

Note 5 Capital gain/loss from Group companies and investments recognised according to the equity method

Group

Capital gain/loss from sale of Group companies

SEKm	2023	2022
Semcon, sale of Semcon Engineering UK Ltd and Semcon UK Ltd	4	
HL Display, liquidation of Colour Display Ltd and HL Display Korea Co Ltd	-0	
HL Display, liquidation of SCI L'Eclipse		-0
	3	-0

Parent company

Profit from investments in Group companies

SEKm	2023	2022
Dividend	192	102
Gain from the sale of shares and similar items		110
	192	212

Note 6 Share of profit from investments recognised according to the equity method

Group

SEKm	2023	2022
Share of profit		
Aibel	430	252
Share of profit from investments recognised according to the equity method, owned by Group companies	4	3
	433	255

Note 7 Employees, personnel costs and remuneration to senior executives and boards

Average number of employees¹⁾

	2023		2022	
	Total	Of whom women, %	Total	Of whom women, %
Parent company	20	40	20	40
Group companies	11,034	45	8,195	37
Group total	11,054		8,215	
<i>Of whom, in:</i>				
Sweden	4,834	40	3,250	33
Norway	2,522	48	2,161	31
Denmark	343	30	344	32
Finland	329	40	263	48
Australia	8	25	9	22
Belgium	3	0	4	25
Brazil	422	77	71	22
Ecuador			8	38
France	130	59	118	59
United Arab Emirates	7	14	6	0
India	7	57	7	43
Ireland	8	63	7	57
Israel	8	88		
Italy	151	22	248	14
Canada	7	43	6	67
China	300	39	286	39
Lithuania	81	27	78	32
Netherlands	39	49	40	48
Poland	334	60	326	57
Portugal	23	87	12	92
Romania	3	100	3	100
Switzerland	14	71	14	64
Slovenia	2	0	2	0
Spain	243	82	244	82
UK	391	34	293	33
Thailand	18	61	17	59
Czech Republic	12	67	11	72

Average number of employees¹⁾

	2023		2022	
	Total	Of whom women, %	Total	Of whom women, %
Germany	323	51	112	47
Hungary	252	47	44	46
USA	224	72	213	45
Austria	17	29	19	26
	11,054		8,215	

¹⁾ Excluding Aibel, which is recognised according to the equity method.

Gender distribution, Board and senior executives²⁾

	31 Dec 2023 Share of women	31 Dec 2022 Share of women
Board of Directors		
Parent company	33%	33%
Group total	13%	14%
Management		
Parent company	17%	17%
Group total	18%	19%

▷ Note 7, cont.

Group

Salaries and other remuneration

SEKm	Boards and senior executives ²⁾	Other employees	Total
2023			
Group, total	370	6,154	6,524
(of which, bonus)	(89)		(89)
Of which, in Sweden	183	2,486	2,668
(of which, bonus)	(45)		(45)
Of which, in other countries	187	3,668	3,855
(of which, bonus)	(44)		(44)
Average number of people	171		
2022			
Group, total	317	4,607	4,925
(of which, bonus)	(66)		(66)
Of which, in Sweden	154	1,611	1,765
(of which, bonus)	(15)		(15)
Of which, in other countries	163	2,996	3,160
(of which, bonus)	(51)		(51)
Average number of people	152		

²⁾ In these tables, "senior executives" refers to senior executives in each sub-group.

Social security costs

SEKm	2023	2022
Social security costs	1,861	1,334
(of which, pension costs)	(496)	(363)

Of the Group's pension costs, SEK 46m (43) refers to the boards and senior executives in the Group's companies. The Group's outstanding pension commitments to these amount to SEK 14m (15).

Parent company

Salaries and other remuneration

SEKm	2023	2022
Senior executives and CEO		
Average number of people ¹⁾	6	7
Salaries and other remuneration ²⁾	53	32
(of which, bonus) ³⁾	(26)	(6)
Salaries and other remuneration, other employees	19	14
Total	73	46

¹⁾ As of the closing date, the number of people was six (six).

²⁾ Including vacation bonus pay of 0.8%.

³⁾ Variable cash salary is disbursed over a two-year period and is divided into 50% for each year. However, the expense for each year's variable salary is expensed in its entirety in the year the remuneration is earned. However, up to 100% of the variable cash remuneration for 2023 may be paid already in 2024, provided that the entire portion of the variable cash remuneration received that exceeds 50% is invested in instruments in Ratos's long-term incentive programme 2024.

Social security costs

SEKm	2023	2022
Social security costs	37	29
(of which, pension costs)	(12)	(12)

Of the parent company's pension costs, SEK 3.0m (2.9) refers to the CEO.

Remuneration to Board and senior executives

Guidelines and principles for remuneration to senior executives

The guidelines for remuneration and incentive systems for senior executives as set out below were approved by the 2023 Annual General Meeting. The following guidelines were applied throughout 2023.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

Information regarding the company's business strategy and long-term interests, including its sustainability, is available on the company's website www.ratos.com.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its 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 offers competitive remuneration. These guidelines enable the company to offer the senior executives a competitive total remuneration.

Long-term share-related incentive programmes have been implemented in the company. Such plans have been resolved by the general meeting and are therefore excluded from these guidelines. For more information about these programmes, see www.ratos.com.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

Types of remuneration, etc.

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

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration may amount to not more than 100% of the total fixed annual cash salary. Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 25% of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the compensation committee.

▷ Note 7, cont.

For the CEO, pension benefits, including health insurance (Sw: sjukförsäkring), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 30% of the fixed annual cash salary.

For other senior executives, pension benefits, including health insurance, shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 30% of the fixed annual cash salary.

Other benefits may include, for example, reimbursements for dental care and health care (including medication), medical insurance (Sw: sjukvårdsförsäkring) and company cars. For the CEO, such benefits may be paid out to a customary limited extent.

Termination of employment

Upon termination of an employment, the notice period may not exceed 12 months. Fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to the fixed cash salary for six months for the CEO and 12 months for other senior executives. Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income, amount to not more than 60% of the fixed monthly cash salary at the time of termination of employment, shall only be paid in so far as the previously employed senior executive is not entitled to severance pay and be paid during the time the non-compete undertaking applies, however not for more than 12 months following termination of employment for senior executives. When termination is made by the senior executive, the notice period may not exceed six months, without any right to severance pay.

Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may be individualised quantitative or qualitative objectives. The criteria shall be 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 promote the executive's long-term development. The proportion of variable cash remuneration varies depending on the senior executive's position in the company. The portion of the variable cash remuneration linked to the outcome of financial criteria is normally 100% for the CEO and the CFO, approximately 80–90% for the Business Area Presidents and approximately 75% for

other senior executives, even if the portion can be larger or smaller depending on the specific circumstances, and shall be dependent on (i) EBITA growth in Ratos Group, and (ii) growth in earnings before tax (EBT) for the Ratos Group.

As a general rule, variable cash remuneration is paid out in an amount of 50% in the year after the remuneration is earned and 50% in the year thereafter. However, up to 100% of the variable cash remuneration may be paid out the year after it was earned, provided that the entire portion of the variable cash remuneration received that exceeds 50% is invested in instruments in Ratos's long-term incentive programme.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The Board of Directors is responsible for the evaluation so far as it concerns variable remuneration to the CEO, based on a proposal from the compensation committee. For variable cash remuneration to other senior executives, the CEO is responsible for the evaluation. For financial objectives, the starting point for the evaluation shall be the latest financial information made public by the company.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the compensation committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to the senior executives and remuneration to other employees will be disclosed in the remuneration report.

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

The Board of Directors has established a compensation committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General Meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The compensation committee shall also monitor and evaluate programmes for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The members

of the compensation committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the compensation committee's tasks include preparing the board of directors' resolutions in remuneration-related matters.

Convertible debentures and warrants issued in 2018–2023

The Annual General Meetings from 2018 to 2023 resolved to introduce a long-term incentive programme for the CEO and other key personnel in Ratos consisting of convertibles and warrants (referred to below as the "Instruments"), where participants in the programme – with certain exceptions – are free to decide how large a share of the Instruments offered should comprise convertibles and/or warrants, except for LTI2021 and LTI2022, where participants – with certain exceptions – are free to decide how large a share of the instruments offered should comprise convertibles but the share of warrants could comprise a maximum of 50% of the Instruments offered. In LTI2023, the CEO and members of Ratos's management group were free to decide how large a proportion of the offered Instruments would consist of convertibles and the proportion of warrants could constitute a maximum of 50% of the Instruments offered, while other key employees only had the right to subscribe for convertibles but not warrants. One prerequisite for allotment of warrants is that the employee has signed an agreement regarding repurchase etc. with the company whereby the company or purchaser designated by the company has the right to repurchase warrants if the participant's employment is terminated. The aforementioned convertible programmes extend for no more than four years and can be exercised after approximately three years at the earliest. The aforementioned warrant programmes extend for no more than three and a half to five years and can be exercised after approximately three to three and a half years at the earliest.

The standard valuation model for warrants (Black & Scholes) was applied to calculate the value. For programmes issued in 2018–2019 and

▷ Note 7, cont.

2021–2023, participants were offered warrants free of charge and received a benefit corresponding to the market value of the warrants on the date of allotment (option premium). The net expense for participants, after subsidies, was approximately 50% of the taxable benefit in LTI2018 and LTI2019 and approximately 25% of the taxable benefit in LTI2021, LTI 2023 and LTI2023. For the 2020 programme, the participants paid in cash without subsidies.

Call option programmes issued 2016–2017

Annual general meetings from 2001 up to and including 2017 have decided on call option programmes directed to senior executives and other key people within Ratos. Members of the Board of Ratos are not included in this offer. Employees have paid a market premium for the call options in all programmes. Acquisitions of call options are subsidised by the purchaser receiving extra remuneration corresponding to a maximum of 50% of the option premium after deduction for 55% standard tax, whereby the remuneration is divided into equal parts over five years. Payment of remuneration is normally conditional upon continued employment and continued holding of options acquired from Ratos or shares acquired through the options. The call options are issued on treasury shares. No call options have currently been issued to any participants.

Synthetic options issued in 2013–2017

The Annual General Meetings from 2013 to 2017 resolved on cash-settlement option programmes related to Ratos's outstanding investments in companies. These programmes are carried out through the issue of synthetic options that have been transferred at market price. These programmes give key personnel in Ratos an opportunity to share in the companies' growth in value. These options gain value only when Ratos's average annual return exceeds a certain percentage (which varies between 8% and 15%). The purchase of options was subsidised by the option purchaser having received extra cash remuneration corresponding to a maximum of 50% of the option premium, whereby the remuneration was divided into equal components over four years, normally provided the person concerned was still working for the Ratos Group and still held options acquired from Ratos. Neither the CEO nor the Board members have been allotted any synthetic options.

Remuneration to Ratos's Board and senior executives 2023

SEKm	Board fee/ basic salary ¹⁾	Variable remuneration ²⁾	Other benefits ³⁾	Pension costs	Share-based remuneration	Total	Pension commitments
Per-Olof Söderberg, Chairman of the Board	1.2	–	–	–	–	1.2	–
Jan Söderberg, Board member	0.7	–	–	–	–	0.7	–
Karsten Slotte, Board member	0.7	–	–	–	–	0.7	–
Ulla Litzén, Board member	0.8	–	–	–	–	0.8	–
Tone Lunde Bakker, Board member	0.6	–	–	–	–	0.6	–
Jonas Wiström, CEO	10.1	9.4	0.2	3.0	1.3	23.9	–
Other senior executives ⁴⁾	16.7	16.9	0.1	4.8	4.3	42.8	–

¹⁾ Basic salary including vacation bonus pay of 0.8%. The Board fee pertains to the fee for the meeting year from April 2023 up to and including March 2024.

²⁾ Variable remuneration refers to bonuses attributable to 2023. 50% to be paid in 2024 and 50% in 2025. However, up to 100% of the variable cash remuneration for 2023 may be paid already in 2024, provided that the entire portion of the variable cash remuneration received that exceeds 50% is invested in instruments in Ratos's long-term incentive programme 2024.

³⁾ Mainly comprises company car benefits.

⁴⁾ Refers to five people who were members of the management group in 2023. As of 31 December 2023, the number is five.

Remuneration to Ratos's Board and senior executives 2022

SEKm	Board fee/ basic salary ¹⁾	Variable remuneration ²⁾	Other benefits ³⁾	Pension costs	Share-based remuneration	Total	Pension commitments
Per-Olof Söderberg, Chairman of the Board	1.1	–	–	–	–	1.1	–
Jan Söderberg, Board member	0.7	–	–	–	–	0.7	–
Karsten Slotte, Board member	0.7	–	–	–	–	0.7	–
Ulla Litzén, Board member	0.8	–	–	–	–	0.8	–
Tone Lunde Bakker, Board member	0.6	–	–	–	–	0.6	–
Helena Svancar, Board member ⁵⁾	0.4	–	–	–	–	0.4	–
Jonas Wiström, CEO	9.7	0.8	0.1	2.9	1.6	15.2	–
Other senior executives ⁴⁾	16.8	5.1	0.1	4.6	6.7	33.3	–

¹⁾ Basic salary including vacation bonus pay of 0.8%. The Board fee pertains to the fee for the meeting year from April 2022 up to and including March 2023.

²⁾ Variable remuneration refers to bonuses attributable to 2022. 50% to be paid in 2023 and 50% in 2024. However, up to 100% of the variable cash remuneration for 2022 may be paid already in 2023, provided that the entire portion of the variable cash remuneration received that exceeds 50% is invested in instruments in Ratos's long-term incentive programme 2023. No bonus was paid to the CEO for 2022. The amount of SEK 0.8m pertains to subsidies for warrants.

³⁾ Mainly comprises company car benefits.

⁴⁾ Refers to six people who were members of the management group in 2022, one of whom for part of the year. As of 31 December 2022, the number is five.

⁵⁾ Term: From April to October 2022.

▷ [Note 7, cont.](#)

Remuneration to the CEO

Variable remuneration

The size of variable remuneration is decided by the Board based on a proposal from the compensation committee and within the framework of the total variable remuneration component for senior executives and other key people. Acquisition of warrants is subsidised within the framework of the incentive programme for senior executives.

Pension terms

Pension premiums amount to 30% of basic salary. The pension is a defined contribution plan. There is no agreed retirement age.

Terms for severance pay

A six-month (six) notice period will apply if notice is given by the CEO or the company. There is no agreement regarding severance pay.

Other senior executives

Variable remuneration

For remuneration to the other senior executives, see the above table.

Pension terms

Pension benefits comprise a defined contribution pension solution. There is no agreed retirement age.

Terms for severance pay

In the event of notice being given by the company or by the senior executive, a period of notice of six months normally applies. There is no agreement regarding severance pay in any employment contract.

Warrants and call options issued by Ratos

	31 Dec 2023				31 Dec 2022			
	Warrants		Call options		Warrants		Call options	
	No. of options	Corresponding no. of shares	No. of options	Corresponding no. of shares	No. of options	Corresponding no. of shares	No. of options	Corresponding no. of shares
Outstanding at beginning of period	2,071,700	2,071,700	0	0	1,573,464	1,573,464	62,500	62,500
Issued	650,000	650,000			832,500	832,500		
Repurchased/redeemed	-130,000	-130,000			-334,264	-334,264	-62,500	-62,500
Outstanding at end of period	2,591,700	2,591,700	0	0	2,071,700	2,071,700	0	0
of which, redeemable	429,200				80,000			

▷ Note 7, cont.

Disclosures on warrants issued during the period

Each warrant carries entitlement to purchase one share.

	2023	2022
Maturity date	15 Dec 2026	15 Dec 2025
Taxable benefit including social security costs, SEKm	7.3	11.9
Total payments to Ratos if shares acquired, SEKm	21.9	36.1

Option terms for outstanding warrants

Maturity date	Option price, SEK per option	Exercise price, ³⁾ SEK per share	Right to purchase no. of shares	31 Dec 2023		31 Dec 2022	
				No. of options	Corresponding no. of shares	No. of options	Corresponding no. of shares
8 Jun 2023 ¹⁾	3.30	29.94	1.00	0	0	80,000	80,000
14 Jun 2024 ¹⁾	3.93	27.19	1.00	429,200	429,200	429,200	429,200
30 Apr 2025 ²⁾	3.87	21.52	1.00	0	0	50,000	50,000
29 Nov 2024 ¹⁾	10.10	43.51	1.00	712,500	712,500	712,500	712,500
15 Dec 2025 ¹⁾	10.92	45.18	1.00	800,000	800,000	800,000	800,000
15 Dec 2026 ¹⁾	8.57	33.63	1.00	650,000	650,000		
				2,591,700	2,591,700	2,071,700	2,071,700
Maximum increase in number of shares in relation to outstanding shares at end of period					0.8%		0.6%

¹⁾ As the warrants are being offered free of charge to participants, they will receive a benefit corresponding to the market value of the warrant at the date of the allotment (option premium). The net expense for participants, after subsidies, will be approximately 50% of the taxable benefit.

²⁾ Cash payment.

³⁾ Restated for dividends.

Incentive programmes in Ratos's subsidiaries

Ratos makes active efforts to ensure that an incentive strategy is in place for boards and senior executives of the companies in which Ratos invests. There are a number of different incentive programmes which include shares, warrants, synthetic options and synthetic shares. Investments are made on market terms.

These exceptions did not have any material effect on the Ratos Group's income statement and balance sheet. In total, financial liabilities relating to synthetic options in the Ratos Group amounted to SEK 149m (153). During the year, the Group's earnings were affected by SEK -80m (-17) relating to synthetic option liabilities.