

Remuneration report

Part of
Ericsson
Annual Report
2023



Annual Report 2023

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Remuneration report 2023

Introduction from the Chair of the Remuneration Committee

On behalf of the Board, I am pleased to present Ericsson's Remuneration report for the financial year 2023. The Remuneration report describes how the Guidelines for Remuneration to Group Management, adopted at the Annual General Meetings in 2020 and 2023, have been complied with in 2023. The Remuneration report also contains information on the long-term variable remuneration programs for 2023 for executives and the Executive Team.

Ericsson is executing on a strategy to achieve a higher growth trajectory to be a more profitable company. This is achieved by combining technology and innovation with operational excellence, top talent and a strong culture. Remuneration is a key strategic lever to drive execution of our strategy. Ericsson can only achieve its long-term targets under strong leadership, consisting of individuals with a wide range of backgrounds, skills, and abilities. This requires that the Company attracts, retains and motivates the right people and offers globally competitive remuneration. That is why Ericsson's remuneration philosophy and practices are based on the principles of competitiveness, fairness, transparency and impact. The overall aim is to create long-term value for shareholders in order to realize the Company's strategy and sustainable long-term interests, including consideration of a defined Ethics & Compliance criteria.

The Guidelines for Remuneration to Group Management (including both the guidelines approved by the Annual General Meeting 2020 and the guidelines amended and approved by the Annual General Meeting 2023) have steered the Remuneration Committee's work. Remuneration during the year was determined and paid in accordance with the Guidelines.

In the annual review of total remuneration, each remuneration element (at target level) has been compared with the external local and global markets where Ericsson competes for employees.

In response to investor feedback for 2024, the remuneration package for the President and CEO will include a short-term incentive (STV) component which aligns with the Remuneration Guidelines. The Remuneration Committee and the Board evaluate the effectiveness of the long-term variable remuneration programs for the Executive Team and executives yearly. In addition, the Committee has evaluated the potential to increase the long-term focus of the Executive Team and to ensure it is in line with the long-term expectations and interests of shareholders. The long-term variable remuneration programs were introduced in 2017 for the Executive Team. The one-year performance condition regarding the Group's operating income (EBITA) was added in the 2018 year LTV program. In LTV 2022, the LTV plan for the Executive Team

was further strengthened by introducing the ESG related targets, namely reduction of CO₂ emissions and increase of female leaders. After evaluating the current long-term variable remuneration programs and taking into account feedback from investors, as well as the fact that 50% of Ericsson's LTV program is based on company performance over a 3 year performance period, the Remuneration Committee and the Board have resolved to propose a 2024 long-term variable remuneration program for the Executive Team and Executives to the Annual General Meeting 2024. The proposed 2024 LTV remuneration program is similar to the 2023 long-term variable remuneration program. The aim is to further strengthen Ericsson's commitment to long-term sustainability and responsible business practices.

Finally, I would like to extend the Remuneration Committee's appreciation to the Executive Team and all employees worldwide for Ericsson's performance during the year.

Thank you, everyone!

Jan Carlson
Chair of the Remuneration Committee

Introduction

This Remuneration report provides a summary of how the Guidelines for Remuneration to Group Management (the "Guidelines") of Telefonaktiebolaget LM Ericsson ("Ericsson" or the "Company"), adopted by the Annual General Meeting 2020 (applicable until March 28, 2023) and by the Annual General Meeting 2023 (applicable from March 29, 2023), have been complied with during the financial year 2023. The report also contains information on the total remuneration, including fixed and variable remuneration, of Ericsson's President and CEO and Executive Vice President. In addition, the report contains a summary of the Company's current short-term and long-term variable remuneration programs for the Executive Team.

During 2023, the Board of Directors proposed amended Guidelines, which were approved by the Annual General Meeting 2023. The 2023 Guidelines are intended to remain in place for four years until the Annual General Meeting 2027.

The remuneration of the President and CEO and the Executive Vice President disclosed in the report represents their total remuneration, regardless of whether it is paid through the Company or by another group company.

The Guidelines, adopted by the Annual General Meeting 2023, can be found on pages 27–29 of the Financial report. The Auditors' report on the Company's compliance with the Guidelines is available on Ericsson's website, www.ericsson.com.

This report does not include remuneration to the Board of Directors. Board remuneration is approved annually by the Annual General Meeting and is disclosed in Note G2 on pages 73–74 of the Financial report for 2023.

Summary

Information on Ericsson's performance during the financial year is included in the Financial report 2023.

As part of Ericsson's business strategy implementation and safeguarding the sustainable long-term interests of the Company, Ericsson must attract, retain, and motivate employees with the right skills and offer them competitive remuneration. Long-term shareholder value creation and performance-based remuneration are the basis for remuneration at Ericsson. The Guidelines aim to ensure that remuneration is consistent with Ericsson's current remuneration philosophy and practices for the Company's employees based on the principles of competitiveness, fairness, transparency, and performance. The main objectives of the Guidelines are to:

- attract and retain highly competent, performing, and motivated people who have the ability, experience, and skill to deliver on the Ericsson strategy;
- encourage behavior consistent with Ericsson's culture and core values;
- ensure fairness in reward by delivering total remuneration that is appropriate but not excessive, and clearly explained;
- have a total compensation mix of fixed pay, variable pay and benefits that is competitive where Ericsson competes for talent; and
- encourage variable remuneration which aligns employees with clear and relevant targets, reinforces their performance and enables flexible remuneration costs for Ericsson.

The Guidelines also aim to enable the Company to offer attractive and globally competitive total remuneration to the Executive Team.

According to the Guidelines, the remuneration to the Executive Team must be in line with market conditions and should consist of the following components: fixed salary, variable remuneration, pension and other benefits. In addition to remuneration covered by the Guidelines, the shareholders have decided to implement long-term variable remuneration ("LTV") programs. The LTV 2021, LTV 2022 and LTV 2023 programs are still ongoing.

In 2023, there has been one deviation from the Guidelines (see section "Deviations from adopted Guidelines for remuneration to Group Management"). There has been no clawback of remuneration in 2023.

In 2023, the following key decisions were made by the Remuneration Committee and the Board of Directors regarding remuneration:

- The achievement for LTV 2021 was set at 100% of target, based on pre-determined performance conditions: group operating income and relative and absolute total shareholder return (TSR).

- The level of achievement of the performance condition for the Group's operating income for LTV 2023 was set at 0%.
- To include STV in the remuneration package for the President and CEO from January 1, 2024 in alignment with the Remuneration Guidelines and in direct response to investor feedback. Börje Ekholm was appointed as CEO of Ericsson on January 16, 2017, and since then, his compensation structure has been base salary, pension allowance and long-term variable compensation. The current business strategy is focused on a combination of short-, mid- and long-term achievements on leadership in mobile networks, focused expansion into enterprise and to establish lasting cultural transformation. The external market typically offers CEOs a combination of long-term and short-term variable pay. From January 1, 2024, the variable compensation for the President and CEO, will be 50% target opportunity for short-term variable pay and 150% target opportunity for long-term variable pay i.e., total 200% of annual base pay. This is an increase in the total variable pay at target opportunity from 190% to 200% of annual base salary compared with 2023.
- To further drive accountability throughout the organization, all employees who are eligible for an STV pay-out may be denied all or part the entitlement if they act in breach of Ericsson's Code of Business Ethics (CoBE). In addition, top executives are subject to evaluation according to a set of pre-defined integrity criteria, which relate to compliance training, third party management, allegation management and other items tied to the Company's Ethics and Compliance Program (E&C). Underperformance against these pre-defined criteria can reduce STV pay-out by up to 100%, while exceptional performance may justify an additional incentive of up to a maximum of 10% of the executive's annual base salary.

The Remuneration Committee and the Board of Directors continuously evaluate the effectiveness of the LTV programs in achieving the objective of supporting the Company's strategic goals and sustainable long-term interests. In addition, the LTV programs potential to increase the long-term focus of the Executive Team and to link their interests with the long-term expectations and interests of shareholders is evaluated.

- After evaluating the ongoing LTV programs for the Executive Team, the Remuneration Committee and the Board of Directors concluded that the ongoing LTV programs for 2021 and 2022, as well as the completed programs for 2018, 2019 and 2020, enabled the Company to attract, retain and motivate Executives and offer them globally competitive remuneration. Although the performance condition for the Group's operating income (EBITA) has a one-year performance period, it has a three-year vesting period which is the same as the vesting period of the performance conditions relating to absolute and relative Total Shareholder Return (TSR), which is in line with the objectives of the LTV programs. This means that participants cannot redeem any of the Performance Share rights granted before the end of the three-year vesting period and that participants are fully exposed to share price movements during the three-year period.
- LTV programs for 2018, 2019, 2020, 2021 and 2022 have supported the long-term targets, and the Remuneration Committee and the Board of Directors proposed at the Annual General Meeting 2023 to approve an LTV program to the Executive Team with the same structure as previous LTV programs with targets to further strengthen Ericsson's and the Executive Team's commitment to long-term sustainability and responsible business practices.
- Also, for 2024 the Remuneration Committee and the Board of Directors propose to include other Executives in LTV 2024 in order to be covered by a plan that delivers in shares. This is to further reinforce the alignment between shareholders and Group Management.

In addition to complying with its formal legal and regulatory obligations with respect to trading restrictions, from time to time the Company may elect to temporarily restrict trading in Ericsson shares by board members, the Executive Team or the Company as a prudential measure.

Remuneration 2023 at a glance

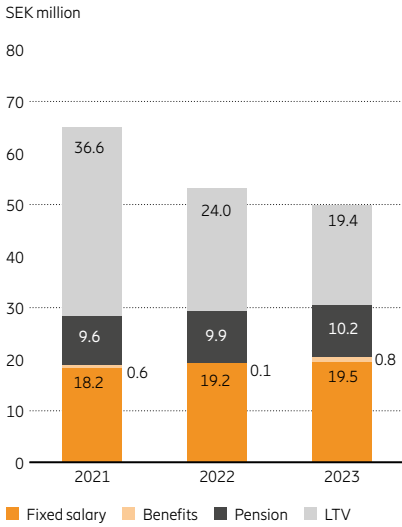
Total remuneration

The table below summarizes how the remuneration elements set out in the guidelines have been applied in relation to the President and CEO and the Executive Vice President (EVP). The table also summarizes information on remuneration as approved by the shareholders.

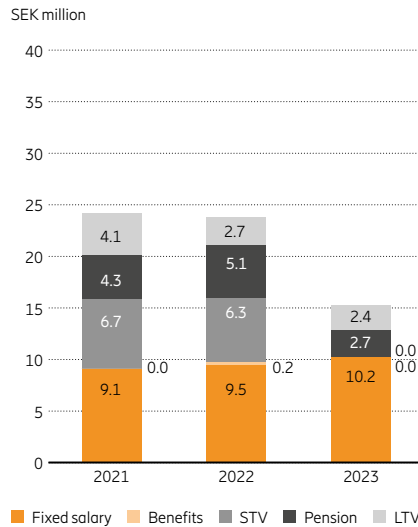
	Purpose and link to strategy	Arrangement in brief	Implementation during the financial year ending December 31, 2023
Fixed salary	Attract and retain the executive talent required to implement Ericsson's strategy. Deliver part of the annual compensation in a predictable format.	Pay a portion of the annual remuneration in a predictable manner. Salaries are normally reviewed to be effective in January, taking into account: <ul style="list-style-type: none"> – Ericsson's overall business performance – The business performance of the unit that the employee manages – Employee performance over time – External economic conditions – The scope and complexity of the position – External market data – Pay and conditions of other employees in countries considered relevant to the role. When determining fixed salaries, the impact on total remuneration must also be taken into account.	President and CEO: fixed annual salary of SEK 18,799,636 corresponding to an increase of 3% since 2022. EVP and Head of Business Area Networks: fixed annual salary of SEK 9,280,189, corresponding to an increase of 7% since 2022.
Other benefits	Attract and retain the executive talent required to implement Ericsson's strategy. Deliver part of the annual compensation in a predictable format.	Benefits are aligned with competitive market practices in the individual's country of employment. The benefits amount to a maximum of 10% of the annual fixed salary for members the Executive Team in Sweden. Benefits for members of the Executive Team on international long-term assignment ("LTA") in a country other than the country of original employment, are determined in line with the Company's global policy on international mobility. Such benefits may include, but are not limited to, commuting or moving expenses, increased cost of living, housing costs, travel home, educational allowances, and tax and social security benefits.	President and CEO: other benefits to the value of SEK 828,287. EVP and Head of Business Area Networks: other benefits to the value of SEK 28,600.
Pension	Provide long-term financial security and planning for retirement by offering competitive pension solutions that are in line with local market practice.	The pension plans follow competitive practices in the individual's home country. The pension plans for the President and CEO and the EVP are defined contribution plans.	Company pension contributions: <ul style="list-style-type: none"> – President and CEO: SEK 10,151,804. – EVP and Head of the Networks Business Area: SEK 2,728,761.
Short-term variable remuneration (STV)	Setting clear and relevant objectives for the Executive Team that are in line with Ericsson's strategy and sustainable long-term interest. Offer an individual earning opportunity linked to performance at a flexible cost to the Company.	The President and CEO's compensation in 2023 did not include an STV component. For the Executive Vice President the target level is 50% of the fixed salary, and the maximum is 100% of the fixed salary. Performance conditions, weightings and target levels are set annually. Subject to malus and clawback.	Outcome for STV 2023: <ul style="list-style-type: none"> – EVP and Head of the Networks Business Area: 0% of the maximum level.
Long-term variable remuneration (LTV)	Creating a common ownership interest between Executive Team and shareholders. Remuneration based on long-term performance in line with Ericsson's business strategy. Provide individuals with long-term remuneration for long-term commitment and value creation in accordance with the interests of shareholders.	Remuneration is awarded after approval by the Annual General Meeting. Remuneration levels are determined as a percentage of the fixed salary. <ul style="list-style-type: none"> – For the President and CEO, 190% of the fixed salary. – For the Executive Vice President, 50% of the fixed salary. Performance conditions, weightings and target levels are taken to the AGM for approval. Three-year vesting period. Subject to malus and clawback.	LTV 2021 target achievement level of 100%.

Remuneration earned in 2023

Börje Ekholm
President and CEO



Fredrik Jeldling
EVP and Head of Business Area Networks
and Head of Segment Networks



STV

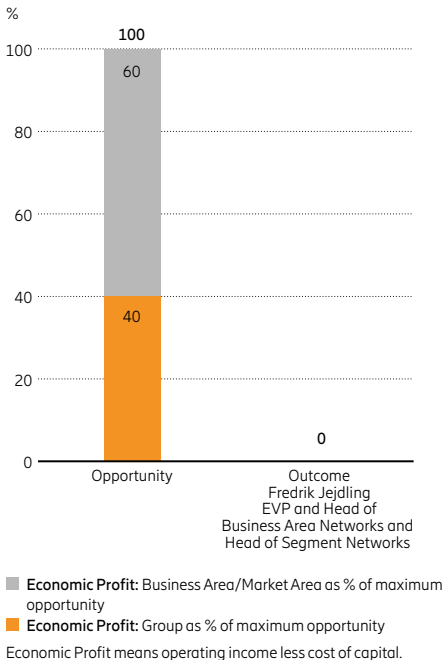
The information presented for 2023 covers the financial year 2023 and the information for 2022 and 2021 covers the financial years 2022 and 2021, respectively.

LTV

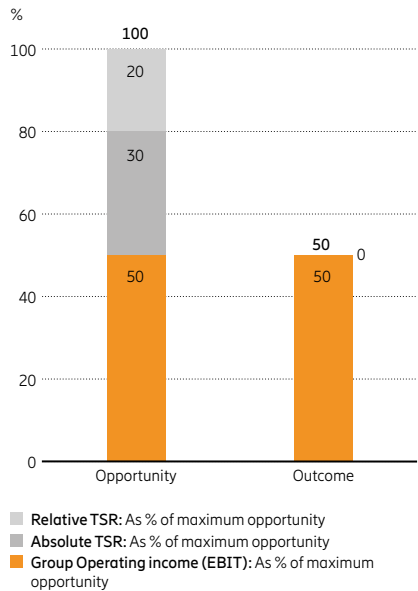
The information presented for 2023 includes information on the LTV 2021, which expired in 2023. Information presented for 2022 and 2021 includes information on LTV 2020 and LTV 2019 that expired in 2022 and 2021, respectively.

Performance outcome in 2023

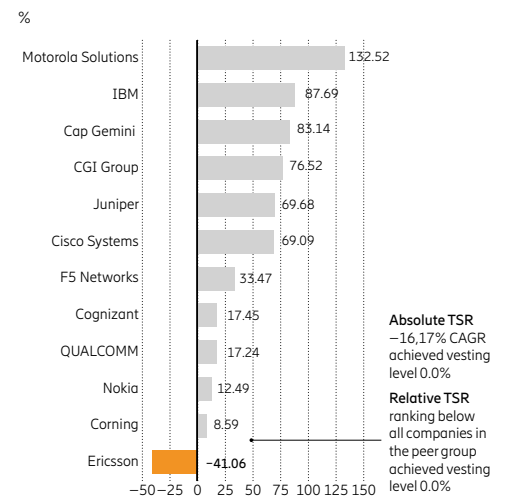
STV 2023 outcome



LTV 2021 outcome



LTV 2021 TSR development (2021–2023) vs peer group



To support the execution of Ericsson’s business strategy and the achievement of the Group’s financial targets, the Company’s variable remuneration program focuses on targets related to financial profitability, the Group’s operating income (EBITA) and TSR. The variable remuneration is thus designed to create incentives to contribute to Ericsson’s short- and long-term strategic plan and business objectives.

Total remuneration to the President and CEO and Executive Vice President

The table below sets out the total remuneration in SEK between 2021 and 2023 for Ericsson's President and CEO and Executive Vice President.

Name and position	Financial year	Fixed remuneration		Variable remuneration		Additional agreements ⁴⁾	Pension ⁵⁾	Total remuneration ⁶⁾	Share of fixed remuneration ⁷⁾	Share of variable remuneration ⁸⁾
		Fixed salary (including holiday pay)	Other benefits ¹⁾	One-year variable remuneration ²⁾	Multiannual variable remuneration ³⁾					
Börje Ekholm President and CEO	2023	19,520,568	828,287	–	19,371,871	–	10,151,804	49,872,530	61%	39%
	2022	19,154,852	135,743	–	24,034,229	–	9,856,121	53,180,945	55%	45%
	2021	18,208,859	555,688	–	36,630,457	–	9,569,049	64,964,053	44%	56%
Fredrik Jejdling Executive Vice President and Head of Business Area Networks	2023	10,154,237	28,600	–	2,399,101	–	2,728,761	15,310,698	84%	16%
	2022	9,515,305	151,452	6,251,115	2,746,240	–	5,061,846	23,725,958	62%	38%
	2021	9,129,087	14,980	6,671,595	4,092,344	–	4,314,186	24,222,193	56%	44%

¹⁾ For further information about other benefits, see table regarding the implementation of fixed remuneration and pension for the President and CEO and the Executive Vice President.

²⁾ The amounts represent STV earned during the financial year and paid in the following year, i.e., for 2023 the amounts represent STV 2023, for 2022, the amounts represent STV 2022 and for 2021, the amounts represent STV 2021.

³⁾ Amounts represent LTVs for which all performance periods expired during the fiscal year. For 2023, the amounts represent LTV 2021, for 2022, the amounts represent LTV 2020 and for 2021, the amounts represent LTV 2019. For LTV 2019, LTV 2020 and LTV 2021, the amounts are calculated based on the number of Performance Shares that will vest during 2024 multiplied by the volume weighted average of the last five trading days of each financial year.

⁴⁾ Amounts represent additional discretionary arrangements approved by the Remuneration Committee or the Board of Directors and entered into during the financial year.

⁵⁾ Amounts represent cash payment in lieu of pension (for the President and CEO) or pension premium (for the Executive Vice President) paid during the financial year.

⁶⁾ The amounts represent the sum of fixed remuneration, variable remuneration, additional agreements and pension.

⁷⁾ Amounts represent the sum of fixed remuneration and pension divided by total remuneration.

⁸⁾ Amounts represent the sum of variable remuneration and additional agreements divided by total remuneration.

Implementation of fixed remuneration and pension for the President and CEO and the Executive Vice President

The table below shows the implementation of fixed remuneration and pension for the President and CEO and the Executive Vice President.

	Fixed salary	Other benefits	Pension
Börje Ekholm President and CEO	<p>During the annual review of the total remuneration, the Board of Directors decided on a salary increase of 3% of the fixed salary as of January 1, 2023 for the President and CEO. The increase reflects the performance of the President and CEO until the end of 2022.</p> <p>The fixed salary level for 2023 is considered appropriate in relation to the responsibility of being the President and CEO of a leading global provider of ICT solutions, compared to the remuneration packages for the position of President and CEO of comparable international companies.</p>	<p>According to the Company's Swedish benefits policy, Börje Ekholm is entitled to a company car or equivalent cash remuneration and other benefits as other employees in Sweden. Since Börje Ekholm is a resident of the US, he is also eligible for health insurance in the US and tax advice regarding his tax return.</p>	<p>Börje Ekholm receives a cash payment instead of a defined contribution pension, as it is not possible to enroll him in the Swedish defined contribution pension plan (ITP1) as he is a resident in the US. The cash payment is treated as salary for tax and social security purposes and is made in a way that is cost neutral for Ericsson. According to his employment contract, the pension supplement shall include an additional premium on top of the fixed annual salary to take into account an assumed achieved target level of STV.</p>
Fredrik Jejdling Executive Vice President and Head of Business Area Networks	<p>The salary level reflects Fredrik Jejdling's responsibility as head of Ericsson's largest business area, Networks. The salary level is considered competitive in the external market for both other VPs on leading ICT solution providers and for the position of President and CEO of smaller companies.</p>	<p>According to the Company's Swedish benefits policy, Fredrik Jejdling is entitled to a company car or equivalent cash remuneration and other benefits as other employees in Sweden.</p>	<p>In accordance with Ericsson's pension guidelines, Fredrik Jejdling participates in the ITP1 defined contribution plan. He is also entitled to supplementary pension contribution at 30% of base salary parts exceeding the cap in ITP1 (30 income base amounts).</p>

Variable remuneration

Ericsson believes that, where possible, variable remuneration should be encouraged as an integral part of total remuneration. The aim is to link performance and pay by reconciling the employees' interests with Ericsson's strategic business objectives, sustainable long-term and relevant unit performance.

All variable remuneration programs have defined maximum grant and vesting levels.

The short-term variable remuneration depends on a combination of performance of the company at Group level and the relevant unit of the employee while the long-term variable remuneration depends on Ericsson's performance at Group level.

Short-term variable remuneration (STV)

Annual short-term variable remuneration is paid through cash-based programs that depend only on financial performance targets. The concrete business objectives are calculated on the basis of the annual business plan approved by the Board of Directors, which in turn is based on the Company's long-term strategy. Ericsson strives for industry-leading operating margins and return on investment as well as good cash generation, and therefore the starting point is to have a financial profitability target, which is a measure of operating profitability net of capital costs.

The financial profitability targets are defined for the Executive Team:

- At group level for heads of group functions
- As a combination of group level and business area level for business area managers

The tables below describe the STV 2023 outcome for the Executive Vice President, which is determined by evaluating performance against the applicable financial metrics.

Executive Vice President and Head of Business Area Networks – Fredrik Jejdling (STV 2023)

Performance measures	Weighing	Threshold level (in % of target)	Target level	Maximum level (in % of target)	Outcome (% of target)
		SEK outcome at threshold performance	SEK outcome at target performance	SEK outcome at maximum performance	SEK actual performance outcome
Group Economic Profit ¹⁾	40%	47%	100%	140%	0%
		0	1,856,038	3,712,076	0
Economic Profit Business Area Networks ¹⁾	60%	77%	100%	115%	0%
		0	2,784,057	5,568,113	0
Total		0	4,640,095	9,280,189	0

¹⁾ Economic profit means operating income minus cost of capital.

Long-term variable remuneration (LTV)

The current LTV programs have been designed to encourage long-term commitment and value creation in line with Ericsson's long-term strategic goals and shareholders' interests. They form part of an overall remuneration package and normally extend over at least three years. As these are variable remuneration programs, it is not possible to predict the outcome when they are launched, and the remuneration depends on long-term personal commitment, the Company's performance, the share price performance and the Company's performance against relevant ESG (Environmental, Social, and Governance) metrics.

The LTV programs launched at Ericsson consist of share-based remuneration for members of the Executive Team and Executives. The objective of the LTV programs is to attract, retain and motivate executives in a competitive market through performance-based and share-based incentives, and to encourage the building of a significant shareholding, in order to create a common ownership interest between the Executive Team and shareholders. Awards under LTV 2018, 2019, 2020, 2021, 2022 and 2023 (Performance Share Rights) are made free of charge and entitle participants, subject to the achievement of certain performance targets, to receive a number of shares free of charge after the expiry of a three-year vesting period for each program. Awards of shares under the Performance Share Rights are made upon the achievement of challenging performance conditions, which are defined for each year's program at the time of its launch. The portion of the LTV

- As a combination of group level and market area level for market area managers.

To further drive accountability throughout the organization, all employees who are eligible for an STV pay-out may be denied all or part the entitlement if they act in breach of Ericsson's CoBE. In addition, top executives are subject to evaluation according to a set of pre-defined integrity criteria, which relate to compliance training, third party management, allegation management and other items tied to the Company's E&C program. Underperformance against these pre-defined criteria can reduce STV pay-out by up to 100%, while exceptional performance may justify an additional incentive of up to a maximum of 10% of the executive's annual base salary.

The President and CEO's compensation in 2023 did not include an STV component. The Remuneration Committee decides on and approves all objectives set for the other members of the Executive Team. These objectives are broken down into unit-related objectives across the Group, where applicable. The Remuneration Committee monitors the appropriateness and fairness of the target levels for the Group, Business Areas and Market Areas throughout the performance year and has the power to revise them if they are no longer relevant, or if they no longer contribute to shareholder value. The 2023 weighting for the Executive Vice President is made up of 40% Economic Profit for the Group and 60% Economic Profit for business area Networks.

Performance Share Rights that will potentially vest will be determined at the end of the relevant performance period based on whether the predefined criteria for this year's LTV program have been met, with the performance period being one to three years. It is a general requirement that the participants remain employed for three years from the date of grant of the Performance Share Rights in order to be eligible to receive the outcome. Provided that the performance conditions have been met during the performance period and the participant has continued to be employed (except in exceptional circumstances) during the vesting period, shares will be awarded as soon as possible after the vesting period has expired. When deciding on the final exercise level of the Performance Share Rights, the Board of Directors considers whether the exercise level is reasonable in light of the Company's financial performance and position, stock market conditions and other circumstances. Otherwise, the Board of Directors reserves the right to reduce the level of outputs to a lower level deemed appropriate.

The Board may, at any time up to the last day of the vesting period, reduce (including cancel) the number of shares to which the Performance Share Rights are entitled, to the extent deemed appropriate in view of:

- the Company's financial performance and position;
- stock market conditions; and/or
- such other circumstances and reasons as the Board of Directors considers relevant.

In addition, to drive accountability throughout the organization and support the integration of Ethics and Compliance into all aspects of its business, the Company has the right to unilaterally decide to withhold all or part of such awards for a participant in respect of years in which the participant has violated Ericsson's Code of Business Ethics. The Company also has the right to unilaterally decide to demand repayment, in whole or in part, of awards relating to years in which a participant has violated Ericsson's Code of Business Conduct.

The details of each of the ongoing long-term variable remuneration programs at Ericsson, including the programs for other employees, are

described in the notes to the consolidated financial statements – note G3, "Share-based compensation", on pages 75–80 of the Financial report.

Long-Term Variable Remuneration Program 2023 (LTV 2023)

LTV 2023 was approved at the Annual General Meeting 2023 and covers all members of the Executive Team, a total of 16 members in 2023, including the President and CEO. Participants were awarded Performance Shares on May 18, 2023. The Performance Share Awards granted to the President and CEO and the Executive Vice President are summarized in the table below.

Award information, Long-Term Variable Remuneration 2023 (LTV 2023) program

Participants	Allocation value ¹⁾	Allocation value as a percentage of annual basic salary ²⁾	Number of Performance Shares granted ³⁾	Percentage of the award to which performance conditions apply ⁴⁾	Maximum number of Performance Shares that can be earned ⁵⁾
Börje Ekholm	35,719,309	190%	596,216	100%	1,192,432
Fredrik Jeldling	4,640,094	50%	77,451	100%	154,902

¹⁾ The amount represents the basic amount in SEK.

²⁾ The figures represent basic amounts as a percentage of annual basic salary at the date of award.

³⁾ Calculated as the respective grant value divided by the volume weighted average price of Ericsson's B-shares on Nasdaq Stockholm during the five trading days immediately following the publication of the Company's fourth quarter report for 2022.

⁴⁾ All Performance Shares are subject to challenging performance conditions. These are measured over pre-defined performance periods spanning one to three years. Performance conditions for LTV 2023 are: (1) Group operating income target (weighted at 45%) measured over the period January 1, 2023 to December 31, 2023, (2) absolute TSR performance (weighted 25%) in the range 6%-14% annual growth rate, (3) relative TSR performance (weighted 20%) of Ericsson's B-share, ranked 6-2 against 11 peers, measured over the period January 1, 2023 to December 31, 2026, (4) reduction of CO₂ emissions (weighted 5%) in the Company's own facilities and (5) increased proportion of female leaders (weighted 5%) within the Company. Performance conditions for LTV 2023 and details of how performance conditions will be calculated and measured are set out in the minutes of the 2023 AGM under item 16.

⁵⁾ The maximum number of shares that can be allotted will result in a dilution of approximately 0.1% of the total number of outstanding shares. The effect on key ratios is marginal.

LTV 2021 performance outcome and LTV 2023 Group operating income target

LTV 2021 and LTV 2023 had targets with performance periods ending on December 31, 2023, which are summarized in the tables below. LTV 2021 will expire in 2024, as all performance periods under the program have now expired. LTV 2023 will not expire until 2026, but the performance period for the one-year Group operating income (EBITA) target and Group CO₂ emissions for LTV 2023 expired on December 31, 2023.

Performance conditions for LTV 2023

Program	Target	Conditions	Weight	Performance period	Possible outcome (Linear distribution)	Outcome	Target achievement level ¹⁾
LTV 2023	Group Operating income (EBITA) 2023	Range (billion SEK) 26.4–40.4	45%	Jan 1, 2023–Dec 31, 2023	0%–200%	21,4 billion SEK ²⁾	0%
LTV 2023	Absolute TSR	Range 6%–14%	25%	Jan 1, 2023–Dec 31, 2025	0%–200%	–	–
LTV 2023	Relative TSR	Ericsson's ranking 6–2	20%	Jan 1, 2023–Dec 31, 2025	0%–200%	–	–
LTV 2023	Reduction of CO ₂ e 2023	ktonne CO ₂ e 142–121	1,66%	Jan 1, 2023–Dec 31, 2023	0%–200%	121,9 ktonne CO ₂	193,72%
	Reduction of CO ₂ e 2024	ktonne CO ₂ e 132–113	1,66%	Jan 1, 2024–Dec 31, 2024	0%–200%	–	–
	Reduction of CO ₂ e 2025	ktonne CO ₂ e 122–104	1,68%	Jan 1, 2025–Dec 31, 2025	0%–200%	–	–
LTV 2023	Female managers	Percentage of female managers Range 23%–25%	5%	Jan 1, 2023–Dec 31, 2025	0%–200%	–	–
Total			100%		0%–200%		

¹⁾ The Board decided that the target achievement level for the performance condition for the Group's operating income 2023 was 0% for the part of the Performance Share Rights that are granted based on the outcome of the Group's operating result in 2023. Furthermore, the target achievement level for the performance condition for the CO₂ 2023 was approved to be 193,72%. Further information regarding the number of Performance Share Units earned by each of the President and CEO and the Executive Vice President is provided in the table Long-Term Variable Compensation (LTV) to the President and CEO and to the Executive Vice President. The performance share rights vest at the end of the vesting period in 2026.

²⁾ Excluding restructuring charges and other items not included in the performance condition.

Performance conditions for LTV 2021

Program	Target ¹⁾	Conditions	Weight	Performance period	Possible outcome (Linear distribution)	Outcome	Target achievement level ²⁾
LTV 2021	Group Operating income (EBIT) 2021	Range (billion SEK) 15.0–24.0	50%	Jan 1, 2021–Dec 31, 2021	0%–200%	SEK 27.4 billion	200.00% ¹⁾
LTV 2021	Absolute TSR	Range 6%–14%	30%	Jan 1, 2021–Dec 31, 2023	0%–200%	-16,17%	0% ²⁾
LTV 2021	Relative TSR	Ericsson's ranking 6–2	20%	Jan 1, 2021–Dec 31, 2023	0%–200%	Ranking below all companies in the peer group	0% ²⁾
Total			100%		0%–200%		100%

¹⁾ As announced in the 2021 Annual Report, the Board decided that the target achievement level for the performance condition for the Group's 2021 operating income was 200% for the part of the Performance Share Rights based on an outcome of the Group's 2021 operating income.

²⁾ The Board of Directors decided that the target achievement level for the performance conditions development of absolute TSR and relative TSR amounted to 0% and 0% respectively, based on the achievements of -16,17% absolute TSR and ranking 12 (lower than all companies in the peer group) for relative TSR, resulting in an overall achieved target achievement level of 100% for LTV 2021. Performance shares vest at the end of the vesting period in 2024. For further information on the number of Performance Share Units earned by each of the President and CEO and the Executive Vice President, please refer to the table Long-Term Variable Remuneration (LTV) of the President and CEO and the Executive Vice President.

Long-term variable remuneration (LTV) to the President and CEO and the Executive Vice President

The table below sets out relevant information of LTV 2019, 2020, 2021, 2022 and 2023 with regards to the President and CEO and the Executive Vice President.

Long-term variable remuneration (LTV) to the President and CEO and to the Executive Vice President

Main conditions for share-based plans									Information concerning the reported financial year					
Name and position	Program	Target (weight) ¹⁾	Date of award ²⁾	Performance period ³⁾	End date of the performance period ⁴⁾	End date of vesting period ⁵⁾	Performance share rights granted (value in SEK) ⁶⁾	Maximum number of Performance Shares that can be Awarded (value in SEK) ⁷⁾	Balance beginning of at the year (value in SEK) ⁸⁾	Performance share rights earned during the year (value in SEK) ⁹⁾	Performance share rights still subject to performance conditions (value in SEK) ¹⁰⁾	Performance share rights forfeited and paid out in shares during the year (value in SEK) ¹¹⁾	Balance at year-end, Performance shares earned but not forfeited (value in SEK) ¹²⁾	
Börje Ekholm CEO and President	LTV 2023	Group Operating income (EBITA) (45%)	18/5/2023	1 year	31/12/2023	18/5/2026	268,297 (16,073,673)	536,594 (32,147,346)		0 (0)			0 (0)	
		TSR performance conditions (45%)	18/5/2023	3 years	31/12/2025	18/5/2026	268,297 (16,073,673)	536,594 (32,147,346)			536,594 (33,714,201)			
		ESG targets (10%)	18/5/2023	3 years	31/12/2025	18/5/2026	59,622 (3,571,954)	119,244 (7,143,908)		19,172 (1,204,577)	99,450 (6,248,444)		19,172 (1,204,577)	
	LTV 2022	Group Operating income (EBIT) (45%)	18/5/2022	1 year	31/12/2022	18/5/2025	137,994 (15,605,741)	275,988 (31,211,483)	224,599 (13,853,266)					224,599 (14,111,555)
		TSR performance conditions (45%)	18/5/2022	3 years	31/12/2024	18/5/2025	137,991 (15,605,402)	275,982 (31,210,804)			275,982 (17,339,949)			
		ESG targets (10%)	18/5/2022	3 years	31/12/2024	18/5/2025	30,664 (3,467,792)	61,328 (6,935,584)			61,328 (3,853,238)			
	LTV 2021	Group Operating income (EBIT) (50%)	3/5/2021	1 year	31/12/2021	3/5/2024	154,161 (16,834,381)	308,322 (33,668,762)	308,322 (19,017,301)					308,322 (19,371,871)
		TSR performance conditions (50%)	3/5/2021	3 years	31/12/2023	3/5/2024	154,162 (16,834,490)	308,324 (33,668,981)						
	LTV 2020 ¹³⁾	Group Operating income (EBIT) (50%)	1/4/2020	1 year	31/12/2020	1/4/2023	194,830 (15,188,947)	389,660 (30,377,894)	389,660 (24,034,229)					389,660 (24,482,338)
		TSR performance conditions (50%)	1/4/2020	3 years	31/12/2022	1/4/2023	194,830 (15,188,947)	389,660 (30,377,894)						
	LTV 2019 ¹³⁾	Group Operating income (EBIT) (50%)	18/5/2019	1 year	31/12/2019	18/5/2022	146,087 (13,808,143)	292,174 (27,616,286)	292,174 (18,021,292)					292,174 (18,357,292)
		TSR performance conditions (50%)	18/5/2019	3 years	31/12/2021	18/5/2022	146,087 (13,808,143)	292,174 (27,616,286)	76,974 (4,747,756)					76,974 (4,836,276)
Total									1,291,729 (79,673,845)	19,172 (1,204,577)	973,354 (61,155,832)		1,310,901 (82,363,910)	

¹⁾ TSR performance conditions include both absolute and relative performance conditions for each program.

²⁾ The date of allocation represents the date on which the original allocation was made.

³⁾ Performance period represents the period over which the performance conditions are measured.

⁴⁾ The end date of the performance period represents the date on which the performance period ends.

⁵⁾ The Vesting Period End Date represents the date on which any Performance Shares will vest and entitle participants to receive shares.

⁶⁾ The figures represent the original number of Performance Share Rights granted on the grant date. Values in SEK represent the corresponding value on the date of award.

⁷⁾ The figures represent the maximum number of Performance Share Units that can be earned for each performance condition. Values in SEK represent the corresponding value on the date of award.

⁸⁾ Figures represent the balance at the beginning of the year, which includes Performance Share Units earned for prior years that have not yet been awarded. Values in SEK are calculated as the number of vested Performance Share rights multiplied by the volume weighted average share price for the last five trading days of the previous financial year.

⁹⁾ The figures represent the number of Performance Share Units earned that had a performance period that expired during the financial year. Values in SEK are calculated as the number of Performance Share Units earned multiplied by the volume weighted average share price for the last five trading days of the financial year.

¹⁰⁾ The figures represent the maximum number of outstanding Performance Shares that are still subject to an ongoing performance period. Values in SEK are calculated as the number of outstanding Performance Shares still subject to a performance period multiplied by the volume weighted average share price for the last five trading days of the financial year.

¹¹⁾ The figures represent the number of Performance Share Units that had a vesting period expiring during the financial year and that entitled the participant to receive shares free of charge. Values in SEK represent the fair value of shares granted to the participant at the end of the vesting period.

¹²⁾ The figures represent the balance at the end of the year, which includes Performance Share Units earned during the financial year as well as previous Performance Share Units earned but not forfeited. Values in SEK are calculated as the number of Performance Share Units earned multiplied by the volume weighted average share price for the last five trading days of the financial year.

¹³⁾ The Board of Directors have approved vesting for LTV 2019 and 2020 (which expired in 2022 and 2023, respectively). Planned vesting date will be during Q1 2024.

Long-term variable remuneration (LTV) to the President and CEO and to the Executive Vice President, cont'd.

Main conditions for share-based plans									Information concerning the reported financial year					
Name and position	Program	Target (weight) ¹⁾	Date of award ²⁾	Performance period ³⁾	End date of the performance period ⁴⁾	End date of vesting period ⁵⁾	Performance share rights granted (value in SEK) ⁶⁾	Maximum number of Performance Shares that can be Awarded (value in SEK) ⁷⁾	Balance beginning of at the year (value in SEK) ⁸⁾	Performance share rights earned during the year (value in SEK) ⁹⁾	Performance share rights still subject to performance conditions (value in SEK) ¹⁰⁾	Performance share rights forfeited and paid out in shares during the year (value in SEK) ¹¹⁾	Balance at year-end, Performance shares earned but not forfeited (value in SEK) ¹²⁾	
Fredrik Jëjdling Executive Vice President and Head of Business Area Networks	LTV 2023	Group Operating income (EBITA) (45%)	18/5/2023	1 year	31/12/2023	18/5/2026	34,852 (2,087,983)	69,704 (4,175,966)		0 (0)			0 (0)	
		TSR performance conditions (45%)	18/5/2023	3 years	31/12/2025	18/5/2026	34,853 (2,088,043)	69,706 (4,176,086)			69,706 (4,379,628)			
		ESG targets (10%)	18/5/2023	3 years	31/12/2025	18/5/2026	7,746 (464,062)	15,492 (928,125)		2,491 (156,510)	12,920 (811,764)		2,491 (156,510)	
	LTV 2022	Group Operating income (EBIT) (45%)	18/5/2022	1 year	31/12/2022	18/5/2025	17,257 (1,951,594)	34,514 (3,903,188)	28,087 (1,732,406)					28,087 (1,764,706)
		TSR performance conditions (45%)	18/5/2022	3 years	31/12/2024	18/5/2025	17,255 (1,951,368)	34,510 (3,902,736)			34,510 (2,168,263)			
		ESG targets (10%)	18/5/2022	3 years	31/12/2024	18/5/2025	3,834 (433,587)	7,668 (867,174)			7,668 (481,780)			
	LTV 2021	Group Operating income (EBIT) (50%)	3/5/2021	1 year	31/12/2023	3/5/2024	19,092 (2,084,846)	38,184 (4,169,693)	38,184 (2,355,189)					38,184 (2,399,101)
		TSR performance criteria (50%)	3/5/2021	3 years	12/31/2023	3/5/2024	19,092 (2,084,846)	38,184 (4,169,693)						
	LTV 2020 ¹³⁾	Group Operating income (EBIT) (50%)	1/4/2020	1 year	12/31/2020	1/4/2023	22,262 (1,735,546)	44,524 (3,471,091)	44,524 (2,746,240)					44,524 (2,797,443)
		TSR performance criteria (50%)	1/4/2020	3 years	12/31/2022	1/4/2023	22,263 (1,735,623)	44,526 (3,471,247)						
	LTV 2019 ¹³⁾	Group Operating income (EBIT) (50%)	18/5/2019	1 year	31/12/2019	18/5/2022	16,321 (1,542,661)	32,642 (3,085,322)	32,642 (2,013,359)					32,642 (2,050,897)
		TSR performance criteria (50%)	18/5/2019	3 years	31/12/2021	18/5/2022	16,322 (1,542,755)	32,644 (3,085,511)	8,600 (530,448)					8,600 (540,338)
	Total									152,037 (9,377,642)	2,491 (156,510)	124,804 (7,841,435)		154,528 (9,708,994)

¹⁾ TSR performance conditions include both absolute and relative performance conditions for each program.

²⁾ The date of allocation represents the date on which the original allocation was made.

³⁾ Performance period represents the period over which the performance conditions are measured.

⁴⁾ The end date of the performance period represents the date on which the performance period ends.

⁵⁾ The Vesting Period End Date represents the date on which any Performance Shares will vest and entitle participants to receive shares.

⁶⁾ The figures represent the original number of Performance Share Rights granted on the grant date. Values in SEK represent the corresponding value on the date of award.

⁷⁾ The figures represent the maximum number of Performance Share Units that can be earned for each performance condition. Values in SEK represent the corresponding value on the date of award.

⁸⁾ Figures represent the balance at the beginning of the year, which includes Performance Share Units earned for prior years that have not yet been awarded. Values in SEK are calculated as the number of vested Performance Share rights multiplied by the volume weighted average share price for the last five trading days of the previous financial year.

⁹⁾ The figures represent the number of Performance Share Units earned that had a performance period that expired during the financial year. Values in SEK are calculated as the number of Performance Share Units earned multiplied by the volume weighted average share price for the last five trading days of the financial year.

¹⁰⁾ The figures represent the maximum number of outstanding Performance Shares that are still subject to an ongoing performance period. Values in SEK are calculated as the number of outstanding Performance Shares still subject to a performance period multiplied by the volume weighted average share price for the last five trading days of the financial year.

¹¹⁾ The figures represent the number of Performance Share Units that had a vesting period expiring during the financial year and that entitled the participant to receive shares free of charge. Values in SEK represent the fair value of shares granted to the participant at the end of the vesting period.

¹²⁾ The figures represent the balance at the end of the year, which includes Performance Share Units earned during the financial year as well as previous Performance Share Units earned but not forfeited. Values in SEK are calculated as the number of Performance Share Units earned multiplied by the volume weighted average share price for the last five trading days of the financial year.

¹³⁾ The Board of Directors have approved vesting for LTV 2019 and 2020 (which expired in 2022 and 2023, respectively). Planned vesting date will be during Q1 2024.

Information on guidelines for shareholdings by Executive Team

The Board has adopted the following shareholding guidelines to apply to current and future members of the Executive Team as of January 1, 2019, to encourage management to build and maintain a shareholding to create a common ownership interest between the Company's shareholders and the members of the Executive Team:

- The President and CEO must build-up and maintain a shareholding equivalent to at least 200% of the annual fixed salary.
- Other members of the Executive Team must build up and maintain a shareholding equivalent to at least 75% of their respective annual fixed salary.

The current members of the Executive Team shall have the opportunity to build up the required shareholding over a period of five years starting from January 1, 2019. In the event that new members of the Executive Team are appointed, they are expected to meet the shareholding requirement on the anniversary date five years after they are granted their first Performance Shares under the LTV Plans. For current members of Executive Team, the requirement date is extended for one year as a part of the self-imposed trading recommendations for ET members and due to the company's decision to apply net delivery of shares for all LTV plans during the years 2017–2020. The Board of Directors considers the following for the purpose of meeting the shareholding requirement:

- Holdings of Ericsson Class B-shares held or acquired by the Executive Team member
- Vested but unexercised options (value calculated after tax and after utilization costs)
- Share rights held by the member of the Executive Team, for which performance and/or employment conditions have been met, but which must be held for a certain period of time (value calculated after tax).

Shares, synthetic shares, or options that are subject to performance conditions and continued employment, but which have not vested, should not be counted under the shareholding guidelines.

The Remuneration Committee shall monitor compliance with the shareholding guidelines and regularly report to the Board of Directors and inform the members of the Executive Team on the extent to which the shareholding guidelines have been complied with.

The holdings of each of the members of the Executive Team are disclosed on pages 20–24 of the Corporate Governance report.

Deviations from adopted Guidelines for remuneration to Group Management

The Guidelines adopted by the Annual General Meeting 2020 and as applicable until March 28, 2023, prescribed a minimum weighting of short-term variable compensation ("STV") targets of 40% to be defined at Group level. At the Annual General Meeting 2023, The Guidelines were amended and expected to be applicable through the Annual General Meeting 2027.

One of the purposes of the Guidelines adopted by the Annual General Meeting 2023 was to clarify the mandate for the Board of Directors and Remuneration Committee to define meaningful STV targets linked to Ericsson's business plan. This enables STV targets to be defined and weighted differently for different parts of the business given the phase in the business lifecycle they are in as required by the business strategy. Therefore, detailed requirements for mandatory weighting and definition of STV targets have been removed.

In line with the purpose of the new Guidelines and upon recommendation from the Remuneration Committee, the Board of Directors resolved on February 8, 2023, on a 20% weighting STV targets for 2023 on Group level for the Executive Team member George Mulhern. This was a deviation from the then applicable Guidelines during the period from January 1, 2023, to March 28, 2023. The rationale behind the decision to deviate from the then applicable Guidelines was to provide greater priority to unit targets, and to drive growth in revenue and profits, as appropriate for the current business lifecycle of Cradlepoint. There has been no deviation from the decision-making procedures as described in the Guidelines.

Comparative information on changes in remuneration and the Company's performance

Comparison table of the change in remuneration and the Company's performance over the last three financial years reported

				Ericsson's performance			
Remuneration to the President and CEO and to the Executive Vice President		Börje Ekholm President and CEO	Fredrik Jeldling Executive Vice President and Head of Business Area Networks	Average remuneration of employees converted to full-time equivalents ³⁾	Group operating income (EBIT) SEK million	Group Net Sales SEK million	Share price at December 31 for the financial year
2023 (% change)	Fixed remuneration ¹⁾	20,348,855 (5%)	10,182,837 (5%)	1,016,295 (5%)	-20,326 (-175,23%)	263,351 (-3,02%)	63,11 (3,63%)
	Variable remuneration ²⁾	–	6,251,115 (-6%)	176,279 (-24%)			
2022 (% change)	Fixed remuneration ¹⁾	19,290,595 (3%)	9,666,757 (6%)	966,031 (8,5%)	27,020 (10%)	271,546 (17%)	60,9 (-38,97%)
	Variable remuneration ²⁾	–	6,671,595 (-54%)	230,928 (-22%)			
2021 (% change)	Fixed remuneration ¹⁾	18,764,547 (1%)	9,144,067 (15%)	889,538 (13%)	31,780 (14%)	232,314 (-0,03%)	99,79 (2,20%)
	Variable remuneration ²⁾	88,782,271 (22%)	14,626,469 (122%)	295,193 (-1%)			
	Comments	LTV 2018 expired and shares were transferred in May 2021. LTV 2019 and 2020 expired in 2022 and 2023 respectively but vesting postponed.	LTV 2018 expired and shares were transferred in May 2021. LTV 2019 and 2020 expired in 2022 and 2023 respectively but vesting postponed.	In 2021, the delayed salary revision for 2020 took place with a company-sponsored retroactive effect, which increased the remuneration of other employees. A majority of employees do not have variable remuneration.			

¹⁾ Fixed remuneration includes fixed salary and other benefits.

²⁾ Variable remuneration for the CEO and President and to the Executive Vice President includes applicable STV and LTV. For the Company's employees, variable remuneration includes short-term and long-term variable remuneration. For the sake of comparison, variable remuneration represents figures accrued and paid during the financial year. This is because performance reviews and long-term variable remuneration programs for other employees with performance periods expiring in fiscal year 2023 have not yet been completed.

³⁾ Employees of Telefonaktiebolaget LM Ericsson, excluding the CEO and President and other members of the Executive Team employed by the Company.

Board of Directors

Stockholm, March 5, 2024

Telefonaktiebolaget LM Ericsson (publ)

Org. no. 556016-0680

