Accounting policies 2025

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Statement of compliance

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS as adopted by the European Union). In addition, RFR 1 Supplementary Accounting Policies for Groups, was applied.

Basis of preparation for the Parent company and consolidated financial statements

The financial statements are presented in SEK, which is the functional currency of the Parent company. All amounts, unless otherwise stated, are rounded to the nearest million (SEK m). Due to rounding, numbers presented throughout the consolidated financial statements may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

The majority of the consolidated assets are financial assets and the majority of these as well as the majority of the property within the Group is measured at fair value. Other assets and liabilities are in essence measured at historical cost.

Non-current assets and non-current liabilities consist primarily of amounts that are expected to be settled more than 12 months from the Balance Sheet date. Other assets and liabilities are presented as current assets and current liabilities.

The accounting policies have been consistently applied to all periods presented in the financial statements, unless otherwise noted. The accounting policies have also been consistently applied to the reporting and consolidation of the Parent company, subsidiaries and associates.

Certain comparative figures have been reclassified in order to conform to the presentation of the current year's financial statements. In cases where reclassifications pertain to significant amounts, special information has been provided.

Changes in accounting policies

The following is a description of the revised accounting policies applied by the Group and Parent company as of January 1, 2025.

Changes in accounting policies due to new or amended IFRS

From January 1, 2025 there have been amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates. The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are approved by the EU and have had no effect on the accounting for the Group.

New IFRS regulations and interpretations to be applied in 2026 or later

There have been amendments to IFRS 7 Financial Instruments: Disclosures and IFRS 9 Financial Instruments coming into effect from January 1, 2026. The amendments provide certain clarifications regarding the classification and measurement of financial instruments, as well as the timing of derecognition of financial liabilities and the assessment of the nature of contractual cash flows for financial assets with specific terms, including those linked to sustainabilityrelated agreements.

The changes to IFRS 7 and IFRS 9 also introduce additional disclosure requirements for certain financial instruments and equity instruments, as well as amendments related to valuation, hedge accounting, and disclosures for various types of power purchase agreements.

Minor amendments have also been made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statement of Cash Flows. These changes are part of the IASB's periodic maintenance of IFRS accounting standards and are limited to minor clarifications and corrections. All amendments have been approved by the EU, and none of the published changes are expected to have a significant impact on the Group's reporting.

From January 1, 2027, IFRS 18 Presentation and disclosures in financial reports comes into effect. The new

standard will introduce a new structure for the income statement and will, among other things, require more disclosures regarding certain performance measures. IFRS 18 will replace IAS 1 Presentation of Financial Statements, but will not affect the measurement of line items in the financial statements. However classification and labeling will change for certain line items and the standard may alter which transactions are included in operating profit/loss. IFRS 18 is approved by the EU.

For companies not required to publish financial reports, IFRS 19 Subsidiaries without Public Accountability: Disclosures has been published. The new standard allows eligible companies to reduce the scope of disclosures compared to the requirements in other IFRS standards. The standard has not been approved by the EU and has no impact on the Group's financial reporting.

Consolidation principles

The consolidated financial statements comprise of the Parent company, subsidiaries and associates and joint ventures. The assessment of Investor is that the Investment entity criteria in IFRS 10 Consolidated Financial Statements are not fulfilled, mainly in regards of the purpose of the business and the lack of exit strategies.

Changes in value

Changes in value consist mainly of realized and unrealized result from long-term and short-term holdings in shares and participations recognized at fair value. Other includes transaction costs, profit-sharing costs and management fees for fund investments.

For shares and participations that were realized during the period, the changes in value consist of the difference between the consideration received and the value at the beginning of the period. Profit or loss from the divestment of a holding is recognized when the risks and benefits associated with owning the instrument are transferred to the buyer and the Group no longer has control over the instrument.

Business combinations

Identified intangible assets that have been identified when making the purchase price allocation are amortized over the estimated useful life. Goodwill and strong trademarks that are considered to have an indefinite useful life, are not amortized but tested annually for impairment, or whenever there is any indication of impairment.

Consideration that is contingent upon the outcome of future events is valued at fair value and the change in value is recognized in the Income Statement.

Transaction related costs derive from external legal fees and due diligence expenses. These costs are included in the line item Administrative, research and development and other operating cost in the Group's consolidated income statement.

Non-controlling interests

At the time of an acquisition, the Group must choose to either recognize non-controlling interest at fair value, meaning that goodwill is included in the non-controlling interest or recognize the non-controlling interest as the share of the net identifiable assets. The Group have chosen to recognize the non-controlling interest as the share of the net identifiable assets for all acquisitions.

For information regarding put options to non-controlling interests, see the section Put options to non-controlling interests below.

Operating segments

Investor is divided into operating segments based on how operations are reviewed and evaluated by the CEO. Investor's presentation of operating segments corresponds to the internal structure for management and reporting.

The operations are divided into the three business areas Listed Companies, Patricia Industries and Investments in EQT.

Listed Companies consists of listed holdings.

Patricia Industries includes the wholly-owned subsidiaries, Three Scandinavia and the former IGC portfolio and all other financial investments, except Investor's trading portfolio.

The business area Investments in EQT consists of the holdings in EQT AB and the EQT funds.

In the operating segment presentation, items directly attributable and items that can be reliably and fairly allocated to each respective segment are included. Non-allocated items are presented in Investor Groupwide and are related to the investing activities and consist, within profit/loss, of management costs, net financial items and components of tax. Assets and liabilities within investing activities are included in Investor Groupwide as well. Market prices are used for any transactions that occur between operating segments.

Revenues

Revenues included in operating profit are dividends and net sales.

Dividends received are recognized when the right to receive payment has been established.

Disaggregated revenues from contracts with customers into the field of operation

Revenues from the sale of goods or services, and leasing, are disaggregated into the four field of operations Health care equipment, Life science, Real estate, and Gripping and moving solutions.

Health care equipment

The majority of the revenues in the field of operations Health care equipment are derived from sale of single use products and solutions for managing wounds and preventing pressure ulcers. This field of operations also includes sales from: wheelchair accessible vehicles and

wheelchair lifts; powered and manual wheelchairs as well as cushions and accessories; distribution of healthcare products to national emergency care providers, hospitals, schools, businesses and federal government agencies; and innovative capital equipment and consumables for the diagnosis and treatment of urologic and gastrointestinal disorders.

Revenues within the field of operations Health care equipment are allocated to geographical area by the location of where the customer is resident. Health care equipment are sold through retail distribution channels and directly to customers.

The sale of medical equipment, products and supplies are recognized at the point of time when control transfers. The sale of extended warranty, service agreements and program management contracts are recognized over the term of the contract.

Life science
Revenue within the field of operations Life science is mainly earned from the sale of scientific and analytical solutions for the bioprocessing, clinical, and veterinary markets. Life science also includes revenue from the sale of advanced reagents for basic and clinical research and services from smart healthtech solutions.

Revenues are allocated into geographical area by the location of where the respective customer uses the services and products.

Customers within osmolality testing products can separately purchase maintenance contracts and revenue are also earned from servicing of customer equipment and repair calls not covered by maintenance contracts. Revenue from the sale of equipment and consumable supplies is generally recognized at a point in time upon transfer of control to the customer. Maintenance contracts are deferred and recognized ratably over the contract period and revenue from other service or repairment of equipment is recognized when the service is performed.

The sale of products and services from the sale of reagents for basic and clinical research is mainly performed by own personnel and revenue is mainly recognized at a point in time. The same goes for services from smart healthtech solutions.

Real estate
The field of operations Real estate includes revenue from rental agreements with external tenants. The majority of the rental agreements are related to office premises.

Rental agreements are signed directly with the tenants and the revenue is recognized over the term of the contract.

Gripping and moving solutions
The field of operations Gripping and moving solutions mainly generates revenue from the sale of finished products and customerspecific solutions. The finished products are vacuum pumps, vacuum accessories, vacuum conveyors and suction cups for a variety of automated material handling and factory automation processes. The customer-specific solutions are assembled to the specification of each customer and comprise of our products and components in combination with services such as installation and training activities.

Revenues are allocated to geographical area by the location of where the customer is resident. The sale channels are both through distributors and directly to customers and the revenue is mainly recognized at a point in time.

Performance obligations and Transaction prices
Revenues from the sale of goods or services are derived from four relatively different fields of operations. Below details can be found about different types of performance obligations in the contracts from customers and information about how transaction prices are determined and allocated to performance obligations. The information is on an aggregated level based on different types of customer contracts.

Sale of finished products
Sale of finished products are by far the largest part of Investor's net sales. The products mainly relate to health care equipment but also products within Life science and gripping and moving solutions. Performance obligations in the contracts with customers from sale of finished products mainly refers to goods manufactured by the selling company. A minor part of the performance obligations also relates to distribution of goods as retailer, products having a trial period and revenue from customer-specific solutions.

The sales contracts can, to a limited extent, also include performance obligations related to various forms of services, for example extended warranty, service agreements, program management contracts and similar obligations.

For finished products the performance obligation is satisfied at the point in time when control of the goods has transferred to the customer. The point in time is upon delivery to the customer or shipment of the goods, which is determined by the delivery terms of each contract. The evaluations in order to identify when a customer obtains control of promised goods is to a large extent based on the shipping terms. This is because shipping terms typically specifies when title passes and will also affect when risk and rewards of ownership transfer to the customer. For the majority of the sale, control is transferred upon delivery of the goods to the customer.

For distribution of health care products as a retailer, control is transferred upon shipment from the distribution center. At this point in time, the performance obligation is fulfilled and revenue is recognized. For products having a trial period, the revenue is recognized at the expiration of the trial period.

Customer-specific solutions are mainly relevant within Gripping and moving solutions and represents one per-

formance obligation as a bundle of goods and services, since the separate goods and services are not considered as distinct within the context of each contract. The performance obligation is satisfied over time since the asset is not created with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The selected method used to measure the progress towards complete satisfaction of the performance obligation is the input method on the basis of cost incurred relative to the total expected costs for each customer-specific solution. Costs mainly include costs for labor and material. The input method is selected since the timing of the costs related to each customer-specific solution provides the best reflection of how control is transferred to the customer. The estimations related to revenue recognition from the input method require judgments that affect the determination of the amount and timing of revenue from customer-specific solutions. The initial estimate of total expected costs of each customer-specific solution is continuously controlled and updated if necessary.

Payment terms varies normally from 30 - 60 days and could in some instances be up to 90 days. Hence, the contracts does not involve any significant financing component. For certain countries and customers, when deemed appropriate from a credit risk perspective, payment in advance is requested before delivery of goods.

The transaction price for finished products is typically based on a list price, but where a contract contains elements of variable rebates, right of returns, customer discounts or similar, revenue is recognized net after recognizing a refund liability for such variable considerations. Right of returns is adjusted based on its accumulated historical experience to estimate the number of returns. These variable considerations can be paid both quarterly and yearly dependent on customer contract. The customer accrual of yearly contracts will increase the liability until repayment, which usually takes place during Q1, then the liability will be significantly reduced compared to year-end.

Sale of services

Sales of services mainly relates to services connected with the sale of products, but also services within Life science. The sale of products can, to a limited extent, also include performance obligations related to various forms of services, for example extended warranty, service agreements, program management contracts and similar obligations.

Within Life science the services mainly relates to basic and clinical research related services and services for automated healthcare technology solutions and integrated care platforms. Most of the services are performed as distinct services and each contract therefore identified as one performance obligation.

There are also performance obligations related to services connected with the sale of products, for example extended warranty, service agreements, program management contracts and similar obligations. Revenues are mainly recognized over time as the services are performed.

Leases

Lessee

In the Consolidated Balance Sheet the right-of-use assets connected to leases are included in the items Buildings and land and Machinery and equipment. The lease liability is included in Long-term interest-bearing liabilities and Current interest-bearing liabilities.

Lessor

For Investor as a lessor, leases are classified as operating leases. The lease contracts do not transfer substantially all the risks and rewards incidental to ownership of the underlying assets. Lease payments from operating leases are recognized as income on a straight-line basis.

Financial income and expenses

Financial income and financial expenses consist mainly of interest, exchange rate differences and changes in the value of financial investments, liabilities and derivatives used to finance operations.

Transaction costs, including issuing costs, are expensed as incurred. When valued at amortized cost, amortization takes place over the remaining life using the effective interest rate.

Other financial items consists mainly of changes in the value of liabilities related to put options to non-controlling interests, and derivatives and loans that are subject to fair value hedging, and foreign currency result.

Income taxes

The principal discrepancy between the tax computed at the Swedish statutory tax rate and the recorded income tax expense is attributed to unrealized changes in fair market value. Additionally, a smaller portion of this difference is due to the Parent company being subject to the taxation rules applicable to industrial holding companies.

The Group applies the exemption for reporting and providing information on deferred tax assets and liabilities related to income taxes from Pillar 2, which is specified in the amendments to IAS 12 issued in May 2023.

Earnings per share

When calculating diluted earnings per share, the average number of shares is adjusted to take into account the effects of dilutive potential ordinary shares, originating during the reported periods from stock option and share programs that have been offered to employees. Dilutions from stock option and share programs affect the number of shares and only occur when the strike price is less than the share price.

Intangible assets

Intangible assets, except for goodwill and tradenames with indefinite life, are reported at cost after a deduction for accumulated amortization or any impairment losses.

Goodwill

Goodwill arises when the acquisition cost in a business combination exceeds the fair value of acquired assets and liabilities according to the purchase price allocation.

Tradenames and Trademarks

Tradenames and trademarks are valued as part of the fair value of businesses acquired from a third party. The tradenames and trademark must have long-term value and it must be possible to sell them separately.

Proprietary technology

Proprietary technology consists of assets such as patents and licenses and is valued as part of the fair value of acquired businesses.

Customer contracts and relations

Customer contracts and relations are valued as part of the fair value of acquired businesses (less any amortization or impairment losses). The useful life of these assets are sometimes long, which reflects the long-term nature of the underlying business. Customer contracts and relations are based on the period of time over which net payments are expected to be received from the contract, as well as legal and financial factors.

Amortizations

Amortizations are made linearly over the asset's estimated useful life. Goodwill and trademarks have an indefinite useful life and are not amortized.

Estimated useful lives:

Trademarks	3-15 years
Capitalized development expenditure	3-10 years
Proprietary technology	5-20 years
Customer contracts and relations	3-18 years
Software and other	2-10 years

Impairment

The recoverable amount of an asset is calculated whenever there is an indication of impairment. For goodwill and trademarks with an indefinite useful life, the recoverable amount is calculated once a year.

Buildings and land

Owner-occupied property within the Group is reported either according to the revaluation model or the cost model.

Owner-occupied property has been categorized based on their characteristics:

Office property	Revaluation model
Industrial property	Cost model
Right-of-use assets	Cost model

Buildings and land held to earn rentals or for capital appreciation or both, is classified and measured as Investment Property. More information about Investment Property can be found in the section Investment Property in the next column. Properties subject to an operating lease as a lessor are disclosed in the table in note 18, Buildings and land in the annual report. More disclosures can also be found in note 10, Leases in the annual report.

Depreciation

Depreciation is made linearly over the asset's estimated useful life. Land is not depreciated.

Estimated useful lives:

Frameworks	25-100 years
Land improvements	15-40 years
Building components	5-50 years

Investment property

Property held to earn rentals from external lessees or for capital appreciation or both is classified as investment property. All investment property is measured using the fair value model. Changes in the fair value are recognized in profit/loss for the year.

The market value of each property is assessed individually by external valuers. The valuation method uses a 10-15 year cash flow analysis, based on the property's net operating income. Opening value-impacting factors, such as yield requirement, are assessed using the location-based pricing method. The location's market rental rate and long-term vacancy rate are also assessed.

Each property is assessed using property-specific value impacting events, such as newly signed and renegotiated lease agreements, terminated leases and investments. In estimating the fair value of the properties, the highest and best use of the properties is their current use. Changes to the unobservable inputs used in the valuations during the period are analysed by management at each closing date against internally available information, information from completed and planned transactions and information from external sources. The valuation method therefore complies with Level 3 of the fair value hierarchy in IFRS 13.

Machinery and equipment

Items of machinery and equipment are reported at cost after a deduction for accumulated depreciation and any impairment losses.

Depreciation is made linearly over the assets estimated useful life:

Machinery	3-15 years
Furniture, fixtures and fittings	3-10 years
Expenditure on leased property	5 years or over the remaining lease period if shorter

Shares and participations in associates and joint ventures

Associates are companies in which Investor, directly or indirectly, has a significant influence, typically between 20 and 50 percent of the votes. Accounting for associates is dependent on how Investor controls and monitors the companies' operations. The Group applies the equity method for unlisted holdings in those cases where Investor is significantly involved in the associate's operations.

Certain unlisted associates within Patricia Industries and all listed associates are controlled and monitored based on fair value and are accounted for as financial instruments at fair value through profit/loss, according to IFRS 9 and IAS 28 p.18-19.

Other financial investments, short-term investments and cash and cash equivalents

Other financial investments and short-term investments consist of interestbearing securities which are recognized at fair value through profit/loss.

Short-term investments with a maturity of three months or less from the date of acquisition have been classified as cash and cash equivalents provided that:

- there is an insignificant risk of changes in value
- they are readily convertible to cash

For more information regarding accounting policies, see the section Financial instruments.

Inventories

The cost of inventories is calculated using the FIFO (first in, first out) method or by using the weighted average cost formula. This is because the products in the Group's inventories have different natures or uses.

Financial instruments

Financial instruments recognized in the Consolidated balance sheet include assets such as the following: shares and participations recognized at fair value, other financial investments, loan receivables, trade receivables, short-term investments, cash and cash equivalents, and derivatives. Liabilities recognized in the Balance Sheet include the following: loans, shares on loan, trade payables and derivatives.

A purchase or sale of financial assets is recognized on the trade date, which is the date that an entity commits itself to purchase or sell an asset.

Classification and measurement

Financial instruments are allocated to different categories. For financial assets classification is based on the entity's business model for managing the financial asset and the characteristics of the contractual cash flows of the asset.

Financial assets

Financial assets at fair value through profit/loss

Financial assets measured at fair value through profit/loss are divided into assets within a business model that are measured at fair value through profit/loss and derivatives used in hedge accounting.

Financial assets, except derivatives used in hedge accounting, includes all share holdings within the Group. All financial investments and cash and cash equivalents within the liquidity portfolio are included here as well.

Derivatives used in hedge accounting, consists of derivatives used in hedge accounting with a positive fair value. More information can be found under Derivatives.

Financial assets measured at fair value through other comprehensive income

This category includes derivatives used in hedge accounting, that consists of derivatives used in hedge accounting with a positive fair value – cash flow hedges. More information can be found under Derivatives.

Financial assets measured at amortized cost

This category mainly includes trade receivables, other short-term receivables and cash and cash equivalents in the subsidiaries within Patricia Industries. These assets are short-term in nature, which is why they are reported at nominal amounts without any discounting.

A loss allowance is recognised for all financial assets classified as measured at amortized cost. For all these financial assets, except trade receivables, the loss allowance is calculated as 12 month expected losses or, if the credit risk for the financial asset has increased significantly since initial recognition, as lifetime expected losses. The assessment is made every balance sheet day and if any contractual payments for a loan are more than 30 days past due, the credit risk is considered to have increased significantly since initial recognition.

For trade receivables a simplified approach is applied and a loss allowance based on lifetime expected credit losses are recorded. The deduction for defaulted debts are assessed on an individual basis, with an additional allowance for trade receivables that are not past due. This loss rate allowance reflects a three years history of credit losses and are calculated and reviewed annually in order to reflect current conditions and forecasts about the future.

Financial liabilities

Financial liabilities at fair value through profit/loss

Financial liabilities in this category includes derivatives with a negative value used in hedge accounting and derivatives not used in hedge accounting.

The latter relates to written put options that may result in Group companies receiving their own equity shares and being obligated to deliver cash corresponding to the fair value of the equity shares. Shares on loan in the

trading operation are classified as financial liabilities held for sale. When shares on loan are sold, an amount corresponding to the fair value of the shares is recorded as a liability. This category also includes contingent considerations recognized in business combinations to which IFRS 3 applies.

More information can be found under Derivatives.

Financial liabilities measured at amortized cost
This category includes all other financial liabilities than those measured at fair value through profit/loss above.

Derivatives
Derivatives, such as forwards, options and swaps, are used to offset the risks associated with fluctuations in exchange rates, as well as the exposure to interest rate risks. Derivatives are initially recognized at fair value through profit/loss, which means that transaction costs are charged to profit/loss for the period. In the following periods, the derivative instrument is recognized at fair value and changes in the value are recognized in the Income Statement as income or expense (part of operating profit) or as part of net financial items. Where they are reported is based on the purpose of the derivative and whether its use is related to an operating item or a financial item. The interest rate coupon from an interest rate swap is recognized as interest and value changes are recognized as other financial items as a component of financial net, provided that the interest rate swap is not part of a cash flow hedge, which is accounted for according to the description below.

Hedge accounting
Investor applies hedge accounting in order to reduce fluctuations in profit/loss related to hedging of interest rate risks and currency risks. When hedge accounting is applied, value changes related to the hedging instrument is presented in profit/loss at the same time as the result from the hedged item. The effective part of the hedge is presented in the same component of the income statement as the hedged item. Hedging instruments with a positive fair value are in the Consolidated balance sheet reported within the balance sheet items current and long-term receivables respectively. Hedging instruments with a negative fair value are in the Consolidated balance sheet reported within the balance sheet items current and long-term liabilities respectively

Hedging of interest rate and exchange rate risks – fair value hedges
In some cases, the Group uses derivatives as hedging instruments for different types of financial risks connected with the Group's external borrowing.

For example, a fixed rate loan in foreign currency can be swapped to floating rate SEK with foreign currency interest rate swaps. The loan's credit spread component on initial recognition is not included in the hedging relationship. The so-called FX basis spread is defined as a hedging cost and is not part of the hedge either. The market value of the hedging instrument relating to basis spread is instead accounted for in equity.

As long as hedge accounting is applied, the carrying value of the hedged item is adjusted for fair value changes attributable to the risk being hedged, and those fair value changes are recognized in profit/loss. The hedging instrument is measured at fair value, with changes in fair value also recognized in profit/loss.

Hedge in net investment foreign operations
Part of the net investments in foreign operations denominated in USD is hedged through the use of derivatives. Changes in the fair value of the hedging instrument are recognised in "Profit/loss from net investment hedge" in the consolidated statement of comprehensive income and are included in the Translation Reserve within equity attributable to shareholders of the Parent Company.

Any ineffective portion of the hedge is recognised immediately in equity. When the hedge is fully or partially discontinued in connection with the disposal of a foreign net investment, the accumulated changes in fair value of the hedging instrument are reclassified to the income statement. If the hedge is discontinued due to early termination of the hedging instrument without a corresponding disposal of the foreign net investment, the accumulated fair value changes remain in equity. Upon the subsequent disposal of the foreign net investment, these accumulated amounts are reclassified to the income statement.

Repurchases of own shares
Repurchased shares include the cost of acquiring own shares held by the Parent company. Repurchases of own shares are reported as a deduction from equity. Cash proceeds from the sale of such equity instruments are reported as an increase in unrestricted equity. Any transaction costs are recognized directly under equity.

Dividends to shareholders
Dividends are recognized as a liability as soon as the Annual General Meeting has approved the dividend for the year.

Non-controlling interest
Non-controlling interest are presented in the equity separately from the equity attributable to the shareholders of the Parent company. In the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the part attributable to the non-controlling interest are included and separately disclosed in conjunction with the statements.

Put options to non-controlling interest

Agreements with non-controlling interests exists, that obliges Investor to, at specified occasions, purchase equity instruments in subsidiaries if the counterparty wants to divest them. The agreement, put option, is a contract to purchase the group's own equity instruments and thus gives rise to a financial liability. The liability is included in Other long-term liabilities. The obligation under the put option is valued at the estimated redemption amount at the time when the equity instrument can be put to Investor. The put option is valued at the proportionate value in relation to the fair value of the subsidiary. At remeasurement of the liability, the change of value is recognized in net financial items.

Employees and personnel costs

Accounting for equity-settled programs

The fair value of stock options and share programs issued is determined at the grant date in accordance with the Black & Scholes valuation model, taking into consideration the terms and conditions that are related to the share price.

The value is recognized in the Income statement as a personnel cost allocated over the vesting period with a corresponding increase in equity.

The recognized cost corresponds to the fair value of the estimated number of options and shares that are expected to vest. This cost is adjusted in subsequent periods to reflect the actual number of vested options and shares. However, no adjustment is made when options and shares expire only because share-price related conditions do not reach the level needed for the options to vest.

When equity-settled programs are exercised, shares are delivered to the employee. When exercised, the payment of the exercise price that was received from the employee is reported as an increase in equity. The delivered shares are treasury shares that were repurchased when needed.

Equity-settled programs issued to employees in Group companies

In the Parent company, the value of equity instruments, which is offered to employees of other companies belonging to the Group, is reported as a capital contribution to subsidiaries. The value of participations in subsidiaries increases simultaneously to the Parent company's reporting of an increase in equity. The costs related to employees in companies concerned are invoiced to the subsidiaries. The cash settlement of the invoices then neutralizes the increase of participations in subsidiaries.

Accounting for cash-settled programs

Cash-settled stock option and share programs and cash-settled (synthetic) shares result in an obligation that is valued at fair value and recognized as an expense with a corresponding increase in liabilities. Initial fair value is calculated and the grant value is recognized over the vesting period as a personnel cost, which is similar to the recognition of equity-settled programs. However, cash settled programs are revalued at fair value every balance sheet date and at final settlement. All changes in the fair value as a result of changes in share price or fair value of the underlying instruments are recognized in the financial net with a corresponding change in liabilities.

When cash-settled programs are exercised, the liability to the holder of the synthetic shares is settled.

Accounting for social security attributable to share-based payment transactions

Social security expenses attributable to share-based remuneration are recognized and amortized in accordance with the same policies as the costs for synthetic shares.

Contingent liabilities

A contingent liability exists when there is a possible obligation depending on whether some uncertain future event occurs, or, when there is a present obligation, but payment is not probable or the amount cannot be measured reliably. A provision is recognized if and only if a present obligation (legal or constructive) has arisen as a result of a past event (the obligating event), the payment is probable (more likely than not), and the amount can be estimated reliably.

Accounting policies of the Parent company

The Annual Accounts Act and RFR 2 Accounting for Legal Entities has been applied for the Parent company. The Parent company applies the same accounting policies as the Group unless otherwise noted. Any differences between the accounting policies of the Parent company and those of the Group are caused by limitations to the application of IFRS in the Parent company because of the Swedish Annual Accounts Act. Significant accounting policies for the Parent company that differs from the Group are presented below.

Subsidiaries

Subsidiaries are companies in which Investor AB is able to exert a controlling influence. Controlling influence is the power to, either directly or indirectly, govern the financial and operating policies of an entity in order to obtain economic benefits from its activities.

In the Parent company, participations in Group companies are recognized in accordance with the cost method and in legal entities, transaction costs attributable to business combinations will be included in the acquisition cost.

Contingent consideration is valued based on the likelihood that the consideration will be paid. Any changes to the provision/receivable result in an increase/decrease in the cost of acquisition. On each balance sheet date, the

carrying amounts are reviewed to determine if there are any indications of impairment. Dividends from subsidiaries are included in the Parent company's operating profit/loss.

Shareholders' contribution
Shareholders' contributions are recognized directly in equity by the receiver and are capitalized in Participations in Group Companies by the giver to the extent that no impairment loss is required.

Associates
Based on how Investor controls and monitors the companies' operations, Participations in associates are recognized at fair value in accordance with IFRS 9.

Borrowing costs
In the Parent company, borrowing costs are charged to profit/loss during the period they pertain to. Borrowing costs are not capitalized.

Financial guarantees
The Parent company's financial guarantee contracts consist primarily of guarantees on behalf of subsidiaries and associates.

The Parent company applies RFR 2 IFRS 9 item 1, to account for financial guarantee contracts issued on behalf of subsidiaries and associates, which is somewhat more lenient than the rules in IFRS 9, due to the relationship between accounting and taxation. The Parent company recognizes financial guarantee contracts as a provision in the Balance Sheet when the company has a commitment for which payment will most likely be required.

Tax regulation
The Parent company is taxed in accordance with the Swedish rules for certain holding companies. The purpose of these rules is to allow reallocations of its holdings without tax consequences. To be eligible for these rules, the company should, almost exclusively, manage an equity portfolio providing the shareholders risk allocation. The regulations for industrial holding companies imply that capital gains on shares are not taxable and corresponding capital losses are non-deductible. Dividends received and interest income are both taxable items, while administrative costs, interest expenses and dividend paid are all deductible. Moreover, the Parent company declares a standard income of 1.5 percent on the market value of listed shares when the voting rights at the beginning of the year are less than 10 percent, or when they exceed 10 percent but, at the beginning of the year, had been owned for less than one year. As a consequence of these tax regulations, the Parent company typically does not pay income tax. For the same reason, the Parent company does not report deferred tax attributable to temporary differences. The regulations for industrial holding companies also imply that the Parent company may neither give nor receive Group contributions.

Leases
The Parent company applies RFR 2 IFRS 16 item 1, and therefore recognize leases in the Income Statement on a straight-line basis over the lease term.