Annual and Sustainability Report 2021

RATOS

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Ratos's world

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This is an interactive, clickable pdf.

Ratos – develops outstanding companies

Ratos's business concept is to own and develop companies that are or can become market leaders. We have a distinct corporate culture and strategy – everything we do is based on our core values:

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

Ratos enables independent companies to excel by being part of something larger. People, leadership, culture and values are key focus areas.

11,600 employees

13 companies in three business areas

SEK 35 bn in sales

SEK 2.5 bn in EBITA

* These figures pertain to the companies in their entirety, including Bisnode, which was divested in January 2021.

High level of activity dominated the year

2021 was dominated by a high level of activity, particularly in terms of acquisitions, with platform acquisitions in Ratos and several significant add–on acquisitions in the companies. We updated our financial targets during the year and introduced central financing.

January

Ratos completes the divestment of Bisnode
The sale constitutes a step in the transition to a business group.

February

Aibel awarded an additional offshore wind contract
As part of the construction of the third phase of the Dogger Bank wind farm, Aibel will provide the converter platform for power transmission from the offshore wind farm to the shore. The offshore wind farm in the Dogger Bank area will have a combined capacity of 3.6 GW, making Dogger Bank the largest offshore wind farm in the world.

HENT to build Aker Tech House
HENT is awarded a contract to build Aker Tech House for the real estate company Aker Property Group at Fornebu outside Oslo. The building spans approximately 30,000 square metres and is designed by the architectural firm Wingårdhs. The project is worth more than NOK 1 billion.

March

HL Display acquires the UK company Concept Group
The acquisition improves HL Display's offering and customer base in the UK. With over 30 years of experience, Concept Group has established a strong position as a producer and supplier of store communication solutions to grocery retailers in the UK.

Ratos acquires 63% of Vestia Construction Group
With operations in both Norway and Sweden, the acquisition of Vestia Construction Group is an excellent complement to the construction company HENT, both geographically and in terms of expertise. Vestia Construction Group is active in the expansive Gothenburg market and has recorded average annual growth of 40% over the past five years.

April

HL Display acquires the Dutch company CoolPresentation
HL Display strengthens its market position through the acquisition of CoolPresentation, a supplier of in-store merchandising solutions based in the Netherlands. CoolPresentation provides high-quality products and service levels to players such as grocery retailers and pharmacies.

HENT AkerTechHouse

May

New CEO of HENT Sverige
HENT recruits a new CEO for its Swedish subsidiary.

Diab broadens its offering through the acquisition of the ULTEM™ foam production line
The acquisition helps to expand the product offering and better serve high-end core material applications. ULTEM™ resin-based foam has excellent fire, smoke and toxicity (FST) properties, making the material especially well-suited for aerospace applications.

June

Vestia Construction Group constructs Sweden's largest research facility for electric and plug-in vehicles
The property company Castellum appoints Vestia Construction Group as the general contractor for the SEEL project, a research facility for electromobility built in Säve outside Gothenburg. Ground was broken in June 2021.

HENT signs an additional construction contract for a government district in Oslo
HENT signs an agreement with the Norwegian government's building commissioner, property manager and developer Statsbygg concerning the construction of A-block, part of the new government district in Oslo. HENT already had an agreement in place for D-block.

July

KVD acquires Forsbergs Fritidscenter
The acquisition of Forsbergs Fritidscenter, which is the leading mobile home retailer in the Nordics, expands KVD's range and offering to private individuals. The transaction has a strong commercial rationale, with significant synergy potential, for example, in the form of increased online sales and opportunities for knowledge sharing.

September

HL Display acquires Display Italia
The acquisition of the Italian company strengthens HL Display's customer base and position as a market-leading supplier of in-store communication solutions for grocery retailers.

November

Ratos acquires 75% of the shares in Presis Infra
Through this acquisition, Ratos makes a platform investment in the service and maintenance of critical infrastructure, a growing and stable niche that Ratos has sought to enter for some time.

Aibel awarded a contract to reduce CO_2 emissions in oil and gas production.
Aibel awarded five new contracts with Equinor for a total value of almost NOK 10 billion. With these contracts, renewable energy surpasses oil and gas in terms of the share of Aibel's order book. Aibel consolidates its position as a leading supplier of solutions for the electrification of offshore and onshore production and processing plants.

December

HENT signs agreement for two new residential blocks in Kiruna
HENT signs an agreement with LKAB for the production of two new residential blocks in Kiruna's new city centre. The project will be carried out in close collaboration with the local business community. The agreement is worth SEK 470m.

Ratos gathers all of its Swedish construction operations in the new Svensk Samverkansentreprenad Aktiebolag (SSEA) Group
The Group is established with the ambition of becoming Sweden's leading construction group in partnering and collaboration contracts. Vestia Construction Group and HENT's Swedish operations are to be part of the group.

Speed Group acquires Dream Logistics' 4PL operations
Speed Group signs an agreement with Dream Logistics to acquire 80% of the shares in the company's subsidiary for transport management services, known as fourth-party logistics (4PL). The company is based in Mölndal, Sweden and is expected to have sales of SEK 100m for 2022, with an EBITA margin of approximately 3%.

An excellent year for Ratos – our journey of growth has started and we're ahead of plan

From several perspectives, 2021 marked an important milestone. The Group's EBITA increased 23% and nine of our companies delivered record results despite a challenging operating environment. Our turnaround journey ended when we started 2021. We are now starting a new chapter of growth, including acquisitions. This new journey will be based on a sustainable business model with an ultimate focus on growth in earnings per share. We will achieve this through EBITA growth with a high return on capital employed, by carrying out acquisitions where synergies can be leveraged and by exercising care in diluting the share capital. The transition from an investment company to a heavily decentralised group with central financing was completed in the second half of the year. Immediate advantages include lower financing costs and the fact that our companies can spend more time on development and growth, and less time on administration and bank negotiations.

As we now close the books on 2021, we can see that we performed well and that several companies are starting 2022 with healthy order books. Our diversified group is proving to be strong! For all companies, a good result is when a company outperforms other companies in the same sector in terms of profitability and growth. It was an important year for Ratos – our successful transition from investment company to business group was completed after the summer and immediately yielded results. Our new model for central financing of our companies, for example, contributed to a significant improvement in net financial items for the group. Our balance sheet improved and we're heading into 2022 with approximately SEK 6.5 billion in investment capacity.

Our full focus going forward will be on long-term fundamentals such as earnings per share, strong cash flows and return on capital employed.

Our journey of growth has started, and our acquisition rate increased significantly during the second half of the year. Things are happening faster than we planned, and even if the rate of growth will vary from year to year, we are still ahead of schedule.

Our acquisition journey has begun

In 2021, we carried out eight acquisitions that accounted for approximately 30% of the increase in EBITA during the year, meaning that the remaining 70% was organic growth. It's also gratifying that the companies were acquired at relatively low multiples. Ratos formed a new company at year-end, combining the Swedish portions of HENT and Vestia into a new company called Svensk Samverkansentreprenad AB (SSEA Group). The ambition is to become Sweden's leading construction group in partnering and collaboration contracts.

I'm proud of how patient we are and how we're never satisfied with less than the best. Our ownership horizon is eternal, which means we need to acquire companies whose futures extend beyond the next quarter. Furthermore, our 13 companies are well positioned with respect to prevailing macrotrends, creating the conditions for long-term growth and profitability. Our diversified business areas have stood strong together over the past two years of the Covid-19 pandemic. Ratos is well on its way to becoming the Nordics' leading company builder.

Sustainability

We all know that we need to accelerate the transition to a more sustainable future – this is nothing new. Sustainability topics are interwoven into the Ratos business model. We do not differentiate between sustainability risks and business risks – to us, they are the same. It is important to have policy documents and a clear process for reporting in place – and we do. But we have higher ambitions. In 2021, all companies reported their carbon footprints/CO_2 emissions. And of course the UN Sustainable Development Goals (SDGs) are essential for us. Like many others, we published our first reporting in line with the new EU Taxonomy in 2021. Today, these are hygiene factors. Ratos's new Vice President Communication & Sustainability joined executive management in the autumn and several of our companies also demonstrated their own strength, in

terms of both tangible accomplishments like smaller carbon footprints but also more abstract ones like paving the way towards more sustainable business in their respective industries.

One area where Ratos's companies are making a contribution is industrial construction in wood. During the third quarter, Sara Kulturhus opened in Skellefteå, Sweden – a project for which HENT, which started building in wood back in 2005, was the general contractor. With this project, HENT went from building the tallest wooden building in Norway to also building the tallest wooden building in Sweden. Wooden construction is by far the most environmentally friendly alternative available, and more and more people are beginning to understand its importance.

Diab and HL Display are at the forefront of collaboration and testing to reduce waste and increase plastic recycling.

Aibel reached an important milestone during the fourth quarter, with the share of green projects pertaining to offshore wind and electrification in the backlog of orders now accounting for a full 64% of the order book. The recent contracts for electrification that Aibel was awarded during the fourth quarter will help reduce CO_2 emissions by more than 800,000 tons annually, representing approximately 1.5% of Norway's total emissions.

We are well positioned to capitalise on the major opportunities that the "green industrial revolution" will create for us, but sustainability work is never truly finished. It must be carried out continuously as new research findings, regulations and legislation arise.

2021 – an important milestone

For the past four years, we've worked hard to achieve the position we enjoy today, with a strong earnings trend and balance sheet. The fact is that it has gone faster than I thought possible when I assumed the role as CEO at the end of 2017. This is due entirely to the dedication of our employees throughout the Ratos family as we work towards our clear target. I'd like to extend my sincere thanks to all of you. Now we're raising the tempo further, with even better conditions for generating value for our customers and shareholders, all while our companies become even more attractive with significant development opportunities for employees who want to grow and make a difference. I would also like to thank all of our customers who have trusted in the products, solutions and services that we provide.

Jonas Wiström
President and CEO

Development of our business areas

Construction & Services

+7 % sales

+68 % earnings

During 2021, **Construction & Services** increased the EBITA by 68% and sales growth amounted to 7%. **Aibel** posted a robust EBITA trend for the year. Order intake was strong and the company is entering 2022 with an order book of NOK 14.7 billion, 64% of which is offshore wind and electrification. **Speed Group** also performed very well and, along with airteam, posted a record high EBITA for the year with industry-leading profitability and a record-high order book. **HENT** continued to stabilise its operations during the year. With somewhat improved profitability, at the end of the year it had a record-high backlog of orders of NOK 19 billion, of which 76% was attributable to public contracts. **Vestia's** operations performed very well, with record-breaking earnings during the year, EBITA growth of 80% and industry-leading profitability.

Presis Infra was acquired at the end of November and began contributing to the business area's earnings in December. The acquisition is an additional step in establishing a strong position for Ratos as a community developer. A positive side effect of this acquisition is that it will help to even out the Group's seasonal EBITA variations owing to Plantasjen.

Consumer

+16 % sales

+30 % earnings

During the year, the Consumer & Technology business area changed its name to **Consumer**. The Consumer business area was affected by the divestment of **Bisnode** at year-end 2020. Adjusted for this, the companies in the business area continued to post strong EBITA growth of 30% for the year. Sales growth amounted to 16% for the full year. **Plantasjen** continued to perform well during the year with record-breaking EBITA and has strengthened its market share in a growing market over the past two years. **KVD** increased its EBITA and sales drastically during the year due to the acquisition of Forsbergs Fritidscenter in July and the further development of its business model. **Oase Outdoors** performed very well during the year, with EBITA growth of 65%, a record-breaking performance. Both EBITA and sales were the highest in the company's history, including the order book for 2022.

Industry

+1 % sales

-23 % earnings

EBITA for companies in the **Industry** business area decreased 23% in 2021. This was a direct result of decline in the wind market in combination with an ongoing shift in technology in terms of materials, which had a negative impact on **Diab**. Other companies performed very well. A restructuring programme was carried out at the end of the year to reduce costs and respond to these challenges. **HL Display** continued to perform well and delivered all-time highs in both EBITA and sales during the year. **LEDiL** also had a very good year, with record-high sales and EBITA for the year. The order intake was strong and the company entered 2022 with a record-high backlog of orders. **TFS** also performed very well, with strong annual EBITA growth of 58%. The market for clinical trials is growing quickly and **TFS** continues to increase its market share in Europe and the US.

The above figures are excluding the divested Bisnode.

Targets and target fulfilment

Targets 2025	Outcomes 2021
Financial targets	
EBITA growth EBITA is to amount to at least SEK 3 billion by 2025	EBITA amounted to SEK 1,802m[1)]
Net leverage Net debt in relation to EBITDA should normally range from 1.5 to 2.5x	Net leverage was 0.2x[2)]
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 dividend payout ratio amounts to 42%[3)]

On 8 February 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 business group. Ratos currently has an "eternal" ownership horizon and invests to build value over the long term.

Investment strategy

Ratos strives to implement quick improvements in its companies but remains an owner with a long-term vision with a focus on sustainable profitability. For new investments, we investigate the following factors and make the following adjustments:

Add-on acquisitions and adjacent acquisitions

Add-on acquisitions

- Acquisitions take place through decentralised processes that are conducted by the companies – Ratos's management may assist with expertise and experience if necessary.
- The company is to contribute to the consolidation of an industry
- Attractive values and low risk
- Distinct cost and revenue synergies

Adjacent acquisitions

- The acquisition was identified by Ratos
- The company operates in the same, or similar, industries to other Ratos-owned companies
- Distinct soft synergies
- Integration opportunities may exist with other Ratos companies, but are not necessary

Platform acquisitions

- Market-leading companies, or companies with the opportunity to become market leaders with significant EBITA
- The company could be a necessary puzzle piece to consolidate a fragmented market and operate in an attractive and growing market
- High quality with a stable history
- Competent CEO and management that can contribute to the Ratos family

1) The Group's EBITA adjusted for revaluation of listed shares.
2) The Group's interest-bearing net debt / the Group's EBITDA Adjusted for the effects of financial lease liabilities, revaluation of listed shares and stated pro forma for acquisitions.
3) Proposed ordinary dividend adjusted for the capital gains from the sale of Bisnode.

Ratos's model

Ratos purchases and develops outstanding companies with the potential to become market leaders. We focus on long-term sustainable growth.

Ratos increases the earnings of its companies through a combination of focusing on operational profitability, organic growth and acquisitions. Add-on acquisitions are carried out by our existing companies with the aim of gaining market share and creating synergies. We are also adding new platform companies to the Ratos family to build around.

Our role is to enable strong leaders and employees to excel more quickly in a decentralised structure. Knowledge, experience and capital are available within the Ratos Group's network. 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 challenge, impose strict requirements, dare to invest and show respect create the best conditions for their management teams to build companies capable of achieving long-term industrial success. Today, we are a leading owner in the Nordics and operate via 13 companies with combined sales of SEK 35 billion and about 11,600 employees in over 30 countries.

Value creation

Ratos develops a diversified business group by implementing measures that create value, supplemented by an active acquisition agenda. Our overall goal is to increase EBITA, continually and in the long term. The foundation for increasing EBITA is 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. The focus is on improving the gross margin and lowering costs. It is only when stability and profitability have been achieved that the focus can shift towards growth.

Organic growth is unparalleled when it comes to creating value for a company and, for this reason, is always a top priority. However, acquired growth can also generate considerable value when combined with real synergies in terms of expenses and revenue, and therefore plays a supplementary role.

The single most important assignment for Ratos is to appoint CEOs. When we attract the best CEOs to our companies, they will in turn attract a strong team. Ratos maintains regular contact with the companies, including monthly follow-ups of earnings, the balance sheet and cash flow. With small, committed boards, Ratos – in its role as owner – is able to work closely with the respective CEOs of the companies. Through an exchange of experiences within the Ratos business group, the companies benefit from being part of Ratos's network.

The companies' management teams, Ratos's Board of Directors and Ratos's employees meet once per year to discuss central themes for value creation. In addition, various specialist functions meet to discuss and compare methods and models for value creation and efficiency. Several forums have also been established to discuss different initiatives, for example, in purchasing, HR and sustainability.

Acquisitions

We supplement the operational development of our companies 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 a knowledge exchange between companies and our own network, with the aim of further accelerating growth.

New platform acquisitions are carried our mainly when an opportunity presents itself in an industry in which Ratos already has knowledge and the ability to create value. Often, the starting point is that the company has a highly talented and committed management team, is based in the Nordics, has a scalable international business model and requires a capable, long-term owner in order to carry out further expansion.

Sustainability – a prerequisite for long-term profitability

We are convinced that long-term sustainable companies are profitable and create long-term value. 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 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. There are 19 employees at Ratos's head office and a total of about 11,600 employees in 30 countries in our companies. Through active ownership, Ratos serves as a driving force to ensure that the companies are sustainable in their business idea and their value creation. The foundation is Ratos's policy framework that consists 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.

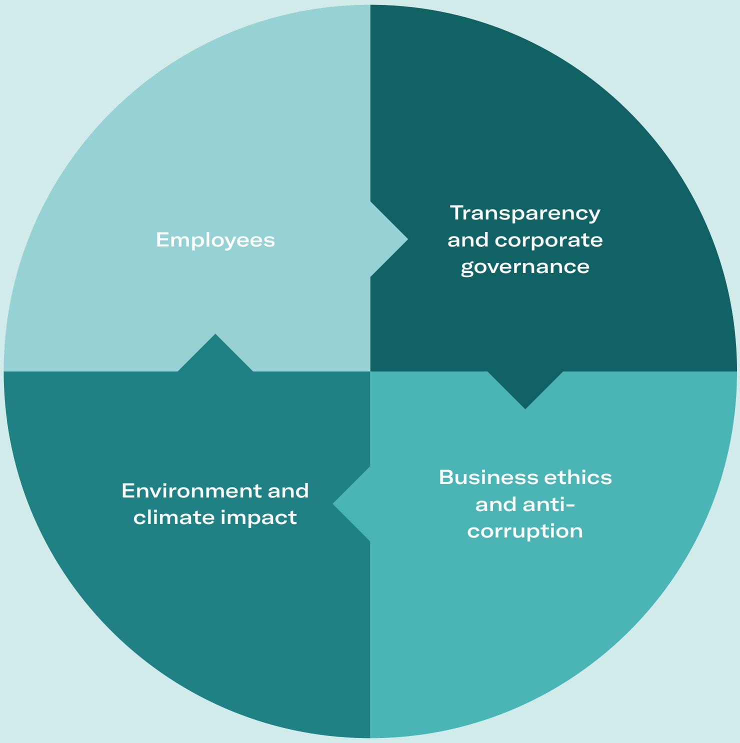
Ratos's focus areas and work with the UN Sustainable Development Goals (SDGs)

Focus area	SDG	SDG target	Ratos's contribution
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 companies. One of Ratos's financial targets is to increase the earnings of the business group. In the long term, the companies should have the highest profitability in their sectors. We insist on and 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 CO_2emissions. • Adopt sustainability goals.
Business ethics and anti-corruption	16 PEACE AND JUSTICE STRONG INSTITUTIONS	**16.2** Zero violence against children. **16.5** Combat corruption and bribery.	Working together with Net Clean Proactive, Ratos's parent company has installed a protection against child pornographic material on each employee's computer. Ratos's companies have the right to use a framework agreement to install this. 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.
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 insist on and follow up to ensure that Ratos's companies measure, report and follow up on their CO_2 emissions.
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.

Four focus areas

Ratos's sustainability efforts are structured based on four focus areas: Transparency and corporate governance, business ethics and anti-corruption, environment and climate impact, and employees.

These focus areas are selected based on the most essential aspects of our materiality analysis, see page 120. Policies, requirements and targets are connected to each focus area. Each company is also 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 also expected to report these developments publicly through an annual sustainability report. To strengthen collaboration and support the exchange of experiences between companies, a sustainability forum is organised every year. This is also an opportunity to discuss and review Ratos's expectations of its companies' sustainability efforts and reporting as well as to bring up new areas and trends. The following section contains information on how we address each respective focus area, both within Ratos's parent company and in Ratos's companies.



Transparency and corporate governance

Sustainability is an integrated part of Ratos's corporate governance. We place requirements on active sustainability work and transparent sustainability reporting.

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 the Global Reporting Initiative (GRI). Read more about each company's sustainability work on pages 25–37.

Ratos in the community

In 2021, 17% (SEK 53m) of Ratos's dividend went to the Ragnar Söderberg Foundation and the Torsten Söderberg Foundation, two of the country's largest private investors in scientific research, mainly within economics, medicine and law. Entrepreneurship and company development are important for Ratos's legacy and in today's operations. In our community involvement, we focus on reducing climate impact, training/research/entrepreneurship and increased social inclusion. In 2021, 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. Inkludera Invest has worked successfully with the promotion of social innovations with the aim of increasing inclusion in society for the past ten years.

Our actions matter

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. Ratos does not differentiate between sustainability risks and business risks, but rather regards them interconnected. A company like Ratos would not have been able to create value in society for over 150 years without this insight.

"Sustainable value creation is about understanding how the major challenges in society impact business in the short and long term. It also concerns understanding that long-term sustainability equals long-term profitability," says Josefine Uppling, who was appointed the new Vice President Communication and Sustainability of Ratos in September 2021.

As an owner, Ratos expects the boards and management of its companies to identify material sustainability issues, set targets and conduct systematic follow-ups. Today, these are hygiene factors. Our greatest expectation is that the efforts to become a little better tomorrow than we are today are always ongoing and never seen as being truly complete. Every industry has its challenges, and we believe that the incremental improvements made in industries that have historically had the largest negative carbon footprints can also make the greatest difference.

"I see constant examples of how Ratos companies in industries that have had an enormous carbon footprint in the past are involved in leading the green transformation. It is possible to make an enormous difference in this way. Our actions matter. We are working systematically to implement new research, collaborate with others and find new ways forward in the future," says Josefine Uppling.

"Long-term sustainability equals long-term profitability."

Josefine Uppling, Vice President Communication and Sustainability at Ratos

Business ethics and anti-corruption

Ratos places stringent requirements on the implementation of sound business ethics and proactive anti-corruption initiatives in its companies.

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 2021, including no reported cases of discrimination in the whistle-blowing 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:

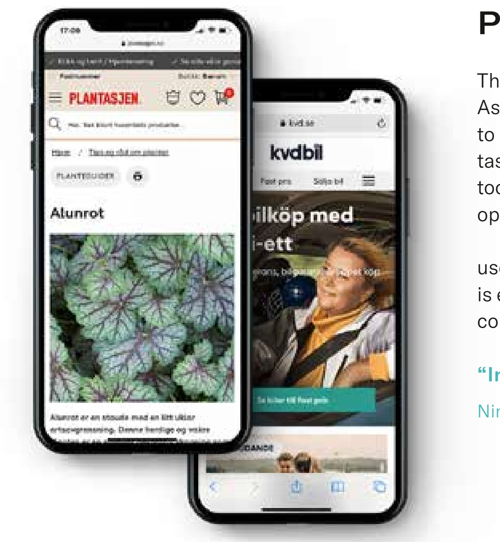
Every employee has a responsibility to report an incident if they suspect that an action is in breach of the company's Code of Conduct. To make it possible to report violations anonymously, Ratos uses an external whistleblowing system, Whistle B, which is fully independent of Ratos's IT systems and online 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 the year, all 13 of Ratos's companies were analysed for corruption risks. Six 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.



Plantasjen and KVD at the forefront of digitisation

The Covid-19 pandemic has led to many companies transitioning to more digitised operations. As demand for e-commerce increases, many industries are taking greater and more rapid steps to make their digital offering user friendly and efficient. Since the pandemic broke out, Plantasjen has invested in their digital offering and their online sales have increased tenfold. Digital tools are used to communicate with customers, suppliers and employees, which has streamlined operations.

KVD has been a digital pioneer since 1997. Today, KVD is Sweden's largest digital player for used cars. The company is working hard to advance its position in digitisation. Today, its pricing is entirely data driven and the digital offering is continually being developed with the aim of constantly being at the forefront.

"In 2021, our online shopping sales increased tenfold compared with 2020."

Nina Jönsson, CEO of Plantasjen

Environment and climate impact

Ratos endeavours to constantly reduce its environmental and climate impact and requires that its companies do the same.

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 travel, for example, through the use of video conferencing and guidelines when choosing a means of transport. We pay climate compensation for emissions from all air travel. In the past year, the number of flights that Ratos's parent company employees have taken has been halved. This was partly due to the effects of the Covid-19 pandemic, but also made it clear that this new way of working, with less travel, will also be possible moving forward.

Requirements for Ratos's companies

Ratos's significant environmental impact is created through its companies. 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. One of Ratos's sustainability focus areas is to increase the share of climate-reporting companies. Framework agreements for climate reporting systems and support are offered to all companies to facilitate their work. During the year, ten of the 13 companies in the Ratos Group conducted climate reporting. The target is for all of the Ratos Group companies to conduct climate reporting from 2022. In 2021, a Group-wide initiative was carried out to implement the new EU Taxonomy. Training and support for how reporting is to be conducted pursuant to the new requirements took place for all of the companies in the Ratos family.

Aibel is contributing to Norway's climate transition.

Aibel has held its position as a leading supplier of offshore wind power for ten years. The company's transformation plays a crucial role in replacing fossil fuels with wind power in Norway's oil extraction from the North Sea, an industry that accounts for 28% of the country's greenhouse has (GHG) emissions.

"The share of Aibel's order book related to renewable energy is now over 60%, which is a milestone."

Mads Andersen, CEO of Aibel

Environmental impact in the parent company

Measuring and following up activities that contribute to the carbon footprint of Ratos's parent company creates awareness about Ratos's climate impact and an understanding of which measures can further reduce Ratos's climate impact. In 2021, the parent company's CO_2 emissions amounted to 43 tonnes (89), a reduction of 50% year-on-year. The decline was particularly significant in terms of business trips (flights) due to a reduction in travelling as a result of the Covid-19 pandemic. Even if the effects of the Covid-19 pandemic were significant, we are proud of this positive trend and can now see how this trend can be sustained moving forward. Ratos takes responsibility for its total emissions through climate compensation.

Total emissions, tonnes of CO_2e/yr	2021	2020	2019	2018
Business trips (Scope 3)	23	41	153	135
of which, air travel	18	35	145	124
Head office, building (Scope 2)[1] incl. energy losses (Scope 3)	7	10	19	16
of which, electricity consumption (Scope 2)	2	2	2	3
Other[2] (incl. annual report calculated from a general LCA perspective)	12	38	6	4
Total before climate compensation	**43**	**89**	**178**	**155**
Total after purchase of climate compensation	**0**	**0**	**0**	**0**

1) Electricity and heat consumption.
2) District heating, paper and printed materials, electricity consumption. From 2020, "Other" also includes IT (computers and telephones).

HL Display a pioneer in recycled plastic

By collaborating with one of its customers, the grocery retail chain TESCO, HL Display has developed a circular offering that encompasses the entire value chain. Thanks to this collaboration, the PVC plastic in HL Display's products can be washed and processed to finally be reused in the store solutions that HL Display sells to TESCO. The partnership with TESCO began as a pilot project and has already proved profitable for everyone involved. HL's circular offering has been nominated for the National Recycle Award in the "Circular Economy" category.

"Our circular offering is profitable for all parties and is an inspiration to others."

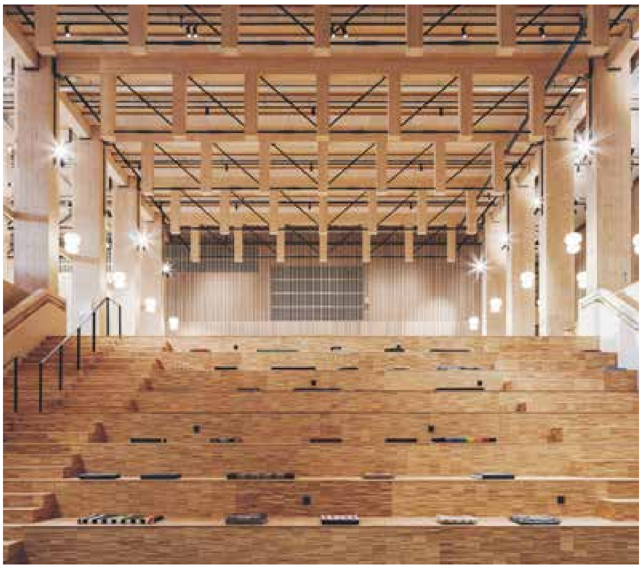
Björn Borgman, CEO of HL Display

HENT is building an energy-efficient cultural centre out of wood

The construction company HENT has secured the assignment to build Sara Kulturhus in Skellefteå. The building is Sweden's tallest wooden building in terms of the number of floors. Sustainability has permeated the entire project. Measures taken include the development of an innovative solution for the energy system, providing considerable savings in energy consumption. The system is operated by AI, meaning that the energy and heat levels adapt to the number of visitors. The building is also energy efficient in other ways. The integrated solar panels on the building's roof contribute 120 kW of power. The building is constructed in a way that allows energy consumption to be approximately 40% lower than in a standard building.

"New energy solutions provide 40% lower energy consumption."

Jan Krepp, CEO of HENT Sweden



Speed Group to install Nordic region's largest solar-panel roof

At its logistics property in Viared in Borås, Speed Group has had solar cells installed on the roof, which will become the Nordic region's largest facility of its kind. The system, covering an area of 60,000 square metres, is expected to produce a 4 gigawatt hours (GWh) of green electricity per year, equivalent to the annual consumption of about 400 standard houses. A third of the energy produced from the roof goes directly to Speed Group's operations, with the remaining two thirds being sold to other players. This investment will provide Speed Group with an attractive green logistics offering and make the warehouse CO_2 positive.

"Our warehouse in Viared is CO_2 positive following our investment in PV."

Mats Johnson, CEO of Speed Group

Ratos investing in networking and leadership development

BELP – Business Executive Leadership Program

Being part of the Ratos family includes an opportunity to benefit from training and networks: Business Executive Leadership Program (BELP) and Ratos Executive Network (REN). 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 research, 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.

"Being part of something greater allows everyone to develop".

Lotte Simonsen, Marketing and R&D Director, OASE, BELP participant 2019

REN – Ratos Executive Network

The REN is a network for employees in the Ratos family who work in the same area, aimed at providing inspiration and enabling knowledge sharing. For Per Hökfelt, Director of Corporate Sustainability at Diab, the network is where he was first introduced to the Science Based Targets initiative. Thanks to the REN, Diab was early in implementing this approach to measuring emissions, which has become standard today. The REN was also where the possibility of a more in-depth partnership between Diab and HL Display was discovered. Network talks on recycling resulted in plastic waste from Diab now being used as a raw material in HL Display's production.

"The Ratos Executive Network shows that the exchange of best practices works in practice."

Per Hökfelt, Director of Corporate Sustainability, Diab, REN participant 2021

Employees

Everything we do is based on the insight that nothing is more important than people. Ratos's leaders and employees make a difference every day. The Ratos Group employs approximately 11,600 people.

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. The CEO is responsible for recruiting a team that has a clear strategy and can perform and deliver in accordance with this strategy. Every company must have clear processes in place for identifying, developing and rewarding leading talents.

A decentralised structure

Responsibility for each Ratos company rests with the company itself and its respective management. Decisions in the company should be made close to customers and employees, without any unnecessary bureaucracy.

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 and It's All About People.

Networking and leadership development.

Ratos enables companies to excel by being part of something larger. We have various platforms for sharing knowledge. Each year, we organise network meetings bringing together specialists in different functions to share their knowledge and experience. In 2021, meetings were held in which HR managers, purchasing managers, heads of sustainability, finance managers, heads of IT, legal counsel and CEOs shared their knowledge and experience.

We are continuing our Group-wide BELP in collaboration with the Stockholm School of Economics (SSE) Executive Education Programme in Stockholm. 25 managers and leading talents from Ratos's companies took part. The purpose of the programme is to provide new insight into strategy and leadership, while also creating the potential for a strong internal leadership network. In autumn 2021, the second round of BELP began. In 2022, we will arrange the Ratos Summit, an event where all of the management groups in Ratos's companies will meet.

Equal opportunities and diversity

Ratos works to promote diversity and equal opportunities, both in our own organisation and in our 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. Ratos's view is that organisations distinguished by diversity and inclusion can create stronger and more dynamic teams. We strive to create an inclusive work environment that allows everyone the chance to realise their full potential. Recruitment and career development at Ratos should be based on relevant merits and skills. Pay divisions without any just reason must be avoided. Ratos should offer equal pay for equal work. 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 approximately 11,600 employees. Based on identified risks, the companies implement relevant guidelines and processes, and pursue a systematic and preventive work environment agenda. Some companies 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.

The Ratos share

Ratos's share increased 50.6% with a total return (price development including reinvested dividends) of 53.7% compared with the SIX Return Index, which was 39.3%.

Ratos share in brief

Share listing	Nasdaq Stockholm
Total number of shares	324,738,820
Number of shares outstanding	324,676,320
Closing price, 30 Dec 2021	SEK 57.95 (Ratos Class B)
Highest/lowest quotation,	SEK 62.95 / 37.20 (Ratos Class B)
Market capitalisation, 30 Dec 2021	SEK 19 billion

Share price performance

The performance of Ratos's Class B shares was 51% compared with the OMXSPI, which was 35% in the same period. The highest quotation during the year (SEK 62.95) occurred in August and the lowest (SEK 37.20) in January. The closing price on 30 December was SEK 57.95. The total return (price development including reinvested dividends) for Ratos's Class B shares in 2021 amounted to 53.7% compared with the SIX Return Index, which was 39.3% during the same period.

Dividend

The Board of Directors proposes an ordinary dividend for the 2021 financial year of SEK 1.20 per Class A and B share and a total divided of SEK 390m. The dividend yield amounts to 2.1% based on the closing price at year-end.

Ownership structure

The ten largest shareholders accounted for 79% of the voting rights and 53% of the share capital. The proportion of shares owned by physical or legal entities outside Sweden amounted to 20%. The US, Luxembourg, the UK 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 40–43 and on Ratos's website.

Repurchase of own shares

The 2021 Annual General Meeting renewed the mandate for the company to acquire own shares. The holding of treasury shares may not exceed 7% of the total number of shares in the company. There were no repurchases of own shares in 2021. In March, Ratos's Board decided to transfer 4,430,762 treasury shares, which resulted in a selling process carried out by Skandinaviska Enskilda Banken AB (publ). In 2021, 633,000 treasury shares were also sold in conjunction with the redemption of call options. At year-end, Ratos owned 62,500 Class B shares (corresponding to 0.02% of the total number of shares).

Shareholder statistics

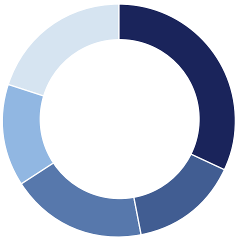
Number of shares	Number of shareholders	Share of capital, %
1–500	51,118	2.20
501–1,000	8,900	2.20
1,001–5,000	10,597	7.60
5,001–10,000	1,666	3.83
10,001–15,000	464	1.80
15,001–20,000	290	1.63
20,001–	706	80.72
Total	**73,741**	**100**

Breakdown by class of share

Share class	Number of shares	% of voting rights	% of capital
Class A	84,637,060	77.9	26.1
Class B	240,101,760	22.1	73.9
Total	**324,738,820**	**100**	**100**

Source: Euroclear Sweden

Breakdown of Ratos's shareholders, % of capital



Private individuals 32%
Banks, insurance and pension companies and mutual funds 15%
Foundations 19%
Swedish legal entities 14%
Foreign shareholders 20%

Source: Euroclear Sweden

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 2021 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.

Data per share*

	2021	2020	2019	2018	2017
Earnings per share before dilution, SEK	8.17	2.17	2.11	–1.40	0.72
Dividend per Class A and B share, SEK	1.20[1)]	0.95	0.65	0.50	2.00
Dividend per Class A and B share as % of earnings per share	15[1)]	44	31	neg.	278
Dividend per Class A and B share as % of equity	3[1)]	3	2	2	7
Equity, SEK[2)]	37	29	29	27	30
Closing market price, Class B share, SEK	57.95	38.48	33.42	23.28	35.84
Market price/equity, %	158	131	115	85	118
Dividend yield, Class B share, %	2.1[1)]	2.5	1.9	2.1	5.6
Total return, Class B share, %	54	17	46	–30	–13
P/E ratio	7.1	17.7	15.8	neg.	49.9
Highest/lowest price paid, Class B share, SEK	62.95 / 37.20	39.46/16.40	36.36/18.10	38.58/21.92	48.7/35.1

Key figures*

	2021	2020	2019	2018	2017
Market capitalisation, SEKm[3)]	19,192	12,260	10,550	7,530	11,723
Number of shareholders	73,741	53,357	52,070	57,909	59,526
Average number of Class A and B shares outstanding before dilution	322,945,842	319,014,634	319,014,634	319,014,634	319,014,634
Number of outstanding Class A and B shares at year-end	324,676,320	319,014,634	319,014,634	319,014,634	319,014,634
Dividend, SEKm[4)]	390[1)]	303	207	160	638

* Relates to Class B shares unless otherwise specified.
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

	Number		Share of	
31 Dec 2021	**Class A shares**	**Class B shares**	**capital, %**	**votes, %**
Söderberg family with companies, etc.	46,700,371	17,803,641	19.86	44.62
Torsten Söderberg Foundation	12,056,186	16,063,900	8.66	12.58
Ragnar Söderberg Foundation	17,235,241	10,134,588	8.43	16.80
State Street Bank and Trust CO, W9	5,972	11,971,034	3.69	1.11
Spiltan Fonder	0	9,767,418	3.01	0.90
Avanza Pension	111,369	7,428,933	2.32	0.79
Didner & Gerge Fonder	0	7,011,421	2.16	0.65
RBCB Lux Ucits Ex-Mig	0	5,711,933	1.76	0.53
JP Morgan Chase Bank N.A.	3,980	5,572,583	1.72	0.52
Carnegie Fonder	0	4,527,971	1.39	0.42
Treasury shares	0	62,500	0.02	0.01
Others	8,523,941	144,045,838	46.98	21.07
Total	**84,637,060**	**240,101,760**	**100**	**100**

Source: Euroclear Sweden

2

Ratos's companies

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This is an interactive, clickable pdf.

Ratos's business areas and companies

Construction & Services

The business area's focus is on building and maintaining a sustainable society. The service offering ranges from constructing new sustainable buildings and maintaining critical infrastructure to energy supply and managing material flows. 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. Many of the companies outrank their competitors when it comes to reducing carbon emissions in industries that have historically had excessive carbon footprints. 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.

Sales: SEK 11,406m
Reported growth: 7%
EBITA: SEK 677m
EBITA margin: 5.9%

Christian Johansson Gebauer
President Business Area
Construction & Services

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. The products and services offered are to be sustainable over the long term in every aspect, and ambitious efforts are ongoing in the companies to ensure sustainability in all aspects of their business models. The business area consists of companies that are well positioned in relation to strong prevailing macrotrends such as spending holidays at home, growing interest in outdoor activities, and interior design and horticulture. The companies hold leading positions in their respective segments in the market and consist of generally strong, well-known brands. In total, about 12 million transactions/customer meetings take place in the companies each year. We aim to acquire new companies that are or can become strong household brands and can contribute to growth by simplifying and improving everyday life for many people.

Sales: SEK 6,232m
Reported growth: 16%
EBITA: SEK 845m
EBITA margin: 13.6%

Anders Slettengren
President Business Area
Consumer

Industry

The Industry business area is where we develop market-leading industrial companies that are based in the Nordics but export to the entire world. The companies are active in more than 30 countries across five continents. Companies in Industry are exposed to high-growth markets such as energy-efficient lighting, lightweight material, renewable energy and pharmacology. Diab, HL DISPLAY and LEDiL are clear leaders in their respective markets, and TFS Healthcare is on a good course to become so. The companies have a strong focus on being sustainability leaders in their respective markets. Diab and HL Display are collaborating on a successful project to reduce production waste and better use recycled PET. When searching for new companies to add to the business area, we value established, close customer contact highly, as well as high profitability and a strong history that we can develop further.

Sales: SEK 4,913m
Reported growth: 1%
EBITA: SEK 432m
EBITA margin: 8.8%

Joakim Twetman
President Business Area
Industry

Aibel

Construction & Services

Mads Andersen
President and CEO

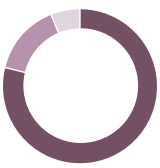
Aibel is a leading supplier of infrastructure and services for the global energy sector. The company offers a broad spectrum of solutions in design, construction, refurbishment and maintenance. The company is a significant supplier to offshore wind power in the European market. As one of the largest companies in the Norwegian continental shelf, Aibel is also leading in the electrification of offshore oil and gas installations and onshore processing plants. Electrification helps significantly reduce CO_2 emissions. Aibel also owns two modern shipyards, one in Haugesund (Norway) and one in Laem Chabang (Thailand), with prefabrication and design capabilities. Aibel's employees are located close to its customers at the offices in Norway, Thailand and Singapore.

MARKET Aibel has a strong market position, long-term customer relationships and core expertise coupled with a strong business model in a market with good growth potential. The markets for the expansion of offshore wind power and the electrification of oil and gas platforms are growing.

THE YEAR The level of activity during the year remained high, and Aibel won several contracts for the electrification of platforms, which is highly important for reducing the carbon footprint from offshore oil and gas. With these new contracts in electrification, more than half of Aibel's backlog of orders is now related to renewable energy, meaning electrification and offshore wind power.

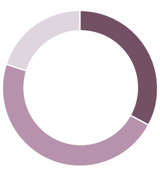
SUSTAINABILITY Aibel's strategic sustainability issues include being an attractive, safe and inspiring workplace for its employees, showing respect for the environment and combating corruption in all its forms. Aibel's sustainability policy, Code of Conduct and environmental policies are its top governing documents and are based on the UN Global Compact's principles for responsible business. In 2021, Aibel received an ESG Risk Rating of 18.2, and was assessed by Sustainalytics as having a low risk of material financial consequences from ESG factors.

SALES BY MARKET



- Norway 79%
- Rest of Europe 15%
- Rest of the world 6%

SALES BY OPERATING AREA



- Field Development 33%
- Maintenance & modifications 47%
- Offshore wind & electrification 20%

FINANCIAL FACTS, NOKm	2021	2020	2019	2018	2017
Net sales	12,915	12,286	11,689	7,907	9,081
Organic growth	5%	5%	47%		
EBITA	701	457	691	606	309
EBITA margin	5.4%	3.7%	5.9%	7.7%	3.4%
Cash flow from operations	644	446	1,246	–98	566
Interest-bearing net debt	1,377	2,030	2,690	2,634	2,211
– of which, lease liabilities[1)]	529	660	1,081	8	14
Average number of employees	4,213	4,068	3,684	3,405	3,594

1) IFRS 16 is applied as of 1 January 2019.

SUSTAINABILITY INDICATORS	**TARGET**	2021	2020	2019	2018
No. of serious incidents (per million working hours)	0.2 serious incidents (per million working hours)	0.1	0.2	0.2	0.2
No. of integrity due diligence (IDD) audits conducted at suppliers	10	13	13	12	12
Share of employees who have completed the Code of Conduct certification, %	90%	95%	94%	95%	91%
Sorting of waste, %	>80%	86%	80%	85%	88%
Implement energy and CO_2-reduction projects annually	Minimum of four projects annually	4	4	4	N/A

OTHER KEY FIGURES	2021
Ratos's holding	32%
Co-owners: Ferd 50%, Sixth AP Fund (represented by Ratos) 18%	68%
Time of acquisition	2013

airteam

Construction & Services

Poul Pihlmann
President and CEO

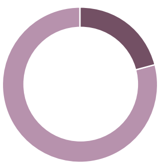
airteam offers high-quality, effective ventilation solutions in Denmark and Sweden. The company focuses on project development, project management and procurement where the projects, to a large extent, are carried out by a broad network of quality-assured subcontractors. Furthermore, airteam offers maintenance and service of its ventilation solutions. Customers mainly consist of general contractors, both for renovation and new construction projects. airteam is a market leader and has an attractive business model combined with a customer-oriented, entrepreneurial corporate culture.

MARKET The Nordic construction market has growth potential for the coming years, particularly in the ventilation segment, where we are seeing growing demand for effective, high-quality solutions. There is also an underlying need for renovations of existing ventilation infrastructure. Stricter regulations with increased requirements for energy efficiency and a better indoor climate will also drive new business opportunities for airteam. The Danish ventilation market is fragmented, and airteam is one of the leading players in its niche.

THE YEAR In 2021, the airteam Group expanded to include an additional company and a new department in Sweden. All airteam companies in Sweden are now integrated under the airteam brand. In addition, airteam established three new departments in Denmark, one of which will particularly focus on energy optimisation of existing ventilation systems to contribute to the transition to a more climate-smart use of resources. During the year, airteam won several major orders, including Postgrunden CPH.

SUSTAINABILITY airteam's sustainability agenda is deeply embedded in its business operations, with its core business being the development of energy-efficient and therefore climate-smart ventilation systems that contribute to a healthy indoor climate. In addition, the energy efficiency of the company's products and customer health and safety are key factors in its operations. Its employees are the company's most important asset, and their development and workplace safety are of the utmost importance.

SALES BY MARKET



- Sweden 21%
- Denmark 79%

FINANCIAL FACTS, DKKm	2021	2020	2019	2018	2017
Net sales	961	946	801	667	633
Organic growth	1%	15%	–3%		
EBITA	94	89	63	64	60
EBITA margin	9.8%	9.4%	7.9%	9.6%	9.4%
Cash flow from operations	36	133	49	51	88
Interest-bearing net debt	5	22	145	61	72
– of which, lease liabilities[1)]	17	13	15		
Average number of employees	347	326	321	230	193

1) IFRS 16 is applied as of 1 January 2019.

SUSTAINABILITY INDICATORS	TARGET	2021	2020	2019	2018
Number of work-related accidents with absence	To reduce the number of work-related accidents leading to absence	9	4	5	6
Employee turnover, %	To reduce employee turnover and retain employees for longer	19%	15%	13%	21%
Sick leave (total number of sick-leave hours in relation to the potential total number of work hours), %	To reduce sick leave compared with the preceding year	3%	3%	3%	2%
Employees receiving regular performance and career development reviews, %	To increase the percentage who receives development reviews	97%	89%	91%	72%

OTHER KEY FIGURES	2021
Ratos's holding	70%
Co-owners: Management and Board of Directors	30%
Time of acquisition	2016

HENT

Construction & Services

Jan Jahren
President and CEO

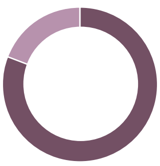
HENT is a project developer and general contractor in the construction industry. The HENT Group has its head office in Trondheim, Norway and manages projects across all of Norway and Sweden. Many of the projects are carried out with their own project administration, together with a knowledgeable network of quality-assured subcontractors.

MARKET 2021 saw continued expansion in the Swedish market and high activity within tenders in the Norwegian market, where the company secured contracts to carry out several major projects, including parts of the new government district in Oslo. Considerable focus was placed on technically complex buildings, where HENT has solid experience and expertise, and in the wood framing segment, where HENT, in addition to having constructed the world's tallest wooden building (Mjøstårnet in Norway), has now also constructed Sweden's tallest wooden building (SARA Kulturhus in Skellefteå).

THE YEAR During the year, HENT focused on developing its management system, thereby streamlining its project execution. This has led to more stable and profitable operations. During the year, HENT was impacted to a certain extent by the COVID-19 pandemic, with reduced activity in some projects, but the company had good procedures in place and carefully followed the guidelines and recommendations from the authorities concerning infection protection.

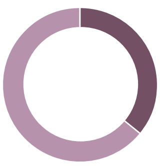
SUSTAINABILITY Sustainability is an integrated part of HENT's business model. HENT has a target for its operations to become climate neutral by 2045 with a sub-target of halving CO_2 emissions by 2030. Other important strategic sustainability issues are anti-corruption as well as work environment, health and safety.

SALES BY MARKET



- Norway 81%
- Sweden 19%

SALES BY OPERATING AREA



- Private customers 36%
- Public customers 64%

FINANCIAL FACTS, NOKm	2021	2020	2019	2018	2017
Net sales	8,070	8,833	8,843	7,855	7,034
Organic growth	–8%	–2%	13%		
EBITA	170	176	23	152	253
EBITA margin	2.1%	2.0%	0.3%	1.9%	3.6%
Cash flow from operations	–43	165	–64	99	132
Interest-bearing net debt	–989	–529	–382	–694	–663
– of which, lease liabilities[1]	228	201	196		
Average number of employees	1,027	1,012	986	940	877

[1] IFRS 16 is applied as of 1 January 2019.

SUSTAINABILITY INDICATORS	**TARGET**	2021	2020	2019	2018
Sick leave, %	<3.5%	4.1%	3.3%	3.2%	3.2%
Reduction of CO_2 emissions (Scope 1, 2 and 3) in relation to sales	Annual reduction (for 2020–2021) of at least 2.5%	31%	11%	N/A	N/A
Frequency of work-related accidents resulting in at least one day's absence from work (H1)	≤ 2.5	1.3	2.0	1.6	3.2
Recycled waste, %	88% recycled waste	85.9%	84.1%	83.6%	87.6%

OTHER KEY FIGURES	2021
Ratos's holding	73%
Co-owners: Management	27%
Time of acquisition	2013

Presis Infra

°PRESIS INFRA

Construction & Services

Eivind Iden
President and CEO

Presis Infra is a Norwegian group and the largest company in the market for maintenance of critical transportation infrastructure in Norway. The group is based in Bergen and consists of six different companies that are active in road and tunnel maintenance, ferry quay operations and maintenance, and rockfall protection. Presis Infra is known for its lean and decentralised organisation and model and stands out in its industry with its high margins.

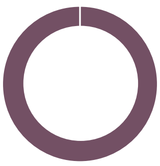
MARKET The market for critical transportation infrastructure in Norway is healthy and predictable. It mainly consists of long-term operation and maintenance contracts with a term of between five and eight years. Presis Infra's operations focus on competing for new contracts while retaining existing contracts.

THE YEAR The activity level in 2021 was high, and Presis Infra recorded growth and improved profitability. In 2021, Presis Infra performed well in the market and had a higher backlog of orders at the end of the year compared with the start.

SUSTAINABILITY Environmental requirements have become an increasingly important factor for the procurement of infrastructure maintenance. In 2021, Presis Infra won two contracts in which environmental impact was an important criteria. Presis Infra's environmental efforts mainly aim to reduce emissions from machinery through electrification and the use of fossil fuels with less impact on the climate such as biodiesel. Other important strategic sustainability issues are the work environment and anti-corruption.

Presis Infra works with sustainability and the company's social and environmental responsibility by being an attractive, safe and inspiring workplace for its employees, showing respect for the environment, combating corruption in all its forms and creating value for its owners and customers. The company's investments in systematic work environment efforts, certified according to ISO 45001, have resulted in the lowest sick leave in the industry.

SALES BY MARKET



Norway 100%

FINANCIAL FACTS, NOKm	**2021[1)]**
Net sales	226
EBITA	32
EBITA margin	14.0%
Cash flow from operations	21
Interest-bearing net debt	1,337
– of which, lease liabilities	232
Average number of employees	366

1) Pertains to December 2021.

SUSTAINABILITY INDICATORS	**TARGET**	**2021**
Sick leave, %	<3.5%	4%
Frequency of work-related accidents resulting in at least one day's absence from work (H1)	0	11.8
Recycled waste, %	81% recycled waste	96%

OTHER KEY FIGURES	**2021**
Ratos's holding	75%
Co-owners: KB Group and management	25%
Time of acquisition	2021

Speed Group

Construction & Services

Mats Johnson
President and CEO

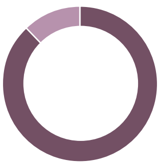
Speed Group is a Swedish supplier of logistics and staffing services. As one of the Nordic region's leading 3PL providers, Speed Group offers effective automation solutions and has a total of approximately 200,000 square metres of warehouse space in Borås, Gothenburg and Stockholm. Within staffing, Speed Group offers flexible staffing services of both blue and white-collar personnel, and also offers additional services in recruitment and education.

MARKET Demand for efficient logistics services is steadily increasing in pace with the growth in e-commerce, increased outsourcing, the centralisation of warehouses in strategic locations and the growing complexity of logistics systems. There is also major market demand for flexible staffing solutions featuring specialised and competent personnel.

THE YEAR A significant increase demand during the year led to the recruitment of hundreds of new employees and an expansion of warehouse space by 25,000 square metres. Larger sales volumes led to increased gross profit, which, together with balanced overhead costs, further strengthened the EBITA margin. Dream Logistics' 4PL operations were acquired at the end of the year, broadening Speed Group's service offering and ability to create value for its customers.

SUSTAINABILITY Motivated, committed and competent employees are a requirement for Speed Group's success. Speed Group therefore endeavours to be an attractive employer by creating a healthy work environment that is characterised by good leadership, equality and diversity. Creating a good, safe work environment is a prioritised issue, and the company works systematically to minimise the risk of work-related accidents and to prevent work-related ill health. Speed Group impacts the environment and climate mainly through its energy consumption, and energy efficiency and adapting properties and operations to environmental demands are therefore of the utmost importance. The company's efforts to achieve carbon neutrality continued in 2021, and major strides were made, including the commissioning of the Nordics' largest rooftop photovoltaic (PV).

SALES BY OPERATING AREA



- Logistics services 88%
- Staffing services 12%

FINANCIAL FACTS, SEKm	2021	2020	2019	2018	2017
Net sales	1,060	726	707	738	513
Organic growth	46%	3%	–3%		
EBITA	117	62	–4	–8	24
EBITA margin	11.0%	8.5%	–0.6%	–1.0%	4.7%
Cash flow from operations	151	63	11	–52	–3
Interest-bearing net debt	600	762	495	69	–28
– of which, lease liabilities[1)]	719	755	431		
Average number of employees	1,020	699	736	1,171	707

SUSTAINABILITY INDICATORS	TARGET	2021	2020	2019	2018
Serious work-related accidents	No serious work-related accidents	4	0	3	2
Share of managers who are women, %	The share of women managers is to reflect the share of women employees	21%	20%	15%	12%
CO_2 neutrality, tonnes[2)]	CO_2 neutral by 2025	1,243	2,909	N/A	N/A
Sick leave, %	Maximum of 6% sick leave	8.93%	9.03%	7.35%	7.31%

OTHER KEY FIGURES	2021
Ratos's holding	70%
Co-owners: The company's founders	30%
Time of acquisition	2015

1) IFRS 16 is applied as of 1 January 2019.
2) To achieve CO_2 neutrality, Speed Group will reduce its Scope 1, 2 and 3 emissions by the equivalent of 6.7% each year, calculated from the base year of 2020. The remainder will be offset through surplus production of electricity from the company's own rooftop PV systems.

Vestia Construction Group

Construction & Services

Christian Wieland
President and CEO

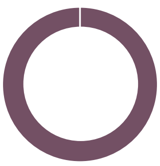
Vestia Construction Group is a construction company operating in the western Swedish construction market. With long-term partnerships with its customers and partners, Vestia Construction Group delivers cost-conscious high-quality projects. Vestia Construction Group interacts with customers on various platforms and believes that loyal customers are the very best form of marketing.

MARKET The western Sweden region is growing, and the amount of new construction is increasing. Vestia Construction Group's primary target group is existing key customers who continue to have considerable project portfolios. By offering excellent customer service and enhancing and developing together with these key customers, the company creates favourable opportunities to retain and increase its market share.

THE YEAR The COVID-19 pandemic has led to a unique period for the construction industry. Increased material prices and major shortages have led to postponements and project interruptions. Demand for new office premises has fallen, leading to the highest vacancy levels since the 1980s. Despite this, Vestia Construction Group has successfully stayed on budget and recorded continued growth and increased profitability. Sales increased from SEK 524m to SEK 900m year-on-year. According to forecasts, sales will continue to increase in 2022. The company's growth is largely attributable the high share of projects for public sector customers, which, despite the COVID-19 pandemic, have continued to develop housing, schools and leisure facilities.

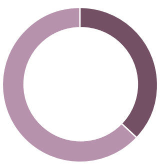
SUSTAINABILITY Social sustainability is the most important parameter for Vestia Construction Group's sustainability efforts. Vestia Construction Group focuses on the individual employee and works to promote good leadership that permeates the entire organisation and impacts each individual. The company also contributes to society's talent supply by training youths in secondary schools. Another important issue is reducing climate impact when selecting materials and building methods. These efforts take place in close collaboration with the company's customers and partners.

SALES BY MARKET



- Sweden 100%

SALES BY OPERATING AREA



- Private sector customers 37%
- Public sector customers 63%

FINANCIAL FACTS, SEKm	**2021[1)]**
Net sales	754
EBITA	43
EBITA margin	5.7%
Cash flow from operations	46
Interest-bearing net debt	–79
– of which, lease liabilities	4
Average number of employees	76

1) Pertains to April–December 2021.

SUSTAINABILITY INDICATORS	**TARGET**	**2021**
Serious work environment-related accidents/incidents	0	2
Employee satisfaction index (ESI)	average 80	84
Customer satisfaction index (CSI)	average 90	97
Environmental accidents/incidents	0	1

OTHER KEY FIGURES	**2021**
Ratos's holding	62%
Co-owners: Management	38%
Time of acquisition	2021

KVD

Consumer

Lars Nykvist
President and CEO

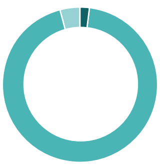
KVD consists of Kvdbil, Sweden's largest digital second-hand vehicle broker; Forsbergs Fritidscenter, Sweden's largest mobile home retailer; Kvdpro, a broker of machines and heavy vehicles; and the car valuation companies Bilpriser and Smart 365. Each year, more than 26,000 second-hand vehicles, 1,600 mobile homes and 3,000 machines and heavy vehicles are sold using KVD.

MARKET Over 1.3 million used vehicles are sold in Sweden each year. Kvdbil's market share for company cars is approximately 6%, and the private car segment is growing rapidly. The mobile home market has grown over 12% over the past ten years, and each year, about 15,000 new and second-hand mobile homes are sold in Sweden. Forsbergs Fritidscenter's market share is approximately 20% for new cars.

THE YEAR During the year, Kvdbil further developed its offering to also include purchases and sales of second-hand vehicles, yielding positive results and a growing private-car segment. The year was dominated by shortages of semiconductors and components due to the COVID-19 pandemic, which led to fewer companies converting their vehicle fleets. This resulted in reduced activity in the second-hand market, which impacted the Group mainly during the third and fourth quarters. In July 2021, the Group acquired Forsberg Fritidscenter, a company that has seen an increase in demand during the COVID-19 pandemic and recorded its best year to date in terms of sales and backlogs of orders.

SUSTAINABILITY By offering an effective, independent and well-functioning marketplace for second-hand vehicles, Kvdbil, Kvdpro and Forsbergs Fritidscenter contribute to a more efficient use of resources and sustainable societal development. Kvdbil has become part of the efforts to reduce the Swedish vehicle fleet's climate impact by spreading knowledge, for example, about the optimal life cycle of vehicles and the fact that most of the vehicles powered by electricity, hybrid technology, gas or ethanol are exported from Sweden.

SALES BY OPERATING AREA



- Car valuations 2%
- Cars 94%
- Machines & heavy vehicles 4%

FINANCIAL FACTS, SEKm	2021	2020	2019	2018	2017
Net sales	1,086	393	384	332	346
Organic growth	76%	2%	16%		
EBITA	52	37	31	8	30
EBITA margin	4.8%	9.3%	8.1%	2.5%	8.8%
Cash flow from operations	-145	58	26	16	20
Interest-bearing net debt	486	22	76	37	141
– of which, lease liabilities[1]	106	53	63	2	4
Average number of employees	338	199	195	193	173

[1] IFRS 16 is applied as of 1 January 2019.

SUSTAINABILITY INDICATORS	**TARGET**	2021	2020	2019	2018
Customer satisfaction, purchasing customers (scale of 1–5)	4.5	4.1	N/A	N/A	N/A
Customer satisfaction, selling customers (scale of 1–5)	4.5	4.5	N/A	N/A	N/A
Gross emissions, CO_2e tonnes/employee[1]		4.7	0.8	1.5	1.4
Employee Net Promoter Score (eNPS)	30	19	N/A	N/A	N/A
Employee sick leave, %	<4%	4.4%	4.6%	3.5%	4.1%

[1] Following the acquisition of Forsbergs Fritidscenter, efforts are ongoing to develop new sustainability targets for the KVD Group. These efforts are expected to be completed in early 2022.

OTHER KEY FIGURES	2021
Ratos's holding	100%
Time of acquisition	2010

Oase Outdoors

Consumer

Henrik Arens
President and CEO

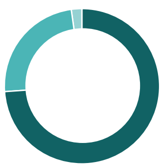
Oase Outdoors develops, designs and sells innovative camping and outdoor equipment under three strong brands, namely Outwell ®, Easy Camp® and Robens®. Oase Outdoors offers a broad product range mainly comprising tents, camping furniture, sleeping bags and other outdoor equipment. The three independent brands clearly cater to different target groups – for example, families, beginners, festival goers and experienced adventurers – who have different requirements in terms of quality and price, and who want to enjoy the outdoors with high-quality equipment.

MARKET The camping equipment and outdoor products market is attractive, stable and growing with many latent growth trends. New products and material technologies as well as consumers' increasing desire for close-to-nature experiences and outdoor recreation are a few of the trends fuelling demand for high-quality, user-friendly equipment.

THE YEAR Oase Outdoors experienced strong demand during the year, driven by a positive trend with respect to camping and outdoor life across Europe. This high demand for the company's products and the company's cost awareness led to very healthy profitability during the year.

SUSTAINABILITY Given that Oase Outdoors operates in elevated-risk markets, preventive anti-corruption and social compliance initiatives are key sustainability issues. Oase Outdoors has implemented an anti-corruption policy and is expanding its work on business environment and social compliance initiatives and extending its due diligence processes relating to the company's business partners. Corporate culture and engagement are also prioritised, making employee satisfaction a pivotal sustainability issue that is measured through targeted employee satisfaction surveys.

SALES BY MARKET



- Europe 74%
- Nordic countries 24%
- Rest of the world 2%

FINANCIAL FACTS, DKKm	2021	2020	2019	2018	2017
Net sales	339	297	301	306	316
Organic growth	14%	–1%	–2%		
EBITA	58	34	7	26	41
EBITA margin	17.1%	11.5%	2.4%	8.5%	13.0%
Cash flow from operations	43	93	18	3	26
Interest-bearing net debt	107	118	192	198	210
– of which, lease liabilities[1]	11	13	15		
Average number of employees	85	79	89	88	87

[1] IFRS 16 is applied as of 1 January 2019.

SUSTAINABILITY INDICATORS	**TARGET**	2021	2020	2019	2018
Share of relevant employees (22) who have completed the anti-corruption training course, %	100%	100%	27%	27%	N/A
High-risk suppliers that have completed social responsibility assessments in accordance with Amfori BSCI (Business Social Compliance Initiative)	At least ten high-risk suppliers assessed in accordance with Amfori BSCI	17	12	7	7
Employee satisfaction – Trust Index for 2021, %	Minimum Trust Index of 80%	87%	83%	83%	85%

OTHER KEY FIGURES	2021
Ratos's holding	78%
Co-owners: Company CEO and other key individuals	22%
Time of acquisition	2016

Plantasjen

Nina Jönsson
President and CEO

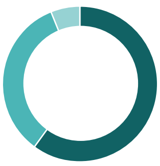
With over 130 stores in Norway, Sweden and Finland, Plantasjen is the Nordic region's leading chain for sales of plants, flowers and related accessories. The vision is to create the Nordics' most attractive gardening stores, with close, proactive customer interactions during which Plantasjen's employees share inspiration, knowledge and tools.

MARKET The market for plants and gardening accessories is non-cyclical but has stable growth and underlying positive trends in the form of increased interest in cultivation, gardening and interior design. The Nordic market for plants and accessories, which has grown drastically during the last two years, is estimated to have an underlying annual growth rate of around 2–3%.

THE YEAR With an improved customer experience, a strong product range and continued high interest in horticulture, sales remained on a par with the record levels of the preceding year. Profitability improved, driven by improved accessibility of goods, a stronger product mix, higher store productivity and lower costs. The store network continued to develop positively with improved physical locations, including the acquisition of the important store at the Bergianska Gardens in Stockholm. The relaunch of e-commerce ahead of the 2021 high season led to an eightfold increase in online sales. The company also launched pilot initiatives for an improved range and an offering that provides a higher level of service for corporate customers.

SUSTAINABILITY For Plantasjen, the environment and sustainability are integral parts of its operations. In December 2021, Plantasjen signed the Science Based Targets initiative with the intention to publish a plan for its operations to be in line with the Paris Agreement within 24 months. Other strategically important sustainability issues include supplier audits and attracting, developing and retaining competent employees.

SALES BY MARKET



- Norway 60%
- Sweden 34%
- Finland 6%

FINANCIAL FACTS, NOKm	2021	2020	2019	2018	2017
Net sales	4,691	4,682	4,026	3,961	3,881
Organic growth	1%	19%	4%		
EBITA	715	578	143	72	213
EBITA margin	15.2%	12.4%	3.6%	1.8%	5.5%
Cash flow from operations	89	465	8	-134	296
Interest-bearing net debt	4,778	5,060	5,000	2,376	2,100
– of which, lease liabilities[1]	3,676	4,037	3,336	598	620
Average number of employees	1,216	1,185	1,146	1,178	1,368

[1] IFRS 16 is applied as of 1 January 2019

SUSTAINABILITY INDICATORS	TARGET	2021	2020	2019	2018
eNPS (Employee Net Promoter Score)[2]	Above industry average	32	N/A	N/A	N/A
Number of locally grown plants	>55%	34.5%	N/A	N/A	N/A
Share of suppliers in risk countries[3] that have been socially audited, %	97%	94.0%	96.1%	90.4%	84.8%
CO_2 emissions from energy consumption, tonnes	<20,000	15,166[4]	20,457	23,867	27,747

[2] Due to a new tool for evaluating employee commitment, the results for 2021 cannot be compared with the results from previous years.
[3] 109 of a total of 117 farms/production sites in risk countries have undergone social audits in accordance with the BSCI. In addition, one farm/production site has undergone a social audit in accordance with Sedex.
[4] The reduction of carbon emissions is mainly due to the transition to green energy as of 1 January 2021.

OTHER KEY FIGURES	2021
Ratos's holding	99%
Co-owners: Company CEO and other key individuals	1%
Time of acquisition	2016

Diab

Industry

Tobias Hahn
President and CEO

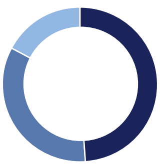
Diab is a global company that helps its customers with high strength, low weight structures. This is made possible by the company's strong technical expertise, manufacturing and processing of core sandwich composite material. Diab's primary customers operate in sectors such as wind power, aerospace, leisure boats, trains and industry. In the wind power industry, wind turbine blades made from sandwich composite structures with favourable weight and strength qualities are a prerequisite for competing against fossil fuels.

MARKET Rising raw material prices, component shortages and higher shipping costs have led to a reduction in demand in the wind power market and the postponement of planned projects, circumstances that are expected to remain in 2022. The combination of an ongoing shift in technology and a significant decline in demand in the wind power market, primarily in China, also had an impact. In the longer term, the competitiveness of wind power, coupled with the trend towards renewable energy sources, is expected to pave the way for a strong development in the wind power market. The marine market performed well, driven by high demand in the large leisure boat segment.

THE YEAR The decline in demand in the wind power market led to reduced volumes, which could not be entirely offset by increased sales to marine and other segments. Diab continued to invest in PET production and now has operational facilities for PET in the US, Europe and India (partner) and will commence operations in a facility in China in 2022. The company's total capacity for PET foam core makes Diab a world-leading company for PET production.

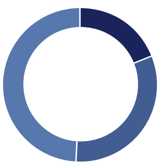
SUSTAINABILITY Diab's products contribute to reduced energy consumption and the expansion of renewable energy, thus contributing to a more sustainable society. In its own operations, Diab focuses on sustainability issues such as energy consumption, safety and ethics. The company has policy documents, processes and activities in place to manage the risk of corruption and fraud. Diab is the first company in the world within the field of composite materials whose climate target to lower its carbon footprint by 2050 has been approved by the Science Based Targets initiative.

SALES BY MARKET



- Europe 49%
- Asia Pacific 34%
- North and South America 17%

SALES BY OPERATING AREA



- Transport, Industry, Aerospace 19%
- Marine 32%
- Wind Solutions 49%

FINANCIAL FACTS, SEKm	2021	2020	2019	2018	2017
Net sales	1,832	2,121	1,874	1,496	1,439
Organic growth	-11%	16%	21%		
EBITA	56	280	193	-155	1
EBITA margin	3.1%	13.2%	10.3%	-10.4%	0.1%
Cash flow from operations	-40	65	-43	-74	18
Interest-bearing net debt	1,125	935	916	890	773
– of which, lease liabilities[1]	231	132	128	16	17
Average number of employees	1,113	1,234	1,268	1,294	1,373

[1] IFRS 16 is applied as of 1 January 2019.

SUSTAINABILITY INDICATORS	**TARGET**	2021	2020	2019	2018
CO_2/product (tonnes)	8	6	7	9	10
Lost-time accident rate (per million worked hours)	0 lost-time accidents	7	8	15	20
Whistleblowing incidents (number investigated)	The number of whistleblowing incidents is to remain low	4	2	3	1

OTHER KEY FIGURES	2021
Ratos's holding	98%
Co-owners: Management and Board of Directors	2%
Time of acquisition	2001/2009

HL Display

Industry

Björn Borgman
President and CEO

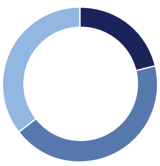
HL Display is a European leader in store solutions for improved customer experience, profitability and sustainability, particularly for grocery retailers. HL Display helps its customers to achieve increased sales by providing attractive store environments, lowering costs by automating routine procedures and reducing losses of goods. The company sells items such as pull-feeds for products, shelf dividers, category solutions for fruit and vegetables, bulk bins for lightweight items and datastrips. HL Display's products are installed in approximately 295,000 stores worldwide.

MARKET HL Display's market is largely driven by developments in the offline grocery retail sector, an increased focus on store experience and store operation efficiency. The company operates in a fragmented market with many local competitors, where HL Display is one of the global players and dominant in Europe.

THE YEAR Net sales increased during the year, driven by a recovery in demand in markets impacted by the COVID-19 pandemic in 2020. HL Display also strengthened its earnings and market position in Europe through the acquisition of three companies in 2021. EBITA further improved through cost control, increased efficiency and a more advantageous product mix. However, the improvement in earnings was limited due to increased costs for raw materials and transportation.

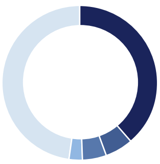
SUSTAINABILITY HL Display takes an active approach to sustainability and was the first company to introduce a product segment manufactured using recycled or bio-based plastic (HL Sustainable Choice). In 2021, the range was expanded and sales of the range increased. The company's environmental impact mainly consists of carbon emissions from purchased raw materials, energy consumption and the burning of plastic waste. Increasing the share of recycled raw materials is the company's most important sustainability issue. Other strategically important sustainability issues include reducing climate impact, setting environmental requirements for suppliers and maintaining a good, safe work environment. The company has signed the Science Based Targets initiative and has targets for reducing emissions that are in line with the Paris Agreement.

SALES BY MARKET



- Nordic countries 21%
- Rest of the EU 43%
- Outside the EU 35%

SALES BY OPERATING AREA



- Marketing Solutions 39%
- Secondary Displays 6%
- Services 5%
- Store equipment & lighting 3%
- Store Communications 48%

FINANCIAL FACTS, SEKm	2021	2020	2019	2018	2017
Net sales	1,708	1,520	1,594	1,554	1,445
Organic growth	8%	-3%	0%		
EBITA	195	163	140	96	43
EBITA margin	11.4%	10.7%	8.8%	6.2%	2.9%
Cash flow from operations	190	253	148	96	48
Interest-bearing net debt	223	216	444	447	503
– of which, lease liabilities[1]	100	83	99	1	1
Average number of employees	1,059	995	985	1,023	1,006

[1] IFRS 16 is applied as of 1 January 2019.

SUSTAINABILITY INDICATORS	**TARGET**	2021	2020	2019	2018
Increase sales of the HL Sustainable Choice range	Increase of 10% per year	11%	636%	N/A	N/A
Increase the use of recycled materials.	Increase of 10% per year	12%	80%	3%	500%
Number of work-related accidents leading to absence	0	7	7	9	9
Share of employees that feel motivated in their work[2]	≥75%	70%	N/A	N/A	N/A
Share of the most important[3] suppliers that have signed the Code of Conduct for suppliers[4]	≥95%	93%	N/A	N/A	N/A

[2] A new method for measuring employee commitment was introduced in 2021.
[3] The most important suppliers are those that together comprise 80% of our purchases.
[4] The Code of Conduct for suppliers is new for 2020.

OTHER KEY FIGURES	2021
Ratos's holding	99%
Co-owners: Key employees in the company	1%
Time of acquisition	2001/2010

LEDiL

Industry

Petteri Saarinen
President and CEO

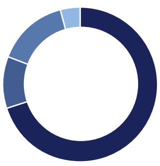
LEDiL designs, develops and sells optics for LED lighting. Optics make it possible to create the desired design of the lighting, and provide a more pleasant light that is functional, safe and environmentally sustainable. LEDiL is a global leader in LED optics, with a global sales and production network. The company operates in Europe, North America and Asia. Development and design take place internally while production is coordinated in a global network of production partners. LEDiL's products are primarily used in commercial applications such as street lighting, offices, industry and architecture.

MARKET LEDiL's market consists of the wider lighting market including its share of LED lighting. The lighting market is driven by population growth and urbanisation. LED technology has revolutionised the lighting market thanks to its light quality, design flexibility and energy efficiency. LEDiL provides customers with significant value since optics comprise the majority of the light source's performance, but only a small amount of the total cost.

THE YEAR LEDiL's sales increased thanks to comprehensive, strategic organisational and operational improvement programmes. Both business units, Indoor and Outdoor, have recovered from the effects of the COVID-19 pandemic in 2020 and are growing faster than the market, with healthy profit margins. LEDiL's sales and backlog of orders reached their highest ever volumes in 2021.

SUSTAINABILITY The transition to LED light sources is reducing the electricity consumption of lighting. Optics further improve energy efficiency, which is an important part of LEDiL's value offering. From LEDiL's perspective, sustainability entails having responsible operations throughout the supply chain in line with the company's Code of Conduct.

SALES BY MARKET



- Europe 70%
- Asia 11%
- North America 15%
- Rest of the world 4%

FINANCIAL FACTS, EURm	2021	2020	2019	2018	2017
Net sales	47.5	37.1	40.9	42.8	40.3
Organic growth	30%	-9%	-6%		
EBITA	11.3	7.3	7.7	10.6	11.1
EBITA margin	23.9%	19.6%	18.8%	24.8%	27.4%
Cash flow from operations	12.2	7.6	7.8	9.3	6.2
Interest-bearing net debt	9.3	14.8	21.5	29.3	37.1
– of which, lease liabilities[1)]	1.1	1.7	1.7		
Average number of employees	109	107	123	122	113

[1)] IFRS 16 is applied as of 1 January 2019.

SUSTAINABILITY INDICATORS	TARGET	2021	2020	2019	2018
Share of subcontractors who have subscribed to LEDiL's Code of Conduct, %	80% of subcontractors are to subscribe to the Code of Conduct	88%	71%	77%	71%
Share of employees who have participated in sustainability training, %	100% of employees are to participate in sustainability training	100%	99%	99%	99%
Cumulative energy saving by products sold annually, TWh	3 TWh cumulative energy saving by products sold annually	6.7	4.6	4.3	4.2
Employee sick leave, %	Employee sick leave <3%	1.7%	1.4%	2.6%	1.6%
CO_2 emissions, CO_2e tonnes (Scope 3)		8,107	6,314	5,199	N/A

OTHER KEY FIGURES	2021
Ratos's holding	66%
Co-owners: Company founder, management and Board of Directors	34%
Time of acquisition	2014

TFS

Industry

Bassem Saleh
President and CEO

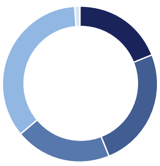
TFS is a global contract research organisation (CRO) that offers clinical research services in over 40 counties and supports pharmaceutical and biotech companies by providing solutions in clinical trials, staffing and strategic management. TFS has leading expertise in oncology, dermatology, ophthalmology, internal medicine and neuroscience and has participated in over 1,000 studies with 150,000 patients in the past five years.

MARKET The market for CRO services is characterised by rapid growth. Increased regulations in the area have raised costs for pharmaceutical development, leading to an increased share of outsourcing among leading pharmaceutical and biotech companies. Other important driving forces for the industry include increased demand for new, efficient pharmaceuticals and a growing population.

THE YEAR TFS was quick to manage the challenges as a result of the COVID-19 pandemic, leading to them having a limited impact on daily operations. The company increased its sales by working closely with existing and new customers to accelerate the undertaking of new projects. Growth occurred in both existing and new segments, such as paediatrics and unusual diseases. Through the use of technology and home-care nursing, TFS developed its patient focus and expertise for remote clinical operations. Technological investments and increased efficiency led to improved margins and profitability.

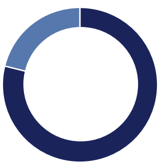
SUSTAINABILITY TFS's operations involve delivering high-quality services within the framework of customer collaboration that is based on sustainability. TFS's sustainability efforts are focused on equal opportunities, patient safety, data integrity, compliance with laws and regulations, talent development, business ethics and anti-corruption.

SALES BY MARKET



- Nordic countries 19%
- Southern Europe 25%
- Central Europe 20%
- USA 35%
- Rest of the world 1%

SALES BY OPERATING AREA



- Clinical Development Services 79%
- Strategic Resourcing Solutions 21%

FINANCIAL FACTS, EURm	2021	2020	2019	2018	2017
Net sales	87.9	79.0	87.3	82.0	91.6
– Services	65.2	59.7	61.9	55.9	58.6
– Reimbursable expenditure	22.6	19.2	25.4	26.0	33.0
Organic growth	11%	–9%	6%		
EBITA	6.5	4.0	–2.5	–0.6	–0.7
EBITA margin	7.5%	5.1%	–2.9%	–0.8%	–0.8%
Cash flow from operations	6.8	2.0	2.0	–2.0	1.2
Interest-bearing net debt	–2.1	1.8	5.2	7.0	4.0
– of which, lease liabilities[1]	2.2	2.9	4.8		
Average number of employees	645	636	662	660	738

[1] IFRS 16 is applied as of 1 January 2019.

SUSTAINABILITY INDICATORS	TARGET	2021	2020	2019	2018
Share of employees receiving regular performance and career development reviews, %	80%	83%	88%	52%	N/A
Share of women in the organisation, %	50%	75%	76%	76%	75%
Share of employees who have received anti-corruption training, %	100%	100%	100%	99%	99%

OTHER KEY FIGURES	2021
Ratos's holding	100%
Time of acquisition	2015/2019

3

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Directors' Report

The Board of Directors and the CEO of Ratos AB (publ) 556008–3585 hereby submit the 2021 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 business group that enables independent companies to excel by being part of something larger. People, leadership, culture and values are key focus areas for Ratos. 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.

At 31 December 2021, 19 people worked at Ratos's head office. Ratos owned 13 companies in the Nordic region at 31 December 2021.

Company	Ratos's holding, 31 December 2021
Aibel	32%
airteam	70%
Diab	98%
HENT	73%
HL Display	99%
KVD	100%
LEDiL	66%
Oase Outdoors	78%
Plantasjen	99%
Presis Infra	*75%*
Speed Group	70%
TFS	100%
Vestia Construction Group	*62%*

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 business group. Ratos currently has an "eternal" ownership horizon and invests to build value over the long term.

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 in relation to EBITDA should normally range from 1.5 to 2.5x, excluding financial lease liabilities.

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.

Criteria for new investments

Ratos's business concept is to develop companies headquartered in the Nordics that are or can become market leaders.

Ratos has the following criteria for new investments and long-term holdings:

- Market-leading or the potential to become market-leading
- Highest profitability in the sector
- Ability to create a healthy cash flow over time
- Strong brands
- Potential to benefit from Ratos's networks
- Act as a platform for add-on acquisitions

Ratos strives to implement quick improvements in its companies but remains an owner with a long-term vision. We own our companies for as long as we consider ourselves to be the best owner.

Events during the year

2021 continued to be impacted by the effects of the pandemic, with its direct impact varying between companies. However, the companies as a whole delivered a strong earnings trend and increased profitability.

Ratos's financial position was strengthened during the year, and Ratos now has centralised financing, which enabled external credits to be terminated and had a positive effect on net financial items. In August, the Parent Company signed a new credit facility and on 31 December 2021 its guaranteed loan volume was SEK 2 billion, with an option to extend it to up to SEK 3 billion.

The 2021 Annual General Meeting resolved on a dividend of SEK 0.95 (0.65) per share for the 2020 financial year, with the record date set as 12 March and the dividend paid on 17 March.

Refer to pages 24–37 for financial facts and information about the events that took place at each company during the year.

Acquisitions 2021

Acquisition of Vestia Construction Group
On 9 April, Ratos acquired 63% of the shares of the construction company Vestia Construction Group, active in the Gothenburg market. Vestia works in accordance with a so-called "partnering model", whereby work is based on a target budget and Vestia is paid running costs coupled with a predetermined fee.

Acquisition of Forsbergs
On 16 July, KVD acquired Forsbergs Fritidscenter, which is the largest mobile home dealer in the Nordics. With this acquisition, KVD expanded its range and strengthened its offering to the end consumer.

Acquisition of Presis Infra
On 30 November, Ratos acquired 75% of the shares in Presis Infra, a leading Norwegian maintenance group in critical transportation infrastructure. Presis Infra is currently the second-largest player in the Norwegian market for transportation infrastructure services, such as road and tunnel maintenance, ferry quay operations and maintenance, and rockfall protection.

Other acquisitions
In addition to the aforementioned acquisitions, a number of add-on acquisitions have taken place in the business group that are reported in Note 4 on page 76–77.

Divestments and discontinued operations

On 8 January 2021, the sale of Bisnode was completed. Ratos's holding in Bisnode amounted to 70%. For the divestment of Bisnode to Dun & Bradstreet, Bisnode's Belgian operations were not included in the transaction. Bisnode Belgium was included in the Ratos Group in the first quarter of 2021 before Ratos signed an agreement to divest Bisnode Belgium on 31 March 2021.

In the 2021 Annual Report, Ratos reports its previous holding in Bisnode as a discontinued operation. In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, Bisnode's profit after tax is reported on a separate row in the income statement for 2021 and 2020. In the statement of financial position, Bisnode's assets and related liabilities are reported on separate rows for 31 December 2020. The holding in Bisnode Belgium is also reported as a discontinued operation in the income statement for 2021.

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 19 employees at Ratos's head office and a total of about 11,600 employees in 30 countries in our companies. Through active ownership, Ratos acts as a driving force in ensuring that sustainability work is carried out in our companies. The foundation of this 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 as well as the UN Principles for Responsible Investment (PRI).

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 11–19, 24–37 and 120–123 for the statutory sustainability report in accordance with the Swedish Annual Accounts Act.

Ratos's significant environmental impact is created through its companies. 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. Several of Ratos's companies are working to adapt to a more climate-neutral economy. Ratos AB's direct environmental and climate impact is limited.

Consolidated result

Operating profit for the year amounted to SEK 1,656m (1,457). Operating profit for the year was impacted by SEK –116m from the revaluation of shares in Dun & Bradstreet. Operating profit includes profit / a share of profits from the companies of SEK 1,924m (1,603). Ratos's income and expenses attributable to the parent company and central companies amounted to SEK –156m (–151).

Net financial items amounted to SEK –350m (–584). Interest expenses to banks were SEK –67m (–143), interest expenses for finance leases were SEK –246m (–255), remeasurement / redemption of financial instruments was SEK –10m (–73) and currency effects were SEK –4m (–91).

Profit before tax for the year amounted to SEK 1,306m (873). The tax expense for the year amounted to SEK –166m (–258). The lower tax expense was mainly due to the utilisation of previously uncapitalised loss carry-forwards and capitalisation of the preceding year's loss carry-forward.

Profit from continuing operations amounted to SEK 1,139m (614).

Profit for the period from discontinued operations amounted to SEK 1,715m (269) and includes the capital gain from the divestment of Bisnode and Bisnode Belgium of SEK 1,727m.

Profit for the period amounted to SEK 2,855m (883).

Consolidated statement of cash flows

Cash flow for the year amounted to SEK –1,037m (40), of which cash flow from operating activities accounted for SEK 1,448m (3,201).

Cash flow from investing activities amounted to SEK –258m (–694) and cash flow from financing activities to SEK –2,227m (–2,467).

The change in cash flow for the year pertained primarily to operating activities, which declined as a result of a planned inventory build-up. The largest cash flow items in investing activities came from the acquisition of Presis Infra and the sale of Bisnode.The acquisition of Presis Infra was financed through Ratos AB's own cash and cash equivalents as well as external loans, which had a positive impact on cash flow from financing activities.

Financial position and leverage

The Group's cash and cash equivalents at the end of the year amounted to SEK 2,230m (3,182) and interest-bearing net debt totalled SEK 5,850m (7,269). The Group's leverage at the end of the year amounted to 1.3x (2.3x). Excluding financial lease liabilities, leverage amounted to 0.1x (1.1x) at year-end. The total translation effect of currency for interest-bearing liabilities amounted to approximately SEK 295m, of which approximately SEK 120m related to liabilities to credit institutions and approximately SEK 175m to financial lease liabilities.

When divesting Bisnode to Dun & Bradstreet at the beginning of the year, Ratos chose to invest one quarter of the equity value in Dun & Bradstreet shares, which are listed on the New York Stock Exchange. The shares were acquired at a value of SEK 924m. The fair value and book value of the shares at the end of the year amounted to SEK 808m and are included in financial assets.

Credit facilities and new issue mandate

The parent company has a credit facility of SEK 2 billion, with the option to increase the framework amount to SEK 3 billion, and a bank overdraft facility of SEK 150m. The facilities are to be used if necessary to finance existing subsidiaries and new acquisitions. The credit facility has a term of three years, with the option to extend for an additional two years. It also has a variable interest rate and a margin based on the Group's debt ratio. At the end of the year, SEK 1,846m of the credit facility had been utilised and the bank overdraft facilities were unutilised. In addition, there is also a mandate from the 2021 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 –144m (–150) for the year. The parent company's profit before tax amounted to SEK 1,755m (142), of which SEK 1,878m (134) pertains to capital gains. The capital gains pertain to the divestment of Bisnode and Bisnode Belgium, which differs from the Group's capital gains due to different accounting methods. The preceding year's capital gains pertain to the liquidation of dormant companies and had no impact on the group's consolidated profit. The parent company's cash and cash equivalents totalled SEK 294m (1,166).

Parts of Ratos's business group are financed centrally, initially with the parent company's own funds and in time, as loan requirements increase, with funds borrowed from external banks. The aim is to achieve increased control and savings for the Group. During the year, loans were issued by the parent company to Diab, HL Display, KVD, LEDiL, Oase Outdoors, Plantasjen and Presis Infra.

Events after the end of the reporting period

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

Future outlook

During the past few years, the companies in Ratos have gradually achieved stability and profitability, which, since the end of 2020, has led to an increased focus on acquisitions. The primary focus moving forward will be on profitable organic growth, margin expansion and acquisition-driven growth. Since the start of July 2021, Ratos has been an operating company and no longer operates as an investment company.

Risks and uncertainties

Ratos is a business group that enables independent companies to excel by being part of something larger. People, leadership, culture and values are key focus areas for Ratos. These operations include inherent risks attributable to both Ratos and the companies. 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 subsidiary 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. During the year, the Group centralised its treasury function, which assists the Group's subsidiaries in financial matters and leverages economies of scale when it comes to financial transactions and the Group's financing. Each subsidiary 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 ongoing COVID-19 pandemic had an impact on earnings for the year and creates uncertainty for Ratos's financial development for 2022. The impact of Covid-19 on Ratos's companies varies, since they are active in different segments, industries and geographies. Ratos's business model, with clearly decentralised earnings responsibility, entails that the companies make decisions independently and make adaptations to the prevailing circumstances. The effect on the measurement of balance-sheet items has been limited to date.

The Corporate Governance Report includes a report on the work of the Board. See pages 45–51.

The Board's proposal for resolution by the 2022 Annual General Meeting on guidelines for remuneration to senior executives

These 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 2022 Annual General Meeting. These guidelines do not apply to any remuneration decided or approved by the general meeting.

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.

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 individualized 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.

Ratos share data

Total number of Class A shares at year-end	84,637,060
Total number of Class B shares at year-end	240,101,760
Total number of shares	**324,738,820**

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 19.86% of the capital and 44.62% of the voting rights. The Ragnar Söderberg Foundation had 8.43% of the capital and 16.80% of the voting rights. The Torsten Söderberg Foundation had 8.66% of the capital and 12.58% of the voting rights.

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

Holdings of treasury shares
At the beginning of the year, Ratos owned 5,126,262 Class B shares (corresponding to 1.6% of the total number of shares). During the first quarter, call option programmes from 2016 and part of 2017 were redeemed whereby 478,000 treasury shares were divested through the redemption of call options. After the redemption, Ratos owned 4,648,262 Class B shares (corresponding to 1.4% of the total number of shares). On 29 March, Ratos's Board decided to transfer 4,430,762 treasury shares. The sales process was carried out by Skandinaviska Enskilda Banken AB (publ) and resulted in the shares being transferred to Carnegie Fonder and Nordea Fonder. After the transfer of treasury shares, Ratos owned 217,500 shares (corresponding to 0.1% of the total number of shares). During the fourth quarter, an additional 155,000 treasury shares were divested through the redemption of call options, meaning that 62,500 treasury shares remained as of the closing date. During the period, 597,924 new Class B shares were issued through convertibles. At 31 December, the number of Class A and B shares outstanding amounted to 324,676,320.

Proposed distribution of profit

	SEK
Share premium reserve	142,740,404
Retained earnings	6,708,414,634
Profit for the year	1,831,055,228
Total	**8,682,210,266**
The Board of Directors proposes the following distribution of profit: Dividend to holders of Class A and B shares, SEK 1.20 per share [1)]	–389,611,584
To be carried forward	**8,292,598,682**

1) Based on the number of shares outstanding on 31 December 2021. The number of treasury shares on that date was 62,500 and may change during the period until the record date for dividends.

Chairman's letter

I am pleased with Ratos's continued growth, not to mention proud and grateful. The results for the year speak for themselves: we're on the right track. Ratos started a clear growth phase in 2021 that makes for an attractive narrative.

The majority of the companies performed well and several successful acquisitions were carried out, a clear indication that we have shifted into a new gear.

The transformation of Ratos is complete. Now we can devote all of our focus to our target: building leading companies with a Nordic base. This transition, including centralised financial management, has already resulted in improved net financial items and lower tax costs. Earnings per share also performed well. Along with increased profitability and Ratos's strong balance sheet, our committed employees and leaders provide us with a strong foundation for continued success.

The journey we started four years ago has taught us a lot and had the intended effects. We have regained control and achieved several milestones such as increased profitability, a stronger Ratos culture and improved financial strength.

Despite an incredibly challenging environment, Ratos has stayed on course. I'm struck by how quickly we managed to adapt to entirely new conditions. This is another indication of our strength. Personally, the way we run Ratos now suits me perfectly. It's all about simplicity, committed and responsible employees, and satisfied customers.

We can now build further on the solidarity within the business group and better share our experience and expertise. I know that a lot of us are looking forward to this, and I'm convinced that better job satisfaction will pay excellent dividends over time.

Ratos is ready and fully equipped to meet the future. You can almost breathe in the energy at our new head office in central Stockholm. Execution wins out over strategy and tempo is important. We are much more agile today. We don't do everything, but we do the right things.

This is particularly evident in our acquisition rate. We are identifying add-on acquisition opportunities more quickly than before thanks to stronger operations and a better understanding of synergies. When it comes to acquisitions, we have a great deal of scope and strength.

Long-term company development and ownership are inherently sustainable. Ratos has a clear action plan and the ambition to always become more sustainable. The ownership horizon in our companies is "eternal." That is why we purchase and develop outstanding companies that we believe in, in terms of both the market and sustainability, for the long term. To put it simply, long-term sustainability equals long-term profitability.

Ratos's ownership has been stable for the last few years. It is gratifying to note that we're now seeing increased interest from institutions. I see this as evidence that we're on the right path.

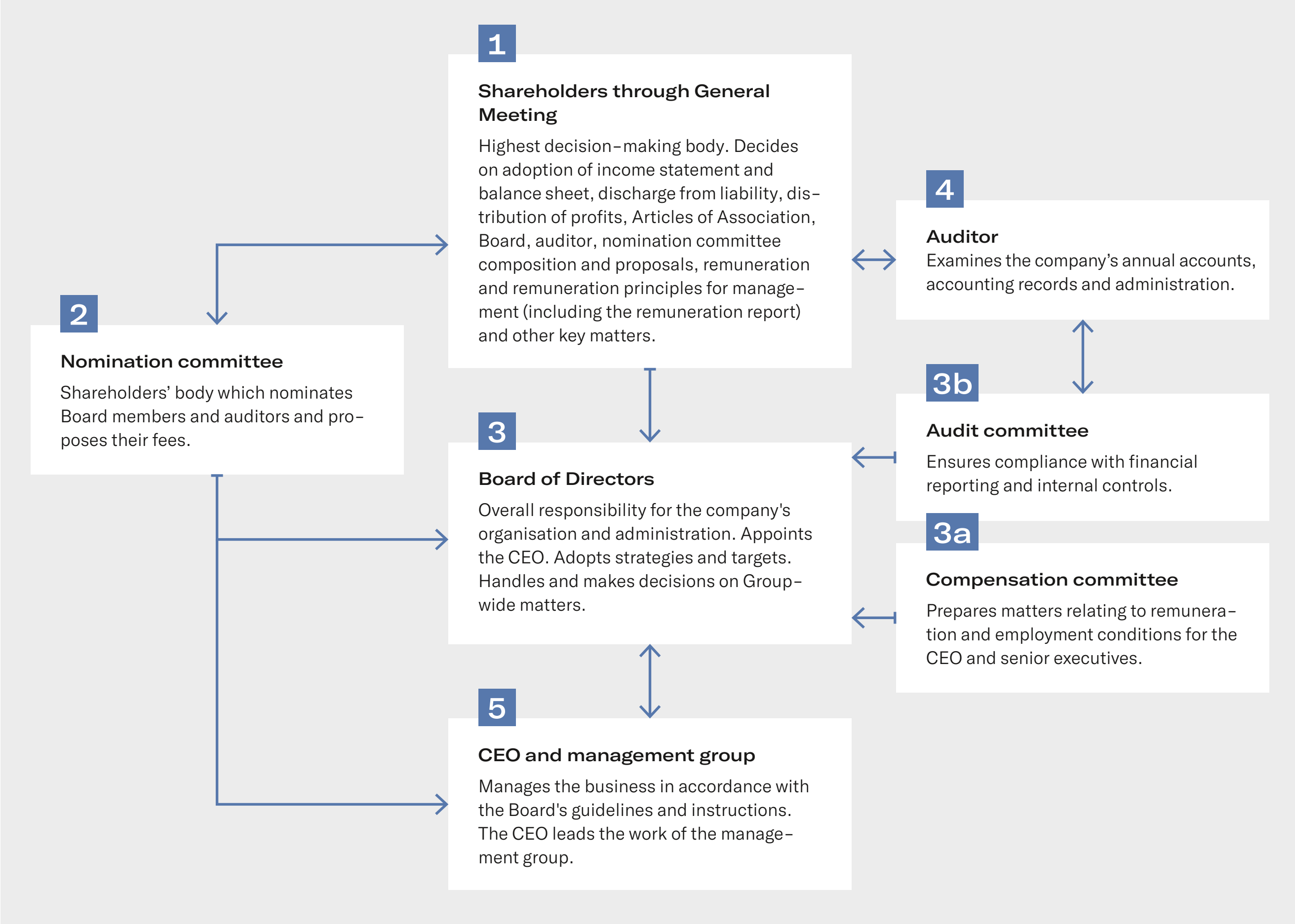
I would like to conclude by extending my sincere thanks to all of our employees across the Ratos group, along with our shareholders, customers, suppliers and everyone else who helped make 2021 such a successful year for Ratos.

Much more lies ahead of us – much more is going to happen in 2022.

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 2021 financial year, except with regard to the composition of the nomination committee (see nomination committee on page 46–47).

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

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

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 1,023m divided among a total of 324,738,820 shares, of which 84,637,060 Class A shares and 240,101,760 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 73,741 shareholders according to statistics from Euroclear Sweden. The ten largest shareholders accounted for 78.9% of the voting rights and 53.0% of the share capital. More information about Ratos's shares and shareholders is provided on pages 20–21.

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.

2021 Annual General Meeting

On 10 March 2021, Ratos held an Annual General Meeting pursuant to Sections 20 and 22 of the Swedish Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations (2020:198), allowing participation at the meeting only by postal vote. The meeting was attended by 185 shareholders, who together represented 77.7% of the voting rights and 48.5% of the capital. Minutes and information about the 2021 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 2021 Annual General Meeting included the following:

- Dividend of SEK 0.95 per Class A and B share, a total of SEK 303m.
- Fees of SEK 970,000 to the Chairman of the Board and SEK 485,000 to each member of the Board as well as fees to auditors
- Re-election of Board members Per-Olof Söderberg, Eva Karlsson, 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 Class B shares to be used for acquisitions

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.

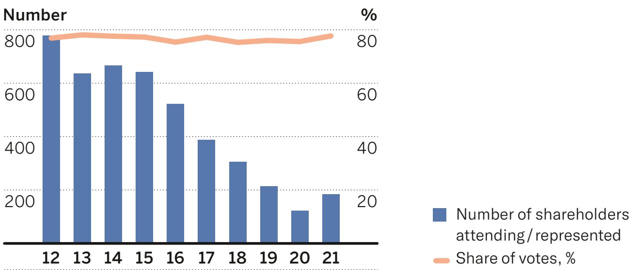
The current composition of the Nomination Committee was announced on Ratos's website and disclosed through a press release on 20 September 2021. The nomination committee comprises:

2022 Annual General Meeting

The Annual General Meeting of Ratos AB (publ) will be held on Tuesday, 22 March 2022.
The Annual General Meeting will be conducted by postal vote.

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 130.

Attendance at the Annual General Meeting



- 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
- Hans Hedström, appointed by Carnegie Fonder AB
- 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 2022 Annual General Meeting

Ahead of the 2022 Annual General Meeting, the nomination committee held five 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. The nomination committee chairman has also interviewed individual Board members.

Ratos's business concept is to acquire and develop companies that are or can become market leaders. This means that strict requirements are placed on the Board to be able to both evaluate acquisition opportunities and participate in operating and developing 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. The Board member Eva Karlsson declined re-election at the Annual General Meeting in 2022. In the search for new Board members, it has been important for the Nomination Committee to find an individual with good leadership qualities, wide network of contacts and who has both a broad industrial background and a documented ability to further develop operations. The Nomination Committee is of the opinion that Tone Lunde Bakker and Helena Svancar both have demonstrated these abilities. It is the assessment of the Nomination Committee that Tone Lunde Bakker and Helena Svancar both can devote the time and commitment that is required of 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 further considers that the proposed composition of seven Board members is 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%/57.1%, as the members proposed include three women and four men. According to the nomination committee, this is in accordance with the requirement for an even gender balance.

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 2022 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 2022 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 with a maximum of three deputies. The Board is appointed by the shareholders at each Annual General Meeting. The mandate period is thereby one year.

The 2021 Annual General Meeting resolved that the Board is to consist of six members and no deputies. The Meeting re-elected Per-Olof Söderberg, Eva Karlsson, Ulla Litzén, Karsten Slotte, Jan Söderberg and Jonas Wiström. 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 52–53.

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.

Composition of the Board

					Attendance at meetings 2021		
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	1,120	7/7	5/5	25/25
Jan Söderberg	2000	Yes	No	635	7/7	5/5	25/25
Eva Karlsson	2019	Yes	Yes	585	–	5/5	25/25
Ulla Litzén	2016	Yes	Yes	635	–	5/5	25/25
Karsten Slotte	2015	Yes	Yes	635	7/7	5/5	25/25
Jonas Wiström [2]	2016	No	Yes	0	–	–	23/25
Total				**3,610**			

1) Relates to fees for the Annual General Meeting year 2021/2022.
2) Jonas Wiström received no fee for his role as an ordinary Board member.

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 2021

During 2021, a total of 25 minuted Board meetings were held: six ordinary meetings, one statutory meeting, and 18 extraordinary meetings (of which, 11 meetings were held 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. 2021 was characterised by acquisitions and disposals, and 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 2021 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.

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 2021, the compensation committee made a thorough evaluation of Ratos's remuneration structures and incentive programmes, which resulted in proposals from the committee to leave the structure for variable cash salary for 2021 essentially unchanged and, as in 2020, to propose to the 2021 Annual General Meeting a new long-term incentive programme in the form of a warrants and convertible debenture programme. Ahead of the 2022 Annual General Meeting, only minor modifications to the remuneration guidelines are proposed. 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 2021, 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 seven minuted meetings in 2021 and was in regular contact in between. 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 2021, 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 2021.

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, audit, internal control, corporate governance, risk management, purchases of non-audit-related services, tax payment, the parent company's guarantee and equity commitments, IT security, 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 2021 included questions related to Ratos's new centralised financing structure, internal control issues and disputes. The CEO and senior executives normally attend the meetings of the committee to present specific matters.

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 2021 Annual General Meeting resolved that remuneration to the ordinary members of the Board should be paid in an amount of SEK 485,000 per member and year. Remuneration to the Chairman of the Board should amount to SEK 970,000 per year. It was decided to pay an additional SEK 150,000 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 50,000 per year to the Chairman of the compensation committee and SEK 50,000 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 2021 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, Autoliv and Mycronic. It is proposed that EY should be appointed by the 2022 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's business concept is to develop companies headquartered in the Nordics that are or can become market leaders. Ratos enables independent companies to excel by being part of something larger. 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 11.

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 in 2021 consisted of the CEO, CFO, three 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 2021 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 13 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 (read more below). Ratos's management and Board can use this 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 for the companies.

In addition, the audit measures carried out by the auditor for the parent company and Group, including an audit of internal controls, are important instruments for identifying shortcomings and providing a basis for more in-depth measures / follow-up and the basis for decision regarding future audit priorities for the companies.

With 18 employees at the beginning of 2022, 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 an annual compliance survey to all the CFOs of the companies. 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'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 the Group'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 40–43.

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 focus on the development of mid-sized companies. Ratos has three business areas – Construction & Services, Consumer and Industry – and each business area currently consists of three to six 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 intention is not that these companies' systems and reporting should be integrated into the Ratos Group, but rather that resources be 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

Recommended internal risk management process for Ratos

1. Identification: 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.

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

3. Management: 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.

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

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

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 consolidated 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.

In 2021, Ratos introduced a framework with minimum internal control requirements (MICR) connected to internal control for financial reporting (ICFR). This was 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. The minimum requirements will be followed up and assessed annually.

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 accounts 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.

Board of Directors and CEO

Auditor
At the 2021 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 2022 Annual General Meeting has been held.

Jonas Wiström, 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.
Vice Chairman of the Board of Business Sweden. 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): 290,000 Class B shares
Warrants in Ratos: 350,000
Convertibles in Ratos: 450,000

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

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

Board's and CEO's holdings at 31 December 2021

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 co-founder of the association Inkludera. Deputy Chairman of the Stockholm School of Economics. Former CEO of Dahl.

Shareholding in Ratos (own and related parties): 16,714,396 Class A shares, 1,975,135 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.
Board member of Conficap.
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

Eva Karlsson
Board member since 2019. Independent in relation to the company, executive management and major shareholders in the company.
Master's degree in industrial work environment.
Born 1966, Swedish.
CEO / Business Area President of Sjöson Industry & Technology. Board member of Assa Abloy AB, Modvion AB and Sjöson AB. Former CEO and VP Product Supply of Arcam EBM, President and CEO of Armatec AB, CEO of SKF Sweden, Global Manufacturing Manager of SKF Industry division, Director of SKF Industrial Marketing & Product Development and positions in the SKF Group within manufacturing management.

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

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 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): 14,517,996 Class A shares, 4,381,750 Class B shares

Consolidated income statement

SEKm	Note 2, 4	2021	2020
Net sales	3	22,551	20,941
Other operating income	3	183	70
Cost of goods and services sold		–13,448	–12,627
Work performed by the company for its own use and capitalised		3	3
Employee benefit costs	7, 22	–4,855	–4,358
Depreciation/amortisation and impairment of property, plant and equipment, intangible assets and right-of-use assets	11, 12, 13	–1,014	–966
Other external costs	8, 26	–1,840	–1,650
Capital gain from Group companies	5	2	0
Share of profits from investments recognised according to the equity method	6, 14	189	44
Revaluation of listed shares		–116	
Operating profit		**1,656**	**1,457**
Financial income	9	72	26
Financial expenses	9	–422	–610
Net financial items		**–350**	**–584**
Profit before tax		**1,306**	**873**
Income tax	10	–166	–258
Profit for the year from continuing operations		**1,139**	**614**
Profit for the year from discontinued operations	33	1,715	269
Profit for the year		**2,855**	**883**
Profit for the year attributable to:			
Owners of the parent		2,637	693
Non-controlling interests		218	191
Earnings per share from profit for the year, SEK	21		
– basic earnings per share		8.17	2.17
– diluted earnings per share		8.10	2.17
Earnings per share from continuing operations, SEK	21		
– basic earnings per share		2.84	1.58
– diluted earnings per share		2.83	1.58

Consolidated statement of comprehensive income

SEKm	Note	2021	2020
Profit for the year		**2,855**	**883**
Other comprehensive income			
Items that will not be reclassified to profit or loss	22		
Remeasurement of defined benefit pension obligations, net		–49	–30
Tax attributable to items that will not be reclassified to profit or loss	10	–2	5
		–51	**–25**
Items that may be reclassified subsequently to profit or loss	19		
Translation differences for the year		291	–480
Change in hedging reserve for the year		41	–34
Tax attributable to items that may be reclassified subsequently to profit or loss	10	–9	2
		323	**–512**
Other comprehensive income for the year, net after tax		**271**	**–537**
Total comprehensive income for the year		**3,126**	**346**
Total comprehensive income for the year attributable to:			
Owners of the parent		2,879	278
Non-controlling interests		247	69

Consolidated statement of financial position

SEKm	Note 4	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Goodwill	11	10,028	6,958
Other intangible assets	11	1,390	1,123
Property, plant and equipment	12	1,503	1,198
Right-of-use assets	13	5,006	4,677
Investments recognised according to the equity method	14	1,259	1,003
Shares and participations	16	815	7
Other receivables	16	83	62
Deferred tax assets	10	303	156
Total non-current assets		**20,387**	**15,185**
Current assets			
Inventories	17	1,903	1,075
Tax assets		53	43
Trade receivables	16, 25	2,746	2,140
Prepaid expenses and accrued income		311	274
Contract assets	32	480	429
Other receivables	16	261	207
Derivative instruments	16	13	1
Cash and cash equivalents	16, 30	2,230	2,826
		7,998	**6,995**
Assets held for sale	33		6,458
Total current assets		**7,998**	**13,453**
Total assets		**28,385**	**28,638**
EQUITY AND LIABILITIES			
Share capital	18	1,023	1,021
Other capital provided		431	417
Reserves	19	–218	–490
Retained earnings including profit for the year		10,703	8,417
Equity attributable to owners of the parent		**11,940**	**9,366**
Non-controlling interests	20	1,387	1,915
Total equity		**13,326**	**11,281**
Liabilities			
Non-current interest-bearing liabilities	16, 25, 26	7,191	6,760
Other non-current liabilities	16, 32	836	257
Provisions for pensions	22	76	86
Other provisions	23	39	28
Deferred tax liabilities	10	440	275
Total non-current liabilities		**8,582**	**7,405**
Current interest-bearing liabilities	16, 25, 26	842	1,568
Trade payables	16	2,430	1,843
Tax liabilities		163	112
Contract liabilities	32	723	859
Derivative instruments	16	49	33
Other liabilities		847	767
Accrued expenses	24	1,003	823
Provisions	23	421	447
		6,477	**6,451**
Liabilities attributable to assets held for sale	33		3,501
Total current liabilities		**6,477**	**9,952**
Total liabilities		**15,059**	**17,357**
Total equity and liabilities		**28,385**	**28,638**

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

Consolidated statement of changes in equity

SEKm	Note 18, 19, 20	Equity attributable to owners of the parent: Share capital	Other capital provided	Reserves	Retained earnings incl. profit for the year	Total	Non-controlling interests	Total equity
Opening equity, 1 January 2020		**1,021**	**417**	**–94**	**7,953**	**9,298**	**1,920**	**11,218**
Profit for the year					693	693	191	883
Other comprehensive income for the year				–396	–19	–415	–122	–537
Comprehensive income for the year				**–396**	**674**	**278**	**69**	**346**
Dividend					–207	–207	–75	–283
Non-controlling interests' share of capital contribution, new share issue and impaired equity							2	2
Value of conversion option for convertible debentures, net					2	2		2
Option premiums, net					0	0		0
Put options, future acquisitions from non-controlling interests							–5	–5
Acquisition of shares in subsidiaries from non-controlling interests					–12	–12	–7	–19
Disposal of shares in subsidiaries to non-controlling interests					7	7	11	19
Closing equity, 31 December 2020		**1,021**	**417**	**–490**	**8,417**	**9,366**	**1,915**	**11,281**
Opening equity, 1 January 2021		**1,021**	**417**	**–490**	**8,417**	**9,366**	**1,915**	**11,281**
Profit for the year					2,637	2,637	218	2,855
Other comprehensive income for the year				272	–30	242	29	271
Comprehensive income for the year				**272**	**2,608**	**2,879**	**247**	**3,126**
Dividend					–303	–303	–3	–306
Non-controlling interests' share of capital contribution, new share issue and impaired equity							0	0
Transfer of treasury shares					227	227		227
Conversion of convertible debentures to shares		2	14			16		16
Value of conversion option for convertible debentures, net					5	5		5
Option premiums, net					5	5		5
Redeemed options					–6	–6		–6
Put options, future acquisitions from non-controlling interests					–207	–207	–357	–564
Acquisition of shares in subsidiaries from non-controlling interests					–31	–31	–7	–38
Disposal of shares in subsidiaries to non-controlling interests					–10	–10	19	8
Non-controlling interests at acquisition							493	493
Non-controlling interests in disposals							–921	–921
Closing equity, 31 December 2021		**1,023**	**431**	**–218**	**10,703**	**11,940**	**1,387**	**13,326**

Consolidated statement of cash flows

SEKm	Note 30	2021	2020
Operating activities			
Operating profit from continuing operations		1,656	1,457
Operating profit from discontinued operations		1,721	472
Adjustment for non-cash items		–960	1,332
		2,416	3,261
Income tax paid		–265	–223
Cash flow from operating activities before change in working capital		**2,151**	**3,038**
Cash flow from change in working capital			
Increase (–)/Decrease (+) in inventories		–459	–109
Increase (–)/Decrease (+) in operating receivables		–38	264
Increase (+)/Decrease (–) in operating liabilities		–206	7
Cash flow from operating activities		**1,448**	**3,201**
Investing activities			
Acquisitions, Group companies		–2,492	–38
Disposals, Group companies		2,634	2
Investments and disposals, intangible assets/property, plant and equipment		–419	–664
Investments and disposals, financial assets		15	0
Interest received		4	6
Cash flow from investing activities		**–258**	**–694**
Financing activities			
Non-controlling interests' share of issue/capital contribution		0	2
Transfer of treasury shares		227	
Option premiums paid		5	3
Repurchase/final settlement of options		–243	–39
Acquisition and disposal of shares in subsidiaries from non-controlling interests		–29	–0
Dividends paid		–303	–207
Dividends paid, non-controlling interests		–3	–75
Borrowings		2,361	795
Amortisation of loans		–3,279	–1,832
Interest paid		–339	–439
Amortisation of financial lease liabilities		–623	–673
Cash flow from financing activities		**–2,227**	**–2,467**
Cash flow for the year		**–1,037**	**40**
Cash and cash equivalents at the beginning of the year		3,182	3,219
Exchange differences in cash and cash equivalents		84	–77
Cash and cash equivalents at the end of the year		2,230	3,182
– of which attributable to continuing operations		2,230	2,826
– of which attributable to discontinued operations			356

Parent company income statement

SEKm	Note	2021	2020
Other operating income	3	8	5
Other external costs	8	–52	–63
Personnel costs	7, 22	–100	–91
Depreciation of property, plant and equipment	12	–0	–0
Operating profit/loss		**–144**	**–150**
Profit from investments in Group companies	5	1,878	309
Result from other securities and receivables accounted for as non-current assets	9	–70	1
Other interest income and similar profit items	9	53	0
Interest expenses and similar profit/loss items	9	–59	–18
Profit after financial items		**1,658**	**142**
Group contributions, received		97	
Profit before tax		**1,755**	
Tax	10	76	0
Profit for the year		**1,831**	**143**

Parent company statement of comprehensive income

SEKm	2021	2020
Profit for the year	**1,831**	**143**
Other comprehensive income for the year	**0**	**0**
Comprehensive income for the year	**1,831**	**143**

Parent company balance sheet

SEKm	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Property, plant and equipment	12	2	1
Financial assets			
Participations in Group companies	29	7,975	7,602
Receivables from Group companies	15, 16	4,029	
Deferred tax assets		75	
Total non-current assets		**12,081**	**7,603**
Current assets			
Current receivables			
Receivables from Group companies	15, 16	1,145	7
Other receivables		26	12
Prepaid expenses and accrued income		9	4
Cash and bank balances	16, 30	294	1,166
Total current assets		**1,474**	**1,189**
Total assets		**13,555**	**8,792**
EQUITY AND LIABILITIES			
Equity	18		
Restricted equity			
Share capital		1,023	1,021
Statutory reserve		289	289
Unrestricted equity			
Share premium reserve		143	129
Retained earnings		6,708	6,638
Profit for the year		1,831	143
Total equity		**9,994**	**8,219**
Non-current liabilities			
Interest-bearing liabilities			
Convertible debentures	16	75	54
Liabilities to Group companies	16	670	391
Other interest-bearing liabilities	16	1,908	48
Non-interest bearing liabilities			
Other liabilities			14
Deferred tax liabilities		2	1
Total non-current liabilities		**2,655**	**508**
Current provisions			
Other provisions	23	65	10
Total current provisions		**65**	**10**
Current liabilities			
Interest-bearing liabilities			
Liabilities to Group companies	16	664	
Other interest-bearing liabilities	16	41	1
Non-interest bearing liabilities			
Liabilities to Group companies	16	79	
Trade payables	16	8	4
Other liabilities		3	3
Accrued expenses	24	47	46
Total current liabilities		**842**	**54**
Total equity and liabilities		**13,555**	**8,792**

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

Parent company statement of changes in equity

SEKm	Note 18	Restricted equity: Share capital	Restricted equity: Statutory reserve	Unrestricted equity: Share premium reserve	Unrestricted equity: Retained earnings	Unrestricted equity: Profit for the year	Total equity provided
Opening equity, 1 January 2020		**1,021**	**289**	**129**	**6,291**	**552**	**8,281**
Other disposition of earnings					552	–552	
Profit for the year						143	143
Comprehensive income for the year						**143**	**143**
Dividend					–207		–207
Option premiums					0		0
Value of conversion option for convertible debentures					3		3
Deferred tax, conversion option for convertible debentures					–1		–1
Closing equity, 31 December 2020		**1,021**	**289**	**129**	**6,638**	**143**	**8,219**
Opening equity, 1 January 2021		**1,021**	**289**	**129**	**6,638**	**143**	**8,219**
Other disposition of earnings					143	–143	
Profit for the year						1,831	1,831
Comprehensive income for the year						**1,831**	**1,831**
Dividend					–303		–303
Transfer of treasury shares					227		227
Exercise of call options					–6		–6
Conversion of convertible debentures to shares		2		14			16
Option premiums					5		5
Value of conversion option for convertible debentures					6		6
Deferred tax, conversion option for convertible debentures					–1		–1
Closing equity, 31 December 2021		**1,023**	**289**	**143**	**6,708**	**1,831**	**9,994**

Parent company cash flow statement

SEKm	Note 30	2021	2020
Operating activities			
Profit before tax		1,755	142
Adjustment for non-cash items		–1,785	–96
		–30	46
Income tax paid		–	–
Cash flow from operating activities before change in working capital		**–30**	**46**
Cash flow from change in working capital			
Increase (-)/Decrease (+) in operating receivables		–112	–11
Increase (+)/Decrease (-) in operating liabilities		44	11
Cash flow from operating activities		–98	**45**
Investing activities			
Acquisition, shares in subsidiaries		–1,428	–292
Disposals, shares in subsidiaries		2,949	0
Acquisition, tangible assets		–2	
Cash flow from investing activities		**1,519**	**–292**
Financing activities			
Repurchase/redemption of options		–9	
Convertible debentures		43	20
Borrowings		1,800	
Change in intra-Group borrowings		–4,007	
Transfer of treasury shares		227	
Dividends paid		–303	–207
Cash flow from financing activities		**–2,250**	**–187**
Cash flow for the year		**–829**	**–433**
Cash and cash equivalents at the beginning of the year		1,166	1,607
Exchange differences in cash and cash equivalents		–42	–7
Cash and cash equivalents at the end of the year		294	1,166

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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 page 71.

Changed accounting principles due to new or amended IFRS
No new standards or amendments to standards have been added in 2021 that have necessitated changes in the accounting or measurement principles.

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 2021 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.

Measurement of assets and liabilities is based on historical cost except for the following assets and liabilities which are measured in another manner:
- Financial assets and liabilities can be measured at either fair value or amortised cost.
- Associates and joint ventures are recognised in accordance with the equity method.
- Valuation of deferred tax assets and liabilities is based on how carrying amounts for assets and liabilities are expected to be realised or settled. Deferred tax is calculated using the tax rates and tax regulations decided or announced as per the end of the reporting period.
- Assets held for sale are recognised at the lower of the prior carrying amount and fair value with deduction for selling costs.
- Inventories are measured at the lower of cost and net realisable value.
- Provisions are measured at the amount required to settle an obligation, with any present value calculation.
- A net obligation relating to defined benefit pension plans is measured at the present value of an estimate of the future benefit earned by the employees with deduction for any plan assets linked to the respective pension plan, measured at fair value.

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.

Classification
Non-current assets essentially comprise amounts expected to be recovered or paid after more than 12 months from the end of the reporting period, while current assets essentially comprise amounts that are expected to be recovered or paid within 12 months from the end of the reporting period.

Non-current liabilities essentially comprise amounts that the Ratos Group has an unconditional right to choose to pay later than 12 months from the end of the reporting period. If such a right does not exist at the end of the reporting period or if the liability is expected to be regulated within the normal business cycle, the liability amount is recognised as a current liability.

Consolidation principles and business combinations
The consolidated financial statements are prepared in accordance with IFRS 10 Consolidated Financial Statements and IFRS 3 Business Combinations. Subsidiaries are consolidated by applying the acquisition method. Associates and joint ventures are consolidated by applying the equity method.

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.

Potential voting rights

Consolidation is normally carried out on the basis of the current ownership interest. Potential voting rights relate to votes that may be added after the exercise of, for example, convertibles and options. Potential shares carrying voting rights that can be utilised or converted without delay are taken into account when assessing whether a significant influence or control exists. The existence of all such potential voting rights is taken into account, i.e. not only those related to the parent or owner company.

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 purchase price allocation (PPA), 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

Note 1, cont.

recognised at fair value. The choice between these two methods is made individually for every acquisition.

Acquisition-related costs, with the exception of costs attributable to the issue of an equity instrument or debt instrument, are recognised directly in profit or loss for the year. In step acquisitions, goodwill is identified on the date control is obtained. If the company already owned an interest in the acquired subsidiary this is remeasured at fair value and the change in value recognised in profit or loss for the year. In business combinations where the consideration transferred, any non-controlling interest and fair value of the previously owned interest exceed the fair value of acquired assets and assumed liabilities, the difference is recognised as goodwill. When the difference is negative, called a "bargain purchase," the difference is recognised directly in profit or loss for the year. Payments that relate to settlement of an earlier business commitment are not included in the PPA but recognised in profit or loss. 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. For accounting principles for call and put options issued to owners with non-controlling interests that were agreed in conjunction with acquisitions, refer to the paragraph below.

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.

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, either at a fixed price or a 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, either at a fixed price or a fair value at a future period in time. Ratos applies IFRS 10, policy option 3, for these options. 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. Ratos has chosen to firstly recognise non-controlling interests in equity and, if this is insufficient, in equity attributable to owners of the parent. Valuation 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.

Disposal of subsidiaries

Subsidiaries are excluded from the consolidated financial statements with effect from the date when the Group ceases to have a controlling influence. At that point in time, every remaining holding is measured at fair value. The change in value is recognised in profit or loss for the year. The fair value is used as the first carrying amount and provides the basis for future recognition of the remaining holding as an associate, joint venture or financial asset. All amounts relating to the sold subsidiaries which were previously recognised in other comprehensive income, are recognised as if the Group directly sold the attributable assets or liabilities, meaning that amounts previously recognised in Other comprehensive income are reclassified to profit or loss.

Associates and joint ventures – 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 corresponding to not less than 20% and not more than 50% of the voting rights means that a significant influence exists. Circumstances in individual cases may lead to a significant influence even with ownership of less than 20% of the votes.

A joint venture is a joint arrangement through which the parties have joint controlling influence over the arrangement and are entitled to net assets from the arrangement. Joint controlling influence exists when joint exercise of the controlling influence over an operation is contractually stipulated. It exists only when it is required that the parties sharing the controlling influence must give their consent regarding operations-related decisions.

Associates and joint ventures 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.

Acquisition-related costs, with the exception of costs attributable to the issue of an equity instrument or debt instrument, are included in acquisition cost.

When the Group's share of recognised losses in the associate exceeds the carrying amount of the interests in the Group, the value of these interests is reduced to zero. Future losses are thus not recognised unless the Group has provided guarantees to cover losses arising in the associate. The equity method is applied until the date on which the significant influence ceases.

If the ownership interest in a joint venture or associate is reduced but joint control (JV) or significant influence (associates) is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Transactions eliminated on consolidation

Intra-Group receivables and liabilities, income and expenses, and unrealised gains or losses arising from intra-Group transactions between Group companies, are eliminated in their entirety.

Unrealised gains arising from transactions with associates are eliminated to an extent that corresponds to the Group's ownership in the company. Unrealised losses are eliminated in the same manner as unrealised gains, but only if there is no indication of 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 differences that arise on translation are recognised in profit or loss for the year. Changes in value due to currency translation relating to operating assets and liabilities are recognised in operating profit.

Non-monetary assets and liabilities recognised at historical costs are translated at the exchange rate on the transaction date. Non-monetary assets recognised at fair value are translated to the functional currency at the rate that prevails on the date of fair value measurement.

Note 1, cont.

Financial statements of foreign operations
Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit values, are translated into Swedish kronor at the exchange rate prevailing at the end of the reporting period. Income and expenses in a foreign operation are translated into Swedish kronor at an average rate that comprises an approximation of the rates on each transaction date. Translation differences that arise on translation of foreign operations are recognised in other comprehensive income and accumulated in the translation reserve in equity.

If the foreign operation is not wholly owned, the translation differences are allocated to non-controlling interests on the basis of its proportional ownership. At disposal of a foreign operation the accumulated translation differences attributable to the operation are recognised whereby they are reclassified from the translation reserve to profit or loss for the year. In the event a disposal is made but control remains, a proportionate share of accumulated translation differences is transferred from other comprehensive income to non-controlling interests.

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.

When a foreign operation repays monetary non-current receivables or provides a dividend and the parent company has the same holding as previously, the accumulated translation differences are not transferred from the translation reserve in equity to profit or loss for the year. At disposal of a foreign operation, the accumulated exchange rate differences attributable to monetary non-current receivables are reclassified from the translation reserve in equity to profit or loss for the year.

Discontinued operations
A discontinued operation is a part of the Group that has either been divested or is classified as held for sale and that corresponds to an independent business segment or is a subsidiary expressly acquired to be sold. A discontinued operation is recognised separately from continuing operations in profit or loss with equivalent recognition for the comparative period. Assets held for sale and their related liabilities are recognised separately in the balance sheet. The comparative period is not affected. Assets held for sale are measured at the lower of the carrying amount and fair value after deduction for selling costs, see Note 33.

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.

Government assistance
Government assistance refers to financial grants from states, authorities and similar local, national or international bodies. Government assistance is recognised when there is reasonable certainty that the grant will be received and that the company is likely to meet the conditions tied to the grant. Government assistance is recognised on a systematic basis in profit for the year in the same way and over the same periods in which the expenses which the grants are intended to offset are recognised. Government assistance pertaining to expenses is recognised in profit or loss through an equivalent reduction in expenses.

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.

Exchange gains and exchange losses are recognised net.

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.

Research and development
Research expenditure is recognised as an expense as incurred.
In the Group, development costs are only recognised as intangible assets provided the product or process is technically and financially feasible, and the conditions exist to complete development and thereafter use or sell the asset provided the expenditure can be calculated in a reliable manner. The carrying amount includes all directly attributable expenditure, such for material and services, employee benefits as well as registration of a legal entitlement. Amortisation is started when the product goes into operation and is distributed on a straight-line basis over the period in which the product provides economic benefits. Other development costs are expensed in the period in which they arise.

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.

Costs incurred for internally generated goodwill and internally generated trademarks are recognised in profit or loss when the cost is incurred.

Subsequent expenditure
Subsequent expenditure for capitalised intangible assets is recognised as an asset in the statement of financial position only if it

Note 1, cont.

increases the future economic benefits for the specific asset to which it is attributable. All other expenditure is recognised as an expense when it arises.

Borrowing costs

Borrowing costs that are attributable to the construction of so-called qualifying assets are capitalised as part of the qualifying asset's cost. A qualifying asset is an asset which necessarily takes a significant time to complete. In the first instance, borrowing costs are capitalised which were incurred on loans that are specific to the qualifying asset. In the second instance, borrowing costs are capitalised which arose on general loans that are not specific to any other qualifying asset.

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 not indeterminable. Useful lives are tested annually or when required.

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

Number of years	Group
Trademarks	20
Databases	5–10
Customer relations	5–10
Business systems	3–10
Other intangible assets	3–10

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.

Borrowing costs

Borrowing costs that are attributable to the construction of so-called qualifying assets are capitalised as part of the qualifying asset's cost. A qualifying asset is an asset which necessarily takes a significant time to complete. In the first instance, borrowing costs are capitalised which were incurred on loans that are specific to the qualifying asset. In the second instance, borrowing costs are capitalised which arose on general loans that are not specific to any other qualifying asset.

Subsequent expenditure

Subsequent expenditure is added to cost only if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be estimated in a reliable manner. All other subsequent expenditure is recognised as an expense in the period in which it arises. Decisive for assessment of when a subsequent expenditure is added to cost is whether the expenditure relates to replacement of identified components, or parts of the same, whereby such expenditure is recognised as an asset.

In cases where a new component is created, the expenditure is also added to cost. Any undepreciated carrying amounts on replaced components, or parts of components, are disposed of and recognised as an expense when the replacement takes place. Repairs are recognised as an expense on a current basis.

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

The residual value and useful life of an asset are assessed annually.

Leases

Up to and including the 2018 financial year, leases (rent) for property, vehicles, inventory and equipment are recognised as operating or finance leases according to IAS 17. 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, interest-bearing liabilities, other liabilities and derivative instruments.

Note 1, cont.

Recognition and derecognition from the statement of financial position

A financial asset or a financial liability is recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument. A receivable is recognised when the company has performed and a contractual obligation to pay exists, even if an invoice has not yet been sent. Trade receivables are recognised in the statement of financial position when an invoice has been sent. A liability is recognised when the counterparty has performed and a contractual obligation to pay exists, even if an invoice has not yet been received. Trade payables are recognised when an invoice has been received. Financial assets and liabilities can be measured at fair value, cost or amortised cost.

A financial asset is derecognised from the statement of financial position when the contractual rights are realised, expired or the company loses control over them. The same applies to part of a financial asset. A financial liability is derecognised from the statement of financial position when the contractual obligation is met or otherwise extinguished. The same applies to part of a financial liability.

A financial asset and a financial liability are offset and recognised with a net amount in the statement of financial position only if a legal right to offset these amounts exists and there is an intention to settle these items with a net amount or at the same time realise the asset and settle the liability.

Acquisition and divestment of financial assets are recognised on the trade date which is the day when the company undertakes to acquire or divest the asset except in cases where the company acquires or divests listed securities when settlement date accounting is applied.

Classification and measurement

Initially financial assets and liabilities are measured at a cost corresponding to fair value with the addition of transaction costs. An exception is financial assets and liabilities that are measured at fair value through profit or loss, which are initially measured at fair value excluding transaction costs.

Fair value for listed financial assets corresponds to the listed purchase price of the asset at the end of the reporting period. Fair value of unlisted financial assets is determined by applying valuation techniques such as recently completed transactions, price of similar instruments or discounted cash flows. Amortised cost is determined on the basis of the effective interest calculated on the acquisition date. Effective interest is the rate that discounts the estimated future cash flows throughout the expected life of the financial instrument to the net carrying amount of the financial asset or liability. The calculation includes all charges made or received by the contractual parties that are part of effective interest, transaction costs and all other premiums or discounts.

The classification of investments as debt instruments is due to the Group's business model for management of financial assets and the contractual terms of the asset's cash flows. For equity instruments that are not held for trading, recognition depends on whether the Group, on the acquisition date for the instrument, made an irrevocable choice to recognise the equity instrument at fair value through other comprehensive income. The Group only reclassifies debt instruments in cases where the Group's business model for the instrument is changed. Category classification is shown in Note 16.

Cash and cash equivalents consist of cash and immediately available balances held by banks and similar institutions as well as short-term liquid investments with a maturity from the acquisition date of less than three months which are only exposed to an insignificant risk for fluctuations in value.

The Ratos Group's financial assets and liabilities are classified according to the categories listed below.

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.

Client money

Client money, which is recognised as assets and liabilities in the statement of financial position, includes payment received for a specific receivable on behalf of a client and to be paid to the client within a specific period. Client money is cash and cash equivalents with a limited right of disposition, so that the same amount is recognised as liabilities. Client money is not classified as cash and cash equivalents but as other current receivables.

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

Note 1, cont.

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.

Receivables and liabilities in foreign currency

Forward contracts are used to hedge a receivable or liability with exchange rate risk. Hedge accounting is not used for protection in these cases since a financial hedge is reflected in the financial statements through both the underlying receivable or liability and the hedging instrument being recognised at the exchange rate on the closing date and changes in exchange rates are recognised in profit or loss for the year.

Changes in exchange rates for operating receivables and liabilities are recognised in operating profit or loss while changes in exchange rates for financial receivables and liabilities are recognised in net financial items.

Cash flow hedges

Hedges of forecast purchases/sales in foreign currency

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 future interest flows

To hedge uncertainty in future interest flows relating to loans at floating interest, interest rate swaps are used, where the company receives floating interest and pays fixed interest. These interest rate swaps are measured at fair value in the statement of financial position. The interest coupon is recognised on a current basis in profit or loss as an interest expense. In the event hedge accounting is applied, unrealised changes in the fair value of the interest rate swap are recognised in other comprehensive income and included as part of the hedging reserve until the hedged item affects profit or loss for the year and provided the criteria for hedge accounting and effectiveness are met. Gains or losses attributable to the ineffective part are recognised in profit or loss for the year and are included in net financial items.

If hedge accounting is not applied, changes in value for the period are recognised directly in net financial items 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.

Assessment of carrying amount is performed 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 indeterminable 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 indeterminable 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

Goodwill impairment is not reversed.

Impairment losses on other assets 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,

Note 1, cont.

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.

Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost comprises all costs for purchase, costs for manufacture and other costs of bringing the goods to their current location and condition. Cost for goods that are not exchangeable and for goods and services that are produced for and held separately for specific projects are determined based on the specific costs attributable to the respective product.

For other goods, cost is calculated according to the first-in, first-out principle or through methods based on a weighted average.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling costs.

Discontinued operations and assets held for sale

A discontinued operation is a part of the Group that has either been divested or is classified as held for sale and that corresponds to an independent business segment or a significant operation in an area. A discontinued operation is recognised separately from continuing operations in profit or loss with equivalent recognition for the comparative period.

Non-current assets (or divestment groups) held for sale are classified as held for sale if their carrying amounts will be recovered primarily through the sale and not through ongoing use. Assets held for sale and their related liabilities are recognised separately in the statement of financial position. The comparative period is not affected. Non-current assets (or divestment groups) are measured at the lower of carrying amount and fair value with deduction for selling costs. One condition that needs to be met for an asset to be classified as held for sale is that the sale is highly probable and that the assets (divestment group) are available for sale in their existing condition.

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.

Purchase 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.

Obligations for retirement pension and family pension for salaried employees in Sweden are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10, this is a defined benefit plan that covers several employers. Information which makes it possible to report this plan as a defined benefit plan has not so far been made available.

The pension plan according to ITP which is secured through an insurance with Alecta is therefore reported as a defined contribution plan.

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 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.

When the terms in a plan improve, the portion of the increased benefits attributable to the employees' past service is recognised as an expense in profit or loss. Remeasurements which arise as a result of defined benefit plans also include the return on plan assets (excluding interest), gains or losses arising from changes to demographic and financial assumptions, experience-based gains or losses. These are recognised immediately in other comprehensive income. All other costs related to defined benefit plans are recognised under personnel costs in the income statement. The Group recognises interest on defined benefit obligations under net financial items in the income statement. In the Group's Other comprehensive income, remeasurement of pension obligations for investments that in the Group are recognised according to the equity method are also recognised.

Adjustments based on experience (profit and loss) are made as a consequence of the result due to mortality, sick leave, employee turnover, changes in salary and return on plan assets during the year deviating from assumptions made.

Other long-term benefits

The portion of variable remuneration to employees that is only paid if the employee remains in service, is recognised under other non-current liabilities. The remuneration is discounted to a present value and the fair value of any plan assets is deducted. The discount rate is determined on the same basis as for defined benefit pension plans.

Compensation in the event of termination of employment

Costs for benefits in conjunction with termination of employment are only recognised if the company is demonstrably obligated, without any realistic possibility of withdrawal, by a formal, detailed plan to terminate an employment prior to the normal date. When benefits are provided as an offering to encourage voluntary attrition, an expense is recognised if it is probable that the offer will be accepted and the number of employees that will accept the offer can be estimated in a reliable manner.

Short-term benefits

Short-term employee benefits are calculated without discount and recognised as expenses when the relative services are received.

Incentive programmes, call options

Ratos AB issued call option programmes between 2013 and 2017. The call option programmes are secured through purchases of treasury shares. Purchases of treasury shares are recognised as a reduction of equity. The options have been acquired at a market price and the option premium is recognised directly in equity. In the event of future exercise of the options, the exercise price will be paid and increase equity.

Note 1, cont.

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.

Earnings per share
Earnings per share are based on consolidated profit/loss for the year attributable to owners of the parent divided by average outstanding ordinary shares.

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 debentures and warrants issued to employees. Dilution resulting from convertible debentures is calculated 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 dilution effect of option programmes (warrants and call options) depends on options during the year. Calculation of the number of shares is based on the difference between the exercise price for all outstanding options and the average market price of a corresponding number of shares. This difference corresponds, taking the average market price for Ratos shares into account, to a certain number of shares. These shares, together with the present number of shares, provide an estimated number of shares which is used to obtain the dilution effect.

Potential ordinary shares are considered to have a dilutive effect only during periods when they result in lower earnings or a higher loss per share.

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.

Note 1, cont.

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.

Contingent liabilities

A contingent liability is recognised when there is a possible commitment that stems from events that have taken place and when their occurrence is only confirmed by one or more uncertain future events or when there is a commitment that is not recognised as a liability or provision since it is not probable that an outflow of economic benefits will be required.

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.

Anticipated dividends

Anticipated dividend from a subsidiary is recognised in cases where the parent company alone is entitled to decide on the size of the dividend and this has been decided before the parent company published its financial statements.

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, as of the third quarter of 2021, the parent company is taxed according to conventional income tax rules.

Untaxed reserves, including deferred tax liabilities, are recognised in the parent company. However, in the consolidated accounts, untaxed reserves are divided into deferred tax liabilities and equity.

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 develops companies headquartered in the Nordics that are or can become market leaders. Over time, Ratos is to generate the highest possible shareholder value by actively exercising its ownership to realise the potential of a number of selected companies. At the end of 2021, Ratos owned 12 subsidiaries and one associate. The companies are active in different sectors, and operate strategically, operationally and financially independent of each other. Ratos has three business areas: Construction & Services, Consumer and Industry. The most relevant basis for revenue classification is based on the three business areas and the companies they include. This classification provides information about the Ratos Group's primary 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," monitors operations in all of Ratos's business areas and companies, based on Ratos's financial targets which stipulate that the earnings of the companies should increase each year.

SEKm	Net sales		EBITDA		EBITA		Net financial items		Profit before tax	
Company	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Aibel			188	43	188	43			188	43
airteam	1,311	1,331	139	137	128	126	–6	–6	122	119
HENT	8,054	8,644	253	248	170	172	–4	–35	166	137
Speed Group	1,060	726	229	162	117	62	–28	–16	82	38
Total Construction & Services	**10,426**	**10,701**	**808**	**590**	**603**	**403**	**–38**	**–58**	**557**	**338**
KVD	1,086	393	92	67	52	37	–5	–3	48	33
Oase Outdoors	463	418	85	55	79	48	–9	–14	70	34
Plantasjen	4,682	4,582	1,191	1,046	713	566	–261	–334	448	227
Total Consumer	**6,232**	**5,393**	**1,368**	**1,169**	**845**	**651**	**–275**	**–352**	**565**	**294**
Diab	1,832	2,121	175	380	56	280	16	–106	72	174
HL Display	1,708	1,520	264	252	195	163	–23	–32	172	132
LEDiL	481	389	147	110	115	76	–3	–6	111	69
TFS	891	828	90	67	66	42	–13	–10	53	32
Total Industry	**4,913**	**4,858**	**676**	**809**	**432**	**561**	**–23**	**–153**	**408**	**406**
Total companies all periods presented	**21,571**	**20,952**	**2,853**	**2,568**	**1,880**	**1,615**	**–336**	**–563**	**1,531**	**1,038**
Presis Infra	225		38		32		–3		26	
Vestia	754		46		43		–7		21	
Total companies acquired during periods presented	**980**		**84**		**75**		**–9**		**47**	
Revaluation of listed shares			–116		–116				–116	
Income and expenses in the parent company and central companies			–156	–151	–156	–151			–156	–151
Financial items							–4	–19	–4	–19
Items attributable to the parent company and central companies			**–272**	**–151**	**–272**	**–151**	**–4**	**–19**	**–275**	**–170**
Bisnode	60	3,673	17	750	13	504	–3	–72	9	401
Bisnode Belgium	45		–16		–19		–1		–20	
Total companies, discontinued operations	**104**	**3,673**	**2**	**750**	**–6**	**504**	**–4**	**–72**	**–10**	**401**
Bisnode			1,816		1,816				1,816	
Other			–89		–89				–89	
Total exit gains			**1,727**		**1,727**				**1,727**	
Other/eliminations	–0	–12	3	3	3	3	–1	–2	3	3
Group total	**22,655**	**24,614**	**4,397**	**3,171**	**3,407**	**1,971**	**–354**	**–656**	**3,022**	**1,272**
Less discontinued operations	–104	–3,673	–1,729	–750	–1,721	–504	4	72	–1,717	–401
Group total, continuing operations	**22,551**	**20,941**	**2,669**	**2,422**	**1,686**	**1,468**	**–350**	**–584**	**1,306**	**873**

Of the above net sales, the following amounts are attributable to sales to other Group companies: airteam SEK 0m (11) and Bisnode (1).

Note 2, cont.

Reconciliations between EBITDA, EBITA, operating profit and profit before tax are presented below.

SEKm	2021	2020
EBITDA	**2,669**	**2,422**
Depreciation/amortisation and impairment of assets attributable to ordinary operations	–983	–954
EBITA	**1,686**	**1,468**
Depreciation/amortisation and impairment of assets resulting from acquisitions	–30	–12
Operating profit	**1,656**	**1,457**
Financial income	72	26
of which, interest income	4	6
Financial expenses	–422	–610
of which, interest expenses	–313	–398
Profit before tax	**1,306**	**873**

SEKm	Interest-bearing net receivable (+) / net debt (–)[1]		Consolidated value[2]	
Company	**31 Dec 2021**	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
Aibel			782	634
airteam	–7	–30	612	537
HENT	1,014	505	606	468
Speed Group	–600	–762	322	280
Total Construction & Services	**406**	**–287**	**2,323**	**1,919**
KVD	–486	–22	549	513
Oase Outdoors	–147	–159	244	221
Plantasjen	–4,899	–4,830	1,373	940
Total Consumer	**–5,532**	**–5,012**	**2,166**	**1,674**
Diab	–1,125	–935	674	863
HL Display	–223	–216	937	773
LEDiL	–95	–148	627	587
TFS	35	–18	491	455
Total Industry	**–1,408**	**–1,318**	**2,728**	**2,678**
Total companies	**- 6,534**	**–6,616**	**7,217**	**6,272**
Presis Infra	–1,371		993	
Vestia	79		185	
Total companies acquired during periods presented	**–1,292**		**1,178**	
Bisnode		–1,690		2,067
Total companies divested during periods presented		**–1,690**		**2,067**
Total companies	**–7,825**	**- 8,307**	**8,395**	**8,338**
Items attributable to the parent company and central companies[3]	1,983	1,061	3,545	1,028
Other/eliminations	–7	–23		
Group total	**–5,850**	**–7,269**	**11,940**	**9,366**
Less liabilities/consolidated value attributable to assets held for sale		1,690		–2,067
Group total, continuing operations	**–5,850**	**–5,578**	**11,940**	**7,299**

1) Excluding shareholder loans.
2) Holdings are shown at consolidated values, which correspond to the Group's share of the holdings' equity, any residual values on consolidated surplus and deficit values minus any intra-group profits. Shareholder loans are also included.
3) Consolidated value includes cash and cash equivalents in the parent company of SEK 294m (1,166).

Note 2, cont.

SEKm	Cash flow 2021	Cash flow 2020
Aibel		
airteam	49	187
HENT	–43	161
Speed Group	151	63
Total Construction & Services	**157**	**410**
Bisnode		483
KVD	–145	58
Oase Outdoors	59	131
Plantasjen	89	455
Total Consumer	**2**	**1,127**
Diab	–40	65
HL Display	190	253
LEDiL	123	80
TFS	69	21
Total Industry	**342**	**418**
Cash flow from operations in the companies	**502**	**1,955**
Cash flow from operations in subsidiaries acquired during the current year	67	
Cash flow from operations in subsidiaries divested during the current year	40	
Investments and disposals, intangible assets/property, plant and equipment	419	664
Lease payments	866	932
Income tax paid	–265	–223
Attributable to the parent company and central companies	110	51
Eliminations	–290	–180
Cash flow from operating activities	**1,448**	**3,201**

SEKm	Depreciation/amortisation 2021	Depreciation/amortisation 2020
Aibel		
airteam	–11	–12
HENT	–83	–75
Speed Group	–119	–104
Total Construction & Services	**–213**	**–192**
Bisnode	–3	–263
KVD	–40	–31
Oase Outdoors	–5	–7
Plantasjen	–470	–454
Total Consumer	**–519**	**–754**
Diab	–118	–100
HL Display	–70	–74
LEDiL	–32	–34
TFS	–24	–25
Total Industry	**–244**	**–233**
Total companies all periods presented	**–976**	**–1,179**
Presis Infra	–9	
Vestia	–18	
Total companies acquired during the current year	**–28**	
Attributable to the parent company and central companies	–0	–0
Group total	**–1,003**	**–1,180**
Less discontinued operations	3	263
Group total, continuing operations	**–1,001**	**–917**

The above table pertains to amortisation of intangible assets and depreciation of property, plant and equipment. Of the above depreciation/amortisation, SEK –31m (–42) pertains to depreciation/amortisation on assets arising in conjunction with acquisitions, of which SEK –1m (–31) pertains to discontinued operations.

SEKm	Net sales[1)] 2021	Net sales[1)] 2020	Property, plant and equipment, intangible assets and right-of-use assets 2021	Property, plant and equipment, intangible assets and right-of-use assets 2020
Norway	9,753	9,340	8,238	5,031
Sweden	6,687	4,802	5,876	5,526
Other Nordic countries	1,531	2,306	2,531	2,490
Rest of Europe	2,992	2,774	681	546
Rest of the world	1,587	1,720	601	363
	22,551	**20,941**	**17,927**	**13,957**

1) Net sales are based on where the customer is based geographically.

No individual customer accounts for more than 10% of total net sales.

Note 3 Revenue recognition

Net sales

Group

SEKm	2021	2020
Breakdown of net sales		
Sale of goods	10,152	9,314
Service contracts	2,141	5,133
Construction contracts	10,120	9,964
Reimbursable expenditure	242	202
Group total	**22,655**	**24,613**
Less discontinued operations	–104	–3,673
Group total, continuing operations	**22,551**	**20,941**

SEKm	2021	2020
Time of revenue recognition		
At a point in time	11,540	10,946
Over time	11,115	13,667
Group total	**22,655**	**24,613**
Less discontinued operations	–104	–3,673
Group total, continuing operations	**22,551**	**20,941**

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

Of the Group's total net sales, 72% (83) is attributed to the subsidiaries below.

Bisnode

Service contracts

Subscription-based sales

The performance obligation entails providing customers with continuous access to databases and offering customers recurring advisory services through subscription-based sales. There are essentially two types of subscription contracts: fixed-price contracts and click-based contracts. The performance obligation is met proportionally over the term of the contract, with revenue recognised when the performance obligation has been met. Fixed-price contracts are typically invoiced in advance, while click-based contracts are invoiced in arrears, per click in the database. Payment terms for subscription contracts vary between ten and 60 days. The company has 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.

One-off selling

The performance obligation entails providing the customer with access to the database, advisory services and the issue of certificates, at a specific time. The performance obligation is met when the service or data is delivered to the customer, upon which revenue is recognised at the time of delivery. Payment terms for one-off sales vary between ten and 60 days. The company has 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.

Diab

Sale of goods

Composite material

The performance obligation is to deliver composite material to customers. The performance obligation is met when the goods are delivered from the factory to the customer. Payment terms vary between 30 and 120 days. The company has no obligation for returns or repayment. Warranty is provided that the product matches the specification. The agreement contains a separate transaction price. 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.

HENT

Construction contracts

The company's operations mainly involve performing contractual assignments (projects) with a duration from a few months to two to 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.

HL Display

Sale of goods

Shop fittings and customised goods

The performance obligation entails delivering shop fittings and customised fittings to customers and the obligation is met on delivery. Revenue is recognised when the performance obligation is met, taking anticipated bonuses and discounts into account. The customisations are simple in nature and the projects are only for a relatively short period of time, entailing no revenue recognition over time. Payment terms vary between 30 and 90 days. The company normally has no obligation for returns and repayment. General guarantee commitments are not available, though these may apply in certain individual customer contracts. Contracts regarding shop fittings and customised goods contain a separate selling price.

Note 3, cont.

Plantasjen
Sale of goods

The performance obligation entails the sale of, for example, plants, cut flowers and gardening equipment to customers in shops or online. Sales can be made in cash or credit. The obligation is met immediately upon payment in the store, since the risk is transferred to the buyer in connection with the payment. In online sales, the risk is transferred when the item is delivered to the customer. In these cases, revenue is recognised when the goods leave the warehouse, which is the same time as the risk is transferred since all deliveries are same-day. With credit sales, risk is transferred to the customer upon delivery, which is when the revenue is recognised. Payment terms vary between 15 and 45 days. The obligation for returns varies between seven and 30 days. Guarantee commitments are five days for cut flowers, six weeks for orchids and 12 months for outdoor plants and green potted plants. A provision is recognised for returns, the size of the provision is based on the previous month's sales. Contracts include a separate selling price. In cases of variable remuneration (price reductions or volume discounts) or other discounts, these are apportioned to all performance obligations based on their relative separate selling prices. A loyalty club is used in Sweden, where purchases are registered and result in a refund of 2%, paid as bonus vouchers. These bonuses reduce revenue since the obligation is recognised as a liability and is measured in accordance with historic outcomes.

Other operating income
Group

Other operating income

SEKm	2021	2020
Capital gain from divestment of property, plant and equipment	10	1
Rental income	34	33
Other operating income	140	35
	183	**70**

Parent company

Other operating income

SEKm	2021	2020
Internal sales	5	5
Other operating income	3	0
	8	**5**

Note 4 Acquired and divested companies

2021
Acquisitions within Ratos

Acquisition of Vestia

On 9 April, Ratos acquired 62.8% of the shares of the construction company Vestia Construction Group, active in the Gothenburg market. Vestia works in accordance with a so-called "partnering model", whereby work is based on a target budget and Vestia is paid running costs coupled with a predetermined fee.

The total purchase price for the shares in Vestia Construction Group amounted to SEK 262m, of which Ratos's share amounted to SEK 165m. A maximum contingent consideration of SEK 95m may be paid depending on EBITA for the period from July 2020 to June 2023. The fair value of the contingent consideration amounted to SEK 77m on the acquisition date and corresponds with the carrying amount. Goodwill in the preliminary purchase price allocation amounts to SEK 232m and is attributable to the company's growth and business model. This goodwill is not expected to be tax-deductible.

Vestia has been included in the Ratos Group from the date of acquisition, with net sales of SEK 754m and profit before tax of SEK 21m. For full-year 2021, net sales amounted to SEK 932m and profit before tax to SEK 23m. Acquisition-related transaction costs amounted to approximately SEK 3.8m.

Acquisition of Presis Infra

On 30 November, Ratos acquired 75% of the shares in Presis Infra, a leading Norwegian maintenance group in critical transportation infrastructure. Presis Infra is currently the second-largest player in the Norwegian market for transportation infrastructure services, such as road and tunnel maintenance, ferry quay operations and maintenance, and rockfall protection.

The purchase price for the shares in Presis Infra totalled NOK 2.6 billion, of which Ratos's portion was SEK 1.95 billion. Goodwill in the preliminary purchase price allocation amounts to SEK 2.2 billion and is attributable to the company's growth and business model. This goodwill is not expected to be tax-deductible.

Presis Infra has been included in the Ratos Group from the date of acquisition, with net sales of SEK 225m and profit before tax of SEK 26m. For full-year 2021, net sales amounted to SEK 1,922m and profit before tax to SEK 287m. Acquisition-related transaction costs amounted to approximately SEK 8.5m.

SEKm	Vestia	Presis Infra
Intangible assets	45	291
of which, customer contracts identified upon acquisitions	*45*	*166*
Property, plant and equipment	0	35
Right-of-use assets	6	252
Financial assets		22
Deferred tax assets		0
Trade receivables	79	307
Current assets	5	86
Cash and cash equivalents	33	207
Non-controlling interests		-28
Deferred tax liabilities	-9	-38
Non-current liabilities and provisions	-23	-240
Current liabilities	-105	-556
Net identifiable assets and liabilities	**31**	**337**
Goodwill	232	2,219
Equity value	**262**	**2,556**
of which, cash paid	185	2,556
of which, contingent consideration	77	
Preliminary purchase price allocation (PPA)	Yes	Yes

Acquisitions within subsidiaries

HL Display

On 4 March, HL Display acquired Concept Group, a UK supplier of store solutions and services with sales of approximately GBP 5.4m and 65 employees.

On 1 April, HL Display acquired the company CoolPresentation, thus strengthening its market position in the Netherlands. CoolPresentation has established a strong position in the Dutch market with high-quality products and services for grocery retailers, pharmacies and brand manufacturers. CoolPresentation has approximately SEK 40m in annual sales.

On 1 September, HL Display acquired the company Display Italia, with sales of approximately SEK 100m. The acquisition strengthened HL Display's customer base and position as a market-leading supplier of in-store communication solutions for grocery retailers in Europe.

KVD

On 16 July, KVD acquired Forsbergs Fritidscenter, which is the largest mobile home dealer in the Nordics. With this acquisition, KVD expanded its range and strengthened its offering to the end consumer. Forsbergs has annual sales of approximately SEK 940m.

Note 4, cont.

Speed Group
On 30 December, Speed Group acquired shares in a subsidiary of Dream Logistics that provides transport management services, known as fourth-party logistics (4PL). The company is based in Mölndal, Sweden and is expected to have sales of SEK 100m for 2022, with an EBITA margin of approximately 3%, which is in line with other 4PL providers.

Plantasjen
In December, Plantasjen acquired shares in the property company Kaggen Gård AS. The total purchase price amounted to NOK 83m, and no goodwill or other surplus values were identified in conjunction with the acquisition. The transaction is not considered of material importance for the Ratos Group.

SEKm	HL Display	KVD	Speed Group
Intangible assets	3	1	4
Property, plant and equipment	7	20	0
Right-of-use assets	27	40	
Financial assets	0		
Deferred tax assets	3		
Trade receivables	45	12	11
Current assets	22	212	0
Cash and cash equivalents	23	56	3
Non-controlling interests			-2
Deferred tax liabilities	0	-10	-1
Non-current liabilities and provisions	-40	-75	
Current liabilities	-32	-81	-16
Net identifiable assets and liabilities	**56**	**176**	**0**
Goodwill	107	96	7
Equity value	**163**	**272**	**7**
of which, cash paid	156	272	7
of which, contingent consideration	8		
Preliminary purchase price allocation (PPA)	Yes	Yes	Yes

Divestments within subsidiaries
There was only one minor divestment of a subsidiary in KVD. The capital gain amounted to SEK 2m.

2020

Acquisitions within Ratos
No acquisitions were carried out during the year.

Acquisitions within subsidiaries
In February, Bisnode acquired assets from the Swiss company AXON INSIGHT. The operations taken over comprise a number of customer contracts in the banking and insurance industry and have annual revenues of approximately SEK 22m. In addition to the transactions reported above, some minor acquisitions of operations took place within Bisnode during the year. For the impact on Ratos's financial statements, refer to the table below. The acquisition costs were not material.

Acquisitions of assets – within subsidiaries

SEKm	Within Bisnode
Intangible assets	66
Current assets	0
Current liabilities	-13
Net identifiable assets and liabilities	**53**
Consideration transferred	**53**
of which, cash paid	38
of which, contingent consideration	15

Divestments within subsidiaries
There was only one minor divestment of a subsidiary in Bisnode. The capital gain amounted to SEK 3m.

Agreement to divest Bisnode
In October 2020, Ratos signed an agreement to divest its 70% holding in Bisnode, excluding its operations in Belgium, to Bisnode's partner Dun & Bradstreet. The transaction was completed in January 2021. The holding in Bisnode is therefore classified as held for sale and as a discontinued operation for the 2020 financial year. Refer to Note 33 for further details.

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[1)]

SEKm	2021	2020
KVD divestment of Smart 365	2	
Other		0
	2	**0**

1) Capital gains/losses for discontinued operations are recognised in Note 33.

Parent company

Profit from investments in Group companies

SEKm	2021	2020
Dividend		175
Gain from the sale of shares	1,878	134
	1,878	**309**

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

Group

SEKm	2021	2020
Share of profit		
Aibel	188	43
Share of profit from investments recognised according to the equity method, owned by Group companies	1	0
	189	**44**

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

Average number of employees[1)]

	2021		2020	
	Total	Of whom, women, %	Total	Of whom, women, %
Parent company	18	42	19	42
Group companies	7,048	39	8,458	40
Group total	**7,066**		**8,477**	
Of whom, in:				
Sweden	2,578	34	2,601	39
Norway	1,640	33	1,759	38
Denmark	338	32	418	33
Finland	239	43	300	57
Australia	6	17	6	17
Belgium	4	25	163	32
Bosnia-Herzegovina			6	100
Ecuador	70	10	163	6
Estonia			50	92
France	115	59	105	58
United Arab Emirates	7	29	8	25
India	8	50	10	40
Italy	276	12	314	7
Canada			1	100
China	335	30	300	35
Croatia			49	51
Latvia			8	75
Lithuania	147	33	166	33
Netherlands	28	50	28	64
Poland	398	60	521	57
Romania			6	67
Russia	11	27	11	27
Switzerland	6	50	103	38
Serbia			21	67
Slovakia			16	81
Slovenia	2	0	78	59
Spain	225	78	229	79
UK	271	38	208	36
South Korea	7	14	8	25
Thailand	18	67	16	63
Czech Republic	11	73	90	48
Germany	100	63	420	41
Hungary	7	43	80	54
USA	199	41	155	42
Austria	20	25	60	50
	7,066		**8,477**	
Of which, discontinued operations			1,984	43

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

Gender distribution, Board and senior executives[2)]

	31 Dec 2021 Share of women	31 Dec 2020 Share of women
Board of Directors		
Parent company	33%	33%
Group total	15%	17%
Management		
Parent company	14%	14%
Group total	23%	23%

Group

Salaries and other remuneration

SEKm	Boards and senior executives[2)]	Other employees	Total
2021			
Group, total	256	3,433	3,689
(of which, bonus)	(63)		(63)
Of which, in Sweden	140	1,178	1,318
(of which, bonus)	(42)		(42)
Of which, in other countries	116	2,255	2,371
(of which, bonus)	(21)		(21)
Average number of people	105		
2020			
Group, total	305	4,314	4,619
(of which, bonus)	(56)		(56)
Of which, in Sweden	148	1,315	1,463
(of which, bonus)	(36)		(36)
Of which, in other countries	157	2,999	3,156
(of which, bonus)	(20)		(20)
Average number of people	148		

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

Social security costs

SEKm	2021	2020
Social security costs	991	1,236
(of which, pension costs)	(305)	(342)

Of the Group's pension costs, SEK 36m (35) refers to the boards and senior executives in the Group's companies. The Group's outstanding pension commitments to these amount to SEK 16m (30).

Parent company

Salaries and other remuneration

SEKm	2021	2020
Senior executives and CEO		
Average number of people[1)]	7	6
Salaries and other remuneration[2)]	47	40
(of which, bonus)[3)]	(24)	(18)
Salaries and other remuneration, other employees	11	24
Total	**58**	**64**

1) As of the closing date, the number of people was seven (seven).
2) Including vacation bonus pay of 0.8% For 2020, consulting fees to senior executives are included.
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 2021 may be paid already in 2022, 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 2022.

Social security costs

SEKm	2021	2020
Social security costs	31	29
(of which, pension costs)	(10)	(11)

Of the parent company's pension costs, SEK 2.6m (2.4) refers to the CEO.

Note 7, cont.

Remunerations 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 2021 Annual General Meeting. The following guidelines were applied throughout 2021.

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 regarding these incentive 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 individualized 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 connected to the outcome of financial criteria is normally 100% for the CEO and CEO, 85% for the Business Area Presidents and 65% for other senior executives, even if the portion can be larger or smaller depending on the specific circumstances. It is also dependent on (i) EBITA growth in Ratos's company portfolio, (ii) growth in earnings before tax (EBT) for the Ratos Group, and (in certain cases) (iii) EBITA outcomes for portfolio companies in the business area that a specific member of a business area team works in. Variable cash remuneration is paid out in an amount of 50% in the year after the remuneration is earned and 50% in the following year.

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.

Note 7, cont.

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 2018–2021
The 2018–2021 Annual General Meetings voted 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 are free to decide how large a share of the Instruments offered should comprise convertibles (which extend for no more than four years) and / or warrants (which extend for no more than five years). 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 standard valuation model for warrants (Black & Scholes) was applied to calculate the value. For programmes issued in 2018–2019 and 2021, 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. For the 2020 programme, the participants paid in cash.

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.

Synthetic options issued in 2011–2017
The 2017 Annual General Meeting, like all Annual General Meetings since 2007, resolved on a cash-based option programme related to Ratos's investments in the companies. The programme is carried out through the issue of synthetic options that are transferred at market price. The programme gives the CEO and other key people within Ratos an opportunity to share in the investment result of the individual companies. Options related to an individual investment only have a value if Ratos's annual return on the investment exceeds 8%. According to the 2017 option programme, the total value of the issued options at the closing date will be a maximum of 5% of the difference between the actual realised value for Ratos's investment at the closing date and the cost increased by 8% per year. Acquisitions of synthetic options are subsidised by the purchaser receiving extra remuneration corresponding to a maximum of 50% of the option premium up to 5% of Ratos's total investment in the relevant company after deduction for 55% standard tax, whereby the remuneration is divided into equal parts for four years and is normally conditional upon continued employment in the Ratos Group and continued holding of options acquired from Ratos.

Remuneration to Ratos's Board and senior executives 2021

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	–
Eva Karlsson, Board member	0.6	–	–	–		0.6	–
Jan Söderberg, Board member	0.6	–	–	–		0.6	–
Karsten Slotte, Board member	0.6	–	–	–		0.6	–
Ulla Litzén, Board member	0.6	–	–	–		0.6	–
Jonas Wiström, CEO	8.9	9.2	0.1	2.6	1.5	22.3	–
Other senior executives[4]	14.1	15.0	0.1	4.1	5.6	38.9	–

1) Basic salary including vacation bonus pay of 0.8%. The Board fee pertains to the fee for the meeting year from April 2021 up to and including March 2022.
2) Variable remuneration refers to bonuses attributable to 2021. 50% to be paid in 2022 and 50% in 2023. However, up to 100% of the variable cash remuneration for 2021 may be paid to the CEO already in 2022, provided that the entire portion of the variable cash remuneration received that exceeds 50% is invested by the CEO in instruments in Ratos's long-term incentive programme 2022.
3) Mainly comprises company car benefits.
4) Refers to eight people who were members of the management group in 2021, two of whom for part of the year. As of 31 December 2021, the number is seven.

Remuneration to Ratos's Board and senior executives 2020

SEKm	Board fee/ basic salary[1]	Variable remuneration[2]	Other benefits[3]	Pension costs	Total	Pension commitments
Per-Olof Söderberg, Chairman of the Board	1.1	–	–	–	1.1	–
Eva Karlsson, Board member	0.6	–	–	–	0.6	–
Jan Söderberg, Board member	0.6	–	–	–	0.6	–
Karsten Slotte, Board member	0.6	–	–	–	0.6	–
Ulla Litzén, Board member	0.6	–	–	–	0.6	–
Jonas Wiström, CEO	8.0	7.9	0.1	2.4	18.4	–
Other senior executives[4]	14.0	9.8	0.1	3.0	26.9	–

1) Basic salary including vacation bonus pay of 0.8%. The Board fee pertains to the fee for the meeting year from May 2020 up to and including March 2021. Basic salary includes consulting fees received by Board members.
2) Variable remuneration refers to bonuses attributable to 2020. 50% to be paid in 2021 and 50% in 2022. However, up to 100% of the variable cash remuneration for 2020 may be paid to the CEO already in 2021, provided that the entire portion of the variable cash remuneration received that exceeds 50% is invested by the CEO in instruments in Ratos's long-term incentive programme 2021.
3) Mainly comprises company car benefits.
4) Refers to eight people who were members of the management group in 2020, four of whom for part of the year. As of 31 December 2020, the number is seven.

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.

Call options issued in 2016–2017

	Issued 2016, Number		Issued 2017, Number		Benefit, SEKm	
Holding[1]	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Chairman of the Board[2]	–	–	–	–	–	–
Other Board members[2]	–	127,500	–	–	–	–
Jonas Wiström, CEO[2][3]	–	260,000	–	–	–	–
Other senior executives	–	23,000	–	20,000	–	–

1) Relates to own and related parties' holdings, including any overallotment.
2) Options in Ratos issued by Ratos's principal owner. Acquisitions were made at market value. The standard valuation model (Black & Scholes) was applied to calculate the value. The call options expired on 18 March 2021. Utilisation of call options to buy shares in Ratos could take place during the period 1 October 2019 to 19 March 2021. Each call option entitled the holder to purchase one Class B share in Ratos from the issuers. The exercise price shall correspond to 125% of the average of the calculated volume-weighted price paid for Ratos Class B shares on Nasdaq Stockholm for each trading day during the period 12–16 September 2016, taking dividends into account. The programme was prepared by the principal owners together with external advisors.
3) Jonas Wiström's holding refers to options issued by the principal owners acquired during his term as Chairman of the Board.

Synthetic options issued in 2011–2017

	Proceeds received upon redemption		Benefit	
SEKm	**2021**	**2020**	**2021**	**2020**
Board of Directors	–	–	–	–
CEO and other senior executives	–	–	–	–

Warrants and call options issued by Ratos

	31 Dec 2021				31 Dec 2020			
	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	1,003,511	1,003,511	695,500	695,500	948,511	948,511	1,157,600	1,157,600
Issued	752,500	752,500			55,000	55,000		
Repurchased / redeemed	−182,547	−182,547	−633,000	−633,000				
Expired[1]							−462,100	−462,100
Outstanding at end of period	**1,573,464**	**1,573,464**	**62,500**	**62,500**	**1,003,511**	**1,003,511**	**695,500**	**695,500**
of which, redeemable	0				0			

1) The exercise price for the call options was SEK 40 per share (51.2). The share price when the options expired was SEK 45.6 (17.6).

Disclosures on warrants issued during the period

Each warrant carries entitlement to purchase one share.

	2021	**2020**
Maturity date	29 Nov 2024	30 Apr 2025
Taxable benefit including social security costs, SEKm	10.0	–
Total payments to Ratos if shares acquired, SEKm	34.0	1.5

Note 7, cont.

Option terms for outstanding call options

Maturity date	Option price, SEK per option	Exercise price, SEK per share	Right to purchase no. of shares	31 Dec 2021 No. of options	31 Dec 2021 Corresponding no. of shares	31 Dec 2020 No. of options	31 Dec 2020 Corresponding no. of shares
19 Mar 2021						453,000	453,000
18 Mar 2022				62,500	62,500	242,500	242,500
				62,500	**62,500**	**695,500**	**695,500**
Maximum increase in number of shares in relation to outstanding shares at end of period					0.0%		0.2%

The cash amount that Ratos may receive on exercise of outstanding options amounts to SEK 3m (28).

Option terms for outstanding warrants

Maturity date	Option price, SEK per option	Exercise price[3], SEK per share	Right to purchase no. of shares	31 Dec 2021 No. of options	31 Dec 2021 Corresponding no. of shares	31 Dec 2020 No. of options	31 Dec 2020 Corresponding no. of shares
2023-06-08[1]	3.3	33.43	1	362,264	362,264	429,811	429,811
2024-06-14[1]	3.93	30.87	1	436,200	436,200	518,700	518,700
2025-04-30[2]	3.87	25.32	1	50,000	50,000	55,000	55,000
2024-11-29[1]	10.1	46.95	1	725,000	725,000		
				1,573,464	**1,573,464**	**1,003,511**	**1,003,511**
Maximum increase in number of shares in relation to outstanding shares at end of period					0.5%		0.3%

1) The warrants issued 2018–2019 and 2021 are offered free of charge to participants, and the participants receive a benefit corresponding to the market value of the warrant at the date of 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 with some exceptions. 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 144m (371), of which SEK 144m (173) pertains to continuing operations. During the year, the Group's earnings were affected in an amount of SEK –10m (–172) relating to synthetic option liabilities, of which SEK –10m (–73) pertained to continuing operations.

Note 8 Fees and disbursements to auditors

SEKm	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Chief Auditor EY				
Audit assignment	19	21	3	3
Audit-related activities in addition to audit assignment	1	1	1	0
Tax advice	0	1		
Other services	0			
	20	**22**	**4**	**3**
Other auditors				
Audit assignment	3	2		
	23	**25**	**4**	**3**

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 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 provided by the auditing firms and tax consultants, 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 2021	Amortised cost 2020	Fair value through profit or loss 2021	Fair value through profit or loss 2020	Total 2021	Total 2020
Financial income						
Interest income	4	6			4	6
Result from sale			–1	1	–1	1
Change in value, synthetic options			36	17	36	17
Change in value, derivatives						
– not hedge accounted			3			
Other financial income	3	2			3	2
Changes in exchange rates, net	27				27	
	34	**8**	**38**	**18**	**72**	**26**
Financial expenses						
Interest expenses	–314	–400			–314	–400
Interest expenses, convertible debentures	–5	–3			–5	–3
Change in value, synthetic options			–46	–90	–46	–90
Change in value, contingent considerations			–6		–6	
Change in value, derivatives						
– not hedge accounted			–34	–8	–34	–8
Other financial expenses	–15	–24			–15	–24
Changes in exchange rates, net		–83				–83
Impairment	0				0	
	–335	**–511**	**–86**	**–98**	**–421**	**–609**
Pensions, interest expenses					–1	–1
					–422	**–610**

Interest income attributable to financial assets not measured at fair value through profit or loss amounts to SEK 4m (6). Interest expenses attributable to financial liabilities not measured at fair value through profit or loss amounts to SEK 314m (400). Profit for the year includes SEK 0m (0) which relates to ineffectiveness in cash flow hedges. The Group has no fair value hedges.

Parent company

SEKm	Amortised cost 2021	Amortised cost 2020	Fair value through profit or loss 2021	Fair value through profit or loss 2020	Total 2021	Total 2020
Financial income						
Interest income	48	0			48	0
Result from sale			–70	1	–70	1
Change in value, synthetic options						
Changes in exchange rates, net	5				5	
	52	**0**	**–70**	**1**	**–17**	**1**
Financial expenses						
Interest expenses	–3	0			–3	0
Interest expenses, convertible debentures	–5	–3			–5	–3
Change in value, synthetic options			–14	–4	–14	–4
Change in value, derivatives						
– not hedge accounted			–34		–34	
Changes in exchange rates, net		–8				–8
Other financial expenses	–3	–3			–3	–3
	–11	**–14**	**–48**	**–4**	**–59**	**–18**

Interest income attributable to financial assets not measured at fair value through profit or loss amounts to SEK 48m (0). Interest income attributable to financial assets not measured at fair value through profit or loss amounts to SEK –3m (0).

Note 10 Taxes

Recognised in income statement

SEKm	2021	2020
Tax expense for the year	–218	–178
Adjustment of tax attributable to previous years	10	1
Deferred tax	42	–81
Total recognised tax expense in the Group	**–166**	**–258**

Reconciliation effective tax

SEKm	2021	2020
Profit before tax	1,306	873
Less profit from investments recognised according to the equity method	–189	–44
	1,118	**828**
Tax according to current tax rate, 20.6% (21.4)	–230	–177
Effect of special taxation rules for investment companies		28
Effect of different tax rates in other countries	–11	–9
Non-deductible expenses	–56	–62
Non-taxable income	23	6
Increase in loss carry-forward without corresponding capitalisation of deferred tax	–55	–76
Impairment of previously capitalised loss carry-forward	0	–24
Use of previously non-capitalised loss carry-forward	39	48
Capitalisation of previously non-capitalised loss carry-forward	103	3
Tax attributable to previous years	10	1
Effect of changed tax rates/tax rules		0
Other	11	6
Reported effective tax	**–166**	**–258**

Tax items recognised in other comprehensive income

SEKm	2021	2020
Deferred tax attributable to change in hedging reserve	–9	2
Deferred tax attributable to remeasurement of defined benefit pension commitments	–2	5
	–11	**7**

Recognised deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities	
SEKm	2021	2020	2021	2020
Intangible assets	18	44	273	363
Property, plant and equipment	59	82	42	30
Right-of-use assets	104	68		
Financial assets	2	4	3	1
Inventories	24	29		
Trade receivables	0	5	1	1
Other receivables	1	4	1	1
Construction contracts			337	289
Interest-bearing liabilities	0	5	8	1
Provisions for pensions	12	110	0	
Other provisions	59	70	1	
Other liabilities	10	24	0	0
Loss carry-forwards	256	203		
Untaxed reserves/appropriations	5	0	21	7
Tax assets/tax liabilities	**550**	**648**	**687**	**693**
Less deferred tax assets and liabilities held for sale		–213		–140
Offsets	–247	–279	–247	–279
Tax assets/tax liabilities, net	**303**	**156**	**440**	**275**

Of recognised deferred tax assets, SEK 23m (4) is expected to be used within one year and SEK 280m (87) has no fixed utilisation date. Of deferred tax liabilities, SEK 9m (1) is expected to be used within one year and SEK 431m (173) has no fixed utilisation date.

Total loss carry-forwards amounted to SEK 15.8 billion, of which SEK 14.0 billion is attributable to Ratos AB. Of these loss carry-forwards, SEK 341m matures within ten years and SEK 15.4 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 asset of SEK 256m (203) has been recognised, of which SEK 0m (122) is attributable to discontinued operations.

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.

Usually there are no temporary differences between the accounting and tax value of Swedish-company holdings of Swedish subsidiaries at the time of dividend payment, as these dividends are not subject to taxation. Therefore, deferred tax is not recognised on distributable earnings of Swedish subsidiaries.

Parent company

The parent company's tax expense for 2021 amounted to SEK +76m (0). Ratos AB has an accumulated loss carry-forward that at the close of 2021 amounted to SEK 14.0 billion (13.9), of which SEK 75m is recognised as a deferred tax asset at the end of the reporting period.

Note 10, cont.

Change in deferred tax 2021

SEKm	Opening balance, 2021	Recognised in income statement	Recognised in conjunction with acquisition of companies	Recognised in other comprehensive income/equity	Translation difference	Reclassifications	Closing balance, 2021
Intangible assets	–196	–3	–47		–8		–255
Property, plant and equipment	45	–16	–1		5	–17	17
Right-of-use assets	68	12				18	104
Financial assets	4	–1		–2		–1	–1
Inventories	29	–8	1		2		24
Trade receivables	3	–4					–1
Other receivables	3					–2	1
Construction contracts	–289	–30			–18		–338
Interest-bearing liabilities	4	6	–3	–7	–7		–8
Provisions for pensions	14			–2			12
Other provisions and liabilities	81	–22	4	1	3	2	68
Loss carry-forwards	122	105			29		256
Untaxed reserves/ax allocation reserves	–6	2	–10		–1	–1	–16
Tax assets/tax liabilities, net	**–118**	**41**	**–56**	**–10**	**5**	**0**	**–137**

Change in deferred tax 2020

SEKm	Opening balance, 2020	Recognised in income statement	Recognised in other comprehensive income/equity	Translation difference	Reclassifications	Less assets held for sale and related liabilities	Closing balance, 2020
Intangible assets	–338	–3		23	–2	124	–196
Property, plant and equipment	33	10		–4	14	–7	45
Right-of-use assets	6	1			62		68
Financial assets	49	1		–4	–43		4
Inventories	20	11		–2			29
Trade receivables	5	0				–2	3
Other receivables	–5	0	1	6			3
Construction contracts	–250	–63		24			–289
Interest-bearing liabilities	1	6	–3				4
Provisions for pensions	111	–3	5	–3		–96	14
Other provisions and liabilities	107	4	4	–10	–12	–11	81
Loss carry-forwards	300	–71		–8	–17	–82	122
Untaxed reserves/ax allocation reserves	–4	–3					–6
Tax assets/tax liabilities, net	**44**	**–112**	**7**	**14**	**0**	**–73**	**–118**
Less discontinued operations		30					
Total		**–81**					

Note 11 Intangible assets

Group

SEKm	Goodwill	Acquired intangible assets: Trade-marks	Acquired intangible assets: Customer relations	Acquired intangible assets: Data-bases	Acquired intangible assets: Other assets	Internally generated intangible assets: Data-bases	Internally generated intangible assets: Business systems	Internally generated intangible assets: Other assets	Internally generated intangible assets: Projects in progress	Total
Accumulated cost										
Opening balance 1 January 2020	13,346	994	469	205	227	936	610	215	197	17,200
Cost of assets held for sale	–4,635	–60	–418	–205		–936	–208	–180	–195	–6,838
Investments							79		10	88
Divestments/disposals							–65	–1		–67
Reclassifications							7	6	–6	7
Exchange rate differences for the year	–410	–77	–0		–5		–21	1		–513
Closing balance 31 December 2020	**8,302**	**857**	**50**	**0**	**223**	**0**	**401**	**40**	**6**	**9,879**
Opening balance 1 January 2021	8,302	857	50	0	223	0	401	40	6	9,879
Business combinations	2,785		7		213		2			3,007
Investments							67		17	85
Divestments/disposals							–10			–10
Company disposals	–5									–5
Reclassifications							19	–0	–21	–2
Exchange rate differences for the year	331	52	0		7		20	1		410
Closing balance 31 December 2021	**11,413**	**909**	**57**	**0**	**443**	**0**	**498**	**41**	**3**	**13,363**
Accumulated amortisation and impairment										
Opening balance 1 January 2020	–1,735	–48	–362	–205	–204	–637	–355	–191		–3,736
Accumulated amortisation and impairment of assets held for sale	332	42	341	205		637	173	164		1,893
Amortisation for the year			–4		–8		–56	–4		–72
Impairment for the year							–11			–11
Divestments/disposals							61	1		63
Reclassifications							–1	–3		–4
Exchange rate differences for the year	61	1	0		5		6	–1		71
Closing balance 31 December 2020	**–1,343**	**–6**	**–24**	**0**	**–207**	**0**	**–183**	**–34**		**–1,798**
Opening balance 1 January 2021	–1,343	–6	–24	0	–207	0	–183	–34		–1,798
Business combinations					–1		–2			–2
Amortisation for the year			–5		–26		–65	–3		–99
Impairment for the year							–8			–8
Divestments/disposals							13			13
Reclassifications								0		0
Exchange rate differences for the year	–42	–1	–0		–3		–6	–1		–51
Closing balance 31 December 2021	**–1,385**	**–7**	**–29**	**0**	**–236**	**0**	**–251**	**–37**		**–1,945**
Carrying amount according to statement of financial position:										
At 31 December 2021	**10,028**	**903**	**28**	**0**	**206**	**0**	**246**	**4**	**3**	**11,418**
At 31 December 2020	**6,958**	**852**	**26**	**0**	**16**	**0**	**218**	**6**	**6**	**8,082**

Note 11, cont.

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

Goodwill and other intangible assets with indeterminable useful lives at 31 December 2021 amounted to a book value of SEK 10,931m (7,810). Below is a breakdown of the amount in cash-generating units, which comprise the respective company.

	Goodwill		Intangible assets[1]	
SEKm	2021	2020	2021	2020
Presis Infra	2,403			
Plantasjen	1,623	1,517	683	636
LEDiL	977	959		
airteam	953	939	17	16
HENT	892	831		
HL Display	843	718		
KVD	606	515		
Diab	573	573		
Bisnode		4,206		
	8,871	**10,257**	**700**	**652**
Companies without separate significant value	1,157	907	203	200
Total	**10,028**	**11,164**	**903**	**852**
Less assets held for sale		–4,206		
Group total, continuing operations		**6,958**		

1) Intangible assets relates to trademarks with indeterminable useful lives and which are therefore not amortised. Trademarks with indeterminable 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 indeterminable useful lives.

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 2021

No impairment.

Impairment of goodwill in 2020

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 fair value. The fair value is based on the transaction price for Ratos's acquisition of Presis Infra. Calculations show that the recoverable amount exceeds the book value and there is thus no need for impairment.

Plantasjen

Impairment testing for Plantasjen is based on fair value. The fair value is included in level 3 and is based on inputs in a measurement model. Continued rising interest in plants and flowers in the wake of the Covid-19 pandemic generated higher sales per customer in 2021. Total sales were in line with the preceding year, and earnings improved year-on-year as a result of investments in productivity and lower costs. The forecast for next year includes continued initiatives to improve the customer offering, enhance productivity in stores and reduce costs. These initiatives are expected to stabilise profitability during the forecast period. 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 fair value. The fair value is included in level 3 and is based on inputs in a measurement model. The market for LED lighting has recovered after the Covid-19 pandemic and 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. airteam posted positive growth in 2021, mainly in the Danish operations. 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. The Danish and Swedish construction market have structural growth potential based on increased demand for effective, high-quality ventilation solutions. Calculations show that the recoverable amount exceeds the book value and there is thus no need for impairment.

Note 11, cont.

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 stable growth in 2021 despite lower project activity due to the Covid-19 pandemic. Thanks to the implementation of measures that entailed changes to the company's processes and organisation, which helped to stabilise the project portfolio, the EBITA margin remained unchanged compared with the preceding year. The forecast for next year is based on the current order book, of which approximately 75% pertains to public sector projects. Activity within tenders has been better adapted to the organisation's capacity and to the greater selection available to ensure profitability. A focus on stability and profitability is expected to result in improved profitability in the coming year. 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.

KVD
Impairment testing for KVD is based on fair value. The fair value is included in level 3 and is based on inputs in a measurement model. During the year, KVD acquired Forsbergs Fritidscenter and initiated sales of cars from its own warehouses, thereby broadening and expanding the company's customer offering. As a result of component shortages, the inflow of company cars was sluggish during the year. The forecast for next year includes continued initiatives to improve the customer offering and reduce costs. These initiatives are expected to stabilise profitability during the forecast period. Calculations show that the recoverable amount exceeds the book value and there is thus no need for impairment.

Diab
Impairment testing for Diab 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. The wind market declined in 2021, which is expected to continue in 2022. However, the market is ultimately expected to recover, and Diab forecasts sales growth partly based on a higher market share. An increase in capacity utilisation and greater production efficiency are expected to result in improved EBITA margins during the forecast period. 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 87–88 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 2021, 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 EBITA forecast

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

EBITDA and EBITA 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%.

For all of the 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 2020	810	3,205	193	4,209
Cost of assets held for sale	0	–371	–1	–372
Investments	28	118	242	388
Divestments / disposals	–45	–365		–409
Transferred from construction in progress	28	111	–140	0
Reclassifications	42	–34	–12	–5
Exchange rate differences for the year	–57	–117	–11	–185
Closing balance 31 December 2020	**806**	**2,548**	**271**	**3,626**
Opening balance 1 January 2021	806	2,548	271	3,626
Investments	36	147	150	333
Divestments / disposals	–53	–80		–133
Assets in acquired companies	114	77		192
Assets in disposed companies		–0		–0
Transferred from construction in progress	7	206	–212	
Reclassifications	–0	5	–6	–2
Expensed			–1	–1
Exchange rate differences for the year	42	85	10	136
Closing balance 31 December 2021	**952**	**2,987**	**211**	**4,151**
Accumulated depreciation and impairment				
Opening balance 1 January 2020	–470	–2,566		–3,036
Accumulated depreciation of assets held for sale	0	316		316
Depreciation for the year	–41	–166		–208
Impairment for the year	–7	–21		–29
Reversed impairment		1		1
Divestments / disposals	39	365		404
Reclassifications	–24	28		4
Exchange rate differences for the year	31	89		120
Closing balance 31 December 2020	**–473**	**–1,955**		**–2,428**
Opening balance 1 January 2021	–473	–1,955		–2,428
Depreciation for the year	–40	–176		–217
Impairment for the year	–9	–3		–12
Accumulated depreciation in acquired companies	–14	–34		–48
Accumulated depreciation in disposed companies		0		0
Reversed impairment		8		8
Divestments / disposals	50	76		127
Reclassifications		–0		–0
Exchange rate differences for the year	–19	–58		–78
Closing balance 31 December 2021	**–506**	**–2,142**		**–2,648**
Carrying amount according to statement of financial position				
At 31 December 2021	**447**	**845**	**211**	**1,503**
At 31 December 2020	**333**	**593**	**271**	**1,198**

Note 12, cont.

Parent company

SEKm	Equipment	Construction in progress	Total
Accumulated cost			
Opening balance 1 January 2020	5		5
Closing balance 31 December 2020	**5**		**5**
Opening balance 1 January 2021	5		5
Investments		2	2
Divestments / disposals	–3		–3
Closing balance 31 December 2021	**2**	**2**	**4**
Accumulated depreciation			
Opening balance 1 January 2020	–4		–4
Depreciation for the year	–0		–0
Closing balance 31 December 2020	**–4**		**–4**
Opening balance 1 January 2021	–4		–4
Depreciation for the year	–0		–0
Divestments / disposals	3		3
Closing balance 31 December 2021	**–2**		**–2**
Carrying amount according to statement of financial position			
At 31 December 2021	**0**	**2**	**2**
At 31 December 2020	**1**		**1**

Note 13 Right-of-use assets

Group

SEKm	Land and buildings	Equipment	Total
Accumulated cost			
Opening balance 1 January 2020	5,034	231	5,265
Cost of assets held for sale	–387	–52	–439
Additional contracts during the year	545	99	644
Divestments and premature contract terminations	–10	–39	–49
Changes in existing contracts	672	–5	667
Reclassifications	–19	–1	–20
Other changes	48	–1	47
Exchange rate differences for the year	–232	–10	–242
Closing balance 31 December 2020	**5,650**	**223**	**5,873**
Opening balance 1 January 2021	5,650	223	5,873
Additional contracts during the year	422	82	504
Divestments and premature contract terminations	–137	–34	–170
New contracts upon acquisitions	101	223	324
Other changes	36	2	38
Exchange rate differences for the year	203	14	217
Closing balance 31 December 2021	**6,276**	**510**	**6,786**
Accumulated depreciation and impairment			
Opening balance 1 January 2020	–755	–86	–841
Accumulated depreciation of assets held for sale	145	17	161
Divestments and premature contract terminations	9	24	33
Reclassifications	12	1	12
Depreciation for the year	–578	–60	–637
Impairment for the year	–9	0	–9
Other changes	30	8	38
Exchange rate differences for the year	43	4	47
Closing balance 31 December 2020	**–1,103**	**–93**	**–1,196**
Opening balance 1 January 2021	–1,103	–93	–1,196
Divestments and premature contract terminations	123	32	156
Reclassifications	–1		–1
Depreciation for the year	–614	–71	–685
Other changes	1		1
Exchange rate differences for the year	–50	–4	–54
Closing balance 31 December 2021	**–1,644**	**–136**	**–1,779**
Carrying amount according to statement of financial position			
At 31 December 2021	**4,632**	**375**	**5,006**
At 31 December 2020	**4,547**	**130**	**4,677**

Note 14 Investments recognised according to the equity method

Change in carrying amounts
Group

SEKm	2021	2020
Carrying amount, 1 January	1,003	1,121
Investments in acquired companies	22	
Share of profit from investments recognised according to the equity method	236	52
Share of tax from investments recognised according to the equity method	-47	-9
Share of other comprehensive income from investments recognised according to the equity method	-60	-7
Exchange rate differences	106	-154
Carrying amount at year-end	**1,259**	**1,003**

Impairment testing Aibel
At 31 December 2021, the consolidated value for Aibel totalled SEK 782m. "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 2021, based on a fair value calculation, indicates no impairment requirement. The fair value is included in level 3 of the valuation hierarchy and is based on inputs in a measurement model. The profit multiple used is on a par with listed comparable companies. The earnings forecast is based on the budgets and forecasts most recently adopted by management. For a description of the methods for impairment testing, see Note 11.

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

	2021			2020		
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	234	1	236	52	0	52
Income tax	-47	0	-47	-9	0	-9
Share of other comprehensive income	-60		-60	-52		-52
Share of comprehensive income	**127**	**1**	**129**	**-9**	**0**	**-9**
Carrying amount	**1,223**	**36**	**1,259**	**991**	**12**	**1,003**
100%						
Net sales	12,890			12,022		
Profit for the year	376			87		
Other comprehensive income	-121			-104		
Total comprehensive income	**255**			**-17**		
Non-current assets	7,334			6,941		
Current assets	4,233			2,803		
Non-current liabilities	-3,189			-3,772		
Current liabilities	-5,932			-3,990		
Net assets	**2,446**			**1,983**		

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.

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

	Aibel 100%	
SEKm	2021	2020
Opening balance net assets	**1,983**	**2,217**
Profit for the year before tax	469	104
Income tax	-93	-17
Other comprehensive income	-121	-104
Translation differences	208	-216
Closing balance net assets	**2,446**	**1,983**

	Aibel 49%[1)]	
SEKm	2021	2020
Share in net assets	1,223	991
Carrying amount	**1,223**	**991**

1) Consolidated value, adjusted for the share subject to non-controlling interests, amounts to SEK 782m (634).

Note 15 Receivables from Group companies

Parent company

SEKm	Non-current receivables Group companies 2021	2020
Accumulated cost at 1 January	**0**	**2**
Subsequent expenditure[1]	4,018	3
Counterparty exchange	0	11
Settlements	–79	–15
Change in exchange rates	90	
Closing balance	**4,029**	**0**

[1] The change compared with the preceding year is mainly attributable to the fact that the parent company commenced work for Ratos's business group to be financed centrally during the year. The parent company issued loans to Diab, HL Display, KVD, LEDiL, Oase Outdoors, Plantasjen and Presis Infra.

SEKm	Current receivables Group companies 2021	2020
Accumulated cost at 1 January	**7**	**8**
Subsequent expenditure[1]	2,302	304
Settlements	–1,169	–305
Change in exchange rates	5	
Closing balance	**1,145**	**7**

Note 16 Financial instruments

Group

31 December

SEKm	Amortised cost 2021	2020	Fair value through profit or loss 2021	2020	Derivatives used for hedging 2021	2020	Total according to statement of financial position 2021	2020
Financial assets								
Shares and participations	0	0	815	7			815	7
Other receivables[1]	64	39		1			64	40
Derivative instruments				0	13	1	13	1
Trade receivables	2,746	2,140					2,746	2,140
Cash and cash equivalents	2,230	2,826					2,230	2,826
	5,041	**5,005**	**815**	**9**	**13**	**1**	**5,868**	**5,015**
Surplus in pension plans, asset							1	1
							5,870	**5,016**
Financial liabilities								
Interest-bearing liabilities								
– Liabilities to credit institutions	2,102	2,813					2,102	2,813
– Financial lease liabilities	5,507	5,155					5,507	5,155
– Convertible debentures	79	54					79	54
– Other interest-bearing liabilities	7	113	337	193			345	306
Other non-current liabilities[2]			830	240			830	240
Trade payables	2,430	1,843					2,430	1,843
Derivative instruments			39	12	10	21	49	33
	10,126	**9,978**	**1,207**	**445**	**10**	**21**	**11,342**	**10,444**
Provisions for pensions							76	86
							11,418	**10,530**

[1] Other receivables include SEK 64m (40) 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.

Note 16, cont.

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

The Group has from 2021 also assets in level 1 of the fair value hierarchy, in the form of listed shares with a book value of SEK 808m on the balance sheet date.

Fair value hierarchy

Assets	Level 2		Level 3	
SEKm	2021	2020	2021	2020
Derivatives				
– Forward contracts	13	1		
Contingent considerations				1
	13	**1**	**0**	**1**

Change, level 3

Assets	Contingent considerations	
SEKm	2021	2020
Opening balance	1	5
Less assets held for sale		–1
Recognised in operating profit or loss	–1	–2
Settlements		0
Translation difference	0	
Closing balance	**0**	**1**

Fair value hierarchy

Liabilities	Level 2		Level 3	
SEKm	2021	2020	2021	2020
Synthetic options			144	173
Derivatives				
– Forward contracts	49	33		
Call and put options to non-controlling interests			830	240
Contingent considerations			194	20
	49	**33**	**1,167**	**433**

Change, level 3

Liabilities	Synthetic options		Call and put options		Contingent considerations	
SEKm	2021	2020	2021	2020	2021	2020
Opening balance	173	241	240	244	20	28
Less liabilities attributable to assets held for sale		–100				–7
Recognised in net financial items	10	73			6	
Recognised in operating profit or loss					–9	
Recognised against non-controlling interests				5		
Newly issued / subsequent expenditure	5	3	564		184	
Acquisitions, Group companies			6			
Settlements	–47	–39			–11	
Translation difference	3	–5	20	–8	3	–1
Closing balance	**144**	**173**	**830**	**240**	**194**	**20**

Remeasurement of financial instruments in level three is included in profit for the year, and refer to liabilities included in the closing balance, amount to SEK 7m (73).

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. As a rule, there is no strong correlation between how these parameters are developed for different option programmes. Possible covariance has more to do with macroeconomic factors.

Call and put options to non-controlling interests are measured starting from the terms of the purchase agreement and shareholder agreement, discounted to the balance sheet date. The key parameter in the valuation is the value development of the shares which is based on results until the estimated maturity date in 2025 or 2026.

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 51m is expected to be settled in 2022.

Note 16, cont.

Parent company

31 December

SEKm	Amortised cost		Fair value through profit or loss		Total according to statement of financial position	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Financial assets						
Receivables from Group companies	5,174	7			5,174	7
Cash and cash equivalents	294	1,166			294	1,166
	5,468	**1,173**			**5,468**	**1,173**
Financial liabilities						
Interest-bearing liabilities, Group companies	1,333	391			1,333	391
Non-interest bearing liabilities, Group companies	79				79	
Other interest-bearing liabilities	1,850	1	62	48	1,912	48
Convertible debentures	79	54			79	54
Trade payables	8	4			8	4
Derivative instruments			34		34	
	3,349	**450**	**96**	**48**	**3,445**	**498**

Fair value hierarchy

Liabilities SEKm	Level 2		Level 3	
	2021	**2020**	**2021**	**2020**
Synthetic options			62	48
Derivatives				
– Forward contracts	34			
	34	**0**	**62**	**48**

Change, level 3

Liabilities SEKm	Synthetic options	
	2021	**2020**
Opening balance	48	44
Recognised in net financial items	14	4
Closing balance	**62**	**48**

Remeasurements of synthetic options are included in profit or loss for the year, with SEK –14m (–4) relating to liabilities in the closing balance.

Note 17 Inventories

Group

SEKm	2021	2020
Raw materials and consumables	163	106
Products in progress	252	242
Finished products and goods for resale	1,371	672
Advances to suppliers	116	55
	1,903	**1,075**

The cost of inventories recognised and included in the cost of goods sold amounts to SEK 4,984m (4,712). Write-down of inventories recognised as expenses during the year amounts to SEK 38m (45) and is included in the cost of goods sold. The part of inventories measured at net realisable value totals SEK 205m (193).

Note 18 Equity

Share capital

	Ordinary Class A		Ordinary Class B	
Number	**2021**	**2020**	**2021**	**2020**
Shares in the company at 1 January	84,637,060	84,637,060	239,503,836	239,503,836
Shares in the company at 31 December	**84,637,060**	**84,637,060**	**240,101,760**	**239,503,836**

	Total number of shares	Quota value	SEKm
Shares in the company at 1 January 2021	324,140,896	3.15	1,021
Shares in the company at 31 December 2021	**324,738,820**	**3.15**	**1,023**

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 2021, 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) Net leverage, Net debt in relation to EBITDA should normally 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 EBITA for 2021 amounted to SEK 1,686m (1,468) for continuing operations, corresponding to growth of 15%. Excluding financial lease liabilities, the Group's net leverage amounted to 0.1x at the end of the reporting period.

The Board of Directors proposes an ordinary dividend for the 2021 financial year of SEK 1.20 per Class A and B share, corresponding to a total divided of SEK 390m. The dividend yield amounts to 2.1% based on the closing price at year-end.

The 2021 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

	2021	2020
Number of shares		
Opening treasury shares	5,126,262	5,126,262
Transfer of treasury shares	–4,430,762	
Sold in conjunction with exercise of call options	–633,000	
Closing treasury shares	**62,500**	**5,126,262**
Number of shares outstanding		
Total number of shares	324,738,820	324,140,896
Treasury shares	–62,500	–5,126,262
	324,676,320	**319,014,634**

Note 18, cont.

Options

Call options 2016–2017

The 2016–2017 Annual General Meetings decided to issue call options on treasury shares. Terms for call options outstanding at 31 December 2021 are described in Note 7. According to the outstanding option programme, 62,500 treasury shares are reserved for transfer. In total, the number of repurchased Class B shares amount to 62,500.

Warrants 2018–2021

The 2018–2021 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 2018–2021

The 2018–2021 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 1.20 per share[1)]	–390
To be carried forward	8,293

1) Based on the number of shares outstanding on 31 January 2022. The number of treasury shares on that date was 62,500 and may change during the period until the record date for dividends.

The proposed dividend for 2021 will be presented for approval at the Annual General Meeting on 22 March 2022.

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 2020	**–84**	**–9**	**–94**	**–66**	**–160**
Translation differences for the year	–372		–372	–114	–485
Cash flow hedges					
– recognised in other comprehensive income		–31	–31	–3	–34
– tax attributable to change for the year		7	7	1	7
Closing carrying amount 31 December 2020	**–456**	**–34**	**–490**	**–181**	**–672**
Opening carrying amount 1 January 2021	**–456**	**–34**	**–490**	**–181**	**–672**
Translation differences for the year	244		244	47	291
Translation differences attributable to divested companies	0		0		0
Cash flow hedges					
– recognised in other comprehensive income		36	36	5	41
– tax attributable to change for the year		–8	–8	–1	–9
Closing carrying amount 31 December 2021	**–212**	**–6**	**–218**	**–131**	**–349**

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

2021 SEKm	NCS Invest	Speed Group	LEDiL	HENT	Individually insignificant non-controlling interests	Total
In their entirety, 100%						
Non-current assets	1,223	1,172	1,024	1,254		
Current assets	0	328	179	2,737		
Non-current liabilities		–655	–172	–341		
Current liabilities		–380	–91	–2,816		
Net assets	**1,223**	**465**	**940**	**834**		
Carrying amount of non-controlling interests	**440**	**143**	**313**	**228**	**262**	**1,387**
Net sales		1,060	481	8,054		
Profit for the year	188	63	87	153		
Other comprehensive income	44		18	34		
Total comprehensive income	**231**	**63**	**105**	**187**		
Cash flow from operating activities		264	126	18		
Cash flow from investing activities		–28	–18	11		
Cash flow from financing activities		–152	–64	483		
Cash flow for the year		**84**	**44**	**512**		
Profit for the year attributable to non-controlling interests	68	19	29	42	60	**218**
Other comprehensive income attributable to non-controlling interests	16		6	7	0	**29**
Dividends paid to non-controlling interests					–3	**–3**
Non-controlling interests, share	**36%**	**30%**	**34%**	**27%**		

2020 SEKm	NCS Invest	Speed Group	LEDiL	HENT	Bisnode	Individually insignificant non-controlling interests	Total
In their entirety, 100%							
Non-current assets	991	1,198	1,019	1,081	5,387		
Current assets	0	180	114	2,236	1,072		
Non-current liabilities		–719	–64	–267	–848		
Current liabilities		–259	–234	–2,404	–2,653		
Net assets	**991**	**400**	**835**	**647**	**2,958**		
Carrying amount of non-controlling interests	**357**	**120**	**278**	**179**	**891**	**91**	**1,915**
Net sales		726	389	8,644	3,673		
Profit for the year	43	30	53	84	269		
Other comprehensive income	–160		–33	–37	–139		
Total comprehensive income	**–117**	**30**	**20**	**47**	**131**		
Cash flow from operating activities		182	117	231	655		
Cash flow from investing activities		–34	–34	–4	–224		
Cash flow from financing activities		–104	–82	–72	–192		
Cash flow for the year		**44**	**1**	**154**	**238**		
Profit for the year attributable to non-controlling interests	15	9	18	23	81	44	191
Other comprehensive income attributable to non-controlling interests	–58		–11	–7	–42	–4	–122
Dividends paid to non-controlling interests					–75		–75
Non-controlling interests, share	**36%**	**30%**	**34%**	**27%**	**30%**		

Note 21 Earnings per share

Calculation of earnings per share is carried out as follows:

SEKm	2021	2020
Profit for the year attributable to owners of the parent	2,637	693
Used in calculating earnings per share before dilution	**2,637**	**693**
Interest expense for convertible debentures, net	5	3
Used in calculating earnings per share after dilution	**2,642**	**696**
Weighted average number of shares		
Total number of ordinary shares	324,738,820	324,140,896
Effect of holding of treasury shares	–1,792,978	–5,126,262
Weighted average number before dilution	**322,945,842**	**319,014,634**
Call options	123,099	
Warrants	398,176	5,369
Convertible debentures	2,864,913	2,017,081
Weighted average number after dilution	**326,332,029**	**321,037,084**
Earnings per share before dilution, SEK	8.17	2.17
Diluted earnings per share, SEK	8.10	2.17

Call options

At the end of 2021, Ratos AB had one outstanding call option programme for which the exercise price is SEK 40.00. Call options had a dilution effect since the exercise price of the options exceeded the average price for ordinary shares during the year. The options are included in earnings per share after dilution when the exercise price of the options exceeds the average price for ordinary shares for the year. For further information, refer to Note 7.

Warrants

At the end of 2021, Ratos AB had four outstanding warrant programmes. The exercise prices for these programmes are SEK 33.43, SEK 30.87, SEK 25.32 and SEK 46.95, respectively. All warrants had a dilution effect, since the exercise price of the warrants exceeded the average price for ordinary shares during the year, though weighted since they were not outstanding for the entire year. The warrants are included in earnings per share after dilution when the exercise price of the warrants exceeds the average price for ordinary shares for the year. For further information, refer to Note 7.

Convertible debentures

Convertible debentures issued during the financial year 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. 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 67m (77). Diab accounts for 88% of the Group's defined benefit pension liability. In 2020, Bisnode and Diab jointly account for 99% 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 2021, Alecta's surplus in the form of the collective funding ratio amounted to a preliminary 172% (148). 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 37m (79) was paid to Alecta in premiums for the year.

Group

Pension cost

SEKm	2021	2020
Cost regarding current service period	2	28
Past service cost	0	–21
Net interest	1	8
Effects of curtailments and settlements	0	0
Pension costs for defined benefit pensions	**3**	**15**
Pension costs for defined contribution pensions, Alecta	37	79
Pension costs for defined contribution pensions, other	86	122
Pension costs for the year	**125**	**216**

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. SEK 15m is expected to be paid in premiums to Alecta for 2022.

Note 22, cont.

Defined benefit pension plans

SEKm	2021	2020
Present value of funded obligations	101	109
Fair value of plan assets	–30	–27
	71	**82**
Present value of unfunded obligations	4	3
Net liability in the statement of financial position	**75**	**85**
Amount recognised in the balance sheet		
Provisions for pensions	76	86
Surplus in defined benefit plans recognised as non-current financial receivables	1	1
Net liability in the statement of financial position	**75**	**85**

Changes in defined benefit pension obligations

SEKm	2021	2020
Opening balance	113	926
Pensions earned during the period	2	3
Interest expenses	1	2
Benefits paid	–2	–3
Pension obligations in acquired / divested companies		–0
Actuarial gains / losses:		
Financial assumptions	–11	6
Demographic assumptions	–0	
Assumptions based on experience	3	–2
Reclassified to liabilities attributable to assets held for sale		-801
Other	–1	–16
Exchange rate differences	0	–1
Defined benefit obligations, year-end	**105**	**113**

Changes in plan assets

SEKm	2021	2020
Opening balance	27	291
Interest income		0
Contribution from employer	1	1
Contribution from employees	0	0
Benefits paid	–1	0
Return on plan assets excl. the above interest income	1	–0
Reclassified to assets held for sale		-256
Other	0	–8
Exchange rate differences	1	–0
Plan assets, year-end	**29**	**27**

Plan assets comprise the following:

SEKm	2021	2020
Assets held by insurance companies	29	27
	29	**27**

Of the plan assets, SEK 14m (11) pertains to listed assets and SEK 16m (15) to unlisted assets.

Key actuarial assumptions used at the end of the reporting period

	Diab		Bisnode	
	2021	2020	2021	2020
Net liability in the statement of financial position	67	77		542
Discount rate, %:				
First-class bonds, Sweden	1.9	1.2		1.3
First-class bonds, Germany				0.9
Government bonds, Switzerland				0.2
First-class bonds, Italy	0.4	–0.03		
First-class bonds, other	3.0			0.6
Inflation, %	1.8	1.8		1.5
Anticipated rate of salary increase, %	2.8	3.0		2.2
Annual increase in pensions and paid-up policies, %	2.0	2.0		1.7

Parent company

The parent company's pension costs for defined contribution pensions amounted to SEK 8m (9), of which SEK 0m (0) pertains to Alecta.

Note 23 Provisions

Group

Provisions, non-current

SEKm	2021	2020
Guarantee commitments		
At the beginning of the year	6	6
Provisions for the year	0	0
Utilised provisions	–0	
Unutilised reversed provisions	1	–0
Translation difference	0	–0
At the end of the year	**6**	**6**
Other		
At the beginning of the year	22	16
Provisions for the year	1	4
Utilised provisions	–2	–0
Unutilised reversed provisions	–2	
Provisions in acquired companies	13	
Reclassified to liabilities attributable to assets held for sale		–7
Reclassifications		10
Translation difference	0	–1
At the end of the year	**33**	**22**
Total non-current provisions	**39**	**28**

Provisions that are current liabilities

Provisions, current

SEKm	2021	2020
Guarantee commitments		
At the beginning of the year	424	419
Provisions for the year	118	165
Utilised provisions	-101	-61
Unutilised reversed provisions	-98	-64
Provisions in acquired companies	17	
Translation difference	23	-35
At the end of the year	**383**	**424**

Note 23, cont.

Provisions, current

SEKm	2021	2020
Other		
At the beginning of the year	23	29
Provisions for the year	19	35
Utilised provisions	–8	–28
Unutilised reversed provisions	–3	–1
Provisions in acquired companies	6	
Reclassified to liabilities attributable to assets held for sale		–11
Reclassifications		0
Translation difference	0	–0
At the end of the year	**38**	**23**
Total current provisions	**421**	**447**

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	2021	2020
Other		
At the beginning of the year	10	328
Provisions for the year	62	18
Utilised provisions	–4	–306
Unutilised reversed provisions	–3	
Exchange effect		–30
At the end of the year	**65**	**10**

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

Note 24 Accrued expenses and deferred income

Group

SEKm	2021	2020
Personnel costs	751	626
Customer bonus	22	17
Sales commission	2	8
Other	228	172
	1,003	**823**

Parent company

SEKm	2021	2020
Personnel costs	42	41
Other	5	6
	47	**46**

Note 25 Financial risks and risk policy

Principles for funding and financial risk management

The financial risks associated with Ratos's operating activities are limited. 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 each 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 to the 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 's treasury function can utilise temporary cash surpluses and deficits within 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 monetary financial assets and liabilities.

Current currency exposure of monetary financial assets and liabilities as per the end of the reporting period

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 are therefore impacted by fluctuations in the exchange for SEK as well as by equity and other items in the financial statements.

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 145m (106). The sensitivity analysis is calculated based on monetary financial receivables and liabilities in foreign currency as per the end of the reporting period.

The parent company, and certain Group companies, hold limited forward contracts and currency swaps. These contracts have generally

Note 25, cont.

been entered into with major banks or financial institutions that are not expected to become insolvent and generally are shorter than 12 months. 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 translated. 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 36m (32) at 31 December 2021. Of this amount, SEK 13m (1) is recognised in the statement of financial position as assets and SEK 49m (33) as liabilities. The amount recognised on forward contracts that are hedge accounted amounted to SEK 3m (19), of which SEK 13m (1) is recognised as an asset and SEK 10m (21) 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	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Trade receivables	345	256	26	54	5	17	51	66	311	257	80	51
Other receivables	281	106	2,184	1	176	14	359	118	628	246	665	10
Other liabilities	–47	–589	–1,846	–90	4	1	–231	–190	–807	–262	–937	–360
Trade payables	–284	–203	–23	–20	–27	–37	–40	–71	–298	–195	–103	–50
Currency exposure financial assets and liabilities	**295**	**–430**	**341**	**–55**	**158**	**–6**	**138**	**–77**	**–166**	**46**	**–296**	**–349**
Forward contracts	–478	–355	–828	62	–222	–54	–71	108	–619	–304	–41	
Exposure, net	**–183**	**–785**	**–487**	**8**	**–63**	**–60**	**68**	**30**	**–786**	**–258**	**–336**	**–349**

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 interest-bearing net debt, which amounted to SEK 5,850m (7,269) on 31 December 2021. 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 2021, 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 21m (28). This sensitivity analysis is based on all other factors (such as exchange rates) remaining unchanged.

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. 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 favor 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 2021, the parent company had a credit facility of SEK 2 billion and bank overdraft facilities of SEK 150m. The facility is used for general corporate purposed. At 31 December 2021, SEK 1,846m of the credit facility was utilised. 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 2,102m (2,813). Total unutilised credit facilities amounted to SEK 875m (2,820), 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 2021, comprising undiscounted cash flows relating to amortisation and estimated interest payments based on forward contracts alternatively actual interest as well as estimated margins. Translation to SEK of amounts in foreign currency has been done at the exchange rate that applied at the end of the reporting period (closing day rate).

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 2021, the Group's liabilities for synthetic options amounted to SEK 144m (173).

Note 25, cont.

Maturity structure for financial liabilities

31 Dec 2021

SEKm	Within 1 year	Within 2 years	Within 3 years	Within 4 years	5 years or more	Total
Liabilities to credit institutions	78	171	1,939	13	0	2,201
Financial lease liabilities	769	805	610	513	3,191	5,889
Other interest-bearing liabilities	3	23	19	45		89
Trade payables	2,430					2,430
Call and put options			6	750	473	1,230
Contingent considerations	51	125	32			208
Forward contracts						
– outflow	2,174					2,174
– inflow	–2,124					–2,124
Total	**3,382**	**1,124**	**2,605**	**1,321**	**3,665**	**12,097**

31 Dec 2020

SEKm	Within 1 year	Within 2 years	Within 3 years	Within 4 years	5 years or more	Total
Liabilities to credit institutions	1,058	178	842	930	5	3,013
Financial lease liabilities	817	726	668	597	4,077	6,885
Other interest-bearing liabilities	5	4	119		4	131
Trade payables	1,843					1,843
Put options					463	463
Contingent considerations	10	10	1			20
Forward contracts						
– outflow	801					801
– inflow	–768					–768
Total	**3,765**	**917**	**1,630**	**1,527**	**4,549**	**12,388**

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 contractual 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 2021, cash and cash equivalents in the parent company amounted to SEK 294m (1,166).

At 31 December 2021, cash and cash equivalents in the Group amounted to SEK 2,230m (2,826). During 2021, 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. The Group applies the simplified approach for calculating expected credit losses. The method means expected losses over the entire lifetime of the receivable are used as a basis for trade receivables and contract assets.

To calculate expected credit losses, each Group company applies its own impairment model for trade receivables and contract assets based on assumptions and historical information. 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.

Note 25, cont.

Based on this, loss provisions for trade receivables and contract assets are based on the following:

31 Dec 2021

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	1,709	292	82	281	405	2,768
of which, construction operations	*482*	*77*	*21*	*256*	*391*	*1,227*
Expected loss level, %	0%	1%	10%	1%	2%	1%
Provisions for credit losses	**0**	**–3**	**–8**	**–3**	**–8**	**–22**
Recognised contract assets – gross	480					
Expected loss level, %	0%					
Provisions for credit losses	**0**					

31 Dec 2020

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	1,159	280	400	122	204	2,165
of which, construction operations	*370*	*112*	*362*	*105*	*189*	*1,138*
Expected loss level, %	0%	0%	2%	5%	6%	1%
Provisions for credit losses	**0**	**–1**	**–7**	**–6**	**–11**	**–25**
Recognised contract assets – gross	429					
Expected loss level, %	0%					
Provisions for credit losses	**0**					

Changes to loss provisions during the year are specified below:

	Contract assets		Trade receivables	
SEKm	2021	2020	2021	2020
Opening balance, 1 January	**0**	**0**	**–25**	**–46**
Less assets held for sale				17
Changes to loss provisions recognised in profit or loss			0	–3
Receivables written off during the year			0	–1
Reversal of unutilised amount			3	9
Exchange rate differences			–0	–2
At 31 December	**0**	**0**	**–22**	**–25**

In accordance with the rules in IFRS 9, the Group applies an 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. Impairment of trade receivables is recognised in profit or loss and amounted to SEK –8m (1).

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 349m (415).

Note 26 Leases

Group

Leases

Of the total lease assets (right-of-use assets) of SEK 5,006m, 93% 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 five and 20 years, but the majority have terms of ten 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 2021, 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.

Group

Income statement

SEKm	2021	2020	Included in the following line
Income from sub-leasing	34	33	Other operating income
Depreciation / amortisation and impairment for the year	-686	-638	Depreciation / amortisation and impairment of property, plant and equipment, intangibleassets and right-of-use assets
Costs pertaining to short-term leases	-10	-15	Other external costs
Costs pertaining to low-value leases	-1	-1	Other external costs
Costs pertaining to variable lease payments	-0	-0	Other external costs
Interest expenses	-246	-255	Financial expenses
Total impact on earnings, leases	**-909**	**-876**	

Statement of cash flows

SEKm	2021	2020	Included in the following line
Short-term leases, low-value leases and variable lease payments[1)]	-11	-81	Operating activities
Amortisation of financial lease liabilities	-623	-673	Financing activities
Interest paid on financial lease liabilities	-246	-262	Financing activities
Total impact on cash flow, leases[1)]	**-881**	**-1,017**	

1) Excluding the impact from sub-leasing.

Note 26, cont.

Statement of financial position

SEKm	31 Dec 2021	31 Dec 2020
Non-current lease liability, interest-bearing	4,767	4,744
Current lease liability, interest-bearing	740	618
Total	**5,507**	**5,362**
Less liabilities attributable to assets held for sale		-208
Reported according to statement of financial position	**5,507**	**5,155**

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 2022 or later

Speed Group signed two leases for solar cells. Possession was taken place in 1 January 2022 and the leases extend for six and 12 years, respectively. A preliminary forecast of the value in use is estimated at SEK 21m.

HENT signed leases for cranes. Possession of the cranes will be taken in the first and second quarters of 2022 and the leases extend for one to two years. A preliminary forecast of the value in use is estimated at SEK 18m.

Note 27 Pledged assets and contingent liabilities

Group

Pledged assets

SEKm	2021	2020
Real estate mortgages		42
Chattel mortgages		163
Net assets	1,295	7,167
Other pledged assets	3,472	3,080
	4,767	**10,453**
Contingent liabilities	3,089	2,368

During the year, the parent company commenced work for Ratos's business group to be financed centrally. When the companies' external financing was replaced by internal financing, pledging of shares or other assets as collateral for own commitments also declined. This resulted in the Group's pledged net assets declining by SEK 5,872m.

Of other pledged assets amounting to SEK 3,472m, HENT accounts for SEK 3,230m. 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.

Contingent liabilities arise as part of the Group's normal business activities, including in connection with the fulfilment of various contractual obligations. At year-end, there was no indication that any of the contingent liabilities would give rise to any payments. Of contingent liabilities amounting to SEK 3,089m, HENT accounts for SEK 1,911m, Presis Infra for SEK 482m and airteam for SEK 388m. HENT's contingent liabilities pertain to parent company guarantees that the company has made available to customers/suppliers as assurance that HENT's subsidiaries will meet their contractual obligations. Presis Infra's contingent liabilities arose at the start of the project contract when the company issues guarantees in connection with contract documentation. airteam's contingent liabilities arose at the start of the project contract when the company issues guarantees in connection with contract documentation.

Parent company

The parent company has no pledged assets. The parent company has contingent liabilities to subsidiaries and associates amounting to SEK 131m (554).

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 contingent liabilities to subsidiaries and associates amounting to SEK 131m (554), of which SEK 131m (122) pertains to 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	Financial income	Other income	Capital contribution	Dividend
2021	48	5		
2020		5	288	175

SEKm	Receivable	Provision	Liability	Contingent liability
31 Dec 2021	4,904	60	749	131
31 Dec 2020	7		391	554

During the year, the parent company commenced work for Ratos's business group to be financed centrally and issued loans to Diab, HL Display, KVD, LEDiL, Oase Outdoors, Plantasjen and Presis Infra.

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	2021	2020
Accumulated cost at 1 January	11,803	12,359
Investments	2,270	15
Disposals	–2,069	
Wound up		–571
At the end of the year	**12,004**	**11,803**
Accumulated impairment at 1 January	–4,201	–4,589
Disposals	172	
Wound up		388
At the end of the year	**–4,028**	**–4,201**
Value according to balance sheet	**7,975**	**7,602**

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 2021 or 2020.

Subsidiary, Corp. Reg. No., registered office SEKm	**Number of shares**	**Owned share, %**	**31 Dec 2021**	**31 Dec 2020**	**Company**	**Owned share, %**
Directly owned companies						
Bisnode Business Information Group AB, 556681-5725, Stockholm[1]				1,897		
Owner companies of holdings						
Blomster Intressenter AB, 559077-8675, Stockholm	50,000	100	1,084	1,084	Plantasjen[2]	98
HL Intressenter AB, 556809-4402, Stockholm	50,000	100	646	566	HL Display[2]	98
Kelly Intressenter 1 AB, 556826-5705, Stockholm	50,000	100	356	345	KVD	100
Kompositkärnan Förvaltning AB, 556777-2271, Stockholm	100,000	100	933	933	Diab	98
Medcro Holding AB, 559026-2019, Stockholm	50,000	100	424	423	TFS[3]	100
Miehdnort AB, 556801-4731, Stockholm	100,000	100	314	314	HENT	73
NCS Intressenter AB, 556801-8435, Stockholm	100,000	100	699	699	Aibel[4]	32
Noiro Holding AB, 556993-7104, Stockholm	50,000	100	674	492	LEDiL	66
Outdoor Intressenter AB, 559067-2456, Stockholm	50,000	100	195	195	Oase Outdoors[2]	77
Presis Infra Holdco AS, 927 459 574, Oslo, Norge	22,459,800	100	961		Presis Infra AS	75
Speed Group Intressenter AB, 556801-8419, Stockholm	100,000	100	286	286	Speed Group	70
SSEA Group Svenska Samverkansentreprenadaktiebolag, 559281-7323, Stockholm[5]	500	100	180		Vestia[2]	57
Vento Intressenter AB, 559052-2057, Stockholm	50,000	100	339	339	airteam	70
Other companies						
EMaint AB, 556731-5378, Stockholm	100,000	100	23	23		
Ratos Fastighets AB, 556308-3863, Stockholm	50,000	100	860	6		
Ratos Treasury AB, 559304-1329, Stockholm	25,000	100	0			
			7,975	**7,602**		

1) The company was divested in early 2021.
2) Owned share refers to ordinary shares.
3) Medcro Holding AB owns 100% of the shares in Medcro Interessenter AB which in turn owns 100% of the shares in TFS.
4) NCS Intressenter AB owns 64% of the shares in NCS Invest AB where the remaining 36% of the shares are owned by the Sixth AP Fund.
NCS Invest in turn owns 49% of the shares in Aibel Holding I AS, Corp. Reg. No. 992 241 883, Sandnes, Norway. Ratos's direct holding in Aibel therefore amounts to 32%.
5) The company changed its name during the year, formerly VGintressenter AB.

Note 30 Cash flow statement

SEKm	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Dividends received		1		176
Interest received	4	6	43	0
Interest paid	-339	-439	-2	-3

Adjustment for non-cash items

SEKm	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Share of profit from investments recognised according to the equity method	-189	-44		
Capital gains	-1,672	-3	-1,841	-134
Depreciation/amortisation and impairment of assets	1,020	1,242	0	0
Unrealised exchange differences	-28	-8	28	7
Provisions, etc.	-91	144	27	30
Adjustment for non-cash items	**-960**	**1,332**	**-1,785**	**-96**

Cash and cash equivalents

SEKm	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Cash and bank balances – attributable to continuing operations	2,230	2,826	294	1,166
Cash and bank balances – attributable to discontinued operations		356		
Cash and cash equivalents	**2,230**	**3,182**	**294**	**1,166**

Unutilised credit facilities

Unutilised credit facilities amount to SEK 875m (2,820) for the Group and SEK 304m (1,000) for the parent company.

Divested companies – Group

SEKm	2021	2020
Goodwill	4,029	
Other intangible assets	723	
Property, plant and equipment	37	
Right-of-use assets	186	
Financial assets	24	
Deferred tax assets	212	0
Trade receivables	545	0
Current assets	155	1
Cash and cash equivalents	323	1
Total assets	**6,233**	**2**
Non-controlling interests	0	0
Deferred tax liabilities	141	
Non-current liabilities and provisions	707	
Current liabilities and provisions	2,487	2
Total liabilities	**3,335**	**2**
Consideration transferred	4,999	3
Less:		
Contingent consideration	-2,042	0
Cash and cash equivalents in the divested company	-323	-1
Effect on Group's cash and cash equivalents	**2,634**	**2**

Acquired companies – Group

SEKm	2021	2020
Intangible assets	349	66
Property, plant and equipment	153	
Right-of-use assets	371	
Financial assets	117	
Deferred tax assets	9	
Trade receivables	510	
Current assets	332	0
Cash and cash equivalents	420	
Total assets	**2,260**	**66**
Non-controlling interests	53	
Deferred tax liabilities	58	
Non-current liabilities and provisions	516	
Current liabilities and provisions	897	13
Total liabilities	**1,523**	**13**
Net identifiable assets and liabilities	737	53
Goodwill	2,680	
Consideration transferred	3,417	53
Less:		
Promissory note	-388	
Provision contingent consideration	-127	-15
Cash and cash equivalents in the acquired operations	-420	
Paid contingent consideration	10	
Effect on Group's cash and cash equivalents	**2,492**	**38**

Note 30, cont.

Changes in liabilities attributable to financing activities – Group

SEKm	Opening balance 1 January 2021	Cash flow: Borrowings	Cash flow: Amortisation	Cash flow: Option premiums paid	Cash flow: Repurchase/final settlement of options	Non-cash effect changes: Acquired and divested companies	Non-cash effect changes: Reclassifications	Non-cash effect changes: Change in exchange rates	Non-cash effect changes: Other changes	Closing balance 31 December 2021
Liabilities to credit institutions, non-current	1,808	1,800	–617			0	–1,024	86	5	2,059
Liabilities to credit institutions, current	1,005	510	–2,523				1,024	32	–4	43
Financial lease liabilities	5,155		–621			309		175	489	5,507
Convertible debentures	54	43					–5		–13	79
Other interest-bearing liabilities[1)]	317	9	–139	5	–47	42	–40	5	–2	151
Total liabilities from financing activities	**8,340**	**2,361**	**–3,900**	**5**	**–47**	**352**	**–45**	**299**	**475**	**7,839**

SEKm	Opening balance 1 January 2020	Cash flow: Borrowings	Cash flow: Amortisation	Cash flow: Option premiums paid	Cash flow: Repurchase/final settlement of options	Non-cash effect changes: Reclassifications	Non-cash effect changes: Change in exchange rates	Non-cash effect changes: Other changes	Non-cash effect changes: Less liabilities attributable to assets held for sale	Closing balance 31 December 2020
Liabilities to credit institutions, non-current	3,803	11	–96			– 1,770	–151	11		1,808
Liabilities to credit institutions, current	1,341	700	–1,667			1,770	–46	–16	–1,078	1,005
Financial lease liabilities	4,871		–673				–224	1,388	–208	5,155
Convertible debentures	35	20				–2		1		54
Other interest-bearing liabilities[1)]	371	64	–68	3	–39		–12	205	–206	317
Total liabilities from financing activities	**10,422**	**795**	**–2,504**	**3**	**–39**	**–2**	**–432**	**1,590**	**–1,492**	**8,340**

1) In addition to the above, contingent considerations of SEK 194m (20) are also included in other interest-bearing liabilities, which amount to a total of SEK 345m (338).

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 recognised figures 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.

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.

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 future tax surpluses are made when recognising deferred tax assets.

Note 32 Contract assets and contract liabilities

SEKm	2021	2020
Contract assets		
Construction contracts	369	359
Other assets	111	69
Total current contract assets	**480**	**429**
Contract liabilities		
Other contract liabilities	6	3
Total non-current contract liabilities	**6**	**3**
Construction contracts	433	646
Other contract liabilities	290	212
Total current contract liabilities	**723**	**859**
Date for recognition of non-current contract liabilities		
Other contract liabilities		
Within 1–3 years	6	3
Total non-current contract liabilities	**6**	**3**
Contract liabilities included in the opening balance, recognised as income during the year		
Construction contracts	538	259
Other contract liabilities	5	656
Total contract liabilities recognised as income	**543**	**914**

Income statement

SEKm	2021	2020
Contract revenue	10,120	9,975
Net profit	1,060	926

Statement of financial position

Receivables from customers for assignments under a construction contract

SEKm	2021	2020
Contract revenue	16,486	13,638
Billing	–16,117	–13,279
Total receivables from customers	**369**	**359**
Of which, current contract receivables	369	359

Liabilities to customers for assignments under a construction contract

SEKm	2021	2020
Billing	–16,531	–11,109
Contract revenue	15,466	10,017
Total liabilities to customers	**–1,065**	**–1,092**
Of which, current contract liabilities	–433	–646

Backlog of orders

Of Ratos's five largest subsidiaries in terms of sales, HENT had a backlog of orders amounting to NOK 19.0 billion at 31 December 2021 (NOK 15.6 billion at 31 December 2020). Approximately 42% of the backlog of orders is expected to be recognised in revenue in 2022 and the rest in 2023–2027. Diab had a backlog of orders of SEK 0.3 billion at 31 December 2021 (SEK 0.3 billion at 31 December 2020), which is expected to be fully recognised in revenue in 2022. airteam had a backlog of orders of DKK 1.0 billion at 31 December 2021, of which 69% is expected to be recognised in revenue in 2022.

The backlog of orders relating to the other two subsidiaries (HL Display and Plantasjen) does not exceed 12 months.

Significant changes to contract assets and contract liabilities

The change in current contract assets and contract liabilities attributable to construction contracts pertains to HENT. 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. The increase in other current contract liabilities is mainly attributable to Presis Infra, which was acquired in 2021.

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.

Note 33 Discontinued operations and assets held for sale

Divestment of Bisnode

In October 2020, Ratos signed an agreement to divest all of the shares in Bisnode, excluding its operations in Belgium, for an enterprise value of SEK 7,200m for 100% of the company. Ratos's holding amounts to 70%. In January 2021, Ratos completed the sale of Bisnode to Bisnode's partner Dun & Bradstreet. The equity value for Ratos's holding of 70% was SEK 3,860m, yielding a consolidated capital gain of approximately SEK 1,816m.

Acquisitions and divestment of Bisnode Belgium

For the divestment of Bisnode to Dun & Bradstreet, Bisnode's Belgian operations were not included in the transaction. Bisnode Belgium was included in the Ratos Group in the first quarter. On 31 March 2021, Ratos signed an agreement to divest Bisnode Belgium. The consolidated capital loss amounted to SEK 25m.

Income statement

SEKm	2021	2020
Net sales	105	3,673
Expenses and other operating income, net	–111	–3,200
Operating profit/loss	**–6**	**473**
Financial items, net	–4	–72
Profit/loss after financial items	**–10**	**401**
Taxes	–1	–131
Profit/loss after tax	**–11**	**269**
Capital gain from divestment of discontinued operations	**1,727**	
Net profit from discontinued operations	**1,715**	**269**
Attributable to		
Owners of the parent	1,719	189
Non-controlling interests	–3	81
Profit for the year	**1,715**	**269**
Earnings per share, SEK		
– basic earnings per share	5.32	0.59
– diluted earnings per share	5.28	0.59

Net assets at time of divestment

Assets and liabilities that were part of the discontinued operation in Bisnode are presented below.

SEKm	8 Jan 2021
Goodwill	4,186
Other intangible assets	720
Property, plant and equipment	28
Right-of-use assets	141
Financial assets	24
Deferred tax assets	206
Current receivables	650
Cash and cash equivalents	247
Non-controlling interests	–881
Non-current interest-bearing liabilities	–631
Non-current non-interest bearing liabilities	–148
Current interest-bearing liabilities	–1,162
Current non-interest bearing liabilities	–1,338
Divested net assets	2,044
Capital gain, excluding transaction costs	1,816
Consideration transferred	3,860
Shares in Dun & Bradstreet	–924
Less cash and cash equivalents in divested companies	–247
Total effect on cash flow	**2,690**

Statement of financial position

SEKm	31 Dec 2021	31 Dec 2020
ASSETS		
Non-current assets		
Goodwill		4,206
Other intangible assets		721
Property, plant and equipment		36
Right-of-use assets		187
Financial assets		24
Deferred tax assets		213
Total non-current assets		**5,387**
Current assets		
Current receivables		715
Cash and cash equivalents		356
Total current assets		**1,072**
Assets held for sale		**6,458**
LIABILITIES		
Interest-bearing		689
Non-interest bearing		158
Total non-current liabilities		**848**
Interest-bearing		1,358
Non-interest bearing		1,295
Total current liabilities		**2,653**
Liabilities attributable to assets held for sale		**3,500**

Statement of cash flows

SEKm	2021	2020
Cash flow from operating activities	61	655
Cash flow from investing activities	2,636	–224
Cash flow from financing activities	–191	–192
Change in cash and cash equivalents	**2,506**	**238**

Note 34 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 35 Exchange rates

Average rates

SEK	2021	2020
Danish kronor, DKK	1.364	1.407
Euro, EUR	10.145	10.487
Norwegian kronor, NOK	0.998	0.979

Closing day rates

SEK	31 Dec 2021	31 Dec 2020
Danish kronor, DKK	1.375	1.349
Euro, EUR	10.227	10.038
Norwegian kronor, NOK	1.025	0.955

Note 36 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 2021 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 Board of 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.

Stockholm, 1 March 2022

Per-Olof Söderberg
Chairman

Ulla Litzén
Board member

Eva Karlsson
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 1 March 2022. 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 22 March 2022.

Our audit opinion was submitted the date as evidenced by our digital signature

Ernst & Young AB

Erik Sandström
Authorised Public Accountant

This is an in-house translation from the Swedish original

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 45–51 for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 40–113 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 2021 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 2021 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 45–51. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Key Audit Matters

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

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

Valuation of Goodwill and shares in subsidiaries

Description

Goodwill amounts to SEK 10.0 billion in the consolidated statement of financial position and shares in subsidiaries amounts to SEK 8.0 billion in the parent company's balance sheet at year end. As disclosed in note 11, the goodwill value is tested annually, or as soon as indicators of impairment are identified, by calculating the recoverable amount and comparing it to the carrying value. Shares in subsidiaries are assessed for impairment indicators regularly and if indicators are identified the assets recoverable amount is calculated. The impairment tests for 2021 did not result in any impairment.

As stated in note 11, the recoverable amount is determined as the value in use or the fair value less cost to sell. Significant estimates in the calculation of value in use are, amongst others, expected future earnings, growth and discount rate. Also, valuation to fair value requires estimates on profit forecast and profit multiple.

Due to the estimates and judgments required to prepare the impairment test and due to the size of the carrying amounts we have assessed the valuation of goodwill in the group, and shares in subsidiaries in the parent company, to be a key audit matter.

How our audit addressed this key audit matter

In our 2021 audit we have evaluated the group's, and the parent company's, process to prepare impairment tests and to identify cash generating units. We have audited the significant estimates used in the impairment test by, among other procedures, comparing them to historical outcome, forecasts and to peer companies. We have also performed sensitivity analyses for changes in key estimates.

We have involved internal valuations specialists in performing our audit procedures 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 recognized based on percentage of completion, the accounting principles are disclosed in note 3. Accounting of construction contracts requires estimates and judgments in order to determine the total cost to complete the contract. Key estimations and judgements are disclosed in note 31.

Due to the estimates and judgments required in order to account for construction contracts our assessment is that this constitutes a key audit matter.

How our audit addressed this key audit matter

In our 2021 audit we have evaluated the company's accounting process for construction contracts. We have audited significant contracts and the revenue recognized based on the criteria in IFRS 15. In addition, we have audited and assessed estimates and judgements made in the accounting of a sample of construction contracts.

Finally, we have audited and assessed the disclosures in the annual report.

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 3–37 and 120–130. The remuneration report for 2021 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.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Ratos AB (publ) for the year 2021 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 corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 45–51 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.

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 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report #(dc2d12c8d992209f69eed1f055 bd67640e5843e5b27be9ccf17a7de133b71be8) 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 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 ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and 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 technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 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 Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of Ratos AB by the general meeting of the shareholders on the 10th of March 2021 and has been the company's auditor since the 8th of May 2019.

Stockholm, date as evidenced by our digital signature

Ernst & Young AB

Erik Sandström
Authorized Public Accountant

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Additional information

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Detailed information on sustainability

This section contains detailed information that complements the description of Ratos's sustainability efforts on pages 12–19. Ratos's materiality analysis and additional information about Ratos's sustainability efforts in the parent company are presented in this section. Finally, this section also includes a report on Ratos's investment process in the acquisition of new companies and a follow-up of the sustainability efforts of Ratos's companies.

About Ratos's sustainability report

Ratos reports in accordance with the Global Reporting Initiative (GRI), and this year's report follows the GRI Standards: Core option (see pages 124–125 for GRI index). The company's statutory sustainability report in accordance with the Swedish Annual Accounts Act is presented on pages 11–19, 24–37 and 120–123. As of 2015, Ratos submits its sustainability report to the Global Compact as its Communication on Progress (COP).

Significant sustainability aspects and our stakeholders

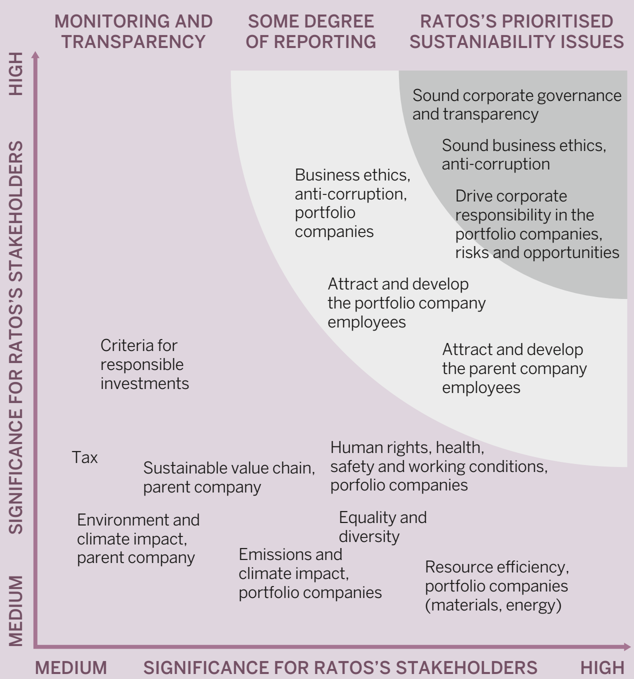
Stakeholder dialogues

Ratos's most significant sustainability issues are identified through intelligence gathering, industry analysis, risk mapping and stakeholder dialogues. Combined, these analyses and dialogues form Ratos's materiality analysis. Based on the most significant aspects, Ratos defines goals and action plans to drive and develop the sustainability agenda and strengthen long-term value creation. Since 2018, climate and equal opportunities have also been defined as material issues in Ratos's materiality analysis.

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 • General meetings • Dialogues and individual meetings
Experts	• Interviews in connection with stakeholder dialogues • Discussions as needed

Materiality analysis



[1] A total of 17 individuals were interviewed during stakeholder dialogues in 2016.

EU Taxonomy

	Total, SEKm	Share of economic activities covered by the Taxonomy, %	Share of economic activities not covered by the Taxonomy, %
Sales	22,551	49	51
Capital expenditure (CapEx)	1,608	17	83
Operating expenditure (OpEx)	857	7	93

For 2021, the requirements for the statutory sustainability report have been expanded. This year, Ratos is subject to the Swedish Annual Accounts Act's requirements concerning reporting in accordance with the EU Taxonomy Regulation. 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, with initial mandatory reporting for the 2021 financial year. 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.

For the 2021 financial year, non-financial companies are to disclose the proportion of their activities that are covered by the current version of the Taxonomy. At present, only two of a total of six environmental objectives are included in the Taxonomy: (i) climate change mitigation, and (ii) climate change adaptation.

The other four environmental objectives will be published and adopted by the EU in 2022. The remaining four environmental objectives are: (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. The requirement for 2021 is that companies must report which areas of their activities are covered by the Taxonomy (Taxonomy-eligible). In 2022, the reporting requirements will be expanded to include an analysis of the Taxonomy's criteria and reporting of the proportion of the company's activities that are aligned with the Taxonomy.

Analysis process

Ratos has analysed the activities in the Group in order to comply with current and future reporting requirements. Ratos's Taxonomy reporting covers the entire Group, including all subsidiaries except Aibel, which is an associate. With support from Ratos, each subsidiary has analysed its economic activities, and this information was then compiled and quality-assured at Group level. Since the Taxonomy is a new regulation that requires the development of new reporting processes, Ratos has provided the subsidiaries with training and guidance to ensure that their analyses and reporting were carried out in accordance with the requirements and guidelines contained in the 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 same interpretations were applied across the entire Group. Ratos will continue with this approach in 2022 to ensure that the expanded reporting requirements for next year's reporting are handled in a proactive and effective manner.

Taxonomy-eligible activities

Five of the Group's companies have been identified as being covered by the Taxonomy, so-called Taxonomy-eligible activities. This means that for the Group as a whole in 2021, 49% of turnover, 17% of capital CapEx and 7% of OpEx were Taxonomy-eligible. Of Ratos's 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 three companies HENT, Vestia and airteam. Within Industry, DIAB conducts Taxonomy-eligible activities, and within Consumer, a portion of KVD's activities are Taxonomy-eligible.

For the Group's two companies in the construction industry, HENT and Vestia, all of the companies' turnover is attributable to the Taxonomy activities "renovation of existing buildings" and "construction of new buildings". A portion of both companies' CapEx and OpEx is also attributable to these two activities.

airteam's business comprises installation and maintenance of ventilation systems, and all of the company's turnover are attributable to the Taxonomy activity "installation, maintenance and repairs of energy-efficient equipment", an activity whose definition also includes ventilation.

Nearly half of DIAB's turnover is attributable to the wind power segment, where the company's unique products represent an important part of the production of wind turbines. DIAB's technology is the market's only solution for producing wind turbine blades with sandwich technology. Given that this unique solution is a critical component of many wind turbines, we have determined that this portion of the company's turnover are eligible and attributable to the Taxonomy activity "manufacturing of technology for renewable energy".

KVD has identified a limited proportion of its turnover, CapEx and OpEx as eligible, linked to the activity "transport with motorcycles, cars and light motor vehicles".

For 2021, the other companies in the Group have not identified any eligible activities linked to any of the three Taxonomy KPIs of turnover, CapEx and OpEx.

Outlook

I November 2021, Ratos's new Vice President Communication & Sustainability Josefine Uppling joined Group management. This is a new management role, created to address Ratos's raised sustainability ambitions and the future expanded reporting requirements. Work to adapt the organisation to the upcoming developments is in full swing.

For the 2022 financial year, the Taxonomy reporting requirements are expected to be further expanded to include more environmental objectives, more economic activities and a more in-depth analysis of the Taxonomy criteria. During the coming year, Ratos will work proactively to further develop its Taxonomy reporting process and continue to offer training and guidance to the subsidiaries. The criteria for the current Taxonomy-eligible activities will be analysed during the year. We are also preparing for the four new environmental objectives to be able to immediately identify which activities are covered by these four objectives and analyse the related criteria. Since the Taxonomy is being continuously developed, there is a good chance that more companies in the Group will be covered by the Taxonomy in the future.

Accordingly, Ratos's work related to the Taxonomy will include all of the companies, not only the five companies currently covered by the Taxonomy.

Ratos's parent company

Employees

As a parent company, Ratos endeavours to encourage a good work-life balance and promotes the health of employees by offering health-care insurance, preventive health evaluations and fitness subsidies. Parental leave is encouraged, and provisions are in place to give those on parental leave a smooth transition when returning to work. Ratos organises a number of activities each year in order to strengthen the sharing of experience and expertise in Ratos. Talent development is addressed at annual performance reviews in Ratos's parent company. In 2021, performance reviews were held as usual with all of the employees in the parent company.

Work environment in the parent company

Ratos's efforts to create a good work environment are based on the Group's Work Environment Policy. This extends to all physical and social conditions of significance in the work environment. Ratos's CEO has the ultimate responsibility for the work environment and the day-to-day work is carried out by the work environment team. Discussing the work environment is a standing item on the agenda of Ratos's monthly management group meetings. Issues concerning the psycho-social work environment of the employees (of the parent company) as well as discrimination and harassment are included in Ratos's annual employee satisfaction survey. Sick leave is generally low.

Ratos's investment process

Sustainability is a part of Ratos's thorough due diligence when acquiring companies. The due diligence process looks at the sustainability-related risks, opportunities, maturity and work of the company in question. 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 operate in the arms industry, contribute to environmental damage, produce or actively supply pornography, or manufacture tobacco products. When new investments are assessed, Ratos takes a stand against breaches of international conventions. The guiding principle at Ratos is to avoid investing in companies that systematically contribute to violating human rights, the fundamental rights of employees or corruption.

A follow-up of the companies' sustainability efforts

Ratos's requirements and expectations in terms of the companies' sustainability efforts are based on international conventions, relevant legislation as well as Ratos's Policy for Sustainability and Responsible Investments, the Environmental Policy and the Code of Conduct.

How Ratos's companies live up to Ratos's requirements and expectations is presented in the table below.

	Code of Conduct	Environmental Policy	External whistleblowing system	CO_2 reporting	Sustainability reporting in accordance with GRI[1)]
Aibel	Yes	Yes	Yes	Yes	Yes
airteam	Yes	Yes	Yes	Yes	Yes
Diab	Yes	Yes	Yes	Yes	Yes
HENT	Yes	Yes	Yes	Yes	Yes
HL Display	Yes	Yes	Yes	Yes	Yes
KVD	Yes	Yes	Yes	Yes	Yes
LEDiL	Yes	Yes	Yes	Yes	No
Oase Outdoors	Yes	Yes	Yes	No	Yes
Plantasjen	Yes	Yes	Yes	Yes	Yes
Presis Infra	Yes	Yes	Yes	No	No
Speed Group	Yes	Yes	Yes	Yes	Yes
TFS	Yes	Yes	Yes	Yes	Yes
Vestia	Yes	Yes	Yes	No	No

1) All companies issue a sustainability report, ten companies in accordance with the GRI Standards: Core option.

GRI Index

Ratos's sustainability reporting refers to the 2021 calendar year. The figures presented are from 1 January 2021 until 31 December 2021 unless otherwise specified. This report has been prepared in accordance with the GRI Standards: Core option. This is Ratos's sixth sustainability report according to GRI and Ratos intends to report annually.

In line with Ratos's signing of the UN Global Compact (UNGC), Ratos submits a Communication on Progress (COP) every year that presents its work with UNGC's ten principles. COP information can be found in Ratos's 2021 Annual Report. The reporting of Ratos's significant aspects and topic–specific disclosures are largely limited to Ratos's parent company. The guidance on the aspects and indicator 205–1 encompass both the parent company and holdings.

All calculations of energy and carbon emissions are comparisons between the financial years 2018 and 2021, with 2016 as the base year for environmental data. Information is obtained from third–party suppliers, unless specified otherwise. All calculations regarding the environment are based on the GHG Protocol.

GRI Index

Standard & Title		Page	Comments	UNGC principles
GRI 101: FOUNDATION 2016 (DOES NOT INCLUDE DISCLOSURES)				
GRI 102: GENERAL DISCLOSURES 2016 (CORE)				
Organisational profile				
102–1	Name of the organisation	2, 3		
102–2	Activities, brands, products and services	3		
102–3	Location of headquarters	112, 126		
102–4	Location of operations	112, 27–39		
102–5	Ownership structure	20–21		
102–6	Markets served	3, 10, 23–37		
102–7	Scale of the organisation	3, 10,		
102–8	Information on employees and other workers	122	The information only encompasses Ratos's headquarters.	
102–9	Supply chain	23–37		
102–10	Significant changes to the organisation and its supply chain	4–5		
102–11	Precautionary Principle or approach	124	We apply the precautionary principle by focusing on climate reporting and environmental policy in the companies.	7
102–12	External initiatives	41		
102–13	Membership of associations	124	The Confederation of Swedish Enterprise	
Strategy				
102–14	Statement from senior decision–maker	6, 44		
Ethics and integrity				
102–16	Values, principles, standards, and norms of behaviour	2, 45		
Governance				
102–18	Governance structure	45		
Stakeholder engagement				
102–40	List of stakeholder groups	120		
102–41	Collective bargaining agreements	124	Ratos has not entered into any collective agreements.	3
102–42	Identifying and selecting stakeholders	120		
102–43	Approach to stakeholder engagement	120		
102–44	Key topics and concerns raised	120	Omissions: Not possible to report results divided into each stakeholder group due to inadequate data collection by third–party provider.	

GRI Index

Standard & Title		Page	Comments	UNGC principles
Reporting practice				
102–45	Entities included in the consolidated financial statements	40		
102–46	Defining report content and topic Boundaries	120		
102–47	List of material topics	120		
102–48	Restatements of information	125	No changes	
102–49	Changes in reporting	125	No changes	
102–50	Reporting period	124	2021	
102–51	Date of most recent report	124		
102–52	Reporting cycle	124	Yearly.	
102–53	Contact point for questions regarding the report	125	Jonas Wiström, CEO, +46 8 700 17 00, Josefine Uppling, Vice President Communication & Sustainability, +46 8 700 17 00.	
102–54	Claims of reporting in accordance with the GRI Standards	124		
102–55	GRI Index	124–125		
102–56	External assurance	126		

Material issues

Standard & Title		Page	Comments	UNGC principles
ECONOMIC STANDARD SERIES				
GRI 103: Management approach 2016 and GRI 205: Anti–corruption 2016				
103–1, 2 & 3	Governance	15		10
305–3	Confirmed incidents of corruption and actions taken	15		10
ENVIRONMENTAL STANDARD SERIES				
GRI 103: Management approach 2016 and GRI 305: Emissions 2016				
103–1, 2 & 3	Governance	16		8–9
305–2	Indirect GHG emissions (Scope 2)	16		8
305–3	Other indirect GHG emissions (Scope 3)	16		8
SOCIAL STANDARD SERIES				
GRI 103: Management approach 2016 and GRI 401: Employment 2016				
103–1, 2 & 3	Governance	19		1–6
401–3	Parental leave	122	Omissions: Retention rates not reported due to limitations in the current system.	6
GRI 103: Management approach 2016 and GRI 404: Training and Education 2016				
103–1, 2 & 3	Governance	19, 122		6
404–2	Programs for upgrading employee skills and transition assistance programmes	122		6
404–3	Percentage of employees receiving regular performance and career development reviews	122		6
GRI 103: Management approach 2016 and GRI 405: Diversity and Equal Opportunity 2016				
103–1, 2 & 3	Governance	19		6
405–1	Diversity of governance bodies and employees	122		6
GRI 103: Management approach 2016 and GRI 406: Non–discrimination 2016				
103–1, 2 & 3	Governance	19, 122		6
406–1	Incidents of discrimination and corrective actions taken	15		6
GRI 103: Management approach 2016 and GRI 419: Socioeconomic compliance 2016				
103–1, 2 & 3	Governance	15		1–6, 10
419–1	Non–compliance with laws and regulations in the social and economic area	15		1–6, 10

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 2021 financial year unless otherwise stipulated. Refer also to the GRI Index on pages 124–125 for a description of the report and its principles.

Ratos's sustainability report includes a description of the strategy and model for company development (page 11), 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 12–19. A brief account of each company's sustainability agenda is included in the company descriptions (pages 24–37). The sustainability indicators reported for the companies constitute a selection of the most important indexes concerning each company's significant sustainability issues. Additional information on the parent company's sustainability work can be found on pages 120–123.

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 2022.

The auditor's statement on the statutory sustainability statement

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

Engagement and responsibility

The Board of Directors is responsible for the statutory sustainability report for 2021 on pages 11–19, 24–37 and 120–123 and its preparation in accordance with the Swedish 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 report. 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 opinion.

Opinions

A statutory sustainability report has been prepared.

Stockholm, date as evidenced by our digital signature.

Ernst & Young AB

Erik Sandström
Authorised Public Accountant

Five-year summary, Group

	2021	2020	2019	2018	2017
Key figures [1]					
Basic earnings per share, SEK	8.17	2.17	2.11	–1.40	0.72
Dividend per Class A and B share, SEK	1.20[2]	0.95	0.65	0.50	2.00
Dividend yield, %	2.1[2]	2.5	1.9	2.1	5.6
Total return, %	54	17	46	–30	–13
Market price, year-end, SEK	57.95	38.48	33.42	23.28	35.84
Equity per share, SEK [3]	37	29	29	27	30
Equity, SEKm [4]	11,940	9,366	9,298	8,701	9,660
Return on equity, %	24	7	7	–5	3
Return on capital employed	17	9			
Leverage	1.3x	2.3x			
Equity ratio, %	47	39	38	43	46
Average number of shares before dilution	322,945,842	319,014,634	319,014,634	319,014,634	319,014,634
Number of Class A and B shares outstanding	324,676,320	319,014,634	319,014,634	319,014,634	319,014,634
Income statement, SEKm					
Profit/share of profit from companies	1,578	1,038	310[5]	566	679
Capital gain from sale of Group companies			31	62	596
Impairment, companies and loss from bankruptcy				–600	–482
Profit from companies	**1,578**	**1,038**	**341**	**28**	**792**
Revaluation of listed shares	–116				
Income and expenses in the parent company and central companies	–159	–170	383	–135	–134
Other/eliminations	3	3	–7		
Consolidated profit/loss before tax, continuing operations	**1,306**	**873**	**718**	**–107**	**658**
Tax	–166	–258	–139	–155	–251
Profit/loss for the year, continuing operations	**1,139**	**614**	**579**	**–262**	**407**
Profit for the year from discontinued operations	1,715	269	247[5]		
Profit/loss for the year	**2,855**	**883**	**827**	**–262**	**407**
Profit/loss attributable to owners of the parent	2,637	693	673	–448	268
Statement of financial position, SEKm					
Intangible assets	11,418	8,082	13,463	13,035	13,424
Property, plant and equipment	1,503	1,198	1,173	1,586	1,827
Right-of-use assets	5,006	4,677	4,423		
Financial assets	2,157	1,072	1,213	1,213	1,323
Deferred tax assets	303	156	508	486	478
Current assets	7,998	6,995	8,625	8,483	8,270
Assets held for sale		6,458			
Assets	**28,385**	**28,638**	**29,405**	**24,803**	**25,323**
Equity	13,326	11,281	11,218	10,630	11,546
Provisions	535	561	1,111	1,250	1,204
Deferred tax liabilities	440	275	464	429	500
Lease liabilities	5,507	5,155	4,871	683	698
Other interest-bearing liabilities	2,575	3,206	5,579	5,846	6,140
Non-interest bearing liabilities	6,002	4,660	6,163	5,965	5,235
Liabilities attributable to assets held for sale		3,501			
Equity and liabilities	**28,385**	**28,638**	**29,405**	**24,803**	**25,323**

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) Includes the effects of IFRS 16, which were reported on a separate row in the 2019 Annual Report.

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 129.

Net sales

SEKm	2021	2020
Ratos business group, net sales	**23,090**	**24,053**
Net sales in subsidiaries, holding not owned by Ratos.	3,585	4,419
Investments recognised according to the equity method	–4,124	–3,846
Eliminations	–0	–12
Subsidiaries divested during the current year		–3,673
Ratos Group, net sales, continuing operations	**22,551**	**20,941**

Organic growth, Ratos's holding

SEKm	2021	2020
Ratos business group, growth net sales, %	**–4.0%**	**–1.8%**
Ratos business group, net sales	**23,090**	**24,053**
Acquired net sales	1,139	40
Effects of change in currency	108	–1,227
Ratos business group, adjusted net sales	**21,843**	**25,240**
Divested net sales in the comparative period	2,567	231
Ratos business group, adjusted net sales in the comparative period	**21,486**	**24,251**
Ratos business group, organic growth	**357**	**989**
Ratos business group, organic growth, %	**1.5%**	**4.0%**

EBITA and Group operating profit

SEKm	2021	2020
Ratos business group, EBITA	**1,782**	**1,910**
Ratos business group, EBITA margin	**7.7%**	**7.9%**
EBITA in subsidiaries, holding not owned by Ratos	209	308
Investments recognised according to the equity method	–36	–100
Revaluation of listed shares	–116	
Income and expenses attributable to the parent company and central companies	–156	–151
Other	3	3
Subsidiaries divested during the current year		–504
Ratos Group, EBITA, continuing operations	**1,686**	**1,468**
Amortisation and impairment of intangible assets in connection with company acquisitions	–31	–12
Ratos Group, operating profit, continuing operations	**1,656**	**1,457**

Cash flow from operations

SEKm	2021	2020
Ratos business group, cash flow from operations	**647**	**1,768**
Cash flow from operations in subsidiaries, holding not owned by Ratos	127	327
Cash flow from operations in subsidiaries divested during the current year	40	
Investments recognised according to the equity method	–206	–140
Investments and disposals, intangible assets / property, plant and equipment	419	664
Lease payments	866	932
Income tax paid	–265	–223
Attributable to the parent company and central companies	110	51
Eliminations	–290	–180
Ratos Group, cash flow from operating activities	**1,448**	**3,201**

Interest-bearing net debt

SEKm	31 Dec 2021	31 Dec 2020
Ratos business group, interest-bearing net debt	**7,935**	**8,149**
Interest-bearing net debt in subsidiaries, holding not owned by Ratos.	356	777
Investments recognised according to the equity method	–452	–620
Internal loans	–3,762	
Attributable to the parent company and central companies	1,765	–1,061
Other	7	23
Ratos Group, interest-bearing net debt	**5,850**	**7,269**

	31 Dec 2021	31 Dec 2020
Interest-bearing liabilities, other	2,575	4,503
Interest-bearing liabilities, leases	5,507	5,362
Provisions for pensions	76	629
Interest-bearing assets	–78	–43
Cash and cash equivalents	–2,230	–3,182
Ratos Group, interest-bearing net debt	**5,850**	**7,269**

Definitions

This report contains financial performance measures in accordance with the regulations that Ratos applies, primarily IFRS. Ratos also applies financial measures that are not defined in IFRS but are so-called 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.

Certain of the following performance measures are presented for Ratos's business group – both for the companies in their entirety (100%) regardless of Ratos's holding and also presented adjusted for the size of Ratos's holding in each company. When performance measures are presented adjusted for Ratos's holdings the performance measure is multiplied by the percentage of the holding. For example: Ratos's holding amounts to 70% and the company's EBITA is SEK 100m for the period, EBITA adjusted for Ratos's holdings then amounts to SEK 70m (70% x SEK 100m). Key figures for Ratos's business areas, adjusted for Ratos's holdings, only include companies owned at the end of the reporting period. If the holdings change, comparative periods are adjusted to show the owned share at the end of the relevant reporting period.

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 divided by average equity attributable to owners of the parent.
This measure is used to display total profitability in relation to equity invested by the parent company's shareholders.

Return on capital employed

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.

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 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.

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 period 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. Dilution resulting from convertible debt instruments is calculated 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. Potential ordinary shares are considered to have a dilutive effect only during periods when they result in lower earnings or a higher loss per share.

Other measures

Consolidated value

The Group's share of the company's equity, any residual consolidated surplus and deficit values minus any intra-Group profits. In addition, shareholder loans and capitalised interest on such loans are included.

Average number of employees

Total number of hours worked during the period restated as full-time positions.

Cash flow from operations

Cash flow from operating activities, excluding paid tax, but including cash flow from investments and divestments of intangible assets and property, plant and equipment, as well as amortisation of lease liabilities and interest paid on leasing.
This measure displays the cash flow that the operations generate and that could potentially be used to repay creditors, pay interest, for dividends to owners and for other strategic initiatives.

Shareholder information

Annual General Meeting 22 March 2022
The Annual General Meeting of Ratos AB (publ) will be held on Tuesday, 22 March 2022. The Annual General Meeting will be conducted by postal vote.

Participation
To be entitled to participate in the business of the Meeting, share-holders must
- Be recorded in the register of shareholders maintained by Euroclear Sweden AB on Monday, 14 March 2022
- Notify the company of their intention to participate by postal vote no later than Monday, 21 March 2022

Postal vote
Postal voting will be carried out from Friday, 18 February 2022 until Monday, 21 March 2022. Shareholders can vote in advance by any of the following methods:
1. Website voting: Voting may be carried out electronically by signing with a BankID (requires Swedish BankID) on the company's website, www.ratos.com/en.
2. E-mail voting: Voting may be carried out by completing the advance voting form available on the company's website, www.ratos.com/en, and e-mailing the form to info@computershare.se, together with any power of attorney and/or other authorisation documents.
3. Regular postal voting: Voting may be carried out by completing the advance voting form available on the company's website, www.ratos.com/en, and sending the form to Computershare AB, "Ratos Annual General Meeting 2022", Box 5267, SE-102 46 Stockholm, Sweden, together with any power of attorney and/or other authorisation documents.

Shareholders may not give any instructions other than selecting one of the options specified for each item on the advanced voting form. A vote (meaning the entire postal vote) will be considered invalid if the shareholder has modified the form to provide specific instructions or conditions or if pre-printed text is amended or supplemented.

The advanced voting form, together with any enclosed power of attorney and other authorisation documentation, must be received by Ratos no later than Monday, 21 March 2022. If received later, the vote will be disregarded.

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
In order to be entitled to participate in the Meeting and exercise their voting rights, shareholders whose shares are registered in the name of a nominee must temporarily re-register their shares in their own names. Such registration must be effected at Euroclear Sweden AB by Wednesday, 16 March 2022. Shareholders are requested to inform their nominees in good time prior to this date.

Dividend and record date
The Board proposes a dividend for the 2021 financial year of SEK 1.20 (0.95) per Class A and Class B share. The record date for the right to receive dividends is proposed as 24 March 2022 and dividends are expected to be paid from Euroclear Sweden on 29 March 2022.

Calendar

22 March	2022 Annual General Meeting
2 May	Interim Report, January–March 2022
18 July	Interim Report, January–June 2022
24 October	Interim Report January–September 2022

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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