

Item 16: The board's proposal on introduction of an incentive programme 2021/2024

The incentive programme in short

The Board of Directors proposes that the Annual General Meeting resolves on implementing an incentive programme under which the company offers approximately 15 persons within the group to acquire warrants in the company. The right to acquire warrants shall accrue to the company's CEO, senior executives and other key employees in the group with the ability to directly affect the group's earnings.

The members of the Board of Directors of the company shall not be granted warrants.

The Board's proposal means that the Annual General Meeting resolves (i) to implement an incentive programme, (ii) on a directed issue of a maximum of 200,000 warrants, and (iii) to approve that the wholly owned subsidiary which has subscribed for the warrants transfers the warrants to the participants in the incentive programme.

The purpose of the proposed incentive programme is to create conditions for retaining and recruiting competent staff for the group, provide competitive compensation and align the interests of the participants with those of the shareholders as well as promote own shareholding in the company and thereby promote shareholder value and the company's creation of long-term value.

Issue of warrants 2021/2024

The Board of Directors proposes that the Annual General Meeting resolves on an issue of warrants in accordance with the terms and conditions set out below.

Number of warrants to be issued

The company shall issue a maximum of 200,000 warrants.

Right to subscription

The right to subscribe for warrants shall, with deviation from the shareholder's preferential rights, accrue to one of the company's wholly owned subsidiaries Nordiska Balco AB.

Reasons for deviation of the shareholder's preferential rights

The reason for deviation from the shareholder's preferential rights is to – through an incentive programme – create conditions for retaining and recruiting competent staff for the group, provide competitive compensation and align the interests of the participants with those of the shareholders as well as promote own shareholding in the company and thereby promote shareholder value and the company's creation of long-term value.

Subscription period

The warrants shall be subscribed for on a separate subscription list no later than 22 June 2021.

Over-subscription

Over-subscription shall not be permitted.

Subscription price and payment

The warrants shall be issued free of charge to the wholly owned subsidiary.

Terms and conditions for the warrants

- (i) Each warrant entitles the participant to acquire one new share in the company.

- (ii) The subscription price for each new share shall amount to an amount corresponding to 115 per cent of the volume-weighted price of the company's share on Nasdaq Stockholm during the ten trading days that occurs before (but not including) the day that the board for the first time decides on transfer of the warrants from the wholly owned subsidiary Nordiska Balco AB to the participants. The subscription price, calculated in accordance with the above, shall be rounded off to the nearest SEK 0.10, of which SEK 0.05 shall be rounded downwards. The thus described first transfer may be carried out no later than 6 months from the date of the resolution of the general meeting to issue warrants.
- (iii) The option right may be exercised during the period from and including the date that occurs three (3) years following the date that the board for the first time decides to transfer the warrants to the participants up to and including the day that falls 30 calendar days thereafter, though no later than from and including the date that occurs 3 years and six months from the date of the resolution of the general meeting to issue the warrants. According to the terms and conditions of the warrants, the period during which the warrants may be exercised shall be possible to extend if participants are prevented from exercising their warrants due to applicable laws on insider trading or the equivalent.
- (iv) The new shares shall entitle to dividend for the first time on the record date for dividends that falls immediately following the execution of the subscription.
- (v) The full terms and conditions for the warrants will be available on the company's website, www.balco.se, from and including 4 May 2021, at the latest. According to the terms and conditions for the warrants, the subscription price and the number of shares each warrant entitles subscription for, may be subject to customary recalculation in certain cases.

Increase of the share capital

When exercising all 200,000 warrants, the company's share capital may be increased by SEK 1,200,047.20 (estimated on a quotient value (Sw. *kvotvärde*) of SEK 6.000236), subject to the recalculation of the number of shares for which each warrant entitles the holder to subscribe for that can be made in accordance with the full terms and conditions of the warrants.

Authorisation

The board of directors shall have the right to extend the time for subscription of the warrants.

Allocation to potential participants outside Sweden is dependent on tax effects and that there otherwise are no legal obstacles to such allocation and that such allocation may occur with reasonable financial and administrative resources. In the event of such an allocation, the Board is authorised to make such minor adjustments as may be necessary with regard to foreign applicable law.

Approval of transfer of warrants to participants in the incentive programme

The board of directors proposes that the annual general meeting resolves to approve that the subsidiary entitled for subscription transfers a maximum of 200,000 warrants 2021/2024 to the company's CEO, senior executives and other key employees in the group who have a direct ability to influence the company's earnings or retains and later transfers warrants to such persons in accordance with the terms and conditions below.

Price and valuation

Payment for the warrants shall be made in cash and be acquired at market price. For those warrants that shall be acquired at market price, the price (the warrant premium) shall be determined according to Black & Scholes' valuation model in connection with the time of the transfer.

Allocation

The allocation of the warrants shall be determined by the board of directors in accordance with the following guidelines.

- (i) The warrants may be granted to the company's CEO, senior executives and other key personnel in the group who have a direct ability to influence the Group's earnings. In this case, the company's CEO may be granted a maximum of 50,000 warrants. Other participants, a total of approximately 14 persons, are divided depending on seniority into different categories that may be granted a total of a maximum of 150,000 warrants. However, the maximum number of warrants granted to the participants may not exceed 200,000 warrants. The company's board members may not be granted warrants. The first transfer to the participants in the programme may occur no later than 6 months from the date of the resolution of the general meeting to issue the warrants.
- (ii) Allocation of warrants to the participants may take place during the period from the date of the resolution of the general meeting to issue the warrants and for a period of 6 months thereafter. Allocation may only occur to the extent that the total number of warrants according to the programme does not exceed 200,000 warrants. However, the last day of allotment and transfer under this item (ii) does not apply to warrants not transferred under item (iii) or that have been repurchased under item (iv).
- (iii) If a person who has been granted a right to acquire warrants does not wish to acquire his or her full share, the non-acquired warrants shall be included in the number of unallocated warrants that may be offered to other existing and newly employed persons belonging to the categories specified in item (i) above.
- (iv) In connection with the transfer of warrants to the participants in the incentive programme, the company shall reserve the right to repurchase the warrants under certain circumstances. The company will thus have a right but not an obligation to repurchase warrants from the participant during the term of the incentive programme. Repurchases of warrants must be done at a price that at all times corresponds to no more than the market value. Repurchase of warrants may not, however, be made during such period when trading in financial instruments in the company is prohibited due to applicable laws on insider trading or the equivalent. Such repurchased warrants may be transferred in accordance with item (ii) above.

Dilution effect

If all 200,000 warrants 2021/2024 are exercised for subscription of 200,000 new shares, a dilution effect of approximately 0.9 per cent will arise (estimated based on the number of shares at the time of this notice).

Subsidies

In order to encourage participation in the programme, the Board of Directors is authorised to resolve on a subsidy in the form of gross salary additions, maximum corresponding to the premium paid for each warrant. In such cases, the subsidy will be paid out in connection with the exercise of the warrants, subject to the participant at such point in time is remaining in his/her employment or another corresponding employment within the Balco-group and still holding warrants. If a participant has disposed a part of its warrants, the participant should receive a subsidy maximum corresponding to the premium paid for the warrants held by the participant at the time of payment.

The company has the right but not any obligation to repurchase warrants that the participant does not wish to exercise as per the participant's notification to the company and part of each participant's warrants at a price corresponding to no more than the market value, with the purpose of facilitating the participant's exercise of the remaining warrants acquired under the programme. Repurchase may in such case be carried out in connection with the exercise of the warrants, however, warrants may not be repurchased during any such period when trading in the company's shares is prohibited in accordance with Article 19 of the market abuse regulation or any other equivalent legislation which applies at any given time.

The Board of Directors shall, within the framework of the above terms and conditions, be responsible for the preparation and management of the programme.

Costs

The transfers of the warrants will take place at a price that corresponds to the market value of the warrants at the time of the transfer, which means that no social security contributions should arise for the group in connection with the issue and transfer of the warrants.

Warrants transferred to participants will be accounted for in accordance with IFRS 2 and will be recorded as a personnel expense in the income statement over the duration of the incentive programme.

The total cost for the incentive programme, including social security costs, if any, the subsidies according to the previous heading and advisory fees, amounts to approximately SEK 2 million.

The programme is estimated to entail only limited direct costs for the company. Therefore, no measures to secure the programme are planned to be made.

Effect on key ratios

If the incentive programme had been established in 2020, subject to the assumptions set out above, the impact on earnings per share would have been approximately SEK 0.04.

Subject to the assumptions set out above, the total cost of the incentive programme, including social security, is estimated to be approximately SEK 2 million over the duration of the incentive programme. This cost may be compared to the company's total salary costs, including social security costs, of approximately SEK 235 million in 2020.

Preparation of the proposal

The incentive programme has been prepared by the board of directors and the remuneration committee and has been discussed at the board meeting in April 2021.

Majority requirement

Resolution in accordance with the Board of Directors' proposals requires that shareholders representing a minimum of 9/10 of both the votes cast and the shares represented at the Annual General Meeting approve the proposal.

Authorisation

The Board of Directors, or any person appointed by the Board of Directors, is authorised to make such minor adjustments to the Annual General Meeting's resolution that may be necessary in connection with the registration with the Swedish Companies Registration Office, Euroclear Sweden AB or due to other formal requirements.

Växjö in April 2021
Balco Group AB (publ)
The Board of Directors

Item 17: Resolution on issue authorisation for the Board of Directors

The Board of Directors proposes that the Annual General Meeting shall decide to authorise the Board of Directors to, at one or several occasions until the next Annual General Meeting, resolve to issue, with or without preferential rights for the shareholders, against payment in cash, payment in kind or payment through set-off, shares or share warrants or convertibles referring to such shares, signifying an increase or potential increase of the company's share capital with a maximum of ten per cent or 2,190,934 shares.

The purpose of the authorisation and the reasons for a possible deviation from the shareholders' preferential rights is that new issues of shares shall be able to occur to finance acquisitions of companies, to raise capital, or to finance further growth in the company in other ways.

Majority requirement

Resolution in accordance with the Board of Directors' proposal requires that shareholders representing a minimum of 2/3 of both the votes cast and the shares represented at the Annual General Meeting approve the proposal.

Authorisation

The Board of Directors, or any person appointed by the Board of Directors, is authorised to make such minor adjustments to the Annual General Meeting's resolution that may be necessary in connection with the registration with the Swedish Companies Registration Office, Euroclear Sweden AB or due to other formal requirements.

Växjö in April 2021
Balco Group AB (publ)
The Board of Directors

Item 18: Resolution on authorisation for the Board of Directors concerning acquisition and transfer of shares

Item 18 a): Resolution on authorisation for the Board of Directors to resolve on acquisition of own shares

The Board of Directors proposes that the Annual General Meeting shall decide to authorise the Board of Directors to, at one or several occasions until the next Annual General Meeting, on the following terms, acquire own shares in the share class that, at the time of the utilisation of the authorisation, are admitted to trading on Nasdaq Stockholm.

Acquisitions of shares in the company may be carried out on Nasdaq Stockholm. The number of shares that may be acquired shall not exceed a number implying that the company's total shareholding of own shares after acquisition corresponds to more than one tenth of all shares in the company at any time. The shares in the company on Nasdaq Stockholm shall be acquired only within the from time to time registered price range, *i.e.* the spread between the highest purchase price and the lowest selling price.

The purpose of the proposed authorisation to acquire own shares is to enable an improvement of the company's capital structure and to give the Board of Directors an increased scope of action, including to be able to use own shares as payment in connection with the acquisition of companies.

Item 18 b): Resolution on authorisation for the Board of Directors to resolve on transfer of own shares

The Board of Directors proposes that the Annual General Meeting shall decide to authorise the Board of Directors to, at one or several occasions until the next Annual General Meeting, on the following terms, resolve on transfers of own shares in the share class that, at the time of the utilisation of the authorisation, are admitted to trading on Nasdaq Stockholm.

Transfers of own shares may be carried out on Nasdaq Stockholm or by other means. Transfers of own shares may be made with deviation from the preferential rights of the shareholders. The maximum number of shares that may be transferred is the total number of own shares held by the company at the time of the Board of Directors' resolution to transfer the shares. Transfers of own shares on Nasdaq Stockholm shall be carried out at a price within the from time to time registered price range, *i.e.* the spread between the highest purchase price and the lowest selling price. Transfers of own shares in another manner shall be made at a minimum price that shall be determined in close connection with the shares' quoted price at the time of the Board of Directors' resolution to transfer the shares. Payment for own shares that are transferred can be made in cash, in kind or through set-off. The Board of Directors is entitled to determine the other terms and conditions of the transfer which, however, shall be in accordance with the market practice.

The purpose of the proposed authorisation to transfer own shares and the reason for the deviation from the shareholders' preferential rights is to enable an improvement of the company's capital structure and to give the Board of Directors an increased scope of action in relation to future acquisitions by facilitating a fast and cost-effective financing through the disposition of own shares.

Majority requirement

Resolution in accordance with the Board of Directors' proposals requires that shareholders representing a minimum of 2/3 of both the votes cast and the shares repre-

sented at the Annual General Meeting approve the proposal.

Authorisation

The Board of Directors, or any person appointed by the Board of Directors, is authorised to make such minor adjustments to the Annual General Meeting's resolution that may be necessary in connection with the registration with the Swedish Companies Registration Office, Euroclear Sweden AB or due to other formal requirements.

Växjö in April 2021
Balco Group AB (publ)
The Board of Directors

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

Regarding the Board of Directors' proposal to authorise the Board of Directors to, at one or several occasions until the next Annual General Meeting, resolve on acquisition of own shares to the extent that the Company's holdings of own shares is in total not higher than one tenth of all shares in the Company, the Board of Directors hereby makes the following statement in accordance with Chapter 19, Section 22 of the Swedish Companies Act.

The proposals regarding the authorisation to resolve on acquisition of own shares are in accordance with the provisions of Chapter 17, Section 3, paragraphs 2 and 3 of the Swedish Companies Act for the reasons set out below.

The assets and liabilities have been valued at their true value in accordance with Chapter 4, Section 14 a of the Annual Reports Act (1995:1554). As the Company only uses financial instruments to a limited extent, only an insignificant part of the Company's equity is affected by the application of such valuation.

The Company and the Group's financial position as per 31 December 2020 is stated in the most recent annual report. The annual report also states which accounting principles have been applied in the valuation of assets, allocations and liabilities. The proposed authorisation to repurchase own shares does not jeopardise the completion of investments which are deemed to be necessary.

It is the Board of Directors' assessment that the Board of Director's proposal to authorise the Board of Directors to resolve on acquisition of own shares is justifiable taking into account the requirements that the nature and scope of the business, as well as the risks associated with it, places on the Group's equity and financial position. Against the background and in view of the above, the Board of Directors is of the opinion that the proposal to authorise the Board of Directors to resolve on acquisition of own shares, is justifiable in view of the requirements set forth in Chapter 17 Section 3 paragraphs 2 and 3 of the Swedish Companies Act, that the value transfers shall be deemed justifiable in view of the requirements that the nature and scope of the business, as well as the risks associated with it, places on the Group's equity and the Company's and the Group's financial strength, liquidity and position in general.

Växjö in April 2021
Balco Group AB (publ)
The Board of Directors

Item 19: Resolution on amending the company's articles of association

The Board of Directors proposes that the Articles of Association be amended regarding an editorial change, regarding shortening the notice period for extraordinary general meetings, where the issue of changes to the articles of association will not be dealt with, from four weeks to three weeks and to enable postal voting and proxy collection at general meetings even after the Swedish Act (2020:198) on Temporary Exemptions of General Meetings in Companies and Associations has ceased to apply. The complete new articles of association are appended to this proposal.

In the Board's proposal below, **underlined bold text** means additions to the now registered articles of association and ~~crossed-out text~~ means deleted text.

§ 1 ~~Company name~~ Company name

The Company's name is Balco Group AB. The Company is a public company (publ).

§ 8 Notice of shareholder meetings, participation etc.

Notice of shareholders' meetings shall be given through advertisement in the Official Gazette (Post- och Inrikes Tidningar) and through notice being given on the Company's website. The Company shall place an advertisement in Dagens Industri stating that notice has been given. Notice of the annual general meeting and extraordinary general meetings, **where the issue of changes to the articles of association will be dealt with**, shall be issued not earlier than six, and not later than four, weeks prior to the meeting. **Notice of other extraordinary general meetings shall be issued not earlier than six, and not later than three, weeks prior to the meeting.**

Shareholders who wish to participate at shareholders' meetings must give notice of such to the company not later than the date stated in the notice of the meeting. The latter-mentioned date may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve, or New Year's Eve and may not be earlier than the fifth weekday prior to the shareholders' meeting.

Shareholders may be accompanied at shareholders' meetings by a maximum of two assistants, provided the shareholder has given notice to the company in the manner stated in the preceding paragraph of the number of assistants.

The board of directors may collect powers of attorney in accordance with the procedure specified in Chapter 7, Section 4, second paragraph of the Swedish Companies Act (2005:551).

The board of directors may decide before a general meeting that the shareholders shall be able to exercise their voting rights by post before the general meeting.

Majority requirement

Resolution in accordance with the Board of Directors' proposal requires that shareholders representing a minimum of 2/3 of both the votes cast and the shares represented at the Annual General Meeting approve the proposal.

Authorisation

The Board of Directors, or any person appointed by the Board of Directors, is authorised to make such minor adjustments to the Annual General Meeting's resolution that may be necessary in connection with the registration with the Swedish Companies Registration Office, Euroclear Sweden AB or due to other formal requirements.

Växjö in April 2021
Balco Group AB (publ)
The Board of Directors

New articles of association

Articles of Association

Articles of Association for Balco Group AB, company reg. no. 556821-2319, adopted at the annual general meeting held on 25 May 2021.

§ 1 Company name

The Company's name is Balco Group AB. The Company is a public company (publ).

§ 2 Registered office

The registered office shall be located in the municipality of Växjö, in the County of Kronoberg.

§ 3 Objects

The Company shall directly, and indirectly through subsidiaries, carry out business in the manufacturing and supply of balcony solutions and glazed balconies and activities associated therewith. In addition, the Company shall own and manage property and conduct activities associated therewith.

§ 4 Share capital

The share capital shall be not less than SEK 100,000,000 and not more than SEK 400,000,000.

§ 5 Number of shares

There shall be not less than 15,000,000 shares and not more than 60,000,000 shares.

§ 6 Board of Directors

The Company's board of directors shall consist of not less than three and not more than ten directors without any alternate directors. The directors shall be elected annually at the annual general meeting to serve until the close of the next annual general meeting.

§ 7 Auditors

The Company shall have not less than one and not more than two auditors and an equal number of alternate auditors. An authorized public accountant or a registered accounting company shall be appointed as auditor and, where applicable, alternate auditor.

§ 8 Notice of shareholder meetings, participation etc.

Notice of shareholders' meetings shall be given through advertisement in the Official Gazette (Post- och Inrikes Tidningar) and through notice being given on the Company's website. The Company shall place an advertisement in Dagens Industri stating that notice has been given. Notice of the annual general meeting and extraordinary general meetings, where the issue of changes to the articles of association will be dealt with, shall be issued not earlier than six, and not later than four, weeks prior to the meeting. Notice of other extraordinary general meetings shall be issued not earlier than six, and not later than three, weeks prior to the meeting.

Shareholders who wish to participate at shareholders' meetings must give notice of such to the Company not later than the date stated in the notice of the meeting. The latter-mentioned date may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve, or New Year's Eve and may not be earlier than the fifth weekday prior to the shareholders' meeting.

Shareholders may be accompanied at shareholders' meetings by a maximum of two assistants, provided the shareholder has given notice to the Company in the manner stated in the preceding paragraph of the number of assistants.

The board of directors may collect powers of attorney in accordance with the procedure specified in Chapter 7, Section 4, second paragraph of the Swedish Companies Act (2005:551).

The board of directors may decide before a general meeting that the shareholders shall be able to exercise their voting rights by post before the general meeting.

§ 9 Annual general meetings

The following business shall be addressed at annual general meetings:

- (1) Election of a chairperson for the meeting.
- (2) Preparation and approval of the voting register.
- (3) Approval of the agenda.
- (4) Election of one or two persons to attest the minutes.
- (5) Determination of whether the shareholders' meeting was duly convened.
- (6) Resolutions regarding:
 - (i) adoption of the income statement and balance sheet and, where applicable, the consolidated income statement and consolidated balance sheet;
 - (ii) allocations of the Company's profit or loss according to the adopted balance sheet; and
 - (iii) discharge from liability of the directors and CEO.
- (7) Determination of the fees to be paid to the directors and auditors.
- (8) Election of the board of directors and, where applicable, auditors.
- (9) Decisions regarding guidelines for remuneration to be paid to senior management.
- (10) Resolution regarding the nominations process.
- (11) Other matters which, pursuant to the Swedish Companies Act or the articles of association, must be addressed by the shareholders' meeting.

§ 10 Financial year

The Company's financial year shall be 1 January – 31 December.

§ 11 CSD provision

The Company's shares shall be registered in a CSD register pursuant to the Swedish Central Securities Depositories and Financial Instruments Accounts Act (*Sw. lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*).

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