

REMUNERATION REPORT

Remuneration report

The corporate governance of Balco Group aims to create value for shareholders through active risk control and a healthy corporate culture. Since Balco Group's 2017 IPO, the ongoing work for effective governance, control, and monitoring has been a priority.

Introduction

This report describes how the guidelines for remuneration of senior management of Balco Group, adopted by the 2024 Annual General Meeting, were applied in 2024. The report also contains information on the remuneration of the CEO and a summary of the company's outstanding share-based and share-price-related incentive schemes. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Code Rules on executive remuneration and incentive schemes.

For further information on management remuneration, see note 10 (Employee remuneration etc.) on pages 76–78. Information on the work of the Remuneration Committee in 2024 can be found in the Corporate Governance Statement on pages 38–41.

Directors' fees are not covered in this report. These fees are decided annually by the Annual General Meeting and are disclosed in Note 10.

Developments in 2024

The CEO summarises the company's overall performance in the comments from the CEO, on pages 5 and 6.

Company remuneration guidelines: scope, purpose, and derogations

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

ability to recruit and retain qualified employees. This requires being able to offer competitive remuneration. The company's remuneration guidelines allow for a competitive overall package for senior executives. According to the remuneration guidelines, the remuneration of senior executives must be market-based and may consist of the following components: fixed cash salary, variable cash remuneration, pension, and other benefits. Variable cash remuneration must be linked to financial or non-financial criteria. They can take the form of personal quantitative or qualitative targets. The criteria should be designed to promote the company's business strategy and long-term interests, including its sustainability, such as by having a clear link to the business strategy or promoting long-term development of the person concerned.

The guidelines can be found in Note 10 on pages 76–78. In 2024 the Company complied with the applicable remuneration guidelines adopted by the General Meeting. There have been no derogations from the guidelines, nor from the decision-making process that the guidelines require to be applied to determine the remuneration. The auditor's opinion on the company's compliance with the guidelines is available at <https://baltcogroup.se/en/investors/corporate-governance>.

No remuneration has been reclaimed. In addition to the remuneration covered by the Remuneration Guidelines, the Company's Annual General Meetings have decided on long-term share-based incentive schemes.

Share-based remuneration

Outstanding share-based and share-price-related incentive plans

At the Annual General Meeting of 24 May 2022, it was resolved to introduce a three-year incentive programme aimed at the company's senior executives and other key employees, totalling 41 employees. The incentive programme comprises a maximum of 220,000 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 estimated to be approximately SEK 1.6 million. The programme involves a maximum dilution corresponding to approximately 1.0% of the company's total number of shares. The senior executives of Balco Group have acquired 55,000 warrants with a total value of SEK 280,700.

At the Annual General Meeting of 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% 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 programme is to encourage broad share ownership among the company's key employees, facilitate recruitment, retain skilled and talented employees, ensure that the interests of key employees and the company's objectives are increasingly aligned, 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 cannot exceed the gross amount invested by the participant. The subsidy to a participant will be paid in connection with the exercise of their warrants, subject to the condition that the participant at that time remains employed by the company in the same position or a comparable position elsewhere within Balco Group, and remains in possession of 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 variable remuneration of the CEO have been chosen to implement the company's strategy and to encourage actions that are in the long-term interest of the company. The selection of performance criteria has taken into account the strategic objectives and short and long-term business priorities for 2024. The non-financial performance criteria further contribute to alignment with sustainability and the company's values.

Remuneration from other companies within Balco Group

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

REMUNERATION REPORT

Balco Group AB – Total remuneration of the CEO in 2024 (SEK, thousands)*

		Fixed remuneration		Variable remuneration			Pension cost	Total remuneration	Proportion of fixed and variable remuneration****
Name of the holder (position)		Basic salary	Other benefits**	Annual	Multiannual***	Extraordinary items			
Camilla Ekdahl, CEO	2024	2,999	228	215	696	0	984	5,122	82%/18%
Camilla Ekdahl, CEO	2023	2,820	176	126	0	0	877	3,999	97%/3%

* With the exception of the multi-annual variable remuneration, the table shows remuneration due in 2024. Multi-annual variable remuneration is disclosed to the extent that it has been vested in 2024 and thereby earned, as indicated in column 10 of Table 2 and column 8 of Table 3 below (if applicable). This applies regardless of whether or not a payment has been made in the same year.

** Car benefit and housing benefit.

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

****Pension costs (column 4), which relate entirely to basic salary and are defined-contribution, have been fully recognised 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/replacement outcome
Camilla Ekdahl, CEO	If EPS exceeds SEK 3.78 and linearly up to SEK 4.91, a maximum of 27.5% of annual salary is paid.	55%	a) SEK 2.09 b) SEK 0 thousand
	If organic order intake exceeds SEK 1,350 million and on a linear basis up to SEK 1,650 million, a maximum of 15% of annual salary is paid.	30%	a) SEK 977 million b) SEK 0 thousand
	If the group's Scope 1 and Scope 2 CO2 emissions are reduced by at least 35% compared to 2019 and the amount of recyclable waste exceeds 70%, a maximum of 2.5% of annual salary is paid.	5%	a) –37% and 76%, respectively b) SEK 77.7 thousand
	If the 2023 accident rate decreases compared to the three-year average for 2020–2022 (which was 11.65).	5%	a) 5.1 b) SEK 77.7 thousand
	If the ESG risk rating according to Sustainalytics is lower than 20, i.e. classified as low risk.	5%	a) 19.1 b) SEK 77.7 thousand

* Refers to the parameters in force in 2023 and paid in 2024.

REMUNERATION REPORT

Balco Group AB – Share option programme (CEO)

Primary conditions for the share option programmes								Information for the financial year being reported					
Name of the person in charge	Programme name	Benefit period	Date of award	Date of accrual	End of lock-in period	Period of use	Exercise price (SEK)	Opening amount	During the year		Closing amount		
								Share options at beginning of year*	Share options granted	Vested share options	Share options subject to performance conditions	Unvested share options granted	Share options subject to lock-in period
Camilla Ekdahl, CEO	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**				
Total								25,000	40,000	0	0	0	0

* In the Share Option Scheme 2022/2025, 10,000 options were awarded to the CEO in 2022, and a further 15,000 options in 2023.

** In the Share Option Scheme 2024/2027, 40,000 options were awarded to the CEO 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 company results over the last five reported financial years

Annual change (SEK, thousands)	2019 vs. 2018		2020 vs. 2019		2021 vs 2020		2022 vs 2021		2023 vs 2022		2024 vs. 2023		2024
Total CEO remuneration	114	3.0%	913	23.5%	-530	-11.0%	326	7.6%	-595	-13.0%	1,123	28.1%	5,122
Group operating profit	34,733	32.9%	-24,980	-17.8%	2,612	2.3%	-15,496	-13.1%	-32,120	-31.3%	-35,553	-50.5	34,821
Average remuneration based on number of FTEs employed * at the group	-596	6.0%	1,963	20.9%	-2,112	-18.6%	-623	-6.7%	-407	-4.7%	-175	-2.1	8,053

* Excluding members of Group Management.