

NOTICE OF ANNUAL GENERAL MEETING

The shareholders in Balco Group AB, reg. no. 556821-2319, are hereby invited to the Annual General Meeting, to be held on Thursday 17 May 2018, at 3.00 pm at Växjö Concert Hall, Västra Esplanaden 10 in Växjö. Registration starts at 2.30 pm.

RIGHT TO ATTEND AND NOTIFICATION TO THE COMPANY

Shareholders who wish to attend the Annual General Meeting shall:

be registered in the shareholders' register maintained by Euroclear Sweden AB on Friday 11 May 2018,

and notify the Company of their intention to attend the meeting no later than Friday 11 May 2018 by mail to Balco Group AB, Annual General Meeting 2018, Box 191, 101 23 Stockholm or by telephone on +46 8 402 91 98.

The notification shall set forth the name/business name, personal identity/reg. number, address, telephone number (daytime), the number of shares held and, when applicable, the number of assistants (not more than two) that the shareholder intends to bring to the meeting.

A shareholder's rights at the Annual General Meeting may be exercised by an authorized proxy with a dated power of attorney, which shall be in writing and signed by the shareholder. If the power of attorney is issued by a legal entity, a certified copy of a certificate of registration for that entity or equivalent certificate of authority must be enclosed to it. The power of attorney, certificate of registration and other certificates of authority should be submitted to the Company to the above address in due time prior to the meeting. A form of power of attorney is available on the Company's website www.balcogroup.se and can also be obtained at the Company's office or ordered by telephone according to the above.

Shareholders whose shares are registered in the name of a nominee must temporarily re-register their shares in their own names to be entitled to participate in the meeting. Such registration, which can be temporarily, shall be executed by Euroclear Sweden AB no later than 11 May 2018, which means that the shareholder must inform the nominee of such request well before 11 May 2018.

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 of 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 regarding:
 - a) adoption of the profit and loss statement and the balance sheet as well as the consolidated profit and loss statement and consolidated balance sheet;
 - b) disposition of the Company's profits according to the adopted balance sheet and determination of the record day for dividends; and

- c) discharge from liability for the members of the Board and the CEO for the financial year 2017
- 10. The Nomination Committee's statement regarding its proposals for the Annual General Meeting and the Nomination Committee's justified statement regarding their proposal of election of Board members
- 11. Determination of the number of Board members
- 12. Determination of the number of auditors
- 13. Determination of remuneration to the Board members
- 14. Determination of remuneration to the auditor
- 15. Election of Board members and chairman
- 16. Election of auditor
- 17. Resolution on guidelines for remuneration to senior executives
- 18. Resolution regarding authorization for the Board of Directors to resolve on new issues of shares
- 19. Resolution regarding:
 - a) authorization for the Board of Directors to resolve on acquisition of own shares; and
 - b) authorization for the Board of Directors to resolve on transfer of own shares
- 20. Closing of the Annual General Meeting

THE NOMINATION COMMITTEE

The Nomination Committee of Balco Group AB has consisted of the following members: Gabriel Urwitz, appointed by Segulah IV L.P. (chairman of the Nomination Committee), Carl-Mikael Lindholm, appointed by Carl-Olof och Jenz Hamrin's Foundation, Lennart Björkman, appointed by Skandrenting AB, Marianne Flink, appointed by Swedbank Robur and Lennart Kalén, chairman of the Board of Directors of Balco Group AB.

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

Proposal under item 2: Election of chairman of the Annual General Meeting

The Nomination Committee proposes Lennart Kalén, chairman of the Board of Directors of Balco Group AB, as chairman of the Annual General Meeting.

Proposal under item 9b: Disposition of the Company's profits according to the adopted balance sheet

The Board of Directors proposes a dividend of SEK 1.00 per share, equivalent to a total of SEK 21,428,773. The proposed record date for the dividend is 21 May 2018.

The proposal above entails that a maximum amount of SEK 21,428,773 of the distributable earnings is claimed as dividend.

Proposal under item 11: Determination of the number of Board members

The Nomination Committee proposes that the number of members of the Board of Directors, for the period until the end of the next Annual General Meeting, remains unchanged and that there shall be seven Board members, without deputies.

Proposal under item 12: Determination of 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, remains unchanged and that there shall be one auditor, without deputies.

Proposal under item 13: Determination of remuneration to the Board members

The Nomination Committee proposes, for the period until the end of the next Annual General Meeting, remuneration on a yearly basis as follows:

- (i) Chairman of the Board: SEK 400,000;
- (ii) Other members of the Board: SEK 180,000 each;
- (iii) Chairman of the Audit Committee: SEK 70,000;
- (iv) Other members of the Audit Committee: SEK 40,000;
- (v) Chairman of the Remuneration Committee: SEK 40,000;
- (vi) Other members of the Remuneration Committee: SEK 25,000.

Proposal under item 14: Determination of remuneration to the auditor

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

Proposal under item 15: Election of Board members and chairman

The Nomination Committee proposes re-election of Lennart Kalén, Ingallill Berglund, Percy Calissendorff, Tomas Johansson and Åsa Söderström Winberg as Board members as well as election of Carl-Mikael Lindholm and Johannes Nyberg as new Board members for the period until the end of the next Annual General Meeting. The Board members Håkan Bergqvist and Marcus Planting-Bergloo have declined re-election.

The Nomination Committee proposes that Lennart Kalén be re-elected as chairman of the Board of Directors.

Carl-Mikael Lindholm, born in 1971, holds a degree of Doctor of Medicine from Karolinska Institutet in Stockholm, as well as a specialist degree in general medicine and oncology. Carl-Mikael has previously served as a doctor in various positions at Karolinska Hospital, the County Hospital in Jönköping, and at the University Hospital in Linköping. Carl-Mikael Lindholm has been asset manager of the Carl-Olof and Jenz Hamrin's Foundation since 2016 as well as business developer for Herenco AB.

Alongside the work in the Foundation and for Herenco, Carl-Mikael is chairman of the board of Hamhus AB. Carl-Mikael is a member of the nomination committee that has prepared the proposal for the Board of Directors prior to the Annual General Meeting.

Johannes Nyberg, born in 1971, holds a MBA from Uppsala University's international economics programme; Commerce program, School of Business Queens University; as well as studies in economics at Humboldt University. Johannes is currently CEO of Skandrenting AB and has previously held positions at Kaupthing Bank Sverige AB, AGL Structured Finance, and within IBS Sverige AB. In addition to his position as CEO of Skandrenting AB, Johannes Nyberg is chairman of the board of Cryonite AB, and a Director of Raiffeisen Leasing Nordic AB and Skandrenting AB.

A full presentation of the Nomination Committee's proposed Board members is available on the Company's website www.balcogroup.se.

Proposal under item 16: 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 authorized accounting firm Öhrlings PricewaterhouseCoopers ("PwC") as the Company's auditor. PwC has notified that the authorized auditor Martin Odqvist will replace Magnus Svensson Henryson as auditor in charge, provided that the Nomination Committee's proposal is accepted by the Annual General Meeting.

Proposal under item 17: Resolution on guidelines for remuneration to senior executives.

The Board of Directors proposes guidelines for remuneration to senior executives, which in all essential parts are equivalent to last year's guidelines, as follows:

Guidelines for remuneration to the senior executives

The senior management, which consists of nine people, and the CEO are regarded as senior executives. The guidelines' purpose is to ensure that Balco can attract, motivate and retain senior executives. The aim of the remuneration is to be competitive in comparison with prevailing market standards and at the same time in accordance with the shareholders' interests. The remuneration to senior executives shall consist of fixed and variable remuneration, the opportunity to participate in a long-term incentive program as well as pension contributions. These components shall together create a well-balanced remuneration, which reflects individual competence, responsibility and performance, both short-term and long-term, as well as the Company's total performance.

Fixed and variable remuneration

The fixed remuneration shall be competitive in comparison with prevailing market standards and shall be based on the individual senior executive's competence, responsibility and performance.

Senior executives shall be able, in addition to fixed remuneration, to receive variable remuneration. Such variable remuneration may not exceed 50 per cent of the fixed remuneration. The variable remuneration shall be based on pre-defined and documented financial and individual targets.

Other benefits and pension

The Group offers other benefits to the senior executives in accordance with local practice. Such other benefits can for example consist of a company car and health services. When applicable, accommodation is offered during a limited time. The senior executives shall be offered pension contributions in line with market terms in the country where they are employed. Pension obligations are secured through payments of premiums to insurance companies.

Deviations from the guidelines

In special circumstances, the Board of Directors may deviate from the above guidelines, for example in relation to additional variable remuneration after exceptional achievements. In such a case, the Board of Directors is obligated to give account for the reason for the deviation at the following Annual General Meeting.

Notice periods and severance compensation

For the CEO a notice period of twelve months applies in case of termination by the Company and six months in the case of termination by the CEO. The CEO is bound by a non-competition clause, which is valid for two years after the termination. For the other senior executives, the mutual notice period is between three and twelve months.

Proposal under item 18: Resolution regarding authorization for the Board of Directors to resolve on new issues of shares

The Board of Directors proposes that the General Meeting shall decide to authorize the Board of Directors to, at one or several occasions until the next Annual General Meeting, resolve on an issue of shares, with or without preferential rights for the shareholders, against payment in cash, payment in kind or payment through set-off, of shares or share warrants or convertibles referring to such shares, signifying an increase or potential increase of the Company's share capital with a maximum of ten (10) per cent or 2,142,877 shares.

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

The resolution needs to be assisted by shareholders representing a minimum of two thirds of both the cast votes and the shares represented at the Annual General Meeting to be valid.

Proposal under item 19 (a) Resolution regarding authorization for the Board of Directors to resolve on acquisition of own shares

The Board of Directors proposes that the Annual General Meeting shall decide to authorize the Board of Directors to, on the following terms, acquire own shares in the share class that, at the time of the authorization, is admitted to trading on Nasdaq Stockholm.

Any shares purchased shall be purchased on Nasdaq Stockholm. The authorization may be utilized on one or several occasions during the period until the next Annual General Meeting. 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 10 per cent of all shares in the Company at any time. The shares in the Company on Nasdaq Stockholm shall be acquired only within the price range, *i.e.* the spread between the highest purchase price and the lowest selling price.

The purpose of the authorization to acquire own shares is to enable an improvement of the Company's capital structure and to give the Board of Directors an increased scope of action in relation to future company acquisitions by facilitating a fast and cost-effective financing through the disposition of own shares.

The resolution needs to be assisted by shareholders representing a minimum of two thirds of both the cast votes and the shares represented at the Annual General Meeting to be valid.

Proposal under item 19 (b) Resolution regarding authorization for the Board of Directors to resolve on transfer own shares

The Board of Directors proposes that the Annual General Meeting shall decide to authorize the Board of Directors to, on the following terms, to resolve on transfers of own shares in the share class that, at the time of the utilization of the authorization, is admitted to trading on Nasdaq Stockholm.

Transfers of own shares may be carried out on Nasdaq Stockholm or by other means. The authorization may be utilized on one or several occasions during the period until the

next Annual General Meeting. Transfers of own shares may be made without preferential rights for 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 made on Nasdaq Stockholm shall be carried out at a price within the price range, *i.e.* the spread between the highest purchase price and the lowest selling price. Transfer 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's resolution to transfer the shares. Payment for own shares that are transferred can be made in cash, in kind or through set-off. The Board of Directors is entitled to determine the other terms and conditions of the transfer which, however, shall be in accordance with the market practice.

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

The resolution needs to be assisted by shareholders representing a minimum of two thirds of both the cast votes and the shares represented at the Annual General Meeting to be valid.

NUMBER OF SHARES AND VOTES

The total number of shares in the Company, at the time of issue of the notice, are 21,428,773 shares, which is equivalent to 21,428,773 votes. The Company only possesses shares that can be represented at the Annual General Meeting.

SHAREHOLDERS' RIGHT TO REQUEST INFORMATION

The Board of Directors and the CEO shall, if requested by a shareholder and if the Board of Directors considers that it can be done without significant harm to the Company, at the Annual General Meeting, provide information about circumstances that may affect the assessment of an item on the agenda and about circumstances that may affect the assessment of the Company's or the subsidiary Company's financial situation as well as the Company's relation to another group company.

AVAILABLE DOCUMENTS

Accounts, the auditor's report, complete proposals and required statements of the Board of Directors as well as other documents that shall be provided prior to the Annual General Meeting according to the Companies Act and the Swedish Code of Corporate Governance, will be available at the Company's office and on the Company's website, www.balcogroup.se, at the latest on Thursday 26 April 2018 and will also be sent free of charge to the shareholders who make a request to that effect and provide their postal address.

Växjö April 2018
 Balco Group AB (publ)
The Board of Directors