

Item 12 - The Board of Directors' proposal for resolution on guidelines for compensation to senior executives

The Board of Directors in Teqnon AB (“**Teqnon**” or the “**company**”) proposes that the Annual General Meeting on 23 April 2025 resolves to adopt guidelines for compensation to senior executives in accordance with below.

The scope of the guidelines

These guidelines shall apply to remuneration to the CEO, Deputy CEO, other members of the group management and, where applicable, remuneration to members of the Board of Directors in addition to director fees. Currently, the group management consists of CEO, Deputy CEO (CXO) and CCO. The guidelines do not apply to any remuneration resolved or approved by the general meeting.

The guidelines apply to remuneration agreed, and amendments to remuneration already agreed, after the guidelines have been adopted by the Annual General Meeting.

Teqnon is an industrial group that acquires stable niche companies with good cash flows to develop and own with an eternal horizon. A successful implementation of the company's business strategy and the safeguarding of Teqnon's long-term interests, including its sustainability, requires that the Company is able to attract and retain qualified personnel. This requires Teqnon to offer competitive remuneration packages. The objective of the guidelines is to enable a competitive total remuneration to senior executives in the company.

The variable cash remuneration covered by the guidelines should aim to promote the company's business strategy and long-term interests, including its sustainable development.

Principles for the design of the remuneration

Teqnon's overall remuneration principles aim to attract, motivate and retain qualified senior executives to ensure the long-term success of the company. A remuneration package should, in its entirety, be in line with market terms and promote the company's long-term interests and continuous value creation.

The remuneration package may consist of the following components:

1. Fixed salary.
2. Variable cash remuneration.
3. Pension benefits and other benefits.

In addition, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

1. Fixed salary

Fixed salary shall consist of a fixed annual cash salary and shall be determined based on the senior executive's responsibility, skills, experience and performance. The fixed salary shall be reviewed annually.

2. Variable cash remuneration

In addition to fixed salary, variable cash remuneration may be offered. The variable cash remuneration shall be based on predetermined and measurable criteria set out annually by the Board of Directors. These criteria shall be linked to the company's earnings growth, cash flow and financial targets. The criteria shall be designed to contribute to the company's business strategy and long-term interests.

The variable cash remuneration may not, during one financial year, exceed 150 percent of the annual fixed base salary. 50 percent of the variable cash remuneration exceeding the value of four months' salary shall be reinvested by the senior executive through the acquisition of shares in Teqnon to be held for no less than three years.

The fulfilment of criteria for the payment of variable remuneration shall be measurable over a period of one year. At the expiry of the measurement period for the fulfilment of criteria for payment of variable remuneration, an evaluation shall be made of the extent to which the criteria have been fulfilled. The assessment of whether financial criteria have been fulfilled shall be based on the latest financial information published by the company.

Variable remuneration shall not be paid if the company's financial criteria are not satisfied or if it is not considered justifiable in light of the company's financial position.

3. Pension and other benefits

Pension shall apply from the age of 65 at the earliest. Pension benefits such as endowment, pension, life and health insurance shall correspond to no more than 35 percent of the fixed base salary for the CEO and the Deputy CEO.

Variable cash remuneration shall not be pensionable, unless otherwise agreed or applicable under a mandatory pension scheme.

Other benefits, such as car allowance and insurances, shall be in line with market terms and shall constitute a minor part of the total remuneration. Premiums and other costs pursuant to such benefits may amount to no more than fifteen (15) percent of the fixed annual salary,

Termination of employment

Upon resignation by the CEO, a notice period of six months shall apply. Upon termination of employment by the company, a notice period of no more than nine months shall apply, and severance pay of no more than six months' salary shall be paid. Upon resignation by the CEO, no severance pay shall be paid.

Upon termination of employment of other senior executives by the company, a notice period of no more than six months shall apply. Upon resignation by the senior executive, no severance pay shall be paid.

Entitlement to salary and other benefits is maintained during the notice period. Base salary during the notice period and severance pay shall in total not exceed an amount corresponding to two years' base salary. Notice salary shall not be offset against other income.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these guidelines, salary and employment conditions for the company's employees have been taken into account by including information on the employees' total remuneration, the components of the remuneration and increase and growth rate of the remuneration over time in the basis of resolution of the Remuneration Committee and the Board of Directors when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The Board of Directors has established a Remuneration Committee tasked to prepare resolutions on proposal for guidelines for compensation to senior executives. The Board of Directors shall prepare a proposal for new guidelines when need for material changes to the guidelines arises, and in any case at least every fourth year, and submit the proposal for resolution at the general meeting. The guidelines shall apply until new guidelines are adopted by the general meeting.

The Remuneration Committee also monitors and evaluates the programs for variable remuneration to the group management, the application of guidelines for compensation to senior executives and remuneration structures and levels in force. The members of the Remuneration Committee are independent in relation to the company and its executive management. The CEO and other members of the group management do not participate in the Board of Directors' or the Remuneration Committee's deliberations and resolutions regarding remuneration-related matters insofar as they are affected by such matters.

Deviations from the guidelines

The Board of Directors may resolve to deviate from the guidelines if in a specific case if there is special cause for the deviation and a deviation is necessary to meet the company's long-term interests and sustainability or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions on remuneration-related matters, including any resolutions to deviate from the guidelines.

For any employments governed by rules other than Swedish, as far as pension benefits and other benefits are concerned, appropriate adjustments may be made to comply with mandatory rules or established local practice, while ensuring that the overall purpose of these guidelines is met as far as possible.

Stockholm in March, 2025

Teqnon AB

The Board of Directors