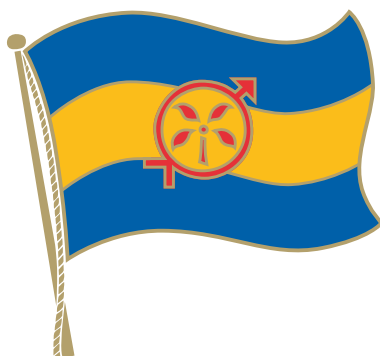


*Investment AB Kinnevik*



*Annual Report 2014*



”Close to eighty years of entrepreneurship  
under the same principal owners”

## Contents

Chief Executive's review	3
Kinnevik operating framework	5
Kinnevik's investments	8
Corporate responsibility	20
The Kinnevik team	26
The Kinnevik share	28
Book and fair value of assets	30
Valuation of unlisted assets	31
Annual and Consolidated Accounts for 2014	
Board of Directors' Report	33
Financial Statements and Notes for the Group	41
Financial Statements and Notes for the Parent Company	66
Audit Report	74
Definitions of financial key ratios	75
Board of Directors	76
Annual General Meeting	77



# Chief Executive's review

Dear Shareholders,

2014 was a successful year for Kinnevik during which we continued to deliver shareholder value by creating, developing and building leading digital consumer services companies in select countries around the world. I am particularly pleased to report that during the year we grew our Net Asset Value ("NAV") 29% from SEK 65.5bln to SEK 84.4bln (SEK 304 per share), and paid a dividend of SEK 7.00 in May 2014, up 8% from 2013.

Our mobile companies Millicom and Tele2 continued to execute their respective strategies in the face of rapidly changing consumer behavior and the accelerating demand for digital services. MTG also continued to successfully expand its digital pay-TV platform Viaplay, although as a group it was impacted by geopolitical developments and adverse market conditions in Russia.

The successful IPOs of Zalando and Rocket Internet validated our long-term vision and operating model of investing early and with strong conviction supporting companies in their business-building phase; enabling them to become self-standing public companies. As of December 2014, the combined value of our interest in the two companies was over 6x the money we had invested from 2009 onwards.

Within our private investee companies, we created the world's leading emerging markets fashion e-commerce company by combining Dafiti, Jabong, Lamoda, Namshi and Zalora into Global Fashion Group, and invested in Quikr, a leading classifieds platform in India.

During 2014, we reduced the number of investee companies from 47 to 41, and invested close to SEK 1.5bln, mainly in existing businesses, in line with the guidance provided in June 2014 of total investments between SEK 1.0-1.5bln.

During the year, we strengthened our organization to better equip Kinnevik to continue executing on its value creation strategy of building new businesses and investing in promising new growth companies.

With over 80% of our investments now liquid, a net cash position as of December 31, 2014 of SEK 0.1bln in the parent company, and ample access to credit facilities, we are well positioned to continue to deliver attractive long-term returns whilst maintaining a prudent capital structure.



## Financial Results and Investment Management Activities

In 2014, Kinnevik's NAV grew SEK 18.8bln to SEK 84.4bln or SEK 304 per share. Growth in our total NAV was driven by a doubling of the value of our E-commerce & Marketplaces investments (which now account for 51% of our NAV). Our Communications assets grew 2% whilst the value of our Entertainment investments decreased by 31%.

Millicom delivered organic revenue growth of 9.4% for the year, at the top end of its guidance for 2014. Tele2 delivered solid growth in its mobile business, with end-user service revenue growing 7%.

Zalando saw sales increase by 26% and reported an EBIT-margin of 3.7% for the year. The attractiveness of Zalando's platform was confirmed by the addition of leading global brands such as Topshop and Gap. Significant progress



was made in improving the consumer interface with a material upgrade in the digital platform and express delivery rolled out across all key markets.

Rocket Internet established itself as the leading internet business developer outside the U.S., China and Japan by launching a number of promising new models mainly in the marketplace area. It also increased its ownership interest in a number of its more established companies.

MTG continued to progress in becoming the leading digital entertainment company in each of its major markets. In Russia, MTG was impacted by new advertisement regulations and the amendment to the law on mass media (which limits foreign ownership in Russian broadcasters to 20%) which might impact CTC's long-term ownership structure.

CDON Group, now named Qliro Group, entered into a new phase with the launch of the payment solution Qliro.

During 2014, Kinnevik invested a total of SEK 1,463m. The largest new investment was in Quikr, a leading classifieds platform in India.

We also invested SEK 241m in Qliro, mainly by participating into the SEK 647m rights issue to support the launch of Qliro payments solution and to accelerate the growth plans of its key businesses.

We invested a further SEK 74m in Lazada as part of a Temasek-led EUR 200m round which valued the company at EUR 1bln.

### **Shareholder Remuneration and New Investments Guidance**

For 2014, the Kinnevik Board of Directors proposes a dividend of SEK 7.25 per share, equivalent to a 2.8% dividend yield based on Kinnevik's 31 December 2014 closing price of SEK 255.20.

In the future, we will support our efforts to deliver long-term shareholder value and total return, through annual dividends and the purchase of our own shares.

For 2015 and beyond, Kinnevik will aim to pay an annual dividend growing in line with dividends received from its investee companies and the cash flow generated from its investment activities. Kinnevik will propose share buybacks when the company has net cash and if our shares trade at

a significant discount to their intrinsic value, as perceived by Kinnevik. We shall track NAV per share as a key metric for measuring performance.

The Board believes that this revised shareholder remuneration guideline better reflects our cash-flow profile and investment priorities going forward, and is consistent with Kinnevik's business objective to create long-term value for shareholders, and to have that value reflected in the total return on our share. Given the nature of our new investments, our goal remains to have little or no leverage in the parent company.

In 2015, we expect to make net investments (gross investments net of sale of assets) of up to SEK 1.0bln.

### **Priorities for 2015**

With its strong team, mobile communication and e-commerce/marketplaces assets, and digital lifestyle-focused investment strategy, Kinnevik is well positioned to continue delivering long-term shareholder value.

During 2015, our team will work hard to discover new and emerging business models and talented entrepreneurs to ensure we remain ahead of the accelerating digital transformation that is occurring all around us. At the same time, we will continue to reduce the number of investee companies we own and seek to grow our share in the most promising ones.

We expect our larger, publicly-traded companies to continue executing clear strategies, driving operational efficiencies, optimizing regional footprint, and strengthening their capital structure.

Our private "Rising Stars" will focus on accelerating growth, establishing themselves as even stronger leaders in their respective markets, and expanding further across new territories.

I would like to thank the Kinnevik team for a successful year, and express my gratitude to all shareholders for your support during 2014. For 2015 and beyond, we remain committed to growing the value of our investments and to deliver returns.

Lorenzo Grabau  
*Chief Executive Officer*



# Kinnevik Operating Framework

## Our mission

To deliver shareholder value by creating, developing and building leading digital consumer services companies in selected countries around the world.

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## Our vision

To identify attractive market opportunities where technological innovation and demographic change allow us to build sustainable consumer franchises.

To partner with talented managers and entrepreneurs, and other investors to build a limited number of great companies.

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## Our priorities

**Focus:** invest in building a small number of great companies.

**Grow:** build goodwill mainly through organic growth and selected investments.

**Consolidate:** create value by improving local market conditions.

**Lead:** ensure that our companies live by our culture, values and responsibilities.

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## Our investment criteria

### Growth markets

We invest in developed and emerging markets where we see deep addressable market opportunities.

### Growth sectors

We look for disruptive, technology-enabled and value-added consumer services.

### Proven, scalable and protectable businesses

We seek out business models that are proven, that lend themselves to adoption in our markets and that can be protected from disruptive competition.

### Entrepreneurial teams

We work with experienced, often founder-led teams across all our investments.

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## Our financial targets

### Attractive returns

Based on our existing investments, we target an annualised internal rate of return (IRR) over the cycle of at least 15%.

### Low leverage

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

### Increasing shareholder remuneration

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



## Our approach

### Local presence

Our Group companies operate in more than 80 countries giving us insight into local market developments.

### Operational focus

We track operational performance and leverage our experience and insights to drive improvements.

### Strategic leadership

We support strategic transactions for or within our companies to maintain or create improved economics.

### Long-term commitment

We invest for the long-term, matching our investment horizon with that of the founders and/or management teams.

### Entrepreneurial mind-set

We pride ourselves on our ability to identify new trends and adapt to them.

### Partnership approach

We partner with best-in-class managers, entrepreneurs, and other like-minded long-term investors.

## Our key assets

### Reputation

Our reputation as an investor, built over many years, helps us attract the best people and partners.

### Employees

Our small, multi-disciplinary team with complementary backgrounds in operations, technology, finance, consulting, accounting, and law.

### Boards of directors

Our highly experienced Board directors who oversee Kinnevik and its investee companies and provide guidance to the management teams.

### Patient capital

Our long-term capital supporting our businesses as they develop and scale.

### Partners

Our long-standing and more recent strategic and financial co-shareholders with whom we share the leadership in our investee companies.

## Our investment strategy

We are an operationally focused investor who seeks to create value by driving innovation and operational improvements within our existing investments. We monitor the development of each of our companies, track actuals versus budget, prior performance and business plan for sales, operating results, cash flow and associated KPIs. We seek to encourage operational improvements, provide strategic leadership, strong corporate governance and bring discipline in capital allocation across the portfolio.

We are currently invested in four consumer-centric sectors: communications, e-commerce & marketplaces, entertainment and financial services. While we concentrate on these sectors, we also look at businesses in other areas that fit our investment criteria. Approximately 45% of our investments by value are in the communications and entertainment sectors and these tend to be larger, more established businesses reflecting their later stage of development. Approximately half of our investments by value are in the e-commerce & marketplaces and financial services sectors and these tend to be much younger, challenger businesses that are investing heavily to build market-leading positions in a short timeframe.

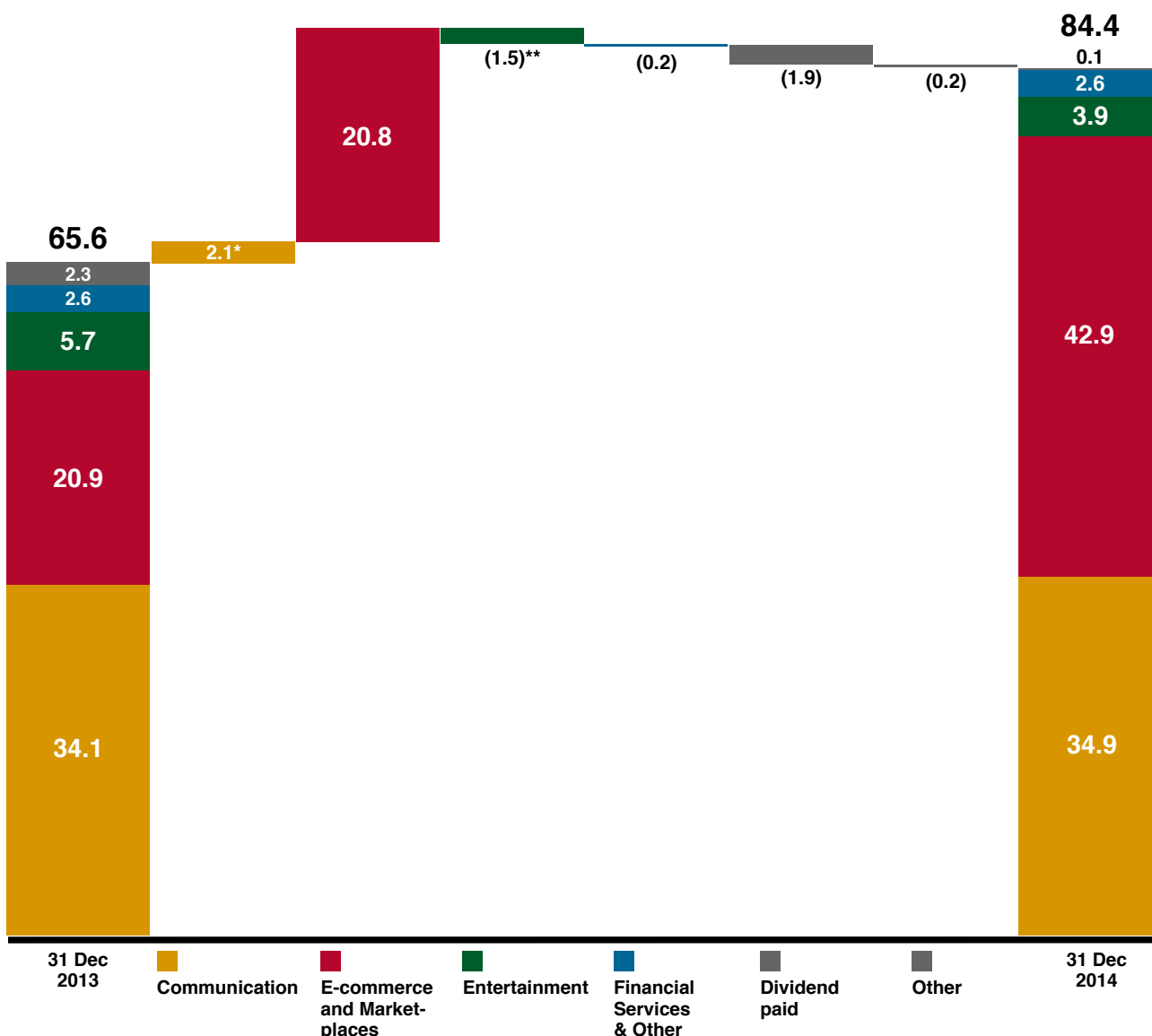
We are diversified across five continents and in over 80 countries. However, our priority is to build a smaller number of companies where we have the opportunity to build out our presence across multiple sectors. We invest in emerging markets, where we see opportunities to leapfrog legacy products and services, although our revenues remain balanced across developed and emerging markets.



## Our Net Asset Value development

In 2014, Kinnevik's Net Asset Value ("NAV") grew SEK 18.8bln or 29% to SEK 84.4bln or from SEK 236 to SEK 304 per share net of dividends paid to shareholders. Growth in our NAV was driven by a doubling of the value of our e-commerce and marketplaces investments (which now account for 51% of our NAV), and a 2% increase in the value of our communications assets. The value of our entertainment investments dropped by 31%. The growth in e-commerce & marketplaces can be mainly attributed to the successful initial public offerings of Rocket Internet and Zalando which brought up the market valuation of these investments. Within the communications sector, the growth in Tele2's market value drove the positive development.

### Development in Net Asset Value by sector during 2014 (SEK bln)



\* Including 1.3bn in dividends received.

\*\* Including 0.1bn in dividends received.





## Value creation in our companies

Depending on their stage of development and cash-flow profile, Kinnevik investee companies have been grouped into four categories, each with a specific agenda for value creation.

The publicly traded companies in Sweden include Millicom, Tele2, MTG and Qliro Group. Here, the focus is on continuing to execute clear strategies, driving operational efficiencies, optimizing regional footprint, and improving their capital structure.

For the recently listed companies in Germany, Rocket Internet and Zalando, the focus is on continued fast growth and ensuring that we support their development as listed companies.

The next four private companies include Global Fashion Group, Avito, Home24 and Westwing. These companies are well underway to become market leaders, with continuing high growth and improving profitability. Focus is to establish them as even stronger leaders in their respective markets.

The private rising stars will focus on accelerating growth, establishing themselves as even stronger leaders in their respective markets, and expanding even further across new territories.

### Listed companies in Sweden



**TELE2**

**MTG**

**Qliro Group**

### Listed companies in Germany



### Next four private companies

**Global Fashion Group**



**home 24**



### Private rising stars



**SEK 56 397m**

Market capitalisation per 31 Dec 2014

**37.8%**

Kinnevik ownership

**SEK 22 039m**

Fair value per 31 Dec 2014

**26.2%**

of NAV

Key data (USD m)	2014	2013
Revenue	6 386	5 553
EBITDA	2 093	1 999
Operating profit, EBIT	924	930
Net profit	2 643	229
Number of mobile subscribers 31 Dec (million)	56.3	50.1

### About Millicom

Millicom is a leading international telecommunications and media company that provides digital lifestyle services to customers in Latin America and Africa. Millicom's range of mobile services, TV and broadband, together with its online partnerships, are live in 31 markets in Africa and Latin America. Millicom's Swedish depository receipts (SDRs) are listed on NASDAQ Stockholm's list for large-cap companies.

### Key developments in 2014

In 2014, Millicom focused on setting the foundations for future growth in new areas, while maintaining strong momentum in the mobile business. In August 2014, Millicom completed the merger of its Tigo mobile businesses with the cable and fixed line operator UNE, creating a

full range telecommunications and media business in Colombia.

For 2014 Millicom reported revenues of USD 6,386m (5,553), growing 15% compared to 2013. The transfer of customers into mobile data services continued during 2014, with mobile data penetration increasing to 27% due to the growth in smartphone users. Adding 6.2 million mobile customers during the year, Millicom's customer base reached over 56.3 million mobile customers for the first time. With a full-year EBITDA margin of 32.8%, excluding the Online businesses and one-off items, Millicom reported EBITDA for 2014 of USD 2,093m.

The Board of Millicom has decided to propose to the Annual General Meeting in May 2015 an ordinary dividend of USD 2.64 (2.64) per share in respect of the financial year 2014.

# TELE2

**SEK 40 403m**

Market capitalisation per 31 Dec 2014

**30.4%**

Kinnevik ownership

**SEK 12 865m**

Fair value per 31 Dec 2014

**15.3%**

of NAV

Key data (SEK m)	2014	2013
Revenue	25 955	25 757
EBITDA	5 926	5 891
Operating profit, EBIT	3 490	2 548
Net profit	2 626	968
Number of mobile subscribers 31 Dec (million)	12.1	11.5

### About Tele2

Tele2 is one of Europe's leading telecom operators, offering mobile services, fixed broadband and telephony, data network services, cable TV and content services. Tele2 has 14 million customers in 9 countries, whereof 12 million in its mobile operations. Tele2's shares are listed on NASDAQ Stockholm's list for large-cap companies.

### Key developments in 2014

Fueled by mobile data sales growth in Sweden, Tele2's mobile business showed good progress during 2014 despite the uncertainty in Norway and the significant transition from fixed to mobile in the Netherlands. In 2014, Tele2 introduced a new commercial concept, including changes such as no binding periods, trial periods for both B2C and B2B customers, and removed expiry dates for all top-ups. The objective being to improve customer satisfaction and

strengthen the long-term positioning of Tele2 Sweden's brands.

Mobile net sales amounted to SEK 26.0bln (25.8) and mobile end-user service revenue amounted to SEK 12.5bln (11.6). This trend was driven by continued ability to monetize usage of mobile data by delivering LTE/4G services and a range of customer propositions that provide great value and experiences, also compensating for lower revenues from mobile voice and SMS.

On 5 February 2015 the Norwegian competition authorities announced that they had cleared Tele2's sale of its Norwegian operations to TeliaSonera. The final purchase price amounts to SEK 4.5bln.

As a consequence of the transaction, the Board of Tele2 has decided to recommend an extraordinary dividend of SEK 4.5bln to the Annual General Meeting in May 2015, in addition to ordinary dividend of SEK 4.85 (4.40) per share in respect of the financial year 2014.

**SEK 15 578m**

Market capitalisation per 31 Dec 2014

**20.3%**

Kinnevik ownership

**SEK 3 358m**

Fair value per 31 Dec 2014

**4.0%**

of NAV

Key data (SEK m)	2014	2013
Revenue	15 746	14 073
EBIT	1 675	1 738
Net profit	1 172	1 168

### About MTG

MTG is an international entertainment and broadcasting group with operations that span four continents and includes free-TV, pay-TV, radio and content production businesses. Viasat, MTG's broadcasting business, broadcasts more than 60 own branded channels in 37 countries and has the second largest broadcasting footprint in Europe. MTG's shares are listed on NASDAQ Stockholm's list for large-cap companies.

### Key developments in 2014

MTG's Nordic broadcasting business delivered higher sales and profits in 2014, as online business growth more than compensated for declining linear viewing and advertising markets. The Emerging Markets businesses increased sales volume, but higher profits in the free-TV business were offset by the impact of negative pay-TV earnings. MTG entered Tanzania in 2014 and launched TV1, its second African

free-TV channel. MTG also acquired Trace, a youth media brand and global pay-TV channel operator. Trace has distribution agreements with third party network operators in over 140 countries worldwide, including all 55 countries in Africa.

MTG was affected by the amendments to the Russian Mass Media Law which include new advertising regulations and foreign ownership restrictions. MTG is exploring all options available to comply with the new regulations.

MTG reported net sales of SEK 15,746m (14,073) for 2014, a 12% year-on-year growth at constant exchange rates. The increasing organic sales performance primarily reflected the growth in the Nordic pay-TV and Nice Entertainment content businesses. The Board of MTG has decided to recommend an ordinary dividend of SEK 11.00 (10.50) per share in respect of the financial year 2014.

**SEK 2 582m**

Market capitalisation per 31 Dec 2014

**28.5%**

Kinnevik ownership

**SEK 737m**

Fair value per 31 Dec 2014

**0.9%**

of NAV

Key data (SEK m)	2014	2013
Revenue*	4 967	4 327
EBIT*	8.6	-0.3
Net profit	5.4	-67.3

\* Excluding divested operations and non-recurring items.

### About Qliro Group

Qliro Group is a leading Nordic e-commerce company that owns some of the most well-known and appreciated brands in the Nordic area. Qliro Group's business concept is to offer the most attractive consumer proposition within the segments where the company operates, to capitalize on the ongoing rapid shift towards e-commerce, and to continue to build fast and profitable growth through the Qliro Group platform. Qliro Group changed its name from CDON Group in January 2015. Qliro Group's shares are listed on the NASDAQ Stockholm's list for mid-cap companies.

### Key developments in 2014

The payment solution Qliro was launched in 2014, providing invoice payments and payments by instalments to the customers of the group's online stores Nelly, NLYman, Lekmer and CDON.com in Sweden. Qliro Group's rights issue was completed in 2014, raising SEK 647m to launch Qliro payment service solution as well as to accelerate growth plans of its key businesses.

All segments showed growth, with group net sales increasing by 15% during 2014 to SEK 4,967m (4,327).

Qliro group reported an operating profit of SEK 8.6m (-0.3), excluding divested operations and non-recurring items.

The Board of Qliro Group will propose to the 2015 AGM that no dividend is paid to shareholders for the financial year 2014.




**EUR 6 241m** **32.0%** **SEK 19 030m** **22.6%**  
 Market capitalisation per 31 Dec 2014 Kinnevik ownership Fair value per 31 Dec 2014 of NAV

Key data (EUR m)	2014	2013
Revenue	2 214	1 762
% Growth	26%	52%
Gross profit	959	715
EBIT*	82	-109
% Margin*	3,7	-6,2

\* EBIT excludes equity-settled share-based compensation expenses

### About Zalando

Zalando is Europe's leading online retailer of shoes and fashion with operations in 15 countries. It provides a combination of an up-to-date assortment with all the relevant brands, fast fashion and private label. Zalando systematically uses its digital environment to offer its over 14 million active customers a superior shopping experience. Its large scale, centralized backbone, technology platform, insourced key logistics functions and efficient warehousing generate attractive unit economics and profit potential.


### Key developments in 2014

In 2014, Zalando's growth continued at a high pace, with 26% year-on-year revenue growth, supported by strong growth in the Rest of Europe segment. By levera-

ging its operational scale, Zalando has significantly improved its profitability and reached a milestone with its first financial year break-even in 2014, with an adjusted EBIT margin of 3.7% (excluding share-based compensation).

Zalando entered important partnerships with leading fashion brands, such as Topshop and GAP, highlighting the attractiveness of the Zalando platform as a key pan-European partner to global brands.

On 1 October, Zalando successfully completed its IPO, raising approximately EUR 525m of primary proceeds to fund the continued growth and development of the business. Despite volatility in the market and within Zalando's peer group, the stock closed the year at EUR 25.50, 19% above the IPO price.


**EUR 7 869m** **14.2%** **SEK 10 620m** **12.6%**  
 Market capitalisation per 31 Dec 2014 Kinnevik ownership Fair value per 31 Dec 2014 of NAV

### About Rocket Internet

Rocket Internet is a leading Internet platform that identifies and builds proven internet business models and transfers them to new, underserved or untapped markets. Rocket successfully manages to scale them into market-leading online companies in a short period of time and has now created companies with a presence in 100+ countries. Rocket's success is driven by four global megatrends: booming smartphone penetration; younger populations of "digital natives" in emerging markets; a growing global middle class; and the ability of internet-based business models to leapfrog traditional retail infrastructure in emerging markets.

### Key developments in 2014

Prior to its IPO, Rocket raised significant funding from world-leading investors including Phillipine Long Distance Telephone Company ("PLDT"), United Internet and Holtzbrinck Ventures, and also announced a strategic partnership with PLDT for the development of innovative online and mobile payments solutions in emerging markets.

During 2014 Rocket launched several new businesses such as EatFirst, Helping, Nestpick, SpaceWays and ShopWings. In addition to this, existing businesses in the Proven Winners and Emerging Stars categories announced significant funding rounds. Most notably, Lazada and Africa eCommerce Holding raised EUR 200m and EUR 120m each, at post-money

valuations of EUR 1bn and EUR 445m, respectively.

Rocket went public on 2 October at EUR 42.50, the top of the announced price range, and saw the share price increase to EUR 51.39 by the end of the year, a 21% increase from the IPO price.

In November, Rocket released its H1 Results and Business Update, revealing a 104% size weighted growth in GMV and margin improvement for Proven Winners. "Travel" was announced as a new focus area and TravelBird and Traveloka were added to the Emerging Stars.



**Global Fashion Group** **26%**  
Kinnevik ownership

**SEK 6 092m**  
Fair value per 31 Dec 2014

**7.2%**  
of NAV

<b>Dafiti (BRLm)*</b>	<b>Jan-Sep 2014</b>	<b>Jan-Sep 2013</b>
Revenue	405	297
% Growth	36%	-
Gross profit/loss	151	101
% Margin	37%	34%
Operating result	-162	-151

\* 1 BRL = SEK 2,89 per 31 Dec 2014

<b>Jabong (INRm)*</b>	<b>Jan-Sep 2014</b>	<b>Jan-Sep 2013</b>
Revenue	5 407	2 011
% Growth	169%	-
Gross profit/loss	-1 137	-195
% Margin	-21%	-10%
Operating result	-3 223	-1 833

\* 100 INR = SEK 12,30 per 31 Dec 2014

<b>Lamoda (RURm)*</b>	<b>Jan-Sep 2014</b>	<b>Jan-Sep 2013</b>
Revenue	5 858	3 015
% Growth	94%	-
Gross profit/loss	2 298	1 143
% Margin	39%	38%
Operating result	-2 067	-1 547

\* 100 RUR = SEK 13,75 per 31 Dec 2014

<b>Namshi (AEDm)*</b>	<b>Jan-Sep 2014</b>	<b>Jan-Sep 2013</b>
Revenue	111	34
% Growth	224%	-
Gross profit/loss	60	17
% Margin	54%	50%
Operating result	-10	-36

\* AED 1 = SEK 2,11 per 31 Dec 2014

### About Global Fashion Group

Global Fashion Group ("GFG") is the leading emerging markets fashion e-commerce company comprising five businesses with operations in 27 markets. GFG includes Dafiti in Latin America, Lamoda in Russia and CIS, Jabong in India, Namshi in the Middle East and Zalora in South East Asia and Australia. GFG covers a 2.5 billion population that has a fashion market worth EUR 360bln. GFG markets a wide assortment of leading international apparel and accessories brands, a tailored selection of highly engaging internally developed brands and local assortments developed for specific ethnic markets, notably in India, Indonesia and the Middle East.

### Key developments in 2014

All Global Fashion Group companies continued to successfully execute their growth strategies in 2014.

Establishments of relationships with leading international brands and several new brand launches have contributed to a deeper assortment across GFG.

Efforts to integrate the five regional businesses, launch joint initiatives and deliver on synergies are a primary focus for 2015.

### Dafiti

During 2014, Dafiti added more than 30 national and international brands to its fashion portfolio and completed the implementation of SAP as well as new software for its iOS app, which is significantly increasing user engagement.

### Jabong

Jabong continued triple-digit revenue growth, but experienced lower margins due to the overall Indian market environment. The introductions of "shop the look" and next door delivery services have been well received and enhance the user experience.

### Lamoda

Despite challenging market conditions, Lamoda continued to deliver strong revenue growth and margin improvement throughout 2014, driven by the successful introduction of new global brands as well as its first London based private label brand, Lost Ink. Lamoda has been leveraging its platform and proprietary logistics by launching a third party e-commerce solution during 2014.

### Namshi

Namshi had a very strong year and showed exceptional growth. It generated a positive EBITDA margin during some months in 2014. Mobile apps were further developed and now account for a majority of sales.

### Zalora

Zalora accelerated its growth and strengthened its leadership position across Southeast Asia and Australia. The company launched its Zalora label, which became a best seller across countries, as well as successful partnerships with local designers in Malaysia and Indonesia.



**31%**  
Kinnevik ownership

**SEK 2 298m**  
Fair value per 31 Dec 2014

**2.7%**  
of NAV

Key data (RURm)	Jan-Sep 2014	Jan-Sep 2013
Revenue	3 043	1 609
% Growth	89%	-
EBITDA	1 688	477
% Margin	55%	30%

#### About Avito

Avito is one of the largest and fastest growing online classifieds platforms in the world, and number one in Russia where it leads nationally across five verticals in terms of visitors, number of listings and user engagement. It is also one of the top five internet sites in Russia, which is a top ten internet market globally.

#### Key developments in 2014

The momentum at Avito accelerated in 2014 and reflected strong underlying growth in the user base as well as the

benefits of the merger with Slando.ru and OLX.ru in the beginning of 2013.

In the first nine months of 2014, Avito witnessed a 89% year-on-year increase in revenues (in local currency terms) with an adjusted EBITDA margin of 55%. In the third quarter 2014, monthly audience grew by over 15% year-on-year and page views grew by over 60%.

The macroeconomic and geopolitical environment in Russia has led to a sharp depreciation of the Rouble and GDP lower expectations for 2015.



**20%**  
Kinnevik ownership

**SEK 833m**  
Fair value per 31 Dec 2014

**1.0%**  
of NAV

Key data (EURm)	jan-sep 2014	jan-sep 2013
Revenue	105	66
% Growth	60%	-
Gross profit/loss	39	25
% Margin	37%	38%
Operating result	-34	-33

#### About Home24

Home24 is a leading e-commerce retailer in the Home & Living vertical with a presence in seven European countries and in Brazil. Home24 offers the widest assortment in the industry with more than 100,000 stock keeping units across all categories including everything from large bulky items (sofas, beds) to small decorations (candles, paintings) to lighting products and garden furniture.

#### Key developments in 2014

In 2014, Home24 went through a complete redesign of the product webpage including a more emotional and inspirational shopping environment with improved product descriptions and better pictures.

The private label assortment has been extended further across several categories by a combination of own exclusive designs and white label products.

During 2014 Home24 tested TV commercials for the first time driving both its brand recognition and top line growth. At the same time, Home24 invested into its core operations by extending the warehouse capacity in Europe by building 2 new warehouses in Germany and Poland, both operated in-house. Home24 expanded its European footprint by entering into Switzerland, Italy and Belgium during 2014.

In December 2014 Home24 raised EUR 16m from new and existing shareholders.



**13%**

Kinnevik ownership

**SEK 379m**

Fair value per 31 Dec 2014

**0.4%**

of NAV

Key data (EURm)	Jul-Sep 2014	Jan-Sep 2014
Revenue	47	124
Gross profit/loss	20	53
% Margin	43%	43%
Operating results	-16	-44

### About Westwing

Westwing is a leading international home and living e-commerce shopping club offering an assortment of home décor, interior design and furniture products. Westwing was founded in 2011 in Germany and has since extended its geographic presence to 15 markets across Europe, Brazil and Russia. Westwing is about discovery and presents highly curated content to its members that get inspired, engaged and often become loyal customers.

### Key developments in 2014

In 2014 it expanded into Belgium, Kazakhstan, Slovakia, Czech Republic and Hungary and has built a base of over 19 million members in its shopping club. More than 70% of the orders come from repeat customers. In one single month

Westwing faces >3.5 million unique logged in users, at 4+ average visits per month, at >20 minutes average time spent on site.

TV advertising was launched in Italy in 2014, and after a strong performance with aided brand awareness now being at >60% in Italy, the roll out of TV advertisement continued in Germany.

Westwing continued to develop its global sourcing and has now >4,000 suppliers, 3 private labels and 7 international logistics centers. The company warehouse management software was rolled out to 3 logistics centers in 2014, which enables further unification in Westwing's global/local supply chain in the fragmented Home & Living market

Westwing raised a funding round of EUR 72m in April from Odey, Tengelmann and Fidelity Worldwide Investments.

**31%**

Kinnevik ownership

**SEK 1 032m**

Fair value per 31 Dec 2014

**1.2%**

of NAV

### About Bayport

Bayport is a mass market financial services provider focusing on the formally employed sector in emerging countries. The company was founded in 2001 and currently has operations in nine countries (Botswana, Colombia, Ghana, Mexico, Mozambique, Tanzania, South Africa, Uganda, and Zambia). Bayport is servicing over 549,000 customers through nearly 400 branches and 7,000 employees.

### Key developments in 2014

In early 2014, Bayport completed the acquisition of Bayport South Africa and the raising of USD 141m of equity from Helios Investment Partners as well as

existing shareholders.

Beyond expansion into South Africa, Bayport added Mexico as its second Latin American market through the acquisition of a majority stake in Financiera Fortaleza.

Significant new product launches were executed in 2014 to broaden the product and distribution capabilities of Bayport. MyMoney, a multi-product, multi-distribution initiative offering a combination of credit, savings, transacting and insurance products was soft-launched in November to Bayport CFC's employees in Ghana. In addition, Bayport expanded its insurance product offering across education protection, personal accident and funeral insurance initially in Ghana and Tanzania.

Bayport received significant funding support from international and local capital markets to support the growth of the business. In August, the company raised USD 30m through the tapping of the remaining balance of its 2017 bonds and an additional USD 88m was raised through a subordinated bond issuance in November. Local fundraising highlights include Bayport South Africa's re-financing of over USD 11.5m of maturing debt in August 2014, Bayport Zambia's inaugural ZMK 172m (USD 26.5m) bond issuance and Bayport Colombia's USD 15m loan from the Inter-American Development Bank.

**14%**

Kinnevik ownership

**SEK 739m**

Fair value per 31 Dec 2014

**0.9%**

of NAV

### About Lazada

Launched in February 2012, Lazada has become the leading e-commerce department store for assorted merchandise in Southeast Asia, specifically Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. Its operations also extend to Hong Kong/Shenzhen, which functions as a sourcing hub. Through Lazada, its main online shopping destination retail platform, Lazada offers a marketplace solution enabling third-party retailers to sell their products in addition to selling products owned by Lazada Group's retail operations.

### Key developments in 2014

Lazada's transition into a marketplace model has been highly successful with sales on the marketplace increasing more than 20 times from January to December and with more than 10,000 sellers currently

active on the platform.

Lazada has grown its business substantially in the year. It had its biggest sales day ever on the grand finale of its annual Online Revolution campaign on 12 December with more than 10 million visits and 500,000 items sold within 24 hours.

In Q4, Lazada launched helloPay which is an easy-to-use online payment platform that provides consumers with a secure way of shopping online.

Furthermore, Temasek Holdings which is a Singapore-based investment company led a EUR 200m financing round in which several existing investors also participated.

### About Linio

Linio is a leading online retailer and marketplace founded in the first half of 2012 with presence in eight markets in Latin America. Linio offers general merchandise such as consumer electronics, home app-

liances, furniture and a wide selection of other products. In total it offers more than 1 million products of international brands, multiple payment options, free returns and customer-oriented services. Linio has more than 40 million visits per month and over 4 million Facebook fans.

### Key developments in 2014

In July, Linio received a round of financing of EUR 58m with Northgate Capital, a global manager of private equity and venture capital funds, and Access Industries, a privately held industrial group with long-term holdings worldwide, as lead investors. The proceeds of the round were directed towards investments into marketing, technology and geographical expansion.

Linio extended its geographical footprint in the region by launching its business in Argentina, Ecuador, Panama and Chile.

**16%**

Kinnevik ownership

**SEK 425m**

Fair value per 31 Dec 2014

**0.5%**

of NAV

### About Quikr

Quikr is India's leading cross-category classifieds platform. Every month, over 30 million unique users across more than 940 cities use the platform to sell, buy, rent or find products and services in a variety of categories such as electronics, household goods, real estate, cars, employment and other services.

Quikr is one of the top 20 digital properties in India, as measured by both mobile traffic (Google Play Store rankings) and desktop traffic (the so called Alexa rankings).

### Key developments in 2014

Quikr made material enhancements to its product, content and marketing efforts in 2014 to strengthen the platform further.

New product initiatives include the launch of Quikr Nxt, an instant messaging service embedded within Quikr to help buyers and sellers maintain privacy and maintain records when communicating with a large number of parties, thereby reducing transaction times.

The company maintained an intense effort throughout the year on the quality of content and to ensure a better user experience. As examples of significantly higher engagement, both average time

on site and page views per visit tripled within the year.

Quikr also continued to make appropriate investments in marketing and brand-building to improve user awareness and grow direct traffic and brand searches, whilst reducing customer acquisition costs.

The above initiatives have been supported by the addition of both capital and talent. During the year, the company raised USD 150m, of which USD 54m was from Kinnevik and the remainder from new investor Tiger Global Management and existing shareholders including Warburg Pincus and eBay. Quikr has also relocated its headquarters to Bangalore.





41%

Kinnevik ownership

SEK 292m

Fair value per 31 Dec 2014

0.3%

of NAV

### About Konga

Konga is a leading general merchandise marketplace in Nigeria. The company was launched in 2012 and has evolved from an inventory only platform to an open marketplace. It is reshaping the Nigerian retail industry by enabling thousands of local merchants to sell their products online. Konga is ranked as one of the top 10 websites in Nigeria (Alexa rankings) and is shipping over 100,000 orders per month as of end of 2014.

### Key developments in 2014

The launch of KongaMall, Konga's marketplace, was the most important initiative in shaping the future business model. Post launch in May, KongaMall expanded rapidly and by end of December represented more than 50% of total orders. The marketplace hosts thousands of active merchants and provides them with integrated analytics tools, order tracking systems and delivery options. Konga educates its merchants with its 'Seller Academy' on how to better serve its customers and increase sales online.

In 2014, Konga also built a proprietary logistics network 'K-Express' to deal with

the logistic challenges that exist in the Nigerian market and at the same time secure the end-to-end customer experience. A dominant share of deliveries in Lagos is now being delivered internally with significantly improved delivery times and Net Promoter Scores.

The company has more than doubled its team over the course of last year to almost 900, with key additions in marketing, product development, finance and logistics to position the company for further growth. In addition to the above initiatives, Konga raised USD 40m of capital with both Kinnevik and Naspers participating.



39%

Kinnevik ownership

SEK 206m

Fair value per 31 Dec 2014

0.2%

of NAV

### About Bima

Bima is the leading mobile microinsurance company in emerging markets with over 13 million registered insurance subscribers. The company was founded in 2010 to capitalise on the potential for microinsurance in emerging markets where few viable risk management solutions for the mass market exist and the level of insurance penetration is low. The company is currently operating in 13 countries (Bangladesh, Cambodia, Ghana, Haiti, Honduras, Indonesia, Senegal, Sri Lanka, Tanzania, Paraguay, Papua New Guinea, Philippines and Uganda).

### Key developments in 2014

Bima expanded into seven new markets during 2014 (Cambodia, Haiti, Honduras, Paraguay, Papua New Guinea, Philippines and Uganda). Beyond geographic expansion into new markets, Bima built and developed a number of new capabilities to expand its business model and to capture a greater share of the value chain. These include the launch of Bima branded products in a number of key markets, the receipt of a microinsurance license in Cambodia and the launch of a life insurance product in partnership with one of the leading micro finance institutions in Bangladesh.

Bima added 6.7 million insurance subscribers during 2014 and brought the total registered insurance subscriber base to 13 million by year end.

The above initiatives have been supported by the addition of both capital and talent. The company raised USD 22m from existing shareholders in January 2014 and secured an additional USD 5m investment from Digicel in August 2014. Bima strengthened the central team through the hiring of a CFO, a marketing manager and a product development manager. Significant new hires were also made across the operations to support new market launches and existing operations.

**88%**

Kinnevik ownership

**SEK 154m**

Fair value per 31 Dec 2014

**0.2%**

of NAV

**About Saltside**

Saltside operates the leading online horizontal classifieds platforms in three frontier markets - Bikroy (Bangladesh), Ikman (Sri Lanka) and Tonaton (Ghana).

**Key developments in 2014**

The company witnessed strong momentum across its markets during the year, resulting in an increase of over 50% in

unique visitors to its platform and more than tripling the number of ad replies submitted.

Saltside portals in each of Bangladesh, Sri Lanka and Ghana are in the top 20 websites as measured by traffic data from SimilarWeb.

In Sri Lanka, Ikman is now undisputed market leader in the sector, across all categories. In Bangladesh, Bikroy remains

the market leader.

The introduction of Hillhouse Capital and Brummer & Partners as investors was a significant milestone for the company as it will benefit from their sector expertise and local knowledge respectively. The team has grown to over 200 employees and relocated its headquarters to Dubai during the year.

**15%**

Kinnevik ownership

**SEK 50m**

Fair value per 31 Dec 2014

**About Iroko**

Iroko is a subscription based video-on-demand (SVOD) platform with the most comprehensive catalogue of African, and specifically Nollywood content across the globe. Iroko also has its own movie and TV series production house, which frequently features on Irokotv. Iroko has subscribers in over 100 countries with a focus on the African diaspora communities and sub-Saharan Africa. Its Youtube channel counts more than 400,000 followers.

Headquartered in Lagos, it was founded in 2011. Kinnevik invested in 2012 and has since been working actively with the company on strategy, operations and finance.

**Key developments in 2014**

Iroko's most important initiative in 2014 was the shift in business model from an advertising led monetization to a subscription model. Iroko has shaped its team and marketing efforts in a way to build a subscriber base out of its large and passionate Nollywood viewership. In combination with the subscription model, Iroko has launched a download functionality to circumvent issues with low or infrequent bandwidth when watching movies or TV series. It is the first of its kind and a major breakthrough for the African consumer, significantly improving the ease of watching video content online.

Iroko has a strong focus on partner-

ships. Among others, Iroko partnered with Tigo Rwanda to launch its offering in conjunction with Tigo's 4G launch. The company has also entered into partnerships with Pay-TV operators to provide its unique Nollywood catalogue and selection via Pay-TV offering. Key hires were made predominantly in the areas of content distribution and technology. Iroko has also intensified its data analytics efforts in order to understand the effectiveness of each content category.



# Kinnevik's investments - deep dive in Africa

Kinnevik's presence in Africa dates back to the early 1990's and it has since become a region where we have built a number of businesses across our key sectors. Today we are invested directly and indirectly in over 22 companies in 33 countries, being one of the largest investors in the region's digital businesses. We have built local partnerships, invested into new opportunities and are actively shaping the region's shift to digital services across sectors. Kinnevik is the lead shareholder in Millicom, MTG, BIMA, Konga, DealDey, E-motion and are also invested in Bayport and Iroko. Our companies employ over 18,000 people across the continent.

Our recent investments in Africa have concentrated on the e-commerce & marketplace sectors in Nigeria. Nigeria is now Africa's largest internet market and the 8<sup>th</sup> largest in the world, with approximately 67 million internet users and an internet penetration of 37%. The market is expected to see continued strong growth and our companies are well positioned to benefit from the strong fundamentals.

## Millicom

Millicom is a leading emerging markets telecommunications and media company focused on Africa and Latin America. Millicom has operations in six African countries with over 25 million customers under the Tigo brand. The company delivers its products and services via the mobile. Kinnevik co-founded the company in 1990 and is still the largest shareholder with a 38% ownership.

Innovation and customer focus are at the core of Millicom's offering. Within financial services, Tigo Money was launched in 2014 in Tanzania. It is the world's first mobile money service to offer automatic returns to users' wallets and has also established interoperability between different mobile operators in the country. In the digital lifestyles segment, Tigo Music expanded from Latin America into Ghana and Tanzania in 2014. In partnership with Deezer, over 36 million songs are available to smartphone users via a pre-paid data bundle plan. In education, EduMe provides mobile educational courses in English to subscribers in Rwanda and Tanzania.

## Bima

Bima is the leading mobile microinsurance company in emerging markets with over 13 million registered insurance subscribers. The company was co-founded in 2010 alongside Kinnevik and Millicom to capitalise on the the insurance gap that exists in emerging markets. The company operates in 13 countries: Ghana, Tanzania, Senegal and Uganda in Africa; Bangladesh, Sri Lanka, Indonesia, Philippines, Cambodia and Papua New Guinea in Asia; and Honduras, Haiti and Paraguay in Latin America.

Four core areas of competency have been developed within Bima: innovation within the life, accident and health insurance products; a dedicated agent network of 2,500 field and call centre agents; 13 million subscribers; and insurance administration within significant claims pay-outs. Given its first mover advantage, Bima provides value to both its end consumers and partners. The company has become the partner of choice for mobile operators in emerging markets.

During 2014, Bima built and developed a number of new capabilities to expand its business model including the launch of Bima branded products and the launch of a life insurance product in partnership with one of the leading micro finance institutions in Bangladesh.

## Konga

Konga is a leading general e-commerce platform in Nigeria, selling products of various categories such as mobile phones, electronics, fashion and home and living. The company was founded in 2012 by Simdul Shagaya together with Kinnevik. Initially, the company focused on an inventory only business model: selling products out of its own warehouse. Over the course of 2014, KongaMall, a marketplace model, was launched. Local sellers and buyers can now transact on the platform with Konga charging a commission for these services. KongaMall has expanded rapidly and now makes up for more than 50% of the orders. Simultaneously, Konga has built a proprietary logistics arm, K-express, in order to facilitate the logistics challenges that exist in Nigeria and to secure the customer experience. A dominant share of deliveries in Lagos is now being delivered by K-express.



Egypt  
Morocco



Ethiopia



Botswana  
Ghana  
Mozambique  
South Africa

Tanzania  
Uganda  
Zambia



Ghana  
Senegal

Tanzania  
Uganda



Cameroon  
Congo  
Cote D'Ivoire  
Ghana

Nigeria  
Senegal  
Tanzania



Nigeria

EASY



TAXI

Egypt  
Ghana

Kenya  
Nigeria



Nigeria



Algeria  
Cote D'Ivoire  
Egypt  
Ghana  
Kenya

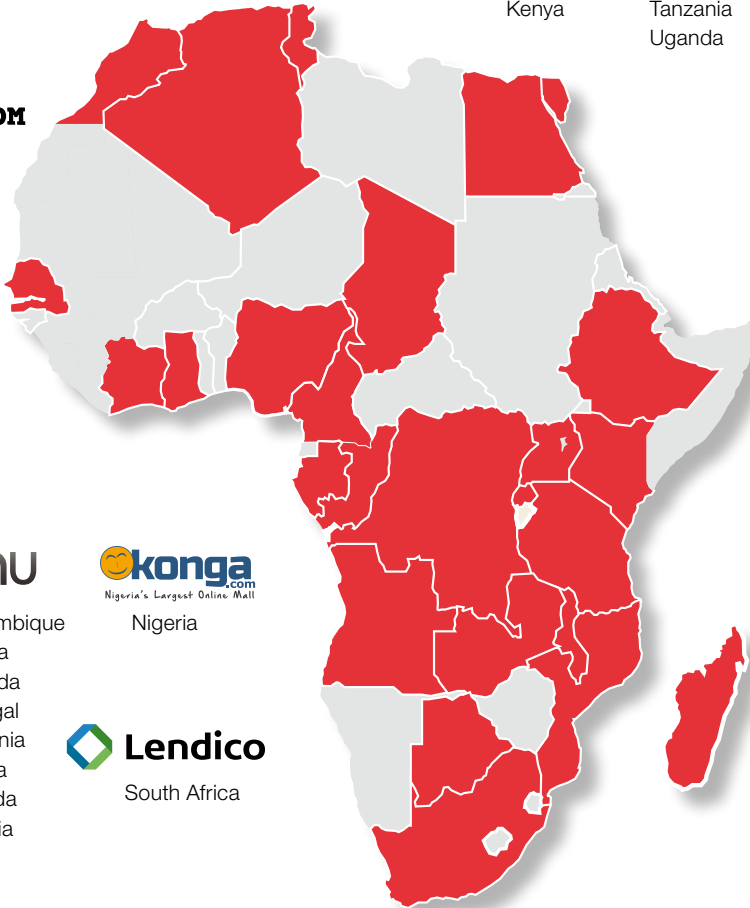
Morocco  
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Uganda



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Rwanda



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Rwanda  
Senegal  
Tanzania  
Tunisia  
Uganda  
Zambia



Nigeria



South Africa



Algeria  
Angola  
Cameroon  
Congo  
Cote D'Ivoire  
Ethiopia  
Gabon  
Ghana  
Kenya  
Maagascar

Mauritius  
Morocco  
Mozambique  
Nigeria  
Rwanda  
Tanzania  
Tunisia  
Uganda  
Zambia  
Zimbabwe



Ghana  
Kenya  
Malawi  
Nigeria  
Rwanda

Seychelles  
Tanzania  
Uganda  
Zambia



Chad  
DR Congo  
Congo  
Ethiopia

Rwanda  
Senegal  
Tanzania



Chad  
DR Congo  
Ghana

Rwanda  
Senegal  
Tanzania



Ghana



South Africa



# Corporate Responsibility

## Strategy and purpose

Kinnevik's objective is to deliver long-term shareholder value, through net asset value growth as well as annual dividends and the purchase of our own shares. As an active owner and lead investor, Kinnevik also bears responsibility to stakeholders for the conduct of its investee companies (subsidiaries and associated companies).

For Kinnevik, showing consideration for stakeholders by working actively with Governance, Risk and Compliance (GRC) and Corporate Responsibility (CR) -related issues is a prerequisite for high and sustained profitability. Through sound investments and active ownership Kinnevik can have a positive impact on society and on Kinnevik's net asset value growth. For Kinnevik, GRC and CR involve issues that relate to governance structure, risk management processes, compliance procedures, social responsibility, environmental responsibility and ethics. During 2011, Kinnevik formally adopted the UN Global Compact ten principles in the areas of human rights, labour, the environment and anti-corruption. This fourth annual Communication on Progress describes the actions taken to integrate the Global Compact and its principles into the business strategy, culture and daily operations of Kinnevik.

In 2014, Kinnevik established the GRC function as a part of its investment management team. The GRC team's objective is to assess and manage GRC-risks in Kinnevik as well as to assist investee companies to establish a robust GRC environment and CR policies and procedures. The GRC team conducts reviews of the GRC and CR policies and procedures of Kinnevik investee companies and compares them against Kinnevik's expectations. Where gaps or weaknesses are identified, Kinnevik's GRC team agrees on action points with the management of its investee companies to bridge these gaps and mitigate weaknesses. The GRC team conducts follow-up reviews to ensure that investee companies have met standards that have been agreed with them.

## Stakeholders

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

## Shareholders

Investors today increasingly integrate sustainability issues into their investment decisions. Kinnevik has an on-going dialogue with owners and potential investors on sustainable development. As an example of this, Kinnevik participated in the Sustainable Value Creation project in 2012 in which 14 of Sweden's largest institutional investors have joined forces to highlight the importance of working in a structured manner with sustainability issues.

## Employees

In order for both Kinnevik and its investee companies to be able to attract top performing executives, entrepreneurs and talented employees it is important to act as a good corporate citizen and be known for applying the highest ethical and business standards. In annual development and planning dialogues with management and employees GRC and CR related issues are discussed. The investment management team puts emphasis on GRC and CR issues and works actively with our investee companies to help build a robust environment relevant for the size of the Company and nature of their business. These issues are also discussed regularly in staff meetings.

## Investee companies

Kinnevik is for most of the investee companies the largest or among the largest shareholders. Kinnevik is an active owner that through board members influences strategic decisions and priorities in the investee companies. As an active owner, Kinnevik influences to a large extent "the tone from the top" which is important for attracting both employees and customers. Kinnevik has a comprehensive dialogue with the investee companies related to relevant GRC and CR topics. In addition, Kinnevik heads the CR group among investee companies comprising of heads of CR of the major investee companies.

## Authorities

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



### Risks and focus areas

For a company like Kinnevik with limited operations, the majority of the potential GRC and CR issues and challenges are derived from the operations of the respective investments. The risks identified by the investee companies comprise a wide range of risk areas which may all, to some extent, affect Kinnevik and the company's stakeholders. Kinnevik takes inspiration from the Global Reporting Initiative (GRI), the world's most widely used sustainability reporting framework, and its' prerequisites for materiality to ensure that the Company addresses relevant CR issues and risks. Based on the current portfolio Kinnevik has during 2014 identified some GRC and CR topics that will be subject to special monitoring efforts going forward including developments and trends within key industries, existence of operations in emerging markets, emerging supply chain risks and rapid growth. The GRC and CR topics that are assessed to be most important and have the greatest relevance both to Kinnevik and the company's stakeholders are the following:

- Prevention of bribery and corruption
- Maintaining ethical supply chains, including consideration of human rights and labour standards
- Prevention of anti-competitive behaviour
- Country risks associated with operating in emerging markets
- Compliance with laws and regulations

There are also other aspects such as limiting the environmental footprint of Kinnevik and its investee companies that obviously are important but not as pervasive as the above given the existing portfolio.

### Guidelines and policies

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

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

Through the CR policy Kinnevik sets out requirements for the investee companies with respect to the key GRC and CR topics identified. According to the CR policy each investee company must develop clear guidance on how matters concerning business ethics, including corruption, are to be managed. Investee companies must continuously document and evaluate compliance with relevant laws, regulations and international conventions, including respect for human rights, safe and healthy working conditions, freedom of assembly, promotion of diversity, and rejection of any form of forced labour or child labour. In addition, the investee companies must develop a Supplier Code of Conduct in which the company's suppliers pledge to act in accordance with the recommendations of the UN Global Compact, with special attention given to companies in growth countries. During 2014, Kinnevik has added additional resources that work with investee companies on these matters. As an example, Kinnevik is actively involved in assisting the Global Fashion Group to define their CR policy which addresses these matters.

### Implementation and follow-up

In the listed companies, Kinnevik may through board representation oversee that the companies' operations are conducted in a responsible and ethical manner. Kinnevik works actively, through board representation, to assist investee companies in formulating their own CR policies. The CR policies should address the relevant CR topics, taking into account areas such as social responsibility, ethics and the environment. The Kinnevik Board of Directors regularly reviews progress within GRC and CR in Kinnevik and its investee companies.

Importance of GRC and CR topics that are most important varies between different investee companies, industries and countries. Kinnevik recognizes the importance that investee companies define the most significant risks given their particular operations. The management of each investee company must ensure that appropriate processes are in place to identify and manage significant GRC and CR risks, and report such risks, including actions taken, to the respective company's Board of Directors.





In the larger listed companies, the Board of Directors has elected one board member with specific responsibility for overseeing GRC and CR activities. In addition, the companies are required to appoint an employee or a team that is responsible for the company's on-going GRC and CR efforts, including integration of GRC and CR activities into the daily operations. The appointed employee or team regularly reports progress and effects of the work undertaken to the responsible board member. Furthermore, GRC and CR activities is to be an agenda item at every board meeting, and each portfolio company is required to follow up its CR policy annually.

Any potential new investment is evaluated in terms of its GRC and CR environment. In instances where potential investments do not adhere to relevant standards, or are not considered to be susceptible to the required improvements, Kinnevik refrains from the investment. New investments generally concern small start-up companies which may not yet have formal GRC and CR policies and procedures in place. Kinnevik's GRC team works closely with these companies to develop their GRC and CR policies and procedures, to be part of the development of the investment. Over time Kinnevik requires all portfolio companies to establish a Code of Conduct that contains clear guidelines for how employees should act to ensure respect for human rights, legal compliance and ethical business practices.

The companies are encouraged to publicly communicate the impact of their CR efforts. In order to find a common tool in terms of reporting the progress in the CR field, many of Kinnevik's companies have chosen to report according to GRI. GRI's core goals include the alignment of disclosure on environmental, social and governance performance. Millicom, Tele2 and MTG produce GRI reports that can be found on the respective company's websites.

### **Communication on progress**

As described above, Kinnevik has formally adopted the UN Global Compact ten principles in the areas of human rights, labour, the environment and anti-corruption. Below is a description of progress in these specific areas.

#### **Human rights**

Kinnevik's policies on corporate responsibility are based on the UN Global Compact's ten principles as well as the OECD's guidelines on multinational enterprises. The Kinnevik portfolio companies support and respect internationally proclaimed human rights and this is expressed in their respective Code of Conduct. The objective of Kinnevik is for all portfolio companies to have such policies in place. Kinnevik is actively promoting the establishment and implementation of CR policies and Codes of Conducts within the investee companies that have not yet such guidelines in place, prima-

rily through board representation.

Actions taken in 2014 – examples from Kinnevik portfolio companies. For Kinnevik's mobile companies, questions relating to freedom of expression and privacy are important to address:

- Millicom signed up to the Telecommunications Industry Dialogue on Freedom of Expression and Privacy guiding principles in March 2013 that aim to reduce the risk of complicity in human rights abuses relating to freedom of expression and privacy. Millicom took over as Chair of the group in October 2014.
- Millicom committed in August 2014 as the first Latin American operator to implement UNICEF and ITU Guidelines on child online protection. In October, Millicom hosted the Latin American first workshop on child online protection featuring international experts in Paraguay.
- During 2014 Tele2 received the highest rating for Child Protection in a survey from the Global Child Forum conducted by the Boston Consulting Group. The study assessed how more than 1,032 publicly listed companies in 45 sectors (including ICT) addressed and reported on children's rights. The industry sectors were chosen based on their exposure to children's rights issues. Tele2 was one out of only 14 companies with top score in this evaluation.
- Tele2 has formulated its position on Privacy and Integrity (P&I) and Freedom of Expression in a position paper available at [www.tele2.com](http://www.tele2.com).
- Furthermore Tele2's Code of Conduct states that the Company is particularly careful in protecting safety of children and young adults in regard of child sexual abuse images (CSAI) content. Tele2 is closely cooperating with Interpol and in some instances national police in order to prevent access to CSAI content. Interpol and local judicial authorities identify the material containing CSAI and provide Tele2 with blocking lists.

#### **Labour**

Kinnevik and the Group companies shall ensure compliance with labour and employment laws, including wages and working hours. Furthermore, the right to collective bargaining is recognized throughout the Group – In Kinnevik's case through the Kinnevik Code of Conduct. In the code, it is also stated that no colleagues should be discriminated against because of age, ethnicity, gender, religion, sexual orientation, marital or maternity status, political opinion or ethnic background.

Kinnevik's policies on corporate responsibility outlines requirements for the investments related to labour practices, safe and healthy working conditions, freedom of assembly,



promotion of diversity, and rejection of any form of forced labour or child labour. Any grievances, including instances of perceived discrimination, must be reported to the Chairman of the Board, HR, closest manager, or through the whistle blowing system.

Actions taken in 2014 – examples from Kinnevik investee companies:

- Millicom published a Group-wide policy on Child Labour and Young Workers, specifying strict age limits for certain tasks, age verification processes and remedial actions. Millicom signed a MoU for a three-year partnership with UNICEF to jointly work on child rights impact assessment tools for the telecommunications sector and to implement UNICEF/ITU child online protection Guidelines.
- Millicom launched a diversity program in 2014, with first focus on gender diversity. The program will look at diversity in four different areas over the next five years: awareness, policies, recruitment & retention, and learning & development.
- Kinnevik's GRC team is working closely with the Global Fashion Group to establish a CR policy and a Supplier Code of Conduct. Once implemented, all suppliers working with the Global Fashion Group will be required to sign the Supplier Code of Conduct that requires all signatories to comply with local laws and regulations related to minimum wages, labour rights and child labour. The Global Fashion Group will conduct periodic audits to ensure compliance with the Supplier Code of Conduct.

### **Environment**

As a company without proprietary manufacturing and with limited operations conducted at the head office, Kinnevik has little direct impact on the environment. Kinnevik's policies on corporate responsibility outlines requirements for the investee companies concerning environmental aspects. According to the policy, each investee company should establish an environment policy and continuously analyse the impact of their operations on the environment, and ensure that actions are taken to continuously improve performance. Furthermore, the companies should assess the environmental impact of their suppliers and encourage them to achieve continual improvements. Investee companies are encouraged to develop an environmental management system that is certifiable and to provide training to employees in issues relating to respect for the environment. Environmental initiatives are followed up continually and reported to the board of directors.

Actions taken in 2014 – examples from Kinnevik investee companies:

- Millicom began implementation of new Group wide processes for managing electronic waste to ensure correct

collection, sorting and end-of-life treatment by certified suppliers. By the end of year, El Salvador and Tanzania had completed e-waste sales following the new process.

- Millicom participated for the first time in the GSMA energy efficiency benchmark, which compares energy consumption between over 200 mobile networks worldwide. Results showed above average relative performance. The results will be used for longer term target setting and to further improve data quality

### **Anti-corruption**

It is of highest importance that all Kinnevik companies adhere to and comply with all given legislations and regulations as well as setting their own bar for how to act and behave in society – always with highest possible ethics. Through the Code of Conduct, Kinnevik sets out the ethical standards, including standards on matters related to anti-corruption and fair competition. Through the Whistle-blower policy, which is publicly available, the company outlines how potential grievances may be reported and acted upon. Investee companies are required to develop clear guidelines for how issues relating to business ethics, including corruption, are to be handled. Such guidelines are particularly important for companies active in countries where corruption is prevalent. The guidelines must be known to all employees, and employees must be continually trained and informed of the consequences of the guidelines.

Actions taken in 2014 – examples from Kinnevik investee companies:

- Millicom upgraded its whistleblowing routines in 2014. The telephone line "Millicom Ethics Line" is available in several languages via internet or telephone. A campaign to raise awareness about the help line was launched in the end of 2014 throughout the company. Moreover, the company's code of conduct was revised in 2014.
- ESG representatives from Tele2's investor Nordea joined for a site visit to Kazakhstan in April 2014. Topics for the visit were Human Rights and Anti-corruption.

The Kinnevik Group companies increasingly have specific guidelines on conflict of interests, fair competition, third party due diligence, and gifts and entertainment as first steps to address high risk areas relating to compliance and corruption. Group companies provide anti-corruption training to our employees. Anti-corruption training is focused on high risk functions, such as procurement.

### **CR related issues with significant negative impact on Kinnevik**

In 2014, no significant CR related issues that have had a negative impact on Kinnevik and its stakeholders have come to the attention of Kinnevik's management and Board of Directors.





# Innovating a better world for children

**Reach for Change is a non profit organisation that works to improve children’s lives through social innovation.**

## Vision

Mobilizing a global movement of smart, brave and passionate change agents, building a better world for children.

## Mission

Finding and developing exceptional social entrepreneurs who improve children’s lives.

## Footprint

Bulgaria, Chad, Croatia, DR Congo, Denmark, Estonia, Ethiopia, Ghana, Kazakhstan, Latvia, Lithuania, Norway, Russia, Rwanda, Senegal, Sweden, Tanzania.

## Founding and Senior Partners

Kinnevik, Millicom, MTG, Tele2, Bayport, H&M Conscious Foundation, Qliro Group, The Stenbeck Foundation.

REACH FOR CHANGE FINDS AND SUPPORTS Change Leaders - social entrepreneurs with innovative solutions that have the potential to solve pressing issues affecting children across the world. The entrepreneurs are actively helped to develop their innovations and maximize their impact on children through an incubator program that includes seed funding, access to business expertise and networking.

Launched in Sweden in 2010, Reach for Change has grown to 17 countries across three continents. Today it supports more than 100 social entrepreneurs globally.

Their innovations address a wide range of pressing issues for children, such as education, health and social inclusion.

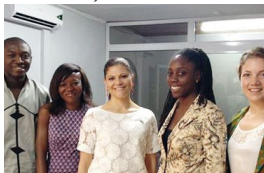


*In 2014, Reach for Change launched in seven new countries – Bulgaria, Denmark, Estonia, Ethiopia, Latvia, Lithuania and Norway.*

## A year with Reach for Change

### AUGUST In partnership with

**Millicom Foundation,** Reach for Change launches Tigo Digital Changemakers, a challenge to find social entrepreneurs improving children’s lives through digital tools. Throughout the year, the initiative is launched in five countries across Africa (Chad, DR Congo, Ghana, Rwanda and Tanzania).



### MARCH The Swedish Crown

**Princess** and Minister of Trade pay an official visit to Reach for Change in Ghana. They also meet with two of Reach for Change’s Ghanaian Change Leaders, Hayford Siaw and Regina Agyare.



**NOVEMBER Reach for Change gathers social entrepreneurs** and digital innovators from across the world in Stockholm. Together they develop eight digital innovations for a better world for children - in just 48 hours. The event is arranged with support from Sida. Read more at [prototypechange.com](http://prototypechange.com).



### NOVEMBER

**International leaders** in the fight against human trafficking join forces in Stockholm for the C10 Summit. Read more at [reachforchange.org/child10](http://reachforchange.org/child10)



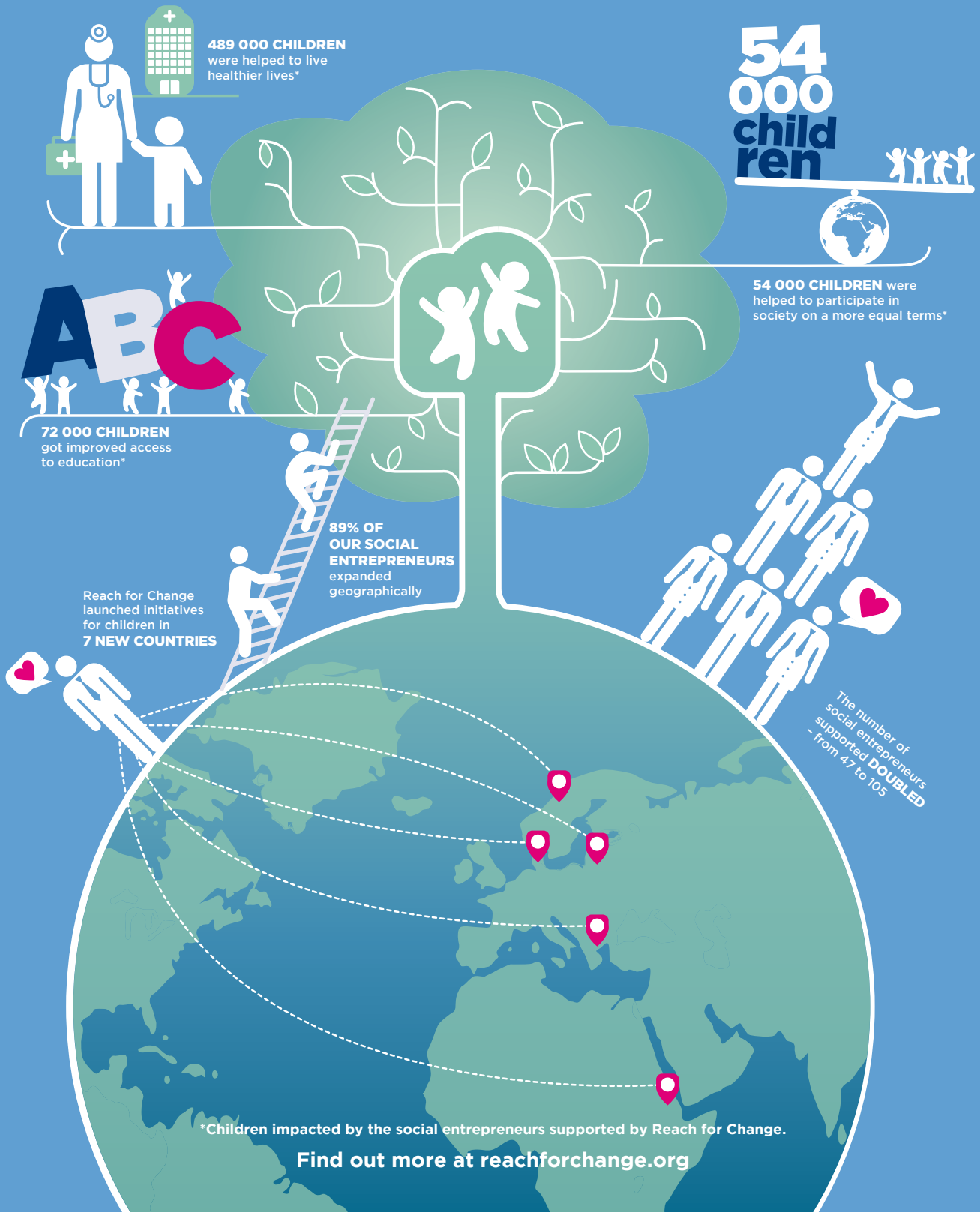
### December The Game

**Changer of Estonia** is selected by Reach for Change and MTG. Game Changers is a global initiative to find and support social entrepreneurs improving children’s lives. The initiative is launched in ten countries across the world in 2014.



# Impact in 2014

In 2014, Reach for Change continued spreading over the world. These are some of the things that were achieved.





## Kinnevik Corporate team



**Lorenzo Grabau\***  
**Chief Executive Officer**

Employed: 2014

Nationality: Italian

Born: 1965

**Board positions:** Chairman of Avito, Global Fashion Group and Rocket Internet, Deputy Chairman of Zalando, and Non-Executive Director of Millicom International Cellular, Tele2, Modern Times Group and Qliro Group

**Previous Experience:** Director of the Board of Investment AB Kinnevik 2013-2014, Chairman of CTC Media and Partner and Managing Director of Goldman Sachs International

**Education:** Graduate from Università degli Studi di Roma, La Sapienza, Italy.

**Shareholding\*\*:** 1,005,000 class B shares



**Joakim Andersson\***  
**Chief Financial Officer**

Employed: 2007

Nationality: Swedish

Born: 1974

**Previous Experience:** Group Treasurer Investment AB Kinnevik 2007-2014, Treasury and Corporate Finance manager of Banque Invik between 2001 and 2007, foreign exchange and money market trader at Svenska Handelsbanken, project manager in telecom startup, financial controller at Adtranz

**Education:** Graduate in Business Administration, Växjö University

**Shareholding\*\*:** 11,683 class B shares, whereof 1,350 are held through insurance



**Torun Litzén\***  
**Director Corporate Communication**

Employed: 2007

Nationality: Swedish

Born: 1967

**Previous Experience:** Senior IR officer Nordea, fund manager HQ Fonder, management consultant Coopers & Lybrand Moscow, Russia

**Education:** Graduate in Business Administration, Stockholm School of Economics

**Shareholding\*\*:** 12,672 class B shares



**Tobias Hultén**  
**Legal Director**

Employed: 2012

Nationality: Swedish

Born: 1981

**Previous Experience:** Senior Associate at Ashurst, Associate at Linklaters

**Education:** LL.M. from the University of Stockholm and M.Sc. in Business Administration from the Stockholm School of Economics

**Shareholding\*\*:** 1,400 class B shares



**Mathew Joseph**  
**GRC Director**

Employed: 2014

Nationality: Indian

Born: 1979

**Previous Experience:** Chief Financial Officer and Chief Operating Officer of Metro International's local operations, Internal Auditor with Audit Value International, Auditor with PwC

**Education:** Certified Public Accountant, Denver, Colorado; Chartered Accountant, India and Bachelors Degree in Commerce and Economics, University of Mumbai, India

**Shareholding\*\*:** 1,392 class B shares, all of which are held through insurance

\* Senior executives.\*\* Including holdings of closely affiliated persons.



## Kinnevik Investment team



**Chris Bischoff\***  
**Senior Investment Director**

Employed: 2013  
Nationality: British  
Born: 1973

**Board positions:** Chairman of the Board of Saltside and member of the Board of Avito, Bayport, BIMA, Konga and Quikr  
**Previous Experience:** Previously Managing Director and Head of European Media & Internet at Goldman Sachs International  
**Education:** BA in History from the University of Bristol, and M.Sc. in Business Administration from INSEAD  
**Shareholding\*\*:** 3,500 class B shares all of which are held through insurance



**Christoph Barchewitz**  
**Investment Director**

Employed: 2014  
Nationality: German  
Born: 1978

**Board positions:** Member of the Board of Global Fashion Group, member of the Advisory Boards of Home24, Westwing, Lazada, Linio and Wimdu  
**Previous Experience:** Vice President of Goldman Sachs in New York and London, Senior Consultant at Solon Management Consulting in Munich  
**Education:** M.Sc. in Business Administration from Mannheim University, and a MPA from Columbia University  
**Shareholding\*\*:** 3,603 class B shares, whereof 2,500 are held through insurance



**Anders Kronborg\***  
**Investment Director**

Employed: 2012  
Nationality: Danish  
Born: 1964

**Board positions:** Member of the Board of Metro International and Black Earth Farming  
**Previous Experience:** CFO and thereafter CEO and President of Metro International  
**Education:** Graduate in Economics from the University of Copenhagen

**Shareholding\*\*:** 4,000 class B shares



**Franco Danesi**  
**Investment Director**

Employed: 2014  
Nationality: Italian  
Born: 1972

**Board positions:** Member of the Board of Vireo Energy and Metro International  
**Previous Experience:** Head of Investment Management at QInvest, Executive Director at Goldman Sachs International  
**Education:** Master's degree in Engineering from Politecnico di Milano and MBA with distinction from London Business School  
**Shareholding\*\*:** 1,390 class B shares, all of which are held through insurance



**Stina Andersson\***  
**Investment Director**

Employed: 2011  
Nationality: Swedish  
Born: 1983

**Previous Experience:** Management consultant, McKinsey&Company  
**Education:** M.Sc. in Business and Economics, with a Major in Finance, from Stockholm School of Economics. CEMS Master's in International Management degree from HEC Paris and Stockholm School of Economics  
**Shareholding\*\*:** 2,900 class B shares



**Jessica Thorell**  
**Investment Manager**

Employed: 2014  
Nationality: Swedish  
Born: 1983

**Board positions:** Member of the Board of Konga, Dealdey, Merx and E-motion  
**Previous Experience:** General Atlantic and Goldman Sachs International.  
**Education:** M.Sc. in Economics and Business Administration from the Stockholm School of Economics, CEMS MIM from the University of St. Gallen  
**Shareholding\*\*:** 1,162 class B shares, all of which are held through insurance



**Akhil Chainwala**  
**Investment Manager**

Employed: 2014  
Nationality: Indian  
Born: 1988

**Board positions:** Member of the Board of Quikr and Saltside  
**Previous Experience:** Associate, Goldman Sachs International  
**Education:** Graduate in Economics, London School of Economics and Political Science  
**Shareholding\*\*:** 700 class B shares, all of which are held through insurance

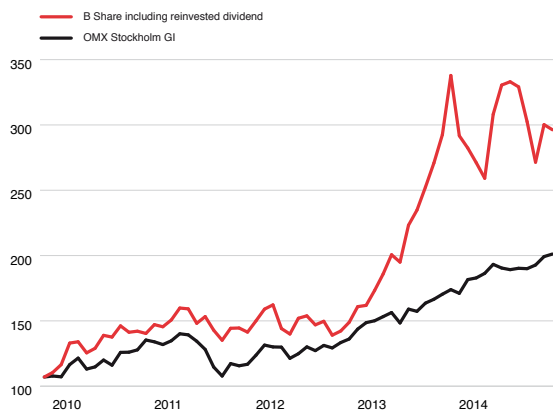
\* Senior executives. \*\* Including holdings of closely affiliated persons.



# The Kinnevik shares

## Share price trend

Despite our NAV per share growth of 29%, the price of Kinnevik's class B share decreased 14% in 2014 following an increase of 120% in 2013. The share price reduction was mainly driven by a contraction in the multiples of publicly traded e-commerce companies. The chart below shows the total return on Kinnevik share including reinvested dividends during the past five years.



## Stock exchange listing

Kinnevik's class A and class B shares have been listed on NASDAQ Stockholm since 12 November 1992. The shares are listed on the Nordic list for large-cap companies within the financial sector. The ticker codes are KINV A and KINV B. During 2014, an average of 1,010,000 class B shares, corresponding to SEK 255m, were traded daily. Kinnevik was included in the OMXS30 index on 1 July 2014.

## Share capital

As of 31 December 2014 the number of shares in Investment AB Kinnevik amounted to 277,768,190 shares of which 42,369,312 are class A shares with ten votes each,

234,990,584 are class B shares with one vote each and 408,294 are class B treasury shares which may not be represented at general meetings. The total number of votes in the Company amounted at 31 December 2014 to 659,091,998 (658,683,704 excluding the 408,294 class B treasury shares). During the year 41,598 Class B-shares have been delivered to participants in the long term incentive plan from 2011.

The Board has authorization to repurchase a maximum of 10% of all shares in the Company. The Board has not used the authorization during 2014. There are no convertibles or warrants in issue.

## Dividend

For the 2014 financial year, the Board proposes a cash dividend of SEK 7.25 per share, which is an increase of 3.6% compared to last year's dividend of SEK 7.00 for the financial year 2013.

## Dividend and buy-back policy

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

Kinnevik will make share buybacks when the company has net cash and our shares trade at a significant discount to net asset value, as perceived by Kinnevik.

## TOTAL RETURN

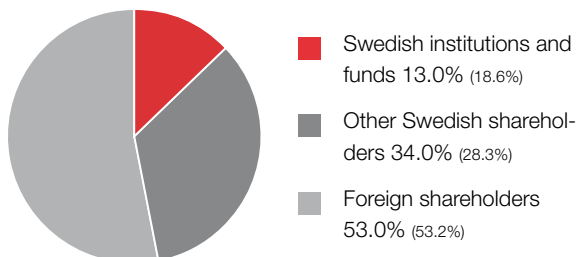
### The Kinnevik share's average annual total return

Past 30 years	16%
Past 10 years	18%
Past 5 years	23%
Past 12 months	-12%

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

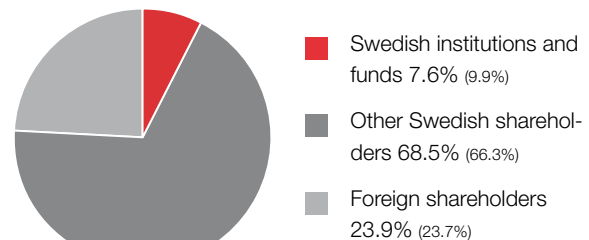
## SHAREHOLDER STRUCTURE

Percentage of capital 31 Dec 2014 (31 Dec 2013)



## SHAREHOLDER STRUCTURE

Percentage of votes 31 Dec 2014 (31 Dec 2013)

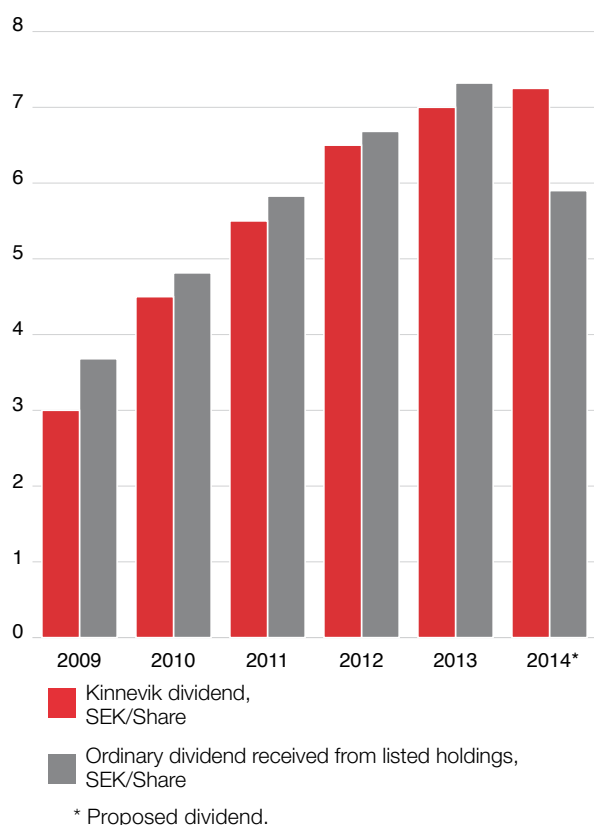


Source: SIS Ägarservice





## DIVIDENDS FLOW



## SHARE DISTRIBUTION

Size of shareholding	Number of shareholders	%	Number of A and B shares	%
100 001 -	271	0.5	232 598 564	83.7
50 001 - 100 000	105	0.2	7 539 494	2.7
10 001 - 50 000	567	1.1	12 301 549	4.4
5 001 - 10 000	603	1.2	4 439 399	1.6
1 001 - 5 000	4 832	9.2	10 891 714	3.9
1 - 1 000	45 908	87.8	9 997 470	3.6
<b>Total</b>	<b>52 286</b>	<b>100.0</b>	<b>277 768 190</b>	<b>100.0</b>

Number of shareholders at 31 December 2014 was 52,286 (53,833).

## DATA PER SHARE

	2014	2013	2012	2011	2010
Average number of shares (000s)	277 343	277 264	277 183	277 173	277 158
Earnings per share, SEK	75.27	30.51	-10.77	21.11	45.69
Shareholders' equity per share, SEK	303.60	235.38	211.01	215.15	196.27
Market price class B share at 31 December, SEK	255.20	297.50	135.30	133.80	137.00
Dividend per share, SEK	7.25 <sup>1)</sup>	7.00	6.50	5.50	4.50
Direct yield	2.8%	2.4%	4.8%	4.1%	3.3%

<sup>1)</sup> Proposed cash dividend.

## OWNERSHIP STRUCTURE

Kinnevik's 20 largest shareholders in terms of capital and votes according to Euroclear and SIS Ågarservice at 31 December 2014.

Shareholder	Class A shares	Class B shares	Percentage of capital	Percentage of votes
Verdere S.à.r.l.	29 500 000	0	10.6	44.8
Klingspor Family	6 663 903	2 213 947	3.2	10.5
von Horn Family	2 134 080	366 646	0.9	3.3
Baille Gifford	0	14 029 515	5.1	2.1
Capital Group Funds	0	13 933 558	5.0	2.1
Alecta	762 500	4 463 000	1.9	1.8
Standard Life Investment	0	7 661 019	2.8	1.2
Swedbank	3 807	6 494 316	2.3	1.0
Nordea	17 374	5 874 033	2.1	0.9
Norges Bank	0	4 762 570	1.7	0.7
AMF	0	4 686 404	1.7	0.7
Skagen	0	3 758 780	1.4	0.6
Handelsbanken	0	3 365 051	1.2	0.5
Unionen	0	3 310 812	1.2	0.5
Skandia	210 775	1 451 123	0.6	0.5
Vanguard	0	2 382 299	0.9	0.4
SEB	136 900	1 365 798	0.5	0.4
Avanza	43 014	1 747 583	0.6	0.3
Fourth AP Fund	0	2 066 376	0.7	0.3
Third AP Fund	0	1 858 986	0.7	0.3
Other	2 896 959	149 198 768	54.8	27.0
<b>Total</b>	<b>42 369 312</b>	<b>234 990 584</b>	<b>100.0</b>	<b>100.0</b>
Class B shares held by Kinnevik		408 294		

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



# Book and fair value of assets

SEK m	31 Dec 2014		Book value 31 Dec 2014	Fair value 31 Dec 2014	Fair value 31 Dec 2013	Total return <sup>4)</sup> 2014
	Equity interest (%)	Voting interest (%)				
Millicom	37.8	37.8	22 039	22 039	24 215	-6%
Tele2	30.4	48.0	12 865	12 865	9 864	36%
<b>Total Communication</b>			<b>34 904</b>	<b>34 904</b>	<b>34 079</b>	<b>6%</b>
Zalando	32.0	32.0	19 030	19 030	12 136	57%
Rocket Internet	14.2	14.2	10 620	10 620	1 219	849%
Global Fashion Group <sup>1)</sup>	26	26	6 092	6 092	1 889	
Home and Living (incl. Home24, Westwing)			1 305	1 305 <sup>3)</sup>	896	
Qliro Group	28.5	28.5	737	737	786	-37%
Other E-commerce <sup>1)</sup>			1 697	1 697 <sup>3)</sup>	1 235	
Avito	31	31	2 298	2 298	2 196	
Other Marketplaces			929	1 075 <sup>3)</sup>	541	
<b>Total E-commerce &amp; Marketplaces</b>			<b>42 708</b>	<b>42 854</b>	<b>20 898</b>	<b>98%</b>
MTG	20.3	48.0	3 358	3 358	4 498	-22%
Metro	99	99	321	321	879	
Net cash, Metro			140	140	221	
Other			106	106	88	
<b>Total Entertainment</b>			<b>3 925</b>	<b>3 925</b>	<b>5 686</b>	<b>-25%</b>
Bayport			1 032	1 032	836	
Transcom	31.9	31.9	494	494	505	0%
Black Earth Farming	24.9	24.9	151	151	337	-55%
Other			832	880	1 052	
<b>Total Financial Services &amp; Other</b>			<b>2 509</b>	<b>2 557</b>	<b>2 730</b>	<b>-6%</b>
Net cash in the Parent Company			130	130	2 437	
Debt, unpaid investments/divestments			0	0	-303	
<b>Total Equity/Net asset value</b>			<b>84 176</b>	<b>84 370</b>	<b>65 527</b>	
<b>Net asset value per share</b>				<b>304.21</b>	<b>236.29</b>	
Closing price, class B share, SEK				255.20	297.50	-12%

<sup>1)</sup> Comparable periods adjusted for transactions related to the merger of Global Fashion Group.

<sup>2)</sup> Including investments/divestments.

<sup>3)</sup> For split see page 31.

<sup>4)</sup> Including dividend received.



# Valuation of unlisted assets

Investment (SEK m)	Kinnevik ownership	Accumulated net invested amount	Fair value 31 Dec 2014	Change in fair value and dividends received 2014 <sup>4</sup>	Valuation method
Global Fashion Group <sup>1,2</sup>	26%	3 620	6 092	3 066	Latest transaction
Home & Living					
Home24 <sup>3</sup>	20%	794	833	150	Sales multiple
Westwing <sup>3</sup>	13%	175	379	162	Sales multiple
Other	Mixed	0	93	3	Mixed
Other E-commerce					
BigCommerce <sup>1,3</sup>	14%	664	739	133	Sales multiple
Lazada <sup>3</sup>	10%				
Linio <sup>3</sup>	9%				
Konga	41%	209	292	41	Latest transaction
Other <sup>1,2</sup>	Mixed	794	666	169	Mixed
Marketplaces					
Avito	31%	438	2 298	0	EBITDA multiple
Quikr	16%	362	425	64	Latest transactions
Saltside	88%	154	154	0	Invested amount
Wimdu <sup>3</sup>	29%	367	381	20	Sales multiple
Other	Mixed	229	115	-1	Mixed
<b>Total E-commerce &amp; Marketplaces</b>		<b>7 806</b>	<b>12 467</b>	<b>3 807</b>	
Metro	100%	992	461	-515	DCF
Other	Mixed	96	106	29	Mixed
<b>Total Entertainment</b>		<b>1 088</b>	<b>567</b>	<b>-486</b>	
Bayport	31%	467	1 032	174	Latest transaction
Milvik/Bima	39%	84	206	96	Latest transaction
Rolnyvik	100%	174	250	0	DCF
Other	Mixed	594	328	-211	Mixed
<b>Total Financial Services &amp; Other</b>		<b>1 319</b>	<b>1 816</b>	<b>59</b>	
<b>Total Unlisted Assets</b>		<b>10 213</b>	<b>14 850</b>	<b>3 380</b>	

<sup>1)</sup> Invested amount and comparable periods have been adjusted pro forma for transactions related to the merger of Global Fashion Group.

<sup>2)</sup> Accumulated net invested amount includes value of share distributions received from Rocket Internet.

<sup>3)</sup> Ownership not adjusted for employee stock option plans and employee equity at subsidiary level.

<sup>4)</sup> Including assessed value of subsidiaries, which are consolidated into the group's financial statements. Excluding change in fair value of Rocket Internet and Zalando since they were listed in beginning of October, see Note 6 for the Group for recorded change in fair value.

## VALUATION OF UNLISTED ASSETS

At the end of the year, Kinnevik's unlisted assets (excluding Zalando and Rocket Internet which were listed in the beginning of October) were valued at a total of SEK 14,850m, to be compared with an accumulated invested amount (net after dividends received) of SEK 10,213m. The unrealised change in fair value amounted to a profit of SEK 3,380m in 2014 (including change of assessed value of subsidiaries when calculating net asset value), as specified in the table above.

At the end of December, the global e-commerce group Global Fashion Group ("GFG") was established through a combination of subsidiary shares in Bigfoot I and Bigfoot II (including Dafiti, Jabong, Lamoda, Namshi and Zalora)

by existing shareholders. The valuation of GFG has as per 31 December been based on the implied valuations in the transaction in May where Rocket Internet made a distribution to its shareholders including both shares in Bigfoot I and Bigfoot II as well as cash, resulting in an increase in assessed fair value of SEK 3,066m for the full year 2014. The valuation of EUR 2.4bln implies an average sales multiple of 3.5 for GFG based on the pro forma last 12 months historical sales. For the purposes of the establishment of GFG, the five companies were valued according to their last funding rounds, resulting in a valuation of EUR 2.7bln for the combined entity, or 12% above the valuation in Kinnevik's accounts as per 31 December. Since the transaction was all in stock





it has not been used as a basis for determining fair value in Kinnevik's accounts.

As in previous year, sales multiple valuations have been prepared for the companies listed in the table below. The sales multiples for the companies' listed peers have in general contracted during 2014, while the multiples applied when valuing the companies in the table have increased. This is mainly explained by the companies' positive development during 2014, which has resulted in lower adjustments to the multiples used compared to previous year.

Company	31 Dec 2014 <sup>1)</sup>	31 Dec 2013 <sup>1)</sup>	Adjusted multiple <sup>2)</sup>
Home24	1.7	1.2	No
Westwing	1.6	1.3	Yes
Lazada	1.9	1.4	No
Linio	1.6	1.2	No
Wimdu	2.6	3.0	Yes

<sup>1)</sup> Sales multiple, last 12 months historical sales.

<sup>2)</sup> Sales multiple has been adjusted as per 31 December 2014 to reflect factors such as lower profitability than peer group. See Note 4 for the Group for further details.

As a consequence of the positive development in Home24 and Westwing, the discount to the peer group average sales multiple has only been marginally adjusted for Westwing and left unadjusted for Home24.

Lazada and Linio, which are partly owned by the holding company BigCommerce, have in 2014 initiated a conversion from an inventory based business model into a marketplace model where third party products are sold on the companies' platforms. The sales numbers for this model only include

net sales, i.e. the commission that Lazada and Linio receive. Consequently, to reflect the change in business model in the valuation, sales multiples for two different peer groups have been applied in relation to the sales contribution from each of the models. The weighted average multiple applied for Lazada was 1.9 and for Linio 1.6 as at 31 December 2014.

The valuation of Avito has at 31 December 2014 been based on EBITDA multiples for a group of comparable companies by applying a multiple of 24x on the last publicly available 12 months EBITDA figure for the company (ending on 30 September 2014). The change from previous sales multiple valuation has been possible due to the stable profitability the company has shown over the course of last year. The valuation results in a total equity value of SEK 7.3 billion compared with SEK 7.2 billion as at 31 December 2013. The change in fair value is explained by a continued strong performance by Avito in 2014, which however was offset by the major depreciation of the Russian Ruble at the end of the year (Russian Ruble depreciated by 25% against the Swedish Krona during the fourth quarter). When determining the assessed fair value of Avito, Kinnevik has considered the transaction made in Avito warrants in February 2014, but considered that the size of the trade (1.7% of the total capital in the company) has been too small to be applied to Kinnevik's shareholding in Avito. If the transaction price had been applied as fair value in Kinnevik's financial statements, the book value of Kinnevik's shareholding would have been SEK 1.4bln higher at 31 December 2014.

For Bayport and Milvik/Bima, the valuation at 31 December 2014 has been based on the 2014 transactions during which the companies have raised equity from new as well as existing owners.

## FAIR VALUE AND IMPLIED VALUE IN LATEST TRANSACTIONS PER 31 DECEMBER 2014

A number of Kinnevik's E-commerce & Marketplaces investee companies have issued new shares to external investors at price levels that exceed Kinnevik's recognized assessed fair values. Since the newly issued shares have higher preference over the investee companies' assets in the event of liquidation or sale than Kinnevik's shares have, i.e. in case of a lower valuation of the companies in a sale or liquidation Kinnevik would not receive proceeds pro-rata to its shareholding, Kinnevik does not consider these price levels as a

relevant base for assessing the fair values in the accounts.

As specified in the table below, the total difference between fair values in Kinnevik's books and implied valuations as per the latest new share issues with higher preference than Kinnevik's shares, and other transactions, amounted to SEK 4.1bln applied to Kinnevik's shareholdings as at 31 December 2014.

For further information about valuation principles and assumptions, please see Note 1 and Note 4 for the Group.

Investment (SEK m)	Valuation in latest transaction	Implied value Kinnevik's stake	Fair value Kinnevik's stake	Difference	Nature of latest transaction
Global Fashion Group	25 772	6 675	6 092	582	Merger / New share issues in operating companies
Home24	7 753	1 577	833	744	New share issue
Westwing	4 274	564	379	185	New share issue
BigCommerce	11 633	1 111	739	372	New share issues in operating companies
Lazada	9 115	874	-	-	New share issue
Linio	2 518	237	-	-	New share issue
Avito	11 709	3 681	2 298	1 383	Secondary share transaction with management
Other	17 883	2 964	2 126	838	New share issues
<b>Total</b>		<b>16 573</b>	<b>12 467</b>	<b>4 105</b>	



# Board of Directors' Report

Kinnevik is an entrepreneurial investment group focused on building digital consumer brands in four sectors: Communication, E-commerce & Marketplaces, Entertainment and Financial Services. Kinnevik has significant participations in more than 40 companies in over 80 countries that jointly provide employment to 90,000 people on five continents.

Kinnevik is an active owner and exercises its influence through the Boards of Directors of the investee companies. The company was founded in 1936 by three Swedish families, who continue to represent active ownership and encourage the spirit of enterprise in Kinnevik.

Kinnevik is a listed company. The Group's class A and class B shares are traded on NASDAQ Stockholm's list for Large Cap companies under the tickers 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)	2014	2013	2012	2011	2010
<b>Key figures</b>					
Equity	84 206	65 319	58 640	59 687	54 425
Equity/assets ratio, %	98%	97%	94%	85%	84%
Net cash/(Net debt) (incl. debt unpaid investments)	402	2 435	-2 950	-7 029	-7 123
Debt/equity ratio, multiple	0,02	0,02	0,06	0,12	0,14
Estimated net asset value	84 370	65 527	58 769	61 839	57 513
Net asset value per share, SEK	304	236	212	223	208
Net asset value growth	29%	11%	-5%	8%	28%
Kinnevik market capitalization	70 727	82 641	37 503	37 087	37 971
Market price class B share at 31 December, SEK	255	298	135	134	137
Dividend per share, SEK <sup>2)</sup>	7.25	7.00	6.50	5.50	4.50
Total return %	-12%	125%	5%	1%	31%
Fair value, Communication	34 904	34 079	37 150	44 217	43 224
Share of total net asset value	41%	54%	60%	69%	73%
Fair value, E-commerce & Marketplaces	42 854	20 898	15 118	7 800	2 196
Share of total net asset value	51%	33%	24%	12%	4%
Fair value, Entertainment	3 925	5 686	4 222	5 000	6 936
Share of total net asset value	5%	9%	7%	8%	12%
Total asset value (excluding net cash/net debt)	84 240	63 393	61 887	63 934	59 219
Change in fair value of financial assets including dividends received	21 844	8 880	-2 647	6 021	12 940
Profit/loss for the year <sup>1)</sup>	20 863	8 429	-2 991	5 853	12 664
Earnings per share <sup>1)</sup>	75.27	30.51	-10.77	21.11	45.69
Cash flow from operations	-34	-84	-222	781	1 310
Investments in financial assets	-1 581	-2 088	-7 994	-2 892	-1 563
Sale of shares and other securities	61	3 894	678	28	-
Dividends received	1 400	5 828	4 264	4 947	3 029
Dividend paid	-1 941 <sup>2)</sup>	-1 803	-1 524	-1 247	-831
Cash flow from discontinued operations	-	-	4 035	-	-
Cash flow for the year	-2 373	3 513	272	32	-87

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

<sup>1)</sup> Comparable years adjusted for disposal of Korsnäs.

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



The financial statements were approved by the Board of Directors on 27 March 2015 and the Board of Directors and the CEO hereby present the annual report and consolidated financial statements for the 2014 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 18 May 2015.

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

The figures in this report pertain to the full-year 2014. The figures in parentheses pertain to comparative figures for 2013 unless otherwise stated.

### Key events during 2014

Kinnevik invested approximately SEK 1.5bn in 2014, of which a majority into existing companies within E-Commerce and Marketplaces. The most significant individual investments were:

- SEK 362m into Quikr, a company operating an Indian online classified business,
- SEK 277m into Global Fashion Group,
- SEK 241m into Qliro Group (former CDON Group), mainly by participating in the company's new share issue to support launching the payment solution Qliro and in order to be able to faster execute the company's growth plans.

The successful IPOs of Zalando and Rocket Internet in October validated Kinnevik's long-term vision and operating model of investing early and with strong conviction to support companies in their business-building phase, enabling them to become self-standing public companies at the appropriate time. As of December 2014, the combined value of our interest in the two companies was over six times the money we invested between 2009-2013.

In December, the first step in the creation of Global Fashion Group, a combination of the online fashion companies Lamoda (Russia and the CIS), Dafiti (South America), Jabong (India), Namshi (Middle East) and Zalora (South East Asia). At year-end, the first step of the roll-up into the new parent company had been completed and the remaining transactions are expected to be made in the beginning of 2015.

On 1 May, Lorenzo Grabau succeeded Mia Brunell Livfors as CEO of Investment AB Kinnevik.

### Consolidated earnings

The change in fair value of financial assets, including dividends received, amounted to SEK 21,844m (8,880) for the year, of which SEK 6,854m (4,874) pertained to listed holdings and SEK 14,990m (4,006) pertained to unlisted financial assets; refer to Note 5 for the Group for more details. Zalando and Rocket Internet were listed at the beginning of October and are included in change of fair value of unlisted holdings in the first nine months of the year and thereafter in change of fair value of listed holdings.

Other operating expenses includes an impairment of intangible fixed assets in Metro and G3 Good Governance Group of SEK 449m due to weaker future market expectations, a

negative result of SEK 136m from divestments of newspaper operations and SEK 32m in other provisions within Metro.

### Cash flow and investments

The Group's cash flow from operating activities amounted to a negative SEK 34m (negative 84) during the year.

During the year, Kinnevik signed agreements to invest SEK 1,349m in other shares and securities, while cash paid for investments in other shares and securities amounted to SEK 1,581m, see Note 9 for the Group for more details.

### Liquidity and financing

The Group's total net cash including debt pertaining to unpaid investments amounted to SEK 402m as at 31 December 2014 (net cash of SEK 2,435m as at 31 December 2013).

Kinnevik's total credit facilities (including issued bonds) amounted to SEK 7,173m as at 31 December 2014, of which SEK 5,800m related to a revolving credit facility and SEK 1,200m to a bond issue.

The Group's available cash and cash equivalents, including short-term investments and available credit facilities, totaled SEK 7,524m (9,897) at 31 December 2014. For more information about the Group's interest-bearing borrowing, see Note 16 for the Group.

The Group's borrowing primarily occurs in SEK. During 2014, the Group did not have any significant flows in foreign currency except for dividends received and financial investments in portfolio companies.

### Risks and uncertainties

The Group's financing and management of financial risks is centralised within Kinnevik's finance function and is conducted on the basis of a finance policy established by the Board of Directors. The Group's operational risks are managed within each company with an operating business.

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

Kinnevik is exposed to financial risks mainly in the form of changes in the value of the stock portfolio, changes in market interest rates, exchange-rate risks and liquidity and refinancing risks. The Group is also exposed to political risks since the companies in which Kinnevik has invested have substantial operations in emerging markets such as Latin America, Sub-Saharan Africa, South East Asia and Russia.

For a more detailed description of the company's risks and uncertainties, as well as risk management, refer to Note 26 for the Group.

### Parent Company

Administration costs for the Parent Company amounted to an expense of SEK 221m (expense: 187). Dividends received totaled SEK 2,070m (10,908), of which SEK 1,414m (6,301) pertained to dividends from wholly owned companies. The result from financial assets amounted to a loss of SEK 694m (loss: 4,714), of which SEK 647m (loss: 5,671) is attributable to impairment of shares and loans in wholly owned subsidiaries as a result of funds distributed. Net of other financial income and expenses amounted to SEK 416m (400). The Parent Company's profit after financial items amounted to SEK 971m (5,951).

Investments in tangible fixed assets amounted to SEK 0m (3).



During the year, the Parent Company paid shareholders' contributions to subsidiaries totaling SEK 13,082m (3,207) to finance external investments mainly within E-commerce and Marketplaces, as well as group internal transfers.

The Parent Company's cash and cash equivalents, including short-term investments and unutilised credit facilities, totaled SEK 7,300m (9,470) at 31 December 2014. The interest-bearing external liabilities amounted to SEK 1,209m (1,200) on the same date.

### Share capital

As of 31 December 2014, the number of shares in Investment AB Kinnevik amounted to 277,768,190, of which 42,369,312 are class A shares carrying ten votes each and 235,398,878 class B shares carrying one vote each (of which 408,294 class B treasury shares).

During the year 41,598 Class B-shares have been delivered to participants in the long term incentive plan from 2011.

The Board of Directors is authorised to repurchase a maximum of 10% of all shares in the company. The Board did not exercise this mandate in 2014. There are no convertibles or warrants outstanding.

As per 31 December 2014, there was one shareholder owning shares representing more than 10% of the total number of the votes in the company; Verdere S.à.r.l. with 44.8%. To the knowledge of the Board, there are no shareholder agreements or share associations in Kinnevik.

### Guidelines on remuneration for senior executives

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

The objectives of Kinnevik's remuneration guidelines are to offer competitive compensation to attract, motivate and retain key employees. The aim is to create incentives for the Senior Executives to execute strategic plans and deliver excellent operating results and to align their incentives with the interests of the shareholders. The intention is that all Senior Executives shall have a significant long-term shareholding in the company. Should Kinnevik establish operations, in the form of a co-investment vehicle or other similar structure, for the purpose of investing third-party capital, Kinnevik and Kinnevik professionals may receive compensation based on the result of such operations.

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

- The fixed salary is revised each year and based on the Senior Executive's competence and area of responsibility.
- The short-term variable remuneration paid in cash (STI) shall be based on performance in relation to established targets. The targets shall be individual and measurable as well as linked to specific performances, processes and transactions. The STI can amount to a maximum of 100 percent of the fixed salary and a part of the STI shall be invested in Kinnevik's shares.

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

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

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

### Financial Targets

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

### Dividend policy

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



### Balance sheet

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

### Return target

Based on our existing investments, we target an annualised internal rate of return (IRR) over the cycle of at least 15%.

### Follow-up on outcome in 2014

Description	Target	Outcome 2014
Leverage in the Parent Company	Given the nature of Kinnevik's new investments, our goal is to have little or no leverage in the parent company.	The Parent Company had a net cash position of SEK 0.1bn as at 31 December 2014.

**Return target on investments:** Average yearly internal rate of return of at least 15%

Outcome	1 year	5 years
	2014	2010-2014
Communication	6%	10%
E-commerce & Marketplaces	98%	56%
Media	-25%	-5%
Financial Services & Other	-6%	11%
<b>Total portfolio</b>	<b>34%</b>	<b>17%</b>

IRR is based on fair values at the beginning and end of the respective period, includes cash and non-cash dividends and is calculated on a SEK basis.

### Events after the reporting period

In December, the Swedish Administrative Court rejected the Swedish Tax Agency's claim that withholding tax of SEK 702m should have been lodged on an intra-Group distribution which Kinnevik received in connection with the acquisition of Emesco AB in 2009. The Administrative Court thereby fully approved Kinnevik's appeal of the tax authorities' decision. As earlier disclosed in Kinnevik's Financial Reports, the Company had not provided for any potential additional tax as a result of the dispute. The Administrative Court's decision did thus not have any effect on Kinnevik's financial statements or cash flow for 2014. The Tax Agency has in January 2015 appealed the Administrative Court's decision to the Administrative Court of Appeal.

In January 2015, Saltside completed a funding round led by Hillhouse Capital and Brummer & Partners' fund Frontier PE, two long-term shareholders who will support the company initiatives in investing to consolidating its position as the market leader in each of Sri Lanka, Bangladesh and Ghana.

On 5 February 2015 the Norwegian competition authorities announced that it had cleared Tele2's sale of its Norwegian operations to TeliaSonera. The final purchase price amounts to SEK 4.5bln. As a consequence of the transaction, the Board of Tele2 has decided to recommend an extraordinary dividend of SEK 4.5bln to the Annual General Meeting in May 2015, in addition to the already announced dividend payment of SEK 4.85 per share.

On 20 March Kinnevik sold 6.4 million shares, corresponding to a 24.5% interest, in Transcom WorldWide AB to funds advised by Altor Fund Manager AB for a consideration of SEK 66 per share, or SEK 421 million in total. Upon completion of the transaction, Kinnevik will retain 1.9 million shares, or a 7.4% ownership in Transcom.

### Future development

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

The Board proposes that the Annual General Meeting approves a cash dividend of SEK 7.25 (7.00) per share, corresponding to an increase of 3.6%. The total dividend payment to Kinnevik shareholders will thus amount to SEK 2,011m.

The Boards of Directors of Millicom, Tele2 and MTG have proposed to the Annual General Meetings in May that dividends be approved according to the following:

Kinnevik's part of dividends proposed to be paid from listed holdings (SEKm)	Amount
Millicom	USD 2.64 per share 828 <sup>1)</sup>
Tele2	SEK 4.85 per share 657
MTG	SEK 11.00 per share 149
<b>Total expected ordinary dividends to be received from listed holdings</b>	<b>1 634</b>
Tele2, extraordinary dividend	1 400 <sup>2)</sup>
<b>Total expected dividends</b>	<b>3 034</b>
<b>Proposed dividend to Kinnevik's shareholders</b>	<b>2 011</b>

<sup>1)</sup> Based on an exchange rate of 8.29 SEK/USD.

<sup>2)</sup> Approximate amount of Kinnevik's share of the extraordinary dividend of SEK 4.5 bln proposed by the Board of Tele2.

In 2015, Kinnevik expects to make net investments (gross investments net of sale of assets) of up to SEK 1.0bln. Kinnevik has a strong balance sheet and the Parent Company's net cash at the end of the year amounted to SEK 0.1bln.

### Proposed treatment of unappropriated earnings

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

Retained earnings	35,673,700,823
Share premium	1,615,929,594
<b>Total</b>	<b>37,289,630,417</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 7.25 per share, amounting to	2,011,296,479 <sup>1)</sup>
Carried forward:	
Share premium	1,615,929,594
Retained earnings	33,662,404,344
<b>Total</b>	<b>35,278,333,938</b>

Treasury shares are not entitled to dividend.

<sup>1)</sup> In the dividend proposal, full allocation has been assumed in accordance with the long-term incentive program that expires on 31 March 2015. Insofar as allocation occurs prior to the Annual General Meeting, these shares will be entitled to dividend payment.





## Corporate Governance Report

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

During 2014, Kinnevik, in line with previous years, deviated from the Code regulation stipulating that the Chairman of the Board may not be the Chairman of the Nomination Committee. The deviation from the Code is explained in more detail in the section Nomination Committee below.

### Annual General Meeting

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

Information on major shareholders in the Company and on authorizations approved by the Annual General Meeting for the Board to resolve on repurchase of own shares, is provided in Note 11 for the Parent Company, Share Capital.

### Nomination Committee

At the 2014 Annual General Meeting, it was decided that a Nomination Committee consisting of at least three members appointed by the Company's largest shareholders would be established during October 2014 following consultation with the largest shareholders in the Company at 30 September 2014. The Annual General Meeting further resolved that Cristina Stenbeck should be a member of the Nomination Committee and be responsible for convening the Nomination Committee.

In accordance with the resolution of the 2014 Annual General Meeting, Cristina Stenbeck convened a Nomination Committee consisting of members representing the largest shareholders in Kinnevik. The Nomination Committee was comprised of Cristina Stenbeck, Andreas M. Stenbeck appointed by Verdere S.à r.l., Wilhelm Klingspor appointed by the Klingspor family, Edvard von Horn appointed by the von Horn family, James Anderson appointed by Baillie Gifford, and Ramsay Brufer appointed by Alecta. Following the death of Andreas M. Stenbeck on 16 March 2015, Verdere S.à r.l. has informed the Nomination Committee that Cristina Stenbeck will act as both Chairman and representative of Verdere

S. à r. l. The Nomination Committee's task is to submit proposals for the Board of Directors and Auditors, in the event Auditors shall be elected, and fees to the Board of Directors and Auditors, a proposal for the Chairman of the Annual General Meeting as well as the procedure for the Nomination Committee ahead of the 2015 Annual General Meeting. The Chairman of the Board, Cristina Stenbeck, was appointed Chairman of the Nomination Committee, an appointment that deviates from what the Code prescribes. The other members of the Nomination Committee declared their decision regarding election of the Chairman of the Nomination Committee as being in the Company and shareholders' best interest and a natural consequence of Cristina Stenbeck leading the Nomination Committee's work in recent years, as well as her connection to the Company's largest shareholders.

### Auditors

According to the Articles of Association, the Company shall have not more than three auditors, with not more than three deputies, or a registered audit firm. At the 2013 Annual General Meeting, the registered audit firm Deloitte AB, with Authorized Public Accountant Jan Berntsson as Auditor in Charge, was elected Company auditor for a period of four years until the 2017 Annual General Meeting. Jan Berntsson, born 1964, has also audit engagement in another listed company, Atlas Copco AB. The auditor's independence is secured by legislation and professional ethics and the audit firm's internal guidelines and by adhering to the Audit Committee's guidelines governing the type of assignments that the audit firm may conduct in addition to the audit. During 2014, Deloitte AB has provided certain services in issues regarding Corporate Responsibility assignments and IFRS. Information regarding remuneration appears in the Annual Report in Note 20 for the Group and Note 5 for the Parent Company, Auditors' Fees for elected auditors.

### Board of Directors and Senior Executives

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

At the 2014 Annual General Meeting, following a motion by the former Nomination Committee, Tom Boardman, Vigo Carlund, Dame Amelia Fawcett, Wilhelm Klingspor, Erik Mitteregger and Cristina Stenbeck were re-elected members of the Company's Board and John Shakeshaft was elected as new member of the Board. The Annual General Meeting re-elected Cristina Stenbeck as Chairman of the Board.

\* The Code is available at: <http://www.bolagsstyrning.se>



The independence of Board members in relation to the Company and Company Management, and to the major shareholders of the Company is specified below. None of the Board members is employed within the Group. The Board member Dame Amelia Fawcett has during 2014, following approval by the Board, acted as consultant to the Company performing various management services, which have been remunerated in accordance with a separate service agreement, see further Note 25 for the Group. Senior Executives in Kinnevik include Chief Executive Officer Lorenzo Grabau, Chief Financial Officer Joakim Andersson (Group Treasurer until 6 February 2015 when he succeeded Mikael Larsson as Chief Financial Officer), Director of Corporate Communications Torun Litzén, Senior Investment Director Chris Bischoff, Investment Director Anders Kronborg and Investment Director Stina Andersson. For information about Senior Executives, please see page 26-27 in the Annual Report, and Note 25 for the Group.

### Board work

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

The significant issues that were addressed by Kinnevik's Board during 2014 include the impact of the global economy on Kinnevik and the sectors in which Kinnevik has invested, the geopolitical developments in Eastern Europe, new investment decisions, capital structure of Kinnevik as well as capital structure of the larger associated companies and the overall strategy and financial performance of Kinnevik and all larger portfolio companies. As the basis for discussions concerning the listed associated companies, Kinnevik's management presented independent analyses of each company's strategy, operations as well as provided an independent assessment of future opportunities within the markets in which they are active.

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

A Remuneration Committee, an Audit Committee and an Investment Committee have been established within the Board. These committees are preparatory bodies of the Board and do not reduce the Board's overall responsibility for the governance of the Company and the decisions made. The Board complies with a formal performance review process to assess how well the Board, its committees and pro-

## Board of Directors

### Cristina Stenbeck, Executive Chairman

**Born:** 1977

**Nationality:** US and Swedish citizen.

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

**Direct or related person ownership:** 2,200 class B shares. Cristina owns 50% directly and indirectly in Verdere S.à r.l., which owns 29.5 million Kinnevik class A shares. Verdere S.à r.l. controls 44.8% of the votes and 10.6% of the capital in Kinnevik.

**Committee work:** Member of the Remuneration Committee.

Cristina began her career within the Kinnevik group in 1997 when she joined the Board of Invik & Co, its financial services company. Cristina became Vice Chairman of Investment AB Kinnevik in 2003 and Chairman in 2007. In addition to leading Kinnevik, Cristina is also Chairman of Millicom, the digital lifestyle company operating in Africa and Latin America, and Chairman of Zalando, the leading European fashion and accessories e-commerce company. Cristina also chairs the Nomination Committees of Investment AB Kinnevik, Millicom, Tele2, Modern Times Group, Zalando, Qliro Group and Black Earth Farming, which spearhead the recruitment of new Directors for each of these companies' Boards.

Cristina graduated with a B.Sc. from Georgetown University in Washington DC, USA.

### Dame Amelia Fawcett, Deputy Chairman

**Born:** 1956

**Nationality:** US and UK citizen.

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

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

**Committee work:** Chairman of the Remuneration Committee, and member of the Investment Committee. Dame Amelia has been a Director of the Board of Investment AB Kinnevik since 2011, and she was appointed Deputy Chairman in 2013. She is a Non-Executive Director of Millicom since 2014, Chairman of the Hedge Fund Standards Board, a Non-Executive Director of State Street Corporation in Boston, USA and Chairman of their Risk and Capital Committee, and a Non-Executive Member of the Board of the UK Treasury. Dame Amelia is a Governor of the London Business School, Chairman of The Prince of Wales's Charitable Foundation, a Commissioner of the US-UK Fulbright Commission and a Trustee of Project Hope (UK). Dame Amelia held various managerial positions within Morgan Stanley 1987-2006

and was Vice Chairman and Chief Operating Officer of the European operations 2002-2006. She was a Non-Executive Director of the Guardian Media Group 2007-2013, and Chairman 2009-2013. Dame Amelia has a Law Degree from University of Virginia, USA, and a BA Magna Cum Laude in History from the Wellesley College in Massachusetts, USA.

### Tom Boardman

**Born:** 1949

**Nationality:** South African citizen.

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

**Direct or related person ownership:** -

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

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



cesses are performing and how they might be improved. The review also assesses the performance of each Board member, including the Chairman, and the contribution they make.

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

During 2014, the Kinnevik Board held nine meetings (excluding the statutory meeting), of which three were extra meetings held via telephone. The Board member Dame Amelia Fawcett was absent from two extra board meetings held via telephone. Other Board members were present at all Board meetings.

### 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 group management. The guidelines applied in 2014 are presented in Note 25 for the Group, Personnel.

Cristina Stenbeck, Dame Amelia Fawcett, Wilhelm Klingspor and Erik Mitteregger were members of the Remuneration Committee during 2014. The Chairman of the Remuneration Committee was Dame Amelia Fawcett.

The Remuneration Committee shall meet not less than once a year, and more frequently as required, at which minutes of these meetings shall be kept. The Remuneration Committee held two meetings during 2014 and has further adopted decisions by written procedure throughout the year. All members were present at the committee meetings.

### Audit Committee

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

For the time until the constituent board meeting after the 2014 Annual General Meeting, Tom Boardman, Erik Mitteregger, Lorenzo Grabau and Allen Sangines-Krause were

#### Vigo Carlund

**Born:** 1946

**Nationality:** Swedish citizen.

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

**Direct och related person ownership:** 500,000 class B shares, whereof 40,000 class B shares are owned through insurance.

**Committee work:** -

Vigo has been Director of the Board of Investment AB Kinnevik since 2006. He is Chairman of the Board of Net Entertainment and of Black Earth Farming. He also serves as Director of the Board of iZettle. Vigo worked within the Kinnevik Group 1968-2006 and was CEO of Korsnäs 1998-2000, and President and CEO of Transcom WorldWide 2000-2002 as well as Industriförvaltnings AB Kinnevik and later Investment AB Kinnevik 1999-2006.

#### Wilhelm Klingspor

**Born:** 1962

**Nationality:** Swedish citizen.

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

**Direct or related person ownership:** 1,265,474 class A shares and 780,071 class B shares.

**Committee work:** Member of the Remuneration Committee.

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

#### Erik Mitteregger

**Born:** 1960

**Nationality:** Swedish citizen.

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

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

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

Erik has been Director of the Board of Investment AB Kinnevik since 2004. He is also a Director of the Boards of Tele2, Rocket Internet and Avito as well as Chairman of the Boards of Wise Group and Firefly. Erik was Founding Partner and Fund Manager at Brummer & Partners Kapitalförvaltning 1995-2002. In 1989-1995 he was

Head of Equity Research and member of the Management Board at Alfred Berg Fondkommission. Erik holds a B.Sc. in Economics and Business Administration from Stockholm School of Economics.

#### John Shakeshaft

**Born:** 1954

**Nationality:** UK citizen

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

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

**Committee work:** Chairman of the Audit Committee.

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





members of the Audit Committee, with Erik Mitteregger as Chairman. At the constituent board meeting, Tom Boardman, Erik Mitteregger and John Shakeshaft were elected members of the Audit Committee, with John Shakeshaft as Chairman.

The Audit Committee shall meet not less than four times annually. Minutes are kept at the Audit Committee's meetings and are reported to the Board at its next meeting. The Audit Committee held eleven meetings during 2014, of which seven were held via telephone. Allen Sangines-Krause was absent from one telephone meeting. The other members were present at all the meetings. The external auditors participated in most of the meetings and issued their reports on the results of their examination to both the Audit Committee and the Board of Directors both orally and in writing. The auditors also held a yearly meeting with the Board without management being present.

### **Investment Committee**

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

Dame Amelia Fawcett, Tom Boardman, Erik Mitteregger, Lorenzo Grabau and Mikael Larsson were members of the Investment Committee during 2014. The Chairman of the Committee was Lorenzo Grabau.

The Investment Committee held two meetings during 2014, both of which were held via telephone, and has further adopted decisions by written procedure throughout the year. All members were present at the committee meetings.

### **The Board's description of internal control pertaining to the financial reporting for the 2014 fiscal year**

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

#### **Control environment**

The purpose of the Board of Directors' rules of procedure and instructions for the CEO and Board committees is to ensure a distinct division of roles and responsibility that promotes the efficient management of operational and financial risks. The Board has also adopted a number of fundamental guidelines of significance to activities involving internal controls, which are described in Kinnevik's Policy and Procedure Manual and include instructions governing the financial reporting of results, authorization procedures, purchasing policies, investment policies, accounting principles, financial risk management and the internal audit. The Company's management reports regularly to the Board following establis-

hed procedures. In addition, the Audit Committee reports on its work. The Company's management is responsible for the system of internal controls required for managing risks associated with on-going operations. This includes guidelines for the employees to ensure that they understand the importance of their particular roles in efforts to maintain efficient internal control. The Company's operational and financial risks are reported each quarter to the Board, including an analysis of their consequences and financial impact in the event of them materializing, and how and who exercises on-going control over each risk and how these can be minimized.

#### **Risk assessment and control activities**

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

#### **Internal audits**

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

#### **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 Company management and the Board of Directors are available for important information from employees. For external communication, guidelines have been compiled in an Information Policy that ensures that the Company complies with the meticulous demands for correct information to the market and other various constituencies, such as shareholders, Board members, employees and customers.

#### **Follow-up**

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



# Consolidated Statement of Income

## FOR THE PERIOD 1 JANUARY-31 DECEMBER (SEK M)

	Note	2014	2013
Change in fair value of financial assets	5	19 494	3 052
Dividends received	5	2 350	5 828
Revenue	2	1 245	1 541
Cost of goods sold and services		-571	-753
Selling costs		-429	-434
Administration costs		-628	-672
Share of profit/loss of associates accounted for using the equity method		-	15
Other operating income		57	96
Other operating expenses		-637	-105
<b>Operating profit/loss</b>	2	<b>20 881</b>	<b>8 568</b>
Interest income and other financial income	7	36	10
Interest expenses and other financial expenses	7	-63	-124
<b>Profit/loss after financial net</b>		<b>20 854</b>	<b>8 454</b>
Tax	10	9	-25
<b>Net profit/loss for the period</b>		<b>20 863</b>	<b>8 429</b>
<b>Of which attributable to:</b>			
Equity holders of the Parent company		20 891	8 468
Non-controlling interest		-28	-39
Net profit/loss per share before dilution, SEK	8	75.33	30.54
Net profit/loss per share after dilution, SEK	8	75.27	30.51
Average number of shares before dilution		277 343 257	277 264 289
Average number of shares after dilution		277 529 845	277 578 260

## Consolidated Statement of Comprehensive Income

### FOR THE PERIOD 1 JANUARY-31 DECEMBER (SEK M)

	2014	2013
Net profit for the year	20 863	8 429
<b>Other comprehensive income for the year</b>		
<b>Items that will be reclassified to profit and loss</b>		
Translation differences	11	15
Cash flow hedging		
- profit/loss during the year	-47	11
<b>Total items that will be reclassified to profit and loss</b>	<b>-36</b>	<b>26</b>
<b>Total other comprehensive income for the year</b>	<b>-36</b>	<b>26</b>
<b>Total comprehensive income for the year</b>	<b>20 827</b>	<b>8 455</b>
Total comprehensive income for the year attributable to:		
Equity holders of the Parent Company	20 853	8 495
Non-controlling interest	-26	-40



# Consolidated Balance Sheet

**31 DECEMBER (SEK M)**

	Note	2014	2013
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets	11	293	805
Tangible fixed assets	11	335	343
Financial assets accounted at fair value through profit and loss	4,5,6	83 259	61 575
Investment in companies accounted for using the equity method		-	97
Deferred tax assets	10	20	16
Other fixed assets		6	0
<b>Total fixed assets</b>		<b>83 913</b>	<b>62 836</b>
<b>Current assets</b>			
Inventories		66	71
Trade receivables	12	241	294
Income tax receivable		27	31
Other current assets	13	224	203
Short-term investments	14	1 311	3 502
Cash and cash equivalents	14	283	465
<b>Total current assets</b>		<b>2 152</b>	<b>4 566</b>
<b>TOTAL ASSETS</b>		<b>86 065</b>	<b>67 402</b>



	Note	2014	2013
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	15		
Share capital		28	28
Other contributed capital		8 840	8 840
Reserves		-37	1
Retained earnings including net profit for the year		75 345	56 407
<b>Shareholders' equity attributable to equity holders of the Parent Company</b>		<b>84 176</b>	<b>65 276</b>
Non-controlling interest		30	43
<b>Total shareholders' equity</b>		<b>84 206</b>	<b>65 319</b>
<b>Long-term liabilities</b>			
Interest-bearing loans	16	1 254	1 195
Provisions for pensions	17	35	36
Other provisions	18	4	4
Deferred tax liability	10	2	5
Other liabilities	19	36	16
<b>Total long-term liabilities</b>		<b>1 331</b>	<b>1 256</b>
<b>Short-term liabilities</b>			
Interest-bearing loans	16	9	20
Provisions	18	0	29
Trade creditors		111	134
Income tax payable		27	47
Other liabilities	19	381	597
<b>Total short-term liabilities</b>		<b>528</b>	<b>827</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>86 065</b>	<b>67 402</b>
Pledged assets	22	74	5 731
Contingent liabilities	23	703	703



# Consolidated Statement of Cash Flow

## FOR THE PERIOD 1 JANUARY-31 DECEMBER (SEK M)

	Note	2014	2013
Dividends received	5	1 400	5 828
Cashflow from operating subsidiaries operations		-76	61
Cash flow from operating costs within investment operation		-185	-157
<b>Cash flow from operation before interest net and income taxes</b>		<b>1 139</b>	<b>5 732</b>
Interest, received		17	10
Interest, paid		-44	-69
Income taxes, paid		-7	-25
<b>Cash flow from operations</b>		<b>-34</b>	<b>-84</b>
Acquisition of subsidiaries	9	-7	0
Sale of subsidiaries		0	135
Investments in shares and other securities	9	-1 574	-2 088
Sale of shares and other securities	9	61	3 759
Change in loan receivables		-2	0
Investments in tangible and intangible fixed assets		-68	-117
<b>Cash flow from investing activities</b>		<b>-1 590</b>	<b>1 689</b>
Borrowing		48	0
Amortisation of loans		0	-2 011
Contribution from holders of non-controlling interest		10	17
Dividend paid to equity holders of the Parent company		-1 941	-1 803
Dividend paid to holders of non-controlling interest		-5	-27
<b>Cash flow from financing activities</b>		<b>-1 888</b>	<b>-3 824</b>
<b>Cash flow for the year</b>		<b>-2 373</b>	<b>3 513</b>
<b>Short term investments and cash, opening balance</b>		<b>3 967</b>	<b>454</b>
Exchange rate differences in liquid funds		0	0
<b>Short term investments and cash, closing balance</b>	14	<b>1 594</b>	<b>3 967</b>



# Movements in Shareholders' equity of the Group

	Attributable to the Parent Company's shareholders							Total share- holders' equity
	Share capital	Other contri- buted capital	Hedging reserve	Translation reserve	Retained earnings inclu- ding net result for the year	Total	Non- controlling interest	
<b>Opening balance, 1 January 2013</b>	<b>28</b>	<b>8 840</b>	<b>0</b>	<b>-26</b>	<b>49 731</b>	<b>58 573</b>	<b>67</b>	<b>58 640</b>
Other comprehensive income	-	-	11	16	-	27	-1	26
Profit for the year	-	-	-	-	8 468	8 468	-39	8 429
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>16</b>	<b>8 468</b>	<b>8 495</b>	<b>-40</b>	<b>8 455</b>
<b>Other changes in shareholders' equity</b>								
Acquisition, non-controlling interest	-	-	-	-	-	-	-2	-2
Divestment of non-controlling interest	-	-	-	-	-	-	28	28
Contribution from non-controlling interest	-	-	-	-	-	-	17	17
Dividend paid to owners of non-controlling interest	-	-	-	-	-	-	-27	-27
Effect of employee share saving programme	-	-	-	-	11	11	-	11
Cash dividend <sup>1)</sup>	-	-	-	-	-1 803	-1 803	-	-1 803
<b>Closing balance, 31 December 2013</b>	<b>28</b>	<b>8 840</b>	<b>11</b>	<b>-10</b>	<b>56 407</b>	<b>65 276</b>	<b>43</b>	<b>65 319</b>
Other comprehensive income	-	-	-47	9	-	-38	2	-36
Profit for the year	-	-	-	-	20 891	20 891	-28	20 863
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>-47</b>	<b>9</b>	<b>20 891</b>	<b>20 853</b>	<b>-26</b>	<b>20 827</b>
<b>Other changes in shareholders' equity</b>								
Acquisition, non-controlling interest	-	-	-	-	-8	-8	8	0
Contribution from non-controlling interest	-	-	-	-	-	-	10	10
Dividend paid to owners of non-controlling interest	-	-	-	-	-	-	-5	-5
Effect of employee share saving programme	-	-	-	-	-4	-4	-	-4
Cash dividend <sup>2)</sup>	-	-	-	-	-1 941	-1 941	-	-1 941
<b>Closing balance, 31 December 2014</b>	<b>28</b>	<b>8 840</b>	<b>-36</b>	<b>-1</b>	<b>75 345</b>	<b>84 176</b>	<b>30</b>	<b>84 206</b>

<sup>1)</sup> The Annual General Meeting held on 13 May 2013, resolved in favor of paying a cash dividend of SEK 6.50 per share, a total of SEK 1,803m.

<sup>2)</sup> The Annual General Meeting held on 12 May 2014, resolved in favor of paying a cash dividend of SEK 7.00 per share, a total of SEK 1,941m.



# Notes to the Group's financial statements

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

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

### New and revised standards 2014

From 2014 Kinnevik applies the three new standards; IFRS 10 Consolidated Financial Standards, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities, as well as amended IAS 27 and IAS 28. Kinnevik has made a close analysis regarding Kinnevik's possibilities to exercise control over companies where Kinnevik do not own more than 50% of the capital or control more than 50% of the votes and made the assessment that it does not have de facto control over any of its companies where it owns less than 50% of the shares or controls less than 50% of the votes. Therefore the new standards have no effect on Kinnevik's income statement or financial position except for additional supplementary disclosures in the financial reporting.

### Future IFRS amendments

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

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

IFRS 9 and IFRS 15 have not been adopted by the EU. Kinnevik has not yet assessed whether the new standards will affect on Kinnevik's financial statements.

### Change in format of statements and reclassification

From 2014 Kinnevik has changed the format for the income statement and the cash flow statement. The changed format is assessed to give a more relevant view on Kinnevik's financial development. Comparative figures have been recalculated.

The Kinnevik Group's accounting is from 2014 distributed on two accounting segments. The accounting segments are consistent with management's internal structure for controlling and monitoring the Group's operations:

- Operating subsidiaries – all the Group's operating subsidiaries.
- Investment operation – shares and securities in all other companies, that are not subsidiaries, and other financial assets. This segment includes change in fair value of financial assets, dividends received and the administration costs for investment operations.

### Basis of preparation of consolidated accounts

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

### Basis of consolidation

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

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

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

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

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

### Non-controlling interest

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

### Foreign currency translation

The functional and presentation currency of the Parent Company and its Swedish subsidiaries is Swedish kronor (SEK). Transactions in foreign currencies are initially recorded in the functional currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling 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 ruling at the balance sheet date. Their income statements are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken in other comprehensive income and as a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the income statement through Other comprehensive income.

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

### Intangible assets

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

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



divestment of a unit include the remaining reported value of the goodwill relating to the divested unit.

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

### **Tangible assets**

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

### **Impairment**

Assets are assessed with respect to the reduction in their value whenever events or changes in circumstances indicate that the reported value might not be recoverable. To calculate the impairment requirement, assets are grouped in cash-generating units. An impairment loss is done in the amount by which the assets' reported value exceeds its recovery value. The recovery value is the higher of an assets' fair value, less the cost of sale and the value in use. The value in use comprises the present value of deposits and disbursements attributable to the asset during the time it is expected to be in use in operations, plus the present value of the net sales value at the end of the useful life.

### **Financial instruments**

Financial instruments in Kinnevik's balance sheet includes on the asset side Financial assets accounted to fair value through profit and loss, Trade receivables, Other current assets (including derivatives), Short-term investments 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 accounted to fair value through profit and loss**

Financial assets in this category are continuously measured at fair value and value changes are reported in the Income Statement.

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

### **Loan receivables and trade receivables**

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

Loan receivables and other receivables are valued at amortized cost by applying the effective interest method, deducting for doubtful debts. The effective interest met-

hod means that any premiums or discounts and directly attributable costs or income are recognized on an accrual basis over the life of the contract using the calculated effective interest. The effective interest is the interest which gives the instrument's cost of acquisition as a result when discounting the future cash flows.

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

Trade receivables generally have 30-90 day terms.

### **Derivatives**

In Kinnevik, derivatives are used only to hedge interest risk when borrowing at floating interest. The derivatives are categorized as cash flow hedges according to IAS 39.

### **Hedge accounting**

Kinnevik applies hedge accounting for cash flow hedging of borrowing at floating interest. The derivatives are reported initially and continuously at fair value in the balance sheet. Changes in the value of the derivatives are reported as other comprehensive income and are reversed to the income statement in pace with effect of the hedge cash flow on earnings. Any ineffective portion of the change in value is reported directly in the income statement. The interest coupon is reported as a part of the interest costs.

### **Financial liabilities**

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

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

### **Fair value measurement**

IFRS 13.9 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

Kinnevik's unlisted holdings are valued using IFRS 13, whereby a collective assessment is made to establish the valuation method that is most suitable for each individual holding. Firstly, it is considered whether any recent transactions have been made at arm's length in the companies. For new share issues, consideration is taken to if the newly issued shares have better 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.

Work to measure Kinnevik's unlisted holdings at fair value is performed by the financial department and based on financial information reported from each holding. The correctness of the financial information received is ensured through continuous contacts with management of each holding, monthly reviews of the accounts, as well as internal audits performed by auditors engaged by Kinnevik. Prior to decisions being made about the valuation method to be applied for each holding, and the most suitable peers with which to compare the holding, the financial department obtains information and views from the investment team, as well as external sources of information. Information and opinions on applicable methods and groups of comparable companies are also obtained periodically from well-renowned, valuation companies





in the market. The results from the valuation is discussed firstly with the CEO and the Chairman of the Audit Committee, following which a draft is sent to all members of the Audit Committee, who analyze and discuss the outcome before it is approved at a meeting attended by the company's external auditors.

Information is provided in Note 4 for the Group per class of financial instruments that are valued at fair value in the balance sheet, 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.

### Employee remuneration

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

### Share-based remuneration

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

### Other provisions

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

### Revenue recognition

#### Rendering of services

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

#### Interest

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

#### Dividends received

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

### Marketing costs

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

### Income tax

The total tax on the year's income consists of current and deferred tax. Taxes are stated in the income statement except when the underlying transaction is charged to other comprehensive income or directly against equity, in which case the related tax effect is also stated in equity. Current tax expense is the tax that is to be paid or received for the year in question, plus correction of tax expense for earlier periods. Deferred tax is calculated on the basis of the temporary differences between the book values of assets and liabilities and their value for tax purposes. The amounts are calculated on the basis of how these differences can be expected to be evened out and using the tax rates and rules in effect or announced as of the closing date. Temporary differences are not recorded in the case of differences attributable to

interests in subsidiaries and associated companies that are not expected to be taxable in the foreseeable future. In the consolidated financial statements, untaxed reserves are divided into deferred tax liability and equity. The deferred tax asset component of deductible temporary differences and tax loss carry forwards is only recorded in so far as it is likely that these will result in a lower tax payment in the future.

### Dividends paid

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

### Leases

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

### Cash flow statement

The cash-flow statements for the Group and for the Parent company are prepared using the direct 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.

	Estimates and assumptions	See Note
Valuation of unlisted holdings	Appropriate valuation method, peer group, future revenue and profit margins	Note 4
Impairment of intangible assets	Forecasted cash flow, growth, profit margins and cost of capital	Note 11
Environmental cases	Future decisions from County administrative board	Note 18
Exposure in tax case	Future court decision	Note 23

### Applying IFRS 10

Determining if an investor has power requires judgment and taking into account all facts and circumstances. In some of Kinnevik's listed affiliates it is important to consider that Kinnevik holds a large part of the votes, but does not have a majority. There is no other shareholder that holds more than Kinnevik's voting interest, but many of the shareholders are very large and powerful institutions. Relevant activities for the companies are decided by their board of directors. There are not in any case a majority of board members that are dependent of Kinnevik. Accordingly, Kinnevik cannot at the board level push through decisions about relevant activities not supported by the independent board members. The large holding of votes is however an indicator that Kinnevik has de facto control over the companies because it, in practice, gives Kinnevik the majority of votes at the shareholders meeting at which decisions regarding among other things the composition of the companies' board of directors are made. From a strictly legal perspective Kinnevik could most likely change the composition of the board of directors of the companies. However there are significant barriers for Kinnevik to try to replace board members in order to push through decisions on the relevant activities in the affiliates.

Accordingly, based on the current situation the conclusion is that there is not sufficient evidence to conclude that Kinnevik has power over any of the listed affiliates. Based on IFRS 10 BC110, stating that if after all available evidence has been considered, the evidence is not sufficient to conclude that the investor has power, the affiliates should not be included as subsidiaries in Kinnevik's consolidated financial statements.



## NOTE 2 SEGMENT REPORTING

<b>1 Jan-31 Dec 2014</b>	<b>Operating subsidiaries</b>	<b>Investment operation</b>	<b>Eliminations</b>	<b>Total Group</b>
Change in fair value of financial assets	-	19 494	-	19 494
Dividends received	-	2 350	-	2 350
Revenue	1 225	20	-	1 245
Cost of goods and services sold	-571	-	-	-571
Selling and administration costs	-839	-218	-	-1 057
Other operating income and expenses	-607	27	-	-580
<b>Operating profit/loss</b>	<b>-792</b>	<b>21 673</b>	<b>-</b>	<b>20 881</b>
Interest income and other financial income	5	26	5	36
Interest expenses and other financial expenses	-15	-43	-5	-63
<b>Profit/loss after financial items</b>	<b>-802</b>	<b>21 656</b>	<b>0</b>	<b>20 854</b>
Investments in subsidiaries and financial fixed assets	-	1 342	-	1 342
Investments in intangible and tangible fixed assets	61	1	-	62
Impairment of goodwill	-249	-	-	-249
<b>Assets and liabilities</b>				
Operating assets	961	181	-	1 142
Financial fixed assets	133	83 228	-32	83 329
Short-term investments, cash and cash equivalents	197	1 397	-	1 594
<b>Total assets</b>	<b>1 291</b>	<b>84 806</b>	<b>-32</b>	<b>86 065</b>
Operating liabilities	300	224	-	524
Provision for pensions	-	35	-	35
Deferred tax liabilities	-	2	-	2
Interest-bearing loans	57	1 273	-32	1 298
<b>Total liabilities</b>	<b>357</b>	<b>1 534</b>	<b>-32</b>	<b>1 859</b>
<b>1 Jan-31 Dec 2013</b>				
Change in fair value of financial assets	-	3 052	-	3 052
Dividends received	-	5 828	-	5 828
Revenue	1 533	8	-	1 541
Cost of goods and services sold	-753	-	-	-753
Selling and administration costs	-909	-197	-	-1 106
Share of profit/loss of associates accounted for using the equity method	15	-	-	15
Other operating income and expenses	-14	5	-	-9
<b>Operating profit/loss</b>	<b>-128</b>	<b>8 696</b>	<b>-</b>	<b>8 568</b>
Interest income and other financial income	3	17	-10	10
Interest expenses and other financial expenses	-15	-119	10	-124
<b>Profit/loss after financial items</b>	<b>-140</b>	<b>8 594</b>	<b>-</b>	<b>8 454</b>
Investments in subsidiaries and financial fixed assets	12	2 288	-	2 300
Investments in intangible and tangible fixed assets	107	10	-	117
Impairment of goodwill	-75	-	-	-75
<b>Assets and liabilities</b>				
Operating assets	1 597	150	-	1 747
Financial fixed assets	191	61 562	-65	61 688
Short-term investments, cash and cash equivalents	314	3 653	-	3 967
<b>Total assets</b>	<b>2 102</b>	<b>65 365</b>	<b>-65</b>	<b>67 402</b>
Operating liabilities	415	412	-	827
Provision for pensions	0	36	-	36
Deferred tax liabilities	2	3	-	5
Interest-bearing loans	106	1 174	-65	1 215
<b>Total liabilities</b>	<b>523</b>	<b>1 625</b>	<b>-65</b>	<b>2 083</b>



Kinnevik is a diversified company whose business consists of actively managing a number of investments. From 2014 the Kinnevik Group's accounting is distributed on the following two accounting segments:

1. Operating subsidiaries - All operating subsidiaries in the group. For 2013 and 2014 the following companies are included: Metro, Vireo Energy, Rolnyvik, Saltside, AVI and G3 Good Governance Group.
2. Investment operation - shares and securities in all other companies, that are not subsidiaries, and other financial assets. This segment includes change in fair value of financial assets, dividends received and the administration costs of the investment operation.

This distribution coincides with management's internal structure for controlling and monitoring the Group's operations. The accounting policies for the business segments coincide with the Group's accounting policies.

Revenue comprises total sales proceeds net of sales discounts, VAT and other taxes directly connected to the revenue.

Of total revenue of SEK 1,245m (1,541), SEK 75m (68) is attributable to sale of goods and SEK 1,170m (1,473) to sale of services.

External revenue cover sales to all parties other than the Parent Company and its subsidiaries. For information on sales to related parties, refer to Note 24. Internal sales prices are set in the same manner as external sales, that is, on commercial terms.

Intra-Group revenue in the Parent Company totaled SEK 15m (9).

Operating assets entail intangible and tangible fixed assets, investments in companies accounted for using the equity method, inventories and short-term non interest-bearing receivables.

Operating liabilities entail other provisions and short-term non interest-bearing liabilities.

### NOTE 3 DEPRECIATION AND IMPAIRMENT

**2014**    **2013**

**Operating profit/loss includes depreciation and impairment as follows:**

Impairment of goodwill	-249	-75
Impairment of other intangible fixed assets	-291	-
Depreciation of tangible and intangible fixed assets	-37	-43
	<b>-577</b>	<b>-118</b>

**Depreciation and impairment is split per cost category as follows:**

Cost of sold goods and services	-	-4
Administration costs	-37	-39
Other operating costs	-540	-75
	<b>-577</b>	<b>-118</b>

### NOTE 4 FINANCIAL ASSETS AND LIABILITIES

#### Financial assets and liabilities by valuation category

2014	Fair value through profit or loss - Fair Value Option	Loans and receivables	Derivatives used in hedge accounting	Financial liabilities	Total book value	Fair value
Financial assets accounted at fair value through profit and loss	83 259	-	-	-	83 259	83 259
Trade receivables	-	241	-	-	241	241
Other current assets	-	224	-	-	224	224
Short-term investments	-	1 311	-	-	1 311	1 311
Cash and cash equivalents	-	283	-	-	283	283
<b>Total financial assets</b>	<b>83 259</b>	<b>2 059</b>	<b>-</b>	<b>-</b>	<b>85 318</b>	<b>85 318</b>
Interest-bearing loans	-	-	-	1 263	1 263	1 332
Trade payables	-	-	-	111	111	111
Other payables	-	-	36	182	218	218
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>36</b>	<b>1 556</b>	<b>1 592</b>	<b>1 661</b>

2013	Fair value through profit or loss - Fair Value Option	Loans and receivables	Derivatives used in hedge accounting	Financial liabilities	Total book value	Fair value
Financial assets accounted at fair value through profit and loss	61 575	-	-	-	61 575	61 575
Trade receivables	-	294	-	-	294	294
Other current assets	-	192	11	-	203	203
Short-term investments	-	3 502	-	-	3 502	3 502
Cash and cash equivalents	-	465	-	-	465	465
<b>Total financial assets</b>	<b>61 575</b>	<b>4 453</b>	<b>11</b>	<b>-</b>	<b>66 039</b>	<b>66 039</b>
Interest-bearing loans	-	-	-	1 215	1 215	1 262
Trade payables	-	-	-	134	134	134
Other payables	-	-	-	226	226	226
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 575</b>	<b>1 575</b>	<b>1 622</b>

#### Financial assets and liabilities 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



	2014			2013				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Millicom	22 039	-	-	22 039	24 215	-	-	24 215
Tele2	12 865	-	-	12 865	9 864	-	-	9 864
<b>Communication</b>	<b>34 904</b>	<b>-</b>	<b>-</b>	<b>34 904</b>	<b>34 079</b>	<b>-</b>	<b>-</b>	<b>34 079</b>
Zalando	19 030	-	-	19 030	-	-	12 136	12 136
Rocket Internet	10 620	-	-	10 620	-	-	1 219	1 219
Global Fashion Group	-	-	6 092	6 092	-	-	1 880	1 880
Home24	-	-	833	833	-	-	679	679
Westwing	-	-	379	379	-	-	217	217
Qliro Group	737	-	-	737	786	-	-	786
BigCommerce (Lazada and Linio)	-	-	739	739	-	-	544	544
Konga	-	-	292	292	-	-	156	156
Avito	-	-	2 298	2 298	-	-	2 196	2 196
Quikr	-	-	425	425	-	-	-	-
Wimdu	-	-	381	381	-	-	358	358
Other	-	-	873	873	-	-	600	600
<b>E-commerce &amp; Marketplaces</b>	<b>30 387</b>	<b>-</b>	<b>12 312</b>	<b>42 699</b>	<b>786</b>	<b>-</b>	<b>19 985</b>	<b>20 771</b>
MTG	3 358	-	-	3 358	4 498	-	-	4 498
Other	-	-	208	208	-	-	164	164
<b>Entertainment</b>	<b>3 358</b>	<b>-</b>	<b>208</b>	<b>3 566</b>	<b>4 498</b>	<b>-</b>	<b>164</b>	<b>4 662</b>
Bayport	-	-	1 032	1 032	-	-	836	836
Milvik/BIMA	-	-	206	206	-	-	46	46
Seamless	48	-	-	48	192	-	-	192
Transcom	494	-	-	494	505	-	-	505
Black Earth Farming	151	-	-	151	337	-	-	337
Other	-	-	159	159	-	-	147	147
<b>Financial services &amp; Other</b>	<b>693</b>	<b>-</b>	<b>1 397</b>	<b>2 090</b>	<b>1 034</b>	<b>-</b>	<b>1 029</b>	<b>2 063</b>
<b>Total financial assets valued at fair value through profit and loss</b>	<b>69 342</b>	<b>-</b>	<b>13 917</b>	<b>83 259</b>	<b>40 397</b>	<b>-</b>	<b>21 178</b>	<b>61 575</b>
Trade receivables	-	241	-	241	-	294	-	294
Other current assets	-	224	-	224	-	203	-	203
Short-term investments	-	1 311	-	1 311	-	3 502	-	3 502
Cash and cash equivalents	-	283	-	283	-	465	-	465
<b>Total financial assets</b>	<b>69 342</b>	<b>2 059</b>	<b>13 917</b>	<b>85 318</b>	<b>40 397</b>	<b>4 464</b>	<b>21 178</b>	<b>66 039</b>
Interest-bearing loans	-	1 263	-	1 263	-	1 215	-	1 215
Trade payables	-	111	-	111	-	134	-	134
Other payables	-	218	-	218	-	226	-	226
<b>Total financial liabilities</b>	<b>-</b>	<b>1 592</b>	<b>-</b>	<b>1 592</b>	<b>-</b>	<b>1 575</b>	<b>-</b>	<b>1 575</b>

#### Change in financial assets in level 3

	2014	2013
Opening balance, 1 January	21 178	15 185
Investments	1 098	2 159
Distribution of shares in Bigfoot I and Bigfoot II	950	-
Reclassifications <sup>1)</sup>	-23 149	49
Change in fair value	14 040	3 838
Disposals	-195	-68
Exchange gain/loss and other	-5	15
<b>Closing balance, 31 December</b>	<b>13 917</b>	<b>21 178</b>

<sup>1)</sup> Reclassifications during 2014 relate to the Initial Public Offerings in Rocket Internet och Zalando, which as a result have been reclassified to Level 1.



### Valuation method as per 31 December 2014, Level 3

Company	Valuation method	Valuation assumptions
Global Fashion Group ("GFG")	Latest transaction when Rocket Internet distributed cash and shares in Bigfoot I and Bigfoot II to its shareholders in May 2014.	EUR 2,4bn for the entire company, including 100% of the subsidiaries.
Home24	Valuation based on sales multiples for a group of comparable companies. The peer group includes, among others, Amazon, Zalando and AO World.  The valuation also considers the preferential rights the owned shares have in case of liquidation or sale of the entire company.	Last 12 months historical sales Multiple: 1.7x
Westwing	Valuation based on sales multiples for a group of comparable companies.  The peer group includes, among others, Amazon, Zalando and AO World. The average sales multiple for the peer group has been reduced for factors like lower profitability and company size.  The valuation also considers the preferential rights the owned shares have in case of liquidation or sale of the entire company.	Last 12 months historical sales Multiple: 1.6x
Lazada and Linio (partly owned by BigCommerce)	Valuation based on sales multiples, weighted for the contribution from the company's different business models - marketplace and inventory based sales - where two groups of comparable companies have been used. The peer group for the inventory based model includes, among others, Amazon, CDON, JD.com and AO World. The peer group for the marketplace model includes, among others, MercadoLibre and 58.com.  The valuation also considers the preferential rights the owned shares have in case of liquidation or sale of the entire company.	Last 12 months historical sales Multiple: 1.9x for Lazada and 1.6x for Linio.
Konga	Latest transaction where shares were directed to a new investor.	USD 92m for the entire company.
Avito	Valuation based on EBITDA multiples for a group of comparable companies. The peer group includes, among others, Autohome, Infoedge India and Yandex.	12 months historical EBITDA as per 30 September 2014 (latest published numbers) Multiple: 24x
Quikr	Latest transactions.	Kinnevik has invested a total of USD 54m for 16% of Quikr.
Wimdu	Valuation based on sales multiples for a group of comparable companies. The peer group includes, among others HomeAway, Priceline, Expedia and Tripadvisor.  The average sales multiple in the peer group has been reduced for factors like Wimdu's lower profitability and company size.  The valuation also considers the preferential rights the owned shares have in case of liquidation or sale of the entire company.	Last 12 months historical sales Multiple: 2.6x
Bayport	Latest transaction.	USD 431m for the entire company.
Milvik/Bima	Latest transaction.	USD 65m post-money for the entire company.

Out of totally SEK 13,917m of financial assets in Level 3, SEK 9,156m has been valued at latest transaction and SEK 4,761m based on sales or EBITDA-multiples. For the companies in the table above that are valued based on sales multiples (i.e. Home24, Westwing, Lazada, Linio, Avito and Wimdu), an increase in the multiple by 10% would have increased estimated fair value by SEK 164m. Similarly, a decrease in the multiple by 10% would have decreased estimated fair value by SEK 176m.

### Duration

For the duration of interest bearing loans refer to Note 16. Of other financial liabilities the major part will fall due within one to six months.

### Derivatives and hedging instruments

On 31 December 2014, the nominal amount of the outstanding interest rate swap, floating to fixed, was SEK 1,000m (1,000). The derivative is used to create a cash flow hedge against interest rate risk in the bond that was issued in December 2012. Also refer to Note 16 for the Group. The fixed rate that is paid in the swap is 3.32% and it expires in December 2017.

The derivative had a negative market value of SEK 36m (positive market value of SEK 11m) at year-end. The derivatives are measured based on discounted cash flows with observable market data. The derivative agreements are established in accordance with ISDA. As per 31 December 2014, all derivatives had a positive market value. Therefore, netting is not applicable.

### Maturity structure

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

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

	2014	2015	2016	2017	later	Total
Non-interest-bearing receivables	497	-	-	-	-	497
Interest-bearing receivables	3 530	27	27	27	-	3 611
Non-interest-bearing liabilities	-747	-	-	-	-	-747
Interest-bearing liabilities	-89	-68	-68	-1 267	-21	-1 513
<b>Total as per 31 December 2013</b>	<b>3 191</b>	<b>-41</b>	<b>-41</b>	<b>-1 240</b>	<b>-21</b>	<b>1 848</b>



## NOTE 5 FINANCIAL ASSETS ACCOUNTED TO FAIR VALUE THROUGH PROFIT AND LOSS BY SEGMENT

### Change in financial assets accounted to fair value through profit and loss

	Communica- tion	E-commerce & Market- places	Entertain- ment	Financial services & Other	Total
<b>Opening balance, 1 January 2013</b>	<b>37 150</b>	<b>14 979</b>	<b>3 206</b>	<b>4 618</b>	<b>59 953</b>
Investments	-	2 218	10	60	2 288
Reclassifications	-	-	-	49	49
Change in fair value	-3 071	3 593	1 443	1 087	3 052
Disposals	-	-22	-	-3 759	-3 781
Exchange gain/loss	-	3	3	8	14
<b>Closing balance, 31 december 2013</b>	<b>34 079</b>	<b>20 771</b>	<b>4 662</b>	<b>2 063</b>	<b>61 575</b>
Investments	-	1 245	-	97	1 342
Reclassifications	-	-	77	32	109
Distribution of shares in Bigfoot I and Bigfoot II	-	950	-	-	950
Change in fair value	825	19 855	-1 098	-88	19 494
Disposals	-	-120	-75	-11	-206
Exchange gain/loss	-	-2	-	-3	-5
<b>Closing balance, 31 december 2014</b>	<b>34 904</b>	<b>42 699</b>	<b>3 566</b>	<b>2 090</b>	<b>83 259</b>

### Investments in financial assets accounted to fair value through profit and loss

	2014	2013
Zalando	-	855
Rocket Internet	-	576
Global Fashion Group	276	169
Home24	3	-
Westwing	-	38
Qliro Group	241	129
BigCommerce (Linio and Lazada)	72	317
Konga	95	114
Avito	102	-
Quikr	362	-
Wimdu	2	-
Other	92	20
<b>E-commerce &amp; Marketplaces</b>	<b>1 245</b>	<b>2 218</b>
Other	-	10
<b>Entertainment</b>	<b>-</b>	<b>10</b>
Bayport	23	35
Mivik/BIMA	64	3
Seamless	3	-
Other	7	22
<b>Financial services &amp; Other</b>	<b>97</b>	<b>60</b>
<b>Total</b>	<b>1 342</b>	<b>2 288</b>

### Disposals of financial assets accounted to fair value through profit and loss

	2014	2013
Airizu	-	-22
Emerging Markets Asia eCommerce Holding	-12	-
Hellofresh	-108	-
<b>E-commerce &amp; Marketplaces</b>	<b>-120</b>	<b>-22</b>
Metro	-75	-
<b>Entertainment</b>	<b>-75</b>	<b>-</b>
Bayport	-	-35
Transcom	-11	-
BillerudKorsnäs	-	-3 713
Other	-	-11
<b>Financial services &amp; Other</b>	<b>-11</b>	<b>-3 759</b>
<b>Total</b>	<b>-206</b>	<b>-3 781</b>



*Dividends received and change in fair value of financial assets accounted to fair value through profit and loss*

	Dividends received	Change in fair value	2014 Total	Dividends received	Change in fair value	2013 Total
Millicom	662	-2 176	-1 514	665	2 932	3 597
Tele2	596	3 001	3 597	4 756	-6 003	-1 247
<b>Communication</b>	<b>1 258</b>	<b>825</b>	<b>2 083</b>	<b>5 421</b>	<b>-3 071</b>	<b>2 350</b>
Zalando	-	6 894	6 894	-	2 626	2 626
Rocket Internet	950 <sup>1)</sup>	9 399	10 349	168	327	495
Global Fashion Group	-	3 066	3 066	-	- 396	- 396
Home24	-	150	150	-	- 75	- 75
Westwing	-	162	162	-	44	44
Qliro Group	-	- 289	- 289	-	- 7	- 7
BigCommerce (Linio and Lazada)	-	133	133	-	- 60	- 60
Konga	-	41	41	-	22	22
Avito	-	-	-	-	1 273	1 273
Quikr	-	64	64	-	-	-
Wimdu	-	20	20	-	10	10
Other	-	215	215	-	- 168	- 168
<b>E-commerce &amp; Marketplaces</b>	<b>950</b>	<b>19 855</b>	<b>20 805</b>	<b>168</b>	<b>3 596</b>	<b>3 764</b>
MTG	142	-1 140	- 998	135	1 456	1 591
Other	-	42	42	-	- 16	- 16
<b>Entertainment</b>	<b>142</b>	<b>-1 098</b>	<b>- 956</b>	<b>135</b>	<b>1 440</b>	<b>1 575</b>
Bayport	-	174	174	-	251	251
Milvik/BIMA	-	96	96	-	- 3	- 3
Seamless	-	- 147	- 147	-	127	127
Transcom	-	1	1	-	276	276
BillerudKorsnäs	-	-	-	104	552	656
Black Earth Farming	-	- 185	- 185	-	- 119	- 119
Other	-	- 27	- 27	-	3	3
<b>Financial services &amp; Other</b>	<b>-</b>	<b>- 88</b>	<b>- 88</b>	<b>104</b>	<b>1 087</b>	<b>1 191</b>
<b>Total</b>	<b>2 350</b>	<b>19 494</b>	<b>21 844</b>	<b>5 828</b>	<b>3 052</b>	<b>8 880</b>

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



**Book value of financial assets accounted to fair value through profit and loss**

Trade name	Company name	Reg no	Type of holding	Registered office	Number of shares	Capital/votes (%)		Book value	
						2014	2013	2014	2013
Millicom	Millicom International Cellular S.A.		Associated company	Luxembourg	37 835 438	37.8/37.8	37.9/37.9	22 039	24 215
Tele2	Tele2 AB	556410-8917	Associated company	Sweden	135 496 137	30.4/48.0	30.4/48.0	12 865	9 864
<b>Communication</b>								<b>34 904</b>	<b>34 079</b>
Zalando	Zalando SE		Associated company	Germany	78 427 800	32.0/32.0	35.6/35.6	19 030	12 136
Rocket Internet	Rocket Internet AG		Other investment	Germany	21 716 964	14.2/14.2	23.9/23.9	10 620	1 219
Global Fashion Group	Global Fashion Holding S.A.		Associated company	Luxembourg		26/26	N/A	6 092	1 880
Home24	Home24 GmbH		Associated company	Germany		20/20	22/22	833	679
Westwing	Westwing Group GmbH		Other investment	Germany		13/13	15/15	379	217
Qliro Group	Qliro Group AB	556035-6940	Associated company	Sweden	42 613 642	28.5/28.5	25.1/25.1	737	786
BigCommerce (Lazada och Linio)	TIN Brillant Services GmbH		Other investment	Germany		14/14	14/14	739	544
Konga	Konga Online Shopping Limited		Associated company	Nigeria		41/41	46/46	292	156
Avito	Avito AB	556930-0485	Associated company	Sweden		31/31	31/31	2 298	2 196
Quikr	Quikr Mauritius Holding Private Limited		Other investment	Mauritius		16/16	N/A	425	-
Wimdu	Wimdu GmbH		Associated company	Germany		29/29	29/29	381	358
Glossybox	Beauty Trend Holding GmbH		Associated company	Germany		24/24	24/24	64	125
Foodpanda	Emerging Markets Online Food Delivery Holding S.à.r.l.		Other investment	Luxembourg		3/3	8/8	36	34
Airu	Jade 1221 GmbH		Other investment	Germany		20/20	20/20	24	45
Hellofresh	HelloFresh GmbH		Other investment	Germany		-/-	12/12	-	29
Fabfurnish	FabFurnish GmbH		Associated company	Germany		32/32	-/-	93	-
Africa eCommerce Holding (Jumia and Zando)	New Africa eCommerce II GmbH		Associated company	Germany		34/34	-/-	247	90
Zanui	New BGN Other Assets II GmbH		Associated company	Germany		34/34	-/-	39	-
Kanui	Jade 1159 GmbH		Associated company	Germany		24/24	24/24	70	66
Tricae	Jade 1218 GmbH		Associated company	Germany		20/20	20/20	48	45
Dealdey	Dealdey Limited and Merx Technica Limited		Associated company	Nigeria		62/62	62/62	94	22
Yell	Kontakt East Holding AB	556682-8116	Associated company	Sweden		40/40	50/50	56	26
Ozon	Ozon Holdings Limited		Other investment	Cyprus		1/1	1/1	37	35
Other								65	83
<b>e-commerce &amp; Market-places</b>								<b>42 699</b>	<b>20 771</b>
MTG	Modern Times Group MTG AB	556309-9158	Associated company	Sweden	13 503 856	20.3/48.0	20.3/48.0	3 358	4 498
Metro English Canada	Free Daily News Group Inc.		Other investment	Canada		-/-	10/10	-	75
Metro Brazil	SP Publimetro S.A.		Associated company	Brazil		30/30	30/30	57	-
Iroko	Iroko Partners Ltd		Other investment	Great Britain		15/15	15/15	50	36
E-motion	E-Motion Advertising Limited and ARM Private Equity Fund LP		Associated company	Nigeria		51/51	51/51	55	41
Other								46	12
<b>Entertainment</b>								<b>3 566</b>	<b>4 662</b>



Trade name	Company name	Reg no	Type of holding	Registered office	Number of shares	Capital/votes (%)		Book value	
						2014	2013	2014	2013
Bayport	Bayport Management Ltd		Associated company	Mauritius		31/31	42/42	1 032	836
Milvik/BIMA	Milvik AB	556849-6250	Associated company	Sweden		39/39	44/44	206	46
Seamless	Seamless Distribution AB	556610-2660	Other investment	Sweden	4 232 585	10.1/10.1	9.5/9.5	48	192
Transcom	Transcom WorldWide AB	556880-1277	Associated company	Sweden	8 306 523	31.9/31.9	33.0/39.7	494	505
Black Earth Farming	Black Earth Farming Ltd		Associated company	Jersey	51 811 828	24.9/24.9	24.9/24.9	151	337
Microvest	Microvest II-A		Other investment	USA		N/A	N/A	77	64
Other								82	83
<b>Financial services &amp; Other</b>								<b>2 090</b>	<b>2 063</b>
<b>Total</b>								<b>83 259</b>	<b>61 575</b>

## NOT 6 DETAILS OF MATERIAL ASSOCIATED COMPANIES

Name	Nature of activities	Country of incorporation	Principal place of business	Ownership		Voting rights	
				2014	2013	2014	2013
Millicom	Telecom	Luxembourg	Central America, South America, Africa	37.8	37.9	37.8	37.9
Tele2	Telecom	Sweden	Northern Europe, Kazakhstan, Baltics	30.4	30.4	48.0	48.0
Zalando	E-commerce	Germany	Europe	32.0	35.6	32.0	35.6
Rocket Internet	Venture capital	Germany	Globally	14.2	23.9	14.2	23.9
Global Fashion Group	E-commerce	Luxembourg	Latin America, Russia & CIS, India, Southeast Asia & Australia, Middle East	26	N/A	26	N/A
Home24	E-commerce	Germany	Europe, Brazil	20	22	20	22
Avito	Marketplace	Sweden	Russia	31	31	31	31
MTG	Media	Sweden	Scandinavia, Baltics, Eastern Europe	20.3	20.3	48.0	48.0
Bayport	Financial services	Mauritius	Africa, Latin America	31	42	31	42

All material investments in associated companies are measured at fair value. There are no significant restrictions on the ability of the associated companies to transfer funds to Kinnevik in the form of cash dividends or to repay loans or advances made by Kinnevik. For information on dividends from associated companies, refer Note 5. The following table summarizes the financial information of material associated companies as included in the companies' own financial statements. All of the material associated companies prepare financial information in accordance with IFRS, other than Rocket Internet who reports according to German GAAP. Financial information on Global Fashion Group is not available as the company was created in late 2014 by combining the businesses Dafiti, Jabong, Lamoda, Namshi and Zalora into a single group.

### Summarized financial information: Millicom

USDm	31 Dec	
	2014	2013
Current assets	2 372	2 686
Non-current assets	10 891	6 073
Current liabilities	4 572	2 829
Non-current liabilities	4 976	3 861
<b>Net assets</b>	<b>3 715</b>	<b>2 069</b>

USDm	Full year	
	2014	2013
Revenue	6 386	4 390
Profit or loss from continuing operations	2 780	268
Post-tax profit or loss from discontinued operations	21	-63
Other comprehensive income	-378	-66
Total comprehensive income	2 423	139

### Summarized financial information: Tele2

SEKm	31 Dec	
	2014	2013
Current assets	7 868	9 822
Non-current assets	28 147	29 585
Current liabilities	10 706	11 488
Non-current liabilities	5 711	6 723
<b>Net assets</b>	<b>19 598</b>	<b>21 196</b>

SEKm	Full year	
	2014	2013
Revenue	25 955	25 757
Profit or loss from continuing operations	2 626	968
Post-tax profit or loss from discontinued operations	-415	13 622
Other comprehensive income	808	2 186
Total comprehensive income	3 019	16 776

### Summarized financial information: Zalando

EURm	31 Dec	
	2014	2013
Current assets	1 592	896
Non-current assets	194	176
Current liabilities	628	496
Non-current liabilities	31	29
<b>Net assets</b>	<b>1 127</b>	<b>547</b>



EURm	Full year	
	2014	2013
Revenue	2 214	1 762
Profit or loss from continuing operations	47	-117
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	1	0
<b>Total comprehensive income</b>	<b>48</b>	<b>-116</b>

#### Summarized financial information: Rocket Internet

EURm	31 Dec	
	2014	2013
Current assets	203	483
Non-current assets	385	394
Current liabilities	-	-
Non-current liabilities	-	-
<b>Net assets</b>	<b>588</b>	<b>877</b>

EURm	Jan-June	
	2014	2013
Revenue	47	33
Profit or loss from continuing operations	-11	23
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	-2	-1
<b>Total comprehensive income</b>	<b>-13</b>	<b>22</b>

#### Summarized financial information: Home24

EURm	31 Dec	
	2013	2012
Current assets	47	36
Non-current assets	9	4
Current liabilities	22	17
Non-current liabilities	-	-
<b>Net assets</b>	<b>34</b>	<b>23</b>

EURm	Full year	
	2013	2012
Revenue	93	62
Profit or loss from continuing operations	-42	-82
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	1	0
<b>Total comprehensive income</b>	<b>-41</b>	<b>-81</b>

#### Summarized financial information: Avito

RURm	31 Dec	
	2013	2012
Current assets	4 121	1 664
Non-current assets	2 482	236
Current liabilities	496	274
Non-current liabilities	64	12
<b>Net assets</b>	<b>6 043</b>	<b>1 614</b>

RURm	2013	2012
Revenue	2 411	925
Profit or loss from continuing operations	453	-1 094
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	366	146
<b>Total comprehensive income</b>	<b>819</b>	<b>-948</b>

#### Summarized financial information: MTG

SEKm	31 Dec	
	2014	2013
Current assets	7 168	6 970
Non-current assets	6 963	7 137
Current liabilities	6 190	6 038
Non-current liabilities	2 111	2 774
<b>Net assets</b>	<b>5 830</b>	<b>5 295</b>

SEKm	Full year	
	2014	2013
Revenue	15 746	14 073
Profit or loss from continuing operations	1 172	1 168
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	153	-202
<b>Total comprehensive income</b>	<b>1 325</b>	<b>966</b>

#### Summarized financial information: Bayport

USDm	31 Dec	31 Mar
	2014	2014
Current assets	111	131
Non-current assets	1 032	992
Current liabilities	68	76
Non-current liabilities	849	824
<b>Net assets</b>	<b>226</b>	<b>223</b>

USDm	Apr-Dec	
	2014	2013
Revenue	189	89
Profit or loss from continuing operations	42	16
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	-40	-7
<b>Total comprehensive income</b>	<b>2</b>	<b>8</b>



## NOTE 7 FINANCIAL INCOME AND EXPENSES

	2014	2013
Interest income, cash and cash equivalents	13	9
Interest income financial assets accounted at fair value	10	1
Exchange differences	13	-
<b>Financial income</b>	<b>36</b>	<b>10</b>
Interest expenses, loans from credit institutions	-45	-68
Accrued financing costs, loans from credit institutions	-17	-28
Exchange differences	0	-1
Other financial expenses	-1	-27
<b>Financial expenses</b>	<b>-63</b>	<b>-124</b>
<b>Net financial income/expenses</b>	<b>-27</b>	<b>-114</b>

## NOTE 8 EARNINGS PER SHARE

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

	2014	2013
Net profit for the year attributable to the equity holders of the Parent company	20 891	8 468
Average number of shares outstanding	277 343 257	277 264 289
<b>Earnings per share before dilution, SEK</b>	<b>75.33</b>	<b>30.54</b>
Average number of shares outstanding	277 343 257	277 264 289
Effect from outstanding share saving program	186 589	313 971
Average number of shares outstanding after dilution	277 529 845	277 578 260
<b>Earnings per share after dilution, SEK <sup>1)</sup></b>	<b>75.27</b>	<b>30.51</b>

<sup>1)</sup> No dilution when results are negative.

## NOTE 9 SUPPLEMENTARY CASH FLOW INFORMATION

	2014	2013
Investments in shares and other securities, see note 5	-1 342	-2 288
Investments in shares in subsidiaries	-7	-
Non-cash investments	71	-
Current year investments, paid after year end	0	200
Prior year investments, paid in current year	-303	0
<b>Cash flow from investments in shares and other securities</b>	<b>-1 581</b>	<b>-2 088</b>
<b>Sale of shares and other securities</b>		
BillerudKorsnäs	-	3 713
Other	61	46
<b>Cash flow from sale of shares and other securities</b>	<b>61</b>	<b>3 759</b>

## NOTE 10 TAXES

	2014	2013
<b>Current tax expense</b>		
Tax expense for the period	-6	-32
Adjustment of tax expense for previous years	13	-
	<b>7</b>	<b>-32</b>
<b>Deferred tax income</b>		
Deferred tax income on tax loss carryforwards recognized in the balance sheet	2	7
	<b>2</b>	<b>7</b>
<b>Total tax expense for the year</b>	<b>9</b>	<b>-25</b>

### Reconciliation of effective tax rate

	2014	%	2013	%
Profit/loss before tax	20 854		8 454	
Income tax at statutory rate of Parent Company	-4 588	-22,0%	-1 860	-22,0%
Foreign tax rate differential	0	0,0%	2	0,0%
Change in fair value of financial assets	4 289	20,6%	671	7,9%
Non-taxable dividends received	517	2,5%	1 282	15,2%
Tax attributable to previous years	13	0,1%	-	-
Impairment of goodwill	-119	-0,6%	17	0,2%
Change in not recognized tax loss carry forwards	-103	-0,5%	-137	-1,6%
<b>Effective tax/tax rate</b>	<b>9</b>	<b>0,0%</b>	<b>-25</b>	<b>-0,3%</b>

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

	2014	2013
<b>Deferred tax assets</b>		
Tax loss carryforwards	8	10
Temporary differences	12	6
	<b>20</b>	<b>16</b>
<b>Provisions for deferred tax</b>		
Temporary differences	2	5
	<b>2</b>	<b>5</b>
<b>Net receivable/provision for deferred tax</b>	<b>18</b>	<b>11</b>

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.

	2014	2013
<b>Distribution of deferred tax assets</b>		
Sweden	7	8
Outside Sweden	13	8
	<b>20</b>	<b>16</b>
<b>Distribution of provisions for deferred tax</b>		
Sweden	2	5
	<b>2</b>	<b>5</b>
<b>Net receivable/provision for deferred tax</b>	<b>18</b>	<b>11</b>

### Tax loss carryforwards

The Group's tax loss carryforwards amounted to SEK 5.732m (5,042) at 31 December, of which SEK 4.625m (4,292) within Metro. SEK 929m (684) is attributable to Sweden and SEK 4.715m (4,304) to Luxembourg and other countries with eternal duration. The remaining tax losses has a duration that is limited to three to five years. A deferred tax asset of SEK 8m (10) was recognized in the consolidated balance sheet relating to the tax loss carryforwards.

Refer also Note 23 for the Group for information on ongoing tax disputes.



## NOTE 11 INTANGIBLE AND TANGIBLE FIXED ASSETS

### Intangible fixed assets

	Goodwill		Other intangible fixed assets	
	2014	2013	2014	2013
Opening acquisition value	518	598	410	554
Investments for the year	-	4	4	10
Disposals/scraping for the year	-5	-99	-24	-167
Translation difference	25	15	24	13
<b>Closing acquisition value</b>	<b>538</b>	<b>518</b>	<b>414</b>	<b>410</b>
Opening accumulated depreciation	-76	-4	-47	-104
Depreciations for the year	-	-	-5	-10
Disposals/scraping for the year	-	3	9	67
Impairments for the year	-249	-75	-291	-
<b>Closing accumulated depreciation and impairment</b>	<b>-325</b>	<b>-76</b>	<b>-334</b>	<b>-47</b>
<b>Closing book value</b>	<b>213</b>	<b>442</b>	<b>80</b>	<b>363</b>

Other intangible fixed assets as per 31 December 2014 mainly refers to the acquired trademark Metro, which is valued at SEK 73m (340). The trademark's useful life is estimated to be indefinite, as the trademark has a high recognition factor in the countries where Metro is established and as there are no known factors that limit the use of the trademark. The Metro trademark has been impaired by a total of SEK 291m during the year, whereof SEK 90m relating to trademark disposals and SEK 201m resulting from impairment testing.

Goodwill in Metro and Good Governance Group (G3) has been tested for impairment, which resulted in a impairment of SEK 131m for Metro and an impairment of SEK 118m for G3. The impairments are the result of lower sales and reduced margins for both Metro and G3.

For the impairment tests, the higher of value in use and fair value less costs of disposal is compared to the book value.

Value in use is based on estimated cash flow. Estimated cash flow is based on budget up until year 2015 and financial forecast up until 2019. Estimated cash flow is based on previous experience as well as external factors. Key assumptions in calculating value in use include discount rate, sales growth and operating margins.

For Metro, value in use is estimated to be higher than fair value less costs of disposal. Value in use was calculated on the basis of discounted cash flows for the different cash generating units within Metro. Growth for the different cash generating units are forecasted at 2-4% and the pretax discount rate is estimated at 9-16%. Value in use has decreased as a result of a decrease in actual and expected future profitability, which resulted in a goodwill impairment of SEK 131m.

For G3, fair value less costs of disposal is estimated to be higher than value in use. Fair value has been estimated based on a sales multiple of 1x. The applied sales multiple is the median of the sales multiple applied in recent comparable transactions.

### Goodwill distributed on cash-generating units

	2014	2013
G3 Good Governance Group	29	141
Metro	181	292
Other	3	9
<b>Closing book value</b>	<b>213</b>	<b>442</b>

### Tangible fixed assets

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

Office buildings	20 – 67 years
Machinery and equipment	3 – 25 years

	2014	2013
Opening acquisition values	518	483
Assets in acquired operations	0	0
Assets in divested operations	-19	-15
Investments for the year	71	103
Disposals/scraping for the year	-33	-46
Reclassification for the year	0	0
Translation difference	-21	-7
<b>Closing acquisition values</b>	<b>516</b>	<b>518</b>
Opening accumulated depreciation	-175	-202
Assets in acquired operations	0	0
Assets in divested operations	12	12
Disposals/scraping for the year	24	45
Depreciation for the year	-32	-32
Translation difference	-10	2
<b>Closing accumulated depreciation</b>	<b>-181</b>	<b>-175</b>
<b>Closing book value</b>	<b>335</b>	<b>343</b>

## NOTE 12 TRADE RECEIVABLES

	2014	2013
Trade receivables	288	327
Reserve for doubtful accounts	-47	-33
	<b>241</b>	<b>294</b>

Trade receivables overdue more than 90 days, but not provided for, amounts to SEK 15m (17).

### Bad debt provision

	2014	2013
<b>Opening balance, 1 January</b>	<b>33</b>	<b>11</b>
Provisions in divested operations	-	-3
Provisions during the year	23	34
Confirmed losses	-3	-3
Recovery of previous provisions	-10	-6
Exchange rate differences	4	0
<b>Closing balance, 31 December</b>	<b>47</b>	<b>33</b>

## NOTE 13 OTHER CURRENT ASSETS

	2014	2013
Accrued interest income	0	2
Other accrued income and prepaid expenses	67	86
Interest rate swap	-	11
Receivable, sale of shares	91	-
Other receivables	66	104
	<b>224</b>	<b>203</b>

## NOTE 14 SHORT TERM INVESTMENTS AND CASH

	2014	2013
Short term investments	1 311	3 502
Cash and bank	283	465
	<b>1 594</b>	<b>3 967</b>

Short term investments are cash at banks and investments in Swedish money market funds. In addition to cash and cash equivalents reported above, the Group had on 31 December undrawn credit facilities of SEK 5,930m (5,930).



## NOTE 15 SHAREHOLDERS' EQUITY

### Share capital

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

### Other contributed capital

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

### Retained earnings including net profit for the year

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

### Capital

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

## NOTE 16 INTEREST-BEARING LOANS

	2014	2013		
<b>Interest-bearing long-term loans</b>				
Capital markets financing	1 200	1 200		
Liabilities to credit institutions	70	20		
Accrued borrowing costs	-16	-25		
	<b>1 254</b>	<b>1 195</b>		
<b>Interest-bearing short-term loans</b>				
Liabilities to credit institutions	9	20		
	<b>9</b>	<b>20</b>		
<b>Total long and short-term interest-bearing loans</b>	<b>1 263</b>	<b>1 215</b>		
	<b>Credit facility as per 31 Dec 2014</b>	<b>Utilised amount 31 Dec 2014</b>	<b>Unutilised amount 31 Dec 2014</b>	<b>Currency</b>
<b>Financing source</b>				
<b>Long-term loans</b>				
<b>Parent Company</b>				
Capital markets financing	1 200	1 200	-	SEK
Syndicated bank facility	5 800	-	5 800	SEK
<b>Total Parent Company</b>	<b>7 000</b>	<b>1 200</b>	<b>5 800</b>	
Other Group companies	34	34	-	Various
<b>Total Group</b>	<b>7 034</b>	<b>1 234</b>	<b>5 800</b>	
<b>Short-term loans</b>				
<b>Parent Company</b>				
Nordea Bank AB	30	-	30	SEK
Svenska Handelsbanken AB	100	-	100	SEK
<b>Total Parent Company</b>	<b>130</b>	<b>-</b>	<b>130</b>	
<b>Other Group companies</b>				
Different credit institutions	9	9	-	GBP
<b>Total Group</b>	<b>139</b>	<b>9</b>	<b>130</b>	
<b>Total liabilities to credit institutions, Group</b>	<b>7 173</b>	<b>1 243</b>	<b>5 930</b>	

The long-term financing is mainly a SEK 5,800m syndicated bank facility provided by Cr dit Agricole Corporate & Investment Bank (France) Sweden Branch, DNB Bank ASA Sweden Branch, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ). The facility matures in December 2017 but can upon mutual agreement be extended by another year. The facility is secured by listed shares but does not involve any financial covenants. It is a multicurrency facility with a part being available as a backup against the refinancing risk of any outstanding commercial papers. Kinnevik has also issued

a dual tranche bond with final maturity in December 2017 with SEK 200m at an annual coupon of 3,25% and SEK 1,000m at variable interest corresponding to 3 Months Stibor + 1,7%. The bond is unsecured and has no financial covenants. The interest rate risk under the tranche with floating interest is fully hedged with a interest rate swap.

The short-term financing comprises a SEK 2,000m commercial paper program. At 31 December 2014, no commercial papers were issued.

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

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

As per 31 December 2014, the average remaining duration was 2.9 years for all credit facilities including the bond.

## NOTE 17 PROVISIONS FOR PENSIONS

Kinnevik has only defined benefit occupational pension plans for some former employees within the Parent Company. The following tables present an overview of the items included in net cost for the compensation reported in the consolidated income statement for the Groups' defined benefit pension plans. They also present amounts reported in the consolidated balance sheet.

### Changes in the net obligations for defined-benefit plans recognised in the balance sheet

	2014	2013
Net obligation for defined-benefit plans as at 1 January	36	37
Benefits paid	-1	-1
<b>Net obligation for defined-benefit plans as at 31 December</b>	<b>35</b>	<b>36</b>

### Reported provision at the end of the year

	2014	2013
Commitments	35	36
Plan assets	-	-
<b>Reported provision 31 December</b>	<b>35</b>	<b>36</b>

## NOTE 18 OTHER PROVISIONS

	2014	2013
Environmental studies	4	4
Severance pay and other provisions for restructuring	-	29
	<b>4</b>	<b>33</b>
Long-term	4	4
Short-term	-	29
	<b>4</b>	<b>33</b>
<b>Opening balance, 1 January</b>	<b>33</b>	<b>32</b>
Severance pay and other provisions for restructuring	-29	-
Metro Spain, paid	-	-24
Provisions for restructuring	-	25
<b>Closing balance, 31 December</b>	<b>4</b>	<b>33</b>





## NOTE 19 OTHER LIABILITIES

	2014	2013
Interest rate swap	36	-
Other long-term liabilities	-	16
<b>Total other long-term liabilities</b>	<b>36</b>	<b>16</b>
Accrued interest expenses	2	2
Accrued personnel expenses	106	66
Other accrued expenses and prepaid income	136	124
Debt unpaid investments	91	303
Other liabilities	46	102
<b>Total other short-term liabilities</b>	<b>381</b>	<b>597</b>

For trade creditors and other liabilities to related parties refer to Note 24 for the Group.

## NOTE 20 AUDITORS' FEES

	2014	2013
<b>To Deloitte</b>		
Audit assignments	1	1
Other services	1	1
	<b>2</b>	<b>2</b>

## NOTE 21 LEASING AGREEMENTS

The Group has operating lease agreements relating to print- and distribution services within Metro. During 2014, SEK 92m (131) was paid in accordance with operating leasing agreements. Future minimum payments for agreements concluded for leasing as of 31 December:

	2014	2013
<b>Future minimum payments</b>		
2014	-	92
2015	81	40
2016	39	34
2017	40	36
2018	40	8
2019 och senare	36	-
	<b>236</b>	<b>210</b>

The Group has no financial leasing agreements.

## NOTE 22 PLEDGED ASSETS

	2014	2013
<b>For liabilities to credit institutions</b>		
Shares in subsidiaries	9	9
Shares in associated and other companies	-	5 668
Cash and cash equivalents	19	18
Other assets	46	35
	<b>74</b>	<b>5 731</b>

At 31 December 2014, Kinnevik did not have any listed shares in associated companies pledged in relation to the Group's financing. At utilization of this financing, pledged listed shares' market value shall, at any given time, amount to 200% of the outstanding loans. If the value of the pledge remains below the threshold for a defined period of time and Kinnevik, despite written request by the banks, has not remedied the breach, the banks will be entitled to enforce the pledge. Such right to enforcement also applies to un-remedied breaches of other terms and conditions in the credit facility agreement.

There were no outstanding loans in relation to this financing at 31 December 2014.

## NOTE 23 CONTINGENT LIABILITIES

	2014	2013
Tax dispute	702	702
Guarantee commitments, FPG	1	1
	<b>703</b>	<b>703</b>

### Tax dispute

In 2012 the Swedish Tax Agency made a decision to demand that Kinnevik pay withholding tax amounting to SEK 702m. The Swedish Tax Agency considers that withholding tax should be lodged on an intra-Group distribution of Kinnevik class A shares ("the Shares"), which Kinnevik received in connection with the acquisition of Emesco AB in 2009. The distribution of the Shares took place after Kinnevik's acquisition of Emesco, and Kinnevik subsequently transferred the Shares to the sellers as part of the purchase consideration for Emesco. The Swedish Tax Agency is of the opinion that Kinnevik received the distribution on behalf of the sellers, and that the distribution is withholding tax liable in accordance with Section 4, paragraph 3 of the Swedish Withholding Tax Act.

Kinnevik appealed the Swedish Tax Agency's decision, and deferred payment of any tax. Kinnevik vehemently refutes the Swedish Tax Agency's view that the Withholding Tax Act is applicable to the distribution of the class A shares. The Swedish Tax Agency's interpretation is in Kinnevik's view contrary to the purpose of the mentioned rule, which is to tax dividends on temporary shareholdings transferred through loans or similar transactions in connection with the date of distribution. In Kinnevik's case, Kinnevik acquired the Emesco shares in September 2009 and continues to hold them as a wholly owned subsidiary of the Group. Kinnevik is of the opinion that the Swedish Tax Agency has chosen to interpret the Withholding Tax Act in a manner that is not compatible with the wording or purpose of the Act, its legislative history or case law.

In December 2014, the Administrative Court rejected the Tax Agency's claim and thereby fully approved Kinnevik's appeal of the tax authorities' decision. The Tax Agency did in January 2015 appeal the Administrative Court's decision to the Administrative Court of Appeal.

Kinnevik had not provided for any potential additional tax as a result of the dispute. The Administrative Court's decision did thus not have any effect on Kinnevik's financial statements or cash flow for 2014.

County administrative boards have submitted claims to Kinnevik regarding environmental studies at a number of sites where Fagersta AB (through name changes and a merger, Investment AB Kinnevik) conducted operations until 1983. Kinnevik's position is that the Company's responsibility to perform any decontamination measures must be very limited if any, primarily out of consideration to the long period of time that has passed since any potential contamination damages occurred and the regulations that were in force at the time, and the fact that a quarter century has passed since operations were shut down or turned over to new owners. Kinnevik has therefore not made any provisions for potential future claims for decontamination measures. SEK 5m was provided in 2007 for potential environmental studies that Kinnevik might be required to pay for and of this SEK 1.2m was used in 2010 to 2014.

## NOTE 24 RELATED-PARTY TRANSACTIONS

For transactions with the Board of Directors and Senior Executives, refer to Note 25 for the Group. During 2014 and 2013, Kinnevik engaged in transactions with the following related companies.

Related companies	Relationship
Bayport Management Ltd ("Bayport")	Associated company of Kinnevik
Qliro Group AB ("Qliro")	Associated company of Kinnevik
Tele2 AB ("Tele2")	Associated company of Kinnevik
Modern Times Group MTG AB ("MTG")	Associated company of Kinnevik
Transcom WorldWide AB ("Transcom")	Associated company of Kinnevik.
Millicom International Cellular S.A. ("Millicom")	Associated company of Kinnevik.
Rocket Internet AG	Associated company of Kinnevik.
Merx Technia Ltd ("Merx")	Associated company of Kinnevik.
Anima Regni Partners S.à.r.l ("Anima Regni")	Related parties to Anima Regni owns shares in Kinnevik, which provides considerable influence over Kinnevik.
SecureValue E.E.I.G. ("SecureValue")	Association with other Associated companies of Kinnevik.



Three Daughters S.à.r.l ("Three Daughters") 50% owned by Kinnevik's Chairman of the Board.

Altlorenscheurerhof S.A. Associated company to Kinnevik.

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

#### Commercial agreements with related parties

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

#### Financial loan transactions with related parties

During 2014 Kinnevik submitted a loan to Merx of USD 9m. There has been no other loan transactions of significant size with related parties during 2013 and 2014.

#### Other transactions

During the fourth quarter 2014 Kinnevik participated and guaranteed a rights issue in Qliro. Kinnevik subscribed for 30.9% of the total issue of which 27.3% with preferential right and 3.6% without preferential right. Kinnevik received a commission fee of SEK 7.2m for the guarantee.

During 2013 Kinnevik acquired shares in Zalando from Rocket Internet and the management in Zalando for a total purchase price of EUR 72m.

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

	Group		Parent Company	
	2014	2013	2014	2013
<b>Revenue</b>				
Bayport	2	-	-	-
Millicom	7	7	-	-
MTG	8	9	-	-
Qliro	7	6	7	5
SecureValue	1	-	-	-
Tele2	8	29	-	-
Transcom	1	2	0	1
	<b>34</b>	<b>53</b>	<b>7</b>	<b>6</b>
<b>Operating expenses</b>				
Altlorenscheurerhof S.A.	-2	-2	-2	-2
MTG	-2	-13	0	0
SecureValue	-5	-	-5	-
Tele2	-1	-5	-2	-1
Three Daughters	-1	-	-1	-
	<b>-11</b>	<b>-20</b>	<b>-10</b>	<b>-3</b>
<b>Interest income</b>				
Merx	2	-	-	-
Other	2	0	-	-
	<b>4</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>Financial receivables from associated companies</b>				
Merx	71	-	-	-
Other	12	7	-	-
	<b>83</b>	<b>7</b>	<b>-</b>	<b>-</b>
<b>Accounts receivables and other current receivables</b>				
MTG	3	2	-	-
Qliro	7	-	7	-
Tele2	2	3	-	-
Other	0	1	0	0
	<b>12</b>	<b>6</b>	<b>7</b>	<b>0</b>

## NOTE 25 PERSONNEL

### Average number of employees

Group	2014		2013	
	men	women	men	women
Sweden	142	90	182	120
Netherlands	8	0	8	1
Poland	61	9	62	10
Romania	0	0	7	3
Russia	6	1	3	1
Belarus	10	4	10	0
UK	43	16	58	41
Asia	181	44	87	79
Africa	39	21	10	6
Latin America	227	162	218	201
North America	0	0	1	4
	<b>717</b>	<b>347</b>	<b>646</b>	<b>466</b>
<b>Total number of employees</b>		<b>1 064</b>		<b>1 112</b>

### Distribution of women and men on the Board and in the management group, Group<sup>1)</sup>

	2014		2013	
	men	women	men	women
Board members	21	3	17	5
CEO	1	-	-	1
Other senior executives	4	2	4	3
	<b>26</b>	<b>5</b>	<b>21</b>	<b>9</b>

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

### Distribution of women and men on the Board and in the management group, Parent Company

	2014		2013	
	men	women	men	women
Board members	5	2	6	2
CEO	1	-	-	1
Other senior executives	3	2	4	3
	<b>9</b>	<b>4</b>	<b>10</b>	<b>6</b>

### Salaries, other remuneration and social security expenses (SEK 000s)

	2014		2013	
	Board, CEO, senior executives <sup>1)</sup>	Other employees	Board, CEO, senior executives <sup>1)</sup>	Other employees
<b>Investment operations</b>				
Total salaries and other remuneration	56 670	33 375	42 203	17 719
Social security expenses	14 991	7 038	12 593	3 939
Pension expenses <sup>2)</sup>	5 931	3 014	7 121	2 589
<b>Operating subsidiaries</b>				
Total salaries and other remuneration	25 841	317 584	39 814	374 180
Social security expenses	2 902	56 829	8 348	69 380
Pension expenses <sup>2)</sup>	1 817	18 926	3 540	16 785
<b>Total</b>	<b>108 152</b>	<b>436 767</b>	<b>113 619</b>	<b>484 592</b>

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

<sup>2)</sup> Relates to present and former Board members and CEOs.

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



## Principles

The following principles and guidelines were approved by the AGM on 12 May 2014. Senior executives covered include the Chief Executive Officer and the other persons in the executive management of Kinnevik (the "Senior Executives") as well as directors of the Board to the extent they are remunerated outside their Directorship.

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

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

- The fixed salary is revised each year and based on the Senior Executive's competence and area of responsibility.
- The STI shall be based on performance in relation to established targets. The targets shall be individual and measurable as well as linked to specific performances, processes and transactions. The STI can amount to a maximum of 75% of the fixed salary. The Board may resolve that a part of the STI shall be invested in shares or share-related instruments in the company.
- The LTI shall be linked to certain pre-determined financial and / or share or share-price related performance criteria and shall ensure long-term commitment to the development of the company.
- Other benefits may include a company car, housing benefits for expatriated Senior Executives for a limited period of time as well as other customary benefits. Other benefits shall not constitute a significant part of the total remuneration. The Senior Executives may also be offered health care insurances.
- The Senior Executives are offered defined contribution pension plans, with premiums amounting to a maximum of 30% of the fixed salary that are paid to insurance companies.
- In the event of notice of termination of employment being served by the company, the Chief Executive Officer is entitled to salary during a period of a maximum of 18 months and the other Senior Executives are entitled to salary during a period of maximum 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 case, the Board is obligated to give account for the reason for the deviation at the following Annual General Meeting.

The Board's proposal to the Annual General Meeting 2015 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)

	2014		2013		
	Former CEO <sup>1)</sup>	Present CEO <sup>1)</sup>	Other senior executives <sup>2)</sup>	CEO	Other senior executives <sup>2)</sup>
Fixed salaries	11 649	5 916	19 198	6 925	18 573
Variable salaries	-	3 400	9 782	2 666	7 059
Benefits	35	18	404	141	755
Pension expenses	676	-	4 778	2 028	5 093
Estimated costs for share-based remuneration excluding social securities cost	72	-	1 862	2 967	5 320
<b>Total</b>	<b>12 432</b>	<b>9 334</b>	<b>36 024</b>	<b>14 727</b>	<b>36 800</b>

<sup>1)</sup> Relate to Mia Brunell Livfors until April 2014 and provision for the period May 2014 to April 2015, and Lorenzo Grabau from 1 May-31 December 2014. See further information below.

<sup>2)</sup> Other senior executives consisted during the year of 6-7 persons and amounted to 6 (7) persons at the end of the year, refer to pages 26-27.

For the period 1 January to 30 April 2014 Mia Brunell Livfors received a fixed salary and benefits of SEK 2.2m. In addition she received 30% of the fixed salary in

pension premium payments.

Mia Brunell Livfors informed the Board of Directors of her intention to step down as President and CEO of Kinnevik on 22 January 2014. She then remained in her role until 30 April 2014. Mia Brunell Livfors receives after this a fixed salary, including benefits, for 12 months converted to a monthly cash payment until April 2015. The full amount of SEK 9.4m has been expensed in 2014.

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

In addition to remuneration paid by Kinnevik, as specified in the table above, Lorenzo Grabau has received board fees for work done on the Boards of Kinnevik's associated companies amounting to SEK 3.8m (SEK 2.7m to Mia Brunell Livfors last year). Other Senior Executives have received Board fees from associated companies amounting to SEK 1.1m (1.8).

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

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

## Incentive plan

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

For each share held within the framework of the Plans, the Company has distributed retention and performance-based share rights. Subject to fulfillment of certain retention- and performance-based conditions during the individual periods included in the Plans (1 April 2012 – 31 March 2015 and 1 April 2013 – 31 March 2016, the "Measure Periods"), the participant remaining in the employment of the Kinnevik Group at the time of publication of the interim reports for January – March 2015 and January – March 2016, and subject to the participant retaining the invested shares, each retention right and performance right will entitle the participant to receive one class B share in the Company.

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

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

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

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

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

The AGM in May 2014 approved a call option plan for all employees in Kinnevik and a synthetic call option plan for certain persons in the executive management and key persons in Kinnevik working with Kinnevik's investments in unlisted companies ("the option plans"). For several reasons, those options plans were never launched and the Board of Directors decided in February 2015 to replace the option plans with a cash based LTI program for 2014. The cash based program will be launched only after approval at the AGM in May 2015. The company's cost for the cash based program, if it is launched, will not exceed the cost for the option plans.



### Completed plan 2011-2014

The plan approved in 2011, with a measure period of 1 April 2011 – 31 March 2014, resulted in allotment of 96,167 shares out of a maximum allotment of 94,350 rights. The number of total allotted shares included dividend compensation of 1.0783 totaling 6,983 shares. Participants' profit, which was restricted to a maximum of SEK 721 per share, was SEK 268.38 per share corresponding to the average share price on the day when the shares were received. The dilution, which was restricted to a maximum of 0.03% in terms of shares outstanding, was around 0.01%. The plan's total cost, including social security expenses, was SEK 16.5m and was expensed continuously during 2011 – 2014.

Plan 2011-2014	Number of participants	Original allotment of rights	Allotment of shares	Received shares	Receiv- ed cash to pay tax
CEO of the Group	1	28 000	28 220	not yet received	-
Management, category 1	2	22 000	22 408	14 229	2 195
Management, category 2	3	24 750	25 209	15 461	2 616
Kinnevik key personnel	5	14 000	14 520	9 468	1 356
Other participants	4	5 600	5 810	2 440	904
<b>Total</b>	<b>15</b>	<b>94 350</b>	<b>96 167</b>	<b>41 598</b>	<b>7 071</b>

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

CEO here means Mia Brunell Livfors who participated in the plan for the whole measure period. The shares have not yet been delivered to her and remains in custody until they can be delivered.

### Outstanding plans

At 31 December 2014, the Plan that was established in 2012, with a Measure Period of 1 April 2012 - 31 March 2015, had a remaining participation totaling 12,000 shares held by employees entitling a maximum allotment of 64,500 rights, of which 12,000 retention share rights and 52,500 performance share rights.

The Plan encompasses the following number of shares and maximum number of share rights for the various categories;

Plan 2012-2015	Number of participants	Allotment of rights
CEO of the Group	-	-
Management, category 1	2	22 000
Management, category 2	2	16 500
Kinnevik key personnel	6	16 800
Management Metro	2	5 600
Other participants	3	3 600
<b>Total</b>	<b>15</b>	<b>64 500</b>

The participant's maximum profit is limited to SEK 726 per right. The maximum dilution is 0.05% in terms of shares outstanding, 0.02% in terms of votes and 0.01% in terms of costs for the program as defined in IFRS 2 in relation to Kinnevik's market capitalization.

At 31 December 2014, the Plan that was established in 2013, with a Measure Period of 1 April 2013 - 31 March 2016, had participation totaling 12,050 shares held by employees entitling a maximum allotment of 60,200 rights, of which 12,050 retention share rights and 48,150 performance share rights. The Plan encompasses the following number of shares and maximum number of share rights for the various categories;

Plan 2013-2016	Number of participants	Allotment of rights
CEO of the Group	-	-
Kinnevik key personnel, category 1	1	11 000
Kinnevik key personnel, category 2	4	33 000
Kinnevik key personnel, category 3	3	8 400
Kinnevik key personnel, category 4	4	5 000
Metro key personnel	1	2 800
<b>Total</b>	<b>13</b>	<b>60 200</b>

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

Total cost before tax for share rights outstanding in incentive programs are expensed continuously during a three-year period and calculated based on anticipated outcome amounting to approximately SEK 25m, including social security costs, of which SEK 5m (21) was expensed during 2014. Total liability for social security costs pertaining to the incentive programs amounted to SEK 10m (11) on 31 December, 2014.

### Board fees paid to the Directors of the Parent Company (SEK 000's)

	2014			Total fee	2013			Total fee
	Board fees, Parent Company	Board positions, subsidiaries	Other as- signment <sup>1)</sup>		Board fees, Parent Company	Board positions, subsidiaries	Other as- signment <sup>1)</sup>	
Cristina Stenbeck (Chairman)	2 150			2 150	2 038			2 038
Tom Boardman	695			695	579			579
Vigo Carlund	525			525	500			500
Dame Amelia Fawcett	1 085		250	1 335	538			538
Lorenzo Grabau	-			-	579			579
Wilhelm Klingspor	575			575	575			575
Erik Mitteregger	745			745	696	313		1 009
John Shakeshaft	700			700	0			0
Allen Sangines-Krause	-		500 <sup>1)</sup>	500	579	204	2 000	2 783
	<b>6 475</b>	<b>0</b>	<b>750</b>	<b>7 225</b>	<b>6 084</b>	<b>517</b>	<b>2 000</b>	<b>8 601</b>

<sup>1)</sup> During 2013 and first quarter 2014, there was a consultancy agreement between Kinnevik and Allen Sangines-Krause through his company which entitled him to a service fee of SEK 2m per year for services provided to the Board and management of Kinnevik in addition to customary board work. Allen Sangines-Krause was therefore not considered as an independent Director of the Company and its management. Allen Sangines-Krause resigned from the Board at the AGM in May 2014.



## NOTE 26 FINANCIAL RISK MANAGEMENT

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

Kinnevik is exposed to financial risks mainly in respect of:

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

### Share price risk

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

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

On 31 December 2014, Kinnevik had 82% (64%) of its total assets listed and 18% (36%) were unlisted.

The share price risk associated with Kinnevik's portfolio may be illustrated by stating that a 10% change in the prices of all shareholdings valued at fair value at 31 December 2014 would have affected the Group's earnings and shareholders' equity by SEK 8.3bln.

### Foreign exchange rate risk

#### Transaction exposure

The Group's funding and cash consists mainly of SEK and excluding dividends received and investments and disposals made, the Group do not have any major cash flows in foreign currencies. In 2014, Kinnevik received a cash dividend of SEK 662m from Millicom. The underlying currency in this cash dividend was USD and if the USD/SEK exchange rate would have been 10% lower at the time of shareholders distribution, the dividends received by Kinnevik would have been SEK 66m lower. The total investments 2014 amounted to SEK 1,463m and of these, SEK 367m were done in EUR. Should the EUR/SEK exchange rate have been 10% higher for all the investments, the total invested amount would have been SEK 37m higher. This reflects Kinnevik's transaction exposure, given that dividends and investments are the same in 2015 as they were in 2014.

#### Translation exposure

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

Kinnevik's balance sheet is mainly disposed to foreign exchange risk by owning shares denominated in either EUR or USD. On 31 December 2014, the value of

Kinnevik's holdings were SEK 84.4bln. Approximately SEK 39bln was represented by holdings in EUR. Approximately SEK 2bln was represented by holdings in USD (excluding Millicom which is listed in Swedish krona). A change in the EUR/SEK rate by 5% would affect the fair value of Kinnevik's shareholdings by SEK 1.938m as per 31 December 2014. A change in the USD/SEK rate by 5% would affect the fair value of Kinnevik's shareholdings by SEK 114m as per 31 December 2014.

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

### Interest rate risk

Kinnevik's main policy is to maintain short interest periods on the outstanding loans because the Company believes that this leads to lower interest expense over time. Exceptions from this rule may however be granted for specific situations. On 31 December 2014, the outstanding bonds of SEK 1,200m, were under such exception whereby the interest rate was fixed for 5 years in December 2012. SEK 1,000m of the total bond was originally exposed to interest rate risk with floating rates (3 months Stibor) but by entering into a interest rate swap, this risk was hedged into a 5 years fixed rate of 3.32% . The swap expires on the same date as the repayment of the bond, i.e. on 12 December 2017. On 31 December 2014, this swap had a negative market value of SEK 36m. Any changes in value of the swap is booked against the hedge reserve within the equity since the swap is efficient and thereby fulfills the criteria for hedge accounting. If there would be a parallel downwards shift of the interest rate curve by 25 basis points, the value would be SEK 7m lower. Changes in fair value of the interest rate swap are booked in Other comprehensive income.

On 31 December 2014, Kinnevik had short term deposits amounting to SEK 1.3bln. The short term deposits were split between investments in Swedish money market funds, which focus on investments in interest bearing assets with high credit quality and with different maturity profiles. Kinnevik's investments in these funds have no restrictions on accessibility and can be sold with short notice. If the interest rates would have been reduced by 25 basis points for all of the deposits, the interest income would have been SEK 3m lower on a yearly basis. Changes in fair value of the funds are booked in the Income Statement.

### Liquidity and financing risk

Kinnevik's liquidity and financing risk is limited because listed shares account for a large part of the Company's assets. On 31 December 2014, the Company also had cash and short term deposits amounting to SEK 1,594m and committed but not utilized, or reserved in any other way, credit facilities amounting to SEK 5,930m. The short term deposits were split between Swedish money market funds with high credit quality with no restrictions on accessibility.

Kinnevik's refinancing risk is limited by having financing from different sources and loans from a number of different credit institutions with diversified maturities as well as by striving for refinancing of all facilities at least six months prior to maturity. On 31 December 2014, the total amount of committed financing was SEK 7,173m (7,170) with an average remaining facility duration of 2.9 (3.1) years excluding one unutilized extension option for one year related to Kinnevik's SEK 5.800m credit facility. For further details, please refer to Note 16 for the Group.

### Counterparty risk

The counterparty risk for Kinnevik in the financial transactions is regulated in Kinnevik's finance policy for instance for counterparties to short term deposits by requiring them to have a minimum credit worthiness (rating), maximum amounts and tenors. On 31 December 2014, Kinnevik had its largest single exposure to counterparty risk within its portfolio of financial investments with a total amount of SEK 1.3bln split into three money market funds with high credit quality managed by three Swedish banks.



# Parent Company's financial statements

## Parent Company Statement of Income for the period 1 January-31 December (SEK m)

	Note	2014	2013
Revenue		22	10
Administration costs	5	-221	-187
Other operating income		27	6
<b>Operating loss</b>		<b>-172</b>	<b>-171</b>
Dividends received	2	2 070	10 908
Earnings from financial assets, associated companies and other	4	-47	1 031
Earnings from financial assets, subsidiaries	4	-647	-5 745
Interest income and other financial income	3	554	554
Interest expenses and other financial expenses	3	-138	-154
<b>Profit/loss after financial items</b>		<b>1 620</b>	<b>6 423</b>
<b>Appropriations</b>			
Group contributions, paid		-948	-727
Group contributions, received		299	255
<b>Profit/loss before tax</b>		<b>971</b>	<b>5 951</b>
Taxes	6	14	0
<b>Net profit for the year <sup>1)</sup></b>		<b>985</b>	<b>5 951</b>

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

## Parent Company Balance Sheet 31 December (SEK m)

	Note	2014	2013
<b>ASSETS</b>			
<b>Tangible fixed assets</b>			
Equipment	7	3	4
Shares and participations in Group companies	9	54 737	22 181
Receivables from Group companies		18	14 173
Shares and participations in associated companies	8	9 748	10 090
Shares and participations in other companies	8	11	29
Other long-term receivables		2	2
<b>Total fixed assets</b>		<b>64 519</b>	<b>46 479</b>
<b>Current assets</b>			
Receivables from Group companies		301	256
Other receivables		25	17
Accrued income and prepayments		2	5
Short term investments		1 284	3 498
Cash and cash equivalents		77	42
<b>Total current assets</b>		<b>1 689</b>	<b>3 818</b>
<b>TOTAL ASSETS</b>		<b>66 208</b>	<b>50 297</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<b>Restricted equity</b>			
Share capital (277,768,190 shares of SEK 0.10 each)		28	28
Premium reserve		6 868	6 868
<b>Unrestricted equity</b>			
Share premium		1 616	1 616
Retained earnings		34 688	30 682
Net result		985	5 951
<b>Total shareholders' equity</b>		<b>44 185</b>	<b>45 145</b>

	Note	2014	2013
<b>Untaxed reserves</b>		<b>2</b>	<b>2</b>
<b>Provisions</b>			
Provisions for pensions		25	26
Other provisions		4	4
<b>Total provisions</b>		<b>29</b>	<b>30</b>
<b>Long-term liabilities</b>			
External interest-bearing loans	11	1 184	1 175
Liabilities to Group companies		11 371	3 131
<b>Total long-term liabilities</b>		<b>12 555</b>	<b>4 306</b>
<b>Short-term liabilities</b>			
Trade creditors		5	6
Liabilities to Group companies		9 370	728
Other liabilities		16	45
Accrued expenses	12	44	35
<b>Total current liabilities</b>		<b>9 437</b>	<b>814</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>66 208</b>	<b>50 297</b>
Pledged assets	13	0	1 804
Contingent liabilities	14	703	703

## Parent Company Statement of Cash Flow for the period 1 January-31 December (SEK m)

	2014	2013
<b>Cash flow from operation</b>		
Dividends received	656	4 607
Cash flow from operating costs within investment operation	-185	-157
<b>Cash flow from operation before interest net and income taxes</b>	<b>471</b>	<b>4 450</b>
Interest, received	538	540
Interest, paid	-138	-154
Income taxes, paid	14	0
<b>Cash flow from operations</b>	<b>885</b>	<b>4 836</b>
<b>Cash flow from investing activities</b>		
Sale of shares and other securities	0	3 713
Investments in tangible and intangible fixed assets	0	-2
<b>Cash flow from investing activities</b>	<b>0</b>	<b>3 711</b>
<b>Cash flow from financing activities</b>		
Borrowing	9	0
Amortisation of loans	0	-2 048
Dividend paid	-1 941	-1 803
Change in intra-Group balances	-1 132	-1 168
<b>Cash flow from financing activities</b>	<b>-3 064</b>	<b>-5 019</b>
<b>Cash flow for the year</b>	<b>-2 179</b>	<b>3 528</b>
Short term investments and cash, opening balance	3 540	12
Short term investments and cash, closing balance	1 361	3 540





## Movements in Shareholders' equity of the Parent Company (SEK m)

	Share capital	Pre-mium reserve	Un-restricted equity	Total
<b>Opening balance, 1 January 2013</b>	<b>28</b>	<b>6 868</b>	<b>34 090</b>	<b>40 986</b>
Cash dividend <sup>1)</sup>	-	-	-1 803	-1 803
Effect of employee share saving programme	-	-	11	11
Net result	-	-	5 951	5 951
<b>Closing balance, 31 December 2013</b>	<b>28</b>	<b>6 868</b>	<b>38 249</b>	<b>45 145</b>
Cash dividend <sup>2)</sup>	-	-	-1 941	-1 941
Effect of employee share saving programme	-	-	-4	-4
Net result	-	-	985	985
<b>Closing balance, 31 December 2014</b>	<b>28</b>	<b>6 868</b>	<b>37 289</b>	<b>44 185</b>

<sup>1)</sup> The Annual General Meeting held on 13 May 2013, resolved in favor of paying a cash dividend of SEK 6.50 per share, a total of SEK 1,803m.

<sup>2)</sup> The Annual General Meeting held on 12 May 2014, resolved in favor of paying a cash dividend of SEK 7.00 per share, a total of SEK 1,941m.

## Notes to the Parent Company's financial statements

### NOTE 1 PARENT COMPANY'S ACCOUNTING PRINCIPLES

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

The Parent Company's accounting principles depart from the principles governing consolidated accounting in respect of the valuation of financial instruments and pension liabilities. The Parent Company applies RFR 2 in respect of the option not to observe IAS 39. Financial instruments are thus not valued at fair value as in the Group but at their acquisition cost and after write-down, if any. Pension liabilities are reported in accordance with Swedish principles. For information concerning related party transactions, refer to Note 24 for the Group.

### NOTE 2 DIVIDENDS RECEIVED

	2014	2013
<b>Subsidiaries</b>	<b>1 414</b>	<b>6 301</b>
<b>Associated companies</b>		
BillerudKorsnäs AB	-	104
Modern Times Group MTG AB	104	99
Tele2 AB	552	4 404
	<b>2 070</b>	<b>10 908</b>

### NOTE 3 FINANCIAL INCOME AND EXPENSES

	2014	2013
Interest income from third parties	11	7
Interest income from Group companies	527	533
Exchange-rate differences	16	14
<b>Financial income</b>	<b>554</b>	<b>554</b>
Interest expenses to credit institutions	-41	-66
Interest expenses to Group companies	-78	-56
Other financial expenses	-19	-32
<b>Financial expenses</b>	<b>-138</b>	<b>-154</b>
<b>Net financial income/expenses</b>	<b>416</b>	<b>400</b>

### NOTE 4 EARNINGS FROM FINANCIAL ASSETS

	2014	2013
Divestment of BillerudKorsnäs AB	-	845
Internal sale of shares in associated companies	-29	-
Write-down of other shares	-18	-
Reversed write-down associated companies	-	186
<b>Total earnings from associated companies and other</b>	<b>-47</b>	<b>1 031</b>
Write-down of shares in subsidiaries	-647	-5 745
<b>Total earnings from subsidiaries</b>	<b>-647</b>	<b>-5 745</b>

### NOTE 5 AUDITORS' FEES

	2014	2013
<b>To Deloitte</b>		
Audit assignments	1	1
Other services	1	1
	<b>2</b>	<b>2</b>

### NOTE 6 TAXES

	2014	2013
Tax expenses for the period	0	0
Adjustments of tax expenses for previous years	14	0
Deferred tax related to temporary differences	0	0
	<b>14</b>	<b>0</b>

### Reconciliation of effective tax rate

	2014	%	2013	%
Profit/loss before tax	971		5 951	
Income tax at statutory rate of Parent Company, 22.0%	-214	-22.0%	-1 309	-22.0%
Earnings from participations in associated companies	-6	-0.7%	186	3.1%
Non-taxable dividends received	455	46.9%	2 400	40.3%
Tax attributable to previous years	14	1.4%	0	0.0%
Write-down of shares in associated companies	-146	-15.1%	-1 264	-21.2%
Reversed write-down of shares in subsidiaries and associated companies	-	0.0%	41	0.7%
Other non-taxable expenses	-2	-0.2%	-1	0.0%
Other non-taxable revenue	5	0.5%	0	0.0%
Reversed deferred tax asset	-	0.0%	0	0.0%
Charge non-capitalized loss carry-forward	-92	-9.5%	-52	-0.8%
<b>Effective tax/tax rate</b>	<b>14</b>	<b>1.5%</b>	<b>0</b>	<b>0.0%</b>

Also refer to Note 14 for the Parent Company and Note 23 for the Group regarding ongoing tax dispute.



## NOTE 7 TANGIBLE FIXED ASSETS

	2014	2013
<b>Equipment</b>		
Opening acquisition values	7	6
Investments for the year	1	3
Disposals/scrapping for the year	-3	-2
<b>Closing acquisition values</b>	<b>5</b>	<b>7</b>
Opening accumulated depreciation	-3	-3
Disposals/scrapping for the year	2	1
Depreciation for the year	-1	-1
<b>Closing accumulated depreciation</b>	<b>-2</b>	<b>-3</b>
<b>Closing book value</b>	<b>3</b>	<b>4</b>

## NOTE 8 SHARES AND PARTICIPATIONS

Associated companies	Reg no	Registered office	Number of shares 2014	2014 Capital/voting (%)	Book value	2013 Capital/voting (%)	Book value
Altlorenscheurerhof S.A.		Luxembourg	625	33	11	33	11
Marma Skog 31 AB	556580-2203	Gävle	500	50/50	3	50/50	3
Modern Cartoons Ltd		USA	2 544 000	23	0	23	0
Modern Times Group MTG AB	556309-9158	Stockholm	9 935 011	15/35	1 133	15/35	1 133
Shared Services S.A.		Luxembourg	200	30	0	30	0
Tele2 AB	556410-8917	Stockholm	125 481 525	28/37	8 601	28/37	8 601
Transcom WorldWide S.A.		Luxembourg	-	-	-	22/29	342
					<b>9 748</b>		<b>10 090</b>

Other companies	Reg. no.	Registered office	Number of shares 2013	2014 Capital/voting (%)	Book value	2013 Capital/voting (%)	Book value
Modern Holdings Inc.		USA	2 646 103	18	9	18	26
Radio Components Sweden AB in liquidation	556573-3846	Stockholm	2 346 337	19	2	19	2
Other					0		1
					<b>11</b>		<b>29</b>

Change in book value, shares and participations in associated companies

	2014	2013
Opening acquisition value, 1 January	10 115	12 983
Disposals, external	-	-2 868
Disposals, Group internal	-367	-
<b>Closing acquisition value, 31 December</b>	<b>9 748</b>	<b>10 115</b>
Opening write-down, 1 January	-25	-211
Reversed write-down for the year	-	186
Disposals, Group internal	25	-
<b>Closing write-down, 31 December</b>	<b>-</b>	<b>-25</b>
<b>Closing book value, 31 December</b>	<b>9 748</b>	<b>10 090</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 (%)	2014	2013
Assuransinvest AIA AB	556051-6238	Stockholm	295 384	100/100	0	0
Audit Value International AVI AB	556809-6308	Stockholm	50 000	100/100	4	4
Emesco AB	556035-3749	Stockholm	1 635	100/100	7 692	7 692
G3 Good Governance Ltd		United Kingdom	5 001 323	100/100	58	98
Invik & Co. AB	556061-4124	Stockholm	7 000	100/100	1	0
Invik S.A.		Luxembourg	551 252	100/100	362	0
Kinnevik Capital Ltd		United Kingdom	1 000	100/100	2	2
Förvaltnings AB Eris & Co.	556035-7179	Stockholm	1 020 000	100/100	166	166
Kinnevik Consumer Finance Holding AB	556833-3917	Stockholm	50 000	100/100	47	37
Kinnevik Consumer Services 1 AB	556992-0779	Stockholm	50 000	100/100	453	-
Kinnevik East AB	556930-5666	Stockholm	50 000	100/100	28	8
Kinnevik Internet Lux SARL		Luxembourg	12 500	100/100	8 404	-
Kinnevik Investment Partners AB	556985-2436	Stockholm	50 000	100/100	0	-
Kinnevik Media Holding AB	556880-1590	Stockholm	50 000	100/100	639	1 175
Kinnevik New Ventures AB	556736-2412	Stockholm	100	100/100	3 640	2 444
Kinnevik Online AB	556815-4958	Stockholm	50 000	100/100	13 132	10 554
Kinnevik Radio AB	556237-4594	Sollentuna	7 500	100/100	1	1
Millcellvik AB	556604-8285	Stockholm	1 000	100/100	20 108	-
<b>Book value</b>					<b>54 737</b>	<b>22 181</b>

Reconciliation of the book value of direct-owned shares in subsidiaries

	2014	2013
Opening acquisition value, 1 January	29 146	25 939
Acquisition, Group internal	20 108	-
Shareholders' contribution	13 082	3 207
<b>Closing acquisition value, 31 December</b>	<b>62 336</b>	<b>29 146</b>
Opening write-down, 1 January	-6 965	-1 220
Write-downs for the year	-634	-5 745
<b>Closing write-down, 31 December</b>	<b>-7 599</b>	<b>-6 965</b>
<b>Closing book value, 31 December</b>	<b>54 737</b>	<b>22 181</b>

Over and above the direct-owned shares and participations of the Parent Company the following companies are included in the Group:

	Reg.no.	Registered office	Capital/voting (%)
Audit Value International B.V.		Netherlands	100/100
Duego Technologies AB	556820-3110	Göteborg	100/100
Duego Ltd in liquidation		Malta	100/100
G3 Good Governance (US) Corporation		USA	100/100
Proven UK Ltd		United Kingdom	100/100
Palmer Data Technologies Ltd		United Kingdom	80/80
Guider Media Group Europe AB	556800-3205	Stockholm	100/100
Kinnevik Consumer Finance 1 AB	556890-5540	Stockholm	100/100
Kinnevik Internet 1 AB	556884-6470	Stockholm	100/100
Kinnevik Internet 2 AB	556884-6462	Stockholm	100/100
Kinnevik Internet 3 AB	556890-5003	Stockholm	100/100
Kinnevik Internet Holding AB	556865-2779	Stockholm	100/100
Kinnevik Mauritius Ltd		Mauritius	100/100
Kinnevik Online Holding AB	556862-0404	Stockholm	100/100
Mellersta Sveriges Lantbruks AB	556031-9013	Vadstena	100/100
Plonvik Sp. z o.o.		Poland	100/100
Rolnyvik Sp. z o.o.		Poland	100/100



	<b>Reg.no.</b>	<b>Registered office</b>	<b>Capital/voting (%)</b>
Relevant Traffic Europe AB	556618-1987	Stockholm	99/99
Saltside Technologies AB	556852-1669	Göteborg	88/88
Saltside Technologies JLT		Dubai	88/88
Bikroy.com Ltd		Bangladesh	88/88
Ikman (pvt) Ltd		Sri Lanka	88/88
Tonaton.com Ltd		Ghana	88/88
Vireo Energy AB	556798-5907	Stockholm	78/78
Vireo Energy Polska sp. z o.o		Poland	78/78
Biogazownia Miesiaczkowo sp. z o.o		Poland	60/60
FLLC Vireo Energy		Belarus	78/78
OOO LVS		Russia	78/78
OOO Vireo Energy		Russia	78/78
Vireo Energy Holding East AB		Stockholm	78/78
LLC Vireo Energy		Russia	78/78
LLC Vireo Energy Krasnogorsk		Russia	78/78
LLC Vireo Energy Center		Russia	78/78
Metro International S.A.		Luxembourg	100/100
Metro International Luxembourg Holding S.A.		Luxembourg	100/100
Metro International UK Ltd		United Kingdom	100/100
Metro International Sweden AB	556573-4000	Stockholm	100/100
Metro International AB	556275-8853	Stockholm	100/100
Offerta AB	556743-5887	Stockholm	70/70
Metro Scandinavia Holding AB	556345-1573	Stockholm	65/65
Metro Sweden Media AB	556877-3104	Stockholm	65/65
Metro Sweden Holding AB	556625-7530	Stockholm	65/65
Metro Nordic Sweden AB	556585-0046	Stockholm	65/65
Tidnings Aktiebolaget Metro	556489-1678	Stockholm	65/65
Clarita B.V.		Netherlands	100/100
M. I. Advertising Services Ltd		Greece	100/100
Edizione Metro Sarl		Italy	100/100
Metro Publicita Sarl		Italy	100/100
Vi&Bo Russian Press Services Ltd		Cyprus	100/100
Metro USA Inc		USA	100/100
Publimetro S.A.		Chile	100/100
Inversiones Pro Medios Limitada		Chile	100/100
SubTV S.A.		Chile	100/100
Publisystemas S.A.		Chile	100/100
Administradora de Franquicias S.A.		Guatemala	100/100
Publimetro Colombia S.A.S.		Colombia	51/51
Publicaciones Metropolitanas S.A. de CV		Mexico	76/76
Metro do Brasil Consultoria Administrativa e Editorial e Participações Ltda		Brazil	100/100
Publimetro Puerto Rico LLC		Puerto Rico	70/70
Metro Investment Holding Ltd		Hong Kong	100/100
Metro Print Advertising Ltd		Hong Kong	100/100
Metro Interactive Advertising Ltd		Hong Kong	100/100
P4L Ltd		Hong Kong	100/100



## NOTE 10 SHAREHOLDERS' EQUITY

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

### Share capital

Investment AB Kinnevik's share capital as of 31 December 2014 was distributed among 277,768,190 shares with a par value of SEK 0.10 per share.

Distribution by class of shares was as follows

	Number of shares	Number of votes	Par value (SEK 000s)
Outstanding Class A shares	42 369 312	423 693 120	4 237
Outstanding Class B shares	234 990 584	234 990 584	23 499
Class B shares in own custody	408 294	408 294	41
Registered number of shares	277 768 190	659 091 998	27 777

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

During 2013, a total of 135,022 class B shares were delivered to the participants in the Long Term Incentive Plans for 2009 and 2010.

During 2013, following approval at the AGM in May, 185,000 class C shares held in treasury were newly issued to ensure future delivery of class B shares to participants in incentive programs. Thereafter all 449,582 class C shares held in treasury were converted to class B shares held in treasury in accordance with the provision in the Articles of Association regarding conversion of class C shares.

In accordance with a proposal on reclassification, approved by an Extraordinary General Meeting held on 18 June 2013, owners of 6,296,012 Class A shares in Kinnevik required reclassification of those Class A shares to Class B shares.

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

The Board was authorized by the AGM 2014 to repurchase a maximum of 10% of all shares in the Company. During the year no shares were bought back. There are no convertibles or warrants in issue.

Regarding share based long-term incentive plans (LTIP) refer to Note 25 for the Group.

## NOTE 11 INTEREST-BEARING LOANS

### Interest-bearing long-term loans

	2014	2013
Capital markets financing	1 200	1 200
Accrued borrowing costs	-16	-25
	<b>1 184</b>	<b>1 175</b>

For further information about the Parent Company's interest bearing loans refer to Note 16 for the Group.

## NOTE 12 ACCRUED EXPENSES

	2014	2013
Accrued personnel expenses	35	31
Accrued interest expenses	2	2
Other	7	2
	<b>44</b>	<b>35</b>

## NOTE 13 PLEDGED ASSETS

	2014	2013
For liabilities to credit institutions		
Shares in associated companies and other companies	-	1 804
	<b>-</b>	<b>1 804</b>

## NOTE 14 CONTINGENT LIABILITIES

	2014	2013
Tax dispute	702	702
Guarantee commitments, FPG	1	1
	<b>703</b>	<b>703</b>

In December, the Swedish Administrative Court rejected the Swedish Tax Agency's claim that withholding tax of SEK 702m should have been lodged on an intra-Group distribution which Kinnevik received in connection with the acquisition of Emesco AB in 2009. The Administrative Court thereby fully approved Kinnevik's appeal of the tax authorities' decision. As earlier disclosed in Kinnevik's Financial Reports, the Company had not provided for any potential additional tax as a result of the dispute. The Administrative Court's decision did thus not have any effect on Kinnevik's financial statements or cash flow for 2014. The Tax Agency has in January 2015 appealed the Administrative Court's decision to the Administrative Court of Appeal. For further information see note 23 for the Group.

County administrative boards have submitted claims to Kinnevik regarding environmental studies at a number of sites where Fagersta AB (through name changes and a merger, Investment AB Kinnevik) conducted operations until 1983. Kinnevik's position is that the Company's responsibility to perform any decontamination measures must be very limited, if any, primarily out of consideration to the long period of time that has passed since any potential contamination damages occurred and the regulations that were in force at the time, and the fact that a quarter century has passed since operations were shut down or turned over to new owners. Kinnevik has therefore not made any provisions for potential future claims for decontamination measures. SEK 5m was provided in 2007 for potential environmental studies that Kinnevik might be required to pay for of which SEK 1.2m was used in 2010 to 2014.

## NOTE 15 INTRA-GROUP TRANSACTIONS

Intra-group revenue for the Parent Company amounted to SEK 14m (9) of which invoicing of management fee to Kinnevik New Ventures AB of SEK 5m (4), to Metro Group SEK 5m (4) and to G3 SEK 2m. During the year, the shares in Transcom were sold to the wholly-owned subsidiary Kinnevik Consumer Services 1 AB and the shares in Millicellvik AB was acquired from the wholly-owned subsidiary Invik & Co. AB.

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

## NOTE 16 PERSONNEL

### Average number of employees

	2014		2013	
	men	women	men	women
Parent Company				
Stockholm	9	9	11	8

### Salaries, other remuneration and social security expenses (SEK 000s)

	2014		2013	
	Board, CEO and other senior executives	Other employees	Board, CEO and other senior executives	Other employees
Salaries and other remuneration	49 631	14 865	39 155	12 662
Social security expenses <sup>1)</sup>	13 960	4 671	12 197	3 535
Pension expense <sup>1)</sup>	5 496	2 015	6 918	2 126
Provision for share-based remuneration including social securities expense	4 779	2 192	16 388	4 361
	<b>73 866</b>	<b>23 743</b>	<b>74 658</b>	<b>22 684</b>

<sup>1)</sup> Board, CEO and other senior executives includes former employees.

Salaries and other remuneration to the Board, CEO and other senior executives are further presented in Note 25 for the Group.



## NOTE 17 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

2014	Finan- cial assets accounted for at cost	Loan receiva- bles and trade receivables	Financial liabilities	Total book value
Receivables from Group companies	-	319		319
Receivables from associated com- panies	-	-		0
Shares and par- ticipation in other companies	11	-		11
Interest-bearing receivables	-	-		0
Other receivables	-	10		10
Short-term invest- ments	-	1 284		1 284
Cash at bank	-	77		77
<b>Total financial assets</b>	<b>11</b>	<b>1 690</b>		<b>1 701</b>
Interest-bearing liabilities			1 184	1 184
Liabilities to Group companies			20 741	20 741
Trade creditors			5	5
Other liabilities			44	44
<b>Total financial liabilities</b>			<b>21 974</b>	<b>21 974</b>

2013	Finan- cial assets accounted for at cost	Loan receiva- bles and trade receivables	Financial liabilities	Total book value
Receivables from Group companies	-	14 429		14 429
Receivables from associated com- panies	-	-		0
Shares and par- ticipation in other companies	29	-		29
Interest-bearing receivables	-	-		0
Other receivables	-	11		11
Short-term invest- ments	-	3 498		3 498
Cash at bank	-	42		42
<b>Total financial assets</b>	<b>29</b>	<b>17 980</b>		<b>18 009</b>
Interest-bearing liabilities			1 175	1 175
Liabilities to Group companies			3 131	3 131
Trade creditors			6	6
Other liabilities			35	35
<b>Total financial liabilities</b>			<b>4 347</b>	<b>4 347</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, 27 March 2015

Cristina Stenbeck  
*Chairman of the Board*

Dame Amelia Fawcett  
*Deputy Chairman of the Board*

Tom Boardman  
*Member of the Board*

Vigo Carlund  
*Member of the Board*

Wilhelm Klingspor  
*Member of the Board*

Erik Mitteregger  
*Member of the Board*

John Shakeshaft  
*Member of the Board*

Lorenzo Grabau  
*President & CEO*

Our Audit Report was issued on 27 March 2015  
Deloitte AB

Jan Berntsson  
*Authorized Public Accountant*





# Audit Report

## **To the annual meeting of the shareholders of Investment AB Kinnevik (publ), corporate identity number 556047-9742**

### **Report on the annual accounts and consolidated accounts**

We have audited the annual accounts and consolidated accounts of Investment AB Kinnevik (publ) for the financial year 2014 except for the corporate governance statement on pages 37-40. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 33-75.

### **Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts**

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

### **Auditor's responsibility**

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

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

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

### **Opinions**

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 37-40. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

### **Report on other legal and regulatory requirements**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Investment AB Kinnevik (publ) for the financial year 2014. We have also conducted a statutory examination of the corporate governance statement.

### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act Act and that the corporate governance statement on pages 37-40 has been prepared in accordance with the Annual Accounts Act.

### **Auditor's responsibility**

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

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



whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is diffe-

rent and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

### Opinions

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

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

Stockholm, 27 March 2015

Deloitte AB

Jan Berntsson

Authorized Public Accountant

## Definitions of financial key ratios

### Equity/assets ratio

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

### Net cash

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

### Net debt

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

### Debt/equity ratio

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

### Average number of shares

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

### Earnings per share

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

### Shareholders' equity per share

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

### Dividend per share

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

### Dividend yield

Dividend divided by market price at 31 December.

### Net Asset Value

Listed Holdings are valued based on the market prices listed on the closing date. The listed market price used for the Group's financial assets is the current bid price. For companies with two classes of shares the market price for the most liquid share class is used.

The value of unlisted companies is based on generally accepted valuation principles such as discounted cash-flow models, multiple valuation using EBIT, net profit etc.

### Internal rate of return, IRR

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



# Board of Directors



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

Top left to right: Tom Boardman, Vigo Carlund, Wilhelm Klingspor, John Shakeshaft and Lorenzo Grabau.

Bottom left to right: Dame Amelia Fawcett, Cristina Stenbeck and Erik Mitteregger.

For information about individual directors, please refer to pages 38-39.

## **Annual General Meeting 2015**

### **Date and venue**

The Annual General Meeting will be held on Monday, 18 May 2015, at 10:00 a.m. at the Hotel Rival, Mariatorget 3, Stockholm. The doors will open at 9:00 a.m. and registration will be conducted until 10:00 a.m., when the doors will be closed. Shareholders cannot vote or, in any other way, participate on distance.

### **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, 11 May 2015, and
- give notice of their attendance no later than Monday, 11 May 2015.

### **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 Monday, 11 May 2015.

### **How to notify intention to participate**

Shareholders can notify the Company of their intention to participate from Thursday, 16 April 2015, and shall notify the Company by using one of the following alternatives:

- through the Company's website, [www.kinnevik.se](http://www.kinnevik.se),
- by writing to the Company at: Investment AB Kinnevik, c/o Computershare AB, P.O. Box 610, SE-182 16 Danderyd, Sweden, or
- by telephone, +46 (0) 771 24 64 00, weekdays from 9:00 a.m to 4:00 p.m.

### **Notification should include the following information:**

- 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.se](http://www.kinnevik.se). Notification must be submitted to the Company no later than Monday, 11 May 2015.

### **Nomination Committee**

In accordance with the resolution of the 2014 Annual General Meeting, Cristina Stenbeck convened a Nomination Committee consisting of members representing the largest shareholders in Kinnevik. The Nomination Committee was comprised of Cristina Stenbeck, Andreas M. Stenbeck appointed by Verdere S.à r.l., Wilhelm Klingspor appointed by the Klingspor family, Edvard von Horn appointed by the von Horn family, James Anderson appointed by Baillie Gifford, and Ramsay Brufer appointed by Alecta. Following the death of Andreas M. Stenbeck on 16 March 2015, Verdere S.à r.l. has informed the Nomination Committee that Cristina Stenbeck will act as both Chairman and representative of Verdere S.à r.l. Information about the work of the Nomination Committee can be found on Kinnevik's website, [www.kinnevik.se](http://www.kinnevik.se).

### **Financial information**

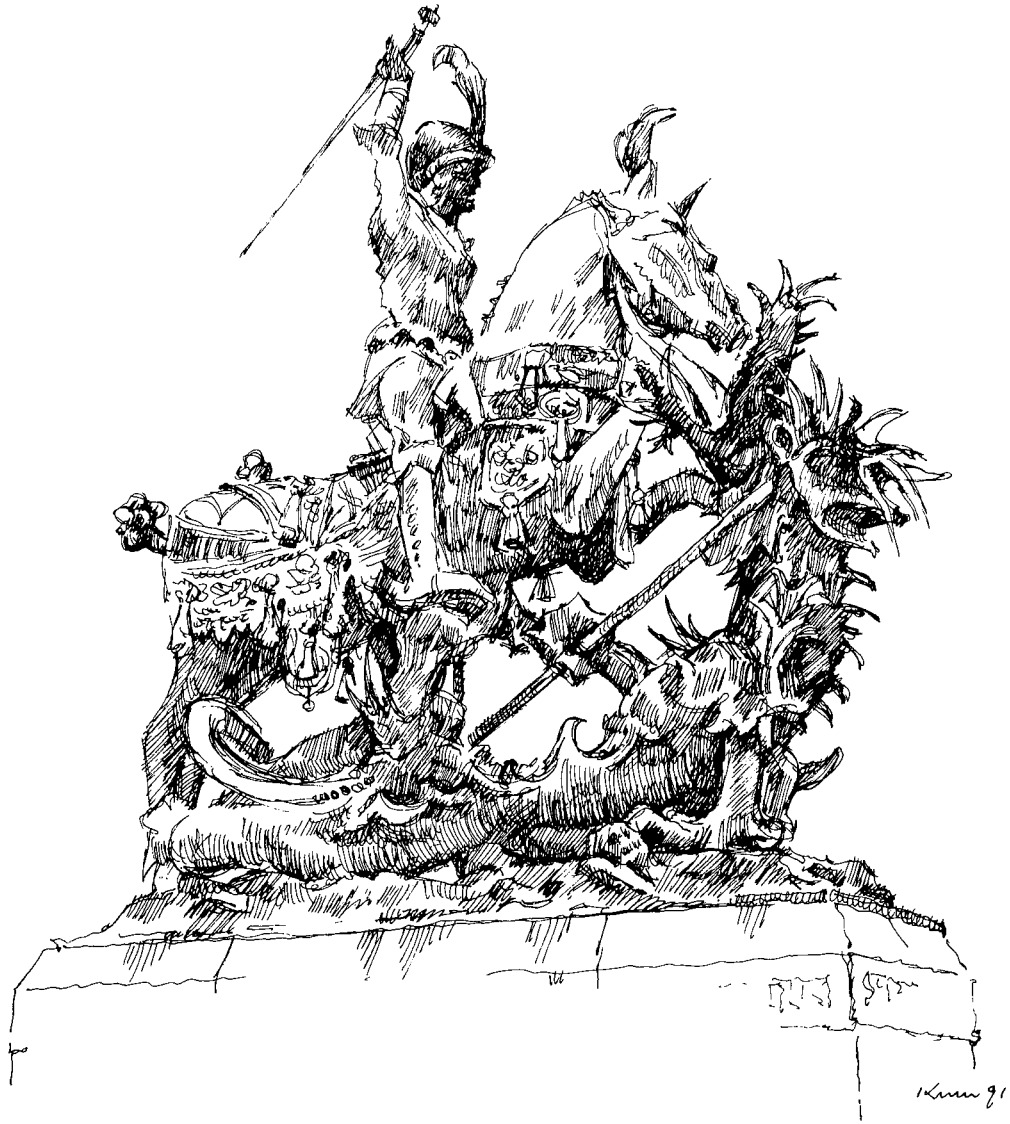
Interim report January-March, 23 April 2015

Interim report January-June, 22 July 2015

Interim report January-September, 23 October 2015

Year-end release 2015, February 2016

Annual Report for 2015, April 2016



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