

REMUNERATION REPORT

Remuneration report

Corporate governance in Balco Group aims to create value for shareholders through active risk control and a sound corporate culture. Since Balco Group's IPO in 2017, the ongoing work for well-functioning governance, control and follow-up has been a priority.

Introduction

This report describes how the guidelines for remuneration to senior executives of Balco Group, adopted by the 2025 Annual General Meeting, were applied during 2025. The report also contains information on remuneration to the CEO and a summary of the company's outstanding share and share-price-related incentive programs. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's Rules on Remuneration of the Board and Executive Management and on Incentive Programmes.

Further information on remuneration to senior executives can be found in note 10 (Employee benefits expenses etc.) on pages 76-78. Information on the work of the remuneration committee during 2025 can be found in the corporate governance report on pages 38-41.

Board fees are not covered by this report. Such fees are decided annually by the Annual General Meeting and reported in note 10.

Development during 2025

The CEO summarises the company's overall results in his statement on pages 5-6.

The company's remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of the company's business strategy and the safeguarding of its long-term interests, including its sustainability, is that

the company can recruit and retain qualified employees. This requires the company to be able to offer competitive remuneration. The company's remuneration guidelines enable senior executives to be offered a competitive total remuneration. According to the 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. The variable cash remuneration shall be linked to financial or non-financial criteria. These may consist of individualised quantitative or qualitative targets. The criteria shall be designed to promote the company's business strategy and long-term interests, including its sustainability, for example by having a clear link to the business strategy or promoting the executive's long-term development.

The guidelines are set out in note 10 on pages 76-78. During 2025, the company has followed the applicable remuneration guidelines adopted by the general meeting. No deviations from the guidelines have been made and no deviations have been made from the decision-making process that, according to the guidelines, is to be applied to determine remuneration. The auditor's statement on the company's compliance with the guidelines is available at: <https://balcogroup.se/investerare/bolagsstyrning>.

No remuneration has been reclaimed. In addition to the remuneration covered by the remuneration guidelines, the company's Annual General Meetings have resolved on long-term share-related incentive programs.

Share-based remuneration

Outstanding share-related and share-price-related incentive programmes

At the Annual General Meeting held on 14 May 2024, it was resolved to introduce a three-year incentive programme aimed at the company's senior executives and other key employees, totalling 32 employees. The incentive programme comprises a maximum of 230,000 warrants, each entitling its holder to subscribe for a maximum of the corresponding number of shares. Balco Group's total cost for the incentive programme over its full term is expected to be approximately SEK 1.3 million. The programme involves a maximum dilution corresponding to approximately 1.0 percent of the company's total number of shares. The senior executives of Balco Group have acquired 75,000 warrants with a total value of SEK 310,500.

The purpose of the incentive programmes is to encourage broad share ownership among the company's key employees, facilitate recruitment, retain skilled and talented employees, increase the alignment of interests between the key employees and the company's objectives, and increase motivation to achieve or exceed the company's financial targets.

In order to encourage participation in the programme, it was decided to subsidise participation in the form of a gross salary supplement. The level of salary supplement will correspond to a maximum of the participant's invested gross amount. The subsidy to the participants will be paid in connection with the exercise of the warrants and is subject to the condition that the participant at that time remains employed by the company or holds other equivalent employment within Balco Group, and retains their warrants. The subsidy for each participant shall amount to a maximum of the premium paid for the participant's warrants held at the time of payment.

Application of performance criteria

The performance criteria for the CEO's variable remuneration have been chosen to implement the company's strategy and to encourage actions that are in the company's long-term interest. In selecting performance criteria, the strategic goals and short- and long-term business priorities for 2025 have been taken into account. The non-financial performance criteria further contribute to alignment with sustainability and the company's values.

Remuneration from other companies within the Balco Group

During the previous financial year, the CEO did not receive remuneration from any other company within the Balco Group.

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| Balco Group AB – Total remuneration of the CEO in 2025 (SEK thousand)*

Name of the holder (position)		Fixed remuneration		Variable remuneration			Pension cost	Total remuneration	Proportion of fixed and variable remuneration****
		Basic salary	Other benefits**	Annual	Multi-year***	Extraordinary items			
Camilla Ekdahl, CEO	2025	3,121	224	224	80	0	979	4,628	93% / 7%
Camilla Ekdahl, CEO	2024	2,999	228	215	696	0	984	5,122	82% / 18%

* With the exception of Multi-year variable remuneration, the table shows remuneration attributable to the year 2025. Multi-year variable remuneration is reported to the extent that it has been subject to so-called vesting during 2025 and has been earned in that sense, in accordance with what is stated in column 10 of Table 2 and column 8 of Table 3 below (if applicable). This applies regardless of whether payment has, or has not, been made in the same year.

** Car benefit and housing benefit.

*** Stay-on bonus linked to option programmes that expired in 2024.

**** Pension costs (variable remuneration, column 7), which in their entirety relate to Basic salary and are defined-contribution, have been reported in full as fixed remuneration.

| Balco Group AB – Performance of the CEO during the reported financial year: variable cash remuneration*

Name of the holder (position)	Description of criteria related to the remuneration component	Relative weighting of performance criteria	a) Measured performance and b) actual award / remuneration outcome
Camilla Ekdahl, CEO	If EPS exceeds SEK 0.9 and on a linear basis up to SEK 2.8, a maximum of 30% of annual salary is paid.	60%	a) -0.19 SEK b) 0 kSEK
	If organic order intake exceeds SEK 1,500 million and on a linear basis up to SEK 1,900 million, a maximum of 15% of annual salary is paid.	30%	a) 1,537 MSEK b) 43.6 kSEK
	If the Group's CO2 emissions according to Scope 1 and Scope 2 decrease by at least 35% compared with 2019 and the amount of recyclable waste exceeds 70%, a maximum of 2.5% of annual salary is paid.	2.5%	a) -50.4% b) 0 kSEK
	If the accident frequency for 2025 decreases compared with the three-year average for 2022–2024 (which was 8.2).	5%	a) 7.94 b) 77.8 kSEK
	If the ESG risk rating according to Sustainalytics is lower than 20, i.e. classified as a low-risk company.	2.5%	a) 16.6 b) 38.9 kSEK

* Refers to the parameters in force in 2024 and paid in 2025.

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| Balco Group AB – Share option program (Chief Executive Officer)

Main conditions for share option programs								Information for the reported financial year*						
Name of executive	Name of program	Performance period	Date of grant	Date of vesting	Expiry of lock-up period	Exercise period	Exercise price (SEK)	Opening balance	During the year	Closing balance				
								Share options at the beginning of the year	Granted share options	Vested share options	Share options subject to performance conditions	Share options granted but not vested	Share options subject to lock-up period	
Camilla Ekdahl, Chief Executive Officer	2022/2025	Sep 2022–Sep 2025	2022-09-01	2022-09-01	2025-09-30	20250901-20250930	79.40	25,000*						
	2024/2027	Sep 2024–Sep 2027	2024-09-25	2024-09-01	2027-09-24	20270826-20270924	47.80	40,000**	-25,000					
Total								65 000	-25,000			0	0	0

* In Share Option Program 2022/2025, the CEO was awarded 10,000 options in 2022 and an additional 15,000 options in 2023.

** In Share Option Program 2024/2027, the CEO was awarded 40,000 options in 2024.

* The aggregate market value of the underlying shares at the time of award was SEK 1,357 thousand. The aggregate exercise price was SEK 1,985 thousand. The option premium paid was SEK 80 thousand.

** The aggregate market value of the underlying shares at the time of award was SEK 1,593 thousand. The aggregate exercise price was SEK 1,912 thousand. The option premium paid was SEK 166 thousand.

| Balco Group AB – Changes in remuneration and the Group's results over the last five reported financial years

Annual change (SEK, thousands)	2021 vs 2020		2022 vs 2021		2023 vs 2022		2024 vs 2023		2025 vs 2024		Outcome 2025
Total remuneration to the CEO	-530	-11.0%	326	7.6%	-595	-13.0%	1,123	28.1%	-494	-10.7%	4,628
Group EBIT (operating profit)	2,612	2.3%	-15,496	-13.1%	-32,120	-31.3%	-35,553	-50.5%	-53,526	-153.7%	-18,705
Average remuneration based on number of full-time equivalents employed* in the Group	-2,112	-18.6%	-623	-6.7%	-407	-4.7%	-175	-2.1%	66	13.3%	-

* Excluding members of group management.