

Veoneer, Inc.

Audited Combined Statement of Operations¹

(Dollars in millions)

	Years ended December 31		
	2017	2016	2015
Net sales	\$ 2,322.2	\$ 2,218.3	\$ 1,588.6
Cost of sales	(1,856.6)	(1,795.1)	(1,310.2)
Gross profit	465.6	423.2	278.4
Selling, general and administrative expenses	(110.0)	(109.8)	(68.0)
Research, development and engineering expenses, net	(375.4)	(299.7)	(213.6)
Goodwill, impairment charge	(234.2)	-	-
Amortization of intangibles	(37.0)	(34.5)	(9.8)
Other income (expense), net	8.3	(4.0)	4.6
Operating loss	(282.7)	(24.8)	(8.4)
Loss from equity method investments	(30.7)	-	-
Interest income	0.3	0.1	-
Interest expense	(0.3)	(0.2)	(0.3)
Other non-operating items, net	(0.8)	3.1	0.5
Loss before income taxes	(314.2)	(21.8)	(8.2)
Income tax expense	(30.1)	(38.3)	(21.8)
Net loss	(344.3)	(60.1)	(30.0)
Less: Net loss attributable to non-controlling interest	(127.3)	(7.0)	-
Net loss attributable to controlling interest	\$ (217.0)	\$ (53.1)	\$ (30.0)

Items Affecting Comparability

We believe that comparability between periods is improved through the exclusion of certain unusual or non-recurring items. To assist investors in understanding the operating performance of Autoliv's business, it is useful to consider certain U.S. GAAP measures exclusive of this item. Accordingly, the tables below reconcile from U.S. GAAP to the equivalent non-U.S. GAAP measure.

(Dollars in millions)	2017	2016	2015
Operating loss	\$ (282.7)	\$ (24.8)	\$ (8.4)
Goodwill, impairment charge	234.2	-	-
Non-GAAP adjusted operating loss	\$ (48.5)	\$ (24.8)	\$ (8.4)

¹⁾ The audited Consolidated Statement of Income is derived from the Veoneer Financial Statements included in Veoneer, Inc.'s Form 10 Registration Statement filed with SEC on April 26, 2018.

Veoneer, Inc.

Audited Combined Balance Sheets²

(Dollars in millions)

	At December 31	
	2017	2016
Assets		
Receivables, net	\$ 460.5	\$ 445.0
Inventories, net	154.2	164.4
Prepaid expenses and other current assets	34.0	39.5
Total current assets	648.7	648.9
Property, plant and equipment, net	361.9	327.1
Investments and other non-current assets	162.0	36.0
Goodwill	291.7	490.1
Intangible assets, net	122.2	163.0
Related party notes receivable	76.0	74.0
Total assets	\$ 1,662.5	\$ 1,739.1
Liabilities and equity		
Accounts payable	\$ 322.8	\$ 318.2
Related party payables	5.0	5.0
Accrued expenses	195.2	192.6
Income tax payable	41.3	31.6
Other current liabilities	25.7	25.0
Related party short-term debt	-	3.5
Total current liabilities	\$ 590.0	\$ 575.9
Related party long-term debt	62.2	11.1
Pension liability	13.9	15.0
Other non-current liabilities	39.3	48.0
Total non-current liabilities	\$ 115.4	\$ 74.1
Commitments and contingencies		
Parent Equity		
Net parent investment	843.9	876.7
Accumulated other comprehensive loss	(8.3)	(29.3)
Total Parent Equity	835.6	847.4
Non-controlling interest	121.5	241.7
Total Parent Equity and non-controlling interests	957.1	1,089.1
Total liabilities, Parent Equity and non-controlling interests	\$ 1,662.5	\$ 1,739.1

²⁾ The audited Combined Balance Sheets is derived from the Veoneer Financial Statements included in Veoneer, Inc.'s Form 10 Registration Statement filed with SEC on April 26, 2018.

Veoneer, Inc.

Audited Combined Statements of Cash Flow³

(Dollars in millions)

	Years ended December 31		
	2017	2016	2015
Operating activities			
Net loss	\$ (344.3)	\$ (60.1)	\$ (30.0)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation and amortization	118.8	105.5	53.1
Goodwill, impairment charge	234.2	-	-
Deferred income taxes	(11.3)	(10.9)	0.3
Undistributed loss from equity method investments	30.7	-	-
Gain on investment in Zenuity	(10.7)	-	-
Stock-based compensation	2.1	2.8	1.8
M/A COM earn-out adjustment	(12.7)	-	-
Net change in:			
Related party payables, net	(0.1)	5.1	-
Receivables and other assets, gross	2.2	(182.6)	(91.8)
Inventories, gross	18.9	(7.7)	(38.0)
Accounts payable and accrued expenses	(20.8)	132.6	117.7
Income taxes	9.9	20.2	8.6
Other, net	(18.1)	(12.2)	(2.8)
Net cash (used in) provided by operating activities	(1.2)	(7.3)	18.9
Investing activities			
Expenditures for property, plant and equipment	(110.0)	(102.5)	(53.4)
Proceeds from sale of property, plant and equipment	6.9	1.5	3.8
Acquisition of intangible assets	-	-	(24.9)
Acquisition of businesses and interest in affiliates, net of cash acquired	(125.3)	(226.3)	(98.9)
Net increase in related party notes receivable	(2.0)	(8.1)	(28.9)
Net cash used in investing activities	(230.4)	(335.4)	(202.3)
Financing activities			
Net increase / (decrease) in short-term debt including related party	(3.6)	3.7	(0.3)
Repayments and other changes in related party long-term debt	50.8	11.9	-
Net transfers from Parent	184.4	327.1	183.7
Net cash provided by financing activities	231.6	342.7	183.4
Effect of exchange rate changes on cash and cash equivalents	-	-	-
Increase / (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents at beginning of year	-	-	-
Cash and cash equivalents at end of year	\$ -	\$ -	\$ -

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