

# BALCO

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## GROUP

*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.*

### **NOTICE OF ANNUAL GENERAL MEETING IN BALCO GROUP AB (publ)**

The shareholders in Balco Group AB, reg. no. 556821-2319, are invited to the Annual General Meeting, to be held on Tuesday May 14, 2024, at 3.00 pm at Kök 11, Honnörsgatan 15 in Växjö. Registration starts at 2.30 pm.

The Board of Directors has, pursuant to Chapter 7, Section 4 a of the Swedish Companies Act (Sw. aktiebolagslagen), and Chapter 8 of the company's Articles of Association, decided that shareholders shall be able to exercise their voting rights by postal voting before the General Meeting. Consequently, shareholders may choose to exercise their voting rights at the Annual General Meeting by attending in person, by proxy or through postal voting.

### **RIGHT TO ATTEND AT THE ANNUAL GENERAL MEETING**

Shareholders who wish to attend the Annual General Meeting shall:

- be entered as a shareholder in the share register kept by Euroclear Sweden AB ("Euroclear") on Friday, May 3, 2024, and
- give notice to the company of their intention to attend the Meeting according to the instructions under the heading "Notification of attendance in person or by proxy" or cast a postal vote according to the instructions under the heading "Instructions for postal voting" no later than Tuesday, May 7, 2024.

### **NOMINEE-REGISTERED SHARES**

In order to be entitled to participate in the Annual General Meeting, shareholders who have had their shares registered with a nominee through a bank or other authorized depository, must – in addition to giving notice of their attendance – request that the shares be temporarily re-registered in their own name so that the shareholder is registered in Euroclear's share register as of the record date on 3 May 2024. Re-registration may be temporary (so-called voting rights registration) and requested from the nominee in advance in accordance with the nominee's routines. Registration of voting rights requested by shareholders at such a time that the registration has been made by the nominee no later than Tuesday, May 7, 2024 will be taken into account when submitting the share register.

### **NOTIFICATION OF ATTENDANCE IN PERSON OR BY PROXY**

Shareholders who wish to attend the Annual General Meeting in person or by proxy must notify this no later than May 7, 2024 either:

- at the website, <https://balcogroup.se/en/investors/corporate-governance/general-meeting>;

- by phone +46 73 472 00 90; or
- by post to Balco Group AB, c/o Svenska Financial Hearings AB, Brunnsgratan 21 A, 3tr, 111 38 Stockholm, Sweden.

The notification shall set forth the name/business name, personal identity/reg. number, address, telephone number (daytime) and, when applicable, the number of persons attending with you (not more than two).

If shareholders intend to be represented by proxy or a representative for a legal entity, the shareholder is requested to send authorization documents (a power of attorney and/or registration certificate) to the company at the above address in connection with the notification to the Annual General Meeting. Power of attorney forms are available on the company's website, <https://balcogroup.se/en/investors/corporate-governance/general-meeting>.

### **INSTRUCTIONS FOR POSTAL VOTING**

For postal voting, a special form must be used. The postal voting form is available on the Balco Group AB's website, <https://balcogroup.se/en/investors/corporate-governance/general-meeting>.

Shareholders can vote by post in any of the following ways:

1. Completed and signed postal voting form can be sent by post to Balco Group AB, c/o Svenska Financial Hearings AB, Brunnsgratan 21 A, 3tr, SE 111 38 Stockholm, Sweden, or by e-mail to [agm@innovatics.se](mailto:agm@innovatics.se). The completed form must be received by Balco Group AB no later than on Tuesday, May 7, 2024.
2. Shareholders can also cast their postal vote electronically no later than Tuesday, May 7, 2024 via verification with BankID on Balco Group AB's website, <https://balcogroup.se/en/investors/corporate-governance/general-meeting>.

The shareholder may not give any instructions other than to mark one of the answer alternatives specified in the form. If the shareholder has provided the form with special instructions or conditions, or changed or made amendments to the pre-printed text, the postal vote will be considered invalid. Further instructions and conditions can be found in the postal voting form and at <https://balcogroup.se/en/investors/corporate-governance/general-meeting>. Should you have any questions, please call +46 73 472 00 90.

If the shareholder votes by post by proxy, a written and dated power of attorney signed by the shareholder must be attached to the postal voting form. Power of attorney forms are available on the company's website, <https://balcogroup.se/investerare/bolagsstyrning/bolagsstamma>. If the shareholder is a legal entity, a registration certificate or other authorization document must be attached to the form.

Those who wish to withdraw a submitted postal vote and instead cast their vote by participating in the Annual General Meeting in person or by proxy must notify the Annual General Meeting's secretariat before the Meeting is opened.

## PROPOSED AGENDA

1. Opening of the Annual General Meeting
2. Election of Chairman for the Annual General Meeting
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Election of one or two persons to verify the minutes
6. Determination as to whether the Annual General Meeting has been duly convened
7. Presentation of the annual report and the auditor's report as well as the consolidated accounts and the auditor's report on the consolidated accounts
8. Statement by the CEO and the auditor
9. Resolutions on:
  - a) adopting the profit and loss statement and the balance sheet as well as the consolidated profit and loss statement and consolidated balance sheet;
  - b) allocation of the Company's profit according to the adopted balance sheet; and
  - c) (i)–(vii) discharge from liability for the members of the Board of Directors and the CEO for the financial year 2023
10. Presentation of the remuneration report for approval
11. The Nomination Committee's statement regarding its proposals for the Annual General Meeting and the Nomination Committee's motivated statement regarding its proposal of election of Board members
12. Resolution on the number of Directors of the Board
13. Resolution on the number of auditors
14. Resolution on remuneration for the Directors of the Board
15. Resolution on remuneration to the auditor
16. (i)–(vii) Election of the Board of Directors and the Chairman of the Board of Directors
17. Election of auditor
18. Resolution regarding guidelines for remuneration to senior executives
19. Resolution on authorisation for the Board of Directors to issue shares
20. Resolution on authorisation for the Board of Directors to resolve on acquisition and transfer of own shares
21. Resolution on the introduction of incentive programme 2024/2027
22. Closing of the Annual General Meeting

## THE NOMINATION COMMITTEE

The Nomination Committee, which was formed in accordance with the nomination procedure stated in the current instruction for the Nomination Committee, has prior to the Annual General Meeting consisted of Carl-Mikael Lindholm, appointed by the Hamrin Family (the Nomination Committee's chairman), Annica Nordin, appointed by Skandrenting AB, Magnus Sjöqvist, appointed by Swedbank Robur Fonder, Claes Murander, appointed by Lannebo Fonder, and Ingalill Berglund, the company's Chairman.

## THE BOARD OF DIRECTORS AND THE NOMINATION COMMITTEE'S PROPOSALS

### Item 2: Election of Chairman of the Annual General Meeting

The Nomination Committee proposes Ingalill Berglund, the company's Chairman, as Chairman of the Annual General Meeting.

**Item 9 b): Resolution on allocation of the company's profit according to the adopted balance sheet**

The Board proposes that no dividend shall be paid for the financial year 2023, and that amounts available for the Annual General Meeting be transferred to a new account.

**Item 9 c): Resolution on discharge from liability for the Directors of the Board and the CEO for the financial year 2023**

The auditor recommends that the Annual General Meeting grants discharge from liability for the financial year 2023. Resolutions on discharge from liability are proposed to be made through separate individual resolutions for each Board member and the CEO in the following order.

- (i) Ingalill Berglund, Chairman of the Board of Directors
- (ii) Mikael Andersson, member of the Board of Directors
- (iii) Vibecke Hverven, member of the Board of Directors
- (iv) Carl-Mikael Lindholm, member of the Board of Directors
- (v) Johannes Nyberg, member of the Board of Directors
- (vi) Thomas Widstrand, member of the Board of Directors
- (vii) Camilla Ekdahl, CEO

**Item 10: Presentation of the remuneration report for approval**

The Board of Directors proposes that the Annual General Meeting approves the Board of Directors' remuneration report for 2023, which is available on the company's website, <https://balcogroup.se/en/investors/corporate-governance/general-meeting>.

**Item 12: Resolution on the number of Directors of the Board**

The Nomination Committee proposes that the Board of Directors, for the period until the end of the next Annual General Meeting, unchanged shall consist of six Board members elected by the Annual General Meeting without deputy members.

**Item 13: Resolution on the number of auditors**

The Nomination Committee proposes that the number of auditors, for the period until the end of the next Annual General Meeting, unchanged shall consist of one accounting firm without any deputies.

**Item 14: Resolution on remuneration for the Directors of the Board**

The Nomination Committee proposes the following changes regarding remuneration for Board and committee work:

- (i) SEK 550,000 (SEK 525,000) to the Chairman of the Board of Directors;
- (ii) SEK 220,000 (SEK 210,000) to each of the other members of the Board of Directors;
- (iii) SEK 110,000 (SEK 100,000) to the Chairman of the Audit Committee;
- (iv) SEK 55,000 (SEK 50,000) to each of the other members of the Audit Committee;
- (v) SEK 65,000 (SEK 60,000) to the Chairman of the Remuneration Committee; and
- (vi) SEK 35,000 (SEK 30,000) to each of the other members of the Remuneration Committee.

The proposal entails a total Board remuneration amounting to SEK 2,005,000 (SEK 1,895,000).

**Item 15: Resolution on remuneration to the auditor**

The Nomination Committee proposes that remuneration to the auditor shall be paid in accordance with approved invoice.

**Item 16: Election of the Board of Directors and the Chairman of the Board of Directors**

The Nomination Committee proposes, for the period until the end of the next Annual General Meeting:

Re-election of

- (i) Mikael Andersson
- (ii) Ingalill Berglund
- (iii) Vibecke Hverven
- (iv) Carl-Mikael Lindholm
- (v) Johannes Nyberg
- (vi) Thomas Widstrand

As Chairman, it is proposed to re-elect

- (vii) Ingalill Berglund

A presentation of all of the Nomination Committee's proposed Board members is available on the company's website, <https://baltcogroup.se/investerare/bolagsstyrning/bolagsstamma>.

**Item 17: Election of auditor**

The Nomination Committee proposes, in accordance with the Audit Committee's recommendation, for the period until the end of the next Annual General Meeting, re-election of the authorised accounting firm KPMG AB as the company's auditor. KPMG AB has notified that, if the Annual General Meeting approves the Nomination Committee's proposal, the authorised auditor Michael Johansson will be the auditor in charge.

**Item 18: Resolution regarding guidelines for remuneration to senior executives**

The Board of Directors proposes that the Annual General Meeting resolves on the following guidelines for determining salary and other remuneration to the company's senior executives. Senior executive means the CEO and Group management.

A review of the guidelines for remuneration to senior executives has been made prior to the 2024 Annual General Meeting, and the review has only resulted in certain editorial changes.

The guidelines shall apply for the time being, but no longer than until the 2028 Annual General Meeting. When the guidelines have been adopted by the 2024 Annual General Meeting, the guidelines shall be applied for compensation that is agreed upon and changes made to already agreed upon compensation. Remuneration resolved upon by the shareholders at a General Meeting fall outside the scope of these guidelines. Thus, share-related incentive programs for senior executives or remuneration to the Directors for Board work are not covered by these guidelines.

If a Director performs work on behalf of the company, beyond Board work, consulting fees and other remuneration for such work may be paid in accordance with the guidelines, subject to a separate decision by the Board of Directors.

### **The guidelines contribute to the company's business strategy, long-term interests and sustainability**

The company is the market leader in the balcony industry, developing, manufacturing, selling, and installing its own open and glazed balcony systems within well-defined market areas. In short, the company's business strategy aims to strengthen its market-leading position as a supplier of high-quality balcony solutions tailored to the specific needs and requirements of its customers. The company's overall goal is to create increased value for shareholders through organic profit growth and acquisitions.

The company views sustainability from both a commercial and an ethical perspective, striving to conduct carry out credible and targeted sustainability work, taking into account both the environment and society. Sustainability work is an integrated part of the company's operations. Furthermore, the company's sustainability efforts are systematic and targeted and reported in the group's annual and sustainability reports.

For more information about the company's business strategy, long-term interests and sustainability, please see the company's website, [www.balcogroup.se](http://www.balcogroup.se).

A successful implementation of the company's business strategy and the pursuit of its long-term interests, as well as meeting expectations of sustainable and responsible operations, are conditional on the company being able to attract, motivate and retain senior executives. The objective of the company's remuneration is to be competitive, while aligning with the interests of shareholders. The company's compensation structures should collectively create a well-balanced remuneration reflecting individual skills, responsibility, and performance, both in the short and long-term, as well as the company's overall performance. These guidelines enable senior executives to be offered a market-competitive and competitive total remuneration.

### ***Incentive programs***

The company has established warrant-based incentive programs for senior executives and additional key employees, implemented on market terms, with the aim of encouraging a broad share ownership among the company's key employees, facilitating recruitment, retaining competent and talented employees, increasing alignment between the objectives of key employees and the company, and enhancing motivation to achieve or exceed the company's financial goals. Thus, the warrant-based incentive programs have a clear connection to the company's business strategy, safeguarding the company's long-term interests, and meeting expectations for sustainable and responsible business practices.

The executives or key employees covered by the programs may acquire warrants at market price. In order to encourage participation in the programs, it was resolved to authorise the Board of Directors to subsidize participants' involvement in the program in the form of a gross salary supplement, up to the maximum corresponding to the premium paid for each warrant, provided that the participant remains employed by the company or any equivalent employment within the Balco Group and holds their war-

rants at the time. Subscription for shares upon exercising the warrants can be made after three years.

The warrant-based incentive programs, resolved at the Annual General Meeting in 2021 and at the Annual General Meeting in 2022, are further described in reference note 10 (p. 78) in the annual report for 2023, available on the company's website, [www.balcogroup.se](http://www.balcogroup.se).

Since share-based and share price-related incentive programs are resolved by the General Meeting, they are not covered by these guidelines.

### **Forms of remuneration**

The company shall offer a total remuneration on market terms which is competitive. Remuneration for senior executives may consist of fixed and variable salary, pension benefits, and other benefits. This also includes conditions regarding termination and severance pay. To safeguard that the overall remuneration is in line with market terms and competitive, it shall be reviewed annually. Consideration shall then be taken with regard to position, the size of the company, salary, and individual experience. In addition, the General Meeting can, regardless of these guidelines, resolve on, among other things, share-based remunerations.

#### *Fixed base salary*

The senior executives' fixed annual salary shall be competitive and based on the individual executive's competence, responsibilities and performance. The fixed base salary shall constitute the basis for the total remuneration.

#### *Variable cash remuneration*

In addition to the annual fixed base salary, the senior executive shall be eligible to receive variable cash remuneration. Such variable remuneration shall be based on predetermined and measurable criteria which may include both financial and non-financial aspects. The variable salary may be linked directly or indirectly to the achievement of the financial targets set by the company's Board of Directors, which among other things relate to the group's operating profit. The non-financial criteria may be linked to sustainability. The variable salary is normally paid based on performance over twelve months (calendar year) and the company's most recently published financial information. Thus, the variable cash remuneration is linked to the company's business strategy, long-term interests, and sustainability.

The criteria shall be established, monitored and evaluated annually by the Board of Directors. For each senior executive, the variable remuneration shall not exceed 50 percent of the annual fixed base salary.

Variable compensation shall only form the basis for pension benefits if provided for by applicable collective bargaining agreement provisions.

#### *Other benefits and pension*

The group offers other benefits to senior executives in accordance with local practices. Such other benefits may, for example, include a company car and occupational healthcare. For a limited period, if applicable, housing may also be provided. Other

benefits shall be market-based.

Senior executives shall be entitled to pension benefits based on customary practices in the country where they are employed. Pension commitments shall be defined contribution-based and secured through premium payments to insurance companies, except if the individual is covered by a defined benefit pension plan in accordance with applicable collective bargaining agreement provisions. For each senior executive, pensions shall not exceed 30 percent of the annual fixed base salary unless a higher provision is stipulated by applicable collective agreement pension plan.

Regarding employment relationships subject to regulations other than Swedish law, appropriate adjustments may be made concerning pension benefits and other benefits to comply with mandatory regulations or local practices, ensuring the overall purposes of these guidelines being met.

#### *Notice period and severance pay*

Employment agreements entered into between the company and senior executives shall, as a general rule, be valid indefinitely. If the company terminates the employment of a senior executive, the notice period may not exceed twelve months. Severance pay shall be payable only upon termination by the company and shall not exceed an amount corresponding to the annual fixed base salary during the notice period. In the event of termination by the senior executive, the notice period may not exceed six months and no severance pay shall be provided.

#### *Salary and employment terms for employees*

In the preparation of the Board of Directors' proposal for guidelines for remuneration, the salary and terms of employment for the company's employees have been considered. In the evaluation of the fairness of the guidelines and the limitations imposed by them the following has formed the basis for the Remuneration Committee's and the Board of Directors' decision-making:

- i) information on the employees' total remuneration;
- ii) remuneration components; and
- iii) the increase and growth rate of remuneration over time.

#### *Decision-making process for adopting, reviewing, and implementing the guidelines*

The Board of Directors has established a Remuneration Committee, whose duties include preparing the Board of Directors' resolutions regarding proposals for the current guidelines, remuneration principles, and other employment terms for senior executives. The Remuneration Committee shall also monitor and evaluate ongoing and, during the year, completed programs for variable remuneration for senior executives, the application of the remuneration guidelines for senior executives, as well as the current remuneration structures and levels within the company.

The Board of Directors shall propose new guidelines at least every fourth year and present the proposal for resolution at a General Meeting. These guidelines shall be in force until new guidelines are adopted by the General Meeting.

#### *Deviations from the guidelines*



The Board of Directors is entitled to temporarily deviate from these guidelines entirely or partly if the Board of Directors deems that in a specific case there is special cause for the deviation and a deviation is deemed necessary to safeguard the company's long-term interests and to meet expectations of a sustainable and responsible business enterprise, or to ensure the company's financial viability.

If such deviation is made by the Board of Directors, it must be stated in the Board of Directors' remuneration report, where the reasons for the deviation and the specific parts of the guidelines from which deviation has been made shall be specified. It is the responsibility of the Remuneration Committee to prepare the Board of Directors' resolutions on remuneration matters, including resolutions on any deviations from the guidelines.

**Item 19: Resolution on authorisation for the Board of Directors to issue shares**

The Board of Directors proposes that the Annual General Meeting authorises the Board of Directors to, at one or several occasions until the next Annual General Meeting, resolve to increase the company's share capital by issuing new shares. The total number of shares that may be issued pursuant to the authorisation may not exceed ten (10) percent of the total number of outstanding shares in the company, at the time of the notice of the Annual General Meeting.

New share issues may be made with or without deviation from the shareholders' preferential rights, against payment in cash, or with provisions for contribution in kind or set-off. The purpose of the authorisation and the reasons for any deviation from the shareholders' preferential rights are to enable issuances for financing or payment in connection with acquisitions of companies, to raise capital, or to finance further growth in the company in other ways. In the event of deviation from the shareholders' preferential rights, the issuance shall be made at market terms and conditions.

The Board of Directors, or any person appointed by the Board of Directors, is proposed to be authorised to make minor adjustments of the resolution mentioned above, as may be required in connection with the registration with the Swedish Companies Registration Office.

A valid resolution in accordance with the Board of Directors' submitted proposal as described above, requires that the resolution is supported by shareholders holding not less than two-thirds of both the votes cast and the shares represented at the General Meeting.

**Item 20: Resolution on authorisation for the Board of Directors to resolve on acquisition and transfer of own shares**

The Board of Directors proposes that the Annual General Meeting authorises the Board of Directors to, at one or several occasions until the next Annual General Meeting, to resolve on the acquisition and transfer of own shares of such class of shares that, at the time of the utilisation of the authorisation, are admitted to trading on Nasdaq Stockholm.

The purpose of the proposed authorisation is to provide the Board of Directors with increased flexibility in its work with the company's capital structure, thereby creating additional value for the shareholders, including to be able to use own shares as payment

in connection with acquisitions of companies, where the shareholders' preferential rights must be waived for obvious reasons, and to provide the Board of Directors with increased flexibility in potential future company acquisitions by facilitating rapid and cost-effective financing through the disposal of own shares.

Acquisitions of shares in the company may be carried out on Nasdaq Stockholm in accordance with the applicable regulations for issuers. 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.

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.

A valid resolution in accordance with the Board of Directors' submitted proposal as described above, requires that the resolution is supported by shareholders holding not less than two-thirds of both the votes cast and the shares represented at the General Meeting.

#### **Item 21: Resolution on the introduction of incentive program 2024/2027 through**

##### **a) issue of warrants with deviation from the shareholders' preferential rights, and b) approval of the transfer of the warrants to senior executives in the company and other Group companies**

The Board proposes that the Annual General Meeting resolves to implement an incentive program in the company to current and future senior executives in the company and, where applicable, its subsidiaries by A) issuing warrants to the wholly-owned subsidiary Balco AB, reg. no. 556299-4482 (the "Incentive Company"), and B) approve the transfer of the issued warrants of the program to the participants in the incentive program 2024/2027.

#### **Background and motive**

The Board deems it important and in the interest of all shareholders that the employees within the Balco Group have a long-term interest in the positive development of the share in the company. At the Annual General Meeting 2021, the Annual General Meeting 2022 and the Annual General Meeting 2023, the company resolved to implement a

warrant-based incentive programs. These incentive programs are still outstanding except for the incentive program that was resolved upon at the Annual General Meeting in 2023.

The motive for the proposal and the reason for the deviation from the shareholders' preferential rights is that the Board assess that a personal long-term ownership interest for the management is expected to contribute to an increased interest for the company's business and earnings development. Through a warrant-based incentive program for employees within the Balco Group, employees' rewards can be linked to the company's future earnings and value development. The long-term value increase is thereby rewarded and shareholders and concerned employees get the same objective. Incentive programs are also considered to facilitate the recruitment and retainment of key employees. The Board therefore assesses, based on the outline of the incentive program, that there is no need to establish any predetermined and measurable performance criteria for the participants in the program.

In light of the terms, the size of the allocation and other circumstances, the Board assesses that the proposed incentive program, in accordance with the following, is both reasonable and favorable for the company and its shareholders.

The detailed terms and principles for the Incentive Program 2024/2027 are described below.

#### **A. Issue of warrants to the Incentive Company**

The Board proposes that the Annual General Meeting resolves to issue not more than 230,000 warrants, entitling for subscription for an equal number of shares in the company. If all warrants are used for subscription of shares, the company's registered share capital will increase with not more than SEK 1,380,054.17 kronor. In addition, the following terms shall apply for the resolution.

The right to subscribe for the warrants shall, with deviation from the shareholders' preferential rights, only vest in the Incentive Company, with the right and obligation to transfer the warrants to the participants in the Incentive Program 2024/2027 in accordance with the proposal under point B below. There can be no oversubscription.

The reason for the deviation from the shareholders' preferential rights is the introduction of the Incentive Program 2024/2027 and appears under the heading "Background and reason" above.

The warrants shall be issued at no consideration.

Subscription for warrants shall be made on a separate subscription list within three (3) weeks from the date of the resolution on the issue of warrants. The Board shall be entitled to extend the subscription period.

Subscription for shares at exercise of the warrants can be made during the period from and including the day that falls three (3) years after the day the Board decides for the first time to transfer the warrants to the participants up to and including the day that falls 30 calendar days thereafter, but no later than from and with the day that falls three

(3) years and seven (7) months from the date of the general meeting's decision to issue the warrants.

Each warrant shall entail a right to subscribe for a new B share in the company at a subscription price corresponding to 120 percent of the volume-weighted average price of the company's share according to Nasdaq Stockholm's official price list during the ten (10) trading days preceding (but not including) the day on which the board for the first time decides on the transfer of the warrants. However, the subscription price cannot fall below the quota value. The subscription price must be rounded to the nearest 0.10 SEK, whereby 0.05 SEK must be rounded downwards.

Any premium when subscribing for new shares when exercising a warrant shall be transferred to the unrestricted premium reserve.

The shares subscribed for by exercising warrants shall entitle to dividends for the first time on the record date for dividends that occurs after the subscription is affected.

For the warrants, the terms and conditions set out in the complete terms and conditions for the warrants, Appendices A, shall apply. As stated in the complete terms and conditions, the subscription price as well as the number of shares that each warrant entitles to subscribe for may be recalculated in the event of a bonus issue, new share issue and in certain other cases. Recalculation can also take place when subscribing for shares through a so-called Net Strike formulae. Furthermore, the time for the exercise of the warrants may be brought forward and postponed in certain cases.

The new shares that may be issued at subscription are not subject to any restrictions.

The Board or a person appointed by the Board shall be authorized to make any minor adjustments required to register and execute the resolution.

#### **B. Transfer of warrants to senior executives**

The Board propose that the Annual General Meeting resolves to approve that the Incentive Company transfer not more than 230,000 warrants, to the management and key employees of the company or other group company under the Incentive Program 2024/2027, on the following terms:

Under Incentive Program 2024/2027, a right to purchase warrants from the Incentive Company shall vest in current and future senior executives in the company or other group company.

The Board shall be entitled to decide which individuals of the management are to be offered to acquire warrants in accordance with the guidelines above.

The participants may choose to subscribe for a lower number of warrants than stated above. The warrants shall be transferred to the participants on market terms at a price that is determined based on an estimated market value of the warrants using the Black-Scholes Model, based on the prevailing market conditions on the day of the onward transfer.

Estimation of market value and estimation of subscription price regarding subscription of a new share in the company shall be carried out by Kanton Finansiella Rådgivning Aktiebolag or, if this were to prove not possible, by another independent valuer.

Notification of the acquisition of warrants may be made during the period from and including the date of the General Meeting's decision to issue the warrants up until and including December 14, 2024.

The Board shall however be entitled to prolong or adjust the application period for acquiring warrants.

A prerequisite for the allotment of warrant is that (i) the participant's employment or assignment with the company or other Group company has not been terminated nor been given any notice of termination at the end of the subscription period for each series and (ii) that the participant has entered into a pre-emption agreement with the company, according to which the participant is obliged to offer the company to repurchase his/her warrants if the participant's employment ends.

Any warrants held by the Incentive Company which have not been acquired/transferred according to the above may, with the consent of the Board in the Incentive Company, be cancelled by a resolution of the company's Board. Cancellation shall be registered with the Swedish Companies Registration Office.

### **Financing and bonus offer**

The participants are offered an opportunity to receive a bonus amounting to the participants premium for the warrants, provided the participants employment with the company or other Group company is not terminated until three (3) years has passed from the date when the Board decides on the transfer of the warrants.

In case a right to early exercise of the allocated warrants exists, for instance, but not limited to, a delisting or a sale of the majority of the shares in the company, the participants shall be offered a possibility to receive the bonus even if the time limits above have not been met.

The Board or a person appointed by the Board is also entitled to offer a bonus for allotted warrants if a change of circumstances attributable to the participant occur, for example death, sickness or other distressing circumstances.

The participant is responsible for the financing of the premium at the purchase of the warrants.

### **Supplementary information**

#### Effect on key figures and costs for the company etc.

The current incentive program is expected to have a minor impact on the company's key figures.

Based on a price for the company's share of 40 SEK, a subscription price of 48 SEK per share, a risk-free interest rate of 2.71 percent and a volatility of 30 percent, the value

per warrant has been estimated at 4.35 SEK, which gives a value for all warrants of approximately 1.0 MSEK.

Calculated on the basis of the above estimated value for the warrants, the incentive program is expected to incur costs of approximately 1.3 MSEK, relates to the cash subsidy to the participants and social security contributions. In addition, minor costs for foreign social security charges may also be levied for participants in other countries. In addition, the incentive program is expected to entail certain limited costs in the form of external consulting fees and administration regarding the warrants and the program as a whole. Based on the above, no actions have been taken to hedge the program.

#### Dilution

The estimated maximum dilution of the Incentive Program 2024/2027 is approximately 1.0 percent of the share capital and votes in the company (based on the number of shares outstanding in the company after the exercise of the warrants).

In total, 397,498 warrants are outstanding and held by participants in the Incentive programs 2021/2024 and 2022/2025, resolved at the 2021 Annual General Meeting and the 2022 Annual General Meeting. No further warrants may be transferred to participants in these incentive programs. Outstanding warrants from the incentive programs resolved at 2021 Annual General Meeting and the 2022 Annual General Meeting together with the proposed incentive program comprise a maximum of 627,498 warrants that can be exercised for subscription of a maximum of 627,498 shares in total, which corresponds to a dilution effect of a maximum of approximately 2,7 percent of the share capital and votes in the company.

#### Other share based incentive programs

At the Annual General Meeting on 25 May 2021, the Annual General Meeting on 24 May 2022 and at the Annual General Meeting on 9 May 2022 a similar program (Incentive Program 2021/2024, Incentive Program 2022/2025 and Incentive Program 2023/2026) through an issue of a maximum of 200,000, 220,000 respective 220,000 warrants, granting the right to subscribe for an equal number of shares, was approved. The programs were offered to approximately fifty employees within the company's management. In total 397,498 warrants of the issued warrants have been acquired, 199,998 by series 2021/2024 and 197,500 by series 2022/2025. In the Incentive Program 2023/2026, resolved at the Annual General Meeting in 2023, no warrants have been allocated.

The warrants of series 2021/2024 may be exercised for subscription of shares from and including May 25, 2024 to and including June 24, 2024. Each warrant gives the right to subscribe for one share at a price of SEK 107,70 per share.

The warrants of series 2022/2025 may be exercised for subscription of shares from and including September 1, 2025 to and including September 30, 2025. Each warrant gives the right to subscribe for one share at a price of SEK 79.40 per share.

#### Preparation of the proposal

The principles for the warrant program have been developed by the company's Remu-

neration Committee and the Board. The proposal has been prepared with the assistance of external advisors. The Board has subsequently decided to submit this proposal to the Annual General Meeting. Except for the officials who prepared the matter pursuant to instructions from the Board, no employee that may be included in the program has taken part in the preparation thereof.

#### Majority requirement

A resolution to approve Incentive Program 2024/2027 as set out in A and B above shall be made as one decision and is therefore conditional upon each other. A resolution is valid only when supported by shareholders holding not less than nine-tenths of both the shares voted and of the shares represented at the meeting.

#### **NUMBER OF SHARES AND VOTES**

The total number of shares and votes in the company, at the time of the issue of the notice, is 23,021,648. The company does not possess any own shares at the time of the issue of the notice.

#### **PROCESSING OF PERSONAL DATA**

Personal data obtained from the share register, notices of attendance at the Annual General Meeting and information on proxies will be used for registration, preparation of the voting list for the Annual General Meeting and, where applicable, the minutes of the Annual General Meeting.

For information on how your personal data is processed, please refer to the Privacy Policy available on Euroclear's website:

<https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

#### **SHAREHOLDERS' RIGHT TO REQUEST INFORMATION**

Shareholders are reminded of the right to request information in accordance with Chapter 7, Section 32 of the Swedish Companies Act (2005: 551). The Board of Directors and the CEO shall, if any shareholder so requests and the Board considers that this can be done without significant damage to the company, provide information at the Annual General Meeting on matters that may affect the assessment of a matter on the agenda, and matters that may influence the assessment of the company's or subsidiaries' financial situation, the consolidated accounts and the company's relationship with another group company.

#### **DOCUMENTS**

The complete proposals are included in the notice, with the exception of the remuneration report, which is provided as follows. Balco Group AB's annual report and auditor's report, consolidated financial statements and group auditor's report, the Board's remuneration report, the Board's statement according to Chapter 19, Section 22 of the Swedish Companies Act, the auditor's statement regarding the remuneration guidelines, and the Nomination Committee's motivated statement, as well as other documents for the Meeting, are available on the company's website and at the company, address Älgvägen 4, 352 45 Växjö. The documents will also be sent to shareholders upon request.

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Växjö in April 2024  
**Balco Group AB (publ)**  
*The Board of Directors*