



K I N N E V I K

ANNUAL REPORT 2015



"We build leading digital brands"

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CHIEF EXECUTIVE'S REVIEW

Following a successful 2014 during which our Net Asset Value (NAV) grew 29% to SEK 84.4bn, Kinnevik delivered a solid 2015 thanks to the strong operating performance of Zalando, Tele2 and Avito. Our NAV remained stable and we increased our dividend per share to SEK 7.25 and share price by 2.7% to SEK 262. During the year, we invested SEK 1.6bn in our priority companies and released SEK 1.1bn from businesses with less potential and SEK 7.2bn through the sale of our interest in Avito. We ended 2015 with stronger digital brands, an exciting pipeline of new opportunities, a committed leadership team and a net cash position of SEK 7.6bn, or 9% of the total portfolio. We are confident of Kinnevik's ability to continue to deliver long term shareholder value.

2015: A YEAR OF INNOVATION, INVESTMENTS AND TRANSFORMATION

Within technology-led markets where the only constant is change, every one of Kinnevik's investee companies executed plans to transform and adapt their business model to capture a larger share of the opportunities created by ubiquitous mobile broadband.

Zalando was at the forefront of this transformation, investing in innovative products, infrastructure and talent in order to strengthen its position as the leading European online fashion platform. The company grew its customer base to 17.9 million by the end of the year, and with 60% of its traffic now coming from mobile devices, Zalando delivers an exciting and ubiquitous shopping experience across Europe. Despite its increased investments intended to re-accelerate revenue growth to approximately 34%, the company remained clearly profitable with an EBIT margin of 3%.

Global Fashion Group brought together six separate regional companies to create the world's largest emerging markets fashion e-commerce group, a unique partner for the world's leading fashion brands. Despite the sharp drop in many emerging market currencies, the company delivered excellent revenue growth.

Rocket Internet, a company known as an incubator and business builder, became a fully established multi stage internet investor, raising over EUR 1.5bn through a secondary public equity offering, a convertible placing and the establishment of a private co-investment structure which was launched in January 2016. Rocket Internet acquired a significant position in Delivery Hero and launched a number of promising new ventures.

Millicom continued to execute its "digital lifestyle" strategy combining mobile and broadband businesses in Latin America and Africa. In Latin America, Tigo/UNE is a clear success story in an increasingly competitive Colombian market. In Africa, Millicom

divested its DRC business in the beginning of 2016, furthering the company's intentions to deliver a significantly improved cash profile from the region.

In Sweden, Tele2 continued to leverage its dual brand strategy and to deliver flexibility, transparency and simplicity to its customers together with a great network experience. The company's commitment to customer service resulted in lower churn, lower subscriber acquisition costs and higher EBITDA growth. At the end of 2015, Tele2 also launched a nationwide 4G only network, the world's first, in the Netherlands, and entered into a mobile joint venture in Kazakhstan with Kazakhtelecom.

MTG accelerated its transformation from a traditional broadcaster to a broadbased digital entertainment company through the acquisitions of Turtle Entertainment, the world's largest e-sports company, Dreamhack and Zoomin.TV, as well as through continued investments in Viaplay. This, together with the investments in premium sports content, enabled MTG to deliver almost stable profits for the year despite negative impact from currency headwinds and M&A costs.

Quikr, the largest and broadest horizontal classifieds businesses in India, continued on its path towards monetisation. Quikr launched five category-specific businesses on top of its core horizontal platform and strengthened its position in the highest revenue categories - real estate, jobs and services - via product innovation and the acquisition of CommonFloor. Quikr was rated as the second most trusted internet brand in India in a survey conducted by the Economic Times and Nielsen in November 2015.

At Kinnevik, we continued to build our capabilities through the recruitment of an additional 8 talented professionals. We further reduced the number of investee companies from 41 to 34, and delivered a return exceeding 16x on the SEK 438m of capital invested into Avito.

Following the identification of Healthcare and Education as two new attractive sectors with significant potential, we made our first investment in Healthcare by investing GBP 10m to fund the growth of babylon.

SHAREHOLDER REMUNERATION AND UPDATED GUIDANCE

For 2015, the Kinnevik Board of Directors recommends a dividend of SEK 7.75 per share, corresponding to a 3% dividend yield based on the closing price for the year of SEK 262.

In addition, in the beginning of 2016, the Board of Directors approved a SEK 500m share buyback program to be carried out between 15 February to 23 March. The program was executed in full and was closed on 23 March.

Based on our current pipeline of investment opportunities and the general state of the capital markets, in 2016 we expect to make net investments of SEK 2-3bn.

Based on our current portfolio composition, Kinnevik aims for an annual total shareholder return of 13% over the cycle.

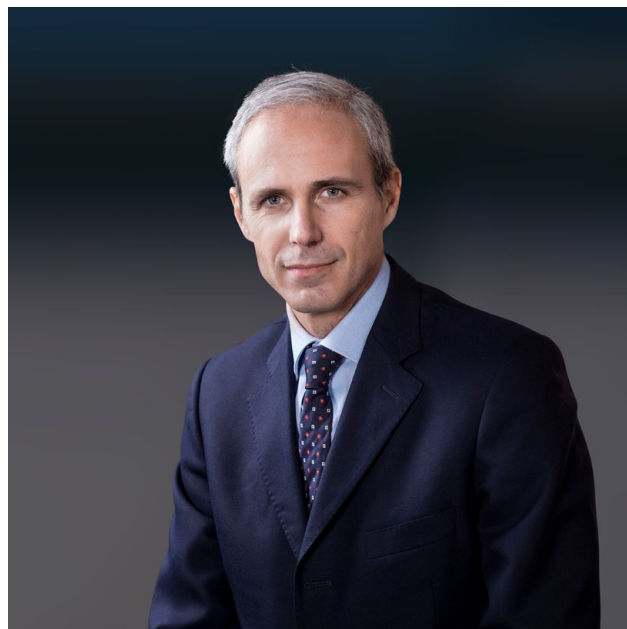
OUTLOOK FOR 2016

We expect 2016 to remain a challenging year for the valuations of our companies, especially for those exposed to emerging markets' currencies. At the same time, we believe 2016 will be a more attractive year for new investments given the likely decline in the amount of capital available to private digital consumer businesses.

With a strengthened investment team, a tighter portfolio of performing investments and a strong net cash position, Kinnevik begins 2016 with clear priorities and well positioned to fulfil its long-term ambitions.

We will continue to work closely with our operating companies to drive innovation, growth and where appropriate consolidation, we will attract new talent and establish new partnerships to expand our reach, and we will execute on our GRC and CR promises.

We will progress our investment activities by investing in our existing priority companies to support their growth and to increase Kinnevik's ownership. We will also build a presence in our sectors of focus through two to four new investments, and will continue pruning our portfolio.



We will complete the build-up of the Kinnevik team, maintain a very strong balance sheet with a significant net cash position, and continue on our path of shareholder value creation.

On behalf of the entire Kinnevik team, I would like to thank all of our shareholders for their support during 2015. Despite the challenges ahead, we will continue to work hard to deliver on our commitment to build sustainable businesses that can contribute to the societies in which we operate.

Just as Kinnevik has done since 1936.

Lorenzo Grabau
Chief Executive Officer

KINNEVIK'S OPERATING FRAMEWORK

The Joy and Value of Choice

The most amazing aspect of technology is how it makes everything easy.

Communication, commerce, entertainment, financial services, education and healthcare that used to be out of reach for many, can now be accessible to all.

Kinnevik is part of this development. Kinnevik builds digital consumer businesses that make life better for people. We create, invest in and lead fast growing companies in both developed and developing countries.

The consumer is at the heart of everything we do. We believe in her right to choose. We believe that she should have the opportunity to seek, find and use the services that deliver what she needs and wants. The businesses we build and invest in give her access to that opportunity.

Since 1936 our foresight, ability to innovate, focus on organic growth and commitment to value creation have been cornerstones when building great companies. We have always believed in the power of partnerships. We invest for the long term and stand by our companies as they grow.

But where we once were firmly rooted in Sweden, we now operate on a worldwide basis. In markets where supply was once limited, we make lives better by giving people something extremely valuable - choice.

Our Strategy

Build a select number of leading *digital consumer brands*

Develop strong strategic and operational *partnerships*

Drive *innovation and operational excellence* within each of our investee companies

Maintain a *balanced presence* across regions and countries

Attract other leading international *institutional investors*

Create value through *consolidation*

Continuously explore *new business opportunities*

Take *measured risks*

Crystallize the value of our investments

Maintain a *strong balance sheet*

Our Financial Targets

Attractive returns

Based on the current portfolio composition, Kinnevik aims for an annual total shareholder return of 13% over the cycle.

Low leverage

Given the nature of Kinnevik's new investments, the goal is to have low or no leverage in the parent company.

Increasing shareholder remuneration

Kinnevik aims to pay an annual dividend growing in line with dividends received from its investee companies and the cash flow generated from its investment activities. Kinnevik will make share buybacks when the Kinnevik share trades at a significant discount to their intrinsic value, as perceived by Kinnevik, and the company has significant net cash, taking into consideration its dividend expectations, net investment plan and operating costs.

Our Criteria for New Investments

Kinnevik applies a focused and transparent approach to new investment opportunities. Companies are carefully evaluated on the basis of eight investment criteria.

Market opportunity

The business addresses a material, everyday consumer need

Entrepreneurs

The company is led by a talented and experienced team

Barriers to entry

High barriers to entry protect the business model from competition

Market leadership

The business is well positioned relative to peers

User engagement

Historical cohorts suggest the business is valued by repeat customers

Technology

The company places innovation and product development at its core

Path to profitability

The unit economics are positive and sustainable

Returns

Based on realistic projections, the entry price allows for appropriate risk-adjusted returns

KINNEVIK'S DIGITAL BRANDS

E-Commerce & Marketplaces



Founded in 2008, Zalando is Europe's leading online fashion platform, offering clothing, shoes and accessories for women, men and children with more than 1,500 global and local brands as well as private labels. Zalando has an online presence in 15 European markets and is tailored to country-specific customer preferences.

32%

KINNEVIK STAKE

SEK 25 943m

FAIR VALUE

EUR 2 958m

2015 REVENUE

34%

2015 REVENUE GROWTH



Rocket Internet is a global internet platform that incubates and develops e-commerce and other consumer-oriented online companies. Founded in 2007, Rocket Internet now has a network of companies in 110 countries outside the US and China.

13%

KINNEVIK STAKE

SEK 5 627m

FAIR VALUE

120%

GMV GROWTH JAN-SEP 2015



GFG is the leading emerging markets fashion e-commerce company with operations across 5 regions and 27 countries with a 2.5 billion population and addressing a fashion market worth EUR 350bn. The GFG companies launched in 2011 and 2012.

26%

KINNEVIK STAKE

SEK 4 067m

FAIR VALUE

EUR 1 057m

GMV JAN-SEP 2015

61%

GMV GROWTH JAN-SEP 2015



Quikr is India's number one online classifieds platform. Launched in 2008, today the company has over 4.2 million listings and have generated over 150 million replies.

19%

KINNEVIK STAKE

SEK 1 519m

FAIR VALUE

28.5m

DECEMBER 2015 UMVS

home 24

Home24 is an online store for furniture and home accessories in seven core markets in Europe and in Brazil. The broad range of around 180,000 products from over 800 manufacturers includes furniture, lamps, home accessories and garden equipment.

17%

KINNEVIK STAKE

SEK 801m

FAIR VALUE

EUR 172m

REVENUE JAN-SEP 2015

63%

REVENUE GROWTH
JAN-SEP 2015

LAZADA

Launched in 2012, Lazada is the leading online shopping and selling destination for assorted merchandise in South East Asia, with presence in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

9%

KINNEVIK STAKE

SEK 520m

FAIR VALUE

USD 691m

GMV JAN-SEP 2015

225%

GMV GROWTH JAN-SEP 2015

Qliro Group

Qliro Group is an e-commerce group in the Nordic region, with companies including CDON.com, Nelly.com, Gymgrossisten, Tretti, Lekmer and Qliro Financial Services. Established in 1999, the Group has expanded its product portfolio and is now a leading e-commerce player within consumer goods, lifestyle products and financial services.

29%

KINNEVIK STAKE

SEK 513m

FAIR VALUE

SEK 5 174m

2015 REVENUE

4%

2015 REVENUE GROWTH



Westwing is an international home & living e-commerce company offering a curated selection of home décor, interior design and furniture products. Westwing covers 14 markets across Europe, Brazil and Russia.

17%

KINNEVIK STAKE

SEK 387m

FAIR VALUE

EUR 154m

REVENUE JAN-SEP 2015

27%

REVENUE GROWTH
JAN-SEP 2015



Saltside launched in 2011 and operates the top online horizontal classifieds platform in four frontier markets - Bangladesh, Sri Lanka, Ghana and Nigeria.

61%
KINNEVIK STAKE

SEK 195m
FAIR VALUE

4.1m
DECEMBER 2015 UMVS



Launched in 2012, Linio is an online shopping and selling destination in Spanish speaking Latin America, with presence in Argentina, Chile, Colombia, Ecuador, Mexico, Panama, Peru and Venezuela.

8%
KINNEVIK STAKE

SEK 135m
FAIR VALUE

EUR 130m
GMV JAN-SEP 2015

94%
GMV GROWTH
JAN-SEP 2015



Konga, founded in 2012, is one of the largest general merchandise marketplaces in Nigeria and ranks as one of the top ten websites in the country.

34%
KINNEVIK STAKE

SEK 103m
FAIR VALUE

210 000
ACTIVE CUSTOMERS

Communication



Millicom is an international telecommunications and media company dedicated to emerging markets in Latin America and Africa since 1990. Millicom is actively working on providing innovative and customer-centric digital lifestyle services.

38%
KINNEVIK STAKE

SEK 18 479m
FAIR VALUE

USD 6 730m
2015 REVENUE

5%
2015 REVENUE GROWTH



Founded in 1986, Tele2 is one of Europe's leading telecommunications operators offering mobile communication services, fixed broadband and telephony, data network services and content services in 9 countries.

30%
KINNEVIK STAKE

SEK 11 524m
FAIR VALUE

SEK 26 856m
2015 REVENUE

3%
2015 REVENUE GROWTH

Entertainment



MTG is an international entertainment group. Its operations began in 1986, spans six continents and include TV channels and online platforms, content production and distribution businesses, radio stations, multi-channel networks and e-sports.

20%

KINNEVIK STAKE

SEK 2 938m

FAIR VALUE

SEK 16 218m

2015 REVENUE

3%

2015 REVENUE GROWTH



Iroko is a subscription based video on demand platform with the most comprehensive catalogue of African content across the globe. Iroko launched in 2010 and has subscribers in over 100 countries.

17%

KINNEVIK STAKE

SEK 86m

FAIR VALUE

58 000

SUBSCRIBERS

Financial Services



Bayport provides unsecured credit and other financial services to the formally employed mass market in Africa and Latin America since 2001.

24%

KINNEVIK STAKE

SEK 1 278m

FAIR VALUE

557 000

CUSTOMERS



Milvik offers, under the brand name BIMA, affordable and uniquely designed life and health insurance products via mobile phones since 2010.

39%

KINNEVIK STAKE

SEK 351m

FAIR VALUE

20.7m

REGISTERED CUSTOMERS

CORPORATE RESPONSIBILITY

STRATEGY AND PURPOSE

Kinnevik’s objective is to deliver long-term shareholder value primarily through net asset value growth and annual dividends. As an active owner and lead investor, Kinnevik bears responsibility to stakeholders for the conduct of its investee companies.

In 2011, Kinnevik formally adopted the Ten Principles of the UN Global Compact in the areas of human rights, labour, the environment and anticorruption. This fifth annual Communication on Progress describes the actions taken to integrate the Global Compact and its principles into the business strategy, culture and daily operations of Kinnevik.

For Kinnevik, Corporate Responsibility (CR), including social and environmental responsibility and business ethics, is closely inter-linked with the governance, risk management and compliance (GRC) structures in place within Kinnevik’s investee companies. Kinnevik believes that companies with robust GRC structures also have the capability to ensure that the business is conducted in a

responsible and ethical manner, and will outperform their peers in the long term. GRC performance is dependent on the tone at the top and commitment from Shareholders, Board of Directors and Management. Through sound investments and active ownership Kinnevik can have a positive impact on society, as well as on Kinnevik’s net asset value growth. Showing consideration for stakeholders by working actively with GRC and CR related issues is essential for Kinnevik and a prerequisite for high and sustained profitability. Therefore, Kinnevik’s vision for its investee companies is to integrate GRC within the companies’ strategies and strive to achieve best in class operating standards to create long term value in a sustainable manner.

To support the integration of the GRC agenda, Kinnevik established a dedicated GRC function in 2014. The purpose of the function is to oversee the development of the GRC environment within Kinnevik’s investment portfolio. Within each investee company the Kinnevik GRC team works with five focus areas which are described below.

FOCUS AREAS OF THE GRC TEAM

Governance	Risk Management	Compliance	Corporate Responsibility	Cyber Security
<ul style="list-style-type: none"> • Role of the Board • Policies and Procedures • Internal Control and Internal Audit • Code of Conduct • Whistleblower Hotline 	<ul style="list-style-type: none"> • Risk Policy and Framework • Risk Awareness • Risk Based Decision Making • Risk Reporting 	<ul style="list-style-type: none"> • Compliance with Laws, Regulations and Standards • Compliance Structures • Compliance Reporting 	<ul style="list-style-type: none"> • CR Policy • Human Rights and Child Protection • Business Ethics, Anti-Bribery and Anti-Corruption • Labour Rights • Health and Safety • Supply Chain Compliance 	<ul style="list-style-type: none"> • Information Security Strategy • Business Continuity Plans • Cyber Risk Monitoring • Reporting

STAKEHOLDERS

Expectations on Kinnevik vary between different stakeholder groups. For Kinnevik it is important to understand its stakeholders’ different expectations and Kinnevik strives to have an open and direct dialogue with these groups. The principal stakeholder groups identified by Kinnevik are the following:

Shareholders

Investors today increasingly integrate sustainability issues into their investment decisions. Kinnevik has an ongoing dialogue with its owners and potential investors on sustainable development.

Employees

In order for both Kinnevik and its investee companies to be able to attract top performing executives, entrepreneurs and talented employees, we believe that it is important to act as a good corporate

citizen and be known for applying the highest ethical and business standards. In annual development, staff meetings and planning dialogues with management and employees, GRC and CR related issues are discussed. As an example of this Kinnevik has initiated a structured program to train and upskill its investment team on GRC and CR related matters. Kinnevik has also introduced GRC objectives and targets as a part of its short term incentive program for most members of the investment team.

Investee Companies

Kinnevik is for most of its investee companies the largest or among the largest shareholders. Kinnevik is an active owner that through its representation at board level influences strategic decisions and priorities in the investee companies. As an active owner, Kinnevik influences to a large extent the tone from the top which is important for attracting both employees and customers. Kinnevik has a comprehensive dialogue with its investee companies related

to relevant GRC and CR topics. As an example of this, Kinnevik has driven the creation of sub-committees of the boards of two of its larger private companies, Global Fashion Group and Lazada, to focus on and drive CR initiatives within these companies. Kinnevik is also in the process of introducing GRC and CR as standing items on the agendas of the board and committee meetings of its investee companies.

Authorities

For Kinnevik’s and its investee companies’ long term successful development it is important to comply with applicable laws, rules and standards in different countries. Kinnevik has an on-going dialogue with relevant authorities to monitor regulatory development in important fields. Kinnevik’s GRC team also works closely with the investee companies to assist them in building appropriate compliance monitoring and reporting structures within their operations.

ROLE OF GRC IN NEW INVESTMENTS

GRC has been introduced as a separate due diligence work stream for all new investments made by Kinnevik. All potential new investments are evaluated in terms of its CR environment and GRC performance. In instances where potential investments do not adhere to relevant standards, or are not considered to be susceptible to the required improvements, Kinnevik refrains from the investment.

New investments are generally small start-up companies which may not yet have formal CR practices and procedures in place. In such instances the Kinnevik GRC team support the development of appropriate GRC and CR structures as part of the development of the investment.

Kinnevik’s GRC Director participates in the Investment Committee meetings and all material findings from the GRC due diligence process is reported to the Investment Committee.

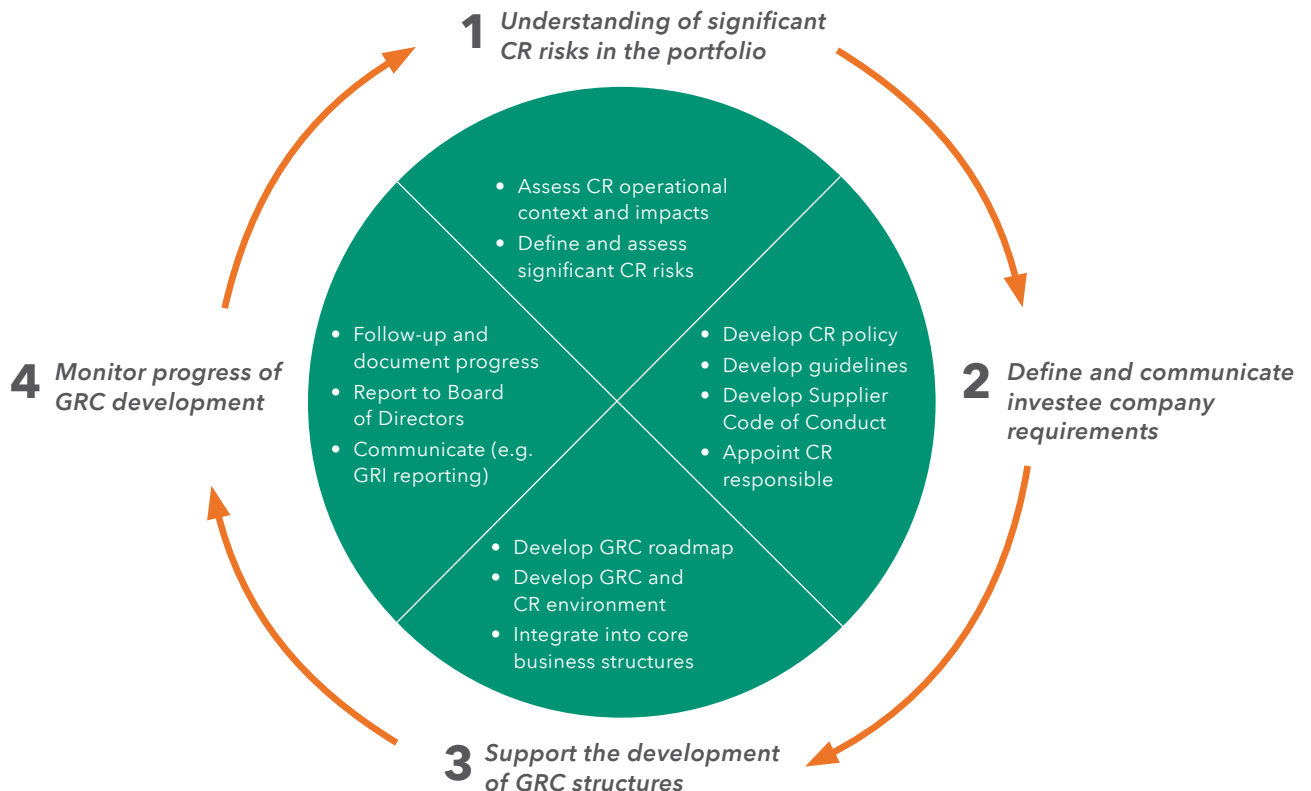
HOW KINNEVIK WORKS WITH ITS INVESTEE COMPANIES

Kinnevik strives to influence its investee companies through both clear requirements and guidelines, and by actively supporting and monitoring the investee companies in their efforts to put appropriate business structures in place. Being active owners within investee companies, Kinnevik uses a two-tiered approach to develop GRC within its investee companies through board representation and through the Kinnevik GRC and investment teams. The key elements in Kinnevik’s approach to develop and maintain appropriate structures for GRC and CR within the portfolio include; to understand significant CR risks, define and communicate investee requirements, support development of GRC structures, and monitor progress. The approach is illustrated below.

1. Understanding of significant CR risks in the portfolio

The majority of the potential CR issues and challenges for Kinnevik are derived from the operations of the respective investee company. The risks identified by the investee companies comprise a wide range of risk areas which may all, to some extent, affect Kinnevik and the company’s other stakeholders. CR topics that are assessed to be most important and have the greatest relevance both to Kinnevik and the company’s stakeholders are the following:

- Prevention of bribery and corruption
- Maintaining an ethical supply chain, including consideration of human rights and labour standards



- Prevention of anti-corruptive behaviour
- Country risks associated with operating in emerging markets
- Compliance with laws and regulations

Important aspects to consider when assessing relevant risks include developments and trends within key industries, existence of operations in emerging markets, emerging supply chain risks and rapid growth. Other aspects such as limiting the environmental footprint of Kinnevik and its investee companies are also important aspects to our business but not as pervasive as the above given the existing portfolio. Several of Kinnevik's investee companies are operating in emerging markets with elevated risks related to e.g. bribery and corruption and human rights violations.

2. Define and communicate investee company requirements

A key element in influencing the investee companies is explicit expectations, requirements and guidelines within relevant areas. Kinnevik's senior management, in cooperation with the Board of Directors, have formulated and established policies to address

relevant matters related to GRC and CR, primarily through the Code of Ethical Business Conduct (Code of Conduct), the Whistleblower Policy and the Corporate Responsibility Policy (CR Policy). In formulating these policies, Kinnevik has used the Ten Principles of the UN Global Compact and the OECD's guidelines for multinational enterprises as its starting point. All employees are expected to read and comply with the Company's policies. In addition to the established policies Kinnevik actively promotes compliance with all laws, rules and regulations in each jurisdiction in which the company conducts business, and every employee and other representative of the company is expected to comply with the laws of the country in which they operate.

The majority of the CR matters and challenges are derived from the operations of the respective investment, and several of Kinnevik's investee companies are operating in emerging markets with elevated risks related to e.g. bribery and corruption and human rights violations. In light of this, it is very important that Kinnevik has firm guidelines and clear expectations on its investee companies related to how such risks should be mitigated. However, Kinnevik

CR FOCUS 2015 IN KINNEVIK'S LARGE LISTED COMPANIES

MILLICOM

Human rights

Millicom jointly developed a Child Rights Impact Assessment tool with UNICEF, which was launched in March 2016 for all operators around the world to use. Millicom piloted two assessments using this tool in Tanzania and Rwanda in 2015, and conducted another in Colombia in early 2016.

Labour rights

Millicom carried out a review of its family-related policies and surveyed women across the organisation as part of its gender diversity programme. The number of women in senior management in Millicom is growing across the Group but particularly in Africa where at the end of 2015, women made up 26% of senior managers compared to 7% in 2013.

Environment

Millicom has significantly improved power usage effectiveness of its data centres by either building world-class sites or modernising existing facilities. Millicom conducted a review of its e-waste management practices in Africa and some of its Latin American operations. Millicom also updated its vendor due diligence framework to support its operations in identifying local and global responsible recycling solutions.

Anti-corruption

Millicom developed a consistent company-wide framework for managing compliance, including an updated global anti-bribery and anti-corruption (ABAC) policy and Code of Conduct, and newly launched anti-money laundering and fraud policies.

TELE2

Human rights

Privacy and Integrity, as human rights, have been integrated into Tele2's Corporate Strategy.

Labour rights

Tele2 has done a gap-analysis against the new approved EU Directive on non-financial disclosures and reporting covering labour rights, human rights, anti-corruption, environment and diversity.

Environment

Tele2, in cooperation with the Global e-Sustainability Initiative (GeSI), is exploring ICT's CO2 emission saving potential. During 2015 GeSI launched the SMARTer2030 Report, demonstrating the opportunities and emission saving potential of ICTs. Using the full potential of ICTs, through for example IoT, global CO2 emissions could be reduced with up to 20% in 2030, the report concludes.

Anti-corruption

Tele2 was ranked first in corporate transparency reporting in a study conducted by Transparency International Sweden. The study also concludes that Tele2 ranks number one in the aggregated index, both in the Swedish as well as in an international context. The study analyses corporate reporting against three main metrics: anti-corruption, organizational transparency and the disclosure of key financial information on a country-by-country basis.

ZALANDO

Labour rights

Zalando has improved the working conditions at its fulfilment centres. Wages have been steadily raised, based on the respective collective agreements for the logistics industry. Uniform, binding social standards and six-monthly audits at Zalando's own fulfilment centres as well as the logistics centres of service providers set a high standard for the working conditions. The findings in 2015 were all graded either good or excellent.

Environment

Zalando has continuously increased the share of recycled material and uses packaging cardboard that consists of 98% recycled material. Even the white top layer on the cardboard consists of recycled newspaper. All the printing inks used are water-based and therefore environmentally friendly.

Anti-corruption

Zalando expects all of its employees to obey the law and behave with integrity. The compliance guidelines and the Code of Ethics adopted at the end of 2015 provide guidance in this regard. The GRC team and legal department offer seminars on both fundamentals of compliance and other relevant issues. Employees can report any infringements - anonymously if desired - using the "Tell" process via email or an Intranet form.

also recognizes the importance that its investee companies define the most significant risks considering their operations. Through the CR Policy Kinnevik sets out requirements for its investee companies with respect to key CR and GRC topics.

According to the CR Policy the investee company must develop clear guidance on how matters concerning business ethics, including corruption, are to be managed. Such guidelines are particularly important for companies active in countries where corruption is prevalent. The guidelines must be known to all employees, and employees must be continually trained and informed of the guidelines.

Furthermore, investee companies must continuously document and evaluate compliance with relevant laws, regulations and international conventions, including respect for human rights, safe and healthy working conditions, freedom of assembly, promotion of diversity, and rejection of any form of forced or child labour. The investee companies must also develop a Supplier Code of Conduct in which the company's suppliers pledge to act in accordance with the recommendations of the UN Global Compact, with special attention given to companies in growth countries.

In addition, each investee company that has any material impact on the environment is required to establish an environment policy and continuously analyse the impact of their operations on the environment, and ensure that actions are taken to continuously improve performance. The investee companies should also assess the environmental impact of their suppliers and encourage them to achieve continuous improvements. Kinnevik encourages investee companies to develop environmental management systems that are certifiable, and to provide training to employees with respect to environmental issues.

3. Support the development of GRC structures

Another key element in influencing the investee companies is through active ownership, both through board representation, and by actively supporting and monitoring the investee companies.

The Kinnevik GRC team works closely with the investment management team, the Kinnevik board representatives, and investee company management teams to develop the investee companies' GRC environments. One example of activities the GRC team and investment team do to support the investee companies is on-site visits to facilitate the development of a GRC roadmap outlining relevant development initiatives with the investee company. The GRC team also ensures the CR topics and risks which are of most importance for the investee company's industry and business are identified and reported to its Board of Directors, including actions taken.

The most important GRC and CR topics varies between different investee companies, industries and countries. The management of the investee company must ensure that appropriate processes are in place to identify and manage the CR risks most relevant given their operational context. In listed investee companies, Kinnevik may, through board representation, oversee that the companies' operations are conducted in a responsible and ethical manner, and actively assist investee companies in developing their own CR policies in line with Kinnevik's requirements on social responsibility, ethics and environment.

In the larger listed companies, the Board of Directors has elected one board member with specific responsibility for overseeing GRC and CR activities. In addition, the companies are required to appoint an employee or a team that is responsible for the company's ongoing GRC and CR efforts, including integration of GRC and CR activities into the daily operations.

The GRC environments of public companies are generally developed and monitored by sub-committees of the respective Board of Directors (Audit Committee, Corporate Responsibility Committee etc.). Furthermore, the Audit Committees of most public companies in the portfolio are chaired by independent directors with experience in GRC and related matters. Therefore, the Kinnevik GRC team primarily focuses on the development of the private companies. In 2015, the GRC team visited all material private investee companies to assess their GRC environments and support them in developing a GRC roadmap.

For example, in Global Fashion Group, Kinnevik supported the establishment of the Sustainability Committee as a sub-committee of the board to drive supply chain compliance across the group. Kinnevik's GRC team acts as an advisor to the committee and works with the management team to develop supply chain compliance within the group.

4. Monitor progress of GRC development

To secure that the investee companies are developed in line with Kinnevik's expectations, progress is followed up regularly by Kinnevik's board representatives and by the investment management teams.

Progress of GRC development within the Kinnevik portfolio is also monitored by the GRC team and regularly reported to the Kinnevik Board of Directors. Furthermore, GRC is a standing item on Kinnevik's agenda in most board meetings where management is present, and progress towards the investee companies' GRC roadmaps is assessed.

GRC and CR initiatives within investee companies, including how significant CR risks are managed and which action has been taken, are followed up regularly and reported to the respective Board of Directors. Furthermore, GRC and CR activities is a standing agenda item at every board meeting, and each investee company is required to follow up its CR policy annually. In larger listed companies the employee, or team, assigned responsibility for CR regularly report progress and effects of the work to the responsible board member.

The investee companies are encouraged to publicly communicate the impact of their corporate responsibility efforts. In order to find a common tool in terms of reporting the progress in the corporate responsibility field, many of Kinnevik's companies have chosen to report according to GRI principles. GRI's core goals include the alignment of disclosure on environmental, social and governance performance.

REACH FOR CHANGE 2015

In 2015, Reach for Change continued to support social entrepreneurs who help children to better lives around the world. These are some of the results achieved during the year.



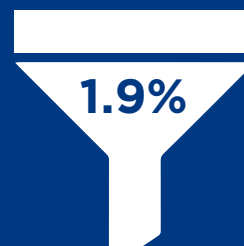
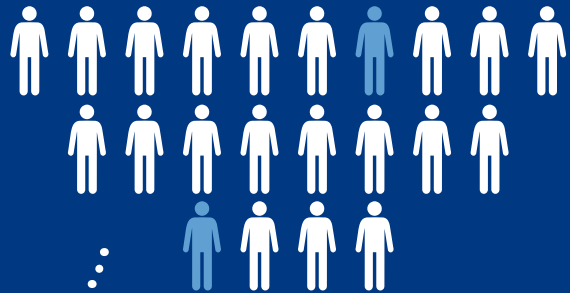
REACH FOR CHANGE

Reach for Change is a non-profit organization founded by Kinnevik and Sara Damber to improve children's lives. Reach for Change finds passionate local entrepreneurs with innovative solutions to pressing issues facing children. The entrepreneurs get support to develop their ideas through an accelerator program. Those with the highest potential are also invited to join Reach for Change's incubator, where they receive seed funding, network and advice to transform their ideas into sustainable and impactful organizations improving children's lives.

Since the start in Sweden, Reach for Change has grown to 17 countries, supporting hundreds of social entrepreneurs who have in turn helped hundreds of thousands of children.

SELECTION

3,408 individuals applied for support to develop ideas that improve children's lives



1.9%



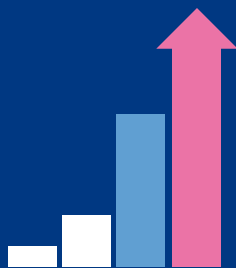
ACCELERATOR

306

social entrepreneurs received support through our accelerator program



1.9 % of the applicants were selected into the incubator program



IMPACT ON ENTREPRENEURS

66% of the entrepreneurs in the incubator increased the number of children supported on average by x3.2

of the entrepreneurs in the incubator gained more revenues, on average by x2

66%



INCUBATOR

133 amazing social entrepreneurs were helped to create a better world for children through our incubator program



IMPACT ON CHILDREN

The social entrepreneurs contribute to solving pressing issues facing children in a number of areas, from health to education and social inclusion.

Drowning is the leading cause of accidental death among children in Ghana. To change this, our entrepreneur Felix Uzor has developed a method to train children in water safety.

During 2015, more than **31,120** children were helped by Felix' program. It is now being rolled out in schools across the country as part of the national school curriculum.

Children with mental disabilities are particularly vulnerable to the risk of being abused, displaced from their families and outcasts in society. Several of our entrepreneurs - from Chad to Kazakhstan - work to improve conditions for this group. During 2015, they helped **2,990** children.

One of these entrepreneurs is Adoumkidjim Naiban, who created the first education centre ever in Chad to help these children be more independent and build a better future.



THE KINNEVIK CORPORATE TEAM



Lorenzo Grabau
Chief Executive Officer



Joakim Andersson
Chief Financial Officer



Torun Litzén
Director Corporate Communication



Tobias Hultén
Legal Director



Magnus Jakobson
Corporate Finance Director



Mathew Joseph
GRC Director

Lorenzo Grabau*

Chief Executive Officer

Employed: 2014

Nationality: Italian

Born: 1965

Board positions:

Chairman of Global Fashion Group, Deputy Chairman of Zalando, Member of Supervisory Board of Rocket Internet, and Non-Executive Director of Millicom International Cellular, Tele2 and Qliro Group

*Shareholding**:*

1,010,000 class B shares whereof 15,000 held through pension plan, insurance or similar

Joakim Andersson*

Chief Financial Officer

Employed: 2007

Nationality: Swedish

Born: 1974

Board positions:

Chairman of Metro Sweden and Non-Executive Director of Modern Times Group

*Shareholding**:*

16,111 class B shares, whereof 2,150 held through pension plan, insurance or similar

Torun Litzén*

Director Corporate Communication

Employed: 2007

Nationality: Swedish

Born: 1967

Board positions:

Member of the Board of Reach for Change

*Shareholding**:*

16,800 class B shares, whereof 500 held through pension plan, insurance or similar

Tobias Hultén*

Legal Director

Employed: 2012

Nationality: Swedish

Born: 1981

*Shareholding**:*

3,951 class B shares

Magnus Jakobson

Corporate Finance Director

Employed: 2015

Nationality: Swedish

Born: 1976

Board positions:

Member of the Boards of Bayport and Saltside

*Shareholding**:*

4,269 class B shares, whereof 2,269 held through pension plan, insurance or similar

Mathew Joseph

GRC Director

Employed: 2014

Nationality: Indian

Born: 1979

*Shareholding**:*

4,142 class B shares, whereof 2,642 held through pension plan, insurance or similar

* Senior executives

** Including holdings of closely affiliated persons

THE KINNEVIK INVESTMENT TEAM



Chris Bischoff
Senior Investment Director



Christoph Barchewitz
Investment Director



Stina Andersson
Investment Director



Franco Danesi
Investment Director



Mathias Pedersen
Investment Director



Jessica Thorell
Investment Manager

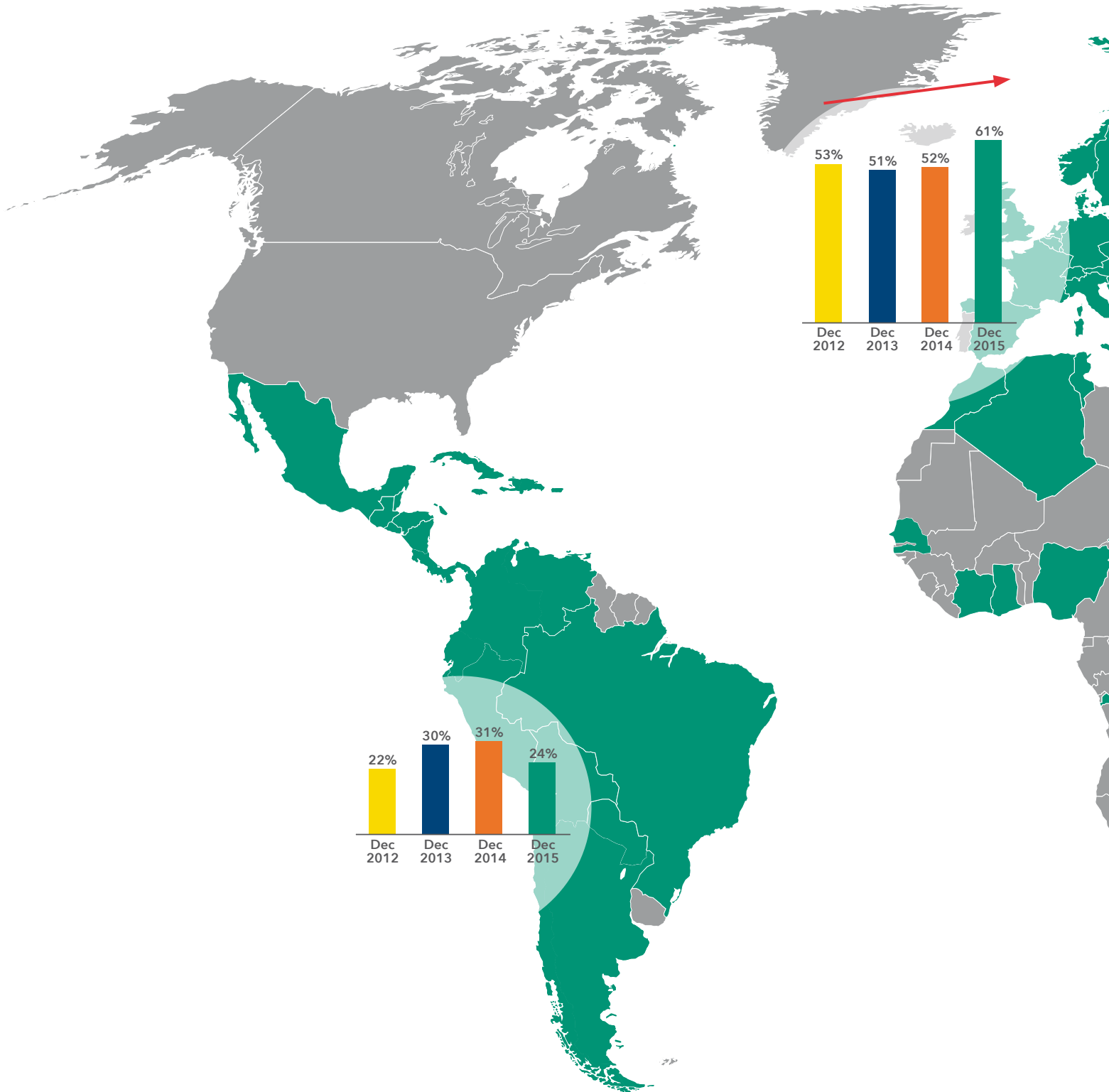
Chris Bischoff*	Christoph Barchewitz*	Stina Andersson*	Franco Danesi	Mathias Pedersen	Jessica Thorell
<i>Senior Investment Director</i>	<i>Investment Director</i>	<i>Investment Director</i>	<i>Investment Director</i>	<i>Investment Director</i>	<i>Investment Manager</i>
<i>Employed: 2013</i>	<i>Employed: 2014</i>	<i>Employed: 2011</i>	<i>Employed: 2014</i>	<i>Employed: 2015</i>	<i>Employed: 2014</i>
<i>Nationality: British</i>	<i>Nationality: German</i>	<i>Nationality: Swedish</i>	<i>Nationality: Italian</i>	<i>Nationality: Swedish</i>	<i>Nationality: Swedish</i>
<i>Born: 1973</i>	<i>Born: 1978</i>	<i>Born: 1983</i>	<i>Born: 1972</i>	<i>Born: 1971</i>	<i>Born: 1983</i>
<i>Board positions:</i> Chairman of the Board of Milvik/BIMA and Saltside, Member of the Board of Bayport, Konga, Quikr and babylon	<i>Board positions:</i> Member of the Board of Global Fashion Group, Home24, Westwing, Lazada and Linio	<i>Shareholding**:</i> 5,850 class B shares, whereof 1,719 held through pension plan, insurance or similar	<i>Board positions:</i> Member of the Board of Black Earth Farming, Metro International and G3 Good Governance Group	<i>Shareholding**:</i> 4,500 class B shares, whereof 2,000 held through pension plan, insurance or similar	<i>Board positions:</i> Member of the Board of Milvik/BIMA, Konga and Iroko
<i>Shareholding**:</i> 7,124 class B shares, whereof 4,855 held through pension plan, insurance or similar	<i>Shareholding**:</i> 6,910 class B shares, whereof 4,910 held through pension plan, insurance or similar		<i>Shareholding**:</i> 6,524 class B shares, whereof 4,524 held through pension plan, insurance or similar		<i>Shareholding**:</i> 4,500 class B shares, whereof 3,700 held through pension plan, insurance or similar

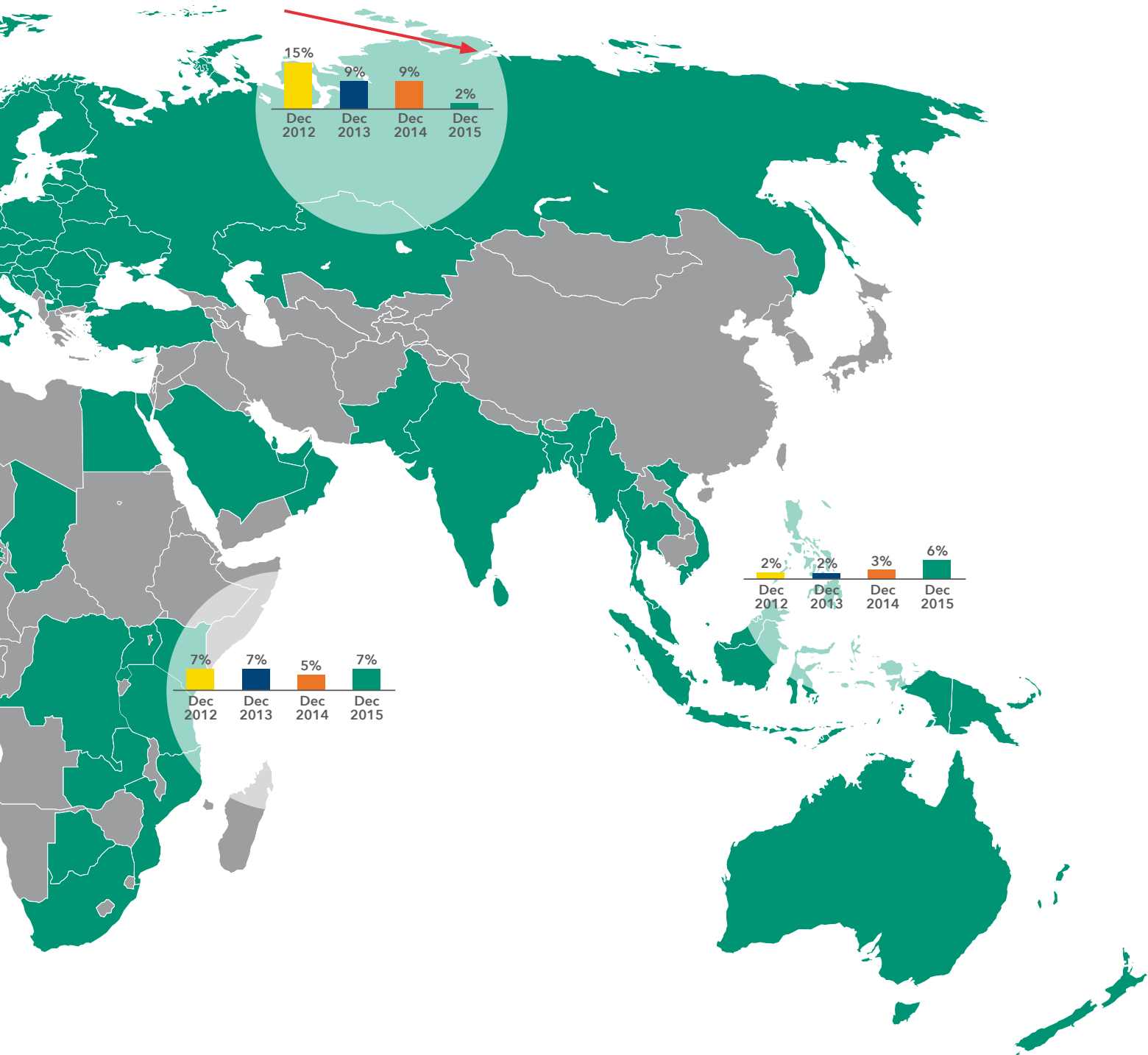
* Senior executives

** Including holdings of closely affiliated persons

THE KINNEVIK FOOTPRINT

Kinnevik has a well-balanced geographical footprint between developed and emerging markets in Latin America, Europe and Africa as well as a growing presence in Asia. The growth of Zalando has contributed to the growth of the relative weight of the European presence in recent years. Further, the exit from Tele2 Russia in 2013 and Avito in 2015 has reduced the relative weight of Eastern Europe.





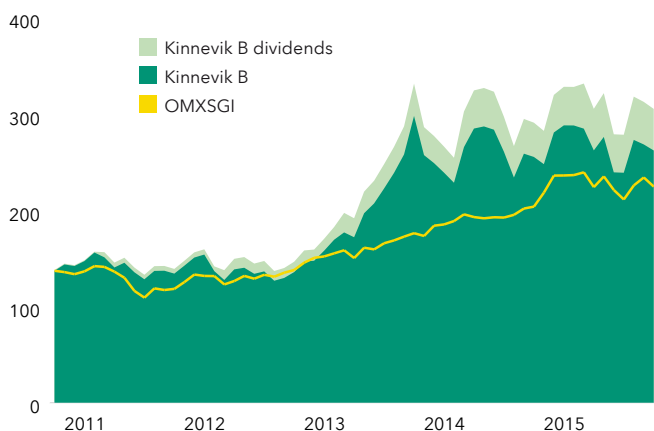
(% Share of Portfolio)

THE KINNEVIK SHARES

SHARE PRICE TREND

The price of Kinnevik's class B share increased by 2.7% in 2015, compared to the OMXS30 index on Nasdaq Stockholm which decreased by 1.2%.

The chart below shows the total return on the Kinnevik share including and excluding reinvested dividends during the past five years.



with one vote each and 365,468 are class B treasury shares which may not be represented at general meetings. The total number of votes in the Company amounted at 31 December 2015 to 659,091,998 (658,726,530 excluding the 365,468 class B treasury shares). During the year 42,826 Class B-shares have been delivered to participants in the long term incentive plan from 2011 and 2012. The Board has authorization to repurchase a maximum of 10% of all shares in the Company over 12 months. The Board has not used the authorization during 2015, but executed a SEK 500 million repurchase program during the first quarter 2016. There are no convertibles or warrants in issue.

DIVIDEND

For the financial year 2015, the Board recommends a cash dividend of SEK 7.75 per share, which is an increase of 7% compared to last year's dividend of SEK 7.25 for the financial year 2014.

SHAREHOLDER REMUNERATION POLICY

Kinnevik aims to pay an annual dividend growing in line with dividends received from its investee companies and the cash flow generated from its investment activities. Kinnevik will make share buybacks when the Kinnevik shares trade at a significant discount to their intrinsic value, as perceived by Kinnevik, and the company has significant net cash, taking into consideration its dividend expectations, net investment plan and operating cost.

STOCK EXCHANGE LISTING

Kinnevik's class A and class B shares have been listed on NASDAQ Stockholm since 12 November 1992. The shares are listed on the Nordic list for large-cap companies within the financial sector. The ticker codes are KINV A and KINV B. During 2015, an average of 587,000 class B shares, corresponding to SEK 156m, were traded daily.

SHARE CAPITAL

As of 31 December 2015 the number of shares in Kinnevik amounted to 277,768,190 shares of which 42,369,312 are class A shares with ten votes each, 235,033,410 are class B shares

TOTAL RETURN

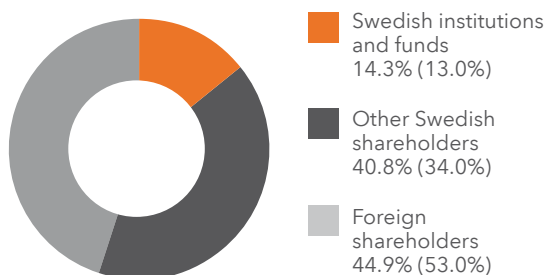
The Kinnevik share's average annual total return

Past 30 years	16%
Past 10 years	16%
Past 5 years	18%
Past 12 months	5%

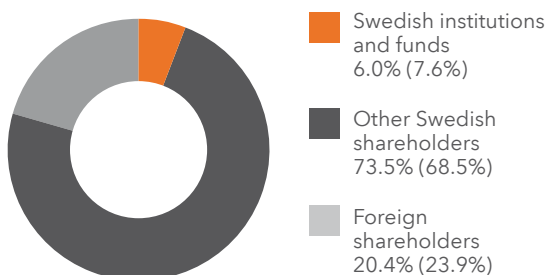
Total return is calculated on the assumption that shareholders have reinvested all cash dividends and dividends in kind into the Kinnevik share.

SHAREHOLDER STRUCTURE

PERCENTAGE OF CAPITAL 31 DEC 2015 (31 DEC 2014)

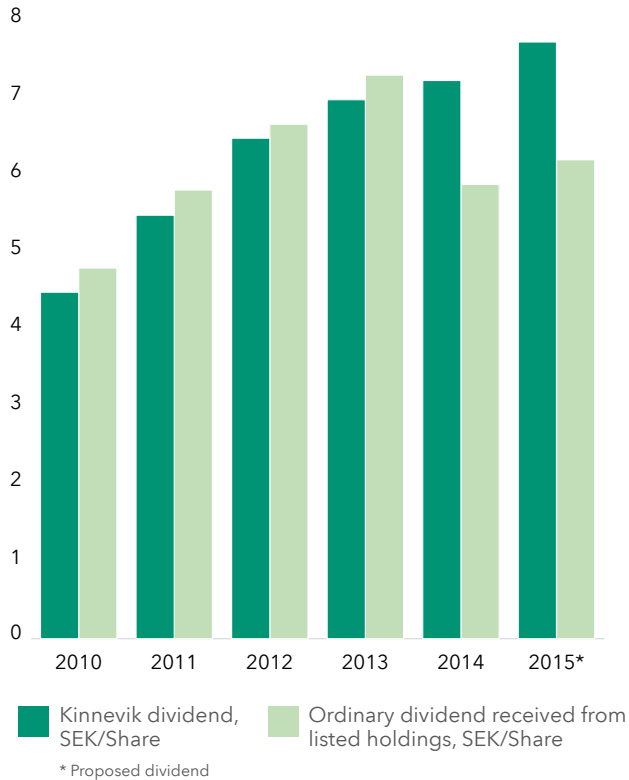


PERCENTAGE OF VOTES 31 DEC 2015 (31 DEC 2014)





DIVIDENDS FLOW



SHARE DISTRIBUTION

Size of holding	# of holders	%	# of shares	%
100 001 -	223	0.4	230 800 936	83.3
50 001 - 100 000	100	0.2	7 247 818	2.6
10 001 - 50 000	567	0.9	12 347 455	4.3
5 001 - 10 000	654	1.1	4 805 140	1.7
1 001 - 5 000	5 071	8.4	11 451 096	4.1
1 - 1 000	53 626	89.0	11 115 745	4.0
Total	60 241	100.0	277 768 190	100.0

DATA PER SHARE

	2015	2014	2013	2012	2011
Average number of shares (000s)	277 381	277 343	277 564	277 183	277 173
Earnings per share, SEK	4.49	75.27	30.51	-10.77	21.11
Shareholders' equity per share, SEK	300.22	303.60	235.38	211.01	215.15
Market price class B share at 31 December, SEK	262.00	255.20	297.50	135.30	133.80
Dividend per share, SEK	7.75	7.25	7.00	6.50	5.50
Direct yield	3.0%	2.8%	2.4%	4.8%	4.1%

OWNERSHIP STRUCTURE

Kinnevik's 20 largest shareholders in terms of capital and votes according to Euroclear and Modular Finance at 31 December 2015.

Shareholder	A shares	B shares	% of capital	% of votes
Verdere S.à.r.l.	29 500 000	0	10.6	44.8
Klingspor Family	6 667 903	2 202 312	3.2	10.5
von Horn Family	2 127 580	359 696	0.9	3.3
Baillie Gifford	0	14 029 515	5.1	2.1
Alecta	762 500	5 388 000	2.2	2.0
AMF	0	8 905 316	3.2	1.4
Swedbank Robur	0	8 497 312	3.1	1.3
Nordea	0	6 417 056	2.3	1.0
SEB	136 900	3 780 349	1.4	0.8
Handelsbanken	4 070	4 075 168	1.5	0.6
Norges Bank	0	3 896 066	1.4	0.6
Skandia	204 086	1 733 928	0.7	0.6
Skagen	0	3 493 176	1.3	0.5
Scottish Mortgage & Trust	0	3 484 280	1.3	0.5
Unionen	0	3 310 812	1.2	0.5
Vanguard	0	2 708 899	1.0	0.4
Henderson	0	2 520 215	0.9	0.4
First AP Fund	0	2 223 103	0.8	0.3
Third AP Fund	0	2 193 091	0.8	0.3
Folksam	0	2 118 794	0.8	0.3
Other	2 966 273	153 696 322	56.5	27.9
Total	42 369 312	235 033 410	100.0	100.0
Class B shares held by Kinnevik		365 468		

Verdere was established to hold equal shares in Kinnevik for the benefit of its shareholders Cristina Stenbeck and Andreas M. Stenbeck and the CMS and AMS Sapere Aude Trusts. Cristina Stenbeck owns 23.33% of the shares of Verdere directly with CMS Sapere Aude Trust reg., a trust of which Cristina Stenbeck is beneficiary, owning an additional 40% of the share capital. Andreas M. Stenbeck's interest in Verdere is held 26.67% through AMS Sapere Aude Trust and 10% by his Estate.

FAIR VALUE OF FINANCIAL ASSETS

Investment (SEKm)	Capital (%)	Votes (%)	Fair value 31 Dec 2015	Fair value ² 31 Dec 2014	Change ² 2015	Total return ⁵ 2015
Zalando	31.7	31.7	25 943	19 030	36%	36%
Global Fashion Group ¹	26	26	4 067	6 092	-33%	-44%
Rocket Internet	13.2	13.2	5 627	10 620	-47%	-47%
Qliro Group	28.5	28.5	513	737	-30%	-30%
Home & Living ³	-	-	1 250	1 305	-4%	-19%
Other E-Commerce ^{1,3}	-	-	1 028	1 697	-39%	-30%
Avito	-	-	-	2 298	-	211%
Quikr	19	19	1 519	425	257%	136%
Other Marketplaces ³	-	-	505	650	-22%	-17%
Total E-Commerce & Marketplaces			40 452	42 854	-6%	8%
Millicom	37.8	37.8	18 479	22 039	-16%	-12%
Tele2	30.0	47.9	11 524	12 865	-10%	5%
Total Communication			30 003	34 904	-14%	-6%
MTG	20.3	48.0	2 938	3 358	-13%	-8%
Other	-	-	489	567	-14%	-23%
Total Entertainment			3 427	3 925	-13%	-9%
Bayport	24	24	1 278	1 032	24%	24%
Transcom	-	-	-	494	-	18%
Black Earth Farming	24.6	24.6	209	151	38%	38%
Other	-	-	590	880	-33%	4%
Total Financial Services & Other			2 077	2 557	-19%	19%
Portfolio Value			75 959	84 240	-10%	2%
Net cash/debt ⁴			7 620	130		
Debt, unpaid investments/divestments			-62	0		
Total Net Asset Value			83 517	84 370	-1%	2%
Net Asset Value per share, SEK			301.10	304.21	-1%	2%
Closing price, class B share, SEK			262.00	255.20	3%	5%

¹⁾ Comparable periods adjusted for transactions related to the merger of Global Fashion Group

²⁾ Unadjusted for investments, divestments and dividends

³⁾ For split see page 25

⁴⁾ Excluding cash in operating subsidiaries

⁵⁾ Adjusted for investments, divestments and dividends

VALUATION OF UNLISTED ASSETS

Investment (SEKm)	Kinnevik ownership	Accumulated net invested amount	Fair value 31 Dec 2015	Full-year 2015 ⁴	Valuation method
Global Fashion Group ^{1,2,3}	26%	4 155	4 067	-2 696	Sales multiple
Home & Living					
Home24 ³	17%	806	801	-44	Sales multiple
Westwing ³	17%	361	387	-178	Sales multiple
Other	Mixed	102	62	-70	Mixed
Other E-commerce					
Lazada ¹	9%	502	520	-36	Sales multiple
Linio ^{1,3}	8%	191	135	-89	Sales multiple
Konga	34%	209	103	-189	Sales multiple
Other ^{1,2}	Mixed	732	270	-249	Mixed
Marketplaces					
Avito	-	-	-	4 859	-
Quikr	19%	879	1 519	577	Latest transaction
Saltside	61%	195	195	-	Latest transaction ⁵
Wimdu ³	27%	367	275	-106	Sales multiple
Other	Mixed	151	35	-	Mixed
Total E-Commerce & Marketplaces		8 649	8 369	1 779	
Iroko	19%	53	86	21	Latest transaction
Metro	100%	1 026	353	-142	DCF
Other	Mixed	58	50	-6	Mixed
Total Entertainment		1 137	489	-127	
Bayport	24%	467	1 278	246	Price/book ratio
Milvik/BIMA	39%	213	351	16	Latest transaction
Rolnyvik	-	-	-	135	-
Other	Mixed	560	205	-93	Mixed
Total Financial Services & Other		1 240	1 834	304	
Total Unlisted Assets		11 026	10 692	1 956	

¹⁾ Accumulated net invested amounts and comparable periods have been adjusted pro forma for transactions related to the merger of Global Fashion Group as well as the sale of Kanui and Tricae to Global Fashion Group

²⁾ Accumulated net invested amounts include the value of share distributions received from Rocket Internet

³⁾ Ownership not adjusted for employee stock option plans and employee equity at subsidiary level

⁴⁾ Including change in fair value and dividends received relating to subsidiaries that are consolidated into the group's financial statements

⁵⁾ Equivalent to invested amount in the company's respective share classes

FAIR VALUES AS AT 31 DECEMBER 2015

At the end of the year, Kinnevik's unlisted assets were valued at a total of SEK 10,692m, to be compared with an accumulated invested amount (net after dividends received) of SEK 11,026m. The unrealized change in fair value amounted to SEK 1,956m during 2015 (including changes in the assessed value of subsidiaries when calculating net asset value), as specified in the table on the previous page.

As a consequence of Kinnevik's investee companies adopting different financing structures, the value of Kinnevik's shareholding in a investee company may be higher or lower than implied by Kinnevik's percentage ownership stake.

GLOBAL FASHION GROUP

In June 2015, the shareholders of Global Fashion Group ("GFG") agreed upon a EUR 150m primary capital raise at a post-money valuation of EUR 2.9bn. The subsequent contribution of Kanui and Tricae implied a post-transaction valuation of GFG of EUR 3.1bn. Since the June funding round was agreed on a pro rata basis between the major existing investors, and the acquisition of Kanui and Tricae was a share for share transaction, neither were used as sole basis for determining the fair value of Kinnevik's shares in GFG as at 31 December 2015. The valuation was instead based on a multiple of 2.2x the company's latest publicly available 12 months' net revenues (ending on 30 September 2015). The applied sales multiple represented a 15% discount to GFG's listed and profitable developed market peers. The discount was applied in consideration of public equity markets' increased focus on earnings at the expense of growth, and the general discounting of emerging market companies vis-à-vis developed market companies. The valuation of Kinnevik's aggregate shareholding in GFG implied a EUR 2.0bn valuation of the company's equity as a whole.

OTHER E-COMMERCE

Revenue multiple valuations were applied in valuing Kinnevik's shareholdings in the e-commerce companies listed in the table on the right hand side. The valuations were in all cases based on the respective company's latest publicly available 12 months' net revenues (ending on 30 September 2015).

The peer group's average revenue multiple was left unadjusted for Home24 at 1.6x and marginally discounted downwards for Westwing to 1.4x when assessing the fair values of Kinnevik's shareholding.

For the second and third quarter 2015, the valuation of Kinnevik's shareholding in Konga was based on the implied valuation in a June 2015 funding round. In consideration of subsequent developments in the Nigerian currency and market environment, the valuation of Kinnevik's shareholding as at 31 December 2015 was instead based on a sales multiple methodology as further described below.

Kinnevik's general e-commerce investee companies, Lazada, Linio and Konga, continued their shift from a purely inventory based business model into a marketplace model, where third party products are sold on the companies' platforms. Revenues from this model generally consist of the fees charged third party merchants. To reflect the ongoing shift in business model in the method of valuing Kinnevik's shareholding in each company, the average trading multiples of two different peer groups were applied in proportion to the revenue contribution of each business model. The weighted average multiple applied on the respective company's latest publicly available 12 months' net revenue was 2.5x for Lazada, 1.5x for Linio and 1.3x for Konga.

Company	31 Dec ¹⁾ 2015	31 Dec ¹⁾ 2014	Adjusted multiple
GFG	2.2	2.9	Yes
Home24	1.6	1.6	No
Westwing	1.4	1.5	Yes
Lazada	2.5	2.0	No
Linio	1.5	1.4	No
Konga	1.3	-	No
Wimdu	1.5	2.5	Yes

¹⁾ Sales multiple, last 12 months historical sales.

²⁾ Sales multiple was adjusted as per 31 December 2015 to reflect factors such as lower profitability than peer group. Please see Note 4 for further information.

MARKETPLACES

The valuation of Kinnevik's shares in Quikr was based on the value implied by cash transactions made in secondary Quikr shares with various preferential rights in July 2015 at a valuation of USD 900m. The size of the transactions, approximately 6% of the company's diluted share capital at that point in time, was considered sufficiently large to be applied to Kinnevik's entire shareholding in Quikr.

Kinnevik's shares in Wimdu was as at 31 December 2015 valued applying a multiple on the company's latest publicly available 12 months' net revenues. The applied multiple amounted to 1.5x.

FINANCIAL SERVICES

In the second and third quarter of 2015, Kinnevik's shareholding in Bayport was valued based on the implied valuation from the company's funding round in May 2015. In consideration of the market developments in the fourth quarter, including local currency movements, Kinnevik's shareholding as at 31 December 2015 was valued applying a 3.0x multiple to the company's latest reported book value of equity. The multiple corresponded to a 25% discount to Bayport's listed peers, reflecting the company's relative size and maturity.

For Kinnevik's shares in Milvik/BIMA, the valuation as at 31 December 2015 was based on the latest transaction at arm's length, consisting of a financing round with participation from new investors.

FAIR VALUES AND IMPLIED VALUES FROM LATEST TRANSACTIONS AS AT 31 DECEMBER 2015

Investment (SEKm)	Valuation in latest transaction	Implied value Kinnevik's stake	Fair value Kinnevik's stake	Difference	Nature of latest transaction
Global Fashion Group	28 027	7 163	4 067	3 096	New share issue
Home24	8 799	1 538	801	737	New share issue
Westwing	4 391	726	387	339	New share issue
Lazada	9 158	866	520	346	New share issue
Linio	4 287	362	135	227	New share issue
Quikr	11 277	2 110	1 519	591	New share issue
Saltside	955	581	195	386	New share issue
Bayport	6 036	1 463	1 278	185	New share issue
BIMA	1 165	468	351	117	New share issue
Iroko	458	86	86	-	New share issue
Other E-Commerce & Marketplaces	-	1 582	745	837	New share issues
Other Financial Services	-	123	115	8	New share issues
Other Entertainment	-	408	403	5	Various
Other	-	90	90	-	Various
Total		17 566	10 692	6 874	

In a number of Kinnevik's unlisted investee companies, shares have been issued or transacted at price levels that exceed Kinnevik's recognized assessed fair values. Newly issued shares may have preferential rights such as higher preference over an investee company's assets in the event of a liquidation or sale than Kinnevik's shares have, may represent a small share of an investee company's share capital, and may be directed solely to existing shareholders. Transactions in secondary shares may also represent a small share of an investee company's share capital or otherwise not be reflective of the value of an investee company as a whole. Kinnevik therefore does not necessarily consider these price levels as the most relevant base in assessing the fair values in Kinnevik's accounts.

As specified in the table above, the total difference between the valuations implied by the latest transactions and the fair values in Kinnevik's books amounted to SEK 6.9bn applied to Kinnevik's shareholdings as at 31 December 2015, whereof Kinnevik's E-Commerce & Marketplaces portfolio represented SEK 6.6bn.

For further information about valuation principles and assumptions, please see Note 5 for the Group.

BOARD OF DIRECTORS' REPORT

Kinnevik is an entrepreneurial investment group focused on building digital consumer brands in six sectors: E-Commerce & Marketplaces, Communication, Entertainment, Financial Services, Healthcare and Education. Kinnevik works in partnership with talented founders and managers to create, invest in and lead fast growing digital businesses both in developed and developing countries. Kinnevik was founded in 1936 by the Stenbeck, Klingspor and von Horn families.

Kinnevik's shares are listed on Nasdaq Stockholm's list for large cap companies under the ticker codes KINV A and KINV B.

Kinnevik's registered address is Skeppsbron 18, Box 2094, SE-103 13 Stockholm. The company's corporate registration number is 556047-9742.

Five-year summary (SEK m)	2015	2014	2013	2012	2011
Equity	83 454	84 206	65 319	58 640	59 687
Equity/assets ratio, %	98%	98%	97%	94%	85%
Net cash/(Net debt) (incl. debt unpaid investments)	7 910	402	2 435	-2 950	-7 029
Debt/equity ratio, multiple	0.02	0.02	0.02	0.06	0.12
Net asset value	83 517	84 370	65 527	58 769	61 839
Net asset value per share, SEK	301	304	236	212	223
Net asset value growth	-1%	29%	11%	-5%	8%
Kinnevik market capitalization	72 680	70 727	82 641	37 503	37 087
Market price class B share at 31 December, SEK	262	255	298	135	134
Dividend per share, SEK	7.75 ²⁾	7.25	7.00	6.50	5.50
Total return %	5%	-12%	125%	5%	1%
Fair value, E-commerce & Marketplaces	40 452	42 854	20 898	15 118	7 800
Share of total net asset value	53%	51%	33%	24%	12%
Fair value, Communication	30 003	34 904	34 079	37 150	44 217
Share of total net asset value	39%	41%	54%	60%	69%
Fair value, Entertainment	3 427	3 925	5 686	4 222	5 000
Share of total net asset value	5%	5%	9%	7%	8%
Total asset value (excl. net cash/net debt)	75 959	84 240	63 393	61 887	63 934
Change in fair value of financial assets (incl. dividends received)	1 528	21 844	8 880	-2 647	6 021
Profit/loss for the year ¹⁾	1 129	20 863	8 429	-2 991	5 853
Earnings per share ¹⁾	4.49	75.27	30.51	-10.77	21.11
Cash flow from operations (excluding dividend received)	-383	-34	-84	-222	781
Investments in financial assets	-1 527	-1 581	-2 088	-7 994	-2 892
Sale of shares and other securities	8 314	61	3 894	678	28
Dividends received	2 984	1 400	5 828	4 264	4 947
Dividend paid	-2 011	-1 941	-1 803	-1 524	-1 247
Cash flow from discontinued operations	-	-	-	4 035	-
Cash flow for the year	7 643	-2 373	3 513	272	32

For definitions of financial key ratios, refer to page 75.

¹⁾ Comparable years adjusted for disposal of Korsnäs.

²⁾ Proposed cash dividend 2016.

The financial statements were approved by the Board of Directors on 5 April 2016 and the Board of Directors and the CEO hereby present the annual report and consolidated financial statements for the 2015 financial year. The balance sheets and the income statements for the Group and the Parent Company will be presented for adoption at the Annual General Meeting on 23 May 2016.

The consolidated financial statements consolidate the holdings in which Kinnevik controls more than 50% of the votes or in any other way exercises a controlling influence, which include mainly the following operating companies: Metro, Rolnyvik (divested in November 2015), Vireo Energy, Saltside, AVI (divested in October 2015) and G3 Good Governance Group. Other holdings are recognised at fair value with changes in value recognised through profit and loss.

The figures in this report pertain to the full-year 2015. The figures in parentheses pertain to comparative figures for 2014 unless otherwise stated.

KEY EVENTS DURING 2015

Kinnevik invested approximately SEK 1.6bn in 2015, of which a majority into existing companies within E-Commerce and Marketplaces. The most significant individual investments were:

- SEK 555m into Global Fashion Group
- SEK 517m into Quikr
- SEK 186m into Westwing
- SEK 129m into Milvik/BIMA

During the year Kinnevik divested all its shares in Transcom for a consideration of SEK 580m and Rolnyvik for a consideration corresponding to SEK 385m, transactions that were in line with Kinnevik's strategy of focusing its resources on building a select number of successful digital businesses and reducing the number of businesses owned.

In October, Kinnevik's entire shareholding in Avito was sold for a cash consideration of SEK 7,166m, implying a return exceeding 16x the invested capital. For Kinnevik, the transaction represented the first material realization of the SEK 20bn invested in digital consumer services companies since 2007.

CONSOLIDATED EARNINGS

The change in fair value of financial assets, including dividends received, amounted to SEK 1,528m (21,844) for the year, of which a loss of SEK 508m (6,854) pertained to listed holdings and a profit of SEK 2,036m (14,990) pertained to unlisted financial assets; refer to Note 5 for the Group for more details. Of the total change in fair value, SEK 4,948m was realized through divestment of shares in Transcom and Avito.

Other operating income included a profit from the sale of Rolnyvik of SEK 202m. Other operating expenses included an impairment of intangible fixed assets in Metro of SEK 141m due to weaker future market expectations.

CASH FLOW AND INVESTMENTS

The Group's cash flow from operating activities amounted to SEK 2,601m (1,105) during the year, of which dividends received amounted to SEK 2,984m (1,400). During the year, Kinnevik signed agree-

ments to invest SEK 1,476m in other shares and securities, while cash paid on investments amounted to SEK 1,504m. Divestments of other shares and securities contributed to the cash flow by SEK 7,932m, see Note 9 for the Group for more details.

LIQUIDITY AND FINANCING

The Group's total net cash including debt pertaining to unpaid investments amounted to SEK 7,910m (402) as at 31 December 2015.

Kinnevik's total credit facilities amounted to SEK 7,151m as at 31 December 2015, of which SEK 5,800m related to a revolving credit facility and SEK 1,200m to an outstanding bond.

The Group's available cash and cash equivalents, including interest bearing assets and unutilized available credit facilities, totalled SEK 15,167m (7,524) at 31 December 2015. For more information about the Group's interest-bearing borrowing, see Note 15 for the Group.

The Group's borrowing primarily occurs in SEK. During 2015, the Group did not have any significant cash flows in foreign currency except for dividends received and investment activities.

RISKS AND UNCERTAINTIES

The Group has a model for risk management, which aims to identify, control and reduce risks. The identified risks and how they are managed are reported to the Kinnevik Board of Directors on a quarterly basis.

The Group's financing and management of financial risks is centralised within Kinnevik's finance function and is conducted on the basis of a finance policy established by the Board of Directors. Kinnevik is exposed to financial risks mainly in the form of changes in the value of the stock portfolio, changes in currency and interest rates, and financing risks.

The Group's operational risks are managed within each company with an operating business.

The Group is also exposed to political risks since the companies in which Kinnevik has invested have substantial operations in less developed markets in Latin America, Sub-Saharan Africa, India and South East Asia.

For a more detailed description of the company's risks and uncertainties, as well as risk management, refer to Note 24 for the Group.

PARENT COMPANY

The main financial items 2015 for the Parent Company were the following:

- Administration costs: SEK 229m (221)
- External dividends received: SEK 1,973m (656)
- Result from wholly owned companies: SEK 8,605m (1,414)
- Net of other financial income and expenses: loss of SEK 41m (416)
- Profit after financial items: SEK 10,346m (971)
- Investments in intangible fixed assets: SEK 1m (0)

During the year, the Parent Company paid shareholders' contributions to subsidiaries totaling SEK 1,429m (13,082) to finance external investments mainly within E-Commerce and Marketplaces, as well as group internal transfers.

The Parent Company's cash and cash equivalents, including short-term investments and unutilised credit facilities, totalled SEK 14,612m (7,300) at 31 December 2015. The interest-bearing external liabilities amounted to SEK 1,225m (1,209) on the same date.

SHARE CAPITAL

As of 31 December 2015, the number of shares in Investment AB Kinnevik amounted to 277,768,190, of which 42,369,312 are class A shares carrying ten votes each and 235,398,878 class B shares carrying one vote each (of which 365,468 held in treasury).

During the year 42,826 class B shares have been delivered to participants in the long term incentive plans for 2011 and 2012.

The Board of Directors is authorised to repurchase a maximum of 10% of all shares in the company. The Board did not exercise this mandate in 2015. There are no convertibles or warrants outstanding.

As per 31 December 2015, there was one shareholder owning shares representing more than 10% of the total number of the votes in the company; Verdere S.à.r.l. with 44.8%. To the knowledge of the Board, there are no shareholder agreements or share associations in Kinnevik.

GUIDELINES ON REMUNERATION FOR SENIOR EXECUTIVES

The Board proposes the following guidelines for remuneration to the Chief Executive Officer and the other persons in the executive management of Kinnevik (the "Senior Executives"), as well as Members of the Board of Directors to the extent they are remunerated outside their Board duties.

The objectives of Kinnevik's remuneration guidelines are to offer competitive compensation to attract, motivate and retain key employees. The aim is to create incentives for the Senior Executives to execute strategic plans and deliver excellent operating results and to align their incentives with the interests of the shareholders.

The intention is that all Senior Executives shall have a significant long-term shareholding in the company.

Should Kinnevik establish operations, in the form of a co-investment vehicle or other similar structure, for the purpose of investing third-party capital, Kinnevik and Kinnevik professionals may receive compensation based on the result of such operations.

The remuneration to the Senior Executives shall consist of an annual fixed salary, short-term variable remuneration paid in cash, the possibility to participate in long-term share or share-price related incentive programmes, pension and other customary benefits. Kinnevik regularly carries out a remuneration benchmarking exercise to ensure that it is aware of the relevant benchmarks for key positions.

- The fixed salary is reviewed each year and based on the Senior Executive's competence, area of responsibility and market benchmarks.
- The short-term variable remuneration paid in cash (STI) shall be based on performance in relation to established targets. The targets shall be individual and measurable as well as linked to specific performances, processes and transactions. The STI can amount to a maximum of 100 per cent of the fixed salary and a part of the STI shall be invested in Kinnevik's shares.
- Should Kinnevik establish operations, in the form of a co-investment vehicle or other similar structure, Kinnevik professionals

(including Senior Executives), subject to making a co-investment, may receive additional variable remuneration. Such remuneration will be a function of the amount of third-party capital raised and will be payable only if the returns generated on such third party capital exceed certain pre-determined minimum thresholds. The remuneration will be capped in relation to the return received by Kinnevik.

- The long-term share or share-price related incentive programmes (LTI) shall be linked to certain pre-determined financial and / or share or share-price related performance criteria and shall ensure a long-term commitment to the development of the company.
- Other benefits may include a company car, housing benefits for expatriated Senior Executives for a limited period of time, as well as other customary benefits. Other benefits shall not constitute a significant part of total remuneration. The Senior Executives may also be offered health care insurances.
- The Senior Executives are offered defined contribution pension solutions, with premiums amounting to a maximum of 30 percent of the fixed salary, these premiums are paid to insurance companies. Senior Executives that are non-Swedish residents may be offered, if it is approved by the Board, cash-based pension solutions corresponding to the premiums that otherwise would have been paid to insurance companies.
- In the event of notice of termination of employment being served by the company, the Chief Executive Officer is entitled to salary for a period of a maximum of 18 months and the other Senior Executives are entitled to salary for a period of a maximum of 12 months.

Board Members, elected at General Meetings, in certain cases may receive a fee for services performed within their respective areas of expertise, outside of their Board duties. Compensation for these services shall be paid at market terms and be approved by the Board.

In special circumstances, the Board may deviate from the above guidelines. In such case, the Board is obligated to give account for the appearance of, and the reason for, the deviation at the following Annual General Meeting.

For further information regarding the existing guidelines and remuneration for the Senior Executives in respect of 2015, please refer to Note 23 for the Group.

FINANCIAL TARGETS

Kinnevik's objective is to deliver long-term shareholder value, through net asset value growth, as well as annual dividends and the purchase of own shares. The Board of Directors of Kinnevik has established the following financial targets that reflect how Kinnevik evaluates its balance sheet, the criteria on which dividend payments to shareholders are based, as well as the return requirements placed on investee companies.

Dividend policy

Kinnevik aims to pay an annual dividend growing in line with dividends received from its investee companies and the cash flow generated from its investment activities. Kinnevik will make share buybacks when our shares trade at a significant discount to their intrinsic value, as perceived by Kinnevik, and the company has significant net cash, taking into consideration its dividend expectations, net investment plan and operating cost.

Leverage

Given the nature of Kinnevik's new investments, the goal is to have low or no leverage in the parent company.

Return target

Based on the current portfolio composition, Kinnevik aims for an annual total shareholder return (TSR) of 13% over the cycle.

Follow-up on outcome in 2015

Area	Target	Outcome 2015
Dividend	Growing in line with dividend's received and investment activity cash flow	+7% (SEK 7.75 per share)
Leverage	Low or no leverage in the parent company	Net cash
Return	Annual TSR ¹⁾ of 13% over the cycle	+5% (1 year) +18% (5 years) +16% (10 years)

¹⁾ TSR is calculated on the assumption that shareholders have reinvested all cash dividends and dividends in kind into the Kinnevik share.

EVENTS AFTER THE REPORTING PERIOD

On 15 January, Kinnevik announced that it had invested GBP 10m into babylon, a UK based digital healthcare service provider.

On 11 February, Kinnevik announced a decision to utilize the authorization granted by the 18 May 2015 Annual General Meeting and to initiate a SEK 500m share repurchase program to be carried out between 15 February 2015 and 23 March 2015. The program was executed in full and was closed on 23 March 2015. The number of repurchased shares amounted to 2,301,552 class B shares at an average price of SEK 217.67.

On 11 March, Kinnevik's Nomination Committee announced its proposal to elect Tom Boardman as new Chairman of the Board of Directors, and of Lothar Lanz as a new Director of the Board, as well as of the re-election of all current Directors of the Board.

On 29 March, Kinnevik announced that it had invested USD 65m into Betterment LLC, the largest independent automated investing service company in the United States.

FUTURE DEVELOPMENT

The Group's future development depends on the performance of wholly and partly owned investments. In addition, trends in the financial markets are highly significant to the Group's reported earnings and position.

The Board proposes that the Annual General Meeting approves a cash dividend of SEK 7.75 (7.25) per share, corresponding to an increase of 7%. The corresponding total dividend payment to Kinnevik shareholders amounts to SEK 2,132m.

The Board of Directors of Millicom, Tele2 and MTG have recommended to their respective Annual General Meetings in May that ordinary dividends be approved according to the following:

Kinnevik's part of dividend recommended to be paid from listed investee companies		Amount (SEKm)
Millicom	USD 2.64 per share	812 ¹⁾
Tele2	SEK 5.35 per share	725
MTG	SEK 11.50 per share	155
Total expected ordinary dividends		1 692

¹⁾ Based on an exchange rate of 8.13 SEK/USD.

In 2016, Kinnevik expects net investments (gross investments net of sale of assets) to amount to SEK 2-3bn.

Kinnevik has a strong balance sheet and the Parent Company's net cash at the end of the year amounted to SEK 7.6bn.

PROPOSED TREATMENT OF UNAPPROPRIATED EARNINGS

The following amounts in SEK are at the disposal of the Parent Company's Annual General Meeting:

Retained earnings	44 001 467 692
Share premium	1 615 929 594
Total	45 617 397 286

The Board and the CEO propose that the unappropriated earnings and share premium at the disposal of the Annual General Meeting be disposed of as follows:

Cash dividend of SEK 7.75 per share	2 132 328 653 ¹⁾
Share premium carried forward	1 615 929 594
Retained earnings carried forward	41 869 139 039
Total	45 617 397 286

Treasury shares are not entitled to dividend. The dividend amount has been adjusted for repurchased shares during the first quarter 2016.

¹⁾ In the dividend proposal, full allocation has been assumed in accordance with the long-term incentive program that expires on 31 March 2016. Insofar as allocation occurs prior to the Annual General Meeting, these shares will be entitled to dividend payment.

CORPORATE GOVERNANCE REPORT

Corporate Governance in the Kinnevik Group is based on Swedish legislation and generally accepted sound practice on the securities market. Kinnevik applies the Swedish Corporate Governance Code (the "Code")*. This Corporate Governance Report is part of the Board of Directors' Report.

During 2015, Kinnevik, in line with previous years, deviated from the Code regulation stipulating that the Chairman of the Board may not be the Chairman of the Nomination Committee. The deviation from the Code is explained in more detail in the section Nomination Committee below.

ANNUAL GENERAL MEETING

The Swedish Companies Act (2005:551) (the "Swedish Companies Act") and the Articles of Association determine how the notice to the Annual General Meeting and extraordinary general meetings shall occur, and who has the right to participate in and vote at the meeting. There are no restrictions for the number of votes each shareholder may cast at the general meeting. Class A shares entitle to ten votes, whereas other shares entitle to one vote. Distance participation and voting at the general meeting is not available.

Information on major shareholders in the Company, and on authorizations approved by the Annual General Meeting for the Board to resolve on repurchase of own shares, is provided in Note 10 for the Parent Company, Share Capital.

NOMINATION COMMITTEE

At the 2015 Annual General Meeting, it was decided that a Nomination Committee consisting of at least three members appointed by the Company's largest shareholders would be established during September 2015 following consultation with the largest shareholders in the Company as at 31 August 2015. The Annual General Meeting further resolved that Cristina Stenbeck should be a member of the Nomination Committee and be responsible for convening the Nomination Committee.

In accordance with the resolution of the 2015 Annual General Meeting, Cristina Stenbeck convened a Nomination Committee consisting of members representing the largest shareholders in Kinnevik. The Nomination Committee is comprised of Cristina Stenbeck as Chairman and representative of Verdere S.à r.l., Wilhelm Klingspor appointed by the Klingspor family, Edvard von Horn appointed by the von Horn family, James Anderson appointed by Baillie Gifford, and Ramsay Brufer appointed by Alecta. The Nomination Committee's task is to submit proposals for the Board of Directors and Auditors, in the event Auditors shall be elected, and fees to the Board of Directors and Auditors, a proposal for the Chairman of the Annual General Meeting as well as the procedure for the Nomination Committee ahead of the 2017 Annual General Meeting. The Chairman of the Board, Cristina Stenbeck, was appointed Chairman of the Nomination Committee, an appointment that deviates from what the Code prescribes. The other members of the Nomination Committee declared their decision as being in the Company and shareholders' best interest and a natural consequence of Cristina Stenbeck leading the Nomination Committee's work in recent years, as well as her connection to the Company's largest shareholders.

AUDITORS

According to the Articles of Association, the Company shall have not more than three auditors, with not more than three deputies, or a registered audit firm. At the 2013 Annual General Meeting, the registered audit firm Deloitte AB, with Authorized Public Accountant Jan Berntsson as Auditor in Charge, was elected Company auditor for a period of four years until the 2017 Annual General Meeting. Jan Berntsson, born 1964, has also audit engagements in the listed companies Atlas Copco AB and Boliden AB. The auditor's independence is secured by legislation and professional ethics and the audit firm's internal guidelines and by adhering to the Audit Committee's guidelines governing the type of assignments that the audit firm may conduct in addition to the audit. During 2015, Deloitte AB has provided certain services in issues regarding Corporate Responsibility and IFRS. Information regarding remuneration appears in the Annual Report in Note 18 for the Group and Note 5 for the Parent Company, Auditors' Fees for elected auditors.

BOARD OF DIRECTORS AND SENIOR EXECUTIVES

Board members are elected at the Annual General Meeting for a period expiring at the close of the next Annual General Meeting. The Articles of Association contains no restrictions pertaining to the eligibility of the Board members. According to the Articles of Association, the number of Board members can be no fewer than three and not more than nine members elected by the shareholders.

At the 2015 Annual General Meeting, following a motion by the former Nomination Committee, Tom Boardman, Dame Amelia Fawcett, Wilhelm Klingspor, Erik Mitteregger, John Shakeshaft and Cristina Stenbeck were re-elected members of the Company's Board and Anders Borg was elected as new member of the Board. The Annual General Meeting re-elected Cristina Stenbeck as Chairman of the Board.

The independence of Board members in relation to the Company and its management, and to the major shareholders of the Company, is specified on pages 34-35. None of the Board members is employed within the Group. Board member Erik Mitteregger has during 2015 performed various management services outside the ordinary board work, which have been remunerated separately in accordance with the Board's decision, see further Note 23 for the Group. Senior Executives in Kinnevik include Chief Executive Officer Lorenzo Grabau, Chief Financial Officer Joakim Andersson, Director of Corporate Communications Torun Litzén, Senior Investment Director Chris Bischoff, Investment Director Christoph Barchewitz, Investment Director Stina Andersson and Legal Director Tobias Hultén. For information about Senior Executives, please see page 18-19 in the Annual Report, and Note 23 for the Group.

BOARD WORK

Kinnevik's Board of Directors is responsible for the overall strategy of the Group and for organizing its administration in accordance with the Swedish Companies Act. The Board's work and delegation procedures, instructions for the CEO and reporting instructions are updated and approved at least annually following the Annual General Meeting.

* The Code is available at: www.corporategovernanceboard.se

The significant issues that were addressed by Kinnevik's Board during 2015 include the impact of the global economy on Kinnevik and the sectors in which Kinnevik has invested, the sale by Kinnevik of its shares in Transcom and Avito, new investment decisions, capital structure of Kinnevik as well as capital structure of the larger associated companies and the overall strategy and financial performance of Kinnevik and all larger portfolio companies. As the basis for discussions concerning the listed associated companies, Kinnevik's management presented independent analyses of each company's strategy, operations and future opportunities within the markets in which they are active.

Compliance with laws and regulations, responsibility and market confidence in Kinnevik are some of the key issues with which the Board actively works. The Corporate Responsibility Policy adopted by the Kinnevik Board, describes Kinnevik's policy on issues pertaining to social responsibility, environmental considerations and ethics.

As in previous years, a Remuneration Committee, an Audit Committee and an Investment Committee have been established within the Board. These committees are preparatory bodies of the Board and do not reduce the Board's overall responsibility for the governance of the Company and the decisions made.

The Board appointed Legal Counsel Tobias Hultén as the Company Secretary. The Company Secretary is responsible for ensuring that rules of procedure are complied with and all Board Members can turn to the Secretary for advice and assistance in their work for the Board.

During 2015, the Kinnevik Board held six meetings (excluding the statutory meeting), of which two were extra meetings held via telephone. All Board members were present at all Board meetings.

EVALUATION OF THE WORK OF THE BOARD OF DIRECTORS

The Board complies with an annual performance review process to assess how well the Board, its committees and processes are performing and how they might be improved. Every three years a more extensive Board evaluation is undertaken either by an independent Board member or an external consultant.

The evaluation of the Board's work during 2015 was conducted internally by the Chairman of the Board by way of a formal questionnaire covering areas such as the Board's performance against its key duties, the Board's composition and processes, as well as the performance of individual Board members. The results of the evaluation were presented to the Nomination Committee by the Chairman of the Board, and were also reported in full to the Nomination Committee in writing.

REMUNERATION COMMITTEE

The Remuneration Committee's assignments are stipulated in Chapter 9.1 of the Code, and comprise issues concerning salaries, pension terms and conditions, incentive programs and other conditions of employment for the senior executives. The guidelines applied in 2015 are presented in Note 23 for the Group.

Cristina Stenbeck, Dame Amelia Fawcett, Wilhelm Klingspor and Erik Mitteregger were members of the Remuneration Committee during 2015. The Chairman of the Remuneration Committee was Dame Amelia Fawcett.

The Remuneration Committee shall meet not less than once a year, and more frequently as required, at which minutes of these

meetings shall be kept. The Remuneration Committee held four meetings during 2015 and has further adopted decisions by written procedure throughout the year. All members were present at the committee meetings.

AUDIT COMMITTEE

The Audit Committee's assignments are stipulated in Chapter 8, Section 49b of the Swedish Companies Act. These tasks include maintaining frequent contacts with the Group's auditors and conducting inspections of the procedures applied for accounting and financial reporting, as well as the internal audits within the Group. The Audit Committee's work focuses on the quality and accuracy of the Group's financial accounting and the accompanying reporting, as well as the internal financial controls within the Company. Furthermore, the Audit Committee evaluates the auditors' work, qualifications and independence. The Audit Committee monitors the development of the accounting policies and requirements, discusses other significant issues connected with the Company's financial reporting and reports its observations to the Board.

Tom Boardman, Erik Mitteregger and John Shakeshaft were members of the Audit Committee during 2015, with John Shakeshaft as Chairman.

The Audit Committee shall meet not less than four times annually. Minutes are kept at the Audit Committee's meetings and are reported to the Board at its next meeting. The Audit Committee held twelve meetings during 2015, of which nine were held via telephone. Tom Boardman was absent from one meeting. The other members were present at all the meetings. The external auditors participated in most of the meetings and issued their reports on the results of their examination to the Audit Committee and the Board of Directors both orally and in writing.

INVESTMENT COMMITTEE

The Investment Committee is appointed by the Board to evaluate potential investments and divestments within the Investment Committee's mandate, as well as to review larger investments before they are presented to the Board for approval.

Dame Amelia Fawcett, Tom Boardman, Erik Mitteregger, Lorenzo Grabau and Joakim Andersson (from 6 February 2015 when he succeeded Mikael Larsson) were members of the Investment Committee during 2015. The Chairman of the Committee was Lorenzo Grabau.

The Investment Committee held four meetings during 2015, of which three were held via telephone, and has further adopted decisions by written procedure throughout the year. All members were present at the committee meetings.

THE BOARD'S DESCRIPTION OF INTERNAL CONTROL PERTAINING TO THE FINANCIAL REPORTING FOR THE 2015 FINANCIAL YEAR

The Board is responsible for internal control in accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance. This description has been prepared in accordance with the Swedish Code of Corporate Governance, section 7.4 and Chapter 6, paragraph 6 and Chapter 7, paragraph 31 of the Annual Accounts Act (1995:1554), and is thus restricted to the internal control pertaining to the financial reporting.

CONTROL ENVIRONMENT

The purpose of the Board of Directors' rules of procedure and instructions for the CEO and Board committees is to ensure a distinct division of roles and responsibility that promotes the efficient management of operational and financial risks. The Board has also adopted a number of fundamental guidelines of significance to activities involving internal controls, which are described in Kinnevik's Policy and Procedure Manual and include instructions governing the financial reporting of results, authorization procedures, purchasing policies, investment policies, accounting principles, financial risk management and the internal audit. The Company's management reports regularly to the Board following established procedures. In addition, the Audit Committee reports on its work. The Company's management is responsible for the system of internal controls required for managing risks associated with on-going operations. This includes guidelines for the employees to ensure that they understand the importance of their particular roles in efforts to

maintain efficient internal control. The Company's operational and financial risks are reported each quarter to the Board, including an analysis of their consequences and financial impact in the event of them materializing, and how and who exercises on-going control over each risk and how these can be minimized.

RISK ASSESSMENT AND CONTROL ACTIVITIES

Kinnevik has implemented a model for assessing the risk of errors in accounting and the financial reporting based on COSO's framework for internal control. The most significant items and processes in which the risk of significant errors can typically arise encompass financial assets, intangible fixed assets and financial instruments in the income statement and balance sheet, and the investment process. Kinnevik has documented work routines and continuously evaluates how well the controls function pertaining to these items and processes.

BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Cristina Stenbeck

EXECUTIVE CHAIRMAN

Born: 1977

Nationality: Swedish citizen

Independence: Independent of the Company and management, not independent of major shareholders.

Direct or related person ownership: Cristina owns 23.33% of the shares of Verdere S.à r.l. directly, with CMS Sapere Aude Trust reg., a trust of which Cristina Stenbeck is beneficiary, owning an additional 40% of the share capital. Verdere S.à r.l. owns 29.5 million Class A shares and 100,000 class B shares, corresponding to 44.8% of the votes and 10.7% of the capital in Kinnevik

Committee work: Member of the Remuneration Committee.

Cristina was elected vice Chairman of Investment AB Kinnevik in 2003 and Chairman in 2007. In addition to leading Kinnevik, Cristina is also Chairman of Millicom, and Chairman of Zalando since 2014. Cristina graduated with a B.Sc. from Georgetown University in Washington DC, USA.

Anders Borg

DEPUTY CHAIRMAN

Born: 1968

Nationality: Swedish citizen

Independence: Not independent of the Company and management, not independent of major shareholders.

Direct or related person ownership: 4,400 class B shares

Committee work: -

Anders has been a Director and Deputy Chairman of the Board of Investment AB Kinnevik since 2015. He is Non-Executive Director of Millicom and Stena International SA, advisor of Citigroup and member of its Nordic Advisory Board as well as Chairman of the World Economic Forum's Global Financial System Initiative. Anders served as Minister of Finance in Sweden between 2006 and 2014. In 2011, he was named European Finance Minister of the year by the Financial Times recognizing his outstanding political ability, economic performance and market credibility. He was Chief Economist and Head of Parliamentary Office for Sweden's Moderate Party from 2003-2006. Prior to his political career, Anders held various positions in Sweden's financial sector, at Transfator Alfred Berg, ABN Amro Bank and SEB. He studied philosophy, economic history and political science at Uppsala University and postgraduate studies in economics at Stockholm University.

Dame Amelia Fawcett

DEPUTY CHAIRMAN

Born: 1956

Nationality: US and UK citizen.

Independence: Independent of the Company and management and independent of major shareholders.

Direct or related person ownership: 10,000 class B shares

Committee work: Chairman of the Remuneration Committee, and member of the Investment Committee.

Dame Amelia has been a Director of the Board of Investment AB Kinnevik since 2011, and she was appointed Deputy Chairman in 2013. She is Chairman of the Hedge Fund Standards Board, a Board Director of State Street Corporation in Boston, USA and Chairman of its Risk Committee, a Board Director of Millicom and a member of the Board of the UK Treasury. Dame Amelia is a Governor of the London Business School, Chairman of The Prince of Wales's Charitable Foundation, a Commissioner of the US-UK Fulbright Commission and a Trustee of Project Hope (UK). She held managerial positions within Morgan Stanley 1987-2006 and was Vice Chairman and Chief Operating Officer of European operations 2002-2006. She was a Board Director of the Guardian Media Group 2007-2013, and Chairman 2009-2013. Dame Amelia has a Law Degree from University of Virginia, USA, and a BA in History from the Wellesley College, USA.

Tom Boardman

BOARD DIRECTOR

Born: 1949

Nationality: South African citizen

Independence: Independent of the Company and management and independent of major shareholders.

Direct or related person ownership: 2,000 class B shares

Committee work: Member of the Audit Committee and the Investment Committee.

Tom has been Director of the Board of Investment AB Kinnevik since 2011. He is Non-Executive Director of Nedbank Group, Woolworths Holdings, Royal Bafokeng Holdings and African Rainbow Minerals. Tom held various managerial positions within the South African mining, timber and retailing industries 1973-1986. Between 1986-2002 he held various managerial positions within the BoE Bank and in 2003-2010 he was Chief Executive of Nedbank Group. Tom has a B Com and CTA from the University of Witwatersrand, South Africa.



INTERNAL AUDITS

The Company engages independent auditors that are responsible for following up and evaluating work involved in risk management and internal control. This work includes the monitoring of compliance with set guidelines. The internal auditors conduct their work within the most important subsidiaries and unlisted associated companies on instructions from the Audit Committee and are continuously reporting the results of their examination in the form of written reports to the Committee. Kinnevik has also established an internal function dedicated to reviewing matters relating to governance, risk management and compliance within the Kinnevik portfolio.

INFORMATION AND COMMUNICATION

Kinnevik's Policy and Procedure Manual and other guidelines of importance to financial reporting are updated at least once annually.

Both formal and informal information channels to the Company's management and Board of Directors are available for the internal communication. For external communication, guidelines have been compiled in an Information Policy that ensures that the Company complies with the meticulous demands for correct information to the market and other various constituencies, such as shareholders, Board members, employees and customers.

FOLLOW-UP

The Board of Directors continuously evaluates the information provided by management and the Audit Committee. The Audit Committee's work to monitor the efficiency of management's efforts in this area is of particular importance to the follow-up of internal controls. This work includes ensuring that action is taken concerning those shortcomings and proposed measures that result from the internal and external audit.

Wilhelm Klingspor

BOARD DIRECTOR

Born: 1962

Nationality: Swedish citizen.

Independence: Independent of the Company and management and independent of major shareholders.

Direct or related person ownership: 1,315,474 class A shares and 780,071 class B shares

Committee work: Member of the Remuneration Committee.

Wilhelm has been Director of the Board of Investment AB Kinnevik since 2004 and was Director of Industriförvaltnings AB Kinnevik 1999-2004. He also served as Director of the Board of BillerudKorsnäs 2012-2014 (Director of Korsnäs 2003-2012). Wilhelm is CEO of Hellekis Säteri. Wilhelm graduated as Forest Engineer from the Swedish University of Agricultural Sciences in Skivviken.

Erik Mitteregger

BOARD DIRECTOR

Born: 1960

Nationality: Swedish citizen

Independence: Independent of the Company and management and independent of major shareholders.

Direct or related person ownership: 35,000 class A shares and 165,000 class B shares

Committee work: Member of the Audit Committee, the Remuneration Committee and the Investment Committee.

Erik has been Director of the Board of Investment AB Kinnevik since 2004. He is also a Director of the Boards of Tele2 and Rocket Internet as well as Chairman of the Boards of Wise Group and Firefly. Erik was Founding Partner and Fund Manager at Brummer & Partners Kapitalförvaltning 1995-2002. In 1989-1995 he was Head of Equity Research and member of the Management Board at Alfred Berg Fondkommission. Erik holds a B.Sc. in Economics and Business Administration from Stockholm School of Economics.

John Shakeshaft

BOARD DIRECTOR

Born: 1954

Nationality: UK citizen

Independence: Independent of the Company and management and independent of major shareholders.

Direct or related person ownership: 2,000 class B shares

Committee work: Chairman of the Audit Committee.

John has been a Director of the Board and Chairman of the Audit Committee of Investment AB Kinnevik since 2014. He is also Chairman of The Economy Bank, NV, Deputy Chairman of the Council of Cambridge University, Senior Independent Director of TT Electronics Plc and Chairman of Ludgate Environmental and Valiance Funds. He served as Director of the Board of Tele2 from 2003 to 2014. He has 28 years of global financial services expertise and held leadership positions at ABN Amro (2004-2006), Lazard LLP (2000-2002) and Barings (1994-2000). John previously served in HM Diplomatic Service and holds a master's degree from Cambridge University.

Lorenzo Grabau

CHIEF EXECUTIVE OFFICER

Born: 1965

Nationality: Italian citizen

Direct or related person ownership: 1,010,000 class B shares.

Committee work: Chairman of the Investment Committee.

Lorenzo has been Chief Executive Officer since 2014. He is also Chairman of Global Fashion Group, Deputy Chairman of Zalando, Member of Supervisory Board of Rocket Internet, and Non-Executive Director of Millicom International Cellular, Tele2 and Qliro Group. He was Director of the Board of Investment AB Kinnevik 2013-2014, and has served as Chairman of Avito and CTC Media and Partner and Managing Director of Goldman Sachs International. Lorenzo graduated from Università degli Studi di Roma, La Sapienza, Italy.

GROUP FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss

For the period 1 January-31 December (SEK m)	Note	2015	2014
Change in fair value of financial assets	5	-1 456	19 494
Dividends received	5	2 984	2 350
Revenue	2	1 129	1 245
Cost of goods and services sold		-513	-571
Selling costs		-145	-429
Administration costs		-894	-628
Other operating income		285	57
Other operating expenses		-210	-637
Operating profit	2	1 180	20 881
Interest income and other financial income	7	57	36
Interest expenses and other financial expenses	7	-78	-63
Profit after financial net		1 159	20 854
Tax	10	-30	9
Net profit for the year		1 129	20 863
Of which attributable to:			
Equity holders of the Parent Company		1 247	20 891
Non-controlling interests		-118	-28
Net profit per share before dilution, SEK	8	4.50	75.33
Net profit per share after dilution, SEK	8	4.49	75.27
Average number of shares before dilution		277 380 851	277 343 257
Average number of shares after dilution		277 516 889	277 529 845

Consolidated Statement of Comprehensive Income

For the period 1 January-31 December (SEK m)	2015	2014
Net profit for the year	1 129	20 863
Other comprehensive income for the year		
Items that will be reclassified to profit or loss		
Translation differences	-71	11
Cash flow hedging		
- profit/loss during the year	2	-47
Total items that will be reclassified to profit or loss	-69	-36
Total other comprehensive income for the year	-69	-36
Total comprehensive income for the year	1 060	20 827
Equity holders of the Parent Company	1 190	20 853
Non-controlling interests	-130	-26

Consolidated Statement of Cash Flow

For the period 1 January-31 December (SEK m)	Note	2015	2014
Dividends received	5	2 984	1 400
Cashflow from operating subsidiaries operations		-172	-76
Cash flow from operating costs within investment operation		-180	-185
Cash flow from operation before interest net and income taxes		2 632	1 139
Interests, received		13	17
Interests, paid		-44	-44
Income taxes paid		0	-7
Cash flow from operations		2 601	1 105
Acquisition of subsidiaries		-23	-7
Sale of subsidiaries	9	382	0
Investments in shares and other securities	9	-1 504	-1 574
Sale of shares and other securities	9	7 932	61
Change in loan receivables		0	-2
Investments in tangible and intangible fixed assets		-10	-68
Cash flow from investing activities		6 777	-1 590
Borrowing		0	48
Amortisation of loans		-13	0
Contribution from holders of non-controlling interests		289	10
Dividend paid to equity holders of the Parent Company		-2 011	-1 941
Dividend paid to holders of non-controlling interests		0	-5
Cash flow from financing activities		-1 735	-1 888
Cash flow for the year		7 643	-2 373
Short term investments and cash, opening balance		1 594	3 967
Exchange rate differences in liquid funds		0	0
Short term investments and cash, closing balance	13	9 237	1 594

Consolidated Statement of Financial Position

31 December (SEK m)	Note	2015	2014
ASSETS			
Fixed assets			
Intangible fixed assets	11	113	293
Tangible fixed assets	11	122	335
Financial assets held at fair value through profit or loss	4,5,6	75 443	83 259
Deferred tax assets	10	5	20
Other fixed assets		6	6
Total fixed assets		75 689	83 913
Current assets			
Inventories		6	66
Trade receivables	12	204	241
Income tax receivable		3	27
Other current assets		117	224
Short-term investments	13	8 321	1 311
Cash and cash equivalents	13	916	283
Total current assets		9 567	2 152
TOTAL ASSETS		85 256	86 065

31 December (SEK m)	Note	2015	2014
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	14		
Share capital		28	28
Other contributed capital		8 840	8 840
Reserves		-94	-37
Retained earnings including net profit for the year		74 508	75 345
Shareholders' equity attributable to equity holders of the Parent Company		83 282	84 176
Non-controlling interests		172	30
Total shareholders' equity		83 454	84 206
Long-term liabilities			
Interest-bearing loans	15	1 242	1 254
Provisions for pensions	16	33	35
Other provisions		6	4
Deferred tax liability	10	0	2
Other liabilities	17	34	36
Total long-term liabilities		1 315	1 331
Short-term liabilities			
Interest-bearing loans	15	5	9
Trade creditors		133	111
Income tax payable		13	27
Other liabilities	17	336	381
Total short-term liabilities		487	528
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		85 256	86 065
Pledged assets	20	52	74
Contingent liabilities	21	703	703

Consolidated Statement of Changes in Equity

	Attributable to the Parent Company's shareholders						Total	Non-controlling interest	Total shareholders' equity
	Share capital	Other contributed capital	Hedging reserve	Translation reserve	Retained earnings including net result for the year				
Opening balance, 1 January 2014	28	8 840	11	-10	56 407	65 276	43	65 319	
Other comprehensive income	-	-	-47	9	-	-38	2	-36	
Profit for the year	-	-	-	-	20 891	20 891	-28	20 863	
Total comprehensive income for the year	0	0	-47	9	20 891	20 853	-26	20 827	
Other changes in shareholders' equity									
Acquisition, non-controlling interest	-	-	-	-	-8	-8	8	0	
Contribution from non-controlling interest	-	-	-	-	-	-	10	10	
Dividend paid to owners of non-controlling interest	-	-	-	-	-	-	-5	-5	
Effect of employee share saving programme	-	-	-	-	-4	-4	-	-4	
Cash dividend ¹⁾	-	-	-	-	-1 941	-1 941	-	-1 941	
Closing balance, 31 December 2014	28	8 840	-36	-1	75 345	84 176	30	84 206	
Other comprehensive income	-	-	2	-59	-	-57	-12	-69	
Profit for the year	-	-	-	-	1 247	1 247	-118	1 129	
Total comprehensive income for the year	0	0	2	-59	1 247	1 190	-130	1 060	
Other changes in shareholders' equity									
Acquisition, non-controlling interest	-	-	-	-	-65	-65	-	-65	
Divestment, non controlling interest	-	-	-	-	-	0	-17	-17	
Contribution from non-controlling interest	-	-	-	-	-	0	289	289	
Effect of employee share saving programme	-	-	-	-	-8	-8	-	-8	
Cash dividend ²⁾	-	-	-	-	-2 011	-2 011	-	-2 011	
Closing balance, 31 December 2015	28	8 840	-34	-60	74 508	83 282	172	83 454	

¹⁾ The Annual General Meeting held on 12 May 2014, resolved in favor of paying a cash dividend of SEK 7.00 per share, a total of SEK 1,941m.

²⁾ The Annual General Meeting held on 18 May 2015, resolved in favor of paying a cash dividend of SEK 7.25 per share, a total of SEK 2,011m.

NOTES FOR THE GROUP

Note 1 Summary of significant accounting policies

STATEMENT OF COMPLIANCE

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS). Since the Parent Company is a company that is active in the EU, only EU-approved IFRS are applied. The consolidated accounts have also been prepared in accordance with Swedish law, with application of the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting regulations for Groups. The Parent Company's annual accounts have been prepared in accordance with Swedish law, and with application of the Swedish Financial Reporting Board's recommendation RFR 2 Reporting for legal entities. This means that the IFRS valuation and disclosure rules are applied but with the deviations reported in the Parent Company's accounting principles.

FUTURE IFRS AMENDMENTS

IFRS 9 Financial Instruments was issued on 24 July 2014 and replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. IFRS 9 is mandatorily effective for periods beginning on or after 1 January 2018.

IFRS 15 Revenue from contracts with customers will replace IAS 18 Revenue and IAS 11 Construction contracts. IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2017. The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 16 Leases will replace IAS 17 Leases. IFRS 16 introduces a "right of use model" which implicates that lessees recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The standard includes more disclosure requirements than the current standard. Lessors continue to classify leases as operating or finance. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019.

IFRS 9, IFRS 15 and IFRS 16 have not been adopted by the EU.

Kinnevik has not yet assessed whether the new standards will affect on Kinnevik's financial statements.

FUTURE CHANGE IN ACCOUNTING POLICY FOR THE KINNEVIK GROUP

Following an evaluation, Kinnevik has decided to apply the accounting requirements for investment entities pursuant to IFRS 10 in order to provide a clearer and more transparent reflection of Kinnevik's financial position and earnings. This means that, as of January 1, 2016, operating subsidiaries are measured at fair value instead of being consolidated. Recognition as investment entities would have had a positive effect of less than 1% on the Group's shareholders' equity as of December 31, 2015 and a positive effect of some SEK 70m on the Group's net profit for the full-year 2015.

CLASSIFICATION AS AN INVESTMENT ENTITY

Kinnevik believes that the Company meets the criteria to qualify as an investment entity and the following key considerations were observed in conjunction with the assessment:

- Kinnevik receives capital from its shareholders in order to invest in portfolio companies that Kinnevik subsequently assists in developing in an effort to generate a return in the form of both a direct yield and value appreciation on the investment. Investments are made both in listed and unlisted companies.
- Moreover, Kinnevik continually monitors and evaluates its investments in portfolio companies on the basis of fair value.
- Kinnevik currently focuses on investments in a number of different sectors. The company does not have an explicit time horizon as regards the scheduling of a divestment; instead, the investment strategy is assessed on a continual basis and the focus changes over time.

BASIS OF PREPARATION OF CONSOLIDATED ACCOUNTS

The consolidated financial statements have been prepared on a historical cost basis, except for investments in derivative financial instruments and financial assets valued at fair value through profit or loss. The consolidated statements are presented in Swedish kronor (SEK) and all values are rounded to the nearest million except when otherwise indicated.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group as of 31 December each year. The financial statements of subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

The consolidated financial statements include the Parent Company and all companies in which the Parent Company controls more than 50% of the votes or in any other way exercises a controlling influence.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the result for the part of the reporting year during which the Group has control.

The consolidated accounts are prepared using the purchase method. The difference between the acquisition value of shares in a subsidiary, excluding the transaction costs which are recognised directly through the income statement, and the fair value of identifiable assets and liabilities of that subsidiary at the time of acquisition is reported as goodwill.

Intercompany transactions, balance sheet items and unrealized gains on transactions between companies are eliminated. Unrealized losses are also eliminated, unless the transaction evidences the need to write down the transferred asset.

NON-CONTROLLING INTEREST

Non-controlling interests - consisting of the profit or loss portion and net assets in Group companies that do not accrue to the Parent Company's shareholders - are reported as a special item in consolidated shareholders' equity. In the consolidated income statement, the non-controlling interest share is included in reported earnings and information is given in connection with the Statement of income.

FOREIGN CURRENCY TRANSLATION

The functional and presentation currency of the Parent Company and its Swedish subsidiaries is Swedish kronor (SEK). Transactions in foreign currencies are initially recorded in the functional currency exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange at the balance sheet date. Realized and unrealized exchange gains/losses on receivables and liabilities of an operating nature are reported in operating income, while exchange rate differences on financial assets and liabilities in foreign currencies are reported among financial items.

As at the reporting date, the assets and liabilities of subsidiaries that have not the same functional currency as the Group (SEK) are translated at the rate of exchange at the balance sheet date. Their income statements are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken in other comprehensive income and as a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the income statement through Other comprehensive income.

Long-term monetary balances between the Parent Company and subsidiaries may be deemed to represent an extension or a contraction of the Parent Company's net investment in the subsidiary. Foreign currency differences arising on such balances are therefore charged as Other comprehensive income as a translation difference.

INTANGIBLE ASSETS

Intangible assets with a finite useful life are measured on initial recognition at cost and are then carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated on a straight-line schedule based on the acquisition value of the asset and its estimated useful life.

Goodwill consists of the amount by which the acquisition value exceeds the fair value of the Group's share in the identifiable net assets of the acquired subsidiary/associated company at the time of acquisition. Goodwill from the acquisition of subsidiaries is reported as intangible assets. Intangible assets including goodwill are tested for impairment annually to identify any possible need of a write-down and is reported at its acquisition value less accumulated write-downs. Gains or losses on the divestment of a unit include the remaining reported value of the goodwill relating to the divested unit.

Goodwill is distributed among cash-generating units when it is tested with respect to a possible need for a write-down.

TANGIBLE ASSETS

Tangible assets are recognized at cost less deduction of accumulated depreciation and any impairment. Depreciation is calculated on a straight-line schedule based on the acquisition value of the asset and its estimated useful life. The assets residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year-end.

IMPAIRMENT

Assets are assessed with respect to the reduction in their value whenever events or changes in circumstances indicate that the reported value might not be recoverable.

To calculate the impairment requirement, assets are grouped in cash-generating units. An impairment loss is done in the amount by which the assets' reported value exceeds its recovery value. The recovery value is the higher of an assets' fair value, less the cost of sale and the value in use. The value in use comprises the present value of deposits and disbursements attributable to the asset during the time it is expected to be in use in operations, plus the present value of the net sales value at the end of the useful life.

FINANCIAL INSTRUMENTS

Financial assets in Kinnevik's Statement of Financial Position includes Financial assets accounted to fair value through profit or loss, Trade receivables, Other current assets, and Cash and cash equivalents. On the liability side, it includes Interest-bearing loans, Trade payables and partly Other payables.

A financial asset or financial liability is recognized in the balance sheet when the Company becomes a party to the instrument's contractual terms. Accounts receivable are recognized when the invoice is sent. A liability is recognized when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been sent.

A financial asset is derecognized from the balance sheet when the rights in the contract are realized, expired or the Company loses control over them. The same applies for a portion of a financial asset. A financial liability is derecognized from the balance sheet when the obligation in the contract is met or in some other manner is extinguished. The same applies for a portion of a financial liability.

Acquisition and divestment of financial assets are reported on the transaction date, which is the date on which the Company commits to acquire or divest the assets.

Classification and measurement

Financial instruments are allocated to different categories. A financial instrument is classified upon initial recognition based on the purpose for which it was acquired. The classification determines how the financial instrument is measured after initial recognition.

Financial instruments allocated to Financial assets accounted to fair value through profit and loss, are initially recognized at fair value (excluding transaction costs). Other financial instruments are initially recognized at cost, which corresponds to the instrument's fair value (including transaction costs).

Measurement after initial recognition is described under each category below.

Financial assets held at fair value through profit or loss are continuously measured at fair value and value changes are reported in the Income Statement.

This category has two subcategories: Financial assets that are initially placed in this category ("Fair value option") and held-for-trading financial assets. All of Kinnevik's financial assets in this category have been allocated to the first of the subcategories and includes financial assets that are managed and measured on the basis of fair values in accordance with the risk management and investment strategies. Kinnevik does not have any held-for-trading financial assets.



Loan receivables and trade receivables

Loan receivables and other receivables, including cash and cash equivalents, are non-derivative financial assets with defined or definable payments and defined maturities that are not listed on an active market.

Loan receivables and other receivables are valued at amortized cost by applying the effective interest method, deducting for doubtful debts. The effective interest method means that any premiums or discounts and directly attributable costs or income are recognized on an accrual basis over the life of the contract using the calculated effective interest. The effective interest is the interest which gives the instrument's cost of acquisition as a result when discounting the future cash flows.

Deduction for doubtful debts is based on individual assessment, considering payment capacity and expected future risk. Trade receivable due more than 180 days are deducted in full as doubtful debts. Bad debts are written off when identified. The maximum risk corresponds to the financial instruments' reported value.

Trade receivables generally have 30-90 day terms.

Derivatives & hedge accounting

Kinnevik may occasionally invest in derivatives with the purpose to hedge certain cash flows. One example is when Kinnevik invested in an interest rate swap to hedge the interest rate risk relating to the bond financing. The derivative is categorized as a cash flow hedge according to IAS 39 and fulfills the criteria for hedge accounting. The derivatives are reported initially and continuously at fair value in the Statement of Financial Position. Changes in the value of the derivatives are reported as Other Comprehensive Income and are reversed to the income statement in pace with effect of the hedge cash flow on earnings. Any ineffective portion of the change in value is reported directly in the income statement.

Financial liabilities

Financial liabilities not held for trading are measured at accrued acquisition value, which is determined based on the effective interest rate calculated when the liability was assumed. This means that surplus and deficit values as well as direct costs in conjunction with assuming of loans are distributed over the term of the liability.

Long-term liabilities have an expected term of exceeding one year, while current liabilities have a term of less than one year. Trade payables have short expected term and are valued at nominal value.

Fair value measurement

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial instruments traded on an active market is based on the market prices listed on the closing date. The listed market price used for the Group's financial assets is the current bid price. For companies with two classes of shares the market price for the most liquid share class is used.

When establishing the fair value of other financial instruments, methods that in every individual case are assumed to provide the best estimation of fair value have been used. For assets and liabilities maturing within one year, a nominal value adjusted for interest payments and premiums is assumed to provide a good approximation to fair value.

Kinnevik's unlisted holdings are valued using IFRS 13, whereby a collective assessment is made to establish the valuation method that is most suitable for each individual holding. Firstly, it is considered whether any recent transactions have been made at arm's

length in the companies. For new share issues, consideration is taken to if the newly issued shares have preferential rights, such as senior liquidation preference to the company's assets than earlier issued shares if the company is being liquidated or sold. For companies where no or few recent arm's length transactions have been performed, a valuation is conducted by applying relevant multiples to the company's historical and forecast key figures, such as sales, profit, equity, or a valuation based on future cash flows. When performing a valuation based on multiples, consideration is given to potential adjustments due to, for example, difference in size, historic growth and geographic market between the current company and the group of comparable companies.

Measuring Kinnevik's unlisted holdings at fair value is performed by the financial department and based on financial information reported from each holding. The correctness of the financial information received is ensured through continuous contacts with management of each holding, monthly reviews of the accounts, as well as internal audits performed by auditors engaged by Kinnevik. Prior to decisions being made about the valuation method to be applied for each holding, and the most suitable peers with which to compare the holding, the financial department obtains information and views from the investment team, as well as external sources of information. Information and opinions on applicable methods and groups of comparable companies are also obtained periodically from well-renowned, valuation companies in the market. The results from the valuation is discussed firstly with the CEO and the Chairman of the Audit Committee, following which a draft is sent to all members of the Audit Committee, who analyze and discuss the outcome before it is approved at a meeting attended by the company's external auditors.

Information is provided in Note 4 for the Group per class of financial instruments that are measured at fair value through profit or loss, distributed in the three levels stated below:

Level 1: Fair value established based on listed prices in an active market for the same instrument.

Level 2: Fair value established based on valuation techniques with observable market data, either directly (as a price) or indirectly (derived from a price) and not included in Level 1.

Level 3: Fair value established using valuation techniques, with significant input from data that is not observable in the market.

PENSION

The Group has defined benefit plans for some former employees within the Parent Company only. The yearly expenses for these defined benefit plans as well as the premium-based pension benefits are reported in Profit or Loss.

SHARE-BASED REMUNERATION

Kinnevik has share-saving programs for which the fair value, calculated on the date of allotment, of the allotted share-based instruments is expensed over the vesting period and is recognized directly in equity. Instrument issued within the Group's share-savings program consists of shares. Kinnevik classifies the share-related remuneration programs as transactions that will be regulated with equity instrument. The fair value of the shares consists of the market price on each allocation occasion. The cost is based on the Group's assessment of the number of shares that will be allotted. A new assessment of the anticipated number of allocated shares is performed at year-end. Fair value is restated on every balance-sheet date, to reflect calculations of social security costs expensed continuously over the vesting period in the various companies and programs.

OTHER PROVISIONS

Provisions are reported when the Group has a legal or contractual obligation to fulfill the obligation, when it is likely that a payment or some other form of compensation is required to settle the undertaking and a reliable estimate of the amount can be made. Provisions are reported at their discounted present value when the time horizon exceeds two years. A provision for restructuring is reported when the Group has presented a detailed plan for the implementation of the measures and the plan has been communicated to the parties involved and soundly based anticipation is created.

REVENUE RECOGNITION

Rendering of services - Revenue from the sale of services is recognized at the time the service is rendered to the customer, after deductions for discounts.

Interest - Revenue is recognized as the interest accrues to the net carrying amount of the financial assets.

Dividends received - Dividends received are recognized when the shareholders' right to receive the payment is assessed as certain.

Marketing costs - Advertising costs and other marketing activities are expensed as they arise.

INCOME TAX

The total tax on the year's income consists of current and deferred tax. Taxes are stated in the income statement except when the underlying transaction is charged to other comprehensive income or directly against equity, in which case the related tax effect is also stated in equity. Current tax expense is the tax that is to be paid or received for the year in question, plus correction of tax expense for earlier periods. Deferred tax is calculated on the basis of the temporary differences between the book values of assets and liabilities and their value for tax purposes. The amounts are calculated on the basis of how these differences can be expected to be evened out and using the tax rates and rules in effect or announced as of the closing date. Temporary differences are not recorded in the case of differences attributable to interests in subsidiaries and associated companies that are not expected to be taxable in the foreseeable future. In the consolidated financial statements, untaxed reserves are divided into deferred tax liability and equity. The deferred tax asset component of deductible temporary differences and tax loss carry forwards is only recorded in so far as it is likely that these will result in a lower tax payment in the future.

DIVIDENDS PAID

For dividends in kind, the net assets market value is recorded as dividend. Cash dividends to shareholders are recorded in the accounting period the dividend is approved.

LEASES

Leases are classified in the consolidated accounts as financial leases or operating leases. Kinnevik only has leases classified as operating leases. For operating leases, the rental expense is reported in the lessee's accounts distributed equally over the period during which the asset is used, even if the payments are made according to some other schedule.

CASH FLOW STATEMENT

The cash-flow statements for the Group and for the Parent company are prepared using the indirect method. For purposes of the Parent Company and the consolidated cash-flow statements, the Group include cash and investments with original duration of maximum three months among cash and bank. The book value of these items corresponds to fair value.

SIGNIFICANT JUDGMENTS AND ASSUMPTIONS

The preparation of the annual financial statements and consolidated financial statements includes a number of estimates and assumptions. The application of these estimates and assumptions affects the reporting and disclosures. Accounting policies that require more significant judgments by the Board and the management in the application of IFRS, and assumptions and estimations in matters that are inherently uncertain, are summarized below.

Matter	Estimates and assumptions	See Note
Valuation of unlisted holdings	Appropriate valuation method, peer group, future revenue and profit margins	Note 4
Impairment of intangible assets	Forecasted cash flow, growth, profit margins and cost of capital	Note 11
Environmental cases	Future decisions from County administrative board	Note 21
Deferred tax losses	Judgment of possibility to use deferred tax losses against future profits	Note 10

Note 2 Segment reporting

1 Jan-31 Dec 2015	Operating subsidiaries	Investment operation	Eliminations	Total Group
Change in fair value of financial assets	-	-1 456	-	-1 456
Dividends received	-	2 984	-	2 984
Revenue	1 123	6	-	1 129
Cost of goods and services sold	-513	-	-	-513
Selling and administration costs	-809	-230	-	-1 039
Other operating income and expenses	74	1	-	75
Operating profit/loss	-125	1 305	-	1 180
Interest income and other financial income	0	57	-	57
Interest expenses and other financial expenses	-1	-77	-	-78
Profit/loss after financial items	-1	-20	-	1 159
Investments in subsidiaries, shares and financial fixed assets	-	1 499	-	1 499
Investments in intangible and tangible fixed assets	9	1	-	10
Impairment of goodwill and intangible fixed assets	-141	-	-	-141
Assets and liabilities				
Operating assets	302	262	-	564
Financial fixed assets	96	75 359	-	75 455
Short-term investments, cash and cash equivalents	367	8 870	-	9 237
Total assets	765	84 491	-	85 256
Operating liabilities	401	121	-	522
Provision for pensions	-	33	-	33
Interest-bearing loans	20	1 227	-	1 247
Total liabilities	421	1 381	-	1 802
1 Jan-31 Dec 2014	Operating subsidiaries	Investment operation	Eliminations	Total Group
Change in fair value of financial assets	-	19 494	-	19 494
Dividends received	-	2 350	-	2 350
Revenue	1 225	20	-	1 245
Cost of goods and services sold	-571	-	-	-571
Selling and administration costs	-839	-218	-	-1 057
Other operating income and expenses	-607	27	-	-580
Operating profit/loss	-792	21 673	-	20 881
Interest income and other financial income	5	26	5	36
Interest expenses and other financial expenses	-15	-43	-5	-63
Profit/loss after financial items	-802	21 656	0	20 854
Investments in subsidiaries, shares and financial fixed assets	-	1 342	-	1 342
Investments in intangible and tangible fixed assets	61	1	-	62
Impairment of goodwill	-249	-	-	-249
Assets and liabilities				
Operating assets	961	181	-	1 142
Financial fixed assets	133	83 228	-32	83 329
Short-term investments, cash and cash equivalents	197	1 397	-	1 594
Total assets	1 291	84 806	-32	86 065
Operating liabilities	300	224	-	524
Provision for pensions	-	35	-	35
Deferred tax liabilities	-	2	-	2
Interest-bearing loans	57	1 273	-32	1 298
Total liabilities	357	1 534	-32	1 859

Kinnevik is a diversified company whose business consists of actively managing a number of investments. The Kinnevik Group's accounting is distributed on the following two accounting segments:

1. Operating subsidiaries - All operating subsidiaries in the group. For 2014 and 2015 the following companies are included: Metro, Vireo Energy, Rolnyvik (divested in November 2015), Saltside, AVI (divested in October 2015) and G3 Good Governance Group.
2. Investment operation - shares and securities in all other companies, that are not subsidiaries, and other financial assets. This segment includes change in fair value of financial assets, dividends received and the administration costs of the investment operation.

This distribution coincides with management's internal structure for controlling and monitoring the Group's operations. The accounting policies for the business segments coincide with the Group's accounting policies. Revenue comprises total sales proceeds net of sales discounts, VAT and other taxes directly connected to the revenue. Of total revenue of SEK 1,129m (1,245), SEK 28m (75) is attributable to sale of goods and SEK 1,101m (1,170) to sale of services. External revenue cover sales to all parties other than the Parent Company and its subsidiaries. For information on sales to related parties, refer to Note 22. Internal sales prices are set in the same manner as external sales, that is, on commercial terms. Intra-Group revenue in the Parent Company totaled SEK 4m (15). Operating assets entail intangible and tangible fixed assets, investments in companies accounted for using the equity method, inventories and short-term non interest-bearing receivables. Operating liabilities entail other provisions and short-term non interest-bearing liabilities

Note 3 Depreciation and impairment

	2015	2014		2015	2014
Operating profit/loss includes depreciation and impairment as follows:			Depreciation and impairment is split per cost category as follows:		
Impairment of goodwill	-74	-249	Administration costs	-44	-37
Impairment of other intangible fixed assets	-67	-291	Other operating costs	-141	-540
Depreciation of tangible and intangible fixed assets	-44	-37	Total	-185	-577
Total	-185	-577			

Note 4 Financial assets and liabilities

FINANCIAL ASSETS AND LIABILITIES BY VALUATION CATEGORY

2015	Fair value through profit or loss	Loans and receivables	Derivatives used in hedge accounting	Financial liabilities	Total book value	Fair value
Financial assets accounted at fair value through profit and loss	75 443	-	-	-	75 443	75 443
Trade receivables	-	204	-	-	204	204
Other current assets	-	126	-	-	126	126
Short-term investments	8 321	-	-	-	8 321	8 321
Cash and cash equivalents	-	916	-	-	916	916
Total financial assets	83 764	1 246	-	-	85 010	85 010
Interest-bearing loans	-	-	-	1 242	1 242	1 323
Trade payables	-	-	-	133	133	133
Other payables	-	-	34	292	326	326
Total financial liabilities	-	-	34	1 667	1 701	1 782

2014	Fair value through profit or loss	Loans and receivables	Derivatives used in hedge accounting	Financial liabilities	Total book value	Fair value
Financial assets accounted at fair value through profit and loss	83 259	-	-	-	83 259	83 259
Trade receivables	-	241	-	-	241	241
Other current assets	-	224	-	-	224	224
Short-term investments	1 311	-	-	-	1 311	1 311
Cash and cash equivalents	-	283	-	-	283	283
Total financial assets	84 570	748	-	-	85 318	85 318
Interest-bearing loans	-	-	-	1 263	1 263	1 332
Trade payables	-	-	-	111	111	111
Other payables	-	-	36	182	218	218
Total financial liabilities	-	-	36	1 556	1 592	1 661

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS BY LEVEL

The table below indicates how fair value is measured for Kinnevik's financial assets and liabilities. The financial instruments are categorized on three levels, depending on how the fair value is measured:

Level 1: Fair value established based on listed prices in an active market for the same instrument

Level 2: Fair value established based on valuation techniques with observable market data, either directly (as a price) or indirectly (derived from a price) and not included in Level 1

Level 3: Fair value established using valuation techniques, with significant input from data that is not observable in the market

	Level 1	Level 2	Level 3	2015 Total	Level 1	Level 2	Level 3	2014 Total
Black Earth Farming	209	-	-	209	151	-	-	151
Millicom	18 479	-	-	18 479	22 039	-	-	22 039
MTG	2 938	-	-	2 938	3 358	-	-	3 358
Qliro Group	513	-	-	513	737	-	-	737
Rocket Internet	5 627	-	-	5 627	10 620	-	-	10 620
Seamless	35	-	-	35	48	-	-	48
Tele2	11 524	-	-	11 524	12 865	-	-	12 865
Transcom	-	-	-	-	494	-	-	494
Zalando	25 943	-	-	25 943	19 030	-	-	19 030
Total Listed Assets	65 268	-	-	65 268	69 342	-	-	69 342
Avito	-	-	-	-	-	-	2 298	2 298
Bayport	-	-	1 278	1 278	-	-	1 032	1 032
Global Fashion Group ¹⁾	-	-	4 067	4 067	-	-	6 210	6 210
Home24	-	-	801	801	-	-	833	833
Konga	-	-	103	103	-	-	292	292
Lazada ¹⁾	-	-	520	520	-	-	555	555
Linio ¹⁾	-	-	135	135	-	-	184	184
Milvik/BIMA	-	-	351	351	-	-	206	206
Quikr	-	-	1 519	1 519	-	-	425	425
Westwing	-	-	387	387	-	-	379	379
Wimdu	-	-	275	275	-	-	381	381
Other	-	-	739	739	-	-	1 122	1 122
Total Unlisted Assets	-	-	10 175	10 175	-	-	13 917	13 917
Short term investments	8 321	-	-	8 321	1 311	-	-	1 311
Total Financial Assets measured at Fair Value through Profit or Loss	73 589	-	10 175	83 764	70 653	-	13 917	84 570

¹⁾ Comparable periods have been adjusted pro-forma for transactions related to the merger of Global Fashion Group ("GFG"), the sale of Kanui and Tricae to GFG as well as spin-off of assets within Big Commerce

CHANGE IN FINANCIAL ASSETS IN LEVEL 3

	2015	2014
Opening balance 1 January	13 917	21 178
Investments	1 476	1 098
Distribution of shares in Bigfoot I and Bigfoot II	-	950
Disposals / Exit proceeds	-7 254	-195
Reclassifications ¹⁾	0	-23 149
Change in fair value ¹⁾	2 036	14 040
Exchange gain/loss and other	-	-5
Closing balance, 31 December	10 175	13 917

¹⁾ Comparable periods have been adjusted pro-forma for transactions related to the merger of Global Fashion Group ("GFG") as well as the sale of Kanui and Tricæ to GFG

VALUATION METHOD AS PER 31 DECEMBER 2015, LEVEL 3

Company	Valuation method	Valuation assumptions
Global Fashion Group	The valuation was based on the average sales multiple of a group of comparable companies (Zalando, Asos and Yoox Net-a-Porter Group), adjusted with a 15% discount on an aggregated level to adjust for emerging market exposure and path to profitability. The valuation considered preferential rights that shares have in case of a liquidation or sale of the company.	12 months historical sales (ending 30 September 2015) Multiple: 2.2x
Home24	The valuation was based on the average sales multiple of a group of comparable companies (including Ocado Group, Zalando and AO World). The valuation considered preferential rights that shares have in case of a liquidation or sale of the company.	12 months historical sales (ending 30 September 2015) Multiple: 1.6x
Westwing	The valuation was based on the average sales multiple of a group of comparable companies (including Ocado Group, Zalando and AO World). The average sales multiple of the peer group was reduced by 10% due to factors such as lower profitability and company size. The valuation considered preferential rights that shares have in case of a liquidation or sale of the company.	12 months historical sales (ending 30 September 2015) Multiple: 1.4x
Lazada	The valuation was based on the average sales multiple of a group of comparable companies. Lazada generates revenue from two business models, inventory and marketplace. Accordingly, two different peer groups were used in the valuation and the multiple weighted based on sales. The peer group for the inventory model included Amazon, Qliro Group, JD.com and AO World. The peer group for the marketplace model included MercadoLibre, Rakuten and Alibaba. The valuation considered preferential rights that shares have in case of a liquidation or sale of the company.	12 months historical sales (ending 30 September 2015) Multiple: 2.5x
Linio	The valuation was based on the average sales multiple of a group of comparable companies. Linio generates revenue from two business models, inventory and marketplace. Accordingly, two different peer groups were used in the valuation and the multiple weighted based on sales. The peer group for the inventory model included Amazon, Qliro Group, JD.com and AO World. The peer group for the marketplace model included MercadoLibre, Rakuten and Alibaba. The valuation considered preferential rights that shares have in case of a liquidation or sale of the company.	12 months historical sales (ending 30 September 2015) Multiple: 1.5x
Konga	The valuation was based on the average sales multiple of a group of comparable companies. Konga generates revenue from two business models, inventory and marketplace. Accordingly, two different peer groups were used in the valuation and the multiple weighted based on sales. The peer group for the inventory model included Amazon, Qliro Group, JD.com and AO World. The peer group for the marketplace model included MercadoLibre, Rakuten and Alibaba. The valuation considered preferential rights that shares have in case of a liquidation or sale of the company.	12 months historical sales (ending 30 September 2015) Multiple: 1.3x
Quikr	The valuation was based on the latest transaction at arm's length; secondary share transactions in July 2015. The transaction valued all shares in Quikr at USD 900m.	
Wimdu	The valuation was based on sales multiples for a group of comparable companies: Priceline, Expedia and TripAdvisor. The average sales multiple of the peer group was been reduced by 75% due to factors such as lower profitability and company size. The valuation considered preferential rights that shares have in case of a liquidation or sale of the company.	12 months historical sales (ending 30 September 2015) Multiple: 1.5x
Bayport	The valuation was based on book value multiples for a broader group of comparable companies (including Capitec, Compartamos, IPF and Letshego). The average book value multiple of the peer group was been reduced by 25% due to factors such as size and maturity.	Book value of equity (as of 30 September 2015) Multiple: 3.0x
Milvik/Bima	The valuation was based on latest transaction at arm's length; new funding during the end of 2014 adjusted for subsequent financing, valuing all shares in Milvik/BIMA at USD 104m.	

For the companies in the table above that are valued based on sales multiples (i.e. Global Fashion Group, Home24, Westwing, Lazada, Linio, Konga, Wimdu and Bayport), an increase in the multiple by 10% would have increased estimated fair value by SEK 920m. Similarly, a decrease in the multiple by 10% would have decreased estimated fair value by SEK 830m.

DURATION

For the duration of interest bearing loans refer to Note 15. Of other financial liabilities the major part will fall due within one to six months.

DERIVATIVES AND HEDGING INSTRUMENTS

On 31 December 2015, Kinnevik had one derivative outstanding; an interest rate swap with the purpose to create a cash flow hedge for the part of the bond, issued in December 2012, where Kinnevik is paying floating interest rates. The nominal amount of the swap was SEK 1,000m (1,000). Also refer to Note 15 for the Group. The fixed rate that is paid in the swap is 3.32% and it expires in December 2017. The derivative had a negative market value of SEK 34m (negative SEK 36m) at year-end. The derivatives are marked to market based on discounted cash flows with observable market data. The derivative agreements are established in accordance with ISDA standards.

MATURITY STRUCTURE

Maturity structure for undiscounted, contracted non-interest-bearing/interest-bearing receivables and liabilities along with future interest payments accruing therewith:

	2016	2017	2018	2019	Later	Total
Non-interest-bearing receivables	330	-	-	-	-	330
Interest-bearing receivables	8 335	14	-	-	-	8 349
Non-interest-bearing liabilities	-498	-	-	-	-	-498
Interest-bearing liabilities	-60	-1 255	-1	-1	-17	-1 335
Total as per 31 December 2015	8 107	-1 241	-1	-1	-17	6 846

	2015	2016	2017	2018	Later	Total
Non-interest-bearing receivables	465	-	-	-	-	465
Interest-bearing receivables	1 311	-	-	-	-	1 311
Non-interest-bearing liabilities	-528	-	-	-	-	-528
Interest-bearing liabilities	-74	-66	-1 258	-2	-24	-1 424
Total as per 31 December 2014	1 174	-66	-1 258	-2	-24	-176

Note 5 Financial assets measured at fair value through profit or loss

CHANGE IN FINANCIAL ASSETS ACCOUNTED TO MEASURED THROUGH PROFIT OR LOSS

	Listed assets	Unlisted assets	Total
Opening balance, 1 January 2014	40 397	21 178	61 575
Investments	244	1 098	1 342
Reclassifications	23 258	-23 149	109
Distribution of shares in Bigfoot I and Bigfoot II	-	950	950
Change in fair value	5 454	14 040	19 494
Disposals	-11	-195	-206
Exchange gain/loss	0	-5	-5
Closing balance, 31 december 2014	69 342	13 917	83 259
Investments	0	1 476	1 476
Change in fair value	-3 492	2 036	-1 456
Disposals	-580	-7 254	-7 834
Exchange gain/loss	-2	0	-2
Closing balance, 31 december 2015	65 268	10 175	75 443

INVESTMENTS IN FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
Qliro Group	-	241
Seamless	-	3
Total Listed assets	0	244
Avito	9	102
Bayport	-	23
Global Fashion Group	555	276
Home24	12	3
Iroko	15	-
Konga	-	95
Lazada	-	72
Linio	41	0
Milvik/BIMA	129	64
Quikr	517	362
Westwing	186	-
Wimdu	-	2
Other	12	99
Total Unlisted assets	1 476	1 098
Total Financial assets	1 476	1 342

DISPOSALS OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
Transcom	-580	-11
Total Listed assets	-580	-11
Avito	-7 166	-
Daraz	-	-12
Foodpanda	-80	-
Hellofresh	-	-108
Metro	-	-75
Other	-8	-
Total Unlisted assets	-7 254	-195
Total Financial assets	-7 834	-206



DIVIDENDS AND CHANGE IN FAIR VALUE OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Dividends received	Change in fair value	2015 Total	Dividends received	Change in fair value	2014 Total
Black Earth Farming	-	57	57	-	- 185	- 185
Millicom	823	-3 560	-2 737	662	-2 176	-1 514
MTG	149	- 420	- 271	142	-1 140	- 998
Qliro Group	-	- 224	- 224	-	- 289	- 289
Rocket Internet	-	-4 993	-4 993	950 ¹⁾	2 842	3 792
Seamless	-	- 13	- 13	-	- 147	- 147
Tele2	2 012	-1 342	670	596	3 001	3 597
Transcom	-	89	89	-	1	1
Zalando	-	6 914	6 914	-	3 547	3 547
Total Listed assets	2 984	-3 492	- 508	2 350	5 454	7 804
Avito	-	4 859	4 859	-	-	-
Bayport	-	246	246	-	174	174
Global Fashion Group	-	-2 696	-2 696	-	2 952	2 952
Home24	-	- 44	- 44	-	150	150
Iroko	-	21	21	-	14	14
Konga	-	- 189	- 189	-	41	41
Lazada	-	- 36	- 36	-	110	110
Linio	-	- 89	- 89	-	10	10
Milvik/BIMA	-	16	16	-	96	96
Quikr	-	577	577	-	64	64
Rocket Internet	-	-	-	-	6 557	6 557
Westwing	-	- 178	- 178	-	162	162
Wimdu	-	- 106	- 106	-	20	20
Zalando	-	-	-	-	3 347	3 347
Other	-	- 345	- 345	-	343	343
Total Unlisted assets	-	2 036	2 036	-	14 040	14 040
Total Financial assets	2 984	-1 456	1 528	2 350	19 494	21 844

¹⁾ Non-cash distribution of shares in Bigfoot I and Bigfoot II.

BOOK VALUE OF FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

Trade name	Company name	Type of holding*	Registered office	Number of shares	Capital/votes (%)		Book value	
					2015	2014	2015	2014
Black Earth Farming	Black Earth Farming Ltd	AC	Jersey	51 811 828	24.6/24.6	24.9/24.9	209	151
Millicom	Millicom International Cellular S.A.	AC	Luxembourg	37 835 438	37.8/37.8	37.8/37.8	18 479	22 039
MTG	Modern Times Group MTG AB	AC	Sweden	13 503 856	20.3/48.0	20.3/48.0	2 938	3 358
Qliro Group	Qliro Group AB	AC	Sweden	42 613 642	28.5/28.5	28.5/28.5	513	737
Rocket Internet	Rocket Internet SE	AC	Germany	21 716 964	13.2/13.2	14.2/14.2	5 627	10 620
Seamless	Seamless Distribution AB	OI	Sweden	4 232 585	9.3/9.3	10.1/10.1	35	48
Tele2	Tele2 AB	AC	Sweden	135 496 137	30.4/47.9	30.4/48.0	11 524	12 865
Transcom	Transcom WorldWide AB	AC	Sweden	0	-/-	31.9/31.9	-	494
Zalando	Zalando SE	AC	Germany	78 427 800	31.7/31.7	32.0/32.0	25 943	19 030
Total Listed Assets							65 268	69 342
Jumia and Zando	New Africa eCommerce II GmbH	AC	Germany		34/34	34/34	132	247
Avito	Avito AB	D	Sweden		-	31/31	-	2 298
Bayport	Bayport Management Ltd	AC	Mauritius		24/24	31/31	1 278	1 032
Fabfurnish	FabFurnish GmbH	AC	Germany		32/32	32/32	-	93
Global Fashion Group	Global Fashion Holding S.A.	AC	Luxembourg		26/26	26/26	4 067	6 210
Glossybox	Beauty Trend Holding GmbH	AC	Germany		24/24	24/24	62	64
Home24	Home24 GmbH	AC	Germany		17/17	20/20	801	833
Iroko	Iroko Partners Ltd	AC	Great Britain		18/18	15/15	86	50
Konga	Konga Online Shopping Ltd	AC	Nigeria		41/41	41/41	103	292
Lazada	Lazada Group S.A.	OI	Luxembourg		9/9	-	520	555
Linio	New TIN Linio II GmbH	OI	Germany		8/8	-	135	184
Metro Brazil	SP Publimetro S.A.	AC	Brasil		30/30	30/30	65	57
Microvest	Microvest II-A	OI	USA		-	-	73	77
Milvik/BIMA	Milvik AB	AC	Sweden		39/39	39/39	351	206
Ozon	Ozon Holdings Limited	OI	Cyprus		1/1	1/1	36	37
Quikr	Quikr Mauritius Holding Private Ltd	AC	Mauritius		19/19	16/16	1 519	425
Westwing	Westwing Group GmbH	AC	Germany		17/17	13/13	387	379
Wimdu	Wimdu GmbH	AC	Germany		27/27	29/29	275	381
Yell	Kontakt East Holding AB	AC	Sweden		40/40	40/40	35	56
Zanui	New BGN Other Assets II GmbH	AC	Germany		34/34	34/34	62	39
Other							188	401
Total Unlisted Assets							10 175	13 917
Total							75 443	83 259

* AC - Associated Company, OI - Other Investment, D - Divestment

Note 6 Details of material associated companies

Name	Nature of activities	Country of incorporation	Principal place of business	Ownership		Voting rights	
				2015	2014	2015	2014
Millicom	Communications	Sweden	Central America, South America, Africa	38	38	38	38
Zalando	E-Commerce	Germany	Central Europe	32	32	32	32
Avito	Marketplace	Sweden	Russia	-	31	-	31
Tele2	Communications	Sweden	Northern Europe, Kazakhstan, Baltics	30	30	48	48
Global Fashion Group	E-Commerce	Luxembourg	Brazil, Russia, India, South East Asia, Middle East, Australia	26	26	26	26
Bayport	Financial Services	South Africa	Africa, Latin America	24	31	24	31
MTG	Entertainment	Sweden	Northern Europe, Baltics, Eastern Europe	20	20	48	48
Quikr	Marketplace	Mauritius	India	19	16	19	16
Home24	E-Commerce	Germany	Europe, Brazil	17	20	17	20
Rocket Internet	Venture Capital	Germany	Germany	13	14	13	14

All material investments in associated companies are measured at fair value. There are no significant restrictions on the ability of the associated companies to transfer funds to Kinnevik in the form of cash dividends or to repay loans or advances made by Kinnevik. For information on dividends from associated companies, refer to Note 5. The following table summarizes the financial information of material associated companies as included in the companies' own financial statements. All of the material associated companies prepare financial information in accordance with IFRS.

SUMMARIZED FINANCIAL INFORMATION: MILLICOM*

USDm	31 Dec	
	2015	2014
Current assets	1 872	2 469
Non-current assets	8 491	10 949
Current liabilities	2 458	4 567
Non-current liabilities	4 214	5 121
Net assets	3 691	3 730

USDm	Full year	
	2015	2014
Revenue	6 730	6 386
Profit or loss from continuing operations	-444	2 780
Post-tax profit or loss from discontinued operations	0	21
Other comprehensive income	-441	-378
Total comprehensive income	-885	2 423

* Unaudited consolidated financial statement

SUMMARIZED FINANCIAL INFORMATION: ZALANDO

EURm	31 Dec	
	2015	2014
Current assets	1 864	1 592
Non-current assets	253	194
Current liabilities	814	628
Non-current liabilities	31	31
Net assets	1 272	1 127

EURm	Full year	
	2015	2014
Revenue	2 958	2 214
Profit or loss from continuing operations	122	47
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	0	1
Total comprehensive income	122	48

SUMMARIZED FINANCIAL INFORMATION: TELE2

SEKm	31 Dec	
	2015	2014
Current assets	8 032	10 573
Non-current assets	28 117	29 275
Current liabilities	11 932	11 455
Non-current liabilities	6 316	5 711
Net assets	17 901	22 682

SEKm	Full year	
	2015	2014
Revenue	26 856	25 955
Profit or loss from continuing operations	1 268	2 626
Post-tax profit or loss from discontinued operations	1 718	-415
Other comprehensive income	-1 179	808
Total comprehensive income	1 807	3 019



SUMMARIZED FINANCIAL INFORMATION: GLOBAL FASHION GROUP*

EURm	31 Sept 2015	31 Dec 2014
Cash position	64	224

EURm	Jan-Sept 2015	Full year 2014
Net Revenue	650	627
Gross Profit	212	186
Adjusted EBITDA	-225	-235

* Unaudited consolidated financial statement. EBITDA adjusted for share-based compensation

SUMMARIZED FINANCIAL INFORMATION: BAYPORT*

USDm	31 Dec	
	2015	2014
Net advances to customers	725	865
Other current asset	159	136
Non-current asset	93	124
Current liabilities	64	83
Non-current liabilities	726	827
Net assets	188	214

USDm	Full year	
	2015	2014
Net interest income	163	189
Total operating income	149	160
Profit/(Loss) before taxation	19	49
Profit/(Loss) for the year	6	39

* Unaudited company management accounts

SUMMARIZED FINANCIAL INFORMATION: MTG

SEKm	31 Dec	
	2015	2014
Current assets	8 909	7 168
Non-current assets	7 589	6 963
Current liabilities	8 425	6 190
Non-current liabilities	3 305	2 111
Net assets	4 768	5 830

SEKm	Full year	
	2015	2014
Revenue	16 218	15 746
Profit or loss from continuing operations	533	816
Other comprehensive income	-872	509
Total comprehensive income	-339	1 325

SUMMARIZED FINANCIAL INFORMATION: QUIKR

USDm	2015	31 Mar 2014
Current assets	76	79
Non-current assets	3	6
Current liabilities	20	9
Non-current liabilities	0	0
Net assets	59	75

USDm	12 months until Mar	
	2015	2014
Revenue	4	3
Profit or loss from continuing operations	-75	-35
Other comprehensive income	-2	-1
Total comprehensive income	-77	-36

SUMMARIZED FINANCIAL INFORMATION: HOME24*

EURm	31 Sept 2015	31 Dec 2014
Cash position	65	30

EURm	Jan-Sept 2015	Full year 2014
Net Revenue	172	160
Gross Profit	64	59
Adjusted EBITDA	-56	-49

* Unaudited consolidated financial statement. EBITDA adjusted for share-based compensation

SUMMARIZED FINANCIAL INFORMATION: ROCKET INTERNET*

EURm	30 June 2015	31 Dec 2014
Current assets	1 494	2 113
Non-current assets	3 294	1 806
Current liabilities	133	138
Non-current liabilities	35	9
Net assets	4 620	3 772

EURm	2015	Jan-June 2014
Revenue	71	68
Profit or loss from continuing operations	-46	92
Other comprehensive income	158	52
Total comprehensive income	112	144

* Unaudited consolidated financial statement



Note 7 Financial income and expenses

	2015	2014
Interest income, cash and cash equivalents	0	13
Interest income financial assets accounted at fair value	13	10
Exchange differences	44	13
Financial income	57	36
Interest expenses, loans from credit institutions	-44	-45
Other financial expenses	-34	-18
Financial expenses	-78	-63
Net financial income/expenses	-21	-27

Note 8 Earnings per share

Earnings per share are calculated by dividing profit for the year attributable to holders of shares in the parent company by a weighted average number of shares outstanding. Earnings per share after dilution is calculated by dividing profit for the year attributable to holders of shares in the parent company by the average of the number of shares outstanding during the year, adjusted for the dilution effect of potential shares from outstanding share saving plans.

	2015	2014
Net profit for the year attributable to the equity holders of the Parent company	1 247	20 891
Average number of shares outstanding	277 380 851	277 343 257
Earnings per share before dilution, SEK	4.50	75.33
Average number of shares outstanding	277 380 851	277 343 257
Effect from outstanding share saving program, see Note 23 for information	136 038	186 589
Average number of shares outstanding after dilution	277 516 889	277 529 845
Earnings per share after dilution, SEK	4.49	75.27

Note 9 Supplementary cash flow information

	2015	2014
Investments in shares and other securities, see note 5	-1 476	-1 342
Non-cash investments	-	71
Current year investments, paid after year end	62	0
Prior year investments, paid in current year	-90	-303
Cash flow from investments in shares and other securities	-1 504	-1 574
Sale of shares and other securities		
Avito	7 166	-
Transcom	580	-
Other	186	61
Cash flow from sale of shares and other securities	7 932	61

Sale of shares in subsidiaries

Rolnyvik	327	-
Other	55	-
Cash flow from sale of shares in subsidiaries	382	-

Note 10 Taxes

	2015	2014
Current tax expense		
Tax expense for the period	-16	-6
Adjustment of tax expense for previous years	-3	13
	-19	7
Deferred tax losses	-11	2
Total tax expense for the year	-30	9

Reconciliation of effective tax rate

	2015	%	2014	%
Profit/loss before tax	1 159		20 854	
Income tax at statutory rate of Parent Company	-255	-22%	-4 588	-22%
Foreign tax rate differential	0	0%	0	0%
Change in fair value of financial assets	-320	-27.6%	4 289	20.6%
Non-taxable dividends received	656	56.6%	517	2.5%
Tax attributable to previous years	-3	-0.3%	13	0.1%
Impairment of goodwill	-31	-2.7%	-119	-0.6%
Change in not recognized tax loss carry forwards	-77	-6.6%	-103	-0.5%
Effective tax/tax rate	-30	-0.1%	9	0.0%

No tax has been recognised against other comprehensive income or shareholders' equity. Net deferred tax amounts to SEK 5m (18).

Deferred tax is not stated for associated companies, subsidiaries and other shareholdings, as any dividend paid by these companies will not give rise to a tax liability, and divestments may be made without giving rise to capital gains taxation.

TAX LOSS CARRYFORWARDS

The Group's tax loss carryforwards amounted to SEK 6,060m (5,732) at 31 December, of which SEK 4,625m (4,625) within Metro. SEK 1,268m (929) is attributable to Sweden and SEK 4,728m (4,715) to Luxembourg and other countries with eternal duration. The remaining tax losses has a duration that is limited to three to five years. A deferred tax asset of SEK 5m (8) was recognized in the consolidated balance sheet relating to the tax loss carryforwards.

Note 11 Intangible and tangible fixed assets

INTANGIBLE FIXED ASSETS

	Goodwill		Other intangible fixed assets	
	2015	2014	2015	2014
Opening acquisition value	538	518	414	410
Investments for the year	-	-	-	4
Disposals/scraping for the year	-23	-5	-16	-24
Translation difference	-3	25	-	24
Closing acquisition value	512	538	398	414
Opening accumulated depreciation	-325	-76	-334	-47
Assets in divested operations	-	-	5	-
Depreciations for the year	-	-	-2	-5
Disposals/scraping for the year	-	-	-	9
Impairments for the year	-74	-249	-67	-291
Closing accumulated depreciation and impairment	-399	-325	-398	-334
Closing book value	113	213	0	80

The closing book value of other intangible fixed assets as per 31 December 2015 is SEK 0m (80) after a final impairment of the acquired trademark Metro.

Goodwill in Metro and Good Governance Group (G3) has been tested for impairment, which resulted in a write-down of SEK 74m for Metro. The impairments are the result of lower sales and reduced margins. For the impairment tests, the higher of value in use and fair value less costs of disposal is compared to the book value.

Value in use is based on estimated cash flow. Estimated cash flow is based on budget up until year 2016 and financial forecast up until 2019. Estimated cash flow is based on previous experience as well as external factors. Key assumptions in calculating value in use include discount rate, sales growth and operating margins.

For Metro, value in use is estimated to be higher than fair value less costs of disposal. Value in use was calculated on the basis of discounted cash flows for the different cash generating units within Metro. Growth for the different cash generating units are forecasted at 2-4% and the pretax discount rate is estimated at 9-16%. Value in use has decreased as a result of a decrease in actual and expected future profitability, which resulted in a goodwill impairment of SEK 74m.

G3 divested its subsidiary Palmer Data during 2015 which decreased the goodwill with SEK 23m. The divestment was made at a profit for G3.

GOODWILL DISTRIBUTED ON CASH-GENERATING UNITS

	2015	2014
G3 Good Governance Group	6	29
Metro	107	181
Other	-	3
Closing book value	113	213

TANGIBLE FIXED ASSETS

For purposes of calculating depreciation, tangible fixed assets are classified on the basis of their estimated useful economic lives according to the following categories:

Office buildings 20 - 67 years

Machinery and equipment 3 - 25 years

	2015	2014
Opening acquisition values	516	518
Assets in divested operations	-251	-19
Investments for the year	23	71
Disposals/scraping for the year	-13	-33
Translation difference	-24	-21
Closing acquisition values	251	516
Opening accumulated depreciation	-181	-175
Assets in divested operations	67	12
Disposals/scraping for the year	11	24
Depreciation for the year	-32	-32
Translation difference	6	-10
Closing accumulated depreciation	-129	-181
Closing book value	122	335

Note 12 Trade receivables

	2015	2014
Trade receivables	218	288
Reserve for doubtful accounts	-14	-47
Total	204	241

Trade receivables overdue more than 90 days, but not provided for, amounts to SEK 14m (15).

Note 13 Short term investments and cash

	2015	2014
Short term investments	8 321	1 311
Cash and bank	916	283
Total	9 237	1 594

The short term investments of SEK 8,321m were mainly split between Swedish money market funds with the highest credit quality and with high accessibility. In addition to cash and cash equivalents reported above, the Group had on 31 December 2015 undrawn credit facilities of SEK 5,930m (5,930).

Note 14 Shareholders' equity

SHARE CAPITAL

Share capital refers to the Parent Company's share capital; refer to Note 10 for the Parent Company.

OTHER CONTRIBUTED CAPITAL

Other contributed capital consist of the Parent Company's share premium reserve, which arose through the conversion of convertible loans in 1997 and 1998, capital injected in conjunction with the merger between Invik & Co. AB and Industriförvaltnings AB Kinnevik in 2004, capital injected in conjunction with a new share issue when acquiring the assets in Emesco AB 2009, as well as by the Parent Company's legal reserve.

RETAINED EARNINGS INCLUDING NET PROFIT FOR THE YEAR

Retained earnings that are reported in the Group include the current and preceding year's profit.

CAPITAL

Kinnevik's managed capital consists of shareholders' equity. There are no other external capital requirements, other than what is specified in the Swedish Companies Act. For dividend policy and leverage targets, please refer to the Board of Directors' report.

Note 15 Interest-bearing loans

	2015	2014
Interest-bearing long-term loans		
Capital markets financing	1 200	1 200
Liabilities to credit institutions	50	70
Accrued borrowing costs	-8	-16
	1 242	1 254

Interest-bearing short-term loans

Liabilities to credit institutions	5	9
	5	9

Total interest-bearing loans

1 247 **1 263**

Financing source	Credit facility as per 31 Dec 2015	Utilised amount 31 Dec 2015	Unutilised amount 31 Dec 2015	Currency
------------------	------------------------------------	-----------------------------	-------------------------------	----------

Long-term loans

Parent Company

Capital markets financing	1 200	1 200	-	SEK
Syndicated bank facility	5 800	-	5 800	SEK
Total Parent Company	7 000	1 200	5 800	

Other Group companies

Different credit institutions	42	42	-	Various
Total Group	7 042	1 242	5 800	

Short-term loans

Parent Company

Overdraft facilities	130	-	130	SEK
Total Parent Company	130	-	130	

Other Group companies

Different credit institutions	5	5	-	Various
Total Group	135	5	130	

Total Group Financing

7 177 **1 247** **5 930**

The long-term financing is mainly a SEK 5,800m syndicated bank facility provided by Crédit Agricole Corporate & Investment Bank (France) Sweden Branch, DNB Bank ASA Sweden Branch, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ). The facility matures in December 2018. The facility is secured by listed shares but does not involve any financial covenants. It is a multicurrency facility with a part being available as a backup against the refinancing risk of any outstanding commercial papers. Kinnevik has also issued a dual tranche bond with final maturity in December 2017 with SEK 200m at an annual coupon of 3,25% and SEK 1,000m at floating interest corresponding to 3 months Stibor + 1.7%. The bond is unsecured and has no financial covenants. The interest rate risk under the tranche with floating interest is fully hedged with a interest rate swap.

For short-term financing, Kinnevik has established a SEK 2,000m commercial paper program. At 31 December 2015, no commercial papers were issued.

The outstanding loans carry an interest rate of Stibor or similar base rate with an average margin of 1.8% (1.8%).

All bank loans have variable interest rates (up to 3 months) while financing from the capital markets vary between 1 to 12 months for loans under the commercial paper program and 5 years for the outstanding bond.

As per 31 December 2015, the average remaining duration was 2.8 years for all credit facilities including the bond.

Note 16 Provisions for pensions

Kinnevik has defined benefit occupational pension plans for some former employees within the Parent Company only, of SEK 33m (35).

Note 17 Other liabilities

	2015	2014
Interest rate swap	34	36
Total other long-term liabilities	34	36
Accrued interest expenses	2	2
Accrued personnel expenses	76	106
Other accrued expenses and prepaid income	133	136
Debt unpaid investments	62	91
Other liabilities	63	46
Total other short-term liabilities	336	381

For trade creditors and other liabilities to related parties refer to Note 22 for the Group.

Note 18 Auditors' fees

	2015	2014
To Deloitte		
Audit assignments	1	1
Other services	1	1
	2	2

Note 19 Leasing agreements

The Group has operating lease agreements relating to print- and distribution services within Metro. During 2015, SEK 81m (92) was paid in accordance with operating leasing agreements. Future minimum payments for agreements concluded for leasing as of 31 December:

	2015	2014
Future minimum payments		
2015		81
2016	74	39
2017	35	40
2018	34	40
2019	6	36
2020 and later	11	-
	160	236

The Group has no financial leasing agreements.

Note 20 Pledged assets

	2015	2014
For liabilities to credit institutions		
Shares in subsidiaries	9	9
Cash and cash equivalents	18	19
Other assets	25	46
	52	74

At 31 December 2015, Kinnevik did not have any listed shares in associated companies pledged in relation to the Group's financing. At utilization of this financing, pledged listed shares' market value shall, at any given time, amount to 200% of the outstanding loans. If the value of the pledge remains below the threshold for a defined period of time and Kinnevik, despite written request by the banks, has not remedied the breach, the banks will be entitled to enforce the pledge. Such right to enforcement also applies to un-remedied breaches of other terms and conditions in the credit facility agreement. There were no outstanding loans in relation to this financing at 31 December 2015.

Note 21 Contingent liabilities

	2015	2014
Tax dispute	702	702
Guarantee commitments, FPG	1	1
	703	703

In December 2015, the Administrative Court of Appeal rejected the Swedish Tax Agency's claim that withholding tax of SEK 702m should have been lodged on an intra-Group distribution which Kinnevik received in connection with the acquisition of Emesco AB in 2009. The Administrative Court of Appeal thereby fully affirmed the Administrative Court's judgment. Kinnevik had not provided for any potential additional tax as a result of the dispute. The Administrative Court of Appeal's decision did thus not have any effect on Kinnevik's financial statements or cash flow for 2015. In February 2016 the Tax Agency requested a leave to appeal the Administrative Court of Appeal's decision to the Supreme Administrative Court.

County administrative boards have submitted claims to Kinnevik regarding environmental studies at a number of sites where Fagersta AB (through name changes and a merger, Investment AB Kinnevik) conducted operations until 1983. Kinnevik's position is that the Company's responsibility to perform any decontamination measures must be very limited, if any, primarily out of consideration to the long period of time that has passed since any potential contamination damages occurred and the regulations that were in force at the time, and the fact that a quarter century has passed since operations were shut down or turned over to new owners. Kinnevik has therefore not made any provisions for potential future claims for decontamination measures. SEK 5m was provided in 2007 for potential environmental studies that Kinnevik might be required to pay for of which SEK 1.2m was used in 2010 to 2015.



Note 22 Related-party transactions

For transactions with the Board of Directors and Senior Executives, refer to Note 23 for the Group. During 2015 and 2014, Kinnevik engaged in transactions with the following related companies.

Related companies and their relationship to Kinnevik:

- Bayport Management Ltd (Bayport)
Associated company of Kinnevik
- Qliro Group AB (Qliro)
Associated company of Kinnevik
- Tele2 AB (Tele2)
Associated company of Kinnevik
- Modern Times Group MTG AB (MTG)
Associated company of Kinnevik
- Transcom WorldWide AB (Transcom)
Associated company of Kinnevik, sold in June 2015
- Millicom International Cellular S.A. (Millicom)
Associated company of Kinnevik
- Rocket Internet SE
Associated company of Kinnevik
- Merx Technica Ltd (Merx)
Associated company of Kinnevik
- Anima Regni Partners S.à.r.l (Anima Regni)
Related parties to Anima Regni owns shares in Kinnevik, which provides considerable influence over Kinnevik
- SecureValue E.E.I.G. (SecureValue)
Association with other Associated companies of Kinnevik
- Three Daughters S.à.r.l (Three Daughters)
50% owned by Kinnevik's Chairman of the Board
- Altlorenscheurerhof S.A.
Associated company to Kinnevik

All transactions with related parties have taken place at arm's length basis, i.e. on market conditions. In connection with acquisitions from and divestments to major shareholders of the company or directors or officers of the group, valuation reports are obtained from independent experts, in accordance with the Swedish Securities Council's statement 2012:05. In all agreements relating to goods and services prices are compared with up-to-date prices from independent suppliers in the market to ensure that all agreements are entered into on market conditions.

COMMERCIAL AGREEMENTS WITH RELATED PARTIES

Kinnevik rent out office space and provides advertising- and consultancy services to related parties. Kinnevik buys telephony-, advertising- transportation- and consultancy services from related parties.

FINANCIAL LOAN TRANSACTIONS WITH RELATED PARTIES

During 2014 Kinnevik submitted a loan to Merx of USD 9m. In 2015 Kinnevik submitted another USD 0.8m to Merx. The loan was fully impaired 2015. There has been no other loan transactions of significant size with related parties during 2015 and 2014.

The following is a summary of Kinnevik's revenue, expense, receivables and liabilities to and from related parties (exceeding SEK 1m).

	Group		Parent Company	
	2015	2014	2015	2014
Revenue				
Bayport	-	2	-	-
Millicom	4	7	1	-
MTG	6	8	1	-
Qliro	-	7	0	7
SecureValue	2	1	-	-
Tele2	7	8	0	-
Transcom	1	1	1	0
	20	34	3	7
Operating expenses				
Altlorenscheurerhof S.A.	-2	-2	-2	-2
MTG	-3	-2	0	0
SecureValue	-4	-5	-4	-5
Tele2	-2	-1	-1	-2
Three Daughters	-	-1	-	-1
	-11	-11	-7	-10
Interest income				
Merx	8	2	-	-
Other	2	2	-	-
	10	4	-	-
Financial receivables from associated companies				
Merx	-	71	-	-
Other	6	12	-	-
	6	83	-	-
Accounts receivables and other current receivables				
MTG	-	3	-	-
Qliro	-	7	-	7
Tele2	2	2	-	-
Other	1	0	-	0
	3	12	-	7

Note 23 Personnel

AVERAGE NUMBER OF EMPLOYEES

Group	2015		2014	
	men	women	men	women
Sweden	144	96	142	90
Netherlands	-	-	8	0
Poland	-	-	61	9
Russia	6	2	6	1
Belarus	10	5	10	4
UK	25	11	43	16
Asia	237	77	181	44
Africa	49	36	39	21
Latin America	89	93	227	162
	560	320	717	347
Total number of employees		880		1 064

DISTRIBUTION OF WOMEN AND MEN ON THE BOARD AND IN THE MANAGEMENT GROUP, GROUP ¹⁾

	2015		2014	
	men	women	men	women
Board members	23	2	21	3
CEO	1	-	1	-
Other senior executives	5	2	4	2
	29	4	26	5

¹⁾ As regards the distribution of women and men in the Board and the management group, the Group has been defined as the Parent company and operating subsidiaries.

DISTRIBUTION OF WOMEN AND MEN ON THE BOARD AND IN THE MANAGEMENT GROUP, PARENT COMPANY

	2015		2014	
	men	women	men	women
Board members	5	2	5	2
CEO	1	-	1	-
Other senior executives	3	2	3	2
	9	4	9	4

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES (SEK 000s)

	2015		2014	
	Board, CEO, senior executives ¹⁾	Other employees	Board, CEO, senior executives ¹⁾	Other employees
Investment operations				
Total salaries and other remuneration	50 097	47 088	56 670	33 375
Social security expenses	10 788	10 369	14 991	7 038
Pension contributions/expenses ²⁾	3 523	5 042	5 931	3 014
Operating subsidiaries				
Total salaries and other remuneration	15 261	223 337	25 841	317 584
Social security expenses	1 849	56 115	2 902	56 829
Pension contributions/expenses ²⁾	1 618	19 206	1 817	18 926
Total	83 136	361 157	108 152	436 767

¹⁾ Relates to Board and CEO of all Group companies and senior executives in the Parent Company.

²⁾ Relates to present and former Board members and CEOs.

Pension and other obligations and similar benefits for former Board members and CEOs for the Group amounts to a total of SEK 8m (8). These amounts are included among liabilities in the balance sheet of the Group.

PRINCIPLES

The following principles and guidelines were approved by the AGM in May 2015. Senior executives covered include the Chief Executive Officer and the other persons in the executive management of Kinnevik (the Senior Executives) as well as Members of the Board to the extent they are remunerated outside their Board duties. The objectives of Kinnevik's remuneration guidelines are to

offer competitive compensation to attract, motivate and retain key employees. The aim is to create incentives for the Senior Executives to execute strategic plans and deliver excellent operating results and to align their incentives with the interests of the shareholders. The intention is that all Senior Executives shall have a significant long-term shareholding in the company.

The remuneration to the Senior Executives shall consist of an annual fixed salary, short-term variable remuneration paid in cash, the possibility to participate in long-term share or share-price related incentive programmes, pension and other customary benefits.

- The fixed salary is revised each year and based on the Senior Executive's competence and area of responsibility.
- The short-term variable remuneration paid in cash (STI) shall be based on performance in relation to established targets. The targets shall be individual and measurable as well as linked to specific performances, processes and transactions. The STI can amount to a maximum of 100 percent of the fixed salary and a part of the STI shall be invested in Kinnevik's shares.
- Should Kinnevik establish operations, in the form of a co-investment vehicle or other similar structure, Kinnevik professionals (including members of the executive management), subject to making a co-investment, may receive additional variable remuneration paid in cash. Such remuneration will be a function of the amount of third-party capital raised and will be payable only if the returns generated on such third party capital exceed certain pre-determined minimum thresholds. The remuneration will be capped in relation to the return received by Kinnevik.
- The long-term share or share-price related incentive programmes (LTI) shall be linked to certain pre-determined financial or share or share-price related performance criteria and shall ensure a long-term commitment to the development of the company.
- Other benefits may include a company car, health care insurance, as well as other customary benefits. Other benefits shall not constitute a significant part of total remuneration.
- The Senior Executives are offered defined contribution pension solutions, with premiums amounting to a maximum of 30 percent of the fixed salary, these premiums are paid to insurance companies. Senior Executives that are non-Swedish residents may be offered, if it is approved by the Board, cash-based pension solutions corresponding to the premiums that otherwise would have been paid to insurance companies.
- In the event of notice of termination of employment being served by the company, the Chief Executive Officer is entitled to salary for a period of a maximum of 18 months and the other Senior Executives are entitled to salary for a period of a maximum of 12 months.

Board Members, elected at General Meetings, in certain cases may receive a fee for services performed within their respective areas of expertise, outside of their Board duties. Compensation for these services shall be paid at market terms and be approved by the Board.

In special circumstances, the Board may deviate from the above guidelines. In such case, the Board is obligated to give account for the appearance of, and the reason for, the deviation at the following Annual General Meeting.

The Board's proposal to the Annual General Meeting 2016 regarding adoption of new guidelines on remuneration for senior executives can be found in the Board of Directors' report.



REMUNERATION FOR THE CEO AND OTHER SENIOR EXECUTIVES

(SEK 000's)	2015		2014		
	CEO	Other senior executives ¹⁾	Former CEO ²⁾	Pre-sent CEO ²⁾	Other senior executives ¹⁾
Fixed salaries	10 533	15 649	11 649	5 916	19 198
Variable salaries	7 600	8 192	-	3 400	9 782
Benefits	29	403	35	18	404
Pension contributions	0	3 523	676	-	4 778
Estimated costs for share-based remuneration excluding social securities cost	794	1 097	72	-	1 862
Total	18 956	28 864	12 432	9 334	36 024

¹⁾ Other senior executives consisted during the year of 6-7 persons and amounted to 7 (7) persons at the end of the year.

²⁾ Relates to Mia Brunell Livfors until April 2014 and provision for the period May 2014 to April 2015, and Lorenzo Grabau from 1 May-31 December 2014.

The Parent company's CEO, Lorenzo Grabau, has received fixed salary and benefits of SEK 8.1m (4.6) and variable salary of SEK 7.6m (3.4). Due to Lorenzo Grabau's foreign abode he has received 30% of fixed salary, SEK 2.4m (1.3), in cash instead of as pension premium payments. This amount is included in fixed salary in the table above.

In addition to remuneration paid by Kinnevik, as specified in the table above, Lorenzo Grabau has received board fees for work done on the Boards of Kinnevik's associated companies amounting to SEK 3.1m (3.8). Other Senior Executives have received Board fees from associated companies amounting to SEK 0.7m (1.1).

In the event of termination of employment initiated by the Company, the CEO is entitled to a salary during a notice period of 18 months. Any salary received from new employment during the notice period reduces salary received from Kinnevik during the notice period. In the event of termination of employment initiated by the CEO, the notice period is 12 months.

For the other senior executives pension premium payments of a maximum of 30% of fixed salary were paid. Pension premiums are paid to insurance companies. In the event of termination of employment initiated by the Company, other senior executives are entitled to a salary over a notice period of a minimum 6 and a maximum 12 months. Any salary received from new employment during the notice period reduces salary received from Kinnevik during the notice period.

INCENTIVE PLANS

For Senior Executives and other key personnel employed within the Kinnevik Group there are long term incentive plans ("the plans") that require participants to acquire and own shares in Kinnevik.

Shared based plans

There are two long-term share based incentive plans (the Plans¹⁾) for senior executives and other key employees in the Kinnevik Group that require participants to own shares in Kinnevik.

For each share held within the framework of the Plans, the Company has distributed retention and performance-based share rights. Subject to fulfillment of certain retention- and performance-based conditions during the individual periods included in the Plans (1 April 2013 - 31 March 2016 and 1 April 2015 - 31 March 2018, the "Measure Periods"), the participant remaining in the employment of the Kinnevik Group at the time of publication of the interim reports for January - March 2016 and January - March 2018, and subject to

the participant retaining the invested shares, each retention right and performance right will entitle the participant to receive one class B share in the Company.

The number of shares the employee will receive depends on the fulfillment of defined retention- and performance-based conditions during the Measure Periods based on:

- Total return on the Kinnevik class B share
- Average annual development of the net asset value, including dividends Average annual return within Online, Financial services and Industry and other areas.

In order to equalize participants' interests with those of shareholders, the Company will compensate for forfeited dividends by increasing the number of shares and rights to which they are entitled.

The value of the share rights for each plan has been based on the average share price (highest and lowest bid price) during five trading days before the date of distribution of the B shares. The value of the cap on the share price has been estimated to SEK 0 based on Black & Scholes and based on the volatility at the date of distribution.

For the share rights that have market related performance conditions (according to IFRS 2), the value has been set at an estimated fair value. The multiplier includes the performance criteria and the probability for different outcome in these share rights.

Completed plan 2012-2015

The plan approved in 2012, with a measure period of 1 April 2012 - 31 March 2015, resulted in allotment of 60,415 shares out of a maximum allotment of 64,500 rights. The number of total allotted shares included dividend compensation of totaling 2,712 shares. Participants' profit, which was restricted to a maximum of SEK 726 per share, was SEK 270.17 per share corresponding to the average share price on the day when the shares were received. The dilution, which was restricted to a maximum of 0.02% in terms of shares outstanding, was around 0.01%. The plan's total cost, including social security expenses, was SEK 10m and was expensed continuously during 2012 - 2015.

Plan 2012-2015	Number of participants	Original allotment of rights	Allotment of shares	Received shares	Received cash to pay tax
CEO of the Group	0	-	-	-	-
Management, tier 1	2	22 000	18 846	10 700	2 201
Management, tier 2	2	16 500	17 276	7 256	2 707
Kinnevik key personnel	6	16 800	17 592	7 386	2 757
Metro key personnel	2	5 600	2 932	2 932	0
Other participants	3	3 600	3 769	2 672	296
Total	15	64 500	60 415	30 946	7 961

All participants were offered to either receive all the allotted shares gross or to receive part of the allotment in shares and the calculated tax cost in cash by a payment to the Swedish Tax Authority. The majority of the participants chose the net alternative.

Outstanding share based plans

At 31 December 2015, the Plan that was established in 2013, with a Measure Period of 1 April 2013 - 31 March 2016, had participation totaling 7,450 shares held by employees entitling a maximum allotment of 36,550 rights, of which 7,450 retention share rights and 29,100 performance share rights. The Plan encompasses the following number of participants on each category and maximum number of share rights for the various categories;

Plan 2013-2016	Number of participants	Allotment of rights
CEO of the Group	-	-
Kinnevik key personnel, category 1	-	-
Kinnevik key personnel, category 2	3	24 750
Kinnevik key personnel, category 3	3	8 400
Kinnevik key personnel, category 4	3	3 400
Metro key personnel	-	-
Total	9	36 550

The participant's maximum profit is limited to SEK 729 per right. The maximum dilution is 0.02% in terms of shares outstanding, 0.01% in terms of votes and 0.01% in terms of costs for the program as defined in IFRS 2 in relation to Kinnevik's market capitalization.

At 31 December 2015, the Plan that was established in 2015, with a Measure Period of 1 April 2015 - 31 March 2018, had participation totaling 36,758 shares held by employees entitling a maximum allotment of 187,307 rights, of which 36,758 retention share rights and 150,549 performance share rights. The Plan encompasses the following number of participants on each category and maximum number of share rights for the various categories;

Plan 2015-2018	Number of participants	Allotment of rights
CEO of the Group	1	35 000
Kinnevik key personnel, category 1	8	88 000
Kinnevik key personnel, category 2	7	42 807
Kinnevik key personnel, category 3	10	16 400
Kinnevik key personnel, category 4	4	5 100
Total	30	187 307

The participant's maximum profit is limited to SEK 820 per right. The maximum dilution is 0.1% in terms of shares outstanding, 0.04% in terms of votes and 0.06% in terms of costs for the program as defined in IFRS 2 in relation to Kinnevik's market capitalization.

Total cost before tax for share rights outstanding in incentive programs are expensed continuously during a three-year period and calculated based on anticipated outcome amounting to approx-

imately SEK 40m, including social security costs, of which SEK 6m (5) was expensed during 2015. Total liability for social security costs pertaining to the incentive programs amounted to SEK 4m (10) on 31 December, 2015.

Outstanding cash based plan

The AGM in May 2014 approved a call option plan for all employees in Kinnevik and a synthetic call option plan for certain persons in the executive management and key persons in Kinnevik working with Kinnevik's investments in unlisted companies (Option Plans). For several reasons, the Options Plans were never launched.

The AGM 2015, resolved on an alternative remuneration model for the employees that were entitled to participate in the Option Plans 2014. This alternative model retains the economic characteristics of the Option Plans, but now provides that the participants receive cash compensation from Kinnevik which is conditional upon the employee making an investment in Kinnevik shares, instead of options issued under the Option Plans (LTI 2014). Such shares were to be acquired on Nasdaq Stockholm, and were not to be shares already held by the employee. In addition the terms and conditions for LTI 2014 are as follows:

- The cash compensation, net after taxes, will correspond to 50 percent of the price paid for the Kinnevik shares that the participant has acquired and allocated to LTI 2014.
- The maximum amount to be paid to each participant will be based on competence and area of responsibility, in accordance with the principles that were established by the 2014 Annual General Meeting, and remain unchanged from the Option Plans.
- The cash compensation will be paid in three equal instalments over three (3) years, provided that, at the time each instalment is paid, the participant is still employed by Kinnevik, or an associated company, and has not sold the shares acquired and allocated to LTI 2014.
- Total cost before tax for LTI 2014 are expensed continuously during the three-year period and calculated based on anticipated outcome amounting to a total of approximately SEK 11m, including social costs.

BOARD FEES PAID TO THE DIRECTORS OF THE PARENT COMPANY (SEK 000s)

	2015				2014			
	Board fees, Parent Company	Board positions, subsidiaries	Other assignment ¹⁾	Total fee	Board fees, Parent Company	Board positions, subsidiaries	Other assignment ¹⁾	Total fee
Cristina Stenbeck (Chairman)	2 150			2 150	2 150			2 150
Tom Boardman	695			695	695			695
Anders Borg	1 000			1 000	-			-
Dame Amelia Fawcett	1 185			1 185	1 085		250	1 335
Wilhelm Klingspor	575			575	575			575
Erik Mitteregger	745		641 ¹⁾	1 386	745			745
John Shakeshaft	700			700	700			700
Vigo Carlund	0			0	525			525
	7 050	0	641	7 691	6 475	0	250	6 725

¹⁾In 2015 the Board of Directors resolved to pay a fee to Erik Mitteregger of EUR 70,000 for work performed within investee companies in addition to customary Board work.

Note 24 Financial risk management

The Group's management of financial risks is centralized within Kinnevik's finance function and is conducted on the basis of a finance policy established by the Board of Directors. The policy is reviewed continuously by the finance function and updated when appropriate in discussion with the audit committee, after approval by the Kinnevik Board. The Group has a model for risk management with the aim to identify, control and reduce risks. The output of the model is reported to the Kinnevik Board on a quarterly basis.

Kinnevik is exposed to financial risks mainly in respect of:

- Share prices, meaning the risk of changes in the value of the shareholdings
- Exchange rates, comprising transaction and translation exposure
- Interest rates, having an impact on the financing cost
- Liquidity and financing, meaning the risk that the cost of financing will increase or that opportunities will be limited when loans are needed, and that payment obligations thereby cannot be met
- Counterparty risk, meaning the risk that a counterparty to Kinnevik in a financial transaction cannot fulfil its payment obligations

SHARE PRICE RISK

Kinnevik's operations include management of a portfolio comprising considerable investments in a small number of listed and unlisted companies. Accordingly, Kinnevik's results and position is highly dependent on how well these companies develop. The concentration of the portfolio results in a risk that it is more difficult for Kinnevik to make major changes in the composition of the portfolio during a limited time.

Kinnevik's strategy is to participate actively in the companies in which the Group invests. By being an active owner, the risks can be controlled and return can be maximized. Kinnevik's strategy is also to be a long-term shareholder. Therefore, there is no strategy for managing short-term fluctuations in share prices.

On 31 December 2015, Kinnevik had 86% (82%) of its total assets (excluding cash) listed and 14% (18%) were unlisted.

The share price risk associated with Kinnevik's portfolio may be illustrated by stating that a 10% change in the prices of all listed shareholdings at 31 December 2015 would have affected the Group's earnings and shareholders' equity by SEK 6.5bn.

The value of the unlisted shareholdings may increase or decrease due to a number of different factors, of which changes of trends in the stock markets is one. In the valuation process for the unlisted holdings, a number of factors are considered such as sales multiples in comparable companies in the same sectors and the value in transactions in the company's shares. Any changes in these factors have an impact on the total value. For companies that are valued based on multiples (i.e. Global Fashion Group, Home 24, Westwing, Lazada, Linio, Konga, Wimdu and Bayport), a decrease in the multiples by 10% would at 31 December 2015 have decreased the value by SEK 830m.

FOREIGN EXCHANGE RATE RISK

Transaction exposure

The Group's funding and cash consists mainly of SEK and excluding dividends received and investments and disposals made, the Group do not have any major cash flows in foreign currencies. In 2015, Kinnevik received a cash dividend of SEK 823m from Millicom. The underlying currency in this cash dividend was USD and if the USD/SEK exchange rate would have been 10% lower at the time of shareholders distribution, the dividends received by Kinnevik would have been SEK 82m lower.

In 2015 net divestments amounted to SEK 6.7bn and of these SEK 6.5bn were done in USD, SEK 385m in PLN, SEK 79m in GBP and investments of SEK 717m were done in EUR. Should the USD/SEK, PLN/SEK and GBP/SEK exchange rates have been 10% lower the total divested amounts would have been SEK 692m lower. Should the EUR/SEK exchange rate have been 10% higher the total invested amount would have been SEK 72m higher. For 2016 Kinnevik expects its net investments to amount to SEK 2-3bn.

Translation exposure

Translation exposure is defined as exposure as a result of translation of balance sheet items denominated in foreign currencies. Kinnevik is mainly exposed to translation exposure as a result of shareholdings denominated in foreign currencies.

Kinnevik's balance sheet is mainly disposed to foreign exchange risk by owning shares denominated in either EUR or USD. On 31 December 2015, the value of Kinnevik's holdings were SEK 83.5bn. Approximately SEK 38bn was represented by holdings in EUR. Approximately SEK 3.5bn was represented by holdings in USD (excluding Millicom which is listed in Swedish krona). A change in the EUR/SEK rate by 5% would affect the fair value of Kinnevik's shareholdings by SEK 1.9bn as per 31 December 2015. A change in the USD/SEK rate by 5% would affect the fair value of Kinnevik's shareholdings by SEK 173m as per 31 December 2015.

Kinnevik is also exposed to indirect translation exposure as a majority of the investments are active internationally. By being active internationally, foreign currencies have an indirect effect on the share prices of these investments.

INTEREST RATE RISK

Kinnevik's main policy is to maintain short interest periods on the outstanding loans because the Company believes that this leads to lower interest expense over time. Exceptions from this rule may however be granted for specific situations. On 31 December 2015, the outstanding bonds of SEK 1,200m, were under such exception whereby the interest rate was fixed for 5 years in December 2012. SEK 1,000m of the total bond was originally exposed to interest rate risk with floating rates (3 months Stibor) but by entering into an interest rate swap, this risk was hedged into a 5 years fixed rate of 3.32%. The swap expires on the same date as the repayment of the bond, i.e. on 12 December 2017. On 31 December 2015, this swap had a negative market value of SEK 34m. Any changes in value of the swap is booked against the hedge reserve within the equity since the swap is efficient and thereby fulfills the criteria for hedge accounting. If there would be a parallel downwards shift of the interest rate curve by 25 basis points, the value would be SEK 7m lower. Changes in fair value of the interest rate swap are reported in Other comprehensive income.

On 31 December 2015, Kinnevik had short term deposits amounting to SEK 8.3bn. The short term deposits were split between investments in Swedish money market funds, which focus on investments in interest bearing assets with high credit quality and with different maturity profiles. Kinnevik's investments in these funds have no restrictions on accessibility and can be sold with short notice. If the interest rates would have been reduced by 25 basis points for all of the deposits, the interest income would have been SEK 21m lower on a yearly basis. Changes in fair value of the funds are reported in the Income Statement.

LIQUIDITY AND FINANCING RISK

Kinnevik's liquidity and financing risk is limited because listed shares account for a large part of the Company's assets. On 31 December 2015, the Company also had cash and short term deposits amounting to SEK 9,237m and committed but not utilized, or reserved



in any other way, credit facilities amounting to SEK 5,930m. The short term deposits were split between Swedish money market funds with high credit quality with no restrictions on accessibility.

Kinnevik's refinancing risk is limited by having financing from different sources and loans from a number of different credit institutions with diversified maturities as well as by striving for refinancing of all facilities at least six months prior to maturity. On 31 December 2015, the total amount of committed financing was SEK 7,150m (7,173) with an average remaining facility duration of 2.8 (2.9) years. For further details, please refer to Note 15 for the Group.

COUNTERPARTY RISK

The counterparty risk for Kinnevik in the financial transactions is regulated in Kinnevik's finance policy for instance for counterparties to short term deposits by requiring them to have a minimum credit worthiness (rating), maximum amounts and tenors. On 31 December 2015, Kinnevik had its largest single exposure to counterparty risk within its portfolio of financial investments with a total amount of SEK 8.3bn split into five money market funds with high credit quality managed by four Swedish banks.

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY STATEMENT OF INCOME FOR THE PERIOD 1 JANUARY-31 DECEMBER (SEK M)

	Note	2015	2014
Revenue		6	22
Administration costs	5	-229	-221
Other operating income		1	27
Operating loss		-222	-172
Dividends received	2	22 661	2 070
Earnings from financial assets, associated companies and other	4	-1	-47
Earnings from financial assets, subsidiaries	4	-12 082	-647
Interest income and other financial income	3	24	554
Interest expenses and other financial expenses	3	-65	-138
Profit/loss after financial items		10 314	1 620
Appropriations			
Change in untaxed reserves		1	-
Group contributions, paid		-34	-948
Group contributions, received		65	299
Profit/loss before tax		10 346	971
Taxes	6	-	14
Net profit for the year ¹⁾		10 346	985

¹⁾ Net profit corresponds with total comprehensive income

PARENT COMPANY BALANCE SHEET AS AT 31 DECEMBER (SEK M)

	Note	2015	2014
ASSETS			
Tangible fixed assets			
Equipment	7	4	3
Shares and participations in Group companies	9	44 518	54 737
Receivables from Group companies		1	18
Shares and participations in associated companies	8	9 748	9 748
Shares and participations in other companies	8	9	11
Other long-term receivables		3	2
Total fixed assets		54 282	64 519
Current assets			
Receivables from Group companies		67	301
Other receivables		9	25
Accrued income and prepayments		6	2
Short term investments		8 337	1 284
Cash and cash equivalents		346	77
Total current assets		8 765	1 689
TOTAL ASSETS		63 047	66 208

	Note	2015	2014
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS EQUITY			
	10		
<i>Restricted equity</i>			
Share capital (277,768,190 shares of SEK 0.10)		28	28
Premium reserve		6 868	6 868
<i>Unrestricted equity</i>			
Share premium		1 616	1 616
Retained earnings		33 655	34 688
Net result		10 346	985
TOTAL SHAREHOLDERS' EQUITY		52 513	44 185
LIABILITIES			
<i>Untaxed reserves</i>			
		-	2
<i>Provisions</i>			
Provisions for pensions		24	25
Other provisions		4	4
Total provisions		28	29
<i>Long-term liabilities</i>			
External interest-bearing loans	11	1 192	1 184
Liabilities to Group companies		9 178	11 371
Total long-term liabilities		10 370	12 555
<i>Short-term liabilities</i>			
Trade creditors		13	5
Liabilities to Group companies		61	9 370
Other liabilities		26	16
Accrued expenses	12	36	44
Total short-term liabilities		136	9 437
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		63 047	66 208
Contingent liabilities	13	703	703

PARENT COMPANY STATEMENT OF CASH FLOW FOR THE PERIOD 1 JANUARY-31 DECEMBER (SEK M)

	2015	2014
Cash flow from operations		
Dividends received	1 972	656
Cash flow from operating costs within investment operation	-194	-185
Cash flow from operations before interest net and income taxes	1 778	471
Interest, received	23	538
Interest, paid	-65	-138
Income taxes, paid	0	14
Cash flow from operations	1 736	885
Investments in tangible and intangible fixed assets	-1	0
Cash flow from investing activities	-1	0
Borrowing	8	9
Dividend paid	-2 011	-1 941
Change in intra-group balances	7 590	-1 132
Cash flow from financing activities	5 587	-3 064
Cash flow for the year	7 322	-2 179
Short term investments and cash, opening balance	1 361	3 540
Short term investments and cash, closing balance	8 683	1 361

MOVEMENTS IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY (SEK M)

	Share capital	Premium reserve	Unrestricted equity	Total
Opening balance, 1 January 2014	28	6 868	38 249	45 145
Cash dividend ¹⁾	-	-	-1 941	-1 941
Effect of employee share saving programme	-	-	-4	-4
Net result	-	-	985	985
Closing balance, 31 December 2014	28	6 868	37 289	44 185
Cash dividend ²⁾	-	-	-2 011	-2 011
Effect of employee share saving programme	-	-	-8	-8
Net result	-	-	10 347	10 347
Closing balance, 31 December 2015	28	6 868	45 617	52 513

¹⁾ The Annual General Meeting held on 12 May 2014, resolved in favor of paying a cash dividend of SEK 7.00 per share, a total of SEK 1,941m

²⁾ The Annual General Meeting held on 18 May 2015, resolved in favor of paying a cash dividend of SEK 7.25 per share, a total of SEK 2,011m.

NOTES FOR THE PARENT COMPANY

Note 1 Parent Company's accounting principles

The Parent Company's annual accounts have been prepared in accordance with Swedish law and the Swedish Financial Reporting Board's recommendation RFR 2 (Reporting for legal entities).

The Parent Company's accounting principles depart from the principles governing consolidated accounting in respect of the valuation of financial instruments and pension liabilities. The Parent Company applies RFR 2 in respect of the option not to observe IAS 39. Financial instruments are thus not valued at fair value as in the Group but at their acquisition cost and after write-down, if any. Pension liabilities are reported in accordance with Swedish principles. For information concerning related party transactions, refer to Note 22 for the Group.

Note 2 Dividends received

	2015	2014
Subsidiaries	20 688	1 414
Associated companies		
Modern Times Group MTG AB	109	104
Tele2 AB	1 863	552
	22 661	2 070

Note 3 Financial income and expenses

	2015	2014
Interest income from third parties	19	11
Interest income from Group companies	4	527
Exchange-rate differences	1	16
Financial income	24	554
Interest expenses to credit institutions	-40	-41
Interest expenses to Group companies	-	-78
Other financial expenses	-25	-19
Financial expenses	-65	-138
Net financial income/expenses	-41	416

Note 4 Earnings from financial assets

	2015	2014
Internal sale of shares in associated companies	-1	-29
Write-down of other shares	-	-18
Total earnings from associated companies and other	-1	-47
Write-down of shares in subsidiaries	-12 097	-647
Reversed write-down associated companies	15	
Total earnings from subsidiaries	-12 082	-647

Note 5 Auditors' fees

	2015	2014
To Deloitte		
Audit assignments	1	1
Other services	1	1
	2	2

Note 6 Taxes

	2015	2014
Tax expenses for the period	0	0
Adjustments of tax expenses for previous years	0	14
	0	14

RECONCILIATION OF EFFECTIVE TAX RATE

	2015	%	2014	%
Profit/loss before tax	10 347		971	
Income tax at statutory rate of Parent Company	-2 276	-22.0%	-214	-22.0%
Earnings from participations in associated companies	0	-0.0%	-6	-0.7%
Non-taxable dividends received	4 985	48.2%	455	46.9%
Tax attributable to previous years	0	0.0%	14	1.4%
Write-down of shares in associated companies	-2 661	-25.7%	-146	-15.1%
Reversed write-down of shares in subsidiaries and associated companies	3	0.0%	-	0.0%
Other non-taxable expenses	-2	-0.0%	-2	-0.2%
Other non-taxable revenue	-	0.0%	5	0.5%
Charge non-capitalized loss carry-forward	-49	-0.5%	-92	-9.5%
Effective tax/tax rate	0	0.0%	14	1.5%

Also refer to Note 13 for the Parent Company regarding ongoing tax dispute.

Note 7 Tangible fixed assets

	2015	2014
Equipment		
Opening acquisition values	5	7
Investments for the year	1	1
Disposals/scraping for the year	-0	-3
Closing acquisition values	6	5
Opening accumulated depreciation	-2	-3
Disposals/scraping for the year	1	2
Depreciation for the year	-1	-1
Closing accumulated depreciation	-2	-2
Closing book value	4	3

Note 8 Shares and participations

Associated companies	Reg no	Registered office	Number of shares	2015		2014	
				Capital/voting (%)	Book value	Capital/voting (%)	Book value
Altlorenscheurerhof S.A.		Luxembourg	625	33	11	33	11
Marma Skog 31 AB	556580-2203	Gävle	500	50/50	3	50/50	3
Modern Cartoons Ltd		USA	2 544 000	23	0	23	0
Modern Times Group MTG AB	556309-9158	Stockholm	9 935 011	15/35	1 133	15/35	1 133
Shared Services S.A.		Luxembourg	200	30	0	30	0
Tele2 AB	556410-8917	Stockholm	125 481 525	28/37	8 601	28/37	8 601
Total					9 748		9 748

Other companies	Reg. no.	Registered office	Number of shares	2015		2014	
				Capital/voting (%)	Book value	Capital/voting (%)	Book value
Modern Holdings Inc.		USA	2 646 103	18	9	18	9
Radio Components Sweden AB in liquidation	556573-3846	Stockholm	2 346 337			19	2
Total					9		11

CHANGE IN BOOK VALUE, SHARES AND PARTICIPATIONS IN ASSOCIATED COMPANIES

	2015	2014
Opening acquisition value, 1 January	9 748	10 115
Disposals, external	-	-
Disposals, Group internal	-	-367
Closing acquisition value, 31 December	9 748	9 748
Opening write-down, 1 January	-	-25
Reversed write-down for the year	-	-
Disposals, Group internal	-	25
Closing write-down, 31 December	-	-
Closing book value, 31 December	9 748	9 748

Note 9 Shares and participations in Group companies

SHARES AND PARTICIPATIONS IN DIRECT-OWNED SUBSIDIARIES

	Reg no	Registered office	Number of shares	Capital/voting (%)	2015	2014
Assuransinvest AIA AB	556051-6238	Stockholm	295 384	100/100	0	0
Audit Value International AVI AB	556809-6308	Stockholm	50 000	100/100	4	4
Emesco AB	556035-3749	Stockholm	1 635	100/100	599	7 692
G3 Good Governance Ltd		United Kingdom	5 001 323	100/100	49	58
Invik & Co. AB	556061-4124	Stockholm	7 000	100/100	0	1
Invik S.A.		Luxembourg	551 252	100/100	875	362
Kinnevik Capital Ltd		United Kingdom	1 000	100/100	2	2
Förvaltnings AB Eris & Co.	556035-7179	Stockholm	1 020 000	100/100	166	166
Kinnevik Consumer Finance Holding AB	556833-3917	Stockholm	50 000	100/100	46	47
Kinnevik Consumer Services 1 AB	556992-0779	Stockholm	50 000	100/100	453	453
Kinnevik East AB	556930-5666	Stockholm	50 000	100/100	28	28
Kinnevik Internet Lux SARL		Luxembourg	12 500	100/100	5 627	8 404
Kinnevik Investment Partners AB	556985-2436	Stockholm	50 000	100/100	5	0
Kinnevik Media Holding AB	556880-1590	Stockholm	50 000	100/100	509	639
Kinnevik New Ventures AB	556736-2412	Stockholm	100	100/100	4 009	3 640

Kinnevik Online AB	556815-4958	Stockholm	50 000	100/100	13 675	13 132
Kinnevik Radio AB	556237-4594	Sollentuna	7 500	100/100	1	1
Millcellvik AB	556604-8285	Stockholm	1 000	100/100	18 473	20 108
Book value					44 518	54 737

RECONCILIATION OF THE BOOK VALUE OF DIRECT-OWNED SHARES IN SUBSIDIARIES

	2015	2014
Opening acquisition value, 1 January	62 336	29 146
Acquisition, Group internal	-	20 108
Shareholders' contribution	1 878	13 082
Closing acquisition value, 31 December	64 214	62 336
Opening write-down, 1 January	-7 599	-6 965
Write-downs for the year	-12 097	-634
Closing write-down, 31 December	-19 696	-7 599
Closing book value, 31 December	44 518	54 737

IN ADDITION THE PARENT COMPANY THE FOLLOWING COMPANIES ARE INCLUDED IN THE GROUP

	Reg.no.	Registered office	Capital/voting (%)
G3 Good Governance (US) Corporation		USA	100/100
Proven UK Ltd		United Kingdom	100/100
Kinnevik Consumer Finance 1 AB	556890-5540	Stockholm	100/100
Kinnevik Internet 1 AB	556884-6470	Stockholm	100/100
Kinnevik Internet 2 AB	556884-6462	Stockholm	100/100
Kinnevik Internet 3 AB	556890-5003	Stockholm	100/100
Kinnevik Internet Holding AB	556865-2779	Stockholm	100/100
Kinnevik Mauritius Ltd		Mauritius	100/100
Kinnevik Online Holding AB	556862-0404	Stockholm	100/100
Mellersta Sveriges Lantbruks AB	556031-9013	Vadstena	100/100
Relevant Traffic Europe AB	556618-1987	Stockholm	99/99
Saltside Technologies AB	556852-1669	Gothenburg	88/88
Saltside Technologies JLT		Dubai	88/88
Bikroy.com Ltd		Bangladesh	88/88
Ikman (pvt) Ltd		Sri Lanka	88/88
Tonaton.com Ltd		Ghana	88/88
Saltside Technologies India Pvt Ltd		India	88/88
Efritin Limited		Nigeria	88/88
Vireo Energy AB	556798-5907	Stockholm	75/75
FLLC Vireo Energy		Belarus	75/75
Vireo Energy Holding East AB	556964-1102	Stockholm	75/75
LLC Vireo Energy		Russia	75/75
LLC SpetsEcoEnorgo		Russia	75/75
LLC Vireo Holding Company Vireo Energy		Russia	75/75
LLC Vireo Energy Krasnogorsk		Russia	75/75
LLC Vireo Energy Center		Russia	75/75
Metro International S.A.		Luxembourg	100/100
Metro International Luxembourg Holding S.A.		Luxembourg	100/100
Metro International Sweden AB	556573-4000	Stockholm	100/100
Metro International AB	556275-8853	Stockholm	100/100
Offerta AB	556743-5887	Stockholm	70/70

Metro Scandinavia Holding AB	556345-1573	Stockholm	100/100
Metro Sweden Media AB	556877-3104	Stockholm	100/100
Metro Sweden Holding AB	556625-7530	Stockholm	100/100
Metro Nordic Sweden AB	556585-0046	Stockholm	100/100
Tidnings Aktiebolaget Metro	556489-1678	Stockholm	100/100
Clarita B.V.		Netherlands	100/100
M. I. Advertising Services Ltd		Greece	100/100
Edizione Metro Sarl		Italy	100/100
Metro Pubblica Sarl		Italy	100/100
Vi&Bo Russian Press Services Ltd		Cyprus	100/100
Metro USA Inc		USA	100/100
Publimetro S.A.		Chile	100/100
Inversiones Pro Medios Limitada		Chile	100/100
SubTV S.A.		Chile	100/100
Publisistemas S.A.		Chile	100/100
Administradora de Franquicias S.A.		Guatemala	100/100
Publimetro Colombia S.A.S.		Colombia	100/100
Publicaciones Metropolitanas S.A. de CV		Mexico	76/76
Metro do Brasil Consultoria Administrativa e Editorial e Participações Ltda		Brazil	100/100
Publimetro Puerto Rico LLC		Puerto Rico	70/70
Metro Investment Holding Ltd		Hong Kong	100/100
Metro Print Advertising Ltd		Hong Kong	100/100
Metro Interactive Advertising Ltd		Hong Kong	100/100
P4L Ltd		Hong Kong	100/100

Note 10 Shareholders' equity

Change in shareholders' equity from the preceding year's balance sheet are presented in Movements in Shareholders' equity of the Parent Company.

SHARE CAPITAL

Investment AB Kinnevik's share capital as of 31 December 2015 was distributed among 277,768,190 shares with a par value of SEK 0.10 per share.

DISTRIBUTION BY CLASS OF SHARES WAS AS FOLLOWS

	Number of shares	Number of votes	Par value (SEK 000s)
Class A shares outstanding	42 369 312	423 693 120	4 237
Class B shares outstanding	235 033 410	235 033 410	23 503
Class B shares in own custody	365 468	365 468	37
Registered number of shares	277 768 190	659 091 998	27 777

One class A share entitles to ten votes and one class B share to one vote. All class A shares and class B shares provide equal rights to participation in Kinnevik's assets and earnings.

During 2014, a total of 41,598 class B shares were delivered to the participants in the Long Term Incentive Plan for 2011.

During 2015, a total of 42,826 class B shares were delivered to the participants in the Long Term Incentive Plan for 2011 and 2012.

The Board was authorized by the AGM 2015 to repurchase a maximum of 10% of all shares in the Company. During the year no shares were bought back. There are no convertibles or warrants in issue.

Regarding share based long-term incentive plans (LTIP), refer to Note 23 for the Group.

Note 11 Interest-bearing loans

INTEREST-BEARING LONG-TERM LOANS

	2015	2014
Capital markets financing	1 200	1 200
Accrued borrowing costs	-8	-16
Total	1 192	1 184

For further information about the Parent Company's interest bearing loans refer to Note 15 for the Group.

Note 12 Accrued expenses

	2015	2014
Accrued personnel expenses	29	35
Accrued interest expenses	2	2
Other	5	7
	36	44

Note 13 Contingent liabilities

	2015	2014
Tax dispute	702	702
Guarantee commitments, FPG	1	1
	703	703

In December 2015, the Administrative Court of Appeal rejected the Swedish Tax Agency's claim that withholding tax of SEK 702m should have been lodged on an intra-Group distribution which Kinnevik received in connection with the acquisition of Emesco AB in 2009. The Administrative Court of Appeal thereby fully affirmed the Administrative Court's judgment. Kinnevik had not provided for any potential additional tax as a result of the dispute. The Administrative Court of Appeal's decision did thus not have any effect on Kinnevik's financial statements or cash flow for 2015. In February 2016 the Tax Agency requested a leave to appeal the Administrative Court of Appeal's decision to the Supreme Administrative Court.

County administrative boards have submitted claims to Kinnevik regarding environmental studies at a number of sites where Fagersta AB (through name changes and a merger, Investment AB Kinnevik) conducted operations until 1983. Kinnevik's position is that the Company's responsibility to perform any decontamination measures must be very limited, if any, primarily out of consideration to the long period of time that has passed since any potential contamination damages occurred and the regulations that were

in force at the time, and the fact that a quarter century has passed since operations were shut down or turned over to new owners. Kinnevik has therefore not made any provisions for potential future claims for decontamination measures. SEK 5m was provided in 2007 for potential environmental studies that Kinnevik might be required to pay for of which SEK 1.2m was used in 2010 to 2015.

Note 14 Intra-group transactions

Intra-group revenue for the Parent Company amounted to SEK 4m (14).

The Parent Company and the Swedish subsidiaries have their liquidity arranged through central bank accounts in different currencies. In addition, the Parent Company has a number of loans to subsidiaries. Market rate of interest are charged for all those balances.

Note 15 Personnel

Average number of employees	2015		2014	
	men	women	men	women
Stockholm	9	9	9	9

Salaries, other remuneration and social security expenses (SEK 000s)	2015		2014	
	Board, CEO and senior executives	Other employees	Board, CEO and senior executives	Other employees
Salaries and other remuneration	40 287	19 197	49 631	14 865
Social security expenses ¹⁾	9 454	7 599	13 960	4 671
Pension expenses/contributions ¹⁾	2 937	3 125	5 496	2 015
Provision for share-based remuneration including social securities expense	2 038	2 120	4 779	2 192
	54 716	32 041	73 866	23 743

¹⁾ Board, CEO and other senior executives includes former employees.

Salaries and other remuneration to the Board, CEO and other senior executives are further presented in Note 23 for the Group.

Note 16 Financial assets and liabilities

2015	Financial assets accounted for at cost	Loan receivables and trade receivables	Financial liabilities	Total book value
Receivables from Group companies	-	68		68
Receivables from associated companies	-	-		0
Shares and participation in other companies	9	-		9
Interest-bearing receivables	-	-		0
Other receivables	-	3		3
Short-term investments	-	8 337		8 337
Cash at bank	-	346		346
Total financial assets	9	8 754		8 763
Interest-bearing liabilities			1 192	1 192
Liabilities to Group companies			9 239	9 239
Trade creditors			13	13
Other liabilities			36	36
Total financial liabilities			10 479	10 479

2014	Financial assets accounted for at cost	Loan receivables and trade receivables	Financial liabilities	Total book value
Receivables from Group companies	-	319		319
Receivables from associated companies	-	-		0
Shares and participation in other companies	11	-		11
Interest-bearing receivables	-	-		0
Other receivables	-	10		10
Short-term investments	-	1 284		1 284
Cash at bank	-	77		77
Total financial assets	11	1 690		1 701
Interest-bearing liabilities			1 184	1 184
Liabilities to Group companies			20 741	20 741
Trade creditors			5	5
Other liabilities			44	44
Total financial liabilities			21 974	21 974

FAIR VALUE

For financial assets which are valued at accrued acquisition value and are charged with floating rate or have short-term maturity, the book value correspond to fair value.

The undersigned certify that the consolidated accounts and the annual report have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted for use in the European Union, and generally accepted accounting principles respectively, and give a true and fair view of the financial positions and results of the Group and the Parent Company, and that the Board of Directors' Report gives a fair review of the development of the operations, financial positions and results of the Group and the Parent Company and describes substantial risks and uncertainties that the Group companies face.

Stockholm, 5 April 2016

Cristina Stenbeck
Chairman of the Board

Anders Borg
Deputy Chairman of the Board

Dame Amelia Fawcett
Deputy Chairman of the Board

Tom Boardman
Member of the Board

Wilhelm Klingspor
Member of the Board

Erik Mitteregger
Member of the Board

John Shakeshaft
Member of the Board

Lorenzo Grabau
Chief Executive Officer

Our Audit Report was issued on 5 April 2016
Deloitte AB

Jan Berntsson
Authorized Public Accountant

AUDIT REPORT

TO THE ANNUAL MEETING OF THE SHAREHOLDERS OF INVESTMENT AB KINNEVIK (PUBL), CORPORATE IDENTITY NUMBER 556047-9742

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Investment AB Kinnevik (publ) for the financial year 2015 except for the corporate governance statement on pages 32-35. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 28-73.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

OPINIONS

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 30-33. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Investment AB Kinnevik (publ) for the financial year 2015. We have also conducted a statutory examination of the corporate governance statement.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement on pages 32-35 has been prepared in accordance with the Annual Accounts Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and

circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

OPINIONS

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm, 5 April 2016

Deloitte AB

Jan Berntsson
Authorized Public Accountant

DEFINITIONS OF FINANCIAL KEY RATIOS

ACTIVE CUSTOMERS

Number of customers having made at least one order within the last 12 months.

AVERAGE NUMBER OF SHARES

Balanced average of number of shares outstanding during the year, adjusted for share issues, splits and buybacks.

DEBT/EQUITY RATIO

Interest-bearing liabilities including interest-bearing provisions divided by shareholders' equity.

DIVIDEND PER SHARE

Paid or proposed dividend per share adjusted for share issues and splits.

DIVIDEND YIELD

Dividend divided by market price at 31 December.

EARNINGS PER SHARE

Net profit for the year, attributable to equity holders of the Parent Company, divided by average number of shares.

EQUITY/ASSETS RATIO

Shareholders' equity, including minority holding as a percentage of total assets.

GROSS MERCHANDISE VALUE, GMV

Total value of all sale transactions during the period, including taxes but excluding shipping costs.

INTERNAL RATE OF RETURN, IRR

Annualize return based on fair value at the beginning and end of the respective period, includes cash dividends and dividends in kind and is calculated on a SEK basis.

NET ASSET VALUE

Listed holdings are valued based on the market prices listed on the closing date. The listed market price used for the Group's financial assets is the current bid price. The value of unlisted companies is based on generally accepted valuation principles such as recent transactions in identical or similar instrument, or listed peer multiple valuations.

NET CASH

Total interest-bearing receivables, short-term investments and cash and cash equivalents less interest-bearing liabilities including provisions for pensions.

NET DEBT

Interest-bearing liabilities including provisions for pensions less total interest-bearing receivables, short-term investments and cash and cash equivalents.

SHAREHOLDERS' EQUITY PER SHARE

Shareholders' equity, attributable to equity holders of the Parent Company, divided by number of shares.

TOTAL SHAREHOLDER RETURN, TSR

Change in market price and dividends paid assuming shareholders have reinvested all cash dividends and dividends in kind into the Kinnevik share.

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BOARD OF DIRECTORS & CEO



The Board of Directors and Chief Executive Officer of Investment AB Kinnevik

*Top left to right: John Shakeshaft, Anders Borg, Tom Boardman, Dame Amelia Fawcett, Erik Mitteregger and Wilhelm Klingspor.
Bottom left to right: Cristina Stenbeck and Lorenzo Grabau.*

For information about individual directors, please refer to pages 34-35.

ANNUAL GENERAL MEETING 2016

DATE AND VENUE

The Annual General Meeting will be held on Monday, 23 May 2016, at 10.00 a.m. at the Hotel Rival, Mariatorget 3, Stockholm. The doors will open at 9.00 a.m. and registration will be conducted until 10.00 a.m., when the doors will be closed.

WHO IS ENTITLED TO PARTICIPATE?

Shareholders who intend to participate at the Annual General Meeting shall:

- be entered in the share register maintained by Euroclear Sweden on Tuesday, 17 May 2016, and
- give notice of their attendance no later than Tuesday, 17 May 2016.

Shareholders cannot vote or participate on distance.

HOW TO BE ENTERED IN THE REGISTER OF SHAREHOLDERS

Shares can be registered in the share register maintained by Euroclear Sweden in the name of the owner or the nominee. Shareholders whose shares are registered in the names of nominees must temporarily re-register the shares in their own name to be entitled to participate in the Annual General Meeting. Shareholders requiring such re-registration must inform the nominee of this in sufficient time prior to 17 May 2016.

HOW TO NOTIFY INTENTION TO PARTICIPATE

Shareholders can notify the Company of their intention to participate from Tuesday, 19 April 2016, and shall notify the Company by using one of the following alternatives:

- through the Company's website, www.kinnevik.com
- by writing to the Company at Investment AB Kinnevik, c/o Computershare AB, P.O. Box 610, SE-182 16 Danderyd, Sweden, or
- by telephone, +46 (0) 771 24 64 00, weekdays from 9.00 a.m to 4.00 p.m.

A NOTIFICATION SHOULD INCLUDE THE FOLLOWING

- Name
- Personal identification number/corporate registration number
- Address and telephone number
- Representatives, if applicable

If participation is based on written power of attorney, this should be submitted in conjunction with notification of participation in the Annual General Meeting and brought in original to the Annual General Meeting. A template proxy form is available on the Company's website at www.kinnevik.com. Notification must be submitted to the Company no later than Tuesday, 17 May 2016.

NOMINATION COMMITTEE

In accordance with the resolution of the 2015 Annual General Meeting, Cristina Stenbeck convened a Nomination Committee consisting of members representing the largest shareholders in Kinnevik that have chosen to appoint a member.

The Nomination Committee comprises Cristina Stenbeck appointed by Verdere S.à r.l, Wilhelm Klingspor appointed by the Klingspor family, Ramsay Brufer appointed by Alecta, James Anderson appointed by Baillie Gifford, and Edvard von Horn appointed by the von Horn family. Information about the work of the Nomination Committee can be found on Kinnevik's website at www.kinnevik.com.

FINANCIAL INFORMATION

27 April	Interim Report January-March 2016
22 July	Interim Report January-June 2016
26 October	Interim Report January-September 2016



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