

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' proposal on dividends and statement in accordance with Chapter 19, Section 22 of the Swedish Companies Act (2005:551)

The Board of Directors' proposal for distribution of profits

The distributable funds available to the Annual General Meeting amounts to SEK 145,992,482.

The Board of Directors of Balco Group AB, reg. no. 556821-2319, proposes that no distribution of profits is made for the financial year 2019, and that funds at the disposal of the Annual General Meeting are carried forward.

In light of the current situation, the Board of Directors has decided to propose that a decision on distribution of profits shall not be made at the Annual General Meeting. When the consequences of the Covid-19 pandemic becomes more clear, the Board of Directors intends to, if the conditions are appropriate, convene an Extraordinary General Meeting, at which the shareholders will be able to decide on dividend.

Statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act

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 (2005:551).

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 2019 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.

As of 31 December 2019, the Group's equity debt ratio amounted to 46.5 per cent and the parent company's equity debt ratio amounted to 52.8 per cent. The proposed utilisation of the 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's proposal to authorise the Board 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 May 2020
BALCO GROUP AB (PUBL)
Board of Directors