

Item 16 Implementation of LTV 2026 including transfer of treasury stock to employees and on an exchange

Background

The Remuneration Committee and the Board of Directors evaluate the long-term variable compensation (“LTV”) programs to the Executive Team (“ET”) and for employees classified as executives (“Executives”) on an ongoing basis. The evaluation considers the LTV programs for effectiveness in serving their purpose to support achieving the Ericsson Group’s strategic business objectives and sustainable long-term interests as well as their facility to increase the long-term focus of the members of the ET and the Executives and align their interests with the long-term expectations and the interests of the shareholders.

Following the Remuneration Committee’s and the Board of Directors’ evaluation of the ongoing LTV programs (LTV I 2023, LTV II 2023, LTV 2024 and LTV 2025) for the ET and Executives — changes in certain of the LTV performance metrics are proposed for LTV 2026. It is proposed that the Group ESG performance criterion related to CO2 emissions reduction be given a higher weighting of 10% to underscore the importance of this area. The proposed weighting includes the removal of the performance criterion related to women in leadership positions, which follows from extensive consideration of the rapidly changing geopolitical, legal, and regulatory environment and consultation with investors.

The main purposes of the proposed changes to LTV 2026 are to further enhance the long-term focus of the ET and the Executives to ensure alignment with the long-term interests of shareholders and to strengthen Ericsson’s commitment to long-term sustainability and responsible business practices. The ongoing LTV programs have enabled the Company to attract, retain and motivate senior leaders and offer them globally competitive remuneration, and remain committed to increasing shareholder value.

LTV 2026 is an integral part of the Company’s remuneration strategy, and the Board of Directors in particular expects the members of the ET and the Executives to build significant equity holdings to align the interests and expectations of the LTV program participants with those of shareholders.

Proposals

16.1 Implementation of the LTV 2026

The Board of Directors proposes that the AGM 2026 resolve on the LTV 2026 for the ET and the Executives comprising a maximum of 7.4 million shares of series B in the Company as set out below.

Objectives of the LTV program

The LTV program is designed to provide long-term incentives for the ET and the Executives (“Participants”), thereby creating long-term value for the shareholders. The aim is to attract, retain and motivate senior leaders in a competitive market through performance-based share related incentives, to encourage the build-up of significant equity holdings to align the interests of the Participants with those of shareholders and to further strengthen the ET’s and the Executives’ commitment to long-term sustainability and responsible business.

The LTV Program in brief

The LTV Program is proposed to include all members (current and future) of the ET and the Executives, currently comprising approximately 180 employees, including the President and CEO. Awards under LTV 2026 (“**Performance Share Awards**”) will be granted free of charge entitling the Participant, provided that, among other things, certain performance criteria as set out below are met, to receive a number of shares at no consideration, following expiration of a three-year vesting period (“**Vesting Period**”). Allotment of shares pursuant to Performance Share Awards will be subject to the achievement of performance criteria, as set out below, and will generally require that the Participant retains his or her employment over the Vesting Period. All major decisions relating to LTV 2026 will be taken by the Remuneration Committee, with approval by the full Board of Directors as required.

Granting of Performance Share Awards

Granting of Performance Share Awards to the Participants will generally take place as soon as practicably possible following the AGM 2026. For 2026, the value of the underlying shares in respect of the Performance Share Awards made to the President and CEO will not exceed 150% of the Annual Base Salary at the time of grant, and for other Participants, the value will not exceed 100% of the Participants’ respective Annual Base Salary at the time of grant, unless the Participant is employed in the USA where the value will not exceed 200% of Participants’ Annual Base Salary.

The share price used to calculate the number of shares to which the Performance Share Awards entitle will be the volume-weighted average of the market price of shares of series B in Ericsson on Nasdaq Stockholm during the five trading days immediately following the publication of the Company’s interim report for the fourth quarter 2025.

Performance criteria

The vesting of the Performance Share Awards will be subject to (i) the average satisfaction of a performance criterion related to the Group’s profitability for the financial years 2026, 2027 and 2028, (ii) three-year based performance criteria related to total shareholder return (“**TSR**”¹) for the financial years 2026 – 2028, and (iii) the average satisfaction of a performance criterion related to Group Environmental Social and Governance (“**ESG**”), for the financial years 2026, 2027 and 2028, which will determine what portion (if any) of the Performance Share Awards will vest at the end of the Vesting Period.

The three-year Group profitability performance criterion relates to 45% of the Performance Share Awards and the maximum vesting level is 200%.

The performance criteria based on TSR are absolute TSR development and relative TSR development for the Ericsson series B share over the period January 1, 2026 – December

¹ Total shareholder return, i.e., share price growth including dividends.

31, 2028 (“**Performance Period**”²). The absolute and relative TSR performance criteria relate to 25% and 20%, respectively, of the Performance Share Awards and the maximum vesting level for both TSR performance criteria is 200%.

The Group ESG performance criterion measured over the Performance Period will relate to 10% of the Performance Share Awards, and the maximum vesting level is 200%.

The following conditions will apply to the performance criteria:

- **Group profitability performance criterion**

45% of the Performance Share Awards granted to a Participant will be subject to fulfilment of a Group profitability performance criterion, expressed as either EBITA (earnings (loss) before interest, taxes, amortizations and excluding write-downs of acquired intangible assets and restructuring charges³) or Adjusted Operating Profit (Operating profit (loss) before investing income (expenses), financing expenses, taxes and excluding amortizations and write downs of acquired intangible assets, restructuring charges and material one-off items⁴) in accordance with the accounting standard applied by the Company for the financial years 2026, 2027 and 2028, respectively, calculated as the average of the achievement of the three annual profitability targets. The Group profitability performance criterion is established by the Board of Directors and will stipulate a minimum level and a maximum level for each of the financial years 2026, 2027 and 2028. The Group profitability targets are established annually and not disclosed due to stock market and competition considerations. Target achievement for each financial year will be determined by the Board of Directors when the audited result for each of the financial years is available.

If the maximum performance level for the relevant financial year is reached or exceeded, target achievement for that financial year will be determined at 200%. If performance for the relevant financial year amounts to or is below the minimum level, target achievement for that financial year will be determined at 0%. If performance for the relevant financial year is below the maximum level but exceeds the minimum level, target achievement for that financial year will be determined on a linear pro-rata basis. When audited results for all three financial years are available, the average target achievement will be calculated by adding the target achievement for each year and dividing the sum by three. The vesting level of Performance Share Awards related to Group profitability performance criterion will equal the average target achievement

² To provide a stable assessment of performance, the TSR development will be calculated based on the average closing price of the Ericsson series B share on Nasdaq Stockholm for the three-month period immediately prior to the commencement and expiration of the Performance Period.

³ The definition of Group EBITA in LTV 2026 differs from the definition of Group EBITA in the Company's financial report as the definition in the LTV 2026 excludes restructuring charges.

⁴ Material, unforeseen and non-recurrent transactions impacting comparability which are formally approved by CEO/CFO.

and be determined by the Board of Directors. The allotment of the shares will not occur until the end of the Vesting Period in 2029.

- **TSR performance criteria**

Absolute TSR performance criterion

25% of the Performance Share Awards granted to a Participant will be subject to fulfillment of an absolute TSR performance criterion over the Performance Period. If the absolute TSR development reaches or exceeds 14% per annum compounded, maximum vesting of 200% of the Performance Share Awards related to absolute TSR performance criterion will occur. If the absolute TSR development is below or reaches only 6% per annum compounded, no vesting will occur in respect of the Performance Share Awards related to the absolute TSR performance criterion. A linear pro-rata vesting from 0% to 200% of the Performance Share Awards related to absolute TSR performance criterion will apply if the Company's absolute TSR performance is between 6% and 14% per annum compounded. The allotment of the shares will not occur until the end of the Vesting Period in 2029.

Relative TSR performance criterion

20% of the Performance Share Awards granted to a Participant will be subject to fulfillment of a relative TSR performance criterion over the Performance Period, compared to a European stock index. The vesting of the relative TSR related Performance Share Awards varies depending on the Company's TSR performance compared to performance of STOXX EUROPE 600 Index (the "Index"). If the Company's TSR performance is below performance of the Index, no vesting will occur in respect of the Performance Share Awards related to relative TSR performance criterion. Threshold vesting starts when the Company's TSR performance is equal to the Index and is set at 85%. Maximum vesting of 200% is set at 22.5043% overperformance compared to the Index over the Performance Period (equal to 7% annual compound overperformance). A linear pro-rata vesting from 85% to 200% will apply between threshold and maximum vesting. The allotment of the shares will not occur until the end of the Vesting Period in 2029.

- **Group ESG performance criterion**

10% of the Performance Share Awards granted to a Participant will be subject to fulfillment of a performance criterion of reducing greenhouse gas ("GHG") emissions⁵ from service fleet vehicles, energy consumption at facilities and from business travel⁶ for the financial years 2026, 2027 and 2028⁷. The fulfillment of the

⁵ Measured as the carbon dioxide equivalents ("CO₂e") of several greenhouse gases including, but not limited to, carbon dioxide. The so-called high-altitude effect of greenhouse gas emissions from air travel is not to be considered in these calculations.

⁶ Corresponding to emissions in Scope 1, Scope 2 (market-based) and Scope 3 category Business Travel, as defined in the Greenhouse Gas Protocol, and reported in the Company's sustainability statement.

⁷ GHG emissions are reported on a calendar year basis but for practical and timing reasons, some of the emissions in scope of the performance criterion are measured on the twelve-month period December up to and including November.

performance criterion is calculated as the average of the achievement of the three annual GHG emissions targets.

The GHG emissions target levels will be defined annually in alignment with the emissions reduction trajectory set for achieving Net Zero emissions from the Ericsson Group's own activities by 2030.

For 2026, the GHG emissions target level is 81,796 tonne CO₂e. If the GHG emissions in the Ericsson Group amount to 70,386 tonne CO₂e or less by year-end 2026, the achievement level for 2026 will be set to 200%. If the GHG emissions in the Ericsson Group amount to 93,206 tonne CO₂e or more by year-end 2026, the achievement level for 2026 will be set to 0%. If the GHG emissions in the Ericsson Group by year-end 2026 exceed 70,386 tonne CO₂e but are below 93,206 tonne CO₂e, the achievement level for that financial year will be determined on a linear pro-rata basis.

The 2027 and 2028 targets of reducing GHG emissions shall be established annually by the Board of Directors according to the same principles as for 2026 and will stipulate a target level, a minimum level, and a maximum level. Reducing GHG emissions is highly dependent on business strategy and on operational model. Management decisions on e.g., divestments, acquisitions, facilities, or outsourcing can have short-term major impact on the Ericsson Group's GHG emissions. A multiannual target based on three-year average will allow the Board of Directors to more accurately account for dynamics impacting Ericsson's ability to reduce GHG emissions. In addition, the emissions reduction trajectory towards achieving Net Zero emissions from the Ericsson Group's own activities by 2030 will necessarily shift depending on progress in the constituent years, making it difficult to set meaningful targets for a multi-year period. In light of previous major and rapid achievements in GHG emissions reduction, the Board's view is that determining a three-year GHG emissions reduction target at the start of a three-year period may, in the context of increasingly rapid development in the area, produce unfavorable outcomes in the form of either excessive remuneration or poor retention, misaligned with the objective of the Company's guidelines for remuneration to group management. The Board of Directors therefore proposes that the 2027 and 2028 targets of reducing GHG emissions shall be established annually by the Board of Directors according to the same principles as for the financial year 2026. The achievement level for each financial year will be determined by the Board of Directors when the audited result for each of the financial years is available.

The average achievement level will be calculated by adding the achievement level for each year and dividing the sum by three. The vesting level of Performance Share Awards related to the 2026, 2027 and 2028 GHG emissions performance criterion will equal the average achievement level and be determined by the Board of Directors. The allotment of the shares will not occur until the end of the Vesting Period in 2029.

Information about the outcome of the performance criteria will be provided no later than in the annual report for the financial year 2028.

Allotment of shares

Provided that the performance criteria above have been met and that the Participant has retained his or her employment (unless special circumstances are at hand) during the Vesting Period, allotment of vested shares will take place as soon as practicably possible following the expiration of the Vesting Period.

When determining the final vesting level of Performance Share Awards, the Board of Directors shall examine whether the vesting level is reasonable considering the Company's financial results and position, conditions on the stock market and other circumstances, such as environmental, social, ethics and compliance factors, and if not, as determined by the Board of Directors, reduce the vesting level to the lower level deemed appropriate by the Board of Directors.

In the event delivery of shares to Participants cannot take place under applicable law or at a reasonable cost and employing reasonable administrative measures, the Board of Directors will be entitled to decide that Participants may, instead, be offered a cash settlement.

In view of the rapidly changing geopolitical, legal and regulatory environments in a number of the jurisdictions in which the Company operates, it is critical that the Company is able to ensure that its operations, including its remuneration programs, comply with law. Should any of the performance metrics contained in the program be deemed to be in violation of applicable law or if otherwise maintaining such metric would have a material adverse impact on the Company, the Board may amend the program to remove the relevant metric.

The Company has the right to, before delivering vested shares to the Participants, retain and sell the number of shares required to cover the cost for withholding and paying tax and social security liabilities on behalf of the Participants in relation to the Performance Share Awards for remittance to revenue authorities. In such an event, the net amount of vested shares will thus be delivered to the Participants after the vested Performance Share Awards are reduced by the number of shares retained by the Company for such purposes.

Financing

The Board of Directors has considered different financing methods for transfer of shares under the LTV 2026 including transfer of treasury stock and an equity swap agreement with a third party. The Board of Directors considers that transfer of previously repurchased treasury stock is the most cost efficient and flexible method to transfer shares under LTV 2026.

Since the costs for the Company in connection with an equity swap agreement will be significantly higher than the costs in connection with transfer of treasury stock, the main alternative is that the financial exposure is secured by transfer of treasury stock and that an equity swap agreement with a third party is an alternative in the event that the required majority for approval is not reached.

Costs

The total effect on the income statement of the LTV 2026, including financing costs and social security fees, is estimated to range between SEK 272 million and SEK 406 million distributed

over the years 2026 – 2029. The costs will depend on the future development of the price of Ericsson series B share.

The administration cost for hedging the financial exposure of the LTV 2026 by way of an equity swap agreement is currently estimated to approximately SEK 50 million.

Dilution

The Company has approximately 3.4 billion registered shares. As per February 23, 2026, the Company held approximately 38 million shares in treasury. The number of shares that may be required for ongoing LTV programs (I 2023, II 2023, 2024 and 2025) as per February 23, 2026, is estimated to approximately 18.7 million shares, corresponding to approximately 0.55 percent of the number of registered shares of the Company. In order to implement the LTV 2026 a total of up to 7.4 million shares are required, which corresponds to approximately 0.22 percent of the total number of registered shares of the Company. The effect on important key figures is only marginal.

16.2 Transfer of treasury stock to employees and on an exchange for the LTV 2026

a) Transfer of treasury stock under the LTV 2026

To secure the delivery of Performance Shares in accordance with the terms and conditions of the LTV 2026, the Board of Directors proposes that the AGM resolve that the Company shall have the right to transfer no more than 6.2 million shares of series B in the Company less any shares retained by the Company as per item 16.2 c) on the following terms and conditions:

- The right to acquire shares shall be granted to such persons within the Ericsson Group covered by the terms and conditions pursuant to the LTV 2026. Furthermore, subsidiaries within the Ericsson Group shall have the right to acquire shares, free of consideration, and such subsidiaries shall be obligated to immediately transfer, free of consideration, shares to employees covered by the terms and conditions of the LTV 2026.
- The employee shall have the right to receive shares during the period when the employee is entitled to receive shares pursuant to the terms and conditions of the LTV 2026.
- Employees covered by the terms and conditions of the LTV 2026 shall receive shares of series B in the Company free of consideration.
- The number of shares of series B in the Company that may be transferred under the LTV 2026 may be subject to recalculation in the event of bonus issues, splits, rights issues and/or similar measures, under the terms and conditions of the LTV 2026.

b) Authorization to decide on transfer of treasury stock on an exchange to cover expenses for the LTV 2026

Authorization for the Board of Directors to decide that the Company shall, prior to the AGM in 2027, transfer no more than 1.2 million shares of series B in the Company in order to cover certain expenses, mainly social security payments. Transfer of the shares shall be effected on

Nasdaq Stockholm at a price within the, at each time, prevailing price interval for the share as disseminated by Nasdaq Stockholm.

c) Authorization to decide on transfer of treasury stock on an exchange to cover costs for tax and social security liabilities for the Participants in the LTV 2026

Authorization for the Board of Directors to decide to, in conjunction with the delivery of vested shares under LTV 2026, prior to the AGM in 2027, retain and sell no more than 70% of the vested shares of series B in the Company in order to cover the costs for withholding and paying tax and social security liabilities on behalf of the Participants in relation to the Performance Share Awards for remittance to revenue authorities. Transfer of the shares shall be effected on Nasdaq Stockholm at a price within the, at each time, prevailing price interval for the share as disseminated by Nasdaq Stockholm. These shares form a part of the final number of vested shares to the employees under LTV 2026 and do not incur additional costs to the LTV 2026 for the Company.

16.3 Equity Swap Agreement with third party in relation to the LTV 2026

In the event that the required majority for approval is not reached under item 16.2 above, the financial exposure of the LTV 2026 shall be hedged by the Company entering into an equity swap agreement with a third party, under which the third party may, in its own name, acquire and transfer shares of series B in the Company to employees covered by the LTV 2026.

Majority rules

The resolution of the AGM on implementation of the LTV 2026 according to item 16.1 requires that more than half of the votes cast at the AGM approve the proposal. The resolution of the AGM on transfer of treasury stock to employees and on an exchange for the LTV 2026 according to item 16.2 a)-c) is proposed to be taken as one decision and requires that shareholders representing at least nine-tenths of the votes cast as well as the shares represented at the AGM approve the proposal. The resolution of the AGM on an Equity Swap Agreement with third party according to item 16.3 requires that more than half of the votes cast at the AGM approve the proposal.

Description of other ongoing long-term variable compensation programs

In addition to the LTV programs for 2023, 2024 and 2025, which are directed at the President and CEO, the ET, and the Executives, the Company has other ongoing long-term variable compensation programs directed at other employees within the Group. These programs are an integral part of the Company's remuneration strategy as well as a part of the Company's talent management strategy. The Company has decided to implement one other share-related compensation program for 2026: the Key Contribution Plan 2026 ("KC Plan 2026"). Ericsson also has an all-employee share purchase plan running which was implemented in 2021 (ESPP).

The KC Plan 2026

The KC Plan 2026 is designed to recognize the best talent, individual performance, potential and critical skills as well as encourage the retention of key employees. Approximately 14% to 16% of Ericsson employees will be eligible for the KC Plan 2026. The award levels are assigned to employees mainly within a range of 10 – 50% of Annual Base Salary to bring greater alignment with the local market conditions.

Participants are assigned a potential award, which is converted into a number of synthetic shares based on the same market price of the shares of series B in Ericsson used for the LTV 2026 at the time of grant. The plan has a three-year total service period (“**Service Period**”) during which the awards are paid on an annual rolling bases following the below payment schedule:

- 25% of the award at the end of the first year,
- 25% of the award at the end of the second year, and
- 50% of the award at the end of the full Service Period.

The value of each synthetic share is driven by the absolute share price performance of shares of series B in Ericsson shares during the Service Period. At the date of vesting for each instalment of the above-described annual rolling payment schedule, the synthetic shares are converted into a cash amount, based on the market price of the Ericsson series B share on Nasdaq Stockholm at the respective vesting date, and this final amount is paid to the Participant in cash gross before tax. It is estimated that approximately 17.1 million synthetic shares will be awarded under the KC Plan 2026. The maximum total cost effect of the KC Plan 2026 on the income statement, including social security fees, is estimated to be approximately SEK 1.65 billion distributed over the years 2026 – 2029. The costs will depend on the future development of the market price of the Ericsson series B share.

The Ericsson share purchase plan (“ESPP”)

Ericsson is committed to helping employees thrive and to recognizing them for the impact they create by providing opportunities to enrich their working experience. In order to encourage employees to play an active role in achieving the Company’s purpose, further create sense of belonging and ownership, the ESPP was launched 2021. In total the ESPP is now live in 72 countries for 73,000 eligible employees of which approximately 13,600 participated at year-end 2025, representing 18.6% of eligible population.

The ESPP is an all-employee share purchase plan that enables employees to purchase shares of series B in Ericsson up to a maximum value of SEK 55,000 per year via monthly payroll deduction. In recognition of the employees’ commitment, Ericsson supports the participants with a net cash payment up to 15% of their elected contribution amounts and covers the tax on the Company supported amount, which is payable via payroll. Under the ESPP participants will acquire shares of series B in Ericsson at market price on Nasdaq Stockholm and the ESPP does therefore not have any dilutive effect.

The Company’s ongoing variable compensation programs are described in further detail in the Annual Report 2025 in the Notes to the consolidated financial statements, Note G3: Share-based compensation and on the Company’s website.