

N.B. The English text is an in-house translation of the original Swedish text. Should there be any disparities between the Swedish and the English text, the Swedish text shall prevail.

The Board of Directors' statement in accordance with Chapter 19, Section 22 of the Swedish Companies Act (2005:551)

Considering that the Board of Directors of Balco Group AB, reg. no. 556821-2319 (the "**Company**") proposes that the Annual General Meeting on May 14, 2024, resolves to authorize the Board of Directors to, on one or several occasions during the period up to the next Annual General Meeting, resolve on the acquisition of own shares so that the Company's holding of own shares totals no more than one-tenth of all shares in the Company, the Board of Directors hereby makes the following statement.

The nature and scope of the Company's operations are specified in the Company's Articles of Association and the most recently submitted annual report. The annual report provides information on the Company's and the Group's financial position as of December 31, 2023. It is also stated in the annual report which accounting principles that have been applied in the valuation of the Company's assets, allocations, and liabilities.

Assets and liabilities have been valued at fair value in accordance with Chapter 4, Section 14 a of the Annual Accounts Act (1995:1554). The Company only use financial instruments to a limited extent, meaning only an insignificant part of the Company's equity has been affected by the application of such valuation.

The Group's solvency as per 31 December 2023 amounted to 58.9 percent and the parent company's solvency to 32.6 percent. The proposed utilization of the authorization to repurchase own shares does not jeopardize the completion of investments which are deemed to be necessary. According to the Board's assessment, the Company's equity will be sufficient after the proposed acquisitions.

In light of the above, the Board of Director's assessment is that the utilization of the authorization for the Board of Directors to acquire the Company's own shares is justifiable taking into account the requirements stated in Chapter 17, Section 3, paragraphs 2 and 3 of the Swedish Companies Act (2005:551). In its assessment, the Board of Directors has taken into account the requirements imposed by the nature, scope, and risks of the operations on the size of the Company's and the Group's own capital, as well as the Company's and the Group's consolidation needs, liquidity, and position in general.

Växjö in April 2024
BALCO GROUP AB (PUBL)
Board of Directors