

BALCO | GROUP

Q4 Report 2024

January - December

CAMILLA EKDAHL, CEO
MICHAEL GRINDBORN, CFO



BALCO / RIIKKU / BALCO ALTANER / RK TEKNIK / TBO-HAGLINDS /
STORA FASAD / SÖDERÅSEN / SUOMEN OHUTLEVYASENNUS

Snapshot of Balco Group

The Group

- Balco Group was founded in 1987 and consists of the companies Balco, Riikku, RK Teknik, TBO-Haglinds, Balco Altaner, Stora Fasad, Söderåsens Mur & Kakel and Suomen ohutlevyasennus.
- The head office is in Växjö, and the group has approximately 650 employees.

The offering

- Balco operates in two main segments: renovations and new build.
- The core expertise is supplying glazed balconies and balcony solutions, primarily on the renovation market and to tenant-owner associations and replacing existing balconies with new glazed balconies according to the Balco method.
- However, the group has a broad offering of balcony solutions, including both open and glazed balconies, as well as complementary offerings such as façade renovations.

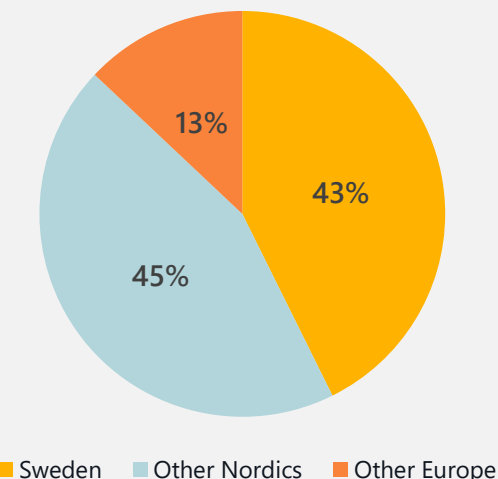
The market

- Balco Group is the market leader in the Nordics with key markets being Sweden, Denmark, Norway and Finland.
- Strong challenger position on other northern European markets.

Energy-savings

- All glazing of a balcony results in energy savings. Simpler glazing provides 5 to 10 percent energy savings, while Balco's patented glazing provides a documented energy saving of 20 to 30 percent.
- Facade renovation with additional insulation give energy savings of up to 10 percent.

REVENUE PER MARKET (2024)



Strong cash flow for the quarter and the full year

Order intake

Order intake increased by 22 percent to 360 MSEK (295) in the quarter and by 41 percent for the full year to 1,377 MSEK (1,215 MSEK).

Organic order intake was unchanged for the full year but increased in H2 by 6 percent.

Net sales

Net sales increased by 33 percent to 386 MSEK (290). The increase comes from the acquisitions we made earlier this year.

Good development in Norway

During the fourth quarter, Balco AB received a major project in Norway with an order value of approximately 50 MNOK.

Integration Rikku Group

The integration of Riikku's subsidiaries is finalized.

Sustainability

Our sustainability KPIs continue to develop in a positive direction.

Q4 2024

Order intake

360 MSEK
Oct – Dec 2024

295 MSEK
Oct – Dec 2023



Market update

The market situation has been largely unchanged since the previous quarter.

There is increased customer activity in the renovation segment for our balcony companies in Sweden and Norway.

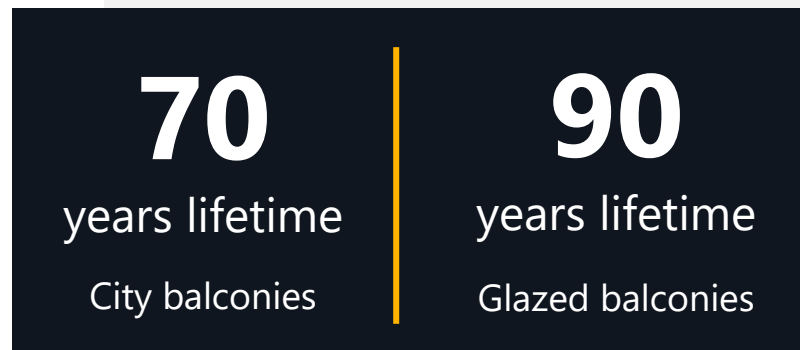
Order intake and sales have developed well in Norway in 2024 with both major turnkey contracts and balcony projects.

There continues to be a strained competitive situation for our Swedish façade companies and our balcony company in Denmark.

The Finnish new build market has bottomed out, but we do not yet see a rapid return for new construction of multi-family buildings in any of the Nordic countries.

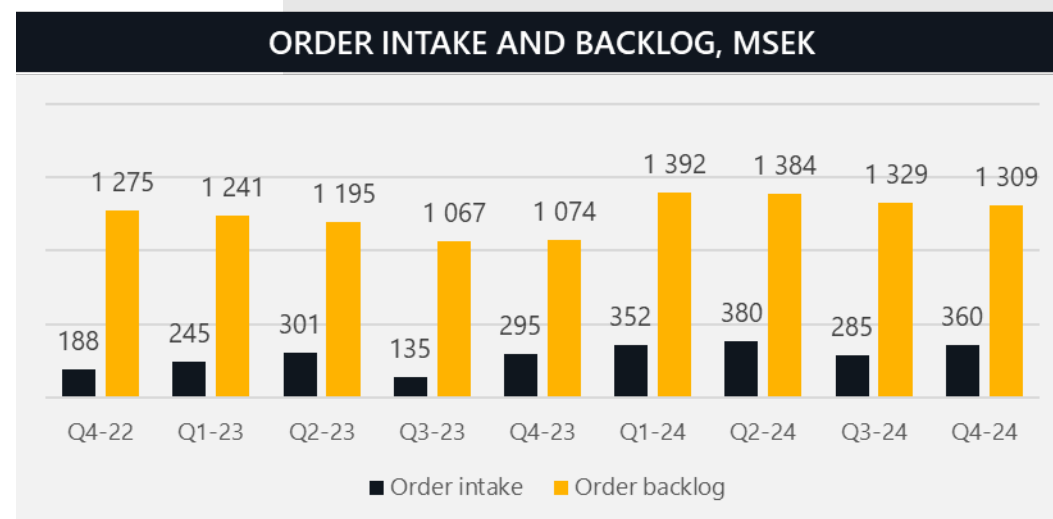
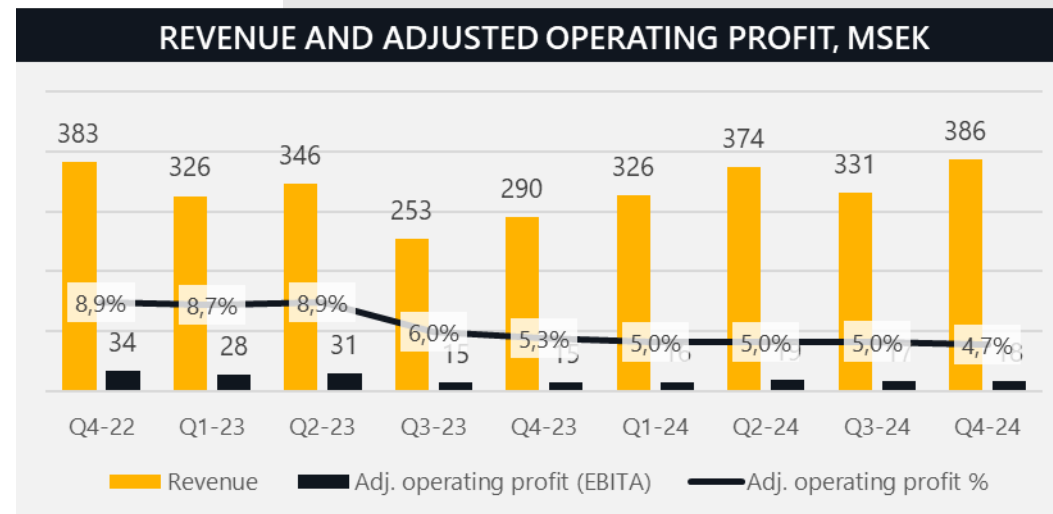
The Finnish renovation market and the new build segment in the UK and Germany continues to develop well for us.

Finland has support for the construction and renovation of multi-family housing, which should have a positive impact during the year.



Quarterly results

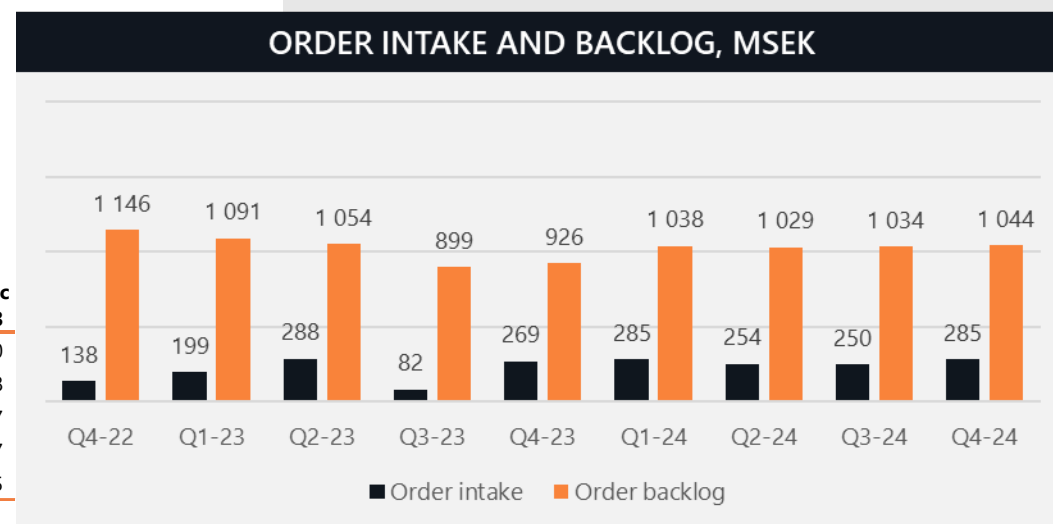
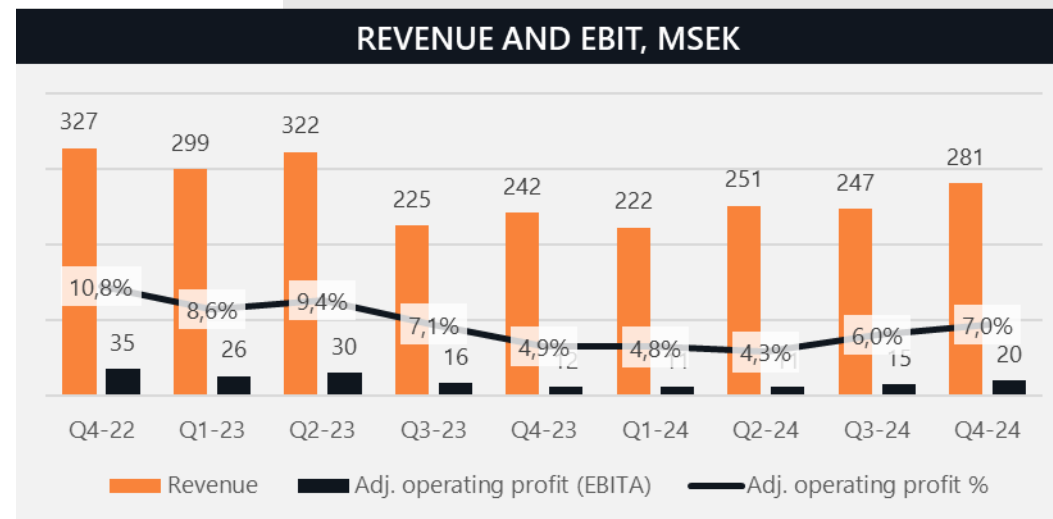
- Net sales** increased by 33 percent to 386 MSEK (290). Acquired growth was 34 percent, currency effect was -2 percent, and organic growth was 1 percent.
Net sales FY increased by 17 percent to 1,418 MSEK (1,215).
- Adjusted operating profit (EBITA)** amounted to 18 MSEK (15), corresponding to an adjusted operating margin (EBITA-margin) of 4.7 percent (5.3).
Adjusted operating profit (EBITA) FY amounted to 70 MSEK (90), corresponding to an adjusted operating margin (EBITA-margin) of 4.9 percent (7.4).
- Order intake** increased by 22 percent to 360 MSEK (295). Acquired order intake was 35 percent and organic order intake was -13 percent.
Order intake FY increased by 41 percent to 1,377 MSEK (977).
- Order backlog** increased by 22 percent to 1,309 MSEK (1,074).
- Adjusted earnings per share** amounted to 0.28 SEK (0.48).
Earnings per share amounted to -0.07 SEK (0.28)
Adjusted earnings per share FY amounted to 0.89 SEK (2.55).
Earnings per share FY amounted to 0.05 SEK (2.09).
- Operating cash flow** amounted to 58 MSEK (6).
Operating cash flow FY improved to 139 MSEK (4).



Renovation

- **Net sales** in the quarter increased by 16 percent to 281 MSEK (242), which corresponds to 73 percent (83) of the total net sales.
Net sales FY amounted to 1,000 MSEK (1,088).
- **Order intake** in the quarter increased by 6 percent to 285 MSEK (269), which corresponds to 79 percent (91) of the total order intake.
Order intake FY increased by 28 percent to 1,074 MSEK (839).
- **Adjusted operating profit (EBITA)** in the quarter amounted to 20 MSEK (12), corresponding to an adjusted operating margin of 7.0 percent (4.9).
Adjusted operating profit (EBITA) FY amounted to 56 MSEK (84), corresponding to an adjusted operating margin (EBITA-margin) of 5.6 percent (7.7).
- **Order backlog** increased by 13 percent to 1,044 MSEK (926) which corresponds to 80 percent (86) of the total order backlog

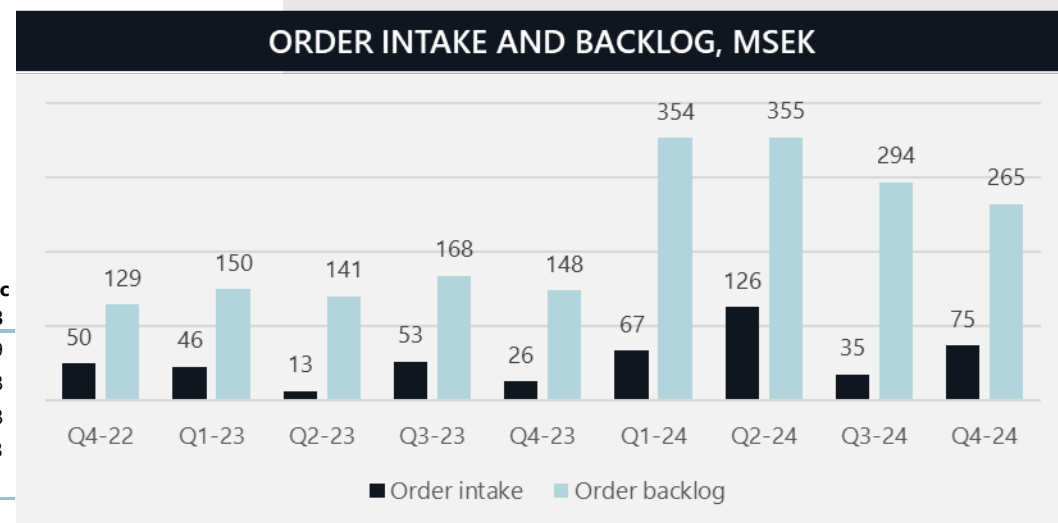
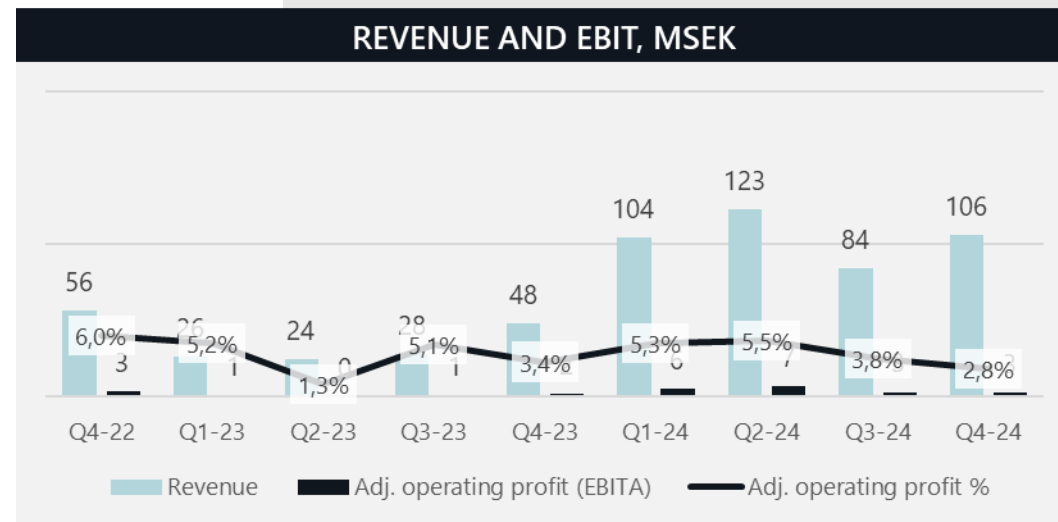
| Renovation, MSEK | Oct-Dec 2024 | Oct-Dec 2023 | Jan-Dec 2024 | Jan-Dec 2023 |
|--------------------------------------|--------------|--------------|--------------|--------------|
| Net sales | 280,7 | 241,7 | 1 000,2 | 1 088,0 |
| Adjusted operating profit (EBITA) | 19,7 | 11,8 | 55,8 | 83,8 |
| Adjusted operating margin (EBITA), % | 7,0 | 4,9 | 5,6 | 7,7 |
| Order intake | 285,1 | 269,1 | 1 074,2 | 838,7 |
| Order backlog | 1 044,3 | 925,5 | 1 044,3 | 925,5 |



New build

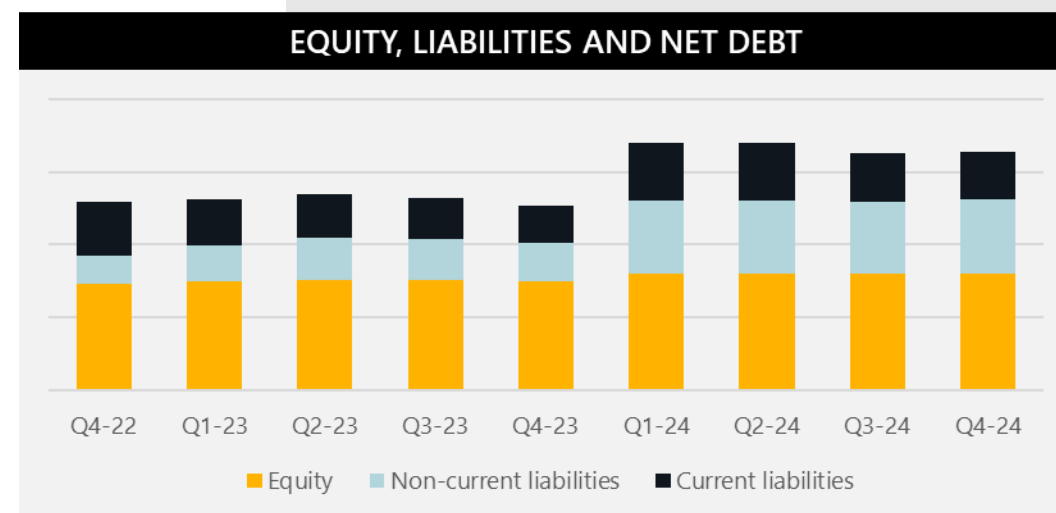
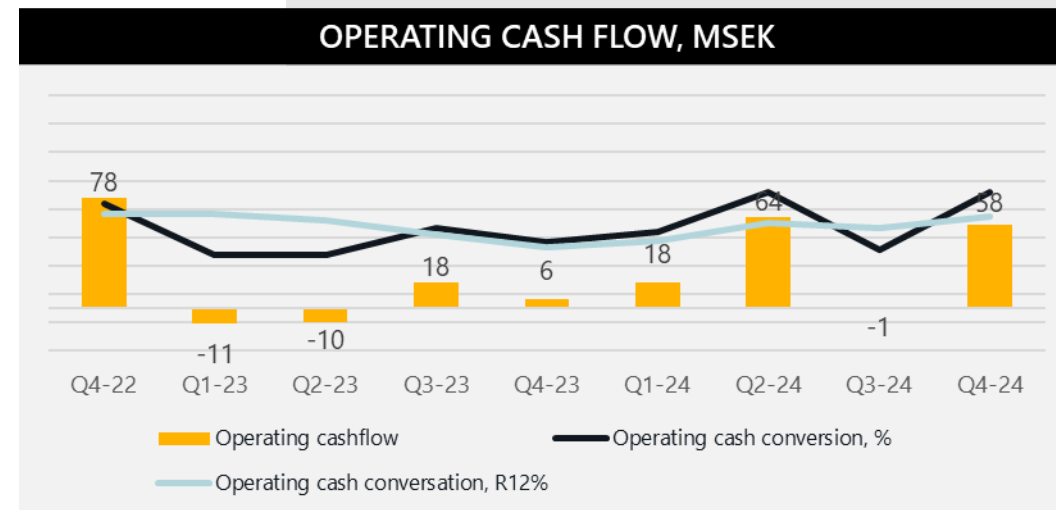
- **Net sales** in the quarter increased by 121 percent to 106 MSEK (48), which corresponds to 27 percent (17) of the total net sales.
Net sales FY increased by 229 percent to 418 MSEK (127).
- **Order intake** in the quarter increased by 184 percent to 75 MSEK (26), which corresponds to 21 percent (9) of the total order intake.
Order intake FY increased by 119 percent to 303 MSEK (138).
- **Adjusted operating profit (EBITA)** in the quarter amounted to 3 MSEK (2), corresponding to an adjusted operating margin of 2.8 percent (3.4).
Adjusted operating profit (EBITA) FY amounted to 19 MSEK (5), corresponding to an adjusted operating margin (EBITA-margin) of 4.5 percent (3.8).
- **Order backlog** increased by 79 percent to 265 MSEK (148) which corresponds to 20 percent (14) of the total order backlog

| | Oct-Dec 2024 | Oct-Dec 2023 | Jan-Dec 2024 | Jan-Dec 2023 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| New Build, MSEK | | | | |
| Net sales | 105,8 | 47,9 | 417,7 | 126,9 |
| Adjusted operating profit (EBITA) | 3,0 | 1,6 | 18,6 | 4,8 |
| Adjusted operating margin (EBITA), % | 2,8 | 3,4 | 4,5 | 3,8 |
| Order intake | 74,5 | 26,2 | 302,6 | 138,3 |
| Order backlog | 265,0 | 148,1 | 265,0 | 148,1 |



Financial position

- At the end of the year, the Group's equity amounted to 801 MSEK (748). Equity ratio at 49 percent (59).
- Interest-bearing net debt excluding leasing debt in relation to adjusted EBITDA (proforma) amounted to 2.7 times (1.6).



Sustainability update

- The risk rating according to Sustainalytics was lowered/improved to 17.2 (19.1), which means that we are among the 6 percent with the lowest risk rating in our industry “Building Products” and among the 20 percent with the lowest risk rating of all companies.
- Sickness absence for 2024 decreased to 3.6 percent (3.7).
- Employee turnover decreased to 7.9 percent (9.9).
- The rolling 3 years accident frequency decreased but for the actual year it increased to 11.4 (5.1). The increase comes from the acquired companies, where training programs have been initiated to increase safety on construction sites and reduce the number of accidents.
- Carbon dioxide emissions according to Scope 1 per hour worked decreased to 957 g/h (1,200) and for Scope 2 per worked hour to 460 g/h (509).
- Recycled waste increased to 80 percent (76).



Acquisition strategy

Long experience in acquisitions

- Acquisitions are an important part of Balco Group's growth strategy. Our experience from previous acquisitions has given us a clear and structured process for the successful integration and development of the acquired companies.

What are we looking for?

- European balcony companies or companies with activities that can complement Balco's Green Transformation product offering
- Strong position in a niche market
- Profitable, well-managed companies
- Business philosophy and culture in line with Balco Group
- Sustainable business model
- Continued commitment from management and key employees.

What do we offer?

- Financial stability
- Collaboration and knowledge sharing within the Balco Group
- Decentralized business model where the company retains its own brand, identity and culture
- Expertise and resources in sustainability, digitalization and business development



Concluding remarks

Summary

- Net sales in 2024 of 1,418 MSEK and adj. EBITA-margin 4.9 percent.
- Order intake in 2024 of 1,377 MSEK, organic order intake unchanged for the full-year, but 6 percent increase in H2.

Outlook

- Increased customer activity for our balcony companies that work with renovation.
- Our assessment is that the overall market will continue to improve gradually, but it looks like it will be a slower improvement than a fast one.
- We are actively working on our focus on profitability and adaptation and all companies in the Group have a strong focus on order intake, cash flow and costs.



Balco Group has a strong market position with high quality and long durability.



Q&A

BALCO

GROUP