Investment AB Kinnevik

Annual Report 2013

”Close to eighty years of entrepreneurial tradition
under the same group of principal owners”

Contents

Chairman's review

Dear Shareholders,

When I look back on 2013, I feel a sense of great pride over Kinnevik's many achievements. My journey as an active member of Kinnevik's leadership team began in August 2002. For the first five years, our focus was on strengthening each of our core businesses, deleveraging the balance sheets, increasing transparency, and establishing a strong foundation for future growth and increased shareholder remuneration. When I assumed the role of Chairman in 2007, together with our Board, we embarked on the second phase of Kinnevik's transformation by seeding a significant number of new consumer focused digital ventures. In many ways, 2013 is the year when the results of these past ten years of hard work have come to the foreground with Kinnevik's largest investments, Millicom and Tele2, pursuing transformational transactions in Colombia and Russia and our largest e-commerce fashion company Zalando establishing itself as the clear leader in Europe.

Today, Kinnevik is underpinned by three strong pillars: the established listed core holdings, the investment in Rocket Internet which has led to the creation of over a dozen very successful companies, and the direct investments in a number of younger online businesses created by outstanding entrepreneurs spanning from Nigeria to India. Despite their different sizes, all three pillars have common characteristics: a clear vision for the opportunity being pursued, a spirit of entrepreneurship present at all layers of the organizations, a long term orientation, and most importantly a belief that strong partnerships with best in class founders, entrepreneurs, managers and investors are the key to long term success.

We have built a team of investment professionals who are constantly on the look-out for new disruptive technologies, innovative business, extraordinary talents and co-investors. At the same time we provide further support to our existing entrepreneur-led businesses, through our work at Board level and a regular dialogue with our management teams. In addition, we aspire to leverage the high degree of connectivity we have with consumers, and local stakeholders for the benefit of our investments.

Kinnevik offers investors exposure to an attractive combination of large, market-leading, cash flow generative Communications and Entertainment companies as well as to faster growing investments in e-Commerce/Marketplaces and Financial Services businesses. We are building leading consumer brands in over 80 countries across five continents with a focus on our traditional and new key growth markets. Whilst the pace of our development is widely appreciated by investors, the significant investment phase we are currently in has

led to significant price volatility in the last two quarters. As our businesses increase in size and become more visible and better understood, we would expect the share price volatility to be reduced.

Kinnevik has a very clear vision: to be a best in class, value added investor focused on creating shareholder returns by driving industry consolidation in mature businesses and by supporting new, consumer-focused digital growth companies. We will continue to invest in our four cores Communication, Entertainment, e-Commerce/Marketplaces and Financial Services verticals both in developed and faster growing economies. We intend to deliver on our vision by supporting the continued successful development of every one of our companies in each local market where they operate. We will strive to deliver on our mantra to be as good if not better than the most successful local entrepreneur. We will also continue to pursue our ambition to be a global leader in the local community work that we undertake, giving back to the people who contribute to making us successful.

I am most grateful for the hard work and contribution of Kinnevik's management team, for the added value received from every one of our Board members, and for the support of our founding family members and of our more recent shareholders. All of them form the bedrock of our success. Finally, I would like to extend my warmest thanks and heartfelt gratitude to Mia Brunell Livfors who has announced her resignation as Chief Executive Officer of Kinnevik. In her eight years as CEO she has been instrumental in driving Kinnevik into the global investment powerhouse that it is today. I look forward to meeting many of you at our Annual General Meeting in May to further discuss our 2013 achievements and update you on our exciting future prospects.

Cristina Stenbeck

Chief Executive's review

Every time you use your smartphone, you become part of one of Kinnevik's strongest convictions. The radical changes sweeping through many sectors due to digitalisation are affecting each and every one of us. And it will further benefit many people. This applies to all parts of the world. Particularly emerging markets where mobile usage and computer traffic are growing even stronger than most dared to hope.

The purpose of digital operations is to make life easier for customers. At the same time, they are also challenging existing structures in society and the business community. The two factors – to generate customer value and to challenge – are excellent descriptions of some of Kinnevik's core values. We feel more than well-equipped considering our long history of successfully transforming the company as new prerequisites arise.

It is therefore with pride that we see that our investments in online to date are now stronger than ever, after another year of very strong growth in the companies. Our online holdings, with specific focus on e-commerce and marketplaces, now account for 33% of Kinnevik's entire portfolio. It is a position that we have systematically built up over a long time to meet the transformation now sweeping across the world. We will also continue to invest in online this year, in new exciting companies, as well as our existing companies. Young, rapidly growing companies also mean that they are in various phases of development and will need various types of support to grow rapidly and toward good profitability. We estimate that our total investments in 2014 will be approximately SEK 2-3bn.

Our largest online holding, Zalando, sells fashion and shoes in 15 European countries. The company is one of the most rapidly growing companies ever in Europe and in 2013, Zalando succeeded in achieving 52% growth. This is quite an achievement considering the fact that the company is already the largest in many of its markets. Following major investments in a logistics centre, customer services and technology development last year, Zalando's focus now is clearly on

profitable growth.

Our strong 2013 also meant that we continued to deliver value to our shareholders. The net asset value increased by 11% last year and the total return was 125%.

In 2013, the Kinnevik Group implemented two significant divestments, showing clearly how Kinnevik builds value through active work in the portfolio companies. Tele2 Russia, which developed into a successful telecom business under Tele2's management, was sold to Russian VTB in a cash transaction that was very favourable for Tele2 and Kinnevik's shareholders.

In December, our shares in BillerudKorsnäs were divested, thus ending a long and fruitful ownership. Over the years, Korsnäs' stable and profitable operation has been highly significant for Kinnevik's opportunities to invest in new sectors. This pertains particularly to our successful investments in the telecom industry, which currently account for an important part of the cash flow and dividends in the Group.

The divestments resulted in a historically strong financial position for Kinnevik, with a net cash of SEK 2.4bn at the end of the year. This provides us with great flexibility to fulfil our strategy, and when making decisions about future investments.

Kinnevik strives to always achieve a type of dual value generation, where we optimise profitability in mature companies, thus enabling us to support other parts of the portfolio companies. It is important to evaluate the market position of the companies and if necessary, take the initiative for partnership and consolidation.

The Russian online service, Avito, increased sales by 167% during the first nine months of 2013 and achieved a positive operating profit. In early 2013, a key step was made through the merger with South African Naspers' Russian sites, Slando and OLX, which strengthened Avito's leading position in the market. In the transaction, Naspers received a minority stake in Avito.

Investments in financial services are in progress in several areas within Kinnevik's companies. In October last year, Bayport, with more than half a million customers in financial services in Latin America and Africa, signed an agreement to acquire South African Bayport Financial Services for just over SEK 1bn. As the largest owner in Bayport, Kinnevik assisted in successfully closing the transaction, together with Helios Investment Partners, which accounted for a large portion of the new issue to finance the acquisition.

During the year, MTG launched MTGx to systematically and ambitiously increase digital expansion. At the same time, the digital service Viaplay, which provides excellent opportunity to watch TV when and where you want, continues to rapidly attract more customers. MTG has also implemented a couple of acquisitions to further improve the potential to deliver content to users.

Millicom signed an agreement during the last year to merge their Colombian operations with the competitor UNE, in order to improve the digital offering and broadening the customer base. One example of the digital offer is Millicom's financial services. These are growing quickly och Millicom has, among other things, launched the first mobile service for currency exchange in Africa.

As we increase the proportion of unlisted companies and companies in early development phases, demands on Kinnevik's investment organisation are also increasing. Accordingly, we are strengthening the organisation with a number of key recruitments. This includes, for example, the establishment of Kinnevik Capital, which is responsible for developing our unlisted investments and identifying new investment objects. We will ensure that we have the appropriate resources to remain the leader in finding new businesses and following our strategic ambitions, and to maintain the high demands we place on ourselves to remain active owners. Kinnevik Capital is headed by Chris Bischoff.

It should be reiterated that 2013 was a fantastic year for Kinnevik and its shareholders. We now have a very strong position to continue our work and follow our strategic focus as Kinnevik once again transforms the Group to build value for the future.

I would like to thank our shareholders for your confidence in us. You can continue to place high demands on a top-class return. It is our job to deliver and ensure that Kinnevik always remains one step ahead.

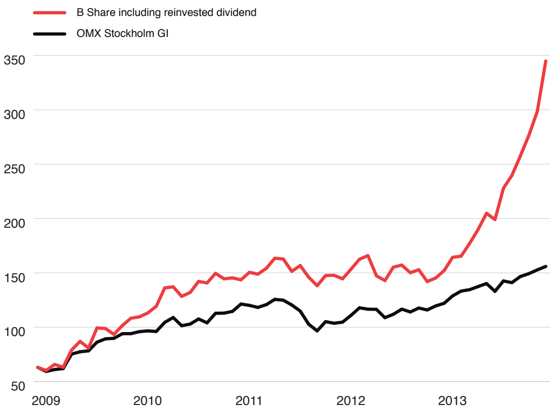
Mia Brunell Livfors

The Kinnevik share

Share-price trend

The price of Kinnevik's class B share increased by 120% in 2013, compared to the OMXS30 index on NASDAQ OMX Stockholm which increased by approximately 21%.

The chart below shows the Kinnevik share's price trend including reinvested dividends during the past five years.



Stock exchange listing

Kinnevik's class A and class B shares have been listed on NASDAQ OMX 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 2013, an average of 768,000 class B shares, corresponding to SEK 145m, were traded daily.

Total return

In the past 30 years, the Kinnevik share has generated an average total annual return of 17% as a result of rising share prices, cash and in-kind dividends, including the value of subscription offers. The total return has been calculated under the assumption that shareholders have reinvested all cash and in-kind dividends into the Kinnevik share during the measurement period.

During the past five years, the Kinnevik share has provided an average total annual return of 40%. At year-end, Kinnevik's class B share was quoted at SEK 297.50, providing a total return of 125% in 2013.

Share capital

As of 31 December 2013 the number of shares in Investment AB Kinnevik amounted to 277,768,190 shares of which 42,369,312 are class A shares with ten votes each, 234,948,986 are class B shares with one vote each and 449,892 are class B treasury shares which may not be represented at general meetings. The total number of votes in the Company amounted at 31 December 2013 to 659,091,998 (658,642,106 excluding the 449,892 class B treasury shares).

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

In accordance with the proposal on reclassification, approved by an Extraordinary General Meeting held on 18 June 2013, owners of 6,296,012 class A shares required reclassification of those class A shares to class B shares. The reclassification was registered at the Swedish Company Registration Office in July.

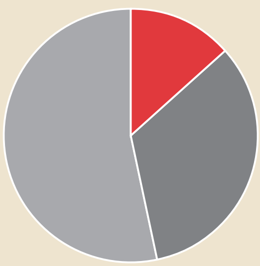
The Board has authorization to repurchase a maximum of 10% of all shares in the Company. The Board has not used the authorization during 2013. There are no convertibles or warrants in issue.

Dividend

For the 2013 financial year, the Board proposes a cash dividend of SEK 7.00 per share, which is an increase of 8% compared to last year's dividend of SEK 6.50 for the financial year 2012.

Shareholder structure

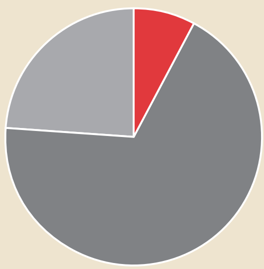
Percentage of capital (2012)



- Swedish institutions and funds 18.6% (35.1%)
- Other Swedish shareholders 28.3% (30.8%)
- Foreign shareholders 53.2% (34.1%)

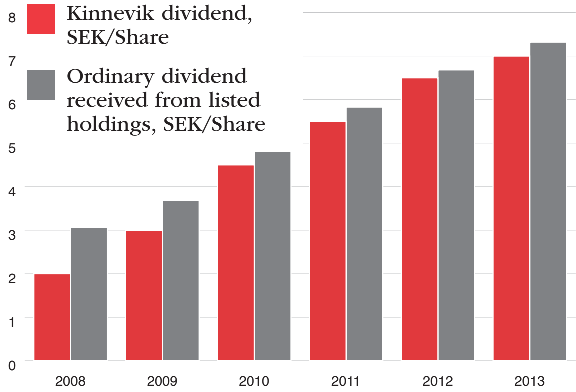
Shareholder structure

Percentage of votes (2012)



- Swedish institutions and funds 9.9% (25.5%)
- Other Swedish shareholders 66.3% (60.2%)
- Foreign shareholders 23.7% (14.3%)

Source: SIS Ägarservice



Dividend policy

Kinnevik aims to pay a steadily increasing annual dividend.

In addition, the authority to repurchase Kinnevik's own shares, of whichever class, will be exercised when the total return to shareholders through such a program is anticipated to be more attractive than that from other potential investments. The Board will take into consideration Kinnevik's balance sheet and indebtedness when taking such a decision.

Share distribution

Size of shareholding	Number of shareholders	%	Number of A and B shares	%
100 001 -	260	0.5	227 402 957	81.9
50 001 - 100 000	118	0.2	8 823 670	3.2
10 001 - 50 000	609	1.1	12 853 552	4.6
5 001 - 10 000	717	1.3	5 192 449	1.9
1 001 - 5 000	5 523	10.3	12 504 147	4,5
1 - 1 000	46 606	86.6	10 991 415	4.0
Total	53 833	100.0	277 768 190	100.0

Number of shareholders at 31 December 2013 was 53,833 (58,589).

Ownership structure

Kinnevik's 20 largest shareholders in terms of capital and votes according to Euroclear at 31 December 2013.

Shareholder	Class A shares	Class B shares	Percentage of capital	Percentage of votes
Verdere S.à.r.l.	29 500 000	0	10.6	44.8
Klingspor Family	6 475 819	2 180 543	3.1	10.2
JPM Chase NA	18 000	32 585 646	11.7	5.0
State Street Bank	450 800	23 199 600	8.5	4.2
von Horn Family	1 996 855	401 686	0.9	3.1
BNY Mellon NA	164 400	9 721 624	3.6	1.7
Alecta Pension	762 500	3 783 000	1.6	1.7
Nothern Trust	0	8 693 470	3.1	1.3
SEB	140 900	3 674 107	1.4	0.8
Credit Suisse Securities	0	4 730 161	1.7	0.7
Swedbank Robur	1 546	4 238 171	1.7	0.7
UBS	20 800	3 988 466	1.4	0.6
Goldman Sachs	1 400	3 781 517	1.4	0.6
AMF Pension	0	3 797 237	1.4	0.6
Unionen	0	3 773 689	1.4	0.6
Skandia	210 363	1 589 023	0.7	0.6
Morgan Stanley	0	3 697 697	1.3	0.6
Skagen funds	0	2 998 719	1.1	0.5
Nordea funds	10 878	2 506 522	0.9	0.4
Second AP Fund	0	2 591 701	0.9	0.4
Other	2 615 051	113 466 299	41.7	21.1
Total	**42 369 312**	**235 398 878**	**100.0**	**100.0**
Class B shares held by Kinnevik		449 892		

Shareholders Verdere S.à r.l., SMS Sapere Aude Trust, Sophie Stenbeck and HS Sapere Aude Trust have informed the company that their agreement regarding coordinated voting of their shares has expired. Verdere S.à r.l. is owned, directly and indirectly, by Cristina and Max Stenbeck, 50% each.

Data per share

	2013	2012	2011	2010	2009
Average number of shares (000s)	277 264	277 183	277 173	277 158	265 325
Earnings per share, SEK	30.51	-10.77	21.11	45.69	56.03
Shareholders' equity per share, SEK	235.38	211.01	215.15	196.27	150.23
Market price class B share at 31 December, SEK	297.50	135.30	133.80	137.00	107.00
Dividend per share, SEK	7.00 [1]	6.50	5.50	4.50	3.00
Direct yield	2.4%	4.8%	4.1%	3.3%	2.8%

[1] Proposed cash dividend.

Book and fair value of assets

SEK m	31 Dec 2013 Equity interest (%)	Voting interest (%)	Book value 31 Dec 2013	Fair value 31 Dec 2013	Fair value 31 Dec 2012	Total return 2013
Millicom	37.9	37.9	24 215	24 215	21 283	17%
Tele2	30.4	48.0	9 864	9 864	15 867	-8%
Transcom	33.0	39.7	505	505	230	120%
Bayport [1]	42	42	836	836	586	
Milvik/BIMA	44	44	46	46	18	
Other			277	277	135	
Total Telecom & Financial Services			**35 743**	**35 743**	**38 119**	
Zalando	36	36	12 136	12 136	8 526	
Avito	31	31	2 196	2 196	923	
Rocket Internet with other portfolio companies [2]			5 409	5 409	4 776	
CDON Group	25.1	25.1	786	786	664	-1%
Other			315	459	229	
Total Online			**20 842**	**20 986**	**15 118**	
MTG	20.3	48.0	4 498	4 498	3 042	52%
Metro	98	98	879	879	993	
Interest bearing net cash, Metro			221	221	187	
Total Media			**5 598**	**5 598**	**4 222**	
BillerudKorsnäs			-	-	3 161	
Black Earth Farming	24.9	24.9	337	337	456	-26%
Rolnyvik	100	100	211	250	250	
Vireo	78	78	120	189	134	
Other			3	3	4	
Total Industry and Other investments			**671**	**779**	**4 005**	
Other interest bearing net cash (net debt)			2 557	2 557	-3 008	
Debt, unpaid investments			-303	-303	-110	
Other assets and liabilities			168	168	423	
Total equity/net asset value			**65 276**	**65 527**	**58 769**	
Net asset value per share				**236.29**	**212.00**	
Closing price, class B share				297.50	135.30	125%

[1] Following the transaction in January 2014, Kinnevik owns 30% of the shares in Bayport.

[2] For split, please see page 22.

Our Approach to Value Creation

Our mission

To allow consumers around the world access to innovative, value-added and convenient, technology-based services that can add value to their everyday life.

Our vision

We identify, assess and perfect disruptive business models, and invest in their international rollout in key growth markets around the world by partnering with best in class managers, entrepreneurs and other like-minded long-term investors. We support local market consolidation when the industries we are invested in require a smaller number of competitors to maintain or create attractive economics.

Our goals

To become the world's premier international long-term investor in the fastest growing and most profitable technology-enabled consumer businesses with global potential.

To embed ourselves in our most important countries to the same extent as a leading local entrepreneur.

To be perceived as a knowledgeable, experienced, value-added, decisive yet nimble lead shareholder by our management teams, fellow shareholders and stakeholders at large.

To run a streamlined set of successful investments which can deliver superior risk-adjusted returns and leverage each others' competencies and local knowledge.

To build a world class organization that operates with a partnership spirit, and with the information and the capabilities necessary to exercise their respective leadership roles.

To uphold the highest ethical standards in all our business practices, in our involvement with local communities and in our corporate governance.

To deliver attractive total returns to our shareholders primarily through net asset value growth by active management of public and private investments.

To communicate openly and regularly with our investors such that our strategy and actions can be easily understood and appreciated.

Our investment criteria

Growth markets
We invest in developed and in particular in emerging markets where we see deep addressable marketing opportunities.

Growth sectors
We look for disruptive, technology-enabled and value-added products and services for consumers.

Scalable businesses
We seek out models that are proven and that lend themselves to adaption in our markets.

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

Our financial targets

Attractive investment returns
The target is that the average yearly internal rate of return (IRR) on all investments in the portfolio should reach at least 15% given the current structure of the portfolio.

Low leverage
In order to have financial flexibility in the Parent Company, the goal is to have no or a low leverage.

Increasing shareholder remuneration
Kinnevik aims to pay a steadily increasing annual dividend and repurchase Kinnevik's own shares if our targets for doing so are met (see dividend policy).

Our approach

Local presence
Our Group companies that operate in 80 countries give us insight to market developments locally.

Operational focus
We track operational performance and leverage our group's insights to stimulate improvements.

Strategic leadership
We support strategic transactions for or within our companies to maintain or create attractive economics.

Long-term commitment
We invest for the long-term, matching our investment horizon with that of management.

Entrepreneurial mind-set
We pride ourselves on our ability to identify new trends and adapt to them.

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

Our key assets

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

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

Boards of directors
Our significant group of highly experienced directors who oversee Kinnevik and its investee companies and provide guidance to its management teams.

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

Our Investment Strategy

We are an operationally focused investor and our primary focus is on value creation within our existing investments. We closely follow and monitor the development of each of our companies, actuals versus budget and business plan for sales, operating results, cash flow and associated KPIs. We seek to stimulate operational improvements, provide strategic leadership and bring capital discipline across the portfolio.

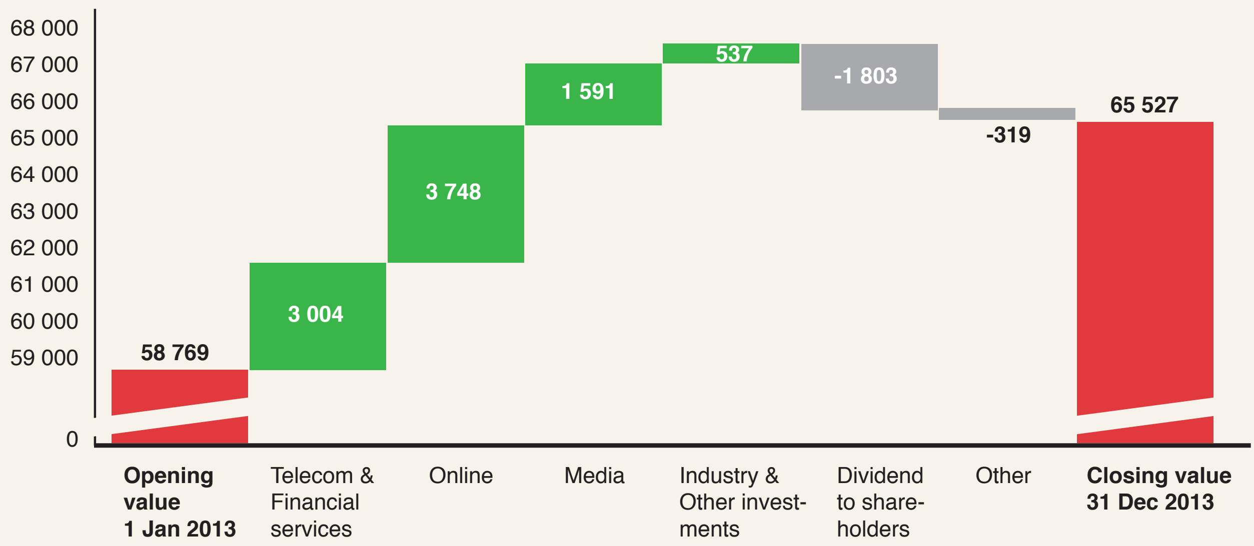
We are currently invested in four consumer-centric sectors: communications, entertainment, e-commerce and marketplaces and financial services. While we concentrate on these sectors, we also look at businesses in other areas that fit our investment criteria. Approximately two-thirds of our investments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

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

Our Value Development

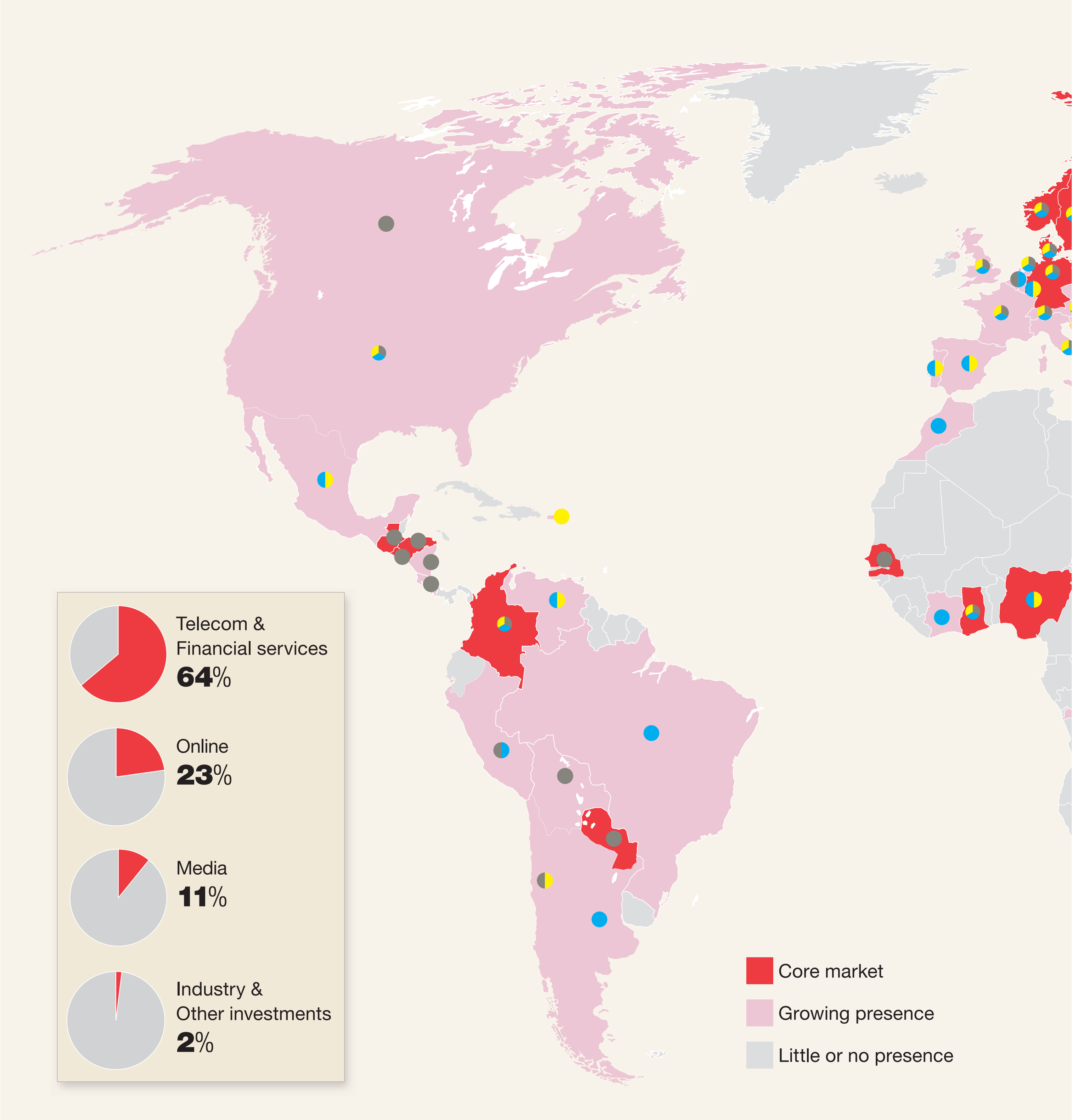
During 2013, Kinnevik's Net Asset Value increased from SEK 58,769m to SEK 65,527m, net of dividends paid to shareholders of SEK 1,803m. Increased market valuations of Millicom in particular led to fair value increases in the Telecom & Financial Services sector. Higher valuations of Zalando and Avito drove the positive development in the online sector. The increased value of the Media sector was due to a very positive year for Modern Times Group's market value. Finally, Industry & Other Investments also appreciated in value, due to the increasing market value of BillerudKorsnäs during the year, as synergies from the merger in 2012 were realized faster than anticipated.

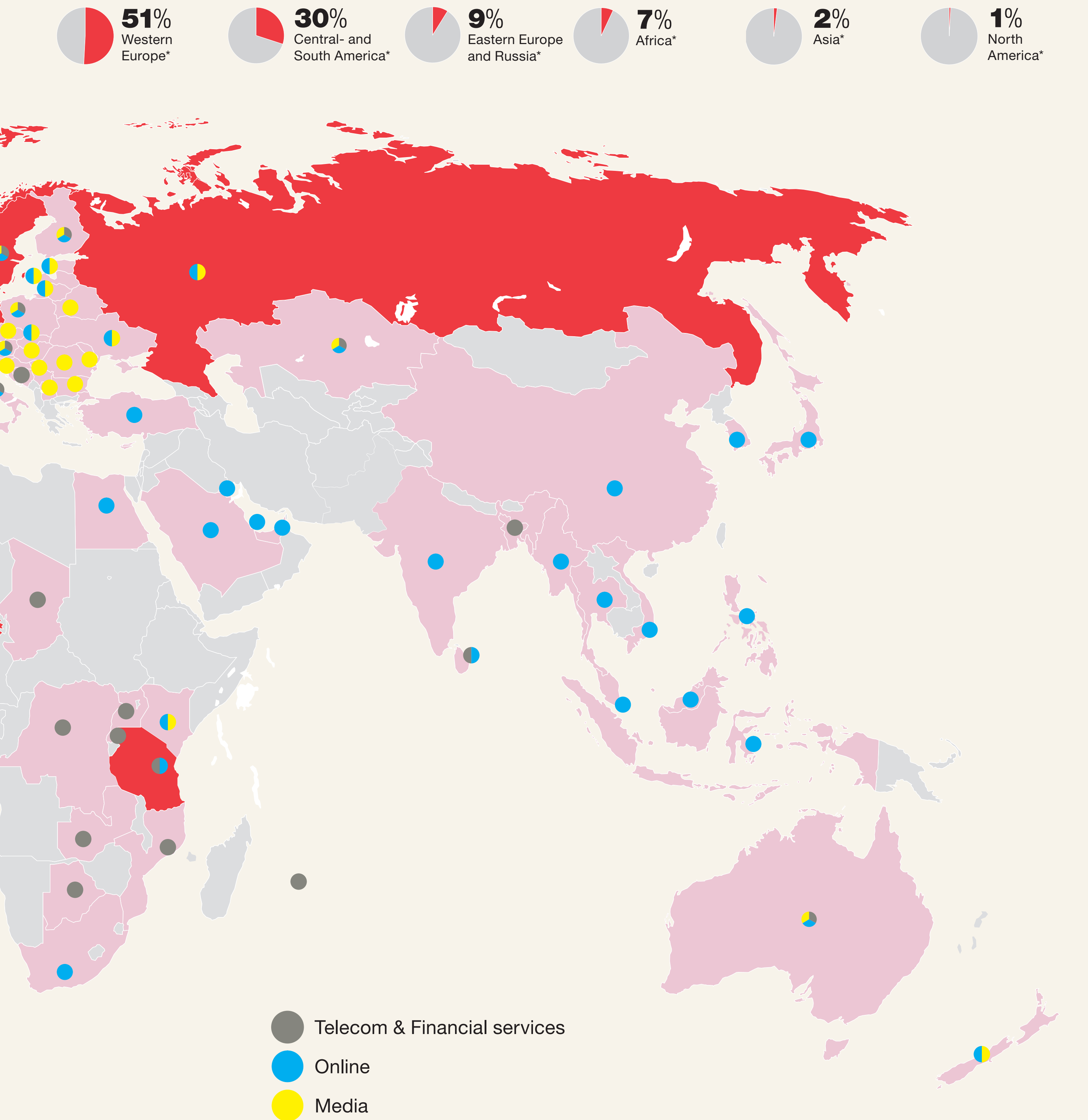
Development in net asset value per sector during 2013 (SEK m)*



*Change in fair value per sector adjusting for dividends received (subsidiaries included under Other).

Market presence 2013 – share of sales per region*





* Kinnevik's proportional part of the portfolio companies' sales.

People and Sustainable Performance

"People either stay with us for less than a year. Or they stay for a lifetime."

Cristina Stenbeck, Executive Chairman

The creation of sustainable performance comes with our people. We believe that it is driven by culture and values, challenging work and environment as well as trust, motivation and continuous development.

Kinnevik is, and shall be, a challenging company to work for. We have big visions, far-reaching goals and high standards. To succeed we believe in the importance of top-performing people who are prepared to work hard to create success.

"A culture of challengers. Nothing is sacred."

Our "Golden Rules" for a successful business were laid down by Jan Stenbeck and are still observed throughout our Group. The Stenbeck rules, visions and convictions are the Kinnevik culture. They are the very DNA that defines our many companies. They enable us to provide a unifying purpose and pride. Our culture is all about embracing change, moving fast, taking initiative, focusing on results, being straightforward, celebrating victories – and having fun.

"We trust young people. We give them a lot of responsibility early in their careers. They get the opportunity to grow, and to realize their ideas and potential."

We are convinced that long-term sustainable profitability in our companies is driven by how we work with our people - who we attract as employees, how we challenge and motivate them and what opportunities and development they can have with us in a long-term perspective.

Our companies represent diversity in many dimensions: geography, business sector, growth stage and customer offering. Through this diversity Kinnevik offers a unique universe of opportunities for people development and careers. Top performers are encouraged to rotate among the different companies and countries within the group.

Kinnevik is driving a strategic and business-oriented people agenda across the portfolio of companies including initiatives such as:

- Cross-company talent management
- Employer Branding
- Talent development
- Cross-company training initiatives
- Cooperation around Trainee programs
- Reward and Recognition philosophy and guiding principles
- Regional conferences for exchange, networking and development

Corporate Responsibility

Corporate Responsibility and Communication on Progress for Investment AB Kinnevik

Strategy and purpose

The primary purpose of Kinnevik's operations is to increase shareholder value, primarily through net asset value growth. As owner and investor, Kinnevik also bears great responsibility to stakeholders for its holdings (subsidiaries and associated companies). For Kinnevik, showing consideration for stakeholders by working actively with CR-related issues is a prerequisite for high and sustained profitability. Through sound investments and active ownership Kinnevik will have a positive impact on society and on Kinnevik's net asset value growth.

For Kinnevik, Corporate Responsibility ("CR") involves issues that relate to social responsibility, environmental responsibility and ethics. During 2011, Kinnevik formally adopted the UN Global Compact ten principles in the areas of human rights, labour, the environment and anti-corruption. This third annual Communication on Progress describes the actions taken to integrate the Global Compact and its principles into the business strategy, culture and daily operations of Kinnevik.

Stakeholders

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

Shareholders

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

Employees

In order for both Kinnevik and its holdings to be able to attract top performing executives, entrepreneurs and talented employees it is important to act as a good corporate citizen and be known for applying the highest ethical and business standards. In annual development and planning dialogues with management and employees CR-related issues are discussed. These issues are also discussed regularly in staff meetings.

Portfolio companies

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

Authorities

For Kinnevik's and the portfolio companies' long term successful development it is important to comply with applicable laws, rules and standards in different countries. Kinnevik has an ongoing dialogue with relevant authorities to monitor regulatory development in important fields.

Risks and focus areas

For a company like Kinnevik with limited operations, the majority of the potential CR issues and challenges are derived from the operations of the respective holdings. The risks identified by the holdings comprise a wide range of risk areas which may all, to some extent, affect Kinnevik and the company's stakeholders. Kinnevik takes inspiration from the Global Reporting Initiative (GRI), the world's most widely used sustainability reporting framework, criteria for materiality to ensure that the Company addresses CR issues and risks that impact, or are influenced by, the company and its holdings. Based on the current portfolio Kinnevik has during 2013 identified some CR topics to be pervasive and in scope of enhanced monitoring efforts going forward. Drivers of such aspects include developments and trends within key industries, existence of operations in emerging markets, emerging supply chain risks and rapid growth. The CR topics that are assessed to be most important and have the greatest relevance both to Kinnevik and the company's stakeholders are the following:

- Prevention of corruption
- Maintaining ethical supply chains, including consideration of human rights and labour standard
- Prevention of anticompetitive behaviour
- Compliance with laws and regulations

There are also other aspects such as limiting environmental footprint of the company's and its holdings that obviously are important but not as pervasive as these four given the existing portfolio.

Guidelines and policies

Kinnevik's senior management, in cooperation with the Board of Directors, have formulated and established policies to address relevant matters related to CR, primarily through the Code of Ethical Business Conduct (Code of Conduct), the Whistleblower policy and the Corporate Responsibility Policy (CR Policy). In formulating these policies, Kinnevik has used the ten principles of the UN Global Compact and the OECD's guidelines for multinational enterprises as its starting point. All employees are expected to read and comply with the company policies.

In addition to the established policies Kinnevik actively promotes compliance with all laws, rules and regulations in each jurisdiction in which the company conducts business, and every employee, and other representative, of the company is expected to comply with the laws of the country in which they operate.

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

Through the CR policy Kinnevik sets out requirements for the portfolio companies with respect to the key CR topics identified. According to the CR policy each portfolio company must develop clear guidance on how matters concerning business ethics, including corruption, are to be managed. Portfolio companies must continuously document and evaluate compliance with relevant laws, regulations and international conventions, including respect for human rights, safe and healthy working conditions, freedom of assembly, promotion of diversity, and rejection of any form of forced labour or child labour. In addition the portfolio companies must develop a Supplier Code of Conduct in which the company's suppliers pledge to act in accordance with the recommendations of the UN Global Compact, with special attention given to companies in growth countries.

Implementation and follow-up

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

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

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

Any potential new investment, is evaluated in terms of compliance to local laws and regulations, and assessed in terms of risks related to human rights, corruption and environmental aspects. In instances when potential investments do not adhere to relevant standards, or are not considered to be susceptible to the required improvements, Kinnevik refrains from the investment. New investments generally concerns small, start-up, companies which may not yet have formal CR policies and procedures in place. Kinnevik considers the development of CR policies, and related procedures, to be part of the development of the investment. Over time Kinnevik requires, all portfolio companies to establish a Code of Conduct that contains clear guidelines for how employees should act to ensure respect for human rights, legal compliance and ethical business practices.

In 2013, Kinnevik performed an evaluation to identify how existing processes and efforts for monitoring CR performance within the company's portfolio may be further enhanced. Based on the evaluation, activities to further develop and formalize existing processes have been initiated, including processes to identify key CR topics from a Kinnevik perspective and procedures to monitor that significant matters are given adequate attention by the respective portfolio companies. The aim is to have a more formalized structure in place during 2014.

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

Communication on progress

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

Human rights

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

Actions taken in 2013 – examples from Kinnevik portfolio companies:

- For Kinnevik's mobile companies, questions relating to freedom of expression and privacy are important to address.
- Millicom signed up to the Telecommunications Industry

Dialogue on Freedom of Expression and Privacy guiding principles in March 2013 that aim to reduce the risk of complicity in human rights abuses relating to freedom of expression and privacy.

- Tele2 has formulated its position on Privacy and Integrity (P&I) and Freedom of Expression in a position paper available at www.tele2.com.
- Furthermore, Tele2's Code of Conduct states that the company is particularly careful in protecting the safety of children and young adults in the regard of child sexual abuse images (CSAI) content. Tele2 is closely cooperating with Interpol and in some instances national police in order to prevent access to CSAI content. Interpol and local judicial authorities identify the material containing CSAI and provide Tele2 with blocking lists.

Labour

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

Kinnevik's policies on corporate responsibility outlines requirements for the holdings related to labour practices, safe and healthy working conditions, freedom of assembly, promotion of diversity, and rejection of any form of forced labour or child labour. Any grievances, including instances of perceived discrimination, must be reported to the Chairman of the Board, HR, closest manager, or through the whistle blowing system.

Actions taken in 2013 – examples from Kinnevik portfolio companies:

- Millicom DRC signed a collective bargaining agreement covering all employees in June 2013. Such agreement is already in place in Chad and under negotiation in Senegal. Millicom applies the conventions of ILO to ensure that labour rights are respected throughout the business, and apply an even higher minimum age for work in e.g. DRC (18 years old).
- Zalando has implemented Social standards including working conditions, zero tolerance for discrimination, and equal pay for temporary workers and training opportunities and health management. The standards are monitored through audit by an external auditor.

Environment

As a company without proprietary manufacturing and with limited operations conducted at the head office, Kinnevik has little direct impact on the environment.

Kinnevik's policies on corporate responsibility outlines requirements for the holdings concerning environment aspects. According to the policy, each portfolio company should establish an environment policy and continuously analyse the impact of their operations on the environment, and ensure actions are taken to continuously improve performance. Furthermore, the companies should assess the environmental impact of their suppliers and encourage them to achieve continuous improvements. Portfolio companies are encouraged to develop an environmental management system that is certifiable and to provide training to employees in issues relating to respect for the environment. Environmental initiatives are followed up continuously and reported to the board of directors.

Actions taken in 2013 – examples from Kinnevik portfolio companies:

- At the end of 2013, Millicom had over 100 sites running with solar power. Approximately 1,150 sites had hybrid power systems utilizing Deep Cycle battery technology, which has the potential of reducing diesel use up to 75%.
- MTG's pay-TV operations have been signatories of the Voluntary Industry Agreement on complex set-top-box (STB) energy efficiency since 2010, where the company, together with their STB suppliers, work to ensure their Viasat STBs are energy efficient and that they are well positioned ahead of any future regulations on the matter.
- Zalando use 95% recycled paper in their packages and bags are made of recycled LDPE (Low Density Polypropylen) paper. The company had a holistic approach from production to recycling in the logistic center in Erfurt, Osram intelligent lighting management system saves around 60% of electricity costs compared to traditional system.

Anti-corruption

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

Actions taken in 2013 – examples from Kinnevik portfolio companies:

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

CR related issues with significant negative impact on Kinnevik

In 2013, no significant CR related issues that have had a negative impact on Kinnevik and its stakeholders have come to the attention of Kinnevik's management and Board of Directors.

Reach for Change – 2013

Expanding team

#9: SEP Deputy CEO & COO Jacob Stedman, a business leader with focus on technology and society, joins the Reach for Change team. He is the first of ten new team members, mostly local staff, to join Reach for Change as the organization expands in the fall of 2013..

Breaking Barriers

#8: JUNE Barrier Breaking session held in Accra, where Change Leaders and senior managers from our partners in the business sector come together to tackle the big strategic challenges facing our Change Leaders.

Staying local

#7 JUNE The key to the success is our local presence everywhere we operate. In June the Reach for Change Africa team came together with the entire Corporate Responsibility team of Tigo Africa, to strengthen the common vision and make plans for the upcoming support activities.

Metro Photo Challenge

#10: SEP Metro Photo Challenge kicks off. Thousands of pictures were submitted from people competing for the prize: a trip to one of Reach for Change's program countries to meet Change Leaders.

Ashoka Fellow

#12: OCT Change Leader Dennis Lennartsson envisions a world in which multiple sign languages are accessible to a larger number of users globally. In October, he joined the ranks of senior social entrepreneurs as an Ashoka Fellow.

Winner of the children's vote!

#11: OCT Change Leader James Kofi Annan receives the World's Children's Prize after 2.2 million children all over the world took a vote. He received the prize from the Crown Princess Victoria of Sweden.

"I am happy to see a private sector company like Tigo make such a commitment to work for the future of Chad and improve the lives of children."

#13 NOV: Mme Baïwong Djibergui Amane Rosine, Chad Minister of Social Action and Family Affairs, at the launch press conference for Tigo/Reach for Change, 2013

6 212

#14 DEC: This is the number of Ghanaians who cast a vote to select IT4Teens as the winner for the People's Choice Award.

2013 →

Reach for Change is a non-profit organization co-founded by the Kinnevik Group in 2010 to improve the lives of children and youth.

ENOUGH!

#6 MAY The Change Leader Ida Östensson in Sweden starts a campaign against sexual violence that echoes over Sweden. It mobilized thousands of activists, opinion leaders, and decision makers, men and women, to change a weak legislation and practice of mild sentences for rape in Sweden.

Reorganizing the Russian program

#5: APRIL Reach for Change's main partner in Russia, Tele2, was sold. Tele2 generously decided to globally support the existing entrepreneurs in our program, but it had to revise the plans to select new entrepreneurs. Nevertheless, the work in Russia continues.

#4: MARCH Welcome CDON Group! CDON Group is finally announced as a new partner. This was celebrated at the CDON Group Awards.

#3: FEB "I used my skills, kept mouth closed, and swam to the bottom. I didn´t have to come up for air," says Lua Casely Hayford, the 9 year-old from Ghana, after she had saved a 6 year-old from drowning at a pool party. This was just a month after she had completed her Bronze Junior Lifesavers certificate with the Change Leaders at the Felix Fitness Foundation.

"I've never drawn this world before. But today I saw it. When will you come again?"

#2: JAN Maxim, 6 years old, is blind and lives in Siberia in a home for children with disorders. Change Leader Natalya Shimina, a hospital clown, sat down with him and together they drew a huge truck of chocolates and a train carrying bubble gums.

THIS IS REACH FOR CHANGE

Reach for Change is the in-house foundation of the Kinnevik Group, created to improve lives for children. We find and develop Change Leaders – local social entrepreneurs with innovations that solve some of the most pressing issues facing children. The entrepreneurs are helped to scale their innovations through seed funding, access to technical and managerial expertise and networking opportunities. In 2013, we supported over one million children in nine countries – Chad, DR Congo, Ghana, Kazakhstan, Russia, Rwanda, Senegal, Sweden, and Tanzania.

"During 2013, its fourth year of operation, Reach for Change has touched and improved the lives of over one million children in nine countries. By transferring our strengths to the social arena, canvassing entrepreneurship and innovation, challenging perceived limitations, and scaling inspired ideas, Reach for Change embodies the soul of the Kinnevik group."

Cristina Stenbeck,
Chair of the Reach for Change Board 2013

Tech innovation saving babies

#1: JAN Change Leader Peter Kwarteng is selected in Ghana. He invented the Neonatal Network Support System, a mobile-based network to connect medical personnel in remote corners of Ghana with specialist advice to save the lives of newborns.

JUNE · MAY · APRIL · MARCH · FEBRUARY · JANUARY · 2014 →

In 2013, Reach for Change operated in nine countries and supported over one million children.

Kinnevik's holdings

Telecom & Financial services

Investment (SEK m)	Capital/Votes, %	Estimated fair value	Changes in fair value and dividends received 2013
Millicom	37.9/37.9	24 215	3 597
Tele2	30.4/48.0	9 864	-1 247
Transcom	33.0/39.7	505	276
Bayport	42/42	836	251
Milvik / BIMA	44/44	46	-3
Other		277	130
Total		**35 743**	**3 004**

Kinnevik's mobile companies Millicom and Tele2 have in total 65 million subscribers in 23 countries. Millicom is a pure emerging markets company with operations in Latin America and Africa, whereas Tele2 is one of Europe's leading telecom operators.

Both Millicom and Tele2 are focusing on providing superior services as customers increasingly use their phones to access various data services. In Millicom, these services include mobile financial services such as cash transfers through your mobile, various information services and entertainment, as well as online services in e-commerce, lead generation and payments.

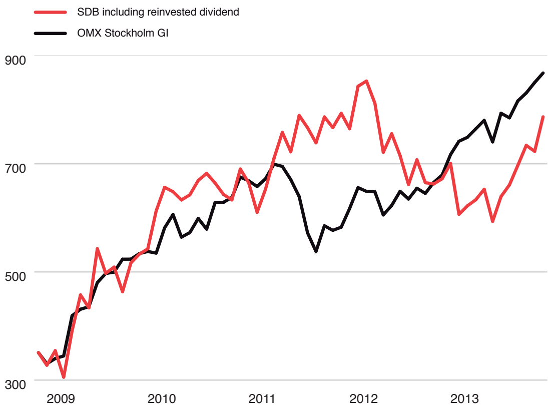
Tele2, which operates on more developed markets, is focusing its strategy to become a value champion, i.e. to offer its customers the combination of low price, superior customer experience and a challenger culture.

Transcom is active within outsourcing of Customer Relationship Management (CRM) and Credit Management Services (CMS). The company has more than 29,000 employees and conducts a global operation in 26 countries.

Similar to the manner in which Kinnevik developed telecom services in emerging markets through innovative products and distribution networks, Kinnevik is actively looking for investment opportunities in the financial services sector. Bayport is Kinnevik's largest investment in the sector.

Millicom

Key data (USD m)	2013	2012
Revenue	5 159	4 814
EBITDA	1 881	2 065
Operating profit, EBIT	781	1 104
Net profit	205	504
Number of mobile subscribers 31 Dec (million)	50.6	47.2



The market value of Kinnevik's shareholding in Millicom amounted to SEK 24,215m on 31 December 2013. Millicom's Swedish depository receipts (SDRs) are listed on NASDAQ OMX Stockholm's list for large-cap companies.

Millicom is a leading international telecommunications and media company offering digital lifestyle products and services to emerging markets. Through Millicom's service brand Tigo, the company helps tens of millions of people in Latin America and Africa to stay connected, primarily through their mobile devices. Operating in 15 countries, Millicom offers innovative and customer-centric products and services.

In 2013, Millicom focused on setting the foundations for future growth in new areas, while maintaining strong mo-

During 2013, Millicom launched Tigo Music - offering customers in Latin America access to over 20 million songs via their mobile phones.

mentum in the mobile business. In December 2013, Millicom entered into a partnership with Rocket Internet and MTN to further accelerate the growth of the African Online businesses. For 2013 Millicom reported revenues of USD 5,159m (4,814), growing 7.2% compared to 2012. The transfer of customers into mobile data services continued during 2013, adding close to 4 million net new mobile data customers. Adding almost 3.4 million mobile customers during the year, Millicom's customer base reached over 50 million mobile customers for the first time. With a full-year EBITDA margin of 39.2%, excluding the Online businesses and one-off items, Millicom reported EBITDA for 2013 of USD 1,881m.

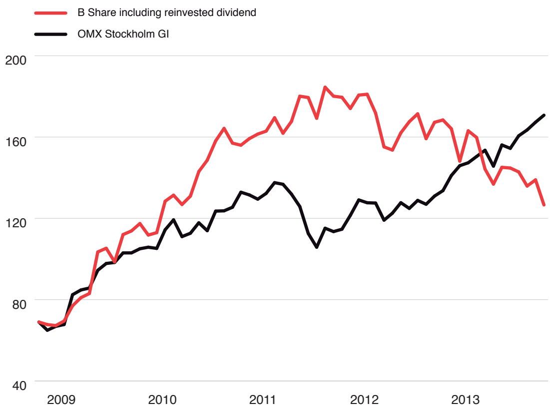
Dividend

The Board of Millicom has decided to propose to the Annual General Meeting in May 2014 an ordinary dividend of USD 2.64 (2.64) per share in respect of the financial year 2013.

Tele2

Key data (SEK m)	2013	2012
Revenue	29 871	30 742
EBITDA	5 990	6 240
Operating profit, EBIT	2 192	1 975
Net profit	655	976
Number of subscribers 31 Dec (million)	14.8	15.4

Continuing operations, excluding Tele2 Russia.



The market value of Kinnevik's shareholding in Tele2 amounted to SEK 9,864m on 31 December 2013. Tele2's shares are listed on NASDAQ OMX Stockholm's list for large-cap companies.

Tele2 is one of Europe's leading telecom operators, offering mobile services, fixed broadband and telephony, data network services, cable TV and content services. Tele2 has 15 million customers in 10 countries, whereof 13 million in its mobile operations.

During 2013, Tele2 sold their Russian operations to VTB Group. Following the divestment, Tele2 distributed SEK 12.5bln, equivalent to SEK 28.00 per share, to shareholders through a mandatory redemption of shares. Kinnevik received SEK 3.8bln in cash following the redemption.

Tele2's mobile business showed good progress during 2013. Mobile net sales amounted to SEK 21.5bln (20.9) and mobile end-user service revenue amounted to SEK 14.7bln (13.8). This trend was driven by positive usage of mobile data, compensating less revenue from mobile voice and SMS.

Tele2 Arena is Stockholm's new center for entertainment and sports.

Dividend

The Board of Tele2 has decided to recommend to the Annual General Meeting in May 2014 an ordinary dividend of SEK 4.40 (7.10) per share in respect of the financial year 2013.

Bayport

Bayport is a provider of unsecured credit and other financial services to the formally employed mass market in Africa and Latin America. The company was founded in 2001 and has operations in Botswana, Ghana, Mozambique, Tanzania, Uganda, Zambia, Colombia, and in South Africa following the acquisition of Bayport Financial Services South Africa which was announced in October 2013 and closed in January 2014. The cash consideration was total approximately ZAR 1,610m (corresponding to approximately USD 162m) and the transaction was mainly financed through a USD 137m new equity issue in Bayport. Kinnevik owns around 30% of the shares in Bayport following the closing of the transaction.

Bayport services more than 532,000 customers holding loans totalling USD 865m. Loans are used primarily for financing larger non-recurring expenses, such as school fees, investment in farming or for small business purposes. Bayport has recently expanded its product portfolio by a product aimed at informal traders in Ghana as well as an insurance product in Uganda.

Milvik / BIMA

Milvik offers, under the brand name BIMA, affordable and uniquely designed life and health insurance products via mobile phones. The company was launched in 2011 and has its geographical focus on emerging markets where few viable risk management solutions for the mass market exist and the level of insurance penetration is low. The company is today operating in Ghana, Tanzania, Senegal, Mauritius, Bangladesh, Sri Lanka, Indonesia and Honduras, and insures more than seven million lives.

Online

Investment (SEK m)	Direct equity interest	Indirect equity interest [1]	Total	Accumulated invested amount	Fair value as per 31 December 2013 Direct ownership	Indirectly held [1]	Total	Change in fair value and dividends received Full year 2013
Zalando GmbH	36%	-	36%	7 916	12 136	-	12 136	2 876
Avito	31%	-	31%	336	2 196	-	2 196	1 273
Bigfoot I	27%	8%	35%	1 536	1 535	193	1 728	176
Dafiti			*27%*				*466*	
Lamoda			*28%*				*770*	
Jabong			*26%*				*250*	
Namshi			*14%*				*-*	
Bigfoot II	30%	10%	39%	930	435	-	435	-447
Zalora			*30%*					
The Iconic			*30%*					
Zando			*15%*					
Jumia			*15%*					
BigCommerce/Lazada	14%	12%	26%	606	544	7	551	-68
Lazada			*18%*					
Linio			*24%*					
Namshi			*10%*					
Home24	22%	11%	33%	791	679	8	687	-84
Mobly			*28%*					
Westwing	15%	7%	23%	175	217	61	278	101
Wimdu	29%	12%	41%	364	358	30	388	7
Rocket Internet with other portfolio companies [2]	mixed	mixed	mixed	-1 484	422	920	1 342	-85
Konga	46%	-	46%	114	156	-	156	22
Other unlisted online companies	mixed	mixed	mixed	522	303	-	303	-16
Total unlisted online investments				**11 806**	**18 981**	**1 219**	**20 200**	**3 755**
CDON Group	25.1%	-	25.1%	646 [3]	786	-	786	-7
Total online investments				**12 452**	**19 767**	**1 219**	**20 986**	**3 748**

[1] Held via Rocket Internet GmbH.
[2] Invested amount includes net invested amount in Rocket Internet GmbH after dividends received. Fair value includes cash balance in Rocket Internet GmbH.
[3] The value of dividends received from MTG when shares distributed and share purchases and new issues made thereafter.
[4] The shareholdings in Rocket Internet with portfolio companies has not been adjusted for employee stock option plans.

The Kinnevik online investments are mainly focused around e-commerce and market places. E-commerce is one of the strongest global growth trends in the world economy, and it is based on a shift in consumer behavior which we believe is not a short-term trend but which we believe represents a permanent change in consumer behavior.

Within e-commerce, Kinnevik has focused its investments in the shoes and fashion segment through companies such as Zalando with geographical presence in Europe and companies such as Lamoda, Dafiti, Jabong and Zalora focused on emerging markets. This particular segment of the e-commerce industry is attractive for several reasons; it is a relatively large part of a household budget, it is a sector with high gross margins and the products offered are easy to package and ship - enabling efficient logistics with attractive deliveries and returns.

In order to be competitive and become a profitable online retailer it is important to build size and scale to be the number one choice as the customer goes online. It is also a key competitive advantage to be fully integrated and to control the entire value chain from website to logistics to check out, payment and shipping in order to control the total customer experience.

Investments and valuation

Kinnevik invested SEK 2,307m within Online during 2013, of which SEK 855m in Zalando, SEK 575m in Rocket Internet, SEK 169m in Bigfoot II, SEK 317m in BigCommerce as well as Lazada, SEK 129m in CDON Group, SEK 114m in Konga and SEK 64m in Saltside Technologies.

At the end of the year, investments in Online were valued at a total of SEK 20.986m. The assessed change in fair value recognized in the consolidated income statement and dividends received during the year amounted to a profit of SEK 3,748m (2,752), as specified in the table on page 22.

The positive change in fair value of Zalando is a result of a continued strong revenue growth. In Kinnevik's financial statements, Zalando has an assessed fair value of EUR 3.9bln at the end of 2013, compared to EUR 2.8bln at the end of 2012. The valuation has been based on a sales multiple of 2.0 which has been multiplied by the company's net sales for the last 12 months.

The increase in fair value of Avito is a combination of strong sales growth, expanding market multiples and the addition of newly listed peers with emerging market profile. These changes have resulted in a sales multiple of 13.5 which has been multiplied by the company's net sales for the last 12 months, resulting in a company equity value of SEK 7.2bln at the end of the year, compared to SEK 2.4bln at the end of 2012. When determining the assessed fair value of Avito, Kinnevik has considered the transaction made in Avito warrants in beginning of February 2014 (see further the Board of Directors' Report), but considered that the size of the trade (1.7% of the fully diluted capital) has been to small to be applied on Kinnevik's 31% shareholding in Avito. If the transaction value had been applied as fair value in Kinnevik's financial statements, the book value of Kinnevik's shareholding would have been SEK 1.3bln higher as per year end.

For further information about valuation principles and assumptions, please see Note 4 and Note 5 for the Group.

During 2012 and 2013, a number of Rocket's portfolio companies have issued new shares to external investors at price levels that exceed Kinnevik's recognized assessed fair values. Since the newly issued shares have better preference over the portfolio companies' assets in the event of liquidation or sale than Kinnevik's shares have, Kinnevik do not consider these price levels as a relevant base for assessing the fair values in the accounts. The latest transactions that have been made with better preference than Kinnevik's shareholdings have been made at levels that, applied to Kinnevik's shareholdings, are approximately SEK 6bln higher than Kinnevik's book value as per 31 December 2013.

Proportional part of revenue, EBIT and cash balances in unlisted online holdings

Kinnevik's proportional part of the unlisted online companies' revenue grew by 68% year-on-year and reached SEK 7,446m (4,445) for the year. Revenue growth is strongest in the second and fourth quarter which is explained by the seasonal variations within the shoes- and fashion industry. Due to the strong growth, short operating history and the fact that all start-up costs are taken to the P&L, most of the unlisted companies within Kinnevik's online portfolio are still unprofitable. However, the larger companies in the portfolio are well capitalized and can afford continued investments until they reach break-even. Kinnevik's proportional part of the companies' cash position amounted to SEK 4,685m (2,712) at 31 December 2013.

Kinnevik's proportional part of revenue, EBIT and cash balance within its unlisted online holdings

SEK m	Q1	Q2	Q3	Q4	FY2012	Q1	Q2	Q3	Q4	FY2013
Revenue	781	990	1 107	1 567	**4 445**	1 514	1 816	1 755	2 361	**7 446**
Q on Q growth	25%	27%	12%	42%		-3%	20%	-3%	35%	
Y on Y growth					**166%**	94%	83%	58%	51%	**68%**
EBIT	-234	-335	-363	-276	**-1 208**	-346	-300	-322	-181	**-1 150**
EBIT margin	-30%	-34%	-33%	-18%	**-27%**	-23%	-17%	-18%	-8%	**-15%**
Accumulated invested amount (net of dividends received)										**11 806**
Fair value as per 31 December 2013										**20 200**
Net proportional part of cash balance 31 December 2013										**4 685**

The table above is a compilation of the unlisted online holdings' revenues and operating result reported multiplied by Kinnevik's ownership share at the end of the reporting period, thereby showing Kinnevik's proportional share of the companies' revenues and operating result. Revenues and operating result reported by the companies have been translated at constant exchange rates (average rate for 2013) from each company's reporting currency into Swedish kronor. For companies that have not yet reported the results for December 2013, the figures are included with one month's delay. The proportional share of revenues and operating result has no connection with Kinnevik's accounting and is only additional information.

Zalando's commercials are well-known across Europe.

Zalando

Zalando started operations in 2008 in Germany and today operates online fashion shops in fifteen European markets. The company has grown rapidly and is today the largest standalone pure online fashion player by net sales in Europe. Key drivers for Zalando's success include its expertise in fashion, retail and technology. Over the past five years, Zalando has focused on building up this expertise and continuously improving operational excellence. Examples of these accomplishments include:

- Establishing strategic partnerships with over 1,500 leading third party brands and building up private brands in-house at the same time
- Insourcing of warehousing operations, with Zalando now handling more than 80% of all fulfilment in-house
- Expanding technology team to more than 400 employees to manage workflow of planning, buying and fulfilment while improving its shop platform and entering mobile commerce.

2013 was another year of strong growth for Zalando. Based on preliminary figures, net sales rose by 52% to EUR 1,762m (1,159), despite the challenging year that the European fashion retail markets faced. In absolute terms, sales growth was over EUR 600m, at a similar level as in 2012, despite the fact that Zalando did not launch new country shops in 2013 (Luxembourg was launched during 2013 but is run via the Belgian store). Growth was primarily driven by the continuing trend towards online shopping, and the company saw strong growth in its new markets as well as the more mature regions Germany, Austria, and Switzerland (DACH). The company gained market share in all regional markets. Geographic and category diversification continued: Zalando's core DACH region achieved net sales of more than one billion Euros for the first time, and all international regions showed high double-digit net sales growth. Apparel has become the largest category of the assortment for the first time.

Zalando reported an EBIT margin slightly better than -7% (-7%). Two factors put pressure on margins. First, Zalando as well as the fashion industry in continental Europe overall faced challenging market conditions in 2013, caused by a late start of the summer and a mild winter. This lead to high discount levels in the market, putting pressure on margins. Second, the company decided to continue strategic initiatives in 2013 as the basis for continued future growth and improved customer experience, which led to ramp-up costs in areas such as fulfilment and technology. Examples of Zalando's strategic initiatives in 2013 include:

- Total warehouse capacity more than doubled during the year, enabling the company's future growth. The first units of the self-designed fulfilment center in Erfurt are fully operational and the extension units are expected to be finished in 2014, making Erfurt the largest e-commerce facility in Europe. Operations at the new center in Mönchengladbach have started to ramp up, and Zalando decided to invest in an extension of this facility in 2014.
- To drive brand awareness and customer acquisition in the new markets, Zalando continued to invest in its consumer brand; average aided brand awareness in these new markets at year-end was around 75%, compared to around 90% in the more established markets. Overall marketing efficiency improved, as total marketing spending as a percentage of net sales decreased.
- To further strengthen its leadership position in a fast changing online environment, Zalando actively manages the transition to the growing mobile usage patterns of its customers. Mobile-enabled shops are now available in all fifteen markets, and German apps have been released for Android and iOS devices. At year-end 2013, over 35% of the traffic in Zalando shops came from mobile devices, including tablets.

Despite these effects, Zalando maintained EBIT break-even in the DACH region, combined with continued strong growth. The average return rate remained stable at approximately 50%. Zalando's customer base continued to grow, and ended the year at over 13 million total active customers that have shopped at Zalando at least once during the past 12 months, as compared to over 9 million at the end of 2012.

Zalando is well capitalised to fund future growth with a net cash position of over EUR 350m at year-end 2013.

Avito

Avito is the largest and fastest growing online classified platform in Russia. The merger with Naspers-owned Slando.ru and OLX.ru in the beginning of 2013 has significantly reaffirmed this #1 position in the Russian market and the company has a leading position in terms of visitors and number of ads, distancing itself from its competitors. Avito is already the leading brand and has the highest brand awareness among its peers in Moscow and St. Petersburg.

* Revenue for 2012 and 2013 are translated to EUR from local currency at constant FX rate (average rate for FY2013). 2013 numbers are preliminary and unaudited.

Compared to western countries, Russia still has a low proportion of internet users in relation to the large total population. By the end of 2016 the number of internet users in Russia is expected to reach around 100 million, compared to around 70 million in 2013. The market for internet related services is expected to grow significantly with an increased internet penetration. The Russian e-commerce market was worth some USD 12bln in 2012, and is expected to double in the coming three years. Avito also has early stage online classifieds sites in Ukraine, Morocco and Egypt.

In September 2013, Avito's Russian operations attracted an audience of 23.1 million users who browsed a total of 4.1 billion page views compared to 2.3 billion for the same month in the previous year. Avito reported revenues of SEK 330m in the first nine months of 2013, up 167% compared to same period in 2012. The company reported a positive operating result for the period. Avito had a cash position of more than USD 100m at the end of the year.

Rocket Internet

Rocket Internet is a company that incubates and develops e-commerce and other consumer-oriented online companies. Kinnevik owned 23.9% of the parent company Rocket Internet GmbH as per 31 December and works closely with the management of Rocket Internet in order to foster companies and develop them into leading Internet players.

Besides the investment into Rocket Internet, Kinnevik has also invested directly into a number of companies supported by Rocket Internet in the following segments:

- E-commerce of shoes and fashion, with Dafiti in Latin America, Lamoda in Russia and the CIS, Jabong in India, Namshi in the Middle East, Zalora in Southeast Asia, The Iconic in Australia and Zando in South Africa, as well as other newly incubated companies in other emerging markets.
- E-commerce of furniture and home décor, with Home24 in Europe, Mobly in Brazil, Westwing in a number of countries in Europe and Latin America.
- E-commerce of general merchandise, with Lazada in Southeast Asia, Linio in Latin America, Jumia in Africa and Kanui and Tricae in Brazil.
- Marketplace for brokering short-term housing through Wimdu, and online food ordering service through Foodpanda.
- Subscription-based services, with Glossybox offering beauty and style products, and HelloFresh delivering weekly food baskets for home cooking.

Dafiti

Dafiti was founded in early 2011 and offers a broad assortment of women's and men's shoes and fashion online. The company started in Brazil, and has since expanded to Argentina, Chile, Colombia and Mexico. Latin America, with a total population of 400 million, shows strong consumption growth, and Dafiti has established itself as one of the key online retailers of fashion in the region.

Dafiti has in 2013 continued to develop well, with an increased focus on unit economics. Due to Brazilian import duties, a large share of Dafiti's products is produced in Brazil. For being an emerging market, Brazil is relatively well developed on e-commerce with several online players in addition to Dafiti.

Dafiti reported net revenue of EUR 155m in 2013 compared to EUR 82m in 2012, corresponding to an increase of 89%*.

Lamoda's warehouse just outside Moscow.

Lamoda

Lamoda was started in early 2011 with its core offering being shoes and fashion in Russia and the CIS. The region has an internet population of around 70 million people, the largest internet population in Europe. Internet penetration is still low in the European context supporting the growth outlook for Lamoda.

Given its comparatively high average order value, Lamoda's unit economics are promising. Lamoda's focus in 2013 has been on further ramping up its own delivery fleet LamodaExpress, which now covers 28 cities in Russia and Kazakhstan. Being in control of last-mile delivery is a key competitive advantage and the roll-out will support Lamoda's growth going forward. In addition, the company has established in-house warehouse operations.

Lamoda's strong growth momentum continued in 2013. Sales in 2013 amounted to approximately EUR 137m compared to EUR 42m in 2012, corresponding to an increase of 223%*.

Jabong

Jabong is a leading online fashion shop in India that launched in 2012. The population of India is greater than one billion and it has the third largest Internet population in the

* Revenue for 2012 and 2013 are translated to EUR from local currency at constant FX rate (average rate for FY2013). 2013 numbers are preliminary and unaudited.

world despite a relatively low Internet penetration. Jabong has more than 2,000 employees and has successfully scaled its in-house delivery service fleet to currently fulfill a majority of all shipped orders. Jabong reported net revenue of EUR 32m in the first nine months of 2013 compared to EUR 9m in the same period 2012, corresponding to an increase of 244%*.

Namshi

Namshi is active within shoes and fashion in six markets in the Middle East, namely United Arab Emirates, Saudi Arabia, Bahrain, Kuwait, Oman and Qatar. Namshi has lately expanded its private label offering and increased the number of brands per product category during 2013. Namshi reported net revenue of EUR 7m for the first nine months of 2013 compared to EUR 2m in in the same period 2012, corresponding to an increase of 315%*.

The Iconic

The Iconic is an online store offering shoes and fashion in Australia and New Zealand covering a population of around 30 million. The company has focused on expanding its product offering and has acquired a number of important brands, and also launched apps for mobile and tablets with promising results. The Iconic reported net revenue of EUR 28m for the first nine months of 2013 compared to EUR 12m in in the same period 2012, corresponding to an increase of 128%*.

Zalora

Zalora started its operations in 2012 and serves a number of emerging markets with shoes and fashion in South East Asia, namely Singapore, Malaysia, Indonesia, Thailand, Philippines, Vietnam and Hong-Kong. Zalora recently announced that it is launching a marketplace platform to encourage third party sellers to offer their products through Zalora's websites. There has also been a big shift in product sourcing as private label and consignment goods have taken an increasing share of sales. Zalora reported net revenues of EUR 23m for the first nine months of 2013 compared to EUR 5m in the same period 2012*.

AEH - Jumia and Zando

AEH operates online stores in general e-commerce and in fashion and shoes under the brands Jumia and Zando.

Jumia, launched in 2012, is a pan-African online retailer of general merchandise that started out in Nigeria, Egypt and Morocco, and has since expanded into Kenya, Ivory Coast, and Uganda. The offering comprise products such as fashion, shoes, mobile phones, video and audio devices, games and consoles, books, toys and beauty products. Jumia has developed its own delivery fleet that fulfills order deliveries as well as its own sales team that visits prospecting customers and educates the market in online shopping.

Zando was founded in 2012 and offers shoes and fashion to the South African market with a population of 50 million. During 2013 Zando has continued to build the local online shopping market and taken a leading position within fashion e-commerce. The company is growing steadily and has shown improvements in unit economics.

AEH reported net revenue of EUR 18m for the first nine months of 2013 compared to EUR 2m in the same period 2012*.

Lazada

Lazada was founded in early 2012 and is active in offering general merchandise in five of the most attractive markets in South East Asia - Indonesia, Vietnam, Thailand, Philippines and Malaysia. Lazada has successfully developed a marketplace platform for third party sellers that now contribute 20% of the total transaction value. In 2013 Lazada acquired more than half a million new customers and now boasts an offering in excess of 200,000 different stock units. An app was launched for iOS in the fourth quarter, highlighting the increasing focus on mobile as a key growth driver. Lazada reported net revenue of EUR 38m for the first nine months of 2013 compared to EUR 3m in the same period 2012*.

Linio

Linio was founded during the first half of 2012 and is the leading general e-commerce platform in Mexico, Colombia, Peru and Venezuela, that boasts a total population of more than 200 million. Linio has secured a leading position in all its four markets, and has been expanding its marketplace offering that makes up an increasing share of transaction value. Linio reported net revenue of EUR 25m for the first nine months of 2013 compared to EUR 1m in the same period 2012*.

Home24

Home24 is an online retailer of furniture and home decoration products. The company is active under the brand Home24 in Germany, Austria, France and the Netherlands, and under the brand Mobly in Brazil. The company has successfully managed to double its offering during 2013 with increasing basket sizes as a result. The company has built an efficient supply chain that comes with little inventory risk and a high turnover rate. Home24 and Mobly reported net revenue of EUR 93m in 2013 compared to EUR 52m in 2012, corresponding to an increase of 79%*.

Westwing

Westwing Home & Living was founded in 2011 and offers a curated selection of home décor, furniture and lifestyle products online. The company is present in 10 countries including Germany, Italy, France, Russia, and Brazil. The company differentiates itself by having an inventory light business model with an emphasis on editorial and style driven merchandising, to build a trusted brand and generate loyalty from its audience. During 2013 Westwing has focused

* Revenue for 2012 and 2013 are translated to EUR from local currency at constant FX rate (average rate for FY2013). 2013 numbers are preliminary and unaudited.

on improving customer experience by deepening the product offer, launching its mobile application and investing heavily in localised logistics, with in total 450,000 customers placing a total of 1.2 million orders. Westwing reported net revenues of EUR 76m during the first nine months of 2013 compared to EUR 26m in the same period 2012, corresponding to an increase of 192%*.

Wimdu

Wimdu is a marketplace for brokering short-term vacation housing and was founded in 2011. The company addresses the growing market of rentals of secondary homes with efforts mainly focused on Western Europe. Revenue is derived from commission as intermediary in the rental process. During 2013 Wimdu has continued to grow its inventory which has doubled during the year. Wimdu reported net revenues of EUR 9m for the first nine months of 2013 compared to EUR 5m in the same period 2012, corresponding to an increase of 79%*.

Saltside Technologies

Saltside is a company that since 2012 operates a number of online marketplaces in emerging markets. Key markets where a prominent position has been seized are Bangladesh, Sri Lanka and Ghana, where Saltside's sites for classified ads trade under the names Bikroy.com, ikman.lk and Tonaton.com respectively. In 2013 Saltside has focused on strengthening its market lead and building a strong position in the vertical categories real estate and automobile.

CDON Group

CDON Group is a leading e-commerce company with some of the most well-known and appreciated brands in the Nordic area. CDON Group's business concept is to offer the best range of products via the Internet from both internal and external brands within the segments where the company operates, to capitalize on the ongoing rapid shift towards e-commerce, and to continue to build fast and profitable growth through the CDON Group platform.

Key data (SEK m)	2013	2012
Revenue	4 417	4 359
Operating profit/loss, EBIT	-2	17
Net profit/loss	-67	-152

Three of CDON Group's four segments showed sales growth during 2013, in particular the Sports & Health segment which sales rose by 36% to SEK 677m (496), combined with stable margins. CDON Group reported an operating profit, excluding non-recurring items, near breakeven for 2013. This was despite the weak start to the year, clearance of overstock at CDON.com during the second half of the year amounting to SEK 20m, as well as extensive investments in organizational reinforcements. Improved cash flow and strongly reduced inventory levels are further recipes to the CDON Group's efforts. The strong financial position and healthy inventory ensures the CDON Group's settings for an increased focus on growth-oriented initiatives and investments in 2014.

CDON Group will increase its investments in growth in 2014, mainly in the Fashion and Sports & Health segments. The initiatives, which are in line with the CDON Group's long-term strategy, have already begun through the recently announced geographical expansion of Nelly.com.

The transformation of CDON.com continues according to plan, and during the end of 2013, CDON.com Marketplace was launched. This was an important strategic step in the transformation of CDON.com to become a leading full-range e-commerce store.

The Board of CDON Group has decided to recommend that no dividend be paid to shareholders in respect of the financial year 2013.

To accomplish an attractive customer offering, an efficient logistics function is required.

* Revenue for 2012 and 2013 are translated to EUR from local currency at constant FX rate (average rate for FY2013). 2013 numbers are preliminary and unaudited.

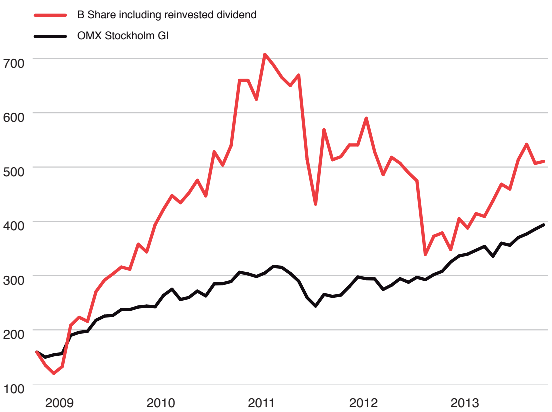
Media

Investment (SEK m)	Capital/Votes, %	Estimated fair value	Change in fair value and dividends received 2013
Modern Times Group MTG	20.3/48.0	4 498	1 591
Metro	98/98	1 100	N/A
Total		**5 598**	**1 591**

The media sector is changing fast as both TV and newspaper consumers move their media consumption online. Consumers can now choose between their TV-set, computer, smartphone, tablet and games console. Kinnevik's media companies are focusing on meeting the consumers' changing habits. For example, MTG has launched a new initiative, MTGx, to provide world class video on demand experiences, build a portfolio of new entertainment services and provide centralized digital skills and platforms.

Modern Times Group MTG

Key data (SEK m)	2013	2012
Revenue	14 129	13 336
Operating profit/loss, EBIT	1 738	2 124
Net profit/loss	1 168	1 594



The market value of Kinnevik's shareholding in MTG amounted to SEK 4,498m on 31 December 2013. MTG's shares are listed on NASDAQ OMX Stockholm's list for Large Cap companies.

MTG is an international entertainment broadcasting group with operations that span four continents and includes free-TV, pay-TV, radio and content production businesses. Viasat, MTG's broadcasting business, broadcasts more than 60 own branded channels in 37 countries and has the second largest broadcasting footprint in Europe. MTG is also the largest shareholder in CTC Media, which is Russia's leading independent television broadcaster.

For MTG, 2013 was a year of investment in its three key strategic growth areas – content, digital and geographical expansion – and these investments are paying off in accelarated growth as MTG's products become more relevant and more broadly available than ever before.

MTG reported net sales of SEK 14,129m (13,336) for 2013, a 8% year-on-year growth at constant exchange rates. The company achieved record sales growth levels for its emerging market free-TV and pay-TV operations in 2013, amounting to 18% and 20% at constant exchange rates, respectively.

Dividend

The Board of MTG has decided to propose to the Annual General Meeting in May 2013 an ordinary dividend of SEK 10.50 (10.00) per share in respect of the financial year 2013, representing a record high pay-out ratio of 56% excluding non-recurring items.

Metro

Metro is, through wholly and partly owned operations as well as franchise agreements, published in over 150 major cities in 23 countries across Europe, Asia, North and South America. Metro's global readership is approximately 18.3 million daily readers.

In the end of 2013, Metro signed agreements to divest its operations in Hong Kong and St. Petersburg to local media companies in the respective markets. Total consideration for both transactions is expected to amount to approximately SEK 220m. The sale of St. Petersburg was closed in the fourth quarter, while the divestment of Hong Kong is expected to be closed in the beginning of 2014.

Key data (EUR m)	2013	2012
Revenue		
Europe	539	933
Emerging Markets	701	695
Head Quarters	59	60
Total	**1 299**	**1 688**
Operating profit, EBIT		
Europe	-2	83
Emerging Markets	57	81
Share of Associates Income	15	12
Head Quarters	-60	-91
Total	**10**	**85**

Revenue decreased by 23% during 2013. The decrease is mainly the result of Metro's sale of the newspaper operations in Denmark, the Netherlands and St. Petersburg.

In order to continue its focus on growth markets in Latin America, and following successfully divesting a number of its operations in mature markets, Metro decided in December to reduce and move its headquarter functions in Stockholm and London to Latin America. This will enable Metro to be close to its core markets as well as to save costs. As a result, a restructuring programme was initiated whereby Metro recorded restructuring costs totaling SEK 23m in the end of 2013, including severance costs for the former Metro Group CEO and other employees that will leave the company as a result of the relocation.

Proportional part of revenue and result

The table below is a compilation of the holdings' revenues and operating result reported for 2013 multiplied by Kinnevik's ownership share at the end of the reporting period, thereby showing Kinnevik's proportional share of the companies' revenues and operating result. The numbers in the table include discontinued operations.

Revenues and operating results reported by companies using a different presentation currency than Swedish kronor have been translated at the average exchange rate for 2013 for both periods. For companies that have not yet reported the results for the full year 2013, the figures are included with one quarter's or one month's delay. The proportional share of revenues and operating result has no connection with Kinnevik's accounting and is only additional information.

	Proportional part of		Change compared to Jan-Dec 2012	
Jan-Dec 2013 (SEK m)	**revenue**	**EBIT**	**revenue**	**EBIT**
Telecom & Financial Services	23 946	2 653	3%	-21%
Online	8 560	-1 162	54%	N/A
Media	4 142	363	-5%	-29%
Industry and other investments	396	-9	26%	N/A
Total sum of Kinnevik's proportional part of revenue and operating result	**37 044**	**1 845**	**11%**	**-30%**

Kinnevik's christmas tree at Skeppsbron in Stockholm is much appreciated and recognized during christmas time in Stockholm.

Board of Directors' Report

Investment AB Kinnevik is a leading Swedish investment company, focused on active and long-term ownership. Kinnevik invests mainly in innovative growth companies that uses technology to develop new services with a focus on consumers. Most of our holdings are in the sectors communication, e-commerce, entertainment and financial services. Kinnevik has significant participations in more than 50 companies in over 80 countries that jointly provide employment for 90,000 people on five continents.

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

Kinnevik is a listed company. The Group's class A and class B shares are traded on NASDAQ OMX Stockholm's list for Large Cap companies under the tickers KINV A and KINV B.

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

Five-year summary (SEK m)	2013	2012	2011	2010	2009
Key figures					
Equity	65 319	58 640	59 687	54 425	41 675
Equity/assets ratio, %	97%	94%	85%	84%	78%
Net cash/Net debt (including debt unpaid investments)	2 435	-2 950	-7 029	-7 123	-8 233
Debt/equity ratio, multiple	0.02	0.06	0.12	0.14	0.21
Estimated net asset value	65 527	58 769	61 839	57 513	44 829
Net asset value per share, SEK	236	212	223	208	162
Net asset value growth	11%	-5%	8%	28%	84%
Kinnevik market capitalization	82 641	37 503	37 087	37 971	29 656
Market price class B share at 31 December, SEK	298	135	134	137	107
Dividend per share, SEK [2]	7.00	6.50	5.50	4.50	3.00
Total return %	125%	5%	1%	31%	73%
Fair value,Telecom & Financial services	35 743	38 119	44 852	43 905	35 872
Share of total estimated net asset value	57%	62%	70%	74%	77%
Fair value, Online	20 986	15 118	7 800	2 196	207
Share of total estimated net asset value	33%	24%	12%	4%	0%
Fair value, Media	5 598	4 222	5 000	6 936	5 589
Share of total estimated net asset value	9%	7%	8%	12%	12%
Estimated total asset value (excluding net cash/net debt)	63 273	61 887	63 934	59 219	46 830
Change in fair value of financial assets including dividends received	8 880	-2 647	6 021	12 940	15 813
Profit/loss for the year[1]	8 429	-2 991	5 853	12 664	15 530
Earnings per share[1]	30.51	-10.77	21.11	45.69	56.03
Cash flow from operations	-121	-222	781	1 310	1 698
Investments in financial assets	-2 088	-7 994	-2 892	-1 563	-535
Sale of shares and other securities	3 894	678	28	-	-
Dividends received	5 828	4 264	4 947	3 029	687
Dividend paid	-1 803	-1 524	-1 247	-831	-521
Cash flow from discontinued operations	-	4 035	-	-	-
Cash flow for the year	3 513	272	32	-87	-272

For definitions of financial key ratios, refer to page 78.

1 Comparable years adjusted for disposal of Korsnäs.

2 Proposed cash dividend.

The financial statements were approved by the Board of Directors on 2 April 2014 and the Board of Directors and the CEO hereby present the annual report and consolidated financial statements for the 2013 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 12 May 2014.

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

The figures in this report pertain to the full-year 2013. The figures in parentheses pertain to comparative figures for 2012, excluding discontinued operations, unless otherwise stated.

Key events during 2013

Kinnevik invested approximately SEK 2.4bn in 2013, of which SEK 2.3bn within Online. The single largest investments comprised SEK 855m in Zalando, SEK 575m in the Rocket Internet holding company, as well as SEK 317m in BigCommerce and Lazada.

In June, Kinnevik received SEK 3.8bn from a redemption programme in Tele2, following the divestment of Tele2's operation in Russia.

In August, Kinnevik signed an agreement with Rocket Internet to transfer Kinnevik's indirectly owned shares in Zalando to directly owned, whereafter Kinnevik became the largest owner in Zalando, with 36% of the capital and votes.

In December, Kinnevik divested all 51.8 million shares in BillerudKorsnäs for SEK 3.7bn (SEK 72 per share). Most of the shares were acquired by AMF Insurance, the Fourth Swedish National Pension Fund and Alecta.

Events after the reporting period

On 22 January, Kinnevik announced that Mia Brunell Livfors has informed the Board of Directors of her intention to step down as President and CEO of Kinnevik. Mia will remain in her role until a successor has been appointed.

In February, Kinnevik announced that it had increased its stake in Avito from 30.8% to 31.7% (fully diluted) by exercising its pre-emption right to acquire its share of warrants being offered for sale by the founders of Avito. Including the subscription price for the warrants, which are immediately exercisable, Kinnevik's investment amounted to approximately SEK 110m. The transaction, which in total corresponded to 1.7% of the company on a fully diluted basis, was made at an equity value of SEK 11.7bn (USD 1.8bn). The warrants were transacted only between existing owners of the company.

On 12 March, Kinnevik announced that it led an investment round in Quikr Mauritius Holding Pvt Ltd ("Quikr"), which operates the Indian classified platform Quikr.com. Kinnevik invested USD 39.3m in the context of a total raise of USD 90.0m that included participation from Quikr's principal current investors.

Consolidated earnings

The Group's revenue for 2013 amounted to SEK 1,541m, compared with SEK 1,591m in the preceding year.
Other operating income includes change in value of Milvik totalling SEK 44m in connection with the reclassification of the holding from subsidiary to financial asset.

The operating loss amounted to SEK 327m (loss: 98) and was negatively impacted by restructuring costs in Metro and the G3 Good Governance Group, an impairment of goodwill attributable to the G3 Good Governance Group, as well as increased costs for expansion in the rapidly growing online companies that are consolidated.

The change in fair value of financial assets, including dividends received, amounted to SEK 8,880m (loss: 2,647), of which SEK 4,874m (loss: 5,464) pertained to listed holdings and SEK 4,006m (2,817) pertained to unlisted financial assets; refer to Note 5 for the Group for more details.

Profit after tax amounted to SEK 8,429m (loss: 2,991), corresponding to SEK 30.51 per share (loss: 10.77).

Cash flow and investments

The Group's cash flow from operating activities amounted to a negative SEK 121m (neg: 222) during the year.

During the year, Kinnevik signed agreements to invest SEK 2,300m in other shares and securities, while cash paid for investments in other shares and securities amounted to SEK 2,088m, see Note 5 for the Group for more details.

In December, all shares in BillerudKorsnäs were divested, resulting in a cash flow of SEK 3,713m.

During the year, Metro's operations in Denmark and St. Petersburg were divested, resulting in a cash flow of SEK 135m.

Liquidity and financing

The Group's total net cash including debt pertaining to unpaid investments amounted to SEK 2,435m as at 31 December 2013 (net debt of SEK 2,950m as at 31 December 2012).

Kinnevik's total credit facilities (including issued bonds) amounted to SEK 7,170m as at 31 December 2013, of which SEK 5,800m related to a revolving credit facility and SEK 1,200m to a bond issue.

The Group's available cash and cash equivalents, including short-term investments and available credit facilities, totalled SEK 9,897m (5,029) at 31 December 2013. For more information about the Group's interest-bearing borrowing, see Note 16 for the Group.

The Group's borrowing primarily occurs in SEK. During 2013, the Group did not have any significant flows in foreign currency except for dividends received and financial investments in portfolio companies.

Risks and uncertainties

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

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

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

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

Parent Company

Administration costs for the Parent Company amounted to an expense of SEK 187m (expense: 121). Dividends received totalled SEK 10,908m (3,900), of which SEK 6,301m (2,036) pertained to dividends from wholly owned Group companies. The result from financial assets amounted to a loss of SEK 4,714m (loss: 10), of which SEK 5,671m is attributable to impairment of wholly owned subsidiaries as a result of funds distributed and SEK 845m to the sale of the shares in BillerudKorsnäs. Net of other financial income and expenses amounted to SEK 400m (327). The Parent Company's profit after financial items amounted to SEK 5,951m (3,816).

Investments in tangible fixed assets amounted to SEK 3m (2).

During the year, the Parent Company paid shareholders' contributions to subsidiaries totalling SEK 3,207m (15,261) to finance investments mainly within Online.

The Parent Company's cash and cash equivalents, including short-term investments and unutilised credit facilities, totalled SEK 9,470m (4,587) at 31 December 2013. The interest-bearing external liabilities amounted to SEK 1,200m (3,257) on the same date.

Share capital

As of 31 December 2013, the number of shares in Investment AB Kinnevik amounted to 277,768,190, of which 42,369,312 are class A shares carrying ten votes each and 235,398,878 class B shares carrying one vote each (of which 449,892 class B treasury shares).

In June 2013, the number of shares and votes in Kinnevik increased by 185,000 as a result of a new issue of class C shares, supported by authorisation by the 2013 Annual General Meeting, to ensure future delivery of class B shares to participants in Kinnevik's performance-based incentive programme. Thereafter, all 449,582 class C treasury shares were converted to class B shares, pursuant to stipulations contained in the Articles of Association.

In accordance with the proposal regarding an offer to reclassify shares, which was approved at an Extraordinary Meeting on 18 June 2013, the owners of 6,296,012 class A shares in Kinnevik requested reclassification of these class A shares to class B shares.

The Board of Directors is authorised to repurchase a maximum of 10% of all shares in the company. The Board did not utilise this mandate in 2013. There are no convertibles or warrants outstanding.

The company has been informed that the agreement between Verdere S.à r.l., SMS Sapere Aude Trust, Sophie Stenbeck and HS Sapere Aude Trust concerning the coordinated voting of their shares has terminated. As at 31 December 2013, Verdere S.à.r.l represented 44.8% of the votes and 10.6% of the capital in Kinnevik.

Guidelines on remuneration for senior executives

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

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

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

- The fixed salary is revised each year and based on the Senior Executive's competence and area of responsibility.
- The STI shall be based on performance in relation to established targets. The targets shall be individual and measurable as well as linked to specific performances, processes and transactions. The STI can amount to a maximum of 75% of the fixed salary. The Board may resolve that a part of the STI shall be invested in shares or share-related instruments in the company.
- The LTI shall be linked to certain pre-determined financial and / or share or share-price related performance criteria and shall ensure long-term commitment to the development of the company.
- Other benefits may include a company car, housing benefits for expatriated Senior Executives for a limited period of time as well as other customary benefits. Other benefits shall not constitute a significant part of the total remuneration. The Senior Executives may also be offered health care insurances.
- The Senior Executives are offered defined contribution pension plans, with premiums amounting to a maximum of 30% of the fixed salary that are paid to insurance companies.
- In the event of notice of termination of employment being served by the company, the Chief Executive Officer is entitled to salary during a period of a maximum of 18 months and the other Senior Executives are entitled to salary during a period of maximum 12 months.

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

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

Organisation

In response to the growing breadth, depth and importance of Kinnevik's private investments and to reinforce Kinnevik's ability to position itself strategically for the future, Kinnevik has established Kinnevik Capital. The team at Kinnevik Capital is responsible for actively managing current private investments and identifying attractive new consumer centric businesses in Kinnevik's core sectors and markets.

Financial Targets

Kinnevik's objective is to increase shareholder value, primarily through net asset value growth. 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 portfolio companies.

Dividend policy

Kinnevik's dividend policy is that the company will strive to pay a continuously increasing annual dividend.

Balance sheet

To have financial flexibility in the Parent Company, the objective is to have no or a low leverage.

Return target

The target is that the average annual internal return rate (IRR) on all investments in the portfolio should reach at least 15% given the current structure of the portfolio.

Follow-up on outcome in 2013

Description	Target	Outcome 2013
Leverage in the Parent Company	No or a low leverage to have financial flexibility in the Parent Company, which meant an expected leverage of SEK 0-5bn in 2013.	Following the sale of the shares in BillerudKorsnäs, the Parent Company had net cash of SEK 2.3bn as at 31 December 2013.

Return target on investments:	Average yearly internal rate of return of at least 15%	
Outcome	**1 year**	**5 years**
	2013	**2009-2013**
Telecom & Financial Services	9%	21%
Online	23%	34%
Media	36%	14%
Industrial and other investments	14%	29%

Future development

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

The Board proposes that the Annual General Meeting approves a cash dividend of SEK 7.00 (6.50) per share, corresponding to an increase of 8%. The total dividend payment to Kinnevik shareholders will thus amount to SEK 1,942m.

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

Kinnevik's part of dividends proposed to be paid from listed holdings (SEKm)		Amount
Millicom	USD 2.64 per share	645 [1]
Tele2	SEK 4.40 per share	596
MTG	SEK 10.50 per share	142
Total expected dividends to be received from listed holdings		**1,383**
Proposed dividend to Kinnevik's shareholders		**1,942**

[1] Based on an exchange rate of 6.46 SEK/USD.

In 2014, Kinnevik's financial investments are expected to amount to SEK 2-3bn, compared with SEK 2.4bn that Kinnevik invested in 2013. Kinnevik has a strong balance sheet and the Group's net cash at the end of the year amounted to SEK 2.4bn. Kinnevik's investment in growth companies that are not yet generating positive cash flows means that Kinnevik must annually find a balance between the level of investments and growth in dividends to shareholders. Accordingly, future dividends should not be expected to increase at the same rate as prior years.

Proposed treatment of unappropriated earnings

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

Retained earnings	36,633,586,004
Share premium	1,615,929,594
Total	38,249,515,598

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

Cash dividend of SEK 7.00 per share, amounting to	1,942,053,386 [1]
Carried forward:	
Share premium	1,615,929,594
Retained earnings	34,691,532,618
Total	36,307,462,212

Treasury shares are not entitled to dividend.

[1] In the dividend proposal, full allocation has been assumed in accordance with the long-term incentive program that expires on 31 March 2014. Insofar as allocation occurs prior to the Annual General Meeting, these shares will be entitled to dividend payment.

Corporate Governance Report

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

During 2013, Kinnevik, in line with previous years, deviated from the Code regulation stipulating that the Chairman of the Board may not be the Chairman of the Nomination Committee. The deviation from the Code is explained in more detail in the section Nomination Committee below.

Annual General Meeting

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

Information on major shareholders in the Company, as well as issue authorizations approved by the Annual General Meeting and authorization to acquire own shares, is provided in Note 11 to the Parent Company, Share Capital.

Nomination Committee

At the 2013 Annual General Meeting, it was decided that a Nomination Committee consisting of at least three members appointed by the Company's largest shareholders would be established during October 2013 following consultation with the largest shareholders in the Company at 30 September 2013. The Nomination Committee would be elected for a period commencing with the publication of the Company's interim report for the third quarter of 2013 until the next Nomination Committee is formed. If a member of the Nomination Committee resigns prematurely, the Nomination Committee can choose to appoint a new member after consultation with the, at that time, largest shareholders in the Company. The Nomination Committee reserves the right to reduce its membership as long as the number of members remains at least three. Cristina Stenbeck is to be a member of the Nomination Committee and will convene the Nomination Committee. The Nomination Committee will itself appoint a Chairman at the first meeting. The Nomination Committee is entitled, upon request, to receive resources from the Company such as the secretarial function in the Nomination Committee and the right to charge the Company with expenses for recruiting consultants and related travel if deemed necessary.

Pursuant to the resolution of the Annual General Meeting, Cristina Stenbeck convened a Nomination Committee consisting of members appointed by the largest shareholders in Kinnevik that have chosen to appoint a member to the Nomination Committee. The Nomination Committee is comprised of Cristina Stenbeck, Max Stenbeck appointed by Verdere S.à r.l., Wilhelm Klingspor appointed by the Klingspor family, Ramsay Brufer appointed by Alecta and Edvard von Horn appointed by the von Horn family. 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 2014 Annual General Meeting. The Chairman of the Board, Cristina Stenbeck, was appointed Chairman of the Nomination Committee, an appointment that deviates from what the Code prescribes. The other members of the Nomination Committee declared their decision regarding election of the Chairman of the Nomination Committee as being in the Company and shareholders' best interest and a natural consequence of Cristina Stenbeck leading the Nomination Committee's work in recent years, as well as her connection to the Company's largest shareholders.

Auditors

According to the Articles of Association, the Company shall have not more than three auditors, with not more than three deputies, or a registered audit firm.

At the 2013 Annual General Meeting, the registered audit firm Deloitte AB, with Authorized Public Accountant Jan Berntsson as Auditor in Charge, was newly elected Company auditor for a period of four years until the 2017 Annual General Meeting. Jan Berntsson, born 1964, has also audit engagement in another listed company, Atlas Copco AB. The auditor's independence is secured by legislation and professional ethics and the audit firm's internal guidelines and by adhering to the Audit Committee's guidelines governing the type of assignments that the audit firm may conduct in addition to the audit. During 2013, Deloitte AB has provided certain services in issues regarding Corporate Responsibility, due diligence assignments and IFRS. Information regarding remuneration appears in the Annual Report in Note 20 for the Group and Note 5 for the Parent Company, Auditors' Fees for elected auditors.

Board of Directors and Group Management

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

At the 2013 Annual General Meeting, following a motion by the former Nomination Committee, Tom Boardman, Vigo

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

Carlund, Dame Amelia Fawcett, Wilhelm Klingspor, Erik Mitteregger, Allen Sangines-Krause and Cristina Stenbeck were re-elected members of the Company's Board and Lorenzo Grabau was elected as new member of the Board. The Annual General Meeting re-elected Cristina Stenbeck as Chairman of the Board.

The independence of Board members in relation to the Company and Company Management, and to the major shareholders of the Company is specified on pages 36-37. None of the Board members is employed within the Group. In October, the Board appointed its Chairman Cristina Stenbeck to take on the role of Executive Chairman. Cristina Stenbeck's role will include leadership of key strategic initiatives, and the establishment and management of international partnerships. No additional remuneration except for ordinary board fee has been paid for this work. In October, the Board also appointed board member Dame Amelia Fawcett to become Deputy Chairman of Kinnevik. No additional remuneration except for ordinary board fee has been paid for this work in 2013. The Board member Allen Sangines-Krause has during 2013, following approval by the Board, acted as consultant to the Company performing various management services, which have been remunerated in accordance with separate service agreement, see further Note 25 for the Group. Board member Lorenzo Grabau has during 2013 been engaged by the Board to develop and strengthen Kinnevik's investment function. No additional remuneration except for ordinary board fee has been paid by the company for this work.

Information concerning Group Management is presented in the Annual Report on page 80 and in Note 25 for the Group, Personnel.

Board work

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

The significant issues that were addressed by Kinnevik's Board during 2013 include the impact of the global economy on Kinnevik and the sectors in which Kinnevik has invested, new investment decisions, the divestment of Kinnevik's entire shareholding in BillerudKorsnäs, capital structure of Kinnevik as well as capital structure of the larger associated companies, as well as the overall strategy and financial performance of all major portfolio companies. As the basis for discussions concerning the listed associated companies, Kinnevik's management presented independent analyses of each company's strategy, operations as well as provided an independent assessment of future opportunities within the markets in which they are active. During the year, three Board meetings have been focusing on the overall strategy within telecom, financial services, media and online, and Kinnevik's position within each of these sectors.

Compliance with laws and regulations, responsibility and

Cristina Stenbeck, Executive Chairman

Born: 1977
Nationality: US and Swedish citizen.
Independence: Independent of the Company and management, not independent of major shareholders.
Direct or related person ownership: 2,200 class B shares. Cristina owns 50% directly and indirectly in Verdere S.à r.l., which owns 29.5 million Kinnevik class A shares. Verdere S.à r.l. controls 44.8% of the votes and 10.6% of the capital in Kinnevik.
Committee work: Member of the Remuneration Committee.
Cristina Stenbeck is the Executive Chairman of Investment AB Kinnevik. Cristina began her career within the Kinnevik group in 1997 when she joined the Board of Invik & Co, its financial services company. Cristina became vice Chairman of Investment AB Kinnevik in 2003 and Chairman in 2007. In addition to leading Kinnevik, Cristina is also Chairman of Zalando, the leading European fashion and accessories e-commerce company. Over the last several years, she has also served on the Boards of Millicom International Cellular, Tele2, Modern Times Group, Transcom WorldWide and Metro International. Cristina chairs the Nomination Committees of Investment AB Kinnevik, Millicom International Cellular, Tele2, Modern Times Group, and CDON Group which spearhead the recruitment of new Directors for each of these companies' Boards. Cristina graduated with a B.Sc. from Georgetown University in Washington DC, USA.

Tom Boardman

Born: 1949
Nationality: South African citizen.
Independence: Independent of the Company and management and independent of major shareholders.
Direct or related person ownership: -
Committee work: Member of the Audit Committee.
Tom has been Director of the Board of Investment AB Kinnevik since 2011. He is Non-Executive Director of Nedbank Group since 2010, Woolworths Holdings since 2010, Royal Bafokeng Holdings since 2010 and African Rainbow Minerals since 2011.
Tom held various managerial positions within the South African mining, timber and retailing industries 1973-1986. Between 1986-2002 he held various managerial positions within the BoE Bank and in 2003-2010 he was Cheif Executive of Nedbank Group. Tom has a B Com and CTA from the University of Witwatersrand, South Africa.

Vigo Carlund

Born: 1946
Nationality: Swedish citizen.
Independence: Independent of the Company and management and independent of major shareholders.
Direct och related person ownership: 500,000 class B shares, owned through insurance.
Committee work: -
Vigo has been Director of the Board of Investment AB Kinnevik since 2006. He is Chairman of the Board of Net Entertainment since 2011 and Black Earth Farming since 2012. He also serves as Director of the Board of iZettle since 2010.
Vigo worked within the Kinnevik Group 1968-2006 and was CEO of Korsnäs 1998-2000, and President and CEO of Transcom WorldWide 2000-2002 as well as Industriförvaltnings AB Kinnevik and later Investment AB Kinnevik 1999-2006.

Dame Amelia Fawcett

Born: 1956
Nationality: US and British 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.
Dame Amelia has been a Director of the Board of Investment AB Kinnevik since 2011, and she was appointed Deputy Chairman in 2013. She is Chairman of the Hedge Fund Standards Board since 2011, a Non-Executive Director of State Street Corporation in Boston, USA since 2006 and Chairman of their Risk and Capital Committee since 2010, and a Non-Executive Member of the Board of the UK Treasury since 2012. 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).

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

A Remuneration Committee and an Audit Committee have been established within the Board. These committees are preparatory bodies of the Board and do not reduce the Board's overall responsibility for the governance of the Company and the decisions made. The Board complies with a formal performance review process to assess how well the Board, its committees and processes are performing and how they might be improved. The review also assesses the performance of each Board member, including the Chairman, and the contribution they make.

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

During 2013, the Kinnevik Board held 13 meetings (excluding the statutory meeting), of which five were extra meetings held via telephone. The Board member Dame Amelia Fawcett was absent from one ordinary board meeting and three extra board meetings held via telephone. The Board members Erik Mitteregger and Allen Sangines-Krause were absent from one extra board meeting held via telephone. Other Board members were present at all Board meetings.

Remuneration Committee

The Remuneration Committee's assignments are stipulated in Chapter 9.1 of the Code, and comprise issues concerning salaries, pension terms and conditions, incentive programs and other conditions of employment for the group management. The guidelines applied in 2013 are presented in Note 25 for the Group, Personnel.

Cristina Stenbeck, Dame Amelia Fawcett, Wilhelm Klingspor and Erik Mitteregger were members of the Remuneration Committee during 2013. The Chairman of the Remuneration Committee was Wilhelm Klingspor.

The Remuneration Committee shall meet not less than once a year, and more frequently as required, at which minutes of these meetings shall be kept. The Remuneration Committee held seven meetings during 2013, of which six were held via telephone. All members were present at all the meetings.

Audit Committee

The Audit Committee's assignments are stipulated in Chapter 8, Section 49b of the Swedish Companies Act. These tasks include maintaining frequent contacts with the Group's auditors and conducting inspections of the procedures applied for accounting and financial reporting, as well as the internal audits within the Group. The Audit Committee's work focuses on the quality and accuracy of the Group's financial accounting and the accompanying reporting, as well as work on internal financial controls within the Company. Furthermore,

Dame Amelia held various managerial positions within Morgan Stanley 1987-2006 and was Vice Chairman and Chief Operating Officer of the European operations 2002-2006. She was a Non-Executive Director of the Guardian Media Group 2007-2013, and Chairman 2009-2013. Dame Amelia has a Law Degree from University of Virginia, USA, and a BA Magna cum Laude in History from the Wellesley College in Massachusetts, USA.

Lorenzo Grabau

Born: 1965
Nationality: Italian citizen.
Independence: Independent of the Company and management, not independent of major shareholders.
Direct or related ownership: 995,000 class B shares.
Committee work: Member of the Audit Committee
Lorenzo was elected new Director of the Board of Investment AB Kinnevik at the AGM in May 2013. He has served as Non-Executive Director of Modern Times Group and SoftKinetic since 2011, as Non-Executive Director of Millicom International Cellular and Zalando and as Non-Executive Director and co-chairman of Modern Times Group's associated company CTC Media since 2013.
Lorenzo was a Partner and Managing Director at Goldman Sachs in London 1994-2011 and held various leadership positions during his 17 years at the firm. During 1990-1994 Lorenzo was with the Mergers & Acquisitions department of Merrill Lynch in London and New York. Lorenzo is a graduate from Università degli Studi di Roma, La Sapienza, Italy.

Wilhelm Klingspor

Born: 1962
Nationality: Swedish citizen.
Independence: Independent of the Company and management and independent of major shareholders.
Direct or related person ownership: 1,265,474 class A shares and 780,071 class B shares.
Committee work: Member of the Remuneration Committee (Chairman during 2013).
Wilhelm has been Director of the Board of Investment AB Kinnevik since 2004 and was Director of Industriförvaltnings AB Kinnevik 1999-2004. He also serves as Director of the Board of BillerudKorsnäs since 2012 (Director of Korsnäs 2003-2012).
Wilhelm is CEO of Hellekis Säteri. Wilhelm graduated as Forest Engineer from the Swedish University of Agricultural Sciences in Skinnskatteberg.

Erik Mitteregger

Born: 1960
Nationality: Swedish citizen.
Independence: Independent of the Company and management and independent of major shareholders.
Direct or related person ownership: 35,000 class A shares and 165,000 class B shares.
Committee work: Chairman of the Audit Committee. Member of the Remuneration Committee.
Erik has been Director of the Board of Investment AB Kinnevik since 2004. He also serves as Chairman of the Board of Wise Group since 2009, Chairman of the Board of Firefly since 2013 and is a Director of the Board of Tele2 since 2010.
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.

Allen Sangines-Krause

Born: 1959
Nationality: British and Mexican citizen.
Independence: Not independent of the Company and management, independent of major shareholders.*
Direct or related person ownership: -
Committee work: Member of the Audit Committee.
Allen has been Director of the Board of Investment AB Kinnevik since 2007. He is also Chairman of the Board of Millicom International Cellular since 2010 (Director since 2008) and of BK Partners, an asset management company.
Allen was Managing Director with Goldman Sachs 1993-2008 where he was responsible for Investment banking and business development in Latin America, Spain, Russia and other CIS States. Allen holds a Ph.D. in Economics from Harvard University in Massachusetts, USA.

* See further Note 29 for the Group, Personnel.

the Audit Committee evaluates the auditors' work, qualifications and independence. The Audit Committee monitors the development of the accounting policies and requirements, discusses other significant issues connected with the Company's financial reporting and reports its observations to the Board.

Tom Boardman, Lorenzo Grabau, Erik Mitteregger and Allen Sangines-Krause were members of the Audit Committee during 2013. The Chairman of the Committee was Erik Mitteregger.

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 eight meetings during 2013, of which five were held via telephone. Tom Boardman was absent from one meeting and Allen Sangines-Krause was absent from one telephone meeting. The other members were present at all the meetings. The external auditors participated in most of the meetings and issued their reports on the results of their examination to both the Audit Committee and the Board of Directors both orally and in writing. The auditors also held an annual meeting with the Board without management being present.

The Board's description of internal control pertaining to the financial reporting for the 2013 fiscal year

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

Control environment

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

Risk assessment and control activities

Kinnevik has implemented a model for assessing the risk of errors in accounting and the financial reporting based on COSO's framework for internal control. The most significant items and processes in which the risk of significant errors can typically arise encompass intangible fixed assets and financial instruments in the income statement and balance sheet, and the investment process. Kinnevik has documented work routines and continuously evaluates how well the controls function pertaining to these items and processes. During 2013, the Audit Committee placed major focus on Kinnevik's policies and processes for valuation of unlisted holdings. To ensure that policies and internal processes function well within this area, the Audit Committee has engaged the external auditors to perform additional work in order to come up with suggestions for improvements in the area.

Internal audits

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

Information and communication

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

Follow-up

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

Consolidated Statement of Income

for the period 1 January-31 December (SEK m)

	Note	2013	2012
CONTINUING OPERATIONS			
Revenue	2	1 541	1 591
Cost of goods and services	3	-753	-957
Gross profit		**788**	**634**
Selling costs		-434	-257
Administration costs	3	-672	-514
Other operating income		96	92
Other operating expenses	3	-105	-53
Operating profit/loss	**2**	**-327**	**-98**
Share of profit/loss of associates accounted for using the equity method		15	10
Dividends received	5	5 828	4 264
Change in fair value of financial assets	5	3 052	-6 910
Interest income and other financial income	6	10	55
Interest expenses and other financial expenses	6	-124	-255
Profit/loss after financial items	**2**	**8 454**	**-2 935**
Taxes	9	-25	-56
NET PROFIT/LOSS FROM CONTINUING OPERATIONS		**8 429**	**-2 991**
Net profit from discontinued operations	27	-	3 473
NET PROFIT FOR THE YEAR		**8 429**	**482**
Of which attributable to:			
Equity holders of the Parent Company			
Net profit/loss from continuing operations		8 468	-2 984
Net profit/loss from discontinued operations		-	3 462
Non-controlling interest			
Net profit/loss from continuing operations		-39	-7
Net profit/loss from discontinued operations		-	11
Earnings per share			
Earnings per share before dilution, SEK		30.54	1.72
Earnings per share after dilution, SEK		30.51	1.72
From continuing operations:			
Earnings per share before dilution, SEK	7	30.54	-10.77
Earnings per share after dilution, SEK	7	30.51	-10.77
Average number of shares outstanding before dilution		277 264 289	277 183 276
Average number of shares outstanding after dilution		277 578 260	277 483 454

Consolidated Statement of Comprehensive Income

for the period 1 January-31 December (SEK m)

	2013	2012
Net profit for the year	8 429	482
Other comprehensive income for the year		
Items that will not be reclassified to profit and loss	-	-
Items that will be reclassified to profit and loss		
Translation differences	15	-31
Cash flow hedging		
- profit/loss during the year	11	-
- reclassification of amounts accounted for through profit and loss	-	5
Tax attributable to items that will be reclassified to profit and loss	-	-1
Total items that will be reclassified to profit and loss	**26**	**-27**
Total other comprehensive income for the year	**26**	**-27**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**8 455**	**455**
Total comprehensive income for the year attributable to:		
Equity holders of the Parent Company	8 495	453
Non-controlling interest	-40	2

Consolidated Statement of Cash Flow

for the period 1 January-31 December (SEK m)

	Note	2013	2012
CONTINUING OPERATIONS			
Operating profit for the year		-327	-98
Adjustment for non cash items		101	114
Taxes paid		-25	-88
Cash flow from operations before change in working capital		**-251**	**-72**
Change in working capital		130	-150
Cash flow from operations	**8**	**-121**	**-222**
Acquisition of subsidiaries	8	-	-532
Sale of subsidiaries	8	135	106
Investments in tangible and intangible fixed assets		-117	-105
Investments in shares and other securities	8	-2 088	-7 462
Sales of shares and other securities	8	3 759	572
Dividends received	5	5 828	4 264
Change in loan receivables		0	219
Interest received		10	55
Cash flow from investing activities		**7 527**	**-2 883**
Borrowing		-	3 242
Amortisation of loans		-2 011	-2 149
Interest paid		-69	-255
Contribution from holders of non-controlling interest		17	32
Dividend paid to equity holders of the Parent company		-1 803	-1 524
Dividend paid to holders of non-controlling interest		-27	-4
Cash flow from financing activities		**-3 893**	**-658**
CASH FLOW FOR THE YEAR FROM CONTINUING OPERATIONS		**3 513**	**-3 763**
Cash flow for the period from discontinued operations		-	4 035
CASH FLOW FOR THE YEAR		**3 513**	**272**
Exchange rate differences in liquid funds		0	0
Cash and bank, opening balance		**454**	**182**
Cash and bank, closing balance		**3 967**	**454**

Consolidated Balance Sheet

31 December (SEK m)

	Note	2013	2012
ASSETS			
Fixed assets			
Intangible fixed assets	10	805	1 044
Tangible fixed assets	10	343	281
Financial assets accounted at fair value through profit and loss	4,5	61 575	59 953
Investment in companies accounted for using the equity method	11	97	79
Deferred tax assets	9	16	18
Total fixed assets		**62 836**	**61 375**
Current assets			
Inventories		71	64
Trade receivables	12	294	372
Income tax receivable		31	36
Other current assets	13	203	331
Short-term investments	14	3 502	1
Cash and cash equivalents	14	465	453
Total current assets		**4 566**	**1 257**
TOTAL ASSETS		**67 402**	**62 632**

	Note	2013	2012
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		28	28
Other contributed capital		8 840	8 840
Reserves		1	-26
Retained earnings including net profit for the year		56 407	49 731
Shareholders' equity attributable to equity holders of the Parent Company		**65 276**	**58 573**
Non-controlling interest		43	67
Total shareholders' equity		**65 319**	**58 640**
Long-term liabilities			
Interest-bearing loans	16	1 195	1 174
Provisions for pensions	17	36	37
Other provisions	18	4	4
Deferred tax liability	9	5	0
Other liabilities		16	14
Total long-term liabilities		**1 256**	**1 229**
Short-term liabilities			
Interest-bearing loans	16	20	2 111
Provisions	18	29	28
Trade creditors		134	156
Income tax payable		47	59
Other liabilities	19	597	409
Total short-term liabilities		**827**	**2 763**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**67 402**	**62 632**
Pledged assets	22	5 731	5 816
Contingent liabilities	23	703	703

Movements in Shareholders' equity of the Group

	Attributable to the Parent Company's shareholders							
	Share capital	Other contri-buted capital	Hedging reserve	Translation reserve	Retained earnings inclu-ding net result for the year	Total	Non-controlling interest	Total share-holders' equity
Opening balance, 1 January 2012	**28**	**8 840**	**-6**	**7**	**50 768**	**59 637**	**50**	**59 687**
Other comprehensive income	-	-	4	-29	-	-25	-2	-27
Profit for the year	-	-	-	-	478	478	4	482
Total comprehensive income for the year	**-**	**-**	**4**	**-29**	**478**	**453**	**2**	**455**
Other changes in shareholders' equity								
Acquisition, non-controlling interest	-	-	-	-	-	-	34	34
Contribution from non-controlling interest	-	-	-	-	-	-	32	32
Dividend paid to owners of non-controlling interest	-	-	-	-	-	-	-4	-4
Discontinued operation	-	-	2	-4	-	-2	-47	-49
Effect of employee share saving pro-gramme	-	-	-	-	9	9	-	9
Cash dividend [1]	-	-	-	-	-1 524	-1 524	-	-1 524
Closing balance, 31 December 2012	**28**	**8 840**	**0**	**-26**	**49 731**	**58 573**	**67**	**58 640**
Other comprehensive income	-	-	11	16	-	27	-1	26
Profit for the year	-	-	-	-	8 468	8 468	-39	8 429
Total comprehensive income for the year	**-**	**-**	**11**	**16**	**8 468**	**8 495**	**-40**	**8 455**
Other changes in shareholders' equity								
Acquisition, non-controlling interest	-	-	-	-	-	-	-2	-2
Divestment of non-controlling interest	-	-	-	-	-	-	28	28
Contribution from non-controlling interest	-	-	-	-	-	-	17	17
Dividend paid to owners of non-controlling interest	-	-	-	-	-	-	-27	-27
Effect of employee share saving pro-gramme	-	-	-	-	11	11	-	11
Cash dividend [2]	-	-	-	-	-1 803	-1 803	-	-1 803
Closing balance, 31 December 2013	**28**	**8 840**	**11**	**-10**	**56 407**	**65 276**	**43**	**65 319**

[1] The Annual General Meeting held on 7 May 2012, resolved in favor of paying a cash dividend of SEK 5.50 per share, a total of SEK 1,524m.

[2] The Annual General Meeting held on 13 May 2013, resolved in favor of paying a cash dividend of SEK 6.50 per share, a total of SEK 1,803m.

Notes to the Group's financial statements

Note 1 Summary of significant accounting policies

Statement of compliance

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

New and revised standards 2013

From 2013, Kinnevik has applied IFRS 13, "Fair Value Measurement". IFRS 13 is a framework for fair value measurement and includes disclosure requirements on fair value measurement. IFRS 13 applies - for both financial and non-financial instruments - when another IFRS requires or permits fair value measurements or disclosures about fair value measurements, except for share-based payment transactions within the scope of IFRS 2 Share-based Payment; leasing transactions within the scope of IAS 17 Leases; and measurements that have some similarities to fair value but that are not fair value (such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets). Other than the more extensive disclosure requirements, IFRS 13 has not had a material effect on Kinnevik's financial statements.

Future IFRS amendments

IFRS 9 Financial Instruments was originally issued in November 2009 and introduced new requirements for classifying and measuring financial assets. In October 2010, the IASB reissued IFRS 9, incorporating new requirements on accounting for financial liabilities and carrying over from IAS 39 the requirements for derecognition of financial assets and financial liabilities. In December 2011, the IASB issued Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7), which amended the effective date of IFRS 9 to annual periods beginning on or after 1 January 2018, and modified the relief from restating comparative periods and the associated disclosures in IFRS 7 with effective date when IFRS 9 is applied for the first time.

The IASB has also published three other new standards relating to consolidation; IFRS 10 Consolidated Financial Statements , IFRS 11, Joint Arrangements and IFRS 12 Disclosures of interests in Other Entities, as well as amended IAS 27 and IAS 28. EU requires that the new standards and amendments are applied as from 1 January 2014. Kinnevik will adopt the new standards and amendments as from 1 January 2014.

Kinnevik has made the assessment that the new standards not will have any effect on Kinnevik's financial statements except for additional supplementary disclosures.

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 certain financial assets valued at fair value through profit and loss. The consolidated statements are presented in Swedish kronor (SEK) and all values are rounded to the nearest million except when otherwise indicated.

Basis of consolidation

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

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

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

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

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

Non-controlling interest

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

Foreign currency translation

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

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

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

Intangible assets

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

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

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

Tangible assets

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

Impairment

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

Financial instruments

Financial instruments in Kinnevik's balance sheet includes on the asset side Financial assets accounted to fair value through profit and loss, Trade receivables, Other current assets (including derivatives), Short-term investments and Cash and cash equivalents. On the liability side, it includes Interest-bearing loans, Trade payables and partly Other payables.

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

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

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

Classification and measurement

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

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

Measurment after initial recognition is described under each category below.

Financial assets accounted to fair value through profit and loss

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

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

Loan receivables and trade receivables

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

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

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

Trade receivables generally have 30-90 day terms.

Derivatives

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

Hedge accounting

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

Financial liabilities

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

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

Fair value measurment

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

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

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

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

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

Information is provided in Note 4 for the Group per class of financial instruments that are valued at fair value in the balance sheet, distributed in the three levels stated below:

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

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

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

Employee remuneration

Following the divestment of Korsnäs on 29 November 2012, the Group only has defined benefit plans for some former employees within the Parent Company. The yearly expenses for these defined benefit plans as well as the premium-based pension benefits are reported in Profit or Loss.

Share-based remuneration

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

Other provisions

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

Revenue recognition

Rendering of services

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

Interest

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

Dividends received

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

Marketing costs

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

Income tax

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

Dividends paid

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

Leases

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

Cash flow statement

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

Significant judgments and assumptions

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

	Estimates and assumptions	See Note
Valuation of unlisted holdings	Appropriate valuation method, peer group, future revenue and profit margins	Note 4
Impairment of intangible assets	Forecasted cash flow, growth, profit margins and cost of capital	Note 10
Exposure in tax case	Future court decision	Note 23

Note 2 Segment reporting

1 Jan-31 Dec 2013	Metro	Other operating subsidiaries	Parent Company & other	Eliminations	Total Group
Revenue	1 299	234	8	-	1 541
Operating costs	-1 287	-335	-194	-	-1 816
Depreciation	-17	-23	-3	-	-43
Other operating income and expenses	0	-18	9	-	-9
Operating profit/loss	**-5**	**-142**	**-180**	-	**-327**
Share of profit/loss of associates accounted for using the equity method	15	-	-	-	15
Dividends received	-	-	5 828	-	5 828
Change in fair value of financial assets	-	-	3 052	-	3 052
Interest income and other financial income	3	-	17	-10	10
Interest expenses and other financial expenses	-5	-10	-119	10	-124
Profit/loss after financial items	**8**	**-152**	**8 598**	**-**	**8 454**
Investments in subsidiaries and financial fixed assets	12	-	2 288	-	2 300
Investments in intangible and tangible fixed assets	19	88	10	-	117
Impairment of goodwill	-	-75	-	-	-75
Assets and liabilities					
Operating assets	1 080	517	150	-	1 747
Financial fixed assets	187	4	61 562	-65	61 688
Short-term investments, cash and cash equivalents	240	74	3 653	-	3 967
Total assets	**1 507**	**595**	**65 365**	**-65**	**67 402**
Operating liabilities	344	71	412	-	827
Provision for pensions	-	0	36	-	36
Deferred tax liabilities	2	-	3	-	5
Interest-bearing loans	0	106	1 174	-65	1 215
Total liabilities	**346**	**177**	**1 625**	**-65**	**2 083**

1 Jan-31 Dec 2012	Metro	Other operating subsidiaries	Parent Company & other	Eliminations	Total Group
Revenue	1 234	349	8	-	1 591
Operating costs	-1 151	-418	-127	-	-1 696
Depreciation	-18	-11	-3	-	-32
Other operating income and expenses	4	35	-	-	39
Operating profit/loss	**69**	**-45**	**-122**	-	**-98**
Share of profit/loss of associates accounted for using the equity method	10	-	-	-	10
Dividends received	0	-	4 264	-	4 264
Change in fair value of financial assets	0	-	-6 910	-	-6 910
Interest income and other financial income	14	-	41	-	55
Interest expenses and other financial expenses	-69	-8	-178	-	-255
Profit/loss after financial items	**24**	**-53**	**-2 906**	**-**	**-2 935**
Investments in subsidiaries and financial fixed assets	845	110	7 063	-	8 018
Investments in intangible and tangible fixed assets	17	82	6	-	105
Impairment of goodwill	-	-22	-	-	-22
Assets and liabilities					
Operating assets	1 479	580	264	-195	2 128
Financial fixed assets	171	5	60 258	-384	60 050
Short-term investments, cash and cash equivalents	250	47	157	-	454
Total assets	**1 900**	**632**	**60 679**	**-579**	**62 632**
Operating liabilities	342	72	256	-	670
Provision for pensions	-	-	37	-	37
Interest-bearing loans	357	81	3 426	-579	3 285
Total liabilities	**699**	**153**	**3 719**	**-579**	**3 992**

Kinnevik is a diversified company whose business consists of actively managing a portfolio of investments and to conduct operations through subsidiaries. The Kinnevik Group's accounting is distributed on the following three accounting segments:

1. Metro was acquired on 29 March 2012 and constitutes a segment from 1 April 2012.
2. Other operating subsidiaries - Rolnyvik, Vireo Energy, Duego Technologies, Saltside, AVI and G3 Good Governance Group.
3. Parent Company & other - all other companies and financial assets (including change in fair value of financial assets).

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

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

Of total revenue of SEK 1,541m (1,591), SEK 68m (58) is attributable to sale of goods and SEK 1,473m (1,533) to sale of services.

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

Intra-Group revenue in the Parent Company totaled SEK 9m (17).

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

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

Note 3 Depreciation and impairment

	2013	2012
Operating profit/loss includes depreciation and impairment as follows:		
Impairment of goodwill	-75	-22
Impairment and depreciation of other intangible and tangible assets	-43	-32
	-118	**-54**
Depreciation and impairment is split per cost category as follows:		
Cost of sold goods and services	-4	-4
Administration costs	-39	-28
Other operating costs	-75	-22
	-118	**-54**

Note 4 Financial assets and liabilities

Financial assets and liabilities by valuation category

2013	Financial assets accounted at fair value through profit and 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	61 575	-	-	-	61 575	61 575
Trade receivables	-	294	-	-	294	294
Other current assets	-	192	11	-	203	203
Short-term investments	-	3 502	-	-	3 502	3 502
Cash and cash equivalents	-	465	-	-	465	465
Total financial assets	**61 575**	**4 453**	**11**	**-**	**66 039**	**66 039**
Interest-bearing loans	-	-	-	1 215	1 215	1 262
Trade payables	-	-	-	134	134	134
Other payables	-	-	-	226	226	226
Total financial liabilities	**-**	**-**	**-**	**1 575**	**1 575**	**1 622**

2012	Financial assets accounted at fair value through profit and 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	59 953	-	-	-	59 953	59 953
Trade receivables	-	372	-	-	372	372
Other current assets	-	331	-	-	331	331
Short-term investments	-	1	-	-	1	1
Cash and cash equivalents	-	453	-	-	453	453
Total financial assets	**59 953**	**1 157**	**-**	**-**	**61 110**	**61 110**
Interest-bearing loans	-	-	-	3 285	3 285	3 285
Trade payables	-	-	-	156	156	156
Other payables	-	-	-	215	215	215
Total financial liabilities	**-**	**-**	**-**	**3 656**	**3 656**	**3 656**

Financial assets and liabilities by level

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

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

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

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

				2013				2012
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Millicom	24 215	-	-	24 215	21 283	-	-	21 283
Tele2	9 864	-	-	9 864	15 867	-	-	15 867
Transcom	505	-	-	505	230	-	-	230
Bayport Management	-	-	836	836	-	-	586	586
Milvik/BIMA	-	-	46	46	-	-	-	-
Seamless	192	-	-	192	65	-	-	65
Other	-	-	85	85	-	-	71	71
Telecom & Financial Services	**34 776**	**-**	**967**	**35 743**	**37 445**	**-**	**657**	**38 102**
Zalando	-	-	12 136	12 136	-	-	6 279	6 279
Avito	-	-	2 196	2 196	-	-	923	923
Bigfoot I	-	-	1 535	1 535	-	-	1 479	1 479
Bigfoot II	-	-	435	435	-	-	708	708
BigCommerce	-	-	544	544	-	-	286	286
Home24	-	-	679	679	-	-	754	754
Westwing	-	-	217	217	-	-	134	134
Wimdu	-	-	358	358	-	-	345	345
Rocket Internet with other portfolio companies	-	-	1 641	1 641	-	-	3 317	3 317
CDON Group	786	-	-	786	664	-	-	664
Konga	-	-	156	156	-	-	-	-
Other	-	-	174	174	-	-	179	179
Online	**786**	**-**	**20 071**	**20 857**	**664**	**-**	**14 404**	**15 068**
MTG	4 498	-	-	4 498	3 042	-	-	3 042
Other	-	-	87	87	-	-	84	84
Media	**4 498**	**-**	**87**	**4 585**	**3 042**	**-**	**84**	**3 126**
BillerudKorsnäs	-	-	-	-	3 161	-	-	3 161
Black Earth Farming	337	-	-	337	456	-	-	456
Other	-	-	3	3	-	-	3	3
Industry and other investments	**337**	**-**	**3**	**340**	**3 617**	**-**	**3**	**3 620**
Parent Company and other	-	-	50	50	-	-	37	37
Total financial assets valued at fair value through profit and loss	**40 397**	**-**	**21 178**	**61 575**	**44 768**	**-**	**15 185**	**59 953**
Trade receivables	-	294	-	294	-	372	-	372
Other current assets	-	203	-	203	-	331	-	331
Short-term investments	-	3 502	-	3 502	-	1	-	1
Cash and cash equivalents	-	465	-	465	-	453	-	453
Total financial assets	**40 397**	**4 464**	**21 178**	**66 039**	**44 768**	**1 157**	**15 185**	**61 110**
Interest-bearing loans	-	1 262	-	1 262	-	3 285	-	3 285
Trade payables	-	134	-	134	-	156	-	156
Other payables	-	226	-	226	-	215	-	215
Total financial liabilities	**-**	**1 622**	**-**	**1 622**	**-**	**3 656**	**-**	**3 656**

Change in financial assets in level 3

	2013	2012
Opening balance, 1 January	15 185	7 243
Investments	2 159	6 915
Reclassifications	49	-
Change in fair value	3 838	1 845
Disposals	-68	-656
Amortization on loan receivables	-	-210
Exchange gain/loss and other	15	48
Closing balance, 31 December	**21 178**	**15 185**

Valuation method as per 31 December 2013, Level 3

Company	Valuation method	Valuation assumptions
Zalando	Valuation based on sales multiples for a group of comparable companies. The peer group includes, among others, Amazon, Asos, CDON and Yoox. The average sales multiple for the peer group has been reduced due to Zalando's lower profitability. Value in transactions in the company's shares during the second half of 2013 (sale of secondary shares as well as directed new share issue) have also been considered when establishing fair value in the accounts as per 31 December.	Last 12 months historical sales has been multiplied with a sales multiple of 2.0. The entire company has been valued at EUR 3.9bln.
Avito	Valuation based on sales multiples for a group of comparable companies. The peer group includes, among others, Rightmove, 58.com and Trade Me Group. Recent transactions in the company's shares have also been considered in establishing fair value in the accounts as per 31 December.	Last 12 months historical sales has been multiplied with a sales multiple of 13.5. The entire company has been valued at SEK 7.2bln.
Bigfoot I, Bigfoot II, BigCommerce, Home24, Wimdu and Westwing	Valuation based on sales multiples for a group of comparable companies. The peer group includes, among others: - for Bigfoot I, Bigfoot II and BigCommerce: Amazon, Asos, CDON and Yoox; - for Home24: Amazon, CDON, Williams-Sonoma and Bed, Bath & Beyond; - for Wimdu: HomeAway, Priceline, Expedia and Tripadvisor; and - for Westwing: Groupon, Vipshop and Zulily. The average sales multiple for the peer group has been reduced to reflect factors such as lack of profitability and early e-commerce market. For the holding companies Bigfoot I, Bigfoot II and BigCommerce, the underlying operating businesses (e.g. Dafiti, Lamoda and other) have been valued separately. The valuations also consider what preference the owned shares have in case of liquidation or sale of the entire company.	Applied sales multiples for last 12 months historical sales: - Bigfoot I: 1.4-2.0 - Bigfoot II: 1.4-1.6 - BigCommerce: 0.8-1.4 - Home24: 1.2 - Wimdu: 3.0 - Westwing: 1.3
Rocket Internet GmbH	Portfolio companies valued as per above, cash balance and other assets as per Rocket financial statements.	N/A
Bayport Management	Latest transaction value.	USD 427m for the entire company.
Milvik/BIMA	Latest transaction value.	USD 17m for the entire company.
Other portfolio companies	Fair value corresponds to cost.	N/A

For the companies in the table above that are valued based on sales multiples (i.e. Zalando and Avito as well as direct and indirect ownership in Bigfoot I, Bigfoot II, Home24, BigCommerce, Westwing and Wimdu), an increase in the multiple by 10% would have increased estimated fair value by SEK 1,568m. Similarly, a decrease in the multiple by 10% would have decreased estimated fair value by SEK 1,605m.

Duration

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

Derivatives and hedging instruments

On 31 December 2013, the nominal amount of the outstanding interest rate swap, floating to fixed, was SEK 1,000m (1,000). The derivative is used to create a cash flow hedge against interest rate risk in the bond that was issued in December 2012. Also refer to Note 16 for the Group. The fixed rate that is paid in the swap is 3.32% and it expires in December 2017.

The derivative had a market value of SEK 11m (0) at year-end. The derivatives are measured based on discounted cash flows with observable market data. The derivative agreements are established in accordance with ISDA. As per 31 December 2013, all derivatives had a positive market value. Therefore, netting is not applicable.

Maturity structure

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

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

	2013	2014	2015	2016	later	Total
Non-interest-bearing receivables	703	-	-	-	-	703
Interest-bearing receivables	29	29	29	29	29	145
Non-interest-bearing liabilities	-589	-	-	-	-	-589
Interest-bearing liabilities	-110	-110	-110	-110	-3 338	-3 777
Total as per 31 December 2012	**33**	**-81**	**-81**	**-81**	**-3 305**	**-3 515**

Note 5 Financial assets accounted to fair value through profit and loss by segment

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

	Telecom & Financial services	Online	Media	Industry and other invest-ments	Other	Total
Opening balance, 1 January 2012	**45 055**	**7 721**	**4 713**	**1 086**	**40**	**58 615**
Investments	187	6 742	86	2 998 [1]	-	10 013
Disposals	-	-572	-	-656	-3	-1 231
Change in fair value	-6 932	1 187	-1 355	190	-	-6 910
Reclassifications	-	-	-316	-	-	-316
Amortization on loan receivables	-210	-	-	-	-	-210
Exchange gain/loss	2	-10	-2	2	-	-8
Closing balance, 31 december 2012	**38 102**	**15 068**	**3 126**	**3 620**	**37**	**59 953**
Investments	60	2 228	-	-	-	2 288
Disposals	-46	-22	-	-3 713	-	-3 781
Change in fair value	-2 417	3 580	1 456	433	-	3 052
Reclassifications	49	-	-	-	-	49
Exchange gain/loss	-5	3	3	-	13	14
Closing balance, 31 december 2013	**35 743**	**20 857**	**4 585**	**340**	**50**	**61 575**

[1] Shares received in BillerudKorsnäs at the sale of Korsnäs

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

	2013	2012
Bayport Management	35	116
Seamless	-	35
Other	25	36
Telecom & Financial Services	**60**	**187**
Zalando	855	3 658
Avito	-	50
Bigfoot I	-	1 003
Bigfoot II	169	532
BigCommerce/Lazada	317	289
Home24	-	428
Westwing	38	92
Wimdu	-	86
Rocket Internet with other portfolio companies	576	537
CDON	129	-
Konga	114	-
Other	30	67
Online	**2 228**	**6 742**
Metro	-	86
Media	**-**	**86**
BillerudKorsnäs	-	2 867
Black Earth Farming	-	131
Industry and other investments	**-**	**2 998**
Total	**2 288**	**10 013**

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

	2013	2012
Bayport Management	-35	-
Other	-11	-
Telecom & Financial Services	**-46**	**-**
Groupon	-	-569
Rocket Internet with other portfolio companies	-22	-
Other	-	-3
Online	**-22**	**-572**
BillerudKorsnäs	-3 713	-
Bergvik Skog	-	-653
Other	-	-3
Industry and other investments	**-3 713**	**-656**
Parent Company and other	-	-3
Total	**-3 781**	**-1 231**

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

	Dividends received	Change in fair value	2013 Total	Dividends received	Change in fair value	2012 Total
Millicom	665	2 932	3 597	1 407	-4 805	-3 398
Tele2	4 756	-6 003	-1 247	1 761	-2 263	-502
Transcom	-	276	276	-	41	41
Bayport Management	-	251	251	-	65	65
Milvik/BIMA	-	-3	-3	-	-	-
Seamless	-	127	127	-	30	30
Other	-	3	3	-	-	-
Telecom & Financial Services	**5 421**	**-2 417**	**3 004**	**3 168**	**-6 932**	**-3 764**
Zalando	-	2 626	2 626	-	1 563	1 563
Avito	-	1 273	1 273	-	538	538
Bigfoot I [1]	-	56	56	-	-48	-48
Bigfoot II [1]	-	-442	-442	-	-53	-53
BigCommerce/Lazada [1]	-	-60	-60	-	-3	-3
Home 24 [1]	-	-75	-75	-	-37	-37
Westwing [1]	-	44	44	-	-	-
Wimdu [1]	-	10	10	-	-16	-16
Groupon [1]	-	-	-	-	-628	-628
Rocket Internet with other portfolio companies	168	147	315	974	-165	809
CDON Group	-	-7	-7	-	35	35
Konga	-	22	22	-	-	-
Other	-	-14	-14	-	1	1
Online	**168**	**3 580**	**3 748**	**974**	**1 187**	**2 161**
Metro [2]	-	-	-	-	39	39
Modern Times Group MTG	135	1 456	1 591	122	-1 394	-1 272
Media	**135**	**1 456**	**1 591**	**122**	**-1 355**	**-1 233**
BillerudKorsnäs	104	552	656	-	294	294
Black Earth Farming	-	-119	-119	-	-104	-104
Industry and other investments	**104**	**433**	**537**	**-**	**190**	**190**
Parent Company and other	-	-	-	-	0	0
Total	**5 828**	**3 052**	**8 880**	**4 264**	**-6 910**	**-2 646**

[1] Direct shareholding only.

[2] Metro became a subsidiary to Kinnevik on 29 March 2012. The change in fair value for 2012 relates to the period from 1 January until the bid was published on 6 February.

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

Company name	Reg no	Type of holding	Registered office	Number of shares	Capital/votes (%) 2013	Capital/votes (%) 2012	Book value 2013	Book value 2012
Bayport Colombia S.A.		Other investment	Colombia		-	15/15	-	7
Bayport Management Ltd		Associated company	Mauritius		42/42	43/43	836	586
Billpay GmbH		Other investment	Germany		-	10/10	-	22
Microvest II		Other investment	USA		fund participation	fund participation	64	42
Millicom International Cellular S.A.		Associated company	Luxembourg	37 835 438	38/38	38/38	24 215	21 283
Milvik AB	556849-6250	Associated company	Stockholm		44/44	-	46	-
Seamless Distribution AB	556610-2660	Other investment	Stockholm	3 898 371	10/10	12/12	192	65
Tele2 AB	556410-8917	Associated company	Stockholm	135 496 137	31/48	31/48	9 864	15 867
Transcom WorldWide S.A.		Associated company	Luxembourg	410 971 250	33/40	33/40	505	230
Wonga Group Limited		Other investment	UK		0/0	-	20	-
Telecom & Financial Services							**35 743**	**38 102**
21 Diamonds GmbH		Other investment	Germany		6/6	10/10	10	20
ARM Private Equity Fund LP		Other investment	Nigeria		18/18	18/18	13	23
Avito AB	556930-0485	Associated company	Stockholm		31/31	-	2 196	-
Avito Holding AB	556690-0113	Associated company	Stockholm		-	22/22	-	520
Beauty Trend Holding GmbH		Associated company	Germany		24/24	24/24	125	121
BGN Brillant Services GmbH		Associated company	Germany		30/30	32/32	435	708
Bigfoot GmbH		Associated company	Germany		27/27	30/30	1 535	1 479
Captalis S.L.		Associated company	Spain		25/25	25/25	14	15
CDON Group AB	556035-6940	Associated company	Malmö	24 959 410	25/25	25/25	786	664
Dealdey Limited		Associated company	Nigeria		32/32	-	8	-
Dealdey Limited, loan		Other investment			-	-	7	-
E-Motion Advertising Ltd		Associated company	Nigeria		29/29	29/29	28	31
Emerging Markets Online Food Devivery Holding S.à r.l.		Other investment	Luxembourg		8/8	-	34	-
Home24 GmbH		Associated company	Germany		22/22	24/24	679	754
Iroko Partners Ltd		Other investment	UK		15/15	14/14	36	26
Jade 1158 GmbH		Associated company	Germany		32/32	32/32	9	86
Jade 1159 GmbH		Associated company	Germany		24/24	24/24	66	64
Jade 1217 GmbH		Other investment	Germany		10/10	10/10	20	21
Jade 1218 GmbH		Associated company	Germany		20/20	20/20	45	43
Jade 1221 GmbH		Associated company	Germany		20/20	20/20	45	43
Jade 1223 GmbH		Associated company	Germany		26/26	26/26	0	43
Jade 1238 GmbH		Associated company	Germany		26/26	26/26	0	43
Jade 1290 GmbH		Other investment	Germany		13/13	13/13	217	134
Jade 1314 GmbH		Other investment	Germany		12/12	17/17	29	28
Jade 1352 GmbH		Other investment	Germany		-	13/13	-	21
Jade 1353 GmbH		Other investment	Germany		14/14	14/14	11	22
Jade 1358 GmbH		Other investment	Germany		11/11	11/11	0	21
Jade 1367 GmbH		Other investment	Germany		15/15	9/9	20	9
Jade 1368 GmbH		Other investment	Germany		-	8/8	-	11
Konga Online Shopping Limited		Associated company	Nigeria		46/46	-	156	-
Kontakt East Holding AB	556682-8116	Associated company	Stockholm		50/50	-	26	-
Merx Technica Limited		Associated company	Nigeria		42/42	45/45	6	29
Ozon Holdings Limited		Other investment	Cyprus		1/1	1/1	34	34
Pinspire GmbH		Other investment	Germany		-	16/16	-	21
R2 International Internet GmbH		Associated company	Germany		36/36	36/36	9	9
Rocket Internet GmbH		Associated company	Germany		24/24	24/24	1 219	2 692
TIN Brillant Services GmbH		Other investment	Germany		14/14	12/12	544	286
Wimdu GmbH		Associated company	Germany		29/29	29/29	358	345
Vosvik AB	556757-1095	Associated company	Stockholm		-	50/50	-	423
Zalando GmbH		Associated company	Germany		36/36	26/26	12 136	6 279
Online							**20 857**	**15 068**

Company name	Reg no	Type of holding	Registered office	Number of shares	Capital/votes (%) 2013	2012	Book value 2013	2012
Modern Times Group MTG AB	556309-9158	Associated company	Stockholm	13 503 856	20/48	20/49.9	4 498	3 042
Other		Other investment	N/A		-	-	87	84
Media							**4 585**	**3 126**
BillerudKorsnäs AB	556025-5001	Associated company	Stockholm	-	-	25/25	-	3 161
Black Earth Farming		Associated company	Jersey	51 811 828	25/25	25/25	337	456
Other		Other investment	N/A		-	-	3	3
Industry and other investments							**340**	**3 620**
Other		Other investment	N/A		-	-	50	37
Total							**61 575**	**59 953**

Note 6 Financial income and expenses

	2013	2012
Interest income, cash and cash equivalents	9	14
Interest income financial assets accounted at fair value	1	17
Interest income financial assets held to maturity	-	10
Exchange differences	-	14
Financial income	**10**	**55**
Interest expenses, loans from credit institutions	-68	-200
Accrued financing costs, loans from credit institutions	-28	-36
Exchange differences	-1	0
Other financial expenses	-27	-19
Financial expenses	**-124**	**-255**
Net financial income/expenses	**-114**	**-200**

Note 7 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.

	2013	2012
Net profit for the year attributable to the equity holders of the Parent company	8 468	-2 984
Average number of shares outstanding	277 264 289	277 183 276
Earnings per share before dilution, SEK	**30.54**	**-10.77**
Average number of shares outstanding	277 264 289	277 183 276
Effect from outstanding share saving program	313 971	300 178
Average number of shares outstanding after dilution	277 578 260	277 483 454
Earnings per share after dilution, SEK [1]	**30.51**	**-10.77**

[1] No dilution when results are negative.

Note 8 Supplementary cash flow information

	2013	2012
Operations		
Profit/loss for the year	8 429	-2 991
Adjustment for non cash items in operating profit/loss		
Depreciation	43	32
Impairment of goodwill	75	22
Change in fair value of financial assets	-3 052	6 910
Dividends received	-5 828	-4 263
Interest net	114	200
Incremental cash items from operations		
Other	-32	50
Adjustment of paid/unpaid taxes	0	-32
Cash flow from operations before change in working capital	**-251**	**-72**
Change in working capital	130	-150
Cash flow from operations	**-121**	**-222**
Acquisition of subsidiaries		
Metro (net of acquired cash balance), see Note 28	-	438
G3 Group (net of acquired cash balance)	-	89
Other	-	5
	-	**532**
Sales of shares in subsidiaries		
Metro Denmark	53	-
Metro St Petersburg	82	-
Metro Netherlands	-	98
Relevant Traffic	-	8
	135	**106**
Investments other shares and securities, see Note 5	2 288	7 082
- of which paid during the period	2 088	6 972
Paid on investments made in earlier periods	0	490
Cash flow from investments other shares and securities	**2 088**	**7 462**
Sales of shares and other securities		
BillerudKorsnäs	3 713	-
Groupon	-	569
Other	46	3
	3 759	**572**

Note 9 Taxes

	2013	2012
Current tax expense		
Tax expense for the period	-32	-35
Adjustment of tax expense for previous years	-	-21
	-32	**-56**
Deferred tax income		
Deferred tax income on tax loss carryforwards recognized in the balance sheet	7	-
	7	**-**
Total tax expense for the year	**-25**	**-56**

Reconciliation of effective tax rate

	2013	%	2012	%
Profit/loss before tax	8 454		-2 935	
Income tax at statutory rate of Parent Company	-1 860	22.0%	772	26.3%
Foreign tax rate differential	2	0.0%	10	0.3%
Change in fair value of financial assets	671	-7.9%	-1 817	-61.9%
Non-taxable dividends received	1 282	-15.2%	1 121	38.2%
Tax attributable to previous years	-	0.0%	-21	-0.7%
Impairment of goodwill	17	-0.2%	6	0.2%
Change in not recognized tax loss carry forwards	-137	1.6%	-127	-4.3%
Effective tax/tax rate	**-25**	**0.3%**	**-56**	**-1.9%**

During the year, a tax cost of SEK 0m (1) has been recognised against other comprehensive income. No tax has been recognised against shareholders' equity.

	2013	2012
Deferred tax assets		
Tax loss carryforwards	10	13
Temporary differences	6	5
	16	**18**
Provisions for deferred tax		
Temporary differences	5	-
	5	**-**
Net receivable/provision for deferred tax	**11**	**18**

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

	2013	2012
Distribution of deferred tax assets		
Sweden	8	9
Outside Sweden	8	9
	16	**18**
Distribution of provisions for deferred tax		
Sweden	5	-
	5	**-**
Net receivable/provision for deferred tax	**11**	**18**

Tax loss carryforwards

The Group's tax loss carryforwards amounted to SEK 5,042m (4,688) at 31 December, of which SEK 4,292m (4,241) within Metro. SEK 684m (428) is attributable to Sweden and SEK 4,304m (4,223) to Luxembourg and other countries with eternal duration. The remaining tax losses has a duration that is limitied to three to five years. A deferred tax asset of SEK 10m (18) was recognized in the consolidated balance sheet relating to the tax loss carryforwards.

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

Note 10 Intangible and tangible fixed assets

Intangible fixed assets

	Goodwill		Other intangible fixed assets	
	2013	2012	2013	2012
Opening acquisition value	598	1 011	554	35
Assets in acquired operations	-	-	-	124
Investments for the year	4	533	10	422
Disposals/scrapping for the year	-99	-932	-167	-30
Reclassification for the year	-	4	-	3
Translation difference	15	-18	13	-
Closing acquisition value	**518**	**598**	**410**	**554**
Opening accumulated depreciation	-4	-71	-104	-18
Assets in acquired operations	-	-	-	-73
Depreciations for the year	-	-	-10	-13
Disposals/scrapping for the year	3	89	67	-
Impairments for the year	-75	-22	-	-
Closing accumulated depreciation	**-76**	**-4**	**-47**	**-104**
Closing book value	**442**	**594**	**363**	**450**

Other intangible fixed assets as per 31 December 2013 mainly refers to the acquired trademark Metro, which is valued at SEK 340m (422). The trademark's useful life is estimated to be indefinit, as the trademark has a high recognition factor in the countries where Metro is established and as there are no known factors that limit the use of the trademark. Disposals of Other intangible fixed assets are mainly related to the sales of the operations Metro Denmark and Metro St Petersburg within Metro. Goodwill that has arisen through company acquisitions is mainly distributed among two cash-generating units: G3 Good Governance Group (G3) and Metro.

An impairment test was performed at the end of 2013. The impairment test was based on estimated cash flow to calculate value in use. The calculated value in use was then compared to the book value of the cash-generating unit.

Estimated cash flow is based on budget up until year 2014 and financial forecast up until 2018. Estimated cash flow is based on previous experience as well as external factors. Key assumptions in calculating value in use include discount rate, sales growth and operating margins.

Goodwill related to G3 was impaired by SEK 75 when G3 was tested for imapirment based on value in use. Value in use for G3 was calculated based on discounted cash flows assuming an annual growth rate of 2% and a pretax discount rate of 15%, corresponding to the average cost of capital for G3. Value in use has decreased as a result of a decrease in actual and expected future profitability. Impairment of goodwill for 2013 is entirely related to G3.

The value in use for Metro was calculated on the basis of discounted cash flows, for the different cash generating units within Metro. Growth for the different cash generating units are forecasted at 0-6% and the pretax discount rate is estimated at 10-17%. No impairment requirement has been identified for Metro. A sensitivity analysis, whereby the discount interest rate was increased by one percentage point and cash flow was reduced by 10%, would in both cases give rise to impairment requirement.

Goodwill distributed on cash-generating units

	2013	2012
G3 Good Governance Group	141	217
Metro	292	371
Other	9	6
Closing book value	**442**	**594**

Tangible fixed assets

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

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

	2013	2012
Opening acquisition values	483	15 385
Assets in acquired operations	0	115
Assets in divested operations	-15	-15 648
Investments for the year	103	710
Disposals/scrapping for the year	-46	-73
Reclassification for the year	0	1
Translation difference	-7	-7
Closing acquisition values	**518**	**483**
Opening accumulated depreciation	-202	-8 859
Assets in acquired operations	0	-85
Assets in divested operations	12	9 316
Disposals/scrapping for the year	45	39
Depreciation for the year	-32	-612
Translation difference	2	-1
Closing accumulated depreciation	**-175**	**-202**
Closing book value	**343**	**281**

Note 11 Investments in companies accounted for using the equity method

	Type av holding	Reg no	Registered Office	Capital/Votes (%)	2013	2012
Altlorenscheurerhof S.A.	Associated company		Luxembourg	33/33	11	11
Cuponatic Chile S.A	Associated company		Chile	26/26	7	6
Cuponatic Latam S.A	Associated company		Chile	26/26	9	6
Metro Publicações do Brasil S.A.	Associated company		Brazil	30/30	60	55
Publimetro Guatemala S.A.	Associated company		Guatemala	25/25	0	1
Studentkortet i Sverige AB	Associated company	556491-5287	Stockholm	24/24	10	-
Shared Services S.A.	Associated company		Luxembourg	30/30	0	0
Closing balance					**97**	**79**

The Group's part of total assets in other associated companies' exceed the book value of SEK 97m.

Note 12 Trade receivables

	2013	2012
Trade receivables	327	383
Reserve for doubtful accounts	-33	-11
	294	**372**

Trade receivables overdue more than 90 days, but not provided for, amounts to SEK 17m (21).

Bad debt provision

	2013	2012
Opening balance, 1 January	**11**	**19**
Provisions in acquired operations	-	12
Provisions in divested operations	-3	-19
Provisions during the year	34	4
Confirmed losses	-3	-3
Recovery of previous provisions	-6	-2
Closing balance, 31 December	**33**	**11**

Note 13 Other current assets

	2013	2012
Accrued interest income	2	0
Other accrued income and prepaid expenses	86	84
Interest rate swap	11	-
Other receivables	104	247
	203	**331**

Note 14 Cash and short term investments

	2013	2012
Cash at banks	465	453
Short term investments	3 502	1
	3 967	**454**

Short term investments are cash at banks invested with a maximum original duration of three months. In addition to cash and cash equivalents reported above, the Group had on 31 December undrawn credit facilities of SEK 5.930m (4,575).

Note 15 Shareholders' equity

Share capital

Share capital refers to the Parent Company's share capital; refer to Note 11 for the Parent Company.

Other contributed capital

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

Retained earnings including net profit for the year

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

Capital

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

Note 16 Interest-bearing loans

	2013	2012
Interest-bearing long-term loans		
Commercial paper program	1 200	1 199
Liabilities to credit institutions	20	-
Accrued borrowing costs	-25	-25
	1 195	**1 174**
Interest-bearing short-term loans		
Commercial paper program	-	843
Liabilities to credit institutions	20	1 268
	20	**2 111**
Total long and short-term interest-bearing loans	**1 215**	**3 285**

Financing source	Credit facility as per 31 Dec 2013	Utilised amount 31 Dec 2013	Unutilised amount 31 Dec 2013	Currency
Long-term loans				
Parent Company				
Commercial paper program	1 200	1 200	-	SEK
Syndicated bank facility	5 800	-	5 800	SEK
Total Parent Company	**7 000**	**1 200**	**5 800**	
Other Group companies	20	20	-	
Total Group	**7 020**	**1 220**	**5 800**	
Short-term loans				
Parent Company				
Nordea Bank AB	30	-	30	SEK
Svenska Handelsbanken AB	100	-	100	SEK
Total Parent Company	**130**	**-**	**130**	
Other Group companies				
Different credit institutions	20	20	-	
Total Group	**150**	**20**	**130**	
Total liabilities to credit institutions, Group	**7 170**	**1 240**	**5 930**	

The long-term financing is mainly a SEK 5,800m syndicated bank facility provided by Crédit Agricole Corporate & Investment Bank (France) Sweden Branch, DNB Bank ASA Sweden Branch, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ). The facility matures in December 2016 but can upon mutual agreement be extended twice by another year. The facility is secured by listed shares but does not involve any financial covenants. It is a multicurrency facility with a part being available as a backup against the refinancing risk of any outstanding commercial papers. Kinnevik has also issued a dual tranche bond with final maturity in December 2017 with SEK 200m at an annual coupon of 3,25% and SEK 1,000m at variable interest corresponding to 3 Months Stibor + 1,7%. The bond is unsecured and has no financial covenants. The interest rate risk under the tranche with floating interest is fully hedged with a interest rate swap.

The short-term financing comprises a SEK 2,000m commercial paper program. At 31 December 2013, no commercial papers were issued.

The outstanding loans carry an interest rate of Stibor or similar base rate with an average margin of 1.8% (1.0%).

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

As per 31 December 2013, the average remaining duration was 3.1 years for all credit facilities including the bond.

Note 17 Provisions for pensions

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

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

	2013	2012
Net obligation for defined-benefit plans as at 1 January	37	534
Benefits paid	-1	-30
Cost recognised in the income statement	-	14
Discontinued operations	-	-481
Net obligation for defined-benefit plans as at 31 December	**36**	**37**

Reported provision at the end of the year

	2013	2012
Commitments	36	37
Plan assets	-	-
Reported provision 31 December	**36**	**37**

The cost of all defined contribution plans amounted to SEK 30m (135 previous year including discontinued operations).

Note 18 Other provisions

	2013	2012
Environmental studies	4	4
Legal provision, Metro Spain	-	24
Severance pay and other provisions for restructuring	29	4
	33	**32**
Long-term	4	4
Short-term	29	28
	33	**32**
Opening balance, 1 January	**32**	**28**
Metro Spain, paid	-24	-
Severance pay and other provisions for restructuring	25	-
Provisions in acquired operations	-	28
Provisions in divested operations	-	-24
Closing balance, 31 December	**33**	**32**

County administrative boards have submitted claims to Kinnevik regarding environmental studies at a number of sites where Fagersta AB (through name changes and a merger, Investment AB Kinnevik) conducted operations until 1983. Kinnevik's position is that the Company's responsibility to perform any decontamination measures must be very limited if any, primarily out of consideration to the long period of time that has passed since any potential contamination damages occurred and the regulations that were in force at the time, and the fact that a quarter century has passed since operations were shut down or turned over to new owners. Kinnevik has therefore not made any provisions for potential future claims for decontamination measures. SEK 5m was provided in 2007 for potential environmental studies that Kinnevik might be required to pay for and of this approximately SEK 1.2m was used in 2010 to 2013.

Metro has been defendant in two legal cases in Spain, one relating to an agreement with an ad sales agency and the other relating to a consultancy contract with a former managing director of Metro Spain. During the autumn 2013, the court of second instance found against Metro and Metro has thereafter settled the amount that was provided for in 2011.

In December 2013 decisions about restructuring for Metro's headquarter and within G3 were taken. Provision for unpaid personnel costs amounts to SEK 25m which will be paid during 2014.

Note 19 Other liabilities

	2013	2012
Accrued interest expenses	2	10
Accrued personnel expenses	66	74
Other accrued expenses and prepaid income	124	117
Debt unpaid investments	303	110
Other liabilities	102	98
	597	**409**

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

Note 20 Auditors' fees

	2013	2012
To Deloitte		
Audit assignments	1	-
Other services	1	-
To Ernst & Young		
Audit assignments	-	3
Other services	-	0
To PWC		
Audit assignments	-	1
Other services	-	-
	2	**4**

Note 21 Leasing agreements

The Group has operating lease agreements relating to print- and distribution services within Metro. During 2013, SEK 131m (95) was paid in accordance with operating leasing agreements. Future minimum payments for agreements concluded for leasing as of 31 December:

	2013	2012
Future minimum payments		
2013	-	131
2014	92	59
2015	40	32
2016	34	28
2017	36	32
2018 and later	8	32
	210	**314**

The Group has no financial leasing agreements.

Note 22 Pledged assets

	2013	2012
For liabilities to credit institutions		
Real estate mortgages	-	7
Shares in subsidiaries	9	-
Shares in associated and other companies	5 668	5 774
Cash and cash equivalents	18	34
Other assets	35	-
	5 731	**5 816**

Listed shares in associated companies have been pledged in favor of a number of banks for the Group's financing.

Pledged listed shares' market value shall, at any given time, amount to 200% of the outstanding loans. If the value of the pledge remains below the threshold for a defined period of time and Kinnevik, despite written request by the banks, has not remedied the breach, the banks will be entitled to enforce the pledge. Such right to enforcement also applies to un-remedied breaches of other terms and conditions in the credit facility agreement.

There were no outstanding debt secured by those pledged assets at 31 December 2013.

Note 23 Contingent liabilities

	2013	2012
Tax dispute	702	702
Guarantee commitments, FPG	1	1
	703	**703**

Tax dispute

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

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

Kinnevik has appealed the Swedish Tax Agency's decision, and deferred payment of any tax. No provision has been made in the accounts for the tax exposure.

Refer also to Note 18 for the Group regarding costs for decontamination of contingent contamination damages.

Note 24 Related-party transactions

For transactions with the Board of Directors and Senior Executives, refer to Note 25 for the Group. During 2013 and 2012, Kinnevik engaged in transactions with the following related companies.

Related companies	Relationship
Bayport Management Ltd ("Bayport")	Associated company of Kinnevik
Black Earth Farming Ltd	Associated company of Kinnevik
CDON Group AB ("CDON")	Associated company of Kinnevik
Tele2 AB ("Tele2")	Associated company of Kinnevik
Modern Times Group MTG AB ("MTG")	Associated company of Kinnevik
Metro International S.A. ("Metro")	Associated company of Kinnevik until 31 March 2012.
Transcom WorldWide S.A. ("Transcom")	Associated company of Kinnevik.
Millicom International Cellular S.A. ("Millicom")	Associated company of Kinnevik.
Rocket Internet GmbH	Associated company of Kinnevik.
Zalando AG	Associated company of Kinnevik.
Anima Regni Partners S.à.r.l ("Anima Regni")	Related parties to Anima Regni owns shares in Kinnevik, which provides considerable influence over Kinnevik.
Altlorenscheurerhof S.A.	Associated company to Kinnevik.

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

Commercial agreements with related parties

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

Financial loan transactions with related parties

There has been no large loan transactions with related parties during 2013.

Other transactions

During 2013 Kinnevik acquired shares in Zalando GmbH from Rocket Internet GmbH and the management in Zalando GmbH for a total purchase price of EUR 72m. Shares for EUR 206m were acquired from the same parties during 2012.

The following is a summary of Kinnevik's revenue, expense, receivables and liabilities to and from related parties.

	Group		Parent Company	
	2013	2012	2013	2012
Revenue				
Black Earth Farming	-	1	-	-
CDON	6	1	5	-
Metro	-	2	-	1
Millicom	7	1	-	-
MTG	9	19	-	-
Tele2	29	20	-	-
Transcom	2	8	1	-
Other	0	0	-	1
	53	**52**	**6**	**2**
Operating expenses				
Altlorenscheurerhof	-2	-2	-2	-2
Black Earth Farming	-	-1	-	-
MTG	-13	-2	-	0
Tele2	-5	-4	-1	-1
Other	0	0	0	-2
	-20	**-9**	**-3**	**-5**
Interest income				
Bayport	-	17	-	-
Metro, convertible debenture	-	10	-	-
Black Earth Farming	-	2	-	-
Other	0	1	-	-
	0	**30**	**-**	**-**
Financial receivables from associated companies				
Other associated companies	7	26	-	-
	7	**26**	**-**	**-**
Accounts receivables and other current receivables				
Millicom	0	3	-	-
MTG	2	4	-	-
Tele2	3	6	-	-
Other	1	0	0	0
	6	**13**	**0**	**0**

Note 25 Personnel

Average number of employees

including Korsnäs until November 2012 and Metro from April 2012.

	2013 men	women	2012 men	women
Group				
Sweden	182	120	1 420	333
Denmark	0	0	45	46
Germany	0	0	4	1
Latvia	0	0	199	17
Poland	62	10	62	8
Switzerland	0	0	1	0
UK	58	41	48	43
France	0	0	3	1
Asia	87	79	61	56
Africa	10	6	56	33
USA	1	4	2	3
South America	218	201	180	180
Russia	3	1	57	51
Belarus	10	0	0	0
	646	**466**	**2 137**	**772**
Total number of employees		**1 112**		**2 909**

Distribution of women and men on the Board and in the management group, Group [1]

	2013 men	women	2012 men	women
Board members	17	5	27	4
CEO	-	1	-	1
Other senior executives	4	3	5	1
	21	**9**	**32**	**6**

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

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

	2013 men	women	2012 men	women
Board members	6	2	5	2
CEO	-	1	-	1
Other senior executives	4	3	5	1
	10	**6**	**10**	**4**

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

	2013 Board, CEO, senior executives [1]	Other employees	2012 Board, CEO, senior executives [1]	Other employees
Total salaries and other remuneration	82 017	391 899	87 418	1 216 099
Social security expenses	20 941	73 319	30 745	433 642
Pension expenses [2]	10 661	19 374	10 322	131 225

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

[2] Relates to present and former Board members and CEOs.

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

Principles

The following principles and guidelines were approved by the AGM on 13 May 2013. Senior executives covered include the Chief Executive Officer and the other persons in the executive management of Kinnevik (the "Senior Executives") as well as directors of the Board to the extent they are remunerated outside their Directorship. At present the number of Senior Executives amounts to eight individuals.

The objectives of Kinnevik's remuneration guidelines are to offer competitive remuneration packages 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 remuneration to the Senior Executives shall consist of annual fixed salary, short-term variable remuneration paid in cash (STI), the possibility to participate in a long-term incentive programme (LTI), pension and other customary remunerations and benefits.

- The fixed salary is revised each year and based on the executive's competence and area of responsibility.
- The STI targets shall be based on performance in relation to established targets. The targets shall be individual and measurable as well as linked to specific performances, processes and transactions. The STI can amount to a maximum of 75% of the fixed salary.
- Long-term incentive programmes shall be linked to certain pre-determined financial and share price related performance criteria and shall ensure long-term commitment to the development of the Company.
- Other benefits may include a company car, housing benefits for expatriated Senior Executives for a limited period of time as well as other customary benefits. Other benefits shall not constitute a significant part of the total remuneration. The Senior Executives may also be offered health care insurances.
- The Senior Executives are offered defined contribution pension plans, with premiums amounting to a maximum of 30% of the fixed salary that are paid to insurance companies.
- In the event of notice of termination of employment being served by the Company, the Chief Executive Officer is entitled to salary during a period of a maximum of 18 months and the other Senior Executives are entitled to salary during a period of maximum 12 months.

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

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

The Board's proposal to the Annual General Meeting 2014 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)

	2013		2012	
	CEO	Other senior executives [1]	CEO	Other senior executives [1]
Fixed salaries	6 925	18 573	6 600	16 356
Variable salaries	2 666	7 059	3 225	5 114
Benefits	141	755	147	737
Pension expenses	2 028	5 093	1 312	3 358
Estimated costs for share-based remuneration excluding social securities cost	2 967	5 320	2 130	3 389

[1] Other senior executives consisted during the year of 7-9 persons and amounted to 8 (6) persons at the end of the year, refer to page 80.

In addition to remuneration paid by Kinnevik, as specified in the table above, the CEO has received board fees for work done on the Boards of Kinnevik's associated companies amounting to SEK 2.7m (2.1). Other Senior Executives have received Board fees from associated companies amounting to SEK 1.8m (1.4).

For the CEO of the Parent Company, pension premium payments of 30% (20%) of fixed salary were paid. In the event of termination of employment initiated by the Company, the CEO is entitled to a salary during a notice period of 18 months. Any salary received from new employment during the notice period reduces salary received from Kinnevik during the notice period. In the event of termination of employment initiated by the CEO, the notice period is 12 months.

For the other senior executives pension premium payments of a maximum of 30% (20%) of fixed salary were paid. Pension premiums are paid to insurance companies. In the event of termination of employment initiated by the Company, other senior executives are entitled to a salary over a notice period of a minimum 6 and a maximum 12 months. Any salary received from new employment during the notice period reduces salary received from Kinnevik during the notice period.

Incentive plan

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

For each share held within the framework of the Plans, the Company has distributed retention and performance-based share rights. Subject to fulfillment of certain retention- and performance-based conditions during the individual periods included in the Plans (1 April 2011 – 31 March 2014,1 April 2012 – 31 March 2015 and 1 April 2013 – 31 March 2016, the "Measure Periods"), the participant remaining in the employment of the Kinnevik Group at the time of publication of the interim reports for the January – March 2014, January – March 2015, January – March 2016 periods, and subject to the participant retaining the invested shares, each retention right and performance right will entitle the participant to receive one class B share in the Company.

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

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

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

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

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

Completed plan 2010-2013

The plan approved in 2010, with a measure period of 1 April 2010 – 31 March 2013, resulted in allotment of 33,145 shares out of a maximum allotment of 71,800 rights. The number of total alloted shares included dividend compensation totaling 1,614 shares. Participants' profit, which was restricted to a maximum of SEK 573 per share, was SEK 168.21 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 0.05% in terms of shares outstanding, was around 0.01%. The plan's total cost, including social security expenses, was SEK 6.3m and was expensed continuously during 2010 – 2013.

Plan 2010-2013	Number of participants	Allotment of rights	Dividend compensation	Received shares
CEO of the Group	1	28 000	0.052	12 244
Management, category 1	4	33 000	0.052	15 352
Management, category 2	1	2 800	0.052	1 439
Other participants	5	8 000	0.052	4 110
Total	**11**	**71 800**		**33 145**

Outstanding plans

At 31 December 2013, the Plan that was established in 2011, with a Measure Period of 1 April 2011 - 31 March 2014, had remaining participation totaling 17,400 shares held by employees entitling a maximum allotment of 94,350 rights, of which 17,400 retention share rights and 76,950 performance share rights. The Plan encompasses the following number of shares and maximum number of share rights for the various categories:

Plan 2011-2014	Number of participants	Allotment of rights
CEO of the Group	1	28 000
Management, category 1	2	22 000
Management, category 2	3	24 750
Kinnevik key personnel	5	14 000
Other participants	4	5 600
Total	**15**	**94 350**

The value of the rights was, at the time of the allotment, for the CEO SEK 3.3m and for other senior executives SEK 6.4m.

The participant's maximum profit is limited to SEK 721 per right. The maximum dilution is 0.03% in terms of shares outstanding, 0.01% in terms of votes and 0.02% in terms of costs for the program as defined in IFRS 2 in relation to Kinnevik's market capitalization.

At 31 December 2013, the Plan that was established in 2012, with a Measure Period of 1 April 2012 - 31 March 2015, had participation totaling 21,700 shares held by employees entitling a maximum allotment of 112,300 rights, of which 21,700 retention share rights and 90,600 performance share rights. The Plan encompasses the following number of shares and maximum number of share rights for the various categories;

Plan 2012-2015	Number of participants	Allotment of rights
CEO of the Group	1	28 000
Management, category 1	3	33 000
Management, category 2	2	16 500
Kinnevik key personnel	6	16 800
Management Metro	5	12 800
Other participants	4	5 200
Total	**21**	**112 300**

The value of the rights was, at the time of the allotment, for the CEO SEK 3.0m and for other senior executives SEK 6.0m.

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

At 31 December 2013, the Plan that was established in 2013, with a Measure Period of 1 April 2013 - 31 March 2016, had participation totaling 21,650 shares held by employees entitling a maximum allotment of 118,100 rights, of which 21,650 retention share rights and 96,450 performance share rights. The Plan encompasses the following number of shares and maximum number of share rights for the various categories;

Plan 2013-2016	Number of participants	Allotment of rights
CEO of the Group	1	28 000
Kinnevik key personnel, category 1	4	38 500
Kinnevik key personnel, category 2	4	33 000
Kinnevik key personnel, category 3	3	8 400
Kinnevik key personnel, category 4	6	7 400
Metro key personnel	1	2 800
Total	**19**	**118 100**

The value of the rights was, at the time of the allotment, for the CEO SEK 3.7m and for other senior executives SEK 8.8m.

The participant's maximum profit is limited to SEK 729 per right. The maximum dilution is 0.07% in terms of shares outstanding, 0.03% in terms of votes and 0.02% 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 55m, including social security costs, of which SEK 21m (10) was expensed during 2013. Total liability for social security costs pertaining to the incentive programs amounted to SEK 11m (8) on 31 December, 2013.

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

	2013				2012			
	Board fees, Parent Company	Board positions, subsidiaries	Other assignment [1]	Total fee	Board fees, Parent Company	Board positions, subsidiaries	Other assignment [1]	Total fee
Cristina Stenbeck (Chairman)	2 038			2 038	1 076			1 076
Tom Boardman	579			579	551			551
Vigo Carlund	500			500	473	250		723
Dame Amelia Fawcett	538			538	499			499
Lorenzo Grabau	579			579	-			-
Wilhelm Klingspor	575			575	604	75		679
Erik Mitteregger	696	313		1 009	656	331		987
Allen Sangines-Krause	579	204	2 000	2 783	551		2 000	2 551
	6 084	**517**	**2 000**	**8 601**	**4 410**	**656**	**2 000**	**7 066**

[1] During 2012 and 2013, there was a consultancy agreement between Kinnevik and Allen Sangines-Krause through his company which entitled him to a service fee of SEK 2m per year for services provided to the Board and management of Kinnevik in addition to customary board work. Allen Sangines-Krause is therefore not considered as an independent Director of the Company and its management.

Note 26 Financial risk management

The Group's financing and 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 is being updated when appropriate in discussion with the audit committee and upon approval by the Kinnevik Board. The Group has a model for risk management with the aim to identify, control and reduce risks. The output of the model is reported to the Kinnevik Board on a quarterly basis.

Kinnevik is exposed to financial risks mainly in respect of

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

Stock market risk

Kinnevik's operations include management of a stock portfolio comprising considerable investments in a small number of listed and unlisted companies. Accordingly, a large part of the portfolio is concentrated to a small number of companies, which makes the total return highly dependent on how well these companies and their particular industries develop. The concentrated portfolio results in a significant risk in the portfolio, in that it is difficult for Kinnevik during a limited time to make major changes in the portfolio's composition. Kinnevik's strategy is to participate actively in the companies in which the Group invests. By being an active owner, the return can be maximized and the risks controlled. The Group's assets, through ownership of shares in a number of companies conducting operations in more than 80 countries, are exposed to political risks. More than 50% of the market value of Kinnevik's combined assets of approximately SEK 63.3 billion at 31 December 2013, were exposed to growth markets in Latin America, Africa, Eastern Europe and Asia.

On 31 December 2013, Kinnevik had 64% (72%) of its total assets listed on the NASDAQ OMX stock exchange in Stockholm and 36% (28%) were unlisted.

The stock market risk associated with Kinnevik's portfolio may be illustrated by stating that a 10% change in the prices of all of the listed shareholdings at 31 December 2013 would have affected earnings and shareholders' equity by SEK 4.0 billion.

The value of the unlisted shareholdings may increase or decrease due to a number of different factors, of which changes of trends in the stock markets is one. In the valuation process for the unlisted holdings, a number of factors are considered such as sales multiples in comparable companies in the same sectors and the value in transactions in the company's shares. Any changes in these factors have an impact on the total value. For companies that are valued based on sales multiples (i.e. Zalando, Avito, as well as direct and indirect ownership in Bigfoot I, Bigfoot II, Home 24, BigCommerce, Westwing and Wimdu), a decrease in the multiples by 10% would at 31 December 2013 have decreased the value by SEK 1.6 billion. Also refer to Note 1 when it comes to the process for valuation of unlisted holdings.

Parts of the stock portfolio are used as collateral for Kinnevik's bank loans. On 31 December 2013, Kinnevik had no secured loans outstanding. Also refer to Note 22 for the Group.

Interest rate risk

Kinnevik's main policy is to maintain short interest periods on the outstanding loans because the Company believes that this leads to lower interest expense over time. Exceptions from this rules may however be granted for specific situations. On 31 December 2013, the outstanding bonds of SEK 1,200 m, were under such exception whereby the interest rate was fixed for 5 years in December 2012. SEK 1,000 m of the total bond was originally issued with floating rates but was hedged into a fixed rate of 3.32% by a interest rate swap. The swap expires on the same date as the repayment of the bond, i.e. on 12 December 2017. On 31 December 2013, this swap had a positive market value of SEK 11 m. Any changes in value of the swap is booked against the hedge reserve within the equity since the swap is deemed to be efficient and thereby fulfills the criteria for hedge accounting. If there would be a 1% parallel downwards shift of the interest rate curve, the value would be SEK 37 m lower.

On 31 December 2013, Kinnevik had short term deposits amounting to SEK 3.5 billion. The tenor of each deposit was 3 months at the most, in line with Kinnevik's policy. If the interest rates would have been reduced by 0.5% for all of the deposits, the interest income would have been SEK 18m lower on a yearly basis.

Foreign exchange rate risk

Transaction exposure

The Group's funding and cash consists mainly of SEK and excluding dividends received and investments and disposals made, the Group did not have any major cash flows in foreign currencies.

Translation exposure

Translation exposure arises when the earnings and shareholders' equity of foreign subsidiaries are translated into SEK. This exposure also arises in situations when the capital employed and the financing of it is in different currencies. Kinnevik's policy is to minimize the foreign exchange rate risk by borrowing in various currencies to finance capital employed. If this is not possible and significant temporary exposures exist, the Group's finance policy permits the use of forward contracts. On 31 December 2013, there were no outstanding forward contracts with this purpose. Translation exposure arising from the translation of the foreign subsidiaries' earnings and shareholders' equity is not hedged since the exposure is considered being of no material importance to Kinnevik.

Kinnevik's balance sheet is exposed to foreign exchange risk by owning shares in listed as well as unlisted companies that engage in foreign operations, such as Millicom, Zalando, Tele2 and MTG. For Millicom this risk arises since their reporting is done in USD and further since they conduct operations in 13 countries in Latin America and Africa. On 31 December 2013, the value of the holdings in Millicom was SEK 24.2 billion.

On 31 December 2013, the value of Kinnevik's unlisted holdings were SEK 21.2 billion whereof approximately SEK 18 billion was represented by holdings that report in EUR and approximately SEK 3 billion that report in USD. The holdings in the unlisted portfolio operate for instance in the Nordic countries, the euro zone, Russia, Latin America, South East Asia and India and as a consequence all these holdings are exposed to different foreign exchange risks. For Kinnevik's largest unlisted holding, Zalando, that reports in EUR, a change in the EUR/SEK rate by 5% would affect the fair value of Kinnevik's shareholding by SEK 607 m as per 31 December 2013.

Liquidity and financing risk

Kinnevik's liquidity and financing risk is limited because listed shares account for a large part of the Company's assets. On 31 December 2013, the Company also had cash and short term deposits amounting to SEK 3,967 m and committed but not utilized, or reserved in any other way, credit facilities amounting to SEK 5,930 m. The tenor of the short term deposits was less than 3 months in line with Kinnevik's finance policy.

Kinnevik's refinancing risk is limited by having financing from different sources and loans from a number of different credit institutions with diversified maturities as well as by striving for refinancing of all facilities at least six months prior to maturity. In

December 2013, Kinnevik refinanced the syndicated credit facility of SEK 5,800 m whereby the maturity date was extended until December 2016. At the same time, 2 extension options were reinstated with a right for Kinnevik, subject to agreement with the participating banks, to extend by 1 year per option.

On 31 December 2013, the total amount of committed financing was SEK 7,170 m (7,943) with a average remaining facility duration of 3.1 (3.2) years. For further details, please refer to Note 16 for the Group.

Counterparty risk

The counterparty risk for Kinnevik in the financial transactions is regulated in Kinnevik's finance policy for instance for counterparties to short term deposits by requiring them to have a minimum credit worthiness (rating), maximum amounts and tenors. On 31 December 2013, Kinnevik had its largest single exposure to counterparty risk, SEK 1 billion, in the form of a deposit with one of Kinnevik's banks.

Note 27 Discontinued operations

2013

There has been no material discontinuing of operations during 2013.

2012

On 20 June 2012, Kinnevik announced that an agreement had been reached with Billerud regarding a merger between Korsnäs and Billerud. The transaction was completed on 29 November 2012. In consideration, Kinnevik received a cash payment of SEK 2,752m (before transaction costs); 25% of the shares in the new company BillerudKorsnäs (with a market value of SEK 2,367m on the closing day); and a SEK 500m promissory note (which was used to participate in BillerudKorsnäs's rights issue in December 2012). BillerudKorsnäs also assumed net debt of SEK 5,576m as part of the transaction. All in all, Korsnäs was valued at SEK 11,195m on the closing day.

The divestment of Korsnäs - including 75% of the shares in Latgran Biofuels and 5% of the shares in Bergvik Skog - has been reported separately as discontinued operations in the income statement for 2012, as per IFRS 5-Non-current assets held for sale and discontinued operations.

Financial statements

Income statement for discontinued operations

	2012
Revenue	8 206
Operating costs	-6 788
Depreciation	-584
Other operating income and expenses	46
Operating profit/loss	880
Dividends received	4
Sale of shares in discontinued operations	2 901
Change in fair value of financial assets	-49
Financial net	-89
Profit/loss after financial items	**3 647**
Taxes	-174
Net profit for the period	**3 473**
Earnings per share	
Earnings per share before dilution, SEK	12.49
Earnings per share after dilution, SEK	12.48

Cash flow statement for discontinued operations

	2012
Cash flow from operations	1 676
Cash flow from investing activities	-653
Cash flow from financing activities	611
Cash flow for the period	**1 634**
Gross payment from Billerud	5 331
Repayment of Kinnevik's loans from Korsnäs	-2 579
Cash consideration	**2 752**
Transaction costs	-27
Cash in Korsnäs at closing	-324
Cash flow from discontinued operations	**4 035**

At the time of disposal, Korsnäs had the following assets and liabilities:

Fixed assets	
Intangible fixed assets	879
Tangible and biological fixed assets	6 339
Other fixed assets	893
	8 111
Current assets	
Inventories	1 841
Other current assets	918
	2 759
Total assets, excluding cash and cash equivalents	**10 870**
Long-term liabilities	
Interest-bearing loans	2 780
Provision for pensions	481
Deferred tax liability	1 059
Other long-term liabilities	16
	4 336
Current liabilities	1 457
Total liabilities	**5 793**

Note 28 Business combination

2013

There are no material businesses acquired during 2013.

2012

On 6 February 2012 Kinnevik made a public offer for all shares and other financial instruments in Metro, which resulted in Kinnevik becoming the principal owner of Metro on 29 March owning 97.1% of the capital on a fully diluted basis. After further share purchases, Kinnevik owned 99.0% of the capital as per 31 December 2012. Kinnevik is consolidating Metro from 31 March 2012, which is the first date on which Metro prepared consolidated financial statements following the acquisition. The acquisition value for all of Metro including Kinnevik's earlier holdings, as well as non-controlling interests has according to the acquisition assessment been calculated at SEK 1,419m including debentures of SEK 492m.

The fair value of the identifiable assets and liabilities of Metro as at the date of acquisition was:

	Fair value recognised on acquisition
Intangible fixed assets	462
Tangible and biological fixed assets	44
Financial assets accounted to fair value through profit and loss	86
Shares in associated companies accounted for using the equity method	40
Trade and other receivables	482
Cash and cash equivalents	388
Total assets	**1 502**
Equity attributable to non-controlling interest	-17
Interest bearing-loans	-546
Trade payables and other liabilities	-484
Total liabilities	**-1 047**
Total identifiable net assets at fair value	455
Goodwill	472
Purchase consideration for shares and warrants	**927**

Analysis of the purchase consideration:

Cash consideration	573
Fair value previously held interest	315
Fair value minority interest	39
Purchase consideration for shares and warrants	**927**

Analysis of cash flow on acquisition:

Net cash acquired with the subsidiary	388
Cash paid for shares and warrants	-573
Net cash outflow from acquisition of shares and warrants	**-185**
Cash paid for debentures	-219
Acquisition of additional shares and warrants	-34
Total cash flow from acquisition of Metro	**-438**

From the date of acquisition, Metro contributed SEK 1.234m of revenue and SEK 24m in operating profit to Kinnevik in 2012. If the business combination had taken place at the beginning of 2012, the revenue from Metro would have been SEK 1,541m and the operating profit SEK 73m.

Goodwill from the acquisition totalling SEK 472m is attributable to strategic benefits to further develop and restructuring Metro's operation outside the stock market, as well as certain synergies that are anticipated to arise from the merging of Metro's operations with certain parts of Kinnevik's other existing operations in selected countries.

Kinnevik's holding in Metro, prior to the acquisition on 29 March 2012, was measured at market value. Consequently, no profit or loss arose as a result of the revaluation to fair value of this holding in connection with the acquisition.

The transaction costs of approximately SEK 16m have been expensed and are included in the administrative expenses in the income statement and are part of operating cash flow in the statement of cash flow for 2012.

Parent Company's financial statements

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

	Note	2013	2012
Revenue		10	20
Administration costs	5	-187	-121
Other operating income		6	0
Operating loss		**-171**	**-101**
Dividends received	2	10 908	3 900
Earnings from financial assets, associated companies	4	1 031	28
Earnings from financial assets, subsidiaries	4	-5 745	-38
Interest income and other financial income	3	554	628
Interest expenses and other financial expenses	3	-154	-301
Profit/loss after financial items		**6 423**	**4 116**
Appropriations			
Group contributions, paid		-727	-551
Group contributions, received		255	251
Profit/loss before tax		**5 951**	**3 816**
Taxes	6	0	-24
Net profit for the year [1)]		**5 951**	**3 792**

[1)] Net profit corresponds with total comprehensive income

Parent Company Balance Sheet 31 December (SEK m)

	Note	2013	2012
ASSETS			
Tangible fixed assets			
Equipment	7	4	3
Shares and participations in Group companies	9	22 181	24 719
Receivables from Group companies		14 173	14 184
Shares and participations in associated companies	8	10 090	12 772
Shares and participations in other companies	8	29	29
Other long-term receivables		2	-
Total fixed assets		**46 479**	**51 707**
Current assets			
Receivables from Group companies		256	251
Other receivables		17	36
Accrued income and prepayments		5	3
Short term investments		3 498	-
Cash and cash equivalents		42	12
Total current assets		**3 818**	**302**
TOTAL ASSETS		**50 297**	**52 009**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	11		
Restricted equity			
Share capital (277,768,190 shares of SEK 0.10 each)		28	28
Premium reserve		6 868	6 868
Unrestricted equity			
Share premium		1 616	1 616
Retained earnings		30 682	28 682
Net result		5 951	3 792
Total shareholders' equity		**45 145**	**40 986**
Untaxed reserves		2	1
Provisions			
Provisions for pensions		26	25
Other provisions	10	4	4
Total provisions		**30**	**29**
Long-term liabilities			
External interest-bearing loans	12	1 175	1 175
Liabilities to Group companies		3 131	2 002
Total long-term liabilities		**4 306**	**3 177**
Short-term liabilities			
External interest-bearing loans	12	0	2 050
Trade creditors		6	8
Liabilities to Group companies		728	5 648
Other liabilities		45	69
Accrued expenses	13	35	41
Total current liabilities		**814**	**7 816**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**50 297**	**52 009**
Pledged assets	14	1 804	1 805
Contingent liabilities	15	703	703

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

	2013	2012
Operations		
Operating loss	-171	-101
Non-cash items	25	37
Taxes paid	0	-29
Cash flow from operations before change in working capital	**-146**	**-93**
Change in operating assets	-9	8
Change in operating liabilities	-2	19
Cash flow from operations	**-157**	**-66**
Investing activities		
Divestment of subsidiary	-	5 304
Investments in tangible fixed assets	-3	-2
Sale of tangible fixed assets	1	0
Investments in shares and other securities	0	-3
Disposals of shares and other securities	3 713	0
External dividends received	4 607	1 721
Interest received	540	599
Cash flow from investing activities	**8 858**	**7 619**
Financing activities		
Borrowing	-	3 243
Amortisation of loans	-2 048	-2 141
Change in intra-Group balances	-1 168	-6 819
Interest paid	-154	-301
Dividend paid	-1 803	-1 524
Cash flow from financing activities	**-5 173**	**-7 542**
Cash flow for the year	**3 528**	**11**
Cash and bank, opening balance	**12**	**1**
Cash and bank, closing balance	**3 540**	**12**

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

	Share capital	Pre-mium reserve	Un-restric-ted equity	Total
Opening balance, 1 January 2012	**28**	**6 868**	**31 816**	**38 712**
Cash dividend [1]	–	–	-1 524	-1 524
Effect of employee share saving programme	–	–	6	6
Net result	–	–	3 792	3 792
Closing balance, 31 December 2012	**28**	**6 868**	**34 090**	**40 986**
Cash dividend [2]	–	–	-1 803	-1 803
Effect of employee share saving programme	–	–	11	11
Net result	–	–	5 951	5 951
Closing balance, 31 December 2013	**28**	**6 868**	**38 249**	**45 145**

[1] The Annual General Meeting held on 7 May 2012, resolved in favor of paying a cash dividend of SEK 5.50 per share, a total of SEK 1,524m.

[2] The Annual General Meeting held on 13 May 2013, resolved in favor of paying a cash dividend of SEK 6.50 per share, a total of SEK 1,803m.

Notes to the Parent Company's financial statements

Note 1 Parent Company's accounting principles

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

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

Note 2 Dividends received

	2013	2012
Subsidiaries	6 301	2 179
Associated companies		
BillerudKorsnäs AB	104	-
Modern Times Group MTG AB	99	90
Tele2 AB	4 404	1 631
	10 908	**3 900**

Note 3 Financial income and expenses

	2013	2012
Interest income from third parties	7	3
Interest income from Group companies	533	595
Exchange-rate differences	14	30
Financial income	**554**	**628**
Interest expenses to credit institutions	-66	-138
Interest expenses to Group companies	-56	-126
Other financial expenses	-32	-37
Financial expenses	**-154**	**-301**
Net financial income/expenses	**400**	**327**

Note 4 Earnings from financial assets

	2013	2012
Divestment of BillerudKorsnäs AB	845	-
Reversed write-down associated companies	186	28
Total earnings from associated companies	**1 031**	**28**
Divestment of Korsnäs AB	-	-149
Intra-group sale of shares in Metro	-	78
Write-down of shares in subsidiaries	-5 745	-
Repaid shareholders contribution, subsidiaries	-	33
Total earnings from subsidiaries	**-5 745**	**-38**

Reversed write-down of shares in associated companies are related to Transcom WorldWide S.A. and are made due to increased market value. Write-down of shares in subsidiaries is a result of dividends received.

Note 5 Auditors' fees

	2013	2012
To Deloitte		
Audit assignments	1	-
Other services	1	-
To Ernst & Young		
Audit assignments	-	2
Other services	-	0
	2	**2**

Note 6 Taxes

	2013	2012
Tax expenses for the period	0	0
Adjustments of tax expenses for previous years	0	-21
Deferred tax related to temporary differences	0	-3
	0	**-24**

Reconciliation of effective tax rate

	2013	%	2012	%
Profit/loss before tax	5 951		3 816	
Income tax at statutory rate of Parent Company, 22.0% (26.3%)	-1 309	-22,0%	-1 004	-26.3%
Earnings from participations in associated companies	186	3,1%	-10	-0.3%
Non-taxable dividends received	2 400	40,3%	1 026	27.0%
Tax attributable to previous years	0	0,0%	-21	-0.6%
Write-down of shares in associated companies	-1 264	-21,2%	-	-
Reversed write-down of shares in subsidiaries and associated companies	41	0,7%	7	0.2%
Other non-taxable expenses	-1	0,0%	-1	-0.0%
Reversed deferred tax asset	0	0,0%	-2	-0.1%
Charge non-capitalized loss carry-forward	-52	-0,8%	-19	-0.5%
Effective tax/tax rate	**0**	**0,0%**	**-24**	**-0.6%**

Also refer to Note 15 for the Parent Company regarding ongoing tax dispute.

Note 7 Tangible fixed assets

	2013	2012
Equipment		
Opening acquisition values	6	5
Investments for the year	3	2
Disposals/scrapping for the year	-2	-1
Closing acquisition values	**7**	**6**
Opening accumulated depreciation	-3	-3
Disposals/scrapping for the year	1	1
Depreciation for the year	-1	-1
Closing accumulated depreciation	**-3**	**-3**
Closing book value	**4**	**3**

Note 8 Shares and participations

Associated companies	Reg no	Registered office	Number of shares 2013	2013 Capital/ voting (%)	Book value	2012 Capital/ voting (%)	Book value
Altlorenscheurerhof S.A.		Luxembourg	625	33	11	33	11
BillerudKorsnäs AB	556025-5001	Stockholm	-	-	-	25	2 868
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	15/38	1 133
Shared Services S.A.		Luxembourg	200	30	0	30	0
Tele2 AB	556410-8917	Stockholm	125 481 525	28/37	8 601	28/37	8 601
Transcom WorldWide S.A.		Luxembourg	277 868 867	22/29	342	22/29	156
					10 090		**12 772**

Other companies	Reg. no.	Registered office	Number of shares 2013	2013 Capital/ voting (%)	Book value	2012 Capital/ voting (%)	Book value
Modern Holdings Inc.		USA	2 646 103	18	26	18	26
Radio Components Sweden AB	556573-3846	Stockholm	2 346 337	19	2	19	2
Other					1		1
					29		**29**

Change in book value, shares and participations in associated companies

	2013	2012
Opening acquisition value,1 January	12 983	11 604
Investments for the year	-	2 871
Disposals, external	-2 868	-
Disposals, Group internal	-	-1 471
Other	-	-21
Closing acquisition value, 31 December	**10 115**	**12 983**
Opening write-down, 1 January	-211	-1 486
Reversed write-down for the year	186	28
Disposals, Group internal	-	1 226
Other	-	21
Closing write-down, 31 December	**-25**	**-211**
Closing book value, 31 December	**10 090**	**12 772**

Note 9 Shares and participations in Group companies

Shares and participations in direct-owned subsidiaries

	Reg no	Registered office	Number of shares	Capital/ voting (%)	2013	2012
Assuransinvest AIA AB	556051-6238	Stockholm	295 384	100/100	0	0
Audit Value International AVI AB	556809-6308	Stockholm	50 000	100/100	4	4
Emesco AB	556035-3749	Stockholm	1 635	100/100	7 692	7 692
G3 Good Governance Ltd		United Kingdom	1 323	68/68	98	173
Invik & Co. AB	556061-4124	Stockholm	7 000	100/100	0	0
Invik S.A.		Luxembourg	551 252	100/100	0	182
Kinnevik Capital Ltd		United Kingdom	1 000	100/100	2	2
Förvaltnings AB Eris & Co.	556035-7179	Stockholm	1 020 000	100/100	166	166
Kinnevik Consumer Finance Holding AB	556833-3917	Stockholm	50 000	100/100	37	-
Kinnevik East AB	556930-5666	Stockholm	50 000	100/100	8	-
Kinnevik Media Holding AB	556880-1590	Stockholm	50 000	100/100	1 175	1 175
Kinnevik New Ventures AB	556736-2412	Stockholm	100	100/100	2 444	7 933
Kinnevik Online AB	556815-4958	Stockholm	50 000	100/100	10 554	7 391
Kinnevik Radio AB	556237-4594	Sollentuna	7 500	100/100	1	1
Book value					**22 181**	**24 719**

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

	2013	2012
Opening acquisition value, 1 January	25 939	19 541
Shareholders' contribution	3 207	15 261
Deduction of capital	-	-542
External disposals	-	-8 321
Closing acquisition value, 31 December	**29 146**	**25 939**
Opening write-down, 1 January	-1 220	-1 220
Write-downs for the year	-5 745	-
Closing write-down, 31 December	**-6 965**	**-1 220**
Closing book value, 31 December	**22 181**	**24 719**

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

	Reg.no.	Registered office	Capital/voting (%)
Audit Value International B.V.		Netherlands	100/100
Duego Technologies AB	556820-3110	Göteborg	64/64
Duego Ltd		Malta	64/64
G3 Good Governance (US) Corporation		USA	68/68
Proven UK Ltd		United Kingdom	68/68
Palmer Data Technologies Ltd		United Kingdom	54/54
Guider Media Group Europe AB	556800-3205	Stockholm	100/100
KinnAgri Limited		United Kingdom	60/60
Kinnevik Consumer Finance 1 AB	556890-5540	Stockholm	100/100
Kinnevik Internet 1 AB	556884-6470	Stockholm	100/100
Kinnevik Internet 2 AB	556884-6462	Stockholm	100/100
Kinnevik Internet 3 AB	556890-5003	Stockholm	100/100
Kinnevik Internet Holding AB	556865-2779	Stockholm	100/100
Kinnevik Mauritius Ltd		Mauritius	100/100
Kinnevik Online Holding AB	556862-0404	Stockholm	100/100
Mellersta Sveriges Lantbruks AB	556031-9013	Vadstena	100/100
Millcellvik AB	556604-8285	Stockholm	100/100
Plonvik Sp. z o.o.		Poland	100/100
Rolnyvik Sp. z o.o.		Poland	100/100

	Reg.no.	Registered office	Capital/voting (%)
Relevant Traffic Europe AB	556618-1987	Stockholm	99/99
Saltside Technologies AB	556852-1669	Göteborg	83/83
Saltside Technologies JLT		Dubai	83/83
Saltside Technologies Pakistan Pvt Ltd		Pakistan	83/83
Bikroy.com Ltd		Bangladesh	83/83
Ikman (pvt) Ltd		Sri Lanka	83/83
Tonaton.com Ltd		Ghana	83/83
Vireo Energy AB	556798-5907	Stockholm	78/78
Vireo Energy Polska sp. z o.o		Poland	78/78
Vireo Energy Sierakowo sp. z o.o		Poland	78/78
Biogazownia Miesiaczkowo sp. z o.o		Poland	60/60
FLLC Vireo Energy		Belarus	78/78
OOO LVS		Russia	78/78
OOO Vireo Energy		Russia	78/78
S.C. GENESIS BIOPARTNER S.R.L		Romania	47/47
Metro International S.A.		Luxembourg	98/98
Metro International Luxembourg Holding S.A.		Luxembourg	100/100
Metro International UK Ltd		United Kingdom	100/100
Metro International Sweden AB	556573-4000	Stockholm	100/100
Metro International AB	556275-8853	Stockholm	100/100
Offerta AB	556743-5887	Stockholm	70/70
SaveMyDay Online Services AB	556844-2809	Stockholm	100/100
Metro Scandinavia Holding AB	556345-1573	Stockholm	65/65
Metro Sweden Media AB	556877-3104	Stockholm	65/65
Metro Sweden Holding AB	556625-7530	Stockholm	65/65
Metro Nordic Sweden AB	556585-0046	Stockholm	65/65
Tidnings Aktiebolaget Metro	556489-1678	Stockholm	65/65
Clarita B.V.		Netherlands	100/100
M. I. Advertising Services Ltd		Greece	100/100
Edizione Metro Sarl		Italy	100/100
Metro Publicita Sarl		Italy	100/100
Vi&Bo Russian Press Services Ltd		Cyprus	100/100
Metro USA Inc		USA	100/100
Publimetro S.A.		Chile	100/100
Inversiones Pro Medios Limitada		Chile	100/100
SubTV S.A.		Chile	100/100
Administradora de Franquicias S.A.		Guatemala	100/100
Publimetro Colombia S.A.S.		Colombia	51/51
Publicaciones Metropolitanas S.A. de CV		Mexico	73/73
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 Publishing Hong Kong Ltd		Hong Kong	100/100
Metro Logistic Ltd		Hong Kong	100/100
Metro Gift Box Company 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 Other provisions

	2013	2012
Environmental studies	4	4
	4	**4**
Long-term	4	4
	4	**4**

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 5 m was provided in 2007 for potential environmental studies that Kinnevik might be required to pay for of which approximately SEK 1.2 m was used in 2010 to 2013.

Note 11 Shareholders' equity

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

Share capital

Investment AB Kinnevik's share capital as of 31 December 2013 was distributed among 277,768,190 shares with a par value of SEK 0.10 per share.

Distribution by class of shares was as follows

	Number of shares	Number of votes	Par value (SEK 000s)
Outstanding Class A shares	42 369 312	423 693 120	4 237
Outstanding Class B shares	234 948 986	234 948 986	23 495
Class B shares in own custody	449 892	449 892	45
Registered number of shares	277 768 190	659 091 998	27 777

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

During 2012, 135,332 class C shares were converted to class B shares to be partly delivered to the participants in the Long Term Incentive Plan for 2009.

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

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

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

The company has been informed that the agreement between Verdere S.à.r.l., SMS Sapere Aude Trust, Sophie Stenbeck and HS Sapere Aude Trust regarding coordinated voting of their shares has expired in 2013. After the reclassification described above, Verdere S.à.r.l control 44.8% of the votes and 10.6% of the capital in Kinnevik.

The Board was authorized by the AGM 2013 to repurchase a maximum of 10% of all shares in the Company. During the year no shares were bought back. There are no convertibles or warrants in issue.

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

Note 12 Interest-bearing loans

Interest-bearing long-term loans

	2013	2012
Commercial paper program	1 200	1 199
Accrued borrowing costs	-25	-24
	1 175	**1 175**

Interest-bearing short-term loans

	2013	2012
Commercial paper program	-	843
Liabilities to credit institutions	-	1 207
	-	**2 050**

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

Note 13 Accrued expenses

	2013	2012
Accrued personnel expenses	31	24
Accrued interest expenses	2	10
Other	2	7
	35	**41**

Note 14 Pledged assets

	2013	2012
For liabilities to credit institutions		
Shares in associated companies and other companies	1 804	1 805
	1 804	**1 805**

Listed shares in associated companies have been pledged in favor of a number of banks for the parent company's financing. There were no outstanding debt secured by those pledged assets at 31 December 2013.

Note 15 Contingent liabilities

	2013	2012
Tax dispute	702	702
Guarantee commitments, FPG	1	1
	703	**1**

Tax dispute

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

Kinnevik vehemently refutes the Swedish Tax Agency's view that the Withholding Tax Act is applicable to the distribution of the class A shares. The Swedish Tax Agency's interpretation is in Kinnevik's view contrary to the purpose of the mentioned rule, which is to tax dividends on temporary shareholdings transferred through loans or similar transactions in connection with the date of distribution. In Kinnevik's case, Kinnevik acquired the Emesco shares in September 2009 and continues to hold them as a wholly owned subsidiary of the Group. Kinnevik is of the opinion that the

Swedish Tax Agency has chosen to interpret the Withholding Tax Act in a manner that is not compatible with the wording or purpose of the Act, its legislative history or case law, and Kinnevik strongly refutes the Swedish Tax Agency's demands. All of Kinnevik's legal advisors confirm Kinnevik's view on the matter. Kinnevik has appealed the Swedish Tax Agency's decision, and deferred payment of any tax. No provision has been made in the accounts for the tax exposure

Refer also to Note 10 for the Parent Company regarding costs for decontamination of contingent contamination damages.

Note 16 Intra-group transactions

Intra-group revenue for the Parent Company amounted to SEK 9m (17) of which invoicing of management fee to Kinnevik New Ventures AB of SEK 4m (6) and to Metro Group SEK 4m. During 2012 invoicing of management fee to Korsnäs amounted to SEK 11m. During 2013 there were no other intra group transactions.

During 2012 the shares and warrants in Metro were sold to the subsidiary Kinnevik Media Holding AB for a total purchase price of SEK 323m.

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 17 Personnel

Average number of employees

	2013 men	2013 women	2012 men	2012 women
Parent Company				
Stockholm	11	8	8	9

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

	2013 Board, CEO and other senior executives	2013 Other employees	2012 Board, CEO and other senior executives	2012 Other employees
Salaries and other remuneration	39 155	12 662	31 848	9 075
Social security expenses [1]	12 197	3 535	14 551	4 366
Pension expense [1]	6 918	2 126	4 545	1 515
Provision for share-based remuneration including social securites expense	16 388	4 361	7 826	1 925

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

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

Note 18 Financial assets and liabilities by category

2013	Financial assets accounted for at cost	Loan receivables and trade receivables	Financial liabilities	Total book value
Receivables from Group companies	-	14 429		14 429
Receivables from associated companies	-	-		0
Shares and participation in other companies	29	-		29
Interest-bearing receivables	-	-		0
Other receivables	-	11		11
Short-term investments	-	3 498		3 498
Cash at bank	-	42		42
Total financial assets	**29**	**17 980**		**18 009**
Interest-bearing liabilities			1 175	1 175
Liabilities to Group companies			3 131	3 131
Trade creditors			6	6
Other liabilities			35	35
Total financial liabilities			**4 347**	**4 347**

2012	Financial assets accounted for at cost	Loan receivables and trade receivables	Financial liabilities	Total book value
Receivables from Group companies	-	14 436		14 436
Receivables from associated companies	-	-		0
Shares and participation in other companies	29	-		29
Interest-bearing receivables	-	-		0
Other receivables	-	7		7
Short-term investments	-	-		0
Cash at bank	-	12		12
Total financial assets	**29**	**14 455**		**14 484**
Interest-bearing liabilities			3 225	3 225
Liabilities to Group companies			7 650	7 650
Trade creditors			8	8
Other liabilities			44	44
Total financial liabilities			**10 927**	**10 927**

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, 2 April 2014

Cristina Stenbeck
Chairman of the Board

Tom Boardman
Member of the Board

Vigo Carlund
Member of the Board

Dame Amelia Fawcett
Member of the Board

Lorenzo Grabau
Member of the Board

Wilhelm Klingspor
Member of the Board

Erik Mitteregger
Member of the Board

Allen Sangines-Krause
Member of the Board

Mia Brunell Livfors
President & CEO

Our Audit Report was issued on 2 April 2014
Deloitte AB

Jan Berntsson
Authorized Public Accountant

Audit Report

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

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Investmenet AB Kinnevik (publ) for the financial year 2013 except for the corporate governance statement on pages 35-38. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 30-76.

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

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

Auditor's responsibility

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

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

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 35-38. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Other matters

The audit of the annual accounts for the financial year 2012 were performed by another auditor who submitted an auditor's report dated March 26, 2013, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Investment AB Kinnevik (publ) for the financial year 2013. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act Act and that the corporate governance statement on pages 35-38 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

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

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

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

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

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

Opinions

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

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

Stockholm, 2 April 2014
Deloitte AB

Jan Berntsson
Authorized Public Accountant

Definitions of financial key ratios

Equity/assets ratio

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

Net cash

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

Net debt

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

Debt/equity ratio

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

Average number of shares

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

Earnings per share

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

Shareholders' equity per share

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

Dividend per share

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

Dividend yield

Dividend divided by market price at 31 December.

Net Asset Value

Listed Holdings are valued based on the market prices listed on the closing date. The listed market price used for the Group's financial assets is the current bid price. For companies with two classes of shares the market price for the most liquid share class is used.
The value of unlisted companies is based on generally accepted valuation principles such as discounted cash-flow models, multiple valuation using EBIT, net profit etc.

Board of Directors

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

Top left to right: Erik Mitteregger, Vigo Carlund, Mia Brunell Livfors, Wilhelm Klingspor, Allen Sangines-Krause and Lorenzo Grabau.
Bottom left to right: Dame Amelia Fawcett, Tom Boardman and Cristina Stenbeck.

For information about individual directors, please refer to pages 36-37.

Senior Executives

Top left to right: Mikael Larsson, Anders Kronborg, Chris Bischoff and Joakim Andersson.
Bottom left to right: Cecilia Lundin, Torun Litzén, Mia Brunell Livfors and Stina Andersson.

Mia Brunell Livfors *President and Chief Executive Officer Investment AB Kinnevik*
Studies in Business Administration at Stockholm University, born 1965. Various managerial positions within Modern Times Group MTG AB 1992-2001 and Chief Financial Officer 2001-2006. CEO of Investment AB Kinnevik since 2006. Member of the Board of Tele2 AB since 2006, Millicom International Cellular S.A. and Modern Times Group MTG AB since 2007, CDON Group AB since 2010 and BillerudKorsnäs AB since 2012 (member of the Board of Korsnäs AB 2006-2012).
Shareholding*: 42,675 class B shares.

Mikael Larsson *Chief Financial Officer*
Graduate in Business Administration, Uppsala University, born 1968. Employed since 2001.
Member of the Board of Vireo Energy AB since 2010 and Transcom WorldWide S.A. and BillerudKorsnäs AB since 2012.
Shareholding*: 14,839 class B shares.

* Including holdings of closely affiliated persons.

Torun Litzén *Director Corporate Communications*
Graduate in Business Administration, Stockholm School of Economics, born 1967. Employed since 2007.
Shareholding*: 7,793 class B shares.

Anders Kronborg *Chief Operating Officer*
Graduate in Economics from the University of Copenhagen, born 1964. Employed since 2012. CEO and President of Metro since December 2013 (CFO since 2007).
Member of the Board of Vireo Energy AB, G3 Good Governance Group Ltd since 2012 and Black Earth Farming Ltd since 2013.
Shareholding*: 4,000 class B shares.

Cecilia Lundin *Group HR Director*
M.Sc. BA and Econ Linköpings University, born 1970. Employed since 2013. EVP Human Resources Tele2 2011-2013.
Shareholding*: 1,000 class B shares.

Stina Andersson *Group Strategy Director*
M.Sc. in Business and Economics, with a Major in Finance, from the Stockholm School of Economics. She also holds a CEMS Master's in International Management degree from HEC Paris and the Stockholm School of Economics, born in 1983. Joined Kinnevik in 2011 from McKinsey&Company.
Shareholding*: 2,900 class B shares.

Chris Bischoff *Group Investment Director*
BA in History from the University of Bristol, and a M.Sc. in Business Administration from INSEAD, born in 1973. Joined Kinnevik in 2013. Chris was previously a Managing Director of Goldman Sachs International.
Shareholding*: -

Joakim Andersson *Group Treasurer*
Graduate in Business Administration, Växjö University, born 1974. Employed since 2007. Various positions within Banque Invik Luxembourg Filial 2001-2007 and Branch Manager 2006-2007.
Shareholding*: 6,804 class B shares.

Annual General Meeting 2014

Date and venue

The Annual General Meeting will be held on Monday, 12 May 2014, 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 AB on Tuesday, 6 May 2014, and
– give notice of their attendance no later than Tuesday, 6 May 2014.

Shareholders cannot vote or, in any other way, participate on distance.

How to be entered in the register of shareholders

Shares can be registered in the share register maintained by Euroclear Sweden AB 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 6 May 2014.

How to notify intention to participate

Shareholders can notify the Company of their intention to participate from Tuesday, 8 April 2014, and shall notify the Company by using one of the following alternatives:

– through the Company's website, www.kinnevik.se,
– by writing to the Company at: Investment AB Kinnevik, c/o Computershare AB, P.O. Box 610, SE-182 16 Danderyd, Sweden, or
– by telephone, +46 (0) 771 24 64 00, weekdays from 9:00 a.m to 4:00 p.m.

Notification should include the following information:

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

If participation is based on written power of attorney, this should be submitted in conjunction with notification of participation in the Annual General Meeting and brought in original to the Annual General Meeting. A template proxy form is available on the Company's website at www.kinnevik.se. Notification must be submitted to the Company no later than Tuesday, 6 May 2014.

Nomination Committee

In accordance with the resolution of the 2013 Annual General Meeting, Cristina Stenbeck has convened a Nomination Committee consisting of members representing the largest shareholders in Kinnevik. The Nomination Committee is comprised of Cristina Stenbeck, Max Stenbeck appointed by Verdere S.à r.l, Wilhelm Klingspor appointed by the Klingspor family, Ramsay Brufer appointed by Alecta, and Edvard von Horn appointed by the von Horn family. Information about the work of the Nomination Committee can be found on Kinnevik's website at www.kinnevik.se.

Financial information

Interim management report January-March, 28 April 2014
Interim Report January-June, 18 July 2014
Interim management report January-September, 24 October 2014
Year-end Report 2014, February 2015
Annual Report for 2014, April 2015
Annual General Meeting, May 2015

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