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THE REASONED STATEMENT OF THE BOARD OF DIRECTORS PURSUANT TO CHAPTER 18, SECTION 4 AND CHAPTER 19, SECTION 22 OF THE SWEDISH COMPANIES ACT FOR

THE ANNUAL GENERAL MEETING 2025 IN ENGCON AB

With reference to the proposal by the board of directors of engcon AB regarding a dividend for the financial year 2024 and the proposal for resolution on authorisation for the board of directors to resolve on acquisition of own B shares, the board of directors hereby submits the following reasoned statement pursuant to Chapter 18, Section 4 and Chapter 19, Section 22 of the Swedish Companies Act (2005:551).

Proposal to dividend

As set out in the proposal regarding disposition of profits, the board of directors proposes a dividend as follows.

The board of directors proposes a dividend of a total amount of SEK 1.0 per share to be paid on two occasions. As record date for the first payment of SEK 0.5 per share, the board of directors proposes 19 May 2025, and for the second payment of SEK 0.5 per share, 13 October 2025 is proposed. If the annual general meeting resolves in accordance with the proposal, the first part of the dividend is estimated to be distributed by Euroclear Sweden on 22 May 2025 and the second part on 16 October 2025.

Proposal for authorisation

As set out in the proposed resolution, the board of directors proposes that the annual general meeting 2025 shall resolve to authorise the bord of directors to, during the period until the next annual general meeting, on one or more occasions, resolve to acquire a maximum of 119,000 own B shares. Recalculation of the number of B shares that may be acquired can be made in certain cases in accordance with that is stated in the proposed resolution.

Assuming that the proposed authorisation would be fully exercised and assuming that the acquisitions would be made at an average price per B share of SEK 100, shares to a value of SEK 11.9 million would be acquired with the exercise of the authorisation.

Nature, scope and risks of the business

The nature and scope of the business are described in the articles of association and in the annual reports submitted. The business conducted by the company does not entail any risks other than those that arise, or can be anticipated to arise, within the industry concerned, or those risks that are generally associated with operating a business. In addition to this, no events have occurred that negatively affect the company's ability to distribute funds to the shareholders. The company's dependency on economic conditions does not deviate from what is otherwise prevalent in the industry concerned.

The financial position of the company and the group

The financial position of the company as of 31 December 2024 is described in the latest submitted annual report. The annual report also specifies which accounting principles that have been applied in the valuation of assets, provisions and liabilities.

As of 31 December 2024, the company’s unrestricted equity amounted to SEK 242,117,441. The proposed dividend of SEK 1.0 per share corresponds to a total dividend amount of SEK 151,788,000. The proposed dividend constitutes approximately 63 percent of the company's unrestricted equity. After the proposed dividend, there will be full coverage of the restricted equity of the company and the group. As of 31 December 2024, the company's equity/assets ratio amounted to 65.8 percent in the group and 67.9 percent in the parent company before the proposed dividend and 52.1 percent in the group and 44.5 percent in the parent company after the dividend has been taken into account.

The exercise of the proposed authorisation would not affect the company's ability to meet its existing and anticipated payment obligations in a timely manner. The company's liquidity forecasts include its ability to meet fluctuations in its current payment obligations. The company's financial position does not give rise to any assessment other than that the company can continue its operations and that the company can be expected to fulfil its obligations both in the short and long term.

As of 31 December 2024, the company held certain financial instruments measured at fair value. However, when valuing the financial instruments according to the lowest value principle, the company's equity would not be affected.

The company's dividend policy is that engcon shall distribute approximately 50 percent of the net profit. The proposed dividend corresponds to approximately 66 percent of the group's net profit.

The company's financial position is strong. The proposed value transfers (dividend and repurchase authorisation) do not jeopardise the possibility of making any necessary investments.

The value transfers do not affect the company's ability to meet its existing and anticipated payment obligations in a timely manner. The company's liquidity forecasts include preparations to manage variations in the current payment obligations. The company's financial position does not give rise to any assessment other than that the company can continue its operations and that the company can be expected to fulfil its obligations both in the short and long term.

The board of directors considers that the size of the equity as described in the latest submitted annual report is in reasonable proportion to the scope of the company's business and the risks associated with carrying on the business, taking the proposed value transfers into account.

The justification of the proposed dividend and repurchase authorisation

With reference to the above and to other information that has been brought to the board of directors' attention, the board of directors considers that the proposed dividend and the proposed repurchase authorisation are justified in view of the requirements that the nature, scope and risks of the business place on the size of the equity of the company and the group, as well as the company's and the group's consolidation requirements, liquidity and position in general.

Strömsund in April 2025

engcon AB

The board of directors