



K I N N E V I K

ANNUAL REPORT 2017



"We build leading digital businesses"

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The Annual Report for Kinnevik AB (publ) 556047-9742 consists of a review of operations on pages 3-41 and Board of Directors' Report, financial statements and other information on pages 42-81. The Sustainability Report on page 29-41 has been subject to a limited assurance review. The annual accounts and consolidated accounts on page 42-75 have been audited.

CHAIRMAN'S REVIEW

Dear Shareholders,

Kinnevik had a good year in 2017, featuring strong operational performances by our companies, a high level of investment activity and total return to our shareholders of 31%. Key focus areas for the Board during the year were the appointment of Kinnevik's new CEO, Georgi Ganev, and strategic opportunities in the Nordic TMT sector. I believe Kinnevik entered 2018 in a very strong position to continue creating sustainable value for our shareholders.

BOARD WORK IN 2017

The Kinnevik Board had a busy and eventful year. We held fourteen meetings in total, one of which was dedicated to discussing Kinnevik's strategy. It was held in Stockholm in September.

A key focus area for the Board during the first half of the year was the appointment of a new CEO. We spent significant time and resources identifying an individual with the right background, capabilities and personality for the role. On 26 June 2017, we announced that Georgi Ganev had been appointed CEO of Kinnevik with effect from 1 January 2018. Georgi has a keen appreciation of Kinnevik's strategy, markets and companies and he combines a successful track record as a CEO, taking a fast-growing digital e-commerce company public, with solid experience in the Nordic TMT sector. I am confident that he will be a strong leader for Kinnevik in our next phase of identifying, scaling and transforming businesses to continue to create value for shareholders.

During the year, the Board dedicated significant time to strategic opportunities in the Nordic TMT sector. Through our investment in Com Hem in April 2017 and endorsement of the proposed merger between Tele2 and Com Hem announced in January 2018, I believe that we are creating a strong platform to move into the next phase of value creation.

Ensuring sustainable growth in our private companies is a critical consideration for the Board. Through active board representation and management discussions, we supported our companies in the development of their strategic roadmaps including the recruitment of world-class talent and establishment of key partnerships, as well as by attracting other leading institutional investors. We also continued to implement and follow up rigorous governance, risk management, compliance and corporate responsibility practices within our businesses, ensuring they lead the way in their respective markets.

During 2017, we made further investments in Betterment, Babylon and BIMA, supporting them on their respective growth journeys. We also approved the investment in a new company, the US-based consumer digital health company, Livongo.

Kinnevik has an established policy to pay shareholders an annual, growing dividend. For the fiscal year 2017, we are pleased to recommend a dividend of SEK 8.25 per share, corresponding to a 3.0% dividend yield based on the closing share price for 2017. This is subject to approval by the Annual General Meeting in May.

As announced in December 2017, I will not be standing for nomination at the Annual General Meeting in May and the Nomination Committee has proposed that Dame Amelia Fawcett be elected Chairman at the 2018 AGM.

Since joining the Kinnevik board in 2011, it has been a privilege and pleasure to play a part in development of the unique and strong company that is Kinnevik. Working with such knowledgeable and active board colleagues has been a highly rewarding experience.

On behalf of the Board of Directors, I would like to express my appreciation to all the Kinnevik team for their hard work and dedication throughout the year. I would also like to extend our gratitude to our CFO Joakim Andersson for his significant contributions to Kinnevik while holding the position as acting CEO during 2017.

I would also like to thank you, our shareholders, for your continued support of Kinnevik.

Tom Boardman
Chairman of the Board of Directors

CHIEF EXECUTIVE'S REVIEW

I am honoured to write my first letter as Kinnevik's CEO, a position I assumed on 1 January 2018. Joining Kinnevik feels like coming home, having spent five years at Tele2 at the start of my career. The business acumen, entrepreneurial spirit and culture in the Kinnevik group is as buoyant as ever. I am taking over a company in a strong position following significant profitable growth in our larger companies in 2017 as well as new investments in digital consumer businesses in our target sectors, and I am excited about the possibilities that this platform creates.

KINNEVIK'S 2017 RESULTS

Kinnevik's NAV increased by 25% to SEK 90.6bn, or SEK 329 per share in 2017, driven mainly by strong development in our large listed assets, including Zalando, Millicom and Tele2. The value of our private assets remained stable at SEK 11.7bn. We returned SEK 2.2bn to our shareholders in ordinary dividends, and delivered TSR of 31% during the year.

PORTFOLIO COMPANY HIGHLIGHTS

One of Kinnevik's key priorities in 2017 was to grow and protect value in our large public companies. TMT is a sector in rapid change, with ever-increasing customer demands and global convergence trends. As an active owner who continuously evaluates strategic options for our companies, Kinnevik is excited to support the industry-defining merger between Tele2 and Com Hem. Both consumers and shareholders are set to benefit as the combination of Tele2 and Com Hem will create a leading integrated connectivity provider with an award-winning mobile network, the fastest fixed network and the widest range of content in the market.

Millicom continued its strategy execution in 2017: accelerating the deployment of high speed data networks and connecting a record number of new 4G customers. Its financial results improved throughout the year and the company has become increasingly efficient whilst maintaining its rapid cable network expansion in Latin America.

I would like to highlight Zalando's performance in 2017. The company reported 23% growth for the full year and solid profitability with an adjusted EBIT margin of 5%. This was achieved while continuing to invest in the customer experience, launching new fulfilment centres, introducing Zalando fulfilment solutions which allow partners to employ Zalando's logistics expertise and network, and launching a new beauty category.

MTG achieved strong organic growth and improved profitability in 2017. The company's strategic transformation into a global digital entertainer has been underway for three years, and has included significant investments and very active portfolio management.

In our private portfolio, Global Fashion Group ("GFG") continued to focus on technological and operational efficiency gains. GFG entered into partnerships in the Middle East and in the Philippines, which are expected to generate strategic and operational benefits to the businesses in their respective regions.

Betterment, the independent automated investing service in the United States, continued to grow strongly in 2017. Assets under management amounted to USD 12.4bn at the end of 2017, an increase of 83% compared to the same time last year. The number of customers totalled over 315,000, a yearly increase of 51%. During the year, the company has launched several product innovations and has continued to develop its platform from a single digital product to a multi-plan advice offering that also includes access to certified financial planners and licensed financial consultants.

The microinsurance company BIMA, co-founded by Kinnevik, attracted global insurance company Allianz as a new strategic partner

in a funding round completed by the end of 2017. Allianz's knowledge of insurance markets, coupled with BIMA's strategy utilising mobile technology to reach the mass markets, will enable BIMA to continue developing its product portfolio across emerging markets.

INVESTMENT ACTIVITY

We invested SEK 4.8bn in 2017. That figure is comprised of a SEK 3.7bn investment in 19% of Com Hem and add-on investments in the private portfolio, including an investment of SEK 0.5bn in Betterment, increasing our ownership stake in that company to 16%. We also made two significant divestments, exiting our entire stakes in Rocket Internet and Lazada for a total consideration of SEK 5bn. Kinnevik's partnership with Rocket Internet was instrumental in broadening our investment focus and in building a large and successful vertical within e-commerce, and the investments and subsequent dividends and divestments are equal to a return of six times invested capital.

FINANCIAL POSITION AND SHAREHOLDER REMUNERATION

Kinnevik ended the year in a strong financial position and net debt of SEK 1.1bn, corresponding to a leverage of 1%. For fiscal year 2017, Kinnevik's Board of Directors recommends a dividend of SEK 8.25 per share, equal to a 3.0% dividend yield based on the closing price for 2017, subject to approval by the Annual General Meeting in May.

OUR STRATEGY

Kinnevik builds digital businesses that use the power of technology to make life better for people around the world. The opportunities this creates are fascinating, both for the technology itself, and because of how it affects people's lives. Technology gives consumers the right to choose, be it more convenient shopping online, a better Internet connection, simple and cost-efficient access to insurance and financial services, or seeing a doctor on your mobile device when you choose.

With the recently announced transaction between Tele2 and Com Hem, I am convinced that we are creating a strong platform for the next phase of value creation.

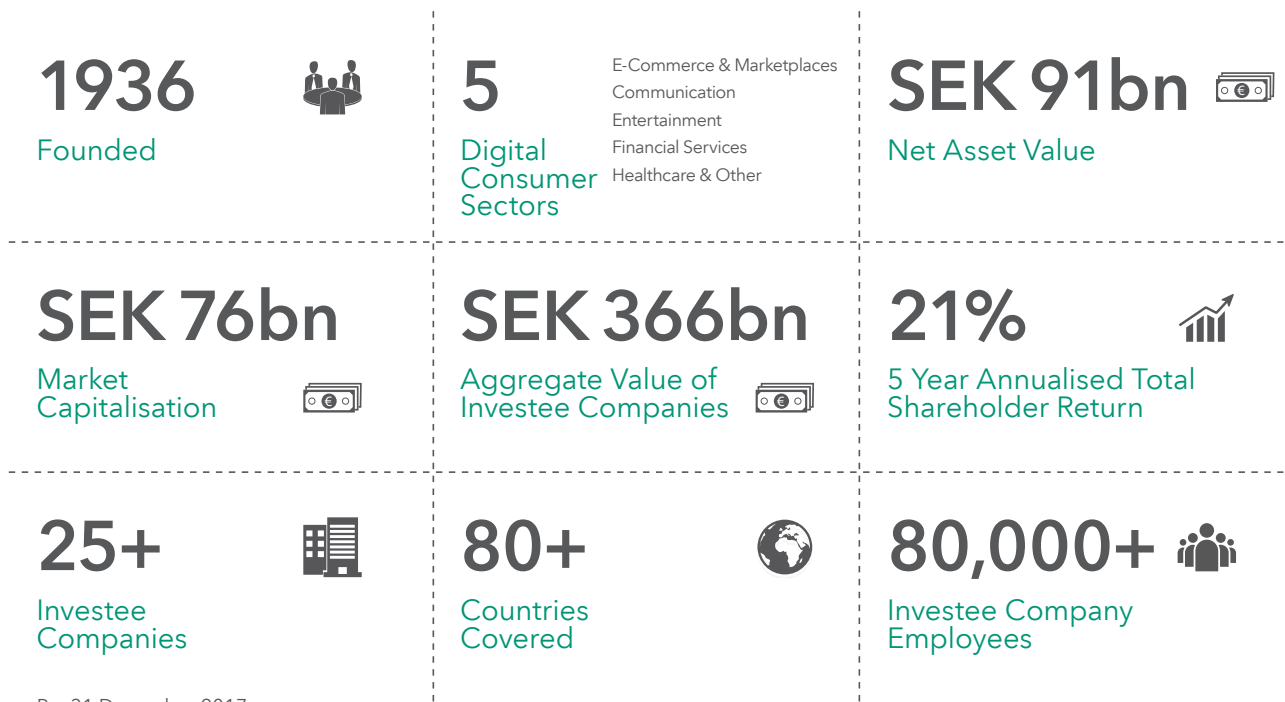
In the private portfolio, we will work hard to increase value by clearly identifying winners among our existing companies and supporting them to reach their full long-term potential. We remain firmly focused on finding new opportunities in our target sectors and aim to make a number of new investments in the coming years. Among 25% of our assets are based in the Nordics and we will be increasing our efforts to identify new investments in the region, whilst remaining opportunistic about attractive prospects in selected markets across the globe.

It has been a busy first few weeks in the office, and I look forward to meeting many of you in the coming months to discuss our strategy and way forward. On behalf of the entire Kinnevik team, I would like to thank all of you, our shareholders, for your support during 2017.

Georgi Ganev
Chief Executive Officer

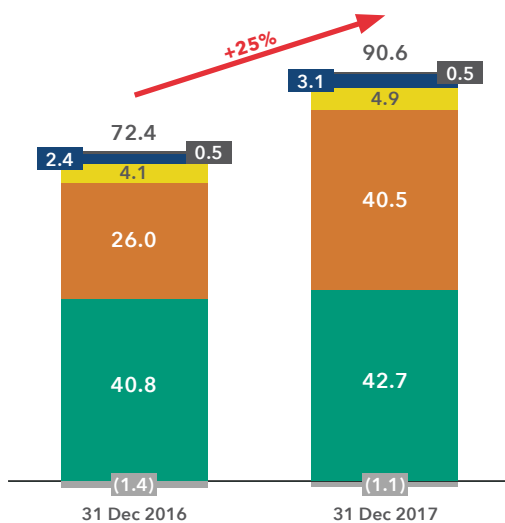
KINNEVIK IN SUMMARY

Kinnevik is an industry focused investment company with an entrepreneurial spirit. Our purpose is to build digital businesses that provide more and better choice. We do this by working in partnership with talented founders and management teams to create, develop and invest in fast growing businesses in developed and emerging markets. We believe in delivering both shareholder and social value by building companies that contribute positively to society. 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.

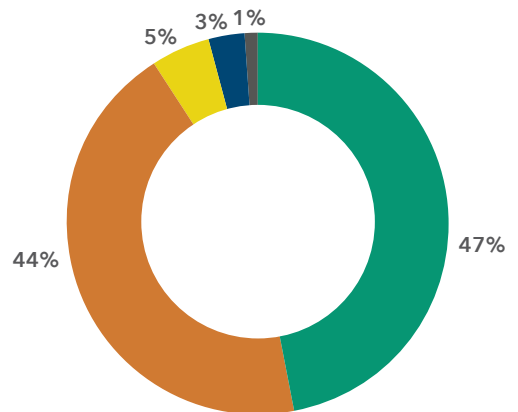


Per 31 December 2017

PORTFOLIO DEVELOPMENT DURING 2017
SEKbn



PORTFOLIO COMPOSITION
Per 31 December 2017



 E-Commerce & Marketplaces	 Communication	 Entertainment
 Financial Services	 Healthcare & Other	 Net Cash/(Debt)

KINNEVIK'S OPERATING FRAMEWORK

Our Philosophy

Investing in the Power of Technology to Make Life Better

We believe in the power of technology to make life better for people around the world. That's why we build digital businesses that make a positive difference to peoples' lives. Whether it is commerce, communication, entertainment, financial services or healthcare, technology is making everything easier, speedier and more freely available.

The consumer and their right to choose is at the heart of everything we do. We believe everyone should have the opportunity to seek, find and benefit from the services they need and want. The businesses we build are the key to providing that opportunity.



Vision

To make people's lives better by providing choice

Mission

We build digital businesses that provide more and better choice

Strategy

1. Build a select number of **leading digital businesses**
2. Develop strong strategic and operational **partnerships**
3. Drive **innovation and operational excellence** within each of our companies
4. Maintain a **balanced presence** across regions and countries
5. Attract other leading international **institutional investors** and **long-term partners**
6. Create value through **consolidation**
7. Continuously explore **new business opportunities**
8. Take **measured risks**
9. **Crystallize the value** of our investments
10. Maintain a **strong balance sheet**

Our Financial Targets

Our Criteria for New Investments

Attractive Returns

Kinnevik's objective is to generate long term total return for our shareholders in excess of the cost of capital. We aim to deliver annual total shareholder return of 12-15% over the business cycle

Market opportunity

Addresses a material, everyday consumer need with a significant profit pool

Entrepreneurs

Led by a talented and experienced team with a clear vision

User experience

Customers often recommend the product and cohorts suggest high repeat usage

Technology

Places innovation and product development at its core

Low Leverage

Given the nature of Kinnevik's investments our goal is to carry low leverage in the parent company, not exceeding 10% of portfolio value

Market leadership

Well positioned relative to digital peers and differentiated from offline incumbents

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

Barriers to entry

High barriers to entry over time protect the business model from competition

Monetisation and path to profitability

Revenue generating and unit economics that are positive and sustainable

Returns

Based on realistic projections, an ability to generate appropriate risk-adjusted returns

Reputation

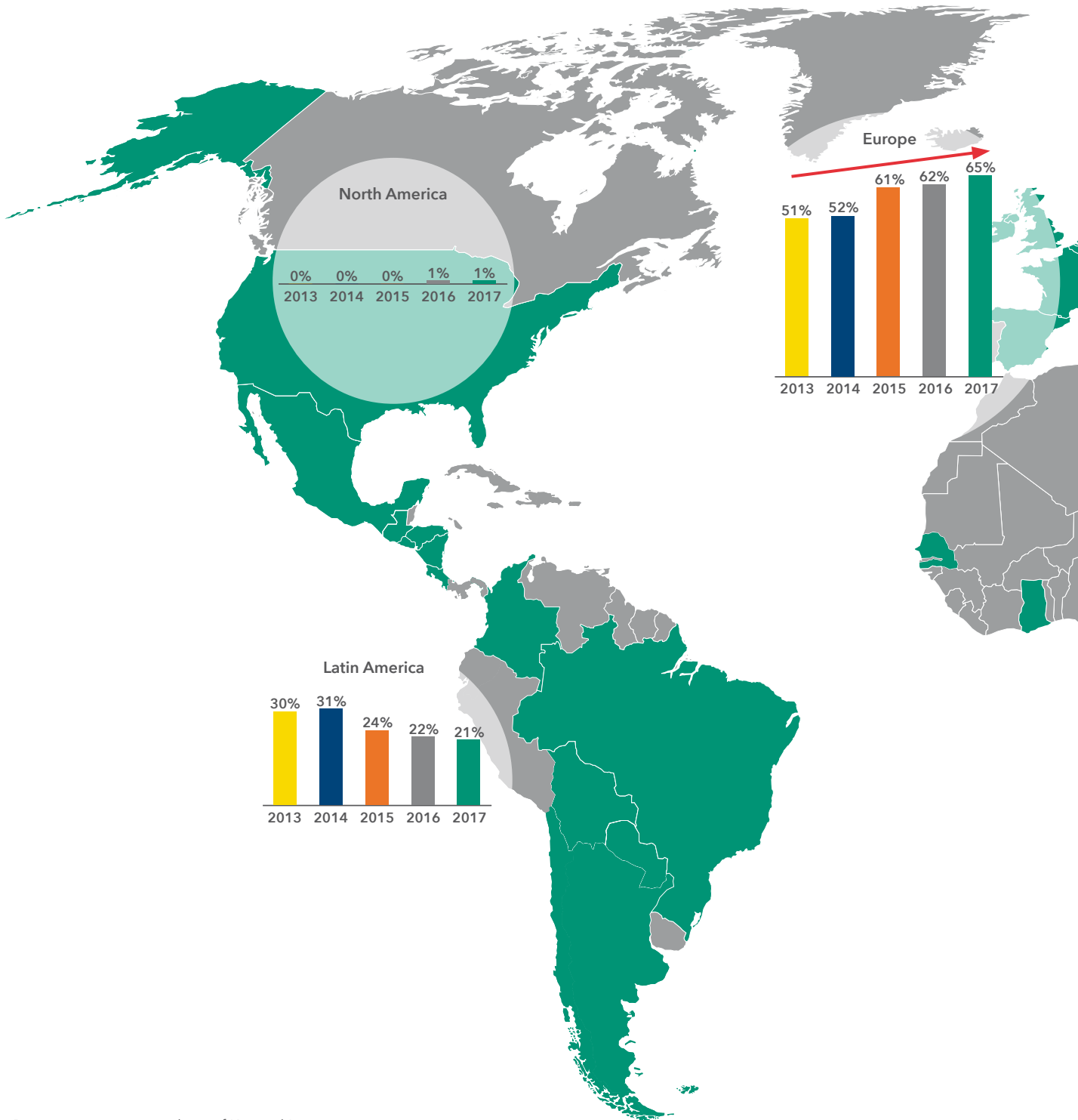
Compatibility with Kinnevik's values and way of doing business

Ownership

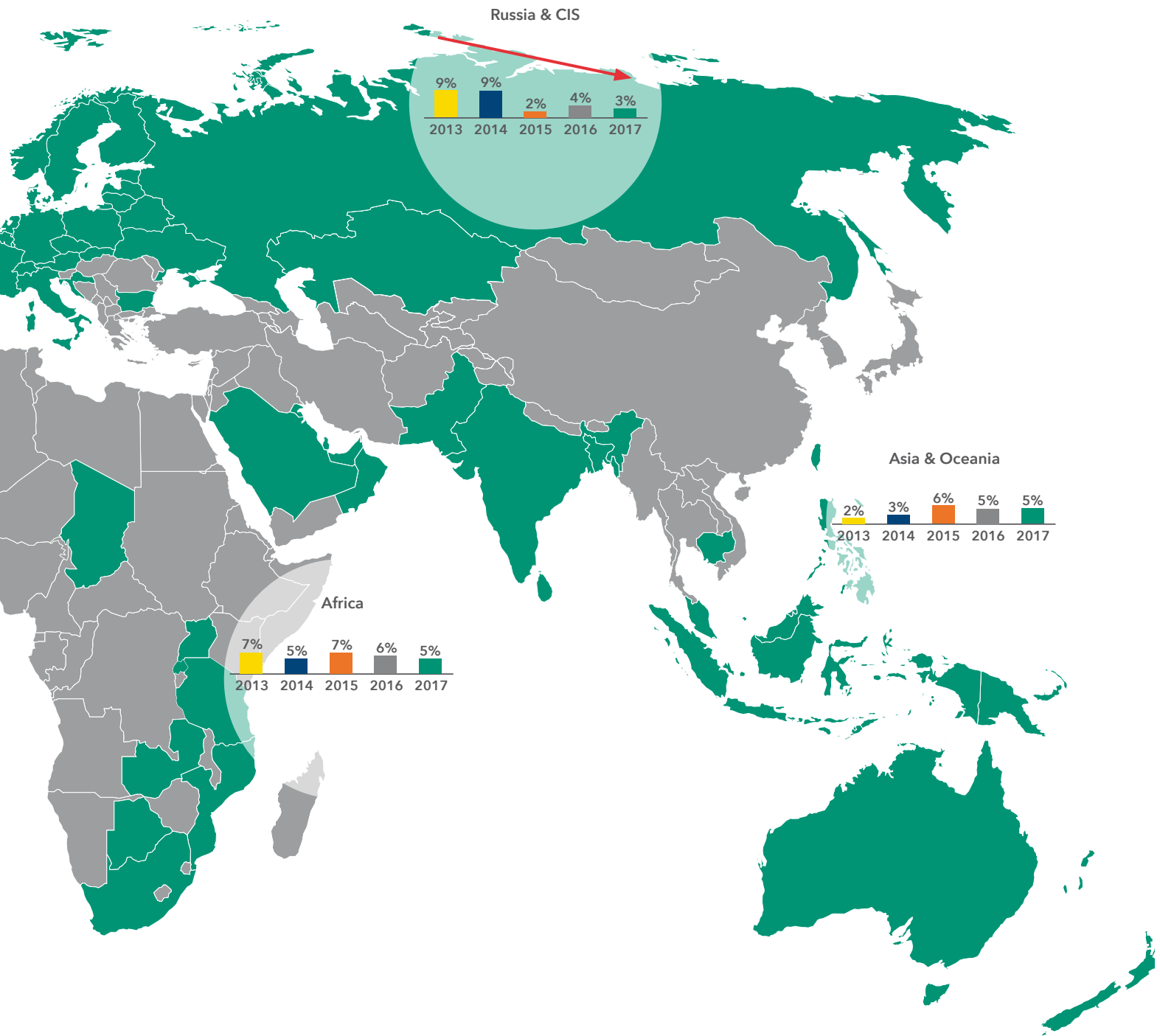
Opportunity to own a material minority stake in the company over time to form a long-term partnership

THE KINNEVIK FOOTPRINT

Kinnevik's companies are active across developed and emerging markets in Europe, Latin America, Africa, Asia & Oceania and North America. 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 Russia & CIS. With the investment in Betterment in 2016, Kinnevik expanded its footprint to include North America.



Note: Percentages represent share of Kinnevik's Portfolio Value per 31 December each year.



KINNEVIK'S DIGITAL BRANDS

E-Commerce & Marketplaces



Zalando is an online fashion platform for women, men and children, offering a broad assortment of shoes, apparel and accessories from around 2,000 global and local brands as well as private labels. With its localised offering, Zalando addresses country specific customer preferences in each of its 15 European markets.

32%	SEK 34.1BN	23.1M
KINNEVIK STAKE	FAIR VALUE	ACTIVE CUSTOMERS

[Go to company website >](#)



Global Fashion Group (GFG) is an online fashion destination for growth markets. GFG operates with five branded platforms, Lamoda, Dafiti, Zalora, The Iconic and Namshi, offering over 3,000 international and local brands across 24 countries with a 1.9 billion population, addressing a fashion market estimated to be worth EUR 300bn.

35%	SEK 5.2BN	9.5M
KINNEVIK STAKE	FAIR VALUE	ACTIVE CUSTOMERS

[Go to company website >](#)



Quikr is an online classifieds platform operating in India. Headquartered in Bangalore, Quikr serves approximately 20 million unique monthly visitors and focuses its operations on five verticals; Goods, Cars, Jobs, Homes and Services.

18%	SEK 1.4BN	10.4M
KINNEVIK STAKE	FAIR VALUE	DECEMBER AD RESPONSES

[Go to company website >](#)



Qliro Group is a Nordic e-commerce group in consumer goods and complementary financial services. Qliro Group operates CDON Marketplace, Nelly and Qliro Financial Services (QFS).

29%	SEK 767M	3.0M
KINNEVIK STAKE	FAIR VALUE	ACTIVE CUSTOMERS

[Go to company website >](#)



Westwing is an international e-commerce company for home & living, offering a curated selection of home décor and furniture products. Westwing has more than 3,500 brand partners and operates in 14 markets across Europe, Brazil and Russia.

17%	SEK 479M	1.0M
KINNEVIK STAKE	FAIR VALUE	ACTIVE CUSTOMERS

[Go to company website >](#)



Home24 is an online shop for furniture and home accessories in seven core markets in Europe and Brazil. The broad range of products includes furniture, lamps, home accessories and garden equipment.

17%	SEK 218M	1.0M
KINNEVIK STAKE	FAIR VALUE	ACTIVE CUSTOMERS

[Go to company website >](#)

Communication



Millicom is a provider of cable and mobile services dedicated to emerging markets in Latin America and Africa. The company offers high-speed broadband and digital lifestyle services through its principal brand Tigo.



Tele2 offers mobile services, fixed broadband and telephony, data network services, content services and global IoT solutions to 15 million customers in 7 countries across Europe.

38%
KINNEVIK
STAKE

SEK 20.9BN
FAIR
VALUE

49M
MOBILE
CUSTOMERS

30%
KINNEVIK
STAKE

SEK 15.4BN
FAIR
VALUE

14.9M
MOBILE
CUSTOMERS

[Go to company website >](#)

[Go to company website >](#)

COM HEM

● ● ● ● ● ● ● ●

Com Hem offers broadband, TV, play and telephony services to Swedish households and companies. The company offers a range of digital TV channels and play services via set top boxes as well as on-the-go for tablets and smartphones.

19%
KINNEVIK
STAKE

SEK 4.2BN
FAIR
VALUE

2.8M
ADDRESSABLE
HOUSEHOLDS

[Go to company website >](#)

Entertainment



MTG is an international digital entertainment group. Its brands span TV, radio and next generation entertainment experiences in esports, digital video networks and online gaming.

20%
KINNEVIK
STAKE

SEK 4.6BN
FAIR
VALUE

938K
NORDIC
SUBSCRIBERS

[Go to company website >](#)

Financial Services



Betterment is an independent automated investing service in the United States. The company operates a vertically integrated platform that provides fully automated, personalised advice and access to a low cost, globally diversified investment portfolio.



Bayport provides financial solutions to formally and informally employed individuals in emerging markets. The company's operations span 9 countries across Africa and Latin America.

16%

KINNEVIK
STAKE

SEK 1.1BN

FAIR
VALUE

315K

CUSTOMERS

[Go to company website >](#)

22%

KINNEVIK
STAKE

SEK 1.1BN

FAIR
VALUE

500K

CORE PAYROLL
CUSTOMERS

[Go to company website >](#)



Milvik offers, under the brand BIMA, affordable and uniquely designed life and health insurance products via mobile phones. BIMA is active in 14 countries across Africa, Asia, Latin America and the Caribbean.

33%

KINNEVIK
STAKE

SEK 806M

FAIR
VALUE

6.2M

ACTIVE
CUSTOMERS

[Go to company website >](#)

Healthcare



Babylon is a digital healthcare service based in the United Kingdom. Combining mobile tech and artificial intelligence with medical expertise, Babylon's mission is to make healthcare more accessible and affordable for people everywhere.



Livongo is a California based consumer digital health company that empowers people with chronic conditions to live better and healthier lives. Livongo has developed a new approach for diabetes management that combines the latest technology with coaching.

20%

KINNEVIK
STAKE

SEK 375M

FAIR
VALUE

1.3M

REGISTRATIONS

[Go to company website >](#)

3%

KINNEVIK
STAKE

SEK 105M

FAIR
VALUE

54K

MEMBERS

[Go to company website >](#)

THE KINNEVIK MANAGEMENT TEAM

Senior Executives



Georgi Ganev
Chief Executive Officer



Joakim Andersson
Chief Financial Officer



Mattias Andersson
General Counsel



Chris Bischoff
Senior Investment Director



Torun Litzén
Director Corporate Communication

Georgi Ganev	Joakim Andersson	Mattias Andersson	Chris Bischoff	Torun Litzén
<i>Chief Executive Officer</i>	<i>Chief Financial Officer</i>	<i>General Counsel</i>	<i>Senior Investment Director</i>	<i>Director Corporate Communication</i>
<i>Employed: 2018</i>	<i>Employed: 2007</i>	<i>Employed: 2016</i>	<i>Employed: 2013</i>	<i>Employed: 2007</i>
<i>Nationality: Swedish</i>	<i>Nationality: Swedish</i>	<i>Nationality: Swedish</i>	<i>Nationality: British</i>	<i>Nationality: Swedish</i>
<i>Born: 1976</i>	<i>Born: 1974</i>	<i>Born: 1976</i>	<i>Born: 1973</i>	<i>Born: 1967</i>
<i>Board positions:</i> Non-Executive Director of Tele2 and Global Fashion Group	<i>Board positions:</i> Non-Executive Director of Modern Times Group	<i>Board positions: -</i>	<i>Board positions:</i> Chairman of Milvik/BIMA, Board Director of Babylon Health, Betterment, Livongo and Quikr	<i>Board positions:</i> Board Director of Reach for Change
<i>Shareholding*:</i> 75,000 class B shares and 200,000 call options on class B shares, issued by Verdere S.à r.l.	<i>Shareholding*:</i> 21,432 class B shares, of which 4,150 held through pension plan, insurance or similar	<i>Shareholding*:</i> 6,025 class B shares, of which 2,525 held through pension plan, insurance or similar	<i>Shareholding*:</i> 7,124 class B shares, of which 4,855 held through pension plan, insurance or similar	<i>Shareholding*:</i> 20,621 class B shares, of which 1,000 held through pension plan, insurance or similar

* Including holdings of closely affiliated persons

Note: Georgi Ganev joined Kinnevik on 1 January 2018. On 1 February 2018, Christoph Barchewitz, Investment Director, left Kinnevik to join Global Fashion Group as Co-CEO.

SUSTAINABILITY AT A GLANCE



AN INTEGRATED PART OF OUR BUSINESS MODEL

Wherever we operate around the world, our focus is on building digital businesses that make a positive difference to people's lives.

For us, being at the cutting edge of providing consumer choice also means being ambitious about sustainability. As an active owner and lead investor, we therefore have clear expectations on our investee companies to conduct their operations in a responsible and ethical manner.

"As an investment company, our sustainability work centres around influencing our investee companies to implement sound values and structures for sustainable development. Companies that operate in a responsible and ethical manner will be better able to offer products and services that meet the demands of their customers, as well as to recruit the best employees, thereby outperforming their competitors in the long run."

Tom Boardman
Chairman of Kinnevik's Board of Directors

Kinnevik's Role as an Active Owner

Driving an ambitious sustainability agenda in our investee companies is central in Kinnevik's role as active owners. We believe operating in a responsible manner is the key to achieving long-term profitable growth. Kinnevik has developed a structured framework, the GRC Standards, to define sustainability best practices for our companies, to measure sustainability performance and to set priorities and roadmaps.

The GRC Standards

Kinnevik's GRC Standards comprise a total of 62 standards divided into six sections and weighted according to their importance to our stakeholders as well as their relevance to our companies' sustainability performance. Kinnevik performs a yearly assessment of all our larger investee companies based on the GRC Standards. For 2017, the assessment included 18 companies corresponding to ca 98% of our portfolio value.

More information about the GRC Standards and Kinnevik's sustainability work is available in the 2017 Sustainability Report on page 29-41.



Companies covered



Share of Kinnevik's portfolio value covered



Number of GRC Standards

Q&A with Mathew Joseph, GRC Director at Kinnevik

Mathew heads up Kinnevik's GRC function and leads the work of assessing our investee companies according to the GRC Standards.

What were the main areas of progress in Kinnevik's sustainability efforts during 2017?

During 2017, we updated our GRC Standards and introduced a framework to measure GRC performance in our companies. Based on Kinnevik's sustainability strategy as set out by the GRC Committee, we expanded the scope of our work to also include public companies.

Are there specific improvements that you have noted during this year's assessment process?

We have seen some encouraging progress in 2017 across our investee companies. For example, Zalando has published a Modern Slavery Act Statement that shows how they work across their supply chain to protect human rights. BIMA has signed an Anti-Corruption Memorandum of Understanding together with other multinational companies operating in Cambodia to fight corruption in the country. GFG has issued guidelines to its operating entities on the responsible recruitment and employment of migrant labourers.



What are the key sustainability focus areas for 2018?

We see information security as a key focus area for 2018. With the introduction of EU's General Data Protection Regulation ('GDPR'), companies must make significant changes to their internal processes and systems to comply with this regulation. All our investee companies that are under the scope of the GDPR have roadmaps with initiatives to comply with the regulations by 25 May 2018. Other topics that are high on our agenda for 2018 are risks related to cyber security and supply chain.



Reach for Change

Reach for Change is a non-profit organisation founded by Kinnevik to improve children's lives through social innovations. The core product is a three year incubator program for early stage social entrepreneurs. To help the entrepreneurs develop and scale, the program offers strategy development, advisory support, technical training, mentoring, peer-to-peer learning, network development and connections to further investments and funding. Since the start, Reach for Change has grown to offer support in 17 countries, across three continents.

2017 RESULTS IN SHORT

REACH FOR CHANGE 2017

Through multi-sector partnerships, Reach for Change continued to develop and scale social innovations that help children live better lives. These are some of the results achieved during the year.



191 social entrepreneurs were supported to create a better world for children through our incubator program

Impact on children

The social ventures in the Incubator helped 442,601 children to better lives in accordance with eleven of the 17 UN Sustainable Development Goals (SDGs), with a majority targeting goals 3. Good health and well-being, 4. Quality education, 8. Decent work and economic growth, and 10. Reduced inequalities.



68%

think they were considerably or greatly helped by RfC advisory to overcome key challenges

83%

found the grant very or extremely important for developing their operations to achieve more impact

74%

of the ventures think that RfC considerably or greatly contributed to increasing their organization's credibility

Example SDG 3: Beautiful Minds

In Ethiopia, diarrheal disease is the second most common cause of death among children under 5, killing almost 40,000 children every year. 90% of diarrhoea is caused by poor sanitation, unsafe water supply and inadequate personal hygiene. In order to enable and foster hygienic behaviour, Ayatam Simeneh and his organisation Beautiful Minds collect leftover soap from hotels and spas, recycle it and supply it to schools, where they train students on when and how to wash their hands. During 2017, Beautiful Minds grew their revenues from less than USD 400 to more than USD 25,000, enabling them to support 3,000 children during 2017. One of them is a girl named Melat.

Impact story: Melat



Melat is a fourth grade student at Abiyoit Primary school. Before Beautiful Minds came to her school, there was no water and soap so she had to eat without washing her hands first. "After Beautiful Minds' training on hand washing, some of my classmates became hygiene champions who taught our class about the importance of hand washing. I learned to wash my hands before eating, after using the bathroom and before cooking meals. I also learned how to wash them with proper steps such as lather with soap, rub the palms and inter-lace the fingers", says Melat.

Beautiful Minds supported

3,000

children in 2017



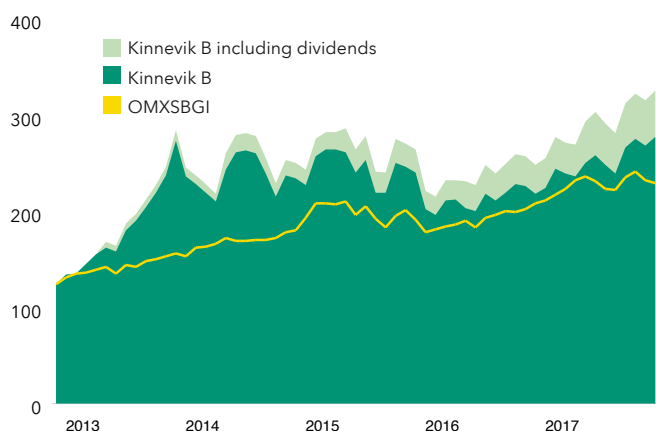
In total **102,716** children were supported to develop and live healthier lives through interventions carried out by our social entrepreneurs in 2017

THE KINNEVIK SHARE

SHARE PRICE TREND

The price of Kinnevik's class B share increased, based on closing prices, by 27% in 2017, or by 31% including the SEK 8.00 per share paid in ordinary dividend in 2017. The OMXSBPI index (market weighted price index) increased by 7% during the year, and the OMXSBGI (market weighted total return index) increased by 10%.

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



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 2017, an average of 715,000 class B shares, corresponding to SEK 180m, were traded daily.

SHARE CAPITAL

As of 31 December 2017, the number of shares in Kinnevik amounted to 275,466,638 of which 41,157,144 are class A shares with ten votes each and 234,309,494 are class B shares with one vote

each, of which 350,479 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 2017 to 645,880,934 (645,530,455 excluding the 350,479 class B treasury shares). During the year, 424 Class B shares were delivered to a participant in a long term incentive plan. The Board has authorization to repurchase a maximum of 10% of all shares in the Company over 12 months up until the next Annual General Meeting. This authorization was not utilised during 2017. There are no convertibles or warrants in issue.

DIVIDEND

For the financial year 2017, the Board recommends a cash dividend of SEK 8.25 per share, which would correspond to a yield of 3.0% and an increase of 3.1% compared to the ordinary dividend of SEK 8.00 for the financial year 2016.

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 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.

TOTAL RETURN

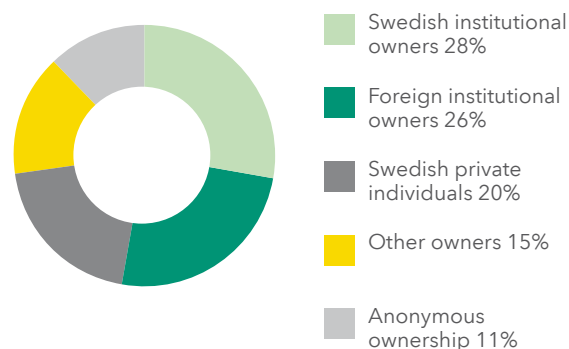
The Kinnevik share's average annual total return

Past 30 years	14%
Past 10 years	11%
Past 5 years	21%
Past 12 months	31%

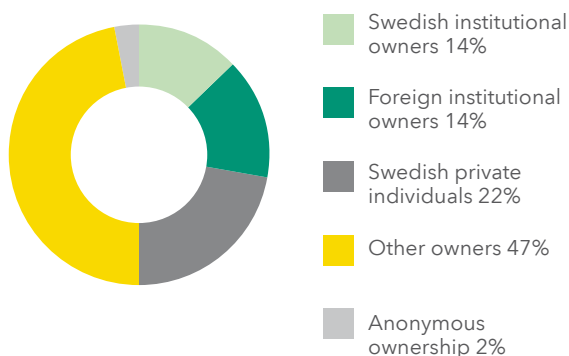
Total return is calculated on the assumption that the shareholder has reinvested all cash dividends and dividends in kind into the Kinnevik share.

SHAREHOLDER STRUCTURE

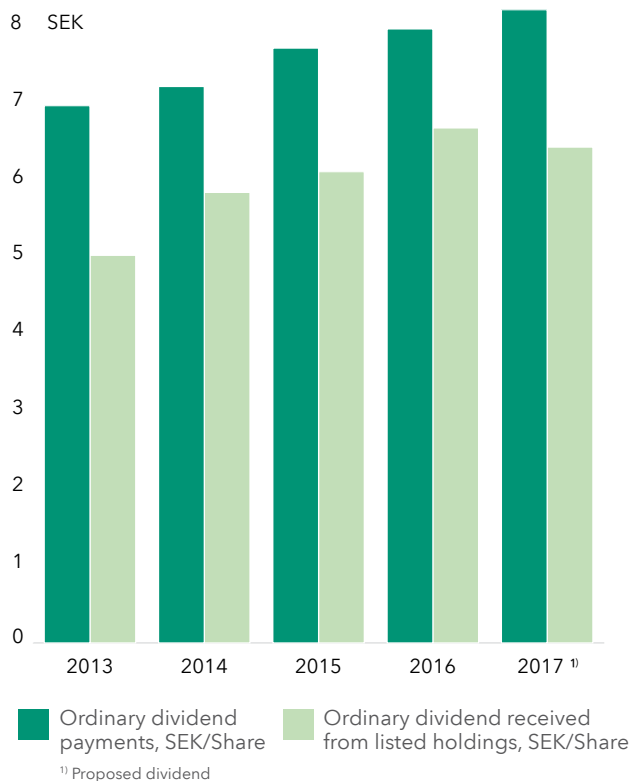
% OF CAPITAL PER 31 DEC 2017



% OF VOTES PER 31 DEC 2017



DIVIDENDS FLOW



OWNERSHIP STRUCTURE

Kinnevik's 20 largest shareholders in terms of capital and votes according to Modular Finance at 31 December 2017.

Shareholder	A shares	B shares	% of votes	% of capital
Verdere S.à r.l.	28 291 001	-	43.8%	10.3%
Klingspor family	7 055 545	2 420 086	11.3%	3.4%
von Horn family	2 107 580	354 296	3.3%	0.9%
Baillie Gifford	-	16 272 693	2.5%	5.9%
Alecta	759 800	7 088 000	2.3%	2.8%
Swedbank Robur	-	9 387 703	1.5%	3.4%
Nordea	-	8 631 052	1.3%	3.1%
AMF	-	8 454 120	1.3%	3.1%
Thornburg	777 837	-	1.2%	0.3%
Morgan Stanley	762 066	376	1.2%	0.3%
GAMCO	562 500	536 500	1.0%	0.4%
BlackRock	-	5 843 888	0.9%	2.1%
Vanguard	-	5 740 907	0.9%	2.1%
Skandia	192 883	3 713 527	0.9%	1.4%
Norges Bank	-	4 285 398	0.7%	1.6%
SHB	5 346	4 004 268	0.6%	1.5%
Skagen	-	3 461 146	0.5%	1.3%
AFA	-	3 458 676	0.5%	1.3%
SEB	133 860	2 101 374	0.5%	0.8%
Unionen	-	3 310 812	0.5%	1.2%
Others	508 726	145 244 672	23.3%	52.9%
Total	41 157 144	234 309 494	100.0%	100.0%
Of which class B shares held by Kinnevik		350 479		

OWNER DISTRIBUTION BY HOLDINGS

Size of holding	# of holders	% of holders	# of shares (m)	% of capital
50 001 -	240	0.2%	194.9	71%
10 001 - 50 000	584	0.6%	12.1	4%
5 001 - 10 000	740	0.7%	5.5	2%
1 001 - 5 000	6 546	6.2%	14.2	5%
501 - 1 000	7 936	7.5%	6.4	2%
201 - 500	14 810	14.0%	5.3	2%
1 - 200	74 581	70.7%	4.4	2%
Anonymous	N/A	N/A	32.6	12%
Total	105 437	100.0%	275.5	100%

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 25.9% of the shares of Verdere directly with CMS Sapere Aude Trust reg., a trust of which Cristina Stenbeck is beneficiary, owning an additional 44.5% of the share capital. The remaining 29.6% is held by AMS Sapere Aude Trust.

DATA PER SHARE

	2017	2016	2015	2014	2013
Average number of shares (000s)	275 116	275 570	277 381	277 343	277 564
Earnings per share, SEK	73.90	-12.55	4.49	75.27	30.51
Shareholders' equity per share, SEK	311.36	263.29	300.22	303.60	235.38
Market price class B share at 31 December, SEK	276.40	218.90	262.00	255.20	297.50
Dividend per share, SEK	8.25 ¹⁾	8.00	25.75 ²⁾	7.25	7.00
Direct yield	3.0%	3,7%	9.8% ²⁾	2.8%	2.4%

¹⁾ Proposed dividend

²⁾ Including a share redemption program of 18 SEK per share

FAIR VALUE OF FINANCIAL ASSETS

Investment (SEKm)	Capital (%)	Votes (%)	Fair value 31 Dec 2017	Fair value 31 Dec 2016	Total return ¹ 2017
Zalando	31.7	31.7	34 097	27 245	25%
Global Fashion Group	35.4	35.4	5 239	5 641	-7%
Rocket Internet	-	-	-	3 990	2%
Quikr	17.7	17.7	1 358	1 535	-12%
Qliro Group	28.5	28.5	767	367	109%
Other ²	-	-	1 213	2 051	6%
Total E-Commerce & Marketplaces			42 674	40 829	18%
Millicom	37.6	37.6	20 942	14 790	48%
Tele2	30.3	47.9	15 350	11 166	45%
Com Hem	19.0	19.0	4 226	-	15%
Total Communication			40 518	25 956	42%
MTG	20.2	48.0	4 645	3 650	32%
Other	-	-	277	439	-32%
Total Entertainment			4 922	4 089	26%
Bayport	21.8	21.8	1 082	1 201	-10%
Betterment	16.3	16.3	1 064	590	-5%
Other ²	-	-	932	649	35%
Total Financial Services & Other			3 078	2 440	2%
Healthcare & Other ²			503	487	27%
Portfolio Value			91 695	73 801	29%
Net debt			-1 062	-1 367	
- of which unpaid investments/divestments			-	-49	
Total Net Asset Value			90 633	72 434	29%
Net Asset Value per share, SEK			329.44	263.29	29%
Closing price, class B share, SEK			276.40	218.90	31%

¹⁾ Including investments, divestments and dividends

²⁾ For split see page 21

VALUATION OF UNLISTED ASSETS

Investment (SEKm)	Kinnevik ownership	Accumulated net invested amount	Fair value 31 Dec 2017	Change in fair value full-year 2017	Valuation method
E-Commerce					
Global Fashion Group ^{1,2}	35%	5 658	5 239	-402	Revenue multiple
Home24 ²	17%	871	218	86	Revenue multiple
Westwing ²	17%	419	479	50	Revenue multiple
Other ¹	Mixed	523	321	-242	Mixed
Marketplaces					
Quikr	18%	879	1 358	-177	DCF
Saltside	61%	195	195	-5	DCF
Other	Mixed	-	-	-19	Mixed
Total E-Commerce & Marketplaces		8 544	7 810	-448	
Entertainment	Mixed	1 072	277	-140	Mixed
Financial Services					
Bayport ³	22%	467	1 082	-119	Latest transaction
Betterment	16%	1 065	1 064	-53	Latest transaction
Milvik/BIMA	33%	257	806	298	Latest transaction
Other	Mixed	100	118	-45	Mixed
Total Financial Services		1 889	3 070	81	
Healthcare and Other					
Babylon	20%	308	375	77	Latest transaction
Livongo	3%	113	105	-8	Latest transaction
Other	Mixed	242	45	-6	Mixed
Total Healthcare and Other		663	525	63	
Total Unlisted Assets		12 169	11 682	-444	

¹⁾ Net invested amounts include SEK 1.0bn of share distributions received from Rocket Internet

²⁾ Ownership not adjusted for employee stock option plans and employee equity at subsidiary level

³⁾ Ownership on a fully diluted as converted basis

FAIR VALUES AS AT 31 DECEMBER 2017

At the end of the year, the fair value of Kinnevik's unlisted financial assets amounted to a total of SEK 11,682m, to be compared with an accumulated invested amount (net after dividends received) of SEK 12,169m. The change in fair value amounted to a decrease of SEK 444m for the year, as specified in the table on the previous page.

LIQUIDATION PREFERENCES

Kinnevik's unlisted investee companies adopt different financing structures, and at times issue shares with liquidation preference rights. Liquidation preferences determine how proceeds from a liquidity event are allocated between shareholders. This allocation may become increasingly complex as a company completes several funding rounds at different valuations. As Kinnevik's participation often varies between funding rounds, Kinnevik's share of proceeds may significantly deviate from its percentage ownership of the investee company's issued equity. Accordingly, an increase or decrease in value of an investee company's equity where liquidation preferences are applicable may result in a disproportionate increase or decrease in the fair value of Kinnevik's shareholding in that investee company.

GLOBAL FASHION GROUP

The fair value of Kinnevik's 35 percent shareholding in **Global Fashion Group** ("GFG") amounted to SEK 5,239m as at 31 December 2017, based on a total value of GFG's fully diluted equity of EUR 1.6bn. The valuation of GFG implied an average multiple of 1.3x the company's last twelve months' net revenues as at 30 September 2017. The implied average multiple corresponded to a 45 percent discount to a group of listed and profitable developed market fashion e-commerce peers, and discounts vary between GFG's different regional businesses. The implied discount not only reflected differences in growth and profitability, but also Kinnevik's assessment of equity risk premiums across GFG's partly emerging market focused footprint as may be referenced from a broader set of listed emerging market e-commerce companies.

OTHER E-COMMERCE

The fair value of Kinnevik's 17 percent shareholding in **Home24** amounted to SEK 218m as at 31 December 2017, based on a total value of Home24's fully diluted equity of EUR 296m. The valuation of Home24 applied a multiple of 1.1x the company's last twelve months' net revenues as at 30 September 2017. The applied multiple corresponds to a 40 percent discount to a group of listed e-commerce peers, and reflects differences in growth and profitability.

The fair value of Kinnevik's 17 percent shareholding in **Westwing** amounted to SEK 479m as at 31 December 2017, based on a total value of Westwing's fully diluted equity of EUR 288m. The valuation of Westwing applied a multiple of 1.3x the company's last twelve months' net revenues as at 30 September 2017. The applied multiple corresponds to a 30 percent discount to a group of listed e-commerce peers, which reflects differences in growth and profitability.

MARKETPLACES

The fair value of Kinnevik's 18 percent shareholding in **Quikr** amounted to SEK 1,358m as at 31 December 2017, based on a total value of Quikr's fully diluted equity of USD 935m. The valuation of Quikr was based on a discounted cash flow analysis. A number of all-stock transactions have been concluded at an approximate 66 percent premium to the USD 935m valuation, but due to the lack of a significant cash element in each of these transactions they are not considered as sufficiently robust to be used as basis for the assessment of the fair value of Kinnevik's shareholding.

The fair value of Kinnevik's 61 percent shareholding in **Saltside** amounted to SEK 195m as at 31 December 2017. The valuation of Saltside was based on a discounted cash flow analysis.

FINANCIAL SERVICES

The fair value of Kinnevik's 22 percent shareholding in Bayport amounted to SEK 1,082m as at 31 December 2017, based on a total value of Bayport's fully diluted equity of USD 608m. The valuation of Bayport was based on the valuation applied in a funding round during the third quarter of 2017.

The fair value of Kinnevik's 16 percent shareholding in **Betterment** amounted to SEK 1,064m as at 31 December 2017, based on a total value of Betterment's fully diluted equity of USD 800m. The valuation of Betterment was based on the valuation applied in a funding round during the third quarter of 2017.

The fair value of Kinnevik's 33 percent shareholding in **Bima** amounted to SEK 806m as at 31 December 2017, based on a total value of Bima's fully diluted equity of approximately USD 290m. The valuation of Bima was based on the valuation applied in a funding round in the fourth quarter of 2017.

HEALTHCARE

The fair value of Kinnevik's 20 percent shareholding in **Babylon** amounted to SEK 375m as at 31 December 2017. The valuation of Babylon was based on the valuation applied in a funding round during the second quarter of 2017.

The fair value of Kinnevik's 3 percent shareholding in **Livongo** amounted to SEK 105m as at 31 December 2017. The valuation of Livongo was based on the valuation applied in a funding round during the first quarter of 2017.

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")¹⁾.

During 2017, Kinnevik, in line with previous years, deviated from the Code rule stipulating that a member of the Board of Directors may not chair the Nomination Committee. This 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 on 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 possible.

Information on major shareholders in the Company is provided on page 19, and 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, Shareholders' Equity.

NOMINATION COMMITTEE

At the 2017 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 2017 following consultation with the largest shareholders in the Company as at 31 August 2017. 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 2017 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 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 2018 Annual General Meeting. Cristina Stenbeck, member of the Board of Directors, 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's and its 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.

In its work, the Nomination Committee applies rule 4.1 of the Code as its diversity policy. Further information may be found in the Nomination Committee's motivated statement regarding its proposals to the 2017 Annual General Meeting.

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 2017 Annual General Meeting, the registered audit firm Deloitte AB was re-elected Company auditor for a period of four years until the 2021 Annual General Meeting, with authorized public accountant Jan Berntsson as auditor-in-charge. Jan Berntsson, born 1964, is also the auditor-in-charge in Boliden AB. The auditor's independence is ensured by legislation and professional ethics and the audit firm's internal guidelines, as well as 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 2017, Deloitte AB has provided advice regarding interpretation of accounting principles for long term incentive plans. Information regarding audit fees is provided in the Annual Report's Note 12 for the Group and Note 5 for the Parent Company, Auditors' Fees.

BOARD OF DIRECTORS AND SENIOR EXECUTIVES

Board members are elected at the Annual General Meeting for a period ending at the close of the next Annual General Meeting. The Articles of Association contains no restrictions pertaining to the eligibility of Board members. According to the Articles of Association, the number of Board members can be no less than three and no more than twelve members elected by shareholders.

At the 2017 Annual General Meeting, following a motion by the Nomination Committee, Tom Boardman, Anders Borg, Dame Amelia Fawcett, Wilhelm Klingspor, Lothar Lanz, Erik Mitteregger, Mario Queiroz, John Shakeshaft and Cristina Stenbeck were re-elected members of the Board and Cynthia Gordon and Henrik Poulsen were elected as new members of the Board. The Annual General Meeting further elected Tom Boardman as Chairman of the Board. At its constituent meeting, the Board appointed Dame Amelia Fawcett and Anders Borg as Deputy Chairmen of the Board. In August 2017, Anders Borg resigned as a Board member and Henrik Poulsen was appointed Deputy 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 25-27. None of the Board members are employed within the Group. Per end of 2017, Senior Executives in Kinnevik included acting Chief Executive Officer and Chief Financial Officer Joakim Andersson, Director of Corporate Communications Torun Litzén, Senior Investment Director Chris Bischoff, Investment Director Christoph Barchewitz and General Counsel Mattias Andersson. In January 2018, Georgi Ganey joined Kinnevik as Chief Executive Officer and Christoph Barchewitz left Kinnevik to assume the role as Co-Chief Executive Officer of Kinnevik's investee company Global Fashion Group. For information about Senior Executives, please see page 13 in the Annual Report, and Note 16 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 Chief Executive Officer, and

¹⁾The Code is available at: www.corporategovernanceboard.se

reporting instructions are updated and approved at least annually following the Annual General Meeting.

Significant issues addressed by Kinnevik's Board during 2017 include the succession of the company's Chief Executive Officer, the overall strategy and financial performance of Kinnevik and its larger portfolio companies, and Kinnevik's private investment strategy. As the basis for discussions concerning the listed portfolio companies, Kinnevik's management presented independent analyses of each company's strategy, operations and future opportunities within the markets in which they are active. Furthermore, Chief Executive Officers of certain listed portfolio companies held customary investor presentations directly to the Kinnevik Board.

Compliance with laws and regulations, responsibility and market confidence in Kinnevik are some of the key issues which the Board actively focuses on. Kinnevik's Code of Conduct and Corporate Responsibility Policy adopted by the 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 a Governance, Risk and Compliance ("GRC") 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 decisions taken. General Counsel Mattias Andersson 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 Board work.

During 2017, Kinnevik's Board of Directors held fourteen meetings (including the constituent meeting), of which eight were extra meetings held via telephone.

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 functioning 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 2017 was conducted by an external consultant by way of a formal questionnaire and in-person interviews, 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 2017 are presented in Note 16 for the Group, Personnel. The Remuneration Committee shall strive to meet not less than twice a year, and more frequently as required. Minutes are kept at the Remuneration Committee's meetings and are reported to the Board at its next meeting.

BOARD AND COMMITTEE COMPOSITION

Board Director	Position	Audit Committee	Remuneration Committee	GRC Committee
Tom Boardman	Chairman	Member	Member	Member until May 2017
Dame Amelia Fawcett	Deputy Chairman	-	Chairman	Chairman
Henrik Poulsen (from May 2017)	Deputy Chairman	Member from May 2017	-	-
Cynthia Gordon (from May 2017)	Member	-	-	Member from May 2017
Wilhelm Klingspor	Member	-	-	-
Lothar Lanz	Member	Member until May 2017	-	-
Erik Mitteregger	Member	Member	Member	-
Mario Queiroz	Member	-	-	-
John Shakeshaft	Member	Chairman	-	Member
Cristina Stenbeck	Member	-	Member until May 2017	-
Anders Borg (until August 2017)	Deputy Chairman	-	-	-

BOARD AND COMMITTEE MEETING ATTENDANCE

Board Director	Board	Audit Committee	Remuneration Committee	GRC Committee
Tom Boardman	14/14	11/11	5/5	2/2
Dame Amelia Fawcett	10/14	-	5/5	5/5
Henrik Poulsen (from May 2017)	8/9	5/6	-	-
Cynthia Gordon (from May 2017)	9/9	-	-	3/3
Wilhelm Klingspor	13/14	-	-	-
Lothar Lanz	14/14	5/5	-	-
Erik Mitteregger	14/14	10/11	5/5	-
Mario Queiroz	11/14	-	-	-
John Shakeshaft	12/14	11/11	-	5/5
Cristina Stenbeck	14/14	-	3/3	-
Anders Borg (until August 2017)	10/10	-	-	-



AUDIT COMMITTEE

The Audit Committee's assignments are stipulated in Chapter 8, Section 49b of the Swedish Companies Act. These tasks include monitoring the Company's financial reporting and the efficiency of the Company's internal controls and internal audits, as well as maintaining frequent contacts with the external and internal auditors. The Audit Committee's work primarily 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 relevant accounting policies and requirements, discusses other significant issues connected with the Company's financial reporting and reports its observations to the Board. 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.

GRC COMMITTEE

The GRC Committee is appointed by the Board of Directors to assist the Board in monitoring the governance structures of Kinnevik's investee companies, Kinnevik's risk management process and compliance with laws, regulations and codes of conduct. The GRC Committee shall meet not less than four times annually. Minutes are kept at the GRC Committee's meeting and are reported to the Board at its next meeting.

THE BOARD'S DESCRIPTION OF INTERNAL CONTROL PERTAINING TO THE FINANCIAL REPORTING FOR THE 2017 FINANCIAL YEAR

The Board is responsible for internal control in accordance with the Swedish Companies Act and the Code. This description has been prepared in accordance with the Code's Rule 7.3 and 7.4, and Chapter 6, Section 6 and Chapter 7, Section 31 of the Annual Accounts Act (1995:1554), and is thus restricted to the internal control pertaining to the financial reporting.

BOARD OF DIRECTORS

Tom Boardman

CHAIRMAN

Born: 1949

Nationality: South African 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: Member of the Audit Committee, member of the Remuneration Committee.

Tom Boardman has been a Director of the Board of Kinnevik AB since 2011 and was elected Chairman of the Board in 2016. He is also Chairman of the Board of Millicom and Non-Executive Director of Nedbank Group, Woolworths Holdings, Royal Bafokeng Holdings and African Rainbow Minerals, and was a Non-Executive Director of Vodacom Group 2009-2011. Tom held various managerial positions within the South African mining and retailing industries during 1973-1986. Between 1986 and 2002 he held managerial positions within the BoE Bank and 2003-2010 he was Chief Executive of Nedbank Group. Tom holds a B Com and CTA from University of Witwatersrand, South Africa.

Dame Amelia Fawcett

DEPUTY CHAIRMAN

Born: 1956

Nationality: US and UK citizen.

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

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

Committee work: Chairman of the Remuneration Committee, Chairman of the GRC Committee.

Dame Amelia Fawcett has been a Director of the Board of Kinnevik since 2011 and was appointed Deputy Chairman in 2013. She is also Chairman of the Standards Board for Alternative Investments, a Board Director of State Street Corporation in Boston, USA and Chairman of its Risk Committee, and a member of the Board of the UK Treasury. Dame Amelia is Deputy Chairman and a Governor of the London Business School, Chairman of The Prince of Wales's Charitable Foundation and a Trustee of Project Hope UK. She held managerial positions within Morgan Stanley during 1987-2006 and was Vice Chairman and Chief Operating Officer of its European operations during 2002-2006. She was a Board Director of the Guardian Media Group during 2007-2013, and Chairman during 2009-2013. In 2010 she was awarded a DBE (Dame Commander of the British Empire) by HM Queen Elizabeth II for services to the financial services industry. She has a Law Degree from University of Virginia, USA, and a BA in History from the Wellesley College in Massachusetts, USA.

Henrik Poulsen

DEPUTY CHAIRMAN

Born: 1967

Nationality: Danish citizen.

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

Direct or related person ownership: 15,000 class B shares.

Committee work: Member of the Audit Committee.

Henrik Poulsen was elected a Director and appointed Deputy Chairman of the Board of Kinnevik AB in 2017. He is the Chief Executive Officer of Ørsted (formerly DONG Energy). Prior to joining Ørsted in 2012, Henrik was the Chief Executive Officer of Danish telecommunications company TDC between 2008 and 2012, and also spent two years at KKR & Co after seven years at Lego. Henrik graduated with BSc and MSc degrees in International Business and Finance & Accounting from Aarhus School of Business.

CONTROL ENVIRONMENT

The purpose of the Board of Directors' rules of procedure and instructions for the Chief Executive Officer 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 internal audits. The Company's management reports regularly to the Board in accordance with established procedures. In addition, the Audit Committee and the GRC Committee report on its respective work. The Company's management is responsible for the system of internal controls required for managing risks associated with ongoing 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 ongoing control over each risk and how these can be mitigated in part or in full.

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 and instruments in the income statement and balance sheet, and the investment process. Kinnevik has established documented work routines and continuously evaluates how well the controls function in relation to these items and processes.

INTERNAL AUDITS

The Board of Directors evaluate the need for a separate internal audit function on a yearly basis. Kinnevik does not currently have a separate internal audit function, taking into account the size of the company's operations. Instead Kinnevik, on instructions from

BOARD OF DIRECTORS

Cynthia Gordon

BOARD DIRECTOR

Born: 1962

Nationality: UK citizen.

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

Direct or related person ownership: 1,381 class B shares.

Committee work: Member of the GRC Committee.

Cynthia Gordon was elected a Director of the Board of Kinnevik AB in 2017. She is currently a member of the Board of Tele2 and was until February 2017 CEO of the Africa Division at Millicom. Prior to joining Millicom in 2015, Cynthia spent three years at MENA and Asia Pacific telecommunications company Ooredoo as Chief Commercial Officer, and also spent nine years at Orange as Vice President, Business between 2001 and 2006, and Vice President, Partnerships and Emerging Markets between 2009 and 2012. Between 2007 and 2009, Cynthia was Chief Commercial Officer at the Russian/Eastern European communications company MTS. Cynthia holds a BA Business Studies Degree.

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: -

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

Lothar Lanz

BOARD DIRECTOR

Born: 1948

Nationality: German citizen.

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

Direct or related person ownership: -

Committee work: -

Lothar Lanz has been a Director of the Board of Kinnevik AB since 2016. He was also elected Chairman of the Supervisory Board of Zalando in 2016, where he has been a Supervisory Board Member and Chairman of the Audit Committee since 2014. He is also Chairman of the Supervisory Board of Home24, and a Supervisory Board Member of Axel Springer, TAG Immobilien and Dermapharm. Lothar was Chief Financial and Operating Officer at Axel Springer 2009-2014, after having spent 12 years at ProSiebenSat.1 Media as Chief Financial Officer. Lothar graduated with a Master of Commerce after studies in Business Administration in Stuttgart and Berlin.

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, member of the Remuneration Committee.

Erik Mitteregger has been a Director of the Board of Kinnevik AB since 2004. He is also Chairman of the Board of Firefly, Fasadglas Bäcklin, MatHem and Wise Group. 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.

the Audit Committee, engages independent internal auditors to follow up and evaluate work relating to inter alia risk management and internal control. The internal auditors continuously report the results of their examination in the form of written reports to the Audit Committee. During 2017, an internal audit of Kinnevik's valuation of unlisted assets, code of conduct, and policies and procedures was performed, with satisfactory results.

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 internal communication. For external communication, guidelines have been

compiled in an Information Policy ensuring the Company complies with the meticulous demands for timely and accurate information to market participants 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, the Audit Committee and the GRC Committee. The 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 external and internal audits.

BOARD OF DIRECTORS & CEO

Mario Queiroz

BOARD DIRECTOR

Born: 1966

Nationality: Brazilian and US citizen.

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

Direct or related person ownership: -

Committee work: -

Mario Queiroz has been a Director of the Board of Kinnevik AB since 2016. He is Vice President of Product Management at Google for consumer hardware, including smartphones, Chromecast, Google Home, VR, and others. Previously at Google, Mario led Android product management, product internationalization, and the build out of Google R&D centres outside of the United States. Prior to joining Google in 2005, Mario held a number of positions at Hewlett-Packard, including Vice President of Operations and Senior Director of Global eCommerce. Mario also served as non-executive director of Metro International 2008-2013. Mario holds BSc and MSc degrees in Electrical Engineering from Stanford University.

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: 3,200 class B shares.

Committee work: Chairman of the Audit Committee, member of the GRC Committee.

John Shakeshaft has been a Director of the Board of Kinnevik AB since 2014. He is also Deputy Chairman of the Council of Cambridge University, Chairman of Valiance Funds, Investment Director of Cornerstone Investment Managers and a trustee of the Institute of Historical Research, the London Symphony Orchestra and Trinity College, Cambridge. John served as Director of the Board of Tele2 2003-2014. 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.

Cristina Stenbeck

BOARD DIRECTOR

Born: 1977

Nationality: Swedish citizen.

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

Direct or related person ownership: 2,200 class B shares. Cristina Stenbeck owns 25.9% 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 44.5% of the share capital. Verdere S.à r.l. owns 28.3 million Class A shares, corresponding to 43.8% of the votes and 10.3% of the capital in Kinnevik.

Committee work: -

Cristina was elected Vice Chairman of the Board in 2003 and was the Chairman of the Board during 2007-2016. She currently serves as a non-executive on both the Board of one of Kinnevik's private investee companies, Babylon Health, as well as the Board of Kinnevik. She also serves on the Board of Spotify. Cristina has held Board positions in a number of Kinnevik's investee companies within e-commerce, financial services and communications, including Zalando, Invik & Co., Millicom, Tele2 and MTG. Cristina graduated with a B.Sc. from Georgetown University in Washington DC, USA.

Georgi Ganev

CEO

Born: 1976

Nationality: Swedish citizen.

Direct or related person ownership: 75,000 class B shares and 200,000 call options on class B shares, issued by Verdere S.à r.l.

Committee work: -

Georgi Ganev has been CEO of Kinnevik since 2018. He is a board member of Tele2 since 2016 and was CEO of Dustin 2012-2017. Prior to Dustin, Georgi was CMO at Telenor Sweden AB between 2010-2012, CEO of Bredbandsbolaget AB 2007-2010 and Sales & Marketing Director and Product Manager at Tele2 2002-2007. Georgi holds a MSc in Engineering in Information Technology from Uppsala University.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

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

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2017 included in the printed version of this document on pages 23-27 ensuring that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our 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. We believe that the examination has provided us with sufficient basis for our opinions.

Opinion

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 28 March 2018

Deloitte AB

Jan Berntsson

Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

SUSTAINABILITY REPORT

Statement by the Chairman of the Board

THE GAME-CHANGING POTENTIAL OF DIGITALISATION AND SUSTAINABILITY

Digitalisation and sustainability are two of the most powerful market influences in today's corporate landscape. The increasing speed and spread of digital technology such as big data, artificial intelligence and Internet of Things is not only changing business models but altering the way people live their lives. Similarly, it is increasingly recognised by investors that sustainability is one of the most important sources of both opportunities and risks for businesses.

At Kinnevik, we build digital consumer businesses. We believe in delivering both shareholder and social value for the long term by building well-governed companies that contribute positively to society. Operating in a responsible manner is critical for building value as well as valuation, and is the key to long-term sustainable growth, development and profitability. Moreover, it preserves business integrity and protects our reputation.

In the last few years, we have spent considerable time and resources shifting the business models of our businesses towards becoming more sustainable and digital. We have also focused on identifying new investment opportunities, as evidenced by our investments in for example Betterment, Babylon and Livongo, that have the potential to become leaders in terms of leveraging the opportunities of the digital era as well as in sustainability.

OUR RESPONSIBILITY AS AN ACTIVE OWNER

As an investment company, our sustainability work centres around influencing our investee companies to implement sound values and structures for sustainable development. Companies that operate in a responsible and ethical manner will be better able to offer products and services that meet the demands of their customers, as well as to recruit the best employees, thereby outperforming their competitors in the long run.

LEADING BY EXAMPLE

As a long-term and responsible owner, Kinnevik needs to lead by example. Sustainability is an integral part of Kinnevik's operations and forms part of the agenda in management discussions, annual performance reviews, staff meetings and employee dialogues. As a clear example of this approach, Kinnevik has developed a structured program that continuously trains and upskills our investment team in sustainability and responsible investing. In addition, during 2017 we have allocated a portion of the investment team's short-term incentives based on the sustainability performance of their companies.

In this time of rapid change, and with the ever-increasing expectations from various stakeholders, the ability of a Board to guide their companies over the long term is ever as important. Sustainability is at the core of Kinnevik's strategy and we aim to continue developing our sustainability work and reporting to reflect that commitment.



Tom Boardman
Chairman of Kinnevik's Board of Directors

Our approach to sustainability

Wherever we operate around the world, our focus is on building digital consumer businesses that make a positive difference to people's lives. As an active owner and lead investor, we have clear expectations on our investee companies to conduct their operations in a responsible and ethical manner.

Sustainability to Kinnevik is about creating long-term shareholder and social value by building well governed companies that contribute positively to society. Consequently, our definition of sustainability includes building sound governance, risk management and compliance structures ("GRC") in our investee companies, as well as promoting healthy social, environmental and economic systems.

The Board of Directors is responsible for Kinnevik's overall strategy, including how we approach sustainability as an integrated part of our value creation. To support the integration of sound GRC practices and our sustainability agenda into our companies, Kinnevik

established a dedicated GRC function in 2014. The purpose of the GRC function is to drive and follow up the implementation of GRC and sustainability structures in Kinnevik and our investee companies. In 2016, Kinnevik also established a GRC Committee, appointed by the Board of Directors, to assist the Board in monitoring such structures at Kinnevik and at our investee companies.

Stakeholder dialogue

Maintaining a close dialogue with our principal stakeholder groups is a central part of Kinnevik's sustainability work. The below table shows the stakeholder groups that are most important to Kinnevik and the methods we use to engage with them. The key stakeholder groups were identified through board and management discussions as those that are most affected by our operations, as well as have a high degree of influence over Kinnevik. The focus areas for each stakeholder group were raised when engaging with Kinnevik during the year.

Summary of Kinnevik's ongoing stakeholder dialogue

STAKEHOLDER GROUPS	METHODS OF ENGAGEMENT	FOCUS AREAS	RESPONSE / OUTCOME
Employees at Kinnevik and in our investee companies	Regular communication and meetings, annual and semi-annual performance reviews, annual reviews of personal objectives and compensation.	Equal opportunities, diversity, work-life balance, economic performance, business ethics, performance management, attractive compensation structures, mission and vision, culture, work environment and safety.	Structured on-boarding for new employees, talent management program, implementation and training of policies and procedures such as Code of Conduct, Whistleblower policy, Corporate Responsibility policy, Talent Management policy and Employee handbook.
Investors and analysts	Annual and Sustainability Report, interim reports and webcasts, website, investor and analyst meetings and road shows, press releases, Annual General Meetings.	Sustainable economic performance, solid governance, risk management and compliance structures, sound social and environmental practices.	Continuous communication on financial development and sustainability work, development of GRC Standards for investee companies, implementation and training of policies and procedures such as Code of Conduct, Corporate Responsibility policy and Whistleblower policy.
Investee companies	Regular communication and meetings, annual assessment according to the GRC Standards, active representation on Boards and in committees.	Sustainable economic performance, financial and operational support, sound social and environmental structures, business ethics.	Continuous operational support, review and implementation of GRC workstreams, policies and procedures, participation in financing rounds.
Authorities and regulators	Dialogue and meetings with decision makers in Swedish Government Offices, Annual and Sustainability Report.	Maintain dialogue on relevant policy and business community issues, upholding of good corporate citizenship, complying with applicable laws, regulations and standards related to sustainability.	Implementation of policies and guidelines for corporate governance, risk management, compliance and corporate responsibility.

Significant sustainability issues and scope of reporting

Kinnevik's material aspects were identified through an interactive stakeholder dialogue, coupled with peer benchmarking and industry best practice.

MATERIAL ASPECTS

When determining our material aspects, we have considered the key sustainability risks and opportunities for Kinnevik and our investee companies. These issues are the areas on which we believe it is important to focus, in our own operations and through our influence with our investee companies.

Based on our analysis of the focus areas identified through our stakeholder interactions, we consider the following aspects to be material for Kinnevik:

- **Active ownership**
- **Sound governance and business practices**
- **Sustainable economic performance**
- **Team, diversity and well-being**
- **Environmental impact**

On the following pages we describe how we approach each material aspect.

The identified material aspects reflect our Corporate Responsibility Policy, in which we outline our expectations of our investee companies with regards to sustainability, and which draws reference from international guidelines such as the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

SCOPE AND BOUNDARIES OF REPORTING

This report covers the sustainability performance of Kinnevik for the period 1 January to 31 December 2017. As Kinnevik is not an operating company, the report does not include performance information on issues that are material at an investee company level.

Kinnevik aims to have board representation in all its companies and a sizeable minority shareholding. This means that, while Kinnevik can exercise some influence over its investee companies, Kinnevik does not directly control its investee companies.

The issues identified as relevant for investee companies relate to those organisations at Group level, and does not consider issues which may be relevant for their local operations or subsidiaries.

The focus of this report is on sustainability arrangements in place at Kinnevik, and performance relating to issues from Kinnevik's own operations. Additional case study material is provided on specific initiatives at investee company level; further information on investee company performance can be found on the companies websites.

Kinnevik's economic performance is directly influenced by the economic performance of our investee companies, and therefore economic performance is only covered in this report on a parent company level.

Active ownership - Kinnevik's role as an active owner

Driving an ambitious GRC and sustainability agenda in our investee companies is central in Kinnevik's role as an active owner. We believe operating in a responsible manner is the key to achieving long-term profitable growth.

THE GRC STANDARDS

For Kinnevik, sustainability is about creating long-term shareholder and social value by building well governing companies that contribute positively to society. In 2014, Kinnevik initiated the development of a structured framework to define GRC and sustainability best practices for our companies, to measure performance and to set priorities and roadmaps. Kinnevik's Governance, Risk and Compliance ('GRC') Standards were developed based on stakeholder dialogues, peer benchmarking and industry best practice.

The GRC Standards comprise 62 standards divided into six sections and weighted according to their importance to our stakeholders, as well as their relevance to our companies' performance. An overview of the GRC Standards is provided in the table below.

The scoring process

Kinnevik performs a yearly assessment of all our larger investee companies, public and private, based on the GRC Standards. Larger companies are defined as those stated separately in our NAV reporting, or with a fair value exceeding SEK 100m per 31 December the previous calendar year. Following the completion of the assessment, Kinnevik scores the investee companies on their fulfilment of each standard. The companies are given an aggregate total GRC score which can be tracked over time.

The GRC Standards generally stretch well beyond the legal requirements in the markets where our companies operate. As such, achieving a score of 100 percent across sections is not feasible, as our companies and the conditions under which they operate constantly change.

Assessment of public companies

Our public companies perform a yearly self-assessment to evaluate their fulfilment of the GRC Standards. The self-assessment is compared to Kinnevik's assessment and any material gaps are addressed. The management team, together with Kinnevik's representative on the board and the GRC function, identify key risks and set priorities for the coming year. Following approval by the company's board or audit committee, the agreed sustainability agenda is implemented and followed-up by management.

Overview of the GRC Standards

SECTION	EXAMPLE CONTENTS	WEIGHTING
Organisation and structure	<ul style="list-style-type: none"> Structure of responsibilities Agenda of the Board Management incentives 	11%
Governance	<ul style="list-style-type: none"> Membership and committees of the Board Code of Conduct Whistleblowing system 	32%
Risk management	<ul style="list-style-type: none"> Policy and framework Organisation 	8%
Compliance	<ul style="list-style-type: none"> Business ethics and anti-corruption Privacy and data protection Anti-trust/competition policy 	20%
Corporate responsibility	<ul style="list-style-type: none"> Supply chain compliance Employee development, health safety and wellbeing Human rights Environment 	23%
Information security	<ul style="list-style-type: none"> Business continuity 	6%

Assessment of private companies

Private companies at an earlier stage of development generally benefit from active support on a management level to implement the GRC standards. Their sustainability performance is assessed yearly by Kinnevik's GRC function together with the company's management. A roadmap is defined and adopted by the company's board, where Kinnevik is represented.

Outcome of the 2017 GRC assessment

The assessment for 2017 included 18 companies, 5 public and 13 private, corresponding to ca 98% of Kinnevik's portfolio value. A key reflection from this year's assessment is that most companies have made good progress in developing sound GRC organisations and structures. For example, Zalando has published a Modern Day Slavery Act Statement that shows how they work across their supply chain to protect human rights. BIMA has signed an Anti-Corruption Memorandum of Understanding together with other multinational companies operating in Cambodia to fight corruption in the country. GFG has issued guidelines to its operating entities on the responsible recruitment and employment of migrant labourers.

Information security is an area where many companies are still in early stages of development and therefore tend to have lower scores. With the introduction of EU's General Data Protection Regulation ('GDPR'), companies must make significant changes to their internal processes and systems to comply with this regulation. All our investee companies that are under the scope of the GDPR have roadmaps with initiatives to comply with the regulations by 25 May 2018. Other topics that are high on our agenda for next year are risks related to cyber security and supply chain. For companies that operate in high risk markets, we are working closely with the management teams to ensure adequate processes are implemented to mitigate corruption risk. The key corruption risks in Kinnevik's portfolio relate to certain emerging markets when dealing with government authorities, particularly within the supply chain.

Target for 2018

The target for the reporting year 2018 is to improve the scores across all sections of the GRC Standards, for public and private companies.

Sound governance and business practices

As a responsible and active owner, Kinnevik aims to be a role model for our investee companies. Important sustainability aspects for us as an investment company includes having a clear organisation, strong policies and structured processes in place, as well as robust governance, risk management and compliance arrangements.

GOVERNANCE

The basis for corporate governance in Kinnevik is Swedish legislation, the Nasdaq Stockholm Rule Book for Issuers, and the regulations and recommendations issued by relevant self-regulatory bodies. Kinnevik follows the Swedish Corporate Governance Code (Swedish: Svensk kod för bolagsstyrning).

The responsibility for sustainability is split between Kinnevik's Board, GRC Committee, Risk Committee, CEO and General Counsel. The Board is responsible for Kinnevik's overall strategy, including sustainability, and is well familiar with Kinnevik's sustainability policies and procedures.

The GRC Committee constitutes a subset of the Board of Directors and is appointed by the Board to assist in monitoring the governance structures of Kinnevik's investee companies, Kinnevik's risk management process and compliance with laws, regulations and codes of conduct. More information about Kinnevik's governance bodies and their work is available on page 23-27 in the Annual Report 2017.

Kinnevik's key sustainability policies are our Code of Conduct, Whistleblower Policy and Corporate Responsibility Policy. All employees and representatives of Kinnevik are expected to comply fully with the Code of Conduct. Kinnevik has an onboarding process for new employees that introduces them to the Code of Conduct, which includes anti-bribery and business ethics, and to other key policies and procedures. In addition, Kinnevik conducts mandatory annual Code of Conduct training for all employees.

As outlined in the Whistleblower Policy, Kinnevik expects all employees, as well as relevant third parties who deal with the company, to come forward and voice all serious concerns about any aspect of Kinnevik's work. In the Corporate Responsibility Policy, we outline Kinnevik's expectations in relation to our investee companies' sustainability performance.

A part of senior managements' compensation is linked to the sustainability performance of our investee companies.

RISK MANAGEMENT

Kinnevik's Board is responsible for internal control in accordance with the Swedish Companies Act (Swedish: Aktiebolagslagen) and with the Swedish Corporate Governance Code. Kinnevik's risk framework is outlined in the Risk Management Policy. Kinnevik's management has established a Risk Committee that meets at least once every quarter to review key risks, developments since the previous meeting and the efficiency of mitigating actions. The work of the Risk Committee is presented to the GRC Committee and the Audit Committee on a periodic basis.

COMPLIANCE

Kinnevik's compliance framework is mainly focused on compliance with the laws and regulations that govern listed companies in Sweden, such as the Nasdaq Stockholm Rule Book for Issuers, the European Union Market Abuse Regulation (No 596/2014), SFSA's Guide for Listed Companies (Swedish: Vägledning för Börs- och MTF-bolag), and other laws and regulations relating to Kinnevik's operations and investment activities. The GRC Committee and the Audit Committee receive periodic updates on compliance status. Kinnevik conducts mandatory annual compliance training for all employees, as well as periodic deep-dives on specific matters such as anti-corruption and supply chain.

SUSTAINABILITY DUE DILIGENCE FOR NEW INVESTMENTS

Sustainability is a separate due diligence work stream for all Kinnevik's new investments in private companies. All potential new investments are evaluated in terms of their sustainability performance and structures, and the key risks are identified. We use the GRC Standards as a basis for the sustainability due diligence, which is conducted through discussions and interviews with the company's management team. The sustainability due diligence includes, among other aspects, human rights screening and a corruption risk assessment. 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.

During 2017, Kinnevik invested in consumer digital healthcare company Livongo. As with all new investments, Livongo was subject to sustainability due diligence to ensure the company would meet our expectations. Identified issues were discussed with the management team and we aim to implement a sustainability roadmap for the company during 2018.

Sustainable economic performance

Being a financially strong company is necessary to create long-term value for our stakeholders, and to support our companies in achieving profitable growth in a sustainable manner.

2017 PERFORMANCE

During 2017, Kinnevik's Net Asset Value increased by 25 percent to SEK 90.6bn (72.4), mainly driven by strong performance in our listed e-commerce and communication assets. Total investments for the year amounted to SEK 4.8bn (3.4), of which SEK 3.7bn into Com Hem. Total divestments amounted to SEK 5.3bn (0.6), of which SEK 4.1bn was attributable to Rocket Internet and SEK 1.0bn to Lazada. Kinnevik ended 2017 in a net debt position of SEK 1.1bn (1.4), corresponding to a leverage of 1 (2) percent of portfolio value.

Kinnevik does not consolidate its operating subsidiaries and has a negative operating result, and is therefore not subject to corporation tax.



Kinnevik's economic value generated and distributed during 2017, SEKm

Economic value generated

Dividends received	2,260
Divestments of financial assets	5,280
Interest received	10

Economic value distributed

(2,201)	Dividend paid
(4,774)	Investments in financial assets
(201)	Operating expenses including employee wages
(76)	Interest paid

14%

PAST 30 YEARS

11%

PAST 10 YEARS

21%

PAST 5 YEARS

31%

PAST 12 MONTHS

Total shareholder return is calculated on the basis of shareholders reinvesting all cash dividends, dividends in kind and mandatory share redemption proceeds into the Kinnevik share.

Team, diversity and well-being

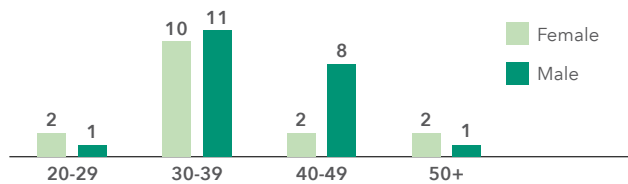
Our greatest asset is and has always been our people and as such, attracting and retaining top talent is a key priority. Kinnevik regards diversity as a lever for value creation, and we make full use of the opportunities that arise from employing a team with different backgrounds and perspectives.

A SMALL AND DIVERSE TEAM

While the nature of our work changes frequently, our core values do not. Kinnevik's team members share an entrepreneurial spirit, as well as a belief in long-term business building, long-lasting partnerships, accountability, adaptability and responsible investing.

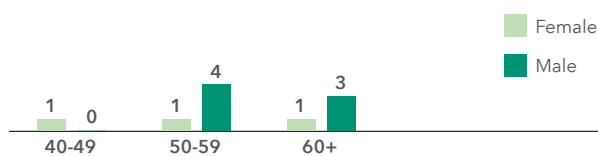
Kinnevik strongly advocates diversity and equal opportunities. This is reflected in the composition of our organisation, where a total of eleven different nationalities are represented. Kinnevik's organisation comprised 37 (40) people on average during 2017, with 23 people based in the Stockholm office and 14 people in the London office (full-time equivalents "FTE"). The investment management organisation is mainly based in London and consisted of 11 professionals committed to the development of our existing investee companies, and to the identification of new potential investments. In addition, during 2017 Kinnevik employed 26 people across Finance, Legal, Sustainability, Corporate Communications, Human Resources and Administration. All employees are on full-time permanent contracts.

Age distribution of employees in 2017 (FTE)



The proportion of women employed at Kinnevik was 43 (42) percent (FTE average) for 2017. The proportion of women in Kinnevik's investment organisation was 16 (17) percent, and on the Board of Directors 30 (22) percent. Over the next few years, we aim to increase the proportion of women in both the investment team and on the Board.

Age distribution of the Board of Directors in 2017 (FTE)



AN ATTRACTIVE EMPLOYER

Kinnevik offers our employees continuous opportunities for personal growth in order to develop their professional skill set and to take increasing responsibility for value creation at Kinnevik and our companies. The small size of our organisation enables us to personalise career development and training opportunities for each employee. Ongoing assessments of employees' performance and

New employee hires and employee turnover during 2017

NEW HIRES					TOTAL	RATE
Sweden	20-29	30-39	40-49	50+		
Women	0	2	0	0	2	9%
Men	0	0	0	0		
UK						
Women	0	1	0	0	2	14%
Men	1	0	0	0		
TURNOVER					TOTAL	RATE
Sweden	20-29	30-39	40-49	50+		
Women	1	0	0	0	4	17%
Men	0	2	0	1		
UK						
Women	0	0	0	0	1	7%
Men	0	1	0	0		

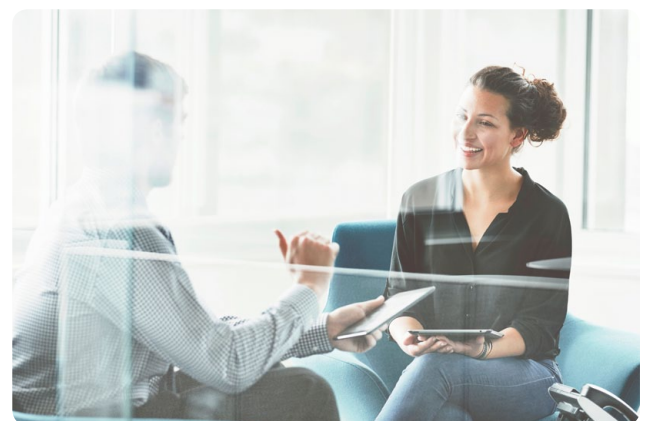
Note: New hire and turnover rate is calculated in relation to the FTE average number of employees in each region during the year.

success in meeting their objectives are key in order to ensure that Kinnevik offers the right personal development tools at an individual and group level. All employees participate in yearly performance reviews and have individual objectives that are reviewed twice a year.

Kinnevik added four new people to the team during 2017, and four people left Kinnevik, excluding termination due to end of fixed-term contract or retirement. We had a total new hire rate of 11 (15) percent and a turnover rate of 13 (13) percent for 2017.

Kinnevik encourages employees to take parental leave. In 2017, the average parental leave taken was 3 (26) weeks for men and 48 (36) weeks for women. This refers to parental leave that started during 2017 and includes the full number of weeks requested. The leave may therefore be completed during the following year.

The low level of sick leave, below 1 (<1) percent of total working time, highlights Kinnevik's efforts to improve our employees' health through healthcare insurance and other initiatives.



Environmental impact

All companies have a carbon footprint. We believe it is important to track, offset and reduce Kinnevik's footprint in order to be a role model for our investee companies.

GREENHOUSE GAS EMISSIONS ESTIMATE

Kinnevik conducts a yearly greenhouse gas ("GHG") emissions estimate which quantifies the total greenhouse gases produced directly and indirectly by our operations. This is Kinnevik's second yearly estimate and it provides us with a tool to monitor and reduce our climate change impacts. The GHG assessment quantifies all seven Kyoto greenhouse gases where applicable and is measured in units of carbon dioxide equivalence, or CO₂e.

The results of the report are summarized below, and the full Greenhouse Gas Report is available on our website www.kinnevik.com. The report includes Kinnevik AB and Kinnevik Capital Ltd.

Result of the 2017 GHG assessment

During 2017, Kinnevik generated 602 (591) tonnes of CO₂e in total, corresponding to 16.1 (14.8) tonnes per full time equivalent employee.

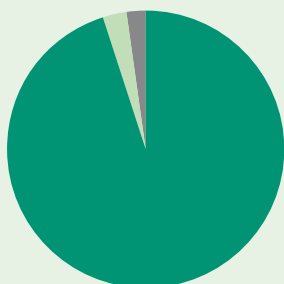
Summary by Greenhouse Gas

GREENHOUSE GAS	GLOBAL WARMING POTENTIAL	TONNES CO ₂ E
Carbon dioxide (CO ₂)	1	527
Methane (CH ₄)	25	0.029
Nitrous oxide (N ₂ O)	298	2.55
Other gases	1	73.2
TOTAL		602

Kinnevik's 2017 emissions

Summary by Activity

ACTIVITY	TONNES CO ₂ e	
Business travel	572	95%
Premises	16	3%
Company-owned / leased vehicles	13	2%
Materials purchased	2	0%
TOTAL	602	100%



Kinnevik continuously strives to reduce its carbon footprint. Our most material environmental impact is business travel, consisting almost entirely of air travel, accounting for 95 (91) percent of total emissions in 2017.

Methodology and assumptions

The assessment has been carried out in accordance with the World Business Council for Sustainable Development and World Resources Institute's Greenhouse Gas Protocol; a Corporate Accounting and Reporting Standard, including the GHG Protocol Scope 2 Guidance. This protocol is considered current best practice for corporate or organisational greenhouse gas emissions reporting.

All use of company owned cars during 2017 has been included in the assessment, although they are primarily used by employees outside of work for personal purposes. Gas is subject to fringe benefits tax.

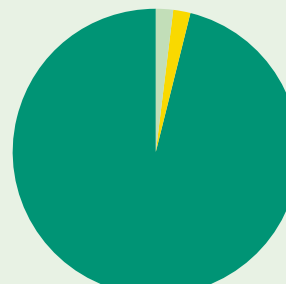
District heating and electricity in the Stockholm office is already subject to a carbon offsetting program directly through the suppliers.

CARBON OFFSETTING - KINNEVIK IS CARBON NEUTRAL

In order to take responsibility for our carbon footprint, Kinnevik offsets our emissions in full. For every tonne of carbon emission caused by Kinnevik's own operations, we offset one tonne of carbon in order to achieve net carbon neutrality. For 2017, Kinnevik offset our carbon footprint by contributing to a community-based reforestation initiative in the municipality of San Juan de Limay in Nicaragua. The initiative is designed and verified to the Plan Vivo Standard, the oldest standard for certification of climate protection projects in the field of land usage. The projects have to pursue a holistic approach, fighting deforestation and poverty while focusing on reforestation.

Summary by Scope

SCOPE	TONNES CO ₂ e	
1 Company-owned / leased vehicles	11	2%
2 Power consumption and distance heating	15	2%
3 Business trips and waste disposal	577	96%
TOTAL	602	100%



Contributing to the Sustainable Development Goals

As a signatory of the UN Global Compact, Kinnevik is committed to the promotion of the universal principles on human rights, labour, environment and anti-corruption. In September 2015, the United Nations introduced its 2030 Agenda for Sustainable Development supported by 17 Sustainable Development Goals (SDGs). The Agenda is a plan of action for people, planet and prosperity adopted by UN General Assembly. In 2017, Kinnevik reviewed how our operations, including our influence through investee companies, can contribute to the SDGs. Below are examples where Kinnevik has identified opportunities and contribute.

SDG 1 - NO POVERTY

Kinnevik invests in developing countries and thereby contributes to the mobilization of resources and to the development of these countries. BIMA, for example, offers insurance products via mobile phones in developing countries, often to people who have never had insurance before. Bayport provides unsecured credit and other financial services in Africa and Latin America, thereby contributing to financial inclusion. Read more about BIMA and Bayport on page 12 in the Annual Report, as well as in the case studies on the next page.

SDG 3 - GOOD HEALTH AND WELL-BEING

Scalable solutions that improve access to, and quality of, healthcare is one of Kinnevik's focus areas for new investments. In January 2016 Kinnevik made its first investment in UK based digital healthcare service Babylon. Furthermore, in March 2017 Kinnevik invested in Livongo, a US based consumer digital health company focusing on diabetes management, one of the largest and fastest growing chronic conditions globally. Read more about Babylon and Livongo on page 12 in the Annual Report, as well as in the case study about Babylon on the next page.

SDG 5 - GENDER EQUALITY

Kinnevik's Code of Conduct states that all employees shall have equal opportunities based on competencies, experience and performance, regardless of gender. Kinnevik also encourages all employees to take parental leave. Read more about diversity and equality in Kinnevik's team on page 35 in the Annual Report.

A key focus area in promoting the GRC Standards in our investee companies includes the adoption and implementation of a Code of Conduct containing provisions on gender equality. The GRC Standards state that investee companies should adopt an anti-discrimination policy. In addition, we actively engage with our investee companies to increase the representation of women on their boards.

SDG 8 - DECENT WORK AND ECONOMIC GROWTH

According to Kinnevik's Code of Conduct, Kinnevik shall offer healthy and safe workplaces for all employees at all times. We work actively with our investee companies to implement their own Code of Conduct covering labour rights and safe working environments. Most of the large companies we invest in have implemented a supplier code of conduct that deals with decent work environment. An example related to our largest private company Global Fashion Group is included on the next page.

SDG 16 - PEACE, JUSTICE AND STRONG INSTITUTIONS

Kinnevik's Code of Conduct and GRC Standards states that Kinnevik and its investee companies have a zero tolerance to bribery and other forms of corruption. Read more about BIMA's partnership with the Anti-Corruption Unit in Cambodia on the next page.

KINNEVIK'S CODE OF CONDUCT

As evidence of Kinnevik's commitment to conducting its business to the highest ethical standards, we have adopted a Code of Conduct which all officers and employees of Kinnevik are expected to fully comply with. The Code of Conduct includes principles on anti-bribery and business ethics, human rights, equal opportunities, treating colleagues with respect and the upholding of labour standards, among others. In addition, the GRC Standards, with which we track and promote sustainability progress in our investee companies, reflect our expectations on our companies and their suppliers in these areas.

The UN Sustainable Development Goals



SDG 1: BAYPORT - financial credit



Bayport provides financial solutions to formally and informally employed individuals in emerging markets. The company's operations span 9 countries across Africa and Latin America.

As a leader in emerging markets, Bayport offers its customers in Botswana, Colombia, Ghana, Mexico, Mozambique, South Africa, Tanzania, Uganda and Zambia unique and tailored savings, transacting, insurance and credit solutions.

SDG 3: Babylon - digital healthcare



Babylon is a digital healthcare service operating in the United Kingdom, Ireland and Rwanda. Combining mobile tech and artificial intelligence with medical expertise, Babylon's mission is to make healthcare more accessible and affordable for people everywhere.

Almost half of the global population has little access to quality healthcare. Yet irrespective of where we live, most of us have a mobile phone in our pocket. Babylon combines the latest technology with the knowledge and experience of the best doctors to make healthcare simpler, better, and more accessible and affordable for people everywhere.

SDG 8: Global Fashion Group - fashion



Global Fashion Group (GFG) is an online fashion destination for growth markets. GFG operates with five branded platforms, Lamoda, Dafiti, Zalora, The Iconic, and Namshi, offering over 3,000 international and local brands across 24 countries with a 1.9 billion population, addressing a fashion market estimated to be worth EUR 300bn.

GFG has issued guidelines to its operating entities on the responsible recruitment and employment of migrant labourers. Its Code of Conduct addresses employment practices, working conditions, environmental protection and compliance.

SDG 16: BIMA - insurance



Milvik offers, under the brand BIMA, affordable and uniquely designed life and health insurance products via mobile phones. BIMA is active in 14 countries across Africa, Asia, Latin America and the Caribbean.

The largest life-insurance provider in Cambodia, BIMA, and the Anti-Corruption Unit (ACU), officially partnered to increase transparency in business practices, signing a memorandum of understanding at ACU headquarters. In a country where corrupt practices make up everyday life, disassembling Cambodia's culture of corruption is only possible with the cooperation of the private sector.

GRI Index

Kinnevik's Sustainability Report refers to the calendar year 2017 and is prepared in accordance with the Global Reporting Initiative's ("GRI") guidelines for sustainability reporting, specifically Version G4 at the Core level in addition to relevant sections of GRI G4 Sector Disclosures for Financial Services. For a description of how we identified the Material Aspects, refer to page 31 in the Annual Report. This is Kinnevik's second Sustainability Report, and Kinnevik intends to continue this reporting on an annual basis. The Sustainability Report 2017 has been subject to a limited assurance review, see statement on page 41.

DISCLOSURES ON MANAGEMENT APPROACH

Economic (GRI Material Aspect; Economic Performance)

Kinnevik recognizes that the key to long term sustainable growth and profitability is ensuring we operate in a responsible manner. Equally we believe that good sustainability performance is a prerequisite for good economic performance. We have allocated a portion of the short-term incentives of our investment team to be based on the GRC performance of their companies. Kinnevik has developed a structured program that continuously trains and upskills our investment team in sustainability and responsible investing.

Environmental (GRI Material Aspect; Emissions)

Kinnevik conducts a yearly greenhouse gas emissions estimate which quantifies the total greenhouse gases produced directly and indirectly by our operations. This is Kinnevik's second yearly estimate and it provides us with a tool to monitor, raise awareness and reduce our climate change impacts.

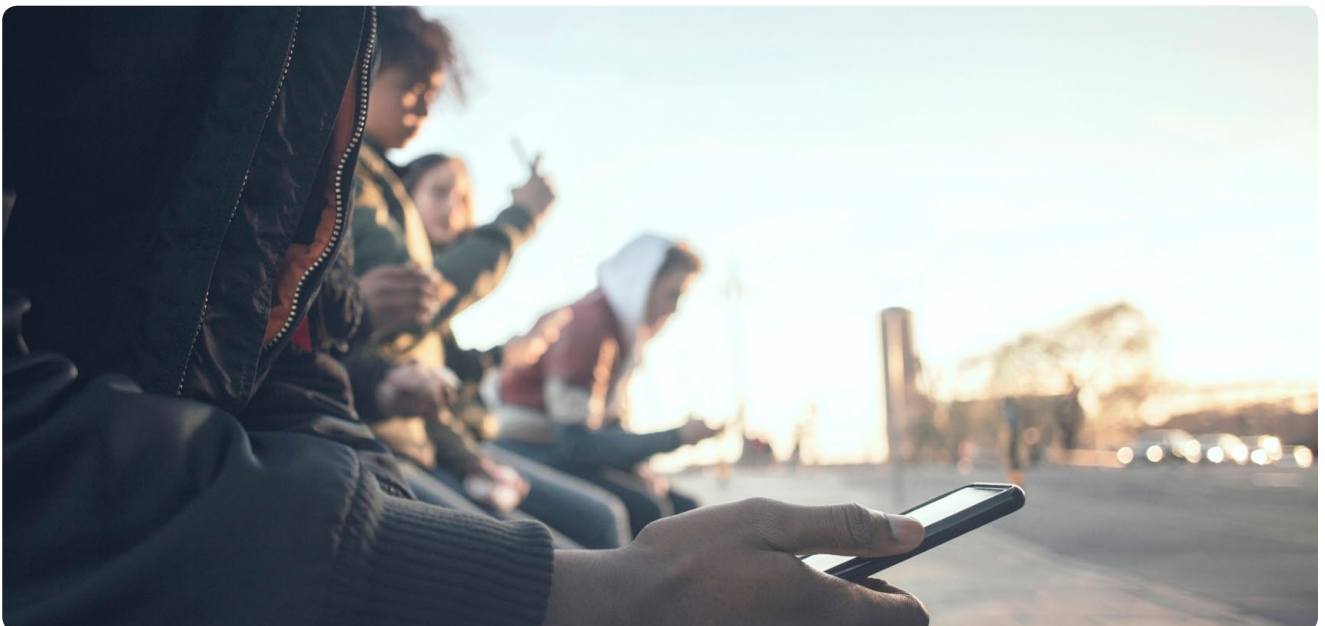
For more information about our emissions, see Kinnevik's Greenhouse Gas Protocol Report 2017 available on www.kinnevik.com.

Social (GRI Material Aspects; Employment, Training and Education, Diversity and Equal Opportunity, Investments, Product Responsibility Disclosures for the Financial Services Sector, Anti-corruption and Compliance)

The small size of our organisation enables us to personalise career development and training opportunities for each employee. Ongoing assessments of employees' performance and success in meeting their objectives are key in order to ensure that Kinnevik offers the right personal development tools at an individual and group level. All employees participate in yearly performance reviews and have individual objectives that are reviewed twice a year.

During 2017, we updated our GRC Standards and introduced a framework to measure GRC performance in our companies. The GRC Committee and the Audit Committee receive periodic updates on compliance status with the material provisions of governing laws, regulations and guidelines. Kinnevik conducts mandatory annual compliance training for all employees, as well as periodic deep-dives on specific matters such as anti-corruption and supply chain.

Our Code of Conduct, Whistleblower Policy, Talent Management Policy and Employee handbook set out both our commitments and expectations towards our employees in the way we do business.



GRI INDICATOR	REPORTED (Y/N)	COMMENT	PAGE IN AR
G4-1	Chairman's statement about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	Y	29
G4-3	Name of the organisation	Y	42
G4-4	Primary brands, products and services	Y	5-7
G4-5	Location of the organisation's headquarters	Y	42
G4-6	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	Y	8-9
G4-7	Nature of ownership and legal form	Y	18-19, 42
G4-8	Markets served	Y	5, 8-9
G4-9	Scale of the organisation	Y	20, 35, 42
G4-10	Breakdown of workforce	Y	All employees are on full time contracts. 35
G4-11	Percentage of total employees covered by collective bargaining agreements	Y	No (zero) employees are covered by such agreements. However, freedom of assembly and association is clearly stated in our Code of Conduct.
G4-12	Organisation's supply chain	Y	Kinnevik's purchases include services and products to office operations in Stockholm and London and consultancy in the acquisition and sales processes as well as development procedures. Suppliers operate primarily in the Nordic countries and the UK.
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain	Y	No significant changes this year.
G4-14	Whether and how the precautionary principle is addressed by the organisation	Y	See Kinnevik's Corporate Responsibility Policy. Link
G4-15	External developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses	Y	UN Global Compact, GRI G4 Sustainability Reporting Guidelines and Our Impacts.
G4-16	Memberships of associations and national or international advocacy organisations	Y	Stockholm Chamber of Commerce and Stockholm School of Economics.
G4-17	Entities included in the organisation's consolidated financial statements or equivalent documents	Y	71-72
G4-18	Process for defining the report content and the Aspect Boundaries	Y	30-31
G4-19	Material Aspects identified in the process for defining report content	Y	30-31
G4-20	For each material Aspect, the Aspect Boundary within the organisation	Y	Active ownership concerns our investee companies, and all other aspects concerns Kinnevik's own operations. 31
G4-21	For each material Aspect, the Aspect Boundary outside the organisation	Y	See above. 31
G4-22	The effect of any restatements of information provided in previous reports	Y	No restatements have been made.
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	Y	No significant changes have been made.
G4-24	Stakeholder groups engaged by the organisation	Y	30
G4-25	Basis for identification and selection of stakeholders with whom to engage	Y	30
G4-26	Approach to stakeholder engagement	Y	Stakeholders have not been specifically consulted in preparation of the Sustainability Report 2017. 30
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns	Y	30
G4-28	Reporting period for information provided	Y	31
G4-29	Date of most recent previous report	Y	The Sustainability Report 2016 covers the sustainability performance of Kinnevik for the period 1 January to 31 December 2016.
G4-30	Reporting cycle	Y	31
G4-31	Contact point for questions regarding the report or its contents	Y	Torun Litzen, Director of Corporate Communications; +46 8 562 000 83
G4-32	The 'in accordance' option the organisation has chosen; the GRI content index for the chosen option	Y	39
G4-33	Policy and current practice with regard to seeking external assurance for the report	Y	The Sustainability Report 2017 has been subject to a limited assurance review.
G4-34	Governance structure of the organisation, including committees of the highest governance body; any committees responsible for decision-making on economic, environmental and social impacts	Y	23-27, 33
G4-56	Organisation's values, principles, standards and norms of behaviour	Y	29, 35
G4-DMA	Generic Disclosures on Management Approach	Y	39
ECONOMIC PERFORMANCE			
G4-EC1	Direct economic value generated and distributed	Y	34
EMISSIONS			
G4-EN15	Direct greenhouse gas emissions (Scope 1)	Y	Company-owned or long-term leased vehicles. 36
G4-EN16	Energy indirect greenhouse gas emissions (Scope 2)	Y	Power consumption and district heating. 36
G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	Y	Business trips by plane, train and taxi, office material/paper consumption and waste from properties. 36
EMPLOYMENT			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Y	35
TRAINING AND EDUCATION			
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Y	100% of employees. 35
DIVERSITY AND EQUAL OPPORTUNITY			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Y	25-27, 35
INVESTMENTS			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Y	All Kinnevik's new investments in private companies are subject to a sustainability due diligence process. 32-33
SECTOR SPECIFIC INDICATORS: PRODUCT RESPONSIBILITY DISCLOSURES FOR THE FINANCIAL SERVICES SECTOR			
G4-FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Y	All Kinnevik's larger investee companies are covered by the GRC standards. 32
ANTI-CORRUPTION			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Y	All Kinnevik's larger investee companies are covered by the GRC standards. 32
G4-SO4	Communication and training on anti-corruption policies and procedures	Y	All Kinnevik's larger investee companies are covered by the GRC standards. 32-33
COMPLIANCE			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Y	No fines or non-monetary sanctions were received during 2017.

AUDITOR'S LIMITED ASSURANCE REPORT ON KINNEVIK AB'S SUSTAINABILITY REPORT

This is the translation of the auditor's report in Swedish.

TO KINNEVIK AB (PUBL)

Introduction

We have been engaged by the Board of Directors of Kinnevik AB (publ) ("Kinnevik AB") to undertake a limited assurance engagement of the Kinnevik AB Sustainability Report for the year 2017. The Company has defined the scope of the Sustainability Report in the GRI index on pages 39-40 in the Annual Report.

Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 39 in the Annual Report, and are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative (GRI)) which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Kinnevik AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Accordingly, the conclusion of the procedures performed do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

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

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm 28 March 2018

Deloitte AB

Jan Berntsson
Authorized Public Accountant

Lennart Nordqvist
Expert Member of FAR

BOARD OF DIRECTORS' REPORT

Kinnevik is an industry focused investment company with an entrepreneurial spirit. Our purpose is to build digital businesses that provide more and better choice. We do this by working in partnership with talented founders and management teams to create, develop and invest in fast growing businesses in developed and emerging markets. We believe in delivering both shareholder and social value by building companies that contribute positively to society. Kinnevik was founded in 1936 by the Stenbeck, Klingspor and von Horn families.

Kinnevik is a publicly traded company and its 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)	2017	2016	2015	2014	2013
Equity	90 633	72 434	83 464	84 206	65 319
Equity/assets ratio, %	97%	97%	98%	98%	97%
Net cash/(Net debt) (incl. debt unpaid investments)	-1 062	-1 309	7 568	402	2 435
Debt/equity ratio, multiple	0.03	0.02	0.02	0.02	0.02
Net asset value	90 633	72 434	83 517	84 370	65 527
Net asset value per share, SEK	329	263	301	304	236
Net asset value growth	25%	-13%	-1%	29%	11%
Kinnevik market capitalization	76 042	60 223	72 680	70 727	82 641
Market price class B share at 31 December, SEK	276	219	262	255	298
Dividend per share, SEK	8.25 ¹⁾	8.00	7.75	7.25	7.00
Share redemption program per share, SEK	-	-	18.00	-	-
Total shareholder return %	31%	-6%	5%	-12%	125%
Fair value, E-commerce & Marketplaces	42 674	40 829	40 452	42 854	20 898
<i>Share of total net asset value</i>	47%	55%	53%	51%	33%
Fair value, Communication	40 518	25 956	30 003	34 904	34 079
<i>Share of total net asset value</i>	44%	35%	39%	41%	54%
Fair value, Entertainment	4 922	4 089	3 427	3 925	5 686
<i>Share of total net asset value</i>	5%	6%	5%	5%	9%
Fair value, Financial Services, Healthcare and Other	3 581	2 927	2 077	2 557	2 730
<i>Share of total net asset value</i>	4%	4%	3%	3%	4%
Total portfolio value (excl. net cash/net debt)	91 695	73 801	75 959	84 240	63 393
Change in fair value of financial assets (incl. dividends received)	20 655	-3 236	1 447	21 844	8 880
Profit/loss for the year	20 359	-3 459	1 207	20 863	8 429
Earnings per share	73.90	-12.55	4.35	75.27	30.51
Cash flow from operations (excluding dividend received)	-267	-237	-209	-34	-84
Cash flow from investments in financial assets	-4 843	-3 330	-1 590	-1 581	-2 088
Cash flow from sale of shares and other securities	5 304	480	8 259	61	3 894
Dividends received	2 260	1 733	2 984	1 400	5 828
Dividend paid	-2 201	-7 084	-2 011	-1 941	-1 803
Cash flow for the year	1 475	-8 557	7 490	-2 373	3 513

For definitions of financial key ratios, refer to page 79.

¹⁾ Proposed cash dividend 2018

Note: Comparable figures 2013-2014 are not adjusted for the change in accounting to Investment Entity according to IFRS 10 from 1 January 2016

The financial statements were approved by the Board of Directors on 28 March 2018 and the Board of Directors and the CEO hereby present the annual report and consolidated financial statements for the 2017 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 21 May 2018.

The consolidated accounts comprise only subsidiaries that only own shares in investee companies or provide services mainly to the Parent company. Other subsidiaries are valued at fair value through the income statement.

The figures in this report pertain to the full-year 2017. The figures in parentheses pertain comparative figures for 2016 unless otherwise stated.

KEY EVENTS DURING 2017

Kinnevik invested approximately SEK 4.8bn in 2017, of which SEK 3.7bn for a 18.5% stake in Com Hem and the remainder was into existing portfolio companies of which the most significant individual investments were:

- SEK 0.6bn into Betterment
- SEK 0.1bn into Livongo
- SEK 0.1bn into Babylon
- SEK 0.1bn in Bima

During the year Kinnevik divested shares for a total consideration of SEK 5.3bn of which SEK 4.1bn from the sale of all shares in Rocket Internet and SEK 1.0bn from the sale of the remaining shareholding in Lazada.

CONSOLIDATED EARNINGS

The change in fair value of financial assets, including dividends received, amounted to a profit of SEK 20,655m (loss of 3,236) for the year, of which a profit of SEK 21,099m (loss of 2,920) pertained to listed holdings and a loss of SEK 444m (loss of 316) pertained to unlisted financial assets; refer to Note 3 for the Group for more details.

CASH FLOW AND INVESTMENTS

The Group's cash flow from operating activities amounted to SEK 1,993m (1,496) during the year, of which dividends received amounted to SEK 2,260m (1,733). During the year, Kinnevik signed agreements to invest SEK 4,774m in other shares and securities, while cash paid on investments amounted to SEK 4,843m. Divestments of other shares and securities contributed to the cash flow by SEK 5,304m, see Note 6 for the Group for more details.

LIQUIDITY AND FINANCING

Total net debt amounted to SEK 1,062m (net debt 1,309) as at 31 December 2017.

Kinnevik had available credit facilities of SEK 6,130m as at 31 December 2017 and SEK 2,850m in outstanding bonds.

Available cash and cash equivalents, including unutilized available credit facilities, totalled SEK 7,995m (6,053) at 31 December 2017.

For more information about the interest-bearing borrowing, see Note 10 for the Group.

Borrowing primarily occurs in SEK. During 2017, the Group did not have any significant cash flows in foreign currency except for dividends received and investment activities.

RISKS AND UNCERTAINTIES

Kinnevik 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.

Kinnevik'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.

Operational risks are managed within each company with an operating business.

Kinnevik 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 and South East Asia.

For a more detailed description of Kinnevik's risks and uncertainties, as well as risk management, refer to Note 17 for the Group.

PARENT COMPANY

The main financial items 2017 for the Parent Company were the following:

- Administration costs: SEK 235m (245)
- External dividends received: SEK 857m (786)
- Result from wholly owned companies: SEK 8,411m (loss of 3,431)
- Loss after financial items: SEK 9,015m (loss of 2,928)

During the year, the Parent Company paid shareholders' contributions to subsidiaries totaling SEK 4,721m (1,948) to finance external investments mainly within Communication and E-Commerce, as well as group internal transfers. During 2017, the Parent Company received repayment of shareholders' contribution of SEK 3,989m following the sale of financial assets within E-Commerce.

The Parent Company's cash and cash equivalents, including short-term investments and unutilised credit facilities, totalled SEK 7,918m (6,447) at 31 December 2017. The interest-bearing external liabilities amounted to SEK 2,855m (1,627) on the same date.

SHARE CAPITAL

As of 31 December 2017, the number of shares in Kinnevik AB amounted to 275,466,638, of which 41,157,144 are class A shares carrying ten votes each and 234,309,494 class B shares carrying one vote each (of which 350,479 held in treasury).

During the year 424 class B shares have been delivered to a participant in a long term incentive plan.

The AGM on 8 May 2017 resolved the Board of Director's proposed treatment of unappropriated earnings and to authorize the Board to resolve on a new issue of class C shares to ensure delivery of shares to participants in Kinnevik's long-term incentive plan for 2017.

The Board of Directors is authorised to repurchase a maximum of 10% of all shares in the company during a 12 months period ending at the AGM 2018. This authorization was not utilised during 2017.

There are no convertibles or warrants in issue.

As per 31 December 2017, 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 43.8%. To the knowledge of the Board, there are no shareholder agreements or share associations in Kinnevik.

GUIDELINES FOR REMUNERATION FOR SENIOR EXECUTIVES

The Board proposes the following guidelines for 2018 for remuneration for 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 for the Senior Executives shall consist of an annual fixed salary, short-term variable remuneration paid in cash ("STI"), the possibility to participate in long-term share or cash-based incentive plans ("LTI"), 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 is based on the Senior Executive's competence, area of responsibility and market benchmarks.
- The STI shall be based on performance in relation to established targets. The targets shall be individual and measurable as well as linked to specific performance, processes and transactions. The STI can amount to a maximum of 100 percent of the fixed salary. Payment of part of the STI is conditional upon a portion of it being invested in Kinnevik shares, until the Senior Executive has a shareholding in Kinnevik corresponding to his or her annual fixed salary, net after taxes.
- The LTI shall require an own investment and ensure a long-term commitment to the development of Kinnevik. The LTI shall be linked to certain pre-determined performance criteria, based on Kinnevik's share price and value growth of Kinnevik and Kinnevik's private portfolio.
- 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 insurance.

- 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 notice of termination of employment is 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, may in certain cases 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 a 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 paid out during 2017, please refer to Kinnevik's 2017 Annual Report, Note 16 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.

Attractive Returns

Kinnevik's objective is to generate a long term total return to our shareholders in excess of our cost of capital. We aim to deliver an annual total shareholder return of 12-15% over the business cycle.

Low Leverage

Given the nature of Kinnevik's investments, our goal is to carry low leverage, not exceeding 10% of portfolio value.

Increasing Shareholder Remuneration

Kinnevik aims to pay an annual dividend growing in line with dividends received from our investee companies and the cash flow generated from our 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).

Follow-up on outcome in 2017

Area	Target	Outcome 2017
Return	Annual TSR of 12-15% over the cycle ¹⁾	+31% (1 year) +21% (5 years) +11% (10 years)
Leverage	Low leverage	1%
Dividend	Growing shareholder remuneration	+3%

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

ORGANISATION

On 1 February 2018, Christoph Barchewitz, Investment Director, left Kinnevik to join its portfolio company Global Fashion Group as Co-CEO.

EVENTS AFTER THE REPORTING PERIOD

On 1 January 2018, Georgi Ganey joined Kinnevik as CEO.

On 10 January 2018, Tele2 and Com Hem announced that their Boards of Directors had agreed to merge the two companies to create a leading integrated operator.

On 1 February 2018, MTG announced that it had agreed to combine its Nordic businesses with TDC Group, creating a fully convergent media and communications provider. The TDC Group Board later withdrew its recommendation of the combination with MTG Nordics.

FUTURE DEVELOPMENT

The Group's future development depends mainly on the performance of our investee companies together with future investments. In addition, trends in the financial markets can have a significant impact on the Group's reported earnings and position.

The Board of Directors of Millicom, Tele2, Com Hem 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	794 ¹⁾
Tele2	SEK 4.00 per share	610
Com Hem	SEK 6.00 per share	203
MTG	SEK 12.50 per share	169
Total expected ordinary dividends		1 776

¹⁾ Based on an exchange rate of 7.95 SEK/USD.

The Kinnevik Board proposes that the Annual General Meeting approves a cash dividend of SEK 8.25 (8.00) per share, corresponding to an increase of 3%. The corresponding total dividend payment to Kinnevik shareholders will then amount to SEK 2,270m.

PROPOSED TREATMENT OF UNAPPROPRIATED EARNINGS

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

Retained earnings	40 313 508 096
Share premium	1 615 929 594
Total	41 929 437 690

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 8.25 per share	2 269 959 780 ¹⁾
Share premium carried forward	1 615 929 594
Retained earnings carried forward	38 043 548 316
Total	41 929 437 690

Treasury shares are not entitled to dividend.

¹⁾ In the dividend proposal, expected allocation has been assumed in accordance with the long-term incentive program that expires on 31 March 2018. Insofar as allocation occurs prior to the Annual General Meeting, these shares will be entitled to dividend payment

GROUP FINANCIAL STATEMENTS

Consolidated Income Statement

For the period 1 January-31 December (SEK m)	Note	2017	2016
Change in fair value of financial assets	3	18 395	-4 969
Dividends received	3	2 260	1 733
Administration costs	16	-245	-261
Other operating income		41	47
Other operating expenses		0	-1
Operating profit/loss		20 451	-3 451
Interest income and other financial income	4	12	71
Interest expenses and other financial expenses	4	-102	-78
Profit/loss after financial net		20 361	-3 458
Tax	7	-2	-1
Net profit/loss for the year		20 359	-3 459
Net profit/loss per share before dilution, SEK	5	74.00	-12.55
Net profit/loss per share after dilution, SEK	5	73.90	-12.55
Other comprehensive income for the year			
Items that can be reclassified to profit or loss			
Cash flow hedging- profit/loss during the year, net after tax		29	5
Total comprehensive income for the year		20 388	-3 454
Outstanding shares at the end of the year		275 115 735	275 115 735
Average number of shares before dilution		275 115 947	275 570 219
Average number of shares after dilution		275 464 517	275 802 078

Consolidated Statement of Cash Flow

For the period 1 January-31 December (SEK m)	Note	2017	2016
Dividends received	3	2 260	1 733
Cash flow from operation		-201	-250
Cash flow from operation before interest net and income taxes		2 059	1 483
Interests, received		10	54
Interests, paid		-76	-41
Cash flow from operations		1 993	1 496
Investments in shares and other securities	6	-4 843	-3 330
Sale of shares and other securities	6	5 304	480
Cash flow from investing activities		461	-2 850
Amortization		-1 611	-
Borrowing		2 833	381
Repurchase of own shares		-	-500
Redemption program and dividend paid to equity holders of the Parent Company		-2 201	-7 084
Cash flow from financing activities		-979	-7 203
Cash flow for the year		1 475	-8 557
Short term investments and cash, opening balance		323	8 880
Short term investments and cash, closing balance		1 798	323

Consolidated Balance Sheet

31 December (SEK m)	Note	2017	2016
ASSETS			
Fixed assets			
Financial assets held at fair value through profit or loss	2	91 717	73 827
Tangible fixed assets		58	63
Other fixed assets		3	3
Total fixed assets		91 778	73 893
Current assets			
Other current assets		46	103
Short-term investments		1 750	-
Cash and cash equivalents	8	48	323
Total current assets		1 844	426
TOTAL ASSETS		93 622	74 319
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
	9		
Share capital		27	27
Other contributed capital		8 840	8 840
Reserves		-	-29
Retained earnings including net profit/loss for the year		81 766	63 596
Total shareholders' equity		90 633	72 434
Long-term liabilities			
Interest-bearing loans	10	2 833	10
Provisions for pensions		30	31
Other liabilities	11	0	5
Total long-term liabilities		2 863	46
Short-term liabilities			
Interest-bearing loans	10	-	1 600
Other liabilities	11	126	239
Total short-term liabilities		126	1 839
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		93 622	74 319

Consolidated Statement of Changes in Equity

	Share capital	Other contributed capital	Hedging reserve	Retained earnings including net result for the year	Total shareholders' equity
Opening balance 1 January 2016	28	8 840	-34	74 630	83 464
Loss for the year				-3 459	-3 459
Other comprehensive income			5		5
Total comprehensive income for the year	0	0	5	- 3 459	-3 454
Transactions with shareholders					
Effect of employee share saving programme				8	8
Cash dividend and redemption program ²⁾				-7 084	-7 084
Repurchase of own shares	-1			-499	-500
Closing balance 31 December 2016	27	8 840	-29	63 596	72 434
Profit for the year				20 359	20 359
Other comprehensive income			29		29
Total comprehensive income for the year	0	0	29	20 359	20 388
Transactions with shareholders					
Effect of employee share saving programme				12	12
Cash dividend ²⁾				-2 201	-2 201
Closing balance 31 December 2017	27	8 840	0	81 766	90 633

¹⁾ The Annual General Meeting 2016, resolved in favor of paying an ordinary cash dividend of SEK 7.75 per share and a share redemption program of 18.00 SEK per share

²⁾ The Annual General Meeting 2017, resolved in favor of paying an ordinary cash dividend of SEK 8.00 per share

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 with the deviations reported in the Parent Company's accounting principles.

To provide a better representation of Kinnevik's financial position and performance Kinnevik applies Investment Entity accounting according to IFRS 10. This means that the operating subsidiaries are valued at fair value through profit and loss instead of being consolidated from.

CHANGE OF ACCOUNTING PRINCIPLES FOR THE KINNEVIK GROUP

Amendments to IAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The Group has applied these amendments for the first time in the financial statements for 2017. A reconciliation between the opening and closing balance of these items is provided in note 6. The group has not disclosed comparative information for the prior periods.

CLASSIFICATION AS 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 raises capital from its shareholders in order to invest in companies. Kinnevik then support the development of its investee companies in order to generate returns in the form of both dividend yield and value appreciation on the investment. Investments are made both in listed and unlisted companies.
- 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 investment time horizon with regards to the divestment of any particular investment; instead, the investment strategy is assessed on an on-going basis and the focus changes over time.

HOLDINGS IN SUBSIDIARIES

A subsidiary is a company which the parent company, directly or indirectly, controls or exercises a controlling influence over. An investor has a controlling influence over the investee company when it is exposed to, or has the right to, dividends or other returns resulting from its interest in the investee company and has the

ability to influence those returns through its controlling influence over the investee company.

An Investment Entity shall not consolidate its holdings in subsidiaries or apply IFRS 3 Business Combinations when they reach controlling influence except for subsidiaries performing services connected to the Investment Entity's investment activity. Instead, subsidiaries are valued at fair value through profit and loss in accordance with IAS 39 Financial instruments: Recognition and Measurement.

HOLDINGS IN ASSOCIATED COMPANIES

An associated company is an entity over which the parent company has significant influence, through the ability to participate in decisions concerning the business' financial and operational strategies, but not a controlling influence or joint controlling influence over these strategies. A holding of 20-50% of the voting power (directly or through subsidiaries) indicates significant influence. Kinnevik is an Investment Entity. In accordance with IAS 28 Investments in Associates and Joint Ventures, associated companies are valued at fair value through profit and loss in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

FUTURE IFRS AMENDMENTS

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and introduce requirements for the classification and measurement, impairment, derecognition and requirements for general hedge accounting. Classification and measurement under IFRS 9 is based on the entity's business model for managing the financial asset and the characteristics of the contractual cash flows of the asset. Based on Kinnevik's analysis performed during the year Kinnevik does not anticipate, apart from providing more extensive disclosures on the Group's revenue transactions, that the application of IFRS 9 will have a significant impact on the financial position and/or financial performance of the Group.

IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations. The new standard established a single comprehensive model for entities to use in accounting for revenues (5-step approach) based on when the control of goods or services is transferred to the customer. The core principle of IFRS 15 is that an entity should 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. Based on Kinnevik's analysis performed during the year Kinnevik does not anticipate that the application of IFRS 15 will have a significant impact on the financial position and/or financial performance of the Group.

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. In the Income Statement depreciations are done on the asset and interest costs against debt. The standard includes more disclosure requirements than the current standard. For lessors there is no significant difference between reporting as per IFRS 16 compared to IAS 17. IFRS 16 applies to annual reporting periods beginning on 1 January 2019. Kinnevik 's assessment is that IFRS 16 will not have any significant effect on Kinnevik's financial statements.



SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the entity's chief operating decision maker and for which stand-alone financial information is available. The chief operating decision maker is the function that assesses the performance of the operating segment and makes decisions about resource allocation. Kinnevik considers its chief operating decision maker to be the CEO. In the regular internal reporting to the CEO, results are reported for the investment company as a whole. The CEO does not regularly review the results on a lower level to make decisions about allocation of resources and assess the performance of different parts of the investment company. The investment company is therefore considered one single operating segment.

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 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.

The consolidated financial statements include the Parent Company and subsidiaries that serve in a supporting function to the Parent Company while subsidiaries and associated companies that are investments (investee companies) are not consolidated, but are stated at fair value. Consolidated 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 control of a subsidiary ceases, its results are only included for the part of the reporting year during which the Group had control over the subsidiary.

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.

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.

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.

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 valued at fair value through profit and loss

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.

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 invests in interest rate swaps to hedge the interest rate risk relating to the bond financings. The derivatives are categorized as cash flow hedging 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 final 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 as well as monthly reviews of the accounts. 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 CFO and the CEO, following which a draft is sent to 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 2 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 share rights. Kinnevik classifies the share-related remuneration programs as transactions that will be regulated with equity instrument. The fair value of the share rights 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.

In 2017 Kinnevik adopted a long-term cash based incentive program where synthetic option were issued to employees. The options were subscribed to at fair market value with a subsidy paid by Kinnevik of 50%. The cost for the subsidy, except for social costs, is accounted for over three years while the social cost is accounted for directly when it is paid. All costs are included in share-based remuneration under personnel costs. The options are continuously evaluated to fair market value and any value increase is included in share-based remuneration under personnel costs and as debt in the balance sheet.

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.

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.

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. 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

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, mainly leasing of office premises. 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 2
Environmental cases	Future decisions from County administrative board	Note 14
Deferred tax losses	Judgment of possibility to use deferred tax losses against future profits	Note 7

Note 2 Financial assets and liabilities

FINANCIAL ASSETS AND LIABILITIES BY VALUATION CATEGORY

2017	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	91 717	-	-	-	91 717	91 717
Other current assets	-	46	-	-	46	46
Short term investments	1 750	-	-	-	1 750	1 750
Cash and cash equivalents	-	48	-	-	48	48
Total financial assets	93 467	94	-	-	93 561	93 561
Interest-bearing loans	-	-	-	2 833	2 833	2 833
Trade payables	-	-	-	4	4	4
Other payables	-	-	0	122	122	122
Total financial liabilities	-	-	0	2 959	2 959	2 959

2016	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	73 827	-	-	-	73 827	73 827
Other current assets	-	103	-	-	103	103
Cash and cash equivalents	-	323	-	-	323	323
Total financial assets	73 827	426	-	-	74 253	74 253
Interest-bearing loans	-	-	-	1 610	1 610	1 610
Trade payables	-	-	-	4	4	4
Other payables	-	-	19	225	244	244
Total financial liabilities	-	-	19	1 839	1 858	1 858

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

				2017				2016
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Black Earth Farming	-	-	-	-	308	-	-	308
Com Hem	4 226	-	-	4 226	-	-	-	-
Millicom	20 942	-	-	20 942	14 790	-	-	14 790
MTG	4 645	-	-	4 645	3 650	-	-	3 650
Qliro Group	767	-	-	767	367	-	-	367
Rocket Internet	-	-	-	-	3 990	-	-	3 990
SDS	8	-	-	8	-	-	-	-
Seamless	-	-	-	-	20	-	-	20
Tele2	15 350	-	-	15 350	11 166	-	-	11 166
Zalando	34 097	-	-	34 097	27 245	-	-	27 245
Total Listed Assets	80 035	-	-	80 035	61 536	-	-	61 536
Babylon	-	-	375	375	-	-	154	154
Bayport	-	-	1 082	1 082	-	-	1 201	1 201
Betterment	-	-	1 064	1 064	-	-	590	590
Global Fashion Group	-	-	5 239	5 239	-	-	5 641	5 641
Home24	-	-	218	218	-	-	94	94
Lazada	-	-	-	-	-	-	706	706
Livongo	-	-	105	105	-	-	-	-
Milvik/BIMA	-	-	806	806	-	-	464	464
Quikr	-	-	1 358	1 358	-	-	1 535	1 535
Saltside	-	-	195	195	-	-	200	200
Westwing	-	-	479	479	-	-	429	429
Other	-	-	761	761	-	-	1 277	1 277
Total Unlisted Assets	-	-	11 682	11 682	-	-	12 291	12 291
Short term investments	1 750	-	-	1 750	-	-	-	-
Total Financial Assets measured at Fair Value through Profit or Loss	81 785	-	11 682	93 467	61 536	-	12 291	73 827

CHANGE IN FINANCIAL ASSETS IN LEVEL 3

	2017	2016
Opening balance 1 January	12 291	10 692
Investments	1 023	2 501
Disposals / Exit proceeds	-1 188	-556
Change in fair value	-444	-346
Closing balance, 31 December	11 682	12 291

VALUATION METHODS AS PER 31 DECEMBER 2017, LEVEL 3

Company	Valuation method	Valuation assumptions
Global Fashion Group	The valuation is based on a sum-of-the-parts method using sales multiples for each region applying individual regional discounts to a group of listed and profitable developed market fashion e-commerce peers (Zalando, Asos and Yoox Net-a-Porter Group). The implied average multiple corresponds to a 45% discount on an aggregated level. The applied discounts reflect differences in growth and profitability as well as emerging market exposure referenced from a broader set of listed emerging market e-commerce companies. On a fully diluted basis GFG is valued at EUR 1.6bn. The valuation considers preferential rights in case of a liquidation or sale of the company.	Last 12 months sales (ending 30 September 2017) Multiple: 1.3x
Home24	The valuation is based on the average sales multiple of a group of comparable companies (including Asos, Wayfair and Maison du Monde), adjusted with a 40% discount on an aggregated level to adjust for growth and profitability. On a fully diluted basis Home24 is valued at EUR 296m. The valuation considers preferential rights in case of a liquidation or sale of the company and results in Kinnevik's 17% stake in Home24 being valued at SEK 218m.	Last 12 months sales (ending 30 September 2017) Multiple: 1.1x
Westwing	The valuation is based on the average sales multiple of a group of comparable companies (including Asos, Wayfair and Maison du Monde). The average sales multiple of the peer group has been reduced by 30% due to factors such as growth and profitability. On a fully diluted basis Westwing is valued at EUR 288m. The valuation considers preferential rights in case of a liquidation or sale of the company and results in Kinnevik's 17% stake, together with warrants worth SEK 86m, being valued at SEK 479m.	Last 12 months sales (ending 30 September 2017) Multiple: 1.3x
Quikr	The fair value of Kinnevik's 18% shareholding in Quikr valued at SEK 1.4bn is valued based on discounted cash flows valuing Quikr at USD 935m on a fully diluted basis.	Average WACC: 19%
Saltside	The valuation is based on discounted cash flows valuing Kinnevik's 61% shareholding to SEK 195m.	Average WACC 23%
Bayport	The valuation is based on the latest funding round in September 2017. The transaction values all shares in Bayport at USD 608m on a fully converted and diluted basis.	
Betterment	The valuation is based on the latest funding round in July 2017. The transaction values all shares in Betterment at USD 800m on a fully diluted basis.	
Milvik/BIMA	The valuation is based on the latest funding round in December 2017. The transaction values all shares in BIMA at approximately USD 290m.	
Babylon	The valuation is based on the latest funding round in April 2017.	
Livongo	The valuation is based on the latest funding round in March 2017.	

For the companies in the table above that are valued based on multiples (i.e. Global Fashion Group, Home24 and Westwing), an increase in the multiple by 10% would have increased estimated fair value by SEK 461m. Similarly, a decrease in the multiple by 10% would have decreased estimated fair value by SEK 401m. For the companies in the table above that are valued based on discounted cash flows (i.e. Quikr and Saltside), a decrease in the WACC by 2 percentage points would have increased estimated fair value by SEK 326m. Similarly, an increase by 2 percentage points would have decreased estimated fair value by SEK 225m.

DURATION

For the duration of interest bearing loans refer to Note 10. Of other financial liabilities the major part will fall due within one to six months.

DERIVATIVES AND HEDGING INSTRUMENTS

On 31 December 2017, Kinnevik had three derivative outstanding; three interest rate swaps with the purpose to create a cash flow hedge for the part of the bonds, issued in March 2017 and May 2017, where Kinnevik is paying floating interest rates. The nominal amounts of the swaps were SEK 2,350m (1,000m). Also refer to Note 10 for the Group. For SEK 1,000m and SEK 400m the fixed rates that are paid in the swaps are 1.495% and 1.361% and they expire in March 2022. For SEK 950m the fixed rate that is paid in the swap is 0.665% and it expires in May 2020. The derivative had a negative market value of SEK 0.3m (negative SEK 19m) at year-end. The derivatives are marked to market based on discounted cash flows with observable market data. The derivatives are covered by ISDA agreement.

MATURITY STRUCTURE

Maturity structure for undiscounted, contracted non-interest-bearing/interest-bearing receivables and liabilities along with future interest payments accruing therewith. The interest-bearing liabilities maturing in 2018 will be refinanced during the year by new loans or by utilisation of existing unutilized credit facilities.

	2018	2019	2020	2021	Later	Total
Non-interest-bearing receivables	46	-	-	-	-	46
Interest-bearing receivables	11	11	9	8	2	41
Non-interest-bearing liabilities	-126	-	-	-	-	-126
Interest-bearing liabilities	-46	-46	-1 487	-31	-1 429	-3 040
Total as per 31 December 2017	-116	-36	-1 478	-22	-1 427	-3 079

	2017	2018	2019	2020	Later	Total
Non-interest-bearing receivables	103	-	-	-	-	103
Interest-bearing receivables	91	-	-	-	-	91
Non-interest-bearing liabilities	-244	-	-	-	-	-244
Interest-bearing liabilities	-1 683	-2	-2	-2	-2	-1 691
Total as per 31 December 2016	-1 733	-2	-2	-2	-2	-1 741

Note 3 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 2016	65 268	10 692	75 960
Investments	898	2 501	3 399
Change in fair value	-4 623	-346	-4 969
Disposals	-7	-556	-563
Closing balance, 31 December 2016	61 536	12 291	73 827
Investments	3 751	1 023	4 774
Change in fair value	18 839	-444	18 395
Disposals	-4 091	-1 188	-5 279
Closing balance, 31 December 2017	80 035	11 682	91 717

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

	2017	2016
Com Hem	3 730	-
Tele2	-	898
SDS	21	-
Total Listed assets	3 751	898
Babylon	144	164
Betterment	527	538
BIMA	106	-
Global Fashion Group	-	1 503
Home24	38	27
Linio	-	115
Livongo	113	-
Westwing	-	58
Other	95	96
Total Unlisted assets	1 023	2 501
Total Financial assets	4 774	3 399

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

	2017	2016
Rocket Internet	-4 071	-
Seamless	-20	-7
Total Listed assets	-4 091	-7
Lazada	-967	-415
Glossybox	-104	-
Other	-118	-141
Total Unlisted assets	-1 189	-556
Total Financial assets	-5 280	-563



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

	Dividends received	Change in fair value	2017 Total	Dividends received	Change in fair value	2016 Total
Black Earth Farming	350	-309	41	-	100	100
Com Hem	68	496	564			
Millicom	883	6 152	7 035	823	-3 689	-2 866
MTG	162	995	1 157	155	711	866
Qliro Group	-	401	401	-	- 147	- 147
Rocket Internet	-	81	81	-	-1 637	-1 637
Seamless	-	1	1	-	- 7	- 7
SDS	-	-13	-13			
Tele2	797	4 184	4 981	725	-1 255	- 530
Zalando	-	6 851	6 851	-	1 302	1 302
Total Listed assets	2 260	18 839	21 099	1 703	-4 623	-2 920
Babylon	-	77	77	-	- 10	- 10
Bayport	-	-119	-119	-	- 77	- 77
Betterment	-	-53	-53	-	52	52
Global Fashion Group	-	-402	-402	-	71	71
Home24	-	86	86	-	- 734	- 734
Lazada	-	261	261	-	601	601
Livongo	-	-8	-8	-	-	-
Milvik/BIMA	-	298	298	-	113	113
Quikr	-	-177	-177	-	16	16
Westwing	-	50	50	-	- 16	- 16
Other	-	-457	-457	30	- 362	- 332
Total Unlisted assets	-	-444	-444	30	- 346	- 316
Total Financial assets	2 260	18 395	20 655	1 733	-4 969	-3 236

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

Trade name	Company name	Registered office	Number of shares 2017	Capital/votes (%)		Book value	
				2017	2016	2017	2016
Black Earth Farming	Black Earth Farming Ltd	Jersey	51 811 828	-/-	24.6/24.6	-	308
Com Hem	Com Hem Holding AB	Sweden	33 911 671	19.0/19.0	-/-	4 226	-
Millicom	Millicom International Cellular S.A.	Luxembourg	37 835 438	37.6/37.6	37.7/37.7	20 942	14 790
MTG	Modern Times Group MTG AB	Sweden	13 503 856	20.2/48.0	20.3/48.0	4 645	3 650
Qliro Group	Qliro Group AB	Sweden	42 613 642	28.5/28.5	28.5/28.5	767	367
Rocket Internet	Rocket Internet SE	Germany	-	-/-	13.2/13.2	-	3 990
Seamless	Seamless Distribution AB	Sweden	-	-/-	6.0/6.0	-	20
SDS	Seamless Distribution Systems AB	Sweden	587 722	8.5/8.5	-/-	8	-
Tele2	Tele2 AB	Sweden	152 433 152	30.3/47.9	30.3/47.9	15 350	11 166
Zalando	Zalando SE	Germany	78 427 800	31.7/31.7	31.7/31.7	34 097	27 245
Total Listed Assets						80 035	61 536
Babylon	Babylon Holdings Ltd	Great Britain		20/20	13/13	375	154
Bayport	Bayport Management Ltd	Mauritius		22/22	24/24	1 082	1 201
Betterment	Betterment Holdings, Inc.	USA		16/16	9/9	1 064	590
Global Fashion Group	Global Fashion Holding S.A.	Luxembourg		35/35	35/35	5 239	5 641
Home24	Home24 GmbH	Germany		17/17	17/17	218	94
Lazada	Lazada Group S.A.	Luxembourg		-	4/4	-	706
Livongo	Livongo Health, Inc.	USA		3/3	-	105	-
Milvik/BIMA	Milvik AB	Sweden		33/33	39/39	806	464
Quikr	Quikr Mauritius Holding Private Ltd	Mauritius		18/18	18/18	1 358	1 535
Saltside	Saltside Technologies AB	Sweden		61/61	61/61	195	200
Westwing	Westwing Group GmbH	Germany		17/17	17/17	479	429
Other						761	1 277
Total Unlisted Assets						11 682	12 291
Total						91 717	73 827

Note 4 Financial income and expenses

	2017	2016
Interest income financial assets accounted at fair value	12	56
Exchange differences	0	15
Financial income	12	71
Interest expenses, loans from credit institutions	-57	-41
Exchange differences	-25	-
Other financial expenses	-20	-37
Financial expenses	-102	-78
Net financial income/expenses	-90	-7

Note 5 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.

	2017	2016
Net profit for the year	20 359	-3 459
Average number of shares outstanding	275 115 947	275 570 219
Earnings per share before dilution	74.00	-12.55
Average number of shares outstanding	275 115 947	275 570 219
Effect from outstanding share saving program, see Note 16 for information	348 570	231 859
Average number of shares outstanding after dilution	275 464 517	275 802 078
Earnings per share after dilution, SEK	73.90	-12.55

Note 6 Supplementary cash flow information

	2017
INTEREST BEARING LOANS	
Opening balance 1 January	1 610
Amortization of loans	-1 610
New long-term capital markets financing	2 833
Closing balance 31 December	2 833

	2017	2016
Investments in shares and other securities, see note 3	-4 774	-3 399
Current year investment, paid after year end	-	69
Prior year investments, paid in current year	-69	-
Cash flow from investments in shares and other securities	-4 843	-3 330

Sale of shares and other securities

Glossybox	104	-
Lazada	967	415
Rocket Internet	4 071	
Other	138	148
Sale of shares paid after year end	24	-83
Cash flow from sale of shares and other securities	5 304	480

Note 7 Taxes

	2017	2016
Current tax expense		
Tax expense for the period	-2	-1
	-2	-1

Reconciliation of effective tax rate

	2017	%	2016	%
Profit/loss before tax	20 361		-3 458	
Income tax at statutory rate of Parent Company	-4 479	-22.0%	761	22.0%
Change in fair value of financial assets	4 047	19.9%	-1 093	-31.6%
Non-taxable dividends received	497	2.4%	381	11.0%
Change in not recognized tax loss carry forwards	-67	-0.3%	-50	-1.4%
Effective tax/tax rate	-2	0.0%	-1	0.0%

No tax has been recognised against other comprehensive income or shareholders' equity.

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 in Sweden with eternal duration amounted to SEK 1,420m (1,149) at 31 December 2017. No deferred tax carried forward is accounted for.

Note 8 Short term investments and cash

	2017	2016
Short term investments	1 750	-
Cash and bank	48	323
Total	1 798	323

In addition to cash and cash equivalents reported above, the Group had on 31 December 2017 undrawn credit facilities of SEK 6,197m (5,730) see Note 10.

Note 9 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/LOSS FOR THE YEAR

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

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 10 Interest-bearing loans

	2017	2016
Interest-bearing long-term loans		
Capital markets financing	2 850	-
Liabilities to credit institutions	-	21
Other interest bearing liabilities	-	1
Accrued borrowing costs	-17	-12
	2 833	10
Interest-bearing short-term loans		
Capital market financing	-	1 200
Commercial paper	-	400
	-	1 600
Total interest-bearing loans	2 833	1 610

Financing source	Credit facility as per 31 Dec 2017	Utilised amount 31 Dec 2017	Unutilised amount 31 Dec 2017	Currency
Long-term loans				
Syndicated bank facilities	6 000	-	6 000	SEK
Total long-term loans	6 000	-	6 000	
Short-term loans				
Overdraft facilities	130	-	130	SEK
Total short-term loans	130	-	130	
Total Group Financing	6 130	-	6 130	

The long-term financing is mainly two syndicated bank facilities of in total SEK 6,000m. The first one of SEK 3,000m provided by DNB Bank ASA Sweden Branch, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ), matures in July 2021. The second one of SEK 3,000m is provided by the same banks as well as Crédit Agricole Corporate & Investment Bank (France) and Danske Bank (Denmark) and matures in December 2022 with possible lengthening up to two years. The facilities are secured by listed shares but does not involve any financial covenants. It is multicurrency facilities with a part being available as a backup against the re-financing risk of any outstanding commercial papers which by 31 December 2017 amounted to SEK 0m. Kinnevik has also issued one bond of SEK 1,450m with maturity in May 2020 and one bond of SEK 1,400m with maturity in March 2022. The bond with maturity in May 2020 have dual tranches, SEK 500m at an annual coupon of 1.385% and SEK 950m at floating interest corresponding to 3 months Stibor + 0.75%. The bond with maturity in March 2022 has a floating interest corresponding to 3 months Stibor + 1.10%. The bonds are unsecured and has no financial covenants. The interest rate risk under the tranches with floating interest are fully hedged with interest rate swaps.

The outstanding loans carry an interest rate of Stibor or similar base rate with an average margin of 0.91% (1.3%).

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 3 to 5 years for the outstanding bond.

As per 31 December 2017, the average remaining duration was 3.9 (2.7) years for all credit facilities including the bonds.

Note 11 Other liabilities

	2017	2016
Other long-term liabilities	0	5
Total other long-term liabilities	0	5
Interest rate swap	0	19
Accrued interest expenses	22	2
Accrued personnel expenses	60	65
Debt unpaid investments	-	131
Other liabilities	44	22
Total other short-term liabilities	126	239

For trade creditors and other liabilities to related parties refer to Note 15.

Note 12 Auditors' fees

	2017	2016
To Deloitte		
Audit assignments	1	1
Other services	0	1
	1	2

Note 13 Pledged assets

At 31 December 2017 and 2016, Kinnevik did not have any listed shares in associated companies pledged in relation to the Group's financing. At utilization of the syndicated credit facilities, 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 2017.

Note 14 Contingent liabilities

	2017	2016
Guarantee commitments, FPG	1	1
	1	1

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, Kinnevik AB) conducted operations until 1983. Kinnevik's position is that the Company's responsibility to perform any decontamination measures must be limited, 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 2017.

Note 15 Related-party transactions

Kinnevik's related party transactions primarily consists of short term bridge loans to investee companies, which are included in financial assets accounted at fair value through profit and loss. Interest income from such loans are recognised as external interest income through profit and loss. Other income relates to the rent out of office premises in Gamla Stan in Stockholm as well as re-invoicing of costs. Kinnevik buys telephony-, advertising- and consultancy services from related parties.

During 2017, Kinnevik acquired 526,980 shares in Milvik AB from Millicom for a total amount of USD 10.3m.

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

	Group		Parent Company	
	2017	2016	2017	2016
Revenue				
Millicom	1	0	-	0
MTG	3	4	-	1
SecureValue	1	2	-	-
Tele2	4	5	-	1
	9	11	-	2
Operating expenses				
Altlorescheurerhof S.A.	-0	-2	-0	-2
SecureValue	-4	-4	-4	-4
Tele2	-0	-1	-0	-1
	-4	-7	-4	-7
Interest income				
GFG	-	51	-	-
Other	10	5	-	-
	10	56	-	-
Financial receivables from associated companies				
Babylon	-	46	-	-
Beauty Trend	-	20	-	-
Konga	-	24	-	-
	-	90	-	-
Accounts receivables and other current receivables				
Tele2	1	1	-	-
	1	1	-	-

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.

For transactions with the Board of Directors and Senior Executives refer to Note 16 for the Group.

Note 16 Personnel

AVERAGE NUMBER OF EMPLOYEES

	2017		2016	
	men	women	men	women
Sweden	10	12	14	13
UK	10	4	9	4
Total number of employees	20	16	23	17

AVERAGE DISTRIBUTION OF WOMEN AND MEN ON THE BOARD AND IN THE MANAGEMENT GROUP

	2017		2016	
	men	women	men	women
Board members	7	3	7	2
Acting CEO/CEO	1	-	1	-
Other senior executives	3	1	4	2
	11	4	12	4

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

	2017		2016	
	Board, acting CEO and senior executives	Other employees	Board, CEO, senior executives	Other employees
Total salaries and other remuneration	45 666	56 504	70 675	63 378
Social security expenses	12 349	10 915	10 998	15 625
Pension contributions/expenses	2 730	5 745	2 758	4 440
Estimated costs for share-based remuneration including social securities cost	5 170	9 741	5 242	10 993
Total	65 915	82 905	89 673	94 436

PRINCIPLES

The following principles and guidelines were approved by the AGM in May 2017 and are provided for 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 for the Senior Executives shall consist of an annual fixed salary, short-term variable remuneration paid in cash ("STI"), the possibility to participate in long-term (i) share or share price related incentive plans or (ii) cash based incentive plans ("LTI"), 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 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. Payment of part of the STI is conditional upon a portion of it being invested in Kinnevik shares, until the Senior Executive has a shareholding in Kinnevik corresponding to his or her annual fixed salary, net after taxes.
- The LTI shall require an own investment by the participant and ensure a long-term commitment to the development of Kinnevik. The long-term share or share price related incentive plans, shall be linked to certain pre-determined performance criteria, based on Kinnevik's share price and value growth. The long-term, cash based, incentive plans shall be linked to pre-determined levels for the value growth of Kinnevik's private portfolio.
- 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 cases, 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 2018 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)	2017		2016	
	Acting CEO	Other senior executives ¹⁾	CEO ²⁾	Other senior executives
Fixed salaries	3 965	12 649	10 945 ³⁾	17 120
Variable salaries	3 900	14 966	5 264	11 992
Benefits	93	389	25	382
Pension contributions	824	1 907	-	2 758
Termination pay including benefits	-	-	16 422	-
Estimated costs for share-based remuneration excluding social securities cost	1 171	3 714	-	5 242
Total	9 953	33 624	32 656	37 495

¹⁾ Other senior executives consisted during 2017 of 4 (6) persons.

²⁾ Relates to Lorenzo Grabau as CEO until 7 December 2016 and reservation for termination pay to be paid over 18 months thereafter.

³⁾ Fixed salary for CEO during 2016 includes 30% pension cash payment.

The Board of Directors announced on 7 December 2016 that Lorenzo Grabau was leaving Kinnevik with immediate effect. Joakim Andersson, the company's CFO, has been acting CEO from 7 December 2016 until 31 December 2017.

Joakim Andersson is, in his role as CFO, included in other senior executives for 2016. In addition to remuneration paid by Kinnevik, as specified in the table above, Joakim Andersson has received Board fees from associated companies amounting to SEK 0.7m (0.7).

For senior executives, pension premium payments of a maximum of 30% of fixed salary were paid. Pension premiums are mainly paid to insurance companies.

Due to the departure of Kinnevik's former CEO, the Board made retention agreements with two senior executives on a cash bonus that has led to variable salaries exceeding 100 percent of their fixed salary for 2017 and can lead to variable salaries exceeding 100 percent of their fixed salary also for 2018.

On 26 June 2017, Kinnevik announced that Georgi Ganev had been appointed new CEO for Kinnevik with effect from 1 January 2018. Georgi Ganev received a "sign on" bonus of SEK 8m during 2017 which will be included in his remuneration cost for 2018. Mr. Ganev also participates in the share-based plan launched in 2017. See further information about the plan below. On 12 February 2018 Kinnevik was informed by its largest shareholder Verdere S.à r.l. that Verdere S.a r.l. had agreed to grant 200,000 call options that entitles Mr. Ganev to purchase 200,000 Kinnevik Class B shares in order to further align his interest with Kinnevik's shareholders. The call options were purchased on market terms, and the value of the call options (the premium) has been calculated by an independent valuation institute using a standard valuation model (Black-Scholes). Each option entitles Mr. Ganev to purchase one (1) Kinnevik Class B share during a period of three months after a five-year period at a strike price of SEK 325.44 per share.

INCENTIVE PLANS

For Senior Executives and other personnel employed within the Kinnevik Group there are long-term incentive plans ("the Plans").

Shared based plans

There are three long-term share-based incentive plans for senior executives and other 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 which, subject to:

(i) fulfilment of certain retention and performance-based conditions during the individual 3-year periods included in the Plans (the "Measurement Periods")

(ii) the participant remaining in the employment of Kinnevik at the end of the Measurement Periods and

(iii) the participant retaining the investments shares

will entitle the participant to receive one class B share in the Company.

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

- Total return on the Kinnevik class B share and
- Average annual development of the net asset value, including dividends

In order to align participants' interests with those of shareholders, the Company will compensate for forfeited dividends by increasing the number of shares and rights to which they would otherwise be 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. 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. The average value of the rights at grant has been estimated to SEK 191.40 for LTIP 2017 based on a Monte Carlo simulation using the volatility at grant date.

Outstanding share-based plans

At 31 December 2017, 25,808 investment shares held by participating employees remained for the Plan established in 2015 with vesting date on 31 March 2018. These investment shares entitle the participants to a maximum allotment of 133,282 share rights. The Plan encompasses the following number of participants and maximum number of share rights;

Plan 2015-2018	Number of participants	Allotment of rights
Executive Management	4	44 000
Other employees	18	89 282
Total	22	133 282

The participants' maximum award value is limited to SEK 820 per right, including dividend compensation, as measured based on three times the average closing price of the Kinnevik B share during February 2015. 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.

At 31 December 2017, 35,346 investment shares held by participating employees remained for the Plan that was established in 2016 with vesting date on 31 March 2019. These investment shares entitle the participants to a maximum allotment of 268,184 share rights.

The Plan encompasses the following number of participants and maximum number of share rights;

Plan 2016-2019	Number of participants	Allotment of rights
Executive Management	5	104 000
Other employees	21	164 184
Total	26	268 184

The participants' maximum award value is limited to SEK 623 per right, including dividend compensation, as measured based on three times the average closing price of the Kinnevik B share during February 2016. The maximum dilution is 0.18% in terms of shares outstanding, 0.08% in terms of votes and 0.10% in terms of costs for the program as defined in IFRS 2 in relation to Kinnevik's market capitalization.

At 31 December 2017, 30,135 investment shares held by participating employees remained for the Plan that was established in 2017 with vesting date on 31 March 2020. These investment shares entitle the participants to a maximum allotment of 241,510 share rights. The Plan encompasses the following number of participants and maximum number of share rights;

Plan 2017-2020	Number of participants	Allotment of rights
CEO ¹⁾	1	50 000
Executive Management	3	56 000
Other employees	19	135 510
Total	23	241 510

¹⁾Georgi Ganev, with effect from 1 January 2018

The participants' maximum award value is limited to SEK 711 per right, including dividend compensation, as measured based on three times the average closing price of the Kinnevik B share during February 2017. The maximum dilution is 0.09% in terms of shares outstanding, 0.04% in terms of votes and 0.08% in terms of costs for the program as defined in IFRS 2 in relation to Kinnevik's market capitalization.

The total cost before tax for share rights outstanding in all outstanding incentive programs is expensed continuously during a three-year period and is, calculated based on remaining participants and anticipated aggregate outcome, amounting to approximately SEK 105m, including social security costs, of which SEK 15m (16) was expensed during 2017. Total liability for social security costs

pertaining to these incentive programs amounted to SEK 9m (5) on 31 December 2017.

Outstanding cash-based plan

VCP 2017-2022

The AGM 2017 approved a new long-term, cash-based incentive plan for Kinnevik employees that have a direct impact on, and are working almost exclusively with, the value creation in Kinnevik's private portfolio ("VCP 2017"). The participants in VCP 2017 were not entitled to participate in LTIP 2017.

VCP 2017 amounts to 48 issued non-transferrable synthetic options (the "Options") subscribed by two executive managers and four other senior employees within the Investment team. Settlement of the Options will be made in cash and will not increase the number of shares in Kinnevik.

The Options were subscribed to at fair market value with a subsidy received from Kinnevik of 50 percent. The subsidy will be accounted for over three years and is included in share-based remuneration. The cost for 2017 amounts to SEK 1.4m.

Each Option entitles the holder, at the end of the Option's five-year term, to receive a cash amount from Kinnevik of SEK 1m multiplied by a value creation multiple where the entry threshold shall be a value growth of the private portfolio of 8 percent IRR and a value creation multiple of 0.46 (SEK 0.46m) and with a cap at a value growth of 25 percent IRR. The maximum outcome is SEK 2m per Option.

Any payment to the Option holders will be made in April 2022. Assuming a Value Growth of 25 percent is achieved during the term of VCP 2017, the maximum costs attributable to VCP 2017 are SEK 109m (assuming no personnel turn-over and including subsidies as well as social security costs).

LTIP 2014 (2015-2018)

In 2015, Kinnevik launched a cash-based program that gives the participants the right to receive 50 percent cash, net of tax, of an amount invested in Kinnevik shares over three years provided continued employment. The program was adopted to compensate for option programs approved by the AGM 2014 that were never launched. During 2017, the cost for this program was SEK 2m and the last instalment of the same amount will be paid out in May 2018.

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

	2017			2016		
	Board fees, Parent Company	Other assignment	Total fee	Board fees, Parent Company	Other assignment	Total fee
Tom Boardman (Chairman)	2 520	-	2 520	2 350	-	2 350
Anders Borg (until 5 August 2017)	261	-	261	1 000	-	1 000
Dame Amelia Fawcett	1 450 ¹⁾	-	1 450	1 250	-	1 250
Henrik Poulsen	959	-	959	-	-	-
Cynthia Gordon	625	3 025 ²⁾	3 650	-	-	-
Wilhelm Klingspor	550	-	550	650	-	650
Lothar Lanz	550	-	550	550	-	550
Erik Mitteregger	845 ¹⁾	-	845	725	-	725
Mario Queiroz	550	-	550	550	-	550
John Shakeshaft	845	-	845	825	-	825
Cristina Stenbeck	550	-	550	625	-	625
	9 705	3 025	12 730	8 525	-	8 525

¹⁾ The board fees for 2017 includes an extra remuneration in the amount of 75,000 SEK each, paid to Dame Amelia Fawcett and Erk Mitteregger for extraordinary services related to the Remuneration Committee's work during 2016, as approved by the AGM 2017.

²⁾ During the period April-December 2017, Cynthia Gordon received an amount of 275,000 GBP for work performed within investee companies in addition to customary Board work.

Note 17 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 Kinnevik's GRC Committee and Board on a regular basis.

Kinnevik is exposed to financial risks mainly in respect of:

- Share prices, changes in the value of the portfolio
- Liquidity and financing, 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
- Exchange rates, comprising transaction and translation exposure
- Interest rates, having an impact on the financing cost

SHARE PRICE RISK

Kinnevik is invested in both listed and unlisted investee companies where the share price and total market value can fluctuate based on a number of different factors.

On 31 December 2017, 87% (83%) of Kinnevik's total assets (excluding cash) pertained to listed investee companies and 13% (17%) to unlisted investee companies.

As Kinnevik intends to act as a long-term shareholder, it has no strategy for managing short-term fluctuations in the share prices of its listed investee companies. 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 2017 would have affected the Group's earnings and shareholders' equity by SEK 8.0bn (SEK 6.2bn).

The value of Kinnevik's unlisted investee companies may increase or decrease due to a number of different factors, of which changes of trends in the stock markets is one. In the process of valuing its unlisted holdings, Kinnevik considers a number of factors such as relative valuations of comparable publicly traded companies, the operational and financial performance of the respective investee company, and the valuations resulting from transactions in the respective investee 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, Home24 and Westwing), a decrease in the multiples by 10% would at 31 December 2017 have decreased the value by SEK 401m (SEK 517m).

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. Kinnevik relies in part on dividends received from a number of its investee

companies in order to finance its operations and investment activities. Without dividend from its investee companies Kinnevik would be compelled to rely on asset management and/or debt financing to secure the funding of its operations and maintain its targeted financial position.

On 31 December 2017, the Company had cash and cash equivalents amounting to SEK 1,798m (SEK 323m) and committed but not utilized, or reserved in any other way, credit facilities amounting to SEK 6,130m (SEK 5,730m).

Financing risk is the risk that Kinnevik may not be able to obtain financing or that financing can only be obtained at a considerable cost. Kinnevik's financing risk is limited since its operations are financed from different sources, its debt financing is sourced 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 2017, the total amount of committed financing was SEK 8,980m (7,330) with an average remaining facility duration of 3.9 (2.7) years. For further details, please refer to Note 10 for the Group.

FOREIGN EXCHANGE RATE RISK

Transaction exposure arises from cash flows denominated in foreign currencies. Kinnevik's debt funding and cash position consist mainly of SEK. Excluding dividends received and investments and disposals made, Kinnevik does not have any material cash flows in foreign currencies.

Translation exposure arises from the translation of balance sheet items denominated in foreign currencies. Kinnevik's balance sheet is mainly exposed to foreign exchange risk by owning shares denominated in either EUR or USD. Kinnevik is also exposed to indirect translation exposure as a majority of its investee companies conduct operations internationally. On 31 December 2017, 45% of Kinnevik's total assets (excluding cash), equal to a value of SEK 41.2bn, pertained to shareholdings denominated in EUR.

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

Interest rate risk is the risk that the value of interest bearing receivables and liabilities will vary due to changes in market interest rates. On 31 December 2017, none of Kinnevik's interest bearing liabilities, SEK 2.9bn, were exposed to interest rate changes. SEK 2.4bn out of Kinnevik's SEK 2.9bn in outstanding bonds were originally exposed to interest rate risk with floating rates (3 months Stibor). This risk was hedged by entering into interest rate swaps expiring on the same dates as the repayment of the bonds. On 31 December 2017, these swaps had a negative market value of SEK 0.3m.

In connection with refinancing, or if Kinnevik would increase its receivables or liabilities, the interest rate risk may change materially.

PARENT COMPANY FINANCIAL STATEMENTS

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

	Note	2017	2016
Administration costs	5,16	-235	-245
Other operating income		5	7
Operating loss		-230	-238
Dividends received	2	9 489	2 446
Loss from financial assets, associated companies and other	4	-	-3
Loss from financial assets, subsidiaries	4	-221	-5 088
Interest income and other financial income	3	53	17
Interest expenses and other financial expenses	3	-76	-62
Profit/loss after financial items		9 015	-2 928
Appropriations			
Group contributions, paid		-120	-10
Group contributions, received		11	110
Profit/loss before tax		8 906	-2 828
Taxes	6	-	-
Net profit/loss for the year ¹⁾		8 906	-2 828

¹⁾ Net profit corresponds with total comprehensive income

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

	Note	2017	2016
ASSETS			
Tangible fixed assets			
Equipment	7	3	4
Shares and participations in Group companies	9	41 785	41 376
Shares and participations in associated companies	8	10 580	10 580
Other long-term receivables		3	5
Total fixed assets		52 371	51 965
Current assets			
Receivables from Group companies		12	113
Other receivables		6	2
Accrued income and prepayments		15	4
Short term investments		1 750	-
Cash and cash equivalents		39	317
Total current assets		1 822	436
TOTAL ASSETS		54 193	52 402

	Note	2017	2016
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders equity	10,15		
<i>Restricted equity</i>			
Share capital (275,466,638 shares of SEK 0.10)		27	27
Premium reserve		6 868	6 868
<i>Unrestricted equity</i>			
Share premium		1 616	1 616
Retained earnings		31 408	36 425
Net result		8 906	-2 828
Total shareholders' equity		48 825	42 108
Liabilities			
Liabilities	13		
Provisions			
Provisions for pensions		22	23
Other provisions		4	4
Total provisions		26	27
Long-term liabilities			
External interest-bearing loans	11	2 833	-
Liabilities to Group companies		2 284	6 617
Total long-term liabilities		5 117	6 617
Short-term liabilities			
External interest-bearing loans	11	-	1 588
Trade creditors		3	3
Liabilities to Group companies		161	1 986
Other liabilities		2	17
Accrued expenses	12	59	56
Total short-term liabilities		225	3 650
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		54 193	52 402

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

	2017	2016
Cash flow from operations		
External dividends received	857	786
Cash flow from operating costs	-178	-211
Cash flow from operations before interest net and income taxes	679	575
Interest, received	0	17
Interest, paid	-74	-59
Income taxes, paid	-	-
Cash flow from operations	605	533
Divestments of financial assets	86	-
Investments in financial assets	-	-832
Cash flow from investing activities	86	-832
Borrowing	2 833	396
Amortization	-1 588	
Dividend paid	-2 201	-7 084
Share buybacks	-	-500
Received from subsidiaries	12 731	1 726
Paid to subsidiaries	-10 994	-2 605
Cash flow from financing activities	781	-8 067
Cash flow for the year	1 472	-8 366
Cash and short term investments, opening balance	317	8 683
Cash and short term investments, closing balance	1 789	317

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

	Share capital	Premium reserve	Unrestricted equity	Total
Opening balance, 1 January 2016	28	6 868	45 617	52 513
Cash dividend and share redemption programme ¹⁾	-	-	-7 084	-7 084
Effect of employee share saving programme	-	-	7	7
Effect of share buybacks	-1	-	-499	-500
Net result	-	-	-2 828	-2 828
Closing balance, 31 December 2016	27	6 868	35 213	42 108
Cash dividend ²⁾	-	-	-2 201	-2 201
Effect of employee share saving programme	-	-	12	12
Net result	-	-	8 906	8 906
Closing balance, 31 December 2017	27	6 868	41 930	48 825

¹⁾ The Annual General Meeting held on 23 May 2016, resolved in favor of paying a cash dividend of SEK 7.75 per share, as well as a share redemption programme of 18,00 SEK per share, a total of SEK 7,084m.

²⁾ The Annual General Meeting held on 8 May 2017, resolved in favor of paying a cash dividend of SEK 8.00 per share, a total of SEK 2,201m.

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 15 for the Group.

Note 2 Dividends received

	2017	2016
Subsidiaries	8 632	1 661
Associated companies		
Modern Times Group MTG AB	119	114
Tele2 AB	738	671
	9 489	2 446

Note 3 Financial income and expenses

	2017	2016
Interest income	0	-
Exchange-rate differences	53	17
Financial income	53	17
Interest expenses to credit institutions	-55	-40
Other financial expenses	-21	-22
Financial expenses	-76	-62
Net financial income/expenses	-23	-45

Note 4 Earnings from financial assets

	2017	2016
Sale of other shares	-	-3
Total loss from associated companies and other	-	-3
Write-down of shares in subsidiaries	-309	-5 088
Sale of shares in subsidiaries	1	-
Reversed write-down associated companies	87	-
Total loss from subsidiaries	-221	-5 088

Note 5 Auditors' fees

	2017	2016
To Deloitte		
Audit assignments	1	1
Other services	0	1
	1	2

Note 6 Taxes

	2017	2016
Tax expenses for the period	0	0
	0	0

RECONCILIATION OF EFFECTIVE TAX RATE

	2017	%	2016	%
Profit/loss before tax	8 906		-2 828	
Income tax at statutory rate of Parent Company	-1 958	-22.0%	622	-22.0%
Earnings from participations in associated companies	-	0.0%	-1	-0.0%
Non-taxable dividends received	2 088	23.4%	538	-19.0%
Write-down of shares in associated companies	-49	-0.5%	-1 119	39.6%
Other non-taxable expenses	-	0.0%	-1	-0.0%
Charge non-capitalized loss carry-forward	-79	-0.9%	-39	1.4%
Effective tax/tax rate	0	0.0%	0	0.0%

Note 7 Tangible fixed assets

	2017	2016
Equipment		
Opening acquisition values	7	6
Sales for the year	-1	-
Investments for the year	-	1
Closing acquisition values	6	7
Opening accumulated depreciation	-3	-2
Disposals/scraping for the year	1	-
Depreciation for the year	-1	-1
Closing accumulated depreciation	-3	-3
Closing book value	3	4

Note 8 Shares and participations

Associated companies	Reg no	Registered office	Number of shares	2017		2016	
				Capital/voting (%)	Book value	Capital/voting (%)	Book value
Altlorenschauerhof S.A.		Luxembourg	625	33	12	33	12
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	141 166 714	28/37	9 432	28/37	9 432
Total book value					10 580		10 580

CHANGE IN BOOK VALUE, SHARES AND PARTICIPATIONS IN ASSOCIATED COMPANIES

	2017	2016
Opening acquisition value, 1 January	10 580	9 748
Acquisitions	-	832
Closing book value, 31 December	10 580	10 580

Note 9 Shares and participations in Group companies

SHARES AND PARTICIPATIONS IN DIRECT-OWNED SUBSIDIARIES

	Reg no	Registered office	Number of shares	Capital/voting (%)	2017	2016
Invik&Co. AB	556051-6238	Stockholm	295 384	100/100	0	0
Emesco AB	556035-3749	Stockholm	1 635	100/100	584	599
G3 Good Governance Ltd		Great Britain	5 001 323	100/100	23	23
Invik S.A.		Luxembourg	551 252	100/100	875	875
Kinnevik Capital Ltd		Great Britain	1 000	100/100	1	1
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	1 076	594
Kinnevik East AB	556930-5666	Stockholm	50 000	100/100	0	20
Kinnevik Internet Lux SARL		Luxembourg	12 500	100/100	0	3 989
Kinnevik Investment Partners AB	556985-2436	Stockholm	50 000	100/100	-	1
Kinnevik Lagerbolag AB	559109-4239	Stockholm	500	100/100	0	-
Kinnevik Media Holding AB	556880-1590	Stockholm	50 000	100/100	175	397
Kinnevik New Ventures AB	556736-2412	Stockholm	100	100/100	4 008	4 008
Kinnevik Online AB	556815-4958	Stockholm	50 000	100/100	15 520	15 075
Kinnevik Sweden Holding AB	5591094221	Stockholm	500	100/100	3 750	-
Millcellvik AB	556604-8285	Stockholm	1 000	100/100	15 627	15 627
Book value					41 785	41 376

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

	2017	2016
Opening acquisition value, 1 January	66 160	64 214
Shareholders' contribution	4 721	1 948
Repaid shareholders' contribution	-3 989	-
Sale	-1	-2
Disposal	-13 384	-
Closing acquisition value, 31 December	53 507	66 160
Opening write-down, 1 January	-24 784	-19 696
Write-down	-323	-5 088
Reversed write-down subsidiaries	13 384	-
Closing write-down, 31 December	-11 723	-24 784
Closing book value, 31 December	41 785	41 376

IN ADDITION THE FOLLOWING COMPANIES ARE INCLUDED IN THE GROUP

	Reg.no.	Registered office	Capital/voting (%)
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 Mauritius Ltd, under liquidation		Mauritius	100/100
Kinnevik Online Holding AB	556862-0404	Stockholm	100/100
Mellersta Sveriges Lantbruks AB	556031-9013	Vadstena	100/100
Saltside Technologies AB	556852-1669	Gothenburg	61/61
Bikroy.com Ltd		Bangladesh	61/61
Ikman (pvt) Ltd		Sri Lanka	61/61
Tonaton Ltd		Ghana	61/61
Saltside Technologies India Pvt Ltd		India	61/61
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
Metro International IP Holding Sweden AB	559105-2153	Stockholm	100/100
Metro International Licensing SA		Mexico	100/100
M. I. Advertising Services Ltd		Greece	100/100
Edizione Metro Sarl		Italy	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
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
Metro Brazil Media Digital Do Brazil		Brazil	100/100
Publimetro Puerto Rico LLC		Puerto Rico	70/70
Rumbert SA		Uruguay	100/100
Diarios Unidos del Ecuador S.A.		Ecuador	80/80
Sistemas Guíasa S.A.		Ecuador	80/80
Publicaciones Quil S.A		Ecuador	80/80

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

Kinnevik AB's share capital as of 31 December 2017 was distributed among 275,466,638 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	41 157 144	411 571 440	4 116
Class B shares outstanding	233 959 015	233 959 015	23 396
Class B shares in own custody	350 479	350 479	35
Registered number of shares	275 466 638	645 880 934	27 547

The total number of votes for outstanding shares in the Company amounted at 31 December 2017 to 645,530,455 excluding 350,479 class B treasury shares. During 2017, 424 Class B shares were delivered to a participant in a long term incentive program.

The AGM on 8 May 2017 resolved on the Board's proposed treatment of unappropriated earnings and to authorize the Board to resolve on a new issue of class C shares to ensure delivery of shares to participants in Kinnevik's long-term incentive plan 2017. The Board has authorization to repurchase up to a maximum of 10% of all shares in the Company over 12 months, ending at the AGM of 2018.

There are no convertibles or warrants in issue.

Regarding share based long-term incentive plans (LTIP), refer to Note 16 for the Group.

Note 11 Interest-bearing loans

	2017	2016
Long-term interest-bearing loans		
Capital markets financing	2 850	
Accrued borrowing costs	-17	-
	2 833	
Short-term interest-bearing loans		
Capital markets financing	-	1 600
Accrued borrowing costs	-	- 12
	-	1 588

For further information about the Parent Company's interest bearing loans refer to Note 10 for the Group.

Note 12 Accrued expenses

	2017	2016
Accrued personnel expenses	26	48
Accrued interest expenses	22	2
Other	11	16
	59	56

Note 13 Contingent liabilities

	2017	2016
Guarantee commitments, FPG	1	1
	1	1

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, Kinnevik AB) 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 2017.

Note 14 Intra-group transactions

Intra-group revenue for the Parent Company amounted to SEK 1m (4).

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 from subsidiaries. Market rate of interest are charged for all those balances.

Note 15 Proposed appropriation of profits

The Board of Directors and the President and CEO proposes a dividend of SEK 8.25 (8.00) per share to the 2018 Annual General Meeting, corresponding to approximately SEK 2.3 bln (2.2).

	2017
Cash dividend, SEK 8.25 per share	2 269 959 780 ¹⁾
Share premium carried forward	1 615 929 594
Retained earnings carried forward	38 043 548 316
Total, SEK	41 929 437 690

¹⁾ In the dividend proposal, expected allocation has been assumed in accordance with the long-term incentive program that expires on 31 March 2018. Insofar as allocation occurs prior to the Annual General Meeting, these shares will be entitled to dividend payment

Note 16 Personnel

Average number of employees	2017 men	women	2016 men	women
Stockholm	9	11	9	11

Salaries, other remuneration and social security expenses (SEK 000s)	2017 Board, acting CEO and sen- ior executives	Other employees	2016 Board, CEO and senior execu- tives ¹⁾	Other employees
Salaries and other remuneration	24 909	21 240	54 839	31 639
Social security expenses	8 853	6 521	8 830	10 326
Pension expenses/contributions	1 856	3 867	1 838	2 335
Provision for share-based remuneration including social securities expense	3 553	4 876	3 566	6 570
	39 171	36 503	69 072	50 870

¹⁾ Include termination cost for former CEO, Lorenzo Grabau, of SEK 19m in total

Salaries and other remuneration to the Board, CEO and other senior executives are further presented in Note 16 for the Group.

Note 17 Financial assets and liabilities

2017	Financial assets accounted for at cost	Loan receivables and trade receivables	Financial liabilities	Total book value
Receivables from Group companies	-	12		12
Other receivables	-	6		6
Short term investment	1 750	-		1 750
Cash at bank	-	39		39
Total financial assets	1 749	57		1 807
Interest-bearing liabilities			2 833	2 833
Liabilities to Group companies			2 284	2 284
Trade creditors			3	3
Other liabilities			59	59
Total financial liabilities			5 179	5 179

2016	Financial assets accounted for at cost	Loan receivables and trade receivables	Financial liabilities	Total book value
Receivables from Group companies	-	113		113
Other receivables	-	3		3
Cash at bank	-	317		317
Total financial assets	-	433		433
Interest-bearing liabilities			1 588	1 588
Liabilities to Group companies			8 603	8 603
Trade creditors			3	3
Other liabilities			56	56
Total financial liabilities			10 250	10 250

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, 28 March 2018

Tom Boardman
Chairman of the Board

Dame Amelia Fawcett
Deputy Chairman of the Board

Henrik Poulsen
Deputy Chairman of the Board

Cynthia Gordon
Member of the Board

Wilhelm Klingspor
Member of the Board

Lothar Lanz
Member of the Board

Erik Mitteregger
Member of the Board

Mario Queiroz
Member of the Board

John Shakeshaft
Member of the Board

Cristina Stenbeck
Member of the Board

Georgi Ganev
Chief Executive Officer

Our Audit Report was issued on 28 March 2018
Deloitte AB

Jan Berntsson
Authorized Public Accountant

AUDIT REPORT

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Kinnevik AB (publ) for the financial year 2017-01-01 - 2017-12-31. The annual accounts and consolidated accounts of the company are included on pages 42-75 in this document.

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 2017 and its financial performance and cash flow 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 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

KEY AUDIT MATTER

Valuation of unlisted investments

The total carrying value of unlisted investments amounted to SEK 11.682 million as of December 31, 2017. The company's valuation policy is based on IFRS 13 and the International Private Equity and Venture Capital Valuation Guidelines. The process for valuation of unlisted investments is based on a high degree of judgement and input from data that is not observable in the market, which implies that an inappropriate assessment of input from data can have a significant impact in the assessment of fair value. Our audit procedures included, but were not limited to:

- Evaluation of the process and internal controls related to the valuation of unlisted investments,
- Confirming that the valuation models that the company applies are consistent with IFRS 13,
- Evaluating assessments made by the Company, with respect to the selection of comparable companies, adjustments to the valuation multiples and parameters used in other valuation methods such as discounted cash flow models , and
- Assessing that the information disclosed in the annual report is in compliance with IFRS 13.

Refer to page 52, note 2 and note 3 for disclosure of valuation of unlisted investments.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-41. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they 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.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, I (we) determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. I (We) describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Kinnevik AB (publ) for the financial year 2017-01-01 - 2017-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to 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.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

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. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guide-

lines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. 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.

Deloitte AB, was appointed auditor of Kinnevik AB by the general meeting of the shareholders on the 2017-05-08 and has been the company's auditor since 2013-05-13.

Stockholm 28 March 2018

Deloitte AB

Jan Berntsson

Authorized Public Accountant

DEFINITIONS AND ALTERNATIVE PERFORMANCE MEASURES

Kinnevik applies the Esma Guidelines on Alternative Performance Measures (APM). An APM is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. For Kinnevik's consolidated accounts, this typically means IFRS.

APMs are disclosed when they complement performance measures defined by IFRS. The basis for disclosed APMs are that they are used by management to evaluate the financial performance and in so believed to give analysts and other stakeholders valuable information. Definitions of all APMs used are found below.

ACTIVE CUSTOMERS

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

DEBT/EQUITY RATIO

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

EQUITY RATIO

Shareholders' equity 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

The annual rate of return calculated in quarterly intervals on a SEK basis that renders a zero net present value of (i) fair values at the beginning and end of the respective measurement period, (ii) investments and divestments, and (iii) cash dividends and dividends in kind

INVESTMENTS

All investments in listed and unlisted financial assets, including loans to portfolio companies

LEVERAGE

Net debt as a percentage of portfolio value

NET ASSET VALUE, NAV

Net value of all assets on the balance sheet, equal to the shareholders' equity

NET ASSET VALUE GROWTH

Change in net asset value without adjustment for dividend paid or other transactions with shareholders

NET CASH/(NET DEBT)

Interest bearing receivables (excluding net outstanding receivables relating to portfolio companies), short-term investments and cash and cash equivalents less interest-bearing liabilities including interest-bearing provisions and unpaid investments/divestments

NET INVESTMENTS

The net of all investments and divestments in listed and unlisted financial assets

NET MERCHANDISE VALUE, NMV

Gross merchandise value after actual and provisioned returns and rejections

PORTFOLIO VALUE

Value of all assets on the balance sheet, less cash and cash equivalents

TOTAL SHAREHOLDER RETURN, TSR

Annualized total return of the Kinnevik B share on the basis of shareholders reinvesting all cash dividends, dividends in kind, and mandatory share redemption proceeds into the Kinnevik B share, before tax, on each respective ex-dividend date. The value of Kinnevik B shares held at the end of the measurement period is divided by the price of the Kinnevik B share at the beginning of the period, and the resulting total return is then recalculated as an annual rate

BOARD OF DIRECTORS & CEO

THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER OF KINNEVIK AB

For information about individual directors, please refer to pages 25-27.



Tom Boardman
Chairman



Dame Amelia Fawcett
Deputy Chairman



Henrik Poulsen
Deputy Chairman



Cynthia Gordon
Board Director



Wilhelm Klingspor
Board Director



Lothar Lanz
Board Director



Erik Mitteregger
Board Director



Mario Queiroz
Board Director



John Shakeshaft
Board Director



Cristina Stenbeck
Board Director



Georgi Ganev
Chief Executive Officer

ANNUAL GENERAL MEETING 2018

DATE AND VENUE

The Annual General Meeting will be held on Monday, 21 May 2018, 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, 15 May 2018, and
- give notice of their attendance no later than Tuesday, 15 May 2018.

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 15 May 2018.

HOW TO NOTIFY INTENTION TO PARTICIPATE

Shareholders can notify the Company of their intention to participate from Tuesday, 17 April 2018, 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 Kinnevik AB, 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, 15 May 2018.

NOMINATION COMMITTEE

In accordance with the resolution of the 2017 Annual General Meeting, Cristina Stenbeck has convened a Nomination Committee comprising representatives of Kinnevik's largest shareholders in terms of voting interest.

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

FINANCIAL INFORMATION

26 April	Interim Report January-March 2018
23 July	Interim Report January-June 2018
25 October	Interim Report January-September 2018



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