Annual and Sustainability Report 2023

RATOS

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1 About Ratos

Focus on technological and infrastructure solutions

Ratos is a Swedish Group focused on technological and infrastructure solutions. The Group currently comprises three business areas – Construction & Services, Industry and Consumer.

The **Construction & Services** business area's focus is on building and maintaining a sustainable society. The business area is divided into two segments – *Critical Infrastructure*, with a service offering primarily comprising maintenance of infrastructure within railway, road and energy solutions, and *Construction Services*, which focuses on community building. Examples of this are the construction of new critical buildings such as hospitals, schools, police stations and governmental buildings in the Nordics.

Appropriate infrastructure solutions are a precondition for Sweden and the entire EU to achieve their climate goals. Together with the substantial infrastructure maintenance debt in the Nordics, this means that the industry has great growth opportunities moving forward.

The **Industry** business area also comprises two segments – *Product Solutions* and *Industrial Services,* and the companies in the segments focus on technological solutions and product development in industry. Companies in Industry are active in markets with strong growth such as technology consultancy services, energy-efficient lighting, sustainable lightweight structures and renewable energy, modern grocery retail, pharmacology and aftermarket solutions.

New technology and technology consultancies play an important role in the transition to a more sustainable society. Engineers and new technology offer and create many solutions for accelerating the transition, a transition that is and will continue to be profitable for companies that are correctly positioned such as Ratos.

Everything we do is based on our core values:

- Simplicity
- Speed in Execution
- It's All About People

SEK 34 billion in sales*

SEK 2.2 billion in adjusted EBITA

11,100 employees*

* Excluding Aibel

By developing leading operations in technological and infrastructure solutions and offering a range of services and products that are necessary in a sustainable future, Ratos is creating value both for its shareholders and for society at large. The strength of Ratos's unique governance model, based on follow-ups and earnings generation in a strong decentralised Group, becomes clear as our companies create synergies between themselves, on their own initiatives and through add-on acquisitions with industrial synergies. It is a fundamental principle that our subsidiaries remain independent but that they can also benefit from being part of something larger within the Ratos Group.

The year in review

Ratatek

The Ratos Group grew both organically and through successful add-on acquisitions during the year, which is in line with Ratos's strategy. Additional important steps were taken to become a more uniform group focused on technological and infrastructure solutions. The Group has remained profitable through long-term sustainable business.

First quarter

13 Jan 2023

Speed Group wins the Stora Hållbarhetspriset sustainability award

Speed Group is named the winner of the Stora Hållbarhetspriset award for 2022. The prize is awarded by Borås Näringsliv (the Borås local business association), the University of Borås, the City of Borås and Sparbanken Sjuhärad through its owner foundation.

19 Jan 2023

Semcon enters into a new framework agreement with GKN Aerospace Sweden AB in Trollhättan

Semcon enters into a new framework agreement with GKN Aerospace. The agreement concerns services spanning Semcon's entire offering, such as design, simulation and calculations, software development, and aftermarket solutions.

Semcon

First quarter

23 Jan 2023
TFS HealthScience acquires Appletree CI Group
TFS acquires Appletree CI Group to enhance the company's existing expertise in the complex fields of ophthalmology, medical devices, and paediatric studies, simultaneously expanding its geographic reach for clients.

25 Jan 2023
Vestia signs contract for approximately SEK 700m with City of Mölndal to build new school
Vestia signs a contract with the City of Mölndal for the new construction of Västerberg School and Bifrost Preschool in Mölndal. Västerberg School will accommodate 570 pupils from the age of six to 12 (Year F–6) in 9,500-square-metre premises including a full-size sports hall and is scheduled to be completed in March 2025. Bifrost Preschool will be the largest preschool in northern Europe with 14 classes housed in 4,200 square metres. Two classes will be specifically tailored for children with functional diversity and two will be open preschool classes offering activities for children who are not yet enrolled in preschool. The preschool will be completed in December 2024.

14 Feb 2023
Aibel awarded major contract on Hammerfest LNG
Equinor awards Aibel an EPCI (Engineering, Procurement, Construction and Installation) contract for modification work at the Hammerfest LNG facility on behalf of the Snøhvit Unit partners. The contract has a total value of approximately NOK 8 billion.

16 Feb 2023
HL Display acquires Akriform
HL Display signs an agreement to acquire Akriform, a producer of bulk bins and custom-made solutions for grocery retail and branded goods suppliers across the Nordics. The acquisition will strengthen HL Display's leading position in Europe in the fast-growing segment of packaging-free merchandising and create a strong offer of custom-made solutions for customers in the Nordic markets.


Oechsle Display Systems

9 Mar 2023
Ratos Summit 2023
Ratos Summit is arranged in Stockholm. All of the management groups in Ratos's companies meet for a full-day conference focusing on new insight, reflection and focus moving forward.

28 Mar 2023
HL Display acquires Oechsle Display Systems and werba print & display
HL Display signs an agreement to acquire Oechsle Display Systems, a manufacturer of communication and shelf management solutions, and its sister company werba print & display, a provider of print and display solutions. The acquisitions are the company's sixth and seventh, respectively, since HL Display's acquisition journey started in 2021, and the acquisitions made will create major industrial synergies.

Second quarter

13 Apr 2023
HENT signs a new billion NOK contract with Statsbygg – construction of part of the Norwegian Ocean Technology Centre in Trondheim
Statsbygg, which manages most of the Norwegian government's property portfolio, selects HENT as the general contractor for the construction of the Norwegian Ocean Technology Centre Wing B. The project is a partnering project and one of Norway's most unique construction projects.

7 Jun 2023
Speed Group acquires Supplier Partner
Speed Group signs an agreement to acquire Supplier Partner, a Gothenburg-based company in industrial logistics. Through the acquisition, Speed broadens its offer within the industrial segment and expands its presence in the expansive Arendal area near the port of Gothenburg.

15 Jun 2023
Vestia wins new partnering contract with estimated budget of SEK 250m in Kungälv Municipality
Vestia, which is a part of SSEA Group, will partner with Kungälv Municipality to renovate, rebuild and extend Ytterby School in central Ytterby. The project will provide the school with inclusive, efficient premises that are suited for modern education in a municipality with a growing number of residents. The project encompasses approximately 11,000 square metres.

SEK 1.6 billion

29 Jun 2023
Vestia and HENT build Kaj 16 – a new wooden landmark that will redefine the skyline of Gothenburg
Ratos companies Vestia (which is part of SSEA Group) and HENT, together with Vasakronan, are building Kaj 16 – a new landmark in Gothenburg. The construction cost for Kaj 16 is expected to amount to approximately SEK 1.6 billion, a significant portion of which has been allocated to Vestia and HENT.

Third quarter

NOK 2.3 billion

7 Jul 2023
Presis Infra secures new contracts amounting to NOK 2.3 billion in the first half of 2023
During the first half of 2023, Ratos company Presis Infra, which specialises in the maintenance of critical infrastructure including ferry quay operation and maintenance, and rockfall protection in Norway and Sweden, was awarded new contracts amounting to NOK 2.3 billion. The contracts were signed with existing customers and with terms from 2023 to 2028.

8 Aug 2023
Oase Outdoors changes CEO
Henrik Arens, Chairman of the Board and founder of Oase Outdoors (Oase), returns as CEO of the company on 8 August 2023.

Fourth quarter

9 Oct 2023

SSEA wins prestigious contract to build new town hall in Ängelholm, Sweden

The winners of the construction and architecture competition "Ängelholm's new town hall" were presented. The Ratos-owned construction company SSEA (a part of SSEA Group) was selected, together with the architect firm Liljewall, to design and construct the new town hall. The town hall is expected to be a spectacular meeting place.

SSEA

Aleido

17 Oct 2023

Semcon spins off its Product Information business area, introduces Aleido

Semcon announces the successful spin-off of its Product Information business area, marking the official launch of the new and stand-alone company Aleido. This strategic step was taken to strengthen both businesses and to continue growing their offers, dedicated teams, and profitability.

8 Nov 2023

Ratos takes an additional step in its investment in Nordic infrastructure and launches the Expin Group brand with Robert Röder as CEO

Ratos gathers its operations within rail infrastructure under the Expin Group brand with Robert Röder as CEO. Expin Group will become a full-service provider of new construction, refurbishment and maintenance for all rail infrastructure owners in the Nordics. The new group structure creates better conditions for increased value generation, more transactions and more effective synergies between the companies.

Expin

Elaboration

Ratos's focus areas of technological and infrastructure solutions

Semcon

The transition to a more sustainable society is both crucial for our collective future and profitable for companies that invest in industries that depend on the success of the transition. As such, Ratos's focus areas include investments in unique technology consultancy companies and companies that are building and maintaining a sustainable society in the form of infrastructure maintenance and the construction and maintenance of critical buildings. In 2023, the subsidiaries in Ratos's focus areas performed very well.

Technological development – crucial for the transition to a climate-neutral society
The climate crisis is a fact, and the transition to more sustainable flows, methods of production and business models – with a reduced impact on the environment and climate – is of crucial importance if we are to achieve the goals of the Paris Agreement by 2030. For example, global emissions can be reduced by approximately 15% with the help of digital technology and, indirectly, this technology could result in an additional reduction of 35% according to findings from the Exponential Roadmap climate initiative.

Unique offering in Semcon
"The development of green technologies such as electrification and renewable energy is crucial in the transition. As well as a product approach where items are used longer, made of sustainable materials, repairable or transformable, and recycled efficiently. Digitalisation is a key tool for change, enabling more emission- and resource-efficient production and consumption. Expert services in these areas are vital for making change happen, which provides our industry with excellent business opportunities," says Markus Granlund, President and CEO of Semcon, which was acquired by Ratos in 2022.

Semcon is an international technology partner for companies and organisations in transformation. The company combines engineering expertise, digital services and sustainability know-how in a unique offering for product, production and service development.

"Our offering is strong. We can assume overall responsibility as a strategic technology partner and provide our customers

"Our offering is unique. We can assume overall responsibility as a strategic technology partner and provide our customers with new perspectives, the entire way from an initial idea to a complete solution."

Markus Granlund, CEO, Semcon

Aleido

"Even physical products are now dependent on significant amounts of software. This is leading to an increased need for information connected to products and systems."

Johan Ekener, CEO, Aleido

with new perspectives, the entire way from an initial idea to a complete solution and beyond," continues Markus Granlund.

Two examples of projects where Semcon contributed to sustainable solutions in 2023 were for the Swedish company Modvion and the Norwegian company Sporveien.

For the first project, Semcon assisted the wood technology company Modvion with its development of a unique wooden structure for wind turbine towers. A tower built using modules of laminated wood enables taller installations than conventional steel, making it possible to produce more electricity while reducing CO_2 emissions from material logistics. The new tower outside Skara is the world's tallest wooden wind turbine tower.

In the project for Sporveien, data analytics and condition-based monitoring, partly using advanced acoustic technology, have challenged the existing maintenance plans for the carriages in the Oslo Metro. Simulations based partly on real-time traffic data have extended the maintenance plans for gearboxes from 16 to 57 years. This will reduce the climate impact from the carriages and save Sporveien (and Norwegian taxpayers) hundreds of millions of Norwegian kronor.

The transition requires longer product life cycles – Aleido makes the advanced easy to understand

"A growing number of products are becoming more technologically advanced, and thus more complex, as new generations and upgrades are introduced. Even physical products are now dependent on significant amounts of software and are becoming increasingly connected in various ways. This is leading to an increased need for information connected to products and systems, both to use the products and systems themselves and to carry out service and repairs as well as to extend their life cycles. For many manufacturers, aftermarket information is no longer only necessary to comply with various formal requirements. It also leads to competitive advantages and increases customer satisfaction," says Johan Ekener, CEO of the newly founded company Aleido.

Aleido was founded in 2023 as a spin-off of the former Product Information business area in Semcon. The company is a market leader in aftermarket information and learning solutions.

"Our size provides us with an enormous breadth of knowledge and a large number of references. This means that we are currently able to take on almost any assignment within any industry and also cover a large geographic region," says Johan Ekener.

Knightec partners with leading global companies to innovate their products and services

"The market for technology, design and digitalisation is enormous, and Knightec has considerable growth potential. All in all, the market corresponds to almost SEK 70 billion with expected growth of 9% per year during the period from 2023 until 2025," says Dimitris Gioulekas, CEO and co-founder of Knightec, which Ratos acquired a majority stake of in 2022.

At the intersection of strategy, design, and technology, Knightec partners with leading global companies to innovate

"The technological transition is leading to increased demand for new customer offerings and service areas. This is particularly apparent in energy, sustainability and cyber security."

Dimitris Gioulekas, CEO, Knightec

Ratatek

"There is a great need to ensure punctual and safe transportation. Rail infrastructure is an important puzzle piece in the transition to a more sustainable society."

Robert Röder, CEO, Expin Group

their products and services. Through client relationships, a strong collaborative culture and social conscience, Knightec has established a distinct market position.

"The technological transition is leading to increased demand for new customer offerings and service areas. This is particularly apparent in energy, sustainability and cyber security, areas in which our clients see the greatest growth potential. As such, Knightec's strategy is based on a focused approach in these areas," continues Dimitris Gioulekas.

Many important transactions took place in Knightec during the year. Examples include the development of a multi-year partnership with Scania, exciting projects with Handelsbanken (strengthening Knightec's market position in the finance sector), the development of ABB Machines' new displays, and a strengthened cybersecurity position with Getinge.

Knightec was also named an official IoT GreenGrass Service Delivery Partner for Amazon Web Services, making it the company's first partner in the Nordics.

The role of infrastructure in the green transition

Appropriate infrastructure solutions are a precondition for Sweden and the entire EU to achieve their climate goals. Together with the substantial infrastructure maintenance debt in the Nordics, this means that the industry has great growth opportunities moving forward. Infrastructure and enabling military mobility are also very important considering Sweden's importance in NATO.

A governmental decision was made in Sweden in March 2023 to commission the Swedish Transport Administration to review its traffic circulation plan to identify shortcomings, analyse the existing measures in the plan and see what can be done collectively to make rapid progress.

"Time is critical. In light of the developments we are now seeing in the industrialisation of northern Sweden, we need to ensure that transportation and infrastructure are not impeding the green transition," said Andreas Carlson, Sweden's Minister for Infrastructure, in conjunction with the decision.

Expin Group has everything it needs to assist

"It became clear in 2023 that the green transition is moving too slowly and that decision-makers are searching for solutions. Our legislators must make demands through their authorities and procurements and then allow commercial players to develop solutions and implement the transition. Expin Group has everything it needs to assist," says Robert Röder, who was appointed CEO of Expin Group in 2023.

Expin Group is a full-service provider of new construction, refurbishment and maintenance for all rail infrastructure owners in the Nordics. Ratos's Nordic infrastructure investment proceeded at a rapid rate in 2023, and demand for services was considerable in all three focus areas: energy, roads, and rail transport.

"The Nordic market will grow sharply in the coming years. There is a great need to ensure punctual and safe transportation. Increased digitalisation will also improve the capacity of existing systems and thereby meet growing demand for rail

"It is profitable and beneficial for the climate to maintain our roads and, when possible, to use and improve existing infra-structure rather than building anew."

Eivind Iden, CEO, Presis Infra

Aibel

"Renewable electricity will be converted and transported through Aibel's offshore HVDC platforms to millions of homes in Europe."

Mads Andersen, CEO, Aibel

transportation. Rail infrastructure is an important puzzle piece in the transition to a more sustainable society," continues Robert Röder.

Road maintenance – a critical industry in which Presis Infra is a leading player

"The maintenance of road infrastructure is a critical industry. People must be able to go to school, work and sometimes to hospital. It is profitable and beneficial for the climate to maintain our roads and, when possible, to use and improve existing infrastructure rather than building anew. Our construction companies and politicians agree with this, and we are therefore optimistic in terms of the market outlook. Presis Infra's ambition is to remain a leading player that people can count on," says Eivind Iden, CEO of Presis Infra, which was acquired by Ratos in 2021.

Presis Infra is a Norwegian infrastructure maintenance firm with a leading presence in road maintenance. The company is also active in the maintenance of ferry quays and rockfall protection. Presis Infra posted a positive trend during 2023 and higher growth compared with 2022.

Aibel – largest Norwegian supplier of offshore-wind solutions in Europe

"Access to energy is crucial for human development and prosperity. Aibel not only holds a strong position in the current market, where gas is an important energy carrier, but is also undergoing a shift toward renewable energy sources as a restructuring of the energy markets takes place," says Mads Andersen.

Aibel is a leading service company within the energy sector at the centre of the successful transition to renewable energy. The company provides innovative solutions within engineering, construction, modifications and maintenance.

"We are the largest Norwegian supplier of offshore-wind solutions in Europe and currently have six deliveries to the UK and Germany, valued at over NOK 15 billion. A total of 6.6 GW of clean, renewable electricity will be converted and transported through Aibel's offshore HVDC platforms to millions of homes in Europe," continues Mads Andersen.

2023 was a good year for Aibel with records achieved in terms of both sales and earnings. Progress was made in renewable and offshore wind power as well as gas. Aibel's operations have had a major impact on Norway's ability to play an increasingly important role as a safe and reliable supplier of gas to Europe in a time of geopolitical uncertainty.

Strong financial position enables accelerated growth towards a more streamlined Group

2023 was a good year for Ratos, with continued growth in EBITA, lower tied-up capital and strong cash flows. Our financial position is therefore strong and enables accelerated growth through add-on acquisitions and value-creating investments. Our journey towards a more streamlined and transparent Group is continuing.

2023 – a good year from several perspectives

Free cash flow amounted to SEK 3,073m, corresponding to 137% of adjusted EBITA, which amounted to SEK 2,244m, up 14%. Net sales amounted to SEK 33,748m, up 13%. Leverage fell to 1.1x. Overall, this was our best year since we shifted our strategy from a private equity firm with investments in many sectors to a streamlined Group focused on technological and infrastructure solutions.

Add-on acquisitions

Acquisitions and divestments will remain important to achieving our target structure. Since 2021, when our turnaround journey was completed, 19 add-on acquisitions and five platform acquisitions have been carried out. Our strategy going forward is clear. We will focus on value-creating acquisitions in companies that form the basis for the future. Add-on acquisitions create considerable value, partly in the form of synergies, which in many cases have been significant.

The Ratos Business System

The Ratos Business System (RBS), introduced in 2018, has played and continues to play a significant role in improving our earnings and cash flows and will be expanded from 2024 to include our return on invested capital (ROIC). The external environment remains uncertain and difficult to assess, with several well-known challenges affecting the market. Our operational model (referred to above as RBS) will help us react quickly to changes in the market.

Sustainability

The Corporate Sustainability Reporting Directive (CSRD) is part of the EU Sustainable Finance Action Plan and plays a key role in ensuring that the business community contributes meeting the targets of the European Green Deal. The new legislation will be implemented in 2024, with a primary focus on increased transparency and comparability. During the year, we carried out a review of the Group and prepared for the stricter requirements.

The Ratos Group is in a strong position to reach targets for 2025

By the start of 2026, Ratos will be a strongly decentralised group within technological and infrastructure solutions, with EBITA exceeding SEK 3 billion and a healthy ROIC. Our strong financial position will enable us to accelerate growth through add-on acquisitions in companies that form the basis of the more focused group.

Technological and infrastructure solutions are crucial for the urgent transition to a more sustainable society, where the demand for engineers will increase further. The right infrastructure solutions are essential if Sweden and the EU are to achieve their environmental objectives. In addition, we are currently facing a nearly urgent situation when it comes to existing infrastructure – such as the maintenance and expansion of railways in Sweden. The large infrastructure maintenance debt in the Nordic region means that the industry has excellent potential for growth in the future. It is also clear that technological solutions, such as lightweight structures and digital solutions like AI, will be of significant importance.

Ratos's journey of growth towards a more refined group is continuing – a big thank you to everyone who contributed to our success in 2023.

Jonas Wiström
President and CEO

Development of our business areas in 2023

Construction & Services

+10% sales

+14% EBITA[1]

Net sales for the full year amounted to SEK 17,298m, a year-on-year increase of 10%. This increase was driven by strong organic growth of 11%, with robust growth noted by all companies in the business area except for Expin Group and SSEA Group. Adjusted EBITA for the full year amounted to SEK 1,291m, up 14%. The adjusted EBITA margin was 7.5% (7.2). This earnings improvement was attributable to a positive trend in both the construction operations and critical infrastructure. Demand in critical infrastructure remained favourable. The market for construction operations worsened somewhat during the year primarily as a result of higher interest rates. The construction operations in the business area mainly construct properties for the state, municipalities and private companies which are capital-strong entities, which reduces the business areas risk exposure. The business area's adjusted EBITA was negatively impacted in the fourth quarter by the impairment of balance sheet items as a result of identified accounting errors in two subsidiaries in Expin Group. Aibel reported strong operational earnings and was positively impacted by currency effects. The business area's reported EBITA was positively impacted during the year by the reversal of the previous impairment of Aibel totalling SEK 1,656m.

Industry

+36% sales

+44% EBITA[1]

Net sales in the business area for the full year amounted to SEK 10,563m (7,755), a year-on-year increase of 36%. Organic growth was negative and amounted to –4%. The sales increase was mainly attributable to the acquisitions of Semcon and Knightec, add-on acquisitions in HL Display and organic growth in TFS. Adjusted EBITA for the business area amounted to SEK 963m (671) and the EBITA margin was 9.1% (8.6) for the full year. The improved earnings were primarily attributable to earnings improvements in Diab and HL Display and the acquired companies Semcon and Knightec. For Diab, demand in the wind segment continued to be very weak during the year while the market for Diab's other segments performed well. HL Display completed three add-on acquisitions during the year. One of Speed Group's main customers continued to have low volumes during the year, which negatively impacted sales.

1) Adjusted EBITA

Consumer

–8% sales

–58% EBITA

Net sales for the full year amounted to SEK 5,888m, a year-on-year decrease of 8%. Organic growth was negative and amounted to 6%. Plantasjen's organic sales declined marginally while KVD's organic sales declined by approximately 20% as a result of lower sales of cars from its own inventory. Plantasjen's market was negatively impacted during the year by high inflation and a decline in household purchasing power. EBITA for the business area amounted to SEK 136m (326) and the EBITA margin was 2.3% (5.1). The decline in earnings was attributable to Plantasjen, which held a clearance sale of goods at lower gross margins in order to reduce its inventory levels. Increased rental costs also negatively impacted earnings. As a result of its lower inventory levels, Plantasjen's cash flow from operating activities increased by just over SEK 700m compared with the preceding year. To improve its earnings, Plantasjen will implement a cost-saving programme that is expected to lead to significant cost savings in 2024. KVD's auction business performed well and the cost-saving programme implemented in 2022 yielded positive results.

Targets and target fulfilment

On 8 February 2021, the Board of Ratos decided on financial targets based on the previously announced decision to shift the direction of the operations towards a more long-term group.

Financial targets	Targets 2025	Outcomes 2023
EBITA growth	**SEK 3 billion** EBITA is to amount to at least SEK 3 billion by 2025	**SEK 2,244m** (Adjusted EBITA)[1]
Leverage	**1.5–2.5x** Net debt, excluding financial lease liabilities, in relation to EBITDA should normally range from 1.5 to 2.5x.	**0.7x** (non-adjusted) **1.1x** (adjusted)
Dividend payout ratio	**30–50%** The dividend payout ratio should amount to 30–50% of profit after tax attributable to owners of the parent, excluding capital gains and losses	**51%**

[1] The Group's EBITA adjusted for capital gains and the revaluation of listed shares and non-recurring items affecting comparability at the business area level

Keys to success

The Ratos Business System (RBS) – the Ratos Group's operational model is built on Ratos's core values:

Simplicity

Focus on profitability and sustained profit growth
Ratos increases the Group's earnings through a combination of focusing on operational profitability, organic growth and acquisitions.

Strong decentralised structure
The Ratos Group has a strong decentralised structure and each subsidiary has a large degree of independence.

Sustainability at the core
Sustainability permeates Ratos's entire business model. Long-term sustainability also creates long-term profitability. We take a comprehensive approach, focusing on sustainable strategies rather than sustainability strategies.

Speed in Execution

The best of both worlds – small-scale operations combined with the resources of a larger group
With a small and efficient group organisation and leadership with extensive operational experience, we combine the flexibility and speed of a smaller company with the resources, network and stability of a larger group. Our structural capital and model enable us to act quickly in light of market changes and provide us with all of the necessary conditions to create shareholder value.

Structured follow-ups
Ratos's day-to-day work is conducted through regular contact with its companies, including monthly follow-ups of earnings, cash flow and the balance sheet. The Ratos Group maintains a close collaboration with its subsidiaries through small, committed boards.

The 90–10 model
Ratos encourages its subsidiaries to maintain a 90% focus on execution and a 10% focus on strategy. It is important for the subsidiaries to have a clear idea about where they are headed, but planning for the future in detail is often a waste of time considering its unpredictability. It is more important to execute the chosen strategy, listen to customers, follow market developments and be quick to adapt to a changing world.

It's All About People

People in focus
Ratos's role is to enable skilled leaders and employees to excel in a heavily decentralised structure. The Ratos Group's network possesses knowledge, experience and capital. We take swift, simple action, and allow the right people to take on a great deal of responsibility. We focus on fundamental improvements that create lasting value. We are convinced that owners that impose strict requirements, challenge and show respect create the best conditions for their management teams to build subsidiaries capable of achieving long-term industrial success.

The right CEOs for our subsidiaries
The single most important assignment for Ratos is to appoint the CEOs for our subsidiaries. When we attract the best CEOs to our companies, they will in turn attract a strong team. There is nothing more important for the development of our companies.

Continual exchange of experiences and networking
Our subsidiaries reap the rewards of being part of the Ratos network through the exchange of experiences within Ratos, both in the individual business areas and in the Group. The companies' management teams, Ratos's Board of Directors and Ratos's employees meet once per year at the Ratos Summit to discuss central themes for value creation. In addition, various specialist functions meet in Ratos networks to discuss and compare methods and models for value creation and efficiency. Examples of themes in the networks include sustainability, purchasing, HR issues, and IT and cybersecurity.

Process for value creation

To create long-term profit growth and shareholder value, we focus on value-creating measures in the subsidiaries, supplemented with an active acquisition agenda. Acquisitions that create sound industrial synergies are an important part of Ratos's strategy. Well-executed add-on acquisitions create considerable value, contribute to the consolidation of important markets and add sales volumes, customers and new expertise. Ratos's stable balance sheet and strong focus on cash flow throughout the Group advances Ratos's position, thereby enabling the Group to take advantage of the opportunities that arise.

Our overall goal is to increase our EBITA, continually and in the long term. The foundation for EBITA growth lies in:

Stability...

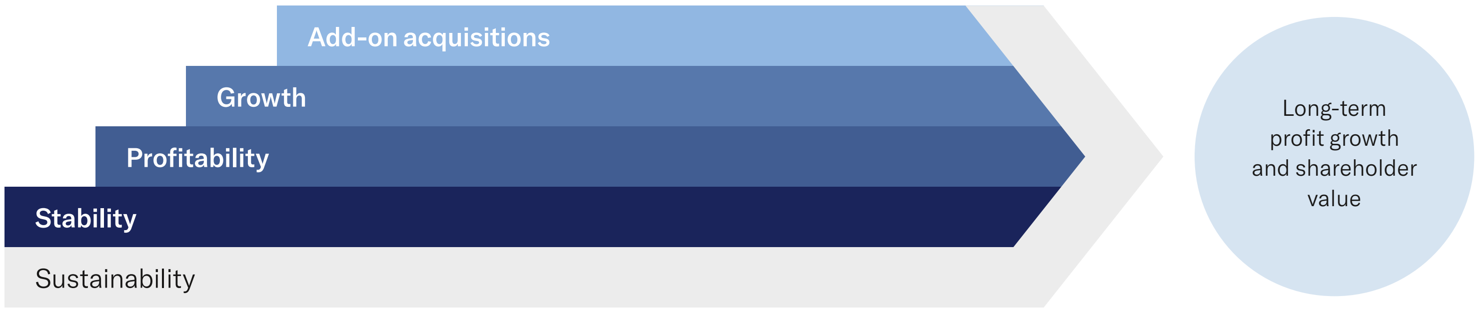
based on sound management, clear business plans and a management team that is able to predict the development of the company and make accurate forecasts. When a company has achieved stability, the focus shifts to...

... profitability

and establishing the financial prerequisites for growth. Efforts to identify a company's potential for profitability are carried out in a structured process together with the company's management team in order to develop clear, shared insights. The focus is on improving the gross margin and lowering costs. When stability and profitability are achieved, the focus shifts to...

... growth.

Organic growth is unparalleled when it comes to creating value for a company and, for this reason, is always a top priority. When the first three steps are achieved, an acquisition agenda can be utilised for individual companies taking all of the business area's synergies into consideration.



Add-on acquisitions

Add-on acquisitions generate considerable value when combined with real cost and revenue synergies. We supplement the operational development of our subsidiaries through add-on acquisitions, with the goal of scaling the operations and strengthening the leadership and competence of the companies. Following an acquisition, we focus on operational synergies and implement best practices. In addition, we provide access to networks and platforms for knowledge exchange between subsidiaries, at the Group, business area and segment level, with the aim of further accelerating growth. Ratos also carries out new platform acquisitions when a unique opportunity presents itself in an industry in which Ratos has extensive knowledge and the ability to create value.

Sustainability is at the core of profitable companies and long-term value creation

We are convinced that sustainable companies, in terms of both business concept and daily operations, are profitable and create long-term value. This is why sustainability has long been an integrated part of Ratos's business strategy.

In Ratos's decentralised ownership model, management teams and boards carry the ultimate responsibility for sustainability work, but sustainability permeates all work in the company. Sustainability issues are integrated into Ratos's processes for corporate governance. Sustainability is also a crucial component in Ratos's selection of focus areas for today and moving forward: technological and infrastructure solutions.

We do not differentiate between sustainability risks and business risks

Ratos does not differentiate between sustainability risks and business risks, but rather regards them interconnected. Sustainable value creation is about understanding how the major challenges in society impact business in the short and long term, and having the ability to constantly develop so that we are supported by global macrotrends. We expect an approach in the Group that assumes that our efforts to become a little better tomorrow than we are today are always ongoing and can never be seen as truly complete. An internal dialogue between various functions in the companies and a close customer dialogue are crucial for successful sustainability efforts that are integrated into our core business.

Mutually beneficial value

Ratos's greatest contribution to society is serving as an active and responsible owner that builds long-term successful and sustainable companies that create mutually beneficial value. We create jobs, respect humanity and the environment, and deliver high-quality products and services. Ratos also makes a difference in that our principal owners are foundations that promote research and thus long-term positive community development. 18 people work at Ratos's head office while the Group comprises a total of 11,100 employees (excluding Aibel, which is an associate).

Focus of our sustainability work in 2023

Corporate Sustainability Reporting Directive (CSRD)/ European Sustainability Reporting Standard (ESRS)

The CSRD is part of the EU Sustainable Finance Action Plan and a key component for meeting the targets of the European Green Deal. In 2023, considerable focus was devoted to preparing for the CSRD and the new ESRS, which came into force on 1 January 2024. A feasibility study and a gap analysis of the current situation in all of Ratos's subsidiaries as well as an annual review of the double materiality assessment were also completed. In brief, the review did not involve any major changes, but a small number of material issues have been consolidated. More information on the double materiality assessment is available on pages 44–46.

Training

In addition, a major training initiative was implemented for Ratos's senior executives together with the sustainability experts at Goodpoint (part of Semcon). The training focused on providing a basic understanding of and knowledge about the CSRD and ESRS. At the end of 2023, the Board and management group of Ratos's parent company, as well as all CFOs and sustainability managers in the companies, had completed the training. Further training will take place in the first quarter of 2024, with the aim that all boards, CEOs and executive management teams in the Ratos Group will receive the same training and thus the same basic understanding of the requirements and opportunities involved in the CSRD and accompanying ESRS.

Group-wide climate target for the Ratos Group

Efforts to develop a Group-wide climate target (reduction target) continued during the year. These efforts will continue with the aim of having a target in place during the second half of 2024 and for the target to be aligned with the requirements of the Paris Agreement and validated by the Science Based Target initiative.

Climate report for the entire Ratos Group

In 2023, we took significant steps in terms of climate transparency. All subsidiaries have reported their carbon footprints and we are publishing a Group-wide climate report for the first time. The focus in 2023 was on Scope 1 and 2, but this work is continuing. The climate report is presented on page 48.

Significant sustainability issues and focus areas

Significant sustainability issues

Ratos's double materiality assessment, which underwent an annual review in autumn 2023, identified the following sustainability issues as the most material for the Group:

Each company is responsible for identifying any additional sustainability areas that are relevant for its operations. During the year, a continuous dialogue is conducted with the companies to follow up on and discuss sustainability efforts. All companies are expected to report these developments publicly through an annual sustainability report, the design and focus of which are determined based on an internal dialogue combined with a close customer dialogue. Sustainability work is to be a natural part of the core business and contribute to company profitability. To strengthen collaboration and support the exchange of experiences between companies, joint projects are conducted between the companies, including financial reporting related to sustainability. More information on the double materiality assessment is available on page 44–46.

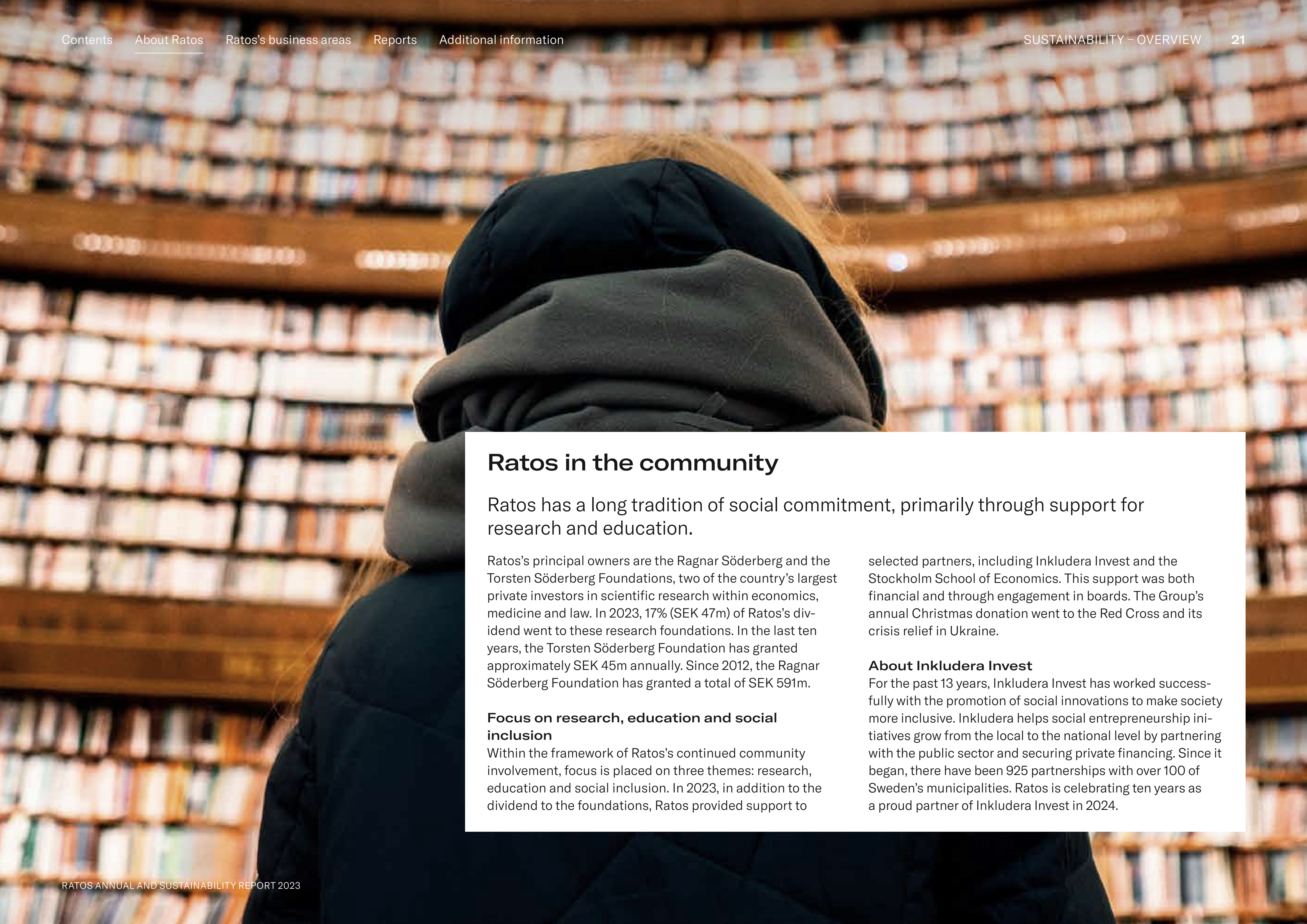
E ENVIRONMENT	S SOCIAL	G GOVERNANCE
• Buildings • Climate change and energy • Ecosystems • Water	• Migrant workers • Occupational health and safety [1] • Quality & safety of products & services • Working conditions [1] • Talent attraction & retention	• Compliance with (new) legislation and policies • Corruption and bribery • Data security and integrity [2]

1) Includes an increased likelihood of negative consequences as a result of challenges in the supply chains (for example, quickly completed initiatives to replace suppliers/material)
2) Includes potential negative consequences of automation and digitisation.

Ratos's four focus areas

These focus areas are selected based on the most essential aspects of our materiality assessment (see pages 43–46).

- Environment and climate impact
- Employees
- Transparency and corporate governance
- Business ethics and anti-corruption



Ratos in the community

Ratos has a long tradition of social commitment, primarily through support for research and education.

Ratos's principal owners are the Ragnar Söderberg and the Torsten Söderberg Foundations, two of the country's largest private investors in scientific research within economics, medicine and law. In 2023, 17% (SEK 47m) of Ratos's dividend went to these research foundations. In the last ten years, the Torsten Söderberg Foundation has granted approximately SEK 45m annually. Since 2012, the Ragnar Söderberg Foundation has granted a total of SEK 591m.

Focus on research, education and social inclusion

Within the framework of Ratos's continued community involvement, focus is placed on three themes: research, education and social inclusion. In 2023, in addition to the dividend to the foundations, Ratos provided support to selected partners, including Inkludera Invest and the Stockholm School of Economics. This support was both financial and through engagement in boards. The Group's annual Christmas donation went to the Red Cross and its crisis relief in Ukraine.

About Inkludera Invest

For the past 13 years, Inkludera Invest has worked successfully with the promotion of social innovations to make society more inclusive. Inkludera helps social entrepreneurship initiatives grow from the local to the national level by partnering with the public sector and securing private financing. Since it began, there have been 925 partnerships with over 100 of Sweden's municipalities. Ratos is celebrating ten years as a proud partner of Inkludera Invest in 2024.

Training, networks and perspectives

Being part of the Ratos Group includes an opportunity to benefit from training, partnerships and networks: the Business Executive Leadership Programme (BELP) and Ratos Networks. Leading representatives from companies in the Group are also invited to the annual high-level meeting with perspectives from external speakers, Ratos Summit.

BELP – Business Executive Leadership Program
BELP is a leadership programme for managers and leading talent that is customised by the Stockholm School of Economics together with Ratos. During the programme, which runs for one year, participants are able to take part in knowledge-enhancing lectures including academics, practical leadership and exercises based on actual cases from the Ratos companies. The programme also gives the participants the opportunity to exchange best practices, knowledge and experience. The fourth round of Ratos BELP started in autumn 2023.

Ratos's Networks
The seven function-based networks are run by the companies together with Ratos, gathering employees in the Ratos Group who work in the same area to provide inspiration and enable knowledge sharing. The networks focus on the following areas: HR, communication, sustainability, legal matters, finance, purchasing/procurement and IT/cyber security. The networks engaged in various activity levels during the year and several of them held both physical and digital meetings.

The Ratos Summit
The Ratos Summit is an annual high-level conference that gathers leading representatives in the Ratos Group for an entire day and evening of high-profile external speakers, in-depth exploration of Ratos's focus areas and external perspectives to collectively improve their understanding of prevailing macro-trends and developments in the world. The Ratos Summit was held in Stockholm in March 2023, with 120 people participating.

"The combination of lectures, practical cases, study trips and interaction with fellow colleagues taking part in courses from Ratos's various companies is truly a winning concept. The support and involvement of leaders within the Ratos Group provides a sense of openness I have not experienced before, and I truly felt that everyone contributed by sharing their experience and knowledge. Learning to work alongside people from different backgrounds, in different roles and from different companies provided me with new perspectives and lessons that I have already benefited from and will continue to do so for a long time to come."

Lovisa Hallman, Nordic Customer Service Manager, Plantasjen, participant in BELP 2022/2023

"Ratos's sustainability network is priceless to me. Together, we have a wealth and breadth of knowledge and if I am unsure of something, there is always someone in the group that can assist."

Jonas Marking, Sustainability Manager, HL Display, member of Ratos Sustainability Network

The Ratos share

The Ratos share decreased in 2023, with a total return (price development including reinvested dividends) of –11% compared with the SIX Return Index, which was 19%.

Ratos share in brief

Share listing	Nasdaq Stockholm
Total number of shares	326,516,488
Number of shares outstanding	326,516,488
Closing price, 29 Dec 2023	SEK 36.08 (Ratos Class B)
Highest/lowest quotation	SEK 45.76/28.96 (Ratos Class B)
Market capitalisation, 29 Dec 2023	SEK 12 billion

Share price performance

The performance of Ratos's Class B shares was –13% compared with the OMXSPI, which was 15% in the same period. The highest quotation during the year (SEK 45.76) occurred in February and the lowest (SEK 28.96) in June. The closing price on 29 December was SEK 36.08. The total return (price development including reinvested dividends) for Ratos's Class B shares in 2023 amounted to –11% compared with the SIX Return Index, which was –19% during the same period.

Dividend

The Board of Directors proposes an ordinary dividend for the 2023 financial year of SEK 1.25 per Class A and B share and a total divided of SEK 408m. The dividend yield amounts to 3.5% based on the closing price at year-end.

Ownership structure

The ten largest shareholders accounted for 78% of the voting rights and 50% of the share capital. The proportion of shares owned by physical or legal entities outside Sweden amounted to 13%. The US, Norway, Switzerland and Finland account for the largest shareholdings outside Sweden.

Employee ownership in Ratos

The incentive programmes for key persons at Ratos is connected to performance for shareholders. Read more in the Directors' Report on pages 36–39 and on Ratos's website.

Purchases of treasury shares

The 2023 Annual General Meeting renewed the mandate for the company to acquire own shares. The holding of treasury shares may not exceed 10% of the total number of shares in the company. There were no purchases of treasury shares in 2023.

Shareholder statistics

Number of shares	Number of shareholders	Share of capital, %
1–500	43,865	1.95
501–1,000	8,378	2.05
1,001–5,000	10,188	7.20
5,001–10,000	1,667	3.79
10,001–15,000	475	1.84
15,001–20,000	298	1.66
20,001–	665	81.50
Total	**65,536**	**100**

Breakdown by class of share

Share class	Number of shares	% of voting rights	% of capital
Class A	84,637,060	77.8	25.9
Class B	241,879,428	22.2	74.1
Total	**326,516,488**	**100**	**100**

Source: Monitor by Modular Finance AB. Data collected and processed from Euroclear, Morningstar, the Swedish Financial Supervisory Authority and other sources.

Issue of Class B shares

Since the 2009 Annual General Meeting, there has been a decision that Ratos, in connection with acquisitions, may issue Class B shares in Ratos through offset issues, non-cash issues or for cash payment. This mandate was renewed at the 2023 Annual General Meeting and applies for a maximum of 35 million Class B shares.

Analysts who monitor Ratos

A current list of analysts who monitor Ratos is available on the website under Investors/Share information/Analysts and target price.

Data per share*

Data per share*	2023	2022	2021	2020	2019
Earnings per share before dilution, SEK	3.73	1.69	8.17	2.17	2.11
Dividend per Class A and B share, SEK	1.25[1]	0.84	1.20	0.95	0.65
Dividend per Class A and B share as % of earnings per share	34[1]	50	15	44	31
Dividend per Class A and B share as % of equity	3[1]	2	3	3	2
Equity, SEK [2]	38	38	37	29	29
Closing market price, Class B share, SEK	36.08	41.49	57.95	38.48	33.42
Market price/equity, %	96	110	158	131	115
Dividend yield, Class B share, %	3.5[1]	2.0	2.1	2.5	1.9
Total return, Class B share, %	–11	–27	54	17	46
P/E ratio	9.7	24.6	7.1	17.7	15.8
Highest/lowest price paid, Class B share, SEK	45.76 / 28.96	58.75/36.64	62.95/37.20	39.46/16.40	36.36/18.10

Key figures*

Key figures*	2023	2022	2021	2020	2019
Market capitalisation, SEKm [3]	11,880	13,704	19,192	12,260	10,550
Number of shareholders	65,536	70,908	73,741	53,357	52,070
Average number of Class A and B shares outstanding before dilution	326,042,022	325,223,889	322,945,842	319,014,634	319,014,634
Number of outstanding Class A and B shares at year-end	326,516,488	325,898,988	324,676,320	319,014,634	319,014,634
Dividend, SEKm [4]	408[1]	274	390	303	207

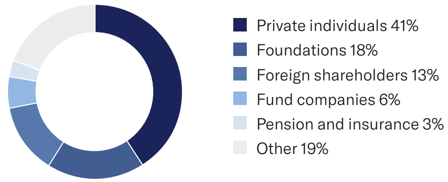
* Relates to Class B shares unless specified otherwise
1) Proposed dividend.
2) Equity attributable to owners of the parent divided by the number of outstanding ordinary shares at the end of the period.
3) Refers to shares outstanding.
4) Dividend refers to ordinary shares.

Ratos's shareholders

31 Dec 2023	Number Class A shares	Number Class B shares	Share of capital, %	Share of votes, %
Söderberg family with companies, etc.	46,280,629	16,183,420	19.13	44.01
Torsten Söderberg Foundation	12,056,186	16,063,900	8.61	12.55
Ragnar Söderberg Foundation	17,235,241	10,093,088	8.37	16.77
Spiltan Fonder	0	11,105,169	3.40	1.02
Avanza Pension	144,157	7,453,869	2.33	0.82
Vanguard	0	7,196,615	2.20	0.66
Dimensional Fund Advisors	0	7,194,817	2.20	0.66
Norges Bank	0	4,841,898	1.49	0.45
LGT Capital Partners	0	4,529,057	1.39	0.42
Third AP Fund	0	4,200,346	1.29	0.39
Others	8,920,847	153,017,249	49.59	22.25
Total	**84,637,060**	**241,879,428**	**100**	**100**

Source: Monitor by Modular Finance AB. Data collected and processed from Euroclear, Morningstar, the Swedish Financial Supervisory Authority and other sources.

Breakdown of Ratos's shareholders, % of capital



Source: Monitor by Modular Finance AB. Data collected and processed from Euroclear, Morningstar, the Swedish Financial Supervisory Authority and other sources.

2

Ratos's business areas

Construction & Services

The business area's focus is on building and maintaining a sustainable society. The service offering primarily comprises maintenance of critical infrastructure within railway, road and energy solutions (Critical Infrastructure), and the construction of new critical buildings such as hospitals, schools, police stations and governmental buildings in the Nordics (Construction Services).

Sales	SEK 17,298m (15,730)
Sales growth	10% (52%)
EBITA, adjusted	SEK 1,291m (1,130)
EBITA margin, adjusted	7.5% (7.2%)

The business area's operations benefit from current social developments and trends such as urbanisation, growing populations, the need for renewable energy and efficient resource management. We want to grow the business area by acquiring businesses with complementary service offerings that provide hard and soft synergies to the existing operations. As in our other business areas, the focus is on leading margins and strong cash flows combined with a decentralised corporate culture focused on profitability and a business model built on long-term sustainability.

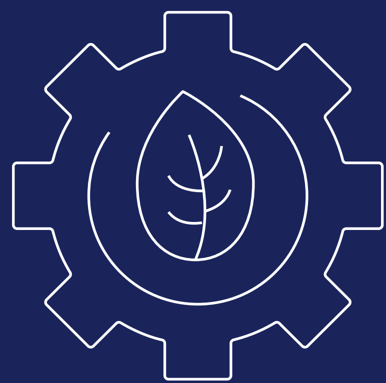
The business area is divided into two segments in which the following companies are included: Critical Infrastructure (Aibel, Expin Group and Presis Infra) and Construction Services (airteam, HENT and SSEA Group).

With the aim of creating uniform business areas, it was decided in conjunction with the interim report for Q2 2023 that the company Speed Group would be reported in the Industry business area instead of Construction & Services.

President Business Area:
Christian Johansson Gebauer

Industry

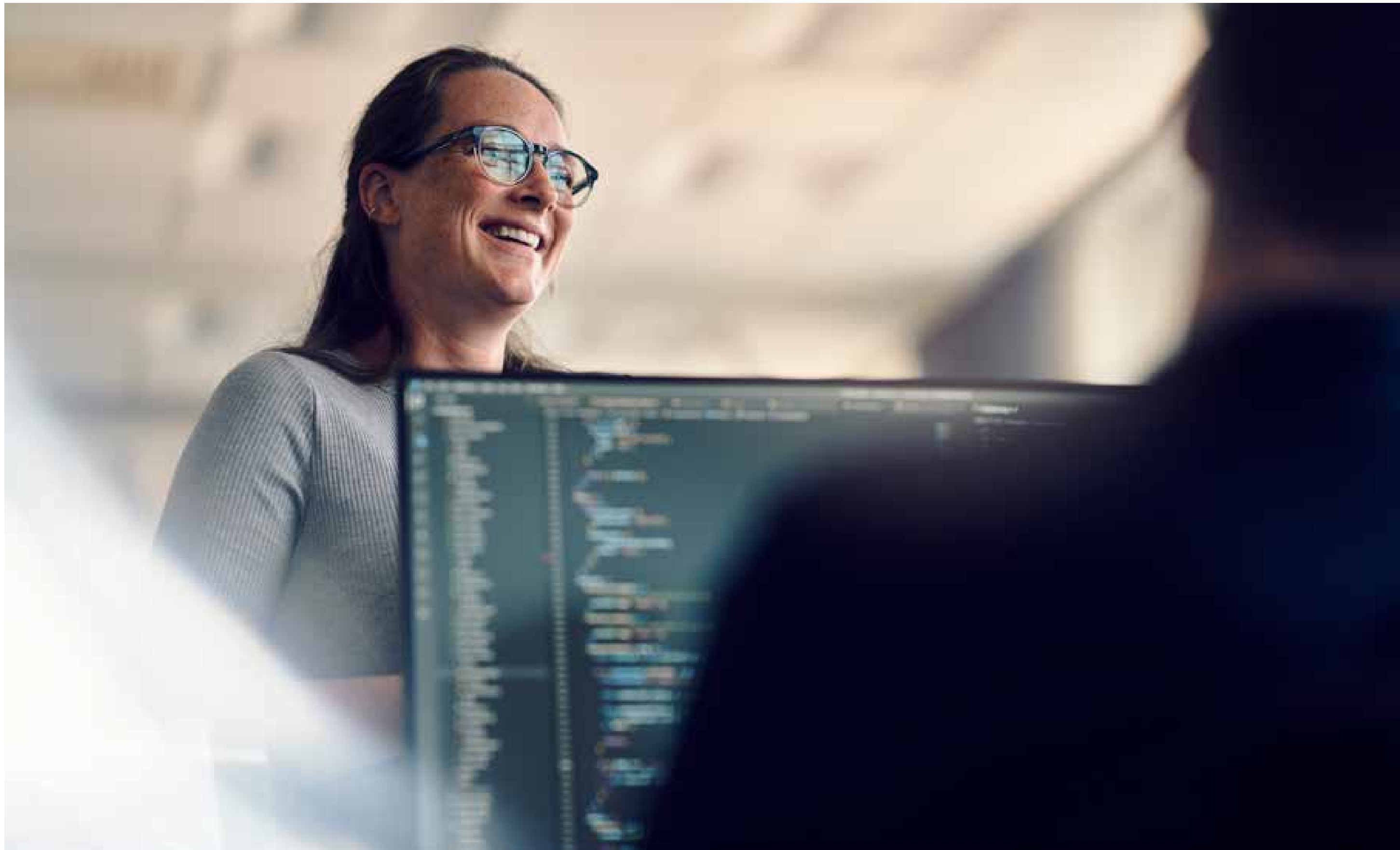
The business area focuses on technological solutions and product development in industry. Companies in the business area are divided into the segments Product Solutions and Industrial Services and are exposed to markets with strong growth such as energy-efficient lighting, sustainable lightweight structures and renewable energy, grocery retail, pharmacology and aftermarket solutions.



Sales	SEK 10,563m (7,755)
Sales growth	36% (20%)
Adjusted EBITA	SEK 963m (670)
Adjusted EBITA margin	9.1% (8.6%)

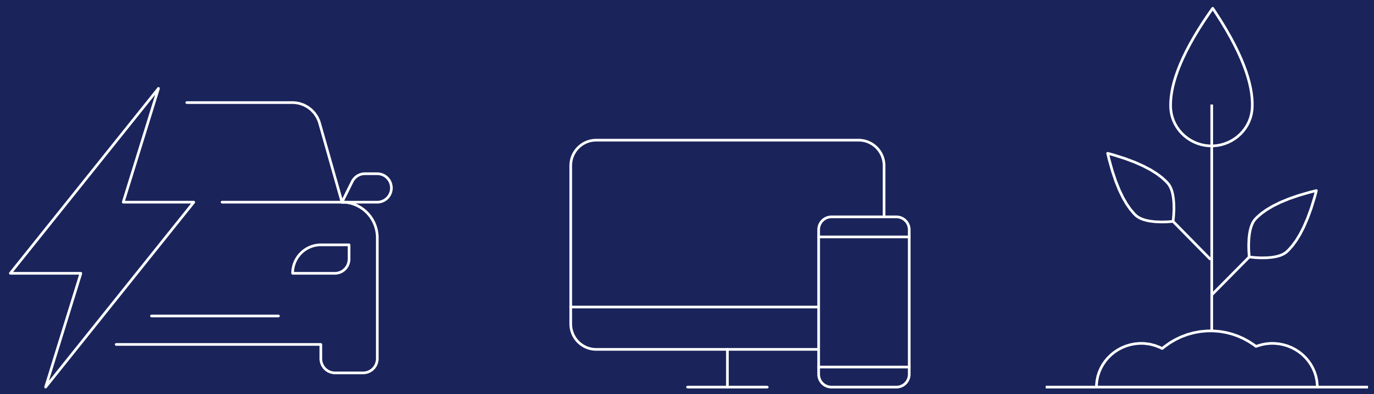
Companies in Industry are exposed to markets with strong growth such as energy-efficient lighting, sustainable lightweight material and renewable energy, modern grocery retail, pharmacology and aftermarket solutions. Technology consultants and aftermarket solutions will play important roles in the transition to a more sustainable society. Engineers and new technology offer many solutions for accelerating the transition, creating profitable prospects for companies that are correctly positioned. When we look for new companies to add to the business area, add-on acquisitions are our primary focus. The business area is divided into two segments in which the following companies are included: Product Solutions (Diab, HL Display, LEDiL and Oase Outdoors) and Industrial Services (Knightec, Semcon, Aleido, Speed Group and TFS). With the aim of creating uniform business areas, it was decided in conjunction with the interim report for Q2 2023 that the companies Speed Group and Oase Outdoors would be reported in the Industry business area instead of Construction & Services and Consumer, respectively.

President Business Area since 1 February 2023:
Anders Slettengren



Consumer

Companies in the Consumer business area work to simplify and improve life for consumers. To us, simplifying and improving life means, for example, making life healthier and more sustainable, and saving time.



Sales	SEK 5,888m (6,392)
Sales growth	–8% (11%)
EBITA	SEK 136m (326)
EBITA margin	2.3% (5.1%)

The business area consists of companies that are well positioned in relation to strong prevailing macrotrends such as spending holidays at home, outdoor activities, and interior design and horticulture. The companies hold leading positions in their respective segments in the market and consist of well-known brands. The business area includes KVD and Plantasjen.

With the aim of creating uniform business areas, it was decided in conjunction with the interim report for Q2 2023 that the company Oase Outdoors would be reported in the Industry business area instead of Consumer.

President Business Area:
Anders Slettengren

3

Reports

Directors' Report

The Board of Directors and the CEO of Ratos AB (publ), 556008-3585, hereby submit the 2023 Annual Report for the parent company and the Group. The registered office of the Board is in Stockholm, Sweden.

The company's activities

Ratos is a Swedish group focused on technological and infrastructure solutions. Ratos has its roots in Söderberg & Haak – Sweden's first wholesaler of iron and iron products – which was formed on 5 May 1866. In 1934, the assets were placed in an investment company under the name Ratos, as in Ragnar and Torsten Söderberg. Ratos was listed in 1954. The business direction has changed a few times over the years, but the connecting thread throughout Ratos's history is entrepreneurship, business development and community involvement.

As of 31 December 2023, 18 people worked at Ratos's head office. The Ratos Group is divided into three business areas: Construction & Services, Industry and Consumer. As of 31 December 2023, the business areas included 17 companies headquartered in the Nordic region.

Financial targets

In 2021, the Board of Ratos decided on new financial targets based on the previously announced decision to shift the direction of the operations towards a more long-term group.

Ratos decided on the following financial targets:

EBITA growth
Target: EBITA is to amount to at least SEK 3 billion by 2025.

Net leverage
Target: Net debt, excluding financial lease liabilities, in relation to EBITDA should normally range from 1.5 to 2.5x.

Dividend payout ratio
Target: The dividend payout ratio should amount to 30–50% of profit after tax attributable to owners of the parent, excluding capital gains and losses.

The Ratos Business System

The Ratos Group's operational model is built on Ratos's core values: Simplicity, Speed in Execution and It's All About People.

Process for value creation

Ratos's process for value creation is based on stability, profitability, growth and add-on acquisitions. Ratos is on a journey with the objective of creating a uniform group focused on technological and infrastructure solutions. To create shareholder value, we focus on value-creating measures in the subsidiaries supplemented with an active acquisition agenda. Acquisitions that create sound industrial synergies are an important part of Ratos's strategy of creating long-term profit growth and shareholder value. Ratos's stable balance sheet and strong focus on cash flow throughout the Group advances Ratos's position, thereby enabling the Group to take advantage of the opportunities that arise. Ratos's overall goal is to increase its EBITA, continually and in the long term, with an attractive ROIC.

Events during the year

2023 was challenging, with the effects of a war close to our borders, high inflation, rising interest rates, and a weak consumer market. Despite this, Ratos delivered a strong performance for the year, with organic growth, improved EBITA and strong cash flows. The 2023 Annual General Meeting resolved on a dividend of SEK 0.84 (1.20) per share for the 2022 financial year, with the record date set as 30 March and the dividend paid on 4 April.

Aibel has developed very positively in recent years and a transformation from fossil to renewable energy is ongoing. A majority of the order book currently consists of contracts related to offshore wind and electrification. For 2023, EBITA amounted to NOK 899m and the company ended the year with a net cash position of NOK 1,865m and an order backlog of NOK 32 billion. As a result of this, the impairment of the holding in Aibel that took place in 2016 is no longer considered justified and was therefore reversed in the fourth quarter.

During the year, Ratos identified accounting errors within NVBS Projekt and NVBS Anläggning (two subsidiaries of Expin Group), which are mostly attributable to the time before Ratos's acquisition of the company. Ratos is now investigating whether the now-corrected errors arose due to irregularities. As a result, the acquisition analysis has been adjusted, which increased the original reported goodwill by SEK 308m. Expin Group has also decided to leave the market for civil engineering projects and focus its operations on railway, electrification, signal and telecom projects. All in all, this resulted in impairment of goodwill of SEK 524m in the period. Expin Group operates in a market with strong growth, and the identified, now-corrected, errors in previous projects are not judged to affect the company's long-term earning capacity. Overall, the amount of goodwill attributable to the acquisition decreased from SEK 666m to SEK 450m after the implemented adjustments.

During the last two years, Plantasjen has had a weak financial development. In connection with the annual impairment testing in the fourth quarter, goodwill was impaired by SEK 250m. In 2024, a comprehensive cost-saving program will be implemented.

Refer to pages 27–33 for financial facts and information about the events that took place in the business areas during the year.

Acquisitions and divestments 2023

No platform acquisitions or divestments were carried out in 2023. A number of add-on acquisitions took place in our business areas and are reported in Note 4 on pages 97–99.

Sustainability

Long-term value is created by developing sustainable companies. This is why sustainability is an integrated part of Ratos's business strategy. This applies to both Ratos's parent company and the work carried out as an active owner.

Ratos's greatest contribution to society is acting as an active and responsible owner which builds long-term successful and sustainable companies that create jobs, respect humanity and the environment, and deliver high-quality products and services. Ratos also makes a difference in that our principal owners are foundations that promote research and, with it, community development.

There are 18 employees at Ratos's head office and a total of 11,100 employees in our companies (excluding Aibel). Through active ownership, Ratos acts as a driving force in ensuring that sustainability work is carried out in our companies. The foundation is Ratos's policy framework, consisting of: the Code of Conduct, the Policy for Sustainability and Responsible Investments, and the Environmental Policy (see Ratos's website). The policy framework is based on the UN Global Compact's ten principles for responsible business. In addition to the policy framework, Ratos's double materiality assessment, in which the Group's material sustainability issues are identified, is another important governance document. The current double materiality assessment was completed in early 2022 and underwent an annual update in autumn 2023.

Ratos's CEO has overall responsibility for the Group-wide strategy and sustainability initiatives as well as responsible investments. All business area managers at Ratos are responsible for ensuring that sustainability is included on the agenda of each company's management and board. The CEO and management of each company have operational responsibility for the company's sustainability efforts through direct delegation from Ratos's management.

For more information, see pages 18–20 and 41–63 for the statutory sustainability report in accordance with the Swedish Annual Accounts Act.

Ratos's significant environmental impact is created through its companies. Ratos requires every company to identify its environmental impact and implement an environmental policy. The companies' sustainability reports contain information concerning climate impact, energy consumption, waste management and water consumption. Ratos AB's direct environmental and climate impact is limited and primarily comprises the energy consumption of the head office and travel. Ratos uses climate compensation for its business travel.

Consolidated earnings

Operating profit for the year amounted to SEK 3,010m (1,618). The improvement in earnings was primarily due to higher earnings in the Construction & Services and Industry business areas and pertains to organic and acquired growth. Earnings in the Consumer business area declined during the period due to a weaker performance in Plantasjen. The reversal of impairment in Aibel and impairment of goodwill in Expin Group and Plantasjen had a positive impact of SEK 882m on operating profit.

Net financial items amounted to SEK –737m (–440). Net interest to banks amounted to SEK –264m (–109), interest expenses for finance leases to SEK –276m (–266), currency effects (including currency derivatives) to SEK –70m (–9), and other financial items to SEK –127m (–56).

Profit before tax for the year amounted to SEK 2,273m (1,178). The tax expense for the year amounted to SEK –267m (–299). The lower tax expense is mainly attributable to higher non-deductible expenses in the preceding year and increased capitalisation of loss carry-forwards as a result of improved earnings. Profit for the period amounted to SEK 2,006m (879).

Consolidated cash flow

Cash flow from operating activities amounted to SEK 4,275m (1,431). Cash flow from investing activities amounted to SEK –542m (–4,257) and cash flow from financing activities to SEK –3,798m (2,991). Cash flow for the period amounted to SEK –65m (165).

The change in cash flow for the period attributable to operating activities amounted to SEK 4,275m (1,431), with operating profit amounting to SEK 3,010m (1,618), dividends received from associates amounting to SEK 122m (-) and changes in working capital amounting to SEK 1,446m (–636). Investing activities were mainly affected by lower purchase prices of SEK –333m (–4,542) as a result of fewer acquired companies. In the year-earlier period, cash flow was positively affected by the sale of listed shares (SEK 685m). Financing activities were mainly impacted by the change in external loans, which amounted to SEK –2,257m (4,438).

Financial position and leverage

The Group's cash and cash equivalents at the end of the period amounted to SEK 2,360m (2,532) and interest-bearing net debt excluding financial lease liabilities totalled SEK 2,720m (4,798). The Group's leverage excluding financial lease liabilities at the end of the period amounted to 0.7x (2.5x). The Group's interest-bearing net debt including financial lease liabilities totalled SEK 8,118m (10,468). The Group's leverage including financial lease liabilities at the end of the period amounted to 1.5x (3.5x). The total translation effect of currency for interest-bearing liabilities amounted to approximately SEK –220m, of which approximately SEK –60m related to liabilities to credit institutions and approximately SEK –160m to financial lease liabilities.

At the end of the period, the Group's interest-bearing liabilities to credit institutions amounted to SEK 4,509m (6,869).

Credit facilities and new issue mandate

The parent company has a term loan of SEK 4,382m. In addition, the parent company has a revolving credit facility (committed credit facility) of SEK 3,000m, with a remaining maturity of 2.7 years, and a bank overdraft facility of SEK 150m. The facilities are to be used if necessary to finance existing subsidiaries and new acquisitions. It also has a variable interest rate and a margin based on the Group's debt ratio. At year-end, the parent company's unutilised credits amounted to SEK 3,150m. In addition, there is also a mandate from the 2023 Annual General Meeting to issue a maximum of 35 million Ratos Class B shares in conjunction with agreements on acquisitions.

Parent company

The parent company's operating loss amounted to SEK –142m (–135) for the year. The parent company's profit before tax amounted to SEK 217m (264) and was positively impacted by dividends from Group companies of SEK 192m (102). Cash and cash equivalents in the parent company amounted to SEK 876m (410). During the year, the parent company divested and merged its central holding companies with the respective business area companies, which better reflects Ratos's operational structure and reduces administration. Refer to Note 29 for information on Ratos's legal structure.

Ratos group is financed centrally, with the parent company's own cash and with borrowed funds from external banks. The aim is to achieve greater control and savings in the Group.

Events after the end of the reporting period

No significant events have occurred since the end of the financial year.

Future outlook

Going forward, Ratos will focus on technological and infrastructure solutions (including community building), which are markets with strong underlying growth. Increasingly rapid technological advances are a prerequisite for a more sustainable society from all perspectives, and our engineers will play an important role. Acquisitions and divestments will remain important to achieving our target structure.

Risks and uncertainties

Operations at Ratos Group include inherent risks attributable to both the parent company and companies in the business areas. These mainly comprise market, operational and transaction risks and can include both general risks, such as external factors and macroeconomic development as well as company and sector-specific risks.

The financial risks consist of liquidity risk, interest rate risk, credit risk and currency risk. There are several financial risks to which the majority of the companies are exposed, primarily related to loans, trade receivables, trade payables and derivative instruments. The risks to which the companies are exposed are managed by each individual company.

Ratos is exposed to financial risks, mainly in terms of value changes in the companies and liquidity risk. Ratos's future earnings development is dependent to a large extent on the success of the underlying companies, which in turn is dependent on, among other things, how successful each company's management group and board of directors are at developing the company and implementing value-adding initiatives.

Ratos performs an annual mapping and risk assessment and risk management of the companies and Ratos's parent company which is compiled and assessed by the management and boards of the companies and Ratos. The company's risk management takes a broad approach and includes external, strategic, financial and operational risks as well as risks related to compliance and sustainability. Also refer to Ratos's Corporate Governance Report. From time to time, Ratos and its respective companies become party to legal processes, the outcome of which may be uncertain. Current disputes, and provisions attributable to them, are continuously monitored and followed up by Ratos's audit committee.

Ratos's Board approves the financial strategy for the parent company while the Group company or associate boards adopt financial strategies for each company. The parent company's financial policy, which provides guidelines for management of financial risks, is adopted annually by Ratos's Board. The Board evaluates and where necessary proposes changes to the financial policy. The Group has a central treasury function that finances the Group's companies, assists in financial matters and leverages economies of scale. Each Group company prepares its own financial policy to suit the company's operations and risks. For further information, refer to Note 25 Financial risks and risk policy.

The Corporate Governance Report includes a report on the work of the Board. See pages 66–73.

Guidelines for remuneration to senior executives

The guidelines cover members of the board of directors, the CEO and other senior executives in Ratos's management group. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2023 Annual General Meeting. The guidelines do not apply to any remuneration decided or approved by Annual General Meeting. The Board proposes that no adjustments be made to the guidelines for 2024.

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 efforts, 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.

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 the 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.

Ratos share data

Total number of Class A shares at year-end	84,637,060
Total number of Class B shares at year-end	241,879,428
Total number of shares	326,516,488

Class A shares carry entitlement to one vote per share and Class B shares to one-tenth of a vote per share. Class A shares can be issued in a maximum number that corresponds to 27% of the share capital and Class B shares in a number that corresponds to 100% of the share capital, Class C shares in a number that corresponds to 10% of the share capital and Class D shares in a number that corresponds to 10% of the share capital. At year-end, the Söderberg family with companies owned shares corresponding to 19.13% of the capital and 44.01% of the voting rights. The Ragnar Söderberg Foundation had 8.37% of the capital and 16.77% of the voting rights. The Torsten Söderberg Foundation had 8.61% of the capital and 12.55% of the voting rights.

The company knows of no agreements between shareholders that might lead to restrictions in the right to transfer shares.

Number of shares and shares repurchased/sold

During 2023, 617,500 new Class B shares were issued in connection with the exercise/conversion of warrants and a convertible debenture. On 31 December 2023, the total number of shares in Ratos (Class A and B shares) amounted to 326,516,488, as did the number of shares outstanding. The number of votes was 108,825,003.

Proposed distribution of profit

	SEK
Share premium reserve	184,354,102
Retained earnings	8,222,826,799
Profit/loss for the year	291,659,309
Total	**8,698,840,210**
The Board of Directors proposes the following distribution of profit: Dividend to holders of Class A and B shares, SEK 1.25 per share[1]	408,145,610
To be carried forward	**8,290,694,600**

[1] Based on the number of shares outstanding on 31 December 2023.

Sustainability Report

General information

This section contains detailed information that complements the description of Ratos's sustainability efforts on pages 18–20. Ratos's double materiality assessment and additional information about Ratos's sustainability efforts in the parent company are presented in this section. Finally, this section also includes an overview of the Ratos Group's general sustainability efforts.

About Ratos's sustainability report

Ratos reports in accordance with the Global Reporting Initiative (GRI), and this year's report follows the GRI Universal Standards 2021 (see pages 56–61 for a GRI content index). The company's statutory sustainability report in accordance with the Swedish Annual Accounts Act is presented on pages 18–20 and 41–63. As of 2015, Ratos also submits its sustainability report to the Global Compact as its Communication on Progress (COP).

Foundation for Ratos's sustainability efforts

A double materiality assessment and stakeholder dialogue were used to identify which sustainability areas Ratos needs to focus and report on.

The double materiality assessment forms the basis for how Ratos prioritises its most important sustainability issues. Ratos uses double materiality, which entails evaluating different sustainability topics from two perspectives: Ratos's impact on the world and the world's impact on Ratos.

Ratos's double materiality assessment includes:

- Surveying and analysing relevant sustainability issues for Ratos and its subsidiaries.
- Surveying typical risks and external factors, such as relevant regulations.
- Dialogue with key stakeholders.

Ratos defines its most significant sustainability issues based on the issues deemed most material. Starting in 2024 when the CSRD takes effect, Ratos will develop targets and action plans for each of these issues in order to carry out and develop its sustainability efforts, increase transparency and strengthen its long-term value creation.

Our stakeholders and key sustainability topics

Stakeholder dialogues

Ratos's most significant sustainability issues are identified through intelligence gathering, industry analysis, risk mapping and stakeholder dialogues. The Group's materiality assessment was also updated in 2023. Combined, these dialogues and assessments form Ratos's double materiality assessment.

Double materiality assessment carried out in 2022 and annual update in 2023

Ratos's most significant materiality issues were identified through a double materiality analysis, which looks at the effect Ratos has on the world (external impact) and the impact external sustainability issues have on Ratos (financial impact).

Policy framework and risk management

Ratos has a structured approach to managing and addressing relevant risks. An important tool is Ratos's policy framework, consisting of:

- Code of Conduct
- Policy for Sustainability and Responsible Investments
- Environmental Policy

The above policies are published on Ratos's website. The policy framework is based on the UN Global Compact's ten principles for responsible business. Sustainability at Ratos is based on the UN SDGs and Principles for Responsible Investment, which are based on the established concept of ESG.

Significant sustainability issues

According to Ratos's double materiality assessment, the following sustainability issues were deemed the most material for the Ratos Group.

Environment

- Buildings
- Climate change and energy
- Ecosystems
- Water

Social

- Migrant workers
- Occupational health and safety [1)]
- Quality & safety of products & services
- Working conditions [1)]
- Talent attraction & retention

Governance

- Compliance with (new) legislation and policies
- Corruption and bribery
- Data security and integrity [2)]

[1)] Includes an increased likelihood of negative consequences as a result of challenges in the supply chains (for example, quickly completed initiatives to replace suppliers/material)
[2)] Includes potential negative consequences of automation and digitisation.

Ratos's four focus areas

Ratos's four focus areas for sustainability are:

1. Environment and climate impact
2. Employees
3. Business ethics and anti-corruption
4. Transparency and corporate governance

These focus areas are selected based on the most essential aspects of our materiality assessment (see pages 44–46).

Policies connected to each focus area are published on Ratos's website. Targets will be established for this work, which will also become more in-depth and be further developed as the Group begins reporting in line with the CSRD as of earliest 2024. Each company is also responsible for identifying and taking action in any additional sustainability areas that are relevant for its operations. This takes place through an internal dialogue between various parts of the companies and between management and the Board as well as in close consultation with the companies' customers. During the year, a continuous dialogue is conducted with the companies to follow up on and discuss sustainability efforts. All companies are also expected to report these developments publicly through an annual sustainability report. To strengthen collaboration and support the exchange of experiences between companies, joint projects are conducted between the companies, including financial reporting related to sustainability.

Ratos's focus areas and work with the UN Sustainable Development Goals (SDGs)

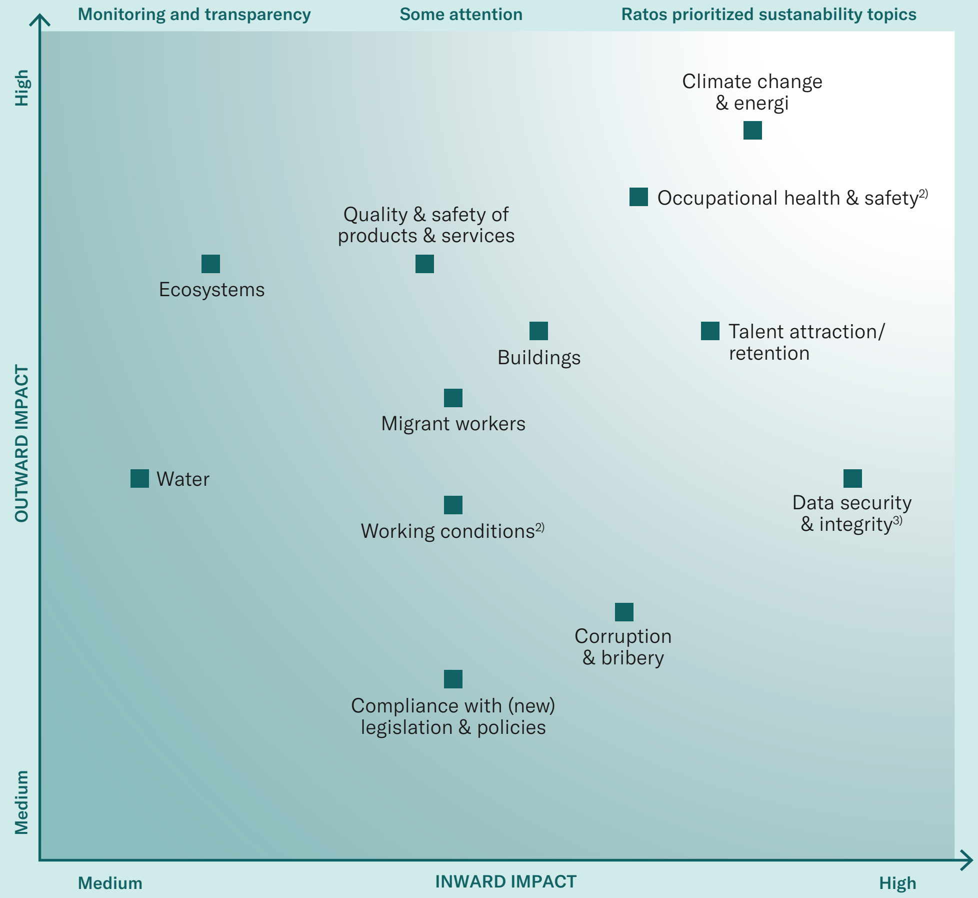
Focus areas	SDG	SDG target	Ratos's contribution
1. Environment and climate impact	13 Climate action	**13.1** Strengthen resilience and adaptive capacity to climate-related disasters. **13.3** Improve awareness and capacity to manage climate change.	We follow up to ensure that Ratos's companies measure, report and follow up on their CO_2 emissions.
2. Employees	5 Gender equality	**5.5** Ensure women's full participation in leadership on all levels of decision-making.	Ratos's Code of Conduct stipulates that we are a non-discriminatory workplace that promotes equal opportunities and diversity. The Code applies to Ratos's parent company and Ratos's companies. We keep track of the share of women among Ratos's employees as well as the share of women in senior positions.
3. Business ethics and anti-corruption	16 Peace and justice strong institutions	**16.5** Combat corruption and bribery. **16.6** Develop effective, accountable and transparent institutions at all levels.	Ratos's parent company and Ratos's companies must ensure transparent and sound corporate governance, and conduct their businesses with good business ethics and proactive anti-corruption initiatives. All Ratos companies are to have a Code of Conduct and an external whistleblowing system.
4. Transparency and corporate governance	8 Decent work and economic growth; 12 Responsible consumption and production	**8.1** Sustainable economic growth. **12.2** Sustainable management and use of natural resources. **12.6** Encourage companies to adopt sustainable practices and sustainability reporting.	Ratos's goal is to create long-term successful and sustainable operations. One of Ratos's financial targets is to increase the earnings of the Group. We follow up to ensure that Ratos's companies: • Identify their primary environmental impact and implement an environmental policy/ environmental plan. • Measure, report and follow up on their CO_2 emissions. • Adopt sustainability goals and conduct sustainability reporting. • Contribute to Ratos's EU Taxonomy reporting.

Stakeholder dialogues

Stakeholders	Method of interaction [1]
Employees at Ratos	• Interviews with representatives in connection with stakeholder dialogues • Staff meetings, performance reviews • Structured discussion groups focusing on Ratos's values, corporate culture, processes and future development
Employees of Ratos's companies	• Interviews with representatives in connection with stakeholder dialogues • Meetings within Ratos's annual functional forum (CEO, CFO, HR, Sustainability, etc.)
The companies' management groups and board members	• Interviews with representatives in connection with stakeholder dialogues • Group-wide assessment of the work of the boards
Owners and investors	• Interviews with representatives in connection with stakeholder dialogues • Participation in surveys from/or dialogues with organisations such as CDP, RobecoSAM, Vigeo and Sustainalytics • AGM • Dialogues and individual meetings
Experts	• Interviews in connection with stakeholder dialogues • Discussions as needed

1) A total of 26 individuals were interviewed during stakeholder dialogues in 2023.
2) Including the increased likelihood of negative impacts as a result of supply chain constraints (e.g. speedy efforts to replace suppliers / materials).
3) Including potential negative impact resulting from IT, automation & digitalisation.

Double materiality assessment



Description of the double materiality assessment for 2023

To prepare for reporting in accordance with the requirements of the CSRD and to comply with the GRI Standards 2021, Ratos conducted a double materiality assessment and stakeholder dialogue in the autumn and winter of 2022. No major changes took place within Ratos in 2023 and the assessment has only been adjusted to a limited extent.

The materiality assessment aims to identify Ratos's material topics, based on the company's most significant impact on the environment and on people, including their human rights, as well as the most significant financial risks and opportunities for Ratos with regard to sustainability. In this process, Ratos's actual and potential, negative and positive impacts, risks and opportunities were mapped out and several stakeholder perspectives were included. The process of identifying the material issues involved the following steps:

Step 1: Mapping of Ratos's sustainability context

To understand its actual and potential impact on the outside world, Ratos mapped out its value chain, activities and business relationships. The aim of this step was to gain a more in-depth understanding of the industries in which Ratos's companies operate, the industries and materials in the companies' value chains, and the challenges that exist in these industries and in society as a whole. This mapping also provided a basis for understanding Ratos's sustainability-related business risks and opportunities.

Step 2: Identification of actual and potential impacts, risks and opportunities – summary

- The double materiality assessment process used information from Ratos's subsidiaries concerning their impacts, risks and opportunities. The subsidiaries conduct very different types of activities, are active in different geographic markets and have different types of business relationships. They have drawn on these specific circumstances and other factors in their efforts to identify negative and positive impacts.
- To produce a gross list of the Ratos Group's actual and potential impacts, risks and opportunities, a desktop analysis was conducted based on the industries and value chains relevant to Ratos. The analysis was based on a review of internal documentation and external sources. Sources included interviews, sustainability reports from Ratos's companies, extensive public information and policies for the Ratos Group, the final version of the ESRS for the 2023 update of the materiality assessment, industry-based standards issued by the Sustainability Accounting Standards Board (SASB) relevant to the industries in which Ratos's companies operate, and MVO Netherlands' tool for CSR risks. As part of this step, a stakeholder dialogue was also conducted to gain a better understanding of our activities and to identify the impact on the outside world and the severity of this impact. To develop the gross list of sustainability-related business risks and opportunities, the list of sustainability impacts and related dependencies was used to determine potential and actual positive and negative financial impacts on Ratos.

Step 3: Assessment of significance of impacts, risks, and opportunities – summary

- The mapping and stakeholder dialogue resulted in a gross list of Ratos's actual and potential, positive and negative impacts that Ratos has, or could have, on the environment, economy and people, including their human rights. The significance of the impacts was assessed using the results of the stakeholder dialogue and consultations with external sustainability experts. Ratos's different types of impacts were compared with each other and negative impacts and positive impacts were analysed separately. The significance of negative impacts was assessed based on severity, a combination of scale, scope[1] and irremediable character. The significance of positive impacts was assessed based on scale and scope. For potential impacts, likelihood was also taken into account. Risks of negative impacts on people were assessed with a focus on severity rather than likelihood.
- The assessment was performed in quantitative terms using agreed levels of scale, scope, irremediable character, likelihood and financial impact.
- In assessing severity – based on scale, scope and irremediable character – factors that may give rise to an increased risk of negative impacts have been considered. More specifically, the industries and geographical areas in which the investments operate have been taken into account. In some cases, company-specific factors have been taken into consideration in the assessment.
- Ratos's subsidiaries participated in the first step of the risk and opportunity assessment through a questionnaire in which respondents made a numerical assessment of likelihood and financial impact according to predefined levels.
- The results were weighed against the companies' respective impact on Ratos's total financial result measured as the impact on the investments' aggregated EBITDA. This was based on the assumption that the size of a company's EBITDA corresponds to its influence on Ratos in terms of risks and opportunities. (For example, if energy is deemed a business risk for one Ratos company and health and safety a risk for another company with twice the EBITDA of the first, then – all else being equal – the financial impact of the health and safety risk will be given twice the weight of the energy risk.)
- The weighted results were validated by Ratos representatives.

Step 4: Prioritisation of impacts, risks and opportunities and validation

Based on the analysis in step 3, it was determined whether each impact and each risk and opportunity should be considered significant or not. The threshold for the materiality of impacts was whether the impact on people or the environment, or from a governance perspective, is sufficiently significant to require action (for example, separate monitoring of the topic) by Ratos, or sufficiently significant for Ratos from a reporting perspective. The threshold for financial materiality was whether the impact on Ratos is sufficiently significant to require action (for example, separate monitoring of the topic) by Ratos, or sufficiently significant for Ratos from a reporting perspective.

[1] Scope: how widespread the negative or positive impacts are. In the case of environmental impacts, the scope may be understood as the extent of environmental damage or a geographical perimeter. In the case of impacts on people, the scope may be understood as the number of people adversely affected (ESRS 1, Appendix A, AR 10(b))

Ratos's investment process

Decision-making process, integration and input parameters
The main responsibility for identifying, assessing, prioritising, managing and monitoring potential and actual impacts on people and the environment lies with the individual subsidiaries. The level of maturity in ensuring sustainability due diligence varies greatly between companies. The double materiality assessment was coordinated by Ratos's sustainability function, with participation from the companies. Final decisions regarding materiality were made by Ratos's management. The material issues have been validated by Ratos's management group and will determine the content of Ratos's sustainability report. The double materiality assessment is used as part of Ratos's overall risk management and will indirectly influence its overall business planning.

Changes, modifications and future revisions
The identification, assessment and prioritisation of material issues took place in 2022. The changes for 2023 mainly included:

- Updating the EBITDA, sales and holdings of the companies, taking name changes and structural changes into account.
- Exclusion of data and issues related to Aibel since Ratos is not the majority shareholder and Aibel's financial results are therefore not consolidated in Ratos's annual report. Aibel will prepare its own sustainability report in line with the CSRD/ESRS, and Ratos is participating in the stakeholder dialogue.
- Renewed consolidation into a smaller number of consolidated issues, while retaining the key impacts, risks and opportunities.
- A renewed materiality assessment is planned in 2024 for the 2024 financial year.

Sustainability is a part of Ratos's thorough due diligence when acquiring companies. In our due diligence process, we look at the sustainability-related risks, opportunities, maturity and work of the company in question – but the focus is primarily on the long-term sustainability of the business concept.

The assessment forms part of Ratos's documentation ahead of the investment decision and provides a recommendation for continued corporate governance. Ratos does not invest in companies that do not comply with international conventions, that contribute to environmental damage, that produce or actively supply pornography, or that manufacture tobacco products. Nor does Ratos invest in companies that systematically contribute to violating human rights, the fundamental rights of employees or corruption.

Ratos actively seeks to invest in companies that support the transition to a more sustainable society through measures such as reducing carbon footprints, new technology, maintenance of infrastructure and/or the energy transition.

Due diligence ahead of acquisitions includes a customary financial review of the company in question, reviewing current policies and governance documents, and extended interviews with individuals in key positions.

Follow-up and overview of sustainability at Group companies

Ratos's requirements and expectations in terms of the companies' sustainability efforts are based on international conventions, current legislation as well as Ratos's Policy for Sustainability and Responsible Investments, the Environmental Policy and the Code of Conduct. How Ratos's companies lived up to Ratos's requirements and expectations in 2023 is presented in the table below.

	Code of Conduct	Environmental Policy	External whistle-blowing system	CO_2 reporting	Sustainability reporting in accordance with GRI[1)]
Aibel	Yes	Yes	Yes	Yes	Yes
airteam	Yes	Yes	Yes	Yes	Yes
Aleido	Yes	Yes	Yes	Yes	Yes
Diab	Yes	Yes	Yes	Yes	Yes
Expin Group	Yes	Yes	Yes	Yes	No
HENT	Yes	Yes	Yes	Yes	Yes
HL Display	Yes	Yes	Yes	Yes	Yes
Knightec	Yes	Yes	Yes	Yes	Yes
KVD	Yes	Yes	Yes	Yes	Yes
LEDiL	Yes	Yes	Yes	Yes	Yes
Oase Outdoors	Yes	Yes	Yes	Yes	Yes
Plantasjen	Yes	Yes	Yes	Yes	Yes
Presis Infra	Yes	Yes	Yes	Yes	No
Semcon	Yes	Yes	Yes	Yes	Yes
Speed Group	Yes	Yes	Yes	Yes	Yes
SSEA Group	Yes	Yes	Yes	Yes	Yes
TFS HealthScience	Yes	Yes	Yes	Yes	Yes

1) The companies that issue a sustainability report do so at a minimum with reference to the GRI Universal Standards.

Environmental information (incl. the Taxonomy)

Focus area 1: Environment and climate impact

The Ratos Group endeavours to constantly reduce its environmental and climate impact.

Environment and Climate Policy

Environmental work at Ratos's parent company is based on our Environmental Policy and related environmental plan. Since its operations are primarily conducted in an office environment, the company's direct environmental impact is limited and mainly attributable to business trips, especially with air travel. The ambition is to reduce emissions from travel, for example, through the use of digital meetings and guidelines when choosing a means of transport. The number of flights during the year was significantly lower than the most recent comparable year before the pandemic. This is proof that our ongoing work to reduce air travel has been effective.

Requirements for Group companies

Ratos's significant environmental impact is created through activities in its subsidiaries. Ratos expects every company to identify its environmental impact and implement an environmental policy. The companies' sustainability reports contain information concerning climate impact, energy consumption, waste management and water consumption. Our companies have integrated a sustainability focus into their operations. Framework agreements for climate reporting systems and support are offered to all companies to facilitate their sustainability reporting. During the year, all companies in the Ratos Group reported their Scope 1 and 2 GHG emissions. In 2023, further progress was made toward the Group-wide sustainability KPIs and a Group-wide CO_2 reduction target, with the aim of having a target in place in the second half of 2024. In 2023, several Group-wide reporting activities were carried out, most of which pertained to the EU Taxonomy and preparations for the CSRD/ESRS. We also initiated a constructive collaboration with Goodpoint, the Ratos Group's own sustainability experts and part of Semcon.

Environmental impact and climate report for Ratos AB

Ratos measures and follows up activities in both the subsidiaries and the Parent Company that contribute to its carbon footprint in order to raise awareness and understanding of which measures can further reduce Ratos's climate impact. In 2023, the parent company's CO_2 emissions amounted to 55 tonnes (57 tonnes in 2022), a marginal decrease compared with 2022.

Ratos takes responsibility for the total emissions in Ratos AB through climate compensation. The climate report for the entire Ratos Group is presented on page 48.

Total emissions	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Business trips (Scope 3)	47	47	23	41	153	135
of which, air travel	42	40	18	35	145	124
HQ, building (Scope 2)	3	5	7	10	19	16
of which, electricity consumption (Scope 2)	0.2	0.3	2	2	2	3
Other, incl. annual report calculated from a general LCA perspective	5	4	12	39	6	4
Total climate impact (CO_2e)	**55**	**57**	**43**	**89**	**178**	**155**
Purchase of climate compensation (tCO_2e)		57	43			

Ratos Group climate report

In 2023, Ratos reported climate data from all its subsidiaries in a single climate report for the first time. This is the first step in setting Group-wide reduction targets and validating these targets with the Science Based Targets initiative (SBTi). The plan is to have the targets in place by the second half of 2024, and to report on the targets and the plan for achieving them in the 2024 Annual and Sustainability Report.

Climate data is reported by business area. 76% (13) of the subsidiaries have performed their own climate calculations. Four companies reported their fuel and energy consumption in GWh, which has been calculated in Ratos's own report.

The quality of the data reported by the companies that performed their own calculations is considered good. Some subsidiaries have made more progress in preparing a complete climate report including Scope 3 emissions, while others are just starting out. For this reason, in this first year of Group-wide climate report, we have chosen to report only the subsidiaries' Scope 1 and 2 emissions, which are mandatory under the Greenhouse Gas (GHG) Protocol.

The subsidiaries Presis Infra and Expin Group reported their emissions data for the first time. While we are aware that there are uncertainties in the data reported by these companies, we have chosen to report the results this year in order to gradually increase transparency. Presis Infra alone accounts for the largest share of the Group's Scope 1 and 2 emissions. This means that there is excellent potential for a reduction in the coming years.

Scope 2 GHG emissions are presented according to both location-based and market-based calculation methods.

Market-based method

Total emissions

				Business area		
Per scope	**tonnes CO_2e**	**Ratos HQ**	**Subsidiaries**	**Construction & Services**	**Industry**	**Consumer**
Scope 1	60,757	0.1	60,756	53,684	5,653	1,420
Scope 2	1,335,478	3	1,335,475	1,297,548	15,762	22,165
Total	**1,396,235**	**3**	**1,396,232**	**1,351,232**	**21,415**	**23,585**

Location-based method

Total emissions

				Business area		
Per scope	**tonnes CO_2e**	**Ratos HQ**	**Subsidiaries**	**Construction & Services**	**Industry**	**Consumer**
Scope 1	60,757	0.1	60,756	53,684	5,653	1,420
Scope 2	94,952	3	94,949	72,150	20,479	2,320
Total	**155,709**	**3**	**155,706**	**125,834**	**26,132**	**3,740**

Ratos and the EU Taxonomy 2023

The EU taxonomy was expanded in 2023 to cover four additional environmental objectives: water and marine resources, the transition to a circular economy, pollution, and biodiversity. For the 2023 financial year, nonfinancial companies are to disclose the proportion of their activities that are eligible in accordance with each of the six objectives of the Taxonomy, as well as the proportion of their eligible activities that are also taxonomy-aligned. In this text, we outline our assessment process, identify activities that meet taxonomy criteria, and present our findings on the eligibility and alignment of these activities with the EU taxonomy.

The EU Taxonomy is part of the EU's action plan on financing sustainable growth. The purpose of the Taxonomy is to channel companies and capital flows towards more sustainable activities. The Taxonomy Regulation is a classification system that offers shared definitions of sustainable economic activities. Reporting in line with the Taxonomy links the company's financial reporting of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) with defined sustainability criteria for various economic activities. The environmental objectives included in the Taxonomy are: (i) climate change mitigation, (ii) climate change adaptation, (iii) the sustainable use and protection of water and marine resources, (iv) the transition to a circular economy, (v) pollution prevention and control, (vi) the protection and restoration of biodiversity and ecosystems.

Assessment process

Ratos taxonomy reporting covers the full group structure, including all subsidiaries except for Aibel, which is an associated company and not a subsidiary. Each subsidiary has independently analysed its economic activities with support from Ratos. This information has then been compiled and quality-assured at group level. During the year, Ratos have provided the subsidiaries with training to ensure that they have sufficient knowledge of the EU taxonomy to conduct their analyses and reporting in accordance with the requirements and guidelines contained in the EU taxonomy. As a complement to this training, the companies have also had access to individual guidance to facilitate the taxonomy analysis in each company and to ensure that the framework is interpreted and implemented consistently across the entire Group. Ratos will continue with this approach in 2024 to ensure that the EU Taxonomy is managed in a proactive and effective manner.

As part of the assessment process, also the complementary delegated act containing nuclear energy-related and fossil gas-related activities has been assessed. Ratos have concluded that none of the group's subsidiaries are covered by these activities as none of the subsidiaries carry out, finance or are exposed to the nuclear energy-related and fossil gas-related activities that are listed in the complementary delegated act.

Taxonomy eligible activities

Nine of the group's companies have identified taxonomy-eligible activities. On a consolidated level, in 2023, 47% of turnover, 14% of CapEx and 9% of OpEx were taxonomy-eligible. Of Ratos three business areas – Construction & Services, Consumer and Industry – the largest proportion of taxonomy-eligible turnover, CapEx and OpEx are attributable to the Construction & Services business area through the companies HENT, SSEA Group, Airteam and NVBS. Within Industry, Diab, OASE and Semcon conduct taxonomy-eligible activities, and within Consumer, a portion of KVD and Plantasjen's activities are taxonomy-eligible.

HENT and SSEA Group are active in the construction sector. Most of HENT's turnover is attributable to the taxonomy activities “Renovation of existing buildings” and “Construction of new buildings”. For SSEA Group, this equals all its turnover. A portion of both companies' CapEx is also attributable to these two activities. Airteam's core business involves installing and maintaining ventilation systems. All of the company's revenue is generated from activities categorized under the taxonomy activity “Installation, maintenance, and repair of energy efficiency equipment,” which includes ventilation services. A significant portion of NVBS's operations revolves around railway maintenance and contracting, making it eligible for the taxonomy activity “Infrastructure for rail transport.”

Diab, Semcon, and Oase operate within the business area Industry. Close to half of Diab's revenue come from the wind power sector, where its unique products play a significant role in wind turbine production. Diab's technology stands out as a unique solution in the market for crafting wind turbine blades using sandwich technology. Recognizing the pivotal role of this unique solution in numerous wind turbines, we classify this portion of the company's revenue as eligible under the taxonomy activity “Manufacture of renewable energy technologies”. Semcon derives a small fraction of its revenue from conducting energy audits of buildings, qualifying it as part of the taxonomy-eligible activity “Professional services related to energy performance of buildings.” Similarly, a small share of Oase's turnover come from the activity ‘’Sale of second-hand goods’’, a new activity in the EU taxonomy relating to the environmental objective of circular economy.

Within the business area Consumer, KVD has identified a small portion of its revenue, CapEx, and OpEx as eligible associated with the activities “Transportation by motorcycles, passenger cars, and light commercial vehicles” and ‘’Installation, maintenance and repair of charging stations for electric vehicles in buildings’’. In addition to this, a majority of its turnover and OpEx are eligible under the activity ‘’Sale of second-hand goods’’ since KVD's business is based on trading second-hand vehicles. For Plantasjen, almost a third of its CapEx is attributable to ‘’Installation, maintenance, and repair of energy efficiency equipment’’ related to energy efficiency investments in several stores during 2023.

The rest of the companies within the group have not identified any eligible activities related to the three taxonomy KPIs turnover, CapEx, and OpEx in 2023. Reporting principles and eligibility assessments remain consistent with the previous year.

Taxonomy-aligned activities

Ratos assessment is that we cannot count any of the turnover, CapEx or OpEx for 2023 as taxonomy-aligned. In the light of the guidleines in the "Final Report on Minimum Safeguards" from the Platform on Sustainable Finance (October 2022) on how companies can become aligned with the EU taxonomy's minimum safeguards, Ratos current assessment is that the group does not currently comply with the EU taxonomy's expectations with respect to the due diligence process in line with the OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines) and the UN Guiding Principles on Business and Human Rights (UNGPs).

Accordingly, none of the group's taxonomy-eligible activities can be counted as taxonomy-aligned. In the assessment of the group's taxonomy-eligible activities, also the detailed requirements related to the do no significant harm criteria for climate adaptation and pollution prevention and control have proven hard to comply with without further investments.

Several of the group's companies with taxonomy-eligible activities are however already aligned with the technical screening criteria for making a substantial contribution to "climate change mitigation". This will provide the group with good conditions over the coming year to increase the proportion of taxonomy-aligned turnover, CapEx and OpEx by developing processes and strengthening communication concerning the aforementioned minimum safeguards and climate risk analyses.

There is currently no CapEx plan in accordance with the EU taxonomy criteria.

Outlook

The taxonomy assessment for 2023 provides a good basis for addressing and developing the processes related to the taxonomy requirements in future years. Ratos materiality assessment in accordance with the concept of double materiality and the preparations for upcoming ESRS reporting is an important cornerstone in the work of establishing the due diligence process needed to adapt to the EU taxonomy's requirements for minimum safeguards. During 2024, Ratos will continue to actively develop its taxonomy reporting process and provide ongoing training and guidance to subsidiaries.

	Proportion of turnover/ Total turnover	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	0%	43%
CCA	0%	0%
WTR	0%	0%
CE	0%	40%
PPC	0%	0%
BIO	0%	0%

	Proportion of CapEx/ Total CapEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	0%	9%
CCA	0%	0%
WTR	0%	0%
CE	0%	6%
PPC	0%	0%
BIO	0%	0%

	Proportion of OpEx/ Total OpEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	0%	6%
CCA	0%	0%
WTR	0%	0%
CE	0%	3%
PPC	0%	0%
BIO	0%	0%

CCM: Climate Change Mitigation
CCA: Climate Change Adaptation
WTR: Water and Marine Resources
CE: Circular Economy
PPC: Pollution Prevention and Control
BIO: Biodiversity and ecosystems

Turnover

Financial year 2023		2023		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	Code	Turnover	Proportion of Turnover, 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, 2022	Category enabling activity	Category transitional activity
		SEKm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
N/A																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%																
Of which Enabling		0	0%																
Of which Transitional		0	0%																
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of renewable energy technologies	CCM 3.1	416	1.2%	EL															
Sale of second-hand goods	CE 5.4	1,328	3.9%					EL											
Infrastructure for rail transport	CCM 6.14	291	0.9%	EL															
Construction of new buildings	CCM 7.1/CE 3.1	10,999	32.6%	EL				EL											
Renovation of existing buildings	CCM 7.2/CE 3.2	938	2.8%	EL				EL											
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	1,740	5.2%	EL															
Professional services related to energy performance of buildings	CCM 9.3	1	0.0%	EL															
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		15,713	46.6%														44.6%		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		15,713	46.6%														44.6%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		18,035	53.4%																
Total		33,748	100.0%																

CapEx

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	Code	CapEx	Proportion of CapEx, 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, 2022	Category enabling activity	Category transitional activity
		SEKm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
N/A																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%																
Of which Enabling		0	0%																
Of which Transitional		0	0%																
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of renewable energy technologies	CCM 3.1	13	1.3%	EL															
Infrastructure for rail transport	CCM 6.14	1	0.1%	EL															
Construction of new buildings	CCM 7.1/CE 3.1	60	6.0%	EL				EL											
Renovation of existing buildings	CCM 7.2/CE 3.2	0	0.0%	EL				EL											
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	61	6.2%	EL															
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		136	13.6%														5.5%		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		136	13.6%														5.5%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		861	86.4%																
Total		998	100.0%																

OpEx

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	Code	OpEx	Proportion of OpEx, 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, 2022	Category enabling activity	Category transitional activity
		SEKm	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
N/A																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%																
Of which Enabling		0	0%																
Of which Transitional		0	0%																
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of renewable energy technologies	CCM 3.1	34	3.7%	EL															
Sale of second-hand goods	CE 5.4	31	3.4%					EL											
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	4	0.4%	EL															
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	15	1.6%	EL															
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		83	9.1%														10.8%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		83	9.1%														10.8%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		832	90.9%																
Total		915	100.0%																

Social information

Focus area 2: Employees

Ratos's entire business is based on the insight that everything is about people. Ratos's leaders and employees make a difference every day. The Ratos Group employs approximately 11,100 people (excluding Aibel).

Attractive workplace

For Ratos to be able to achieve its goals, it is important that Ratos and its companies are responsible and attractive workplaces with the ability to recruit, retain and develop employees and leaders with the right expertise.

Leadership

Recruiting the right people for senior positions is one of Ratos's most important duties as an owner. Every company must have clear processes in place for identifying, developing and rewarding leading talents.
A policy has been in place for CEO recruitment within Ratos's Group companies since the second quarter of 2022. It states that the final candidates for CEO positions must always include one woman and one man. In 2023, the policy was used in dialogues with recruitment agencies. Increasing the share of women in senior positions in the Ratos Group is a long-term prioritised issue.

Core values

Ratos has adopted three core values to guide us in how we work and act, both internally and externally.

These core values are:

- Simplicity
- Speed in Execution
- It's All About People

Equal opportunities and diversity

Ratos works to promote diversity and equal opportunities, both in our own organisation and in the Group companies. In addition to valuing equal opportunities and diversity from a human rights and democratic perspective, we are also convinced that these elements help to strengthen our long-term profitability and competitiveness. Recruitment and career development at Ratos should be based on relevant merits and skills. Pay divisions without any just reason must be avoided. This view should also be held in Ratos's companies. The companies' annual sustainability reports contain, for example, information on the share of women in senior positions.

Work environment

Ratos strives to create a positive work environment that promotes health and well-being for the Ratos Group's 11,100 employees. Based on identified risks, the companies implement relevant guidelines and processes, and pursue a systematic and preventive work environment agenda.
Several companies, particularly in Construction & Services and Industry, have operations that put employees at a greater risk of personal injury. It is the utmost priority of these companies to make their employees aware of and provide training in workplace risks. Incidents and accidents are investigated and followed up on. Incidents and accidents are a prioritised performance measure that are reported on a monthly basis to Ratos. In some companies, there is a risk of skill shortages, high employee turnover and a dependence on key individuals, which is monitored by the companies' management teams and boards.

Governance information

Focus area 3 and 4: Business ethics and anti-corruption, and transparency and corporate governance

Ratos places stringent requirements on the implementation of sound business ethics and proactive anti-corruption initiatives in its companies. Sustainability is an integrated part of Ratos's corporate governance.

We place requirements on active sustainability work and transparent sustainability reporting. In addition to continuously working to reduce its climate and environmental impact, Ratos's material issues are following prevailing legislation in all home markets, working actively to counteract corruption and bribes, and working with data and IT security, including privacy issues.

Code of Conduct

Ratos has a Code of Conduct that applies to employees in Ratos's parent company and Board of Directors. The Code of Conduct contains written anti-corruption and business ethics instructions. New employees are introduced to Ratos's Code of Conduct, Work Environment Policy, Employee Manual and Environmental Policy. Deviations and irregularities are reported and followed up using Ratos's external whistleblowing system. Both Ratos employees and external stakeholders can report suspected deviations anonymously. As in the preceding year, no deviations from the Code of Conduct were reported in 2023, including no reported cases of discrimination in the whistleblowing system. Nor was Ratos imposed with any fines or other sanctions due to violations of laws or regulations.

Code requirements for Ratos's companies

The companies are to implement a code of conduct that, at a minimum, corresponds to Ratos's Code of Conduct, which stipulates that recognised international conventions, human rights and employee rights and conditions must be respected.

Whistleblowing system

Every employee has a responsibility to report an incident if they suspect that an action breaks prevailing laws or is in breach of the company's Code of Conduct. To make it possible to report violations anonymously, Ratos uses an external whistleblowing system, Whistle B, which is fully independent of Ratos's IT systems and online services.

Anti-corruption

Ratos imposes requirements on the prevention of corruption. The companies must carry out risk analyses and implement measures in order to manage identified risks. Preventive work includes guidelines for employees, training programmes for individuals in positions of risk, and imposing demands and following up on business partners. During 2023, all 17 of Ratos's companies were analysed for corruption risks. Four of the companies are considered to have an elevated risk of corruption based on their operations in exposed industries or in high-risk countries, according to the Transparency International Corruption Perception Index.

Human rights

Ratos supports and respects the protection of human rights and expects its companies to ensure they are not complicit in any human rights violations. Some of Ratos's companies have suppliers and partners in countries with an elevated risk of violations of human rights or employee rights. Respect for human rights and employee rights must be stipulated in the companies' own codes of conduct, and in their work relating to suppliers and partners.

Corporate governance in sustainability issues

- Ratos's Board is ultimately responsibility for the Group-wide strategy and sustainability initiatives, while operational responsibility rests with Ratos's CEO.
- Ratos's Business Area Presidents are responsible for ensuring that sustainability is included on the agenda of the board and management of each Ratos company.
- The board of each Ratos company is ultimately responsible for ensuring the company complies with applicable laws, guidelines and policies on sustainability. The operational responsibility for sustainability work rests with the company's CEO, Vice President Communication & Sustainability and other management.

Ratos's companies must:

- Have a process in place for identifying and managing risk.
- Implement a Code of Conduct in line with Ratos's Code.
- Identify their primary environmental impact, and implement an environmental policy/environmental plan.
- Measure, follow up on and report CO_2 emissions.
- Adopt sustainability goals and follow up on them at least once each year.
- Have an external, anonymous whistleblowing system.
- Prepare a sustainability report inspired by GRI.

GRI content index

Ratos's sustainability report covers the calendar year 2023. The figures reported are from 1/1/2023 until 31/12/2023 unless otherwise specified. This report has been prepared with reference to the GRI Sustainability Reporting Standards (GRI Standards). The requirements and principles for the use of GRI Standards (GRI 1) used are GRI 1: Foundation 2021. No GRI sector standard is applicable. This is Ratos's eighth sustainability report using the GRI standards and Ratos intends to report annually.

The reporting of Ratos's material aspects and topic-specific disclosures are largely limited to Ratos's parent company. The disclosures on the management of the topics encompass both the parent company and holdings. All calculations regarding energy and carbon dioxide emissions are comparisons between the financial years 2018 and 2022, the base year for environmental data is 2016. The data is provided by third-party providers, unless specified otherwise. All calculations regarding the environment are based on the GHG Protocol.

Ratos has signed the UN Global Compact (UNGC). This means that Ratos annually reports on its work with the Global Compact's ten principles (Communication on Progress, COP). The COP information is derived from Ratos' Annual Report 2023.

GRI content index

			Omission				
Standard and disclosure		Location	Disclosure omitted in GRI Standards 2021	Reason for omission	Required explanation	Comment	GC principle
GRI 2: GENERAL DISCLOSURES 2021							
2-1	Organizational details	2, 36, 100, 140	Not applicable				
2-2	Entities included in the organization's sustainability reporting	88, 135-136					
2-3	Reporting period, frequency and contact point	42, 141, 153					
2-4	Restatements of information	GRI content index				No changes	
2-5	External assurance	Auditor's report					
2-6	Activities, value chain and other business relationships	28–33					
2-7	Employees	2, 100	2-7: c, d, e	Incomplete information	The information does not yet fully address requirements c, d and e of the GRI Standards 2021 for 2-7. Improvement work on this issue is ongoing.		
2-8	Workers who are not employees	GRI content index	2-8: a, b, c	Information not available	Information not available		
2-9	Governance structure and composition	66–73					
2-10	Nomination and selection of the highest governance body	68, 69					
2-11	Chair of the highest governance body	69					
2-12	Role of the highest governance body in overseeing the management of impacts	19, 55	2-12: a, b, c	Incomplete information	The information does not yet fully address all requirements of the GRI Standards 2021 for 2-12. Improvement work on this issue is ongoing.		
2-13	Delegation of responsibility for managing impacts	37, 55					
2-14	Role of the highest governance body in sustainability reporting	37, 55, 69					
2-15	Conflicts of interest	69					
2-16	Communication of critical concerns	55					
2-17	Collective knowledge of the highest governance body	69					
2-18	Evaluation of the performance of the highest governance body	67–69					

GRI content index, cont.

Standard and disclosure		Location	Omission: Disclosure omitted in GRI Standards 2021	Omission: Reason for omission	Omission: Required explanation	Comment	GC principle
2-19	Remuneration policies	38, 66					
2-20	Process to determine remuneration	38, 66					
2-21	Annual total compensation ratio	GRI content index	2-21: a, b, c	Incomplete information	Compensation ratios are not available.	Compensation ratios are not available.	
2-22	Statement on sustainable development strategy	13, 56					
2-23	Policy commitments	19, 42, 47, 55					7
2-24	Embedding policy commitments	47–55					
2-25	Processes to remediate negative impacts	19, 47–51	2-25: a, b, c, d, e	Incomplete information	The information does not yet fully address all requirements of the GRI Standards 2021 for 2-25. Improvements to the processes for remediating negative impacts are ongoing.		
2-26	Mechanisms for seeking advice and raising concerns	55					
2-27	Compliance with laws and regulations	55					
2-28	Membership associations	GRI content index				The Confederation of Swedish Enterprise	
2-29	Approach to stakeholder engagement	42–44					
2-30	Collective bargaining agreements	GRI content index	2-30: a, b	Not applicable	Ratos has not entered into any collective agreements	Ratos has not entered into any collective agreements	3

Material topics

Standard and disclosure		Location	Omission: Disclosure omitted in GRI Standards 2021	Omission: Reason for omission	Omission: Required explanation	Comment	GC principle
GRI 3: MATERIAL TOPICS 2021							
3-1	Process to determine material topics	45	Not applicable				
3-2	List of material topics	42					
BUILDINGS							
GRI 3: Material Topics 2021							
3-3	Management of material topics	19	3-3: a, b, c, d, e, f	Incomplete information	Management does not yet fully address all requirements of the GRI Standards 2021 for 3-3. For this disclosure, efforts to improve management are ongoing.		8–9
CLIMATE CHANGE & ENERGY							
GRI 3: Material Topics 2021							
3-3	Management of material topics	19, 48, 49	3-3: a, b, c, d, e, f	Incomplete information	Management does not yet fully address all requirements of the GRI Standards 2021 for 3-3. For this disclosure, efforts to improve management are ongoing.		8–9
GRI 305: Emissions 2016							
305-1	Direct (Scope 1) GHG emissions	48, 49					8
305-2	Energy indirect (Scope 2) GHG emissions	48, 49					8
305-3	Other indirect (Scope 3) GHG emissions	49					8
305-5	Reduction of GHG emissions	48					8
ECOSYSTEMS							
GRI 3: Material Topics 2021							
3-3	Management of material topics	42	3-3: a, b, c, d, e, f	Incomplete information	Management does not yet fully address all requirements of the GRI Standards 2021 for 3-3. For this disclosure, efforts to improve management are ongoing.		8
GRI 413: Local Communities 2016							
413-2	Operations with significant actual and potential negative impacts on local communities	21					8
WATER							
GRI 3: Material Topics 2021							
3-3	Management of material topics	19	3-3: a, b, c, d, e, f	Incomplete information	Management does not yet fully address all requirements of the GRI Standards 2021 for 3-3. For this disclosure, efforts to improve management are ongoing.		8

Material topics, cont.

Standard and disclosure		Location	Omission: Disclosure omitted in GRI Standards 2021	Omission: Reason for omission	Omission: Required explanation	Comment	GC principle
MIGRANT WORKERS							
GRI 3: Material Topics 2021							
3-3	Management of material topics	19	3-3: a, b, c, d, e, f	Incomplete information	Management does not yet fully address all requirements of the GRI Standards 2021 for 3-3. For this disclosure, efforts to improve management are ongoing.		1–6
OCCUPATIONAL HEALTH & SAFETY							
GRI 3: Material Topics 2021							
3-3	Management of material topics	54	3-3: a, b, c, d, e, f	Incomplete information	Management does not yet fully address all requirements of the GRI Standards 2021 for 3-3. For this disclosure, efforts to improve management are ongoing.		1–6
GRI 403: Occupational Health and Safety 2018							
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	54					
QUALITY & SAFETY OF PRODUCTS & SERVICES							
GRI 3: Material Topics 2021							
3-3	Management of material topics	19	3-3: a, b, c, d, e, f	Incomplete information	Management does not yet fully address all requirements of the GRI Standards 2021 for 3-3. For this disclosure, efforts to improve management are ongoing.		1–6
WORKING CONDITIONS							
GRI 3: Material Topics 2021							
3-3	Management of material topics	43, 50	3-3: a, b, c, d, e, f	Incomplete information	Management does not yet fully address all requirements of the GRI Standards 2021 for 3-3. For this disclosure, efforts to improve management are ongoing.		1–6
GRI 405: Diversity and Equal Opportunity 2016							
405-1	Diversity of governance bodies and employees	62, 89					
GRI 406: Non-discrimination 2016							
406-1	Incidents of discrimination and corrective actions taken	51					

Material topics, cont.

Standard and disclosure		Location	Omission: Disclosure omitted in GRI Standards 2021	Omission: Reason for omission	Omission: Required explanation	Comment	GC principle
TALENT ATTRACTION & RETENTION							
GRI 3: Material Topics 2021							
3-3	Management of material topics	22, 50	3-3: a, b, c, d, e, f	Incomplete information	Management does not yet fully address all requirements of the GRI Standards 2021 for 3-3. For this disclosure, efforts to improve management are ongoing.		
COMPLIANCE WITH (NEW) LEGISLATION & POLICIES							
GRI 3: Material Topics 2021							
3-3	Management of material topics	67–71	3-3: a, b, c, d, e, f	Incomplete information	Management does not yet fully address all requirements of the GRI Standards 2021 for 3-3. For this disclosure, efforts to improve management are ongoing.		1–6 & 10
GRI 419: Socioeconomic compliance 2016							
419-1	Non-compliance with laws and regulations in the social and economic area	55					1–6 & 10
CORRUPTION & BRIBERY							
GRI 3: Material Topics 2021							
3-3	Management of material topics	55	3-3: a, b, c, d, e, f	Incomplete information	Management does not yet fully address all requirements of the GRI Standards 2021 for 3-3. For this disclosure, efforts to improve management are ongoing.		10
GRI 205: Anti-corruption 2016							
205-2	Communication and training about anti-corruption policies and procedures	55					10
205-3	Confirmed incidents of corruption and actions taken	55					10
DATA SECURITY & INTEGRITY							
GRI 3: Material Topics 2021							
3-3	Management of material topics	55, 68–69	3-3: a, b, c, d, e, f	Incomplete information	Management does not yet fully address all requirements of the GRI Standards 2021 for 3-3. For this disclosure, efforts to improve management are ongoing.		2

Material topics, cont.

Standard and disclosure		Location	Omission: Disclosure omitted in GRI Standards 2021	Omission: Reason for omission	Omission: Required explanation	Comment	GC principle
IT, AUTOMATION & DIGITALISATION							
GRI 3: Material Topics 2021							
3-3	Management of material topics	19	3-3: a, b, c, d, e, f	Incomplete information	Management does not yet fully address all requirements of the GRI Standards 2021 for 3-3. For this disclosure, efforts to improve management are ongoing.		
SUPPLY CHAIN CONSTRAINTS							
GRI 3: Material Topics 2021							
3-3	Management of material topics	19	3-3: a, b, c, d, e, f	Incomplete information	Management does not yet fully address all requirements of the GRI Standards 2021 for 3-3. For this disclosure, efforts to improve management are ongoing.		

About the Sustainability Report

Ratos's Sustainability report was prepared in accordance with Chapter 6, Sections 10–14 and Chapter 7, 31a–c of the Swedish Annual Accounts Act. The report, including indicators and data points, refers to the 2023 financial year unless otherwise stipulated.

Ratos's sustainability report includes a sustainability overview and model for company development (page 18–20), accounts of material sustainability issues in its capacity of an active responsible owner, including policies and processes for managing these, and an account of the results on pages 41–63.

In addition to Ratos's sustainability report, large majority-owned companies (meaning companies that independently qualify for sustainability reporting in accordance with the EU directive as adopted in national legislation or the equivalent) have prepared their own sustainability reports. The companies' individual sustainability reports will be published on Ratos's website during the second quarter of 2024.

Auditor's report on the statutory sustainability statement

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

Engagement and responsibility
It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2023 on pages 41–62 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the statutory sustainability 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.

Opinions
A statutory sustainability statement has been prepared.

Stockholm 5 March 2024

Ernst & Young AB

Erik Sandström
Authorized Public Accountant

Chairman's letter

I am proud to say that 2023 was a good year for Ratos in a turbulent environment. Our efforts to become a more focused Group are continuing, which is important for increasing understanding of the direction Ratos is headed and for our continued prerequisites for value creation.

My approach has always been that it is better to deliver strong figures that speak for themselves, good business and good news than to sell a future plan that is likely to change anyway. At Ratos we are doing just that, and we are well on our way. A hopefully more positive transaction market will help. Patience and a long-term approach are important.

Thanks to successful acquisitions in recent years, we have the platform companies we want in our focus on technological and infrastructure solutions – partly focused on industry and industrial services and partly on construction and infrastructure services. The streamlining of the Group will continue in 2024. In the areas described above, Ratos aims to be an operating Group with a stable, positive and growing return on capital. With a strong financial position, long-term owners, a management team with solid operational experience, and talented, dedicated employees, we have every opportunity to succeed.

The Ratos Business System provides the tools for building the foundation of our business and establishing the scope of our operations. We are seeing clear positive effects from the continuous systematic work being carried out in the Group. Develop sustainable business is about hard work. An analogy I like to use is "take the stairs instead of the lift". Step by step. Building cohesion and a team spirit, with clear, down-to-earth visions and goals. No messing about.

Overall, things are going well – and we are now seeing a Swedish industrial group take shape that is focused on technological and infrastructure solutions. Our position and focus is right, and I am convinced that many people will agree with me that these are crucial sectors for the success of the green transition – a transition that is and will continue to be profitable for a company such as Ratos. Clear governance of subsidiaries in a highly decentralised model is a winning concept.

Sustainability issues are becoming increasingly important, both in Ratos's decisions about its future focus and in society. Ratos has a strong desire to contribute to a sustainable society, and I think this is important – both because it is right to take responsibility for what we leave behind and because it is profitable. Gradual improvements are being made on a daily basis, and we are adapting to the new upcoming EU Corporate Sustainability Reporting Directive (CSRD).

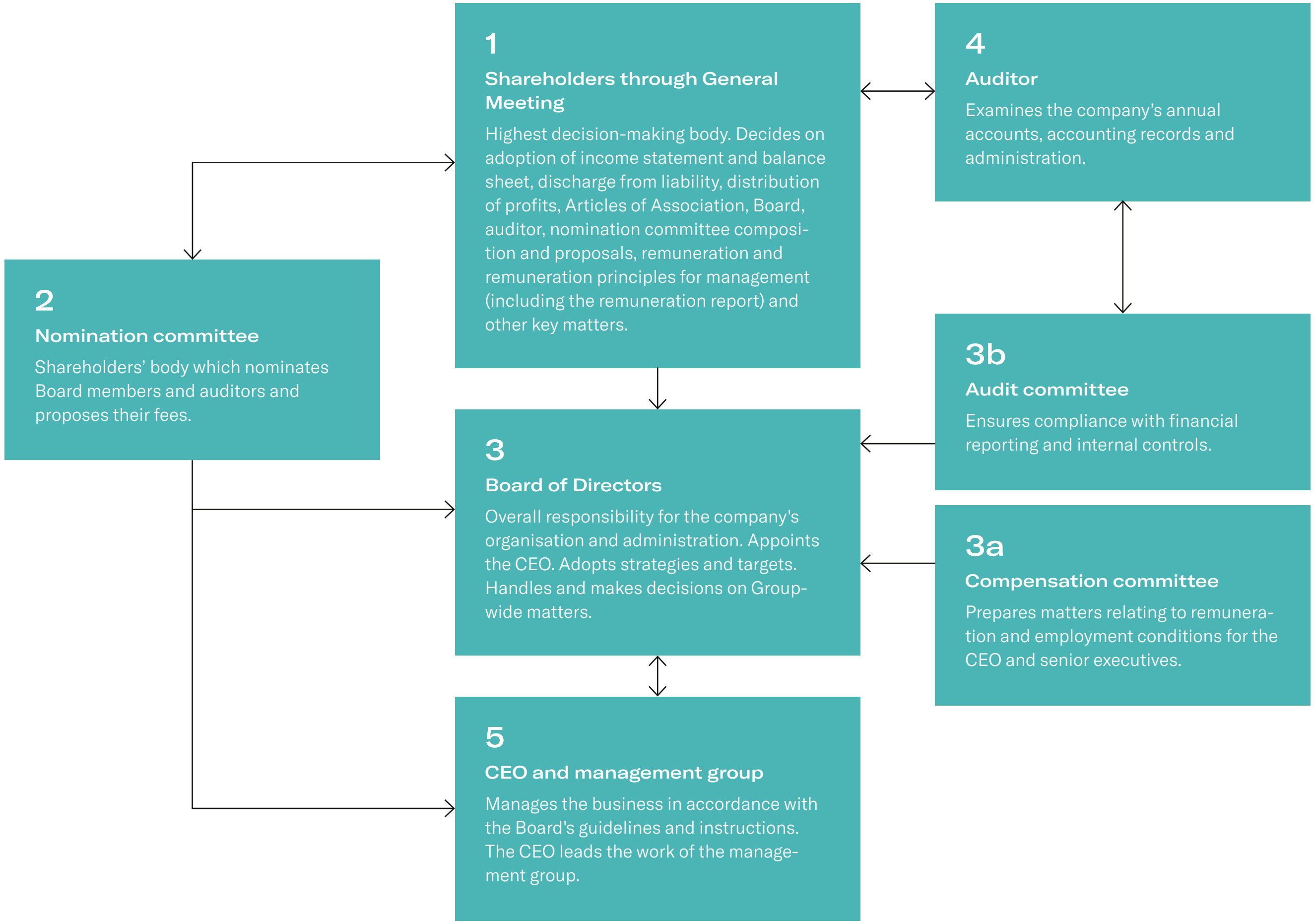
There are many good examples in the Group, from Aibel's impressive transformation journey with a future focus on renewable energy and electrification to the impressive technology developments under way at our technology consultancies. This is making, and will continue to make, a positive difference.

Profitable businesses create the values that inspire confidence in a society's future. This is particularly important in turbulent and unpredictable times. Ratos will, in its own way, continue to contribute to a fair, safe and sustainable society, and that is something I am very proud of. I look forward to Ratos's continued development in 2024 with confidence.

Per-Olof Söderberg
Chairman of the Board

Corporate Governance Report

Governance structure at Ratos



Corporate governance in Ratos

Ratos AB is a public limited liability company and the basis for governance of Ratos is both external and internal regulations. In order to establish guidelines for the company's activities, the Board has prepared and adopted several policy documents. These provide guidance to the organisation and employees based on the basic values and principles that must characterise the operations and conduct.

Ratos applies the Swedish Corporate Governance Code (the Code) and did not report any non-compliance with the Code in the 2023 financial year, except with regard to the composition of the nomination committee (see nomination committee on page 68).

This Corporate Governance Report seeks to avoid repetition of information that is included in applicable regulations and primarily to describe corporate governance for Ratos AB.

The company's auditors have performed a statutory examination of the Corporate Governance Report.

Key external rules

- Swedish Companies Act
- Accounting legislation and recommendations
- Nasdaq Stockholm's Rule Book for Issuers
- Swedish Corporate Governance Code

Key internal rules and documents

- Articles of Association
- Rules of procedure for the Board of Directors and Board committees
- Decision-making procedures/authorisation instructions
- Instructions to the President and CEO and reporting instructions
- Internal guidelines, policy documents and manuals which provide guidelines for the Group's operations and employees, such as Ratos's communication policy, owner policy, Code of Conduct and policy for sustainability, corporate responsibility and responsible investments

1 Shareholders and general meetings

Share capital and shareholders

Ratos has been listed on Nasdaq Stockholm since 1954. At year-end, the share capital amounted to SEK 1,029m divided among a total of 326,516,488 shares, of which 84,637,060 Class A shares and 241,879,428 Class B shares. The company's Class A shares carry entitlement to one vote per share while Class B shares carry entitlement to one-tenth of a vote per share. Class A and B shares carry the same right to a share of the company's assets and to the same amount of dividend. The general meeting decides on dividends.

At year-end, Ratos had a total of 65,534 shareholders according to statistics from Modular Finance, which collects and processes data from Euroclear, Morningstar, the Swedish Financial Supervisory Authority and other sources. The ten largest shareholders accounted for 77.8% of the voting rights and 50.4% of the share capital. More information about Ratos's shares and shareholders is provided on pages 24–26.

General meetings

The general meeting is the highest decision-making body in Ratos and it is through attendance that Ratos's shareholders exercise their influence on the company. Normally, one general meeting is held each year, the Annual General Meeting of Shareholders, which is convened in Stockholm before the end of June. Notice is published in the form of an announcement in the Official Swedish Gazette (Post- och Inrikes Tidningar) and on Ratos's website. Publication of the notice is announced in Svenska Dagbladet. All documentation required ahead of the Meeting is available on the website (www.ratos.com) in Swedish and English.

A shareholder with at least one-tenth of the votes in Ratos is entitled to request an extraordinary general meeting. The Board and Ratos's auditor can also convene an extraordinary general meeting.

In order to have a matter considered at an Annual General Meeting, a shareholder must submit a written request to the Board in good time so that the matter can be included in the notice of the meeting, normally approximately seven weeks before the Annual General Meeting. The closing date for such requests is stated on Ratos's website.

Shareholders who are registered on Euroclear Sweden's list of shareholders and who have notified their attendance to the company in due time are entitled to attend the Meeting, in person or through a proxy, and to vote for their holding of shares. Shareholders may bring an assistant to the meeting provided they have notified the company. A summary of the main resolutions to be made at the Annual General Meeting is presented in Ratos's Articles of Association on Ratos's website.

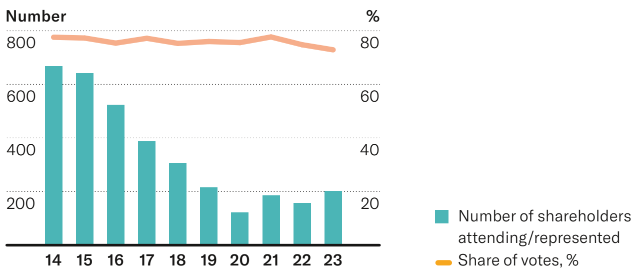
2023 Annual General Meeting

The 2023 Annual General Meeting was held on 28 March 2023 at Lilla Cirkus, Cirkus, Stockholm. 202 shareholders were represented at the Annual General Meeting, either in person, via proxy or through postal voting, who together represented 72.9% of the voting rights and 49.6% of the capital.

All Board members elected by the Annual General Meeting were in attendance, as were Ratos's CEO and auditor. Minutes and information about the 2023 Annual General Meeting in both Swedish and English as well as the CEO's address to the Meeting are published on Ratos's website.

Resolutions at the 2023 Annual General Meeting included the following:
- Dividend of SEK 0.84 per Class A and B share, a total of SEK 274m
- Fees of SEK 990,000 to the Chairman of the Board and SEK 510,000 to each member of the Board as well as fees to auditors
- Re-election of Board members Per-Olof Söderberg, Tone Lunde Bakker, Ulla Litzén, Karsten Slotte, Jan Söderberg and Jonas Wiström. Re-election of Per-Olof Söderberg as Chairman of the Board
- Re-election of the audit firm Ernst & Young AB (EY)
- Adoption of guidelines for remuneration to senior executives
- Resolution on the remuneration report
- Offer to CEO and other key employees in Ratos to acquire convertibles and warrants in Ratos
- Authorisation for the Board of Directors to acquire and transfer Ratos shares
- Authorisation for the Board to decide on a new issue of a maximum of 35 million B shares to be used for acquisitions.

Attendance at the Annual General Meeting



2024 Annual General Meeting

The Annual General Meeting of Ratos AB (publ) will be held on Tuesday, 26 March 2024 at 2:00 p.m. at Grand Hôtel, Spegelsalen entrance, Studio Stockholm, Stockholm.

For matters related to the nomination committee and the Annual General Meeting, refer to Ratos's website. For further information about the Annual General Meeting, see page 152.

2 Nomination committee

The Annual General Meeting has decided on the principles for how the nomination committee should be appointed and these principles apply until otherwise decided by the general meeting. The nomination committee is to comprise a minimum of five members together with the Chairman. The nomination committee's members are to be appointed by the largest shareholders in terms of voting rights, or group of shareholders in the Euroclear Sweden system (such a group is considered one shareholder), based on Euroclear Sweden AB's shareholder statistics at 31 August the year before the Annual General Meeting. If a shareholder waives the entitlement to appoint a member, the shareholder who is the next largest owner in terms of voting rights is to appoint a member. The majority of the members of the nomination committee are to be independent in relation to the company and executive management. The nomination committee's mandate period extends until a new nomination committee has been appointed. If a member resigns from the nomination committee, the owner that appointed the member is entitled to appoint a replacement. If the owner who the member of the nomination committee represents considerably reduces its shareholding in the company, the nomination committee can offer another shareholder the opportunity to appoint a replacement.

The current composition of the nomination committee was announced on Ratos's website and disclosed through a press release on 12 September 2023. The nomination committee comprises:

- Jenny Parnesten, appointed by the Ragnar Söderberg Foundation as well as own and related parties' holdings, Chairman of the nomination committee
- Jan Söderberg, own holdings
- Maria Söderberg, appointed by the Torsten Söderberg Foundation as well as own holdings
- Erik Brändström, appointed by Spiltan Fonder AB
- Katarina Hammar, appointed by Nordea Funds
- Per-Olof Söderberg, Chairman of Ratos's Board.

Combined, the nomination committee represents 61% of the voting rights for all the shares in the company.

A summary of the nomination committee's tasks is presented in Ratos's instructions to the nomination committee on Ratos's website.

Nomination committee's work ahead of the 2024 Annual General Meeting

Ahead of the 2024 Annual General Meeting, the nomination committee held four minuted meetings and was in regular contact in between. In its work, the nomination committee has taken note of the internal evaluation of the Board's work, taken the Chairman's account of the Board's work and the CEO's account of the company's strategies. Together with other members of the committee, the nomination committee chairman has also interviewed individual Board members.

Ratos is a Swedish group focused on technological and infrastructure solutions. This new strategy requires the Board to have a broad industrial background as well as a documented ability to operate and develop companies in different industries and phases of development. Ratos's Board has in recent years gradually been renewed, at the same time as a certain consistency has been kept. It is the nomination committee's opinion that the current Board functions well and with a great deal of commitment from each member. Board member Karsten Slotte has informed the nomination committee that he will decline re-election at the 2024 Annual General Meeting. When looking for new Board members, the nomination committee has prioritised finding individuals with good leadership abilities, large contact networks, and both broad industrial backgrounds and a documented ability to further develop operations. The nomination committee considers Cecilia Sjöstedt and Mats Granryd to have documented abilities in these areas. The nomination committee is of the opinion that Cecilia Sjöstedt and Mats Granryd will have the opportunity to devote the necessary time and commitment to their role as a Board member.

The nomination committee deems the members proposed for election to have broad and complementary experience that more than adequately meets the set requirements. The nomination committee also deems the proposed composition of seven Board members to be suitable and appropriate.

The requirement for independence is also assessed as having been met.

The nomination committee has continued to discuss requirements for diversity based in part on the Code's requirement for stipulating how the diversity policy has been applied and has chosen to use Rule 4.1 of the Code, which states that the Board is to exhibit diversity and breadth of qualifications, experience and background, and strive for an equal gender balance. Following deliberation by the nomination committee regarding, for example, the Board members' background and experience, it is noted that the gender balance for the proposed Board will be 42.9% women and 57.1% men, as the members proposed include three women and four men.

Proposals regarding fees to the members of the Board as well as remuneration for committee work have been prepared by the four members of the nomination committee who are not members of Ratos's Board.

Shareholders have been informed that proposals to the Annual General Meeting can be submitted to the nomination committee.

The nomination committee's proposals, an account of the work of the nomination committee ahead of the 2024 Annual General Meeting as well as complementary information on proposed members of the Board will be announced in conjunction with the Notice of the Meeting and be presented at the 2024 Annual General Meeting.

No fees have been paid for participation in the nomination committee.

Deviations/violations

Ratos deviates from the Code's rule 2.4, second paragraph, which states that if more than one Board member sits on the nomination committee, a maximum of one of them may be non-independent in relation to the company's major shareholders. Per-Olof Söderberg (also the Chairman of the Board) and Jan Söderberg are members of the nomination committee and regarded as non-independent in relation to the company's major shareholders. Against the background of these persons' extensive experience of Board work, their in-depth knowledge of Ratos and roots in the ownership group, and their network in Swedish industry, it was deemed beneficial to the company to deviate from the Code on this point.

No violations of Nasdaq Stockholm's Rule Book for Issuers or good practice in the stock market have occurred.

3 Board of Directors

Composition of the Board

Ratos's Board is to comprise of a minimum of four and a maximum of nine members. The Board is appointed by the shareholders at each Annual General Meeting. The mandate period is thereby one year.

The 2023 Annual General Meeting resolved that the Board is to consist of six members and no deputies. Board members Per-Olof Söderberg, Tone Lunde Bakker, Ulla Litzén, Karsten Slotte, Jan Söderberg and Jonas Wiström were re-elected. Per-Olof Söderberg was re-elected as Chairman of the Board. The CEO is part of the Board and attends Board meetings. The composition of the Board and an assessment of each Board member's independence is presented in more detail on pages 74–75.

Responsibilities and duties of the Board

The Board has overall responsibility for Ratos's organisation and management of its affairs, in the interests of both the company and its shareholders. The Board adopts financial targets, decides on the company's strategy and business plan, and ensures good internal control, risk management and an adequate sustainability programme. The work of the Board is regulated by, among other things, the Swedish Companies Act, the Articles of Association, the Code and the formal work plan adopted by the Board for its work. The Board's overarching responsibility cannot be delegated but the Board may appoint committees tasked to prepare and evaluate matters ahead of a decision by the Board.

Each year, the Board adopts a formal work plan for its work designed to ensure that the company's operations and financial circumstances are controlled in an adequate manner. The formal work plan describes the special role and duties of the Chairman of the Board, decision-making procedures, instructions for Ratos's CEO and reporting as well as areas of responsibility for the committees. Furthermore, the Board also adopts annually a number of policy documents for the company's operations and ensures that there is satisfactory control of the company's compliance with laws, rules and internal guidelines. The Board ensures compliance through various tools including Ratos's annual risk management process and assurance mapping, in which responsibility for and validation of internal processes and identified risks are clarified.

The main duty of the Chairman of the Board is to lead the work of the Board and ensure that Board members carry out their respective duties.

Work of the Board in 2023

During 2023, a total of 14 minuted Board meetings were held: six ordinary meetings, one statutory meeting per capsulam, two extraordinary meetings and five per capsulam. Board meetings have a recurrent structure with established key items. Information and documentation for decision ahead of Board meetings are usually sent out approximately one week before each meeting. Ratos's General Counsel has taken the minutes at the Board meetings.

At every ordinary Board meeting, information is presented about the company's financial position and important events that affect the company's operations. At extra Board meetings, acquisition and divestment matters are normally examined as well as financing and incentive matters. Extra Board meetings are held when such matters requiring a Board decision arise. 2023 was characterised by add-on acquisition, incentive and financing matters. Senior executives at Ratos attended Board meetings to present specific matters.

Evaluation of the Board

The Board annually evaluates the work of the Board in a structured process where members are given an opportunity to express their opinions on working methods and efficiency, Board material, the performance of the members and the scope of the assignment in order to develop the Board's working methods. For the 2023 financial year, the evaluation was performed internally with the members answering an anonymous questionnaire, and the results of the evaluation have been presented by the Chairman with a subsequent discussion by the Board. Furthermore, the Chairman of the nomination committee held individual interviews with each Board member. The results of the evaluation have been reported to the nomination committee. The evaluation indicates that the Board work is deemed to function well.

Committees

The Board has established a compensation committee and an audit committee in order to structure, improve efficiency and assure the quality of its work, and to prepare the Board's decisions within these areas. The members of these committees are appointed annually at the statutory Board meeting.

Composition of the Board

					Attendance at meetings 2023		
Name [1]	Elected year	Independent of the company	Independent of major shareholders	Total fee [1], SEK thousand	Compensation committee meetings	Audit committee meetings	Board meetings
Per-Olof Söderberg	2000	Yes	No	1,165	5/5	5/5	14/14
Jan Söderberg	2000	Yes	No	685	5/5	5/5	14/14
Ulla Litzén	2016	Yes	Yes	810	–	5/5	14/14
Tone Lunde Bakker	2022	Yes	Yes	610	–	5/5	14/14
Karsten Slotte	2015	Yes	Yes	685	5/5	5/5	14/14
Jonas Wiström [2]	2016	No	Yes	0	–	–	12/14
Total				**3,955**			

1) Relates to fees for the Annual General Meeting year 2023/2024.
2) Jonas Wiström received no fee for his role as an ordinary Board member.

3a Work of the compensation committee

The compensation committee has both an advisory function (follow-up and evaluation) and a preparatory function for decision matters prior to their examination and decision by Ratos's Board.

The following matters, among others, are handled by the compensation committee:

- the CEO's terms of employment, and terms for executive management and those directly subordinated to the CEO
- Follow and evaluate variable remuneration programmes for executive management
- Matters of principle concerning pension agreements, severance pay, notice periods, bonus/earnings-related remuneration, fees, benefits, etc.
- Prepare matters and decisions relating to the incentive systems for Ratos and the companies, in some cases for decision by the Board and/or the general meeting
- The Board's proposal to the Annual General Meeting regarding guidelines for remuneration to senior executives and the report on remuneration to senior executives.

The compensation committee works in accordance with an adopted formal work plan. Normally, early in the autumn, an examination is carried out to see whether there are any major remuneration-related matters of principle to prepare. If such matters exist, they are addressed ahead of a final proposal at the ordinary meetings in December and January. In 2023, the compensation committee made a thorough evaluation of Ratos's remuneration structures and incentive programmes, which resulted in a proposal from the committee to make only minor adjustments to the criteria for variable cash remuneration in 2023 and to otherwise leave the structure for variable cash salary for 2023 essentially unchanged and, as in 2022, to propose to the 2023 Annual General Meeting a new long-term incentive programme in the form of a warrants and convertible debenture programme. No modifications to the remuneration guidelines are proposed ahead of the 2024 Annual General Meeting. The compensation committee also performs an annual evaluation of Ratos's long-term incentive system and prepares an annual report on remuneration to senior executives, which the Board presents to the Annual General Meeting for approval.

During 2023, Per-Olof Söderberg (Chairman of the Board and of the compensation committee), Jan Söderberg and Karsten Slotte were members of the compensation committee.

The compensation committee held five minuted meetings in 2023 and in between has been in regular contact. Ratos's General Counsel has taken the minutes of the committee. The compensation committee provides continuous oral reports to the Board and submits proposals on matters that require a Board decision. Minutes are made available to all members of the Board. The CEO and other senior executives normally attend the meetings of the committee to present specific matters.

3b Work of the audit committee

In 2023, all Board members except the CEO served on the audit committee. All members of the audit committee are regarded as independent of the company and its management. Ulla Litzén is the Chairman of the committee. The company's auditor participated in all five audit committee meetings in 2023.

The audit committee held five minuted meetings. Ratos's General Counsel has taken the minutes of the committee.

The audit committee has both an advisory and preparatory function for decision matters prior to review and decision by Ratos's Board.

Each year, the audit committee adopts a fiscal cycle for its working duties and areas for which the audit committee is responsible. The audit committee is responsible for and monitors according to an adopted schedule, among other things, accounting and reporting including sustainability reporting, audit, internal control, corporate governance, risk management, purchases of non-audit-related services, tax payment, the parent company's guarantee and equity commitments, insurance, disputes and strategic accounting matters as well as compliance with rules and regulations and certain policy documents adopted by Ratos's Board. Furthermore, the audit committee oversees Ratos's externally operated whistleblowing system. The audit committee's work follows Ratos's interim reporting and Ratos's work on valuation matters and impairment testing, with five regular meetings held every year where the auditor participates in all committee meetings. Particular issues addressed in 2023 included questions related to Ratos's consolidated reporting, centralised financing, internal control issues and disputes. The CEO and senior executives normally participate in the meetings of the committee as rapporteur.

The audit committee submits proposals on matters that require a Board decision and the minutes are made available to all members of the Board. The Chairman of the committee maintains regular contact with the company's auditor.

Remuneration to the Board of Directors

The 2023 Annual General Meeting resolved that remuneration to the ordinary members of the Board should be paid in an amount of SEK 510,000 per member and year. Remuneration to the Chairman of the Board should amount to SEK 990,000 per year. It was decided to pay an additional SEK 300,000 per year to the Chairman of the audit committee and SEK 100,000 per year to other members of the committee. It was decided to pay SEK 75,000 per year to the Chairman of the compensation committee and SEK 75,000 per year to other members of the committee.

4 Auditor

Ratos's auditor is appointed annually by the Annual General Meeting. Nominations are made by the nomination committee. The auditor is tasked on behalf of shareholders to examine the company's annual accounts and consolidated financial statements as well as the administration of the company by the Board and the CEO, remuneration of senior executives (including the remuneration report), the sustainability report and the corporate governance work. The review work and auditor's report are presented at the Annual General Meeting.

At the 2023 Annual General Meeting, the audit firm Ernst & Young AB (EY) was re-elected as auditor until the next Annual General Meeting. EY appointed Erik Sandström as Chief Auditor. In addition to his assignment at Ratos, Erik Sandström is Chief Auditor for, among others, Atlas Copco, Epiroc and Essity. It is proposed that EY should be appointed by the 2024 Annual General Meeting as the company's audit firm until the next Annual General Meeting.

Auditor's fees

Remuneration is paid to the company's auditor in accordance with a special agreement on this matter in accordance with a resolution at the Annual General Meeting. For a specification of audit fees and fees for other assignments, see Note 8. Ratos's policy for the purchase of non-audit-related services is continuously monitored by the audit committee, which also evaluates the content of both auditing and consulting services.

5 Governance in Ratos

Ratos's principles for active ownership and the exercise of its ownership role

Ratos is a Swedish group focused on technological and infrastructure solutions. Ratos's owner policy includes specific strategic foundations that provide a basis for how we choose to act as an owner and how we view corporate governance. One of these foundations is that Ratos's companies must be independent of each other, strategically, operationally and financially. As an owner, Ratos is to add and create value but value creation and governance are therefore not identical in all situations. Having a clear division of responsibility between owner, board and CEO is important for the governance of Ratos's companies as well as for the parent company Ratos AB, and is therefore a key part of Ratos's business model and success as an owner. Read more about Ratos's exercise of its ownership role on page 17–18.

CEO and management group

The CEO is appointed by the Board and is responsible together with the management group for daily operations in Ratos in accordance with the Board's instructions. The CEO provides the Board with regular updates on operations and ensures that the Board members receive information on which to base well-considered decisions.

Ratos's management group consists of the CEO, CFO, Business Area Presidents, General Counsel and the Vice President Communication & Sustainability. The role of the management team is to prepare and implement strategies, manage corporate governance and organisational matters, and monitor Ratos's financial development and Ratos's sustainability programme.

The companies' financial development and ongoing activities are addressed at monthly meetings attended by the respective company's CEO and CFO alongside Ratos's CEO, CFO and other senior executives.

Remuneration to senior executives

Guidelines for remuneration to senior executives were approved at the 2022 Annual General Meeting. More information about basic and variable salary is available in Note 7.

Evaluation of the need for an internal audit

Ratos develops companies headquartered in the Nordics that are or can become market leaders. At the close of the year, Ratos had 17 companies operating in three business areas in different industries with various risks. With regard to Ratos and the need for an internal audit, it has been judged more suitable to discuss and decide for each individual company according to need, size and complexity, rather than from parent company or Group level.

Ratos performs an annual review of risks during which significant risks in the companies and Ratos are summarised and discussed by the management and boards of the respective companies and of Ratos. Ratos's management and Board can use the risk review as a basis to identify a need for a closer look at/development of certain areas, the opportunity to identify areas that need to be centralised/strengthened, and to provide guidance to the audit committee for audit priorities.

With 18 employees at the end of the year, the parent company Ratos AB has no complex functions that are difficult to analyse. The need to introduce an internal audit function for the parent company Ratos AB must therefore be regarded as negligible, which is why Ratos has decided, as in previous years, not to establish an internal audit function at Group level or for the parent company Ratos AB.

Internal control

The Board has overarching responsibility for ensuring that Ratos has an effective and adequate process for risk management and internal control. The purpose is to provide reasonable assurance that operations are conducted in an appropriate and effective manner, that external reporting is reliable and that laws as well as internal rules and policy documents are complied with. This work is conducted through structured Board work as well as by tasks being delegated to management, the audit committee and other employees. In addition, the Group engages in a dialogue with its auditors regarding their ongoing observations as well as the annual evaluation of internal control completed during the third quarter and presented by Ratos's auditors to the audit committee. Responsibilities and authorities are also defined in Ratos's assurance mapping, which is part of Ratos's risk management process, and in instructions for powers of authorisation, policy documents and manuals which provide guidelines and guidance for the Group's operations and employees. As a complement to the companies' financial reporting and sustainability reporting, Ratos sends a compliance survey to all the CFOs of the companies every other year. The findings are compiled and reported by the General Counsel to the audit committee, providing a basis for, among other things, decisions regarding future audit priorities for the companies.

Furthermore, the board of each company is responsible for ensuring that the company in question complies with laws and regulations as well as for compliance with internal policy documents and guidelines. A procedure has gradually been implemented to strengthen the follow-up of these matters.

Ratos has introduced a framework with minimum internal control requirements (MICR) connected to internal control for financial reporting (ICFR). The framework aims to ensure with reasonable certainty that the external financial reporting was is reliable and prepared according to laws, regulations, financial reporting standards and other relevant requirements for Ratos. Follow-up and assessment of minimum requirements in each company are performed annually and reported to Ratos's audit committee.

Ratos's risk management process

Ratos performs an annual review of risks where significant risks in its own operations and the companies are summarised and discussed by the management and boards of the respective companies and of Ratos.

The process is intended to give Ratos's management and Board of Directors an understanding of Ratos's most material risks.

As part of good corporate governance, the companies are expected to have a continuous process for identifying, assessing and managing their risks. Each company's CEO and management have operational responsibility for ensuring that an appropriate risk management process is in place and has been approved by the individual company's board.

Ratos provides support to its companies in the form of structures and models, and works continuously to strengthen their risk processes as well as its own. Ratos has supplemented the risk management process to include an assurance mapping, meaning a clarification of responsibilities and validation of internal processes and identified risks. Ratos's most material risks are summarised in the Directors' Report on pages 36–39.

Internal control of financial reporting

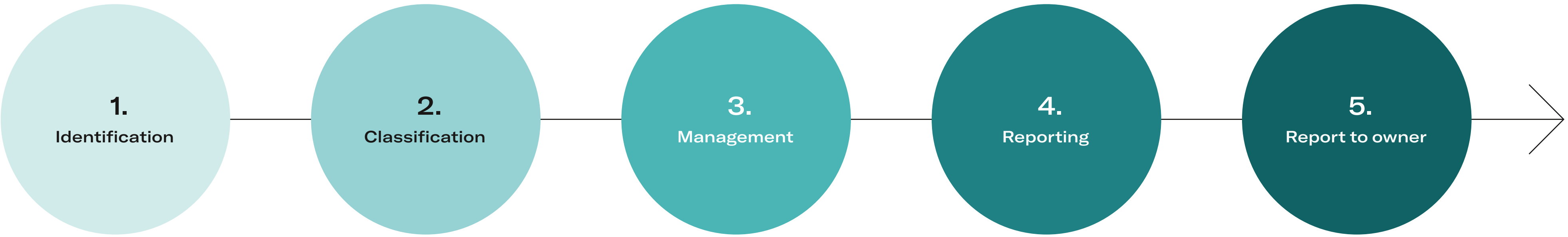
Internal control of financial reporting is based on how Ratos's operations are conducted and how the organisation is built up. Ratos's operations consist of developing companies headquartered in the Nordics that are or can become market leaders. Ratos has three business areas – Construction & Services, Industry and Consumer – and each business area currently consists of two to nine companies. Each business area has a dedicated team that also works actively in the companies' boards. Each company is independent of other companies owned by Ratos. The aim is not that these companies' systems and reporting should be integrated into the Ratos Group, but resources are used for follow-up and development of financial reporting from subsidiaries and associates. Ratos's aim, as part of its value-creating work with the companies, is to create independent and high-quality organisations with a high quality of financial reporting.

Ratos has the overarching responsibility but the decisions and management of each company are carried out based on the needs, size and complexity of the company. Internal control of financial reporting is therefore designed to be appropriate in Ratos AB as well as in the companies. Evaluations and decisions are made by each board and management. This means that the material risks that affect internal control of financial reporting are identified and managed by Ratos as well as at the company level.

The basis for internal control of financial reporting consists of an overarching control environment where organisation, decision-making processes, authority and areas of responsibility have been documented and communicated in several guiding documents. This means that authority and responsibility within Ratos AB are established in several internal guidelines, policy documents and manuals. This applies, for example, to the division of work between the Board and the CEO and other bodies set up by the Board, instructions for powers of authorisation as well as accounting and reporting instructions. This also serves to reduce the risk of irregularities and inappropriate favouring of a third party at the company's expense.

All companies report their complete accounts on a monthly basis and full-year forecasts. These reports are entered into a Group-wide consolidated reporting system. This is the foundation for the Group's consoli-

Internal risk management process for Ratos



Ratos recommends a broad process where all relevant operational, strategic, financial and legal areas are covered in order to identify the companies' most material risks. Each company should identify and discuss risks at a suitable level in the organisation in a company-adapted process.

Classification and ranking of identified risks based on probability, degree of impact, type of risk and time perspective.

A plan for how identified risks should be managed should be drawn up with activities and means to eliminate/reduce/monitor the risk and specifying who is responsible.

The risk assessment and management plans are presented and discussed in each company's board at least once a year.

A report that summarises the biggest risks at Ratos is compiled and presented to the Ratos Board annually.

dated financial reporting. Each company is responsible for its own financial management and for ensuring that the reports are correct, complete and delivered in time for the Group's reporting. The financial reporting is designed to follow the applicable laws and regulatory frameworks, such as IFRS. The companies' application of IFRS in their reporting and how they comply with the principle choices Ratos has made are followed up regularly. As support for the companies' reporting, Ratos Accounts has a number of supporting instructions and documents to ensure the financial reporting is complete and accurate.

Quality assurance for financial reporting

It is the opinion of the Board that the quality of a company's reporting is primarily determined by the organisation's competence in accounting matters as well as how the accounting, reporting and finance functions are staffed and organised. Ratos's business area managers and finance function are involved in the reporting from the companies. This means that the quality of the accounting and reporting of the companies is continuously examined and developed. Ratos's business area managers, together with Ratos's finance function, evaluate the material reported by the companies analytically, looking at its completeness, accuracy and compliance with Ratos's accounting principles. Ratos's finance function has an active dialogue with each company. Any deviations noted in the legal and operational follow-up are corrected. Performance and risks that are identified are communicated monthly to the CEO and CFO who, where appropriate, in turn report to Ratos's Board.

Every month, the companies provide a report in which the activities in the company and the company's development are described and analysed. The report is submitted to Ratos's management and, in some cases, Ratos's Board. The reports are supplemented with monthly meetings between the companies and Ratos's management, during which the reporting is discussed and analysed to understand each company's financial development and follow up on the company's operations.

Accounts relating to acquisitions and investments as well as major transactions and accounting matters are discussed and regularly reconciled with Ratos's auditors. Group consolidation includes a number of reconciliation controls, both manual and automatic, such as in the Group-wide consolidated reporting system.

Ratos's group finance function is organised and staffed on the basis of the need to ensure that the Group maintains a high accounting standard and complies with IFRS and other standards within accounting. Working duties include preparing regular accounts mainly for the parent company and preparing closing accounts for both the parent company and the Group. Ratos's finance function is led by Ratos's CFO and the employees have professional experience in reporting and accounting.

Through the audit committee, the Board oversees the internal control and the accuracy of the financial reporting and evaluates recommendations for improvement. The audit committee submits proposals on matters that require a Board decision.

Read more about Ratos's corporate governance

Read more about Ratos's corporate governance on our website under Governance

- Corporate governance reports from previous years
- Articles of Association
- Information from general meetings in previous years
- Nomination committee
- The Board and its committees
- Management group
- Incentive systems
- Auditor

Board of Directors and CEO

From left

Jonas Wiström, President and CEO
Board member since 2016. Chairman of the Board April 2016–December 2017. President and CEO since December 2017. Independent in relation to major shareholders in the company. Dependent in relation to the company and executive management.
MSc Eng. KTH Royal Institute of Technology.
Born 1960, Swedish.
Former President and CEO of ÅF, President and CEO of Prevas. CEO of Silicon Graphics northern Europe and positions within Philips, Saab-Scania and Sun Microsystems.

Shareholding in Ratos (own): 380,000 Class B shares
Warrants in Ratos: 450,000
Convertibles in Ratos: 350,000

Per-Olof Söderberg, Chairman
Board member since 2000 and Chairman of the Board since December 2017. Independent in relation to the company and executive management. Dependent in relation to major shareholders in the company.
BA Econ, Stockholm School of Economics. MBA Insead.
Born 1955, Swedish.
Chairman of the Board and co-founder of Söderberg & Partners AB. Chairman of the Board and founder of the association Inkludera. Deputy Chairman of the Stockholm School of Economics.
Former CEO of Dahl.

Shareholding in Ratos (own and related parties):
17,538,382 Class A shares, 5,216,622 Class B shares

Karsten Slotte
Board member since 2015. Independent in relation to the company, executive management and major shareholders in the company.
B.Sc. Econ.
Born 1953, Finnish.
Former President and CEO of the Karl Fazer Group 2007–2013. CEO of Cloetta-Fazer 2002–2006.

Shareholding in Ratos (own): 8,600 Class B shares

Tone Lunde Bakker
Board member since 2022. Independent in relation to the company, executive management and major shareholders in the company.
Master's degree in business administration from Arizona State University, USA.
Born 1962, Norwegian.
CEO of Eksfin (Export Finance Norway).
Previously General Manager of Swedbank Norge 2017–2021 and Global Head of Cash Management at Danske Bank 2015–2017. Leading positions at Nordic banks.

Shareholding in Ratos (own): 2,000 Class B shares

Secretary to the Board
Magnus Stephensen, General Counsel, Ratos.

Jan Söderberg, Deputy Chairman
Board member since 2000 and Deputy Chairman of the Board since December 2017. Independent in relation to the company and executive management. Dependent in relation to major shareholders in the company.
BA Econ, Stockholm School of Economics.
Born 1956, Swedish.
Chairman of the Board and founder of Söderbergföretagen. Member of the Lund School of Economics Management Advisory Board. Board member of the My Special Day Foundation.
Former positions include the President and CEO of Bröderna Edstrand and senior positions in Dahl Invest AB, Fosselius & Alpen and Esselte.

Shareholding in Ratos (own and related parties):
14,557,996 Class A shares, 4,706,750 Class B shares

Ulla Litzén
Board member since 2016. Independent in relation to the company, executive management and major shareholders in the company.
BA Econ, Stockholm School of Economics.
MBA Massachusetts Institute of Technology.
Honorary Doctorate, Stockholm School of Economics.
Born 1956, Swedish.
Board member of Electrolux, Epiroc, Stockholm School of Economics and the School of Economics Association.
Former CEO of W Capital Management AB (wholly owned by the Wallenberg Foundations). Managing Director and member of the management group, Investor AB.

Shareholding in Ratos (own): 105,000 Class B shares

Auditor
At the 2023 Annual General Meeting, the auditing firm Ernst & Young AB, with authorised public accountant Erik Sandström as Chief Auditor, was elected for the period until the 2024 Annual General Meeting has been held.

Board's and CEO's holdings at 21 February 2024, for present holdings please visit Ratos homepage www.ratos.com.

Management group

Jonas Wiström
President and CEO, and Board member
President and CEO since December 2017 and Board member since 2016. Chairman of the Board April 2016–December 2017.
MSc Eng. KTH Royal Institute of Technology.
Born 1960, Swedish.
Former President and CEO of ÅF, President and CEO of Prevas. CEO of Silicon Graphics northern Europe and positions within Philips, Saab-Scania and Sun Microsystems.
Independent in relation to major shareholders in the company. Dependent in relation to the company and executive management.

Shareholding in Ratos (own): 380,000 Class B shares
Warrants in Ratos: 450,000
Convertibles in Ratos: 350,000

Christian Johansson Gebauer
President Business Area Construction & Services
MSc Eng. Linköping university
Born 1980, Swedish.
Employed by Ratos since 2014.
Skanska 2011–2014
McKinsey & Co 2008–2011
Toyota 2005–2008

Shareholding in Ratos (own): 20,000 Class B shares
Warrants in Ratos: 375,000
Convertibles in Ratos: 512,400

Anders Slettengren
Executive Vice President
President Business Area Consumer, President Business Area Industry, Head of Talent Management.
MSc Econ., Stockholm School of Economics.
Born 1968, Swedish.
Employed by Ratos since 2018.
CEO of Industrifonden 2014–2018
Novax 2001–2014 and CEO 2006–2014
Microsoft 1995–2001
Unilever 1993–1995

Shareholding in Ratos (own): 10,000 Class B shares
Warrants in Ratos: 300,200
Convertibles in Ratos: 165,800

Magnus Stephensen
General Counsel
Legal & Compliance.
LL.B. Uppsala university
Born 1980, Swedish and Icelandic.
Employed at Ratos since 2017
Modern Times Group MTG AB (publ) 2012–2017
Linklaters Advokatbyrå AB 2005–2012

Warrants in Ratos: 375,000
Convertibles in Ratos: 451,500

Josefine Uppling
Vice President Communication & Sustainability
Political scientist, Uppsala University.
Born 1982, Swedish.
Employed by Ratos since 2021.
Head of Group Public Affairs, Swedbank and Swedbank Robur 2018–2021
Head of Group Press Office, Swedbank and Swedbank Robur 2017–2018
Head of Analysis and Communication, The Swedish Association of Real Estate Agents 2015–2017

Warrants in Ratos: 87,500
Convertibles in Ratos: 87,500

Jonas Ågrup
CFO and IR
MSc Econ., Stockholm School of Economics.
Born 1960, Swedish.
Employed by Ratos since 2020.
Group CFO Munters 2011–2019
Group CFO ÅF 2007–2011
Various positions at WM-Data, Cardo and Atlas Copco

Shareholding in Ratos (own): 55,000 B shares
Warrants in Ratos: 275,000
Convertibles in Ratos: 275,000

Management group's holdings at 21 february 2024, for present holdings please visit Ratos homepage www.ratos.com.

Consolidated income statement

SEKm	Note 2, 4	2023	2022
Net sales	3	33,748	29,875
Other operating income	3	223	155
Cost of goods and services sold		–19,105	–18,188
Work performed by the company for its own use and capitalised		3	3
Employee benefit costs	7, 22	–8,657	–6,494
Depreciation/amortisation and impairment of property, plant and equipment, intangible assets and right-of-use assets	11, 12, 13	–2,298	–1,340
Other external costs	8, 26	–2,997	–2,529
Capital gain from Group companies	5	3	–0
Reversed impairment of investments recognised according to the equity method	14	1,656	
Share of profits from investments recognised according to the equity method	6, 14	433	255
Revaluation of and capital gains on listed shares			–118
Operating profit		**3,010**	**1,618**
Financial income	9	79	36
Financial expenses	9	–745	–468
Exchange gains/losses	9	–70	–9
Net financial items		**–737**	**–440**
Profit before tax		**2,273**	**1,178**
Income tax	10	–267	–299
Profit for the year		**2,006**	**879**
Owners of the parent		1,218	548
Non-controlling interests		788	331
Earnings per share from profit for the year, SEK	21		
– basic earnings per share		3.73	1.69
– diluted earnings per share		3.72	1.68

Consolidated statement of comprehensive income

SEKm	Note	2023	2022
Profit for the year		**2,006**	**879**
Other comprehensive income			
Items that will not be reclassified to profit or loss	22		
Remeasurement of defined benefit pension obligations, net		–25	46
Tax attributable to items that will not be reclassified to profit or loss	10	1	–4
		–24	**42**
Items that may be reclassified subsequently to profit or loss	19		
Translation differences for the year		–432	392
Change in hedging reserve for the year		–53	–9
Tax attributable to items that may be reclassified subsequently to profit or loss	10	–2	1
		–487	**384**
Other comprehensive income for the year, net after tax		**–510**	**426**
Total comprehensive income for the year		**1,496**	**1,305**
Total comprehensive income for the year attributable to:			
Owners of the parent		828	913
Non-controlling interests		667	392

Consolidated statement of financial position

SEKm	Note 4	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Goodwill	11	14,047	14,811
Other intangible assets	11	1,931	2,096
Property, plant and equipment	12	1,617	1,725
Right-of-use assets	13	4,816	5,100
Investments recognised according to the equity method	14	3,246	1,573
Shares and participations	16	0	8
Other receivables	16	61	94
Deferred tax assets	10	477	357
Total non-current assets		**26,195**	**25,764**
Current assets			
Inventories	17	1,868	2,477
Tax assets		72	81
Trade receivables	16, 25	3,277	3,699
Prepaid expenses and accrued income		464	652
Contract assets	32	725	1,250
Other receivables	16	1,164	712
Derivative instruments	16	5	7
Cash and cash equivalents	16, 30	2,360	2,532
Total current assets		**9,935**	**11,411**
Total assets		**36,129**	**37,175**

SEKm	Note 4	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
Share capital	18	1,029	1,027
Other capital provided		421	408
Reserves	19	–258	115
Retained earnings including profit for the year		11,123	10,740
Equity attributable to owners of the parent		**12,314**	**12,289**
Non-controlling interests	20	2,137	1,499
Total equity		**14,451**	**13,788**
Liabilities			
Non-current interest-bearing liabilities	16, 25, 26	9,141	11,318
Other non-current liabilities	16, 32	1,875	1,668
Provisions for pensions	22	65	60
Other provisions	23	45	44
Deferred tax liabilities	10	801	742
Total non-current liabilities		**11,927**	**13,832**
Current interest-bearing liabilities	16, 25, 26	1,288	1,717
Trade payables	16	2,803	2,916
Tax liabilities		188	182
Contract liabilities	32	2,407	1,750
Derivative instruments	16	18	6
Other liabilities		1,101	1,168
Accrued expenses	24	1,437	1,377
Provisions	23	509	439
Total current liabilities		**9,751**	**9,555**
Total liabilities		**21,678**	**23,387**
Total equity and liabilities		**36,129**	**37,175**

For information about the Group's pledged assets and contingent liabilities, see Note 27.

Consolidated statement of changes in equity

	Equity attributable to owners of the parent						
SEKm Note 18, 19, 20	Share capital	Other capital provided	Reserves	Retained earnings incl. profit for the year	Total	Non-controlling interests	Total equity provided
Opening equity, 1 January 2022	**1,023**	**431**	**–218**	**10,703**	**11,940**	**1,387**	**13,326**
Profit for the year				548	548	331	879
Other comprehensive income for the year			333	32	365	61	426
Comprehensive income for the year			**333**	**580**	**913**	**392**	**1,305**
Dividend				–390	–390	–262	–651
Non-controlling interests' share of capital contribution, new share issue and impaired equity						–0	–0
Transfer of treasury shares		–52		55	2		2
Conversion of convertible debentures to shares	4	29			33		33
Value of conversion option for convertible debentures, net				7	7		7
Option premiums, net				9	9		9
Put options, future acquisitions from non-controlling interests				–227	–227	–567	–794
Acquisition of shares in subsidiaries from non-controlling interests				4	4	–10	–6
Disposal of shares in subsidiaries to non-controlling interests				–1	–1	36	35
Non-controlling interests at acquisition						522	522
Closing equity, 31 December 2022	**1,027**	**408**	**115**	**10,740**	**12,289**	**1,499**	**13,788**
Opening equity, 1 January 2023	**1,027**	**408**	**115**	**10,740**	**12,289**	**1,499**	**13,788**
Profit/loss for the year				1,218	1,218	788	2,006
Other comprehensive income for the year			–373	–17	–389	–121	–510
Comprehensive income for the year			**–373**	**1,201**	**828**	**667**	**1,496**
Dividend				–274	–274	–177	–451
Non-controlling interests' share of capital contribution, new share issue and impaired equity						1	1
Conversion of convertible debentures to shares	2	13			15		15
Value of conversion option for convertible debentures, net				3	3		3
Option premiums, net				6	6		6
Put options, future acquisitions from non-controlling interests [1]				–549	–549	200	–349
Acquisition of shares in subsidiaries from non-controlling interests				–6	–6	–64	–70
Disposal of shares in subsidiaries to non-controlling interests				2	2	11	13
Closing equity, 31 December 2023	**1,029**	**421**	**–258**	**11,123**	**12,314**	**2,137**	**14,451**

1) For 2023, an amount of SEK –86m is included regarding the adjusted acquisition analysis in Expin Group

Consolidated statement of cash flows

SEKm	Note 30	2023	2022
Operating activities			
Operating profit		3,010	1,618
Adjustment for non-cash items		565	1,227
		3,575	2,845
Dividends received from associates		122	
Interest and financial items, net		–552	–476
Income tax paid		–316	–301
Cash flow from operating activities before change in working capital		**2,829**	**2,068**
Cash flow from change in working capital			
Increase (–)/Decrease (+) in inventories		571	–487
Increase (–)/Decrease (+) in operating receivables		25	–1,062
Increase (+)/Decrease (–) in operating liabilities		850	913
Cash flow from operating activities		**4,275**	**1,431**
Investing activities			
Acquisitions, Group companies		–333	–4,542
Disposals, Group companies		–2	5
Investments and disposals, intangible assets/property, plant and equipment		–231	–405
Investments and disposals, financial assets		24	685
Cash flow from investing activities		**–542**	**–4,257**

SEKm	Note 30	2023	2022
Financing activities			
Non-controlling interests' share of issue/capital contribution		1	0
Transfer of treasury shares			2
Option premiums paid			17
Repurchase/final settlement of options		–80	–11
Acquisition and disposal of shares in subsidiaries from non-controlling interests		–24	–0
Dividends paid		–274	–390
Dividends paid, non-controlling interests		–194	–248
Borrowings		1,884	9,957
Amortisation of loans		–4,141	–5,519
Amortisation of financial lease liabilities		–970	–816
Cash flow from financing activities		**–3,798**	**2,991**
Cash flow for the year		**–65**	**165**
Cash and cash equivalents at the beginning of the year		2,532	2,230
Exchange differences in cash and cash equivalents		–108	138
Cash and cash equivalents at the end of the year		2,360	2,532

Parent company income statement

SEKm	Note	2023	2022
Other operating income	3	9	15
Other external costs	8	–33	–63
Personnel costs	7, 22	–118	–86
Depreciation of property, plant and equipment	12	–1	–1
Operating profit/loss		**–142**	**–135**
Profit from investments in Group companies	5	192	212
Other interest income and similar profit items	9	484	253
Interest expenses and similar profit/loss items	9	–455	–140
Exchange gains/losses	9	–21	–19
Profit/loss after financial items		**59**	**172**
Group contributions, received		158	92
Profit before tax		**217**	**264**
Tax	10	75	56
Profit for the year		**292**	**320**

Parent company statement of comprehensive income

SEKm	2023	2022
Profit for the year	**292**	**320**
Other comprehensive income for the year	**0**	**0**
Comprehensive income for the year	**292**	**320**

Parent company balance sheet

SEKm	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Property, plant and equipment	12	4	3
Financial assets			
Participations in Group companies	29	10,736	10,150
Receivables from Group companies	15, 16	3,919	6,180
Deferred tax assets		205	130
Total non-current assets		**14,864**	**16,464**
Current assets			
Current receivables			
Receivables from Group companies	15.16	2,975	1,741
Other receivables		11	13
Derivative instruments	16	3	5
Prepaid expenses and accrued income		24	30
Cash and bank balances	16, 30	876	410
Total current assets		**3,889**	**2,199**
Total assets		**18,752**	**18,663**

SEKm	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
Equity	18		
Restricted equity			
Share capital		1,029	1,027
Statutory reserve		289	289
Unrestricted equity			
Share premium reserve		184	172
Retained earnings		8,223	8,167
Profit for the year		292	320
Total equity		**10,016**	**9,975**
Non-current liabilities			
Interest-bearing liabilities			
Convertible debentures	16	110	79
Liabilities to Group companies	16	150	206
Other interest-bearing liabilities	16	4,423	6,237
Deferred tax liabilities		3	3
Total non-current liabilities		**4,687**	**6,524**
Current provisions			
Other provisions	23	16	86
Total current provisions		**16**	**86**
Current liabilities			
Interest-bearing liabilities			
Liabilities to Group companies	16	3,940	1,464
Derivative instruments	16	7	
Other interest-bearing liabilities	16	17	590
Non-interest bearing liabilities			
Liabilities to Group companies	16	0	
Trade payables	16	11	2
Other liabilities		2	3
Accrued expenses	24	55	20
Total current liabilities		**4,033**	**2,079**
Total equity and liabilities		**18,752**	**18,663**

For information about the parent company's pledged assets and contingent liabilities, see Note 27.

Parent company statement of changes in equity

		Restricted equity		Unrestricted equity			
SEKm	Note 18	Equity	Reserves	Share premium reserve	Retained earnings	Profit for the year	Total equity provided
Opening equity, 1 January 2022		**1,023**	**289**	**143**	**6,708**	**1,831**	**9,994**
Other disposition of earnings					1,831	–1,831	
Profit for the year						320	
Comprehensive income for the year						**320**	**320**
Dividend					–390		–390
Transfer of treasury shares					2		2
Conversion of convertible debentures to shares		4		29			33
Option premiums					9		9
Value of conversion option for convertible debentures					8		8
Deferred tax, conversion option for convertible debentures					–2		–2
Closing equity, 31 December 2022		**1,027**	**289**	**172**	**8,167**	**320**	**9,975**
Opening equity, 1 January 2023		**1,027**	**289**	**172**	**8,167**	**320**	**9,975**
Other disposition of earnings					320	–320	
Profit/loss for the year						292	
Comprehensive income for the year						**292**	**292**
Dividend					–274		–274
Conversion of convertible debentures to shares		2		13			15
Option premiums					6		6
Value of conversion option for convertible debentures					4		4
Deferred tax, conversion option for convertible debentures					–1		–1
Closing equity, 31 December 2023		**1,029**	**289**	**184**	**8,223**	**292**	**10,016**

Parent company cash flow statement

SEKm	Note 30	2023	2022
Operating activities			
Profit before tax		217	264
Adjustment for non-cash items		23	–133
		240	131
Income tax paid			
Cash flow from operating activities before change in working capital		**240**	**131**
Cash flow from change in working capital			
Increase (-)/Decrease (+) in operating receivables		8	–9
Increase (+)/Decrease (-) in operating liabilities		–115	677
Cash flow from operating activities		**133**	**798**
Investing activities			
Acquisition, shares in subsidiaries		–12	–3,584
Disposals, shares in subsidiaries			5
Acquisition, property, plant and equipment		–1	–2
Cash flow from investing activities		**–12**	**–3,581**
Financing activities			
Repurchase/redemption of options		–78	
Option premiums paid			14
Convertible debentures		38	52
Change in external loans		–2,267	4,744
Change in intra-Group borrowings		2,925	–1,521
Transfer of treasury shares			2
Dividends paid		–274	–390
Cash flow from financing activities		**345**	**2,901**
Cash flow for the year		**466**	**119**
Cash and cash equivalents at the beginning of the year		410	294
Exchange differences in cash and cash equivalents		0	–3
Cash and cash equivalents at the end of the year		876	410

Index to the notes

Notes to the financial statements

Note 1 Accounting principles

Compliance with standards and laws

Ratos's consolidated financial statements are prepared in accordance with the Swedish Annual Accounts Act (1995:1554), RFR 1 Complementary Accounting rules for groups, International Financial Reporting Standards (IFRS) and interpretations of the standards (IFRIC) as endorsed by the EU. The parent company applies the same accounting principles as the Group except in cases specified in the section Parent company's accounting principles on pages 93.

Changed accounting principles due to new or amended IFRS

Amendments were made to IAS 1 and IAS 12 in 2023 that have necessitated changes in the accounting or measurement principles. As a result of the amendment to IAS 1, as of 2023, Ratos will only present the principles that are deemed material for the company's consolidated financial statements unless the principles include specific policy choices that enable different recognition of the same transaction.

Other amendments are not assessed to impact the Group's principles to any material extent.

Change in applied accounting principles during the year

As of 1 January 2023, Ratos has changed the presentation of its cash flow statement to harmonise its reporting against comparable companies. The difference entails that, as of 1 January 2023, interest rates and other incoming and outgoing financial payments are classified as operating activities rather than investing and financing activities, as was previously the case. The comparison year is also restated according to the same definition.

New IFRS that have not yet come into force

Future standards, amendments and improvements to existing standards and interpretations that have not come into force for the 2023 financial year have not been applied in advance in the preparation of this financial report. Ratos has deemed that none of these amendments, which have not yet come into force, are expected to entail any material impact on the Group's financial statements.

Conditions for preparation of the financial statements of the parent company and the Group

The parent company's functional currency is Swedish kronor (SEK), which also comprises the presentation currency for the parent company and the Group. This means that the financial statements are presented in Swedish kronor.

Amounts are presented in SEK million (SEKm) unless otherwise stated. Rounding may apply in tables and calculations, which means that the stipulated total amounts are not always an exact amount of the rounded amounts.

The Group's accounting principles, which are presented on the following pages, are applied consistently to all periods presented in the Group's financial statements. These principles are also applied consistently to reporting and consolidation of parent companies, subsidiaries and associates.

Estimations and assessments

Preparation of the financial statements in accordance with IFRS requires assessments and estimations to be made as well as assumptions that affect the application of the accounting principles and the carrying amounts of assets, liabilities, income and expenses. The final outcome can deviate from the results of these estimations and assessments.

The estimations and assumptions are reviewed on a regular basis. Changes in estimations are recognised in the period in which the changes are made.

When applying IFRS, assessments which have a material effect on the financial statements, such as estimations made that may result in substantial adjustments to the following year's financial statements are described in greater detail in Note 31.

Consolidation principles and business combinations

Subsidiaries

Subsidiaries are companies over which Ratos exercises control. Control exists when the Group is exposed to or is entitled to a variable return from its holding in the company and is able to affect the return through its controlling influence in the company. Subsidiaries are included in the consolidated financial statements with effect from the date when control is transferred to the Group.

Acquisition method

Subsidiaries are recognised according to the acquisition method. This method means that the acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. In the acquisition analysis, the fair value on the acquisition date is identified of acquired identifiable assets and assumed liabilities as well as any non-controlling interests. For business combinations, there are two alternative methods for recognising goodwill, either a proportionate share of or full goodwill. Full goodwill means that a non-controlling interest is recognised at fair value. The choice between these two methods is made individually for every acquisition.

Contingent considerations are recognised at fair value on the date of acquisition. If the contingent consideration is classified as a financial liability, this is remeasured at fair value on each reporting date. The change in value is recognised in profit or loss for the year. If the contingent consideration, on the other hand, is classified as an equity instrument no remeasurement is performed and adjustment is made within equity.

Call and put options issued to owners with non-controlling interests

Put options issued to owners with non-controlling interests refer to agreements that give the owner the right to sell interests in the company at fair value at a future period in time. Call options issued to owners with non-controlling interests refer to agreements that give Ratos the right to purchase interests in the company at fair value at a future period in time. The amount that may be paid if the option is exercised is initially recognised at the present value of the strike price applicable at the period in time when the option can first be exercised as financial liability with a corresponding amount directly in equity. Valuation (Level 3) of the option takes place on a continuous basis, and changes are recognised directly in equity. If the option is not exercised by maturity, the liability is derecognised and a corresponding adjustment of equity made. For more information regarding issued call and put options, refer to Note 16.

Acquisitions and divestments in subsidiaries where the controlling interest is unchanged

Acquisitions and divestments of interests in subsidiaries where Ratos has an uninfluential control of in the transaction are recognised as a transaction within equity, meaning between owners of the parent and non-controlling interests.

Associates – equity method

Associates are companies over which Ratos exercises a significant influence. A significant influence means the possibility of participating in decisions concerning the company's financial and operating strategies, but does not imply control or joint control. Normally, ownership

▷ Note 1, cont.

corresponding to not less than 20% and not more than 50% of the voting rights means that a significant influence exists.

Associates are recognised according to the equity method. The equity method means that the book value in the Group of the shares in associates corresponds to the Group's share of equity in associates, and any residual values on consolidated surplus and deficit values minus any intra-Group profits. In the consolidated income statement, the Group's share of associates' profits after tax is recognised as "Share of profits from investments recognised according to the equity method". Dividends received from associates reduce carrying amounts. Assets relating to participations in associated companies are tested annually for impairment. If the value is considered to have declined, the participation is impaired. Recognised impairment losses are reversed if participations in associates are deemed to permanently increase in value to the book value before impairment.

Foreign currency

Transactions

Transactions in foreign currency are translated into the functional currency at the exchange rate that prevails on the transaction date. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate prevailing at the end of the reporting period. Exchange rate differences that arise on translation of financial assets and liabilities are recognised in net financial items. Changes in value due to currency translation relating to operating assets and liabilities are recognised in operating profit.

Net investment in foreign operations

Monetary non-current receivables to a foreign operation for which settlement is not planned and will probably not take place in the foreseeable future, are in practice part of net investment in foreign operations. An exchange rate difference that arises on the monetary non-current receivable is recognised in other comprehensive income and accumulated in the translation reserve in equity.

Revenue recognition

Revenue recognition in accordance with IFRS 15 shall take place in the manner that best reflects the transfer of promised goods or services to the customer, based on a five-step model stipulated in the standard. To apply the model, a company must identify a contract that includes a performance obligation to transfer a good or service to the customer at a fixed transaction price (selling price). The transaction price consists of the amount of consideration to which a company expects to be entitled in exchange for transferring promised goods or services to a customer.

When the transaction price is determined, it must be allocated to the performance obligations in the contract. Revenue is recognised when the performance obligation is satisfied. Revenue is recognised either over time or at a point in time, depending on when control is transferred to the customer. A company satisfies a performance obligation over time if one of the following criteria is met:

1. the customer immediately receives the benefits when the obligation is satisfied
2. the company's performance creates or enhances an asset that the customer controls
3. the company's performance does not create an asset with an alternative use for the company and the company has the right to payment for performance completed to date.

For more information about revenue recognition, refer to Note 3.

Financial income and expenses

Net financial items include dividends, interest as well as costs for raising loans, calculated using the effective interest method, and exchange-rate fluctuations relating to financial assets and liabilities. Dividend income is recognised when the right to receive dividends is established. Capital gains or losses that arise in conjunction with divestments of financial assets and impairment of financial assets are also recognised in net financial items, as are unrealised and realised changes in value relating to financial assets measured at fair value through profit or loss. Changes in the value of derivative instruments for which hedge accounting is not applied are recognised in net financial items.

In addition, payments relating to finance leases are divided between interest expense and amortisation. Interest expense is recognised as a financial expense.

Intangible assets

Goodwill

Goodwill is measured at cost minus any cumulative impairment losses. Goodwill is not amortised but is tested annually for impairment or when there is an indication that the asset has declined in value. Goodwill that arose at acquisition of associates or joint ventures is included in the carrying amount for investments.

Other intangible assets

Other intangible assets acquired by the Group are recognised at cost with deduction for impairment and, if the asset has a determinable useful life, cumulative amortisation.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of intangible assets, provided such useful lives are indefinite.

Depreciable intangible assets are amortised from the date when they are available for use. The estimated useful lives are:

Number of years	Group
Trademarks[1]	Indefinite useful life
Customer relations	5–10
Business systems	3–10
Other intangible assets	3–10

[1] Brands that are currently identified by the Group as having indefinite useful lives and are therefore not amortised. Refer to Note 11.

Property, plant and equipment

Owned assets

Property, plant and equipment are recognised in the Group at cost after deduction for cumulative depreciation and any impairment losses. Cost includes the purchase price as well as costs directly attributable to the asset in order to put it in place and in a condition to be utilised in accordance with the purpose of its acquisition. Examples of directly attributable costs included in cost are costs for delivery and handling, installation, registration of title, consulting services and legal services.

The carrying amount of property, plant and equipment is derecognised from the statement of financial position upon disposal or sale or when no future economic benefits are expected from use. Gains or losses that arise from the sale or disposal of an asset comprise the difference between the selling price and the carrying amount of the asset with deduction for direct selling costs are recognised as other operating income/expense.

Depreciation principles

Depreciation is carried out on a straight-line basis over the estimated useful life per component. Land is not depreciated.

Number of years	Group
Buildings	10–50
Machinery and equipment	2–20

▷ Note 1, cont.

Leases

As of 1 January 2019, the majority of leases are recognised as right-of-use assets with associated liabilities, beginning when the asset is available for use by the lessee. All leases are considered finance leases. Upon the initial recognition of a lease, the value of the right-of-use asset and the lease liability are normally equal. Each lease payment is apportioned to interest and amortisation of the lease liability. The interest is recognised as a financial expense in income statement, apportioned over the lease term so that each period is charged with an amount reflecting a fixed interest rate on the underlying lease liability.

The right-of-use asset is measured at cost, which reflects the value of the lease liability, plus any initial direct expenditure, plus obligations for disassembly, removal or recovery at the end of the lease. As a general rule, the right-of-use asset is depreciated on a straight-line basis over the term of the lease or, given an option to extend, the period during the lessee expects to use the asset. Leases that are of a low value as well as leases with a term of 12 months or less, referred to as short-term leases, are not included in the lease liability but rather are expensed on a straight-line basis during the lease term. Low-value leases refer to leases with a value under SEK 50,000 or USD 5,000 or the individual company's materiality level.

Lease liabilities are initially measured at the present value of future lease payments. Lease payments are discounted by the lease's implicit interest rate, if the implicit interest rate can be easily determined, but the typical method is for the Group to use the incremental borrowing rate. Future lease payments calculated at present value consist primarily of fixed payments, variable lease payments based on an index and obligations to pay the residual value at the end of the lease. Lease liabilities that fall due within 12 months are classified as current liabilities and liabilities that fall due after 12 months as non-current liabilities.

Upon determining the term for a lease, extension options are taken into account if it is likely that they will be exercised. Instead of the term of the lease, the lessee uses the likely amount of time by which it will be extended. The ability to extend/terminate a lease is only included in the term of the lease if it is reasonable to expect that the lease will be extended or not concluded. Certain options can be exercised at a later occasion.

The incremental borrowing rate is used as the discount rate for the calculation of present value. This is the rate that the lessee would pay on a loan to purchase an asset equivalent to the one in the lease liability. Among other things, the lease's term, country, currency, collateral and credit risk for the lender are taken into account.

Financial instruments

Financial instruments recognised in the statement of financial position on the assets side include cash and cash equivalents, trade receivables, shares and participations, other receivables and derivative instruments. On the liabilities side, there are trade payables, interesting-bearing liabilities, other liabilities and derivative instruments.

Amortised cost

Assets held for the purpose of collecting contractual cash flows and where these cash flows solely consist of the principal amount and interest, are recognised at amortised cost. Interest income from such financial assets is recognised as financial income by applying the effective interest method. Gains and losses that arise during derecognition from the statement of financial position are recognised directly in profit or loss in net financial items together with exchange rate earnings.

Liabilities measured at amortised cost are all other liabilities except those measured at fair value through profit or loss. Interest expenses from financial liabilities that are measured at amortised cost are recognised as financial expenses by applying the effective interest method. Gains and losses that arise during derecognition from the statement of financial position are recognised directly in profit or loss in net financial items together with exchange rate earnings.

The category of amortised cost includes trade receivables, other receivables, cash and cash equivalents, trade payables, liabilities to credit institutions, financial lease liabilities and other interest-bearing liabilities. Trade receivables are recognised at the amount at which they are expected to accrue, with deduction for loss provisions. Trade payables that have a short anticipated maturity are measured at nominal amounts without discount.

Fair value through profit or loss

Assets and liabilities that do not meet the requirements to be measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The Group measures all equity instruments at fair value.Changes in the fair value of financial assets/liabilities measured at fair value through profit or loss are recognised in profit or loss. A gain or loss for a debt instrument that is measured at fair value through profit or loss and that is not part of a hedging relationship is recognised net in profit or loss in the period in which the gain or loss arises.

Debt instruments included in the category are contingent considerations, synthetic options, put options and derivatives, with the exception of derivatives that are identified and effective hedging instruments in conjunction with hedge accounting. The purpose of a derivative instrument, which is not classified as a hedging instrument, determines if the change in value is recognised in net financial items or in operating profit or loss. Any change in the value of issued synthetic options where market premiums have been paid is recognised in net financial items.

Equity instruments included in the category are holdings of shares and participations that are not recognised as subsidiaries or associates.

Derivative instruments and hedge accounting

The Group's derivative instruments are acquired to hedge the risks of interest rate and currency exposure to which the Group is exposed. In order to hedge this risk, various types of derivative instruments are used such as forward contracts, swaps and hedges of net investments in foreign operations.

All derivative instruments are recognised at fair value in the statement of financial position. Transaction costs are initially charged to earnings. The changes in value that arise on remeasurement can be recognised in different ways depending on whether or not hedge accounting is applied.

In accordance with IFRS 9, the Group documents the relationship between the hedging instrument and the hedged item when the transaction is entered into as well as the Group's target for risk management and the risk management strategy pertaining to the hedge. Both when entering into the hedging transaction and on an ongoing basis, the Group also documents its assessment as to whether or not the derivatives used for the hedging transaction are, and remain, efficient in terms of offsetting changes in the fair value of the hedged items or in terms of the cash flows pertaining to them. The outcome related to hedges are recognised in profit or loss for the year at the same time as gains or losses are recognised for the hedged items.

If hedge accounting is discontinued before the maturity of the derivative instrument, the derivative instrument returns to classification as a financial asset or liability measured at fair value through profit or loss, and the future changes in value of the derivative instrument are therefore recognised directly in profit or loss for the year.

▷ Note 1, cont.

Cash flow hedges
The forward contracts used to hedge future cash flows and forecast purchases and sales in foreign currency are recognised in the Statement of financial position at fair value. Where hedge accounting is applied, changes in value for the period are recognised in other comprehensive income and accumulated changes in value in the hedging reserve within equity until the hedged flow is recognised in profit or loss for the year, whereby the hedging instrument's accumulated changes in value are reclassified to profit or loss for the year where they meet and match profit or loss effects from the hedged transaction.

If hedge accounting is not applied, changes in value for the period are recognised directly in profit or loss for the year.

Hedging of net investments
Hedging of net investments in foreign operations is recognised in a similar manner to cash flow hedges.

The portion of the gain or loss on a hedging instrument considered as effective hedging is recognised in other comprehensive income and accumulated in equity. Gains or losses attributable to the ineffective portion are recognised directly in profit or loss as other income or other costs.

Accumulated gains and losses in equity are reclassified in profit or loss when the foreign operations are partially or entirely divested.

Impairment
On each closing date, an assessment is made of whether there is any indication that an asset has an impaired value. If such indication exists, the recoverable amount of the asset is calculated.

Impairment testing is carried out in another manner for certain assets. This applies to inventories, assets held for sale, assets under management used for financing of employee benefits and deferred tax assets, see respective headings below. IAS 36 is applied to impairment of assets other than financial assets which are recognised according to IFRS 9.

Impairment of goodwill, intangible assets, property, plant and equipment, and right-of-use assets
The value of goodwill, intangible assets, property, plant and equipment, and right-of-use assets is calculated at the end of each reporting period to determine if there is any indication of an impairment requirement. If such an indication exists, the recoverable amount of the asset is calculated. Additionally, the recoverable amount for goodwill, other intangible assets with an indefinite useful life and intangible assets that are not yet ready for use is calculated annually, regardless of whether there is any indication of an impairment requirement.

In the Ratos Group, goodwill and intangible assets with an indefinite useful life are attributed to a company, i.e. a subsidiary or associate, where each company comprises a cash-generating unit. Testing of carrying amounts is performed per company, including the value of goodwill and intangible assets which are attributable to the company in question.

An impairment is charged to operating profit or loss and recognised when the carrying amount exceeds the recoverable amount. Impairment is allocated in the first instance to goodwill. The recoverable amount is the higher of fair value with deduction for selling costs and value in use. For a more detailed description, see Note 11.

Impairment of financial assets
The Group measures future expected credit losses related to investments in debt instruments recognised at amortised cost and fair value, respectively, with changes through other comprehensive income based on forward-looking information.

In accordance with the rules in IFRS 9, the Group applies a simplified approach for impairment testing of trade receivables. The approach entails that the reserve for expected credit losses is calculated based on the risk of loss over the entire lifetime of the receivable and is recognised when the receivable is initially measured. For more information, see Note 25.

Reversal of impairment
Impairment losses on assets other than goodwill are reversed if there has been a change in the assumptions that form the basis of calculation of the recoverable amount. An impairment is only reversed to the extent the asset's carrying amount after reversal does not exceed the carrying amount the asset would have had if no impairment had been recognised, taking into account the amortisation that would then have taken place.

Financial assets are written off when a reasonable expectation of payment no longer exists, for example when a debtor has failed to comply with a repayment plan or a receivable has fallen due for a certain number of days. When loans and receivables are written off, measures continue to be undertaken to recover the receivable. If a previously written off receivable is recovered, the amount is recognised in profit or loss.

Equity
The Group's equity is allocated to share capital, other capital provided, reserves, retained earnings including profit/loss for the year and non-controlling interests.

Acquisitions and divestments in subsidiaries where the controlling interest is unchanged
Acquisitions and divestments of interests in subsidiaries where Ratos has an uninfluential control of in the transaction are recognised as a transaction within equity, meaning between owners of the parent and non-controlling interests.

Purchases of treasury shares
Acquisitions of treasury shares are recognised as a reduction of equity.

Proceeds from the sale of treasury shares are recognised as an increase in equity. Any transaction costs are recognised directly in equity.

Dividends
Dividends are recognised as a liability after the Annual General Meeting has approved the dividend.

Employee benefits
Defined contribution pension plans
Plans where the company's obligation is limited to the contributions the company has undertaken to pay are classified as defined contribution pension plans. In such case, the size of the employee's pension depends on the contributions paid by the company to the plan or to an insurance company and the return on investment provided by the contributions. Consequently, it is the employee who bears the actuarial risk and the investment risk. The company's obligations for contributions to defined contribution plans are recognised as an expense in profit or loss for the year as they are earned.

Defined benefit plans
The Group's net obligation relating to defined benefit plans is calculated separately for each plan through an estimation of the future benefits that the employees have earned through their employment in both current and past periods. The remuneration is discounted to a present value and the fair value of any plan assets is deducted. The discount rate is the rate at the end of the reporting period for a first-class corporate

▷ Note 1, cont.

bond with a maturity that corresponds to the Group's pension commitments. When there is no active market for such corporate bonds the market rate on government bonds with a corresponding maturity is used instead. This calculation is performed by a qualified actuary using the projected unit credit method.

Incentive programmes, synthetic options

Ratos AB issued synthetic options between 2007 and 2017. Synthetic options may also be issued by subsidiaries.

Premiums received are recognised as a financial liability. This did not initially imply any cost for the company since measurement of the options' fair value corresponds to the premium received by the company.

The liability is remeasured on a current basis to fair value by applying an options valuation model taking current terms into account.

The changes in value during the term of the options are recognised as a financial item.

If a synthetic option is utilised by the holder the financial liability is settled. The realised profit or loss is recognised in profit or loss as a financial item. If the synthetic options expire and are worthless, the recognised liability is taken up as income.

In cases when a market premium is not paid, these are recognised and measured in accordance with IFRS 2. A basic premise for IFRS 2 is that the company bears the cost that it incurred by not receiving a market premium. The expense that initially corresponds to the market value of the liability is recognised as employee benefits. In certain cases the expense is accrued over an earning period. The liability is remeasured on a current basis at fair value and changes in value are recognised in profit or loss for the year.

Incentive programmes, convertible debentures

The parent company has issued convertible debentures to its personnel, who paid market value. Recognition of the convertible debentures is divided up into an interest-bearing debt and a conversion option. The conversion option is recognised in equity. The initial fair value of the debt portion of the convertible debentures was calculated by using the market rate on the issue date for an equivalent non-convertible bond. On initial recognition, the debt is measured at amortised cost until it is converted or falls due. The remainder of the cash and cash equivalent is apportioned to the conversion option, recognised net after tax in equity, and is not remeasured. The convertible debenture issued entails no personnel costs. In the event of any future conversion of the subordinated loan, new shares will be issued that increase equity at the same time as the debt portion is transferred to equity. If conversion does not take place, the debt will be repaid to the participants on the due date.

Incentive programmes, warrants

The parent company has issued warrants to personnel. The warrants are offered free of charge, which means that the participants retain a benefit equivalent to the market value. The market value in connection with allotment was calculated using the Black–Scholes model. The associated benefits and social security contributions are recognised in their entirety as personnel costs upon issuance since there are no vesting, performance or market conditions. The cost of the benefit is recognised with an equivalent increase of equity. In the event of any future utilisation of warrants, the parent company retains cash and cash equivalents corresponding to the exercise price, whereupon new shares will be issued and the exercise settlement recognised as an increase in equity.

Provisions

A provision differs from other liabilities since there is uncertainty about the payment date or the size of the amount to settle the provision.

A provision is recognised in the statement of financial position when the Group has an existing legal or constructive obligation as a consequence of an event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimation of the amount can be made.

Provisions are made in the amount that is the best estimate of what is required to settle the existing obligation on the closing date. If the effect of timing of the payment is significant, provisions are calculated by discounting the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the value in time of the money and, where applicable, the risks associated with the provision.

A provision for an onerous contract is recognised when the expected economic benefits to the Group from a contract are lower than the unavoidable costs of meeting obligations under the contract.

A provision for guarantees is recognised when the underlying products or services are sold. The provision is based on historical data on guarantees and a weighing up of possible outcome in relation to the probabilities inherent in the outcome.

Restructuring

A provision for restructuring is recognised when there is an adopted, detailed and formal restructuring plan and the restructuring has either started or been publicly announced. No provision is made for future operating expenses.

Tax

Income taxes comprise current tax and deferred tax. Income taxes are recognised in profit or loss except when the underlying transaction is recognised directly in other comprehensive income or equity, when the inherent tax effect is recognised in other comprehensive income or in equity.

Current tax is tax that is to be paid or received relating to the current year, applying the tax rates decided or in practice at the closing date. Current tax also includes adjustments of current tax attributable to past periods.

Deferred tax is calculated on the basis of the difference between reported and tax assessment value of assets and liabilities. A valuation is performed based on the tax rates and tax regulations decided or announced as per the end of the reporting period. Deferred tax assets relating to deductible temporary differences and loss carry-forwards are only recognised to the extent it is probable that these will be utilised. The value of deferred tax assets is reduced when it is no longer assessed as probable that they can be used.

Deferred tax assets and liabilities are offset if a legal right to offset current tax assets and liabilities exists, and when the deferred tax assets and liabilities pertain to taxes charged by the same tax authority and there is an intention to settle these through a net payment.

When necessary, a provision is recognised in the form of tax liabilities pertaining to an uncertain tax position. An uncertain tax position is deemed to exist when there is uncertainty about whether a particular treatment will be approved by the tax authority. For example, the application of tax legislation for a certain transaction or under certain conditions may be unclear.

Parent company's accounting principles

The parent company prepares its annual accounts in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. The Swedish Financial Reporting Board's recommendations for listed companies are also applied. RFR 2 means that the parent company in the annual accounts for a legal entity must apply all EU endorsed IFRS and statements as far as this is possible within the framework of the Annual Accounts Act, the Income Security Act and taking into account the correlation between accounting and taxation.

The recommendation states what exemptions and additions should be made to IFRS.

The differences between the Group's and the parent company's accounting principles are stated below.

The accounting principles set out below for the parent company are applied consistently to all periods presented in the parent company's financial reports.

Classification and presentation

The parent company's income statement and balance sheet are presented in accordance with the Swedish Annual Accounts Act's schedule, while the statement of comprehensive income, statement of changes in equity and statement of cash flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows, respectively. The differences between the consolidated financial statements which apply in the parent company's income statement and balance sheet mainly comprise recognition of financial income and expenses, non-current assets, equity and the occurrence of provisions as a separate heading in the balance sheet.

Associates and subsidiaries

Investments in associates and subsidiaries are recognised in the parent company according to the cost method.

This means that transaction costs are included in the carrying amount for holdings in subsidiaries and associates. In the Group, on the other hand, transaction costs are recognised for subsidiaries directly in profit or loss.

Contingent considerations are measured on the basis of the probability that the consideration will be paid. Any changes in provision/receivable increase/reduce cost. In the consolidated financial statements contingent considerations are measured at fair value with changes in value through profit or loss.

Group contributions and shareholder contributions

In cases where the parent company provides a shareholder contribution these are capitalised as shares and participations, to the extent no impairment is recognised.

Group contributions are recognised based on their economic substance. Group contributions received are recognised as financial income and Group contributions paid are recognised as a financial expense.

Tax

Until 2020, the parent company was taxed according to the rules for investment companies. From 2021, the parent company's operations changed, which means that its tax status as an investment company is deemed to have ceased and the parent company is taxed according to conventional income tax rules.

Leases

The parent company applies the exemption rule in RFR 2 and recognises lease payments as a cost on a straight-line basis over the lease term.

Note 2 Operating segments

Ratos is a Swedish group focused on technological and infrastructure solutions. At the end of 2023, Ratos owned 16 subsidiaries and one associate. The companies are active in different sectors, and operate strategically, operationally and financially independently. Ratos has three business areas: Construction & Services, Industry and Consumer. The most relevant basis for revenue classification is based on the three business areas. This classification provides information about the Ratos Group's most material and relevant analysis requirement and give the reader an opportunity to gain an understanding of the various industries in which Ratos is involved in order to assess the Group's sensitivity to market trends and other economic factors that could impact revenue.

Ratos's management, which is the Ratos Group's "chief operating decision-maker," regularly monitors operations in each business area and decides on resource allocation and assesses financial outcomes based on Ratos's financial targets.

2023 SEKm	**Construction & Services**	**Consumer**	**Industry**	**Group costs and eliminations**	**Total**
Net sales	17,298	5,888[1]	10,563	–0	33,748
EBITDA	**3,221**	**723**	**1,505**	–141	**5,308**
Depreciation/amortisation and impairment of assets	–273	–588	–543	–4	–1,408
EBITA	**2,947**	**136[2]**	**963**	–146	**3,901**
Items affecting comparability	1,656				1,656
Adjusted EBITA	**1,291**	**136**	**963**	–146	**2,244**
Amortisation and impairment of assets resulting from acquisitions	–561	–254	–74		–890
Operating profit	**2,386**	**–119**	**889**	–146	**3,010**
Net financial items	–130	–366	–250	9	–737
Group contributions		1	–160	159	
Profit/loss before tax	**2,256**	**–483**	**478**	22	**2,273**
Cash flow from operating activities	2,228	746	1,374	–74	4,275
Interest-bearing net receivables(+)/net debt(–)	–1,078	5,607	2,548	1,042	8,118

1) Of which Plantasjen SEK 4,281m
2) Of which Plantasjen SEK 40m

2022 SEKm	**Construction & Services**	**Consumer**	**Industry**	**Group costs and eliminations**	**Total**
Net sales	15,730	6,392[1]	7,755	–1	29,875
EBITDA	**1,370**	**877**	**985**	–274	**2,958**
Depreciation and impairment of assets	–240	–552	–444	–4	–1,240
EBITA	**1,130**	**326[2]**	**540**	–278	**1,718**
Revaluation and capital gains on listed shares				–118	–118
Items affecting comparability			–130		–130
Adjusted EBITA	**1,130**	**326**	**671**	–160	**1,966**
Amortisation and impairment of assets resulting from acquisitions	–69	–4	–27		–100
Operating profit	**1,061**	**321**	**514**	–278	**1,618**
Net financial items	–114	–281	–138	94	–440
Group contributions			–95	95	
Profit before tax	**947**	**41**	**280**	–89	**1,178**
Cash flow from operating activities	1,490	–45	430	–444	1,431
Interest-bearing net receivables(+)/net debt(–)	1,004	6,027	2,269	356	10,468

1) Of which Plantasjen SEK 4,407m
2) Of which Plantasjen SEK 325m

▷ Note 2, cont.

2023 SEKm	Net sales[1] Construction & Services	Consumer	Industry	Eliminations	Total	Non-current assets[2] Construction & Services	Consumer	Industry	Parent company	Total
Norway	12,252	2,475	306		15,034	3,926	4,054	8		7,988
Sweden	3,324	3,132	3,826	–0	10,282	1,015	2,291	7,138	4	10,447
Other Nordic countries	1,721	278	259		2,259	1,100	72	1,559		2,732
Rest of Europe		3	4,106		4,109		13	833		846
Rest of the world			2,064		2,064			397		397
	17,298	**5,888**	**10,563**	**–0**	**33,748**	**6,041**	**6,429**	**9,936**	**4**	**22,410**

2022 SEKm	Net sales[1] Construction & Services	Consumer	Industry	Eliminations	Total	Non-current assets[2] Construction & Services	Consumer	Industry	Parent company	Total
Norway	10,411	2,608	249	–1	13,267	4,151	4,414	10		8,575
Sweden	3,831	3,524	2,240	0	9,594	1,282	2,271	7,174	34	10,761
Other Nordic countries	1,487	260	256		2,003	1,083	314	1,572		2,970
Rest of Europe			3,293		3,293		12	753		765
Rest of the world			1,717		1,717			662		662
	15,730	**6,392**	**7,755**	**–1**	**29,875**	**6,517**	**7,011**	**10,171**	**34**	**23,733**

1) Net sales are based on where the customer is based geographically.
2) Non-current assets refer to property, plant and equipment, intangible assets and right-of-use assets

No individual countries other than Norway and Sweden are assessed as material for the Group and are therefore not recognised separately in the table above. The assessment of whether or not a country is material is based on whether net sales or non-current assets for the country exceed 10% of the Group's total net sales or total non-current assets. No individual customer accounts for more than 10% of total net sales.

Note 3 Revenue recognition

Net sales

Group

SEKm	2023	2022
Breakdown of net sales		
Sale of goods	10,732	10,901
Service contracts	7,927	5,287
Construction contracts	14,535	13,351
Reimbursable expenditure	553	336
	33,748	**29,875**

SEKm	2023	2022
Time of revenue recognition		
At a point in time	14,611	14,982
Over time	19,137	14,893
	33,748	**29,875**

Performance obligations and key assessments when applying IFRS 15 are described below. See Note 32 for more information on contract assets and contract liabilities.

Sale of goods

The performance obligation entails the sale of various types of goods to customers, including composite materials, store fixtures, plants, and gardening equipment. The obligation is fulfilled either upon delivery of the goods to the customer or immediately upon payment if a sale takes place in store. Payment terms vary between 15 and 120 days. An obligation for returns exists pertaining to the goods that are sold directly to the private individual, and the return period varies between seven and 30 days. There is a guarantee commitment for certain goods, and in these cases there are reserves for returns based on historical sales. The agreement contains separate selling prices. In cases of variable remuneration (price reductions, volume discounts and so forth) or other discounts, a corresponding amount is apportioned to all performance obligations based on their relative separate selling prices. Net sales from sale of goods pertains to the Consumer and Industry business areas.

Service contracts

The performance obligation entails supporting customers with various kinds of services, including technology consultancy assignments, infrastructure maintenance, and third-party logistics solutions and staffing. The performance of services is contract-based. The obligation is fulfilled either upon delivery of the service to the customer, meaning when the service is executed, or proportionally over the term of the contract. If the obligation is fulfilled when the service is executed, revenue is recognised at a point in time. This pertains, for example, to revenue from third-party logistics solutions and infrastructure maintenance. For performance obligations fulfilled proportionally over the term of the contract, revenue is recognised when the performance obligation has been fulfilled. Payment terms vary between 30 and 90 days, but payments can also be made in advance. There is no obligation for returns, repayment or warranty. The agreements contain a separate selling price. In cases of variable remuneration (price reductions, volume discounts and so forth) or other discounts, a corresponding amount is apportioned to relevant obligations based on their relative separate selling prices. Net sales from service contracts pertain to the Construction & Services and Industry business areas.

Construction contracts

Contractual operations mainly involve performing contractual assignments (projects) with a duration from a few months to up to two or three years, and apply to all types of construction and engineering projects. The performance obligation is to construct buildings for customers. The transfer of the risk to the customer takes place on a continuous basis and revenue recognition is effected over time (percentage of completion method) since the buildings are constructed on the customer's land, no alternative use for the constructed buildings exists and the company has a right to payment. The percentage of completion method means revenue is recognised as work progresses, based on the degree of completion. The degree of completion is assessed on the basis of the completed production and is normally calculated as the relationship between costs incurred at the end of the accounting period and the expected total cost of each project. Earnings in a project are recognised from the first month revenue is recognised, corresponding to the costs incurred. As soon as a final result can be reliably estimated, earnings are continuously recognised in relation to the degree of completion in the project. Normally, the customer is invoiced each month with payment terms of 30 days. Each project has different payment plans. Invoicing takes place either as work progresses or in accordance with the agreed payment plan. Payment terms for the final invoice to the customer are normally 60 days. Accrued revenue that is not invoiced is recognised as a contract asset. Invoiced revenue that is not yet earned is recognised as a current contract liability. The company has no obligation for returns or repayment. The company has a guarantee obligation and makes a provision for compensation claims. The assessment of guarantee commitments is based on historical data from similar projects. The warranty period is normally between three and five years. The agreement contains a separate selling price. Net sales from construction contracts pertain to the Construction & Services business area.

Other operating income

Group

Other operating income

SEKm	2023	2022
Capital gain from divestment of property, plant and equipment	102	17
Rental income	44	42
Other operating income	77	96
	223	**155**

Parent company

Other operating income

SEKm	2023	2022
Internal sales	9	7
Other operating income	0	8
	9	**15**

Note 4 Acquired and divested companies

In 2023

Acquisitions within Ratos

Acquisition of Semcon

In 2022, Ratos acquired Semcon AB (publ) through a public takeover offer. In 2023, the preliminary acquisition analysis was updated after the final acquisition balance was determined. No material changes were identified.

During the year, Ratos concluded the process for a compulsory buy-out of the remaining shares in Semcon. As of 31 December 2023, the company is a wholly owned subsidiary.

Adjusted acquisition analysis Expin Group (formerly NVBS)

During the period, Ratos identified accounting errors within NVBS Projekt and NVBS Anläggning (two subsidiaries of Expin Group), which are mostly attributable to the time before Ratos's acquisition of the company in the second quarter of 2022. As a result of this, assets and liabilities identified at the time of acquisition have been corrected, which increased the original recognised goodwill by SEK 308m. Expin Group has also decided to leave the market for civil engineering projects and focus its operations on railway, electrification, signal and telecom projects. All in all, this resulted in impairment of goodwill of SEK 524m in the period. Overall, the amount of goodwill attributable to the acquisition decreased from SEK 666m to SEK 450m after the implemented adjustments.

Adjusted acquisition analysis Expin Group

SEKm	Preliminary	Final
Intangible assets	79	1
Property, plant and equipment	14	14
Right-of-use assets	25	25
Financial assets	1	1
Deferred tax assets	11	11
Trade receivables	65	65
Current assets	383	51
Cash and cash equivalents	4	4
Deferred tax liabilities	–24	–8
Non-current liabilities	–114	–114
Current liabilities	–391	–391
Net identifiable assets and liabilities	**53**	**–341**
Recognised call and put options issued to owners with non-controlling interests	–173	–87
Goodwill	666	974
Equity value	**546**	**546**
of which, cash paid	546	546

Acquisitions within business areas

Construction & Services

In 2022, NVBS acquired the companies Ratatek and TKBM Entreprenad AB. The preliminary acquisition analyses were updated in 2023 after the final acquisition balances were determined. This has not entailed any significant effects for the Group.

In 2022, SSEA Group acquired the company Kiruna Målbygg AB. In 2023, the preliminary acquisition analysis was updated after the final acquisition balance was determined. This has not entailed any significant effects for the Group.

In 2022, airteam acquired the company Grundströms Plåt i Kiruna AB. In 2023, the preliminary acquisition analysis was updated after the final acquisition balance was determined. This has not entailed any significant effects for the Group.

Consumer

In 2022, Plantasjen acquired Flyinge Plantshop AB. The preliminary acquisition analysis was updated in the first quarter of 2023 after the final acquisition balance was determined. This has not entailed any significant effects for the Group.

Industry

On 15 February, HL Display acquired the Swedish company Akriform Plast AB. The company is a producer of bulk bins and custom-made solutions for grocery retail and branded goods suppliers throughout the Nordics. The company's sales for the last 12 months amounted to SEK 85m at 31 March 2023.

In the first quarter of 2023, TFS conducted a minor acquisition of assets and liabilities in its subsidiary in Israel. The total purchase price amounted to EUR 0.2m.

On 3 April, HL Display acquired the company Oechsle Display Systems, a manufacturer of communication and shelf management solutions, and its sister company werba print & display, a provider of print and display solutions. Both companies have annual sales of EUR 13m.

On 2 June, Speed Group acquired the Swedish company Supplier Partner, a Gothenburg-based company in industrial logistics with annual sales of approximately SEK 60m.

In 2022, TFS acquired the company Appletree CI Group AG. In 2023, the preliminary acquisition analysis was updated after the final acquisition balance was determined. This has not entailed any significant effects for the Group.

▷ Note 4, cont.

The preliminary acquisition analyses for the add-on acquisitions carried out during the year and updated items pertaining to established acquisition analyses for previous acquisitions are presented below.

SEKm	Construction & Services	Consumer	Industry	Total
Intangible assets	58	3	19	80
Property, plant and equipment			34	34
Right-of-use assets			40	40
Financial assets			0	0
Deferred tax assets			0	0
Trade receivables			56	56
Current assets			84	84
Cash and cash equivalents			14	14
Non-controlling interests				
Deferred tax liabilities	–12		–6	–18
Non-current liabilities and provisions				
Current liabilities			–92	–92
Net identifiable assets and liabilities	**47**	**3**	**149**	**199**
Goodwill	–10		63	54
Equity value	**37**	**3**	**213**	**252**
of which, cash paid	1		195	195
of which, contingent consideration	36	3	18	57

Divestments within business areas
There was only one minor divestment of a subsidiary in Semcon. The capital gain amounted to SEK 4m.

In 2022

Acquisitions within Ratos

Acquisition of NVBS
On 16 May, Ratos acquired 74% of the shares in the Swedish company NVBS Rail Group Holding AB (NVBS). NVBS will become a Nordic platform company for Ratos in the attractive and growing railway infrastructure market, with a presence in Sweden, Finland and Norway.

The acquisition analysis was updated in 2023, see page 97 for more information.

Acquisition of Knightec
On 9 August, Ratos acquired 70% of the consulting company Knightec, thereby entering into a partnership with co-founder and CEO Dimitris Gioulekas.

Through its unique customer offerings and strong community involvement, Knightec has established a strong market position in technology, design and digitalisation of products and services.

The purchase price for the shares in Knightec amounted to SEK 1,261m. Goodwill, which has been identified for 100% of the shares, amounts to SEK 1,293m in the preliminary acquisition analysis and is attributable to synergies as well as the company's growth and business model. This goodwill is not tax-deductible.

Knightec has been included in the Ratos Group from the date of acquisition, with net sales of SEK 442m and profit before tax of SEK 53m. For full-year 2022, net sales amounted to SEK 990m and profit before tax to SEK 91m. Acquisition-related transaction costs amounted to SEK 3.8m.

Acquisition of Semcon
On 27 October, Ratos acquired Semcon AB (publ) through a public takeover offer. The offer was accepted by 98.7% of the shareholders.

Semcon is an international technology company headquartered in Gothenburg that offers services in advanced engineering, strategic innovation, digital services and product information solutions.

The purchase price for the shares in Semcon amounted to SEK 2,734m. Goodwill, which has been identified for 100% of the shares, amounts to SEK 2,144m in the preliminary acquisition analysis and is attributable to synergies as well as the company's growth and business model. This goodwill is not tax-deductible.

Semcon has been included in the Ratos Group from the date of acquisition, with net sales of SEK 360m and profit before tax of SEK 47m. For full-year 2022, net sales amounted to SEK 1,957m and profit before tax to SEK 162m. Acquisition-related transaction costs amounted to SEK 20.2m.

Acquisition of Presis Infra
On 30 November 2021, Ratos acquired 75% of the shares in Presis Infra, a leading Norwegian maintenance group in critical transportation infrastructure. The preliminary acquisition analysis during the first quarter of 2022 was updated after the final acquisition balance was determined, which entailed a payment of SEK 12m. Updating the acquisition analysis has not entailed any significant effects for the Group.

▷ Note 4, cont.

Preliminary acquisition analysis

SEKm	Knightec	Semcon
Intangible assets	273	403
Property, plant and equipment	12	23
Right-of-use assets	53	66
Financial assets	0	
Deferred tax assets		3
Trade receivables	179	306
Current assets	62	249
Cash and cash equivalents	121	203
Non-controlling interests		–36
Deferred tax liabilities	–69	–152
Non-current liabilities and provisions	–167	–36
Current liabilities	–190	–440
Net identifiable assets and liabilities	**274**	**590**
Recognised call and put options issued to minority owners [1]	–306	
Goodwill	1,293	2,144
Equity value	**1,261**	**2,734**
of which, cash paid	1,261	2,734
of which, contingent consideration		

[1] Refer to Note 16 for further information on the Group's call and put options.

Acquisitions within business areas

Construction & Services

On 30 December 2021, Speed Group acquired shares in a subsidiary of Dream Logistics that provides transport management services, known as fourth-party logistics (4PL). The preliminary acquisition analysis during the first quarter of 2022 was updated after the final acquisition balance was determined, which entailed a payment of SEK 0.5m.

On 18 May, NVBS acquired the shares of the Finnish company Ratatek. Ratatek specialises in the design, installation and maintenance of overhead contact lines and electrical systems on tram tracks and railways, with operations in Finland and Sweden. Ratatek had sales of EUR 25.5m in 2021, with adjusted EBITA of EUR 2.7m.

On 1 July, NVBS acquired the shares in the civil engineering company TKBM Entreprenad AB. TKBM holds a strong position in cable and trunking installations and had sales of SEK 58m in 2021, with adjusted EBITA of SEK 1m.

On 3 October, Speed Group acquired the logistics company Scandi Terminal AB, an important provider of logistics and materials handling to customers in the process industry. The company operates in Stenungssund and had sales of SEK 48m for the last 12 months, with operating profit of SEK 8m.

On 3 October, airteam acquired the ventilation company Grundströms Plåt i Kiruna AB. The company carries out ventilation projects in renovations, expansions and new construction for companies in the mining industry as well as for construction projects and existing properties and had sales of SEK 25m in 2022, with EBITA of SEK 4m.

On 4 November, SSEA Group acquired the construction and painting company Kiruna Målbygg AB. The company carries out construction and painting assignments in Kiruna and the surrounding area and had sales of SEK 28m for the most recent financial year, with EBITA of SEK 1m.

Consumer

On 1 March, Plantasjen acquired Flyinge Plantshop AB, one of the leading nurseries in Sweden. The company's sales amounted to SEK 82m in 2021, with EBITDA of SEK 12m.

On 15 September, KVD acquired a minor company, WF inventarier AB, which became part of Forsbergs Fritidscenter's operations.

Industry

HL Display, which is part of the Industry business area, acquired the Irish company Allied POS on 1 December. Allied POS is a leading provider of point of sale (POS) solutions to grocery retailers, pharmacies and other stores in Ireland. The company has annual sales of EUR 2m and annual EBITA of EUR 0.3m.

TFS HealthScience, which is part of the Industry business area, acquired the company Appletree CI Group AG on 23 December. The company is an expert, niche CRO and global regulatory service provider. The company operates in five European countries and had sales for 2022 of CHF 3.3m, with EBITA of CHF 0.6m.

Preliminary acquisition analysis

SEKm	Construction & Services	Consumer	Industry	Total
Intangible assets	6			6
Property, plant and equipment	27	12	0	40
Right-of-use assets	24		1	25
Financial assets	1	0	0	1
Trade receivables	54	2	13	69
Current assets	43	10	9	63
Cash and cash equivalents	11	8	9	28
Non-controlling interests	–1			–1
Deferred tax liabilities	–2	–3		–4
Non-current liabilities and provisions	–30	–6		–35
Current liabilities	–109	–8	–10	–127
Net identifiable assets and liabilities	**24**	**16**	**23**	**63**
Goodwill	214	43	27	285
Equity value	**239**	**59**	**50**	**348**
of which, cash paid	208	50	40	298
of which, contingent consideration	30	9	10	50

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 employees[1)]

	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**	
Of whom, in:				
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 employees[1)]

	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 executives[2)]

	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

				31 Dec 2023		31 Dec 2022	
Maturity date	**Option price, SEK per option**	**Exercise price,[3] SEK per share**	**Right to purchase no. of shares**	**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.

Note 8 Fees and disbursements to auditors

SEKm	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Chief Auditor EY				
Audit assignment	26	21	5	3
Audit-related activities in addition to audit assignment	1	2	1	2
Tax advice	1	0		
Other services	0	0		
	28	**23**	**6**	**5**
Other auditors				
Audit assignment	4	3		
	32	**26**	**6**	**5**

Audit assignment refers to the statutory audit of the annual report and accounting records as well as the administration by the Board of Directors and the CEO.

Audit-related activities in addition to audit assignment refers to other audit procedures conducted in accordance with contracts or agreements, for example audit of mergers, liquidations, and advice pertaining to audits. This also includes other tasks which are in the business of the company's auditors, and advice or other assistance which is caused by observations on such examinations or implementation of other such work tasks.

Tax advice refers to tax consultations, tax advice in conjunction with company acquisitions, setting of transfer price, and tax services related to personnel outside Sweden.

Other fees refers to all other services, for example advice in transactions and in conjunction with acquisitions and divestments, valuation services, advice regarding accounting matters as well as advice regarding processes and internal controls.

Note 9 Financial income and expenses

Group

SEKm	Amortised cost 2023	Amortised cost 2022	Fair value through profit or loss 2023	Fair value through profit or loss 2022	Total 2023	Total 2022
Financial income						
Interest income	76	15			76	15
Result from sale			1	5	1	5
Change in value, synthetic options				13		13
Other financial income	2	3			2	3
	78	**18**	**1**	**19**	**79**	**36**
Financial expenses						
Interest expenses	–331	–117			–331	–117
Interest expenses, finance leases	–276	–266			–276	–266
Interest expenses, convertible debentures	–9	–7			–9	–7
Change in value, synthetic options			–80	–34	–80	–34
Change in value, contingent considerations			–7	–12	–7	–12
Other financial expenses	–23	–18	–6	–11	–29	–30
Impairment			–12		–12	
	–640	**–409**	**–105**	**–57**	**–744**	**–466**
Pensions, interest expenses					–2	–1
					–745	**–468**
Exchange gains/losses						
Change in value, currency derivatives						
– not hedge accounted			–15	44	–15	44
Other changes in exchange rates	–56	–54			–56	–54
	–56	**–54**	**–15**	**44**	**–70**	**–9**
Net financial items					**–737**	**–440**

Interest income attributable to financial assets not measured at fair value through profit or loss amounts to SEK 76m (15). Interest expenses attributable to financial liabilities not measured at fair value through profit or loss amount to SEK –607m (–383). The Group has no fair value hedges.

▷ Note 9, cont.

Parent company

SEKm	Amortised cost 2023	Amortised cost 2022	Fair value through profit or loss 2023	Fair value through profit or loss 2022	Total 2023	Total 2022
Financial income						
Interest income, intra-Group	454	251			454	251
Interest income, other	30	2			30	2
Result from sale						
	484	**253**			**484**	**253**
Financial expenses						
Interest expenses, intra-Group	–128	–22			–128	–22
Interest expenses, convertible debentures	–9	–7			–9	–7
Interest expenses, other	–269	–74			–269	–74
Change in value, synthetic options			–30	–26	–30	–26
Other financial expenses	–19	–10			–19	–10
	–424	**–114**	**–30**	**–26**	**–455**	**–140**
Exchange gains/losses						
Change in value, derivatives						
– not hedge accounted			–9	36	–9	41
Other changes in exchange rates	–11	–55			–11	–55
	–11	**–55**	**–9**	**36**	**–21**	**–19**
Net financial items					**9**	**94**

Interest income attributable to financial assets not measured at fair value through profit or loss amounts to SEK 484m (253). Interest expenses attributable to financial assets not measured at fair value through profit or loss amount to SEK –396m (–97).

Note 10 Taxes

Recognised in income statement

SEKm	2023	2022
Tax expense for the year	–313	–295
Adjustment of tax attributable to previous years	5	–4
Deferred tax	41	–1
Total recognised tax expense in the Group	**–267**	**–299**

Reconciliation effective tax

SEKm	2023	2022
Profit before tax	2,273	1,178
Less profit from investments recognised according to the equity method	–433	–255
	1,840	**923**
Tax according to current tax rate, 20.6%	–379	–190
Effect of different tax rates in other countries	–17	–3
Non-deductible expenses	–248	–104
Non-taxable income	348	13
Increase in loss carry-forward without corresponding capitalisation of deferred tax	–92	–64
Impairment of previously capitalised loss carry-forward	–4	–31
Use of previously non-capitalised loss carry-forward	20	29
Capitalisation of previously non-capitalised loss carry-forward	96	63
Tax attributable to previous years	5	–4
Other	3	–8
Reported effective tax	**–267**	**–299**

Tax items recognised in other comprehensive income

SEKm	2023	2022
Deferred tax attributable to change in hedging reserve	–2	1
Deferred tax attributable to remeasurement of defined benefit pension commitments	1	–4
	–1	**–3**

Recognised deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities	
SEKm	2023	2022	2023	2022
Intangible assets	11	15	385	421
Property, plant and equipment	52	56	49	47
Right-of-use assets	123	119		
Financial assets	1			0
Inventories	20	22		
Trade receivables	3	6	1	1
Other receivables	9	9	22	27
Construction contracts			460	464
Interest-bearing liabilities			11	11
Provisions for pensions	7	7	0	0
Other provisions	68	62		
Other liabilities	15	6		
Loss carry-forwards	369	355		
Untaxed reserves/appropriations			73	71
Tax assets/tax liabilities	**677**	**656**	**1,001**	**1,042**
Offsets	–200	–299	–200	–299
Tax assets/tax liabilities, net	**477**	**357**	**801**	**742**

Of recognised deferred tax assets, SEK 23m (29) is expected to be used within one year, SEK 146m (144) within five years and SEK 309m (184) in more than five years or with no fixed utilisation date. Of recognised deferred tax liabilities, SEK 70m (84) is expected to be used within one year, SEK 216m (261) within five years and SEK 514m (397) in more than five years or with no fixed utilisation date.

Total loss carry-forwards amounted to SEK 16.0 billion, of which SEK 13.8 billion is attributable to Ratos AB. Of these loss carry-forwards, SEK 728m matures within ten years and SEK 15.3 billion has no fixed maturity date. The tax value of the loss carry-forwards is SEK 3.3 billion. Of the Group's total loss carry-forwards, a deferred tax asset of SEK 369m (355) has been recognised.

Since it is not certain that unrecognised tax assets will lead to lower tax payments in the future, these have not been assigned any value.

Global minimum tax

BEPS Pillar II has come into force, stipulating rules for global minimum tax. Since Ratos has sales exceeding EUR 750m, these rules will impact Ratos from 2024. In 2023, Ratos carried out a project to evaluate the effects of the new rules for global minimum tax and determined that they are not expected to have any significant impact on the Group from 2024 and onwards.

In accordance with IAS 12, Ratos has not recognised any deferred tax as a result of additional tax from BEPS Pillar II.

Parent company

The parent company's tax expense for 2023 amounted to SEK +75m (+56). Ratos AB has an accumulated loss carry-forward that at the close of 2022 amounted to SEK 13.8 billion (13.8), of which SEK 205m (130) is recognised as a deferred tax asset at the end of the reporting period.

▷ Note 10, cont.

Change in deferred tax 2023

SEKm	Opening balance, 2023	Recognised in income statement	Recognised in conjunction with acquisition of companies	Recognised in other comprehensive income/equity	Translation difference	Reclassifications	Closing balance, 2023
Intangible assets	–406	23	–5		20	–6	–374
Property, plant and equipment	9	–2			–3	–0	4
Right-of-use assets	119	7			–3	0	123
Financial assets	0	1		0	–0	0	1
Inventories	22	–2	0		–1		20
Trade receivables	5	–3			0	–1	1
Other receivables	–18	3		0	0	1	–13
Construction contracts	–464	–23			27		–460
Interest-bearing liabilities	–11	–0		–3	–0	4	–11
Provisions for pensions	7	–1		1	0	–0	7
Other provisions and liabilities	67	17		0	–4	2	82
Loss carry-forwards	355	21			–8	1	369
Untaxed reserves/tax allocation reserves	–70	–1	–3		0	0	–73
Tax assets/tax liabilities, net	**–386**	**41**	**–7**	**–1**	**28**	**0**	**–323**

Change in deferred tax 2022

SEKm	Opening balance, 2022	Recognised in income statement	Recognised in conjunction with acquisition of companies	Recognised in other comprehensive income/equity	Translation difference	Reclassifications	Closing balance, 2022
Intangible assets	–255	16	–151		–9	–7	–406
Property, plant and equipment	17	–8	–1		2	–1	9
Right-of-use assets	104	12			3		119
Financial assets	–1	–2		3			0
Inventories	24	–3					22
Trade receivables	–1	5	2	–1			5
Other receivables	1	19	–38		–1	1	–18
Construction contracts	–338	–112			–15		–464
Interest-bearing liabilities	–8	–2		1	–1		–11
Provisions for pensions	12	–4	3	–4			7
Other provisions and liabilities	68	1	–4	–1	2	1	67
Loss carry-forwards	256	83	11		7	–2	355
Untaxed reserves/tax allocation reserves	–16	–6	–56			8	–70
Tax assets/tax liabilities, net	**–137**	**–1**	**–235**	**–3**	**–11**	**0**	**–386**

Note 11 Intangible assets

Group

SEKm	Goodwill	Acquired intangible assets: Trade-marks	Acquired intangible assets: Customer relations	Acquired intangible assets: Other assets	Business systems	Other assets	Projects in progress	Total
Accumulated cost								
Opening balance 1 January 2022	11,413	909	57	443	498	41	3	13,363
Business combinations	4,400		755		69	0		5,224
Investments					62	1	10	72
Divestments/disposals					–5	–6		–11
Reclassifications					8	0	–8	0
Exchange rate differences for the year	401	40	1	16	16	1		476
Closing balance 31 December 2022	**16,214**	**949**	**813**	**458**	**647**	**37**	**5**	**19,123**
Opening balance 1 January 2023	16,214	949	813	458	647	37	5	19,123
Business combinations	345[1]	20	–23	27		1		369
Investments					57	9	8	74
Divestments/disposals					–24	–3	–0	–27
Reclassifications			–4		16	5	–11	8
Exchange rate differences for the year	–377	–48	–0	–12	–23	–0		–460
Closing balance 31 December 2023	**16,183**	**921**	**786**	**473**	**673**	**48**	**3**	**19,087**

1) SEK 308m pertains to an adjustment of the acquisition analysis for Expin Group. See Note 4 for further information on the final acquisition analysis.

▷ Note 11, cont.

SEKm	Goodwill	Acquired intangible assets: Trade-marks	Acquired intangible assets: Customer relations	Acquired intangible assets: Other assets	Business systems	Other assets	Projects in progress	Total
Accumulated depreciation and impairment								
Opening balance 1 January 2022	–1,385	–7	–29	–236	–251	–37		–1,945
Business combinations					–64			–64
Amortisation for the year			–37	–63	–77	–1		–179
Divestments/disposals					4	6		10
Exchange rate differences for the year	–18	–0	–1	–11	–8	–1		–39
Closing balance 31 December 2022	**–1,403**	**–6**	**–67**	**–311**	**–396**	**–33**		**–2,215**
Opening balance 1 January 2023	–1,403	–6	–67	–311	–396	–33		–2,215
Business combinations								
Depreciation for the year			–70	–46	–77	–2		–195
Impairment for the year	–774							–774
Divestments/disposals					19	1		20
Reclassifications			1			–1		
Exchange rate differences for the year	41	0	0	4	11	0		56
Closing balance 31 December 2023	**–2,136**	**–6**	**–136**	**–353**	**–443**	**–35**		**–3,109**
Carrying amount according to statement of financial position:								
At 31 December 2023	**14,047**	**915**	**650**	**120**	**230**	**13**	**3**	**15,978**
At 31 December 2022	**14,811**	**943**	**746**	**148**	**251**	**4**	**5**	**16,908**

Impairment and testing for goodwill and intangible assets with indefinite useful lives

Goodwill and other intangible assets with indefinite useful lives at 31 December 2023 amounted to a book value of SEK 14,962m (15,754). Below is a breakdown of the amount in cash-generating units, which comprise the respective company.

SEKm	Goodwill 2023	Goodwill 2022	Intangible assets[1] 2023	Intangible assets[1] 2022
Presis Infra	2,324	2,489		
Plantasjen	1,365	1,713	657	704
Knightec	1,293	1,293		
Semcon[2]	1,236	2,144		
LEDiL	1,060	1,063		
airteam	1,029	1,027	18	18
HL Display	911	869		
Aleido[2]	889			
HENT	859	920		
	10,967	**11,519**	**675**	**722**
Companies without separate significant value	3,080	3,292	240	221
Total	**14,047**	**14,811**	**915**	**943**

1) Intangible assets relates to trademarks with indefinite useful lives and which are therefore not amortised. Trademarks with indefinite useful lives are key assets for the subsidiaries that have measured these assets. Work on improving and developing trademarks is ongoing. Net cash flows generated by trademarks are not expected to cease in the foreseeable future. Trademarks are therefore regarded as having indefinite useful lives.

2) In October 2023, Semcon spun off its Product Information business area, which is now the new independent company Aleido.

▷ Note 11, cont.

Ratos continuously assesses whether there is any indication that any company has declined in value. In the event that such an indication exists, the recoverable amount of the company is calculated. Goodwill and other intangible assets with indeterminable useful lives are also tested annually, regardless of whether there is any indication of a decline in value. Testing of carrying amounts is done by calculating each company's recoverable amount. The recoverable amount, which comprises the higher of value in use and fair value less selling costs, is compared with the carrying amount. If the recoverable amount is lower than the carrying amount, an impairment is recognised. Primarily goodwill is impaired.

Impairment of goodwill

Impairment of goodwill in 2023

Plantasjen

Impairment testing for Plantasjen is based on a value-in-use calculation. This value uses future cash flow calculations based on the most recent earnings forecast. The rate of growth after the forecast period amounts to 2%. The estimated cash flows have been calculated at present value using a discount rate of 10% after tax. During the last two years, Plantasjen has had a weak financial development, with deteriorating margins as a result of the decline in the market. This gave rise to an impairment requirement, and an impairment loss of SEK 250m was recognised in the fourth quarter. In 2024, a comprehensive cost-saving program will be implemented. See the sensitivity analysis section for more information on values after impairment.

Expin Group

Impairment testing for Expin Group is based on a value-in-use calculation. This value uses future cash flow calculations based on the most recent earnings forecast. The rate of growth after the forecast period amounts to 2%. The estimated cash flows have been calculated at present value using a discount rate of 9% after tax.

During the period, Ratos identified accounting errors within NVBS Projekt and NVBS Anläggning (two subsidiaries of Expin Group), which are mostly attributable to the time before Ratos's acquisition of the company. As a result, the acquisition analysis has been adjusted, which increased the originally reported goodwill by SEK 308m. Expin Group has also decided to leave the market for civil engineering projects and focus its operations on railway, electrification, signal and telecom projects. All in all, this resulted in impairment of goodwill of SEK 524m in the period. See the sensitivity analysis section for more information on values after impairment.

Impairment of goodwill in 2022

No impairment.

Impairment testing in companies with significant goodwill items

The impairment testing and key assumptions used to calculate the recoverable amounts of companies in which goodwill was deemed to be significant in size are described below. Goodwill attributable to other companies is not significant in each one separately in relation to the Ratos Group's total goodwill.

Presis Infra

Impairment testing for Presis Infra is based on a value-in-use calculation. This value uses future cash flow calculations based on the most recent earnings forecast. The rate of growth after the forecast period amounts to 2%. The estimated cash flows have been calculated at present value using a discount rate of 8% after tax and 10% before tax. The market for infrastructure maintenance was robust in 2023, and is expected to remain so. In the forecast period, Presis Infra forecasts sales growth partly based on a higher market share. Profitability is expected to be stable over the next few years, driven by sales growth and sound cost control. Calculations show that the recoverable amount exceeds the book value and there is thus no need for impairment.

Knightec

Impairment testing for Knightec is based on a value-in-use calculation. This value uses future cash flow calculations based on the most recent earnings forecast. The rate of growth after the forecast period amounts to 2%. The estimated cash flows have been calculated at present value using a discount rate of 7% after tax and 9% before tax. In the forecast period, Knightec forecasts sales growth partly based on a higher market share. Profitability is expected to be stable over the next few years, driven by sales growth and sound cost control. Calculations show that the recoverable amount exceeds the book value and there is thus no need for impairment.

Semcon

Impairment testing for Semcon is based on a value-in-use calculation. This value uses future cash flow calculations based on the most recent earnings forecast. The rate of growth after the forecast period amounts to 2%. The estimated cash flows have been calculated at present value using a discount rate of 7% after tax and 9% before tax. Profitability is expected to be stable over the next few years, driven by sales growth and sound cost control. Calculations show that the recoverable amount exceeds the book value and there is thus no need for impairment.

LEDiL

Impairment testing for LEDiL is based on a value-in-use calculation. This value uses future cash flow calculations based on the most recent earnings forecast. The rate of growth after the forecast period amounts to 2%. The estimated cash flows have been calculated at present value using a discount rate of 10% after tax and 13% before tax. LEDiL forecasts sales growth over the next few years, based on increased market shares and the launch of new products. Profitability is expected to be stable over the next few years, driven by sales growth, sound cost control and continued investments in R&D. Calculations show that the recoverable amount exceeds the book value and there is thus no need for impairment.

airteam

Impairment testing for airteam is based on fair value. The fair value is included in level 3 and is based on inputs in a measurement model. The company's order intake was healthy during the year and included several major ventilation contracts extending over the coming years, which is expected to drive sales growth. airteam has a strong profitability focus and the EBITA margin is expected to remain stable, driven by efficient project completion. Calculations show that the recoverable amount exceeds the book value and there is thus no need for impairment.

HL Display

Impairment testing for HL Display is based on fair value. The fair value is included in level 3 and is based on inputs in a measurement model. The forecast for the coming year is based on the company being a market leader in Europe and having a good strategic position with diversified customer exposure. Sales growth and profitability are expected to remain stable over the next few years. Calculations show that the recoverable amount exceeds the book value and there is thus no need for impairment.

Aleido

Impairment testing for Aleido is based on a value-in-use calculation. This value uses future cash flow calculations based on the most recent earnings forecast. The rate of growth after the forecast period amounts to 2%. The estimated cash flows have been calculated at present value using a discount rate of 7% after tax and 9% before tax. Profitability is expected to be stable over the next few years, driven by sales growth

▷ Note 11, cont.

and sound cost control. Calculations show that the recoverable amount exceeds the book value and there is thus no need for impairment.

HENT
Impairment testing for HENT is based on fair value. The fair value is included in level 3 and is based on inputs in a measurement model. HENT had a stable performance in 2023. The order backlog included several major construction contracts extending over the coming years, which are expected to drive sales growth. HENT has a strong profitability focus and the EBITA margin is expected to remain stable, driven by efficient project completion. Calculations show that the recoverable amount exceeds the book value and there is thus no need for impairment.

Material assumptions used to calculate value in use
Value in use for a company is based on Ratos's share of the present value of the company's future estimated cash flow.

Value-in-use calculations are primarily sensitive to deviations from the following assumptions:
- Earnings forecast
- Discount rate
- Growth rate

Other key assumptions for the calculation of the value in use include sales growth as well as gross and EBITA margins. The assumptions used are modified for each company since each company in itself is an independent unit with unique circumstances. Key assumptions are described on page 104–105 under the heading "Impairment testing in companies with significant goodwill items".

Earnings forecast
Assessment of the earnings forecast is based on the budgets and forecasts most recently adopted by management as well as reasonable and verifiable assumptions that comprise Ratos's best estimation of the economic conditions that are expected to prevail during the forecast period. The basis for estimating the value of these is in accordance with previous experience as well as external sources. The earnings forecast encompasses a maximum of five years.

Discount rate
Future cash flows are present-value calculated using a discount rate. Ratos has used a discount factor after tax where estimated future cash flows also include tax. On the basis of the return requirement after tax (WACC) actually applied, Ratos has carried out a translation to an estimate corresponding to a return requirement before tax by dividing by one minus tax rate.

The discount factor reflects market assessments of monetary values over time and specific risks inherent in the asset.

Growth rate
A final value is assessed after the forecast period. This is done using an assumption of stable growth in nominal terms for each company that matches the assumed long-term growth rate for relevant products, industries, countries and markets. In the impairment tests for 2023, this growth rate was 2% (2).

Material assumptions used to calculate fair value
Fair value was determined in accordance with level 3 of the valuation hierarchy. Fair-value calculations are primarily sensitive to deviations from the following assumptions:
- Profit multiple
- EBITDA and EBIT forecast

Profit multiple
The profit multiple used is on a par with listed comparable companies.

EBITDA and EBIT forecast
See the section above regarding earnings forecast.

Sensitivity analysis
A sensitivity analysis of the value-in-use calculations has been carried out for one assumption at a time, where long-term growth rate has been reduced by 0.5 of a percentage point, the discount rate has been raised by 0.5 percentage point and the forecast cash flow has been reduced by 10%. A sensitivity analysis of the fair-value calculations has been carried out for one assumption at a time, where the profit multiple was adjusted downward a level and the earnings forecast was adjusted downward by 10%.

Due to the impairment of goodwill for Plantasjen and Expin Group, the carrying amount is in line with the recoverable amount and is therefore sensitive to changes in material assumptions. A 0.5% decrease in the long-term growth rate would have an impact of SEK 205m on the recoverable amount for Plantasjen and SEK 179m for Expin Group. A 0.5% increase in the discount rate would have an impact of SEK 252m on the recoverable amount for Plantasjen and SEK 209m for Expin Group. A 10% decrease in projected cash flows would have an impact of SEK 378m on the recoverable amount for Plantasjen and SEK 268m for Expin Group.

For all other companies, the assessment is that no reasonable changes in key assumptions will result in the estimated recoverable amount falling below the carrying amount.

Note 12 Property, plant and equipment

Group

SEKm	Land and buildings	Equipment	Construction in progress	Total
Accumulated cost				
Opening balance 1 January 2022	952	2,987	211	4,151
Investments	111	164	79	355
Divestments/disposals	–19	–88		–107
Assets in acquired companies	24	191		215
Transferred from construction in progress	0	85	–85	
Reclassifications		14	–7	6
Expensed			–1	–1
Exchange rate differences for the year	44	127	14	184
Closing balance 31 December 2022	**1,113**	**3,480**	**211**	**4,804**
Opening balance 1 January 2023	1,113	3,480	211	4,804
Investments	76	161	66	303
Divestments/disposals	–97	–173		–270
Assets in acquired companies		163		163
Transferred from construction in progress	22	172	–194	
Reclassifications	1	14	–33	–18
Expensed			–0	–0
Exchange rate differences for the year	–29	–38	–0	–67
Closing balance 31 December 2023	**1,087**	**3,778**	**50**	**4,916**

SEKm	Land and buildings	Equipment	Construction in progress	Total
Accumulated depreciation and impairment				
Opening balance 1 January 2022	–506	–2,142		–2,648
Depreciation for the year	–41	–226		–267
Impairment for the year	–1	–23		–24
Accumulated depreciation in acquired companies	–10	–116		–126
Reversed impairment		6		6
Divestments/disposals	19	82		101
Reclassifications		–2		–2
Exchange rate differences for the year	–23	–95		–118
Closing balance 31 December 2022	**–563**	**–2,516**		**–3,079**
Opening balance 1 January 2023	–563	–2,516		–3,079
Depreciation for the year	–46	–269		–314
Impairment for the year	–10			–33
Accumulated depreciation in acquired companies		–129		–129
Reversed impairment	6	12		18
Divestments/disposals	66	144		210
Reclassifications		–3		–3
Exchange rate differences for the year	12	21		33
Closing balance 31 December 2023	**–535**	**–2,764**		**–3,299**
Carrying amount according to statement of financial position				
At 31 December 2023	**552**	**1,014**	**50**	**1,617**
At 31 December 2022	**550**	**964**	**211**	**1,725**

▷ Note 12, cont.

Parent company

SEKm	Equipment	Construction in progress	Total
Accumulated cost			
Opening balance 1 January 2022	2	2	4
Investments	1	1	2
Reclassifications	3	–3	
Expensed		–0	–0
Divestments/disposals	–1		–1
Closing balance 31 December 2022	**5**		**5**
Opening balance 1 January 2023	5		5
Investments	1		1
Closing balance 31 December 2023	**6**		**6**
Accumulated depreciation			
Opening balance 1 January 2022	–2		–2
Depreciation for the year	–1		–1
Divestments/disposals	1		1
Closing balance 31 December 2022	**–1**		**–1**
Opening balance 1 January 2023	–1		–1
Depreciation for the year	–1		–1
Closing balance 31 December 2023	**–2**		**–2**
Carrying amount according to statement of financial position			
At 31 December 2023	**4**		**4**
At 31 December 2022	**3**		**3**

Note 13 Right–of–use assets

Group

SEKm	Land and buildings	Equipment	Total
Accumulated cost			
Opening balance 1 January 2022	6,276	510	6,786
Additional contracts during the year	152	257	409
Divestments and premature contract terminations	–35	–39	–75
New contracts upon acquisitions	129	40	170
Changes in existing contracts	268	–4	264
Reclassifications	–1	–6	–7
Other changes	10	1	10
Exchange rate differences for the year	156	18	174
Closing balance 31 December 2022	**6,954**	**777**	**7,731**
Opening balance 1 January 2023	**6,954**	**777**	**7,731**
Additional contracts during the year	112	291	403
Divestments and premature contract terminations	–167	–94	–261
New contracts upon acquisitions	38	2	40
Changes in existing contracts	74	3	78
Reclassifications		–9	–9
Other changes	393	6	396
Exchange rate differences for the year	–202	–38	–240
Closing balance 31 December 2023	**7,202**	**936**	**8,138**

SEKm	Land and buildings	Equipment	Total
Accumulated depreciation and impairment			
Opening balance 1 January 2022	–1,644	–136	–1,779
Divestments and premature contract terminations	29	26	55
Reclassifications	0	1	2
Depreciation for the year	–706	–169	–876
Other changes	13	2	16
Exchange rate differences for the year	–44	–4	–48
Closing balance 31 December 2022	**–2,351**	**–280**	**–2,631**
Opening balance 1 January 2023	–2,351	–280	–2,631
Divestments and premature contract terminations	146	72	217
Reclassifications		5	5
Depreciation for the year	–813	–184	–998
Impairment for the year		–1	–1
Other changes	–5	–1	–6
Exchange rate differences for the year	79	13	91
Closing balance 31 December 2023	**–2,945**	**–377**	**–3,322**
Carrying amount according to statement of financial position			
At 31 December 2023	**4,257**	**558**	**4,816**
At 31 December 2022	**4,603**	**497**	**5,100**

Note 14 Investments recognised according to the equity method

Change in carrying amounts
Group

SEKm	2023	2022
Carrying amount, 1 January	1,573	1,259
Investments	1	0
Share of profit from investments recognised according to the equity method	500	337
Share of tax from investments recognised according to the equity method	–66	–82
Share of other comprehensive income from investments recognised according to the equity method	–80	27
Dividend	–122	–3
Impairment and reversal of impairment [1]	1,651	
Exchange rate differences	–210	35
Carrying amount at year-end	**3,246**	**1,573**

[1] Of which SEK 1,057m is attributable to owners of the parent.

Impairment testing of the holding in Aibel

Aibel has developed very positively in recent years and a transformation from fossil to renewable energy is ongoing. A majority of the order book currently consists of contracts related to offshore wind and electrification. For 2023, EBITA amounted to NOK 899m and the company ended the year with a net cash position of NOK 1,865m and an order backlog of NOK 32 billion. As a result of this, the impairment of the holding in Aibel that took place in 2016 is no longer justified and was therefore reversed in the fourth quarter of 2023.

At 31 December 2023, the consolidated value for Aibel totalled SEK 2,056m. "Consolidated value" refers to the Group's share of equity and any consolidated surplus and deficit values, taking non-controlling interests into account (32%). The carrying amount is the consolidated value included in the consolidated statement of financial position (49%). Completed impairment testing for 2023, based on a fair value calculation, indicates no impairment requirement.

Investments recognised according to the equity method breakdown between significant and individually insignificant investments

	2023			2022		
SEKm	Aibel[1]	Individually insignificant investments	Total	Aibel[1]	Individually insignificant investments	Total
Investments recognised according to the equity method						
Included in the Group as follows:						
Share of profit before tax	496	4	500	334	3	337
Income tax	–66		–66	–82		–82
Share of other comprehensive income	–80		–80	27		27
Share of comprehensive income	**349**	**4**	**353**	**279**	**3**	**282**
Carrying amount	**3,213**	**33**	**3,246**	**1,535**	**38**	**1,573**
100%						
Net sales	15,861			12,919		
Profit for the year	859			504		
Other comprehensive income	–160			54		
Total comprehensive income	**699**			**558**		
Non-current assets	10,551			7,532		
Current assets	6,112			5,646		
Non-current liabilities	–2,046			–2,985		
Current liabilities	–8,190			–7,122		
Net assets	**6,427**			**3,070**		

[1] Aibel Holding I AS is 49% owned by NCS Invest. More information about the Group structure is provided in Note 29 Participations in Group companies. Ratos owns 64% of NCS Invest through NCS Intressenter.

Note 14, cont.

Summary reconciliation of financial information for significant investments recognised according to the equity method

	Aibel 100%	
SEKm	2023	2022
Opening balance net assets	**3,070**	**2,446**
Profit for the year before tax	992	668
Income tax	–132	–164
Other comprehensive income	–160	54
Dividend	–239	
Reversal of impairment	3,313	
Translation differences	–417	66
Closing balance net assets	**6,427**	**3,070**

	Aibel 49%[1]	
SEKm	2023	2022
Share in net assets	3,213	1,535
Carrying amount	**3,213**	**1,535**

1) Consolidated value, adjusted for the share subject to non-controlling interests, amounts to SEK 2,056m (982).

Note 15 Receivables from Group companies

Parent company

	Non-current receivables Group companies	
SEKm	2023	2022
Accumulated cost at 1 January	**6,180**	**4,029**
Subsequent expenditure	1,045	1,981
Reclassifications	–1,569	139
Settlements	–1,649	–0
Change in exchange rates	–88	32
Closing balance	**3,919**	**6,180**

	Current receivables Group companies	
SEKm	2023	2022
Accumulated cost at 1 January	**1,741**	**1,145**
Subsequent expenditure	2,446	2,068
Reclassifications	1,226	–139
Settlements	–1,509	–1,313
Change in exchange rates	–53	–20
Closing balance	**3,845**	**1,741**

Note 16 Financial instruments

Group

31 December

	Amortised cost		Fair value through profit or loss		Derivatives used for hedging		Total according to statement of financial position	
SEKm	2023	2022	2023	2022	2023	2022	2023	2022
Financial assets								
Shares and participations	0	0		8			0	8
Other receivables[1]	29	93					29	93
Derivative instruments			4	5	0	2	5	7
Trade receivables	3,277	3,699					3,277	3,699
Cash and cash equivalents	2,360	2,532					2,360	2,532
	5,666	**6,325**	**4**	**13**	**0**	**2**	**5,670**	**6,340**
Surplus in pension plans, asset							1	1
							5,671	**6,341**
Financial liabilities								
Interest-bearing liabilities								
– Liabilities to credit institutions	4,509	6,871					4,509	6,871
– Financial lease liabilities	5,398	5,670					5,398	5,670
– Convertible debentures	126	99					126	99
– Other interest-bearing liabilities	106	7	290	388			396	396
Other non-current liabilities[2]			1,869	1,669			1,896	1,669
Derivative instruments			13		6	6	18	6
Trade payables	2,803	2,916					2,803	2,916
	12,943	**15,563**	**2,171**	**2,058**	**6**	**6**	**15,119**	**17,626**
Provisions for pensions							65	60
							15,184	**17,686**

[1] Other receivables include SEK 29m (93) which is interest-bearing.
[2] Other non-current liabilities pertains in its entirety to call and put options issued to owners with non-controlling interests. Changes in the value of these options are recognised directly in equity.

Fair value

Forward contracts are measured at fair value taking interest rates and prices on the closing date into account. Fair value of receivables with floating interest corresponds to their carrying amount. Since most of the interest-bearing liabilities carry floating interest, and often a margin based on leverage, fair value at the end of the reporting period corresponds to carrying amount.

The tables below provide disclosures of how fair value is determined for the financial instruments measured at fair value in the statement of financial position. Classification of how fair value is determined is based on the following levels.

Level 1: Financial instruments measured according to listed prices in an active market.
Level 2: Financial instruments measured according to directly or indirectly observable market data not included in level 1.
Level 3: Financial instruments measured on the basis of inputs that are not based on observable market data.

Fair value hierarchy, level 1

In the first half of 2022, the Group had assets in level 1 of the fair value hierarchy, in the form of listed shares. These were divested in June 2022.

Fair value hierarchy

Assets	Level 2	
SEKm	2023	2022
Derivatives		
– Forward contracts	5	7
	5	**7**

▷ Note 16, cont.

Fair value hierarchy

Liabilities SEKm	Level 2 2023	 2022	Level 3 2023	 2022
Synthetic options			149	153
Derivatives				
– Forward contracts	18	6		
Call and put options to non-controlling interests			1,869	1,669
Contingent considerations			141	236
	18	**6**	**2,158**	**2,058**

Change, level 3

Liabilities SEKm	Synthetic options 2023	 2022	Call and put options 2023	 2022	Contingent considerations 2023	 2022
Opening balance	153	144	1,669	830	236	194
Recognised in net financial items	80	17			7	12
Recognised in operating profit or loss					21	–3
Recognised against equity			263	221		
Newly issued/subsequent expenditure		2		566	69	49
Acquisitions, Group companies				8		26
Settlements	–80	–11			–187	–46
Exchange rate differences	–4	2	–63	44	–5	4
Closing balance	**149**	**153**	**1,869**	**1,669**	**141**	**236**

The closing balance for synthetic options represents the total assessed value of a number of outstanding options within the Group which have Ratos's various companies as underlying assets. Ratos values its synthetic options on the basis of accepted market principles. Decisive parameters in conjunction with valuation of options are assumed market values relating to the underlying assets, the volatility of the underlying assets and the length of the remaining option term. The majority of the closing balance comprises underlying assets in HENT, TFS and airteam. Several programmes will end in 2024.

Call and put options to non-controlling interests are measured based on the terms of the purchase agreement and shareholder agreement and are recognised at fair value. Call and put options exist for minority holdings in Presis Infra, airteam, Knightec and Expin Group. The key parameter in the valuation is the value development of the shares which is based on results until the estimated maturity date. Of the closing balance, the option for Presis Infra and airteam has the highest value. Estimated maturity dates and nominal amounts are presented in Note 25 (maturity structure for financial liabilities).

Measurement of contingent considerations takes into account the present value of expected payments, discounted with a risk-adjusted interest rate. Different possible scenarios for forecast results are taken into account to assess the size of the expected payments and the probability of these. Of the closing balance, SEK 122m is expected to be settled in 2024 and the maximum nominal amount is SEK 145m. A few purchase prices are not capped and the maximum nominal amount may therefore exceed SEK 145m.

▷ Note 16, cont.

Parent company

31 December

SEKm	Amortised cost		Fair value through profit or loss		Total according to statement of financial position	
	2023	2022	2023	2022	2023	2022
Financial assets						
Receivables from Group companies[1]	6,891	7,921	2		6,893	7,921
Derivative instruments			3	5	3	5
Cash and cash equivalents	876	410			876	410
	7,767	**8,331**	**5**	**5**	**7,772**	**8,336**
Financial liabilities						
Interest-bearing liabilities						
– Liabilities to credit institutions	4,384	6,719			4,384	6,719
– Liabilities to Group companies	4,091	2,304		3	4,091	2,306
– Convertible debentures	125	99			125	99
– Other interest-bearing liabilities			41	88	41	88
Liabilities to Group companies, non-interest-bearing						
Trade payables	11	2			11	2
Derivative instruments			7		7	
	8,611	**9,124**	**48**	**90**	**8,659**	**9,214**

[1] Receivables from Group companies include SEK 6,733m (7,828) that is interest-bearing.

Fair value hierarchy

Assets SEKm	Level 2 2023	Level 2 2022
Derivatives		
– Forward contracts, internal	2	
– Forward contracts, external	3	5
	5	**5**

Fair value hierarchy

Liabilities SEKm	Level 2 2023	Level 2 2022	Level 3 2023	Level 3 2022
Synthetic options			41	88
Derivatives				
– Forward contracts, internal		3		
– Forward contracts, external	7			
	7	**3**	**41**	**88**

Change, level 3

Liabilities SEKm	Synthetic options 2023	Synthetic options 2022
Opening balance	88	62
Recognised in net financial items	30	26
Settlements	–77	
Closing balance	**41**	**88**

Remeasurements of synthetic options are included in profit or loss for the year, with SEK 47m (–26) relating to liabilities in the closing balance.

Note 17 Inventories

Group

SEKm	2023	2022
Raw materials and consumables	179	207
Products in progress	171	213
Finished products and goods for resale	1,475	1,990
Advances to suppliers	43	65
	1,868	**2,477**

The cost of inventories recognised and included in the cost of goods sold amounts to SEK 6,050m (5,977). Impairment of inventories recognised as expenses during the year amounts to SEK 74m (58) and is included in the cost of goods sold. The part of inventories measured at net realisable value totals SEK 98m (126).

Note 18 Equity

Share capital

	Ordinary Class A		Ordinary Class B	
Number	**2023**	**2022**	**2023**	**2022**
Shares in the company at 1 January	84,637,060	84,637,060	241,261,928	240,101,760
Shares in the company at 31 December	**84,637,060**	**84,637,060**	**241,879,428**	**241,261,928**

	Total number of shares	Quota value	SEKm
Shares in the company at 1 January 2023	325,898,988	3.15	1,027
Shares in the company at 31 December 2023	**326,516,488**	**3.15**	**1,029**

Conversion of shares

The 2003 Annual General Meeting resolved that a conversion clause allowing conversion of Class A shares to Class B shares should be added to the Articles of Association. This means that owners of Class A shares have an ongoing right to convert them to Class B shares. In 2023, 0 Class A shares (0) were converted into Class B shares.

Group

Other capital provided

Relates to equity provided by the owners. This includes share premium reserves paid in conjunction with new issues.

Reserves

Includes all exchange rate differences that arise on translation of financial reports from foreign operations in a currency other than SEK. Reserves also include the effects of cash flow hedges and hedging of net investments.

Retained earnings including profit/loss for the year

Retained earnings includes earned profits/losses and remeasurement of defined benefit pension plans recognised in other comprehensive income for the parent company and its subsidiaries and associates. Previous provisions to the statutory reserve are also included in this item.

Parent company

Restricted reserves

Restricted reserves may not be reduced through profit distribution.

Statutory reserve

The purpose of the statutory reserve has been to save part of net profits not used to cover a loss carried forward. The statutory reserve also includes amounts transferred to the share premium reserve prior to 1 January 2006.

Unrestricted equity

The following funds together with profit for the year comprise unrestricted equity, meaning the amount that is available for dividends to shareholders.

Share premium reserve

When shares are issued at a premium, i.e. more is paid for the shares than their quota value, an amount corresponding to the amount received in excess of the quota value of the shares is transferred to the share premium reserve. After 1 January 2006, an allocation to a share premium reserve comprises unrestricted equity.

Retained earnings

Retained earnings comprise the previous year's retained earnings and profit after deduction for profit distribution provided during the year. Costs for purchases of treasury shares, call option premiums received and any additional transaction costs are recognised directly in retained earnings.

Equity management

The Group's target is to have a good financial position that contributes towards maintaining the confidence of investors, creditors and the market, and provides a basis for continued development of business operations, and that the long-term return generated to shareholders is satisfactory.

Ratos's overall target is to increase shareholder value while ensuring Ratos's growth. Ratos's financial targets focus on the earnings trend in the company portfolio and the total return on the share. The financial targets are: (1) EBITA growth, EBITA is to amount to at least SEK 3 billion by 2025, (2) Leverage, Net debt in relation to EBITDA should normally

▷ Note 18, cont.

range from 1.5 to 2.5x, excluding financial lease liabilities. (3) Dividend payout ratio – The dividend payout ratio should amount to 30–50% of profit after tax attributable to owners of the parent, excluding capital gains and losses

The Group's adjusted EBITA for 2023 amounted to SEK 2,244m (1,966) for continuing operations, corresponding to growth of 14%.

Excluding financial lease liabilities, the Group's leverage amounted to 0.7x at the end of the reporting period.

The Board of Directors proposes an ordinary dividend for the 2023 financial year of SEK 1.25 per Class A and B share, corresponding to a total divided of SEK 408m and dividend payout ratio of 34%. The dividend yield amounts to 3.5% based on the closing price at year-end.

The 2023 Annual General Meeting renewed the mandate entitling Ratos, in connection with acquisitions, to issue Class B shares in Ratos through offset issues, non-cash issues or for cash payment. This applies for a maximum of 35 million Class B shares.

Capital is defined as total equity including non-controlling interests. Neither the parent company nor any of the subsidiaries is subject to external capital requirements, such as under the supervision of an authority. For a description of loan agreements linked to financing and their terms, see Note 25 Financial risks and risk policy.

Treasury shares included in the equity item retained earnings including profit for the year

	2023	2022
Number of shares		
Opening treasury shares		62,500
Sold in conjunction with exercise of call options		–62,500
Closing treasury shares		
Number of shares outstanding		
Total number of shares	326,516,488	325,898,988
	326,516,488	**325,898,988**

Options

Warrants 2018–2023

The 2018–2023 Annual General Meetings resolved on the issue of warrants to personnel. Terms for warrants outstanding are described in Note 7.

Conversion option for convertible debentures 2018–2023

The 2018–2023 Annual General Meetings resolved on the issue of convertible debentures to personnel. The convertible debentures are divided up into an interest-bearing debt, as stated in Note 16, and a conversion option. The conversion option is recognised in equity. A more detailed description is available in Note 7.

Dividend

After the end of the reporting period, the Board proposed the following dividend:

	SEKm
Dividend to holders of Class A and B shares, SEK 1.25 per share[1]	408
To be carried forward	8,291

1) Based on the number of shares outstanding on 31 December 2023.

The proposed dividend for 2023 will be presented for approval at the Annual General Meeting on 26 March 2024.

Note 19 Disclosure of other comprehensive income and change in reserves and non-controlling interests

	Majority's share of reserves				
SEKm	Translation reserve	Hedging reserve	Total	Non-controlling interests	Total
Opening carrying amount 1 January 2022	**–212**	**–6**	**–218**	**–131**	**–349**
Translation differences for the year	338		338	53	391
Cash flow hedges					
– recognised in other comprehensive income		–7	–7	–2	–9
– tax attributable to change for the year		1	1	0	2
Closing carrying amount 31 December 2022	**126**	**–11**	**115**	**–79**	**35**
Opening carrying amount 1 January 2023	**126**	**–11**	**115**	**–79**	**35**
Translation differences for the year	–340		–340	–92	–432
Cash flow hedges					
– recognised in other comprehensive income		–31	–31	–22	–53
– tax attributable to change for the year		–2	–2	–0	–2
Closing carrying amount 31 December 2023	**–214**	**–44**	**–258**	**–193**	**–451**

Translation reserve

The translation reserve includes all exchange rate differences that arise on translation of financial reports from foreign operations that have prepared their financial reports in another currency than the currency in which the Group's financial reports are presented. Hedging of net investments in foreign currencies is also included. The parent company and Group present their financial reports in Swedish kronor.

Hedging reserve

The hedging reserve comprises the effective portion of cumulative net change in fair value of the cash flow hedging instruments attributable to cash flows that have not yet occurred.

Note 20 Non-controlling interests

2023 SEKm	NCS Invest [1]	LEDiL	HENT	Individually insignificant non-controlling interests[2]	Total
In their entirety, 100%					
Non-current assets	3,332	1,107	1,067		
Current assets	0	169	4,383		
Non-current liabilities		–8	–506		
Current liabilities	–0	–222	–3,763		
Net assets	**3,332**	**1,045**	**1,182**		
Carrying amount of non-controlling interests	**1,157**	**348**	**221**	**412**	**2,137**
Net sales		470	9,516		
Profit/loss for the year	2,205	69	457		
Other comprehensive income	–288	–5	–69		
Total comprehensive income	**1,917**	**63**	**388**		
Cash flow from operating activities	120	98	1,882		
Cash flow from investing activities		–29	6		
Cash flow from financing activities	–120	–70	–1,157		
Cash flow for the year	**0**	**–1**	**731**		
Profit/loss for the year attributable to non-controlling interests	751	23	124	–109	**788**
Other comprehensive income attributable to non-controlling interests	–104	–2	–17	1	**–121**
Dividends paid to non-controlling interests	–43	–16	–44	–91	**–194**
Non-controlling interests, share	**36%**	**34%**	**27%**		

1) NCS Invest owns 49% of the shares in Aibel Holding I AS. Ratos owns 64% of NCS Invest through NCS Intressenter.
2) Significant non-controlling interests are defined as at least 10% of the Group's total non-controlling interests.

▷ Note 20, cont.

2022 SEKm	NCS Invest	Speed Group	LEDiL	HENT	Individually insignificant non-controlling interests[1]	Total
In their entirety, 100%						
Non-current assets	1,535	1,120	1,115	1,159		
Current assets	0	290	174	3,055		
Non-current liabilities		–587	–170	–374		
Current liabilities		–421	–90	–2,886		
Net assets	**1,535**	**403**	**1,028**	**954**		
Carrying amount of non-controlling interests	**552**	**123**	**343**	**157**	**324**	**1,499**
Net sales		1,158	487	8,032		
Profit for the year	252	82	80	173		
Other comprehensive income	60		83	34		
Total comprehensive income	**312**	**82**	**163**	**208**		
Cash flow from operating activities		219	96	913		
Cash flow from investing activities		–29	–28	2		
Cash flow from financing activities		–226	–103	–878		
Cash flow for the year		**–36**	**–35**	**38**		
Profit/loss for the year attributable to non-controlling interests	91	25	27	47	142	**331**
Other comprehensive income attributable to non-controlling interests	22		28	8	4	**61**
Dividends paid to non-controlling interests		–30	–25	–126	–67	**–248**
Non-controlling interests, share	**36%**	**30%**	**34%**	**27%**		

[1] Significant non-controlling interests are defined as at least 10% of the Group's total non-controlling interests.

Note 21 Earnings per share

Calculation of earnings per share is carried out as follows:

SEKm	2023	2022
Profit for the year attributable to owners of the parent	1,218	548
Used in calculating earnings per share before dilution	**1,218**	**548**
Interest expense for convertible debentures, net	9	1
Used in calculating earnings per share after dilution	**1,226**	**550**
Weighted average number of shares		
Total number of ordinary shares	326,516,488	325,898,988
Effect of holding of treasury shares and issue of new shares	–474,466	–675,099
Weighted average number before dilution	**326,042,022**	**325,223,889**
Call options		3,561
Warrants	101,749	287,409
Convertible debentures	3,617,956	927,500
Weighted average number after dilution	**329,761,727**	**326,442,359**
Earnings per share before dilution, SEK	3.73	1.69
Diluted earnings per share, SEK	3.72	1.68

▷ Note 21, cont.

Call options
At the start of 2022, Ratos AB had one outstanding call option programme for which the exercise price was SEK 40.00. All call options were redeemed in the first quarter of 2022, but had a dilution effect in 2022 since the exercise price of the options was lower than the average price for ordinary shares during the period up to the redemption. For further information, refer to Note 7.

Warrants
Ratos AB had six warrant programmes outstanding in 2023. The exercise prices for these programmes are SEK 29.94, SEK 27.19, SEK 21.52, SEK 43.51, SEK 45.18 and SEK 33.63, respectively. Warrants have a dilution effect in the event the exercise price of the warrants is lower than the average price for ordinary shares during the year, though weighted in the event they are not outstanding for the entire year. For further information, refer to Note 7.

Convertible debentures
Convertible debentures issued were included when calculating diluted earnings per share from the date of issue by increasing the number of shares by the total number of shares to which the convertibles correspond and increasing earnings by the recognised interest expense after tax. The convertibles are not included when calculating basic earnings per share after dilution in the event earnings per share improves after dilution. For further information, refer to Note 7.

Note 22 Pensions

In the Group there are both defined benefit and defined contribution pension plans. The Ratos Group does not have any Group-wide policy relating to pensions, it is therefore up to the board of each company to decide on pension solutions for the company.

Defined contribution pensions
Pension plans mainly comprise retirement pensions. Pension premiums are salary-related and expensed on a current basis.

Defined benefit pensions
Pension plans mainly comprise retirement pensions. Earned pension is based on the number of years within the pension plan and salary at retirement. Pension obligations are either financed through pension foundations or similar or by the company. The defined benefit plans are not the main solution for the subsidiaries and only constitute a complement to the defined contribution pension plans. Of Ratos's current subsidiaries, four have defined benefit pension plans. Diab has the largest defined benefit pension obligation in the Group in terms of amount, totalling SEK 55m (50). Diab accounts for 84% of the Group's defined benefit pension liability.

Pension obligations for salaried employees in Sweden (ITP) are partially secured through insurance with Alecta. The pension plan secured through Alecta is reported as a defined contribution plan, since there is insufficient data for Ratos to be able to report its share of the pension plan as defined benefit. Alecta's surplus can be distributed to policyholders and/or the insured. At year-end 2023, Alecta's surplus in the form of the collective funding ratio amounted to a preliminary 157% (172). The collective funding ratio comprises the market value of Alecta's assets expressed as a percentage of insurance obligations calculated according to Alecta's actuarial calculation assumptions, which do not comply with IAS 19. SEK 55m (41) was paid to Alecta in premiums for the year.

Group

Pension cost

SEKm	2023	2022
Cost regarding current service period	1	1
Past service cost	0	0
Net interest	2	1
Effects of curtailments and settlements	–1	1
Pension costs for defined benefit pensions	**2**	**4**
Pension costs for defined contribution pensions, Alecta	55	41
Pension costs for defined contribution pensions, other	233	153
Pension costs for the year	**290**	**197**

Pension costs are included in the income statement on the line Employee benefit costs with the exception of net interest which is included in net financial items in the income statement.

Defined benefit pension plans

SEKm	2023	2022
Present value of funded obligations	37	36
Fair value of plan assets	–32	–32
	5	**4**
Present value of unfunded obligations	59	55
Net liability in the statement of financial position	**65**	**59**
Amount recognised in the balance sheet		
Provisions for pensions	65	60
Surplus in defined benefit plans recognised as non-current financial receivables	1	1
Net liability in the statement of financial position	**65**	**59**

Note 22, cont.

Changes in defined benefit pension obligations

SEKm	2023	2022
Opening balance	90	105
Pensions vested during the period	3	1
Interest expenses	3	2
Benefits paid	–3	–4
Actuarial gains/losses:		
Financial assumptions	2	–21
Demographic assumptions	0	–2
Assumptions based on experience	2	6
Other	–1	–2
Exchange rate differences	1	4
Defined benefit obligations, year-end	**97**	**90**

Changes in plan assets

SEKm	2023	2022
Opening balance	31	29
Interest income	0	0
Contribution from employer	1	1
Contribution from employees	0	0
Benefits paid	–1	–2
Return on plan assets excl. the above interest income	–0	–1
Other	–0	0
Exchange rate differences	1	2
Plan assets, year-end	**32**	**31**

Plan assets comprise the following:

SEKm	2023	2022
Assets held by insurance companies	32	31
	32	**31**

Of the plan assets, SEK 17m (15) pertains to listed assets and SEK 15m (17) to unlisted assets.

Key actuarial assumptions used at the end of the reporting period

	Diab	
	2023	**2022**
Net liability in the statement of financial position	55	50
Discount rate, %:		
First-class bonds, Sweden	3.5	3.8
First-class bonds, Italy	3.2	3.4
First-class bonds, other		4.7
Inflation, %	1.8	1.8
Anticipated rate of salary increase, %	2.8	2.8
Annual increase in pensions and paid-up policies, %	2.0	2.0

Parent company

The parent company's pension costs for defined contribution pensions amounted to SEK 10m (10), of which SEK 0m (0) pertains to Alecta.

Note 23 Provisions

Group

Provisions, non-current

SEKm	2023	2022
Guarantee commitments		
At the beginning of the year	7	6
Provisions for the year		0
Unutilised reversed provisions	0	0
Exchange rate differences	–0	1
At the end of the year	**8**	**7**
Other		
At the beginning of the year	36	33
Provisions for the year	4	7
Utilised provisions	–2	–1
Unutilised reversed provisions	–0	–5
Provisions in acquired companies		1
Exchange rate differences	–0	2
At the end of the year	**37**	**36**
Total non-current provisions	**45**	**44**

▷ Note 23, cont.

Provisions that are current liabilities

Provisions, current

SEKm	2023	2022
Guarantee commitments		
At the beginning of the year	394	383
Provisions for the year	190	120
Utilised provisions	–65	–94
Unutilised reversed provisions	–15	–25
Reclassifications		–2
Translation difference	–24	11
At the end of the year	**479**	**394**
Other		
At the beginning of the year	46	38
Provisions for the year	17	102
Utilised provisions	–34	–91
Unutilised reversed provisions		–4
Provisions in acquired companies		0
Reclassifications		–0
Translation difference	–0	1
At the end of the year	**29**	**46**
Total current provisions	**509**	**439**

Nature and maturity structure of provisions

Guarantee commitments

Provisions relate to guarantee commitments for work carried out. Provision for guarantees start to be estimated when a service is completed or an item is transferred to a customer. In order to estimate amounts, historical data relating to repairs and exchanges in mainly used. The guarantee periods extend over two to ten years for non-current provisions and over one year for current provisions.

Other provisions

Other non-current provisions include provisions relating to legal requirements. These other provisions are expected to be settled within two to five years and current provisions within one year.

Parent company

Provisions, current

SEKm	2023	2022
Other		
At the beginning of the year	86	65
Provisions for the year	7	21
Utilised provisions	–16	–0
Unutilised reversed provisions	–60	–1
At the end of the year	**17**	**86**

Of the parent company's provisions SEK 0m (60) relates to provisions for subsidiaries and associates.

Note 24 Accrued expenses

Group

SEKm	2023	2022
Personnel costs	1,087	1,034
Other	349	343
	1,437	**1,377**

Parent company

SEKm	2023	2022
Personnel costs	50	14
Other	5	6
	55	**20**

Note 25 Financial risks and risk policy

Principles for funding and financial risk management

Through its activities, the Group is exposed to various types of financial risks related to trade receivables, trade payables, loans and derivative instruments. Ratos's financial risks consist of:

- currency risks
- interest rate risks
- liquidity risks
- credit risks

Ratos's financing and financial risks are managed within the Group in accordance with the financial policy established by the Board. The Board also decides on the financial strategy for the parent company while the subsidiaries' boards adopt financial strategies for the company in accordance with the parent company's financial policy.

Parent company

The parent company's financial policy, which provides guidelines for management, division of mandates and monitoring of financial risks, is adopted annually by Ratos's Board. The Board evaluates and where necessary proposes changes to the financial policy.

The Group aim to have a good financial position that contributes towards maintaining the confidence of investors, creditors and the market. A good financial position provides a basis for continued development of business operations at the same time as creating satisfactory the long-term shareholder return.

Group companies

The internal and external finance operations are concentrated in Ratos's Group Treasury function, thereby creating economies of scale when it comes to pricing of financial transactions and the Group's financing. Since the parent company treasury function utilises cash surpluses in order to balance deficits in the Group, the Group's financing requirements, and thus its interest expenses, can be minimised. According to Ratos's financial policy, the main rule is that all Group companies in which Ratos has a majority stake (>50%) are financed by Ratos AB.

Currency risks

Currency risk is the risk that changes in exchange rates have a negative impact on the consolidated income statement and/or cash flows. Currency risk exists both in translation exposure linked to foreign Group companies and in financial assets and liabilities.

Current currency exposure of financial assets and liabilities as per the closing date

In the parent company, investments may typically only be made in Swedish currency. Normally, currency hedging is not applied to shares, shareholder loans or similar balance sheet items in the parent company. Transaction exposure ahead of an acquisition or disposal of a foreign company can be currency hedged.

The Group companies manage their currency risks in accordance with the financial policy and risk management strategy adopted by the board of each Group company.

The Ratos Group operates in some 30 countries, and the Group companies' earnings and financial positions are reported in the local currency of the individual Group company and thereafter translated to SEK. The Group's earnings as well as equity and other items in the financial statements are therefore impacted by fluctuations in the exchange for SEK.

A change in SEK of 10% against Ratos's exposure of net flows in EUR, NOK, DKK, GBP and USD would have an impact on earnings of approximately SEK 18m (25). The sensitivity analysis is calculated based on financial receivables and liabilities in foreign currency as per the end of the reporting period.

The parent company, and certain Group companies, hold forward contracts and currency swaps. External contracts have generally been entered into with major banks or financial institutions that are not expected to become insolvent and are generally shorter than 12 months. The main rule for Group companies is that these contracts must be made with Ratos AB, which absorbs and hedges the total currency exposure of the Group. All outstanding forward contracts, which are not encompassed by hedge accounting, are revalued to the fair market value which is reflected in the annual accounts, and changes are recognised in the income statement. The aim of these contracts is to minimise exchange rate differences attributable to receivables and liabilities in foreign currency.

The greatest impact on profit, after net financial items, arises when financial liabilities and assets are revaluated. Where hedge accounting is applied, other comprehensive income is affected until settlement. The effect is then transferred to the consolidated profit. In the Group, hedges are used for net investments in foreign operations.

The net fair value of forward contracts amounted to SEK –13m (1) at 31 December 2023. Of this amount, SEK 5m (7) is recognised in the statement of financial position as assets and SEK 18m (6) as liabilities. The amount recognised on forward contracts that are hedge accounted amounted to SEK –5m (–4), of which SEK 0m (2) is recognised as an asset and SEK 6m (6) as a liability.

The Group's currency risk exposure at the close of the reporting period, expressed in SEK, is presented in the table below:

	EUR		NOK		DKK		GBP		USD		SEK	
SEKm	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Trade receivables	314	614	477	22	4	4	157	66	119	397	256	72
Other receivables	410	346	2,133	2,363	191	192	399	112	528	336		
Other liabilities	–904	–874	–1,185	–1,004			–157	–112	–308	–840	–22	–16
Trade payables	–308	–523	–415	–4	–30	–14	–52	–65	–72	–302	–257	–84
Currency exposure financial assets and liabilities	**–488**	**–436**	**1,010**	**1,377**	**165**	**182**	**347**	**2**	**267**	**–408**	**–22**	**–28**
Forward contracts	388	569	–764	–942	–212	–242	–243	–169	–293	–188		
Exposure, net	**–100**	**134**	**246**	**435**	**–47**	**–60**	**105**	**–167**	**–26**	**–597**	**–22**	**–28**

▷ Note 25, cont.

Interest rate risks

Interest rate risk is the risk that changes in interest rates will affect the Group's financial result and cash flow. Interest rate risks mainly relate to the Group's interest-bearing net debt, which amounted to SEK 8,118m (10,468) on 31 December 2023. The borrowing rate is linked to the market rate.

According to the financial policy, the interest rate duration for the Group shall take into consideration the forecasted cash flow from the Group companies, matching between internal and external assets and liabilities, and remain stable to temporary market rate fluctuations.

The fixed-interest term for the individual Group company is to match its structure and the risk management strategy adopted for the Group company. The interest rate duration may be managed by means of interest rate swaps. At 31 December 2023, the Group had no interest rate swaps.

If interest rates change by 1 percentage point in all countries where the Ratos Group has loans or investments, the effect on net financial items, based on liabilities to credit institutions at year-end which are not hedged, will total approximately SEK 45m (69). This sensitivity analysis is based on all other factors (such as exchange rates) remaining unchanged.

As of 31 December 2023, all of the Group's loans carry variable interest.

Liquidity risks

Liquidity risk refers to the risk that a company may experience difficulties in meeting its obligations to third parties, mainly associated with financial liabilities, but also due to other obligations in its operating activities.

The parent company shall have committed loan facilities from banks with a maturity of at least 12 months. In total, the combination of available credit facilities and available cash is to exceed the forecast obligations for the next 12 months. Pledging shares or other assets as collateral for own commitments or for commitments of the holding's or a third party may be performed following a Board decision. The parent company shall not issue general guaranteed in favour of any lender for the commitments of a group company or a third party. Guarantees relating to provision of equity capital may be provided following a Board decision.

At 31 December 2023, the parent company had a credit facility of SEK 3 billion and bank overdraft facilities of SEK 150m. The facility is used for general corporate purposes. At 31 December 2023, the credit facility and the bank overdraft facility were unutilised. In addition, the parent company has an authorisation from the Annual General Meeting to issue shares in conjunction with agreements on acquisitions; see also Note 18 Equity management.

At the end of the year, the Group's interest-bearing liabilities to credit institutions amounted to SEK 4,509m (6,860). Total unutilised credit facilities amounted to SEK 3,198m (843), with predetermined interest margins. The majority of the Group's credit facilities have certain covenants, amongst other the leverage need to be below a certain threshold level. All criteria were fulfilled throughout the year.

Maturity structure for financial liabilities

The following maturity structure is shown for the Group's financial liabilities at 31 December 2023, comprising undiscounted cash flows relating to amortisation and estimated interest payments based on forward contracts alternatively actual interest as well as estimated margins. Amounts in foreign currency are translated to SEK at the rate on the closing date.

The maturity analysis does not include liabilities relating to synthetic options. Synthetic options have established maturity dates, but depending on terms or conditions, such as the divestment of companies, the date of maturity may vary. At 31 December 2023, the Group's liabilities for synthetic options amounted to SEK 149m (153).

Maturity structure for financial liabilities

31 Dec 2023

SEKm	Within 1 year	Within 2 years	Within 3 years	Within 4 years	5 years or more	Total
Liabilities to credit institutions	332	3,775	47	819	5	4,978
Financial lease liabilities	1,084	795	671	555	2,679	5,786
Other interest-bearing liabilities	128	51	54	38		271
Trade payables	2,803					2,803
Call and put options	750	166	987	269	26	2,197
Contingent considerations	125	14	2	3		145
Forward contracts						
– outflow	–6					–6
– inflow	–2					–2
Total	**5,214**	**4,801**	**1,762**	**1,684**	**2,710**	**16,171**

31 Dec 2022

SEKm	Within 1 year	Within 2 years	Within 3 years	Within 4 years	5 years or more	Total
Liabilities to credit institutions	811	1,050	5,347	16	309	7,533
Financial lease liabilities	950	937	665	569	3,052	6,173
Other interest-bearing liabilities	28	51	53			133
Trade payables	2,550					2,550
Call and put options	9	756		1,007	407	2,178
Contingent considerations	140	67	6	3		216
Forward contracts						
– outflow	–23					–23
– inflow	19					19
Total	**4,484**	**2,861**	**6,071**	**1,595**	**3,767**	**18,778**

▷ Note 25, cont.

Credit risks

Credit risks comprise risks in financial and in commercial transactions. In its financial activities the Group is exposed to counterparty credit risk in conjunction with investment of surplus liquidity in bank accounts, fixed-income securities and in conjunction with the purchase of derivative instruments. Commercial exposure mainly comprises the credit risk in the Group's trade receivables and contract assets, and relates to customers failing to meet their payment commitments.

Current financial credit risks

In order to reduce the parent company's financial credit risk and provide the parent company with certainty of liquid assets for investments, cash and cash equivalents are invested in banks or fixed-income securities with low interest rate risk, low credit risk and high liquidity. In addition to placing cash and cash equivalents in bank accounts or deposit accounts with banks approved by Ratos, investments may only be made in securities (treasury bills, commercial papers, bonds or similar) issued by the Kingdom of Sweden, Swedish municipalities, banks and companies that have received a rating of at least A+ from independent credit rating institutes. The duration of investments of securities may not exceed six months except for securities issued by the Kingdom of Sweden where treasury bills may have a maximum duration of 12 months and government bonds a maximum of 24 months. At 31 December 2023, cash and cash equivalents in the parent company amounted to SEK 876m (410).

At 31 December 2023, cash and cash equivalents in the Group amounted to SEK 2,360m (2,532). During 2023, there were no credit losses from investments of cash and cash equivalents.

Current commercial credit risks

The parent company does not have any trade receivables or contract assets. The Group has trade receivables and contract assets that are within the scope of the model for expected credit losses. Cash and cash equivalents are also within the scope of impairment in accordance with IFRS 9, but the impairment in question is not deemed material.

The carrying amount of the Group's trade receivables and contract assets, in the statement of financial position, reflects maximum exposure to credit risk. Ratos's Group companies operate within a number of different sectors and in a large number of geographic markets, which provides a good risk spread.

Due to its industry spread, combined with its global operations, the Group has no significant concentration on individual customers. In accordance with the rules in IFRS 9, the Group applies the simplified approach for impairment testing of trade receivables and contract assets. The approach entails that the reserve for expected credit losses is calculated based on the risk of loss over the entire lifetime of the receivable and is recognised when the receivable is initially measured. The risk of loss is primarily based on historic outcomes but also on individual assessments if other factors indicate a diminished ability to pay. This includes a customer's payment history, loss history and current and forward-looking information on macroeconomic factors that may influence the customer's ability to pay. The historical level of losses is adjusted on the basis of anticipated changes to these factors.

Trade receivables and contract assets are grouped on the basis of credit risk characteristics and the number of days delay. Contract assets relate to not yet invoiced work and in all material respects have the same risk characteristics as already invoiced work for the same type of contract. The Group is therefore of the opinion that loss levels for trade receivables offer a reasonable estimate of loss levels for contract assets.

Based on this, loss provisions for trade receivables and contract assets are based on the following:

31 Dec 2023

SEKm	Not overdue	Overdue 0–60 days	Overdue 61–180 days	Overdue 181–365 days	Overdue more than one year	Total
Recognised trade receivables – gross	2,616	93	107	48	101	2,965
of which, construction operations	*321*	*31*	*27*	*23*	*43*	*445*
Expected loss level, %	0%	1%	5%	11%	33%	1%
Provisions for credit losses	**–1**	**–1**	**–5**	**–5**	**–33**	**–44**
Recognised contract assets – gross	725					
Expected loss level, %	0%					
Provisions for credit losses	**0**					

31 Dec 2022

SEKm	Not overdue	Overdue 0–60 days	Overdue 61–180 days	Overdue 181–365 days	Overdue more than one year	Total
Recognised trade receivables – gross	2,671	446	147	119	385	3,767
of which, construction operations [1]	*672*	*83*	*38*	*87*	*325*	*1,206*
Expected loss level, %	0%	0%	14%	5%	10%	2%
Provisions for credit losses	**–2**	**–2**	**–21**	**–5**	**–39**	**–68**
Recognised contract assets – gross	1,250					
Expected loss level, %	0%					
Provisions for credit losses	**0**					

[1] Final settlements were reached in a number of disputes in 2023, resulting in a significant reduction in outstanding trade receivables related to these projects.

▷ Note 25, cont.

Changes to loss provisions during the year are specified below:

	Trade receivables	
SEKm	2023	2022
Opening balance 1 January	**–68**	**–22**
Changes to loss provisions recognised in profit or loss	–8	–42
Receivables written off during the year	11	–5
Reversal of unutilised amount	4	4
Exchange rate differences	6	–0
Loss provisions, acquired companies		–4
Other	11	
At 31 December	**–44**	**–68**

The impairment of trade receivables is recognised in profit or loss and amounted to SEK –4m (–25). For contract assets, there was no loss for 2023 or 2022.

Credit risks, construction operations

The Group's construction operations account for a material share of the Group's total trade receivables and contract assets. Historically, the risk of loss on these receivables has been marginal, and no provision for future losses has therefore been recognised. As of the closing date, the Group's construction operations also had bank guarantees and other collateral for outstanding receivables totalling SEK 107m (75).

Note 26 Leases

Group

Leases

Of the total lease assets (right-of-use assets) of SEK 4,816m, 88% comprises land and buildings. Accordingly, only the terms and conditions of this type of lease asset is described. The Group's leases consist primarily of commercial premises, warehouse facilities and offices.

A property lease also normally includes one or several extension options. An extension option is included in the calculation if it is deemed likely that it will be exercised. Variable expenses, including value-added tax and property expenses, such as maintenance costs, electricity, heat and water, etc., are excluded from lease liability calculations to the extent they can be separated from the cost of rent. To calculate the lease liability (present value of future lease payments) pertaining to property, the rate implicit in the lease/incremental borrowing rate is used. The majority of leases include some form of indexing, normally the consumer price index. The companies have applied the exemption rule and thus not included low-value assets, meaning leases with a value under SEK 50,000 or USD 5,000 or the individual company's materiality level. The initial cost for right-of-use assets corresponds to the initial value of the lease liability less direct expenditure and obligations.

The leases have terms that vary between 5 and 20 years, but the majority have terms of 10 to 15 years. Most of the leases give the companies a unilateral right to extend the lease term. Other leases give the companies an indirect right of tenure. The right to extend the lease can only be exercised by the companies and not by the lessor. The leases cannot be terminated prematurely. The leases may be extended multiple times after the end of the lease term and do not have a definitive end date, given that there are no obstacles to repeatedly extending the lease term. The companies expect that the leases for a small number of premises will be terminated prematurely and that the lease liability/asset will be adjusted since agreements have been reached to vacate the premises early. For 2023, the adjustment amounts were not material. The leases for other premises and land are not expected to be extended. Extension options are not included in most leasing liabilities/assets. The companies evaluate on a yearly basis whether or not it is reasonably certain that an extension option will be exercised.

The lease liability and right-of-use asset will be adjusted accordingly if future changes arise due to changes to the lease term in conjunction with the renegotiation of a lease or in the event that a lease is terminated prematurely.

▷ Note 26, cont.

Group

Income statement

SEKm	2023	2022	Included in the following line
Income from sub-leasing	44	41	Other operating income
Depreciation/amortisation and impairment for the year	–998	–876	Depreciation/amortisation and impairment of property, plant and equipment, intangible assets and right-of-use assets
Costs pertaining to short-term leases	–22	–11	Other external costs
Costs pertaining to low-value leases	–5	–2	Other external costs
Interest expenses	–276	–266	Financial expenses
Total impact on earnings, leases	**–1,257**	**–1,114**	

Statement of cash flows

SEKm	2023	2022	Included in the following line
Short-term leases, low-value leases and variable lease payments[1)]	–27	–14	Operating activities
Amortisation of financial lease liabilities	–970	–816	Financing activities
Interest paid on financial lease liabilities	–275	–265	Financing activities
Total impact on cash flow, leases[1)]	**–1,272**	**–1,094**	

1) Excluding the impact from sub-leasing

Statement of financial position

SEKm	31 Dec 2023	31 Dec 2022
Non-current lease liability, interest-bearing	4,450	4,754
Current lease liability, interest-bearing	948	916
Total	**5,398**	**5,670**

See Note 25 Financial risks and risk policy for the anticipated maturity date of the undiscounted financial lease liability value.

See Note 13 Right-of-use assets for right-of-use assets recognised in the statement of financial position.

Leases entered into with possession taken in 2024 or later

Group companies entered into leases under which possession will be taken in 2024. The leases extend for one to five years, and a preliminary forecast of the value in use is estimated at SEK 58m.

Note 27 Pledged assets and contingent liabilities

Group

Pledged assets

SEKm	2023	2022
Net assets	2,288	2,128
Other pledged assets	1,382	1,719
	3,670	**3,847**

Of other pledged assets amounting to SEK 1,382m, HENT accounts for SEK 1,285m. This amount pertains to assets that HENT has pledged to the bank in the form of collateral in inventories, trade receivables and other operating assets.

Parent company

The parent company has no pledged assets. The parent company has no contingent liabilities to subsidiaries and associates (0).

Note 28 Related party disclosures

Transactions with related parties are made on market terms.

Parent company

The parent company has a related party relationship with its Group companies. For more information, refer to Note 29. The parent company has no pledged assets. The parent company has no contingent liabilities to subsidiaries and associates.

The parent company's transactions with subsidiaries and associates for the period and the parent company's balance sheet items in relation to its subsidiaries and associates at the end of the period are presented below.

SEKm	2023	2022
Financial income	459	252
Other income	9	7
Financial expenses	–133	–27
Other expenses	–2	–2
Dividend	192	102
Group contributions	158	92

SEKm	31 Dec 2023	31 Dec 2022
Cash pool receivable	1,222	872
Other receivables	5,671	7,049
Cash pool liability	2,752	1,142
Other liabilities	1,339	528
Provision	0	60

Transactions with key persons in leading positions

Remuneration to senior executives and Board members is specified in Note 7.

Note 29 Participations in Group companies

Parent company

SEKm	2023	2022
Accumulated cost at 1 January	13,127	12,004
Investments	9,396	3,983
Repaid shareholder contribution	–113	–1,785
Divestments	–10,592	
Wound up		–1,075
At the end of the year	**11,818**	**13,127**
Accumulated impairment at 1 January	–2,977	–4,028
Divestments	1,895	
Wound up		1,052
At the end of the year	**–1,082**	**–2,977**
Value according to balance sheet	**10,736**	**10,150**

Based on the impairment tests that Ratos does annually, see Note 11, the possible indication of impairment of the recognised carrying amount of participations in Group companies is evaluated. No impairment took place in 2023 or 2022.

▷ Note 29, cont.

Subsidiary, Corp. Reg. No., registered office SEKm	Number of shares	Owned share, %	31 Dec 2023	31 Dec 2022
Directly owned companies				
Ratos Ind. AB, 556809-4402, Stockholm	50,000	100	5,899	719
Ratos Infra AB, 559052-2057, Stockholm [1]	50,000	100	3,390	339
Ratos Consumer AB, 559077-8675, Stockholm [2]	50,000	100	1,441	1,085
Ratos Fastighets AB, 556308-3863, Stockholm	50,000	100	6	6
Knightec HoldCo AB, 559384-1058, Stockholm [6]	817,496	66		821
Semcon AB, 556539-9549, Gothenburg [6]	17,411,420	99		2,754
SSEA Group Svenska Samverkansentreprenadaktiebolag, 559281-7323, Stockholm [4]	500	100		180
Kelly Intressenter 1 AB, 556826-5705, Stockholm [4]	50,000	100		356
Kompositkärnan Förvaltning AB, 556777-2271, Stockholm [3]	100,000	100		665
Medcro Holding AB, 559026-2019, Stockholm [3]	50,000	100		409
Miehdnort AB, 556801-4731, Stockholm [5]	100,000	100		85
NCS Intressenter AB, 556801-8435, Stockholm [5]	100,000	100		699
Noiro Holding AB, 556993-7104, Stockholm [3]	50,000	100		416
NVBS Railtech Holding AB, 559304-1329, Stockholm [6]	25,000	100		325
Outdoor Intressenter AB, 559067-2456, Stockholm [3]	50,000	100		106
Presis Infra Holdco AS, 927 459 574, Oslo, Norway [5]	22,459,800	100		970
Speed Group Intressenter AB, 556801-8419, Stockholm [3]	100,000	100		216
			10,736	**10,150**

1) The company changed its name during the year, formerly Vento Intressenter AB.
2) The company changed its name during the year, formerly Blomster Intressenter AB.
3) The company merged with Ratos Ind. AB during the year.
4) The company merged with Ratos Consumer AB during the year.
5) The company was divested to Ratos Infra AB during the year.
6) The company was divested to Ratos Ind. AB during the year.

Share in %	31 Dec 2023	31 Dec 2022	Sub-group
Indirect share in the sub-group			
Ratos Ind. AB			
Semcon AB, 556539-9549, Gothenburg	100	99	Semcon
Aleido Group AB, 556606-0363, Gothenburg	100		Aleido
Knightec HoldCo AB, 559384-1058, Stockholm	75	74	Knightec
HL Display Holding AB, 556809-4394, Stockholm	99	99	HL Display
Diab Group AB, 556603-1711, Helsingborg	97	98	Diab
Medcro Intressenter AB, 559026-5574, Stockholm	100	100	TFS
Ledil Group Oy, 2365174-6, Salo	66	66	LEDiL
Speed Group Holding AB, 559017-4578, Borås	70	70	Speed
Sunrise TopCo ApS, 37940682, Give	78	78	Oase Outdoors
Ratos Infra AB			
SSEA Group Svenska Samverkansentreprenadaktiebolag, 559281-7323, Stockholm [1]	78	70	SSEA
NCS Intressenter AB, 556801-8435, Stockholm	32	32	Aibel
Miehdnort AB, 556801-4731, Stockholm	73	73	HENT
NVBS Railtech Holding AB, 559304-1329, Stockholm	74	74	Expin Group
Presis Infra Holdco AS, 927 459 574, Oslo	72	72	Presis Infra
Airteam TopCo A/S, 37495077, Viby	70	70	airteam
Ratos Consumer AB			
Plantasjen Holding AS, 917763933, Kongsvinger	99	99	Plantasjen
KVD of Sweden AB, 556826-5697, Stockholm	100	100	KVD

1) Pertains to Ratos's holding in the sub-group. For SSEA, the figure refers to the weighted holding of the subsidiary's earnings after tax.

Note 30 Cash flow statement

	Group		Parent company	
SEKm	2023	2022	2023	2022
Interest received	67	18	380	229
Interest paid	–619	–495	–372	–193

Adjustment for non-cash items

	Group		Parent company	
SEKm	2023	2022	2023	2022
Share of profit from investments recognised according to the equity method	–433	–255		
Capital gain from Group companies	–68	104		–110
Depreciation/amortisation and impairment of assets	2,298	1,340	1	1
Unrealised exchange differences	48	–44	59	–53
Reversal of impairment in associates	–1,656			
Provisions and other	377	83	–37	29
Adjustment for non-cash items	**565**	**1,227**	**23**	**–133**

Cash and cash equivalents

	Group		Parent company	
SEKm	2023	2022	2023	2022
Cash and bank balances	2,360	2,532	876	410
Cash and cash equivalents	**2,360**	**2,532**	**876**	**410**

Unutilised credit facilities

Unutilised credit facilities amount to SEK 3,198m (843) for the Group and SEK 3,150m (806) for the parent company.

Divested companies – Group

SEKm	2023	2022
Current assets	4	
Cash and cash equivalents	2	
Total assets	**6**	
Current liabilities and provisions	4	
Total liabilities	**4**	
Consideration transferred	5	
Less:		
Promissory note	–5	
Cash and cash equivalents in the divested company	–2	
Contingent consideration paid		5
Effect on Group's cash and cash equivalents	**–2**	**5**

Acquired companies – Group

SEKm	2023	2022
Intangible assets	26	761
Property, plant and equipment	34	89
Right-of-use assets	40	170
Financial assets	0	2
Deferred tax assets	0	14
Trade receivables	56	619
Current assets	–247	757
Cash and cash equivalents	14	355
Total assets	**–78**	**2,767**
Non-controlling interests		36
Deferred tax liabilities	7	249
Non-current liabilities and provisions		353
Current liabilities and provisions	92	1,148
Total liabilities	**99**	**1,786**
Net identifiable assets and liabilities	–176	980
Goodwill	343	4,400
Recognised call and put options issued to minority owners	86	–479
Purchase price	252	4,901
Less:		
Promissory note	–35	
Provision contingent consideration	–57	–50
Cash and cash equivalents in the acquired operations	–14	–355
Paid contingent consideration	187	46
Effect on Group's cash and cash equivalents	**–333**	**–4,542**

▷ Note 30, cont.

Changes in liabilities attributable to financing activities – Group

		Cash flow			Non-cash effect changes					
SEKm	Opening balance 1 January 2023	Borrowings	Amortisation	Repurchase/ final settlement of options	Acquired and divested companies	Reclassifi-cations	Change in exchange rates	New and amended leases	Other changes	Closing balance 31 December 2023
Liabilities to credit institutions, non-current	6,314	1,766	–3,529			–75	–54			4,421
Liabilities to credit institutions, current	558	77	–609			75	–1		–12	88
Financial lease liabilities	5,670		–970		2		–162	859		5,398
Convertible debentures	99	38				–3			–7	126
Other interest-bearing liabilities[1]	160	3	–3	–80		99	–4		80	255
Total liabilities from financing activities	**12,800**	**1,884**	**–5,111**	**–80**	**2**	**95**	**–221**	**859**	**61**	**10,288**

		Cash flow				Non-cash effect changes				
SEKm	Opening balance 1 January 2022	Borrowings	Amortisation	Option premiums paid	Repurchase/ final settlement of options	Acquired and divested companies	Reclassifi-cations	Change in exchange rates	New and amended leases	Other changes	Closing balance 31 December 2022
Liabilities to credit institutions, non-current	2,059	9,150	–5,029			143	–138	129			6,314
Liabilities to credit institutions, current	43	754	–394			4	138	3		9	558
Financial lease liabilities	5,507		–816			140		124	716		5,670
Convertible debentures	79	52					–7			–26	99
Other interest-bearing liabilities[1]	151	0	–96	17	–11	95		2		2	160
Total liabilities from financing activities	**7,839**	**9,957**	**–6,335**	**17**	**–11**	**383**	**–7**	**257**	**716**	**–15**	**12,800**

1) In addition to the above, contingent considerations of SEK 141m (236) are also included in other interest-bearing liabilities, which amount to a total of SEK 396m (396).

Note 31 Key estimations and assessments

Ratos's financial statements are prepared in accordance with IFRS. This requires management to make assessments, estimations and assumptions that affect the application of accounting principles and the recognised amounts of assets, liabilities, income and expenses. Estimations and assessments are based on historical experience, external information and assumptions which management regards as reasonable under prevailing circumstances. Changed assumptions can result in adjustments to carrying amounts and the actual outcome can differ from estimations and assessments made.

Within the framework of IFRS, a choice can be made in certain cases between different principles. The choice of principle requires in some cases management to make assessments as to which principle provides the most true and fair picture of Ratos's operations.

Development within accounting and the choice of principles are discussed also with Ratos's audit committee.

Key sources of uncertainty in estimations are shown below.

Key sources of uncertainty in estimations

Testing of subsidiaries and associates, including goodwill

The value of subsidiaries and associates, including goodwill, is tested annually by calculating a recoverable amount, meaning the higher of value in use or fair value with deduction for selling costs for each company. Calculation of these values requires a number of assumptions on future conditions and estimations of parameters such as profit multiples and future profitability levels. A description of this procedure is provided in Note 11. Future events and new information can change these assessments and estimations.

Acquisitions

Ratos and its subsidiaries conduct acquisition analyses related to business acquisitions. Acquisition analyses use valuation models to establish the fair value of assets and liabilities at the time of the acquisition. The valuation methods require making several assumptions about future conditions and estimates of parameters such as future cash flows and remaining economic lifetime. Due to these estimates and assessments, the final results may vary from the estimated outcome.

Percentage of completion of projects

With respect to construction contracts, Ratos recognises revenue over time, applying the percentage of completion method. A basic condition for assessing the percentage of completion is that project revenue and project costs can be reliably determined. Reliability requires that the companies' project management systems are followed and their project management has the necessary qualities. The assessment of project revenue and project costs is based on a number of estimations and assessments that are dependent on the project management team's experience and knowledge regarding project management, education and previous project management experience. Due to the use of assessments, the final results may differ from the gradually accrued earnings.

Disputes

From time to time, Ratos and its respective companies become party to legal processes, the outcome of which may be uncertain. Current disputes, and provisions attributable to them, are continuously monitored. Due to the use of assessments, the final results may differ from the recognised provision. Disclosures about provisions are presented in Note 23.

Deferred assets on loss carry-forwards

Deferred tax assets on loss carry-forwards are only recognised to the extent it is probable that these will be utilised against future surpluses. Accordingly, assumptions about deferred tax assets are made when recognising deferred tax assets.

Note 32 Contract assets and contract liabilities

SEKm	2023	2022
Contract assets		
Construction contracts	392	915
Other contract assets	333	336
Total current contract assets	**725**	**1,250**
Contract liabilities		
Other contract liabilities	6	7
Total non-current contract liabilities	**6**	**7**
Construction contracts	1,945	1,233
Other contract liabilities	462	517
Total current contract liabilities	**2,407**	**1,750**
Date for recognition of non-current contract liabilities		
Other contract liabilities		
Within 1–3 years	6	7
Total non-current contract liabilities	**6**	**7**
Contract liabilities included in the opening balance, recognised as income during the year		
Construction contracts	1,015	326
Other contract liabilities	238	164
Total contract liabilities recognised as income	**1,253**	**490**

Order backlog

HENT, Presis Infra and SSEA Group had the largest order backlogs out of all of Ratos's subsidiaries as of 31 December 2023. HENT had an order backlog amounting to NOK 15.8 billion at 31 December 2023 (NOK 21.9 billion at 31 December 2022). Approximately 52% of the order backlog is expected to be recognised in revenue in 2024 and the rest in 2025–2027. Presis Infra had an order backlog of NOK 6.7 billion at 31 December 2023 (NOK 6.4 billion at 31 December 2022), of which 33% is expected to be recognised in revenue in 2024. SSEA Group had an order backlog of SEK 1.9 billion at 31 December 2023 (SEK 2 billion at 31 December 2022), of which 63% is expected to be fully recognised in revenue in 2024.

▷ Note 32, cont.

Significant changes to contract assets and contract liabilities

The change in non-current and current contract assets and contract liabilities attributable to construction contracts primarily pertains to HENT and Expin Group. Given the nature of HENT's operations, which comprise construction contracts, a certain degree of variation in these items is expected between the periods, since the items are dependent on the progress and invoicing in projects in progress.

Loss provision for contract assets

Contract assets are within the scope of the model for expected credit losses. See the section on credit risk in Note 25 for a description and calculation of the loss provision.

Construction contracts

Construction contracts are recognised as revenue according to the stage of completion of the project in accordance with IFRS 15. Refer to Note 1 Accounting principles and Note 3 Revenue recognition.

Income statement

SEKm	2023	2022
Contract revenue	14,535	13,351
Net profit	1,529	1,521

Statement of financial position

Receivables from customers for assignments under a construction contract

SEKm	2023	2022
Contract revenue	11,625	21,088
Billing	–11,232	–20,174
Total receivables from customers	**392**	**915**
Of which, current contract receivables	392	915

Liabilities to customers for assignments under a construction contract

SEKm	2023	2022
Billing	–22,058	–14,888
Contract revenue	19,549	12,937
Total liabilities to customers	**–2,509**	**–1,951**
Of which, current contract liabilities	–1,945	–1,233

Note 33 Events after the end of the reporting period

No significant events have occurred since the end of the financial year that are expected to have a material impact on the consolidated financial statements.

Note 34 Exchange rates

Average rates

SEK	2023	2022
Danish kronor, DKK	1.540	1.429
Euro, EUR	11.477	10.632
Norwegian kronor, NOK	1.005	1.052

Closing date rates

SEK	31 Dec 2023	31 Dec 2022
Danish kronor, DKK	1.489	1.496
Euro, EUR	11.096	11.128
Norwegian kronor, NOK	0.987	1.057

Note 35 Parent company details

Ratos AB is a Swedish registered limited company with its registered office in Stockholm. The parent company's shares are registered on Nasdaq Stockholm. The address of the head office is Box 511, SE-114 11 Stockholm and the visiting address is Sturegatan 10.

The consolidated financial statements for 2023 comprise the parent company and its Group companies. The Group also includes the owned shares in investments recognised according to the equity method.

The Board of Directors' and CEO's certification

The consolidated financial statements and annual accounts have been prepared in accordance with the international financial reporting standards referred to in European Parliament and Council of Europe Regulation (EC) No. 1606/2002 of 19 July 2002, on application of international financial reporting standards and generally accepted auditing standards, and give a true and fair view of the parent company's and Group's financial position and results of operations. The statutory Directors' Report gives a true and fair view of the development of the Group's and parent company's operations, financial position and results of operations and describes significant risks and uncertainties facing the parent company and Group companies.
Our certification also encompasses the statutory sustainability report.

Stockholm, 5 March 2024

Per-Olof Söderberg
Chairman

Ulla Litzén
Board member

Tone Lunde Bakker
Board member

Karsten Slotte
Board member

Jan Söderberg
Board member

Jonas Wiström
Board member,
CEO

The annual accounts and the consolidated financial statements were approved for publication by the Board on 5 March 2024.
The consolidated income statement and statement of financial position and the parent company income statement and balance sheet will be presented for adoption at the Annual General Meeting to be held on 26 March 2024.

Our auditor's report was submitted on 5 March 2024

Ernst & Young AB

Erik Sandström
Authorised Public Accountant

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 66–73 for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 36–141 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 2023 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 2023 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 66–73. 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 participation in group companies

Description

Goodwill amounts to 14.1 billion SEK in the consolidated statement of financial position and participation in group companies amounts to 10.3 billion SEK in the parent company's balance sheet at year end. As disclosed in note 11, the goodwill value is tested annually, and as soon as indicators of impairment are identified, by calculating the recoverable amount and comparing it to the carrying value. Participation in group companies is assessed regularly and by year-end report if there are indications of decline in value and, if so, the asset's recoverable amount is calculated. The impairment tests for 2023 resulted in an impairment of goodwill of in total 774 MSEK.

As stated in note 11, the recoverable amount is determined as the value in use or the fair value less cost of disposal. Significant estimates in the calculation of value in use are, amongst others, expected future earnings, growth and discount rate. For fair value, future earnings and earnings multiple constitute significant assumptions.

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 participation in group companies in the parent company, to be a key audit matter.

How our audit addressed this key audit matter

In our 2023 audit we have evaluated the groups, and the parent company's, process to prepare impairment tests and to identify cash generating units. We have examined 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.

We have involved internal valuations specialists in our audit of significant assumptions and to evaluate the valuations models that have been used.

Finally, we have assessed the appropriateness of the disclosures in the annual report.

Accounting of construction contracts

Description

Construction contracts are accounted for based on percentage of completion and the accounting principles are disclosed in note 3. Accounting of construction contracts requires estimates and judgements to estimate, among others, the total cost to complete the contract, and where applicable, assess the outcome of disputes related to the contracts. Key estimations and assessments are disclosed in note 31.

Due to the estimates and judgments required, we assess the accounting of construction contracts to be a key audit matter.

How our audit addressed this key audit matter

In our 2023 audit we have assessed the group's process for accounting of construction contracts. We have evaluated and assessed the group's estimations and judgements by, on a sample basis, examining significant construction contracts compared to agreements and project accounting records. Furthermore, we have, where applicable, obtained legal opinions from the group's legal advisors.

Finally, we have audited and assessed the disclosures in the annual report.

▷ Auditor's report, cont.

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 2–33 and 148–152. The remuneration report for 2023 which will be authorized for release after the date of this auditors report also constitutes other information. 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 into 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.

If we conclude that the remuneration report contains a material misstatement, we are required to raise the matter with the Board of Directors and request a correction.

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, actions taken to eliminate threats or safeguards applied.

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.

▷ Auditor's report, cont.

Report on other legal and regulatory requirements

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

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 2023 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.

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 ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Ratos AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Ratos AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

▷ Auditor's report, cont.

Auditor's responsibility
Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement
The Board of Directors is responsible for that the corporate governance statement on pages 66–73 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 RevR 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 (publ) by the general meeting of the shareholders on the 28th of March 2023 and has been the company's auditor since the 8th of May 2019.

Stockholm, 5 March, 2024
Ernst & Young AB

Erik Sandström
Authorized Public Accountant

4 Additional information

Five-year summary, Group

	2023	2022	2021	2020	2019
Key figures[1]					
Basic earnings per ordinary share, SEK	3.73	1.69	8.17	2.17	2.11
Dividend per Class A and B share, SEK	1.25[2]	0.84	1.20	0.95	0.65
Dividend yield, %	3.5[2]	2.0	2.1	2.5	1.9
Total return, %	–11	–27	54	17	46
Market price, year-end, SEK	36.08	41.49	57.95	38.48	33.42
Equity per share, 31 December, SEK[3]	38	38	37	29	29
Equity, SEKm[4]	12,314	12,289	11,940	9,366	9,298
Return on equity, %	10	5	24	7	7
Return on capital employed, excl. finance leases, %	10.0	10.2	11.0	8.4	
Return on capital employed, %	8.8	8.6	9.0	7.0	
Leverage excl. finance leases	0.7x	2.5x	0.1x	1.1x	
Leverage	1.5x	3.5x	1.3x	2.3x	
Equity ratio, %	40	37	47	39	38
Average number of ordinary shares before dilution	326,042,022	325,223,889	322,945,842	319,014,634	319,014,634
Number of Class A, B and C shares outstanding	326,516,488	325,898,988	324,676,320	319,014,634	319,014,634
Income statement, SEKm					
Net sales	33,748	29,875	22,551	20,941	21,286
EBITDA	5,308	2,958	2,669	2,422	2,130
Adjusted EBITA[5]	2,244	1,966	1,802	1,468	702
Operating profit	3,010	1,618	1,656	1,457	1,192
Profit before tax	2,273	1,178	1,306	873	718
Profit for the year from continuing operations	2,006	879	1,139	614	579
Profit for the year from discontinued operations			1,715	269	247
Profit for the year	2,006	879	2,855	883	827
Profit attributable to owners of the parent	1,218	548	2,637	693	673

1) Relates to Class B shares unless specified otherwise
2) Proposed ordinary dividend
3) Equity attributable to owners of the parent divided by the number of outstanding ordinary shares at the end of the period
4) Attributable to owners of the parent
5) 2019 excluding capital gains on the sale of property and companies

	2023	2022	2021	2020	2019
Statement of financial position, SEKm					
Intangible assets	15,978	16,908	11,418	8,082	13,463
Property, plant and equipment	1,617	1,725	1,503	1,198	1,173
Right-of-use assets	4,816	5,100	5,006	4,677	4,423
Financial assets	3,307	1,675	2,157	1,072	1,213
Deferred tax assets	477	357	303	156	508
Current assets	9,935	11,411	7,998	6,995	8,625
Assets held for sale				6,458	
Assets	**36,129**	**37,175**	**28,385**	**28,638**	**29,405**
Equity	14,451	13,788	13,326	11,281	11,218
Provisions	619	543	535	561	1,111
Deferred tax liabilities	801	742	440	275	464
Lease liabilities	5,398	5,670	5,507	5,155	4,871
Other interest-bearing liabilities	5,049	7,371	2,575	3,206	5,579
Non-interest bearing liabilities	9,811	9,061	6,002	4,660	6,163
Liabilities attributable to assets held for sale				3,501	
Equity and liabilities	**36,129**	**37,175**	**28,385**	**28,638**	**29,405**

Reconciliations of alternative performance measures

Ratos applies financial measures that are not defined in IFRS but are so-called alternative performance measures (APMs). The alternative performance measures presented are considered to be valuable supplementary information for analysts and other stakeholders for the evaluation and assessment of the Group's financial performance and position. Ratos's definitions of these performance measures may differ from other companies and, accordingly, these are not always comparable with similar performance measures used in other companies.

The following reconciliations and accounts pertain to sub-components included in the material APMs used in the Annual Report. Reconciliation is made against the most reconcilable item, subtotal or total provided in the financial statements for the corresponding period. Definitions are available at www.ratos.com and on page 151.

Organic growth

SEKm	2023	2022
Growth net sales, %	**13%**	**32%**
Net sales	**33,748**	**29,875**
Acquired net sales	3,166	4,629
Effects of change in currency	–112	914
Other	–194	–39
Adjusted net sales	**30,888**	**24,371**
Divested net sales in the comparative period	2	7
Net sales adjusted for the comparative period	**29,873**	**22,544**
Organic growth	**1,014**	**1,827**
Organic growth, %	**3%**	**8%**

EBITDA, EBITA and operating profit

SEKm	2023	2022
EBITDA	**5,308**	**2,958**
Depreciation and impairment	–1,408	–1,240
EBITA	**3,901**	**1,718**
Reversal of impairment in associates	1,656	
Revaluation of and capital gains on listed shares		–118
Restructuring costs		–130
Adjusted EBITA	**2,244**	**1,966**
Amortisation and impairment of intangible assets in connection with company acquisitions	–890	–100
Operating profit	**3,010**	**1,618**

Interest-bearing net debt

SEKm	31 Dec 2023	31 Dec 2022
Interest-bearing liabilities, other	5,049	7,371
Financial lease liabilities	5,398	5,670
Provisions for pensions	65	60
Interest-bearing assets	–34	–101
Cash and cash equivalents	–2,360	–2,532
Interest-bearing net debt	**8,118**	**10,468**

Definitions

Growth measures

Organic growth

Net sales growth in comparable units. The effects of acquisitions, divestments and exchange rate changes are excluded.

This measure displays underlying sales growth driven by changes to volume, price and product mix for comparable units between different periods.

Return measures

Return on equity

Profit for the year attributable to owners of the parent for the last 12 months divided by average equity attributable to owners of the parent during the five most recent quarters.

This measure is used to display total profitability in relation to equity invested by the parent company's shareholders.

Return on capital employed

Adjusted EBITA for the last 12 months as a percentage of average capital employed during the five most recent quarters.

This measure is used to display profitability in relation to how efficiently capital is used.

Dividend yield

Proposed dividend on ordinary shares expressed as a percentage of the Class B share's closing price at the period's last trading day.

This measure displays the size of the percentage of shareholders' investments that are regained annually in the form of a dividend.

EBITDA

EBITA with depreciation, amortisation and impairment reversed (Earnings Before Interest, Tax, Depreciation and Amortisation).

This measure displays the operating result and the ability to generate revenue from operations without taking the capital structure, investments in non-current assets or the tax situation into consideration.

EBITDA margin

EBITDA expressed as a percentage of net sales.

EBITA

Operating profit before impairment of goodwill as well as amortisation and impairment of other intangible assets that arose in conjunction with company acquisitions and similar transactions (Earnings Before Interest, Tax and Amortisation).

This measure is central for management's earnings follow-up since it displays the underlying profitability generated from operating activities.

EBITA margin

EBITA expressed as a percentage of net sales.

Adjusted EBITA

EBITA adjusted for capital gains and the revaluation of listed shares and non-recurring items affecting comparability at the business area level.

Adjusted EBITA margin

Adjusted EBITA expressed as a percentage of net sales.

Total return

Price development of Class B shares including reinvested dividends (this year's paid dividend) on ordinary shares.

This measure displays the total return on shares from an owner perspective.

Capital measures

Interest-bearing net debt

Interest-bearing liabilities (including financial lease liabilities) and pension provisions minus interest-bearing assets and cash and cash equivalents.

This measure is used to define financing via financial liabilities taking financial assets into consideration, and used as a component of the assessment of financial risk.

Leverage

Interest-bearing net debt in relation to EBITDA for the last 12 months.

This measure displays financial risk and the ability to pay off debt. It is used by management for following up on and monitoring the debt level.

Leverage excl. finance leases

Interest-bearing net debt excluding finance leases in relation to EBITDA for the last 12 months.

Equity ratio

Reported equity expressed as a percentage of total assets. Non-controlling interests are included in equity.

This measure displays financial risk expressed as the percentage of total assets that are financed by the owners.

Capital employed

Equity, non-controlling interests and interest-bearing liabilities.

Share-related measures

Equity per share

Equity attributable to owners of the parent divided by the number of outstanding ordinary shares at the end of the period.

This measure provides an indication of the amount of capital per share that is attributable to the parent company's owners.

P/E ratio

Market share price for Class B share in relation to earnings per share.

Basic earnings per share

Profit for the year attributable to owners of the parent company divided by the average number of outstanding ordinary shares.

Diluted earnings per share

When calculating diluted earnings per share, earnings and the average number of shares are adjusted to take into account the effects of potential ordinary shares, which, for the reported periods, pertain to convertible debt instruments and warrants issued to employees.

Other measures

Cash flow from operating activities

Includes cash flow from operating activities, dividends received from associates, interest and financial items, income tax paid, and changes in working capital.

This measure displays the cash flow that the operations generate and that could potentially be used to repay creditors, for investments, for dividends to owners and for other strategic initiatives.

Average number of employees

Total number of hours worked during the period restated as full-time positions.

Shareholder information

Annual General Meeting 26 March 2024

The Annual General Meeting of Ratos AB (publ) will be held on Tuesday, 26 March 2024 at 2:00 p.m. at Grand Hôtel, Spegelsalen entrance, Studio Stockholm, Södra Blasieholmshamnen 8, Stockholm.

Right to participate and registration

There are two ways for shareholders to participate in the AGM: (i) attend in person or through a proxy, or (ii) participate through postal voting. In both cases, shareholders whose shares are registered in the name of a nominee must temporarily register the shares in their own name (described below).

Participation in person or through proxy

In order to participate in the AGM in person or through a proxy, shareholders must:

- be recorded as a shareholder in the register of shareholders maintained by Euroclear Sweden AB on Monday, 18 March 2024
- notify the company of their intention to participate in the AGM no later than Wednesday, 20 March 2024, according to the following instructions.

Notification of participation in the AGM may be submitted online at www.ratos.com, by phone at +46 8 518 01 550 on business days from 9:00 a.m. to 4:00 p.m. or by post at Computershare AB, "Ratos årsstämma 2024", Box 5267, SE-102 46 Stockholm, Sweden. When submitting a notification of participation, the shareholder must state their name, personal identity number/corporate registration number, postal address, phone number and the number of assistants, if relevant (no more than two).

For shareholders wishing to participate through a proxy, a written, dated power of attorney signed by the shareholder is to be sent to the above address ahead of the AGM. Power of attorney forms are available on the company's website www.ratos.com. If power of attorney is issued by a legal entity, enclose a copy of the registration certificate or an equivalent document for the legal entity. To facilitate registration for the AGM, the power of attorney and registration certificate or equivalent document must be received by the company at the above address by Wednesday, 20 March 2024 at the latest.

Postal voting

The Board has resolved to allow shareholders to exercise their voting right through postal voting. In order to participate in the AGM through postal voting, shareholders must:

- be recorded as a shareholder in the register of shareholders maintained by Euroclear Sweden AB on Monday, 18 March 2024
- notify the company of their intention to participate in the AGM by casting their postal vote no later than Wednesday, 20 March 2024 in accordance with to the instructions below.

A separate form is to be used for postal voting. It is available on the company's website (www.ratos.com). The completed and signed document is to be e-mailed to info@computershare.se or sent by post to Computershare AB, "Ratos årsstämma 2024", Box 5267, SE-102 46 Stockholm, Sweden. Computershare must receive the completed form no later than Wednesday, 20 March 2024. Shareholders may also cast their votes electronically by signing with BankID on the company's website (www.ratos.com). Such votes must also be submitted by no later than Wednesday, 20 March 2024.

Shareholders may not give any other instructions or conditions on the advanced voting form. Modified forms are rendered invalid. Further instructions and conditions are provided on the postal voting form.

If a shareholder submits their postal vote through a proxy, a written, dated power of attorney signed by the shareholder is to be enclosed with the postal voting form. Power of attorney forms are available on the company's website www.ratos.com. If power of attorney is issued by a legal entity, enclose a copy of the registration certificate or an equivalent document for the legal entity.

Shareholders who wish to participate in the AGM in person or through a proxy must notify the company according to the instructions under the heading "Participation in person or through proxy" above. This means that a notification of participation through postal voting is not sufficient to participate in the AGM in person or through a proxy.

For any questions regarding advance voting, please contact Computershare AB, tel: +46 8 518 01 550, between 9:00 a.m. and 4:00 p.m. (CET) weekdays.

Nominee-registered shares

To participate in the AGM (including through postal voting), shareholders whose shares registered in the name of a nominee must temporarily register the shares in their own name so that the shareholder is listed in the register of shareholders on Monday, 18 March 2024. Note that this procedure also applies for shares registered with bank custody accounts and certain investment savings accounts. Such voting right registration is to be carried out in accordance with the nominee's procedures and at the time decided by the nominee. Voting right registration carried out by the nominee no later than Wednesday, 20 March 2024 will be included in the register of shareholders.

Dividend and record date

The Board proposes a dividend for the 2023 financial year of SEK 1.25 (0.84) per Class A and Class B share. The record date for the right to receive dividends is proposed as 28 March 2024 and dividends are expected to be paid from Euroclear Sweden on 4 April 2024.

Calendar

26 March	2024 Annual General Meeting
29 April	Interim Report, January–March 2024
18 July	Interim Report, January–June 2024
22 October	Interim Report January–September 2024

Reports can be accessed on Ratos's website directly after publication and are issued in Swedish and English. The Annual Report is sent by post to shareholders who have so requested.

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