We've been doing this for 40 years, and it just felt like the right time to do something new. We had 7-8 buyers who wanted to acquire us, but we thought Balco was the best match because they allowed us to continue working in our way while giving us good opportunities to expand and do something new,” says Jukka.

“We want to work our own way. That's the only way, as far as we're concerned. Nobody knows us and what we can do better than we do, and with Balco Group, it's been so easy,” Mikko adds.

**The shared knowledge** of the local Turku market is something that has historically driven the company forward, and instead of expanding geographically, Suomen Ohutlevyasennus has simply tried to offer its customers more products and services.

“We do most of our work in Turku. We are also interested in expanding to other parts of Finland, but for now we have enough work here in the Turku region,” says Mikko.

Jukka continues:

“We work a lot with Riikku, but not so much with the rest of Balco Group yet. But over time, we will be implementing some of Balco Group's products into our offerings. It's going to be amazing.”

On market conditions on Finland, the two both say things are a bit slower than usual, but they haven't experienced the same level of restraint as in Sweden.

“We just finished a big project in Turku with 29 buildings, and early next year, we're starting another big project with nine buildings. We're open to taking on more projects, too. Our pipeline runs up to summer 2026 right now, so while we have noticed a small change, we really have one of the better problems you can have: too much work,” Mikko reveals.

**All in all**, it's been business as usual for them ever since joining Balco Group in early March. Both Mikko and Jukka say they are satisfied with how the collaboration works.

“The most noticeable difference is having to write a monthly report now,” Mikko observes.

“Oh, and we have a new bank,” concludes Jukka.

### › THIS IS SUOMEN OHUTLEVYASENNUS

Suomen Ohutlevyasennus Oy is a leading turnkey contractor specialising in facade renovation. Headquartered in Turku, Finland, the company works primarily in the renovation segment, but it also installs facades on new buildings. Suomen Ohutlevyasennus has 25 employees and 60–70 regular subcontractors.

### › MARKET POSITION

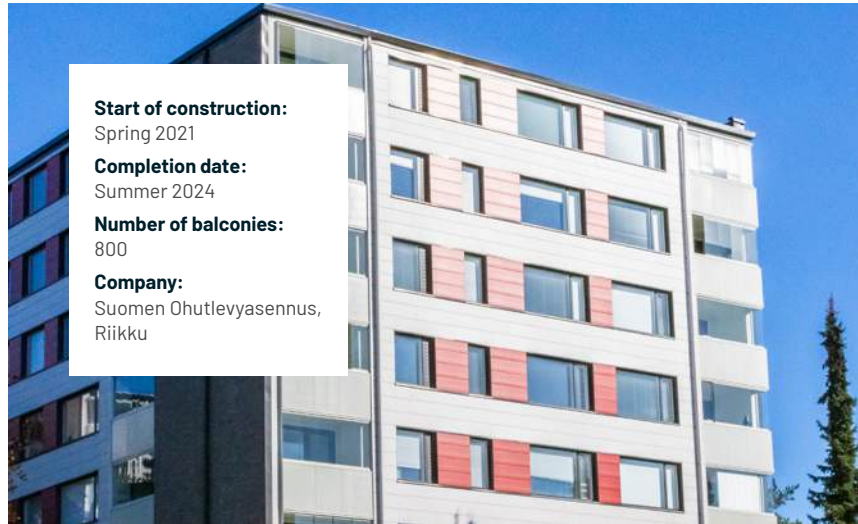
With 40 years of experience and a strong focus on project management and its own staff, Suomen Ohutlevyasennus has built a strong brand in the Turku region. Its primary customers are residential associations and major construction companies, for which Suomen Ohutlevyasennus is a valued subcontractor. Approximately 20% of the company's 2024 revenue came from projects where Suomen Ohutlevyasennus was brought in by a larger construction company as a subcontractor.

### › FUTURE PROSPECTS

Suomen Ohutlevyasennus continues to have a clear focus on the Finnish market, with approximately 80% of revenue from the renovation segment and 20% from new build. The company is also considering projects in other cities in Finland. Rather than prioritising geographical expansion, Suomen Ohutlevyasennus wants to expand its offer to its current customers. Being part of Balco Group will allow the company to begin expanding into balconies and additional services.

## PROJECTS DURING THE YEAR

# Housing designed for the future



**Start of construction:**  
Spring 2021

**Completion date:**  
Summer 2024

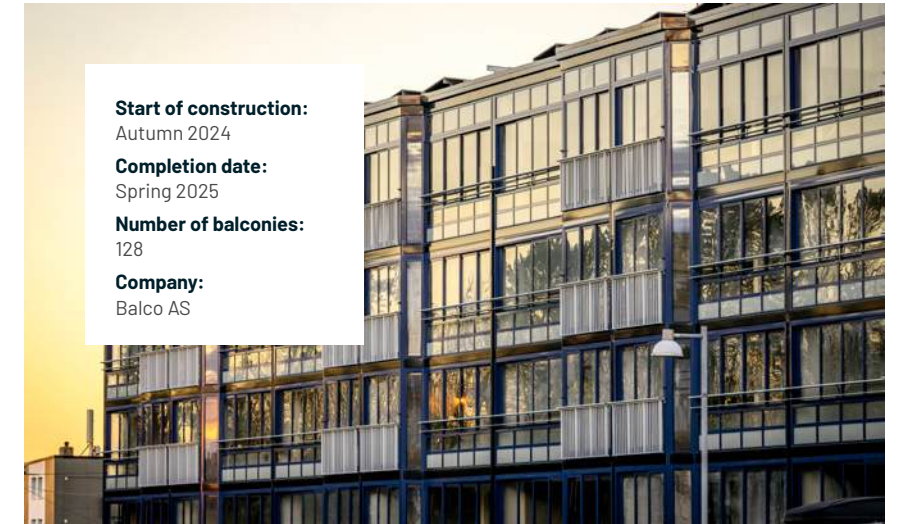
**Number of balconies:**  
800

**Company:**  
Suomen Ohutlevyasennus,  
Riikku

## ↓ Greenpark

Berlin, Germany

**In the summer** of 2024, Balco AB was commissioned to supply balconies for Goldbeck's large Greenpark project in the centre of Berlin. In total, the contract concerns the production, delivery and installation of 584 balconies of the AluTwo model, an adaptable and open balcony that was the first choice for the project. AluTwo is a modular balcony system that is 100 percent recyclable, which was a major contributing factor in Balco AB being selected as a supplier. The contract for the 584 balconies is worth EUR 3.3 million.



**Start of construction:**  
Autumn 2024

**Completion date:**  
Spring 2025

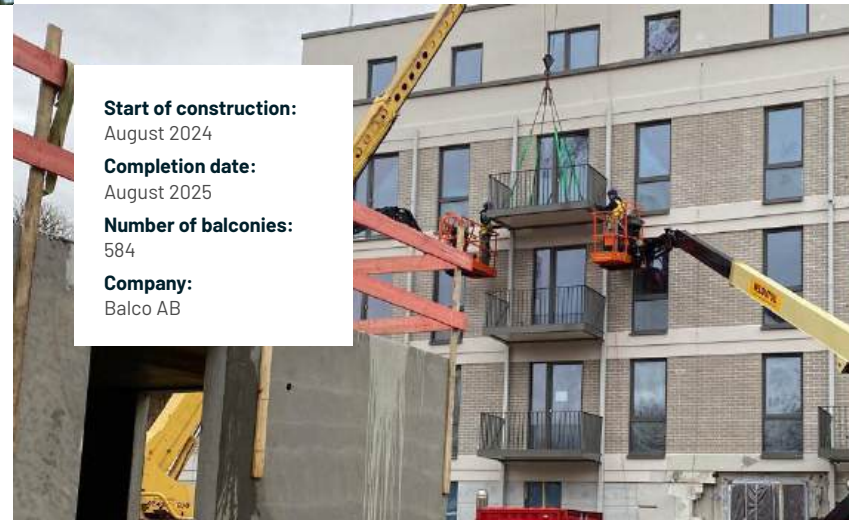
**Number of balconies:**  
128

**Company:**  
Balco AS

## ↑ Hepokulta

Turku, Finland

**The renovation of** the Hepokulta residential area in Turku, Finland, was one of the largest renovation projects in Finland in 2024. The contract involved the facade renovation of a total of 29 buildings and the glazing of over 800 balconies. The project was a turnkey contract carried out by Suomen Ohutlevyasennus with Riikku as subcontractor for the glazing.



**Start of construction:**  
August 2024

**Completion date:**  
August 2025

**Number of balconies:**  
584

**Company:**  
Balco AB

## ↑ Bjørgene 1

Haugesund, Norway

**Balco AS's project** in Bjørgene 1 was one of the largest in Norway this year. The property had a worn facade and worn balconies, which led to a major project to dismantle the balconies and parts of the facade and replace them with a so-called climate wall. The climate wall consists of glazed balconies for each individual dwelling that are linked together to form an outer shell of the property. This project also includes the replacement of roof and facade panels and the installation of solar panels and air-to-air heat pumps. Thanks to the renovation, the living environment in the buildings has improved considerably and the association also expects to make energy savings.

## HISTORY



## Balco Group's history

- **1987** Balco AB is founded by Swedish entrepreneur Lars Björkman.
- **1988–1990** Expansion into Norway and Germany.
- **2001–2005** Balco AB enters new markets in the UK and Denmark.
- **2010** Geographical expansion continues with the Netherlands.
- **2013** Own manufacturing unit established in Poland.
- **2015** Acquisition of Kontech A/S, now Balco Altaner A/S, and expansion into Finland.
- **2017** Balco Group becomes listed on Nasdaq Stockholm. New 5,800-square-metre manufacturing unit in Poland.
- **2018** Acquisition of TBO-Haglinds AB. Net sales reach SEK 1 billion. First maritime project delivered.

- **2020** New strategic direction with broader offerings and sustainability focus.
- **2021** Acquisition of Stora Fasad AB and RK Teknik i Gusum AB. Balco Group implements several major sustainability initiatives.
- **2022** Acquisition of Söderåsens Mur & Kachel AB and Arutex AB. The group is awarded a low ESG risk rating by Sustainalytics.
- **2023** Acquisition of NMT Montageteknik i Norden AB. Balco Group receives its first order in Ireland.
- **2024** Acquisition of Riikku and Suomen Ohutlevyasennus.

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## GROUP OVERVIEW

# Group overview

Balco Group comprises eight companies trading under their own brands, as well as several additional subsidiaries, most of which are organised under Balco AB. All of the companies operate their own activities under their own management.

## BALCO AB

CEO: Camilla Ekdahl

- **Number of employees:** about 250 ● **Founded:** 1987 ● **Market:** Europe
- **Activities:** Balco AB is a market leader in the balcony sector. The company develops, manufactures, sells, and is responsible for the installation of self-manufactured open and glazed balcony systems. Balco AB's balcony systems are used in new build, renovation, redevelopment and extensions, and for glazing previously open balconies. The customer base includes residential associations, the public housing sector, private property owners, architects, property developers, and ferry operators. The head office, along with its own manufacturing facility, is located in Växjö, Sweden. The company has sister subsidiaries located in Norway, the United Kingdom, Germany, Poland, and the Netherlands.

## BALCO ALTANER A/S

CEO: Johan Söderling

- **Number of employees:** about 40 ● **Founded:** 2006 ● **Market:** Denmark
- **Activities:** Balco Altaner A/S started as Kontech Altaner A/S and was founded by Niels Jensen in the mid-1990s. The focus then, as now, was on city balconies for the Danish market, in particular in Copenhagen's inner city. In 2015, Kontech was acquired by Balco Group and has since gone under the name Balco Altaner A/S. Its headquarters are located on Hammerholmen in Copenhagen, and its main customer group is housing associations and condominiums.

## RIIKKU

CEO: Joakim Petersen-Dyggve

- **Number of employees:** about 150 ● **Founded:** 2005 ● **Market:** Finland
- **Activities:** Balco Group acquired Riikku in early 2024. This was the largest acquisition in the group's history, and it allowed Balco Group to strengthen its position in Finland and the greater Nordic region. Riikku was founded in 2005 and is one of Finland's two largest suppliers of glazed balconies. The company primarily operates in the new build segment, but it also services the renovation segment. Riikku's head office is located in Alavus, Finland, and has sales offices in several Finnish cities.

## SUOMEN OHUTLEVYASENNUS OY

CEO: Mikko Jokinen

- **Number of employees:** about 25 ● **Founded:** 1984 ● **Market:** Finland
- **Activities:** Suomen Ohutlevyasennus Oy was founded in 1984 and is a leading player in turnkey contracting with facade renovation as an area of expertise. The company is headquartered in Turku and operates mainly in the renovation segment, but also carries out facade cladding of new buildings. Suomen Ohutlevyasennus is active on the Finnish market. Customers are primarily residential associations and construction companies. With 40 years of experience and a strong focus on project management and in-house staff, the company has built a strong brand. Balco Group acquired 60 per cent of the shares in Suomen Ohutlevyasennus Oy in the first quarter of 2024 with an option to acquire the remaining shares.

## RK TEKNIK I GUSUM AB

CEO: Johan Karlsson

- **Number of employees:** about 50 ● **Founded:** 1982 ● **Market:** Sweden
- **Activities:** RK Teknik i Gusum AB initially manufactured balcony details, such as stud screws and concrete fastening products. In 1991, the business had developed, and the company was now manufacturing and selling both individual details as well as complete balconies. Growth continued and in 2011, the business moved from a barn near Leckersbo Gård, to a balcony factory of around 12,000 sq.m. in Gusum, Östergötland. Today, the company is one of Sweden's leading manufacturers of balconies. The company has been owned by Balco Group since 2021.

## TBO-HAGLINDS AB

CEO: Pär Haglind

- **Number of employees:** about 50 ● **Founded:** 1996 ● **Market:** Sweden
- **Activities:** Haglinds Svets AB was founded in 1970 and manufactured forged structures for industry during the 1970s and 80s. TBO AB, meanwhile, developed in the 1980s, carrying out renovation and replacement of balconies for apartment blocks. As time wore on, the two companies collaborated ever more closely, and finally merged in 1996. Balco Group acquired TBO-Haglinds AB in December 2018. The balcony contracting side has grown over the years and become an increasingly dominant part of the business with customers all over Sweden. In 2022, TBO-Haglinds AB acquired the fitting company Arutex AB, which now develops and improves the efficiency of TBO-Haglinds AB's offering for balcony assembly. Arutex was founded in 2011, is located in Arboga, and employs around 10 people. For several years, Arutex has been one of the largest partners of TBO Haglinds AB, carrying out the actual assembly of balconies and glazing.

## STORA FASAD AB

CEO: Johan Bengtsson

- **Number of employees:** about 20 ● **Founded:** 1989 ● **Market:** Mälardalen
- **Activities:** Stora Fasad AB offers various services for facades, including masonry, plastering, window replacement, balcony, and roof work, for renovations and maintenance as well as new build and turnkey contracting. The company also offers related services such as scaffolding and scaffold rentals. The head office is located in Västerås. The company has been part of Balco Group since 2021.

## SÖDERÅSENS MUR- & KAKEL AB

CEO: Ola Gustavsson

- **Number of employees:** about 20 ● **Founded:** 1997 ● **Market:** Sweden
- **Activities:** Söderåsens Mur & Kakel AB offers facade work including masonry, plastering, and insulation, for renovations as well as new build projects. Customers include residential associations, public-sector housing, private property owners, and construction companies. The head office is located in Kågeröd in north-western Skåne, and the company is run by the founders, Ola Gustavsson and Emil Johansson.

RISK MANAGEMENT

# f Risks and risk management

Exposure to and management of risk is a natural part of doing business. The focus is on identifying risks, preventing risks from occurring and preparing action plans to mitigate any damage these risks may cause. The risks can be divided into industry and market risks, operational risks, financial risks, regulatory risks and sustainability risks. Risks, even if prevented, may have a negative impact on operations.

**Risks**

A risk is defined as the uncertainty about the occurrence of an event that may affect the company's ability to achieve its defined goals. Risks are a natural part of all business and must be managed effectively. Risk management aims to prevent, mitigate, and limit the negative impact of risks on the business.

Balco Group conducts an annual overall risk assessment to identify and assess risks that threaten the achievement of the group's goals. Balco Group defines a risk as a possible future event that threatens the organisation's ability to achieve its goals.

Identified risks are assessed based on the following two criteria:

- Likelihood of the risk scenario occurring
- Consequences for Balco Group should the risk occur

**Risk management**

Balco Group's management has identified possible events that could have an impact on the company's operations. The events have been evaluated and reduced to a net list of what are considered to be the most relevant risks. The risks have been graded according to low, medium, and high probability of occurrence and

subsequent impact if the risk were to occur. In order to manage and counteract identified risks, a number of control activities (risk mitigation measures) have been defined.

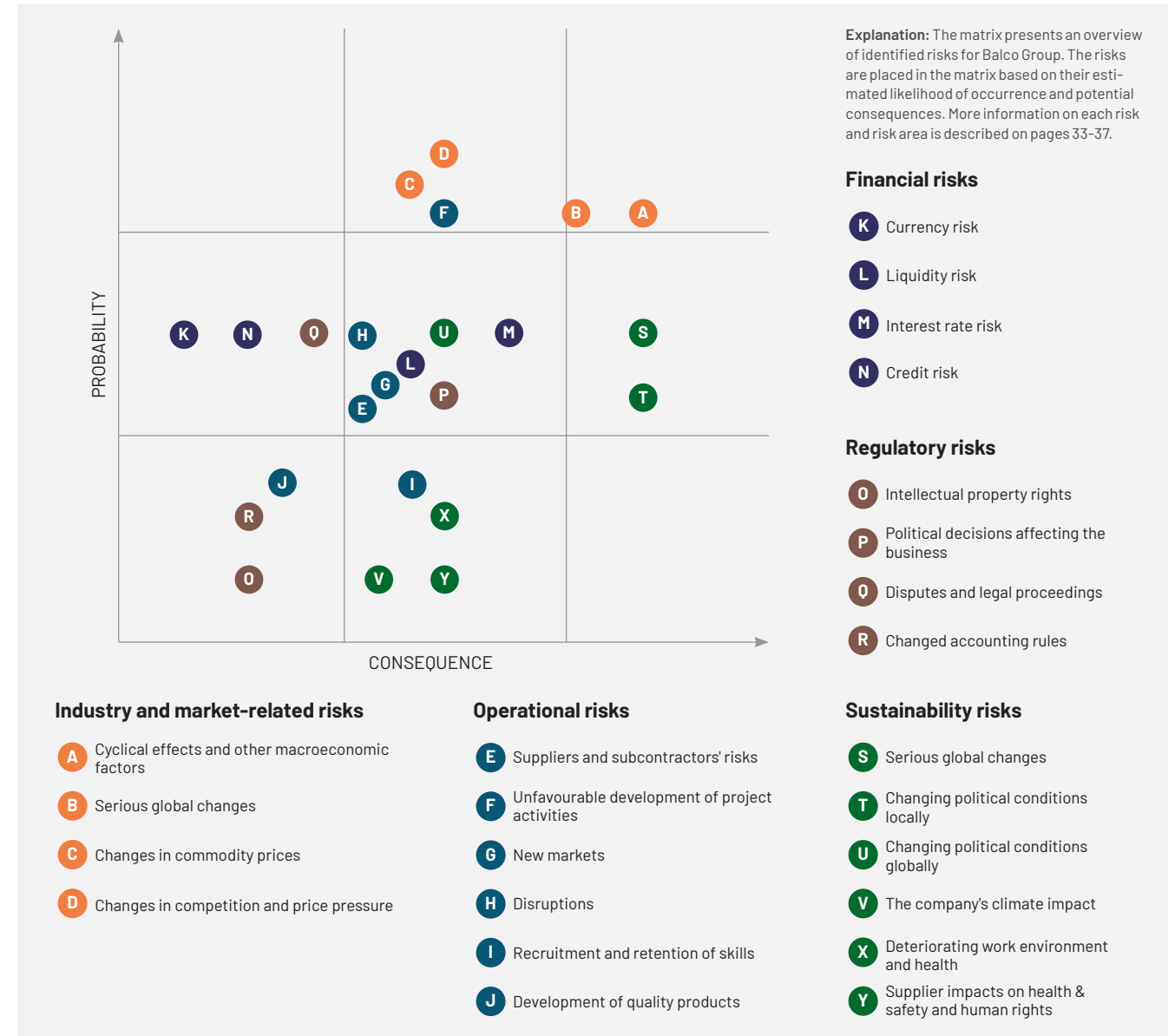
For each identified risk, there are activities to mitigate, limit, control, and manage the risk.

An evaluation of the effectiveness of the control activities must be carried out annually. Balco has a group-wide monitoring process where the effectiveness of controls is evaluated and reported to the CFO of Balco Group. The CFO is responsible for presenting the results of the evaluation to the Audit Committee and the Board.

**Overall risk areas**

The group's activities expose it to various types of risk. The risks can be grouped into five categories:

- Industry and market-related risks
- Operational risks
- Financial risks
- Regulatory risks
- Sustainability risks



## RISK MANAGEMENT

## Industry- and market-related risks

Industry and market-related risks refer to external factors, events, and changes in the markets in which Balco Group operates that may have an impact on the ability to achieve the company's defined goals. These risks include changes in demand due to a weaker economy or other macroeconomic changes, changes in the prices of raw materials that are key to Balco Group's production operations, and a change in competition or price pressure.

Risk	Description	Management	Probability	Consequence
<b>A B</b> <b>Cyclical effects and other macro-economic factors</b>	Balco Group's activities are affected by the general financial and political situation in the world, as well as by other serious changes in the world due to natural disasters, epidemics/pandemics, wars, migration, etc. Rising interest rates and high inflation have a negative impact, as they affect the group's customers. The company is mainly affected by events affecting the Nordic markets and other countries where the group operates. A downturn in the economy, political changes and other serious changes in the world may create unrest in the markets in which the company operates and thus affect demand for its products.	The companies in the Balco Group are active in the market for balcony solutions, which is a niche market within the construction market. Balco is mainly active in the renovation segment, which is driven more by the existing need to renovate than the more cyclical new build segment. Balco Group operates on a project basis. Every year, we handle a wide range of projects of different sizes and in different markets. The dependence on a single customer is therefore small. Rising interest rates and inflation affect our customers' ability to obtain attractive credit terms.	● High	● High
<b>C</b> <b>Commodity prices</b>	Balco Group's profitability is affected by the development of raw material prices for aluminium, steel, glass, and concrete. Changes in commodity prices may affect the performance of individual projects.	Balco Group hedges material costs on an on-going and annual basis based on future needs. The company's project activity means that each project is an individual price negotiation. Long lead times and the fact that each project is unique mean that indexed price adjustments, to deal with changing commodity prices, are found in most customer contracts.	● High	● Medium
<b>D</b> <b>Competition and price pressure</b>	The competitive landscape varies across geographic markets and product segments. Balco Group's main competitors are concrete renovators and other balcony suppliers. Increased competition may have a negative impact on operations and results.	Balco Group competes mainly with concrete renovators that are not niched in the balcony renovation market. Through Balco Group's local presence and its business model of helping the customer throughout the process, Balco Group contributes significantly to the creation of its own market. Balco Group currently has a niche portfolio of products at the forefront of innovation and technology, which creates a competitive advantage.	● High	● Medium



## RISK MANAGEMENT

## Operational risks

Operational risks relate to the day-to-day operations, and the ability to meet commitments to customers. Risks can often be managed through internal control activities such as preventive and/or monitoring controls. Examples of operational risks include Balco Group's ability to develop and sell innovative new products and solutions, the group's ability to attract and retain qualified employees, and the group's profitability being dependent on the performance of individual projects, i.e. Balco Group's ability to predict, calculate, and deliver projects within the established financial calculations.

Risk	Description	Management	Probability	Consequence
<b>E</b> Suppliers and subcontractors	Balco Group depends on its suppliers and subcontractors to produce, design, and deliver a final product. The group has most of its production in-house, and its products consist of components and raw materials from a variety of suppliers.	Balco Group has identified its strategic suppliers and subcontractors and ensured that alternatives are available.	● Medium	● Medium
<b>F</b> Project activities	Balco Group's profitability depends on the performance of individual projects. The calculations and plans produced at the start of projects, and regularly updated, form the basis for the timing of revenue and profit recognition.	During the year, Balco Group has adapted and standardised the profit recognition model so that it is handled in the same way in all Group companies. The change has been implemented as we have seen that deviations mainly occur during installation and at the end of the project. This change reduces the risk of major project deviations. There is a clear process and procedure for how projects are costed and monitored.	● High	● Medium
<b>G</b> New markets	Balco Group is exposed to the risk of project activities in new markets becoming too costly and resource-intensive. New markets entail different legal requirements, particularly in terms of health and safety at work, building requirements and fire safety.	Balco Group draws on local expertise in new markets to ensure that local regulations and requirements are met. Expansion into new markets will continue to take place through the acquisition of local incumbents.	● Medium	● Medium
<b>H</b> Disruptions	Balco Group's operations consist of many processes where a disruption such as fire, sabotage, machine breakdown or IT system failure can have an impact on the company's ability to meet its commitments to customers, thereby negatively affecting profitability.	Balco Group has identified and secured IT capacity for existing production capacity. A review of business-critical systems is conducted annually.	● Medium	● Medium
<b>I</b> Recruitment	For Balco Group, it is very important to be able to attract and retain qualified employees and key personnel.	The group strives to be an attractive employer offering a competitive package in terms of compensation and benefits, but also by creating a culture that our employees want to grow in and be a part of. Balco Group is active in the market to attract staff and pursues an active human resources policy.	● Low	● Medium
<b>J</b> Product development and production capacity	Balco Group's earnings and competitiveness depend on its ability to develop and sell innovative new products and solutions. The company is investing significant resources in further developing its existing product portfolio. As the company's products are manufactured in its own production units, Balco Group is dependent on good planning. To ensure future growth in a satisfactory manner, Balco needs to be 6 to 12 months ahead in planning production capacity.	Balco Group operates on a project basis, which means that it has good foresight and visibility in terms of production and delivery needs. The company continuously monitors all projects, deliveries, and production orders. As the lead times within the company's projects are relatively long, good forward planning is possible. Balco Group also owns land that will allow further expansion.	● Low	● Low

## RISK MANAGEMENT

## Financial risks

The group's activities expose it to financial risks such as financing risk, liquidity risk, credit risk, interest rate risk and currency risk. The group's financial policy provides a framework of guidelines and rules, as well as risk mandates and limits. Responsibility for the group's financial operations and risks is managed by the CFO in consultation with the CEO and the Board. The aim is to ensure cost-effective financing and to minimise negative effects on the group's results due to market changes.

Risk	Description	Management	Probability	Consequence
<b>K</b> Currency risks	Balco Group is affected by currency risks that can be divided into transaction exposure and translation exposure. Transaction exposure arises when a sale or purchase price is quoted in a foreign currency. Balco is mainly exposed to movements in EUR, NOK, DKK, PLN, and GBP against SEK. Translation exposure arises when subsidiaries' balance sheets and income statements are translated from local currency into SEK.	Transaction exposure is managed mainly through natural hedging, which means that payments are made in the same currency as cash flows from receipts. Balco Group also manages risks through currency hedging in accordance with its financial policy.	● Medium	● Low
<b>L</b> Financing and liquidity risks	There is a risk that the company's financing options may become more difficult or costly. Although the company's financial position is currently satisfactory, the company may need access to additional financing. Balco Group is engaged in project activities in which net sales, earnings and liquidity are affected by building permit approvals, project phases, and payment plans.	The group has good forward management of its projects, which provides relatively good visibility and enables planning. The company strives to have good liquidity, which is regulated by the company's financial policy with set liquidity targets.	● Medium	● Medium
<b>M</b> Interest rate risks	Balco Group is exposed to interest rate fluctuations in its debt financing.	The risk is managed through future debt/equity ratio targets.	● Medium	● Medium
<b>N</b> Credit risks	Balco Group's credit risk is limited. The cases where credit risks may arise are in the event of insolvency or default of the company's customers.	Balco Group's customers consist largely of residential associations, property owners and construction companies. A review of the customers' finances is carried out before the start of a project to ensure the financial stability of the counterparty. In most cases, the projects have a forward payment plan, supplemented in specific cases by credit insurance.	● Medium	● Low

## Regulatory risks

Regulatory risks relate to the ability of the business to manage the impact of new legislation and regulation, as well as to manage unforeseen litigation or other legal or contractual uncertainties.

Risk	Description	Management	Probability	Consequence
<b>O</b> Intellectual property rights	Balco Group invests significant resources in product development and in protecting its innovations through patents. If Balco Group fails to protect and maintain its intellectual property rights, there is a risk of others copying its products, which could have a negative impact on its business, sales, and earnings.	A significant part of Balco Group's products and their functions are protected by patents. As products are developed, the company's patents are renewed and strengthened.	● Low	● Low
<b>P</b> Political decisions, legislation and regulations	Political decisions can affect the demand for Balco Group's products both positively and negatively. Policy decisions include changes in legislation, enforcement of existing laws and regulations, and future subsidies and taxation in housing and housing construction.	Balco Group follows and monitors ongoing discussions and changes in terms of political decisions, changes in legislation and regulation. The company's business model is set up so that the process takes into account the laws and regulations specific to each market.	● Medium	● Medium
<b>Q</b> Disputes and legal proceedings	Balco Group may become involved in disputes and be subject to claims regarding contractual issues, delays, alleged errors, environmental issues, etc.	In all material respects, Balco Group ensures that it has agreements in writing with its customers and its subcontractors. Any disagreements will be resolved as far as is possible and commercially justifiable by mutual agreement during the course of the project.	● Medium	● Low
<b>R</b> Changes in accounting rules	Balco Group is affected by changing and evolving accounting rules. The company's accounting, financial reporting and internal control may be affected by, and need to be adapted to, changes to rules in the future.	Balco Group's employees receive ongoing training, keep up to date and develop their skills with regard to current regulations and new developments in the field. Cooperation takes place with the company's auditors.	● Low	● Low

## RISK MANAGEMENT

## Sustainability risks

## Sustainable business

*Sustainability risk management*

As a company, Balco Group is naturally affected by changes in the world around us, which is further reinforced by the fact that the group operates in several countries.

Changes in the political landscape can lead to changes in legislation and economic cycles, which in turn can create risks for the business and ultimately for our the group's performance.

To deal with this, each country manager is responsible for monitoring policy decisions, maintaining contact with the relevant authorities and taking necessary action. Other external events can also occur that neither Balco Group nor anyone else can influence, such as natural disasters, pandemics, wars, and migration. These also pose risks to our operations, which are managed by following national guidelines and developing scenario plans to help us adapt our operations appropriately.

Balco Group is also influenced by how its suppliers choose to conduct their activities. A poor work environment and human rights abuses risk damaging the group's reputation and make it necessary for the group to change suppliers, which in turn can lead to delays in deliveries to its customers. This is managed through regular spot checks and frequent dialogue, though which Balco Group actively seeks to influence its suppliers in a positive direction.

## Environmental responsibility

*Sustainability risk management*

In the environmental area, Balco Group has identified the group's climate impact as the most significant risk. In addition to negatively affecting the environment and the overall quality of life in the communities in which the group operates, a negative climate impact, seen from the perspective of today's agenda, risks disqualifying Balco

Group from future business with customers who value the issue highly.

In addition, it may entail a risk of reducing the group's attractiveness as an employer as environmental issues are highly valued as a factor in today's labour market. To address this, climate impact is already treated as a priority within the company, and through regular materiality analyses, the group is able to highlight the importance our stakeholders attach to the issue.

## Social responsibility

*Sustainability risk management*

Maintaining a good work environment and health level within the company is considered a priority, and to counteract the risk of any deterioration, systematic health and safety work is carried out in office- and factory premises.

A significant part of Balco Group's work is carried out on construction sites, where personal safety issues and the design of the work environment have a naturally heightened focus. The group's own site managers work continuously with risk analysis, safety inspections, and incident and accident reporting, to ensure a safe and secure work environment at the group's construction sites.

A deteriorating work environment and health not only entails a risk of costly business interruptions and, in the worst case, legal action, but can also make it difficult for Balco Group to retain and attract key skills in the future.

A specific example of how safety is integrated into the whole process from product development to assembled product is the new product Levitate. One of the selling points of the product is the safety of the workplace itself, where final assembly is carried out after the work on a newly constructed building is completed with a minimal number of personnel present. Final assembly is done by crane and the assembly time is about 15 minutes per balcony.



## RISK MANAGEMENT

**Serious global changes**

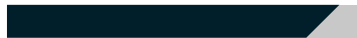
S

Serious global changes such as natural disasters, epidemics, pandemics, wars, and migration can lead to injuries, business interruption and increased costs. Balco Group maintains preparedness by following national guidelines and adapting operations accordingly.

Probability



Consequence

**Changing political conditions locally**

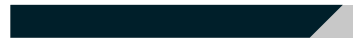
T

The conditions for Balco Group's operations may change as a result of political decisions, which may affect earnings, legislation and the economy. The responsible manager in each country is responsible for being aware of and managing new policy decisions, including establishing contact with authorities.

Probability



Consequence

**Changing political conditions globally**

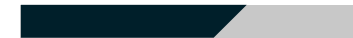
U

The conditions for Balco Group's operations may change as a result of political decisions at the global level, which may affect earnings, legislation and the economy. The responsible manager in each country is responsible for being aware of and managing new policy decisions.

Probability



Consequence

**The company's climate impact**

V

The group's carbon footprint contributes to the risk of Balco Group being disqualified from future business and not being perceived as an attractive employer. Reducing climate impact is also important for the continued existence of future generations. Through the materiality analysis and our subsequent work, the group monitors its impact and takes the necessary measures to reduce its carbon footprint.

Probability



Consequence

**Deteriorating work environment and health**

X

A deterioration in the work environment and health can affect the group's employees through a lack of systematic health and safety work, which can lead to a loss of skills, business interruptions and legal proceedings. Balco Group attaches great importance to the systematic health and safety work of office and factory premises.

Probability



Consequence

**Supplier activities with negative impacts on health, safety and human rights**

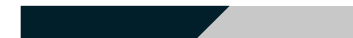
Y

Negative impact from suppliers' activities may arise from a lack of requirements and control within the group's supply chain, which may impair Balco Group's reputation and cause supplier switching, thus resulting in delayed deliveries. This risk is managed through regular spot checks and other requirements.

Probability



Consequence



## FOREWORD BY THE CHAIRPERSON

# A slower recovery than we wanted – but Balco Group is ready for action

**The recession of** the last three years has affected the entire real estate and construction sector, as well as balcony companies. Sweden remains Balco Group's single largest sub-market, and the Swedish economy has been weak, with low GDP growth and rising unemployment. The picture in many of our other sub-markets looks similar. Despite lower inflation during the year, consumption has continued to decline as households have limited their spending after several years of rising interest rates and increased costs. Some of the price increases that drove up inflation in 2022 and 2023 – on energy, freight, and food – have had significantly more favourable developments this year.

**As a consequence,** Sveriges Riksbank has lowered the interest rate on five occasions by a total of 1.5 percentage points during 2024 and implemented a further reduction of 0.25 percentage points at the beginning of 2025. Interest rate cuts have also occurred in our other geographic markets. Overall, there is much evidence that 2025 will be a significantly better year from an overall economic perspective. Parameters such as inflation, interest rates, and future prospects also have a major impact on Balco Group's order intake and profitability, and the prospects look unequivocally better for 2025. Energy costs and interest rates are major cost items for our largest customer group,

i.e. housing associations and their counterparts in the Nordic countries, and lower cost pressures combined with real wage increases can be decisive for whether you vote in favour of your balcony investment. We also note a trend where the proposals presented for decisions are now largely being approved at these meetings, unlike previously, when many renovation needs were postponed.

Last year, I mentioned that there were indicators that the market was turning, but the question was at what rate it would have an impact. We then concluded that it would be a matter of being prepared to both accelerate and brake, depending on the pace of recovery. And that is exactly how we have acted. A slower recovery than we would have liked has meant that we have continued to have a strong focus on restructuring and cost efficiency, and we now have a good starting position for a turning market.

**At the beginning of** 2025, we have an order backlog of just over SEK 1,300 million, but it will take a number of months before the results of this can begin to be reflected in the Group's results. Both building permit processes and our gradual profit recognition model mean that, on average, a signed order has an ongoing impact on earnings over a 12-month period. During the year, we have broadened our product and service portfolio, and we have expand-

ed in the Finnish market through acquisitions. As a result, we have strengthened our market-leading position in the Nordics, but a resurgence in order intake during 2025 will be key to our profitability. Safeguarding our sales process and attractive offerings will therefore be among the top priorities for our board, our management, and the entire team at Balco Group.

**In light of** the weak results for 2024, the board of directors proposes that no dividend be paid for the year. However, we have had a greatly improved cash flow during the year, and we will strive for a reduced debt ratio. Naturally, increased profitability is at the top of the agenda. Through this operational focus – increased order intake, a lower debt ratio, and improved profitability – I hope that the share price will develop in a positive direction. We are well ahead in our sustainability efforts and, in addition, Balco is among the top 10 per cent of the world's companies in our industry group with the lowest sustainability risk. This should also contribute to the interest and valuation of Balco shares.

Växjö, March 2024

**Ingaliil Berglund**

Chairperson of the Board, Balco Group



## CORPORATE GOVERNANCE REPORT

# f Corporate Governance Report

**Balco Group is a Swedish public limited company listed on Nasdaq Stockholm. Balco Group applies the Swedish Corporate Governance Code and hereby submits the 2024 Corporate Governance Statement. The auditors review was conducted in accordance with FAR Statement RevU 16: Auditor's Review of Corporate Governance Statement.**

## Governance model

Balco Group AB (Balco), corp. ID 556821-2319, is a Swedish public limited liability company listed on Nasdaq Stockholm. The company has its headquarters in Växjö, Sweden. The corporate governance statement is part of the company's administration report. Balco Group's corporate governance, which can be divided into external and internal governance instruments, complies with Swedish law, Nasdaq Stockholm's regulations for issuers, the Swedish Corporate Governance Code (the Code) and internal rules and regulations.

## External governance instruments

The external governance instruments provide the framework for corporate governance in Balco Group. External governance instruments include the Swedish Companies Act, the Annual Accounts Act, Nasdaq Stockholm's regulations for issuers and the Swedish Corporate Governance Code. For the financial year 2024, Balco Group derogated from the Code regarding one point:

### Derogation from Code rule 2:4

The Code stipulates that the Chairperson of the Board or any other member of the Board shall not be the Chairperson of the Nomination Committee. Board member Carl-Mikael Lindholm, representing Balco Group's largest owner,

the Hamrin family, is also Chairperson of the Nomination Committee.

## Explanation

In deviation from the Swedish Corporate Governance Code, Balco Group's largest shareholder in terms of the number of votes has so far also chaired the Nomination Committee, and Balco Group's strategic direction and business management model are also based on a strong commitment from the company's main shareholders. The Board of Directors and the Nomination Committee consider that the majority of members are independent of the company and its management and that at least three of the members are also independent of the company's major shareholders.

## Internal governance instruments

Internal governance instruments include the Articles of Association adopted by the General Meeting, internal instructions and guidelines. Examples of internal instructions and guidelines are the Board's rules of procedure, instructions for committees and the CEO's instructions. In addition, the Board has adopted a number of policies, including the financial policy and the sustainability policy, which provide guidance on how to manage and control internal work. In addition, Balco Group's financial handbook regulates financial reporting in the group.

## 1. Shareholders

Balco Group AB has been listed on Nasdaq Stockholm since 6 October 2017. The number of shares outstanding at the end of 2024 was 23,021,648. All shares have equal voting rights and equal entitlement to the company's profits and capital. The quotient value of the shares is SEK 6.0002, which means that the registered share capital at the end of December 2024 totalled SEK 138,135,310.

As of the end of December 2024, Balco Group had 4,889 shareholders. According to ownership data from Euroclear Sweden AB, the ten largest shareholders in Balco Group held 73.1% of the votes and shares in the company. Swedish shareholders accounted for 88.1% of ownership. Balco's largest shareholder as of the end of December 2024 was the Hamrin family, whose holdings consisted of 6,062,027 shares corresponding to 26.3% of the votes and capital. Skandrenting (10.2%) also has a direct or indirect holding of more than 10% of the total voting rights in the company.

## 2. General Meeting of Shareholders

The General Meeting of Shareholders is Balco Group's highest decision-making body. The Annual General Meeting is held annually within six months of the end of the financial year. At the Annual General Meeting, the parent company balance sheet and income statement, and the consolidated balance sheet and income statement are presented for adoption. Resolutions are also passed on appropriation of the company's profits, election and remuneration of Board members and the auditor, and other statutory business to be dealt with at the AGM. All shareholders registered in the share register who have notified the company of their attendance in due time, in accordance with the instructions in the notice of the meeting, are entitled to attend and exercise their voting rights. A shareholder wishing to have a particular item of business addressed at the meeting must make a request in good time before the meeting to the Board of Directors at the address communicated on

the company's website. In addition to the Annual General Meeting, the Board of Directors may convene an Extraordinary General Meeting.

## 2025 Annual General Meeting

Balco Group's 2025 Annual General Meeting (AGM) will be held on 6 May 2025, at 4:00 p.m., at Balco's premises located at Älgvägen 4, Växjö, Sweden. Registration and the possibility to visit Balco's premises will start at 14:00.

Shareholders who are recorded in the share register maintained by Euroclear Sweden AB no later than 25 April 2025, and who have notified the company of their intention to attend the meeting no later than 4:00 p.m. on 29 April, are entitled to attend the meeting.

## Key dates for the 2025 AGM are:

25 April – record date for the Annual General Meeting  
29 April – last day to register to attend the meeting  
29 April – last day to vote by post  
6 May – 2:00 p.m. admission to the meeting begins  
6 May – 4:00 p.m. meeting begins

## Proposal for resolution at the 2025 AGM

The board proposes that no dividend be issued for this financial year.

## 3. Nomination Committee

The role of the Nomination Committee is to ensure that the members of the Balco Group's board collectively have the knowledge and experience relevant to contribute to the best possible development of Balco Group over time. Based on the annual Board evaluation, the requirements of the Code, Balco Group's needs and feedback from other shareholders, the Nomination Committee reviews the work of the Board. The Nomination Committee then submits a proposal to the Annual General Meeting on the number of Board members, the composition of the Board and a proposal on the remuneration of the Board, including remuneration for committee work. The Nomination Committee also makes

## CORPORATE GOVERNANCE REPORT

proposals for the Chairperson of the Board of Directors and the Chairperson of the Annual General Meeting, and for the auditors and their remuneration. The Nomination Committee's proposals are presented in the notice of the Annual General Meeting and an explanatory statement detailing Committee's proposals is published on Balco Group's website at the same time as the notice is sent out.

In accordance with the rules of the Code, Balco Group adopted Nomination Committee instructions at the Extraordinary General Meeting on 11 September 2017. The instructions stipulate that the Nomination Committee shall consist of four members. The members are appointed by convening a meeting of the four largest shareholders of the company in terms of voting rights, as recorded in the share register kept by Euroclear as of 31 August of the year preceding the annual general meeting, and giving them the opportunity to appoint one member each. The member representing the largest shareholder in terms of votes is appointed as Chairperson of the Nomination Committee. The Chairperson of the Board shall not be the Chairperson of the Nomination Committee. The members of the Nomination Committee for the 2025 Annual General Meeting were presented in a press release on 13 November 2024. The members of the Nomination Committee do not receive any remuneration for their work.

#### 4. Board of Directors

The Board of Directors is Balco Group's second highest decision-making body after the Annual General Meeting. The Board of Directors has overall responsibility for creating long-term value for shareholders and other stakeholders. The Board of Directors, together with the management, is responsible for the overall strategy of the company and works to ensure that the company has good risk management and internal control.

#### Board members

According to the Articles of Association, the Board of Directors of Balco Group shall consist of a minimum of four members and a maximum of eight members. The members of the Board shall bring skills and experience conducive to Balco Group's development. Currently, Balco Group's Board consists of six full members, two women and four men. All six members were re-elected by the Annual General Meeting on 14 May 2024 for the period until the 2025 Annual General Meeting. President and CEO Camilla Ek Dahl and CFO Michael Grindborn are present at all Board meetings.

Michael Grindborn acts as Board secretary. Other senior executives participate in a reporting capacity on specific issues. All Board members are independent of the company and its management. Four of the Board members are also independent of the company's major shareholders. Balco Group thus meets the requirements of Nasdaq Stockholm and the Code regarding the independence of Board members. For a summary and presentation of the board members, see page 44.

#### Board diversity policy

The Board of Directors of Balco Group as a whole must have the appropriate collective skills, experience, and background for the activities it carries out and for identifying and understanding the risks involved in its activities. The aim is for the Board to be composed of members of varying ages, represented by both men and women, with varied geographical and ethnic backgrounds that complement each other in terms of experience, educational and professional background, which together contribute to an independent and critical questioning of the Board. Balco Group's Board of Directors has adopted a diversity policy which the Nomination Committee takes into account when preparing its proposals to the AGM. The Nomination Committee also bases its proposals on section 4.1 of the Swedish Corporate Governance Code, concerning the diversity of the board.

#### RESOLUTIONS AT THE 2024 ANNUAL GENERAL MEETING INCLUDED

- not to pay a dividend for the financial year 2023
- to discharge the members of the Board of Directors and the CEO of liability for financial year 2023
- re-election of the Board members Ingalill Berglund (Chairperson), Carl-Mikael Lindholm, Johannes Nyberg, Mikael Andersson, Vibecke Hverven and Thomas Widstrand
- that the total annual fee to the Board of Directors shall be SEK 2,005,000
- to elect KPMG AB as audit firm, with Michael Johansson, Authorised Public Accountant, as auditor in charge
- authorisation for the Board of Directors to decide on the issue, with or without preferential rights for the shareholders, to be paid in cash, in kind or by way of set-off, of shares or warrants or convertible bonds in respect of such shares, entailing an increase or potential increase of the company's share capital by a maximum of ten (10) per cent or a maximum of 2,302,164 shares
- authorisation for the Board of Directors to decide on the acquisition of a number of the company's own shares that, at any given time, will not result in the company's holding of own shares exceeding one-tenth of all shares in the company
- authorisation for the Board to decide on the transfer of own shares

#### MEMBERS OF THE NOMINATION COMMITTEE FOR THE 2025 ANNUAL GENERAL MEETING

- **Carl-Mikael Lindholm**, appointed by the Hamrin family (Chairperson of the Nomination Committee)
- **Annica Nordin**, appointed by Skandrenting AB
- **Adam Hansson**, appointed by Lannebo Kapitalförvaltning
- **Magnus Sjöqvist**, appointed by Swedbank Robur Fonder
- **Ingalill Berglund**, Balco Group's Chairperson of the Board

## CORPORATE GOVERNANCE REPORT

**Work of the Board and evaluation of the Board**

The responsibilities and duties of the Board of Directors are governed by the Companies Act, Balco Group's Articles of Association and the Board's Rules of Procedure, which are reviewed annually and adopted at the Board's inaugural meeting each year. The rules of procedure govern the functions of the Board and the distribution of work between the members of the Board and the CEO. The board also establishes instructions for its committees and the CEO.

The tasks of the Board of Directors are to continuously monitor the strategic direction, financial performance, methods, processes, and controls of the company in order to maintain a well-functioning business. The Board shall also contribute to the quality of financial reporting, internal control and the evaluation of the company in accordance with the financial targets and the guidelines set for senior management. The Board's duties also include the ongoing evaluation of the company's CEO and participation in the annual audit conducted by KPMG AB, with Michael Johansson as auditor in charge. The Chairperson of the Board, who is elected by the Annual General Meeting, has particular responsibility for the management of the Board's work and for ensuring that the Board's work is well organised and carried out efficiently. Board meetings are planned by the Chairperson of the Board together with the CEO of the company.

The Board meets according to an annual schedule. In addition to these Board meetings, further Board meetings may be convened to deal with specific issues. In addition to Board meetings, the Chairperson of the Board and the CEO have an ongoing dialogue regarding management of the company. In 2024, the board held fourteen meetings, ten of which were held online or by phone. The regular Board meetings usually include reports from the CEO and any committee meetings as well as a review of results. The Board reviewed the interim reports at its meetings in February, April, July, and October.

The Chairperson of the Board is responsible for the annual evaluation of the work of the Board members. Evaluation also includes the work of the Audit and Remuneration Committee, covers the Board's working process, the composition of the Board and the skills of the Board. The work is presented to the Nomination Committee.

**Remuneration of the Board of Directors**

Fees and other remuneration paid to the members of the Board of Directors are determined by the Annual General Meeting. At the Annual General Meeting on 14 May 2024, Board fees were adopted as follows:

A fee of SEK 550,000 to Chairperson of the Board Ingalill Berglund was adopted. A fee of SEK 220,000 (each) to the five ordinary Board members was adopted.

For Audit Committee work, a fee of SEK 110,000 to Chairperson of the Audit Committee Johannes Nyberg was adopted. A fee of SEK 55,000 (each) to the other members of the Audit Committee, Mikael Andersson and Vibecke Hverven, was adopted.

For Remuneration Committee work, a fee of SEK 65,000 to Chairperson of the Remuneration Committee Ingalill Berglund was adopted. A fee of SEK 35,000 (each) to the other members of the Remuneration Committee, Carl-Mikael Lindholm and Thomas Widstrand, was adopted.

Total remuneration for Board and committee work in 2024–2025 amounts to SEK 2,005,000.

**5. Audit Committee**

The main task of the Audit Committee is to support the Board in fulfilling its responsibilities in financial reporting, including sustainability reporting, accounting, auditing, internal control, internal auditing, and risk management. The Audit Committee also maintains regular contact with Balco Group's auditors, reviews and monitors the management of market and credit risks, and keeps itself informed on matters relating to the audit of the Company's annual accounts and ongoing internal control. The Committee is also responsible for reviewing and evaluating the impar-

**Compensation and attendance**

	Ingalill Berglund	Mikael Andersson	Vibecke Hverven	Carl-Mikael Lindholm	Johannes Nyberg	Thomas Widstrand
Board fees (AGM year)	550,000	220,000	220,000	220,000	220,000	220,000
Reimbursement for committee work	65,000	55,000	55,000	35,000	110,000	35,000
Independent of the company and its management	Yes	Yes	Yes	Yes	Yes	Yes
Independent of the main owner	Yes	Yes	Yes	no	no	Yes
Attendance at Board meetings	14	14	14	14	13	12
Attendance at audit committee meetings	-	4	5		5	-
Attendance at remuneration committee meetings	2	-	-	2	-	2

tiality and independence of the auditor. The Audit Committee works according to instructions set by the Board.

**Members of the Audit Committee for 2024–2025**

Johannes Nyberg (Chairperson)  
Mikael Andersson (member)  
Vibecke Hverven (member)

Johannes Nyberg has the accounting expertise required by the Swedish Companies Act. All of the members of the Committee are independent of the company and two of the members of the Committee are independent of Balco Group's largest shareholders. The Audit Committee held five minuted meetings in 2024. Michael Johansson, the company's elected auditor, attended two of these meetings. All meetings of the Committee have been reported to the Board.

**6. Remuneration Committee**

The main task of the Remuneration Committee is to make proposals to the Board regarding the remuneration of the CEO, remuneration principles and other terms of employment for management, and to monitor and evaluate ongoing variable remuneration and long-term incentive programmes. The Remuneration Committee works in accordance with the rules of procedure laid down by the Board.

**Members of the Remuneration Committee for 2024–2025**

Ingalill Berglund (Chairperson)  
Carl-Mikael Lindholm (member)  
Thomas Widstrand (member)

All members of the Committee are independent of the company and two of the members are independent of Balco Group's largest shareholders. The Remuneration Committee held two meetings in 2024, which were reported to the Board.

**7. Auditor**

The auditor shall audit Balco Group's annual report and accounts and examine the administration of the company. After each financial year the auditor submits an auditor's report and an auditor's report for the group to the Annual General Meeting. The external audit of Balco Group's accounts and those of all subsidiaries required to submit accounts is conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Balco Group's auditor is appointed by the Annual General Meeting following a proposal from the Nomination Committee.

The 2024 Annual General Meeting resolved to appoint KPMG AB as the company's auditor, with Michael Johans-

## CORPORATE GOVERNANCE REPORT

son as auditor in charge for the period until the 2025 Annual General Meeting. Michael Johansson is an authorised public accountant and a member of FAR in Sweden. KPMG AB can be responsible for the audit until 2042, when a new firm needs to be selected under the current rules. Authorised public accountant Michael Johansson may serve as auditor in charge for up to and including the 2029 Annual General Meeting, after which he is required to rotate the engagement in accordance with regulations.

Of the 2024 auditor remuneration, the following was paid to the audit firm KPMG AB: Audit assignment SEK 2,967 thousand (2,721), other statutory assignments SEK 180 thousand (211), tax advice SEK 199 thousand (114) and other services SEK 56 thousand (167).

### 8. Management

Since 1 January 2025, the management of Balco Group has consisted of the President and CEO and four other managers. Four members of the management team are men and one is a woman.

#### Members of management have the following functions:

**Camilla Ekdahl**, President and CEO

**Michael Grindborn**, CFO, Head of IR, IT, M&A and Sustainability

**Jesper Magnusson**, HR Director

**Johan Fälth**, COO and Sales & Marketing Director Balco AB

**Joakim Petersen-Dyggve**, Managing Director Riikku

#### Remuneration of management

The following guidelines for remuneration of senior executives were adopted at the Annual General Meeting of 14 May 2024:

The term senior executives refers to the CEO and the Executive Committee, which consists of four people. The purpose of the guidelines is to ensure that Balco Group can attract, motivate, and retain senior executives.

The company aims to offer a competitive, market-based total compensation package. Remuneration of senior executives may consist of fixed and variable salaries, a pension,

and other benefits. Also included are termination conditions and severance pay. To ensure that the established compensation remains competitive and in line with the market, it must be reviewed annually. This review must take into account the size of the company and each employee's position, salary, and experience. In addition, the general meeting may, independently of these guidelines, make decisions regarding share-based or other forms of remuneration.

#### Fixed salary

A fixed annual salary for a senior executive shall be competitive and based on the skills, responsibilities, and performance of the individual. The fixed salary shall serve as the foundation of a total compensation package.

#### Variable cash remuneration

In addition to a fixed annual salary, executives shall be entitled to variable cash remuneration. Such variable remuneration shall be based on predetermined and measurable criteria, which may be financial or non-financial. Variable remuneration may be linked directly or indirectly to the achievement of financial targets, such as the group's operating profit, set by company's board of directors. Non-financial criteria may be linked to sustainability. Variable remuneration is normally paid based on performance over twelve months (a calendar year) and on the most recent financial information published by the company. Variable cash remuneration is thus linked to the company's business strategy, long-term interests and sustainability.

The criteria shall be established, monitored, and evaluated annually by the Board of Directors. Variable remuneration may not exceed 50% of each senior executive's fixed annual salary.

Variable remuneration can only form the basis for pension benefits if provided for in applicable collective agreement provisions.

#### Other benefits and pension

The group provides other benefits to senior management in accordance with local practice. Such benefits may in-

clude, for example, a company car and occupational health care. For a limited period, official accommodations may also be offered where appropriate. Other benefits must be in line with the market.

Senior executives shall be entitled to pension benefits based on the practice in the country where they are employed. Pension arrangements shall be defined contribution and secured by payments of premiums to insurance companies, except where the individual concerned is covered by a defined-benefit pension plan in accordance with applicable collective agreement provisions. Pensions may not exceed 30% of each senior executive's fixed annual salary, unless a higher provision is made under an applicable collectively agreed pension plan.

In the case of employment contracts governed by rules other than those of Swedish law, appropriate adjustments may be made to pension and other benefits in order to comply with such mandatory rules or local practice, the overall purpose of these guidelines being to meet those needs.

#### Termination period and severance pay

Employment contracts concluded between the company and senior executives shall, as a general rule, be for an indefinite period. If the company terminates the employment of a senior executive, the notice period may not exceed twelve months. Severance pay shall only be paid in the event of termination by the company and shall not exceed an amount equal to the fixed annual salary during the period of notice. In the event that an executive resigns from their position, the period of notice shall not exceed six months, and no severance pay shall be payable.

#### Salary and terms of employment for employees

As part of the preparation of the board's proposed remuneration guidelines, the salary and employment conditions of the company's employees have been considered. In evaluating the reasonableness and limitations of the guidelines, the remuneration committee and the board of directors have based their decisions on:

- information regarding employees' total compensation,
- the components of the remuneration; and
- the rate at which this compensation has increased over time.

#### Decision-making process for establishing, reviewing, and implementing the guidelines

The board has appointed a remuneration committee, charged with preparing the board's decisions on proposals regarding the current guidelines, remuneration principles, and other terms of employment for executives. The Remuneration Committee shall also monitor and evaluate ongoing and variable remuneration programmes concluded during the year for senior executives, the application of the guidelines for remuneration of senior executives and the current remuneration structures and remuneration levels at the company.

The board shall prepare a proposal regarding new guidelines at least every four years and present this proposal to the general meeting for approval. The guidelines shall remain in force until new guidelines are adopted by the general meeting.

#### Temporary departure from the guidelines

The Board of Directors shall have the right to deviate temporarily from these guidelines, in whole or in part, if there exist particular reasons for doing so in a given case and such deviation is necessary to safeguard the long-term interests of the company and meet expectations regarding sustainable and responsible business practices, or to ensure the financial viability of the company.

In the event of such a deviation, the deviation must be noted in the board's compensation report, including the reason for the deviation and the specific guidelines which were deviated from. The remuneration committee's tasks include preparing the board's decisions on remuneration issues, including decisions on any deviations from the guidelines.

## INTERNAL CONTROL

# f Internal control of financial reporting

**The objective of internal control is to assess which risks are significant in Balco Group and should therefore be managed through continuous monitoring and control. Through risk analysis, work can be concentrated on the areas that are most important for reducing the overall risk exposure of the company.**

According to the Swedish Companies Act and the Swedish Corporate Governance Code, the Board of Directors is ultimately responsible for ensuring that the company's organisation is designed in such a way that the financial reporting, management, and operations are monitored and controlled in a satisfactory manner. The report on internal control is prepared in accordance with the Annual Accounts Act and the Swedish Corporate Governance Code. The description has been limited to internal control over financial reporting in accordance with the Swedish Corporate Governance Code, section 7.4.

Balco Group's CFO is responsible for ensuring that formal internal control procedures are implemented and maintained in accordance with the decisions taken by the Board of Directors. Balco Group's finance department, headed by the CFO, leads the group's internal control work on financial reporting. The work is continuously monitored and followed up by the Board. For Balco Group, internal governance and control is a process that is continuously integrated into the company's operational management.

The internal control structure built up prior to the listing of Balco Group in 2017 is based on the framework of the established COSO model, Committee of Sponsoring Organisations of the Treadway Commission. The components of the model are used to evaluate and work with an organisa-

tion's internal governance and control linked to objectives, reporting, and compliance with laws and regulations.

## Control environment

The control environment constitutes the basis for the internal control regarding financial reporting. It is important that the company's decision paths, powers, and responsibilities be clearly defined and communicated between different levels in the organisation. To create a framework for how the work is to be conducted, Balco Group has implemented a number of governing documents in the form of internal policies and guidelines. The Board of Directors of Balco Group has established a work process and rules of procedure for its own work and that of its committees. In addition, the Board has a number of basic policies and guidelines, such as the Board's rules of procedure, CEO instructions, finance policy, sustainability policy, insider policy and communication policy. Governance documents for accounting and financial reporting are particularly important areas for ensuring complete reporting and disclosure of information. Balco Group has a financial handbook which is intended to achieve internal governance and control of the financial reporting. In addition to the financial handbook, Balco Group has prepared a report package for the ongoing financial follow-up.

## Risk assessment

Financial risk management is part of the ongoing financial reporting process. Balco Group strives to continuously analyse the risks that may lead to errors in financial reporting. A process for analysing and following up on financial reporting errors on an annual basis has been established. Risks are addressed, assessed, and reported in Balco Group's central corporate functions.

## Control activities

Balco Group monitors the risks that the Board considers to be of importance for the internal control. The group's CFO is responsible for safeguarding the overall control of the financial reporting. In addition to the central control with clear decision-making processes and decision routines as regards major investments, results analysis and reporting, a structure is in place comprising guidelines and role descriptions with mandate descriptions as to how the work is conducted and monitored in the organisation. Guidelines and instructions are aimed at discovering and preventing the risks of errors in the reporting. No internal audit was carried out in 2024. The group does not have a dedicated internal audit function; instead, internal auditing is handled through extended controlling by the group's controllers.

## Information and communication

Governance documents in the form of policies, guidelines, and manuals, in as much as they relate to the financial reporting, are communicated primarily in the group's financial handbook and via the company's intranet. The information is expanded and updated as needed. Communication takes place primarily on an ongoing basis in the organisation, as the accounting function is largely concentrated in one location. In addition, regular meetings are held when closing the accounts. Guidelines as to how communication with internal and external parties is to

take place are described in Balco Group's communication policy. The policy is aimed at ensuring compliance with all disclosure obligations. Information to external stakeholders is provided on a regular basis via the Balco Group financial website. Internal communication takes place to a large extent via the company's intranet, in staff meetings and by e-mail. Internal communication is important to ensure that all employees feel a sense of belonging and participation and that everyone is working towards the same goals.

## Monitoring

Balco Group's finance functions work in accordance with shared instructions and guidelines. The Board of Directors and management of Balco Group receive monthly information on the Group's results, financial position and how the operations are developing. As the internal control work progresses, the board may select specific areas that require additional review.

## BOARD AND MANAGEMENT

# Board of Directors



**Ingalill Berglund**

Chairperson of the Board since 2021, previously member since 2016  
Chair of the Remuneration Committee.



**Mikael Andersson**

Board member since 2019  
Member of the Audit Committee.



**Carl-Mikael Lindholm**

Board member since 2018  
Member of the Remuneration Committee.



**Johannes Nyberg**

Board member since 2018  
Member of the Audit Committee.



**Vibecke Hverven**

Board member since 2020  
Member of the Audit Committee.



**Thomas Widstrand**

Board member since 2021  
Member of the Remuneration Committee.

<b>Born</b>	1964	1955	1971	1971	1963	1957
<b>Education</b>	Higher economic specialisation course at Frans Schartaus Handelssinstitut.	Master of Science in Chemical Engineering, LTH.	Medical degree, Karolinska Institutet; specialist degree in general medicine and oncology.	Master of Business Administration, International Economics programme at Uppsala University, Commerce programme School of Business at Queens University and studies in Economics at Humboldt University.	MSc in Engineering, Norwegian Institute of Technology.	Master of Business Administration from Gothenburg School of Economics.
<b>Other ongoing appointments</b>	Board member of Axfast AB, Bonnier Fastigheter AB, and Stenvalvet Fastighets AB. CEO Lövsta Stuteri AB.	-	Chairperson of the Board of Hamhus AB and its subsidiaries. Board member of Herenco AB. Board member and trustee of the Carl-Olof and Jenz Hamrin Foundation.	CEO Skandrenting AB. Chairperson of the board of Cryonite AB; board member of Raiffeisen Leasing Nordic AB and Skandrenting AB.	Chairperson of the board of Oslo Metropolitan University and Over Easy Solar AS. Board member of Cambi ASA, Brekke & Strand Akustikk AS, USBL, Prevent Systems AS, and JM Hansen AS.	Board member of Troax Group AB, Arla Plast AB and Elcowire Group AB.
<b>Previous appointments and work experience</b>	CEO and CFO Atrium Ljungberg AB. CFO Skolfastigheter i Stockholm AB. CEO Axfast AB.	President & CEO of PMC Group; president of BU Trelleborg Waterproofing (Trelleborg AB); division head at Saint-Gobain Ecophon.	Doctor at Radiumhemmet at Karolinska Hospital, Oncologist at Linköping University Hospital, Oncologist at Ryhov County Hospital and Head of Bankeryd Healthcare Centre.	Several senior positions in banking & finance and construction & real estate, both nationally and internationally. Board member of Collector Bank AB and Chairperson of the Board of Oscar Properties AB.	Partner Considium Consulting Group AS. CEO OBOS Prosjekt AS, VP DNV GL Energy Advisory, Adm.dir. Sweco Norge AS and Head of Department Statkraft Grøner AS.	Long career in the ESAB Group, Cardo Pump AB, and Borås Wärfveri AB; former CEO and president of and Troax AB.
<b>Own and related parties' holdings</b>	25,000 shares.	-	6,077,027, of which 50,000 shares privately.	-	4,100 shares.	10,000 shares.
<b>Independence</b>	Independent of Balco Group and its management, or Balco Group's major shareholders.	Independent of Balco Group and its management, or Balco Group's major shareholders.	Independent of Balco Group and its management, but not of major shareholders in the company.	Independent of Balco Group and its management, but not of major shareholders in the company.	Independent of Balco and its management, or Balco's major shareholders.	Independent of Balco and its management, or Balco's major shareholders.

## BOARD AND MANAGEMENT

# Management



**Camilla Ekdahl**

President and CEO  
Employed since 2019.



**Johan Fälth**

COO and Marketing and Sales Director,  
Balco AB  
Employed since 2010.



**Michael Grindborn**

CFO, Head of IR, Head of IT, Head of M&A  
and Head of Sustainability  
Employed since 2019.



**Jesper Magnusson**

Human Resources Director.  
Employed since 2014.



**Joakim Petersen-Dyggve**

CEO, Riikku  
Employed since 2024.

<b>Born</b>	1967	1975	1968	1986	1967
<b>Education</b>	MSc in Engineering from Chalmers University of Technology.	Master's degree in Business Administration from Linnaeus University.	Business administration degree from Linnaeus University; MBA from S.D.A. Bocconi School of Management.	Bachelor of Philosophy with specialisation in Human Resources and Working Life, Linnaeus University in Växjö.	Master of Science in Engineering from LUT University, Finland. Officer training from the National Defence University in Helsinki, Finland.
<b>Other ongoing appointments</b>	Board member of Haglund Industri AB and Nibe AB.	–	–	–	Board member of As Oy Lehmustalot.
<b>Previous appointments and work experience</b>	COO Pelly Group AB, Operation manager/CEO Isaberg Rapid AB, Site Manager Rapid Granulator AB, Logistics Manager Thule Sweden AB.	HR Manager Tenneco Automotive Sverige AB, Linnaeus University and consultant at Adecco AB.	CFO Lammhults Design Group AB. Financial Director Gislaved Gummi AB/Hexpol Engineered Products. CFO Nordic & Baltic Recticel AB. CFO Animex AB, CEO Forshedaverken, CFO Dolomite AB, CFO IST Group.	Office Manager, Consulting Manager and Recruitment Manager at Adecco AB.	CEO Fenix Marin Oy, VP Operations Nammo Lapua Oy, CEO Polartherm Group Oy, VP Marketing & Sales & Business Development, Project Manager Patria and BAE Systems Hägglunds, Örnsköldsvik, Sweden, Company Commander in the Swedish Armed Forces, Finland.
<b>Own and related parties' holdings</b>	19,300 shares.	16,040 shares.	11,040 shares.	7,000 shares.	1,000 shares
<b>Warrants</b>	65,000 options.	20,000 options.	15,000 options.	20,000 options.	10,000 options

## REMUNERATION REPORT

# Remuneration report

**The corporate governance of Balco Group aims to create value for shareholders through active risk control and a healthy corporate culture. Since Balco Group's 2017 IPO, the ongoing work for effective governance, control, and monitoring has been a priority.**

## Introduction

This report describes how the guidelines for remuneration of senior management of Balco Group, adopted by the 2024 Annual General Meeting, were applied in 2024. The report also contains information on the remuneration of the CEO and a summary of the company's outstanding share-based and share-price-related incentive schemes. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Code Rules on executive remuneration and incentive schemes.

For further information on management remuneration, see note 10 (Employee remuneration etc.) on pages 76–78. Information on the work of the Remuneration Committee in 2024 can be found in the Corporate Governance Statement on pages 38–41.

Directors' fees are not covered in this report. These fees are decided annually by the Annual General Meeting and are disclosed in Note 10.

## Developments in 2024

The CEO summarises the company's overall performance in the comments from the CEO, on pages 5 and 6.

### Company remuneration guidelines: scope, purpose, and derogations

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is the

ability to recruit and retain qualified employees. This requires being able to offer competitive remuneration. The company's remuneration guidelines allow for a competitive overall package for senior executives. According to the remuneration guidelines, the remuneration of senior executives must be market-based and may consist of the following components: fixed cash salary, variable cash remuneration, pension, and other benefits. Variable cash remuneration must be linked to financial or non-financial criteria. They can take the form of personal quantitative or qualitative targets. The criteria should be designed to promote the company's business strategy and long-term interests, including its sustainability, such as by having a clear link to the business strategy or promoting long-term development of the person concerned.

The guidelines can be found in Note 10 on pages 76–78. In 2024 the Company complied with the applicable remuneration guidelines adopted by the General Meeting. There have been no derogations from the guidelines, nor from the decision-making process that the guidelines require to be applied to determine the remuneration. The auditor's opinion on the company's compliance with the guidelines is available at <https://balcogroup.se/en/investors/corporate-governance>.

No remuneration has been reclaimed. In addition to the remuneration covered by the Remuneration Guidelines, the Company's Annual General Meetings have decided on long-term share-based incentive schemes.

## Share-based remuneration

### Outstanding share-based and share-price-related incentive plans

At the Annual General Meeting of 24 May 2022, it was resolved to introduce a three-year incentive programme aimed at the company's senior executives and other key employees, totalling 41 employees. The incentive programme comprises a maximum of 220,000 warrants, each entitling its holder to subscribe for a maximum of the corresponding number of shares. Balco Group's total cost for the incentive programme over its full term is estimated to be approximately SEK 1.6 million. The programme involves a maximum dilution corresponding to approximately 1.0% of the company's total number of shares. The senior executives of Balco Group have acquired 55,000 warrants with a total value of SEK 280,700.

At the Annual General Meeting of 14 May 2024, it was resolved to introduce a three-year incentive programme aimed at the company's senior executives and other key employees, totalling 32 employees. The incentive programme comprises a maximum of 230,000 warrants, each entitling its holder to subscribe for a maximum of the corresponding number of shares. Balco Group's total cost for the incentive programme over its full term is expected to be approximately SEK 1.3 million. The programme involves a maximum dilution corresponding to approximately 1.0% of the company's total number of shares. The senior executives of Balco Group have acquired 75,000 warrants with a total value of SEK 310,500.

The purpose of the incentive programme is to encourage broad share ownership among the company's key employees, facilitate recruitment, retain skilled and talented employees, ensure that the interests of key employees and the company's objectives are increasingly aligned, and increase motivation to achieve or exceed the company's financial targets.

In order to encourage participation in the programme, it was decided to subsidise participation in the form of a

gross salary supplement. The level of salary supplement cannot exceed the gross amount invested by the participant. The subsidy to a participant will be paid in connection with the exercise of their warrants, subject to the condition that the participant at that time remains employed by the company in the same position or a comparable position elsewhere within Balco Group, and remains in possession of their warrants. The subsidy for each participant shall amount to a maximum of the premium paid for the participant's warrants held at the time of payment.

### Application of performance criteria

The performance criteria for the variable remuneration of the CEO have been chosen to implement the company's strategy and to encourage actions that are in the long-term interest of the company. The selection of performance criteria has taken into account the strategic objectives and short and long-term business priorities for 2024. The non-financial performance criteria further contribute to alignment with sustainability and the company's values.

### Remuneration from other companies within Balco Group

The CEO did not receive any remuneration from any other company within Balco Group during the previous financial year.

## REMUNERATION REPORT

## | Balco Group AB – Total remuneration of the CEO in 2024 (SEK, thousands)\*

Name of the holder (position)		Fixed remuneration		Variable remuneration			Pension cost	Total remuneration	Proportion of fixed and variable remuneration****
		Basic salary	Other benefits**	Annual	Multiannual***	Extraordinary items			
Camilla Ekdahl, CEO	2024	2,999	228	215	696	0	984	5,122	82%/18%
Camilla Ekdahl, CEO	2023	2,820	176	126	0	0	877	3,999	97%/3%

\* With the exception of the multi-annual variable remuneration, the table shows remuneration due in 2024. Multi-annual variable remuneration is disclosed to the extent that it has been vested in 2024 and thereby earned, as indicated in column 10 of Table 2 and column 8 of Table 3 below (if applicable). This applies regardless of whether or not a payment has been made in the same year.

\*\* Car benefit and housing benefit.

\*\*\* Stay-on bonus linked to option programme that expired in 2024.

\*\*\*\*Pension costs (column 4), which relate entirely to basic salary and are defined-contribution, have been fully recognised as fixed remuneration.

## | Balco Group AB – Performance of the CEO during the reported financial year: variable cash remuneration

Name of the holder (position)	Description of criteria related to the remuneration component	Relative weighting of performance criteria	a) Measured performance and b) actual award/replacement outcome
Camilla Ekdahl, CEO	If EPS exceeds SEK 3.78 and linearly up to SEK 4.91, a maximum of 27.5% of annual salary is paid.	55%	a) SEK 2.09 b) SEK 0 thousand
	If organic order intake exceeds SEK 1,350 million and on a linear basis up to SEK 1,650 million, a maximum of 15% of annual salary is paid.	30%	a) SEK 977 million b) SEK 0 thousand
	If the group's Scope 1 and Scope 2 CO2 emissions are reduced by at least 35% compared to 2019 and the amount of recyclable waste exceeds 70%, a maximum of 2.5% of annual salary is paid.	5%	a) -37% and 76%, respectively b) SEK 77.7 thousand
	If the 2023 accident rate decreases compared to the three-year average for 2020-2022 (which was 11.65).	5%	a) 5.1 b) SEK 77.7 thousand
	If the ESG risk rating according to Sustainalytics is lower than 20, i.e. classified as low risk.	5%	a) 19.1 b) SEK 77.7 thousand

\* Refers to the parameters in force in 2023 and paid in 2024.

## REMUNERATION REPORT

## | Balco Group AB – Share option programme (CEO)

Name of the person in charge	Primary conditions for the share option programmes							Information for the financial year being reported					
	Programme name	Benefit period	Date of award	Date of accrual	End of lock-in period	Period of use	Exercise price (SEK)	Opening amount	During the year		Closing amount		
								Share options at beginning of year*	Share options granted	Vested share options	Share options subject to performance conditions	Unvested share options granted	Share options subject to lock-in period
Camilla Ekdahl, CEO	2022/2025	Sep 2022–Sep 2025	2022-09-01	2022-09-01	2025-09-30	20250901-20250930	79.40	25,000					
	2024/2027	Sep 2024–Sep 2027	2024-09-25	2024-09-01	2027-09-24	20270826-20270924	47,80		40,000**				
<b>Total</b>								<b>25,000</b>	<b>40,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* In the Share Option Scheme 2022/2025, 10,000 options were awarded to the CEO in 2022, and a further 15,000 options in 2023.

\*\* In the Share Option Scheme 2024/2027, 40,000 options were awarded to the CEO in 2024.

\* The aggregate market value of the underlying shares at the time of award was SEK 1,357 thousand. The aggregate exercise price was SEK 1,985 thousand. The option premium paid was SEK 80 thousand.

\*\* The aggregate market value of the underlying shares at the time of award was SEK 1,593 thousand. The aggregate exercise price was SEK 1,912 thousand. The option premium paid was SEK 166 thousand.

## | Balco Group AB – Changes in remuneration and company results over the last five reported financial years

Annual change (SEK, thousands)	2019 vs. 2018		2020 vs. 2019		2021 vs 2020		2022 vs 2021		2023 vs 2022		2024 vs. 2023		2024
Total CEO remuneration	114	3.0%	913	23.5%	-530	-11.0%	326	7.6%	-595	-13.0%	1,123	28.1%	5,122
Group operating profit	34,733	32.9%	-24,980	-17.8%	2,612	2.3%	-15,496	-13.1%	-32,120	-31.3%	-35,553	-50.5	34,821
Average remuneration based on number of FTEs employed* at the group	-596	6.0%	1,963	20.9%	-2,112	-18.6%	-623	-6.7%	-407	-4.7%	-175	-2.1	8,053

\* Excluding members of Group Management.

# Sustainability report

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## SUSTAINABILITY STRATEGY

## f A sustainability strategy linked to the business

Balco Group's sustainability work and sustainability strategy coincide with the business concept of creating innovative, sustainable, and attractive balcony and facade solutions with the customer at the centre, giving people a better quality of life. The group's products contribute to creating a safe and aesthetically pleasing local environment that provides long-term value creation through energy savings and a low environmental impact.

Under the Balco Method, developed by Balco AB, old balconies are entirely or partially dismantled, to be replaced with a new concrete slab and a patented glazing system from Balco. The functional glass doors protect the concrete slab as well as existing windows, doors, and walls. All work is done from the outside of the building, and the new glazed balcony has a lifespan of over 90 years while reducing energy consumption by up to 30%, increasing the value of the property and creating a more pleasant living environment.

For Balco Group, the Balco Method is a strong example of how the group's sustainability strategy is in line with the group's business concept and product offerings. Innovative solutions and high-quality products with long lifetimes meet the high demands of our customers and the communities around us. The goal is not only to enhance our customers' quality of life by creating practical and aesthetically pleasing living spaces, but also help reduce their energy consumption.

The sustainability strategy is thus a central part of Balco Group's three strategic pillars and is reflected both in product development and in all stages from production to installation.

In terms of each strategic pillar, sustainability is integrated as follows:

- **A long-term business model:** Balco Group's customer offering includes energy savings as an important component.
- **Innovation for sustainable development:** All product development within the Group will promote the green transition in societal development.
- **Selective acquisitions that create value:** Balco Group is a committed owner that promotes good corporate governance and favourable working conditions for all employees. The Group ensures that Group companies conduct their own environmental, social and governance sustainability work (ESG), in line with common policies.
- **Entrepreneurship and decentralisation:** The subsidiaries run their own operations and develop their own brands, but can utilise the Group's expertise and resources in IT, HR, purchasing and sustainability to achieve common goals.

**Balco Group consists** of a number of smaller companies, whose operations are based on entrepreneurial spirit and local market knowledge. Being present in eight countries in northern Europe, and having manufacturing in Sweden, Finland, and Poland, means that our extensive engagement with sustainability is a considerable challenge and an important responsibility for everyone at the group. Balco Group's stakeholders include the Group's employees, investors, customers, suppliers, decision-makers and the communities in which Balco Group is represented. The Group's Code of Conduct and Sustainability Policy serve

as guidance in the dialogue with stakeholders and both documents define, among other things, decision-making, planning, investment decisions, production methods, purchasing, supplier selection, customer care and employer responsibility.

Since 2019, Balco Group's sustainability strategy has been aligned with the UN's 2030 Agenda and the Global Sustainable Development Goals (SDG). Balco Group is also a member of UN Global Impact and the Swedish Green Building Council, an interest organisation focusing on environmental initiatives in the property sector.

In 2023, Balco Group joined the Science-Based Targets initiative (SBTi), a collaboration between CDP, the UN Global Compact, the World Resources Institute, and the World Wide Fund (WWF) for Nature. The commitment means that the group will develop short-term and long-term sustainability goals, with the main long-term goal being to become carbon neutral.

The Group's involvement in all stakeholder organisations contextualises sustainability work in a broader context and has contributed positively to the Group's development through support and external expertise. Proof of this is that Balco Group has continued to rise Sustainalytics' ranking of companies in the construction industry. In the Building Products industry (which includes Balco Group), Balco Group is, at the time of publication of this sustainability report, ranked 9 out of 142 companies and classified as a low-risk company in ESG issues.



### > SUSTAINABILITY INITIATIVES IN 2024

- Continued development of our sustainability accounting and reporting for EU regulation under CSRD and related accounting principles in ESRS.
- As part of the SBTi work, the Group has continued to replace vehicles with electric or hybrid models in 2024 with the aim of all vehicles within the Group being fossil-free, with the exception of individual hybrid models.
- Continued development of the Group's sustainability data collection, with a focus on Scope 3, among others.

THE GROUP'S CSRD EFFORTS

# Balco Group's work with CSRD and ESRS

In 2024, Balco Group continued to develop and adapt the Group's sustainability reporting in accordance with the EU-legislation CSRD, which comes into force in the financial year 2025. As a first step, Balco Group is already reporting the Group's double materiality analysis.

The double materiality assessment provides an overview of areas where the Group has a significant impact and areas where Balco Group has identified that there are financial risks and opportunities linked to sustainability. As of the 2025 annual report, Balco Group will start reporting according to the new accounting standards within the European Sustainability Reporting Standards (ESRS), which will then provide an even clearer picture of the specific impact, as well as the specific risks and opportunities that the Group is actively working on.

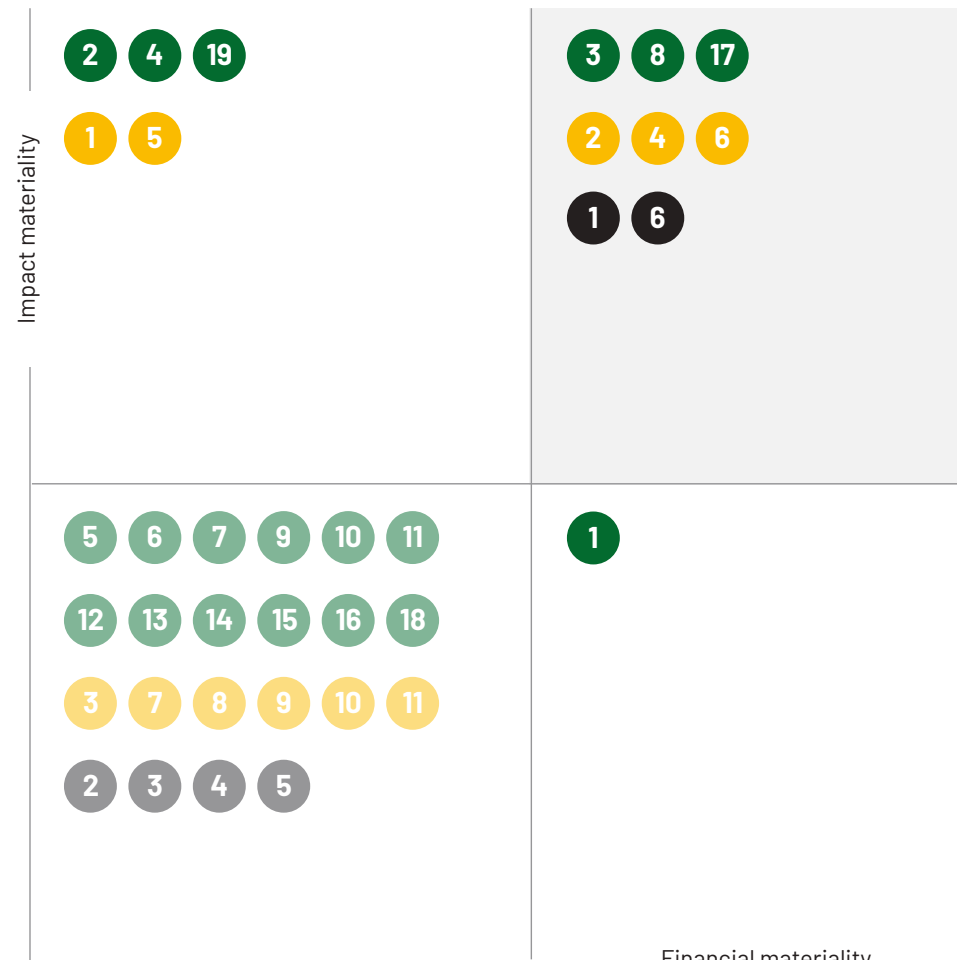
Primarily, Balco Group has identified areas of impact, risks and opportunities within its own operations. Balco Group has relatively few activities upstream and downstream in the value chain, since the larger Group companies largely produce, deliver and install their products themselves. In addition, the group's sustainability impacts, risks and opportunities are often long-term. This long-term approach

is the result of a comprehensive responsibility programme that the Group has been pursuing for several years, while eliminating areas of impact and risks where effective solutions have been readily available.

The work within the Group on the transition to CSRD and reporting in accordance with ESRS is ongoing and will be presented in connection with the 2025 Annual Report.

Balco Group annually reviews the Group's procedures for sustainability reporting and will continue to include the double materiality assessment in this work.

At EU level, the hope is that sustainability reporting will become more clear and transparent, highlighting both positive and negative impacts. In 2025, Balco Group will continue its work as planned and is well prepared to meet the new regulatory requirements imposed on the Group's sustainability reporting.



**Interpreting the matrix:**

The matrix contains all sub-topics of the ten ESRS overarching environmental, social and governance standards. Within the categories that are doubly material, Balco Group has identified both impact and risks or opportunities linked to the sub-topics. Within the categories that are only material from an impact perspective, the Group has identified a positive or negative impact, and within the categories that are material from a financial perspective, Balco Group has identified a risk or opportunity linked to sustainability.

**Climate change**

- 1 Climate change adaptation
- 2 Climate change mitigation
- 3 Energy

**Pollution**

- 4 Air pollution
- 5 Water pollution
- 6 Soil contamination
- 7 Pollution of living organisms and food resources
- 8 Substances of concern
- 9 Substances of very high concern
- 10 Microplastics

**Water and marine resources**

- 11 Water
- 12 Marine resources

**Biodiversity and ecosystems**

- 13 Direct impact drivers of biodiversity loss
- 14 Impact on the state of species
- 15 Impacts on the extent and condition of ecosystems
- 16 Impacts on and dependencies on ecosystem services

**Circular economy**

- 17 Resource inflows, including resource use
- 18 Resource outflows related to products and services
- 19 Waste

**Own workforce**

- 1 Working conditions
- 2 Equal treatment and opportunities for all
- 3 Other work-related rights

**Workers in the value chain**

- 4 Working conditions
- 5 Equal treatment and opportunities for all
- 6 Other work-related rights

**Affected communities**

- 7 Communities economic, social and cultural rights
- 8 Communities' civil and political rights
- 9 Rights of indigenous people

**Consumers and end users**

- 10 Information-related impacts for consumers and/or end-users
- 11 Personal safety of consumers and/or end users
- 12 Social inclusion of consumers and/or end users

**Business conduct**

- 1 Corporate culture
- 2 Protection of whistleblowers
- 3 Animal welfare
- 4 Political engagement and lobbying activities
- 5 Management of relationships with suppliers, including payment practices
- 6 Corruption and bribery

SUSTAINABILITY GOALS

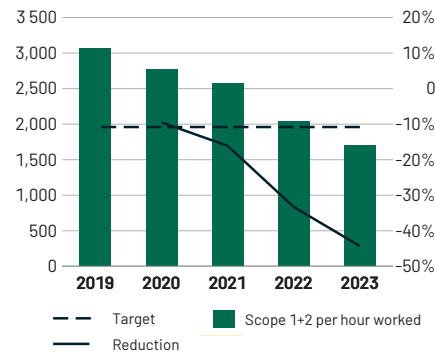
# f The group's sustainability targets

Balco Group's sustainability goals are based on goals 5, 8, 9, and 12 of the UN's Agenda 2030.



## Scopes 1 & 2

Balco Group will reduce its environmental impact by 2025.

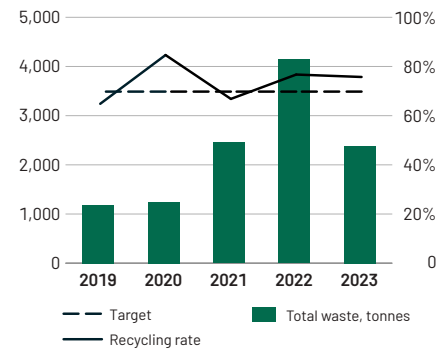


### Specific targets

Reduce environmental impact per hour worked in Scope 1 and Scope 2 by 35% by 2025, compared with 2019.

## Waste management

Balco Group aims to reduce unnecessary waste of input materials and use recyclable materials.

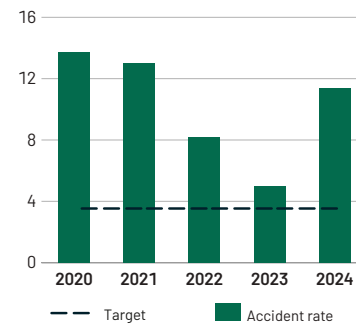


### Specific targets

70% of all waste during the year to be recyclable.

## Safe workplace

Balco Group aims to be a safe place to work.

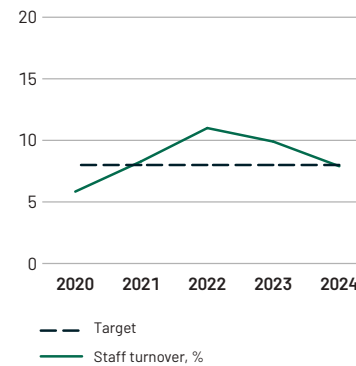


### Specific targets

Total sick leave not to exceed 3.5%.  
Accident rate to be zero.

## Staff turnover

Balco Group aims to be a safe employer, retain talent within the organisation, and recruit intelligently.



### Specific targets

Staff turnover not to exceed 8%.

## Target

Everyone in the organisation, and our suppliers, shall comply with the Balco Group Code of Conduct.



\* First measured in 2021.

### Specific targets

The number of confirmed breaches of the Code of Conduct must be zero.

Supplier Code of Conduct to be accepted by 100% of selected suppliers.

## ENVIRONMENTAL RESPONSIBILITY

## f With climate responsibility as a business model

As a group of production and supply companies, Balco Group has a direct impact on the environment. The Group takes great responsibility in mitigating the negative impacts of production and transport, while developing products to create opportunities for customers to reduce their energy consumption.

Part of Balco Group's strategy is developing climate-smart products that offer our customers real energy savings and have been produced with as little impact on the climate as possible. Successful implementation of the strategy requires attention to both product development and the design of effective processes and procedures. The aim is that the choice of materials and the use of water and energy minimise the environmental impact and emissions to air, soil and water.

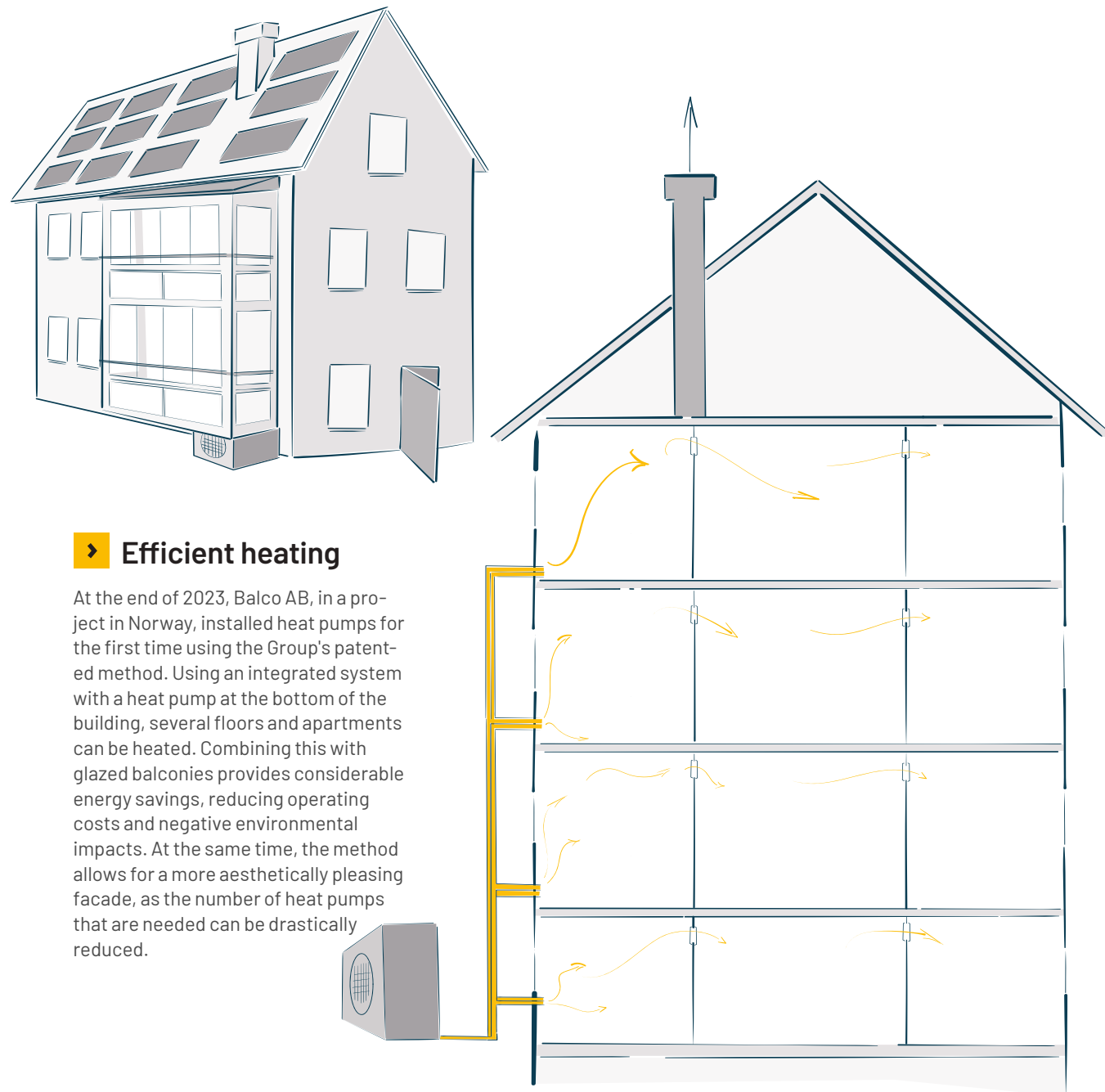
Since 2021, Balco Group has been a member of the UN Global Compact, which means that parts of the Group's strategy are linked to Agenda 2030. In the context of environmental work, it specifically relates to UN Global Goal 9 - Sustainable Industry, Innovation and Infrastructure, and Goal 12 - Sustainable Consumption and Production, and specifically to targets 9.4 and 12.5. The sub-goals specify how the Group can work to contribute to a more sustainable industry through active efforts to reduce emissions and energy use and adapt production through more efficient use of resources and management of waste and recycling.

Within sustainable production and environmental impact, Balco Group sees opportunities to create concrete energy savings for the Group's customers. For example, Balco AB's glazed balconies provide climate protection for the property, leading to documented energy savings of

up to 30 per cent, and Suomen Ohutlevyasennus Oy, Stora Fasad AB and Söderåsens Mur & Kakel AB have contributed expertise for energy-saving facade renovation within the Group. Overall, the group today has a strong portfolio linked to sustainability within the renovation segment, which is expected to provide long-term competitive advantages.

At the same time, there is a continuous internal review of how energy consumption in the organisation can be made more efficient. In 2021, Balco Group carried out an energy audit, which, together with the Energy Controller tool, formed the basis for analysing, reviewing and implementing energy-saving measures in its own operations. A majority of energy use in the parts of the Group covered by the energy audit comes from heating, lighting, compressed air and transport. Balco Group intends to carry out further mapping for companies acquired in the last two years.

Through initiatives linked to the energy audit, Balco Group has significantly reduced its energy consumption and impact in recent years. For example, since 2023, all Group companies have been buying 100% renewable electricity, and at its headquarters and production facility in Växjö, which covers 8,300 square metres, the Group has replaced all lighting with LED lighting and installed solar panels on the roof, which are estimated to produce 37,000 kWh per year.



### > Efficient heating

At the end of 2023, Balco AB, in a project in Norway, installed heat pumps for the first time using the Group's patented method. Using an integrated system with a heat pump at the bottom of the building, several floors and apartments can be heated. Combining this with glazed balconies provides considerable energy savings, reducing operating costs and negative environmental impacts. At the same time, the method allows for a more aesthetically pleasing facade, as the number of heat pumps that are needed can be drastically reduced.

## ENVIRONMENTAL RESPONSIBILITY

## Reduced environmental impact

Target	Measurement interval	Measurement method	2024	2023	2022	
Reduce environmental impact in Scope 1 and Scope 2 by 35% per hour worked by 2025*	Quarterly	Scope 1	Total emissions, tonnes CO2e	1,011	924	805
			Grams CO2e/hour worked Difference compared with 2019	957 -36%	1,200 -20%	945 -37%
		Scope 2	Total emissions, tonnes CO2e	486	392	939
	Grams CO2e/hour worked Difference compared with 2019		460 -71%	509 -68%	1,101 -30%	

\* Compared to 2019

The positive trend in the group's efforts to reduce its environmental impact continues. As Balco Group aims to grow both organically and through acquisitions, the target linked to reducing the environmental impact was adjusted. The previous target was to reduce the group's environmental impact by 20% by 2025, compared with 2019. From 2022 onwards, the new target is to reduce it by 35 percent per hour worked by 2025, compared with 2019. The combined outcome in 2024 is that the group's environmental impact under Scopes 1 and 2 has decreased by 54% per hour worked since 2019, meaning that Balco Group has achieved its goals.

## Waste management

Target	Measurement interval	Key figures	2024	2023	2022
70% of all waste during the year to be recyclable	Quarterly	Waste, tonnes	2,395	2,382	4,146
		Hazardous waste, tonnes	53	77	90
		Recyclable*	80%	76%	77%

\* Percentage of waste that can be recycled/total amount of waste in the last 12 months

Waste management in the group has improved over the last three years, and the goal of 70% recyclable waste has been met. The improvement is due to an improved focus on recycling materials at construction sites. The Group's efforts to reduce hazardous waste continue to show a positive trend, with a 41% reduction in hazardous waste over the last two years.

## Energy consumption

	2024	2023	2022
Electricity, MWh	3,485	2,662	3,079
Heating, MWh	1,959	1,612	3,508

Energy consumption has increased mainly due to the acquisition of Riikku.

## Recycling

	2024	2023	2022
Recycled materials, tonnes	1,919	1,809	3,186
Energy-recycled materials, tonnes	380	405	484
Non-recycled materials, tonnes	96	168	476

Improved handling, primarily on construction sites, has meant that recycled material has increased while energy-recycled and non-recycled material has decreased.



## RISKS AND RISK MANAGEMENT

Risks related to the "Environmental responsibility" strategic sustainability area are presented under the heading "Risks and risk management" on page 34.

## Water consumption

	2024	2023	2022
Total water consumption, cubic metres	3,699	3,665	4,311

Water consumption has increased only marginally despite the acquisitions of Riikku and Suomen Ohutlevyasennus.

## BALCO GROUP'S RESOURCE CONSUMPTION

In 2024, the amount of energy purchased for electricity increased to 3,485 MWh (2,662) and for heating to 1,959 MWh (1,612). The increase stems from the acquisitions of Riikku and Suomen Ohutlevyasennus.

Balco Group is working actively to reduce waste, with a target of 70% recyclable waste. In 2024, 80% (76) of the waste was recyclable. The amount of hazardous waste also decreased, to 53 tonnes (77). Continuous improvements in the Group's quality and environmental systems have reduced the number of deviations in production over time, leading to reduced material consumption and less waste.

Balco Group works proactively with resource utilisation. During the development process, material use is planned with the aim of reducing consumption, emissions, waste and costs. The Group continuously evaluates material choices and new options to further extend the lifetime of its products and reduce their climate impact.

In connection with all projects, the Group conducts a dialogue with the customer on the materials available and on the advantages and disadvantages from an economic and sustainability perspective. An important element in the choice of materials is the recyclability of the products. Today, our glazings are 95% recyclable, as they are built in a way that makes it possible to disassemble them down to the smallest pieces. The group also aims to increase the share of recycled aluminium and steel in its production, but is limited by the supply available on the market.

## SOCIAL RESPONSIBILITY

## f How the group promotes a safe and secure workplace

**Balco Group's most important resource is its people. Value is created through the skills, commitment and responsibility of our employees. As a result, workplace conditions and ensuring a safe workplace are therefore of the highest priority in Balco Group's sustainability work.**

Balco Group has set ambitious goals in line with the UN's 2030 Agenda framework. Our focus is mainly on the UN's Goal 8 – decent working conditions and economic growth – and specifically on sub-goal 8.8, concerning how we as a group act to protect the rights of our employees and promote a safe and secure work environment. Based on the framework, the Group has established three long-term workplace objectives:

- Total sick leave below 3.5% of planned working hours.
- Staff turnover of no more than 8%.
- Zero workplace accidents.

**The objectives aim** to ensure that all employees have the best possible conditions to perform their work in a stimulating, safe and secure manner, which is also continuously monitored. From an employer's perspective, it is important for the Group to retain the right skills, but at the same time also to attract new employees, hence Balco Group believes that a certain degree of staff turnover is healthy in a longer perspective.

In an activity centred on production and assembly on construction sites, there is a high risk of accidents. The vision of zero accidents is therefore a top priority and Balco Group makes ongoing investments in the work environment, training and equipment to minimise the risk of workplace accidents. The work is highly proactive, but incidents are also followed up afterwards and evaluated

with regard to the cause. In 2024, the number of workplace accidents leading to sick leave was 12, compared to 4 in 2023 and 7 in 2022. Eight of the workplace accidents come from the newly acquired companies in Finland. Training and other measures have been initiated in the companies to reduce accidents.

**Some examples of** preventive work include a digitised reporting system within Balco AB's operations that facilitates the observation and prevention of accidents. The Group also carries out regular safety inspections in offices, in production and on projects and construction sites. The safety inspections help to identify risks and are supplemented by continuous risk analyses, training, and issuing of certificates for specific tasks.

In addition to the physical environment, at Balco Group, we also care about our increasingly important psychosocial environment. Central to those efforts are the appraisals conducted with each employee, giving Balco Group's staff an opportunity to express their thoughts and opinions as relates to workload, working situation and work environment. As an employer, the Group has taken several initiatives which have created opportunities for its employees to customise their work. In practice, this mainly means opportunities for hybrid working, but the Group's aim is to carry out as much of the work as possible on site.

Important initiatives for the working environment were also carried out in 2022 when Balco Group's head office

and the production facility in Växjö were renovated. A large proportion of the group's employees work here and, as part of the renovation, a gym for employees was built adjacent to the facility.

Balco Group has established a clear policy in the Group's Code of Conduct that promotes equality and diversity. Within the Group, employees, consultants, trainees and job applicants shall be treated equally regardless of gender, ethnicity, religion or other belief, disability, age, sexual orientation, gender identity and expression.

**Furthermore, Balco Group** works actively to promote everyone's equal rights to work, employment, and working conditions, and opportunities for personal development. There is zero tolerance for discrimination and harassment, and the group works actively to prevent, deter, and counteract these. The Group takes an active stance against child labour, forced and bonded labour and prohibits the purchase of sexual services in any form. Balco Group respects the right of all employees to form and join trade unions of their choice and to carry out collective bargaining.

Any incidents and deviations from the Code of Conduct are reported via an external whistleblowing function. Each report is handled by an external law firm that makes initial contact with the reporting person and then provides proposals to the company's representatives on how to handle the matter.



### > HEALTH AND SAFETY INITIATIVES

In connection with the renovation of the headquarters and production facilities in Växjö, several measures were taken to improve the working environment. The office environment was modernised, the facade and ventilation improved, and the facility was equipped with solar panels on the roof, charging points in the car park and a gym to encourage an active lifestyle. The Group is currently reviewing further investments in health and safety at other sites where many of its employees work.

## SOCIAL RESPONSIBILITY



## Gender-equal leadership

Target	Measurement interval		2024	2023	2022	
The proportion of female managers should at least equal the proportion of female employees overall.	Quarterly	Gender distribution, all employees	Men	92%	89%	89%
			Women	8%	11%	11%
		Gender distribution in management	Men	79%	79%	79%
			Women	21%	21%	21%

The acquisitions we have made have reduced the overall proportion of female employees. The proportion of female managers is still significantly higher than the overall proportion of female employees. We are thus well on the way to achieving the target that the proportion of female managers should be at least equal to the proportion of female employees overall.

## Number of employees

	2024	2023	2022
Total number of employees	640	490	536
Men	590	436	476
Women	50	54	60

The number of employees has increased through the acquisitions of Riikku and Suomen Ohutlevyasennus. However, there was a reduction in the number of staff during the year for restructuring and cost-cutting reasons.

## No. of employees by company

	2024	2023	2022
Balco Group AB	3	2	2
Balco AB (including sales companies and NMT)	252	288	319
TBO-Haglinds AB (including Arutex)	52	62	57
Balco Altaner A/S	56	53	53
Stora Fasad AB	18	22	20
RK Teknik i Gusum AB (including Montagepartner)	47	47	64
Söderåsens Mur & Kakel AB	21	16	21
Riikku Group Oy	170	-	-
Suomen Ohutlevyasennus Oy	21	-	-

## Safe, secure, and healthy workplace

Target	Measurement interval	Measurement method	2024	2023	2022
Total sick leave not to exceed 3.5%	Quarterly	Absence time (as a proportion of planned time)	3.6%	3.7%	4.2%
Staff turnover not to exceed 8%	Quarterly	Number of terminations (as a proportion of total employees)	7.8%	9.9%	11.0%
Accident rate to be zero	Quarterly	Number of accidents at work (per 1 million hours worked)	11.4	5.1	8.2

The group exhibited a positive trend in reduced sick leave, as well as reduced staff turnover during the year. The accident rate has increased due to more accidents in the acquired companies. In 2024, the number of workplace accidents was twelve, which is an increase of eight from the previous year and stems from the acquired companies. Safety is always a priority for Balco Group, and especially in the type of business that the Group has. New initiatives to continue the focussed approach to security have been launched.

## SUSTAINABLE BUSINESS

## f Business ethics and strategy are required for sustainability efforts

A prerequisite for Balco Group to achieve its business objectives is that the business is conducted in a fair, legal and economically sustainable manner. Through a clear division of responsibilities between the Board and management, as well as a strong commitment to sustainability issues, the Group will achieve its strategic goals.

Maintaining correct and ethical behaviour is essential to preserving Balco Group's reputation. Balco Group complies with local laws, rules and regulations in all countries where the Group operates. Corresponding requirements are also imposed on all business partners with whom Balco Group collaborates with.

**Balco Group's Board** of Directors has overall responsibility for issues of sustainable enterprise, and the CEO is responsible for executing its decisions and implementing the business strategy. The CEO is supported by the group's CFO, who since 2022 has also been responsible for managing the group's sustainability efforts. The CFO assists the Board of Directors and the Management Team with decision-making and analyses on detailed sustainability issues concerning the Group

The basis of Balco Group's sustainability efforts is the OECD's guidelines for multinational corporations, and in the UN's guiding principles for companies and human rights. To a large extent, the UN's 2030 Agenda also defines the Group's work, where specific goals and sub-goals form the basis for Balco Group's sustainability goals.

The group's sustainability efforts are the sum total of the individual subsidiaries' efforts. Group management's task is to steer the overall sustainability work by supporting the subsidiaries and providing them with the resources and tools needed to work towards the common goals. Balco Group has developed guidelines for the whole group, providing guidelines for how each company ought to act and carry out its sustainability work in a manner consistent with the group's view of responsible business practices.

**Balco Group has become a member** of several forums, including the UN Global Compact and the Sweden Green Building Council, in order to strengthen its position in matters of human rights, social relationships, and environmental responsibility. Balco Group is also certified as a Nasdaq ESG Transparency Partner, which is an acknowledgement to the Group's stakeholders that Balco Group welcomes increased interest and increased transparency in how social, environmental and governance-related issues are dealt with within the organisation.



### Code of Conduct

Target	Measurement interval	Measurement method	2024	2023	2022
100% of strategic suppliers to have accepted the Balco Group Supplier Code of Conduct	Annual	Strategic suppliers that have accepted the Balco Group Supplier Code of Conduct	100%	100%	100%
Zero reported and confirmed breaches of the Code of Conduct	Annual	Reported and confirmed breaches of the Code of Conduct	0	0	Reported: 1 Confirmed: 0

As all the group's strategic suppliers have accepted the Code of Conduct, the 2024 target has been met. No whistle-blower reports regarding violations of the Code of Conduct were filed in 2024.

## SUSTAINABLE BUSINESS

## f Sustainability management from office to production and construction site

The governance of Balco Group is defined in the Group's policy documents, which affect all parts of the business. Balco Group attaches great importance to implementing the regulations and continuously trains staff in sustainability issues.

Balco Group is governed by the following policy documents, which are reviewed and adopted annually by the Board of Directors: Insider Policy, Communications Policy, Sustainability Policy, Finance Policy, IT Policy, Information Security Policy, Corporate Governance Policy, and Balco Group's Code of Conduct. The policies were reviewed in March and December 2024, and found to be current, with only a few minor adjustments made.

Balco Group's sustainability policy is the foundation for the group's sustainability work and describes the company's key sustainability issues, shared values and division of responsibilities. The policy serves as a framework for operational decisions and also guides evaluation and decision-making on issues related to the long-term strategic development of the group.

**The Code of Conduct** is addressed to Group Management, Board members, all Group companies, managers and employees, as well as suppliers, business partners, subcontractors and to some extent to other stakeholders. The group's HR director is responsible for updating the Code of Conduct, which is approved by the CEO and adopted annually by the Board of Directors. The group has zero tol-

erance for breaches of the Code of Conduct, and the group monitors the number of reported and confirmed violations.

Violations of Balco Group's Code of Conduct are dealt with on the basis of the provisions defined in the Code. This work is facilitated by the company's whistle-blower function, set up in 2019 to enable all employees of the group to anonymously report suspected violations of the Code of Conduct. Reports are made via the website (<https://balcogroup.se/>) where any cases are received and initially handled by an external law firm so that full anonymity can be guaranteed. In 2024, no infringement has been reported.

**Balco Group's goal** is for its suppliers to act in accordance with the organisation's view of how to do business sustainably. It is therefore a requirement that all suppliers and subcontractors agree in writing to comply with the Group's Code of Conduct. In 2024, the proportion of suppliers accepting the Code was 100%.

In light of the business's growth, a number of steps have been taken to ensure that new subsidiaries and employees comply with the Code of Conduct. An annual digital training session is conducted to strengthen the employees' understanding of our sustainability strategy and the provisions

of the Code of Conduct. The training provides an explanation of the group's position, its goals, and the value to the business and the organisation's stakeholders.

**Through knowledge sharing**, it is hoped that further initiatives will emerge organically. The Group-wide Sustainability Group has an important role in sharing good practice and inspiration between the subsidiaries, which since 2023 have been given more responsibility and have become more involved in the sustainability work of the whole Group.

Group management and the sustainability group visit the subsidiaries at regular intervals to follow up work on the Group's sustainability goals. Together with the CEOs of the subsidiaries, Balco Group's management works to ensure that sustainability efforts are naturally integrated into operational and strategic decisions alike. Subsidiaries are then responsible for setting a number of objectives with associated activities that are implemented on an ongoing basis in daily operations. Targets are measured on a quarterly basis according to clearly defined measurement methods, and the results are presented to group management and the Board of Directors on an ongoing basis.



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

### > ENGAGEMENT IN SBTi

In 2023, Balco Group took a further step toward sustainable business by joining the Science Based Targets initiative (SBTi). An international collaboration between several organisations, the initiative aims to raise the level of ambition in the fight against climate change by promoting how emissions can be reduced to mitigate global warming. The goals developed for each member of the SBTi are based on scientific research and define how much, and how quickly, a company should reduce their emissions to limit global warming to 1.5°C, in accordance with the Paris Agreement. As a new member of the SBTi, the first step for Balco Group is to propose relevant targets to work towards. After that, work will be continuously ongoing to contribute to reduced emissions in our activities.

## EU TAXONOMY

# f The EU Taxonomy

The EU Taxonomy Regulation, EU 2020/852, provides a classification system (the EU Taxonomy) for sustainable economic activities in relation to the six environmental objectives of the European Union:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources.
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

An activity is considered sustainable according to the EU taxonomy if it contributes significantly to one or more of the environmental objectives without causing significant harm to any of the other objectives, while complying with certain defined minimum safeguards.

In the absence of regulatory guidance in many respects, Balco Group has found that there is ample room for interpretation in several parts of the Taxonomy. We have therefore found it necessary to make our own internal judgements. Our disclosures for 2022, 2023, and 2024 are based on our current interpretation of the rules and may change in the future based on new regulatory guidance as market practice evolves and general knowledge of the Taxonomy's requirements increases.

## Methodology to identify Taxonomy-eligible activities

Balco Group has determined that some of its economic activities fulfil the eligibility criteria for the Taxonomy Regulation (EU) 2020/852 (appendix 1 to the Commission's Delegated Regulation (EU) 2021/2139, the Climate Delegated Act).

- The group installs glazed balconies in connection with building renovations; these reduce the effect of thermal bridges and add an insulating shell. In some projects, the group carries out additional insulation of buildings in connection with facade renovation. Both of these activities are covered under section 7.3, "Installation, maintenance and repair of energy efficient equipment", in the Climate Delegated Act ("7.3 Activities").

- The group also renovates buildings by installing open balconies and renovating facades without additional insula-

tion. These activities are Taxonomy-eligible under section 7.2 ("Renovation of existing buildings") of the Climate Delegated Act ("7.2 Activities"), but they are not compatible with the Taxonomy because they do not fulfil the 30% energy savings requirement.

## Methodology to identify Taxonomy-aligned activities

For an economic activity to be considered Taxonomy-aligned, and therefore environmentally sustainable, it must contribute significantly to at least one of the six EU environmental objectives and not cause significant harm to any of the other environmental objectives. In addition, it must be carried out in compliance with certain minimum safeguards on social and governance aspects of sustainability.

## Significant contribution

Balco Group has identified a number of activities, by product, that fulfil the technical screening criteria for significant contribution to climate change mitigation. These are referred to internally in the group as potentially taxonomy compatible and consist of the installation of glazed balconies when renovating buildings and facade renovation with additional insulation (7.3 Activities). Activities that are Taxonomy-eligible but not Taxonomy-aligned include the renovation of buildings with the installation of open balconies or facade renovation without additional insulation ("7.2 Activities") because they do not meet the 30% energy savings requirement.

## Do no significant harm (DNSH) principle

Potentially Taxonomy-aligned products and associated factories have been evaluated against each individual DNSH criterion, as described in more detail below. As noted above, in the absence of regulatory guidance and market practice, we have found that there is considerable scope for interpretation of the DNSH criteria and have therefore considered it necessary to make our own internal interpretations and further define what these criteria mean in the context in which the group operates, and have subsequently developed supplementary internal guidance. The reporting of compatible activities is therefore based, to some extent, on an assumed interpretation of the DNSH criteria appli-

cable to Balco Group's activities. The methodology for assessing compliance will be evaluated as regulatory guidance and general reporting practices evolve. In summary, all activities reported as Taxonomy-aligned have been assessed as meeting all DNSH criteria as described below.

## Climate change adaptation

Physical risks are regularly reviewed as part of the group's property management and insurance programme. In our assessment of compliance with the DNSH criterion, local risk assessments have been carried out on relevant climate risks.

## Sustainable use and protection of water and marine resources

Regarding the water criterion, Balco Group has identified a limited number of operations with direct discharges of industrial wastewater or that are affected by water risks that have been deemed relevant for the criterion.

## Transition to a circular economy

Regarding the transition to a circular economy, the assessments carried out have identified several examples of implemented practices, where possible. This includes application of the waste hierarchy and waste reduction targets in manufacturing processes and product development, as well as construction sites, taking into account product lifetimes, recyclability, material selection, and other strategies to contribute to the transition to a circular economy.

## Pollution prevention and control

The criteria for the prevention and control of environmental pollution both build on and refer to existing EU chemicals legislation. In addition to references to already existing bans and restrictions on certain substances, the Taxonomy also provides for a number of additional substances (substances on the EU candidate list under the REACH Regulation and substances with similar properties) not yet regulated in the EU that are said to be acceptable only if their use is indispensable to society. Our assessment of what can be considered indispensable to society is based on existing

concepts in other EU legislation and international treaties (mainly the Montreal Protocol) and takes into account aspects of safety and regulatory requirements for products, product performance and availability of viable alternatives.

## Protection and restoration of biodiversity and ecosystems

For the biodiversity criterion, Balco Group has assessed the impact of its activities at individual production sites on biodiversity and protected areas and species. Balco Group's operations are not deemed to have any direct material impact.

## Minimum safeguards

We understand that the criteria for minimum safeguards mean that there must be procedures in place in relation to anti-corruption, fair competition, taxation, and human rights, and that the group does not deal with 'controversial weapons', which refers to anti-personnel mines, cluster munitions and chemical and biological weapons. The criteria for minimum safeguards have been assessed at Group level and it was concluded that all of the group's majority activities, and thus all economic activities identified as potentially Taxonomy-aligned, are covered by Group-wide policies and procedures.

## Reporting

As Balco Group, so far, assesses that its activities are only covered by the climate mitigation objective, and are confined to 7.3 Activities and 7.2 Activities, no activities have been double counted in the calculation of the reported taxonomy key performance indicators. For the same reason, the reporting template has also been simplified with only one column for significant contribution.

## Nuclear energy-related fossil gas-related activities

The Company does not conduct, finance or have exposure to research, development, facilities or similar activities related to nuclear energy and fossil gas related activities.

## EU TAXONOMY

## Turnover

Proportion of turnover from products or services associated with taxonomy-aligned economic activities – information covers 2024.

Economic activities	Code(s)	Absolute turnover SEK million	Proportion of turnover %	Substantial contribution criteria						DNSH criteria (do no significant harm)						Minimum safeguards Yes/no	Proportion taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) turnover, 2023 %	Proportion taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) turnover, 2022 %	Category (enabling activity) or	Category (transitional activity)			
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and eco-systems %	Climate change mitigation Yes/no	Climate change adaptation Yes/no	Water and marine resources Yes/no	Circular economy Yes/no	Pollution Yes/no	Biodiversity and eco-systems Yes/no								
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																							
<b>A.1. Environmentally sustainable (Taxonomy-aligned) activities</b>																							
Renovation - glazing and facades with insulation	7.3	741.5	52.3	60.5%							Yes	-	-	-	-	-	60.5%	60.6%	Enabling				
<b>Turnover of environmentally sustainable (Taxonomy-aligned) activities (A.1)</b>		741.5	52.3	60.5%																60.5%	60.6%		
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)</b>																							
Renovation - open, facades without insulation and others	7.2	258.7	18.2																				
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		258.7	18.2																29.1%	26.6%			
<b>Total (A.1 + A.2)</b>		<b>1,000.2</b>	<b>70.5</b>																<b>89.6</b>	<b>87.2</b>			
<b>B. TAXONOMY-INELIGIBLE ACTIVITIES</b>																							
<b>Turnover of Taxonomy-non-eligible activities (B)</b>		417.7	29.5																				
<b>Total (A+B)</b>		<b>1,417.9</b>	<b>100%</b>																				

## Qualitative disclosures on turnover

The reported absolute turnover includes revenue that is recognised as described in Note 3 (page 73) and revenue from Balco Group's construction contracts. Disclosures on Taxonomy-eligible turnover include revenue from the installation of glazed balconies during renovation of buildings and facade renovation with additional insulation ("7.3 Activities"). Activities that are Taxonomy-eligible but not taxonomy-aligned include the renovation of buildings with the installation of open balconies or facade renovation without additional insulation ("7.2 Activities"). This is because they do not meet the 30% energy savings requirement.

## EU TAXONOMY

## CapEx

Proportion of CapEx from products or services associated with taxonomy-aligned economic activities – information covers 2024

Economic activities	Code(s)	Absolute CapEx SEK million	Proportion of turnover %	Substantial contribution criteria						DNSH criteria (do no significant harm)						Minimum safeguards Yes/no	Proportion taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) CapEx, 2023 %	Proportion taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) CapEx, 2022 %	Category (enabling activity) or	Category (transitional activity)
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Yes/no	Climate change adaptation Yes/no	Water and marine resources Yes/no	Circular economy Yes/no	Pollution Yes/no	Biodiversity and ecosystems Yes/no					
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
<b>A.1. Environmentally sustainable (Taxonomy-aligned) activities</b>																				
Installation, maintenance and repair of energy efficiency equipment	7.3	13.4	70.6							Yes	-	-	-	-	-	-	73.5%	66.9%	Transitional	
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		13.4	70.6														73.5%	66.9%		
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)</b>																				
Renovation of existing buildings	7.2	2.0	10.3%																	
<b>CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		2.0	10.3%														9.7%	19.4%		
<b>Total (A.1 + A.2)</b>		<b>15.4</b>	<b>80.9</b>														<b>83.2</b>	<b>86.3</b>		
<b>B. TAXONOMY-INELIGIBLE ACTIVITIES</b>																				
<b>CapEx of Taxonomy-ineligible activities (B)</b>		3.6	19.1																	
<b>Total (A+B)</b>		<b>19.0</b>	<b>100%</b>																	

## Qualitative disclosure on CapEx

Disclosures on the Taxonomy-eligible CapEx of 7.3 Activities include capital expenditure on product development and investments in property, plant, and equipment, and new leases. For 7.2 Activities, the Taxonomy-eligible CapEx includes the same categories as for 7.3 Activities. Reported Taxonomy-aligned product development investments consist of product development projects directly related to taxonomy-aligned products. For CapEx related to property, plant, and equipment and new leases, the portion of the investment related to the

Taxonomy-aligned activities is recognised. A large proportion of CapEx relates to both Taxonomy-aligned and non-Taxonomy-aligned products when they are produced in the same facilities. For these types of investments, an allocation key is used based on the distribution of volumes per facility between Taxonomy-aligned and non-Taxonomy-aligned products.

## EU TAXONOMY

## OpEx

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – information covers 2024

Economic activities	Code(s)	Absolute OpEx SEK million	Proportion of OpEx %	Substantial contribution criteria						DNSH criteria (do no significant harm)							Proportion taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) OpEx, 2023 %	Proportion taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) OpEx, 2022 %	Category (enabling activity) or	Category (transitional activity)
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Yes/no	Climate change adaptation Yes/no	Water and marine resources Yes/no	Circular economy Yes/no	Pollution Yes/no	Biodiversity and ecosystems Yes/no	Minimum safeguards Yes/no				
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
<b>A.1. Environmentally sustainable (Taxonomy-aligned) activities</b>																				
Installation, maintenance and repair of energy efficiency equipment	7.3	3.3	70.9							Yes	-	-	-	-	-	-	69.4%	56.7%	Enabling	
<b>OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>3.3</b>	<b>70.9</b>														<b>69.4%</b>	<b>56.7%</b>		
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)</b>																				
Renovation of existing buildings	7.2	0.9	18.2																	
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>0.9</b>	<b>18.2</b>														<b>17.2%</b>	<b>29.3%</b>		
<b>Total (A.1 + A.2)</b>		<b>4.2</b>	<b>89.1</b>														<b>86.6</b>	<b>85.9</b>		
<b>B. TAXONOMY-INELIGIBLE ACTIVITIES</b>																				
<b>OpEx of Taxonomy-non-eligible activities (B)</b>		<b>0.5</b>	<b>10.9</b>																	
<b>Total (A+B)</b>		<b>4.7</b>	<b>100%</b>																	

## Qualitative disclosures on OpEx

The majority of the OpEx disclosures reported under the Taxonomy include costs for the repair and maintenance of property, plant, and equipment. For repair and maintenance costs that relate to both Taxonomy-aligned and non-Taxonomy-aligned activities, an allocation key based on the same principles as for CapEx is used. The proportion of the Taxonomy-aligned OpEx is based on the proportion of Taxonomy-aligned turnover (revenue) during the year, reflecting the resources used by Taxonomy-aligned production at the facilities.

# Financial information

## The group

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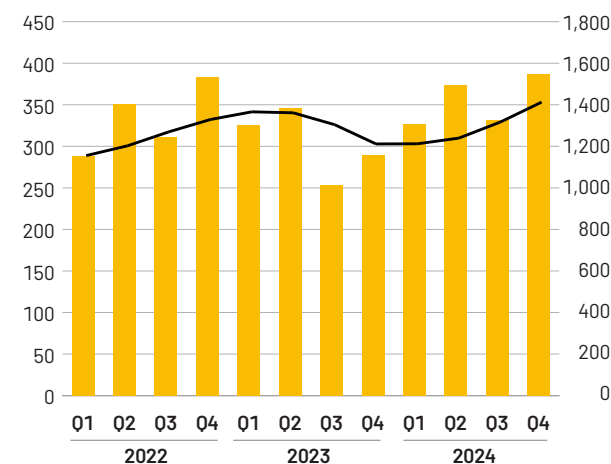


## THE GROUP'S FINANCIAL STATEMENTS

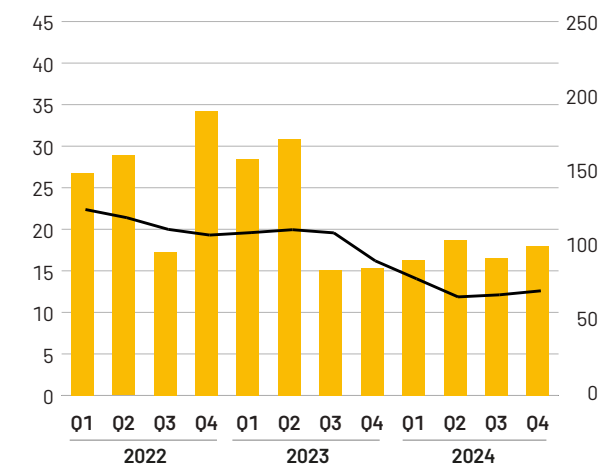
# Consolidated statement of comprehensive income

Amounts in thousands of SEK	Note	2024	2023
Net sales	2, 3	1,417,917	1,214,887
Production and project costs	4, 5, 10, 11	-1,169,952	-969,532
<b>Gross profit</b>		<b>247,965</b>	<b>245,355</b>
Distribution costs	4, 5, 10, 11	-120,874	-108,383
Administrative expenses	4, 5, 7, 10, 11	-95,946	-76,653
Other operating income	5, 6	3,702	10,294
Other operating expenses	6	-27	-239
<b>Operating profit</b>	2	<b>34,821</b>	<b>70,374</b>
Finance income	8	4,466	3,727
Finance costs	8	-34,332	-18,072
<b>Financial items – net</b>		<b>-29,867</b>	<b>-14,344</b>
<b>Profit before tax</b>	2	<b>4,954</b>	<b>56,030</b>
Income tax	9	-396	-9,525
<b>Profit for the year</b>	2	<b>4,558</b>	<b>46,505</b>
Net profit attributable to parent company shareholders		1,060	45,884
Net profit attributable to non-controlling interests		3,498	621
<b>Profit for the year</b>		<b>4,558</b>	<b>46,505</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to profit or loss</b>			
Exchange differences on translation of foreign operations		6,406	3,355
<b>Other comprehensive income</b>		<b>6,406</b>	<b>3,355</b>
<b>Total comprehensive income</b>		<b>10,964</b>	<b>49,860</b>
Of which attributable to:			
Parent company shareholders		7,339	49,239
Non-controlling interests		3,625	621
<b>Profit for the year</b>		<b>10,964</b>	<b>49,860</b>
<b>Earnings per ordinary share, considering earnings attributable to parent company shareholders during the year (SEK per share)</b>			
Basic earnings per share, SEK		0.05	2.12
Diluted earnings per share, SEK		0.05	2.12
Average number of shares before dilution, thousands		22,958	21,909
Average number of shares after dilution, thousands		22,958	21,909

## NET SALES, R12, SEK MILLION



## ADJUSTED OPERATING PROFIT (EBITA), R12, SEK MILLION



**f** = Administration report

## Comments on the consolidated income statement

### **f** The business

Balco Group offers customised and innovative balcony and façade solutions under its own brands to housing co-operatives, private property owners, the public sector, and construction companies. Today, Balco Group is the market leader in the Nordic countries and holds a strong position in other Northern European markets. Since Balco Group was founded in 1987 in Växjö, Sweden, it has evolved from a local, product-orientated supplier of balconies to a leading, market-orientated supplier of glazed balcony solutions. The parent company operates directly and through Swedish and foreign subsidiaries.

Balco Group has expanded in recent years, both in existing markets and by establishing itself in new countries, and now has sales offices in seven countries. The company has six wholly-owned production facilities in Sweden, Finland, and Poland. Unique products, strong delivery capacity, and skilled employees are the heart of Balco Group. The company has made significant investments and has the capacity for further growth. Balco Group offers a comprehensive range of products and solutions for the balcony market under its own brands, with patented technical designs. The products are tailored to customers' specific needs and can be installed in both renovation and new build projects.

### **f** Market

Balco Group is active in the Northern European market for balcony solutions, with a strong focus on glazing, which is a niche market within the broader construction market. The balcony market primarily encompasses the renovation of existing balconies and the installation of new balconies on existing properties, but the installation of balconies on new buildings is also included. Balco Group's main markets are Sweden, Norway, Denmark, and Finland.

In addition to its main markets, Balco Group is also active in Germany, the United Kingdom, and the Netherlands, and the group has also conducted individual transactions in Ireland, Iceland, Greenland, the Faroe Islands, Switzerland, and Austria. The balcony market is divided into two market segments: renovation and new build. Of the two, 71(90) percent of Balco Group's sales are in renovation.

## THE GROUP'S FINANCIAL STATEMENTS

**f Environment, sustainability, and social responsibility**

Balco Group does not conduct any activities requiring a permit under the Swedish Environmental Code (1998:808). However, some of its activities are subject to notification requirements. Specifically, powder coating, the workshop area, and concrete slab casting are subject to this requirement. The notification requirement is therefore only related to the group's production activities.

Balco Group's environmental work is an integral part of the company and permeates the entire business. Balco Group has implemented initiatives to minimise the company's environmental impact and is working consistently to reduce it. Balco Group sees itself as a pioneer in the development of balconies that are both environmentally friendly and energy-efficient, with products that not only reduce energy consumption but are also made from environmentally friendly materials. In addition, Balco Group manufactures all balconies in modules to minimise unnecessary transport. Balco Group is environmentally certified under ISO 14000 and quality certified under ISO 9000. The group works actively to reduce waste and energy consumption by streamlining production in the company's production units and increasing the recycling of materials and production waste that cannot be reduced or avoided. Balco Group also trains and informs its employees about environmental, health and safety issues and involves them in the continuous improvement process. Balco Group's procurement organisation strives to ensure that suppliers comply with the company's Code of Conduct and accept their environmental responsibilities. Balco Group requires all suppliers to comply with applicable environmental laws and regulations in the relevant countries.

Sustainability issues are important to Balco Group. This is reflected in Balco Group's active pursuit of safe and reliable products, a healthy work environment, and ethical behaviour – both internally and through its business partners. Balco Group's sustainability work is also expressed through the company's Code of Conduct, which sets out the company's social, ethical, and environmental rules. The Code of Conduct also includes rules related to human rights, non-discrimination, and health and safety. The onboarding process for all new employees includes a presentation and discussion regarding the Code of Conduct.

**Net sales and operating profit****f Group**

Net sales rose by 17% to SEK 1,418 million (from 1,215). Growth through acquisitions was 30%, foreign currency effects were 1%, and organic growth was –12%. Net sales have increased in Norway, remained stable in greater Europe, and decreased in Sweden and Denmark. Finland saw growth from acquisitions.

Adjusted operating profit (EBITA) amounted to SEK 70 (90) million, corresponding to an adjusted operating margin of 4.9% (7.4%). Items affecting comparability amounting to SEK –25 (–13) million were incurred this year, associated with acquisition costs, organisational restructuring, and the Riikku businesses.

**f Research and development**

Balco Group has a tradition of developing its own products and continuously invests in product development, which is one of Balco Group's key strategic advantages. The company has a proven ability to develop new, innovative, and technical solutions. The product development department is constantly working to improve existing products and develop new ones. This department is also involved in the development of customised balcony solutions, and it has the capacity to develop products for new segments where Balco Group sees significant potential. Examples of new products that Balco Group has launched in recent years include Twin View, Alu-Two, and Levitate. Balco Group had eight full-time employees in its product development department at the end of the financial year, and product development expenses accounted for 1% (1%) of total operating expenses.

As of 31 December 2024, the company held 69 product patents (58).

**f Depreciation/amortisation and EBITDA**

Depreciation and amortisation amounted to SEK –50 (–44) million, of which SEK –18 (–20) million came from depreciation and amortisation associated with rights of use (leasing). Meanwhile, SEK –10 (–7) million came from depreciation and impairment of acquired intangible assets. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to 85 (115) million SEK, corresponding to an EBITDA margin of 6.0% (9.4%). Adjusted for items affecting comparability, EBITDA totalled SEK 110 (127) million, corresponding to an adjusted EBITDA margin of 7.7% (10.5%).

**f Finance costs**

The net financial result amounted to SEK –30 (–14) million, of which SEK –1.5 (–1.5) million came from interest expenses associated with right-of-use rates (leasing), and SEK –3 (0) million came from unrealised currency losses. Interest expenses of SEK –22 (–13) million increased, due to increased borrowing associated with completed acquisitions.

**f Tax, net profit for the year, and earnings per share**

Tax expenses were SEK 0 (10) million, corresponding to an effective tax rate of 19.5% (19.5%).

Profit after tax totalled SEK 5 (47) million. Adjusted profit after tax totalled SEK 24 (57) million. Earnings per share amounted to SEK 0.05 (2.09). Adjusted profit per share amounted to SEK 0.89 (2.55).

**f Currency fluctuations**

Balco's Group reporting currency is Swedish kronor (SEK), but the group's income and expenses are usually reported in the local currencies of the countries where Balco Group operates. As a result, Balco's results and financial position are exposed to foreign exchange risks that affect the group's income statement and balance sheet. Currency exposure includes both transaction and translation exposure. Balco Group is mainly exposed to movements in NOK, EUR, DKK, PLN and GBP against SEK. Currency fluctuations have a minor impact on the company's sales and profitability, as Balco Group reduces currency exposures in its transactions.

**f Seasonal variations**

Balco Group's net sales and earnings are partly affected by the timing of orders, seasonal variations, and the fact that the meeting season for housing co-operatives is normally in the second and fourth quarters. In addition, the group is positively affected by months with many working days and a lack of holidays, and somewhat negatively by weather factors, where winters with significant snowfall come with increased costs. The group's strongest quarter is normally the second quarter.

**f Appropriation of profit**

As they appear above, the annual accounts and consolidated financial statements have been approved by the Board of Directors and the CEO on the date indicated by our electronic signature. The consolidated statement of income and other comprehensive income and balance sheet, and the parent company's income statement and balance sheet, will be submitted for adoption at the Annual General Meeting on 6 May 2025.

**At the disposal of the Annual General Meeting, in SEK:**

Share premium reserve	450,799,792
Retained earnings	–30,841,540
Profit for the year	279,245,206
<b>Total</b>	<b>699,203,457</b>

The Board of Directors proposes that profits be distributed as follows:

To shareholders in the form of a dividend	0
Profits to be carried forward	699,203,457
<b>Total</b>	<b>699,203,457</b>

## THE GROUP'S FINANCIAL STATEMENTS

# Consolidated balance sheet

Amounts in thousands of SEK	Note	31/12/2024	31/12/2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	15	515,535	485,160
Trademarks	15	261,205	128,856
Other intangible assets	15	18,649	13,316
<b>Total intangible assets</b>		<b>795,389</b>	<b>627,332</b>
<b>Property, plant and equipment</b>			
Right-of-use assets	16	60,708	70,495
Land and buildings	17	161,216	108,631
Plant and machinery	17	43,319	30,334
Equipment, tools, fixtures and fittings	17	22,709	18,883
Construction in progress	17	2,405	4,081
<b>Total property, plant and equipment</b>		<b>290,357</b>	<b>232,424</b>
Other non-current receivables		1,320	0
Deferred tax assets	9	6,272	294
<b>Total financial assets</b>		<b>7,592</b>	<b>294</b>
<b>Total non-current assets</b>		<b>1,093,338</b>	<b>860,050</b>
<b>Current assets</b>			
Materials and supplies	18	64,807	51,492
Trade receivables	19	123,074	137,974
Contract assets	20	209,946	177,147
Current tax receivables		10,233	15,351
Other receivables	21	13,545	8,637
Pre-paid expenses and accrued income	22	14,687	13,748
Cash and cash equivalents	23	103,061	2,805
<b>Total current assets</b>		<b>539,352</b>	<b>407,153</b>
<b>TOTAL ASSETS</b>		<b>1,632,691</b>	<b>1,267,203</b>

Amounts in thousands of SEK	Note	31/12/2024	31/12/2023
<b>EQUITY</b>			
<b>Equity attributable to parent company shareholders</b>			
Share capital		138,135	131,461
Other contributed capital		450,800	406,339
Reserves		17,910	11,631
Retained earnings incl. profit for the year		189,992	196,706
<b>Total equity attributable to parent company shareholders</b>		<b>796,837</b>	<b>746,137</b>
Non-controlling interests		4,241	1,816
<b>Total equity</b>	<b>24</b>	<b>801,078</b>	<b>747,953</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to credit institutions	27, 28	362,916	174,200
Lease liabilities	27, 28	46,271	51,207
Deferred tax liabilities	9	66,858	41,719
Other non-current liabilities	27, 28	34,685	1,379
<b>Total non-current liabilities</b>		<b>510,729</b>	<b>268,505</b>
<b>Current liabilities</b>			
Lease liabilities	27, 28	16,642	19,013
Trade payables	28	145,657	91,043
Current tax liabilities		1,190	817
Other liabilities	25	42,725	28,517
Contract liabilities	20	38,039	49,951
Accrued expenses and deferred income	26	76,630	61,404
<b>Total current liabilities</b>		<b>320,883</b>	<b>250,745</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,632,691</b>	<b>1,267,203</b>

## THE GROUP'S FINANCIAL STATEMENTS

### **f** Balance sheet and financial position

Balco Group's total assets increased by 29% to SEK 1,633 (1,267) million in 2024.

Balco Group's banking agreement with Danske Bank will remain in force until 12 October 2026. The agreement includes a sustainability-linked revolving credit facility of 510 million SEK and an overdraft facility of 75 million SEK.

### **f** Non-current assets

The group's non-current assets, consisting of intangible assets, property, plant and equipment and financial assets, increased during the year, totalling SEK 1,093 (860) million. The largest non-current asset item, at 47%, is goodwill of SEK 516 (485) million.

### **f** Investments

Investments in intangible assets are traceable primarily to goodwill, trademarks, and licences. Investments in property, plant, and equipment consist of machinery, equipment, and other technical facilities. The group's total investments in 2024 totalled SEK 96 (53) million, distributed as follows: 7 (7) million SEK in replacement investments, 7 (7) million SEK in expansion investments, and 81 (39) million SEK in acquisitions of shares in subsidiaries.

### **f** Current assets

Trade receivables and contract assets are the single largest current asset items. Trade receivables decreased by 11% to SEK 123 (138) million during the year, while contract assets increased by 19% to SEK 210 (177) million.

Cash and cash equivalents totalled SEK 103 (3) million.



## THE GROUP'S FINANCIAL STATEMENTS

# Consolidated statement of changes in equity

Amounts in thousands of SEK	Share capital	Other contributed capital	Reserves	Retained earnings, incl. profit for year	Equity	Non-controlling interests	Total equity
<b>Opening balance as of 1 January 2023</b>	<b>131,461</b>	<b>406,328</b>	<b>8,276</b>	<b>183,729</b>	<b>729,794</b>	<b>1,237</b>	<b>731,031</b>
<b>Other comprehensive income</b>							
Profit for the year				45,884	45,884	621	46,505
Exchange differences on translation of foreign operations			3,355	0	3,355	0	3,355
<b>Total comprehensive income</b>			<b>3,355</b>	<b>45,884</b>	<b>49,239</b>	<b>621</b>	<b>49,860</b>
Transactions with shareholders in their capacity as owners:							
Dividend				-32,865	-32,865		-32,865
Proceeds from warrants issue		12		-42	-31	-42	-73
<b>Total attributable to shareholders</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>-32,907</b>	<b>-32,895</b>	<b>-42</b>	<b>-32,937</b>
<b>Closing balance as of 31 December 2023</b>	<b>131,461</b>	<b>406,339</b>	<b>11,631</b>	<b>196,706</b>	<b>746,137</b>	<b>1,816</b>	<b>747,953</b>
<b>Opening balance as of 1 January 2024</b>	<b>131,461</b>	<b>406,339</b>	<b>11,631</b>	<b>196,706</b>	<b>746,137</b>	<b>1,816</b>	<b>747,953</b>
<b>Other comprehensive income</b>							
Profit for the year				1,060	1,060	3,498	4,558
Exchange differences on translation of foreign operations			6,279	0	6,279	127	6,406
<b>Total comprehensive income</b>			<b>6,279</b>	<b>1,060</b>	<b>7,339</b>	<b>3,625</b>	<b>10,964</b>
Transactions/acquisitions/disposals in non-controlling interests				-7,774	-7,774	-1,200	-8,974
Transactions with shareholders in their capacity as owners:							
Newly issued shares	6,674	43,523			50,197		50,197
Proceeds from warrants issue		938		0	938	0	938
<b>Total attributable to shareholders</b>	<b>6,674</b>	<b>44,461</b>	<b>0</b>	<b>0</b>	<b>51,135</b>	<b>0</b>	<b>51,135</b>
<b>Closing balance as of 31 December 2024</b>	<b>138,135</b>	<b>450,800</b>	<b>17,910</b>	<b>189,992</b>	<b>796,837</b>	<b>4,241</b>	<b>801,078</b>

## EXTERNAL INTEREST-BEARING NET DEBT/EBITDA



## Equity and liabilities

Equity amounted to SEK 801(748) million as of 31 December 2024. Interest-bearing net debt including lease liabilities was 2.9(1.9) times adjusted EBITDA pro forma. Interest-bearing net debt excluding lease liabilities was 2.7(1.6) times adjusted EBITDA pro forma.

## Number of shares

The share capital consists of 23,021,648 shares. The shares have a voting value of 1 vote/share. The quotient value is 6.0002. All shares issued by Balco Group AB are fully paid up. Balco Group has one class of shares and each share has the same voting value and entitlement to dividends. The issued shares are freely transferable without any restrictions imposed by law or by Balco Group's articles of association. Balco Group is not aware of any agreements between shareholders that may result in restrictions on the right to transfer shares in the company.

## Trading and market capitalisation

Shares of Balco are traded on Nasdaq Stockholm's Small Cap list. In 2024, a total of more than 3.5 million shares were traded at a value of SEK 151 million. The average daily turnover in 2024 was SEK 0.6 million. Market capitalisation at the end of the year was SEK 0.9 billion.

## Share performance during the year

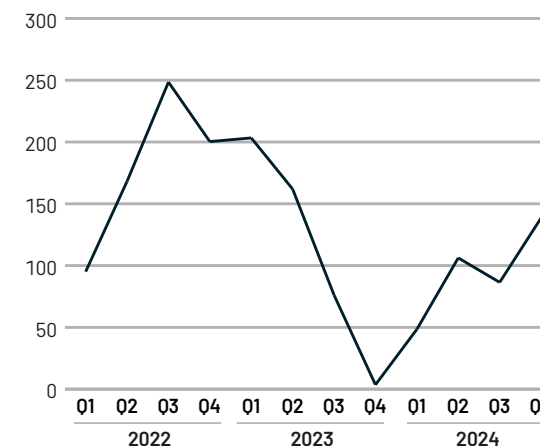
In 2024, the share price decreased by 17%, closing the year at a share price of SEK 38.50. This year's highest bid price was recorded on 2 January at SEK 56.00, and the lowest price was SEK 37.25 on 10 December.

## THE GROUP'S FINANCIAL STATEMENTS

# Consolidated statement of cash flows

Amounts in SEK, thousands	Note	2024	2023
<b>Cash flow from operating activities</b>			
Operating profit (EBIT)		34,821	70,374
Adjustment for non-cash items:			
- Depreciation/amortisation	15, 16, 17	50,122	44,312
- Other non-cash items		-17,569	-5,385
Interest received	8	3,552	3,727
Interest paid	8	-28,662	-16,534
Income tax paid	9	-6,073	-5,786
<b>Cash flow from operating activities before changes in working capital</b>		<b>36,192</b>	<b>90,708</b>
<b>Cash flow from changes in working capital</b>			
Increase/decrease in inventories		4,196	7,385
Increase/decrease in current receivables		71,611	4,282
Increase/decrease in current liabilities		-26,716	-128,505
<b>Total change in working capital</b>		<b>49,092</b>	<b>-116,838</b>
<b>Cash flow from operating activities</b>		<b>85,283</b>	<b>-26,130</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	17	-6,814	-7,749
Purchase of intangible assets	15	-6,277	-5,637
Investments in subsidiaries, net cash effect	13, 14	-80,820	-39,513
Change in other non-current receivables/liabilities		-1,779	0
<b>Cash flow from investing activities</b>		<b>-95,690</b>	<b>-52,899</b>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings	27	132,849	100,000
Reclassification of other non-current liabilities	27	0	-14,171
Payment of lease liabilities	27	-19,484	-23,358
Proceeds from warrants issue		938	12
Dividends paid to non-controlling interests		-1,200	0
Dividends paid to parent company shareholders		0	-32,864
<b>Cash flow from financing activities</b>		<b>113,104</b>	<b>29,619</b>
<b>Cash flow for the year</b>	23	<b>102,697</b>	<b>-49,410</b>
Cash and cash equivalents at beginning of year	23	2,805	51,865
Exchange difference in cash and cash equivalents		-2,441	350
<b>Cash and cash equivalents at end of year</b>	23	<b>103,061</b>	<b>2,805</b>

## OPERATING CASH FLOW, R12, SEK MILLION



## f Cash flow from operating activities

The group's cash flow from operating activities amounted to SEK 85 (-26) million. The improvement was due mainly to a reduction in working capital.

## f Cash flow from changes in working capital

Over the course of the year, working capital was reduced by SEK 49 million (increased by SEK 117 million). Net capital commitments in current projects rose to SEK 172 (-127) million by the end of the year.

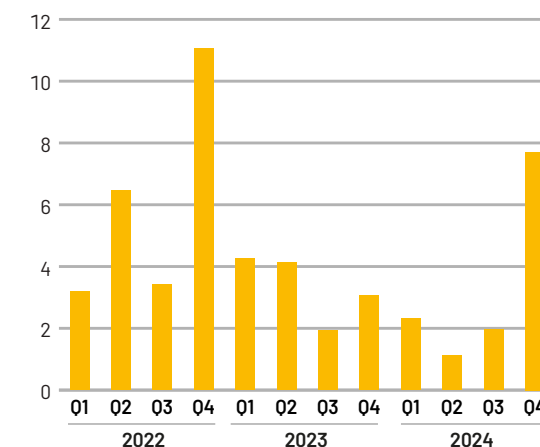
## f Cash flow from investing activities

Cash flow from investing activities amounted to SEK -96 (-53) million, distributed as follows: SEK -7 (-7) million in replacement investments, SEK -7 (-7) million in expansion investments, and SEK -81 (-39) million in acquisitions of shares in subsidiaries.

## f Cash flow from financing activities

Cash flow from financing activities amounted to SEK 113 (30) million, with the single largest item in this regard being increased credit facility usage.

## INVESTMENTS (EXCLUDING ACQUISITIONS), SEK MILLION



## GROUP NOTES

# Group notes

## Note 1: General information

### General information

The parent company is a Swedish public limited company listed on Nasdaq Stockholm, which has its registered office in Växjö. The address of the headquarters is Älgvägen 4, 352 45, Växjö, Sweden. The group comprises the parent company, Balco Group AB, with Swedish business ID no. 556821-2319, and its subsidiaries. Balco Group offers customised and innovative balcony and façade solutions under its own brands to housing co-operatives, private property owners, the public sector, and construction companies.

### Basis for preparation of the statements

The main accounting policies and new reporting standards rules are set out below. Other accounting policies that Balco Group considers material are reported in the respective notes. Ordinarily, the same policies are applied for both the parent company and the group.

Unless otherwise stated, accounting policies have been applied consistently for all years presented.

The consolidated financial statements for Balco Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee, as adopted by the EU.

In addition, the Swedish Corporate Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, has been applied.

The consolidated financial statements have been prepared in accordance with the cost method, apart from financial assets and liabilities (derivative instruments) measured at fair value through profit or loss.

In order to prepare financial statements in accordance with the IFRS and Swedish GAAP, judgements and assumptions must be made that affect the reported amounts of assets and liabilities, income and expenses, and other disclosures. These assumptions and estimates are usually based on historical expe-

rience but also on other factors, including expectations of future events. For further information, see the respective notes.

### New standards, amendments and interpretations applied by the group

No amendments to the IFRS effective from 1 January 2024 have had a material effect on the group's financial statements.

### Functional currency and presentation currency

The various entities within the group use their local currencies as their functional currencies. Here, "local currency" means the currency used in the primary economic environment in which a given entity conducts a majority of its operations. In the consolidated financial statements, Swedish kronor (SEK) are used as the parent company's functional currency and the group's presentation currency. All amounts are presented in thousands of SEK unless otherwise stated.

### Outlook for the coming year

Balco Group is one of few complete balcony suppliers on the market that provide tailored and innovative balcony solutions as a turnkey contractor. Balco Group is the market leader in the Nordic countries, and it holds a strong position in the other markets where the group is active. The market is fragmented and growing across Northern Europe. The value of the balcony market in the countries where Balco Group is represented is estimated at just over SEK 40 billion.

Our financial position means that the company is well prepared for growth through selective acquisitions that strengthen our market positions in existing markets. The timing of building permits, as well as the phases and payment plans of our projects, affect cash flow from one quarter to the next. Lower order intake in the last year will affect sales and earnings during the coming six months. We are continuing to focus on costs in order to defend our operating margin and adapt the organisation based on changes in capacity utilisation and order intake, while also retaining key expertise so that the company is not harmed in the long term.

### Significant changes during the reporting period

#### Acquisitions

##### *Riikku Group Oy*

On 22 January, Balco Group entered into an agreement regarding, and completed the acquisition of, all shares in Riikku Group Oy, one of Finland's leading providers of glazed balconies. This acquisition was consolidated beginning on 1 January 2024.

This acquisition affords Balco Group a strong position in the Finnish balcony market and strengthens its offerings in the new build segment. The acquisition also strengthens Balco Group's market position in the greater Nordic region, in line with the group's long-term strategy.

Riikku Group Oy was founded in 2005 and is one of Finland's two largest providers of glazed balconies. The company primarily operates in the new build segment, but it also services the renovation segment. Riikku's headquarters is located in Alavus, Finland, with sales offices in several Finnish cities and subsidiaries in Sweden, Norway, and Finland. Riikku Group had net sales of approximately EUR 40 million in 2023, with an operating margin slightly below that of Balco Group. Riikku has a modern and well-invested production facility of about 7,500 sq. m. in Alavus. Riikku and its subsidiaries will remain under the management of its existing leadership team, with Joakim Petersen-Dyggve as CEO.

##### *Suomen Ohutlevyasennus Oy*

On 6 March, Balco Group entered into an agreement regarding, and completed the acquisition of, 60% of the shares in Suomen Ohutlevyasennus Oy, a Finnish turnkey contracting and façade company. This acquisition was consolidated beginning on 1 March 2024. This acquisition further strengthens Balco Group's position in the Finnish market and expands its offerings in the renovation segment, as well as in turnkey contracting and the green transition. Balco Group's most recent acquisition, Riikku, is a major supplier to Suomen Ohutlevyasennus. Together, these two acquisitions establish the group as a leading player in Finland.

Founded in 1984, Suomen Ohutlevyasennus Oy is a turnkey contracting company specialising in façade renovations. Its projects primarily comprise façade renovation with additional

insulation, and often the installation of balcony glazing as well. More than 90% of the company's sales stem from the renovation segment, and typical customers include housing co-operatives and construction companies. The company is located in Turku, Finland, and it reported sales of approximately EUR 11 million in 2023. In the last few years, its operating margin has exceeded that of Balco Group. Suomen Ohutlevyasennus will remain under the management of Jukka Stam and Mikko Jokinen, who are part owners.

## GROUP NOTES

**Note 2: Segment reporting****f Renovation**

The renovation segment includes the replacement and extension of existing balconies, as well as the installation of new balconies on apartment buildings without balconies. The majority of Balco Group's net sales in the area consist of glazed balconies for housing co-operatives.

Net sales decreased by 8% to SEK 1,000 (1,088) million during the year. This segment accounted for 71% (90%) of Balco Group's total sales.

Operating profit (EBITA) was SEK 48 (73) million, corresponding to an operating margin of 4.7% (6.7%). Items affecting comparability include SEK 8 (11) million related to restructuring costs. Adjusted operating profit (EBITA) was SEK 56 (84) million and the adjusted operating margin was 5.6% (7.7%). The decline in earnings is due to an increased proportion of sales in markets with lower margins and from subsidiaries with lower margins.

**f New build**

The new build segment includes the installation of balconies in the construction of new apartment buildings and balcony solutions in maritime applications. In the new build segment, Balco offers its entire product range. Open balconies comprise the largest product area.

Net sales rose by 229% to SEK 418 (127) million. This segment accounted for 29% (10%) of Balco Group's total sales.

Operating profit (EBITA) was SEK 8 (7.5) million, corresponding to an operating margin of 2.0% (5.9%). This includes items affecting comparability, with SEK 10 (0) million related to restructuring costs. Adjusted operating profit (EBITA) was SEK 19 (5) million, and the adjusted operating margin was 4.5% (3.8%). This increase stems primarily from the acquisition of Riikku, a leader in the new build segment.

**Accounting policies**

Operating segments are reported in a way that corresponds to the internal reporting provided to the chief operating decision-maker.

Finance costs, finance income and income tax are mainly managed at Group level and are not allocated to the segments. The group does not track assets and liabilities by segment.



## GROUP NOTES

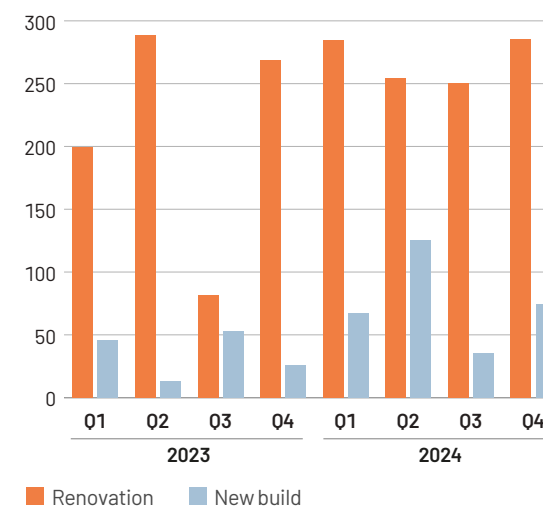
## Segment reporting

2024	Renovation	New build	Group-wide <sup>1</sup>	Eliminations	Total
Net sales – External revenue	1,000,184	417,733			1,417,917
Net sales – Internal revenue			23,668	-23,668	0
<b>Total net sales</b>	<b>1,000,184</b>	<b>417,733</b>	<b>23,668</b>	<b>-23,668</b>	<b>1,417,917</b>
<b>Operating profit (EBIT)</b>	<b>41,688</b>	<b>4,188</b>	<b>-11,055</b>	<b>0</b>	<b>34,821</b>
Depreciation/amortisation included in EBIT	38,178	11,944			50,122
of which amortisation/impairment of acquired intangible assets	5,832	4,226			10,058
Items affecting comparability	8,310	10,183	6,185	0	24,678
<b>Adjusted operating profit (EBITA)</b>	<b>55,830</b>	<b>18,597</b>	<b>-4,870</b>	<b>0</b>	<b>69,557</b>
Adjusted operating margin (%)	5.6	4.5			5.0
Operating profit (EBIT)	41,688	4,188	-11,055	0	34,821
Finance income			4,466		4,466
Finance costs			-34,332		-34,332
<b>Pre-tax profit/loss</b>			<b>-40,922</b>		<b>4,954</b>
Tax					-396
<b>Profit for the year</b>					<b>4,558</b>

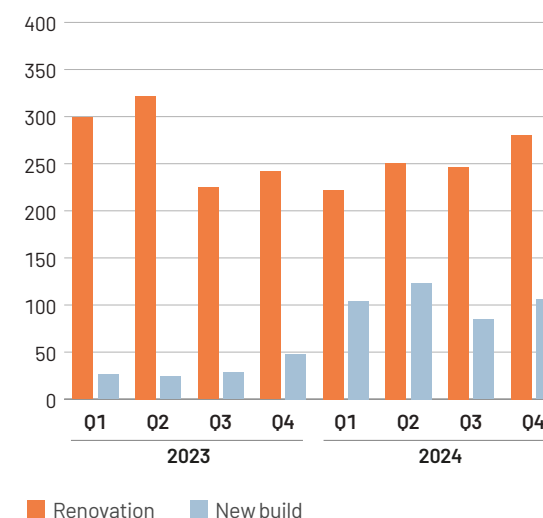
2023	Renovation	New build	Group-wide <sup>1</sup>	Eliminations	Total
Net sales – External revenue	1,087,956	126,931			1,214,887
Net sales – Internal revenue			26,364	-26,364	0
<b>Total net sales</b>	<b>1,087,956</b>	<b>126,931</b>	<b>26,364</b>	<b>-26,364</b>	<b>1,214,887</b>
<b>Operating profit (EBIT)</b>	<b>66,427</b>	<b>4,634</b>	<b>-687</b>	<b>0</b>	<b>70,374</b>
Depreciation/amortisation included in EBIT	41,442	2,870			44,312
of which amortisation/impairment of acquired intangible assets	6,613	161			6,774
Items affecting comparability	10,745	0	1,931		12,676
<b>Adjusted operating profit (EBITA)</b>	<b>83,785</b>	<b>4,795</b>	<b>1,244</b>	<b>0</b>	<b>89,824</b>
Adjusted operating margin (%)	7.7	3.8			7.4
Operating profit (EBIT)	66,427	4,634	-687	0	70,374
Finance income			3,727		3,727
Finance costs			-18,072		-18,072
<b>Pre-tax profit/loss</b>			<b>-15,031</b>		<b>56,030</b>
Tax					-9,525
<b>Profit for the year</b>					<b>46,505</b>

1) Group-wide essentially encompasses management fees

## ORDER INTAKE BY SEGMENT, SEK MILLION



## SALES GROWTH BY QUARTER, SEK MILLION



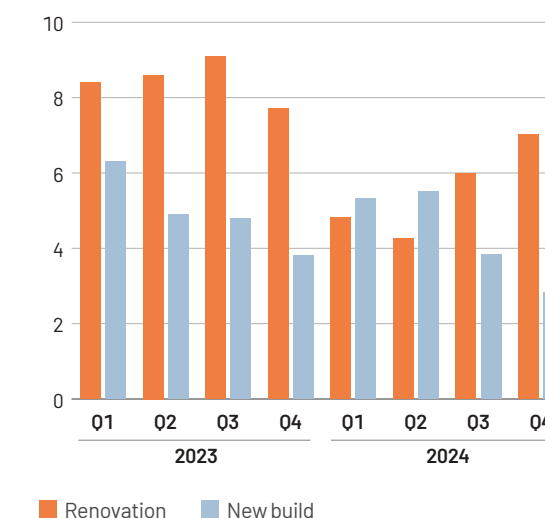
## Sales by geographical market

2024	Net sales	Share of total sales
Sweden	606,222	43%
Greater Nordic region	659,171	46%
Greater Europe	152,524	11%
<b>Net sales</b>	<b>1,417,917</b>	<b>100%</b>

2023	Net sales	Share of total sales
Sweden	752,603	62%
Greater Nordic region	310,438	26%
Rest of Europe	151,846	12%
<b>Net sales</b>	<b>1,214,887</b>	<b>100%</b>

## OPERATING MARGIN BY QUARTER, %



## GROUP NOTES

### Note 3: Revenue recognition

#### Accounting policies

##### Construction contracts

The group's revenue consists primarily of revenue from the execution of construction contracts for the installation of balconies in connection with new build or renovation. Typically, construction contracts are a performance obligation, as the elements of the contract are not separable from each other, but form an overall obligation for both new build and renovation. Construction contracts include a warranty on the work performed. Warranties are not considered to be a separate performance obligation, given that they are statutory guarantees issued in accordance with industry practice, normally for 5 years.

##### Transaction price

Contracts with customers are essentially fixed-price contracts. The group considers whether there may be other commitments that constitute separate performance obligations to which the transaction price should be allocated. Revenue from contracts with customers is measured at the contractual transaction price that reflects the consideration the group expects to receive. Under fixed-price contracts, the customer pays the contractual transaction price on agreed payment dates (see the note on Contract Assets for the relationship between work performed and consideration received from the customer). Variable consideration that affects the transaction amount does not have any material impact on the group.

##### Timing of revenue recognition

Revenue is recognised over time when there is no alternative use for the products, as the products are specifically tailored to the customer, and the group is entitled to payment. The application of revenue recognition over time shows the results as the project progresses. Revenue is recognised only when the group can reasonably measure the progress towards meeting the performance obligation. When revenue and cost

can be measured reliably and it is probable that the contract will be profitable, revenue is recognised over the term of the contract based on the stage of completion. The stage of completion is defined as the expenditure incurred on work performed up to the end of the reporting period as a percentage of the estimated total expenditure for each contract. Costs are recognised as incurred for the activities included in the contract. When it is probable that total expenditure will exceed total revenue, the expected loss is recognised as an expense immediately. When the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent of the expenditure incurred that is likely to be reimbursed by the customer. The group acts as principal in all contracts, in view of the fact that the group is responsible for fulfilling the obligation to the customer, sets the transaction price, and retains control of the products until control is transferred to the customer.

##### Contract costs

Some of the indirect project expenses, such as pre-planning and sales commissions, incurred by the group are treated as completion costs and are capitalised and amortised over the life of the project. The group applies the practical expedient that enables the incremental costs of obtaining a contract to be recognised as an expense when incurred if the amortisation period of the asset that the group otherwise would have recognised is one year or less. Sales commission expenses are included in the consolidated income statement under production and project costs.

##### Financing components

The group does not expect to have any contracts where the time between delivery of the products to the customer and payment from the customer exceeds one year. As a result, the group does not adjust the transaction price for the effects of a significant financing component.

#### Significant estimates and assessments

The group applies revenue recognition over time for construction contracts, which is a well-proven and long-established model for the group and requires the group to estimate the services already performed at the reporting date in proportion to the total services to be performed. Balco Group's revenue and profit are determined by the timing of the actual costs incurred during the execution of a project. Remaining performance obligations are parts of contracts with an original expected duration of one year or less.

In accordance with IAS 37, the full expected loss on a project is recognised when a negative project outcome is forecast. If the ratio between services performed and total services to be performed were to differ by 1 percent, the revenue recognised for the year would change by SEK 14 million (2023: SEK 12 million).

### Note 4: Expenses by nature

#### Accounting policies

Foreign currency transactions are translated to the functional currency using the exchange rates applicable on the transaction date. Exchange gains and losses arising from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate, are recognised in operating profit in the income statement.

	2024	2023
Raw materials, consumables, and sub-contracting services	-829,995	-731,690
Employee benefit expenses (note 10)	-394,429	-292,418
Depreciation and amortisation (notes 15-17)	-50,122	-44,312
Other costs	-112,225	-86,148
<b>Total production, project, sales, and administration costs</b>	<b>-1,386,771</b>	<b>-1,154,568</b>

#### Exchange differences

Exchange differences have been recognised in the income statement as follows:

	2024	2023
Production and project costs	-1,061	387
Finance income	913	0
Finance costs	-3,369	0
<b>Total exchange differences in the income statement</b>	<b>-3,517</b>	<b>387</b>

The group strives to balance currency flows by matching sales and purchases in the respective currencies wherever possible.

## GROUP NOTES

**Note 5: Items affecting comparability****Accounting policies**

Items affecting comparability, such as restructuring costs, impairment, disposals and acquisition costs, are specific material items that are disclosed separately because of their size or frequency. Restructuring costs are included in production and project costs, distribution costs and administrative expenses. Acquisition costs are recognised as administrative expenses.



	2024	2023
Production and project costs	-15,043	-7,553
Distribution costs	-3,311	-1,534
Administrative expenses	-6,324	-3,590
<b>Total items affecting comparability</b>	<b>-24,678</b>	<b>-12,676</b>

**Note 6: Other operating income and expenses**

	2024	2023
<b>Other operating income</b>		
Personnel-related	629	1,000
Change in contingent consideration	0	6,583
Gain on disposal of property, plant, and equipment	792	2,710
Other	2,281	0
<b>Total other operating income</b>	<b>3,702</b>	<b>10,294</b>
<b>Other operating expenses</b>		
Loss on disposal of property, plant, and equipment	0	-6
Other	-27	-232
<b>Total other operating expenses</b>	<b>-27</b>	<b>-239</b>

For contingent consideration, see Note 28.

**Note 7: Remuneration of auditors**

	2024	2023
<b>KPMG</b>		
Audit engagement	-2,967	-2,721
Auditing in addition to the audit engagement	-180	-211
Tax advisory services	199	-114
Other services	-56	-167
<b>Total</b>	<b>-3,402</b>	<b>-3,213</b>
<b>Audit engagements:</b>		
Alpha Revision AS	-67	-54
Herman Slater	0	-53
Shaw Gibbs	-59	0
Kancelaria Biegłych Rewidentów "CDP" Sp. z o.o.	-48	-46
myAuditor Oy	0	-17
Reilu Hallinto OY	-8	0
<b>Total</b>	<b>-182</b>	<b>-170</b>
<b>Total</b>	<b>-3,584</b>	<b>-3,383</b>

Of the remuneration for 2024, the following has been paid to audit firm KPMG AB for services to the group's Swedish, Finnish, and Danish companies: audit engagement, SEK 2,967 thousand (2023: SEK 2,721 thousand); other statutory tasks, SEK 180 thousand (2023: SEK 211 thousand); tax advisory services, SEK 199 thousand (2023: SEK 114 thousand); and other services, SEK 56 thousand (2023: SEK 167 thousand).

**Note 8: Finance income and costs**

	2024	2023
<b>Finance income</b>		
Interest income on bank deposits	4,466	3,727
<b>Finance income</b>	<b>4,466</b>	<b>3,727</b>
<b>Finance costs</b>		
Interest expenses on liabilities to credit institutions	-22,054	-14,113
Interest expenses on leases	-1,454	-1,538
Other finance costs	-10,824	-2,421
<b>Finance costs</b>	<b>-34,332</b>	<b>-18,072</b>
<b>Total financial items – net</b>	<b>-29,867</b>	<b>-14,344</b>

## GROUP NOTES

## Note 9: Income taxes

Tax on profit for the year differs from the theoretical amount that would result from using the weighted average tax rate for the results of the consolidated companies as follows:

Tax on profit for the year	2024	2023
<b>Current tax:</b>		
Current tax on profit for the year	-10,218	-10,948
Prior year adjustments	-291	151
<b>Total current tax</b>	<b>-10,509</b>	<b>-10,797</b>
<b>Deferred tax:</b>		
Deferred tax related to temporary differences	10,113	1,272
<b>Total deferred tax</b>	<b>10,113</b>	<b>1,272</b>
<b>Income tax</b>	<b>-396</b>	<b>-9,525</b>
	<b>2024</b>	<b>2023</b>
<b>Profit before tax</b>	<b>4,954</b>	<b>56,030</b>
Income tax calculated at the parent company's current tax rate, 20.6% (2023: 20.6%)	-1,021	-11,542
Tax effects of:		
-Tax rate, foreign	-336	-76
-Non-taxable income	186	1,667
-Non-deductible expenses	0	-561
-Other	1,066	836
-Prior year adjustments	-291	151
<b>Tax expense</b>	<b>-396</b>	<b>-9,525</b>
Effective tax rate, %	19.5	19.5

### Accounting policies

#### Deferred tax

Deferred tax assets and liabilities are offset when there is a legal right of set-off for current tax assets and liabilities, the deferred tax assets and liabilities relate to taxes levied by the same tax authority and refer to either the same taxable entity or different taxable entities, and there is an intention to settle the balances on a net basis.

Changes in deferred tax assets and tax liabilities during the year, which have been recognised in the income statement, without taking into account offsetting within the same tax jurisdiction, are shown below:

Deferred tax income and expenses	2024	2023
Deferred tax expense in respect of temporary differences	4,691	1,939
Deferred tax income in respect of temporary differences	5,423	-666
<b>Total deferred tax in income statement</b>	<b>10,113</b>	<b>1,272</b>

### Deferred tax assets

2023	Tax losses	Derivative instruments	Leases, etc.	Other	Total
<b>Opening carrying amount</b>	0	421	151	388	960
Recognised in income statement	0	-421	-203	-42	-666
Recognised in equity	0	0	0	0	0
<b>Closing carrying amount</b>	<b>0</b>	<b>0</b>	<b>-52</b>	<b>346</b>	<b>294</b>
2024	Tax losses	Derivative instruments	Leases, etc.	Other	Total
<b>Opening carrying amount</b>	0	0	-52	346	294
Recognised in income statement	4,369	0	73	982	5,423
Recognised in equity	24	0	531	0	555
<b>Closing carrying amount</b>	<b>4,394</b>	<b>0</b>	<b>551</b>	<b>1,328</b>	<b>6,272</b>

### Deferred tax liabilities

2023	Building	Trademarks/ Order backlog	Untaxed reserves	Derivatives	Other	Total
<b>Opening carrying amount</b>	-7,824	-24,615	-2,956	0	-4,569	-39,965
Recognised in income statement	313	2,244	695	0	-1,313	1,939
Recognised in equity	0	-2,860	-884	0	51	-3,693
<b>Closing carrying amount</b>	<b>-7,511</b>	<b>-25,230</b>	<b>-3,146</b>	<b>0</b>	<b>-5,832</b>	<b>-41,719</b>
2024	Building	Trademarks/ Order backlog	Untaxed reserves	Derivatives	Other	Total
<b>Opening carrying amount</b>	-7,511	-25,230	-3,146	0	-5,832	-41,719
Recognised in income statement	372	1,656	1,529	0	1,134	4,691
Recognised in equity	-1,549	-27,933	-172	0	-176	-29,830
<b>Closing carrying amount</b>	<b>-8,688</b>	<b>-51,507</b>	<b>-1,789</b>	<b>0</b>	<b>-4,874</b>	<b>-66,858</b>

## GROUP NOTES

## Note 10: Employees and costs

### Accounting policies

#### Short-term remuneration

Short-term remuneration is recognised as an expense and a liability when there is a legal or constructive obligation to pay benefits. The cost is recognised as the services are performed by the employees.

#### Pension obligations

The group has only defined-contribution pension plans; see note 11. A defined-contribution plan is a pension plan under which the group pays fixed contributions into a separate legal entity. The group has no legal or constructive obligation to pay further contributions if this legal entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current or prior periods.

For defined-contribution pension plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual, or voluntary basis.

The group has no further payment obligations once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in profit or loss as they are earned by employees in the course of providing services to the enterprise over a period of time. Pre-paid expenses are recognised as an asset to the extent that the cash repayment or reduction in future payments can benefit the group. See also note 11.



	2024	2023
Salaries and other benefits	-294,119	-208,140
Social security contributions	-64,255	-63,302
Pension costs – defined-contribution plans	-36,055	-20,976
<b>Total</b>	<b>-394,429</b>	<b>-292,418</b>

Average number of employees by country	2024		2023	
	Number of employees	Of which women	Number of employees	Of which women
Sweden	304	27	332	34
Norway	19	1	9	0
Denmark	56	4	53	4
UK	14	0	13	0
Netherlands	1	0	1	0
Poland	60	11	72	14
Finland	176	6	0	0
Germany	10	1	10	2
<b>Total</b>	<b>640</b>	<b>50</b>	<b>490</b>	<b>54</b>

	2024		2023	
	No. on reporting date	Of which women	No. on reporting date	Of which women
Board members	24	3	18	4
CEO	13	1	9	1
<b>Total</b>	<b>37</b>	<b>4</b>	<b>27</b>	<b>5</b>

Remuneration and other benefits 2024	Basic salary / Board fees	Social security contributions / Special payroll tax	Variable remuneration	Other benefits	Pension expenses	Total
Ingaliil Berglund, chairperson	-600	-189	0	0	0	-789
Carl-Mikael Lindholm, board member	-248	-78	0	0	0	-325
Johannes Nyberg, board member	-320	-101	0	0	0	-421
Vibecke Hverven, board member	-268	-84	0	0	0	-352
Thomas Widstrand, board member	-248	-49	0	0	0	-297
Mikael Andersson, board member	-268	-53	0	0	0	-320
Camilla Ekdahl, CEO	-2,999	-1,539	-911	-228	-984	-6,661
Other senior executives (3 people)	-4,977	-2,478	-1,734	-305	-1,134	-10,628
<b>Total</b>	<b>-9,926</b>	<b>-4,570</b>	<b>-2,645</b>	<b>-533</b>	<b>-2,118</b>	<b>-19,792</b>

Remuneration and other benefits 2023	Basic salary / Board fees	Social security contributions / Special payroll tax	Variable remuneration	Other benefits	Pension expenses	Total
Ingaliil Berglund, chairperson	-585	-184	0	0	0	-769
Carl-Mikael Lindholm, board member	-240	-76	0	0	0	-316
Johannes Nyberg, board member	-310	-97	0	0	0	-407
Vibecke Hverven, board member	-260	-82	0	0	0	-342
Thomas Widstrand, board member	-240	-75	0	0	0	-315
Mikael Andersson, board member	-260	-27	0	0	0	-287
Camilla Ekdahl, CEO	-2,820	-1,208	-126	-176	-877	-5,207
Other senior executives (3 people)	-4,644	-2,074	-455	-235	-1,451	-8,858
<b>Total</b>	<b>-9,359</b>	<b>-3,822</b>	<b>-581</b>	<b>-411</b>	<b>-2,328</b>	<b>-16,501</b>

## GROUP NOTES

**Terms and conditions for the CEO**

If the CEO is dismissed, a 12-month notice period applies. If the CEO resigns, a 6-month notice period applies. The CEO is entitled to keep their fixed salary during the notice period; other benefits are adjusted during the notice period according to the needs and the tasks assigned to the CEO, which means that all benefits cease if the CEO is released from work obligations. If, during the period of notice, the CEO obtains other employment or otherwise has income from service, business, or their own activities, the CEO's notice salary and severance pay shall be reduced by the amount the CEO then earns. The company allocates 30% of gross salary and 25% of variable remuneration to a pension insurance scheme through the CEO's choice of insurance company. Outstanding pension obligations to the CEO exist in the form of a direct pension solution totalling SEK 1,754 thousand (2023: SEK 1668 thousand).

**f The Annual General Meeting resolves on the following guidelines for remuneration to the company's senior executives**

"Senior executives" refers to the CEO and group management. These guidelines shall apply to remuneration agreed and changes made to remuneration already agreed after the guidelines were adopted by the Annual General Meeting. Remuneration decided by the shareholders at the general meeting falls outside these guidelines. Accordingly, share-based incentive schemes for senior executives or remuneration of directors for board service are not covered by these guidelines.

**Contribution of the guidelines to the company's business strategy, long-term interests, and sustainability**

The company is a market leader in the balcony industry. It develops, manufactures, sells, and installs its own open and glazed balcony systems within well-defined market areas. In short, the company's business strategy aims to strengthen its market-leading position as a supplier of high-quality balcony solutions tailored to the specific needs and requirements of its customers. On a general level, the company's goal is to create greater value for its shareholders through organic profit growth and acquisitions.

The company approaches sustainability from both commercial and ethical perspectives, and strives to engage in credible, goal-orientated sustainability work which benefits the environment and society at large. Sustainability work is an integral part of the company's operations. Additionally, the company's

sustainability work is systematic and goal-orientated. This work is presented in the group's Annual and Sustainability Report.

For more information about the group's business strategy, long-term interests, and sustainability, see the corporate website at [www.balcogroup.se](http://www.balcogroup.se).

Successfully implementing the company's business strategy, safeguarding its long-term interests, and meeting expectations for sustainable and responsible business practices are all contingent on the company's ability to recruit, motivate and retain senior executives. The objective of the company's remuneration strategy is to be competitive while remaining aligned with shareholders' interests. Taken together, the company's remuneration schemes aim to provide well-balanced remuneration that reflects individual skills, responsibilities and performance, in the short and long terms, as well as the company's overall performance. These guidelines allow the company to offer senior executives a competitive, market-based compensation package.

**Incentive programmes**

The company has implemented warrant-based incentive programmes for executives and other key employees on market-based terms, in order to promote broad ownership of shares among the company's key employees, facilitate recruitment, maintain competent and talented employees, encourage key employees to become invested in the company's goals, and increase employees' motivation to meet or exceed the company's financial goals. These programmes are thus clearly linked to the company's business strategy, the promotion and safeguarding of the company's long-term interests, and the company's desire to meet expectations around sustainable, responsible business practices.

The executives and key employees encompassed by the programmes have the opportunity to acquire warrants at market price. In order to encourage participation in these programmes, the board was given the authority to subsidise participation in the form of a gross salary supplement equal to no more than the premium paid for each warrant under the condition that, at the time of payment, the participant remains in their position or another comparable position within Balco Group and remains in possession of the warrants. Participants may exercise their warrants to subscribe for shares after three years.

Because decisions regarding shares and share price-related incentive programmes are made by the general meeting, they are not subject to these guidelines.

**Forms of remuneration**

The company aims to offer a competitive, market-based total compensation package. Remuneration of senior executives may consist of fixed and variable salaries, a pension, and other benefits. Also included are termination conditions and severance pay. To ensure that the established compensation remains competitive and in line with the market, it must be reviewed annually. This review must take into account the size of the company and each employee's position, salary, and experience. In addition, the general meeting may, independently of these guidelines, make decisions regarding share-based or other forms of remuneration.

*Fixed salary*

A fixed annual salary for a senior executive shall be competitive and based on the skills, responsibilities, and performance of the individual. The fixed salary shall serve as the foundation of a total compensation package.

*Variable cash remuneration*

In addition to a fixed annual salary, executives shall be entitled to variable cash remuneration. Such variable remuneration shall be based on predetermined and measurable criteria, which may be financial or non-financial. Variable remuneration may be linked directly or indirectly to the achievement of financial targets, such as the group's operating profit, set by company's board of directors. Non-financial criteria may be linked to sustainability. Variable remuneration is normally paid based on performance over twelve months (a calendar year) and on the most recent financial information published by the company. Variable cash remuneration is thus linked to the company's business strategy, long-term interests and sustainability.

The criteria shall be established, monitored and evaluated annually by the Board of Directors. Variable remuneration may not exceed 50% of each senior executive's fixed annual salary.

Variable remuneration can only form the basis for pension benefits if provided for in applicable collective agreement provisions.

*Other benefits and pension*

The group provides other benefits to senior management in accordance with local practice. Such benefits may include, for example, a company car and occupational health care. For a limited period, official accommodations may also be offered where appropriate. Other benefits must be in line with the market.

Senior executives shall be entitled to pension benefits based on the practice in the country where they are employed. Pension

arrangements shall be defined-contribution and secured by payments of premiums to insurance companies, except where the individual concerned is covered by a defined-benefit pension plan in accordance with applicable collective agreement provisions. Pensions may not exceed 30% of each senior executive's fixed annual salary, unless a higher provision is made under an applicable collectively agreed pension plan.

In the case of employment contracts governed by rules other than those of Swedish law, appropriate adjustments may be made to pension and other benefits in order to comply with such mandatory rules or local practice, the overall purpose of these guidelines being to meet those needs.

*Termination period and severance pay*

Employment contracts concluded between the company and senior executives shall, as a general rule, be for an indefinite period. If the company terminates the employment of a senior executive, the notice period may not exceed twelve months. Severance pay shall only be paid in the event of termination by the company and shall not exceed an amount equal to the fixed annual salary during the period of notice. In the event that an executive resigns from their position, the period of notice shall not exceed six months, and no severance pay shall be payable.

*Salary and terms of employment for employees*

As part of the preparation of the board's proposed remuneration guidelines, the salary and employment conditions of the company's employees have been considered. In evaluating the reasonableness and limitations of the guidelines, the remuneration committee and the board of directors have based their decisions on:

- information regarding employees' total compensation, the components of the employees' compensation, and the rate at which this compensation has increased over time.

*Decision-making process for establishing, reviewing, and implementing the guidelines*

The board has appointed a remuneration committee, charged with preparing the board's decisions on proposals regarding the current guidelines, remuneration principles, and other terms of employment for executives. The Remuneration Committee shall also monitor and evaluate ongoing and variable remuneration programmes concluded during the year for senior executives, the application of the guidelines for remuneration of senior execu-

## GROUP NOTES

tives and the current remuneration structures and remuneration levels at the company.

The board shall prepare a proposal regarding new guidelines at least every four years and present this proposal to the general meeting for approval. The guidelines shall remain in force until new guidelines are adopted by the general meeting.

### *Temporary deviation from the guidelines*

The Board of Directors shall have the right to deviate temporarily from these guidelines, in whole or in part, if there exist particular reasons for doing so in a given case and such deviation is necessary to safeguard the long-term interests of the company and meet expectations regarding sustainable and responsible business practices, or to ensure the financial viability of the company.

In the event of such a deviation, the deviation must be noted in the board's compensation report, including the reason for the deviation and the specific guidelines which were deviated from. The remuneration committee's tasks include preparing the board's decisions on remuneration issues, including decisions on any deviations from the guidelines.

### **f** Long-term incentive programme

The group has issued warrants to employees. The employees have paid the fair value of the warrants, and this warrant premium is recognised as other contributed capital.

The programme has been classified as equity-settled as the holder can only receive shares upon redemption. Upon exercise of the warrants, the exercise price will be recognised in equity.

At the Annual General Meeting of 24 May 2022, it was resolved to introduce a three-year incentive programme aimed at the company's senior executives and other key employees, totalling 41 employees. The incentive programme comprises a maximum of 220,000 warrants, each entitling its holder to subscribe for a maximum of the corresponding number of shares. Balco Group's total cost for the incentive programme over its full term is expect-

ed to be approximately SEK 1.6 million. The programme involves a maximum dilution corresponding to approximately 1.0% of the company's total number of shares. The senior executives of Balco Group have acquired 55,000 warrants with a total value of SEK 280,700.

At the Annual General Meeting of 14 May 2024, it was resolved to introduce a three-year incentive programme aimed at the company's senior executives and other key employees, totalling 32 employees. The incentive programme comprises a maximum of 230,000 warrants, each entitling its holder to subscribe for a maximum of the corresponding number of shares. Balco Group's total cost for the incentive programme over its full term is expected to be approximately SEK 1.3 million. The programme involves a maximum dilution corresponding to approximately 1.0% of the company's total number of shares. The senior executives of Balco Group have acquired 75,000 warrants with a total value of SEK 310,500.

The purpose of the incentive programme is to encourage broad share ownership among the company's key employees, facilitate recruitment, retain skilled and talented employees, ensure that the interests of key employees and the company's objectives are increasingly aligned, and increase motivation to achieve or exceed the company's financial targets.

In order to encourage participation in the programme, it was decided to subsidise participation in the form of a gross salary supplement. The level of salary supplement cannot exceed the gross amount invested by the participant. The subsidy to a participant will be paid in connection with the exercise of their warrants, subject to the condition that the participant at that time remains employed by the company in the same position or a comparable position elsewhere within Balco Group, and remains in possession of their warrants. The subsidy for each participant shall amount to a maximum of the premium paid for the participant's warrants held at the time of payment.

Year	Number of warrants	Number of warrants exercised	Number of warrants expired	Total	Exercise price	Subscription period
2020/2023	400,000	0	400,000	0	99.20	2023-12-16 – 2024-01-15
2021/2024	200,000	0	200,000	0	107.70	2024-05-25 – 2024-06-24
2022/2025	220,000	0	0	220,000	79.40	2025-09-01 – 2025-09-30
2024/2027	230,000	0	0	230,000	47.80	2027-08-26 – 2027-09-24
	<b>1,050,000</b>	<b>0</b>	<b>600,000</b>	<b>450,000</b>		



## GROUP NOTES

## Note 11: Post-employment benefits

### Accounting policies

#### Termination benefits

Termination benefits are payable when an employee's employment is terminated by the group before the normal retirement date or when an employee accepts voluntary redundancy in exchange for such benefits.

The group recognises termination benefits when it is demonstrably committed to terminating employees under a detailed formal plan without the possibility of withdrawal. Where the group has made an offer to encourage voluntary redundancy, the redundancy payment is calculated based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.



The amounts recognised in the income statement are as follows:

	2024	2023
Recognised in income statement:		
Cost of defined contribution pension plans	-30,446	-15,351
<b>Income statement</b>	<b>-30,446</b>	<b>-15,351</b>

For salaried personnel in Sweden, the ITP 2 plan's defined-benefit pension obligations for retirement and family pension are secured by an insurance policy with Alecta. According to a statement by the Financial Reporting Council, UFR 10 Accounting for the ITP 2 pension plan funded by insurance in Alecta, this is a multi-employer defined-benefit plan. For the current and preceding financial years, the company did not have the information to account for its proportionate share of the plan's obligations, plan assets and expenses, which meant that the plan could not be accounted for as a defined-benefit plan. The ITP 2 pension plan, which is covered by an insurance policy with Alecta, is therefore

accounted for as a defined-contribution plan. The premium for the defined-benefit retirement and family pension is calculated on an individual basis and depends on, among other things, salary, previously earned pension and expected remaining period of service. Expected contributions for the next reporting period for ITP 2 insurance policies underwritten by Alecta amount to SEK 28,772 thousand (2023: SEK 14,506 thousand).

The collective funding ratio is the market value of Alecta's assets as a percentage of the insurance liabilities calculated according to Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio should normally be allowed to vary between 125 and 175%. If Alecta's collective funding ratio falls below 125% or exceeds 155%, measures must be taken to create the conditions for it to return to the normal range. With a low funding ratio, one measure could be to increase the price of newly subscribed benefits and benefit increases. If the funding ratio is too high, premium reductions could be introduced. At the end of 2024, Alecta's surplus in the form of the collective funding ratio was 162% (2023: 157%).

Premiums to Alecta are determined by assumptions about interest, longevity, operating costs and yield tax and are calculated so that the payment of constant premiums until the retirement date is sufficient for the full target benefit, based on the insured's current pensionable salary to be earned by then.

There is no set framework for how to deal with any losses that may arise, but in the first instance losses are to be covered by Alecta's collective funding capital and thus do not lead to increased costs through higher contractual premiums. There are also no rules on how any surpluses or deficits are to be distributed when the plan is wound up or a company leaves the plan.

In addition to the above-mentioned pension plan, the group has only defined-contribution pension plans and endowment insurance.

## Note 12: Transactions with related parties

### f Transactions with related parties

The group's key personnel consist of the board of directors, the CEO, and group management, partly through their ownership in Balco Group and partly through their roles as senior executives. Related parties also include the company's largest shareholders, the Hamrin family, represented on the board by Carl-Mikael Lindholm; and Skandrenting, represented on the board by Johannes Nyberg. Transactions with related parties are conducted on an arm's-length basis.

No transactions with related parties occurred in 2024 or 2023.

## GROUP NOTES

## Note 13: Investments in Group companies

### Accounting policies

#### Subsidiaries

The group's business acquisitions are accounted for using the acquisition method. The purchase consideration for the acquisition of a subsidiary comprises the fair value of the assets transferred, liabilities incurred and equity interests issued by the group. The consideration also includes the fair value of all liabilities or assets arising from a contingent consideration agreement.



Parent company	31/12/2024	31/12/2023
Opening cost	1,458,184	702,459
Acquisitions	184,810	761,111
Disposal	-482	0
Impairment	-575,910	0
Contingent consideration remeasurement	-10	-5,386
<b>Closing carrying amount</b>	<b>1,066,592</b>	<b>1,458,184</b>

Name	Business ID no.	Reg'd office	Equity, %	31/12/2024		31/12/2023	
				No. of shares	Carrying amount	No. of shares	Carrying amount
Nordiska Balco AB	556325-3847	Växjö	100	1,548,176	45,000	1,548,176	567,910
-Balco Spolka. z o.o	5 961 747 062	Poland	100				
Balco AB	556299-4482	Växjö	100	500	573,736	500	573,736
Balco AS	979 458 398	Norway	100	1,000	1,712	1,000	1,712
Balco Ltd	5 280 899	UK	100	1	0	1	0
Balco Balkonkonstruktionen GmbH	HRB9039	Germany	100	-	1,354	-	1,354
Balco Balkonsystemen B.V	57 577 978	Netherlands	100	200	173	200	173
Balco Altaner AS	59 222 401	Denmark	100	500,000	20,563	500,000	20,563
Balco Oy*	2706308-7	Finland	100			2,500	482
Kronhjorten och Lodjuret Holding AB	559018-7489	Växjö	100	50,000	50	50,000	50
TBO-Haglinds AB	556363-9631	Arboga	100	1,000	93,556	1,000	119,556
- Arutex AB	556814-1575	Arboga	100				
Stora Fasad AB	556376-2185	Västerås	100	1,000	18,232	1,000	27,982
RK Teknik i Gusum AB	556414-3955	Gusum	100	1,000	71,234	1,000	71,244
- Fastigheter i Gusum AB	556857-5236	Gusum	100				
- Montage Partner i Sverige AB	559112-2170	Gusum	100				
Söderåsens Mur- och Kakel AB	556584-9725	Kågeröd	80	800	21,687	800	29,937
NMT Montageteknik i Norden AB	559056-8415	Sundsvall	100	2,000	34,484	2,000	43,484
Riikku Group Oy	1994198-6	Finland	100	675	121,814		
- Riikku Sverige AB	556769-3402	Järfälla	100				
- Riikku Koti OY	3175840-4	Finland	100				
Suomen Ohutlevyasennus Oy	2448665-8	Finland	60	60	62,996		
<b>Total</b>				<b>2,106,412</b>	<b>1,066,592</b>	<b>2,108,177</b>	<b>1,458,183</b>

\* The company was liquidated as of December 31, 2024.

## GROUP NOTES

## Note 14: Acquisitions

### f Acquisitions

Balco Group's aim is for the company to grow primarily organically through its own efforts, but acquisitions are also interesting if they help to strengthen Balco Group's competitiveness or can accelerate the pace of establishment in a market.

#### In the course of the year, Riikku Group Oy and Suomen Ohutlevyasennus Oy were acquired

Transaction costs for the acquisitions of Riikku Group Oy and Suomen Ohutlevyasennus Oy totalled SEK 6,186 thousand for financial and legal advice, reported as administrative expenses and an item affecting comparability.

#### Riikku Group Oy

On 22 January, Balco Group entered into an agreement regarding, and completed the acquisition of, all shares in Riikku Group Oy, one of Finland's leading providers of glazed balconies. This acquisition was consolidated beginning on 1 January 2024. This acquisition affords Balco Group a strong position in the Finnish balcony market and strengthens its offerings in the new build segment. The acquisition also strengthens Balco Group's market position in the greater Nordic region, in line with the group's long-term strategy.

Riikku Group Oy was founded in 2005 and is one of Finland's two largest providers of glazed balconies. The company primarily operates in the new build segment, but it also services the renovation segment. Riikku's headquarters is located in Alavus, Finland, with sales offices in several Finnish cities and subsidiaries in Sweden, Norway, and Finland. Riikku Group had net sales of approximately EUR 40 million in 2023, with an operating margin slightly below that of Balco Group. Riikku has a modern and well-invested production facility of about 7,500 sq. m. in Alavus. Riikku and its subsidiaries will remain under the management of its existing leadership team, with Joakim Petersen-Dyggve as CEO.

The agreed consideration amounts to EUR 15 million on a cash and debt-free basis. EUR 3 million will be paid in the form of newly issued shares to Riikku's previous owner. The remaining EUR 12 million will be financed with cash, half of which was already paid

at the time the acquisition was finalised; the remaining half will be paid over the next four years at a rate of one-fourth per year.

The acquisition analysis presented in this annual report is final.

#### The consideration consists of the following components (in millions of SEK)

Cash payment	78.5
Present value of future payments	39.2
Net assets acquired	-117.7
<b>Goodwill</b>	<b>0.0</b>

#### The following assets and liabilities were included in the acquisition (in millions of SEK)

Cash and cash equivalents	2.2
Property, plant and equipment	64.3
Intangible assets	104.6
Inventories	15.9
Receivables	84.3
Liabilities	-133.8
Deferred tax liabilities	-19.8
<b>Net assets acquired</b>	<b>117.7</b>

The values allocated to intangible assets are associated with trademarks and the order backlog. These have been measured at the discounted value of future cash flows. Additionally, there is a surplus value of SEK 5 million in the building which will be amortised over 25 years. The order backlog will be amortised on a straight-line basis over one year. The year's amortisation of tangible and intangible assets for the acquisition amounts to SEK 4 million, and future annual amortisation for tangible, non-current assets is estimated at SEK 0.2 million.

#### Suomen Ohutlevyasennus Oy

On 6 March, Balco Group entered into an agreement regarding, and completed the acquisition of, 60% of the shares in Suomen Ohutlevyasennus Oy, a Finnish turnkey contracting and façade company. This acquisition was consolidated beginning on 1 March 2024. This acquisition further strengthens Balco Group's position in the Finnish market and expands its offerings in the renovation segment, as well as in turnkey contracting and the green transition. Balco Group's most recent acquisition, Riikku, is a major supplier to Suomen Ohutlevyasennus. Together, these two acquisitions establish the group as a leading player in Finland.

Founded in 1984, Suomen Ohutlevyasennus Oy is a turnkey contracting company specialising in façade renovations. Its projects primarily comprise façade renovation with additional insulation, and often the installation of balcony glazing as well. More than 90% of the company's sales stem from the renovation segment, and typical customers include housing co-operatives and construction companies. The company is located in Turku, Finland, and it reported sales of approximately EUR 11 million in 2023. In the last few years, its operating margin has exceeded that of Balco Group. Suomen Ohutlevyasennus will remain under the management of Jukka Stam and Mikko Jokinen, who are part owners.

The agreed consideration amounts to EUR 5.4 million for 60% of the shares, on a cash- and debt-free basis. EUR 1.4 million was paid in the form of newly issued shares to the previous owner of Suomen Ohutlevyasennus. The remaining EUR 4 million, financed with cash, was paid upon signing.

The acquisition analysis presented in this annual report is final.

#### The consideration consists of the following components (in millions of SEK)

Cash payment	60.9
Net assets acquired	-34.8
<b>Goodwill</b>	<b>26.1</b>

#### The following assets and liabilities were included in the acquisition (in millions of SEK)

Cash and cash equivalents	4.3
Property, plant and equipment	9.8
Intangible assets	44.3
Receivables	11.1
Liabilities	-25.4
Deferred tax liabilities	-9.3
<b>Net assets acquired</b>	<b>34.8</b>

Goodwill arising in connection with the acquisition is attributable to the knowledge accumulated in the acquired company and its well-established market position, and by extension, its expected profitability. The values allocated to intangible assets are associated with trademarks and the order backlog. These have been measured at the discounted value of future cash flows. Additionally, there is a surplus value of SEK 2.3 million in the building which will be amortised over 25 years. The order backlog will be amortised on a straight-line basis over one year. The year's amortisation of tangible and intangible assets for the acquisition amounts to SEK 3 million, and future annual amortisation is estimated at SEK 0.1 million.

## GROUP NOTES

## Note 15: Intangible assets

### Accounting policies

#### Goodwill

Goodwill arising on business combinations is initially measured at the amount by which the total purchase consideration, plus the fair value of any non-controlling interest, exceeds the fair value of the identifiable assets acquired and liabilities assumed.

In order to test for impairment, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each unit or group of units to which goodwill has been allocated corresponds to the lowest level in the group on which the goodwill item in question is monitored in internal control. The group's operations are divided into two different segments: Renovation and new build. Goodwill is tested for impairment each year or more frequently if events or changes in circumstances indicate a possible decrease in value. The carrying amount of goodwill is compared with the recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment is recognised immediately as an expense and is not reversed.

#### Trademarks, Acquired order backlog, Patents and Licences

Separately acquired trademarks, order backlogs, patents and licences are recognised at cost less accumulated amortisation and any impairment. They are amortised on a straight-line basis over their estimated useful lives. Amortisation is based on the estimated useful lives set out below and corresponds to the estimated time in which they are expected to generate cash flow. The group's trademarks have been assessed as having an indefinite useful life. The useful life is considered indefinite, as the trademarks are well-established in the market. The group intends to retain and develop these trademarks. The item is tested annually

to identify any impairment and is recognised at cost less any impairment; see also Impairment of non-current financial assets.

Patents.....	10 years
Capitalised development expenses .....	5 years
Licences .....	4 years
Order backlog.....	1-3 years

#### Impairment of non-financial non-current assets

Assets with an indefinite useful life, goodwill and trademarks, are not amortised but instead are tested for impairment each year. Assets that are amortised are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Impairment is recognised as the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment testing of goodwill and trademarks is carried out at operating segment level.



### Significant estimates and assessments

#### Impairment testing of goodwill and trademarks

The group assesses annually whether there is an indication of an impairment of goodwill and trademarks, in accordance with the accounting policy described above. The recoverable amounts of cash-generating units have been determined by calculating the value in use.

Management assesses the business based on the company's segments, which correspond to the lowest cash-generating units. Renovation and new build have been identified as the main segments. Goodwill and trademarks have been monitored by management at operating segment level since 2016. A summary of goodwill by operating segment and trademarks by operating segment is presented below.

The recoverable amount of a cash-generating unit (CGU) has been determined based on value-in-use calculations. These calculations use estimated future pre-tax cash flows based on financial plans approved by management and covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates as indicated below. The growth rate does not exceed the long-term growth rate of the balcony market in which the CGU concerned operates. For significant assumptions used in the value-in-use calculations, see the table on page 83.

#### Sensitivity analysis for goodwill

The recoverable amount exceeds the carrying amount of goodwill by a good margin.

No reasonably possible change in key assumptions would result in impairment.

No impairment of goodwill and/or trademarks has been identified for any of the years.



## GROUP NOTES

## Intangible assets

2023	Goodwill	Trademarks	Acquired order backlog	Licences	Capitalised development expenses	Ongoing development	Total
<b>Opening carrying amount</b>	457,827	124,012	783	3,933	0	6,523	593,078
Acquisitions	0	0	0	420	0	5,216	5,637
Increase through business acquisitions	27,420	4,900	3,378	0	0	0	35,698
Reclassification	0	0	0	684	8,289	-8,973	0
Sales and disposals	0	0	0	0	0	0	0
Exchange difference, cost of acquisition	-87	-56	0	42	0	20	-81
Depreciation/impairment	0	0	-4,160	-1,805	-1,029	0	-6,994
Depreciation, disposals	0	0	0	0	0	0	0
Exchange difference, depreciation	0	0	0	-5	0	0	-5
<b>Closing carrying amount</b>	<b>485,160</b>	<b>128,856</b>	<b>0</b>	<b>3,270</b>	<b>7,260</b>	<b>2,787</b>	<b>627,332</b>
<b>As of 31 December 2023</b>							
Cost of acquisition	485,160	128,856	12,952	10,726	8,289	2,787	648,770
Accumulated depreciation	0	0	-12,952	-7,456	-1,029	0	-21,438
<b>Carrying amount</b>	<b>485,160</b>	<b>128,856</b>	<b>0</b>	<b>3,270</b>	<b>7,260</b>	<b>2,787</b>	<b>627,332</b>
2024	Goodwill	Trademarks	Acquired order backlog	Licences	Capitalised development expenses	Ongoing development	Total
<b>Opening carrying amount</b>	485,160	128,856	0	3,270	7,260	2,787	627,332
Acquisitions	0	0	0	225	377	5,631	6,233
Increase through business acquisitions	33,378	130,187	7,634	0	8,803	0	180,002
Reclassification	-3,090	0	0	53	3,873	-3,926	-3,090
Sales and disposals	-1,309	0	0	-102	0	0	-1,411
Exchange difference, cost of acquisition	703	2,171	123	123	44	0	3,164
Depreciation/impairment	0	-9	-7,121	-1,404	-2,608	0	-11,141
Depreciation, through business acquisitions	0	0	0	0	-6,375	0	-6,375
Depreciation, disposals	693	0	0	102	0	0	796
Exchange difference, depreciation	0	0	-34	-53	-33	0	-120
<b>Closing carrying amount</b>	<b>515,535</b>	<b>261,205</b>	<b>603</b>	<b>2,215</b>	<b>11,340</b>	<b>4,492</b>	<b>795,389</b>
<b>As of 31 December 2024</b>							
Cost of acquisition	515,535	261,205	20,710	11,025	21,385	4,492	834,352
Accumulated depreciation	0	0	-20,107	-8,811	-10,045	0	-38,963
<b>Carrying amount</b>	<b>515,535</b>	<b>261,205</b>	<b>603</b>	<b>2,215</b>	<b>11,340</b>	<b>4,492</b>	<b>795,389</b>

Amortisation of intangible assets by function	2024	2023
Production and project costs	-9,752	-6,069
Distribution costs	-266	-275
Administrative expenses	-1,123	-650
<b>Total</b>	<b>-11,141</b>	<b>-6,994</b>

## Goodwill

2023	Renovation	New construction	Total
<b>Opening carrying amount</b>	448,203	9,625	457,828
Exchange difference, cost of acquisition	-86	-2	-88
Acquisitions	27,420	0	27,420
<b>Closing carrying amount</b>	<b>475,537</b>	<b>9,623</b>	<b>485,160</b>
2024	Renovation	New construction	Total
<b>Opening carrying amount</b>	475,537	9,623	485,160
Exchange difference, cost of acquisition	205	39	244
Acquisitions	22,726	7,405	30,131
<b>Closing carrying amount</b>	<b>498,468</b>	<b>17,067</b>	<b>515,535</b>

Intangible assets by geographical market	2024	2023
Sweden	611,609	607,507
Greater Nordic region	183,199	19,008
Rest of Europe	582	817
<b>Total</b>	<b>795,389</b>	<b>627,332</b>

## Trademarks

2023	Renovation	New construction	Total
<b>Opening carrying amount</b>	110,587	13,424	124,011
Exchange difference, cost of acquisition	-52	-3	-55
Acquisitions	4,900	0	4,900
<b>Closing carrying amount</b>	<b>115,435</b>	<b>13,421</b>	<b>128,856</b>
2024	Renovation	New construction	Total
<b>Opening carrying amount</b>	115,435	13,421	128,856
Exchange difference, cost of acquisition	372		372
Acquisitions	35,340	96,638	131,978
<b>Closing carrying amount</b>	<b>151,147</b>	<b>110,059</b>	<b>261,206</b>

	2024		2023	
	Renovation	New build	Renovation	New build
EBITDA margin <sup>1)</sup>	8.70%	7.40%	10.40%	6.60%
Annual growth rate <sup>2)</sup>	12.70%	8.60%	9.60%	10.90%
Discount rate <sup>3)</sup>	10.83%	10.83%	10.95%	10.95%
Long-term growth rate <sup>4)</sup>	3.00%	3.00%	3.00%	3.00%

1) Budgeted EBITDA margin

2) Average growth rate over the five-year forecast; based on historical performance and management's assessment of market trends.

3) The post-tax discount rate is used in the present value calculation of estimated future cash flows.

4) Weighted average growth rate used for extrapolation of cash flows beyond the budget period.

## GROUP NOTES

## Note 16: Right-of-use assets

### Accounting policies

The group's leases relate mainly to premises, plant and machinery, vehicles and other equipment.

Leases are recognised as a right-of-use asset and a corresponding liability on the date on which the leased asset is available for use by the group. Each lease payment is apportioned between the finance charge and repayment of the lease liability. The finance charge is allocated over the lease term in such a way as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term.

Lease liabilities include the present value of the following lease payments:

- Fixed payments
- Variable lease payments that depend on an index
- Amounts expected to be payable under residual value guarantees
- The exercise price of a purchase option if the group is reasonably certain to exercise such an option.

Lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is the interest rate that the individual lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Right-of-use assets are measured at cost, which includes:

- The amount of the initial measurement of the lease liability.
- Payments made on or before the date on which the leased asset is made available for use by the lessee.

Lease payments relating to short-term leases and leases where the underlying asset has a low value are recognised as an expense on a straight-line basis over the lease term.

Short-term leases are contracts with a lease term of 12 months or less and are mainly for scaffolding rental for assembly on construction sites. These are recognised as production and project costs. Leases for which the underlying asset is of low value are associated mainly with IT equipment and office machines, which are recognised as administrative expenses.

### Extension and termination options

Options to extend and terminate contracts are included in a number of the group's leases for buildings and equipment. These terms are in use to maximise flexibility in the management of assets used in the course of the group's business. The majority of the options which afford the opportunity to extend and terminate agreements can be exercised only by the group, not by the lessors.

In determining the lease term, management considers all available information that creates an economic incentive to exercise an option to extend the lease or not to exercise an option to terminate the lease.

Options to extend a lease are included in the lease term only if it is reasonably certain that the contract will be extended (or not terminated).

For leases of warehouses, machinery and equipment, the following factors are normally the most significant:

- If a contract includes significant penalties for terminating the lease (or not extending it), the group normally considers it reasonably certain that the lease will be extended (or not terminated).
- If the group has made leasehold improvements and expects the leases to have a significant residual value, it is usually reasonably certain that the leases will be extended (or not terminated).
- The group also considers other factors, including the historical lease term and the costs and business interruption required to replace the leased asset.



## GROUP NOTES

## I Right-of-use assets

2023	Premises	Plant and machinery	Vehicles and other equipment	Total
<b>Opening carrying amount</b>	67,462	1,461	13,418	82,340
New contracts	178	0	1,450	1,628
Exchange difference, cost of acquisition	-185	-6	-42	-233
Completed contracts	4,750	332	1,883	6,965
Depreciation/amortisation	-12,076	-706	-7,622	-20,404
Exchange difference, depreciation	148	0	51	199
<b>Closing carrying amount</b>	<b>60,278</b>	<b>1,081</b>	<b>9,136</b>	<b>70,495</b>
2024	Premises	Plant and machinery	Vehicles and other equipment	Total
<b>Opening carrying amount</b>	60,278	1,081	9,136	70,495
New contracts	1,272	299	4,151	5,722
Exchange difference, cost of acquisition	460	-5	190	645
Completed contracts	4,992	-297	-1,933	2,761
Depreciation/amortisation	-12,039	-534	-5,833	-18,405
Exchange difference, depreciation	-386	1	-124	-510
<b>Closing carrying amount</b>	<b>54,577</b>	<b>544</b>	<b>5,587</b>	<b>60,708</b>

Depreciation of utilisation rights by function	2024	2023
Production and project costs	-11,911	-12,251
Distribution costs	-6,057	-7,843
Administrative expenses	-437	-310
<b>Total</b>	<b>-18,405</b>	<b>-20,404</b>

Utilisation rights assets by geographical market	2024	2023
Sweden	55,382	65,701
Greater Nordic region	2,473	2,775
Rest of Europe	2,854	2,019
<b>Total</b>	<b>60,708</b>	<b>70,495</b>

Lease liabilities	31/12/2024	31/12/2023
Non-current	46,271	51,207
Current	16,642	19,013
<b>Total</b>	<b>62,912</b>	<b>70,220</b>

See Note 28: Financial instruments for further information on the maturity structure of lease liabilities.

Cash flow from lease agreements	2024	2023
Interest expense on leases included in finance costs	-1,454	-1,538
Expenses attributable to short-term leases	-18,785	-15,928
Expenses attributable to non-short-term leases on low-value assets	-827	-242

Total cash flow for lease agreements during the year was SEK 20,155 thousand (2023: SEK 23,236 thousand), of which SEK 18,701 thousand (2023: SEK 21,697 thousand) was operating cash flow and SEK 1,454 thousand (2023: SEK 1,538 thousand) was financial cash flow.

## GROUP NOTES

## Note 17: Property, plant and equipment

### Accounting policies

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Land and projects in progress are not depreciated.

For other assets, depreciation is applied on a straight-line basis as follows:

Buildings .....	10-25 years
Land improvements .....	25 years
Specialised complex installations.....	10 years
Machinery and other plant .....	5-10 years
Equipment, tools, fixtures and fittings .....	5 years

Property, plant and equipment is recognised as an asset in the balance sheet when, on the basis of the information available, it is probable that future economic benefits associated with the item will flow to the group/company and the cost of the item can be measured reliably.

Property, plant and equipment is recognised at cost less accumulated depreciation and any impairment.

Cost comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be used in accordance with the purpose for which it was acquired.

The carrying amount of an item of property, plant and equipment item is derecognised on retirement or disposal or when no future economic benefits are expected from its use. The gain or loss on the sale or disposal consists of the selling price and the carrying amount of the asset less direct costs of disposal. The gain or loss is recognised as other operating income/expenses.

2023	Land and buildings	Plant and machinery	Equipment, tools, fixtures, and fittings	Ongoing new installation	Total
<b>Opening carrying amount</b>	108,559	27,995	17,465	4,770	158,789
Acquisitions	345	5,031	1,482	5,926	12,784
Increase through business acquisitions	0	0	3,673	0	3,673
Reclassifications	19	3,795	3,527	-6,727	614
Sales and disposals	0	-1,430	-352	0	-1,782
Exchange difference, cost of acquisition	4,146	1,459	698	112	6,414
Depreciation/impairment	-3,943	-7,059	-5,912	0	-16,914
Depreciation, disposals	0	1,427	345	0	1,772
Depreciation, through business acquisitions	0	0	-1,516	0	-1,516
Exchange difference, depreciation	-496	-882	-526	0	-1,905
<b>Closing carrying amount</b>	<b>108,631</b>	<b>30,334</b>	<b>18,883</b>	<b>4,081</b>	<b>161,929</b>
<b>As of 31 December 2023</b>					
Cost of acquisition	134,314	95,322	62,595	4,081	296,310
Accumulated depreciation	-25,683	-64,988	-43,711	0	-134,382
<b>Carrying amount</b>	<b>108,631</b>	<b>30,334</b>	<b>18,883</b>	<b>4,081</b>	<b>161,929</b>

2024	Land and buildings	Plant and machinery	Equipment, tools, fixtures, and fittings	Ongoing new installation	Total
<b>Opening carrying amount</b>	108,631	30,334	18,883	4,081	161,929
Acquisitions	8,607	347	3,341	3,869	16,164
Increase through business acquisitions	56,312	28,104	24,416	0	108,832
Reclassifications	0	4,356	1,262	-5,618	0
Sales and disposals	0	-644	-2,281	0	-2,926
Exchange difference, cost of acquisition	3,457	1,422	936	73	5,888
Depreciation/impairment	-5,208	-7,097	-8,279	0	-20,584
Depreciation, disposals	0	222	973	0	1,194
Depreciation, through business acquisitions	-10,085	-12,748	-15,825	0	-38,658
Exchange difference, depreciation	-499	-976	-717	0	-2,191
<b>Closing carrying amount</b>	<b>161,216</b>	<b>43,319</b>	<b>22,709</b>	<b>2,405</b>	<b>229,649</b>
<b>As of 31 December 2024</b>					
Cost of acquisition	202,690	128,906	90,268	2,405	424,269
Accumulated depreciation	-41,474	-85,587	-67,559	0	-194,620
<b>Carrying amount</b>	<b>161,216</b>	<b>43,319</b>	<b>22,709</b>	<b>2,405</b>	<b>229,649</b>

### Depreciation of property, plant and equipment by function

	2024	2023
Production and project costs	-18,712	-15,122
Distribution costs	-620	-466
Administrative expenses	-1,252	-1,325
<b>Total</b>	<b>-20,584</b>	<b>-16,914</b>

### Property, plant and equipment by geographical market

	31/12/2024	31/12/2023
Sweden	92,733	99,783
Greater Nordic region	74,181	124
Rest of Europe	62,734	62,022
<b>Total</b>	<b>229,649</b>	<b>161,929</b>

## GROUP NOTES

## Note 18: Inventories

### Accounting policies

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The risk of obsolescence has been taken into account.



	31/12/2024	31/12/2023
Materials and supplies	64,807	51,492
<b>Total</b>	<b>64,807</b>	<b>51,492</b>

The item production and project costs includes costs of inventories amounting to SEK 36,311 thousand (2023: SEK 31,230 thousand). Other income statement items include costs of inventories amounting to SEK 0 thousand (2023: SEK 0 thousand). Inventories in the group have been written down by SEK 779 thousand (2023: SEK 893 thousand) during the period.

## Note 19: Trade receivables

### Accounting policies

Trade receivables are generally due within 30 days and all trade receivables are therefore classified as current assets. Trade receivables are initially recognised at the transaction price. The group holds the trade receivables for the purpose of collecting contractual cash flows and therefore measures them at subsequent reporting dates at amortised cost using the effective interest method.

The loss allowance and reversals of the loss allowance for doubtful receivables are included in the item project and production costs in the income statement.



### Significant estimates and assessments

The loss allowance for financial assets is based on assumptions about the risk of default (e.g. due to financial difficulties of customers such as bankruptcy, or financial reorganisation) and expected loss levels. The group makes its own judgements for assumptions and choice of inputs to the impairment calculation. These are based on historical data, known market conditions and forward-looking estimates at the end of each reporting period.

Past-due trade receivables include trade receivables related to both current and completed projects. Delayed payments may be related to the implementation of the project, which means that past-due trade receivables vary over time. The group also works with credit insurance and various forms of collateral from clients, to reduce the risk in trade receivables.



	31/12/2024	31/12/2023
Trade receivables	125,625	140,570
Minus: loss allowance	-2,551	-2,596
<b>Trade receivables – net</b>	<b>123,074</b>	<b>137,974</b>

The ageing analysis of these trade receivables is shown below:

2024-12-31	SEK, thousands	%
Not due	82,168	67%
1-30 days	12,917	10%
31-60 days	5,160	4%
> 60 days	22,828	19%
<b>Total trade receivables</b>	<b>123,074</b>	<b>100%</b>

2023-12-31	SEK, thousands	%
Not due	83,722	61%
1-30 days	32,026	23%
31-60 days	5,289	4%
> 60 days	16,937	12%
<b>Total trade receivables</b>	<b>137,974</b>	<b>100%</b>

Changes in the loss allowance for impaired trade receivables are as follows:

	31/12/2024	31/12/2023
<b>Opening carrying amount</b>	-2,596	-3,850
Loss allowance	-288	-554
Receivables written off as not collectible during the year	-202	9
Reversal of unused amounts	535	1,798
<b>Closing carrying amount</b>	<b>-2,551</b>	<b>-2,596</b>

## GROUP NOTES

## Note 20: Contract assets and contract liabilities

### Accounting policies

In connection with construction contracts (see the note on revenue recognition), the group incurs items in the balance sheet related to the status of the relationship between work performed and consideration received from the customer. In the balance sheet, the group presents the position of each contract on a net basis, as either an asset or a liability. A contract is an asset when the revenue earned (net of recognised losses) exceeds the amount invoiced and is recognised in the balance sheet under Contract assets. The group recognises a liability when the opposite relationship exists and is presented in the balance sheet under Contract liabilities.



	31/12/2024	31/12/2023
Contract assets	209,946	177,147
Contract liabilities	-38,039	-49,951
<b>Net</b>	<b>171,907</b>	<b>127,196</b>

As of 31 December 2024, the closing order backlog was SEK 1,309 million (2023: SEK 1,074 million). The average project time from customer receipt of planning permission is 3–12 months. The time until the customer receives planning permission varies for each project.

Amounts withheld by the client totalled SEK 0 thousand (2023: SEK 0 thousand).

### Significant estimates and assessments

#### Trade receivables and contract assets

The loss allowance for financial assets is based on assumptions about the risk of default (e.g. due to financial difficulties of customers such as bankruptcy, or financial reorganisation) and expected loss levels. The group makes its own judgements for assumptions and choice of inputs to the impairment calculation. These are based on historical data, known market conditions and forward-looking estimates at the end of each reporting period.

#### Contract reserve

The group continually tests the value of reserves in relation to the estimated requirement. A provision is recognised based on historical statistics on deficient products and completed projects.

The contract reserve is reported under "Contract assets".



	Accumulated contract costs	Less invoiced amounts	Costs to fulfil contracts	Net amount in balance sheet for current contracts
<b>2023</b>				
Opening carrying amount	1,341,321	-1,370,075	15,800	-12,954
New contracts for the year	834,508	-703,703	6,325	137,130
Completed contracts for the year	-796,909	824,960	-25,031	3,020
<b>Closing carrying amount</b>	<b>1,378,920</b>	<b>-1,248,818</b>	<b>-2,906</b>	<b>127,196</b>
<b>2024</b>				
Opening carrying amount	1,378,920	-1,248,818	-2,906	127,196
New contracts for the year	1,086,609	-1,057,189	20,713	50,133
Completed contracts for the year	-719,765	728,133	-13,790	-5,422
<b>Closing carrying amount</b>	<b>1,745,764</b>	<b>-1,577,874</b>	<b>4,017</b>	<b>171,907</b>

## Note 21: Other receivables

	31/12/2024	31/12/2023
VAT recoverable	6,702	1,495
VAT deposits	485	1,120
Other	6,357	6,022
<b>Total</b>	<b>13,545</b>	<b>8,637</b>

## Note 22: Prepaid expenses and accrued income

	31/12/2024	31/12/2023
Prepaid invoices	12,220	9,307
Deposit for premises	419	2,581
Other	2,048	1,860
<b>Total</b>	<b>14,687</b>	<b>13,748</b>

## Note 23: Cash and cash equivalents

Cash and cash equivalents consist entirely of bank deposits.

In the first instance, the group applies a cash pool solution to manage variations in payment flows within the group. The parent company is the sole counter-party to the bank.

## GROUP NOTES

## Note 24: Equity



### Accounting policies

#### Basic earnings per share

Basic earnings per share are calculated by dividing:

- Profit for the year attributable to parent company shareholders
- by the weighted average number of shares outstanding during the period.

#### Diluted earnings per share

To calculate diluted earnings per share, the amounts used to calculate the basic figure are adjusted by taking into account:

- the weighted average of additional ordinary shares that would have been outstanding, had all potential ordinary shares been converted.

#### Share capital

Ordinary shares are classified as equity.

Amounts in SEK	2024	2023
Basic earnings per share	0.05	2.12
Diluted earnings per share	0.05	2.12

## f Share capital

As of the end of December 2024, the number of shares in Balco amounted to 23,021,648. Balco has one class of shares, and each share has the same voting value and entitlement to dividends. One share has a quota value of SEK 6.0002, and the share capital thus amounts to SEK 138,135,310.

## Note 25: Other liabilities

	31/12/2024	31/12/2023
Personnel taxes	9,733	5,212
VAT liability	10,358	8,517
Other	22,635	14,788
<b>Total</b>	<b>42,725</b>	<b>28,517</b>

## Note 26: Accrued expenses and deferred income

	31/12/2024	31/12/2023
Personnel liabilities	63,819	46,487
Other	12,812	14,917
<b>Total</b>	<b>76,630</b>	<b>61,404</b>



## GROUP NOTES

## Note 27: Interest-bearing liabilities

### Accounting policies

#### Borrowings

Liabilities to credit institutions are initially recognised at fair value, net of transaction costs. Borrowings are subsequently recognised at amortised cost. Any difference between the amounts received (net of transaction costs) and the repayment amount is reported in the income statement, distributed across the term of the loan, by applying the effective interest method.

Borrowings are removed from the balance sheet when the obligations have been discharged, cancelled or extinguished in some other way. The difference between the carrying amount of a financial liability (or part of a financial liability) that is extinguished or transferred to another party and the consideration paid, including non-cash assets transferred or liabilities assumed, is recognised in the income statement.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer payment of the liability for at least 12 months after the end of the reporting period.



	31/12/2024	31/12/2023
<b>Non-current liabilities</b>		
Liabilities to credit institutions	362,916	174,200
Lease liabilities	46,271	51,207
<b>Total non-current borrowings</b>	<b>409,186</b>	<b>225,407</b>
<b>Current liabilities</b>		
Liabilities to credit institutions	0	0
Lease liabilities	16,642	19,013
<b>Total current borrowings</b>	<b>16,642</b>	<b>19,013</b>
<b>Total borrowings</b>	<b>425,828</b>	<b>244,420</b>

Borrowings from credit institutions	Carrying amount, 31/12/2024	Date of maturity
Danske Bank	362,916	2026-10-12
<b>Total borrowings from credit institutions</b>	<b>362,916</b>	

Borrowings from credit institutions	Carrying amount, 31/12/2023	Date of maturity
Danske Bank	174,200	2026-10-12
<b>Total borrowings from credit institutions</b>	<b>174,200</b>	

#### Liabilities to credit institutions

The group's borrowings are in SEK and PLN, and they comprise a revolving credit facility from Danske Bank totalling SEK 510 million. The maturity date of this credit is 12 October 2026. Interest on the loans is determined by applying a margin considering the development of market interest rates with a three-month fixed interest period, in accordance with the banking agreements in force.

The fair value of borrowings correspond to the carrying amount, as the discounting effect is not material.

#### Credits

There is a credit overdraft facility in Swedish kronor.

Unutilised credit overdraft facilities amount to SEK 75,000 thousand (2023: SEK 71,554 thousand).

#### Lease liabilities

Lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of non-payment.

#### Covenants

In 2024, the group will meet all its commitments under the covenants in force with the bank. There are two covenants, which are measured and reported on quarterly:

- Interest coverage ratio (Adjusted EBITDA in relation to interest paid)
- Net debt to adjusted EBITDA

## Change in debt

	01/01/2024	Cash flow	Transactions not affecting cash flow				31/12/2024
			Acquisitions	Accumulated interest	Currency effect	Leases	
Current liabilities to credit institutions	0	0	0	0	0	0	0
Non-current liabilities to credit institutions	174,200	187,894	0	0	822	0	362,916
Other non-current liabilities	1,379	0	32,077	0	1,229	0	34,685
Lease liabilities	70,220	-20,155	0	1,454	0	11,393	62,912
<b>Total liabilities related to financing activities</b>	<b>245,799</b>	<b>167,739</b>	<b>32,077</b>	<b>1,454</b>	<b>2,051</b>	<b>11,393</b>	<b>460,512</b>

	01/01/2023	Cash flow	Transactions not affecting cash flow				31/12/2023
			Acquisitions	Accumulated interest	Currency effect	Leases	
Current liabilities to credit institutions	795	-795	0	0	0	0	0
Non-current liabilities to credit institutions	72,636	100,000	0	0	1,564	0	174,200
Other non-current liabilities	18,392	0	-17,013	0	0	0	1,379
Lease liabilities	83,266	-23,235	0	1,538	-34	8,686	70,220
<b>Total liabilities related to financing activities</b>	<b>175,089</b>	<b>75,970</b>	<b>-17,013</b>	<b>1,538</b>	<b>1,530</b>	<b>8,686</b>	<b>245,799</b>

## GROUP NOTES

## Note 28: Financial instruments

### Accounting policies

#### Classification

The group classifies its financial assets and liabilities into the following categories:

- Financial assets and liabilities at fair value through profit or loss, and
- Financial assets and liabilities at amortised cost

The classification of investments in debt securities depends on the group's business model for managing financial assets and the contractual terms of the assets' cash flows. The group reclassifies debt instruments only when the group's business model for the instruments changes.

#### Recognition and derecognition

Purchases and sales of financial assets are recognised on the trade date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the right to receive cash flows from the instrument has expired or has been transferred and the group has transferred substantially all the risks and rewards of ownership.

Financial liabilities are removed from the balance sheet when the obligations have been discharged, cancelled or extinguished in some other way. The difference between the carrying amount of a financial liability that is extinguished or transferred to another party and the consideration paid, including non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income.

The group also derecognises a financial liability when the contractual terms are modified and the cash flows from the modified liability are materially different. In these cases, a new financial liability is recognised at fair value based on the modified conditions. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

#### Measurement

Financial assets are initially measured at fair value plus, where the asset is not measured at fair value through profit or loss, transaction costs directly attributable to the purchase. Transaction costs directly attributable to financial assets at fair value through profit or loss are expensed directly in the income statement.

#### Investments in debt securities (trade and other long-term receivables)

Subsequent measurement depends on the group's business model for managing the asset and the nature of the cash flows generated by the asset. The group classifies its investments in debt securities as in the amortised cost measurement category.

- At amortised cost: Assets held for the purpose of collecting contractual cash flows that are solely payments of principal and interest are measured at amortised cost. Interest income on such financial assets is recognised as finance income using the effective interest method. Gains and losses arising on derecognition are recognised directly in profit or loss within other gains and losses, together with foreign exchange gains and losses.
- At fair value through profit or loss: Assets that do not qualify for recognition at amortised cost are measured at fair value through profit or loss. A gain or loss on a debt security that is measured at fair value through profit or loss under the item production and project costs and that is not part of a hedging relationship is recognised net in the income statement in the period in which the gain or loss arises.

#### Impairment losses on financial assets at amortised cost

The group measures the future expected credit losses related to investments in debt instruments carried at amortised cost based on forward-looking information. The group applies the simplified approach to measure expected credit losses. This involves measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables and contract assets.

#### Offsetting of financial instruments

A financial asset and a financial liability may be offset and the net amount presented in the balance sheet only when there is a legal right to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Trade payables

Trade payables refer to obligations to pay for goods and services acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if they fall due within one year. If they do not, they are classified as non-current liabilities. Trade payables are carried at nominal amounts. The carrying amounts of trade payables are assumed to be equal to their fair value, as this item is short-term in nature.

#### Contingent consideration

Financial liabilities are measured at fair value through profit or loss if they are a contingent consideration under IFRS 3, held for trading or if they are initially designated as a liability at fair value through profit or loss.



## GROUP NOTES

## Financial instruments

As of 31 December 2024	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Borrowings (excl. lease liabilities)	4,129	12,386	33,030	375,851 <sup>1)</sup>	0
Lease liabilities	4,032	12,096	8,609	20,655	20,414
Trade and other payables	145,657	0	0	0	0
<b>Total</b>	<b>153,818</b>	<b>24,482</b>	<b>41,638</b>	<b>396,505</b>	<b>20,414</b>

As of 31 December 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Borrowings (excl. lease liabilities)	2,471	7,414	19,771	183,698 <sup>1)</sup>	0
Lease liabilities	4,836	14,507	10,299	22,154	27,218
Contingent consideration	0	7,800	0	0	0
Trade and other payables	91,043	0	0	0	0
<b>Total</b>	<b>98,350</b>	<b>29,721</b>	<b>30,070</b>	<b>205,852</b>	<b>27,218</b>

1) Matures 12/10/2026

## Capital accounting

The group assesses its capital on an EBITDA basis, with capital limited to external financing, net debt to EBITDA. This key figure is calculated as the ratio of EBITDA to the group's external debt. "External debt" is here defined as short- and long-term borrowings less cash and cash equivalents, and exclusive of lease liabilities. Interest-bearing net debt is not to exceed 2.5 times EBITDA, other than temporarily.

	31/12/2024	31/12/2023
Total borrowing	425,828	244,420
Of which liabilities to credit institutions	362,916	174,200
Of which lease liabilities	62,912	70,220
Less: cash and cash equivalents	-103,061	-2,805
Less: lease liabilities	-62,912	-70,220
<b>External loan debt</b>	<b>259,855</b>	<b>171,395</b>
Adjusted EBITDA	84,943	127,362
Lease amortisation	-18,405	-20,247
EBITDA excluding leases	66,538	107,115
<b>External loan debt / EBITDA</b>	<b>3.91</b>	<b>1.60</b>

## Contingent consideration

As part of an acquisition, Balco sometimes agrees to contingent consideration. Contingent consideration in the balance sheet amounted to SEK 0 (7.8) million on 31 December 2024. These agreements are conditional on the acquired companies achieving certain earnings growth over time. The contingent consideration liability in the balance sheet reflects management's best estimate of the future outcome.

In the event that these companies develop better or worse than the management's estimate, the difference will be recognised in profit or loss.

	31/12/2024	31/12/2023
<b>Opening carrying amount</b>	<b>7,800</b>	<b>17,668</b>
Remeasurement in income statement	0	214
Contingent consideration paid	-7,790	-4,482
Reversed in income statement	-10	-5,600
<b>Closing carrying amount</b>	<b>0</b>	<b>7,800</b>

This means that the fair value measurement is essentially based on unobservable inputs (Level 3 as defined in IFRS 13).

Total outstanding consideration as of 31 December 2024 amounts to SEK 0 (7.8) million, of which (7.8) million is contingent consideration. The contingent consideration liability is in SEK. Consideration recognised as a liability was due for payment in 2024.

## GROUP NOTES

## | The following table shows the group's assets and liabilities measured at fair value as at 31 December 2024

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets at fair value through profit or loss	0	0	0	0
<b>Total assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	0	0	0	0
Other non-current liabilities	0	0	0	0
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## | The following table shows the group's assets and liabilities measured at fair value as of 31 December 2023

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets at fair value through profit or loss	0	0	0	0
<b>Total assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	0	0	0	0
Other non-current liabilities	0	1,379	0	1,379
<b>Total liabilities</b>	<b>0</b>	<b>1,379</b>	<b>0</b>	<b>1,379</b>

## Fair value measurement

The table on the left shows financial instruments measured at fair value, based on the classification in the fair value hierarchy. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (quoted prices for similar assets or liabilities) or indirectly (derived from quoted prices) (level 2).
- Inputs for the asset or liability not based on observable market data (i.e. unobservable inputs) (level 3)

There have been no transfers between level 1 and level 2 of the fair value hierarchy in any of the years.

## Level 1 financial instruments

The fair value of financial instruments traded in an active market is based on quoted market prices at the reporting date. A market is considered active if quoted prices from an exchange, broker, industry group, pricing service or surveillance authority are readily and regularly available and these prices represent actual and regularly occurring market transactions at arm's length. The group does not hold any financial instruments classified at level 1.

## Level 2 financial instruments

The fair value of financial instruments that are not traded in an active market (e.g. OTC derivatives) is determined using valuation techniques. Market information is used as much as possible where available, while company-specific information is used as little as possible. If all significant inputs required for the fair value measurement of an instrument are observable, the instrument is classified at level 2.

Where one or more significant inputs are not based on observable market information, the instrument concerned is classified at level 3.

Specific valuation techniques used to measure financial instruments include:

- Quoted market prices or broker quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on observable yield curves.
- The fair value of forward exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted to present value.
- Other techniques, such as discounted cash flow calculations, are used to determine the fair value of the remaining financial instruments.

## Level 3 financial instruments

The group's contingent consideration liabilities related to acquisitions are measured at fair value. These items are recognised at fair value in the balance sheet with changes in value recognised in profit or loss.

## GROUP NOTES

## Note 29: Financial risk management

### Financial risk factors

In the course of its business, the group is exposed to a number of financial risks: market risk (including currency risk, fair-value interest rate risk, cash flow interest rate risk, and price risk), credit risk, and liquidity risk. The group's overall risk management policy focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is handled by a central finance department according to policies set by the Board of Directors. The Finance Department identifies, evaluates and hedges financial risks in close cooperation with the group's operational units. The Board of Directors establishes written policies both for overall risk management and for specific areas, such as currency risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

### Currency risk

The group operates internationally and is exposed to currency risks arising from various currency exposures, primarily the Norwegian krone (NOK), euro (EUR), and Danish krone (DKK), and to a lesser extent, the British pound (GBP) and Polish zloty (PLN). Currency risk arises from future business transactions, recognised assets and liabilities and net investments in foreign operations.

Currency risk arises when future business transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

If the Swedish krona had weakened/strengthened by 5 öre (5%) against the Norwegian krone with all other variables held constant, net profit for the financial year would have been SEK 147 thousand (2023: SEK 340 thousand) higher/lower, mainly due to gains/losses on translation of trade receivables and payables in NOK, and financial assets and liabilities at fair value through profit or loss.

If the Swedish krona had weakened/strengthened by 50 öre (4%) against the euro, with all other variables held constant, net profit for the financial year would have been SEK 4,856 thousand (2023: SEK 190 thousand) lower/higher, mainly as a result of gains/losses on the translation of trade receivables and payables in EUR, and financial assets and liabilities at fair value through profit or loss.

If the Swedish krona had weakened/strengthened by 5 öre (3%) against the Danish krone, with all other variables held constant, net profit for the financial year would have been SEK 300 thousand (2023: SEK 801 thousand) higher/lower, mainly due to gains/losses on translation of trade receivables and payables in DKK, and financial assets and liabilities at fair value through profit or loss. Equity would be affected correspondingly.

If the Swedish krona had weakened/strengthened by 50 öre (4%) against the British pound, with all other variables held constant, net profit for the financial year would have been SEK 197 thousand (2023: SEK 204 thousand) higher/lower, mainly due to gains/losses on translation of trade receivables and payables in GBP, and financial assets and liabilities at fair value through profit or loss. Equity would be affected correspondingly.

If the Swedish krona had weakened/strengthened by 10 öre (4%) against the Polish zloty, with all other variables held constant, net profit for the financial year would have been SEK 477 thousand (2023: SEK 718 thousand) higher/lower, mainly due to gains/losses on translation of trade receivables and payables in PLN, and financial assets and liabilities at fair value through profit or loss. Equity would be affected correspondingly.

### Interest rate risk on cash flows and fair values

The group's interest rate risk arises from long-term borrowings. Variable-rate borrowing exposes the group to cash flow interest rate risk, which is partially neutralised by variable-rate cash holdings. At the end of 2024, the group's borrowings were denominated in Swedish kronor and Polish zloty at variable rates.

If interest rates on borrowings in Swedish kronor at 31 December 2024 had been 100 basis points (1 percentage point) higher/lower, with all other variables constant, net profit for the financial year would have been SEK 2,141 thousand (2023: SEK 1,000 thousand) lower/higher, mainly as an effect of higher/lower interest expenses for borrowings with variable interest rates. Equity would be affected correspondingly.

### Credit risk

The group has established guidelines to ensure that sales are made to customers with an appropriate credit history. A credit risk assessment of the customer is carried out before each project. The customer's financial position, historical finances and

other factors are taken into account. Credit risk is managed by each company in accordance with the group's credit instructions. Credit risk arises mainly from trade receivables and contract assets. Historically, the group's credit losses are small. Payments are made according to a predetermined payment schedule. The credit period is generally 30 days. A policy exists to insure certain categories of customers.

### Liquidity risk

Cash flow forecasts are prepared by the group's operating companies and aggregated by the finance department. The group closely monitors rolling cash reserve forecasts to ensure that it has sufficient cash resources to meet the needs of its ongoing operations while maintaining sufficient headroom on undrawn committed credit facilities (note 27) so that the group does not breach borrowing limits or loan covenants (where applicable) on any of the group's borrowing facilities.

The table in note 28, Financial instruments, analyses the group's non-derivative financial liabilities and net derivative financial liabilities by the period remaining to the contractual maturity date at the reporting date. Derivative instruments that are financial liabilities are included in the analysis if their contractual maturity dates are material to understanding the timing of future cash flows. The amounts shown in the table are the contractual undiscounted cash flows.

## Note 30: Pledged assets

	31/12/2024	31/12/2023
<b>For own and group company liabilities and provisions</b>		
Assets with retention of title	344	724
Floating charges	0	2,000
For own pension obligation	6,134	5,844
Other pledged assets	1,834	1,801
<b>Total</b>	<b>8,312</b>	<b>10,369</b>

## Note 31: Contingent liabilities

The group has provided guarantees for leasing commitments under Balco Sp.Zo.o. Security for contracts is often provided in the form of guarantees from a bank, insurance institution, or parent company for performance. For Balco Group AB, SEK 163 million (2023: SEK 157 million) is associated with various guarantees for contracts concluded by subsidiaries, plus SEK 1 million (2023: SEK 0 million) in surplus value of endowment insurance.

## GROUP NOTES

**Note 32: Events after the reporting date**

No significant events occurring after the reporting date have been reported.



## THE PARENT COMPANY'S FINANCIAL STATEMENTS

## Parent company income statement

Amounts in thousands of SEK	Note	2024	2023
Net sales	38	23,668	26,364
Production and project costs		0	0
<b>Gross profit</b>		<b>23,668</b>	<b>26,364</b>
Administrative expenses	10, 11, 35, 37	-21,376	-24,704
<b>Operating profit</b>		<b>2,292</b>	<b>1,660</b>
Dividend/profit from group companies		264,165	37,879
Interest and similar income	34	11,745	6,915
Interest and similar expenses	34	-28,936	-19,448
<b>Profit after financial items</b>		<b>249,267</b>	<b>27,006</b>
Appropriations, group contributions received	39	33,795	47,850
<b>Pre-tax profit/loss</b>		<b>283,062</b>	<b>74,856</b>
Tax on profit for the year	36	-3,816	-7,741
<b>Profit for the year</b>		<b>279,245</b>	<b>67,115</b>

In the parent company, there are no items recognised as other comprehensive income, and total comprehensive income is therefore consistent with the profit for the year.

## Parent company balance sheet

Amounts in thousands of SEK	Note	31/12/2024	31/12/2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Financial assets</b>			
Investments in group companies	13, 14	1,066,592	1,458,184
Deferred tax assets		777	0
Other non-current receivables	40	3,677	3,413
<b>Total non-current assets</b>		<b>1,071,045</b>	<b>1,461,597</b>
<b>Current assets</b>			
Receivables from group companies		177,488	89,659
Other receivables	41	0	211
Tax receivable		5,903	3,109
Pre-paid expenses and accrued income	42	2,412	2,840
Cash and cash equivalents	23	97,712	0
<b>Total current assets</b>		<b>283,514</b>	<b>95,819</b>
<b>TOTAL ASSETS</b>		<b>1,354,559</b>	<b>1,557,416</b>

Amounts in thousands of SEK	Note	31/12/2024	31/12/2023
<b>EQUITY</b>			
<b>Restricted equity</b>			
Share capital		138,135	131,461
<b>Total restricted equity</b>		<b>138,135</b>	<b>131,461</b>
<b>Non-restricted equity</b>			
Share premium reserve		450,800	406,339
Retained earnings		-30,842	-97,956
Profit for the year		279,245	67,115
<b>Total non-restricted equity</b>		<b>699,203</b>	<b>375,498</b>
<b>Total equity</b>		<b>837,339</b>	<b>506,959</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to credit institutions	45, 46	350,000	150,000
Other non-current liabilities	46	34,867	3,091
<b>Total non-current liabilities</b>		<b>384,867</b>	<b>153,091</b>
<b>Current liabilities</b>			
Trade payables		738	1,142
Liabilities to group companies	46	109,955	874,676
Overdraft facility	27	0	3,446
Other liabilities	43	11,897	8,894
Accrued expenses and deferred income	44	9,764	9,208
<b>Total current liabilities</b>		<b>132,353</b>	<b>897,366</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,354,559</b>	<b>1,557,416</b>

## THE PARENT COMPANY'S FINANCIAL STATEMENTS

## Parent company statement of changes in equity

Amounts in thousands of SEK	Share capital	Share premium reserve	Retained earnings, incl. profit for the year	Total equity
<b>Opening balance as of 1 January 2023</b>	<b>131,461</b>	<b>406,327</b>	<b>-65,092</b>	<b>472,696</b>
Comprehensive income				
Profit for the year			67,115	67,115
<b>Total comprehensive income</b>			<b>2,022</b>	<b>539,811</b>
Transactions with shareholders in their capacity as owners:				
Dividend	0	0	-32,864	-32,864
Proceeds from warrants issue	0	12	0	12
<b>Total attributable to shareholders</b>	<b>0</b>	<b>12</b>	<b>-32,864</b>	<b>-32,853</b>
<b>Closing balance as of 31 December 2023</b>	<b>131,461</b>	<b>406,339</b>	<b>-30,842</b>	<b>506,959</b>
<b>Opening balance as of 1 January 2024</b>	<b>131,461</b>	<b>406,339</b>	<b>-30,842</b>	<b>506,959</b>
Comprehensive income				
Profit for the year			279,245	279,245
<b>Total comprehensive income</b>			<b>248,404</b>	<b>786,204</b>
Transactions with shareholders in their capacity as owners:				
New share issue	6,674	43,522		50,196
Proceeds from warrants issue		938		938
<b>Total attributable to shareholders</b>	<b>6,674</b>	<b>44,461</b>	<b>0</b>	<b>51,135</b>
<b>Closing balance as of 31 December 2024</b>	<b>138,135</b>	<b>450,800</b>	<b>248,404</b>	<b>837,339</b>

## Parent company statement of cash flows

Amounts in thousands of SEK	Note	2024	2023
<b>Cash flow from operating activities</b>			
Operating profit		2,292	1,660
Adjustment for non-cash items			
Interest received	34	10,832	6,915
Interest paid	34	-26,853	-19,448
Other		503,156	0
Income tax paid	36	-7,387	499
<b>Cash flow from operating activities before changes in working capital</b>		<b>482,041</b>	<b>-10,374</b>
<i>Changes in working capital</i>			
Change in operating receivables		-87,190	96,675
Change in operating liabilities		-578,680	557,362
<b>Cash flow from operating activities</b>		<b>-183,829</b>	<b>643,663</b>
<i>Investing activities</i>			
Investments in subsidiaries		-184,318	-775,725
Change in non-current receivables		-264	-350
<b>Cash flow from investing activities</b>		<b>-184,582</b>	<b>-756,075</b>
<i>Financing activities</i>			
Proceeds from borrowings	45	200,000	100,000
Change in other non-current liabilities		0	-4,482
Proceeds from warrants issue		938	12
Dividends received		269,800	0
Dividends paid		0	-32,864
<b>Cash flow from financing activities</b>		<b>470,738</b>	<b>62,665</b>
<b>Cash flow for the year</b>		<b>102,328</b>	<b>-49,746</b>
Cash and cash equivalents at beginning of year	23	-3,446	46,301
Exchange difference in cash and cash equivalents		-1,170	0
<b>Cash and cash equivalents at end of year</b>	<b>23</b>	<b>97,712</b>	<b>-3,446</b>

## PARENT COMPANY NOTES

# Parent company notes

## f General information

The parent company is based in Växjö and operates directly and indirectly through 22 Swedish and foreign subsidiaries. The activities of the parent company are mainly focused on strategic development, financial management, corporate governance issues, Board work and banking relations. The group's CEO, CFO, and HR director are employed by the parent company.

The parent company complies with the Swedish Annual Accounts Act and the Swedish Corporate Reporting Board's recommendation RFR 2 Accounting for Legal Entities. RFR 2 requires the parent company to prepare its annual financial statements in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU to the extent possible within the framework of the Swedish Annual Accounts Act and taking into account the relationship between tax expense (income) and accounting profit.

The same accounting policies are applied in the parent company as in the group, except as indicated below.

There were no changes to the parent company's accounting policies during the financial year or previous year.

## Note 33: General accounting policies

### Presentation

The presentation of the income statement and balance sheet follows the format prescribed in the Annual Accounts Act. The statement of changes in equity also follows the group's presentation format but must contain the columns specified in the Annual Accounts Act. In addition, some of the names of the line items differ from the consolidated financial statements, mainly with regard to finance income, finance costs and equity.

### Financial instruments

IFRS 9 is not applied in the parent company. Instead, the Parent company applies the paragraphs set out in RFR 2 (IFRS 9 Financial Instruments, pp. 3–10). Financial instruments are measured at cost. In subsequent periods, financial assets acquired with the intention of being held in the short term are recognised at the lower of cost and market value.

In calculating the net realisable value of receivables, the principles of impairment testing and loss allowance in IFRS 9 are applied. For a receivable recognised at amortised cost at Group level, this means that the loss allowance recognised in the consolidated financial statements in accordance with IFRS 9 is also to be recognised in the parent company.

### Dividends

Dividends to the parent company's shareholders are recognised as a liability in the consolidated financial statements in the period in which the dividend is approved by the parent company's shareholders and before payment to the shareholders.

## Note 34: Interest and similar income, and interest and similar expenses

	2024	2023
<b>Interest and similar income</b>		
Interest income on bank deposits	11,745	6,915
	<b>11,745</b>	<b>6,915</b>
<b>Interest and similar expenses</b>		
Interest expenses	-21,991	-17,468
Other finance costs	-6,945	-1,980
<b>Interest and similar expenses</b>	<b>-28,936</b>	<b>-19,448</b>
<b>Total</b>	<b>-17,190</b>	<b>-12,533</b>

Intra-group interest income recognised in the parent company amounts to SEK 7,599 thousand (2023: SEK 3,450 thousand). The corresponding interest expenses are SEK 3,443 thousand (2023: SEK 7604 thousand).

## PARENT COMPANY NOTES

## Note 35: Leases

### Accounting policies

To the extent that they exist, all leases are accounted for in accordance with the lease accounting rules. Lease costs correspond to the payment to the lessor.



	2024	2023
Within one year	203	204
Later than one year but within five	119	322
<b>Total</b>	<b>322</b>	<b>526</b>

Future minimum lease payments under non-cancellable operating leases, applicable at the end of the reporting period, are due as follows:

The parent company's operating lease costs for the financial year amounted to SEK 204 thousand (2023: SEK 85 thousand).

## Note 36: Income tax

Tax on profit for the year differs from the theoretical amount that would result from using the weighted average tax rate for the results of the parent company as follows:

	2024	2023
<b>Current tax:</b>		
Current tax on profit for the year	-4,593	-7,741
<b>Total current tax</b>	<b>-4,593</b>	<b>-7,741</b>
<b>Deferred tax:</b>		
Deferred tax related to temporary differences	777	0
<b>Total deferred tax</b>	<b>777</b>	<b>0</b>
<b>Income tax</b>	<b>-3,816</b>	<b>-7,741</b>

	2024	2023
<b>Profit before tax</b>	<b>283,055</b>	<b>74,856</b>
Income tax calculated at the parent company's current tax rate, 20.6% (2023: 20.6%)	-58,311	-15,420
Tax effects of:		
- Non-taxable income	173,219	7,813
- Non-deductible expenses	-119,501	-134
- Adjustments in respect of temporary differences	777	0
<b>Tax expense</b>	<b>-3,816</b>	<b>-7,741</b>
Effective tax rate, %	1.3%	10.3%

## Note 37: Remuneration of employees

	2024	2023
Salaries and other benefits	-6,936	-8,901
Social security contributions	-2,994	-3,144
Pension costs – defined-contribution plans	-1,688	-1,540
<b>Total</b>	<b>-11,619</b>	<b>-13,586</b>

	2024		2023	
	No. on report- ing date	Of which women	No. on report- ing date	Of which women
Board members	6	2	6	2
CEO	1	1	1	1
<b>Total</b>	<b>7</b>	<b>3</b>	<b>7</b>	<b>3</b>

Average number of employees by country	2024		2023	
	Number of em- ployees	Of which women	Number of em- ployees	Of which women
Sweden	2	1	2	1
<b>Total</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1</b>

## Note 38: Transactions with related parties

	2024	2023
Purchases and sales for the year between other group companies:		
Sales	23,668	26,364
Purchases	0	0
<b>Total</b>	<b>23,668</b>	<b>26,364</b>

Information on related companies can be found in note 12.

## PARENT COMPANY NOTES

### Note 39: Appropriations

#### Accounting policies

Group contributions received and paid are recognised as an appropriation.



	2024	2023
Group contribution received	33,795	47,850
<b>Total appropriations</b>	<b>33,795</b>	<b>47,850</b>

### Note 40: Other non-current receivables

	31/12/2024	31/12/2023
Opening carrying amount	3,413	3,063
Additional endowment insurance	672	356
Outgoing other non-current receivables	-408	-6
<b>Closing carrying amount</b>	<b>3,677</b>	<b>3,413</b>

### Note 41: Other current receivables

	31/12/2024	31/12/2023
Tax account	0	0
Other	0	211
<b>Total</b>	<b>0</b>	<b>211</b>

### Note 42: Prepaid expenses and accrued income

	31/12/2024	31/12/2023
Prepaid invoices	1,864	2,019
Other	549	821
<b>Total</b>	<b>2,412</b>	<b>2,840</b>

### Note 43: Other liabilities

	31/12/2024	31/12/2023
Personnel taxes	270	212
Contingent consideration	11,199	7,800
VAT liability	427	882
<b>Total</b>	<b>11,897</b>	<b>8,894</b>

### Note 44: Accrued expenses and deferred income

	31/12/2024	31/12/2023
Personnel liabilities	4,484	2,661
Other	5,280	6,547
<b>Total</b>	<b>9,764</b>	<b>9,207</b>

### Note 45: Interest-bearing liabilities

	31/12/2024	31/12/2023
<b>Non-current</b>		
Liabilities to credit institutions	350,000	150,000
<b>Total non-current borrowings</b>	<b>350,000</b>	<b>150,000</b>
<b>Current</b>		
Liabilities to credit institutions	0	0
<b>Total current borrowings</b>	<b>0</b>	<b>0</b>
<b>Total borrowings</b>	<b>350,000</b>	<b>150,000</b>

Change in debt	01/01/2024	Cash flow	31/12/2024
Liabilities to credit institutions	150,000	200,000	350,000
<b>Total liabilities related to financing activities</b>	<b>150,000</b>	<b>200,000</b>	<b>350,000</b>

Change in debt	01/01/2023	Cash flow	31/12/2023
Liabilities to credit institutions	50,000	100,000	150,000
<b>Total liabilities related to financing activities</b>	<b>50,000</b>	<b>100,000</b>	<b>150,000</b>

No liabilities fall due later than five years from the reporting date.

## PARENT COMPANY NOTES

## Note 46: Financial instruments

As of 31 December 2024	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Borrowings	3,879	11,636	31,031	361,636 <sup>1)</sup>	0
Other non-current liabilities	0	0	0	0	0
Liabilities to group companies	109,955	0	0	0	0
Trade and other payables	738	0	0	0	0
<b>Total</b>	<b>114,571</b>	<b>11,636</b>	<b>31,031</b>	<b>361,636</b>	<b>0</b>

1) Matures 2026-10-12

As of 31 December 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Borrowings	2,003	6,008	16,020	156,008 <sup>1)</sup>	0
Other non-current liabilities	0	0	0	0	3,091
Liabilities to group companies	874,676	0	0	0	0
Trade and other payables	1,142	0	0	0	0
<b>Total</b>	<b>877,820</b>	<b>6,008</b>	<b>16,020</b>	<b>156,008</b>	<b>3,091</b>

1) Matures 2026-10-12

## Note 47: Pledged assets

	31/12/2024	31/12/2023
<b>For group company liabilities and provisions</b>		
For own pension obligation	3,677	3,005
Other pledged assets	0	1,000
<b>Total</b>	<b>3,677</b>	<b>4,005</b>

## PARENT COMPANY NOTES

## Note 48: Appropriation of profit

### Appropriation of profit

The Board of Directors has adopted a dividend policy whereby 30-50% of profit after tax is distributed. For the 2024 financial year, the board proposes to the Annual General Meeting that no dividend be paid, in view of the need to reduce the group's debts after completing the strategic acquisitions of Riikku Group Oy and Suomen Ohutlevyasennus Oy.

As they appear above, the annual accounts and consolidated financial statements have been approved by the Board of Directors and the CEO on the date indicated by our electronic signature. The consolidated statement of income and other comprehensive income and balance sheet, and the parent company's income statement and balance sheet, will be submitted for adoption at the Annual General Meeting on 6 May 2025.

At the disposal of the Annual General Meeting, SEK:

Share premium reserve	450,799,792
Retained earnings	-30,841,540
Profit for the year	279,245,206
<b>Total</b>	<b>699,203,457</b>

The Board of Directors proposes that profits be distributed as follows:

To shareholders in the form of a dividend	0
Profits to be carried forward	699,203,457
<b>Total</b>	<b>699,203,457</b>

The Board of Directors and the CEO confirm that the consolidated financial statements and Parent company annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and generally accepted accounting principles and give a true and fair view of the position and performance of the Group and the Parent company, and that the Administration Report gives a true and fair view of the activities, position and performance of the Group and the Parent company, and of the principal risks and uncertainties faced by the Parent company and Group companies.

Växjö

Signature according to the date indicated by our electronic signature.

**Ingalill Berglund**

Chairman

**Thomas Widstrand**

Member

**Carl-Mikael Lindholm**

Member

**Mikael Andersson**

Member

**Vibecke Hverven**

Member

**Johannes Nyberg**

Member

**Camilla Ekdahl**

CEO

Our auditor's report was submitted on the date indicated in our electronic signature.

KPMG AB

**Michael Johansson**

Authorised public accountant

Lead auditor

## AUDITOR'S REPORT

# Auditor's report

To the general meeting of the shareholders of Balco Group AB (publ), corp. id 556821-2319

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Balco Group AB (publ) for the year 2024, except for the corporate governance statement on pages 39-42, 44-45 and the sustainability report on pages 50-62. The annual accounts and consolidated accounts of the company are included on pages 32-37, 39-45, 50-62 och 64-102 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 39-42, 44-45 and sustainability report on pages 50-62. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were

addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

### Impairment of Goodwill

See disclosure 15 and accounting principles on page 82 in the annual account and consolidated accounts for detailed information and description of the matter.

### Description of key audit matter

In the consolidated balance sheet, goodwill as of 31 December 2024 is reported as SEK 515,5 (485,2) million, which is 31.6% (38.3%) in relation to total assets. Goodwill and acquisition-related surplus values represent the difference between the value of net assets and the consideration paid in an acquisition.

Unlike other non-current assets, goodwill is not amortised but is tested annually for impairment or when there is an indication of impairment. Future events and new information may change these judgements and estimates, and it is therefore particularly important for management to continuously evaluate whether the value of goodwill can be justified in the light of new information and circumstances.

Impairment tests naturally contain a greater element of estimates and judgements by management, which is why we have considered this to be a key audit matter in our audit.

### Response in the audit

In our audit, we paid particular attention to the group's impairment testing of the asset item goodwill.

We assessed whether the impairment test performed for goodwill was prepared in accordance with the prescribed discounted cash flow technique.

We also performed procedures to evaluate management's process for testing goodwill for impairment and examined how management identifies cash-generating units.

Furthermore, we evaluated the reasonableness of the assumptions made, performed sensitivity analyses for changed assumptions and evaluated the reasonableness of the applied discount rate.

We assessed the circumstances presented in the disclosures in the annual report and whether the information is sufficiently comprehensive to describe the company's judgements.

### Revenue recognition over time

See disclosure 2-3 and accounting principles on pages 71 and 73 in the annual account and consolidated accounts for detailed information and description of the matter.

### Description of key audit matter

For 2024, the Group reports net sales of SEK 1,417.9 (1,214.9) million, of which the majority of revenue is recognised over time in accordance with IFRS 15. This means that the projects' expected revenues are recognised continuously during the project period based on calculations and the degree of completion.

## AUDITOR'S REPORT

Revenue recognition over time means that management must make estimates and judgements regarding, among other things, the degree of completion and profit margin, and changes in these judgements mean that the result for the coming period can be affected.

Given that there is a significant amount of judgement involved in the recognition of revenue and performance related to revenue recognised over time, we have determined that this is a key audit matter.

### Response in the audit

In our audit, we evaluated the process and internal controls for recognising revenue over time. In particular, we focused on the company's procedures and judgements for measuring progress and completion rates.

We randomly audited projects and followed up against costs, customer invoices and forecasts. We also verified a sample of payments against the project accounts. For the sampled projects, we also evaluated the management's assessment of the final profit margin, which is the basis for recognising revenue over time.

We also examined management's specific assessment of the need for provisions for selected onerous contracts.

We also examined disclosures related to revenue recognition in the annual accounts.

### Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-31, 38, 46-63 and 107-114. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do

not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We

## AUDITOR'S REPORT

must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other legal and regulatory requirements

### Auditor's audit of the administration and the proposed appropriations of profit or loss

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Balco Group AB (publ) for the year 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

#### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Responsibilities of the board of directors and the CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are

relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

### The auditor's examination of the ESEF report

#### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the ESEF report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Balco Group AB (publ) for year 2024.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

#### Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditor's responsibility section. We are independent of Balco Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the board of directors and the CEO

The Board of Directors and the Managing Director are responsible for the preparation of the ESEF report in accord-

## AUDITOR'S REPORT

ance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the

auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

### **The auditor's examination of the corporate governance statement**

The Board of Directors is responsible for that the corporate governance statement on pages 39–42, 44–45 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act

and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

### **The auditor's opinion regarding the statutory sustainability report**

The Board of Directors is responsible for the sustainability report on pages 50–62, and that it is prepared in accordance with the Annual Accounts Act in accordance with the older wording that applied before 1 July 2024.

Our examination has been conducted in accordance with FAR's standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

KPMG AB, Box 456, 351 06, Växjö, was appointed auditor of Balco Group AB (publ) by the general meeting of the shareholders on the 14 May 2024. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2022.

Our auditor's report was submitted on the date indicated in our electronic signature.

Växjö  
KPMG AB

**Michael Johansson**  
Authorised Public Accountant

## MULTI-YEAR OVERVIEW

# Multi-year overview

SEK, MILLIONS	2024	2023	2022	2021	2020
<b>Condensed consolidated income statement</b>					
Net sales	1,417.9	1,214.9	1,333.6	1,120.5	1,200.0
Gross profit	248.0	245.4	287.6	296.3	289.4
Operating profit before depreciation and amortisation (EBITDA)	84.9	114.7	144.5	155.6	153.0
Operating profit (EBIT)	34.8	70.4	102.5	118.0	115.4
Profit before tax	5.0	56.0	94.6	111.6	105.7
<b>Profit for the year (attributable to parent company shareholders)</b>	<b>1.1</b>	<b>45.9</b>	<b>75.8</b>	<b>90.2</b>	<b>77.6</b>
<b>Condensed consolidated balance sheet</b>					
<b>Assets</b>					
Goodwill	515.5	485.2	457.8	448.0	400.9
Other non-current assets	577.8	374.9	377.3	301.8	222.8
Trade receivables	123.1	138.0	174.8	153.5	175.3
Contract assets	209.9	177.1	111.9	136.7	130.3
Other current assets	206.3	92.0	174.7	205.5	293.9
<b>Total assets</b>	<b>1,632.7</b>	<b>1,267.2</b>	<b>1,296.6</b>	<b>1,245.6</b>	<b>1,223.3</b>
<b>Condensed equity and liabilities</b>					
Equity	801.1	748.0	731.0	692.0	598.6
Non-current liabilities	501.7	268.5	194.3	254.9	248.5
Current liabilities	320.9	250.7	371.3	298.7	376.2
<b>Total equity and liabilities</b>	<b>1,632.7</b>	<b>1,267.2</b>	<b>1,296.6</b>	<b>1,245.6</b>	<b>1,223.3</b>
<b>Condensed consolidated statement of cash flows</b>					
Cash flow from operating activities	85.3	-26.1	153.0	62.5	111.7
Cash flow from investing activities	-95.7	-52.9	-52.5	-102.1	-14.3
Cash flow from financing activities	113.1	29.6	167.7	-57.5	-1.4
<b>Cash flow for the year</b>	<b>102.7</b>	<b>-49.4</b>	<b>-67.3</b>	<b>-97.1</b>	<b>96.1</b>

SEK, MILLIONS	2024	2023	2022	2021	2020
<b>Parent company</b>					
Net sales	23.7	26.4	26.0	23.3	20.0
Operating profit	2.3	1.7	1.8	2.8	-3.0
Pre-tax profit/loss	283.1	74.9	59.1	66.0	161.6
Total assets	1,354.6	1,557.4	903.8	947.3	1,555.2
Equity/assets ratio, %	61.8	32.6	52.3	49.5	26.6

## MULTI-YEAR OVERVIEW

## Key figures

SEK, millions (unless otherwise stated)	2024	2023	2022	2021	2020
Net sales	1,417.9	1,214.9	1,333.6	1,120.5	1,200.0
Order intake	1,376.8	977.0	1,108.6	1,558.3	932.7
Order backlog	1,309.3	1,073.6	1,274.7	1,557.0	1,086.6
Gross profit	248.0	245.4	287.6	296.3	289.4
Adjusted gross profit	262.5	252.9	292.6	296.3	289.4
EBITDA	84.9	114.7	144.5	155.6	153.0
Adjusted EBITDA	109.6	127.4	146.6	157.1	172.4
Operating profit (EBITA)	44.9	77.1	105.1	121.0	121.3
Adjusted operating profit (EBITA)	69.6	89.8	107.2	122.6	140.8
Operating profit (EBIT)	34.8	70.4	102.5	118.0	115.4
Adjusted operating profit (EBIT)	59.5	83.0	104.6	119.5	134.8
<b>Performance measures</b>					
Gross margin, %	17.5	20.2	21.6	26.4	24.1
Adjusted gross margin, %	18.5	20.8	21.9	26.4	24.1
EBITDA margin, %	6.0	9.4	10.8	13.9	12.7
Adjusted EBITDA margin, %	7.7	10.5	11.0	14.0	14.4
Operating margin (EBITA), %	3.2	6.4	7.9	10.8	10.1
Adjusted operating margin (EBITA), %	4.9	7.4	8.0	10.9	11.7
Operating margin (EBIT), %	2.5	5.8	7.7	10.5	9.6
Adjusted operating margin (EBIT), %	4.2	6.8	7.8	10.7	11.2
Operating cash flow	138.5	3.6	200.3	96.0	196.5
Conversion cash flow, %	126.3	2.8	136.6	61.1	114.0
<b>Capital structure</b>					
Capital employed, R12	1,145.2	969.2	871.3	785.5	677.8
Capital employed excl. goodwill, R12	631.0	483.9	420.7	343.9	276.6
Equity	796.8	746.1	729.8	692.0	598.6
Interest-bearing net debt incl. lease liabilities	322.8	241.6	104.8	97.0	45.2
Interest-bearing net debt excl. lease liabilities	259.9	171.4	21.6	54.6	-0.7
Interest-bearing net debt, incl. leasing / adjusted EBITDA (R12), ratio	2.9	1.9	0.7	0.6	0.3
Interest-bearing net debt, excl. leasing / adjusted EBITDA (R12), ratio	2.8	1.6	0.2	0.4	-0.0

## Key figures, cont'd

SEK, millions (unless otherwise stated)	2024	2023	2022	2021	2020
<b>Return measures</b>					
Return on capital employed, % (R12)	5.2	8.6	12.0	15.2	19.9
Return on capital employed excl. goodwill, % (R12)	9.4	17.2	24.9	34.8	48.7
Return on equity, % (R12)	0.6	6.2	10.4	13.0	13.0
Equity/assets ratio, %	48.8	58.9	56.3	55.6	48.9
<b>Other</b>					
Full-time employees at end of period	621	490	536	467	428
Average number of shares before dilution, thousands	22,957.7	21,909.3	21,909.3	21,909.3	21,694.8
Average number of shares after dilution, thousands	22,957.7	21,909.3	22,106.3	22,059.3	21,694.8
Equity per share, SEK	34.61	34.06	33.31	30.74	27.32
Basic earnings per share, SEK	0.05	2.09	3.46	4.12	3.59
Diluted earnings per share, SEK	0.05	2.09	3.46	4.12	3.59
Adjusted earnings per share, SEK, basic and diluted	0.89	2.55	3.92	4.17	3.59

For definitions of alternative performance measures, see page 110. Quarterly overview

Quarterly overview SEK, millions	2024				2023				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	326.4	374.0	331.0	386.5	325.7	346.4	253.3	289.5	288.4	351.2	310.8	383.2
Order intake	352.0	379.7	285.5	359.6	245.2	301.4	135.1	295.3	291.8	364.1	264.8	187.9
Order backlog	1,392.2	1,384.2	1,328.8	1,309.3	1,240.7	1,194.7	1,066.9	1,073.6	1,567.3	1,591.9	1,460.8	1,274.7
Adjusted operating profit (EBITA)	16.3	18.7	16.6	18.0	28.4	30.9	15.2	15.4	26.8	28.9	17.3	34.2
Adjusted operating margin (EBITA), %	5.0	5.0	5.0	4.7	8.7	8.9	6.0	5.3	9.3	8.2	5.6	8.9

# Other information

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## KEY FIGURES

# Alternative performance measures

ALTERNATIVE MEASURE	DEFINITION	PURPOSE
<b>Return on equity</b>	Profit for the period divided by average equity attributable to parent company shareholders. The average is calculated as the average of the opening balance and the closing balance for each period.	The measure shows the return generated on the shareholders' capital invested in the company.
<b>Return on capital employed</b>	Adjusted operating profit (EBIT) divided by average capital employed. The average is calculated as the average of the opening balance and the closing balance for each period.	The measure shows the return generated on capital employed and is used by Balco to monitor the profitability of its operations as the measure relates to capital efficiency.
<b>Return on capital employed excluding goodwill</b>	Adjusted operating profit (EBIT) divided by average capital employed excluding goodwill. The average is calculated as the average of the opening balance and the closing balance for each period.	Balco considers that return on capital employed excluding goodwill together with return on capital employed gives an overall picture of Balco's capital efficiency.
<b>Gross profit</b>	Net sales less production and project costs.	Shows the efficiency of Balco's operations and, together with EBIT, provides an overall picture of current profit generation and cost structure.
<b>Gross margin</b>	Gross profit as a percentage of net sales.	Used to analyse efficiency and value creation.
<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortisation.	Balco considers EBITDA to be useful in showing earnings generated from operating activities and a good measure of cash flow from operating activities.
<b>Interest-bearing net debt to adjusted EBITDA</b>	External interest-bearing net debt as a percentage of adjusted EBITDA.	Balco Group considers this measure to be helpful in demonstrating financial risk and useful in monitoring the company's level of debt.
<b>Adjusted EBITDA</b>	EBITDA adjusted for items affecting comparability. Enables a reconciliation of Adjusted EBITDA to profit for the period.	Balco considers adjusted EBITDA to be useful in showing earnings generated from operating activities adjusted for items affecting comparability, and primarily uses the measure to calculate the company's operating cash flow and cash conversion.
<b>Adjusted EBITDA margin</b>	Adjusted EBITDA as a percentage of net sales.	Balco considers the adjusted EBITDA margin to be useful in showing earnings generated from operating activities.
<b>Adjusted operating margin (EBITA)</b>	Adjusted operating profit (EBITA) as proportion of net sales.	Balco considers the adjusted operating margin (EBITA) to be useful in showing earnings generated from operating activities adjusted for items affecting comparability.
<b>Adjusted operating margin (EBIT)</b>	Adjusted operating profit (EBIT) as a percentage of net sales.	Balco considers the adjusted operating margin (EBIT) to be useful in showing earnings generated from operating activities adjusted for items affecting comparability.
<b>Adjusted operating profit (EBIT)</b>	EBIT adjusted for items affecting comparability. Enables a reconciliation of adjusted operating profit (EBIT) to profit for the period.	Balco therefore considers adjusted operating profit (EBIT) to be useful in showing earnings generated from operating activities, and primarily uses the measure to calculate return on capital employed (see above).

ALTERNATIVE MEASURE	DEFINITION	PURPOSE
<b>Adjusted operating profit (EBITA)</b>	EBITA adjusted for items affecting comparability. Enables a reconciliation of adjusted operating profit (EBITA) to profit for the period.	Balco therefore considers adjusted operating profit (EBITA) to be useful in showing earnings generated from operating activities, and primarily uses the measure to calculate return on capital employed (see above).
<b>Items affecting comparability</b>	Items that affect comparability, such as restructuring costs, impairment, disposals and acquisition costs, are specific material items that are disclosed separately because of their size or frequency.	Balco considers that adjusting for items affecting comparability improves comparability over time by excluding items that are irregular in frequency or size. The aim is to gain a more accurate picture of the underlying operating profit.
<b>Operating cash conversion</b>	Operating cash flow divided by adjusted EBITDA.	Balco considers this to be a good measure for comparing cash flow with operating profit.
<b>Operating cash flow</b>	Adjusted EBITDA increased/decreased by changes in working capital and decreased by investments, excluding expansion investments.	Balco uses operating cash flow to monitor the performance of its business.
<b>Organic growth</b>	Net sales excluding acquired growth for the current period divided by net sales for the corresponding period in the previous year.	Organic growth excludes the effects of changes in the structure of the Group, which allows a comparison of net sales over time.
<b>Interest-bearing net debt</b>	Total non-current and current interest-bearing liabilities. Enables a reconciliation of net debt.	Balco considers net debt to be a useful measure in showing the group's total debt financing.
<b>Working capital</b>	Current assets, excluding cash and cash equivalents and current tax receivables, less current non-interest-bearing liabilities, excluding current tax liabilities.	The measure shows how much working capital is tied up in the business, and can be related to net sales to understand how efficiently tied-up working capital is used.
<b>Operating margin (EBIT)</b>	Operating profit (EBIT) as a percentage of net sales.	Balco considers the operating margin, together with sales growth and adjusted working capital, to be a useful measure in tracking value creation in the business.
<b>Operating margin (EBITA)</b>	Operating profit (EBITA) as a percentage of net sales.	Balco considers the operating margin (EBITA), together with sales growth and adjusted working capital, to be a useful measure in tracking value creation in the business.
<b>Operating profit (EBIT)</b>	Profit before interest and tax.	Balco considers operating profit (EBIT) to be a useful measure in showing the earnings generated from operating activities.
<b>Operating profit (EBITA)</b>	Operating profit (EBIT) less amortisation and impairment of acquired intangible assets.	Company acquisitions are a part of Balco's growth strategy. To better illustrate developments in the underlying operation, management has chosen to follow EBITA, an expression of operating profits before amortisation and impairment of acquired intangible assets.
<b>Equity/assets ratio</b>	Equity divided by total assets.	Balco considers the equity/assets ratio to be a useful measure of the company's ability to continue as a going concern.
<b>Capital employed</b>	Equity plus interest-bearing net debt.	Capital employed is used by Balco as a measure of the group's overall capital efficiency.
<b>Capital employed excluding goodwill</b>	Capital employed minus goodwill.	Balco uses capital employed excluding goodwill together with capital employed as a measure of the company's capital efficiency.

## RECONCILIATION AGAINST IFRS

# Reconciliation against financial statements in accordance with IFRS

Amounts in SEK, millions	2024	2023	Amounts in SEK, millions	2024	2023	Amounts in SEK, millions	2024	2023
<b>Adjusted operating profit</b>			<b>Adjusted EBITDA</b>			<b>Interest-bearing net debt incl. lease liabilities</b>		
Operating profit (EBIT)	34.8	70.4	Adjusted operating profit (EBIT)	59.5	83.0	Non-current interest-bearing liabilities	409.2	225.4
Items affecting comparability			Amortisation and impairment	50.1	44.3	Current interest-bearing liabilities	16.6	19.0
Costs of acquisition	18.5	10.7	<b>Adjusted EBITDA</b>	<b>109.6</b>	<b>127.4</b>	Cash and cash equivalents	-103.1	-2.8
Restructuring costs	6.2	1.9	<b>Investments, excl. expansion investments</b>			<b>Interest-bearing net debt incl. lease liabilities</b>	<b>322.8</b>	<b>241.6</b>
<b>Adjusted operating profit (EBIT)</b>	<b>59.5</b>	<b>83.0</b>	Purchase of intangible assets	-6.3	-5.6	Adjusted EBITDA, (R12)	109.6	127.4
<b>Operating profit (EBITA)</b>			Purchase of property, plant and equipment	-6.8	-7.7	<b>Interest-bearing net debt / EBITDA (R12), ratio</b>	<b>2.9 ×</b>	<b>1.9 ×</b>
Operating profit (EBIT)	34.8	70.4	of which expansion investments	6.9	7.0	<b>Interest-bearing net debt excl. lease liabilities</b>		
Amortisation/impairment of acquired intangible assets	10.1	6.8	<b>Investments, excl. expansion investments</b>	<b>-6.2</b>	<b>-6.4</b>	Interest-bearing net debt incl. lease liabilities	322.8	241.6
<b>Operating profit (EBITA)</b>	<b>44.9</b>	<b>77.1</b>	<b>Operating cash flow</b>			Lease liabilities, long-term	-46.3	-51.2
<b>Adjusted operating profit (EBITA)</b>			Adjusted EBITDA	109.6	127.4	Lease liabilities, short-term	-16.6	-19.0
Adjusted operating profit (EBIT)	59.5	83.0	Change in working capital	35.1	-117.4	<b>Interest-bearing net debt excl. lease liabilities</b>	<b>259.9</b>	<b>171.4</b>
Amortisation/impairment of acquired intangible assets	10.1	6.8	Investments, excl. expansion investments	-6.2	-6.4	<b>Interest-bearing net debt / EBITDA excl. leasing (R12), ratio</b>		
<b>Adjusted operating profit (EBITA)</b>	<b>69.6</b>	<b>89.8</b>	<b>Operating cash flow</b>	<b>138.5</b>	<b>3.6</b>	Adjusted EBITDA, (R12)	109.6	127.4
<b>Adjusted profit after tax</b>			<b>Net sales excluding acquisitions</b>			Lease amortisation (R12)	-18.4	-20.2
Profit after tax	4.6	46.5	Net sales	1,417.9	1,214.9	<b>Adjusted EBITDA, (R12) excl. lease amortisation</b>	<b>91.2</b>	<b>107.1</b>
Items affecting comparability after tax	19.5	10.0	Net sales acquired	-414.9	-64.6	<b>Interest-bearing net debt / EBITDA excl. leasing (R12), ratio</b>	<b>2.8 ×</b>	<b>1.6 ×</b>
<b>Adjusted profit after tax</b>	<b>24.1</b>	<b>56.5</b>	<b>Net sales excluding acquisitions</b>	<b>1,003.0</b>	<b>1,150.3</b>	<b>Return on capital employed</b>		
<b>EBITDA</b>						Equity	796.8	746.1
Operating profit (EBIT)	34.8	70.4				Interest-bearing net debt	322.8	241.6
Amortisation and impairment	50.1	44.3				Average capital employed	1,053.7	911.2
<b>EBITDA</b>	<b>84.9</b>	<b>114.7</b>				Adjusted operating profit (EBIT), (R12)	59.5	83.0
						<b>Return on capital employed, %</b>	<b>5.6</b>	<b>9.1</b>
						<b>Equity/assets ratio</b>		
						Equity attributable to shareholders	796.8	746.1
						Total assets	1,632.7	1,267.2
						<b>Equity/assets ratio, %</b>	<b>48.8</b>	<b>58.9</b>

## BALCO GROUP'S STOCK

# The share and shareholders

OMXSPI, a broad index of the Stockholm Stock Exchange, rose by 6.0% over the course of 2024. The strongest performers were companies in cybersecurity, medical technology, and digital solutions. Consumer-facing industries declined.

Balco Group's stock saw weak development, rounding out the year with an overall drop of 16.8% and a closing price of SEK 38.50. In our meetings with various market actors, we continue to emphasise Balco Group's unique position in the fragmented niche market for balcony solutions, the sustainability work we carry out at all levels, and the positive sustainability effects of our products.

## Trading and market capitalisation

Shares of Balco Group are traded on Nasdaq Stockholm's Small Cap list. During the year, a total of about 3.5 million shares were traded at a total value of SEK 150.8 million. The average daily turnover during the year was SEK 600,622. All trading in the stock took place on Nasdaq Stockholm. Market capitalisation at the end of the year was SEK 0.9 billion.

## Share performance during the year

The share price was relatively stable throughout the year: the stock traded in an interval between SEK 37.25 and 56.00. At the close of the year, the share was trading at SEK 38.50, an increase of 16.8% over the previous year. This year's highest bid price was recorded on 2 January at SEK 56.00, and the lowest price was SEK 37.25 on 10 December.

## Share capital

As of the end of December 2024, the number of shares in Balco Group amounted to 23,021,648. Balco Group has one class of shares and each share has the same

voting value and entitlement to dividends. One share has a quota value of SEK 6.0002, and the share capital thus amounts to SEK 138,135,310.

## Ownership structure

At the end of the year, the number of shareholders in Balco Group was 4,889, a decrease of 632 over the course of the year. The proportion of shares held in Sweden was 88.5%. The total foreign shareholdings of 11.9% were distributed as follows: shareholders in Denmark, 3.4%; the United Kingdom, 2.8%; France, 2.4%; and Switzerland, 1.5%. Of the 88.5% total Swedish ownership, legal persons made up 75.8% and natural persons made up 12.7%. Balco Group's ten largest shareholders owned 73.1% of the company. Members of the Balco Group board held a total of 89,100 shares in Balco Group, while the executive management held 53,380 shares. In total, the board and executive management held 0.6% of all shares outstanding. The main owner is the Hamrin family, with holdings of 26.3%.



CLOSING PRICE  
31/12/2024

**SEK 38.50**

MARKET CAP  
31/12/2024

**SEK 886**  
MILLION

NUMBER OF SHAREHOLDERS  
31/12/2024

**4,889**

## BALCO GROUP'S STOCK

## I Share price development in 2024 (SEK/share)



## Dividend and dividend policy

Balco Group's dividend policy states that the Company shall pay 30–50% of post-tax profits in dividends, provided this does not jeopardise Balco's future development. The board has proposed to the annual general meeting that distribution of dividends for the 2024 financial year be cancelled until the company's debt is reduced.

## Share-based incentive programmes

At the Annual General Meeting of 24 May 2022, it was resolved to introduce a three-year incentive programme aimed at the company's senior executives and other key employees, totalling 41 employees.

The incentive programme comprises a maximum of 220,000 warrants, each entitling its holder to subscribe for a maximum of the corresponding number of shares. Balco Group's total cost for the incentive programme over its full term is expected to be approximately SEK 1.6 million. The

programme involves a maximum dilution corresponding to approximately 1.0% of the company's total number of shares. The senior executives of Balco Group have acquired 55,000 warrants with a total value of SEK 280,700.

At the Annual General Meeting of 14 May 2024, it was resolved to introduce a three-year incentive programme aimed at the company's senior executives and other key employees, totalling 32 employees. The incentive programme comprises a maximum of 230,000 warrants, each entitling its holder to subscribe for a maximum of the corresponding number of shares. Balco Group's total cost for the incentive programme over its full term is expected to be approximately SEK 1.3 million. The programme involves a maximum dilution corresponding to approximately 1.0% of the company's total number of shares. The senior executives of Balco Group have acquired 75,000 warrants with a total value of SEK 310,500.

The purpose of the incentive programme is to encourage broad share ownership among the company's key em-

ployees, facilitate recruitment, retain skilled and talented employees, ensure that the interests of key employees and the company's objectives are increasingly aligned, and increase motivation to achieve or exceed the company's financial targets.

In order to encourage participation in the programme, it was decided to subsidise participation in the form of a gross salary supplement. The level of salary supplement cannot exceed the gross amount invested by the participant. The subsidy to a participant will be paid in connection with the exercise of their warrants, subject to the condition that the participant at that time remains employed by the company in the same position or a comparable position elsewhere within Balco Group, and remains in possession of their warrants. The subsidy for each participant shall amount to a maximum of the premium paid for the participant's warrants held at the time of payment.

## I Ownership structure, 31 December 2024

No. of shares	No. of shareholders	% of shareholders	No. of shares	% of shares
1–500	4,659	84.4%	500,285	2.1%
501–1,000	404	7.3%	316,912	1.2%
1,001–5,000	342	6.2%	756,162	2.8%
5,001–10,000	43	0.8%	321,803	1.3%
10,001–15,000	16	0.3%	196,361	0.8%
15,001–20,000	10	0.2%	175,272	0.4%
≥ 20,001	47	0.8%	19,642,553	91.5%
<b>Total</b>	<b>5,521</b>	<b>100.0%</b>	<b>21,909,348</b>	<b>100.0%</b>

## I Ten largest shareholders, 31 December 2024

Shareholders	No. of shares	% of shares
Hamrin family	6,062,027	27.7%
Skandrenting AB	2,337,000	10.7%
Swedbank Robur Fonder	1,953,921	8.9%
Lannebo Fonder	1,900,237	8.7%
Tredje AP-fonden	1,855,000	8.6%
AB Tuna Holding	1,201,876	5.5%
Avanza pension	536,150	2.5%
BFCM P/C BFCM Sweden Retail LT	500,000	2.3%
FE Småbolag Sverige	350,961	1.6%
IBKR Financial Services AG, W8IMY	312,363	1.4%
<b>Total</b>	<b>17,009,535</b>	<b>77.9%</b>

## BALCO GROUP'S STOCK

# Shareholder information

## Annual General Meeting

Balco Group's 2025 Annual General Meeting will be held on Wednesday, 6 May 2025, at 4:00 p.m., at Balco's premises located at Älgvägen 4, Växjö, Sweden. Sign-in and tours of Balco's facilities begin at 2:00 p.m.

### Registration

Shareholders wishing to participate at the Annual General Meeting shall:

- be recorded as shareholders in the share register maintained by Euroclear Sweden AB ("Euroclear") as of 25 April 2025, and
- indicate to the company their intention to participate in the meeting according to the instructions given under "Registration for physical participation or participation by proxy". Alternatively, participants may vote by post according to the instructions given under "Instructions for voting by post" no later than Tuesday, 29 April 2025.

### Registration for physical participation or participation by proxy

Shareholders interested in participating in the Annual General Meeting physically or by proxy must notify the company of this no later than 29 April 2025, either:

- online, at <https://balcogroup.se/investerare/bolagsstyrning/bolagsstamma>,
- by telephone on +46 73 472 00 90, or
- by post: Balco Group AB, c/o Svenska Financial Hearings AB, Brunnsgatan 21 A, 3tr, 111 38 Stockholm

When registering, specify name / company name, personal or corporate registration number, address, phone number, and, as applicable, any advisers (no more than two).

Shareholders who intend to be represented by a proxy or by a legal entity representative at the Annual General Meeting are asked to submit authorisation documents (power of attorney and/or registration certificate) to the company at the above address when registering for the meeting. A power of attorney form is available from the company's website: <https://balcogroup.se/investerare/bolagsstyrning/bolagsstamma>

### Nominee-registered shares

To have the right to participate in the Annual General Meeting, shareholders who have had their shares registered as nominees through a bank or other nominee must – in addition to registering – temporarily re-register their shares in their own name such that the shareholder is registered in the share register maintained by Euroclear as of 25 April 2025, the date of record. This registration may be temporary (so-called "voting rights registration"), and must be requested of the nominee according to the nominee's processes within the time frame specified by the nominee. Voting rights registration requested by a shareholder far enough in advance for the nominee to re-register the shares no later than Tuesday, 29 April 2025, will be taken into account when the share register is prepared.

### Nomination Committee

The Nomination Committee is tasked by the shareholders with providing proposals for Chairperson of the Annual General Meeting, members of the board, Chairperson of the Board, auditor, board fees (divided into fees to the

Chairperson and other members, and any fees for committee work), remuneration of the company's auditor, and any changes to the instructions for the Nomination Committee. For the 2025 AGM, the Nomination Committee consists of Carl-Mikael Lindholm (Hamrin family), Annica Nordin (Skandrenting AB), Magnus Sjöqvist (Swedbank Robur Fonder), Adam Hansson (Lannebo Kapitalförvaltning), and Ingalill Berglund (chairperson of Balco Group). Carl-Mikael Lindholm is the chairperson of the Nomination Committee.

### IR activities

The purpose of Balco Group's IR work is to continuously provide the capital market with information about the group's activities and development. By holding regular meetings with Swedish and international institutional investors and analysts, dialogue can be maintained and information continuously provided. Presentations will be held during conferences and meetings, and always in connection with the publication of interim reports or year-end reports.

Topics that particularly interested investors and analysts in 2024 related to how the group's various operations had developed and managed the changed market dynamic in the face of high inflation and high interest rates.

Balco Group is also in continuous dialogue with non-institutional investors. For instance, presentations are held during events arranged by Sveriges Aktiesparares Riksförbund (Aktiespararna), an independent organisation for individuals investing in shares, funds, and other types of share-related securities.

### Balco Group's website

Balco Group's website ([www.balcogroup.se](http://www.balcogroup.se)) provides information for the capital market and the Company's other stakeholders. The website provides current and historical information about the group's activities, vision, purpose, business concept and strategy, corporate governance and sustainability work. Information is also provided about the share's development over time. Press releases, presentations, and financial reports are published on the website.

### Analysts monitoring Balco Group

Carnegie..... Sofia Sörling

### Financial calendar

28 April ..... Interim report, January–March 2025  
 6 May ..... Annual General Meeting 2025  
 14 July ..... Interim report, January–June 2025  
 27 October ..... Interim report, January–September 2025  
 2 February 2026 ..... Year-end report for 2025



**Photo:** Balco Group  
**Production:** Balco Group in collaboration with AVA Corporate Communications

# Largest provider of glazed and open balconies in Northern Europe

Balco Group is a leader in the balcony industry with a focus on offering innovative, patented, and energy-efficient solutions for apartment buildings. The group's adapted products contribute to an increased quality of living, security, and property value. Thanks to a decentralised and effective sales process, Balco Group has full control over its value chain, from production to delivery. Founded in 1987 in Växjö, the company currently employs about 650 people and is a market leader in the Nordic region, with operations in several markets throughout Northern Europe.

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**BALCO**  
GROUP