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Remuneration Report 2023
Investor AB (publ)

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Introduction

This Remuneration Report provides an overview of how Investor's guidelines for remuneration for executives, adopted by the Annual General Meeting 2020, have been implemented in 2023. It contains information on short-term and long-term variable remuneration as well as details on the remuneration of Investor's CEO.

The report has been prepared in accordance with the Swedish Companies Act and the *Rules on Remuneration of the Board and Executive Management and on Incentive Programs* issued by the Swedish Stock Market Self-Regulation Committee, (Sw. Aktiemarknadens Självregleringskommitté).

Investor is an engaged long-term owner and through substantial ownership and board participation, we drive the initiatives that we believe will create the most value for each of our portfolio companies. Our compensation philosophy is based on our strategy and focuses on long-term value creation and must be competitive compared to the external market. It consists of fixed cash remuneration, variable short-term and long-term remuneration, pension and other benefits.

Further information on executive remuneration is available in note 11 (Employees and personnel costs) on pages 112-121 in the Annual Report 2023. Information on the work of the Remuneration Committee in 2023 is set out in the Corporate Governance Report available on page 60 in the Annual Report 2023.

Key developments for Investor 2023

Investor's CEO, Johan Forssell [(8)], summarizes key events and Investor's overall performance in his statement on pages 10-11 in the Annual Report 2023. He comments on the performance of the portfolio companies as well as the development of Investor's Total Shareholder Return.

Remuneration guidelines

Implementation 2023

During 2023, Investor has complied with the applicable remuneration guidelines adopted by the general meeting. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. No remuneration has been reclaimed.

The remuneration guidelines are found on pages 68-69 in the Annual Report 2023 and on www.investorab.com, under section Corporate Governance. The auditor's report regarding Investor's compliance with the guidelines is available on www.investorab.com, under section Corporate Governance.

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Scope and purpose

A prerequisite for the successful implementation of our business strategy and safeguarding of Investor's long-term interests, including sustainability, is that we are able to recruit and retain people with key competences and experiences. The remuneration guidelines enable Investor to offer executives a competitive total remuneration. Under Investor's remuneration guidelines, remuneration of the CEO and other members of the Executive Leadership Team shall be on market terms and may consist of fixed cash remuneration, short-term variable remuneration (STVR), pension and other benefits. As further set out in the remuneration guidelines, long-term variable remuneration (LTVR) is also included in the total remuneration.

Short-term variable remuneration shall be dependent upon the individual's fulfillment of annual targets. The criteria for the annual targets can be financial or non-financial, qualitative or quantitative, and shall support Investor's business strategy and long-term interests, including fulfillment of our sustainability targets.

The Annual General Meetings of Investor have resolved to implement long-term variable remuneration programs. The rational is that a substantial part of the total remuneration for Investor's executives should be long-term, as Investor's business model is to be an engaged long-term owner. Through substantial ownership and board participation, we drive the initiatives that we believe will create the most value for each individual company, for the longer term.

There is one long-term variable remuneration program for Investor AB and one for Patricia Industries. These programs are described briefly in this report and in detail in the Board's proposal to the Annual General Meeting that is presented on www.investorab.com.

Remuneration of the Board of Directors is resolved annually by the Annual General Meeting and disclosed in note 11 (Employees and personnel costs) on page 121 in the Annual Report 2023. The remuneration of the Board includes a possibility to elect to receive part of the remuneration in the form of so-called synthetic shares instead of cash, as further described on page 120 in the Annual Report 2023.

Total CEO remuneration in 2022 and 2023 (SEK) - Table A

The remuneration to the CEO is in line with the remuneration guidelines adopted by the Annual General Meeting. The table below shows the total remuneration for the CEO in 2022 and 2023 (all amounts in SEK). For history prior to 2022, we refer to previous Remuneration Reports and Annual Reports. In addition to the remuneration specified in this table, the CEO receives board fees for his board assignments, which in 2023 amounted to approximately SEK 5 m.

		1 Fixed remuneration		2 Variable remuneration		3	4	5	6
Name of Director and position	Financial year	Fixed cash remuneration	Other benefits[1]	STVR[2]	LTVR[3]	Extraordinary items[4]	Pension[5]	Total remuneration[6]	Proportion of fixed and variable remuneration[7]
Johan Forssell, CEO [8]	2023	13,500,000	384,759	1,282,500	16,875,000	162,000	5,599,917	37,804,176	52/48
	2022	13,500,000	325,337	1,215,000	13,500,000	378,000	5,536,221	34,454,558	56/44

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Notes on Table A:

(1) Other benefits: Other benefits mainly include health care insurance, domestic services, meal contribution and vacation supplement.

(2) STVR / Short-term (One-year) variable remuneration: In 2022 and 2023, the maximum STVR for the CEO was 10% of fixed cash remuneration. The average outcome for the last three years has been 93% of the maximum STVR.

(3) LTVR / Long-term (multi-year) variable remuneration: The value shown is the grant value for respective year. In 2022 the maximum LTVR was 100% of fixed cash remuneration and in 2023 the maximum LTVR was 125%.

2023:

- In 2023 Johan Forssell exercised instruments from previous already vested programs from 2018 and 2019.
- The net value of vested instruments for the financial year of 2023 was SEK 27.6m before taxes. This is calculated using the share price as of December 31, 2023 less strike, multiplied by the number of instruments (granted in 2021) as well as applying performance vesting percentages.
- To be able to receive the above stated value in 2023 Johan Forssell invested (or committed shares) corresponding to SEK 4.9m upon grant (in 2021) and the grant amount was SEK 12.6m. Exercise amount to be paid is SEK 24.9m.

2022:

- In 2022 Johan Forssell exercised instruments from previous already vested programs from 2018.
- The net value of vested instruments for the financial year of 2022 was SEK 23.5m before taxes. This is calculated using the share price as of December 31, 2022 less strike, multiplied by the number of instruments (granted in 2020) as well as applying performance vesting percentages.
- To be able to receive the above stated value in 2022 Johan Forssell invested (or committed shares) corresponding to SEK 3.3m upon grant (in 2020) and the grant amount was SEK 8.3m. Exercise amount to be paid is SEK 16.7m.

(4) Extraordinary items: Unused vacation paid out in cash. Any unused vacation days, exceeding 60 saved days or older than five years, are paid out in cash. In 2022, the accumulated number of unused vacation days, (exceeding 60), amounted to 7. In 2023 that number was 3.

(5) Pension: Pension according to Investor's pension plan for the Executive Leadership Team.

(6) Total remuneration: Sum of Columns 1-4.

(7) Proportion of fixed and variable remuneration: Pension premiums (column 4), which in its entirety relates to fixed cash remuneration has been counted entirely as fixed remuneration.

(8) In October 2023, Investor announced that the CEO Johan Forssell will leave Investor, and its Board, in conjunction with the Annual General Meeting on May 7, 2024. In December 2023, Investor announced that the Board has decided to appoint Christian Cederholm as new CEO, effective from the AGM on May 7, 2024.

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Long-term variable remuneration (LTVR) programs

Outstanding LTVR programs
Investor has LTVR programs in place for Investor AB and for Patricia Industries. The programs have been prepared by the Remuneration Committee, approved by the Board of Directors and, finally, decided annually by the Annual General Meeting.

The implementation of the Investor Program and the Patricia Program is conditional upon decision by simple majority at the Annual General Meeting.

LTVR - Investor AB
The outstanding LTVR programs for Investor AB are, as of December 31, 2023, the vintages launched annually from 2017 until 2023.

The program has a seven-year lifetime; three years of vesting, during which all instruments are locked, and a four-year exercise window, when instruments can be exercised and turned into cash or shares. Participation requires investment in Investor shares.

The program has two key components; a Stock Matching Plan and a Performance Plan. The Stock Matching Plan is offered to all employees, and the Performance Plan is offered to the CEO, other members of the Executive Leadership Team and other Holders of Business Critical Roles.

The Stock Matching Plan: Each participation share gives the right, post vesting, to receive a matching unit consisting of *two* "Matching Options" and a right to purchase *one* "Matching Share". Allocation of the matching instruments occurs after the three-year vesting period. Employees, who remain employed at Investor, has subsequently a four-year window to exercise the instruments. The Matching Share can be acquired for SEK 10.00. (However, for programs granted between 2017 and 2021 the acquisition price was SEK 2.50) and each Matching Option entitles the holder to purchase one Investor share at a price corresponding to 120 percent of the grant price.

The Performance Plan: Participation in the Performance Plan requires participation in the Stock Matching Plan. Under the Performance Plan, participants have the right to acquire additional Investor shares ("Performance Shares") at a price corresponding to 50 percent of the grant price. However, this possibility is conditional upon achievement of certain pre-defined performance criteria. Performance is measured as Total Shareholder Return (TSR) and is measured during the three-year vesting period through nine quarterly measurement points, each on a running 12-month basis. The total outcome of all of the nine measurements is assessed as the average total return.

> At each measurement, the TSR development is compared with the 10-year Swedish government bond plus a hurdle. Maximum target fulfilment is achieved if the average annual total return of the Investor share (including reinvested dividends) exceeds the interest on 10-year Swedish government bonds by more than 10 percentage points. A maximum target fulfilment provides participants the right to acquire the *maximum* number of Performance Shares, that are set out and defined at grant.
>
> On the other hand, if the total return does *not* exceed the 10-years interest on Swedish government bonds by at least 2 percentage points, the plan participants are not entitled to acquire any Performance Shares.

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If the total return falls between the 10-years interest on Swedish government bonds plus 2 percentage points and the 10-year interest on Swedish government bonds plus 10 percentage points, a proportional (linear) calculation of the number of shares that may be acquired is made.

The Investor LTVR-program causes only marginal dilutive effects. In order to limit the costs for the long-term variable remuneration, inclusive of social security charges, the exposure is hedged using repurchased shares.

LTVR – Patricia Industries
The LTVR program for Patricia Industries was launched for the first time in 2017. Patricia Industries was formed to focus on our unlisted investment portfolio and to add new subsidiaries. Therefore, the program for Patricia Industries is designed to give the employees within Patricia Industries an even stronger exposure to and alignment with the Patricia Industries' portfolio.

The outstanding LTVR programs for Patricia Industries are, as of December 31, 2023, the vintages launched annually from 2017 until 2023.

The Patricia Industries program is built on the same structure as the Investor Program but is related to the value growth of Patricia Industries and is based on synthetic instruments. Like the Investor program, the program has a seven-year lifetime, including three years of vesting and four years to exercise the instruments. Participation requires investment in Investor shares.

The instruments in Patricia Industries' program are granted under two different Plans: 1) The PI Balance Sheet Plan (the "PI-BS Plan"); and 2) The PI North America Subsidiaries Plan (the "PI-NA Plan"). The PI-BS Plan is based on the value of the *entire* Patricia Industries' Net Asset Value, whereas the PI-NA Plan is based on the value of the Patricia Industries' North American subsidiaries *only*. Employees in Patricia Industries Nordic are part of the PI-BS Plan and employees in Patricia Industries North America are part of both plans, with a 60/40 split (60% PI-BS Plan and 40% PI-NA Plan).

Two categories of employees are offered to participate in Patricia Industries' program: (i) Holders of Business Critical Roles in Patricia Industries, (this category consists of members of the Executive Leadership Team in Patricia Industries and other Holders of Business Critical Roles in Patricia Industries) and (ii) Other Employees in Patricia Industries. The group Other Employees in Patricia Industries is offered participation in a Stock Matching Plan, that replicates the structure of Investor's Stock Matching Plan. Holders of Business Critical Roles in Patricia Industries are offered participation in a Stock Matching Plan as well as in a Performance Plan, both replicating the structure of Investor's LTVR-program.

The following performance conditions apply to the instruments under Patricia Industries Performance Plan.

Instruments granted under the PI-BS Plan: In order for participants to be awarded the maximum number of instruments, the compounded annual growth of the fair market value of PI's balance sheet must exceed the interest on 10-year Swedish government bonds by more than 10 percentage points.

If the applicable compounded annual growth is between the 10-year interest on Swedish government bonds plus 2 percentage points and the 10-year interest on Swedish government bonds plus 10 percentage points, then a proportional (linear) calculation of the award shall be made.

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Instruments granted under the PI-NA Plan: In order for participants to be awarded the maximum number of instruments, the compounded annual growth of the North American operating subsidiaries of PI must exceed the interest on 10-year US government bonds by more than 12 percentage points.

If the applicable compounded annual growth is between the 10-year interest on US government bonds plus 4 percentage points and the 10-year interest on US government bonds plus 12 percentage points, then a proportional (linear) calculation of the award shall be made.

The Patricia Industries LTVR-program does not cause any dilution, since it is based on synthetic shares.

Since the underlying assets of Patricia Industries are not listed, the total cost of the program cannot in an efficient way be capped by hedging arrangements. The total outcome for each individual participant in the program is limited by a maximum number of instruments that can be allocated but not by any other predetermined limit.

Additional information regarding LTVR programs for previous years in Investor and Patricia Industries is available in Investor's Annual Reports. For the year 2023 specifically, details are found in the Annual Report note 11 (Employees and personnel costs), pages 112-121, and in the Notice to the Annual General Meeting 2023. All to be found at www.investorab.com.

Long-term variable remuneration programs (CEO) - Table B

Name of director and position	The main conditions of the LTVR plans							Information regarding the reported financial year				
	1. Specification of plan		2. Vesting period/ Performance period	3. Award date	4. Vesting date	6. Exercise period	7. Exercise price	Opening balance	During the year		Closing balance	
								8. Number of instruments held at the beginning of the year	9. Number of awarded instruments (yearly grant and dividend adjustments) (1)	10. Number of vested instruments (2)	11. Number of instruments subject to a performance condition	12. Number of instruments awarded and unvested
Johan Forssell, CEO	2023	Matching shares	20230101-20251231	20230101	20251231	20260101-20291231	10.00	-	28,008	-	-	28,008
		Matching options					259.00	-	55,706	-	-	55,706
		Performance shares					107.36	-	208,756	-	208,756	-
	2022	Matching shares	20220101-20241231	20220101	20241231	20250101-20281231	10.00	28,914	626	-	-	29,540
		Matching options					211.70	57,484	-	-	-	57,484
		Performance shares					85.99	210,653	4,342	-	214,995	-
	2021	Matching shares	20210101-20231231	20210101	20231231	20240101-20271231	2.50	26,751	558	27,309	-	-
		Matching options					226.20	52,060	-	52,060	-	-
		Performance shares					89.88	200,730	4,137	145,456	-	-

For additional information with regards to the long-term variable remuneration programs for the CEO, we refer to the Annual Reports.

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The actual LTVR value, at exercise, for the CEO, depends on the development of the Investor share price. Since the program is hedged, the cost for Investor is fixed and fully predictable, but the actual value for the receiver, in this case the CEO, depends on the value creation as reflected in the Investor share price development.

Notes on Table B:

(1) The value of the 2023 LTVR program at grant was SEK 16.875m (125% of fixed cash remuneration) calculated using Black-Scholes valuation at the time of the award. The value of the dividend instruments (granted on all programs, both currently vesting and already vested but not exercised) are not adding value but merely compensating for the loss of value due to dividend paid by Investor AB in the underlying Investor B-share.

(2) The unrealized value of vested instruments is SEK 27.6m before taxes, which corresponds to the net value of each option vested in 2023 using the share price as of December 31, 2023 less strike multiplied by the number of instruments granted as well as performance vesting percentages. To be able to participate in the long-term variable remuneration programs the participant is required to invest in (or commit) Investor shares. Johan Forssell invested SEK 4.9m upon grant (in 2021) and the amount granted was SEK 12.6m. Exercise amount to be paid is SEK 24.9m.

Application of performance criteria

The performance measures for the variable remuneration of the CEO are constructed to meet Investor's overall purpose, execute the strategy, drive value creation, practice engaged long-term ownership and safeguard the development of Investor.

The CEO's short-term variable remuneration (STVR) is determined by achievement of pre-defined annual performance targets, financial as well as non-financial, qualitative and quantitative. Examples of target areas for the CEO, are deliverables linked to value creation plans for portfolio companies, achievements of sustainability targets and the overall development of Investor. Maximum STVR for the CEO equals 10 percent of fixed cash remuneration. The average outcome for the last three years, has been 93 percent of the maximum STVR.

Regarding long-term variable remuneration, the CEO participates fully in Investor's LTVR programs. Performance criteria for these programs is the Total Shareholder Return (TSR) for the Investor B-share in relation to certain hurdle rates. For minimum vesting the TSR must reach above the low watermark hurdle (the interest on a Swedish 10-year government bond plus two percentage points). For maximum vesting the TSR must reach above the high watermark hurdle (the interest on a Swedish 10-year government bond plus ten percentage points).

Performance outcome of long-term variable remuneration programs (CEO) - Table C

Name of director and position	Performance Plan	Vesting outcome
Johan Forssell, CEO	Performance shares 2023	N/A*
	Performance shares 2022	N/A*
	Performance shares 2021	71%
	Performance shares 2020	71%
	Performance shares 2019	100%
	Performance shares 2018	90%
	Performance shares 2017	57%

* Performance period still running.

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Comparative information on the change of remuneration and company performance

The table below shows information about the remuneration of the CEO, company performance and average remuneration for our employees.

Since the average number of employees is relatively low, (for 2023, the average number of employees was 82), remuneration numbers fluctuate from one year to another and changes with the composition of the workforce.

Worth noting is also that, in our case, as an industrial holding company, and different to an operational company, it should be avoided to evaluate the performance of Investor based on one single year, since it to a large extent depends on value changes of listed shares, which gives low predictability and high volatility. Instead, the long-term performance of Investor is most relevant to evaluate our performance. Please find additional details on the group net income, and why it is not a suitable comparative measure, in note (1) below table D.

For additional information about company performance and employee remuneration, we refer to Investor's Annual Reports.

Remuneration and company performance over the last reported financial years (SEK m) - Table D

Remuneration[1]	2023	2022	2021	2020	2019
Johan Forssell, CEO	SEK 37.8m[3] (+9.6%)	SEK 34.5m (+10.2%)	SEK 31.3m (+15.9%)	SEK 27.0m (+12.5%)	SEK 24.0m
Investor Group net income	SEK 126,817m	SEK -74,762m	SEK 227,965m	SEK 52,662m	SEK 101,242m
Investor B, Total Shareholder Return (TSR), one year	26.4%	-15.4%	54.9%	19.3%	40.0%
SIXRX, (TSR), one year	19.2%	-22.8%	39.3%	14.8%	35.0%
Investor B, (TSR), 5-year annualized	22.6%	17.8%	24.8%	17.1%	15.8%
SIXRX, (TSR), 5-year annualized	14.7%	9.8%	17.7%	12.2%	11.3%
Investor B, (TSR), 10-year annualized	18.5%	19.3%	25.3%	19.0%	18.2%
SIXRX, (TSR), 10-year annualized	11.3%	12.1%	16.8%	11.4%	12.5%
Investor B, (TSR), 15-year annualized	18.3%	15.0%	15.4%	13.7%	16.3%
SIXRX, (TSR), 15-year annualized	14.1%	9.1%	10.8%	10.2%	11.5%
Average remuneration on a full time equivalent basis of employees of the parent company[2]	SEK 2.7m	SEK 2.6m	SEK 2.2m	SEK 2.0m	SEK 1.7m

Additional comments on Table D:

(1) The group net income of 2023 was SEK 126,817m, and for 2022 it was SEK -74,762m. The net income figure includes earnings from our wholly owned subsidiaries but also realized and unrealized value changes of our holdings in Listed Companies, the part of our portfolio which makes up the largest share of the balance sheet. The effect of unrealized value changes on group net income makes the figure a somewhat inappropriate proxy for performance evaluation. Over time, there are fluctuations. In our case, as an industrial holding company, and different to an operational company, evaluating company

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performance based on net income for one single year is problematic since it to a large extent depends on the above stated unrealized value changes of listed shares which gives low predictability and high volatility. A better proxy for performance measurement therefore is Total Shareholder Return (TSR) which refers to the price changes of the Investor B-share with reinvested dividends. While there is some connection between TSR and group net income the TSR better provides a view of the equity market's view of the Investor B-share in relation to alternative investments. Rewarding long term value creation also suggests that it can be more suitable to look at the TSR-performance over a longer time period. Therefore, in addition to each respective financial year, we also provide the 5-year, 10-year and 15-year annualized TSR to give a broader representation of Investor's performance.

(2) The average remuneration for all employees is calculated based on the average number of full-time equivalent employees in Investor AB, the parent company, including the Executive Leadership Team, and the employees organizationally relatable to the parent company.

(3) Annual fixed cash remuneration before taxes was unchanged for the CEO between 2022 and 2023, see table A.

Description of how the views of shareholders' have been taken into consideration

A few comments on the Remuneration Report 2022 have been received, which have been compiled and reported to the Remuneration Committee. The comments refer to requests for some more details and have not rendered any changes, as the information already provided is relevantly detailed and as the previous Remuneration Report was approved in the current form.

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