

Press release

Växjö, January 22, 2024

Balco Group acquires Riikku Group Oy and carries out a small targeted share issue

Balco Group AB has today entered into an agreement on and completed the acquisition of all shares in Riikku Group Oy, one of Finland's leading companies in balcony glazing. Access has taken place today. The purchase price is paid partly in cash, partly through a directed new issue of shares in Balco Group to the sellers of Riikku Group Oy. The acquisition, which is the largest Balco Group has completed to date, will be consolidated from 1 January 2024 and is expected to contribute positively to earnings per share during the full year 2024.

Through the acquisition, Balco Group establishes a strong position in the Finnish balcony market and strengthens the range in the new build segment. The acquisition also strengthens Balco Group's market position in the Nordics, in line with the group's long-term strategy.

"The acquisition of Riikku Group is the largest Balco Group has carried out to date and strengthens our offer in Finland and our position as the market-leading balcony supplier in the Nordics. Through Balco Group's expertise in renovation, we see great potential to increase Riikku's sales in this segment. Furthermore, we see a good potential to sell Riikku's products in our other markets," says Camilla Ekdahl, President and CEO of Balco Group.

Riikku Group Oy was founded in 2005 and is one of Finland's two largest balcony glazing companies. The company mainly works with new build, but also sells in the renovation segment. Riikku's head office is in Alavus, Finland and has sales offices in several Finnish cities as well as subsidiaries in Sweden, Norway and Finland. The Riikku Group had a turnover of approximately 40 MEUR in 2023 with an operating margin that was slightly lower than Balco Group's. Riikku has a modern and well-invested production facility of approximately 7,500 m² in Alavus. Riikku and its subsidiaries will continue to be run by the current management with Joakim Petersen-Dyggve as Managing Director.

"It feels inspiring to be part of Balco Group's growth journey and I look forward to being part of developing and strengthening Riikku further" says Joakim Petersen-Dyggve, Managing Director of Riikku Group Oy.

The agreed purchase price amounts to 15 MEUR on a cash and debt-free basis. 3 MEUR will be paid with newly issued shares to Riikku's former owners. The remaining 12 MEUR is financed with own cash and was paid half upon entry and half over the next four years with a quarter per year.

In light of the fact that part of the purchase price will be paid with Balco Group's own shares, the board, with the support of the authorization from the annual general meeting on May 9, 2023, has today decided on a directed new issue of a total of 728,820 shares in the company to the sellers of Riikku Group Oy with payment by offsetting the reverse issued by Balco Group to the sellers. The subscription price for the shares issued to the sellers, which according to the share transfer agreement would correspond to the volume-weighted average price for Balco Group's share on January 19, 2023, amounted to 46.84 SEK per share.

After the directed new issue, the total number of shares and votes in Balco Group amounts to 22,638,168 shares and votes. The share capital increases by 4,373,092 SEK to 135,834,340 SEK.

For more information, please contact:

Camilla Ekdahl, President and CEO, +46 70 606 30 32, camilla.ekdahl@balco.se

Michael Grindborn, CFO and Head of IR, +46 70 670 18 18, michael.grindborn@balco.se

This disclosure contains information that Balco Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person, on January 22, 2024 10:45 CET.

Balco Group is a leading player in the balcony industry, focused on providing innovative, patented and energy-efficient solutions for multi-dwelling buildings. The company's tailored products contribute to increasing the quality of life, safety and value of homes. Through a decentralized and efficient sales process, Balco Group has full control over its value chain from production to delivery. Founded in 1987 in Växjö, the company now employs approximately 500 people and is a market leader in Scandinavia with operations in several markets in Northern Europe. The company's revenue for 2022 was 1,334 MSEK, and it is listed on the Nasdaq Stockholm. For more information visit www.balcogroup.se.