

**THE REASONED STATEMENT OF THE BOARD OF DIRECTORS PURSUANT TO CHAPTER 18,  
SECTION 4 OF THE SWEDISH COMPANIES ACT FOR THE ANNUAL GENERAL MEETING 2023  
IN ENGCON AB**

With reference to the proposal by the board of directors of engcon AB regarding a dividend for the financial year 2022, the board of directors hereby submits the following reasoned statement pursuant to Chapter 18, Section 4 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 in a total amount of SEK 0.85 per share to be paid on two occasions. As record date for the first payment of SEK 0.43 per share, the board of directors proposes 8 May 2023, and for the second payment of SEK 0.42 per share, 2 October 2023 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 11 May 2023 and the second part on 5 October 2023.

**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 presented. 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 2022 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 2022, the company's unrestricted equity amounted to SEK 234,873,654. The proposed dividend of SEK 0.85 per share corresponds to a total dividend amount of a maximum of SEK 129,019,800. The proposed dividend constitutes approximately 55 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 2022, the company's equity/assets ratio amounted to 42.2 percent in both the group and the parent company before the proposed dividend and 31.4 percent in the group and 24.6 percent in the parent company after the dividend has been taken into account.

As of 31 December 2022, 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 40 percent of the group's net profit.

The company's financial position is strong. The proposed value transfer (dividend) does not jeopardise the possibility of making any necessary investments.

The value transfer does 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 continuous 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 satisfy its obligations in both 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 transfer into account.

#### **The justification of the dividend proposal**

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 is 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.

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Strömsund in March 2023

**engcon AB**

*The board of directors*