BALCO | GROUP

ANNUAL AND SUSTAINABILITY REPORT 2025

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f = Administration report

BALCO GROUP

VISION

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

BUSINESS CONCEPT

To create innovative, sustainable and attractive balcony and facade solutions with the customer at the centre, providing people with an improved quality of life.

CORE VALUES

Pride, entrepreneurship, and quality.

Annual and Sustainability Report 2025

Balco Group's annual and sustainability report is published in both Swedish and English. The Swedish version is the original version. The Board of Directors' Report includes pages: 30-36, 38-42, 48-62, 64-95, 98-101. The annual and consolidated financial statements for the 2025 financial year, which have been reviewed and audited by the auditor, are included on pages 30-36, 38-44 and 48-102.

Other external review
The auditor has reviewed the corporate governance report, pages 38-44, in accordance with FAR's statement RevR 16 The auditor's examination of the corporate governance report.

NET SALES
2025
1,295
MILLION SEK

ORDER INTAKE
2025
1,537
MILLION SEK

OPERATING CASH FLOW
2025
100
MILLION SEK

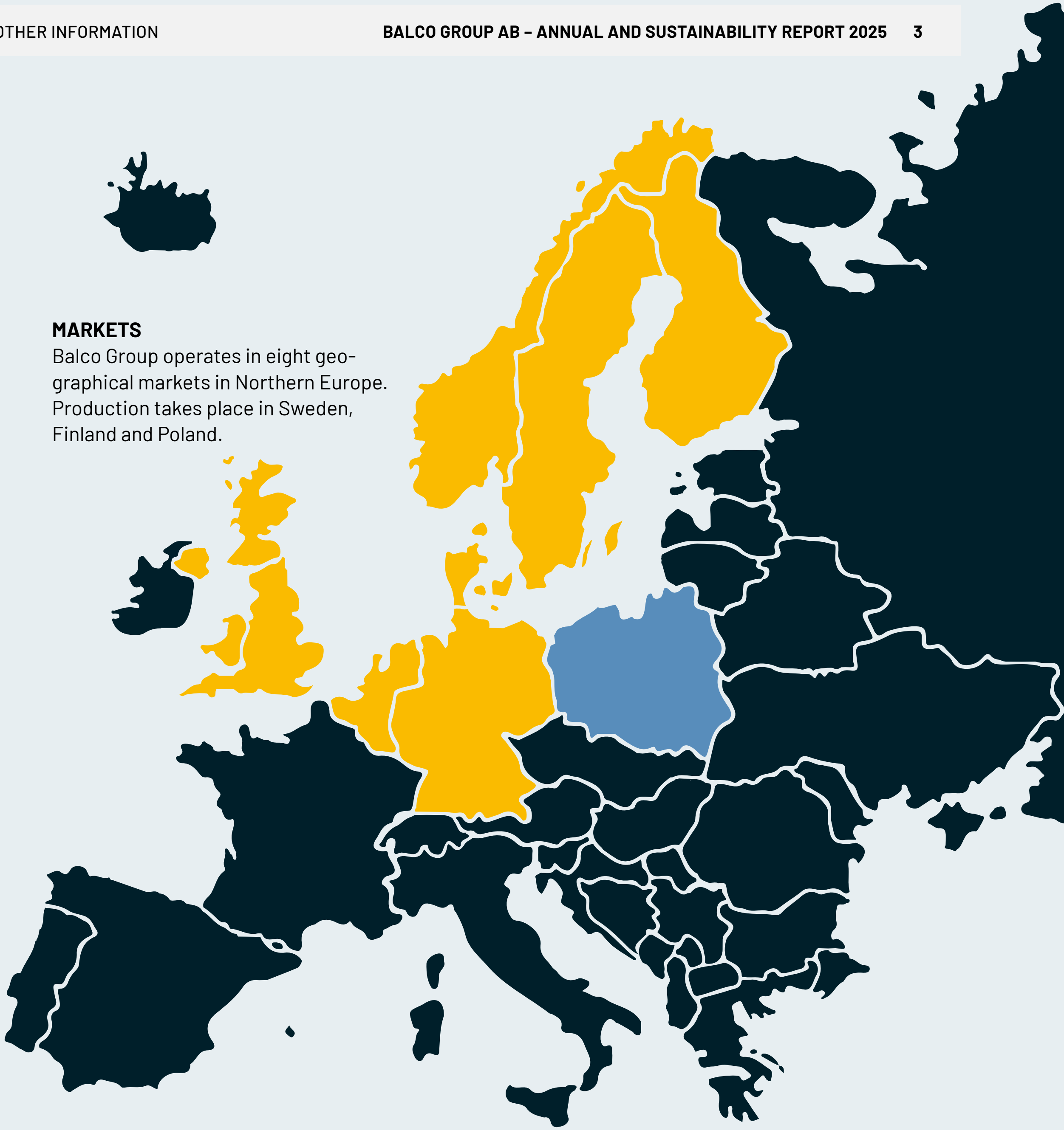
This is Balco Group

Balco Group AB is a market-leading group in innovative and sustainable balcony solutions and facade renovation. Under eight 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 550 employees. The Group's subsidiaries are often locally based and are spread across a large number of locations in the Nordic region and Northern Europe. Geographical proximity to customers is of great importance for the Group's brands and at the same time creates good knowledge of the market.

A majority of the subsidiaries within Balco Group specialise in balcony solutions and work primarily in the renovation segment, where Balco AB stands out as one of the largest companies in the Nordic region with patented, glazed balcony solutions that yield energy savings of up to 30 percent. The Group is also active in the new build segment with several successful product ranges. In connection with balcony projects in both segments, Balco Group also offers, through its subsidiaries, complementary additional services such as facade renovation, installation of solar panels, air-to-air heat pumps, window replacements, roof insulation, and more.

Through innovation, in-house production and a decentralised business model, Balco Group has, through its subsidiaries, succeeded in creating a competitive offering in the markets where the Group operates. By primarily relying on in-house installation teams for balcony installations, the Group is able to control a larger share of the value chain, while also ensuring secure and efficient delivery and installation. A balcony investment or facade renovation is often a costly and complex project. Therefore, customer satisfaction is a natural starting point in all projects – from the first planning meeting to the final inspection.



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

BALCO | BALCO ALTANER | RK TEKNIK BALKONGBYGGARNA | TBO | STORA FASAD entreprenad ab | Riikku | Suomen Ohutlevyasennus Oy

THE YEAR IN BRIEF

2025 for Balco Group

2025 was characterised by weak profitability in a continued challenging market climate. Despite some recovery in several markets, progress has been slow across the entire construction and renovation sector. Against this background, Balco Group implemented extensive structural measures within the Group at the beginning of the year with a long-term perspective. These measures have improved cost levels while allowing the company to maintain the ability to seize growth opportunities when the market strengthens.

During the year, Balco Group also re-entered the maritime segment through two major orders, one of which was the largest single order in the company's history. The two orders strengthen our order book and mark an important step in re-establishing our presence within the segment.

At the beginning of 2025, Balco Group implemented extensive structural measures to adapt the cost base to the market situation. The measures included a production move and personnel reductions. The savings effect is expected to amount to 55 MSEK annually.

On 8 April, Balco Group acquired an additional 20 percent of the shares in Suomen ohutlevyasennus Oy. Balco Group now owns 80 percent of the shares in the company and has an option to purchase the remaining 20 percent.

In May, Balco AS, the Norwegian subsidiary within Balco Group, recorded its strongest quarter ever in terms of order intake. Balco AS secured three large orders with a total order value of 140 MNOK. One of the orders also includes Balco Group's patented air-to-air heat pump solution, which is integrated into the balconies.

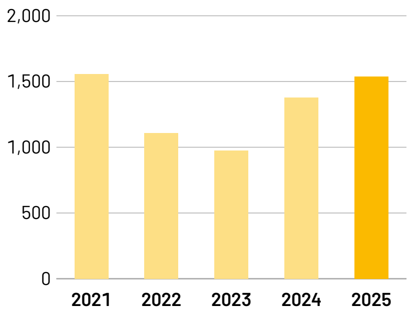
On 17 June, Balco Group re-entered the maritime segment through a strategically important order of approximately 80 MSEK from the French shipyard Chantiers de l'Atlantique. The deal comprises balconies, railings and sliding doors and strengthens Balco's long-term presence within the segment.

On 31 October Michael Grindborn concluded his service as CFO. Viktor Arvidsson was subsequently recruited as the new CFO and IR Director and took office in February 2026. At the same time, Balco has established a new group-wide role, Director of Business Development & Head of IT, to which Andreas Lindberg has been appointed to drive strategic initiatives, digitalisation and the further development of the Group's offering.

In the fourth and second quarters, Balco Group achieved the highest levels of order intake for individual quarters in the Group's history. In the second quarter, order intake was 519 MSEK and in the fourth 521 MSEK. The order intake was driven by Swedish balcony companies, the Norwegian market and two major maritime orders.

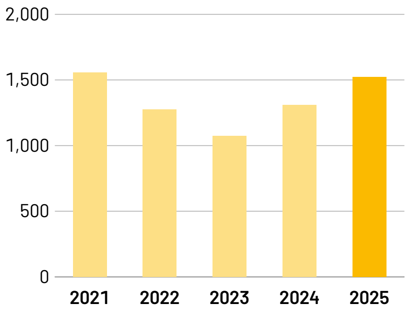
On 18 December Balco Group signed the Group's largest order ever. The assignment relates to deliveries to three new cruise ships being built by the German shipyard Meyer Werft. The order value amounts to approximately 200 million SEK. The projects comprise a total of more than 2,000 balcony solutions and began with design work at the turn of the year. Work at the shipyard starts in 2027 and completion is planned for 2029 for the first two ships and 2030 for the third ship.

ORDER INTAKE SEK MILLION



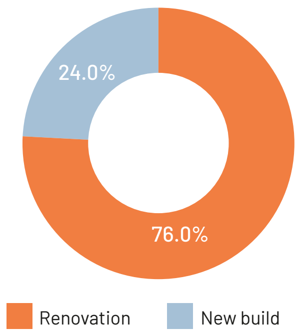
Order intake increased by 11.6 percent to 1,537 (1,377) MSEK. A large part of the increase is attributable to the strong fourth quarter of 2025.

ORDER BACKLOG SEK MILLION



The order backlog increased by 16.4% to 1,523 (1,309) MSEK. The increase is in line with the increase in order intake during the year.

SALES PER SEGMENT %



The renovation segment accounted for 76 percent of net sales in 2025. New build made up the remaining 24 percent.

KEY FIGURES OVERVIEW

MSEK	2025	2024
Net sales	1,295.1	1,417.9
Order intake	1,537.1	1,376.8
Order backlog	1,523.3	1,309.3
Adjusted operating profit (EBITA)	15.4	69.6
Adjusted operating margin (EBITA), %	1.2	4.9
Net profit for the period	-35.0	4.6
Adjusted profit after tax	-10.8	24.1
Operating cash flow	99.7	138.5
Earnings per share, SEK, before dilution	-1.55	0.05
Earnings per share, SEK, after dilution	-1.55	0.05
Adjusted earnings per share before and after dilution	-0.5	0.89

Boost in order intake despite a continued challenging market

2025 was a year characterised by a rapidly changing world, with geopolitical developments as well as changed trade policy conditions. An unsettled world naturally leads to increased caution, which in turn dampens the willingness to invest and delays business decisions. This has been particularly evident in both the construction and consumer sectors, which continue to display a cautious stance despite a more favourable investment climate with falling interest rates and lower inflation. At the same time, we have seen initial signs of a nascent recovery in individual markets during the year.

For Balco Group, 2025 has meant a continued focus on structural changes and capacity adjustments to strengthen our long-term competitiveness. At the same time, we have seen a positive development with increased order intake in several of our markets, together with a strategic re-entry into the maritime segment.

Increased order intake despite a challenging start

The Group's net sales for 2025 decreased by 8.7 percent to 1,295 million SEK. Currency fluctuations had a negative impact on net sales of 4 percent, while completed acquisitions contributed positively by 2 percent. The lower net sales had a negative impact on our adjusted EBITA, which amounted to 15.4 million SEK, corresponding to a margin of 1.2 percent. This is not a result we are satisfied with.

During the year, we have implemented extensive cost adjustments and worked purposefully with measures to strengthen profitability. However, these efforts have not been able to fully compensate for the lower net sales and a continued tough competitive situation in certain markets, which has led to increased price pressure. This has been particularly evident in our operations in Denmark and Finland. The result was also affected to some extent by a major variance in a project within our subsidiary TBO-Haglinds.

The Group's order intake increased during 2025 to over 1.5 billion SEK, which corresponds to an increase of 12 percent compared to 2024. A large part of the increase is a result of our re-entry into the maritime segment, where Balco Group has secured two major orders for deliveries to cruise ships during 2025.

The first order was received during the second quarter from the French shipyard Chantiers de l'Atlantique and was an important milestone for Balco as it was our first order in the French market and also included the delivery of sliding doors, which is an expansion of Balco's maritime product offering. The second maritime order was received during the fourth quarter from the German shipyard Meyer Werft and is the largest single order in Balco's history, with an order value of approximately 200 million SEK. The order includes the delivery of balconies and sliding doors for a series of three cruise ships, with an option for an additional three ships.

Our companies in the Swedish market also had a good order intake during the year, with an increase of 32 percent compared to 2024. In Germany, the order intake was slow during the beginning of the year, which can be partly attributed to the German election. However, the order intake

Camilla Ekdahl
President and CEO, Balco Group AB

was significantly better during the second half of the year and, looking at the full year, it increased by 12 percent compared to the previous year.

Varied market development

In Sweden, we are seeing an increased interest in the market, which is clearly evidenced by the higher order intake. In the Swedish market, we have several companies operating and they complement each other in terms of customer offerings. Some of them have a clear advantage and profile towards construction companies, while others are mostly focused on housing co-operatives. Worth mentioning is that our subsidiary RK Teknik, during the end of 2025 and the beginning of 2026, secured three major public housing procurements, with a total order value of approximately SEK 80 million. Our facade companies have also seen an increased activity on the Swedish market, especially during the second half of 2025.

In Norway, there is a continued interest in our projects where Balco complements deliveries of extended and glazed balconies with other energy-saving measures such as air-to-air heat pumps and solar panels. During the second quarter of the year, we secured several major orders in the Norwegian market, despite inflation and interest rates remaining significantly higher than in other Nordic countries.

Denmark and Finland are currently our most challenging markets. In Denmark, this is because the majority of balcony projects involve installing balconies on buildings that did not previously have balconies. This involves a higher investment step than renovating an existing balcony. However, there is also a great need for renovation in Denmark for older balconies and much discussion is being held regarding the safety of older balconies, but many property owners are still postponing their measures.

Finland is experiencing weak economic development which, together with extensive construction of new properties during the early 2020s, has negatively affected housing construction and our new-build segment in the Finnish market. We also see a corresponding development for renovation projects in Finland. Households remain

FOCUS AREAS

- **Order intake:** Work on the order intake during 2025 yielded good results. Order intake remains the highest priority for both the Group and all subsidiaries, combined with product and service development to meet local needs.
- **Renovation in Finland:** The focus area for 2025 was to adapt the organisation to a demanding market situation and increase the presence in the renovation segment, which continues to be a focus area for 2026.
- **Profitability:** The structural measures we implemented during 2025 are estimated to yield savings of approximately SEK 55 million annually. Work on profitability-improving measures continues during 2026, with a strong focus on sales.

cautious about making major investments, while we see that savings have increased. However, we estimate that the renovation segment will see a certain increase during 2026, and we are continuing our efforts to strengthen the renovation operations in our Finnish balcony company Riikku Rakenteet. Together with our Finnish facade company, we aim to transition from being a glazing company to becoming a balcony company that can also undertake projects including replacement of balcony slabs as well as facade work. At the same time, Riikku has good opportunities to grow in markets outside Finland.

As previously mentioned, we had positive order intake development in Germany last year. In Germany, we focus on large recurring customers in the renovation segment and modular house manufacturers in new build segment. In new build, there is a significant competitive situation, which means we are selective with the projects we undertake considering our profitability requirements. With the acquisition of Riikku, we have also gained access to a new range of glazing solutions that better suit certain customer segments in Germany. During 2025, projects with an order value of approximately SEK 20 million were signed using this solution.

We also see continued potential in the Netherlands and the UK. After a couple of successful projects in the Netherlands, we now have a number of showroom projects featuring virtually all our balcony solutions, which will be important selling points in future tenders. We see clear potential, especially for our lighter aluminium balconies, in both the renovation and new build segments. Furthermore, we are unique in the market with our Levitate balcony for new build projects.

In the UK, our focus remains on new build. The market potential is very large, but it also requires adapted solutions and a good cost structure. To better meet market demands, Balco moved resources in design and development from Sweden to the local company during 2025.

Streamlining and new initiatives

In addition to individual strategic measures in each market, the Group has implemented structural changes during the year. The changes include a relocation of TBO-Haglinds' production in Arboga to the Group's existing facilities in Växjö and Poland, a merger of Stora Fasad and Arutex into Stora Fasad Entreprenad, the integration of Riikku Sweden's operations into RK Teknik, the integration of the Finnish subsidiary Koti into Riikku Rakenteet, and significant staff reductions. The cost of the structural changes totals SEK 30 million and is estimated to yield annual savings of approximately SEK 55 million.

A consistent theme for the changes has been business development in line with our long-term strategy. We have simultaneously strengthened the Group's management team through the recruitment of Andreas Lindberg, who has been Business Development Director for Balco Group since November. Andreas works with all companies within the Group and with a short-term focus on those markets and companies where we need to make the greatest changes depending on market developments. In the long term, his mission is to help all our subsidiaries with continued business development in their respective markets, but also to find new business opportunities within both existing and new markets, which also includes acquisitions.

Well prepared for increased interest in 2026

2025 was in many ways a challenging year for Balco Group with extensive structural changes and profitability that was far from our long-term goal. We did, however, see clear signs of some recovery in certain markets and segments. We are confident that the recovery will continue gradually going forward, especially in the renovation segment. The need for renovation has not disappeared during the years of lower activity, it has only been postponed. This supports cautious optimism, given the global situation and the challenges that remain.

During 2026, we will continue to work on profitability-enhancing measures, with a continued focus on cost control alongside a strong emphasis on order intake. Profitability is of utmost importance for Balco Group and has significant impact on our capital structure, which has historically been strong and enabled investments in our subsidiaries as well as new acquisitions. We aim to reach that level again.

With the structural changes implemented during 2025, a broad product portfolio, and the retention of key competencies that enable us to execute complex projects, we are well prepared to meet increased demand in the market and a higher level of order intake.

Växjö, March 2026
Camilla Ekdahl
CEO, Balco Group AB

Five reasons to invest in Balco Group

Full-scale offering

Balco Group has a comprehensive offering in balconies for both the renovation and new build segments. In addition, the Group, through its subsidiaries and subcontractors, also offers facade renovation services, support services and other additional services such as the installation of solar panels and heat pumps. The market for balcony and facade renovations in the Nordic region is estimated at approximately SEK 40 billion and is expected to increase by at least 5 percent annually as a result of a pent-up need for renovation and upcoming EU legislation regarding the energy class of buildings.

Offering → page 25

Competitive advantage

Balco Group has a strong market position that is difficult to replicate through a broad patent portfolio, in-house production in three countries and its own installation capacity. Several subsidiaries also have the ability to manage turnkey projects. Taken together, this means the Group has full control over quality, costs and delivery precision, as well as creating high barriers to entry for competitors. Across Europe, Balco Group is one of a few players that can handle large and complex balcony projects. This includes maritime projects where Balco Group is one of only two major players in Europe.

Strategy → page 11

Growing internationally

Balco Group is the market leader in Sweden and Norway and is among the major players in Denmark. Through its broad and unique product offering combined with the Group's collective expertise, Balco Group has succeeded in expanding into additional markets by meeting local preferences in each market. Today, the Group is also established in Germany, the UK and the Netherlands and at the same time has a strong position in Finland following the acquisitions of Riikku and Suomen Ohutlevyasennus in 2024.

International expansion → page 27

Leading innovator

Innovation and development are continuous within the Group, and every year new patented solutions are added in areas such as steel construction and industrial design for modular systems, energy optimisation and installation solutions. The Company's design work combines aesthetics and functionality with locally adapted solutions for different markets.

Innovation → page 14

Strong ESG profile

A central part of Balco Group's offering is energy-efficient balcony solutions that can contribute to up to 30% lower energy consumption in the home, while also reducing the climate footprint, extending the lifespan of the balcony and creating a more pleasant living environment. The Company works continuously to lower its environmental impact in both production and product development by evaluating material choices, processes and new solutions. Its long-term sustainability work has resulted in Balco Group currently being among the top 10 percent of companies in the construction sector in terms of ESG risk.

Sustainability Report → page 48

Strategy and Operations

Balco Group's market

Balco Group is the market leader in the Nordic region and a growing player in Europe. A majority of the Group's turnover continues to come from the renovation segment, where housing co-operatives constitute the largest customer group.

Fragmented market

The market in northern Europe is characterised by a large number of smaller players in local markets.

- Apart from Balco, there are only a few larger companies that compete in multiple geographical markets.
- Balco Group's production capacity, quality assurance and combined offering within major renovation projects often represent a clear competitive advantage.

Great need for renovation

The macroeconomic situation is causing many property owners to postpone investment decisions. This leads to longer sales cycles and caution in early project phases.

- The structural need for renovation remains intact and is expected to increase annually.
- A large and ageing housing stock, increased requirements for energy efficiency and the need for improved living environments are driving the market forward.

Geographic characteristics

Despite a weak construction sector in large parts of Europe, there is a varying need in Balco Group's markets.

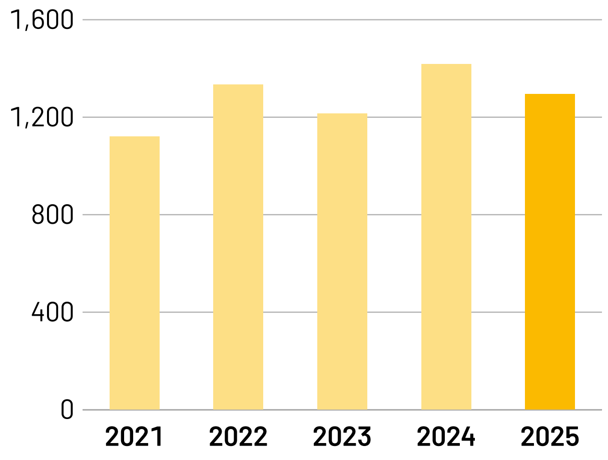
- Electricity is used extensively for heating in Norway, which makes energy-saving measures a decisive factor in renovation projects.
- In Sweden, Finland and Norway, glazed balconies are popular, while city balconies are more common in Denmark.
- In Germany, the UK and the rest of Europe, there is a great need for smart and cost-effective solutions for the new-build segment.

Changed customer behaviour

A general trend in several markets is that decision-making processes are taking longer. Customers often request multiple quotes to put suppliers in competition.

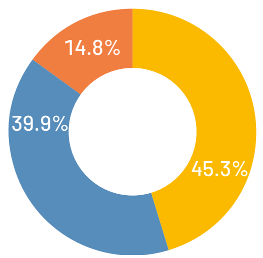
- Some customers in the construction industry always choose the cheapest option from subcontractors because they themselves have been subjected to competition to win the project.
- Other customers prioritise experienced suppliers with good references and quality over costs. It is towards this customer group that Balco Group primarily works.

BALCO GROUP NET SALES SEK MILLION



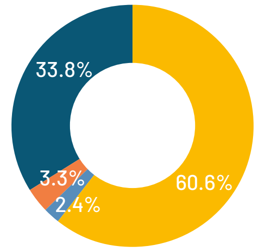
NET SALES BY GEOGRAPHICAL MARKET SEK MILLION

Sweden	586.8
Other Nordic countries	516.3
Rest of Europe	192.0

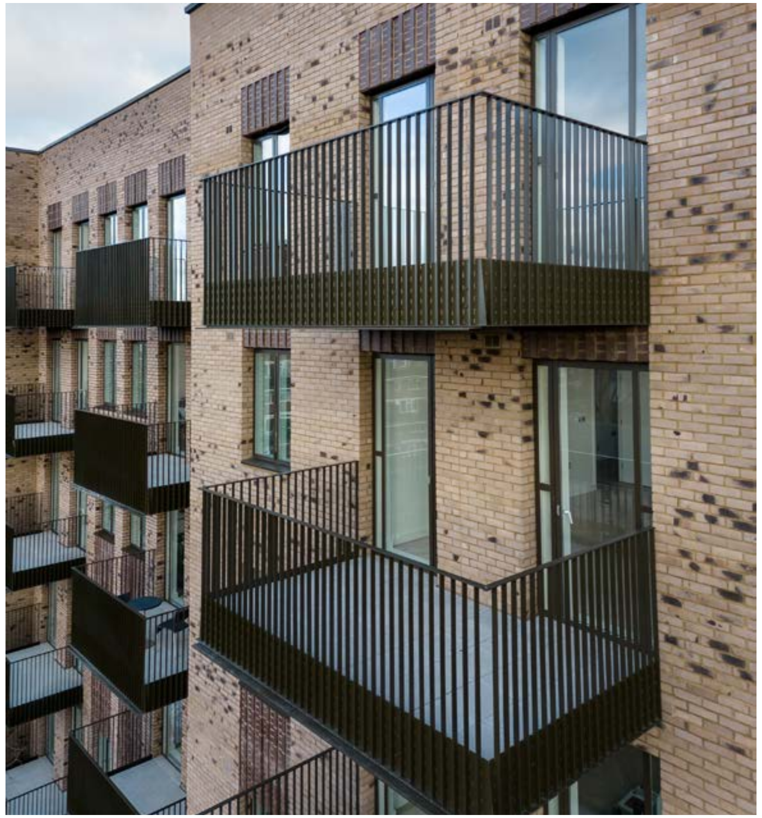


NET SALES BY CUSTOMER GROUP SEK MILLION

Housing cooperatives	784.8
Public housing sector	30.6
Private property owners	42.7
Construction companies	437.0



	Market trends	Balco Group's approach to the market
Sustainable housing	**New energy efficiency requirements** Energy efficiency has become a high-priority issue for many property owners. Stricter EU requirements, increased operating costs and demands for reduced emissions are driving investments in measures that improve energy performance in existing buildings and properties. These projects often take a holistic approach and involve extensive renovation efforts.	**Glazed balconies and complementary services** Balco Group's subsidiaries together have a wide and unique range of balcony and facade solutions as well as energy-improving installations that reduce energy consumption, enhance indoor climate and improve quality of life. The Group can act as a turnkey contractor and offers complete solutions covering planning, construction, installation and service.
Changing needs	**Flexible and aesthetic solutions** Housing co-operatives are demanding safer, more functional and more aesthetic living environments, especially in urban areas. Facade improvements, balconies and glazed balconies are all popular options that contribute to increased property value and improved living standards, while placing higher demands on logistics, project management and execution.	**Design and building permit expertise** Balco Group adapts its balcony and glazing solutions to local building permit requirements, cultural environments and architectural guidelines. Through advanced project planning and close collaboration with municipalities and architects, the Group's subsidiaries can design aesthetically pleasing solutions for each project that integrate seamlessly into the urban or residential environment.
Changed processes	**Efficiency and risk management** Many property owners want to streamline their renovation processes and reduce costs and risks in complex projects. This increases demand for suppliers who can take overall responsibility, deliver on time and manage technology, construction and project execution within a single organisation.	**Local presence backed by a strong organisation** Balco Group works actively, both in Sweden and abroad, to build long-term customer relationships. Through its subsidiaries, the Group has a local presence in many locations, supported by the collective expertise of the entire organisation. This means that all subsidiaries can undertake complex projects and offer complete and seamless solutions together with their sister companies.



THE RIGHT PRODUCT FOR THE RIGHT MARKET

Balco Group has strengthened its position in the UK over several years. The British Isles represent a large and promising market, primarily within the new-build segment, with specific requirements for safety and performance. The market is a clear example of how strategic product development enables expansion. The image shows Levitate, a balcony specifically designed for the UK.

A business strategy for the future

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

1 A business model for long-term value creation

Balco Group aims to be the clear choice for balconies. An ageing housing stock in Europe is the basis for a growing demand for secure and innovative balcony solutions, and Balco Group offers one of the most comprehensive solutions on the market. The offering includes both standardised solutions for new construction and customised solutions tailored to specific renovation needs.

Over time, Balco Group has developed the Group's offering and today also offers its services as a full-service provider within facade renovation and other services. The strengthened offering meets the increasingly high demands of several customer groups. With customer security as a starting point, Balco Group offers world-class products, and combined with high competence and valuable experience, this lays the foundation for growth in new and existing markets.

2 Innovation and development

Many companies within Balco Group are manufacturing businesses with strong innovation capabilities. New products strengthen and complement the Group's offering, and the Group currently holds 77 patents across 31 patent families, with a further 11 under review – an increase of 8 patents compared with the previous year. These patents cover areas such as steel construction and industrial design and reflect continuous efforts to improve products in terms of functionality, materials and installation processes. Balco Group holds a strong leadership position and develops products that often set the standard for the industry.

Expertise in product development also constitutes an important part of the Group's contribution to a more sustainable society. For example, Balco AB's patented and glazed balconies provide documented energy savings of up to 30 percent.

3 Selective and value-creating acquisitions

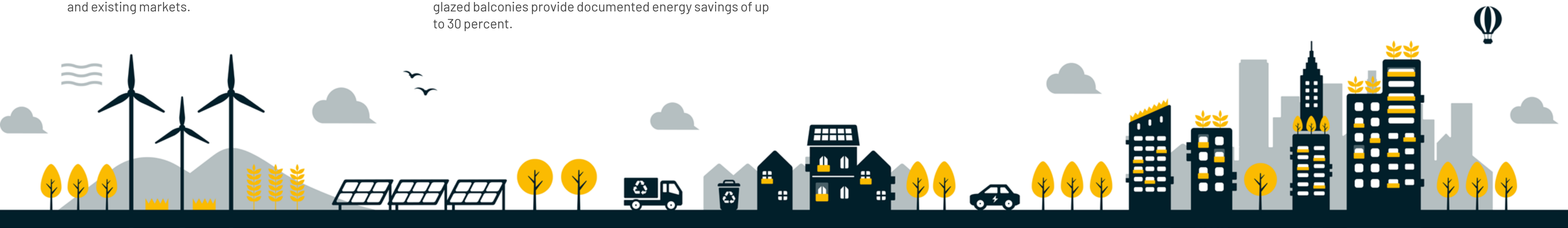
Two central elements of Balco Group's business strategy are a broad offering and close proximity to the Group's customers. Both parts are achieved partly organically through product development and expansion, and partly through acquisitions of well-managed companies that contribute new expertise, new products and access to new geographical markets.

An example of the latter are the acquisitions of Riikku and Suomen Ohutlevyasennus during 2024. Through both acquisitions, Balco Group has placed itself in a market-leading position in Finland, while the expertise and production capabilities of both companies have been added to the Group. Balco Group also maintains continuous dialogues with candidates who are carefully evaluated to ensure strong synergies in the event of a potential acquisition.

4 Entrepreneurship and decentralisation

Balco Group cherishes entrepreneur-driven companies that have built up and continue to build their own brand. The management of each individual subsidiary has full responsibility for performance and development in order to ensure flexibility and customer focus in their respective markets.

The decentralised model is fundamental for the Group companies when it comes to customer retention and acquisition. At the same time, Balco Group provides the right means to develop the operations. From a strategic perspective, Balco Group's task is to create synergies and support the subsidiaries with central functions such as finance, IT, HR, purchasing and sustainability to maximise the potential in each unit and enable each individual company within the Group to focus on its strengths.



BUSINESS MODEL

1 A business model for long-term value creation

Balco Group's business model is closely linked to the Group's vision – to be the clear choice for balconies. The business model is based on three key components: customer security, the green transition and a unique offering.

Today, Balco Group is one of Northern Europe's safest and fastest suppliers of balconies in a growing market. Balcony renovation continues to form the core of the business, driven by a significant pent-up need for renovation. Each individual project depends on the customer, the site, and the property. Therefore, preferences, execution, and possibilities become decisive factors in successful projects.

Balco Group always offers turnkey solutions. The Group has its own sales staff, project managers, its own production, and its own in-house installation teams, enabling projects to be delivered from start to finish. This is a major strategic advantage and represents all components of the business model. The Group's offer as a full-service provider also includes facade renovation services and assistance with budgeting, building permit applications, and other administratively demanding parts of the projects. The Group's objective is that the client should feel secure throughout the entire process that the work is progressing both quickly and smoothly and remains within the budget's framework.

Over the past decade, Balco Group has, through both innovation and acquisitions, broadened its customer offering. Development has largely revolved around the sustainable transition – offering solutions and products that reduce energy consumption in properties. Cold winters and the war in Ukraine have led to volatile energy prices in recent years. This, combined with upcoming, stricter requirements for buildings' energy performance, means that achieving energy savings for customers remains an important component in the Group's business development.

Part of the new expanded offering includes, for example, installations of solar cells and heat pumps. Balco Group's largest subsidiary, Balco AB, has here combined its balcony offering with the demand for energy savings and offers the installation of an air-to-air heat pump which is integrated with the company's glazed balcony solutions. It is a unique and patented solution that provides a double energy-saving effect and is entirely in line with the Group's business model to create unique opportunities for the properties of the future.

UNIQUE OFFERING

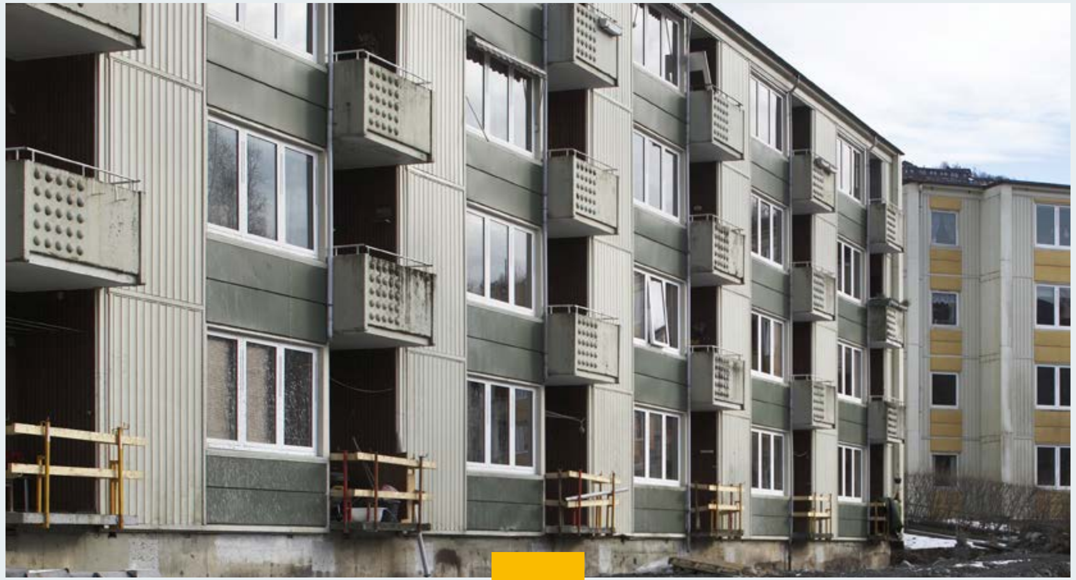
Customers' requests and needs vary but are ultimately governed by the conditions of each property. Balco Group's extensive experience and expertise in balcony solutions deliver results that align with both customer requirements and prevailing conditions.

CUSTOMER PEACE OF MIND

A balcony renovation represents a significant investment for our customers. As in all construction projects, challenges can arise along the way, which creates a need for trust. Balco Group is a reliable partner that takes responsibility for the entire process and provides proactive support, from building permit management to financing.

SUSTAINABLE TRANSFORMATION

40 percent of energy consumption in Europe is currently used to heat buildings. Through Balco Group's turnkey offer, property owners can significantly reduce energy consumption through balcony glazing, insulation, replacement of windows and doors, and traditional facade renovation. For example, a glazed balcony solution via Balco AB has a proven effect of up to 30 percent.



How a turnkey solution from Balco Group works

Advisory, planning and visualisation

Early in the process, Balco Group appoints a project manager who assesses the building, the conditions for balcony installation and the feasibility of obtaining a building permit. Based on the customer's requirements, the project manager prepares a proposal covering design, material selection, timeline and financial aspects of the intended solution. Balco Group also provides advice and material related to the financing plan for tenant-owned associations.

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 the design phase, a material optimisation process is carried out to minimise material consumption and waste, as well as to ensure a structure with a long lifespan. Once all the information is in place, detailed two- and three-dimensional drawings are produced and production is prepared.

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. We strive to maximise the degree of pre-fabrication to facilitate later project phases.

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. By taking material choices and processes into account as early as the design phase, careful waste sorting is possible during installation, which contributes to a high 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 the Group's well-developed service organisation, we ensure that the customer has a positive customer experience even after the project is completed, where we offer a five- to ten-year warranty on most products as well as access to spare parts after the end of the warranty period.

INNOVATION AND DEVELOPMENT

2 How Balco Group creates products for the future

Innovation and development play a central role in Balco Group's strategy and are directly linked to the unique offering as part of the business model. The Group operates in several markets with distinct characteristics and varying demand, which drive ongoing product development.

In some cases, new products originate from ideas on how specific processes can be streamlined, although customer demand is often the primary driver. As early as 2005, Balco AB established its own development department, which has cutting-edge expertise in steel construction, structural calculations, industrial design, energy optimisation and programming. Similar capabilities are also found in other subsidiaries within the Group.

Many of the ideas and products developed within the Group result in in-house patents. At present, the Group's patent portfolio comprises 77 patents across 31 patent families, with a further 11 under review.

Balco Group operates on several markets in Northern Europe where regulations and demand differ. This in turn places demands on sound knowledge, expertise and flexibility when new products are developed or existing products are adapted. The Group's product development therefore takes place at a rapid pace from idea to finished product via five overall phases.

For smooth installations and cost efficiency, the Group optimises and standardises its products and processes wherever possible. At the same time, each individual project has unique challenges and opportunities. Balco Group's success lies in the ability to quickly develop tailor-made solutions developed according to proven processes and today there are only a few companies in all of Europe with similar expertise regarding various project solutions.

The in-house product development contributes at the same time to a more resource-efficient operation. During the product development process, environmental impact and opportunities for recycling among different design alternatives and materials are investigated.

Material use is optimized carefully to minimize the amount of waste and scrap generated during manufacturing. When the product is evaluated, an important component is the final product's environmental performance and lifespan. Overall, the product development process creates solutions that reduce the environmental impact, while the Group's customers are offered products with a long lifespan and a high degree of recycling.

PRODUCT DEVELOPMENT IN FIVE PHASES

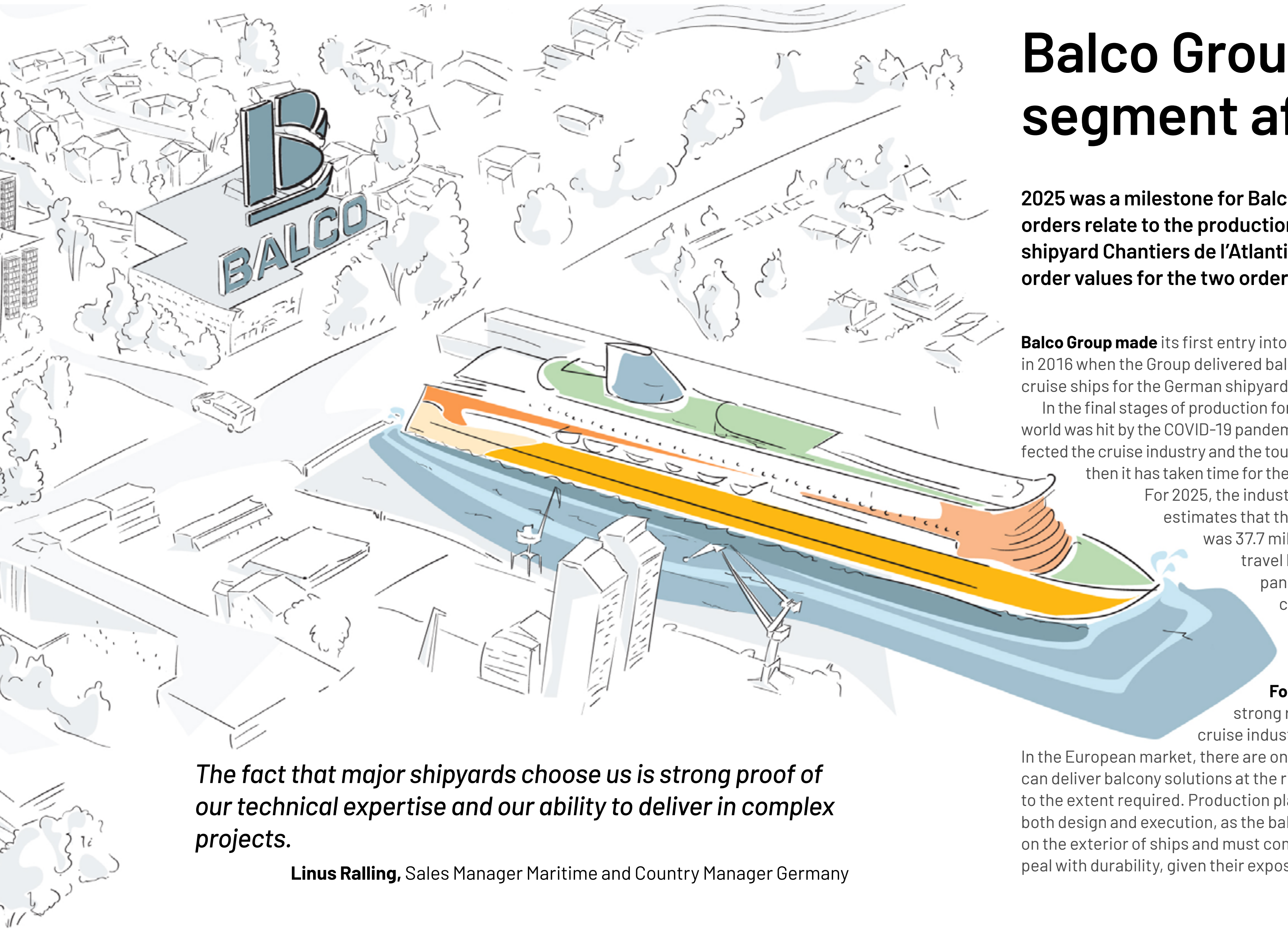
Idea stage: All ideas first pass through the Balco Group product council. Development then begins with a requirements specification, pre-construction drawings and an assessment of the project's technical feasibility and potential for profitability. In cases where the product has a unique function, a patent application is also filed.

Prototype stage: In this phase, a prototype is developed to enable further calculations and evaluations. In many cases, 3D printing is used to manufacture parts, while metal prototypes are produced by specialist toolmakers.

Full-scale testing: A full-scale prototype is developed to test the construction's service life, safety and the need for specific components. At the test facility, the prototype is assembled in a realistic environment. The marketing department also begins at an early stage to develop relevant marketing material for the product.

Preparation for production: The development department guarantees the product's marketability and production feasibility. An important step in the process is ensuring that the product is adaptable. Specifications and drawings are developed and distributed among designers and to the purchasing department.

Production phase: By this stage, the product has typically already been sold as part of customer projects. The first version – the pilot series – is tested by all parties involved and installed at the customer's site. Evaluations and any adjustments are then carried out for future editions.



The fact that major shipyards choose us is strong proof of our technical expertise and our ability to deliver in complex projects.

Linus Ralling, Sales Manager Maritime and Country Manager Germany

Balco Group back in the maritime segment after two major orders

2025 was a milestone for Balco Group in light of two major orders from the maritime segment. The orders relate to the production of balconies, railings and doors for a new cruise ship for the French shipyard Chantiers de l'Atlantique and for three new ships for the German shipyard Meyer Werft. The order values for the two orders are SEK 80 and 200 million respectively.

Balco Group made its first entry into the maritime market in 2016 when the Group delivered balcony systems to four cruise ships for the German shipyard Meyer Werft.

In the final stages of production for the cruise series, the world was hit by the COVID-19 pandemic, which heavily affected the cruise industry and the tourism sector, and since then it has taken time for the market to recover.

For 2025, the industry organisation CLIA estimates that the number of travellers was 37.7 million, which exceeds travel levels from before the pandemic, and there is confidence in the future and a continued increase in travel.

For Balco Group, the strong recovery within the cruise industry is welcome news. In the European market, there are only a few players that can deliver balcony solutions at the right price, quality and to the extent required. Production places high demands on both design and execution, as the balconies are mounted on the exterior of ships and must combine aesthetic appeal with durability, given their exposure to vibrations from the sea and the vessel, as well as heat, cold and saltwater. Surface treatment and frequency analysis thus become important components in production that require specialised expertise.

An additional factor in these extensive productions is logistics. The ships are built step by step in sections that are welded together. There is no room to miss parts and components when the ships are assembled, and if a player misses their deadline, there is a high probability that the shipyards will look for other subcontractors for the next series.

Production for the French Chantiers de l'Atlantique is Balco's first project in the French market. Manufacturing will take place at Balco Group's facilities in Poland and also on site in Saint-Nazaire to ensure smooth delivery. The project includes specially designed, insulated sliding doors that will strengthen the Group's offering in the future as well. Assembly begins in 2026 with final delivery during the second quarter of 2028.

Production for Meyer Werft will also take place in Poland. In total, over 2,000 balconies will be delivered to the three ships. Design work began during the winter of 2025, and work at the shipyard starts during 2027 with a completion date in 2029/2030.

3 A growing group with strengthened offerings

Acquisitions are an important part of Balco Group's growth strategy and today the Group consists of eight brands with unique customer offerings. The Group works based on a clear and structured process for successful integration and development of acquired companies.

Balco Group is a long-term owner that understands that a successful acquisition takes time. Sometimes an acquisition can take several years from negotiation to full integration into the Group, but this also increases the likelihood of a satisfactory outcome for both parties.

Balco Group works to be an attractive alternative for small and medium-sized companies within the Group's niche. An important aspect of this is that acquired companies can continue their operations under current management and brand. As an owner, the Group adds financial stability as well as resources and tools in sustainability work, digitalisation and business development that make it easier and more efficient to develop the business.

Acquired companies, in turn, contribute unique expertise and capabilities to the Group, which enables a broad and unique offering in line with the Group's business model.

In a number of assignments annually, the group's subsidiaries collaborate to jointly execute larger projects, most often within the renovation segment. In these cases, Balco Group, as the owner, can provide expertise in resource management, logistics and project management.

Thanks to these collaborations within the Group, smaller companies in local markets can also offer their customers more products and services and thus strengthen their position in their local area.

A further aspect of Balco Group's acquisition strategy, in addition to the synergy effects, is that it gives the Group access to new markets. During 2024, Balco Group acquired Riikku Group Oy and Suomen Ohutlevyasennus Oy, two market-leading companies in Finland in balcony glazing and railings for balconies and facade renovation respectively. The companies have previously collaborated on projects and several initiatives to integrate the companies into the larger Balco Group organisation are ongoing and include, among other things, cross-selling between the various geographical markets.

Acquisitions of this type are evaluated continuously throughout the year.

CRITERIA FOR GOOD ACQUISITION CANDIDATES

- European balcony companies or companies whose activities can complement Balco Group's product offering.
- Profitable, well-managed companies with a strong position in niche markets.
- A corporate culture in line with Balco Group's sustainable business model.
- Continued commitment from management and employees at the acquired company.

4 Entrepreneurship builds a strong organisation

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

Allowing companies within Balco Group continue to develop under their own brands has historically 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 the overall strategic framework developed together with group management. It facilitates decision-making, speeds up processes, and creates incentives to develop the offering and improve operations.

A further advantage of the decentralised structure within Balco Group is that all companies bring their own reliable subcontractors and partners into the Group. These relationships are encouraged to be maintained where beneficial from both a cost and quality perspective. Companies within the Group can also support one another through benchmarking and by facilitating new collaboration opportunities.

When recruiting personnel, it is also important that companies are allowed to maintain their 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 such as finance, IT, HR, and procurement, and it drives Balco Group's joint sustainability efforts forward. Our companies' manufacturing facilities can produce for both their own company and for sister companies, depending on expertise, geographical location, and capacity utilisation.

Collaboration between Group companies is encouraged by Balco Group. In many projects, there are significant synergies between the subsidiaries' offerings, which strengthen individual companies' customer offerings.

From a strategic point of view, decentralisation is also positive for the Group's diversification, risk management and resilience, as the Group's resources can be used where they create the most value.

PROPRIETARY BRANDS AND PRODUCTS

- Product development within the Group takes place internally within each individual company. Balco AB has an important leading role as the company currently accounts for the majority of new products.
- The objective of investments in product development is to strengthen the Group's offering through better, safer and more sustainable products.
- Each individual company has an important role within the Group, and the specialised expertise and needs that exist locally often lead to new ideas that drive product development forward.
- Although the individual group companies are responsible for their own product offerings, there are synergy effects between the subsidiaries' offerings. This structure is part of Balco Group's decentralised model and has proven to be successful by leading to a wide range of products and services.

Turnkey contracts are more interesting to us now

In the autumn of 2025, the Balco Group companies Stora Fasad and Arutex merged to form Stora Fasad Entreprenad AB. The purpose of the merger is to create a stronger organisation with a broader offering.

"Arutex feels like a good complement to us. We have known each other for a long time and we have long discussed having a few more strings to our bow, so it became natural to merge", says Johan Bengtsson, CEO of Stora Fasad Entreprenad.

Johan Bengtsson has a career spanning approximately 25 years within the Balco Group. He previously worked for many years as a project manager at Balco AB and has been the CEO of Stora Fasad for the past three years, which means he has good knowledge of the entire Group's offering.

"Cooperation within the Group works very well for us. It makes us faster and more competitive. It is about give and take; partly we often collaborate with Balco or TBO-Haglinds on projects, and partly we collaborate on sales. For example, we sometimes suggest to customers the possibility of building new balconies in connection with a renovation project. Then it is natural that we can contact TBO-Haglinds or Balco," he says.

Greater potential for turnkey contracts

The hope with the merger is specifically an expanded collaboration that will provide the companies and their employees with new opportunities.

"Turnkey contracts become more interesting to housing co-operatives and housing companies. We will also hire and develop certain branches such as concrete renovation and concrete sawing, which we believe is timely. People will largely continue to work with what they do today, but we have a couple of carpenters with vocational certificates in the new organisation, and for them, it could mean more varied work, which they are positive about," says Johan.

One of Stora Fasad Entreprenad's most recent projects was a facade renovation of Brf Kolarhagen's properties in Västerås.

The head office for Stora Fasad Entreprenad will be located in Arboga, in the premises that Arutex currently shares with TBO-Haglinds. The new organisation also maintains its presence in Västerås, which altogether creates a strong local presence in the Mälardalen region.

"Arutex has previously worked almost exclusively with TBO throughout Sweden, but now we also offer balcony installation for the entire Group, which provides a slightly wider geographical spread. The focus for the facade business is and has been in the Mälardalen region, but we have no problem undertaking assignments elsewhere, especially now," says Johan.

Higher market interest

The last few years have been tough for many companies in the construction industry, both in renovation and new build. The rapid interest rate hikes were a contributing factor, but since interest rates began to fall again, interest has returned.

"2025 was a tough period for everyone in our region, but at the most recent trade fairs we attended, in Västerås and Uppsala, people queued for 20-30 minutes to talk to us about potential projects and get a sense of the price level. It wasn't like that last year. It feels like things are turning; even old projects that were put on hold have started to be picked up again," says Johan.

Next year, Sweden is also expected to legislate on EU requirements regarding the energy class of buildings, something that has been relevant for several years and could mean extensive renovation projects around the country.

"I hope that the market opens up and I believe that conservation renovation projects will increase, especially among housing co-operatives. That is to say, they want and need to modernise properties while at the same time preserving their character. This also coincides with the new energy class requirements and can involve windows, facades, insulation, attics, all of which we provide. 2026 might not be full speed ahead, but hopefully much better," says Johan.

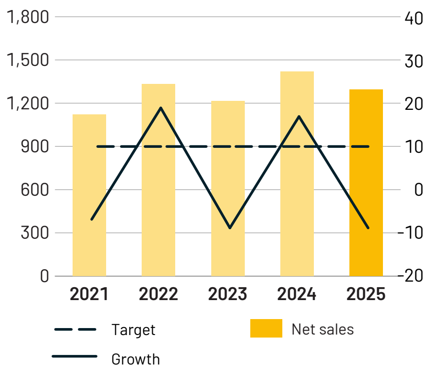
Johan Bengtsson
CEO, Stora Fasad Entreprenad AB

STRATEGIC GOALS

Financial targets

Growth

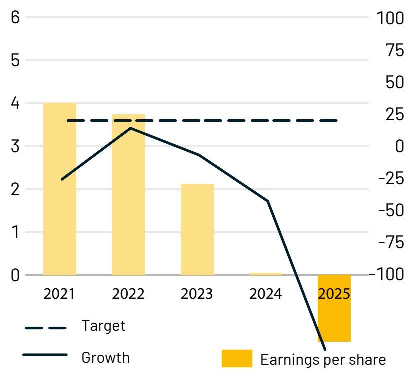
Net sales should grow by an average of **10%** per year over a business cycle.



In 2025 net sales decreased by 9 percent to 1,295.1 MSEK (1,417.9). Acquired growth was 2 percent, currency effect was -4 percent and organic growth was -7 percent.

Profitability

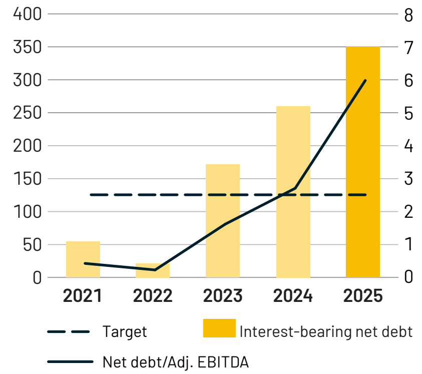
Earnings per share should grow by an average of **20%** per year over a business cycle.



Earnings per share decreased to SEK -1.55 (0.05). A lower profit margin, restructuring and acquisition costs, and increased finance costs have a negative impact on earnings per share.

Capital structure

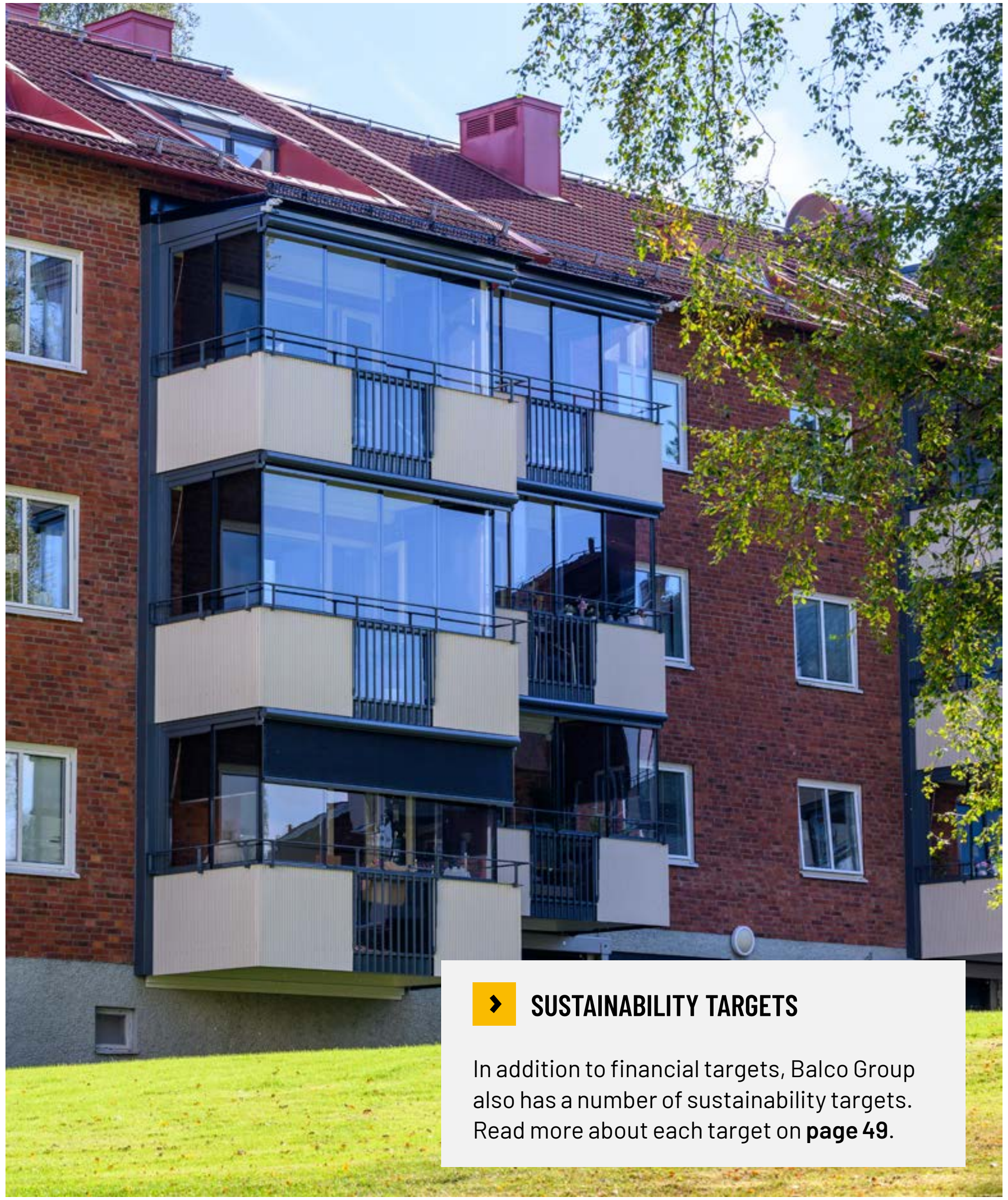
Interest-bearing net debt is not to exceed **2.5 times** EBITDA, other than temporarily.



Interest-bearing net debt (including lease liabilities) amounted to SEK 350 million at the end of 2025, which corresponds to 6 times adjusted EBITDA. Periodically, the key ratio may be significantly higher than the target as a result of acquisitions or a weaker market situation.

DIVIDEND POLICY

Balco Group aims to distribute 30–50 percent of its profit after tax, taking into account the needs of Balco Group's long-term development and prevailing market conditions. The Board of Directors proposes that the Annual General Meeting resolves that no dividend be paid for the 2025 financial year.



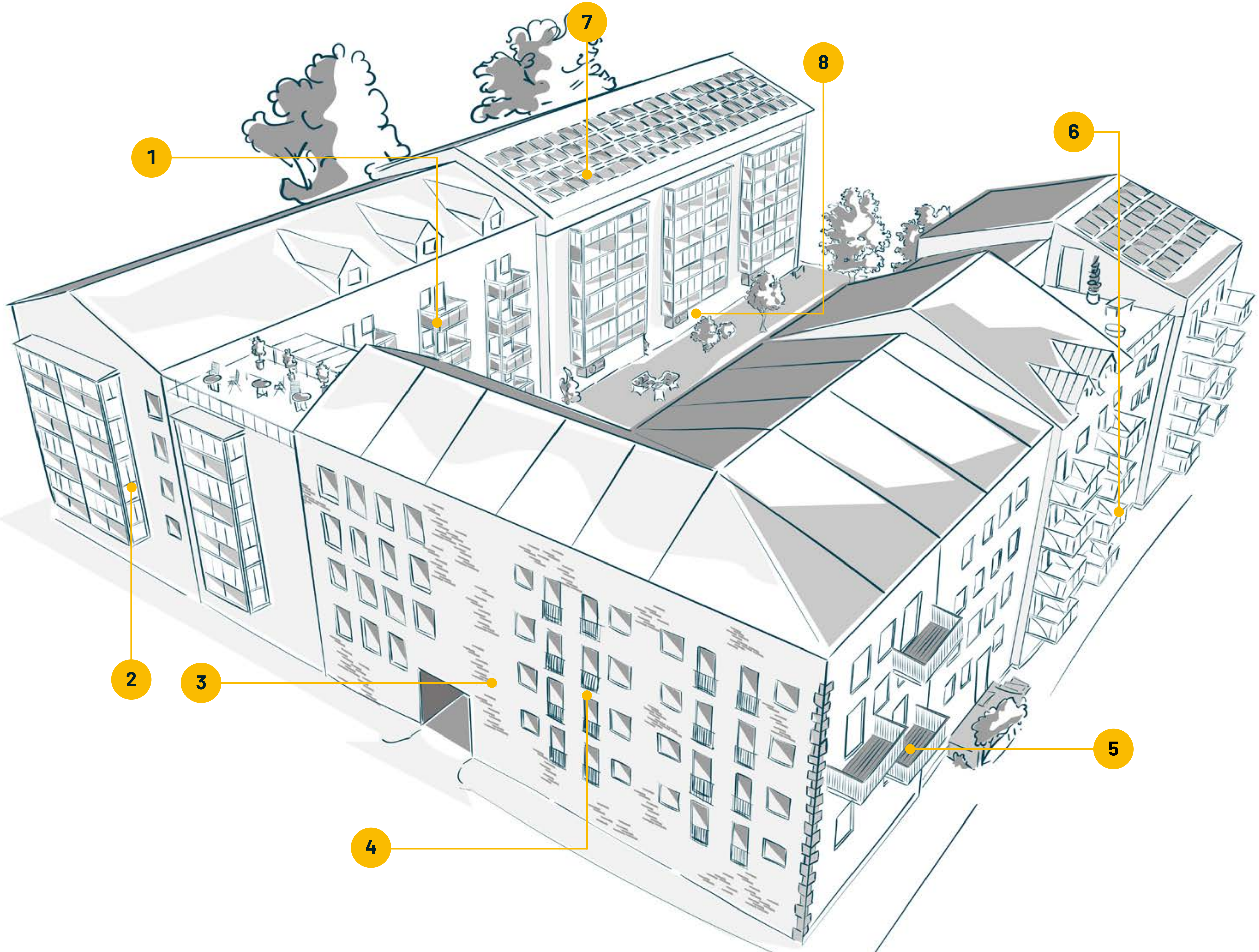
SUSTAINABILITY TARGETS

In addition to financial targets, Balco Group also has a number of sustainability targets. Read more about each target on **page 49**.

Balco Group's operations

Balco Group creates spaces for living. The Group's operations include the design, delivery and installation of glazed and open balconies, facade renovation and additional services. The offering is based on the green transition and, in addition to contributing to an increased quality of life for residents, each product must also contribute to reducing the property's resource consumption.

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 Entreprenad 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**



Group overview

Balco Group comprises eight companies with their own brands, as well as a number of additional subsidiaries, most of which are organised under Balco AB. Each company operates independently under its own management.

BALCO AB

CEO: Camilla Ekdahl

Employees: 243 **Founded:** 1987 **Market:** Northern Europe

Operations: Balco AB is a market-leading company in the balcony market that develops, manufactures, sells and is responsible for the installation of self-manufactured open and glazed balcony systems. Balco AB's balcony systems are used for new construction, renovation, reconstruction and extension as well as conversion from open to glazed balcony. The broad customer base includes, among others, housing co-operatives, municipal housing companies, private property owners, architects, developers and shipping companies. The head office, with its own production unit, is located in Växjö, Småland, and sister companies are located in Norway, England, Germany, Poland and the Netherlands.

RIIKKU OY

CEO: Jani Backlund

Employees: 107 **Founded:** 2005 **Market:** Finland, Sweden, Germany

Operations: Balco Group acquired Riikku at the beginning of 2024. The acquisition is the largest in the Group's history and meant that Balco Group strengthened its position in Finland and the rest of the Nordic region. Riikku was founded in 2005 and is one of Finland's two largest providers of glazed balconies, but is also established in Sweden via dealers, and in Germany via Balco AB. The company works primarily with new build but also sells within the renovation segment. Riikku's head office is located in Alavus, Finland, and the company has sales offices in several Finnish cities.

Balco Group's and Balco AB's head office in Växjö.

GROUP OVERVIEW

BALCO ALTANER A/S

CEO: Johan Söderling

● **Employees:** 35 ● **Founded:** 2006 ● **Market:** Denmark

● **Operations:** Kontech Altaner A/S was founded by Niels Jensen in the mid-1990s. The focus then, as now, was on City balconies for the Danish market and primarily Copenhagen's city centre. Balco Group acquired the company in 2015 and they have operated under the name Balco Altaner A/S since 2020. The head office is located on Hammerholmen in Copenhagen and the main customer group is housing co-operatives and condominiums.

SUOMEN OHUTLEVYASENNUS OY

CEO: Mikko Jokinen

● **Employees:** 25 ● **Founded:** 1984 ● **Market:** Finland

● **Operations:** Suomen Ohutlevyasennus Oy was founded in 1984 and is a leading full-service provider with facade renovation as its area of expertise. The company is headquartered in Turku and works primarily in the renovation segment with large full-service projects, but also in new build. Suomen Ohutlevyasennus operates in the Finnish market where the customers primarily consist of housing co-operatives and construction companies. With 40 years of experience and a strong focus on project management and its own staff, the company has built up a strong brand. Balco Group acquired 60 percent of the shares in Suomen Ohutlevyasennus Oy during the first quarter of 2024, a further 20 percent during 2025 and has an option to acquire the remaining shares.

RK TEKNIK I GUSUM AB

CEO: Johan Karlsson

● **Employees:** 50 ● **Founded:** 1982 ● **Market:** Sweden

● **Operations:** RK Teknik i Gusum AB initially manufactured balcony details, such as stud screws and concrete fastening products. In 1991, the business had developed to the extent that the company was now manufacturing complete balconies in combination with a wide range of special parts. RK Teknik continued to grow and in 2011, the business moved from a barn at Leckersbo Gård to a balcony factory of approximately 12,000 sq.m. in Gusum, Östergötland. Today, the company is one of Sweden's leading manufacturers of balconies. Since 2021, the company has been owned by Balco Group.

TBO-HAGLINDS AB

CEO: Jonas Lundgren

● **Employees:** 26 ● **Founded:** 1996 (1970) ● **Market:** Sweden

● **Operations:** Haglinds Svets AB was founded in 1970 and manufactured forged structures for the industry during the 1970s and 80s. During the 1980s, TBO AB was developed at the same time, performing renovation and replacement of balconies on multi-dwelling buildings. The two companies collaborated more and more closely and merged in 1996. In December 2018, Balco Group acquired TBO-Haglinds AB. The balcony contracting side has grown over the years and the company is now a pure balcony supplier with customers across Sweden. In 2022, TBO-Haglinds AB acquired the installation company Arutex AB to develop and streamline TBO-Haglinds' installation offering. Arutex, in turn, was founded in 2011 with approximately 10 employees and its head office in Arboga. In 2025, Arutex was incorporated into Stora Fasad (see below) and the two companies today together form Stora Fasad Entreprenad AB.

STORA FASAD ENTREPRENAD AB

CEO: Johan Bengtsson

● **Employees:** 27 ● **Founded:** 1989/2025 ● **Market:** Mälardalen

● **Operations:** In 2025, Stora Fasad AB merged with Arutex AB to form Stora Fasad Entreprenad AB. The company offers balcony installation and facade work, such as bricklaying, plastering, window replacement, balcony and roof work, for both renovations and repairs as well as new construction and full-service provider projects. The company also offers related services, such as scaffolding work and scaffolding rentals. The head office is located in Arboga.

SÖDERÅSENS MUR- & KAKEL AB

CEO: Ola Gustavsson

● **Employees:** 27 ● **Founded:** 1997 ● **Market:** Southern Sweden

● **Operations:** Söderåsens Mur- & Kakel AB offers facade work such as masonry, plastering and insulation, for both renovation and new build. Customers include housing co-operatives, the public housing sector, private property owners and construction companies. The head office is located in Kågeröd in north-western Skåne and is run by the founders Ola Gustavsson and Emil Johansson.

Peter Ljung (Balco Group), Mikko Jokinen (Suomen Ohutlevyasennus), Andreas Lindberg (Balco Group) and Jukka Stam (Suomen Ohutlevyasennus) during a project visit to Finland.

Balco Group's subsidiaries often participate in trade fairs where the companies have a chance to showcase their products. Here, Balco Altaner is seen at a trade fair in Copenhagen.

SEGMENTS

Renovation

Renovation is Balco Group's primary segment with Sweden as its largest geographical market, followed by the rest of the Nordic region. The segment mainly comprises the replacement and expansion of existing balconies as well as the installation of new balconies and glazed balconies on multi-family dwellings. A driver within the segment is an ageing building stock, resulting in a pent-up need for renovation.

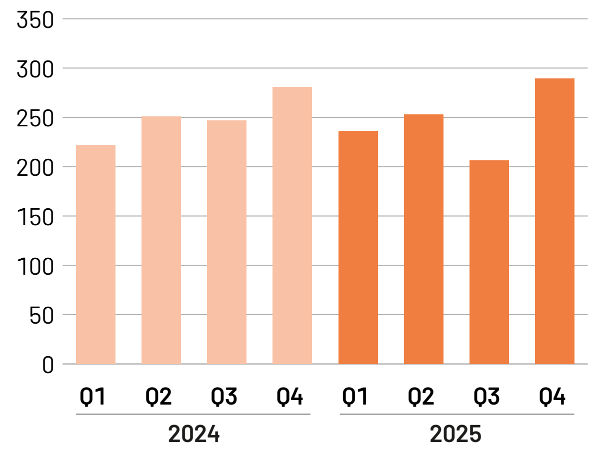
Development during the year

Net sales amounted to 986 MSEK (1,000). The segment accounted for 76 percent (71) of Balco Group's total net sales. Order intake decreased by 6 percent to 1,011 MSEK (1,074), corresponding to 66 percent (78) of total order intake. Adjusted operating profit (EBITA) amounted to 11 MSEK (56), corresponding to an adjusted operating margin of 1.1 percent (5.6).

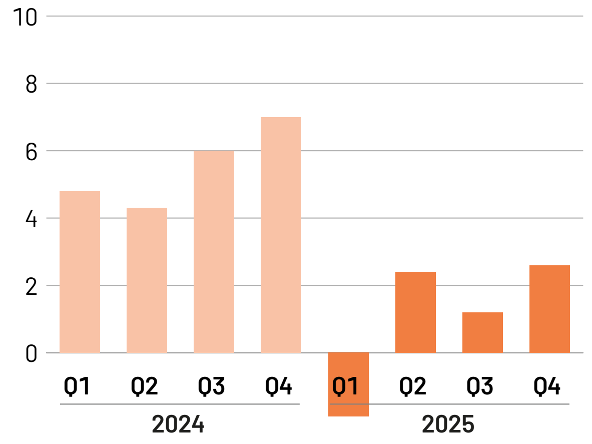
Trend

There is an increase in activity in the renovation market, although the recovery is occurring at different rates between the geographical markets. Profitability remains under pressure as a result of lower volumes and high competition for projects in certain markets. During 2025, Balco Group implemented a savings programme which is expected to contribute to improving profitability during 2026.

NET SALES DEVELOPMENT MSEK



ADJUSTED OPERATING MARGIN PERCENT



New build

Balco Group operates in the new build segment in most of its markets. Balco Group offers the full product range, which includes the installation of balconies in new build projects as well as balcony solutions for the maritime sector. The largest product area is open balcony solutions, characterised by fast delivery, easy installation and high quality. Within the segment, Balco Group is expanding selectively with a focus on profitability and low risk.

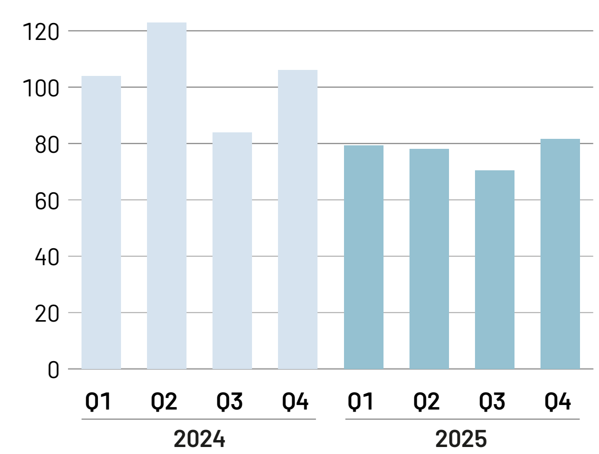
Development during the year

Net sales decreased to 309 MSEK (418) during 2025. The segment accounted for 24 percent (29) of Balco Group's total net sales. Order intake increased to 526 MSEK (303), corresponding to 34 percent (22) of the total order intake. Adjusted operating profit (EBITA) decreased to 5 MSEK (19), corresponding to an adjusted operating margin of 1.6 percent (4.5).

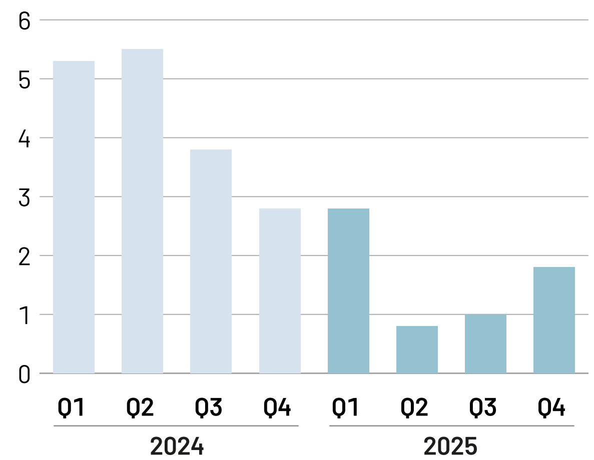
Trend

The segment is primarily driven by the pace of new construction projects. During 2025, the market downturn has stabilised with some signs of recovery, but the Nordic market is expected to remain weak throughout 2026. Within the segment, the Group has a strong focus on Germany and the UK, but also on the maritime business with two large orders in France and Germany during 2025.

NET SALES DEVELOPMENT MSEK



ADJUSTED OPERATING MARGIN PERCENT



Glazed balconies on Ziegendorfer Chaussee in Parchim, Germany.

Levitate balconies at Randall's Way in Leatherhead, UK.

Newly renovated facade in the Hepokulta residential area in Turku, Finland.

Balco Group's customer offering

Balco Group's offering is a result of the Group's long-term vision and strategy to be the clear 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 choosing Balco Group is the Group's ability to safely and securely deliver innovative and high-quality balcony and facade solutions. Although products have evolved over time, the Group's values: pride, entrepreneurship, and quality, have consistently guided its development. In the latest customer survey, over 95 percent of respondents stated that they would recommend Balco Group to others, and the Group continues to work actively to live up to each individual customer's specific requirements and expectations.

Balco Group's offering is partly tailored to the customer, and partly to the market. The Group has four main customer groups: housing co-operatives, private property owners, the public housing sector, and construction companies.

In Scandinavia, Balco AB mainly works through outreach sales to housing co-operatives. The company also annually arranges over 100 mini-fairs in Sweden and Norway to showcase balconies and other products. For many of the other Group companies, enquiries are the main driver for new projects, but participation in real estate and housing association fairs is also an important sales channel.

In public procurement, some sales also take place through enquiries. In certain markets, such as the UK, sales are often made directly to construction consultants regarding new builds. 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. With a wide product range of innovative glazed balconies, open balcony solutions, and city balconies, combined with in-house production, in-house installation teams, and an efficient supply chain, Balco Group has a competitive offering that can be easily adapted and adjusted for each customer group and market.

In the renovation segment, many customers have additional needs for facade renovation and an interest in energy and cost savings. This creates scope for upselling and cross-selling, and an initial conversation about balconies therefore becomes a natural way to discuss further services.

Balco Group has a project organisation with the expertise to execute turnkey projects. Thanks to a wide network with several subcontractors offering complementary services, Balco Group is able to perform facade renovation, solar panel installation, supplementary insulation, heat recovery, installation of air-to-air heat pumps and window replacements in connection with balcony projects.

A growing part of the comprehensive offering is also service and after-market, where Balco Group is a cost-effective alternative for large associations or property owners. As part of all projects, the Group also offers assistance with building permit applications and decision-making documentation for general meetings. In Sweden, Balco AB also has a cooperation agreement with a Nordic bank which in turn offers up to 70 years' amortisation on a project, making an investment both environmentally and economically sustainable.

CUSTOMER OFFERING

Glazed balconies

Glazed balconies are a cost-effective solution that contributes to energy savings by reducing thermal bridging between indoor and outdoor environments. In renovation projects, the best results are achieved by replacing the balcony slab and installing glazing using one of Balco Group's patented solutions. Glazing also reduces noise levels and lowers the risk of reinforcement corrosion, thereby protecting the new concrete slab from frost damage. Overall, a glazed balcony creates a safer and more pleasant living environment, as well as having a positive impact on energy consumption and property value.

Within the glazed balconies product category, Balco Group, via Balco AB, holds several patents for unique functions such as ventilation, drainage and an integrated heat pump solution. For properties where appropriate, Balco AB offers climate walls. A climate wall means that the entire facade is clad with glazed balconies. Another practical and aesthetically pleasing solution is glazed multi-level balconies, specially adapted for terraced houses.

Open balconies

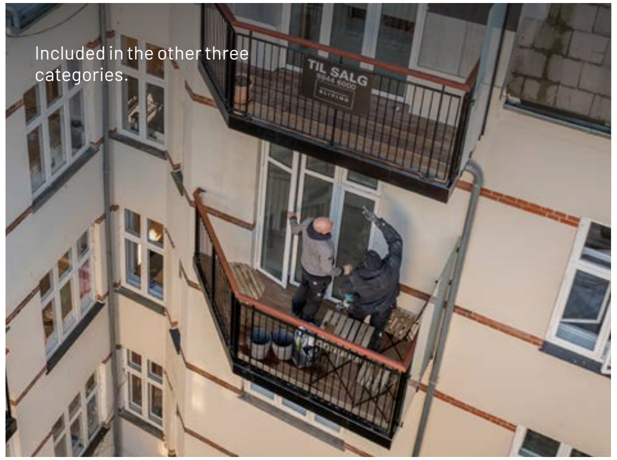
Several of Balco Group's subsidiaries produce open balconies for both the renovation and new construction segments. The balconies are always custom-designed and range from adaptable, standardised products for new construction to uniquely designed city balconies. City balconies are specifically developed for inner-city environments with high demands on design, which is common in older properties. Balco Altaner A/S operates on the market in central Copenhagen with this type of balcony, while RK Teknik i Gusum AB supplies the Swedish market.

Balco AB has a wide range of prefabricated balcony solutions in its product portfolio. AluOne and AluTwo were primarily developed for the German market but are also sold in the British Isles and the Netherlands. Essentially, it is a flexible and cost-effective aluminium balcony, which is adaptable and can be installed safely in a wide variety of properties. Levitate is another prefabricated solution, specifically developed for the British new construction market with a very fast installation time.

Facades and other services

Balco Group offers complete facade solutions, full-service provider assignments and a number of other products in the renovation segment. In Sweden, Stora Fasad Entreprenad AB and Söderåsens Mur & Kakel AB specialise in traditional services such as bricklaying, plastering, concrete cutting, renovations for ventilation and installation of supplementary insulation. Since 2024, Suomen Ohutlevyasennus is also part of Balco Group, which acts as a full-service provider and operates in Turku and the surrounding area in the Finnish market.

Within the product category, Balco AB also offers an integrated heat pump solution in connection with balcony projects. Other energy-saving supplementary products, such as the installation of solar cells and window replacements, are also included in the category. Several of the Group's companies also have a large selection of supplementary products, such as privacy screens, side and middle screens, glass corners, balcony doors and electric awnings. TBO-Haglinds AB has further specially manufactured products such as integrated lighting, roof heating and facade panels for interior cladding of balconies.



Service and aftersales

Service and aftersales is a growing product area primarily aimed at large housing co-operatives and property owners with glazed balconies. The offering includes, among other things, spare parts, warranty matters and other service on balconies. It is often a cost-effective alternative that extends the life of the balconies, prevents wear and tear and ensures that the balconies function flawlessly while continuing to contribute to the property value. A typical service assignment often begins with a member of the association discovering a problem. Balco Group then usually offers the entire association service at a favourable price.

The service includes inspection of moving parts of the glazing system, a review of slide and fold functions, lubrication of mechanical parts and replacement of wear parts. The entire assignment is coordinated with the association to ensure it is carried out as quickly and smoothly as possible, after which the Group follows up on the assignment with the housing co-operative's Board of Directors or with the property owner.

Europe is an important market

At the end of 2025, Balco Group had operations in eight countries in Northern Europe: Sweden, Norway, Denmark, Finland, Germany, the Netherlands, the United Kingdom, and Ireland. During the year, the Group also received its first assignment in France through the order from the shipyard Chantiers de l'Atlantique.

Balco Group's expansion in Northern Europe has been an important part of the company's growth for several years and will continue to play a significant role going forward. Control over in-house production, efficient supply chains throughout Northern Europe including the British Isles, and an offering adapted to each market, drive growth outside the core markets in the Nordics and facilitate continued expansion.

An additional factor, where Balco Group has built up a wealth of knowledge over many years, are the differences in rules, regulations and procurement methods between countries. Players such as Balco Group, who try to enter new markets, are met with a high level of requirements where knowledge, capacity and local expertise are put to the test. Good customer relations and contacts are also crucial and here Balco Group's sales organisation has for many years built up relationships with property managers in markets such as Germany, the Netherlands and the UK.

In Sweden and Norway Balco Group often works directly with housing co-operatives and construction companies with customised solutions. A vast majority of the projects are within the renovation segment, but several subsidiaries also often work with new build. All projects are carefully planned according to conditions and budget and are carried out as quickly and smoothly as possible.

In Denmark, and especially in Copenhagen where Balco Altaner A/S operates, renovation is also the largest segment. In Copenhagen, open balcony solutions, so-called city balconies, are most common. City balconies are available both as standardised and customisable models or are developed entirely from scratch according to needs and wishes, which means that Balco Altaner A/S can undertake many types of assignments, regardless of the property.

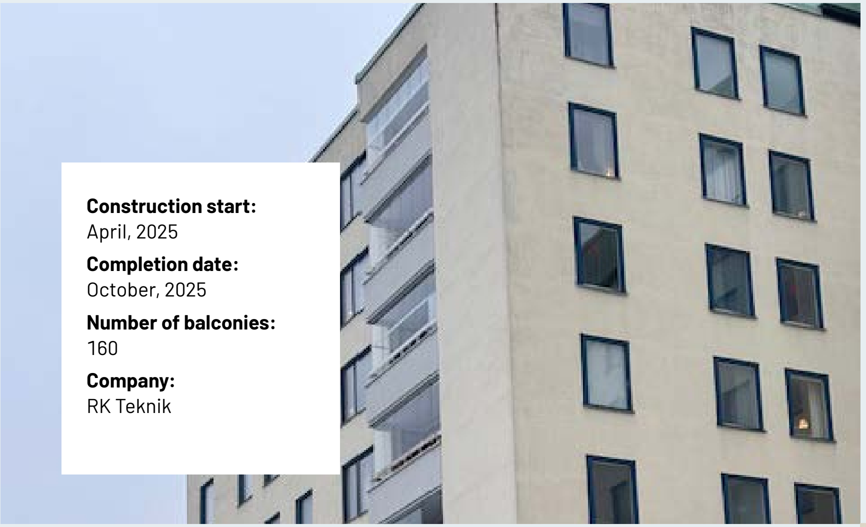
A significant difference between Scandinavia and markets such as the UK is that work in the British Isles primarily relates to new construction and is carried out directly for construction companies. In this context, price, quality, delivery reliability and specific fire safety regulations are key decision factors. Successful projects usually lead to further collaborations and therefore good, long-term customer relationships are of great importance. For Balco Group, this combination of a high share of new construction and distinct market requirements has led to the development of tailored product and sales strategies, including proprietary solutions such as the Levitate balcony.

In Germany and the Netherlands the Group carries out projects in both new build and renovation. The German market is special as there are large property managers responsible for thousands of homes in several properties. These are often renovated in stages, and a small, well-executed initial project can lead to larger procurements in the future. In the German new build market, modular construction is a growing trend. The purpose of the technology is to reduce costs and build more properties in less time. For subcontractors such as Balco Group, this places higher demands on the design and construction phase. The balconies must fit directly, be quick to install and at the same time have customisable details, such as railings and brackets.

Greenpark, Berlin

In the heart of Berlin, one of the region's largest new build projects is currently taking shape – Greenpark Berlin. Within the framework of this serial residential construction project, Balco AB's subsidiary Balco Balkonkonstruktionen GmbH is installing a total of 650 AluTwo balconies in collaboration with the general contractor Goldbeck. Installation is taking place in several stages and is expected to be completed during spring 2026. To date, the project has proceeded without any remarks from the ongoing inspection. Greenpark is a prime example of what projects can look like in the European markets, with high standards for products and execution.

Modern balconies for modern homes



Construction start:
April, 2025

Completion date:
October, 2025

Number of balconies:
160

Company:
RK Teknik

Bjørgene 1

Haugesund, Norway

Bjørgene 1 was one of Balco Group's largest projects in Norway during 2024 and 2025. The project was extensive and included large parts of the Group's total offering, including glazed balconies with integrated heat pumps – which together form a climate wall – as well as facade renovation, insulation and the installation of solar panels on the new roof. The solar panels are estimated to be able to produce 220,000 kilowatt hours annually, which is more than sufficient to power the heat pumps in the property.

Construction start:
July, 2024

Date of completion:
August, 2025

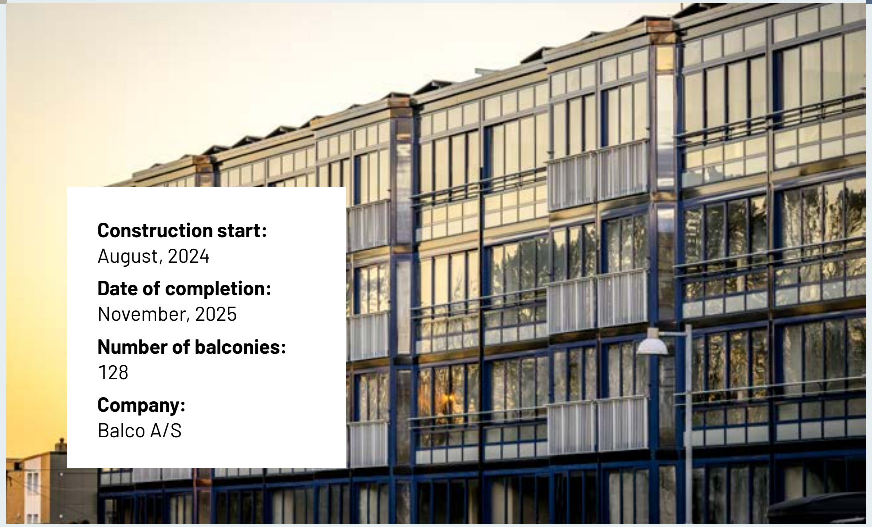
Number of balconies:
33

Company:
Balco B.V.

Brf Kampementet 2

Stockholm, Sweden

The renovation of the balconies at Brf Kampementet 2 in Stockholm is a typical example of the trend in conservation renovation projects where the challenge lies in renovating the balconies and restoring them to their original appearance. The project was carried out by RK Teknik in Stockholm, which used fibre concrete balcony slabs, a type of concrete with small, evenly distributed fibres made of, for example, steel that increase strength, flexibility, and resistance while reducing the need for traditional reinforcement and enabling thinner slabs. In addition to the new slabs and balconies, RK Teknik manufactured new steel railings that match the originals.



Construction start:
August, 2024

Date of completion:
November, 2025

Number of balconies:
128

Company:
Balco A/S

Kleine Koppeling, Hengelo

The Netherlands

The housing association Kleine Koppeling is an example of the transformation trend within the real estate industry, where old office buildings are acquired, renovated and converted into multi-family dwellings. Balco Balkonsystemen B.V., which is Balco AB's Dutch subsidiary, was contracted to deliver and install balconies for the project. In total, 33 specially designed balconies were installed with balustrades consisting of vertical aluminium rods, sturdy concrete slabs, pillars and high-tension rods. All balconies also feature built-in drainage with water run-off under the concrete slab—a smart function that extends the lifespan of the balconies.

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- & Kakel AB and Arutex AB. The Group is awarded a low ESG risk rating by Sustainalytics.

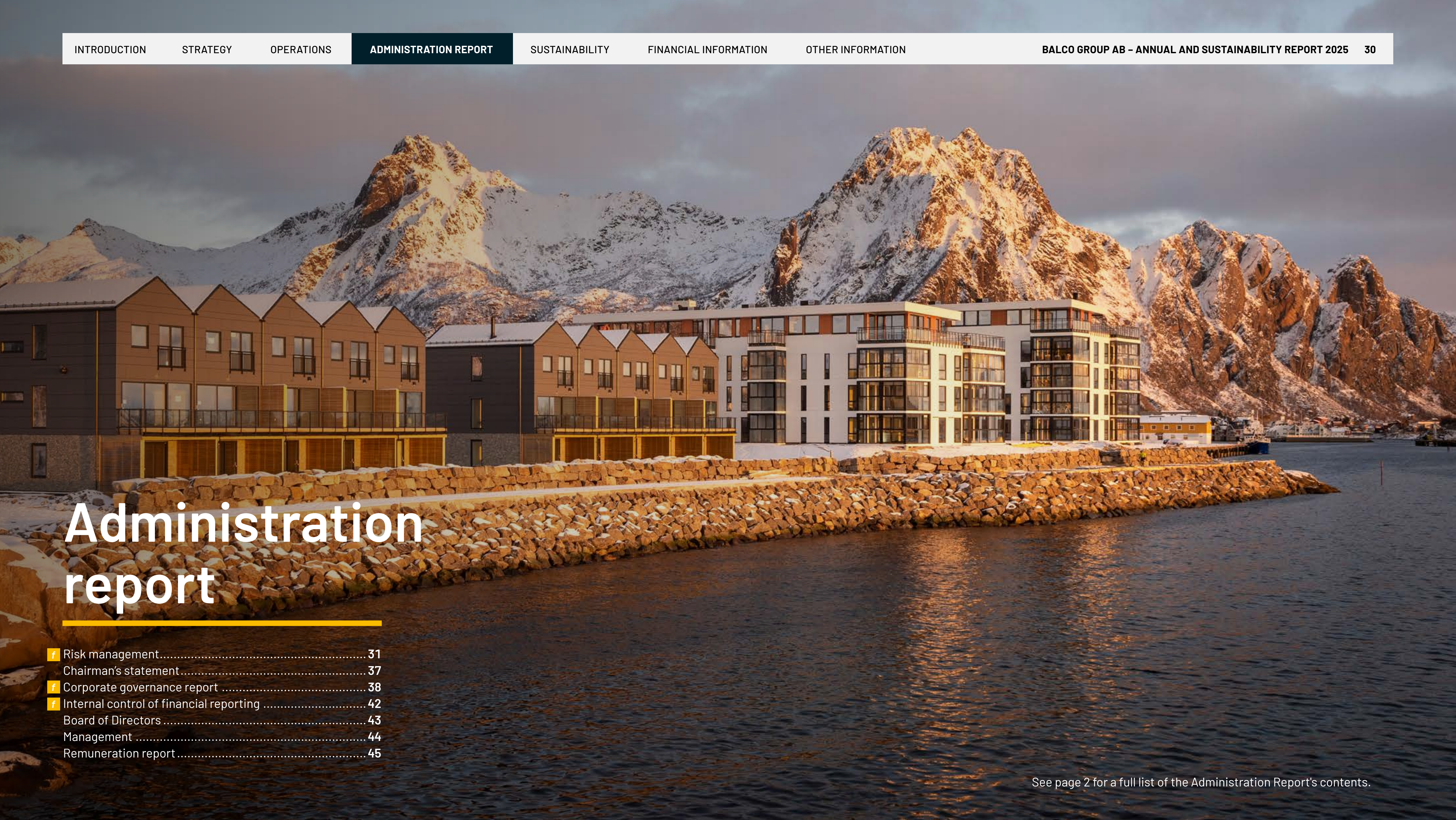
2023 Acquisition of NMT Montageteknik i Norden AB. Balco Group receives its first order in Ireland.

2024 Acquisition of Riikku and Suomen Ohutlevyasennus.

2025 Balco Group receives the largest order in the company's history. The order comprises more than 2,000 balconies for the German shipyard Meyer Werft.

RECORD ORDER 2025

In 2025, the Group received its largest order ever from the German shipyard Meyer Werft. The images show balconies delivered to the vessel AIDAnova, which was completed in 2021.



Administration report

See page 2 for a full list of the Administration Report's contents.

Risks and risk management

Exposure to and management of risks are a natural part of business operations. Focus is placed on identifying risks, preventing risks from arising and preparing action plans that make it possible to limit any damage that these risks may cause. Risks can be divided into industry and market-related risks, operational risks, financial risks, regulatory risks and sustainability-related risks. Risks may, even if mitigated, have a negative impact on operations.

Risks

A risk is defined as the uncertainty as to whether an event will occur that may affect the company's ability to achieve established goals. Risks are a natural part of all operations and they must be managed effectively. Risk management aims to prevent, deter and limit the effects of risks affecting the business in a negative way.

Balco Group conducts an annual aggregate risk assessment to identify and assess risks that threaten the Group's goal fulfilment. Balco Group defines a risk as a possible future event that threatens the organisation's ability to achieve its goals. The identified risks are assessed based on the following two criteria:

- The probability of the risk occurring
- Consequences for Balco Group if the risk were to occur

Risk management

Balco Group's management has identified potential events that could affect the company's operations. The events have been evaluated and reduced to a net list of the risks assessed as most relevant. The risks have been graded based on low, medium and high probability of the risk occurring and the subsequent consequence should the risk occur. In order to manage and counteract identified risks, a number of control activities (risk-mitigating measures) have been established.

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

An evaluation of the effectiveness of the control activities shall be performed annually. Balco Group has a group-wide monitoring process where the effectiveness of the 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 of Directors.

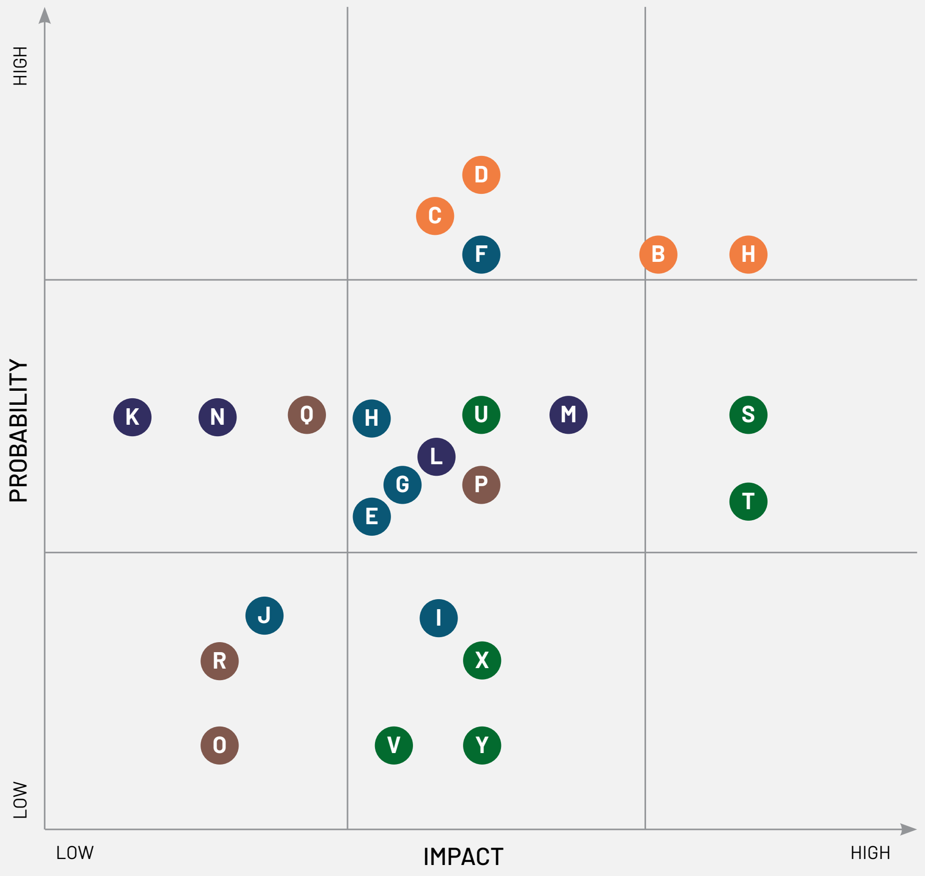
General risk areas

Through its operations, the Group is exposed to various types of risks. The risks can be grouped into five different risk categories:

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

RISK MAPPING

Explanation: The matrix provides an overview of identified risk areas for Balco Group. The risks are placed in the matrix based on assessed probability and consequence. More information on each risk area is described on pages 33-36.



Industry- and market-related risks

- **A** Cyclical changes and other macroeconomic factors
- **B** Serious global changes
- **C** Changes in commodity prices
- **D** Changes in the competitive landscape and pricing structure

Operational risks

- **E** Supplier and subcontractor risks
- **F** Unfavourable development of project operations
- **G** New markets
- **H** Disruptions
- **I** Recruitment and retention of skills
- **J** Product development and production capacity

Financial risks

- **K** Currency risk
- **L** Financing and liquidity risks
- **M** Interest rate risk
- **N** Credit risk

Regulatory risks

- **O** Intellectual property rights
- **P** Political decisions with an impact on operations
- **Q** Disputes and legal proceedings
- **R** Changed accounting rules

Sustainability-related risks

- **S** Serious global changes
- **T** Changing political conditions locally
- **U** Changing political conditions globally
- **V** The company's climate impact
- **X** Deteriorating work environment and health
- **Y** Suppliers' impact on the working environment and human rights

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 and which may affect the possibilities of achieving the company's set goals. These risks include, among others, changes in demand as a result of a weaker economy or other macroeconomic changes, a changed price situation for raw materials that are central to Balco Group's production, as well as changed competition or price pressure.

Risk	Description	Management	Probability	Impact
A B **Cyclical changes and other macroeconomic factors**	Balco Group's operations 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 Balco Group are active in the market for balcony solutions, which is a niche market within the construction market. Balco Group is mainly active in the renovation segment, which is driven more by the existing need to renovate rather than the more cyclical new build segment. Balco Group conducts project-based operations, handling a large number of projects of varying sizes across different markets each year. The dependence on a single customer is therefore small. Rising interest rates and increased inflation affect our customers' ability to obtain attractive credit terms.	● **High**	● **High**
C **Raw material prices**	Balco Group's profitability is affected by the development of raw material prices for aluminium, steel, glass and concrete. Changes in raw material prices can affect the results of individual projects.	Balco Group secures material costs on an ongoing and annual basis to an extent based on future needs. The company's project operations mean 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 handle changing raw material prices, are included in most customer agreements.	● **High**	● **Medium**
D **Competition and price pressure**	The competitive landscape varies between different geographical markets and within different product segments. Balco Group's main competitors consist of concrete renovators and other balcony suppliers. Increased competition may affect the business and results negatively.	Balco Group competes primarily with concrete renovators who are not niche players in the balcony renovation market. Balco Group's local presence and business model, under which the Group supports customers throughout the entire process, mean that it largely contributes to creating its own market. Balco Group has today a niche portfolio of products that are at the forefront in terms of innovation and technology, which creates a competitive advantage.	● **High**	● **Medium**

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 Balco Group's profitability being dependent on the performance of individual projects, i.e. the Group's ability to predict, calculate and deliver projects within the established financial calculations.

Risk	Description	Management	Probability	Impact
E **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 several different suppliers.	Balco Group has identified its strategic suppliers and subcontractors and ensured that alternatives are available.	**Medium**	**Medium**
F **Project operations**	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 it has been observed that deviations mainly occur during installation and at the end of the project. This change entails less risk of major project deviations. There is a clear process and procedure for how projects are costed and monitored.	**High**	**Medium**
G **New markets**	Balco Group is exposed to the risk that project operations in new markets become too costly and resource-intensive. New markets involve other legal requirements, not least with regard to the working environment, building requirements and fire safety.	Balco Group uses local expertise in new markets to ensure that local rules and requirements are met. Expansion in new markets will continue to take place through the acquisition of established local companies.	**Medium**	**Medium**
H **Operational disruptions**	Balco Group's operations consist of many processes where an operational disruption such as fire, sabotage, machine failure or disruption in IT systems can have consequences for the company's ability to fulfill its commitments to customers and thus negatively affect profitability.	Balco Group has identified and secured IT infrastructure for existing production capacity. An annual review of business-critical systems is performed.	**Medium**	**Medium**
I **Recruitment**	For Balco Group, it is of great importance to be able to attract and retain qualified employees and key personnel.	The Group strives to be an attractive employer with a competitive offering both in terms of remuneration and benefits, but also by creating a culture that our employees want to develop in and be a part of. Balco Group is active in the market to attract personnel and conducts an active personnel policy.	**Low**	**Medium**
J **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 having good foresight. To ensure future growth in a satisfactory manner, Balco Group needs to be 6 to 12 months ahead in its planning of production capacity.	Balco Group conducts project operations, which means that the company 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, it creates good visibility. Balco Group also owns land that allows for continued expansion.	**Low**	**Low**

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. The CFO is responsible for managing the Group's financial operations and risks 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	Impact
K **Currency risks**	Balco Group is affected by currency risks which can be divided into transaction exposure and translation exposure. Transaction exposure arises when a sales or purchase price is stated in foreign currency. Balco Group is primarily exposed to changes in EUR, NOK, DKK, PLN and GBP relative to SEK. Translation exposure arises when the subsidiaries' balance sheets and income statements are translated from local currency to SEK.	Transaction exposure is managed primarily through natural hedges, 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 the finance policy.	Medium	Low
L **Financing and liquidity risks**	There is a risk that the company's financing options could become more difficult or more costly. Even though the company's financial position is currently satisfactory, the company may need access to additional financing. Balco Group conducts project operations in which turnover, earnings and liquidity are affected by building permits and the phases and payment plans of the projects.	The Group has good foresight in its projects, which provides relatively good visibility and enables planning. The company strives to have good liquidity, which is regulated by the company's finance policy with established liquidity targets.	Medium	Medium
M **Interest rate risks**	Balco Group is exposed to interest rate fluctuations in its debt financing.	The risk is managed through targets for future debt-to-equity ratios.	Medium	Medium
N **Credit risks**	Balco Group's credit risk is limited. Instances where credit risks may arise are in the event of insolvency or unwillingness to pay on the part of the company's customers.	Balco Group's customers largely consist of housing co-operatives, 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, projects have a front-heavy payment plan which, in special cases, is supplemented with 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	Impact
O **Intellectual property rights**	Balco Group invests significant resources in product development and in protecting the company's innovations through patents. If Balco Group does not succeed in protecting and maintaining its intellectual property rights, there would be a risk that other players could copy the company's products, which could have a negative impact on the business, turnover and earnings.	A significant portion 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
P **Political decisions, legislation and regulation**	Political decisions can affect demand for Balco Group's products in both a positive and negative direction. Political decisions include changes in legislation, the application of existing laws and regulations, as well as future subsidies and taxation within housing and residential construction.	Balco Group continuously follows and monitors discussions and changes regarding political decisions, changed legislation and regulation. The company's business model is established so that the process takes into account the laws and regulations specific to each respective market.	Medium	Medium
Q **Disputes and legal proceedings**	Balco Group may become involved in disputes and be subject to claims regarding contractual matters, delays, alleged defects, environmental issues, etc.	Balco Group has, in all material respects, written agreements with its customers and its subcontractors. Any disagreements are resolved as far as is possible and commercially justifiable by mutual agreement during the course of the project.	Medium	Low
R **Changed accounting rules**	Balco Group is affected by accounting rules that change and develop. The Company's accounting, financial reporting and internal control may in the future be affected by, and need to be adapted to, changed rules.	Balco Group's employees are trained on an ongoing basis, keep themselves up to date and develop their skills regarding prevailing rules and news in the field. Cooperation takes place with the company's auditors.	Low	Low

Sustainability-related risks

Through its operations, Balco Group is exposed to a number of risks linked to sustainability. In essence, the risks relate to changes in the surrounding world and political decisions that may affect operations. The company's climate impact, the work environment at the facilities and the operations of suppliers can also have a negative impact on the Group's development. Risk management takes place systematically and in a controlled manner, primarily through compliance with current legislation and regulations with a clear division of responsibility, but also through special efforts and initiatives linked to specific areas such as the work environment.

Risk	Description	Management	Probability	Impact
S **Serious changes in the surrounding environment**	Serious changes in the surrounding environment in the form of natural disasters, epidemics, pandemics, war and migration can lead to personal injury, business interruption and increased costs.	The risk is managed by Balco Group following national guidelines and working with scenario planning to be able to adapt operations in the event of serious occurrences. The work aims to limit the impact on employees, operations and delivery capacity in the event of unforeseen disruptions.	**Medium**	**High**
T **Changed political conditions locally**	Conditions for Balco Group's operations may change as a result of political decisions, which may affect results, legislation and the economic climate.	The responsible manager in each country is responsible for identifying and managing the impact of new political decisions, including by establishing and maintaining contact with authorities and taking necessary measures to ensure regulatory compliance and stable operations.	**Medium**	**High**
U **Changed political conditions globally**	Conditions for Balco Group's operations may change as a result of political decisions at a global level, which may affect results, legislation and the economic climate.	The risk is managed through continuous external monitoring and analysis, where the Group follows developments and adapts its strategy and way of working as necessary to reduce the impact on results and operations.	**Medium**	**Medium**
V **The company's climate impact**	The Group's climate impact contributes to the risk that Balco Group may be disqualified from future business and not be perceived as an attractive employer. Reduced climate impact is also important for the continued existence of future generations.	Through the double materiality assessment and subsequent work, the Group monitors its impact and introduces necessary measures to reduce its carbon footprint. The climate issue is a priority within the company and is followed up regularly.	**Low**	**Medium**
X **Deteriorated work environment and health**	Deteriorated work environment and health can affect the Group's employees due to a lack of systematic work environment management, which can lead to loss of expertise, business interruption and legal proceedings.	Balco Group places great importance on systematic work environment management in both office and factory environments as well as at the Group's construction sites. The work includes continuous risk analyses, safety inspections and reporting of incidents and accidents, with the aim of ensuring a safe and secure work environment and retaining and attracting expertise.	**Low**	**Medium**
Y **Supplier operations with a negative impact on the work environment and human rights**	A negative impact from suppliers' operations can arise as a result of insufficient requirements and control within the Group's supply chain, which can damage Balco Group's reputation and cause supplier changes with delayed deliveries as a result.	The risk is managed through regular spot checks, other requirements and a close dialogue with suppliers, where the Group actively works to influence the supply chain in a positive direction.	**Low**	**Medium**

Tough but necessary measures when global uncertainty is high

In last year's Chairman's Statement, I wrote that all in all, there were many indications that 2025 would be a significantly better year from an overall economic perspective. I was then referring to parameters such as inflation, interest rate cuts and future prospects, all of which affect Balco Group's business. And indeed, we have seen a cautious recovery in the economy after a period of high inflation and high interest rates, which has also resulted in an increased order intake for Balco Group. At the same time, however, global uncertainty is affecting customers' confidence in the future and their willingness to invest. Few could have expected the development we experienced in 2025, with escalating wars, geopolitical nervousness and uncertainty regarding global trade driven by US tariff policy. These international factors create a complex global environment with dampened prospects, and there has been a sharp decline in construction investment, with residential construction being hit the hardest. Many larger projects have been halted or postponed. It is in this context that the Board of Directors and management have worked to navigate, forecast and manage the business during the year. However, we are not satisfied with the results for 2025.

Extensive work has been carried out on further cost savings and restructuring of the business, measures that initially entailed costs but were necessary from a long-term profitability perspective. Pricing models have also been reviewed. However, price adjustments only take effect once the corresponding order intake has been fully converted. This requires building permits, start notices and project completion, as revenue is recognised in the income statement on an ongoing basis during the implementation period.

Cash flow has been a priority focus area throughout 2025. With declining turnover, cash flow has been negatively impacted and, in addition, projects in the start-up phase require increased working capital. The Board has continuously evaluated the company's financial situation against market conditions, the existing order backlog and progress in projects. On three occasions during the year, the company has received a waiver meaning that the covenants have been adjusted to meet the financial situation. Overall, this has created room for manoeuvre until the turn of the half-year to improve both profitability and cash flow.

Cash flow during the final quarter of the year was significantly strengthened and order intake was Balco's highest ever. The economic outlook for 2026/2027 points towards strong growth in the Nordic region, driven, among other factors, by stronger household finances, increased consumption, low inflation and stable interest rates.

One final wish would be that the global situation would stabilise as well.

Växjö, March 2026
Ingalill Berglund
Chairman of the Board, Balco Group


Ingalill Berglund
Chairman of the Board, Balco Group AB

Corporate Governance Report

Balco Group is a Swedish public limited liability company listed on Nasdaq Stockholm. Balco Group applies the Swedish Corporate Governance Code and hereby submits the 2025 corporate governance report. The auditor's examination has been conducted in accordance with FAR's statement RevU 16 The auditor's examination of the corporate governance report.

Governance model

Balco Group AB, corporate registration number 556821-2319, is a Swedish public limited liability company listed on Nasdaq Stockholm. The company has its head office in Växjö. The corporate governance report is part of the company's administration report. Corporate governance in Balco Group, which can be divided into external and internal steering instruments, follows Swedish law, Nasdaq Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code (the Code) and internal rules and regulations.

External control instruments

The external control instruments form the framework for corporate governance in Balco Group. The external instruments include the Swedish Companies Act, the Annual Accounts Act, Nasdaq Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code. For the 2025 financial year, Balco Group deviates from the Code on one point.

Deviation from the Code, Rule 2:4

The Code stipulates that the Chairman of the Board or another Board member should not be the Chairman of the Nomination Committee. Board member Carl-Mikael Lindholm, representing Balco Group's largest shareholder, the Hamrin family, is also the Chairman of the Nomination Committee.

Explanation

By way of deviation from the Swedish Corporate Governance Code, in Balco Group the largest owner in terms of voting rights has hitherto also held the chair of the nomination committee. Balco Group's strategic direction and business management model are also based on strong commitment from the company's main owners. The Board's and the nomination committee's assessment is that the majority are independent in relation to the company and the company management, and that at least three of the members are also independent in relation to the company's major shareholders.

Internal control instruments

The internal control instruments include the articles of association adopted by the general meeting, internal instructions and guidelines. Examples of internal instructions and guidelines are the Board of Directors' formal work plan, instructions for the committees and the CEO's instructions. Furthermore, the Board of Directors has adopted a number of policies, including a finance policy and a sustainability policy, which provide guidance for how the internal work is to be governed and controlled. In addition, Balco Group's financial handbook regulates financial reporting within the Group.

1. Shareholders

Balco Group AB has been listed on Nasdaq Stockholm since 6 October 2017. The number of outstanding shares at the end of 2025 amounted to 23,021,648 shares. All shares have equal voting rights and equal rights to the company's profit and capital. The quota value of the shares amounts to SEK 6.0002, which means that the registered share capital as of 31 December 2025 amounted to SEK 138,135,310.

As of 31 December 2025, Balco Group had 4,665 shareholders. According to ownership data from Euroclear Sweden AB, the ten largest shareholders in Balco Group owned 64.7 percent of the votes and shares in the company. Swedish shareholders accounted for 81.4 percent of the ownership. Balco Group's largest shareholder as of 31 December 2025 was the Hamrin family, whose holding consisted of a total of 6,062,027 shares, corresponding to 26.3 percent of the votes and capital.

2. General Meeting

The general meeting is Balco Group's highest decision-making body. The Annual General Meeting (AGM) is held annually within six months of the end of the financial year. At the AGM, the income statement and balance sheet and the consolidated income statement and consolidated balance sheet are presented, and decisions are made regarding, among other things, the appropriation of the company's profit, the election of and fees for Board members and the auditor, and other matters which are the responsibility of the AGM under law. All shareholders who are entered in the share register and who have notified their attendance in time in accordance with the provisions of the notice have the right to participate in the general meeting and exercise their voting rights. A shareholder who wishes to have a specific matter addressed at the meeting must request this from the Board, at the address notified on the company's website, well in advance of the meeting. In addition to the AGM, the Board may convene an Extraordinary General Meeting.

Annual General Meeting 2026

Balco Group's Annual General Meeting for 2026 will be held on 5 May 2026 at 15:00 at Kök 11, Honnörsgatan 15 in Växjö. Registration begins at 14:30.

Shareholders who are registered in the share register maintained by Euroclear Sweden AB by 24 April 2026 and have notified their intention to participate in the meeting by 28 April at 16:00 are entitled to participate in the meeting.

Important dates for the 2026 Annual General Meeting (AGM) are:

24 April – record date for the Annual General Meeting
28 April – final date for notification of attendance at the meeting
28 April – final date for postal voting
5 May – 14:30 admission to the meeting begins
5 May – 15:00 the Annual General Meeting begins

Proposed resolutions for the 2026 Annual General Meeting

The Board of Directors proposes that the Annual General Meeting resolves that no dividend shall be paid for the financial year.

3. Nomination Committee

The Nomination Committee's task is to ensure that the members of Balco Group's Board of Directors collectively possess the knowledge and experience relevant to contributing to Balco Group's development in the best possible way over time. Based on the board evaluation conducted once a year, the requirements of the Code, Balco Group's needs, and the views of other owners, the Nomination Committee reviews the board's work. The Nomination Committee then submits a proposal to the Annual General Meeting regarding the number of board members, the composition of the board, and the remuneration for the board, including fees for committee work. The Nomination Committee shall also submit a proposal for the chairman of the board and the chairman of the Annual General Meeting, respectively, as well as auditors and their remuneration. The Nomination Committee's proposals are presented in the notice to the Annual General Meeting, and a justification for the Nomination Committee's proposals is published on Balco Group's website in connection with the issuance of the notice.

In accordance with the rules of the Code, Balco Group adopted a nomination committee instruction at an extraordinary general meeting on 11 September 2017. This stipulates that the Nomination Committee shall consist of four members. The members are to be appointed by the company's four largest shareholders in terms of voting rights, according to the share register maintained by Euroclear as of 31 August the year before the Annual General Meeting, being convened by the chairman of the board and given the opportunity to appoint one member each. The member representing the largest shareholder in terms of voting rights is appointed chairman of the Nomination Committee. The chairman of the board shall not be the chairman of the Nomination Committee. The members of the Nomination Committee for the 2026 Annual General Meeting were presented via a press release on 10 December 2025. The members of the Nomination Committee do not receive any remuneration for their work on the committee.

4. Board of Directors

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

Board members

According to the Articles of Association, the Board of Directors of Balco Group shall consist of at least four members and at most eight members. The members of the Board of Directors shall provide expertise and experience that benefit Balco Group's development. Currently, Balco Group's Board of Directors consists of six ordinary members, two women and four men. All six members were re-elected by the Annual General Meeting on 6 May 2025 for the period until the 2026 Annual General Meeting. President and CEO Camilla Ekdahl and CFO Viktor Arvidsson are present at all board meetings.

Viktor Arvidsson acts as secretary to the Board of Directors. Other senior executives participate as presenters for specific issues. All board members are independent in relation to 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 43.

Board diversity policy

The Board of Directors of Balco Group shall as a whole have appropriate collective expertise, experience and background for the business being conducted and to be able to identify and understand the risks that the business entails. The objective is for the board to consist of members of varying ages, represented by both men and women, with varied geographical and ethnic backgrounds who complement each other in terms of experience, educational and professional background, who together contribute to independence and critical questioning within the board. Balco Group's Board of Directors has adopted a diversity policy which the nomination committee takes into account when preparing its proposal to the Annual General Meeting. The nomination committee also bases its work on the provision in the Swedish Corporate Governance Code, point 4.1, which deals with board diversity.

Board work and evaluation of the Board

The Board's responsibilities and duties are regulated by the Companies Act, Balco Group's articles of association

RESOLUTIONS AT THE 2025 ANNUAL GENERAL MEETING INCLUDED

- that no dividend be paid for the 2024 financial year
- that the members of the Board of Directors and the Managing Director be discharged from liability for the 2024 financial year
- re-election of the Board members Ingalill Berglund (Chairman), Carl-Mikael Lindholm, Johannes Nyberg, Mikael Andersson, Vibecke Hverven and Thomas Widstrand
- that the total annual fees paid to the Board of Directors shall amount to 2,040,000 SEK
- to elect KPMG AB as auditing company with Michael Johansson as the auditor in charge
- authorisation for the Board of Directors to decide on the issue, with or without preferential rights for shareholders, to be paid in cash, by contribution in kind or by set-off, of shares or warrants or convertibles relating to such shares, involving an increase or potential increase in the company's share capital of a maximum of 20 (20) percent or a maximum of 4,604,328 shares
- authorisation for the Board of Directors to decide on the acquisition of such a number of treasury shares that the company's holding at any given time does not exceed one-tenth of all shares in the company
- authorisation for the Board of Directors to decide on the transfer of treasury shares

MEMBERS OF THE NOMINATION COMMITTEE FOR THE 2026 ANNUAL GENERAL MEETING

- **Carl-Mikael Lindholm,** representing the Hamrin family (Chairman of the Nomination Committee)
- **Annica Nordin,** representing Skandrenting AB
- **Magnus Sjöqvist,** representing Swedbank Robur Fonder
- **Ingalill Berglund,** Balco Group's Chairman of the Board
- **Lena Björkman,** representing herself

and the Board's rules of procedure, which are revised annually and adopted at the statutory Board meeting each year. The rules of procedure regulate, among other things, the Board's functions and the distribution of work between the Board members and the CEO. The Board also establishes instructions for the Board's committees and the CEO.

The Board's duties are to continuously monitor the strategic direction, financial development, and the company's methods, processes and control in order to maintain a well-functioning operation. The Board shall also participate in and contribute to a high quality of financial reporting and internal control, as well as evaluate the company against established financial targets and established guidelines for senior executives. The Board's duties also include continuous evaluation of the company's CEO and participation in the annual audit conducted by KPMG AB with Michael Johansson as the auditor in charge. The Chairman of the Board, who is elected by the Annual General Meeting, has a special responsibility for the leadership of the Board's work and for ensuring that the Board's work is well organised and conducted in an efficient manner. It is the Chairman of the Board, together with the company's CEO, who plans the Board meetings.

The Board meets according to an annually established meeting schedule. In addition to these Board meetings, further Board meetings may be convened to handle specific issues. In addition to Board meetings, the Chairman of the Board and the CEO maintain an ongoing dialogue concerning the management of the company. During 2025, the Board held fifteen meetings, eleven of which were held via web/telephone. The ordinary Board meetings usually deal with reports from the CEO and any committee meetings, as well as a review of results. In connection with the meetings in February, April, July and October, the Board reviewed the interim reports.

The Chairman of the Board is responsible for ensuring that the Board members evaluate their work each year. The evaluation also includes the work of the Audit and Remuneration Committees, and covers the Board's work processes, the composition of the Board and the expertise within the Board. The work is presented to the Nomination Committee.

Remuneration to the Board of Directors

Fees and other remuneration to the board members are resolved upon by the Annual General Meeting. At the meeting on May 6, 2025, it was resolved that fees shall be paid to the board members as follows:

The fee for the Chair of the Board, Ingalill Berglund, shall amount to 560,000 SEK. For the five ordinary board members, the fee shall amount to 225,000 SEK each.

The fee for work in the Audit Committee shall amount to 110,000 SEK for the Chair of the Audit Committee, Johannes Nyberg. The other members of the Audit Committee, Mikael Andersson and Vibecke Hverven, shall each receive 55,000 SEK.

The fee for work in the Remuneration Committee shall amount to 65,000 SEK for the Chair of the Remuneration Committee, Ingalill Berglund. The other members of the Remuneration Committee, Carl-Mikael Lindholm and Thomas Widstrand, shall each receive 35,000 SEK.

In total, the remuneration for board and committee work during 2025-2026 amounts to 2,040,000 SEK.

5. Audit Committee

The main task of the Audit Committee is to support the Board of Directors in fulfilling its responsibilities in financial reporting including sustainability reporting, accounting, auditing, internal control, internal audit and risk management. The Audit Committee also has ongoing 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 report and ongoing internal control. The committee is also responsible for reviewing and evaluating the auditor's impartiality and independence. The Audit Committee works in accordance with instructions established by the Board of Directors.

Board remuneration and attendance 2025

	Ingalill Berglund	Mikael Andersson	Vibecke Hverven	Carl-Mikael Lindholm	Johannes Nyberg	Thomas Widstrand
Board fees (AGM year)	560 000	225 000	225 000	225 000	225 000	225 000
Remuneration for committee work	65 000	55 000	55 000	35 000	110 000	35 000
Independent of the company and the company's management	yes	yes	yes	yes	yes	yes
Independent of major shareholders	yes	yes	yes	no	no	yes
Attendance at board meetings, 15	15	15	15	15	13	13
Attendance at audit committee meetings, 4	–	3	4	–	4	–
Attendance at remuneration committee meetings, 1	1	–	–	1	–	1

Members of the Audit Committee 2025-2026

- Ingalill Berglund (Chairman), replaced Johannes Nyberg on 3 March 2026.
- Mikael Andersson (member)
- Vibecke Hverven (member)

Ingalill Berglund has the accounting expertise required by the Companies Act. All members of the committee are independent of the company and two of the committee members are independent of Balco Group's largest shareholders. During 2025, the Audit Committee held four minuted meetings. Michael Johansson, the company's elected auditor, participated in two of these meetings. All committee meetings have been reported to the Board.

6. Remuneration committee

The remuneration committee's main task is to submit proposals to the Board regarding remuneration to the CEO, remuneration principles and other terms of employment for the management, and to monitor and evaluate ongoing variable remuneration and long-term incentive programs. The remuneration committee works according to rules of procedure established by the Board.

Members of the remuneration committee 2025-2026

- Ingalill Berglund (Chairman)
- Carl-Mikael Lindholm (Board member)
- Thomas Widstrand (Board member)

All members of the committee are independent of the company and two of the members are independent of Balco Group's largest shareholders. During 2025, the Remuneration Committee held one meeting, which was reported to the Board of Directors.

7. Auditor

The auditor shall examine Balco Group's annual report and accounts as well as examine the management of the company. After each financial year, the auditor submits an auditor's report and a consolidated auditor's report to the Annual General Meeting. The external audit of the accounts of Balco Group and all subsidiaries subject to audit is performed 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 2025 Annual General Meeting decided for the period until the 2026 Annual General Meeting to elect KPMG AB as the company's auditor, with Michael Johansson as the auditor in charge. Michael Johansson is an authorised public accountant and a member of FAR. KPMG AB can be responsible for the audit up to and including 2042 before a new firm must be elected according to current rules. Authorised public accountant Michael Johansson can be auditor in charge until the 2029 Annual General Meeting before he needs to rotate his assignment according to current regulations.

Of the 2025 remuneration to the auditors, the following has been paid to the audit firm KPMG AB: Audit assignment SEK 2,842 thousand (2,967), Other statutory assignments SEK 180 thousand (180), Tax consulting SEK 178 thousand (199) and Other services SEK 85 thousand (56).

8. Management

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

The members of management have the following roles:

Camilla Ekdahl, President and CEO
Viktor Arvidsson, CFO & Head of IR
Jesper Magnusson, HR Director & Head of Communications
Andreas Lindberg, Director of Business Development & Head of IT
Johan Fälth, COO and Sales & Marketing Director Balco AB

Remuneration to management

The following guidelines for remuneration to senior executives were established at the Annual General Meeting on 6 May 2025:

Senior executives refers to the CEO and the Group management, which consists of five people. The purpose of the guidelines is to ensure that Balco Group can attract, motivate and retain senior executives.

The company shall offer a market-based and competitive total compensation. Remuneration to senior executives may consist of fixed and variable salary, as well as pension benefits and other benefits. This also includes terms for termination and severance pay. To ensure that the total remuneration is market-based and competitive, it shall be reviewed annually. Consideration shall then be given to the position, the company's size, salary and the person's experience. In addition, the general meeting may, independently of these guidelines, decide on share-based remuneration among other things.

Fixed salary

The executives' fixed annual salary shall be competitive and based on the individual executive's competence, responsibility and performance. The fixed salary shall form the basis for the total remuneration.

Variable cash remuneration

In addition to the fixed annual salary, senior executives may receive variable cash remuneration. Such variable remuneration shall be based on predetermined and measurable criteria that may be financial or non-financial. The variable salary may be linked directly or indirectly to the achievement of the financial targets set by the company's Board of Directors, which include, among other things, the Group's EBIT (operating profit). The non-financial criteria may be linked to sustainability. The variable salary is normally paid based on performance over twelve months (the calendar year) and the financial information most recently published by the company. The 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. For each senior executive, the variable remuneration may not exceed 50 percent of the fixed annual salary.

Variable remuneration shall form the basis for pension contributions in accordance with collective agreements or individual provisions.

Other benefits and pension

The Group offers other benefits to senior executives in accordance with local practice. Such other benefits may, for example, include a company car and occupational health care. For a limited period, company housing may also be offered where applicable. Other benefits shall be on market terms.

Senior executives shall be entitled to pension benefits based on what is customary in the country where they are employed. Pension obligations shall be defined contribution and secured through premium payments to insurance companies, except where the individual in question is covered by a defined benefit pension in accordance with applicable collective agreement provisions. For each senior executive, pensions may not exceed 30 percent of the fixed annual salary unless a higher contribution is required by an applicable collective pension plan.

Regarding employment relationships governed by rules other than Swedish, appropriate adjustments may be made in respect of pension benefits and other benefits to comply with such mandatory rules or local practice, whereby the overall purpose of these guidelines shall be met.

Notice period and severance pay

Employment agreements entered into between the company and senior executives shall as a general rule apply until further notice. 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 corresponding to the fixed annual salary during the notice period. In the event of termination by the senior executive, the notice period may not exceed six months and no severance pay shall be paid.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, the salary and employment conditions for employees of the company have been taken into account. In the evaluation of the reasonableness and limitations of these remuneration guidelines, the following has formed the remuneration committee's and the Board's decision-making:

- information on the employees' total remuneration,
- the components of the remuneration; and
- the increase and growth rate of remuneration over time.

Decision-making process to determine, review and implement the guidelines

The Board has established a remuneration committee, whose tasks include preparing the Board's decisions on proposals for these guidelines, remuneration principles and other terms of employment for executive management. The remuneration committee shall also monitor and evaluate programs for variable remuneration for executive management, both ongoing and those finished during the year, the application of the guidelines for remuneration to executive management as well as the current remuneration structures and remuneration levels in the company.

The Board shall prepare proposals for new guidelines at least every four years and submit the proposal for decision at the general meeting. The guidelines shall apply until new guidelines have been adopted by the general meeting.

Temporary derogation from the guidelines

The Board of Directors shall have the right to temporarily derogate from these guidelines, in whole or in part, if there are specific reasons for doing so in an individual case and a derogation is necessary to satisfy the company's long-term interests and to meet expectations for sustainable and responsible business, or to ensure the company's financial viability.

In cases where the Board makes such a derogation, this shall be stated in the Board's remuneration report, which shall also state the reasons for the derogation and which parts of the guidelines have been derogated from. The duties of the Remuneration Committee include preparing the Board's decisions on remuneration matters, which includes decisions on any derogation from the guidelines.

f Internal control of financial reporting

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

Under 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 financial reporting, management and operations are monitored and controlled in a satisfactory manner. The report on internal control has been prepared in accordance with the Annual Accounts Act and the Code. The description is limited to internal control of financial reporting in accordance with the Swedish Corporate Governance Code, point 7.4.

Balco Group's CFO is responsible for ensuring that the implementation and maintenance of formal routines regarding internal control are carried out in accordance with the decisions made by the Board. Balco Group's finance department, under the leadership of the CFO, leads the Group's work on internal control of financial reporting. The work is continuously reconciled and followed up by the Board. For Balco Group, internal governance and control is a process that is continuously integrated into the company's business management.

The internal control structure that was 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 organisation's internal governance and control linked to objectives, reporting and compliance with laws and regulations.

Control environment

The control environment forms the basis for internal control of financial reporting. It is important that the company's decision-making paths, authority and responsibilities are clearly defined and communicated between different levels in the organisation. In order to create a framework for how the work is to be carried out, 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 formal work plan for its work and the work of the Board's committees. In addition, the Board has a number of fundamental policies and guidelines, such as the Board's formal work plan, CEO instructions, finance policy, sustainability policy, insider policy and communication policy. Governing documents for accounting and financial reporting are areas that are particularly important for ensuring accurate and complete reporting and disclosure. Balco Group has a financial manual that aims to achieve internal governance and control over financial reporting. Alongside the financial manual, Balco Group has developed a reporting package for ongoing financial follow-up.

Risk assessment

Financial risk management is part of the ongoing work on financial reporting. Balco Group strives to continuously analyse the risks that may lead to errors in the financial reporting. A process for how errors in the financial reporting are to be analysed and followed up on an annual basis has been established. Risks are managed, assessed and reported within Balco Group's central group functions.

Control activities

Balco Group monitors the risks that the Board of Directors deems to be material for internal control. The Group's CFO is responsible for ensuring overall control over financial reporting. In addition to the central control with clear decision-making processes and authorization procedures for major investments, profit analyses, and accounting, there is a structure through guidelines and role descriptions with mandate descriptions for how work is conducted and followed up in the organization. Guidelines and instructions aim to detect and prevent risks for errors in reporting. No internal audit has been performed in 2025. The Group has no internal audit function; instead, internal audit is handled through expanded controlling by the Group's controllers.

Information and communication

Governing documents in the form of policies, guidelines and manuals, where these relate to financial reporting, are communicated primarily in the Group's financial manual and via the company's intranet. Information is expanded and updated as necessary. Communication mainly takes place on an ongoing basis within the organisation, as the working group within the finance function is essentially concentrated in one location. Furthermore, regular closing meetings are held. Guidelines on how communication with internal and external parties should be carried out are described in Balco Group's communication policy. The purpose of the policy is to ensure that all information obligations are met in a correct and complete manner. Information to external stakeholders is provided on an ongoing basis on Balco Group's financial website. Internal communication takes place largely via the company's intranet, at staff meetings and via email. Internal communication is important so that all employees feel a sense of belonging and involvement, and to ensure that everyone strives towards the same goals.

Follow-up

The Group's finance functions work according to common instructions and guidelines. The Board of Directors and the management of Balco Group receive monthly information on the Group's earnings, financial position and how the operations are developing. Based on the internal control work, the Board can select specific areas within which extra follow-up may be required.

Board of Directors

Ingalill Berglund

Chairperson of the Board since 2021, previously member since 2016

Chair of the Remuneration and Audit Committee.

Mikael Andersson

Board member since 2019

Member of the Audit Committee.

Carl-Mikael Lindholm

Board member since 2018

Member of the remuneration committee.

Vibecke Hverven

Board member since 2020

Member of the Audit Committee.

Thomas Widstrand

Board member since 2021

Member of the remuneration committee.

	Ingalill Berglund	Mikael Andersson	Carl-Mikael Lindholm	Vibecke Hverven	Thomas Widstrand
Born	1964	1955	1971	1963	1957
Education	Higher economic specialisation course at Frans Schartau Business Institute.	Master of Science in Chemical Engineering, LTH.	Medical degree, Karolinska Institutet and specialist degree in general medicine and oncology.	Master of Science in Engineering, Norwegian Institute of Technology.	Master of Business Administration from the School of Business, Economics and Law at the University of Gothenburg.
Other current assignments	Board member of Axfast AB, Bonnier Fastigheter AB and Stenvalvet Fastighets AB. CEO Lövsta Stuteri AB.	-	Chairman of the Board of Hamhus AB and its subsidiaries. Board member of Herenco AB. Board member and head of administration at the Carl-Olof and Jenz Hamrin Foundation.	Chairman of the Board of OsloMet – Oslo Metropolitan University and Over Easy Solar AS. Board member Cambi ASA, Brekke & Strand Akustikk AS, USBL, Prevent Systems AS, and JM Hansen AS.	Chairman of the Board of HAKI Safety AB and Opima Holding AB. Board member of Troax Group AB, Arla Plast AB and Elcowire Group AB.
Previous assignments and work experience	CEO and CFO of Atrium Ljungberg AB. CFO of Skolfastigheter i Stockholm AB. CEO of Axfast AB. Board member of Veidekke ASA, Scandic Hotels, Kungsleden and Danviks Hospital.	CEO and President PMC Group, President BU Trelleborg Waterproofing (Trelleborg AB), Division Manager Saint-Gobain Ecophon.	Physician at Radiumhemmet at Karolinska Hospital, Oncology department at Linköping University Hospital, Oncology department at Ryhov County Hospital and Head of Operations at Bankeryd Health Centre.	Partner Considium Consulting Group AS. CEO OBOS Prosjekt AS, VP DNV GL Energy Advisory, Managing Director Sweco Norge AS and Department Manager Statkraft Gröner AS.	Long career with the ESAB Group, Cardo Pump AB, Borås Wäfveri AB and former CEO and President of Troax Group AB.
Personal and related parties' holdings	10,000 shares.	-	6,077,027 of which 50,000 shares privately.	4,100 shares.	10,000 shares.
Legal person	Independent in relation to Balco Group and management, and the Group's major shareholders.	Independent in relation to Balco Group and management, and the Group's major shareholders.	Independent in relation to Balco Group and management but not to major shareholders in the company.	Independent in relation to Balco Group and management, and Balco Group's major shareholders.	Independent in relation to Balco Group and management, and Balco Group's major shareholders.

Group Management

Camilla Ekdahl

President and CEO
Employed since 2019.

Johan Fälth

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

Viktor Arvidsson

CFO and IR Director
Employed since 2026.

Jesper Magnusson

HR Director
Employed since 2014.

Andreas Lindberg

Head of Business Development and CIO
Employed since 2025.

	Camilla Ekdahl	Johan Fälth	Viktor Arvidsson	Jesper Magnusson	Andreas Lindberg
Born	1967	1975	1980	1986	1975
Education	Master of Science in Engineering from Chalmers University of Technology.	Master of Science in Business and Economics from Linnaeus University.	Master of Science in Business and Economics from Stockholm School of Economics.	Bachelor of Social Science with a major in Human Resources and Labour Relations, Linnaeus University in Växjö.	Master of Science in Business and Economics from Linköping University.
Other current assignments	Board member of Haglund Industri AB and Nibe AB.	–	–	–	–
Previous assignments and professional experience	COO Pelly Group AB, Operation manager/CEO Isaberg Rapid AB, Site Manager Rapid Granulator AB, Logistics Manager Thule Sweden AB.	HR Manager at Tenneco Automotive Sverige AB, Linnaeus University and consultant at Adecco AB.	CFO Elitfönster, CFO DS Smith Sweden & Norway, VP Finance Swedish Match Lights Division, Finance Manager Swedish Match Industries.	Office Manager, Consultant Manager and Recruitment Manager at Adecco AB.	CEO Wilo Nordic AB, Supply Chain Manager ProfilGruppen AB, CEO CTC Norge AS, Supply Chain Director Sapa Profiler AB, Sales Manager Sapa Thermal Management.
Own and related parties' holdings	33,400 shares.	16,040 shares.	-	15,000 shares.	-
Warrants	40,000 warrants.	10,000 warrants.	-	10,000 warrants.	-

Remuneration report

Corporate governance in Balco Group aims to create value for shareholders through active risk control and a sound corporate culture. Since Balco Group's IPO in 2017, the ongoing work for well-functioning governance, control and follow-up has been a priority.

Introduction

This report describes how the guidelines for remuneration to senior executives of Balco Group, adopted by the 2025 Annual General Meeting, were applied during 2025. The report also contains information on remuneration to the CEO and a summary of the company's outstanding share and share-price-related incentive programs. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's Rules on Remuneration of the Board and Executive Management and on Incentive Programmes.

Further information on remuneration to senior executives can be found in note 10 (Employee benefits expenses etc.) on pages 76–78. Information on the work of the remuneration committee during 2025 can be found in the corporate governance report on pages 38–41.

Board fees are not covered by this report. Such fees are decided annually by the Annual General Meeting and reported in note 10.

Development during 2025

The CEO summarises the company's overall results in his statement on pages 5–6.

The company's remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of the company's business strategy and the safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified employees. This requires the company to be able to offer competitive remuneration. The company's remuneration guidelines enable senior executives to be offered a competitive total remuneration. According to the remuneration guidelines, remuneration to senior executives shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria. These may consist of individualised quantitative or qualitative targets. The criteria shall be designed to promote the company's business strategy and long-term interests, including its sustainability, for example by having a clear link to the business strategy or promoting the executive's long-term development.

The guidelines are set out in note 10 on pages 76–78. During 2025, the company has followed the applicable remuneration guidelines adopted by the general meeting. No deviations from the guidelines have been made and no deviations have been made from the decision-making process that, according to the guidelines, is to be applied to determine remuneration. The auditor's statement on the company's compliance with the guidelines is available at:

https://balcogroup.se/investerare/bolagsstyrning.

No remuneration has been reclaimed. In addition to the remuneration covered by the remuneration guidelines, the company's Annual General Meetings have resolved on long-term share-related incentive programs.

Share-based remuneration

Outstanding share-related and share-price-related incentive programmes

At the Annual General Meeting held on 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 percent 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 programmes is to encourage broad share ownership among the company's key employees, facilitate recruitment, retain skilled and talented employees, increase the alignment of interests between the key employees and the company's objectives, 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 will correspond to a maximum of the participant's invested gross amount. The subsidy to the participants will be paid in connection with the exercise of the warrants and is subject to the condition that the participant at that time remains employed by the company or holds other equivalent employment within Balco Group, and retains 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 CEO's variable remuneration have been chosen to implement the company's strategy and to encourage actions that are in the company's long-term interest. In selecting performance criteria, the strategic goals and short- and long-term business priorities for 2025 have been taken into account. The non-financial performance criteria further contribute to alignment with sustainability and the company's values.

Remuneration from other companies within the Balco Group

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

Balco Group AB - Total remuneration of the CEO in 2025 (SEK thousand)*

		Fixed remuneration		Variable remuneration					
Name of the holder (position)		Basic salary	Other benefits**	Annual	Multi-year***	Extraordinary items	Pension cost	Total remuneration	Proportion of fixed and variable remuneration****
Camilla Ekdahl, CEO	2025	3,121	224	224	80	0	979	4,628	93% / 7%
Camilla Ekdahl, CEO	2024	2,999	228	215	696	0	984	5,122	82% / 18%

* With the exception of Multi-year variable remuneration, the table shows remuneration attributable to the year 2025. Multi-year variable remuneration is reported to the extent that it has been subject to so-called vesting during 2025 and has been earned in that sense, in accordance with what is stated in column 10 of Table 2 and column 8 of Table 3 below (if applicable). This applies regardless of whether payment has, or has not, been made in the same year.
** Car benefit and housing benefit.
*** Stay-on bonus linked to option programmes that expired in 2024.
**** Pension costs (variable remuneration, column 7), which in their entirety relate to Basic salary and are defined-contribution, have been reported in full 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 / remuneration outcome
Camilla Ekdahl, CEO	If EPS exceeds SEK 0.9 and on a linear basis up to SEK 2.8, a maximum of 30% of annual salary is paid.	60%	a) -0.19 SEK b) 0 kSEK
	If organic order intake exceeds SEK 1,500 million and on a linear basis up to SEK 1,900 million, a maximum of 15% of annual salary is paid.	30%	a) 1,537 MSEK b) 43.6 kSEK
	If the Group's CO2 emissions according to Scope 1 and Scope 2 decrease by at least 35% compared with 2019 and the amount of recyclable waste exceeds 70%, a maximum of 2.5% of annual salary is paid.	2.5%	a) -50.4% b) 0 kSEK
	If the accident frequency for 2025 decreases compared with the three-year average for 2022–2024 (which was 8.2).	5%	a) 7.94 b) 77.8 kSEK
	If the ESG risk rating according to Sustainalytics is lower than 20, i.e. classified as a low-risk company.	2.5%	a) 16.6 b) 38.9 kSEK

* Refers to the parameters in force in 2024 and paid in 2025.

Balco Group AB - Share option program (Chief Executive Officer)

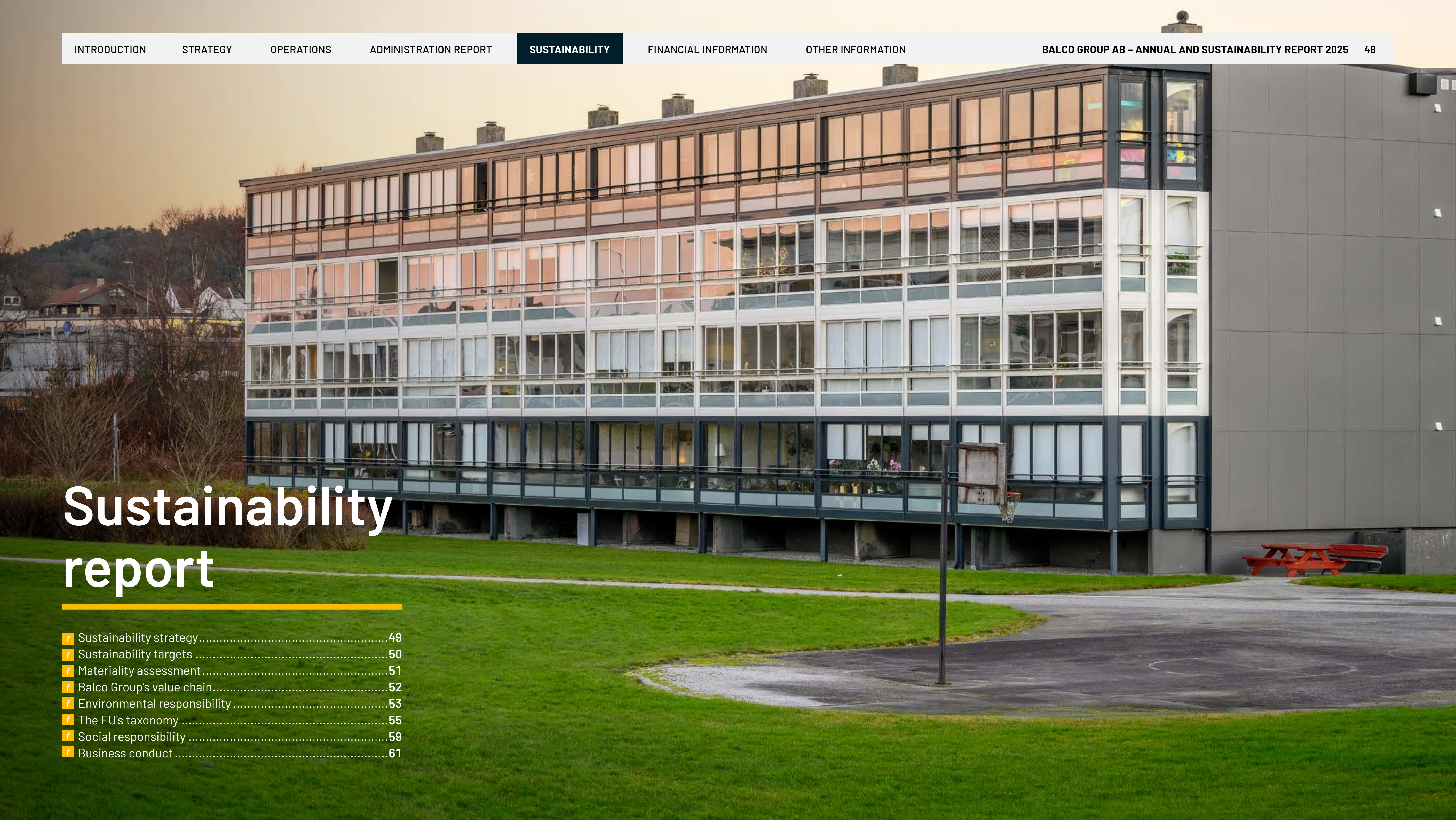
	Main conditions for share option programs							Information for the reported financial year*					
								Opening balance	During the year	Closing balance			
Name of executive	Name of program	Performance period	Date of grant	Date of vesting	Expiry of lock-up period	Exercise period	Exercise price (SEK)	Share options at the beginning of the year	Granted share options	Vested share options	Share options subject to performance conditions	Share options granted but not vested	Share options subject to lock-up period
Camilla Ekdahl, Chief Executive Officer	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**	-25,000				
Total								**65 000**	**-25,000**		**0**	**0**	**0**

* In Share Option Program 2022/2025, the CEO was awarded 10,000 options in 2022 and an additional 15,000 options in 2023.
** In Share Option Program 2024/2027, the CEO was awarded 40,000 options 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 the Group's results over the last five reported financial years

Annual change (SEK, thousands)	2021 vs 2020		2022 vs 2021		2023 vs 2022		2024 vs 2023		2025 vs 2024		Outcome 2025
Total remuneration to the CEO	-530	-11.0%	326	7.6%	-595	-13.0%	1,123	28.1%	-494	-10.7%	4,628
Group EBIT (operating profit)	2,612	2.3%	-15,496	-13.1%	-32,120	-31.3%	-35,553	-50.5%	-53,526	-153.7%	-18,705
Average remuneration based on number of full-time equivalents employed* in the Group	-2,112	-18.6%	-623	-6.7%	-407	-4.7%	-175	-2.1%	66	13.3%	-

* Excluding members of group management.



Sustainability report

Sustainability strategy linked to the business

Balco Group's sustainability work and sustainability strategy are closely linked to the Group's business model – to create innovative, sustainable and attractive balcony and facade solutions through a customer-centric approach that contribute to increased quality of life and energy savings. A combination of innovation, long-term value creation and accountability are central parts of the sustainability strategy.

A good example of how Balco Group's sustainability strategy works in practice is the Balco method.

The Balco method was developed by Balco AB and means that old balconies are removed entirely or partially – and replaced with a new concrete slab and patented glazing systems from Balco. The functional glass doors protect the concrete slab and existing windows, doors and walls. All work is carried out from the outside of the building and the new glazed balcony has an estimated lifespan of over 90 years. At the same time, the glazing helps to reduce energy consumption by up to 30 percent, increases the property value and creates a safer and more pleasant living environment.

The example of the Balco method shows how Balco Group's sustainability strategy forms an integral part of the Group's overall strategy and permeates the entire value chain – from product development to production and installation.

In terms of each strategic pillar (see page 11), sustainability work is integrated in the following way:

- **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 shall promote the green transition in social development.
- **Selective and value-creating acquisitions:** Balco Group is an engaged owner that promotes good corporate governance and good working conditions for all employees. The Group ensures that Group companies conduct their own sustainability work within environment, social responsibility and governance, in line with common policies.
- **Entrepreneurship and decentralisation:** The subsidiaries conduct their own operations and develop their own brands but can utilise the Group's expertise and resources within IT, HR, purchasing and sustainability to reach common goals.

Balco Group operates in eight countries in Northern Europe with manufacturing in Sweden, Finland and Poland. The decentralised structure, where the subsidiaries combine local market knowledge with the Group's shared resources, forms the basis for value creation and sustainability work.

The Group has long had a clear focus on sustainable development, with a strategy that is in line with the UN's Agenda 2030 and the Global Goals. Since 2019, the Group has been a member of the UN Global Compact, which ensures that operations are conducted in accordance with international principles for human rights, working conditions, environmental responsibility, and business ethics. Balco Group is also a member of the Sweden Green Building Council, an organisation that works with and for environmentally adapted solutions within the construction and real estate sector. In 2023, the Group took further steps in its climate commitment by joining the Science Based Targets initiative (SBTi). The process of setting new science-based climate targets is ongoing, with an expected presentation during 2026.

During 2025, Balco Group has continued to develop its sustainability work with a focus on improving processes, data quality, and implementation power. This work has included a gradual transition to a fully electrified vehicle fleet in line with the Group's car policy, as well as an increased focus on systemising and consolidating sustainability data. During the year, extensive work has been dedicated to refining data collection and follow-up in the Group's reporting structure, including the production of data for scope 3 emissions, in order to create a more reliable basis for future analysis and target management.

Balco's Code of Conduct and Sustainability Policy continue to form the ethical and strategic foundations for decisions, investments, and stakeholder relations. As the Group combines incremental operational improvements with a long-term strategic direction, Balco is gradually strengthening its ability to deliver climate benefits, circularity, and social responsibility within its core operations.

SUSTAINABILITY INITIATIVES 2025

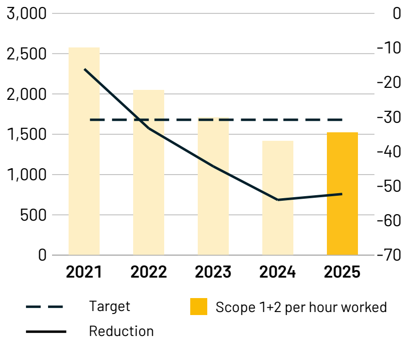
- Review of measurement methods, management and reporting of waste management. The work also includes improvement work for processes and routines with the aim of increasing the proportion of recyclable waste.
- Continued development of the Group's collection of sustainability data, with a focus on Scope 3. Measurements began in January 2026.
- Preventive work to counteract workplace accidents. The work has been ongoing throughout the year and has focused on work methods, equipment and routines.

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.

Environmental impact

Balco Group will reduce its environmental impact within Scope 1 and Scope 2 by 2025.

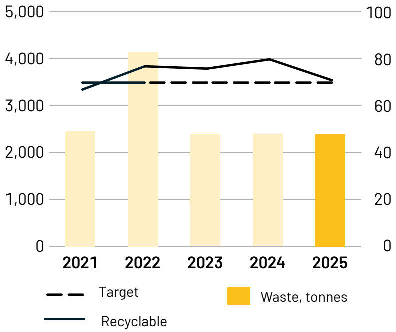


Specific sub-targets

Reduce environmental impact regarding both Scope 1 and Scope 2 by 35 percent per hour worked by 2025, compared with 2019.

Waste management

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

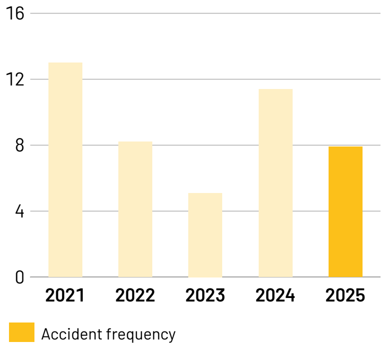


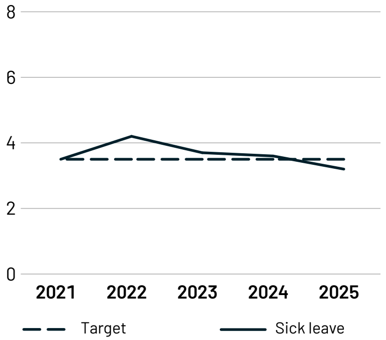
Specific sub-targets

70 percent of all waste during the year shall be recyclable.

Safe workplace

Balco Group must be a safe workplace where the health and well-being of employees are prioritised.





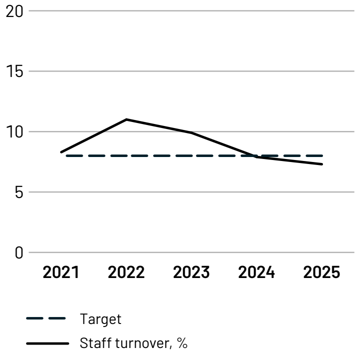
Specific targets

The accident frequency rate shall be zero.

Total absence due to sickness shall amount to a maximum of 3.5 percent.

Staff turnover

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

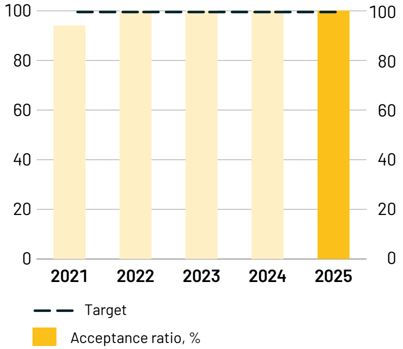


Specific sub-targets

Employee turnover shall not exceed 8 percent.

Code of Conduct

Balco Group's code of conduct must be followed by everyone within the organisation and by our suppliers.



Specific sub-targets

The number of confirmed violations of the code of conduct must be zero.

The Supplier Code of Conduct must be accepted by 100 percent of selected suppliers.

Materiality assessment and regulatory compliance

During 2025, Balco Group has continued to work based on the structure established in connection with preparations for CSRD and reporting according to ESRS. The Group is no longer subject to the reporting requirement, but the ongoing work has contributed to strengthened internal governance and a broader mapping of sustainability-related impact and financial risks and opportunities, which forms the basis for the sustainability reporting.

The double materiality assessment provides an overview of areas where the Group has a material impact, as well as areas where Balco Group has identified financial risks and opportunities linked to sustainability. As part of this process, the collection of scope 3 data has begun to provide a more comprehensive picture of emissions related to the value chain.

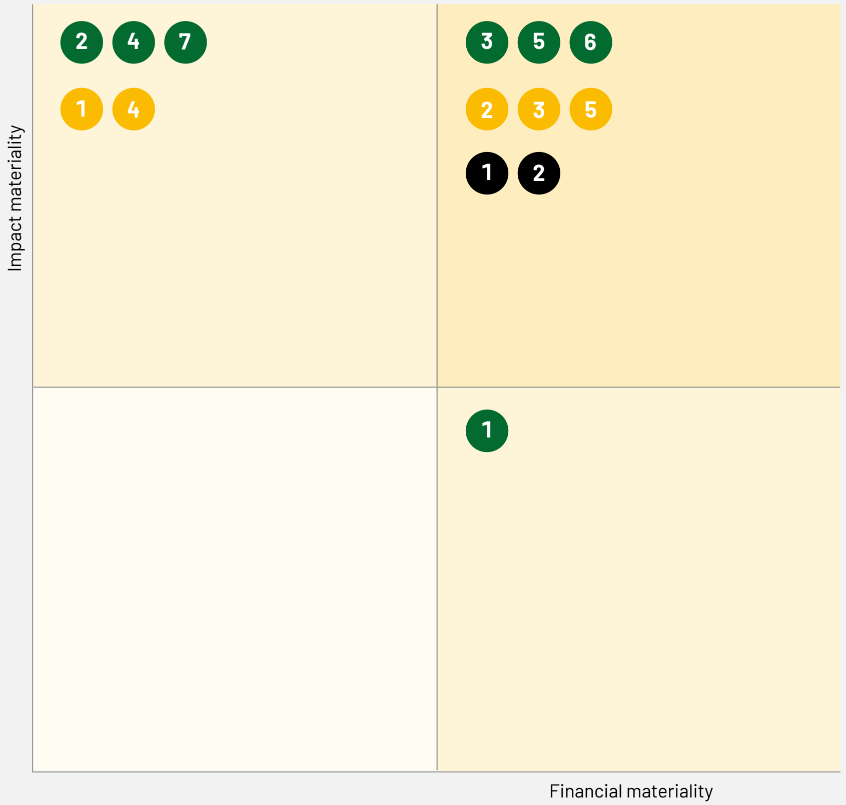
The Group's impact, risks and opportunities are assessed to be concentrated in its own operations. Balco Group has relatively few activities upstream and downstream in the value chain since the larger group companies to a large extent produce as well as deliver and install their products themselves. Furthermore, the Group's impact areas, risks and opportunities within sustainability often have a long-time horizon based on extensive internal responsibility that the Group has conducted for several years with the aim of eliminating impact areas and risks where effective solutions have been readily available.

The double materiality assessment continues to be part of the Group's reporting routines and will also in the future serve as support in the work of identifying and following up on relevant sustainability issues. Balco Group continues to adapt processes and data collection in line with increased global demands for transparency, long-term perspective and accountability. The Group reviews its sustainability reporting routines annually and will continue to develop its reporting.

At EU level, there is hope that sustainability reporting in Sweden and Europe in the future will become clearer and more transparent and highlight both positive and negative impacts. During 2026, Balco Group will continue its work to meet future regulatory requirements placed on the Group's sustainability reporting.

DOUBLE MATERIALITY ASSESSMENT

Explanation: Although Balco Group is not subject to the requirements of the CSRD, Balco Group has used the subcategories within the ESRS reporting standard's ten overarching areas for environment, social responsibility and governance as a starting point. For areas assessed as being doubly material, Balco Group has identified both impact and risks or opportunities. In areas that are only material from an impact perspective, the Group has identified a positive or negative impact, and in 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 Substances of very high concern

Resource use and circular economy

6 Resource inflows, including resource use

7 Waste

Own workforce

1 Working conditions

2 Equal treatment and opportunities for all

Workers in the value chain

3 Working conditions

4 Equal treatment and opportunities for all

5 Other work-related rights

Responsible business practices

1 Corporate culture

2 Corruption and bribery

f Balco Group's value chain

Balco Group's value chain is characterised by a holistic perspective that encompasses the products' entire life cycles, from idea development and design to production, installation and subsequent service.

Upstream includes the purchase of materials such as aluminium and glass, where the aluminium is 100 percent fossil-free and fully recyclable. Raw materials are imported exclusively from Europe and the products are designed and produced in Sweden, Finland and Poland.

In its own operations, Balco Group produces balconies and accessory products. The Group also carries out facade renovation projects and other services related to the construction industry.

Each product is designed with resource efficiency in mind. The products have a long service life and can also be dismantled into small components, which means that in many cases they can be reused essentially in their entirety.

Downstream, value is created through the products' energy-efficient properties. Glazing can reduce energy consumption in buildings by up to 30 percent depending on geographical location, and the initial climate debt is repaid on average after approximately 25 years. In its role as a turnkey contractor, Balco Group also has the opportunity to further strengthen the performance of buildings through active measures such as supplementary insulation, window replacement, installation of solar panels and heat pumps, which contributes to an improved energy class and increased long-term sustainability.

Environmental sustainability as a strategic business factor

Balco Group is a manufacturing group with a direct impact on its surroundings. The Group takes clear responsibility for reducing negative effects from both manufacturing and transport, while products are developed with the ambition of contributing to customers' energy savings. A central part of the Group's strategy is therefore to offer climate-smart solutions that generate measurable energy gains for customers while simultaneously being manufactured with as low a climate impact as possible.

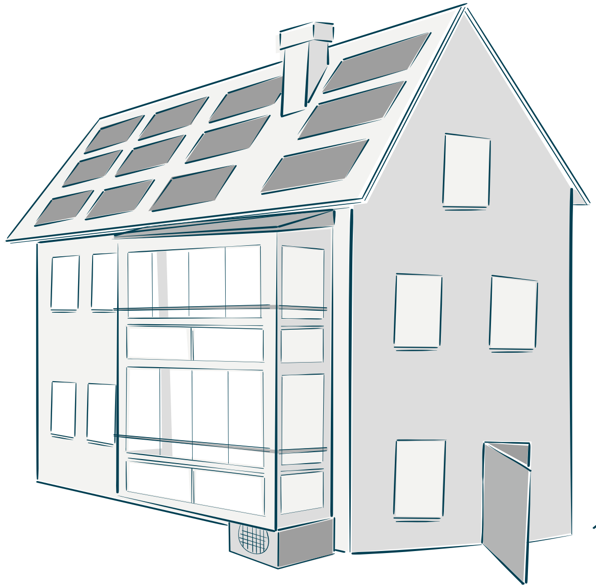
For the sustainability strategy to have full impact, consistent work is required in product development, process optimisation and management of internal routines. Balco Group works continuously to ensure that the choice of materials and the use of energy and water are characterised by resource efficiency. The objective is to minimise the Group's own negative impact from production, with the ambition of simultaneously reducing climate impact throughout the value chain through, for example, energy efficiency in existing buildings.

Since joining the UN Global Compact in 2019, the Group has continued to work in line with its principles and Agenda 2030, with a particular focus on Global Goals 9 – Sustainable industry, innovation and infrastructure, and Goal 12 – Responsible consumption and production.

As a producer of balcony solutions, the Group has a direct responsibility for the environmental impact arising from material use, production, transport and installation, but also an indirect responsibility linked to customers' use of the products over time. Balco Group therefore strives to combine energy-efficient solutions with a growing life-cycle perspective where resource optimisation and circularity are given increasing importance from the development phase to installation.

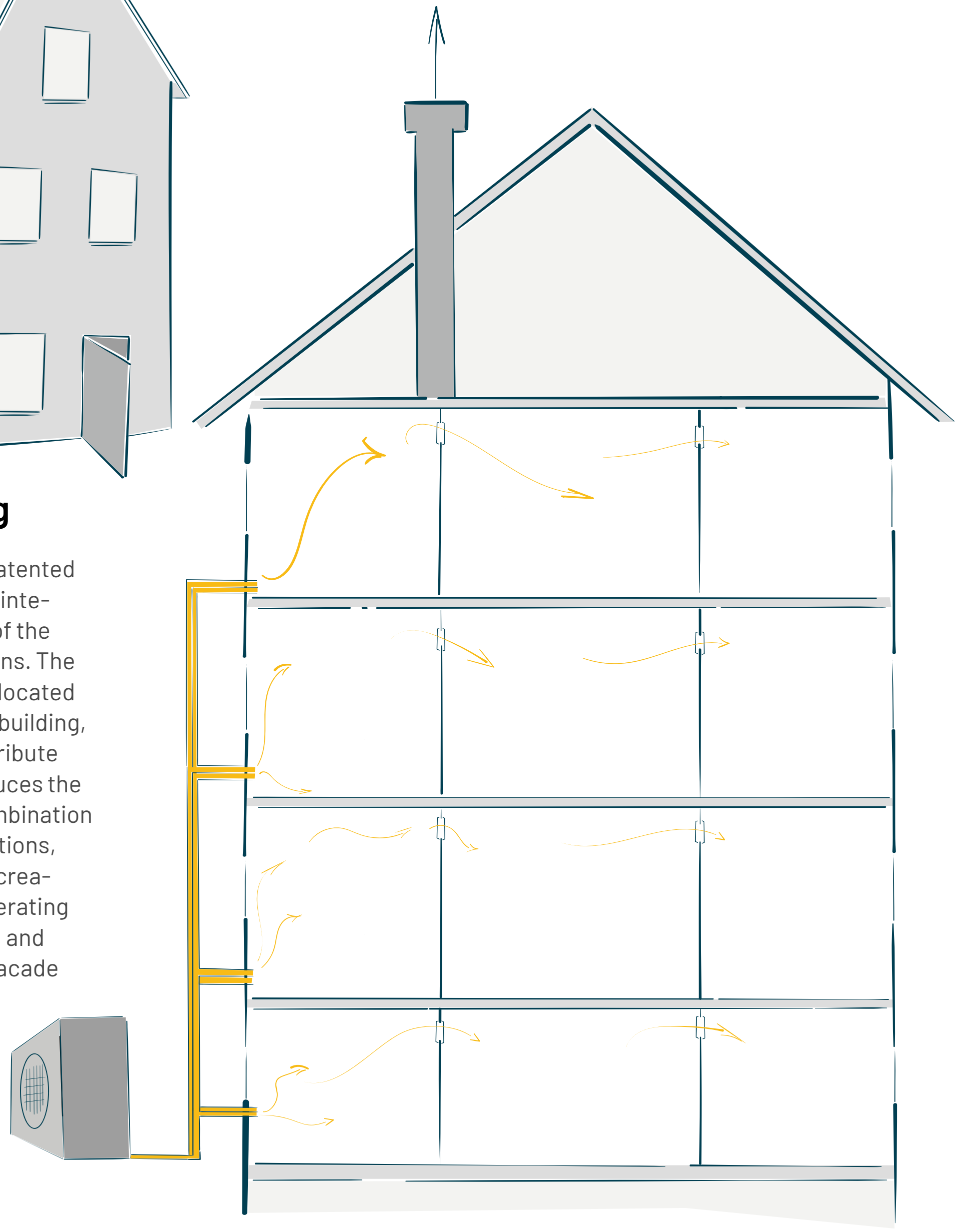
A growing product category within the Group is service and aftermarket. This development marks a strategic step towards a more circular offering that ensures the lifespan of installed balcony solutions and that the products continue to deliver energy savings over time. The service offering includes more proactive work, with Balco aiming to be involved ahead of, for example, five-year inspections to ensure functionality and identify maintenance needs. Offering service early and preventing wear and tear creates opportunities to reduce resource consumption, avoid extensive replacements and strengthen the potential for reuse in the long term.

In parallel, the Group has intensified its work on mapping its environmental impact in the value chain, including through the collection of Scope 3 data. This is an important step following Balco Group's commitment to the Science Based Targets initiative (SBTi) in 2023, where the Group is now developing more comprehensive documentation to be able to formulate climate targets in line with science. The Scope 3 work provides the opportunity to analyse emissions linked to, for example, raw materials, the supply chain, transport and customer use, which is central to being able to prioritise efforts throughout the entire product life cycle.



Efficient heating

Balco Group has developed a patented method where heat pumps are integrated into the facade as part of the Group's comprehensive solutions. The method is based on a centrally located system in the lower part of the building, which makes it possible to distribute heat to several floors. This reduces the need for individual units. In combination with Balco Group's glazing solutions, significant energy savings are created that contribute to lower operating costs, reduced climate impact, and a more aesthetically pleasing facade appearance.



Reduced environmental impact

Objective	Measurement interval	Measurement method		2025	2024	2023
Reduce environmental impact regarding Scope 1 and Scope 2 by 35% per hour worked by 2025*	Quarterly	Scope 1	Total emissions, tonnes CO2e	901	1,011	924
			Grams CO2e/hour worked Difference compared to 2019	1,021 –32%	957 –36%	1,200 -20%
		Scope 2	Total emissions, tonnes CO2e	443	486	392
			Grams CO2e/hour worked Difference compared to 2019	502 –68%	460 –71%	509 -68%

* Relative to 2019

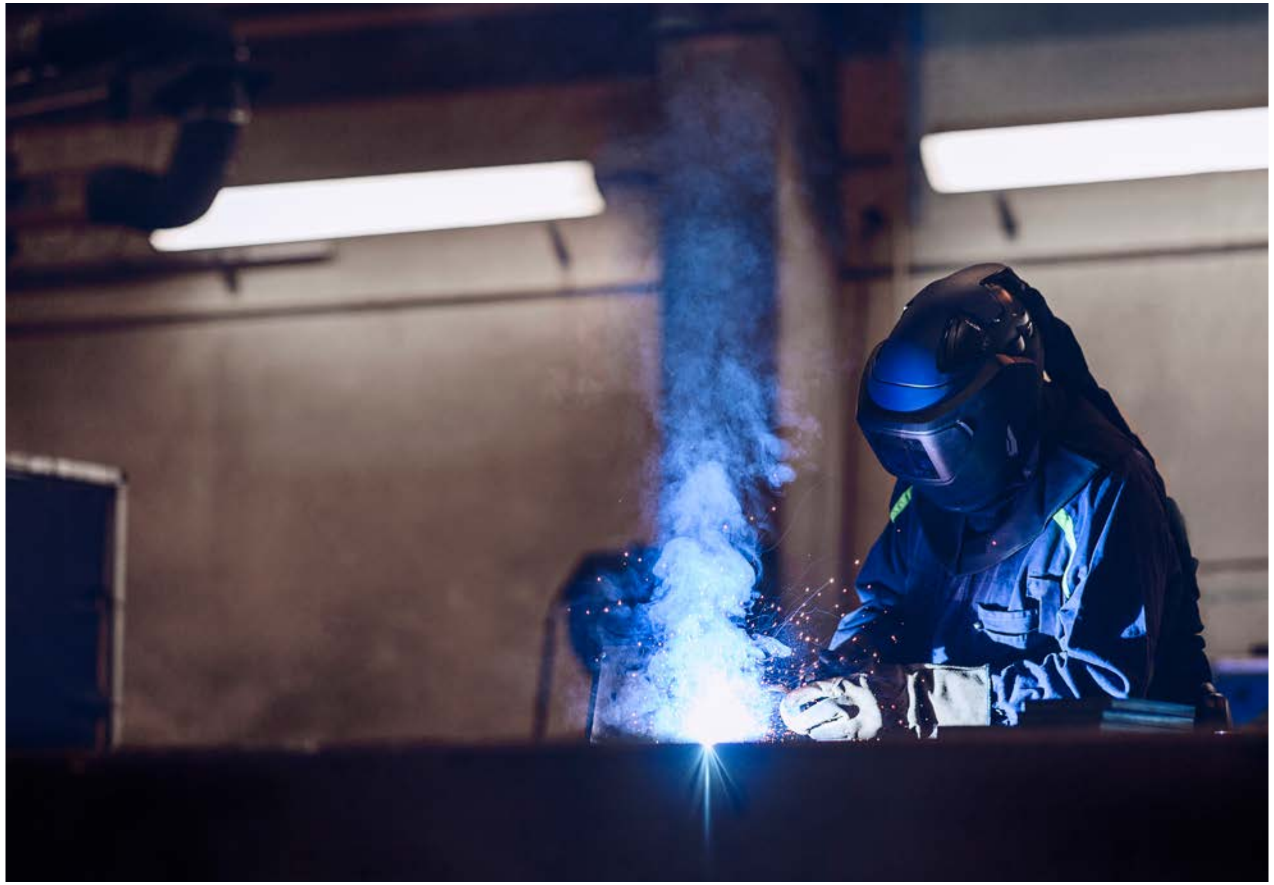
Since 2022, Balco Group has had a target to reduce its environmental impact by 35 percent per hour worked by 2025, with 2019 as the base year. The previous target was to reduce the Group's environmental impact by 20 percent by 2025 compared to 2019. Looking at the overall outcome for 2025, the Group's environmental impact according to both Scope 1 and Scope 2 has decreased by 52.3 percent per hour worked since 2019, which means that Balco Group's target has been met. During 2026, the Group will develop new targets that also include Scope 3.

Waste management

Target	Measurement interval	Key figures	2025	2024	2023
70 % of all waste during the year shall be recyclable	Quarterly	Waste, tonnes	2,387	2,395	2,382
		Hazardous waste, tonnes	76	53	77
		Recyclable*	71%	80%	76%

* The proportion of waste that can be recycled/total amount of waste over the last 12 months

In 2025, Balco Group changed its measurement method and simultaneously introduced stricter requirements for the subsidiaries regarding reporting on waste management, which has led to more extensive reporting, but a deterioration in the performance measure of the proportion of recyclable waste, although still above the target of 70 percent recyclable waste. In 2026, there is an increased focus on the recycling of materials on construction sites, with a particular focus on facade renovation projects, where the proportion of consumables and the amount of waste are generally higher.



Energy consumption

	2025	2024	2023
Electricity, MWh	3,115	3,485	2,662
Heating, MWh	1,802	1,959	1,612

Energy consumption during 2025 was in line with the previous year and decreased in absolute terms as a result of fewer hours worked.

Recycling

	2025	2024	2023
Recycled material, tonnes	1,693	1,919	1,809
Energy-recovered material, tonnes	529	380	405
Non-recycled material, tonnes	165	96	168

The changes in recycling are, as with waste management, due to higher reporting requirements for the subsidiaries.

Water consumption

	2025	2024	2023
Total water consumption, cubic metres	3,871	4,199*	3,665

Water consumption is in line with previous years. The decrease is attributable to the number of hours worked during the year.

* Revised figure for 2024. Was previously 3,699.

RISKS AND RISK MANAGEMENT

Risks linked to the strategic sustainability area "Environmental responsibility" are presented in the section "Risks and risk management" on **page 31**.

f The Group's work with the EU taxonomy

The EU Taxonomy Regulation EU 2020/852 is a classification system for sustainable economic activities in relation to the EU's six environmental objectives:

1. Climate change mitigation (CCM)
2. Climate change adaptation (CCA)
3. Sustainable use and protection of water and marine resources (WTR)
4. Transition to a circular economy (CEY)
5. Pollution prevention and control (PPC)
6. Protection and restoration of biodiversity and ecosystems (BIO)

According to the Taxonomy Regulation, an activity is considered sustainable and taxonomy-aligned if it contributes substantially to at least one of the environmental objectives, while not causing significant harm to any of the other objectives and simultaneously fulfilling certain established minimum safeguards.

Balco Group has worked with the EU Taxonomy for several years and has made its own internal assessments where rules have been unclear or interpretation has been uncertain. The disclosures for 2022–2024 are based on the then-current interpretation of the taxonomy's requirements. During 2025, simplifications and updates from the EU have come into force, which entail clearer guidance for certain parts of the taxonomy, such as materiality limits and simplified reporting requirements. Balco Group will continue to follow developments and update its reporting in line with new regulatory guidance for increased market practice.

Activities covered

Balco Group has determined that the Group's economic activities covered by the taxonomy have the potential to contribute to the goal of Climate change mitigation (CCM). These activities are:

- **Renovation of existing buildings (CCM 7.2)** when the Group renovates buildings through the installation of open balconies and facade renovation without additional insulation.
- **Installation, maintenance and repair of energy efficiency equipment (CCM 7.3)** when the Group installs glazed balconies during building renovations, which reduce the effect of thermal bridges and add an insulating shell. In addition, the Group carries out additional insulation of buildings in certain projects in connection with facade renovations.

Taxonomy-aligned activities

In order for an economic activity to be considered taxonomy-aligned and thus environmentally sustainable, it must make a significant contribution to at least one of the EU's six environmental objectives and not cause significant harm (DNSH) to any of the other objectives. In addition, it must be carried out in compliance with certain minimum safeguards regarding social and governance-related aspects of sustainability.

Balco Group has identified a number of activities that meet the technical screening criteria for significant contribution to climate change mitigation. These activities consist of the installation of glazed balconies in connection with the renovation of buildings and facade renovation with additional insulation (CCM 7.3). For activities within the renovation of buildings (CCM 7.2) involving the installation of open balconies or facade renovation without additional insulation, the screening criteria for climate change mitigation are not met as they do not meet the requirement of 30 percent energy savings and are therefore not taxonomy-aligned.

Do No Significant Harm (DNSH)

Potentially taxonomy-aligned activities have been assessed based on DNSH (Do No Significant Harm) criteria.

Climate change adaptation
Physical risks are reviewed regularly as part of the Group's property management and insurance programs. In Balco Group's assessment of compliance with the DNSH criterion, local risk assessments have been carried out regarding relevant climate risks.

Sustainable use and protection of water and marine resources
Regarding the water criterion, Balco Group has identified a limited number of activities with direct discharges of industrial wastewater or those affected by water risks, which have been assessed as relevant to 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 the application of the waste hierarchy and targets for reducing waste within manufacturing processes and product development as well as on construction sites where consideration has been given to product lifespan, recyclability, material selection and other strategies to contribute to the transition to a circular economy.

Pollution prevention and control
The criteria for pollution prevention and control refer to EU chemical legislation, including the REACH regulation and the associated candidate list of substances of very high concern. Balco Group complies with current EU rules regarding chemical content in materials and products and ensures that no prohibited or restricted substances are used in its own operations. The Group also considers risks linked to noise, dust and polluting emissions by including these aspects in the project-specific risk assessments carried out before each construction and renovation project.

Protection and restoration of biodiversity and ecosystems
Regarding the biodiversity criterion, Balco Group has evaluated the impact of its activities at individual production facilities regarding biodiversity as well as protected areas and species. Balco Group's activities are not judged to have a direct material impact.

Minimum safeguards

The criteria for minimum safeguards have been assessed at Group level. Balco Group ensures compliance through Group-wide policies, guidelines and routines in relevant areas. These include human rights and labour law, anti-corruption and anti-bribery, fair competition and responsible taxation.

The Group has also confirmed that no part of the business is linked to the production of or trade in controversial weapons, such as anti-personnel mines, cluster munitions or chemical and biological weapons.

Compliance in these areas is supported by internal follow-ups and regular checks within the framework of the Group's work on compliance and risk management. Balco Group thus assesses that the criteria for minimum safeguards are met.

Nuclear energy-related and fossil gas-related activities

Balco Group does not perform, finance or have exposure to research, development, facilities or similar regarding nuclear energy-related activities as well as fossil gas-related activities.

Turnover

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – information covers 2025.

	2025			Significant contribution criteria						DNSH criteria (Do No Significant Harm)										
Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Climate change-mitigation	Climate change-adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and eco-systems	Climate change-mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and eco-systems	Minimum-safe-guards	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) turnover 2024	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) turnover 2023	Category (enabling activity)	Category (transitional activity)
		MSEK	%	%	%	%	%	%	%	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	%	%		
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable (Taxonomy-aligned) activities																				
Renovation - glazing and facades with insulation	CCM 7.3	826.4	63.8%	63.8%						-	Yes			Yes		Yes	52.3%	60.5%	Enabling	
Turnover of environmentally sustainable (Taxonomy-aligned) activities (A.1)		826.4	63.8%	63.8%													52.3%	60.5%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Renovation – open, facades without insulation and others	CCM 7.2	159.2	12.3%																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		159.2	12.3%														29.5%	29.1%		
Total (A.1+A.2)		**985.6**	**76.1%**														81.8%	89.6%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		309.4	23.9%																	
Total (A+B)		**1295.1**	**100%**																	

Qualitative information 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.

CapEx

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – information covers 2025.

	2025			Substantial contribution criteria						DNSH criteria (Do No Significant Harm)										
		Absolute CapEx	Proportion of CapEx	Climate change-mitigation	Climate change-adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and eco-systems	Climate change-mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and eco-systems	Minimum-safeguards	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) CapEx 2024	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) CapEx 2023	Category (enabling activity)	Category (transitional activity)
Economic activities	Code(s)	MSEK	%	%	%	%	%	%	%	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	%	%		
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable (taxonomy-aligned) activities																				
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	24.3	67.8%	67.8%						-	Yes			Yes		Yes	70.6%	73.5%		Transitional
CapEx of environmentally sustainable (taxonomy-aligned) activities (A.1)		24.3	67.8%	67.8%													70.6%	73.5%		
A.2 Taxonomy-eligible activities but not environmentally sustainable (not taxonomy-aligned)																				
Renovation of existing buildings	CCM 7.2	6.7	18.6%																	
CapEx of taxonomy-eligible activities but not environmentally sustainable (not taxonomy-aligned) (A.2)		6.7	18.6%														10.3%	9.7%		
Total (A.1+A.2)		30.9	86.4%														80.9%	83.2%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of taxonomy-non-eligible activities (B)		4.9	13.6%																	
Total (A+B)		35.8	100%																	

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 benefits 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.

OpEx

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – information covers 2025.

	2025			Significant contribution criteria						DNSH criteria (Do No Significant Harm)										
		Absolute OpEx	Share of OpEx	Climate change-mitigation	Climate change-adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and eco-systems	Climate change-mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and eco-systems	Minimum-safe-guards	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) OpEx, 2024	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) OpEx, 2023	Category (enabling activity)	Category (transitional activity)
Economic activities	Code(s)	MSEK	%	%	%	%	%	%	%	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	%	%		
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable (taxonomy-aligned) activities																				
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	3.3	69.5%	69.5%						-	Yes			Yes		Yes	70.9%	69.4%	Enabling	
OpEx of environmentally sustainable (taxonomy-aligned) activities (A.1)		3.3	69.5%	69.5%													70.9%	69.4%		
A.2 Taxonomy-eligible activities that are not environmentally sustainable (not taxonomy-aligned)																				
Renovation of existing buildings	CCM 7.2	0.9	18.1%																	
OpEx of taxonomy-eligible activities that are not environmentally sustainable (not taxonomy-aligned) (A.2)		0.9	18.1%														18.2%	17.2%		
Total (A.1+A.2)		4.2	87.6%														89.1%	86.6%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of taxonomy-non-eligible activities (B)		0.6	12.4%																	
Total (A+B)		4.8	100%																	

Qualitative information on operating expenditure (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 benefit both taxonomy-aligned and non-taxonomy-aligned activities, an allocation key based on the same principles as for capital expenditure (CapEx) is used. The proportion of such aligned operating expenditure is based on the proportion of aligned revenue during the year, reflecting the resources used by taxonomy-aligned production at the facilities.

Responsibility for a safe and secure workplace

The people within Balco Group are the Group's most important resource. Value creation occurs through the competence, commitment and accountability of the employees. Therefore, workplace conditions are a central part of the Group's sustainability work. A safe, secure and stimulating working environment is a high priority, both for the physical and psychosocial work environment, which is crucial for the well-being of the employees and for the Group's long-term success.

Balco Group's social work is closely linked to the UN's Agenda 2030, with a particular focus on Goal 8 – Decent work and economic growth, and target 8.8, which emphasizes the importance of protecting employees' rights and promoting a safe and healthy workplace. The Group has defined three long-term goals for the work environment:

- Sickness absence below 3.5 percent of planned working hours
- Employee turnover of no more than 8 percent
- Zero vision for accidents.

These goals are not only intended to protect employees, but also to ensure that Balco Group can retain and develop the right skills, while attracting new talent to the Group.

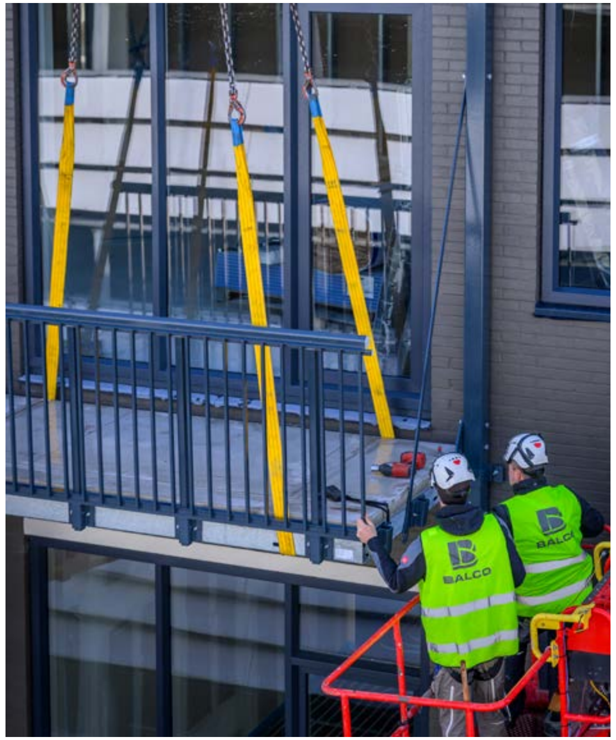
Production and installation at workplaces involve a naturally high risk of accidents. Therefore, preventive safety work is prioritized and extensive. Balco works systematically with training, risk assessments, safety equipment and certifications for specific work tasks. Incidents are documented and carefully evaluated to identify causes and opportunities for improvement, enabling the Group to act proactively. Regular safety inspections in offices, in production and on projects ensure that risks are detected and addressed in time. Digital reporting systems have been implemented to support observations and preventive measures against workplace accidents, creating a clear structure for both management and employees to monitor and improve safety continuously. In 2025, the number of workplace accidents leading to sickness absence was 7 (12). Total sickness absence as a proportion of planned time was 3.2 percent (3.6).

In parallel with the physical work environment, Balco Group focuses on the psychosocial work environment. Performance reviews and other forums provide opportunities to discuss workload, the work environment, development opportunities and terms of employment. Flexibility is offered where possible through hybrid solutions, but the Group's strategy is for as much work as possible to be carried out on site to promote collaboration, culture and engagement. In 2025, Balco Group also offered all employees the benefit of an electric bicycle as part of the investment in health, sustainable travel and workplace satisfaction. This complements previous initiatives, such as the gym and wellness programmes at the head office and the production facility in Växjö.

Equality and diversity are central values in the Group's work environment efforts. Employees, consultants, interns and job applicants must be treated equally, regardless of gender, age, ethnicity, religion, disability, sexual orientation or gender identity. There is zero tolerance for discrimination and harassment, and the Group works actively to prevent, counteract and address any violations. The Group has clear guidelines against child labour, forced labour and other unauthorised influence, as well as a ban on the purchase of sexual services. Employees' right to form and join trade unions and to bargain collectively is fully respected. Any deviations from Balco Group's code of conduct can be reported anonymously via an external whistleblowing function managed by an independent law firm.

These principles and guidelines are in line with the UN Global Compact's ten principles for human rights, labour law, the environment and anti-corruption. Through membership in the UN Global Compact, Balco Group's commitment is to promote respect for human rights and decent working conditions, counteract all forms of forced and child labour, ensure equality and diversity, and work actively against corruption and bribery.

To ensure a stable and competent workforce, Balco Group works actively with personnel development and competency issues. From an employer perspective, it is important for the Group to retain the right skills while being an attractive choice among job seekers. Skill development and career opportunities for employees are therefore important components that create long-term commitment within the Group. At the same time, Balco Group believes that a certain degree of staff turnover is healthy in the longer term, as it creates dynamics and new opportunities for both employees and the organisation. Staff turnover for 2025 amounted to 7.3 percent (7.7).



WORK ENVIRONMENT INITIATIVES

During 2025, Balco Group implemented a group-wide effort aimed at reducing incidents and workplace accidents. The work included, among other things, a review of procedures and processes, a review of equipment and tools, as well as certain training for preventive purposes. The initiatives were launched following the increase in workplace accidents during the previous year. This work will continue during 2026.

SOCIAL RESPONSIBILITY

Equal leadership

Objective	Measurement interval			2025	2024	2023
The proportion of female managers shall be at least equal to the total proportion of female employees.	Quarterly	Gender distribution total employees	Men	91%	92%	89%
			Women	9%	8%	11%
		Gender distribution among managers	Men	82%	79%	79%
			Women	18%	21%	21%

The proportion of female managers was 18 percent at the end of 2025, compared with the total proportion of women in the Group which was 9 percent. The objective that the proportion of female managers shall be at least equal to the total proportion of female employees has thus been achieved for 2025.

Number of employees

	2025	2024	2023
Total number of employees	544	640	490
Men	497	590	436
Women	47	50	54

A reduction in the number of employees occurred during the year due to restructuring and cost-reduction reasons.

Number of employees per company

	2025	2024	2023
Balco Group AB	3	3	2
Balco AB (including sales companies and NMT)	244	252	288
TBO-Haglinds AB	26	52	62
Balco Altaner A/S	35	56	53
Stora Fasad Entreprenad AB (including Arutex)	27	18	22
RK Teknik i Gusum AB (including Montagepartner)	50	47	47
Söderåsens Mur- & Kakel AB	27	21	18
Riikku Group Oy	107	170	-
Suomen Ohutlevyasennus Oy	25	21	-

Safe, secure, and healthy workplace

Target	Measurement interval	Measurement method	2025	2024	2023
Total sick leave not to exceed 3.5%	Quarterly	Absence time (as a proportion of planned time)	3.2%	3.6%	3.7%
Staff turnover not to exceed 8%	Quarterly	Number of terminations (as a proportion of total employees)	7.3%	7.8%	9.9%
Accident frequency to be zero	Quarterly	Number of workplace accidents (per 1 million hours worked)	7.9	11.4	5.1

The Group continued the positive trend in reduced sick leave and reduced staff turnover also during 2025. Furthermore, the accident frequency has decreased significantly as a result of a focus on preventive work and routines during the year. In 2025, the total number of workplace accidents was 7, which is a decrease of 5 from the previous year. Safety is always a priority for Balco Group, and especially in the type of business that the Group has. Additional initiatives focused on safety are ongoing.

f Business ethics lay the foundation for sustainability work

Fair, lawful and economically sustainable business is a fundamental prerequisite for Balco Group to achieve its long-term business goals. The Group strives to integrate sustainability work into all parts of the operations and considers responsible conduct as a prerequisite for building trust among customers, employees, suppliers and other stakeholders.

Balco Group conducts its operations in accordance with applicable laws, rules and regulations in all countries where the Group operates. The same requirements are placed on all partners and suppliers. Correct, ethical and transparent conduct is central to maintaining the Group's reputation in the market and ensuring long-term competitiveness.

The Board of Directors has overall responsibility for sustainable business and makes decisions on strategic issues linked to sustainability. Operational responsibility rests with the CEO, who ensures that sustainability work is integrated into the business strategy and followed up within each business area. Since 2022, the Group's CFO has also had direct responsibility for sustainability governance and assists both the Board and management with follow-up, analysis and decision support documentation.

Balco Group's sustainability governance is based on the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The work is also based on the UN Agenda 2030, where several of the Global Goals serve as a guiding framework for the Group's sustainability targets.

Sustainability work within Balco Group is conducted at both Group and subsidiary level. Group management is responsible for overall targets, policies and follow-up, while the subsidiaries are responsible for implementing measures locally in the operations, with the support of common tools and guidelines.

To further improve sustainability work, Balco Group is a member of several forums, including the UN Global Compact and the Sweden Green Building Council. The Group is also certified as a Nasdaq ESG Transparency Partner, which further confirms Balco Group's commitment to increased openness, accountability and transparency in the management of environmental, social and governance-related issues.

Code of Conduct

Objective	Measurement interval	Measurement method	2025	2024	2023
100% of strategic suppliers shall have accepted Balco Group's Code of Conduct for suppliers	Annually	Strategic suppliers who have accepted Balco Group's Code of Conduct for suppliers	100%	100%	100%
Number of reported and confirmed violations of the Code of Conduct shall be zero	Annually	Reported and confirmed violations of the Code of Conduct	0	0	0

As all the Group's strategic suppliers have accepted the Code of Conduct, the 2025 target has been met. No whistle-blower reports regarding violations of the Code of Conduct were filed in 2025.

Sustainability management from office to production and construction site

Balco Group's sustainability governance is based on a clear framework of Group-wide policy documents that cover all operations. The policy documents define responsibilities, guidelines and expectations for how the Group should conduct its operations in a responsible, transparent and sustainable manner. Great importance is placed on implementation, monitoring and training to ensure that the provisions are complied with in all companies.

Balco Group's sustainability policy forms the foundation for its sustainability work and describes the business's most material sustainability issues, common values and distribution of responsibility. The policy serves as a guiding framework for strategic decisions, risk assessments and follow-up of the Group's sustainability goals.

The Code of Conduct is aimed at all parts of the organisation, from the Board of Directors and management to employees, suppliers and partners. It establishes Balco Group's core values, ethical principles and requirements for lawful, fair and respectful conduct. The Code is updated annually under the leadership of the Group's HR Director, approved by the CEO and established by the Board of Directors. Violations are handled according to the procedures specified in the Code, and zero tolerance applies to all forms of deviation.

Balco Group's whistleblower function, which was established in 2019, offers employees and partners a secure and anonymous channel for reporting suspected irregularities. Reports are received via the Group's website and are handled by an external law firm to ensure full confidentiality. During 2025, no violations have been reported.

To ensure a responsible supply chain, Balco Group requires all suppliers and subcontractors to agree in writing to comply with the Group's Code of Conduct. During the year, the proportion of suppliers who accepted the Code amounted to 100 percent. As the business grows and new subsidiaries are added, several efforts have been made to strengthen the implementation of the Code and increase awareness of its content.

CURRENT POLICIES

Balco Group is governed by a number of central policies that are annually revised and established by the Board:

- Insider policy
- Communication policy
- Sustainability policy
- Finance policy
- IT policy
- Information security policy
- Corporate governance policy
- Code of conduct

All employees participate annually in a digital training course on sustainability and ethics. The training provides a basic understanding of the Group's sustainability strategy, goals and values and explains how these are translated into daily work. Through continuous skills development, a proactive sustainability commitment is encouraged, where new initiatives can emerge naturally within the business.

The Group-wide sustainability team plays an important role in driving development forward and creating consensus between the companies. The Group works actively with exchange of experience, monitoring of goals and dissemination of good examples. During the year, the subsidiaries have been given increased responsibility and have become more involved in the Group's sustainability work, which strengthens both ownership and implementation power.

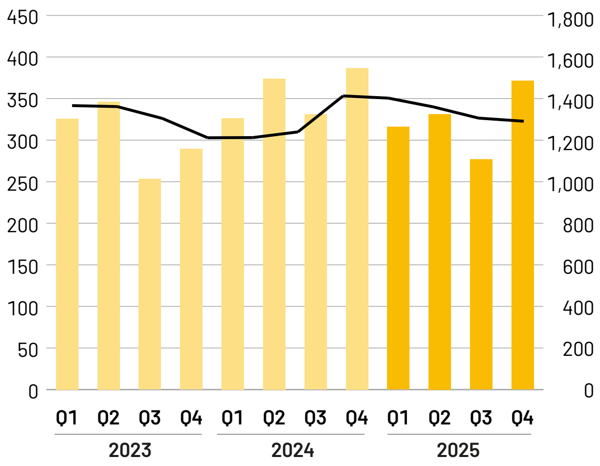
Group management and the sustainability team regularly visit the subsidiaries to monitor progress and ensure that sustainability goals are integrated into both strategic and operational decisions. The subsidiaries are responsible for defining their own goals and activities in line with the Group's overall strategy. Results are measured quarterly according to established indicators and reported continuously to Group management and the Board of Directors.

Financial information

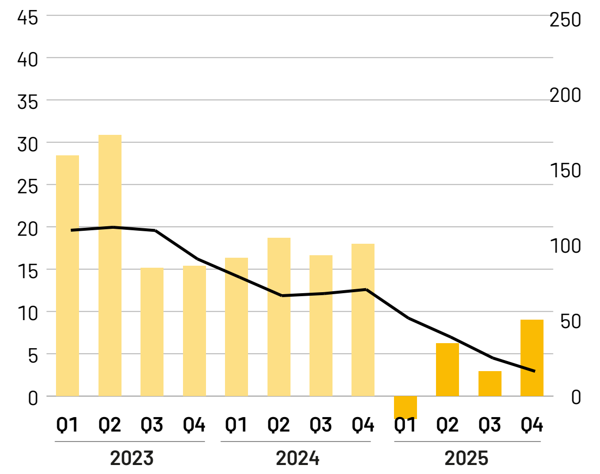
Consolidated income statement

Amounts in thousands of SEK	Note	2025	2024
Net sales	2, 3	1,295,071	1,417,917
Production and project costs	4, 5, 10, 11	-1,135,626	-1,169,952
Gross profit		**159,445**	**247,965**
Distribution costs	4, 5, 10, 11	-105,945	-120,874
Administrative expenses	4, 5, 7, 10, 11	-84,793	-95,946
Other operating income	5, 6	12,947	3,702
Other operating expenses	6	-359	-27
Operating profit	2	**-18,705**	**34,821**
Finance income	8	4,684	4,466
Finance costs	8	-33,455	-34,332
Financial items – net		**-28,771**	**-29,867**
Profit before tax	2	**-47,476**	**4,954**
Income tax	9	12,459	-396
Profit for the year	2	**-35,017**	**4,558**
Net profit attributable to parent company shareholders		-35,781	1,060
Net profit attributable to non-controlling interests		764	3,498
Profit for the year		**-35,017**	**4,558**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		-14,714	6,406
Other comprehensive income for the year		**-14,714**	**6,406**
Total comprehensive income for the year		**-49,731**	**10,964**
Of which attributable to:			
Parent company shareholders		-50,495	7,339
Non-controlling interests		764	3,625
Total comprehensive income for the year		**-49,731**	**10,964**
Earnings per ordinary share, considering earnings attributable to parent company shareholders during the year (SEK per share)			
Basic earnings per share, SEK		-1.55	0.05
Diluted earnings per share, SEK		-1.55	0.05
Average number of ordinary shares before dilution, thousands		23,022	22,958
Average number of ordinary shares after dilution, thousands		23,022	22,958

NET SALES, R12 SEK MILLION



ADJUSTED OPERATING PROFIT (EBITA), R12 SEK MILLION



f = Administration Report

Comments on the consolidated income statement

f Operations

Balco Group offers customised and innovative balcony and facade solutions under its own brands to housing co-operatives, private property owners, the public housing sector and construction companies. Today, Balco Group is the market leader in the Nordic region and holds a strong challenger position in other Northern European markets. Since Balco Group was founded in 1987 in Växjö, Balco Group has evolved from being 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 five wholly-owned production facilities in Sweden, Finland and Poland. Unique products, good delivery capacity and skilled employees are the heart of Balco Group. The company has made significant investments and has 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 operates 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 includes the renovation of existing balconies and the installation of new balconies on existing properties, but also the installation of balconies during the construction of new properties. Balco Group's main markets consist of Sweden, Norway, Denmark and Finland.

In addition to its main markets, Balco Group also operates in Germany, the UK and the Netherlands and has also conducted individual deals in Ireland, Iceland, Greenland, the Faroe Islands, Switzerland and Austria. The balcony market is divided into two market segments: renovation and new build, where the renovation segment accounts for 76 percent (71) of Balco Group's turnover.

Environment, sustainability and social responsibility

Balco Group does not conduct any activities requiring a permit under the Environmental Code (1998:808). However, an obligation to notify exists for part of the operations. The notification obligation is based on powder coating, workshop area and the casting of concrete slabs. The notification obligation is thus solely attributable to the Group's production operations.

Balco Group's environmental work is an integrated part of the company and permeates the entire business. Balco Group has implemented initiatives to minimise the company's environmental impact and works consistently to reduce this. Balco Group considers itself to be at the forefront of the development of balconies that are both environmentally friendly and energy-efficient, with products that not only reduce energy consumption but are also manufactured from environmentally friendly materials. In addition, Balco Group manufactures all balconies in modules to minimise unnecessary transport. Balco Group is environmentally certified in accordance with ISO 14000 and quality certified in accordance with ISO 9000 and works actively to reduce waste and energy consumption through more efficient production in the company's production units and increased reuse of materials and production waste that cannot be reduced or avoided. Balco Group also trains and informs its employees about the environment, health and safety and involves them in the continuous improvement process. Balco Group's purchasing organisation strives for suppliers to live up to the company's code of conduct and take their environmental responsibility. Balco Group requires all suppliers to comply with the environmental laws and regulations applicable in the respective country.

Sustainability issues are important to Balco Group. This is reflected, among other things, by Balco Group actively striving to produce safe and reliable products, offering a healthy working environment and acting ethically, both internally and through its business partners. Balco Group's sustainability work is also expressed through the company's Code of Conduct, in which the company's social, ethical and environmental rules are presented. The code of conduct also includes rules on human rights, non-discrimination and the working environment. The content of the code of conduct is included as a presentation and discussion point during the induction that every new employee undergoes.

Net sales and operating profit (EBIT)

The Group

Net sales decreased by 9 percent to 1,295 MSEK (1,418). Acquired growth was 2 percent, currency effect was -4 percent and organic growth was -7 percent. Net sales increased in the rest of Europe but decreased in Norway, Sweden, Denmark and Finland.

Adjusted operating profit (EBITA) amounted to 15 MSEK (70), corresponding to an adjusted operating margin of 1.2 percent (4.9). Items affecting comparability of -31 MSEK (-25) were recognized this year, linked to restructuring of the organisation.

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 most important strategic advantages. The company has a proven ability to develop new innovative and technical solutions. The product development department works constantly to improve existing products and to develop new products. The department is also involved in the development of customised balcony solutions and has the capacity to develop products for new segments where Balco Group sees great potential. Examples of new products that Balco Group has launched in recent years are Twin View, Alu-Two and Levitate. At the end of the financial year, Balco Group had seven full-time employees in the product development department and product development costs amounted to 1 percent (1) of the total operating costs.

The company had 77 product patents (69) as of 31 December 2025.

Depreciation and EBITDA

Depreciation amounted to -46 MSEK (-50), of which -22 MSEK (-18) relates to depreciation linked to right-of-use assets (leasing) and -4 MSEK (-10) relates to depreciation and impairment of acquired intangible assets. Operating profit before depreciation and impairment, EBITDA, amounted to 27 MSEK (85), corresponding to an EBITDA margin of 2.1 percent (6.0). Adjusted for items affecting comparability, EBITDA amounted to 58 MSEK (110), corresponding to an adjusted EBITDA margin of 4.5 percent (7.7).

Financial costs

Net financial items amounted to -29 MSEK (-30), of which -1.7 MSEK (-1.5) refers to interest expenses related to right-of-use assets (leasing) and -2 MSEK (-3) is unrealised foreign exchange losses. Interest expenses of -26 MSEK (-22) have increased due to increased borrowings.

Tax, profit for the year and earnings per share

Tax income amounted to 12 MSEK (0), which corresponded to an effective tax rate of 26.2 percent (8.0).

Profit after tax amounted to -35 MSEK (5). Adjusted profit after tax amounted to -11 MSEK (24). Earnings per share amounted to -1.55 SEK (0.05). Adjusted earnings per share amounted to -0.50 SEK (0.89).

Currency fluctuations

Balco Group's presentation currency is Swedish kronor (SEK), but the Group's revenue and expenses are usually stated in the local currencies of the countries where Balco Group operates. As a result, Balco Group's profit and financial position are exposed to exchange rate risks that affect the Group's income statement and balance sheet. Currency exposure includes both transaction and translation exposure. Balco Group is primarily exposed to changes in NOK, EUR, DKK, PLN and GBP in relation to SEK. Currency fluctuations have a minor impact on the company's turnover and profitability as Balco Group reduces currency exposures in transactions.

Seasonal variations

Balco Group's sales and earnings are partially affected by the timing of order placement, seasonal variations and by the fact that the AGM/EGM season in tenant-owner associations normally falls in the second and fourth quarters. Furthermore, 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 amounts of snow involve increased costs. The Group's strongest quarter is normally the second quarter.

Appropriation of profits

As stated above, the annual report and the consolidated financial statements have been approved by the Board of Directors and the CEO on the date indicated by our electronic signature. The consolidated income statement, statement of other comprehensive income, and statement of financial position as well as the parent company's income statement and balance sheet are subject to adoption at the Annual General Meeting on 5 May 2026.

At the disposal of the Annual General Meeting, SEK:	
Share premium reserve	450,786,517
Retained earnings	248,403,665
Profit for the year	-32,831,645
Total	**666,358,537**
The Board of Directors proposes that the profits be appropriated as follows:	
To the shareholders in the form of a dividend	0
Profits to be carried forward	666,358,537
Total	**666,358,537**

Consolidated balance sheet

Amount in SEK thousand	Note	31/12/2025	31/12/2024
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	15	527,885	515,535
Brand	15	252,903	261,205
Other intangible assets	15	26,951	18,649
Total intangible assets		**807,739**	**795,389**
Property, plant and equipment			
Right-of-use assets	16	62,997	60,708
Land and buildings	17	150,506	161,216
Machinery and other technical facilities	17	37,932	43,319
Equipment, tools and installations	17	18,397	22,709
Assets under construction	17	1,747	2,405
Total property, plant and equipment		**271,579**	**290,357**
Other non-current receivables		489	1,320
Deferred tax assets	9	13,938	6,272
Total financial non-current assets		**14,427**	**7,592**
Total non-current assets		**1,093,745**	**1,093,338**
Current assets			
Raw materials and consumables	18	60,778	64,807
Accounts receivable	19	184,357	123,074
Contract assets	20	180,534	199,703
Current tax receivables		20,195	10,233
Other receivables	21	8,388	13,545
Prepaid expenses and accrued income	22	16,542	14,687
Liquid assets	23	158,066	103,061
Total current assets		**628,861**	**529,110**
TOTAL ASSETS		**1,722,606**	**1,622,448**

Amount in SEK thousand	Note	31/12/2025	31/12/2024
EQUITY			
Equity attributable to the Parent Company's shareholders			
Share capital		138,135	138,135
Other contributed capital		450,787	450,800
Reserves		3,195	17,910
Retained earnings including profit/loss for the year		140,370	181,858
Total equity attributable to the Parent Company's shareholders		**732,488**	**788,703**
Non-controlling interests		3,652	4,241
Total equity	24	**736,139**	**792,944**
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	27,28	475,035	362,916
Lease liabilities	27,28	43,823	46,271
Deferred tax liabilities	9	59,022	64,750
Other non-current liabilities	27, 28	11,644	34,685
Total non-current liabilities		**589,525**	**508,621**
Short-term liabilities			
Liabilities to credit institutions	27, 28	234	–
Lease liabilities	27, 28	21,061	16,642
Accounts payable	28	157,570	145,657
Current tax liabilities		1,837	1,190
Other liabilities	25	43,062	42,725
Contract liabilities	20	103,076	38,039
Accrued expenses and deferred income	26	70,103	76,630
Total short-term liabilities		**396,942**	**320,883**
TOTAL EQUITY AND LIABILITIES		**1,722,606**	**1,622,448**

Balance sheet and financial position

Balco Group's total assets increased during 2025 by 6 percent to 1,723 MSEK (1,622).

Balco Group's banking agreement with Danske Bank is valid until 31 March 2028. The agreement includes a sustainability-linked RCF (revolving credit facility) of 510 MSEK and an overdraft facility of 75 MSEK.

Non-current assets

The Group's non-current assets, consisting of intangible assets, property, plant and equipment and financial assets, amounted to SEK 1,094 million (1,093). The largest non-current asset item, 48 percent, consists of goodwill SEK 528 million (516).

Investments

Investments in intangible assets relate 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 during 2025 amounted to SEK 49 million (96), of which SEK 4 million (7) were replacement investments, SEK 12 million (7) expansion investments and SEK 21 million (81) acquisitions of shares in subsidiaries.

Current assets

Trade receivables and contract assets are the single largest current asset items. Trade receivables increased by 50 percent to SEK 184 million (123) during the year, while contract assets decreased by 10 percent to SEK 181 million (200).

Liquid assets amounted to SEK 158 million (103).

Consolidated statement of changes in equity

Amount in SEK thousand	Share capital	Other contributed capital	Reserves	Retained earnings including profit for the year	Equity	Non-controlling interests	Total equity
Opening balance as at 1 January 2024	**131,461**	**406,339**	**11,631**	**196,706**	**746,137**	**1,816**	**747,953**
Correction of errors from previous years				-8,134	-8,134		-8,134
Updated opening balance 2024	**131,461**	**406,339**	**11,631**	**188,572**	**738,003**	**1,816**	**739,819**
Other comprehensive income							
Profit for the year				1,060	1,060	3,498	4,558
Translation differences			6,279	0	6,279	127	6,406
Total comprehensive income			**6,279**	**1,060**	**7,339**	**3,625**	**10,964**
Transactions/acquisitions/disposals in non-controlling interests				-7,774	-7,774	-1,200	-8,974
Transactions with shareholders in their capacity as owners:							
New share issue	6,674	43,523			50,197		50,197
Payment for warrants		938			938		938
Total attributable to shareholders	**6,674**	**44,461**	**0**	**0**	**51,135**	**0**	**51,135**
Closing balance as at 31 December 2024	**138,135**	**450,800**	**17,910**	**181,858**	**788,703**	**4,241**	**792,944**
Opening balance as at 1 January 2025	**138,135**	**450,800**	**17,910**	**181,858**	**788,703**	**4,241**	**792,944**
Other comprehensive income							
Profit for the year				-35,781	-35,781	764	-35,017
Translation differences			-14,714	0	-14,714		-14,714
Total comprehensive income			**-14,714**	**-35,781**	**-50,495**	**764**	**-49,731**
Transactions/acquisitions/divestments in non-controlling interests				-5,707	-5,707	-1,354	-7,061
Transactions with shareholders in their capacity as owners:							
New share issue							
Cash from warrants		-13			-13		-13
Total attributable to shareholders	**0**	**-13**	**0**	**0**	**-13**	**0**	**-13**
Closing balance as at 31 December 2025	**138,135**	**450,787**	**3,196**	**140,370**	**732,488**	**3,651**	**736,139**

INTEREST-BEARING NET DEBT / EBITDA*, R12

* = incl. leasing

Note: Correction of error refers to incorrect project accounting – percentage-of-completion profit recognition of a few projects in 2023.

The correction affects the following accounts: Contract assets SEK -10,244 thousand, Equity SEK -8,134 thousand, Deferred tax SEK -2,110 thousand, which has had a corresponding effect on the balance sheet as of 31-12-2024.

Equity and liabilities

As of 31 December 2025, equity amounted to 736 MSEK (793). Interest-bearing net debt including lease liabilities in relation to adjusted EBITDA proforma amounted to 6.0 times (2.5). Interest-bearing net debt, excluding lease liabilities, in relation to adjusted EBITDA proforma amounted to 7.9 times (2.4).

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 amounts to 6.0002. All shares issued by Balco Group AB are fully paid. Balco Group has one class of shares and each share has the same voting value and carries the same right to a dividend. The issued shares are freely transferable without restrictions resulting from law or Balco Group's articles of association. Balco Group is not aware of any agreements between shareholders that may involve restrictions on the right to transfer shares in the company.

Trading and market capitalisation

The Balco share is traded on the Nasdaq Stockholm Small Cap list. During 2025, a total of 7.4 million shares were traded at a value of 181 million SEK. The average daily turnover during 2025 amounted to 0.7 million SEK. Market capitalisation at the end of the year was 0.4 billion SEK.

The share's performance during the year

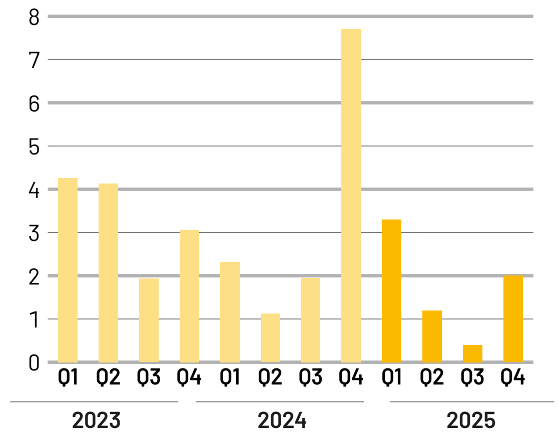
During 2025, the share decreased by 55 percent to close the year at a share price of 17.30 SEK. The year's highest closing price was recorded on 10 February at 44.05 SEK and the lowest price was 15.90 SEK on 3 December.

Consolidated statement of cash flows

Amounts in SEK, thousands	Note	2025	2024
Cash flow from operating activities			
Operating profit (EBIT)		-18,705	34,821
Adjustment for non-cash items:			
– Depreciation/amortisation	15,16, 17	46,094	50,122
– Other non-cash items		-19,563	-17,569
Interest received	8	4,684	3,552
Interest paid	8	-30,072	-28,662
Income tax paid	9	-11,493	-6,073
Cash flow from operating activities before changes in working capital		**-29,054**	**36,192**
Cash flow from changes in working capital			
Increase/decrease in inventories		2,820	4,196
Increase/decrease in current receivables		-34,764	71,611
Increase/decrease in current liabilities		76,029	-26,716
Total change in working capital		**44,085**	**49,092**
Cash flow from operating activities		**15,031**	**85,283**
Cash flow from investing activities			
Purchase of property, plant and equipment	17	-4,212	-6,814
Purchase of intangible assets	15	-12,645	-6,277
Investments in subsidiaries, net cash effect	13, 14	-20,631	-80,820
Change in other non-current receivables/liabilities		-11,623	-1,779
Cash flow from investing activities		**-49,111**	**-95,690**
Cash flow from financing activities			
Proceeds from borrowings	27	113,587	132,849
Payment of lease liabilities	27	-22,364	-19,484
Proceeds from warrants issue		-13	938
Dividends paid to non-controlling interests		-360	-1,200
Cash flow from financing activities		**90,849**	**113,104**
Decrease/increase in liquid assets	23	**56,769**	**102,697**
Liquid assets at the beginning of the year	23	103,061	2,805
Exchange difference in liquid assets		-1,764	-2,441
Liquid assets at the end of the year	23	**158,066**	**103,061**

OPERATING CASH FLOW, R12 SEK MILLION

INVESTMENTS (EXCLUDING ACQUISITIONS) SEK MILLION



Cash flow from operating activities

The Group's cash flow from operating activities amounted to SEK 15 million (85), where the decrease is primarily due to the lower profit before financial items.

Cash flow from change in working capital

Working capital amounted to SEK 44 million (decreased by SEK 49 million). At the end of the year, net capital tied up in projects in progress decreased to SEK 77 million (172).

Cash flow from investing activities

Cash flow from investing activities amounted to SEK -49 million (-96), of which SEK -4 million (-7) pertained to replacement investments, SEK -12 million (-7) to expansion investments and SEK -21 million (-81) to acquisitions of shares in subsidiaries.

Cash flow from financing activities

Cash flow from financing activities amounted to SEK 91 million (113), where the largest item relates to increased utilisation of the credit facility.

Notes to the Group

Note 1: General information

General information

The parent company is a Swedish public limited liability company, listed on Nasdaq Stockholm, with its registered office in Växjö. The address of the head office is Älgvägen 4, 352 45, Växjö, Sweden. The Group consists of the parent company Balco Group AB, corporate identity no. 556821-2319, and its subsidiaries. Balco Group offers customised and innovative balcony and facade solutions under its own brands to housing co-operatives, private property owners, the public housing sector and construction companies.

Basis of preparation of the reports

Overall accounting policies and new accounting rules are presented below. Other accounting policies that Balco Group considers significant are presented in the respective note. The same policies are normally applied in both the parent company and the Group.

Accounting policies have been applied consistently for all years presented, unless otherwise stated.

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

Furthermore, the Swedish Financial 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, except for financial assets and liabilities (derivative instruments) measured at fair value through the income statement.

In order to prepare the financial statements in accordance with IFRS and generally accepted Swedish accounting practice, assessments and assumptions must be made that affect the reported asset and liability items as well as income and expense items and other information provided. These assumptions and estimates are usually based on historical experience but also on other factors, including expectations of future events. For further information, see the information in the respective note.

New standards, amendments and interpretations applied by the Group

No changes to IFRS with application from 1 January 2025 have had any significant effect on the Group's accounting.

Functional currency and reporting currency

The various entities in the Group have the local currency as their functional currency, as the local currency has been defined as the currency used in the primary economic environment in which each respective entity mainly operates. In the consolidated financial statements, Swedish kronor (SEK) are used, which is the Parent Company's functional currency and the Group's reporting currency. All amounts are reported in thousands of kronor (SEK thousand) unless otherwise stated.

f Outlook for the coming financial year

Balco Group is one of the few complete balcony suppliers on the market that provides customised and innovative balcony solutions as a full-service provider. Balco Group is market-leading in the Nordic region and has a strong challenger position in other markets where the Group operates. The market is fragmented and growing throughout Northern Europe. The value of the balcony market in the countries where Balco Group is represented is estimated at more than SEK 40 billion.

Our assessment is that the trend of an incipient increase in activity in the renovation market is continuing, although recovery is occurring at different rates between the markets. Looking ahead to 2026, we maintain a cautiously optimistic assessment. At the same time, major global events that affect the general recovery in consumption may impact the willingness to invest.

f Significant changes during the reporting period

Maritime projects

In the fourth quarter, Balco Group signed its largest individual order ever, amounting to approximately 200 million SEK. The assignment covers the delivery of sliding doors and balconies for three new cruise ships being built by the German shipyard Meyer Werft. The fact that Meyer Werft has once again chosen Balco as a supplier for an extensive series of ships is a clear confirmation of Balco Group's technical expertise and ability to deliver in complex projects. During the year, Balco has broadened its offering within the maritime segment, and the projects obtained during the year confirm that this initiative has yielded results.

Note 2: Segment reporting

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 amounted to 986 MSEK (1,000). The segment accounted for 76 percent (71) of Balco Group's total net sales. Order intake amounted to 1,011 (1,074), corresponding to 66 percent (78) of Balco Group's total order intake.

Operating profit (EBITA) amounted to -13 MSEK (48), corresponding to an operating margin of -1.3 percent (4.7). Items affecting comparability are included at 24 MSEK (8) related to restructuring costs. Adjusted operating profit (EBITA) was 11 MSEK (56) and the adjusted operating margin was 1.1 percent (5.6).

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 amounted to 309 MSEK (418). The segment accounted for 24 percent (29) of Balco Group's total sales. Order intake amounted to 526 (303), which corresponds to 34 percent (22) of Balco Group's total order intake.

Operating profit (EBITA) was -1 MSEK (8), corresponding to an operating margin of -0.3 percent (2.0). Items affecting comparability are included at 6 MSEK (10) related to restructuring costs. Adjusted operating profit (EBITA) was 5 MSEK (19) and the adjusted operating margin was 1.6 percent (4.5).

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 monitor assets and liabilities by segment.

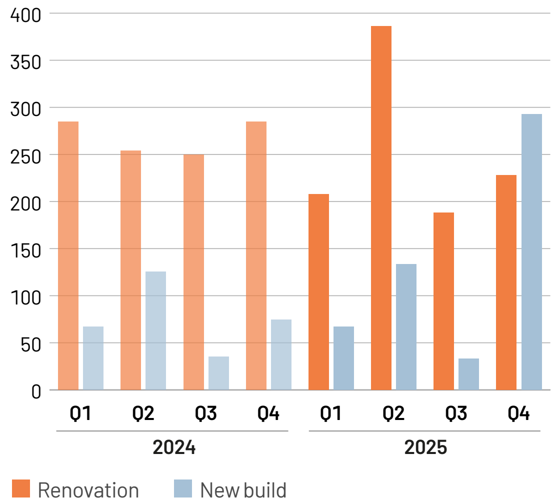
THE GROUP'S NOTES

Segment reporting

2025	Renovation	New build	Group-wide	Eliminations	Total
Net sales – External revenue	985,635	309,436			1,295,071
Net sales – Internal revenue			26,834	-26,834	0
Total net sales	**985,635**	**309,436**	**26,834**	**-26,834**	**1,295,071**
Operating profit (EBIT)	**-16,520**	**-1,055**	**-1,130**	**0**	**-18,705**
Depreciation and amortisation included in EBIT	40,310	5,783			46,093
of which amortisation/depreciation of acquired intangible assets	3,307	208			3,515
Items affecting comparability	24,460	5,852	284	0	30,596
Adjusted operating profit (EBITA)	**11,247**	**5,005**	**-846**	**0**	**15,406**
Adjusted operating margin (%)	1.1	1.6			1.2
Operating profit (EBIT)	-16,520	-1,055	-1,130	0	-18,705
Finance income			4,684		4,684
Finance costs			-33,455		-33,455
Profit before tax			**-29,901**		**-47,476**
Tax					12,459
Profit for the year					**-35,017**

2024	Renovation	New build	Group-wide	Eliminations	Total
Net sales – External revenue	1,000,184	417,733			1,417,917
Net sales – Internal revenue			23,668	-23,668	0
Total net sales	**1,000,184**	**417,733**	**23,668**	**-23,668**	**1,417,917**
Operating profit (EBIT)	**41,688**	**4,188**	**-11,055**	**0**	**34,821**
Depreciation and 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
Adjusted operating profit (EBITA)	**55,830**	**18,597**	**-4,870**	**0**	**69,557**
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
Profit before tax			**-40,922**		**4,954**
Tax					-396
Profit for the year					**4,558**

ORDER INTAKE BY SEGMENT SEK MILLION

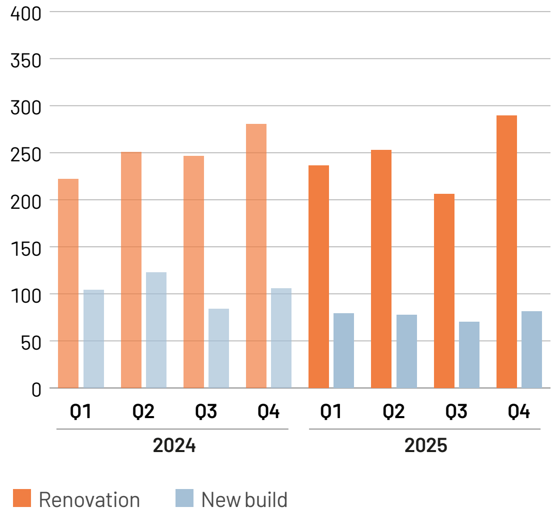


Sales per geographical market

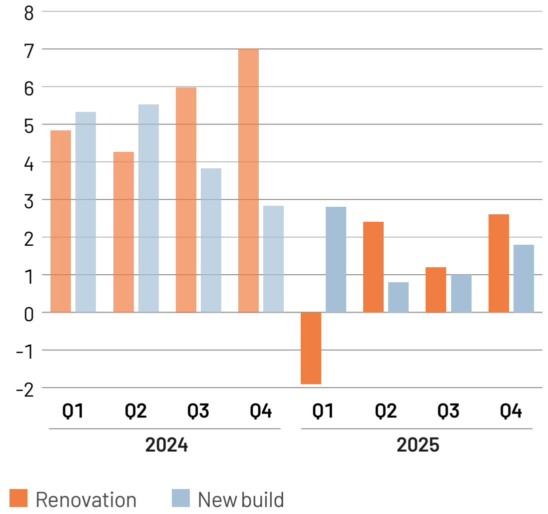
2025	Net sales	Share of total sales
Sweden	586,764	45%
Rest of the Nordic region	516,263	40%
Rest of Europe	192,044	15%
Net sales	**1,295,071**	**100%**

2024	Net sales	Share of total sales
Sweden	606,222	43%
Rest of the Nordic region	659,171	46%
Rest of Europe	152,524	11%
Net sales	**1,417,917**	**100%**

SALES GROWTH BY QUARTER MSEK



OPERATING MARGIN PER QUARTER PERCENT



Note 3: Revenue recognition

Accounting policies

Construction contracts

The Group's revenue mainly relates to revenue from the execution of construction contracts regarding the installation of balconies in connection with new build or renovation. Usually, the construction contracts constitute a performance obligation as the parts of the assignment cannot be separated from each other but constitute a combined commitment within both new build and renovation. The construction contracts include a guarantee on work performed. Guarantees are not deemed to constitute a separate performance obligation in light of the fact that these are statutory guarantees issued according to industry practice of normally 5 years.

Transaction price

Customer contracts essentially relate to fixed-price agreements. The Group considers whether there may be other obligations that constitute separate performance obligations and to which the transaction price should be allocated. Revenue from contracts with customers is measured at the contractual transaction price, reflecting the consideration that the Group expects to receive. Within the framework of the fixed-price agreements, the customer pays the contractual transaction price at agreed payment dates (see the section Contract assets regarding the relationship between work performed and consideration received from the customer). The Group has no significant effects from variable consideration affecting the transaction amount.

Timing of revenue recognition

Revenue recognition occurs over time when there is no alternative use for the products, as the products are specifically adapted for the customer and the Group has a right to payment. When applying revenue recognition over time, the profit is recognized as the project is completed. Revenue is recognised only when the Group can reasonably measure the progress toward complete satisfaction of the performance obligation. When revenue and costs can be estimated 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 determined as expenses incurred for work performed up to the end of the reporting period as a percentage of estimated total expenses for each contract. Expenses are recognised continuously for the activities included under the contract. When it is probable that total expenses will exceed total revenue, the expected loss is recognised immediately as an expense. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of incurred expenses that are likely to be recovered from the customer. The Group acts as principal in all contracts given that the Group is responsible for fulfilling the commitment to the customer, determines the transaction price and retains control of the products until control has been transferred to the customer.

Contract costs

Some of the indirect project expenditures such as pre-project planning and sales commission, which the Group incurs, are treated as fulfilment costs and are capitalised and amortised over the duration of the projects. The Group applies the practical expedient of recognising incremental costs of obtaining a contract as an expense when incurred based on the expected amortisation period of the asset that the Group would otherwise have recognised being no more than one year. Costs for sales commissions are recognised in the Group's income statement within production and project costs.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the products to the customer and the payment by 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 when accounting for construction contracts according to a model that is well-proven and has been applied by the Group over a long period. This model requires the Group to make estimates of the proportion of the total services to be performed that the services already performed as of the balance sheet date represent. Balco Group's revenue and profit are driven by the point in time when the costs actually incurred arise during the execution of the project. Remaining performance obligations are part of contracts that have an original expected duration of at most one year.

In accordance with IAS 37, the entire expected loss for a project is recognised when the forecast indicates a negative project result. If the proportion between performed services and total services to be performed were to deviate by 1 percent, the year's reported revenue would change by 13 MSEK (2024: 14 MSEK).

Note 4: Costs by cost category

Accounting policies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the balance sheet date exchange rate are recognised in operating profit in the income statement.

	2025	2024
Raw materials, consumables and subcontracting services	-799,351	-829,995
Employee benefits expenses (note 10)	-379,973	-394,429
Depreciation, amortisation and impairment (note 15-17)	-46,094	-50,122
Other costs	-100,946	-112,225
Total costs for production, projects, sales and administration	**-1,326,363**	**-1,386,771**

Exchange differences

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

	2025	2024
Production and project costs	-2,286	-1,061
Finance income	0	913
Finance costs	-1,690	-3,369
Total exchange differences in the income statement	**-3,976**	**-3,517**

The Group strives for balance in currency flows by matching sales and purchases in each currency where possible.

Note 5: Items affecting comparability

Accounting policies

Items affecting comparability are particularly significant items that are reported separately due to their size or frequency, such as restructuring costs, impairment, divestments and acquisition costs. Restructuring costs are included within production and project costs, distribution costs and administrative expenses. Acquisition costs are reported as administrative expenses.

	2025	2024
Production and project costs	-23,676	-15,043
Selling expenses	-3,153	-3,311
Administrative expenses	-3,768	-6,324
Total items affecting comparability	**-30,597**	**-24,678**

Note 6: Other operating income and operating expenses

	2025	2024
Other operating income		
Personnel-related	465	629
Change in contingent consideration	9,630	0
Gain on disposal of tangible assets	2,024	792
Other	829	2,281
Total other operating income	**12,947**	**3,702**
Other operating expenses		
Loss on disposal of tangible assets	0	0
Other	-359	-27
Total other operating expenses	**-359**	**-27**

For information on contingent consideration, please refer to note 28.

Note 7: Remuneration of auditors

	2025	2024
KPMG		
Audit engagement	-2,842	-2,967
Audit activities other than the audit engagement	-180	-180
Tax advisory services	-178	-199
Other services	-85	-56
Total	**-3,285**	**-3,402**
Audit engagement:		
Alpha Revision AS	-61	-67
Shawgibbs	-136	-59
Kancelaria Biegłych Rewidentów "CDP" Sp. z o.o.	-51	-48
Reilu Hallinto OY	-10	-8
Total	**-258**	**-182**
Total	**-3,543**	**-3,584**

Note 8: Financial income and financial expenses

	2025	2024
Finance income		
Interest income on bank balances	4 684	4 466
Finance income	**4 684**	**4 466**
Finance costs		
Interest expenses on liabilities to credit institutions	-25 799	-22 054
Interest expenses regarding leasing	-1 693	-1 454
Other finance costs	-5 963	-10 824
Finance costs	**-33 455**	**-34 332**
Total financial items - net	**-28 771**	**-29 867**

Note 9: Income taxes

Income tax on the profit differs from the theoretical amount that would have resulted from using the weighted average tax rate for the results in the consolidated companies as follows:

Tax on profit for the year	2025	2024
Current tax:		
Current tax on profit for the year	-2,090	-10,218
Adjustments regarding previous years	-86	-291
Total current tax	**-2,176**	**-10,509**
Deferred tax:		
Origin and reversal of temporary differences	14,635	10,113
Total deferred tax	**14,635**	**10,113**
Income tax	**12,459**	**-396**

	2025	2024
Profit before tax	**-47,476**	**4,954**
Income tax calculated according to the applicable tax rate for the parent company, 20.6% (2024: 20.6%)	9,780	-1,021
Tax effects of:		
– Foreign tax rates	5,937	-336
– Non-taxable revenue	551	186
– Non-deductible expenses	-3,592	0
– Other	-86	1,066
– Adjustments regarding previous years	-132	-291
Tax expense	**12,459**	**-396**
Effective tax rate, %	26.2	8.0

Accounting policies

Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax receivables and current tax liabilities, the deferred tax assets and deferred tax liabilities relate to taxes levied by the same taxation authority and relate to either the same taxable entity or different taxable entities and there is an intention to settle the balances through net payments.

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

Deferred tax income and expenses	2025	2024
Deferred tax expense regarding temporary differences	5,141	4,691
Deferred tax income regarding temporary differences	9,494	5,423
Total deferred tax in the income statement	**14,635**	**10,113**

Deferred tax assets

2024	Tax loss carryforwards	Leasing etc.	Other	Total
Opening carrying amount	0	-52	346	294
Recognised in the income statement	4,369	73	982	5,423
Recognised via equity	24	531	0	555
Closing carrying amount	**4,394**	**551**	**1,328**	**6,272**

2025	Tax loss carryforwards	Leasing etc.	Other	Total
Opening carrying amount	4,394	551	1,328	6,273
Recognised in the income statement	9,183	226	84	9,494
Recognised via equity	-1,830	2	0	-1,828
Closing carrying amount	**11,747**	**779**	**1,412**	**13,938**

Deferred tax liabilities

2024	Building	Brand/Order backlog	Untaxed reserves	Other	Total
Opening carrying amount	-7,511	-25,230	-3,146	-5,832	-41,719
Correction of errors from previous years	0	0	0	2,108	2,108
Updated opening carrying amount	**-7,511**	**-25,230**	**-3,146**	**-3,724**	**-39,611**
Recognised in the income statement	372	1,656	1,529	1,134	4,691
Recognised via equity	-1,549	-27,933	-172	-176	-29,830
Closing carrying amount	**-8,688**	**-51,507**	**-1,789**	**-2,766**	**-64,750**

2025	Building	Brand/Order backlog	Untaxed reserves	Other	Total
Opening carrying amount	-8,688	-51,507	-1,789	-2,766	-64,750
Recognised in the income statement	372	347	1,065	3,357	5,141
Recognised via equity	0	0	0	588	588
Closing carrying amount	**-8,317**	**-51,160**	**-724**	**1,179**	**-59,022**

Further information regarding the correction of errors from previous years can be found on page 68, Consolidated statement of changes in equity.

Note 10: Employees and costs

Accounting policies

Short-term employee benefits

Short-term employee benefits are recognised as an expense and a liability when there is a legal or constructive obligation to pay a benefit. The cost is recognised as service is rendered 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.

	2025	2024
Salaries and other remuneration	-284,668	-294,119
Social security contributions	-62,401	-64,255
Pension costs – defined contribution plans	-32,903	-36,055
Total	**-379,973**	**-394,429**

	2025		2024	
Average number of employees with geographical distribution by country	**Average number of employees**	**Of whom women**	**Average number of employees**	**Of whom women**
Sweden	281	26	304	27
Norway	6	1	19	1
Denmark	35	3	56	4
United Kingdom	17	1	14	0
Netherlands	2	0	1	0
Poland	60	11	60	11
Finland	132	5	176	6
Germany	11	2	10	1
Total	**544**	**47**	**640**	**50**

	2025		2024	
	Number on the balance sheet date	**Of whom women**	**Number on the balance sheet date**	**Of whom women**
Board members	22	3	24	3
Chief Executive Officer	12	1	13	1
Total	**34**	**4**	**37**	**4**

Remuneration and other benefits 2025	Basic salary/ Board fees	Social security contributions/ Special payroll tax	Variable remuneration	Other benefits	Pension costs	Total
Ingalill Berglund, Chairman of the Board	-620	-195	0	0	0	-815
Carl-Mikael Lindholm, Board member	-258	-81	0	0	0	-338
Johannes Nyberg, Board member	-333	-105	0	0	0	-437
Vibecke Hverven, Board member	-278	-87	0	0	0	-365
Thomas Widstrand, Board member	-258	-81	0	0	0	-338
Mikael Andersson, Board member	-278	-87	0	0	0	-365
Camilla Ekdahl, Chief Executive Officer	-3,121	-1,289	-305	-224	-979	-5,917
Other senior executives (5 people)	-6,432	-2,654	-616	-464	-2,008	-12,175
Total	**-11,576**	**-4,578**	**-921**	**-688**	**-2,987**	**-20,750**

Remuneration and other benefits 2024	Basic salary/ Board fees	Social security contributions/ Special payroll tax	Variable remuneration	Other benefits	Pension costs	Total
Ingalill Berglund, Chairman of the Board	-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, Managing Director	-2,999	-1,539	-911	-228	-984	-6,661
Other senior executives (3 persons)	-4,977	-2,478	-1,734	-305	-1,134	-10,628
Total	**-9,926**	**-4,570**	**-2,645**	**-533**	**-2,118**	**-19,792**

Terms and conditions for the CEO

If the CEO is dismissed, a 12-month notice period applies. If, on the other hand, the CEO resigns, a 6-month notice period applies. The CEO is entitled to retain their fixed salary during the notice period. Other benefits are adjusted during the notice period based on needs and the duties assigned to the CEO, meaning, among other things, that all benefits cease if the CEO is released from work. If the CEO during the notice period obtains other employment or otherwise has income from employment, business or own operations, deductions shall be made from the CEO's notice pay and severance pay for what the CEO then earns. The Company sets aside 30% of the gross salary and 25% of variable remuneration for a pension insurance according to the CEO's choice of insurance company. Outstanding pension obligation to the CEO exists in the form of a direct pension solution totaling SEK 3,032 thousand (2024: SEK 1,754 thousand).

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

Senior executives refer to the Managing Director and the Group management. These guidelines shall be applied to remuneration agreed upon, and changes made to already agreed remuneration, after the guidelines have been adopted by the Annual General Meeting. Remuneration resolved upon by the shareholders at a general meeting falls outside these guidelines. Thus, share-based incentive programs for senior executives or remuneration to Board members for Board work are not covered by these guidelines.

The guidelines' contribution to the company's business strategy, long-term interests and sustainability

The Company is market-leading in the balcony industry and develops, manufactures, sells and is responsible for the installation of self-manufactured open and glazed balcony systems within well-defined market areas. In short, the Company's business strategy aims to strengthen the Company's market-leading position as a supplier of high-quality balcony solutions which are tailored to the customer's specific needs and requirements. The Company's overall goal is to create increased value for shareholders through organic profit growth and acquisitions.

The company views sustainability from both a commercial and an ethical perspective and strives to conduct credible and goal-oriented sustainability work with regard to the environment and society. The work with sustainability is an integrated part of the company's operations. Furthermore, the company's sustainability work is systematic and goal-oriented and is reported in the Group's annual and sustainability report.

For more information on the company's business strategy, long-term interests and sustainability, please refer to the company's website, www.balcogroup.se.

A successful implementation of the company's business strategy and the safeguarding of its long-term interests, as well as meeting expectations for sustainable business, requires that the company can attract, motivate and retain senior executives. The objective of the company's remuneration is for it to be competitive and at the same time in line with shareholders' interests. The company's forms of remuneration shall together create a well-balanced remuneration that reflects individual competence, responsibility and performance, in both the short and long term, as well as the company's total performance. These guidelines enable senior executives to be offered market-based and competitive total remuneration.

Incentive programs

Warrant-based incentive programs for senior executives and additional key employees have been established in the company, which have been implemented on market terms, for the purpose of encouraging broad share ownership among the company's key employees, facilitating recruitment, retaining competent and talented employees, increasing the alignment of interests between the key employees' and the company's objectives, and increasing motivation to achieve or exceed the company's financial targets. Thus, the warrant programs have a clear link to the company's business strategy, the safeguarding of the company's long-term interests, and meeting expectations for sustainable business.

The executives or key employees covered by the programs may acquire warrants at market price. In order to encourage participation in the programs, it was decided to authorise the Board to subsidise the participants' participation in the program in the form of a gross salary supplement, corresponding to a maximum of the premium paid for each warrant, provided that the participant at the time still remains in their employment in the company or other corresponding employment within the Balco Group, and holds their warrants. New subscription of shares through the exercise of warrants can take place after three years.

Since share- and share price-related incentive programs are decided by the general meeting, they are not covered by these guidelines.

Forms of remuneration

The company shall offer market-based and competitive total compensation. Remuneration to senior executives may consist of fixed and variable salary, as well as pension benefits and other benefits. This also includes terms of notice and severance pay. To ensure that the total remuneration is market-based and competitive, it shall be reviewed annually. Consideration shall then be given to the position, the company's size, salary and the person's experience. In addition, the general meeting may, independently of these guidelines, decide on share-based remuneration, among other things.

Fixed salary
The senior executives' fixed annual salary shall be competitive and based on the individual executive's competence, responsibility and performance. The fixed salary shall form the basis for the total remuneration.

Variable cash remuneration
In addition to fixed annual salary, the executives may receive variable cash remuneration. Such variable remuneration shall be based on predetermined and measurable criteria that may be financial or non-financial. The variable remuneration may be linked directly or indirectly to the achievement of the financial targets set by the company's Board of Directors, which include the Group's EBIT (operating profit). The non-financial criteria may be linked to sustainability. The variable remuneration is normally paid based on performance over twelve months (the calendar year) and the financial information most recently published by the company. The 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. For each senior executive, the variable remuneration may not exceed 50 percent of the fixed annual salary.

Variable remuneration shall only form the basis for pension benefits if this follows from applicable collective agreement provisions.

Other benefits and pension
The Group offers other benefits to senior executives in accordance with local practice. Such other benefits may, for example, include a company car and occupational healthcare. For a limited period, company housing may also be offered where applicable. Other benefits shall be on market terms.

Senior executives shall be entitled to pension benefits based on what is customary in the country where they are employed. Pension obligations shall be defined contribution and be secured through premium payments to insurance companies, unless the individual in question is covered by a defined benefit pension in accordance with applicable collective agreement provisions. For each senior executive, pensions may not exceed 30 percent of the fixed annual salary, unless a higher contribution base follows from an applicable collective agreement pension plan.

With regard to employment relationships subject to rules other than Swedish, as far as pension benefits and other benefits are concerned, appropriate adjustments may be made to comply with such mandatory rules or local practice, whereby the overall purpose of these guidelines shall be met.

Notice period and severance pay
Employment agreements entered into between the company and senior executives shall as a general rule apply until further notice. 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 corresponding to the fixed annual salary during the notice period. In the event of termination by the senior executive, the notice period may not exceed six months and severance pay shall not be paid.

Salary and employment conditions for employees
In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account. In the evaluation of the reasonableness and limitations of the guidelines, the following has formed the basis of the remuneration committee's and the Board of Directors' decision-making:

information on the employees' total remuneration,
the components of the remuneration; and
the increase and rate of increase of remuneration over time.

Decision-making process to determine, review and implement the guidelines
The Board of Directors has established a remuneration committee, whose tasks include preparing the Board of Directors' decision on proposals for these guidelines, remuneration principles and other employment conditions for senior executives. The remuneration committee shall also monitor and evaluate programs for variable remuneration for senior executives, both ongoing and those completed during the year, the application of

guidelines for remuneration to senior executives as well as the current remuneration structures and remuneration levels in the company.

The Board of Directors shall prepare proposals for new guidelines at least every four years and submit the proposal for resolution at the general meeting. The guidelines shall apply until new guidelines have been adopted by the general meeting.

Temporary derogation from the guidelines
The Board of Directors shall have the right to temporarily derogate from these guidelines, in whole or in part, if in an individual case there are special reasons for doing so and a derogation is necessary to serve the company's long-term interests and to meet expectations for a sustainable and responsible business, or to ensure the company's financial viability.

In cases where the Board of Directors makes such a derogation, this shall be stated in the Board's remuneration report, where the reasons for the derogation and which parts of the guidelines have been derogated from shall also be stated. The Remuneration Committee's duties include preparing the Board's decisions on remuneration matters, which includes decisions on any derogation from the guidelines.

f Long-term incentive programmes

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.

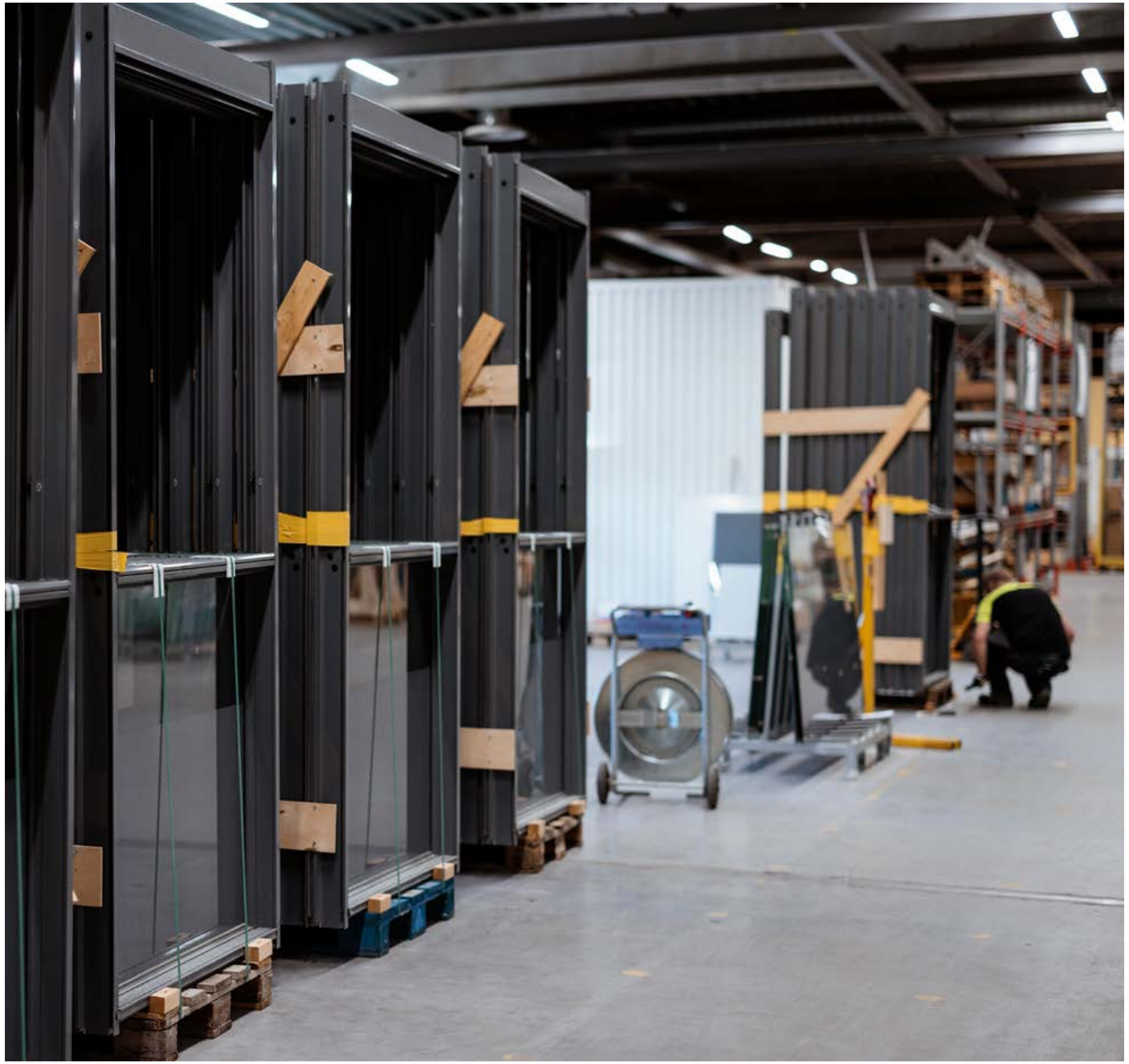
The programme has been classified as equity-settled as the holder can only receive shares upon redemption. Upon exercise of the warrants, the exercise price will be recognised in equity.

At the Annual General Meeting held on 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 percent of the company's total number of shares. The senior executives of Balco Group have acquired 75,000 warrants with a total value of 310,500 SEK.

The purpose of the incentive programmes is to encourage broad share ownership among the company's key employees, facilitate recruitment, retain skilled and talented employees, increase the alignment of interests between the key employees and the company's objectives, 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 will correspond to a maximum of the participant's invested gross amount. The subsidy to the participants will be paid in connection with the exercise of the warrants and requires that the participant at that time still remains in their employment in the company or other corresponding employment within Balco Group, and holds their warrants. The subsidy for each participant shall amount to a maximum of an amount corresponding to the premium paid for the participant's warrants held at the time of the 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	220,000	0	79.40	2025-09-01–2025-09-30
2024/2027	230,000	0	0	230,000	47.80	2027-08-26–2027-09-24
	1,050,000	**0**	**820,000**	**230,000**		



Note 11: Post-employment benefits

Accounting policies

Termination benefits

Termination benefits are paid 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 the employment of employees according to a detailed formal plan without possibility of withdrawal. In the case where the Group has made an offer to encourage voluntary redundancy, the termination benefits are 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 following amounts have been recognised in the income statement:

	2025	2024
Recognition in the income statement regarding:		
Costs for defined contribution pension plans	-28,653	-30,446
Income statement	**-28,653**	**-30,446**

For white-collar employees in Sweden, the ITP 2 plan's defined-benefit pension obligations for retirement and family pensions are secured through insurance in Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Accounting for the ITP 2 pension plan, which is financed through insurance in Alecta, this is a multi-employer defined benefit plan. For the current and preceding financial years, the Group has not had access to information to be able to report its proportional share of the plan's obligations, plan assets and costs, which means that it is not possible to report the plan as a defined benefit plan. The ITP 2 pension plan secured through insurance in Alecta is therefore reported as a defined contribution plan. The premium for the defined benefit retirement and family pension is individually calculated and depends, among other things, on salary, previously earned pension and expected remaining period of service. Expected costs for the next reporting period for ITP 2 insurance policies signed with Alecta amount to SEK 27,077 thousand (2024: SEK 28,772 thousand).

The collective consolidation level is defined as the market value of Alecta's assets as a percentage of insurance obligations calculated in accordance with Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective consolidation level is normally allowed to vary between 125 and 175 percent. If Alecta's collective consolidation level falls below 125 percent or exceeds 155 percent, measures should be taken to create the conditions for the consolidation level to return to the normal range. In the event of low consolidation, one measure may be to increase the agreed price for new subscriptions and the expansion of existing benefits. In the event of high consolidation, one measure may be to introduce premium reductions. At the end of 2025, Alecta's surplus in the form of the collective consolidation level amounted to 167 percent (2024: 162 percent).

Premiums to Alecta are determined by assumptions about interest rates, longevity, operating costs and yield tax, and are calculated such that the payment of a constant premium until the time of retirement is sufficient for the entire target benefit, which is based on the insured person's current pensionable salary which is then expected to have been earned.

There is no established regulatory framework for how any deficits that may arise should be handled, but in the first instance, losses are to be covered by Alecta's collective consolidation capital, and thus do not lead to increased costs through higher agreed premiums. There is also no regulatory framework for how any surplus or deficit should be distributed in the event of the termination of the plan or a company's withdrawal from the plan.

In addition to the aforementioned pension plan, the Group only has defined contribution pension plans and endowment insurance.

Note 12: Related party transactions

Related party transactions

The Group's key management personnel consist of the Board of Directors, the Managing Director and the Group management, both through their ownership in Balco Group and through their roles as senior executives. The circle of related parties also includes the company's largest shareholder, the Hamrin family, which is represented on the Board of Directors by Carl-Mikael Lindholm, and Skandrenting, which is represented on the Board of Directors by Johannes Nyberg. Related party transactions take place on market terms.

No related party transactions have taken place during 2025 or 2024.

Note 13: Investments in Group companies

Accounting policies

Subsidiaries

The acquisition method is used to account for the Group's business combinations. The consideration for the acquisition of a subsidiary consists of the fair value of transferred assets, liabilities and the shares issued by the Group. The consideration also includes the fair value of any assets or liabilities resulting from a contingent consideration agreement.

Parent Company	2025-12-31	2024-12-31
Opening cost of acquisition	1,066,592	1,458,184
Acquisition	32,051	184,810
Disposal	0	-482
Impairment	-17,424	-575,910
Revaluation of contingent considera-tion	-9,568	-10
Closing carrying amount	**1,071,651**	**1,066,592**

				2025-12-31		2024-12-31	
Name	Corporate iden-tity number	Registered office	Share of capital, %	Number of shares	Carrying amount	Number of shares	Carrying amount
Nordiska Balco AB	556325-3847	Växjö	100	1,548,176	45,000	1,548,176	45,000
– 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	United Kingdom	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	14,484	500,000	20,563
Kronhjorten och Lodjuret Holding AB	559018-7489	Växjö	100	50,000	50	50,000	50
TBO-Haglinds AB	556363-9631	Arboga	100	1,000	86,556	1,000	93,556
Arutex AB	556814-1575	Arboga	100	500	4,407		
Stora Fasad AB	556376-2185	Västerås	100	1,000	18,232	1,000	18,232
RK Teknik i Gusum AB	556414-3955	Gusum	100	1,000	71,234	1,000	71,234
– 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	21,687
NMT Montageteknik i Norden AB	559056-8415	Sundsvall	100	2,000	34,484	2,000	34,484
Riikku Group OY	1994198-6	Finland	100	675	115,492	675	121,814
– Riikku Sverige AB	556769-3402	Järfälla	100				
Suomen ohutlevyasennus OY	2448665-8	Finland	80	80	83,050	60	62,996
Total				**2,106,932**	**1,071,651**	**2,106,412**	**1,066,592**

Note 14: Acquisitions

Acquisitions

Balco Group's objective is for the company to grow primarily organically through its own strength, but acquisitions are also of interest in cases where the acquisitions contribute to strengthening Balco Group's competitiveness or can accelerate the rate of establishment in a market.

No acquisitions were carried out during 2025.

Note 15: Intangible assets

Accounting policies

Goodwill

Goodwill arising on business combinations is initially measured at the amount by which the total purchase consideration, and the fair value of any non-controlling interests, exceeds the fair value of 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 at 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 annually 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 of disposal. 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 of acquisition 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 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 these are well-established trademarks 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 of acquisition less any impairment; see also Impairment of non-financial non-current 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 that have an indefinite useful life, goodwill and trademarks, are not amortised but are tested annually for possible impairment. Assets that are amortised are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal costs and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separate identifiable cash flows (cash-generating units). Impairment testing of goodwill and trademarks is performed at the 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 level of 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. Below is a summary of goodwill, allocated by respective operating segment, and a summary of trademarks, allocated by respective operating segment.

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 goodwill

The recoverable amount exceeds the carrying amounts for goodwill by a significant margin.

No reasonably possible changes in key assumptions would lead to an impairment loss.

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

Intangible assets

2024	Goodwill	Brand	Acquired order backlog	Licences	Capitalised development expenditure	Work in progress	Total
Opening carrying amount	485,160	128,856	0	3,270	7,260	2,787	627,332
Acquisition	0	0	0	225	377	5,631	6,233
Increase through business combinations	33,378	130,187	7,634	0	8,803	0	180,002
Reclassification	-3,090	0	0	53	3,873	-3,926	-3,090
Disposals	-1,309	0	0	-102	0	0	-1,411
Exchange rate differences, cost of acquisition	703	2,171	123	123	44	0	3,164
Amortisation / impairment	0	-9	-7,121	-1,404	-2,608	0	-11,141
Depreciation through business combinations	0	0	0	0	-6,375	0	-6,375
Depreciation, disposals	693	0	0	102	0	0	796
Exchange rate difference depreciation	0	0	-34	-53	-33	0	-120
Closing carrying amount	**515,535**	**261,205**	**603**	**2,215**	**11,340**	**4,492**	**795,389**
As at 31 December 2024							
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
Carrying amount	**515,535**	**261,205**	**603**	**2,215**	**11,340**	**4,492**	**795,389**

2025	Goodwill	Brand name	Acquired order backlog	Licences	Capitalised development expenditure	Work in progress	Total
Opening carrying amount	515,535	261,205	603	2,215	11,340	4,492	795,389
Acquisition	0	0	0	0	0	10,385	10,385
Increase through business combinations	14,643	0	2,300	269	1,084	0	18,296
Reclassification	0	0	0	102	1,787	-1,889	0
Disposals	0	0	0	0	0	0	0
Exchange rate differences, cost of acquisition	-2,293	-8,303	-451	-182	-561	0	-11,790
Amortisation / impairment	0	0	-868	-1,139	-3,511	0	-5,519
Depreciation through business combinations	0	0	0	0	11	0	11
Depreciation, disposals	0	0	0	0	0	0	0
Exchange rate difference, depreciation	0	1	430	110	426	0	967
Closing carrying amount	**527,885**	**252,903**	**2,013**	**1,374**	**10,576**	**12,989**	**807,739**
As at 31 December 2025							
Cost of acquisition	527,885	252,903	22,558	11,214	23,508	12,989	851,057
Accumulated depreciation	0	0	-20,546	-9,840	-12,932	0	-43,318
Carrying amount	**527,885**	**252,903**	**2,013**	**1,374**	**10,576**	**12,989**	**807,739**

Amortisation of intangible assets by function	2025	2024
Production and project costs	-4,233	-9,752
Distribution costs	-241	-266
Administrative expenses	-1,046	-1,123
Total	**-5,519**	**-11,141**

Intangible assets distributed by geographical market	2025	2024
Sweden	620,735	611,609
Other Nordic countries	13,192	183,199
Other Europe	173,811	582
Total	**807,738**	**795,389**

Goodwill

2024	Renovation	New build	Total
Opening carrying amount	475,537	9,623	485,160
Exchange rate difference in cost	205	39	244
Acquisitions	22,726	7,405	30,131
Closing carrying amount	**498,468**	**17,067**	**515,535**

2025	Renovation	New build	Total
Opening carrying amount	498,468	17,067	515,535
Exchange rate difference in cost	-2,178	-115	-2,293
Acquisitions	12,977	1,666	14,643
Closing carrying amount	**509,267**	**18,618**	**527,885**

Trademarks

2024	Renovation	New build	Total
Opening carrying amount	115,435	13,421	128,856
Exchange rate difference cost	372	0	372
Acquisition	35,340	96,638	131,978
Closing carrying amount	**151,147**	**110,059**	**261,206**

2025	Renovation	New build	Total
Opening carrying amount	151,147	110,059	261,206
Exchange rate difference cost	-4,815	-3,488	-8,303
Acquisition	0	0	0
Closing carrying amount	**146,332**	**106,571**	**252,903**

	2025		2024	
	Renovation	New build	Renovation	New build
EBITDA margin[1)]	8.10%	6.80%	8.70%	7.40%
Annual growth rate[2)]	14.00%	17.80%	12.70%	8.60%
Discount rate[3)]	11.26%	11.26%	10.83%	10.83%
Long-term growth rate[4)]	2.00%	2.00%	3.00%	3.00%

1) Budgeted EBITDA margin
2) Average growth rate over the five-year forecast; based on historical outcome and management's assessment of market development.
3) Discount rate after tax 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.

Note 16: Right-of-use assets

Accounting policies

The Group's leases essentially relate to premises, plant and machinery, and vehicles and other equipment.

Leases are recognised as right-of-use assets and a corresponding debt on the day the leased asset is available for use by the Group. Each lease payment is divided between the repayment of the lease liability and the finance cost. The finance cost is distributed over the lease term so that each accounting period is charged with an amount corresponding to a fixed interest rate for the debt recognised for the respective period.

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

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

- Fixed fees
- Variable lease payments that depend on an index
- Amounts expected to be paid in respect of residual value guarantees
- The exercise price for a purchase option if the Group is reasonably certain to exercise such an option.

Lease payments are discounted using the lease's implicit interest rate or the incremental borrowing rate if the implicit rate is not known. The incremental borrowing rate is the interest rate that the individual lessee would have to pay to borrow to buy an asset of similar value to the right-of-use asset in a similar economic environment with similar terms and collateral.

Right-of-use assets are measured at cost of acquisition and include:

- The initial measurement of the lease liability.
- Payments made at or before the date on which the leased asset is made available to the lessee.

Lease payments attributable to short-term leases and leases for which the underlying asset is of low value are recognised as an expense on a straight-line basis over the lease term.

Short-term leases are leases with a lease term of 12 months or less and primarily relate to scaffolding hire for installation at construction sites. These are recognised as production and project costs. Leases for which the underlying asset is of low value primarily relate to IT equipment and office machinery which are recognised as administrative expenses.

Options to extend and terminate leases

Options to extend and terminate leases are included in a number of the Group's leases regarding buildings and equipment. The terms are used to maximise flexibility in the management of assets used in the Group's operations. The vast majority of the options providing the possibility of extending and terminating leases can only be exercised by the Group and not by the lessors.

When determining the lease term, management considers all available information that provides an economic incentive to exercise an extension option, or not to exercise an option to terminate a lease.

Extension options are only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated).

For leases relating to warehouses, machinery and equipment, the following factors are normally most material:

- If the leases contain significant termination fees (or fees for not extending them), the Group normally assesses that it is reasonably certain that extension will occur (or that termination will not occur).
- If the Group has leasehold improvements and expects the leasehold improvements to have a significant remaining value, it is usually reasonably certain that the leases will be extended (or not terminated).
- Otherwise, the Group considers other factors, including the historical lease period, and the costs and business interruptions required to replace the leased asset.

The majority of extension options relating to the leasing of office premises and vehicles have not been included in the lease liability because the Group can replace the assets without significant costs or business interruptions.

The lease term is reassessed if an option is exercised (or not exercised) or if the Group is forced to exercise the option (or not exercise it). The assessment of whether it is reasonably certain is only reassessed if any significant event or change in circumstances occurs that affects this assessment and the change is within the control of the lessee.

Right-of-use assets

2024	Premises	Plant and machinery	Vehicles and other equipment	Total
Opening carrying amount	60,278	1,081	9,136	70,495
New contracts	1,272	299	4,151	5,722
Exchange rate differences, acquisition values	460	-5	190	645
Terminated contracts	4,992	-297	-1,933	2,761
Depreciation	-12,039	-534	-5,833	-18,405
Exchange rate differences, depreciation	-386	1	-124	-510
Closing carrying amount	**54,577**	**544**	**5,587**	**60,708**

2025	Premises	Plant and machinery	Vehicles and other equipment	Total
Opening carrying amount	54,577	544	5,587	60,708
New contracts	525	0	19,297	19,822
Exchange rate differences, acquisition values	-1,246	-17	-242	-1,505
Terminated contracts	5,155	0	-260	4,895
Depreciation	-12,133	-210	-9,826	-22,169
Exchange rate differences, depreciation	1,057	5	184	1,247
Closing carrying amount	**47,934**	**322**	**14,741**	**62,997**

Depreciation of right-of-use assets by function	2025	2024
Production and project costs	-14,311	-11,911
Distribution costs	-6,816	-6,057
Administrative expenses	-1,042	-437
Total	**-22,169**	**-18,405**

Right-of-use assets by geographical market	2025	2024
Sweden	57,279	55,382
Other Nordic countries	2,194	2,473
Rest of Europe	3,525	2,854
Total	**62,997**	**60,708**

Lease liabilities	2025-12-31	2024-12-31
Non-current	43,823	46,271
Current	21,061	16,642
Total	**64,883**	**62,912**

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

Cash flow from lease agreements	2025	2024
Interest expense on leases included in finance costs	-1,693	-1,454
Expenses attributable to short-term leases	-17,143	-18,785
Expenses attributable to non-short-term leases on low-value assets	-654	-827

Total cash flow for lease agreements during the year was SEK 22,364 thousand (2024: SEK 20,155 thousand), of which SEK 20,740 thousand (2024: SEK 18,701 thousand) was operating cash flow and SEK 1,624 thousand (2024: SEK 1,454 thousand) was financial cash flow.

Note 17: Property, plant and equipment

Accounting policies

Each part of an item of property, plant and equipment with a cost of acquisition that is significant in relation to the asset's total cost of acquisition is depreciated separately. No depreciation is made on land or ongoing projects.

Depreciation of other assets is calculated on a straight-line basis as follows:

Buildings ....10-25 years
Land improvements .... 25 years
Building fixtures .... 10 years
Plant and machinery....5-10 years
Equipment, tools and installations.... 5 years

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

Tangible assets are recognised at cost of acquisition less accumulated depreciation and any impairment.

The cost of acquisition includes the purchase price and expenses directly attributable to the asset to bring it to the location and in the condition to be utilised in accordance with the purpose of the acquisition.

The carrying amount of an item of property, plant and equipment is derecognised from the balance sheet upon disposal or sale or when no future economic benefits are expected from its use. The gain or loss arising from the sale or disposal consists of the selling price and the asset's carrying amount less direct distribution costs. The result is recognised as other operating income/expense.

2024	Land and buildings	Plant and machinery	Equipment, tools and fixtures	Ongoing new installations	Total
Opening carrying amount	108,631	30,334	18,883	4,081	161,929
Acquisition	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
Closing carrying amount	**161,216**	**43,319**	**22,709**	**2,405**	**229,649**
As of 31 December 2024					
Cost of acquisition	202,690	128,906	90,268	2,405	424,269
Accumulated depreciation	-41,474	-85,587	-67,559	0	-194,620
Carrying amount	**161,216**	**43,319**	**22,709**	**2,405**	**229,649**

2025	Land and buildings	Plant and machinery	Equipment, tools and installations	Construction in progress	Total
Opening carrying amount	161,216	43,319	22,709	2,405	229,649
Acquisition	45	510	1,657	4,579	6,792
Increase through business combinations	0	0	1,912	0	1,912
Reclassifications	0	2,584	735	-5,159	-1,840
Sales and disposals	0	-644	-14,009	0	-14,653
Exchange difference, cost of acquisition	-6,814	-3,060	-2,307	-78	-12,260
Depreciation / impairment	-5,141	-6,935	-6,621	0	-18,697
Depreciation, disposals	0	290	12,519	0	12,809
Depreciation, through business combinations	0	0	0	0	0
Exchange difference, depreciation	1,199	1,868	1,803	0	4,870
Closing carrying amount	**150,506**	**37,932**	**18,397**	**1,747**	**208,582**
As at 31 December 2025					
Cost of acquisition	195,922	128,296	78,256	1,747	404,220
Accumulated depreciation	-45,416	-90,363	-59,859	0	-195,638
Carrying amount	**150,506**	**37,932**	**18,397**	**1,747**	**208,582**

Depreciation of property, plant and equipment by function	2025	2024
Production and project costs	-17,287	-18,712
Distribution costs	-142	-620
Administrative expenses	-1,267	-1,252
Total	**-18,696**	**-20,584**

Property, plant and equipment by geographical market	2025-12-31	2024-12-31
Sweden	82,885	92,733
Other Nordic countries	69,072	74,181
Other Europe	56,624	62,734
Total	**208,582**	**229,649**

Note 18: Inventories

Accounting policies

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

	2025-12-31	2024-12-31
Raw materials and consumables	60,778	64,807
Total	**60,778**	**64,807**

The item production and project costs includes expenses for inventories recognised as an expense amounting to 33,607 thousand SEK (2024: 36,311 thousand SEK). Other income statement items include expenses for inventories recognised as an expense amounting to 0 thousand SEK (2024: 0 thousand SEK). Inventories in the Group have been written down by 924 thousand SEK (2024: 779 thousand SEK) during the period.

Note 19: Trade receivables

Accounting policies

Trade receivables generally fall due for payment within 30 days and all trade receivables have therefore been 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.

Provisions and reversals of reserves for doubtful debts 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.

	2025-12-31	2024-12-31
Trade receivables	184,892	125,625
Less: allowance for doubtful debts	-535	-2,551
Trade receivables – net	**184,357**	**123,074**

The ageing analysis of these trade receivables is presented below:

2025-12-31	**SEK thousand**	**%**
Not past due	153,485	83%
1-30 days	13,304	7%
31-60 days	3,102	2%
> 60 days	14,466	8%
Total trade receivables	**184,357**	**100%**

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

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

	2025-12-31	2024-12-31
Opening carrying amount	-2,551	-2,596
Provision for doubtful receivables	-150	-288
Receivables written off during the year as uncollectible	0	-202
Unused amounts reversed	2,166	535
Closing carrying amount	**-535**	**-2,551**

Note 20: Contract assets and contract liabilities

Accounting policies

In connection with construction contracts (see note Revenue recognition), the Group incurs items in the balance sheet related to the status of the relationship between work performed and compensation received from the customer. In the balance sheet, the Group recognises the position for each contract net, as either an asset or a liability. A contract constitutes an asset when accrued revenue (after deduction for recognised losses) exceeds invoiced amounts and is recognised in the item Contract assets in the balance sheet. The Group recognises a liability when the opposite condition exists and is recognised in the item Contract liabilities in the balance sheet.

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".

	2025-12-31	2024-12-31
Contract assets	180,534	199,703
Contract liabilities	-103,076	-38,039
Net	**77,457**	**161,664**

Closing order backlog as of 31 December 2025 was 1,523 MSEK (2024: 1,309 MSEK). An average project duration from the time the customer has obtained a building permit is 3–12 months. The time until the customer obtains a building permit varies for each project.

Amounts withheld by the customer amounted to SEK 0 thousand (2024: SEK 0 thousand).

2024	Accumulated assignment expenses	Less invoiced amounts	Fulfilment costs	Net amount in the balance sheet for ongoing assignments
Opening carrying amount	1,378,920	-1,248,818	-2,906	127,196
Correction of errors from previous years	-10,244	0	0	-10,244
Updated opening carrying amount	**1,368,676**	**-1,248,818**	**-2,906**	**116,952**
Contracts added during the year	1,086,609	-1,057,189	20,713	50,133
Contracts completed during the year	-719,764	728,133	-13,790	-5,421
Closing carrying amount	**1,735,521**	**-1,577,874**	**4,017**	**161,664**

2025	Accumulated assignment expenses	Less invoiced amounts	Fulfilment costs	Net amount in the balance sheet for ongoing assignments
Opening carrying amount	1,735,521	-1,577,874	4,017	161,664
Contracts added during the year	1,092,266	-1,138,074	21,652	-24,156
Contracts completed during the year	-983,286	940,863	-17,628	-60,051
Closing carrying amount	**1,844,501**	**-1,775,085**	**8,041**	**77,457**

Further information regarding the correction of errors from previous years can be found on page 68, the Group's statement of changes in equity.

Note 21: Other receivables

	2025-12-31	2024-12-31
VAT recoverable	1,605	6,702
VAT deposits	275	485
Other	6,508	6,357
Total	**8,388**	**13,545**

Note 22: Prepaid expenses and accrued income

	2025-12-31	2024-12-31
Prepaid invoices	12,124	12,220
Deposit for premises	3,220	419
Other	1,198	2,048
Total	**16,542**	**14,687**

Note 23: Cash and cash equivalents

Cash and cash equivalents consist in their entirety of bank balances.

The Group applies a cash pool solution primarily to manage variations in payment flows within the Group. The parent company is the sole contracting party to the bank.

Note 24: Equity

Accounting policies

Earnings per share before dilution

Earnings per share before dilution is calculated by dividing:

- The profit/loss for the year attributable to the parent company's shareholders
- by the weighted average number of ordinary shares outstanding during the period.

Earnings per share after dilution

For the calculation of earnings per share after dilution, the amounts used in the calculation of earnings per share before dilution are adjusted by taking into account:

- the weighted average number of additional ordinary shares that would have been outstanding upon conversion of all potential ordinary shares.

Share capital

Ordinary shares are classified as equity.

Amounts in SEK	2025	2024
Basic earnings per share	-1.55	0.05
Diluted earnings per share	-1.55	0.05

Share capital

At 31 December 2025, 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

	2025-12-31	2024-12-31
Personnel taxes	11,273	9,733
VAT liability	15,715	10,358
Other	16,073	22,635
Total	**43,062**	**42,725**

Note 26: Accrued expenses and deferred income

	2025-12-31	2024-12-31
Personnel liabilities	59,231	63,819
Other	10,871	12,812
Total	**70,103**	**76,630**

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 measured at amortised cost, and any difference between the amount received (net of transaction costs) and the repayment amount is recognised in the income statement over the loan period, using the effective interest method.

Borrowings are derecognised from the balance sheet when the obligations have been settled, cancelled, or otherwise extinguished. The difference between the carrying amount of a financial liability (or part of a financial liability) that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

	2025-12-31	2024-12-31
Non-current		
Liabilities to credit institutions	475,035	362,916
Liabilities regarding lease liabilities	43,823	46,271
Total non-current borrowings	**518,858**	**409,186**
Current		
Liabilities to credit institutions	234	0
Liabilities regarding lease liabilities	21,061	16,642
Total current borrowings	**21,295**	**16,642**
Total borrowings	**540,153**	**425,828**

Borrowings from credit institutions	Carrying amount 2025-12-31	Maturity date
Danske Bank	475,035	2028-03-31
Total borrowings from credit institutions	**475,035**	

Borrowings from credit institutions	Carrying amount 2024-12-31	Maturity date
Danske Bank	362,916	2026-10-12
Total borrowings from credit institutions	**362,916**	

Liabilities to credit institutions

The Group's borrowings are in SEK and consist of a revolving credit facility from Danske Bank for a total of SEK 510 million. The maturity date of the credit is 31 March 2028. The interest rate for the loans is set according to the applied margin with the impact of the development of the market interest rate with a three-month interest rate fixing period, in accordance with applicable bank agreements.

The fair value of borrowings corresponds to its carrying amount, as the discounting effect is not material.

Credits

Overdraft facilities are available in Swedish kronor.

Unutilised overdraft facilities amount to SEK 75,000 thousand (2024: SEK 75,000 thousand).

Lease liabilities

Lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of default.

Covenants

In 2025, the Group met all its obligations under the current covenants to the bank. There are two covenants, which are measured and reported quarterly:

- Interest coverage ratio (Adjusted EBITDA in relation to interest paid)
- Net debt in relation to adjusted EBITDA

In December, a waiver and an amendment to the existing credit agreement were obtained, whereby covenant levels were adjusted until June 2026.

Change in indebtedness

			Non-cash items				
	2025-01-01	Cash flow	Acquisitions	Accrued interest	Currency effect	Lease contracts	2025-12-31
Short-term liabilities to credit institutions	0	234	0	0	0	0	234
Non-current liabilities to credit institutions	362,916	111,638	482	0	0	0	475,035
Other non-current liabilities	34,685	-9,625	-14,644	0	1,229	0	11,644
Lease liabilities	62,912	-22,364	0	1,624	0	22,711	64,883
Total liabilities from financing activities	**460,512**	**79,883**	**-14,162**	**1,624**	**1,229**	**22,711**	**551,797**

			Non-cash items				
	2024-01-01	Cash flow	Acquisitions	Accumulated interest	Currency effect	Lease contracts	2024-12-31
Short-term 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
Total liabilities from financing activities	**245,799**	**167,739**	**32,077**	**1,454**	**2,051**	**11,393**	**460,512**

Note 28: Financial instruments

Accounting policies

Classification

The Group classifies its financial assets and liabilities in the following categories:

- Financial assets and liabilities measured at fair value through profit or loss, and
- financial assets and liabilities measured at amortised cost

The classification of investments in debt instruments 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 in cases where 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 removed from the balance sheet when the right to receive cash flows from the instrument has expired or has been transferred and the Group has transferred substantially all risks and rewards associated with ownership.

Financial liabilities are removed from the statement of financial position when the obligations have been settled, cancelled or otherwise terminated. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including transferred non-cash assets or assumed liabilities, is recognised in the consolidated income statement.

The Group also derecognises a financial liability when the contractual terms are modified and the cash flows from the modified liability are substantially different. In that case, a new financial liability is recognised at fair value based on the modified terms. 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.

Valuation

Financial assets are initially measured at fair value plus, in cases where the asset is not recognised at fair value through profit or loss, transaction costs directly attributable to the acquisition. Transaction costs directly attributable to financial assets recognised at fair value through profit or loss are expensed immediately in the income statement.

Investments in debt instruments (trade receivables and other non-current receivables)

Subsequent valuation depends on the Group's business model for managing the asset and the type of cash flows to which the asset gives rise. The Group classifies its investments in debt instruments as belonging to the amortised cost valuation category.

- Amortised cost: Assets held for the purpose of collecting contractual cash flows, where these cash flows consist solely of principal and interest, are recognised at amortised cost. Interest income from such financial assets is recognised as finance income by applying the effective interest method. Gains and losses arising on derecognition from the balance sheet are recognised directly in the income statement within other gains and losses together with the exchange rate result.
- Fair value through profit or loss: Assets that do not meet the criteria for recognition at amortised cost are measured at fair value through profit or loss. A gain or loss on a debt instrument that is recognised 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 of financial assets measured at amortised cost

The Group assesses future expected credit losses related to investments in debt instruments measured at amortised cost based on forward-looking information. The Group applies the simplified approach for calculating expected credit losses. The approach means that the loss allowance for expected credit losses over the entire term of the claim is used as the starting point for trade receivables and contract assets.

Offsetting of financial instruments

Financial assets and liabilities are offset and reported at a net amount in the statement of financial position, only when there is a legal right to offset the reported amounts and an intention to settle them on a net basis or to simultaneously realise the asset and settle the liability.

Trade payables

Trade payables refer to obligations to pay for goods and services acquired from suppliers in operating activities. Trade payables are classified as short-term liabilities if they fall due within one year. If not, they are reported as non-current liabilities. Trade payables are reported at a nominal amount. The carrying amount for trade payables is assumed to correspond 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 to which IFRS 3 applies, held for trading, or if they are initially identified as a liability at fair value through profit or loss.

Financial instruments

As at 31 December 2025	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)	7,039	21,118	56,314	482,039[1)]	0
Lease liabilities	5,213	15,638	10,663	21,675	13,609
Trade payables and other liabilities	157,570	0	0	0	0
Total	**169,822**	**36,756**	**66,977**	**503,714**	**13,609**

As at 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[2)]	0
Lease liabilities	4,032	12,096	8,609	20,655	20,414
Trade payables and other liabilities	145,657	0	0	0	0
Total	**153,818**	**24,482**	**41,638**	**396,505**	**20,414**

1) Matures 2028-03-31
2) Matures 2026-10-12

Capital accounting

The Group assesses its capital on an EBITDA basis (adjusted operating profit before depreciation and amortisation), with capital limited to external financing, net debt to EBITDA. This key figure is calculated as Group's external debt to EBITDA. External debt is defined as short-term and long-term borrowings less cash and cash equivalents and excluding liabilities relating to lease liabilities. Interest-bearing net debt is not to exceed 2.5 times EBITDA, other than temporarily.

	2025-12-31	2024-12-31
Total borrowing	540 153	425 828
Of which liabilities to credit institutions	475 269	362 916
Of which lease liabilities	64 883	62 912
Less: cash and cash equivalents	-158 066	-103 061
Less: lease liabilities	-64 883	-62 912
External loan debt	317 203	259 855
Adjusted EBITDA	57 623	84 943
Lease amortisation	-22 169	-18 405
EBITDA excluding leases	35 454	66 538
External loan debt/EBITDA	**8.95**	**3.91**

Contingent considerations

In connection with acquisitions, Balco Group sometimes agrees on contingent consideration. In the balance sheet as at 31 December 2025, contingent considerations amounting to 0 (0) MSEK are recognised. These are contingent on the acquired companies achieving a certain level of earnings growth over time. The liability for contingent considerations recognized in the balance sheet reflects management's best estimate of the outcome.
In the event that the companies perform better or worse than management's estimate, the difference will be reported in the income statement.

	2025-12-31	2024-12-31
Opening carrying amount	0	7,800
Revaluation via the income statement	0	0
Paid contingent considerations	0	-7,790
Reversed via the income statement	0	-10
Closing carrying amount	**0**	**0**

This means that the fair value measurement is essentially based on unobservable inputs (Level 3 as defined in IFRS 13).

Total outstanding considerations as at 31 December 2025 amount to 21 (32) MSEK, of which 0 (0) MSEK are contingent considerations. The debt for the considerations is in EUR.

The following table shows the Group's assets and liabilities measured at fair value as at 31 December 2025

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through profit or loss	0	0	0	0
Total assets	**0**	**0**	**0**	**0**
Liabilities				
Financial liabilities measured at fair value through profit or loss	0	0	0	0
Other non-current liabilities	0	0	0	0
Total liabilities	**0**	**0**	**0**	**0**

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
Assets				
Financial assets measured at fair value through profit or loss	0	0	0	0
Total assets	**0**	**0**	**0**	**0**
Liabilities				
Financial liabilities measured at fair value through profit or loss	0	0	0	0
Other non-current liabilities	0	0	0	0
Total liabilities	**0**	**0**	**0**	**0**

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).
- Other observable data for the asset or liability other than quoted prices included in level 1, either directly (i.e. as price quotations) or indirectly (i.e. derived from price quotations) (level 2).
- Data for the asset or liability not based on observable market data (i.e. unobservable data) (level 3).

There have been no transfers between level 1 and level 2 valuation models during 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 balance sheet date. A market is regarded as active if quoted prices from an exchange, broker, industry group, pricing service, or regulatory agency are readily and regularly available and these prices represent actual and regularly occurring market transactions on an arm's length basis. The Group holds no financial instruments classified as 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 liabilities for contingent considerations attributable 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.

Note 29: Financial risk management

Financial risk factors

Through its operations, the Group is exposed to a variety 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 financial markets and seeks to minimise potential adverse effects on the Group's financial results.

Risk management is handled by a central finance department according to policies established by the Board of Directors. The finance department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board of Directors establishes written policies for both overall risk management and for specific areas, such as currency risk, interest rate risk, credit risk, the use of derivative instruments and non-derivative financial instruments, and the investment of excess liquidity.

Currency risk

The Group operates internationally and is exposed to currency risks arising from various currency exposures, primarily with respect to Norwegian krone (NOK), Euro (EUR), Danish krone (DKK), 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 risks arise when future business transactions or recognised assets or liabilities are expressed in a currency that is not the entity's functional currency.

If the Swedish krona had weakened/strengthened by 5 öre (5 percent) against the Norwegian krone with all other variables constant, profit for the year would have been SEK 509 thousand (2024: SEK 147 thousand) higher/lower, mainly as a result of gains/losses on the translation of trade receivables and trade payables in NOK, and financial assets and liabilities measured at fair value through profit or loss.

If the Swedish krona had weakened/strengthened by 50 öre (5 percent) against the Euro, with all other variables constant, profit for the year would have been SEK 1,333 thousand (2024: SEK 4,856 thousand) higher/lower, mainly as a result of gains/losses on translation of trade receivables and trade payables in EUR, financial assets and liabilities measured at fair value through profit or loss.

If the Swedish krona had weakened/strengthened by 5 öre (3 percent) against the Danish krone with all other variables held constant, profit for the year would have been SEK 209 thousand (2024: SEK 300 thousand) higher/lower, mainly as a result of gains/losses on the translation of trade receivables and trade payables in DKK, and financial assets and liabilities measured at fair value through profit or loss. Equity is affected to a corresponding extent.

If the Swedish krona had weakened/strengthened by 50 öre (4 percent) against the British pound with all other variables held constant, profit for the year would have been SEK 203 thousand (2024: SEK 197 thousand) higher/lower, mainly as a result of gains/losses on the translation of trade receivables and trade payables in GBP, and financial assets and liabilities measured at fair value through profit or loss. Equity is affected to a corresponding extent.

If the Swedish krona had weakened/strengthened by 10 öre (4 percent) against the Polish zloty with all other variables held constant, profit for the year would have been SEK 44 thousand (2024: SEK 477 thousand) higher/lower, mainly as a result of gains/losses on the translation of trade receivables and trade payables in PLN, and financial assets and liabilities measured at fair value through profit or loss. Equity is affected to a corresponding extent.

Interest rate risk related to cash flows and fair values

The Group's interest rate risk arises through long-term borrowings. Borrowings made at variable interest rates expose the Group to interest rate risk concerning cash flow, which is partially offset by cash and cash equivalents with variable interest rates. At the end of 2025, the Group's borrowings consisted of credit facilities in Swedish kronor, which carry variable interest rates.

If interest rates on borrowings as of 31 December 2025 had been 100 basis points (1 percentage point) higher/lower with all other variables constant, the profit for the year would have been SEK 3,327 thousand (2024: SEK 2,141 thousand) higher/lower, mainly as an effect of higher/lower interest expenses for borrowings at variable interest rates. Equity is affected to a corresponding degree.

Credit risk

The Group has established guidelines to ensure that sales are made to customers with an appropriate credit background. A credit risk assessment of the customer is performed 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 primarily from trade receivables and contract assets. Historically, the Group's credit losses have been small. Payments are made according to a predetermined payment plan. The credit period generally amounts to 30 days. A policy is in place to credit-insure certain customer categories.

Liquidity risk

Cash flow forecasts are prepared by the Group's operating companies and aggregated by the finance department. The Group closely monitors rolling forecasts for the liquidity reserve to ensure that it has sufficient cash to meet the needs of its operating activities while simultaneously maintaining sufficient headroom on committed unutilised credit facilities (note 27) so that the Group does not breach borrowing limits or 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-settled derivative instruments that constitute financial liabilities, categorised by the time remaining on the balance sheet date until the contractual maturity date. Derivative instruments that constitute financial liabilities are included in the analysis if their contractual maturity dates are essential for understanding the timing of future cash flows. The amounts stated in the table are the contractual, undiscounted cash flows.

Note 30: Pledged assets

	2025-12-31	2024-12-31
For own and group companies' liabilities and provisions		
Assets with reservation of title	0	344
For own pension obligation	6,574	6,134
Other pledged assets	3,730	1,834
Total	**10,304**	**8,312**

Note 31: Contingent liabilities

Surety commitments have been provided by the Group for leasing commitments in Balco Sp. z o.o. In connection with construction projects, security is often provided in the form of guarantees from a bank, insurance institution or parent company for performance. For Balco Group AB, SEK 279 million (2024: SEK 163 million) refers to various guarantees for construction commitments entered into by subsidiaries and SEK 971 thousand (2024: SEK 1,003 thousand) relates to surplus values in endowment insurance.

Note 32: Events after the end of the reporting period

According to a press release on 3 March 2026, Johannes Nyberg has announced that he will be leaving his position as a member of the Board of Directors of Balco Group. He has also served as chairman of Balco Group's audit committee. The decision is due to his position as CEO of Skandrenting, in combination with his other commitments.

Since Johannes Nyberg has left the Board, Ingalill Berglund has been appointed as the new chairman of the audit committee.

Parent Company Income Statement

Amounts in SEK thousand	Note	2025	2024
Net sales	38	26,834	23,668
Production and project costs		0	0
Gross profit		**26,834**	**23,668**
Administrative expenses	10,11, 35, 37	-26,075	-21,376
Operating profit		**760**	**2,292**
Dividend/profit from group companies		-15,987	264,165
Interest income and similar profit/loss items	34	15,517	11,745
Interest expenses and similar profit/loss items	34	-27,427	-28,936
Profit after financial items		**-27,136**	**249,267**
Appropriations	39	-10,800	33,795
Profit before tax		**-37,936**	**283,062**
Tax on profit for the year	36	5,105	-3,816
Profit for the year		**-32,832**	**279,245**

In the parent company, there are no items reported as other comprehensive income, which is why total comprehensive income corresponds to the profit for the year.

Parent Company Balance Sheet

Amounts in SEK thousand	Note	2025-12-31	2024-12-31
ASSETS			
Non-current assets			
Financial non-current assets			
Shares in group companies	13, 14	1,071,651	1,066,592
Deferred tax assets		4,313	777
Other long-term receivables	40	4,100	3,677
Total non-current assets		**1,080,064**	**1,071,045**
Current assets			
Receivables from group companies		234,155	177,488
Tax assets		12,137	5,903
Prepaid expenses and accrued income	41	2,526	2,412
Liquid assets	23	154,603	97,712
Total current assets		**403,422**	**283,514**
TOTAL ASSETS		**1,483,485**	**1,354,559**

Amount in SEK thousand	Note	2025-12-31	2024-12-31
EQUITY			
Restricted equity			
Share capital		138,135	138,135
Total restricted equity		**138,135**	**138,135**
Non-restricted equity			
Share premium reserve		450,787	450,800
Retained earnings		248,404	-30,842
Profit for the year		-32,832	279,245
Total non-restricted equity		**666,359**	**699,203**
Total equity		**804,494**	**837,339**
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	44, 45	475,000	350,000
Other non-current liabilities	45	14,857	34,867
Total non-current liabilities		**489,857**	**384,867**
Current liabilities			
Trade payables		1,778	738
Liabilities to group companies	45	165,519	109,955
Other liabilities	42	11,043	11,897
Accrued expenses and deferred income	43	10,794	9,764
Total current liabilities		**189,134**	**132,353**
TOTAL EQUITY AND LIABILITIES		**1,483,485**	**1,354,559**

Parent Company Statement of Changes in Equity

Amount in SEK thousand	Share capital	Share premium reserve	Retained earnings incl. profit for the year	Total equity
Opening balance as at 1 January 2024	**131,461**	**406,339**	**-30,842**	**506,959**
Comprehensive income				
Total comprehensive income for the year			279,245	279,245
Total comprehensive income			**248,404**	**786,204**
Transactions with shareholders in their capacity as owners:				
New share issue	6,674	43,522		50,196
Proceeds from warrants		938		938
Total attributable to shareholders	**6,674**	**44,461**	**0**	**51,135**
Closing balance as at 31 December 2024	**138,135**	**450,800**	**248,404**	**837,339**
Opening balance as at 1 January 2025	**138,135**	**450,800**	**248,404**	**837,339**
Comprehensive income				
Total comprehensive income for the year			-32,832	-32,832
Total comprehensive income			**215,572**	**804,507**
Transactions with shareholders in their capacity as owners:				
New share issue	0	0		0
Proceeds from warrants		-13		-13
Total attributable to shareholders	**0**	**-13**	**0**	**-13**
Closing balance as at 31 December 2025	**138,135**	**450,787**	**215,572**	**804,494**

Parent company statement of cash flows

Amounts in SEK thousand	Note	2025	2024
Cash flow from operating activities			
Operating profit		760	2,292
Adjustment for non-cash items			
Interest received	34	15,517	10,832
Interest paid	34	-30,601	-26,853
Other		-1,440	503,156
Income tax paid	36	-4,665	-7,387
Cash flow from operating activities before changes in working capital		**-20,429**	**482,041**
Changes in working capital			
Change in operating receivables		-56,782	-87,190
Change in operating liabilities		52,373	-578,680
Cash flow from operating activities		**-24,838**	**-183,829**
Investing activities			
Investments in subsidiaries		-32,082	-184,318
Change in non-current receivables		-423	-264
Cash flow from investing activities		**-32,505**	**-184,582**
Financing activities			
Proceeds from borrowings	44	125,000	200,000
Change in other non-current liabilities		-10,410	0
Proceeds from warrants issue		-13	938
Dividends received		1,440	269,800
Cash flow from financing activities		**116,017**	**470,738**
Decrease/increase in cash and cash equivalents		**58,674**	**102,328**
Cash and cash equivalents at beginning of year	23	97,712	-3,446
Exchange difference in cash and cash equivalents		-1,783	-1,170
Cash and cash equivalents at end of year	23	**154,603**	**97,712**

Parent company notes

General information

The Parent Company is based in Växjö and operates directly and indirectly through 20 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 (ÅRL) and the Swedish Corporate Reporting Board's recommendation RFR 2 Accounting for Legal Entities. RFR 2 requires the Parent Company to apply International Financial Reporting Standards (IFRS) as adopted by the EU in its financial reports, to the extent possible within the framework of the Swedish Annual Accounts Act and taking into account the relationship between accounting and taxation.

The same accounting and valuation policies are applied in the Parent Company as in the Group, except in the cases indicated below.

No changes to accounting policies have been applied during the financial year or the previous year regarding the Parent Company.

Note 33: General accounting policies

Format of financial statements

The income statement and balance sheet follow the format prescribed in the Swedish Annual Accounts Act (ÅRL). The statement of changes in equity also follows the Group's format but must include the columns specified in ÅRL. Furthermore, there are differences in terminology compared with the consolidated financial statements, mainly regarding finance income and finance costs as well as equity.

Financial instruments

IFRS 9 is not applied in the parent company. The parent company instead applies the points specified in RFR 2 (IFRS 9 Financial instruments, p. 3-10). Financial instruments are valued on the basis of cost of acquisition. In subsequent periods, financial assets acquired with the intention of being held short-term will be recognised in accordance with the lower of cost or market principle at the lower of cost of acquisition and market value.

When calculating the net realisable value of receivables, the principles for impairment testing and loss allowance in IFRS 9 shall be applied. For a receivable recognised at amortised cost at group level, this means that the loss allowance recognised in the Group in accordance with IFRS 9 shall also 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

	2025	2024
Interest and similar income		
Interest income on bank deposits	15,517	11,745
	15,517	**11,745**
Interest and similar expenses		
Interest expenses	-26,843	-21,991
Other finance costs	-583	-6,945
Interest and similar expenses	**-27,427**	**-28,936**
Total	**-11,910**	**-17,190**

Intra-group interest income recognised in the parent company amounts to SEK 11,791 thousand (2024:SEK 7,599 thousand). The corresponding interest expenses amount to SEK 1,489 thousand (2024: SEK 3,443 thousand).

Note 35: Leasing

Accounting policies

Where they exist, all lease agreements are recognised in accordance with the leasing regulations. Lease costs correspond to the payment made to the lessor.

	2025	2024
Within one year	553	203
Later than one but within five years	103	119
Total	**656**	**322**

Future minimum lease payments under non-cancellable operating leases, effective at the end of the reporting period, fall due for payment as follows:

Costs for operating leases in the parent company during the financial year amounted to SEK 638 thousand (2024: SEK 204 thousand).

Note 36: 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 parent company as follows:

	2025	2024
Current tax:		
Current tax on profit for the year	1,673	-4,593
Adjustments in respect of previous years	-104	–
Total current tax	**1,569**	**-4,593**
Deferred tax:		
Origin and reversal of temporary differences	3,536	777
Total deferred tax	**3,536**	**777**
Income tax	**5,105**	**-3,816**

	2025	2024
Profit before tax	**-37,936**	**283,055**
Income tax calculated at the parent company's current tax rate, 20.6% (2024: 20.6%)	7,815	-58,311
Tax effects of:		
– Non-taxable income	311	173,219
– Non-deductible expenses	-2,917	-119,501
– Adjustment relating to temporary differences	0	777
– Adjustments in respect of previous years	-104	
Tax expense	**5,105**	**-3,816**
Effective tax rate, %	13.5%	1.3%

Note 37: Employee benefits

	2025	2024
Salaries and other benefits	-9,108	-6,936
Social security contributions	-2,035	-2,994
Pension costs – defined contribution plans	-3,509	-1,688
Total	**-14,652**	**-11,619**

	2025		2024	
	Number on the balance sheet date	**Of which women**	**Number on the balance sheet date**	**Of which women**
Board members	6	2	6	2
Chief Executive Officer	1	1	1	1
Total	**7**	**3**	**7**	**3**

	2025		2024	
Average number of employees with geographical distribution per country	**Average number of employees**	**Of which women**	**Average number of employees**	**Of which women**
Sweden	4	1	2	1
Total	**4**	**1**	**2**	**1**

Note 38: Transactions with related parties

	2025	2024
Below are stated the year's purchases and sales to other companies within the Group		
Sales	26,834	23,668
Purchases	0	0
Total	**26,834**	**23,668**

Information regarding related companies can be found in note 12.

THE PARENT COMPANY'S NOTES

Note 39: Appropriations

Accounting policies

Group contributions received and paid are recognised as an appropriation.

	2025	2024
Group contributions received	15,000	33,795
Group contributions paid	-25,800	–
Total appropriations	**-10,800**	**33,795**

Note 40: Other non-current receivables

	2025-12-31	2024-12-31
Opening carrying amount	3,677	3,413
Additional endowment insurance	692	672
Disposals of other non-current receivables	-269	-408
Closing carrying amount	**4,100**	**3,677**

Note 41: Prepaid expenses and accrued income

	2025-12-31	2024-12-31
Prepaid invoices	2,079	1,864
Other	447	549
Total	**2,526**	**2,412**

Note 42: Other liabilities

	2025-12-31	2024-12-31
Personnel taxes	292	270
Contingent consideration	10,548	11,199
VAT liability	204	427
Total	**11,043**	**11,897**

Note 43: Accrued expenses and deferred income

	2025-12-31	2024-12-31
Personnel liabilities	3,138	4,484
Other	7,656	5,280
Total	**10,794**	**9,764**

Note 44: Interest-bearing liabilities

	2025-12-31	2024-12-31
Non-current		
Liabilities to credit institutions	475,000	350,000
Total non-current borrowings	**475,000**	**350,000**
Current		
Liabilities to credit institutions	0	0
Total current borrowings	**0**	**0**
Total borrowings	**475,000**	**350,000**

Change in debt	2025-01-01	Cash flow	2025-12-31
Liabilities to credit institutions	350,000	125,000	475,000
Total liabilities attributable to financing activities	**350,000**	**125,000**	**475,000**

Change in debt	2024-01-01	Cash flow	2024-12-31
Liabilities to credit institutions	150,000	200,000	350,000
Total liabilities attributable to financing activities	**150,000**	**200,000**	**350,000**

No liabilities fall due later than 5 years from the balance sheet date.

Note 45: Financial instruments

As of 31 December 2025	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	7,039	21,118	56,314	482,039[1)]	0
Other non-current liabilities	0	0	0	0	0
Liabilities to group companies	165,519	0	0	0	0
Trade payables and other liabilities	1,778	0	0	0	0
Total	**174,336**	**21,118**	**56,314**	**482,039**	**0**

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[2)]	0
Other non-current liabilities	0	0	0	0	0
Liabilities to group companies	109,955	0	0	0	0
Trade payables and other liabilities	738	0	0	0	0
Total	**114,571**	**11,636**	**31,031**	**361,636**	**0**

1) Matures 2028-03-31
2) Matures 2026-10-12

Note 46: Pledged assets

	2025-12-31	2024-12-31
For group companies' liabilities and provisions		
For own pension obligations	4,100	3,677
Other pledged assets	0	0
Total	**4,100**	**3,677**

Note 47: Appropriation of profits

Appropriation of profits

The Board of Directors has established a dividend policy that means that 30-50 percent of the profit after tax shall be distributed. For the 2025 financial year, the Board of Directors proposes no dividend to the Annual General Meeting, in order to reduce the Group's indebtedness following the completed strategic acquisitions of Riikku Group Oy and Suomen ohutlevyasennus Oy.

The annual report and consolidated financial statements have, as stated above, been approved by the Board of Directors and the Chief Executive Officer on the date shown in our electronic signature. The Group's consolidated income statement and statement of other comprehensive income and statement of financial position and the parent company's income statement and balance sheet will be subject to approval at the Annual General Meeting on 5 May 2026.

At the disposal of the Annual General Meeting, SEK:	
Share premium reserve	450,786,517
Retained earnings	248,403,665
Profit for the year	-32,831,645
Total	**666,358,537**

The Board of Directors proposes that the profits be appropriated as follows:	
To the shareholders in the form of a dividend	0
Profits to be carried forward	666,358,537
Total	**666,358,537**

The Board of Directors and the CEO confirm that the consolidated financial statements and the annual report 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 the companies included in the Group.

Växjö
Signature according to the date indicated by our electronic signature.

Ingalill Berglund
Chairman

Thomas Widstrand
Board member

Carl-Mikael Lindholm
Board member

Mikael Andersson
Board member

Vibecke Hverven
Board member

Camilla Ekdahl
CEO

Our auditor's report was submitted on the date indicated by our electronic signature.

KPMG AB

Michael Johansson
Authorised Public Accountant
Auditor in charge

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 2025, except for the corporate governance statement on pages 38-44 and the sustainability report on pages 48-62. The annual accounts and consolidated accounts of the company are included on pages 30-36, 38-44, 48-102 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 2025 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 2025 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 38-44 and sustainability report on pages 48-62. 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 statement of comprehensive income and balance sheet for the group.

Our opinions in this report on the 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 2025 is reported as SEK 527.9 (515.5) million, which is 31% (32%) 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 2025, the Group reports net sales of SEK 1,295.1 (1,417.9) 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.

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. 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 2-29, 37, 45-47 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 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 2025 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 Managing Director

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 2025.

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 Auditors' 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 Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance 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 38-44 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 48-62, 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 6 May 2025. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2022.

Växjö, on the date indicated by our electronic signature.

KPMG AB

Michael Johansson
Authorised Public Accountant

Multi-year overview

MSEK	2025	2024	2023	2022	2021
Summary of the consolidated income statement					
Net sales	1,295.1	1,417.9	1,214.9	1,333.6	1,120.5
Gross profit	159.4	248.0	245.4	287.6	296.3
Operating profit before depreciation and amortisation (EBITDA)	27.4	84.9	114.7	144.5	155.6
Operating profit (EBIT)	-18.7	34.8	70.4	102.5	118.0
Profit before tax	-47.5	5.0	56.0	94.6	111.6
Profit for the year (attributable to parent company shareholders)	**-35.8**	**1.1**	**45.9**	**75.8**	**90.2**
Summary of the consolidated balance sheet					
Assets					
Goodwill	527.9	515.5	485.2	457.8	448.0
Other non-current assets	565.9	577.8	374.9	377.3	301.8
Accounts receivable	184.4	123.1	138.0	174.8	153.5
Contract assets*	180.5	199.7	177.1	111.9	136.7
Other current assets	264.0	206.3	92.0	174.7	205.5
Total assets	**1,722.6**	**1,622.5**	**1,267.2**	**1,296.6**	**1,245.6**
Summary of equity and liabilities					
Equity*	736.1	793.1	748.0	731.0	692.0
Non-current liabilities*	589.5	508.6	268.5	194.3	254.9
Short-term liabilities	396.9	320.9	250.7	371.3	298.7
Total equity and liabilities	**1,722.6**	**1,622.5**	**1,267.2**	**1,296.6**	**1,245.6**
Summary of consolidated cash flow					
Cash flow from operating activities	15.0	85.3	-26.1	153.0	62.5
Cash flow from investing activities	-49.1	-95.7	-52.9	-52.5	-102.1
Cash flow from financing activities	90.8	113.1	29.6	167.7	-57.5
Cash flow for the year	**56.8**	**102.7**	**-49.4**	**-67.3**	**-97.1**

* 2024 items affected by the correction of errors regarding incorrect project accounting – percentage-of-completion profit recognition of some projects in 2023.

MSEK	2025	2024	2023	2022	2021
Parent company					
Net sales	26.8	23.7	26.4	26.0	23.3
EBIT (operating profit)	0.8	2.3	1.7	1.8	2.8
Profit before tax	-37.9	283.1	74.9	59.1	66.0
Total assets	1,483.5	1,354.6	1,557.4	903.8	947.3
Equity/assets ratio, %	54.2	61.8	32.6	52.3	49.5

MULTI-YEAR OVERVIEW

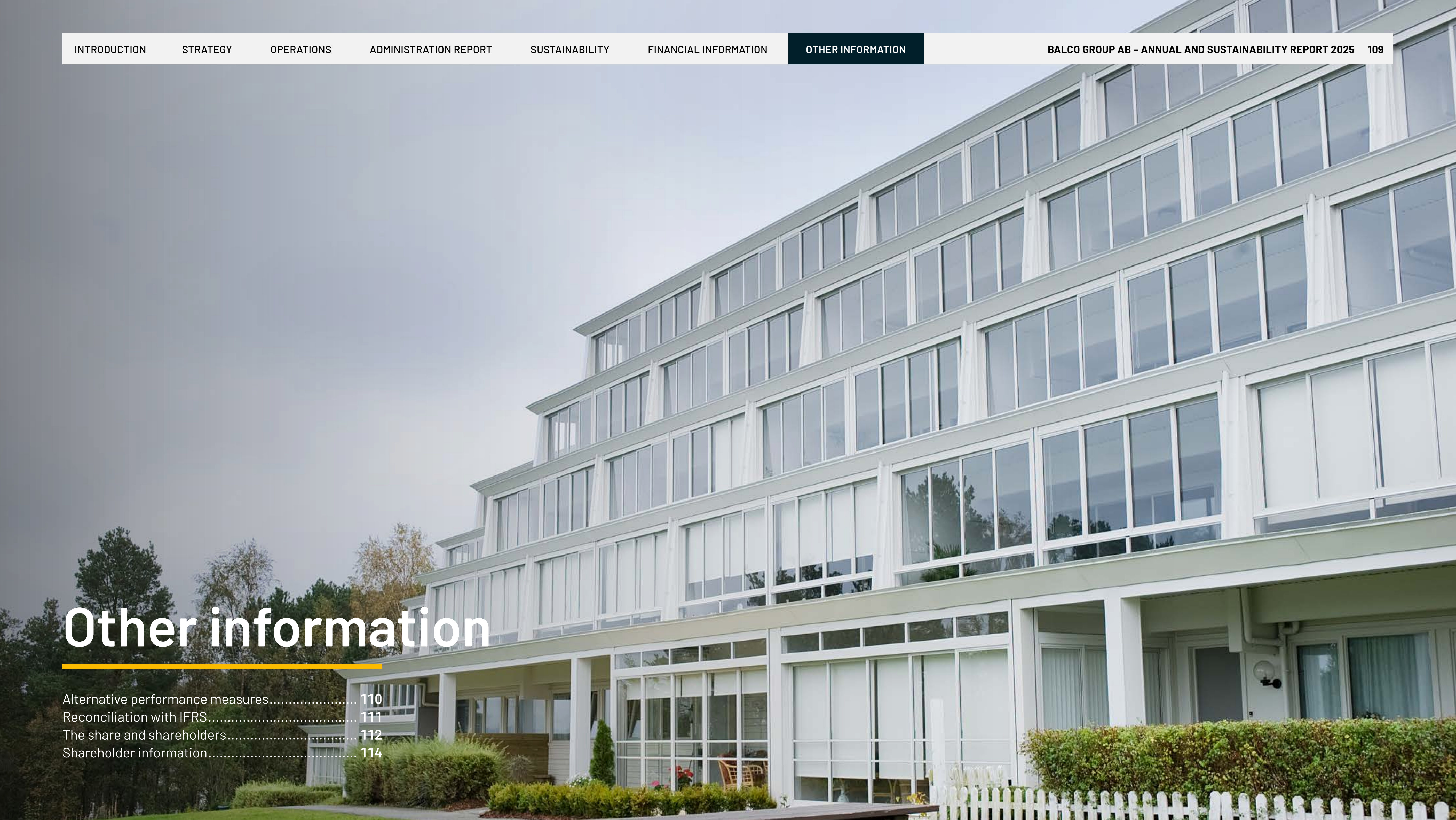
Key figures MSEK (unless otherwise stated)	2025	2024	2023	2022	2021
Net sales	1,295.1	1,417.9	1,214.9	1,333.6	1,120.5
Order intake	1,537.1	1,376.8	977.0	1,108.6	1,558.3
Order backlog	1,523.3	1,309.3	1,073.6	1,274.7	1,557.0
Gross profit	159.4	248.0	245.4	287.6	296.3
Adjusted gross profit	183.1	262.5	252.9	292.6	296.3
EBITDA	27.4	84.9	114.7	144.5	155.6
Adjusted EBITDA	58.0	109.6	127.4	146.6	157.1
Operating profit (EBITA)	-15.2	44.9	77.1	105.1	121.0
Adjusted operating profit (EBITA)	15.4	69.6	89.8	107.2	122.6
Operating profit (EBIT)	-18.7	34.8	70.4	102.5	118.0
Adjusted operating profit (EBIT)	11.9	59.5	83.0	104.6	119.5
Performance measures					
Gross margin, %	12.3	17.5	20.2	21.6	26.4
Adjusted gross margin, %	14.1	18.5	20.8	21.9	26.4
EBITDA margin, %	2.1	6.0	9.4	10.8	13.9
Adjusted EBITDA margin, %	4.5	7.7	10.5	11.0	14.0
Operating margin (EBITA), %	-1.2	3.2	6.4	7.9	10.8
Adjusted operating margin (EBITA), %	1.2	4.9	7.4	8.0	10.9
Operating margin (EBIT), %	-1.4	2.5	5.8	7.7	10.5
Adjusted operating margin (EBIT), %	0.9	4.2	6.8	7.8	10.7
Operating cash flow	99.7	138.5	3.6	200.3	96.0
Cash flow conversion, %	171.9	126.3	2.8	136.6	61.1
Capital structure					
Capital employed, R12*	1,180.3	1,137.1	969.2	871.3	785.5
Capital employed excl. goodwill, R12*	654.3	622.9	483.9	420.7	343.9
Equity*	732.5	788.7	746.1	729.8	692.0
Interest-bearing net debt incl. lease liability	350.2	278.0	241.6	104.8	97.0
Interest-bearing net debt excl. lease liability	285.3	215.1	171.4	21.6	54.6
Interest-bearing net debt incl. leasing/Adjusted EBITDA (R12), times	6.0	2.5	1.9	0.7	0.6
Interest-bearing net debt excl. leasing/Adjusted EBITDA (R12), times	7.9	2.4	1.6	0.2	0.4

* 2024 items affected by the correction of errors regarding incorrect project accounting – percentage-of-completion profit recognition of some projects in 2023.

Key figures MSEK (unless otherwise stated)	2025	2024	2023	2022	2021
Return measures*					
Return on capital employed, % (R12)	1.0	5.7	8.6	12.0	15.2
Return on capital employed excl. goodwill, % (R12)	1.8	9.6	17.2	24.9	34.8
Return on equity, % (R12)	-4.8	0.6	6.2	10.4	13.0
Equity/assets ratio, %	42.5	48.6	58.9	56.3	55.6
Other					
Full-time employees at the end of the period	513	621	490	536	467
Average number of shares before dilution, thousands	23,021.6	22,957.7	21,909.3	21,909.3	21,909.3
Average number of shares after dilution, thousands	23,021.6	22,957.7	21,909.3	22,106.3	22,059.3
Equity per share, SEK	31.80	34.40	34.06	33.31	30.74
Earnings per share, SEK, before dilution	-1.55	0.05	2.09	3.46	4.12
Earnings per share, SEK, after dilution	-1.55	0.05	2.09	3.46	4.12
Adjusted earnings per share, SEK, before and after dilution	-0.50	0.89	2.55	3.92	4.17

For definition of alternative performance measures, see page 110.

Quarterly overview	2025				2024				2023			
MSEK	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	315.9	331.1	276.8	371.3	326.4	374.0	331.0	386.5	325.7	346.4	253.3	289.5
Order intake	275.0	519.4	221.8	521.0	352.0	379.7	285.5	359.6	245.2	301.4	135.1	295.3
Order backlog	1,238.0	1,439.1	1,376.7	1,523.3	1,392.2	1,384.2	1,328.8	1,309.3	1,240.7	1,194.7	1,066.9	1,073.6
Adjusted operating profit (EBITA)	-2.7	6.2	2.9	9.0	16.3	18.7	16.6	18.0	28.4	30.9	15.2	15.4
Adjusted operating margin (EBITA), %	-0.9	1.9	1.1	2.4	5.0	5.0	5.0	4.7	8.7	8.9	6.0	5.3



Other information

Alternative performance measures

ALTERNATIVE PERFORMANCE MEASURE	DEFINITION	PURPOSE
Return on equity	Net 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.	This measure shows the return generated on shareholders' capital invested in the company.
Return on capital employed	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.	This measure shows the return generated on capital employed and is used by Balco to monitor the profitability of operations as the measure relates to capital efficiency.
Return on capital employed excluding goodwill	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, provides a comprehensive picture of Balco Group's capital efficiency.
Gross profit	Net sales less production and project costs.	Shows efficiency in Balco Group's operations and, together with EBIT, provides a comprehensive picture of current profit generation and the cost structure.
Gross margin	Gross profit as a percentage of net sales.	The key ratio is used for analysis of efficiency and value creation.
EBITDA	Profit before interest, tax, depreciation and impairment.	Balco considers EBITDA to be a useful measure for showing the profit generated in operating activities and a good measure of cash flow from operating activities.
Interest-bearing net debt in relation to adjusted EBITDA	Interest-bearing external net debt as a proportion of adjusted EBITDA.	Balco Group considers this measure to be helpful in showing financial risk and that it is a useful measure for monitoring the company's debt level.
Adjusted EBITDA	EBITDA adjusted for items affecting comparability. For a reconciliation of Adjusted EBITDA against net profit for the period.	Balco considers adjusted EBITDA to be a useful measure for showing the profit generated in operating activities adjusted for one-off items and primarily uses adjusted EBITDA when calculating the company's operating cash flow and cash generation.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales.	Balco considers the adjusted EBITDA margin to be a useful measure for showing the profit generated in operating activities.
Adjusted operating margin (EBITA)	Adjusted operating profit (EBITA) as a percentage of net sales.	Balco considers the adjusted operating margin (EBITA) to be a useful measure for showing the profit generated in operating activities after adjustment for items of a non-recurring nature.
Adjusted operating margin (EBIT)	Adjusted operating profit (EBIT) as a percentage of net sales.	Balco considers the adjusted operating margin (EBIT) to be a useful measure for showing the profit generated in operating activities after adjustment for items of a non-recurring nature.

ALTERNATIVE PERFORMANCE MEASURE	DEFINITION	PURPOSE
Adjusted operating profit (EBIT)	Operating profit (EBIT) adjusted for items affecting comparability. For a reconciliation of adjusted operating profit (EBIT) to the net profit for the period.	Balco considers adjusted operating profit (EBIT) to be a useful measure for showing the profit generated in operating activities and primarily uses the measure to calculate return on capital employed (see above).
Adjusted operating profit (EBITA)	Operating profit (EBITA) adjusted for items affecting comparability. For a reconciliation of adjusted operating profit (EBITA) to the net profit for the period.	Balco considers adjusted operating profit (EBITA) to be a useful measure for showing the profit generated in operating activities and primarily uses the measure to calculate return on capital employed (see above).
Items affecting comparability	Items affecting comparability are specific material items that are reported separately due to their size or frequency, e.g. restructuring costs, impairment, divestments and acquisition costs.	Balco considers that adjustment for items affecting comparability improves the possibility of comparison over time by excluding items with irregularity in frequency or size. This is to provide a more fair view of the underlying operating profit.
Operating cash conversion	Operating cash flow divided by adjusted EBITDA.	Balco considers it a good measure for comparing cash flow with operating profit.
Operating cash flow	Adjusted EBITDA increased/decreased by changes in working capital and decreased by investments, excluding expansion investments.	Balco uses operating cash flow to monitor the development of the operations.
Organic growth	Net sales excluding acquired growth for the current period divided by net sales during the corresponding period of the previous year.	Organic growth excludes the effects of changes in the Group's structure, which enables a comparison of net sales over time.
Interest-bearing net debt	Total long- and short-term interest-bearing liabilities. For a reconciliation of net debt.	Balco considers net debt to be a useful measure for showing the Group's total loan financing.
Working capital	Current assets, excluding liquid assets and current tax receivables, decreased by non-interest-bearing short-term liabilities, excluding current tax liabilities.	This measure shows how much working capital is tied up in the operations and can be seen in relation to net sales to understand how efficiently tied-up working capital is used.
Operating margin (EBIT)	Operating profit (EBIT) as a percentage of net sales.	Balco considers that operating margin, together with sales growth and adjusted working capital, is a useful measure for monitoring value creation in the business.
Operating margin (EBITA)	Operating profit (EBITA) as a percentage of net sales.	Balco considers that operating margin (EBITA), together with sales growth and adjusted working capital, is a useful measure for monitoring value creation in the business.
Operating profit (EBIT)	Profit before interest and tax.	Balco considers that operating profit (EBIT) is a useful measure for showing the profit generated in operating activities.
Operating profit (EBITA)	Operating profit (EBIT), excluding depreciation and impairment of acquired intangible non-current assets.	Acquisitions are an integral part of Balco Group's growth strategy. To better illustrate the development of the underlying operations, management has chosen to monitor EBITA, which is defined as operating profit before amortisation and impairment of acquired intangible assets.
Equity/assets ratio	Equity divided by total assets.	Balco considers that the equity/assets ratio is a useful measure for the Company's long-term viability.
Capital employed	Equity increased by interest-bearing net debt.	Capital employed is used by Balco as a measure of the Group's overall capital efficiency.
Capital employed excluding goodwill	Capital employed minus goodwill.	Capital employed excluding goodwill is used together with capital employed by Balco as a measure of the company's capital efficiency.

Reconciliation with financial reports according to IFRS

Amounts in MSEK	2025	2024
Adjusted operating profit		
Operating profit (EBIT)	-18.7	34.8
Items affecting comparability		
Acquisition costs	0.3	18.5
Restructuring costs	30.3	6.2
Adjusted operating profit (EBIT)	**11.9**	**59.5**
Operating profit (EBITA)		
Operating profit (EBIT)	-18.7	34.8
Amortisation and impairment of acquired intangible assets	3.5	10.1
Operating profit (EBITA)	**-15.2**	**44.9**
Adjusted operating profit (EBITA)		
Adjusted operating profit (EBIT)	11.9	59.5
Amortisation and impairment of acquired intangible assets	3.5	10.1
Adjusted operating profit (EBITA)	**15.4**	**69.6**
Adjusted profit after tax		
Profit after tax	-35.0	4.6
Items affecting comparability after tax	24.2	19.5
Adjusted profit after tax	**-10.8**	**24.1**
EBITDA		
Operating profit (EBIT)	-18.7	34.8
Depreciation, amortisation and impairment	46.1	50.1
EBITDA	**27.4**	**84.9**

Amounts in MSEK	2025	2024
Adjusted EBITDA		
Adjusted operating profit (EBIT)	11.9	59.5
Depreciation, amortisation and impairment	46.1	50.1
Adjusted EBITDA	**58.0**	**109.6**
Investments, excl. expansion investments		
Purchase of intangible assets	-12.6	-6.3
Purchase of property, plant and equipment	-4.2	-6.8
of which expansion investments	12.3	6.9
Investments, excl. expansion investments	**-4.5**	**-6.2**
Operating cash flow		
Adjusted EBITDA	58.0	109.6
Change in working capital	46.2	35.1
Investments, excl. expansion investments	-4.5	-6.2
Operating cash flow	**99.7**	**138.5**
Net sales excluding acquisitions		
Net sales	1,295.1	1,417.9
Net sales acquired	-24.6	-414.9
Net sales excluding acquisitions	**1,270.5**	**1,003.0**

Amounts in MSEK	2025	2024
Interest-bearing net debt incl. lease liabilities		
Non-current interest-bearing liabilities	518.9	409.2
Current interest-bearing liabilities	21.3	16.6
Liquid assets	-190.0	-147.8
Interest-bearing net debt incl. lease liabilities	**350.2**	**278.0**
Adjusted EBITDA, (R12)	58.0	109.6
Interest-bearing net debt/EBITDA (R12), ratio	**6.0 x**	**2.5 x**
Return on capital employed		
Equity	732.5	788.7
Interest-bearing net debt	350.2	278.0
Average capital employed	1,113.0	1,049.6
Adjusted operating profit (EBIT), (R12)	11.9	59.5
Return on capital employed, %	**1.1**	**5.7**
Equity/assets ratio		
Equity attributable to the parent company's shareholders	732.5	788.7
Total assets	1,722.6	1,622.5
Equity/assets ratio, %	**42.5**	**48.6**

The share and shareholders

The Stockholm Stock Exchange's broad index OMXSPI rose by 9.0 percent during 2025. Balco Group's share price performed poorly and ended the year with a decline of 55.1% and a closing price of SEK 17.30. In our meetings with various market actors, we continue to emphasise Balco Group's unique position in the fragmented niche market for balcony solutions, our sustainability work at all levels and the positive sustainability effects of our products.

Trading and market capitalisation

The Balco Group share is traded on Nasdaq Stockholm's Small Cap list. During 2025, 7.4 million shares were traded at a total value of SEK 180.6 million. The average daily turnover during the year amounted to SEK 725,487. All trading in the share took place on Nasdaq Stockholm. Market capitalisation at the end of the year was SEK 0.4 billion.

Share performance during the year

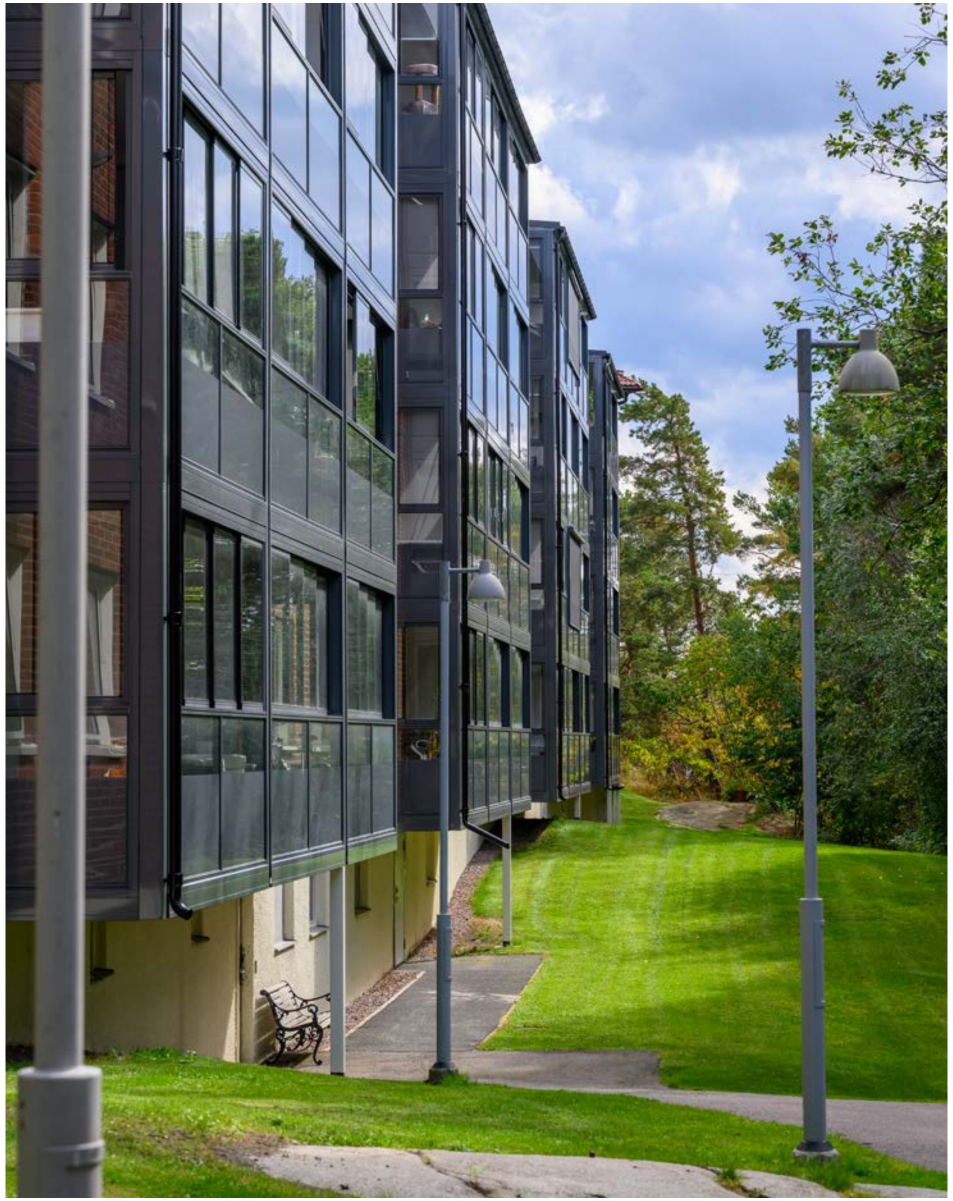
During the year, the share price has traded within a range between SEK 15.90 and 44.05. The share ended the year at SEK 17.30, 55.1 percent lower than the previous year. The year's highest price paid was recorded on 10 February at SEK 44.05 and the lowest price paid at SEK 15.90 on 3 December.

Share capital

As of the end of December 2025, 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

The number of shareholders in Balco Group at the end of the year was 4,665, a decrease of 224 owners during the year. Shareholdings in Sweden amounted to 83.6 percent. Of the total foreign shareholdings of 16.4 percent, shareholders in the United Kingdom accounted for 4.2 percent, owners in Luxembourg for 2.6 percent, owners in France for 2.4 percent, owners in Finland for 2.0 percent and owners in Denmark for 1.6 percent. Of the Swedish ownership of 83.6 percent, legal entities accounted for 66.5 percent and private individuals for 17.1 percent. Balco Group's ten largest shareholders owned 64.7 percent of the company. Board members in Balco Group owned a total of 89,100 shares in Balco Group, while the company's management owned 64,440 shares. In total, the Board's and management's holdings corresponded to 0.7 percent of the number of shares outstanding. The main owner is the Hamrin family with 26.3 percent ownership.



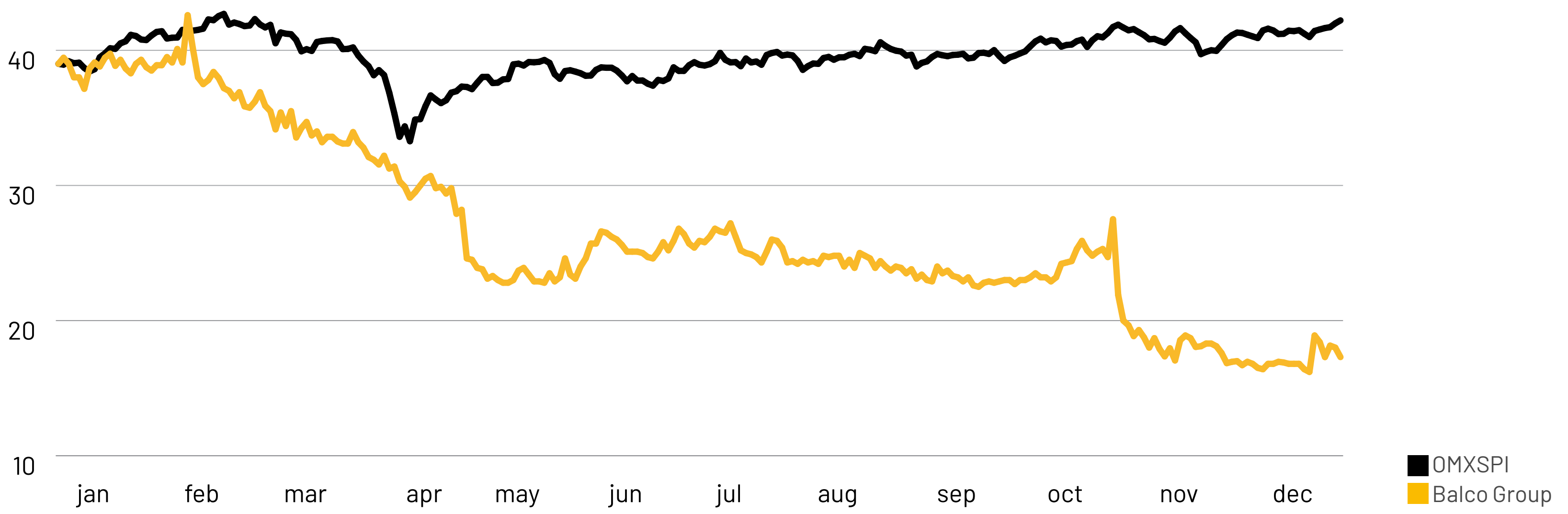
CLOSING PRICE
31/12 2025
17.30 SEK

MARKET CAPITALISATION
31/12 2025
398 MILLION SEK

NUMBER OF SHAREHOLDERS
31/12 2025
4,665

BALCO GROUP'S SHARE

Share performance during 2025 (SEK/Share)



Shareholder structure as of 31 December 2025

Number of shares	Number of share-holders	% of share-holders	Number of shares	% of shares
1-500	3,573	76.6%	416,690	1.8%
501-1000	407	8.7%	325,991	1.4%
1001-5000	492	10.5%	1,137,753	4.9%
5001-10000	82	1.8%	601,756	2.6%
10001-15000	27	0.6%	346,554	1.5%
15001-20000	18	0.4%	331,617	1.4%
20001-	66	1.4%	19,861,287	86.3%
Total	**4,665**	**100.0%**	**23,021,648**	**100.0%**

The ten largest shareholders as of 31 December 2025

Shareholder	Number of shares	% of shares
The Hamrin family	6,062,027	26.33%
Skandrenting AB	2,264,000	9.83%
Swedbank Robur Fonder	1,946,942	8.46%
AB Tuna Holding	1,201,876	5.22%
DNB Bank ASA, SEK Lending	879,641	3.82%
Avanza Pension	572,605	2.49%
BFMC P/C BFCM Sweden Retail LT	537,000	2.33%
eQ Asset Management	500,000	2.17%
DZ Privatebank S.A: W8IMY	480,000	2.08%
Aktia Bank ABP	459,940	2.00%
Total	**14,904,031**	**64.7%**

Dividend and dividend policy

Balco Group's dividend policy stipulates that the company shall distribute 30–50 percent of the profit after tax, provided that it does not jeopardise Balco Group's long-term development. The Board of Directors has proposed to the Annual General Meeting that no dividend be issued for the 2025 financial year.

Share-related incentive programs

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 percent 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 programs 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 or in 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.

Shareholder information

Annual General Meeting

Balco Group's Annual General Meeting 2026 will be held on Tuesday 5 May 2026 at 15:00 at Kök 11, Honnörsgatan 15 in Växjö. Registration begins at 14:30.

Notification of attendance

Shareholders who wish to participate in the Annual General Meeting must:

- be listed as a shareholder in the share register maintained by Euroclear Sweden AB ("Euroclear") on Friday 24 April 2026, and
- notify the company of their intention to participate in the meeting in accordance with the instructions under the heading "Notification of physical participation or participation by proxy", or alternatively cast a postal vote in accordance with the instructions under the heading "Instructions for postal voting" no later than Tuesday 28 April 2026.

Notification of physical participation or participation by proxy

Shareholders who wish to participate in the Annual General Meeting physically or by proxy must give notice of this no later than 28 April 2026 either:

- via the website https://balcogroup.se/en/investors/corporate-governance/general-meeting;
- via telephone +46 73 472 00 90; or
- by post: Balco Group AB, c/o Svenska Financial Hearings AB, Brunnsgatan 21 A, 3rd floor, 111 38 Stockholm

The notification must state name/company name, personal or corporate identity number, address, daytime telephone number and, where applicable, the number of assistants (maximum two).

If a shareholder intends to be represented by a proxy or a representative of a legal entity at the Annual General Meeting, such shareholder is requested to send authorisation documents (power of attorney and/or certificate of registration) to the company at the above postal address in connection with the notification to the Annual General Meeting. Proxy forms are available on the company's website, https://balcogroup.se/en/investors/corporate-governance/general-meeting

Nominee-registered shares

To be entitled to participate in the Annual General Meeting, shareholders whose shares are nominee-registered through a bank or other nominee must – in addition to giving notice of participation – temporarily re-register their shares in their own name so that the shareholder is registered in the share register kept by Euroclear as of the record date of 24 April 2026. Such registration may be temporary (so-called voting rights registration) and is requested from the nominee in accordance with the nominee's procedures at such time in advance as the nominee determines. Voting rights registration requested by shareholders in time for the registration to be made by the nominee no later than Tuesday 28 April 2026 will be taken into account in the preparation of the share register.

Nomination Committee

The Nomination Committee's task is, on behalf of the shareholders, to submit proposals for the Chairman of the Meeting, the Board of Directors, the Chairman of the Board, the auditor, Board fees with a breakdown between the chairman and other members and remuneration for committee work, fees for the company's auditor and any changes to the instructions for the nomination committee. Ahead of the 2026 Annual General Meeting, the nomination committee consists of Carl-Mikael Lindholm (Hamrin family), Annica Nordin (Skandrenting AB), Magnus Sjöqvist (Swedbank Robur Fonder) and Ingalill Berglund (Chairman of Balco Group). Carl-Mikael Lindholm is the chairman of the nomination committee.

IR activities

The aim of Balco Group's IR work is to continuously inform the capital market about the Group's operations and development. Dialogue is maintained and ongoing information is provided through regular meetings with Swedish and international institutional investors and analysts. Presentations are held during conferences and meetings, always in connection with the publication of interim reports or year-end reports.

Balco Group also has a continuous dialogue with non-institutional shareholders.

Balco Group's website

Balco Group's website (www.balcogroup.se) contains information for the capital market and the company's other stakeholders. The website offers current and historical information about the group's operations, vision, purpose, business concept and strategy, corporate governance and sustainability work. Information regarding the performance of the share over time is also available. Press releases, presentations and financial reports are published on the website.

Analysts covering Balco Group

Carnegie .... Sofia Sörling

Financial calendar

27 April .... Interim report January-March 2026
5 May .... Annual General Meeting 2026
14 July .... Interim report January-June 2026
26 October .... Interim report January-September 2026
8 February 2027 .... Year-end report 2026

Photo: Balco Group
Illustrations: Pete Scott / Balco Group
Production: Balco Group in collaboration with AVA Corporate Communications

Northern Europe's largest supplier of glazed and open balconies

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 customised products contribute to increasing the quality of life, safety and value of homes. Through a decentralised and efficient sales process, Balco Group has full control over the value chain – from production to delivery. Founded in 1987 in Växjö, the company today has 513 employees and is the market leader in the Nordic region, with operations in several markets in Northern Europe.

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BALCO GROUP