investor

ANNUAL REPORT 2018

In 2018, Investor's total shareholder return amounted to 4 percent, outperforming the Swedish stock market by 8 percentage points. More importantly, many of our companies and Investor itself took significant steps that we believe will create long-term value.

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The Annual Report for Investor AB (publ) 556013-8298 consists of the Administration Report on pages 4-13, 36-50, 114-115 and the financial statements on pages 51-109. The Annual Report is published in Swedish and English.

Sustainability information can be found on pages 4-7, 10-13, 22-30, 36-37, 62 and 114-115. Definitions of applied sustainability KPIs can be found on Investor's website.

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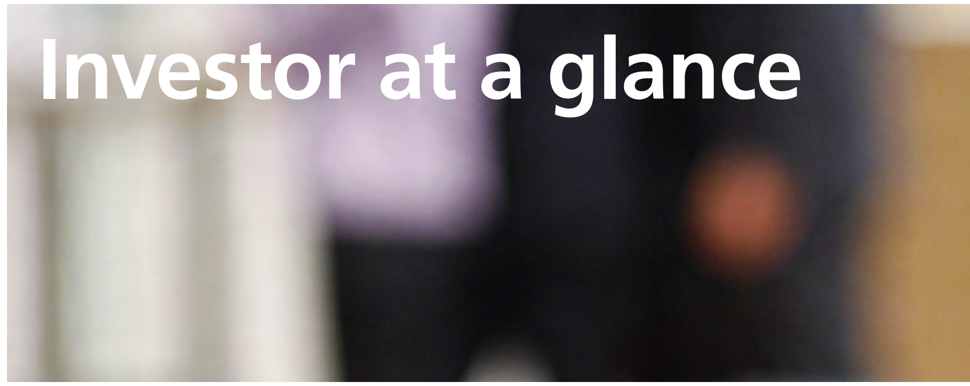


Investor at a glance

Portfolio

LISTED CORE INVESTMENTS

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

PATRICIA INDUSTRIES

Mölnlycke, 3, Permobil, Aleris, BraunAbility, Vectura, Laborie, Grand Hôtel, Sarnova, Piab

FINANCIAL INVESTMENTS

EQT

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

Share of total adjusted assets	Performance 2018	Ownership	Ownership perspective	Board representation	Valuation methodology
271 SEK bn. **69%**	Total return **–2%** Net invested **3.4** SEK bn.	Significant minority owner	Long-term, buy-to-build strategy	Preferably two, including the chairperson	Share price
102 SEK bn. **26%**	Value change **1%** Net invested **10.1** SEK bn. Profit growth, subsidiaries **8%**	Wholly-owned subsidiaries, partner-owned companies and financial investments	Long-term, buy-to-build strategy, except for Financial Investments	Boards comprise of independent directors and directors from Patricia Industries	Acquisition method for subsidiaries, equity method for partner-owned investments and various methods for financial Investments Estimated market values presented as supplementary information
21 SEK bn. **5%**	Value change, constant currency **25%** Net cash flow **0.2** SEK bn.	19 percent of EQT AB 5-30 percent share in active funds	Long-term, buy-to-build strategy in EQT AB	Board representation, at least one in EQT AB	EQT AB at reported value Fund investments: Recent transactions at cost, multiples (unlisted), share price (listed)

Welcome to Investor

Investor, founded by the Wallenberg family in 1916, is an engaged owner of high-quality, global companies. We have a long-term investment perspective. Through board participation, as well as industrial experience, our network and financial strength, we work continuously to support our companies to remain or become best-in-class.

2018 in brief

Total shareholder return
(2017: 13)

4%

Adjusted net asset value
(2017: 385)

372
SEK bn.

Proposed dividend
(2017: 12.0)

13.0
SEK per share

- Our total shareholder return was 4 percent and adjusted net asset value growth –1 percent. The SIXRX return index was –4 percent.
- Within Listed Core Investments, Epiroc became our 12th listed core investment following its spin-off from Atlas Copco. We invested SEK 3.4 bn. in Ericsson, Electrolux and Saab.
- Patricia Industries' major subsidiaries reported good sales and profit growth (pro forma). Patricia Industries acquired two new subsidiaries: Sarnova (U.S.) and Piab (Sweden). Aleris divested its Care business. Several companies made complementary acquisitions.
- In constant currency, the value of our investments in EQT increased by 25 percent. Net cash flow to Investor amounted to SEK 0.2 bn.
- Investor raised a 12-year, EUR 500 m. bond with an all-in fixed interest rate of 1.52 percent, increasing our financial flexibility.
- MSCI upgraded our ESG rating to A (BBB).
- The Board of Directors proposes a dividend of SEK 13.00 per share, to be paid in two installments, an increase of 8 percent from 2017.

23
MAJOR HOLDINGS

92
EMPLOYEES
IN TOTAL

50%
WOMEN / MEN
EMPLOYEES

50%
WOMEN / MEN
IN THE EXTENDED
MANAGEMENT GROUP

We create value for people and society by building strong and sustainable businesses.

Investor's purpose

We are an engaged and long-term owner

We are an engaged long-term owner that actively supports the building and development of best-in-class companies. Through substantial ownership and board participation, we drive the initiatives that we believe will create the most value for each individual company. Ultimately this creates value for our shareholders and for society at large.

We buy-to-build best-in-class companies

Our investment philosophy is "buy-to-build", and to develop our companies over time, as long as we see further value creation potential. The ambition is for our companies to maintain or achieve best-in-class positions, i.e. outperform competition, and reach full potential.

We focus on building sustainable businesses

We have a long tradition of being a responsible owner and company. We firmly believe that sustainability integrated in the business model is a prerequisite for creating long-term value.

Average annual TSR, 10 years
(SIXRX: 14)

16%

ESG-rating, MSCI

A

Investment case

Investor's business model, **building strong and sustainable businesses** through engaged ownership, has proven successful over time and generated attractive total shareholder returns.

The Investor share is a competitive and liquid investment opportunity, offering exposure to an attractive and well-diversified portfolio of **listed and unlisted high-quality companies** with management costs of approximately 0.15 percent of reported net asset value.

Our **strong balance sheet and cash flow** allow us to capture attractive investment opportunities and enable a steadily rising dividend over time. Over the past ten years, annual dividend growth has averaged 13 percent per year.

Over the past ten years, the average annual **total shareholder return,** has amounted to 16 percent, compared to 14 percent for the SIXRX return index.

Letter from the Chairman

Dear fellow shareholders,
In an environment characterized by rapid change and transformative technological shifts impacting all industries, many companies have revisited their ultimate purpose. Increasingly they emphasize the need for long-term engagement with all stakeholders in order to deliver sustainable business results. Ultimately, it is about advancing our society and creating opportunities and welfare for people. For Investor and our companies, this is nothing new.

> Executives need to be at the forefront of technological shifts.

Since more than a hundred years, our philosophy is "to create value for people and society by building strong and sustainable businesses". One element of this is the dividend Investor pays to its lead owner the Wallenberg foundations, that distribute more than SEK 2 bn. annually to Swedish basic research and education.

Need to discuss long-term trends

After a long period of economic growth, there is rising uncertainty about the global development. I believe that business and politics have a mutual interest to join forces and engage more to address major issues such as technological disruption, sustainability, demographics, migration and the future of work. Facing trade tensions between the U.S. and China, Brexit and resurging nationalism, it is our duty in the business community to better communicate the benefits of free trade and globalization. It is also our responsibility to acknowledge and mitigate the adverse effects of globalization and disruption, for instance through education and reskilling.

Strong leadership indispensable

Given these challenges, corporate leadership is in focus more than ever. Executives not only need to deliver strong and sustainable results, they need to be at the forefront of technological shifts, find industrial solutions to climate change, understand the political and societal framework in which they operate, and engage with all stakeholders. As owners, we encourage investments in R&D and talent, key ingredients to stay competitive and manage risks in an ever more complex world. In this context, I am concerned that Sweden and its corporates are not all at the forefront of digitalization and artificial intelligence. As an engaged owner of first-class companies, we support them to digitize and automate, and they are working hard to realize this massive untapped potential. The challenge for Sweden, and for Europe as a whole, is to be even more ambitious in investing in new technologies or run the risk of losing ground to international competition.

Strategic moves

We always try to act in the best interest of each company. This sometimes includes structural changes. During 2018 and early 2019, we engaged in several significant structural changes, involving Atlas Copco, ABB and Electrolux. We firmly believe that the timing of ABB's divestiture of Power Grids was right and that ABB will be much better positioned to further improve performance while Power Grids will continue to develop in its new home at Hitachi.

I am pleased that Investor also this year outperformed the Swedish stock market, as we have over a 20-year period. The Board of Directors proposes a dividend of SEK 13 per share, 8 percent more than last year.

8%
proposed dividend increase

On behalf of the board, I would like to thank our CEO Johan Forssell for yet another year of successful management, and the whole team at Investor for its hard work and engagement. Finally, I want to thank you, dear fellow shareholders, for your trust. Our focus remains on building world-leading companies and generating an attractive total return to you.

Jacob Wallenberg
Chairman of the Board

Letter from the CEO

Dear fellow shareholders,
2018 was challenging for many stock markets as the uncertainty about the global economic outlook grew. Despite this, our adjusted net asset value was only down by 1 percent and our total shareholder return was 4 percent, outperforming the Swedish stock market by 8 percentage points. For us as an engaged long-term owner, key focus areas during 2018 included industrial development, structural actions, investments and agility.

In today's fast-changing world, companies striving for sustainable, profitable growth need to have clear values and well-defined strategies. They can never compromise on necessary investments in R&D and talent management. Our ultimate purpose, to "create value for people and society by building strong and sustainable businesses", reflects our role as an engaged owner with the ambition to build best-in-class companies. During 2018, many of our companies grew profits and generated strong cash flow. Importantly, several of them, and Investor itself, took significant steps that we believe will create long-term value.

Major investments
13
SEK bn.

Driving structural actions
Atlas Copco successfully spun out Epiroc, which became our 12th listed core investment. ABB announced the divestiture of the majority of its Power Grids division and a simplification of its organization. Sobi made two major acquisitions, broadening its offering and strengthening its presence in the important U.S. market. Aleris divested Care, strengthening its balance sheet and allowing full focus on improving its healthcare business. EQT initiated a strategic review of alternatives to strengthen its balance sheet. In early 2019, Electrolux announced the separation of its Professionals Products business into a new listed company.

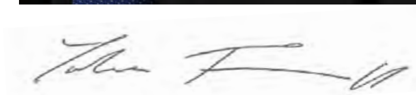
Investing in attractive opportunities
Within Listed Core Investments we invested more than SEK 3 bn. in Ericsson, Electrolux and Saab. Patricia Industries invested approximately SEK 10 bn. in two new subsidiaries, Sarnova and Piab. Both have strong positions in attractive market niches and have performed well since we acquired them.

Increasing agility
As an engaged owner, we support our companies in increasing agility and preparing for potentially tougher times. As always it is more advantageous to manage a downturn as well as to act on business opportunities from a position of strength. Investor issued a EUR 500 m. 12-year bond at attractive terms, strengthening our financial flexibility. We also continued to step up our efforts within sustainability, an area that grows rapidly in importance and is highly prioritized for us both as an owner and as a company.

Generating strong cash flow
Even with significant investments and the dividend paid out during 2018, our balance sheet and liquidity remain strong, supported by the cash flow from Listed Core Investments, the companies within Patricia Industries, and EQT. Our cash flow generation allows us to both invest and fund our dividend.

Investor going forward
Our focus remains on growing net asset value, operating efficiently and paying a steadily rising dividend, with the ultimate target to create long-term value. I would like to sincerely thank all employees at Investor and the colleagues in our companies for great contributions during the year. I would also like to thank you, dear fellow shareholders, for your continued support in Investor.

Johan Forssell
President and Chief Executive Officer



"Significant steps were taken during the year that we believe will create long-term value."

Business model

Investor's purpose

We create value

What we do

We are an engaged long-term owner that actively supports the building and development of best-in-class companies. Through substantial ownership and board participation, we drive the initiatives that we believe will create the most value for each individual company. Ultimately this creates value for our shareholders and for society at large. Our business is organized in three business areas.

Listed Core Investments

69%
of total adjusted assets

Consists of our listed portfolio companies in which we are a significant minority owner.

Patricia Industries

26%
of total adjusted assets

Consists of our wholly-owned and partner-owned companies, as well as financial investments.

EQT

5%
of total adjusted assets

EQT is a leading investment firm. We invest in its funds and have a 19 percent ownership in EQT AB.

Operating priorities

1. Grow net asset value

2. Operate efficiently

3. Pay a steadily rising dividend

Our core values

Create value

for people and society by building strong and sustainable businesses

How we do it

Strong and industrial network

Investor was founded by the Wallenberg family in 1916, and is an engaged owner of high-quality, global companies. We use our extensive professional network to identify and evaluate attractive business opportunities.

Strong financial flexibility

Our strong balance sheet and cash flow allow us to support our companies long-term, capture investment opportunities and pay a steadily rising dividend.

Highly-skilled employees

We focus on the long-term development of our employees and offer opportunities to continuously learn and build skills and knowledge. A strong corporate culture, which is open and adapts to changes in the outside world, is key if we are to be able to recruit and retain key competence.

Best-in-class boards

We are often the largest shareholder in our companies and exercise our influence through our representatives on the boards. We leverage our network to find the best board candidates for our companies and always work with the opportunities and challenges facing each individual company.

Value creation plans

Our business teams, consisting of our board representatives, investment managers and analysts, develop value creations plans for each company, identifying strategic key value drivers for the next three to five years.

The plans typically focus on:

- operational excellence,
- profitable growth,
- corporate health,
- industrial structure,
- innovation,
- talent management,
- sustainability, and
- capital structure.

We maintain a close and continuous dialog around value creation with our companies' boards and CEOs.

Care for People

Contribute with Heart and Mind

Challenge and Improve

Created impact

IN 2018

4%

Total Shareholder Return

9.2
SEK bn.

Paid dividend

of which approx.

2.1
SEK bn.

to our main owner, the Wallenberg foundations whose purpose is to grant funding to scientific research in Sweden.

Average TSR past 10 years

16%

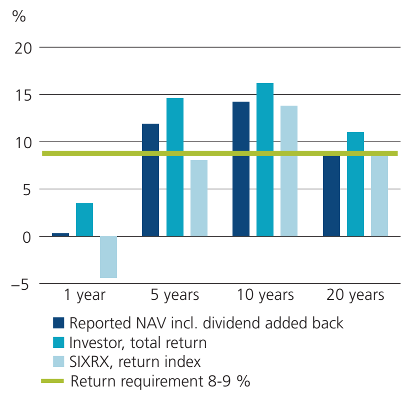
Objectives and outcome

We are committed to generating an attractive long-term total return. 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.

OBJECTIVE	OUTCOME

Grow our net asset value

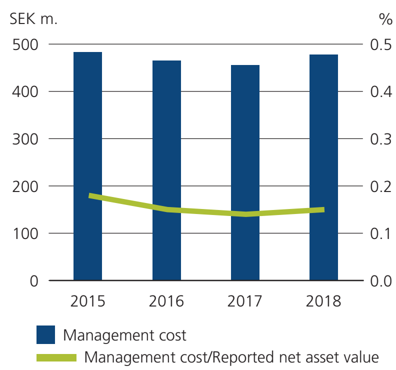
To achieve attractive net asset value growth, we own high-quality companies and are an engaged owner, supporting our companies to achieve profitable growth. We strive to allocate our capital wisely.



Our reported net asset value amounted to SEK 327.5 bn. at year-end 2018 (336.3), a change, with dividend added back, of 0 percent (15). The SIXRX total return index was –4 percent (9). The average annualized return on reported net asset value including dividends added back has been 14 percent over the past ten years and 9 percent over the past 20 years.

Operate efficiently

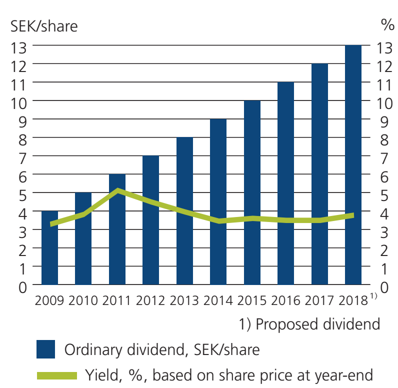
We maintain cost discipline to remain efficient and in order to maximize our operating cash flow. Our target, set in 2015, is that annual management costs should not exceed SEK 500 m. adjusted for wage inflation and currency effects.



Management costs amounted to SEK 478 m. (455), corresponding to approximately 0.15 percent of our reported net asset value (0.14).

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.



The Board of Directors proposes a SEK 13.00 dividend per share (12.00), to be paid in two installments, SEK 9.00 per share in May, 2019, and SEK 4.00 per share in November, 2019. Based on this proposal, on average our dividend has increased by 10 percent annually over the past five years and 13 percent over the past ten years.

Sustainability is an integrated part of our ownership model, including specific priorities for our companies, i.e. the listed core investments, major wholly-owned subsidiaries, partner-owned investments and EQT. These priorities are related to anti-corruption, business ethics, human rights, environment and innovation, among others.

OBJECTIVE | **OUTCOME**

Business ethics

Acting responsibly and ethically is crucial for our companies to maintain high levels of credibility.

100%

of our companies have a Code of Conduct.

Anti-corruption

Investor does not tolerate bribery or corruption under any circumstances.

100%

of our companies have an Anti-corruption policy and training in place.

Human rights

Our companies are expected to comply with all applicable laws, regulations, adhere to the UN Global Compact, commit to the UN SDGs, and support the ILO conventions and the OECD guidelines for Multinational Enterprises.

83%

of our companies have signed the UN Global Compact.

100%

of our companies have a whistle-blowing system in place to report violations. In 2018, we encouraged our companies to make the whistle-blowing procedures available for external stakeholders.

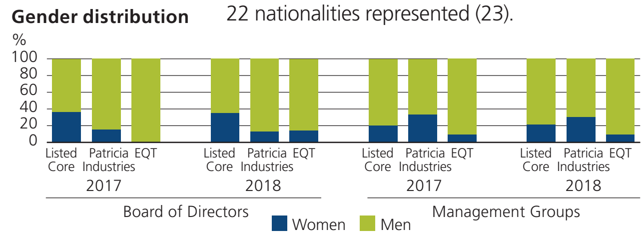
Diversity

Our companies are expected to encourage and promote diversity in their organizations.

The share of women in the companies' boards of directors amounts to 25 (25) percent. In the listed portfolio, the share is 35 percent. In the total portfolio, the average age is 53 (57) and there are 16 nationalities represented (18).

The share of women in the companies' management groups amounts to 24 percent (25). The average age is 51 (51) and there are 22 nationalities represented (23).

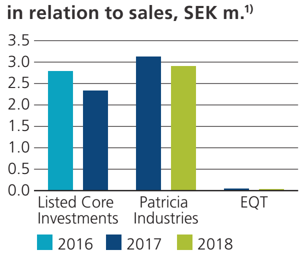
Gender distribution



Environment

Our companies are expected to pursue sustainable products, energy efficient processes, and to reduce their CO_2 emissions over time. Our share of the companies' CO_2 emissions: 449,170 tonnes (427,010).

Tonnes of carbon emissions in relation to sales, SEK m.[1)]



1) The figures are based on direct and indirect emissions in scope 1 and 2, for the two latest available years as reported by our companies. Sobi's carbon emissions only include its Swedish operations.

Society

Investor's indirect economic impact contributes to, for example, job creation and technological innovation in our companies.

SEK 9.2 bn.

In 2018, our total paid dividend amounted to SEK 9.2 bn., whereof approx. SEK 2.1 bn. was distributed to the Wallenberg Foundations, whose purpose is to grant funding to scientific research in Sweden. Our corporate citizenship activities with various partners such as Young Enterprises and Business Challenge and support to universities amounted to SEK 10 m.

Labor

With nearly 500,000 co-workers world-wide, it is crucial that our companies work with competence development, employee engagement and ensure a safe and healthy work environment.

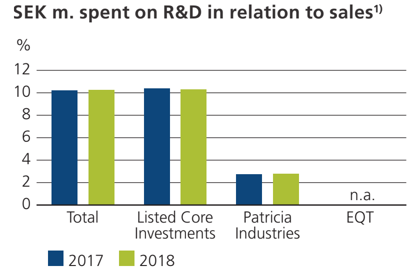
96%

of our companies measure employee satisfaction on a regular basis.

Innovation

Investment in innovation is a key component in the development of sustainable and efficient products and services.

SEK m. spent on R&D in relation to sales[1)]



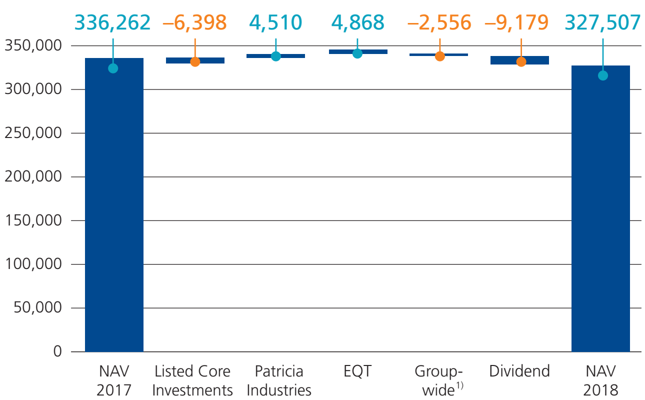
1) Patricia Industries' data excludes Aleris, Grand Group, Sarnova, Vectura and Three Scandinavia, due to limited R&D.

Financial development

Adjusted net asset value, based on estimated market values for the major wholly-owned subsidiaries and partner-owned investments within Patricia Industries, amounted to SEK 372.0 bn., a decline of 1 percent. Reported net asset value was unchanged and amounted to SEK 327.5 bn. Our total shareholder return was 4 percent, while the SIXRX return index was –4 percent.

The contribution to reported net asset value from the business areas during 2018 amounted to SEK –6,398 m. from Listed Core Investments (42,636), SEK 4,510 m. from Patricia Industries (766) and SEK 4,868 m. from EQT (3,144).

Contribution to reported net asset value, SEK m.

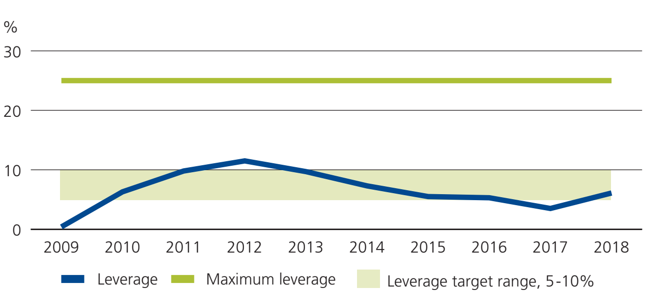


1) Including net financial items, repurchases of shares, equity effects and management costs.

Net debt and leverage

Investor's net debt amounted to SEK 21,430 m. at year-end (12,224), corresponding to leverage of 6.1 percent (3.5). Gross cash amounted to SEK 11,294 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 a longer period of time. The leverage policy allows us to capture investment opportunities and support our companies.

Leverage



Change in net debt

SEK m.	2018
Opening net debt	**–12,224**
Listed Core Investments	
Dividends	8,656
Other capital distributions	1,661
Investments, net of proceeds	–3,382
Management cost	–109
Total	**6,825**
Patricia Industries	
Proceeds	6,387
Investments	–10,886
Internal transfer to Investor	–1,580
Management cost	–252
Other[1]	–20
Total	**6,351**
EQT	
Proceeds (divestitures, fee surplus and carry)	4,228
Draw-downs (investments and management fees)	–4,014
Management cost	–9
Total	**205**
Investor Groupwide	
Dividend paid	–9,179
Internal transfer from Patricia Industries	1,580
Management cost	–108
Other[2]	–2,179
Closing net debt	**–21,430**

1) Including currency related effects on investments in foreign currency.
2) Including currency related effects, revaluation of net debt and net interest paid.

Risk and uncertainty factors

Risk management is an integral part of Investor's governance and follow-up of operations. The Board is responsible for setting appropriate risk levels and establishing authorities and limits. The Management establishes procedures to adhere to and follow-up on set policies. The boards and the management teams in the wholly-owned subsidiaries manage the risks in their respective businesses and decide on appropriate risk levels and limits. Commercial and financial risks are the most significant risks and uncertainty factors affecting the Group.

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 impacts our net asset value, limits investment potential or prevents divestments at a chosen time. The overall portfolio risk is mitigated by investments in several different industries and geographies. Commercial risks in the wholly-owned subsidiaries are managed by continuous focus

372
Adjusted net asset value SEK bn.

on agile and flexible business models, product development, customer needs, market analysis and cost efficiency.

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. Investor partly uses hedging to manage fluctuations in exchange rates and interest rates.

For a more detailed description, see note 3, Risks and risk management, page 59.

Future development

Within Listed Core Investments, we focus on making more companies best-in-class, and on gradually strengthening our ownership in selected holdings. We will continue to focus on achieving profitable growth, with strong focus on corporate structures, further improving agility and supporting our companies in preparing for potentially tougher times ahead. We always try to do what we believe is best for each individual company.

Within Patricia Industries, we focus on continued profitable growth in the existing companies and finding new wholly-owned subsidiaries in the Nordics and in North America.

We will continue to invest selectively in EQT funds.

We will continue to focus on operating efficiently and remain committed to paying a steadily rising dividend over time.

Overview of net asset value

	Reported values					Adjusted values[3]	
	12/31 2018				12/31 2017	12/31 2018	12/31 2017
	Ownership, % (capital)	Share of total assets (%)	Value SEK m.	Contribution to net asset value	Value SEK m.	Value SEK m.	Value SEK m.
Listed Core Investments							
Atlas Copco	16.9	12	43,373	–7,793	72,877	43,373	72,877
ABB	10.7	11	39,480	–9,830	50,891	39,480	50,891
SEB	20.8	11	39,206	–1,875	43,705	39,206	43,705
AstraZeneca	4.1	10	34,806	6,685	29,302	34,806	29,302
Sobi	39.4	6	20,696	8,645	12,051	20,696	12,051
Ericsson	7.2	5	18,552	6,052	11,737	18,552	11,737
Epiroc	17.1	5	17,219	–1,378	–	17,219	–
Wärtsilä	17.7	4	14,902	–2,616	18,013	14,902	18,013
Nasdaq	11.8	4	14,187	2,196	12,268	14,187	12,268
Saab	30.2	4	12,576	–2,120	13,033	12,576	13,033
Electrolux	16.4	3	9,459	–3,281	12,613	9,459	12,613
Husqvarna	16.8	2	6,351	–973	7,542	6,351	7,542
Total Listed Core Investments		**78**	**270,807**	**–6,398[1]**	**284,030**	**270,807**	**284,030**
Patricia Industries							
Subsidiaries	Total exposure						
Mölnlycke	99	6	19,637	3,466	19,681	55,845	58,637
Permobil	96	1	4,209	87	4,402	9,946	8,784
Piab	96	2	5,470	–41	–	5,511	–
Laborie	98	1	4,817	115	4,492	4,846	4,657
Sarnova	86	1	4,637	164	–	4,479	–
Vectura	100	1	2,848	296	2,552	3,406	2,902
BraunAbility	95	1	1,942	227	2,921	3,163	3,002
Aleris	100	1	2,831	–248	3,008	1,844	3,493
Grand Group	100	0	187	–10	197	343	701
		13	**46,578**	**4,055**	**37,252**	**89,382**	**82,176**
Three Scandinavia	40	1	4,108	102	4,197	5,801	7,758
Financial Investments		2	7,277	605	7,164	7,277	7,164
Total Patricia Industries excl. cash		**17**	**57,963**	**4,510[1]**	**48,614**	**102,459**	**97,099**
Total Patricia Industries incl. cash			*70,980*		*67,982*	*115,476*	*116,467*
EQT		6	**20,828**	**4,868[1]**	**16,165**	**20,828**	**16,165**
Other assets & liabilities		0	–660	–11,734[1,2]	–323	–660	–323
Total Assets excl. Patricia Industries' cash		**100**	**348,938**		**348,486**	**393,435**	**396,971**
Gross debt			–32,724		–31,123	–32,724	–31,123
Gross cash			11,294		18,899	11,294	18,899
Of which Patricia Industries			*13,017*		*19,368*	*13,017*	*19,368*
Net debt			–21,430		–12,224	–21,430	–12,224
Net asset value			**327,508**	**–8,755**	**336,262**	**372,004**	**384,747**

1) Including management costs, of which Listed Core Investments SEK 109 m., Patricia Industries SEK 252 m., EQT SEK 9 m. and Groupwide SEK 108 m.
2) Including paid dividends of SEK 9,179 m.
3) As supplementary information, major wholly-owned subsidiaries and partner-owned investments within Patricia Industries presented at estimated market values.

Engaged ownership

We believe in engaged ownership and take a long-term investment perspective. Our ambition is for our companies to remain or become best-in-class, to outperform competition and reach their full potential.

We work continuously to support our companies to remain or become best-in-class.	We have strong ownership positions, exercise our influence through the boards, develop and drive value creation plans and continuously follow-up on performance.	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 about execution.

Investment philosophy

Our investment philosophy is "buy-to-build", and to develop the companies over time, as long as we see further value creation potential. We actively support our companies in making attractive investments, and are willing to sacrifice short-term profitability for longer-term value creation. We firmly believe that to become or remain best-in-class, companies must have the ability to invest in research and development, regardless of pressure from the stock market or from other external forces. However, our long-term perspective is never an excuse for weak short-term performance.

If we arrive at the conclusion that a certain company would be better off in a different ownership, or that it no longer offers attractive enough development potential, we would actively drive an exit process and try to maximize the value for our shareholders.

Best-in-class boards

Investor is often the largest shareholder in our companies and we always work with the opportunities and challenges facing each individual company. We exercise our influence through our representation on the companies' 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.

We believe in boards of limited size, which still allows for sufficient breadth of capabilities while ensuring a high level of individual accountability and time commitment. Our experience is that a well-functioning board is diverse in terms of age, gender and background. The board should include individuals with relevant industrial, functional and geographic knowledge which is not too narrow or specific. Most importantly, the board should have the experience and competence necessary to support the company's long-term ambitions. Investor expects the boards to engage in strategic issues in order to ensure investments in long-term attractive opportunities. We strive for strong alignment with the chairperson and regularly invite all chairpersons in our companies to a "Chairs' Circle" to discuss key trends and share knowledge.

Value creation plans

Our ownership work is mainly carried out by our business teams consisting of our board representatives, investment managers and analysts. The business teams analyze the industries and

benchmark the companies' performance versus their competitors. Based on the analysis, 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, in order to maximize long-term value. The plans typically focus on operational excellence, profitable growth, capital structure, industrial structure, innovation, sustainability, talent management and corporate health.

We maintain a close and continuous dialog around value creation with the companies' boards and CEOs. It is critical that the owners, boards and management teams are aligned and that the value creation plans are followed-up periodically and thoroughly.

Cash flow generation

Over the past decade, we have established strong cash flow generation based on dividends from our listed core investments, distribution from Patricia Industries' companies and net proceeds from our investments in EQT. This cash flow allows us to finance investments in both existing and new companies and to pay a steadily rising dividend.

Investment criteria

We own companies in industries we understand well, and in which we can use our experience, network, and financial expertise. This means that we invest in companies in the Nordic region and in North America, mainly within:

- engineering,
- healthcare,
- financial services and
- technology.

Attributes that we seek in our investments are:

- strong market positions,
- sustainable and flexible business models,
- strong corporate cultures,
- exposure to growth markets,
- strong cash flow,
- continuous focus on innovation and R&D, and
- exposure to service and aftermarket sales.

We consider sustainability matters in all investing activities and have a structured ownership approach to sustainability.

Our sustainability work as an owner

As an engaged investor and owner of many companies of different sizes and development stages, Investor aims to be a good and reliable corporate citizen and contribute to sustainable development. It is in our role as an owner we have the most impact through the capital we provide, the active ownership role that we play and the employment, innovations, products and services delivered by our companies.

We have a structured ownership approach to sustainability based on our Sustainability Guidelines and company specific focus areas. As our portfolio is well-diversified, the company specific focus areas vary depending on industry, development stage, and the risks and opportunities that are relevant for each company. Examples of focus areas could be governance structure, supplier control, innovations, energy efficiency and diversity.

We meet the portfolio companies' Heads of Sustainability in Investor's Sustainability Network to share experiences and knowledge. Through the annual sustainability self-assessment questionnaire, we follow-up and monitor progress. Our analysts track the development continuously and the company specific focus areas are monitored through the same process and principles as for the value creation plans. If a serious sustainability related issue occurs in one of our companies, the business team is responsible for raising the matter and for monitoring the steps the company takes to address the issue.

Our sustainability work as a company

Investor continuously works to improve our social, environmental and economic impact. The Board decides on the sustainability approach and has adopted a Sustainability Policy. We support universally recognized human rights and assume long term accountability for ethical standards. We acknowledge that our commitment to financial performance also takes into account the broader economic, environmental and social impacts of our own operations and those of our portfolio companies. We are a signatory of the UN Global Compact and its ten principles and support the ILO conventions and the OECD guidelines for Multinational Enterprises. We are committed to the UN Sustainable Development Goals (SDG) and have identified contributions to a number of them. Number 8, Decent Work and Economic Growth, is the most central one, as it focuses on how we can contribute to sustainable and long-term economic growth, while ensuring safe and fair working conditions. Investor is involved in a working group, SISD, together with other Swedish investors, with the aim of developing more efficient performance indicators and processes to measure development of the 17 SDGs. We strive to be transparent by having an active dialog with our stakeholders, as well as annually measure and report progress.

Investor ensures a good local tax reputation in consistence with tax laws and practices in the markets we operate in. We strive to take a commercial approach rather than a tax driven approach when operating our business.

Investor supports several organizations that contribute to the development of society and entrepreneurship, such as IVA, SNS, Forum för Välfärd, Chambers of Commerce, Business Challenge and Young Enterprise Sweden.

Our direct environmental impact is limited, but we take action to limit our negative impact and carbon footprint. This includes cautious use of natural resources and energy as well as managing waste in an environmentally sound manner. At our main premises in Stockholm we only use green energy. For 2018,

OUR OWNERSHIP SUSTAINABILITY GUIDELINES

The sustainability guidelines describe our basic expectations on our companies. We expect them to;

- act responsibly and ethically and in compliance with local and national legislation in each country of operation,
- continuously improve social, environmental and economic impact,
- support and invest in innovation,
- analyze risks, formulate policies and objectives, and to have adequate processes in place to manage and monitor sustainability risks,
- sign and adhere to the UN Global Compact and its ten principles, commit to UN SDGs and support the ILO conventions and 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 for whistleblowing in place.

our share of the portfolio companies' carbon emissions amounted to 449,170 tonnes (427,010). Investor's own emissions amounted to 688 tonnes (864).

As an employer, Investor focuses on providing an open and inclusive working environment where ethical behavior and respect for each individual is key. We invest in and ensure that our employees can develop over time. Through employee surveys we follow up on engagement and motivation.

Our Code of Conduct guides all employees in their day to day work based on our values as well as internal policies on e.g. Anti-Corruption and Whistleblowing. In 2018 our whistleblowing procedure was made available for external stakeholders. Investor received three reports, of which one was Human Resource-related and two related to situations in our companies. All reports have been processed and managed.

Stakeholder dialog and materiality assessment

Our most relevant stakeholders have been identified based on their interest and potential impact from and on Investor's investing activities. Our most material stakeholders are employees, portfolio companies, financial market participants, shareholders, partners, such as universities and business partners, and society, including authorities and NGOs.

Investor's most significant sustainability issues have been identified and prioritized via ongoing dialogs, group meetings, and interviews with our employees and external stakeholders. This includes meeting regularly with institutional investors to discuss what they see as our largest direct and indirect impact. We also meet our companies to raise and discuss significant sustainability topics.

Aspects that have been raised by stakeholders are the importance of business ethics and the importance of influencing the companies to create sustainable business models and work in a sustainable way. Our investors stress the importance of active governance of sustainability issues both as a company and as an owner in order to ensure Investor's long-term attractiveness as an investment. The society underlines the importance of transparency and a long-term perspective. Our employees highlight talent management, diversity and corporate culture.

OUR MAIN SUSTAINABILITY PRIORITIES	
Financial strength and long-term return	Sustainable business with strong balance sheet and cash flow to create investment capacity and thus long-term value.
Business ethics	Ethical business conduct, prevention of unethical behavior, corruption and bribery is key to maintain trust.
Indirect economic influence	Investor's contribution through our ownership to employment, growth, innovation and development is key.
Influence the companies to create sustainable business models	As owners, we stress the importance of investments in customer benefit including energy and waste efficiency in usage of products and services, automated processes and in innovation in the portfolio companies in order to capture opportunities and reduce the overall negative impact.
Corporate governance	Corporate governance issues, such as board independence, diversity, competence and compensation, are handled in an adequate and transparent manner.
Engaged ownership	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 in order to reduce negative impact and increase trust.

In 2018 we saw an increased focus on sustainability, innovation, cash flow generation and digitalization from our existing and potential investors. The results from the dialogs together with business intelligence and strategic priorities, have served as a base to further pinpoint our sustainability priorities and reporting.

Our sustainability reporting

Our sustainability work is disclosed in our Annual Report, on our website where our Sustainability Policy, Code of Conduct, guiding principle on tax and whistleblowing procedure are available and in the Communication of Progress to the UN Global Compact. We report according to Global Reporting Initiative (GRI) and report our carbon footprint to CDP.

The listed companies, a number of the wholly-owned subsidiaries within Patricia Industries, and EQT, publish their own sustainability reports. Our sustainability KPIs on page 7 include aggregated data per business area. The wholly-owned subsidiaries within Patricia Industries have sustainability sections on pages 22-30.

Direct economic value[1], 2018

Investor aims to continuously generate sustainable, economic value and simultaneously have a positive impact on society and the environment, thus creating shared value.

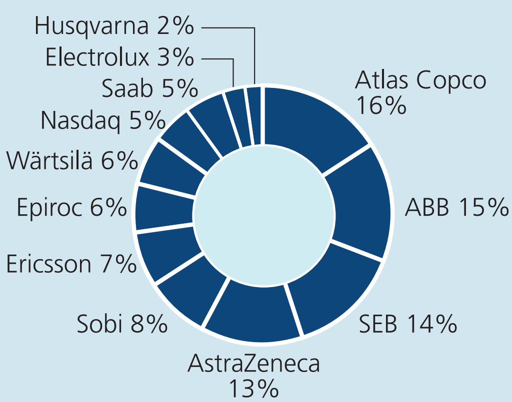
312 SEK m.	301 SEK m.	386 SEK m.	13.3 SEK bn.	9.2 SEK bn.	1.0 SEK bn.	–3.6 SEK bn.
Employees; salaries and social charges	Suppliers; payments	Society; taxes and fees[2]	Net investments	Shareholders; paid dividend	Paid interest	Change in adjusted NAV, including dividend paid

1) Excluding operating subsidiaries.
2) Including operating subsidiaries, paid taxes and fees amount to SEK 1,586 m.

Listed Core Investments

Listed Core Investments, representing 69 percent of our total adjusted assets as of year-end 2018, consists of listed companies in which we are a significant minority owner.

271 SEK bn. | **69%** of total adjusted assets



Highlights

- ABB announced the divestiture of its Power Grids division and a simplification of its organization.
- Atlas Copco successfully completed the spin-off of Epiroc and announced several important acquisitions.
- Husqvarna initiated a restructuring to increase focus on its core brands.
- The U.S. Air Force selected Saab and Boeing T-X trainer aircraft. The company also successfully completed a SEK 6 bn. rights issue.
- Sobi diversified its offering through transformational acquisitions and strengthened its presence in the U.S.
- Wärtsilä made several important acquisitions, strengthening its offering mainly within Marine.
- Important board changes were made in several companies.

Investor's listed core investments are multinational companies with strong market positions and proven track records. In general, these companies are well positioned and we work continuously to support them to remain or become best-in-class.

Owning significant minority stakes in our listed core investments, we are typically the largest shareholder. This creates a solid base for engaged ownership and is a prerequisite for being able to influence the board composition and to impact key strategic decisions.

We typically head the nomination committees and use our professional network to select board candidates. We strive to have two board representatives, including the Chairperson, in each board.

Capital allocation

We focus on continuing to strengthen our ownership in selected companies when we find valuations attractive. We are also prepared to participate in rights issues in our companies, providing they are value-creating. While we do not actively seek new listed investments, we do not rule out additional investments should attractive opportunities arise.

Performance 2018

The total return of Listed Core Investments was –2 percent. The contribution to reported net asset value was SEK –6.4 bn. Given the proposals ahead of the Annual General Meetings 2019, ordinary dividends to be received in 2019 for the fiscal year 2018 are currently estimated at approximately SEK 9.3 bn. (SEK 9.5 bn. including the extraordinary dividend from SEB), an increase of approximately 8 percent compared to 2018.

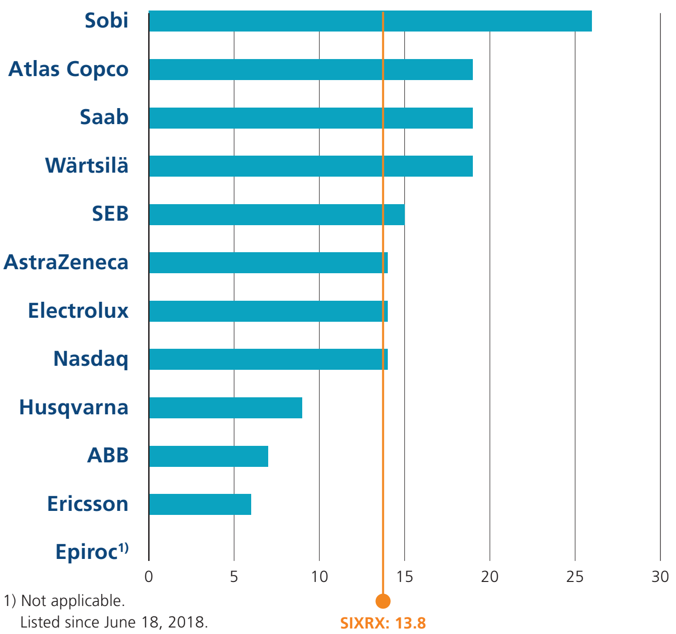
Investments during the year

In line with our strategy to gradually increase our ownership in selected listed core investments when we find attractive opportunities and participate in value-creating rights issues, we invested SEK 3.4 bn. in Electrolux, Ericsson and Saab during the year.

Going forward

We will continue our efforts to further develop the companies with strong focus on opportunities and challenges driven by digitalization, sustainability and competence re-skilling.

Average annual return, % (10 years)



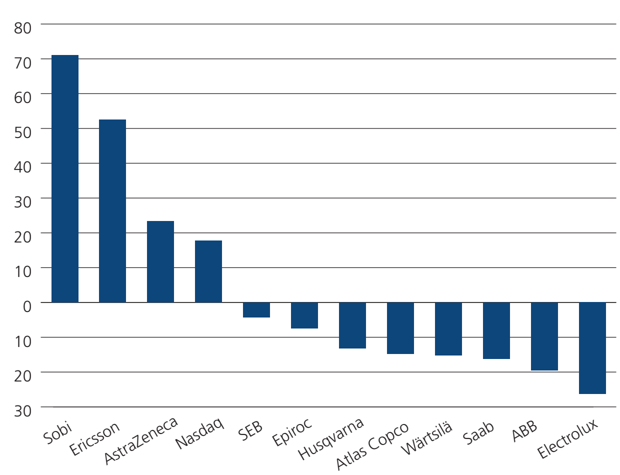
1) Not applicable.
Listed since June 18, 2018.

Company	Board members from Investor
ABB	Jacob Wallenberg (Vice Chair), Gunnar Brock
AstraZeneca	Marcus Wallenberg
Atlas Copco	Hans Stråberg (Chair), Johan Forssell
Electrolux	Petra Hedengran
Epiroc	Johan Forssell
Ericsson	Jacob Wallenberg (Vice Chair)
Husqvarna	Tom Johnstone, (Chair), Daniel Nodhäll
Nasdaq	Jacob Wallenberg
Saab	Marcus Wallenberg (Chair), Sara Mazur, Daniel Nodhäll
SEB	Marcus Wallenberg (Chair), Helena Saxon
Sobi	Helena Saxon, Lennart Johansson
Wärtsilä	Tom Johnstone (Vice Chair), Johan Forssell

Overview

Ownership Significant minority owner	Total shareholder return, %	–2
Ownership perspective Long-term, buy-to-build strategy	Net asset value, SEK bn.	271
Board representation Preferably two, including the chair	Dividends received, SEK bn.	8.7
Valuation methodology Share price	Net invested, SEK bn.	3.4

Total shareholder return 2018, Investor, % [1]



1) Calculated as the sum of share price changes with reinvested dividends, including add-on investments and/or divestments.

Atlas Copco

SEK 43 bn.
value of holding

11%
of total adjusted assets

16.9%/22.3%
of capital/of votes

OUR VIEW

- Atlas Copco is a leader in sustainable productivity solutions with a successful decentralized and asset-light business model, a large aftermarket business and a strong culture built on innovation.
- Operating performance and shareholder return have been strong for many years. 2018 was another good year operationally, despite moderating demand from the semiconductor and automotive industries. During 2018 Epiroc was split from Atlas Copco, creating two focused companies.
- Continued growth, investments in research and development, further strengthening the group's margin resilience and accelerating digitalization, are key for future value creation.

www.atlascopcogroup.com

ABB

SEK 39 bn.
value of holding

10%
of total adjusted assets

10.7%/10.7%
of capital/of votes

OUR VIEW

- ABB is well positioned in the electrification and automation industries with leading product portfolios, broad geographic presence and strong market positions.
- ABB's performance has been mixed over the last years and the company is executing on a number of initiatives to improve operational performance. At the end of 2018, ABB announced the divestment of Power Grids and a new simplified and decentralized organization.
- Finalizing the divestment of Power Grids, operational improvements in the new organization and delivering on the plan for the recently acquired low voltage business are key for future value creation.

www.abb.com

SEB

SEK 39 bn.
value of holding

10%
of total adjusted assets

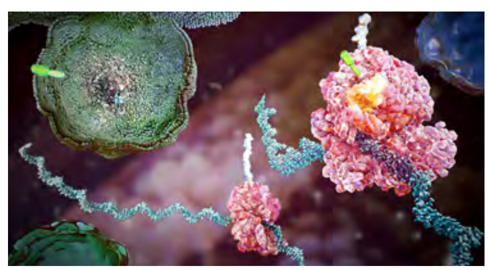
20.8%/20.8%
of capital/of votes

OUR VIEW

- Founded by the Wallenberg family in 1856, SEB is a leading Nordic financial services group with strong corporate and private customer relationships across its home markets.
- SEB has delivered strong operational performance over the past decade with disciplined cost control, low credit losses and a strengthened balance sheet, resulting in an attractive shareholder return. In 2018, SEB launched an updated strategy including additional investments focused on operational excellence, advisory leadership and extended digital presence.
- Continued focus on operational efficiencies and investments in new revenue generating customer experiences are key for future value creation.

www.sebgroup.com

AstraZeneca



SEK 35 bn.
value of holding

9%
of total adjusted assets

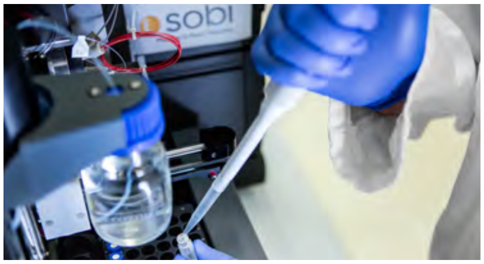
4.1%/4.1%
of capital/of votes

OUR VIEW

- AstraZeneca is a global science-led biopharmaceutical company focused on delivering innovative treatments in three therapeutic areas. The company has a leading position in emerging markets and a fast growing oncology franchise.
- Shareholder return has been strong over the last years while operating performance has been weaker due to a number of key products going off patent. In 2018 product sales returned to growth after several years of decline.
- Strong R&D productivity, successful commercialization of new treatments and maintained leadership in fast growing emerging markets, are key for future value creation.

www.astrazeneca.com

sobi
Pioneer in Rare Diseases



SEK 21 bn.
value of holding

5%
of total
adjusted assets

39.4%/39.4%
of capital/of votes

OUR VIEW
- Sobi is an international biotechnology company dedicated to innovative treatments for rare diseases and niche indications. The company was first to market outside the U.S. with a long-acting haemophilia A treatment and today has a leading haemophilia franchise.
- Sobi has delivered strong operational performance and shareholder return over the last years driven primarily by the successful haemophilia launch in Europe. During 2018, Sobi broadened the portfolio and strengthened its immunology business through the acquisitions of the global rights to Gamifant and the US rights to Synagis.
- The continued building of a strong haemophilia business, broadening of the product portfolio and successful integration of the recently acquired Synagis and Gamifant, are key for future value creation.

www.sobi.com

ERICSSON

SEK 19 bn.
value of holding

5%
of total
adjusted assets

7.2%/22.5%
of capital/of votes

OUR VIEW
- Ericsson is a leading provider of telecom network equipment and related services. With its competitive product portfolio, Ericsson is driving innovation within the next generation of radio-based communication.
- Ericsson's earnings growth and total shareholder return have been weak for several years. However, in 2018, the company showed significant operational improvement as it executed on the focused strategy announced in 2017.
- Continued operational improvements and investments to stay at the forefront of the next generation radio technology are key for future value creation.

www.ericsson.com

Epiroc

SEK 17 bn.
value of holding

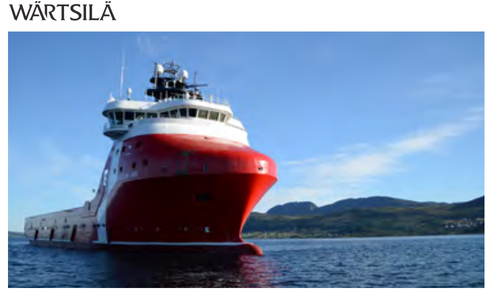
4%
of total
adjusted assets

17.1%/22.7%
of capital/of votes

OUR VIEW
- Epiroc is a leading equipment manufacturer within mining and infrastructure. The company has a strong position in the attractive underground hard rock niche and a well-proven operating model with significant aftermarket revenues and industry-leading profitability.
- Following the split from Atlas Copco, Epiroc became an independent listed company in June 2018. Operational performance following the split has been strong.
- Continued improvement in operational performance and strengthening its position as a leading productivity provider through investments in electrification and automation are key for future value creation.

www.epirocgroup.com

WÄRTSILÄ



SEK 15 bn.
value of holding

4%
of total
adjusted assets

17.7%/17.7%
of capital/of votes

OUR VIEW
- Wärtsilä is a leading supplier of hardware and software based solutions to the marine and energy markets. The company's solutions maximize the customers' financial performance while minimizing the environmental impact from vessels and power plants.
- Operational performance has been resilient over the last years despite tough end markets. During the year Wärtsilä acquired Transas, a global leader in marine navigation solutions, to strengthen its Smart Marine offering.
- Continued efficiency improvements, good growth in the service business, and developing strong offerings in Smart Marine and in the changing energy market are key for future value creation.

www.wartsila.com

Nasdaq

SEK 14 bn.
value of holding

4%
of total adjusted assets

11.8%/11.8%[1)]
of capital/of votes

OUR VIEW

- Nasdaq is a leading global provider of financial markets infrastructure, technology and information services. The company has pushed technological development in the industry since pioneering the first electronic stock market in the 1970s.
- Cash flow and shareholder returns have been strong in recent years. In 2018, Nasdaq took several actions to re-position the company in line with its new strategic direction. Parts of the Corporate Solutions business were divested and Nasdaq made investments into its growth segments Information Services and Market Technology.
- Best-in-class performance in the trading business, and to continue to grow the attractive information services and market technology businesses are key for future value creation.

www.nasdaq.com

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

SAAB

SEK 13 bn.
value of holding

3%
of total adjusted assets

30.2%/39.7%
of capital/of votes

OUR VIEW

- Saab is a leading innovative defense company with strong system integration skills focused on niches in the global defense industry. The company has won a number of large orders over the last years and today has an order book in excess of SEK 100 bn.
- Saab's order wins have supported strong sales growth and shareholder returns. In 2018, the U.S. Air Force selected the Saab and Boeing T-X trainer and awarded Boeing a USD 9 bn. order. Saab acts as a risk-sharing partner to Boeing in the development of the plane. The company also raised SEK 6 bn. in a rights issue to strengthen the balance sheet and support further order wins and future growth.
- Successful execution of the large projects, improved profitability and continued order wins are key for future value creation.

www.saabgroup.com

Electrolux

SEK 9 bn.
value of holding

2%
of total adjusted assets

16.4%/28.3%
of capital/of votes

OUR VIEW

- Electrolux is a leading global appliance company with a strong brand portfolio, an asset-light business model, and a high focus on sustainability and innovative customer experiences.
- Electrolux has successfully improved its profitability over the last years supporting an attractive shareholder return. However, 2018 was a tough year due to significant headwinds from raw material prices, FX and tariffs.
- In early 2019, Electrolux announced the proposal to separate its Professional business into a new listed company.
- Continued high focus on operational excellence, best-in-class customer experience, and a turnaround of the performance in North America are key for future value creation. It will also be important to successfully finalize the separation of Electrolux Professional.

www.electroluxgroup.com

Husqvarna Group

SEK 6 bn.
value of holding

2%
of total adjusted assets

16.8%/33.0%
of capital/of votes

OUR VIEW

- Husqvarna is a leading outdoor products company with strong brands, high end-customer focus and an innovative culture. The company is the market leader in the attractive and fast-growing robotic mowers category.
- Operating performance and shareholder return have been strong over the last years. However, 2018 was tough due to dry weather in Europe and a weak U.S. retail market. Following weak performance in the Consumer Brands division, Husqvarna will exit parts of the business and integrate the remaining parts in the Husqvarna and Gardena divisions.
- Strong execution in the new organization, continued investments in profitable growth niches, winning the petrol-to-battery shift and adapting to changing end-customer expectations, are key for future value creation.

www.husqvarnagroup.com

Value-creating activities within Listed Core Investments

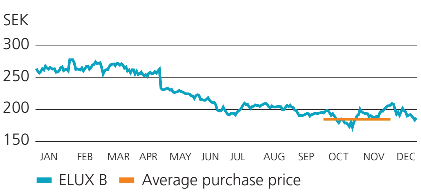
We own significant minority stakes in our listed portfolio companies and are typically the largest shareholder. This creates a solid base for engaged ownership. Creating value is the guiding principle in everything do. During 2018, we engaged in a number of value-creating activities.

Attractive investments

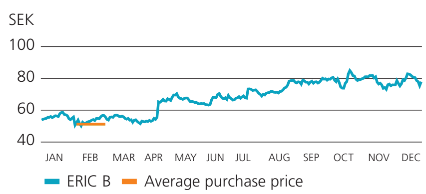
Strengthened ownership in Electrolux and Ericsson

In line with our strategy we continue to strengthen our ownership in selected companies when we find attractive investment opportunities. During the year we strengthened our ownership in Ericsson and Electrolux by investing approximately SEK 1.0 bn. and SEK 0.5 bn. respectively.

Electrolux



Ericsson



Saab's rights issue

We invested SEK 1.8 bn. in Saab's rights issue as the company is in a strong growth phase, with several major development projects in the order book. By strengthening its balance sheet, Saab will have the resources necessary to continue to develop these projects, invest in R&D, and create financial capacity for additional significant orders. We believe that the rights issue will create long-term value for Saab.

Structural actions

The spin-off of Epiroc from Atlas Copco

We supported Atlas Copco's decision to separate its Mining business and parts of its Construction business into a new company, Epiroc, which was completed in May 2018. As a long-term strategic owner of Atlas Copco, we believe that the split was a natural and logical next step, creating two focused, market-leading companies with strong platforms for continued profitable growth and long-term value creation for their shareholders.

ABB announced the divestiture of its Power Grids division and a simplification of its organization

We supported ABB's decision to divest its Power Grids division and to simplify its organization. The divestiture of Power Grids is industrially logical, takes place at the right time and allows ABB to focus on its automation and electrification businesses. We are confident that the simplification and decentralization of its organization, with a high degree of delegation of responsibility and accountability, are important steps to further improve ABB's performance.

Sobi's acquisition of Synagis from AstraZeneca

We supported Sobi's decision to acquire Synagis in the U.S. from AstraZeneca. The acquisition will complement Sobi's immunology franchise and allow Sobi to establish critical scale in the U.S. to drive growth. The addition will become an important strategic catalyst for Sobi's future development and will form a powerful platform for growth.

Best-in-class boards

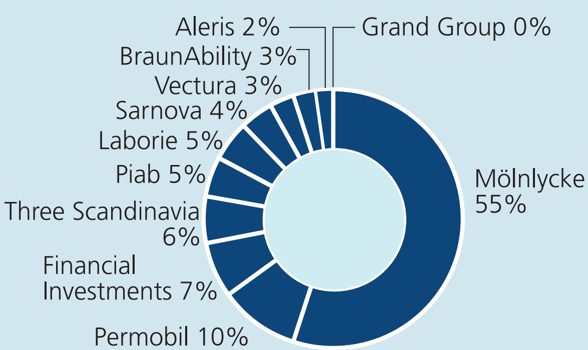
To be able to successfully build and actively support the development of best-in-class companies, we believe that it is imperative to have best-in-class boards. During the year, important board changes were made. For example, Ronnie Leten and Staffan Boman were elected new Chairpersons in in Ericsson and Electrolux respectively. Jacob Wallenberg joined the Nasdaq Board and Gunnar Brock the ABB Board.

Patricia Industries

Patricia Industries, representing 26 percent of our adjusted total assets as of year-end 2018, consists of our wholly-owned and partner-owned companies, as well as financial investments.

102 SEK bn.

26% of total adjusted assets



Highlights

- Patricia Industries acquired two new subsidiaries: Sarnova in the U.S. and Piab in Sweden.
- Patricia Industries' companies continued to grow organically, driven by investments in new products and sales force expansion.
- Aleris announced the divestment of its Care business.
- Laborie completed a major strategic acquisition of Cogentix Medical.
- The boards were strengthened in several companies, and new CEO's were appointed in Permobil and Three Scandinavia.
- All portfolio companies continued to work with challenges and opportunities related to digitalization, sustainability and competence re-skilling.

Patricia Industries' key focus is to invest in and develop wholly-owned companies in the Nordics and in North America. The aim is to exceed 90 percent ownership, with the companies' management and board directors as co-owners, to ensure full alignment.

With full responsibility for managing the ownership, Patricia Industries operates from offices in Stockholm, New York and Palo Alto, and has a separate investment mandate and a specially appointed Board of Directors.

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

The portfolio also includes financial investments, in which the investment horizon has not yet been defined.

Capital allocation

We focus on investing through our existing wholly-owned subsidiaries, for example to finance organic growth initiatives or add-on acquisitions. While the main priority is to further develop the existing companies, we also look for new subsidiaries offering attractive long-term profitable growth opportunities, both in the Nordics and in North America.

Performance 2018

For the major subsidiaries, pro forma organic sales growth amounted to 5 percent in constant currency, while pro forma EBITA grew by 8 percent. Distributions to Patricia Industries totaled SEK 5.6 bn. Mölnlycke, Permobil, BraunAbility and Three Scandinavia all made distributions.

Within Financial Investments, seven companies were divested for a total SEK 0.8 bn., further strengthening the capacity to invest in existing and new subsidiaries.

Investments during the year

Net investments amounted to SEK 10.1 bn., mainly in the new wholly-owned subsidiaries Piab and Sarnova.

Going forward

We will focus on continued profitable growth in the existing companies and finding new subsidiaries in the Nordics and in North America.

PATRICIA INDUSTRIES
a part of Investor AB

Company	Board members from Patricia Industries
Aleris	Christian Cederholm
BraunAbility	Noah Walley
Grand Group	Hanna Eiderbrant
Laborie	Yuriy Prilutskiy
Mölnlycke	Gunnar Brock (Chair), Christer Eriksson
Permobil	Christian Cederholm
Piab	Christer Eriksson
Sarnova	Yuriy Prilutskiy
Three Scandinavia	Christian Cederholm, Lennart Johansson
Vectura	Thomas Kidane, Lennart Johansson

Overview[1)]

Ownership
Wholly-owned subsidiaries, partner-owned companies

Ownership perspective
Long-term, buy-to-build strategy

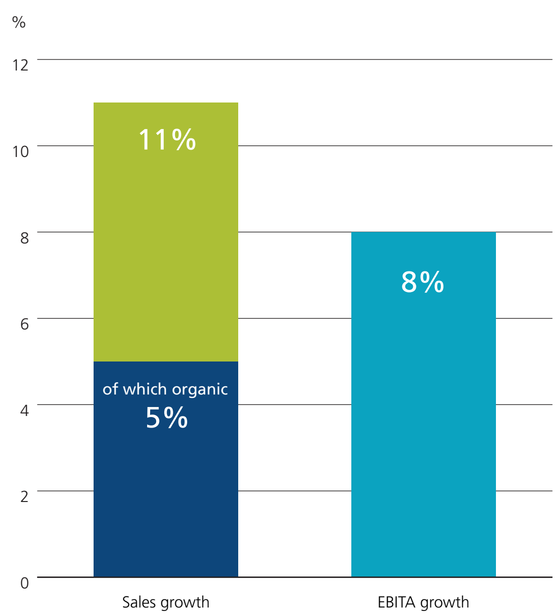
Board representation
Boards comprise of independent directors and directors from Patricia Industries

Valuation methodology
Acquisition method, equity method, other relevant methods, and estimated market values

Adjusted net asset value (ex. cash), SEK bn.	102
Adjusted value change,%	1
Total distribution received, SEK bn.	5.6
Net invested, SEK bn.	10.1

1) Governance and valuation methodology refer to subsidiaries and partner-owned investments.

Performance 2018, major subsidiaries



Mölnlycke®

SEK 56 bn.
Estimated value of holding

14%
of total adjusted assets

99%
Total exposure

Mölnlycke designs, manufactures and supplies single use products and solutions for managing wounds, improving surgical safety and efficiency, and preventing pressure ulcers.

Organic sales growth, constant currency

3%

Important events 2018

- Organic sales growth amounted to 3 percent in constant currency, with Wound Care growing faster than Surgical. Growth was mainly driven by emerging markets. The U.S. and Europe continued to grow.
- The EBITA margin was 26 percent. Profitability was impacted by increased sales and marketing costs to support recent product launches and non-cash costs related to a write-down of distribution real estate in Belgium.
- The roll-out of the Mepilex(R) Border Flex continued, with product launches in the U.S. and in parts of Europe.
- Mölnlycke distributed EUR 350 m. to Patricia Industries, reflecting the company's strong balance sheet.
- Mölnlycke acquired SastoMed, a German company offering products for acceleration of healing and treatment of chronic wounds. This acquisition strengthens Mölnlycke's offering within both active and passive wound healing. In early 2019, Mölnlycke also acquired M&J Airlaid, a manufacturer of a key component in Mölnlycke's best-selling wound care dressings.

Key figures, EUR m.	2018	2017
Net sales	1,452	1,443
EBITDA	418	400
EBITDA, %	29	28
EBITA	372	355
EBITA, %	26	25
Operating cash flow	374	326
Net debt	1,193	1,084
Number of employees	7,895	7,570

Key sustainability performance indicators	2018	2017
Carbon emissions, tonnes (Scope 1 and 2)	106,739	95,057
Emission reduction (Tonnes CO_2/tonnes finished product)	0.41	0.38
Employees trained on Code of Conduct, %	97	93
Number of accidents per million working hours (LTA)	2.1	2.5

www.molnlycke.com
Chair: Gunnar Brock
CEO: Richard Twomey

Important sustainability areas and related risks

- The most material aspects include sustainable supply chains, business ethics, diversity and equality, product quality and environmental impact.
- The principles are primarily addressed in the Code of Conduct, Sustainability Policy, Supplier Code of Conduct and Quality Policy.

Sustainability priorities 2018

- Assessment and update of compliance program, addressing subjects such as business ethics, anti-corruption and anti-competition law issues.
- Continued efforts to reduce the climate impact mainly through increased efficiency in supply chain logistics. The increase in CO_2 emissions was mainly due to the full effect of insourced production to a new factory in 2018.
- Continued efforts and trainings to implement Total Safety Leadership in the manufacturing Leadership teams. Other initiatives have been coordinated to increase the presence, understanding and engagement of the Leadership team in the operational safety work.

OUR VIEW

- Mölnlycke continues to offer attractive long-term profitable growth opportunities through its focus on delivering innovative, evidence-based quality products within wound management, pressure injury prevention and surgical solutions. Its asset-light business model and strong cash flow generation enable reinvestments in growth and capital distribution to Patricia Industries.
- It is important that Mölnlycke continues to focus on profitable growth through continued innovation and product launches, expansion in emerging markets and complementary acquisitions in both existing and new geographies.

permobil

SEK 10 bn.
Estimated value of holding

3%
of total adjusted assets

96%
Total exposure

Permobil provides advanced mobility and seating rehab solutions through development, production and sale of powered and manual wheelchairs, pressure-relieving cushions and power-assist devices.

Organic sales growth, constant currency

1%

Important events 2018

- Organic sales growth amounted to 1 percent in constant currency, with no major difference between business areas and regions.
- The EBITA margin amounted to 15 percent. Profitability improved significantly during the latter part of the year driven by initiatives to reduce costs.
- Permobil launched Permobil Connect, a digital solution helping powered wheelchair users to follow their health regime, and provides remote monitoring functionality.
- Permobil acquired a minority stake in Bellpal, a start-up providing service to predict and alert falls among wheelchair users and other groups with greater risk of fall-related injuries.
- Bengt Thorsson was appointed new CEO, effective September 2018.
- Permobil distributed SEK 600 m. to its owners, of which SEK 581 m. to Patricia Industries.

Important sustainability areas and related risks

- The most material aspects include creating quality of life for customers, reducing cost for the welfare system, ensure product safety, counteract bribery and corruption and develop skills of employees.
- The principles are primarily addressed in the core values, Code of Conduct, Anti-Corruption Policy and Supplier Code of Conduct.

Sustainability priorities 2018

- Launch of Tilite Pilot, pediatric manual wheelchair: designed to grow with the child and provide greater independence.
- Development of Permobil Connect: offers more efficient service and less disruption to end-users.
- Finalized new Code of Conduct for suppliers; signed by Permobil's strategic suppliers.

Key figures, SEK m.	2018	2017
Net sales	4,162	3,649
EBITDA	780	692
EBITDA, %	19	19
EBITA	634	558
EBITA, %	15	15
Operating cash flow	649	605
Net debt	3,088	2,141
Number of employees	1,565	1,620

Key sustainability performance indicators	2018	2017
Carbon emissions, tonnes (Scope 1 and 2)	10,252	9,261
Delivered medical products, units	574,000	540,000
Injury Rate, TCIR	3.0	n.a.
R&D intensity (R&D/sales), %	3.8	3.2

www.permobil.com
Chair: Martin Lundstedt
CEO: Bengt Thorsson

OUR VIEW

- As a globally leading provider of advanced mobility solutions, Permobil's ambition to increase life quality for its users through innovation has generated successful results historically. Its strong portfolio of brands, competitive product offering, innovation capabilities and leading market positions, form a strong base for providing accessibility for more users globally, thereby capturing additional growth.
- Focus remains on driving organic growth, complemented by add-on acquisitions to strengthen the product portfolio and sales capabilities in existing and new geographies.

piab

SEK 6 bn.
Estimated value of holding

1%
of total adjusted assets

96%
Total exposure

Piab develops, produces and distributes gripping and moving solutions for end-users and machine manufacturers to improve energy efficiency, productivity and work environment.

Organic sales growth, constant currency
9%

Important events 2018

- Organic sales growth amounted to 9 percent in constant currency, with all regions contributing to growth.
- The EBITA margin remained unchanged at 27 percent.
- Several new product lines were introduced, including grippers and End-of-arm-tooling for collaborative robots, with positive market reception.
- The integration of recently acquired SAS Automation and Feba Automation, continued.
- CEO Anders Lindqvist will be leaving Piab during the second quarter 2019 and a process to appoint a successor is ongoing.
- Ronnie Leten was appointed as new Chairperson, effective February 2019.

Important sustainability areas and related risks

- The most important aspects include profitable growth through continuous development of innovative and energy efficient products, committed employees, sound business ethics and counteracting corruption.
- The principles are primarily addressed in the Anti-Corruption Policy, Quality Management System and Code of Conduct.

Sustainability priorities 2018

- Continued development of Industry 4.0 products (piSMART) that are more energy efficient than previous products and of ergonomic lifting solutions that give the user increased safety and improved working environment.
- Completed implementation of Code of Conduct signed by employees.
- Implemented a Code of Conduct for suppliers.
- Initiative to produce an Employee Handbook has been initiated, to be completed during 2019.

Key figures[1], SEK m.	2018	2017
Net sales	1,255	1,028
EBITDA	354	289
EBITDA, %	28	28
EBITA	338	275
EBITA, %	27	27
Operating cash flow	216	245
Net debt	1,064	1,525
Number of employees	465	425

1) Consolidated as of June 14, 2018. Historical pro forma figures presented for information purposes.

Key sustainability performance indicators	2018	2017
Carbon emissions, tonnes (Scope 1 and 2)	1,075	n.a
Energy efficiency (piSMART pumps sold/total pumps sold), %	18	n.a
Employees signed off on Code of Conduct, %	64	n.a
R&D intensity (R&D/sales), %	4.4	n.a

www.piab.com
Chair: Ronnie Leten (effective February 2019)
CEO: Anders Lindqvist (will leave during the second quarter 2019)

OUR VIEW

- Piab has significant organic growth potential driven by the global automation trend within manufacturing and logistics as well as inorganic opportunities to increase market access and expand the product offering.
- The near-term priority is to drive continued growth by further leveraging the company's strong product portfolio, innovation capabilities and geographical expansion opportunities, while maintaining an agile cost structure.

LABORIE

SEK 5 bn.
Estimated value of holding

1%
of total adjusted assets

98%
Total exposure

Laborie develops, designs and distributes innovative capital equipment for the urology and gastroenterology sectors, with complementary and recurring high-volume sales of catheters and other diagnostic and therapeutic disposables.

Organic sales growth, constant currency

7%

Important events 2018

- Organic sales growth amounted to 7 percent in constant currency, mainly driven by strong performance in the urology business.
- The EBITA margin amounted to 11 percent, negatively impacted by significant costs relating to the acquisition of Cogentix Medical and the restructuring of Laborie's European business. During the second half of the year, the margin amounted to 25 percent.
- During the second quarter 2018, Laborie acquired Cogentix Medical for USD 215 m. (enterprise value). The acquisition significantly strengthens Laborie's product offering within urology diagnostics and therapeutics.

Key figures, USD m.	2018	2017
Net sales	181	134
EBITDA	22	29
EBITDA, %	12	22
EBITA	19	26
EBITA, %	11	19
Operating cash flow	–20	23
Net debt	278	57
Number of employees	580	470

Key sustainability performance indicators	2018	2017
Carbon emissions, tonnes (Scope 1 and 2)	478	460
Employees trained on Code of Conduct, %	98	96
R&D intensity (R&D/sales), %	4.0	4.0

www.laborie.com
Chair: Bo Jesper Hansen
CEO: Michael Frazette

Important sustainability areas and related risks

- The most material aspects include compliant commercial business practices, enhanced information systems security and data privacy and strengthening programs to reduce negative impact on the environment.
- The principles are addressed in the Compliance Policy, Code of Conduct and Quality System procedures.

Sustainability priorities 2018

- Delivered a new urodynamics platform, which improves the ability to reduce supply risk and enables compliance to technical and data standards.
- Enhanced the compliance program, leveraging a formal committee which is reshaping commercial compliance, sustainability and risk management programs.
- Increased the integration of sustainability activities into the business processes. These initiatives have focused on labor conditions, environmental protection and enhanced data protection.

OUR VIEW

- As the global leader in advanced urodynamic testing, the gold standard for diagnosing the underlying causes of complex urinary incontinence, Laborie is poised to continue its organic growth on the back of multiple long-term drivers such as an aging population and higher awareness of pelvic floor disorders.
- Near-term, the priorities for Laborie are to drive continued growth and product innovation in its core urology business, advance the internal R&D pipeline, complete the restructuring of its European business and integrate the acquired company Cogentix. Laborie will also continue to evaluate additional add-on acquisitions within urology as well as other clinical markets.

sarnova

SEK 4 bn.
Estimated value of holding

1%
of total adjusted assets

86%
Total exposure

Sarnova is a specialty distributor of medical equipment, products, supplies and training services to emergency providers, hospitals and health-related organizations.

Organic sales growth, constant currency

7%

Important events 2018

- Organic sales growth amounted to 7 percent in constant currency.
- Profit growth exceeded sales growth.
- Sarnova continued to invest in additional sales resources, new products, warehouse optimization and online enhancements.
- Sarnova continued to expand its offering of Curaplex private label products and pre-assembled custom kits, with several new product launches.

Important sustainability areas and related risks

- The most material aspects include profitable growth, customer satisfaction, engaged employees, maintaining a diverse work-force and the ethical conduct of employees.
- The principles are primarily addressed in the Employee Hand-book, Code of Ethics and general corporate policies.

Sustainability priorities 2018

- Conducted a customer satisfaction survey.
- Conducted an annual employee engagement survey with emphasis on greater employee participation.
- Improved diversity within the workforce by focusing on female leadership opportunities and engaging in more diverse recruiting efforts.
- Education of employees as to what constitutes ethical conduct.

Key figures[1], USD m.	2018	2017
Net sales	597	555
EBITDA	69	61
EBITDA, %	12	11
EBITA, adjusted	64	57
EBITA, adjusted, %	11	10
Operating cash flow	49	29
Net debt	307	328
Number of employees	620	605

1) Consolidated as of April 4, 2018. Historical pro forma figures presented for information purposes.

Key sustainability performance indicators	2018	2017
Carbon emissions, tonnes (Scope 1 and 2)	2,270	n.a
Customer satisfaction, NPS	47	39
Employee Engagement, % versus Benchmark (+/–)	76, +5	76, +5
Employees trained on Code of Ethics, %	98	0
Workforce comprised of females, %	44	41

www.sarnova.com
Chair: Matthew D Walter
CEO: Jeff Prestel

OUR VIEW

- As the leading specialty distributor of medical products for the emergency preparedness and respiratory markets in the U.S., Sarnova has attractive long-term profitable growth potential.
- Near-term, focus is on commercial execution within the Emergency Preparedness and Acute Care businesses, expan-sion of product and service capabilities such as private label and custom kitting, inventory management, and investments in warehouse and distribution capacity.

Vectura

SEK 3 bn.
Estimated value of holding

1%
of total adjusted assets

100%
Total exposure

Vectura develops, owns and manages properties for community service, office and hotel with a long-term commitment. Manages the whole value chain, from land acquisition to development and management.

Sales growth

12%

Important events 2018

- Sales growth amounted to 12 percent, driven by rental income from several newly opened facilities and the opening of the fully-leased Royal Office (next to the Grand Hôtel) in Stockholm.
- The construction of several new elderly care facilities was initiated during the year, including Sundbyberg, Helsingborg, Sigtuna, Knivsta and Tyresö.
- Vectura was awarded a land allocation by the city of Stockholm for the development of an office building with a life-science profile in Hagastaden. The building is expected to be completed in 2024.
- The market value of Vectura's real estate amounted to SEK 5,911 m. as of December 31, 2018 (5,040).

Important sustainability areas and related risks

- The most important aspects include the development of sustainable buildings, energy efficiency, usage of renewable energy, ensuring that partners and suppliers behave ethically along with customer and employee satisfaction.
- The principles are primarily addressed in the Code of Conduct and the Sustainability Policy.

Sustainability priorities 2018

- Efforts to increase share of renewable energy by further implementation of solar panels and geothermal energy solutions.
- First development of a passive house with ultra-low energy usage launched to reduce environmental footprint.

Key figures, SEK m.	2018	2017
Net sales	233	208
EBITDA	142	134
EBITDA, %	61	65
EBITA, adjusted	58	48
EBITA, adjusted, %	25	23
Operating cash flow	–298	–194
Net debt	2,166	1,809
Number of employees	22	17

Key sustainability performance indicators	2018	2017
Carbon emissions, tonnes (Scope 1 and 2)	58	67
Employee satisfaction, NPS	51	38
Energy usage, kWh/sq. m	150	159[1]
Renewable energy, %	65	63
Suppliers signed off on Code of Conduct, %	69	63

1) Restated compared to annual report 2017, due to developed calculation method.

www.vecturafastigheter.se
Chair: Mats Wäppling (effective February 2019)
CEO: Susanne Ekblom

OUR VIEW

- Vectura remains focused on creating value by developing and efficiently managing real estate in the community service, office and hotel segments.
- Near-term, priorities for Vectura include the execution on its strong pipeline of development projects and the continued sourcing of additional opportunities for long-term growth.

BraunAbility

SEK 3 bn.
Estimated value of holding

1%
of total adjusted assets

95%
Total exposure

BraunAbility is a global manufacturer of automotive mobility products engaged in design, development and distribution of wheelchair accessible vehicles (WAV) and wheelchair lifts.

Organic sales growth, constant currency

15%

Important events 2018

- Organic sales growth amounted to 15 percent in constant currency, with good growth in all business areas.
- The EBITA margin remained essentially flat at 6 percent, negatively impacted by continued investments in supply chain optimization initiatives and a charge related to a voluntary product recall.
- During the year, BraunAbility completed the acquisition of the remaining 52.5 percent of AutoAdapt, a leading developer and manufacturer of automotive mobility products, based in Sweden.
- The work to improve quality, productivity and safety metrics in production continued.
- In conjunction with a debt refinancing, BraunAbility distributed USD 145 m. to its owners, of which USD 138 m. to Patricia Industries.

Important sustainability areas and related risks

- The most material aspects include profitable growth, innovation, product quality and safety, customer satisfaction, being an employer of choice and anti-corruption.
- These principles are primarily addressed in the Code of Conduct, Employee Handbook, Quality Policy and company vision and values.

Sustainability priorities 2018

- Expanded mobility solutions for customers living with mobility challenges through the addition of automotive seating products and restraints.
- Implemented a Code of Conduct to suppliers that make up 90 percent of the annual supplier spend budget (59 suppliers).
- Expanded the corporate compliance program to U.S. subsidiaries.
- The absolute CO_2 emissions increased due to increased overall production. Electrical usage per unit produced decreased.

Key figures, USD m.	2018	2017
Net sales	646	531
EBITDA	45	36
EBITDA, %	7	7
EBITA	40	29
EBITA, %	6	6
Operating cash flow	55	27
Net debt	195	58
Number of employees	1,685	1,310

Key sustainability performance indicators	2018	2017
Carbon emissions, tonnes (Scope 1 and 2)	6,275	4,949
Customer Satisfaction, NPS	75	78
First-Time Pass Rate (Quality), %	92	89
Injury Rate, TCIR	1.1	1.9
Suppliers signed off on Code of Conduct, no.	59	0

www.braunability.com
Chair: Nick Gutwein
CEO: Staci Kroon

OUR VIEW

- As the market leader in automotive mobility products for people with disabilities, BraunAbility has significant organic growth potential as its core wheelchair accessible vehicle market is underpenetrated 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 further improve manufacturing efficiency.

Aleris

SEK 2 bn.
Estimated value of holding

<1%
of total adjusted assets

100%
Total exposure

Aleris is a private healthcare provider for the Scandinavian market. The ambition is to be a first rate long-term partner to the public healthcare systems.

Organic sales growth, constant currency

1%

Important events 2018

- Organic sales growth (pro forma) amounted to 1 percent in constant currency.
- Profitability declined due to restructuring costs, significant provisions for unprofitable contracts and continued investments in the digital platform Doktor24.
- As part of the ongoing work to improve performance within Healthcare, Aleris decided to focus its offering in Stockholm through the closure and consolidation of certain units, including the divestiture of most primary care units.
- In October, Aleris signed an agreement to divest its Care business. The transaction was completed on January 21, 2019. Following the divestiture, Aleris is a pure healthcare service provider in Sweden, Norway and Denmark.

Important sustainability areas and related risks

- The most important sustainability areas are patient safety and quality, consideration for employees and profitable growth based on sound business ethics.
- The principles are addressed in the Quality Policy, Human Resources handbooks, Code of Conduct and ethical guidelines, as well as general policy documents.

Sustainability priorities 2018

- The education initiative to strengthen the customer experience has continued and this approach has now been implemented in the daily work.
- A strategy based on local ownership has contributed to increased involvement in the operations and to enhanced employee engagement.

Key figures, SEK m. (pro forma, excluding Aleris Care)	2018	2017
Net sales	5,778	5,542
EBITDA	154	350
EBITDA, %	3	6
EBITA	–62	128
EBITA, %	–1	2
Net debt	344	n/a
Number of employees	3,360	3,410

Key sustainability performance indicators[1]	2018	2017
Absentee rate, %	5.1	7.3
Carbon emissions, tonnes (Scope 1 and 2)	15,154	16,304
Hours spent on strengthening customer experience	6,250	12,500
Patient satisfaction, %	90	96

1) Including Aleris Healthcare and Aleris Care.

website: www.aleris.se
Chair: Rickard Gustafson
CEO: Alexander Wennergren Helm

OUR VIEW

- Following the divestment of its Care operations, Aleris is a dedicated healthcare provider with leading positions in public and private markets in Sweden, Norway and Denmark. Its offering includes specialist care, radiology and digital healthcare (including Doktor24).
- Near- to medium-term, focus is on developing and refining the offering, both organically and through selective acquisitions. In parts of specialist care Sweden, management continues to drive operational initiatives to sustainably improve performance in line with the defined strategy.

GRAND HÔTEL
STOCKHOLM – SWEDEN

SEK 0.3 bn.
Estimated value of holding

<1%
of total adjusted assets

100%
Total exposure

The Grand Group offers accommodation, food & beverage, spa, conference and banqueting. It consists of Scandinavia's leading hotels Grand Hôtel, Lydmar Hotel and The Sparrow Hotel.

Sales growth

–7%

Important events 2018

- Reported sales growth amounted to –7 percent, negatively impacted by a closure of rooms during the facade renovation and by a change in the accounting for commissions.
- The EBITA margin declined compared to last year, partly due to higher depreciation levels following the investments in Vinterträdgården and room renovations.
- The Grand Group closed the acquisition of a Stockholm-based boutique hotel which reopened under the new name The Sparrow Hotel in early 2019.

Important sustainability areas and related risks

- The most material aspects include operating in an environmentally-friendly way, protecting guests' privacy and safety, and creating a safe and secure working environment for the employees.
- The principles are described in the core values, Code of Conduct, Environmental Policy and Human Resources manual.

Sustainability priorities 2018

- Significant investment into a new security system to improve the safety and security at Grand Hôtel.
- Service training for all employees was held during the year to enhance customer experience and increase employee professional development.
- First full year with use of only wind-powered electricity.
- The increase in absolute CO_2 emissions was mainly driven by increased use of district heating during cold weather.
- Continued efforts to reduce food waste and increase the purchasing of ecological and locally produced goods.

Key figures, SEK m.	2018	2017
Net sales	603	646
EBITDA	34	55
EBITDA, %	6	9
EBITA	–5	24
EBITA, %	–1	4
Operating cash flow	–42	–52
Net debt	4	–42
Number of employees	380	355

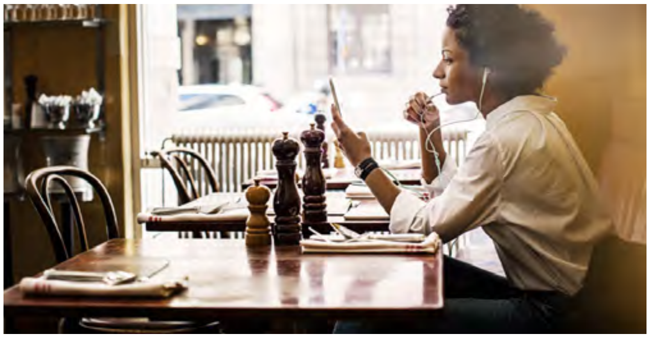
Key sustainability performance indicators	2018	2017
Absentee rate, %	4.5	4.0
Carbon emissions, tonnes (Scope 1 and 2)	421	389
Customer satisfaction, NPS	66	72
Recycled biowaste, tonnes	90	165

OUR VIEW

- The Grand Group continues to develop its concept and customer offering, while focus on cost-efficiency and flexibility remains key to handle changes in demand.
- Near-term, focus is on the re-opening of the recently acquired Stockholm hotel operations under the name The Sparrow Hotel.

www.grandhotel.se, www.lydmar.com www.thesparrowhotel.se
Chair: Peter Wallenberg Jr.
CEO: Pia Djupmark

Partner-owned and Financial Investments



SEK 6 bn.
Estimated value of holding

1%
of total adjusted assets

40%/40%
of capital/ of votes

Three Scandinavia provides mobile voice and broadband services in Sweden and Denmark.

Service revenue growth

–2%

Important events 2018

- The subscription base amounted to 3,407,000, an increase of 110,000, mainly driven by strong momentum for the Hallon and Oister brands.
- Service revenue declined by 2 percent.
- The reported EBITDA margin was 18 percent. Adjusting for charges related to tax rulings the EBITDA margin was 31 percent, partly supported by the implementation of IFRS 15.
- Cash flow generation was strong. During 2018, Three Scandinavia distributed SEK 204 m. to Patricia Industries.
- Morten Christiansen was appointed new CEO, effective June 2018.

Key figures, SEK m.	2018	2017
Net sales	10,728	11,444
Sweden, SEK m.	*7,004*	*7,723*
Denmark, DKK m.	*2,707*	*2,865*
EBITDA	1,899	2,639
Sweden, SEK m.	*1,025*	*2,280*
Denmark, DKK m.	*634*	*292*
EBITDA, %	18	23
Sweden	*15*	*30*
Denmark	*23*	*10*
Net debt	3,253	4,101
Subscribers	3,407,000	3,297,000
Sweden	*2,036,000*	*1,986,000*
Denmark	*1,371,000*	*1,311,000*
Number of employees	1,975	2,070

OUR VIEW

- Since its launch, Three Scandinavia has grown by offering its customers competitive deals and by being first to market with new, innovative services. The company always strives to put its customers first, and high customer satisfaction is critical in order to continue to take market share.
- Investments in a high-quality network, including spectrum, remain a prerequisite for a sustainable customer proposition.

www.tre.se
Chair: Canning Fok
CEO: Morten Christiansen

Financial Investments

SEK 7 bn.
Estimated value of holding

2%
of total adjusted 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. However, some holdings could become long-term investments.

Important events 2018

- Investments amounted to SEK 266 m. Divestments and distributions amounted to SEK 765 m.
- Seven holdings were fully exited.

As of December 31, 2018, European, U.S. and Asian holdings represented 22, 53 and 25 percent of the total value of the Financial Investments. 28 percent of the value of the Financial Investments is represented by investments in publicly listed companies.

The five largest investments represented 47 percent of the total value of the Financial Investments.

Value-creating activities within Patricia Industries

Patricia Industries' key focus is to invest in and develop wholly-owned companies with long-term growth potential in the Nordics and in North America. As an engaged and committed owner, our vision is to be a great home for great companies, supporting our businesses to realize their full potential. During 2018, we engaged in a number of value-creating activities.

Attractive investments

Acquistion of Sarnova and Piab

We acquired the U.S. healthcare product specialty distributor Sarnova. The company has a strong management team and a clear leadership position in attractive market niches – characteristics we typically look for when adding new companies to our portfolio. In Sarnova, we see a great company that has both impressive historical performance and significant, durable long-term growth potential. Its asset-light business model makes the company highly cash generative. Focus will remain on continued organic growth, add-on M&A to strengthen Sarnova's two divisions and possibly the addition of a third division in a new market segment. Focus is also on initiatives to improve margins including but not limited to growth of the company's private label and kitting businesses as well as further automation of warehouse infrastructure and the supply chain.

We also acquired the Swedish gripping and moving solutions company Piab. It provides critical premium products in attractive market niches. We see significant growth opportunities, driven by the trend towards increased automation. Focus will remain on growth, including increased penetration in existing markets and broadening of the product portfolio, both organically and through acquisitions.

Both companies have strong management teams and a value-driven culture.

Add-on acquisitions

The Patricia Industries companies have continued to seek and execute on opportunities for add-on acquisitions. We view add-on acquisitions – typically close to home and moderate in size – as a tool to accelerate the development of our companies. Since Patricia Industries was founded, almost 50 add-ons have been made for a total of approximately SEK 9 bn. During 2018, the most notable was Laborie's acquisition of Cogentix.

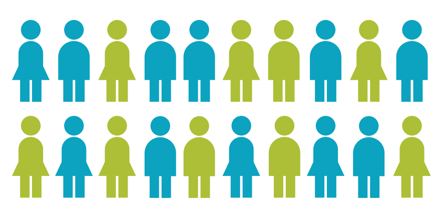
Structural actions

Aleris divestiture of Aleris Care

Aleris announced the divestiture of Aleris Care. Following the divestiture, Aleris will focus on healthcare. We supported the strategic review of operations performed by Aleris' management and board over the past year. This review resulted in Aleris' care and healthcare operations being run as two separate businesses. Aleris Care, was acquired by Ambea, who as a focused owner with greater scale can accelerate the development of this business. The divestiture also enables continued specialization and focusing of Aleris Healthcare. Aleris' financial position was strengthened considerably as proceeds from the sale of Aleris Care were used to reduce debt.

Best-in-class boards and management teams

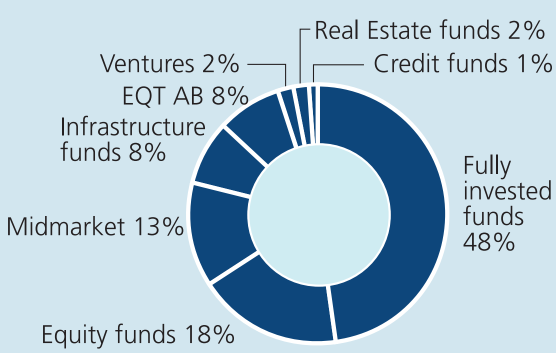
To be able to successfully build and actively support the development of best-in-class companies, we believe that it is imperative to have best-in-class boards and management teams. During the year, important changes were made in this area. For example, Morten Christiansen took over as CEO of Three Scandinavia while Bengt Thorsson became new CEO of Permobil. Ronnie Leten was elected new Chairperson in Piab. We continue to strive for diversity in the boards and management teams.



EQT

EQT is a leading investment firm. Our investments in its funds and 19 percent ownership in EQT AB represented 5 percent of our total adjusted assets as of year-end 2018. Over time, our investments in EQT have generated strong returns, and we will continue to invest selectively in EQT's funds. During 2018, the value increase in constant currency amounted to 25 percent and net cash flow to Investor to SEK 0.2 bn.

21 SEK bn. | **5%** of total adjusted assets



EQT was founded in 1994, with Investor as one of its founders. EQT operates in Europe, the U.S. and Asia within several asset classes. Investor has committed capital to the vast majority of the EQT funds. As a fund sponsor and owner in EQT AB, Investor is entitled to receive carried interest and fee surplus on top of the returns received as a limited partner in the funds.

Website: www.eqtpartners.com
Chair: Conni Jonsson
CEO: Christian Sinding (effective January 2019)
Board Member from Investor: Johan Forssell

OUR VIEW

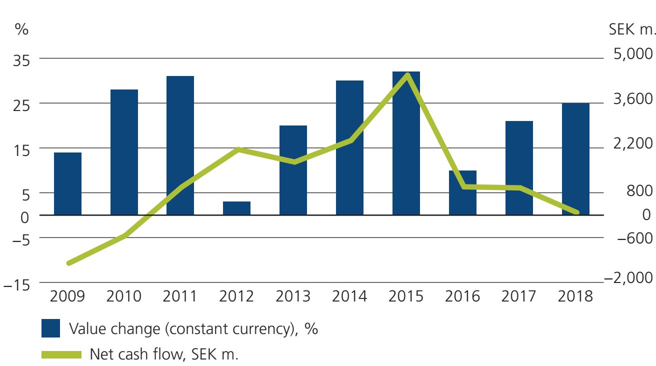
- Our investments in EQT's funds have proven very successful over time and we will continue to invest in EQT's funds.
- Although the cash flow is lumpy by nature, depending on whether the funds are in an investment or exit phase, we expect that the EQT funds will continue to generate strong net cash flow over time.
- We support EQT's strategic review of options to strengthen its balance sheet.

Investor's investments in EQT

	Fund size, EUR m.	Investor's share, %	Investor's remaining commit-ment, SEK m.	Reported value, SEK m.
Fully invested funds[1)]	20,344		1,741	10,056
EQT VII	6,817	5	812	3,687
EQT VIII	10,750	5	5,636	
EQT Infrastructure III	4,000	5	894	1,629
EQT Credit Opportunities III	1,272	10	1,139	128
EQT Ventures [2)]	461	11	250	434
EQT Midmarket Asia III	630	27	1,275	591
EQT Midmarket US	616	30	382	1,522
EQT Midmarket Europe	1,616	9	954	663
EQT Real Estate I	420	18	274	424
EQT new funds			3,110	
EQT AB		19		1,694
Total	**46,925**		**16,467**	**20,828**

1) EQT V, EQT VI, EQT Expansion Capital I and II, EQT Greater China II, EQT Infrastructure I and II, EQT Credit Fund I and II, EQT Mid Market.
2) Fund commitment excluding the EQT Ventures Co-Investment Schemes and the EQT Ventures Mentor Funds.

Net cash flow



Ownership
19 percent of EQT AB

Valuation methodology (fund investments)
Recent transactions at cost, multiples (unlisted), share price (listed)

Net asset value, SEK bn. **20.8**

Net proceeds to Investor, SEK bn. **0.2**

Value change, constant currency, % **25**

The Investor share

The total return for the Investor B-share in 2018 was 4 percent, while the SIXRX return index was –4 percent. The average annualized total return has been 16 percent over the past ten years and 11 percent over the past 20 years. The corresponding total return of the SIXRX return index was 14 and 9 percent respectively. The price of Investor's A share increased by 3 percent during the year from SEK 367.50 to SEK 378.00. The B share increased by 0.4 percent from SEK 374.10 to SEK 375.60.

Turnover

During 2018, the turnover of Investor shares on Nasdaq Stockholm totaled 334 million (289), of which 37 million were A-shares (23) and 297 million were B-shares (266). This corresponded to a turnover rate of 12 percent (7) for the A- share and 64 percent for the B-share (58), compared with 48 percent for Nasdaq Stockholm as a whole (48).

On average, 1.3 million Investor shares were traded daily (1.2). Investor was the 7th most traded name on Nasdaq Stockholm in 2018 by total turnover (10th). Additional Investor shares were also traded on other exchanges, see page 35.

Ownership structure

At year-end, Investor's share capital totaled SEK 4,795 m., represented by 767,175,030 registered shares, of which 2,108,682 were owned by the company, each with a quota value of SEK 6.25.

We had a total of 222,700 shareholders at year-end 2018 (196,900). 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 the Wallenberg foundations, whose aggregated holding amounts to 23.4 percent of the capital and 50.2 percent of the votes in Investor.

Employee share ownership

Within the framework of our long-term share based remuneration, all Investor 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 92 percent of Investor's employees participated in the Long-Term Variable Remuneration program 2018 (95).

Repurchases of own shares

In 2018, no shares were repurchased. The net decrease of 284,256 B-shares of holdings in own shares is attributable to transfer of shares and options within Investor's Long-Term Variable Remuneration program.

Proposed dividend

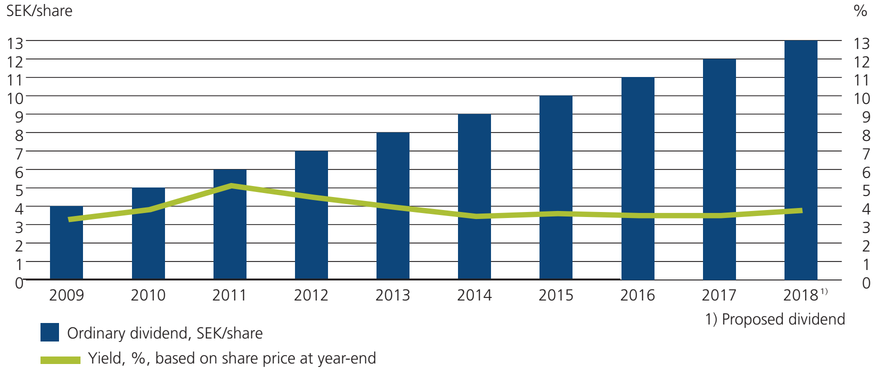
The Board proposes a dividend to shareholders of SEK 13.00 per share (12.00), to be paid in two installments, SEK 9.00 per share in May, 2019, and SEK 4.00 per share in November, 2019, corresponding to a maximum of SEK 9,973 m. to be distributed (9,206), based on the total number of registered shares.

Dividend policy

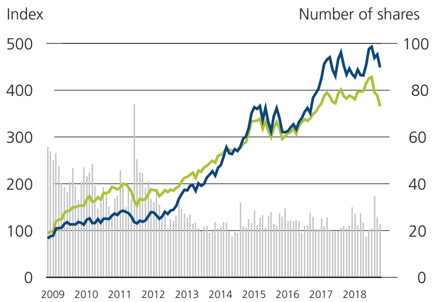
Our dividend policy is to distribute a large percentage of the dividends received from the Listed Core Investments, as well as to make a distribution from other net assets corresponding to a yield in line with the equity market. The goal is to pay a steadily rising dividend.

2018	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	2,392,938	0.31	15.0	
Repurchased B-shares	0	0.00	0.0	
Transferred B-shares	–284,256	–0.04	–1.8	–27.0
Closing balance	**2,108,682**	**0.27**	**13.2**	

Dividend



Total return Investor vs. SIXRX



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

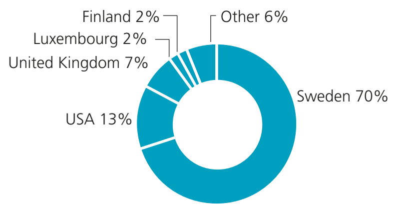
12/31 2018	% of capital	% of votes
Knut and Alice Wallenberg Foundation	20.0	43.0
Alecta Pension Insurance	6.3	3.0
AMF Insurance & Funds	4.3	8.0
SEB Foundation	2.3	4.9
First Eagle Investment Management	2.3	3.0
Vanguard	2.1	1.0
Marianne and Marcus Wallenberg Foundation	1.9	4.2
SEB funds	1.8	0.4
BlackRock	1.6	0.4
Norges Bank	1.5	0.3
Marcus and Amalia Wallenberg Memorial Fund	1.4	3.1
Invesco	1.2	0.3
Swedbank Robur funds	1.1	0.5
AFA Insurance	1.0	1.6
XACT Funds	1.0	0.3

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

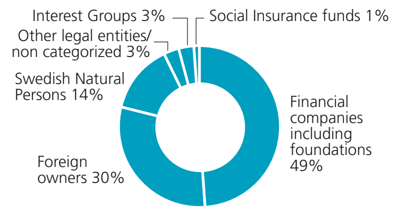
Shareholders statistics, December 31, 2018 (Euroclear)

Number of shares	Number of shareholders	Holding, %
1–500	179,705	3
501–1,000	19,523	2
1,001–5,000	18,751	5
5,001–10,000	2,392	2
10,001–15,000	697	1
15,001–20,000	397	1
20,001–	1,235	86
Total	222,700	100

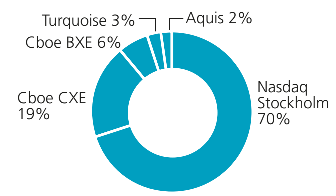
Distribution of ownership by country, % of capital (Euroclear)



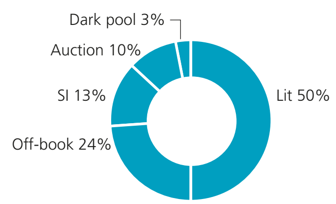
Distribution of shareholders, % of capital (Euroclear)



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
SI: Systematic Internaliser (trad. market maker)
Dark pool: buy- and sellorders are not public

Proposed dividend, SEK

13.00

per share

Brief facts

- Listed on the Stockholm Stock Exchange since 1919.
- A shares and B shares are mainly traded on Nasdaq Stockholm.
- The 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, 2018: SEK 288 bn. (adjusted for repurchased shares).
- The largest company on Nasdaq Stockholm measured by market capitalization (primary-listed companies as of December 31, 2018).

Analyses of Investor

Firms publishing analyses of Investor AB

- ABG Sundal Collier
- BofA Merrill Lynch
- Citi
- Danske Bank
- DNB
- Handelsbanken
- HSBC
- JP Morgan
- Kepler Cheuvreux
- Nordea
- Pareto Securities
- SEB

Investor relations

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www.investorab.com

Our people

Our highly skilled employees and board representatives are at the center of our business model. It is only with their commitment and mindset that we can create long-term value. We strive to create a sustainable and attractive workplace that is truly purpose driven and where our people feel that they, based on our core values, can contribute and develop.

97%
of our employees are proud of working at Investor

Our culture guides our actions

We work continuously to enhance our corporate culture. We believe a strong culture, which is open and adapts to the changes in the outside world, is important if we are to successfully achieve our goals and be able to recruit and retain key competences.

Our core values; Care for People, Contribute with Heart and Mind, Challenge and Improve and Create Value guide our behaviors and actions. The core values were re-launched and calibrated during the year and are well-known throughout the organization. In 2018, Investor held a group-wide employee conference with the focus on global trends, our operating priorities and our purpose and core values. Following the conference all employees contributed in workshops designing the values and linked behaviors.

We ran our regular employee engagement survey and came out with strong results versus the external benchmark on all indices including Engagement, Leadership, Team efficiency and Psychosocial work environment. Our strongest scores are linked to Values and Pride. 100 percent of our employees stated that they are familiar with our values and 97 percent declared that they act according to them and that they are proud of working at Investor. Areas to work on are individual feedback and follow-up.

Competence development

The primary focus for competence development and up-skilling of our employees is on the job training. We also offer different opportunities to continuously learn and develop both in the short- and long-term perspective. These include external trainings, such as leadership and mentoring programs but also job rotations to portfolio companies. We regularly organize internal activities to encourage a learning organization and promote collaboration and sharing of knowledge. Such activities could be theme meetings, focus-group discussions and conferences. We run performance and development discussions with the overall objective to foster an environment where people can continuously grow and develop throughout a career and reach their full potential. Individual goals are reviewed throughout the year including two formal check-ins.

Diversity and inclusion

Investor is a small organization where each individual has the opportunity to impact the overall development. We believe that diversity and inclusion, making use of the total talent base available, build stronger and more dynamic teams. Our organization is well diversified in terms of age, gender and expertise. We conduct an annual salary survey to ensure that we offer market-based and equal compensation. Our ambition is to

CORE VALUES

Care for People	***Contribute with Heart and Mind***	***Challenge and Improve***	***Create Value***
Building great businesses requires talented and motivated people. Our collaborative, respectful and transparent working environment is an important part of our culture and sets us apart.	Our success is driven by the talent, expertise and passion of our employees. Everyone's contribution is expected and appreciated. When we act as a positive force we make real impact.	We firmly believe that there is always room for improvement. It is crucial in our daily work, but also as an engaged owner. We constantly challenge ourselves and our companies to be innovative and find ways to work smarter.	We strive to create value in everything we do, ultimately generating returns for our shareholders and benefitting people and society. Creating value is the guiding principle for our priorities, decisions and actions.

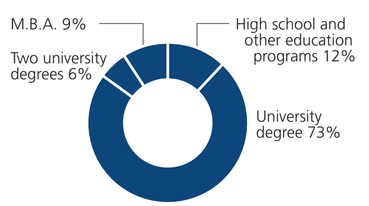
continue to have at least one male and one female candidate in the final process for every recruitment.

We have a zero tolerance policy against all forms of harassment and discrimination and, in 2018, our whistle-blowing procedure was made available for external stakeholders.

Employer branding

As part of attracting future employees and strengthening our employer brand, we offer talented students internships at our different departments. During 2018, eight interns worked at Investor. We also host student presentations and meet with students at selected university fairs on a regular basis.

Employees by education[1)]



1) Excluding the operating subsidiaries. Data collected from HR and remuneration systems.

Age distribution[1)]

FACTS & FIGURES[1)] DECEMBER 31, 2018	
Number of employees	92 (91)
of which temporary employees	*0 (0)*
Average age, years	43 (43)
Invested in education per employee	approximately SEK 9,700 (10,300)
Female employees, %	50 (51)
Women in senior management positions,%	40 (29)
Women in the Extended Management Group, %	50 (38)
Personnel turnover, %	8 (7)
Average time on parental leave, number of weeks[2)]	Women: 15 (12), Men: 9 (10)
Average sick leave[2)], % of total time	2 (1)

1) Excluding the operating subsidiaries. Data collected from HR and remuneration systems.
2) Excluding Patricia Industries North America.

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 remuneration should be linked to long-term shareholder returns. We encourage our employees to invest in Investor shares.
- The remuneration principles should be transparent.
- The remuneration should adhere to the "grandparent principle", i.e. all changes in the employee's remuneration are to be approved by the supervisor of the manager proposing the change.

Collective bargaining agreement

Investor mirrors the collective bargaining agreement for the banking community and offer our employees the same or better benefits.

DISTRIBUTION BY OFFICE, 2018	
No. of employees Stockholm office	78
No. of employees New York office	11
No. of employees Palo Alto office	2
No. of employees Amsterdam office	1

Corporate Governance Report

> During the year, the Board decided on Investor's overall strategy and important strategic ownership issues for our companies. We also analyzed challenges and opportunities related to digitalization and the need for new competences. In an environment characterized by high speed of change, we have focused on the importance of being fast-moving as an organization.

Corporate governance practices refer to the decision making systems through which owners, directly or indirectly, govern a company. Investor's business model of engaged ownership is to create value in the portfolio companies. Good corporate governance is not only important for Investor's organization, it is an integral 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 2018 financial year.

Investor did not deviate from the Nasdaq Stockholm Rule Book for Issuers nor from good stock market practice. Regarding deviation from the Code, see detailed information under section Deviation from the Code, page 43.

The Corporate Governance Report has been reviewed by Investor's auditor, as presented on page 110.

Annual General Meeting

The 2019 Annual General Meeting (AGM) of Investor will take place on May 8, 2019, at the City Conference Centre in Stockholm. 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 assistants.

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

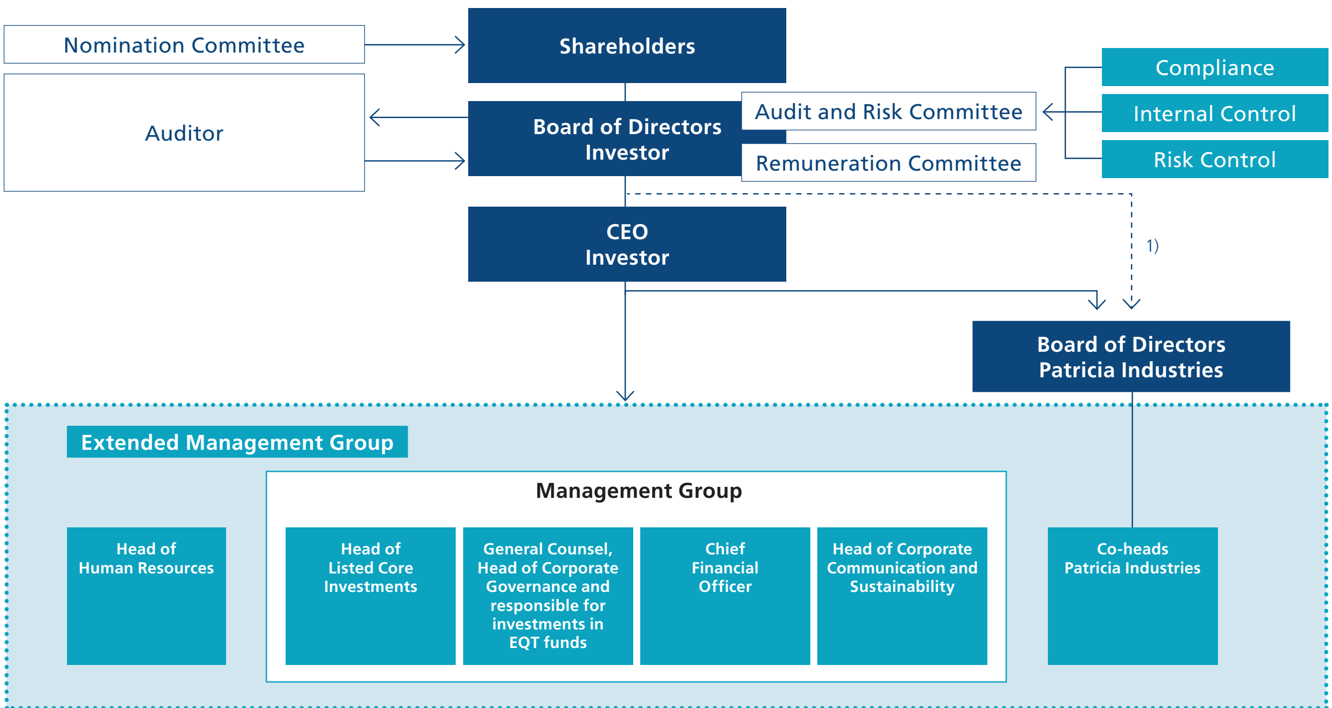
Shares

At year-end 2018, Investor had 222,700 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 is Knut and Alice Wallenberg Foundation with 20.0 percent of the capital and 43.0 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 2019 AGM is proposed to grant a corresponding authorization to the Board to repurchase and transfer Investor shares as was granted by the 2018 AGM.

For more information about the Investor share and the largest shareholders, see page 34.

CORPORATE GOVERNANCE AT INVESTOR



1) Within given mandate from Investor's Board of Directors the operation within Patricia Industries is run independently.

Nomination Committee

The Nomination Committee shall consist of one member from each of the four shareholders or groups of shareholders controlling the largest number of votes and the Chair of the Board. The Committee is obliged to perform its tasks according to the Code. For further information regarding instruction for the Committee, see the website.

The composition of the Nomination Committee meets the requirements concerning the independence of the Committee. The AGM documents related to the Nomination Committee are published on the website.

Nomination Committee for the 2019 AGM

Members	Appointed by	12/31 2018, % of votes
Michael Treschow	Wallenberg Foundations, Chair of the Nomination Committee	50.2
Anders Oscarsson	AMF Insurance and Funds	8.0
Lars Isacsson	SEB Foundation	4.9
Ramsay Brufer	Alecta	3.0
Jacob Wallenberg	Chair of the Board of Investor	

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.

At the 2018 AGM, the registered auditing company, Deloitte AB was re-elected as auditor for the period until the end of the 2019 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 11, 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 2018 AGM, the Board has consisted of eleven members and no deputies. The CEO is the only Board member employed by the company.

Number of board meetings

10

The Nomination Committee applied rule 4.1 of the Swedish Corporate Governance Code as diversity policy in its nomination work with the aim to achieve a well functioning composition of the Board of Directors when it comes to diversity and breadth, as relates to i.a. gender, nationality, age and industry experience. The current Board composition is the result of the work of the Nomination Committee prior to the 2018 AGM. The Nomination Committee is of the opinion that the Board of Directors has an appropriate composition and size and reflects diversity and good variety regarding qualifications and experiences within areas of strategic importance to Investor, such as industrial business development, corporate governance and the financial and capital market. In respect of gender balance, excluding the CEO, 40 percent of the Board of Directors are women and in respect of nationality, 30 percent are non-Swedish citizens and 20 percent are non-Nordic citizens of the Board of Directors, excluding the CEO.

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 circumstance 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 46 and on the website.

Evaluation of the Board and CEO

Pursuant to the Rules of Procedure, the Chair 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 2018 evaluation was answered by each Board member. In addition, the Chair 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 Chair of the Board reported them to the Nomination Committee.

Investor's Board continuously evaluates the performance of the CEO by monitoring the development of the business in

Attendance record and Board remuneration in 2018

		Attendance record, Board and Committee meetings 2018			Board remuneration resolved by the 2018 AGM, 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	Chair	10/10	5/6	4/4	2,600	185	165	2,950
Marcus Wallenberg	Vice Chair	8/10			1,505			1,505
Josef Ackermann	Member	10/10			695			695
Gunnar Brock	Member	8/10	6/6		695	185		880
Johan Forssell	Member/CEO	10/10						
Magdalena Gerger	Member	10/10	6/6		695	185		880
Tom Johnstone, CBE	Member	10/10		4/4	695		85	780
Sara Mazur[3]	Member	6/6			695			695
Grace Reksten Skaugen	Member	10/10	6/6		695	280		975
Hans Stråberg	Member	9/10			695			695
Lena Treschow Torell	Member	10/10		4/4	695		85	780
Sara Öhrvall[4]	Member	4/4						
Total					**9,665**	**835**	**335**	**10,835**

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 10, Employees and personnel costs.
3) Elected member of the Board at the AGM on May 8, 2018.
4) Resigned from the Board as of May 8, 2018.

The Board also discussed the overall strategy for Investor thoroughly at the yearly strategy review.

relation to the established objectives. A formal performance review is carried out once a year.

Work of the Board in 2018

During the year, the Board held 13 meetings (of which three per capsulam). 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 has discussed, among other things, the acquisition of shares in, inter alia, Ericsson and Electrolux, the spin-off of Epiroc from Atlas Copco, the rights issue of Saab, investments in EQT funds and other strategic matters.

The Board has devoted time to both internal and external presentations of the financial markets. The Board has 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 CEOs of Ericsson, Mölnlycke, SEB and Wärtsilä have made presentations about their respective company to the Board. The Board has also visited Mölnlycke's and Wärtsilä's plants in Mikkeli and Vaasa. Furthermore, the Management for Patricia Industries has held a presentation on the development of this business area and its portfolio companies, including the new subsidiaries Piab and Sarnova, as well as the key points in Patricia Industries' value creation plans.

An important part of the Board's work is the financial reports presented, including those prior to the interim report, the interim management statements and the year-end report. At regular Board meetings reports are delivered on the ongoing operations in the business areas, together with in-depth analyses and proposed actions regarding 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 2018, 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 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 also discussed the overall strategy for Investor

Board Committees' work 2018

	Audit and Risk Committee	Remuneration Committee
Members	Grace Reksten Skaugen (Chair) Gunnar Brock Magdalena Gerger Jacob Wallenberg	Jacob Wallenberg (Chair) Tom Johnstone, CBE Lena Treschow Torell
Number of meetings	6	10 (of which 6 per capsulam)
Focus areas in 2018	• Analyzed each interim report, interim management statement the year-end report and the Annual report for completeness and accuracy. • Evaluated accounting and valuation principles, incl. impairments and estimated market values for Patricia Industries. • 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 management costs, limits, mandates and risk exposure. • Approved updates of Group policies. • Followed up on implementation of the new EU General data Protection Regulation.	• Evaluated and approved remuneration structures for employees and salary reviews for Extended Management Group. • Evaluated and assessed the CEO's goals and terms and conditions for remuneration, which were then approved by the Board. • Discussed strategic employee 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. • Prepared a proposal to the Board to submit to the AGM 2019 long-term variable remuneration programs, both for Investor and Patricia Industries.

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 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 Extended Management Group, except for the CEO for whom the Board as a whole sets the remuneration.

The CEO and Management

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

For his support the CEO has appointed a Management Group. The Management Group regularly works with specific business transactions, follow-up on value creation plans, sustainability issues and the company's financial flexibility. Frequently risk assessment and company strategy are evaluated. When the Extended Management Group meets, organization and employee matters are also discussed. For members of the Extended Management Group, see page 48.

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 2018 AGM was SEK 10,835 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 table on page 40 and in note 10, Employees and personnel costs.

At the statutory Board meeting in May 2018, the Board adopted, as in 2011-2017, 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 CEO is determined by the Board. Remuneration issues concerning other members of the Extended Management Group are decided by the Remuneration Committee, after which the Board is informed.

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

See note 10, Employees and personnel costs, and on the website, for the most recently approved guidelines on remuneration 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 CEO and other members of the Extended Management Group to the 2019 AGM corresponds in substance with the guidelines for remuneration decided by the 2018 AGM.

The Board of Directors' proposal regarding long-term variable remuneration programs to the 2019 AGM are substantially the same as the programs decided by the 2018 AGM.

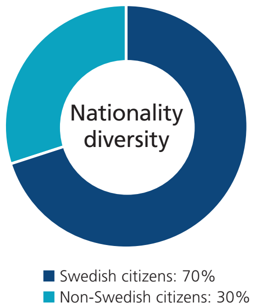
Deviation from the remuneration guidelines decided by the AGM

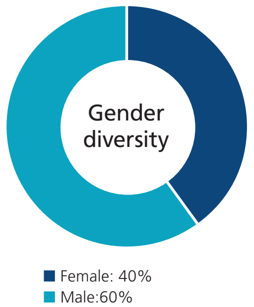
Viveka Hirdman-Ryrberg joined the Management Group in September 2018 with a contracted age of retirement of 62 years, which deviated from the guidelines decided by the AGM pursuant to which the retirement age shall be 60 years. The Board of Directors concluded that the employment of Viveka Hirdman-Ryrberg, who is born in 1963, should have a longer time perspective than had been the case with a retirement age of 60 years, and therefore used the possibility to deviate, when special cause exists in an individual case, from the guidelines decided by the AGM.

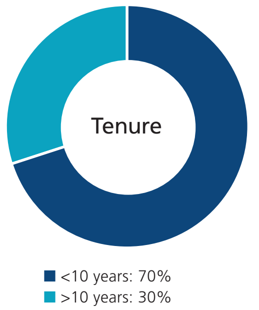
Deviation from the Code

The long-term variable remuneration program for employees within Patricia Industries has the purpose that employees within Patricia Industries should have a long-term variable remuneration directly aligned with the value creation within the business area Patricia Industries. The program is based on the same structure as Investor's program for long-term variable remuneration and contains corresponding performance criteria, but the outcome is depending on the development of the underlying assets of Patricia Industries. Since these assets are not listed, the total cost of the program, which is cash-settled, cannot in an efficient way be capped by hedging arrangements. In order for the program to correspond as closely as possible and create a corresponding incentive profile as the Investor program, the total outcome for each individual participant in the program is limited by a maximum number of instruments that can be allocated, but not by any other type of predetermined limit. To the extent the program is not compliant with Code rule 9.5, i.e. that variable remuneration paid in cash should be subject to a predetermined limit, this is consequently a deviation from the Code for the above stated reasons. Similarly, the Extended Management Group member Noah Walley's rights under the old variable remuneration programs for IGC are not subject to any predetermined limit. To the extent these programs are not compliant with the above-mentioned Code rule 9.5, this is also a deviation from the Code. The reason for such deviation is that the Board of Directors has considered that Noah Walley's already agreed rights should be honored and remain valid also after his appointment to the Extended Management Group rather than being renegotiated.

BOARD COMPOSITION - BOARD OF DIRECTORS ELECTED AT THE AGM 2018, EXCLUDING EXECUTIVES (CEO)







Internal control over financial reporting

This 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 valuation of securities as well as correct consolidation of the operating subsidiaries.

The Board and Management 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 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. These documents establish 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 2018 Investor and the subsidiaries have worked with issuing steering documents and implementing procedures to manage personal data in accordance with the new EU General Data Protection Regulation. The Compliance and the Internal Control functions have followed-up on the control environment in the financial reporting processes at the subsidiaries.

THE CONTINUOUS RISK ASSESSMENT

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 reporting and sets action plans to reduce identified risks. Focus is placed on 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 a potential error 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. Assessment of cyber risks has been a focus during the year. The new subsidiaries have implemented risk management processes for assessment and management of 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 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. Documentation of key controls in the financial reporting process has, also this year, been a focus area in the reviews Internal Control has performed.

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.

Investor has an established external process for whistleblowing, accessible for all employees on the intranet and for external stakeholders on Investor's website. It can be used anonymously.

During 2018 routines regarding the financial information and communication with the new subsidiaries, Piab and Sarnova, have been established.

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.

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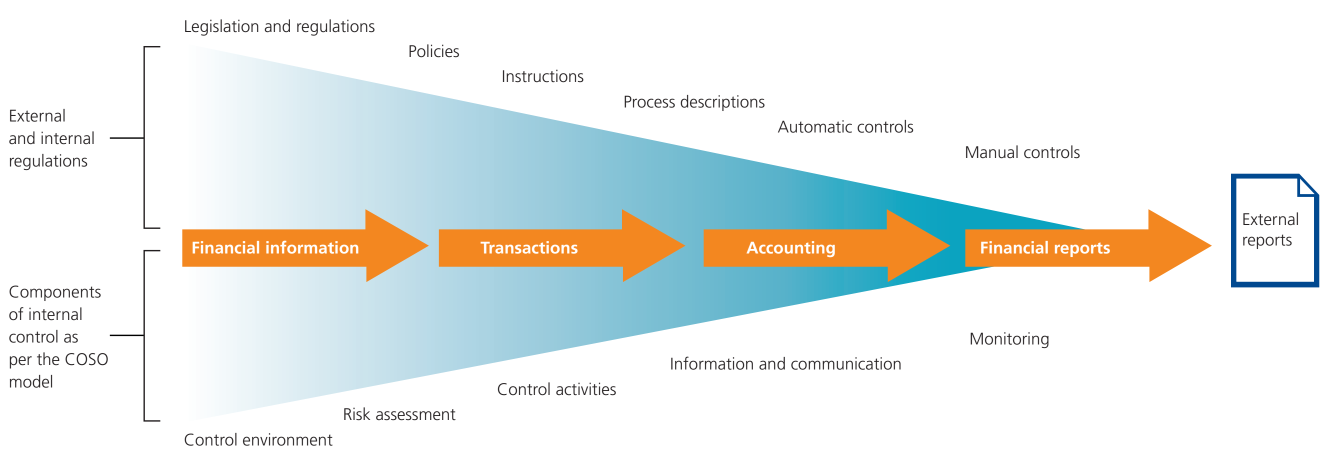
All of Investor's business areas have policies, instructions and detailed process descriptions. These documents establish responsibilities for specific tasks, mandates and powers and how validation is to be carried out.

INTERNAL CONTROL OVER FINANCIAL REPORTING



The diagram provides an overview of how legislation, regulations, guidelines and controls together assure accurate and comprehensive financial reporting.

Board of Directors





	Jacob Wallenberg	Marcus Wallenberg	Josef Ackermann	Gunnar Brock	Johan Forssell
Position	Chair Chair: RC Member: ARC	Vice Chair	Director	Director Member: ARC	Director Chief Executive Officer
Elected	1998 (Chair since 2005)	2012 (Vice Chair 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
Current assignments	Vice Chair: ABB, Ericsson, FAM, Patricia Industries Director: Nasdaq, The Knut and Alice Wallenberg Foundation, Tsinghua School of Economics Advisory board, Steering Committee ERT[2] Member: IBLAC[1], IVA[3]	Chair: FAM, Patricia Industries, Saab, SEB Vice Chair: The Knut and Alice Wallenberg Foundation Director: AstraZeneca, Temasek Holding Member: IVA[3]	Chair: Bank of Cyprus Honorary Chair: St. Gallen Foundation for International Studies	Chair: Mölnlycke, Slättö Invest, Stena Director: ABB, Patricia Industries, Stockholm School of Economics, Syngenta Member: IVA[3]	Director: Atlas Copco, Epiroc, EQT AB, Patricia, Industries, Stockholm School of Economics, Wärtsilä Member: IVA[3]
Work experience	Chair: SEB Vice Chair: Atlas Copco, Investor, SAS, Stora President and CEO: SEB Director: The Coca-Cola Company, Electrolux, Stockholm School of Economics, Stockholm Chamber of Commerce, Stora, WM-data Executive VP and CFO: Investor	Chair: Electrolux, International Chamber of Commerce, LKAB President and CEO: Investor Executive VP: Investor Director: EQT Holdings, SEB, Stora Enso	Chair: Zurich Insurance Group Chair Management Board and the Group Executive Committee: Deutsche Bank President Executive Board: Schweizerische Kreditanstalt Director: Renova Management International Advisory Board: Akbank	Chair: Rolling Optics, Stora Enso CEO: Alfa Laval, Atlas Copco, Tetra Pak Group, Thule International Director: Lego, SOS Children's Villages, Total	Director: Saab 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 [10]	146,669 A shares 315,572 B shares	536,000 A shares 16,223 B shares	5,339 synthetic shares	5,339 synthetic shares	45,000 A shares 54,169 B shares

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

1) IBLAC: 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) Invested, in his capacity as Chair of the Board of Mölnlycke, in a share investment program for the Board and senior executives of that company in 2014 and 2018 respectively. This circumstance is not considered to entail Gunnar Brock being dependent on Investor or its Management.
7) President and CEO.
8) Recent employment in Ericsson.
9) Consultancy agreement with Knut and Alice Wallenberg Foundation.
10) Holdings in Investor AB are stated as of December 31, 2018 and include holdings of close relatives and legal entities.

					
Magdalena Gerger	**Tom Johnstone, CBE**	**Sara Mazur**	**Grace Reksten Skaugen**	**Hans Stråberg**	**Lena Treschow Torell**
Director Member: ARC	Director Member: RC	Director	Director Chair: ARC	Director	Director Member: RC
2014	2010	2018	2006	2011	2007
1964	1955	1966	1953	1957	1946
Swedish	British	Swedish	Norwegian	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. Sc. in Electrical Engineering, Ph.D. in Fusion Plasma Physics and Associate Professor, Fusion Plasma Physics, Royal Institute of Technology Honorate Doctor of Philosophy, Luleå University of Technology	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
President and CEO: Systembolaget Director: Ahlsell, IVA[3] Member: IFN[4]	Chair: Combient, Husqvarna Vice Chair: Wärtsilä Director: Northvolt, Volvo Cars Member: IVA[3]	Vice Chair: WASP Director: Combient, Nobel Media, RISE, Saab, WACQT Director Strategic Research: Knut and Alice Wallenberg Foundation Member: IVA[3]	Founder and Director: Norwegian Institute of Directors Deputy Chair: Orkla Director: Euronav, Lundin Petroleum	Chair: Atlas Copco, CTEK, Nikkarit, Roxtec, SKF Vice Chair: Stora Enso Director: Hedson, IVA[3] Mellbygård, N Holding	Chair: Chalmers University, The Swedish Postcode Foundation International Advisory Board: Sustainable Development Solutions Network Member: IVA[3]
Chair: IQ-initiativet Director: Husqvarna, 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 Industries Executive Vice President: SKF President, Automotive Division: SKF	Director: Chalmers, SICS North, The School of Electrical Engineering, The Wireless@KTH center Vice President and Head of Research: Ericsson Various positions within Ericsson	Chair: Entra Eiendom, Ferd, Norwegian Institute of Directors Deputy Chair: Statoil Director: Atlas Copco, Corporate Finance Enskilda Securities, Opera Software, Renewable Energy Corporation, Storebrand, Tandberg	President and CEO: Electrolux Vice Chair: Orchid Orthopedics Director: Consilio International, The Confederation of Swedish Enterprise, The Association of Swedish Engineering Industries COO: Electrolux Various positions within Electrolux	Chair: Euro-CASE Chair 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, Saab, SKF, ÅF
Yes	Yes	No[8]	Yes	Yes	Yes
Yes	Yes	No[9]	Yes	Yes	Yes
4,441 B shares 4,421 synthetic shares	5,339 synthetic shares	927 synthetic shares	2,000 A shares	8,300 B shares 5,339 synthetic shares	2,500 B shares 5,339 synthetic shares

Management Group





	Johan Forssell	**Petra Hedengran**	**Viveka Hirdman-Ryrberg**	**Daniel Nodhäll**	**Helena Saxon**
Position	Chief Executive Officer	General Counsel, Head of Corporate Governance and responsible for investments in EQT funds	Head of Corporate Communication and Sustainability	Head of Listed Core Investments	Chief Financial Officer
Member of MG since	2006 (CEO since 2015)	2007	2018	2015	2015
Employed since	1995	2007	2018	2002	1997
Year of birth	1971	1964	1963	1978	1970
Nationality	Swedish	Swedish	Swedish	Swedish	Swedish
Education	M.Sc. in Economics and Business Administration, Stockholm School of Economics	Masters of Law, Stockholm University	B.Sc. in Business Administration and Lic.Sc in Economics, Stockholm School of Economics	M.Sc. in Economics and Business Administration, Stockholm School of Economics	M.Sc. in Economics and Business Administration, Stockholm School of Economics IMD, INSEAD
Current assignments	Director: Atlas Copco, Epiroc, EQT AB, Patricia Industries, Stockholm School of Economics, Wärtsilä Member: IVA[1]	Director: Alecta, Electrolux, The Association for Generally Accepted Principles in the Securities Market	Director: Sveriges Kommunikatörer, Misum at Stockholm School of Economics	Director: Husqvarna, Saab	Director: SEB, Sobi
Work experience	Director: Saab 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	Director: EQT Partners, Lindorff Group, Svenska Skeppshypotekskassan, The Swedish Export Credit Corporation, Allmänna Änke- och Pupillkassan Partner and Head of Banking and Financing Group: Advokatfirman Lindahl Legal Counsel and General Counsel: ABB Financial Services, Nordic Region	Director: Grand Hôtel, Mentor Sweden Member of Group Executive Committee and Head of Group Communication & Marketing including chairperson Group Sustainability Committee: SEB Consultant: PwC	Investment Manager, Head of Capital Goods: Investor	Director: Aleris, Gambro, Mölnlycke Investment Manager: Investor CFO: Hallvarsson & Halvarsson, Syncron International Financial analyst: Goldman Sachs
Shares in Investor[2]	45,000 A shares 54,169 B shares	2,000 A shares 16,000 B shares	3,325 B shares	9,787 A shares 5,105 B shares	11,297 B shares

See note 10, Employees and personnel costs, for shares and share-related instruments held by the Management Group members.

1) IVA: The Royal Swedish Academy of Engineering Sciences.
2) Holdings in Investor AB are stated as of December 31, 2018 and include holdings of close relatives and legal entities.
3) Members of the Extended Management Group. Investor's Extended Management Group consists of the Management Group and three additional members.

		
Jessica Häggström[3)]	**Christian Cederholm[3)]**	**Noah Walley[3)]**
Head of Human Resources	Co-head Patricia Industries	Co-head Patricia Industries
2017	2017	2017
2017	2001	2003
1969	1978	1963
Swedish	Swedish	American / British
Master's degree in Human Resources and Labour Relations, University of Linköping and University of Uppsala	M.Sc. in Economics and Business Administration, Stockholm School of Economics	B.A. and M.A. in History, Oxford University J.D. Stanford University Law School
–	Director: Aleris, Hi3G Scandinavia, Nasdaq Nordic, Permobil	Director: BraunAbility, Better Finance, Pulsepoint, Retail Solutions
Head of HR R&D Business Unit IT & Cloud: Ericsson Head of Talent Effectiveness: Ericsson Head of HR Finance: Ericsson Various HR positions within Ericsson Consultant: Watson Wyatt	Head of Patricia Industries Nordics Investment Manager: Investor	Head of Patricia Industries U.S. President: IGC Managing Director: IGC General Partner: Morgan Stanley Venture Partners Director of over 20 venture-backed technology companies Consultant: McKinsey Investment Banker: N M Rothschild & Sons
1,800 A shares 676 B shares	31,918 A shares 4,132 B shares	24,933 B shares

Proposed Disposition of Earnings

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

Total available funds for distribution:	
Retained earnings	251,277,704,084
Net profit for the year	–7,147,975,614
Total SEK	**244,129,728,470**

To be allocated as follows:	
Dividend to shareholders, SEK 13.00 per share	9,973,275,390[1)]
Funds to be carried forward	234,156,453,080
Total SEK	**244,129,728,470**

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 22, 2019. 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 8, 2019.

The proposed dividend amounts to SEK 9,973 m. The Group's equity attributable to the shareholders of the Parent Company was SEK 327,508 m. as of December 31, 2018, and unrestricted equity in the Parent Company was SEK 244,130 m. Unrestricted equity includes SEK 159,657 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, 2018, the Parent Company's holding of own shares totaled 2,108,682. The proposed dividend is proposed to be paid in two installments, with SEK 9.00 per share in May, 2019 and SEK 4.00 per share in November, 2019.

Stockholm, March 22, 2019

Jacob Wallenberg
Chair

Marcus Wallenberg
Vice Chair

Josef Ackermann
Director

Gunnar Brock
Director

Magdalena Gerger
Director

Tom Johnstone, CBE
Director

Sara Mazur
Director

Grace Reksten Skaugen
Director

Hans Stråberg
Director

Lena Treschow Torell
Director

Johan Forssell
President and Chief Executive Officer

Our Audit Report was submitted on March 22, 2019

Deloitte AB

Thomas Strömberg
Authorized Public Accountant

List of contents of Financials

Consolidated Income Statement

SEK m.	Note	2018	2017
Dividends	8	9,342	8,404
Other operating income	8	7	17
Changes in value	6	–11,364	36,054
Net sales	8	42,492	34,381
Cost of goods and services sold	7,9,10,15,16,17	–27,416	–22,060
Sales and marketing costs	7,9,10,15,16,17	–5,246	–4,157
Administrative, research and development and other operating costs	7,9-11,15,16,17	–5,748	–5,142
Management costs	7,9-11,15,16,17	–478	–455
Share of results of associates	18	–139	390
Operating profit/loss	**5**	**1,450**	**47,433**
Financial income	12	27	55
Financial expenses	12	–2,392	–2,946
Net financial items		**–2,365**	**–2,891**
Profit/loss before tax		**–914**	**44,542**
Tax	13	–1,385	–244
Profit/loss for the year	**5**	**–2,299**	**44,298**
Attributable to:			
Owners of the Parent Company		–2,252	44,318
Non-controlling interest		–47	–20
Profit/loss for the year		**–2,299**	**44,298**
Basic earnings per share, SEK	14	–2.94	57.96
Diluted earnings per share, SEK	14	–2.94	57.90

Consolidated Statement of Comprehensive Income

SEK m.	Note	2018	2017
Profit/loss for the year		–2,299	44,298
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		326	400
Remeasurements of defined benefit plans		–65	14
Items that may be recycled to profit/loss for the year			
Cash flow hedges		–480	20
Hedging costs		–170	–
Foreign currency translation adjustment		2,768	–334
Share of other comprehensive income of associates		146	76
Total other comprehensive income for the year		**2,524**	**175**
Total comprehensive income for the year		**225**	**44,473**
Attributable to:			
Owners of the Parent Company		269	44,494
Non-controlling interest		–44	–21
Total comprehensive income for the year	**23**	**225**	**44,473**

Comments to the Income Statement

Dividends

Total dividends for 2018 amounted to SEK 9,342 m. (8,404) and mainly relates to dividends within Listed Core Investments.

Changes in value

Changes in value amounted to SEK –11,364 m. for 2018 (36,054). Listed Core Investments contributed with SEK –14,944 m. to the value change (34,418).

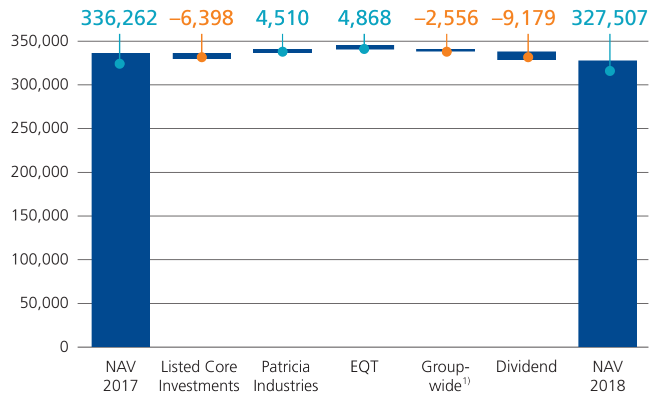
Dividends and changes in value for Listed Core Investments

	Dividends		Changes in value	
	2018	2017	2018	2017
Atlas Copco	1,454	1,412	–9,247	15,440
ABB	1,590	1,583	–11,421	6,298
SEB	2,623	2,509	–4,499	–20
AstraZeneca	1,181	1,237	5,504	3,570
SOBI	–	–	8,645	570
Epiroc	–	–	–1,378	–
Ericsson	240	196	5,812	113
Wärtsilä	495	433	–3,111	3,756
Nasdaq	277	229	1,919	414
Saab	180	172	–2,301	1,852
Electrolux	397	359	–3,678	1,766
Husqvarna	218	189	–1,191	658
Total	**8,656**	**8,319**	**–14,944**	**34,418**

Results

The consolidated net profit amounted to SEK –2,299 m. (44,298). Management costs amounted to SEK 478 m. (455).

Contribution to reported 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.	2018	2017	2016	2015
Changes in value	–11,364	36,054	22,057	8,538
Dividends	9,342	8,404	8,351	7,821
Other operating income	7	17	40	58
Management costs	–478	–455	–465	–483
Other items	194	277	3,682	1,500
Profit/loss for the year	–2,299	44,298	33,665	17,434
Non-controlling interest	47	20	0	–1
Dividends paid	–9,179	–8,411	–7,635	–6,856
Other effects on equity	2,676	278	2,246	262
Contribution to net asset value	–8,755	36,185	28,276	10,838

Consolidated Balance Sheet

SEK m.	Note	12/31 2018	12/31 2017
ASSETS			
Non-current assets			
Goodwill	15	43,387	33,859
Other intangible assets	15	24,722	15,966
Buildings and land	16	7,098	6,350
Machinery and equipment	17	3,362	2,821
Shares and participations recognized at fair value	18, 30	298,994	307,535
Shares and participations in associates	18	4,191	4,340
Other financial investments	19	2,998	5,389
Long-term receivables	20	2,897	2,215
Deferred tax assets	13	685	703
Total non-current assets		388,334	379,179
Current assets			
Inventories	21	4,748	3,343
Tax assets		352	136
Trade receivables		4,782	4,004
Other receivables	20	318	262
Prepaid expenses and accrued income	22	899	927
Shares and participations in trading operation		294	266
Short-term investments	19	2,502	4,190
Cash and cash equivalents	19	11,416	16,260
Assets held for sale	29	2,382	–
Total current assets		27,693	29,387
TOTAL ASSETS		416,028	408,567

SEK m.	Note	12/31 2018	12/31 2017
EQUITY AND LIABILITIES			
Equity	23		
Share capital		4,795	4,795
Other contributed equity		13,533	13,533
Reserves		7,760	4,897
Retained earnings, including profit/loss for the year		301,419	313,036
Equity attributable to shareholders of the Parent Company		327,508	336,262
Non-controlling interest		182	64
Total equity		327,690	336,326
Liabilities			
Non-current liabilities			
Long-term interest-bearing liabilities	24	63,866	55,303
Provisions for pensions and similar obligations	25	962	865
Other provisions	26	181	174
Deferred tax liabilities	13	6,121	4,241
Long-term tax liabilities	13	372	–
Other long-term liabilities	27	3,493	1,947
Total non-current liabilities		74,993	62,531
Current liabilities			
Current interest-bearing liabilities	24	3,845	2,092
Trade payables		2,927	1,849
Tax liabilities		436	319
Other liabilities	27	1,461	1,608
Accrued expenses and prepaid income	28	3,637	3,583
Provisions	26	301	258
Liabilities directly associated with assets held for sale	29	738	–
Total current liabilities		13,345	9,710
Total liabilities		88,338	72,240
TOTAL EQUITY AND LIABILITIES		416,028	408,567

For information regarding pledged assets and contingent liabilities see note 31, Pledged assets and contingent liabilities.

Comments to the Balance Sheet

Goodwill and other intangible assets

Goodwill and other intangible assets amounted to SEK 68,109 m. at year-end 2018, an increase of SEK 18,284 m. compared to at year-end 2017. The increase mainly relates to Investor's aquistions of Sarnova and Piab, but also Laborie's acquisition of Cogentix and other acquisitions within the Group. Exchange rate differences have affected Goodwill and other intangible assets with SEK 2,655 m.

Shares and participations recognized at fair value

At the year-end 2018 shares and participations recognized at fair value amounted to SEK 298,994 m. (307,535). The decrease for the year was SEK 8,541 m., of which; Listed Core Investments SEK –13,216 m., Patricia Industries SEK 9 m. and EQT SEK 4,665 m.

Investments and divestments in Listed Core Investments amounted to a total net of SEK 1,721 m. during 2018. 19,554,000 shares were purchased in Ericsson for SEK 1,002 m. 3,800,000 B-shares were purshased and 1,000,000 A-shares were divested in Electrolux for a total net of SEK 518 m. and Investor subscribed for 8,194,524 shares in Saab's rights issue for SEK 1,844 m. A redemption program was carried out in Atlas Copco, in which Investor sold 207,645,611 redemption rights for SEK 1,661 m. in total. Epiroc became a new investment after being distributed from Atlas Copco.

Investments in EQT amounted to SEK 4,023 m. and divestitures in EQT amounted to SEK –4,228 m. during 2018.

Specification of contribution to net asset value Listed Core Investments

12/31 2018	Value, SEK m.	Contribution to net asset value, SEK m.	Total return Investor, %
Atlas Copco	43,373	–7,793	–14.7
ABB	39,480	–9,830	–19.5
SEB	39,206	–1,875	–4.3
AstraZeneca	34,806	6,685	23.4
Sobi	20,696	8,645	71.7
Ericsson	18,552	6,052	52.5
Epiroc	17,219	–1,378	–7.4
Wärtsilä	14,902	–2,616	–15.2
Nasdaq	14,187	2,196	17.8
Saab	12,576	–2,120	–16.2
Electrolux	9,459	–3,281	–26.3
Husqvarna	6,351	–973	–13.2
Total	**270,807**	**–6,288**	

Net debt and leverage

Investor's net debt amounted to SEK 21,430 m. at year-end (12,224), corresponding to leverage of 6.1 percent (3.5). Gross cash amounted to SEK 11,294 m. (18,899), of which Patricia Industries SEK 13,017 m. (19,368). 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. Our leverage policy allows us to capture investment opportunities and support our companies.

The debt financing of the wholly-owned subsidiaries within Patricia Industries is arranged without guarantees from Investor and hence not included in Investor's net debt. Within Patricia Industries, Investor guarantees SEK 0.7 bn. of Three Scandinavia's external debt, which is not included in Investor's net debt.

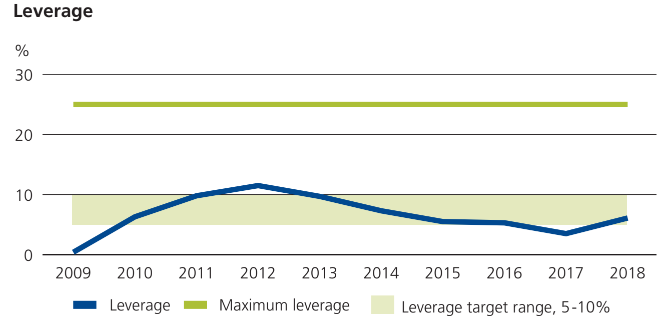
The average maturity of the debt, excluding the debt of the wholly-owned subsidiaries within Patricia Industries, was 10.3 years as of year-end 2018 (9.9).

A 12-year EUR 500 m. bond was issued during the year, while EUR 230 m. of the 2021 bond was bought back.

Net debt 12/31 2018

SEK m.	Consolidated balance sheet	Deductions related to Patricia Industries	Investor's net debt
Other financial investments	2,998	–152	2,845
Short-term investments, cash and cash equivalents	13,918	–5,470	8,449
Receivables included in net debt	1,841	–	1,841
Loans	–67,711	33,244	–34,467
Provision for pensions	–962	863	–98
Total	**–49,916**	**28,486**	**–21,430**

Leverage



Consolidated Statement of Changes in Equity

Note 23	Equity attributable to shareholders of the Parent Company								Non-controlling interest	Total equity
SEK m.	Share capital	Other contributed equity	Translation reserve	Revaluation reserve	Hedging reserve	Hedging cost reserve	Retained earnings, incl. profit/loss for the year	Total		
Opening balance 1/1 2018	4,795	13,533	2,390	2,022	485	–	313,036	336,262	64	336,326
Adjustment for changed accounting policies (note 33)						307	–198	108		108
Opening balance 1/1 2018 adjusted for changed accounting policies	4,795	13,533	2,390	2,022	485	307	312,839	336,371	64	336,434
Profit/loss for the year							–2,252	–2,252	–47	–2,299
Other comprehensive income for the year			2,908	326	–477	–170	–65	2,521	3	2,524
Total comprehensive income for the year			**2,908**	**326**	**–477**	**–170**	**–2,317**	**269**	**–44**	**225**
Release of revaluation reserve due to depreciation of revalued amount				–29			29			
Dividend							–9,179	–9,179		–9,179
Change in non-controlling interest							2	2	162	164
Stock options exercised by employees							27	27		27
Equity-settled share-based payment transactions							19	19		19
Closing balance 12/31 2018	**4,795**	**13,533**	**5,298**	**2,318**	**7**	**136**	**301,419**	**327,508**	**182**	**327,690**

Note 23	Equity attributable to shareholders of the Parent Company								Non-controlling interest	Total equity
SEK m.	Share capital	Other contributed equity	Translation reserve	Revaluation reserve	Hedging reserve	Hedging cost reserve	Retained earnings, incl. profit/loss for the year	Total		
Opening balance 1/1 2017	4,795	13,533	2,649	1,638	465	–	276,997	300,077	64	300,141
Profit/loss for the year							44,318	44,318	–20	44,298
Other comprehensive income for the year			–258	400	20		14	175	–1	174
Total comprehensive income for the year			**–258**	**400**	**20**	**–**	**44,332**	**44,494**	**–21**	**44,473**
Release of revaluation reserve due to depreciation of revalued amount				–17			17			
Dividend							–8,411	–8,411		–8,411
Change in non-controlling interest									21	21
Stock options exercised by employees							52	52		52
Equity-settled share-based payment transactions							49	49		49
Closing balance 12/31 2017	**4,795**	**13,533**	**2,390**	**2,022**	**485**	**–**	**313,036**	**336,262**	**64**	**336,326**

Consolidated Statement of Cash Flow

SEK m.	Note	2018	2017
Operating activities			
Dividends received		9,289	8,411
Cash receipts		42,310	33,738
Cash payments		–36,057	–28,919
Cash flow from operating activities before net interest and income tax		**15,543**	**13,230**
Interest received[1)]		630	599
Interest paid[1)]		–2,865	–2,446
Income tax paid		–1,374	–520
Cash flow from operating activities		**11,934**	**10,863**
Investing activities			
Acquisitions[2)]		–7,660	–5,270
Divestments[3)]		6,154	6,435
Increase in long-term receivables		–981	–70
Decrease in long-term receivables		441	1,714
Acquisitions of subsidiaries, net effect on cash flow		–12,138	–1,042
Increase in other financial investments		–7,728	–11,852
Decrease in other financial investments		10,267	10,221
Net changes, short-term investments		1,705	986
Acquisitions of property, plant and equipment		–1,776	–1,377
Proceeds from sale of other investments		46	59
Net cash used in investing activities		**–11,669**	**–196**
Financing activities			
New share issue		30	170
Borrowings	24	13,411	5,689
Repayment of borrowings	24	–9,640	–2,981
Repurchases of own shares		–109	–
Dividend		–9,179	–8,411
Net cash used in financing activities		**–5,487**	**–5,533**
Cash flow for the year		**–5,221**	**5,134**
Cash and cash equivalents at beginning of the year		**16,260**	**11,250**
Exchange difference in cash		377	–124
Cash and cash equivalents at year-end	19	**11,416**	**16,260**

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

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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 102.

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 real estate 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, 2018.

Changes in accounting policies due to new or amended IFRS

IFRS 9 Financial Instruments has replaced IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 presents a model for classification and measurement of financial instruments and an expected loss model for the impairment of financial assets and introduces significant changes to hedge accounting.

Classification and measurement of financial assets related to debt instruments is based on the business model for managing the financial asset and the characteristics of the contractual cash flows of the asset. Investments in equity instruments are classified as measured at fair value through profit or loss. Besides some changes in category names, these changes have had no effect on the valuation of Investor's financial assets. The IFRS 9 accounting model for financial liabilities is broadly the same as that in IAS 39.

A loss allowance is recognized for all financial assets classified as measured at amortized cost. This loss allowance is based on expected credit losses and has had no significant impact on the accounting for Investor's financial assets.

IFRS 9 changes the requirements for hedge effectiveness and makes it possible to define the currency basis spread as a cost of hedging. Investor applies this definition from January 1, 2018. The currency basis spread is therefore accounted for in Other Comprehensive Income instead of in the financial net as before. It is also accumulated in a separate reserve for hedging costs in equity. There has been no restatement of comparatives. For more information see note 30, Financial Instruments and note 33, Effects of changes in accounting policies.

IFRS 15 Revenue from Contracts with Customers is a new standard for revenues that has replaced all existing standards and interpretations on revenue. Revenue is 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 and services.

The new standard has not had any significant effect for the Group, neither with regard to the amounts recognized as revenue, nor the timing of when revenue is recognized. Areas most impacted are classification and accrual of dealer commissions. Investor has applied the new standard prospectively and therefore used the transition method to apply the standard retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings as of January 1, 2018. For more information see note 8, Revenues and note 33, Effects of changes in accounting policies.

Other new or revised IFRSs and interpretations from the IFRS Interpretations Committee, with effective date from January 1, 2018, have had no material effect on the accounting for the Group or Parent Company.

New IFRS regulations and interpretations to be applied in 2019 or later

The new standard IFRS 16 Leases will be applied from January 1, 2019. IFRS 16 concerns the accounting for rental and lease agreements for both lessors and lessees. Investor will use the new standard prospectively and therefore use the transition method to apply the standard retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings as of January 1, 2019. Comparative information will therefore not be restated.

The new standard will have a significant effect on Investor's tangible assets and interest-bearing liabilities. The effect on tangible assets is expected to be around SEK 3 bn. and on interest-bearing liabilities, SEK 3 bn. The major part of the increase in tangible assets will affect Buildings and land.

The effect on the Consolidated Income Statement will not be significant. However due to leasing costs being reversed and instead being accounted for as depreciation and interest expense, applying an effective interest method, the profit/loss before tax for the year will decrease with approximately SEK 60 m. in the near term.

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.

Change of accounting policy to be applied in 2019 due to changed classification of Investment Property

In 2019 the Group will apply IAS 40 Investment Property on certain parts of Buildings and Land. This due to certain properties previously held as owner-occupied property from the mid-January 2019 will be leased out to external lessees and therefore be transfered to investment property. The change of accounting policy comprise properties measured at fair value and amounting to approximately SEK 1.4 bn. These properties will not be depreciated in the future and instead changes in the fair value of the properties will be recognised in profit or loss and not in Other Comprehensive Income as before. The change of accounting policy will not have any significant effect on profit or loss or financial position.

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 P7, 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 18, 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 30, Financial Instruments.

Note 1. *Significant accounting policies*

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 P7
Participations in associates	Fair value or equity method	Note 18
Owner-occupied property	Revaluation or cost model	Note 16
Interest-bearing liabilities and related derivatives	Application of hedge accounting	Note 30

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 30
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 30
Valuation of owner-occupied property	Comparable properties, long-term inflation rate, projected cash flows, real interest rate and risk premium	Note 16
Impairment test of intangible assets	Projected cash-flows, growth rate, margins and discount factor	Note 15
Reporting of deferred tax assets	Future possibilities to benefit from tax loss carry forwards	Note 13
Provision for long-term tax liability	Reserve for uncertain income tax treatment	Note 13
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. Yearly a more comprehensive risk assessment is performed in the form of self-assesment. This risk assessment encompasses all categories of risks, the entire organization and all processes. Representatives from the Management Group, the investment organization, the support organization and the control functions assess the risks together. 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 wholly-owned subsidiaries as well as 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 at a 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 different sectors and on different geographical markets. To remain competitive, all subsidiaries 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.

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P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note 3. *Risks and risk management*

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 2018, Listed Core Investments accounted for 78 percent of total assets of reported values (82). For further information about Listed Core Investments, see pages 14-19. 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 –27.1 bn. (–28.4).

Patricia Industries including wholly-owned subsidiaries but excluding Patricia Industries' cash, Three Scandinavia and financial investments accounted for 17 percent of total assets of reported values (14). 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 SEK –0.2 bn. (–0.2).

The EQT fund investments are partly exposed to share price risk. EQT accounted for 6 percent of total assets of reported values (4) as per year-end 2018. 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 –2.1 bn. (–1.6).

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 2018, the trading operation accounted for less than 0.5 percent of total assets of reported values (0.5). If the market value of the assets belonging to the trading operation were to decline by 10 percent, the impact on income would be SEK –3.9 m. (–1).

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 –27.3 bn. (–28.6), which equals 8.3 percent of Investor's reported 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 respective companies' Balance Sheet and Income Statement, which indirectly affects valuation of the shares.

The wholly-owned subsidiaries are exposed to exchange rate risks in businesses 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 long-term 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 after hedges on income and equity would be SEK –2.0 bn. (–2.6). If the SEK were to appreciate 10 percent against the USD (holding all other factors constant), the impact after hedges on income and equity would be SEK –3.5 bn. (–3.1).

Gross exposure in foreign currencies, SEK m.	Gross assets		Gross liabilities	
	12/31 2018	12/31 2017	12/31 2018	12/31 2017
EUR	61,190	61,601	–43,418	–40,552
USD	51,043	37,918	–16,804	–7,711
Other European and North American currencies	9,434	7,994	–12,697	–10,503
Asian currencies	3,185	2,767	–3,773	–2,392
Total	**124,852**	**110,280**	**–76,692**	**–61,159**

Exchange rate risk in excess liquidity on group level 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 considering 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 2018	12/31 2017
EUR	19,881	25,844
USD	35,276	31,237
Other European and North American currencies	3,586	4,634
Asian currencies	1,912	2,618
Total	**60,655**	**64,333**

The net exposure increase in USD relates to the acquisitions of the new subsidaries Sarnova and Piab as well as value increase of the Nasdaq holding and EQT. The reduced net exposure in EUR is explained by new issue of bonds under the EUR 5 bn. Medium Term Note Program.

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.

Group companies with larger transaction exposure in foreign currencies are Mölnlycke and Permobil. Mölnlycke's operational cash flows in foreign currency are estimated at the equivalent of EUR 466 m. (501), corresponding to SEK 4.8 bn. (4.8), for the next 12 months. These cash flows are not hedged. For outstanding currency hedging as of December 31, 2018, an immediate 10 percent rise in the value of each currency against the EUR would impact net income by EUR 7.2 m. during the next 12 month period (14.4). Permobil's operational cash flows in foreign currency are estimated to corresponding SEK 1,269 m. for the coming 12 months (1,269). These cashflows are not hedged. An immediate 10 percent rise in the value of each currency against the SEK would impact net income and equity for Permobil by SEK 89 m. the coming 12 months (89).

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 2018	12/31 2017
DKK m.	558	545
EUR m.	2,697	2,526
GBP m.	246	216
NOK m.	819	0
USD m.	1,972	1,968

The increase in NOK is explained by loans converted to equity in Aleris. If the SEK were to appreciate by 10 percent this would decrease equity by SEK –5.6 bn. due to translation effects of currency exposure in net investments in foreign subsidiaries (–4.8).

Note 3. Risks and risk management

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 aim is to limit interest rate risks firstly and secondly to maximize 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 19, 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 –94 m. (–155).

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 volatility in the cash flow over time. 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 total outstanding carrying amount of hedged loans, including fair value hedge adjustment, was at year-end SEK 11,791 m. (13,997).

The table below shows the value of all interest rate derivatives by the end of 2018. The effect of fair value hedges is recognized in the Income Statement. The remaining maturities of fair value hedges vary between 9 months and 19 years. For further information on the maturity structure, see schedule, "Investor AB's debt maturity profile".

	12/31 2018		12/31 2017	
Interest rate derivatives, SEK m.	Fair value	Nominal amount	Fair value	Nominal amount
Assets	1,841	10,832	1,894	12,752
Liabilities	–512	–4,332	–587	–6,235

For more information on financial instruments and hedge accounting, see note 30, Financial instruments.

The table below shows the effect of a parallel movement of the yield curve up with one percentage point (100 basis points) for the Group's fair value loans and derivatives.

	12/31 2018		12/31 2017	
Interest sensitivity of loans and derivatives at fair value, SEK m.	Effect on income statement	Effect on other comprehensive income	Effect on income statement	Effect on other comprehensive income
Hedged loans	–963	–	–1,123	–
Swaps for hedges	1,087	–	1,281	–
Other swaps	–45	–	–73	–
Net interest rate sensitivity	**80**	–	**86**	–

The interest cost effect related to instruments with floating interest is non-material at a parallel movement of the yield curve with one percentage.

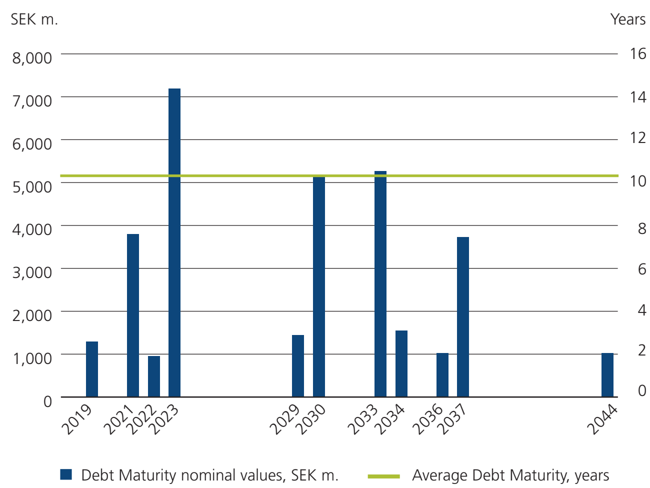
Liquidity and financing risk

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 and by ensuring that cash and committed credit lines always exceed short-term debt, i e a liquidity ratio higher than one. 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 cash 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 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 51.4 bn.), of which EUR 2.8 bn. (SEK 28.3 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 13.5 bn.), respectively. At year-end 2018 these facilities were unutilized.

Investor has a committed syndicated bank loan facility of SEK 10.0 bn. This facility is available until 2024. The 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. The terms of the credit facilities require the companies to meet a number of covenants. The subsidiaries fulfilled all covenants during 2018.

With an equity/assets ratio of 79 percent at year-end (82), Investor has considerable financial flexibility, since leverage is low and most assets are highly liquid.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34
P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note 3. *Risks and risk management*

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

	12/31 2018		12/31 2017	
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	–6,193	–55	–2,777	–20
6-12 months	–1,570	–92	–2,214	–20
1-2 years	–4,055	–60	–1,930	–148
2-5 years	–29,309	339	–23,371	446
> 5 years	–43,295	3,784	–41,350	3,313

1) Interest payments included.

For information on the Group's excess liquidity and how it is invested, see note 19, 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, 2018, see note 31, 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, which all are market valued. 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 total credit risk exposure by rating category as of December 31, 2018.

Exposure per rating category	Nominal amount, SEK m.	Average remaining maturity, months	Number of counter-parties	Percentage of the credit risk exposure
AAA	5,653	12.1	9	30
AA	3,576	0.1	38	19
A	7,610	0.3	61	40
Lower than A	2,154	4.6	43	11
Total	**18,994**	**4.2**	**151**	**100**

The total credit risk exposure at the end of 2018 amounted to SEK 18,994 m. (29,776). The credit risks resulting from positive market values for derivatives, which are included in the total credit risk, amounted to SEK 1,841 m. (1,894) and is 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. Assessment of expected losses is described in note 30, Financial instruments.

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

	12/31 2018			12/31 2017		
Aging of receivables, SEK m.	Gross carrying amount	Impair-ment	Net	Gross carrying amount	Impair-ment	Net
Not past due	3,944	–4	3,940	3,479	–2	3,477
Past due 0-30 days	683	–2	681	405	–1	404
Past due 31-90 days	301	–4	297	218	–2	216
Past due 91-180 days	106	–13	93	118	–13	104
Past due 181-360 days	78	–13	64	73	–8	65
More than 360 days	78	–53	25	43	–42	1
BR Total	**5,190**	**–89**	**5,100**	**4,336**	**–70**	**4,266**

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 30 percent of the total credit risk exposure (32).

SUSTAINABILITY RISKS

Investor is exposed to sustainability risks in all parts of its business operations. Sustainability risks imply that unethical or unsustainable behavior leads to negative impact on Investor or Investor's stakeholders. Material sustainability risks within the Group are identified, analyzed and mitigated through the annual enterprise risk assessment process as well as within the daily operations. Most of the risks are derived from operations in Investor's holdings. Subsidiaries operating in emerging markets have an increased focus on sustainability related risks such as the risk of bribery and corruption, environmental risks and the risk for poor working conditions. Investor has clear expectations that all holding companies 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. These risks are observed in the materiality assessment presented in the section Engaged ownership, see page 10.

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 Healthcare 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 also 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 that are considered to have an indefinite useful life, are not amortized but 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.

Note 4. Business combinations

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 Group have choosen to recognize the non-controlling interest as the share of the net identifiable assets for all acquisitions.

If a business combination achieved in stages results in a controlling influence, the prior acquired shares are revalued at fair value and the effect of the revaluation 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 Sarnova

On April 4, 2018, Patricia Industries, a part of Investor AB, acquired 86 percent of the leading U.S. healthcare product specialty distributor Sarnova Holdings, Inc. With its long-term value creation objectives and experience within both healthcare products and services, Patricia Industries is well positioned to support Sarnova in its progress. The consideration amounted to SEK 4,297 m. and was paid in cash.

In the purchase price allocation, goodwill amounted to SEK 4,117 m. The goodwill recognized for the acquisition corresponds to Sarnova's position, with support from Patricia Industries, to further strengthen its capacity to serve its customers, vendors and employees and fulfill its mission to save and improve patients´ lives. The goodwill recognized is not expected to be deductible for income tax purposes. There are agreements with the other shareholders of Sarnova that give rise to a put option for their holdings. Due to this, no non-controlling interest is reported. The part of the value of Sarnova attributed to the other shareholders is instead reported as a long-term liability in the consolidated Balance Sheet.

Transaction related costs amounted to SEK 182 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 costs in the Group's consolidated income statement.

For the period from the acquisition date until December 31, 2018, Sarnova contributed net sales of SEK 3,787 m. and profit of SEK –129 m. to the Group's result. If the acquisition had occurred on January 1, 2018, management estimates that consolidated net sales for the Investor Group would have increased by SEK 1,402 m. and consolidated profit/loss for the period would have increased by SEK 180 m. The profit/loss for the year includes significant seller´s costs related to Patricia Industries´ acquisition of Sarnova.

Investor's acquisition of Piab

On June 14, 2018, Patricia Industries, a part of Investor AB, acquired shares corresponding to 89 percent of the votes in the Swedish company Piab Group AB. Piab is a leading gripping and moving solutions company that develops and manufactures a complete line of products such as vacuum pumps and ejectors, suction cups and vacuum conveyors used for gripping and moving applications in automated manufacturing and logistics processes. With its broad network of seasoned industrialists and experience within the engineering sector, Patricia Industries is well positioned to support Piab in its progress. The consideration amounted to SEK 4,713 m. and was paid in cash.

In the purchase price allocation, goodwill amounted to SEK 3,640 m. The goodwill recognized for the acquisition corresponds to Piab´s position, with support from Patricia Industries, to increase penetration in existing markets and to broaden the product portfolio. The goodwill recognized is not expected to be deductible for income tax purposes. There are agreements with the majority of the other shareholders of Piab that give rise to a put option for their holdings. This part of the other shareholder´s holdings is therefore measured at fair value and reported as a long-term liability in the consolidated Balance Sheet. The part of the shareholder´s holdings without put options is reported as "non-controlling interest".

Transaction related costs amounted to SEK 108 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 costs in the Group's consolidated income statement.

For the period from the acquisition date until December 31, 2018, Piab contributed net sales of SEK 758 m. and profit of SEK –125 m. to the Group's result. If the acquisition had occurred on January 1, 2018, management estimates that consolidated net sales for the Investor Group would have increased by SEK 497 m. and consolidated profit/loss for the period would have increased by SEK 29 m. The profit/loss for the year includes significant seller´s costs related to Patricia Industries´ acquisition of Piab.

Laborie's acquisition of Cogentix

On April 23, 2018, Laborie completed the acquisition of Cogentix Medical, a global medical technology company that provides proprietary, innovative technologies to a number of specialty markets including urology. The acquisition significantly strengthens Laborie´s product offering within urology diagnostics and therapeutics and also adds channel scale. The consideration amounted to SEK 2,083 m. and was paid using cash and debt.

In the preliminary purchase price allocation, goodwill amounted to SEK 1,119 m. The goodwill recognized for the acquisition corresponds to the complementary strengths of the companies in the field of urology diagnostics and therapeutics. The goodwill recognized is not expected to be deductible for income tax purposes.

Transaction related costs amounted to SEK 175 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 costs in the Group's consolidated income statement.

For the period from the acquisition date until December 31, 2018, Cogentix contributed net sales of SEK 344 m. and profit of SEK –91 m. to the Group's result. If the acquisition had occurred on January 1, 2018, management estimates that consolidated net sales for the Investor Group would have increased by SEK 156 m. and consolidated profit/loss for the period would have decreased by SEK 81 m.

Other acquisitions

During the year, Permobil acquired 100 percent of MaxMobility and Ottobock's seating business. The acquisitions are in line with Permobil's strategy to drive access to care and to expand its product offering. The aggregated consideration amounted to SEK 657 m. and goodwill amounted to SEK 138 m. Transaction related costs amounted to SEK 10 m.

Patricia Industries acquired additional shares in Atlas Antibodies. Mölnlycke acquired SastoMed GmbH. BraunAbility acquired additonal shares in AutoAdapt. The aggregated purchase price amounted to SEK 657 m. and preliminary goodwill amounted to a total of SEK 423 m.

Identifiable assets acquired and liabilities assumed

SEK m.	Sarnova	Piab	Cogentix	MaxMobility and Ottobock	Other	Total
Intangible assets	3,348	3,868	847	494	356	8,913
Property, plant and equipment	160	62	21	1	57	301
Other financial investments	20	–	–	–	124	143
Inventories	800	169	49	11	300	1,328
Trade receivables	518	214	60	18	111	920
Other current receivables	111	60	26	0	24	221
Cash and cash equivalents	459	165	208	4	145	981
Long-term interest-bearing liabilities	–3,613	–2,129	–7	–	–13	–5,762
Deferred tax liabilities	–819	–939	–123	–	–122	–2,003
Other current liabilities	–804	–305	–116	–10	–215	–1,451
Net identifiable assets and liabilities	**180**	**1,163**	**964**	**519**	**767**	**3,592**
Fair value of previously held share	–	–	–	–	–386	–386
Non-controlling interest	–	–90	–	–	–146	–236
Consolidated goodwill	4,117	3,640	1,119	138	423	9,437
Consideration	**4,297**	**4,713**	**2,083**	**657**	**657**	**12,407**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

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, Patricia Industries and EQT.

Listed Core Investments consists of listed holdings, see page 14.

Patricia Industries includes the wholly-owned subsidiaries, Three Scandinavia and the former IGC portfolio and all other financial investments, except EQT and Investor's trading portfolio, see page 20.

The business area EQT consists of the holdings in EQT, see page 33.

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 2018	Listed Core Investments	Patricia Industries	EQT	Investor Groupwide	Total
Dividends	8,656	10	676	0	9,342
Other operating income		7			7
Changes in value	–14,944	108	3,516	–44[1]	–11,364
Net sales		42,492			42,492
Cost of goods and services sold		–27,416			–27,416
Sales and marketing costs		–5,246			–5,246
Administrative, research and development and other operating costs		–5,707	–7	–33	–5,748
Management costs	–109	–252	–9	–108	–478
Share of results of associates		–51		–88	–139
IS Operating profit/loss	**–6,398**	**3,945**	**4,176**	**–273**	**1,450**
Net financial items		–764		–1,601	–2,365
Tax		–745		–640	–1,385
IS Profit/loss for the year	**–6,398**	**2,436**	**4,176**	**–2,514**	**–2,299**
Non-controlling interest		47			47
Net profit/loss for the period attributable to the Parent Company	**–6,398**	**2,483**	**4,176**	**–2,514**	**–2,252**
Dividend				–9,179	–9,179
Other effects on equity[2]		2,026	692	–42	2,676
Contribution to net asset value	**–6,398**	**4,510**	**4,868**	**–11,734**	**–8,755**
Net asset value by business area 12/31 2018					
Shares and participations	270,817	11,295	21,068	300	303,480
Other assets		98,768		648	99,416
Other liabilities	–10	–52,099	–240	–1,609	–53,957
Net debt/-cash[3]		13,017		–34,447	–21,430
Total net asset value including net debt/-cash	**270,807**	**70,980**	**20,828**	**–35,107**	**327,508**
Shares in associates reported according to the equity method		4,191			4,191
Cash flow for the year	6,825	–6,723	211	–5,534	–5,221
Non-current assets by geographical area[4]					
Sweden		44,144		15	44,159
Europe excl. Sweden		7,407			7,407
Other countries		55,263		21	55,284

1) Includes proceeds from the trading operation amounting to SEK 3,388 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.

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Note 5. *Operating Segments*

Performance by business area 2017	Listed Core Investments	Patricia Industries	EQT	Investor Groupwide	Total
Dividends	8,319	5	81		8,404
Other operating income		17			17
Changes in value	34,418	–1,099	2,703	33[1)]	36,054
Net sales		34,381			34,381
Cost of goods and services sold		–22,060			–22,060
Sales and marketing costs		–4,157			–4,157
Administrative, research and development and other operating costs		–5,112	–5	–25	–5,142
Management costs	–100	–225	–9	–121	–455
Share of results of associates		403		–13	390
IS Operating profit/loss	**42,636**	**2,153**	**2,770**	**–126**	**47,433**
Net financial items		–986		–1,905	–2,891
Tax		–210		–34	–244
IS Profit/loss for the year	**42,636**	**957**	**2,770**	**–2,066**	**44,298**
Non-controlling interest		20			20
Net profit/loss for the period attributable to the Parent Company	**42,636**	**977**	**2,770**	**–2,066**	**44,318**
Dividend				–8,411	–8,411
Other effects on equity[2)]		–211	374	114	278
Contribution to net asset value	**42,636**	**766**	**3,144**	**–10,362**	**36,185**
Net asset value by business area 12/31 2017					
Shares and participations	284,033	11,433	16,403	272	312,141
Other assets		74,971		662	75,633
Other liabilities	–3	–37,790	–238	–1,256	–39,288
Net debt/-cash[3)]		19,368		–31,592	–12,224
Total net asset value including net debt/-cash	**284,030**	**67,982**	**16,165**	**–31,915**	**336,262**
Shares in associates reported according to the equity method		4,338		1	4,340
Cash flow for the year	6,961	10,438	1,051	–13,316	5,134
Non-current assets by geographical area[4)]					
Sweden		37,845		17	37,862
Europe excl. Sweden		6,632			6,632
Other countries		14,480		23	14,503

1) Includes proceeds from the trading operation amounting to SEK 2,263 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.

	2018	2017
Realized results from long-term and short-term investments	3,418	2,329
Unrealized results from long-term and short-term investments	–13,880	34,226
Realized result from associates valued at equity method	–54	–
Other	–847	–501
IS Total	**–11,364**	**36,054**

Note 7. Operating costs

	2018	2017
Raw materials and consumables	15,581	11,087
Personnel costs	14,373	12,244
Depreciation, amortization and impairment	2,295	2,558
Other operating expenses	6,639	5,923
Total	**38,888**	**31,814**

Costs related to research and development amounts to SEK 918 m. (722).

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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

Revenues from customers are recognized when a performance obligation by transferring a promised good or service is satisfied. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. A promised good or service is transferred when or as control transfers to the buyer. When or as performance obligations are satisfied, the transaction price that is allocated to that performance obligation is recognised as revenue. Details of performance obligations included in contracts and how transaction prices are determined and allocated to performance obligations, are presented under Performance obligations and Transaction prices in the next column. All revenues from contract with customers are related to the operating segment Patricia Industries.

Disaggregated revenues from contracts with customers into the field of operation

Revenues from the sale of goods or services are disaggregated into the five field of operations Health care equipment, Healt care services, Hotel, Real estate and Gripping and moving solutions.

Health care equipment

The majority of the revenues in the field of operations Health care equipment are derived from sale of single use products and solutions for managing wounds and preventing pressure ulcers. This field of operations also includes sales from: wheelchair accessible vehicles and wheelchair lifts; powered and manual wheelchairs as well as cushions and accessories; distribution of healthcare products to national emergency care providers, hospitals, schools, businesses and federal government agencies; and innovative capital equipment and consumables for the diagnosis and treatment of urologic and gastrointestinal disorders.

Revenues within the field of operations Health care equipment are allocated to geographical area by the location of where the customer is resident. Health care equipment are sold through retail distribution channels and directly to customers.

The sale of medical equipment, products and supplies are recognized at the point of time when control transfers. The sale of extended warranty, service agreements and program management contracts are recognized over the term of the contract.

Health care services

The field of operations Health care services substantially includes three different types of services: Health care, Care and Home care.

Revenues within the field of operations Health care services are allocated into geographical area by the location of where the respective customer uses the services.

Sale is outsourced or performed by own personnel and revenues are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the entity performs.

Hotel

Revenues in the field of operations Hotel includes Lodging, Food & Beverage as well as Conference & Banqueting.

All sales within the category is considered to be services and are sold both through distributors and directly to customers.

The revenue from all sales of services is recognized over time as the customer receives and consumes the service.

Real estate

The field of operations Real estate includes revenue from rental agreements with external tenants. The majority of the rental agreements are related to office premises.

Rental aggrements are signed directly with the tenants and the revenue is recognized over the term of the contract.

Gripping and moving solutions

The field of operations Gripping and moving solutions mainly generates revenue from the sale of finished products and customer-specific solutions. The finished products are vacuum pumps, vacuum accessories, vacuum conveyors and suction cups for a variety of automated material handling and factory automation processes. The customer-specific solutions are assembled to the specification of each customer and comprise of our products and components in combination with services such as installation and training activities.

Revenues are allocated to geographical area by the location of where the customer is resident. The sale channels are both through distributors and directly to customers and the revenue is mainly recognized at a point of time.

Performance obligations and Transaction prices

Revenues from the sale of goods or services are derived from five relatively different fields of operations. Below details can be found about different types of performance obligations in the contracts from customers and information about how transaction prices are determined and allocated to performance obligations. The information is on an aggregated level based on different types of customer contracts.

Sale of finished products

Sale of finished products are by far the largest part of Investor's net sales. The products mainly relates to health care equipment but also products within gripping and moving solutions. Performance obligations in the contracts with customers from sale of finished products mainly refers to goods manufactured by the selling company. A minor part of the performance obligations also relates to distribution of goods as retailer and revenue from customer-specific solutions. The sales contracts can, to a limited extent, also include performance obligations related to various forms of services, for example extended warranty, service agreements, program management contracts and similar obligations.

For finished products the performance obligation is satisfied at the point in time when control of the goods has transferred to the customer. The point in time is upon delivery to the customer or shipment of the goods, which is determined by the delivery terms of each contract. The evaluations in order to identify when a customer obtains control of promised goods is to a large extent based on the shipping terms. This is because shipping terms typically specifies when title passes and will also affect when risk and rewards of ownership transfer to the customer. For the majority of the sale, control is transferred upon delivery of the goods to the customer.

For distribution of health care products as a retailer, control is transferred upon shipment from the distribution center. At this point of time, the performance obligation is fulfilled and revenue is recognized.

Customer-specific solutions are mainly relevant within Gripping and moving solutions and represents one performance obligation as a bundle of goods and services, since the separate goods and services are not considered as distinct within the context of each contract. The performance obligation is satisfied over time since the asset is not created with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The selected method used to measure the progress towards complete satisfaction of the performance obligation is the input method on the basis of cost incurred relative to the total expected costs for each customer-specific solution. Costs mainly include costs for labor and material. The input method is selected since the timing of the costs related to each customer-specific solution provides the best reflection of how control is transferred to the customer. The estimations related to revenue recognition from the input method require judgments that affect the determination of the amount and timing of revenue from customer-specific solutions. The initial estimate of total expected costs of each customer-specific solution is continuously controlled and updated if necessary.

Payment terms varies normally from 30 - 60 days and could in some instances be up to 90 days. Hence, the contracts does not involve any significant financing component. For certain countries and customers, when deemed appropriate from a credit risk perspective, payment in advance is requested before delivery of goods.

The transaction price for finished products is typically based on a list price, but where a contract contains elements of variable rebates, right of returns, customer discounts or similar, revenue is recognized net after recognizing a refund liability for such variable considerations. Right of returns is adjusted based on its accumulated historical experience to estimate the number of returns. These variable considerations can be paid both quarterly and yearly dependent on customer contract. The customer accrual of yearly contracts will increase the liability until repayment, which usually takes place during Q1, then the liability will be significantly reduced compared to year-end.

Note 8. Revenues

Sale of services

Sales of services mainly relates to health care and care services, but also services related to hotel and rental agreements for real estate. The sale of products can, to a limited extent, also include performance obligations related to various forms of services, for example extended warranty, service agreements, program management contracts and similar obligations.

Health care and Care services can substantially be devided into three different types of services with different performance obligations and revenue streams. The types of services are Health care, Care and Home care.

Within Health care each contract is a series of distinct services that are essentially the same and follow the same pattern. Therefore each contract are identified as one performance obligation. The services are mainly activities within primary medical care, specialised care, diagnostics and rehabilitation. Revenues consist of listing compensation, compensation per visit and percentage compensation regardless of how many visits. In healthcare, there are step discounts and compensation attributable to fulfillment of quality goals. Accruals are recognized for both discounts and quality targets.

Care and Home care refers primarily to activities within home care, outpatient care, HVB homes, nursing homes conducted on the basis of care agreements with municipalities and the hiring of nurses. Within home care, HVB homes and nursing homes each contract represents a performance obligation. Compensation for rent is paid partly as a fixed part and partly as a variable part as well as for contractual agreements per nursing day and person.

Revenues from Health care and care services are mainly recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the entity performs.

Performance obligations within hotel services mainly refers to accomodation and food & beverage. The different services are distinct and performance obligations recognised as revenue as the services are performed.

There are also performance obligations related to services connected with the sale of products, for example extended warranty, service agreements, program management contracts and similar obligations. Revenues are recognised over time as the services are performed.

Net sales

By category:	2018	2017
Sales of products	30,550	23,053
Sales of services	11,912	11,276
Other income	30	52
IS Total	**42,492**	**34,381**

By field of operation:	2018	2017
Health care equipment	30,059	22,057
Health care services	11,035	11,651
Gripping and moving solutions	758	–
Hotel	601	646
Real estate	39	27
IS Total	**42,492**	**34,381**

By geographical market:	2018	2017
Sweden	6,608	6,481
Scandinavia, excl. Sweden	6,999	6,502
Europe, excl. Scandinavia	8,866	7,319
U.S.	16,842	11,165
North America, excl. U.S.	698	548
South America	323	624
Africa	357	325
Australia	716	634
Asia	1,084	781
IS Total	**42,492**	**34,381**

No customer exceeds 10 percent of total net sales.

Contract balances

	2018	2017	Change	%
Contract assets	204	212	–8	–4
Contract liabilities	–139	–85	–55	65
Net contract assets/liabilities	**64**	**128**	**–63**	**–50**

Contract assets are comprised of accrued revenue balances. Accrued revenue represents the right to consideration for goods and services that has been transferred to a customer, but payment has not yet been received.

Contract liabilities are an entity's obligation to transfer goods and services to a customer for which the entity has received consideration from the customer. These are comprised of deposits and prepayments collected on orders that will be transferred in a future period. Other forms of contract liabilities are payments related to extended warranty contracts and program management contracts, which are deferred and recognized straight-line over the contract life.

Contract costs

Since all sales commissions paid would have been amortized within one year, the practical expedient to recognize these costs as an expense when incurred is used. However an associated company, accounted for using the equity method, recognises an asset for the incremental costs of obtaining a contract with a customer and the asset is amortised as the contracts are completed.

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Note 8. Revenues

	Field of operation					
Net sales 2018	Health care equipment	Health care services	Hotel	Real estate	Gripping and moving solutions	Total
By geographical market:						
Sweden	737	5,210	601	39	21	6,608
Scandinavia, excl. Sweden	1,160	5,818			20	6,999
Europe, excl. Scandinavia	8,532	5			329	8,866
U.S.	16,673				168	16,842
North America, excl. U.S.	617				80	698
South America	301				23	323
Africa	355				2	357
Australia	712				4	716
Asia	973	1			110	1,084
Total	**30,059**	**11,035**	**601**	**39**	**758**	**42,492**
By category:						
Sales of products	29,792				758	30,550
Sales of services	226	11,017	601			11,845
Revenues from Leasing	41			26		67
Other income		17		13		30
Total	**30,059**	**11,035**	**601**	**39**	**758**	**42,492**
By sales channels:						
Through distributors	18,806	137	361		417	19,720
Directly to customers	11,254	10,898	241	39	341	22,773
Total	**30,059**	**11,035**	**601**	**39**	**758**	**42,492**
Timing of revenue recognition:						
Goods and services transferred at a point of time	29,838	124			720	30,682
Goods and services transferred over time	221	10,911	601	39	38	11,811
Total	**30,059**	**11,035**	**601**	**39**	**758**	**42,492**

Note 9. 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

	2018	2017
Less than 1 year from balance sheet date	–1,042	–892
1-5 years from balance sheet date	–2,142	–1,597
More than 5 years from balance sheet date	–1,354	–1,034
Total	**–4,537**	**–3,523**
Costs for the year		
Minimum lease payments	–1,097	–985
Contingent rent	–	0
Total	**–1,097**	**–985**

Non-cancellable future lease revenue

	2018	2017
Less than 1 year from balance sheet date	81	21
1-5 years from balance sheet date	142	33
More than 5 years from balance sheet date	53	22
Total	**275**	**76**
Revenue for the year		
Minimum lease revenue	54	22
Contingent rent	1	1
Total	**55**	**24**

Note 10. 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

Within the Investor Group both equity-settled and cash-settled stock option and share programs and cash-settled (synthetic) shares have been issued.

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 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 stock option and share programs and 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 or fair value of the underlying instruments 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 accrued in accordance with the same principles as the costs for synthetic shares.

Guidelines for salary and other remuneration for the President and other Members of the Extended Management Group

The AGM 2018 decided on guidelines for salary and other remuneration for the President and other Members of the Extended Management Group. The Board of Directors may, where particular grounds exist in the individual case, decide to deviate from the guidelines.

Investor shall strive to offer competitive total remuneration in line with market conditions which will enable the Company to recruit and retain the most suitable senior executives. Comparative studies of relevant industries and markets are carried out annually in order to determine what constitutes a total level of remuneration in line with market conditions and in order to evaluate current remuneration levels. The total remuneration shall be based on factors such as position, performance and individual qualification.

The total remuneration to the Extended Management Group may consist of: fixed cash salary; variable cash salary; long-term variable remuneration; pension; and non-monetary benefits and other remuneration.

Fixed cash salary, variable cash salary and long-term variable remuneration together comprise the total salary for an employee.

Fixed cash salary

The fixed cash salary shall be reviewed annually and constitutes the basis for calculation of the variable salary.

Variable cash salary

The short-term variable cash salary shall be dependent upon the individual's achievement to meet annually set goals. The outcome of the short-term variable cash salary is reviewed annually. For the Extended Management Group, the highest possible short-term variable cash salary shall vary due to the position held and employment agreements and shall, for the Members of the Extended Management Group, generally amount to 10-75 percent of the fixed cash salary. For the President, the short-term variable cash salary amounted to maximum 30 percent in 2017.

The total short-term variable cash salary before tax for all current Members of the Extended Management Group can vary between SEK 0 and SEK 16.0 million during 2018, depending on whether the goals have been met. The short-term variable cash salary might exceed this amount in the event that the Extended Management Group is expanded. The outcome should only be related to the fulfillment of the individual's goals and thus the remuneration is clearly related to the work contributions and performance of the individual. The goals shall be both qualitative and quantitative and be based on factors which support the Company's long-term strategy.

Long-term variable remuneration

The long-term variable remuneration is described on page 71-72.

Pension

Pension benefits shall consist 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 Extended Management Group shall be 60 years.

Non-monetary benefits and other remuneration

Non-monetary benefits and other remuneration shall be on market terms and shall contribute to facilitating the executive's discharge of his or her duties.

Termination and severance pay

Investor and Members of the Extended 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 Extended 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 Extended 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 24 months of fixed cash salary.

Fees received for Board work

Investor allows Extended 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.

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Note 10. *Employees and personnel costs*

Average number of employees in the Group

	2018 Total	2018 Of which women	2017 Total	2017 Of which women
Parent Company, Sweden	73	39	71	37
Sweden, excl. Parent Company	6,184	4,573	6,206	4,719
Europe excl. Sweden	7,211	4,713	6,931	4,737
North- and South America	4,002	1,441	3,147	1,090
Africa	3	3	6	5
Asia	3,540	2,508	3,549	2,524
Australia	150	83	144	69
Total Group	**21,162**	**13,361**	**20,054**	**13,181**

Gender distribution in Boards and Senior management

	2018 Men	2018 Women	2017 Men	2017 Women
Gender distribution in percent				
Board of the Parent Company	64	36	64	36
Extended Management Group of the Parent Company incl. the President	50	50	57	43
Boards in the Group[1]	76	24	74	26
Management Groups in the Group	67	33	63	37

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

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
2018	8,026	390	2,167	**10,583**	124	2,976	167	6,420	**20,269**	2,646	33.0
2017	7,600	253	2,052	**9,905**	217	2,845	178	6,080	**19,226**	2,472	32.5

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 Extended Management Group in the Parent Company

Total remunerations 2018 (SEK t.)	Basic salary	Vacation remuneration	Change of vacation pay liability	Variable salary for the year	Cost of long-term share-based remuneration[1]	Total	Pension costs[2]	Other remu-neration and benefits	Total expensed remuneration
President and CEO	8,026	390	124	2,167	7,261	**17,968**	2,976	167	**21,111**
Extended Management Group, excl. the President[3]	23,869	471	–395	11,433	17,348	**52,725**	7,203	1,233	**61,161**
Total	**31,894**	**861**	**–271**	**13,600**	**24,609**	**70,693**	**10,179**	**1,400**	**82,271**
Total remunerations 2017 (SEK t.)									
President and CEO	7,600	253	217	2,052	6,388	**16,511**	2,845	178	**19,534**
Extended Management Group, excl. the President[3]	21,991	345	465	10,753	12,250	**45,805**	7,106	2,438	**55,348**
Total	**29,591**	**598**	**682**	**12,805**	**18,639**	**62,315**	**9,951**	**2,616**	**74,882**

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 Extended Management Group.
3) From 2017 Investor has established an Extended Management Group including the two Co-heads of Patricia Industries and the Head of Human Resources.

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

Total remuneration (SEK m.), Group	2018 Basic salary[1]	2018 Variable salary	2018 Long-term share-based remuneration	2018 Pension cost	2018 Cost for employee benefits	2018 Social security contribu-tions	2018 Total	2017 Basic salary[1]	2017 Variable salary	2017 Long-term share-based remuneration	2017 Pension cost	2017 Cost for employee benefits	2017 Social security contribu-tions	2017 Total
Parent Company	86	22	30	24	12	49	224	82	18	30	25	12	46	213
Subsidiaries	9,760	702	65	734	429	1,804	13,494	8,446	477	39	679	339	1,613	11,593
Total	**9,846**	**724**	**95**	**758**	**441**	**1,853**[2]	**13,718**	**8,528**	**495**	**70**	**704**	**351**	**1,659**[2]	**11,806**

1) Includes vacation remuneration and change of vacation pay liability.
2) Of which SEK 17 m. refers to social security contribution for long-term share-based remuneration (23).

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

Remuneration (SEK m.), Group	2018 Salary Senior executives Presidents and Boards in subsidiaries[1, 2]	2018 Of which variable salary[1]	2018 Other employees	2018 Total	2017 Salary Senior executives Presidents and Boards in subsidiaries[1, 2]	2017 Of which variable salary[1]	2017 Other employees	2017 Total
Parent Company	41	8	68	108	39	7	61	100
Subsidiaries	102	23	10,360	10,462	80	25	8,842	8,923
Total	**143**	**31**	**10,428**	**10,571**	**119**	**32**	**8,904**	**9,023**

1) The number of people in the Parent Company is 18 (17) and in subsidiaries 75 (57).
2) Pension costs relating to senior executives, Presidents and Boards in subsidiaries amount to SEK 21 m. and are in addition to the amounts presented in the table (17).

Long-term 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. Investor has two programs for long-term variable remuneration: Investor's program and the program for Patricia Industries.

Investor's program for long-term variable remuneration
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.

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 2018, the President had to invest or commit approximately 33 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 2018 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 previously been repurchasing its own shares in order to guarantee delivery.

Summary of Investor's long-term share-based variable remuneration programs 2011-2018

Matching Shares 2011-2018

Year issued	Number of Matching Shares granted	Number at the beginning of the year	Adjustment for dividend 2018	Matching Shares forfeited in 2018	Matching Shares exercised in 2018	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]
2018	32,172	–	332	302			32,202[4]	333.01	370.47	10.00	12/31 2024	3
2017	28,482	28,152	895	222	139	380.06	28,686[4]	355.53	395.69	10.00	12/31 2023	3
2016	49,948	48,671	1,547	287	1,214	352.41	48,717[4]	246.40	274.01	10.00	12/31 2022	3
2015	37,671	37,664	1,017	3	7,392	382.08	31,286	293.33	326.18	10.00	12/31 2021	3
2014	55,451	38,423	1,181		1,856	356.82	37,748	219.51	244.29	10.00	12/31 2020	3
2013	72,378	23,023	661		7,309	390.30	16,375	167.90	187.33	10.00	12/31 2019	3
2012	120,160	28,582	464	50	28,996	383.79	–	109.60	122.17	10.00	12/31 2018	3
2011	88,959	549		549			–	127.15	141.66	10.00	12/31 2017	3
Total	**485,221**	**205,064**	**6,097**	**1,413**	**46,906**		**195,014**					

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 72 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.

Matching Options 2012-2018

Year issued	Number of Matching Options granted	Number at the beginning of the year	Matching Options forfeited in 2018	Number of Matching Options exercised in 2018	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]
2018	64,344	–	604			63,740[4]	21.50	23.95	456.60	12/31 2024	3
2017	56,964	56,303	709			55,594[4]	27.57	30.70	486.90	12/31 2023	3
2016	99,896	94,929	538	2,340	379.42	92,051[4]	28.32	32.69	340.90	12/31 2022	3
2015	75,342	70,662	3,402	1,610	412.52	65,650	38.77	44.76	403.30	12/31 2021	3
2014	110,902	67,612		2,576	383.20	65,036	29.86	34.41	304.50	12/31 2020	3
2013	144,756	38,686		18,375	400.59	20,311	22.63	24.97	236.10	12/31 2019	3
2012	240,320	56,252		56,252	383.58	–	14.70	16.87	157.80	12/31 2018	3
Total	**792,524**	**384,444**	**5,253**	**81,153**		**362,382**					

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 value. See page 72 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.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note 10. *Employees and personnel costs*

Performance Shares 2012-2018

Year issued	Maximum number of Performance Shares granted	Number at the beginning of the year	Adjustment for dividend 2018	Performance Shares, forfeited in 2018	Performance Shares exercised in 2018	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)
2018	132,371	–	1,376				133,747[3]	86.63	95.92	188.30	12/31 2024	3
2017	121,591	121,591	3,894				125,485[3]	92.81	102.77	196.59	12/31 2023	3
2016	231,067	235,364	7,537				242,901[3]	66.74	74.26	133.99	12/31 2022	3
2015	163,585	174,027	2,940	69,533	15,782	389.99	91,652	80.59	89.84	153.08	12/31 2021	3
2014	258,017	118,913	3,574		13,217	399.97	109,270	62.79	70.03	112.48	12/31 2020	3
2013	320,473	93,846	2,436		40,891	383.55	55,391	49.33	54.26	84.58	12/31 2019	3
2012	457,517	110,401	2,320		112,721	389.20	–	32.69	36.41	54.56	12/31 2018	3
Total	**1,684,621**	**854,142**	**24,077**	**69,533**	**182,611**		**758,446**					

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 value. See below for specification of the basis of calculation.
3) Performance Shares not available for exercise at year-end.

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:

	2018			2017		
	Matching Share	Matching Option	Performance Share	Matching Share	Matching Option	Performance Share
Averaged volume-weighted price paid for Investor B shares	380.51	380.51	380.51	405.77	405.77	405.77
Strike price	10.00	456.60	190.26	10.00	486.90	202.89
Assumed volatility[1]	21%	21%	21%	23%	23%	23%
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	–0.09%	–0.09%	–0.09%	–0.17%	–0.17%	–0.17%
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.

Patricia Industries' program for long-term variable remuneration
Patricia Industries' program for long-term variable remuneration is based on the same structure as Investor's program for long-term variable remuneration, but is related to the value growth of Patricia Industries' ("PI").

The instruments in the PI long-term variable remuneration program are granted under two different Plans as further described below: the PI Balance Sheet Plan (the "PI-BS Plan"); and the PI North America Subsidiaries Plan (the "PI-NA Plan"). The instruments have a duration of up to seven years and participants will, conditional upon making a personal investment in Investor shares, be granted instruments that may vest after a three-year vesting period and may be exercised and/or settled during the four-year period thereafter (subject to applicable US tax laws).

Two categories of employees are offered to participate in the program: (i) PI Senior Management and (ii) Other PI Employees. Participants employed within the PI Nordic organization are only offered to participate in the PI-BS Plan whereas participants employed within the PI North America organization are offered to participate with 60 percent of their grant value (determined as described below) in the PI-BS Plan and 40 percent of their grant value in the PI-NA Plan.

General terms of instruments
The instruments granted under the PI-BS Plan and the PI-NA Plan are governed by the following terms and conditions:

- Granted free of charge.
- Instruments granted to Other PI Employees under the two Plans will replicate the structure of the Stock Matching Plan in Investor.
- Instruments granted to PI Senior Management under the two Plans consists both of instruments replicating the Stock Matching Plan in Investor and instruments subject to specific performance conditions replicating the structure of the Performance-Based Share Program in Investor.
- Vest three years after grant (the "Vesting Period").
- May not be transferred or pledged.
- Subject to vesting, the instruments may be exercised and/or settled during the four-year period following the end of the Vesting Period, subject to applicable US tax laws and provided that the participant, with certain exceptions, maintains the employment with PI and keeps the Participation Shares during the Vesting Period.
- Cash-settled.
- Participants receive remuneration for dividends paid from time of grant up to the date of exercise and/or settlement. This in order for the program to be dividend neutral.

Specific performance conditions for PI Senior Management
The following performance conditions apply to the instruments under the program allocated to PI Senior Management (replicating the structure of the Performance-Based Share Program in Investor).

Instruments granted under the PI-BS Plan: In order for participants to be awarded the maximum number of instruments the compounded annual growth of the fair market value of PI's balance sheet must exceed the interest on 10-year Swedish government bonds by more than 10 percentage points. If the applicable compounded annual growth is between the 10-year interest on Swedish government bonds plus 2 percentage points and the 10-year interest on Swedish government bonds plus 10 percentage points, then a proportional (linear) calculation of the award shall be made.

Instruments granted under the PI-NA Plan: In order for participants to be awarded the maximum number of instruments the compounded annual growth of the North American wholly-owned subsidiaries of PI must exceed the interest on 10-year US government bonds by more than 12 percentage points. If the applicable compounded annual growth is between the 10-year interest on US government bonds plus 4 percentage points and the 10-year interest on US government bonds plus 12 percentage points, then a proportional (linear) calculation of the award shall be made.

Note 10. Employees and personnel costs

Summary of Patricia Industries' long-term share-based variable remuneration programs 2018

PI-BS Plan

Matching Shares 2017-2018

Year issued	Number of Matching Shares granted	Number at the beginning of the year	Adjustment for dividend 2018	Matching Shares forfeited in 2018	Matching Shares exercised in 2018	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]
2018	25,280	–	321	1,403	592	404.53	23,606[4]	333.01	370.45	10.00	12/31 2024	3
2017	20,830	21,101	215	3,363	147	464.27	17,806[4]	355.53	395.77	10.00	12/31 2023	3
Total	**46,110**	**21,101**	**536**	**4,766**	**739**		**41,412**					

Matching Options 2017-2018

Year issued	Number of Matching Options granted	Number at the beginning of the year	Matching Options forfeited in 2018	Number of Matching Options exercised in 2018	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]
2018	50,560	–	2,769			47,791[4]	24.90	34.17	456.60	12/31 2024	3
2017	41,660	41,660	6,639			35,021[4]	31.51	44.00	486.90	12/31 2023	3
Total	**92,220**	**41,660**	**9,408**			**82,812**					

Performance Shares 2017-2018

Year issued	Number of Performance Shares granted	Number at the beginning of the year	Adjustment for dividend 2018	Performance Shares forfeited in 2018	Performance Shares exercised in 2018	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)[3]
2018	161,612	–	1,998	8,530			155,080[4]	86.63	97.67	190.26	12/31 2024	3
2017	132,442	134,098	1,313	23,905			111,506[4]	92.81	106.11	202.89	12/31 2023	3
Total	**294,054**	**134,098**	**3,311**	**32,435**			**266,586**					

1) The value of Matching Shares, Matching Options and 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 page 74 for specification of the basis of calculation.
3) Under certain circumstances, in conjunction with the end of employment, Matching Shares, Matching Options and Performance Shares can be exercised before the end of the vesting period. Instruments 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 Shares, Matching Options and Performance Shares not available for exercise at year-end.

PI-NA Plan

Matching Shares 2017-2018

Year issued	Number of Matching Shares granted	Number at the beginning of the year	Adjustment for dividend 2018	Matching Shares forfeited in 2018	Matching Shares exercised in 2018	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]
2018	13,110	–	157	905	383	422.30	11,979[4]	334.17	372.34	10.00	12/31 2024	3
2017	10,482	10,482	104	2,145	93	469.20	8,348[4]	356.31	396.95	10.00	12/31 2023	3
Total	**23,592**	**10,482**	**261**	**3,050**	**476**		**20,327**					

Matching Options 2017-2018

Year issued	Number of Matching Options granted	Number at the beginning of the year	Matching Options forfeited in 2018	Number of Matching Options exercised in 2018	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]
2018	26,220	–	1,811			24,409[4]	27.33	37.04	456.60	12/31 2024	3
2017	20,964	20,964	4,291			16,673[4]	29.85	39.19	486.90	12/31 2023	3
Total	**47,184**	**20,964**	**6,102**			**41,082**					

Performance Shares 2017-2018

Year issued	Number of Performance Shares granted	Number at the beginning of the year	Adjustment for dividend 2018	Performance Shares forfeited in 2018	Performance Shares exercised in 2018	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)[3]
2018	80,402	–	949	5,027			76,324[4]	96.80	112.51	190.26	12/31 2024	3
2017	67,237	67,237	670	14,625			53,282[4]	99.89	114.76	202.89	12/31 2023	3
Total	**147,639**	**67,237**	**1,619**	**19,652**			**129,606**					

1) The value of Matching Shares, Matching Options and 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 page 74 for specification of the basis of calculation.
3) Under certain circumstances, in conjunction with the end of employment, Matching Shares, Matching Options and Performance Shares can be exercised before the end of the vesting period. Instruments 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 Shares, Matching Options and Performance Shares not available for exercise at year-end.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note 10. Employees and personnel costs

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

	PI-BS Plan						PI-NA Plan					
	Matching Share		Matching Option		Performance Share		Matching Share		Matching Option		Performance Share	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Averaged volume-weighted price paid for Investor B shares	380.51	405.77	380.51	405.77	380.51	405.77	380.51	405.77	380.51	405.77	380.51	405.77
Strike price	10.00	10.00	456.60	486.90	190.26	202.89	10.00	10.00	456.60	486.90	190.26	202.89
Assumed volatility[1]	21%	23%	21%	23%	21%	23%	21%	23%	21%	23%	21%	23%
Assumed average term[2]	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Assumed percentage of dividend[3]	0%	0%	2.3%	2.3%	0%	0%	0%	0%	4.0%	4.0%	0%	0%
Risk-free interest	–0.09%	–0.17%	–0.09%	–0.17%	–0.09%	–0.17%	2.88%	1.79%	2.88%	1.79%	2.88%	1.79%
Expected outcome[4]					50%	50%					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.

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 32, Related party transactions.

Incentive programs in Patricia Industries' subsidiaries
Senior executives and selected senior staff in BraunAbility, Laborie and Sarnova, are offered the opportunity to invest in Stock Appreciation Rights and Stock Options in the respective subsidiary. These instruments are cash settled and the participants do not need to make any initial investment.

Management Participation Programs
Board members and senior executives in unlisted investments, including Mölnlycke, Aleris, Permobil, Piab, Vectura, BraunAbility, Sarnova and Laborie are offered the opportunity to invest in the companies through management participation programs or similar. 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.

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 required. In total, approximately 10-15 employees participate in the program.

Accounting effects of share-based payment transactions

Costs relating to share-based payment transactions, SEK m.	2018	2017
Group		
Costs relating to equity-settled share-based payment transactions	26	32
Costs relating to cash-settled share-based payment transactions	112	62
Social security relating to share-based payment transactions	17	23
Total	**155**	**117**
Parent Company		
Costs relating to equity-settled share-based payment transactions	24	23
Costs relating to cash-settled share-based payment transactions	6	7
Social security relating to share-based payment transactions	14	22
Total	**44**	**52**

Other effects of share-based payment transactions, SEK m.	2018	2017
Group		
Effect on equity relating to Stock-Options exercised by employees	27	52
Carrying amount of liability relating to cash-settled instruments	228	95
Parent Company		
Effect on equity relating to Stock-Options exercised by employees	27	52
Carrying amount of liability relating to cash-settled instruments	22	22

Note 10. Employees and personnel costs

Remuneration to the Board of the Parent Company

At the 2018 Annual General Meeting (AGM), it was decided that Board remuneration should total SEK 10,835 t. (10,230), of which SEK 9,665 t. (9,110) would be in the form of cash and synthetic shares and SEK 1,170 t. (1,120) would be distributed as cash remuneration for committee work done by the Board of Directors.

Synthetic shares 2008-2018

Since 2008, Board members have been given the opportunity to receive a part of their gross remuneration, excluding committee fees, in synthetic shares. AGM's decision regarding synthetic shares 2018 is essentially identical to the decision of the AGM 2017. In 2018, 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 2023, 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 2018 the Board approved, as in 2017, 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.

Expensed remuneration to the Board 2018

Total remuneration for 2018 (SEK t.)	Cash Board fee	Value of Synthetic Shares as at grant date	Committee 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 2018	Effect from Synthetic Shares exercised 2018	Total fee, actual cost	Number of Synthetic Shares at the beginning of the year	Number of Synthetic Shares granted 2018[1]	Adjustment for dividend	Exercised Synthetic Shares, 2018	Number of Synthetic Shares on December 31, 2018
Jacob Wallenberg	2,600		350	2,950				2,950					
Marcus Wallenberg	1,505			1,505				1,505					
Josef Ackermann	348	348		695	57	1	35	788	6,006	918	188	1,773	5,339
Gunnar Brock[2]	348	348	185	880	57	1	35	973	6,006	918	188	1,773	5,339
Johan Forssell													
Magdalena Gerger	695		185	880	57			937	4,276		145		4,421
Tom Johnstone, CBE	348	348	85	780	57	1	35	873	6,006	918	188	1,773	5,339
Carola Lemne[4]							35	35	1,730		43	1,773	
Sara Mazur	348	348		695		1		696		918	10		927
Grace Reksten Skaugen	695		280	975				975					
Hans Stråberg	348	348		695	57	1	35	788	6,006	918	188	1,773	5,339
Lena Treschow Torell	348	348	85	780	57	1	35	873	6,006	918	188	1,773	5,339
Peter Wallenberg Jr.[3]					17		35	52	2,999		83	1,773	1,309
Sara Öhrvall[5]					40			40	3,008		95		3,103
Total	**7,580**	**2,085**	**1,170**	**10,835**	**401**	**4**	**245**	**11,486**	**42,044**	**5,505**	**1,315**	**12,411**	**36,453**

1) Based on weighted average stock price for Investor B in the period May 5 to May 11 2018: SEK 378.72.
2) Additional remunerations of SEK 1,556 t. to Gunnar Brock have been expensed in the subsidiaries.
3) Member of the Board until 5/12 2015.
4) Member of the Board until 5/6 2014.
5) Member of the Board until 5/8 2018.

Expensed remuneration to the Board 2017

Total remuneration for 2017 (SEK t.)	Cash Board fee	Value of Synthetic Shares as at grant date	Committee 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 2017	Effect from Synthetic Shares exercised 2017	Total fee, actual cost	Number of Synthetic Shares at the beginning of the year	Number of Synthetic Shares granted 2017[1]	Adjustment for dividend	Exercised Synthetic Shares, 2017	Number of Synthetic Shares on December 31, 2017
Jacob Wallenberg[2]	2,450		340	2,790			544	3,334	8,463		228	8,691	
Marcus Wallenberg[2]	1,420			1,420				1,420					
Josef Ackermann	328	328		655	221	–27	127	976	7,042	802	190	2,028	6,006
Gunnar Brock[3]	328	328	175	830	221	–27	145	1,169	7,324	802	197	2,317	6,006
Sune Carlsson[4]							145	145	2,257		61	2,317	
Johan Forssell													
Magdalena Gerger	328	328	175	830	148	–27		950	3,383	802	91		4,276
Tom Johnstone, CBE	328	328	85	740	221	–27	145	1,079	7,324	802	197	2,317	6,006
Carola Lemne[5]					74		145	219	3,941		106	2,317	1,730
Grace Reksten Skaugen	655		260	915				915					
Hans Stråberg	328	328		655	221	–27	145	994	7,324	802	197	2,317	6,006
Lena Treschow Torell	328	328	85	740	221	–27	145	1,079	7,324	802	197	2,317	6,006
Peter Wallenberg Jr.[4]					128		145	273	5,177		139	2,317	2,999
Sara Öhrvall	328	328		655	94	–27		721	2,147	802	58		3,008
Total	**6,818**	**2,293**	**1,120**	**10,230**	**1,549**	**–191**	**1,687**	**13,275**	**61,705**	**5,616**	**1,663**	**26,941**	**42,044**

1) Based on weighted average stock price for Investor B in the period May 5 to May 11 2017: SEK 408.20.
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 1,550 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.

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Note 11. Auditor's fees and expenses

	2018	2017
Auditor in charge	*Deloitte*	*Deloitte*
Auditing assignment	41	36
Other audit activities	3	1
Tax advice	7	4
Other assignments	4	3
Total Auditor in charge	55	44
Other auditors		
Auditing assignment	3	1
Total other auditors	3	1
Total	58	45

Audit assignment refers to the auditor's reimbursement for execution of the statutory audit. The work includes the audit of the annual report and consolidated financial statements and the accounting, the administration of the Board of Directors and the CEO and remunerations for audit advice offered in connection with the audit assignment.

Other audit activities refers to other assignments, other consultations or other assistance which the entity's auditors perform as a result of observations during the audit.

Note 12. Net financial items

Accounting policies

Financial income and financial expenses consist 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 as incurred. 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.

	2018	2017
Interest		
Interest income	27	55
Interest expense	–1,827	–1,531
Total interest	–1,799	–1,476
Other financial items		
Changes in value, losses	–36	–75
Exchange loss	–389	–1,269
Other items	–140	–71
Total other financial items	–565	–1,415
IS Net financial items	–2,365	–2,891

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 –8 m. (–17) and revaluations of financial assets and liabilities established with valuation techniques totaling SEK –36 m. (–75). Liabilities accounted for as hedges have been revalued by SEK 404 m. (392) and the associated hedging instruments have been revalued by SEK –452 m. (–522). Derivatives included in cash flow hedges are not recognized in the Income Statement but have affected Other Comprehensive income by SEK 3 m. (19). Other items within Other financial items include a reclassification adjustment for cash flow hedges by SEK 480 m. (–) and fair value revaluation of liabilities for put options over non-controlling interest by SEK –428 m. (–15). For more information about net financial items, see note 30, Financial instruments.

Note 13. 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 31, Pledged assets and contingent liabilities.

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

	2018 (%)	2018	2017 (%)	2017
Reported profit/loss before taxes		–914		44,542
Tax according to applicable tax rate	22.0	201	22.0	–9,799
Effect of other tax rates for foreign subsidiaries	–6.4	–58	0.0	11
Tax from previous years	–75.6	–691	0.0	–16
Tax effect of non-taxable income	1,419.1	12,976	–25.2	11,239
Tax effect status as an industrial holding company[1]	67.0	612	–1.2	517
Tax effect of non-deductible expenses	–1,512.7	–13,831	4.8	–2,121
Controlled Foreign Company taxation	0.0	–	0.0	–9
Standard interest on tax allocation reserves	0.0	0	0.0	0
Tax effect of not recognized losses or temporary differences	–71.7	–656	0.9	–386
Tax effect of recognition and derecognition of tax losses and temporary differences	–25.4	–232	–0.3	150
Other	2.1	19	0.1	–56
Current tax expense	**–181.6**	**–1,660**	**1.1**	**–471**
Tax effect of recognition and derecognition of tax losses and temporary differences	25.4	232	0.2	–70
Tax effect of not recognized losses or temporary differences	–2.6	–24	–0.1	50
Tax effect of changed tax rates	6.2	57	–0.6	264
Tax effect impairment of goodwill	0.0	–	0.0	–
Other	1.1	10	0.0	–16
Deferred tax income	**30.1**	**275**	**–0.5**	**227**
IS Reported tax expense	**–151.4**	**–1,385**	**0.5**	**–244**

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

Income tax for the year in Other Comprehensive income

	2018	2017
Income tax for the year in Other Comprehensive income	–34	–130
Total	**–34**	**–130**

Note 13. Income tax

Deferred taxes

Deferred taxes refer to the following assets and liabilities

	12/31 2018			12/31 2017		
	Asset	Liability	Net	Asset	Liability	Net
Intangible assets	79	–5,299	–5,220	85	–3,386	–3,301
Property, plant and equipment	84	–904	–820	99	–837	–738
Financial assets	6	–173	–168	–	–169	–169
Inventory	181	–22	159	155	–9	146
Interest-bearing liabilities	25	–	25	7	–6	1
Pension provisions	226	0	226	223	–	223
Provisions	117	–1	117	51	–1	50
Losses carry-forward	270	–	270	282	–	282
Tax allocation reserves	–	–72	–72	1	–31	–29
Other	119	–71	48	93	–97	–4
Total deferred tax assets and liabilities	**1,108**	**–6,543**	**–5,435**	**997**	**–4,535**	**–3,538**
Net of deferred tax assets and liabilities[1)]	–422	422	0	–294	294	–
BS Net deferred tax	**685**	**–6,121**	**–5,435**	**703**	**–4,241**	**–3,538**

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

Unrecognized deferred tax assets

Taxes relating to deductible temporary differences for which deferred tax assets have not been recognized amounted to SEK 188 m. on December 31, 2018 (224). The amount mainly refers to the tax amount of unrecognized losses carry-forward. The amount 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 2018	Amount at the beginning of the year	Business combinations	Recognized in the Income Statement	Recognized in Other Comprehensive income	Exchange rate differences	Amount at year-end
Intangible assets	–3,301	–1,995	235	–	–158	–5,220
Property, plant and equipment	–738	–33	3	–40	–12	–820
Financial assets	–169	–26	41	1	–14	–168
Inventory	146	–31	36	–	8	159
Interest-bearing liabilities	1	12	21	–10	1	25
Pension provisions	223	–4	–11	15	3	226
Provisions	50	4	59	–	4	117
Losses carry-forward	282	133	–158	0	14	270
Tax allocation reserves	–29	–46	3	0	0	–72
Other	–4	3	45	0	3	48
Total	**–3,538**	**–1,985**	**275**	**–34**	**–153**	**–5,435**

12/31 2017	Amount at the beginning of the year	Business combinations	Recognized in the Income Statement	Recognized in Other Comprehensive income	Exchange rate differences	Amount at year-end
Intangible assets	–3,931	394	212	–22	46	–3,301
Property, plant and equipment	–743	0	100	–106	11	–738
Financial assets	–335	–	138	–	29	–169
Inventory	225	–	–79	1	–1	146
Interest-bearing liabilities	4	–	–3	–	0	1
Pension provisions	220	–	10	–8	1	223
Provisions	20	–	29	2	–1	50
Losses carry-forward	461	–	–156	–	–23	282
Tax allocation reserves	–26	–1	–2	–	0	–29
Other	20	0	–21	3	–5	–4
Total	**–4,085**	**394**	**227**	**–130**	**55**	**–3,538**

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Long-term tax liabilities

	12/31 2018	12/31 2017
Tax liability expected to be paid after more than 12 months		
Reserve for tax on deduction for interest expenses	372	–

Investor AB's subsidiaries have historically claimed deduction for certain interest expenses, which have been denied by the tax authorities. The recent appeals to the Administrative Court of Appeal were denied in May 2018. Investor still believes that these deductions have been claimed rightfully and has appealed the decision to the Supreme Administrative Court. A reserve has been booked for the tax that might need to be paid if the interest deductions are denied in highest instance as well. For more information see note 31, Pledged assets and contingent liabilities.

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Note 14. 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

	2018	2017
Profit/loss for the year attributable to the holders of ordinary shares in the Parent Company, SEK m.	–2,252	44,318
Weighted average number of ordinary shares outstanding during the year, millions	764.9	764.6
IS Basic earnings per share, SEK	**–2.94**	**57.96**

Change in the number of outstanding shares, before dilution	2018	2017
Total number of outstanding shares at beginning of the year, millions	764.8	764.4
Repurchase of own shares during the year, millions	0.0	0.0
Sales own shares during the year, millions	0.3	0.4
Total number of outstanding shares at year-end, millions	**765.1**	**764.8**

Diluted earnings per share

	2018	2017
Profit for the year attributable to the holders of ordinary shares in the Parent Company, SEK m.	–2,252	44,318
Weighted average number of outstanding ordinary shares, millions	764.9	764.6
Effect of issued:		
Employee share and stock option programs, millions	0.6	0.8
Number of shares used for the calculation of diluted earnings per share, millions	765.5	765.4
IS Diluted earnings per share, SEK	**–2.94**	**57.90**

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 387.68) compared to exercise price and potential value per option to be expensed in accordance with 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 10, Employees and personnel costs, for exercise price and a description of performance terms and conditions.

Note 15. Intangible assets

Accounting policies

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

Tradenames and Trademarks

Tradenames and trademarks are valued as part of the fair value of businesses acquired from a third party. The tradenames and trademarks must have long-term value and it must be possible to sell them 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 tradenames with an indefinite useful life are not amortized.

Estimated useful lives:

Trademarks	6-15 years
Capitalized development expenditure	1-8 years
Proprietary technology	3-20 years
Customer contracts and relations	3-18 years
Software and other	1-10 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 15. *Intangible assets*

12/31 2018	Goodwill	Tradenames and Trademarks	Capitalized development expenditure	Proprietary technology	Customer contracts and relations	Software and other	Total
Accumulated costs							
Opening balance	35,763	7,424	883	3,251	9,765	1,506	58,592
Business combinations	9,472	1,896	466	619	4,644	1,388	18,485
Internally generated intangible assets			148				148
Acquisitions			36	0		110	146
Disposals	–48	0	–13	–14		–13	–89
Reclassifications	–10	–7	–15	–23	10	12	–34
Reclassification to Assets held for sale	–1,886	–7	–4	0	–304	–6	–2,206
Exchange rate differences	1,728	342	14	142	599	86	2,911
At year-end	**45,018**	**9,647**	**1,517**	**3,975**	**14,714**	**3,083**	**77,953**
Accumulated amortization and impairment losses							
Opening balance	–1,904	–32	–333	–969	–5,119	–410	–8,767
Disposals	34	0	6	4		13	57
Impairment loss	–18				–2		–21
Amortizations		–61	–229	–277	–720	–115	–1,401
Reclassifications			0	4	–4	1	1
Reclassification to Assets held for sale	261	0	3	0	273	6	543
Exchange rate differences	–4	–5	–6	–46	–189	–6	–256
At year-end	**–1,631**	**–98**	**–559**	**–1,284**	**–5,760**	**–512**	**–9,844**
BS Carrying amount at year-end	**43,387**	**9,549**	**958**	**2,690**	**8,953**	**2,571**	**68,109**
Allocation of amortization and impairment in Income Statement							
Costs of goods and services sold	–15	0	–9		–61	–18	–104
Sales and marketing costs		–13		–125	–108	–6	–252
Administrative, research and development and other operating costs	–3	–61	–220	–152	–553	–75	–1,064
Management costs						–2	–2
Total	**–18**	**–74**	**–229**	**–277**	**–722**	**–101**	**–1,421**

12/31 2017	Goodwill	Tradenames and Trademarks	Capitalized development expenditure	Proprietary technology	Customer contracts and relations	Software and other	Total
Accumulated costs							
Opening balance	35,792	7,262	850	3,267	9,706	1,457	58,333
Business combinations	–17	62	26		279	17	367
Internally generated intangible assets			75				75
Acquisitions			85	12	2	116	215
Disposals			–193			–14	–207
Reclassifications			45	–9		18	53
Exchange rate differences	–12	100	–4	–19	–222	–88	–244
At year-end	**35,763**	**7,424**	**883**	**3,251**	**9,765**	**1,506**	**58,592**
Accumulated amortization and impairment losses							
Opening balance	–940	–18	–335	–727	–4,664	–373	–7,058
Disposals			146		14	0	160
Impairment loss	–964						–964
Amortizations		–16	–121	–228	–405	–60	–831
Reclassifications			–22			21	–1
Exchange rate differences		2	–1	–13	–63	2	–73
At year-end	**–1,904**	**–32**	**–333**	**–969**	**–5,119**	**–410**	**–8,767**
BS Carrying amount at year-end	**33,859**	**7,392**	**550**	**2,282**	**4,646**	**1,097**	**49,825**
Allocation of amortization and impairment in Income Statement							
Costs of goods and services sold		0	–9		–58	–16	–83
Sales and marketing costs				–116	–32	0	–148
Administrative, research and development and other operating costs	–964	–15	–113	–112	–315	–43	–1,562
Management costs						–1	–1
Total	**–964**	**–16**	**–121**	**–228**	**–405**	**–60**	**–1,795**

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Note 15. *Intangible assets*

Impairment testing
Goodwill and other intangible assets with an indefinite useful life originating from acquisitions are primarily divided between seven cash-generating entities; Mölnlycke, Aleris, Permobil, BraunAbility, Laborie, Sarnova and Piab. 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.

Key assumptions
The estimated value for each cash-generating entity 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 the coming year and financial forecasts for the four years after that (or a longer period if deemed more relevant). A growth rate of 1.4-3.0 percent has been used to extrapolate the cash flows for the years beyond the forecast period. The growth-rate is individual for each entity and is considered reasonable given the company's historical growth, geograthical positioning and industry fundamentals. A sector's long-term growth drivers, such as demographics and lifestyle aspects can be considered as well.

Sensitivity analysis
For all entities except Aleris, 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.

Several parts of Aleris' businesses are performing well, delivering high-quality services to customers in a cost efficient manner. Some areas, however are not performing in line with expectations. In 2017 a write-down of SEK 964 m. was made, as the forecasted profitability short- to medium-term, was not able to defend the carrying value in the impairment test. In the impairment test for 2018, no need for a write-down has been identified. In the impairment test 2018, the value in use for Health care, based on the present value for the Health care operations future estimated cash flow, has been added to the fair value less costs of disposal for the Care operations. This due to the fact that the Care operations was sold in the beginning of 2019 and the consideration for this part was determined. Based on this calculation the recoverable amount was in line with the carrying amount. However, any reasonably possible change in discount rate, assumption of the future growth rate and operating margins would lead to a need for impairment. As the Care operations has been sold, a new impairment test will be performed for the remaining part of Aleris in 2019.

12/31 2018	Amount of Goodwill SEK m.	Amount of Tradenames SEK m.[1]	Valuation method	Budget for	Financial forecasts until	Growth rate beyond forecast period	Discount rate (pre tax)
Cash Generating Units							
Mölnlycke	22,654	5,601	Value in use	2019	2023	1.9	10.1
Sarnova	4,442	–	Value in use	2019	2023	1.9	9.8
Laborie	4,027	169	Value in use	2019	2023	2.4	10.2
Piab	3,664	1,045	Value in use	2019	2023	3.4	9.6
Aleris	3,354	21	Value in use/ fair value	2019	2023	0.8	9.7
Permobil	3,311	1,443	Value in use	2019	2023	1.9	10.0
BraunAbility	1,745	260	Value in use	2019	2023	1.8	10.4
Total	**43,196**	**8,539**					

12/31 2017	Amount of Goodwill SEK m.	Amount of Tradenames SEK m.[1]	Valuation method	Budget for	Financial forecasts until	Growth rate beyond forecast period	Discount rate (pre tax)
Cash Generating Units							
Mölnlycke	21,647	5,348	Value in use	2018	2022	1.8	10.1
Aleris	4,991	28	Value in use	2018	2027[2]	1.4	9.8
Permobil	3,084	1,443	Value in use	2018	2022	1.7	10.6
Laborie	2,674	155	Value in use	2018	2022	3.0	10.5
BraunAbility	1,449	267	Value in use	2018	2022	1.9	12.2
Total	**33,845**	**7,241**					

1) Tradenames with indefinite useful life.
2) Based on a ten year forecast period. The relatively long forecast period is justified given the restructuring phase the company are facing the coming years and the forecast period thereafter being the best projection of the future long-term profitability.

Note 16. 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.

Depreciation

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

Estimated useful lives:

Frameworks	20-100 years
Land improvements	15-40 years
Building components	1-40 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 5.5-7.50 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 3.5 percent to 7.25 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 204 m. Respectively a 0.5 percent change of the long-term yield requirement would have an effect on the value of approximately SEK 431 m.

The majority of the properties was revalued during 2018. The Hotel properties and some Office properties have been revalued by December 31, 2018.

	12/31 2018					12/31 2017				
	Revaluation model		Cost model			Revaluation model		Cost model		
	Buildings	Land	Buildings	Land	Total	Buildings	Land	Buildings	Land	Total
Revalued cost										
Opening balance	3,818	1,825	1,532	87	7,262	2,893	1,847	1,517	89	6,345
Business Combinations	11	58	15	0	85	57	5	2		64
Other acquisitions	534	4	28	6	573	301	57	77	1	435
Sales and disposals	–10		–112	–3	–125	–7		–5		–11
Reclassifications	–3		–58	0	–62	0		–64		–65
Reclassification to Assets held for sale	–23	–1			–23					
Effect of revaluations on revaluation reserve	81	244			325	570	–84	–		485
Exchange rate differences	7	1	87	6	101	5	1	5	–2	9
At year-end	**4,418**	**2,132**	**1,492**	**97**	**8,138**	**3,818**	**1,825**	**1,532**	**87**	**7,262**
Accumulated depreciation										
Opening balance	–609		–302	0	–912	–534		–253	0	–787
Sales and disposals	1		33	0	34	0		5		5
Depreciation	–116		–65	–1	–182	–98		–54	0	–152
Reclassifications	37		0	0	37	23				23
Reclassification to Assets held for sale	6				6					
Exchange rate differences	0		–23	0	–23	0		0	0	0
At year-end	**–682**		**–358**	**0**	**–1,040**	**–609**		**–302**	**0**	**–912**
BS Carrying amount at year-end	**3,736**	**2,132**	**1,134**	**96**	**7,098**	**3,209**	**1,825**	**1,229**	**87**	**6,350**
Carrying amount if acquisition cost model had been used	**2,383**	**588**	**1,134**	**96**	**4,201**	**1,919**	**459**	**1,229**	**87**	**3,695**

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Note 17. 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	3-24 years	
Furniture, fixtures and fittings	3-11 years	
Expenditure on leased property	3-28 years	– or over the remaining lease period if shorter

	12/31 2018				12/31 2017			
	Machinery	Furniture, fixtures and fittings	Expenditure on leased property	Total	Machinery	Furniture, fixtures and fittings	Expenditure on leased property	Total
Accumulated costs								
Opening balance	2,027	2,579	576	5,182	1,557	2,666	517	4,740
Business combinations	176	72	3	252	22	11	5	38
Other acquisitions	260	553	121	934	137	519	76	732
Sales and disposals	–20	–432	–77	–529	–17	–183	–35	–235
Reclassifications	138	–85	3	55	333	–348	25	10
Reclassification to Assets held for sale		–188	–48	–237				
Exchange rate differences	128	107	13	249	–6	–86	–11	–104
At year-end	**2,708**	**2,606**	**591**	**5,906**	**2,027**	**2,579**	**576**	**5,182**
Accumulated depreciation and impairment								
Opening balance	–729	–1,320	–312	–2,361	–570	–1,104	–280	–1,954
Sales and disposals	9	390	72	471	4	134	30	168
Reclassifications	0	1	–1	0	–5	3	0	–3
Reclassification to Assets held for sale		139	15	154				
Depreciation	–214	–411	–64	–689	–150	–399	–68	–617
Exchange rate differences	–47	–62	–8	–118	–8	46	7	45
At year-end	**–981**	**–1,264**	**–298**	**–2,544**	**–729**	**–1,320**	**–312**	**–2,361**
BS Carrying amount at year-end	**1,727**	**1,342**	**293**	**3,362**	**1,298**	**1,258**	**265**	**2,821**

Note 18. 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 IFRS 9 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 2018	12/31 2017
At the beginning of the year	4,340	3,875
Business combinations	20	–
Acquisitions	0	20
Divestments	–1	–
Reclassification	–93	–
Share of results of associates	–139	390
Share of other comprehensive income of associates	146	76
Changes in equity due to transactions with owners	–196	–4
Other changes in associated companies equity	108	–5
Exchange rate differences	6	–12
BS Carrying amount at year-end	**4,191**	**4,340**

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Note 18. Shares and participations in associates

Information about material associates

Hi3G Holdings AB, Stockholm, 556619-6647

Three 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.

Three Scandinavia is consolidated using the equity method. Dividend was distributed to Investor for 2018 amounting to SEK 204 m. (–). During 2017, SEK 1,714 m. was distributed to Patricia Industries as repayment of shareholder loans. Investor guarantees SEK 0.7 bn of Three Scandinavia's external debt.

Three Scandinavia is, through its operational company in Sweden, involved in discussions with the Swedish Tax Authorities (STA). These discussions are about the interpretation of the underlying and applicable Swedish and EU law associated with the application of taxes on sales.

Three Sweden has challenged the STA's decision in the administrative court who, during November 2018, ruled in the STA's favor. This has affected Three Sweden's result during 2018 with a negative effect amounting to SEK 1,448 m. At the beginning of 2019 Three Sweden has challenged the decision in Kammarrätten and in January 2019 paid the total amount of SEK 1,552 m. to the STA relating to the decision.

The assessment made by the management of Three Scandinavia is that the process is in line with current legislation.

Summarized financial information for associates using the equity method

Hi3G Holdings AB	Total 12/31 2018	Total 12/31 2017
Ownership capital/votes, %	40/40	40/40
Net sales	10,728	11,444
Profit/loss for the year	–126	952
Total other comprehensive income for the year	135	189
Total comprehensive income for the year	9	1,141
Investor's share of total comprehensive income for the year	3	456
Total share of total comprehensive income	**3**	**456**
Non-material associates		
Share of profit/loss for the year	–89	9
Share of total other comprehensive income	110	0
Share of total comprehensive income for the year	22	10
Total share of total comprehensive income	**25**	**466**
Hi3G Holdings AB		
Total non-current assets	15,094	14,611
Total current assets	5,208	4,579
Total non-current liabilities	–4,539	–283
Total current liabilities	–5,494	–8,413
Total net assets (100 %)	10,269	10,493
Investor's share of total net assets	4,108	4,197
Carrying amount of Hi3G Holdings AB	4,108	4,197
Carrying amount of non-material associates	84	143
BS Carrying amount of associates at year-end reported using the equity method	**4,191**	**4,340**

Summarized financial information for material associates valued at fair value

		Investor's share of		100% of reported values of the associate					
12/31 2018 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	39,207	2,623	45,868	23,134	–923	22,211	2,567,516	2,418,727
Atlas Copco, Stockholm, 556014-2720	17/22	43,373	1,454	95,363	106,435	2,184	108,619	96,670	54,198
Ericsson, Stockholm, 556016-0680	7/23	18,561	240	210,838	–6,276	100	–6,176	268,761	180,991
Electrolux, Stockholm, 556009-4178	16/28	9,459	397	124,129	3,805	–95	3,710	97,312	75,563
Swedish Orphan Biovitrum AB, Stockholm, 556038-9321	39/39	20,696	–	9,139	2,418	–124	2,294	17,183	8,143
Epiroc, Stockholm, 556077-9018	17/23	17,219	–	38,285	5,437	–72	5,365	36,155	17,308
Saab, Linköping, 556036-0793	30/40	12,576	180	33,156	1,366	–1,335	31	56,128	36,495
Husqvarna, Jönköping, 556000-5331	17/33	6,351	218	41,085	1,213	430	1,643	38,607	22,598
Total participations in material associates valued at fair value		**167,442**	**5,112**	**597,863**	**137,532**	**165**	**137,697**	**3,178,332**	**2,814,023**

		Investor's share of		100% of reported values of the associate					
12/31 2017 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	43,705	2,509	45,561	16,197	–1,036	15,161	2,556,908	2,415,671
Atlas Copco, Stockholm, 556014-2720	17/22	72,877	1,412	116,421	16,693	–609	16,084	126,031	65,430
Ericsson, Stockholm, 556016-0680	7/22	11,740	196	205,378	–32,433	–2,799	–35,232	259,882	162,311
Electrolux, Stockholm, 556009-4178	16/30	12,613	359	120,771	5,745	–356	5,389	89,542	69,062
Swedish Orphan Biovitrum AB, Stockholm, 556038-9321	40/40	12,051	–	6,511	1,149	148	1,297	10,903	4,201
Saab, Linköping, 556036-0793	30/40	13,033	172	31,666	1,508	92	1,600	44,998	30,713
Husqvarna, Jönköping, 556000-5331	17/33	7,542	189	39,394	2,660	–99	2,561	35,418	19,751
Total participations in material associates valued at fair value		**173,560**	**4,837**	**565,702**	**11,519**	**–4,659**	**6,860**	**3,123,682**	**2,767,139**

1) Carrying amount for associates valued at fair value, equals the quoted market price for the investment.

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Note 19. Other financial investments, short-term investments and cash and cash equivalents

Accounting policies

Other financial investments and short-term investments consist 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 30, 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 2018	0–3 months	4–6 months	7–12 months	13–24 months	Total carrying amount
Short-term investments	337	1,692	810		2,839
Cash and bank	11,079				11,079
Other financial investments				2,998	2,998
BS Total	**11,416**	**1,692**	**810**	**2,998**	**16,916**

12/31 2017	0–3 months	4–6 months	7–12 months	13–24 months	Total carrying amount
Short-term investments	4,153	788	3,402		8,343
Cash and bank	12,107				12,107
Other financial investments				5,389	5,389
BS Total	**16,260**	**788**	**3,402**	**5,389**	**25,839**

Of the total carrying amount, SEK 11,294 m. is readily available for investments (18,899).

Note 20. Long-term receivables and other receivables

	12/31 2018	12/31 2017
Non-current receivables		
Receivables from associates	1	1
Derivatives	1,838	1,894
Receivables from MPP Foundations	981	121
Other	76	199
BS Total	**2,897**	**2,215**

	12/31 2018	12/31 2017
Other receivables		
Derivatives	4	14
Incoming payments	51	30
Other	263	218
BS Total	**318**	**262**

Note 21. 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 or by using the weighted average cost formula. This is because the products in the Group´s inventories have different natures or uses. 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 2018	12/31 2017
Raw materials and consumables	1,815	1,488
Work in progress	131	117
Finished goods	2,752	1,690
Supplies	50	48
BS Total	**4,748**	**3,343**

Note 22. Prepaid expenses and accrued income

	12/31 2018	12/31 2017
Accrued interest income	267	306
Other financial receivables	9	12
Accrued customer income (contract assets)	204	212
Other	418	397
BS Total	**899**	**927**

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 has 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.

Hedging cost reserve
Basis spread is the cost for swapping between different currencies. The basis spread is taken into account when the market value of Investor’s swap portfolio is calculated. The basis spread is defined as hedging cost and the relating change in market value is accounted for in the hedging cost reserve.

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 P7, Participation in Group companies.

Note 23. Equity

Specification of reserves in equity	12/31 2018	12/31 2017
Translation reserve		
Opening balance	2,390	2,649
Translation differences for the year, subsidiaries	2,765	–334
Change for the year, associates	143	75
	5,298	**2,390**
Revaluation reserve		
Opening balance	2,022	1,638
Revaluation of non-current assets for the year	365	513
Tax relating to revaluations for the year	–39	–113
Release of revaluation reserve due to depreciation of revalued amount	–29	–17
	2,318	**2,022**
Hedging reserve		
Opening balance	485	465
Cash flow hedges:		
Reclassification adjustment to Income Statement	–480	–
Recycled to Income Statement	–	19
Change for the year, associates	3	0
	7	**485**
Hedging cost reserve		
Opening balance	–	–
Adjustment for changed accounting policy[1]	307	–
Opening balance adjusted for changed accounting policy	307	–
Hedging cost for the year	–170	–
	136	**–**
Total reserves		
Opening balance	4,897	4,752
Adjustment for changed accounting policy[1]	307	–
Opening balance adjusted for changed accounting policy	5,203	–
Change in reserves for the year:		
Translation reserve	2,908	–258
Revaluation reserve	296	383
Hedging reserve	–477	20
Hedging cost reserve	–170	–
Carrying amount at year-end	**7,760**	**4,897**

1) Adjustment for currency basis spread accounted for as hedging cost from 1/1 2018.

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

	Number of shares		Amounts affecting equity, SEK m.	
	2018	2017	2018	2017
Opening balance, repurchased own shares	2,392,938	2,793,387	–474	–526
Sales/repurchases for the year	–284,256	–400,449	27[1]	52[1]
Balance at year-end, repurchased own shares	**2,108,682**	**2,392,938**	**–447**	**–474**

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, 2018 the Group held 2,108,682 of its own shares (2,392,938). 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	251,278
Net profit for the year	–7,148
Total	**244,130**

To be allocated as follows (SEK m.):	
Dividend to shareholders, SEK 13.00 per share	9,973[1]
Funds to be carried forward	234,156
Total	**244,130**

1) Calculated on the total number of registered shares.

For more information, see the Administration Report page 50. The dividend is subject to the approval of the Annual General Meeting on May 8, 2019. The dividend for 2017 amounted to SEK 9,179 m. (SEK 12.00 per share) and the dividend for 2016 amounted to 8,411 m. (SEK 11.00 per share). Dividends paid out per share for 2017 and 2016 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 3.5 percent and at the end of the year 6.1 percent. The change is mainly due to cash flows arising from dividends from Listed Core Investments, proceeds from EQT and Patricia Industries, investments in Sarnova, Piab, Saab, Ericsson, Electrolux and EQT funds and dividends paid to shareholders. For more information, see the Administration Report page 8.

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 2018 was 3.5 percent.

Capital is defined as total recognized equity.

Equity	12/31 2018	12/31 2017
Attributable to shareholders of the Parent Company	327,508	336,262
Attributable to non-controlling interest	182	64
BS Total	**327,690**	**336,326**

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.

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Note 24. Interest-bearing liabilities

Accounting policies
For more information relating to accounting policies for financial liabilities see note 30, 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 2018	12/31 2017
Long-term interest-bearing liabilities		
Bond loans	51,801	45,057
Bank loans	11,604	9,570
Interest rate derivatives with negative value	354	567
Finance lease liabilities	106	109
Other long-term interest-bearing liabilities	–	–
BS Total	63,866	55,303
Short-term interest-bearing liabilities		
Bond loans	1,161	1,969
Bank loans	2,502	83
Interest rate derivatives with negative value	158	16
Finance lease liabilities	16	19
Other short-term interest-bearing liabilities	8	5
BS Total	3,845	2,092
Total interest-bearing liabilities and derivatives	**67,711**	**57,396**
Long-term interest rate derivatives positive value	–1,838	–1,894
Short-term interest rate derivatives positive value	–3	–
Total	–1,841	–1,894
Total interest-bearing liabilities and derivatives	**65,870**	**55,502**

Finance lease liabilities

Maturity, 12/31 2018	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than 1 year from balance sheet date	23	–6	16
1-5 years from balance sheet date	46	–19	27
More than 5 years from balance sheet date	100	–22	80
Total	**170**	**–46**	**123**

Maturity, 12/31 2017	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than 1 year from balance sheet date	25	–6	19
1-5 years from balance sheet date	49	–19	31
More than 5 years from balance sheet date	102	–24	78
Total	**176**	**–48**	**128**

Changes in liabilities arising from financing activities

			Non-cash changes				
12/31 2018	Opening balance	Cash flows	Aquisitions	Foreign exchange movements	Fair value changes	Other	Amount at year-end
Long-term interest-bearing liabilities	55,194	5,577	4,562	2,016	–85	–3,506	63,759[1]
Current interest-bearing liabilities	2,528	–1,790	154	–236	161	3,069	3,887[2]
Long-term financial leases	109	–4	1	9		–9	106[1]
Current financial leases	19	–12		1		9	16[2]
Assets held to hedge long-term liabilities	–1,894				56		–1,838[3]
Total liabilities from financing activities	**55,957**	**3,771**	**4,718**	**1,790**	**133**	**–437**	**65,932**

			Non-cash changes				
12/31 2017	Opening balance	Cash flows	Aquisitions	Foreign exchange movements	Fair value changes	Other	Amount at year-end
Long-term interest-bearing liabilities	53,165	4,211		248	–523	–1,907	55,194[1]
Current interest-bearing liabilities	1,779	–1,482		91	–3	2,143	2,528[2]
Long-term financial leases	148	–21		–18			109[1]
Current financial leases	16			3			19[2]
Assets held to hedge long-term liabilities	–2,402				508		–1,894[3]
Total liabilities from financing activities	**52,706**	**2,708**	**–**	**325**	**–18**	**236**	**55,957**

1) Included in Consolidated Balance Sheet item Long-term interest-bearing liabilities.
2) Included in Consolidated Balance Sheet item Current interest-bearing liabilities and Other liabilities.
3) Included in Consolidated Balance Sheet item Long-term receivables.

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.

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 payments to foundations.

62 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 –)	2018	2017
Current service cost	80	84
Past service cost and gains/losses from settlements	–2	–13
Additional pension obligations	3	3
Other values	1	–1
Total operating cost	**83**	**73**
Net interest expense	26	23
Exchange rate differences	–	–5
Total financial cost	**26**	**18**
Components recognized in profit/loss	**108**	**91**

Remeasurement on the net defined benefit liability (gain –)	2018	2017
Return on plan assets (excl. amounts in interest income)	1	–6
Actuarial gains/losses, demographic assumptions	0	–6
Actuarial gains/losses, financial assumptions	56	20
Actuarial gains/losses, experience adjustments	23	–30
Components in Other Comprehensive income	**80**	**–22**

Provision for defined benefit plans

The amount included in the consolidated Balance Sheet arising from defined benefit plans	12/31 2018	12/31 2017
Present value of funded or partly funded obligations	708	835
Present value of unfunded obligations	710	597
Total present value of defined benefit obligations	**1,418**	**1,432**
Fair value of plan assets	–456	–567
NPV of obligations and fair value of plan assets	**962**	**865**
Restriction on asset ceiling recognized	–	–
BS Net liability arising from defined benefit obligations	**962**	**865**

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Note 25. *Provisions for pensions and similar obligations*

Changes in the obligations for defined benefit plans recognized during the year	12/31 2018	12/31 2017
Defined benefit plan obligations, opening balance	1,432	1,380
Current service cost	83	87
Interest cost	31	31
Remeasurement of defined benefit obligations		
Actuarial gains/losses, demographic assumptions	0	–6
Actuarial gains/losses, financial assumptions	56	20
Actuarial gains/losses, experience adjustments	23	–30
Contributions to the plan from the employer	0	–1
Past service cost and gains/losses from curtailments	–7	–13
Liabilities reclassified as Liabilities directly associated with assets held for sale	–218	–
Benefit paid	–20	–16
Other	–1	0
Exchange rate difference	38	–20
Obligations for defined benefit plans at year-end	**1,418**	**1,432**

Changes in fair value of plan assets during the year	12/31 2018	12/31 2017
Fair value of plan assets, opening balance	567	543
Interest income	11	11
Remeasurement of fair value plan assets		
Return on plan assets (excl. amounts in interest income)	–1	6
Contributions from the employer	45	36
Contributions from plan participants	2	1
Assets distributed on settlements	–	–9
Assets reclassified as Liabilities directly associated with assets held for sale	–176	–
Exchange differences on foreign plans	14	–21
Benefit paid	–15	–3
Other	–2	0
Exchange rate difference	10	4
Fair value of plan assets at year-end	**456**	**567**

The fair value of the plan asset at the end of the reporting period for each category are as follows	12/31 2018	12/31 2017
Cash and cash equivalents	15	30
Equity investments	72	100
Debt investments[1]	159	246
Properties	28	22
Other values[2]	182	169
Total fair value of plan assets	**456**	**567**

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 2018	12/31 2017
Restriction asset ceiling, opening balance	–	–
Interest net	–	–
Changes asset ceiling, OCI	–	–
Restriction asset ceiling at year-end	**–**	**–**

The Group estimates that SEK 53 m. will be paid to defined benefit plans during 2019 (48).

Assumptions

Assumptions for defined benefit obligations 2018	Sweden	Norway	Other (weighted average)
Discount rate	2.3	2.6	2.1
Future salary growth	1.8	2.6	2.4
Future pension growth	2.0-2.5	1.7	0.6
Mortality assumptions used	DUS14, PRI	K2013, K2013BE	Local mortality tables

Assumptions for defined benefit obligations 2017	Sweden	Norway	Other (weighted average)
Discount rate	2.5	2.3	2.1
Future salary growth	1.8	2.3	2.4
Future pension growth	2.0-2.4	1.5	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	104	126	418	1,611	2,259

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 2018 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 2019, the Investor Group expect to pay SEK 72 m. for premiums to Alecta (140). 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 175 percent, with a target level of 150 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 142 percent December 31, 2018 (154).

Defined contribution plans

Defined contribution plans	2018	2017
Expenses for defined contribution plans	550	550

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 the values after discount rate changes, from the current rate used.

Discount rate	1 percentage point increase	1 percentage point decrease
Present value of defined benefit obligations	1,218	1,580
Current service cost	76	87
Interest expense	37	23

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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 2018	12/31 2017
Provisions expected to be paid after more than 12 months		
Restructuring reserve	10	–
Provision for social security contributions for LTVR	9	13
Other	161	161
BS Total non-current other provisions	**181**	**174**
Provisions expected to be paid within 12 months		
Restructuring reserve	161	113
Provision for social security contributions for LTVR	29	40
Other	111	106
BS Total current other provisions	**301**	**258**
Total other provisions	**481**	**432**

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 2019-2025.

Restructering reserve
In 2018 a provision have been made for restructuring of the health care operations and loss of contracts within these operations.

Other
In the category Other a provision of SEK 42 m. for potential additional compensation to be paid related to sold associated company is included. The provision is expected to be settled in 2020 at the earliest. The remaining part of Other comprises mainly of provisions for guarantees and personnel related reserves, but also other provisions that have been considered immaterial to specify. These provisions intend to be settled with SEK 111 m. in 2019, SEK 106 m. in 2020 and SEK 55 m. in 2021 or later.

12/31 2018	Restructuring reserve	Social security LTVR	Other	Total other provisions
Opening balance	113	53	266	432
Provisions for the year	136	0	122	258
Reversals for the year	–77	–15	–116	–208
Carrying amount at year-end	**172**	**38**	**272**	**481**
12/31 2017				
Opening balance	41	64	345	450
Provisions for the year	84	30	147	261
Reversals for the year	–12	–41	–226	–279
Carrying amount at year-end	**113**	**53**	**266**	**432**

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

	12/31 2018	12/31 2017
Acquisition related liabilities	270	321
Liabilities related to share-based instruments	155	–
Non controlling interest[1)]	2,758	1,294
Other	310	332
BS Total other long-term liabilities	**3,493**	**1,947**

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

	12/31 2018	12/31 2017
Derivatives	15	41
Shares on loan	255	247
Incoming payments	2	4
VAT	221	178
Vehicle Floorplan liabilities	62	455
Personnel-related	291	365
Prepayments from customers	86	68
Other	530	222
BS Total other current liabilities	**1,461**	**1,608**

Note 28. Accrued expenses and deferred income

	12/31 2018	12/31 2017
Accrued interest expenses	915	895
Personnel-related expenses	1,481	1,597
Customer bonuses	225	224
Prepayments from customers (contract liabilities)	139	85
Other	877	782
BS Total	**3,637**	**3,583**

Note 29. Assets held for sale

Accounting policies

Non-current assets/disposal groups are classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use and its sale are highly probable. They are measured at the lower of its carrying amount and fair value less costs to sell.

Non-current assets are not depreciated while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are continued to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from other assets in the Consolidated Balance sheet.

On October 16, 2018, Aleris announced that it will divest its care operations, Aleris Care. The divestiture includes 305 units and almost 6,000 employees in Sweden, Norway and Denmark. The transaction has been closed January 21, 2019. This part has therefore been reported as assets held for sale in the annual report for 2018.

Assets and liabilities classified as held for sale	12/31 2018
Assets held for sale	
Goodwill	1,624
Other intangible assets	39
Property, plant and equipment	100
Other financial assets	0
Deferred tax assets	17
Other current receivables	601
BS Total assets held for sale	**2,382**
Liabilities directly associated with assets held for sale	
Other long-term liabilities	58
Current liabilities	679
BS Total liabilities directly associated with assets held for sale	**738**

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Note 30. 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 contractual provisions of the instrument. 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 contractual rights to the cash flows from the financial asset expire. A financial liability or part thereof is derecognized in the Balance Sheet when it is extinguished – i.e. when the obligation specified in the contract is discharged or cancelled or expires.

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. For financial assets classification is based on the entity's business model for managing the financial asset and the characteristics of the contractual cash flows of the asset.

There are three different business models according to IFRS 9 which are based on how the cash flows from the asset are realised:

- By collecting the contractual cash flows over the life of the financial asset.
- By both collecting the contractual cash flows from the financial assets and by selling financial assets.
- By selling the financial assets.

If the financial asset is held within a business model with the objective to realise the cash flows from the financial asset by collecting the contractual cash flows over the life of the asset and those cash flows are solely payments of principal and interest on the principal amount outstanding, the asset shall be measured at amortised cost.

If the financial asset is held within a business model with the objective to realise the cash flows from the financial asset both by collecting the contractual cash flows and by selling financial assets and those cash flows are solely payments of principal and interest on the principal amount outstanding, the asset shall be measured at fair value through other comprehensive income (OCI).

In all other cases the financial asset shall be measured at fair value through profit or loss.

Financial liabilities are classified as measured at amortised cost, execept for:

- financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value; and
- contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognised in profit or loss.

Financial assets

Financial assets measured at fair value through profit/loss

Financial assets within a business model that are measured at fair value through profit/loss are devided into: "financial assets excluding derivatives used in hedge accounting" and "derivatives used in hedge accounting".

Financial assets excluding derivatives used in hedge accounting includes all share holdings within the Group. All financial investments and cash and cash equivalents within the liquidity portfolio are included here as well.

Derivatives used in hedge accounting, consists of derivatives used in hedge accounting with a positive fair value (except for derivatives identified as effective hedging instruments). More information can be found under Derivatives on page 95.

Financial assets measured at fair value through other comprehensive income

Investor currently has no financial assets within a business model in this category.

Financial assets measured at amortized cost

This category mainly includes trade receivables, other short-term receivables and cash and cash equivalents in the subsidiaries within Patricia Industries. These assets are short-term in nature, which is why they are reported at nominal amounts without any discounting.

This category also includes other financial investments and long-term receivables managed within a business model that can be described as "hold-to-collect", meaning that the cash flows from the assets are realised by collecting the contractual cash flows over the life of the financial assets.

The contractual cash flows from all the receivables within the category "financial assets measured at amortized cost" are considered to be solely payments of principal and interest on the principal amount outstanding.

A loss allowance is recognised for all financial assets classified as measured at amortised cost. For all these financial assets, except trade receivables, the loss allowance is calculated as 12 month expected losses or, if the credit risk for the financial asset has increased significantly since initial recognition, as lifetime expected losses. The assessment is made every balance sheet day and if any contractual payments for a loan are more than 30 days past due, the credit risk is considered to have increased significantly since initial recognition.

For trade receivables a simplified approach is applied and a loss allowance based on lifetime expected credit losses are recorded. The deduction for bad debts are assessed on an individual basis, with an additional allowance for trade receivables that are not past due. This loss rate allowance reflects a three years history of credit losses and are calculated and reviewed annually in order to reflect current conditions and forecasts about the future.

Financial liabilities

Financial liabilities measured at fair value through profit/loss

Financial liabilities within a business model that are measured at fair value through profit/loss are devided into: "financial liabilities excluding derivatives used in hedge accounting" and "derivatives used in hedge accounting".

Financial liabilities excluding derivatives used in hedge accounting mainly relates to written put options that may result in Group companies receiving their own equity shares and being obligated to deliver cash corresponding to the fair value of the equity shares. Shares on loan in the trading operation are also classified as financial liabilities, except derivatives used in hedge accounting. When shares on loan are sold, an amount corresponding to the fair value of the shares is recorded as a liability. This category also includes contingent considerations recognised in business combinations to which IFRS 3 applies.

Derivatives used in hedge accounting include any derivatives used in hedge accounting with a negative fair value (except for derivatives that is part of a cash flow hedge). More information can be found under Derivatives on page 95.

Financial liabilities measured at amortized cost

This category includes all other finacial liabilties than those measured at fair value through profit/loss above. 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.

Disclosures

Disclosures regarding financial instruments can also be found in: note 3, Risks and risk management; note 12, Net financial items; note 19, Other financial investments, short-term investments and cash and cash equivalents; and note 24, Interest-bearing liabilities.

Note 30. *Financial instruments*

Financial instrument measurement categories under IAS 39 and IFRS 9

Category	Reported as per 12/31 2017 under IAS 39						Adjustment due to IFRS 9	Adjusted as per 1/1 2018 under IFRS 9		
	Fair value option	Held for trading	Derivatives used in hedge accounting	Financial assets available-for-sale	Loans, receivables and other financial liabilities			Other	Hold to collect	
Measurement	Fair value through profit/loss			Fair value through Other Comprehensive Income	Amortized cost	Total carrying amount		Fair value through profit/loss	Amortized cost	Total carrying amount
Financial assets										
Shares and participations recognized at fair value	307,520			2	14	307,535		307,535		307,535
Other financial investments	5,286				104	5,389		5,286	104	5,389
Long-term receivables			1,894		321	2,215		2,060	155	2,215
Accrued interest income					318	318			318	318
Trade receivables					4,004	4,004	0		4,004	4,004
Other receivables		14			248	262		14	248	262
Shares and participations in trading operation		266				266		266		266
Short-term investments	4,190					4,190		4,190		4,190
Cash and cash equivalents	16,260					16,260		9,461	6,799	16,260
Total	**333,255**	**279**	**1,894**	**2**	**5,009**	**340,439**	**0**	**326,917**	**11,628**	**340,439**
Financial liabilities										
Long-term interest bearing liabilities		444	123		54,736	55,303[1]		567	54,736	55,303[1]
Other long-term liabilities		1,689			258	1,947		1,689	258	1,947
Current interest-bearing liabilities		16			2,076	2,092[1]		16	2,076	2,092[1]
Trade payables					1,849	1,849			1,849	1,849
Other current liabilities		316			1,292	1,608		316	1,292	1,608
Accrued interest expenses					895	895			895	895
Total	**–**	**2,465**	**123**	**–**	**61,106**	**63,695**	**–**	**2,588**	**61,106**	**63,695**

1) The Groups loans are valued at amortized cost. Fair value on long-term interest-bearing liabilities amounts to SEK 60,207 m. and fair value on current interest-bearing liabilities amounts to SEK 2,144 m. For other assets and liabilities there are no differences between the carrying amount and fair value.

Financial assets and liabilities by valuation category

12/31 2018[1]	Financial instruments measured at fair value through profit/loss		Financial instruments measured at amortized cost	Total carrying amount	Fair value
	Financial assets/liabilities excluding derivatives used in hedge accounting	Derivatives used in hedge accounting			
Financial assets					
Shares and participations recognized at fair value	298,994			298,994	298,994
Other financial investments	2,915		83	2,998	2,998
Long-term receivables	981	1,838	78	2,897	2,897
Accrued interest income			277	277	277
Trade receivables			4,782	4,782	4,782
Other receivables	1	3	314	318	318
Shares and participations in trading operation	294			294	294
Short-term investments	2,502			2,502	2,502
Cash and cash equivalents	6,543		4,873	11,416	11,416
Total	**312,231**	**1,841**	**10,407**	**324,478**	**324,478**
Financial liabilities					
Long-term interest-bearing liabilities	354		63,512	63,866	67,702[2]
Other long-term liabilities	2,739		753	3,493	3,493
Current interest-bearing liabilities	28	130	3,687	3,845	3,859[2]
Trade payables			2,927	2,927	2,927
Other current liabilities	355		1,107	1,461	1,461
Accrued interest expenses			915	915	915
Total	**3,476**	**130**	**72,901**	**76,507**	**80,358**

1) Comparatives can be found in the table above under Financial instrument measurement under IAS 39 and IFRS 9.
2) The Groups loans are valued at amortized cost. Fair value on loans are presented. For other assets and liabilities there are no differences between the carrying amount and fair value.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note 30. Financial instruments

Result from financial assets and liabilities by valuation category

2018	Financial assets and liabilities measured at fair value through profit/loss: Financial assets excluding derivatives used in hedge accounting	Financial liabilities excluding derivatives used in hedge accounting	Derivatives used in hedge accounting	Financial assets measured at amortized cost: Loans and receivables	Other financial liabilities	Total
Operating profit/loss						
Dividends	9,342					9,342
Changes in value, including currency	–11,099	–7				–11,106
Cost of sales, distribution expenses	0			7	–37	–30
Net financial items						
Interest	12	–97	427	20	–2,134	–1,773
Changes in value	–9	125	295	28	–479	–40
Exchange rate differences	122	63	596	140	–1,266	–345
Total	**–1,632**	**84**	**1,317**	**195**	**–3,916**	**–3,952**

2017	Financial assets and liabilities measured at fair value through profit/loss: Financial assets excluding derivatives used in hedge accounting	Financial liabilities excluding derivatives used in hedge accounting	Derivatives used in hedge accounting	Financial assets measured at amortized cost: Loans and receivables	Other financial liabilities	Total
Operating profit/loss						
Dividends	8,405	–1				8,404
Changes in value, including currency	36,526	29				36,555
Cost of sales, distribution expenses		–1		33		32
Net financial items						
Interest	55	–107	436	6	–1,867	–1,476
Changes in value	–15	132	–489	–2	299	–75
Exchange rate differences	–212	–101	–73	–46	–783	–1,215
Total	**44,760**	**–49**	**–126**	**–9**	**–2,351**	**42,226**

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 relevant market data.

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, derived from a relevant sample of comparable companies, with deduction for individually determined adjustments as a consequence of 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.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note 30. *Financial instruments*

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 2018					12/31 2017				
	Level 1	Level 2	Level 3	Other[1]	Total	Level 1	Level 2	Level 3	Other[1]	Total
Financial assets										
Shares and participations recognized at fair value	271,213	1,785	25,936	62	298,994	283,423	2,714	21,383	16	307,535
Other financial instruments	2,848		67	83	2,998	5,286			104	5,389
Long-term receivables		265	2,553	78	2,897		385	1,509	321	2,215
Other receivables	33	3		281	318		14		248	262
Shares and participations in trading operation	294				294	266				266
Short-term investments	2,502				2,502	4,190				4,190
Cash and cash equivalents	6,594			4,822	11,416	9,461			6,799	16,260
Total	**283,484**	**2,054**	**28,556**	**5,325**	**319,419**	**302,625**	**3,112**	**22,893**	**7,487**	**336,117**
Financial liabilities										
Long-term interest-bearing liabilities		307	47	63,512	63,866		523	45	54,736	55,303
Other long-term liabilities			2,798	695	3,493			1,700	247	1,947
Short-term interest-bearing liabilities		158		3,687	3,845		16		2,076	2,092
Other current liabilities	254	15	86	1,106	1,461	274	38		1,296	1,608
Total	**254**	**480**	**2,931**	**69,000**	**72,665**	**274**	**577**	**1,745**	**58,354**	**60,951**

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 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 2018	12/31 2017	Valuation technique	Input	12/31 2018	12/31 2017
Shares and participations	25,936	21,383	Last round of financing	N/A	N/A	N/A
			Comparable companies	EBITDA multiples	N/A	N/A
			Comparable companies	Sales multiples	1.3–4.3	1.6–7.6
			Comparable transactions	Sales multiples	2.1–6.4	0.4–5.5
			NAV	N/A	N/A	N/A
Other financial instruments	67	–	Discounted cash flow	Market interest rate	N/A	N/A
Long-term receivables	2,553	1,509	Discounted cash flow	Market interest rate	N/A	N/A
Long-term interest bearing liabilities	47	45	Discounted cash flow	Market interest rate	N/A	N/A
Other provisions and liabilities	2,884	1,700	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 72 percent of the portfolio value (73). 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 1,000 m. (1,000).

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note 30. *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 2018	Shares and participations recognized at fair value	Other financial investments	Long-term receivables	Total financial assets	Long-term interest-bearing liabilities	Other long-term liabilities	Other current liabilities	Total financial liabilities
Opening balance	21,383	–	1,509	22,893	45	1,700	–	1,745
Total gains or losses								
in profit/loss	4,456		63	4,519	2	419	–42	379
in other comprehensive income	1,055	2	1	1,057		46	3	49
Acquisitions	3,643	66	980	4,689		69		69
Divestments	–4,193			–4,193				
Settlements						–19	–47	–65
Revaluation in Equity						593		593
Transfer in to Level 3							171	171
Transfers out of level 3	–409			–409		–11		–11
Carrying amount at year-end	**25,936**	**67**	**2,553**	**28,556**	**47**	**2,798**	**86**	**2,931**

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	1,507		63	1,570		9		9
Net financial items					–2	–428		–430
Total	**1,507**		**63**	**1,570**	**–2**	**–419**		**–422**

12/31 2017	Shares and participations recognized at fair value	Other financial investments	Long-term receivables	Total financial assets	Long-term interest-bearing liabilities	Other long-term liabilities	Other current liabilities	Total financial liabilities
Opening balance	19,367	–	1,948	21,314	47	1,624	–	1,671
Total gains or losses								
in profit/loss	3,742		–438	3,304	–2	60		58
in other comprehensive income	78			78		–10		–10
Acquisitions	3,714			3,714		26		26
Divestments	–5,542			–5,542				
Transfers into level 3	24			24				
Carrying amount at year-end	**21,383**	**–**	**1,509**	**22,893**	**45**	**1,700**	**–**	**1,745**

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	1,489		–438	1,051	2			2
Net financial items						–23		–23
Total	**1,489**	**–**	**–438**	**1,051**	**2**	**–23**	**–**	**–21**

Net amounts of financial assets and liabilities

No financial assets and liabilities have been set off in the Balance Sheet.

	12/31 2018		12/31 2017	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Gross and net amount	2,703	772	2,623	880
Not set off in the balance sheet	–652	–652	–832	–832
Cash collateral received/pledged	–	–	–	–
Net amounts	**2,051**[1]	**120**[2]	**1,790**[1]	**49**[2]

1) Shares SEK 562 m. (449) and Derivatives SEK 1,489 m. (1,341).
2) Derivatives SEK 82 m. (40) and Security lending SEK 38 m. (9).

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. *Financial instruments*

Accounting policies

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. Disclosures related to derivatives can also be found in note 3, Risks and risk management.

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.

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. The Group do not apply hedge accounting for the currency risk in foreign net investments.

Cash flow hedges

Investor currently has no cash flow hedges, except for a non-significant hedge within an associated company accounted for with the equity method.

Hedging instruments together with hedged items and derivatives without hedge accounting

	Nominal amount Remaining term		Nominal amount		Assets Carrying amount		Liabilities Carrying amount		Changes in fair value	Accumulated amount of fair value change
	<1 year	>1 year	12/31 2018	12/31 2017	12/31 2018	12/31 2017	12/31 2018	12/31 2017	2018	12/31 2018
Fair value hedges										
Contracts related to interest rate										
Interest Rate Swaps	114	–	114	114	3	7			–4	3
Bonds							–117	–121	4	–3
Ineffectiveness[1]									0	
Contracts related to foreign currency										
Currency Swaps	1,173	8,637	9,810	12,175	1,838	1,887	–130	–123	80	1,772
Bonds					–	–	–11,675	–13,876	–129	–1,929
Ineffectiveness[1]									–49	
Total Hedging instruments	**1,287**	**8,637**	**9,924**	**12,289**	**1,841**	**1,894**	**–130**	**–123**	**76**	**1,775**
Total Hedged items					**–**	**–**	**–11,791**	**–13,997**	**–125**	**–1,932**
Total Ineffectiveness[1]									**–49**	

Hedging instruments with a positive fair value are in the Consolidated Balance Sheet reported within the balance sheet items current and long-term receivables respectively. Hedging instruments with a negative fair value are in the Consolidated Balance Sheet reported within the balance sheet items current and long-term liabilities respectively.

1) The gain/loss attributable to the ineffective component in all hedging relations are accounted for within the profit/loss item Financial income/cost in the Consolidated Income Statement.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34
P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note 31. 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 2018	12/31 2017
In the form of pledged securities for liabilities and provisions		
Real estate mortgages	2,436	391
Shares etc.[1]	10,893	9,018
Other pledged and equivalent collateral		
Real estate mortgages	–	24
Bank Guarantee	3	–
Total pledged assets	**13,332**	**9,432**

1) Pledged shares for loans in subsidiaries.

Contingent liabilities	12/31 2018	12/31 2017
Guarantee commitments to FPG/PRI	1	1
Guarantees on behalf of associates	700	700
Other contingent liabilities	2,680	2,567
Total contingent liabilities	**3,381**	**3,268**

Other contingent liabilities consist of warranties within the wholly-owned subsidiaries and appeals regarding deducted interest expenses.

Investor AB's subsidiaries have historically claimed deductions for interest expenses, some have been denied by the tax authorities. As stated earlier, Investor believes that these deductions have been claimed rightfully and has appealed the cases, tried in court, to the Supreme Administrative Court. However, the costs that in 2017 were reported as other contingent liabilities, SEK 740 m., have been expensed because of the restrictiveness of the Supreme Administrative Court in allowing cases to be tried. Interest deductions that has been challenged by the tax authorities, not yet tried in court, where facts diverge from the cases tried in court in a significant way, are treated as contingent liabilities, SEK 224 m.

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. (–).

Note 32. 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

The Knut and Alice Wallenberg Foundation has significant influence over Investor (in accordance with the definition in IAS 24 Related Party Disclosures) and therefore a related party relationship. Investor has also a related party relationship with its subsidiaries and associated companies.

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. Since these situations do not imply influence of the type described in IAS 24, information has not been provided in this note.

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 10, 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 15 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 24 m. was paid out from these programs (40). The provision (not paid out) on unrealized gains amounted to SEK 496 m. at year-end (458). 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. During the year, a total of SEK 9 m. was paid out from this program (25). The provision (not paid out) on unrealized gains amounted to SEK 138 m. at year-end (87).

Related party transactions

	Associates		Other related party	
	2018	2017	2018	2017
Sales of products/services	22	23		
Purchase of products/services	4	8		
Financial expenses	134	130		
Financial income	46	10		
Dividend received	5,317	4,855		
Dividend paid	–	–	1,842	1,688
Receivables	3,668	7,201		
Liabilities	5,751	4,118		

Note 33. Effects of changes in accounting policies

From January 1, 2018 Investor applies IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers. In note 1, Significant Accounting Policies the new accounting policies are described. In the tabels below the effects of the new accounting policies are disclosed.

Effects on equity due to changes in accounting policies

	Reported as per 12/31 2017	Adjustment due to IFRS 9	Adjustment due to IFRS 15	Adjusted as per 1/1 2018
Share capital	4,795			4,795
Other contributed equity	13,533			13,533
Translation reserve	2,390			2,390
Revaluation reserve	2,022			2,022
Hedging reserve	485			485
Hedging cost reserve	–	307[1)]		307
Retained earnings, incl. profit/loss for the year	313,036	–307	108[2)]	312,839
Total equity attributable to shareholders of the Parent Company	**336,262**	**–**	**108**	**336,371**
Non-controlling interest	64			64
Total equity	**336,326**	**–**	**108**	**336,434**

1) Adjustment for currency basis spread accounted for as hedging cost from 1/1 2018.
2) Mainly adjustment for capitalised costs directly connected to obtaining customer contracts.

Balance sheet items affected by changes in accounting policies

	Reported as per 12/31 2017	Adjustment due to IFRS 9	Adjustment due to IFRS 15	Adjusted as per 1/1 2018
Shares and participations in associates	4,340		108[2)]	4,448
Trade receivables	4,004	0[1)]		4,004
Other current receivables	262	0[1)]		262
Total equity	336,326	0	108	336,371

1) Increased loss allowance for expected credit losses.
2) Increase due to the effect of changed accounting policy in Three Scandinavia.

IFRS 9 Financial instruments
Effects on measurement categories and carrying amounts determined under IAS 39 and new measurement categories and carrying amounts determined under IFRS 9, can be found in note 30, Financial Instruments.

IFRS 15 Revenue from Contracts with Customers
Investor applies IFRS 15 prospectively and have therefore used the transition method to apply the standard retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings. In the table below, Net sales and Cost of goods and services sold are disclosed for the period 1/1-12/31 2018 both as determined under IFRS 15 and as determined under previous accounting policies.

	1/1-12/31 2018
Reported Net sales	42,492
Adjustment due to IAS 18	
Increase due to reclassification of dealer commissions	185
Adjusted Net sales under previous standard	**42,677**
Reported Cost of goods and services sold	–27,416
Adjustment due to IAS 18	
Increase due to reclassification of dealer commissions	–185
Adjusted Cost of goods and services sold under previous standard	**–27,601**

Note 34. Subsequent events

Offer to chairpersons in Investor´s Listed Core Investments to participate in 5-year option programs
On January 24, 2019, Investor announced that it intends to offer chairpersons in companies within Investor´s Listed Core Investments the possibility to invest in call options with a duration of five years. The offer is voluntary, implies an exercise price of 110 percent of the share price and the participants can invest two to five million SEK. The options are priced at market terms and an independent third party valuation will be conducted.

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Parent Company

The Parent Company's result after financial items was SEK –7,148 m. (37,056). The result is mainly related to Listed Core Investments which contributed to the result with dividends amounting to SEK 7,884 m. (7,657) and value changes of SEK –13,902 m. (30,242).

During 2018, the Parent Company invested SEK 7,010 m. in financial assets (2,447), of which SEK 3,448 m. in Group companies (1,184) and purchases in Listed Core Investments of SEK 3,561 m. (1,246). The Parent Company divested SEK 5,344 m. in Group companies (13,928) and 1,858 m. (0) in Listed Core Investments. The Parent Company issued a new bond with a nominal amount of EUR 500 m. and bought back outstanding bond with a nominal amount of EUR 230 m. A bond with a nominal amount of EUR 200 m. matured during 2018. By the end of the period, shareholder's equity totaled SEK 262,864 m. (279,149).

Parent Company Income Statement

SEK m.	Note	2018	2017
Dividends		7,884	7,657
Changes in value	P8, P9	–13,902	30,242
Net sales		12	13
Operating costs	P2	–371	–365
Operating profit/loss		**–6,378**	**37,548**
Profit/loss from financial items			
Results from other receivables that are non-current assets	P3	3,117	1,173
Interest income and similar items		7	7
Interest expenses and similar items	P4	–3,894	–1,672
Profit/loss after financial items		**–7,148**	**37,056**
Tax	P1	–	–
Profit/loss for the year		**–7,148**	**37,056**

Parent Company Statement of Comprehensive Income

SEK m.	2018	2017
Profit/loss for the year	–7,148	37,056
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	–9	3
Hedging cost	4	–
Total Other Comprehensive income for the year	**–5**	**3**
Total Comprehensive income for the year	**–7,153**	**37,060**

Parent Company Balance Sheet

SEK m.	Note	12/31 2018	12/31 2017
ASSETS			
Non-current assets			
Intangible assets			
Capitalized expenditure for software	P5	5	6
Property, plant and equipment			
Equipment	P6	10	11
Financial assets			
Participations in Group companies	P7	47,007	45,607
Participations in associates	P8, P15	167,442	173,560
Other long-term holdings of securities	P9	74,292	80,197
Receivables from Group companies	P10	20,960	24,600
Total non-current assets		309,717	323,981
Current assets			
Trade receivables		2	1
Receivables from Group companies		1,508	481
Receivables from associates		0	1
Tax assets		12	9
Other receivables		0	0
Prepaid expenses and accrued income	P11	59	56
Cash and cash equivalents		–	–
Total current assets		1,580	548
TOTAL ASSETS		311,297	324,529

SEK m.	Note	12/31 2018	12/31 2017
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		4,795	4,795
Statutory reserve		13,935	13,935
Reserve for development expenditures		4	5
		18,734	18,735
Unrestricted equity			
Accumulated profit/loss		251,278	223,358
Profit/loss for the year		–7,148	37,056
		244,130	260,414
Total equity		262,864	279,149
Provisions			
Provisions for pensions and similar obligations	P12	97	92
Other provisions	P13	62	77
Total provisions		160	169
Non-current liabilities			
Interest-bearing liabilities	P14	31,187	28,274
Liabilities to Group companies		9,991	13,339
Other long-term liabilities		26	–
Total non-current liabilities		41,204	41,613
Current liabilities			
Interest-bearing liabilities		1,138	1,969
Trade payables		7	9
Liabilities to Group companies		5,149	889
Liabilities to associates		1	1
Other liabilities		56	21
Accrued expenses and deferred income	P16	686	669
Other provisions	P13	33	40
Total current liabilities		7,070	3,598
TOTAL EQUITY AND LIABILITIES		311,297	324,529

For information regarding pledged assets and contingent liabilities see note P17, Pledged assets and contingent liabilities.

Parent Company Statement of Changes in Equity

	Restricted equity			Unrestricted equity		Total equity
SEK m.	Share capital	Statutory reserve	Reserve for development expenditures	Accumulated profit/loss	Profit/loss for the year	
Opening balance 1/1 2018	**4,795**	**13,935**	**5**	**260,414**		**279,149**
Profit/loss for the year					–7,148	–7,148
Other Comprehensive income for the year				–5		–5
Total Comprehensive income for the year				**–5**	**–7,148**	**–7,153**
Dividend				–9,179		–9,179
Stock options exercised by employees				27		27
Equity-settled share-based payment transactions				20		20
Reclassification			–1	1		–
Closing balance 12/31 2018	**4,795**	**13,935**	**4**	**251,278**	**–7,148**	**262,864**

	Restricted equity			Unrestricted equity		Total equity
SEK m.	Share capital	Statutory reserve	Reserve for development expenditures	Accumulated profit/loss	Profit/loss for the year	
Opening balance 1/1 2017	**4,795**	**13,935**	**2**	**231,672**		**250,404**
Profit/loss for the year					37,056	37,056
Other Comprehensive income for the year				3		3
Total Comprehensive income for the year				**3**	**37,056**	**37,060**
Dividend				–8,411		–8,411
Stock options exercised by employees				52		52
Equity-settled share-based payment transactions				43		43
Reclassification			3	–3		–
Closing balance 12/31 2017	**4,795**	**13,935**	**5**	**223,358**	**37,056**	**279,149**

Distribution of share capital

The Parent Company's share capital on December 31, 2018, as well as on December 31, 2017, consists of the following numbers of shares with a quota of SEK 6.25 per share.

			Share in % of	
Share class	Number of shares	Number of votes	Capital	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 34.

Dividend

For the Board of Director's proposed Disposition of Earnings, see note 23, Equity.

Parent Company Statement of Cash Flow

SEK m.	2018	2017
Operating activities		
Dividends received	7,884	7,657
Cash payments to suppliers and employees	–390	–404
Cash flow from operating activities before net interest and income tax	**7,494**	**7,253**
Interest received	1,863	1,734
Interest paid	–2,496	–1,939[1]
Income tax paid	–5	20
Cash flow from operating activities	**6,856**	**7,068**
Investing activities		
Share portfolio		
Acquisitions	–3,632	–1,268
Divestments	1,858	15
Other items		
Capital contributions to/from subsidiaries	–1,400	8,190
Acquisitions of property, plant and equipment/intangible assets	–1	–5
Net cash used in investing activities	**–3,176**	**6,932**
Financing activities		
Borrowings	5,249	–
Repayment of borrowings	–4,163	–2,797
Change, intra-group balances	4,413	–2,792[1]
Dividends paid	–9,179	–8,411
Net cash used in financing activities	**–3,680**	**–14,000**
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.

1) Restated due to reclassified exchange rate difference.

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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
Based on how Investor controls and monitors the companies' operations, Participations in associates are recognized at fair value in accordance with IFRS 9. For further information see note 18, Shares and participations in associates.

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 IFRS 9 item 1, to account for financial guarantee contracts issued on behalf of associates, which is somewhat more lenient than the rules in IFRS 9, 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.

Leases
The Parent Company applies RFR 2 IAS 17 item 1 and therefore classifies all leasing arrangements as operating leases. Costs related to operating leases are recognized in the Income Statement on a straight-line basis over the lease term. From 2019 the Parent Company will apply RFR 2 IFRS 16 item 1 and continue recognize leases in the Income Statement on a straight-line basis over the lease term.

Note P2. Operating costs

Depreciation
Operating costs includes amortizations and depreciation of SEK 3 m. (3) of which SEK 1 m. relates to property, plant and equipment (2) and SEK 2 m. to other intangible assets (1).

Personnel
Expensed wages, salaries and other remunerations amounted to SEK 224 m. (213), of which social costs SEK 49 m. (46).

The average number of employees 2018 was 73 (71). For more information see note 10, Employees and personnel costs.

Auditor's fees and expenses

	2018	2017
Auditor in charge	*Deloitte*	*Deloitte*
Auditing assignment	2	1
Other audit activities	0	0
Total	**2**	**2**

Operating leases

Non-cancellable future lease payments	2018	2017
Less than 1 year from balance sheet date	11	11
1-5 years from balance sheet date	1	1
Total	**11**	**11**
Costs for the year		
Minimum lease payments	–14	–14
Total	**–14**	**–14**

Note P3. Results from other receivables that are non-current assets

	2018	2017
Interest income from Group companies	1,282	1,645
Changes in value	536	–398
Other interest income	43	41
Exchange rate differences	1,256	–115
IS **Total**	**3,117**	**1,173**

Note P4. Interest expenses and similar items

	2018	2017
Interest expenses to Group companies	–378	–418
Changes in value	–554	286
Changes in value attributable to long-term share-based remuneration	–6	–17
Net financial items, internal bank	0	–2
Interest expenses, other borrowings	–1,327	–1,331
Exchange rate differences	–1,598	–164
Other	–31	–26
IS **Total**	**–3,894**	**–1,672**

Note P5. Intangible assets

Capitalized expenditure for software	12/31 2018	12/31 2017
Accumulated costs		
Opening balance	36	32
Acquisitions	1	4
Disposals	–8	–
At year-end	**29**	**36**
Accumulated amortization and impairment losses		
Opening balance	–30	–29
Disposals	8	–
Amortizations	–2	–1
At year-end	**–24**	**–30**
BS Carrying amount at year-end	**5**	**6**
Allocation of amortizations in Income Statement		
Operating costs	–2	–1
Total	**–2**	**–1**

Note P6. Property, plant and equipment

Equipment	12/31 2018	12/31 2017
Accumulated costs		
Opening balance	38	37
Acquisitions	0	1
Sales and disposals	–5	–
At year-end	**34**	**38**
Accumulated depreciation and impairment		
Opening balance	–28	–25
Sales and disposals	5	–
Depreciation for the year	–1	–2
At year-end	**–24**	**–28**
BS Carrying amount at year-end	**10**	**11**

Note P7. Participations in Group companies

Specification of the Parent Company's direct holdings of participations in Group companies

		Ownership interest in %[1]		Carrying amount	
Subsidiary, Registered office, Registration number	Number of participations	12/31 2018	12/31 2017	12/31 2018	12/31 2017
Investor Holding AB, Stockholm, 556554-1538	1,000	100.0	100.0	5,793	5,793
Patricia Industries AB, Stockholm, 556752-6057	100,000	100.0	100.0	23,239	23,239
Invaw Invest AB, Stockholm, 556270-6308	10,000	100.0	100.0	12,099	12,099
Patricia Industries II AB, Stockholm, 556619-6811	1,000	100.0	100.0	3,082	1,682
Innax AB, Stockholm, 556619-6753	1,000	100.0	100.0	2,379	2,379
AB Investor Group Finance, Stockholm, 556371-9987[2]	100,000	100.0	100.0	416	416
BS Carrying amount				**47,007**	**45,607**

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

	Ownership interest in %[1]	
Subsidiary, Registered office	12/31 2018	12/31 2017
Aleris Group AB, Stockholm	100.0	100.0
Braun Holdings Inc., Indiana	95.2	94.9
Investor Growth Capital AB, Stockholm[2]	100.0	100.0
Investor Investment Holding AB, Stockholm[3]	100.0	100.0
Laborie, Toronto	98.2	97.1
Mölnlycke AB, Gothenburg	98.8	98.8
Permobil Holding AB, Timrå	88.0	88.0
Piab AB, Täby	89.3	–
Sarnova, Columbus	86.3	–
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 2018	12/31 2017
Accumulated costs		
Opening balance	46,748	54,938
Acquisitions and capital contributions	1,400	–
Divestments and repaid capital contribution	–	–8,190
At year-end	**48,148**	**46,748**
Accumulated impairment losses		
Opening balance	–1,140	–1,140
At year-end	**–1,140**	**–1,140**
BS Carrying amount at year-end	**47,007**	**45,607**

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, Piab, BraunAbility, Sarnova 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 P8. Participations in associates

Specification of participations in associates

Company, Registered office, Registration number	12/31 2018 Number of shares	12/31 2018 Ownership capital/votes (%)	12/31 2018 Investor's share of: Carrying amount[1,2]	12/31 2018 Investor's share of: Equity[3]	12/31 2018 Investor's share of: Profit/loss for the year[4]	12/31 2017 Investor's share of: Carrying amount[1,2]	12/31 2017 Investor's share of: Equity[3]	12/31 2017 Investor's share of: Profit/loss for the year[4]
Listed Core Investments:								
SEB, Stockholm, 502032-9081	456,198,927	21/21	39,207	30,935	4,810	43,705	29,936	3,379
Atlas Copco, Stockholm, 556014-2720	207,645,611	17/22	43,373	7,178	17,988	72,877	10,262	2,821
Ericsson, Stockholm, 556016-0680	239,901,348	7/23	18,561	6,319	–452	11,740	6,612	–2,314
Electrolux, Stockholm, 556009-4178	50,666,133	16/28	9,459	3,567	624	12,613	3,192	890
Swedish Orphan Biovitrum, Stockholm, 556038-9321	107,594,165	39/39	20,696	3,559	952	12,051	2,647	454
Saab, Linköping, 556036-0793	40,972,622	30/40	12,576	5,929	413	13,033	4,313	431
Husqvarna, Jönköping, 556000-5331	97,052,157	17/33	6,351	2,696	204	7,542	2,632	447
Epiroc, Stockholm, 556041-2149	207,645,611	17/23	17,219	3,214	930			
BS Total participations in associates			**167,442**			**173,560**		

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.
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.

Specification of carrying amount for participations in associates valued at fair value

	12/31 2018	12/31 2017
Opening balance	173,560	151,933
Acquisitions	3,561	1,246
Divestments	–1,858	–
Revaluations disclosed in Income Statement	–7,821	20,381
BS Carrying amount at year-end	**167,442**	**173,560**

Note P9. Other long-term holdings of securities

	12/31 2018	12/31 2017
Opening balance	80,197	70,327
Acquisitions	2	17
Divestments	–	–15
Revaluations disclosed in Income Statement	–5,907	9,869
BS Carrying amount at year-end	**74,292**	**80,197**

Note P10. Receivables from Group companies

	12/31 2018	12/31 2017
Opening balance	24,600	30,560
New lending	12,211	1,184
Divestments/due/redeemed	–15,507	–5,738
Reclassifications	–1,287	–
Unrealized change in value	943	–1,406
BS Carrying amount at year-end	**20,960**	**24,600**

Note P11. Prepaid expenses and accrued income

	12/31 2018	12/31 2017
Interest	33	32
Other financial receivables	9	12
Other	17	12
BS Total	**59**	**56**

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 –)	2018	2017
Net interest expense	2	2
Total financial cost	2	2
Components recognized in profit or loss	2	2

Remeasurement on the net defined benefit liability (gain –)	2018	2017
Actuarial gains/losses, financial assumptions	8	–6
Actuarial gains/losses, experience adjustments	0	2
Components in Other Comprehensive income	9	–4

Provision for defined benefit plans

The amount included in the Balance Sheet arising from defined benefit plan	12/31 2018	12/31 2017
Present value of unfunded obligations	97	92
Total present value of defined benefit obligations	97	92
BS Net liability arising from defined benefit obligations	97	92

Changes in the obligations for defined benefit plans during the year	12/31 2018	12/31 2017
Defined benefit plan obligations, opening balance	92	99
Interest cost	2	2
Remeasurement of defined benefit obligations		
Actuarial gains/losses, financial assumptions	8	–6
Actuarial gains/losses, experience adjustments	0	2
Exchange difference on foreign plans	0	0
Benefit paid	–3	–3
Other	–2	–2
Obligations for defined benefit plans at year-end	97	92

Assumptions

Assumptions for defined benefit obligations	12/31 2018	12/31 2017
Discount rate	2.0	2.2
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	2018	2017
Expenses for defined contribution plans	25	25

Note P13. Other provisions

	12/31 2018	12/31 2017
Provisions expected to be paid after more than 12 months		
Provision for social security contributions for LTVR	8	10
Other	54	67
BS Total non-current other provisions	62	77
Provisions expected to be paid within 12 months		
Provision for social security contributions for LTVR	29	40
Other	4	–
BS Total current provisions	33	40
Total other provisions	95	117

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 2019-2025.

Other

In the category Other a provision of SEK 42 m. for potential additional compensation to be paid related to sold associated company is included. The provision is expected to be settled in 2020 at the earliest. Other provisions are considered immaterial to specify and intend to be settled with SEK 4 m. in 2019 and SEK 12 m. in 2020.

12/31 2018	Social security LTVR	Other	Total other provisions
Opening balance	50	67	117
Provisions for the year	2	1	3
Reversals for the year	–16	–10	–26
Carrying amount at year-end	36	59	95
12/31 2017			
Opening balance	59	174	233
Provisions for the year	29	8	37
Reversals for the year	–38	–115	–153
Carrying amount at year-end	50	67	117

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34
P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note P14. Interest-bearing liabilities

	12/31 2018	12/31 2017
Interest-bearing liabilities		
Long-term interest-bearing liabilities	30,918	28,035
Related interest rate derivatives with negative value	269	239
BS Total	**31,187**	**28,274**

	12/31 2018	12/31 2017
Carrying amounts		
Maturity, 1-5 years from balance sheet date	11,962	7,950
Maturity, more than 5 years from balance sheet date	19,225	20,324
BS Total	**31,187**	**28,274**

Changes in liabilities arising from financing activities

			Non-cash changes			
12/31 2018	Opening balance	Cash flows	Foreign exchange movements	Fair value changes	Other	Amount at year-end
Long-term interest-bearing liabilities	28,274	2,919	1,249	56	–1,311	31,187[1]
Current interest-bearing liabilities	1,969	–1,833	–274		1,276	1,138[2]
Total liabilities from financing activities	**30,243**	**1,086**	**975**	**56**	**–34**	**32,325**

			Non-cash changes			
12/31 2017	Opening balance	Cash flows	Foreign exchange movements	Fair value changes	Other	Amount at year-end
Long-term interest-bearing liabilities	31,231	–1,301	284	–94	–1,846	28,274[1]
Current interest-bearing liabilities	1,500	–1,496	126		1,840	1,969[2]
Total liabilities from financing activities	**32,730**	**–2,797**	**410**	**–94**	**–6**	**30,243**

1) Included in Consolidated Balance Sheet item Long-term interest-bearing liabilities.
2) Included in Consolidated Balance Sheet item Current interest-bearing liabilities.

Note P15. Financial instruments

Accounting policies

For accounting policies see note 30, Financial instruments.

Financial instrument measurement categories under IAS 39 and IFRS 9

	Reported as per 12/31 2017 under IAS 39					Adjustment due to IFRS 9	Adjusted as per 1/1 2018 under IFRS 9		
Category	Fair value option	Held for trading	Derivatives used in hedge accounting	Loans and receivables			Other	Hold to collect	
Measurement	Fair value through profit/loss			Amortized cost	Total carrying amount		Fair value through profit/loss	Amortized cost	Total carrying amount
Financial assets									
Other long-term holdings of securities	80,197				80,197		80,197		80,197
Participations in associates	173,560				173,560		173,560		173,560
Receivables from Group companies (non-current)			537	24,063	24,600		537	24,063	24,600
Accrued interest income				44	44			44	44
Trade receivables				1	1	0		1	1
Receivables from Group companies (current)				481	481			481	481
Receivables from associates				1	1			1	1
Other receivables				0	0			0	0
Total	**253,757**	**–**	**537**	**24,590**	**278,884**	**0**	**254,294**	**24,590**	**278,884**
Financial liabilities									
Loans (non-current)		239		28,035	28,274[1]		239	28,035	28,274[1]
Liabilities to Group companies (non-current)			1,443	11,896	13,339		1,443	11,896	13,339
Loans (current)				1,969	1,969[1]			1,969	1,969[1]
Trade payables				9	9			9	9
Liabilities to Group companies (current)				889	889			889	889
Liabilities to associates (current)				1	1			1	1
Accrued interest expenses				572	572			572	572
Other liabilities		3		18	21		3	18	21
Total	**–**	**242**	**1,443**	**43,389**	**45,074**	**–**	**1,685**	**43,389**	**45,074**

1) The Parent Company's loans are valued at amortized cost. Fair value on non-current loans amounts to SEK 34,793 m. and fair value on current loans are SEK 2,021 m. For other assets and liabilities there are no differences between carrying amount and fair value.

Financial assets and liabilities by valuation category

	Financial instruments measured at fair value through profit/loss		Financial instruments measured at amortized cost		
12/31 2018[1]	Financial assets/liabilities excluding derivatives used in hedge accounting	Derivatives used in hedge accounting		Total carrying amount	Fair value
Financial assets					
Other long-term holdings of securities	74,292			74,292	74,292
Participations in associates	167,442			167,442	167,442
Receivables from Group companies (non-current)		856	20,104	20,960	20,960
Accrued interest income			42	42	42
Trade receivables			2	2	2
Receivables from Group companies (current)			1,508	1,508	1,508
Receivables from associates			0	0	0
Other receivables			0	0	0
Total	**241,734**	**856**	**21,655**	**264,245**	**264,245**
Financial liabilities					
Loans (non-current)	269		30,918	31,187	37,683[2]
Liabilities to Group companies (non-current)		1,747	8,244	9,991	9,991
Other liabilities (non-current)			26	26	26
Loans (current)			1,138	1,138	1,175[2]
Trade payables			7	7	7
Liabilities to Group companies (current)			5,149	5,149	5,149
Liabilities to associates (current)			1	1	1
Accrued interest expenses			584	584	584
Other liabilities	10		47	56	56
Total	**279**	**1,747**	**46,114**	**48,140**	**54,672**

1) Comparatives can be found in the table above under Financial instruments measured under IAS 39 and IFRS 9.
2) 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.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34
P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note P15. *Financial instruments*

Result from financial assets and liabilities by valuation category

	Financial assets and liabilities measured at fair value through profit/loss			Financial assets and liabilities measured at amortized cost		
2018	Financial assets excluding derivatives used in hedge accounting	Financial liabilities excluding derivatives used in hedge accounting	Derivatives used in hedge accounting	Loans and receivables	Other financial liabilities	Total
Operating profit/loss						
Dividends	7,884					7,884
Changes in value, including currency	–13,780	–7				–13,787
Net financial items						
Interest		11	–39	1,182	–1,558	–404
Changes in value		–7	12	459	–483	–18
Exchange rate differences		–23		1,012	–1,332	–343
Total	–5,896	–25	**–27**	**2,653**	**–3,372**	–6,667

2017	Financial assets excluding derivatives used in hedge accounting	Financial liabilities excluding derivatives used in hedge accounting	Derivatives used in hedge accounting	Loans and receivables	Other financial liabilities	Total
Operating profit/loss						
Dividends	7,657					7,657
Changes in value, including currency	30,249	–1				30,248
Net financial items						
Interest		9	–37	1,538	–1,609	–99
Changes in value		12	58	–162	56	–36
Exchange rate differences		–63		32	–240	–271
Total	**37,906**	**–43**	**21**	**1,408**	**–1,793**	**37,500**

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 2018					12/31 2017				
12/31 2018	Level 1	Level 2	Level 3	Other[1]	Total	Level 1	Level 2	Level 3	Other[1]	Total
Financial assets										
Participations associates	165,512	1,930			167,442	170,846	2,714			173,560
Receivables from Group companies (non-current)			856	20,104	20,960			537	24,063	24,600
Other long-term holdings of securities	74,286		6		74,292	80,192		5		80,197
Total	**239,798**	**1,930**	**862**	**20,104**	**262,694**	**251,038**	**2,714**	**542**	**24,063**	**278,537**
Financial liabilities										
Liabilities to Group companies (non-current)			1,747	8,244	9,991			1,443	11,896	13,339
Interest-bearing liabilities (non-current)		269		30,918	31,187		239		28,035	28,274
Other current liabilities		10		46	56		3		18	21
Total	–	**279**	**1,747**	**39,208**	**41,234**	–	**242**	**1,443**	**39,949**	**41,634**

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 P15. *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 2018	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	5	537	542	1,443	1,443
Total gains or losses in profit/loss		319	319	304	304
Acquisitions	2		2		
Divestments					
Carrying amount at year-end	**6**	**856**	**862**	**1,747**	**1,747**
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	–	319	319	304	304
Total	**–**	**319**	**319**	**304**	**304**

12/31 2017	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	3	912	915	1,876	1,876
Total gains or losses in profit/loss		–375	–375	–433	–433
Acquisitions	2		2		
Divestments					
Carrying amount at year-end	**5**	**537**	**542**	**1,443**	**1,443**
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	–	–375	–375	–433	–433
Total	**–**	**–375**	**–375**	**–433**	**–433**

Note P16. Accrued expenses and deferred income

	12/31 2018	12/31 2017
Interest	584	572
Other financial receivables	75	75
Other	27	21
BS Total	**686**	**669**

Note P17. Pledged assets and contingent liabilities

	12/31 2018	12/31 2017
Pledged assets		
In the form of pledged securities for liabilities and provisions		
Shares	250	287
Total pledged assets	**250**	**287**
Contingent liabilities		
Guarantees on behalf of Group companies	–	101
Guarantees on behalf of associates	700	700
Total contingent liabilities	**700**	**801**

Note P18. Related party transactions

The Parent Company is related with its subsidiaries and associated companies see note P7, Participations in Group companies and note P8, Participations in associates.

For related party transactions with other related party, see note 32, Related party transactions.

Related party transactions

	Group companies		Associates		Other related party	
	2018	2017	2018	2017	2018	2017
Sales of products/services	3	6	7	6		
Purchase of products/services	10	10	3	5		
Financial expenses	378	418		17		
Financial income	1,282	1,645				
Dividend received			5,113	4,837		
Dividend paid					1,842	1,688
Capital contributions	1,400	8,190				
Receivables	22,468	25,081	1	1		
Liabilities	15,140	14,228				

In addition to the above stated information, guarantees on behalf on the associate Three Scandinavia amounts to SEK 0.7 bn. (0.7).

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34
P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

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, 2018 – December 31, 2018 except for the corporate governance statement on pages 38-49 and the statutory sustainability report on pages 4-7, 10-13, 22-30, 36-37, 62 and 114-115. The annual accounts and consolidated accounts of the company are included on pages 4-13, 36-109 and 114-115 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 38-49 and the statutory sustainability report on pages 4-7, 10-13, 22-30, 36-37, 62 and 114-115. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters
Key audit matters of the audit are those matters that, in our professional judgment, were of most 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

The companies within Patricia Industries are independent with separate internal control systems in place for their operating activities as well as processes for financial reporting.

Our audit focused 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, it is important to have well established procedures to ensure timely and correct financial reporting. Thirdly, monitoring controls are important to ensure high quality reporting.

Investor's information regarding the principles applied for its consolidated financial statements are included in Note 1 Significant accounting policies and Note 18 Shares and participation in associates on page 82, 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 the application of new accounting rules and regulations and their compliance with IFRS.

Valuation of unlisted investments

The valuation process for unlisted investments requires estimates by management and is therefore more complex compared to the valuation of listed investments. The total carrying value of unlisted investments recognized at fair value amounted to SEK 25,936 million as of December 31, 2018.

Investor's valuation policy is based on IFRS 13 and the International Private Equity and Venture Capital Valuation Guidelines. Inappropriate judgements made in the assessment of fair value 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's principles for accounting for unlisted investments are described in note 30 on page 90 and detailed disclosures regarding these investments are included in Note 30 Financial instruments on page 90-94, 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, 2018 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 IFRS 13 and the International Private Equity and Venture Capital Valuation Guidelines.
- We recomputed the calculation of the enterprise value for a selection of portfolio companies in Patricia Industries including agreeing currency rates to external independent sources.

- We assessed the relevance of multiples used in Patricia Industries' portfolio companies' enterprise value calculations against market multiples from relevant transactions or market 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 carrying value of listed investments amounted to SEK 272,998 million as of December 31, 2018.

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 be reflected in the fair value.

Investor's principles for accounting for listed investments are described in note 30 on page 90 and detailed disclosures regarding listed investments are included in Note 30 Financial instruments on page 90-94, 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, Laborie, Sarnova and Piab have led to a portion of the purchase price being allocated to intangible assets including goodwill. Changes in economic conditions or lower than expected development of 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 43,196 million as of December 31, 2018.

We focused on the assessments of the carrying value for the holdings above since the carrying value of intangible assets are material and as the assessment of the recoverable amount may be sensitive to changes in assumptions.

Investor's disclosures regarding intangible assets are included in Note 15 Intangible assets on page 78-80, which specifically explains key assumptions used in the assessment of the recoverable amounts.

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.

Acquisitions and divestments

During 2018 Patricia Industries completed two major acquisitions. In April 2018, 86 percent of Sarnova Holdings, Inc. was acquired for SEK 4,297 million resulting in goodwill of SEK 4,117 million. In June 2018, 89 percent of Piab Group AB was acquired for SEK 4,713 million resulting in goodwill of SEK 3,640 million.

We focused on these acquisitions since they are significant transactions and since preparing purchase price allocations ("PPA"), including the identification and valuation of the acquired assets and liabilities, require the use of significant management judgements and estimates.

Investor's disclosures regarding acquisitions are included in Note 4 Business Combinations on page 62-63, which also explains key assumptions used in preparing the PPA.

Our audit procedures included, but were not limited to:

- We obtained an understanding of the process in preparing the PPA, which includes an assessment of the valuation competence utilized in preparing the PPA.
- We have read and assessed the key terms in the purchase agreement.
- We have reviewed the PPAs, which includes an assessment of the identification of intangible assets based on understanding of the business of the acquired companies as well as discussion with management.
- We have involved our internal valuation specialists in assessing the valuation methodologies and key assumptions in the fair valuation of the acquired assets and liabilities
- We reviewed the disclosures related to the acquisitions and assessed whether the disclosures are in line with IFRS.

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, 14-35 and 116-117. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

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

Auditor's responsibility

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Investor AB (publ) for the financial year January 1, 2018 – December 31, 2018 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

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

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

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

A further description of our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor´s report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for the corporate governance statement on pages 38-49 and that it 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.

The auditor´s opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 4-7, 10-13, 22-30, 36-37, 62 and 114-115, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report 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 opinion.

A statutory sustainability report has been prepared.

Deloitte AB, was appointed auditor of Investor AB (publ) by the general meeting of the shareholders on the 2018-05-08 and has been the company's auditor since 2013-04-15.

Stockholm March 22, 2019
Deloitte AB

Thomas Strömberg
Authorized Public Accountant

Five-year summary

Investor Group

SEK m.	2014		2015	2016	2017	2018	Annual average growth 5 years, %
Net asset value[1]		**Net asset value**[2]					
Core Investments		Listed Core Investments	224,143	248,354	284,030	270,807	
Listed	218,396	Patricia Industries	51,095	54,806	48,614	57,963	
Subsidiaries	31,922	EQT	13,021	13,996	16,165	20,828	
Financial Investments	35,506	*Other assets & liabilities*	–565	–327	–323	–660	
Other assets and liabilities	–29	Total assets	287,695	316,829	348,486	348,938	
Total assets	285,795	Net cash (+) / Net debt (–)	–15,892	–16,752	–12,224	–21,430	
Net debt (–)/Net cash (+)	–24,832	Of which Patricia Industries cash	14,616	14,389	19,368	13,017	
Net asset value	260,963	Net asset value	271,801	300,077	336,262	327,508	
Change in net asset value with dividend added back, %	24	Change in net asset value with dividend added back, %	7	13	15	0	12
Condensed Balance Sheet		**Condensed Balance Sheet**					
Shares and participations	246,891	Shares and participations	254,054	276,790	312,141	303,480	
Other	76,596	Other	82,536	93,183	96,426	112,548	
Balance Sheet total	323,487	Balance Sheet total	336,590	369,973	408,567	416,028	
Profit and loss		**Profit and loss**					
Profit/loss for the year attributable to Parent Company shareholders	50,656	Profit/loss for the year attributable to Parent Company shareholders	17,433	33,665	44,318	–2,252	
Comprehensive income	52,657	Comprehensive income	17,604	35,545	44,473	225	
Dividends		**Dividends**					
Dividends received	7,228	Dividends received	7,821	8,351	8,404	9,342	
of which from Core Investments Listed	6,227	of which from Listed Core Investments	7,681	8,307	8,319	8,656	10
Contribution to NAV[1]		**Contribution to NAV**[2]					
Contribution to NAV, Core Investments Listed	41,311	Contribution to NAV, Listed Core Investments	8,804	30,936	42,636	–6,398	
Total return, Core Investments Listed, %	24	Total return, Listed Core Investments, %	4	14	17	–2	
Contribution to NAV, Core Investments Subsidiaries	2,386	Contribution to NAV, Patricia Industries	4,855	4,438	766	4,510	
Contribution to NAV, Financial Investments, Partner-owned	4,221	Contribution to NAV, EQT	3,995	1,986	3,144	4,868	
Contribution to NAV, IGC and EQT	6,543						
Transactions[1]		**Transactions**[2]					
Investments, Core Investments Listed	8,233	Investments, Listed Core Investments	5,783	1,488	1,245	3,382	
Divestments & redemptions, Listed Core Investments	101	Divestments & redemptions, Listed Core Investments	1,241	–	–	1,661	
Investments, Core Investments Subsidiaries	1,121	Investments, Patricia Industries	4,176	6,127	406	10,892	
Divestments, Core Investments Subsidiaries	1,197	Divestments, Patricia Industries	2,896	2,360	1,725	755	
Investments, Partner-owned financial investments	3,011	Distributions to Patricia Industries	5,089	4,763	6,014	5,634	
Divestments, Partner-owned financial investments	8,712	Draw-downs, EQT	1,590	2,864	3,781	4,023	
Investments, IGC and EQT	2,389	Proceeds, EQT	6,086	3,874	4,757	4,228	
Divestments, IGC and EQT	5,737						
Key figures per share		**Key figures per share**					
Net asset value, SEK	343	Net asset value, SEK	357	393	440	428	
Basic earnings, SEK	66.55	Basic earnings, SEK	22.89	44.09	57.96	–2.94	
Diluted earnings, SEK	66.40	Diluted earnings, SEK	22.82	44.02	57.90	–2.94	
Equity, SEK	343	Equity, SEK	357	393	440	428	
Key ratios		**Key ratios**					
Leverage, %	9	Leverage, %	6	5	4	6	
Equity/assets ratio, %	81	Equity/assets ratio, %	81	81	82	79	
Return on equity, %	21	Return on equity, %	7	12	14	–1	
Discount to reported net asset value, %	17	Discount to reported net asset value, %	13	14	16	12	
Management costs, % of net asset value	0.1	Management costs, % of net asset value	0.2	0.2	0.1	0.1	
Share data		**Share data**					
Total number of shares, million	767.2	Total number of shares, million	767.2	767.2	767.2	767.2	
Holding of own shares, million	5.8	Holding of own shares, million	5.3	2.8	2.4	2.1	
Share price on December 31, SEK [3]	284.7	Share price on December 31, SEK [3]	312.6	340.5	374.1	375.6	11
Market capitalization on December 31	215,705	Market capitalization on December 31	236,301	259,119	284,048	288,107	
Dividend paid to Parent Company shareholders	6,856	Dividend paid to Parent Company shareholders	7,635	8,411	9,179	9,973[4,5]	
Dividend per share, SEK	9.00	Dividend per share, SEK	10.00	11.00	12.00	13.00[5]	10
Dividend payout ratio, %	110	Dividend payout ratio, %	99	101	110	115[5]	
Dividend yield, % [3]	3.2	Dividend yield, % [3]	3.2	3.2	3.2	3.5[5]	
Total annual turnover rate, Investor shares, % [3]	58	Total annual turnover rate, Investor shares, % [3]	66	64	58	64	
Total return, Investor shares, %[3]	33	Total return, Investor shares, % [3]	13	13	13	4	15
SIXRX (return index), %	16	SIXRX (return index), %	10	10	9	–4	8
OMXS30 index, %	10	OMXS30 index, %	–1	5	4	–11	1
Foreign ownership, capital, %	34	Foreign ownership, capital, %	35	30	32	30	

1) This business area reporting was implemented in 2011.
2) New business area reporting as of 2015.
3) Pertains to class B shares.
4) Based on the total number of registered shares.
5) Proposed dividend of SEK 13.00/share.

About the Sustainability report

This is Investor's tenth Sustainability report. The report has been prepared in accordance with GRI Standards: Core option as well as the provisions in the Swedish Annual Accounts Act and covers the calendar year 2018. Investor publishes a Sustainability report together with our Annual report and the most recent report was released in March of 2018. As this is Investor's first GRI report some new mandatory contextual information has been added which was not included in the previous report but aside from this there have been no material changes in reporting practices, scope or boundaries. The report does not contain any significant restatements of information compared to previous years and our business model and supply chain remain unchanged in all material aspects compared to 2017.

Investor's material sustainability topics have been identified after dialogs with stakeholders and are listed on page 13 as well as in the GRI Index. As our impact on society and the environment largely occurs not through our own operations, but rather through the holdings in our portfolio, the reporting scope for specific material topics is both the industrial holding company itself as well as Listed Core Investments, Patricia Industries and EQT as described in notes P7 to the financial statements. The scope for the general disclosures is the Industrial holding company (excluding subsidiaries and associated companies) unless stated otherwise. This as the governance of the wholly-owned subsidiaries is our largest impact. The report content has not been verified by an external third party, but PwC has performed a GRI compliance check to ensure proper application of the GRI Standards.

Any questions or comments regarding the sustainability report can be directed to Viveka Hirdman-Ryrberg, Head of Corporate Communication and Sustainability, viveka.hirdman-ryrberg@investorab.com.

GRI Content Index

Unless otherwise indicated, all GRI Standards used are from 2016.

GENERAL DISCLOSURES		Page	Omission/Comment
102-1	Name of the organization	Inside cover page	
102-2	Activities, brands, products, and services	1, 10-11, 14-32	
102-3	Location of headquarters	Back of cover	
102-4	Location of operations	Back of cover	
102-5	Ownership and legal form	36-37, 39	
102-6	Markets served	Inside cover page, 11	
102-7	Scale of the organization	8-9, 36-37, 52-53	
102-8	Information on employees and other workers	36-37	
102-9	Supply chain		As an industrial holding company, our supply chain is neither extensive nor complex. Investor's primary suppliers are office, soft- and hardware providers, consultancies, travel agents etc. Investor's own analysis shows limited sustainability related risks in our supply chain. Suppliers are primarily active in the Nordic countries and there have been no major changes of suppliers in 2018.
102-10	Significant changes to the organization and its supply chain		No changes to the organization or supply chain have occurred.
102-11	Precautionary Principle or approach		The precautionary principle is adhered to with respect to assessments and management of sustainability risks in the portfolio companies and new investments. Investor has signed the UN Global Compact, whose environmental risks cover the precautionary principle.
102-12	External initiatives	12-13	
102-13	Membership of associations	12-13	
102-14	Statement from senior decision-maker	2-3	
102-16	Values, principles, standards, and norms of behavior	12-13, 36	
102-18	Governance structure	38-43	
102-40	List of stakeholder groups	13	
102-41	Collective bargaining agreements	37	
102-42	Identifying and selecting stakeholders	13	
102-43	Approach to stakeholder engagement	13	
102-44	Key topics and concerns raised	13	
102-45	Entities included in the consolidated financial statements	103	

GENERAL DISCLOSURES		Page	Omission/Comment
102-46	Defining report content and topic boundaries	114	
102-47	List of material topics	13	
102-48	Restatements of information	114	
102-49	Changes in reporting	114	
102-50	Reporting period	114	
102-51	Date of most recent report	114	
102-52	Reporting cycle	114	Our sustainability report is published annually.
102-53	Contact point for questions regarding the report	114, 117	
102-54	Claims of reporting in accordance with the GRI Standards	114	
102-55	GRI Content Index	114-115	
102-56	External assurance	114	

GRI Standard	Disclosure		Page	Omission/Comment
MATERIAL TOPICS				
Financial strength and long term return				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	12-13	
	103-2	The management approach and its components	4-6, 10-11, 44-45	
	103-3	Evaluation of the management approach	2-3, 6, 8-9	
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	13, 52-53	
Indirect economic influence				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	12-13	
	103-2	The management approach and its components	10-13	
	103-3	Evaluation of the management approach	7, 12-13	
GRI 203: Indirect economic impacts	203-2	Significant indirect economic impacts	7	
	203-A	R&D intensity in portfolio companies	7	Own indicator
Business ethics				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	12-13	
	103-2	The management approach and its components	10-13	
	103-3	Evaluation of the management approach	7, 12-13	
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	13	No incidents linked to corruption were reported during 2018.
	205-A	Proportion of portfolio companies with anti-corruption policies in place	7	Own indicator
Active ownership/Indirect influence on sustainability issues				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	12-13	
	103-2	The management approach and its components	10-15, 20-21	
	103-3	Evaluation of the management approach	7, 12-13	
G4: Active ownership	G4-FS10	Interactions with portfolio companies on environmental or social issues	7, 12-13, 20-30	
Equality and diversity				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	12-13	
	103-2	The management approach and its components	36-37, 40	
	103-3	Evaluation of the management approach	7, 36-37	
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	7, 37, 43, 46-49	

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 30 in the Year-End Report 2018 for Investor AB.

Adjusted net asset value
Net asset value based on estimated market values within Patricia Industries.

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 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 adjusted assets
The net of all assets including estimated market values for Patricia Industries' major subsidiaries and partner-owned investments 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.

Wholly-owned subsidiaries
Majority-owned companies within Patricia Industries, for ownership stake see page 4.

Shareholder information

Calendar of events 2019

- Interim Management Statement, January-March: April 24
- Annual General Meeting: May 8
- Interim Report, January-June: July 17
- Interim Management Statement, January-September: October 18
- Year-End Report: January 22, 2020

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 who have requested it. All new shareholders will receive a letter asking how they would like to receive information.

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Annual General Meeting

Investor AB invites shareholders to participate in the Annual General Meeting on Wednesday, May 8, 2019, 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 Thursday, May 2, 2019, and must notify the company of their intention to attend the Meeting no later than Thursday, May 2, 2019.

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 13.00 per share for fiscal year 2018 (12.00). The dividend is proposed to be paid in two installments, SEK 9.00 per share with record date May 10, 2019, and SEK 4.00 per share with record date November 11, 2019. If the proposal is approved by the Annual General Meeting, the dividend is expected to be distributed by Euroclear Sweden AB on Wednesday, May 15, 2019 and Thursday, November 14, 2019.

We are an engaged long-term owner that actively supports the building and development of best-in-class companies. Through substantial ownership and board participation, we drive the initiatives that we believe will create the most value for each individual company. Ultimately, this creates value for our shareholders and for society at large.

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