

## Note 8. Revenues

### Accounting policies

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

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

### Net sales

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

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

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

### Net sales

By category:	2017	2016
Sales of products	23,053	21,048
Sales of services	11,276	10,504
Other income	52	190
<b>IS Total</b>	<b>34,381</b>	<b>31,742</b>
By field of operation:	2017	2016
Health care equipment	22,057	20,730
Health care services	11,651	10,360
Hotel	646	629
Real estate	27	23
<b>IS Total</b>	<b>34,381</b>	<b>31,742</b>
By geographical market:	2017	2016
Sweden	6,481	6,421
Scandinavia, excl. Sweden	6,502	5,936
Europe, excl. Scandinavia	7,319	7,497
U.S.	11,165	9,862
North America, excl. U.S.	548	436
South America	624	164
Africa	325	248
Australia	634	547
Asia	781	631
<b>IS Total</b>	<b>34,381</b>	<b>31,742</b>

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

## Note 9. Employees and personnel costs

### Accounting policies

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

### Short-term benefits

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

### Termination benefits

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

### Share-based payment transactions

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.

Note 9. cont'd Employees and personnel costs

Average number of employees in the Group

	2017		2016	
	Total	Of which women	Total	Of which women
Parent Company, Sweden	71	37	71	36
Sweden, excl. Parent Company	6,206	4,719	6,295	4,797
Europe excl. Sweden	6,931	4,737	6,616	4,680
North- and South America	3,147	1,090	2,626	875
Africa	6	5	6	4
Asia	3,549	2,524	3,593	2,562
Australia	144	69	85	59
<b>Total Group</b>	<b>20,054</b>	<b>13,181</b>	<b>19,292</b>	<b>13,011</b>

Gender distribution in Boards and Senior management

	2017		2016	
	Men	Women	Men	Women
<i>Gender distribution in percent</i>				
Board of the Parent Company	64	36	64	36
Extended Management Group of the Parent Company incl. the President	57	43	60	40
Boards in the Group <sup>1)</sup>	74	26	70	30
Management Groups in the Group	63	37	60	40

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

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

The AGM 2017 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 strives to offer a total remuneration that is competitive and in line with market conditions, thereby enabling it to attract and retain the right type of expertise to the company. The total remuneration should be based on factors such as position, performance and individual qualifications. The total remuneration for the Extended Management Group may consist of: basic salary, variable cash salary, long-term variable remuneration, pension and other remuneration and benefits.

Basic salary

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

Variable cash salary

Investor's employees can have a portion of their salary as variable cash salary. The variable portion of salary differs between business areas. For the President Johan Forssell, it amounts to a maximum of 30 percent of basic salary. For other employees, the maximum variable salary ranges between 0 and 60 percent of their basic salary, although for a very limited number of key personnel, the variable portion of salary can be a maximum of 100 percent of their basic salary. The President may award additional variable salary to company employees who he feels have made an exceptional contribution during the year. However, any such additional variable salary must be approved by Investor's Remuneration Committee.

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

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
2017	7,600	253	2,052	9,905	217	2,845	178	6,080	19,226	2,472	32.5
2016	7,150	104	1,877	9,131	314	2,729	205	5,720	18,099	2,252	31.5

Long-term variable remuneration

For long-term variable remuneration programs, it is the Board's ambition to create a structure that results in employee commitment and is based on the long-term development of Investor. As a result, part of the remuneration to employees is related to the long-term performance of Investor and the Investor share, which exposes the employee to both increases and decreases of the share price. In 2006, a Stock Matching Plan was introduced for Investor employees, as well as a performance based share program for Senior Management. "Senior Management" is defined as the President, other members of the Extended Management Group and a maximum of 20 other senior executives. The structure of the programs for 2007-2017 correspond in all material aspects to the program for 2006.

During 2017 a specific long-term variable remuneration program for Patricia Industries was introduced. Employees within Patricia Industries do not therefore participate, from 2017, in Investor's program for long-term variable remuneration. The employee is required to invest his or her own funds, or commit shares, in order to participate in the programs for long-term variable remuneration.

For more details regarding the programs, see page 54-57.

Pension

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

Other remuneration and benefits

Profit-sharing program for the trading operation

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

Termination and severance pay

Investor and Members of the 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 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.

Other benefits

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

Note 9. cont'd Employees and personnel costs

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

	Basic salary	Vacation remuneration	Change of vacation pay liability	Variable salary for the year	Cost of long-term share-based remuneration <sup>1)</sup>	Total	Pension costs <sup>2)</sup>	Other remuneration and benefits	Total expensed remuneration
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 <sup>3)</sup>	21,991	345	465	10,753	12,250	45,805	7,106	2,438	55,348
<b>Total</b>	<b>29,591</b>	<b>598</b>	<b>682</b>	<b>12,805</b>	<b>18,639</b>	<b>62,315</b>	<b>9,951</b>	<b>2,616</b>	<b>74,882</b>
Total remunerations 2016 (SEK t.)									
President and CEO	7,150	104	314	1,877	4,788	14,232	2,729	205	17,166
Management Group, excl. the President	10,750	156	370	4,094	5,415	20,785	5,739	331	26,854
<b>Total</b>	<b>17,900</b>	<b>260</b>	<b>684</b>	<b>5,970</b>	<b>10,203</b>	<b>35,017</b>	<b>8,468</b>	<b>536</b>	<b>44,021</b>

1) There is a deviation from the value at grant date according to the previous table on page 53. In the table above the cost is calculated based on the principles in IFRS 2 and allocated over the vesting period. The calculation is also adjusted for the actual outcome of allotted performance shares, whereas in the previous table the value is based on an assumed allotment.

2) There are no outstanding pension commitments for the Management Group.

3) 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	2017							2016						
	Basic salary <sup>1)</sup>	Variable salary	Long-term share-based remuneration	Pension cost	Cost for employee benefits	Social security contributions	Total	Basic salary <sup>1)</sup>	Variable salary	Long-term share-based remuneration	Pension cost	Cost for employee benefits	Social security contributions	Total
Parent Company	82	18	30	25	12	46	213	84	18	28	23	12	44	208
Subsidiaries	8,446	477	39	679	339	1,613	11,593	7,722	593	28	614	306	1,569	10,832
<b>Total</b>	<b>8,528</b>	<b>495</b>	<b>70</b>	<b>704</b>	<b>351</b>	<b>1,659<sup>2)</sup></b>	<b>11,806</b>	<b>7,806</b>	<b>611</b>	<b>56</b>	<b>637</b>	<b>318</b>	<b>1,613<sup>2)</sup></b>	<b>11,040</b>

1) Includes vacation remuneration and change of vacation pay liability.

2) Of which SEK 23 m. refers to social security contribution for long-term share-based remuneration (21).

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

Remuneration (SEK m.), Group	2017				2016			
	Salary Senior executives, Presidents and Boards in subsidiaries <sup>1,2)</sup>	Of which variable salary <sup>1)</sup>	Other employees	Total	Salary Senior executives, Presidents and Boards in subsidiaries <sup>1,2)</sup>	Of which variable salary <sup>1)</sup>	Other employees	Total
Parent Company	39	7	61	100	35	6	67	102
Subsidiaries	80	25	8,842	8,923	119	36	8,196	8,315
<b>Total</b>	<b>119</b>	<b>32</b>	<b>8,904</b>	<b>9,023</b>	<b>154</b>	<b>42</b>	<b>8,263</b>	<b>8,417</b>

1) The number of people in the Parent Company is 17 (15) and in subsidiaries 57 (55).

2) Pension costs relating to senior executives, Presidents and Boards in subsidiaries amount to SEK 17 m. and are in addition to the amounts presented in the table (25).

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 2017, the President had to invest or commit approximately 32 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 2017 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

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

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 2011-2017

### Matching Shares 2011-2017

Year issued	Number of Matching Shares granted	Number at the beginning of the year	Adjustment for dividend 2017	Matching Shares forfeited in 2017	Matching Shares exercised in 2017	Weighted average share price on exercise	Number of Matching Shares at year-end	Theoretical value <sup>1)</sup> , SEK	Fair value <sup>2)</sup> , SEK	Strike price, SEK	Maturity date	Vesting period (years) <sup>3)</sup>
2017	28,482	–		330			28,152 <sup>4)</sup>	355.53	359.69	10.00	12/31 2023	3
2016	49,948	49,574	1,379	1,682	600	359.76	48,671 <sup>4)</sup>	246.40	274.01	10.00	12/31 2022	3
2015	37,671	38,535	1,066	492	1,445	361.14	37,664 <sup>4)</sup>	293.33	326.18	10.00	12/31 2021	3
2014	55,451	55,185	1,188	21	17,929	372.24	38,423	219.51	244.29	10.00	12/31 2020	3
2013	72,378	35,908	709	–	13,594	372.17	23,023	167.90	187.33	10.00	12/31 2019	3
2012	120,160	35,891	816	19	8,106	383.64	28,582	109.60	122.17	10.00	12/31 2018	3
2011	88,959	12,530	257	16	12,222	387.85	549	127.15	141.66	10.00	12/31 2017	3
<b>Total</b>	<b>453,049</b>	<b>227,623</b>	<b>5,415</b>	<b>2,560</b>	<b>53,896</b>		<b>205,064</b>					

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 56 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 2011-2017

Year issued	Number of Matching Options granted	Number at the beginning of the year	Matching Options forfeited in 2017	Number of Matching Options exercised in 2017	Weighted average share price on exercise	Number of Matching Options at year-end	Theoretical value <sup>1)</sup> , SEK	Fair value <sup>2)</sup> , SEK	Strike price, SEK	Maturity date	Vesting period (years) <sup>3)</sup>
2017	56,964	–	661			56,303 <sup>4)</sup>	27.57	30.70	486.90	12/31 2023	3
2016	99,896	99,147	3,256	962	392.86	94,929 <sup>4)</sup>	28.32	32.69	340.90	12/31 2022	3
2015	75,342	74,330	2,431	1,237	411.89	70,662 <sup>4)</sup>	38.77	44.76	403.30	12/31 2021	3
2014	110,902	103,643		36,031	371.59	67,612	29.86	34.41	304.50	12/31 2020	3
2013	144,756	58,550		19,864	385.36	38,686	22.63	24.97	236.10	12/31 2019	3
2012	240,320	78,528		22,276	399.78	56,252	14.70	16.87	157.80	12/31 2018	3
2011	177,918	37,570		37,570	393.47	–	19.78	22.82	180.30	12/31 2017	3
<b>Total</b>	<b>906,098</b>	<b>451,768</b>	<b>6,348</b>	<b>117,940</b>		<b>384,444</b>					

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 56 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.

### Performance Shares 2011-2017

Year issued	Maximum number of Performance Shares granted	Number at the beginning of the year	Adjustment for dividend 2017	Performance Shares, forfeited in 2017	Performance Shares exercised in 2017	Weighted average share price on exercise	Number of Performance Shares at year-end	Theoretical value <sup>1)</sup> , SEK	Fair value <sup>2)</sup> , SEK	Strike price, SEK	Maturity date	Vesting period (years)
2017	121,591	–					121,591 <sup>3)</sup>	92.81	102.77	202.89	12/31 2023	3
2016	231,067	231,067	6,288	1,991			235,364 <sup>3)</sup>	66.74	74.26	138.28	12/31 2022	3
2015	163,585	169,416	4,611				174,027 <sup>3)</sup>	80.59	89.84	157.98	12/31 2021	3
2014	258,017	272,089	3,287	115,197	41,266	365.24	118,913	62.79	70.03	116.08	12/31 2020	3
2013	320,473	106,359	2,592		15,105	369.55	93,846	49.33	54.26	87.29	12/31 2019	3
2012	457,517	151,212	3,574		44,385	404.08	110,401	32.69	36.41	56.31	12/31 2018	3
2011	663,784	126,210	1,647		127,857	388.51	–	20.56	23.14	123.03	12/31 2017	3
<b>Total</b>	<b>2,216,034</b>	<b>1,056,353</b>	<b>21,999</b>	<b>117,188</b>	<b>228,613</b>		<b>854,142</b>					

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 page 56 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.

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

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

	2017			2016		
	Matching Share	Matching Option	Performance Share	Matching Share	Matching Option	Performance Share
Averaged volume-weighted price paid for Investor B shares	405.77	405.77	405.77	284.09	284.09	284.09
Strike price	10.00	486.90	202.89	10.00	340.90	142.05
Assumed volatility <sup>1)</sup>	23%	23%	23%	28%	28%	28%
Assumed average term <sup>2)</sup>	5 years	5 years	5 years	5 years	5 years	5 years
Assumed percentage of dividend <sup>3)</sup>	0%	3.0%	0%	0%	3.0%	0%
Risk-free interest	-0.17%	-0.17%	-0.17%	-0.16%	-0.16%	-0.16%
Expected outcome <sup>4)</sup>			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 will consist 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.

## Summary of Patricia Industries' long-term share-based variable remuneration program 2017

### PI-BS Plan

#### Matching shares 2017

Year issued	Number of Matching Shares granted	Number at the beginning of the year	Adjustment for dividend 2017	Matching Shares forfeited in 2017	Matching Shares exercised in 2017	Weighted average share price on exercise	Number of Matching Shares at year-end	Theoretical value <sup>1)</sup> , SEK	Fair value <sup>2)</sup> , SEK	Strike price, SEK	Maturity date	Vesting period (years) <sup>3)</sup>
2017	4,609						4,609 <sup>4)</sup>	355.52	395.77	10.00	12/31 2023	3
<b>Total</b>	<b>4,609</b>						<b>4,609</b>					

#### Matching options 2017

Year issued	Number of Matching Options granted	Number at the beginning of the year	Matching Options forfeited in 2017	Number of Matching Options exercised in 2017	Weighted average share price on exercise	Number of Matching Options at year-end	Theoretical value <sup>1)</sup> , SEK	Fair value <sup>2)</sup> , SEK	Strike price, SEK	Maturity date	Vesting period (years) <sup>3)</sup>
2017	9,218					9,218 <sup>4)</sup>	31.51	44.00	486.90	12/31 2023	3
<b>Total</b>	<b>9,218</b>					<b>9,218</b>					

1) The value of Matching Shares and Matching Options on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.

2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values. See page 57 for specification of the basis of calculation.

3) Under certain circumstances, in conjunction with the end of employment, Matching Shares and Matching Options 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 and Matching Options not available for exercise at year-end.

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

### Performance Shares 2017

Year issued	Number of Performance Shares granted	Number at the beginning of the year	Adjustment for dividend 2017	Performance Shares forfeited in 2017	Performance Shares exercised in 2017	Weighted average share price on exercise	Number of Performance Shares at year-end	Theoretical value <sup>1)</sup> , SEK	Fair value <sup>2)</sup> , SEK	Strike price, SEK	Maturity date	Vesting period (years) <sup>3)</sup>
2017	23,899						23,899 <sup>4)</sup>	92.81	106.11	202.89	12/31 2023	3
<b>Total</b>	<b>23,899</b>						<b>23,899</b>					

- 1) The value of Performance Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
- 2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values. See below for specification of the basis of calculation.
- 3) Under certain circumstances, in conjunction with the end of employment, Performance Shares can be exercised before the end of the vesting period. Performance Shares 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) Performance Shares not available for exercise at year-end.

### PI-NA Plan

#### Matching shares 2017

Year issued	Number of Matching Shares granted	Number at the beginning of the year	Adjustment for dividend 2017	Matching Shares forfeited in 2017	Matching Shares exercised in 2017	Weighted average share price on exercise	Number of Matching Shares at year-end	Theoretical value <sup>1)</sup> , SEK	Fair value <sup>2)</sup> , SEK	Strike price, SEK	Maturity date	Vesting period (years) <sup>3)</sup>
2017	10,430						10,430 <sup>4)</sup>	356.31	396.95	10.00	12/31 2023	3
<b>Total</b>	<b>10,430</b>						<b>10,430</b>					

#### Matching options 2017

Year issued	Number of Matching Options granted	Number at the beginning of the year	Matching Options forfeited in 2017	Number of Matching Options exercised in 2017	Weighted average share price on exercise	Number of Matching Options at year-end	Theoretical value <sup>1)</sup> , SEK	Fair value <sup>2)</sup> , SEK	Strike price, SEK	Maturity date	Vesting period (years) <sup>3)</sup>
2017	20,860					20,860 <sup>4)</sup>	29.85	39.19	486.90	12/31 2023	3
<b>Total</b>	<b>20,860</b>					<b>20,860</b>					

### Performance Shares 2017

Year issued	Number of Performance Shares granted	Number at the beginning of the year	Adjustment for dividend 2017	Performance Shares forfeited in 2017	Performance Shares exercised in 2017	Weighted average share price on exercise	Number of Performance Shares at year-end	Theoretical value <sup>1)</sup> , SEK	Fair value <sup>2)</sup> , SEK	Strike price, SEK	Maturity date	Vesting period (years) <sup>3)</sup>
2017	67,237						67,237 <sup>4)</sup>	99.89	114.75	202.89	12/31 2023	3
<b>Total</b>	<b>67,237</b>						<b>67,237</b>					

- 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 below 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.

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
Averaged volume-weighted price paid for Investor B shares	405.77	405.77	405.77	405.77	405.77	405.77
Strike price	10.00	486.90	202.89	10.00	486.90	202.89
Assumed volatility <sup>1)</sup>	23%	23%	23%	23%	23%	23%
Assumed average term <sup>2)</sup>	5 years	5 years	5 years	5 years	5 years	5 years
Assumed percentage of dividend <sup>3)</sup>	0%	2.3%	0%	0%	4.0%	0%
Risk-free interest	-0.17%	-0.17%	-0.17%	1.79%	1.79%	1.79%
Expected outcome <sup>4)</sup>			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 31, Related party transactions.

### Management Participation Programs

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

Note 9. cont'd Employees and personnel costs

**Remuneration to the Board of the Parent Company**

At the 2017 Annual General Meeting (AGM), it was decided that Board remuneration should total SEK 10,230 t. (9,995), of which SEK 9,110 t. (8,910) would be in the form of cash and synthetic shares and SEK 1,120 t. (1,085) would be distributed as cash remuneration for committee work done by the Board of Directors.

**Synthetic shares 2008-2017**

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 2017 is essentially identical to the decision of the AGM 2016. In 2017, 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 2022, 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 2017 the Board approved, as in 2016, 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 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 <sup>1)</sup>	Adjustment for dividend	Exercised Synthetic Shares, 2017	Number of Synthetic Shares on December 31, 2017
Jacob Wallenberg <sup>2)</sup>	2,450		340	2,790			544	3,334	8,463		228	8,691	-
Marcus Wallenberg <sup>2)</sup>	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 <sup>3)</sup>	328	328	175	830	221	-27	145	1,169	7,324	802	197	2,317	6,006
Sune Carlsson <sup>4)</sup>							145	145	2,257		61	2,317	-
Johan Forssell													
Magdalena Gerger	328	328	175	830	148	-27	950	3,383	802	91	197	2,317	4,276
Tom Johnstone, CBE	328	328	85	740	221	-27	1,079	7,324	802	106	197	2,317	6,006
Carola Lemne <sup>5)</sup>					74		145	219	3,941		106	2,317	1,730
Grace Reksten Skaugen	655		260	915			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. <sup>4)</sup>							145	273	5,177		139	2,317	2,999
Sara Öhrvall	328	328		655	94	-27	721	2,147	802	58	197	2,317	3,008
<b>Total</b>	<b>6,818</b>	<b>2,293</b>	<b>1,120</b>	<b>10,230</b>	<b>1,549</b>	<b>-191</b>	<b>1,687</b>	<b>13,275</b>	<b>61,705</b>	<b>5,616</b>	<b>1,663</b>	<b>26,941</b>	<b>42,044</b>

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 1,040 t. to Gunnar Brock have been expensed in the subsidiaries.

4) Member of the Board until 5/12 2015.

5) Member of the Board until 5/6 2014.

**Expensed remuneration to the Board 2016**

Total remuneration for 2016 (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 2016	Effect from Synthetic Shares exercised 2016	Total fee, actual cost	Number of Synthetic Shares at the beginning of the year	Number of Synthetic Shares granted 2016 <sup>1)</sup>	Adjustment for dividend	Exercised Synthetic Shares, 2016	Number of Synthetic Shares on December 31, 2016
Jacob Wallenberg <sup>2)</sup>	2,400		330	2,730	329		25	3,084	15,612		569	7,718	8,463
Marcus Wallenberg <sup>2)</sup>	1,390			1,390				1,390					
Josef Ackermann	320	320		640	229	77	946	5,668	1,167	207			7,042
Gunnar Brock <sup>3)</sup>	320	320	170	810	240	77	7	1,134	7,926	1,167	289	2,058	7,324
Sune Carlsson <sup>4)</sup>					88		7	94	4,163		152	2,058	2,257
Johan Forssell													
Magdalena Gerger	320	320	170	810	87	77	974	2,138	1,167	78			3,383
Tom Johnstone, CBE	320	320	80	720	240	77	7	1,044	7,926	1,167	289	2,058	7,324
Carola Lemne <sup>5)</sup>					153		7	160	5,788		211	2,058	3,941
Grace Reksten Skaugen	640		255	895			895	895					
Hans Stråberg	320	320		640	240	77	7	964	7,926	1,167	289	2,058	7,324
Lena Treschow Torell	320	320	80	720	240	77	7	1,044	7,926	1,167	289	2,058	7,324
Peter Wallenberg Jr. <sup>4)</sup>					201		7	208	6,980		255	2,058	5,177
Sara Öhrvall	320	320		640	38	77	756	946	1,167	34	197	2,317	2,147
<b>Total</b>	<b>6,670</b>	<b>2,240</b>	<b>1,085</b>	<b>9,995</b>	<b>2,083</b>	<b>542</b>	<b>72</b>	<b>12,692</b>	<b>72,997</b>	<b>8,170</b>	<b>2,662</b>	<b>22,124</b>	<b>61,705</b>

1) Based on weighted average stock price for Investor B in the period May 12 to May 18 2016: SEK 274.17.

2) Remunerations including pertinent statutory social charges and VAT are invoiced through a company. This procedure is not affecting the cost for Investor.

3) Additional remunerations of SEK 1,174 t. to Gunnar Brock have been expensed in the subsidiaries.

4) Member of the Board until 5/12 2015.

5) Member of the Board until 5/6 2014.

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

### Accounting effects of share-based payment transactions

	2017	2016
Costs relating to share-based payment transactions, SEK m.		
<i>Group</i>		
Costs relating to equity-settled share-based payment transactions	76	56
Costs relating to cash-settled share-based payment transactions	18	5
Social security relating to share-based payment transactions	23	21
<b>Total</b>	<b>117</b>	<b>82</b>
<i>Parent Company</i>		
Costs relating to equity-settled share-based payment transactions	23	23
Costs relating to cash-settled share-based payment transactions	7	5
Social security relating to share-based payment transactions	22	20
<b>Total</b>	<b>52</b>	<b>48</b>
Other effects of share-based payment transactions, SEK m.		
<i>Group</i>		
Effect on equity relating to Stock-Options exercised by employees	52	312
Carrying amount of liability relating to cash-settled instruments	51	33
<i>Parent Company</i>		
Effect on equity relating to Stock-Options exercised by employees	52	312
Carrying amount of liability relating to cash-settled instruments	22	27

## Note 10. Auditor's fees and expenses

	2017	2016
<i>Auditor in charge</i>	<i>Deloitte</i>	<i>Deloitte</i>
Auditing assignment	36	25
Other audit activities	1	2
Tax advice	4	5
Other assignments	3	3
<b>Total Auditor in charge</b>	<b>44</b>	<b>35</b>
<i>Other auditors</i>		
Auditing assignment	1	4
<b>Total other auditors</b>	<b>1</b>	<b>4</b>
<b>Total</b>	<b>45</b>	<b>39</b>

## Note 11. Operating leases

### Accounting policies

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

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

### Non-cancellable future lease payments

	2017	2016
Less than 1 year from balance sheet date	-892	-797
1-5 years from balance sheet date	-1,597	-1,539
More than 5 years from balance sheet date	-1,034	-1,067
<b>Total</b>	<b>-3,523</b>	<b>-3,403</b>

## Note 11. cont'd Operating leases

Costs for the year		
Minimum lease payments	-985	-829
Contingent rent	0	0
<b>Total</b>	<b>-985</b>	<b>-829</b>

### Non-cancellable future lease revenue

	2017	2016
Less than 1 year from balance sheet date	21	21
1-5 years from balance sheet date	33	26
More than 5 years from balance sheet date	22	24
<b>Total</b>	<b>76</b>	<b>71</b>

### Revenue for the year

Minimum lease revenue	22	21
Contingent rent	1	2
<b>Total</b>	<b>24</b>	<b>22</b>

## Note 12. Shares and participations in associates

### Accounting policies

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

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

### Reporting of associates in accordance with the equity method

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

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

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

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

### Specification of carrying amount using the equity method

	12/31 2017	12/31 2016
At the beginning of the year	3,875	3,336
Acquisitions	20	2
Divestments	-	-30
Share of results of associates	390	516
Exchange rate differences, etc.	55	51
<b>BS Carrying amount at year-end</b>	<b>4,340</b>	<b>3,875</b>