

REMUNERATION REPORT 2023

INTRODUCTION

This remuneration report contains a description of engcon's guidelines for remuneration to senior executives (the "**remuneration guidelines**"), adopted by the annual general meeting 2022 to apply until further notice, but no longer than until the annual general meeting 2026, and which have been applied during 2023. The report also provides details on the remuneration to engcon's CEO during 2023 as well as remuneration to directors of the board that is in addition to the ordinary board fee resolved upon by the annual general meeting. Furthermore, the report contains a summary of engcon's existing share related incentive programs.

OVERVIEW OF THE APPLICATION OF THE REMUNERATION GUIDELINES IN 2023

The remuneration committee monitors and evaluates programs for variable remuneration to the CEO and group management, the application of the remuneration guidelines to the CEO and other senior executives that have been adopted by the general meeting, as well as applicable remuneration structures and remuneration levels within engcon.

Based on the remuneration committee's evaluation of the CEO's remuneration, the board of directors has determined that the current remuneration structure and remuneration level is appropriate, reflects market practice and is competitive and suitable for achieving engcon's targets.

After evaluation, the remuneration committee has concluded that engcon has complied with the applicable remuneration guidelines and the decision-making process during 2023 that according to the remuneration guidelines shall be applied to determine the remuneration, but with one exception in relation to the remuneration to the company's previous Head of Production & Purchase, Kristian Sjöström. Instead of salary, Kristian Sjöström has received remuneration via invoicing through his own company. The reason for this deviation from the remuneration guidelines is that Kristian Sjöström has been deemed to possess particularly important strategic competences, and that Kristian Sjöström agreed to enter into his position in engcon's management team on the condition that he would be engaged as a consultant. Therefore, it has been a strategic decision, in accordance with engcon's long-term interests, to deviate from the remuneration guidelines regarding the remuneration to Kristian Sjöström. As of 1 September 2023, Kristian Sjöström is no longer a member of the company's management team.

According to engcon's remuneration guidelines, the board of directors may reclaim variable cash remuneration already paid if it subsequently becomes apparent that the senior executive has violated engcon's values, policies, standards or instructions. However, the board of directors has not decided to reclaim any variable remuneration during 2023 as no such situation has occurred. After monitoring and evaluating engcon's programs for variable remuneration, how the remuneration guidelines have been applied, and after evaluating the current remuneration structures and remuneration levels in engcon, the board of directors has decided that the remuneration guidelines shall remain unchanged.

According to engcon's remuneration guidelines, remuneration to senior executives shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits.

In addition to the remuneration covered by the remuneration guidelines, the general meeting of engcon may decide on the implementation of long-term share-based incentive programs and on remuneration to the board of directors.

Total remuneration to the CEO

The table below sets out the total remuneration paid to engcon's CEO during 2023 and to directors of the board who have received remuneration in addition to the ordinary board fee resolved by the annual general meeting.

Name, position (during the start/end of the period)	1		2	3	4	5	6	
	Financial year	Fixed remuneration		Variable remuneration – One-year* (KSEK)	Extraordinary remuneration (KSEK)	Pension expenses (KSEK)	Total remuneration (KSEK)	Portion of fixed and variable remuneration
Krister Blomgren (CEO)	2023	3,037	148	221	-	799	4,205	95% / 5%
Stig Engström (Board member)	2023	1,295**					1,295	100% / 0%

*The one-year variable remuneration is earned in 2023 and paid out in 2024.

**Refers to board fees and fees invoiced for consultancy services in product development, marketing and strategic project management.

Outstanding share and share-price related incentive plans

At an extraordinary general meeting on 16 December 2021, it was resolved to introduce a warrant program for the group management and other employees within the group. A total of 232 people participated in the program when it was launched. As of 31 December 2023, there were 209 persons participating. The change is related to employees who have terminated their employment. The warrants issued under the program have been transferred to the participants in the program at market value.

Each warrant entitles the holder to subscribe for one (1) share of class B in engcon at a subscription price of SEK 45 during the period from 1 December up to 31 December 2026. If a participant's employment within the engcon group ends before 1 December 2026 (other than as a result of retirement after the age of 65 or termination due to redundancy), the participant is obliged to offer engcon the opportunity to repurchase the warrants held by the participant. engcon's CEO, Krister Blomgren, has acquired 91,000 warrants under the program (all of which were allocated in December 2021).

Additional information on the outstanding share-based incentive program can be found in note 38 of the annual report for 2023, available at engcon's website, www.engcongroup.com.

APPLICATION OF PERFORMANCE CRITERIA

A prerequisite for the successful implementation of the company's business strategy and the safeguarding of engcon's long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company is able to offer competitive remuneration. engcon's remuneration guidelines enables the company to offer senior executives a competitive total remuneration.

The variable cash remuneration is linked to predetermined and measurable criteria which can be financial or non-financial. They may also consist of individualised quantitative or qualitative targets. The criteria are designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promoting the executive's long-term development.

At the end on the measurement period for fulfilment of the criteria for payment of variable cash remuneration, the extent to which the criteria has been fulfilled shall be evaluated/determined. The board

of directors, with support from the remuneration committee, is responsible for the assessment of variable remuneration to the CEO. The CEO, with support from the remuneration committee, is responsible for the assessment regarding variable cash remuneration to other senior executives. For financial targets, the assessment shall be based on the latest financial information made public by the company.

Variable cash remuneration 2023

The variable cash remuneration for senior executives for 2023 is based on the group's financial result (EBIT). The outcome of variable cash remuneration is calculated on 0.5% of the result and the outcome is paid if the result exceeds 90% of the approved budget, with a limitation on the maximum outcome of variable cash remuneration established in individual employment contracts and which according to the remuneration guidelines may not exceed 50 percent of the total fixed annual cash salary.

The group's management team has changed during the year. The senior executives added during the year have received variable cash remuneration based on the remuneration model that already applied to them previously. As of 2024, they will be covered by the variable cash remuneration for senior executives.

Based on the above, the outcome of variable remuneration to the CEO for 2023 amounts to SEK 220,784.

COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION AND ENGCON'S PERFORMANCE

Changes in remuneration and performance in the last reported financial years (KSEK unless otherwise stated)

Annual change	2021 vs 2022	Information regarding 2022	2022 vs 2023	Information regarding 2023
Remuneration				
CEO	+2,847 (159%)	4,633	-428 (-9%)	4,205
The company's performance				
Operating result	+90 (28%)	415	-39 (-9%)	376
Average remuneration on a full time equivalent basis for employees*				
Average remuneration**	+23 (6%)	441	+25 (6%)	466
Number of employees in the company***	+98 employees (30%)	425 employees	-19 employees (-5%)	406 employees

*Excluding the CEO and other senior executives

**Average remuneration does not include social security contributions

***Including group management (11) which are not included in the average remuneration for employees

ADDITIONAL INFORMATION IS AVAILABLE IN THE 2023 ANNUAL REPORT OR ON ENGCON'S WEBSITE

engcon's remuneration guidelines, which were adopted by the annual general meeting 2022, are available on engcon's website www.engcongroup.com. engcon's website also contains a statement by the auditor on whether engcon have complied with the adopted guidelines.

Further information on engcon's remunerations during 2023 that is not covered by this report is available in the annual report for 2023. The information can be found at:

Note 7 on page 73-75

Such information required by Chapter 5, Sections 40-44 of the Swedish Annual Accounts Act (1995:1554), including detailed information regarding remuneration to other senior executives covered by the remuneration guidelines adopted by the annual general meeting 2022 and information regarding the company's share and share-price related incentive programs

Not 7 on page 73-75

Remuneration to the board of directors.