## Item 17 Amendment of the terms of the Long-Term Variable Compensation Program 2025 (LTV 2025)

**Background**

In view of the Company's planned implementation of IFRS 18 on January 1, 2027, it is expected that EBITA (earnings (loss) before interest, taxes, amortizations and excluding write-downs of acquired intangible assets and restructuring charges[1]) will no longer be used as a performance measure after December 31, 2026. Instead, the performance measure *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 items[2]) is expected to be used.

Currently, Group EBITA is one of the performance criteria for LTV 2025. To align the terms of the LTV 2025 with this new accounting standard, the Board of Directors proposes that the current Group EBITA performance criterion be amended to a broader Group profitability performance criterion, as outlined in the proposal below.

The Board of Directors considers that the proposed amendment requires a new decision on the financing of the program, see items 17.2 and 17.3 below. The Board of Directors still considers that transfer of previously repurchased treasury stock is the most cost efficient and flexible financing method for LTV 2025.

The administration cost for hedging the financial exposure of the LTV 2025 by way of an equity swap agreement is currently estimated to approximately SEK 70 million. 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. An equity swap agreement with a third party is an alternative in the event that the required majority for approval is not reached.

**Proposals**

**17.1 Amendment of the terms for the LTV 2025**

The Board of Directors proposes that the section on the Group EBITA performance criterion in the resolution from the AGM 2025 be amended as follows:

- 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

[1] The definition of Group EBITA in LTV 2025 differs from the definition of Group EBITA in the Company's financial report as the definition in the LTV 2025 excludes restructuring charges.

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

acquired intangible assets and restructuring charges)[3] 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 items[4]), in accordance with the accounting standard applied by the Company for the financial years 2025, 2026 and 2027, 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 2025, 2026 and 2027. 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 and be determined by the Board of Directors. The allotment of the shares will not occur until the end of the Vesting Period in 2028.

### 17.2 Transfer of treasury stock to employees and on an exchange for the LTV 2025

*a) Transfer of treasury stock under the LTV 2025*

To secure the delivery of Performance Shares in accordance with the terms and conditions of the LTV 2025, the Board of Directors proposes that the AGM resolve that the Company shall have the right to transfer no more than 10.9 million shares of series B in the Company less any shares retained by the Company as per item 17.2 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 2025. 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 2025.

[3] The definition of Group EBITA in LTV 2025 differs from the definition of Group EBITA in the Company's financial report as the definition in the LTV 2025 excludes restructuring charges.

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

- 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 2025.
- Employees covered by the terms and conditions of the LTV 2025 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 2025 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 2025.

*b) Authorization to decide on transfer of treasury stock on an exchange to cover expenses for the LTV 2025*

Authorization for the Board of Directors to decide that the Company shall, prior to the AGM in 2027, transfer no more than 1.8 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 2025*

Authorization for the Board of Directors to decide to, in conjunction with the delivery of vested shares under LTV 2025, 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 2025 and do not incur additional costs to the LTV 2025 for the Company.

**17.3 Equity Swap Agreement with third party in relation to the LTV 2025**

In the event that the required majority for approval is not reached under item 17.2 above, the financial exposure of the LTV 2025 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 2025.

**Majority rules**

The resolution of the AGM on an amendment of the terms of the LTV 2025 according to item 17.1 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 2025 according to item 17.2 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 17.3 requires that more than half of the votes cast at the AGM approve the proposal.