



K I N N E V I K

ANNUAL REPORT 2016



"We build leading digital brands"

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The Annual Report for Kinnevik AB (publ) 556047-9742 consists of a review of operations on pages 3-41 and Board of Directors' Report, financial statements and other information on pages 42-84.

CHAIRMAN'S REVIEW

Dear shareholders, this is my first review as Chairman of Kinnevik since my appointment at the Annual General Meeting in May last year. Kinnevik is a unique company with global reach and deep Swedish roots. It has a long history, an entrepreneurial spirit and a professional management approach. 2016 was another active year and our hard work has put us in a good position for 2017. We have a clear strategy, a solid business model and a strong balance sheet forming the foundation for the future.

DELIVERING STRATEGY

Globally, 2016 was a difficult year with increased volatility, uncertainty and complexity in political, social and economic terms. We continued executing our strategy of creating long-term value through active ownership. We supported our companies in driving innovation and operational excellence, attracting world-class talent, developing strong strategic and operational partnerships, attracting other leading institutional investors and creating value through consolidation. In our view, active ownership means that we have to contribute the time and resources necessary to support our companies in reaching their full potential. Moreover, we continue to raise our expectations that our investee companies should be sustainability leaders in their respective markets. We believe that companies operating in a responsible and ethical manner will outperform their competitors in the long run. In our Sustainability Report 2016 on page 18-27 of this report we describe our sustainability work at Kinnevik in more detail, as well as our work with the investee companies.

BOARD WORK IN 2016

The Kinnevik Board had a busy and eventful year. In our eleven meetings we spent a considerable amount of time discussing the opportunities and challenges of our portfolio companies. We held one of our board meetings on site in Berlin getting in-depth insight into our largest portfolio company Zalando. We supported our private companies in their strategy execution, and took the lead in the refinancing of Global Fashion Group to ensure that the company can execute on their growth strategy. We also reviewed and approved two exciting new investments, US based financial services company Betterment, and babylon, a UK based personal digital healthcare provider.

The Board implemented a Governance, Risk management and Compliance (GRC) Committee to assist in monitoring the governance and sustainability structures of Kinnevik and our investee companies, including risk management processes and compliance with laws, regulations and codes of conduct.

Attracting, rewarding and retaining top talent is a prerequisite for value creation and a key focus for the Board. During the year, the Board developed a refined framework for long term incentive plans which will be put forward to our shareholders in May. The objective is to link an increasing share of the employees' remuneration to the long-term value creation of Kinnevik thereby aligning the employees' interests with those of shareholders.

Ensuring efficient capital allocation is another critical consideration for the Board. Total shareholder remuneration during 2016 represented a record high yield of 9.8% based on the closing price at 31 December 2015. Kinnevik also executed a SEK 500m share



buyback programme. For the fiscal year 2016, we are pleased to recommend a dividend of SEK 8.00 per share, corresponding to a 3.7% dividend yield based on the closing share price for 2016, subject to approval by the Annual General Meeting in May.

The Board has refined Kinnevik's financial targets with respect to returns and leverage, reflecting the current macroeconomic environment and the composition of Kinnevik's portfolio. Kinnevik's shareholder remuneration target remains unchanged. The financial targets are stated in full on page 8 of this report.

In December last year we announced that our Chief Executive Officer, Lorenzo Grabau, would be leaving the Group. I would like to thank Lorenzo for the significant contribution that he made to Kinnevik during his time as a non-executive director and as Chief Executive Officer.

I would also like to express my appreciation to my board colleagues. Chairing a board with such knowledgeable and active members is rewarding, and they make a very important contribution to the value creation of Kinnevik. On behalf of the Board of Directors, I would also wish to extend my gratitude to the management and wider Kinnevik team for yet another year of hard work, commitment and contributions.

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

Tom Boardman
Chairman of the Board of Directors

CHIEF EXECUTIVE'S REVIEW

In 2016, Kinnevik combined a high level of investment activity with significant cash return to our shareholders. We added two new digital consumer-focused companies to our portfolio, Betterment and babylon, and invested in our existing companies to support their growth and profitability. We returned SEK 7.1bn to our shareholders through our ordinary dividend and a share redemption programme and, in addition, executed a SEK 500m share buyback programme. These actions reflect the strength of our business model. We invest to build leading digital consumer brands, whilst maintaining our financial discipline and commitment to return value to our shareholders.

2016 RESULTS

During the full-year 2016, Kinnevik's Net Asset Value (NAV) decreased by SEK 11bn or 13%, amounting to SEK 72.4bn or SEK 263 per share per 31 December 2016. Adjusted for the SEK 7.1bn distributed to shareholders, our NAV decreased by SEK 4bn or 5%

2016: FOCUS ON SUSTAINABLE VALUE CREATION

At Kinnevik we build companies for the long term. This requires a focus on sustainability from financial, governance and corporate responsibility perspectives. During 2016, our larger private companies implemented clear guidelines for governance, risk management, compliance and corporate responsibility. In addition, whilst firmly focused on maintaining growth, an increased emphasis on operational efficiency enabled our companies to improve profitability. The execution of our investment strategy continued in a disciplined and focused manner. 2016 involved re-allocations of capital within the existing portfolio but also net investments of almost SEK 3bn, including in particular our leading role in Global Fashion Group's financing round and our participation in Tele2's rights issue financing their acquisition of TDC Sweden.

Kinnevik's largest investee companies, Zalando, Millicom, Tele2, Global Fashion Group and MTG, together represent close to 90% of our NAV. Below follows a brief summary of their financial performance and operational highlights in 2016.

Zalando, Kinnevik's largest asset accounting for around 38% of our NAV, had a successful year 2016. The company continued to strike a good balance between growth and profitability, and pushed forward with investments to develop its platform initiatives and further improve its offering. Full-year 2016 revenues grew by 23% to EUR 3.6bn and the EBIT margin amounted to 6%, which was in line with Zalando's guidance. The company continued to strengthen its market presence and expressed intentions to open a satellite warehouse in Sweden during 2017 to further improve Zalando's customer proposition in its important Nordic markets.

Millicom grew organic service revenues by 1.2% to USD 6.3bn for the full year 2016 and the adjusted EBITDA margin amounted to 36%. The company continued to execute its strategy to reshape the business on two main focus areas. First, driving rapid growth in mobile data and expanding the cable footprint to reconfigure the revenue mix towards these high growth segments as growth in voice and SMS revenues weaken further. Second, enhancing operational efficiency in order to refocus the cost structure. Millicom's Board of Directors recommends a dividend for 2016 of USD 2.64 per share.

Tele2 reported full-year revenues of SEK 28.3bn, representing a growth of 5%, and an EBITDA margin of 19% supported by increasingly strong mobile momentum driven by 4G data monetisation across the group. The acquisition of TDC Sweden was completed in October and the rights issue was finalised shortly thereafter. Tele2's Board of Directors recommends a dividend for 2016 of SEK 5.23 per share.

Global Fashion Group strengthened its financial position in 2016 by completing a EUR 330m funding round and by divesting operations in India, Thailand and Vietnam. GFG achieved significant margin improvements driven by improved inventory management, meaningful efficiency gains and path-to-profit initiatives leading to fixed cost optimisation. GFG also continued to focus on the roll-out of marketplace platforms in addition to securing key international brands.

MTG had organic revenue growth of 5% for the year, with revenues of SEK 17.3bn and an operating margin of 8% further supported by the company's strategic cost transformation program. A strong content offering, including the best of sports such as the Olympics and UEFA Champions League, as well as new original programming on Viaplay, ensured continued good performance in the Nordic Entertainment part of the business. MTG's Board of Directors recommends a dividend for 2016 of SEK 12.00 per share.



LOOKING FORWARD

In 2017 we will continue to execute on a clear set of defined priorities, including to grow and protect the value of our largest public companies, drive sustainable growth for our private assets and invest in selected high potential new companies. As value is ultimately created by people, a top priority for 2017 will also be to attract, retain and reward top talent as well as support the Kinnevik culture and brand.

As acting CEO, and on behalf of the entire Kinnevik team, I would like to thank all of our shareholders for your support during 2016 and say that we look forward to a very interesting 2017. Kinnevik has a clear strategy and will continue to work closely with our investee companies to drive innovation and growth in order to deliver shareholder value.

Joakim Andersson

Acting Chief Executive Officer, Chief Financial Officer

KINNEVIK IN SUMMARY

Kinnevik is an industry focused investment company with an entrepreneurial spirit. Our purpose is to build digital consumer businesses that provide more and better choice. We do this by working in partnership with talented founders and management teams to create, invest in and lead fast growing businesses in developed and emerging markets. We believe in delivering both shareholder and social value by building well governed companies that contribute positively to society. Kinnevik was founded in 1936 by the Stenbeck, Klingspor and von Horn families. Kinnevik's shares are listed on Nasdaq Stockholm's list for large cap companies under the ticker codes KINV A and KINV B.

1936

Founded



4

Digital consumer sectors

E-Commerce & Marketplaces
Communication
Entertainment
Financial Services & Other

SEK 72bn

Net Asset Value



~SEK 60bn

Market capitalisation



~SEK 310bn

Aggregate value of investee companies



~16%

5 year annualised total shareholder return



30+

Investee companies



80+

Countries covered



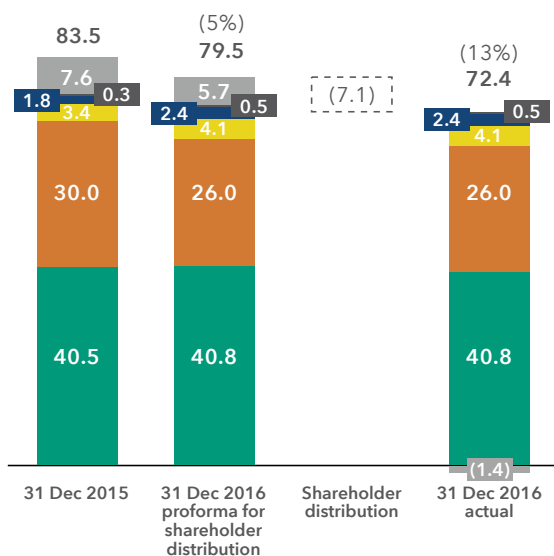
80 000+

Investee company employees



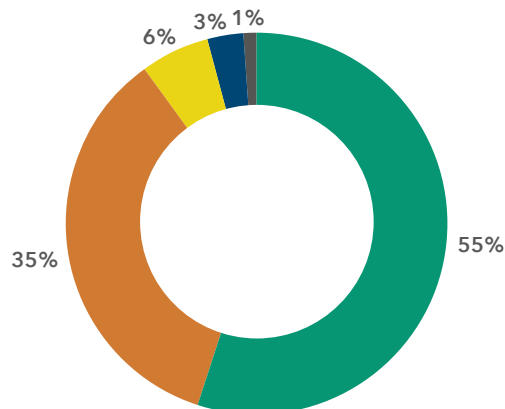
PORTFOLIO DEVELOPMENT DURING 2016

SEKbn



PORTFOLIO COMPOSITION

Per 31 December 2016



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

KINNEVIK'S OPERATING FRAMEWORK

Investing in the Power of Technology to Make Life Better

WE BELIEVE IN THE POWER OF TECHNOLOGY to make life better for people around the world. That's why we focus on building digital consumer businesses that make a positive difference to peoples' lives. Whatever it is, commerce, communication, entertainment or financial services, technology is making everything easier, speedier and more freely available.

THE CONSUMER AND HER RIGHT TO CHOOSE is at the heart of everything we do. We believe everyone should have the opportunity to seek, find and benefit from the services they need and want. The businesses we build and invest in are the key to providing that opportunity.

SINCE 1936 we have anticipated the world around us as well as responded to it. Our unique ability to innovate, support organic growth and commit to long-term value creation have been the critical factors in the way we have successfully built great companies. We are passionate about the power of partnerships. We invest for the long term and stand by our companies as they grow. Where once we were firmly rooted in Sweden, we now operate worldwide building companies that are, through technology, at the cutting-edge of delivering customer choice.

Our Strategy

Kinnevik has a clear ten point strategy to deliver value to our shareholders.

- 1. BUILD a select number of leading digital consumer brands*
- 2. DEVELOP strong strategic and operational partnerships*
- 3. DRIVE innovation and operational excellence within each of our companies*
- 4. MAINTAIN a balanced presence across regions and countries*
- 5. ATTRACT other leading international institutional investors*
- 6. CREATE value through consolidation*
- 7. CONTINUOUSLY EXPLORE new business opportunities*
- 8. TAKE measured risks*
- 9. CRYSTALLIZE the value of our investments*
- 10. MAINTAIN a strong balance sheet*

Our Financial Targets

Attractive returns

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

Low leverage

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

Increasing shareholder remuneration

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

Our Criteria for New Investments

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

Market opportunity

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

Entrepreneurs

Led by a talented and experienced team

Barriers to entry

High barriers to entry protect the business model from competition

Market leadership

Well positioned relative to peers

User engagement

Cohorts suggest the business is characterised by repeat customers

Technology

Places innovation and product development at its core

Path to profitability

The unit economics are positive and sustainable

Returns

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

Reputation

Only sectors that are compatible with Kinnevik's values and companies that subscribe to our values

Ownership

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

The Kinnevik Way

We call our approach "The Kinnevik Way", which is to drive growth and profitability in each one of our businesses. We do this by...

Ensuring strategic and operational excellence

- Developing strategic roadmaps and expansion strategies
- Introducing KPIs and reporting standards
- Adding industry experts where necessary

Attracting world-class talent

- Leveraging our global network to attract world-class talent
- Leading recruitment, as well as design and implement incentive plans
- Facilitating connections within the Kinnevik network

Developing strategic and operational partnerships

- Driving key strategic partnerships for investee companies
- Assisting in negotiations and support implementation

Partnering with leading investors

- Attracting industry leading institutional investors
- Executing fundraising processes

...as well as implementing rigorous governance, risk management, compliance and corporate responsibility practices, ensuring our businesses lead the way in their respective markets.

Governance

- Maintaining active board representation in investee companies
- Recruiting competent and experienced board members
- Ensuring sufficient internal control environment

Risk management

- Ensuring robust risk management processes are in place
- Monitoring risks regularly by screening risk registers
- Addressing cyber risks across investments

Compliance

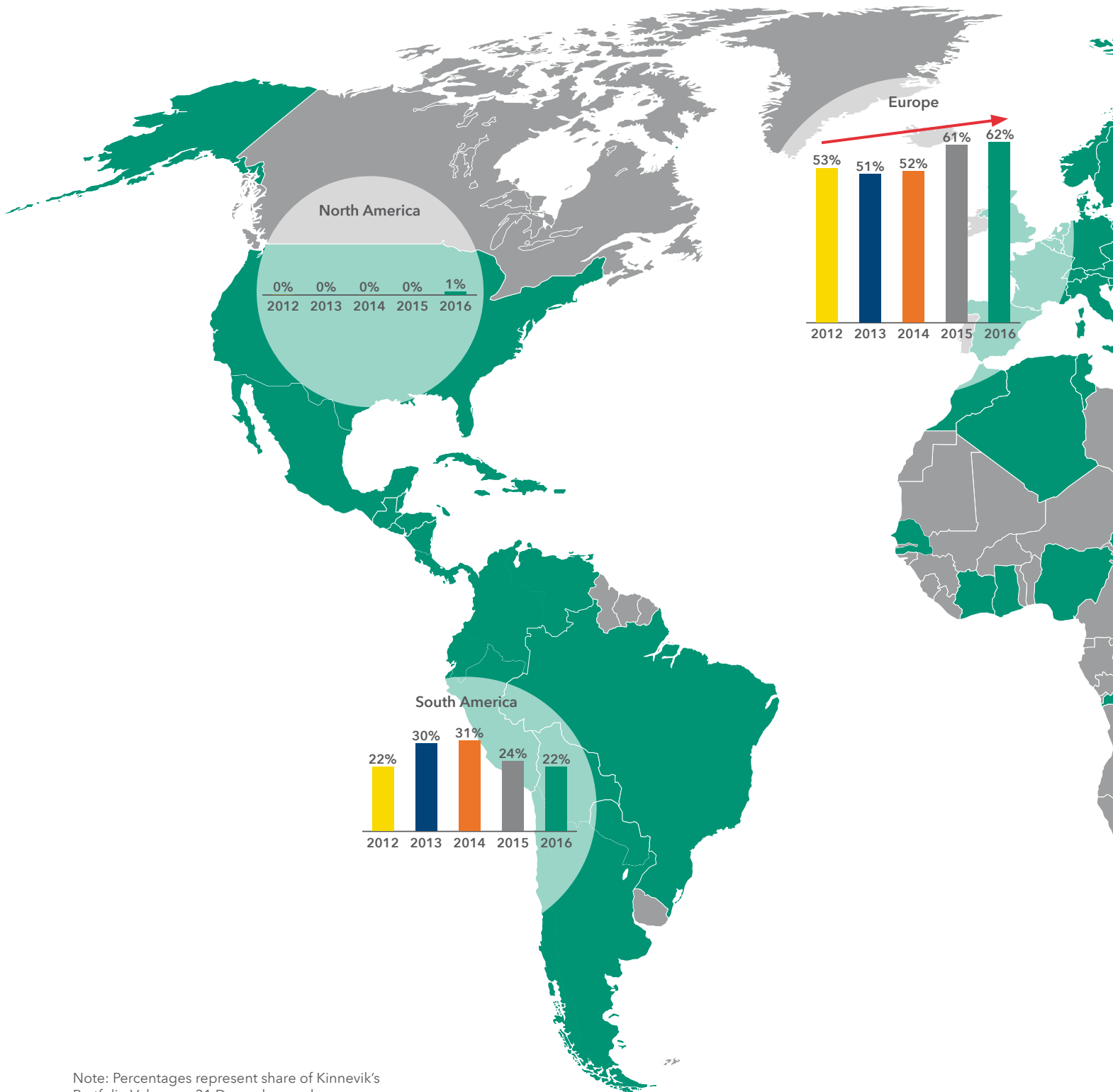
- Ensuring processes are in place to comply with laws and regulations
- Verifying implemented compliance reporting structures
- Reviewing compliance reports at Board meetings

Corporate responsibility

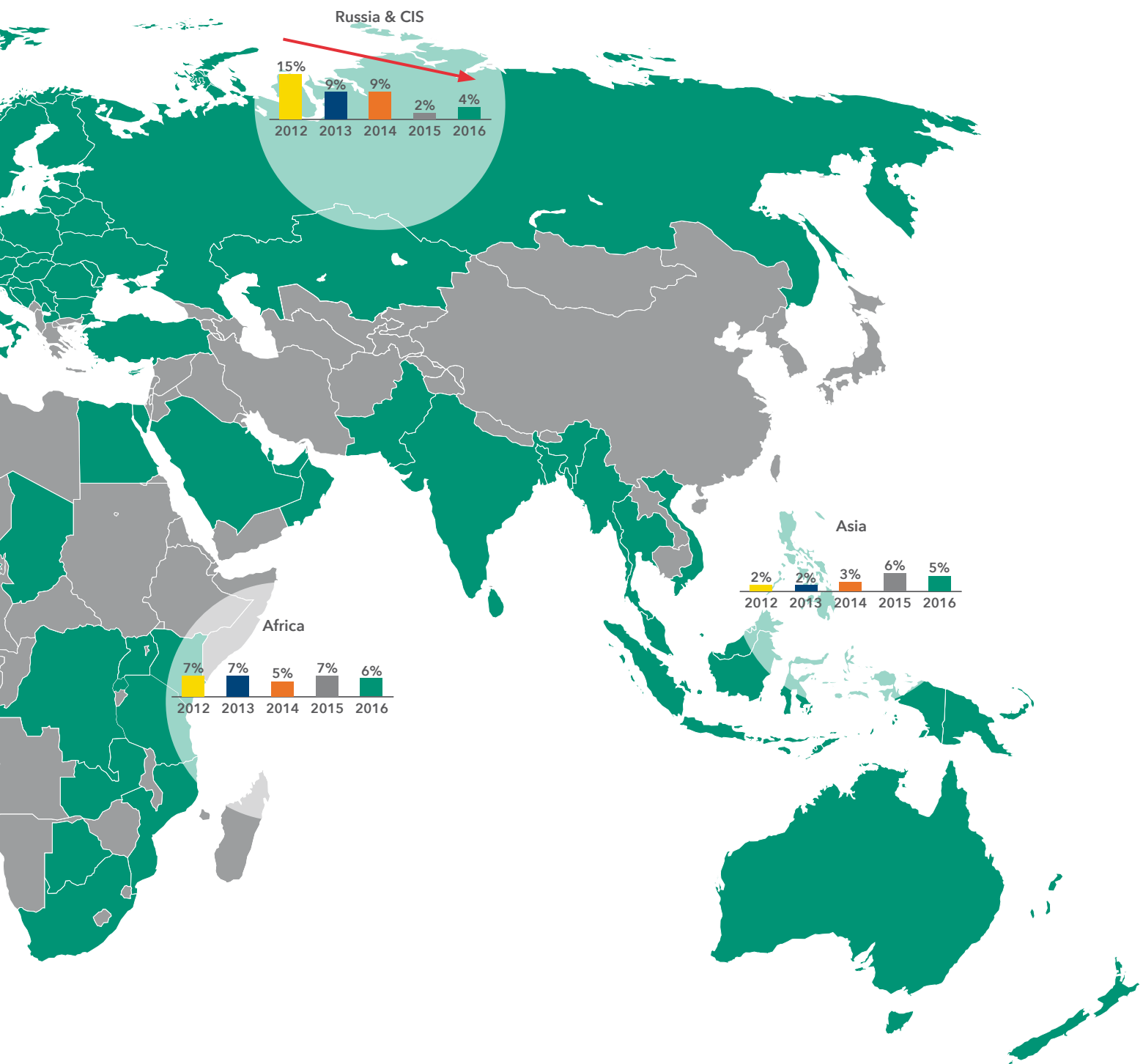
- Requiring CR policies based on international standards
- Advocating ethical business practices within investments
- Driving compliance with social and environmental regulators
- Overseeing implementation of anti-corruption procedures

THE KINNEVIK FOOTPRINT

Kinnevik has a well-balanced geographical footprint between developed and emerging markets in Europe, Latin America, Africa and Asia. The growth of Zalando has contributed to the growth of the relative weight of the European presence in recent years. Further, the exit from Tele2 Russia in 2013 and Avito in 2015 has reduced the relative weight of Russia & CIS. With the investment in Betterment in 2016, Kinnevik expanded its footprint to include North America.



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



KINNEVIK'S DIGITAL BRANDS

E-Commerce & Marketplaces



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



Global Fashion Group is the leading emerging markets fashion e-commerce company with operations across 24 markets with a 1.9 billion population, addressing a fashion market estimated to be worth EUR 300bn. The operating companies, Lamoda, Dafti, Namshi, Zalora and The Iconic, were founded in 2011 and 2012.

32%

KINNEVIK STAKE

SEK 27.2BN

FAIR VALUE

EUR 3.6BN

2016 REVENUE

23%

2016 REVENUE GROWTH

[Go to company website >](#)

35%

KINNEVIK STAKE

SEK 5.6BN

FAIR VALUE

EUR 720M

NMV JAN-SEP 2016

34%

NMV GROWTH JAN-SEP 2016

[Go to company website >](#)



Rocket Internet is a global internet platform that incubates and develops e-commerce and other consumer-oriented online companies. Founded in 2007, Rocket Internet now has a network of companies in a large number of countries across the globe.



Qliro Group was founded in 1999 and is a leading e-commerce group in the Nordic region. Qliro Group focuses its operations on three business areas: Marketplace, Fashion and Financial services.

13%

KINNEVIK STAKE

SEK 4.0BN

FAIR VALUE

EUR 1.9BN

GMV JAN-SEP 2016

35%

GMV GROWTH JAN-SEP 2016

[Go to company website >](#)

29%

KINNEVIK STAKE

SEK 367M

FAIR VALUE

SEK 4.5BN

2016 REVENUE

1%

2016 REVENUE GROWTH

[Go to company website >](#)



Quikr is India's number one online classifieds platform. The company launched in 2008 and serves approximately 20 million unique monthly visitors. Quikr focuses its operations on five verticals; Goods, Cars, Jobs, Homes and Services.

18%
KINNEVIK STAKE

SEK 1.5BN
FAIR VALUE

10.3M
DECEMBER 2016 AD RESPONSES

[Go to company website >](#)

WESTWING

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

17%
KINNEVIK STAKE

SEK 429M
FAIR VALUE

EUR 174M
REVENUE JAN-SEP 2016

13%
REVENUE GROWTH
JAN-SEP 2016

[Go to company website >](#)

home 24

Home24 is an online store for furniture and home accessories in seven core markets in Europe and Brazil. The broad range of around 100,000 products from over 800 manufacturers includes furniture, lamps, home accessories and garden equipment.

17%
KINNEVIK STAKE

SEK 94M
FAIR VALUE

EUR 178M
REVENUE JAN-SEP 2016

3%
REVENUE GROWTH
JAN-SEP 2016

[Go to company website >](#)

Communication



Millicom is an international telecom and media company dedicated to emerging markets in Latin America and Africa since 1990. Millicom offers innovative and customer-centric digital lifestyle services.



Founded in 1993, Tele2 is one of Europe's fastest growing telecom operators offering mobile services, fixed broadband and telephony, data network services, content services and global IoT solutions to 17 million customers in 9 countries.

38%

KINNEVIK STAKE

SEK 14.8BN

FAIR VALUE

USD 6.2BN

2016 REVENUE

-5%

2016 REVENUE GROWTH

[Go to company website >](#)

30%

KINNEVIK STAKE

SEK 11.2BN

FAIR VALUE

SEK 28.3BN

2016 REVENUE

5%

2016 REVENUE GROWTH

[Go to company website >](#)

Entertainment



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

20%

KINNEVIK STAKE

SEK 3.7BN

FAIR VALUE

SEK 17.3BN

2016 REVENUE

5%

2016 REVENUE GROWTH

[Go to company website >](#)

Financial Services



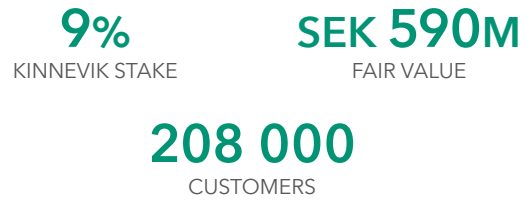
Bayport provides financial solutions to formally and informally employed individuals in emerging markets. Founded in 2001, Bayport operates in 9 countries in Africa and Latin America.



[Go to company website >](#)



Betterment is the largest independent automated investing service company in the United States. Betterment's vertically integrated platform provides fully automated, personalized advice and access to a low-cost, globally diversified investment portfolio.

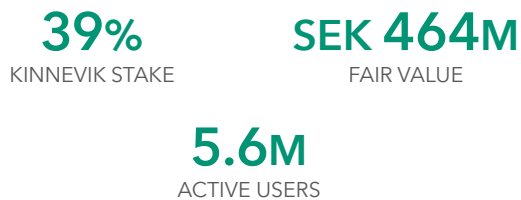


[Go to company website >](#)

Other



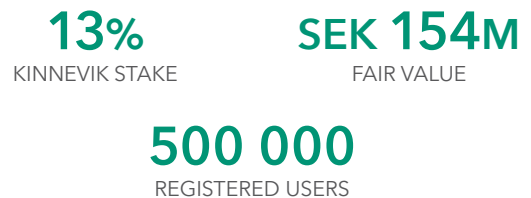
Milvik offers, under the brand name BIMA, affordable and uniquely designed life and health insurance products via mobile phones since 2010. BIMA is active across 16 markets in Africa, Asia, Latin America and the Caribbean.



[Go to company website >](#)



babylon launched in 2015 and is a pioneer in personal digital healthcare. Based in the UK, it has over 500,000 registered patients across the UK and Ireland. During 2016 the company launched a pilot in Rwanda



[Go to company website >](#)

ZALANDO IN FOCUS

Zalando in brief

Founded in 2008 in Berlin, Zalando is Europe's leading online fashion platform for women, men and children. The company offers an extensive selection of fashion articles including shoes, apparel and accessories, with free deliveries and returns.



Kinnevik's investment in Zalando

Kinnevik first invested in Zalando in 2010 and has since then invested SEK 7.9bn in multiple investment rounds. Today, Zalando is Kinnevik's largest asset accounting for around 38% of our Net Asset Value. Our 32% ownership stake in Zalando is valued at SEK 27bn per 31 December 2016.

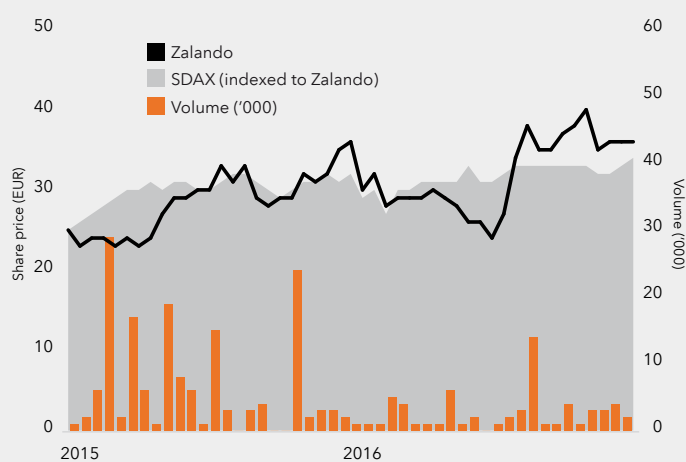
2016 Performance

Zalando had a successful year 2016. The company continued to improve profitability whilst emphasizing growth through extensive investments focused on consumers, partners and infrastructure. Zalando grew full-year revenues by 23% to EUR 3.6bn and achieved an EBIT margin of 6%, in line with the company's guidance for 2016. In the fourth quarter of 2016 revenues exceeded the one billion Euro for the first time in a single quarter.

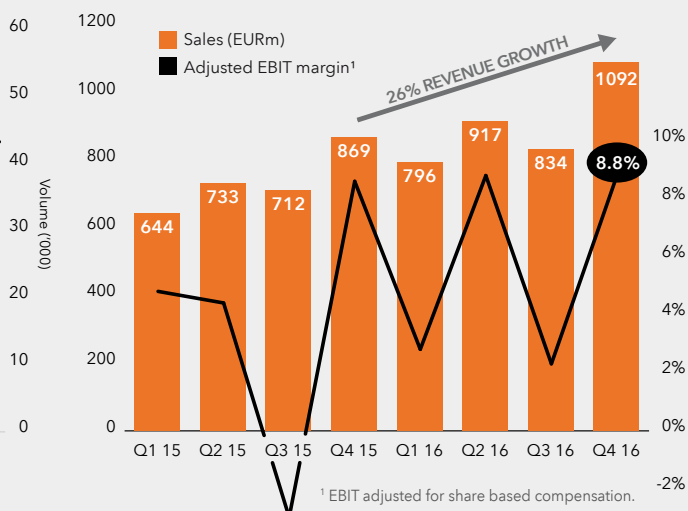
2017 Outlook

Zalando's successful development in recent years evidences the strength of its business model, which has consistently delivered against its performance objectives. The company aims to generate profitable revenue growth of 20% to 25% in 2017, by further expanding its market share in the European online fashion industry.

Share price development 2015 and 2016



Financial development 2015 and 2016



Zalando's platform strategy

Zalando's main objective is customer satisfaction. To achieve this, the company has implemented a platform strategy aimed at making Zalando the operating system of the fashion industry. This involves bringing different fashion contributors and stakeholders together on one platform and catering to their specific needs. Zalando has identified three strategic investment areas for 2017 to continue developing its platform strategy.

CONSUMER PROPOSITION

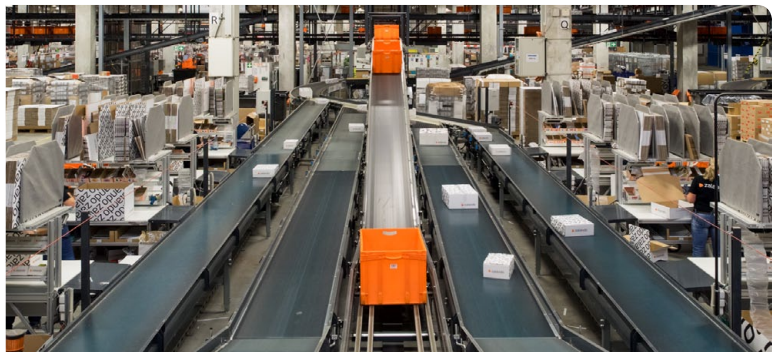
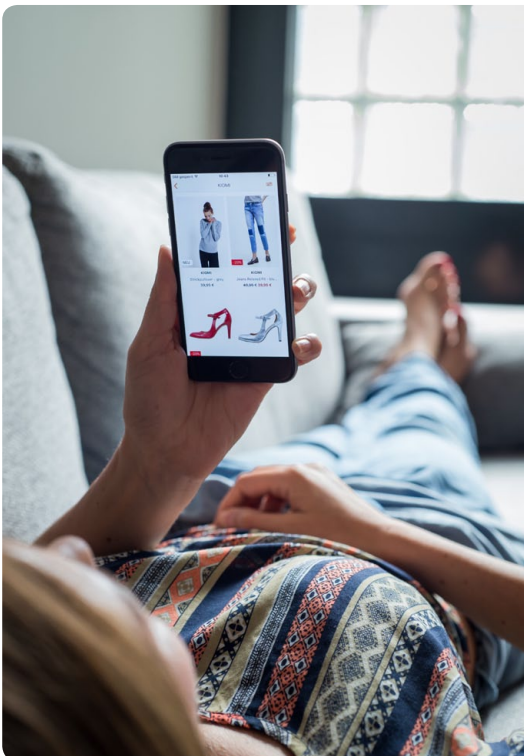
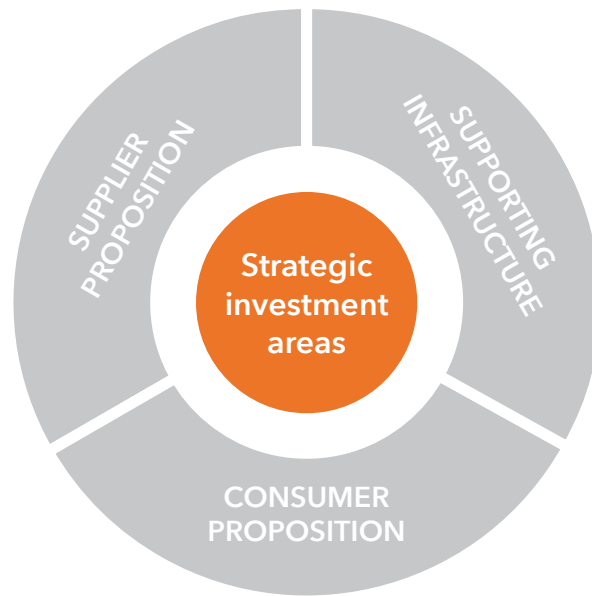
Zalando will continue investing in four key consumer propositions to strengthen its positioning as the most fashion competent destination - assortment, convenience, brand and mobile.

SUPPLIER PROPOSITION

To maintain the fashion suppliers' preferred e-commerce partner, Zalando will continue investing in the areas of wholesale solutions, partner program, digital services and fulfilment services.

SUPPORTING INFRASTRUCTURE

Zalando's supporting investments in technology and operations infrastructure provide the strong foundation on which the group offers compelling consumer and supplier proposition.



SUSTAINABILITY REPORT

Statement by the Chairman of the Board

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

For an investment company such as Kinnevik, sustainability centres on exercising our influence and implementing sound values and structures in all our investee companies. We strive to ensure that our companies lead their respective industries - in terms of innovation, market presence, customer offering and sustainability - for many decades to come. Companies that operate in a responsible and ethical manner will be better able to offer products and services that meet the demands of their customers, as well as to recruit the best employees, thereby outperforming their competitors in the long run.

During 2016, we implemented individually tailored sustainability roadmaps for the majority of our larger private companies. This required us to balance the expectations of multiple stakeholder groups and to cooperate closely with each management team.

Our key focus area for 2017 is to continue supporting all our investee companies in the development and execution of their sustainability agendas.

As a long-term and responsible owner, Kinnevik needs to lead by example. Sustainability is an integral part of Kinnevik's operations and forms part of the agenda in management discussions, annual performance reviews, staff meetings and employee dialogues. As a clear example of this approach, Kinnevik has developed a structured program that continuously trains and upskills our investment team in sustainability and responsible investing.

I am pleased to say that this year we have developed our Sustainability Report according to the Global Reporting Initiative (GRI) sustainability reporting guidelines. In addition, we have prepared our first climate report. Sustainability is at the core of our strategy, and we intend to continue developing our reporting over the coming years in order to reflect this commitment.

Tom Boardman

Chairman of Kinnevik's Board of Directors

Purpose and strategy

Kinnevik's objective is to deliver long-term shareholder value, primarily through net asset value (NAV) growth and annual dividends.

Wherever we operate around the world, our focus is on building digital consumer businesses that make a positive difference to people's lives. For us, being at the cutting edge of providing consumer choice also means being ambitious about sustainability. As an active owner and lead investor, we therefore have clear expectations on our investee companies to conduct their operations in a responsible and ethical manner.

In 2011, Kinnevik formally adopted the Ten Principles of the United Nations (UN) Global Compact in the areas of human rights, labour, the environment and anti-corruption. Our Sustainability Report 2016 describes the actions taken to integrate the UN Global Compact and its principles into Kinnevik's business strategy, culture and daily operations. This year's report adheres to the GRI G4 Guidelines (see the reference index on page 26-27) and draws inspiration from the International Integrated Reporting Council's International Integrated Reporting Framework. In 2016, Kinnevik has also implemented a climate reporting system, Our Impacts. The full findings from the climate report can be seen on page 21.

In line with Kinnevik's commitment to conducting our business to the highest ethical standards, we have a Code of Conduct, a Whistleblower Policy and a Corporate Responsibility Policy. All employees and representatives of Kinnevik are expected to comply fully with the Code of Conduct. As outlined in the Whistleblower Policy, Kinnevik also expects all employees, as well as relevant third parties who deal with the company, to come forward and voice all serious concerns about any aspect of Kinnevik's work. In the Corporate Responsibility Policy, we outline Kinnevik's expectations in relation to how our investee companies should manage their social and environmental impact on stakeholders.

For Kinnevik, sustainability, including social responsibility and environment, is closely interlinked with Governance, Risk management and Compliance ("GRC") structures. To support the integration of our sustainability agenda into our business, Kinnevik established a dedicated GRC function in 2014. The purpose of the GRC function is to drive and follow up the implementation of sustainability structures at Kinnevik and within Kinnevik's investee companies. In 2016, Kinnevik also established a GRC Committee, appointed by the Board of Directors, to assist the Board in monitoring the governance and sustainability structures of Kinnevik and our investee companies, including risk management processes and compliance with laws, regulations and codes of conduct.

Principal stakeholders groups and their focus areas

Maintaining a close dialogue with our principal stakeholder groups is a core pillar of Kinnevik's sustainability work. The following table shows the key groups that are most important to Kinnevik. These groups have a high level of influence on Kinnevik, and because they are most affected by Kinnevik's operations, they also have high expectations of us.

Principal stakeholder groups, their main focus areas and Kinnevik's means of engagement

STAKEHOLDER GROUPS	THE STAKEHOLDER GROUPS' MAIN FOCUS AREAS	KINNEVIK'S ENGAGEMENT
Employees at Kinnevik and in our investee companies	Applying the highest social sustainability standards is critical in order for Kinnevik and its investee companies to attract top-performing employees at all levels. Work-life balance, equal opportunities, diversity, and health and safety are key focus areas. Continuous culture and talent management, including attractive compensation structures and performance reviews based on the company's stated mission, vision and culture are also central.	<ul style="list-style-type: none"> • Annual review of performance and personal objectives • Annual reviews of compensation packages, based on industry benchmarking • Continuous internal and external communication flow
Shareholders	In addition to continuous strong economic performance, investors are increasingly taking sustainability factors into account as a basis for making investment decisions. Many investors recognise a clear link between sustainability and economic performance. The investor community is focused on the full sustainability spectrum, from solid governance, risk management and compliance structures to the implementation of sound social and environmental guidelines.	<ul style="list-style-type: none"> • Regulatory and non-regulatory publications • Annual General Meetings • Road shows and investors meetings, both in groups and one-on-one formats
Investee companies	Sustainability awareness and involvement is becoming increasingly global, both among corporations and the end-consumers. Having sound social, environmental and ethical guidelines in place increases customer loyalty and gives Kinnevik's investee companies a competitive edge as consumers are increasingly raising their expectations with regards to sustainability.	<ul style="list-style-type: none"> • On-going discussions around, and implementation of, processes and guidelines for corporate governance, risk management, compliance and sustainability • Active representation on Boards and in committees • Regular formal and informal communication flow
Authorities and regulators	To achieve long-term sustainable performance, Kinnevik and our investee companies are required to be good corporate citizens and to comply with applicable laws, regulations and standards related to sustainability across all markets where we operate.	<ul style="list-style-type: none"> • Implementation of processes and guidelines for corporate governance, risk management and compliance • Ongoing dialogue with relevant authorities to monitor and prepare for regulatory developments

Kinnevik's sustainability agenda

Our continuous stakeholder dialogue, coupled with intelligence gathering, industry analysis and management discussions, forms the basis for identifying Kinnevik's most material sustainability focus areas. As illustrated in the following table, Kinnevik has identified six key focus areas; economic performance, corporate governance, risk management, compliance, social responsibility and environment.

BOUNDARIES FOR KINNEVIK'S MATERIALITY ASPECTS

In our role as active owners, we have a responsibility to manage sustainability aspects at the parent company and to promote sustainability initiatives in our investee companies. In some cases, our investee companies can in turn influence their suppliers and sub-suppliers. Kinnevik has determined the boundaries for each of our materiality aspects based on the level of control that we can exercise within the organisation (Kinnevik) and outside the organisation (investee companies and their suppliers, distributors etc.). The following table presents an overview of Kinnevik's boundaries with respect to each materiality aspect.

Kinnevik's boundaries for each materiality aspect, within and outside the organisation

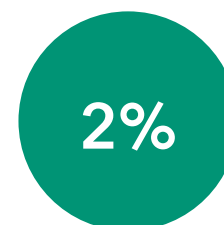
MATERIALITY ASPECTS	WITHIN KINNEVIK		OUTSIDE KINNEVIK	
	KINNEVIK	INVESTEE COMPANIES	INVESTEE COMPANIES' SUPPLIERS, DISTRIBUTORS ETC.	
I. ECONOMIC PERFORMANCE				
a) Value generated	●	●		
b) Value distributed	●	●		
II. CORPORATE GOVERNANCE				
a) Governance structure and Board composition	●	●		
b) Anti-corruption including Code of Conduct	●	●	●	
c) Whistleblower hotlines	●	●		
III. RISK MANAGEMENT				
a) Risk management processes and framework	●	●		
b) Regular risk monitoring and screening	●	●		
c) Mitigating risks through controls	●	●		
IV. COMPLIANCE				
a) Processes to ensure compliance with local laws	●	●	●	
b) Management oversight and reporting	●	●		
V. SOCIAL RESPONSIBILITY				
a) Human rights including working conditions, health and safety and non-discrimination	●	●		
b) Diversity, culture and brand and talent management incl. competitive compensation structures	●	●		
VI. ENVIRONMENT				
a) Greenhouse gas emissions	●	●	●	

● High level of control ● Some level of control

I. ECONOMIC PERFORMANCE

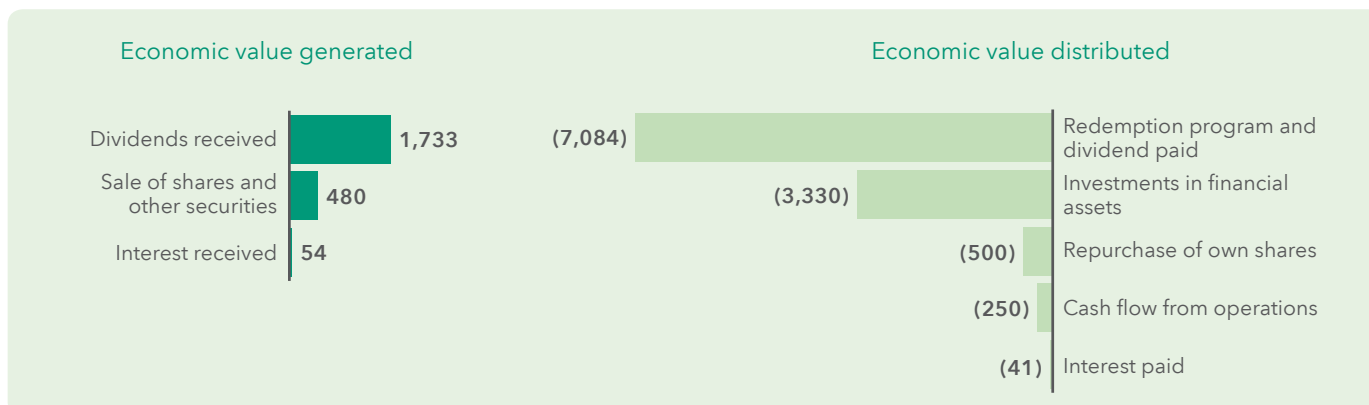
The economic aspect identified as material to Kinnevik is economic performance. Being a financially strong company is necessary in order for us to create long-term value for our stakeholders, and to execute our strategy of supporting our companies in growing and in improving their profitability in a sustainable manner.

Kinnevik distributed significant value to shareholders in 2016, which was made possible following significant exits in the second half of 2015. As a result, even with a negative cash flow of SEK -8,557m for 2016, including borrowings of SEK 381m, Kinnevik ended the year in a solid financial position with a leverage of 2% of portfolio value.



Kinnevik leverage in relation to portfolio value

Kinnevik's economic value generated and distributed during 2016, SEKm



II. CORPORATE GOVERNANCE

The basis for corporate governance within Kinnevik is Swedish legislation, the Nasdaq Stockholm Rule Book for Issuers, and the regulations and recommendations issued by relevant self-regulatory bodies. Kinnevik follows the Swedish Corporate Governance Code (Swedish: Svensk kod för bolagsstyrning). Kinnevik has an on-boarding process for new employees that introduces them to the Code of Conduct and to other policies and procedures. In addition, Kinnevik conducts mandatory annual Code of Conduct training for all our employees.

III. RISK MANAGEMENT

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

IV. COMPLIANCE

Kinnevik's compliance framework is mainly focused on compliance with the laws and regulations that govern listed companies in Sweden, such as the Nasdaq Stockholm Rule Book for Issuers, the European Union Market Abuse Regulation (No 596/2014), SFSA's Guide for Listed Companies (Swedish: Vägledning för Börs- och MTF-bolag), and other laws and regulations relating to Kinnevik's operations and investment activities. The GRC Committee and

the Audit Committee receive periodic updates on compliance status with the material provisions of governing laws, regulations and guidelines.

V. SOCIAL RESPONSIBILITY

At Kinnevik, we believe that value is created by people. The acquisition and retention of top talent is therefore a key priority. Further information on this topic can be found in the section The Kinnevik Team on page 25 in this report.

VI. ENVIRONMENT

All businesses have an environmental impact, and as a global investment company, our impact on the global environment is an important issue for Kinnevik.

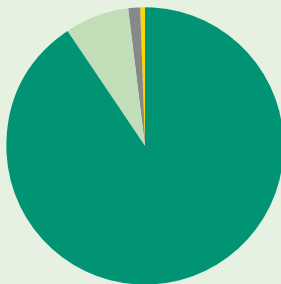
In 2016, Kinnevik implemented a climate reporting system for the first time, Our Impacts. The aim of the climate report is to assess the levels of CO₂ emissions generated by our organisation and of which we are in direct control. The report also represents a first step towards reducing our environmental impact. The results of the study are summarized below, and we intend to continue this reporting on an annual basis. The full Climate Report, including methodology and assumptions, is available on our website www.kinnevik.com.

During 2016, Kinnevik generated 14.8 tonnes of CO₂ emissions per employee and 0.8 tonnes of CO₂ emissions per square meter of office space, including both our Stockholm and London premises. Since this is our first climate report, we cannot compare these CO₂ emissions to previous years. However, Kinnevik continuously strives to reduce our environmental impact. Kinnevik's most material environment impact is business travel, which accounts for 91% of our total CO₂ emissions.

Kinnevik's CO₂ emissions in 2016

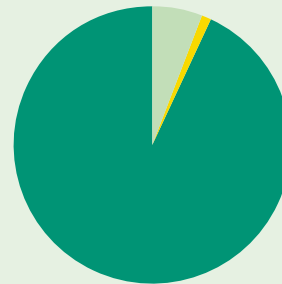
CO₂ emissions by Activity

ACTIVITY	TONNES CO ₂	
Business travel	537	91%
Company-owned / leased vehicles	45	8%
Premises	8	1%
Materials purchased	2	0%
TOTAL	591	100%



CO₂ emissions by Scope

SCOPE	TONNES CO ₂	
1 Company-owned / leased vehicles	37	6%
2 Power consumption and distance heating	7	1%
3 Business trips, paper consumption and waste	547	93%
TOTAL	591	100%



Note: The Greenhouse gas (GHG) Protocol has established a classification of GHG emissions called "Scope". Scope 1 includes direct GHG emissions, Scope 2 includes energy indirect GHG emissions and Scope 3 includes other indirect GHG emissions. For more information see the GRI Index on page 27.

Kinnevik's role as an active owner

In our Corporate Responsibility Policy, we outline Kinnevik's expectations of our portfolio companies with regards to their social and environmental impact on stakeholders. Our role as active owners is to contribute time and resources to support each of our companies in reaching their full value creation potential. Companies can achieve this goal by combining economic performance with solid governance, risk management and compliance structures, as well as social responsibility and care for the environment.

Kinnevik interacts on an ongoing basis in relation to sustainability topics, including environmental and social issues, with 16 of our investee companies, representing 92% of Kinnevik's Portfolio Value per 31 December 2016.

PUBLIC COMPANIES

In our largest public companies, Zalando, Millicom, Tele2, MTG and Qliro Group, we exercise our active ownership role through board representation. In 2016, our public companies made significant progress in their sustainability work through their own dedicated teams. More detailed information can be found in each investee company's Annual Reports and Sustainability Reports.

PRIVATE COMPANIES

We engage regularly with all our larger private companies in relation to various sustainability work-streams, through board representation as well as engagement with management. An interview with

Kinnevik's GRC Director Mathew Joseph, in which he outlines our key sustainability focus areas in 2016 and going forward, is available on page 24 of this report.

NEW INVESTMENTS

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

During 2016, Kinnevik made two new investments, babylon and Betterment. As with all new investments, both companies were subject to sustainability due diligence to ensure they met our expectations. This sustainability due diligence includes, among other elements, human rights screening, positive and negative environmental and social screening, and corruption risk assessment processes, all of which showed very low risk levels for both companies.

Identified issues were discussed with the management teams and other shareholders, and a sustainability roadmap was agreed in order to address any material gaps. Given the fact that both businesses are in a relatively early stage of development, Kinnevik's investment and sustainability teams will work continuously with the management of these companies to help support the development of sound sustainability structures.

Kinnevik's Corporate Responsibility Policy

KINNEVIK'S POLICY FOR CORPORATE RESPONSIBILITY

A fundamental requirement for all portfolio companies in which Kinnevik invests is that they comply with all applicable laws, regulations, and appropriate standards in the markets in which they operate. In cases where local legislation does not afford adequate protection for core international human rights and ethical business conduct, companies should endeavour to uphold relevant international standards, such as:

- The UN Guiding Principles on Business and Human Rights – with reference to
 - the International Bill of Human Rights
 - the eight core ILO conventions as set out in the Declaration on Fundamental Principles and Rights at Work
 - additional internationally-recognized standards protecting the rights of special groups and populations requiring particular attention
- The OECD Guidelines for Multinational Enterprises.

GOVERNANCE

Kinnevik's portfolio companies should apply a corporate governance structure that meets national and international standards for corporate governance. Portfolio companies should have a Code of Conduct setting out their commitment to conducting business according to the highest ethical standards. Portfolio companies should also adopt a Whistleblower policy in order to ensure that employees and relevant third parties with serious concerns about any aspect of the company's work are able to come forward and voice those concerns without the risk of retaliation, discrimination or disadvantage.

RISK MANAGEMENT

Portfolio companies should have structured risk management processes and frameworks within its businesses. The Board of Directors should be responsible for determining the risk appetite of the company, and for maintaining oversight of key risks that have a material impact on the

portfolio company. The management of Kinnevik's portfolio companies and subsidiaries should ensure that there are appropriate processes for identifying and managing risks as well as escalating them to the portfolio company's Board of Directors when appropriate.

COMPLIANCE

Portfolio companies should ensure they comply with all applicable laws, regulations, and relevant standards. Management should maintain an oversight of compliance across the company's operation and report material non-compliance matters to the portfolio company's Board of Directors.

Competitive behaviour

All Kinnevik portfolio companies should ensure that they carry out their activities in a manner consistent with all applicable competition laws and regulations.

Business ethics

Portfolio companies should develop clear guidelines on anti-corruption: including issues relating to bribery, money laundering, and fraud. These guidelines should be made known to all employees, and employees should be continuously educated and informed of the consequences of the guidelines. These guidelines are particularly significant for companies active in countries where corruption is prevalent. It is also important that the companies are transparent and communicate how they avoid and work against corruption.

Trade sanctions

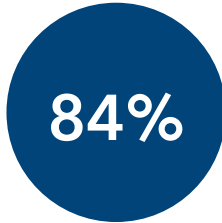
Portfolio companies should adopt policies and procedures in order to ensure compliance with international trade sanctions and export control legislation. Such procedures should include risk management processes for identifying high-risk jurisdictions, business areas and products, routines for the screening of counterparties, and should set out the responsible functions for compliance and escalation of matters within the company.

Privacy and data protection

Portfolio companies should have clear policies regarding privacy and data protection and design internal systems to comply with national and international legislation in the area.



Proportion of our companies where sustainability is on the agenda of the Board or a sub-committee



Proportion of our companies where Kinnevik has proportionate board representation



Number of material compliance issues that were escalated to a Board or sub-committee in 2016

The above KPIs are calculated based on our larger investee companies, defined as those stated separately in our NAV reporting. For a full account of which companies are included, refer to the sections Fair Value of Financial Assets and Valuation of Unlisted Assets on page 33-34 in Kinnevik's Annual Report 2016.

SOCIAL RESPONSIBILITY

Portfolio companies should continuously monitor their compliance with applicable laws, regulations, and relevant international standards.

In particular, they must respect human rights, such as those relating to labour: offering safe and healthy working conditions, upholding the freedom of assembly and association, ensuring non-discrimination and promoting diversity at work; and not accepting any form of forced or child labour.

In cases where the portfolio companies are active in countries that do not afford adequate protection for human rights, it is particularly important that the companies also seek to promote human rights to increase the standard in the company in question.

ENVIRONMENTAL RESPONSIBILITY

Portfolio companies should establish an environment policy and continuously analyse and improve the impact of their operations on the environment. Environmental work should be followed up continuously and reported to the portfolio company's Board of Directors. Portfolio companies should also collect information on the environmental impact of their suppliers and encourage them to achieve continuous improvements.

In cases where scientific knowledge of environmental risks is insufficient, the companies should apply the precautionary principle and take measures at an early stage to ensure that preventable permanent damage to the environment does not occur. They must also take initiatives to promote greater environmental responsibility and encourage the development and application of environmentally friendly technology.

Where relevant, portfolio companies are encouraged to develop an environmental management system according to certified standards (e.g. ISO 14001) and to educate employees in issues relating to respect for the environment.

MANAGING THE SUPPLY CHAIN

All portfolio companies should develop a Supplier Code of Conduct in which the company's suppliers pledge to act in accordance with the recommendations of the UN's Global Compact. Companies are expected

to promote the Supplier Code of Conduct and take reasonable measures to ensure compliance of their supply chain to this code.

POLICY FOR CORPORATE RESPONSIBILITY IN NEW INVESTMENTS

Evaluation prior to new investments

Prior to any acquisition, an evaluation is always performed to determine if the company complies with Kinnevik's CR Policy. Kinnevik also assesses the situation in the country with respect to human rights and corruption and evaluates the extent to which the company upholds the principles of the UN Global Compact in relation to anti-corruption, labour standards, human rights, and environmental standards.

When potential investments do not adhere to Kinnevik's CR Policy, and it is not deemed possible to influence and improve the company's operations, Kinnevik refrains from making the investment.

Development of CR in new investments

Our new investments tend to be in smaller, newly-started companies, and developing a CR policy is part of developing these companies. Even if companies may comply with Kinnevik's requirements for responsibility at the investment occasion, CR work is long term and represents an improvement process that is constantly in progress. Kinnevik actively works with management teams of these companies to help develop their CR policy and related work streams.

FOLLOW-UP ON PORTFOLIO COMPANIES' CR WORK

In order to integrate CR work in daily operations, each company should appoint an employee who is responsible for CR. This employee should report his or her work and its effects to a member of the portfolio company's Board of Directors or its sub-committee that is responsible for pursuing the company's CR issues. Furthermore, CR work should be an agenda item at every Board meeting.

Each company should follow up annually on its CR policy. Over time, portfolio companies are encouraged to prepare a separate sustainability report reviewed and approved by external auditors and based on an internationally-recognised framework e.g. the Global Reporting Initiative (GRI) Framework.

Meet Mathew Joseph, GRC Director at Kinnevik

Mathew Joseph set up the GRC function at Kinnevik and was appointed GRC Director in September 2014. He joined the Group as an Internal Auditor in 2003, and moved to an operational CFO/COO role in an investee company in 2005. Mathew works closely with the management teams and Board members in each investee company to develop and integrate structured sustainability environments that meet Kinnevik's sustainability ambitions. Mathew is a Chartered Accountant (India) and a Certified Public Accountant (US). He is originally from India and is based in our London office.



Q&A with Mathew

What does being GRC Director at Kinnevik entail?

Being the GRC Director is one of the best jobs you can have at Kinnevik. Typically, you are involved in every part of the lifecycle of an investee company. The role requires me to be flexible and to accommodate operational challenges within each company, while striving to achieve a common set of sustainability objectives in the long term. My operational experience from previous roles helps me understand challenges from the management's perspective, which is critical in developing sustainability initiatives within a company. The role also entails considering various stakeholder interests and taking a balanced approach to developing initiatives that reflect those interests.

How important is sustainability for Kinnevik?

Sustainability is a fundamental element in Kinnevik's investment thesis. All new investments are subject to rigorous sustainability due diligence processes. Kinnevik accepts that the sustainability environment in a company is, in general, directly proportionate to its level of maturity. Kinnevik will not invest in a business if we are not confident that the management team will be able to develop a sustainability environment that is in line with Kinnevik's expectations. We strongly believe that companies with more developed sustainability environments will provide better long-term returns to their shareholders.

Can you give some examples of your work during 2016?

During the year, Global Fashion Group (GFG) signed up to the Ethical Trading Initiative, an organisation that works closely with GFG's Head of Sustainability to design supply chain compliance programs for the company. Kinnevik also worked closely with BIMA during 2016 to develop a Code of Conduct for BIMA's employees and business partners. In the same period, BIMA's management conducted a corruption risk analysis across their high-risk markets to improve controls around high-risk transactions in those markets. Another example is Quikr, where we worked together with the management team to develop a compliance reporting structure across their operations in India.

What were the big sustainability challenges - and wins - for Kinnevik in 2016?

Kinnevik is invested in a diverse set of businesses operating across a wide variety of geographies. The biggest challenge during 2016 was balancing the expectations of different stakeholder groups when developing sustainability roadmaps, taking into consideration the overall ambitions and operational challenges in the companies' respective markets. We are convinced that the best way of doing this is by working actively with management teams to create roadmaps that are tailored specifically for each company. In our experience, a checklist or a one-size-fits-all approach is not effective.

The biggest win in 2016 was that the majority of our larger private companies now have sustainability roadmaps that are relevant to their business. This has been an interesting journey for all parties involved in the process - management, the investment team, the Boards and me personally. We were able to anchor the key sustainability focus areas with various stakeholders and, together with the management teams, defined a clear sustainability journey that is individually tailored for each company.

What are the sustainability challenges and opportunities for Kinnevik in 2017?

The biggest challenge is always balancing the expectations of various stakeholders. Sustainability awareness has increased significantly in the last few years. However, it can sometimes be challenging to convince stakeholders of the true value of sustainability initiatives, and to assure them that investing in the development of sustainability structures and processes can contribute positively to financial results. This is particularly true when they consider sustainability to be an independent work-stream that is not directly linked to the core business.

The biggest opportunity in 2017 is to continue monitoring the development of the sustainability efforts that we have implemented in our investee companies. Now that most companies have implemented sustainability roadmaps that have been formally adopted by Audit Committees and Boards, there is a real opportunity to improve the sustainability environment across all our investee companies.

The Kinnevik Team

Achieving sustainable performance in a world of change is not easy. As in every business, value is created by people. The acquisition and retention of highly talented people is therefore a top priority for Kinnevik.

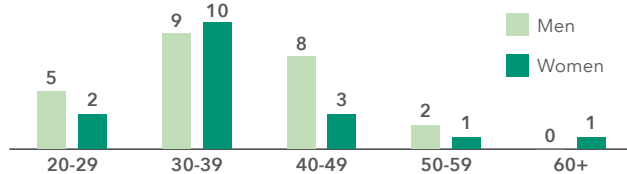
While the nature of our work changes frequently, our core values do not. Kinnevik's team members share an entrepreneurial spirit, as well as a belief in long-term business building, long-lasting partnerships, accountability, adaptability and responsible investing.

A SMALL AND DIVERSE TEAM

Kinnevik strongly advocates diversity and equal opportunities. This is reflected in the composition of our organisation, where a total of 10 different nationalities are represented. Kinnevik regards diversity as an asset and a lever for value creation, and we make full use of the opportunities that arise from employing a team with different backgrounds and perspectives.

Kinnevik has a small and diverse organisation based in Stockholm and London with 40 people employed on average during 2016, with 27 people based in the Stockholm office and 13 people in the London office (full-time equivalents). The investment management organisation is mainly based in London and consisted of 14 professionals committed to the development of our existing investee companies, and to the identification of new potential investments. In addition, Kinnevik employed 26 people across Finance, Legal, GRC, Corporate Communications, Human Resources and Administration.

Age distribution of employees in 2016



The proportion of women employed at Kinnevik was 42 percent (on average) for 2016. The proportion of women in Kinnevik's investment organisation was 17 percent, and on the Board of Directors 22 percent. Over the next few years, we aim to increase the proportion of women in both the investment team and on the Board.

AN ATTRACTIVE EMPLOYER

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

In 2016, Kinnevik added six new professionals to our team: one Investment Director and five Corporate professionals, of whom one joined as General Counsel (replacement hire). Over the same period, five professionals left Kinnevik, excluding termination due to end of fixed-term contract or retirement.

New employee hires and employee turnover during 2016

NEW HIRES					TOTAL	RATE
Sweden	20-29	30-39	40-49	50+		
Women	1	3	0	0	5	19%
Men	0	0	1	0		
UK						
Women	0	0	0	0	1	8%
Men	0	1	0	0		
TURNOVER					TOTAL	RATE
Sweden	20-29	30-39	40-49	60+		
Women	1	1	0	0	5	19%
Men	0	2	1	0		
UK						
Women	0	0	0	0	0	0%
Men	0	0	0	0		

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

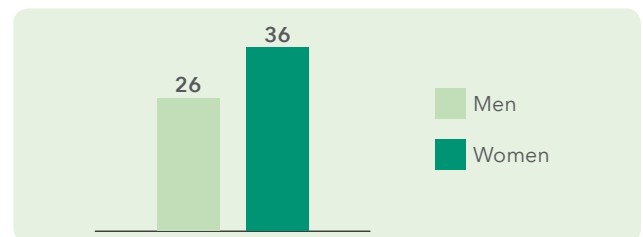
WORK SAFETY

All Kinnevik operations in Sweden follow the intentions and regulations stipulated in the Work Environment Act (Swedish: Arbetsmiljölagen) and the regulations published by the Swedish Work Environment Authority (Swedish: Arbetsmiljöverket). All Kinnevik operations in the United Kingdom follow the intentions and regulations stipulated in the Health and Safety at Work Act 1974 and the regulations published by the Health and Safety Executive.

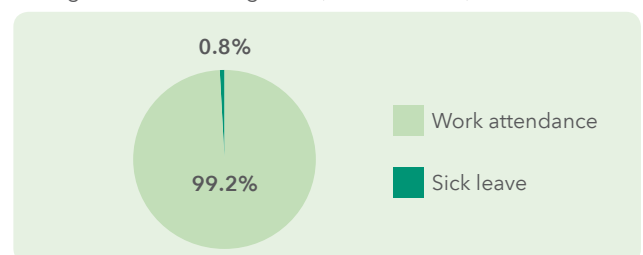
Kinnevik is responsible for maintaining a good and healthy work environment. All employees are required to follow the rules and regulations set up by Kinnevik, and to cooperate in maintaining and developing a good work environment. Appropriate steps are taken to prevent accidents and injury to health include minimizing hazards inherent in the working environment, and providing appropriate safety equipment. No accidents or injuries have occurred during 2016.

Kinnevik encourages employees to take parental leave. In 2016, the average parental leave taken was 26 weeks for men and 36 weeks for women. The low level of sick leave, below 1% of total working time, highlights Kinnevik's efforts to improve our employees' health through healthcare insurance and other initiatives.

Average time on parental leave during 2016 (number of weeks)



Average sick leave during 2016 (% of total time)



Note: Average time on parental leave refers to parental leave that started during 2016 and includes the full number of weeks requested. The leave may therefore be completed during the following year.

GRI Index

Kinnevik's Sustainability Report refers to the calendar year 2016 and is prepared in accordance with the GRI guidelines for sustainability reporting, specifically Version G4 at the Core level. Kinnevik has used relevant sections of GRI G4 Sector Disclosures, Financial Services. This is Kinnevik's first Sustainability Report prepared in accordance with the GRI guidelines, and Kinnevik intends to continue this reporting on an annual basis.

GENERAL DISCLOSURES	COMMENT	PAGE IN SUSTAINABILITY REPORT	PAGE IN ANNUAL REPORT	
STRATEGY AND ANALYSIS				
G4-1	Chairman's statement about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	1	18	
ORGANISATIONAL PROFILE				
G4-3	Name of the organisation	-	42	
G4-4	Primary brands, products and services	-	6-9	
G4-5	Location of the organisation's headquarters	-	42	
G4-6	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	-	10-11	
G4-7	Nature of ownership and legal form	-	31-32, 42	
G4-8	Markets served	-	6, 10-11	
G4-9	Scale of the organisation	8	25, 33, 42	
G4-10	Breakdown of workforce	Kinnevik does not have seasonal or part-time employees. During 2016 we had one fixed-term employee. Consultants and advisors are not included in employee data.	8	25
G4-11	Percentage of total employees covered by collective bargaining agreements	Kinnevik's employees are not covered by collective bargaining agreements. However, as stated in our Code of Conduct, freedom of assembly and association is a core pillar of our sustainable business practices.		
G4-12	Organisation's supply chain	Kinnevik's purchases include services and products to office operations in Stockholm and London and consultancy in acquisition and sales processes, as well as development procedures. These take place primarily in the Nordic countries and the United Kingdom.		
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain	No significant changes during the year. This is Kinnevik's first Sustainability Report prepared in accordance with GRI.		
G4-14	Whether and how the precautionary principle is addressed by the organisation	In cases where scientific knowledge of environmental risks is insufficient, our investee companies should apply the precautionary principle and take measures at an early stage to ensure that preventable permanent damage to the environment does not occur.	6	23
G4-15	External developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses	UN Global Compact, GRI G4 Sustainability Reporting Guidelines and Our Impacts.	1	18
G4-16	Memberships of associations and national or international advocacy organisations	Stockholm Chamber of Commerce (Swedish: Stockholms handelskammare) and Stockholm School of Economics (Swedish: Handelshögskolan i Stockholm).		
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4-17	Entities included in the organisation's consolidated financial statements or equivalent documents	-	73-74	
G4-18	Process for defining the report content and the Aspect Boundaries	2-3	19-20	
G4-19	Material Aspects identified in the process for defining report content	2-3	19-20	
G4-20	For each material Aspect, the Aspect Boundary within the organisation	3	20	
G4-21	For each material Aspect, the Aspect Boundary outside the organisation	3	20	
G4-22	The effect of any restatements of information provided in previous reports	This is Kinnevik's first Sustainability Report prepared in accordance with GRI.		
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	See above.		
STAKEHOLDER ENGAGEMENT				
G4-24	Stakeholder groups engaged by the organisation	2	19	
G4-25	Basis for identification and selection of stakeholders with whom to engage	2	19	
G4-26	Approach to stakeholder engagement	Stakeholders have not been specifically consulted for the preparation of the Sustainability Report 2016.	2	19
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns	2-4	19-21	
REPORT PROFILE				
G4-28	Reporting period for information provided	9	26	
G4-29	Date of most recent previous report	This is Kinnevik's first Sustainability Report prepared in accordance with GRI.		
G4-30	Reporting cycle	9	26	
G4-31	Contact point for questions regarding the report or its contents	Torun Litzén, Director of Corporate Communication; phone: +46 8 562 000 83.		
G4-32	The 'in accordance' option the organisation has chosen; the GRI content index for the chosen option	9-10	26-27	
G4-33	Policy and current practice with regard to seeking external assurance for the report	The Sustainability Report 2016 has neither been audited nor verified.		
GOVERNANCE				
G4-34	Governance structure of the organisation, including committees of the highest governance body; any committees responsible for decision-making on economic, environmental and social impacts	-	37-40	
ETHICS AND INTEGRITY				
G4-56	Organisation's values, principles, standards and norms of behaviour	1, 8	18, 25	

SPECIFIC STANDARD DISCLOSURES	COMMENT	BOUNDARY	PAGE IN SUSTAINABILITY REPORT	PAGE IN ANNUAL REPORT
ECONOMIC				
Economic Performance				
G4-DMA		Kinnevik	3	20
G4-EC1	Direct economic value generated and distributed	Kinnevik	3	20
ENVIRONMENTAL				
Emissions				
G4-DMA		Kinnevik	4	21
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Includes company-owned or long-term leased vehicles.	Kinnevik	21
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Includes power consumption and district heating.	Kinnevik	21
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Includes business trips by plane, train, taxi; office material/paper consumption; and waste from properties.	Kinnevik	21
LABOUR PRACTICES AND DECENT WORK				
Employment				
G4-DMA		Kinnevik	8	25
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Kinnevik	8	25
Training and Education				
G4-DMA		Kinnevik	8	25
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Kinnevik	8	25
Diversity and Equal Opportunity				
G4-DMA		Kinnevik	8	25
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Kinnevik	8	25, 37-40
HUMAN RIGHTS				
Investment				
G4-DMA		Kinnevik/ Outside	5	22
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	All investments in excess of SEK 100m are considered significant investment agreements. Kinnevik/ Outside	5	22
Sector Specific Indicators: Product Responsibility Disclosures for the Financial Services Sector				
G4-DMA		Kinnevik/ Outside	5	22
G4-FS10	Percentage and number of companies held in the organisation's portfolio with which the organisation has interacted on environmental or social issues	Kinnevik/ Outside	5	22
G4-FS11	Percentage of assets subject to positive and negative environmental or social screening	Kinnevik/ Outside	5	22
SOCIETY				
Anti-corruption				
G4-DMA		Kinnevik/ Outside	5	22
SO3	Operations assessed for risks related to corruption	Kinnevik/ Outside	5	22
SO4	Communication and training on anti-corruption policies and procedures	Kinnevik	4	21
Compliance				
G4-DMA		Kinnevik	4	21
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	During 2016, Kinnevik has not been issued material fines or received any other sanctions due to violations of laws or regulations. Kinnevik		



Reach for Change

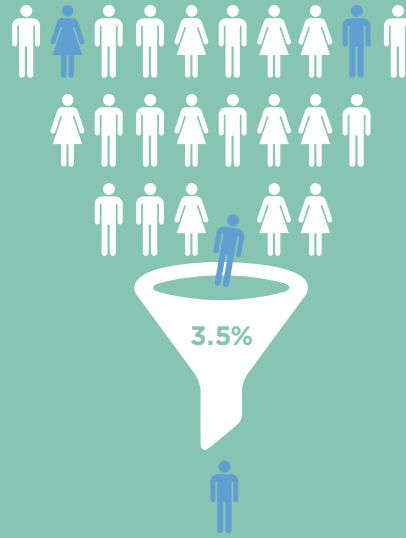
Reach for Change is a non-profit organisation founded by Kinnevik to improve children's lives. Reach for Change finds passionate local entrepreneurs with innovative solutions to pressing issues facing children. The entrepreneurs get support to develop their ideas through an accelerator program.

Those with the highest potential are also invited to join Reach for Change's incubator, where they receive seed funding, network and advice to transform their ideas into sustainable and impactful organisations improving children's lives. Since the start in Sweden, Reach for Change has grown to 18 countries, supporting hundreds of social entrepreneurs who have in turn helped hundreds of thousands of children.

2016 RESULTS IN SHORT

In 2016, Reach for Change continued to support social entrepreneurs who help children to better lives around the world. These are some of the results achieved during the year.

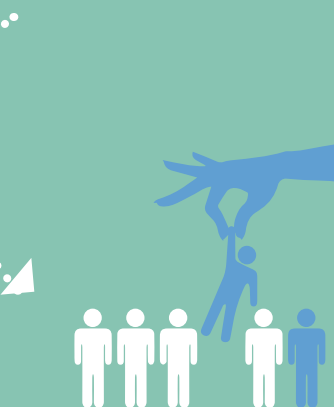
SELECTION



ACCELERATOR

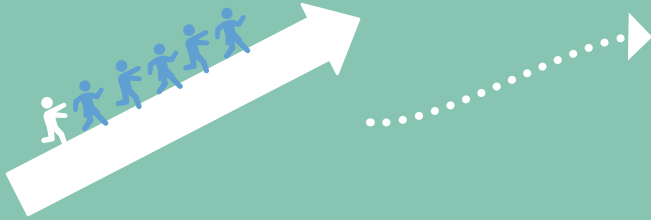
314

...social entrepreneurs received support through our accelerator program



Only 3.5% of all the applicants were selected into the Incubator program

IMPACT ON ENTREPRENEURS



76%

...of the entrepreneurs in our incubator supported more children, on average increasing their reach by **x6**

73%

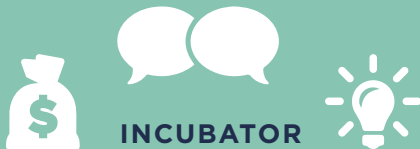
...of the entrepreneurs in our incubator gained more revenues, on average by **x2**



220,766

To change the situation, Faraja Nyalandu founded **Shule Direct**, a digital platform enabling students to access a quality education, even when teacher may not be close by. During 2016, Faraja and her team provided **220,766 children** with digital courses in **eleven subject areas** of the national curriculum for secondary school in Tanzania - **more than fifteen times as many** as in 2015.

In Sweden, **1 out of 4** youths between the ages of 16-24 suffer from mental illness such as anxiety and depression. However, **only half of those seek the help they need** to get better.



INCUBATOR

185

...amazing social entrepreneurs were helped to create a better world for children through our incubator program, an increase of **38%** compared to 2015.

Anne Sofie Blixt therefore created **Tilia**, a place where youths can always go when other agencies are closed. Here, youths can meet with an adult who will listen to them talk openly whenever they feel the need to, through chat or in person. **In 2016 Tilia supported 27,796 children and youths, eight times as many** as in 2015.



27,796

THE KINNEVIK MANAGEMENT TEAM



Joakim Andersson
Acting CEO
Chief Financial Officer



Mattias Andersson
General Counsel



Torun Litzén
Director Corporate Communication



Chris Bischoff
Senior Investment Director



Christoph Barchewitz
Investment Director



Franco Danesi
Investment Director

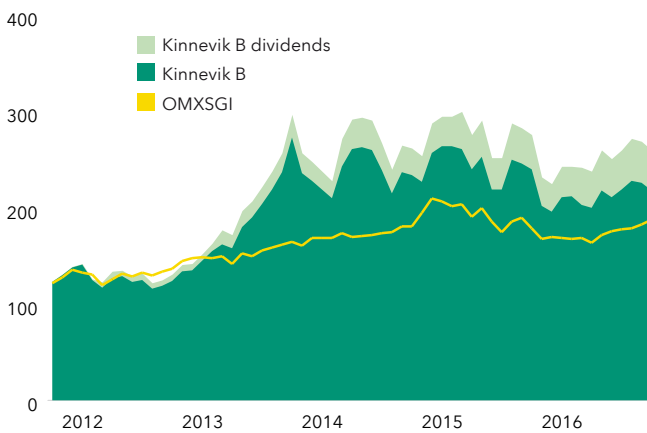
Joakim Andersson*	Mattias Andersson*	Torun Litzén*	Chris Bischoff*	Christoph Barchewitz*	Franco Danesi
<i>Acting CEO, Chief Financial Officer</i>	<i>General Counsel</i>	<i>Director Corporate Communication</i>	<i>Senior Investment Director</i>	<i>Investment Director</i>	<i>Investment Director</i>
<i>Employed: 2007</i>	<i>Employed: 2016</i>	<i>Employed: 2007</i>	<i>Employed: 2013</i>	<i>Employed: 2014</i>	<i>Employed: 2014</i>
<i>Nationality: Swedish</i>	<i>Nationality: Swedish</i>	<i>Nationality: Swedish</i>	<i>Nationality: British</i>	<i>Nationality: German</i>	<i>Nationality: Italian</i>
<i>Born: 1974</i>	<i>Born: 1976</i>	<i>Born: 1967</i>	<i>Born: 1973</i>	<i>Born: 1978</i>	<i>Born: 1972</i>
<i>Board positions:</i> Non-Executive Director of Modern Times Group	<i>Board positions:</i> -	<i>Board positions:</i> Member of the Board of Reach for Change	<i>Board positions:</i> Chairman of Milvik/BIMA and Saltside, Board Director of Babylon Health, Bayport, Betterment and Quikr and Board observer of Livongo	<i>Board positions:</i> Board Director of Global Fashion Group, Home24, Westwing and Linio	<i>Board positions:</i> Board Director of Bayport, Black Earth Farming, G3 Good Governance Group, Konga and Metro International
<i>Shareholding**:</i> 19,432 class B shares, whereof 2,150 held through pension plan, insurance or similar	<i>Shareholding**:</i> 4,000 class B shares, whereof 500 held through pension plan, insurance or similar	<i>Shareholding**:</i> 20,621 class B shares, whereof 1,000 held through pension plan, insurance or similar	<i>Shareholding**:</i> 7,124 class B shares, whereof 4,855 held through pension plan, insurance or similar	<i>Shareholding**:</i> 6,910 class B shares, whereof 4,910 held through pension plan, insurance or similar	<i>Shareholding**:</i> 6,524 class B shares, whereof 4,524 held through pension plan, insurance or similar
					* Senior executives ** Including holdings of closely affiliated persons

THE KINNEVIK SHARE

SHARE PRICE TREND

The price of Kinnevik's class B share decreased by 16.5% in 2016, or by 6.6% adjusted for SEK 2.1bn in ordinary dividend paid and SEK 5.0bn distributed by way of the mandatory share redemption program in Q2 2016. The OMXS30 index on Nasdaq Stockholm increased by 4.9% during the year.

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



STOCK EXCHANGE LISTING

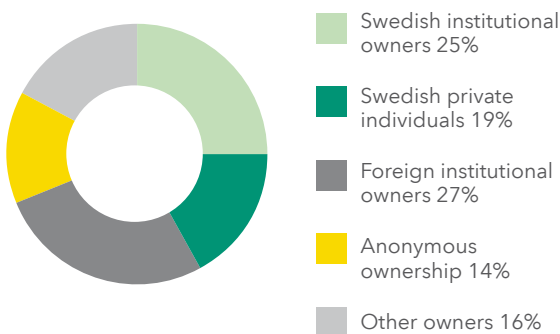
Kinnevik's class A and class B shares have been listed on NASDAQ Stockholm since 12 November 1992. The shares are listed on the Nordic list for large-cap companies within the financial sector. The ticker codes are KINV A and KINV B. During 2016, an average of 677,000 class B shares, corresponding to SEK 148m, were traded daily.

SHARE CAPITAL

As of 31 December 2016 the number of shares in Kinnevik amounted to 275,466,638 of which 41,157,144 are class A shares with ten votes each and 234,309,494 are class B shares with one vote each, whereof 350,903 are class B treasury shares which may not be represented at general meetings.

SHAREHOLDER STRUCTURE

% OF CAPITAL PER 31 DEC 2016



The total number of votes in the Company amounted at 31 December 2016 to 645,880,934 (645,530,031 excluding the 350,903 class B treasury shares). During the year 14,565 class B shares were delivered to participants in the long term incentive program launched 2013. The Board executed a SEK 500 million repurchase program during the first quarter 2016, acquiring 2.3m shares corresponding to 0.9% of issued shares, at an average purchase price of SEK 217 per share, not adjusted for shareholder distribution. The repurchased shares were cancelled during the third quarter 2016. The Board has authorization to repurchase a maximum of 10% of all shares in the Company over 12 months up until the next Annual General Meeting. There are no convertibles or warrants in issue.

DIVIDEND

For the financial year 2016, the Board recommends a cash dividend of SEK 8.00 per share, which would correspond to an increase of 3.2% compared to the ordinary dividend of SEK 7.75 for the financial year 2015.

SHAREHOLDER REMUNERATION POLICY

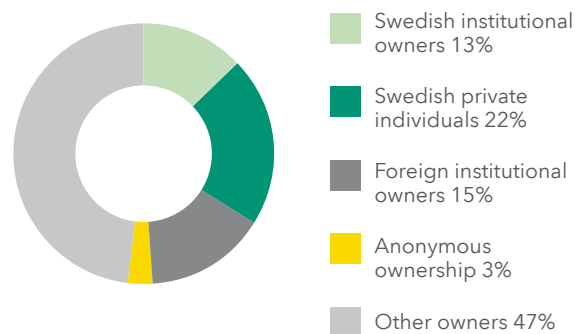
Kinnevik aims to pay an annual dividend growing in line with dividends received from its investee companies and the cash flow generated from its investment activities. Kinnevik will make share buybacks when the Kinnevik shares trade at a significant discount to their intrinsic value, as perceived by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

TOTAL RETURN

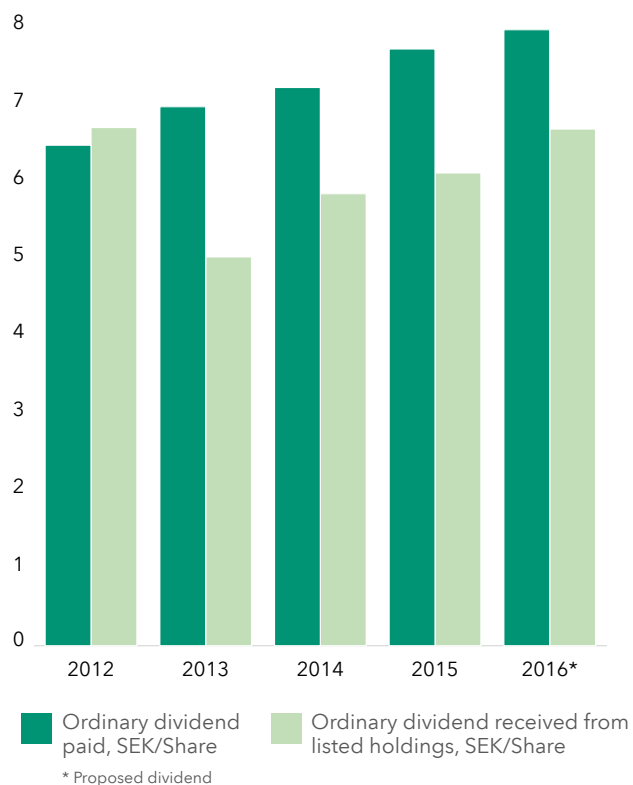
The Kinnevik share's average annual total return	
Past 30 years	14%
Past 10 years	11%
Past 5 years	16%
Past 12 months	(6)%

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

% OF VOTES PER 31 DEC 2016



DIVIDENDS FLOW



OWNER DISTRIBUTION BY HOLDINGS

Size of holding	# of holders	% of holders	# of shares (m)	% of capital
100 001 -	159	0%	188.7	69%
50 001 - 100 000	63	0%	4.4	2%
10 001 - 50 000	543	1%	11.1	4%
5 001 - 10 000	707	1%	5.2	2%
1 001 - 5 000	6 242	8%	13.8	5%
201 - 1 000	20 149	25%	10.6	4%
1 - 200	53 223	66%	3.5	1%
Anonymous	N/A	N/A	38.1	14%
Total	81 086	100%	275.5	100%

OWNERSHIP STRUCTURE

Kinnevik's 20 largest shareholders in terms of capital and votes according to Modular Finance at 31 December 2016.

Shareholder	A shares	B shares	% of capital	% of votes
Verdere S.à.r.l.	28 291 001	1 308 999	10.7	44.0
Klingspor Family	7 055 545	2 420 086	3.4	11.3
von Horn Family	2 107 580	354 296	0.9	3.3
Baillie Gifford	0	14 881 224	5.4	2.3
Alecta	762 500	7 088 000	2.8	2.3
Swedbank Robur	0	11 048 636	4.0	1.7
Thornburg	777 837	0	0.3	1.2
Morgan Stanley	762 066	376	0.3	1.2
AMF	0	7 248 359	2.6	1.1
Nordea	0	6 498 691	2.4	1.0
GAMCO	576 359	614 500	0.4	1.0
Skagen	0	5 007 146	1.8	0.8
Vanguard	0	4 702 807	1.7	0.7
BlackRock	0	4 478 789	1.6	0.7
Coronation	250 603	1 853 400	0.8	0.7
SEB	133 860	2 951 307	1.1	0.7
Norges Bank	0	3 933 182	1.4	0.6
Capital Group	0	3 776 366	1.4	0.6
Skandia	197 599	1 405 892	0.6	0.5
SHB	4 945	3 298 478	1.2	0.5
Other	237 249	151 438 960	55.1	23.8
Total	41 157 144	234 309 494	100.0	100.0
Whereof class B shares held by Kinnevik		350 903		

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

DATA PER SHARE

	2016	2015	2014	2013	2012
Average number of shares (000s)	275 570	277 381	277 343	277 564	277 183
Earnings per share, SEK	-12.55	4.49	75.27	30.51	-10.77
Shareholders' equity per share, SEK	263.29	300.22	303.60	235.38	211.01
Market price class B share at 31 December, SEK	218.90	262.00	255.20	297.50	135.30
Dividend per share, SEK	8.00 ¹⁾	25.75 ²⁾	7.25	7.00	6.50
Direct yield	3,7%	9,8% ²⁾	2,8%	2,4%	4,8%

¹⁾ Proposed dividend

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

FAIR VALUE OF FINANCIAL ASSETS

Investment (SEKm)	Capital (%)	Votes (%)	Fair value 31 Dec 2016	Fair value 31 Dec 2015	Total return ¹ 2016
Zalando	31.7	31.7	27 245	25 943	5%
Global Fashion Group	35.4	35.4	5 641	4 067	2%
Rocket Internet	13.2	13.2	3 990	5 627	-29%
Qliro Group	28.5	28.5	367	513	-28%
Home & Living ²	-	-	551	1 250	-63%
Other E-Commerce ²	-	-	1 280	1 028	53%
Quikr	18.0	18.0	1 535	1 519	1%
Other Marketplaces ²	-	-	220	505	-59%
Total E-Commerce & Marketplaces			40 829	40 452	-2%
Millicom	37.7	37.7	14 790	18 479	-16%
Tele2	30.3	47.9	11 166	11 524	-5%
Total Communication			25 956	30 003	-12%
MTG	20.3	48.0	3 650	2 938	30%
Other	-	-	439	489	1%
Total Entertainment			4 089	3 427	26%
Bayport	24.2	24.2	1 201	1 278	-6%
Betterment	9.3	9.3	590	-	10%
Other ²	-	-	649	501	21%
Total Financial Services & Other			2 440	1 779	7%
Other			487	298	15%
Portfolio Value			73 801	75 959	-4%
Net cash/debt			-1 367	7 558	
- of which unpaid investments/divestments			-49	-62	
Total Net Asset Value			72 434	83 517	-5%
Net Asset Value per share, SEK			263.29	301.10	-4%
Closing price, class B share, SEK			218.90	262.00	-6%

¹⁾ Including investments, divestments and dividends

²⁾ For split see page 34

VALUATION OF UNLISTED ASSETS

Investment (SEKm)	Kinnevik ownership	Accumulated net invested amount	Fair value 31 Dec 2016	Change in fair value ⁴ full-year 2016	Valuation method
Global Fashion Group ^{1,2,3}	35%	5 658	5 641	71	Revenue multiple
Home & Living					
Home24 ²	17%	833	94	-734	Revenue multiple
Westwing ²	17%	419	429	-16	Revenue multiple
Other	Mixed	52	28	-41	Mixed
Other E-commerce					
Lazada ¹	4%	87	706	601	Latest transaction
Linio ^{1,2}	27%	438	292	42	Revenue multiple
Konga	34%	257	133	7	Revenue multiple
Other ²	Mixed	182	149	-106	Mixed
Marketplaces					
Quikr	18%	879	1 535	16	DCF
Saltside	61%	195	200	5	DCF
Other	Mixed	223	20	-306	Mixed
Total E-Commerce & Marketplaces		9 222	9 227	-461	
Metro	100%	966	327	34	DCF
Other	Mixed	128	112	-41	Mixed
Total Entertainment		1 094	439	-7	
Bayport	24%	467	1 201	-77	Latest transaction
Betterment	9%	538	590	52	Latest transaction
Milvik/BIMA	39%	213	464	113	DCF
Other	Mixed	103	165	62	Mixed
Total Financial Services		1 321	2 420	150	
Babylon ²	13%	164	154	-10	Latest transaction
Other	Mixed	242	51	12	Mixed
Total Other		406	205	2	
Total Unlisted Assets		12 043	12 291	-316	

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

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

³⁾ Includes investments and change in value of shareholder loan

⁴⁾ Including dividends received

FAIR VALUES AS AT 31 DECEMBER 2016

At the end of the year, the fair value of Kinnevik's unlisted assets amounted to a total of SEK 12,291m, to be compared with an accumulated invested amount (net after dividends received) of SEK 12,043m. Change in fair value and dividends received amounted to negative SEK 316m over the year, as specified in the table on the previous page.

As a consequence of Kinnevik's investee companies adopting different financing structures, such as liquidation preferences, the value of Kinnevik's shareholding in an investee company may be higher or lower than implied by Kinnevik's percentage ownership stake. Liquidation preferences determine how proceeds from a liquidity event are allocated between shareholders and this allocation may become increasingly complex as a company raises several funding rounds at different valuations. An increase or decrease in the equity value of an investee company where liquidation preferences apply may result in a disproportionate increase or decrease in the fair value of Kinnevik's shareholding in that investee company.

GLOBAL FASHION GROUP

The valuation of Kinnevik's shareholding in Global Fashion Group (GFG) has been based on an average multiple of 1.4x the company's latest publicly available 12 months' net revenues and net cash position as at 30 September 2016. The average multiple used in the valuation corresponds to a 38% discount to GFG's listed and profitable developed market peers. The fair value of Kinnevik's aggregate shareholding in GFG implies a EUR 1.8bn valuation for 100% of the company's fully diluted equity.

On 26 April, Kinnevik committed to invest up to EUR 200m in a minimum EUR 300m internal capital increase in GFG by way of a joint underwriting with Rocket Internet. Due to strong interest, the financing round's final size amounted to EUR 330m, and Kinnevik's final participation was scaled back to EUR 161m. After completion of the capital increase in the third quarter of 2016, Kinnevik holds 35% of the share capital in GFG.

OTHER E-COMMERCE

Revenue multiple valuations have been applied for Kinnevik's shareholdings in the e-commerce companies listed in the table on the right-hand side. The valuations have in all cases been based on the respective company's latest publicly available 12 months' net revenues and net cash positions as at 30 September 2016.

The peer group's average revenue multiple within the Home & Living category has been discounted downwards to 0.8x for Home24 and to 0.9x for Westwing when assessing the fair values of Kinnevik's shareholding.

The valuation of Kinnevik's shareholding in Lazada has been based on the valuation implied by Kinnevik's partial divestment which was completed during the second quarter. The valuation implies an equity value of USD 2.0bn.

Kinnevik's other general e-commerce investee companies, Linio and Konga, are continuing their shift from a purely inventory based business model into a marketplace model, where third party products are sold on the companies' platforms. Revenues from this model generally consist of the fees charged third party merchants. To reflect the ongoing shift in business model in the method of valuing Kinnevik's shareholding in each company, the average trading multiples of two different peer groups have been applied in proportion to the revenue contribution of each business model. The weighted average multiple applied on the respective company's latest publicly available 12 months' net revenue is 1.7x for Linio and 2.4x for Konga (0.5x and 1.0x, respectively, in relation to net merchandise value during the same period).

Company	31 Dec ¹⁾ 2016	31 Dec ¹⁾ 2015	Adjusted multiple
GFG	1.4	2.2	Yes
Home24	0.8	1.6	Yes
Westwing	0.9	1.4	Yes
Linio	1.7	1.5	Yes
Konga	2.4	1.3	No

¹⁾ Sales multiple, last 12 months historical sales.

²⁾ Sales multiple was adjusted as per 31 December 2016 to reflect factors such as lower profitability than peer group. Please see Note 2 for further information.

MARKETPLACES

The valuation of Kinnevik's shares in Quikr has been based on a discounted cash flow analysis. The valuation implies an equity value of USD 940m.

FINANCIAL SERVICES

The valuation of Kinnevik's shares in Bayport has been based on the value implied by cash transactions made in secondary Bayport shares in February 2016 at a valuation of USD 547m. The size of the transactions, approximately 5% of the company's diluted share capital at that point in time, is considered sufficiently large to be applied to Kinnevik's entire shareholding in Bayport.

For Kinnevik's shares in Milvik/BIMA, the valuation as at 31 December 2016 has been based on a discounted cash flow analysis resulting in a value of Kinnevik's 39% stake of SEK 464m, or a fully diluted equity value of USD 131m.

Kinnevik's shares in Betterment have been valued in line with the valuation applied in the USD 100m funding round announced in the first quarter of 2016, corresponding to a fully diluted equity value of USD 700m.

FAIR VALUES AND IMPLIED VALUES FROM LATEST TRANSACTIONS AS AT 31 DECEMBER 2016

Investment (SEKm)	Valuation in latest transaction	Implied value Kinnevik's stake	Fair value Kinnevik's stake	Difference	Nature of latest transaction
Global Fashion Group	9 888	3 212	5 641	-2 429	New share issue
Home24	4 028	683	94	589	New share issue
Westwing	4 824	817	429	388	New share issue
Lazada	18 169	706	706	-	Sale of shares
Linio	1 432	305	292	13	New share issue
Quikr	13 939	2 504	1 535	969	New share issue
Saltside	1 029	626	200	426	New share issue
Bayport	4 965	1 201	1 201	-	Sale of shares
Betterment	6 287	590	590	-	New share issue
BIMA	1 227	493	464	29	New share issue
Iroko	608	111	111	-	New share issue
Other E-Commerce & Marketplaces	-	1 053	330	723	Various
Other Financial Services	-	166	165	1	Various
Other Entertainment	-	328	328	-	Various
Other	-	205	205	-	Various
Total		13 000	12 291	709	

In a number of Kinnevik's unlisted investee companies, shares have been issued or transacted at price levels that diverge from Kinnevik's recognized assessed fair values.

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

As specified in the table above, the total difference between Kinnevik's pro rata share of the valuations implied by the latest transactions and the fair values in Kinnevik's accounts amounted to SEK 709m applied to Kinnevik's shareholdings as at 31 December 2016, whereof Kinnevik's E-Commerce & Marketplaces portfolio represented SEK 679m. Excluding Global Fashion Group, where Kinnevik's assessed fair value exceeds the value implied by the EUR 330m funding round completed in the third quarter of 2016, the aggregate difference amounted to SEK 3.1bn.

For further information about valuation principles and assumptions, please see Note 2.

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")*.

During 2016, Kinnevik, in line with previous years, deviated from the Code rule stipulating that a member of the Board of Directors may not chair the Nomination Committee. This deviation from the Code is explained in more detail in the section Nomination Committee below.

ANNUAL GENERAL MEETING

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

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

NOMINATION COMMITTEE

At the 2016 Annual General Meeting, it was decided that a Nomination Committee consisting of at least three members appointed by the Company's largest shareholders would be established during September 2016 following consultation with the largest shareholders in the Company as at 31 August 2016. 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 2016 Annual General Meeting, Cristina Stenbeck convened a Nomination Committee consisting of members representing the largest shareholders in Kinnevik. The Nomination Committee is comprised of Cristina Stenbeck as representative of Verdere S.à r.l., Wilhelm Klingspor appointed by the Klingspor family, Edvard von Horn appointed by the von Horn family, James Anderson appointed by Baillie Gifford, and Ramsay Brufer appointed by Alecta. The Nomination Committee's task is to submit proposals for the Board of Directors and auditors, in the event auditors shall be elected, and fees to the Board of Directors and auditors, a proposal for the Chairman of the Annual General Meeting as well as the procedure for the Nomination Committee ahead of the 2018 Annual General Meeting. Cristina Stenbeck, member of the Board of Directors, was appointed Chairman of the Nomination Committee, an appointment that deviates from what the Code prescribes. The other members of the Nomination Committee declared their decision as being in the Company's and its shareholders' best interest and a natural consequence of Cristina Stenbeck leading the Nomination Committee's work in recent years, as well as her connection to the Company's largest shareholders.

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, also has audit engagements in the listed companies Atlas Copco AB and Boliden AB. The auditor's independence is ensured by legislation and professional ethics and the audit firm's internal guidelines, as well as by adhering to the Audit Committee's guidelines governing the type of assignments that the audit firm may conduct in addition to the audit. During 2016, Deloitte AB has provided certain services in issues regarding Corporate Responsibility and IFRS. Information regarding audit fees is provided in the Annual Report's Note 12 for the Group and Note 5 for the Parent Company, Auditors' Fees.

BOARD OF DIRECTORS AND SENIOR EXECUTIVES

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

At the 2016 Annual General Meeting, following a motion by the former Nomination Committee, Tom Boardman, Anders Borg, Dame Amelia Fawcett, Wilhelm Klingspor, Erik Mitteregger, John Shakeshaft and Cristina Stenbeck were re-elected members of the Board and Lothar Lanz and Mario Queiroz were elected as new members of the Board. The Annual General Meeting further elected Tom Boardman as Chairman of the Board.

The independence of Board members in relation to the Company and its management, and to the major shareholders of the Company, is specified on pages 39-40. None of the Board members are employed within the Group. Senior Executives in Kinnevik include acting Chief Executive Officer and Chief Financial Officer Joakim Andersson, Director of Corporate Communications Torun Litzén, Senior Investment Director Chris Bischoff, Investment Director Christoph Barchewitz, and General Counsel Mattias Andersson. For information about Senior Executives, please see page 30 in the Annual Report, and Note 16 for the Group.

BOARD WORK

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

Significant issues addressed by Kinnevik's Board during 2016 include the succession of the company's Chief Executive Officer, the impact of the global economy on Kinnevik and the sectors in which Kinnevik has invested, new investment decisions, capital structure management in Kinnevik as well as its larger portfolio companies, and the overall strategy and financial performance of Kinnevik and its larger portfolio companies. As the basis for discussions concerning the listed portfolio companies, Kinnevik's management presented independent analyses of each company's strategy, operations and future opportunities within the markets

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

in which they are active. Furthermore, Chief Executive Officers of certain listed portfolio companies held customary investor presentations directly to the Kinnevik Board.

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

As in previous years, a Remuneration Committee and an Audit Committee have been established within the Board. Furthermore, a Governance, Risk and Compliance ("GRC") Committee was established within the Board at the constituent Board meeting after the 2016 Annual General Meeting. These committees are preparatory bodies of the Board and do not reduce the Board's overall responsibility for the governance of the Company and decisions taken. The Investment Committee was disbanded at the constituent Board meeting, in favour of involving the entire Board in the Company's capital allocation decisions.

The Board re-appointed Tobias Hultén as the Company Secretary in May 2016. After Tobias resigned from his role he was replaced by Mattias Andersson in October 2016. 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 Board work.

During 2016, Kinnevik's Board of Directors held eleven meetings (excluding the constituent meeting), of which six were extra meetings held via telephone. Dame Amelia Fawcett was absent from four meetings, and John Shakeshaft was absent from one meeting. The other Board members were present at all Board meetings.

EVALUATION OF THE WORK OF THE BOARD OF DIRECTORS

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

The evaluation of the Board's work during 2016 was conducted internally by the Chairman of the Board by way of a formal questionnaire covering areas such as the Board's performance against its key duties, the Board's composition and processes, as well as the performance of individual Board members. The results of the evaluation were presented to the Nomination Committee by the Chairman of the Board, and were also reported in full to the Nomination Committee in writing.

REMUNERATION COMMITTEE

The Remuneration Committee's assignments are stipulated in Chapter 9.1 of the Code, and comprise issues concerning salaries, pension terms and conditions, incentive programs and other conditions of employment for the senior executives. The guidelines applied in 2016 are presented in Note 16 for the Group, Personnel.

For the time until the constituent Board meeting after the 2016 Annual General Meeting, Dame Amelia Fawcett, Wilhelm Klingspor, Erik Mitteregger and Cristina Stenbeck were members of the Remuneration Committee, with Dame Amelia Fawcett as Chairman. At the constituent Board meeting, Tom Boardman, Dame Amelia Fawcett, Erik Mitteregger and Cristina Stenbeck were elected members of the Remuneration Committee, and Dame Amelia Fawcett was re-elected as Chairman.

The Remuneration Committee shall strive to meet not less than twice a year, and more frequently as required. Minutes are kept at

the Remuneration Committee's meetings and are reported to the Board at its next meeting. The Remuneration Committee held five meetings during 2016, all of which were held via telephone, and the Committee further adopted decisions by written procedure throughout the year. All members were present at all Committee meetings.

AUDIT COMMITTEE

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

For the time until the constituent Board meeting after the 2016 Annual General Meeting, Tom Boardman, Erik Mitteregger and John Shakeshaft were members of the Audit Committee, with John Shakeshaft as Chairman. At the constituent Board meeting, Tom Boardman, Lothar Lanz, Erik Mitteregger and John Shakeshaft were elected members of the Audit Committee, and John Shakeshaft was re-elected 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 2016, of which eight were held via telephone. Lothar Lanz was absent from one meeting. The other members were present at all Committee meetings. The external auditors participated in most of the meetings and issued their reports on the results of their examinations to the Audit Committee and the Board of Directors both orally and in writing.

GRC COMMITTEE

The GRC Committee is appointed by the Board of Directors to assist the Board in monitoring the governance structures of Kinnevik's investee companies, Kinnevik's risk management process and compliance with laws, regulations and codes of conduct.

Tom Boardman, Dame Amelia Fawcett and John Shakeshaft were members of the GRC Committee during 2016, with Dame Amelia Fawcett as Chairman.

The GRC Committee shall meet not less than four times annually. Minutes are kept at the GRC Committee's meeting and are reported to the Board at its next meeting. The GRC Committee held two meetings during 2016. John Shakeshaft was absent from one meeting. The other members were present at both Committee meetings.

INVESTMENT COMMITTEE

For the time until the constituent Board meeting after the 2016 Annual General Meeting, an Investment Committee was appointed by the Board to evaluate potential investments and divestments, as well as to review larger investments before they are presented to the Board for approval.

Tom Boardman, Dame Amelia Fawcett, Erik Mitteregger, Lorenzo Grabau and Joakim Andersson were members of the Investment Committee during 2016. The Chairman of the Committee was Lorenzo Grabau.

The Investment Committee held one meeting during 2016 via tel-

ephone, and adopted decisions by written procedure throughout the period up until the constituent Board meeting. It was resolved to disband the Investment Committee at the constituent Board meeting, in favour of involving the entire Board in the Company's capital allocation decisions.

THE BOARD'S DESCRIPTION OF INTERNAL CONTROL PERTAINING TO THE FINANCIAL REPORTING FOR THE 2016 FINANCIAL YEAR

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

CONTROL ENVIRONMENT

The purpose of the Board of Directors' rules of procedure and instructions for the Chief Executive Officer and Board Committees is to ensure a distinct division of roles and responsibility that promotes the efficient management of operational and financial risks. The Board has also adopted a number of fundamental guidelines of significance to activities involving internal controls, which are described in Kinnevik's Policy and Procedure Manual and include instructions governing the financial reporting of results, authorization procedures, purchasing policies, investment policies, accounting principles, financial risk management and internal audits. The Company's management reports regularly to the Board in accordance with established procedures. In addition, the Audit Committee and the GRC Committee report on

BOARD OF DIRECTORS

Tom Boardman

CHAIRMAN

Born: 1949

Nationality: South African citizen

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

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

Committee work: Member of the Audit Committee, member of the Remuneration Committee, member of the GRC Committee.

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

Anders Borg

DEPUTY CHAIRMAN

Born: 1968

Nationality: Swedish citizen

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

Direct or related person ownership: 12,900 class B shares.

Committee work: -

Anders has been a Director and Deputy Chairman of the Board of Kinnevik AB since 2015. He is also a non-executive Director of Stena International and Milvik/BIMA and serves on the advisory board of Asian Infrastructure Investment Bank (AIIB). He is an advisor of Citigroup and member of its Nordic Advisory Board as well as Chairman of the World Economic Forum's Global Financial System Initiative. Anders served as Sweden's Minister of Finance 2006-2014. In 2011, he was named European Finance Minister of the year by the Financial Times recognizing his outstanding political ability, economic performance and market credibility. He was Chief Economist and Head of Parliamentary Office for Sweden's Moderate Party 2003-2006. Prior to his political career, Anders held various positions in Sweden's financial sector, at Transferator Alfred Berg, ABN Amro Bank and SEB. Anders studied philosophy, economic history and political science at Uppsala University and did postgraduate studies in economics at Stockholm University.

Dame Amelia Fawcett

DEPUTY CHAIRMAN

Born: 1956

Nationality: US and UK citizen.

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

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

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

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

Wilhelm Klingspor

BOARD DIRECTOR

Born: 1962

Nationality: Swedish citizen.

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

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

Committee work: -

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

Lothar Lanz

BOARD DIRECTOR

Born: 1948

Nationality: German citizen

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

Direct or related person ownership: -

Committee work: Member of the Audit Committee.

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

its respective work. The Company's management is responsible for the system of internal controls required for managing risks associated with ongoing operations. This includes guidelines for the employees to ensure that they understand the importance of their particular roles in efforts to maintain efficient internal control. The Company's operational and financial risks are reported each quarter to the Board, including an analysis of their consequences and financial impact in the event of them materializing, and how and who exercises ongoing control over each risk and how these can be mitigated in part or in full.

RISK ASSESSMENT AND CONTROL ACTIVITIES

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

INTERNAL AUDITS

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

the Audit Committee, engages independent internal auditors to follow up and evaluate work relating to inter alia risk management and internal control. The internal auditors continuously report the results of their examination in the form of written reports to the Audit Committee.

INFORMATION AND COMMUNICATION

Kinnevik's Policy and Procedure Manual and other guidelines of importance to financial reporting are updated at least once annually. Both formal and informal information channels to the Company's management and Board of Directors are available for internal communication. For external communication, guidelines have been compiled in an Information Policy ensuring the Company complies with the meticulous demands for timely and accurate information to market participants and other various constituencies, such as shareholders, Board members, employees and customers.

FOLLOW-UP

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

BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Erik Mitteregger

BOARD DIRECTOR

Born: 1960

Nationality: Swedish citizen

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

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

Committee work: Member of the Audit Committee, member of the Remuneration Committee.

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

Mario Queiroz

BOARD DIRECTOR

Born: 1966

Nationality: Brazilian and US citizen

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

Direct or related person ownership: -

Committee work: -

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

John Shakeshaft

BOARD DIRECTOR

Born: 1954

Nationality: UK citizen

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

Direct or related person ownership: 2,880 class B shares.

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

John has been a Director of the Board of Kinnevik AB since 2014. He is also Deputy Chairman of the Council of Cambridge University, Chairman of Ludgate Environmental and Valiance Funds, Investment Director of Cornerstone Investment Managers and a trustee of the Institute of Historical Research, the London Symphony Orchestra and Trinity College, Cambridge. John served as Director of the Board of Tele2 2003-2014. He has 28 years of global financial services expertise and held leadership positions at ABN Amro (2004-2006), Lazard LLP (2000-2002) and Barings (1994-2000). John previously served in HM Diplomatic Service and holds a master's degree from Cambridge University.

Cristina Stenbeck

BOARD DIRECTOR

Born: 1977

Nationality: Swedish citizen

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

Direct or related person ownership: 2,200 class B shares. Cristina Stenbeck owns 23.33% of the shares of Verdere S.à r.l. directly, with CMS Sapere Aude Trust reg., a trust of which Cristina Stenbeck is beneficiary, owning an additional 40% of the share capital. Verdere S.à r.l. owns 28.3 million Class A shares and 1.3 million class B shares, corresponding to 44.0% of the votes and 10.7% of the capital in Kinnevik.

Committee work: Member of the Remuneration Committee.

Cristina was elected Vice Chairman of Kinnevik AB in 2003 and was Chairman of the Board 2007-2016. Cristina graduated with a B.Sc. from Georgetown University in Washington DC, USA.

Joakim Andersson

ACTING CEO,
CHIEF FINANCIAL OFFICER

Born: 1974

Nationality: Swedish citizen

Direct or related person ownership: 19,432 class B shares.

Committee work: -

Joakim is acting Chief Executive Officer for Kinnevik AB since 2016 and is also Chief Financial Officer for Kinnevik AB and member of the board of MTG. He was previously Group Treasurer of Kinnevik 2007-2014 and Treasury and Corporate Finance manager of Banque Invik 2001-2007. Joakim holds a MSc in Business Administration from Växjö University.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

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

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2016 included in the printed version of this document on pages 37-40 ensuring that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinion

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

Stockholm 30 March 2017

Deloitte AB

Jan Berntsson

Authorized Public Accountant

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

BOARD OF DIRECTORS' REPORT

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

Kinnevik is a publicly traded company and its shares are listed on Nasdaq Stockholm's list for large cap companies under the ticker codes KINV A and KINV B.

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

Five-year summary (SEK m)	2016	2015	2014	2013	2012
Equity	72 434	83 464	84 206	65 319	58 640
Equity/assets ratio, %	97%	98%	98%	97%	94%
Net cash/(Net debt) (incl. debt unpaid investments)	-1 309	7 568	402	2 435	-2 950
Debt/equity ratio, multiple	0.02	0.02	0.02	0.02	0.06
Net asset value	72 434	83 517	84 370	65 527	58 769
Net asset value per share, SEK	263	301	304	236	212
Net asset value growth	-13%	-1%	29%	11%	-5%
Kinnevik market capitalization	60 223	72 680	70 727	82 641	37 503
Market price class B share at 31 December, SEK	219	262	255	298	135
Dividend per share, SEK	8.00 ¹⁾	7.75	7.25	7.00	6.50
Share redemption program per share, SEK	-	18.00			
Total return %	-6%	5%	-12%	125%	5%
Fair value, E-commerce & Marketplaces	40 829	40 452	42 854	20 898	15 118
Share of total net asset value	55%	53%	51%	33%	24%
Fair value, Communication	25 956	30 003	34 904	34 079	37 150
Share of total net asset value	35%	39%	41%	54%	60%
Fair value, Entertainment	4 089	3 427	3 925	5 686	4 222
Share of total net asset value	6%	5%	5%	9%	7%
Total asset value (excl. net cash/net debt)	73 801	75 959	84 240	63 393	61 887
Change in fair value of financial assets (incl. dividends received)	-3 236	1 447	21 844	8 880	-2 647
Profit/loss for the year	-3 459	1 207	20 863	8 429	-2 991
Earnings per share	-12.55	4.35	75.27	30.51	-10.77
Cash flow from operations (excluding dividend received)	-237	-209	-34	-84	-222
Investments in financial assets	-3 330	-1 590	-1 581	-2 088	-7 994
Sale of shares and other securities	480	8 259	61	3 894	678
Dividends received	1 733	2 984	1 400	5 828	4 264
Dividend paid	-7 084	-2 011	-1 941	-1 803	-1 524
Cash flow from discontinued operations	-	-	-	-	4 035
Cash flow for the year	-8 557	7 490	-2 373	3 513	272

For definitions of financial key ratios, refer to page 82.

¹⁾ Proposed cash dividend 2017

²⁾ Comparable figures 2012-2014 are not adjusted for the change in accounting to Investment Entity according to IFRS 10 from 1 January 2016



The financial statements were approved by the Board of Directors on 30 March 2017 and the Board of Directors and the acting CEO hereby present the annual report and consolidated financial statements for the 2016 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 8 May 2017.

To make the financial statements for Kinnevik better reflect the activities of the group, Kinnevik has, after an assessment, decided to apply Investment Entity accounting according to IFRS 10. This means that the operating subsidiaries; Metro, Saltside, G3 and Vireo (divested in December 2016), are valued at fair value through profit and loss instead of being consolidated from 1 January 2016. Comparative numbers for 2015 have been recalculated according to the new policy. The effect of the changes in the accounting principle are presented in the "Statement of Changes in Equity" and in Note 17 "Restatement of Financial Statements in respect of application of IFRS 10, Investment entities".

The consolidated accounts comprise from 1 January 2016 only subsidiaries that only own shares in investee companies or provide services mainly to the Parent company.

The figures in this report pertain to the full-year 2016. The figures in parentheses pertain to recalculated comparative figures for 2015 unless otherwise stated.

KEY EVENTS DURING 2016

Kinnevik invested approximately SEK 3.4bn in 2016, of which a majority was into existing companies within E-Commerce & Marketplaces and Communication but also into two new companies, Betterment and Babylon. The most significant individual investments were:

- SEK 1,503m into Global Fashion Group
- SEK 898m into Tele2
- SEK 538m into Betterment
- SEK 164m into Babylon

During the year Kinnevik divested shares for a total consideration of SEK 563m of which a 3.8% stake in Lazada for SEK 415m.

CONSOLIDATED EARNINGS

The change in fair value of financial assets, including dividends received, amounted to a loss of SEK 3,236m (profit of 1,447) for the year, of which a loss of SEK 2,920m (loss of 508) pertained to listed holdings and a loss of SEK 316m (profit of 1,955) pertained to unlisted financial assets; refer to Note 3 for the Group for more details.

CASH FLOW AND INVESTMENTS

The Group's cash flow from operating activities amounted to SEK 1,496m (2,775) during the year, of which dividends received amounted to SEK 1,733m (2,984). During the year, Kinnevik signed agreements to invest SEK 3,399m in other shares and securities, while cash paid on investments amounted to SEK 3,330m. Divestments of other shares and securities contributed to the cash flow by SEK 480m, see Note 6 for the Group for more details.

LIQUIDITY AND FINANCING

Total net debt including debt/receivables pertaining to unpaid investments/divestments amounted to SEK 1,309m (net cash 7,568) as at 31 December 2016.

Kinnevik's total credit facilities amounted to SEK 7,330m as at 31 December 2016, of which SEK 6,000m related to credit facilities and SEK 1,200m to an outstanding bond. Kinnevik had SEK 1,600m in outstanding loans of which SEK 1,200m related to the bonds and SEK 400m to commercial papers.

Available cash and cash equivalents, including unutilized available credit facilities, totalled SEK 6,053m (14,810) at 31 December 2016. For more information about the interest-bearing borrowing, see Note 10 for the Group.

Borrowing primarily occurs in SEK. During 2016, the Group did not have any significant cash flows in foreign currency except for dividends received and investment activities.

RISKS AND UNCERTAINTIES

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

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

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

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

For a more detailed description of Kinnevik's risks and uncertainties, as well as risk management, refer to Note 18 for the Group.

PARENT COMPANY

The main financial items 2016 for the Parent Company were the following:

- Administration costs: SEK 245m (229)
- External dividends received: SEK 785m (1,972)
- Result from wholly owned companies: SEK 3,431m (8,605)
- Loss after financial items: SEK 2,928m (profit of 10,314)

During the year, the Parent Company paid shareholders' contributions to subsidiaries totaling SEK 1,948m (1,429) to finance external investments mainly within E-Commerce and Marketplaces, as well as group internal transfers.

The Parent Company's cash and cash equivalents, including short-term investments and unutilised credit facilities, totalled SEK 6,447m (14,612) at 31 December 2016. The interest-bearing external liabilities amounted to SEK 1,627m (1,225) on the same date.

SHARE CAPITAL

As of 31 December 2016, the number of shares in Kinnevik AB amounted to 275,466,638, of which 41,157,144 are class A shares carrying ten votes each and 234,309,494 class B shares carrying one vote each (of which 350,903 held in treasury).

During the year 14,565 class B shares have been delivered to participants in the long term incentive plans for 2013. A share repurchase program was executed between 15 February and 23 March 2016. The number of shares bought back amounted to 2,301,552 Class B shares.

The AGM on 23 May 2016 resolved (i) on a reduction of the share capital by way of cancellation of the 2,301,552 class B shares repurchased under Kinnevik's share repurchase program, (ii) to authorize the Board to resolve on a new issue of class C shares to ensure delivery of shares to participants in Kinnevik's long-term incentive plan for 2016, and (iii) to offer holders of class A shares to reclassify their Class A shares into Class B shares. This offer was effected during 22 June to 4 July and shareholders of 1,212,168 Class A shares choose to reclassify their Class A shares to Class B shares.

The reclassification of shares from Class A to Class B and the cancellation of the repurchased shares was executed and registered in July 2016.

The Board of Directors is authorised to repurchase a maximum of 10% of all shares in the company during a 12 months period ending at the AGM 2017.

As per 31 December 2016, 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 44.0%. 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 to the Annual General Meeting 2017 the following guidelines for remuneration to the Chief Executive Officer and the other persons in the executive management of Kinnevik (the "Senior Executives"), as well as Members of the Board to the extent they are remunerated outside their Board duties.

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

The remuneration for the Senior Executives shall consist of an annual fixed salary, short-term variable remuneration paid in cash ("STI"), the possibility to participate in long-term (i) share or share price related incentive plans or (ii) cash based incentive plans ("LTI"), pension and other customary benefits. Kinnevik regularly carries out a remuneration benchmarking exercise to ensure that

it is aware of the relevant benchmarks for key positions.

- The fixed salary is reviewed each year and based on the Senior Executive's competence, area of responsibility and market benchmarks.
- The STI shall be based on performance in relation to established targets. The targets shall be individual and measurable as well as linked to specific performances, processes and transactions. The STI can amount to a maximum of 100 percent of the fixed salary. Payment of part of the STI is conditional upon a portion of it being invested in Kinnevik shares, until the Senior Executive has a shareholding in Kinnevik corresponding to his or her annual fixed salary, net after taxes.
- The LTI shall require an own investment by the participant and ensure a long-term commitment to the development of Kinnevik. The long-term share or share price related incentive plans, shall be linked to certain pre-determined performance criteria, based on Kinnevik's share price and value growth. The long-term, cash based, incentive plans shall be linked to pre-determined levels for the value growth of Kinnevik's private portfolio.
- Other benefits may include a company car, housing benefits for expatriated Senior Executives for a limited period of time, as well as other customary benefits. Other benefits shall not constitute a significant part of total remuneration. The Senior Executives may also be offered health care insurances.
- The Senior Executives are offered defined contribution pension solutions, with premiums amounting to a maximum of 30 percent of the fixed salary, these premiums are paid to insurance companies. Senior Executives that are non-Swedish residents may be offered, if it is approved by the Board, cash-based pension solutions corresponding to the premiums that otherwise would have been paid to insurance companies.
- In the event of notice of termination of employment being served by the company, the Chief Executive Officer is entitled to salary for a period of a maximum of 18 months and the other Senior Executives are entitled to salary for a period of a maximum of 12 months.

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

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

For further information regarding the existing guidelines and remuneration for the Senior Executives in respect of 2016, please refer to Note 16 for the Group.

FINANCIAL TARGETS

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

Attractive Returns

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

Low Leverage

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

Increasing Shareholder Remuneration

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

Kinnevik will make share buybacks when our shares trade at a significant discount to their intrinsic value, as perceived by Kinnevik, and the company has significant net cash (taking into consideration its dividend expectations, net investment plan and operating cost).

Follow-up on outcome in 2016

Area	Target	Outcome 2016
Return	Annual TSR of 12-15% over the cycle ¹⁾	-6% (1 year) +16% (5 years) +11% (10 years)
Leverage	Low leverage	2%
Dividend	Growing in line with dividend's received and investment activity cash flow	+3%

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

EVENTS AFTER THE REPORTING PERIOD

In February 2017 the Supreme Administrative Court has decided not to grant the Swedish Tax Agency leave to appeal the tax case concerning withholding tax in the amount of SEK 702m in relation to Kinnevik's acquisition of Emesco AB in 2009. Kinnevik has not provided for any potential additional tax as a result of the dispute. The decision will thus not have any effect on Kinnevik's financial statements or cash flow.

On 22 February 2017, Kinnevik sold 50% of its shareholding in Rocket Internet, approximately 10.9 million shares by way of an accelerated bookbuilding process for a total consideration of approximately EUR 207m.

On 14 February 2017, Kinnevik announced that it has resolved to establish a medium term note programme (the "MTN Programme") with a framework amount of SEK 4bn and on 8 March a SEK 1bn bond in the Swedish bond market was issued. The bond has a

final maturity of five years and a floating rate coupon of the three-month STIBOR plus 1.10 percent. In order to hedge the interest rate risk, Kinnevik has entered into an interest rate swap agreement whereby it will pay a fixed annual interest rate of 1.495 percent on the full SEK 1bn.

On 16 March 2017, Kinnevik announced that it has invested USD 12.5m as part of a USD 52.5m funding round in Livongo Health Inc. ("Livongo"), a California based consumer digital healthcare company helping people with diabetes to live healthier lives. Kinnevik owns 3.5% of Livongo after the funding round.

FUTURE DEVELOPMENT

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

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

Kinnevik's part of dividend recommended to be paid from listed investee companies		Amount (SEKm)
Millicom	USD 2.64 per share	887 ¹⁾
Tele2	SEK 5.23 per share	797
MTG	SEK 12.00 per share	162
Total expected ordinary dividends		1 846

¹⁾ Based on an exchange rate of 8.88 SEK/USD.

The Kinnevik Board proposes that the Annual General Meeting approves a cash dividend of SEK 8.00 (7.75) per share, corresponding to an increase of 3%. The corresponding total dividend payment to Kinnevik shareholders will then amount to SEK 2,201m.

PROPOSED TREATMENT OF UNAPPROPRIATED EARNINGS

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

Retained earnings	33 597 323 218
Share premium	1 615 929 594
Total	35 213 252 812

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

Cash dividend of SEK 8.00 per share	2 200 925 880
Share premium carried forward	1 615 929 594
Retained earnings carried forward	31 396 397 328
Total	35 213 252 812

Treasury shares are not entitled to dividend.

GROUP FINANCIAL STATEMENTS

Consolidated Income Statement

For the period 1 January-31 December (SEK m)	Note	2016	2015
Change in fair value of financial assets	3	-4 969	-1 537
Dividends received	3	1 733	2 984
Administration costs	16	-261	-245
Other operating income		47	21
Other operating expenses		-1	1
Operating profit/loss		-3 451	1 224
Interest income and other financial income	4	71	57
Interest expenses and other financial expenses	4	-78	-71
Profit/loss after financial net		-3 458	1 210
Tax	7	-1	-3
Net profit/loss for the year		-3 459	1 207
Net profit/loss per share before dilution, SEK	5	-12.55	4.35
Net profit/loss per share after dilution, SEK	5	-12.55	4.35
Other comprehensive income for the year			
Items that can be reclassified to profit or loss			
Cash flow hedging- profit/loss during the year, net after tax		5	2
Total comprehensive income for the year		-3 454	1 209
Outstanding shares at the end of the year		275 115 735	277 402 722
Average number of shares before dilution		275 570 219	277 380 851
Average number of shares after dilution		275 802 078	277 516 889

Consolidated Statement of Cash Flow

For the period 1 January-31 December (SEK m)	Note	2016	2015
Dividends received	3	1 733	2 984
Cash flow from operation		-250	-180
Cash flow from operation before interest net and income taxes		1 483	2 804
Interests, received		54	12
Interests, paid		-41	-41
Cash flow from operations		1 496	2 775
Investments in shares and other securities	6	-3 330	-1 590
Sale of shares and other securities	6	480	8 259
Other		0	-10
Cash flow from investing activities		-2 850	6 659
Borrowing		381	67
Repurchase of own shares		-500	-
Redemption program and dividend paid to equity holders of the Parent Company		-7 084	-2 011
Cash flow from financing activities		-7 203	-1 944
Cash flow for the year		-8 557	7 490
Short term investments and cash, opening balance		8 880	1 390
Short term investments and cash, closing balance		323	8 880

Consolidated Balance Sheet

31 December (SEK m)	Note	2016	2015
ASSETS			
Fixed assets			
Financial assets held at fair value through profit or loss	2	73 827	75 960
Tangible fixed assets		63	66
Other fixed assets		3	3
Total fixed assets		73 893	76 029
Current assets			
Other current assets		103	18
Short-term investments		-	8 321
Cash and cash equivalents	8	323	559
Total current assets		426	8 898
TOTAL ASSETS		74 319	84 927
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
	9		
Share capital		27	28
Other contributed capital		8 840	8 840
Reserves		-29	-34
Retained earnings including net profit/loss for the year		63 596	74 630
Total shareholders' equity		72 434	83 464
Long-term liabilities			
Interest-bearing loans	10	10	1 259
Provisions for pensions		31	33
Other liabilities	11	5	38
Total long-term liabilities		46	1 330
Short-term liabilities			
Interest-bearing loans	10	1 600	1
Other liabilities	11	239	132
Total short-term liabilities		1 839	133
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		74 319	84 927

Consolidated Statement of Changes in Equity

	Share capital	Other contributed capital	Hedging reserve	Translation reserve	Retained earnings including net result for the year	Total	Non-controlling interest	Total shareholders' equity
Closing balance, 31 December 2014	28	8 840	-36	-1	75 345	84 176	30	84 206
Effect of changed accounting principle comprehensive income				1	97	98	-30	68
Opening balance 1 January 2015	28	8 840	-36	0	75 442	84 274	0	84 274
Profit for the year					1 207	1 207	0	1 207
Other comprehensive income			2			2	0	2
Total comprehensive income for the year	0	0	2	0	1 207	1 209	0	1 209
Transactions with shareholders								
Effect of employee share saving programme					-8	-8		-8
Cash dividend ¹⁾					-2 011	-2 011		-2 011
Closing balance 31 December 2015	28	8 840	-34	0	74 630	83 464	0	83 464
Loss for the year					-3 459	-3 459		-3 459
Other comprehensive income			5			5		5
Total comprehensive income for the year	0	0	5	0	-3 459	-3 454	0	-3 454
Transactions with shareholders								
Effect of employee share saving programme					8	8		8
Cash dividend and redemption program ²⁾					-7 084	-7 084		-7 084
Repurchase of own shares	-1				-499	-500		-500
Closing balance 31 December 2016	27	8 840	-29	0	63 596	72 434	0	72 434

¹⁾ The Annual General Meeting held on 18 May 2015, resolved in favor of paying a cash dividend of SEK 7.25 per share, a total of SEK 2,011m.

²⁾ The Annual General Meeting held on 23 May 2016, resolved in favor of paying an ordinary cash dividend of SEK 7.75 per share and a share redemption program of 18.00 SEK per share, a total of SEK 7,084m.

NOTES FOR THE GROUP

Note 1 Summary of significant accounting policies

STATEMENT OF COMPLIANCE

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

CHANGE OF ACCOUNTING PRINCIPLES FOR THE KINNEVIK GROUP

To provide a better representation of Kinnevik's financial position and performance Kinnevik has, after an assessment, decided to apply Investment Entity accounting according to IFRS 10. This means that from 1 January 2016, the operating subsidiaries are valued at fair value through profit and loss instead of being consolidated from.

CLASSIFICATION AS INVESTMENT ENTITY

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

- Kinnevik raises capital from its shareholders in order to invest in companies. Kinnevik then support the development of its investee companies in order to generate returns in the form of both dividend yield and value appreciation on the investment. Investments are made both in listed and unlisted companies.
- Kinnevik continually monitors and evaluates its investments in portfolio companies on the basis of fair value.
- Kinnevik currently focuses on investments in a number of different sectors. The company does not have an explicit investment time horizon with regards to the divestment of any particular investment; instead, the investment strategy is assessed on an on-going basis and the focus changes over time.

HOLDINGS IN SUBSIDIARIES

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

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

HOLDINGS IN ASSOCIATED COMPANIES

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

FUTURE IFRS AMENDMENTS THAT MAY HAVE AN IMPACT ON KINNEVIK

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 16 Leases will replace IAS 17 Leases. IFRS 16 introduces a "right of use model" which implicates that lessees recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. In the Income Statement depreciations are done on the asset and interest costs against debt. The standard includes more disclosure requirements than the current standard. For lessors there is no significant difference between reporting as per IFRS 16 compared to IAS 17. IFRS 16 applies to annual reporting periods beginning on 1 January 2019.

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

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

BASIS OF PREPARATION OF CONSOLIDATED ACCOUNTS

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

SEGMENT REPORTING

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

BASIS OF CONSOLIDATION

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

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

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

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

FOREIGN CURRENCY TRANSLATION

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

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

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

TANGIBLE ASSETS

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

FINANCIAL INSTRUMENTS

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

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

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

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

Classification and measurement

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

Financial instruments allocated to Financial assets accounted to fair value through profit and loss, are initially recognized at fair value (excluding transaction costs). Other financial instruments are initially recognized at cost, which corresponds to the instrument's fair value (including transaction costs. Measurement after initial recognition is described under each category below.

Financial Assets valued at fair value through profit and loss

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

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

Loan receivables and trade receivables

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

Trade receivables generally have 30-90 day terms.

Derivatives & hedge accounting

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

Financial liabilities

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

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

Fair value measurement

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

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

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

Kinnevik's unlisted holdings are valued using IFRS 13, whereby a collective assessment is made to establish the valuation method that is most suitable for each individual holding. Firstly, it is considered whether any recent transactions have been made at arm's length in the companies. For new share issues, consideration is taken to if the newly issued shares have preferential rights, such as senior liquidation preference to the company's assets than earlier issued shares if the company is being liquidated or sold. For companies where no or few recent arm's length transactions have been performed, a valuation is conducted by applying relevant multiples to the company's historical and forecast key figures, such as sales, profit, equity, or a valuation based on future cash flows. When performing a valuation based on multiples, consideration is given to potential adjustments due to, for example, difference in size, historic growth and geographic market between the current company and the group of comparable companies.

Measuring Kinnevik's unlisted holdings at fair value is performed by the financial department and based on financial information reported from each holding. The correctness of the financial in-

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

Information is provided in Note 2 for the Group per class of financial instruments that are measured at fair value through profit or loss, distributed in the three levels stated below:

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

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

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

PENSION

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

SHARE-BASED REMUNERATION

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

OTHER PROVISIONS

Provisions are reported when the Group has a legal or contractual obligation to fulfill the obligation, when it is likely that a payment or some other form of compensation is required to settle the undertaking and a reliable estimate of the amount can be made.

REVENUE RECOGNITION

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

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

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

INCOME TAX

The total tax on the year's income consists of current and deferred tax. Taxes are stated in the income statement except when the underlying transaction is charged to other comprehensive income or directly against equity, in which case the related tax effect is also stated in equity. Current tax expense is the tax that is to be paid or received for the year in question, plus correction of tax expense for earlier periods. Deferred tax is calculated on the basis of the temporary differences between the book values of assets and liabilities and their value for tax purposes. The amounts are calculated on the basis of how these differences can be expected to be evened out and using the tax rates and rules in effect or announced as of the closing date. The deferred tax asset component of deductible temporary differences and tax loss carry forwards is only recorded in so far as it is likely that these will result in a lower tax payment in the future.

DIVIDENDS PAID

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

LEASES

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

CASH FLOW STATEMENT

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

SIGNIFICANT JUDGMENTS AND ASSUMPTIONS

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

Matter	Estimates and assumptions	See Note
Valuation of unlisted holdings	Appropriate valuation method, peer group, future revenue and profit margins	Note 2
Environmental cases	Future decisions from County administrative board	Note 14
Deferred tax losses	Judgment of possibility to use deferred tax losses against future profits	Note 7

Note 2 Financial assets and liabilities

FINANCIAL ASSETS AND LIABILITIES BY VALUATION CATEGORY

2016	Fair value through profit or loss	Loans and receivables	Derivatives used in hedge accounting	Financial liabilities	Total book value	Fair value
Financial assets accounted at fair value through profit and loss	73 827	-	-	-	73 827	73 827
Other current assets	-	103	-	-	103	103
Cash and cash equivalents	-	323	-	-	323	323
Total financial assets	73 827	426	-	-	74 253	74 253
Interest-bearing loans	-	-	-	1 610	1 610	1 610
Trade payables	-	-	-	4	4	4
Other payables	-	-	19	225	244	244
Total financial liabilities	-	-	19	1 839	1 858	1 858

2015	Fair value through profit or loss	Loans and receivables	Derivatives used in hedge accounting	Financial liabilities	Total book value	Fair value
Financial assets accounted at fair value through profit and loss	75 960	-	-	-	75 960	75 960
Other current assets	-	18	-	-	18	18
Short-term investments	8 321	-	-	-	8 321	8 321
Cash and cash equivalents	-	559	-	-	559	559
Total financial assets	84 281	577	-	-	84 858	84 858
Interest-bearing loans	-	-	-	1 260	1 260	1 313
Trade payables	-	-	-	4	4	4
Other payables	-	-	34	136	170	170
Total financial liabilities	-	-	34	1 400	1 434	1 487

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

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

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

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

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

	Level 1	Level 2	Level 3	2016 Total	Level 1	Level 2	Level 3	2015 Total
Black Earth Farming	308	-	-	308	209	-	-	209
Millicom	14 790	-	-	14 790	18 479	-	-	18 479
MTG	3 650	-	-	3 650	2 938	-	-	2 938
Qliro Group	367	-	-	367	513	-	-	513
Rocket Internet	3 990	-	-	3 990	5 627	-	-	5 627
Seamless	20	-	-	20	35	-	-	35
Tele2	11 166	-	-	11 166	11 524	-	-	11 524
Zalando	27 245	-	-	27 245	25 943	-	-	25 943
Total Listed Assets	61 536	-	-	61 536	65 268	-	-	65 268
Babylon	-	-	154	154	-	-	-	-
Bayport	-	-	1 201	1 201	-	-	1 278	1 278
Betterment	-	-	590	590	-	-	-	-
Global Fashion Group	-	-	5 641	5 641	-	-	4 067	4 067
Home24	-	-	94	94	-	-	801	801
Konga	-	-	133	133	-	-	103	103
Lazada	-	-	706	706	-	-	520	520
Linio ¹	-	-	292	292	-	-	135	135
Milvik/BIMA	-	-	464	464	-	-	351	351
Quikr	-	-	1 535	1 535	-	-	1 519	1 519
Saltside	-	-	200	200	-	-	195	195
Westwing	-	-	429	429	-	-	387	387
Other ¹	-	-	852	852	-	-	1 336	1 336
Total Unlisted Assets	-	-	12 291	12 291	-	-	10 692	10 692
Short term investments	-	-	-	-	8 321	-	-	8 321
Total Financial Assets measured at Fair Value through Profit or Loss	61 536	-	12 291	73 827	73 589	-	10 692	84 281

¹⁾ Comparable periods have been adjusted for the swap with Rocket Internet between Linio and Africa E-Commerce Holding

CHANGE IN FINANCIAL ASSETS IN LEVEL 3

	2016	2015
Opening balance 1 January	10 692	14 853
Investments	2 501	1 562
Disposals / Exit proceeds	-556	-7 678
Change in fair value	-346	1 955
Closing balance, 31 December	12 291	10 692

VALUATION METHOD AS PER 31 DECEMBER 2016, LEVEL 3

Company	Valuation method	Valuation assumptions
Global Fashion Group	<p>The valuation is based on the average sales multiple of a group of comparable companies (Zalando, Asos and Yoox Net-a-Porter Group), adjusted with a 38% discount on an aggregated level to adjust for emerging market exposure and path to profitability.</p> <p>The valuation considers preferential rights in case of a liquidation or sale of the company.</p>	<p>12 months historical sales (ending 30 Sep 2016)</p> <p>Multiple: 1.4x</p>
Home24	<p>The valuation is based on the average sales multiple of a group of comparable companies (including Ocado Group, Wayfair and AO World), adjusted with a 20% discount on an aggregated level to adjust for growth and path to profitability.</p> <p>The valuation considers preferential rights in case of a liquidation or sale of the company.</p>	<p>12 months historical sales (ending 30 Sep 2016)</p> <p>Multiple: 0.8x</p>
Westwing	<p>The valuation is based on the average sales multiple of a group of comparable companies (including Ocado Group, Wayfair and AO World). The average sales multiple of the peer group has been reduced by 10% due to factors such as lower profitability and company size.</p> <p>The valuation considers preferential rights in case of a liquidation or sale of the company.</p>	<p>12 months historical sales (ending 30 Sep 2016)</p> <p>Multiple: 0.9x</p>
Lazada	The valuation is based on the sale of 4% of Kinnevik's stake in the company. The valuation implies an equity value of USD 2.0bn.	
Linio	<p>The valuation is based on the average sales multiple of a group of comparable companies. Linio generates revenue from two business models, inventory and marketplace. Accordingly, two different peer groups are used in the valuation and the multiple weighted based on sales. The peer group for the inventory model includes Amazon, Qliro Group, JD.com and AO World. The peer group for the marketplace model includes MercadoLibre, eBay and Alibaba. This has then been adjusted by a 30% discount to adjust for factors such as path to profitability and emerging market exposure.</p> <p>The valuation considers preferential rights in case of a liquidation or sale of the company.</p>	<p>12 months historical sales (ending 30 Sep 2016)</p> <p>Multiple: 1.7x</p>
Konga	<p>The valuation is based on the average sales multiple of a group of comparable companies. Konga generates revenue from two business models, inventory and marketplace. Accordingly, two different peer groups are used in the valuation and the multiple weighted based on sales. The peer group for the inventory model includes Amazon, Qliro Group, JD.com and AO World. The peer group for the marketplace model includes MercadoLibre, eBay and Alibaba.</p> <p>The valuation considers preferential rights in case of a liquidation or sale of the company.</p>	<p>12 months historical sales (ending 30 Sep 2016)</p> <p>Multiple: 2.4x</p>
Quikr	The valuation is based on discounted cash flows valuing Quikr at USD 940m.	
Bayport	The valuation is based on the latest transaction at arm's length; secondary share transactions in February 2016. The transaction valued all shares in Bayport at USD 547m.	
Milvik/BIMA	The valuation is based on discounted cash flows valuing BIMA at USD 131m.	
Betterment	The valuation is based on the latest funding round where Kinnevik invested USD 65m. The transaction valued all shares in Betterment at USD 700m on a fully diluted basis.	

For the companies in the table above that are valued based on multiples (i.e. Global Fashion Group, Home24, Westwing, Linio and Konga), an increase in the multiple by 10% would have increased estimated fair value by SEK 326m. Similarly, a decrease in the multiple by 10% would have decreased estimated fair value by SEK 517m.

DURATION

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

DERIVATIVES AND HEDGING INSTRUMENTS

On 31 December 2016, Kinnevik had one derivative outstanding; an interest rate swap with the purpose to create a cash flow hedge for the part of the bond, issued in December 2012, where Kinnevik is paying floating interest rates. The nominal amount of the swap was SEK 1,000m (1,000). Also refer to Note 10 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 19m (negative SEK 34m) at year-end. The derivatives are marked to market based on discounted cash flows with observable market data. The derivative is covered by ISDA agreement.

MATURITY STRUCTURE

Maturity structure for undiscounted, contracted non-interest-bearing/interest-bearing receivables and liabilities along with future interest payments accruing therewith. The interest-bearing liabilities maturing in 2017 will be refinanced during the year by new loans or by utilisation of existing unutilized credit facilities.

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

	2016	2017	2018	2019	Later	Total
Non-interest-bearing receivables	18	-	-	-	-	18
Interest-bearing receivables	8 335	14	-	-	-	8 349
Non-interest-bearing liabilities	-170	-	-	-	-	-170
Interest-bearing liabilities	-56	-1 265	-2	-2	-2	-1 327
Total as per 31 December 2015	8 127	-1 251	-2	-2	-2	6 870

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

CHANGE IN FINANCIAL ASSETS ACCOUNTED TO MEASURED THROUGH PROFIT OR LOSS

	Listed assets	Unlisted assets	Total
Opening balance, 1 January 2015	69 342	14 853	84 195
Investments	0	1 562	1 562
Change in fair value	-3 492	1 955	-1 537
Disposals	-580	-7 678	-8 258
Exchange gain/loss	-2	-	-2
Closing balance, 31 december 2015	65 268	10 692	75 960
Investments	898	2 501	3 399
Change in fair value	-4 623	-346	-4 969
Disposals	-7	-556	-563
Exchange gain/loss	-	-	-
Closing balance, 31 december 2016	61 536	12 291	73 827

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

	2016	2015
Tele2	898	-
Total Listed assets	898	-
Babylon	164	-
Betterment	538	-
Global Fashion Group	1 503	555
Home24	27	12
Iroko	17	15
Konga	23	-
Linio	115	41
Metro	-	35
Milvik/BIMA	-	129
Quikr	-	517
Saltside	-	41
Westwing	58	186
Other	56	31
Total Unlisted assets	2 501	1 562
Total Financial assets	3 399	1 562

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

	2016	2015
Transcom	-	-580
Seamless	-7	-
Total Listed assets	-7	-580
Avito	-	-7 166
Foodpanda	-	-80
Lazada	-415	-
Metro	-70	-
Rolnyvik	-	-385
Other	-71	-47
Total Unlisted assets	-556	-7 678
Total Financial assets	-563	-8 258

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

	Dividends received	Change in fair value	2016 Total	Dividends received	Change in fair value	2015 Total
Black Earth Farming	-	100	100	-	57	57
Millicom	823	-3 689	-2 866	823	-3 560	-2 737
MTG	155	711	866	149	- 420	- 271
Qliro Group	-	- 147	- 147	-	- 224	- 224
Rocket Internet	-	-1 637	-1 637	-	-4 993	-4 993
Seamless	-	- 7	- 7	-	- 13	- 13
Tele2	725	-1 255	- 530	2 012	-1 342	670
Transcom	-	-	-	-	89	89
Zalando	-	1 302	1 302	-	6 914	6 914
Total Listed assets	1 703	-4 623	-2 920	2 984	-3 492	- 508
Avito	-	-	-	-	4 859	4 859
Babylon	-	- 10	- 10	-	-	-
Bayport	-	- 77	- 77	-	246	246
Betterment	-	52	52	-	-	-
Global Fashion Group	-	71	71	-	-2 696	-2 696
Home24	-	- 734	- 734	-	- 44	- 44
Konga	-	7	7	-	- 189	- 189
Lazada	-	601	601	-	- 36	- 36
Linio ¹	-	- 90	- 90	-	- 89	- 89
Milvik/BIMA	-	113	113	-	16	16
Quikr	-	16	16	-	577	577
Westwing	-	- 16	- 16	-	- 178	- 178
Other ¹	30	- 279	- 249	-	- 511	- 511
Total Unlisted assets	30	- 346	- 316	-	1 955	1 955
Total Financial assets	1 733	-4 969	-3 236	2 984	-1 537	1 447

¹ Comparable periods have been adjusted for the swap with Rocket Internet between Linio and Africa E-Commerce Holding

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

Trade name	Company name	Registered office	Number of shares	Capital/votes (%)		Book value	
				2016	2015	2016	2015
Black Earth Farming	Black Earth Farming Ltd	Jersey	51 811 828	24.6/24.6	24.6/24.6	308	209
Millicom	Millicom International Cellular S.A.	Luxembourg	37 835 438	37.7/37.7	37.8/37.8	14 790	18 479
MTG	Modern Times Group MTG AB	Sweden	13 503 856	20.3/48.0	20.3/48.0	3 650	2 938
Qliro Group	Qliro Group AB	Sweden	42 613 642	28.5/28.5	28.5/28.5	367	513
Rocket Internet	Rocket Internet AG	Germany	21 716 964	13.2/13.2	13.2/13.2	3 990	5 627
Seamless	Seamless Distribution AB	Sweden	3 526 334	6.0/6.0	9.3/9.3	20	35
Tele2	Tele2 AB	Sweden	152 433 152	30.3/47.9	30.4/47.9	11 166	11 524
Zalando	Zalando SE	Germany	78 427 800	31.7/31.7	31.7/31.7	27 245	25 943
Total Listed Assets						61 536	65 268
Babylon	Babylon Holdings Ltd	Great Britain		13/13	-/-	154	-
Bayport	Bayport Management Ltd	Mauritius		24/24	24/24	1 201	1 278
Betterment	Betterment Holdings, Inc.	USA		9/9	-/-	590	-
Global Fashion Group	Global Fashion Holding S.A.	Luxembourg		35/35	26/26	5 641	4 067
Home24	Home24 GmbH	Germany		17/17	17/17	94	801
Konga	Konga Online Shopping Ltd	Nigeria		34/34	34/34	133	103
Lazada	Lazada Group S.A.	Luxembourg		4/4	9/9	706	520
Linio ¹	New TIN Linio II GmbH	Germany		27/27	8/8	292	135
Milvik/BIMA	Milvik AB	Sweden		39/39	39/39	464	351
Quikr	Quikr Mauritius Holding Private Ltd	Mauritius		18/18	19/19	1 535	1 519
Saltside	Saltside Technologies AB	Sweden		61/61	61/61	200	195
Westwing	Westwing Group GmbH	Germany		17/17	17/17	429	387
Other ¹						852	1 336
Total Unlisted Assets						12 291	10 692
Total						73 827	75 960

¹ Comparable periods have been adjusted for the swap with Rocket Internet between Linio and Africa E-Commerce Holding



Note 4 Financial income and expenses

	2016	2015
Interest income, cash and cash equivalents	0	0
Interest income financial assets accounted at fair value	56	13
Exchange differences	15	44
Financial income	71	57
Interest expenses, loans from credit institutions	-41	-37
Other financial expenses	-37	-34
Financial expenses	-78	-71
Net financial income/expenses	-7	-14

Note 5 Earnings per share

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

	2016	2015
Net profit for the year attributable to the equity holders of the Parent company	-3 459	1 207
Average number of shares outstanding	275 570 219	277 380 851
Earnings per share before dilution, SEK	-12.55	4.35
Average number of shares outstanding	275 570 219	277 380 851
Effect from outstanding share saving program, see Note 16 for information	231 859	136 038
Average number of shares outstanding after dilution	275 802 078	277 516 889
Earnings per share after dilution, SEK	-12.55	4.35

Note 6 Supplementary cash flow information

	2016	2015
Investments in shares and other securities, see note 3	-3 399	-1 562
Current year investment, paid after year end	69	62
Prior year investments, paid in current year	-	-90
Cash flow from investments in shares and other securities	-3 330	-1 590
Sale of shares and other securities		
Lazada	415	-
Avito	-	7 166
Transcom	-	580
Rolnyvik	-	327
Other	148	186
Sale of shares paid after year end	-83	-
Cash flow from sale of shares and other securities	480	8 259

Note 7 Taxes

	2016	2015		
Current tax expense				
Tax expense for the period	-1	0		
Adjustment of tax expense for previous years	0	-3		
	-1	-3		
Reconciliation of effective tax rate				
	2016	%	2015	%
Profit/loss before tax	-3 458		1 210	
Income tax at statutory rate of Parent Company	761	-22.0%	-266	-22.0%
Change in fair value of financial assets	-1 093	31.6%	-338	-27.9%
Non-taxable dividends received	381	-11.0%	656	54.3%
Tax attributable to previous years	0	0.0%	-3	-0.2%
Change in not recognized tax loss carry forwards	-50	1.4%	-52	-4.3%
Effective tax/tax rate	-1	0.0%	-3	-0.2%

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

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

TAX LOSS CARRYFORWARDS

The Group's tax loss carryforwards in Sweden with eternal duration amounted to SEK 1,149m at 31 December 2016. No deferred tax carried forward is accounted for.

Note 8 Short term investments and cash

	2016	2015
Short term investments	-	8 321
Cash and bank	323	559
Total	323	8 880

In addition to cash and cash equivalents reported above, the Group had on 31 December 2016 undrawn credit facilities of SEK 5,730m (5,930) see Note 10.

Note 9 Shareholders' equity

SHARE CAPITAL

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

OTHER CONTRIBUTED CAPITAL

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

RETAINED EARNINGS INCLUDING NET PROFIT/LOSS FOR THE YEAR

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

CAPITAL

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

Note 10 Interest-bearing loans

	2016	2015
Interest-bearing long-term loans		
Capital markets financing	-	1 200
Liabilities to credit institutions	21	34
Other interest bearing liabilities	1	33
Accrued borrowing costs	-12	-8
	10	1 259
Interest-bearing short-term loans		
Capital market financing	1 200	-
Liabilities to credit institutions	0	1
Commercial paper	400	-
	1 600	1
Total interest-bearing loans	1 610	1 260

Financing source	Credit facility as per 31 Dec 2016	Utilised amount 31 Dec 2016	Unutilised amount 31 Dec 2016	Currency
Long-term loans				
Syndicated bank facilities	6 000	-	6 000	SEK
Total long-term loans	6 000	-	6 000	
Short-term loans				
Capital markets financing	1 200	1 200	-	SEK
Commercial papers	N/A	400	-	SEK
Overdraft facilities	130	-	130	SEK
Total short-term loans	1 330	1 600	130	
Total Group Financing	7 330	1 600	5 730	

The long-term financing is mainly two syndicated bank facilities of in total SEK 6,000m. The first one of SEK 3,000m provided by Crédit Agricole Corporate & Investment Bank (France) Sweden Branch, DNB Bank ASA Sweden Branch, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ), matures in December 2018. The second one of SEK 3,000m is provided by the same banks except for Crédit Agricole and matures in July 2021 with possible lengthening up to two years. The facilities are secured by listed shares but does not involve any financial covenants. It is multicurrency facilities with a part being available as a backup against the refinancing risk of any outstanding commercial papers which by 31 December 2016 amounted to SEK 400m. Kinnevik has also issued a dual tranche bond with final maturity in December 2017 with SEK 200m at an annual coupon of 3,25% and SEK 1,000m at floating interest corresponding to 3 months Stibor + 1.7%. The bond is unsecured and has no financial covenants. The interest rate risk under the tranche with floating interest is fully hedged with a interest rate swap.

For short-term financing, Kinnevik has established a SEK 2,000m commercial paper program. At 31 December 2016, SEK 400m commercial papers were issued, impacting available funds of the syndicated bank facilities.

The outstanding loans carry an interest rate of Stibor or similar base rate with an average margin of 1.3% (1.8%).

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

As per 31 December 2016, the average remaining duration was 2.7 years for all credit facilities including the bond.

Note 11 Other liabilities

	2016	2015
Interest rate swap	-	34
Other long-term liabilities	5	4
Total other long-term liabilities	5	38
Interest rate swap	19	-
Accrued interest expenses	2	2
Accrued personnel expenses	65	53
Debt unpaid investments	131	62
Other liabilities	22	15
Total other short-term liabilities	239	132

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

Note 12 Auditors' fees

	2016	2015
To Deloitte		
Audit assignments	1	1
Other services	1	1
	2	2

Note 13 Pledged assets

At 31 December 2016, Kinnevik did not have any listed shares in associated companies pledged in relation to the Group's financing. At utilization of the syndicated credit facilities, pledged listed shares' market value shall, at any given time, amount to 200% of the outstanding loans. If the value of the pledge remains below the threshold for a defined period of time and Kinnevik, despite written request by the banks, has not remedied the breach, the banks will be entitled to enforce the pledge. Such right to enforcement also applies to un-remedied breaches of other terms and conditions in the credit facility agreement.

There were no outstanding loans in relation to this financing at 31 December 2016.

Note 14 Contingent liabilities

	2016	2015
Tax dispute	-	702
Guarantee commitments, FPG	1	1
	1	703

In February 2017, the Supreme Administrative Court decided not to grant the Swedish Tax Agency leave to appeal the tax case concerning withholding tax in the amount of SEK 702m in relation to Kinnevik's acquisition of Emesco AB in 2009.

County administrative boards have submitted claims to Kinnevik regarding environmental studies at a number of sites where Fagersta AB (through name changes and a merger, Kinnevik AB) conducted operations until 1983. Kinnevik's position is that the Company's responsibility to perform any decontamination measures must be limited, primarily out of consideration to the long period of time that has passed since any potential contamination damages occurred and the regulations that were in force at the time, and the fact that a quarter century has passed since operations were shut down or turned over to new owners. Kinnevik has therefore not made any provisions for potential future claims for decontamination measures. SEK 5m was provided in 2007 for potential environmental studies that Kinnevik might be required to pay for of which SEK 1.2m was used in 2010 to 2016.

Note 15 Related-party transactions

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

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

	Group		Parent Company	
	2016	2015	2016	2015
Revenue				
Millicom	0	2	0	1
MTG	4	4	1	1
SecureValue	2	2	-	-
Tele2	5	7	1	0
	11	15	2	2
Operating expenses				
Altlorenscheurerhof S.A.	-2	-2	-2	-2
SecureValue	-4	-4	-4	-4
Tele2	-1	-2	-1	-1
	-7	-8	-7	-7
Interest income				
Merx	-	8	-	-
GFG	51	-	-	-
Other	5	2	-	-
	56	10	-	-
Financial receivables from associated companies				
Babylon	46	-	-	-
Beauty Trend	20	-	-	-
Konga	24	6	-	-
	90	6	-	-
Accounts receivables and other current receivables				
Tele2	1	2	-	-
	1	2	-	-

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

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

Note 16 Personnel

AVERAGE NUMBER OF EMPLOYEES

	2016		2015	
	men	women	men	women
Sweden	14	13	9	10
UK	9	4	9	4
Total number of employees	23	17	18	14

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

	2016		2015	
	men	women	men	women
Board members	7	2	5	2
CEO	1	-	1	-
Other senior executives	5	2	3	2
	13	4	9	4

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

	2016		2015	
	Board, CEO, senior executives ¹⁾	Other employees	Board, CEO, senior executives ¹⁾	Other employees
Total salaries and other remuneration	70 675	63 378	50 097	47 088
Social security expenses	10 998	15 625	10 788	10 369
Pension contributions/ expenses	2 758	4 440	3 523	5 042
Total	84 431	83 442	64 408	62 499

¹⁾ Relates to Board and CEO and senior executives in the Parent Company.

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

PRINCIPLES

The following principles and guidelines were approved by the AGM in May 2016 and are provided for the Chief Executive Officer and the other persons in the executive management of Kinnevik (the Senior Executives) as well as Members of the Board to the extent they are remunerated outside their Board duties.

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

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

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

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

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

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

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

The Board's proposal to the Annual General Meeting 2017 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)	2016		2015	
	CEO ¹⁾	Other senior executives ²⁾	CEO	Other senior executives ²⁾
Fixed salaries	10 945 ³⁾	17 120	10 533	15 649
Variable salaries	5 264	11 992	7 600	8 192
Benefits	25	382	29	403
Pension contributions	-	2 758	-	3 523
Termination pay including benefits	16 422	-	-	-
Estimated costs for share-based remuneration excluding social securities cost	-	5 242	794	1 097
Total	32 656	37 495	18 956	28 864

¹⁾ Relates to Lorenzo Grabau as CEO until 7 December 2016 and reservation for termination pay to be paid over 18 months thereafter

²⁾ Other senior executives consisted during the year of 6 (6) persons

³⁾ Fixed salary for CEO includes 30% pension cash payment, see text below

For the period 1 January to 7 December 2016, Lorenzo Grabau in his role as CEO for Kinnevik, has received fixed salary and benefits of SEK 8.4m (8.1) and variable salary of SEK 5.3m (7.6), including SEK 0.8m from cash based plan LTI 2014. Due to Lorenzo Grabau's foreign abode he has received 30% of fixed salary, SEK 2.5m (2.4), in cash instead of as pension premium payments. This amount is included in fixed salary in the table above.

The Board of Directors announced on 7 December 2016 that Lorenzo Grabau was leaving Kinnevik with immediate effect. Joakim Andersson, the company's CFO, was at the same time appointed acting CEO.

When determining the termination pay the remuneration guidelines approved by the AGM in May 2016 have been adhered to. Pursuant to those guidelines and in line with his contract, Lorenzo Grabau has the right to receive fixed salary and benefits during 12 months from 7 December 2016 and a severance pay corresponding to 6 months fixed salary. The total cost of SEK 19m, including social costs of SEK 3m, is included in administration costs for 2016 and will be paid over 18 months.

Joakim Andersson is, in his role as CFO, included in Other Senior Executives. For his role as acting CEO from 7 to 31 December 2016 he has received an additional pay of SEK 0.1m.

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 during 2016 amounting to SEK 2.8m (3.1). Joakim Andersson has received Board fees from associated companies amounting to SEK 0.7m (0.7).

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

INCENTIVE PLANS

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

Shared based plans

There are two long-term share based incentive plans 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 2015 - 31 March 2018 and 1 April 2016 - 31 March 2019, the "Measurement Periods"), the participant remaining in the employment of Kinnevik at the time of publication of the interim reports for January - March 2018 and January - March 2019, 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

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. For the share rights that have market related performance conditions (according to IFRS 2), the value has been set at an estimated fair value. The multiplier includes the performance criteria and the probability for different outcome in these share rights. The average value of the rights has been estimated to SEK 123.20 for LTIP 2016 based on a Monte Carlo simulation using the volatility at grant date.

Completed plan 2013-2016

The plan approved in 2013, with a measurement period of 1 April 2013 - 31 March 2016, resulted in allotment of 34,671 shares out of a maximum allotment of 36,500 rights. The number of total allotted shares included dividend compensation of totaling 1,289 shares. Participants' profit, which was restricted to a maximum of SEK 729 per share, was SEK 224.40 per share corresponding to the average share price on the day when the shares were received. The dilution, which was restricted to a maximum of 0.02% in terms of shares outstanding, was less than 0.01%. The plan's total cost, including social security expenses, was SEK 7.7m and was expensed continuously during 2013 - 2016.

Plan 2013-2016	Number of participants	Original allotment of rights	Allotment of shares	Received shares	Received cash to pay tax
CEO of the Group	-	-	-	-	-
Executive Management	3	24 750	23 718	9 963	3 087
Kinnevik key personnel	6	11 800	10 953	4 602	1 425
Total		36 550	34 671	14 565	4 512

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

Outstanding share based plans

At 31 December 2016, the Plan that was established in 2015, with a measurement period of 1 April 2015 - 31 March 2018, had participation totaling 28,408 shares held by employees entitling a maximum allotment of 145,932 rights, of which 28,408 retention share rights and 117,524 performance share rights. The Plan encompasses the following number of participants on each category and maximum number of share rights for the various categories;

Plan 2015-2018	Number of participants	Allotment of rights
CEO of the Group	-	-
Executive Management	4	44 000
Other key personnel, category 1	4	44 000
Other key personnel, category 2	5	30 432
Other employees	12	27 500
Total	25	145 932

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

At 31 December 2016, the Plan that was established in 2016, with a measurement period of 1 April 2016 - 31 March 2019, had participation totaling 36,866 shares held by employees entitling a maximum allotment of 277,304 rights, of which 36,866 retention share rights and 240,438 performance share rights. The Plan encompasses the following number of participants on each category and maximum number of share rights for the various categories;

Plan 2016-2019	Number of participants	Allotment of rights
CEO of the Group	-	-
Executive Management	5	104 000
Other employees, category 1	4	64 000
Other employees, category 2	5	56 432
Other employees, category 3	12	49 200
Other employees, category 4	3	3 672
Total	29	277 304

The participant's maximum profit is limited to SEK 623 per right. The maximum dilution is 0.18% in terms of shares outstanding, 0.08%

in terms of votes and 0.10% in terms of costs for the program as defined in IFRS 2 in relation to Kinnevik's market capitalization.

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 57m, including social security costs, of which SEK 16m was expensed during 2016. Total liability for social security costs pertaining to the incentive programs amounted to SEK 5m (4) on 31 December, 2016.

Outstanding cash based plan

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

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

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

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

	2016			2015		
	Board fees, Parent Company	Board positions, subsidiaries	Other assignment ¹⁾	Board fees, Parent Company	Board positions, subsidiaries	Other assignment ¹⁾
Tom Boardman (chairman)	2 350			695		
Cristina Stenbeck (chairman 2015)	625			2 150		
Anders Borg	1 000			1 000		
Dame Amelia Fawcett	1 250			1 185		
Wilhelm Klingspor	650			575		
Lothar Lanz	550			-		
Erik Mitteregger	725			745		641 ¹⁾
Mario Queiroz	550			-		
John Shakeshaft	825			700		
	8 525			7 050	0	641
						7 691

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

Note 17 Restatement of financial statements in respect of application of IFRS 10, Investment Entities

The initial effect of SEK 68m, when valuing the operating subsidiaries at fair value instead of consolidating, is recognised against retained earnings per 1 January 2015

Restatement of Income Statement and Other Comprehensive Income

	2015 Jan-Dec	Adj IFRS 10	Restated 2015 Jan-Dec
Change in fair value of financial assets	-1 456	-81	-1 537
Dividends received	2 984	0	2 984
Revenue	1 129	-1 129	0
Cost of goods sold	-513	513	0
Selling- and administration costs	-1 039	794	-245
Other operating income	285	-264	21
Other operating expenses	-210	211	1
Operating profit/loss	1 180	44	1 224
Financial net	-21	7	-14
Profit/loss after financial net	1 159	51	1 210
Tax	-30	27	-3
Net profit/loss for the period	1 129	78	1 207
Of which attributable to:			
Equity holders of the Parent company	1 247	-40	1 207
Non-controlling interest	-118	118	0
Net profit/loss per share before dilution	4.50	-0.15	4.35
Net profit/loss per share after dilution	4.49	-0.14	4.35
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss			
Translation differences	-71	71	0
Cash flow hedging			
- profit/loss during the year	2	0	2
Total items that will be reclassified to profit or loss	-69	71	2
Total other comprehensive income	-69	71	2
Total comprehensive income	1 060	149	1 209
Total comprehensive income attributable to:			
Equity holders of the Parent Company	1 190	19	1 209
Non-controlling interest	-130	130	0

Restatement of Balance Sheet

	2015 31 Dec	Adj IFRS 10	Restated 2015 31 Dec
Fixed assets			
Intangible fixed assets	113	-113	0
Tangible fixed assets	122	-56	66
Financial assets accounted at fair value through profit and loss	75 443	517	75 960
Other fixed assets	11	-8	3
Total fixed assets	75 689	340	76 029
Other current assets	330	-312	18
Short-term investments	8 321	0	8 321
Cash and cash equivalents	916	-357	559
TOTAL ASSETS	85 256	-329	84 927
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to equityholders of the Parent Company	83 282	182	83 464
Shareholders' equity attributable to non-controlling interest	172	-172	0
Interest-bearing liabilities, long-term	1 275	-16	1 259
Interest-bearing liabilities, short-term	5	-4	1
Total non interest-bearing liabilities	522	-319	203
TOTAL EQUITY AND LIABILITIES	85 256	-329	84 927

Restatement of Cash Flow Statement

	2015 Jan-Dec	Adj IFRS 10	Restated 2015 Jan-Dec
Dividends received	2 984	-	2 984
Operating cash flow - operating subsidiaries	-172	172	0
Operating cash flow - investment operations	-180	-	-180
Cash flow from operation before interest net and income taxes	2 632	172	2 804
Interest, received	13	-1	12
Interest, paid	-44	3	-41
Income taxes, paid	0	-	0
Cash flow from operations	2 601	174	2 775
Acquisition of subsidiaries	-23	23	-
Sale of subsidiaries	382	-382	-
Investments in financial assets	-1 504	-86	-1 590
Sale of shares and other securities	7 932	327	8 259
Other	-10	-	-10
Cash flow from investing activities	6 777	-118	6 659
Change in interest bearing receivables	-13	80	67
Dividend paid to equity holders of the Parent company	-2 011	-	-2 011
Contribution from holders of non-controlling interest	289	-289	0
Cash flow from financing activities	-1 735	-209	-1 944
Cash flow for the period	7 643	-153	7 490
Cash and short term investments, opening balance	1 594	-204	1 390
Cash and short term investments, closing balance	9 237	-357	8 880

Note 18 Financial risk management

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

Kinnevik is exposed to financial risks mainly in respect of:

- Share prices, changes in the value of the portfolio
- Liquidity and financing, that the cost of financing will increase or that opportunities will be limited when loans are needed, and that payment obligations thereby cannot be met
- Exchange rates, comprising transaction and translation exposure
- Interest rates, having an impact on the financing cost

SHARE PRICE RISK

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

On 31 December 2016, 83 (86)% of Kinnevik's total assets (excluding cash) pertained to listed investee companies and 17(14)% to unlisted investee companies.

As Kinnevik intends to act as a long-term shareholder, it has no strategy for managing short-term fluctuations in the share prices of its listed investee companies. The share price risk associated with Kinnevik's portfolio may be illustrated by stating that a 10% change in the prices of all listed shareholdings at 31 December 2016 would have affected the Group's earnings and shareholders' equity by SEK 6.2bn.

The value of Kinnevik's unlisted investee companies may increase or decrease due to a number of different factors, of which changes of trends in the stock markets is one. In the process of valuing its unlisted holdings, Kinnevik considers a number of factors such as relative valuations of comparable publicly traded companies, the operational and financial performance of the respective investee company, and the valuations resulting from transactions in the respective investee company's shares. Any changes in these factors have an impact on the total value. For companies that are valued based on multiples (i.e. Global Fashion Group, Home 24, Westwing, Linio, and Konga), a decrease in the multiples by 10% would at 31 December 2016 have decreased the value by SEK 517m.

LIQUIDITY AND FINANCING RISK

Kinnevik's liquidity and financing risk is limited because listed shares account for a large part of the Company's assets. Kinnevik relies in part on dividends received from a number of its investee companies in order to finance its operations and investment activities. Without dividend from its investee companies Kinnevik would be compelled to rely on asset management and/or debt financing to secure the funding of its operations and maintain its targeted financial position.

On 31 December 2016, the Company had cash and cash equivalents amounting to SEK 323m and committed but not utilized, or reserved in any other way, credit facilities amounting to SEK 5,730m.

Financing risk is the risk that Kinnevik may not be able to obtain financing or that financing can only be obtained at a considerable cost. Kinnevik's financing risk is limited since its operations are financed from different sources, its debt financing is sourced from a number of different credit institutions with diversified maturities as well as by striving for refinancing of all facilities at least six months prior to maturity. On 31 December 2016, the total amount of committed financing was SEK 7,330m (7,151) with an average remaining facility duration of 2.7 (2.8) years. For further details, please refer to Note 10 for the Group.

FOREIGN EXCHANGE RATE RISK

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

Translation exposure arises from the translation of balance sheet items denominated in foreign currencies. Kinnevik's balance sheet is mainly exposed to foreign exchange risk by owning shares denominated in either EUR or USD. Kinnevik is also exposed to indirect translation exposure as a majority of its investee companies conduct operations internationally. On 31 December 2016, 52% of Kinnevik's total assets (excluding cash), equal to a value of SEK 37.9bn, pertained to shareholdings denominated in EUR.

INTEREST RATE RISK

Interest rate risk is the risk that the value of interest bearing receivables and liabilities will vary due to changes in market interest rates. On 31 December 2016, none of Kinnevik's liabilities to credit institutions, SEK 1.6bn, were exposed to interest rate changes. SEK 1.0bn out of Kinnevik's SEK 1.2bn in outstanding bonds were originally exposed to interest rate risk with floating rates (3 months Stibor). This risk was hedged by entering into an interest rate swap expiring on the same date as the repayment of the bond, 12 December 2017, whereby Kinnevik pays a fixed rate of 3.32%. On 31 December 2016, this swap had a negative market value of SEK 19m.

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

PARENT COMPANY FINANCIAL STATEMENTS

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

	Note	2016	2015
Revenue		6	6
Administration costs	5	-245	-229
Other operating income		1	1
Operating loss		-238	-222
Dividends received	2	2 446	22 660
Earnings from financial assets, associated companies and other	4	-3	-1
Earnings from financial assets, subsidiaries	4	-5 088	-12 082
Interest income and other financial income	3	17	24
Interest expenses and other financial expenses	3	-62	-65
Profit/loss after financial items		-2 928	10 314
Appropriations			
Change in untaxed reserves		-	1
Group contributions, paid		-10	-34
Group contributions, received		110	65
Profit/loss before tax		-2 828	10 346
Taxes	6	-	-
Net profit/loss for the year ¹⁾		-2 828	10 346

¹⁾ Net profit corresponds with total comprehensive income

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

	Note	2016	2015
ASSETS			
Tangible fixed assets			
Equipment	7	4	4
Shares and participations in Group companies	9	41 376	44 518
Receivables from Group companies		-	1
Shares and participations in associated companies	8	10 580	9 748
Shares and participations in other companies	8	0	9
Other long-term receivables		5	3
Total fixed assets		51 965	54 282
Current assets			
Receivables from Group companies		113	67
Other receivables		2	9
Accrued income and prepayments		4	6
Short term investments		-	8 337
Cash and cash equivalents		317	346
Total current assets		436	8 765
TOTAL ASSETS		52 402	63 047

	Note	2016	2015
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders equity	10		
<i>Restricted equity</i>			
Share capital (275,466,638 shares of SEK 0.10)		27	28
Premium reserve		6 868	6 868
<i>Unrestricted equity</i>			
Share premium		1 616	1 616
Retained earnings		36 425	33 655
Net result		-2 828	10 346
Total shareholders' equity		42 108	52 513
Liabilities			
Provisions	13		
Provisions for pensions		23	24
Other provisions		4	4
Total provisions		27	28
Long-term liabilities			
External interest-bearing loans	11	-	1 192
Liabilities to Group companies		6 617	9 178
Total long-term liabilities		6 617	10 370
Short-term liabilities			
External interest-bearing loans	11	1 588	-
Trade creditors		3	13
Liabilities to Group companies		1 986	61
Other liabilities		17	26
Accrued expenses	12	56	36
Total short-term liabilities		3 650	136
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		52 402	63 047

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

	2016	2015
Cash flow from operations		
External dividends received	786	1 972
Cash flow from operating costs	-211	-194
Cash flow from operations before interest net and income taxes	575	1 778
Interest, received	17	23
Interest, paid	-59	-65
Income taxes, paid	0	0
Cash flow from operations	533	1 736
Investments in tangible and intangible fixed assets	-	-1
Investments in financial assets	-832	-
Cash flow from investing activities	-832	-1
Borrowing	396	8
Dividend paid	-7 084	-2 011
Share by-backs	-500	-
Change in intra-group balances	-879	7 590
Cash flow from financing activities	-8 067	5 587
Cash flow for the year	-8 366	7 322
Short term investments and cash, opening balance	8 683	1 361
Short term investments and cash, closing balance	317	8 683

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

	Share capital	Premium reserve	Unrestricted equity	Total
Opening balance, 1 January 2015	28	6 868	37 289	44 185
Cash dividend ¹⁾	-	-	-2 011	-2 011
Effect of employee share saving programme	-	-	-8	-8
Net result	-	-	10 347	10 347
Closing balance, 31 December 2015	28	6 868	45 617	52 513
Cash dividend and share redemption programme ²⁾	-	-	-7 084	-7 084
Effect of employee share saving programme	-	-	7	7
Effect of share by-backs	-1	-	-499	-500
Net result	-	-	-2 828	-2 828
Closing balance, 31 December 2016	27	6 868	35 213	42 108

¹⁾ The Annual General Meeting held on 18 May 2015, resolved in favor of paying a cash dividend of SEK 7.25 per share, a total of SEK 2,011m.

²⁾ The Annual General Meeting held on 23 May 2016, resolved in favor of paying a cash dividend of SEK 7.75 per share, as well as a share redemption programme of 18,00 SEK per share, a total of SEK 7,084m.

NOTES FOR THE PARENT COMPANY

Note 1 Parent Company's accounting principles

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

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

For information concerning related party transactions, refer to Note 22 for the Group.

Note 2 Dividends received

	2016	2015
Subsidiaries	1 661	20 688
Associated companies		
Modern Times Group MTG AB	114	109
Tele2 AB	671	1 863
	2 446	22 661

Note 3 Financial income and expenses

	2016	2015
Interest income from third parties	-	19
Interest income from Group companies	-	4
Exchange-rate differences	17	1
Financial income	17	24
Interest expenses to credit institutions	-40	-40
Other financial expenses	-22	-25
Financial expenses	-62	-65
Net financial income/expenses	-45	-41

Note 4 Earnings from financial assets

	2016	2015
Internal sale of shares in associated companies	-	-1
Write-down of other shares	-3	-
Total earnings from associated companies and other	-3	-1
Write-down of shares in subsidiaries	-5 088	-12 097
Reversed write-down associated companies	-	15
Total earnings from subsidiaries	-5 088	-12 082

Note 5 Auditors' fees

	2016	2015
To Deloitte		
Audit assignments	1	1
Other services	1	1
	2	2

Note 6 Taxes

	2016	2015
Tax expenses for the period	0	0
	0	0

RECONCILIATION OF EFFECTIVE TAX RATE

	2016	%	2015	%
Profit/loss before tax	-2 828		10 347	
Income tax at statutory rate of Parent Company	622	-22,0%	-2 276	-22,0%
Earnings from participations in associated companies	-1	-0,0%	0	-0,0%
Non-taxable dividends received	538	-19,0%	4 985	48,2%
Tax attributable to previous years	0	0,0%	0	0,0%
Write-down of shares in associated companies	-1 119	39,6%	-2 661	-25,7%
Reversed write-down of shares in subsidiaries and associated companies	-	0,0%	3	0,0%
Other non-taxable expenses	-1	-0,0%	-2	-0,0%
Charge non-capitalized loss carry-forward	-39	1,4%	-49	-0,5%
Effective tax/tax rate	0	0,0%	0	0,0%

Note 7 Tangible fixed assets

	2016	2015
Equipment		
Opening acquisition values	6	5
Investments for the year	1	1
Closing acquisition values	7	6
Opening accumulated depreciation	-2	-2
Disposals/scraping for the year	-	1
Depreciation for the year	-1	-1
Closing accumulated depreciation	-3	-2
Closing book value	4	4

Note 8 Shares and participations

Associated companies	Reg no	Registered office	Number of shares	2016		2015	
				Capital/voting (%)	Book value	Capital/voting (%)	Book value
Altlorenscheurerhof S.A.		Luxembourg	625	33	12	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	141 166 714	28/37	9 432	28/37	8 601
Total					10 580		9 748

Other companies	Reg. no.	Registered office	Number of shares	2016		2015	
				Capital/voting (%)	Book value	Capital/voting (%)	Book value
Modern Holdings Inc.		USA		-	-	18	9
Total					-		9

CHANGE IN BOOK VALUE, SHARES AND PARTICIPATIONS IN ASSOCIATED COMPANIES

	2016	2015
Opening acquisition value, 1 January	9 748	9 748
Acquisitions	832	-
Closing acquisition value, 31 December	10 580	9 748
Closing write-down, 31 December	-	-
Closing book value, 31 December	10 580	9 748

Note 9 Shares and participations in Group companies

SHARES AND PARTICIPATIONS IN DIRECT-OWNED SUBSIDIARIES

	Reg no	Registered office	Number of shares	Capital/voting (%)	2016	2015
Invik&Co. AB	556051-6238	Stockholm	295 384	100/100	0	0
Audit Value International AVI AB	556809-6308	Stockholm			-	4
Emesco AB	556035-3749	Stockholm	1 635	100/100	599	599
G3 Good Governance Ltd		United Kingdom	5 001 323	100/100	23	49
Slutvik AB	556061-4124	Stockholm	7 000	100/100	0	0
Invik S.A.		Luxembourg	551 252	100/100	875	875
Kinnevik Capital Ltd		United Kingdom	1 000	100/100	1	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	594	46
Kinnevik Consumer Services 1 AB	556992-0779	Stockholm			-	453
Kinnevik East AB	556930-5666	Stockholm	50 000	100/100	20	28
Kinnevik Internet Lux SARL		Luxembourg	12 500	100/100	3 989	5 627
Kinnevik Investment Partners AB	556985-2436	Stockholm	50 000	100/100	1	5
Kinnevik Media Holding AB	556880-1590	Stockholm	50 000	100/100	397	509
Kinnevik New Ventures AB	556736-2412	Stockholm	100	100/100	4 008	4 009
Kinnevik Online AB	556815-4958	Stockholm	50 000	100/100	15 075	13 675
Kinnevik Radio AB	556237-4594	Sollentuna			-	1
Millcellvik AB	556604-8285	Stockholm	1 000	100/100	15 627	18 473
Book value					41 376	44 518

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

	2016	2015
Opening acquisition value, 1 January	64 214	62 336
Shareholders' contribution	1 948	1 878
Sale	-2	-
Closing acquisition value, 31 December	66 160	64 214
Opening write-down, 1 January	-19 696	-7 599
Write-downs for the year	-5 088	-12 097
Closing write-down, 31 December	-24 784	-19 696
Closing book value, 31 December	41 376	44 518

IN ADDITION THE FOLLOWING COMPANIES ARE INCLUDED IN THE GROUP

	Reg.no.	Registered office	Capital/voting (%)
Kinnevik Consumer Finance 1 AB	556890-5540	Stockholm	100/100
Kinnevik Internet 1 AB	556884-6470	Stockholm	100/100
Kinnevik Internet 2 AB	556884-6462	Stockholm	100/100
Kinnevik Mauritius Ltd		Mauritius	100/100
Kinnevik Online Holding AB	556862-0404	Stockholm	100/100
Mellersta Sveriges Lantbruks AB	556031-9013	Vadstena	100/100
Relevant Traffic Europe AB	556618-1987	Stockholm	99/99
Saltside Technologies AB	556852-1669	Gothenburg	61/61
Saltside Technologies JLT		Dubai	61/61
Bikroy.com Ltd		Bangladesh	61/61
Ikman (pvt) Ltd		Sri Lanka	61/61
Tonaton Ltd		Ghana	61/61
Saltside Technologies India Pvt Ltd		India	61/61
Efritin Ltd		Nigeria	61/61
Metro International S.A.		Luxembourg	100/100
Metro International Luxembourg Holding S.A.		Luxembourg	100/100
Metro International Sweden AB	556573-4000	Stockholm	100/100
Metro International AB	556275-8853	Stockholm	100/100
Metro Nordic Sweden AB	556585-0046	Stockholm	100/100
Tidnings Aktiebolaget Metro	556489-1678	Stockholm	100/100
M. I. Advertising Services Ltd		Greece	100/100
Edizione Metro Sarl		Italy	100/100
Vi&Bo Russian Press Services Ltd		Cyprus	100/100
Publimetro S.A.		Chile	100/100
Inversiones Pro Medios Limitada		Chile	100/100
SubTV S.A.		Chile	100/100
Publisistemas S.A.		Chile	100/100
Administradora de Franquicias S.A.		Guatemala	100/100
Publimetro Colombia S.A.S.		Colombia	100/100
Publicaciones Metropolitanas S.A. de CV		Mexico	76/76
Metro do Brasil Consultoria Administrativa e Editorial e Participações Ltda		Brazil	100/100
Publimetro Puerto Rico LLC		Puerto Rico	70/70
Metro Investment Holding Ltd		Hong Kong	100/100
Metro Print Advertising Ltd		Hong Kong	100/100
Metro Interactive Advertising Ltd		Hong Kong	100/100
P4L Ltd		Hong Kong	100/100

Note 10 Shareholders' equity

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

SHARE CAPITAL

Kinnevik AB's share capital as of 31 December 2016 was distributed among 275,466,638 shares with a par value of SEK 0.10 per share.

DISTRIBUTION BY CLASS OF SHARES WAS AS FOLLOWS

	Number of shares	Number of votes	Par value (SEK 000s)
Class A shares outstanding	41 157 144	411 571 440	4 116
Class B shares outstanding	233 958 591	233 958 591	23 396
Class B shares in own custody	350 903	350 903	35
Registered number of shares	275 466 638	645 880 934	27 547

The total number of votes for outstanding shares in the Company amounted at 31 December 2016 to 645,880,934 excluding 350,903 class B treasury shares. During the second quarter 14,565 Class B shares were delivered to participants in the long term incentive program 2013. A share repurchase program was executed between 15 February and 23 March 2016. The number of shares bought back amounted to 2,301,552 Class B shares.

The AGM on 23 May 2016 resolved (i) on the Board's proposed treatment of unappropriated earnings (ii) on a reduction of the share capital by way of cancellation of the 2,301,552 class B shares repurchased under Kinnevik's share repurchase program, (iii) to authorize the Board to resolve on a new issue of class C shares to ensure delivery of shares to participants in Kinnevik's long-term incentive plan 2016, and (iiii) to offer holders of class A shares to reclassify their Class A shares into Class B shares. This offer was effected during 22 June to 4 July and shareholders of 1,212,168 Class A shares choose to reclassify their Class A shares to Class B shares.

The reclassification of shares from Class A to Class B and the cancellation of the repurchased shares was executed and registered in July 2016.

The Board has authorization to repurchase up to a maximum of 10% of all shares in the Company over 12 months, ending at the AGM of 2017.

There are no convertibles or warrants in issue.

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

Note 11 Interest-bearing loans

	2016	2015
Long-term loans		
Capital markets financing	-	1 200
Accrued borrowing costs	-	-8
	-	1 192
Short-term loan		
Capital markets financing	1 600	-
Accrued borrowing costs	- 12	-
	1 588	-

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

Note 12 Accrued expenses

	2016	2015
Accrued personnel expenses	48	29
Accrued interest expenses	2	2
Other	16	5
	56	36

Note 13 Contingent liabilities

	2016	2015
Tax dispute	-	702
Guarantee commitments, FPG	1	1
	1	703

In february 2017, the Administrative Court of Appeal rejected the Swedish Tax Agency's claim that withholding tax of SEK 702m should have been lodged on an intra-Group distribution which Kinnevik received in connection with the acquisition of Emesco AB in 2009.

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 2016.

Note 14 Intra-group transactions

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

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

Note 15 Personnel

Average number of employees	2016		2015	
	men	women	men	women
Stockholm	9	11	9	9

Salaries, other remuneration and social security expenses (SEK 000s)	2016		2015	
	Board, CEO and senior executives ¹⁾	Other employees	Board, CEO and senior executives	Other employees
Salaries and other remuneration	54 839	31 639	40 287	19 197
Social security expenses ²⁾	8 830	10 326	9 454	7 599
Pension expenses/contributions ²⁾	1 838	2 335	2 937	3 125
Provision for share-based remuneration including social security expense	3 566	6 570	2 038	2 120
	69 072	50 870	54 716	32 041

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

²⁾ 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 16 for the Group.

Note 16 Financial assets and liabilities

2016	Financial assets accounted for at cost	Loan receivables and trade receivables	Financial liabilities	Total book value
Receivables from Group companies	-	113		113
Other receivables	-	3		3
Cash at bank	-	317		317
Total financial assets	-	433		433
Interest-bearing liabilities			1 588	1588
Liabilities to Group companies			8 603	8 603
Trade creditors			3	3
Other liabilities			56	56
Total financial liabilities			10 250	10 250

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

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, 30 March 2017

Tom Boardman
Chairman of the Board

Anders Borg
Deputy Chairman of the Board

Dame Amelia Fawcett
Deputy Chairman of the Board

Wilhelm Klingspor
Member of the Board

Lothar Lanz
Member of the Board

Erik Mitteregger
Member of the Board

Mario Queiroz
Member of the Board

John Shakeshaft
Member of the Board

Cristina Stenbeck
Member of the Board

Joakim Andersson
Acting Chief Executive Officer

Our Audit Report was issued on 30 March 2017
Deloitte AB

Jan Berntsson
Authorized Public Accountant

AUDIT REPORT

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Kinnevik AB (publ) for the financial year 2016-01-01 - 2016-12-31. The annual accounts and consolidated accounts of the company are included on pages 42-78 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act.

The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

BASIS FOR OPINIONS

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

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

KEY AUDIT MATTERS

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

VALUATION OF UNLISTED INVESTMENTS

The total carrying value of unlisted investments amounted to SEK 12,291 million as of December 31, 2016. The company's valuation policy is based on IFRS 13 and the International Private Equity and Venture Capital Valuation Guidelines.

The process for valuation of unlisted investments is based on a high degree of judgement and input from data that is not observable in the market, which implies that an inappropriate assessment of input from data can have a significant impact in the assessment of fair value.

Our audit procedures included, but were not limited to:

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

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

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 3-36. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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

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

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

AUDITOR'S RESPONSIBILITY

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in

the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Kinnevik AB (publ) for the financial year 2016-01-01 - 2016-12-31 and the proposed appropriations of the company's profit or loss.

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

BASIS FOR OPINIONS

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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

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

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

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

Stockholm, 30 March 2017

Deloitte AB

Jan Berntsson

Authorized Public Accountant

DEFINITIONS OF FINANCIAL KEY RATIOS

Kinnevik presents some performance measures in the interim report that are not defined by IFRS. Kinnevik believes that these performance measures adds valuable information to the company's investors and the company's management since they enable assessment of the Kinnevik's and its portfolio companies performance and position. Since all companies do not calculate their performance measures in the same manner, these are not always comparable with similar measures used by other companies. Such performance measures shall therefore not be used in replacement of measures defined by IFRS.

Alternative performance measures in Kinnevik's interim report include:

ACTIVE CUSTOMERS

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

DEBT/EQUITY RATIO

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

EQUITY RATIO

Shareholders' equity including non-controlling interest as percentage of total assets

GROSS MERCHANDISE VALUE, GMV

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

INTERNAL RATE OF RETURN, IRR

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

INVESTMENTS

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

LEVERAGE

Net debt as a percentage of portfolio value

NET ASSET VALUE, NAV

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

NET ASSET VALUE GROWTH

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

NET CASH/(NET DEBT)

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

NET INVESTMENTS

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

NET MERCHANDISE VALUE, NMV

Gross merchandise value after actual and provisioned returns and rejections

PORTFOLIO VALUE

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

TOTAL SHAREHOLDER RETURN, TSR

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

BOARD OF DIRECTORS & CEO

THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER OF KINNEVIK AB

For information about individual directors, please refer to pages 39-40.



Tom Boardman
Chairman



Anders Borg
Deputy Chairman



Dame Amelia Fawcett
Deputy Chairman



Wilhelm Klingspor
Board Director



Lothar Lanz
Board Director



Erik Mitteregger
Board Director



Mario Queiroz
Board Director



John Shakeshaft
Board Director



Cristina Stenbeck
Board Director



Joakim Andersson
Acting CEO, Chief Financial Officer

ANNUAL GENERAL MEETING 2017

DATE AND VENUE

The Annual General Meeting will be held on Monday, 8 May 2017, at 10.00 a.m. at the Hotel Rival, Mariatorget 3, Stockholm. The doors will open at 9.00 a.m. and registration will be conducted until 10.00 a.m., when the doors will be closed.

WHO IS ENTITLED TO PARTICIPATE?

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

- be entered in the share register maintained by Euroclear Sweden on Tuesday, 2 May 2017, and
- give notice of their attendance no later than Tuesday, 2 May 2017.

Shareholders cannot vote or participate on distance.

HOW TO BE ENTERED IN THE REGISTER OF SHAREHOLDERS

Shares can be registered in the share register maintained by Euroclear Sweden in the name of the owner or the nominee. Shareholders whose shares are registered in the names of nominees must temporarily re-register the shares in their own name to be entitled to participate in the Annual General Meeting. Shareholders requiring such re-registration must inform the nominee of this in sufficient time prior to 2 May 2017.

HOW TO NOTIFY INTENTION TO PARTICIPATE

Shareholders can notify the Company of their intention to participate from Tuesday, 4 April 2017, and shall notify the Company by using one of the following alternatives:

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

A NOTIFICATION SHOULD INCLUDE THE FOLLOWING

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

If participation is based on written power of attorney, this should be submitted in conjunction with notification of participation in the Annual General Meeting and brought in original to the Annual General Meeting. A template proxy form is available on the Company's website at www.kinnevik.com. Notification must be submitted to the Company no later than Tuesday, 2 May 2017.

NOMINATION COMMITTEE

In accordance with the resolution of the 2016 Annual General Meeting, Cristina Stenbeck convened a Nomination Committee consisting of members representing the largest shareholders in Kinnevik that have chosen to appoint a member.

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

FINANCIAL INFORMATION

27 April	Interim Report January-March 2017
21 July	Interim Report January-June 2017
26 October	Interim Report January-September 2017



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