

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.

**COMPLETE RESOLUTION PROPOSALS FOR EXTRA GENERAL MEETING IN
BALCO GROUP AB ON 24 NOVEMBER 2020**

Complete proposal under item 7: Resolution on introducing incentive programme 2020/2023

The incentive programme in brief

The Board of Directors proposes that the general meeting resolves to establish an incentive programme under which the company invites approximately 25 persons within the group to acquire warrants in the company. The right to acquire warrants shall be granted to the CEO of the company, senior executives and other key individuals in the group with the ability to directly influence the group's earnings.

The company's Board members shall not be granted any warrants.

The Board of Directors' proposal means that the general meeting resolves on (i) the establishment of an incentive program, (ii) a directed issue of not more than 400,000 warrants, and (iii) approving that the wholly-owned subsidiary that subscribes for the warrants transfers them to the participants in the incentive programme.

The rationale for the proposed incentive programme is to create conditions for retaining and recruiting competent personnel to the group, provide competitive compensation and reconcile the interests of the company's shareholders and the participants as well as promote a personal shareholding, and thereby promote shareholder value and the company's long-term value creation capability.

Issue of warrants 2020/2023

The Board of Directors proposes that the general meeting resolves on an issue of warrants on the following terms and conditions.

Number of warrants to be issued

The company shall issue a maximum of 400,000 warrants.

Right to subscription

The right to subscribe for warrants shall, with deviation of the shareholders' pre-emption rights, belong to a wholly-owned subsidiary of the company Nordiska Balco AB.

Reason for deviating from the shareholders' pre-emption rights

The reason for deviating from the shareholders' pre-emption rights is, by way of an incentive programme, to create conditions for retaining and recruiting competent personnel to the group, provide competitive compensation and reconcile the interests

of the company's shareholders and the participants as well as promote a personal shareholding, and thereby promote shareholder value and the company's long-term value creation capability.

Subscription period

Subscription for the warrants shall take place on a separate subscription list no later than on 22 December 2020.

Over-subscription

Over-subscription is not allowed.

Issue price and payment

The warrants shall be issued to the wholly-owned subsidiary without compensation.

Terms and conditions for the warrants

- (i) Each warrant shall entitle the holder to subscribe for one new share in the company.
- (ii) The subscription price for each new share shall be equal to 110 per cent of the volume-weighted average price of the company's share on Nasdaq Stockholm during the five trading days that occur before (but not including) the day on which the Board of Directors for the first time decides to transfer 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 to the nearest SEK 0.10, where SEK 0.05 shall be rounded down. The first transfer thus described may take place no later than 6 months from the date of the decision of the general meeting to issue the warrants.
- (iii) The warrants may be exercised during the period from and including the day that falls three (3) years after the day on which the Board of Directors for the first time decides to transfer the warrants to the participants up to and including the date that falls 30 calendar days thereafter, though no later than from and including the day that occurs 3 years and six months from the date of the decision of the general meeting to issue the warrants. Under the terms and conditions of the warrants, the period during which the warrants may be exercised may be extended if participants are prevented from exercising their subscription rights due to applicable laws on insider trading or equivalent.

- (iv) The new shares shall carry rights to dividends for the first time on the record day for dividends that occurs after subscription has been executed.
- (v) The complete terms and conditions for the warrants will be made available on the company's website, www.balcogroup.se, from 3 November 2020 at the latest. As set forth in the terms and conditions for the warrants, the subscription price and the number of shares that a warrant entitles subscription for, may be recalculated in certain cases.

Increase in share capital

The company's share capital may, upon exercise of all 400,000 warrants, increase by SEK 2,400,094.40 (calculated on a quota value of SEK 6.000236), subject to such recalculation of the number of shares that each warrant entitles subscription for that may be made in accordance with the complete terms and conditions of the warrants.

Authorisation

The Board of Directors shall be authorised to extend the subscription period.

Allotment to potential participants outside of Sweden is dependent on tax effects and that there otherwise are no legal obstacles towards such an allotment and that such an allotment can take place with reasonable financial and administrative resources. In the event of such an allotment, the Board of Directors is authorised to make such minor adjustments as may be necessary with regards to foreign applicable law.

The Board of Directors shall furthermore be authorised to make such minor adjustments in the resolution that may be required in connection with the registration of the warrants at the Swedish Companies Registration Office.

Approval of transfer of warrants to participants in the incentive programme

The Board of Directors proposes that the general meeting resolves to approve that the wholly-owned subsidiary eligible for subscription transfers not more than 400,000 warrants 2020/2023 to the CEO of the company, senior executives and other key individuals in the group with the ability to directly influence the group's earnings, or retains and later transfers the warrants on the following terms and conditions.

Price and valuation

The warrants shall be transferred against cash payment and at a price corresponding to market value. For warrants acquired at market price, the price (the warrant premium) shall be established in accordance with the Black & Scholes valuation model in connection with the time of transfer.

Allotment

The Board of Directors of the company shall decide on the allotment of warrants in accordance with the following principles.

- (i) The warrants may be granted to the company's CEO, senior executives and other key individuals in the group with the ability to directly influence the group's earnings. In such a case, the CEO of the company may be allotted up to 120,000 warrants. Other participants, in total numbering approximately 24, are divided based on seniority into different categories that may be allotted in total a maximum of 280,000 warrants. However, the maximum number of warrants that may be allotted shall not exceed 400,000 warrants. Members of the company's Board of Directors shall not be allotted any warrants. The first transfer to the participants in the programme may take place no later than 6 months from the date of the decision of the general meeting to issue the warrants.
- (ii) Warrants may be allotted to the participants during the period from and including the day of the decision of the general meeting to issue the warrants and during a period of 6 months thereafter. Allotment may only take place to the extent that the total number of warrants allotted under the incentive programme does not exceed 400,000 warrants. However, the last day for allotment and transferral pursuant to this item (ii) does not apply to warrants that have not been transferred pursuant to item (iii) or which have been repurchased pursuant to item (iv).
- (iii) If a person who has been allotted a right to acquire warrants does not wish to acquire his or her full share, the non-acquired part of his or her share shall be included in the number of un-allotted warrants, which may be offered to other existing or newly recruited persons within 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 itself the right to repurchase the warrants under certain conditions. The company will thus have a right but not an obligation to repurchase warrants from participants during the term of

the incentive programme. Repurchases of warrants shall be done at a price that does not exceed the market value of the warrants. Repurchases of warrants may however not take place during such periods when trading in financial instruments in the company is forbidden due to applicable laws on insider trading or any equivalents. Such repurchased warrants may be transferred in accordance with item (ii) above.

Dilution effect

If all 400,000 warrants 2020/2023 are exercised for subscription of 400,000 new shares, the dilution effect will be approximately 1.8 per cent (based on the total number of shares at time of this notice).

Subsidies

For the purpose of encouraging participation in the programme, the Board of Directors may decide to subsidise the participants' participation in the programme in the form of a gross salary supplement. The level of the salary supplement will at most correspond to the gross amounts invested by the participant to be subsidised. If the Board decides on such a subsidy to the participants, the subsidy will be paid out in connection with the exercise of the warrants and *i.a.* assume that the participant at that time still remains in his or her employment in the company or other equivalent employment within the Balco Group, and holds his or her warrants. The subsidy for each participant shall amount to a maximum amount corresponding to the premium paid for the participant's warrants held at the time of payment.

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 will 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, is estimated to be approximately SEK 4 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 2019, subject to the assumptions set out above, the impact on earnings per share would have been approximately SEK 0.08.

Subject to the assumptions set out above, the total cost of the incentive programme, including social security, is estimated to be approximately SEK 4 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 217 million in 2019.

Preparation of the proposal

The incentive programme has been prepared by the Board of Directors and the remuneration committee and has been dealt with at Board meetings during August and October 2020.

Amendments to the Articles of Association

The proposal for the issue of warrants does not presuppose an amendment to the Articles of Association.

Other

Terms and Conditions for the warrants, the Board's Report in accordance with ch. 14 section 8, third item of the Swedish Companies Act (Sw. *aktiebolagslagen*) and the auditor's statement regarding the report prepared by the Board of Directors are attached.

Växjö in October 2020

Balco Group AB (publ)

The Board

Terms and Conditions for Warrants 2020/2023 for subscription of shares in Balco Group AB (publ)

1 Definitions

In these terms and conditions, the following terms shall have the meanings given below:

“ <i>Business Day</i> ”	a day which is not a Sunday or other public holiday or, with respect to the payment of promissory notes, is not equated with a public holiday in Sweden.
“ <i>Companies Act</i> ”	the Swedish Companies Act (Sw. <i>aktiebolagslagen</i> (2005:551)).
“ <i>Company</i> ”	Balco Group AB (publ), reg. no. 556821-2319.
“ <i>Control</i> ”	means a holding of more than 90 percent of the shares in the Company.
“ <i>Euroclear</i> ”	Euroclear Sweden AB.
“ <i>Market Quotation</i> ”	listing of shares in the Company on an authorised market place or other organised market place.
“ <i>Subscription</i> ”	subscription of shares in the Company on exercise of Warrants in accordance with Chapter 14 of the Companies Act.
“ <i>Subscription Price</i> ”	the price at which Subscription for new shares may take place on exercise of Warrants.
“ <i>Warrant</i> ”	the right to subscribe for one newly issued share in the Company in exchange for payment in accordance with these terms and conditions.
“ <i>Warrant Holder</i> ”	the holder of a Warrant.

2 Warrants

The total number of Warrants is not more than 400,000. The Warrants should be able to be registered by Euroclear in securities accounts in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. *lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*).

If the Warrants are not registered with Euroclear, the Company shall issue Warrant certificates in connection with the issuance of the Warrants. The Company shall upon request by a Warrant Holder exchange or convert a Warrant certificate. If the Company decides to register the Warrants with Euroclear, and previously issued Warrant certificates are held by the Warrant Holder, the Warrant Holder shall on demand return the Warrant certificates to the Company.

3 Right to subscribe for new shares

Each Warrant entitles the holder to subscribe for one new share in the Company at a Subscription Price corresponding to 110 per cent of the volume-weighted average price paid for the Company's shares on Nasdaq Stockholm during the five trading days that occur before (but not including) the day on which the board of directors for the first time decides on transfer of the Warrants from the Company's 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 whole SEK 0.10, whereupon SEK 0.05 shall be rounded downwards. The

thus described first transfer may take place no later than 6 months from the date of the decision of the general meeting to issue the Warrants.

The Subscription Price, as well as the number of shares for which each Warrant entitles the holder to subscribe, may be recalculated in accordance with Section 8 below.

Subscription may only take place in respect of the entire number of shares for which the total number of Warrants entitles the Warrant Holder to subscribe for and which a single Warrant Holder desires to exercise. On such Subscription, any excess fractions of Warrants which cannot be exercised shall be disregarded.

4 Application for Subscription

Application for Subscription of shares may take place during the period from and including the day that falls three (3) years after the day on which the board of directors for the first time decides to transfer the Warrants to the participants up to and including the date that falls 30 calendar days thereafter, or such earlier date as may be determined in accordance with Section 8 or 9 below, though no later than from and including the day that occurs 3 years and six months from the date of the decision of the general meeting to issue the Warrants.

If a Warrant Holder is prohibited from Subscription during the period set out in this Section 4 due to regulations under the Regulation (EU) No 596/2014 on market abuse, the Swedish Securities Market Abuse Penal Act (Sw. *lagen (2016:1307) om straff för marknadsmissbruk på värdepappersmarknaden*), the Swedish Act with Supplementary Provisions to the European Union's Market Abuse Regulation (Sw. *lagen (2016:1306) med kompletterande bestämmelser till EU:s marknadsmissbruksförordning*) or other insider legislation applicable in respect of the Company, the Company shall be entitled to instead permit Subscription as soon as such Warrant Holder is no longer prohibited from Subscription, though no later than 30 calendar days after such a prohibition has ceased.

If an application for Subscription is not submitted within the time stated above, the Warrant shall lapse.

On application for Subscription, a completed application form in the predetermined form, together with Warrant certificate(s), shall be submitted to the Company. Applications for Subscription are binding and irrevocable.

5 Payment for new shares

On application for Subscription, payment for the number of shares which the application for Subscription covers shall be made within 7 days. Payment shall be made in cash to a bank account designated by the Company.

6 Registration of new shares

Following payment for subscribed shares, Subscription shall be effected through the registration of the new shares. Following registration with the Swedish Companies Registration Office, the registration of the new shares will become definitive. According to Section 8 below such registration might in certain circumstances be postponed.

7 Dividends on new shares

Shares issued following Subscription shall entitle the holders thereof to participate in the distribution of dividends for the first time on the record date that occurs immediately following the Subscription.

8 Recalculation of Subscription Price and the number of shares

The following provisions shall govern the right that vests in Warrant Holder in the event the share capital prior to the Subscription is increased or reduced, convertible bonds or warrants are issued, or the Company is dissolved or ceases to exist as a consequence of a merger or division, or there is an Extraordinary Dividend (as defined below):

A *Bonus issue*

In the event of a bonus issue – where an application for Subscription is submitted at such time that the allotment of shares cannot be made on or before the sixth Business Day prior to the general meeting which resolves to make the bonus issue – Subscription shall be effected only after the general meeting has adopted a resolution approving the bonus issue. Shares which are issued pursuant to Subscription effected after the adoption of a resolution approving the bonus issue will not entitle the holder thereof to participate in the bonus issue. Definitive registration shall only take place after the record date for the bonus issue.

In conjunction with Subscription, which is effected after the adoption of a resolution to make a bonus issue, a recalculated Subscription Price as well as a recalculated number of shares for which each Warrant entitles the Warrant Holder to subscribe shall be applied. The recalculation shall be carried out by the Company in accordance with the following formulae:

Recalculated Subscription Price = (previous Subscription Price) x (the number of shares in the Company prior to the bonus issue) / (the number of shares in the Company after the bonus issue)

Recalculated number of shares for which each Warrant entitles the Warrant Holder to subscribe = (previous number of shares for which each Warrant entitled the holder to subscribe) x (the number of shares in the Company after the bonus issue) / (the number of shares in the Company prior to the bonus issue)

The Subscription Price and the number of shares which each Warrant entitles the holder to subscribe for, recalculated as set out above, shall be determined by the Company as soon as possible after the general meeting has adopted a resolution approving the bonus issue.

B *Reverse share split/share split in the Company*

In the event the Company effects a reverse share split or share split, the provisions of Sub-section A above shall apply *mutatis mutandis*. The record date shall be deemed to be the date on which the reverse share split or share split is carried out by Euroclear at the request of the Company.

C *New issue*

If the Company issues new shares subject to preferential rights for shareholders to subscribe for new shares in exchange for cash payment, the following shall apply with respect to the right to participate in the new issue held by the shareholders whose shares are issued as a consequence of Subscription on exercise of the Warrant:

1. If the board of directors of the Company has resolved to carry out a new issue conditional on the approval of the general meeting of the shareholders or pursuant to authorisation granted by the general meeting of the shareholders, the resolution of the new issue shall state the last day on which Subscription must be effected in order to entitle the holders of the shares held pursuant to the Subscription to participate in the new issue.

2. If the general meeting adopts a resolution to issue new shares, where an application for Subscription is submitted at such time that it cannot be effected on or before the sixth Business Day prior to the general meeting which shall address the question of the new issue, Subscription shall only be effected following the adoption of a resolution with respect thereto by the general meeting. Shares which issued as a consequence of such Subscription will not entitle the holders to participate in the new issue. Definitive registration shall only take place after the record date for the new issue.

Where Subscription is effected at such time that no right to participate in the new issue arises, a recalculated Subscription Price as well as a recalculated number of shares for which each Warrant entitles the holder to subscribe shall apply. Recalculations shall be made by the Company in accordance with the following formulae:

Recalculated Subscription Price = (previous Subscription Price) x (the average quoted price of the share during the subscription period stated in the resolution approving the issue (referred to below as the "average price of the share")) / (the average price of the share increased by the theoretical value of the subscription right calculated on the basis thereof)

Recalculated number of shares = (previous number of shares for which each Warrant entitled the holder to subscribe) x (the average price of the share increased by the theoretical value of the subscription right calculated on the basis thereof) / (the average price of the share)

The average price of the share shall be deemed to be the equivalent of the average calculated mean value, for each trading day during the subscription period, of the highest and lowest quoted paid price on that day according to the stock exchange or market place list on which the shares are quoted. In the absence of a quoted paid price, the bid price shall form the basis for the calculation. Days on which neither a paid price nor a bid price is quoted shall be excluded from the calculation.

The theoretical value of the subscription right is calculated in accordance with the following formula:

Theoretical value of subscription right = (the maximum number of new shares which may be issued pursuant to the resolution approving the issue) x ((the average price of the share) – (the issue price of the new share)) / (the number of shares prior to the adoption of the resolution approving the issue)

If this results in a negative value, the theoretical value of the subscription right shall be deemed to be zero.

The Subscription Price and the number of shares for which each Warrant entitles the holder to subscribe, recalculated as set out above, shall be determined by the Company two Business Days after the expiry of the subscription period and shall apply to each Subscription effected thereafter.

If the Company's shares, at the time of the resolution to issue the new shares, are not subject to a Market Quotation, a corresponding recalculation of the Subscription Price and the number of shares for which each Warrant entitles the holder to subscribe shall take place. The recalculation, which shall be made by the Company, shall be based on the assumption that the value of the Warrants shall remain unchanged.

During the period prior to the determination of the recalculated Subscription Price and the

recalculated number of shares for which each Warrant entitles the holder to subscribe, Subscription shall only be effected on a preliminary basis. Definitive registration shall be made following determination of the recalculated Subscription Price and the recalculated number of shares for which each Warrant entitles the holder to subscribe.

D Issue of convertible bonds or Warrants

In the event the Company issues convertible bonds or warrants in accordance with Chapters 14 and 15 of the Companies Act, in both cases subject to preferential rights for the shareholders to subscribe for such equity related instrument in exchange for cash payment, the provisions of Sub-section C, first paragraph, sub-paragraphs 1 and 2 shall apply *mutatis mutandis* in respect of the right to participate in the issue for any share which has been issued through Subscription.

Where Subscription is effected at such a time that no right to participate in the new issue arises, a recalculated Subscription Price as well as a recalculated number of shares for which each Warrant entitles the holder to subscribe shall apply. Recalculations shall be made by the Company in accordance with the following formulae:

Recalculated Subscription Price = (previous Subscription Price) x (the average quoted price of the share during the relevant period stated in the resolution approving the issue (referred to below as the "average price of the share")) / (the average price of the share increased by the value of the subscription right).

Recalculated number of shares for which each Warrant entitles the holder to subscribe = (previous number of shares for which each Warrant entitled the holder to subscribe) x (the average price of the share increased by the value of the subscription right) / (the average price of the share).

The average price of the share shall be calculated in accordance with the provisions of Sub-section C above.

The value of the subscription right shall be deemed to be the equivalent of the average calculated mean value, for each trading day during the subscription period, of the highest and lowest quoted paid price on that day according to the stock exchange or market place list on which the subscription rights are quoted. In the absence of a quoted paid price, the quoted bid price shall form the basis for the calculation. Days on which neither a paid price nor a bid price is quoted shall be excluded from the calculation.

If the subscription rights are not subject to a Market Quotation, the value of the subscription right shall, to the greatest extent possible, be determined based upon the change in the market value of the Company's shares which may be deemed to have occurred as a consequence of the issue of the convertible bonds or warrants.

The Subscription Price and the number of shares for which each Warrant entitles the holder to subscribe, recalculated as set out above, shall be determined by the Company two Business Days after the expiry of the subscription period and shall apply to each Subscription effected thereafter.

If the Company's shares, at the time of the resolution to issue the notes, are not subject to a Market Quotation, a corresponding recalculation of the Subscription Price and the number of shares for which each Warrant entitles the holder to subscribe shall take place. The recalculation, which shall be made by the Company, shall be based on the assumption that

the value of the Warrants shall remain unchanged.

During the period prior to the determination of the recalculated Subscription Price and the recalculated number of shares for which each Warrant entitles the holder to subscribe, Subscription shall only be effected on a preliminary basis. Definitive registration shall be made following determination of the recalculated Subscription Price and the recalculated number of shares for which each Warrant entitles the holder to subscribe.

E Other offers to shareholders

Where the Company, in circumstances other than those referred to in Sub-sections A–D above, makes offers to the shareholders, subject to preferential rights for the shareholders in accordance with the principles set out in Chapter 13, Section 1 of the Companies Act, to acquire securities or rights of any type from the Company or resolves, in accordance with the principles mentioned above, to distribute such securities or rights to the shareholders without consideration, in conjunction with Subscription which is effected at such time that the shares thereby received do not entitle the holder to participate in the offer, a recalculated Subscription Price as well as a recalculated number of shares for which each Warrant entitles the holder to subscribe shall apply. Recalculations shall be made by the Company in accordance with the following formulae:

Recalculated Subscription Price = (previous Subscription Price) x (the average quoted price of the share during the application period for the offer (referred to below as the "average price of the share")) / (the average price of the share increased by the value of the right to participate in the offer (referred to below as the "value of the purchase right"))

Recalculated number of shares for which each Warrant entitles the holder to subscribe = (previous number of shares for which each Warrant entitled the holder to subscribe) x (the average price of the share increased by the value of the purchase right) / (the average price of the share)

The average price of the share shall be calculated in accordance with the provisions of Sub-section C above.

Where shareholders have received purchase rights and trading in these has taken place, the value of the right to participate in the offer shall be deemed to be equivalent to the value of the purchase rights. For this purpose, the value of the purchase right shall be deemed to be equivalent to the average calculated mean value, for each trading day during the application period, of the highest and lowest quoted paid price during the day according to the stock exchange or market place list on which the purchase rights are quoted. In the absence of a quoted paid price, the quoted bid price shall form the basis for the calculation. Days on which neither a paid price nor a bid price is quoted shall be excluded from the calculation.

If the shareholders do not receive purchase rights or where such trading in purchase rights as referred to in the preceding paragraph otherwise does not take place, the recalculation of the Subscription Price shall be made as far as possible by applying the principles set out above in this Sub-section E and the following shall apply. Where listing of the securities or rights offered to the shareholders takes place, the value of the right to participate in the offer shall be deemed to be equivalent to the average calculated mean value, for each trading day during the period of 25 trading days calculated from the first day of listing, of the highest and lowest transaction prices quoted for trades in such securities or rights on the securities exchange or other marketplace for financial instruments on which those securities or rights are listed,

reduced where appropriate by the consideration paid for these in conjunction with the offer. In the absence of a quoted paid price, the quoted bid price shall form the basis for the calculation. Days on which neither a paid price nor a bid price is quoted shall be excluded from the calculation of the value of the right to participate in the offer. In the recalculation of the Subscription Price and the number of shares for which each Warrant entitles the holder to subscribe, the period of 25 trading days referred to above shall be deemed to be the application period determined for the offer pursuant to the first paragraph of this Sub-section E.

Where no listing of such securities or rights offered to the shareholders takes place, the value of the right to participate in the offer shall, to the greatest extent possible, be determined based on the change in the market value of the Company's shares which may be deemed to have occurred as a consequence of the offer.

The Subscription Price and the number of shares for which each Warrant entitles the holder to subscribe, recalculated in accordance with the above, shall be determined by the Company as soon as possible after it becomes possible to calculate the value of the right to participate in the offer.

If the Company's shares, at the time of the offer, are not subject to a Market Quotation, a corresponding recalculation of the Subscription Price and the number of shares for which each Warrant entitles the holder to subscribe shall take place. The recalculation, which shall be made by the Company, shall be based on the assumption that the value of the Warrants shall remain unchanged.

During the period prior to the determination of the recalculated Subscription Price and the recalculated number of shares for which each Warrant entitles the holder to subscribe, Subscription shall only be effected on a preliminary basis. Definitive registration shall be made following determination of the recalculated Subscription Price and the recalculated number of shares for which each Warrant entitles the holder to subscribe.

F Equal treatment of Warrant Holders and shareholders

Where the Company issues new shares or makes an issue pursuant to Chapters 14 or 15 of the Companies Act, with preferential rights for shareholders to subscribe for equity related instruments in exchange for cash payment, the Company may grant all Warrant Holders the same preferential rights as the shareholders. In conjunction therewith, each Warrant Holder, irrespective of whether subscription for shares has been made, shall be deemed to be the owner of the number of shares which such Warrant Holder would have received, had Subscription on the basis of the Warrant been effected in respect of the Subscription Price, and the number of shares for which each Warrant entitles the holder to subscribe, in effect at the time of the resolution to issue the shares.

If the Company resolves to make an offer to the shareholders as described in Sub-section E above, what has been stated in the preceding paragraph shall apply *mutatis mutandis*. However, the number of shares of which each warrant holder shall be deemed to be the owner shall, in such circumstances, be determined on the basis of the Subscription Price, and the number of shares for which each Warrant entitles the holder to subscribe, in effect at the time of the resolution to make the offer.

If the Company resolves to grant the warrant holders preferential rights in accordance with the provisions set out in this Sub-section F, no recalculation as set out in Sub-sections C, D,

or E above of the Subscription Price and the number of shares for which each Warrant entitles the holder to subscribe for shall be made.

G *Extraordinary dividend*

If the Company decides to pay a cash dividend to shareholders of an amount which, combined with other dividends paid during the same fiscal year, exceeds 5 per cent of the average price of the share during the period of 25 trading days immediately preceding the day on which the Company's board of directors announced its intention to propose that the general meeting approve such a dividend, a recalculation of the Subscription Price, and the number of shares for which each Warrant entitles the holder to subscribe, shall be made in respect of any Subscription requested at such a time that the shares thereby received do not carry rights to receive such dividend. The recalculation shall be based on that part of the total dividend which exceeds 5 per cent of the average price of the shares during the above-mentioned period (referred to below as "Extraordinary Dividend").

The recalculation shall be made by the Company in accordance with the following formulae:

Recalculated Subscription Price = (previous Subscription Price) x (the average quoted price of the share during a period of 25 trading days calculated from the day on which the share is listed without any right to Extraordinary Dividend (referred to below as the "average price of the share")) / (the average price of the share increased by the Extraordinary Dividend paid per share)

Recalculated number of shares for which each Warrant entitles the holder to subscribe = (previous number of shares for which each Warrant entitled the holder to subscribe) x (the average price of the share increased by the Extraordinary Dividend paid per share) / (the average price of the share)

The average price of the share shall be deemed to be the equivalent of the average calculated mean value during the above-mentioned period of 25 trading days of the highest and lowest quoted paid price on each day according to the stock exchange or market place list on which the shares are quoted. In the absence of a quoted paid price, the bid price shall form the basis for the calculation. Days on which neither a paid price nor a bid price is quoted shall be excluded from the calculation.

The recalculated Subscription Price and the recalculated number of shares for which each Warrant entitles the holder to subscribe shall be determined by the Company two Business Days after the expiry of the above-mentioned period of 25 trading days and shall apply to each Subscription effected from the day on which the share is listed without any right to Extraordinary Dividend.

If the Company's shares, at the time of the resolution to pay a dividend, are not subject to a Market Quotation and it is resolved to pay a cash dividend to shareholders of an amount which, combined with other dividends paid during the same fiscal year, exceeds 50 percent of the Company's earnings after tax in accordance with the Company's consolidated income statement adopted in the financial year immediately preceding the year in which the resolution was adopted to pay the dividend, a recalculation of the Subscription Price, and the number of shares for which each Warrant entitles the holder to subscribe, shall be made in respect of any Subscription requested at such a time that the shares thereby received do not carry rights to receive such dividend. The recalculation shall be based on that part of the total dividend which exceeds 50 percent of the Company's earnings after tax and shall be made by the

Company in accordance with the above-mentioned principles. During the period prior to the determination of the recalculated Subscription Price and the recalculated number of shares for which each Warrant entitles the holder to subscribe, Subscription shall only be effected on a preliminary basis. Definitive registration shall be made following determination of the recalculated Subscription Price and the recalculated number of shares for which each Warrant entitles the holder to subscribe.

H Reduction of share capital

If the Company's share capital is reduced through a repayment to the shareholders, and such reduction is compulsory, a recalculated Subscription Price and a recalculated number of shares for which each Warrant entitles the holder to subscribe shall be applied.

The recalculations shall be made by the Company in accordance with the following formulae:

Recalculated Subscription Price = (previous Subscription Price) x (the average quoted price of the share during a period of 25 trading days calculated from the day on which the share is listed without any right to participate in the distribution (referred to below as the "average price of the share")) / (the average price of the share increased by the amount repaid per share)

Recalculated number of shares for which each Warrant entitles the holder to subscribe = (previous number of shares for which each Warrant entitled the holder to subscribe) x (the average price of the share increased by the amount repaid per share) / (the average price of the share)

The average price of the share is calculated in accordance with the provisions set out in Sub-section C above.

In carrying out the recalculations according to the above and where the reduction is made through redemption of shares, instead of using the actual amount which is repaid for each share, an amount calculated as follows shall be applied:

Calculated amount to be repaid for each share = (the actual amount repaid for each redeemed share reduced by the average market price of the share during a period of 25 trading days immediately prior to the day on which the share is listed without any right to participate in the reduction (referred to below as the "average price of the share")) / (the number of shares of the Company which carry an entitlement to the redemption of one share, reduced by 1)

The average exchange price is calculated in accordance with the provisions set out in Sub-section C above.

The Subscription Price and number of shares for which each Warrant entitles the holder to subscribe, recalculated as set out above, shall be determined by the Company two Business Days after the expiry of the above-mentioned period of 25 trading days, and shall apply to each Subscription effected thereafter.

During the period prior to the determination of the recalculated Subscription Price and the recalculated number of shares for which each Warrant entitles the holder to subscribe, Subscription shall only be effected on a preliminary basis. Definitive registration shall be made following determination of the recalculated Subscription Price and the recalculated number of shares for which each Warrant entitles the holder to subscribe.

If the Company's share capital is reduced through redemption of shares with repayment to the shareholders, where such reduction is not compulsory, but where, in the opinion of the

Company, the reduction, due to its technical structure and its financial effects, is equivalent to a compulsory reduction, the recalculation of the Subscription Price and the number of shares for which each Warrant entitles the holder to subscribe shall be made, to the greatest extent possible, in accordance with the principles stated above in this Sub-section H.

If the Company's shares, at the time of the reduction of share capital, are not subject to a Market Quotation, a corresponding recalculation of the Subscription Price and the number of shares for which each Warrant entitles the holder to subscribe shall take place. The recalculation, which shall be made by the Company, shall be based on the assumption that the value of the Warrants shall remain unchanged.

I Recalculation shall give a reasonable result

Should the Company take actions such as those stated in Sub-sections A–E, G or H above and if, in the Company's opinion, application of the recalculation formula established for such action, taking into account the technical framework of such action or for other reasons, could not be made or would result in the Warrant Holders receiving, in relation to the shareholders, economic compensation that is not reasonable, the Company shall, subject to prior written approval by the board of directors of the Company, make the recalculation of the Subscription Price, and the number of shares for which each Warrant entitles the holder to subscribe, in such a manner as the Company determines is appropriate to ensure that the recalculation gives a reasonable result.

J Rounding off

On recalculation of the Subscription Price in accordance with the above, the Subscription Price shall be rounded off to the nearest SEK 0.10, for which purposes SEK 0.05 shall be rounded downwards and the number of shares shall be rounded off to two decimal places.

K Mergers

Where the general meeting adopts a resolution to approve a merger plan pursuant to Chapter 23, Section 15 of the Companies Act, pursuant to which the Company is to be merged into another company or where the board of directors adopts a resolution pursuant to Chapter 23, Section 28 of the Companies Act adopts a resolution that the Company be merged into its parent company, the Warrant Holders shall receive rights in the acquiring company corresponding at least to the rights held in the Company (the transferor company), unless, pursuant to the merger plan, the Warrant Holders are entitled to demand redemption of their Warrants by the acquiring company.

L Demergers

Where the general meeting adopts a resolution to approve a demerger plan pursuant to Chapter 24, Section 17 of the Companies Act, pursuant to which a proportion of the assets and liabilities of the Company are taken over by two or more other companies, a recalculated subscription price and a recalculated number of shares for which each Warrant entitles the Warrant Holder to subscribe shall be calculated. The provisions of Sub-section G regarding Extraordinary Dividend shall then apply *mutatis mutandis*. The recalculation shall be based on the proportion of the assets and liabilities of the Company that are taken over by the transferee company or companies.

Where all assets and liabilities of the companies are taken over by two or more other companies, on paying consideration to the shareholders of the Company, the provisions of Sub-section M below regarding liquidation shall apply *mutatis mutandis*. Inter alia, this means

that the right to demand Subscription shall terminate simultaneously with the registration in accordance with Chapter 24, Section 27 of the Companies Act and that the Warrant Holder shall be notified no later than four weeks before the demerger plan shall be submitted for approval to the general meeting.

M Liquidation

If it is resolved that the Company be put into liquidation, for whatever reason, Subscription may not take place thereafter. The right to demand Subscription shall terminate simultaneously with the adoption of the resolution to put the Company in liquidation, irrespective of whether such resolution has become final.

Not later than four weeks prior to the adoption of a resolution by a general meeting in respect of whether or not the Company should be put into liquidation in accordance with Chapter 25 of the Companies Act, the Warrant Holders shall be notified with respect to the planned liquidation in accordance with Section 11 below. The notice shall state that subscription may not take place following the adoption of the resolution in respect of liquidation.

If the Company gives notice of a planned liquidation pursuant to the above, the Warrant Holders shall, notwithstanding the provisions of Section 4 in respect of the earliest date for application for Subscription, be entitled to apply for Subscription commencing on the day on which the notice is given, provided that Subscription may be effected not later than prior to the general meeting at which the resolution regarding the liquidation of the Company shall be addressed.

Notwithstanding the provisions above pursuant to which Subscription may not take place after the adoption of a resolution regarding liquidation, the right to subscribe shall be reinstated in the event the liquidation is not carried out.

N Insolvent liquidation

If the Company is put into insolvent liquidation, Subscription may not take place through the exercise of Warrants. Where, however, the decision to put the Company into insolvent liquidation is set aside by a higher court, subscription rights shall be reinstated.

9 Change of Control

In addition to the subscription period set out in Section 4, where a person (or a group of persons acting in concert) obtains Control of the Company (as defined in section 1, Definitions, above), application for Subscription of allocated Warrants may take place on the date such person(s) obtains Control (the "Control Date") up until the earliest of (i) the expiry of 60 days from the Control Date and (ii) the date the controlling shareholder(s) commences a compulsory acquisition procedure pursuant to Chapter 22, section 6 of the Companies Act.

The Company shall immediately notify Warrant Holders about a change of Control according to this Section 9 and the applicable subscription period following such change of Control.

If not exercised during the abovementioned period, Subscription may take place in accordance with the other provisions of these terms and conditions.

10 Nominees

According to Chapter 3, section 7 of the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. *lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*), a legal entity shall be entitled to be registered as

nominee. Such a nominee shall be regarded as a Warrant Holder for the purposes of the application of these terms and conditions.

11 Notices

Notices relating to these Warrant Terms and Conditions shall be provided to each Warrant Holder who has notified his postal address to the Company.

12 Amendments to terms and conditions of Warrants

The Company shall be entitled, to amend the terms and conditions of the Warrants to the extent required by legislation, decisions of courts of law or decisions of governmental authorities or where otherwise, in the Company's opinion, such is necessary or expedient for practical reasons and provided that the rights of the Warrant Holders are in no way prejudiced.

13 Limitation of liability

In respect of measures which it is incumbent on the Company – and if applicable Euroclear, taking into consideration the provisions of the Swedish Central Securities Depositories and Financial Instruments Accounts Act – neither the Company, nor Euroclear, shall be liable for loss which arises as a consequence of Swedish or foreign legislation, the actions of Swedish or foreign governmental authorities, acts of war, strikes, blockades, boycotts, lockouts, or other similar circumstances. The reservation in respect of strikes, blockade, boycotts, and lockouts shall apply notwithstanding that the Company – or Euroclear – itself the subject of, or effects, such measures.

Nor shall Euroclear be liable for loss which arises under other circumstances provided Euroclear has duly exercised normal caution. The Company shall also enjoy a corresponding limitation of liability. In addition, under no circumstances shall the Company be liable for indirect loss.

If the Company – or Euroclear – is unable to perform its obligations as a consequence of a circumstance specified in the first paragraph, such performance may be postponed until such time as the cause for the impediment has terminated.

14 Applicable law and forum

The Warrants, and all legal issues related to the Warrants, shall be determined and interpreted in accordance with Swedish law. Legal proceedings relating to the Warrants shall be brought before the Stockholm District Court or such other forum as is accepted in writing by the Company.

* * *

The Board's Report pursuant to ch. 14, section 8, third item of the Swedish Companies Act (Sw. *aktiebolagslagen*)

Due to the Board of Directors of Balco Group AB's, corporate identity No. 556821-2319, proposal regarding issue of warrants 2020/2023, the Board submits the following report pursuant to ch. 14 section 8, third item of the Swedish Companies Act.

Events of material importance to the company's position that have occurred after the submission of the annual report for the financial year 2019 and up to and including the date of this statement are described in the company's press releases and financial reports, which are available at the company's website www.balcogroup.se. No events of material importance to the company's position have occurred since then.

Documents pursuant to ch. 14 section 8, first and second items of the Swedish Companies Act are available at the company's website www.balcogroup.se.

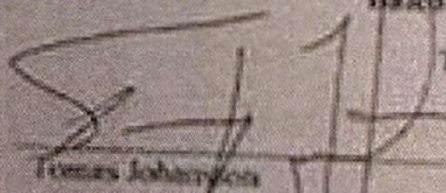
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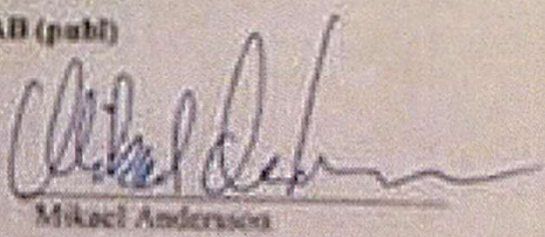
Växjö on 23 oktober 2020

Balco Group AB (publ)

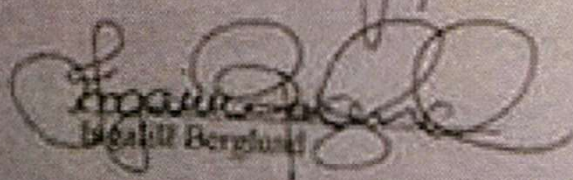
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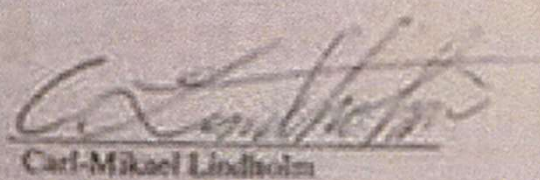
Thomas Johansson



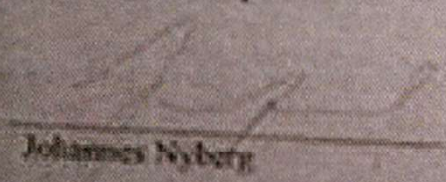
Mikael Andersson



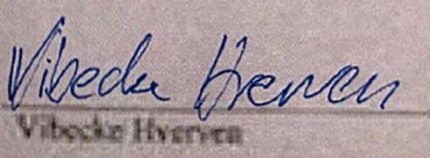
Isakall Berglund



Carl-Mikael Lindholm



Johannes Nyberg



Vibecke Hyvärinen



This is a literal translation of the Swedish original report

Auditor's statement regarding the report prepared by the Board of Directors in accordance with Chapter 14, Section 8 of the Swedish Companies Act (2005:551) concerning events of material significance for the period 8 April 2020 – 23 October 2020

To the general meeting of shareholders in Balco Group AB, Corporate Identity Number 556821-2319.

We have performed procedures whereby we have examined the Board of Directors' report dated 23 October 2020.

Responsibilities of the Board of Directors for the report

The Board of Directors is responsible for the preparation of the report in accordance with the Swedish Companies Act and for such internal control as the Board of Directors determine is necessary to enable the preparation of a report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consideration received on the basis of the procedures performed. The procedures were performed in accordance with FAR's recommendation RevR 9 *Other statements by the Auditor in accordance with the Swedish Companies Act and the Companies Ordinance*. This recommendation requires that we plan and perform the procedures to attain reasonable assurance that the Board of Directors' proposal is free from any material misstatement. The auditing firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the Balco Group AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures have involved the execution of various activities to obtain evidence about the financial information and other disclosures in the Board of Directors' proposal. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the proposal, whether due to fraud or error. In making this risk assessment, the auditor considers the elements of internal control relevant as to how the Board of Directors prepare their statements, in order to design procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. The procedures have been limited to an overall review of the report and documentation for the report, and to queries presented to the companies' personnel. Our opinion is therefore based on limited assurance compared with an audit. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis to provide a basis for our opinion.



Opinion

Based on the procedures performed, no circumstances have arisen which give us reason to believe that the Board of Directors' report does not reflect events of material significance for the company accurately during the period 8 April 2020 – 23 October 2020.

Other disclosures

The sole purpose of this auditor's statement is to comply to the requirements stated in Chapter 14, Section 8 of the Swedish Companies Act, and this statement may not be used for any other purpose.

Jönköping, 23 October 2020
Öhrlings PricewaterhouseCoopers AB

Martin Odqvist
Authorised Public Accountant

Complete proposal under item 8): Resolution on amending the articles of association

The Board of Directors proposes that the Articles of Association be amended as follows. The amendment is a consequence of the fact that the concept in question has been reworded in the relevant legislation.

That the term “company name” (Sw. *firma*) in § 1 of the Articles of Association be adjusted to “company name” (Sw. *företagsnamn*).

Complete articles of association are attached.

Växjö in October 2020

Balco Group AB (publ)
The Board

Articles of Association

Articles of Association for Balco Group AB, company reg. no. 556821-2319, adopted at the extraordinary general meeting held on 24 November 2020.

§ 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

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 shall be issued not earlier than six, and not later than four, 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.

§ 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*).