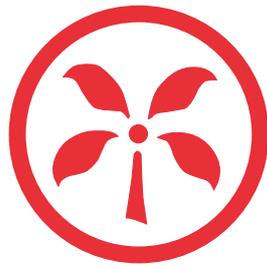




**K I N N E V I K**

ANNUAL REPORT 2018



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"We build leading digital businesses"

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*For an in-depth description of Kinnevik including our strategy, team and investee companies, please refer to [www.kinnevik.com](http://www.kinnevik.com)*

The Annual Report for Kinnevik AB (publ) 556047-9742 consists of a Board of Directors' Report, financial statements and other information on pages 19-59. The Sustainability Report on pages 4-18 has been subject to a limited assurance review. The annual accounts and consolidated accounts on pages 19-59 have been audited.

## CHIEF EXECUTIVE'S REVIEW

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Dear Shareholders,

My first year as CEO of Kinnevik has been a year of continued transformation for the company where we executed on a strategically important merger and made ten new investments in our focus areas. In the second half of the year, against the backdrop of volatile equity markets with particularly weak performance in fashion e-commerce, we saw a significant drop in the share price of Zalando, impacting our Net Asset Value and Total Shareholder Return. This notwithstanding, we remain focused on creating value through active ownership and through making further investments in both new and existing companies.

### KINNEVIK'S 2018 RESULTS

Kinnevik's NAV decreased by 22% to SEK 70.5bn, or SEK 256 per share in 2018, driven mainly by the market re-rating of fashion e-commerce impacting the share price of Zalando and the valuation of Global Fashion Group. The value of our private assets was SEK 11.9bn. We returned SEK 2.3bn to our shareholders in ordinary dividends of SEK 8.25 per share, and SEK 4.2bn or SEK 15 per Kinnevik share in the form of MTG shares. Our total shareholder return was -16%.

### BEING AN ACTIVE OWNER

Kinnevik's strategy builds on active ownership, which requires agility and the ability to pivot in order to deliver on our long-term vision. When we announced our support of the merger between Tele2 and Com Hem in January 2018, we also committed to effecting pro-competitive measures if necessary to complete the merger. To honor this commitment, we distributed Kinnevik's shares in MTG to shareholders in mid-August. In addition to facilitating the regulatory clearance of the merger of Tele2 and Com Hem, the distribution delivered an extra dividend-in-kind to Kinnevik's shareholders of in total around SEK 4.2bn or SEK 15 per Kinnevik share, and enabled our shareholders to become direct shareholders in MTG.

Millicom continued to execute on its strategy of increasing its focus on Latam by divesting its operations in Rwanda and Senegal and acquiring Cable Onda. Cable Onda is the leading provider of broadband internet, pay-TV, fixed telephony and B2B telecommunication services in Panama, and the country is an important business hub in the region, completing Millicom's Central American footprint.

2018 was a turbulent year for Zalando. It started off with strong operational and financial trends, but in the second half the company experienced a significant drop in its share price, as the volatile market climate hit fashion e-commerce particularly strong. When the company released their solid 2018 Full Year results during its Capital Markets Day on 28 February, they gave the markets reasons to be optimistic about the future, which was reflected in the strong

share price development during the day. We remain confident in the growth potential of Zalando and look forward to supporting the company on its journey to become "the Starting Point for Fashion".

In the beginning of the year, we appointed new management to Global Fashion Group and the co-CEOs Patrick Schmidt and Christoph Barchewitz (who was previously an Investment Director at Kinnevik) have executed firmly on the strategy. Global Fashion Group is developing positively and in line with plan with healthy growth and continuous improvements on its path to profitability.

### ACCELERATING THE PRIVATE PORTFOLIO

Driving growth and value in our private portfolio is a key strategic priority, and during 2018 we intensified our investment activities and added ten new companies within our focus sectors to the private portfolio, four in the Nordics and six in Europe and the US.

We invested SEK 443m in Omio (formerly GoEuro), a leading online travel agency, aggregating all modes of transport in Europe. Booking transportation remains fragmented and mostly on non-mobile systems, representing a great opportunity for Omio. We were also excited to partner up with Temasek, a global investment company that shares our philosophy of active, long-term ownership.

Within financial services, we added three companies to our portfolio: Monese, the first mobile-only banking app in the UK; Deposit Solutions, an open banking platform for banks to offer third party deposit products to their customers; and Bread, which operates in the boundaries between financial services and e-commerce offering a white-label payment solution to online retailers in the US. What unites these companies is that they are digital challengers finding innovative ways to serve their customers online, giving the customers more and better choice.

Within healthcare we invested in Cedar, our third investment in the sector. Based in New York, Cedar has developed an intelligent payment platform for patient billing. By leveraging machine learning and data science, Cedar generates a personalized outreach



strategy, payment plan, and preferred method of payment for each and every patient. Healthcare organizations use Cedar's platform to manage patient engagement, monitor financial activity, and track key payment metrics.

In the Nordics, we added Karma and Kolonial to our group of companies. Kolonial.no is the leading online grocery store in Norway, and we have been impressed by the founding team and what they have achieved in a relatively short period of time. Addressing another part of the food sector, Karma reduces food waste by letting customers buy unsold food from local grocery stores and restaurants at a discount through their app, a business proposition we find attractive both financially and for society at large.

#### **BALANCE SHEET AND SHAREHOLDER REMUNERATION**

We end the year with a net debt position of SEK 2.9bn corresponding to a leverage of 4% of portfolio value, well within our target. The Board proposes a dividend of SEK 8.25 to be paid out in two tranches, in May and in November, on the back of Millicom and Tele2 both having proposed to split their dividend payments in a similar fashion.

#### **CONCLUDING REMARKS**

When I set my priorities a year ago, my focus was on active ownership, increased activity in the private portfolio and an increased engagement in the Nordics. In 2019, we will continue to drive this agenda, but I expect the number of new investments to be fewer, in favor of more sizeable investments. We will also remain focused on accelerating the key companies in our private portfolio, and continuing to support and invest in them as they grow and require more capital. I would like to extend my thanks to you, our shareholders, for your continued support. We have an excellent set of growth companies in our portfolio and a long-term vision of value creation which we are committed to delivering on.



**Georgi Ganev**  
*Chief Executive Officer*

# SUSTAINABILITY REPORT

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## Statement by the Chairman of the Board

### CREATING LONG-TERM VALUE AND VALUATION

Kinnevik's mission is to build digital businesses that address material, everyday consumer needs. To achieve this, Kinnevik's values, active ownership and long-term perspective underpin everything that we do. We know that in order to build companies that create long-term value as well as valuation, sustainability must be an integral part of all decisions that we make. Our commitment to sustainability is not only a means for downside protection, it is also a way of creating value through giving consumers more and better choice.

As Chairman of the Board, I am ultimately responsible for implementing our sustainability agenda within Kinnevik, our investee companies and when making new investments. I also chair our dedicated committee, the Governance, Risk and Compliance (GRC) Committee, which assists the Board in monitoring governance structures of Kinnevik's investee companies, Kinnevik's risk management processes and compliance with applicable laws, regulations and codes of conduct.

### SUSTAINABILITY PERFORMANCE

On page 8, you will find an outline of Kinnevik's annual assessment of the sustainability performance of our portfolio companies, based on their performance pursuant to our GRC framework. One of the objectives set out last year was for our companies to show a positive development of their scores during 2018. Based on the most recent assessments, I am pleased to report that the majority of our existing companies have achieved this objective.

### AN ACTIVE DIALOGUE

As a part of Kinnevik's active ownership, our GRC Committee meets with relevant representatives within our portfolio companies to gain insight of the various initiatives being implemented in these companies and to provide guidance where appropriate. In 2018, we met with representatives from Global Fashion Group, BIMA and Betterment in a constructive dialogue, and it is rewarding to note that all three companies show improvements in their sustainability efforts. During the year, the risk management frameworks which have been implemented across our large portfolio companies have been enhanced. Specifically, the ability of management teams to better articulate and define their risk appetite has increased in sophistication, and this sets a strong foundation to manage risk within our businesses.

### SUSTAINABILITY DUE DILIGENCE

During 2018, Kinnevik invested in 10 new companies. Sustainability due diligence was undertaken for all of these new investments and each company's performance was assessed against our standards. A sustainability "roadmap" is being agreed with the management of these companies to address any material issues identified during the due diligence.



### ADDRESSING THE UN SUSTAINABLE DEVELOPMENT GOALS

Being a signatory of the UN Global Compact, Kinnevik is committed to promoting the universal principles on human rights, labour, environment and anti-corruption. We review our investee companies' operations through the filter of the UN Sustainable Development Goals, which you can read more about on page 13.

We have high ambitions and, through the committed and knowledgeable employees of Kinnevik and our investee companies, I am convinced that we will deliver long-term shareholder and social value by building well-governed companies that contribute positively to society.

**Dame Amelia Fawcett**  
*Chairman of the Board*

## 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 GRC structures 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

has a dedicated GRC function. The purpose of the GRC function is to drive and track 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 in Kinnevik and 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 identified as 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's ability to implement its strategies or achieve its objectives. 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
<b>Employees at Kinnevik and in our investee companies</b>	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 of and training on policies and procedures such as Code of Conduct, Whistleblower Policy, Corporate Responsibility Policy, Talent Management Policy, and Employee Handbook.
<b>Investors and analysts</b>	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 of and training on policies and procedures such as the Code of Conduct, Corporate Responsibility Policy and Whistleblower Policy.
<b>Investee companies</b>	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, and business ethics.	Continuous operational support, review and implementation of GRC workstreams, policies and procedures, participation in financing rounds.
<b>Authorities and regulators</b>	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 topics were identified through an interactive stakeholder dialogue, coupled with peer benchmarking and industry best practice.

### MATERIAL TOPICS

When determining our material topics, we have considered influence on stakeholder decisions and significance of economic, environmental and social impacts. The material topics comprise the key sustainability risks and opportunities that we believe are important to focus on, 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 topics 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 topic.

The identified material topics 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 2018. As Kinnevik is not an operating company, the report does not include performance information on issues that are material only 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 and further information on investee company performance can be found on the investee 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.

Kinnevik has determined the boundaries for each material topic based on where the impact occurs and Kinnevik's level of involvement. Active ownership concerns impact within our investee companies while the remaining material topics concern impacts within Kinnevik's own operations. Kinnevik directly contributes to and/or impacts all material topics through its own operations.

## Active ownership - Kinnevik's role as an active owner

Driving an ambitious 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. Kinnevik's general expectations in relation to our investee companies' sustainability performance is outlined in our Corporate Responsibility Policy. 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 GRC Standards were developed based on stakeholder dialogues, peer benchmarking and industry best practice.

The GRC Standards comprise 64 standards divided into six sections and are weighted according to their importance to our stakeholders, as well as their relevance to our investee 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 assessments are performed through interviews with the investee companies

and our board representatives and by the GRC function's periodic visits to the companies.

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 all sections is not feasible, as our investee companies and the conditions under which they operate constantly change.

#### Assessment of public companies

Our public investee 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.

#### Assessment of private companies

Private investee 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 sustainability "roadmap" is defined and adopted by the company's board, where Kinnevik is represented.

#### Overview of the GRC Standards

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

## THE 2018 GRC ASSESSMENT

### Outcome of the 2018 GRC assessment

The assessment for 2018 included 24 (18) companies, 6 (5) public and 18 (13) private, corresponding to ca 99% (98%) of Kinnevik's portfolio value. A key reflection from this year's assessment is that most companies have improved their GRC scores. For example, Betterment has implemented a robust risk management framework to monitor all high risks and efficiency of any mitigating actions. Global Fashion Group has mapped their private label supply chain and audited their material suppliers to ensure compliance with the applicable supplier code of conduct.

The main challenge for our investee companies is setting the right tone at the top on GRC and sustainability by active participation by the board and management team. Early stage companies are also generally struggling with balancing GRC development and growth. Further, although information security has been an focus area for 2018 many companies are still in early stages of development and therefore tend to have lower scores. Other topics that are high on our agenda for 2019 are agreeing on sustainability "roadmaps" for our new investee companies and improving business continuity processes across our portfolio.

An overview of the outcome of the 2018 GRC assessment is provided in the table below. The assessed companies have been scored on all standards. To conclude on the total overall scores, the section specific scores have then been weighed in relation to their importance as per below and in relation to the assessed investee companies' NAV contribution. Over the year Kinnevik has invested in 10 new companies. All of the new investments were in early stage companies, which to some extent has affected the overall scores for 2018.

### Target for 2019

The targets for the reporting year 2019 are to improve the scores across all sections of the GRC Standards for our existing investee companies and to establish strong foundations for GRC and sustainability performance for any new companies that Kinnevik may choose to invest in during 2019.

### Outcome of the 2018 GRC assessment

SECTION	MAXIMUM SCORE	TOTAL SCORE 2017 (weighed by NAV)	TOTAL SCORE 2018 (weighed by NAV)
Organisation and structure	11	10	10
Governance	32	28	28
Risk management	8	6	7
Compliance	20	17	17
Corporate responsibility	23	18	18
Information security	6	4	3
<b>TOTAL</b>	<b>100</b>	<b>81</b>	<b>83</b>

## 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, Nasdaq Stockholm's Rule Book for Issuers, and regulations and recommendations issued by relevant self-regulatory bodies. Kinnevik follows the Swedish Corporate Governance Code (Swe. 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 23-26 in the Annual Report 2018.

Kinnevik's key sustainability policies are our Code of Conduct, Whistleblower Policy and Corporate Responsibility Policy. The policies have been communicated to all employees and members of the Board.

All employees and representatives of Kinnevik are expected to fully comply with the Code of Conduct. Kinnevik has an onboarding process for new employees that introduces them to the Code of Conduct, which includes provisions on anti-bribery and business ethics, and other key policies and procedures. 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.

A part of the investment team's compensation is linked to the development of team members' respective investee companies' GRC performance and scores.

### RISK MANAGEMENT

Kinnevik's Board is responsible for internal control in accordance with the Swedish Companies Act (Swe. Aktiebolagslagen) and 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 any 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 Nasdaq Stockholm's Rule Book for Issuers, the European Union Market Abuse Regulation (No 596/2014), the Swedish Companies Act, 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. A compliance review in relation to the laws and regulations that govern Swedish listed companies is performed annually to ensure full compliance and identify potential areas for improvement.

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 and GRC is a separate due diligence work stream for all of 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 such 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. The sustainability due diligence is performed by the GRC function with support from relevant members of the investment team and, where necessary, external advisers.

During 2018, Kinnevik invested in 10 new companies, all of which were subject to sustainability due diligence. To address material issues identified, sustainability roadmaps are being agreed with all new investee companies.

## 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.

### 2018 PERFORMANCE

During 2018, Kinnevik's Net Asset Value decreased by 22 percent to SEK 70.5bn (90.6), mainly driven by negative share price development in Zalando and other e-commerce assets. Total investments for the year amounted to SEK 2.7bn (4.8). Total divestments amounted to SEK 1.6bn (5.3). Kinnevik ended 2018 in a net debt position of SEK 2.9bn (1.1), corresponding to a leverage of 4 (1) 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.

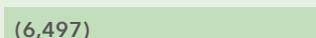
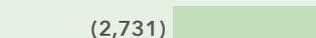
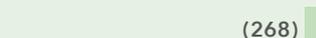
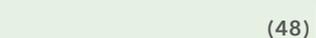


*Kinnevik's economic value generated and distributed during 2018, SEKm*

#### Economic value generated

Dividends received		1,887
Divestments of financial assets		1,610
Interest received		0

#### Economic value distributed

	(6,497)	Dividend distributed
	(2,731)	Investments in financial assets
	(268)	Operating expenses including employee wages
	(48)	Interest paid

**12%**

PAST 30 YEARS

**18%**

PAST 10 YEARS

**-1%**

PAST 5 YEARS

**-16%**

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

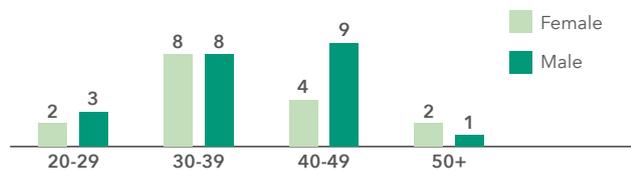
Our greatest asset is and has always been our people and as such, attracting and retaining top talent is a key priority. Kinnevik regards diversity as a lever for value creation, and we make full use of the opportunities that arise from employing a team with different backgrounds and perspectives.

### 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.

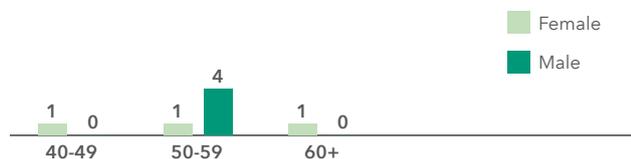
Kinnevik strongly advocates diversity and equal opportunities. This is reflected in the composition of our organisation, where a total of eight different nationalities are represented. Kinnevik's organisation comprised 37 (37) people on average during 2018, with 24 people based in the Stockholm office and 13 people in the London office (full-time equivalents "FTE"). The investment management organisation is mainly based in London and consisted of 11 professionals. In addition, during 2018 Kinnevik employed 26 people across Finance, Legal, GRC, Corporate Communications, Human Resources and Administration. All employees but two, both women, are on permanent contracts. All employees but two, both women, are on full-time contracts.

Age distribution of employees in 2018 (FTE)



The proportion of women employed at Kinnevik was 44 (43) percent (FTE average) for 2018. The proportion of women in Kinnevik's investment organisation was 17 (16) percent, and on the Board of Directors 43 (30) percent. Over the next few years, we aim to increase the proportion of women in both the management team and the investment team, and we know that the Nomination Committee share our ambition in relation to the composition of our Board.

Age distribution of the Board of Directors in 2018 (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 investee 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 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 8 new people to the team during 2018, and 3 people left Kinnevik, excluding termination due to end of fixed-term contract or retirement. We had a total new hire rate of 22 (11) percent and a turnover rate of 8 (13) percent for 2018.

New employee hires and employee turnover during 2018

NEW HIRES					TOTAL	RATE
Sweden	20-29	30-39	40-49	50+		
Women	4	0	0	0	8	22%
Men	1	0	2	1		
UK						
Women	0	0	0	0	0	0
Men	0	0	0	0		
TURNOVER					TOTAL	RATE
Sweden	20-29	30-39	40-49	50+		
Women	0	1	0	0	2	8%
Men	0	0	1	0		
UK						
Women	0	0	0	0	1	1%
Men	0	0	1	0		

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

In 2018, the average parental leave taken was 0 (3) weeks for men and 52 (48) weeks for women. This refers to parental leave that started during 2018 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 third 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 CO<sub>2</sub>e.

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

#### Result of the 2018 GHG assessment

During 2018, Kinnevik generated 645 (602) tonnes of CO<sub>2</sub>e in total, corresponding to 17.6 (16.1) tonnes per full time equivalent employee.

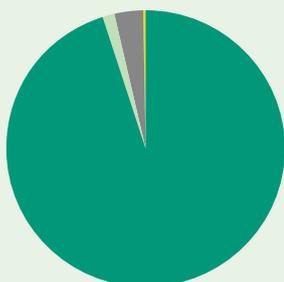
#### Summary by Greenhouse Gas

GREENHOUSE GAS	GLOBAL WARMING POTENTIAL	TONNES CO <sub>2</sub> E
Carbon dioxide (CO <sub>2</sub> )	1	570
Methane (CH <sub>4</sub> )	25	0.032
Nitrous oxide (N <sub>2</sub> O)	298	2.86
Other gases	1	71.4
<b>TOTAL</b>		<b>645</b>

#### Kinnevik's 2018 emissions

##### Summary by Activity

ACTIVITY	TONNES CO <sub>2</sub> e	
Business travel	613	95%
Premises	10	2%
Company-owned / leased vehicles	20	3%
Materials purchased	2	0%
<b>TOTAL</b>	<b>645</b>	<b>100%</b>



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 (95) percent of Kinnevik's total emissions in 2018.

#### 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 2018 has been included in the assessment, although they are primarily used by employees outside of work and for personal purposes. Petrol is subject to fringe benefits tax.

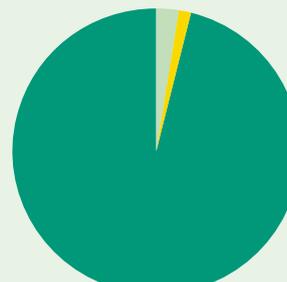
District heating in the Stockholm office is already subject to a carbon offsetting program directly through the supplier.

### 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 2018, Kinnevik has continued to 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 focussing on reforestation.

##### Summary by Scope

SCOPE	TONNES CO <sub>2</sub> e	
1 Company-owned / leased vehicles	17	3%
2 Power consumption and distance heating	9	1%
3 Business trips and waste disposal	619	96%
<b>TOTAL</b>	<b>645</b>	<b>100%</b>



## Contributing to the UN 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 UN 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 2018, 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 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 in the case study 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 11 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 12 - RESPONSIBLE CONSUMPTION AND PRODUCTION

For Kinnevik, providing consumer choice includes providing sustainable alternatives. By investing in Karma, Kinnevik contributes to a more sustainable approach to consumption and production of food. Karma's mission is to ensure that great food is never wasted and to lead the shift towards a more sustainable society. Read more about Karma in the case study 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 in the case study on the next page.

### SDG 17: PARTNERSHIPS FOR THE GOALS

As a founding partner, Kinnevik is actively engaged in the non-profit organisation Reach for Change and their mission to find outstanding social entrepreneurs and help them develop innovations that improve children's lives on a big scale. Read more about Reach For Change and their work in the case study 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, our Corporate Responsibility Policy and 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



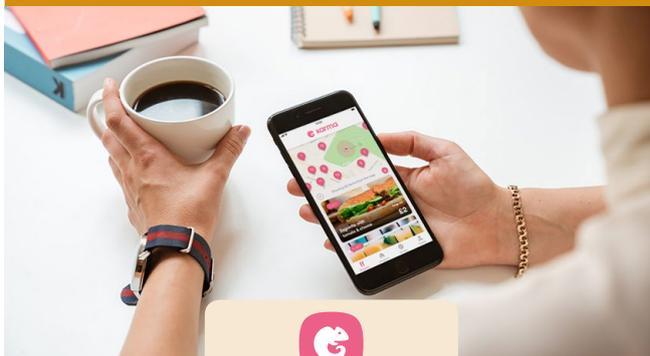
### SDG 3: Babylon - digital healthcare



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 12: KARMA - surplus food



Karma is a marketplace that connects consumers with local restaurants and grocery stores that have surplus food. By letting customers buy unsold food at a discount, Karma is reducing food waste.

Each year, approximately 1/3 of all the food produced ends up rotting. By giving restaurants, cafes and grocery stores the opportunity to sell their surplus food on Karma's app, over 284 tonnes of food have been rescued. Since launch, Karma has attracted 500,000 app users.

### 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.

### SDG 17: Reach For Change



Reach for Change is a non-profit organisation founded by Kinnevik to improve children's lives through social innovations. Reach for Change finds and develops Change Leaders - local social entrepreneurs with innovations that solve pressing issues facing children.

Reach For Change's entrepreneurs are helped to scale their innovations through seed funding, access to business expertise and networking opportunities. Launched in Sweden in 2010, Reach for Change is now present in 18 countries on three continents.

## GRI Index

Kinnevik's Sustainability Report refers to the calendar year 2018 and is prepared in accordance with the Global Reporting Initiative's ("GRI") Sustainability Reporting Standards: Core option, including the GRI Standards Sector Disclosures for Financial Services. For a description of how we identified the Material Topics, refer to page 6 in the Annual Report. This is Kinnevik's third Sustainability Report, and Kinnevik intends to continue this reporting on an annual basis. The Sustainability Report 2018 has been subject to a limited assurance review, see statement on page 18.

### MANAGEMENT APPROACH DISCLOSURES

Kinnevik continuously evaluates our efforts within each material aspect to identify potential improvements and take appropriate actions.

#### ***Economic (GRI Material Topic; Sustainable 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 investee companies. Kinnevik has developed a structured program that continuously trains and upskills our investment team in sustainability and responsible investing.

#### ***Emissions (GRI Material Topic; Environmental impact)***

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 third yearly

estimate and it provides us with a tool to monitor, raise awareness and reduce our climate change impacts.

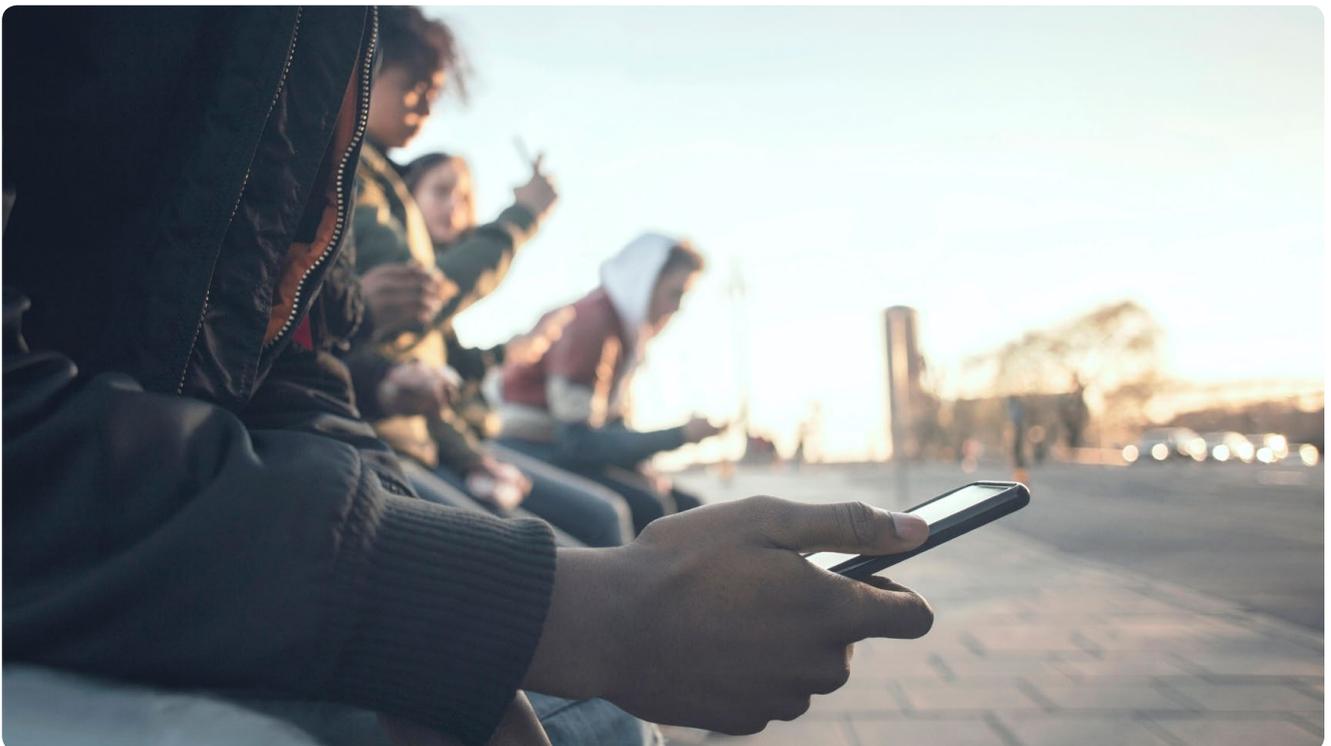
For more information about our emissions, see Kinnevik's Greenhouse Gas Protocol Report 2018 available on [www.kinnevik.com](http://www.kinnevik.com).

#### ***Employment and Education, Diversity and Equal Opportunity, Investments, Product Responsibility Disclosures for the Financial Services Sector, Anti-corruption and Compliance (GRI Material Topics; Active ownership, Sound governance and business practices and Team, diversity and well-being)***

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 new framework to measure GRC performance in our investee companies. The GRC Committee and the Audit Committee receive periodic updates on compliance status with the material provisions of governing laws, regulations and guidelines. A compliance review in relation to the laws and regulations that govern Swedish listed companies is performed annually. 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 DISCLOSURES		REPORTED (Y/N)	COMMENT	PAGE IN AR
GRI 102-1	Name of the organisation (2016)	Y		19
GRI 102-2	Activities, brands, products, and services (2016)	Y		19
GRI 102-3	Location of headquarters (2016)	Y		19
GRI 102-4	Location of operations (2016)	Y		43, 55-56
GRI 102-5	Ownership and legal form (2016)	Y		19, 21
GRI 102-6	Markets served (2016)	Y		19
GRI 102-7	Scale of the organisation (2016)	Y		11, 19, 38
GRI 102-8	Information on employees and other workers (2016)	Y	Two employees are on temporary contracts and two employees are on part-time contracts (all women).	11
GRI 102-9	Supply chain (2016)	Y	Kinnevik's purchases include services and products to office operations in Stockholm and London and consultancy services in relation to the acquisition and sales processes as well as development procedures. Suppliers operate primarily in the Nordic countries and the UK.	
GRI 102-10	Significant changes to the organization and its supply chain (2016)	Y	No significant changes this year.	
GRI 102-11	Precautionary Principle or approach (2016)	Y	See Kinnevik's Corporate Responsibility Policy on <a href="http://www.kinnevik.com">www.kinnevik.com</a> .	
GRI 102-12	External initiatives (2016)	Y	UN Global Compact, GRI Sustainability Reporting Standards: core option and Our Impacts.	
GRI 102-13	Memberships of associations (2016)	Y	Stockholm Chamber of Commerce, Stockholm School of Economics, Brilliant minds and Reach for change.	
GRI 102-14	Statement from senior decision-maker (2016)	Y		4
GRI 102-16	Values, principles, standards and norms of behavior (2016)	Y		7, 9, 15
GRI 102-18	Governance structure (2016)	Y		23
GRI 102-40	List of stakeholder groups (2016)	Y		5
GRI 102-41	Collective bargaining agreements (2016)	Y	No (zero) employees are covered by such agreements. However, freedom of assembly and association is clearly stated in our Code of Conduct.	
GRI 102-42	Identifying and selecting stakeholders (2016)	Y		5
GRI 102-43	Approach to stakeholder engagement (2016)	Y	Stakeholders have not been specifically consulted in preparation of the Sustainability Report 2018.	5
GRI 102-44	Key topics and concerns raised (2016)	Y		5
GRI 102-45	Entities included in the consolidated financial statements (2016)	Y		55
GRI 102-46	Defining report content and topic boundaries (2016)	Y		5-6, 15
GRI 102-47	List of material topics (2016)	Y		6
GRI 102-48	Restatements of information (2016)	Y	No restatements have been made.	
GRI 102-49	Changes in reporting (2016)	Y	No significant changes have been made.	
GRI 102-50	Reporting period (2016)	Y		6, 15
GRI 102-51	Date of most recent report (2016)	Y	The Sustainability Report 2017 covers the sustainability performance of Kinnevik for the period 1 January to 31 December 2017.	

GRI DISCLOSURES		REPORTED (Y/N)	COMMENT	PAGE IN AR
GRI 102-52	Reporting cycle (2016)	Y		6
GRI 102-53	Contact point for questions regarding the report (2016)	Y	Torun Litzen, Director of Corporate Communications: +46 8 562 000 83.	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	Y		15
GRI 102-55	GRI content index (2016)	Y		16-17
GRI 102-56	External assurance (2016)	Y	The Sustainability Report 2018 has been subject to a limited assurance review.	18
GRI 103-1	Explanation of the material topic and its Boundary (2016)	Y	Active ownership concerns our investee companies and Kinnevik's contribution to such. All other topics concern Kinnevik's own operations and contributions and actions in relation to such.	6, 15
GRI 103-2	The management approach and its components (2016)	Y	Given the nature of Kinnevik's material topics, we have not implemented any specific grievance mechanisms for such. To the extent relevant components are applicable to Kinnevik's material topics these have been included under the respective sections describing each topic.	7-12, 15
GRI 103-3	Evaluation of the management approach	Y		15
<b>ACTIVE OWNERSHIP</b>				
GRI 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening (2016)	Y	All Kinnevik's new investments in private companies are subject to a sustainability due diligence process based on our GRC Standards which includes compliance with relevant human rights laws.	10
GRI-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.	7-8
GRI 205-1	Operations assessed for risks related to corruption (2016)	Y	All Kinnevik's larger investee companies are covered by the GRC standards.	7-8
<b>SOUND GOVERNANCE AND BUSINESS PRACTICES</b>				
GRI 205-2	Communication and education about anti-corruption policies and procedures (2016)	Y	The Code of Conduct covers anti-corruption and is communicated to all employees and members of the Board. Given Kinnevik's very limited proprietary operations we only engage with very few but well-known suppliers and therefore do not communicate our anti-corruption policies and procedures to such suppliers.  There is no data accessible on how many employees have received anti-corruption training.	9
GRI 419-1	Non-compliance with laws and regulations in the social and economic area (2016)	Y	No fines or non-monetary sanctions were received during 2018.	
<b>SUSTAINABLE ECONOMIC PERFORMANCE</b>				
GRI 201-1	Direct economic value generated and distributed (2016)	Y		10
<b>TEAM, DIVERSITY AND WELL-BEING</b>				
GRI 401-1	New employee hires and employee turnover (2016)	Y		11
GRI 404-3	Percentage of employees receiving regular performance and career development reviews (2016)	Y	100% of employees.	11
GRI 405-1	Diversity of governance bodies and employees (2016)	Y		11, 24-27
<b>ENVIRONMENTAL IMPACT</b>				
GRI 305-1	Direct (Scope 1) GHG emissions (2016)	Y	Company-owned or long-term leased vehicles.	12
GRI 305-2	Energy indirect (Scope 2) GHG emissions (2016)	Y	Power consumption and district heating.	12
GRI 305-3	Other indirect (Scope 3) GHG emissions (2016)	Y	Business trips by plane, train and taxi, office material/paper consumption and waste from properties.	12

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

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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 2018. The Company has defined the scope of the Sustainability Report in the GRI index on pages 16-17.

## 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 15 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 2019

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)	2018	2017	2016	2015	2014
Equity	70 503	90 633	72 434	83 464	84 206
Equity/assets ratio, %	95%	97%	97%	98%	98%
Net cash/(Net debt) incl. net loans to investee companies <sup>1)</sup>	-2 769	-1 062	-1 309	7 568	402
Debt/equity ratio, multiple	0.04	0.03	0.02	0.02	0.02
Net asset value	70 503	90 633	72 434	83 517	84 370
Net asset value per share, SEK	256	329	263	301	304
Net asset value change	-22%	25%	-13%	-1%	29%
Kinnevik market capitalization	58 728	76 042	60 223	72 680	70 727
Market price class B share at 31 December, SEK	213	276	219	262	255
Cash dividend per share, SEK	8.25 <sup>2)</sup>	8.25	8.00	7.75	7.25
Dividend in kind per share, SEK	15.36	-	-	-	-
Share redemption program per share, SEK	-	-	-	18.00	-
Total shareholder return %	-16%	31%	-6%	5%	-12%
Fair value, E-commerce & Marketplaces	25 442	42 674	40 829	40 452	42 854
<i>Share of portfolio value</i>	35%	47%	55%	53%	51%
Fair value, TMT (formerly Communication and Entertainment)	42 505	45 440	30 045	33 430	38 829
<i>Share of portfolio value</i>	58%	50%	41%	44%	46%
Fair value, Financial Services	4 136	3 078	2 440	1 779	1 401
<i>Share of portfolio value</i>	6%	3%	3%	2%	2%
Fair value Healthcare	1 342	480	154	0	0
<i>Share of portfolio value</i>	2%	1%	0%	0%	0%
Portfolio value	73 430	91 695	73 801	75 959	84 240
Change in fair value of financial assets (incl. dividends received)	-13 297	20 655	-3 236	1 447	21 844
Profit/loss for the year	-13 656	20 359	-3 459	1 207	20 863
Earnings per share	-49.58	73.90	-12.55	4.35	75.27
Cash flow from operations (excluding dividend received)	-316	-267	-237	-209	-34
Cash flow from investments in financial assets	-2 710	-4 843	-3 330	-1 590	-1 581
Cash flow from sale of shares and other securities	1 589	5 304	480	8 259	61
Dividends received	1 887	2 260	1 733	2 984	1 400
Cash dividend paid	-2 270	-2 201	-7 084	-2 011	-1 941
Cash flow for the year	-1 312	1 475	-8 557	7 490	-2 373

For definitions of financial key ratios, refer to page 63.

<sup>1)</sup> Including debt unpaid investments

<sup>2)</sup> Proposed cash dividend 2018

Note: Comparable figures 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 2019 and the Board of Directors and the CEO hereby present the annual report and consolidated financial statements for the 2018 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 6 May 2019.

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 2018. The figures in parentheses pertain comparative figures for 2017 unless otherwise stated.

### KEY EVENTS DURING 2018

The investment activity was high during 2018 and Kinnevik invested approximately SEK 2.1bn spread over a number of new portfolio companies of which the largest acquisitions were Omio (former GoEuro) SEK 0.4bn, Kolonial.no SEK 0.3bn and Bread SEK 0.3bn. In addition, SEK 0.5bn was invested into Livongo and SEK 0.1bn into Babylon.

During the year Kinnevik received a total cash consideration of SEK 1.6bn from divestments of which SEK 0.3bn from the divestment of Linio and SEK 1.2bn in relation to the merger between Tele2 and ComHem where Kinnevik also received additional shares in Tele2 corresponding to a value of SEK 3.6bn.

### CONSOLIDATED EARNINGS

The change in fair value of financial assets including dividends received amounted to a loss of SEK 13,297m (profit of 20,655) for the year of which a loss of SEK 12,307m (profit of SEK 21,099m) was related to listed holdings and a loss of SEK 990m (loss of 444) was related to unlisted holdings. See note 3 for the Group for further details. The administration costs were SEK 339m (245). The increase is mainly explained by higher investment activities and changes in the structure of the long-term incentive plan for 2018, resolved by the AGM, where the greater part of the cost for the subsidy for the preference shares are taken when the preference shares are received.

### CASH FLOW AND INVESTMENTS

The Group's cash flow from operating activities amounted to SEK 1,571m (1,993) during the year, of which dividends received amounted to SEK 1,887m (2,260). During the year, Kinnevik signed agreements to invest SEK 2,731m in other shares and securities, while cash paid on investments amounted to SEK 2,710m. Divestments of other shares and securities contributed to the cash flow by SEK 1,589m and cash dividend paid amounted to SEK 2,270m, see Note 6 for the Group for more details.

### LIQUIDITY AND FINANCING

Total net debt, including net loans to investee companies, amounted to SEK 2,769m (1,062) as at 31 December 2018.

Kinnevik had available credit facilities of SEK 5,630m as at 31 December 2018, SEK 2,850m in outstanding bonds and SEK 500m in short-term borrowing through commercial papers.

Available cash and cash equivalents, including unutilized available credit facilities, totalled SEK 6,116m (7,995) at 31 December 2018. For more information about the interest-bearing borrowing, see Note 10 for the Group.

Borrowing primarily occurs in SEK. During 2018, 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 some of the companies in which Kinnevik has invested have substantial operations in less developed markets in Latin America 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 2018 for the Parent Company were the following:

- Administration costs: SEK 316m (235)
- External dividends received: SEK 705m (857)
- Result from associated companies: SEK 6,684m (0), of which SEK 6,660m attributable to an internal sale of the shares in Tele2
- Result from subsidiaries: loss of SEK 10m (8,411)
- Profit after financial items: SEK 7,024m (9,015)

During the year, the Parent Company paid shareholders' contributions to subsidiaries totalling SEK 23,451m (4,721) to finance reallocation of portfolio companies between subsidiaries as well as external investments.

The Parent Company's cash and cash equivalents, including short-term investments and unutilised credit facilities, totalled SEK 6,981m (7,918) at 31 December 2018. The interest-bearing external liabilities amounted to SEK 3,341m (2,855) on the same date.

### SHARE CAPITAL

As of 31 December 2018, the number of shares in Kinnevik AB amounted to 276,253,919, of which 33,755,432 are class A shares carrying ten votes each, 241,911,206 are class B shares carrying



one vote each (of which 536,469 held in treasury) and 587,281 are reclassifiable, sub-ordinated, incentive shares held by the participants in Kinnevik's long-term incentive plan launched in 2018.

The following changes regarding number of shares and votes were registered during 2018:

7,401,712 class A shares were reclassified into class B shares.

200,000 class C shares were issued and repurchased and reclassified into class B shares held in treasury in order to ensure delivery of shares to participants in outstanding long-term incentive programs.

587,281 reclassifiable, sub-ordinated, incentive shares, divided into four classes, to the participants in Kinnevik's long-term share incentive plan resolved on by the 2018 AGM were issued.

14,010 class B shares were delivered to participants in the share-based plan from 2015.

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 2019. There are no convertibles or warrants in issue.

As per 31 December 2018, there were two shareholders owning shares representing more than 10% of the total number of the votes in the company; Verdere S.à.r.l. with 18.5% and AMS Sapere Aude Trust with 11.7%. 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 2019 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 of their Board duties.

The objective of Kinnevik's remuneration guidelines is 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. Furthermore, it is intended that all Senior Executives shall have a significant long-term shareholding in Kinnevik.

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 the 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 the 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 shall be paid to insurance companies; however Senior Executives that are non-Swedish residents may, if approved by the Board, instead be offered 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 Kinnevik, 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 compensation for services performed within their respective areas of expertise, outside of their Board duties. Compensation for these services shall be paid on 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 guidelines and remuneration for the Senior Executives paid out during 2018, please refer to Kinnevik's 2018 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 2018

Area	Target	Outcome 2018
Return	Annual TSR of 12-15% over the business cycle <sup>1)</sup>	-16% (1 year) -1% (5 years) +18% (10 years)
Leverage	Low leverage	4%
Dividend	Growing shareholder remuneration	Unchanged dividend despite lower received dividends from portfolio companies

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

#### SUSTAINABILITY REPORT

A sustainability report that describes Kinnevik's work with sustainable value creation is provided on pages 4-17 and also on the company's website at [www.kinnevik.com](http://www.kinnevik.com).

#### ORGANISATION

During 2018, Christoph Barchewitz left Kinnevik to join GFG as Co-CEO and Andreas Bernström and Lars-Åke Norling joined Kinnevik as new Investment Directors and members of the Kinnevik Management Team.

#### EVENTS AFTER THE REPORTING PERIOD

On 14 February 2019, Kinnevik announced that it has committed to invest SEK 0.9bn into MatHem, Sweden's leading independent online grocery retailer, resulting in a 38% ownership stake.

#### 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 and Tele2 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	926 <sup>1)</sup>
Tele2	SEK 4.40 per share	825
<b>Total expected ordinary dividends</b>		<b>1 751</b>

<sup>1)</sup> Based on an exchange rate of 9.27 SEK/USD.

The Kinnevik Board proposes that the Annual General Meeting approves a cash dividend of SEK 8.25 (8.25) per share. The corresponding total dividend payment to Kinnevik shareholders will then amount to SEK 2,272m.

#### PROPOSED TREATMENT OF UNAPPROPRIATED EARNINGS

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

Retained earnings	42 643 664 058
Share premium	1 615 929 594
<b>Total</b>	<b>44 259 593 652</b>

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	2 272 001 762 <sup>1)</sup>
Share premium carried forward	1 615 929 594
Retained earnings carried forward	40 371 662 296
<b>Total</b>	<b>44 259 593 652</b>

Treasury and incentive shares are not entitled to dividend.

<sup>1)</sup> In the dividend proposal, maximal allocation has been assumed in accordance with the long-term incentive program that expires on 31 March 2019. Insofar as allocation occurs prior to the Annual General Meeting, these shares will be entitled to dividend payment

## Corporate Governance Report

Corporate Governance in the Kinnevik Group is based on Swedish legislation and generally accepted sound practice on the securities market. Kinnevik applies the Swedish Corporate Governance Code (the "Code")<sup>1)</sup>.

During 2018, 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 Nomination Committee section 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 such meetings. 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.

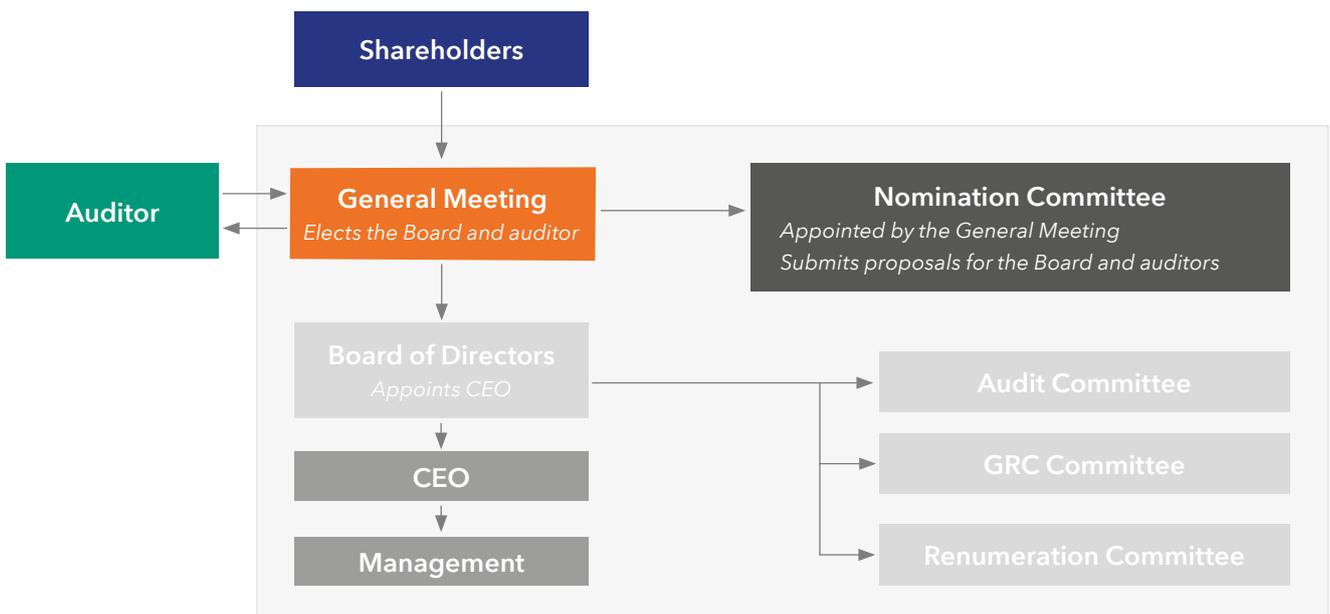
Information on major shareholders in the Company is provided on page 21, and authorizations approved by the Annual General Meeting for the Board to resolve on repurchase of own shares is provided in Note 10 for the Parent Company, Shareholders' Equity.

### NOMINATION COMMITTEE

At the 2018 Annual General Meeting, it was resolved that a Nomination Committee would be formed in consultation with the largest shareholders of the company as of the last business day the month the Annual General Meeting was held, consisting of at least three members appointed by the largest shareholders of the company who have wished to appoint a member. It was further resolved that Cristina Stenbeck would be a member of the Committee and would also act as its convener.

In accordance with the resolution of the 2018 Annual General Meeting, Cristina Stenbeck convened a Nomination Committee consisting of members appointed by the largest shareholders in Kinnevik. The Nomination Committee is comprised of Cristina Stenbeck appointed by Verdere S.à r.l. and Camshaft S.à r.l., Hugo Stenbeck appointed by AMS Sapere Aude Trust, James Anderson appointed by Baillie Gifford, Ramsay Brufer appointed by Alecta, and Marie Klingspor. The Nomination Committee's task is to prepare and 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 any changes to the procedure for the Nomination Committee ahead of the 2019 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. The objective is that the composition of the Board shall be appropriate, versatile and comprise a diverse set of Board members including in relation to gender, age and nationality, as well as experiences, professional backgrounds and business disciplines. The Committee believes that the composition of the current Board is fit-for-purpose in respect of various dimensions of diversity, enjoying a compounding mix of skill-sets and experiences matching Kinnevik's key priorities. 43% of the Board members elected by the 2018 Annual General Meeting are women. Further information may be found in the Nomination Committee's motivated statement regarding its proposals to the 2018 Annual General Meeting.



<sup>1)</sup> The Code is available on <http://www.bolagsstyrning.se>.

## 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 and AB Electrolux. 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 2018, 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 2018 Annual General Meeting, following a proposal by the Nomination Committee, Dame Amelia Fawcett, Henrik Poulsen, Wilhelm Klingspor, Erik Mitteregger, Mario Queiroz and Cristina Stenbeck were re-elected members of the Board and Charlotte Strömberg was elected as new member of the Board. The Annual General Meeting further elected Dame Amelia Fawcett as Chairman of the Board. At its constituent meeting, the Board appointed Henrik Poulsen as 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 2018, Senior Executives in Kinnevik included Chief Executive Officer Georgi Ganey, Chief Financial Officer Joakim Andersson, Director of Corporate Communications Torun Litzén, Senior Investment Director Chris Bischoff, Investment Director Andreas Bernström, Investment Director Lars-Åke Norling and General Counsel Mattias Andersson. For information about Senior Executives, please see [www.kinnevik.com](http://www.kinnevik.com) and Note 16 for the Group, Personnel.

## BOARD AND COMMITTEE COMPOSITION

Board Director	Position	Audit Committee	Remuneration Committee	GRC Committee
Tom Boardman (until May 2018)	Chairman	Member	Member	-
Dame Amelia Fawcett	Chairman (from May 2018)	-	Chairman	Chairman
Henrik Poulsen	Deputy Chairman	Member	-	-
Cynthia Gordon (until May 2018)	Member	-	-	Member
Wilhelm Klingspor	Member	-	-	Member from May 2018
Lothar Lanz (until May 2018)	Member	-	-	-
Erik Mitteregger	Member	Member	Member	-
Mario Queiroz	Member	-	-	-
John Shakeshaft (until May 2018)	Member	Chairman	-	Member
Cristina Stenbeck	Member	-	-	Member from May 2018
Charlotte Strömberg (from May 2018)	Member	Chairman from May 2018	Member	Member

## BOARD AND COMMITTEE MEETING ATTENDANCE

Board Director	Board	Audit Committee	Remuneration Committee	GRC Committee
Tom Boardman (until May 2018)	6/6	5/5	2/2	-
Dame Amelia Fawcett	11/12	-	4/4	4/4
Henrik Poulsen	12/12	12/12	-	-
Cynthia Gordon (until May 2018)	6/6	-	-	1/1
Wilhelm Klingspor	12/12	-	-	3/3
Lothar Lanz (until May 2018)	6/6	5/5	-	-
Erik Mitteregger	12/12	10/12	4/4	-
Mario Queiroz	11/12	-	-	-
John Shakeshaft (until May 2018)	6/6	5/5	-	1/1
Cristina Stenbeck	12/12	-	-	3/3
Charlotte Strömberg (from May 2018)	6/6	7/7	2/2	3/3



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

Significant issues addressed by Kinnevik's Board during 2018 include the distribution of Kinnevik's shares in MTG to its shareholders, 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. The General Counsel and Company Secretary, 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 2018, Kinnevik's Board of Directors held twelve meetings (including the constituent meeting), of which six 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 2018 was conducted internally by the Chairman of the Board by way of a questionnaire, covering areas such as the Board's performance against its key duties, the Board's composition and processes, as well as the performance of individual Board members. The results of the evaluation were presented to the Nomination Committee by the Chairman of the Board, and were also reported in full to the Nomination Committee in writing.

## BOARD OF DIRECTORS

### Dame Amelia Fawcett

CHAIRMAN

*Born:* 1956

*Nationality:* US and UK citizen.

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

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

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

Dame Amelia Fawcett has been a Director of the Board of Kinnevik since 2011, was appointed Deputy Chairman in 2013 and Chairman of the Board in 2018. 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. Dame Amelia is Deputy Chairman and a Governor of the London Business School 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, 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 in 2017. He is a Director of ISS A/S and 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.

## 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 2018 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.

## 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, as well as maintaining frequent contacts with the external 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 Group. 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 2018 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

### Wilhelm Klingspor

BOARD DIRECTOR

*Born:* 1962

*Nationality:* Swedish citizen.

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

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

*Committee work:* Member of the GRC Committee.

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

### 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 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.

### 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 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.



## 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 & THIRD PARTY REVIEWS

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 & CEO

### 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:* 14,248,858 class A shares and 6,044,802 class B shares.

*Committee work:* Member of the GRC Committee.

Cristina was elected Vice Chairman of the Board of Kinnevik in 2003 and was the Chairman of the Board during 2007-2016. She currently serves as a non-executive on the Board of one of Kinnevik's private investee companies, GoEuro, 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.

### Charlotte Strömberg

BOARD DIRECTOR

*Born:* 1959

*Nationality:* Swedish citizen.

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

*Direct or related person ownership:* 4,000 class B shares.

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

Charlotte Strömberg was elected a Director of the Board of Kinnevik in 2018. She currently serves as Chairman of Castellum and as a Board Director of Clas Ohlson and Sofina, Skanska. Charlotte is a member of the Swedish Securities Council, and a co-founder of DHS Venture Partners, a venture capital fund backed by Stockholm School of Economics alumni. During 2006-2011, she served as Chief Executive Officer of the Nordic operations of Jones Lang LaSalle. Prior to joining Jones Lang LaSalle, Charlotte was Head of Equity Capital Markets, and later Head of Investment Banking, at Carnegie Investment Bank. She holds an MBA from the Stockholm School of Economics.

### 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 Chairman of Tele2 and Board member of Global Fashion Group, Babylon Health and Reach for Change. Georgi 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.



the Audit Committee, engages internal auditors to follow up and evaluate work relating to inter alia risk management and internal control. The internal auditors report the results of their examination in the form of written reports to the Audit Committee. During 2018, Kinnevik procured a third party review of Kinnevik's valuations of unlisted holdings as at 31 March 2018, without remarks.

#### **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.

## GROUP FINANCIAL STATEMENTS

### Consolidated Income Statement

For the period 1 January-31 December (SEK m)	Note	2018	2017
Change in fair value of financial assets	3	-15 184	18 395
Dividends received	3	1 887	2 260
Administration costs	16	-339	-245
Other operating income		32	41
Other operating expenses		-5	0
<b>Operating profit/loss</b>		<b>-13 609</b>	<b>20 451</b>
Interest income and other financial income	4	18	12
Interest expenses and other financial expenses	4	-64	-102
<b>Profit/loss after financial net</b>		<b>-13 655</b>	<b>20 361</b>
Tax	7	-1	-2
<b>Net profit/loss for the year</b>		<b>-13 656</b>	<b>20 359</b>
Net profit/loss per share before dilution, SEK	5	-49.58	74.00
Net profit/loss per share after dilution, SEK	5	-49.58	73.90
<b>Other comprehensive income for the year</b>			
<b>Items that can be reclassified to profit or loss</b>			
Cash flow hedging- profit/loss during the year, net after tax		-	29
<b>Total comprehensive income for the year</b>		<b>-13 656</b>	<b>20 388</b>
Outstanding shares at the end of the year		275 717 450	275 115 735
Average number of shares before dilution		275 416 805	275 115 947
Average number of shares after dilution		275 818 034	275 464 517

## Consolidated Statement of Cash Flow

For the period 1 January-31 December (SEK m)	Note	2018	2017
Dividends received	3	1 887	2 260
Cash flow from operation		-260	-201
<b>Cash flow from operation before interest net and income taxes</b>		<b>1 627</b>	<b>2 059</b>
Interests, received		0	10
Interests, paid		-48	-76
<b>Cash flow from operations</b>		<b>1 579</b>	<b>1 993</b>
Investments in shares and other securities	6	-2 710	-4 843
Sale of shares and other securities	6	1 589	5 304
<b>Cash flow from investing activities</b>		<b>-1 121</b>	<b>461</b>
Amortization		0	-1 611
Borrowing		500	2 833
Redemption program and dividend paid to equity holders of the Parent Company		-2 270	-2 201
<b>Cash flow from financing activities</b>		<b>-1 770</b>	<b>-979</b>
<b>Cash flow for the year</b>		<b>-1 312</b>	<b>1 475</b>
<b>Short term investments and cash, opening balance</b>		<b>1 798</b>	<b>323</b>
<b>Short term investments and cash, closing balance</b>		<b>486</b>	<b>1 798</b>

## Consolidated Balance Sheet

31 December (SEK m)	Note	2018	2017
<b>ASSETS</b>			
<b>Fixed assets</b>			
Financial assets held at fair value through profit or loss	2	73 430	91 717
Tangible fixed assets		54	58
Other fixed assets		24	3
<b>Total fixed assets</b>		<b>73 508</b>	<b>91 778</b>
<b>Current assets</b>			
Other current assets		54	46
Short-term investments		149	1 750
Cash and cash equivalents	8	337	48
<b>Total current assets</b>		<b>540</b>	<b>1 844</b>
<b>TOTAL ASSETS</b>		<b>74 048</b>	<b>93 622</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	9	28	27
Other contributed capital		8 840	8 840
Retained earnings including net profit/loss for the year		61 635	81 766
<b>Total shareholders' equity</b>		<b>70 503</b>	<b>90 633</b>
<b>Long-term liabilities</b>			
Interest-bearing loans	10	2 842	2 833
Provisions for pensions		29	30
Other liabilities	11	10	0
<b>Total long-term liabilities</b>		<b>2 881</b>	<b>2 863</b>
<b>Short-term liabilities</b>			
Interest-bearing loans	10	500	-
Other liabilities	11	164	126
<b>Total short-term liabilities</b>		<b>664</b>	<b>126</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>74 048</b>	<b>93 622</b>

## Consolidated Statement of Changes in Equity

	Share capital	Other contributed capital	Hedging reserve	Retained earnings including net result for the year	Total shareholders' equity
<b>Opening balance 1 January 2017</b>	<b>27</b>	<b>8 840</b>	<b>-29</b>	<b>63 596</b>	<b>72 434</b>
Profit for the year				20 359	20 359
Other comprehensive income			29		29
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>29</b>	<b>20 359</b>	<b>20 388</b>
<b>Transactions with shareholders</b>					
Effect of employee share saving programme				12	12
Cash dividend <sup>1)</sup>				-2 201	-2 201
<b>Closing balance 31 December 2017</b>	<b>27</b>	<b>8 840</b>	<b>-</b>	<b>81 766</b>	<b>90 633</b>
Loss for the year				-13 656	-13 656
Other comprehensive income			-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-13 656</b>	<b>-13 656</b>
<b>Transactions with shareholders</b>					
New issue	1			-	1
Effect of employee share saving programme				22	22
Cash dividend <sup>2)</sup>				-2 270	-2 270
Dividend in kind <sup>3)</sup>				-4 227	-4 227
<b>Closing balance 31 December 2018</b>	<b>28</b>	<b>8 840</b>	<b>-</b>	<b>61 635</b>	<b>70 503</b>

<sup>1)</sup> The AGM 2017, resolved in favor of paying an ordinary cash dividend of SEK 8.00 per share

<sup>2)</sup> The AGM 2018, resolved in favor of paying an ordinary cash dividend of SEK 8.25 per share.

<sup>3)</sup> An EGM held in July 2018 resolved to distribute all of Kinnevik's shares in MTG to the shareholders of Kinnevik. The distribution corresponded to SEK 15.36 per share.

## NOTES FOR THE GROUP

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### 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

From 1 January 2018 Kinnevik applies IFRS 9 Financial Instruments, which 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. The change does not cause any transition effects for Kinnevik.

#### 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 IFRS 9 Financial instruments.

#### 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 IFRS 9 Financial Instruments.

#### FUTURE IFRS AMENDMENTS

The Group will adopt IFRS 16 Leases from January 1, 2019. The standard provides a single lease accounting model for lessees, which imply that mainly all leases shall be included in the statement of financial position. The right-of-use asset (the lease asset) and the liability are measured to the present value of the future lease payments payable. The right-of-use asset also includes any initial direct costs incurred in obtaining the lease contract. In the income statement depreciations of the right-of-use asset and interest expenses are recognised. For Kinnevik's future application of IFRS 16 see below and under "Leases".

The Group's leases consist mainly of a rental contract for the company's office in UK. The group has chosen to apply modified retrospective method for the transition to IFRS 16. According to this method the group will not restate comparative information. The lessee will instead recognise the accumulated effect of initial adoption of IFRS 16 as an adjustment to the opening balance of retained earnings as of January 1, 2019. The Group adopts the exemptions for short-term lease contracts (12 months or less) and lease contracts where underlying asset amounts to low value. Those will be recognised in the operating result in the same way as current operating lease contracts.

The non-cancellable lease contracts for the Group amounted to SEK 15m, whereof SEK 0m are short-term lease contracts or lease contracts where the underlying asset is of lower value. The discount rate amounts to 1.8 percent. Per 1 January 2019, the lease liability is SEK 15m. The Group's preliminary assessment is therefore that the transition to IFRS 16 will have an effect on material fixed assets and interest-bearing loans of approximately SEK 15m per 1 January 2019.

#### 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.

Kinnevik's financial assets in this category, including short-term investments and loan receivables are managed and measured on the basis of fair values in accordance with the risk management and investment strategies.



#### *Financial assets at amortized cost*

Cash and cash equivalents and non-interest receivables that are not listed on an active market are valued at amortized cost.

Trade receivables generally have 30 days 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. From 2018 Kinnevik does not apply hedge accounting and any changes in the value of the derivatives are reported directly in the income statement.

#### *Financial debt at amortized cost*

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 in-

formation 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 two share-saving programs from 2016 and 2017 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 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 value and any value increase is included in share-based remuneration under personnel costs and as debt in the balance sheet.

From 2018, the long term incentive program is based on a structure where the participants signs for, and receives, incentive shares which will be reclassified to Kinnevik class B shares in relation to the fulfillment of the terms and conditions after 3 and 5 years, respectively.

Kinnevik has subsidized the subscription price which, including social costs, will be accounted for in accordance with IFRS2 during the vesting time period. To compensate for the tax effects arising due to the subsidy of the subscription price, Kinnevik has paid a cash subsidy directly to the relevant tax authorities. This cost, including social costs, was expensed in full when it was paid. Reclassification of the Incentive Shares into Kinnevik Class B shares does not result in any social security costs for Kinnevik.

#### 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.

*The group will adopt IFRS 16 Leases from January 1, 2019 as follows:*

The right-of-use asset (the lease asset) and the liability are measured to the present value of future lease payments payable. The right-of-use asset also includes any initial direct costs incurred in obtaining the lease contract. In the income statement depreciations of the right-of-use asset and interest expenses are recognized. The group will recognize the right-of-use asset separated from other assets in the financial statements. In subsequent periods the right-of-use asset is recognized at cost less depreciations and any impairment losses and adjusted for any remeasurement of the lease liability. Short-term leases (lease term of 12 months or less) and leases of low-value will not be reported in the statement of financial position. These expenses will be expensed in the same way as operating leases was expensed earlier. The new standard introduces significant changes to the lessee accounting compared with current standards.

#### 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

2018	Fair value through profit or loss	Amortized cost	Financial debt, amortized cost	Total book value	Fair value
Financial assets accounted at fair value through profit and loss	73 430	-		73 430	73 430
Other current assets	-	54		54	54
Short term investments	149	-		149	149
Cash and cash equivalents	-	337		337	337
<b>Total financial assets</b>	<b>73 579</b>	<b>391</b>		<b>73 970</b>	<b>73 970</b>
Interest-bearing loans			3 342	3 342	3 342
Trade payables			8	8	8
Other payables			161	161	161
<b>Total financial liabilities</b>			<b>3 511</b>	<b>3 511</b>	<b>3 511</b>

2017	Fair value through profit or loss	Amortized cost	Financial debt, amortized cost	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
<b>Total financial assets</b>	<b>93 467</b>	<b>94</b>		<b>93 561</b>	<b>93 561</b>
Interest-bearing loans			2 833	2 833	2 833
Trade payables			4	4	4
Other payables			122	122	122
<b>Total financial liabilities</b>			<b>2 959</b>	<b>2 959</b>	<b>2 959</b>

### 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

	2018			2017 Total	2018			2017 Total
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Com Hem	-	-	-	-	4 226	-	-	4 226
Home24	352	-	-	352	-	-	218	218
Millicom	21 169	-	-	21 169	20 942	-	-	20 942
MTG	-	-	-	-	4 645	-	-	4 645
Qliro Group	391	-	-	391	767	-	-	767
SDS	-	-	-	-	8	-	-	8
Tele2	21 172	-	-	21 172	15 350	-	-	15 350
Westwing	482	-	-	482	-	-	479	479
Zalando	17 924	-	-	17 924	34 097	-	-	34 097
<b>Total Listed Assets</b>	<b>61 491</b>	<b>-</b>	<b>-</b>	<b>61 491</b>	<b>80 035</b>	<b>-</b>	<b>697</b>	<b>80 732</b>
Babylon	-	-	500	500	-	-	375	375
Bayport	-	-	1 172	1 172	-	-	1 082	1 082
Betterment	-	-	1 153	1 153	-	-	1 064	1 064
Bread	-	-	298	298	-	-	-	-
Cedar	-	-	142	142	-	-	-	-
Deposit Solutions	-	-	274	274	-	-	-	-
Global Fashion Group	-	-	3 284	3 284	-	-	5 239	5 239
Omio (previous GoEuro)	-	-	443	443	-	-	-	-
Kolonial	-	-	309	309	-	-	-	-
Livongo	-	-	700	700	-	-	105	105
Milvik/BIMA	-	-	873	873	-	-	806	806
Monese	-	-	202	202	-	-	-	-
Quikr	-	-	1 643	1 643	-	-	1 358	1 358
Saltside	-	-	199	199	-	-	195	195
Travelperk	-	-	223	223	-	-	-	-
Other	-	-	524	524	-	-	761	761
<b>Total Unlisted Assets</b>	<b>-</b>	<b>-</b>	<b>11 939</b>	<b>11 939</b>	<b>-</b>	<b>-</b>	<b>10 985</b>	<b>10 985</b>
Short term investments	149	-	-	149	1 750	-	-	1 750
<b>Total Financial Assets measured at Fair Value through Profit or Loss</b>	<b>61 640</b>	<b>-</b>	<b>11 939</b>	<b>73 579</b>	<b>81 785</b>	<b>-</b>	<b>11 682</b>	<b>93 467</b>

### CHANGE IN FINANCIAL ASSETS IN LEVEL 3

	2018	2017
Opening balance 1 January	11 682	12 291
Investments	2 731	1 023
Disposals / Exit proceeds	- 419	-1 188
Reclassifications	-1 050	-
Change in fair value	-1 005	- 444
<b>Closing balance, 31 December</b>	<b>11 939</b>	<b>11 682</b>

### VALUATION METHODS AS PER 31 DECEMBER 2018, LEVEL 3

Company	Valuation Method
Global Fashion Group	<ul style="list-style-type: none"> <li>▪ Sum-of-the-parts applying varying multiples on each region's last twelve months' net revenues</li> <li>▪ Peer group includes Zalando, Asos and Boozt</li> <li>▪ Implied average multiple of 0.5x, corresponding to an aggregate discount of 40%</li> <li>▪ Fully diluted equity value of EUR 0.7bn, liquidation preferences considered in valuing Kinnevik's shareholding</li> </ul>
Kolonial	<ul style="list-style-type: none"> <li>▪ Latest transaction value from funding round during the third quarter of 2018</li> <li>▪ Equity value of NOK 2.0bn</li> </ul>
Quikr	<ul style="list-style-type: none"> <li>▪ Discounted cash flow analysis</li> <li>▪ Fully diluted equity value of USD 1,081m</li> </ul>
Saltside	<ul style="list-style-type: none"> <li>▪ Discounted cash flow analysis</li> </ul>
Omio (previous GoEuro)	<ul style="list-style-type: none"> <li>▪ Latest transaction value from funding round during the third quarter of 2018</li> </ul>
Travelperk	<ul style="list-style-type: none"> <li>▪ Latest transaction value from funding round during the fourth quarter of 2018</li> </ul>
Bayport	<ul style="list-style-type: none"> <li>▪ Latest transaction value from funding round during the third quarter of 2017</li> <li>▪ Supported by a peer group's average price-to-earnings and price-to-book multiples</li> <li>▪ Fully diluted as-converted equity value of USD 608m</li> </ul>
Betterment	<ul style="list-style-type: none"> <li>▪ Latest transaction value from funding round during the third quarter of 2017</li> <li>▪ Supported by a discounted cash flow analysis</li> <li>▪ Fully diluted equity value of USD 800m</li> </ul>
Milvik/BIMA	<ul style="list-style-type: none"> <li>▪ Latest transaction value from funding round during the fourth quarter of 2017</li> <li>▪ Fully diluted equity value of approximately USD 290m</li> </ul>
Bread	<ul style="list-style-type: none"> <li>▪ Latest transaction value from funding round during the third quarter of 2018</li> </ul>
Deposit Solutions	<ul style="list-style-type: none"> <li>▪ Latest transaction value from funding round during the third quarter of 2018</li> <li>▪ Fully diluted equity value of EUR 400m</li> </ul>
Monese	<ul style="list-style-type: none"> <li>▪ Latest transaction value from funding round during the third quarter of 2018</li> </ul>
Babylon	<ul style="list-style-type: none"> <li>▪ Latest transaction value from funding round during the second quarter of 2017</li> </ul>
Livongo	<ul style="list-style-type: none"> <li>▪ Latest transaction value from funding round during the second quarter of 2018</li> </ul>
Cedar	<ul style="list-style-type: none"> <li>▪ Latest transaction value from funding round during the second quarter of 2018</li> </ul>

For Global Fashion Group, an increase in the multiple by 10% would have increased estimated fair value by SEK 171m. Similarly, a decrease in the multiple by 10% would have decreased estimated fair value by SEK 272m. Should Global Fashion Group have been valued using the same multiples and foreign exchange rates as at 30 September 2018, the fair value would have amounted to SEK 4,550m, SEK 1,266m higher than the assessed fair value as at 31 December 2018.

## 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 2018, 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 (2,350m). Also refer to Note 10 for the Group. For SEK 1,000m and SEK 400m the fixed rates are 1.495% and 1.361% and both expire in March 2022. For SEK 950m the fixed rate is 0.665% and it expires in May 2020. The derivatives had a negative market value of SEK 4.5m (negative 0.3m) 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 is shown in the table below. The interest-bearing liabilities maturing in 2019 will be refinanced during the year by new loans or by utilisation of existing unutilized credit facilities.

	2019	2020	2021	2022	Later	Total
Non-interest-bearing receivables	54	-	-	-	-	54
Interest-bearing receivables	19	16	14	3	-	52
Non-interest-bearing liabilities	-169	-	-	-	-	-169
Interest-bearing liabilities	-555	-1 494	-36	-1 409	-20	-3 514
<b>Total as per 31 December 2018</b>	<b>-651</b>	<b>-1 478</b>	<b>-22</b>	<b>-1 406</b>	<b>-20</b>	<b>-3 577</b>

	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
<b>Total as per 31 December 2017</b>	<b>-116</b>	<b>-36</b>	<b>-1 478</b>	<b>-22</b>	<b>-1 427</b>	<b>-3 079</b>

### Note 3 Financial assets measured at fair value through profit or loss

#### CHANGE IN FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Listed assets	Unlisted assets	Total
<b>Opening balance, 1 January 2017</b>	<b>61 536</b>	<b>12 291</b>	<b>73 827</b>
Investments	3 751	1 023	4 774
Change in fair value	18 839	-444	18 395
Disposals	-4 091	-1 188	-5 279
<b>Closing balance, 31 December 2017</b>	<b>80 035</b>	<b>11 682</b>	<b>91 717</b>
Investments	0	2 731	2 731
Reclassification	1 050	-1 050	-
Distribution to shareholders	-4 227	-	-4 227
Change in fair value	-14 179	-1 005	-15 184
Disposals	-1 191	-419	-1 610
Translation difference	3	-	3
<b>Closing balance, 31 December 2018</b>	<b>61 491</b>	<b>11 939</b>	<b>73 430</b>

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

	2018	2017
Com Hem	-	3 730
SDS	-	21
<b>Total Listed assets</b>	<b>0</b>	<b>3 751</b>
Babylon	122	144
Betterment	-	527
BIMA	-	106
Bread	307	-
Budbee	80	-
Cedar	141	-
Deposit Solutions	263	-
Omio (previous GoEuro)	443	-
Home24	-	38
Karma	62	-
Kolonial	328	-
Livongo	456	113
Monese	197	-
Pleo	68	-
Travelperk	227	-
Other	37	95
<b>Total Unlisted assets</b>	<b>2 731</b>	<b>1 023</b>
<b>Total</b>	<b>2 731</b>	<b>4 774</b>

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

	2018	2017
Com Hem	-1 187	-
Rocket Internet	-	-4 071
SDS	-5	-
Seamless	-	-20
<b>Total Listed assets</b>	<b>-1 192</b>	<b>-4 091</b>
Lazada	-	-967
Linio	-273	-
Glossybox	-	-104
Other	-145	-118
<b>Total Unlisted assets</b>	<b>-418</b>	<b>-1 189</b>
<b>Total</b>	<b>-1 610</b>	<b>-5 280</b>

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

	Dividends received	Change in fair value	2018 Total	Dividends received	Change in fair value	2017 Total
Black Earth Farming	-	-	-	350	-309	41
Com Hem	203	600	803	68	496	564
Home24	-	53	53	-	-	-
Millicom	890	227	1 117	883	6 152	7 035
MTG	169	-419	-250	162	995	1 157
Qliro Group	-	-375	-375	-	401	401
Rocket Internet	-	-	-	-	81	81
Seamless	-	-	-	-	1	1
SDS	-	-3	-3	-	-13	-13
Tele2	610	2 181	2 791	797	4 184	4 981
Westwing	-	-269	-269	-	-	-
Zalando	-	-16 173	-16 173	-	6 851	6 851
<b>Total Listed assets</b>	<b>1 872</b>	<b>-14 179</b>	<b>-12 307</b>	<b>2 260</b>	<b>18 839</b>	<b>21 099</b>
Babylon	-	3	3	-	77	77
Bayport	-	90	90	-	-119	-119
Betterment	-	89	89	-	-53	-53
Bread	-	-9	-9	-	-	-
Cedar	-	1	1	-	-	-
Deposit Solutions	-	11	11	-	-	-
Global Fashion Group	-	-1 955	-1 955	-	-402	-402
Omio (previous GoEuro)	-	-	-	-	-	-
Home24	-	81	81	-	86	86
Kolonial	-	-19	-19	-	-	-
Lazada	-	-	-	-	261	261
Livongo	-	139	139	-	-8	-8
Milvik/BIMA	-	67	67	-	298	298
Monese	-	5	5	-	-	-
Quikr	-	285	285	-	-177	-177
Travelperk	-	-4	-4	-	-	-
Westwing	-	271	271	-	50	50
Other	15	-60	-45	-	-457	-457
<b>Total Unlisted assets</b>	<b>15</b>	<b>-1 005</b>	<b>- 990</b>	<b>-</b>	<b>-444</b>	<b>-444</b>
<b>Total Financial assets</b>	<b>1 887</b>	<b>-15 184</b>	<b>-13 297</b>	<b>2 260</b>	<b>18 395</b>	<b>20 655</b>

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

Trade Name	Company Name	Registered Office	Number of Shares 2018	Capital/votes (%)		Book value	
				2018	2017	2018	2017
Com Hem	Com Hem Holding AB	Sweden	-	-	19.0/19.0	-	4 226
Home24	Home24 SE	Germany	3 111 953	12.0/12.0	17/17	352	-
Millicom	Millicom International Cellular S.A.	Luxembourg	37 835 438	37.5/37.5	37.6/37.6	21 169	20 942
MTG	Modern Times Group MTG AB	Sweden	-	-	20.2/48.0	-	4 645
Qliro Group	Qliro Group AB	Sweden	42 613 642	28.5/28.5	28.5/28.5	391	767
SDS	Seamless Distribution Systems AB	Sweden	-	-	8.5/8.5	-	8
Tele2	Tele2 AB	Sweden	187 613 119	27.3/42.0	30.3/47.9	21 172	15 350
Westwing	Westwing Group AG	Germany	2 797 139	13.5/13.5	-	482	-
Zalando	Zalando SE	Germany	78 427 800	31.6/31.6	31.7/31.7	17 924	34 097
<b>Total Listed Assets</b>						<b>61 491</b>	<b>80 035</b>
Babylon	Babylon Holdings Ltd	Great Britain	-	20/20	20/20	500	375
Bayport	Bayport Management Ltd	Mauritius	-	22/22	22/22	1 172	1 082
Betterment	Betterment Holdings, Inc.	USA	-	16/16	16/16	1 153	1 064
Bread	Lon Inc.	USA	-	13/13	-	298	-
Cedar	Cedar Cares, Inc.	USA	-	8/8	-	142	-
Deposit Solutions	Deposit Solutions GmbH	Germany	-	7/7	-	274	-
Global Fashion Group	Global Fashion Group S.A.	Luxembourg	-	35/35	35/35	3 284	5 239
Omio	GoEuro Corp.	USA	-	6/6	-	443	-
Home24	Home24 SE	Germany	-	-	17/17	-	218
Kolonial	Kolonial.no AS	Norway	-	15/15	-	309	-
Livongo	Livongo Health, Inc.	USA	-	10/10	3/3	700	105
Milvik/BIMA	Milvik AB	Sweden	-	33/33	33/33	873	806
Monese	Monese Ltd	Great Britain	-	16/16	-	202	-
Quikr	Quikr Mauritius Holding Private Ltd	Mauritius	-	17/17	18/18	1 643	1 358
Saltside	Saltside Technologies AB	Sweden	-	61/61	61/61	199	195
Travelperk	Travelperk, Inc.	USA	-	13/13	-	223	-
Westwing	Westwing Group AG	Germany	-	-	17/17	-	479
Other	-	-	-	-	-	524	761
<b>Total Unlisted Assets</b>						<b>11 939</b>	<b>11 682</b>
<b>Total</b>						<b>73 430</b>	<b>91 717</b>

## Note 4 Financial income and expenses

	2018	2017
Interest income financial assets accounted at fair value	7	12
Exchange differences	11	0
<b>Financial income</b>	<b>18</b>	<b>12</b>
Interest expenses, loans from credit institutions	-30	-57
Exchange differences	-15	-25
Other financial expenses	-19	-20
<b>Financial expenses</b>	<b>-64</b>	<b>-102</b>
<b>Net financial income/expenses</b>	<b>-46</b>	<b>-90</b>

## 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/loss 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.

	2018	2017
Net profit for the year	-13 656	20 359
Average number of shares outstanding	275 416 805	275 115 947
<b>Earnings per share before dilution</b>	<b>-49.58</b>	<b>74.00</b>
Average number of shares outstanding	275 416 805	275 115 947
Effect from outstanding share saving program, see Note 16 for information	401 229	348 570
Average number of shares outstanding after dilution	275 818 034	275 464 517
<b>Earnings per share after dilution, SEK</b>	<b>-49.58</b>	<b>73.90</b>

## Note 6 Supplementary cash flow information

	2018	2017
<b>INTEREST BEARING LOANS</b>		
Opening balance 1 January	2 833	1 610
Amortization of loans	-	-1 610
New short-term borrowing	500	-
New long-term capital markets financing	-	2 833
Market valuation SWAP	5	-
Accrual borrowing costs	4	-
<b>Closing balance 31 December</b>	<b>3 342</b>	<b>2 833</b>

	2018	2017
Investments in shares and other securities, see note 3	-2 731	-4 774
Current year investment, paid after year end	21	-
Prior year investments, paid in current year	-	-69
<b>Cash flow from investments in shares and other securities</b>	<b>-2 710</b>	<b>-4 843</b>

## Sale of shares and other securities

Com Hem	1 188	-
Linio	273	-
Glossybox	-	104
Lazada	-	967
Rocket Internet	-	4 071
Other	128	138
Sale of shares paid after year end	-	24
<b>Cash flow from sale of shares and other securities</b>	<b>1 589</b>	<b>5 304</b>

## Note 7 Taxes

	2018	2017
<b>Current tax expense</b>		
Tax expense for the period	-1	-2
	<b>-1</b>	<b>-2</b>

## Reconciliation of effective tax rate

	2018	%	2017	%
Profit/loss before tax	-13 656		20 361	
Income tax at statutory rate of Parent Company	3 004	-22.0%	-4 479	-22.0%
Change in fair value of financial assets	-3 340	24.5%	4 047	19.9%
Non-taxable dividends received	415	-3.0%	497	2.4%
Change in not recognized tax loss carry forwards	-80	0.6%	-67	-0.3%
<b>Effective tax/tax rate</b>	<b>-1</b>	<b>0.0%</b>	<b>-2</b>	<b>0.0%</b>

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 1.7bn (1.4) at 31 December 2018. No deferred tax carried forward is accounted for.

## Note 8 Short term investments and cash

	2018	2017
Short term investments	149	1 750
Cash and bank	337	48
<b>Total</b>	<b>486</b>	<b>1 798</b>

In addition to cash and cash equivalents reported above, the Group had undrawn credit facilities of SEK 5,630m (6,197) 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

	2018	2017
<b>Interest-bearing long-term loans</b>		
Capital markets financing	2 850	2 850
Marketvaluation SWAP	5	-
Accrued borrowing costs	-13	-17
	<b>2 842</b>	<b>2 833</b>
<b>Interest-bearing short-term loans</b>		
Commercial paper	500	-
	<b>500</b>	<b>-</b>
<b>Total interest-bearing loans</b>	<b>3 342</b>	<b>2 833</b>

Financing source	Credit facility as per 31 Dec 2018	Utilised amount 31 Dec 2018	Unutilised amount 31 Dec 2018	Currency
<b>Long-term loans</b>				
Syndicated bank facilities	6 000	-	6 000	SEK
<b>Total long-term loans</b>	<b>6 000</b>	<b>-</b>	<b>6 000</b>	
<b>Short-term loans</b>				
Overdraft facilities	130	-	130	SEK
<b>Total short-term loans</b>	<b>130</b>	<b>-</b>	<b>130</b>	
<b>Total Group Financing</b>	<b>6 130</b>	<b>-</b>	<b>6 130</b>	

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 refinancing risk of any outstanding commercial papers which by 31 December 2018 amounted to SEK 500m. 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 0.8% (0.9%).

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 2018, the average remaining duration was 2.9 (3.9) years for all credit facilities including the bonds.

## Note 11 Other liabilities

	2018	2017
Other long-term liabilities	10	0
<b>Total other long-term liabilities</b>	<b>10</b>	<b>0</b>
Accrued interest expenses	23	22
Accrued personnel expenses	77	60
Debt unpaid investments	21	-
Other liabilities	43	44
<b>Total other short-term liabilities</b>	<b>164</b>	<b>126</b>

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

## Note 12 Auditors' fees

	2018	2017
To Deloitte		
Audit assignments	1	1
Other services	0	0
	<b>1</b>	<b>1</b>

## Note 13 Pledged assets

At 31 December 2018 and 2017, 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 2018.

## Note 14 Contingent liabilities

	2018	2017
Guarantee commitments, PRI	0	1
	<b>0</b>	<b>1</b>

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 2018.

## 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.

In August 2018 Kinnevik distributed the shares in MTG and MTG ceased to be a related party to Kinnevik from that date.

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

	Group		Parent Company	
	2018	2017	2018	2017
<b>Revenue</b>				
Millicom	-	1	-	-
MTG	2	3	-	-
SecureValue	-	1	-	-
Tele2	3	4	-	-
	<b>5</b>	<b>9</b>	<b>-</b>	<b>-</b>
<b>Operating expenses</b>				
SecureValue	-5	-4	-5	-4
	<b>-5</b>	<b>-4</b>	<b>-5</b>	<b>-4</b>
<b>Interest income</b>				
Babylon	5	-	-	-
Other	-	10	-	-
	<b>5</b>	<b>10</b>	<b>-</b>	<b>-</b>
<b>Financial receivables from associated companies</b>				
Babylon	118	-	-	-
	<b>118</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accounts receivables and other current receivables</b>				
Tele2	1	1	-	-
	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>

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

	2018		2017	
	men	women	men	women
Sweden	12	12	10	12
UK	9	4	10	4
<b>Total number of employees</b>	<b>21</b>	<b>16</b>	<b>20</b>	<b>16</b>

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

	2018		2017	
	men	women	men	women
Board members	4	3	7	3
CEO/acting CEO	1	-	1	-
Other senior executives	3	1	3	1
	<b>8</b>	<b>4</b>	<b>11</b>	<b>4</b>

### SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES

(SEK 000s)	2018		2017	
	Board, CEO and senior executives	Other employees	Board, acting CEO, senior executives	Other employees
Total salaries and other remuneration	63 939	58 450	45 666	56 504
Social security expenses	18 960	13 309	12 349	10 915
Pension contributions/expenses	5 559	5 752	2 730	5 745
Estimated costs for share-based remuneration including social securities cost <sup>1)</sup>	33 484	37 161	5 170	9 741
<b>Total</b>	<b>121 943</b>	<b>114 672</b>	<b>65 915</b>	<b>82 905</b>

<sup>1)</sup> Share based remuneration includes subsidies received at launch of LTIP2018. See further under Incentive plans and share based remuneration

### PRINCIPLES

The following principles and guidelines were approved by the AGM in May 2018 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 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.

The Board's proposal to the Annual General Meeting 2019 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)	2018		2017	
	CEO	Other senior executives <sup>1)</sup>	Acting CEO	Other senior executives <sup>1)</sup>
Fixed salaries	8 000	15 021	3 965	12 649
Variable salaries	7 200	16 504	3 900	14 966
Sign on bonus	8 000	-	-	-
Benefits	68	786	93	389
Pension contributions	2 400	3 159	824	1 907
Estimated costs for share-based remuneration excluding social securities cost <sup>2)</sup>	6 940	17 534	1 171	3 714
<b>Total</b>	<b>32 608</b>	<b>53 005</b>	<b>9 953</b>	<b>33 624</b>

<sup>1)</sup> Other senior executives consisted during 2018 of 4 (4) persons.

<sup>2)</sup> Share based remuneration includes subsidies received at launch of LTIP2018. See further under Incentive plans and share based remuneration

On 26 June 2017, Kinnevik announced that Georgi Ganev had been appointed new CEO for Kinnevik with effect from 1 January 2018. As stated in the Annual Report 2017, Georgi Ganev received a sign on bonus of SEK 8m during 2017 which is included in CEO remuneration for 2018. 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.

In addition to remuneration paid by Kinnevik, as specified in the table above, Georgi Ganev has received Board fees from associated companies amounting to SEK 1.8 (-) m and other senior executives have received SEK 1.2 (0.7) m.

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 in December 2016, the Board made retention agreements with two senior executives on a cash bonus that has lead to variable salaries exceeding 100 percent of their fixed salary for 2017 and 2018.

## INCENTIVE PLANS AND SHARE BASED REMUNERATION

Within the Kinnevik Group there are long-term incentive plans ("the Plans") targeting all employees.

### Shared based plans

There are two running long-term share-based incentive plans 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 of the B shares (highest and lowest bid price) during five trading days before the date of distribution of the rights. 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 based on a Monte Carlo simulation using the volatility at grant date.

### Completed plan 2015-2018

The plan approved in 2015, with ended measurement period at 31 March 2018, resulted in allotment of 30,024 shares out of a maximum of still participating 133,282 rights. The number of total allotted shares including dividend compensation of totaling 4,219 shares. Participants' profit, which was restricted to a maximum of SEK 820 per right, was, on average, SEK 318 per share corresponding to the average share price when the shares were received. The plans total cost, including social security expenses, was SEK 10.6m and was expensed continuously during 2015-2018. All participants were offered to either receive all the allotted shares gross or to receive part of the allotment in shares and the calculated tax cost in cash by a payment to the Swedish or UK Tax Authority.

Plan 2015-2018	Number of participants	Original allotment of rights	Allotment of shares	Received shares	Received in cash to pay tax
Executive Management	3	33 000	6 981	3 187	1 209
Other employees	19	100 282	23 043	10 823	3 885
<b>Total</b>	<b>22</b>	<b>133 282</b>	<b>30 024</b>	<b>14 010</b>	<b>5 094</b>

### Outstanding plans

At 31 December 2018, 34,646 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 263,984 share rights.

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

Plan 2016-2019	Number of participants	Outstanding rights
Executive Management	4	80 000
Other employees	21	183 984
<b>Total</b>	<b>25</b>	<b>263 984</b>

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 2018, 29,135 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 233,510 share rights. The Plan encompasses the following number of participants and maximum number of share rights;

Plan 2017-2020	Number of participants	Outstanding rights
CEO	1	50 000
Executive Management	3	56 000
Other employees	19	127 510
<b>Total</b>	<b>23</b>	<b>233 510</b>

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 2016 and 2017 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 76m, including social security costs, of which SEK 33m (15) was expensed during 2018. Total liability for social security costs pertaining to these incentive programs amounted to SEK 18m (9) on 31 December 2018.

#### VCPP 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 ("VCPP 2017"). The participants in VCPP 2017 were not entitled to participate in LTIP 2017.

VCPP 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 2018 amounts to SEK 1.4 (1.4)m.

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 VCPP 2017, the maximum costs attributable to VCPP 2017 are SEK 109m (assuming no personnel turn-over and including subsidies as well as social security costs). At 31 December 2018, the entry-level of 8% IRR was not achieved and based on a Monte Carlo simulation no cost for change in fair value has been accounted for.

#### New program 2018

From 2018, the terms for LTIP and VCPP have been combined in one program targeting all employees in Kinnevik. The new program ("LTIP 2018") is based on a structure where the participants signs for, and receives, incentive shares which will be reclassified to Kinnevik class B shares in relation to the fulfilment of the terms and conditions after 3 and 5 years, respectively. The retention and performance conditions are the same as for earlier LTIP plans (3 years) and VCPP (5 years).

Kinnevik has subsidized the participants for the subscription price which, including social costs, amounted to SEK 24m. The valuation is based on a Monte Carlo simulation using the volatility at grant date among other assumptions. This will be accounted for in accordance with IFRS2 during the vesting time period of 3 years. To compensate the participants for the tax effects arising due to the subsidy of the subscription price, Kinnevik has paid a cash subsidy directly to the relevant tax authorities. This cost, including social costs, amounted to SEK 29m and was expensed when it was paid in 2018. The total cost for LTIP 2018 is expected to be SEK 53m of which SEK 35m was expensed in 2018. Reclassification of the Incentive Shares into Kinnevik Class B shares does not result in any social security costs for Kinnevik.

Plan 2018-2021/2023	Number of participants	Allotment of incentive shares, 3 yrs	Allotment of incentive shares, 5 yrs	IFRS2 (kSEK) <sup>1)</sup>	Subsidy received (kSEK) <sup>2)</sup>
CEO	1	41 000	28 000	621	3 429
Executive Management	6	79 400	129 800	1 544	7 906
Other employees	28	144 631	164 450	2 521	11 714
<b>Total</b>	<b>35</b>	<b>265 031</b>	<b>322 250</b>	<b>4 686</b>	<b>23 049</b>

<sup>1)</sup> the part expensed in 2018, excluding social costs

<sup>2)</sup> excluding social costs

The maximum profit per Incentive Share is limited to SEK 598 for Incentive Shares with 3 years maturity and SEK 897 for Incentive Shares with 5 years maturity, including any compensation for dividends, based on two times/three times the average price for Kinnevik class B shares in March 2018. The maximum dilution due to LTIP 2018 is no more than 0.26 percent in terms of shares outstanding (i.e. total number of issued shares reduced by Kinnevik's holding of treasury shares), 0.11 percent in terms of votes, and 0.10 percent in terms of costs for LTIP 2018 as defined in IFRS 2 in relation to Kinnevik's market capitalisation.

The total cost for all incentive plans amounted to SEK 71 (15)m in 2018.

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

	2018 Board fees, Parent Company	Board fees, Parent Company	2017 Other assignment	Total fee
Dame Amelia Fawcett (chairman)	2 675	1 450 <sup>1)</sup>	-	1 450
Henrik Poulsen	1 920	959	-	959
Wilhelm Klingspor	675	550	-	550
Erik Mitteregger	820	845 <sup>1)</sup>	-	845
Mario Queiroz	600	550	-	550
Cristina Stenbeck	675	550	-	550
Charlotte Strömberg	995	-	-	-
Tom Boardman (chairman 2017)	-	2 520	-	2 520
Anders Borg (until 5 August 2017)	-	261	-	261
Cynthia Gordon	-	625	3 025 <sup>2)</sup>	3 650
Lothar Lanz	-	550	-	550
John Shakeshaft	-	845	-	845
	<b>8 360</b>	<b>9 705</b>	<b>3 025</b>	<b>12 730</b>

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

<sup>2)</sup> 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 2018, 84% (87%) of Kinnevik's total assets (excluding cash) pertained to listed investee companies and 16% (13%) 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 2018 would have affected the Group's earnings and shareholders' equity by SEK 6.1bn (8.0bn).

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 Global Fashion Group, an increase in the multiple by 10% would have increased estimated fair value by SEK 171m. Similarly, a decrease in the multiple by 10% would have decreased estimated fair value by SEK 272m. Should Global Fashion Group have been valued using the same multiples and foreign exchange rates as at 30 September 2018, the fair value would have amounted to SEK 4,550m, SEK 1,266m higher than the assessed fair value as at 31 December 2018.

### 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 2018, the Company had cash and cash equivalents amounting to SEK 486m (1,798m) and committed but not utilized, or reserved in any other way, credit facilities amounting to SEK 5,630m (6,130m).

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 2018, the total amount of committed financing was SEK 8,480m (8,980m) with an average remaining facility duration of 2.9 (3.9) 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 2018, 31% (45%) of Kinnevik's total assets (excluding cash), equal to a value of SEK 22.7bn (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 2018, 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 2018, these swaps had a negative market value of SEK 4.5m (negative 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	2018	2017
Administration costs	5,16	-316	-235
Other operating income		5	5
<b>Operating loss</b>		<b>-311</b>	<b>-230</b>
Dividends received	2	2 984	9 489
Profit from financial assets, associated companies and other	4	6 684	-
Loss from financial assets, subsidiaries	4	-2 290	-221
Interest income and other financial income	3	6	53
Interest expenses and other financial expenses	3	-49	-76
<b>Profit/loss after financial items</b>		<b>7 024</b>	<b>9 015</b>
<b>Appropriations</b>			
Group contributions, paid		-20	-120
Group contributions, received		13	11
<b>Profit/loss before tax</b>		<b>7 017</b>	<b>8 906</b>
Taxes	6	-	-
<b>Net profit/loss for the year <sup>1)</sup></b>		<b>7 017</b>	<b>8 906</b>

<sup>1)</sup> Net profit corresponds with total comprehensive income

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

	Note	2018	2017
<b>ASSETS</b>			
<b>Tangible fixed assets</b>			
Equipment	7	4	3
Shares and participations in Group companies	9	62 912	41 785
Shares and participations in associated companies	8	-	10 580
Other long-term receivables		20	3
<b>Total fixed assets</b>		<b>62 936</b>	<b>52 371</b>
<b>Current assets</b>			
Receivables from Group companies		19	12
Other receivables		14	6
Accrued income and prepayments		5	15
Short term investments		149	1 750
Cash and cash equivalents		202	39
<b>Total current assets</b>		<b>389</b>	<b>1 822</b>
<b>TOTAL ASSETS</b>		<b>63 325</b>	<b>54 193</b>

	Note	2018	2017
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders equity</b>		<b>10,15</b>	
<i>Restricted equity</i>			
Share capital (276,253,919 shares of SEK 0.10)		28	27
Premium reserve		6 868	6 868
<i>Unrestricted equity</i>			
Share premium		1 616	1 616
Retained earnings		35 626	31 408
Net result		7 017	8 906
<b>Total shareholders' equity</b>		<b>51 155</b>	<b>48 825</b>
<b>Liabilities</b>			
<b>Provisions</b>		<b>13</b>	
Provisions for pensions		22	22
Other provisions		4	4
<b>Total provisions</b>		<b>26</b>	<b>26</b>
<b>Long-term liabilities</b>			
External interest-bearing loans	11	2 842	2 833
Liabilities to Group companies		-	2 284
<b>Total long-term liabilities</b>		<b>2 842</b>	<b>5 117</b>
<b>Short-term liabilities</b>			
External interest-bearing loans	11	500	-
Trade creditors		7	3
Liabilities to Group companies		8 718	161
Other liabilities		5	2
Accrued expenses	12	72	59
<b>Total short-term liabilities</b>		<b>9 302</b>	<b>225</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>63 325</b>	<b>54 193</b>

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

	2018	2017
<b>Cash flow from operations</b>		
External dividends received	705	857
Cash flow from operating costs	-260	-178
<b>Cash flow from operations before interest net and income taxes</b>	<b>445</b>	<b>679</b>
Interest, received	0	0
Interest, paid	-48	-74
Income taxes, paid	-	-
<b>Cash flow from operations</b>	<b>397</b>	<b>605</b>
Divestments of financial assets	16	86
<b>Cash flow from investing activities</b>	<b>16</b>	<b>86</b>
Borrowing	500	2 833
Amortization	-	-1 588
Dividend paid	-2 270	-2 201
Received from subsidiaries	2 296	12 731
Paid to subsidiaries	-2 377	-10 994
<b>Cash flow from financing activities</b>	<b>-1 851</b>	<b>781</b>
<b>Cash flow for the year</b>	<b>-1 438</b>	<b>1 472</b>
Cash and short term investments, opening balance	1 789	317
Cash and short term investments, closing balance	351	1 789

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

	Share capital	Premium reserve	Unrestricted equity	Total
<b>Opening balance, 1 January 2017</b>	<b>27</b>	<b>6 868</b>	<b>35 213</b>	<b>42 108</b>
Cash dividend <sup>1)</sup>	-	-	-2 201	-2 201
Effect of employee share saving programme	-	-	12	12
Net result	-	-	8 906	8 906
<b>Closing balance, 31 December 2017</b>	<b>27</b>	<b>6 868</b>	<b>41 930</b>	<b>48 825</b>
New share issue	1	-	-	1
Cash dividend <sup>2)</sup>	-	-	-2 270	-2 270
Dividend in kind <sup>3)</sup>	-	-	-2 440	-2 440
Effect of employee share saving programme	-	-	22	22
Net result	-	-	7 017	7 017
<b>Closing balance, 31 December 2018</b>	<b>28</b>	<b>6 868</b>	<b>44 259</b>	<b>51 155</b>

<sup>1)</sup> 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 2,201m

<sup>2)</sup> The Annual General Meeting held on 21 May 2018, resolved in favor of paying a cash dividend of SEK 8.25 per share, a total of SEK 2,270m.

<sup>3)</sup> At the Extraordinary General Meeting in July 2018 it was resolved to distribute all Kinnevik's shares in MTG.

## 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 IFRS 9. 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

	2018	2017
<b>Subsidiaries</b>	<b>2 279</b>	<b>8 632</b>
<b>Associated companies</b>		
Modern Times Group MTG AB	124	119
Tele2 AB	565	738
Altlorenscheurerhof S.A.	16	-
	<b>2 984</b>	<b>9 489</b>

### Note 3 Financial income and expenses

	2018	2017
Interest income	2	0
Exchange-rate differences	4	53
<b>Financial income</b>	<b>6</b>	<b>53</b>
Interest expenses to credit institutions	-35	-55
Other financial expenses	14	-21
<b>Financial expenses</b>	<b>-49</b>	<b>-76</b>
<b>Net financial income/expenses</b>	<b>-43</b>	<b>-23</b>

### Note 4 Earnings from financial assets

	2018	2017
Sale of shares in associated companies	6 661	-
Sale of other shares	35	-
Write-down of shares in associated companies	-12	-
<b>Total loss from associated companies and other</b>	<b>6 684</b>	<b>-</b>
Write-down of shares in subsidiaries	-2 302	-309
Sale of shares in subsidiaries	12	1
Reversed write-down in subsidiaries	-	87
<b>Total loss from subsidiaries</b>	<b>-2 290</b>	<b>-221</b>

### Note 5 Auditors' fees

	2018	2017
<b>To Deloitte</b>		
Audit assignments	1	1
Other services	0	0
	<b>1</b>	<b>1</b>

### Note 6 Taxes

	2018	2017
Tax expenses for the period	0	0
	<b>0</b>	<b>0</b>

### RECONCILIATION OF EFFECTIVE TAX RATE

	2018	%	2017	%
Profit/loss before tax	7 017		8 906	
Income tax at statutory rate of Parent Company	-1 544	-22.0%	-1 958	-22.0%
Earnings from participations in associated companies	969	13.8%	-	0.0%
Non-taxable dividends received	656	9.4%	2 088	23.4%
Write-down of shares in associated companies	-2	-0.0%	-49	-0.5%
Other non-taxable expenses	1	0.0%	-	0.0%
Charge non-capitalized loss carry-forward	-80	-1.1%	-79	-0.9%
<b>Effective tax/tax rate</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>

### Note 7 Tangible fixed assets

	2018	2017
<b>Equipment</b>		
Opening acquisition values	6	7
Sales for the year	-1	-1
Investments for the year	2	-
<b>Closing acquisition values</b>	<b>7</b>	<b>6</b>
Opening accumulated depreciation	-3	-3
Disposals/scraping for the year	1	1
Depreciation for the year	-1	-1
<b>Closing accumulated depreciation</b>	<b>-3</b>	<b>-3</b>
<b>Closing book value</b>	<b>4</b>	<b>3</b>

## Note 8 Shares and participations

Associated companies	Reg no	Registered office	Number of shares	2018		2017	
				Capital/voting (%)	Book value	Capital/voting (%)	Book value
Altlorenschurerhof S.A.		Luxembourg	625	33	0	33	12
Marma Skog 31 AB	556580-2203	Gävle	-	-	-	50/50	3
Modern Cartoons Ltd		USA	2 544 000	23	0	23	0
Modern Times Group MTG AB	556309-9158	Stockholm	-	-	-	15/35	1 133
Shared Services S.A.		Luxembourg	200	30	0	30	0
Tele2 AB	556410-8917	Stockholm	-	-	-	28/37	9 432
<b>Total book value</b>					<b>0</b>		<b>10 580</b>

### CHANGE IN BOOK VALUE, SHARES AND PARTICIPATIONS IN ASSOCIATED COMPANIES

	2018	2017
Opening acquisition value, 1 January	10 580	10 580
Acquisition	1 306	-
Write-down	-12	-
Dividend in kind	-2 440	-
Sales	-9 434	-
<b>Closing book value, 31 December</b>	<b>0</b>	<b>10 580</b>

## Note 9 Shares and participations in Group companies

### SHARES AND PARTICIPATIONS IN DIRECT-OWNED SUBSIDIARIES

	Reg no	Registered office	Number of shares	Capital/voting (%)	2018	2017
Invik&Co. AB	556051-6238	Stockholm	295 384	100/100	0	0
Emesco AB	556035-3749	Stockholm	1 635	100/100	584	584
G3 Good Governance Ltd		Great Britain	-	-	-	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	1 342	1 076
Kinnevik East AB	556930-5666	Stockholm	50 000	100/100	0	0
Kinnevik Internet Lux SARL		Luxembourg	12 500	100/100	802	0
Kinnevik TMT AB	559109-4239	Stockholm	500	100/100	0	-
Kinnevik Media Holding AB	556880-1590	Stockholm	50 000	100/100	54	175
Kinnevik New Ventures AB	556736-2412	Stockholm	100	100/100	5 533	4 008
Kinnevik Online AB	556815-4958	Stockholm	50 000	100/100	16 984	15 520
Kinnevik Sweden Holding AB	559109-4221	Stockholm	500	100/100	20 944	3 750
Millcellvik AB	556604-8285	Stockholm	1 000	100/100	15 627	15 627
Åreblocket AB	559165-9734	Stockholm	500	100/100	0	-
<b>Book value</b>					<b>62 912</b>	<b>41 785</b>

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

	2018	2017
Opening acquisition value, 1 January	53 507	66 160
Shareholders' contribution	23 451	4 721
Repaid shareholders' contribution	-	-3 989
Sale	-231	-1
Disposal	-	-13 384
<b>Closing acquisition value, 31 December</b>	<b>76 727</b>	<b>53 507</b>
Opening write-down, 1 January	-11 723	-24 784
Write-down	-2 301	-323
Reversed write-down subsidiaries	209	-
Disposal	-	13 384
<b>Closing write-down, 31 December</b>	<b>-13 815</b>	<b>-11 723</b>
<b>Closing book value, 31 December</b>	<b>62 912</b>	<b>41 785</b>

## 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
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 Guiasa 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 2018 was distributed among 276,253,919 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	33 755 432	337 554 320	3 375
Class B shares outstanding	241 374 737	241 374 737	24 137
Class D-G shares outstanding	587 281	587 281	59
Class B shares in own custody	536 469	536 469	54
<b>Registered number of shares</b>	<b>276 253 919</b>	<b>580 052 807</b>	<b>27 625</b>

The total number of votes for outstanding shares amounted at 31 December 2018 to 579,516,338 excluding 536,469 class B treasury shares. On 21 May 2018, the Annual General Meeting of Kinnevik resolved that holders of class A shares should be entitled to reclassify their class A shares into class B shares. Reclassification was made possible between 4 June 2018 up to and including 18 June 2018. During this period, 7,401,712 class A shares were requested to be reclassified into class B shares. In May, 200,000 class C shares were issued and repurchased and reclassified into class B shares held in treasury in order to ensure delivery of shares to participants in outstanding long-term incentive programs.

A new issue of 587,281 reclassifiable, sub-ordinated, incentive shares, divided into four classes, to the participants in Kinnevik's long-term share incentive plan resolved on by the 2018 AGM were registered by the Swedish Companies Registration Office (Sw. Bolagsverket) during November 2018.

During the year 14,010 class B shares were delivered to participants in the share-based plan from 2015.

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 2019.

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

	2018	2017
<b>Long-term interest-bearing loans</b>		
Capital markets financing	2 850	2850
Accrued borrowing costs	-13	-17
Market valuation SWAP	5	-
	<b>2 842</b>	<b>2 833</b>

## Short-term interest-bearing loans

Commercial papers	500	-
	<b>500</b>	<b>-</b>

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

## Note 12 Accrued expenses

	2018	2017
Accrued personnel expenses	44	26
Accrued interest expenses	23	22
Other	5	11
	<b>72</b>	<b>59</b>

## Note 13 Contingent liabilities

	2018	2017
Guarantee commitments, PRI	0	1
	<b>0</b>	<b>1</b>

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 2018.

## Note 14 Intra-group transactions

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

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 CEO proposes a dividend of SEK 8.25 (8.25) per share to the 2019 Annual General Meeting, corresponding to approximately SEK 2.3 bln (2.3).

	2018
Cash dividend, SEK 8.25 per share	2 272 001 762 <sup>1)</sup>
Share premium carried forward	1 615 929 594
Retained earnings carried forward	40 371 662 296
<b>Total, SEK</b>	<b>44 259 593 652</b>

<sup>1)</sup> In the dividend proposal, expected allocation has been assumed in accordance with the long-term incentive program that expires on 31 March 2019. 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	2018		2017	
	men	women	men	women
Stockholm	8	10	6	10

Salaries, other remuneration and social security expenses (SEK 000s)	2018 Board, CEO and senior executives	Other employees	2017 Board, acting CEO and senior executives <sup>1)</sup>	Other employees
Salaries and other remuneration	50 285	20 262	24 909	21 240
Social security expenses	17 025	7 539	8 853	6 521
Pension expenses/contributions	5 052	3 104	1 856	3 867
Provision for share-based remuneration including social securities expense <sup>1)</sup>	31 325	17 783	3 553	4 876
	<b>103 688</b>	<b>48 689</b>	<b>39 171</b>	<b>36 503</b>

<sup>1)</sup> Share based remuneration includes subsidies received at launch of LTIP2018. See Note 16 for the Group

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

2018	Fair value through profit or loss	Amortized cost	Financial debt, amortized cost	Total book value
Receivables from Group companies	-	19		19
Interest-bearing receivables	20	-		20
Other receivables	-	14		14
Short term investment	149	-		149
Cash at bank	-	202		202
<b>Total financial assets</b>	<b>149</b>	<b>220</b>		<b>404</b>
Interest-bearing liabilities			3 342	3 342
Liabilities to Group companies			8 718	8 718
Trade creditors			7	7
Other liabilities			77	77
<b>Total financial liabilities</b>			<b>12 144</b>	<b>12 144</b>

2017	Fair value through profit or loss	Amortized cost	Financial debt, amortized cost	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
<b>Total financial assets</b>	<b>1 750</b>	<b>57</b>		<b>1 807</b>
Interest-bearing liabilities			2 833	2 833
Liabilities to Group companies			2 284	2 284
Trade creditors			3	3
Other liabilities			59	59
<b>Total financial liabilities</b>			<b>5 179</b>	<b>5 179</b>

### 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 2019

Dame Amelia Fawcett  
*Chairman of the Board*

Henrik Poulsen  
*Deputy Chairman of the Board*

Wilhelm Klingspor  
*Member of the Board*

Erik Mitteregger  
*Member of the Board*

Mario Queiroz  
*Member of the Board*

Cristina Stenbeck  
*Member of the Board*

Charlotte Strömberg  
*Member of the Board*

Georgi Ganev  
*Chief Executive Officer*

Our Audit Report was issued on 28 March 2019  
Deloitte AB

Jan Berntsson  
*Authorized Public Accountant*

# AUDIT REPORT

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## **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 1 January 2018 - 31 December 2018 except for the corporate governance report on pages 23-28. The annual accounts and consolidated accounts of the company are included on pages 19-59 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 parent company as of 31 December 2018 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 2018 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. Our opinion does not include the corporate governance report on pages 23-28. 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 our best knowledge and belief, no prohibited services referred to in the Auditors Regulation (537/2014) Article 5.1 has been provided to the audited company or, where applicable, its parent company or its controlled companies in the EU. 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 significant 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.

#### **VALUATION OF UNLISTED INVESTMENTS**

The total carrying value of unlisted investments amounted to SEK 11.939 million as of December 31, 2018. 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 reports is in compliance with IFRS 13.

Refer to page 35, 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 1-18 och 63-64 . 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.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description forms part of the auditor's report.

## **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 1 January 2018 - 31 December 2018 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' guidelines 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.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: [www.revisorsinspektionen.se/revisorsansvar](http://www.revisorsinspektionen.se/revisorsansvar). This description forms part of the auditor's report.

#### THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 23-28 has been prepared in accordance with the Annual Accounts Act.

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.

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.

Deloitte AB, was appointed auditor of Kinnevik AB (publ) by the annual general meeting of the shareholders on May 21, 2018 and has been the company's auditors since May 12, 2013.

Stockholm 28 March 2019

Deloitte AB

Jan Berntsson

Authorized Public Accountant

Signatures on Swedish original



## 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. Reconciliations of a selection of APMs can be found on Kinnevik's corporate website [www.kinnevik.com](http://www.kinnevik.com).

### DEBT/EQUITY RATIO

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

### EQUITY RATIO

Shareholders' equity as a percentage of total assets

### 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 including net loans to investee companies 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 CHANGE

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

### PORTFOLIO VALUE

Total book value of fixed financial assets held at fair value through profit or loss

### 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

# ANNUAL GENERAL MEETING 2019

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## DATE AND VENUE

The Annual General Meeting will be held on Monday, 6 May 2019, at 10.00 a.m. at the Hotel At Six, Brunkebergstorg 6, 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 Monday, 29 April 2019, and
- give notice of their attendance no later than Monday, 29 April 2019.

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 29 April 2019.

## HOW TO NOTIFY INTENTION TO PARTICIPATE

Shareholders can notify the Company of their intention to participate from Tuesday, 2 April 2019, and shall notify the Company by using one of the following alternatives:

- through the Company's website, [www.kinnevik.com](http://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](http://www.kinnevik.com). Notification must be submitted to the Company no later than Tuesday, 29 April 2019.

## NOMINATION COMMITTEE

In accordance with the resolution of the 2018 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. and Camshaft S.à r.l., Hugo Stenbeck representing AMS Sapere Aude Trust, James Anderson representing Baillie Gifford, Ramsay Brufer representing Alecta, and Marie Klingspor. Information about the work of the Nomination Committee can be found on Kinnevik's website at [www.kinnevik.com](http://www.kinnevik.com).

## FINANCIAL INFORMATION

26 April	Interim Report January-March 2019
19 July	Interim Report January-June 2019
24 October	Interim Report January-September 2019



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