

**Proposals by the Board of Directors to be presented at the
Extraordinary General Meeting ("EGM") of Shareholders
of Ratos AB (publ) on Thursday, October 22, 2020**

The below proposals correspond with the numbering set forth in the agenda proposed by the Board of Directors, as set forth in the separate Notice of EGM.

Proposed distribution of earnings (item 7)

The Board of Directors proposes a dividend for financial year 2019 of SEK 0.65 per share, to be paid with Monday, October 26, 2020 as the record day. Assuming the EGM resolves in accordance with the Board of Directors' proposal, the estimated (i) last day for trading in Ratos AB shares with right to the applicable part of the dividend payment, (ii) applicable record day, and (iii) date for payment from Euroclear Sweden AB for each of the installments are as follows:

	Installment (SEK 0.65 per share)
Last day for trading in Ratos AB shares with right to the applicable part of the dividend payment	October 22, 2020 (Thursday)
Record Day	October 26, 2020 (Monday)
Payment Date	October 29, 2020 (Thursday)

Following the most recent resolution regarding a value transfer, SEK 6,764 million remains of the funds available pursuant to Chapter 17, section 3, first paragraph of the Swedish Companies Act (2005:551).

The Board of Director's reasoned statement in accordance with Chapter 18, section 4, and other documents in accordance with Chapter 18, section 6, of the Swedish Companies Act (2005:551), can be found in **Appendix A-E**.

The Board of Directors' statement in accordance with Chapter 18 Section 4 of the Swedish Companies Act (2005:551)

Background

The Board of Directors hereby presents the following statement in accordance with Chapter 18 Section 4 of the Swedish Companies Act.

The reasons for the Board of Directors view that the proposed dividend is compliant with the provisions of Chapter 17 Section 3 Paragraphs 2 and 3 of the Swedish Companies Act are the following.

The nature, scope and risks of the business

The nature and scope of the Company's and the Group's business are set out in the Articles of Association and previous annual reports. The business carried out by the Company and the Group does not entail greater risks than risks that exist or is likely to exist in the industry or such risks which are generally associated with running business operations. As regards material events, reference is made to the Report by the Board of Directors in the Annual Report for 2019. The Company's and the Group's dependence on business cycles does not deviate from what is otherwise common in the industry.

The financial position of the Company and the Group

The financial position of the Company and the Group as of 31 December 2019 is described in the most recent Annual Report. The Annual Report also states the accounting principles that have been applied for valuation of assets, reserves and liabilities.

From the Board of Directors' dividend proposal, it follows that the Board of Directors proposes a dividend of SEK 0.65 per share, to be paid with Monday, October 26, 2020 as the record day. The total proposed dividend represents 3% of the Company's equity and 2% of the Group's equity.

The Annual Report shows that the Parent Company's equity/assets ratio amounts to 88% and the Group's equity/assets ratio is 38%. The Company's and the Group's equity/assets ratio does not differ from what is common within the industry. The proposed dividend does not jeopardize the investments which are deemed necessary for the business.

The proposed dividend does not affect the Company's and the Group's ability to fulfil its current and future payment obligations in a timely manner. The Company's and the Group's liquidity forecast comprises a readiness to handle variations in the ordinary payment obligations of the Company.

The Company's and the Group's financial position does not give rise to any other conclusion than that the Company will be able to continue its business and that the Company and the Group can be expected to fulfil its obligations on both a short and long-term basis.

The Board of Directors makes the assessment that the size of the Company's and the Group's equity is reasonable in relation to the scope of the Company's and the Group's business and the risks tied to the Company's business when taking into account the proposed dividend.

Conclusion

With reference to the above, and to what otherwise has been brought to the attention of the Board of Directors, the Board of Directors is of the opinion that the dividend is justifiable in light of the provisions of Chapter 17 Section 3 Paragraph 2 and 3 of the Swedish Companies Act.

Stockholm in September 2020
Ratos AB (publ)
The Board of Directors

Link to the [annual report](#).

Auditor's report

To the general meeting of the shareholders of Ratos AB (publ), corporate identity number 556008-3585

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Ratos AB (publ) except for the corporate governance statement on pages 47–53 for the year 2019. The annual accounts and consolidated accounts of the company are included on pages 41–114 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 47–53. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the income statement and the statement of financial position for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden, and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of Goodwill and shares in subsidiaries

Description	How our audit addressed this key audit matter
<p>Goodwill amounts to SEK 11,610m in the consolidated statement of financial position and shares in subsidiaries amounts to SEK 7,770m in the parent company's balance sheet at year end. As disclosed in note 11, the goodwill value is tested annually, or as soon as indicators of impairment are identified, by calculating the recoverable amount and comparing it to the carrying value. Shares in subsidiaries are assessed for impairment indicators regularly and if indicators are identified the assets recoverable amount is calculated. The impairment tests for 2019 did not result in any impairment.</p> <p>As stated in note 11, the recoverable amount is determined as the value in use or the fair value less cost to sell. Significant estimates in the calculation of value in use are, amongst others, expected future earnings, growth and discount rate. Also valuation to fair value requires certain estimates and judgments depending on how the fair value is determined.</p> <p>Due to the estimates and judgments required to prepare the impairment test and due to the size of the carrying amounts we have assessed the valuation of goodwill in the group, and shares in subsidiaries in the parent company, to be a key audit matter.</p>	<p>In our 2019 audit we have evaluated the group's, and the parent company's, process to prepare impairment tests and to identify cash generating units. We have audited the significant estimates used in the impairment test by, among other procedures, comparing them to historical outcome, forecasts and to peer companies. We have also performed sensitivity analyses for changes in key estimates.</p> <p>We have involved internal valuations specialists in performing our audit procedures and to evaluate the valuations models that have been used.</p> <p>Finally, we have assessed the appropriateness of the disclosures in the annual report.</p>

Revenues from construction contracts recognized over time

Description	How our audit addressed this key audit matter
<p>In 2019 revenues from construction contracts recognized over time amounted to SEK 10,614m.</p> <p>Revenues from construction contracts are recognized based on percentage of completion, which is calculated as the cost incurred compared to total estimated cost for each project. The accounting principles are disclosed in note 3. Revenue recognition over time requires estimates and judgments in order to determine the total project cost and the value of the ongoing construction contracts. Key estimations and assessments are disclosed in note 31.</p> <p>Due to the estimates and judgments required in order to calculate the percentage of completion and the fact that revenues from construction contracts recognized over time is a significant part of the company's revenues, we have assessed that this constitutes a key audit matter.</p>	<p>In our 2019 audit we have evaluated the company's revenue recognition process for construction contracts. We have audited significant contracts and the revenue recognized based on the criteria in IFRS 15. In addition, we have for a sample of projects, and for significant projects, tested the company's estimate of each project's total cost, percentage of completion and revenue recognition.</p> <p>Finally, we have assessed the appropriateness of the disclosures in the annual report.</p>

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–40 and 119–129. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take in to account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Ratos AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Other matters

The audit of the annual accounts for 2018 was performed by another auditor who submitted an auditor's report dated 2 April 2019, with unmodified opinions in the Report on the annual accounts.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 47–53 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of Ratos AB by the general meeting of the shareholders on the 8th of May 2019.

Stockholm, 5 March 2020

Ernst & Young AB

Erik Sandström
Authorized Public Accountant

The Board of Directors' report in accordance with Chapter 18, Section 6, subsection 3 of the Swedish Companies Act (2005:551)

The Board of Directors of Ratos AB (publ) submits the following report as referred to in Chapter 18, section 6, subsection 3 of the Swedish Companies Act (2005:551).

No events of material significance for the Company's financial position have occurred subsequent to the presentation of the annual report for the financial year 2019, except as stated in the Interim Report for the period January - March 2020 and January - June 2020, and in the press releases published during the period thereafter available on the Company's website <https://www.ratos.com/en/news>.

Stockholm 25 September 2020.

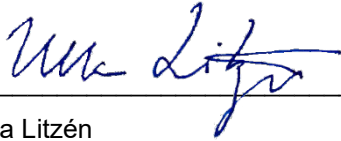
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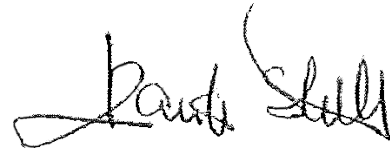
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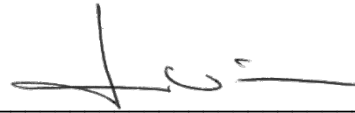
Ulla Litzén



Karsten Slotte



Jan Söderberg



Jonas Wiström

See separate document.