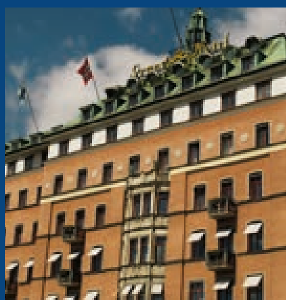
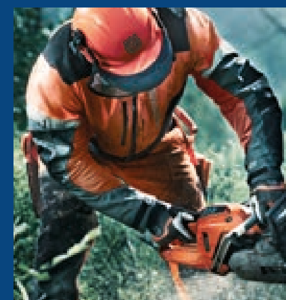
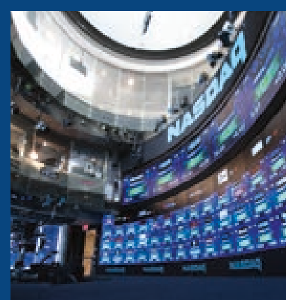
investor



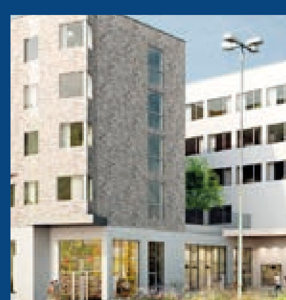



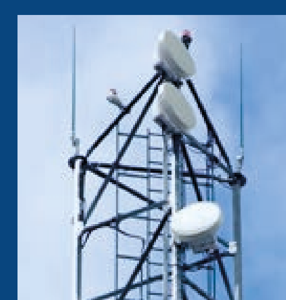


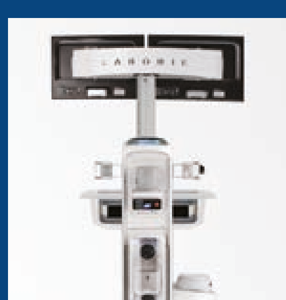



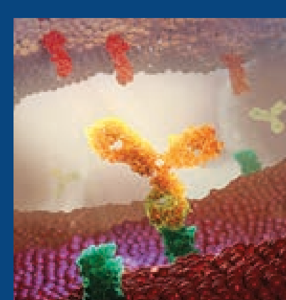











Annual report 2016

CONTENTS

The Annual Report for Investor AB (publ.) 556013-8298 consists of the Administration Report on pages 4-5, 9-11, 21-33 and the financial statements on pages 34-83.

The Annual Report is published in Swedish and English.

Shareholder information

Calendar of events 2017

- Interim Management Statement, January-March: April 24
- Annual General Meeting: May 3
- Interim Report, January-June: July 19
- Interim Management Statement, January-September: October 27
- Year-End Report: February 1, 2018

Information material

Financial information about Investor can be accessed and ordered (information by sms, e-mail or printed annual report) on our website: www.investorab.com, or by calling +46 8 614 2131.

Printed annual reports are distributed to shareholders that have requested it. All new shareholders will receive a letter asking how they would like to receive information.

Investor relations

Magnus Dalhammar: +46 8 614 2130
magnus.dalhammar@investorab.com
IR Group: +46 8 614 2131
www.investorab.com

Annual General Meeting

Investor AB invites shareholders to participate in the Annual General Meeting on Wednesday, May 3, 2017, at 3:00 p.m. at the City Conference Centre, Barnhusgatan 12-14, in Stockholm.

Shareholders who would like to attend the Annual General Meeting must be recorded in the register of shareholders maintained by Euroclear Sweden AB on Wednesday, April 26, 2017, and must notify the company of their intention to attend the Meeting no later than Wednesday, April 26, 2017.

Shareholders can give their notice of participation by:

- registering on Investor AB's website, www.investorab.com or
- calling +46 8 611 2910, weekdays, between 9:00 a.m. and 5:00 p.m. CET or
- writing to Investor AB, Annual General Meeting, SE-103 32 Stockholm

Notice convening the Annual General Meeting and proxy forms are available on Investor's website, www.investorab.com.

DIVIDEND

The Board of Directors proposes a dividend to the shareholders of SEK 11.00 per share for fiscal year 2016. Friday, May 5, 2017, has been proposed as the record date. If the proposal is approved by the Annual General Meeting, the dividend is expected to be distributed by Euroclear Sweden AB on Wednesday, May 10, 2017.

Production: Investor and Addira. **Photos:** Mattias Bardå, Johan Lind and photos from Investor's portfolio companies.
Print: Åtta.45 Tryckeri AB, Sweden, 2017. Paper: Profimatt, 250 g/100 g.
NORDIC ECOLABEL 3041 0001

Investor in brief

Investor, founded by the Wallenberg family a hundred years ago, is a leading owner of high-quality, international companies. We have a long-term investment perspective and support our companies in their efforts to create sustainable value. Through board participation, industrial experience, our network and financial strength, we strive to make our companies best-in-class.

Vision

As a long-term owner, we actively support the building and development of best-in-class companies.

Business concept

Investor owns significant stakes in high-quality companies. Through the boards of directors, we work for continuous improvement of the performance of our companies. With our industrial experience, broad network and financial strength, we strive to make and keep our companies best-in-class.

We always look at the opportunities and challenges facing each individual company. Our cash flow allows us to financially support strategic initiatives in our companies, capture investment opportunities and provide our shareholders with a steadily rising dividend.

Objective and operating priorities

We are committed to generating an attractive long-term total return, exceeding the market cost of capital. Our long-term return requirement is the risk free interest rate plus an equity risk premium, in total 8-9 percent annually.

Our operating priorities are to grow our net asset value, operate efficiently and pay a steadily rising dividend.

Highlights 2016

- Total Shareholder Return (TSR) amounted to 13 percent. During the past 20 years, average annual TSR has been 12 percent.
- Within Listed Core Investments, SEK 1,011 m. was invested in Ericsson, SEK 353 m. in Wärtsilä and SEK 125 m. in Atlas Copco.
- Investor continued to invest in EQT. At year-end, Investor's outstanding commitment to EQT funds amounted to SEK 13.7 bn.
- Patricia Industries acquired a new wholly-owned subsidiary, the Canadian-based medical technology company Laborie.
- Investor celebrated 100 years of being an active and long-term owner of high-quality companies.

Our business areas

LISTED CORE INVESTMENTS

248 SEK bn. | 78% of total assets

Atlas Copco, ABB, SEB, AstraZeneca, Wärtsilä, Nasdaq, Sobi, Saab, Electrolux, Ericsson, Husqvarna Group

EQT

14 SEK bn. | 5% of total assets

EQT AB
EQT EQUITY
EQT MID MARKET
EQT INFRASTRUCTURE
EQT CREDIT
EQT VENTURES

PATRICIA INDUSTRIES
a part of Investor AB

55 SEK bn. | 17% of total assets

Mölnlycke, Laborie, Aleris, Permobil, BraunAbility, Vectura, Grand Hôtel Stockholm Sweden, 3

Financial Investments

Letter from the Chairman

Dear fellow Shareholders,
In 2016, we celebrated our 100th anniversary and continued to execute on our strategy as an active owner of great companies. In these times of economic and political uncertainty, I believe that our model of long-term ownership, while being demanding in the short term, serves us well in both time dimensions.

Being a supportive, yet demanding owner of our companies is our most important mission. At times of revolutionary technology changes, such as digitalization and Artificial Intelligence, that have a dramatic impact on business models across industries, it is imperative that our business model ensures that companies work relentlessly to strengthen their competitiveness and never compromise on innovation. Ultimately, cost-efficiency is a prerequisite, but innovation is what really enables companies to bring new products and services to the market, satisfy their customers, grow market share and take a "leading" role in their respective industries. This is the only way we can remain competitive.

Free trade and migration – important drivers of growth

Coming from a small, export-dependent country, I am concerned that the principle of free trade may be endangered by the political currents sweeping across the Atlantic, with potentially vast implications for the global economy. We must never forget that free trade has boosted the world economy tremendously, to the benefit of consumers and producers alike, and has brought millions of people out of poverty. The same applies to migration, with talent and competence moving to where it can be the most productive, be it banking in London, software development in California or Stockholm, mining in Australia or fishing in Indonesia.

Awareness of inequality is rising in many parts of the world, fueling populism. In my view, this is not caused by either free trade or migration, but rather by fast-changing technology leaving low-skilled workers behind. Technology change can, or should, never be restricted. It should rather be embraced, as it always propels mankind forward. Still, it often comes at a significant short- to medium-term socioeconomic cost. I deeply miss a more constructive and open debate on how technology, and demographics, affect society. This is perhaps particularly important for small, export-dependent economies such as Sweden.

I firmly believe that all of us in the business community have a responsibility to engage in these questions, also in order to combat the increasing lack of trust in political institutions, business, experts, and facts. Stability and trust are fundamental for enterprise. We need to raise the awareness that a well-functioning business climate is the fundament for innovation, growth and ultimately, job creation. Business is never a special interest, it is an integral part of any prosperous society.

Long-term commitment to our companies

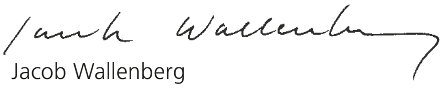
One of Investor's single most important tasks as an owner is to identify the next generation of leaders. The importance of having the right person at the right place at the right time cannot be overestimated. As my grandfather said: "No company is so bad that it cannot be turned around by a good leader". My view is that, as good as we are, we are fully dependent on the strength of the individuals that lead our companies. This is the reason why we continuously devote time and effort to nurture the current and next generation of executives and their teams.

Another important task is to evaluate efficient corporate structures. We always try to do what we believe is best for each individual company, and what would work in one company might not work in another. In ABB, we supported the decision to retain the current structure, allowing the company to focus on its customers and execution of the strategy. In Atlas Copco, we fully support the proposal made early 2017 to split the group into two focused, market-leading new companies, further enhancing future value creation.

During 2016, Investor continued to execute on its strategy, investing in Listed Core Investments, allocating capital to EQT and growing Patricia Industries. Net asset value growth and cash flow was strong. For 2016, the board proposes to increase the dividend to SEK 11 per share (10).

Entering our 101st year of operation, on behalf of the board I would like to thank Johan Forssell and his team for their professional and successful leadership. I would also like to thank everyone at Investor for their hard work and commitment.

Finally, I would particularly like to thank you, dear fellow Shareholders, for your continuous support. With a clearly defined strategy and long-term commitment, we will continue to focus on meeting the challenges of the future and generating an attractive total return to you.



Jacob Wallenberg
Chairman of the Board

Letter from the CEO

Dear fellow Shareholders,
During 2016, our net asset value grew 13 percent. We continue to support the development of our companies and many important activities were initiated. Our cash flow was strong, enabling us to make significant investments while keeping leverage unchanged. Our focus on long-term value creation remains intact.

2016 started with worries about the Chinese economy, pressuring the stock markets. However, since the latter part of last year, various leading indicators suggest some improvement of economic conditions. Meanwhile, the political landscape is uncertain. How all of this will affect the world economy remains to be seen, but rather than hoping for the uncertainty to go away, all companies need to constantly improve their agility, focus on the customer and continue to invest for the future.

For Investor, celebrating our 100th anniversary, 2016 was successful. Our total shareholder return was 13 percent, and our cash flow was strong. Thanks to dividends from Listed Core Investments, net cash flow from EQT and distributions from companies within Patricia Industries, some SEK 13 bn. in total, we could invest in Listed Core Investments, acquire a new subsidiary, Laborie, and pay an increased dividend, with our leverage more or less unchanged at some 5 percent.

We continued to support the development of our companies by appointing new board members and through our board engagement. We also sharpened our focus on sustainability by implementing climate compensation at Investor and by integrating sustainability into our value creation plans, the foundation of our active ownership work. Our view is clear: sustainability is never an obstacle, it is a prerequisite. Another area that is a top priority is the rapid technology change and its potential implications on our companies.

Listed Core Investments

The total return for Listed Core Investments was 14 percent, mainly driven by Atlas Copco and ABB. Most companies improved efficiency and invested in growth.

During the first quarter, amid the worries about the Chinese economy, we invested SEK 125 m. in Atlas Copco, and mid-year, we invested SEK 353 m. in Wärtsilä. During the fourth quarter, after a profit warning and sharp share price decline, we invested SEK 1.0 bn. in Ericsson. It is crucial that Ericsson continues to improve efficiency and identifies strategic areas in which it can be a long-term winner. We believe that the new CEO Börje Ekholm and his team will be able to gradually realize Ericsson's long-term potential.

In early 2017, Atlas Copco proposed a split of the group into one industrially focused company and one focusing on mining and civil engineering. We believe that this is a logical step which will create two focused market-leaders and further enhance future profitable growth. Assuming approval of the split at the 2018 Annual General Meeting, both companies will be listed core investments of Investor.

EQT

The value of our EQT investments grew by 10 percent in constant currency, and the net cash flow to Investor amounted to SEK 1.0 bn. Activity was high, with several new funds successfully closed. Given the attractive track record and return potential, we will continue to invest in EQT's funds.

Patricia Industries

Patricia Industries focuses on developing its existing companies, realizing its financial investments, and finding new subsidiaries in the Nordics and in North America. In 2016, it completed the SEK 5 bn. acquisition of Laborie, a Canadian market leading medical technology company offering a strong platform for profitable growth.

The subsidiaries generally performed well, reporting organic sales growth between 5 and 17 percent, with overall good profitability. Several complementary acquisitions were made and actions to improve performance were implemented. Mölnlycke, the largest subsidiary, grew sales by 6 percent organically in constant currency, with profit and cash flow growing double digit. The strong cash flow allowed for both growth investments and a EUR 300 m. distribution to Patricia Industries. Given the attractive return potential, continued growth remains the key priority for Mölnlycke.

Going forward

Our operating priorities to grow net asset value, operate efficiently and pay a steadily rising dividend, remains firm. We strive to be a strong owner of great companies, driving initiatives to help them stay or become best-in-class. We also focus on investing in the most attractive opportunities.

I would like to take this opportunity to thank my colleagues at Investor and in our companies. Their dedicated and professional work, in combination with our strong financial flexibility, makes me confident in our ability to create long-term value for you, dear Shareholders.

Johan Forssell
President and Chief Executive Officer

Financial development

At year-end 2016, net asset value amounted to SEK 300.1 bn., an increase of SEK 28.3 bn. during the year. With dividend added back, the increase was 13 percent, compared to the SIXRX's 10 percent. Investor's leverage was 5.3 percent.

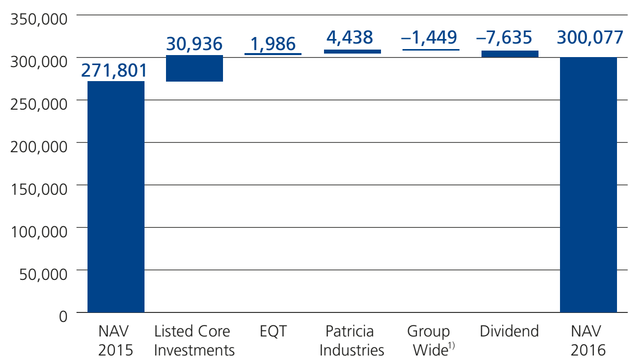
The contribution to net asset value from the business areas during 2016 amounted to SEK 30,936 m. from Listed Core Investments (8,804), SEK 1,986 m. from EQT (3,995), and SEK 4,438 m. from Patricia Industries (4,855).

Overview of net asset value

	12/31 2016				12/31 2015
	Ownership, % (capital)	SEK/ share	Value SEK m.	Contribution to net asset value	Value SEK m.
Listed Core Investments					
Atlas Copco	16.9	75	57,437	15,521	43,100
ABB	10.5	58	44,592	10,671	35,424
SEB	20.8	57	43,725	5,293	40,826
AstraZeneca	4.1	34	25,732	–2,896	29,869
Wärtsilä	17.7	19	14,257	1,208	13,077
Nasdaq	11.7	15	11,842	2,610	9,423
Sobi	39.6	15	11,480	–3,034	14,515
Saab	30.0	15	11,181	2,809	8,535
Electrolux	15.5	14	10,846	1,297	9,860
Ericsson	5.9	14	10,378	–4,070	14,086
Husqvarna	16.8	9	6,883	1,616	5,428
Total Listed Core Investments		**325**	**248,354**	**30,936[1]**	**224,143**
EQT		**18**	**13,996**	**1,986[1]**	**13,021**
Patricia Industries					
Mölnlycke	99	28	21,067	3,944	20,050
Laborie	97	6	4,928	271	–
Aleris	100	5	3,940	58	3,869
Permobil	94	5	3,923	140	3,963
BraunAbility	95	4	3,136	366	2,781
Vectura	100	3	2,161	365	1,795
Grand Group	100	0	181	5	175
		51	**39,336**	**5,150**	**32,634**
3 Scandinavia	40	7	5,446	619	5,611
Financial Investments		13	10,024	–1,068	12,850
Total Patricia Industries excl. cash		**72**	**54,806**	**4,438[1]**	**51,095**
Total Patricia Industries incl. cash			*69,195*		*65,711*
Other assets & liabilities		0	–327	–9,084[1,2]	–565
Total Assets excl. Patricia Industries' cash		**414**	**316 829**		**287,695**
Gross debt			–33 461		–34,954
Gross cash			16 710		19,062
Of which Patricia Industries			14 389		14,616
Net debt		–22	–16,752		–15,892
Net Asset Value		**393**	**300,077**	**28,276**	**271,801**

1) Including management costs, of which Listed Core Investments SEK 89 m., EQT SEK 8 m., Patricia Industries SEK 263 m., and Groupwide SEK 105 m.
2) Including paid dividends of SEK 7,635 m.

Contribution to net asset value, SEK m.



1) Including net financial items, repurchases of shares, equity effects and management costs.

Performance of the group in summary

SEK m.	2016	2015	2014	2013
Changes in value	22,057	8,538	41,960	37,031
Dividends	8,351	7,821	7,228	6,052
Other operating income	40	58	177	362
Management costs	–465	–483	–368	–359
Other items	3,682	1,500	1,691	2,020
Profit (+)/Loss (–)	**33,665**	**17,434**	**50,688**	**45,106**
Non-controlling interest	0	–1	–32	59
Dividends paid	–7,635	–6,856	–6,089	–5,331
Other effects on equity	2,246	262	979	885
Total	**28,276**	**10,838**	**45,546**	**40,719**

Results

The consolidated net profit amounted to SEK 33,665 m. (17,434). Management costs amounted to SEK 465 m. (483).

Net debt and leverage

Net debt amounted to SEK 16,752 m. at year-end (15,892), corresponding to a leverage of 5.3 percent (5.5). Gross cash amounted to SEK 16,710 m., of which Patricia Industries SEK 14,389 m.

Our target leverage range is 5-10 percent over a business cycle. While leverage can fluctuate above and below the target level, it should not exceed 25 percent for any longer periods of time. Our leverage policy allows us to capture investment opportunities in the market and support our companies.

The debt financing of the wholly-owned subsidiaries within Patricia Industries is ringfenced and hence not included in Investor's net debt. Investor guarantees SEK 0.7 bn. of 3 Scandinavia's external debt, which is not included in Investor's net debt.

The average maturity of the debt, excluding the debt of the wholly-owned subsidiaries within Patricia Industries, was 10.0 years as of year-end (10.3).

Net debt 12/31 2016

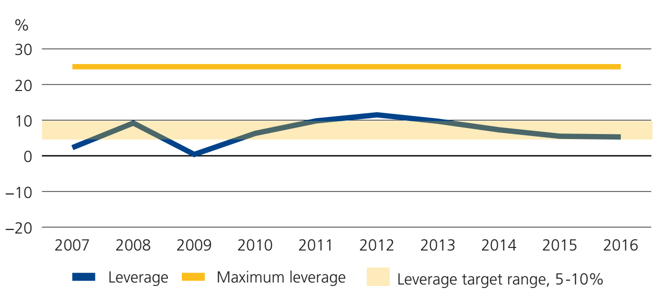
SEK m.	Consolidated balance sheet	Deductions related to Patricia Industries	Investor's net debt
Other financial investments	3,709	–91	3,618
Short-term investments, cash and cash equivalents	16,344	–3,253	13,092
Receivables included in net debt	2,402	–	2,402
Loans	–54,946	19,182	–35,764
Provision for pensions	–838	738	–99
Total	**–33,329**	**16,577**	**–16,752**

Change in net debt

SEK m.	2016
Opening net debt	–15,892
Listed Core Investments	
Dividends	8,307
Investments, net of proceeds[1]	–1,488
Total	**6,818**
EQT	
Proceeds (divestitures, fee surplus and carry)	3,874
Draw-downs (investments and management fees)	–2,864
Total	**1,010**
Patricia Industries	
Proceeds	7,124
Investments	–6,118
Internal transfer to Investor	–1,259
Other[2]	27
Total	–227
Investor Groupwide	
Dividend paid	–7,635
Internal transfer from Patricia Industries	1,259
Other[3]	–2,086
Closing net debt	–16,752

1) Including currency related effects on investments in foreign currency.
2) Including currency related effects, net interest and management cost.
3) Including revaluation of debt, net interest and management cost excluding Patricia Industries.

Leverage



Parent company

Results after financial items were SEK 29,275 m. (8,360), mainly related to Listed Core Investments, which contributed with dividends of SEK 7,731 m. (7,182) and value changes of SEK 19,388 m. (–2,582). The Parent Company invested SEK 18,286 m. in financial assets (21,292), of which SEK 17,084 m. in group companies (15,677), and SEK 1,135 m. in Listed Core Investments (5,613). At year-end, shareholders' equity amounted to SEK 250,404 m. (228,433).

Risk and uncertainty factors

Risk management is an integral part of the board's and management's governance and follow-up of operations. The board is responsible for setting appropriate risk levels and establishing authorities and limits. The boards in the wholly-owned subsidiaries manage the risks in their respective businesses and decide on appropriate risk levels and limits. The following is a brief description of the most significant risks and uncertainty factors affecting the Group and the Parent Company. For a more detailed description, see note 3, Risks and risk management, page 39.

Commercial risks

Commercial risks primarily consist of a high level of exposure to a particular industry or an individual portfolio company, as well as stock market volatility that impact our net asset value, limit investment potential or prevent divestments at a chosen time. The overall portfolio risk is mitigated by many investments active in several different industries and geographies. Commercial risks in the wholly-owned subsidiaries' businesses are managed by continuous focus on agility and flexible business models, product development, customer needs, market analysis and cost efficiency, among other things.

Financial risks

The main financial risks are market risks, i.e. the risks associated with changes in the value of a financial instrument. For Investor, share price risk is clearly the largest financial risk. When it comes to fluctuations in exchange rates and interest rates, Investor partly uses hedging as one method of managing these risks.

Future development

In line with our strategy, we will continue to support the development of our companies, gradually increase our ownership in selected listed core investments, commit capital to EQT and add more subsidiaries within Patricia Industries. We will maintain cost discipline and we stay committed to our dividend policy with the goal to pay a steadily rising dividend over time.

Objective and operating priorities

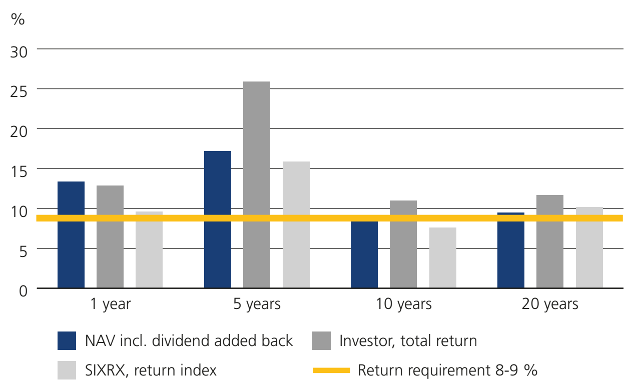
We are committed to generating an attractive long-term total return, exceeding the market cost of capital. Our long-term return requirement is the risk free interest rate plus an equity risk premium, in total 8-9 percent annually. Our operating priorities are to grow our net asset value, operate efficiently and pay a steadily rising dividend.

- *Grow our net asset value*

  To achieve attractive net asset value growth, we must own high-quality companies and be a good owner, supporting our companies to achieve profitable growth. We also need to allocate our capital successfully.

  2016: Our net asset value amounted to SEK 300.1 bn. at year-end 2016 (271.8), an increase, with dividend added back, of 13 percent (7). The SIXRX total return index rose by 10 percent (10).

Average annual return

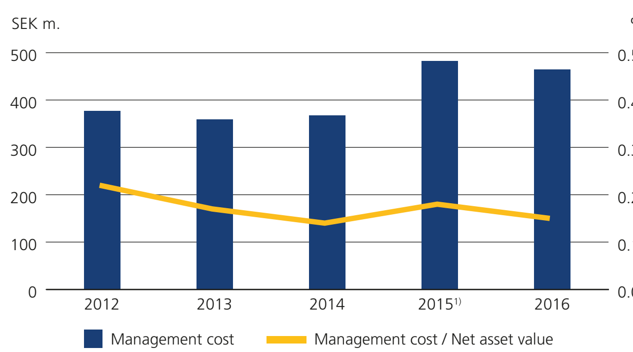


- *Operate efficiently*

  We maintain cost discipline to remain efficient and in order to maximize our operating cash flow.

  2016: Management costs were SEK 465 m. (483), corresponding to 0.15 percent of our net asset value (0.18).

Management cost



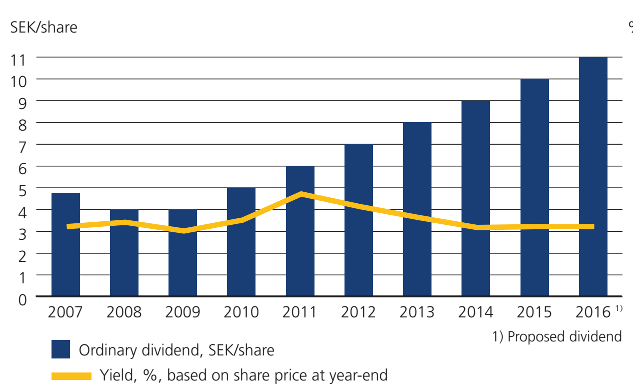
1) Including the operations in former IGC, now part of Patricia Industries

- *Pay a steadily rising dividend*

  Our dividend policy is to distribute a large percentage of the dividends received from the listed core investments, as well as to make a distribution from other net assets corresponding to a yield in line with the equity market. The goal is to pay a steadily rising dividend.

  2016: The Board of Directors proposes a SEK 11.00 dividend per share (10.00). Based on this proposal, our dividend has increased by 13 percent annually over the past five years.

Dividend



1) Proposed dividend

Active ownership

We are an active and long-term owner. Through substantial ownership and board participation, we drive the initiatives that we believe will create the most value for each individual company.

We work with our companies to make them best-in-class	We have strong ownership positions, exercise our influence through the boards and develop and implement value creation plans	We act in the best interest of each company from an industrial and long-term perspective

We are long-term in vision, but relentlessly impatient in follow-up

We have a long-term investment perspective and support our companies in their efforts to create sustainable value. Our goal is to build strong and healthy, best-in-class companies. We aspire for all of our companies to perform better than their peers and to reach their full potential. However, our companies are diverse and therefore with different opportunities and challenges. Accordingly, we treat each company individually and independently.

Our model for active ownership is built on substantial ownership. We own significant minority stakes in our listed core investments, and are often the largest shareholder, as it enables us to influence board composition and impact key strategic decisions. Our subsidiaries are owned by Patricia Industries, which offers management teams and boards co-ownership.

We work through the boards

Our objective is to create value through engagement and active ownership and we exercise our influence through the boards. We depend on the boards to ensure the building of strong and healthy companies for the long-term, while at the same time creating the needed urgency around short-term performance. It is imperative to have the best board possible in each company to build and actively support the development of best-in-class companies.

We believe in boards of limited size, which still allow for sufficient breadth of capabilities while ensuring high levels of individual accountability. Our experience is that a well-functioning board is diverse in terms of age, gender and background. The board should include individuals with relevant industry, functional and geographic knowledge which is not too narrow or specific. Importantly, the board should have the experience necessary to support the company's long-term ambitions.

Based on our experience, some areas are particularly important when composing high-performing boards: agenda setting and time allocation, board dynamics, interaction with management, knowledge and capability building, and board evaluation.

The value added by the board is dependent on how well it carries out a set of key activities. We place particular emphasis on seven, largely forward-looking activities: strategic plan, CEO appointment, investments and M&A, performance management, corporate health including sustainability, talent management and management remuneration, and risk management and compliance.

Listed Core Investments

In our listed core investments, we often lead the nomination committees and utilize our network to find the best board candidates. We strive to have two board representatives, including the chairperson.

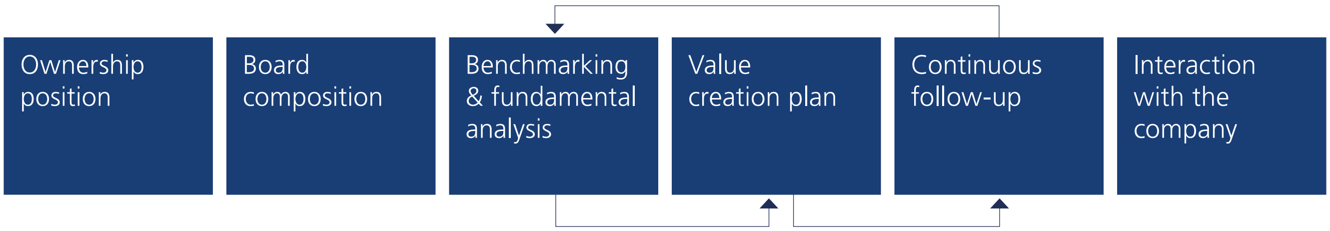
A clear division of responsibilities between the owners, boards and management teams in our listed core investments is important. The owners are responsible for ownership-related issues, for example the appointment of the board. The board appoints the CEO, approves the strategy and large investments, and monitors the performance of the company, while the CEO is responsible for executing the strategy.

Patricia Industries

The boards of Patricia Industries' companies are typically composed of independent directors from our extensive network and employees from Patricia Industries, led by an independent non-executive chairperson.

Patricia Industries' subsidiaries are wholly-owned, and as such, Patricia Industries and the respective boards have full responsibility to set the direction and follow-up on the performance in the companies.

Our model for active ownership



What we invest in

We own companies within engineering, healthcare, financial services and technology; industries we understand well, and in which we can utilize our experience and network as well as our financial expertise.

We have a long-term investment horizon focusing on "buy-to-build", with no exit strategy. Our base case is to develop our companies over time, as long as we see further value creation potential. Our business teams are responsible for regularly updating our view of the long-term fundamental values of our companies, serving as the starting point for our investment decisions. Our capital allocation focus is to invest through our existing wholly-owned subsidiaries within Patricia Industries and finding new ones. In addition, we will continue to strengthen our ownership in selected listed core investments, and invest in EQT's funds. While not part of the strategy, if we arrive at the conclusion that a certain company no longer offers attractive potential, or that it would be better off with another main owner, we actively drive an exit process in order to find a better owner for the company and to maximize the value for our shareholders at the same time.

Long-term value-creating investments

We actively support all our companies in making long-term value-creating investments, which means that we are willing to sacrifice short-term profitability for longer-term value accretive investments. It is our firm belief that to become or remain best-in-class, companies must have the ability to invest in innovation, regardless of pressure from market or external forces. However, our long-term perspective is never an excuse for weak underlying short-term performance.

Through our financial strength, we enable our companies to make the right investment decisions – at the right time. Access to capital, in combination with sound ownership and governance, creates opportunities to invest for the long-term.

New investments

While we do not actively seek new investments within Listed Core Investments, we do not rule out additional investments should attractive opportunities arise. Patricia Industries constantly scouts the market for new companies to acquire. In addition to the industries we are invested in, new investments can be made in, for instance, infrastructure and business services. However, the main priority is to further develop and build the existing companies.

In any new investments, we look for certain characteristics; high-quality companies with strong market positions, flexible business models, strong corporate cultures, exposure to growth markets, strong cash flow, continuous focus on innovation and R&D, exposure to service and after-market sales and sustainable business models.

Value creation plans

Our ownership work is mainly carried out by our business teams within Listed Core Investments and Patricia Industries. The business teams consist of our board representatives, investment managers and analysts.

The business teams invest significant time and resources in industry analysis and benchmarking of the portfolio companies' performance versus peers. Based on our analysis and experience, we develop and constantly refine value creation plans for each company. These plans identify strategic key value drivers that we want the companies to focus on over the next 3-5 years in order to maximize long-term value and maintain or achieve best-in-class positions. While our ownership horizon is long-term, we believe in shorter-term plans to create clear focus on execution. The plans typically focus on the following main areas: operational excellence, growth, capital structure, industrial structure and corporate health. During 2016, we had an increased focus on sustainability for our portfolio companies. For a description of our sustainability work as an owner, see page 10.

We communicate our value creation plan to each listed core investments' board chairperson at least annually, and we encourage the chairperson to discuss the plan with the rest of the board. Patricia Industries has a continuous dialog with the wholly-owned subsidiaries' management teams and boards.

Cash flow generation

Over the past few years, we have established a strong cash flow generation through Patricia Industries' wholly-owned subsidiaries. This cash flow, together with the dividend from our listed core investments, allows us to finance investments in both existing and new companies without divesting assets. It also allows us to pay a steadily rising dividend.

Sustainable business

Investor firmly believes that focus on sustainability is a prerequisite for creating long-term value. Companies that are best-in-class when it comes to operating in a sustainable way, will be able to provide superior products and services, and to recruit the best employees, thereby outperforming competitors in the long-term.

Investor has a long tradition of being a responsible owner, company and employer. To maintain the right to exist in the long-term, companies need to work on managing their resources and focus on continuous improvement, as productivity is key to maintain a competitive advantage in a dynamic business environment.

Our sustainability work as company and employer

As a company, we continuously work to improve our social, environmental and economic impact. We aim to set a good example for our companies.

As an employer, we focus on providing a best-in-class working environment where respect for each individual and ethical behavior is key. This enables us to recruit and retain the best talents.

Guidelines and policies

We are fully committed to the highest standards of corporate governance and we support the UN Global Compact and the OECD guidelines for Multinational Enterprises. It is of the highest importance that we always comply with legislations and regulations.

Investor's Board of Directors, in cooperation with the Management Group, has formulated an internal framework for how Investor should act as a responsible owner, company and employer. These topics are addressed in our Code of Conduct and in our internal policies for Anti-Corruption, Sustainability and Whistleblowing. Investor's Code of Conduct can be found on our website, www.investorab.com.

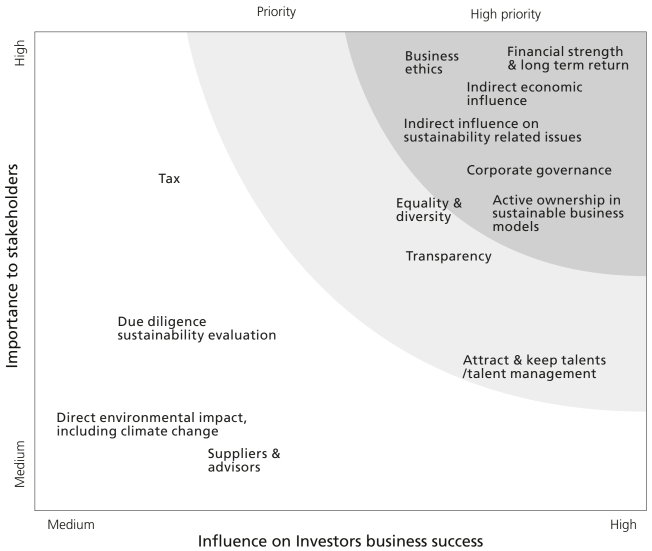
Every employee and other company representatives are expected to comply with our policies. In order to inform the organization about our internal rules, regular trainings are held and all documentation is available on Investor's intranet. Investor's internal regulations are monitored and updated when needed, at least annually.

Materiality assessment

During the fall 2016, Investor conducted an in-depth materiality assessment. Investor's most significant sustainability issues were identified and prioritized via analyzes, ongoing dialogs and interviews with our employees and external stakeholders.

Investor's most relevant stakeholders are, among others, shareholders, portfolio companies, employees, partners, media and society as a whole, as they affect how well Investor perform from an economic, environmental and social perspective. The assessment is based on Investor's investing activities and our impact as an owner is covered in the aspects of "Active ownership in sustainable business models" and "Indirect influence on sustainability related issues".

The result from the assessment is used to further pinpoint our sustainability priorities and reporting going forward.



The matrix illustrates Investor's main sustainability priorities and below is a description of our highest priorities.

- Financial strength and long-term return: Sustainable business to create long-term value.
- Business ethics: Ethical business conduct and prevention of unethical behavior, corruption and bribery.
- Indirect economic influence: Investor's contribution to employment, growth, wealth, research, innovation and development.
- Active ownership in sustainable business models: As owners, we stress the importance of sustainable business models, customer benefit, processes and innovation in the portfolio companies.
- Corporate governance: Corporate governance matters, such as board independence, competence and compensation, are handled in an adequate and transparent manner.
- Indirect influence on sustainability related issues: As owners, we have an active dialog with the portfolio companies regarding the management of sustainability issues and risks, such as the impact on the climate and environment, health, safety, bribery and corruption, as well as human rights.

Our sustainability work as an owner

During the year, Investor developed a more structured approach to sustainability as a long-term, responsible and active owner, as this is where we have the most impact. Our most important contribution is when our companies improve their competitiveness, by for example developing innovative products and services that reduce energy and water consumption, as well as improving waste management and human conditions.

We have high expectations on our companies' sustainability efforts, guided by our sustainability guidelines and the company specific focus areas.

Investor's sustainability guidelines

Investor's sustainability guidelines describe our basic expectations which are applicable to all our companies. We expect them to;

- act responsibly and in an ethical manner,
- comply with local and national legislation in each country of operation,
- continuously improve social, environmental and economic impact,
- analyze risks, formulate objectives and to have adequate processes to manage and monitor sustainability risks,
- sign and adhere to the UN Global Compact and its ten principles as well as the OECD guidelines for Multinational Enterprises,
- in an appropriate form, transparently report sustainability objectives, risks and progress,
- encourage and promote diversity in the organizations,
- have an active dialog with stakeholders such as suppliers and trading partners, and
- have a secure reporting channel (whistleblowing) in place.

Company specific focus areas

A sustainability section has been included in each of our listed core investments' value creation plans, with an overview of the sustainability performance, our view and two to three company specific focus areas. All companies have different focus areas depending on the risks and opportunities that are relevant for their business. Examples of focus areas are continued focus on innovation, energy efficiency and diversity.

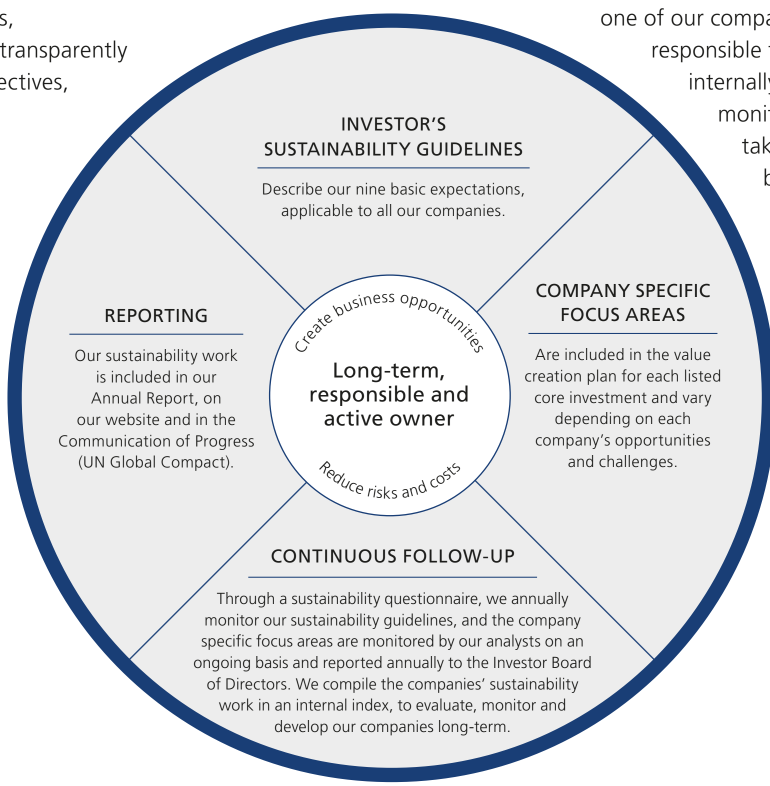
The company specific focus areas are presented annually to Investor's Board of Directors, and we communicate the plan at least annually to the chairpersons and encourage him or her to discuss it with the rest of the board.

Continuous follow-up

Investor considers sustainability matters in all of our investing activities. Through the annual Investor sustainability questionnaire, sent out to all portfolio companies for a self-assessment of their sustainability work, we follow-up and monitor our sustainability guidelines.

Our analysts support and monitor the development continuously and the company specific focus areas are monitored through the same process and principles as for the value creation plans as a whole, i.e. through our board work.

If a serious sustainability related issue occurs in one of our companies, the business team is responsible for raising the matter internally within Investor and for monitoring the steps the company takes to address the issue. The business team is also responsible for reporting the process and actions taken to relevant people within Investor. Investor's board representatives are responsible to ensure that relevant actions are being made within the company.



Progress of Investor's sustainability approach based on UN Global Compact

For more information regarding our companies' sustainability work, please visit their websites.

HUMAN RIGHTS

Investor supports the UN Global Compact and its ten principles as well as the OECD guidelines on Multinational Enterprises. We also support and respect internationally proclaimed human rights.

Investor expects all our companies to continuously improve their work with human rights.

Actions in 2016 – examples from our companies

- Mölnlycke has implemented a company-wide global trade policy which, among others, includes the handling of trade restrictions and workers' rights, and is formed in line with the UN Guiding principles on Human Rights. During 2016, the policy was implemented and 90 percent of the employees in the selected target groups have attended training. The implementation process will continue the coming year and include annual training, monitoring and audits, to ensure compliance with the policy.
- Permobil continued its work to make sure that the high standards included in the company's Code of Conduct, are spread throughout the organization and that Permobil's suppliers live up to the standards, for instance by ensuring that the supply agreements contain appropriate requirements regarding human rights, environmental, and working safety issues and business conduct.
- Sobi is actively working to increase access to rare disease treatment in developing countries, both through raising awareness as well as through bridging programs and humanitarian donations. By year end 2016, Sobi, in partnership with Bioverativ, had donated 203 million units of Elocta and Alprolix – enabling the treatment of 11,000 people in 40 countries by addressing 12,500 bleeds and almost 700 surgeries. The percentage of children who receive treatment trough the donation program in these countries has doubled.

LABOR

Investor shall ensure compliance with labor and employment laws, including working hours. Furthermore, the right to collective bargaining is recognized at Investor. An employee no discrimination policy is included in Investor's Code of Conduct. Violations connected to discrimination must be reported to the closest manager, HR or through our whistleblower system.

Investor expects all our companies to continuously improve labor and working conditions.

Actions in 2016 – examples from our companies

- ABB arranged its third annual safety week under the theme 'Living our story safely'. Core modules included a Safety observation tour, Safety disciplines, and Communication for safety. In total, more than 160,000 employees attended 4,500 sessions during the week.
- Aleris's conducted a "we-learning" (e-learning for groups) program during 2016, in order to increase the awareness of its ethical guidelines and provide an understanding of how to interact in accordance with Aleris' values, vision and business concept. The program clarifies the connection between the ethical guidelines and the employee's everyday work. Overall, 5,200 answers were received and the feedback indicates that the program contributed to increased awareness.
- SEB introduced a global health index based on the questions in the employee survey Insight. This is the first global tool to measure the working environment and health at both the divisional and national level. At group level, the index was 81 in 2016. Going forward, this will be an important tool to further identify health and work environment related changes and needs among employees in the organization.

ENVIRONMENT

Investor's direct environmental impact is limited, but we actively strive to avoid increasing our carbon footprint. Investor carbon-offsets all flights, which corresponds to approximately 75 percent of Investor's carbon footprint, and in accordance with the EU Energy Efficiency Directive and Swedish law, Investor and its consolidated subsidiaries report and analyze energy use. The analyses will result in proposed actions to reduce energy usage further.

Investor expects all of its companies to continuously reduce the environmental impact and to encourage their stakeholders, such as suppliers and trading partners, to meet the same expectations.

Actions in 2016 – examples from our companies

- Husqvarna has committed to reduce its greenhouse gas emissions intensity by 10 percent across the company's value chain by 2020 and the absolute greenhouse gas emissions will be reduced by 33 percent by 2035, both from a base year of 2015. The company also decided to allow an independent party to review the goals, and in December 2016 the goals were approved by the Science-Based Target Initiative.
- Vectura implemented a sustainability policy which states that new constructions and redevelopment shall achieve set climate and environmental targets. For example, the share of renewable energy and renewable materials should be increased and digital solutions should be implemented to reduce climate impact.
- Wärtsilä 31 is recognized by Guinness World Records as the world's most efficient 4-stroke diesel engine. It is the first of a new generation of medium speed engines, designed to set a new benchmark in efficiency and overall emissions performance. The launch of the Wärtsilä 31 introduces a 4-stroke engine having the best fuel economy of any engine in its class. At the same time, it maintains outstanding performance across the complete operating range. Its modular design enables a significant reduction in maintenance time and costs, thereby improving power availability and reducing the need for spare parts.

ANTI-CORRUPTION

It is of the highest importance that Investor and its companies adhere to and comply with all given legislations and regulations as well as setting a bar for how to act and behave in society – always with the highest ethics.

Investor expects all our companies to continuously improve their work against corruption and bribery.

Actions in 2016 – examples from our companies

- Atlas Copco updated the Business Code of Practice training for white collar employees and completed the training package for blue collar workers. The training describes the importance of the Business Code of Practice, how it is used and how to report violations of the code. It is a class-room training with interactive discussion about cases covering issues such as corruption, human rights, health and safety.
- BraunAbility was acquired by Investor in 2015 and since then, the sustainability focus within the company has increased. Among other things, an Anti-Corruption policy was approved by its Board of Directors, and training and implementation will continue during the following year.
- Saab has revised and updated its internal regulations regarding gifts and representation, and sponsorship and social commitment. The company has also, alongside the regular training program, organized special training in anti-corruption for its Board of Directors and for the purchasing function.

Listed Core Investments

Listed Core Investments, representing 78 percent of our total assets as of year-end 2016, consists of our listed portfolio companies in which we are a significant minority owner.

Our listed core investments are ABB, AstraZeneca, Atlas Copco, Electrolux, Ericsson, Husqvarna, Nasdaq, Saab, SEB, Sobi and Wärtsilä. These are multinational companies with strong market positions and proven track records.

In general, we believe that our listed core investments are well positioned and we work continuously to support them remaining or becoming best-in-class.

Our way of working

We own significant minority stakes in our listed core investments which creates a solid base for active ownership and is a prerequisite to be able to influence board composition and to impact key strategic decisions. As an active owner, we strive to ensure that our listed core investments have the best boards possible and through our value creation plans, we support them to maintain or achieve best-in-class positions.

We always look at the opportunities and challenges facing each individual company. Our aspiration is for all our companies to perform better than their peers and to reach their full potential. For a description of our active ownership, see page 7.

Our base case is not to divest companies, but rather to develop them over time, as long as we see further value creation potential. While we do not actively seek new investments within Listed Core Investments, we do not rule out additional investments, should attractive opportunities arise.

Activities during the year

As part of our strategy, we increase our ownership in selected listed core investments when we find valuations fundamentally attractive. During 2016, we invested SEK 1,011 m. in Ericsson, SEK 353 m. in Wärtsilä, and SEK 125 m. in Atlas Copco.

The total return for Listed Core Investments was 14 percent in 2016, and the contribution to net asset value was SEK 30.9 bn. Given the proposals ahead of the Annual General Meetings 2017, dividends to be received in 2017 for fiscal year 2016 are currently estimated at SEK 8.3 bn., in line with dividends received 2016.

Overview

14 — Total shareholder return, %

248 — Net Asset Value, SEK bn.

8.3 — Dividends received, SEK bn.

1.5 — Net invested, SEK bn.

Ownership
Significant minority owner

Ownership perspective
Long-term, no exit strategy

Board representation
Preferably two, including Chairperson

Valuation methodology
Share price



Atlas Copco

57 SEK bn.	18%	16.9% / 22.3%
value of holding	of total assets	of capital / of votes

Provides compressors, vacuum and air treatment systems, construction and mining equipment, power tools and assembly systems

OUR VIEW

- Atlas Copco has delivered strong performance over many years driven by its technology leadership, strong customer focus and a successful, decentralized business model.
- The company has proposed a split of the group in 2018 into one company focused on industrial customers and one focused on mining and civil engineering customers. We fully support the intended split as this will create two focused, market-leading companies with strong platforms for continued profitable growth and long-term value creation.

Key figures, SEK m.	2016
Net sales	101,356
Operating margin, %	19.5
Market capitalization	325,747

Website: www.atlascopco.com
Chairperson: Hans Stråberg
President and CEO: Ronnie Leten (Mats Rahmström as of April 27, 2017)
Board Member from Investor: Hans Stråberg, Johan Forssell

Average annual return, %	5 years	10 years
Atlas Copco	17.3	14.7
Peers: *Ingersoll-Rand, Sandvik, Caterpillar, Stanley Black & Decker*	13.6	8.6
SIXRX	15.9	7.6

ABB

45 SEK bn.	14%	10.5% / 10.5%
value of holding	of total assets	of capital / of votes

Provides power and automation technologies for utility and industry customers

OUR VIEW

- To address weak market demand and improve internal efficiency a number of initiatives were launched during 2016.
- ABB reorganized into four leading divisions with increased accountability. Following a strategic review, ABB concluded that transforming Power Grids under ABB ownership will unlock maximum shareholder value compared to other options.
- Investor supports ABB's decision, believing that a break-up would jeopardize the current strong momentum in cost savings and the turnaround of Power Grids. Going forward, ABB needs to successfully execute on the transformation of Power Grids, continue to invest for the future and strengthen customer focus and cost efficiency.

Key figures, USD m.	2016
Net sales	33,828
Operating margin, % (operational EBITA)	12.4
Market capitalization	45,032

Website: www.abb.com
Chairperson: Peter Voser
President and CEO: Ulrich Spiesshofer
Board Member from Investor: Jacob Wallenberg (Vice Chairperson)

Average annual return, %	5 years	10 years
ABB	12.1	7.5
Peers: *Siemens, Schneider, Emerson, Eaton, Rockwell*	12.6	8.4
SIXRX	15.9	7.6

SEB

44 SEK bn.	14%	20.8% / 20.8%
value of holding	of total assets	of capital / of votes

A financial services group with main focus on the Nordic countries, Germany and the Baltics

OUR VIEW

- SEB's operational performance has been strong over many years with good cost efficiency, improved operating leverage and a strengthened balance sheet.
- The banking industry is changing with a tougher regulatory environment, an increased importance of customer orientation and digitization.
- SEB is well prepared for these changes with a strong market position, robust financial position and a high-focus on long-term relations and customer satisfaction. Investments in digital platforms and competencies are important to sustain a strong market position.

Key figures, SEK m.	2016
Total operating income	43,771
Operating profit (excl. EO)	20,296
Market capitalization	207,239

Website: www.seb.se
Chairperson: Marcus Wallenberg
President and CEO: Annika Falkengren (Johan Torgeby as of March 29, 2017)
Board Member from Investor: Marcus Wallenberg, Helena Saxon, Sara Öhrvall

Average annual return, %	5 years	10 years
SEB	24.7	1.9
Peers: *Svenska Handelsbanken, Danske Bank, Nordea, Swedbank, DNB*	22.9	6.3
SIXRX	15.9	7.6

AstraZeneca

26 SEK bn.	8%	4.1% / 4.1%
value of holding	of total assets	of capital / of votes

A global, innovation-driven, biopharmaceutical company

OUR VIEW

- Sales and profits have declined over a number of years due to some of AstraZeneca's key products going off patent. To achieve future growth, it is therefore important that AstraZeneca brings new and innovative treatments to the market.
- Encouraging pipeline progress has been made and the coming years will be important in terms of late-stage pipeline readouts.

Key figures, USD m.	2016
Net sales	23,002
Operating margin, % (core)	29.2
Market capitalization	69,146

Website: www.astrazeneca.com
Chairperson: Leif Johansson
President and CEO: Pascal Soriot
Board Member from Investor: Marcus Wallenberg

Average annual return, %	5 years	10 years
AstraZeneca	15.1	8.3
Peers: *Merck, Pfizer, Eli Lilly, Novartis, Roche, Sanofi, GlaxoSmith-Kline, Bristol-Myers Squibb*	11.8	6.8
SIXRX	15.9	7.6



WÄRTSILÄ

14 SEK bn. value of holding | 5% of total assets | 17.7% / 17.7% of capital / of votes

Provides complete lifecycle power solutions for the marine and energy markets

OUR VIEW
- Wärtsilä has delivered strong operational performance and shareholder return despite tough end markets.
- The company's large aftermarket business provides earnings stability in downturns and supports both marine and energy customers.
- Wärtsilä's leading global market positions and large emerging market exposure provide an attractive platform for profitable growth.

Key figures, EUR m.	2016
Net sales	4,801
Operating margin, % (excl. EO)	12.1
Market capitalization	8,418

Website: www.wartsila.com
Chairperson: Mikael Lilius
President and CEO: Jaakko Eskola
Board Member from Investor: Tom Johnstone, CBE, Johan Forssell (as of march 2, 2017)

Average annual return, %	5 years	10 years
Wärtsilä	17.2	12.7
Peers: *Rolls-Royce, Alfa Laval*	2.8	8.2
SIXRX	15.9	7.6

Nasdaq

12 SEK bn. value of holding | 4% of total assets | 11.7% / 11.7%[1] of capital / of votes

Provides trading, exchange technology, information and public company services

OUR VIEW
- Nasdaq has a leading market position and a strong brand. It has successfully strengthened its non-transactional business and thereby increased the share of recurring revenue and its resilience.
- We see expansion into new asset classes, geographies and adjacent businesses as some of the main drivers for continued value creation.
- Nasdaq's strong cash flow supports continued growth initiatives as well as attractive shareholder cash distribution.

Key figures, USD m.	2016
Net sales	2,277
Operating margin, % (non-GAAP)	46.3
Market capitalization	11,181

Website: www.nasdaq.com
Chairperson: Robert Greifeld (as of January 1, 2017)
President and CEO: Adena Friedman (as of January 1, 2017)
Board Member from Investor: Börje Ekholm

Average annual return, %	5 years	10 years
Nasdaq	24.3	8.9
Peers: *London Stock Exchange, Deutsche Boerse, Intercontinental Exchange*	23.7	9.0
SIXRX	15.9	7.6

1) No single owner is allowed to vote for more than 5 percent at the AGM.

sobi
SWEDISH ORPHAN BIOVITRUM

11 SEK bn. value of holding | 4% of total assets | 39.6% / 39.8% of capital / of votes

A specialty healthcare company developing and delivering innovative therapies and services to treat rare diseases

OUR VIEW
- Sobi is an international specialty healthcare company focused on rare diseases. The portfolio is focused on hemophilia, inflammation and genetic and metabolic diseases.
- 2016 was an important year for Sobi with the approvals and launches of its two hemophilia products, Elocta (Hemophilia A) and Alprolix (Hemophilia B), in Europe.
- Near term, building a strong and successful hemophilia franchise is key for the company.

Key figures, SEK m.	2016
Net sales	5,204
Operating margin, % (EBITA)	29.7
Market capitalization	28,679

Website: www.sobi.se
Chairperson: Håkan Björklund
President and CEO: Geoffrey McDonough (up until July 1, 2017)
Board Member from Investor: Lennart Johansson, Helena Saxon

Average annual return, %	5 years	10 years
Sobi	47.8	7.9
Peers: *Shire*	16.4	16.6
SIXRX	15.9	7.6

SAAB

11 SEK bn. value of holding | 4% of total assets | 30.0% / 39.5% of capital / of votes

Provides products, services and solutions for military defense and civil security

OUR VIEW
- Saab provides state-of-the-art defense and civil security products and is well positioned in niche markets globally.
- In a rapidly changing world, Saab's competitive edge is built on its skills as a systems integrator and the ability of its engineers to challenge the technology frontier.
- Successful execution of the record-strong order book is imperative.

Key figures, SEK m.	2016
Net sales	28,631
Operating margin, %	6.3
Market capitalization	36,231

Website: www.saab.com
Chairperson: Marcus Wallenberg
President and CEO: Håkan Buskhe
Board Member from Investor: Marcus Wallenberg, Johan Forssell, Lena Treschow Torell

Average annual return, %	5 years	10 years
Saab	22.3	7.7
Peers: *BAE Systems, Leonardo, Thales*	30.3	6.2
SIXRX	15.9	7.6



Electrolux

11 SEK bn.	3%	15.5% / 30.0%
value of holding	of total assets	of capital / of votes

Provides household appliances and appliances for professional use

OUR VIEW

- Electrolux is one of the leading global appliance companies in an industry impacted by digital transformation, a growing global middle class and industry consolidation.
- A strong focus on the consumer experience and new capabilities in digital are key in this environment.
- Electrolux is well positioned to improve its EBIT margin further, thereby establishing a strong platform for profitable growth.

Key figures, SEK m.	2016
Net sales	121,093
Operating margin, %	5.2
Market capitalization	65,038

Website: www.electrolux.com
Chairperson: Ronnie Leten
President and CEO: Jonas Samuelsson
Board Member from Investor: Petra Hedengran

Average annual return, %	5 years	10 years
Electrolux	19.9	10.2
Peers: *Whirlpool, Midea, Haier, Arcelik*	27.1	19.7
SIXRX	15.9	7.6

Ericsson

10 SEK bn.	3%	5.9% / 21.8%
value of holding	of total assets	of capital / of votes

Provides communications technology and services

OUR VIEW

- Ericsson's earnings growth and total shareholder return has been weak in recent years, with a continued tough development in 2016.
- In order to secure good performance going forward, Ericsson must defend its strong market positions, ensure a competitive cost position and identify strategic areas in which it can be a long-term winner.

Key figures, SEK m.	2016
Net sales	222,608
Operating margin, %	2.8
Market capitalization	174,758

Website: www.ericsson.com
Chairperson: Leif Johansson
President and CEO: Börje Ekholm (as of January 16, 2017)
Board Member from Investor: Jacob Wallenberg (Vice Chairperson)

Average annual return, %	5 years	10 years
Ericsson	–1.8	–6.1
Peers: *Nokia, ZTE Corporation*	1.1	–1.2
SIXRX	15.9	7.6

Husqvarna Group

7 SEK bn.	2%	16.8% / 32.8%
value of holding	of total assets	of capital / of votes

Provides outdoor power products, consumer watering products, cutting equipment and diamond tools

OUR VIEW

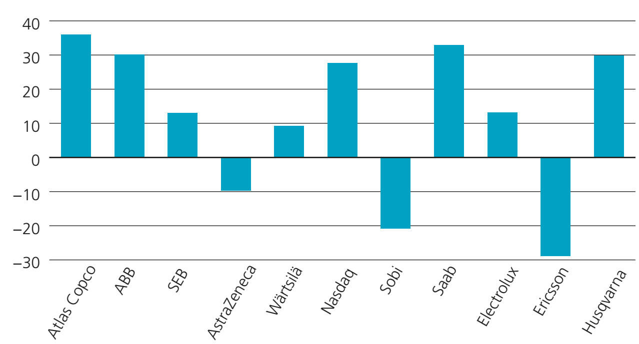
- We have seen a significant improvement in operational performance over the last years thanks to a clear focus on core brands, key profit pools and a strong focus on operational excellence.
- Husqvarna has world-leading market positions and strong brands making it well positioned for profitable growth.
- Profitability in the Husqvarna, Gardena and Construction divisions have been improved and focus is now shifting to profitable growth while near-term focus in the Consumer Brands division will continue to be on improving profitability.

Key figures, SEK m.	2016
Net sales	35,982
Operating margin, %	8.9
Market capitalization	40,596

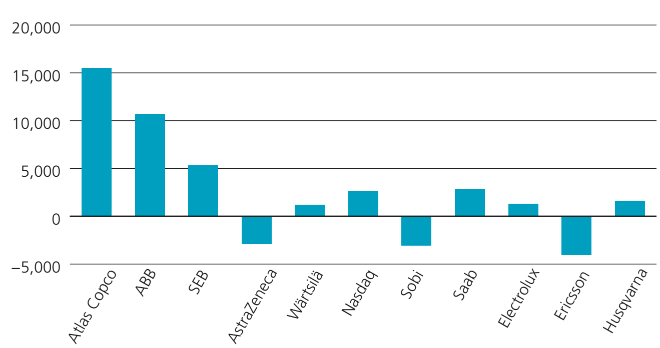
Website: www.husqvarnagroup.com
Chairperson: Tom Johnstone, CBE
President and CEO: Kai Wärn
Board Member from Investor: Tom Johnstone, CBE, Magdalena Gerger, Daniel Nodhäll

Average annual return, %	5 years	10 years
Husqvarna	21.4	6.3
Peers: *Toro, Emak, Briggs & Stratton*	19.5	5.9
SIXRX	15.9	7.6

Total Shareholder Return by company 2016, %



Net Asset Value contribution by company 2016, SEK m.



EQT

EQT is a world-class private equity company. Our investments in its funds and our 19 percent ownership in EQT AB represent 5 percent of our assets as of year-end 2016. Over time, our investments in EQT have generated strong returns, and we will continue to invest in its funds.

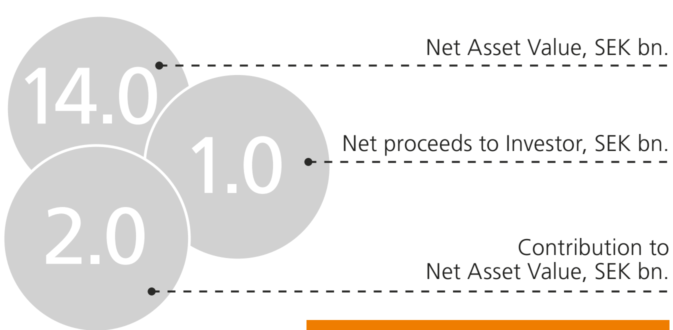
EQT was founded in 1994, with Investor as one of its three founders. EQT operates in Europe, the U.S. and Asia within several different assets classes: equity, mid-market, infrastructure, credit and ventures. Since inception, EQT has raised approximately EUR 35 bn. from more than 400 institutional investors and has invested more than EUR 22 bn. in around 170 companies in a variety of industries and markets.

EQT has always focused on the industrial development of its companies, and the clear majority of the returns generated is attributable to operational improvements such as increased sales and efficiency gains. On average, portfolio companies have increased the number of employees by 9 percent, sales by 10 percent and earnings by 11 percent annually, during EQT's ownership.

Investor and EQT

As a sponsor since inception, Investor has committed capital to the vast majority of the funds that EQT has raised, and today, Investor owns 19 percent of EQT AB, which allows us to receive carried interest and fee surplus on top of the returns received as a limited partner. This represents a significant enhancement of our total return from each respective fund over time.

Overview



Ownership
19 percent of EQT AB

Valuation methodology
Recent transactions, multiples (unlisted), share price (listed)

EQT

14 SEK bn.	5%	5-37%
value of holding	of total assets	share of funds

A private equity group with portfolio companies in Europe, Asia and the U.S.

IMPORTANT EVENTS 2016

- In constant currency, the value change of Investor's investments in EQT was 10 percent. The reported value change was 15 percent.
- Net cash flow to Investor amounted to SEK 1,010 m.

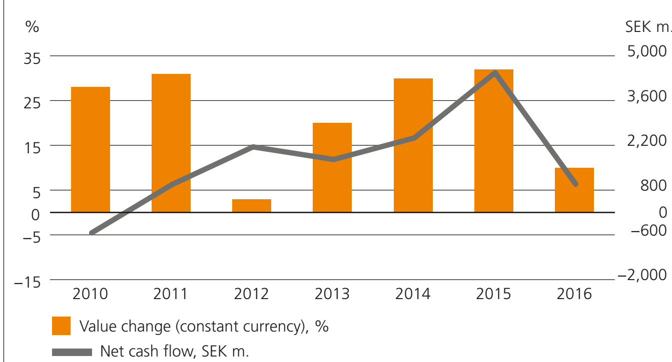
OUR VIEW

- Our investments in EQT's funds have proven very successful over time and we will continue to invest in EQT's funds going forward.
- Although the cash flow is lumpy by nature, depending on whether the funds are in an investment or exit phase, we expect that the EQT funds will continue to generate strong net cash flow over time.

Impact on Investor's net asset value, SEK m.	2016	2015
Net asset value, beginning of the year	13,021	13,552
Contribution to net asset value (value change)	1,986	3,995
Draw-downs (investments and management fees)	2,864	1,590
Proceeds to Investor (divestitures, fee surplus and carry)	–3,874	–6,086
Net asset value, end of year	**13,996**	**13,021**

Website: www.eqt.se
Chairperson: Conni Jonsson
President and CEO (EQT AB): Thomas von Koch
Board Members from Investor: Johan Forssell

Net cash flow



Investor's investments in EQT

SEK m.	Fund size, EUR m.	Investor's share, %	Investor's remaining commitment, SEK m.	Reported value, SEK m.
Terminated funds[1)]	1,633		–	–
Fully Invested funds[2)]	17,561	10-37	1,356	10,936
EQT VII	6,817	5	2,246	1,103
EQT Infrastructure II	1,938	8	595	876
EQT Credit Fund II	845	10	328	655
EQT Ventures[3)]	461	11	459	14
EQT Mid Market U.S.	616	30	1,585	237
EQT new funds			7,127	142
EQT AB		19		33
Total	29,871		13,697	13,996

1) EQT I, EQT II, EQT Denmark, EQT Finland, EQT Asia.
2) EQT III, EQT IV, EQT V, EQT VI, EQT Expansion Capital I and II, EQT Greater China II, EQT Infrastructure, EQT Credit Fund, EQT Opportunity, EQT Mid Market.
3) Fund commitment excluding the EQT Ventures Co-investments Schemes and the EQT Ventures Mentor Funds.

Patricia Industries

Patricia Industries, representing 17 percent of our reported total assets as of year-end 2016, consists of our wholly-owned subsidiaries, partner-owned companies and financial investments.

Patricia Industries' key focus is to invest in and develop wholly-owned companies in the Nordics and in North America. We operate from offices in Stockholm, New York and Palo Alto, and have a separate Board of Directors.

We strive to develop strong companies that generate sustainable profitable growth for years to come.

Portfolio

Our wholly-owned subsidiaries are Aleris, BraunAbility, Laborie, Mölnlycke, Permobil, The Grand Group and Vectura. 3 Scandinavia was founded together with CK Hutchison Holdings (formerly Hutchison Whampoa) in 2000, and has been co-owned since. These companies have strong market positions and corporate cultures in industries with long-term growth potential.

Patricia Industries' portfolio also includes Financial Investments, stemming from our former venture capital arm, Investor Growth Capital. Our objective is to maximize the value and use realized proceeds for investments in existing and new subsidiaries. We are also evaluating if some holdings could become long-term investments.

Active ownership

Patricia Industries has full responsibility for managing the ownership in our wholly-owned subsidiaries. Our aim is to exceed 90 percent ownership, with management and the board of directors as co-owners, to ensure full alignment.

We rely on strong and independent boards to ensure that we are building strong and healthy companies for the long-term, while simultaneously creating the necessary urgency around short-term performance. For a description of our active ownership, see page 7.

We strive to be a great owner of our existing companies and to find attractive new companies to acquire.

Activities during the year

Patricia Industries acquired a new wholly-owned subsidiary, the Canadian medical technology company Laborie, and owns 97 percent of the company. In the other wholly-owned subsidiaries, several add-on acquisitions were made.

As part of our strategy, exits within Financial Investments, were made, realizing SEK 2.4 bn. to be used for investments in existing or new subsidiaries.

Overview

55 — Net Asset Value, SEK bn.

4.7 — Net investment in Laborie, SEK bn.

4.4 — Contribution to Net Asset Value, SEK bn.

Ownership
Wholly-owned subsidiaries and partner-owned companies

Ownership perspective
Long-term, no exit strategy

Board representation
All board members appointed by Patricia Industries

Valuation methodology
Acquisition method for subsidiaries and various methods for other, see page 67 for more information

www.patriciaindustries.com

PATRICIA INDUSTRIES
a part of Investor AB



Mölnlycke

21 SEK bn.	7%	99.0% / 99.0%
Reported value of holding	of total assets	of capital / of votes

Provides advanced products for treatment and prevention of wounds and single-use surgical solutions

IMPORTANT EVENTS 2016

- Organic growth was 6 percent in constant currency. All regions continued to grow, with emerging markets showing the fastest pace.
- The EBITA margin increased to 27 percent, driven by increased volumes and improved product mix. Investments in additional growth continued.
- Wound Care continued to show good growth, primarily driven by Advanced Wound Care in the U.S.
- Surgical reported good growth, driven by ProcedurePak™ trays and Gloves, where Mölnlycke benefitted from the expected ban on powdered gloves that came into effect in January 2017.
- Mölnlycke acquired Sundance Solutions, a leading company developing innovative solutions for the safe positioning and turning of patients to prevent pressure ulcers.
- Cash conversion remained strong, despite continued investments, mainly in the ProcedurePak™ trays assembly facility in the Czech Republic.
- Mölnlycke distributed EUR 300 m. to Patricia Industries, reflecting the company's strong balance sheet and cash flow.

OUR VIEW

- With its strong market positions and its highly competitive product offering, Mölnlycke is well positioned to deliver strong growth, profitability and cash conversion.
- Continued focus on product innovation together with sales force expansion in existing and new markets create a robust platform for continued profitable growth.
- We see continued opportunities for organic and inorganic growth both in existing and new geographies.

Key figures, EUR m.	2016	2015
Net sales	1,429	1,353
EBITDA	428	374
EBITDA, %	30	28
EBITA	392	337
EBITA, %	27	25
Operating cash flow	346	313
Net debt	909	855

website: www.molnlycke.com
Chairperson: Gunnar Brock
President and CEO: Richard Twomey
Board Members from Patricia Industries: Gunnar Brock, Christer Eriksson, Lennart Johansson (Deputy)

LABORIE

5 SEK bn.	2%	97.0% / 97.0%
Reported value of holding	of total assets	of capital / of votes

Provides innovative capital and consumables for the diagnosis and treatment of urologic and gastrointenstinal (GI) disorders

IMPORTANT EVENTS 2016

- Patricia Industries completed the acquisition of Laborie, our second North American investment, during the third quarter, investing USD 650 m. in equity for a 97 percent ownership.
- Organic growth was 10 percent in constant currency, driven by strong performance globally.
- The reported EBITA margin was 17 percent, impacted by significant non-recurring costs, including transaction costs and administrative costs relating to the refinancing of the company. Adjusted for these non-recurring costs, the EBITA margin was 25 percent.
- Expansion into the diagnostic GI market continued, with solid commercial performance and progression of the GI pipeline.
- Significant investments were made in regulatory and quality assurance functions, and several key recruitments were made.
- A USD 120 m. debt refinancing was completed, of which USD 100 m. was distributed to Patricia Industries.

OUR VIEW

- Laborie is the market leader in urodynamic testing and has a rapidly growing business in GI diagnostics.
- Both the urology and GI businesses are poised to grow organically and through acquisitions and benefit from multiple long-term growth drivers, including an aging population and higher awareness of pelvic floor disorders.
- There are also several promising urology and GI programs in the pipeline. Patricia Industries intends to increase the emphasis on internal research and development of innovative products.

Key figures, USD m.	2016	2015
Net sales	123	109
EBITDA	23	20
EBITDA, %	19	18
EBITA	20	18
EBITA, %	17	17
Operating cash flow	10	26
Net debt	67	190

website: www.laborie.com
Chairperson: Bo Jesper Hansen
President and CEO: Brian Ellacott
Board Members from Patricia Industries: Abhijeet Lele, Yuriy Prilutskiy (Deputy)

Aleris

4 SEK bn.	1%	100% / 100%
Reported value of holding	of total assets	of capital / of votes

Provides healthcare and care services in Scandinavia

IMPORTANT EVENTS 2016

- Organic growth was 7 percent in constant currency, mainly driven by Care in Denmark and Norway.
- The EBITA margin decreased to 3 percent. The addition of Curato contributed to the EBITA margin, while weak performance within parts of Healthcare Sweden affected profitability negatively.
- Aleris acquired Hospitalet Valdemar in Zealand, Denmark, expanding the company's reach to all health regions in the Danish market and adding strong capabilities within, for example, chronic pain treatment.
- Aleris acquired Curato, the Norwegian market leader in radiology, with annual sales of NOK 517 m. in 2015.
- Rickard Gustafson was appointed new Chairman of the Board and Alexander Wennergren Helm was appointed new CEO (effective February 2017).
- Two of Aleris' hospitals were again selected top 4 in Dagens Medicin's annual ranking of Sweden's best hospitals. The ranking is based on a combination of quality, availability and financial stability.

OUR VIEW

- Aleris aims to be an innovative, high-quality care provider, offering a seamless care and healthcare journey for all its customers.
- With its broad product offering and strong market position, Aleris offers an attractive platform for growth in both new and existing markets.
- We see additional potential for improving financial performance, while enhancing the customer's quality of life by designing tailored care procedures.

Key figures, SEK m.	2016	2015
Net sales	9,896	8,540
EBITDA	513	492
EBITDA, %	5	6
EBITA	306	323
EBITA, %	3	4
Operating cash flow	299	330
Net debt	2,584	1,415

website: www.aleris.se
Chairperson: Rickard Gustafson
President and CEO: Alexander Wennergren Helm (as of February 2017)
Board Members from Patricia Industries: Christian Cederholm, Daniel Johansson (Deputy)



Permobil

4 SEK bn.	1%	94.0% / 90.0%
Reported value of holding	of total assets	of capital / of votes

Provides advanced mobility and seating rehab solutions

IMPORTANT EVENTS 2016

- Organic growth was 6 percent in constant currency. While the U.S. continued to grow, the European business contributed the most to growth during the year.
- The EBITA margin improved slightly to 17 percent, despite continued investments in sales.
- Permobil made several acquisitions, including iCare, a leading distributor of powered wheelchairs in France, Advanced Health Care, a leading distributor of advanced rehab technology in Canada, and Prairie Seating Corp, a U.S. based custom seating manufacturer. These acquisitions strengthen Permobil's customer offering further. A partnership with BraunAbility within research and product development to improve the interface between wheelchairs and wheelchair accessible vehicles was also announced.
- Operating cash flow improved compared to 2015. During the fourth quarter, Permobil distributed SEK 194 m. to Patricia Industries.

OUR VIEW

- Permobil is a globally leading provider of advanced mobility and seating rehab solutions, with a strong dedication to improve the quality of life for its users and healthcare outcomes.
- The company's strong portfolio of brands, competitive product offering, innovation capabilities and leading market positions provide a strong base to capture additional growth, both in existing and new markets.

Key figures, SEK m.	2016	2015
Net sales	3,335	2,931
EBITDA	682	547
EBITDA, %	20	19
EBITA	552	427
EBITA, %	17	15
Operating cash flow	687	331
Net debt	2,501	2,395

website: www.permobil.com
Chairperson: Martin Lundstedt
President and CEO: Jon Sintorn
Board Members from Patricia Industries: Christian Cederholm, Thomas Kidane (Deputy)

BraunAbility

3 SEK bn.	1%	95.0% / 95.0%
Reported value of holding	of total assets	of capital / of votes

Provides wheelchair accessible vehicles and wheelchair lifts

IMPORTANT EVENTS 2016

- Organic growth was 13 percent in constant currency, primarily driven by strong demand for commercial wheelchair accessible vehicles (WAVs) and domestic lifts.
- The EBITA margin improved to 8 percent, despite significant investments in operational improvements, growth initiatives and R&D.
- Plant operations continued to run smoothly with quality, productivity and safety metrics all showing significant improvement compared to 2015.
- The company presented a partnership with Permobil (see Permobil).
- Outside of North America, the company's joint venture in EMEA continued to be challenged by weak market conditions.

OUR VIEW

- BraunAbility is the U.S. market leader in automobile mobility products for people with disabilities, with clear number one market positions within both Wheelchair Accessible Vehicles (WAV) and wheelchair lifts.
- The company has significant organic growth potential as its core WAV market is under-penetrated and benefits from sustainable demographic growth drivers.
- There are multiple opportunities to grow the business through acquisitions, product portfolio expansion and entry into new geographies. In addition, there is substantial potential to improve manufacturing efficiency.

Key figures, USD m.	2016	2015
Net sales	454	399
EBITDA	40	30
EBITDA, %	9	8
EBITA	36	27
EBITA, %	8	7
Operating cash flow	38	26
Net debt	59	75

website: www.braunability.com
Chairperson: Keith McLoughlin
President and CEO: Nick Gutwein
Board Members from Patricia Industries: Noah Walley, Yuriy Prilutskiy (Deputy)

Vectura

2 SEK bn.	1%	100% / 100%
Reported value of holding	of total assets	of capital / of votes

Develops and manages real estate, focusing on Community Service, Hotel and Office

IMPORTANT EVENTS 2016

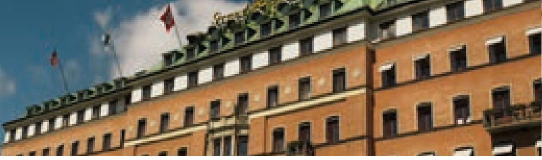
- Growth was 17 percent, mainly driven by revenue-based rental income from Grand Hôtel, and newly established Aleris properties.
- The adjusted EBITA margin improved significantly to 22 percent.
- The development of Aleris-related properties continued with completion of the facilities in Solna and new projects were launched.
- In September, Vectura acquired a property in Søborg, Denmark, where Aleris provides healthcare services at the Hamlet Hospital. This marked Vectura's first project outside of Sweden.
- Vectura strengthened its organization further with additional recruitments, and has built a strong platform for continued growth.
- The market value of Vectura's real estate amounted to SEK 4,219 m. as of December 31, 2016 (3,306).

OUR VIEW

- We see opportunity to create value in Vectura by efficient real estate management and development.
- The company enables its customers to focus on its core business in well-adapted facilities, within Community Service, Hotel and Office.
- In a short period of time Vectura has developed a pipeline of development projects, and is continuously investing in its organization to support accelerated growth.

Key figures, SEK m.	2016	2015
Net sales	184	158
EBITDA	115	92
EBITDA, %	62	58
EBITA, adjusted	41	19
EBITA, adjusted, %	22	12
Operating cash flow	–142	–28
Net debt	1,456	1,105

website: www.vecturafastigheter.se
Chairperson: Lennart Johansson
President and CEO: Susanne Ekblom
Board Members from Patricia Industries: Lennart Johansson, Thomas Kidane (Deputy)



GRAND HÔTEL STOCKHOLM SWEDEN Lydmar Hotel

0.2 SEK bn.	<1%	100% / 100%
Reported value of holding	of total assets	of capital / of votes

The Grand Group offers Loding, Food & Beverage as well as Conference & Banqueting, and consists of Scandinavia's leading hotels Grand Hôtel and Lydmar Hotel

IMPORTANT EVENTS 2016

- Growth was 6 percent, mainly driven by Lodging at both the Grand Hôtel and the Lydmar Hotel, although all segments contributed to growth.
- The EBITA margin improved slightly.
- The Grand Group continued to invest in its service offerings and completed the refurbishment of parts of the Grand Hôtel.
- Lydmar was ranked as the most popular hotel in Stockholm, reaching #1 on TripAdvisor.

OUR VIEW

- The Grand Group has improved profitability during the past years due to strong growth and cost control.
- Focus going forward remains on continued revenue growth and improvement of operational excellence.
- The Grand Group has a solid platform for inorganic opportunities in the Nordics.

Key figures, SEK m.	2016	2015
Net sales	635	597
EBITDA	51	41
EBITDA, %	8	7
EBITA	24	15
EBITA, %	4	3
Operating cash flow	1	16
Net debt	–89	–106

website: www.grandhotel.se and www.lydmar.com
Chairperson: Peter Wallenberg Jr
President and CEO: Pia Djupmark
Board Members from Patricia Industries: Daniel Johansson, Jenny Haquinius Ashman (Deputy)

5 SEK bn.	2%	40.0% / 40.0%
Reported value of holding	of total assets	of capital / of votes

Provides mobile voice and broadband services in Sweden and Denmark

IMPORTANT EVENTS 2016

- Service revenue grew by 5 percent and the subscriber base increased by 114,000, of which 52,000 in Sweden.
- The EBITDA margin remained unchanged at 27 percent.
- 3 Scandinavia acquired additional spectrum in both Sweden and Denmark, providing the foundation for maintaining a high-quality network with a growing subscriber base and increasing data usage.
- Johan Johansson was appointed new CEO of 3 Sweden, effective October 2016.
- Cash flow was strong, and SEK 1,936 m. was distributed to the owners, of which SEK 774 m. to Patricia Industries.

OUR VIEW

- 3 Scandinavia has consistently grown by capturing market share in Sweden and Denmark.
- The company always strives to put its customers first and invest in building and retaining its customer base.
- Investments in a high-quality network, including spectrum, remain a prerequisite for a sustainable customer proposition.

Key figures, SEK m.	2016	2015
Net sales	11,480	10,831
Sweden, SEK m.	*7,374*	*7,238*
Denmark, DKK m.	*3,242*	*2,868*
EBITDA	3,063	2,916
Sweden, SEK m.	*2,255*	*2,149*
Denmark, DKK m.	*633*	*612*
EBITDA, %	27	27
Sweden	*31*	*30*
Denmark	*20*	*21*
Net debt	1,372	1,579
Subscribers	3,304,000	3,190,000
Sweden	*2,068,000*	*2,016,000*
Denmark	*1,236,000*	*1,174,000*

website: www.tre.se
Chairperson: Canning Fok
President and CEO, Sweden: Johan Johansson
President and CEO, Denmark: Morten Christiansen
Board Members from Patricia Industries: Christian Cederholm, Lennart Johansson

Financial Investments

10 SEK bn.	3%
Reported value	of total assets

Financial Investments consists of investments in which the investment horizon has not yet been defined. Our objective is to maximize the value and use realized proceeds for investments in existing and new subsidiaries. We are also evaluating if some holdings could become long-term investments.

IMPORTANT EVENTS 2016

- Investments amounted to SEK 611 m. and divestments and distributions to SEK 2,368 m.
- Exits included Venda, Constant Contact, Liba, Nilörn, Transcend Medical, Yuan Chuan, Cayenne Medical, Galil Medical, CDG, Samsari, Kunskapsskolan and Aternity. The holdings in Active Biotech, Alligator Bioscience, Tobii, Corcept, Healthline and Spigit (Mindjet) were partially divested.

As of December 31, 2016, European, U.S. and Asian holdings represented 24, 46, and 30 percent of the total value of the Financial Investments. 48 percent of the net asset value of the Financial Investments is represented by investments in publicly listed companies.

The five largest investments represented 53 percent of the total value of the Financial Investments.

Company	Operations
Listed	**NSFOCUS** Provides enterprise-level network security solutions and services in the Americas, Europe and Asia
Unlisted	**Madrague** An equity long/short fund with European focus and active portfolio management driven by fundamental research combined with a top-down view
Listed	**Tobii** Provides eye tracking, developing equipment and services used by more than 2,000 companies and 1,500 research institutions
Unlisted	**Spigit** Provides enterprise software for crowdsourced innovation
Listed	**Newron** A clinical-stage biopharmaceutical company discovering, developing and commercializing novel drugs to treat diseases of the Central Nervous System and pain

Investor's employees

Our employees are central to our value creation model. It is only with the determination and dedication of our people that we can create long-term value for our shareholders and run our operations efficiently. To recruit and retain the right people, we focus on creating a sustainable and attractive workplace that emphasizes competence, professionalism and quality awareness.

Our organization consists of the Management Group, the investment organizations for Listed Core Investments and Patricia Industries, Corporate Relations & Communications, Group Finance, Human Resources, IT, Legal, Corporate Governance & Compliance, Office Support, and Trading.

Competence development

The competence of our employees is key for our ability to conduct our active ownership and operate efficiently. We focus on our employees' individual long-term development and offer the opportunity to continuously build skills and knowledge. Among other things, a leadership program for Investor's managers was initiated in 2016. The purpose of the program is to further enhance the general leadership skills among Investor's managers, and the program will continue throughout 2017.

Internally, Investor has many activities to enhance knowledge and provide information and all employees have access to free healthcare.

Our culture guides our actions

A strong corporate culture is important if we are to successfully achieve our vision and goals. Our Core Values; Create value, Continuous improvement, Contribute your view and Care for people, are an integral part of our way of doing business, as well as our high ethical standards. We conduct employee surveys regularly to ensure that we make progress and that we can continue to offer a sustainable and attractive workplace.

Diversity

We believe that diversity, making use of the total talent base available, builds stronger and more dynamic teams. Our organization is well diversified in terms of age, gender and expertise. Our ambition is to continue to have at least one man and one woman in the final process for every external recruitment, labor laws permitting.

Employer branding

Annually, Investor offers talented students internships at its different departments. This investment is a part of finding and attracting future employees and strengthens our employer brand. During 2016, 11 interns worked at Investor. We also host student presentations and meet with students at selected university fairs on a regular basis.

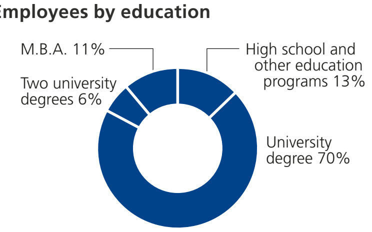
Collaboration with our holdings

During 2016, we continued to focus on improving and developing collaborations with our companies, for example with rotation programs, networking initiatives and the common job market for Investor and its subsidiaries.

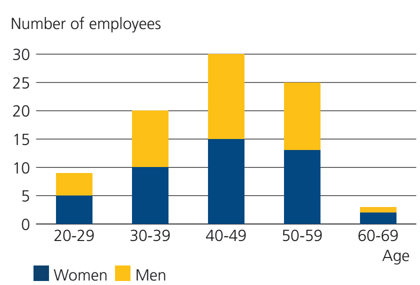
Our philosophy on remuneration – in short

- Total remuneration should be competitive in order to attract the right person to the right place at the right time.
- A substantial part of the total remuneration should be variable.
- The system should be linked to long-term shareholder returns. We expect employees to invest their own personal funds in Investor shares.
- The system should be transparent.
- The remuneration systems should adhere to the "grandfather principle", i.e. all changes in the employee's remuneration are to be approved by the supervisor of the manager proposing the change.

Employees by education



Age distribution



Facts & figures[1] December 31, 2016

- Number of employees: 87 (91)
- Average age: 43.2 years (42.2)
- Invested in education per employee: approximately SEK 17,700 (14,700)
- Percentage of female employees: 51 (51)
- Percentage of women in senior management positions: 23 (32)
- Percentage of women in the Management Group: 40 (40)
- Personnel turnover: 6.6 percent (6.6)

1) Excluding the operating subsidiaries.

The Investor share

The total return for the Investor B-share in 2016 was 13 percent, while the SIXRX total return index rose by 10 percent. The average annualized total return has been 11 percent over the past ten years and 12 percent over the past 20 years. The price of Investor's A-share increased by 10 percent during the year from SEK 306.60 to SEK 336.80. The B-share increased by 9 percent from SEK 312.60 to SEK 340.50.

Turnover

During 2016, the turnover of Investor shares on the Nasdaq Stockholm totaled 321 million (324), of which 23 million were A-shares (22) and 298 million were B-shares (302). This corresponded to a turnover rate of 7 percent (7) for the A- share and 65 percent for the B-share (65), compared with 69 percent for the Nasdaq Stockholm as a whole (73). On average, 1.3 million Investor shares were traded daily (1.3). Our B-share was the 14th most actively traded share on the Nasdaq Stockholm in 2016 (9th). Additional Investor shares were also traded on other exchanges, see page 23.

Ownership structure

At year-end, our share capital totaled SEK 4,795 m., represented by 767,175,030 registered shares, of which 2,793,387 owned by the company, each with a quota value of SEK 6.25. We had a total of 175,478 shareholders at year-end 2016 (155,629). In terms of numbers, the largest category of shareholders is private investors, and in terms of the percentage of share capital held, institutional owners dominate. The largest single shareholder category is foundations, of which the three largest are Wallenberg foundations, whose aggregated holding amounts to 23.4 percent of the capital and 50.1 percent of the votes in Investor.

Employee share ownership

Within the framework of our long-term share based remuneration, all employees are given the opportunity to invest approximately 10-15 percent (or in some cases more) of their gross base salary in Investor shares. Approximately 93 percent of Investor's employees participated in the Long-Term Variable Remuneration program 2016 (92).

For more information on remuneration, see Investor's employees page 21 and note 9, Employees and personnel costs, page 46.

Repurchases of own shares

In 2016, no shares were repurchased. However, 2,476,935 B-shares were transferred. The net decrease in holdings of own shares is attributable to repurchase of own shares and transfer of shares and options within Investor's long-term variable remuneration program.

2016	Number of shares held by Investor	Share of total number of outstanding shares, %	Nominal value, SEK m.	Transaction price, SEK m.
Opening balance B-shares	5,270,322	0.69%	32.9	
Repurchased B-shares	0	0.00%	0.0	
Transferred B-shares	–2,476,935	–0.32%	–15.5	–312.0
Closing balance	**2,793,387**	**0.36%**	**17.5**	

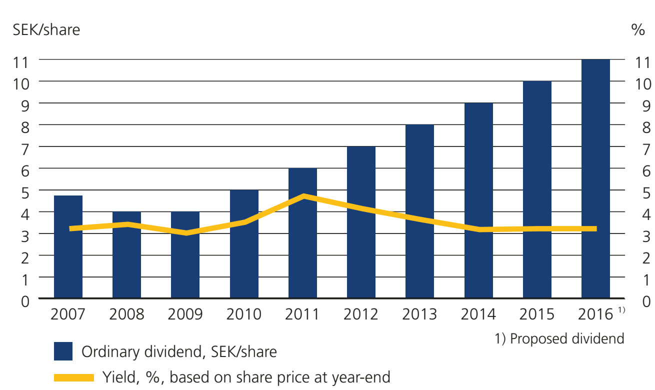
Proposed dividend

The board proposes a dividend to shareholders of SEK 11.00 per share (10.00), corresponding to a maximum of SEK 8,439 m. to be distributed (7,672), based on the total number of registered shares.

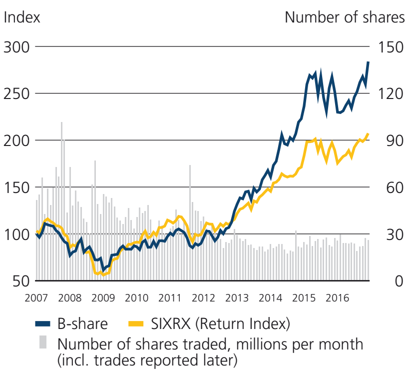
Dividend policy

Our dividend policy is to distribute a large percentage of the dividends received from the listed core investments, as well as to make a distribution from other net assets corresponding to a yield in line with the equity market. The goal is to pay a steadily rising dividend.

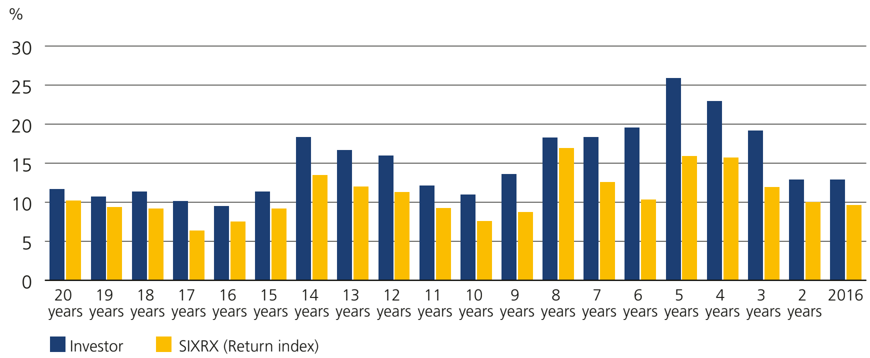
Dividend



Total return Investor vs. SIXRX



Average annual total return Investor vs. SIXRX



Investor's 15 largest shareholders listed by capital stake[1)]

12/31 2016	% of capital	% of votes
Knut and Alice Wallenbergs Foundation	20.0	42.9
Alecta	5.9	3.0
AMF	4.0	8.4
SEB Foundation	2.3	4.9
First Eagle Investment management	2.1	3.0
Marianne and Marcus Wallenbergs Foundation	1.9	4.1
SEB-funds	1.8	0.5
Marcus and Amalia Wallenbergs Memorial Fund	1.4	3.1
Norges Bank Investment Management	1.6	0.4
The Northern Cross Investments Ltd.	1.6	0.3
Robur funds (incl. Swedish church)	1.4	3.1
Vanguard Group Inc.	1.2	0.3
Invesco Advisers, Inc.	1.1	0.2
Afa Försäkring	0.9	0.2
Handelsbanken funds	0.8	0.2

1) Swedish owners are directly registered or registered in the name of nominees. Foreign owners through filings, custodian banks are excluded. Source: Euroclear.

Shareholders statistics, December 31, 2016 (Euroclear)

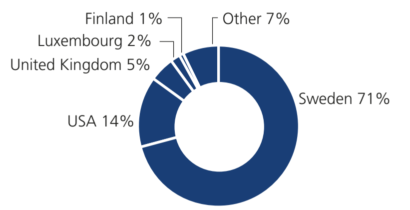
Number of shares	Number of shareholders	Holding, %
1-500	133,602	2
501-1,000	18,729	2
1,001-5,000	18,186	5
5,001-10,000	2,376	2
10,001-15,000	727	1
15,001-20,000	412	2
20,001-	1,446	86
Total	175,478	100

Analyses of Investor

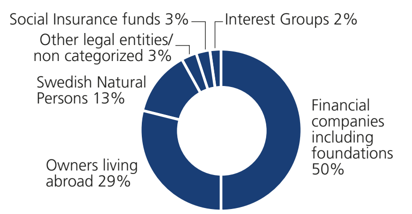
Firms publishing analyses of Investor AB

- ABG Sundal Collier
- BofA Merrill Lynch
- Carnegie
- Citi
- Danske Bank
- DNB
- Goldman Sachs
- Handelsbanken
- HSBC
- JP Morgan
- Kepler Cheuvreux
- Nordea
- Pareto Securities
- SEB
- Swedbank Markets
- UBS

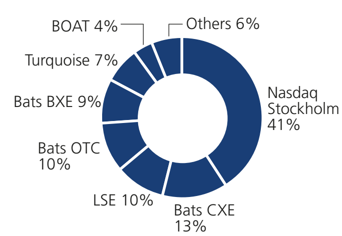
Distribution of ownership by country, % of capital (Euroclear)



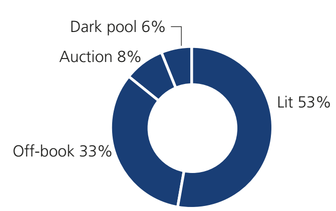
Distribution of shareholders, % of capital (Euroclear)



Trading by venue, % (Fidessa)



Trading by category, % (Fidessa)



Lit: Traditional trading, buy- and sellorders are public
Off-book: trading outside the exchange, registered afterwards
Auction: auctionprocedure at excange
Dark pool: buy- and sellorders are not public

Brief facts

- Listed on the Stockholm Stock Exchange since 1919.
- A shares and B shares are mainly traded on Nasdaq Stockholm.
- The only difference between the A and B share classes is that the A share carries one vote while the B share carries 1/10 vote.
- Total number of registered shares: 767,175,030, of which 311,690,844 A shares and 455,484,186 B shares.
- Ticker codes B share: INVEB SS (Bloomberg), INVEb.ST (Reuters), INVE.B (FactSet).
- Market capitalization on December 31, 2016: SEK 259.1 bn. (adjusted for repurchased shares).
- 4th largest company on Nasdaq Stockholm measured by market capitalization.

Characteristics of the Investor share

- Our business model to actively develop our portfolio companies is well proven and has continuously generated healthy long-term returns to our shareholders.
- Our strong financial position enables us to capture attractive business opportunities for ourselves and for our portfolio companies.
- Our strong cash flow generation provides both investment and distribution capacity.
- The liquidity of Investor shares is high on Nasdaq Stockholm, as well as on other exchanges.
- Investor is a competitive alternative to get exposure to a well-diversified portfolio of listed and unlisted world-class companies.

Investor relations

Magnus Dalhammar: +46 8 614 2130
magnus.dalhammar@investorab.com

IR Group: +46 8 614 2131
www.investorab.com

Corporate Governance Report

"Effective decision-making is based on good corporate governance. For this reason, we strive to continuously develop our corporate governance both internally and in the companies where we have ownership responsibilities."

Jacob Wallenberg

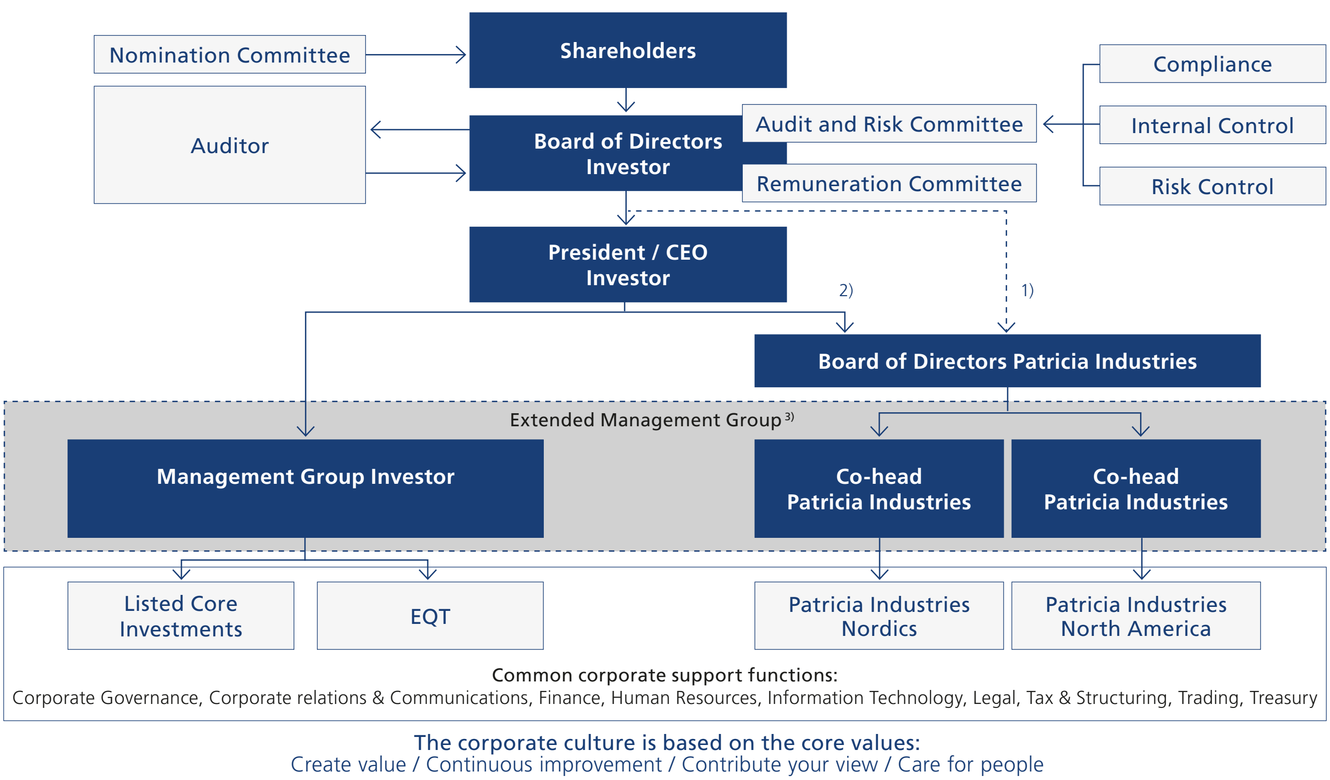
Corporate governance practices refer to the decision making systems through which owners, directly or indirectly, govern a company. Investor's business model of active ownership is to create value in the portfolio companies. Good corporate governance is not only an important matter for Investor's own organization, it is an important part of Investor's core business.

Investor is a Swedish limited liability company, publicly traded on Nasdaq Stockholm, and adheres to the Swedish Code of Corporate Governance (the Code). The Code is published on www.corporategovernanceboard.se, where a description of the Swedish Corporate Governance model can be found.

This Corporate Governance Report is submitted in accordance with the Swedish Annual Accounts Act and the Code. It explains how Investor has conducted its corporate governance activities during the 2016 financial year.

The Corporate Governance Report has been reviewed by Investor's auditor, see page 84.

Corporate Governance at Investor



1) Within given mandate from Investor's Board of Directors the operation within Patricia Industries is run independently. The Board of Patricia Industries consists of Gunnar Brock, Sune Carlsson, Johan Forssell, Jacob Wallenberg (Vice Chairperson) and Marcus Wallenberg (Chairperson). For members in Investor's Board of Directors, see page 30.

2) The President and CEO of Investor has the overall responsibility for the whole Investor Group. In the daily operations, the President and CEO of Investor, however works closer to the two business areas Listed Core Investments and EQT, as Patricia Industries has a Board of Directors that independently makes investment and management decisions, within a given mandate from Investor's Board of Directors, regarding the companies within Patricia Industries. The President and CEO of Investor is a member of the Patricia Industries' Board.

3) As of January 17, 2017, an Extended Management Group was established, which includes the Co-heads of Patricia Industries. For members of the Management Group including the Extended Management Group, see page 32.

Investor complied with the Code during 2016. Investor did neither deviate from the Nasdaq Stockholm Rule Book for Issuers nor from good stock market practice.

Annual General Meeting

The 2017 Annual General Meeting (AGM) of Investor will take place on May 3 at the City Conference Centre in Stockholm. Shareholders who would like to have a particular matter discussed at the AGM should have submitted such request to the Nomination Committee before March 8 and to the company before March 15, 2017. Contact information is available on the company website.

Each Investor shareholder entitled to vote may vote for the entire number of the shares owned and represented by the shareholder without restrictions to the number of votes. A-shares are entitled to one vote and B-shares are entitled to 1/10 vote.

In addition to what follows from applicable law regarding shareholders' right to participate at General Meetings, under Investor's Articles of Association shareholders must (within the time stated in the convening notice) give notice of their attendance and notify the company of any intention to bring assistance.

The documents from the AGMs and the minutes recorded at the AGMs are published on the website.

Shares

At year-end 2016, Investor had 175,478 shareholders according to the register of shareholders maintained by Euroclear Sweden. Shareholdings in Investor representing at least one tenth of the votes of all shares in the company: Knut and Alice Wallenberg Foundation with 20.0 percent of the capital and 42.9 percent of the votes.

Since year 2000, the Board has requested and been granted a mandate by the AGM to repurchase and transfer Investor shares. The 2017 AGM is proposed to grant a corresponding authorization to the Board to repurchase and transfer Investor shares as was granted by the AGM 2016.

For more information about the Investor share and the largest shareholders, see page 22.

Nomination Committee

According to the current instruction for the Nomination Committee, the Committee shall consist of one representative from each of the four shareholders or groups of shareholders controlling the largest number of votes that desire to appoint a representative and the Chairperson of the Board. The Nomination Committee is obliged to perform its tasks according to the Code. For further information regarding instruction for the Nomination Committee, see the website.

The members of the Nomination Committee for the AGM 2017:

- Hans Wibom, Wallenberg Foundations, Chairperson of the Nomination Committee
- Anders Oscarsson, AMF
- Lars Isacsson, SEB Foundation
- Ramsay Brufer, Alecta
- Jacob Wallenberg, Chairperson of the Board of Directors

The composition of the Nomination Committee meets the requirements concerning the independence of the Nomination Committee.

The AGM documents related to the Nomination Committee are published on the website.

Auditor

Pursuant to its Articles of Association, Investor must have one or two auditors, and no more than two deputies. A registered firm of auditors may be appointed as the company's auditor. The auditor is appointed by the AGM for a mandate period of one year, as nothing further is stated in Investor's Articles of Association.

At the 2016 AGM, the registered auditing company, Deloitte AB was re-elected as auditor for the period until the end of the 2017 AGM. Deloitte AB has been the auditor in charge since 2013. The Authorized Public Accountant Thomas Strömberg is since 2013 the auditor in charge for the audit.

For details on fees to auditors, see note 10, Auditor's fees and expenses.

Board

The Board of Directors is ultimately responsible for Investor's organization and administration. Pursuant to the Articles of Association, the Board must consist of no less than three and no more than thirteen Directors, as well as no more than four deputies. Since the 2016 AGM, the Board has consisted of eleven members and no deputies. The CEO is the only Board member employed by the company. The number of female Board members are four and three Board members are not Swedish citizens.

The composition of Investor's Board meets the requirements concerning the independence of Directors. Several of the Board members are Directors of Investor's holdings and they receive remuneration from these companies. This consideration is not considered to entail a dependence of these members on Investor or its Management. Investor is an industrial holding company and works actively through the Boards of its holdings to identify and drive value-creating initiatives. The work of the Board of Directors in Investor's holdings is the core of Investor's active ownership model. For Investor, where a fundamental component is to have the right Board in each company, it is natural that Members of Investor's Board of Directors and Management have Board assignments in Investor's holdings.

A more detailed presentation of the Board is found on page 30 and on the website.

Evaluation of the Board and CEO

Pursuant to the Rules of Procedure, the Chairperson of the Board initiates an annual evaluation of the performance of the Board. The objective of the evaluation is to provide insight into the Board members' opinions about the performance of the Board and identify measures that could make the work of the Board more effective. A secondary objective is to form an overview of the areas the Board believes should be afforded greater scope and where additional expertise might be needed within the Board.

The 2016 evaluation was answered by each Board member. In addition, the Chairperson met with each Board member separately to discuss the work done by the Board during the year. The Board discussed the results of this year's evaluation and the Chairperson of the Board reported them to the Nomination Committee.

Investor's Board continuously evaluates the performance of the President by monitoring the development of the business in relation to the established objectives. A formal performance review is carried out once a year.

Work of the Board in 2016

During the year, the Board held 11 meetings (of which 2 per capsulam meetings). The Board members' attendance is shown in the adjacent table. The secretary of the Board meetings was, with a few exceptions, General Counsel, Petra Hedengran. Prior to each meeting, Board members were provided with written information on the issues that were to be discussed. Each Board meeting has included an item on the agenda during which Board members had the opportunity to discuss without representatives of the company's Management being present.

The Board devoted considerable time to value creation plans in the portfolio companies, acquisition of shares in, inter alia, Atlas Copco, Wärtsilä and Ericsson, investments in EQT funds and other strategic matters.

The Board devoted time to both internal and external presentations of the financial markets. The Board discussed the development and the effects on industries, markets and individual companies, paying particularly close attention to Investor's holdings and the long-term strategies of such holdings. The CEO of Saab presented the company. Furthermore, the Management for Patricia Industries held a presentation on the development of this business area and its portfolio companies including the key points in the value creation plans.

An important part of the Board's work is the financial reports presented at every regular Board meeting, including those prior to the year-end, the interim report, and the interim management statements. The Board also receives regular reports on the company's financial position. Also, regular monthly reports about the companies within the business area Patricia Industries are reviewed. At regular Board meetings, reports are delivered on the ongoing operations in the business areas, together with in-

Attendance record and Board remuneration in 2016

		Attendance record, Board and Committee meetings 2016			Board remuneration resolved by the AGM 2016, SEK t.			
Member	Position	Board meetings[1]	Audit and Risk Committee	Remuneration Committee[1]	Board fee[2]	Audit and Risk Committee	Remuneration Committee	Total
Jacob Wallenberg	Chairperson	9/9	6/6	7/7	2,400	170	160	2,730
Marcus Wallenberg	Vice Chairperson	9/9			1,390			1,390
Josef Ackermann	Member	9/9			640			640
Gunnar Brock	Member	9/9	6/6		640	170		810
Johan Forssell	Member	9/9						
Magdalena Gerger	Member	7/9	6/6		640	170		810
Tom Johnstone, CBE	Member	9/9		7/7	640		80	720
Grace Reksten Skaugen	Member	9/9	6/6		640	255		895
Hans Stråberg	Member	9/9			640			640
Lena Treschow Torell	Member	8/9		7/7	640		80	720
Sara Öhrvall	Member	9/9			640			640
Total					**8,910**	**765**	**320**	**9,995**

1) Per capsulam not included.
2) Non-employee Directors can choose to receive part of their Board remuneration (excluding Committee remuneration) in the form of synthetic shares.
For total value of the Board fee including synthetic shares and dividends at year-end, see note 9, Employees and personnel costs.

depth analyses and proposed actions regarding one or more of the company's holdings. Succession planning is also evaluated yearly by the Board.

Committee work is an important task performed by the Board. For a description of the work conducted by the Committees during 2016, see the adjacent table.

During the year, the company's Management presented value creation plans for Listed Core Investments, including analyses of the holdings' operations and development potential in the business areas where they are active. These analyses and their implications were discussed and assessed by the Board with a focus on the individual companies as well as in the context of overall strategic discussions. The Board reviewed and approved these value creation plans for all listed core investments. The Board also discussed the overall strategy thoroughly at the yearly strategy review.

The Board regularly received and discussed reports on the composition of portfolios and developments within Patricia Industries and Investor's involvement in EQT.

In addition to participating in meetings of the Audit and Risk Committee, the company's auditor also attended a Board meeting during which Board members had the opportunity to pose questions to the auditor without representatives of the company's Management being present.

Board Committees

In order to increase the efficiency of its work and enable a more detailed analysis of certain issues, the Board has formed Committees. The Board Committees are the Audit and Risk Committee and the Remuneration Committee. The members of the Committees are appointed for a maximum of one year at the statutory Board meeting. The Committee's duties and decision making authorities are regulated in the annually approved Committee instructions.

The primary objective of the Committees is to provide preparatory and administrative support to the Board. The issues considered at Committee meetings are recorded in minutes and reported at the next Board meeting. Representatives from the company's specialist functions always participate in Committee meetings.

The Audit and Risk Committee is responsible for assuring the quality of the financial reporting and the efficiency in the internal control system. The Audit and Risk Committee also evaluates financial strategies, risk exposure and that the company's compliance efforts are effective. The Audit and Risk Committee is the primary way in which the Board and the company's auditor communicate with each other.

The responsibilities of the Remuneration Committee are, among other things, to monitor, evaluate and prepare guidelines for salary and other remuneration and to decide remuneration to the members of the Management Group, except for the President for whom the Board as a whole sets the remuneration.

Board Committees' work 2016

	Audit and Risk Committee	Remuneration Committee
Members	Grace Reksten Skaugen (Chairperson) Gunnar Brock Magdalena Gerger Jacob Wallenberg	Jacob Wallenberg (Chairperson) Tom Johnstone, CBE Lena Treschow Torell
Number of meetings	6	8 (of which 1 per capsulam)
Focus areas in 2016	• Analyzed each interim report, interim management statement and the year-end report for completeness and accuracy. • Evaluated accounting and valuation principles. • Followed-up Audit reports. • Followed-up on the internal control in the financial reporting process. • Evaluated risk for errors in the financial reporting and followed-up recommendations on improvements. • Evaluated the auditor performance and presented to the Nomination Committee. • Followed-up on limits, mandates and risk exposure. • Approved updates of Group policies. • Assessed the effect on Investor and specifically the Audit and Risk Committee work, regarding new and coming regulations.	• Evaluated and approved remuneration structures for personnel and salary reviews for Management. • Evaluated and assessed the President's goals and terms and conditions for remuneration, which were then approved by the Board. • Discussed strategic personnel and compensation related issues. • Monitored and evaluated guidelines for salary and other remuneration including the long-term variable remuneration programs, both ongoing and those that have ended during the year. • Monitored and evaluated the application of guidelines for salary and other remuneration that were approved by the AGM. • Proposed to the Board to submit to the AGM 2017 long-term variable remuneration programs.

The President and Management

The Board appoints the President and approves the Instruction for the President. The President, Johan Forssell, is responsible for the day to day business of the company. The responsibilities include among other things ongoing investments and divestments, personnel, finance and accounting issues and regular contact with the company's stakeholders, such as public authorities and the financial market. The President ensures that the Board is provided with the requisite material for making well-informed decisions.

For his support the President has appointed a Management Group consisting of Petra Hedengran, General Counsel and Head of Corporate Governance and Compliance, Daniel Nodhäll, Head of Listed Core Investments, Helena Saxon, CFO, and Stefan Stern, Head of Corporate Relations, Sustainability and Communications. As of January 17, 2017, an Extended Management Group was established, which includes the Co-heads of Patricia Industries. For members of the Management Group including the Extended Management Group, see page 32.

Four to five times a year the Management Group holds meetings focused on the company's strategy and risk assessment.

The Management Group regularly works with specific business transactions, follow-up on value creation plans, sustainability issues, the company's financial flexibility and organization- and personnel related matters.

Control functions

The Risk Control function is responsible for coordinating the internal reporting of Investor's significant risks at the aggregate level. The Risk Control function reports to the Audit and Risk Committee.

The Compliance function supports Investor's compliance with laws and regulations, and maintains internal regulatory systems and education to this end. The Compliance function reports to the Audit and Risk Committee.

The review function, Internal Control, provides objective support to the Board on matters relating to the internal control structure, partly by investigating major areas of risk and partly by performing reviews and follow-ups in selected areas. The Internal Control function regularly provides reports on its work to the Audit and Risk Committee during the year.

Remuneration

Remuneration to the Board

The total remuneration to the Board approved by the AGM 2016 was SEK 9,995 t. Since the 2008 AGM, it is possible for Board members to receive a portion of their remuneration in the form of synthetic shares. Information on specific remuneration is provided in the adjacent table and in note 9, Employees and personnel costs.

At the statutory Board meeting in May 2016, the Board adopted, as in 2011-2015, a policy stating that Board members, who do not already have such holdings, are expected to, over a five-year period, acquire an ownership in Investor shares (or a corresponding exposure to the Investor share, e.g. in the form of synthetic shares) with a market value equivalent to at least one year's Board remuneration, before taxes, excluding remuneration for Committee work.

Remuneration to Management

The total remuneration for the President is determined by the Board. Remuneration issues concerning other members of the Management Group are decided by the Remuneration Committee, after which the Board is informed.

Investor's policy is for the Management Group to own shares in Investor corresponding to a market value of at least one year's gross salary for the President and at least half of one year's gross salary for the other members of the Management Group.

See note 9, Employees and personnel costs, and on the website, for the most recently approved guidelines on remuneration to senior executives and for a description on the long-term variable remuneration programs. See also the website for the information and evaluation that have to be reported according to the Code.

The Board of Directors' proposal regarding guidelines for salary and other remuneration for the President and other members of the Management Group to the AGM 2017 corresponds in substance with the guidelines for remuneration decided by the AGM 2016. The Management Group consists of the President Johan Forssell, Petra Hedengran, Daniel Nodhäll, Helena Saxon and Stefan Stern as well as the two additional members, Noah Walley and Christian Cederholm, who together with the other members form Investor's Extended Management Group. Noah Walley and Christian Cederholm are Co-heads of Patricia Industries North America and Nordics respectively.

The Board of Directors' proposal regarding long-term variable remuneration program to the AGM 2017 is substantially the same as the program decided by the AGM 2016. However, the Board of Directors also proposes to the AGM 2017 a new, separate program for employees within Patricia Industries.

Internal control over financial reporting

The description of the internal control over the financial reporting is based on the framework set by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Investor's internal control over the financial reporting is focused primarily on ensuring efficient and reliable control of, and accounting for, purchases, sales and accurate evaluation of securities. Correct consolidation of the operating subsidiaries is also a priority.

The Board of each operating subsidiary is responsible for ensuring the efficiency of the subsidiary's internal control structures, risk management and financial reporting. Patricia Industries' Board representative provides this information to Patricia Industries' Board, where analysis and follow-up take place. Patricia Industries' Board ensures that Investor's Board and Management receive information on any issues that could affect Investor's business or financial reporting.

Control environment

The control environment is built around an organization with clear decision-making channels, powers and responsibilities that are defined by explicit instructions and a corporate culture based on shared values. It also requires each individual's awareness of his/her role in maintaining effective internal control.

All of Investor's business areas have policies, instructions and detailed process descriptions for the various phases of each business flow. These documents establish rules on responsibilities for specific tasks, mandates and powers and how validation is to be carried out. Accounting and reporting rules and routines are documented in Investor's Financial Handbook. All governing documents are presented on the intranet for all employees. The documents are updated yearly or when needed. During 2016 the follow-up on the subsidiaries' work with their steering documents continued.

Risk assessment

Risk assessment is conducted continuously in the day to day business at Investor. Annually the Finance department assesses risk for major errors in the financial report and sets action plans to reduce identified risks. Focus is placed on risks of material weaknesses for significant Income Statement and Balance Sheet items, which have a higher risk because of the complexity, or where there is a risk that the effects of potential weaknesses may become significant because of the high transaction values involved. Conclusions drawn from the risk assessments on risks for errors in the financial reporting are reported to and discussed with the Audit and Risk Committee.

Using the risk assessment as a starting point to ensure the reliability of the financial reporting, the Audit and Risk Committee determines which of the identified risks should be prioritized by the Internal Control function. Suggestions for improvements are identified and implemented on an ongoing basis. During 2016 the yearly risk assessment focused on information security, compliance risks and risks for errors in the financial reporting.

For a more detailed description of risks and other risk assessments, see note 3, Risks and Risk management.

Control activities

To ensure that the financial reporting gives a true and fair picture on each reporting date, every process incorporates a number of control activities. These involve all levels of the organization, from the Board and company Management to other employees.

Financial controls in the company include approval of business transactions, reconciliation with external counterparties, daily monitoring of risk exposure, daily account reconciliation, monthly custody reconciliation, performance monitoring and analytical monitoring of decisions. Investor's financial reports are analyzed and validated by the company's control function within Finance. Frequent analysis of the operating subsidiaries' financial reports are also performed.

During 2016 the controls in the processes with Patricia Industries have been developed.

Information and communication

For the purpose of ensuring that the external information is correct, complete and timely, Investor's Board has adopted a Communication policy. Within the company, there are also instructions regarding information security and how to communicate financial information between the Board, Management and other employees as well as from Patricia Industries to Investor.

During 2016 continued focus has been on improving the process of information flow between Patricia Industries and Investor. During the year, reporting processes from the new subsidiary Laborie have also been set.

Investor has an established process for whistleblowing, accessible for all employees. It can be used anonymously.

Monitoring

Both the Board and the Management Group regularly follow-up on the effectiveness of the company's internal controls to ensure the quality of processes for the financial reporting. Investor's financial situation and strategy regarding the company's financial position are discussed at every Board meeting and the Board is provided with detailed reports on the development of the business to this end. The Board reviews all interim reports before public release.

The Audit and Risk Committee plays an important role in ensuring and monitoring that control activities are in place for important areas of risk inherent in the processes for financial reporting and regularly reports the results from the committee work to the Board. The Audit and Risk Committee, Management Group and Internal Control function regularly follow-up reported deviations.

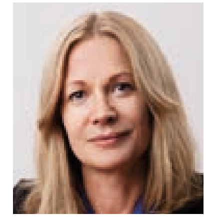
Board of Directors

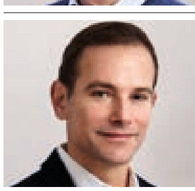
	Jacob Wallenberg	**Marcus Wallenberg**	**Josef Ackermann**	**Gunnar Brock**	**Johan Forssell**
Position	Chairperson Chairperson: RC Member: ARC	Vice Chairperson	Director	Director Member: ARC	Director President and CEO
Elected	1998 (Chairperson since 2005)	2012 (Vice Chairperson since 2015)	2012	2009	2015
Year of birth	1956	1956	1948	1950	1971
Nationality	Swedish	Swedish	Swiss	Swedish	Swedish
Education	B.Sc. in Economics and M.B.A., Wharton School, University of Pennsylvania Reserve Officer, Swedish Navy	B.Sc. of Foreign Service, Georgetown University	Dr. oec, economics and social sciences, University of St. Gallen	M.Sc. in Economics and Business Administration, Stockholm School of Economics	M.Sc. in Economics and Business Administration, Stockholm School of Economics
Other assignments	Vice Chairperson: ABB, Ericsson, FAM, Patricia Industries, SAS Director: The Knut and Alice Wallenberg Foundation, Stockholm School of Economics Member: IBLAC [1], ERT [2], IVA [3], The Confederation of Swedish Enterprise	Chairperson: FAM, Patricia Industries, Saab, SEB Vice Chairperson: The Knut and Alice Wallenberg Foundation Director: AstraZeneca, Temasek Holding Member: IVA [3]	Chairperson: Bank of Cyprus Honorary Chairperson: St. Gallen Foundation for International Studies Director: Renova Management International Advisory Board: Akbank	Chairperson: Mölnlycke, Stora Enso Director: Patricia Industries, Stena, Stockholm School of Economics, Syngenta Member: IVA [3]	Director: Atlas Copco, EQT AB, Patricia Industries, Saab, Wärtsilä Member: IVA [3]
Work experience	Chairperson: SEB Vice Chairperson: Atlas Copco, Investor, Stora President and CEO: SEB Director: The Coca-Cola Company, Electrolux, Stora, WM-data Executive VP and CFO: Investor	Chairperson: Electrolux, International Chamber of Commerce, LKAB President and CEO: Investor Executive VP: Investor Director: EQT Holdings, Deutsche Bank, Citicorp, SEB, SG Warburg, Stora Enso, Stora Feldmühle	Chairperson: Zurich Insurance Group Chairperson Management Board and the Group Executive Committee: Deutsche Bank President Executive Board: Schweizerische Kreditanstalt	Chairperson: Rolling Optics CEO: Alfa Laval, Atlas Copco, Tetra Pak Group, Thule International Director: Lego, SOS Children's Villages, Total	Project Director: Aleris Head of Core Investments: Investor Head of Research: Investor Head of Capital Goods and Healthcare sector: Investor Head of Capital Goods: Investor
Independent to Investor and its Management	Yes	Yes	Yes	Yes [6]	No [7]
Independent to major shareholders	No [5]	No [5]	Yes	Yes	Yes
Shares in Investor [8]	146,669 A shares 315,572 B shares 8,463 synthetic shares	536,000 A shares 16,223 B shares	7,042 synthetic shares	7,324 synthetic shares	34,000 A shares 50,000 B shares

ARC: *Audit and Risk Committee,* RC: *Remuneration Committee.*

1) BLAC: Mayor of Shanghai's International Business Leaders Advisory Council.
2) ERT: The European Round Table of Industrialists.
3) IVA: The Royal Swedish Academy of Engineering Sciences.
4) IFN: The Research Institute of Industrial Economics.
5) Member of Knut and Alice Wallenberg Foundation.
6) In conjunction with taking over as the Chairperson of Mölnlycke 2007 (which was prior to joining the Board in Investor), Gunnar Brock acquired shares (ordinary and preferred) in Mölnlycke as part of the stock investment program for the Board and senior executives of that company. A part of this holding was reinvested in connection with the new program set in place during 2014 and the remainder was exited. However, it has been concluded that this does not make Gunnar Brock dependent on Investor or its Management.
7) President and CEO.
8) Includes holdings of close relatives and legal entities.

					
Magdalena Gerger	**Tom Johnstone, CBE**	**Grace Reksten Skaugen**	**Hans Stråberg**	**Lena Treschow Torell**	**Sara Öhrvall**
Director Member: ARC	Director Member: RC	Director Chairperson: ARC	Director	Director Member: RC	Director
2014	2010	2006	2011	2007	2015
1964	1955	1953	1957	1946	1971
Swedish	British	Norwegian	Swedish	Swedish	Swedish
M. Econ., and M.B.A., Stockholm School of Economics M.B.A. exchange, McGill University	M.A., University of Glasgow Honorary Doctorate in Business Administration, University of South Carolina Honorary Doctorate in Science, Cranfield University	M.B.A., BI Norwegian School of Management, Careers in Business Program, New York University Ph.D. and B.Sc., Laser Physics, Imperial College of Science and Technology, London University	M.Sc. in Engineering, Chalmers University Reserve Officer, Swedish Army	Ph.D., Physics, University of Gothenburg Docent, Physics, Chalmers University	M.Sc. in International Business, Umeå University
President and CEO: Systembolaget Director: Ahlsell, Husqvarna, IVA [3] Member: IFN [4]	Chairperson: Combient, Husqvarna Director: Volvo Cars, Wärtsilä Member: IVA [3]	Chairperson: Norwegian Institute of Directors Deputy Chairperson: Orkla Director: Lundin Petroleum, Euronav	Chairperson: Atlas Copco, CTEK, Nikkarit, Roxtec Vice Chairperson: Orchid Director: Hedson, IVA [3] Mellbygård, N Holding, Stora Enso	Chairperson: Chalmers University Director: Saab, SKF Member: IVA [3]	Co-Founder and Senior Advisor: MindMill Network Director: Bonnier News, Bonnier Books, Bisnode, SEB Member: Nobel Museum, Umeå University, Vinnova
Chairperson: IQ-initiativet Director: IKEA (Ingka Holding), Svenska Spel Vice President, responsible for Fresh Dairy, Marketing and Innovation: Arla Foods Management consultant: Futoria Category Director: Nestlé Marketing Director: ICI Paints, Procter & Gamble	President and CEO: SKF Director: Electrolux, SKF, The Association of Swedish Engineering Executive Vice President: SKF President, Automotive Division: SKF	Chairperson: Entra Eiendom, Ferd Deputy Chairperson: Statoil Director: Atlas Copco, Corporate Finance Enskilda Securities, Opera Software, Renewable Energy Corporation, Storebrand, Tandberg	President and CEO: Electrolux Director: The Confederation of Swedish Enterprise, The Association of Swedish Engineering Industries COO: Electrolux Various positions within Electrolux	Chairperson: Euro-CASE Chairperson and President: IVA [3] Research Director: Joint Research Centre, European Commission Professor in Physics: Chalmers University, Uppsala University Director: Ericsson, Gambro, Getinge, Imego, IRECO, Micronic, ÅF	Chairperson: Newsmill, Workey, Feber Director: Adlibris, Bonnier Publications, Dagens Industri, Lunarstorm, Mag+, SF Bio, TV4 Executive VP, R&D: Bonnier Director of Product Development: Volvo Cars Partner and CEO: Differ
Yes	Yes	Yes	Yes	Yes	Yes
Yes	Yes	Yes	Yes	Yes	Yes
4,441 B shares 3,383 synthetic shares	7,324 synthetic shares	2,000 A shares	8,300 B shares 7,324 synthetic shares	2,500 B shares 7,324 synthetic shares	2,147 synthetic shares

Management Group

		Education	Other assignments	Work experience	Shares in Investor [1]
	**Johan Forssell** President and CEO Member MG since: 2006 (President and CEO since 2015) Employed since: 1995 Year of birth: 1971 Nationality: Swedish	M.Sc. in Economics and Business Administration, Stockholm School of Economics	Director: Atlas Copco, EQT AB, Patricia Industries, Saab, Wärtsilä Member: IVA	Project Director: Aleris Head of Core Investments: Investor Head of Research: Investor Head of Capital Goods and Healthcare sector: Investor Head of Capital Goods sector: Investor	34,000 A shares 50,000 B shares
	**Petra Hedengran** General Counsel, Head of Corporate Governance and responsible for investments in EQT funds Member MG since: 2007 Employed since: 2007 Year of birth:1964 Nationality: Swedish	Bachelor of Laws, Stockholm University	Director: Electrolux, The Association for Generally Accepted Principles in the Securities Market	Director: EQT Partners, Lindorff Group Partner and Head of Banking and Financing Group: Advokatfirman Lindahl Legal Counsel and General Counsel: ABB Financial Services, Nordic Region	1,500 A shares 15,000 B shares
	**Daniel Nodhäll** Head of Listed Core Investments Member MG since: 2015 Employed since: 2002 Year of birth: 1978 Nationality: Swedish	M.Sc. in Economics and Business Administration, Stockholm School of Economics	Director: Husqvarna	Investment Manager, Head of Capital Goods: Investor	8,074 A shares 3,426 B shares
	**Helena Saxon** Chief Financial Officer Member MG since: 2015 Employed since: 1997 Year of birth: 1970 Nationality: Swedish	M.Sc. in Economics and Business Administration, Stockholm School of Economics, IMD, INSEAD	Director: SEB, Sobi	Director: Aleris, Gambro, Mölnlycke Investment Manager: Investor CFO: Hallvarsson & Halvarsson, Syncron International Financial analyst: Goldman Sachs	7,370 B shares
	**Stefan Stern** Head of Corporate Relations, Sustainability and Communications Member MG since: 2015 Employed since: 2013 Year of birth: 1970 Nationality: Swedish	Political science, Stockholm University	Director: Demoskop	State Secretary on Energy and Sustainability, Ministry of Sustainable Development: Government of Sweden Senior Advisor: Magnora CEO: Swedish District Heating Association Head of Planning, Prime Minister's Office: Government Offices of Sweden	3,426 B shares
Members of the Extended Management Group [2]					
	**Christian Cederholm** Co-head Patricia Industries, Nordics Part of Extended MG since: 2017 Employed since: 2001 Year of birth: 1978 Nationality: Swedish	M.Sc. in Economics and Business Administration, Stockholm School of Economics	Director: Aleris, Hi3G Scandinavia, Nasdaq Nordic, Permobil	Head of Patricia Industries Nordics Investment Professional: Investor	24,650 A shares 4,132 B shares
	**Noah Walley** Co-head Patricia Industries, North America Part of Extended MG since: 2017 Employed since: 2003 Year of birth: 1963 Nationality: American / British	B.A. and M.A. in History, Oxford University J.D. Stanford University Law School	Director: BraunAbility, Better Finance, Conductor, Pulsepoint, Retail Solutions, Spigit, Tangoe	Head of Patricia Industries U.S. President: IGC Managing Director: IGC General Partner: Morgan Stanley Consultant: McKinsey Investment Banker: N M Rothschild & Sons	6,325 B shares

See note 9, Employees and personnel costs, for shares and share-related instruments held by the Management Group members.

1) Includes holdings of close relatives and legal entities.
2) As of January 17, 2017, an Extended Management Group was established, which includes the Co-heads of Patricia Industries.

Proposed Disposition of Earnings

The Board of Directors proposes that the unappropriated earnings in Investor AB:

Total available funds for distribution	
Retained earnings	202,396,911,560
Net profit for the year	29,275,673,469
Total SEK	**231,672,585,029**

To be allocated as follows:	
Dividend to shareholders, SEK 11.00 per share	8,438,925,330[1)]
Funds to be carried forward	223,233,659,699
Total SEK	**231,672,585,029**

The consolidated accounts and annual accounts have been prepared in accordance with the international accounting standards in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards and generally accepted accounting standards in Sweden and give a true and fair view of the Group's and Parent Company's financial position and results of operations. The Administration Report for the Group and the Parent Company gives a true and fair view of the operations, position and results, and describes significant risks and uncertainty factors that the Parent Company and Group companies face. The annual accounts and the consolidated financial statements were approved for release by the Board of Directors and the President on March 23, 2017. The consolidated Income Statement and Balance Sheet, and the Income Statement and Balance Sheet of the Parent Company, will be presented for adoption by the Annual General Meeting on May 3, 2017.

The proposed dividend amounts to SEK 8,439 m. The Group's equity attributable to the shareholders of the Parent Company was SEK 300,077 m. as of December 31, 2016, and unrestricted equity in the Parent Company was SEK 231,673 m. Unrestricted equity includes SEK 145,000 m. attributable to unrealized changes in value according to a valuation at fair value. With reference to the above, and to other information that has come to the knowledge of the board, it is the opinion of the board that the proposed dividend is defendable with reference to the demands that the nature, scope and risks of Investor's operations place on the size of the company's and the Group's equity, and the company's and the Group's consolidation needs, liquidity and position in general.

1) Calculated on the total number of registered shares. No dividend is paid for the Parent Company's holding of own shares, whose exact number is determined on the record date for cash payment of the dividend. On December 31, 2016, the Parent Company's holding of own shares totaled 2,793,387.

Stockholm, March 23, 2017

Jacob Wallenberg
Chairperson

Marcus Wallenberg
Vice Chairperson

Josef Ackermann
Director

Gunnar Brock
Director

Tom Johnstone, CBE
Director

Magdalena Gerger
Director

Grace Reksten Skaugen
Director

Hans Stråberg
Director

Lena Treschow Torell
Director

Sara Öhrvall
Director

Johan Forssell
President and Chief Executive Officer

Our Audit Report was submitted on March 23, 2017

Deloitte AB

Thomas Strömberg
Authorized Public Accountant

List of contents of Financials

Consolidated Income Statement

SEK m.	Note	2016	2015
Dividends	8	8,351	7,821
Other operating income	8	40	58
Changes in value	6	22,057	8,538
Net sales	8	31,742	25,365
Cost of goods and services sold	7,9,11,16,17,20	–20,102	–15,985
Sales and marketing costs	7,9,11,16,17,20	–3,802	–3,147
Administrative, research and development and other operating costs	7,9-11,16,17,20	–3,357	–2,880
Management costs	7,9-11,16,17,20	–465	–483
Share of results of associates	12	516	360
Operating profit/loss		**34,980**	**19,647**
Financial income	13	1,429	961
Financial expenses	13	–2,291	–2,434
Net financial items		**–862**	**–1,473**
Profit/loss before tax		**34,118**	**18,174**
Tax	14	–453	–740
Profit/loss for the year	5	**33,665**	**17,434**
Attributable to:			
Owners of the Parent Company		33,665	17,433
Non-controlling interest		0	1
Profit/loss for the year		**33,665**	**17,434**
Basic earnings per share, SEK	15	44.09	22.89
Diluted earnings per share, SEK	15	44.02	22.82

Consolidated Statement of Comprehensive Income

SEK m.	Note	2016	2015
Profit/loss for the year		33,665	17,434
Other comprehensive income for the year, including taxes			
Items that will not be recycled to profit/loss for the year			
Revaluation of property, plant and equipment		428	190
Remeasurements of defined benefit plans		–39	84
Items that may be recycled to profit/loss for the year			
Cash flow hedges		13	145
Foreign currency translation adjustment		1,410	–201
Share of other comprehensive income of associates		68	–48
Total other comprehensive income for the year		**1,880**	**170**
Total comprehensive income for the year		**35,545**	**17,604**
Attributable to:			
Owners of the Parent Company		35,544	17,603
Non-controlling interest		1	1
Total comprehensive income for the year	23	**35,545**	**17,604**

Consolidated Balance Sheet

SEK m.	Note	12/31 2016	12/31 2015
ASSETS			
Non-current assets			
Goodwill	16	34,852	29,062
Other intangible assets	16	16,423	12,386
Buildings and land	17	5,558	4,123
Machinery and equipment	20	2,787	2,360
Shares and participations recognized at fair value	12, 29	272,869	250,700
Shares and participations in associates	12	3,875	3,336
Other financial investments	22	3,709	6,665
Long-term receivables	18	4,419	4,587
Deferred tax assets	14	907	964
Total non-current assets		345,399	314,183
Current assets			
Inventories	19	3,086	2,509
Tax assets		100	111
Trade receivables		3,813	3,393
Other receivables	18	303	380
Prepaid expenses and accrued income	21	882	935
Shares and participations in trading operation		46	18
Short-term investments	22	5,094	1,881
Cash and cash equivalents	22	11,250	13,180
Total current assets		24,574	22,407
TOTAL ASSETS		369,973	336,590

SEK m.	Note	12/31 2016	12/31 2015
EQUITY AND LIABILITIES			
Equity	23		
Share capital		4,795	4,795
Other contributed equity		13,533	13,533
Reserves		4,752	2,821
Retained earnings, including profit/loss for the year		276,997	250,652
Equity attributable to shareholders of the Parent Company		300,077	271,801
Non-controlling interest		64	176
Total equity		300,141	271,977
Liabilities			
Non-current liabilities			
Long-term interest-bearing liabilities	24	53,313	50,120
Provisions for pensions and similar obligations	25	838	743
Other provisions	26	276	312
Deferred tax liabilities	14	4,992	3,800
Other long-term liabilities	27	1,952	1,253
Total non-current liabilities		61,371	56,228
Current liabilities			
Current interest-bearing liabilities	24	1,634	2,413
Trade payables		1,954	1,677
Tax liabilities		205	244
Other liabilities	27	915	708
Accrued expenses and prepaid income	28	3,579	3,186
Provisions	26	174	157
Total current liabilities		8,461	8,385
Total liabilities		69,832	64,613
TOTAL EQUITY AND LIABILITIES		369,973	336,590

For information regarding pledged assets and contingent liabilities see note 30, Pledged assets and contingent liabilities.

Consolidated Statement of Changes in Equity

SEK m.	Note 23	Share capital	Other contri-buted equity	Trans-lation reserve	Revalua-tion reserve	Hedging reserve	Retained earnings, incl. profit/loss for the year	Total	Non-controlling interest	Total equity
		Equity attributable to shareholders of the Parent Company								
Opening balance 1/1 2016		4,795	13,533	1,152	1,229	440	250,652	271,801	176	271,977
Profit/loss for the year							33,665	33,665	0	33,665
Other comprehensive income for the year				1,497	433	25	–76	1,879	1	1,880
Total comprehensive income for the year				1,497	433	25	33,589	35,544	1	35,545
Release of revaluation reserve due to depreciation of revalued amount					–24		24			
Dividend							–7,635	–7,635		–7,635
Change in non-controlling interest									37	37
Reclassification of non-controlling interest									–150	–150
Stock options exercised by employees							312	312		312
Equity-settled share-based payment transactions							55	55		55
Closing balance 12/31 2016		4,795	13,533	2,649	1,638	465	276,997	300,077	64	300,141

SEK m.	Note 23	Share capital	Other contri-buted equity	Trans-lation reserve	Revalua-tion reserve	Hedging reserve	Retained earnings, incl. profit/loss for the year	Total	Non-controlling interest	Total equity
		Equity attributable to shareholders of the Parent Company								
Opening balance 1/1 2015		4,795	13,533	1,416	1,061[1]	298	239,860[1]	260,963	30	260,993
Profit/loss for the year							17,433	17,433	1	17,434
Other comprehensive income for the year				–264	190	142	102	170	0	170
Total comprehensive income for the year				–264	190	142	17,535	17,603	1	17,604
Release of revaluation reserve due to depreciation of revalued amount					–22		22			
Dividend							–6,856	–6,856		–6,856
Change in non-controlling interest									145	145
Stock options exercised by employees							57	57		57
Equity-settled share-based payment transactions							34	34		34
Closing balance 12/31 2015		4,795	13,533	1,152	1,229	440	250,652	271,801	176	271,977

1) Adjusted with SEK 293 m. from Retained earnings to Revaluation reserve in order to correct the classification of revaluation of previously revalued property.

Consolidated Statement of Cash Flow

SEK m.	Note	2016	2015
Operating activities			
Dividends received		8,352	7,953
Cash receipts		31,093	25,672
Cash payments		–25,643	–21,522
Cash flow from operating activities before net interest and income tax		**13,802**	**12,103**
Interest received[1]		903	868
Interest paid[1]		–2,007	–2,143
Income tax paid		–437	–325
Cash flow from operating activities		**12,261**	**10,503**
Investing activities			
Acquisitions[2]		–4,729	–8,370
Divestments[3]		6,185	10,113
Increase in long-term receivables		0	–46
Decrease in long-term receivables		950	987
Acquisitions of subsidiaries, net effect on cash flow		–7,175	–4,543
Increase in other financial investments		–5,446	–8,429
Decrease in other financial investments		8,387	4,973
Net changes, short-term investments		–3,321	905
Acquisitions of property, plant and equipment		–1,545	–1,046
Proceeds from sale of other investments		48	7
Net cash used in investing activities		**–6,648**	**–5,449**
Financing activities			
New issue of share capital		189	–
Borrowings		1,585	7,978
Repayment of borrowings		–1,815	–6,405
Dividend		–7,635	–6,856
Net cash used in financing activities		**–7,676**	**–5,283**
Cash flow for the year		**–2,062**	**–229**
Cash and cash equivalents at beginning of the year		**13,180**	**13,443**
Exchange difference in cash		132	–34
Cash and cash equivalents at year-end	22	**11,250**	**13,180**

1) Gross flows from interest swap contracts are included in interest received and interest paid.
2) Acquisitions include investments in listed and non listed companies not defined as subsidiaries.
3) Divestments include sale of listed and non listed companies not defined as subsidiaries.

Notes to the consolidated financial statements

Note 1. Significant accounting policies

The most significant accounting policies applied in this annual report are presented in this note and, where applicable, in the following notes to the financial statements. Significant accounting policies for the Parent Company can be found on page 77.

Statement of compliance

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. In addition the Swedish rules, RFR 1 Supplementary Accounting Policies for Groups, was applied.

Basis of preparation for the Parent Company and consolidated financial statements

The financial statements are presented in SEK, which is the functional currency of the Parent Company. All amounts, unless otherwise stated, are rounded to the nearest million (SEK m.). Due to rounding, numbers presented throughout these consolidated financial statements may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

The majority of the consolidated assets are financial assets and the majority of these as well as the majority of the property within the Group are measured at fair value. Other assets and liabilities are in essence measured at historical cost.

Non-current assets and non-current liabilities consist primarily of amounts that are expected to be settled more than 12 months from the Balance Sheet date. Other assets and liabilities are presented as current assets and current liabilities.

The accounting policies have been consistently applied to all periods presented in the financial statements, unless otherwise noted. The accounting policies have also been consistently applied to the reporting and consolidation of the Parent Company, subsidiaries and associates.

Certain comparative figures have been reclassified in order to conform to the presentation of the current year's financial statements. In cases where reclassifications pertains to significant amounts, special information has been provided.

Changes in accounting policies

The following is a description of the revised accounting policies applied by the Group and Parent Company as of January 1, 2016. Other new or revised IFRSs and interpretations from the IFRS Interpretations Committee have had no material effect on the profit/loss, financial position or disclosures for the Group or Parent Company. New or amended standards that will come into effect in forthcoming years, have not been adopted early when preparing these financial statements.

Changes in accounting policies due to new or amended IFRS

New or revised IFRSs and interpretations from the IFRS Interpretations Committee, with effective date from January 1, 2016, have had no material effect on the accounting for the Group or Parent Company.

New IFRS regulations and interpretations to be applied in 2017 or later

The new or revised standards described below will be applied from when application is mandatory. Earlier adoption is not planned.

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments Recognition and Measurement: with mandatory effective date of January 1, 2018. IFRS 9 presents a model for classification and measurement of financial instruments, an expected loss model for the impairment of financial assets and significant changes to hedge accounting. The changes are not expected to have any substantial effects on amounts reported in the consolidated financial statements, since the majority of the Group's financial assets are measured at fair value.

IFRS 15 Revenue from Contracts with Customers is a new standard for revenue that will replace all existing standards and interpretations about revenue. Revenue shall be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Mandatory effective date is January 1, 2018. Investor is assessing the impact of the new standard. Up to present the implementation projects that Investor works on indicates that the quantitative impact on the Group will not be substantial. Areas considered most impacted by the new Standard are classification and accrual of variable discounts. At initial application Investor will use the cumulative catch-up transition method. To date, Investor has not completed the quantitative assessment, but our preliminary analysis of the new principles indicates that the effects of the new standard will not be significant neither with regards to the amounts recognized as revenues nor the timing of when revenues are recognized.

IFRS 16 Leases is a new standard that concerns the accounting for rental and lease agreements for both lessors and lessees. Effective date is expected to be January 1, 2019, subject to EU approval. Investor is assessing the impact of the new standard.

Other known changes to IFRS and IFRIC to be applied in the future are not expected to have any significant impact on the Group's reporting.

Consolidation principles

The consolidated financial statements comprise of the Parent Company, subsidiaries and associates.

- Subsidiaries are companies over which Investor AB have control. When determining if control is present, power and ability to affect the amount of returns are considered, but also de facto control. Subsidiaries are reported in accordance with the purchase method. For further information see note P5, Participations in Group companies.
- Associates are companies in which Investor has a significant influence, typically between 20 and 50 percent of the votes. Accounting for associates is dependent on how Investor controls and monitors the companies' operations. For further information see note 12, Shares and participations in associates.

Intra-group receivables, payables and transactions as well as gains arising from transactions with associates, that are consolidated using the equity method, are eliminated when preparing the consolidated financial statements.

Foreign currency

Translation to functional currency

Foreign currency transactions are translated at the exchange rate in existence on the date of the transaction. Assets and liabilities in foreign currency are translated at the exchange rate in existence on the balance sheet date, except for non-monetary assets and liabilities which are recognized at historical cost using the exchange rate in existence on the date of the transaction. Exchange differences arising on translation are recognized in the income statement with the exception of effects from cash-flow hedges, see Note 29, Financial Instruments.

Financial statements of foreign operations

Assets and liabilities of foreign operations, including goodwill and other consolidated surpluses/deficits are translated to SEK using the exchange rate in existence on the balance sheet date. Revenues and expenses in a foreign operation are translated to SEK using an average exchange rate that approximates the exchange rates on the dates of the transactions. Translation differences arising when translating foreign operations are recognized directly in other comprehensive income and are accumulated in the translation reserve, which is a separate component of equity.

The following symbols IS and BS show which amounts in the notes that can be found in the Income Statement or Balance Sheet.

Note 2. Critical estimates and key judgments

In order to close the books and prepare the financial statements in accordance with IFRS, management must make estimates and assumptions that affect the application of the accounting policies and the amounts recognized for assets, liabilities, income and expenses.

Estimates and judgments are based on historical experience, market information and assumptions that management considers to be reasonable based on the circumstances prevailing at the time. Changes in assumptions may result in adjustments to reported values and the actual outcome may differ from the estimates and judgments that were made.

Judgments in relation to the application of accounting policies

Within the scope of IFRS, there are some instances where management must either choose between accounting policies, or choose whether to apply a particular accounting policy, in order to provide a fair view of the Group's activities. The development relating to accounting and the choice of policies are discussed in the Audit and Risk Committee.

Significant items for which a special judgment has been made in order to define the Group's accounting policies are presented below.

	Judgments	See note
Participations in Group companies	Control over investment or not	Note P5
Participations in associates	Fair value or equity method	Note 12
Owner-occupied property	Revaluation or cost model	Note 17
Interest-bearing liabilities and related derivatives	Application of hedge accounting	Note 29

Important sources of uncertainty in estimates

The most significant estimation uncertainties in relation to the preparation of the consolidated financial statements are presented below. Changes in assumptions may result in material effects on the financial statements and the actual outcome may differ from estimated values. For more detailed descriptions of the judgments and assumptions, please refer to the specific notes referenced below.

	Estimates and assumptions	See note
Valuation of unlisted holdings	Appropriate valuation method, comparable companies, EBITDA multiples and sales multiples	Note 29
Valuation of interest-bearing liabilities and derivatives	Yield curve for valuation of financial instruments for which trading is limited and duration is long-term	Note 29
Valuation of owner-occupied property	Comparable properties, long-term inflation rate, projected cash flows, real interest rate and risk premium	Note 17
Impairment test of intangible assets	Projected cash-flows, growth rate, margins and discount factor	Note 16
Reporting of deferred tax assets	Future possibilities to benefit from tax loss carry forwards	Note 14
Valuation of pension liabilities	Discount rate and future salary increase	Note 25
Purchase Price Allocation	Valuation of acquired intangible assets	Note 4

Note 3. Risks and risk management

In its business, the Investor group is exposed to commercial risks and financial risks such as share price risk, credit risk, liquidity and financing risk. Investor is also exposed to operational, political, legal and regulatory risks.

Investor's most significant risk is the share price risk. There has been no significant change in the measurement and follow-up of risks compared with the preceding year.

RISK MANAGEMENT

Risk management is part of the Board's and management's governance and follow-up of the business. At Investor, risk management is an integral part of the Group's processes, meaning that control and responsibility for control is close to the business operations. Investor's Board decides on risk levels, mandates and limits for the parent company and its business areas, while the Boards of the wholly-owned subsidiaries decide and follow up on policies that have been adapted to manage the risks in their respective businesses.

Investor's Risk policy sets measurement and mandates for market risks for the short-term trading, excess liquidity and financing activities. The policy also outlines principles for foreign exchange risk management in connection with investments and cash flows in foreign currency, measurements and limits for credit risks and principles to minimize legal, regulatory and operational risks in the business.

The Board follows up frequently on limits and risk exposure to ensure the ability to reach business strategies and goals. The CEO is responsible for ensuring that the organization complies with the Risk policy and for the continuous management of all risks within the business. The Board's and the Management's support function for managing and identifying risks and activities required, is the Risk Control Function.

Risk measurement is performed daily regarding the Treasury and Trading businesses and provided to the Management Group. The financial reports are compiled monthly and provided to the Management Group. Risk assessment is carried out yearly in the form of a self-evaluation and includes the establishment of action plans to mitigate identified risks. Risk assessment encompasses the entire organization and all of its processes. All types of risks are covered. Representatives from the Management Group, the investment organization, the support organization and the control functions together assess the risks. The assessment takes into consideration such things as systems, control activities and key individuals. When needed, action plans are implemented to minimize the probability and impact of identified risks. The identified risks are compiled in a company-wide risk map. Conclusions drawn from the risk assessments are reported to the Management Group and to the Board. The CEO and Management Group follow up on the implementation of action plans and report back to the Board. Using each business area's risk map as a starting point, the Audit and Risk Committee determines which of the identified risks for the financial reporting should be prioritized by the Internal Control function.

COMMERCIAL RISKS

Maintaining long-term ownership in Listed Core Investments and the operating subsidiaries and a flow of smaller investments and divestments involves commercial risks. These risks include, for instance, having a high exposure to a certain sector or an individual holding, changed market conditions for finding attractive investment candidates and barriers that arise and prevent exits from a holding at the chosen time. In order to manage its various commercial risks, Investor focuses on such factors as diversification of the company portfolio, process development and development of knowledge, experience and expertise.

Investor's subsidiaries operate within the healthcare sector on different geographical markets for products and services. To remain competitive, all business units need to continuously develop innovative products and services that satisfy customer needs in a cost efficient way. New products, services and techniques developed and promoted by competitors can also affect the ability to achieve business plans and objectives. An important component of the subsidiaries' strategies for growth is to make strategic acquisitions and enter strategic alliances that complement their current businesses. A subsidiary's failure to identify appropriate targets for strategic acquisitions, or unsuccessfully integrate its acquisitions, could have a negative impact on competitiveness and profitability.

FINANCIAL RISKS

The main category of financial risks that the Investor Group is exposed to is market risks. These are primarily risks associated with fluctuations in share prices, as well as interest rate risks and foreign exchange rate risks.

Derivative instruments are used to manage financial risks. All derivative transactions are handled in accordance with established guidelines and limits stated in financial policies. The financial risks in the subsidiaries are managed by each subsidiary's Treasury function.

Market risks

Market risks refer to the risk of a change in value of a financial instrument because of changes in share prices, exchange rates or interest rates.

Share price risk

Investor's most significant risk is share price risk. The majority of Investor's share price risk exposure is concentrated to Listed Core Investments. At year-end 2016, Listed Core Investments accounted for 78 percent of total assets (78). For further information about Listed Core Investments, see pages 12-15. The companies and their share prices are analyzed and continuously monitored by Investor's analysts. Thus, a large portion of share price exposure in a Listed Core Investment does not necessarily lead to any action. It is the long-term commitment that lays the groundwork for Investor's strategic measures. Investor does not have defined goals for share price risks, as share prices are affected by short term fluctuations. The share price risk for Listed Core Investments is not hedged. If the market value of Listed Core Investments was to decline by 10 percent, the impact on income and equity would be SEK –24.8 bn. (–22.4).

The EQT fund investments are partly exposed to share price risk. EQT accounted for 5 percent of total assets (5) as per year-end 2016. Should the market value and the valuation parameters, in accordance with the guidelines of the International Private Equity and Venture Capital Association, decline with 10 percent, the impact on the values of the EQT fund investments would be SEK –1.4 bn. (–1.3).

Patricia Industries including wholly-owned subsidiaries but excluding Patricia Industries' cash, 3 Scandinavia and financial investments accounted for 17 percent of total assets (18). There is no share price risk associated with the wholly-owned subsidiaries. However, Patricia Industries' listed financial investments face a share price risk. A 10 percent decline in share prices for the financial investments would imply a loss of –0.5 bn. for the financial investments (–0.7).

Investor has a trading operation for the purpose of executing Listed Core Investments transactions and obtaining market information. The trading operation conducts short-term equity trading and deals in equity derivatives (primarily for hedging market risk in the portfolio). The market risk in this activity is measured and monitored in terms of cash delta. Limits on gross, net and maximum position size are measured as well as liquidity risk. At year-end 2016, the trading operation accounted for less than 0.5 percent of total assets (0.5). If the market value of the assets belonging to the trading operation were to decline by 10 percent, the impact on income and equity would be SEK –3 m. (–2).

Listed holdings in all business areas

If the market value of listed holdings in all business areas were to decline by 10 percent, the impact on income and equity would be SEK –25.3 bn. (–23.1), which equals 8.5 percent of Investor's net asset value (8.5). Market risks associated with listed shares constitute the greatest risk for Investor.

Exchange rate risk

Currency exposure arises from cash flows in foreign currencies (transaction exposure), the translation of Balance Sheet items to foreign currencies (balance sheet exposure) and the translation of foreign subsidiaries' Balance Sheets and Income Statements to the Groups accounting currency (translation exposure).

Balance sheet exposure

Since the majority of Listed Core Investments are listed in SEK, there is a limited direct exchange rate risk that affects Investor's Balance Sheet. However, Investor is indirectly exposed to exchange rate risks in Listed Core Investments that are listed on foreign stock exchanges or that have foreign currency as their pricing currency. In addition, there are indirectly exchange rate risks since the majority of the companies in the Listed Core Investments business area are active in several markets. These risks have a direct impact on the company's Balance Sheet and Income Statement, which indirectly affects valuation of the shares.

The wholly-owned subsidiaries are exposed to exchange rate risks in business and investments made in foreign companies. Also the EQT fund investments are exposed to exchange rate risks.

There is no regular hedging of foreign currency since the investment horizon is more than three years and currency fluctuations are expected to equal out over time. This hedging policy is subject to continuous evaluation and deviations from the policy may be allowed if judged beneficial from a market economic perspective.

Exchange rate risks for investments in the trading operation are minimized through currency derivative contracts at the portfolio level.

Total currency exposure for the Investor Group is provided in the table below. If the SEK were to appreciate 10 percent against the EUR (holding all other factors constant), the impact on income and equity would be SEK –2.2 bn. (–2.0). If the SEK were to appreciate 10 percent against the USD (holding all other factors constant), the impact on income and equity would be SEK –3.1 bn. (–2.4).

Gross exposure in foreign currencies, SEK m.	Gross assets 12/31 2016	Gross assets 12/31 2015	Gross liabilities 12/31 2016	Gross liabilities 12/31 2015
EUR	53,043	48,799	–36,109	–36,166
USD	37,995	28,617	–8,565	–5,691
Other European and North American currencies	19,972	15,203	–11,044	–8,920
Asian currencies	4,178	5,396	–2,735	–2,448
Total	**115,187**	**98,016**	**–58,453**	**–53,226**

Exchange rate risk in excess liquidity resulting from investments in foreign currency is managed through currency derivative contracts.

Exchange rate risk arising in connection with loans in foreign currency is managed by, among other things, exchanging the loans to SEK through currency swap contracts. The objective is to minimize the exchange rate risk in excess liquidity and the debt portfolio. This strategy is applied if there is a high level of net exposure, having considered the holdings in foreign currency. The net exposure in foreign currencies after hedge is presented in the table below:

Net exposure in foreign currencies after hedge, SEK m.	12/31 2016	12/31 2015
EUR	21,819	19,645
USD	30,637	24,088
Other European and North American currencies	16,381	13,696
Asian currencies	3,895	4,939
Total	**72,731**	**62,367**

The net exposure increase in EUR is primarily explained by EQT investments and acquisition of Wärtsilä shares. The increase in USD net exposure relates mainly to the acquisition of Laborie and value increase in the Nasdaq holding. The increased net exposure in other European currencies relates mainly to value increase in ABB. The decrease in Asian currencies relates to value change in Patricia Industries' Asian holdings.

Currency exposure associated with transactions

Investor AB's guideline is, for future known cash flows in foreign currency exceeding the equivalent of SEK 50 m., to be hedged through forward exchange contracts, currency options or currency swaps.

Mölnlycke's operational cash flows in foreign currency are estimated at the equivalent of EUR 446 m. (409), corresponding to SEK 4.2 bn. (3.8), for the next 12 months. For outstanding currency hedging as of December 31, 2016, an immediate 10 percent rise in the value of each currency against the EUR would impact net income by EUR 9.6 m. during the next 12 month period (6.4).

Permobil's operational cash flows in foreign currency are estimated to SEK 1,184 m. for the coming 12 months (993). An immediate 10 percent rise in the value of each currency against the SEK would impact net income and equity for Permobil by SEK 96 m. the coming 12 months (99).

Currency exposure associated with net investments in foreign operations

Currency exposure associated with investments made in independent foreign entities is considered as a translation risk and not an economic risk. The exposure arises when the foreign net investment is translated to SEK on the balance sheet date and it is recognized in the translation reserve under equity. Net investments are partly neutralized by loans in foreign currencies. Currency exposure due to net investments in foreign operations is normally not hedged.

The table below show the exposure, in main currencies, arising from net investments in foreign subsidiaries (in investment currency).

Currency exposure in equity	12/31 2016	12/31 2015
DKK m.	438	170
EUR m.	3,610	3,673
GBP m.	185	148
NOK m.	701	615
USD m.	2,042	2,011

If the SEK were to appreciate by 10 percent this would decrease equity by SEK –5.9 bn. due to translation effects of currency exposure in net investments in foreign subsidiaries (–5.5).

Interest rate risk

The Group's interest rate risk is primarily associated with long-term borrowings. In order to minimize the effects of interest rate fluctuations, limits and instructions have been established for example regarding fixed interest rate periods.

Excess liquidity and debt portfolio

Investor AB's Treasury manages interest rate risks, exchange rate risks, liquidity risks and financing risks associated with the administration of the excess liquidity portfolio and financing activities.

For excess liquidity exposed to interest rate risks, the goal is to limit interest rate risks while maximizing return within the established guidelines of the risk policy. High financial flexibility is also strived for in order to satisfy future liquidity needs. Investments are therefore made in interest-bearing securities of short duration and high liquidity. For further information, see note 22, Other financial investments, short-term investments and cash and cash equivalents. A one percentage point parallel movement upward of the yield curve would reduce the value of the portfolio and affect the Income Statement by SEK –74 m. (–114).

On the liability side, Investor strives to manage interest rate risks by having an interest rate fixing tenor within the established limits and instructions of the Risk Policy. Fixed rates are established to provide flexibility to change the loan portfolio in step with investment activities and to minimize loan costs and volatility in the cash flow over time. A parallel movement of the yield curve downwards by one percentage point would increase the reported value of the hedged portion of loans by SEK 1.2 bn. (1.2). The amount is reduced to 0.2 bn. when hedging derivatives are included (0.2). The interest cost effect for the non-hedged loans would be SEK –2.0 bn. (–1.9), with a movement of the yield curve downwards with one percentage point.

Investor uses derivatives to hedge against interest rate risks (related to both fair value and cash flow fluctuations) in the debt portfolio. Some derivatives do not qualify for hedge accounting, but are still grouped together with loans since the intention of the derivative is to achieve the desired fixed-interest term for each loan. The subsidiaries Aleris and Permobil do not apply hedge accounting.

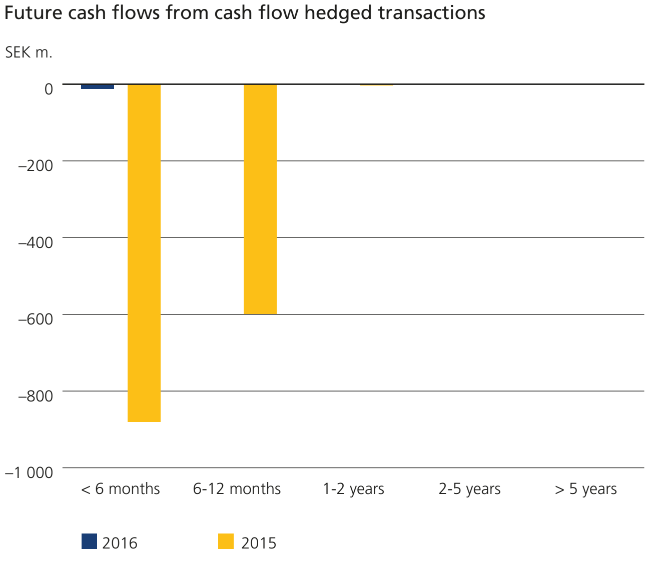
As per year-end the fair value hedge derivatives related to the hedged loans amounted accumulated to SEK 2,457 m. (1,837). Corresponding value change of the hedged loans at the same time was SEK –2,265 m. (–1,599). The total outstanding carrying amount of hedged loans, including fair value, was at year-end SEK 16,340 m. (17,955).

The effect of fair value hedges is recognized in the Income Statement. The remaining maturities of fair value hedges vary between 3 and 21 years. For further information on the maturity structure, see schedule, "Investor AB's debt maturity profile".

In the case of cash flow hedges, hedging instruments are valued on each balance sheet date and the change in value is recognized in other comprehensive income. The remaining maturities for cash flow hedges are below 1 year.

During the year, the impact of cash flow hedges on other comprehensive income was SEK 32 m. (13). With a parallel movement of the yield curve by one percentage point, the cash flow hedges effect on other comprehensive income would be SEK –4 m. (–19).

Future cash flows from cash flow hedged transactions



Because the wholly-owned subsidiaries are ring-fenced, a sensitivity analysis is also presented for the larger subsidiaries. For Mölnlycke, a one percentage point increase in interest rates calculated on the Group's net debt as of December 31, 2016, would impact income during the subsequent 12-month period by EUR –1.0 m. (–1.4).

For Aleris the interest rate risk exposure associated with liabilities amounts to SEK 2,856 m. (1,684). A parallel movement of the yield curve upwards by one percentage point would impact income and the equity by SEK –22 m. (–13).

For Permobil, the total interest rate risk exposure associated with liabilities amounts to SEK 2,916 m. (2,889) and a parallel movement of the yield curve upwards by one percentage point would impact the income statement and equity by SEK –29 m. (–29).

For Laborie the total interest rate risk exposure associated with liabilities amounts to USD 120 m. A parallel movement of the yield curve upwards would impact the income statement and equity by USD –1 m.

For BraunAbility the total interest rate risk exposure associated with liabilities amounts to USD 104 m. (109). A parallel movement of the yield curve upwards would impact the income statement and equity by USD –1 m. (–1).

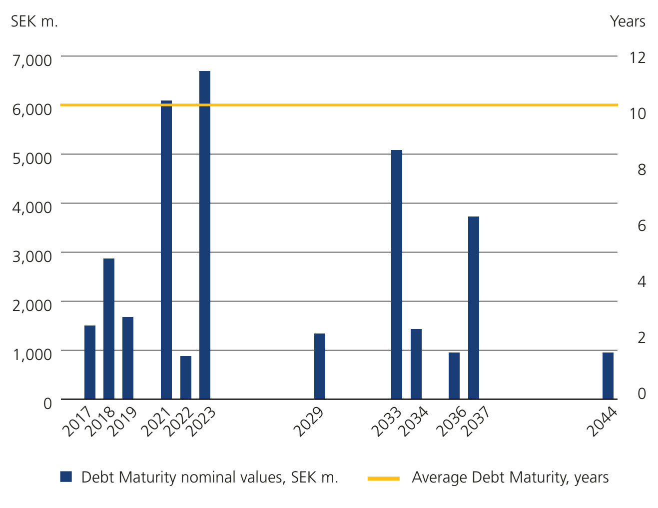
Liquidity and financing risk

Liquidity risk refers to the risk that a financial instrument cannot be divested without considerable extra costs, and to the risk that liquidity will not be available to meet payment commitments.

Liquidity risks are reduced in Treasury operations by limiting the maturity of short-term cash investments up to two years and by always maintaining a higher than 1:1 ratio between cash and credit commitments/current liabilities. Liquid funds are invested in deposit markets and short-term interest-bearing securities with low risk and high liquidity. In other words, they are invested in a well-functioning second-hand market, allowing conversion to liquid funds when needed. Liquidity risk in the trading operations is restricted via limits established by the Board.

Financing risks are defined as the risk that financing can not be obtained, or can only be obtained at increased costs as a result of changed conditions in the capital market. To reduce the effect of refinancing risks, limits are set regarding average maturities for loans. In order to minimize financing risks, Treasury works actively to ensure financial preparedness by establishing loan and credit limits for both long-term and short-term borrowing. Financing risks are further reduced by allocating loan maturities evenly over time (please refer to the chart below) and by diversifying sources of capital. An important aspect, in this context, is the ambition to have a long borrowing profile. Furthermore, proactive liquidity-planning efforts also help limit both liquidity and financing risk.

Investor AB's debt maturity profile



Investor's funding is primarily done through long-term loan programs in the Swedish and European capital markets. Investor has a European Medium Term Note Program (EMTN), which is a loan program intended for long-term financing. The program is for EUR 5.0 bn. (SEK 47.8 bn.), of which EUR 3.1 bn. (SEK 30.1 bn.) has been utilized. For short-term financing, Investor has an uncommitted Swedish and a European Commercial Paper program (CP/ECP) for SEK 10.0 bn. and USD 1.5 bn. (SEK 13.6 bn.), respectively. At year-end 2016 these facilities were unutilized.

Investor renegotiated its committed syndicated bank loan facility of SEK 10.0 bn. in January 2017. This facility is available until 2022, with an option of another two years additional extension. This facility was unutilized at year-end. In contrast to an uncommitted credit facility, a committed loan program is a formalized commitment from the credit grantor. There are no financial covenants in any of Investor AB's loan contracts, meaning that Investor does not have to meet special requirements with regard to key financial ratios for the loans it has obtained.

The wholly-owned subsidiaries ensure their financial preparedness by keeping credit facilities, should there be a need for additional working capital or minor acquisitions. As of December 31, 2016, Mölnlycke had a total credit facility of EUR 1,196 m. (1,195), of which EUR 1,001 m. was utilized (995). At the same time, Aleris had total credit facilities amounting to SEK 3,480 m. (2,091) of which SEK 2,782 m. (1,566) had been utilized. Also at year-end 2016, Permobil had total credit facilities of SEK 3,437 m. (2,983) of which 3,037 m. was used (2,889). Vectura had a total credit facility of SEK 1,767 m. (1,284), of which none was used as per year-end (0). BraunAbility had a total credit facility of USD 196 m. (175), of which USD 123 m. was used (120). Laborie had at year-end a total credit facility of USD 120 m. which was fully used. The terms of the credit facilities require the companies to meet a number of key financial ratios. The subsidiaries fulfilled all financial ratios during 2016.

With an equity/assets ratio of 81 percent at year-end (81), Investor has considerable financial flexibility, since leverage is low and most assets are highly liquid.

The following table shows the Group's contracted cash flow of loans including other financial payment commitments and derivatives.

	12/31 2016		12/31 2015	
Cash flow of financial liabilities and derivatives[1], SEK bn.	Loans and other financial debts and commitments	Derivatives	Loans and other financial debts and commitments	Derivatives
< 6 months	–2.5	0.0	–5.1	0.0
6-12 months	–1.7	0.0	–0.8	0.2
1-2 years	–3.7	0.0	–3.2	0.3
2-5 years	–12.0	–0.2	–13.3	0.8
> 5 years	–49.3	4.3	–46.2	2.8

1) Interest payments included.

For information on the Group's excess liquidity and how it is invested, see note 22, Other financial investments, short-term investments and cash and cash equivalents.

Exposure from guarantees and other contingent liabilities also constitutes a liquidity risk. For such exposure as per December 31, 2016, see note 30, Pledged assets and contingent liabilities.

Credit risk

Credit risk is the risk of a counterparty or issuer being unable to repay a liability to Investor. Investor is exposed to credit risks primarily through investments of excess liquidity in interest-bearing securities. Credit risks also arise as a result of positive market values in derivative instruments (mainly interest rate, currency swaps).

Investor applies a wide-ranging limit structure with regard to maturities, issuers and counterparties in order to limit credit risks on single counterparties. With a view to further limiting credit risks in interest rate and currency swaps, and other derivative transactions, agreements are established with counterparties in accordance with the International Swaps and Derivatives Association, Inc. (ISDA), as well as netting agreements. Credit risk is monitored daily and the agreements with various counterparties are continuously analyzed.

The following table shows the credit risk exposure in interest-bearing securities, by rating category, as of December 31, 2016.

Instrument	Nominal amount, SEK m.	Average remaining maturity, months	Number of counter-parties	Percentage of the credit risk exposure
AAA	8,642	10.1	6	39
AA	2,700	1.2	26	12
A	8,303	0.1	39	37
Lower than A	2,646	3.5	28	12
Total	**22,291**	**4.5**	**99**	**100**

The total credit risk exposure related to the fair value reported items at the end of 2016 amounted to SEK 22,291 m. (23,336). As of December 31, 2016, the credit risks resulting from positive market values for derivatives amounted to SEK 2,402 m. (1,909), which have been reported in the Balance Sheet.

The credit risk in the wholly-owned subsidiaries relates mainly to trade account receivables. Mölnlycke's, Aleris' and Permobil's credit risks are limited due to the fact that a significant portion of their customers are public hospitals/care institutions.

The maximum exposure related to commercial credit risk corresponds to the carrying amount of trade receivables.

The following table shows the aging of trade receivables and other short-term receivables within the Group.

	12/31 2016			12/31 2015		
Aging of receivables, SEK m.	Gross carrying amount	Impair-ment	Net	Gross carrying amount	Impair-ment	Net
Not past due	3,311	–2	3,309	3,031	0	3,031
Past due 0-30 days	459	–2	457	394	0	394
Past due 31-90 days	174	–12	162	162	–2	160
Past due 91-180 days	97	–9	88	92	–4	88
Past due 181-360 days	51	–9	41	71	–6	65
More than 360 days	81	–23	58	68	–33	35
BS Total	**4,173**	**–57**	**4,116**	**3,818**	**–45**	**3,773**

Concentrations of credit risks

Concentrations of risk are defined as individual positions or areas accounting for a significant portion of the total exposure to each area of risk. Because of the global nature of its business and sector diversification, the Group does not have any specific customers representing a significant portion of receivables.

The concentration of credit risk exposure related to fair value reported items, is presented in the adjacent table. The secured bonds issued by Swedish mortgage institutions have the primary rating category of AAA. The proportion of AAA-rated instruments accounted for 39 percent of the total credit risk portfolio's nominal value (43).

SUSTAINABILITY RISKS

Investor is exposed to sustainability risks in all parts of its business operations. Sustainability risks imply that unethical or unsustainable behaviour leads to negative impact on Investor's financial position and reputation. Sustainability risks within the Group are identified, analyzed and mitigated within the daily operations. Most of the risks are derived from operations in Investor's holdings. When holdings operate in emerging markets, the holdings have an increased focus on sustainability related risks such as the risk of bribery and corruption. Investor has clear expectations that the holdings always act responsibly and ethically, and it is the responsibility of each holding and its management to analyze and take systematic action to reduce these risks.

OTHER RISKS

The Group is also exposed to political risks. To a large extent, spending on healthcare products and services is regulated by various governments. This applies to most markets around the world. Funds are made available or withdrawn from healthcare budgets due to different types of political decisions. In most of the major markets, pricing of products and services is controlled by decisions made by government authorities. Activities within Health care companies are also heavily regulated. Examples of such laws are the Health and Medical Service Act, the Social Services Act and environmental legislation.

There is a high awareness of legal and regulatory risks within the Investor Group. Risks associated with selling and operating healthcare services are dealt with by the different levels of management for each area of operations. Continuous quality improvement is performed in accordance with ISO-standards.

Property risks, liability risks and interruption risks are covered by insurance policies. Up to this date, very few incidents have occurred.

Follow-up on processes is performed on an ongoing basis to determine and strengthen appropriate control measures aimed at reducing operational risks.

Note 4. Business combinations

Accounting policies

In connection with a business combination, the group's acquisition cost is established through a purchase price allocation. In the analysis, the fair value of the identifiable assets and the assumed liabilities is determined. For business combinations where the cost exceeds the net carrying amount of the acquired identifiable assets and the assumed liabilities, the difference is reported as goodwill in the Balance Sheet. The purchase price allocation identifies assets and liabilities that are not reported in the acquired company, such as trademarks and customer contracts. Identified intangible assets that have been identified when making the purchase price allocation are amortized over the estimated useful life. Goodwill and strong trademarks are considered to have an indefinite useful life and are therefore tested annually for impairment, or whenever there is any indication of impairment.

Consideration that is contingent upon the outcome of future events is valued at fair value and the change in value is recognized in the Income Statement.

The financial statements of subsidiaries are reported in the consolidated financial statements as of the acquisition date and until the time when a controlling interest no longer exists.

Non-controlling interests

At the time of an acquisition, the Group must choose to either recognize non-controlling interest at fair value, meaning that goodwill is included in the non-controlling interest or recognize the non-controlling interest as the share of the net identifiable assets. The choice between the two methods is made individually for each acquisition.

If a business combination achieved in stages results in a controlling influence, the prior acquired shares are revalued at fair value and the resulting profit or loss is recognized in the Income Statement. Acquisitions that are made subsequent to having obtained a controlling influence and divestments that do not result in a loss of the controlling influence are reported under equity as a transfer between equity attributable to the Parent Company's shareholders and non-controlling interests. For information regarding put options to non-controlling interests, see note 23, Equity.

Investor´s acquisition of Laborie

On September 16, 2016, Patricia Industries, a part of Investor AB, acquired 97 percent of the Canadian medical technology company Laborie. Laborie is a leading provider of innovative capital equipment and consumables for the diagnosis and treatment of urologic and gastrointestinal (GI) disorders. With its long-term value creation objectives and experience within both healthcare products and services, Patricia Industries is well positioned to support Laborie in its progress. The consideration amounted to SEK 5,421 m. and was paid in cash.

In the purchase price allocation, goodwill amounts to SEK 3,180 m. The goodwill recognized for the acquisition corresponds to Laborie's position to accelerate the continued expansion outside the North American market benefiting from Patricia Industries infrastructure. The goodwill recognized is not expected to be deductible for income tax purposes.

There are agreements with the other shareholders of Laborie that gives rise to a put option for their holdings. Due to this no non-controlling interest is reported. The part of the value of Laborie attributable to the other shareholders are instead reported as a long-term liability in the consolidated Balance Sheet.

Laborie

SEK m.	Purchase Price Allocation
Intangible assets	2,927
Property, plant and equipment	62
Financial assets	36
Inventory	96
Accounts receivables	144
Other current assets	28
Cash and cash equivalents	48
Non-current liabilities and provisions	–9
Deferred tax liabilities	–982
Current liabilities	–109
Net identifiable assets and liabilities	**2,241**
Consolidated goodwill	3,180
Consideration	**5,421**

Transaction related costs amounted to SEK 94 m. and derive from external legal fees and due diligence expenses. The costs have been included in the item Administrative, research and development and other operating cost in the Group's consolidated income statement.

For the 3.5 month-period from the acquisition date until December 31, 2016, Laborie contributed net sales of SEK 327 m. and profit of SEK 107 m. to the Group's result. If the acquisition had occurred on January 1, 2016, management estimates that consolidated net sales for the Investor Group would have increased by SEK 726 m. and consolidated profit for the full year would have decreased by SEK 723 m. The consolidated profit for the full year includes significant sellers' costs related to Patricia Industries' acquisition of Laborie. The purchase price allocation is preliminary pending a detailed analysis of local tax consequenses as a result of the acquisition.

Mölnlyckes´ acquisition of Sundance Solutions

On February 12, 2016, Mölnlycke acquired 100 percent of Sundance Solutions, offering proprietary solutions for the safe positioning and turning of patients to help prevent pressure ulcers, based in the U.S. The company's products complement Mölnlycke's portfolio of advanced dressing solutions – offering clinicians a more complete and unique range of tools to ensure better patient outcomes. The consideration amounted to SEK 724 m. whereof SEK 427 m. was paid in cash and SEK 297 m. relates to a potential earnout, of a maximum USD 60 m., depending on net revenue and gross contribution between closing date and June 30, 2018.

In the purchase price allocation, goodwill amounts to SEK 151 m. The goodwill recognized for the acquisition corresponds to the complementary strengths of the two companies in the field of pressure ulcer prevention. The goodwill recognized is not expected to be deductible for income tax purposes.

Sundance

SEK m.	Purchase Price Allocation
Intangible assets	547
Property, plant and equipment	1
Inventory	9
Accounts receivables	27
Current liabilities	–10
Net identifiable assets and liabilities	**573**
Consolidated goodwill	151
Consideration	**724**

Transaction related costs amounted to SEK 6 m. and derive from external legal fees and due diligence expenses. The costs have been included in the item Administrative, research and development and other operating cost in the Group's consolidated income statement.

For the 10,5 month period from the acquisition date until December 31, 2016, Sundance contributed net sales of SEK 171 m. and profit of SEK 52 m. to the Group's result. If the acquisition had occurred on January 1, 2016, management estimates that consolidated net sales for the Investor Group would have increased by SEK 27 m. and consolidated profit for the period would have decreased by SEK 38 m. The consolidated profit for the period includes significant sellers' costs related to Mölnlycke's acquisition of Sundance.

Other acquisitions

On August 2, 2016, Aleris acquired Curato, the Norwegian market leader in radiology. The acquisition enables Aleris to strengthen its platform of healthcare services within Norway. The acquisition was financed by cash and debt. Aleris also acquired a number of smaller entities. In the purchase price allocations, the aggregated purchase price amounts to SEK 796 m. and goodwill amounts to a total of SEK 920 m. For the five month period from the acquisition date until December 31, 2016, Curato contributed net sales of SEK 224 m. and profit of SEK –51 m. to the Group's result. If the acquisition had occurred on January 1, 2016, management estimates that consolidated net sales for the Investor Group would have increased by SEK 325 m. and consolidated profit for the period would have increased by SEK 7 m.

Note 5. Operating Segments

Investor is divided into operating segments based on how operations are reviewed and evaluated by the CEO. Investor's presentation of operating segments corresponds to the internal structure for management and reporting.

The operations are divided into the three business areas Listed Core Investments, EQT and Patricia Industries.

Listed Core Investments consists of listed holdings, see page 12.

The business area EQT consists of the holdings in EQT, se page 16.

Patricia Industries includes the wholly-owned subsidiaries, 3 Scandinavia and the former IGC portfolio and all other financial investments, except EQT and Investor's trading portfolio, see page 17.

The reported items in the operating segment profit/loss for the year, assets and liabilities, are presented according to how they are reviewed by the CEO.

In the operating segment presentation, items directly attributable and items that can be reliably and fairly allocated to each respective segment are included. Non-allocated items are presented in Investor Groupwide and are related to the investing activities and consist, within profit/loss, of management costs, net financial items and components of tax. Assets and liabilities within investing activities are included in Investor Groupwide as well. Market prices are used for any transactions that occur between operating segments.

For information about goods, services and geographical areas, see note 8, Revenues.

Performance by business area 2016	Listed Core Investments	EQT	Patricia Industries	Investor Groupwide	Total
Dividends	8,307	33	10	1	8,351
Other operating income			40		40
Changes in value	22,719	1,374	–2,029	–7[1]	22,057
Net sales			31,742		31,742
Cost of goods and services sold			–20,102		–20,102
Sales and marketing costs			–3,802		–3,802
Administrative, research and development and other operating costs		–6	–3,343	–7	–3,357
Management costs	–89	–8	–263	–105	–465
Share of results of associates			521	–5	516
IS Operating profit/loss	**30,936**	**1,393**	**2,774**	**–123**	**34,980**
Net financial items			–408	–454	–862
Tax			–509	56	–453
IS Profit/loss for the year	**30,936**	**1,393**	**1,857**	**–521**	**33,665**
Non-controlling interest			0		0
Net profit/loss for the period attributable to the Parent Company	**30,936**	**1,393**	**1,857**	**–521**	**33,665**
Dividend				–7,635	–7,635
Other effects on equity[2]		592	2,582	–928	2,246
Contribution to net asset value	**30,936**	**1,986**	**4,438**	**–9,084**	**28,276**
Net asset value by business area 12/31 2016					
Shares and participations	248,356	14,191	14,138	104	276,790
Other assets			73,394	677	74,071
Other liabilities	–2	–195	–32,727	–1,109	–34,032
Net debt/-cash[3]			14,389	–31,141	–16,752
Total net asset value including net debt/-cash	**248,354**	**13,996**	**69,195**	**–31,468**	**300,077**
Shares in associates reported according to the equity method			5,566	15	5,581
Cash flow for the year	6,729	1,036	1,499	–11,326	–2,062
Non-current assets by geographical area[4]					
Sweden			37,155	15	37,170
Europe excl. Sweden			6,760		6,760
Other countries			15,660	29	15,689

1) Includes proceeds from the trading operation amounting to SEK 1,774 m.
2) Refers mainly to revaluation reserve, effects of long-term share-based remuneration, changes in non-controlling interest and changes in the hedging and translation reserves.
3) Net debt/-cash refers to other financial investments, short-term investments, cash and cash equivalents, interest-bearing liabilities with related derivatives and defined benefit pensions within investing activities.
4) Non-current assets consists of intangible and tangible assets. Information regarding associates by geographical area is not presented because Investor, as a minority owner, can not access information that can be compiled in a meaningful way.

Note 5. *cont'd Operating Segments*

Performance by business area 2015	Listed Core Investments	EQT	Patricia Industries	Investor Groupwide	Total
Dividends	7,681	116	20	3	7,821
Other operating income			58		58
Changes in value	1,209	4,407	2,926	–3[1]	8,538
Net sales			25,365		25,365
Cost of goods and services sold			–15,985		–15,985
Sales and marketing costs			–3,147		–3,147
Administrative, research and development and other operating costs		–7	–2,864	–8	–2,880
Management costs	–86	–8	–268	–121	–483
Share of results of associates		–5	364	1	360
IS Operating profit/loss	**8,804**	**4,503**	**6,469**	**–128**	**19,647**
Net financial items			–576	–897	–1,473
Tax			–680	–59	–740
IS Profit/loss for the year	**8,804**	**4,503**	**5,212**	**–1,085**	**17,434**
Non-controlling interest			–1		–1
Net profit/loss for the period attributable to the Parent Company	**8,804**	**4,503**	**5,211**	**–1,085**	**17,433**
Dividend				–6,856	–6,856
Other effects on equity[2]		–507	–356	1,125	262
Contribution to net asset value	**8,804**	**3,995**	**4,855**	**–6,816**	**10,838**
Net asset value by business area 12/31 2015					
Shares and participations	224,143	13,208	16,652	51	254,054
Other assets			60,809	756	61,565
Other liabilities		–187	–26,366	–1,372	–27,925
Net debt/-cash[3]			14,616	–30,508	–15,892
Total net asset value including net debt/-cash	**224,143**	**13,021**	**65,711**	**–31,073**	**271,801**
Shares in associates reported according to the equity method			5,795	31	5,826
Cash flow for the year	3,053	5,701	3,957	–12,940	–229
Non-current assets by geographical area[4]					
Sweden			34,101	15	34,116
Europe excl. Sweden			4,715		4,715
Other countries			6,131	3	6,134

1) Includes proceeds from the trading operation amounting to SEK 2,520 m.
2) Refers mainly to revaluation reserve, effects of long-term share-based remuneration, changes in non-controlling interest and changes in the hedging and translation reserves.
3) Net debt/-cash refers to other financial investments, short-term investments, cash and cash equivalents, interest-bearing liabilities with related derivatives and defined benefit pensions within investing activities.
4) Non-current assets consists of intangible and tangible assets. Information regarding associates by geographical area is not presented because Investor, as a minority owner, can not access information that can be compiled in a meaningful way.

Note 6. Changes in value

Accounting policies

Changes in value consist mainly of realized and unrealized result from long-term and short-term holdings in shares and participations recognized at fair value. Other includes transaction costs, profit-sharing costs and management fees for fund investments.

For shares and participations that were realized during the period, the changes in value consist of the difference between the consideration received and the value at the beginning of the period. Profit or loss from the divestment of a holding is recognized when the risks and benefits associated with owning the instrument are transferred to the buyer and the Group no longer has control over the instrument.

	2016	2015
Realized results from long-term and short-term investments	3,057	4,196
Unrealized results from long-term and short-term investments	19,518	4,681
Realized result from associates valued at equity method	82	–
Other	–601	–338
IS Total	**22,057**	**8,538**

Note 7. Operating costs

	2016	2015
Raw materials and consumables	8,333	5,753
Personnel costs	11,412	9,527
Depreciation, amortization and impairment	1,348	1,123
Other operating expenses	6,633	6,092
Total	**27,726**	**22,495**

Cost related to research and development amounts to SEK 531 m. (477).

Note 8. Revenues

Accounting policies

Revenues included in operating profit are dividends, other operating income and net sales.

Dividends received are recognized when the right to receive payment has been established. Other operating income consists primarily of interest on shareholder loans to associates and it is calculated using the effective interest rate method.

Net sales

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer. Services provided as part of healthcare activities are sold via multi-year operating contracts and, in some cases, framework agreements. Revenue from services is recognized based on the stage of completion on balance sheet date. Completion is determined by an assessment of the work done, on the basis of performed examinations.

Revenue is not recognized if it is probable that economic benefits will not flow to the Group. No revenue is recognized if there is significant uncertainty regarding the payment, associated costs or the risk of returns. Neither is revenue recognized if the seller remains involved in day-to-day management activities that are typically associated with ownership. Revenue is recognized at the fair value of consideration received or expected to be received, less any discounts. Revenue shall be recognized when the amount of revenue can be measured reliably.

A provision is made for the risk of loss if the total directly attributable costs during the entire term of the contract are expected to exceed the total revenues, including indexation.

Net sales

By category:	2016	2015
Sales of products	21,048	16,125
Sales of services	10,504	9,077
Other income	190	162
IS Total	**31,742**	**25,365**

By field of operation:	2016	2015
Health care equipment	20,730	16,125
Health care services	10,360	8,621
Hotel	629	597
Real estate	23	22
IS Total	**31,742**	**25,365**

By geographical market:	2016	2015
Sweden	6,421	6,082
Scandinavia, excl. Sweden	5,936	4,684
Europe, excl. Scandinavia	7,497	7,309
U.S.	9,862	5,780
North America, excl. U.S.	436	330
South America	164	64
Africa	248	188
Australia	547	446
Asia	631	482
IS Total	**31,742**	**25,365**

External revenues are presented on the basis where the customer is resident. Net sales are attributable to wholly-owned subsidiaries. No customer exceeds 10 percent of total net sales.

Note 9. Employees and personnel costs

Accounting policies

Accounting policies on employee benefits such as short-term benefits, termination benefits and share-based payment transactions are presented below. Post-employment benefits are presented in note 25, Provisions for pensions and similar obligations.

Short-term benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related services are provided. A provision is made for the anticipated cost of variable cash salary and profit-sharing contracts when the Group has a current obligation to make such payments (because services have been provided by employees) and when the obligation can be reliably estimated.

Termination benefits

The cost of termination benefits is recognized only if the company is demonstrably committed (without any realistic possibility of withdrawing the commitment) by a formal plan to prematurely terminate an employee's employment.

Share-based payment transactions

Investor AB has issued equity-settled stock option and share programs and cash-settled (synthetic) shares.

Accounting for equity-settled programs

The fair value of stock options and share programs issued is determined at the grant date in accordance with the Black & Scholes valuation model, taking into consideration the terms and conditions that are related to the share price. The value is recognized in the income statement as a personnel cost allocated over the vesting period with a corresponding increase in equity. The amount charged to the income statement is reversed in equity each time of the income statement charge. The recognized cost corresponds to the fair value of the estimated number of options and shares that are expected to vest. This cost is adjusted in subsequent periods to reflect the actual number of vested options and shares. However, no adjustment is made when options and shares expire only because share-price related conditions do not reach the level needed for the options to vest.

When equity-settled programs are exercised, shares are delivered to the employee. The delivered shares are treasury shares that are repurchased when needed. When exercised, the payment of the exercise price that was received from the employee is reported as an increase in equity.

Equity-settled programs issued to employees in Group companies

In the Parent Company, the value of equity instruments, which is offered to employees of other companies belonging to the Group, is reported as a capital contribution to subsidiaries. The value of participations in subsidiaries increases simultaneously to the Parent Company's reporting of an increase in equity. The costs related to employees in companies concerned are invoiced to the subsidiaries. The cash settlement of the invoices then neutralizes the increase of participations in subsidiaries.

Accounting for cash-settled programs

Cash-settled (synthetic) shares result in an obligation that is valued at fair value and recognized as an expense with a corresponding increase in liabilities. Initial fair value is calculated and the grant value is recognized over the vesting period as a personnel cost, which is similar to the recognition of equity-settled programs. However, cash settled programs are revalued at fair value every balance sheet date and at final settlement. All changes in the fair value as a result of changes in share price are recognized in the financial net with a corresponding change in liabilities.

When cash-settled programs are exercised, the liability to the holder of the synthetic shares is settled.

Accounting for social security attributable to share-based payment transactions

Social security expenses attributable to share-based remuneration are recognized and amortized in accordance with the same policies as the costs for synthetic shares.

Note 9. cont'd Employees and personnel costs

Average number of employees in the Group

	2016		2015	
	Total	Of which women	Total	Of which women
Parent Company, Sweden	71	36	71	38
Sweden, excl. Parent Company	6,295	4,797	6,023	4,611
Europe excl. Sweden	6,616	4,680	5,337	3,644
North- and South America	2,626	875	1,464	462
Africa	6	4	–	–
Asia	3,593	2,562	3,663	2,758
Australia	85	59	144	70
Total Group	**19,292**	**13,011**	**16,702**	**11,583**

Gender distribution in Boards and Senior management

	2016		2015	
	Men	Women	Men	Women
Gender distribution in percent				
Board of the Parent Company	64	36	64	36
Management Group of the Parent Company incl. the President	60	40	60	40
Boards in the Group[1)]	70	30	71	29
Management Groups in the Group	60	40	60	40

1) Based on all Group companies including small, internal companies with minor activity.

Guidelines for remuneration to members of the Management Group and other employees in Investing activities

The AGM 2016 decided on guidelines for salary and other remuneration for the President and other Members of the Management Group. The Board of Directors may, where particular grounds exist in the individual case, decide to deviate from the guidelines.

Investor strives to offer a total remuneration that is competitive and in line with market conditions, thereby enabling it to attract the right type of expertise to the company. The total remuneration should be based on factors such as position, performance and individual qualifications. The total remuneration for the Management Group shall consist of: basic salary, variable cash salary, long-term share-based remuneration, pension and other remuneration and benefits.

Basic salary

Basic salary is reviewed annually for all Investor employees. Basic salary constitutes the basis for calculating variable salary.

Variable cash salary

Investor's employees can have a portion of their salary as variable cash salary. The variable portion of salary differs between business areas. For the President Johan Forssell, it amounts to a maximum of 30 percent of basic salary. For other employees, the maximum variable salary ranges between 0 and 80 percent of their basic salary, although for a very limited number of key personnel, the variable portion of salary can be a maximum of 100 percent of their basic salary. The President may award additional variable salary to company employees who he feels have made an exceptional contribution during the year. However, any such additional variable salary must be approved by Investor's Remuneration Committee.

The established goals must also be reached in order to receive the variable salary. Goals are reviewed at the end of the year. The focus of the President's goals for the year is determined through a dialog between the President and the Chairperson of the Board. The goals for the President are proposed by the Remuneration Committee and later approved by the Board. Goals for other employees are established by each employee's manager.

Long-term share-based remuneration

For long-term variable remuneration programs, it is the Board's ambition to create a structure that results in employee commitment and is based on the long-term development of Investor. As a result, part of the remuneration to employees is related to the long-term performance of Investor and the Investor share, which exposes the employee to both increases and decreases of the share price. In 2006, a Stock Matching Plan was introduced for Investor employees, as well as a performance based share program for Senior Management. "Senior Management" is defined as the President, other members of the Management Group and a maximum of 20 other senior executives. The structure of the programs for 2007-2016 correspond in all material aspects to the program for 2006. The employee is required to invest his or her own funds, or commit shares, in order to participate in the program. For more details regarding the programs, see page 48-49.

Pension

Pension benefits consists of a premium based pension plan of which the ratio of pension provisions to fixed cash salary depends on the age of the executive. In respect of employees working abroad, pension benefits shall be adjustable in line with local pensions practice. The age of retirement for the President and other Members of the Management Group is 60 years.

Other remuneration and benefits

Profit-sharing program for the trading operation

This program includes participants both from the trading organization and the investment organization. The participants in this program receive, in addition to their base salary, a variable salary equivalent to 20 percent of the trading function's net result. The program includes a clawback principle by which 50 percent of the variable salary allotment is withheld for one year and will only be paid out in full if the trading result for that year is positive. In order to receive full allotment, two consecutive profitable years are thus required. Approximately 10-15 employees in total participate in the program.

Termination and severance pay

Investor and Members of the Management Group may mutually terminate employment contracts subject to a six months´ notice. Fixed cash salary during the notice period and severance pay shall, for Members of the Management Group with employment contracts entered into after the Annual General Meeting 2010, in aggregate not exceed the fixed cash salary for two years. For members of the Management Group employed before the Annual General Meeting of 2010 the contracts already entered into shall apply. For these Members a mutual termination period of six month applies and severance payment is maximized to two years of fixed cash salary.

Fees received for Board work

Investor allows Management Group members to keep any fees that they have received for work done on the Boards of the Company's Listed Core Investments. One reason for allowing this practice is that the employee assumes personal responsibility by having a Board position. Fees received for Board work are taken into account by Investor when determining the employee's total remuneration.

Other benefits

Investor offers Management Group members and other employees a variety of non-monetary benefits, including corporate health service, health insurance, subsidized lunches, employee fitness programs and the possibility to rent vacation homes. Managers and employees with young children are also offered in-home services in the form of cleaning and baby-sitting.

Remunerations and benefits to Johan Forssell, President and Chief Executive Officer (SEK t.)

Year	Basic salary	Vacation remuneration	Variable salary for the year	Total cash salary	Change of vacation pay liability	Pension premiums	Benefits	Long-term share-based remuneration value at grant date	Total	Own investment in long-term share based remuneration	Own investment, % of CEO basic salary pre-tax
2016	7,150	104	1,877	**9,131**	314	2,729	205	5,720	**18,099**	2,252	31.5
2015[1)]	4,251	62	1,116	**5,429**	–227	1,698	91	4,224	**11,215**	1,608	37.8

1) Johan Forssell was appointed President and CEO May 13, 2015. Remuneration and benefits from this date is specified in the table.

Expensed remunerations

The amounts in the table below are calculated according to the accruals concept, in which the terms basic salary and variable salary refer to expensed amounts, including any changes to the reserve for variable salary, vacation pay provisions, etc. Variable salary refers to the approved variable salary for the current financial year, unless specified otherwise.

Expensed remunerations to the President and other members of the Management Group in the Parent Company

Total remunerations 2016 (SEK t.)	Basic salary	Vacation remu-neration	Change of vacation pay liability	Variable salary for the year	Cost of long-term share-based remuneration[1)]	Total	Pension costs[2)]	Other remuneration and benefits	Total expensed remuneration
President and CEO	7,150	104	314	1,877	4,788	**14,232**	2,729	205	**17,166**
Management Group, excl. the President	10,750	156	370	4,094	5,415	**20,785**	5,739	331	**26,854**
Total	**17,900**	**260**	**684**	**5,970**	**10,203**	**35,017**	**8,468**	**536**	**44,021**
Total remunerations 2015 (SEK t.)									
Current President and CEO[4)]	4,251	62	–227	1,116	3,348	**8,550**	1,698	91	**10,339**
Former President and CEO[5)]	3,301	6,744	–6,020	325	1,530	**5,880**	1,423	899	**8,202**[3)]
Management Group, excl. the President	11,840	170	–789	4,860	4,504	**20,586**	7,890	420	**28,896**
Total	**19,392**	**6,976**	**–7,036**	**6,302**	**9,382**	**35,016**	**11,011**	**1,410**	**47,437**

1) There is a deviation from the value at grant date according to the previous table, in the table above the cost is calculated based on the principles in IFRS 2 and allocated over the vesting period. The calculation is also adjusted for the actual outcome of allotted performance shares, whereas in the previous table the value is based on an assumed allotment.
2) There are no outstanding pension commitments for the Management Group.
3) Of which expensed in subsidiaries; basic salary SEK 542 t., pension SEK 25 t., as well as other remuneration and benefits SEK 333 t.
4) Johan Forssell was appointed President and CEO May 13, 2015. Salaries and other remuneration for the period before May 13, 2015 are included in the row Management Group, excl. the President.
5) Börje Ekholm resigned as President and CEO May 12, 2015. The salaries and other remunerations stated are what Börje Ekholm received in his capacity as President and CEO.

Total remuneration – expensed salaries, Board of Directors fees and other remuneration and social security costs

	2016							2015						
Total remuneration (SEK m.), Group	Basic salary[1)]	Variable salary	Long-term share-based remuneration	Pension cost	Cost for employee benefits	Social security contribu-tions	Total	Basic salary[1)]	Variable salary	Long-term share-based remuneration	Pension cost	Cost for employee benefits	Social security contribu-tions	Total
Parent Company	84	18	28	23	12	44	208	91	20	31	–24	9	51	178
Subsidiaries	7,722	593	28	614	306	1,569	10,832	6,368	517	7	529	186	1,361	8,968
Total	**7,806**	**611**	**56**	**637**	**318**	**1,613**[2)]	**11,040**	**6,459**	**537**	**38**	**505**	**195**	**1,412**[2)]	**9,146**

1) Includes vacation remuneration and change of vacation pay liability.
2) Of which SEK 21 m. refers to social security contribution for long-term share-based remuneration (81).

Expensed salaries and remuneration distributed between senior executives, Presidents and Boards in subsidiaries and other employees

	2016				2015			
Remuneration (SEK m.), Group	Salary Senior executives, Presidents and Boards in subsidiaries[1, 2)]	Of which variable salary[1)]	Other employees	Total	Salary Senior executives, Presidents and Boards in subsidiaries[1, 2)]	Of which variable salary[1)]	Other employees	Total
Parent Company	35	6	67	102	34	6	77	111
Subsidiaries	119	36	8,196	8,315	56	21	6,829	6,885
Total	**154**	**42**	**8,263**	**8,417**	**90**	**27**	**6,906**	**6,996**

1) The number of people in the Parent Company is 15 (15) and in subsidiaries 55 (43).
2) Pension costs relating to senior executives, Presidents and Boards in subsidiaries amount to SEK 25 m. and are in addition to the amounts presented in the table (18).

Long-term share-based variable remuneration – program descriptions

Through the long-term variable remuneration programs, part of the remuneration to employees becomes linked to the long-term performance of the Investor share. The program consists of the following two components:

1) Stock Matching Plan

Through the Stock Matching Plan, an employee could acquire or commit shares in Investor at the market price during a period (determined by the Board) subsequent to the release of Investor's first quarterly report for each year, respectively (the "Measurement Period"). After a three-year vesting period, two options (Matching Options) are granted for each Investor share acquired or committed by the employee, as well as a right to acquire one Investor share (Matching Share) for SEK 10. The Matching Share may be acquired during a four-year period subsequent to the vesting period. Each Matching Option entitles the holder to purchase one Investor share, during the corresponding period, at a strike price corresponding to 120 percent of the average volume-weighted price paid for Investor shares during the Measurement Period.

Note 9. *cont'd Employees and personnel costs*

The President, other members of the Management Group and a maximum of 20 other senior executives ("Senior Management") are obligated to invest at least 5 percent of their annual basic salary in Investor shares according to the Stock Matching Plan. Other employees are not obligated to invest, but they are still entitled to invest to the extent that the value of the allotted Matching Options and Matching Shares amounts to a maximum of either 10 or 15 percent of their basic salary. Senior Management has the right to invest to such an extent that the value of the allotted Matching Options and Matching Shares amounts to a maximum between 10 and 27 percent of their respective basic salary. In order to participate fully in the Stock Matching Plan for 2016, the President had to invest or commit approximately 31 percent of his basic salary in Investor shares. If the President, through the investment mentioned above, participates fully in the Stock Matching Plan, the theoretical value of the right to receive a Matching Share and two Matching Options per acquired share under the Stock Matching Plan is 27 percent of the basic salary.

2) Performance-Based Share Program, in which Senior Management participates in addition to the Stock Matching Plan
Senior Management has, in addition to the Stock Matching Plan, the right (and obligation) to participate in a Performance-Based Share Program. Under this program, which presumes participation in the Stock Matching Plan, Senior Management, after a three-year vesting period, has the right during four years to acquire additional Investor shares ("Performance Shares") for a price that corresponds to, in 2016 year's program, 50 percent of the price of the shares acquired by the employee ("Acquisition Price"). This right is conditional upon whether certain financial goals related to the total return of the Investor share are met during the vesting period. Total return is measured over a three-year qualification period. The average annual total return (including reinvested dividends) must exceed the interest on 10-year government bonds by more than 10 percentage points in order for Senior Management to be entitled to acquire the maximum number of Performance Shares that they were allotted. If the total return does not exceed the 10-year interest on government bonds by at least 2 percentage points, Senior Management is not entitled to acquire any shares. If the total return is between the 10-year interest on government bonds plus 2 percentage points and the 10-year interest on government bonds plus 10 percentage points, a proportional (linear) calculation of the number of shares that may be acquired is made. The total return is measured quarterly on running 12-month basis during the qualification period, where the total outcome is estimated as the average total return during the three-year period based on 9 measurement points.

Adjustment for dividend
At the time when Matching Shares and Performance Shares are acquired, employees are entitled to remuneration for dividends paid during the vesting period and up until the acquisition date. This is done so that the program will not be affected by dividends and to avoid the risk that a decision on dividends is affected by the long-term variable remuneration program.

Hedge contracts for employee stock option and share programs
Investor's policy is to implement measures to minimize the effects on equity from the programs in the event of an increase in Investor's share price. For programs implemented in 2006 and later, Investor has been repurchasing its own shares in order to guarantee delivery.

Other programs in subsidiaries

Participation/incentive programs in Investor Growth Capital (IGC)
Within IGC, selected senior staff and other senior executives were, to a certain extent, allowed to make parallel investments with Investor, or else receive profit-sharing. For more information regarding the programs see note 31, Related party transactions.

Management Participation Programs
Board members and senior executives in unlisted investments, including Mölnlycke, Aleris, Permobil, BraunAbility and Laborie are offered the opportunity to invest in the companies through management participation programs. For more information regarding the programs see note 31, Related party transactions.

Remuneration to the Board of the Parent Company

At the 2016 Annual General Meeting (AGM), it was decided that Board remuneration should total SEK 9,995 t., of which SEK 8,910 t. would be in the form of cash and synthetic shares and SEK 1,085 t. would be distributed as cash remuneration for committee work done by the Board of Directors.

Synthetic shares 2008-2016
As of 2008, Board members may choose to receive a part of their gross remuneration, excluding committee fees, in synthetic shares. AGM's decision regarding synthetic shares 2016 is essentially identical to the decision of the AGM 2015. In 2016, Board Members were entitled to receive 50 percent of the proposed remuneration before tax, excluding remuneration for committee work, in the form of synthetic shares and 50 percent in cash (instead of receiving 100 percent of the remuneration in cash). A synthetic share carries the same economic rights as a class B Investor share, which means that the value of the Board of Director's remuneration in synthetic shares, just like for class B shares, is dependent upon value fluctuations as well as the amount of dividends during the five-year period until 2021, when each synthetic share entitles the Board member to receive an amount corresponding to the share price, at the time, of a class B Investor share.

At the statutory meeting in May 2016 the Board approved, as in 2015, establishment of a policy pursuant to which members of the Board (who do not already have such holdings) are expected to, over a five-year period, acquire ownership in Investor shares (or a corresponding exposure to the Investor share, for example in synthetic shares) for a market value that is expected to correspond to at least one year's remuneration for board work, before taxes and excluding remuneration for committee work.

The Director's right to receive payment occurs after the publications of the year-end report and the three interim reports, respectively, during the fifth year following the general meeting which resolved on the allocation of the Synthetic Shares, with 25 percent of the allocated Synthetic Shares on each occasion. In case the Director resigns as Board Member prior to a payment date the Director has a right, within three months after the Director's resignation, to request that the time of payment shall be brought forward, and instead shall occur, in relation to 25 percent of the total number of allocated Synthetic Shares, after the publications of each of the year-end report and the three interim reports, respectively, which are made during the year after the year when such request was received by the Company.

Summary of long-term share-based variable remuneration programs 2006-2016

Matching Shares 2006-2016

Year issued	Number of Matching Shares granted	Number at the beginning of the year	Adjustment for dividend	Matching Shares forfeited in 2016	Matching Shares exercised in 2016	Weighted average share price on exercise	Number of Matching Shares at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)[3]
2016	49,948	–		374			49,574[4]	246.40	274.01	10.00	12/31 2022	3
2015	37,671	37,671	1,395	531			38,535[4]	293.33	326.18	10.00	12/31 2021	3
2014	55,451	54,171	2,012	426	572	290.26	55,185[4]	219.51	244.29	10.00	12/31 2020	3
2013	72,378	69,748	1,619	30	35,429	294.08	35,908	167.90	187.33	10.00	12/31 2019	3
2012	120,160	79,793	1,477		45,379	294.68	35,891	109.60	122.17	10.00	12/31 2018	3
2011	88,959	42,275	732		30,477	299.61	12,530	127.15	141.66	10.00	12/31 2017	3
2010	124,543	33,810	146		33,956	292.02	–	114.91	128.33	10.00	12/31 2016[5]	3
2009	134,540	24,263			24,263	292.73	–	97.64	109.01	10.00	12/31 2015[5]	3
2007	70,194	11,603			11,603	292.73	–	150.91	168.48	10.00	12/31 2013[5]	3
2006	95,497	12,415			12,415	292.73	–	109.19	121.34	10.00	12/31 2012[5]	3
Total	**849,341**	**365,749**	**7,381**	**1,361**	**194,094**		**227,623**					

1) The value of Matching Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized value. See page 50 for specification of the basis of calculation.
3) Under certain circumstances, in conjunction with the end of employment, Matching Shares can be exercised before the end of the vesting period. Matching Shares that have already vested must be exercised within 3 months from the end of employment if the employment lasted less than 4 years and 12 months if the holder has been employed longer.
4) Matching Shares not available for exercise at year-end.
5) The former President Börje Ekholm was entitled to exercise Matching Shares during the period from March 1, 2016 through February 28, 2017.

Note 9. cont'd Employees and personnel costs

Matching Options 2006-2016

Year issued	Number of Matching Options granted	Number at the beginning of the year	Matching Options forfeited in 2016	Number of Matching Options exercised in 2016	Weighted average share price on exercise	Number of Matching Options at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)[3]
2016	99,896	–	749			99,147[4]	28.32	32.69	340.90	12/31 2022	3
2015	75,342	75,342	1,012			74,330[4]	38.77	44.76	403.30	12/31 2021	3
2014	110,902	105,290	716	931	318.00	103,643[4]	29.86	34.41	304.50	12/31 2020	3
2013	144,756	131,080		72,530	296.16	58,550	22.63	24.97	236.10	12/31 2019	3
2012	240,320	149,904		71,376	297.08	78,528	14.70	16.87	157.80	12/31 2018	3
2011	177,918	90,500		52,930	299.21	37,570	19.78	22.82	180.30	12/31 2017	3
2010	249,086	71,280		71,280	298.63	–	17.44	19.73	164.60	12/31 2016[5]	3
2009	269,080	39,174		39,174	292.22	–	14.52	16.68	141.50	12/31 2015[5]	3
2007	140,388	17,304		17,304	292.42	–	22.80	18.84	212.00	12/31 2013[5]	3
2006	190,994	17,984		17,984	292.91	–	15.62	12.47	155.90	12/31 2012[5]	3
Total	**1,698,682**	**697,858**	**2,477**	**343,509**		**451,768**					

1) The value of Matching Options on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values. See below for specification of the basis of calculation.
3) Under certain circumstances, in conjunction with the end of employment, Matching Options can be exercised before the end of the vesting period. Matching Options that have already vested must be exercised within 3 months from end of employment if employment lasted less than 4 years and within 12 months if the holder has been employed longer.
4) Matching Options not available for exercise at year-end.
5) The former President Börje Ekholm was entitled to exercise Matching Options during the period from March 1, 2016 through February 28, 2017.

Performance Shares 2006-2016

Year issued	Maximum number of Performance Shares granted	Number at the beginning of the year	Adjustment for dividend	Performance Shares, forfeited in 2016	Performance Shares exercised in 2016	Weighted average share price on exercise	Number of Performance Shares at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)
2016	231,067	–					231,067[3]	66.74	74.26	142.05	12/31 2022	3
2015	163,585	163,585	5,831				169,416[3]	80.59	89.84	162.28	12/31 2021	3
2014	258,017	264,418	9,428	1,757			272,089[3]	62.79	70.03	119.24	12/31 2020	3
2013	320,473	336,403	8,314	37,002	201,356	312.73	106,359	49.33	54.26	89.66	12/31 2019	3
2012	457,517	419,735	12,896		281,419	304.59	151,212	32.69	36.41	57.84	12/31 2018	3
2011	663,784	495,885	6,990		376,665	298.73	126,210	20.56	23.14	126.38	12/31 2017	3
2010	799,197	420,227	1,929		422,156	295.15	–	18.34	20.34	111.59	12/31 2016[5]	3
2009	870,373	316,633			316,633	290.97	–	15.45	17.26	99.11	12/31 2015[5]	3
2007	139,380[4]	7,224			7,224	292.73	–	77.78	82.55	10.00	12/31 2013[5]	3
2006	187,198[4]	8,880			8,880	292.73	–	52.35	57.03	10.00	12/31 2012[5]	3
Total	**4,090,591**	**2,432,990**	**45,388**	**38,759**	**1,614,333**		**1,056,353**					

1) The value of Performance Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values. See below for specification of the basis of calculation.
3) Performance Shares not available for exercise at year-end.
4) Refers to the maximum number of granted performance shares, regardless of the program's vesting outcome.
5) The former President Börje Ekholm was entitled to exercise Performance Shares during the period from March 1, 2016 through February 28, 2017.

The difference between the theoretical value and fair value is mainly due to the fact that the anticipated personnel turnover is taken into consideration when determining the theoretical value. When estimating the fair value in accordance with IFRS 2, personnel turnover is not taken into account; instead the anticipated number of vested shares or options is adjusted. The adjustment is based on average historical outcome.

The calculation of the fair value on the grant date, according to IFRS 2, was based on the following conditions:

	2016			2015		
	Matching Share	Matching Option	Performance Share	Matching Share	Matching Option	Performance Share
Averaged volume-weighted price paid for Investor B shares	284.09	284.09	284.09	336.13	336.13	336.13
Strike price	10.00	340.90	142.05	10.00	403.30	168.07
Assumed volatility[1]	28%	28%	28%	30%	30%	30%
Assumed average term[2]	5 years	5 years	5 years	5 years	5 years	5 years
Assumed percentage of dividend[3]	0%	3.0%	0%	0%	3.0%	0%
Risk-free interest	–0.16%	–0.16%	–0.16%	0.09%	0.09%	0.09%
Expected outcome[4]			50%			50%

1) The assumed volatility was based on future forecasts based on the historical volatility of Investor B shares, in which the term of the instrument is an influencing factor. The historical volatility has been in the interval of 15 to 30 percent.
2) The assumption of average term for the instruments at grant is based on historical exercise patterns and the actual term of the instruments within each remuneration program.
3) The dividend for Matching Shares and Performance Shares is compensated for by increasing the number of shares.
4) Probability to achieve the performance criteria is calculated based on historic data and verified externally.

Note 9. cont'd Employees and personnel costs

Summary of Long-term Restricted Stock Programs 2004–2005

Year issued	Number of granted Shares	Number of shares at the beginning of the year	Fair value, SEK[1]	Number of Shares exercised 2016	Weighted average share price on exercise	Number of Shares at year-end	Maturity date[2]	Vesting period (years)
2005	58,331	9,612	97.04	9,612	291.20	–	1/21 2010	5
2004	74,000	3,200	77.00	3,200	291.20	–	1/20 2009	5
Total	**132,331**	**12,812**		**12,812**		**–**		

1) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values.
2) The former President Börje Ekholm was entitled to exercise Restricted Stocks during the period from March 1, 2016 through February 28, 2017.

Expensed remuneration to the Board 2016

Total remuneration for 2016 (SEK t.)	Cash Board fee	Value of Synthetic Shares as at grant date	Commit-tee fee	Total Board fee as at grant date	Effect from change in market value of previous years Synthetic Shares	Effect from change in market value of Synthetic Shares issued 2016	Effect from Synthetic Shares exercised 2016	Total fee, actual cost	Number of Synthetic Shares at the beginning of the year	Number of Synthetic Shares granted 2016[1]	Adjust-ment for dividend	Exercised Synthetic Shares, 2016	Number of Synthetic Shares on December 31, 2016
Jacob Wallenberg[2]	2,400		330	2,730	329		25	3,084	15,612		569	7,718	8,463
Marcus Wallenberg[2]	1,390			1,390				1,390					
Josef Ackermann	320	320		640	229	77		946	5,668	1,167	207		7,042
Gunnar Brock[3]	320	320	170	810	240	77	7	1,134	7,926	1,167	289	2,058	7,324
Sune Carlsson[4]					88		7	94	4,163		152	2,058	2,257
Johan Forssell													
Magdalena Gerger	320	320	170	810	87	77		974	2,138	1,167	78		3,383
Tom Johnstone, CBE	320	320	80	720	240	77	7	1,044	7,926	1,167	289	2,058	7,324
Carola Lemne[5]					153		7	160	5,788		211	2,058	3,941
Grace Reksten Skaugen	640		255	895				895					
Hans Stråberg	320	320		640	240	77	7	964	7,926	1,167	289	2,058	7,324
Lena Treschow Torell	320	320	80	720	240	77	7	1,044	7,926	1,167	289	2,058	7,324
Peter Wallenberg Jr.[4]					201		7	208	6,980		255	2,058	5,177
Sara Öhrvall	320	320		640	38	77		756	946	1,167	34		2,147
Total	**6,670**	**2,240**	**1,085**	**9,995**	**2,083**	**542**	**72**	**12,692**	**72,997**	**8,170**	**2,662**	**22,124**	**61,705**

1) Based on weighted average stock price for Investor B in the period May 12 to May 18 2016: SEK 274.17.
2) Remunerations including pertinent statutory social charges and VAT are invoiced through a company. This procedure is not affecting the cost for Investor.
3) Additional remunerations of SEK 1,174 t. to Gunnar Brock have been expensed in the subsidiaries.
4) Member of the Board until 5/12 2015.
5) Member of the Board until 5/6 2014.

Expensed remuneration to the Board 2015

Total remuneration for 2015 (SEK t.)	Cash Board fee	Value of Synthetic Shares as at grant date	Commit-tee fee	Total Board fee as at grant date	Effect from change in market value of previous years Synthetic Shares	Effect from change in market value of Synthetic Shares issued 2015	Effect from Syntetic Shares exercised 2015	Total fee, actual cost	Number of Synthetic Shares at the beginning of the year	Number of Synthetic Shares granted 2015[1]	Adjust-ment for dividend	Exercised Synthetic Shares, 2015	Number of Synthetic Shares on December 31, 2015
Jacob Wallenberg	2,340		320	**2,660**	553		394	3,607	23,125		630	8,144	15,612
Marcus Wallenberg	625			**625**				625					
Josef Ackermann	313	313		**625**	167	–17		776	4,597	946	125		5,668
Gunnar Brock[2]	313	313	165	**790**	247	–17	105	1,126	8,909	946	243	2,172	7,926
Sune Carlsson[5]					148		105	253	6,167		168	2,172	4,163
Börje Ekholm[5]													
Johan Forssell[4]													
Magdalena Gerger	313	313	165	**790**	42	–17		815	1,160	946	32		2,138
Tom Johnstone, CBE	313	313	78	**703**	247	–17	105	1,039	8,909	946	243	2,172	7,926
Carola Lemne[3]					205		105	310	7,749		211	2,172	5,788
Grace Reksten Skaugen	625		250	**875**				875					
O. Griffith Sexton[5]													
Hans Stråberg	313	313		**625**	247	–17		856	6,795	946	185		7,926
Lena Treschow Torell	313	313	78	**703**	247	–17	105	1,039	8,909	946	243	2,172	7,926
Peter Wallenberg Jr.[5]					247		105	352	8,909		243	2,172	6,980
Sara Öhrvall[4]	313	313		**625**		–17		608		946			946
Total	**5,778**	**2,188**	**1,056**	**9,021**	**2,353**	**–118**	**1,024**	**12,279**	**85,230**	**6,620**	**2,321**	**21,174**	**72,997**

1) Based on weighted average stock price for Investor B in the period May 15 to May 21 2015: SEK 330.45.
2) Additional remunerations of SEK 1,703 t. to Gunnar Brock have been expensed in the subsidiaries.
3) Member of the Board until 5/6 2014.
4) Member of the Board as of 5/13 2015.
5) Member of the board until 5/12 2015.

Note 9. cont'd Employees and personnel costs

Accounting effects of Investor AB's share-based payment transactions

Costs relating to share-based payment transactions, SEK m.	2016	2015
Group		
Costs relating to equity-settled share-based payment transactions	33	33
Costs relating to cash-settled share-based payment transactions	5	5
Social security and other costs relating to share-based payment transactions	21	81
Total	**59**	**119**
Parent Company		
Costs relating to equity-settled share-based payment transactions	23	25
Costs relating to cash-settled share-based payment transactions	5	5
Social security and other costs relating to share-based payment transactions	20	78
Total	**48**	**108**

Other effects of share-based payment transactions, SEK m.	2016	2015
Group and Parent Company		
Effect on equity relating to Stock-Options exercised by employees	312	57
Carrying amount of liability relating to cash-settled instruments	27	30

Note 10. Auditor's fees and expenses

	2016	2015
Auditor in charge	*Deloitte*	*Deloitte*
Auditing assignment	25	22
Other audit activities	2	1
Tax advice	5	4
Other assignments	3	4
Total Auditor in charge	35	30
Other auditors		
Auditing assignment	4	1
Total other auditors	4	1
Total	**39**	**31**

Note 11. Operating leases

Accounting policies

Costs related to operating leases are recognized in the Income Statement on a straight-line basis over the lease term.

Operating leases mainly consist of rent of premises, leasing of company cars and office furniture.

Non-cancellable future lease payments

	2016	2015
Less than 1 year from balance sheet date	–797	–687
1-5 years from balance sheet date	–1,539	–1,367
More than 5 years from balance sheet date	–1,067	–374
Total	**–3,403**	**–2,428**
Costs for the year		
Minimum lease payments	–829	–673
Contingent rent	–0	–3
Total	**–829**	**–676**

Note 11. cont´d Operating leases

Non-cancellable future lease revenue

	2016	2015
Less than 1 year from balance sheet date	21	18
1-5 years from balance sheet date	26	43
More than 5 years from balance sheet date	24	25
Total	**71**	**86**
Revenue for the year		
Minimum lease revenue	21	19
Contingent rent	2	2
Total	**22**	**21**

Note 12. Shares and participations in associates

Accounting policies

Associates are companies in which Investor, directly or indirectly, has a significant influence, typically between 20 and 50 percent of the votes. Accounting for associates is dependent on how Investor controls and monitors the companies' operations. The Group applies the equity method for unlisted holdings in those cases where Investor is significantly involved in the associate's operations.

Certain unlisted associates within Patricia Industries and all listed associates are controlled and monitored based on fair value and are accounted for as financial instruments at fair value through profit/loss, according to IAS 39 and IAS 28 p.18-19.

Reporting of associates in accordance with the equity method

Associates are reported in the consolidated financial statements as of the date when significant influence was obtained. When applying the equity method, the carrying amount of the investments in associates that is reported in the consolidated financial statements, corresponds to the Group's share of the associates' equity, consolidated goodwill, and any consolidated surpluses/deficits.

In the consolidated Income Statement, the Group's share of the associates' profit/loss that is attributable to the owners of the Parent Company (adjusted for any depreciation, impairment losses or reversals of acquired surpluses/deficits) is recognized as "share of results of associates". These shares of profit/loss (less any dividends received from associates) are the primary component of the change in reported value of participations in associates. The Group's share of other comprehensive income in associates is reported as a separate component of other comprehensive income.

Upon acquisition of an associate, any difference between the cost of the holding including transaction costs and the investor's share of the net fair value of the associate's identifiable assets and liabilities is reported as goodwill corresponding to principles for acquisition of subsidiaries.

If the Group's share of reported losses in the associate exceeds the carrying amount of the participations in the Group, the value of the participations is reduced to zero. Losses are also offset against long-term financial receivables without collateral, the economic substance of which is comprised of part of the investor's net investment in the associate. Continuing losses are not recognized, unless the Group has an obligation to cover the losses incurred by the associate. The equity method is applied until such time when the Group no longer has significant influence.

Specification of carrying amount using the equity method

	12/31 2016	12/31 2015
At the beginning of the year	3,336	3,051
Acquisitions	2	112
Divestments	–30	–
Reclassification	–	–1
Share of results of associates	516	360
Exchange rate differences, etc.	51	–186
BS Carrying amount at year-end	**3,875**	**3,336**

Note **12.** *cont'd Shares and participations in associates*

Information about material associates

Hi3G Holdings AB, Stockholm, 556619-6647

3 Scandinavia is an operator providing mobile voice and broadband services in Sweden and Denmark. Investor's share of votes are 40 percent and the investment is included in Patricia Industries.

3 Scandinavia is consolidated using the equity method and no dividends were distributed to Investor for 2015 or 2016. However during 2016, SEK 774 m. was distributed to Patricia Industries as repayment of shareholder loans (987). Investor guarantees SEK 0.7 bn of 3 Scandinavia's external debt.

3 Scandinavia is through its operational companies in Sweden and in Denmark involved in discussions with the Swedish Tax Authorities (STA) and with the Danish tax authorities (DTA), respectively, with regards to the interpretation of the underlying and applicable Swedish, Danish and EU law associated with the application of taxes on sales. For more information see note 30, Pledged assets and contingent liabilities.

Summarized financial information for associates using the equity method

Hi3G Holdings AB	Total	
	12/31 2016	12/31 2015
Ownership capital/votes, %	40/40	40/40
Net sales	11,480	10,831
Profit/loss for the year	1,282	1,221
Total other comprehensive income for the year	174	–155
Total comprehensive income for the year	1,456	1,066
Investor's share of total comprehensive income for the year	582	426
Total share of total comprehensive income	**582**	**426**
Non-material associates		
Share of profit/loss for the year	3	–128
Share of total other comprehensive income	–19	–124
Share of total comprehensive income for the year	–15	–252
Total share of total comprehensive income	**567**	**174**
Hi3G Holdings AB		
Total non-current assets	14,954	14,770
Total current assets	12,112	8,500
Total non-current liabilities	–4,564	–6,187
Total current liabilities	–13,150	–9,186
Total net assets (100 %)	9,352	7,896
Investor's share of total net assets	3,741	3,158
Carrying amount of Hi3G Holdings AB	3,741	3,158
Carrying amount of non-material associates	134	178
BS Carrying amount of associates at year-end valued using the equity method	**3,875**	**3,336**

Summarized financial information for material associates valued at fair value

12/31 2016		Investor's share of		100% of reported values of the associate					
Company, Registered office, Registration number	Ownership capital/votes (%)	Carrying amount[1)]	Dividends received	Net sales	Profit/loss for the year	Other comprehensive income for the year	Total comprehensive income for the year	Total assets	Total liabilities
SEB, Stockholm, 502032-9081	21/21	43,725	2,395	43,771	10,618	–946	9,672	2,620,646	2,479,670
Atlas Copco, Stockholm, 556014-2720	17/22	57,437	1,308	101,356	11,948	2,785	14,733	115,892	62,715
Ericsson, Stockholm, 556016-0680	6/22	10,378	648	222,608	1,895	2,619	4,514	283,347	142,855
Electrolux, Stockholm, 556009-4178	16/30	10,846	311	121,093	4,493	77	4,570	85,848	68,110
Swedish Orphan Biovitrum AB, Stockholm, 556038-9321	40/40	11,480	–	5,204	809	–170	639	9,974	4,619
Saab, Linköping, 556036-0793	30/40	11,181	164	28,631	1,175	–309	866	41,211	27,910
Husqvarna, Jönköping, 556000-5331	17/33	6,883	160	35,982	2,104	171	2,275	32,978	18,613
Total participations in material associates valued at fair value		**151,931**	**4,986**	**558,645**	**33,042**	**4,227**	**37,269**	**3,189,896**	**2,804,492**

12/31 2015		Investor's share of		100% of reported values of the associate					
Company, Registered office, Registration number	Ownership capital/votes (%)	Carrying amount[1)]	Dividends received	Net sales	Profit/loss for the year	Other comprehensive income for the year	Total comprehensive income for the year	Total assets	Total liabilities
SEB, Stockholm, 502032-9081	21/21	40,826	2,167	43,763	16,581	2,219	18,800	2,495,964	2,353,166
Atlas Copco, Stockholm, 556014-2720	17/22	43,100	1,241	98,973	11,723	–540	11,183	103,010	56,260
Ericsson, Stockholm, 556016-0680	5/22	14,086	595	246,920	13,673	–1,311	12,362	284,363	136,997
Electrolux, Stockholm, 556009-4178	16/30	9,860	311	123,511	1,568	–1,263	305	83,471	68,466
Swedish Orphan Biovitrum AB, Stockholm, 556038-9321	40/40	14,514	–	3,228	65	53	118	8,315	3,654
Saab, Linköping, 556036-0793	30/40	8,535	156	27,186	1,402	600	2,002	35,088	22,176
Husqvarna, Jönköping, 556000-5331	17/33	5,428	160	36,170	1,888	–3	1,885	29,669	16,608
Total participations in material associates valued at fair value		**136,350**	**4,630**	**579,751**	**46,900**	**–245**	**46,655**	**3,039,880**	**2,657,327**

Note 13. Net financial items

Accounting policies

Financial income and financial expenses consists mainly of interest, exchange rate differences on financial items and changes in the value of financial investments, liabilities and derivatives used to finance operations.

Interest is calculated using the effective interest rate method. The effective interest rate is the rate that discounts estimated future payments or receipts throughout the expected life of the financial instrument to the net carrying amount of the financial asset or liability. Transaction costs, including issuing costs, are expensed at the same point in time that receivables or payables are measured at fair value through profit/loss. When valued at amortized cost, amortization takes place over the remaining life using the effective interest rate. Borrowing costs are recognized in profit/loss using the effective interest rate method except to the extent that they are directly attributable to the acquisition, construction or production of assets that take considerable time to prepare for their intended use or sale. In such cases, they are included in the acquisition cost of the asset. Costs related to unused credit facilities are recognized as interest and are amortized on a straight-line basis over the term of the facilities. Other financial items consist mainly of changes in the value of derivatives and loans that are subject to fair value hedging, and foreign currency result.

	2016	2015
Interest		
Interest income	40	58
Interest expense	–1,470	–1,471
Total interest	**–1,430**	**–1,412**
Other financial items		
Changes in value, gains	25	218
Changes in value, losses	–36	–10
Realized results from loans/swaps	16	–69
Exchange gain	1,348	685
Exchange loss	–448	–685
Other items	–337	–200
Total other financial items	**568**	**–61**
IS Net financial items	–862	–1,473

Other financial items consists of unrealized market value changes and realized results of financial items excluding interest. Net financial items include the changes in value attributable to long-term share-based remuneration SEK –15 m. (–73) and revaluations established with valuation techniques totaling SEK –11 m. (208). Liabilities accounted for as hedges have been revalued by SEK –371 m. (269) and the associated hedging instruments have been revalued by SEK 325 m. (–158). Derivatives included in cash flow hedges are not recognized in the Income Statement but have affected Other Comprehensive income by SEK 17 m. (184). For more information see note 29, Financial instruments.

Note 14. Income tax

Accounting policies

The amount reported as the Group's total income tax for the year consists of current tax and deferred tax. Current tax is tax that must be paid or refunds that will be received for the current year and adjustments to current tax attributable to earlier periods. Deferred tax is based on the temporary differences between the tax base of an asset or liability and its carrying amount. Temporary differences attributable to goodwill are not recognized. Furthermore, temporary differences attributable to investments in subsidiaries or associates are not recognized unless they are expected to reverse within the foreseeable future. The valuation of deferred tax is based on the extent to which underlying assets and liabilities are expected to be realized or settled. Deferred tax is calculated using the tax rates and tax regulations that have been decided or announced at year-end. If the calculations result in a deferred tax asset, it will only be reported as such if it is probable that it will be realized.

Income taxes are reported in the Income Statement unless the underlying transaction is reported as part of Other Comprehensive income or as a component of equity. In such cases, the associated tax effect is also reported as part of Other Comprehensive income or as a component of equity.

Part of the difference between the effective tax rate and the Parent Company's tax rate that occurs upon reconciliation is due to the fact that the Parent Company is taxed in accordance with the rules that apply to industrial holding companies.

For a description of matters relating to tax contingencies, see note 30, Pledged assets and contingent liabilities.

Income tax for the year in Other Comprehensive income

	2016	2015
Current tax income/expense	10	–39
Total	**10**	**–39**

Information about the connection between tax expense for the period and reported income before tax

	2016 (%)	2016	2015 (%)	2015
Reported loss/profit before taxes		34,118		18,174
Tax according to applicable tax rate	22.0	–7,506	22.0	–3,998
Effect of other tax rates for foreign subsidiaries	–0.1	46	–0.1	15
Tax from previous years	0.0	–7	0.0	–4
Tax effect of non-taxable income	–28.4	9,700	–45.7	8,299
Tax effect status as an industrial holding company[1]	–1.6	537	–2.6	472
Tax effect non-deductible expenses	10.4	–3,560	29.1	–5,294
Controlled Foreign Company taxation	0.0	–5	0.0	–16
Standard interest on tax allocation reserve	0.0	0	0.0	0
Tax effect of not recognized losses or temporary differences	–0.3	96	–0.3	47
Tax effect of recognized losses or temporary differences	–0.9	318	–0.7	132
Other	0.1	–42	0.2	–32
Current tax expense	**1.2**	**–423**	**2.1**	**–379**
Tax effect of recognition and derecognition of tax losses or temporary differences	0.5	–167	1.4	–248
Tax effect of earlier not recognized losses or temporary differences	0.1	–31	0.7	–123
Tax effect of changed tax rate	–0.5	159	–0.2	34
Tax effect impairment of goodwill	0.0	–2	0.0	–8
Other	0.0	11	0.1	–16
Deferred tax expense	**0.1**	**–30**	**2.0**	**–361**
IS Reported tax expense	1.3	–453	4.1	–740

1) For tax purposes, industrial holding companies may deduct the dividend approved at the Annual General Meeting.

Note 14. cont'd Income tax

Deferred taxes

Deferred taxes refer to the following assets and liabilities

	12/31 2016			12/31 2015		
	Asset	Liability	Net	Asset	Liability	Net
Intangible assets	41	–3,870	–3,829	44	–2,815	–2,771
Property, plant and equipment	12	–750	–738	7	–568	–561
Financial assets	–	–335	–335	–	–472	–472
Inventory	225	–	225	145	–	145
Interest-bearing liabilities	6	–6	0	8	–	8
Pension provisions	220	0	220	219	–11	208
Provisions	15	–1	14	28	–1	27
Losses carry-forward	373	–2	371	667	0	667
Tax allocation reserves	2	–28	–26	0	–90	–90
Other	108	–94	13	80	–77	3
Total deferred tax assets and liabilities	**1,002**	**–5,087**	**–4,085**	**1,198**	**–4,034**	**–2,836**
Net of deferred tax assets and liabilities[1]	–95	95	0	–234	234	0
BS Net deferred tax	**907**	**–4,992**	**–4,085**	**964**	**–3,800**	**–2,836**

1) Deferred tax assets and tax liabilities are offset if a legal right exists for this.

Unrecognized deferred tax assets

Taxes relating to deductible temporary differences for which deferred tax assets have not been recognized amounted to SEK 1,844 m. on December 31, 2016 (1,699). The amount refers to unrecognized losses carry-forward and does not include the Parent Company due to its status as an industrial holding company for tax purposes.

Change in deferred taxes related to temporary differences and losses carry-forward

12/31 2016	Amount at the beginning of the year	Business combinations	Recognized in the Income Statement	Recognized in Other Comprehensive income	Amount at year-end
Intangible assets	–2,771	–967	44	–135	–3,829
Property, plant and equipment	–561	–5	–43	–129	–738
Financial assets	–472	–	168	–31	–335
Inventory	145	–	69	11	225
Interest-bearing liabilities	8	–6	–2	0	0
Pension provisions	208	–1	–2	15	220
Provisions	27	1	–5	–9	14
Losses carry-forward	667	2	–320	22	371
Tax allocation reserves	–90	–	64	–	–26
Other	3	0	–3	13	13
Total	**–2,836**	**–976**	**–30**	**–243**	**–4,085**

12/31 2015	Amount at the beginning of the year	Business combinations	Recognized in the Income Statement	Recognized in Other Comprehensive income	Amount at year-end
Intangible assets	–2,817	–98	111	33	–2,771
Property, plant and equipment	–465	–60	–33	–3	–561
Financial assets	–200	0	–261	–11	–472
Inventory	140	–10	11	3	145
Interest-bearing liabilities	8	–	0	–	8
Pension provisions	206	4	7	–9	208
Provisions	27	–3	4	–1	27
Losses carry-forward	744	93	–148	–22	667
Tax allocation reserves	–83	–1	–6	–	–90
Other	86	–4	–46	–36	3
Total	**–2,354**	**–79**	**–361**	**–46**	**–2,836**

Note 15. Earnings per share

Accounting policies

The calculation of basic earnings per share is based on the profit/loss for the year attributable to shareholders of the Parent Company and on the weighted average number of shares outstanding during the year. When calculating diluted earnings per share, the average number of shares is adjusted to take into account the effects of dilutive potential ordinary shares, originating during the reported periods from stock option and share programs that have been offered to employees. Dilutions from stock option and share programs affect the number of shares and only occur when the strike price is less than the share price. The potential ordinary shares are not viewed as dilutive if they would result in better earnings per share after dilution, which occurs when net income is negative.

Basic earnings per share

	2016	2015
Profit/loss for the year attributable to the holders of ordinary shares in the Parent Company, SEK m.	33,665	17,433
Weighted average number of ordinary shares outstanding during the year, millions	763.5	761.8
IS **Basic earnings per share, SEK**	**44.09**	**22.89**

Change in the number of outstanding shares, before dilution	2016	2015
Total number of outstanding shares at beginning of the year, millions	761.9	761.4
Repurchase of own shares during the year, millions	0.0	0.0
Sales own shares during the year, millions	2.5	0.5
Total number of outstanding shares at year-end, millions	**764.4**	**761.9**

Diluted earnings per share

	2016	2015
Profit for the year attributable to the holders of ordinary shares in the Parent Company, diluted, SEK m.	33,665	17,433
Weighted average number of outstanding ordinary shares, millions	763.5	761.8
Effect of issued:		
Employee share and stock option programs, millions	1.3	2.1
Number of shares used for the calculation of diluted earnings per share, millions	764.8	763.8
IS **Diluted earnings per share, SEK**	**44.02**	**22.82**

Instruments that are potentially dilutive in the future and changes after the balance sheet date

Outstanding options and shares in long-term share-based programs are to be considered dilutive only if earnings per share was less after than before dilution. Some options are out of money due to a lower average share price (SEK 321.37) compared to exercise price and potential value per option to be expensed in accordance to IFRS 2. Finally there are Performance Shares for which performance terms and conditions are to be met before they can be dilutive. There have been no changes in the number of outstanding shares after the balance sheet date. See note 9, Employees and personnel costs, for exercise price and a description of performance terms and conditions.

Note 16. Intangible assets

Accounting policies

Intangible assets, except for goodwill and trademarks with indefinite life, are reported at cost after a deduction for accumulated amortization or any impairment losses. Goodwill and the majority of the Groups trademarks have an indefinite life and are reported at cost after any impairment losses.

Goodwill

Goodwill arises when the acquisition cost in a business combination exceeds the fair value of acquired assets and liabilities according to the purchase price allocation.

Trademarks

Trademarks are valued as part of the fair value of businesses acquired from a third party. The trademark must have long-term value and it must be possible to sell it separately.

Capitalized development expenditure

Costs attributable to the development of qualifying assets are capitalized as a component of the asset's acquisition cost. An internally generated intangible asset is reported by the Group only if all of the following apply; it is possible to identify the asset that was created, it is both technically and financially feasible to complete the asset, there is both intent and ability to use the asset, it is likely that the asset will generate future economic benefits and it is possible to calculate the expenses in a reliable way. Amortization of the asset begins as soon as it is put into use. All other expenditure is immediately recognized in the Income Statement.

Proprietary technology

Proprietary technology consists of assets such as patents and licenses and is valued as part of the fair value of acquired businesses.

Customer contracts and relations

Customer contracts and relations are valued as part of the fair value of acquired businesses (less any amortization or impairment losses). The useful life of these assets are sometimes long, which reflects the long-term nature of the underlying business. Customer contracts and relations are based on the period of time over which net payments are expected to be received from the contract, as well as legal and financial factors.

Software

Costs for software intended for own administrative use are recognized as an asset in the Balance Sheet when the costs are expected to generate future economic benefits in the form of more efficient processes. Capitalized expenditure for software is amortized from the date it became available for use.

Amortizations

Amortizations are made linearly over the asset's estimated useful life. Goodwill and trademarks with an indefinite useful life are not amortized.

Estimated useful lives:	
Trademarks	8 years
Capitalized development expenditure	3-8 years
Proprietary technology	5-20 years
Customer contracts and relations	3-30 years
Software and other	3-5 years

Impairment

The recoverable amount of an asset is calculated whenever there is an indication of impairment. The recoverable amount is calculated once per year or more often if there are any indications of impairment for goodwill, trademarks and other intangible assets with an indefinite useful life and intangible assets that are not yet available for use. The recoverable amount is the higher of the fair value less selling expenses and the value-in-use. When determining the value-in-use, future cash flows are discounted using a discount rate that takes into account the risk-free interest rate and risk associated with the specific asset. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The loss is reported in the Income Statement.

Note **16.** *cont'd Intangible assets*

12/31 2016	Goodwill	Trademarks	Capitalized development expenditure	Proprietary technology	Customer contracts and relations	Software and other	Total
Accumulated costs							
Opening balance	30,002	6,818	686	1,954	7,741	456	47,657
Business combinations	4,222	162		1,150	1,537	872	7,943
Internally generated intangible assets			52		8		60
Acquisitions			96	12		37	145
Disposals			–2			–8	–10
Reclassifications	–44		14	1	–1	22	–8
Exchange rate differences	1,611	282	4	150	421	79	2,546
At year-end	**35,792**	**7,262**	**850**	**3,267**	**9,706**	**1,457**	**58,333**
Accumulated amortization and impairment losses							
Opening balance	–940	–7	–216	–528	–4,242	–276	–6,209
Disposals						8	8
Impairment loss			–8				–8
Amortizations		–10	–110	–172	–287	–91	–670
Reclassifications					33	–8	25
Exchange rate differences		–1	–1	–28	–168	–5	–204
At year-end	**–940**	**–18**	**–335**	**–727**	**–4,664**	**–373**	**–7,058**
BS Carrying amount at year-end	**34,852**	**7,243**	**515**	**2,540**	**5,041**	**1,084**	**51,275**
Allocation of amortization and impairment in Income Statement							
Costs of goods and services sold		–0			–58	–16	–74
Sales and marketing costs				–106	–32	–0	–138
Administrative, research and development and other operating costs		–10	–110	–66	–196	–74	–456
Management costs						–1	–1
Total		**–10**	**–110**	**–172**	**–287**	**–91**	**–670**

12/31 2015	Goodwill	Trademarks	Capitalized development expenditure	Proprietary technology	Customer contracts and relations	Software and other	Total
Accumulated costs							
Opening balance	28,357	6,708	595	1,997	6,456	404	44,517
Business combinations	2,734	318	30	59	1,431		4,572
Internally generated intangible assets			110			6	116
Acquisitions				0	1	44	45
Disposals	–80		–54	–33	–6	–23	–196
Reclassifications			5			23	28
Exchange rate differences	–1,009	–208	0	–69	–141	2	–1,425
At year-end	**30,002**	**6,818**	**686**	**1,954**	**7,741**	**456**	**47,657**
Accumulated amortization and impairment losses							
Opening balance	–940	0	–128	–438	–4,099	–227	–5,832
Disposals			0	4		19	23
Amortizations		–6	–88	–112	–283	–68	–557
Reclassifications						–1	–1
Exchange rate differences		–1	0	18	140	1	158
At year-end	**–940**	**–7**	**–216**	**–528**	**–4,242**	**–276**	**–6,209**
BS Carrying amount at year-end	**29,062**	**6,811**	**470**	**1,426**	**3,499**	**180**	**41,448**
Allocation of amortization and impairment in Income Statement							
Costs of goods and services sold		0		0	–120	–14	–134
Sales and marketing costs				–71	–30	0	–101
Administrative, research and development and other operating costs		–6	–88	–41	–133	–50	–318
Management costs						–4	–4
Total		**–6**	**–88**	**–112**	**–283**	**–68**	**–557**

Note 16. cont'd Intangible assets

Impairment testing
Goodwill and other intangible assets with an indefinite useful life originating from acquisitions are divided between five cash-generating entities; Mölnlycke, Aleris, Permobil, BraunAbility and Laborie. Investor makes regular tests to determine that the carrying values of these assets do not exceed the value in use. The method for impairment testing is based on a discounted cash flow forecast to determine the value in use. Various assumptions are used to suit the different companies and its business. The calculated value in use is then compared to the carrying amount.

Value in use
Value in use is calculated as Investors share of present value of future estimated cash flow generated from the subsidiaries. The estimate of future cash flows is based upon reasonable assumptions and best knowledge of the company and future economic conditions. The base for the estimate is an assumption of the future growth rate, budgets and forecasts. The chosen discount factor reflects specific risks that are assignable to the asset and marketable assessments of the time value of money. The base for calculation of the discount rate is the company's weighted average cost of capital, where the assumption of the risk free interest rate, market risk premium, leverage, cost of debt and relevant tax rate are important components. The ambition is to use a discount rate which is not dependent on short term market sentiment, but instead reflects a long-term cost of capital corresponding to Investor's long term investment horizon.

Mölnlycke
Impairment testing of goodwill and trade names for Mölnlycke is based on a calculation of value in use in which assumptions of future growth and operating margins are important components. The estimated value is based on the budget for 2017 and financial forecasts until year-end 2021. A growth rate of 1.8 percent has been used to extrapolate the cash flows for the years beyond 2021 (2.1), which is considered reasonable given the company's historical growth, geographical positioning and industry fundamentals. Estimated cash flows have been discounted using a discount rate of 10.0 percent pre tax (10.1). No impairment requirement has been identified since the carrying value is lower than calculated value in use. The assessment is that no reasonably possible change in any key assumption will lead to a calculated recoverable amount that is lower than the carrying amount. Trademarks of SEK 5,195 m. is included in intangible assets (4,961). Mölnlycke's trademarks, which have a long history, have an indefinite useful life as Mölnlycke has a strong position on all its core markets and will continue to actively use them, expecting continued growth with increased net profit margins. Consolidated goodwill attributable to Mölnlycke amounts to SEK 21,041 m. (19,938).

Aleris
Impairment testing of goodwill for Aleris is based on a value in use calculation in which assumptions of future growth rate and operating margins are important components. The estimated value in use is based on the budget for 2017 and financial forecasts until year-end 2021. A growth rate of 0.8 percent has been used to extrapolate the cash flows for the years beyond 2021 (1.6), which is based on the company's historical growth and the sector's long term growth drivers, such as demographics and lifestyle aspects. Estimated cash flows have been discounted using a discount rate of 10.1 percent pre tax (10.2). No impairment requirements has been identified since the carrying value is lower than calculated value in use. However, a sensitivity analysis with a one percentage point drop in operating margins indicate a calculated recoverable amount which is in line with the carrying amount. Consolidated goodwill attributable to Aleris amounts to SEK 5,904 m. (4,803).

Permobil
Impairment testing of goodwill for Permobil is based on a calculation of value in use in which assumptions of future growth and operating margins are important components. The estimated value is based on the budget for 2017 and financial forecasts until year-end 2021. A growth rate of 1.2 percent has been used to extrapolate the cash flows for the years beyond 2021 (1.7), which is considered reasonable given the company's historical growth, the market structure and industry fundamentals. Estimated cash flows have been discounted using a discount rate of 10.6 percent pre tax (10.6). No impairment requirement has been identified since the carrying value is lower than calculated value in use. The assessment is that no reasonably possible change in any key assumption will lead to a calculated recoverable amount that is lower than the carrying amount. Consolidated goodwill attributable to Permobil amounts to SEK 3,084 m. (2,983).

Note 16. cont'd Intangible assets

BraunAbility
Impairment testing of goodwill for BraunAbility is based on a calculation of value in use in which assumptions of future growth and operating margins are important components. The estimated value is based on the budget for 2017 and financial forecasts until year-end 2021. A growth rate of 1.1 percent has been used to extrapolate the cash flows for the years beyond 2021 (2.2), which is considered reasonable given the company's historical growth, the underlying market fundamentals and the company's market position. Estimated cash flows have been discounted using a discount rate of 11.7 percent pre tax (11.2). No impairment requirement has been identified since the carrying value is lower than calculated value in use. Consolidated goodwill attributable to BraunAbility amounts to SEK 1,458 m. (1,325).

Laborie
Impairment testing of goodwill for newly acquired Laborie is based on a calculation of value in use in which assumptions of future growth and operating margins are important components. The estimated value is based on the budget for 2017 and financial forecasts until year-end 2021. A growth rate of 2.2 percent has been used to extrapolate the cash flows for the years beyond 2021, which is considered reasonable given the company's historical growth, the underlying market fundamentals and the company's market position. Estimated cash flows have been discounted using a discount rate of 11.1 percent pre tax. No impairment requirement has been identified since the carrying value is lower than calculated value in use. Consolidated goodwill attributable to Laborie amounts to SEK 3,351 m.

Note 17. Buildings and land

Accounting policies
The majority of owner-occupied property within the Group is reported according to the revaluation model less accumulated depreciation and revaluation adjustments. Industrial property is reported at cost less accumulated depreciation and any impairment losses.

Owner-occupied property has been categorized based on their characteristics:

Hotel property	Revaluation model
Care property	Revaluation model
Office property	Revaluation model
Industrial property	Cost model

Cost includes the original purchase price and directly attributable costs, including borrowing costs, required to bring the asset to working condition for its intended use. Property consist of parts with different useful lives (such as the framework, roof and basic installations), the parts are treated as separate components of property.

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the asset will flow to the company and if the cost can be measured reliably. All other subsequent costs are expensed in the period they arise. Any undepreciated carrying amount of replaced components, or parts of components, are retired and expensed in connection with the exchange. Repairs are expensed as incurred.

Owner-occupied property is recognized according to the revaluation model less accumulated depreciation and revaluation adjustments. Property is revalued with sufficient regularity to ensure that the carrying amount does not differ materially from the amount established as fair value on the balance sheet date. When an asset's carrying amount is increased as a result of a revaluation, the increase is reported in Other Comprehensive income and accumulated in a separate component of equity, called the Revaluation reserve. When an asset's carrying amount is decreased as a result of a revaluation and there is a balance in the revaluation reserve attributable to the asset, the decrease in value is recognized in Other Comprehensive income and the amount in the revaluation reserve is also decreased. The difference between depreciation based on the revalued amount, and depreciation based on the original cost, is transferred from the revaluation reserve to retained earnings.

At the time of a revaluation the accumulated depreciation is recalculated in proportion to the change in the asset's increased cost so that the carrying amount of the asset (the net of the adjusted cost and adjusted depreciation) after revaluation corresponds to the revalued amount. When an asset is divested, the value attributable to the asset in the revaluation reserve is transferred to retained earnings, without having any effect on profit/loss or Other Comprehensive income.

Note **17.** *cont'd Buildings and land*

Depreciation
Depreciation is made linearly over the asset's estimated useful life. Land is not depreciated.

Estimated useful lives:

Frameworks	25-100 years
Land improvements	20-40 years
Building components	5-40 years

Impairment
The recoverable amount of an asset is calculated whenever there is an indication of impairment. An impairment loss is recognized in the income statement if the carrying amount exceeds the recoverable amount and there is no value relating to the asset to release from the revaluation reserve.

Valuation of owner-occupied property recognized with the revaluation model
Owner-occupied property recognized with the revaluation model is classified in level 3, according to the definition in IFRS 13. Property valuations are regularly conducted by external appraisers. Fair value has been determined based on current market prices for comparable property and by using a return model based on a calculation of the present value of future cash flows.

The discount rate has been estimated at 5.5-8.75 percent and consists of an estimated long-term inflation rate of 2 percent, a risk-free long-term real rate of interest and a risk premium. Payments for operations and maintenance have been assessed following the rate of inflation during the calculation period.

The residual value has been assessed by the long-term, normalized net operating income for the year after the calculation period divided by an estimated long-term yield. The long-term yield requirement has been assessed to be in a span of 3.75 percent to 7.40 percent. Value determined on an earnings basis nominal development during the calculation period will then be around 2 percent.

All valuations in level 3 are based on assumptions and judgments that management consider to be reasonable based on the circumstances prevailing at the time. Changes in assumptions may result in adjustments to reported values and actual outcome may differ from the estimates and judgments that were made. The valuation of owner-occupied property recognized with the revaluation model is dependent on the level of the discount rate and the long-term yield requirement. A 0.5 percent change of the discount rate would have an effect on the value of the owner-occupied property recognized with the revaluation model of approximately SEK 168 m. Respectively a 0.5 percent change of the long-term yield requirement would have an effect on the value of approximately SEK 313 m.

The majority of the properties was revalued during 2016. The Hotel properties and some Office properties have been revalued by December 31, 2016.

	12/31 2016					12/31 2015				
	Revaluation model		Cost model			Revaluation model		Cost model		
	Buildings	Land	Buildings	Land	Total	Buildings	Land	Buildings	Land	Total
Revalued cost										
Opening balance	2,503	1,310	1,104	86	5,003	2,235	1,186	854	58	4,333
Business Combinations			3		3			74	4	78
Other acquisitions	413	60	359	0	833	127	12	69	23	231
Sales and disposals	–2		–14	–3	–19	–1		0		–1
Reclassifications	–92	0	1		–91	2	–9	125		118
Effect of revaluations on revaluation reserve	71	476	–4		543	140	121			261
Exchange rate differences	0		67	4	71		0	–18	1	–17
At year-end	**2,893**	**1,847**	**1,517**	**89**	**6,345**	**2,503**	**1,310**	**1,104**	**86**	**5,003**
Accumulated depreciation										
Opening balance	–676		–204	–0	–881	–597	0	–159	0	–756
Sales and disposals	0		7	1	8				0	0
Depreciation for the year	–103		–42	–0	–146	–82	0	–34	0	–116
Reclassifications	246		–0	–0	246	3		–20		–17
Exchange rate differences	0		–13	–0	–14			9		9
At year-end	**–534**		**–253**	**0**	**–787**	**–676**	**0**	**–204**	**0**	**–880**
BS Carrying amount at year-end	**2,359**	**1,847**	**1,263**	**89**	**5,558**	**1,827**	**1,310**	**900**	**86**	**4,123**
Carrying amount if acquisition cost model had been used	**1,641**	**406**	**1,263**	**89**	**3,399**	**1,145**	**356**	**900**	**86**	**2,487**

Note **18.** Long-term receivables and other receivables

	12/31 2016	12/31 2015
Non-current receivables		
Receivables from associates[1]	1,705	2,490
Derivatives	2,402	1,894
Other	311	204
BS Total	**4,419**	**4,587**

	12/31 2016	12/31 2015
Other receivables		
Derivatives	10	100
Incoming payments	25	60
Other	268	220
BS Total	**303**	**380**

1) Refers to shareholder loans including capitalized interest. Shareholder loans are valued at amortized cost.

Note **19.** Inventories

Accounting policies
Inventory is valued at the lower of net realizable value (NRV) and cost. The cost of finished goods and work-in-progress includes a reasonable portion of the indirect costs based on normal capacity utilization. The cost of inventories is calculated using the FIFO (first in, first out) method.

Net realizable value is based on the estimated sales price in the ordinary course of business less the estimated costs to bring about a sale.

	12/31 2016	12/31 2015
Raw materials and consumables	1,423	1,167
Work in progress	118	86
Finished goods	1,490	1,215
Supplies	55	41
BS Total	**3,086**	**2,509**

Note 20. Machinery and equipment

Accounting policies

Items of machinery and equipment are reported at cost after a deduction for accumulated depreciation and any impairment losses.

Depreciation is made linearly over the assets estimated useful life:

Machinery	3-15 years	
Furniture, fixtures and fittings	3-10 years	
Expenditure on leased property	7-20 years	or over the remaining lease period if shorter

	12/31 2016				12/31 2015			
	Machinery	Furniture, fixtures and fittings	Expenditure on leased property	Total	Machinery	Furniture, fixtures and fittings	Expenditure on leased property	Total
Accumulated costs								
Opening balance	1,338	2,198	393	3,929	1,167	1,938	396	3,501
Business combinations	5	238	50	294	64	103	49	216
Other acquisitions	117	564	82	762	69	572	28	669
Sales and disposals	–27	–131	–16	–173	–12	–172	–29	–213
Reclassifications	55	–336	–14	–294	108	–207	–36	–135
Exchange rate differences	69	132	21	222	–58	–36	–15	–109
At year-end	**1,557**	**2,666**	**517**	**4,740**	**1,338**	**2,198**	**393**	**3,929**
Accumulated depreciation and impairment								
Opening balance	–432	–905	–232	–1,569	–367	–781	–228	–1,376
Sales and disposals	20	99	15	135	7	144	22	173
Reclassifications	0	123	–7	116	–	2	–	2
Depreciation	–133	–357	–42	–532	–115	–300	–35	–450
Exchange rate differences	–25	–65	–13	–103	43	30	9	82
At year-end	**–570**	**–1,104**	**–280**	**–1,954**	**–432**	**–905**	**–232**	**–1,569**
BS Carrying amount at year-end	**988**	**1,561**	**237**	**2,787**	**906**	**1,293**	**161**	**2,360**

Note 21. Prepaid expenses and accrued income

	12/31 2016	12/31 2015
Interest	369	470
Other financial receivables	2	4
Other	511	461
BS Total	**882**	**935**

Note 22. Other financial investments, short-term investments and cash and cash equivalents

Accounting policies

Other financial investments and short-term investments consists of interest-bearing securities which are recognized at fair value through profit/loss.

Short-term investments with a maturity of three months or less from the date of acquisition have been classified as cash and cash equivalents provided that:

- there is an insignificant risk of changes in value
- they are readily convertible to cash

For more information regarding accounting policies, see note 29, Financial instruments.

Excess liquidity is to be invested for maximum return within the framework of given limits for foreign exchange, interest rate, credit and liquidity risks, see note 3, Risks and risk management.

12/31 2016	0–3 months	4–6 months	7–12 months	13–24 months	Total carrying amount
Short-term investments	3,513	4,365	729		8,608
Cash and bank	7,737				7,737
Other financial investments				3,709	3,709
BS Total	**11,250**	**4,365**	**729**	**3,709**	**20,054**

12/31 2015	0–3 months	4–6 months	7–12 months	13–24 months	Total carrying amount
Short-term investments	6,083	423	1,458		7,964
Cash and bank	7,097				7,097
Other financial investments				6,665	6,665
BS Total	**13,180**	**423**	**1,458**	**6,665**	**21,726**

Of the total carrying amount, SEK 16,710 m. is available for investments (19,062).

Note 23. Equity

Share capital
Share capital in the Parent Company.

Other contributed equity
Refers to equity contributed by shareholders. It also includes premiums paid in connection with new stock issues.

Translation reserve
The translation reserve includes all foreign exchange differences arising on the translation of financial statements from foreign operations reported in a currency different from the reporting currency of the Group. The translation reserve also comprises exchange rate differences arising in conjunction with the translation of swap contracts reported as hedging instruments of a net investment in a foreign operation. Changes in translation reserve had no impact on reported tax.

Revaluation reserve
The revaluation reserve includes changes in value relating to owner-occupied property and related taxes.

Hedging reserve
The hedging reserve includes the effective component of the accumulated net change of fair value and related taxes, of an instrument used for a cash flow hedge, relating to hedging transactions not yet accounted for in the Profit/loss.

Specification of reserves in equity	12/31 2016	12/31 2015
Translation reserve		
Opening balance	1,152	1,416
Translation differences for the year, subsidiaries	1,410	–202
Change for the year, associates	87	–62
	2,649	**1,152**
Revaluation reserve		
Opening balance	1,229	1,061[1]
Revaluation of non-current assets for the year	531	244
Tax relating to revaluations for the year	–98	–54
Release of revaluation reserve due to depreciation of revalued amount	–24	–22
	1,638	**1,229**
Hedging reserve		
Opening balance	440	298
Cash flow hedges:		
Change in fair value of cash flow hedges for the year	–15	170
Recycled to Income Statement	32	12
Tax relating to changes in fair value of cash flow hedges for the year	5	–38
Change for the year, associates	3	–2
	465	**440**
Total reserves		
Opening balance	2,821	2,775
Change in reserves for the year:		
Translation reserve	1,497	–264
Revaluation reserve	409	168
Hedging reserve	25	142
Carrying amount at year-end	**4,752**	**2,821**

1) Adjusted with SEK 293 m. from Retained earnings to Revaluation reserve in order to correct the classification of revaluation of previously revalued property.

Repurchased shares included in retained earnings under equity, including profit/loss for the year

	Number of shares		Amounts affecting equity, SEK m.	
	2016	2015	2016	2015
Opening balance, repurchased own shares	5,270,322	5,796,960	–838	–895
Sales/repurchases for the year	–2,476,935	–526,638	312[1]	57[1]
Balance at year-end, repurchased own shares	**2,793,387**	**5,270,322**	**–526**	**–838**

1) In connection with transfer of shares and options within Investors' long-term variable remuneration program, the payment of strike price has had a positive effect on equity.

Repurchased shares
Repurchased shares include the cost of acquiring own shares held by the Parent Company. On December 31, 2016 the Group held 2,793,387 of its own shares (5,270,322). Repurchases of own shares are reported as a deduction from equity. Cash proceeds from the sale of such equity instruments are reported as an increase in unrestricted equity. Any transaction costs are recognized directly under equity.

Dividend
The Board of Directors proposes that the unappropriated earnings in Investor AB:

Total available funds for distribution (SEK m.):	
Retained earnings	202,397
Net profit for the year	29,275
Total	**231,673**

To be allocated as follows (SEK m.):	
Dividend to shareholders, SEK 11.00 per share	8,439[1]
Funds to be carried forward	223,234
Total	**231,673**

1) Calculated on the total number of registered shares.

For more information, see the Administration Report page 33. The dividend is subject to the approval of the Annual General Meeting on May 3, 2017.

The dividend for 2015 amounted to SEK 7,635 m. (SEK 10.00 per share) and the dividend for 2014 amounted to 6,856 m. (SEK 9.00 per share). Dividends paid out per share for 2015 and 2014 correspond to proposed dividend per share. Dividends are recognized as a liability as soon as the Annual General Meeting has approved the dividend for the year.

Capital management
In order to be able to act upon business opportunities at any point in time, it is vital for Investor to maintain financial flexibility. The Group's goal is to have leverage (net debt as a percentage of total assets) of 5-10 percent over an economic cycle. The ceiling for Investor's leverage has been set at a maximum of 25 percent, which may only be exceeded on a short-term basis. Investor´s leverage at the beginning of the year was 5.5 percent and at the end of the year 5.3 percent. The change is mainly due to cash flows arising from dividends from Listed Core Investments, proceeds from EQT, divestments within Patricia Industries, the acquisition of Laborie and dividends paid to shareholders. For more information, see the Administration Report page 4-5.

The Group's total shareholder return objective (sum of the share price change and dividend) is to exceed the risk-free interest rate plus a risk premium, i.e. 8-9 percent. The total shareholder return for 2016 was 13 percent.

Capital is defined as total recognized equity.

Equity	12/31 2016	12/31 2015
Attributable to shareholders of the Parent Company	300,077	271,801
Attributable to non-controlling interest	64	176
BS Total	**300,141**	**271,977**

Non-controlling interest
Non-controlling interest are presented in the equity separately from the equity attributable to the shareholders of the Parent Company. In the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the part attributable to the non-controlling interest are included and separately disclosed in conjunction with the statements.

For more information regarding non-controlling interests, see note P5, Participation in Group companies.

Put options to non-controlling interests
Agreements with non-controlling interests exists, that obliges Investor to purchase equity instruments in subsidiaries if the counterparty wants to divest them. The agreement, put option, is a contract to purchase the group's own equity instruments and thus gives rise to a financial liability. The liability is included in Other long-term liabilities, see note 27, Other long-term and short-term liabilities. The obligation under the put option is valued at the estimated redemption amount at the time when the equity instrument can be put to Investor. The put option is valued at the proportionate value in relation to the fair value of the subsidiary. At remeasurement of the liability, the change of value is recognized in net financial items.

At initial recognition of the put option as a liability, equity is reduced by an amount corresponding to its fair value. Firstly equity attributable to the non-controlling interests are reduced and if this is insufficient in retained earnings attributable to shareholders of the Parent Company.

Note 24. Interest-bearing liabilities

Accounting policies

For more information relating to accounting policies for financial liabilities see note 29, Financial instruments.

Leasing

In the consolidated financial statements, leases are classified as either finance or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. Assets that are classified as financial leases are reported as assets in the consolidated Balance Sheet. Obligations to pay future lease payments are reported as a liability. Leased assets are depreciated according to plan, whereas the leasing payments are apportioned between the finance charge and a reduction of the outstanding liability.

Interest-bearing liabilities

	12/31 2016	12/31 2015
Long-term interest-bearing liabilities		
Bond loans	43,191	42,758
Bank loans	9,383	6,465
Interest rate derivatives with negative value	570	756
Finance lease liabilities	148	120
Other long-term interest-bearing liabilities	21	20
BS Total	**53,313**	**50,120**
Short-term interest-bearing liabilities		
Bond loans	1,500	2,247
Bank loans	91	42
Interest rate derivatives with negative value	19	92
Finance lease liabilities	16	18
Other short-term interest-bearing liabilities	8	13
BS Total	**1,634**	**2,413**
Total interest-bearing liabilities and derivatives	**54,946**	**52,532**
Long-term interest rate derivatives positive value	–2,402	–1,894
Short-term interest rate derivatives positive value	–	–16
Total	**–2,402**	**–1,909**
Total interest-bearing liabilities and derivatives	**52,545**	**50,623**

Finance lease liabilities

Maturity, 12/31 2016	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than 1 year from balance sheet date	22	–7	16
1-5 years from balance sheet date	77	–21	56
More than 5 years from balance sheet date	123	–31	92
Total	**222**	**–59**	**163**

Maturity, 12/31 2015	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than 1 year from balance sheet date	25	–7	18
1-5 years from balance sheet date	52	–21	31
More than 5 years from balance sheet date	122	–32	89
Total	**199**	**–60**	**138**

Note 25. Provisions for pensions and similar obligations

Accounting policies

Defined contribution plans

Defined contribution plans are plans under which the company's obligations are limited to the premium of fixed contributions. In such cases, the size of the employee's pension depends on the contributions the company makes to the plan, or to an insurance company, along with the return that the capital contributions generate. Consequently, the employee carries both the actuarial risk (i.e. the risk that benefits will be lower than expected) and the investment risk (i.e. the risk that invested assets will be insufficient for providing the expected benefits). The company's obligations to pay contributions to defined contribution plans are recognized as an expense in the Income Statement at the rate that employees provide services to the company during a period.

Defined benefit plans

In defined benefit pension plans, payments are made to employees and former employees based on their salary at the time of retirement and the number of years of service. The Group carries the risk for making the payments. The net obligation under defined benefit plans is measured separately for each plan, by estimating the future benefits earned, including taxes, by the employees, in current and prior periods.

This benefit is discounted to a present value with a discount rate representing the closing day rate on high quality corporate bonds, mortgage backed bonds or government bonds with a life corresponding to the duration of the pension obligations. The measurement is made by a qualified actuary using the projected unit credit method. The fair value of any plan assets is calculated on the closing date.

When determining the present value of the obligation and the fair value of plan assets, actuarial gains and losses may arise. This is either because the actual outcome differs from the previous assumption or because the assumptions have changed. Remeasurements of defined benefit obligations are recognized as income or expenses in other comprehensive income.

The value presented in the Balance Sheet for pensions and similar commitments corresponds to the obligation's present value at year-end, less the fair value of plan assets. When the calculation results in a Group asset, the carrying amount of the asset is limited to the present value of future repayments from the plan or decreased future payments to the plan (asset ceiling).

The net of the interest on pension liabilities and the yield on adherent management assets is recognized in net financial items. Other components are recognized in operating profit/loss.

Risks associated with the defined benefit plan

Investment risks

The defined benefit obligation is calculated using discount rates with references to, for example, corporate bond yields. If assets in funded plans under perform this yield, it will increase the amount of deficit. Allocation of assets among different categories is important to reduce the portfolio risk. The time horizon for the investments is also an important factor.

Interest risks

A decrease in corporate bond yields will increase the value of the defined benefit obligation for accounting purposes.

Longevity risk

The majority of the obligations are to provide benefits for the life of the plan member, so increases in life expectancy will result in an increase in the defined benefit obligation.

Salary risk

The majority of the obligations are to provide benefits for plan members based on annual salaries. If salaries increase faster than has been assumed, this will result in an increase in the defined benefit obligation.

Note 25. cont'd Provisions for pensions and similar obligations

Pension benefits

Employees in Group companies have various kinds of pension benefits. These benefits are either defined contribution plans or defined benefit plans. In Sweden the total retirement benefit package is often a mixed solution with some parts being defined contribution pension plans and others being defined benefit pension plans. Salaried employees' plans comprise of the defined benefit plan ITP and the additional defined contribution plan ITPK.

The ITP plan is secured with the insurance company Alecta. Since the information provided by Alecta is not sufficient to be able to account for as a defined benefit plan, the Alecta plan has been reported as a defined contribution plan (multi-employer plan).

The ITP plan has contracts with a premium, where benefits continue unchanged until retirement. This means that premiums can not be changed to the policyholder's or the insured's disadvantage.

The Group operates defined contribution plans in Sweden, Australia, Canada, the Czech Republic, Denmark, Finland, Malaysia and the UK. The plans imply that the Group obtains pension insurances or makes cash payments to foundations.

60 percent of the Group's defined benefit plans exist in Sweden. Other defined benefit plans exist in the U.S., Belgium, Germany, the Netherlands, Thailand, Italy, Norway, France and Austria. The plans in Belgium, the U.S. and the Netherlands are funded. In Sweden and Norway there are funded and unfunded plans and the plans in other countries are unfunded.

Amounts recognized in Profit/loss and Other Comprehensive income for defined benefit plans

Components of defined benefit cost (gain –)	2016	2015
Current service cost	98	62
Past service cost and gains/losses from settlements	–4	–59
Other values	1	2
Total operating cost	**95**	**5**
Net interest expense	27	20
Exchange rate differences	8	–7
Other values	–	–
Total financial cost	**34**	**13**
Components recognized in profit/loss	**129**	**18**

Remeasurement on the net defined benefit liability (gain –)	2016	2015
Return on plan assets (*excl. amounts in interest income*)	–17	6
Actuarial gains/losses, demographic assumptions	–7	–80
Actuarial gains/losses, financial assumptions	41	–26
Actuarial gains/losses, experience adjustments	31	12
Components in Other Comprehensive income	**49**	**–88**

Provision for defined benefit plans

The amount included in the consolidated Balance Sheet arising from defined benefit plans	12/31 2016	12/31 2015
Present value of funded or partly funded obligations	817	711
Present value of unfunded obligations	564	489
Total present value of defined benefit obligations	**1,380**	**1,200**
Fair value of plan assets	–543	–457
NPV of obligations and fair value of plan assets	**838**	**743**
Restriction on asset ceiling recognized	–	–
BS Net liability arising from defined benefit obligations	**838**	**743**

Changes in the obligations for defined benefit plans recognized during the year	12/31 2016	12/31 2015
Defined benefit plan obligations, opening balance	1,200	1,467
Current service cost	78	72
Interest cost	33	30
Remeasurement of defined benefit obligations		
Actuarial gains/losses, demographic assumptions	–7	–80
Actuarial gains/losses, financial assumptions	41	–26
Actuarial gains/losses, experience adjustments	31	12
Contributions to the plan from the employer	–2	1
Past service cost and gains/losses from curtailments	–33	–59
Liabilities extinguished on settlements	–89	–221
Liabilities assumed in a business combination	90	68
Benefit paid	–14	–21
Other	–7	–
Exchange rate difference	58	–43
Obligations for defined benefit plans at year-end	**1,380**	**1,200**

Changes in fair value of plan assets during the year	12/31 2016	12/31 2015
Fair value of plan assets, opening balance	457	620
Interest income	10	12
Remeasurement of fair value plan assets		
Return on plan assets (*excl. amounts in interest income*)	17	–6
Contributions from the employer	36	37
Contributions from plan participants	4	5
Assets distributed on settlements	–80	–221
Assets acquired in a business combination	68	51
Exchange differences on foreign plans	27	–22
Benefit paid	–3	–10
Other	–3	–2
Exchange rate difference	10	–7
Fair value of plan assets at year-end	**543**	**457**

The fair value of the plan asset at the end of the reporting period for each category are as follows	12/31 2016	12/31 2015
Cash and cash equivalents	26	18
Equity investments	88	76
Debt investments[1]	226	205
Properties	35	31
Other values[2]	167	127
Total fair value of plan assets	**543**	**457**

1) The Majority of the debt investments represents of Swedish government bonds.
2) Includes insurance contracts from countries where the liabilities are insured (the Netherlands, Belgium and Norway). There are no split of the underlying assets available.

Changes in restriction asset ceiling in the current year	12/31 2016	12/31 2015
Restriction asset ceiling, opening balance	–	6
Interest net	–	0
Changes asset ceiling, OCI	–	–6[1]
Restriction asset ceiling at year-end	**–**	**–**

1) The changes of asset ceiling in current year is netted out in OCI with the actuarial gain/losses from the present value on the obligation and the FV of the plan assets.

The Group estimates that SEK 57 m. will be paid to defined benefit plans during 2017.

Note 25. *cont'd Provisions for pensions and similar obligations*

Assumptions

Assumptions for defined benefit obligations 2016	Sweden	Norway	Other (weighted average)
Discount rate	2.5	2.3	1.7
Future salary growth	2.4	2.4	2.6
Future pension growth	2.0-2.4	1.2-2.3	1.1
Mortality assumptions used	DUS14, PRI	K2013, K2013BE	Local mortality tables

Assumptions for defined benefit obligations 2015	Sweden	Norway	Other (weighted average)
Discount rate	3.3	2.5	2.5
Future salary growth	2.5	2.5	2.7
Future pension growth	2.0-2.5	1.5-2.25	1.2
Mortality assumptions used	DUS14, PRI	K2013, K2013BE	Local mortality tables

Basis used to determine the discount rate

The discount rate has been set separately for each country by reference to market rates on high quality corporate bonds with a duration and currency that is consistent with the duration and currency of the defined benefit obligation. This may involve interpolation of bond yield curves where there is no direct match for duration or the market is not deep for matching bond durations. The market for high quality Swedish and Norwegian mortgage backed bonds is considered to be deep and thereby fulfills the requirements of high quality corporate bonds according to IAS 19. Swedish and Norwegian mortgage backed bonds have therefore served as reference when determining the discount rate used for the calculation of the defined benefit obligations in Sweden and Norway. In countries where there is no deep market for high quality corporate bonds, government bonds are used as a reference when determining the discount rate.

Maturity profile of the majority of the defined benefit obligation

Maturity profile	0-3 year	4-6 year	7-15 year	Over 15 year	Total
Cash flows	32	42	110	335	519[1)]

1) Based on 87 percent of the Groups total defined benifit obligation.

Multi-employer plans

The Swedish ITP plan is secured with the insurance company Alecta, which is a mutual life insurance company, owned by its customers, i.e. businesses and their employees. The company form means that any surplus in operations is returned to the customers and the insured population is responsible for any deficit. For the fiscal year the Investor Group did not have access to information that would make it possible to recognize it as a defined benefit plan. The ITP pension plan secured through insurance from Alecta is therefore recognized as a defined contribution plan. The premium for the defined benefit pension plan is calculated individually and depends on salary, pension already earned and expected remaining period of service. For 2017, the Investor Group expect to pay SEK 139 m. for premiums to Alecta (147). Alecta's total premiums per year for defined benefit pensions is about SEK 15 bn (15).

A measure of the financial strength of a mutual insurance company is the collective funding ratio, which shows the relationship between the assets and the total insurance undertaking. The collective funding ratio is based on the market value of Alecta's assets as a percentage of insurance obligations calculated using Alecta's actuarial assumptions, which do not conform to IAS 19. Alecta aims to have a collective funding ratio varying between 125 and 155 percent, with a target level of 140 percent. The assets that exceed the insurance undertaking are a surplus to policyholders' behalf. Surplus can be used to increase future pensions, reduce future premiums or reimbursement for already-made premium payments. The collective funding ratio in Alecta was 149 percent December 31, 2016 (153).

Defined contribution plans

Defined contribution plans	2016	2015
Expenses for defined contribution plans	336	256

Sensitivity analysis

Valuation of provision for pensions and similar obligations are estimates of present and future values. There are always uncertainty involved. Alternative assumptions will give different present values.

The sensitivity analysis below shows for example the impact of discount rate changes, from the current rate used.

Discount rate	1 percent increase	1 percent decrease
Present value of defined benefit obligations	1,228	1,482
Current service cost	32	58
Interest expense	24	16

Note 26. Other provisions

Accounting policies

The Group reports a provision in the Balance Sheet when there is a formal or informal obligation as a result of a past event for which it is probable that an outflow of resources will be needed to settle the obligation and when a reliable estimate of the amount can be made.

A restructuring provision is recognized when the Group has a detailed, formal plan for the restructuring, and the restructuring plan has commenced or has been publicly announced.

For medical care and health care operations, a provision is made for the risk of loss if the total directly attributable costs during the entire term of the contract are expected to exceed the total revenues, including indexation. Provisions are reviewed at each balance sheet date.

	12/31 2016	12/31 2015
Provisions expected to be paid after more than 12 months		
Restructuring reserve	–	1
Provision for social security contributions for LTVR	64	176
Other	212	135
BS Total non-current other provisions	**276**	**312**
Provisions expected to be paid within 12 months		
Reserve related to business combinations	–	30
Restructuring reserve	41	37
Provision for social security contributions for LTVR	0	0
Other	133	90
BS Total current other provisions	**174**	**157**
Total other provisions	**450**	**469**

Provision for social security contributions for long-term share-based remuneration (LTVR)

Investor operates LTVR programs which are offered to all employees. Provision is made for social security contributions connected to these programs. The provision will be used during the years 2017-2023.

Other

In the category Other a provision of SEK 160 m. for potential additional compensation to be paid related to sold associated company is included. The provision is expected to be settled in 2019 at the earliest. The remaining part of Other comprises mainly of provisions for guarantees, but also other provisions that have been considered immaterial to specify. These provisions intend to be settled with SEK 133 m. in 2017, SEK 14 m. in 2018 and SEK 38 m. in 2019.

12/31 2016	Reserve related to business combinations	Restructuring reserve	Social security LTVR	Other	Total other provisions
Opening balance	30	38	176	225	469
Provisions for the year	–	15	6	254	275
Reversals for the year	–30	–12	–118	–134	–294
Carrying amount at year-end	**–**	**41**	**64**	**345**	**450**
12/31 2015					
Opening balance	21	145	130	58	354
Provisions for the year	10	36	47	209	302
Reversals for the year	–1	–143	–1	–42	–187
Carrying amount at year-end	**30**	**38**	**176**	**225**	**469**

Note 27. Other long-term and short-term liabilities

	12/31 2016	12/31 2015
Acquisition related liabilities	406	252
Non controlling interest[1)]	1,296	755
Other	250	246
BS Total other long-term liabilities	**1,952**	**1,253**

1) Fair value of issued put options over non-controlling interest.

Derivatives	8	118
Shares on loan	13	–
Incoming payments	9	49
VAT	165	131
Personnel-related	328	232
Other	392	178
BS Total other current liabilities	**915**	**708**

Note 28. Accrued expenses and deferred income

	12/31 2016	12/31 2015
Interest	842	985
Personnel-related expenses	1,780	1,340
Other	958	861
BS Total	**3,579**	**3,186**

Note 29. Financial instruments

Accounting policies

Financial instruments recognized in the consolidated Balance Sheet include assets such as the following: shares and participations recognized at fair value, other financial investments, loan receivables, trade receivables, short-term investments, cash and cash equivalents, and derivatives. Liabilities recognized in the Balance Sheet include the following: loans, shares on loan, trade payables and derivatives.

A financial asset or financial liability is recognized in the Balance Sheet when the Group becomes party to the instrument's contractual terms.

Trade receivables and trade payables are recognized in the Balance Sheet when an invoice is sent or received.

A financial asset or part thereof is derecognized in the Balance Sheet when the rights in the agreement have been realized, upon maturity, or when the Group loses control over them. A financial liability or part thereof is derecognized in the Balance Sheet when the obligations in the contract have been fulfilled or no longer exist for some other reason.

A financial asset and liability are offset against one another and the net amount is reported in the Balance Sheet only when there is a legally enforceable right and an intention to set off the recognized amounts.

A purchase or sale of financial assets is recognized on the trade date, which is the date that an entity commits itself to purchase or sell an asset.

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, as described below.

Financial instruments belonging to the category, "Financial assets recognized at fair value through profit/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).

Cash and cash equivalents consists of cash and demand deposits in banks and similar institutions and short-term investments with a maturity of three months or less from the acquisition date, which are subject to an insignificant risk of changes in value.

Financial assets

Financial assets at fair value through profit/loss

This category consists of two subcategories: financial assets that are initially placed in this category (via the fair value option) and held-for-trading financial assets. Financial assets in this category are continuously measured at fair value and value changes are reported in the Income Statement.

Financial assets recognized in accordance with the fair value option

This category primarily includes short-term investments, other financial assets and shares/participations recognized at fair value. In this category, the Group has chosen, on initial recognition, to designate financial assets that are managed and measured on the basis of fair values, in accordance with the risk management and investment strategies.

Financial assets held for trading

Shares and participations belonging to the trading operation are recognized as held-for-trading financial assets. The same applies to derivatives with a positive fair value (except for derivatives identified as effective hedging instruments).

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognized at amortized cost. Trade receivables are recognized at net realizable value less any deductions for bad debts, which are assessed on an individual basis. Trade receivables are short term in nature, which is why they are reported at nominal amounts without any discounting.

Available-for-sale financial assets

To the available-for-sale financial assets category, Investor has allocated a few financial assets that do not belong to any of the other categories.

Financial liabilities

Financial liabilities at fair value through profit/loss
This category includes financial liabilities held for trading. For example, this includes shares on loan in the trading operation. When shares on loan are sold, an amount corresponding to the fair value of the shares is recorded as a liability. The category also include any derivatives with a negative fair value (except for identified derivatives that are effective hedge instruments).

Other financial liabilities
This category includes loans and other financial liabilities. Loans are recognized at amortized cost, except when they are used for fair value hedging. For more information, see the heading below, "Hedging of the Group's interest rate exposures – fair value hedges". Amortized cost is calculated based on the effective interest that was determined when the loan was obtained. This means that surpluses/deficits, as well as direct issuing costs, are amortized over the life of the liability. Trade payables are short-term in nature, which is why they are recognized at nominal amounts without any discounting.

Derivatives

Derivatives, such as forwards, options and swaps, are used to offset the risks associated with fluctuations in exchange rates and share prices, as well as the exposure to interest rate risks. Derivatives are initially recognized at fair value through profit/loss, which means that transaction costs are charged to profit/loss for the period. In the following periods, the derivative instrument is recognized at fair value and changes in the value are recognized in the Income Statement as income or expense (part of operating profit) or as part of net financial items. Where they are reported is based on the purpose of the derivative and whether its use is related to an operating item or a financial item. The interest rate coupon from an interest rate swap is recognized as interest and value changes are recognized as other financial items as a component of financial net, provided that the interest rate swap is not part of a cash flow hedge, which is accounted for according to the description below.

Hedge accounting

Investor applies hedge accounting in order to reduce fluctuations in profit/loss related to hedging of interest rate risks and currency risks. When hedge accounting is applied, value changes related to the hedging instrument is presented in profit/loss at the same time as the result from the hedged item. The effective part of the hedge is presented in the same component of the income statement as the hedged item.

Receivables and liabilities in foreign currency
Currency derivatives are used to hedge receivables and liabilities against foreign exchange rate risks. Hedge accounting is not used to protect against foreign exchange risk since an economic hedge has already been reflected in the financial statements. This occurs by recognizing the underlying receivable or liability at the closing rate and the hedge instrument at fair value in the Income Statement.

Forecast transactions in foreign currency – cash flow hedges
In order to hedge currency risks from forecast transactions, derivatives are used. These derivatives are often subject to hedge accounting. The derivatives are recognized at fair value in the Balance Sheet. Changes in value for the period are recognized in Other Comprehensive income and the accumulated changes in value are recognized in the Hedging Reserve until the hedged cash flow affects profit for the period, whereas the accumulated value changes of the hedging instrument are recycled to profit/loss for the period.

Hedging the Group's interest rate risk – cash flow hedges
The Group uses interest rate swaps to control the uncertainty of future interest rate fluctuations for loans with a variable interest rate. In the Balance Sheet, interest rate swaps are valued at fair value. The interest rate coupon is recognized on an on-going basis in the Income Statement as a component of interest expense. Unrealized changes to the fair value of interest rate swaps are recognized in Other Comprehensive income and are included as a component of the hedging reserve until the hedged item has an effect on the Income Statement and as long as the criteria for hedge accounting and effectiveness are met. The gain/loss attributable to the ineffective component of the unrealized value changes on interest rate swaps is recognized in the Income Statement.

Hedging of the Group's interest rate exposure– fair value hedges
The Group uses interest rate swaps to hedge the risk of changes in the fair value of its own borrowings that have a fixed rate of interest. The interest rate swaps are recognized at fair value in the Balance Sheet and the hedged item is recalculated at the fair value of the hedged risk (the risk-free interest rate). Changes in the fair value of the derivative and hedged item are recognized in the Income Statement.

The interest rate coupon is recognized on an on-going basis in the Income Statement as a component of interest expense.

Hedging of currency risk in foreign net investments
In the consolidated Balance Sheet, investments in foreign operations are reported as net assets in subsidiaries. To a certain extent, currency risks associated with such investments are reduced by entering into forward contracts in the same currency as the net investments. In order to match the translation differences relating to the net investments in the hedged foreign operations, the effective component of the period's exchange rate fluctuations for hedging instruments is reported under Other Comprehensive income, and the cumulative changes are reported under Translation reserve. The amount in the Translation reserve, which is related to currency changes in both the net investment and the hedging instrument is reversed and recognized in the Income Statement when a foreign operation is divested. When hedging has not been effective, the ineffective component is recognized in the Income Statement.

Impairment testing of financial assets

On each reporting date, an assessment of the need for impairment of a financial asset or group of assets is performed. Since the majority of the Group's assets are included in the category "Financial assets at fair value through profit/loss", most negative changes in value affect the Income Statement on an on-going basis. If any event has occurred that might have a negative impact on the collectability of assets belonging to the category "Loans and Receivables", the recoverable amount is calculated. The recoverable amount is calculated as the present value of future cash flows discounted at the effective interest rate upon initial recognition of the asset. Assets with short maturities are not discounted. Impairment losses are reported in the Income Statement.

Impairment losses on loans and trade receivables (which are recognized at amortized cost) are reversed if the prior reasons for the impairment no longer exist and full payment is expected.

Financial guarantees

Financial guarantee contracts commit the Group to reimburse the holder of a debt instrument for the losses incurred when a specified debtor fails to make payment when due, in accordance with the contract terms. Financial guarantee contracts are initially recognized at fair value less the fair value of contracted guarantee fees. However, an asset will not be reported in the Balance Sheet if the difference is positive.

Subsequent to initial recognition, financial guarantee contracts are continuously recognized at the higher of:

- the best estimate of the present value of anticipated net fees to settle the guarantee commitment less the present value of future guarantee fees, and
- the original amount booked as a liability less reversed cumulative straight line amortization over the contracted guarantee period.

Measurements of financial instruments at fair value

Following is a description of the methods and assumptions used to determine the fair value of financial assets and liabilities shown in this Annual Report. Changed conditions regarding the determination of fair value of financial instruments cause transfer between levels described below.

Measurements of financial instruments in level 1

Listed holdings

Listed holdings are valued on the basis of their share price (bid price, if there is one quoted) on the balance sheet date.

Measurements of financial instruments in level 2

Shares and participations

Shares and participations in level 2 consist of holdings in listed shares for which the classes are not actively traded. The measurement of these shares is based on the market price for the most traded class of shares for the same holding.

Derivatives

Derivatives in level 2 consist mainly of currency and interest rate swaps for which the valuation is based on discounted future cash flows according to the terms and conditions in the agreement and based on the market rate of interest for similar instruments with different durations.

Measurement of financial instruments in level 3

Unlisted holdings and fund holdings

Unlisted holdings are measured on the basis of the "International Private Equity and Venture Capital Valuation Guidelines". For directly owned holdings (i.e. those owned directly by a company in the Investor Group), an overall evaluation is made to determine the measurement method that is appropriate for each specific holding. It is first taken into account whether a recent financing round or "arm's length transaction" has been made. As a secondary measure, a valuation is made by applying relevant multiples to the holding's key ratios (for example, EBITDA), derived from a relevant sample of comparable companies, with deduction for individually determined adjustments as a consequence of, for example, the size difference between the company being valued and the sample of comparable companies. In those cases when other measurement methods better reflect the fair value of a holding, this value is used.

Unlisted holdings in funds are measured at Investor's share of the value that the fund manager reports for all unlisted fund holdings (Net Asset Value) and is normally updated when a new valuation is received. If Investor's assessment is that the fund manager's valuation does not sufficiently take into account factors that affect the value of the underlying holdings, or if the valuation is considered to deviate considerably from IFRS principles, the value is adjusted.

When estimating the fair value market conditions, liquidity, financial condition, purchase multiples paid in other comparable third-party transactions, the price of securities of other companies comparable to the portfolio company, and operating results and other financial data of the portfolio company are taken in consideration as applicable. Representatives from Investor's management participate actively in the valuation process within Investor Growth Capital (IGC) and evaluate the estimated fair values for holdings in IGC and the EQT funds in relation to their knowledge of the development of the portfolio companies and the market. Listed holdings in funds are measured in the same way as listed holdings, as described above.

Derivatives

The valuation of currency interest rate swaps with long duration and limited liquidity is based on discounted cash flows according to the terms and conditions of the agreement and based on an estimated market rate for similar instruments with diverse durations.

Options

The value of unlisted options is calculated in accordance with the Black & Scholes valuation model.

Fair value of assets and liabilities not measured at fair value in the Balance Sheet

Interest-bearing liabilities

The fair value would be classified in level 3 and is based on market prices and generally accepted methods, in which future cash flows have been discounted at the current interest rate, including Investor's current credit rating, for the remaining life.

Loans, trade receivables and trade payables

The carrying amounts of loans, trade receivables and trade payables are considered to reflect their fair value.

The table below indicates which valuation technique and which important unobservable input that has been used in order to estimate the carrying amounts of financial instruments in level 3. The inputs in the table below are not indicative of all the unobservable inputs that may have been used for an individual investment.

Valuation techniques

	Fair value				Range	
	12/31 2016	12/31 2015	Valuation technique	Input	12/31 2016	12/31 2015
Shares and participations	19,367	19,406	Last round of financing	N/A	N/A	N/A
			Comparable companies	EBITDA multiples	N/A	2.1–7.8
			Comparable companies	Sales multiples	1.5–3.6	0.9–5.3
			Comparable transactions	Sales multiples	0.4–5.7	1.4–5.7
			NAV	N/A	N/A	N/A
Long-term receivables	1,948	1,640	Present value computation	Market interest rate	N/A	N/A
Long-term interest bearing liabilities	47	38	Present value computation	Market interest rate	N/A	N/A
Other long-term liabilities	1,624	1,194	Discounted cash flow		N/A	N/A

All valuations in level 3 are based on assumptions and judgments that management consider to be reasonable based on the circumstances prevailing at the time. Changes in assumptions may result in adjustments to reported values and the actual outcome may differ from the estimates and judgments that were made.

The unlisted part of Financial Investments portfolio companies, corresponds to 52 percent of the portfolio value (48). Part of the unlisted portfolio is valued based on comparable companies, and the value is dependent on the level of the multiples. The multiple ranges provided in the note show the minimum and maximum value of the actual multiples applied in these valuations. A 10 percent change of the multiples would have an effect on the Financial Investments portfolio value of approximately SEK 200 m. (200).

For the derivatives, a parallel shift of the interest rate curve upwards by one percentage point would affect the value positively by approximately SEK 1,100 m. (1,100).

Note **29.** *cont'd Financial instruments*

Financial assets and liabilities by valuation category

12/31 2016	Financial assets and liabilities measured at fair value through profit/loss: Fair value option	Held for trading	Derivatives used in hedge accounting	Loans and receivables	Financial assets available-for-sale	Other financial liabilities	Total carrying amount	Fair value
Financial assets								
Shares and participations recognized at fair value	272,863			5	2		272,869	272,869
Other financial investments	3,656			53			3,709	3,709
Long-term receivables			2,402	2,017			4,419	4,419
Accrued interest income				371			371	371
Trade receivables				3,813			3,813	3,813
Other receivables		10		293			303	303
Shares and participations in trading operation		46					46	46
Short-term investments	5,094						5,094	5,094
Cash and cash equivalents	11,250						11,250	11,250
Total	**292,863**	**56**	**2,402**	**6,551**	**2**	**–**	**301,874**	**301,874**
Financial liabilities								
Long-term interest-bearing liabilities		526	44			52,743	53,313	58,464[1]
Other long-term liabilities		1,624				328	1,952	1,952
Current interest-bearing liabilities			19			1,615	1,634	1,643[1]
Trade payables						1,954	1,954	1,954
Other current liabilities		21				894	915	915
Accrued interest expenses						842	842	842
Total	**–**	**2,171**	**63**	**–**	**–**	**58,375**	**60,609**	**65,770**

12/31 2015	Financial assets and liabilities measured at fair value through profit/loss: Fair value option	Held for trading	Derivatives used in hedge accounting	Loans and receivables	Financial assets available-for-sale	Other financial liabilities	Total carrying amount	Fair value
Financial assets								
Shares and participations recognized at fair value	250,693			5	2		250,700	250,700
Other financial investments	6,648			18			6,665	6,665
Long-term receivables			1,894	2,694			4,587	4,587
Accrued interest income				470			470	470
Trade receivables				3,394			3,394	3,394
Other receivables		18	82	280			380	380
Shares and participations in trading operation		18					18	18
Short-term investments	1,881						1,881	1,881
Cash and cash equivalents	13,180						13,180	13,180
Total	**272,401**	**36**	**1,976**	**6,860**	**2**	**–**	**281,274**	**281,274**
Financial liabilities								
Long-term interest-bearing liabilities		545	211			49,363	50,120	52,649[1]
Other long-term liabilities		1,194				59	1,253	1,253
Current interest-bearing liabilities		17	75			2,320	2,413	2,415[1]
Trade payables						1,677	1,677	1,677
Other current liabilities		75	44			589	708	708
Accrued interest expenses						986	986	986
Total	**–**	**1,831**	**330**	**–**	**–**	**54,996**	**57,157**	**59,689**

1) The Groups loans are valued at amortized cost. Fair value on loans are presented. For other assets and liabilities there are no differences between carrying amount and fair value.

Result from financial assets and liabilities by valuation category

2016	Financial assets and liabilities measured at fair value through profit/loss: Fair value option	Financial assets and liabilities measured at fair value through profit/loss: Held for trading	Derivatives used in hedge accounting	Loans and receivables	Other financial liabilities	Total
Operating profit/loss						
Dividends	8,350	1				8,351
Other operating income				40		40
Changes in value, including currency	22,311	–6				22,305
Cost of sales, distribution expenses		19		–2		17
Net financial items						
Interest	29	–118	417	15	–1,773	–1,430
Changes in value	2	34	325		–373	–11
Exchange rate differences	–38	91	311	643	–106	900
Total	**30,654**	**21**	**1,052**	**696**	**–2,251**	**30,172**

2015	Financial assets and liabilities measured at fair value through profit/loss: Fair value option	Financial assets and liabilities measured at fair value through profit/loss: Held for trading	Derivatives used in hedge accounting	Loans and receivables	Other financial liabilities	Total
Operating profit/loss						
Dividends	7,818	2				7,821
Other operating income				58		58
Changes in value, including currency	9,017	–3				9,013
Cost of sales, distribution expenses		–182		262		80
Net financial items						
Interest	40	–195	469	25	–1,752	–1,412
Changes in value	–10	106	–158		202	139
Exchange rate differences	–26	–76	–190	–659	952	0
Total	**16,839**	**–348**	**120**	**–314**	**–598**	**15,699**

Assets and liabilities measured at fair value

The table below indicates how fair value is measured for the financial instruments recognized at fair value in the Balance Sheet. The financial instruments are categorized on three levels, depending on how the fair value is measured:

Level 1: According to quoted prices (unadjusted) in active markets for identical instruments
Level 2: According to directly or indirectly observable inputs that are not included in level 1
Level 3: According to inputs that are unobservable in the market

Financial assets and liabilities by level

12/31 2016	Level 1	Level 2	Level 3	Other[1]	Total
Financial assets					
Shares and participations recognized at fair value	251,164	2,332	19,367	6	272,869
Other financial instruments	3,656			53	3,709
Long-term receivables		454	1,948	2,017	4,419
Other receivables		10		293	303
Shares and participations in trading operation	46				46
Short-term investments	5,094				5,094
Cash and cash equivalents	11,250				11,250
Total	**271,210**	**2,796**	**21,314**	**2,369**	**297,689**
Financial liabilities					
Long-term interest-bearing liabilities		523	47	52,743	53,313
Other long-term liabilities			1,624	328	1,952
Short-term interest-bearing liabilities		19		1,615	1,634
Other current liabilities	13	9		894	915
Total	**13**	**551**	**1,671**	**55,579**	**57,813**

1) To enable reconciliation with balance sheet items, financial instruments not valued at fair value as well as other assets and liabilities that are included within balance sheet items have been included within Other.

Note 29. cont'd Financial instruments

Financial assets and liabilities by level

12/31 2015	Level 1	Level 2	Level 3	Other[1]	Total
Financial assets					
Shares and participations recognized at fair value	229,262	2,025	19,406	7	250,700
Other financial instruments	6,648			18	6,665
Long-term receivables		254	1,640	2,694	4,587
Other receivables		100		280	380
Shares and participations in trading operation	18				18
Short-term investments	1,881				1,881
Cash and cash equivalents	13,180				13,180
Total	**250,988**	**2,379**	**21,046**	**2,999**	**277,411**
Financial liabilities					
Long-term interest-bearing liabilities		718	38	49,363	50,120
Other long-term liabilities			1,194	59	1,253
Short-term interest-bearing liabilities		92		2,321	2,413
Other current liabilities		118		589	708
Total	**–**	**929**	**1,232**	**52,332**	**54,494**

1) To enable reconciliation with balance sheet items, financial instruments not valued at fair value as well as other assets and liabilities that are included within balance sheet items have been included within Other.

The table below shows a reconciliation between opening and closing balance for the financial instruments recognized at fair value in the Balance Sheet derived from a valuation technique of unobservable input (level 3). No transfers have been made between level 1 and 2.

Changes of financial assets and liabilities in level 3

12/31 2016	Shares and participations recognized at fair value	Long-term receivables	Total financial assets	Long-term interest-bearing liabilities	Other long-term liabilities	Total financial liabilities
Opening balance	19,406	1,640	21,046	38	1,194	1,232
Total gains or losses						
in profit/loss	1,121	308	1,429	9	219	228
in other comprehensive income	1,067		1,067		53	53
Acquisitions	3,047		3,047		272	272
Divestments	–5,187		–5,187		–115	–115
Transfers from level 3	–87		–87			
Carrying amount at year-end	**19,367**	**1,948**	**21,314**	**47**	**1,624**	**1,671**
Total gains or losses for the period included in profit/loss for assets and liabilities held at the end of the period (unrealized results)						
Changes in value	–1,028		–1,028		0	0
Net financial items	2	308	310	–9	–232	–239
Total	**–1,026**	**308**	**–718**	**–9**	**–232**	**–240**

12/31 2015	Shares and participations recognized at fair value	Long-term receivables	Total financial assets	Long-term interest-bearing liabilities	Other long-term liabilities	Total financial liabilities
Opening balance	21,869	1,382	23,251	48	1,145	1,193
Total gains or losses						
in profit/loss	3,856	258	4,114	–9	46	37
in other comprehensive income	399		399		–21	–21
Acquisitions	2,143		2,143		24	24
Divestments	–7,826		–7,826			
Transfers to level 3	6		6			
Transfers from level 3	–1,041[1]		–1,041			
Carrying amount at year-end	**19,406**	**1,640**	**21,046**	**38**	**1,194**	**1,232**
Total gains or losses for the period included in profit/loss for assets and liabilities held at the end of the period (unrealized results)						
Changes in value	1,093		1,093		–3	–3
Net financial items		258	258	9	–43	–34
Total	**1,093**	**258**	**1,351**	**9**	**–46**	**–37**

1) The reason for transfers from level 3 is listing of investments.

Note 29. cont'd Financial instruments

Net amounts of financial assets and liabilities

No financial assets and liabilities have been set off in the Balance Sheet.

	12/31 2016		12/31 2015	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Gross and net amount	2,562	581	2,109	929
Not set off in the balance sheet	–561	–561	–779	–779
Cash collateral received/pledged	–	–	–	–
Net amounts	**2,001**[1)]	**21**[2)]	**1,331**[1)]	**150**[2)]

1) Shares SEK 150 m. (116) and Derivatives SEK 1,864 m. (1,215).
2) Derivatives SEK 21 m. (150) and Security lending SEK 13 m. (–).

The Groups derivatives are covered by ISDA agreements. For repurchase agreements GMRA agreements exist and for securities lending there are GMSLA agreements. According to the agreements the holder has the right to set off the derivatives and keep securities when the counterparty does not fulfill its commitments.

Note 30. Pledged assets and contingent liabilities

Accounting policies

A contingent liability exists when there is a possible obligation depending on whether some uncertain future event occurs, or, when there is a present obligation, but payment is not probable or the amount cannot be measured reliably. A provision must be recognized if and only if a present obligation (legal or constructive) has arisen as a result of a past event (the obligating event), the payment is probable (more likely than not), and the amount can be estimated reliably.

Pledged assets	12/31 2016	12/31 2015
In the form of pledged securities for liabilities and provisions		
Real estate mortgages	391	412
Shares etc.[1)]	9,434	4,737
Other pledged and equivalent collateral		
Real estate mortgages	39	107
Total pledged assets	**9,864**	**5,256**

1) Pledged shares for loans in subsidiaries.

Contingent liabilities	12/31 2016	12/31 2015
Guarantee commitments to FPG/PRI	1	1
Guarantees on behalf of associates	700	700
Other contingent liabilities	2,372	1,197
Total contingent liabilities	**3,073**	**1,898**

Other contingent liabilities consist of warranties within the wholly-owned subsidiaries and appeals regarding deducted interest expenses. Three of Investor AB's subsidiaries have historically claimed deduction for certain interest expenses which has been denied by the tax authorities. Investor believe that these deductions have been claimed rightfully and no provision has therefore been made. If Investor would not be successful in claiming its right to these deductions it would lead to an additional tax expense of SEK 530 m. This amount is therefore reported as an other contingent liability.

The credit facilities within the wholly-owned subsidiaries are subject to financial covenants.

In addition, the Group's share of contingent liabilities related to the associated companies amounts to SEK – m. (–). Although 3 Scandinavia is through its operational companies in Sweden and in Denmark involved in discussions with the Swedish Tax Authorities (STA) and with the Danish tax authorities (DTA), respectively, with regards to the interpretation of the underlying and applicable Swedish, Danish and EU law associated with the application of taxes on sales. These discussions have been ongoing for some time in both countries and a dispute arose in December 2016 in Sweden. 3 Sweden decided to challenge the STA's decision in the administrative court. In Denmark, discussions are still ongoing but a decision by Danish National Tax Board is expected during the course of Q1 2017.

The assessment made by the management of 3 Scandinavia is that the process is in line with current legislation. Despite this, in order to adopt a prudent approach, a risk analysis has been produced and 3 Scandinavia has decided to record an accrual of SEK 500 m. on the balance sheet, representing around 29 percent of the overall uncertainty. This reflects the risk according to the Company's best estimate of the final financial position in this matter.

Note 31. Related party transactions

The following additional information about related parties is being provided in addition to what has been reported in other notes to the financial statements.

Relations with related parties with significant influence

The Wallenberg foundations have significant influence over Investor (in accordance with the definition in IAS 24 Related Party Disclosures). The largest of these foundations are the Knut and Alice Wallenberg Foundation, the Marianne and Marcus Wallenberg Foundation and the Marcus and Amalia Wallenberg Memorial Fund.

Investor's support functions provide a limited scope of services for FAM AB and Foundation Administration Management Sweden AB, which are owned by the Wallenberg foundations. Transactions with these companies are priced according to market terms.

Companies with common board members

In addition to the above-noted relations with related parties, there are a number of companies in which Investor and the company have common board members. Information has not been provided in this note because these situations are either not considered to involve influence of the type described in IAS 24, or the transactions refer to non material amounts.

Related party transactions

Transactions with related parties are priced according to market terms, for information about the Parent Company see note P18, Related party transactions.

With key persons

See note 9, Employees and personnel costs for information about salaries and other compensation, costs and commitments regarding pensions and similar benefits, and severance payment agreements for the board, President and other senior executives.

Investment programs

Participation/incentive programs IGC

Within Investor Growth Capital (IGC), selected senior staff and other senior executives have had the opportunity for a number of years to make parallel investments to some extent with Investor. The plans are designed in accordance with market practice in the venture capital market and are evaluated periodically against similar programs in Europe, the U.S. and Asia. Carried interest plans provide an economic incentive for managers and encourage personal commitment to analysis and investment work since the result is directly connected to the financial performance of the business.

Carried interest plans are linked to realized growth in the value of holdings, after deduction for costs, seen as a portfolio. This means that when an investment is realized with a profit, each parallel investor receives his or her share of the profit, after provisions for any unrealized declines in value or write-downs of other investments. The plans allow a maximum share of 16 percent that can be given to parallel investors, which is in line with practice in the venture capital market.

During the year, a total of SEK 35 m. was paid out from these programs (43). The provision (not paid out) on unrealized gains amounted to SEK 680 m. at year-end (1,000). Expensed amounts were reported in the item "Changes in Value" in the Income Statement.

Due to the restructuring of IGC, a limited number of employees also participate in a profit sharing program that is better adapted to reflect the decision to restructure IGC. This program is linked to the realized proceeds of holdings, where the share that can be credited to program participants is set with the holding's market value taken into account.

Options agreement with Börje Ekholm

Ericsson's Board of Directors appointed Börje Ekholm as new CEO, effective January 16, 2017. In order to further align the CEO's interests with the shareholders', Investor has entered into an option agreement with Börje Ekholm. The option agreement was entered into on market terms and Investor has issued 1,000,000 call options in the Ericsson Class B share. Each option entitles the purchase of one Ericsson B share at a strike price of SEK 80 per share during one year after a seven-year period. The strike price will be adjusted if dividends deviate from market expectations at the time of entering the contract, in order to ensure that the option is dividend neutral. The valuation has been conducted, using the Black & Scholes model, by an independent third party. At year-end the liability of the option amounted to SEK 2 m. and is included in Other liabilities.

Note 31. *cont'd Related party transactions*

Management Participation Programs

Board members and senior executives in unlisted investments, including Mölnlycke, Laborie, Aleris, Permobil and BraunAbility are offered the opportunity to invest in the companies through management participation programs. The terms of the programs are based on market valuations and are designed to yield lower return to the participants than that of the owners if the investment plan is not reached but higher return to the participants than that of the owners if the plan is exceeded.

Related party transactions

	Associates		Other related party	
	2016	2015	2016	2015
Sales of products/services	37	19	2[1)]	2[1)]
Purchase of products/services	11	4		
Financial expenses	89	259		
Financial income	168	5		
Dividends/redemptions	5,024	4,688		
Capital contributions	–	–		
Receivables	4,519	5,662		
Liabilities	3,714	2,365	2	–

1) Wallenberg foundations

Note 32. Subsequent events

Investor to start providing supplementary information about unlisted holdings within Patricia Industries

On March 9, 2017, Investor announced its decision to start providing estimated market values for the major wholly-owned subsidiaries and partner-owned investments within Patricia Industries as a supplement to the book values that are already reported. The decision is in line with our ambition to continuously improve the transparency in our external reporting and the supplementary information will increase the consistency between the valuation of Listed Core Investments and our unlisted holdings.

The estimated market values will be based on valuation multiples of relevant listed peers and indices. While these values might not necessarily reflect our view of the intrinsic values, they reflect how the market prices similar companies.

This change will start with the Interim Management Statement January – March 2017, to be released in April, 2017.

Parent Company Income Statement

SEK m.	Note	2016	2015
Dividends		7,731	7,182
Changes in value	P6, P9	19,388	–2,582
Net sales		11	9
Operating costs	P2	–334	–347
Result from participations in Group companies		2,628	4,083
Operating profit/loss		**29,425**	**8,345**
Profit/loss from financial items			
Results from other receivables that are non-current assets	P3	3,573	1,390
Interest income and similar items		21	9
Interest expenses and similar items	P4	–3,744	–1,384
Profit/loss after financial items		**29,275**	**8,360**
Tax	P1	–	–
Profit/loss for the year		**29,275**	**8,360**

Parent Company Statement of Comprehensive Income

SEK m.	2016	2015
Profit/loss for the year	29,275	8,360
Other Comprehensive income for the year, net taxes		
Items that will not be recycled to profit/loss for the year		
Remeasurements of defined benefit plans	–14	72
Items that may be recycled to profit/loss for the year		
Change in fair value of cash flow hedges for the year	–	–
Total Other Comprehensive income for the year	**–14**	**72**
Total Comprehensive income for the year	**29,261**	**8,432**

Parent Company Balance Sheet

SEK m.	Note	12/31 2016	12/31 2015
ASSETS			
Non-current assets			
Intangible assets			
Capitalized expenditure for software	P7	3	2
Property, plant and equipment			
Equipment	P8	12	13
Financial assets			
Participations in Group companies	P5	53,797	56,967
Participations in associates	P6	151,933	136,350
Other long-term holdings of securities	P9	70,327	65,295
Receivables from Group companies	P10	30,560	31,679
Total non-current assets		**306,633**	**290,306**
Current assets			
Trade receivables		3	1
Receivables from Group companies		526	2,849
Receivables from associates		2	0
Tax assets		24	15
Other receivables		0	2
Prepaid expenses and accrued income	P11	44	51
Cash and cash equivalents		0	0
Total current assets		**599**	**2,918**
TOTAL ASSETS		307,232	293,224

SEK m.	Note	12/31 2016	12/31 2015
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		4,795	4,795
Statutory reserve		13,935	13,935
Reserve for development expenditures		2	–
		18,732	**18,730**
Unrestricted equity			
Accumulated profit/loss		202,397	201,343
Profit/loss for the year		29,275	8,360
		231,673	**209,703**
Total equity		**250,404**	**228,433**
Provisions			
Provisions for pensions and similar obligations	P12	99	85
Other provisions	P13	233	271
Total provisions		**332**	**356**
Non-current liabilities			
Interest-bearing liabilities	P14	31,231	31,500
Liabilities to Group companies		14,158	13,666
Total non-current liabilities		**45,389**	**45,166**
Current liabilities			
Interest-bearing liabilities		1,500	2,229
Trade payables		12	13
Liabilities to Group companies		8,888	16,267
Liabilities to associates		0	0
Tax liabilities		1	–
Other liabilities		26	5
Accrued expenses and deferred income	P15	680	755
Total current liabilities		**11,107**	**19,269**
TOTAL EQUITY AND LIABILITIES		307,232	293,224

For information regarding pledged assets and contingent liabilities see note P17, Pledged assets and contingent liabilities.

Parent Company Statement of Changes in Equity

SEK m.	Restricted equity: Share capital	Restricted equity: Statutory reserve	Restricted equity: Reserve for development expenditures	Unrestricted equity: Accumulated profit/loss	Unrestricted equity: Profit/loss for the year	Total equity
Opening balance 1/1 2016	**4,795**	**13,935**	**–**	**209,703**		**228,433**
Profit/loss for the year					29,275	29,275
Other Comprehensive income for the year				–14		–14
Total Comprehensive income for the year				**–14**	**29,275**	**29,261**
Dividend				–7,635		–7,635
Stock options exercised by employees				312		312
Equity-settled share-based payment transactions				33		33
Reclassification			2	–2		–
Closing balance 12/31 2016	**4,795**	**13,935**	**2**	**202,397**	**29,275**	**250,404**

SEK m.	Restricted equity: Share capital	Restricted equity: Statutory reserve	Restricted equity: Reserve for development expenditures	Unrestricted equity: Accumulated profit/loss	Unrestricted equity: Profit/loss for the year	Total equity
Opening balance 1/1 2015	**4,795**	**13,935**	**–**	**208,038**		**226,768**
Profit/loss for the year					8,360	8,360
Other Comprehensive income for the year				72		72
Total Comprehensive income for the year				**72**	**8,360**	**8,432**
Dividend				–6,856		–6,856
Stock options exercised by employees				57		57
Equity-settled share-based payment transactions				32		32
Closing balance 12/31 2015	**4,795**	**13,935**	**–**	**201,343**	**8,360**	**228,433**

Distribution of share capital

The Parent Company's share capital on December 31, 2016, as well as on December 31, 2015, consists of the following numbers of shares with a quota of SEK 6.25 per share.

Share class	Number of shares	Number of votes	Share in % of Capital	Share in % of Votes
A 1 vote	311,690,844	311,690,844	40.6	87.2
B 1/10 vote	455,484,186	45,548,418	59.4	12.8
Total	**767,175,030**	**357,239,262**	**100.0**	**100.0**

For information regarding repurchased own shares, see the Administration Report page 22.

Dividend

For the Board of Director's proposed Disposition of Earnings, see note 23, Equity.

Parent Company Statement of Cash Flow

SEK m.	2016	2015
Operating activities		
Dividends received	7,731	7,183
Cash payments to suppliers and employees	–96	–323
Cash flow from operating activities before net interest and income tax	**7,635**	**6,860**
Interest received	1,987	1,831
Interest paid	–1,707	–1,426
Income tax paid	–11	–8
Cash flow from operating activities	**7,904**	**7,257**
Investing activities		
Share portfolio		
Acquisitions	–1,211	–5,622
Divestments	65	2,494
Other items		
Divestment of subsidiary	0	14,675
Capital contributions to/from subsidiaries	5,800	–13,948
Acquisitions of property, plant and equipment/intangible assets	–3	–1
Net cash used in investing activities	**4,652**	**–2,401**
Financing activities		
Repayment of borrowings	–2,281	–
Change, intra-group balances	–2,640	2,000
Dividends paid	–7,635	–6,856
Net cash used in financing activities	**–12,556**	**–4,856**
Cash flow for the year	**0**	**0**
Cash and cash equivalents at beginning of the year	**0**	**0**
Cash and cash equivalents at year-end	**0**	**0**

The Parent Company does not report cash and cash equivalents since liquidity needs are covered by funds in the joint bank account for the Group. These funds are reported as balances with the Group's internal bank, AB Investor Group Finance.

Notes to the Parent Company's financial statements

Note P1. Accounting policies

The Annual Accounts Act and RFR 2 Accounting for Legal Entities has been applied for the Parent Company. The Parent Company applies the same accounting policies as the Group unless otherwise noted. Any differences between the accounting policies of the Parent Company and those of the Group are caused by limitations to the application of IFRS in the Parent Company because of the Swedish Annual Accounts Act. Significant accounting policies for the Parent Company that differs from the Group are presented in this note. Other significant accounting policies are presented in note 1, Significant accounting policies and in connection to respective note to the consolidated financial statements.

Subsidiaries
Subsidiaries are companies in which Investor AB is able to exert a controlling influence. Controlling influence is the power to, either directly or indirectly, govern the financial and operating policies of an entity in order to obtain economic benefits from its activities.

In the Parent Company, participations in Group companies are recognized in accordance with the cost method and in legal entities, transaction costs attributable to business combinations will be included in the acquisition cost.

Contingent consideration is valued based on the likelihood that the consideration will be paid. Any changes to the provision/receivable result in an increase/decrease in the cost of acquisition. On each balance sheet date, the carrying amounts are reviewed to determine if there are any indications of impairment. Dividends from subsidiaries are included in the Parent Company's operating profit/loss.

Shareholders' contribution
Shareholders' contributions are recognized directly in equity by the receiver and are capitalized in participations by the giver to the extent that no impairment loss is required.

Associates
Participations in associates are recognized at cost or fair value in accordance with IAS 39. The method is dependent on how Investor controls and monitors the companies' operations. For further information see note 12, Shares and participations in associates. On each balance sheet date, the carrying amounts are reviewed to determine if there are any indications of impairment.

Borrowing costs
In the Parent Company, borrowing costs are charged to profit/loss during the period they pertain to. Borrowing costs are not capitalized.

Financial guarantees
The Parent Company's financial guarantee contracts consist primarily of guarantees on behalf of subsidiaries and associates.

The Parent Company applies RFR 2 IAS 39 item 2, to account for financial guarantee contracts issued on behalf of associates, which is somewhat more lenient than the rules in IAS 39, due to the relationship between accounting and taxation. The Parent Company recognizes financial guarantee contracts as a provision in the Balance Sheet when the company has a commitment for which payment will most likely be required.

Tax regulation
The Parent Company is taxed in accordance with the Swedish rules for certain holding companies. The purpose of these rules is to allow re-allocations of its holdings without tax consequences. To be eligible for these rules, the company should, almost exclusively, manage an equity portfolio providing the shareholders risk allocation. The regulations for industrial holding companies imply that capital gains on shares are not taxable and corresponding capital losses are non-deductible. Dividends received and interest income are both taxable items, while administrative costs, interest expenses and dividend paid are all deductible. Moreover, the Parent Company declares a standard income of 1.5 percent on the market value of listed shares when the voting rights at the beginning of the year are less than 10 percent, or when they exceed 10 percent but, at the beginning of the year, had been owned for less than one year. As a consequence of these tax regulations, the Parent Company typically does not pay income tax. For the same reason, the Parent Company does not report deferred tax attributable to temporary differences. The regulations for industrial holding companies also imply that the Parent Company may neither give nor receive Group contributions.

Note P2. Operating costs

Depreciation
Operating costs includes amortizations and depreciation of SEK 4 m. (8) of which SEK 3 m. relates to property, plant and equipment (4) and SEK 1 m. to other intangible assets (4).

Personnel
Expensed wages, salaries and other remunerations amounted to SEK 208 m. (190), of which social costs SEK 44 m. (62).

The average number of employees 2016 was 71 (72). For more information see note 9, Employees and personnel costs.

Auditor's fees and expenses

	2016	2015
Auditor in charge	*Deloitte*	*Deloitte*
Auditing assignment	1	1
Other audit activities	0	0
Total	**2**	**1**

Operating leases

Non-cancellable future lease payments	2016	2015
Less than 1 year from balance sheet date	11	11
1-5 years from balance sheet date	–	–
Total	**11**	**11**
Costs for the year		
Minimum lease payments	–15	–14
Total	**–15**	**–14**

Note P3. Results from other receivables that are non-current assets

	2016	2015
Interest income from Group companies	1,873	1,836
Changes in value	437	189
Other interest income	46	39
Exchange rate differences	1,217	–674
IS **Total**	**3,573**	**1,390**

Note P4. Interest expenses and similar items

	2016	2015
Interest expenses to Group companies	–500	–501
Changes in value	–423	–162
Changes in value attributable to long-term share-based remuneration	–15	–73
Net financial items, internal bank	0	12
Interest expenses, other borrowings	–1,366	–1,431
Exchange rate differences	–1,412	797
Other	–29	–26
IS **Total**	**–3,744**	**–1,384**

Note P5. Participations in Group companies

Specification of the Parent Company's direct holdings of participations in Group companies

Subsidiary, Registered office, Registration number	Number of participations	Ownership interest in %[1] 12/31 2016	Ownership interest in %[1] 12/31 2015	Carrying amount 12/31 2016	Carrying amount 12/31 2015
Investor Holding AB, Stockholm, 556554-1538	1,000	100.0	100.0	13,793	21,293
Patricia Industries AB, Stockholm, 556752-6057	100,000	100.0	100.0	23,239	19,639
Invaw Holding AB, Stockholm, 556904-1212	–	–	100.0	–	9,880
Invaw Invest AB, Stockholm, 556270-6308	10,000	100.0	–	12,099	–
Patricia Industries II AB, Stockholm, 556619-6811	1,000	100.0	100.0	1,682	3,432
Innax AB, Stockholm, 556619-6753	1,000	100.0	100.0	2,569	2,669
AB Investor Group Finance, Stockholm, 556371-9987[2]	100,000	100.0	100.0	416	54
BS Carrying amount				**53,797**	**56,967**

1) Refers to share of equity, which also corresponds to the share of voting power.
2) The Group's internal bank.

Other material indirect holdings in subsidiaries

Subsidiary, Registered office	Ownership interest in %[1] 12/31 2016	Ownership interest in %[1] 12/31 2015
Aleris Group AB, Stockholm	100.0	100.0
Braun Holdings Inc., Indiana	94.6	94.6
Investor Growth Capital AB, Stockholm[2]	100.0	100.0
Investor Investment Holding AB, Stockholm[3]	100.0	100.0
Laborie, Toronto	97.1	–
Mölnlycke AB, Gothenburg	98.8	98.8
Permobil Holding AB, Timrå	87.6	87.6
The Grand Group AB, Stockholm	100.0	100.0
Vectura Fastigheter AB, Stockholm	100.0	100.0

1) Refers to share of equity.
2) Holding company of Investor Growth Capital Inc.
3) Holding company of EQT.

Changes in participations in Group companies	12/31 2016	12/31 2015
Accumulated costs		
Opening balance	58,107	54,751
Acquisitions and capital contributions	3,962	13,948
Liquidation of Group company	2,619	–
Divestments and repaid capital contributions	–9,750	–10,592
At year-end	**54,938**	**58,107**
Accumulated impairment losses		
Opening balance	–1,140	–1,140
Impairment losses	–	–
At year-end	**–1,140**	**–1,140**
BS Carrying amount at year-end	**53,797**	**56,967**

The Investor Group consists of 6 wholly-owned subsidiaries to Investor AB, see table above, and a number of indirect holdings of which the material indirect holdings in subsidiaries are stated in the table above. In the subgroups Mölnlycke, Permobil, BraunAbility and Laborie non-controlling interests exists. None of these are considered material for Investor. Investor have assessed control over all subsidiaries due to the high ownership interest and Investor AB having direct or indirect power of the companies and has the right and ability to affect the returns. Investor also continuously assess whether it controls companies with ownership interests below 50 percent. The assessment is based on whether Investor has the practical ability to direct relevant activities unilaterally either through the boards or the annual general meetings of the companies. No companies where de facto control exists have been identified.

Note P6. Participations in associates

Specification of participations in associates

Company, Registered office, Registration number	Number of shares	Ownership capital/votes (%)	12/31 2016 Investor's share of Carrying amount[1,2]	12/31 2016 Investor's share of Equity[3]	12/31 2016 Investor's share of Profit/loss for the year[4]	12/31 2015 Investor's share of Carrying amount[1,2]	12/31 2015 Investor's share of Equity[3]	12/31 2015 Investor's share of Profit/loss for the year[4]
Listed Core Investments:								
SEB, Stockholm, 502032-9081	456,198,927	21/21	43,725	29,323	2,209	40,826	29,702	3,449
Atlas Copco, Stockholm, 556014-2720	207,645,611	17/22	57,437	8,934	2,207	43,100	7,854	1,969
Ericsson, Stockholm, 556016-0680	196,047,348	6/22	10,380	8,289	112	14,086	7,810	725
Electrolux, Stockholm, 556009-4178	47,866,133	15/30	10,846	2,749	696	9,860	2,326	243
Swedish Orphan Biovitrum, Stockholm, 556038-9321	107,594,165	40/40	11,480	2,120	253	14,514	1,845	47
Saab, Linköping, 556036-0793	32,778,098	30/40	11,181	3,990	353	8,535	3,874	421
Husqvarna, Jönköping, 556000-5331	97,052,157	17/33	6,883	2,413	353	5,428	2,194	317
BS Total participations in associates			**151,933**			**136,350**		

1) Carrying amount includes acquisition cost, additional investments and divestments for the period and value changes due to write-downs to correspond with the fair value of the investments valued at cost and fair value for participations in associates valued at fair value, respectively.
2) Carrying amount for associates valued at fair value, equals the quoted market price for the investment.
3) Equity refers to the ownership interest in the equity of a company including the equity component in untaxed reserves and after adjustments to Investor's accounting policies.
4) Profit/loss for the year refers to the share of the company's results after tax including the equity component in the change for the year in untaxed reserves after adjustments to Investor's accounting policies.

Note P6. *cont´d Participations in associates*

Specification of carrying amount for participations in associates valued at fair value

	12/31 2016	12/31 2015
Opening balance	136,350	137,892
Acquisitions	1,135	–
Divestments	–	–1,241
Revaluations disclosed in Income Statement	14,448	–301
Carrying amount at year-end	151,933	136,350

Note P7. Intangible assets

Capitalized expenditure for software	12/31 2016	12/31 2015
Accumulated costs		
Opening balance	30	29
Acquisitions	2	1
At year-end	32	30
Accumulated amortization and impairment losses		
Opening balance	–28	–24
Amortizations	–1	–4
At year-end	–29	–28
BS Carrying amount at year-end	3	2
Allocation of amortizations in Income Statement		
Operating costs	–1	–4
Total	–1	–4

Note P8. Property, plant and equipment

Equipment	12/31 2016	12/31 2015
Accumulated costs		
Opening balance	37	46
Acquisitions	2	–
Sales and disposals	–2	–9
At year-end	37	37
Accumulated depreciation and impairment		
Opening balance	–24	–29
Sales and disposals	2	9
Depreciation for the year	–3	–4
At year-end	–25	–24
BS Carrying amount at year-end	12	13

Note P9. Other long-term holdings of securities

	12/31 2016	12/31 2015
Opening balance	65,295	63,128
Acquisitions	67	5,615
Divestments	–65	–1,253
Revaluations disclosed in Income Statement	5,031	–2,195
BS Carrying amount at year-end	70,327	65,295

Note P10. Receivables from Group companies

	12/31 2016	12/31 2015
Opening balance	31,679	37,911
New lending	1,023	1,729
Divestments/due/redeemed	–3,414	–4,988
Reclassification	–	–2,281
Unrealized change in value	1,272	–692
BS Carrying amount at year-end	30,560	31,679

Note P11. Prepaid expenses and accrued income

	12/31 2016	12/31 2015
Interest	34	31
Other financial receivables	1	4
Other	9	16
BS Total	44	51

Note P12. Provisions for pensions and similar obligations

For more information see note 25, Provision for pensions and similar obligations.

Amounts recognized in Profit/loss for the year and Other Comprehensive income for defined benefit plans

Components of defined benefit cost (gain –)	2016	2015
Past service cost and gains/losses from settlements	–	–55
Total operating cost	–	–55
Net interest expense	3	2
Total financial cost	3	2
Components recognized in profit or loss	3	–53

Remeasurement on the net defined benefit liability (gain –)	2016	2015
Actuarial gains/losses, demographic assumptions	–	–80
Actuarial gains/losses, financial assumptions	10	–1
Actuarial gains/losses, experience adjustments	4	10
Components in Other Comprehensive income	14	–71

Note P12. *cont'd Provisions for pensions and similar obligations*

Provision for defined benefit plans

The amount included in the Balance Sheet arising from defined benefit plan	12/31 2016	12/31 2015
Present value of unfunded obligations	99	85
Total present value of defined benefit obligations	**99**	**85**
BS Net liability arising from defined benefit obligations	**99**	**85**

Changes in the obligations for defined benefit plans during the year	12/31 2016	12/31 2015
Defined benefit plan obligations, opening balance	85	428
Interest cost	3	2
Remeasurement of defined benefit obligations		
Actuarial gains/losses, demographic assumptions	–	–80
Actuarial gains/losses, financial assumptions	10	–1
Actuarial gains/losses, experience adjustments	4	10
Past service cost incl gains/losses on curtailments	–	–55
Liabilities extinguished on settlements	–	–221
Exchange difference on foreign plans	0	6
Benefit paid	–3	–5
Other	0	1
Obligations for defined benefit plans at year-end	**99**	**85**

Changes in fair value of plan assets	12/31 2016	12/31 2015
Fair value of plan assets, opening balance	–	221
Assets distributed on settlements	–	–221
Fair value of plan assets at year-end	**–**	**–**

Changes in restriction asset ceiling in the current year	12/31 2016	12/31 2015
Restriction asset ceiling, opening balance	–	6
Changes asset ceiling, OCI	–	–6[1]
Restriction asset ceiling at year-end	**–**	**–**

1) The changes of asset ceiling in current year is netted out in Other Comprehensive income with the actuarial gain/losses from the present value on the obligation and the FV of the plan assets.

Assumptions

Assumptions for defined benefit obligations	12/31 2016	12/31 2015
Discount rate	2.4	3.3
Future pension growth	2.0	2.0
Mortality assumption used	DUS14	DUS14

In the Parent Company Swedish mortgage backed bonds have been used as reference when determining the discount rate used for the calculation of the defined benefit obligation. The market for high quality Swedish mortgage backed bonds is considered to be deep and thereby fulfill the requirements of high quality corporate bonds according to IAS 19.

Defined contribution plans

Defined contribution plans	2016	2015
Expenses for defined contribution plans	23	–

Note P13. Other provisions

	12/31 2016	12/31 2015
Provisions expected to be paid after more than 12 months		
Provision for social security contributions for LTVR	9	171
Other	160	80
Total non-current other provisions	**169**	**251**
Provisions expected to be paid within 12 months		
Other	64	20
Total current provisions	**64**	**20**
BS Total other provisions	**233**	**271**

Provision for social security contributions for long-term share-based remuneration (LTVR)
Investor operates LTVR programs which are offered to all employees. Provision is made for social security contributions connected to these programs. The provision will be used during the years 2017-2023.

Other
In the category Other a provision of SEK 160 m. for potential additional compensation to be paid related to sold associated company is included. The provision is expected to be settled in 2019 at the earliest. Other provisions are considered immaterial to specify and intend to be settled with SEK 64 m. in 2017.

12/31 2016	Social security LTVR	Other	Total other provisions
Opening balance	171	100	271
Provisions for the year	–112	80	–32
Reversals for the year	–	–6	–6
Carrying amount at year-end	**59**	**174**	**233**
12/31 2015			
Opening balance	125	17	142
Provisions for the year	46	86	132
Reversals for the year	–	–3	–3
Carrying amount at year-end	**171**	**100**	**271**

Note P14. Interest-bearing liabilities

	12/31 2016	12/31 2015
Interest-bearing liabilities		
Long-term interest-bearing liabilities	31,043	31,296
Related interest rate derivatives with negative value	188	204
BS Total	**31,231**	**31,500**

	12/31 2016	12/31 2015
Carrying amounts		
Maturity, 1–5 years from balance sheet date	5,429	5,688
Maturity, more than 5 years from balance sheet date	25,802	25,812
BS Total	**31,231**	**31,500**

Note P15. Accrued expenses and deferred income

	12/31 2016	12/31 2015
Interest	583	642
Other financial receivables	35	56
Other	62	57
BS Total	**680**	**755**

Note P16. Financial instruments

Accounting policies

For accounting policies see note 29, Financial instruments.

Financial assets and liabilities by valuation category

12/31 2016	Financial assets and liabilities measured at fair value through profit/loss: Fair value option	Financial assets and liabilities measured at fair value through profit/loss: Held for trading	Derivatives used in hedge accounting	Loans and receivables	Other assets and liabilities	Total carrying amount	Fair value
Financial assets							
Other long-term holdings of securities	70,327					70,327	70,327
Participations in associates	151,933					151,933	151,933
Receivables from Group companies (non-current)			912	29,648		30,560	30,560
Accrued interest income				34		34	34
Trade receivables				3		3	3
Receivables from Group companies (current)				526		526	526
Receivables from associates				2		2	2
Other receivables				0		0	0
Total	**222,260**	**–**	**912**	**30,212**	**–**	**253,385**	**253,385**
Financial liabilities							
Loans (non-current)		188			31,043	31,231	38,590[1)]
Liabilities to Group companies (non-current)			1,876		12,282	14,158	14,158
Loans (current)					1,500	1,500	1,509[1)]
Trade payables					12	12	12
Liabilities to Group companies (current)					8,888	8,888	8,888
Liabilities to associates (current)					0	0	0
Accrued interest expenses					583	583	583
Other liabilities		2			24	26	26
Total	**–**	**190**	**1,876**	**–**	**54,332**	**56,398**	**63,767**

12/31 2015	Financial assets and liabilities measured at fair value through profit/loss: Fair value option	Financial assets and liabilities measured at fair value through profit/loss: Held for trading	Derivatives used in hedge accounting	Loans and receivables	Other assets and liabilities	Total carrying amount	Fair value
Financial assets							
Other long-term holdings of securities	65,295					65,295	65,295
Participations in associates	136,350					136,350	136,350
Receivables from Group companies (non-current)			423	31,256		31,679	31,679
Accrued interest income				31		31	31
Trade receivables				1		1	1
Receivables from Group companies (current)				2,849		2,849	2,849
Receivables from associates				0		0	0
Other receivables				2		2	2
Total	**201,645**	**–**	**423**	**34,139**	**–**	**236,207**	**236,207**
Financial liabilities							
Loans (non-current)		204			31,296	31,500	38,662[1)]
Liabilities to Group companies (non-current)			1,384		12,282	13,666	13,666
Loans (current)					2,229	2,229	2,249[1)]
Trade payables					13	13	13
Liabilities to Group companies (current)					16,267	16,267	16,267
Liabilities to associates (current)					0	0	0
Accrued interest expenses					642	642	642
Other liabilities					5	5	5
Total	**–**	**204**	**1,384**	**–**	**62,734**	**64,322**	**71,504**

1) The Parent Company's loans are valued at amortized cost, fair value on loans are presented in the table.
For other assets and liabilities there are no differences between carrying amount and fair value.

Note P16. cont'd Financial instruments

Result from financial assets and liabilities by valuation category

2016	Financial assets and liabilities measured at fair value through profit/loss: Fair value option	Held for trading	Derivatives used in hedge accounting	Loans and receivables	Other financial liabilities	Total
Operating profit/loss						
Dividends	7,731					7,731
Changes in value, including currency	19,389	–1				19,388
Net financial items						
Interest		14	–38	1,779	–1,722	33
Changes in value		–13	–3	200	–184	0
Exchange rate differences		29		965	–1,189	–195
Total	**27,120**	**29**	**–41**	**2,944**	**–3,096**	**26,956**

2015	Fair value option	Held for trading	Derivatives used in hedge accounting	Loans and receivables	Other financial liabilities	Total
Operating profit/loss						
Dividends	7,182					7,182
Changes in value, including currency	–2,582					–2,582
Net financial items						
Interest		10	–40	1,733	–1,766	–63
Changes in value		–10	8	76	–119	–45
Exchange rate differences		–32	0	–794	949	123
Total	**4,600**	**–32**	**–32**	**1,015**	**–936**	**4,615**

Assets and liabilities measured at fair value

The table below indicates how fair value is measured for the financial instruments recognized at fair value in the Balance Sheet. The financial instruments are categorized on three levels, depending on how the fair value is measured:

Level 1: According to quoted prices (unadjusted) in active markets for identical instruments
Level 2: According to directly or indirectly observable inputs that are not included in level 1
Level 3: According to inputs that are unobservable in the market

Financial assets and liabilities by level

12/31 2016	Level 1	Level 2	Level 3	Other[1]	Total
Financial assets					
Participations associates	149,601	2,332			151,933
Receivables from Group companies (non-current)			912	29,648	30,560
Other long-term holdings of securities	70,324		3		70,327
Total	**219,925**	**2,332**	**915**	**29,648**	**252,820**
Financial liabilities					
Liabilities to Group companies (non-current)			1,876	12,282	14,158
Interest-bearing liabilities (non-current)		188		31,043	31,231
Other current liabilities		2		24	26
Total	**–**	**190**	**1,876**	**43,349**	**45,415**

12/31 2015	Level 1	Level 2	Level 3	Other[1]	Total
Financial assets					
Participations associates	134,325	2,025			136,350
Receivables from Group companies (non-current)			423	31,256	31,679
Other long-term holdings of securities	65,293		2		65,295
Total	**199,618**	**2,025**	**425**	**31,256**	**233,324**
Financial liabilities					
Liabilities to Group companies (non-current)			1,384	12,282	13,666
Interest-bearing liabilities (non-current)		204		31,296	31,500
Total	**–**	**204**	**1,384**	**43,578**	**45,166**

1) To enable reconciliation with balance sheet items, financial instruments not valued at fair value as well as other assets and liabilities that are included within balance sheet items have been included within Other.

Note P16. *cont'd Financial instruments*

The table below shows a reconciliation between opening and closing balance for the financial instruments recognized at fair value in the Balance Sheet derived from a valuation technique of unobservable input (level 3). No transfers have been made between level 1 and 2.

Changes of financial assets and liabilities in level 3

12/31 2016	Other long-term holdings of securities	Long-term receivables	Total financial assets	Long-term interest-bearing liabilities	Total financial liabilities
Financial assets and liabilities					
Opening balance	2	423	425	1,384	1,384
Total gains or losses in profit/loss		489	489	492	492
Acquisitions	1		1		
Divestments					
Carrying amount at year-end	**3**	**912**	**915**	**1,876**	**1,876**
Total gains or losses for the period included in profit/loss for assets and liabilities held at the end of the period (unrealized results)					
Changes in value	–	489	489	492	492
Total	**–**	**489**	**489**	**492**	**492**

12/31 2015	Other long-term holdings of securities	Long-term receivables	Total financial assets	Long-term interest-bearing liabilities	Total financial liabilities
Financial assets and liabilities					
Opening balance	1,666	191	1,857	1,159	1,159
Total gains or losses in profit/loss	–413	232	–181	225	225
Acquisitions	2		2		
Divestments	–1,253		–1,253		
Carrying amount at year-end	**2**	**423**	**425**	**1,384**	**1,384**
Total gains or losses for the period included in profit/loss for assets and liabilities held at the end of the period (unrealized results)					
Changes in value	–	232	232	225	225
Total	**–**	**232**	**232**	**225**	**225**

Note P17. Pledged assets and contingent liabilities

	12/31 2016	12/31 2015
Pledged assets		
In the form of pledged securities for liabilities and provisions		
Shares	22	6
Total pledged assets	**22**	**6**
Contingent liabilities		
Guarantees on behalf of Group companies	101	72
Guarantees on behalf of associates	700	700
Total contingent liabilities	**801**	**772**

Note P18. Related party transactions

The Parent Company is related with its subsidiaries and associated companies see note P5, Participations in Group companies and note P6, Participations in associates.

In addition to the above stated information, guarantees on behalf on the associate 3 Scandinavia amounts to SEK 0.7 bn. (0.7).

For more information about related party transaction see note 31, Related party transactions.

Related party transactions

	Group companies		Associates		Other related party	
	2016	2015	2016	2015	2016	2015
Sales of products/services	3	3	8	4	2[1)]	2[1)]
Purchase of products/services	9	9	8	3		
Financial expenses	500	501	21	18		
Financial income	1,873	1,836				
Dividends/redemptions			4,986	4,630		
Capital contributions	5,800	13,948				
Receivables	31,086	34,528	2	–		
Liabilities	23,046	29,933			2	–

1) Wallenberg foundations

Auditor’s Report

To the annual general meeting of the shareholders of Investor AB (publ.)

CORP. ID 556013-8298

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Investor AB (publ) for the financial year January 1 – December 31, 2016 except for the corporate governance report on pages 24-32. The annual accounts and consolidated accounts of the company are included on pages 4-5, 9-11 and 21-83 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance report on pages 24-32. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

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

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

Key Audit Matters

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

Governance over financial reporting

With Investor’s focus on high quality financial reporting combined with tighter reporting deadlines and more reporting units, a well-controlled financial reporting process is critical. Wholly-owned subsidiaries and partner-owned investments within Patricia Industries are normally independent with separate internal control systems in place for their operating activities including financial reporting.

We focused our audit on the governance over financial reporting for several reasons. Firstly, it is important to ensure that the information reported by each entity is prepared in accordance with IFRS. Secondly, with more tight reporting deadlines, changes to the timing and reporting structure, monitoring controls are critical to ensure high quality reporting. Thirdly, with Patricia Industries’ intention to continue to seek new investments with significant ownership it is important to have well established procedures to ensure timely and correct financial reporting.

Investor AB’s information regarding consolidation principles are included in Note 1 Significant accounting policies and Note 12 Shares and participation in associates on pages 38 and 52 respectively, providing further explanation on the method for accounting for associates.

Our audit procedures included, but were not limited to:

- We obtained an understanding of Investor’s processes relating to internal controls over financial reporting and tested key controls.
- We evaluated internal controls in relation to critical IT-systems used for financial reporting.
- We assessed the company’s procedures relating to controls over financial information reported from consolidated subsidiaries and associates reported under the equity method.
- We assessed unusual transactions, such as the accounting for the acquisition of Laborie, and the reporting thereof including assessment of application of new accounting rules and regulations and their compliance with IFRS.

Valuation of unlisted investments

The valuation process of unlisted investments requires estimates by management and is therefore more complex compared to the valuation of listed investments. Additionally, changes in the holding strategy for certain holdings and changes in ownership interests may have implications on the method for accounting and valuing these investments. The total carrying value recognized at fair value amounted to SEK 19,367 million as of December 31, 2016.

Investor’s valuation policy is based on the International Private Equity and Venture Capital Valuation Guidelines. Inappropriate judgements made in the assessment of fair value, in particular, in respect of selection of valuation multiples could have a significant impact on the value of the unlisted investment.

We focused on the unlisted investments since the carrying value is material, the investment portfolio comprises a large number of unlisted securities and since the assessments made to arrive at the fair value is sensitive to judgements and estimates made.

Investor AB’s principles for accounting for unlisted investments are described in note 29 on page 67 and detailed disclosures regarding these investments are included in Note 29 Financial instruments on page 67-70, see detailed description in section Measurement of financial instruments in level 3.

Our audit procedures included, but were not limited to:

- We obtained an understanding of the valuation process and key controls in this process and tested key controls.
- We agreed correct ownership percentages in Patricia Industries and EQT funds and proper accounting for changes in such ownership.
- We confirmed the reported valuations as of December 31, 2016 to audited financial statements of the funds of EQT.
- We tested that the methodology and consistency applied in the valuation of the portfolio companies is in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

- We recomputed the calculation of the enterprise value for a selection of portfolio companies including agreeing currency rates to independent sources.
- We assessed the relevance of multiples used in the portfolio companies' enterprise value calculations against market multiples from precedent transactions or traded data.

Valuation of listed investments

There is a lower degree of judgment involved in the valuation process for listed investments compared to unlisted investments. However, a substantial portion of Investor's total assets is embedded in the holdings in listed investments. The total value of listed investments amounted to SEK 253,496 million as of December 31, 2016.

We focused on the listed investments since the carrying value is significant, there is a risk that changes in ownership might not be properly recognized, and effects of dividend received might not properly reflected in the fair value.

Investor AB's principles for accounting for listed investments are described in note 29 on page 67 and detailed disclosures regarding listed investments are included in Note 29 Financial instruments on page 67-70, see detailed description in section Measurement of financial instruments in level 1.

Our audit procedures included, but were not limited to:

- We obtained an understanding of the valuation process and tested key controls.
- We validated the holdings towards external statements.
- We tested the fair value calculation arithmetically and compared values to official share prices.
- We reviewed disclosures relating to valuation of listed investments to ensure compliance with IFRS.

Intangible assets

Investor's acquisitions of Mölnlycke, Aleris, Permobil, BraunAbility and Laborie have led to a portion of the purchase price being allocated to intangible assets including goodwill. Changes in economic conditions or lower than expected improvement in performance may be indicators of potential impairment of the recoverable amount of these assets and hence the consolidated net asset value of Investor. The total carrying amount of goodwill relating to these holdings amounted to SEK 34,852 million as of December 31, 2016.

We focused on the impairment assessments above since the carrying value of intangible assets are material and as the assessment is sensitive to changes in assumptions.

Investor disclosures regarding intangible assets are included in Note 16 Intangible assets on page 56-58, which specifically explains that changes in the key assumptions used could give rise to an impairment of the intangible and tangible assets balances in the future.

Our audit procedures included, but were not limited to:

- We obtained an understanding of management's annual impairment testing process and controls for assessing impairment triggers and tested key controls.
- We reviewed the valuation and financial development of each entity and discussed historical performance with management.
- We analyzed the assumptions made in the impairment tests for each entity and compared to historical performance, external and other benchmark data.
- We evaluated the sensitivity of key assumptions.
- We reviewed the disclosures related to valuation of intangible assets and assessed whether the disclosures are in line with IFRS.

Treasury and hedge accounting

Investor manages its foreign currency exchange rate and interest rate exposures with derivatives such as forward contracts, options and swaps.

We focused on the treasury and hedge accounting since the risk mitigating relationships and contracts can be complex and it is essential to understand the financial effects of these instruments and that they are accurately presented.

Investor´s disclosures regarding treasury and hedge accounting are included in Note 3 Risks on page 39-42, see detailed description in section Exchange rate risk and Interest rate risk and in Note 29 on page 65-70.

Our audit procedures included, but were not limited to:

- We obtained an understanding of the treasury process and tested key controls.
- We assessed the company's procedures to ensure adequate segregation of duties within the treasury function.
- We reviewed the assumptions, calculation, classification and documentation for hedge accounting including hedge effectiveness and compliance with disclosure requirements also with the support of internal specialists.
- We reviewed new hedge relationships entered into and validated the process around ensuring compliance with internal guidelines as well as external rules.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-3, 6-8, 12-20 and 87-88. The Board of Directors and the CEO are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the CEO

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

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

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

Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts and the consolidated accounts is available on the Supervisory Board of Public Accountants' website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

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

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the CEO

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

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

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

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

A further description of our responsibility for the audit of the administration is available on the Supervisory Board of Public Accountants' website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor´s report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 24-32 has been prepared in accordance with the Annual Accounts Act.

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

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

Stockholm, 23 March, 2017
Deloitte AB

Thomas Strömberg
Authorized Public Accountant

Five-year summary

Investor Group

SEK m.	2012	2013	2014		2015	2016	Annual average growth 5 years, %
Net asset value[1]				**Net asset value[2]**			
Core Investments				Listed Core Investments	224,143	248,354	
Listed	141,456	175,174	218,396	EQT	13,021	13,996	
Subsidiaries	21,291	29,531	31,922	Patricia Industries	51,095	54,806	
Financial Investments	35,144	32,256	35,506	*Other assets & liabilities*	–565	–327	
Other assets and liabilities	–428	1,560	–29	Total assets	287,695	316,829	
Total assets	197,463	238,521	285,795	Net cash (+) / Net debt (–)	–15,892	–16,752	
Net debt (–)/Net cash (+)	–22,765	–23,104	–24,832	Of which Patricia Industries cash	14,616	14,389	
Net asset value	174,698	215,417	260,963	Net asset value	271,801	300,077	
Change in net asset value with dividend added back, %	15	26	24	Change in net asset value with dividend added back, %	7	13	17
Condensed Balance Sheet				**Condensed Balance Sheet**			
Shares and participations	164,431	202,859	246,891	Shares and participations	254,054	276,790	
Other	65,214	64,291	76,596	Other	82,536	93,183	
Balance Sheet total	229,645	267,150	323,487	Balance Sheet total	336,590	369,973	
Profit and loss				**Profit and loss**			
Profit/loss for the year attributable to Parent Company shareholders	24,226	45,165	50,656	Profit/loss for the year attributable to Parent Company shareholders	17,433	33,665	
Comprehensive income	23,857	46,161	52,657	Comprehensive income	17,604	35,545	
Dividends				**Dividends**			
Dividends received	5,177	6,052	7,228	Dividends received	7,821	8,351	
of which from Core Investments Listed	4,782	5,441	6,227	of which from Listed Core Investments	7,681	8,307	16
Contribution to NAV[1]				**Contribution to NAV[2]**			
Contribution to NAV, Core Investments Listed	23,312	38,433	41,311	Contribution to NAV, Listed Core Investments	8,804	30,936	
Total return, Core Investments Listed, %	20	27	24	Total return, Listed Core Investments, %	4	14	
Contribution to NAV, Core Investments Subsidiaries	–194	668	2,386	Contribution to NAV, EQT	3,995	1,986	
Contribution to NAV, Financial Investments, Partner-owned	57	4,109	4,221	Contribution to NAV, Patricia Industries	4,855	4,438	
Contribution to NAV, IGC and EQT	305	3,788	6,543				
Transactions				**Transactions[2]**			
Investments, Core Investments Listed	2,762	719	8,233	Investments, Listed Core Investments	5,783	1,488	
Divestments & redemptions, Listed Core Investments	–	–	101	Divestments & redemptions, Listed Core Investments	1,241	–	
Investments, Core Investments Subsidiaries	3,386	7,558	1,121	Draw-downs, EQT	1,590	2,864	
Divestments, Core Investments Subsidiaries	–	–	1,197	Proceeds, EQT	6,086	3,874	
Investments, Partner-owned financial investments	376	15	3,011	Investments, Patricia Industries	4,176	6,127	
Divestments, Partner-owned financial investments	80	7,646	8,712	Divestments, Patricia Industries	2,896	2,360	
Investments, IGC and EQT[6]	2,034[3]	1,914	2,389	Distributions to Patricia Industries	5,089	4,763	
Divestments, IGC and EQT[6]	4,067[3]	5,005	5,737				
Key figures per share				**Key figures per share**			
Net asset value, SEK	230	283	343	Net asset value, SEK	357	393	
Basic earnings, SEK	31.85	59.35	66.55	Basic earnings, SEK	22.89	44.09	
Diluted earnings, SEK	31.83	59.25	66.40	Diluted earnings, SEK	22.82	44.02	
Equity, SEK	230	284	343	Equity, SEK	357	393	
Key ratios				**Key ratios**			
Leverage, %	12	10	9	Leverage, %	6	5	
Equity/assets ratio, %	76	81	81	Equity/assets ratio, %	81	81	
Return on equity, %	15	23	21	Return on equity, %	7	12	
Discount to reported net asset value, %	27	23	17	Discount to reported net asset value, %	13	14	
Management costs, % of net asset value	0.2	0.2	0.1	Management costs, % of net asset value	0.2	0.2	
Share data				**Share data**			
Total number of shares, million	767.2	767.2	767.2	Total number of shares, million	767.2	767.2	
Holding of own shares, million	6.2	6.3	5.8	Holding of own shares, million	5.3	2.8	
Share price on December 31, SEK[4]	170.0	221.3	284.7	Share price on December 31, SEK[4]	312.6	340.5	22
Market capitalization on December 31	128,048	166,451	215,705	Market capitalization on December 31	236,301	259,119	
Dividend paid to Parent Company shareholders	5,331	6,089	6,856	Dividend paid to Parent Company shareholders	7,635	8,439[5,6]	
Dividend per share, SEK	7.00	8.00	9.00	Dividend per share, SEK	10.00	11.00[6]	13
Dividend payout ratio, %	112	112	110	Dividend payout ratio, %	99	92[6]	
Dividend yield, %	4.1	3.6	3.2	Dividend yield, %	3.2	3.2[6]	
Total annual turnover rate, Investor shares, %[4]	78	62	58	Total annual turnover rate, Investor shares, %[4]	66	64	
Total return, Investor shares, %[4]	38	35	33	Total return, Investor shares, %[4]	13	13	26
SIXRX (return index), %	16	28	16	SIXRX (return index), %	10	10	16
OMXS30 index, %	12	21	10	OMXS30 index, %	–1	5	9
Foreign ownership, capital, %	33	34	34	Foreign ownership, capital, %	35	30	

1) This business area reporting was implemented in 2011.
2) New business area reporting as of 2015.
3) From July 1, 2011, invested includes a capital contribution from Investor to IGC of SEK 1,137 m. (2011) and SEK 750 m. (2012). Divested includes dividends from IGC to Investor of SEK 674 m. (2011) and SEK 607 m. (2012).
4) Pertains to class B shares.
5) Based on the total number of registered shares.
6) Proposed dividend of SEK 11.00/share.

Definitions and Alternative Performance Measures

ALTERNATIVE PERFORMANCE MEASURES

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

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

Definitions of all APMs used are found below. Reconciliations to the financial statements for the APMs that are not directly identifiable from the financial statements and considered significant to specify, are disclosed on page 25 in the Year-End Report 2016 for Investor AB.

Basic earnings per share
Profit/loss for the year attributable to the Parent Company´s shareholders in relation to the weighted average number of shares outstanding.

Capital expenditures
Acquisitions of tangible and intangible assets during the period.

Change in net asset value
Change in the carrying value of total assets less net debt for a period.

Contribution to net asset value
Changes in the carrying value of total assets less net debt (corresponds to the group´s change in equity attributable to shareholders of the Parent Company).

Diluted earnings per share
Profit/loss for the year attributable to the Parent Company´s shareholders, in relation to the weighted average number of shares outstanding after full conversion and adjusted for the effect of share-based payments.

Discount to net asset value
The difference between net asset value and market capitalization as a percentage of net asset value. If market capitalization is lower than net asset value, the share is traded at a discount. If market capitalization is higher, it is traded at a premium.

Distribution
Repayment of shareholder loans.

Dividend yield
Dividend per share in relation to share price at the balance sheet date.

Dividends payout ratio
Dividends paid in relation to dividends received from Listed Core Investments.

EBIT
Earnings before interest and taxes.

EBITA
Earnings before interest, taxes and amortizations.

EBITA margin
Earnings before interest, taxes and amortizations divided by sales (%).

EBITDA
Earnings before interest, taxes, depreciations and amortizations.

Equity per share
Shareholders´ equity as a percentage of the weighted average number of shares outstanding.

Equity/assets ratio
Shareholders´ equity as a percentage of the balance sheet total.

Gross cash
The sum of cash and cash equivalents, short-term investments and interest-bearing current and long-term receivables. Deductions are made for items related to subsidiaries within Patricia Industries.

Gross debt
The sum of interest-bearing current and long-term liabilities, including pension liabilities, less derivatives with positive value related to the loans. Deductions are made for items related to subsidiaries within Patricia Industries.

Industrial holding company
A company that offers shareholders the possibility to spread their risks and get attractive returns through long-term ownership of a well-distributed holdings of securities. Its shares are typically owned by a large number of individuals.

Investments
Acquisitions of financial assets.

Investments, net of proceeds
Acquisitions of financial assets net of sales proceeds received.

Investor´s cash and readily available placements
The sum of Gross cash.

Leverage
Net debt/Net cash as a percentage of total assets.

Market cost of capital
Defined as the risk-free interest rate plus the market´s risk premium.

Multiple valuation
A method for determining the fair value of a company by examining and comparing the financial ratios of relevant peer groups.

Net asset value, SEK per share
Equity attributable to shareholders of the Parent Company in relation to the number of shares outstanding at the balance sheet date.

Net asset value
The carrying value of total assets less net debt (corresponds to the group´s equity attributable to shareholders of the Parent Company).

Net cash flow
Net invested capital and sales proceeds.

Net debt/Net cash
Interest-bearing current and long-term liabilities, including pension liabilities, less cash and cash equivalents, short-term investments and interest-bearing current and long-term receivables. Deductions are made for items related to subsidiaries within Patricia Industries.

Operating cash flow
Cash flow from operating activities.

Proceeds
Cash payments obtained from sale of investments plus cash proceeds from distributions.

Reported value
Net asset value per investment.

Reported value change
The sum of realized and unrealized result from long-term and short-term holdings in shares and participations, net of transaction costs, profit-sharing costs and management fees for fund investments.

Return on equity
Profit/loss for the rolling 12 months as a percentage of average shareholders´ equity.

Risk premium
The surplus yield above the risk-free interest rate that an investor requires to compensate for the higher risk in an investment in shares.

Risk-free interest rate
The interest earned on an investment in government bonds. In calculations, Investor has used SSVX 90 days.

SIX's Return Index, SIXRX
A Swedish all shares total return index calculated on share price change and reinvested dividends.

Total assets
The net of all assets and liabilities not included in net debt.

Total return
The sum of change in share price including reinvested dividend.

Turnover rate
Number of shares traded during the year as a percentage of the total number of shares outstanding.

Value, SEK per share
Reported value in relation to the number of shares outstanding on the Balance Sheet date.

Our legacy

100
YEARS OF INVESTOR

Explore our legacy

Investor has operated with the same business philosophy since the company was founded in 1916 – to invest in companies and actively contribute as a leading shareholder to their long-term success. Over the years, we have steadily evolved in step with boom times, depressions and recessions, with globalization trends and with constantly changing capital markets, all to capture new opportunities and create value. For more information about our history, visit www.investorab.com.

1916
Investor is founded by Stockholms Enskilda bank (SEB). Holdings in Atlas Diesel (Atlas Copco) and Scania, among other companies.

1919
Investor is listed on the Stockholm Stock Exchange.

1924
The pharmaceutical company Astra is bought for SEK 1 (AstraZeneca).

1925
Investor becomes a large owner of Asea (ABB).

1937
Svenska Aeroplan AB is formed (Saab).

1940
Investor's New York office is established.

1950
Investor becomes a major owner of Ericsson.

1956
Investor becomes a large owner of Electrolux.

1963
Incentive is founded to buy and develop small companies with interesting technology.

1969
Saab and Scania-Vabis merge to form Saab-Scania.

1971
Stockholms Enskilda bank and Skandinaviska Banken merge.

1984
Investor takes an active part in founding the Stockholms Optionsmarknad (OM).

1991
Saab-Scania is acquired and delisted from the stock exchange.

1994
The private equity company EQT is founded.

1996
Investor sells 55 percent of its stakes in Scania for SEK 19 bn., the world's largest private IPO to date.

1999
The merger of Astra and Zeneca is completed.

2002
Investor participates in ABB's convertible bond issue and Ericsson's new rights issue, to help them restore their balance sheet strength.

2003
The mobile operator Hi3G ("3 Scandinavia") begins offering mobile broadband services in Sweden and Denmark.

2006
Husqvarna is spun out of Electrolux.

2007
Mölnlycke Health Care is acquired.

2009
Investor invests in Biovitrum and supports the merger of Biovitrum and Swedish Orphan International (Sobi).

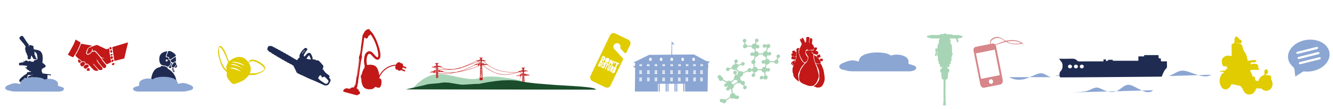
2010
Aleris is acquired and becomes a wholly-owned subsidiary. Investor becomes a large owner of Nasdaq OMX.

2012
Investor acquires shares in Wärtsilä.

2013
Permobil is acquired and becomes a wholly-owned subsidiary.

2015
A new division, Patricia Industries, is formed to focus on creating a portfolio of wholly-owned subsidiaries and makes its first U.S. acquisition; the wholly-owned subsidiary BraunAbility.

2016
Laborie is acquired and becomes a wholly-owned subsidiary. Investor turns 100 years.



As a long-term owner, we actively support the building and development of best-in-class companies.

www.investorab.com

INVESTOR AB (PUBL)
SE-103 32 Stockholm
Sweden
Visiting address: Arsenalsgatan 8C

Phone: +46 8 614 2000
Fax: +46 8 614 2150