



K I N N E V I K

# ANNUAL REPORT 2020



**WE BUILD  
LEADING  
DIGITAL  
BUSINESSES**



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For an in-depth description of Kinnevik including our strategy, team and investee companies, please refer to [www.kinnevik.com](http://www.kinnevik.com)

The Annual Report for Kinnevik AB (publ) 556047-9742 consists of a Board of Directors' Report, financial statements and other information on pages 44-92. The Sustainability Report on pages 4-43 has been subject to a limited assurance review. The annual accounts and consolidated accounts on pages 54-87 have been audited.

# CHIEF EXECUTIVE'S REVIEW

**Dear Shareholders,** 2020 was a year unlike any other we have experienced. Despite the positive news surrounding vaccines, as of today, COVID-19 continues to have a devastating impact on human lives and economies worldwide. For Kinnevik, it has been a trying year in many ways, but also one of the most successful ever. The pandemic has forced people to change their lifestyles and, in order to access vital services such as food and healthcare, many have turned to digital alternatives. This has benefitted our portfolio of digital consumer-focused companies, and we have seen our investment theses being proven more quickly than we originally expected. This strong operational development in the portfolio was further underpinned by the equity market's re-rating of digital consumer companies, supporting the net asset value development. During the year, we also intensified the focus on sustainability by introducing ambitious climate targets and continued our work to improve diversity and inclusion at Kinnevik and in our portfolio.

## Full Year Results

**F** Kinnevik's Net Asset Value amounted to SEK 111.7bn, or SEK 402 per share at the end of 2020, up by SEK 38.4bn or 52 percent in the full year. A broad-based revaluation in our private portfolio, which was up 22 percent in the year, adjusting for investments and divestments, together with strong share price performance in Zalando, Livongo and Global Fashion Group, supported the growth. The strengthened Swedish krona had a negative effect of SEK 6.4bn for the full year. Our financial position remained strong with a net cash position of SEK 4.8bn.

## Customer Retention Key For The Future

The pandemic has fast-forwarded digital adoption and our companies have attracted new customer groups that were previously difficult and expensive to reach. We are convinced that the step-change in digital penetration is here to stay, and that a large share of the customers have changed their behaviours for the long term. This provides a strong foundation from which our companies can continue to build.

At its peak, our two Nordic online grocers saw customer intake grow tenfold compared to before the pandemic. Kolonial continued to make important improvements on its path to profitability with efficiency levels in line with global leaders. MatHem continued to grow faster than the overall market, but the new warehouse, planned to be operational in 2022, is a prerequisite for profitable growth.

Zalando showed strong progress in all key strategic initiatives, accelerating its growth year-on-year driven by an outstanding intake of new custo-

**We are convinced that the step-change in penetration is here to stay, and that a big part of the new customers will remain loyal for the long term.**



mers and strong Partner Program performance. On the back of the strong performance, Zalando significantly upgraded its growth ambitions for the coming years.

Global Fashion Group has also weathered the storm in an impressive way and accelerated its marketplace business model, allowing global brands to reach its customers. 2020 was GFG's first profitable year, on an adjusted EBITDA basis. This milestone and the continued like-for-like growth in Net Merchandise Value is a testament to GFG's leading position as the only online fashion and lifestyle-focused platform operating at scale in its markets.

Last mile delivery is key to customer satisfaction in e-commerce, and Budbee has solved the last mile challenge through a purpose-built technology platform offering a new level of convenience. Merchants who choose the service as their default delivery method have seen customers increasing their average order value and purchase frequency; and the service is used by major brands such as ASOS, Zalando, and H&M. In the fourth quarter, Budbee closed a funding round led by Swedish pension fund AMF, expecting to deploy the new capital into continued international expansion and product development.

## Digital Healthcare For Safety And Accessibility

The pandemic has shown the critical role of digital healthcare in avoiding physical consultations and in relieving some of the burden on hospitals operating at maximum capacity. With a healthcare portfolio ranging from value-based care providers VillageMD and Cityblock, to virtual care champions

Babylon and Teladoc, and to the patient payment ecosystem manager Cedar, we have seen very strong operational trends and value creation across the board during 2020.

With the merger of Livongo and Teladoc Health, Kinnevik became the second largest institutional shareholder in the global leader in virtual care. The merger established the only consumer-centered virtual care platform that caters to a person's entire health journey.

VillageMD and Walgreens Boots Alliance established a partnership during the year which was accelerated in December with Walgreens now supporting the roll-out of up to 700 primary care clinics within the next four years. The strategic, financial and operational relationship with Walgreens unlocks an opportunity for VillageMD to scale nationally under the Village Medical brand and thereby make a larger dent in the total cost of care.

In June, we invested in Cityblock, a US value-based care provider focused on underserved urban populations with complex health needs. The investment is stemming from our conviction in the transformative power of value-based tech-enabled care as an investment theme. Cityblock experienced a strong momentum since our first investment, and closed a funding round in December valuing the company at more than USD 1bn.

For Babylon, 2020 was transformational as many of the company's strategic initiatives began to deliver strong growth. The company now has 20 million members and it added coverage in eight new countries, including the launch of a digital health service in the US. The company is also making inroads into value-based care through i.a. the acquisition of FirstChoice in California. In the UK, Babylon is the largest primary care practice of any kind.

### Travel and Emerging Markets Headwinds

Our travel companies, TravelPerk and Omio, had a very challenging year and these businesses continue to be in the eye of the COVID-19 storm. The near-complete halt in travel resulted in a dramatic drop in revenues. A potential recovery will be weighted to the second half of 2021 and dependent on the pace of the vaccine roll-out. We also saw headwinds in our emerging markets businesses as macroeconomic conditions deteriorated and regional lock downs caused a slump in demand for companies such as Quikr and BIMA.

**Kinnevik's Net Asset Value increased by 52% during 2020**

**In the autumn, we received external recognition as sustainability leaders in our sector by institutions such as Aktuell Hållbarhet, AllBright and Diversity VC.**



### Complementing Our Food Portfolio with HungryPanda and Simple Feast

Kinnevik complemented its food portfolio during the year with investments in HungryPanda and Simple Feast. HungryPanda provides a specialist online ordering platform for Chinese customers living abroad, with a tailored user experience. The founder, Eric Liu, wanted to fix a problem he experienced first-hand - getting hold of authentic Chinese food on-demand away from home. The investment furthers Kinnevik's food strategy and complements our existing investments by adding exposure to the out-of-home space.

We also invested in Simple Feast, a plant-based food company offering convenient, fresh, sustainable and healthy products in categories that have not been able to go direct-to-consumer before. Led by CEO and co-founder Jakob Jønck - a serial entrepreneur and proven business builder - Simple Feast is on a mission to create food for a new era.

### Taking Sustainability to the Next Level

During the year, we accelerated our efforts to drive sustainability in our companies across the environmental, social and governance arenas. We continued to promote our Diversity and Inclusion agenda by transforming the gender representation in our management team and adding eight female board directors to our private companies. Our climate targets, launched in May 2020, are pushing us and our companies to measure our climate impact and set clear targets and strategies to become leaders in a new, low-carbon economy. In the autumn, we received external recognition as sustainability leaders in our sector by institutions such as Aktuell Hållbarhet, AllBright and Diversity VC.

### Concluding Remarks

I would like to thank all our shareholders for your continued support, and the employees at Kinnevik and in our companies for your hard work during the exceptional circumstances that have characterised 2020. We remain humble as the pandemic continues to have a fundamental impact globally, but are confident that Kinnevik and our companies stand strong with solid growth prospects.

I hope that you will stay safe and that we will soon see better times ahead!

**Georgi Ganev,**  
CEO of Kinnevik

# STATEMENT BY THE CHAIRMAN OF THE BOARD

**It was an extraordinary year in many ways and the world will likely spend a long time recovering from the events of 2020.** People and economies around the globe are suffering greatly from the spread of the Coronavirus and the pandemic has forced us to reconsider almost every aspect of how we live our lives. While presenting enormous challenges, the pandemic also represents a significant opportunity to achieve Agenda 2030 and the Sustainable Development Goals, particularly related to climate change and social inequality. We are already seeing signs that the global economic rebuild will include considerable investments toward achieving Agenda 2030. As a backer of the leading digital businesses of tomorrow, Kinnevik has defined the role we want to play in creating a more sustainable and resilient future.

## Leading the Way Towards Net Zero

The past five years have been the five warmest on record and we are seeing the devastating effects of climate change globally. However, with 2020 marking the fifth anniversary of the Paris Agreement, many positive developments are sparking hope. Japan and South Korea have pledged carbon neutrality by 2050 and China by 2060, the UK has imposed a mandatory climate-disclosures mandate, the US is seeing more climate-oriented leadership and the EU is making a great push to define its Green Deal through the EU Taxonomy. Crowned by the COP26 summit in Glasgow in November this year, 2021 likely will be a year of significant and coordinated climate action.

In May 2020, Kinnevik set climate targets in line with the Paris Agreement to significantly reduce greenhouse gas emissions from our own operations and portfolio. Our ambition is to develop our companies into long-term sustainable businesses and to future-proof them for a new, low-carbon economy. We are targeting a 50% reduction in greenhouse gas emission intensity across our portfolio by 2030 compared to 2020. This means all our companies are to measure their emissions and set relevant climate targets across their operations and value chains to align with the 1.5°C pathway. Our climate targets are ambitious, and we are spending significant time and resources rolling out the climate strategy in our portfolio. Read more on pages 17-19 and 27-28.

To better understand the actual and potential impact of climate-related risks and opportunities on our business, strategy and financial planning, we have implemented the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Read more about our TCFD efforts including how we have developed a scenario analysis under different climate futures on page 33.

**Our ambition is to develop our companies into long-term sustainable businesses and to future-proof them for a new, low-carbon economy.**



## Clear Progress in Diversity & Inclusion

In May 2019, we launched a Diversity & Inclusion Framework for gender equality. In addition to our fundamental belief in equal rights for all employees, Kinnevik believes diversity and inclusion is business critical as it leads to improved financial performance, higher degree of innovation, better decision-making and creation of value over the long-term. During 2020 we have made significant progress including improving our management team composition by 23 percentage points to 43% females, incorporating diversity and inclusion aspects into all stages of our investment process, adding eight female board members to the Boards of our private portfolio companies, and tying our D&I targets to the remuneration of our teams. We remain firmly focused on and committed to this agenda. Read more about our work on pages 20-22 and 28.

## My Sincerest Thanks

As previously announced, I will not stand for reelection at the Annual General Meeting in 2021. It has been an honour and a privilege to serve on Kinnevik's Board for ten years. During this time, Kinnevik has undergone a significant strategic transformation, and today, the company has an exciting portfolio of growth companies, delivering significant value to shareholders by building long-term sustainable businesses. I would like to thank all shareholders for their support, and for giving me the opportunity to play a small part in the great story that is Kinnevik. I would also like to thank Georgi and the team at Kinnevik, and in all our portfolio companies, for your support, great collaboration and for all you do and will continue to do to make Kinnevik the remarkable company that it is.

## Dame Amelia Fawcett

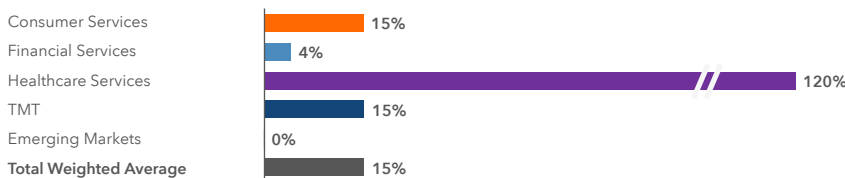
*Chairman of the Board of Kinnevik*

# KINNEVIK IN SUMMARY

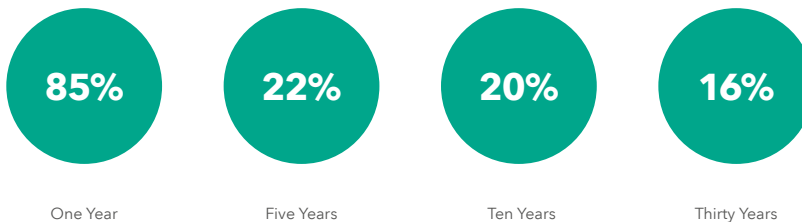
**Kinnevik is an industry focused investment company with an entrepreneurial spirit.**

Our purpose is to make people’s lives better by providing more and better choice. In partnership with talented founders and management teams we build challenger businesses that use disruptive technology to address material, everyday consumer needs. As active owners, we believe in delivering both shareholder and social value by building long-term sustainable businesses that contribute positively to society. We invest in Europe, with a focus on the Nordics, the US, and selectively in other markets. Kinnevik was founded in 1936 by the Stenbeck, Klingspor and von Horn families. Kinnevik’s shares are listed on Nasdaq Stockholm’s list for large cap companies under the ticker codes KINV A and KINV B.

### Five Year Annualised IRR per Sector

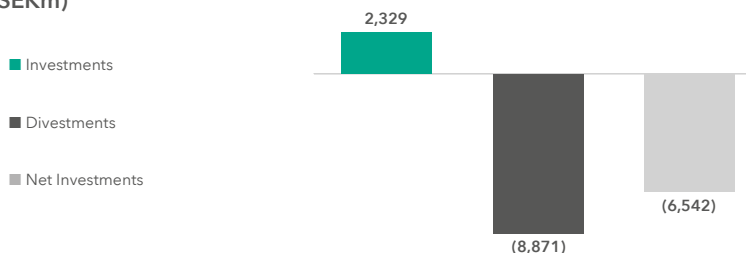


### Annualised Total Shareholder Return

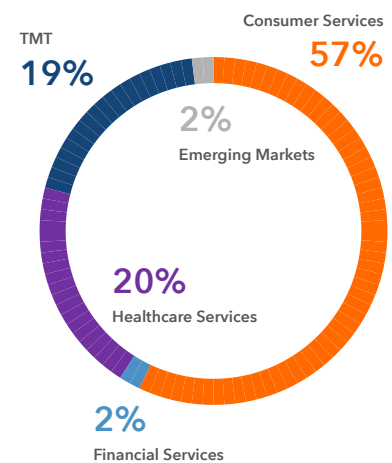


**4.5%** Net Cash to Portfolio Value

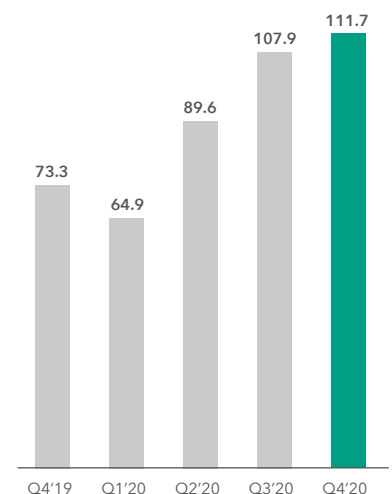
### Investment Activity during 2020 (SEKm)



### Composition of Portfolio Value



### NAV Development (SEKbn)



Note: The annualised total shareholder return includes reinvested dividends.

# KINNEVIK'S BUSINESS MODEL AND VALUE CREATION PROCESS

**OUR VALUE CREATION PROCESS.** Kinnevik applies a holistic view to value creation. We back digital businesses and provide hands-on operational support to our companies, as well as a high-level strategic perspective. To create value for our key stakeholder groups, we draw on various types of resources.



## Resources We Draw On

**Financial**

Funds available through investment activities, dividends from investee companies and debt financing

**Intellectual**

Organisational capital such as systems, policies, processes and tools

**Human**

Our employees' and advisors' competencies, capabilities, experience, loyalty and motivation

**Social**

Relationships and interactions with our stakeholders and networks, as well as our brand and reputation

**Natural**

Environmental resources we draw on to enable for example business travel and offices

### CONNECTION TO THE GLOBAL GOALS

The value we create for our stakeholders through our active ownership is clearly connected to the UN Sustainable Development Goals. Read more about our stakeholder dialogue on page 12, and about the most relevant Global Goals for Kinnevik and our portfolio on pages 15-16. Furthermore, some of our companies contribute to the Global Goals by virtue of their core business models, read more on page 32.

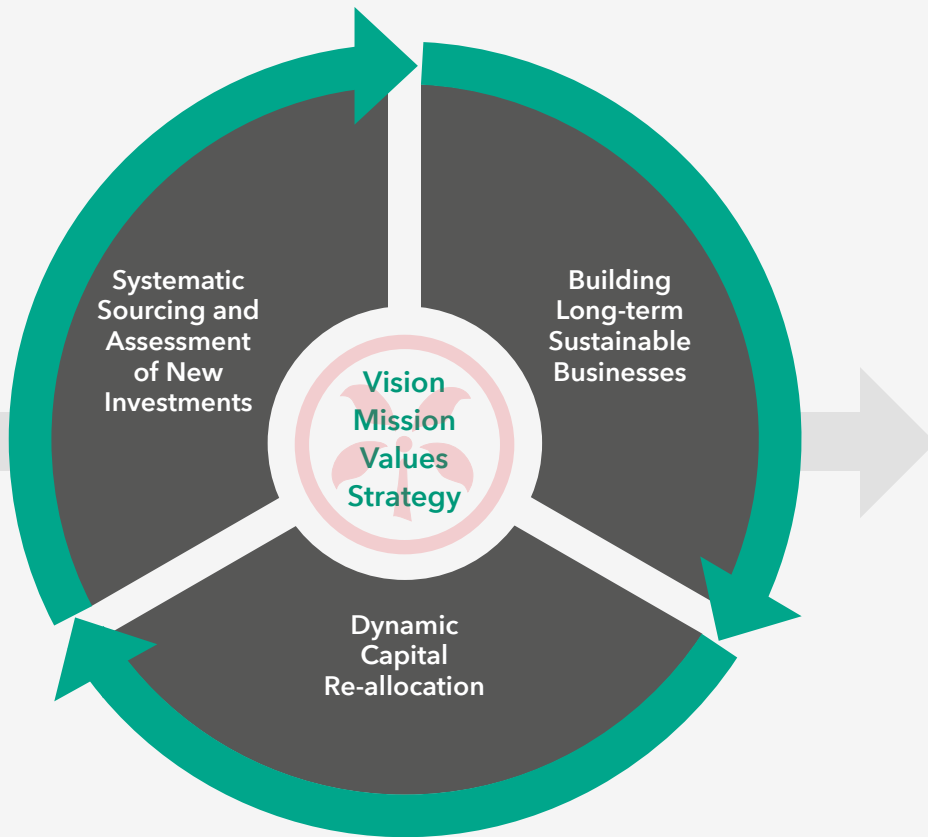
### Shareholders

- 8.1:** Sustainable economic growth
- 13.2:** Integrate climate change measures into policies and planning
- 16.5:** Substantially reduce corruption and bribery
- 16.6:** Develop effective, accountable and transparent institutions

### Employees

- 5.5:** Ensure women's full participation in leadership and decision-making
- 8.8:** Protect labour rights and promote safe working environments





## Value We Create for Our Stakeholders

**Shareholders and the Financial Community**  
Long-term economic and sustainability performance

**Employees**  
Strong corporate culture, improved skills and knowledge, equal opportunities, compensation, diversity, inclusion and work-life balance

**Portfolio Companies and Entrepreneurs**  
Economic and sustainability performance, financial and operational support, network and knowledge sharing. Through our digital companies, we make consumers' lives better in the digital age

**Society and Authorities**  
Well-governed companies that contribute positively to society. Good corporate citizenship and increased transparency

Our vision and mission identify our purpose as an organization. Our strategy defines how we maximize opportunities and allocate resources, and our values guide us in how to implement our strategy. Read more about how sustainability is integrated in our value creation process on pages 8-9, and about our vision, mission, values and strategy on page 10.

### Investee Companies and Entrepreneurs

- 5.5: Ensure women's full participation in leadership and decision-making
- 8.1: Sustainable economic growth
- 8.2: Diversify, innovate and upgrade for economic productivity
- 8.8: Protect labour rights and promote safe working environments
- 12.5: Substantially reduce waste generation
- 12.6: Encourage companies to adopt sustainable practices and sustainability reporting

- 13.2: Integrate climate change measures into policies and planning
- 16.5: Substantially reduce corruption and bribery
- 16.6: Develop effective, accountable and transparent institutions
- 17.16: Enhance the global partnership for sustainable development

### Society and Authorities

- 16.6: Develop effective, accountable and transparent institutions
- 17.16: Enhance the global partnership for sustainable development

## SUSTAINABILITY IS INTEGRATED INTO OUR VALUE CREATION PROCESS

We believe that to be a long-term successful company, you need to contribute to making the world a better place. We back digital businesses that contribute to a more sustainable future by combining strong economic growth with a positive impact on people and the planet. These companies will be able to offer better products and services that meet the demands of their customers, as well as recruit the best employees, thereby outperforming their competitors in the long run.

Sustainability is an integrated part of our business model and investment process, from sourcing and assessment of new business opportunities to ongoing development of our companies and re-allocation of capital into new opportunities.

### Systematic Sourcing and Assessment of New Investments

Kinnevik has a structured process to source and assess potential new investments involving Kinnevik's Board of Directors, Management Team, Investment Team and Sustainability Team. The Executive Investment Committee (the "EIC") is chaired by Kinnevik's CEO and comprises the Management Team, the Sustainability Director and the Investment Directors.

The basis of Kinnevik's investment activities is our strategy, which is set by the Board. The Board also resolves on Kinnevik's annual investment budget, capital allocation framework, return target and leverage policy, all of which frame Kinnevik's investment activities. All EIC materials are shared with the Board on a transparent and recurring basis to enable the Board to exercise its oversight over the EIC and the Kinnevik team and for the team to benefit from their experience, expertise and insights. The Board also conducts an annual evaluation of the EIC process. Investment and divestment decisions are generally made by the EIC, with support from the Board depending on the size and strategic fit of the opportunity.

In pipeline meetings, the EIC together with the full Investment Team provide initial feedback on investment opportunities and assess strategic fit. A small selection

of companies is brought to stage one of the EIC and evaluated against Kinnevik's key investment criteria, product-market fit and scalability.

Kinnevik's Sustainability Team is represented at each of these stages and only companies that fit our investment ethos, including subscribing to our sustainability principles, are brought to the EIC. Ahead of stage one of the EIC the Investment Team prepare a memo which includes an initial assessment of the company's sustainability risks and opportunities.

The most promising opportunities move on to stage two of the EIC where companies are evaluated based on a refined understanding of the market, potential of the business and potential returns. Ahead of this stage, the Sustainability Team together with the Investment Team perform an ESG desktop review. A key evaluation criteria is the "tone at the top" and the passion, drive and values of the founders and their management team. Companies that move on from stage two of the EIC are subject to a thorough due diligence process covering, among other areas, finance and tax, legal, commercial and sustainability.

The Sustainability due diligence is performed by the Sustainability Team together with members of the Investment Team and covers the three ESG dimensions. Companies are evaluated on their approach and implemented structures in relation to ESG aspects, and a more thorough analysis of the key sustainability risks and opportunities is performed. This due diligence helps Kinnevik assess the companies' long-term vision and how well they understand their consumers' preferences. It also enables us to assess whether the company's values are aligned with ours. The main objective is to understand the tone at the top set by the board and management team, and identify the base from which we can build. The basis for the sustainability due diligence is the Kinnevik Standards (read more on page 26), tailored to the specific sector and development stage of the company. In instances where potential investments do not meet our expectations, or are not considered likely to undertake the required improvements, Kinnevik refrains from

proceeding with the investment.

In 2020 Kinnevik invested in five new companies which all passed through this sustainability due diligence: Cityblock, Joint Academy, Common, HungryPanda and Simple Feast. These did not result in any material issues which prevented us from proceeding with the investment and we have not had any instance during the year where unsatisfactory findings from the sustainability due diligence has prevented us from proceeding with an investment.

After an investment is made, a roadmap is agreed with the company to address any identified issues from the due diligence, set annual objectives and track progress. From 2021 onward, the roadmap will be replaced by a sustainability dashboard which serves the same purpose as the roadmap, but which also outlines the key ESG risks and opportunities for each company and tracks specific targets and KPIs.

When a portfolio company seeks additional funding, they are evaluated again in the EIC and a key condition for follow-on investments is that the company has shown clear sustainability progress across ESG aspects in accordance with their agreed objectives.



### THE KINNEVIK PLATFORM

As part of our efforts to add value to and develop our companies, we provide them access to the Kinnevik Platform. It enables our companies to tap into the shared expertise, tools, resources and network of the Kinnevik Group. Read more on page 26.

[MORE →](#)

Starting in 2021, Kinnevik will add a People & Culture due diligence process for all new investments. It will assess the companies' approach and implemented structures in relation to leadership & culture, talent & performance, and diversity & inclusion, and more. The due diligence will be performed by Kinnevik's Chief People & Platform Officer together with the Sustainability Team and Investment Team. As there is some overlap in scope, the Sustainability and People & Culture due diligence processes will be co-ordinated.

**Building Long-Term Sustainable Businesses**

While investing in the best companies is critical, how we contribute to the development of our companies after investment is essential in creating value. We provide hands-on operational support as well as a high-level strategic perspective.

Kinnevik has a structured Annual Sustainability Cycle which is a set of workstreams and collaborations between the Sustainability Team and the Investment Team. Investment Reviews are conducted twice a year for all companies, at which the Investment Team and the Sustaina-

bility Team discuss the companies' development across several parameters, including ESG aspects. The sustainability dashboard is updated and discussed at these reviews.

Further, Kinnevik's Sustainability Team conducts an Annual ESG Assessment of all portfolio companies at the end of each year. This is divided into two workstreams; a quantitative assessment based on the Kinnevik Standards (read more on page 26), and a more qualitative assessment of the companies' tone at the top, competences and progress according to their annual objectives.

The results of the Annual ESG Assessment are presented to, and discussed with, the Investment Team at an Annual ESG Performance Update at the beginning of each year. Based on this assessment, an updated dashboard is created and new annual ESG targets are set for each company.

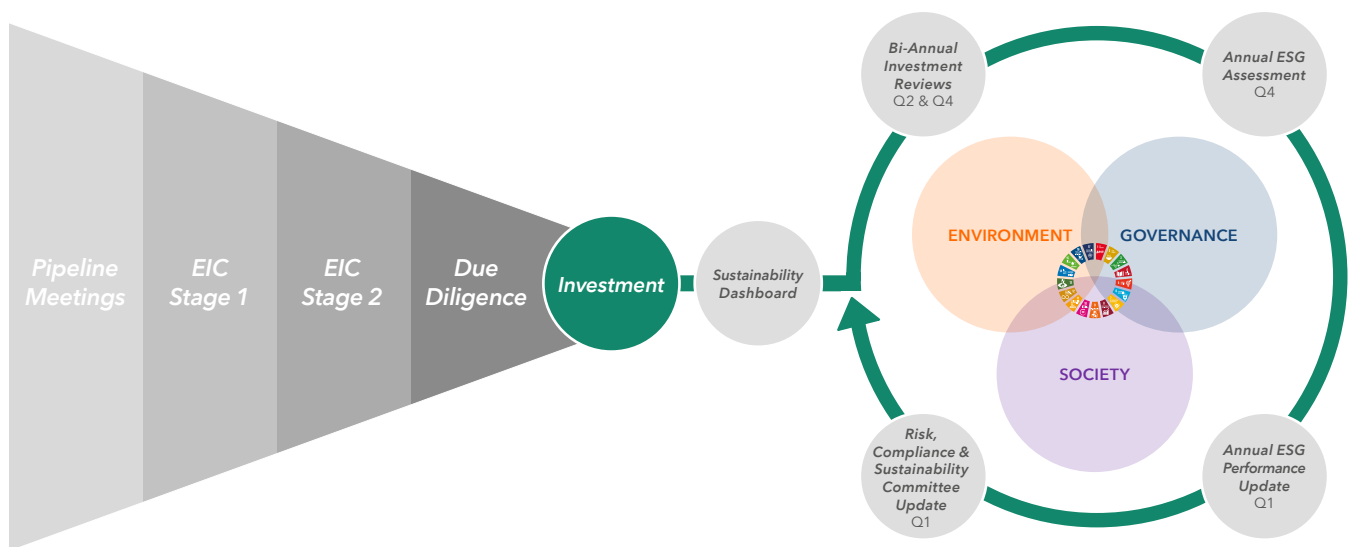
**As sustainability progress is part of Kinnevik's overarching corporate objectives, the results of the Annual ESG Assessment are tied to the Investment Team's remuneration.**

The results of the Annual ESG Assessment are presented to the Risk, Compliance & Sustainability Committee, which concludes the Annual Sustainability Cycle. This Committee regularly reviews the performance throughout the year. Read more about the sustainability performance of our companies during 2020 on pages 27-29.

**Dynamic Capital Re-Allocation**

Kinnevik systematically re-allocates capital from companies where we believe our tenure as owner is over into new venture and growth companies in our focus sectors. With a distribution of companies along the growth and maturity curve, we benefit from a unique system of companies spanning from venture and growth businesses that are not accessible on the public markets, to more mature listed companies providing stability to the portfolio.

Overview of Kinnevik's Investment Process and Annual Sustainability Cycle



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## VISION

To be Europe's leading listed growth investor

## MISSION

We back passionate founders who are building transformative digital companies that make people's lives better. We work actively with our companies through every stage of their journey, growing them into long-term successful and sustainable businesses delivering significant returns.

## VALUES

Integrity  
Boldness  
Excellence

## STRATEGY

- Back digital challenger businesses that harness the power of technology to address vital, everyday needs
- Be a bold, stage-agnostic and long-term investor, partnering with talented entrepreneurs
- Focus on Healthcare Services, Consumer Services, Food and Financial Services, large sectors in the process of significant technological disruption
- Invest in Europe, with a focus on the Nordics, and in the US
- Leverage our experience and expertise to support our companies in building long-term successful and sustainable businesses

# SUSTAINABILITY STRATEGY AND TARGETS

**Kinnevik’s sustainability strategy is based on the UN 2030 Agenda for Sustainable Development** and balances three dimensions of sustainability - environment, society and governance (“ESG”).

## EXTERNAL FRAMEWORKS

Kinnevik is a signatory of the UN Global Compact, the world’s largest corporate sustainability initiative. A part of this initiative’s multi-year strategy is to drive business awareness and action in support of achieving the Global Goals by 2030. This Sustainability Report serves as Kinnevik’s annual Communication on Progress to the UN Global Compact, containing our implementation of its principles on human rights, labour, environment and anti-corruption. Kinnevik also recognises the special importance of international standards on responsible business conduct, such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The Sustainability Report 2020 is prepared in accordance with the Global Reporting Initiative’s (“GRI”) Standards: Core option, including the GRI Sector Disclosures for Financial Services. The GRI index is available on pages 38-40.

### Agenda 2030 and the Sustainable Development Goals

Sustainable development has been defined by the UN as “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Sustainability is the foundation of today’s leading global framework for international cooperation - the 2030 Agenda for Sustainable Development and its Sustainable Development Goals. Adopted by all United Nations Member States in 2015, the 2030 Agenda is a broad and universal policy agenda with 17 Global Goals split into 169 associated targets to be achieved by 2030. The Global Goals are integrated, indivisible and balance economic, social and environmental sustainability.

Kinnevik has evaluated the SDGs and identified those most relevant to our business and stakeholders, and on which we can have the most impact. We have classified each of the 169 targets into one of four categories depending on their relevance to us - central, meaningful, general or irrelevant. The targets identified as central or meaningful were further categorised as relevant for either Kinnevik and/or our portfolio in general or for specific portfolio companies, as well as whether we or our companies should actively contribute to them or not. The targets categorised as central, relevant to Kinnevik and/or our portfolio in general and which we should contribute to actively, a total of ten targets, are listed on pages 6-7. These targets also form the basis from which we have developed our material topics and sustainability targets on page 13.

## The UN Sustainable Development Goals



## STRATEGY AND TARGETS

### Organisation

Kinnevik's Board of Directors is responsible for our overall strategy, including how sustainability is integrated into our value creation. To assist the Board in monitoring the implementation of our sustainability agenda Kinnevik has established a Risk, Compliance & Sustainability ("RCS") Committee, appointed by the Board of Directors. To drive the integration on a day-to-day basis, at a Kinnevik level and in relation to our investee companies, Kinnevik has established a dedicated Sustainability Team. The Sustainability Team, together with the Investment Team, is responsible for implementing the Kinnevik Standards across our portfolio companies and for driving our sustainability agenda.

### Sustainability Strategy

Kinnevik's sustainability strategy is a framework set up to focus our resources on the most relevant environmental, social and

governance issues, drive performance and to engage internal and external stakeholders. The framework consists of Kinnevik's material topics, targets, objectives and key performance indicators ("KPIs"). Kinnevik addresses sustainability on two levels, *Kinnevik: A Responsible Company*, and *Portfolio: Our Active Ownership*. The material topics are the same on both Kinnevik and Portfolio level, with specific targets and objectives for each level, as well as a set of KPIs for the Portfolio level.

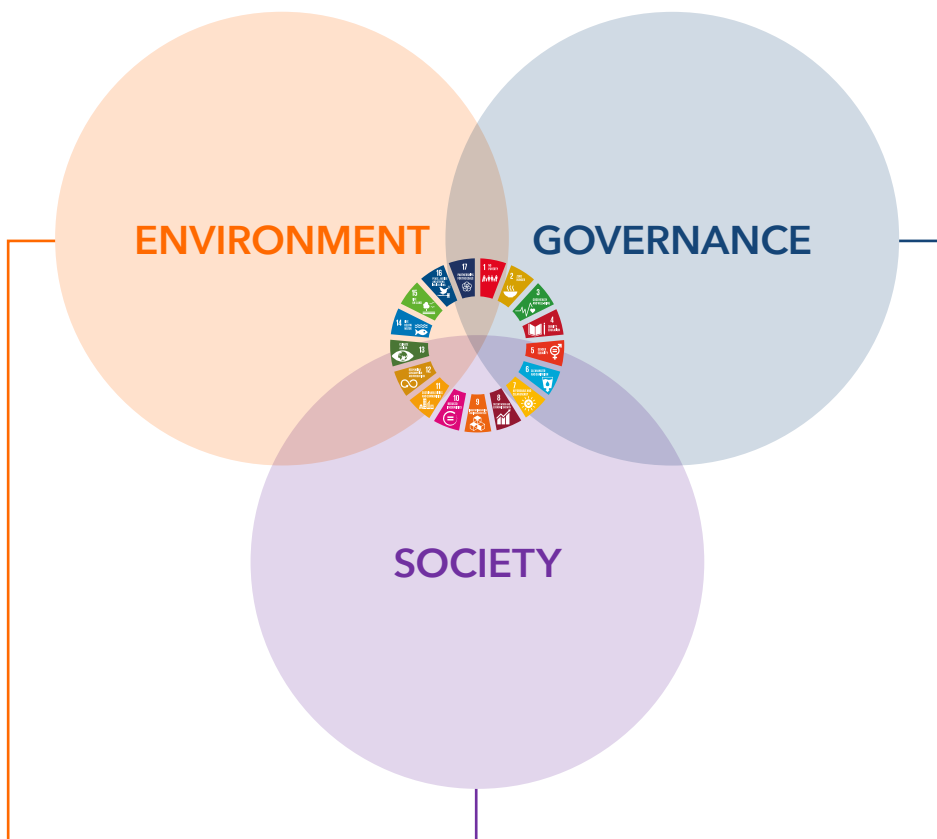
### Stakeholder Dialogue

Maintaining a close dialogue with our principal stakeholder groups is central to defining and confirming our material aspects. The key stakeholder groups have been identified through board and management discussions as those that are most affected by our operations, and have a high degree of influence over Kinnevik's ability to implement our strategies and achieve our objectives. Focus areas for each stakeholder group have been raised in ongoing dialogues throughout the year.

Key Stakeholder Groups	Focus Areas	Methods of Engagement	Response/Outcome
<b>Shareholders and the Financial Community</b>	Strong and long-term economic and sustainability performance including solid governance structures and sound social and environmental practices.	Investor meetings, road shows and sell-side analyst meetings, interim reports and webcasts, interviews in the media, corporate website, press releases, annual general meetings and annual and sustainability reports.	Continuous communication across multiple channels regarding Kinnevik's strategy, financial development and sustainability progress.
<b>Employees</b>	Corporate culture, performance management, equal opportunities, diversity and inclusion, work-life balance, attractive compensation structures and strong economic and sustainability performance.	Townhall meetings, local staff meetings, team conferences, bi-annual reviews of performance and personal objectives.	Structured on-boarding for new employees, bi-annual reviews and objective setting, annual compensation review, training of key policies and implementation of the Diversity & Inclusion Framework.
<b>Portfolio Companies and Entrepreneurs</b>	Strong and long-term economic and sustainability performance, financial and operational support, network and knowledge sharing.	Ongoing communication through the Investment Team, Annual ESG Assessment, active representation on Boards and in committees.	Continuous operational and financial support, support in implementing sound sustainability practices and access to the Kinnevik Platform.
<b>Society and Authorities</b>	Upholding social responsibility, good corporate citizenship and overall transparency.	Dialogues with local governments, authorities and key policy makers. Corporate website and annual and sustainability report.	Active engagement in open dialogues to contribute to and improve the policy landscape. Participation in public consultations in areas of importance to Kinnevik and our companies.

## Material Topics and Sustainability Targets for Kinnevik and Our Portfolio

Three dimensions of sustainable development



### Material Topics

#### Environmental Responsibility and Reduced Climate Impact

- Greenhouse Gas Emissions
- Use of Resources

### Sustainability Targets

- Net zero greenhouse gas emissions from Kinnevik's own operations and business travel from 2020 and onward
- 50% reduction in greenhouse gas emission intensity in Kinnevik's portfolio by 2030 compared to 2020

#### Social Equality and Good Corporate Citizenship

- Human Rights
- Business Ethics
- Well-being & Personal Development
- Health & Safety
- Diversity & Inclusion
- Community Outreach

- 40/60 gender composition in all Kinnevik teams by 2022
- Measure all managers on inclusive leadership
- 10% capital allocation to female founded or led companies
- Follow-on investments conditional upon clear D&I progress

#### Sound Governance Structures and Economic Growth

- Corporate Governance
- Risk Management
- Compliance
- Economic Growth

- Deliver an annual total shareholder return of 12-15% over the business cycle

### Material Topics

Kinnevik's material topics have been identified through interactive stakeholder dialogues, Board and management discussions, peer benchmarking and industry best practices. When determining our material topics, we consider topics that are the most important to us and our stakeholders, as well as the significance of Kinnevik's environmental, social and governance impacts. The material topics reflect the key risks and opportunities we focus on, both on a Kinnevik and Portfolio level. The material topics have not changed significantly from last year, but environmental responsibility and social equality (particularly diversity and inclusion) have risen in importance.

### Targets, Objectives and KPIs

On the next two pages is an overview of Kinnevik's targets and objectives for each of our material topics on a Kinnevik and Portfolio level, as well as our Portfolio level KPIs. The sustainability targets are part of Kinnevik's overarching corporate targets and as such directly linked to the remuneration of our teams. The objectives aim to further elaborate on our ambitions within each material aspect and to guide our efforts and priorities.

The Portfolio level KPIs are a quantitative representation of our portfolio's sustainability performance and a tool to measure progress. They do not however cover the full extent of Kinnevik's efforts. Many of our companies are in the early stages of their operational and sustainability development, which is reflected in the outcome of the KPIs. We cannot expect all companies to fully meet our expectations with regards to sustainability at the point of investment, and we define a clear roadmap for our companies with key priorities and objectives each year (read more on page 16).

As Kinnevik re-allocates capital dynamically, the composition of our portfolio changes over time which has an impact on the KPIs. The KPIs are based on the Kinnevik Standards and during 2020 we have done a comprehensive review of the Standards to reflect our increased focus on environmental and social (particularly diversity and inclusion) aspects. Read more about the Kinnevik Standards on page 26. A full account of the Portfolio level KPIs, including comparative numbers for 2020 and 2019, is available on page 36.

### Scope and Boundaries of Reporting

This report covers the sustainability performance of Kinnevik for the period 1 January to 31 December 2020.

Our strategy involves being a leading shareholder in our companies with a sizeable minority shareholding which provides us influence over outcomes. This means that while we can exercise influence over our companies mainly through board representation, we do not have direct control over them. The issues identified as relevant for investee companies relate to those organisations at group parent level.

The focus of this report is on the sustainability performance, structures and initiatives in Kinnevik's own operations. Additional information on the portfolio companies is provided on an aggregated level and in the form of case studies on specific initiatives. More information on portfolio companies' performance can be found on their respective websites.

Kinnevik's economic performance is directly influenced by the economic performance and the valuation of our investee companies, and therefore economic performance is only covered in this report on a Kinnevik level.



# SUSTAINABILITY FRAMEWORK AND TARGETS: KINNEVIK

Dimension	ENVIRONMENT	SOCIETY	GOVERNANCE
<b>Most Relevant Global Goals</b>	<b>13.2:</b> Integrate climate change measures into policies and planning	<b>5.5:</b> Ensure women's full participation in leadership and decision-making <b>8.8:</b> Protect labour rights and promote safe working environments <b>17.16:</b> Enhance the global partnership for sustainable development	<b>8.1:</b> Sustainable economic growth <b>16.5:</b> Substantially reduce corruption and bribery <b>16.6:</b> Develop effective, accountable and transparent institutions
<b>Material Topics</b>	<b>Environmental Responsibility and Reduced Climate Impact</b>	<b>Social Equality and Good Corporate Citizenship</b>	<b>Sound Governance Structures and Economic Growth</b>
<b>Targets</b>	<ul style="list-style-type: none"> <li>Net zero greenhouse gas emissions from Kinnevik's own operations and business travel by 2020 and onward</li> </ul>	<ul style="list-style-type: none"> <li>40/60 gender composition in Kinnevik's Management Team, Investment Team and Corporate Team by 2022</li> <li>All Kinnevik's managers are measured on inclusive leadership and the results are linked to their remuneration</li> </ul>	<ul style="list-style-type: none"> <li>Deliver an annual total shareholder return of 12-15% over the business cycle</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>Reduce greenhouse gas emissions from Kinnevik's own operations and business travel to as close to zero as possible</li> <li>Offset unavoidable emissions through a permanent carbon dioxide removal program</li> </ul>	<ul style="list-style-type: none"> <li>Attract, recruit and retain the most talented employees</li> <li>Be an attractive employer with diversity &amp; inclusion, well-being and personal development in focus</li> <li>Community outreach engagement through Reach for Change</li> </ul>	<ul style="list-style-type: none"> <li>Maintain sound corporate governance structures including risk management and compliance in Kinnevik's own operations</li> </ul>
<b>Targets Fulfilment 2020</b>	<ul style="list-style-type: none"> <li>Greenhouse gas emissions from from Kinnevik's own operations and business travel have decreased by 82% in 2020, the result of significantly reduced air travel due to the Coronavirus</li> <li>Full permanent removal through direct air capture has been ordered for unavoidable emissions</li> <li>Read more on pages 17-19</li> </ul>	<ul style="list-style-type: none"> <li>Share of women in Kinnevik's Management Team has increased from 20% at year-end 2019 to 43% at year-end 2020. For the Investment Team, the share has decreased from 25% to 23%. The Corporate Team ended the year with 73% women</li> <li>Our four overarching D&amp;I targets have been incorporated into Kinnevik's overall corporate objectives for 2020, thereby tying them to the remuneration of our teams</li> <li>Read more on pages 20-22</li> </ul>	<ul style="list-style-type: none"> <li>Kinnevik's total shareholder return ("TSR") amounted to 85% for 2020. The five-year annualised TSR was 22% and the ten-year annualised TSR was 20%, per 31 December 2020</li> <li>Read more on pages 23-25</li> </ul>

# SUSTAINABILITY FRAMEWORK AND TARGETS: PORTFOLIO

Dimension	ENVIRONMENT	SOCIETY	GOVERNANCE			
<b>Most Relevant Global Goals</b>	<p><b>12.5:</b> Substantially reduce waste generation</p> <p><b>12.6:</b> Encourage companies to adopt sustainable practices and sustainability reporting</p> <p><b>13.2:</b> Integrate climate change measures into policies and planning</p>	<p><b>5.5:</b> Ensure women's full participation in leadership and decision-making</p> <p><b>8.8:</b> Protect labour rights and promote safe working environments</p> <p><b>16.5:</b> Substantially reduce corruption and bribery</p> <p><b>16.6:</b> Develop effective, accountable and transparent institutions</p> <p><b>17.16:</b> Enhance the global partnership for sustainable development</p>	<p><b>8.1:</b> Sustainable economic growth</p> <p><b>8.2:</b> Diversify, innovate and upgrade for economic productivity</p> <p><b>16.5:</b> Substantially reduce corruption and bribery</p> <p><b>16.6:</b> Develop effective, accountable and transparent institutions</p>			
<b>Material Topics</b>	<b>Environmental Responsibility and Reduced Climate Impact</b>	<b>Social Equality and Good Corporate Citizenship</b>	<b>Sound Governance Structures and Economic Growth</b>			
<b>Targets</b>	<ul style="list-style-type: none"> <li>50% reduction in greenhouse gas emission intensity in Kinnevik's portfolio by 2030 compared to 2020</li> </ul>	<ul style="list-style-type: none"> <li>At least 10% of the capital invested on an annual basis by Kinnevik into new companies should be invested in female founded or led companies</li> <li>Follow-on investments are conditional upon clear diversity and inclusion progress</li> </ul>	<ul style="list-style-type: none"> <li>Deliver an annual total shareholder return of 12-15% over the business cycle</li> </ul>			
<b>Objectives</b>	Ensure all our portfolio companies: <ul style="list-style-type: none"> <li>Measure their emissions in Scope 1, 2 and relevant parts of Scope 3 according to the GHG Protocol</li> <li>Set relevant climate targets across their operations and value chains to align with the 1.5°C pathway</li> <li>Define roadmap to target fulfilment</li> </ul>	Ensure all our portfolio companies: <ul style="list-style-type: none"> <li>Build responsible business relationships with suppliers</li> <li>Attract and retain the most talented employees</li> <li>Have committed community outreach programs</li> </ul>	Ensure all our portfolio companies: <ul style="list-style-type: none"> <li>Have sound governance, risk management and compliance structures in place</li> <li>Achieve long-term sustainable economic growth, i.e. reach Kinnevik's annual return target as well as our climate and D&amp;I targets</li> </ul>			
<b>Targets Fulfilment 2020</b>	<ul style="list-style-type: none"> <li>As the climate targets were set in May 2020, we will follow-up on target fulfilment related to our portfolio in next year's Sustainability Report</li> <li>Read more on pages 27-28</li> </ul>	<ul style="list-style-type: none"> <li>Since May 2019, 13% of the value of Kinnevik's investments into new companies has been invested in a female founded company</li> <li>All potential follow-on investments are being evaluated on D&amp;I performance as part of the EIC process</li> <li>Read more on page 28</li> </ul>	<ul style="list-style-type: none"> <li>Kinnevik's economic performance is directly influenced by the economic performance and the valuation of our investee companies, and therefore economic performance is only covered in this report on a Kinnevik level</li> <li>Read more on page 29</li> </ul>			
<b>KPIs</b>						
<i>The KPIs are derived from our Annual ESG Assessment of the portfolio companies based on the Kinnevik Standards, read more on page 26.</i>	Measures GHG emissions for scope 1 and 2	PV 74% #COs 23%	Has implemented a Supplier Code of Conduct	PV 87% #COs 35%	Has implemented a Code of Conduct	PV 98% #COs 85%
	Measures GHG emissions for relevant scope 3 categories	PV 74% #COs 19%	Has incorporated anti-corruption principles	PV 98% #COs 81%	Has implemented a Whistleblowing system	PV 93% #COs 42%
	Has set relevant GHG reduction targets in line with 1.5 degree pathway/ Paris Agreement	PV 47% #COs 8%	Reports on occupational health incidents to Board	PV 67% #COs 46%	Has conducted a risk assessment including rating risks based on likelihood and impact	PV 93% #COs 42%
			Conducts periodic employee surveys	PV 99% #COs 88%		
	Integrates climate change into overall strategy discussions with the Board and/or relevant sub-committees	PV 46% #COs 4%	Has incorporated anti-discrimination principles	PV 98% #COs 88%	Has a defined risk limits statement to monitor risk levels	PV 74% #COs 19%
			Has conducted/provided training for management on D&I related topics	PV 91% #COs 38%		
			Has set time-based D&I targets and KPIs	PV 87% #COs 27%	Sustainability is a standing item on the Board agenda	PV 97% #COs 65%
	Has a process for efficient measurement and management of waste and hazardous waste	PV 73% #COs 23%	Has implemented a community outreach or philanthropic program	PV 88% #COs 38%	Senior management is incentivised based on sustainability performance	PV 20% #COs 8%
					Conducts regular compliance training	PV 99% #COs 81%

**Note:** A full account of the KPIs is available on page 36. PV = Share of Portfolio Value, #COs = Share of Number of Companies.

# KINNEVIK

## A RESPONSIBLE COMPANY

**As a responsible and active owner, Kinnevik aims to be a role model** for our investee companies across environmental, social and governance aspects.

### ENVIRONMENTAL RESPONSIBILITY AND REDUCED CLIMATE IMPACT

*The effects of climate change are already causing acute harm to societies and economies globally, and expectations on businesses from the investor community and consumers are rapidly increasing. Being leaders in combating climate change is a significant opportunity for Kinnevik and our portfolio, which involves measuring our full climate impact, setting targets in line with the 1.5°C pathway and defining clear roadmaps to reach those targets.*

#### KINNEVIK'S CLIMATE TARGETS

In May 2020, Kinnevik set two climate targets to reduce greenhouse gas ("GHG") emissions in line with the Paris Agreement and the 1.5°C ambition. The targets are:

- **Net zero greenhouse gas emissions from Kinnevik's own operations and business travel from 2020 and onward (Scope 1, 2 and from business travel in Scope 3)**
- **50% reduction in greenhouse gas emission intensity in Kinnevik's portfolio by 2030 compared to 2020 (Scope 3 from Investments)**

To reach our first climate target, we firstly reduce our GHG emissions to as close to zero as possible in Scope 1, 2 and from business travel in Scope 3 (read more about the scopes on page 18). Secondly, we permanently remove unavoidable emissions through direct air capture to achieve net zero emissions.

The second target entails all our portfolio companies setting relevant climate targets across their operations and value chains to align with actions needed to limit global temperature rise to maximum 1.5°C above pre-industrial levels. It also

entails our companies measuring their emissions according to the GHG Protocol and define a clear roadmap to reach their climate targets.

Due to the high growth nature of many of our companies, Kinnevik's portfolio target is set as an intensity target, i.e. the emissions from our portfolio companies will be measured in relation to the development of relevant economic and physical metrics. We will report on progress according to our climate targets on a yearly basis, with adjustments made for changes in portfolio composition.

We are planning to evaluate the possibility to have our climate targets approved by the Science Based Targets Initiative.

#### Climate Targets Fulfilment in 2020

As we set our climate targets in May 2020, we will be able to follow-up on target fulfilment related to our portfolio in next year's Sustainability Report. To reach the climate target for our portfolio we are rolling out a three-step climate strategy across our companies, read more on pages 27-28. Per end of 2020, companies representing 74% of Kinnevik's portfolio value measure their emissions and 47% have set reduction targets in line with science.

During 2020, we have decreased our emissions in Scope 1, 2 and from business travel in Scope 3 by 421 tonnes of CO<sub>2</sub>e, or 82%, compared to 2019. The reduction in emissions is the result of significantly less business travel due to the spread of the Coronavirus. Business travel accounts for 76% of Kinnevik's emissions excluding the portfolio.

In order to reduce our emissions in Scope 1, 2 and from business travel in Scope 3, we launched an internal review of our emissions in early 2020 and set out two concrete action plans. The first is to update our business travel policy with more restrictions on air travel, and the second is to update our car policy to

include environmental aspects. Because of the COVID-19 pandemic and the steep decrease in business travel that followed, these actions were temporarily paused and will be implemented in 2021.

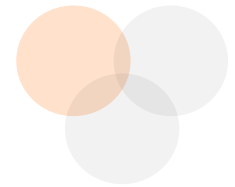
For its 2020 emissions in Scope 1, 2 and from business travel in Scope 3, 91 tonne CO<sub>2</sub> in total, Kinnevik has ordered and paid to have it permanently removed through Climeworks' direct air capture technology. Read more about Climeworks below.



#### CLIMWORKS

Climeworks is one of the world's leading direct air capture companies. Climeworks' technology permanently removes carbon dioxide from the air and stores it underground. The carbon dioxide is mixed with water and pumped deep underground where it turns into stone within a few years. The amount of removed carbon dioxide can be exactly measured. Leading scientists believe direct air capture will play a vital role in achieving the goals of the Paris Agreement.

[MORE →](#)



**KINNEVIK'S GREENHOUSE GAS EMISSIONS DISCLOSURE**

Kinnevik conducts a yearly GHG emissions disclosure quantifying our total CO<sub>2</sub> emissions. The disclosure serves as a base from which we have set and can follow-up on our climate targets in our effort to align our portfolio to a low-carbon future.

The GHG disclosure has been carried out in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. This protocol is considered current best practice for corporate and organisational GHG emissions reporting.

Kinnevik's GHG emissions disclosure for 2020 is summarised below and on the next page, and the full report is available on our website. The report includes Kinnevik AB and Kinnevik Capital Ltd.

**Methodology**

In 2020 we have reported our GHG emissions in the sustainability reporting software tool Position Green, the same tool we have engaged for our portfolio companies. The change has resulted in a few smaller changes in the data compared to previous years due to updated emissions factors and methodology to better align with the GHG Protocol. Kinnevik uses

publicly available emission factors where the majority comes from databases such as ICAO (2020), BEIS (2019) and AIB (2019), but also specific sources such as Fortum värme, Vattenfall and Taxiförbundet have been used.

The electricity in Kinnevik's premises in both Stockholm and London are sourced from renewable energy, and thus have a close to neutral climate impact. District heating in the Stockholm office is sourced from 90% renewable energy and it already is subject to a carbon offsetting program directly through the supplier.

All use of company owned cars has been included in the assessment, although they are primarily used by employees outside of work and for personal purposes. All company cars are subject to benefit tax according to the Swedish Tax Agency's rules and regulations.

**Kinnevik's Emissions in 2020**

In 2020, we have included the emissions from Kinnevik's portfolio companies in our Scope 3. We have included the companies' emissions in Scope 1, 2 and 3, and adjusted for our ownership share in each company. With a portfolio consisting mostly of early growth companies, many of our companies have not yet measured

their emissions. However, it is our ambition to include all our companies in our GHG disclosure in next year's Report. The five portfolio companies included in our 2020 GHG disclosure are Zalando, Tele2, Global Fashion Group, MatHem and Kolonial, together representing 74% of portfolio value. Emissions data for 2020 is not yet available for these companies and therefore 2019 data has been used as a proxy. These five companies operate across the generally emissions heavy sectors of fashion, TMT and food and likely contribute a large share of Kinnevik's total portfolio emissions.

During 2020, Kinnevik generated 1 386 784 tonnes of CO<sub>2</sub>e in total across Scope 1, 2 and 3 including the portfolio. Our largest climate impact was in Scope 3 related to emissions from the portfolio which accounted for 1 386 693 tonnes of CO<sub>2</sub>e, or close to 100 percent of total emissions. As this is the first year that we include emissions from the portfolio in our GHG disclosure, we do not have any historical data to compare.

Kinnevik's emissions excluding emissions from the portfolio amounted to 91 (511) tonnes of CO<sub>2</sub>e, corresponding to 2.3 (16.6) tonnes per full time equivalent employee. Read more about how we have had these emissions permanently removed on the previous page. Business travel (which consists almost entirely of air travel) accounted for 76 percent of Kinnevik's total 2020 emissions excluding emissions from the portfolio. Read more about the conflict between economic growth and reducing Kinnevik's carbon emissions on page 34.

**Kinnevik's 2020 Total Emissions in Scope 1, 2 and 3**



Scope	Tonnes CO <sub>2</sub> e	
■ 1. Direct emissions	12	0%
■ 2. Indirect emissions - Energy	5	0%
■ 3. Indirect emissions - Other	74	0%
■ 3. Indirect emissions - Portfolio companies	1 386 693	100%
<b>Total</b>	<b>1 386 784</b>	<b>100%</b>

**Kinnevik's 2020 Emissions in Scope 1, 2 and 3 Excluding the Portfolio**



Activity	Tonnes CO <sub>2</sub> e	
■ Business travel	69	76%
■ Company operated vehicles	14	16%
■ Energy	7	7%
■ Purchased goods and services	1	1%
■ Waste	0	0%
<b>Total</b>	<b>91</b>	<b>100%</b>

**CDP and TCFD**

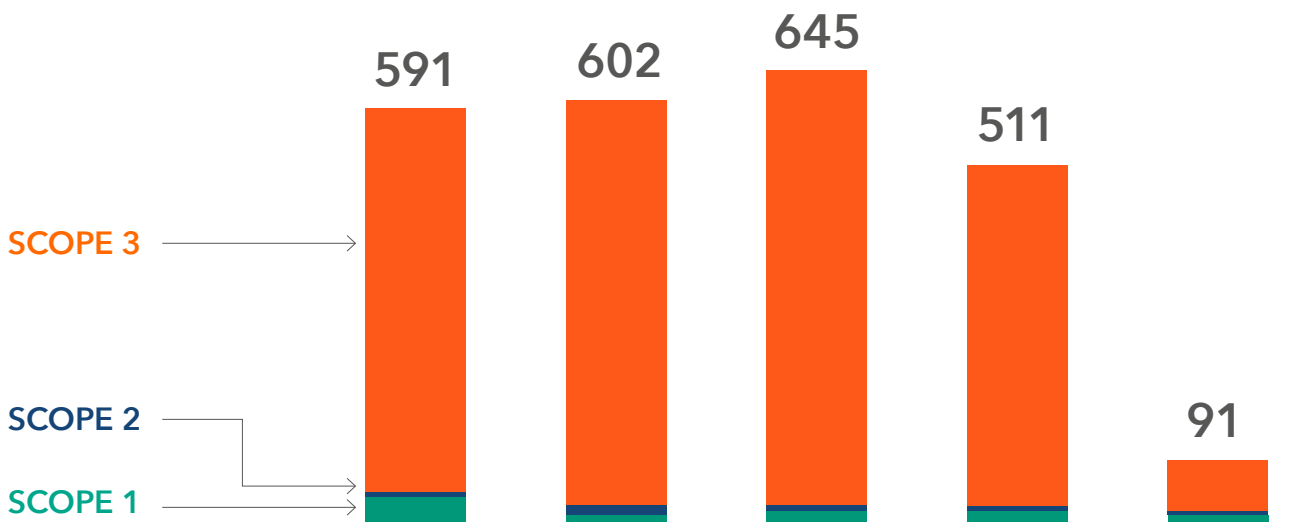
In 2020, Kinnevik has disclosed our environmental impact through CDP and received a B- score. We believe that environmental transparency and accountability is vital in tracking progress, increasing our credibility and driving the effort to align our portfolio with a low-carbon future.

We also implemented the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") in 2020 and published our inaugural TCFD report. Read more on page 18.

**Note:** The climate calculations are made using the operational approach and Scope 2 calculations are made using the market-based method.

## Overview of Kinnevik's greenhouse gas emissions excluding the portfolio 2016-2020

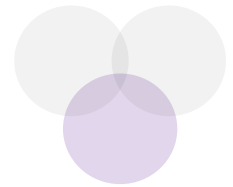
The GHG Protocol classifies a company's GHG emissions into three "scopes". Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream. The below overview of Kinnevik's GHG emissions for 2016-2020 does not include our portfolio companies' emissions, and therefore scope 3 emissions consists mainly of business travel.



Kinnevik's GHG emissions (tonnes CO <sub>2</sub> e)	2016	2017	2018	2019*	2020
Scope 1	37	11	17	17	12
<i>Specification:</i>					
<i>Company operated vehicles</i>	37	11	17	17	12
Scope 2	7	15	9	7	5
<i>Specification:</i>					
<i>Energy</i>	7	15	9	7	5
Scope 3	547	577	619	487	74
<i>Specification:</i>					
<i>Company operated vehicles</i>	1	1	1	2	2
<i>Energy</i>	2	2	2	2	1
<i>Purchased goods and services</i>	7	2	4	4	3
<i>Waste</i>	0	0	0	0	0
<i>Business travel</i>	537	572	612	479	68
<b>Total</b>	<b>591</b>	<b>602</b>	<b>645</b>	<b>511</b>	<b>91</b>
Per full time equivalent employee	14.8	16.1	17.6	12.8	2.3
Per square metre office space	0.766	0.78	0.835	0.662	0.118

\* 2019 data restated due to updated emissions factors and methodology to better align with the GHG Protocol.

**Note:** The climate calculations are made using the operational approach and Scope 2 calculations are made using the market-based method.



**SOCIAL EQUALITY AND GOOD CORPORATE CITIZENSHIP**

*Kinnevik's greatest asset is and has always been our people. As such, attracting and retaining top talent is a key priority. Kinnevik regards diversity and inclusion as core levers for value creation, and we make full use of the opportunities that arise from employing a team with different backgrounds and perspectives. We also have a strong belief in contributing to the wider community, which we have done for many years through the Kinnevik-founded non-profit organisation Reach for Change.*

**KINNEVIK'S DIVERSITY & INCLUSION FRAMEWORK AND TARGETS**

In May 2019, Kinnevik launched a diversity and inclusion ("D&I") framework with four targets to drive the important change we want to see at Kinnevik, in our portfolio and the broader industry. The targets are:

- **40/60 Composition in all Kinnevik Teams by 2022** By end of 2022 Kinnevik shall have a 40/60 composition (at least 40% of the underrepresented gender) in the Management Team as well as in the Investment and Corporate Teams

- **Measure all Managers on Inclusive Leadership** All Kinnevik managers are to be measured on diversity and inclusion, and the results shall be linked to their remuneration
- **10% Capital Allocation to Female Founded or Led Companies** On an annual basis from 2019, at least 10% of the capital we invest in new companies should be invested in female founded or led companies. If we do not invest 10% in a given year, the amount will roll over to the next year. To be considered a female founded or led company, the company should have a founder team or management team consisting of at least 50% women
- **Follow-On Investments Conditional Upon Clear D&I Progress** Kinnevik will only consider making follow-on investments in companies that it believes have made progress in relation to diversity and inclusion

Besides our fundamental belief in equal rights for everyone, Kinnevik believes diversity and inclusion is business critical as it leads to improved financial performance, higher degree of innovation, better decision-making and creation of value

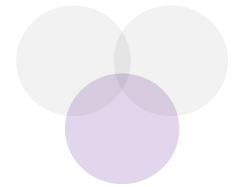
over the long-term. In order to deliver on our vision of providing more and better choice we need to leverage the full talent base available. To truly understand our customers, our own organisation and portfolio company teams need to reflect their customer base.

*"With an increased commitment to diversity and inclusion, Kinnevik will build stronger and better companies. I am convinced that clear ambitions and measurable performance indicators will increase our focus on diversity and inclusion even further and create shareholder value."*

- Georgi Ganev, Kinnevik's CEO

While diversity may be measured by many different characteristics, we have initially chosen to focus our actions on gender diversity. Gender diversity is widely considered to be a good starting point, relatively easy to measure and an important entry way into working with other diversity aspects. In 2021, we aim to identify and define additional diversity aspects we would like to accentuate and work with as part of our D&I Framework.





## Diversity & Inclusion Targets Fulfilment in 2020

During 2020, we have made clear progress on our four D&I targets:

- 40/60 Composition in all Kinnevik Teams by 2022** With the addition of two new executives to Kinnevik's Management Team, Erika Söderberg Johnson as CFO and Anna Stenberg as CPO, we have achieved our 2022 target of a 40/60 composition in the Management Team already per end of 2020. We are yet to achieve a 40/60 composition in our Investment and Corporate Teams which now comprise 23% and 73% women, respectively. However, we are confident that we will be able to achieve a 40/60 composition in all our teams by 2022
- Measure all Managers on Inclusive Leadership** All four D&I framework targets were incorporated into Kinnevik's overall corporate objectives for 2020 and thereby tied to the remuneration of all our teams, including Senior Executives. Further, we implemented a new 360 performance review process and employee engagement tool which both include D&I metrics and feeds into a leadership index to evaluate our managers. In February 2020, Kinnevik's Management Team participated in inclusive leadership training centred around feedback received from a D&I review of the organisation including individual interviews and team-wide surveys
- 10% Capital Allocation to Female Founded or Led Companies** Since the launch of our D&I framework in May 2019, 13% of the value of our new investments has been invested in a company co-founded by a woman, Cityblock. Therefore, there are no roll over effects into 2021
- Follow-On Investments Conditional Upon Clear D&I Progress** By incorporating D&I into our EIC process (read more on pages 8-9), all potential follow-on investments are being evaluated

on D&I performance. In the instance that a company has not made sufficient progress on D&I in accordance with their roadmap and in relation to the stage of the business and the relevant sector, the EIC have rejected the offer of a follow-on investment

While we are proud of the progress made so far, we are by no means satisfied. We will continue to drive this agenda and look forward to reporting back to our stakeholders as we progress further. Read more about the progress made on diversity and inclusion in our portfolio companies on page 28.

### Diversity & Inclusion Taskforce

In 2019 Kinnevik formed an internal D&I Taskforce to drive our agenda forward by providing input on the D&I framework and other initiatives, set goals and action plans as well as to track progress. The taskforce comprises a group of six employees across different genders, locations, functions and seniority and rotates in October each year. In 2020, the Taskforce has organised unconscious bias training for the full Kinnevik team, created a D&I Toolkit to guide and support our portfolio companies on their D&I journeys (read more on page 28), identified relevant KPIs and targets for board diversity in our portfolio companies and articulated Kinnevik's 2021 strategy and objectives within D&I which focuses on broadening our approach to diversity by expanding our scope, KPIs and targets to include additional diversity aspects.

### D&I Certification

During 2020, Kinnevik participated in the Diversity VC Standard assessment and thereby became the first investor globally to be awarded a level 2 certification, the highest certification level available. The standard was developed by Diversity VC, a UK non-profit partnership promoting diversity in venture capital investing, and Diversio, the world's leading D&I solution provider for investors.

The standard is an assessment and certification process that sets a benchmark for best practice on diversity and inclusion

within venture capital and shows that an investor follows best D&I practices within inter alia recruitment, equal opportunities, deal flow sourcing, portfolio support and investment assessment. The standard was launched in September 2020 and assessed approximately 15 leading venture capital funds during 2020, across Europe and Canada. The standard provides investors with tools and recommendations to open their networks and make funding available to underrepresented founders, as well as resources to promote an inclusive environment for both founders and employees.

### A SMALL AND DIVERSE KINNEVIK TEAM

Kinnevik has a firm set of core values. Our team members share an entrepreneurial spirit, as well as a belief in building long-term sustainable businesses.

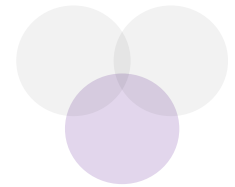
Kinnevik's organisation comprised 40 (40) people on average during 2020 (full-time equivalents "FTE", including wholly owned subsidiaries), with 29 people based in the Stockholm office and 11 people in the London office. The investment team consisted of 12 professionals, whereof eight based in London and four in Stockholm. The other 28 employees worked across Finance, Legal, Strategy, Sustainability, Corporate Communications, HR and Administration. All employees but three were on permanent contracts.

In a voluntary survey sent to the full Kinnevik team in the first weeks of 2021, 32% of our team members self-identified as being of foreign background. This means that 32% of Kinnevik's employees work in a country in which they or their parents were not born.<sup>1</sup> The response rate of the survey was 86%.

### Being an Attractive Employer

Kinnevik offers its employees continuous opportunities for personal and professional growth in order to develop their skillset and to take increasing responsibility for value creation at Kinnevik and our portfolio companies. The small size of our organisation enables us to personalise career development and training opportunities for each employee. These include

<sup>1</sup> This definition is in line with Statistics Sweden's definition, e.i. foreign background includes foreign-born and native-born with two foreign-born parents.



educational programs such as leadership courses and topic specific training sessions, as well as hands-on operational experience through secondment at a portfolio company.

Ongoing assessments of employees' performance and success in meeting their objectives are central to ensure that Kinnevik offers the right personal development tools at an individual and group level. All employees participate in yearly performance reviews and have individual objectives that are reviewed twice a year. Individual objectives are set based on the overarching corporate objectives set each year for the entire organisation.

Kinnevik is committed to promoting a good, safe and healthy work environment for all employees across physical, organisational and social aspects, where the risks of occupational injuries and work-related ill-health are prevented. The goal is to strengthen the employees' motivation, effectiveness, health and well-being. As stated in Kinnevik's Work Environment Handbook, if an employee is involved in an incident, accident or any other situa-

tion of ill-health they need to immediately inform their manager. During 2020, Kinnevik did not report any incidents to the Swedish Work Environment Authority (Swe: Arbetsmiljöverket). The low level of sick leave, below 1 percent of total working time, highlights Kinnevik's efforts to improve our employees' health through healthcare insurance, fitness subsidies and other initiatives.

In order to assess how our employees feel about working for Kinnevik, we conduct an annual employee satisfaction and engagement survey. The results of the survey in 2020 did not indicate any significant issues with regards to human rights, equal opportunities or work environment.

Out of the 86% of employees that responded to Kinnevik's 2020 employee survey, Kinnevik received an eNPS score of 52 (scale of -100 to +100, where a score above +30 is considered excellent) when asked if the employees would recommend Kinnevik as an employer to a friend.

Kinnevik encourages parental leave for both men and women. In 2020, the

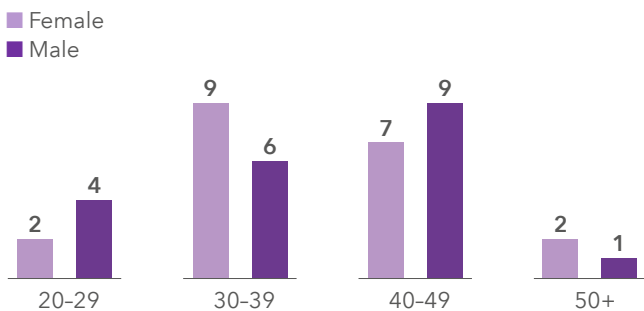
average parental leave taken was 27.5 (39) weeks for men and 39 (46) weeks for women. This refers to parental leave that started during 2020 and includes the full number of weeks requested. The leave may therefore be completed during the following year.

**Kinnevik's parental leave policy stipulates that every permanent employee is eligible for nine months paid parental leave with 100 percent of their fixed salary. The policy reflects our ambition to be at the forefront regarding equal opportunities and to promote well-being and a healthy work-life balance.**

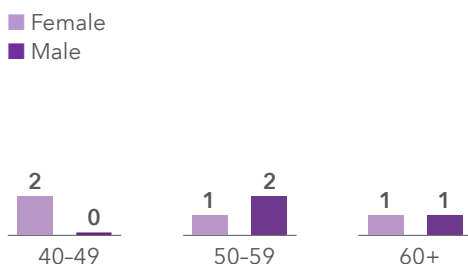
Read more about Kinnevik's community outreach efforts through Reach for Change on page 37.

**Employee well-being our top priority**  
The safety and well-being of our people have been our number one priority following the outbreak of COVID-19. Kinnevik established a Corona Taskforce responsible for overseeing how government gui-

Age distribution of employees in 2020 (FTE)



Age distribution of the Board of Directors in 2020 (FTE)



New employee hires and turnover during 2020 (FTE)

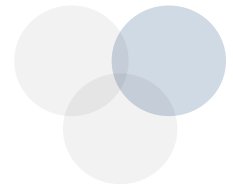
New Hires	20-29	30-39	40-49	50+	Total	Rate
<b>Stockholm</b>						
Women	-	-	1.4	-	1.4	3.5%
Men	0.8	0.6	-	-	1.4	3.5%
<b>London</b>						
Women	0.3	-	-	-	0.3	0.8%
Men	-	-	-	-	-	-
<b>Total</b>					<b>3.1</b>	<b>7.8%</b>

Turnover	20-29	30-39	40-49	50+	Total	Rate
<b>Stockholm</b>						
Women	0.1	0.5	-	-	0.6	1.5%
Men	-	-	-	-	-	-
<b>London</b>						
Women	-	-	0.1	-	0.1	0.2%
Men	-	-	-	-	-	-
<b>Total</b>					<b>0.7</b>	<b>1.7%</b>

Note: New hire and turnover rate is stated in FTE equivalents and calculated in relation to the FTE average number of employees in 2020.



KINNEVIK  
GOVERNANCE



delines evolve and providing internal policies and guidelines on e.g. travel, events, self quarantine and office openings as well as offering tests to employees.

Kinnevik has facilitated working from home through the use of existing IT infrastructure and provided work from home allowances for employees to ensure ergonomic work spaces. In addition, regular surveys have been conducted to monitor wellbeing and work-life balance and team building sessions as well as personal trainer sessions have been conducted virtually.

**SOUND GOVERNANCE STRUCTURES AND ECONOMIC GROWTH**

*Being a financially strong company is imperative in Kinnevik's role as active owners, enabling us to drive our sustainability strategy in an efficient way and support our companies in becoming long-term successful and sustainable businesses. For Kinnevik as a company it is important to have sound governance, risk management and compliance structures in place, including clear structures, policies and processes across functions.*

**ECONOMIC PERFORMANCE AND TARGET FULFILMENT IN 2020**

Kinnevik's sustainability target related to the governance aspect is to deliver an annual total shareholder return ("TSR") of 12-15% over the business cycle. Kinnevik's TSR amounted to 85% for the full year 2020, the five-year annualised TSR was 22% and the ten-year annualised

TSR was 20%, per 31 December 2020.

In terms of financial performance more broadly, during 2020 Kinnevik's Net Asset Value increased by 55%, adjusted for dividends paid, to SEK 111.7bn (73.3). Kinnevik ended 2020 in a net cash position of SEK 4.8bn (net debt of 0.9), corresponding to 4.5% (leverage of 1.3) of portfolio value.

During 2020, Kinnevik divested a 4.4 percent stake in Zalando, representing 17.2% of our total shareholding in the company prior to the transaction, generating gross proceeds of SEK 6.7bn. Following the divestment, Kinnevik paid an extraordinary cash distribution of SEK 7.00 per share, equivalent to SEK 1.9bn in aggregate, to shareholders.

Kinnevik does not consolidate operating subsidiaries and has a negative operating result and is therefore not subject to corporation tax.

**Governance**

The basis for corporate governance in Kinnevik is Swedish legislation, Nasdaq Stockholm's Rule Book for Issuers, and regulations and recommendations issued by relevant self-regulatory bodies. Kinnevik also follows the Swedish Corporate Governance Code.

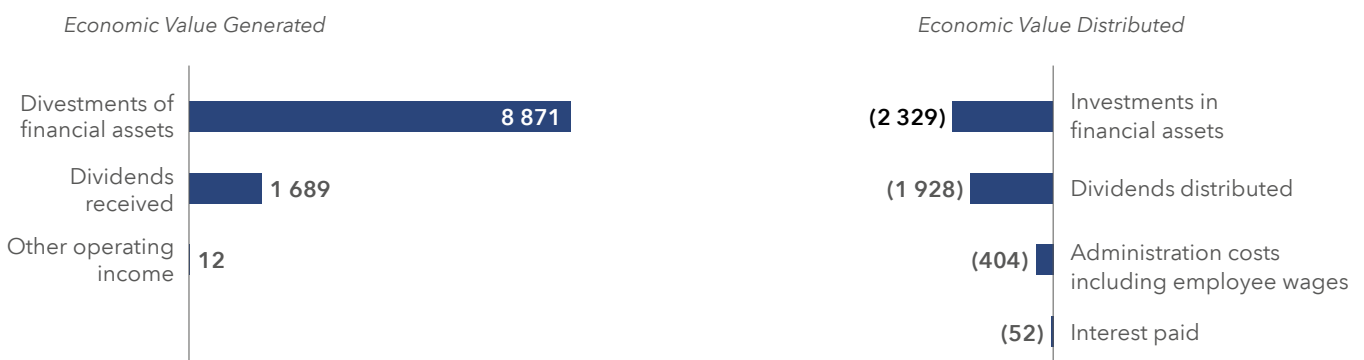
Kinnevik's Board of Directors is responsible for our overall strategy, including how sustainability is an integrated part of our value creation, and is well informed about Kinnevik's policies and procedures. To assist the Board in fulfilling its responsibilities, it has appointed a Risk, Compliance & Sustainability ("RCS") Committee which is a subset of the Board.

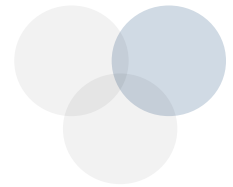
The RCS Committee assists the Board in monitoring the governance structures of Kinnevik's investee companies, Kinnevik's risk management process and compliance with laws, regulations and codes of conduct. It also specifically monitors the implementation of the Kinnevik Standards (read more on page 26) across our portfolio companies, including the Annual ESG Assessment. The Board is further assisted by the Risk Committee consisting of Kinnevik's Management Team and Investment Directors. More information about Kinnevik's governance bodies and their work is available in the Corporate Governance Report 2020.

Kinnevik's key governance related policies are our Code of Conduct, Sustainability Policy, Lobbying Policy and Whistleblower Policy. These policies have been communicated to all employees and members of the Board and are available on our website <https://www.kinnevik.com/sustainability/key-policies>. Kinnevik's policies, processes and rules relating to diversity and inclusion are outlined in Kinnevik's corporate policies, including the Employee Handbook, Talent Management Policy and Work Environment Handbook and are summarized on our website <https://www.kinnevik.com/team/diversity--inclusion>.

All employees, representatives of Kinnevik and third parties engaged with Kinnevik are expected to fully comply with our Code of Conduct. Kinnevik has an onboarding process for new employees that introduces them to the Code of Conduct, which includes provisions on anti-bribery and business ethics, and

**Overview of economic value generated and distributed by Kinnevik during 2020, SEKm**





other key policies and procedures. Kinnevik conducts mandatory annual Code of Conduct training for all employees. The Code of Conduct is shared with all relevant suppliers on a yearly basis.

As outlined in the Whistleblower Policy, Kinnevik expects all employees, as well as relevant third parties engaged by Kinnevik, to come forward and voice all serious concerns about any aspect of Kinnevik’s work, including the areas of human rights, labour, environment, anti-corruption and anti-discrimination. Kinnevik’s whistleblowing service is managed by the external party WhistleB. In October 2020, Kinnevik received a whistleblower report through WhistleB questioning whether WhistleB was GDPR compliant in light of recent case law from the European Court of Justice. Kinnevik and WhistleB put together a response outlining why their system remains GDPR compliant. We therefore consider this matter to be resolved.

**Risk Management**

Kinnevik’s Board is responsible for internal control in accordance with the Swedish Companies Act (Swe. Aktiebolagslagen) and the Swedish Corporate Governance Code. To identify, assess and manage risks for Kinnevik on an ongoing basis, the Board of Directors has adopted a Risk Management Policy. To facilitate the implementation of the policy, Kinnevik has a detailed risk assessment process which is run by the Risk Team, comprising members of the Sustainability Team and the Investment Team. The process is overseen by the Risk Committee

A material level of Kinnevik’s risk exposure sits within our portfolio and thus the risk assessment process is performed both on a Kinnevik and on a portfolio level. To record the results of the assessment process, a Kinnevik Risk Register and Portfolio Risk Register are kept.

To conduct the assessment, the Risk

Team meet with the relevant internal teams to identify Kinnevik and portfolio risks which are then documented in the Risk Registers. Based on a qualitative analysis, all risks are awarded a risk score based on likelihood and impact, which classifies the risk as either a “high”, “medium” or “low” risk. Based on this score, all risks are assigned a relevant risk response and/or mitigation actions.

Kinnevik’s risk exposure changes regularly and therefore the risk assessment process is performed and updated at least three times a year. Following each assessment, the updated Kinnevik and Portfolio Risk Registers are presented to the Risk Committee. The Risk Committee reviews key risks, developments since the previous meeting, the efficiency of any mitigating actions and overall risk appetite. The work of the Risk Committee is presented at each meeting of the RCS Committee and to the Audit Committee on a periodic basis.

**The Classification of Risks**

Likelihood is calculated as:

Score	Likelihood	Description
1	< 5%	Very Unlikely
2	5% - 10%	Unlikely
3	10% - 20%	Maybe
4	20% - 25%	Possible
5	> 25%	Likely

Impact is calculated as:

Score	Impact (EURm)	Description
1	< 25	Immaterial
2	25 - 50	Low
3	50 - 100	Medium
4	100 - 250	High
5	> 250	Critical

Based on the combined risk score (likelihood x impact), risks are classified as:

Classification	Risk Score	Suggested actions
Low	< 7	Monitor development to ensure exposure remains low
Medium	≥ 7 and ≤ 15	Mitigate and monitor risks to maintain current level of risk exposure
High	> 15	Implement mitigating actions to reduce exposure

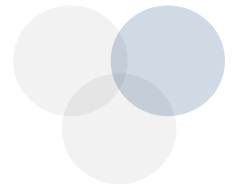
**Compliance**

Kinnevik’s compliance framework is mainly focused on compliance with the laws and regulations that govern listed companies in Sweden, such as Nasdaq Stockholm’s Rule Book for Issuers, the European Union Market Abuse Regulation (No 596/2014), the Swedish Companies Act, and other laws and regulations relating to Kinnevik’s operations and investment activities. The RCS Committee and the Audit Committee receive periodic updates on compliance status. A compliance review in relation to the laws and regulations that govern Swedish listed companies is performed annually to ensure full compliance and identify potential areas for improvement.

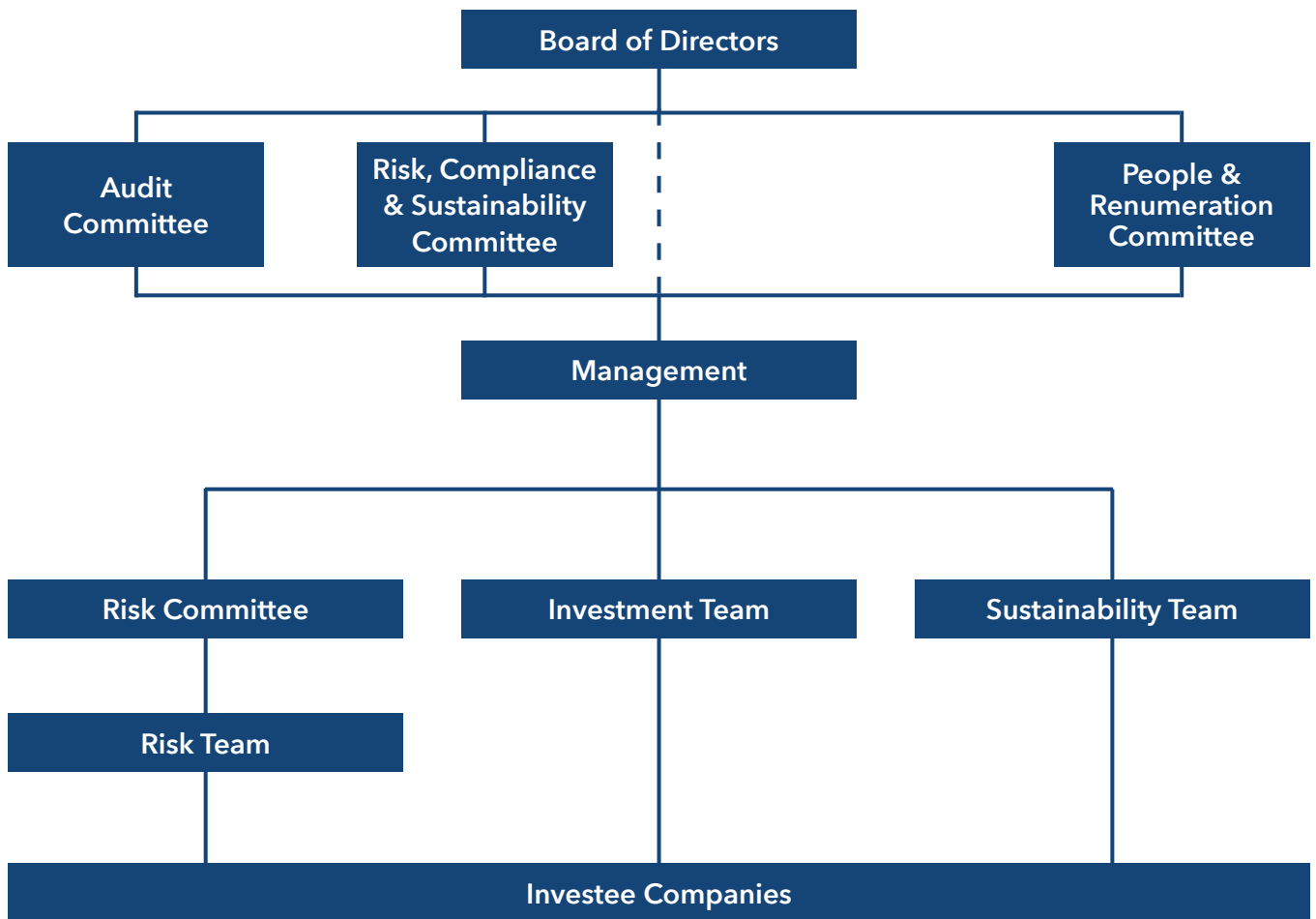
Kinnevik conducts mandatory annual compliance training, including Code of Conduct and Insider Trading Rules, for all employees, as well as periodic deep dives on specific matters such as anti-corruption and supply chain management.

**Kinnevik’s risk assessment process**





Overview of Kinnevik’s Governance and Sustainability Organisation



**OUR CORPORATE GOVERNANCE**

The basis for corporate governance within Kinnevik is Swedish legislation, the NASDAQ Stockholm Rules for Issuers and Issuer Agents and the regulations and recommendations issued by relevant self-regulatory bodies. Click here to read more about corporate governance at Kinnevik.

[MORE →](#)

# PORTFOLIO

## OUR ACTIVE OWNERSHIP

**Kinnevik has significant influence over its investee companies** through capital allocation, board representation and the operational support we provide. We believe that driving an ambitious sustainability agenda in our companies across environmental, social and governance aspects will build better businesses that generate stronger economic returns and contribute to a more sustainable future.

### THE KINNEVIK STANDARDS

Kinnevik's general expectations in relation to our portfolio companies' ESG performance is outlined in our Sustainability Policy. To measure performance, set annual objectives and define best practices for our companies, Kinnevik has developed a structured framework called the Kinnevik Standards (the "Standards"). These were developed based on stakeholder dialogues, peer benchmarking and industry best practice and comprise 84 measurement points across environmental, social and governance aspects. These are further set up in two versions, one for smaller companies and one more challenging for larger companies. The larger companies are expected to adhere to both the small and large company Standards.

Kinnevik's Sustainability Team is responsible for developing the Standards and for conducting an annual assessment of our portfolio companies in accordance with the Standards. Based on the outcome, the Investment Team and Sustainability Team together agree priorities and annual objectives for each company. After these have been set, the Investment Team is responsible for driving progress and reaching the objectives in their respective companies.

In 2020 we have launched a new 3.0 version of the Standards to raise the bar generally and to better reflect our increased focus on environmental and social aspects (primarily diversity and inclusion). The new version of the Standards has been subject to review by external parties such as auditors, subject matter experts and independent ESG specialists. The 3.0 Standards have also been appro-

ved by the Kinnevik Board and presented to the full Kinnevik team. To allow for comparison, we have conducted this year's annual assessment according to both the 2.0 and 3.0 version of the Standards.

#### Example of Content in the 3.0 Standards:

##### ENVIRONMENT

- Emissions reporting
- Reduction targets and roadmap
- Climate change part of strategy discussions
- Waste management process

##### SOCIETY

- Supply chain compliance
- Human rights
- Employee development
- Health and safety
- Community outreach
- D&I strategy and targets

##### GOVERNANCE

- Tone at the top
- Board representation and committees
- Risk structures
- Privacy and data protection
- Code of Conduct
- Whistleblowing system
- Management incentives

#### The Assessment Process

Kinnevik's Sustainability Team conducts an annual assessment of all material portfolio companies, public and private, based on the Standards. Material companies are defined as those stated separately in our NAV reporting, or with a fair value exceeding SEK 100m per 31 December the previous calendar year. Following the

completion of the assessment, Kinnevik scores the companies on their fulfilment of each standard. The development of the scores can be tracked over time for the total portfolio and for individual companies. The assessments are performed through interviews with the investee companies and our board representatives and through periodic visits to the companies.

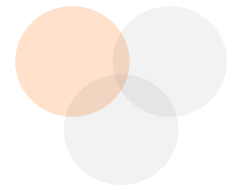
The assessment for 2020 included 26 (26) companies, 4 (6) public and 22 (20) private, corresponding to close to 100 (100) percent of Kinnevik's portfolio value per 31 December 2020.

Our public investee companies perform a yearly self-assessment to evaluate their fulfilment of the Standards. Our private investee companies' annual assessment is conducted by Kinnevik's Sustainability Team based on dialogue with the companies.

Kinnevik's Sustainability Team and representatives from the company discuss the assessment at a yearly performance meeting and priorities are set for the coming year. Together with the Investment Team, annual objectives for each company are thereafter set. The priorities and objectives are approved by the company's board or audit committee and thereafter implemented by the company and Kinnevik's Investment Team. Private companies that are at an earlier stage of development generally benefit from more active support in implementing the agreed priorities.

The results of the annual Standards assessment for all portfolio companies are presented to Kinnevik's Risk, Compliance & Sustainability Committee which also tracks progress regularly during the year.

PORTFOLIO ENVIRONMENT



SUSTAINABILITY PERFORMANCE IN OUR PORTFOLIO COMPANIES 2020

A cornerstone of our sustainability efforts is an active engagement with our companies. During 2020 we have initiated the roll-out of a climate strategy across our portfolio, focusing on measuring emissions. We have developed a Diversity & Inclusion Toolkit to provide our companies with inspiration and a practical guide on how to create more diverse and inclusive workplaces. We have expanded the scope of the Kinnevik Platform, a network of events and people aimed at sharing knowledge and best practices and to support the development of our companies. We have also continued to improve the governance structures across the portfolio, with a particular focus on the new companies. Below is a summary of the sustainability performance and progress in our companies during 2020 and how Kinnevik has supported them in their efforts.

ENVIRONMENT

*As the climate crisis escalates, Kinnevik and our portfolio companies are responding. With our active support, our companies are increasingly taking action to reduce their environmental impact.*

Climate Strategy Roll-Out in the Portfolio

To reach our climate target for our portfolio we are rolling out a three-step climate strategy across our companies. Read more about our climate targets on page 17. The roll-out is done in cooperation

with our portfolio companies and is an important step in their path to a low-carbon customer offering.

**The first step** is measuring the portfolio companies' emissions in accordance with the GHG Protocol. To support them, we have engaged sustainability reporting software tool Position Green which we are offering free of charge to all companies for the first year. Furthermore, we are assisting all companies in conducting a materiality analysis to identify their key categories of emissions across scope 1, 2 and 3. We also provide ongoing support during the data collection and tool setup phase and provide quality assurance on reported emissions prior to finalising the GHG disclosure report.

Per end of 2020, five of our portfolio companies (representing 74% of portfolio value) have measured their emissions across Scope 1, 2 and 3 in accordance with the GHG Protocol: Zalando, Tele2, Global Fashion Group, MatHem and Kolonial. As relatively mature and publicly listed companies, Zalando, Tele2 and Global Fashion Group have been working longer on measuring their environmental footprint and are conducting their efforts independently of Kinnevik.

For selected companies, we are extending our engagement to provide hands-on support and resources throughout the entire three-step process. MatHem and Kolonial are two such companies in our portfolio which we believe have a lot to gain from driving an ambitious environmental agenda, and we have been working closely with them throughout 2020 to complete their respective GHG measurements. These projects have pro-

vided us with a good process and set-up for continuing the emissions measurement across all our portfolio companies during 2021.

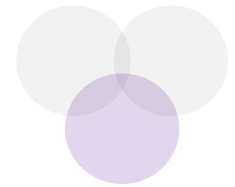
Kinnevik has compiled a set of Reporting Guidelines to outline our expectations regarding methodology and quality of GHG reporting for our companies. Furthermore, to aggregate the full portfolio's emissions to Kinnevik's Scope 3 in a structured manner, our companies are required to fill out an online questionnaire which covers the environment topics in the Kinnevik Standards.

**The second step** in the climate strategy is for our companies to set relevant reduction targets in line with science and the 1.5°C ambition. Targets "in line with science" are to be set according to the Carbon law, i.e., halving CO<sub>2</sub> emissions every decade from 2020 to 2050. Per end of 2020, three of our portfolio companies (representing 47% of portfolio value and 60% of emissions in Kinnevik's Scope 3 from Investments) had set reduction targets in line with science. We will continue working with our companies on target setting during 2021 and plan to complete this step across the majority of our portfolio during 2022.

**The third step** is defining a roadmap to target fulfilment. This includes identifying and quantifying actions and initiatives with clear responsibilities across the organisation. The roadmap can be set in connection with the reduction targets or afterwards. Per end of 2020, two of our portfolio companies (representing 65% of portfolio value and 66% of emissions in Kinnevik's Scope 3 from Investments) had defined a roadmap to target fulfilment.

The three steps of Kinnevik's portfolio climate strategy, and the optional fourth step



**PORTFOLIO  
SOCIETY**


We plan to complete this step across the majority of our portfolio during 2022.

Kinnevik believes that the focus of the roadmap should be on efforts to reduce emissions in line with the Paris Agreement. Climate compensation can be used to offset remaining emissions, provided that the compensation projects are certified by an internationally recognised standard. Longer-term, and as the technology becomes more available, we believe neutralisation of emissions through for example bio-energy carbon capture and storage or direct air capture should gradually replace climate compensation.

**The optional fourth step** is validating the climate targets through the Science Based Targets Initiative. Kinnevik does not require the portfolio companies to seek external validation as this can be a cumbersome process for early-stage growth companies.

In 2020, Zalando became the first online platform worldwide to set Science-Based Targets and have them approved by the Science Based Targets initiative. Both Tele2 and Global Fashion Group have committed to setting Science Based Targets during 2021. As part of setting Science Based Targets, companies define a roadmap of actions to reach their climate targets.

**SOCIETY**

*In 2020, the focus on diversity and inclusion has continued. Many of our companies have implemented or initiated the process of creating company-wide and management-led D&I strategies focusing on the integration of D&I into all parts of the business.*

**Diversity & Inclusion Initiatives**

As an active owner, it is Kinnevik's responsibility to put diversity and inclusion at the top of the agenda of our portfolio companies. During 2020 we have conducted diversity workshops and trainings with the management teams and/or Boards at ten of our portfolio companies. We have also provided proactive and ongoing support to our companies' boards and HR teams regarding talent mapping and recruitment.

To support our portfolio companies and their management teams in their diversity efforts, Kinnevik has created a Diversity & Inclusion Toolkit. It is meant to inspire and serve as a practical guide on how to drive successful D&I efforts, and it caters primarily to our companies but also to Kinnevik's Investment Team. The Toolkit is structured around eight sections covering key topics to address when designing a D&I strategy, and each section includes examples, suggested actions, tools, case studies and relevant research, as well as useful templates. The Toolkit has been shared with all our portfolio companies and serves as the foundation of the new D&I section in the Kinnevik Standards.

*The sections of Kinnevik's D&I Toolkit:*

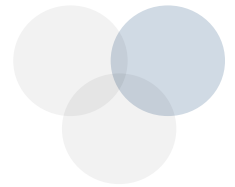
1. Purpose and Communication
2. Data, data, data
3. Leading from the top
4. Incentives and Accountability
5. Positive Policies
6. Initiatives and Actions
7. Hiring for Diversity and Inclusion
8. Fix the Leaky Pipeline

Since the launch of our D&I framework in May 2019, the share of women in our portfolios' management teams' have increased from 20% to 29% and the share of women in our private portfolio boards have increased from 10% to 13%. We have added eight female board members in the Boards of our private portfolio companies during 2020. We have also cut the number of portfolio companies with all male management teams by half.

**The Kinnevik Platform**

Providing our companies access to the Kinnevik Platform allows them to tap into the shared expertise, tools, resources and network of the full Kinnevik Group. By facilitating interaction and knowledge sharing, the aim is to support each company's development in key business areas and processes, and thereby contribute to Kinnevik's overall value creation. As part of our platform initiatives in 2020, we have hosted a series of events for our portfolio companies focused on different corporate functions such as legal, people & HR, finance and corporate development. We have also expanded our network of advisors within different fields and sectors which our companies can access. Furthermore, we have set up the Kinnevik Greenhouse which is a talent network containing around 8,000 top leaders in our key markets, of which around 70% are women. The network enables us to provide our companies with strong long-lists of candidates to fill vacancies on management and board level. This is a service which is in high demand among our companies and ensures that the Kinnevik portfolio has the best leadership and the most high-performing teams in place.

PORTFOLIO  
GOVERNANCE



**GOVERNANCE**

*Because of our long-term investment horizon, we have continued to improve the governance structures across all our portfolio companies in 2020, with a particular focus on the new companies in our portfolio.*

For the four new relatively early-stage businesses we invested in during 2020, we have focused on setting up more structured governance processes. This involves working with the Boards and management teams to improve governance

and controls. We also continued to work with all our companies to improve their internal control environment, risk management and compliance frameworks.

During the year, most companies improved their internal governance to oversee the development of sustainability initiatives. This included setting up internal risk committees, audit committees of the board and rolling out frameworks and policies to formalise risk and compliance oversight within companies.

With most employees working from home during a significant part of the

year due to the pandemic, we saw an increased focus on cyber security initiatives across our portfolio companies. The pandemic provided an opportunity for companies to test their crisis management and internal communication practices. Most companies had resilient business continuity processes when it came to their technology platforms. However, a few companies had to improve processes related to e.g. employees' health and safety especially related to work from home and delegation of authority.



**Case studies from our portfolio** highlighting some of the sustainability work and progress made in our companies during 2020



**MatHem and Kolonial Completed Full GHG Disclosure**

Measuring the GHG emissions across a company’s own operations and value chain is the first step in setting a climate strategy and targets. During the year, MatHem and Kolonial have completed a full GHG measurement in Scope 1, 2 and relevant parts of Scope 3. Operating in the food sector, both companies have a rather complex and wide-ranging carbon footprint. The results of the measurements have been presented to the companies’ respective Boards and management teams and serve as a base to set reduction targets and a roadmap. The measurement shows that the bulk of emissions relates to the food purchased and sold. For MatHem, the categories Meat and Dairy represent around 50% of the company’s total emissions, while contributing only around 30% of revenues.

**Zalando Announced Science Based Targets and Received an A rating by CDP**

In 2020, Zalando became the first online platform worldwide to set Science Based Targets and have them approved by the independent organisation the Science Based Target initiative, which assesses companies’ targets and ensures that they are in line with the Paris Agreement.

By 2025, the company will reduce its operational carbon emissions by 80 percent and carbon emissions coming from the production of private label products by 40 percent. Zalando has also committed to having 90 percent of its key partners set Science Based Targets to reduce carbon emissions themselves. Due to the company’s platform model and scale, the targets have the potential to affect a large share of the fashion industry and the majority of Zalando’s partners.

The company’s efforts have been recognized, and Zalando was among the 270 high-performing companies worldwide on CDP’s “A List” for tackling climate change. The CDP Climate Change Report annually scores 5,800+ companies on corporate environmental ambition, action and transparency. These achievements result from Zalando’s do.MORE sustainability strategy launched in 2019, announcing its vision to become a sustainable fashion platform with a net-positive impact for people and the planet.





## Global Fashion Group Launched More Sustainable Shopping in Multiple Markets

Following the launch of its first sustainable shopping edit in Australia and New Zealand in early 2019, Global Fashion Group delivered sustainable shopping edits in South East Asia, the CIS and Latam during 2020, meaning that an edit is now available in every GFG region. The initiative allows customers to filter and find products holding sustainability credentials, allowing them to seamlessly shop by their personal sustainability values. This highlights Global Fashion Group’s commitment to helping empower customers to make informed purchasing choices through education and accessibility. It aims to demystify the complex and sometimes confusing world of sustainable fashion.



## Cedar Has Integrated Diversity and Inclusion in Its Core Processes

Cedar’s mission is to enable exceptional patient experiences by providing a smarter way for hospitals, health systems and medical groups to manage patient payments. But as every patient’s experience is different, having a diverse workforce is crucial for Cedar in navigating this complex and shifting landscape. Cedar applies a process integrated approach to D&I. E.g. the company offers recruiting managers interview training to mitigate unconscious bias, conducts reviews to ensure pay equity and offers flexible benefit policies recognizing employees’ specific personal situations. To keep the conversation going they share a quarterly Diversity & Inclusion Newsletter as a reminder, call-to-action and celebration of how Cedar aims to become a more diverse and inclusive place to work.

## Tele2 Put a Multi-Step Plan in Place to Increase Diversity

When Tele2 merged with Com Hem in 2018, only 9% of the new global leadership team were women. To tackle the issue, Tele2 put in place a 16-step plan (later expanded to 30 steps) including a new “2+1 principle” - hiring two women for every one man. The principle applies to all gender imbalanced teams and has resulted in 55% of new recruits in 2020 being women. With the “2+1 principle”, Tele2 is not lowering their expectations on candidates but rather working harder to attract a more diverse pool of candidates. As a result, the company is no longer rushing to hire the most easily available candidate but is spending more time finding the best candidate.



# OUR COMPANIES ARE CONTRIBUTING TO THE GLOBAL GOALS

Many of our portfolio companies contribute to the Global Goals by virtue of their core business models. The 2030 Agenda and sustainable business development is an exciting business opportunity as it represents unmet demand across the globe.

## ENVIRONMENT

### GOAL 12.3: Halve global per capita food waste

*By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.*

- **Karma:** Marketplace platform that connects consumers with local restaurants and grocery stores that have surplus food. By letting customers buy unsold food at a discount through the app, Karma is reducing food waste
- **Simple Feast:** Provide inspiring and delicious plant-based meal kits, helping to move people's eating habits in a more sustainable direction

## SOCIETY

### GOAL 3.7: Universal access to sexual and reproductive care, family planning and education

*By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes.*

- **Livongo:** Pregnancy and Early Parenting program, an evidence-based behavioural health program offering personalized digital support

### GOAL 3.8: Achieve universal health coverage

*Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.*

- **Livongo:** Consumer digital health company that empowers people with chronic conditions to live better and healthier lives
- **Babylon:** Digital healthcare service company that combines mobile tech and artificial intelligence with medical expertise. Babylon's mission is to make healthcare more accessible and affordable for people everywhere
- **VillageMD:** Provider of primary care and a pioneer in the delivery of value-based care. The company transforms the healthcare experience for consumers by enabling primary care physicians to operate higher quality, risk bearing clinical models

- **Cityblock:** A value-based healthcare provider in the US focused on underserved urban populations with complex care needs

- **Joint Academy:** Digital health company that connects patients with physical therapists to deliver an online evidence-based treatment for chronic joint pain

## GOVERNANCE

### GOAL 1.4: Equal rights to ownership, basic services, technology and economic resources

*By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including micro-finance.*

- **Bayport:** Financial solutions for formally and informally employed individuals in emerging markets
- **BIMA:** Affordable and uniquely designed life and health insurance products via mobile phones in emerging markets
- **Monese:** Fully mobile current account service with a technically advanced KYC solution that enables people across Europe to open a current account within minutes

# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

**Understanding our climate-related risks and opportunities is key.** The effects of climate change are clearly visible and will have an increasingly tangible impact on Kinnevik and our portfolio. Implementing the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) enables us to identify, assess and manage our most material climate-related risks and opportunities.

The Task Force has structured its recommendations around four thematic areas that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets. The four overarching recommendations are supported by recommended disclosures that build out the framework with information that help investors and others understand how reporting organisations assess climate-related risks and opportunities.

Kinnevik are official supporters of the TCFD and have implemented its recommendations. Our climate-related financial disclosures are collected in our TCFD Report 2020, which is available on our website <https://www.kinnevik.com/sustainability/tcfid>. For ease of reference, below is an overview of the TCFD recommendations and page number where this information can be found in Kinnevik’s Sustainability Report 2020 and TCFD Report 2020.

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS AND TARGETS
Disclose the organization’s governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

## RECOMMENDED DISCLOSURES

a) Describe the board’s oversight of climate-related risks and opportunities.		a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.		a) Describe the organization’s processes for identifying and assessing climate-related risks.		a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	
Document	Page	Document	Page	Document	Page	Document	Page
Sustainability Report 2020	-	Sustainability Report 2020	-	Sustainability Report 2020	-	Sustainability Report 2020	-
TCFD Report	3-4	TCFD Report	5-6, 11	TCFD Report	8	TCFD Report	9

b) Describe management’s role in assessing and managing climate-related risks and opportunities.		b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.		b) Describe the organization’s processes for managing climate-related risks.		b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	
Document	Page	Document	Page	Document	Page	Document	Page
Sustainability Report 2020	-	Sustainability Report 2020	-	Sustainability Report 2020	-	Sustainability Report 2020	17-19
TCFD Report	3-4	TCFD Report	5-7	TCFD Report	8	TCFD Report	10

		c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.		c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.		c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	
Document	Page	Document	Page	Document	Page	Document	Page
Sustainability Report 2020	-	Sustainability Report 2020	-	Sustainability Report 2020	-	Sustainability Report 2020	17
TCFD Report		TCFD Report	7, 12-17	TCFD Report	8	TCFD Report	9

# KINNEVIK'S NEGATIVE IMPACT AND OUR METHODS OF MITIGATION

## Sustainable development is about doing good while doing no harm.

Kinnevik recognises that our activities have environmental, social and governance impacts on many levels. Most of Kinnevik's impact is positive and happens via the work that we do supporting our portfolio companies becoming long-term sustainable businesses. Read more about the value we create for our stakeholders on pages 6-9. Beyond these positive impacts, we recognise that our activities can have a negative impact, and we try to minimise and mitigate these wherever possible.

This is not a comprehensive overview but a representation of Kinnevik's key areas of actual or potential negative impact. With our increasingly ambitious sustainability agenda, risks related to potential inability to reach our climate and diversity & inclusion targets have become more prominent. Kinnevik believes that future-proofing our portfolio through driving an ambitious sustainability agenda is business critical.

Kinnevik focuses its investments primarily in Europe and the US and our exposure to emerging markets has decreased significantly in recent years. As such, risks relating to political changes or instability, human rights and business ethics across the portfolio have generally become less prominent.

### ENVIRONMENT

**Kinnevik's ability to create value by driving an ambitious environmental agenda may be negatively affected by inability to deliver on our climate targets for the portfolio.**

Kinnevik's Sustainability Team together with the Investment Team are working closely with the management teams of the portfolio companies to raise awareness around and drive Kinnevik's climate strategy. To reach our portfolio climate target we are rolling out a three-step climate strategy across our companies. Read more about our climate targets on page 13 and about the roll-out of our climate strategy on page 17 and 27-28. Furthermore, we have updated the Kinnevik Standards to reflect our increased climate ambitions, read more on page 26.

**Kinnevik has a negative climate impact through business travel, primarily air travel, which accounted for 76 percent of our emissions excluding the portfolio in 2020.**

During 2020, we have decreased our emissions from business travel by 86% compared to 2019, resulting from significantly reduced air travel due to the Coronavirus. Kinnevik's emissions in Scope 1, 2 and from business travel in Scope 3, 91 tonne CO<sub>2</sub>e in total in 2020, have been permanently removed through Climeworks' direct air capture technology, read more on page 17.

Kinnevik's investment focus on Europe and the US means we will likely invest more in those regions in the coming years. We believe being physically present is important in active ownership and that the benefits of actively driving our sustainability agenda on site largely outweighs the negative impact of business travel. Read more about the sustainability performance and progress in our companies on pages 27-29. However, it is our ambition to continue creating value for our shareholders in accordance with our financial targets while decreasing our relative impact on the environment, in essence decoupling economic growth from climate impact. As part of this we aim to update our business travel policy during next year with more restrictions on air travel.

## SOCIETY

Kinnevik's ability to create value by driving an ambitious diversity and inclusion agenda may be negatively affected by:

- **Inability to source female-founded or female-led companies and achieving our annual 10% investment target**
- **Inability to source female talent to portfolio companies' boards and management teams**

Kinnevik is actively working to expand our existing pipeline of potential investments and to broaden our exposure to female founded and led businesses through conferences, sponsorships and a wide variety of networks.

Kinnevik's Chief People & Platform Officer provides our companies with hands-on support related to recruitment and screening of candidates. We have also created the talent database, the Kinnevik Greenhouse, read more on page 28.

**For some of Kinnevik's companies, particularly in fashion e-commerce and food, certain employee groups' work environment is characterised by more monotonous tasks and a lower level of influence. Therefore, some employee groups are at higher risk of psychosocial health issues, for example in warehouse operations. In addition to the moral and ethical aspects, this also poses a reputational risk for Kinnevik.**

Our portfolio companies have structured onboarding programs for new employees and periodic mandatory health and

safety training. Hours worked are actively monitored and the companies have controls to ensure that employees are not overworked. Middle and lower-level managers are offered leadership development programs. Most of our companies have active whistle-blower hotlines where employees can address issues that are being overlooked by their immediate managers. Kinnevik continuously works with portfolio companies to keep health and safety on the agenda of the Board and management teams.

**Some of Kinnevik's companies, particularly in fashion e-commerce, due to the global nature of their operations have an elevated risk of human rights violations in their supply chain. In addition to the moral and ethical aspects, this also poses a reputational risk for Kinnevik.**

All Kinnevik's companies are in the process of rolling out, or already have in place, supplier Codes of Conduct. In addition, all companies perform a risk-based audit of compliance with the Code of Conduct. For high-risk suppliers where portfolio companies have significant influence over practices within the supply chain (for example with private label suppliers), the suppliers are audited periodically to ensure that they comply with the Company's Code of Conduct. Corrective Action Plans are put in place for material gaps that are identified during such audits which are followed-up periodically by the supply chain compliance team. Commercial agreements are terminated if suppliers are unable to demonstrate satisfactory progress.

## GOVERNANCE

**Kinnevik's economic performance may be negatively impacted by portfolio concentration in terms of the relative size of specific companies and sectors.**

Through our investment management activities and a dynamic allocation of capital, Kinnevik seeks to maintain a balanced portfolio across stages and maturity, sectors, share of public vs. private and geographies. Portfolio concentration is monitored regularly by the Board of Directors.

**Kinnevik's economic performance may be negatively impacted by a global economic downturn affecting the liquidity, volatility and valuation of tech stocks.**

Having conducted a stress test on our portfolio and financial position during Q4 2019, Kinnevik was well-prepared going into the COVID-19 pandemic. We continue to track the impact of the COVID-19 crisis and our companies' ability to cope with a potential prolonged downturn. During 2020 we made two follow-ups on the stress test to assess any material changes to the macro environment. We aim to continue conducting stress test follow-ups during 2021.

# PORTFOLIO LEVEL KPIs

The 2020 and 2019 actual KPIs include the companies in Kinnevik's portfolio per 31 December 2020 and 2019, respectively. The 2020 comparable KPIs exclude Joint Academy, City-block, HungryPanda, Common and Simple Feast as Kinnevik invested in these companies during 2020. N/A indicates KPIs that are new and for which we have no comparable data.

	% of Portfolio Value				% of Number of Companies			
	2020 Actual	2020 Comp	2019 Actual <sup>1</sup>	2019 Comp	2020 Actual	2020 Comp	2019 Actual <sup>1</sup>	2019 Comp
<b>ENVIRONMENT</b>								
Measures GHG emissions for scope 1 and 2	74%	75%	N/A	N/A	23%	24%	N/A	N/A
Measures GHG emissions for relevant scope 3 categories	74%	75%	N/A	N/A	19%	24%	N/A	N/A
Has set relevant GHG reduction targets in line with 1.5 degree pathway/ Paris Agreement	47%	48%	N/A	N/A	8%	10%	N/A	N/A
Integrates climate change into overall strategy discussions with the Board and/or relevant sub-committees	46%	47%	N/A	N/A	4%	5%	N/A	N/A
Has a process for efficient measurement and management of waste and hazardous waste	73%	74%	N/A	N/A	23%	24%	N/A	N/A
<b>SOCIETY</b>								
Has implemented a Supplier Code of Conduct based on international standards	87%	88%	85%	84%	35%	43%	46%	33%
Has incorporated anti-corruption principles in the Company's policies	98%	98%	91%	91%	81%	86%	62%	62%
Reports on occupational health incidents to the Board	67%	68%	N/A	N/A	46%	52%	N/A	N/A
Conducts periodic employee surveys	99%	99%	95%	94%	88%	86%	77%	71%
Has incorporated anti-discrimination principles in the Company's policies	98%	98%	95%	100%	88%	86%	73%	71%
Has conducted/provided training for management on D&I related topics	91%	92%	N/A	N/A	38%	43%	N/A	N/A
Has set time-based D&I targets and KPIs	87%	88%	N/A	N/A	27%	33%	N/A	N/A
Has implemented a community outreach or philanthropic program	88%	89%	84%	84%	38%	43%	31%	33%
<b>GOVERNANCE</b>								
Has implemented a Code of Conduct across its organisation	98%	98%	94%	95%	85%	86%	69%	67%
Has implemented a Whistleblowing system	93%	94%	94%	95%	42%	48%	54%	57%
Has conducted a risk assessment including rating risks based on likelihood and impact	93%	94%	87%	88%	42%	52%	46%	43%
Has a defined risk limits statement to monitor risk levels	74%	75%	42%	41%	19%	24%	23%	24%
Sustainability is a standing item on the Board agenda	97%	99%	90%	90%	65%	81%	46%	52%
Senior management is incentivised based on sustainability performance	20%	20%	37%	37%	8%	10%	23%	14%
Conducts regular compliance training	99%	99%	98%	98%	81%	86%	81%	81%

<sup>1</sup>) Values in columns "2019 Actual" have been re-stated since the 2019 Sustainability Report, why values above may not corresponds to the values included in the 2019 Sustainability Report.



# CELEBRATING 10 YEARS OF IMPACT AND CHANGE

At Kinnevik we believe that entrepreneurship is a catalyst of change, which is one of many reasons we became co-founders of Reach for Change 10 years ago. Together we empower social entrepreneurs with innovative ideas, brave enough to change the world.

Since 2010 we have supported  
**1200**  
social entrepreneurs who improved  
**OVER 4.3M**  
lives of children and youth in 18 countries

**90%**  
of our Change Leaders are still in business

## CHANGE LEADER CASE: TILIA

Annesofie Blixt - the founder of TILIA - joined the incubator in 2016. TILIA provides youth with compassionate listening support through online chat and in person meeting spaces, as well as, educational resources for adults to combat mental illness among young people, ages of 16 and 24.

Anno believes that **Reach for Change came into her life exactly when she needed it most**: "We were at risk of losing quality, and the team was worn out". **During their time in the incubator, TILIA scaled from 1 office to 5 offices** around Sweden and became a strong organization with a solid core team.



## LOOKING AHEAD

There is a lot to be accomplished in the next 10 years **to reach Agenda 2030**. We are proud to support the ambitious goals of Reach for Change:



reach **30 million children and youth**, turning ideas into actions



support those who are fighting **poverty, inequality and climate change** with their innovative solutions

“ To leverage our expertise, with Reach for Change’s ability to source the local Change Leaders, the grassroots heroes and grow them, empower them to create even bigger impact - that’s what makes this partnership so strong and so unique. ”



**Georgi Ganev**  
CEO Kinnevik, Board Member of Reach for Change

# GRI INDEX

**Kinnevik's Sustainability Report refers to the calendar year 2020 and is prepared in accordance with the GRI Standards:** Core option, including the GRI Sector Disclosures for Financial Services. A description of how we identified the Material Topics is available on pages 13-14.

The Sustainability Report 2020 has been subject to a limited assurance review, see statement on page 41. Kinnevik intends to continue our sustainability reporting in accordance with the GRI Standards on an annual basis.

## MANAGEMENT APPROACH DISCLOSURES

Kinnevik continuously evaluates our efforts within each material aspect to identify potential improvements and take appropriate actions.

### Environment

#### (GRI Material Topics: Environmental Responsibility and Reduced Climate Impact)

*All businesses have an impact on the environment. An area which has become increasingly important for Kinnevik is measuring, reducing and offsetting our carbon footprint.*

Kinnevik conducts a yearly greenhouse gas emission estimate which quantifies the total greenhouse gases produced directly and indirectly by our own operations. This is Kinnevik's fifth yearly estimate and it provides us with a tool to monitor, raise awareness and reduce our climate change impacts. More information about our emissions is available on Kinnevik's website where you can also download our Greenhouse Gas Protocol Report for 2020 and reports for previous years. During 2020 Kinnevik also set a target of reaching net zero in emissions from its own operations and business travel from 2020 and onwards.

### Society

#### (GRI Material Topics: Social Equality and Good Corporate Citizenship)

*Our greatest asset is and has always been our people, within Kinnevik and in our companies. As such, attracting and retaining top talent is a key priority.*

*Kinnevik regards diversity and inclusion as core levers for value creation, and we make full use of the opportunities that arise from employing a team with different backgrounds and perspectives. We also have a firm belief in contributing to the wider community through community outreach or philanthropic programs.*

Kinnevik offers its employees continuous opportunities for personal and professional growth in order to develop their skill set and to take increasing responsibility for value creation at Kinnevik and our investee companies. Ongoing assessments of employees' performance and success in meeting their objectives are central in order to ensure that Kinnevik offers the right personal development tools at an individual and group level. All employees participate in yearly performance reviews and have individual objectives that are reviewed twice a year.

Kinnevik is committed to promoting a good, safe and healthy work environment for all employees across physical, organisational and social aspects, where the risks of occupational injuries and work-related ill-health is prevented. In order to assess how employees feel about working for Kinnevik, we conduct regular employee satisfaction surveys.

In May 2019, Kinnevik launched a D&I framework to drive the important change we want to see in our portfolio and the broader industry. Besides our fundamental belief in equal rights for all employees, Kinnevik believes diversity and inclusion brings clear business benefits including improved financial performance, higher degree of innovation, better decision-making and creation of value over the long-term.

Our Code of Conduct, Whistle-blower Policy, Talent Management Policy and Employee Handbook set out both our commitments and expectations towards our employees in the way we do business.

### Governance

#### (GRI Material Topics: Sound Governance Structures and Economic Growth)

*We believe it is important for any company to have sound governance, risk management and compliance structures in place, including clear structures, policies and processes across functions. Being a financially strong company is imperative to our role as active owners, supporting our portfolio companies towards achieving long-term sustainable and profitable growth.*

All employees and representatives of Kinnevik are expected to fully comply with the Code of Conduct. Kinnevik has an onboarding process for new employees that introduces them to the Code of Conduct, which includes provisions on anti-bribery and business ethics, and other key policies and procedures.

Kinnevik's risk framework is outlined in the Risk Management Policy. Kinnevik's management regularly reviews the risk profile and in addition, Kinnevik's management has established a Risk Committee that meets three times a year to review key risks, developments since the previous meeting, the efficiency of any mitigating actions and our overall risk appetite.

A compliance review in relation to the laws and regulations that govern Swedish listed companies is performed annually to ensure full compliance and identify potential areas for improvement.

Kinnevik conducts mandatory annual compliance training, including Code of Conduct and Insider Trading Rules, as well as periodic deep-dives on specific matters such as anti-corruption and supply chain management.

Kinnevik recognizes that the key to long-term successful business development is ensuring we operate in a sustainable manner. Equally we believe that good sustainability performance is a prerequisite for good economic performance.



GRI DISCLOSURES		REPORTED (Y/N)	COMMENT	PAGE
GRI 102-1	Name of the organisation (2016)	Y		44
GRI 102-2	Activities, brands, products, and services (2016)	Y		44
GRI 102-3	Location of headquarters (2016)	Y		44
GRI 102-4	Location of operations (2016)	Y		70, 83-84
GRI 102-5	Ownership and legal form (2016)	Y		44-46
GRI 102-6	Markets served (2016)	Y		44
GRI 102-7	Scale of the organisation (2016)	Y		21-22, 44, 63
GRI 102-8	Information on employees and other workers (2016)	Y		21
GRI 102-9	Supply chain (2016)	Y	Kinnevik's purchases include services and products to office operations in Stockholm and London and consultancy services in relation to the acquisition and sales processes as well as development procedures. Suppliers operate primarily in the Nordic countries and the UK.	-
GRI 102-10	Significant changes to the organization and its supply chain (2016)	Y	No significant changes this year.	-
GRI 102-11	Precautionary Principle or approach (2016)	Y	See Kinnevik's Sustainability Policy on <a href="http://www.kinnevik.com">www.kinnevik.com</a> .	-
GRI 102-12	External initiatives (2016)	Y	UN Global Compact, GRI Standards: core option and Position Green.	-
GRI 102-13	Memberships of associations (2016)	Y	Stockholm Chamber of Commerce, Stockholm School of Economics, Di Female Founders, Innovate Finance and Reach for Change.	-
GRI 102-14	Statement from senior decision-maker (2016)	Y		2-4
GRI 102-16	Values, principles, standards and norms of behavior (2016)	Y		9-10, 23-24, 26, 38
GRI 102-18	Governance structure (2016)	Y		48-49
GRI 102-40	List of stakeholder groups (2016)	Y		6-7, 12
GRI 102-41	Collective bargaining agreements (2016)	Y	No (zero) employees are covered by such agreements. However, freedom of assembly and association is clearly stated in our Code of Conduct.	-
GRI 102-42	Identifying and selecting stakeholders (2016)	Y		12
GRI 102-43	Approach to stakeholder engagement (2016)	Y	Stakeholders have not been specifically consulted in preparation of the Sustainability Report 2020.	12
GRI 102-44	Key topics and concerns raised (2016)	Y		12
GRI 102-45	Entities included in the consolidated financial statements (2016)	Y		83
GRI 102-46	Defining report content and topic boundaries (2016)	Y		12-14, 38
GRI 102-47	List of material topics (2016)	Y		13-14
GRI 102-48	Restatements of information (2016)	Y	2019 Actual KPIs have been restated since the 2019 Sustainability Report and the values published here may not correspond to those included in the 2019 Sustainability Report.	36
GRI 102-49	Changes in reporting (2016)	Y	No significant changes have been made.	-
GRI 102-50	Reporting period (2016)	Y		14, 38
GRI 102-51	Date of most recent report (2016)	Y	The Sustainability Report 2019 covers the sustainability performance of Kinnevik for the period 1 January to 31 December 2019.	-

Note: Publication year is indicated in parenthesis.

GRI DISCLOSURES		REPORTED (Y/N)	COMMENT	PAGE
GRI 102-52	Reporting cycle (2016)	Y		14, 38
GRI 102-53	Contact point for questions regarding the report (2016)	Y	Torun Litzen, Director of Corporate Communications: +46 8 562 000 83.	-
GRI 102-54	Claims of reporting in accordance with the GRI Standards (2016)	Y		38
GRI 102-55	GRI content index (2016)	Y		39-40
GRI 102-56	External assurance (2016)	Y	The Sustainability Report 2020 has been subject to a limited assurance review.	41
<b>ECONOMY</b>				
GRI 103-1	Explanation of the material topic and its Boundary (2016)	Y	All topics concern Kinnevik's own operations as well as our portfolio and contributions and actions in relation to such.	13-14, 38
GRI 103-2	The management approach and its components (2016)	Y	Given the nature of Kinnevik's material topics, we have not implemented any specific grievance mechanisms for such. To the extent relevant components are applicable to Kinnevik's material topics these have been included under the respective sections describing each topic.	23-24, 26, 29
GRI 103-3	Evaluation of the management approach (2016)	Y		38
GRI 201-1	Direct economic value generated and distributed (2016)	Y		23
GRI 205-1	Operations assessed for risks related to corruption (2016)	Y	All Kinnevik's larger investee companies are covered by the Kinnevik Standards.	26
GRI 205-2	Communication and education about anti-corruption policies and procedures (2016)	Y	The Code of Conduct covers anti-corruption and is communicated to all employees and Board members. Kinnevik conducts mandatory annual Code of Conduct training for all employees. Given Kinnevik's very limited proprietary operations, the Code of Conduct applies to and we only engage with relevant suppliers. There is no data accessible on how many employees in the portfolio companies that have received anti-corruption training.	23
<b>SOCIETY</b>				
GRI 103-1	Explanation of the material topic and its Boundary (2016)	Y	All topics concern Kinnevik's own operations as well as our portfolio and contributions and actions in relation to such.	13-14, 38
GRI 103-2	The management approach and its components (2016)	Y	Given the nature of Kinnevik's material topics, we have not implemented any specific grievance mechanisms for such. To the extent relevant components are applicable to Kinnevik's material topics these have been included under the respective sections describing each topic.	20-22, 26, 28
GRI 103-3	Evaluation of the management approach (2016)	Y		38
GRI 401-1	New employee hires and employee turnover (2016)	Y		22
GRI 404-3	Percentage of employees receiving regular performance and career development reviews (2016)	Y	100% of employees.	22
GRI 405-1	Diversity of governance bodies and employees (2016)	Y		20-22, 50-52
GRI 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening (2016)	Y	All Kinnevik's new investments in private companies are subject to a sustainability due diligence process based on the Kinnevik Standards which includes compliance with relevant human rights laws.	9
GRI 419-1	Non-compliance with laws and regulations in the social and economic area (2016)	Y	No fines or non-monetary sanctions were received during 2020.	-
GRI-FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Y	All Kinnevik's larger investee companies are covered by the Kinnevik Standards.	10-13
<b>ENVIRONMENT</b>				
GRI 103-1	Explanation of the material topic and its Boundary (2016)	Y	All topics concern Kinnevik's own operations as well as our portfolio and contributions and actions in relation to such.	13-14, 38
GRI 103-2	The management approach and its components (2016)	Y	Given the nature of Kinnevik's material topics, we have not implemented any specific grievance mechanisms for such. To the extent relevant components are applicable to Kinnevik's material topics these have been included under the respective sections describing each topic.	17-19, 26-27
GRI 103-3	Evaluation of the management approach (2016)	Y		38
GRI 305-1	Direct (Scope 1) GHG emissions (2016)	Y	Company-owned or long-term leased vehicles.	18
GRI 305-2	Energy indirect (Scope 2) GHG emissions (2016)	Y	Power consumption and district heating.	18
GRI 305-3	Other indirect (Scope 3) GHG emissions (2016)	Y	Business trips by plane, train and taxi, office material/paper consumption and waste from properties. Portfolio companies' emissions.	18

# AUDITOR'S LIMITED ASSURANCE REPORT ON KINNEVIK AB'S SUSTAINABILITY REPORT

This is the translation of the auditor's report in Swedish.

**TO KINNEVIK AB (PUBL), CORPORATE IDENTITY NUMBER  
556047-9742**

## Introduction

We have been engaged by the Board of Directors of Kinnevik AB (publ) ("Kinnevik AB") to undertake a limited assurance engagement of the Kinnevik AB Sustainability Report for the year 2019. The Company has defined the scope of the Sustainability Report on page 38-40 in this document.

## Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 38 in the Annual Report, and are the parts of the Sustainability Reporting Guidelines published by GRI (Global Reporting Initiative) which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

## Responsibilities of the Auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed. Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Kinnevik AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Accordingly, the conclusion of the procedures performed do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

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

## Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm 6 April 2021

Deloitte AB

**Kent Åkerlund**  
Authorized Public Accountant

**Lennart Nordqvist**  
Expert Member of FAR

# SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

The Sustainability Accounting Standards Board (SASB) is an independent nonprofit organisation that sets standards to guide the disclosure of financially material sustainability information by companies to their investors.

For ease of reference, below is an overview of the SASB standards relevant to Kinnevik's industry (Asset Management & Custody Activities) and page number where the information can be found in Kinnevik's Sustainability Report 2020.

**Table 1. Sustainability Disclosure Topics & Accounting Metrics**

TOPIC	ACCOUNTING METRIC	CODE	COMMENT	PAGE
Transparent Information & Fair Advice for Customers	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings <sup>1</sup>	FN-AC-270a.1	The topic and its associated metrics were omitted based on the lack of applicability in relation to Kinnevik's business model.	-
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers <sup>2</sup>	FN-AC-270a.2	The topic and its associated metrics were omitted based on the lack of applicability in relation to Kinnevik's business model.	-
	Description of approach to informing customers about products and services	FN-AC-270a.3	The topic and its associated metrics were omitted based on the lack of applicability in relation to Kinnevik's business model.	-
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees <sup>3</sup>	FN-AC-330a.1	Kinnevik measures gender representation on all levels and foreign background for all employees.	20-22
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	FN-AC-410a.1	The topic and its associated metrics were omitted based on the lack of applicability in relation to Kinnevik's business model.	-
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	FN-AC-410a.2	Sustainability, including environment, social aspects and governance, is an integrated part of our business model and investment process, from sourcing and assessment of new business opportunities to ongoing development of our companies and re-allocation of capital into new opportunities.	8-9
	Description of proxy voting and investee engagement policies and procedures	FN-AC-410a.3	The topic and its associated metrics were omitted based on the lack of applicability in relation to Kinnevik's business model.	-
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations <sup>4</sup>	FN-AC-510a.1	Kinnevik did not sustain any monetary losses in the reporting period as a result of legal proceedings associated with the conduct as described above.	-
	Description of whistleblower policies and procedures	FN-AC-510a.2	Kinnevik has an external whistleblowing service. The service is managed by the external party WhistleB and is available 24 hours a day. Reports can be made in Swedish or English and are handled confidentially by Kinnevik's Whistleblowing Team, comprising the Chairman of the Audit Committee and Kinnevik's General Counsel.	24
Systemic Risk Management	Percentage of open-end fund assets under management by category of liquidity classification	FN-AC-550a.1	The topic and its associated metrics were omitted based on the lack of applicability in relation to Kinnevik's business model.	-
	Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management	FN-AC-550a.2	The topic and its associated metrics were omitted based on the lack of applicability in relation to Kinnevik's business model.	-
	Total exposure to securities financing transactions	FN-AC-550a.3	The topic and its associated metrics were omitted based on the lack of applicability in relation to Kinnevik's business model.	-
	Net exposure to written credit derivatives	FN-AC-550a.4	The topic and its associated metrics were omitted based on the lack of applicability in relation to Kinnevik's business model.	-

**Table 2. Activity Metrics**

ACTIVITY METRIC	CODE	COMMENT	PAGE
(1) Total registered and (2) total unregistered assets under management (AUM) <sup>5</sup>	FN-AC-000.A	The metrics were omitted based on the lack of applicability in relation to Kinnevik's business model.	-
Total assets under custody and supervision	FN-AC-000.B	The metrics were omitted based on the lack of applicability in relation to Kinnevik's business model.	-

1) Note to FN-AC-270a.1- The entity shall describe how it ensures that covered employees file and update FINRA and SEC forms in a timely manner.

2) Note to FN-AC-270a.2- The entity shall briefly describe the nature, context, and any corrective actions taken as a result of the monetary losses.

3) Note to FN-AC-330a.1- The entity shall describe its policies and programs for fostering equitable employee representation across its global operations.

4) Note to FN-AC-510a.1- The entity shall briefly describe the nature, context, and any corrective actions taken as a result of the monetary losses.

5) Note to FN-AC-000.A - Registered AUM include those subject to the regulations of the Investment Company Act of 1940 (1940 Act), such as mutual funds, managed under the Employee Retirement Income Security Act of 1974 (ERISA), subject to the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive, or managed under the Commodity Futures Trading Commission's (CFTC's) Commodity Pool Operator (CPO) regulations. Unregistered AUM are those that do not fall under the definition of the registered AUM.



# BOARD OF DIRECTORS' REPORT

Kinnevik is a sector-focused investment company with an entrepreneurial spirit. Our purpose is to make people's lives better by providing more and better choice. In partnership with talented founders and management teams we build challenger businesses that use disruptive technology to address material, everyday consumer needs. As active owners, we believe in delivering both shareholder and social value by building long-term sustainable businesses that contribute positively to society.

We invest in Europe, with a focus on the Nordics, the US, and selectively in other markets. Kinnevik was founded in 1936 by the Stenbeck, Klingspor and von Horn families. Kinnevik's shares are listed on Nasdaq Stockholm's list for large cap companies under the ticker codes KINV A and KINV B.

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

Five-year summary (SEKm)	2020	2019	2018	2017	2016
Equity	111 671	73 295	70 503	90 633	72 434
Equity/assets ratio, %	96%	94%	95%	97%	97%
Net cash/(Net debt) incl. net loans to investee companies <sup>1)</sup>	5 283	-456	-2 769	-1 062	-1 309
Debt/equity ratio, multiple	0.03	0.07	0.04	0.03	0.02
Net asset value	111 671	73 295	70 503	90 633	72 434
Net asset value per share, SEK	402	265	256	329	263
Net asset value change	52%	31%	-22%	25%	-13%
Kinnevik market capitalization	115 929	63 232	58 728	76 042	60 223
Market price class B share at 31 December, SEK	417	229	213	276	219
Cash dividend per share, SEK	7.00	-	8.25	8.25	8.00
Dividend in kind per share, SEK	-	60.09	15.36	-	-
Total shareholder return %	85%	40%	-16%	31%	-6%
Fair value, Consumer Services	61 635	36 052	23 567	40 832	37 906
Share of portfolio value	57%	49%	32%	45%	51%
Fair value, Financial Services	2 221	2 641	1 994	1 072	633
Share of portfolio value	2%	4%	3%	1%	1%
Fair value, Healthcare Services	21 275	6 710	1 342	480	154
Share of portfolio value	20%	9%	2%	1%	0%
Fair value TMT	20 450	25 440	21 172	24 221	14 817
Share of portfolio value	19%	34%	29%	26%	20%
Fair value Emerging Markets	1 835	3 387	25 351	25 068	20 266
Share of portfolio value	2%	5%	35%	27%	27%
Portfolio value	107 556	74 230	73 430	91 695	73 801
Change in fair value of financial assets (incl. dividends received)	41 539	21 879	-13 297	20 655	-3 236
Profit/loss for the year	40 274	21 572	-13 656	20 359	-3 459
Earnings per share	145.22	78.02	-49.58	73.90	-12.55
Cash flow from operations (excluding dividend received)	-362	-271	-316	-267	-237
Cash flow from investments in financial assets	-2 170	-4 586	-2 710	-4 843	-3 330
Cash flow from sale of shares and other securities	8 383	6 162	1 589	5 304	480
Dividends received	1 689	2 907	1 887	2 260	1 733
Cash dividend paid	-1 928	-2 271	-2 270	-2 201	-7 084
Cash flow for the year	3 702	3 401	-1 312	1 475	-8 557

For definitions of financial key ratios, refer to page 91.

<sup>1)</sup> Including debt unpaid investments.

The financial statements were approved by the Board of Directors on 6 April 2021 and the Board of Directors and the CEO hereby present the annual report and consolidated financial statements for the 2020 financial year. The balance sheets and the income statements for the Group and the Parent Company will be presented for adoption at the Annual General Meeting on 29 April 2021.

The consolidated accounts comprise only subsidiaries that only own shares in investee companies or provide services mainly to the Parent Company. Other subsidiaries are valued at fair value through the income statement.

The figures in this report pertain to the full-year 2020. The figures in parentheses pertain comparative figures for 2019 unless otherwise stated.

### KEY EVENTS DURING 2020

The investment activity was high during 2020 and Kinnevik invested approximately SEK 2.3bn whereof SEK 1.2bn into five new growth companies and SEK 1.1bn in follow-on investments in the high-performing businesses in our unlisted and early growth portfolio, in line with our capital allocation framework.

Total divestments during the year amounted to SEK 8.9bn whereof SEK 6.7bn from a sell-down of a 4.4% stake in Zalando and SEK 1.2bn in cash proceeds from the merger transaction between Teladoc and Livongo, where we also received shares in Teladoc at a value of SEK 12.8bn.

The COVID-19 pandemic has forced people to change their lifestyles and, in order to access vital services such as food and healthcare many have turned to digital alternatives. This has benefitted many of our digital consumer-focused portfolio companies, and we have seen our investment theses being proven at a much earlier point in time than we originally expected. The strong operational development in the portfolio was further underpinned by the equity market's re-rating of digital consumer companies, supporting the net asset value increase of 52% for the year.

During the year, we also intensified the focus on sustainability by introducing ambitious climate targets and continued our work to improve diversity and inclusion at Kinnevik and in our portfolio.

### CONSOLIDATED EARNINGS

The change in fair value of financial assets including dividends received amounted to a profit of SEK 41,539m (21,879) for the year of which a profit of SEK 38,266m (19,267) was related to listed holdings and a profit of SEK 3,273m (2,612) was related to unlisted holdings. See note 3 for further details.

Of the SEK 404m (391) in administration costs incurred during the year, SEK 153m (105) pertained to Kinnevik's outstanding long-term incentive programs. The cost recognized for the 2020 long-term incentive program ("LTI 2020") amounted to SEK 100m and is approximately SEK 40m higher than the illustrative examples outlined in the notice to Kinnevik's 2020 AGM. This is due to an increase in value of the incentive shares that are granted to participants of LTI 2020. This stems from the significant increase in Kinnevik's share price and the value of Kinnevik's younger growth businesses during the first months of the performance

measurement period between end of March and when LTI 2020 had received approval from Kinnevik's AGM and the Swedish Companies Registrations Office (Sw. Bolagsverket) in June. Revaluation of options from the long term cash-based incentive program 2017- 2022 amounts to SEK 41m (0).

Decreased financial net is mainly due to currency exchange losses.

Based on the rules for accounting for uncertain tax positions in IFRIC 23, Kinnevik has provided a reserve of SEK 832m pertaining to a potential capital gains tax liability relating to the merger between Teladoc and Livongo. Kinnevik considers that the transaction falls under one of the applicable exemptions and therefore should be considered tax neutral and relevant tax returns will be filed accordingly.

### CASH FLOW AND INVESTMENTS

The Group's cash flow from operating activities amounted to SEK 1,327m (2,636) during the year, of which dividends received amounted to SEK 1,689m (2,907). During the year, paid investments amounted to SEK 2,170m in other shares and securities. Divestments of other shares and securities contributed to the cash flow by SEK 8,383m and cash dividend paid amounted to SEK 1,928m, see Note 6 for the Group for more details.

### LIQUIDITY AND FINANCING

Kinnevik's total interest bearing assets amounted to SEK 8,266m as at 31 December 2020 and the total amount of interest bearing liabilities was SEK 2,941m at the same date. Kinnevik was in a net cash position of SEK 5,283m as at 31 December 2020, including loans to investee companies and net debt for unpaid investments/divestments (net debt SEK 456m as at 31 December 2019). Net cash excluding loans to portfolio companies amounted to SEK 4,817m (net debt SEK 930m).

Kinnevik's total credit facilities (including issued bonds) amounted to SEK 9,030m as at 31 December 2020 whereof SEK 6,000m related to unutilised revolving credit facilities and SEK 2,900m related to bonds.

The Group's available liquidity, including short term investments and available unutilized credit facilities, totalled SEK 13,719m as at 31 December 2020 (SEK 9,056m as at 31 December 2019).

For more information about the interest-bearing borrowing, see Note 10 for the Group.

Borrowing primarily occurs in SEK. During 2020, the Group did not have any significant cash flows in foreign currency except for dividends received and investment activities.

### RISKS AND UNCERTAINTIES

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

Kinnevik's financing and management of financial risks is centralised within Kinnevik's Finance function and is conducted on the basis of a Finance policy established by the Board of Directors. Kinnevik is exposed to financial risks mainly in the

form of changes in the value of the stock portfolio, changes in currency and interest rates, and financing risks.

Operational risks are managed within each company with an operating business.

Kinnevik has limited exposure to political risks.

The COVID-19 pandemic has impacted Kinnevik's investees in various ways – both short-term negative as well as short- and long-term positive. Kinnevik continues to regularly assess measures taken or considered by our businesses and ourselves to safeguard value and address softening demand, supply chain disruption and a financial environment less conducive to raising capital for investing into future growth. As a consequence of the COVID-19 pandemic, Kinnevik is looking to commit slightly more capital, or commit it earlier than anticipated, to our existing companies to ensure that they do not compromise more than necessary on their long-term strategic targets, and remain focused on fully serving their customers. Due to our strong financial position, this slightly elevated funding need and the elevated risk pertaining to potential future incoming dividends from our investee companies do not have a material effect on either Kinnevik's 2019-23 capital allocation framework as announced in September 2019, or Kinnevik's ability to create long-term shareholder value through net asset value growth.

For a more detailed description of Kinnevik's risks and uncertainties, as well as risk management, refer to Note 17 for the Group.

#### PARENT COMPANY

The main financial items 2020 for the Parent Company were the following:

- Administration costs: SEK -386m (-344)
- Result from subsidiaries: SEK 58,463m (23,752)
- Profit after financial items: SEK 58,200m (23,364)

During the year, the Parent Company paid shareholders' contributions to subsidiaries totalling SEK 18,950m (8,626) to finance reallocation of portfolio companies between subsidiaries as well as external investments.

In order to simplify the holding structure for our portfolio companies, restructuring was carried out during the year which, among other things, led to the liquidation of a subsidiary in Luxembourg.

Payback of shareholders' contribution and dividends received from subsidiaries amounted to SEK 86,941m (45,026), of which an anticipated dividend from Kinnevik Online AB of SEK 49,500m, and write-down of shares in subsidiaries amounted to SEK 27,245m (21,274) due to decreased capital through dividends paid.

#### SHARE CAPITAL

As of 31 December 2020, the number of shares in Kinnevik AB amounted to 278,121,044, of which 33,755,432 are class A shares carrying ten votes each, 241,911,206 are class B shares carrying one vote each (of which 192,927 held in treasury) and 2,454,406 are reclassifiable, sub-ordinated, incentive shares

held by the participants in Kinnevik's long-term incentive plan launched in 2018, 2019 and 2020 (of which 153,080 shares from LTIP 2020 held in treasury).

The total number of votes for outstanding shares amounted at 31 December 2020 to 581,573,925, excluding 346,007 votes from treasury shares. During the year 50,910 class B shares were delivered to participants in the share-based plan from 2017 and 53,933 class B shares were sold to cover the tax for the participants. In addition, and similar to LTIP 2018 and 2019, a new issue of 1,218,800 reclassifiable, sub-ordinated, incentive shares, divided into two classes, to the participants in Kinnevik's long-term share incentive plan was resolved on by the 2020 AGM.

As per 31 December 2020, there were two shareholders owning shares representing more than 10% of the total number of the votes in the company; Verdere S.à.r.l. with 19.2% and Alces Maximus LLC with 11.6%. To the knowledge of the Board, there are no shareholder agreements or share associations in Kinnevik.

#### GUIDELINES FOR REMUNERATION FOR SENIOR EXECUTIVES

The principles and guidelines for remuneration for senior executives approved by the 2020 Annual General Meeting shall be in force until 2024 or until new guidelines are adopted by the General Meeting. The Board will not propose any changes to the guidelines ahead of the 2021 Annual General Meeting. For the detailed principles and guidelines and remuneration for the Senior Executives paid out during 2020, please refer to Note 16 for the Group.

#### FINANCIAL TARGETS

##### Attractive returns

Kinnevik's objective is to generate a long term total return to our shareholders in excess of our cost of capital. We aim to deliver an annual total shareholder return of 12-15% over the business cycle.

##### Low leverage

Given the nature of Kinnevik's investments, our goal is to carry low leverage, not exceeding 10% of portfolio value.

##### Shareholder remuneration policy

Kinnevik will generate shareholder returns primarily through capital appreciation, and will seek to return excess capital generated by its investments to shareholders through extra dividends.

#### Outcome in 2020

Area	Target	Outcome 2020
Return	Annual TSR of 12-15% over the business cycle <sup>1)</sup>	+85% (1 year) +22% (5 years) +20% (10 years)
Leverage	Low leverage	No leverage

<sup>1)</sup> TSR is calculated on the assumption that shareholders have reinvested all cash dividends and dividends in kind into the Kinnevik share.



## SUSTAINABILITY REPORT

A sustainability report that describes Kinnevik's work with sustainable value creation is provided on pages 4-40 and also on the company's website at [www.kinnevik.com](http://www.kinnevik.com).

## ORGANISATION

In April, Erika Söderberg-Johnson joined Kinnevik as CFO and Anna Stenberg joined in May as Chief People and Platform Officer, a new role in the Kinnevik management team. In January 2021, Natalie Tydeman joined Kinnevik as Senior Investment Director and on 4 February 2021 it was announced that Chris Bischoff will leave his position as Senior Investment Director in May 2021.

## EVENTS AFTER THE REPORTING PERIOD

On 3 February 2021 Kinnevik announced an investment of USD 70m in Vivino, the world's leading wine app.

On 17 February 2021, The Board of Kinnevik announced the intention to propose a distribution of Kinnevik's shareholding in Zalando to the AGM on 29 April 2021. Based on the closing price of Zalando's shares on 26 March 2021, the intended distribution corresponds to an extraordinary value transfer of approximately SEK 47.3bn to Kinnevik's shareholders, equivalent to approximately SEK 172 or 0.195 Zalando shares per Kinnevik share.

On 9 March 2021 Kinnevik announced that the company expects a material uplift in the assessed fair value of its investment in Cedar following several positive developments in the company and its market outlook, including a recently agreed funding round. These developments provide reference points for a valuation of Kinnevik's investment in Cedar that would correspond to a value uplift well in excess of SEK 1.5bn or SEK 5.5 per Kinnevik share.

On 29 March 2021 Kinnevik announced its participation with USD 30m in Cityblock's recent USD 192m funding round. Cityblock has continued its strong operational performance during the first months of 2021, and the recent funding round provides strong reference points for the valuation of Cityblock relative to listed comparable businesses. In combination, these factors underpin a value of Kinnevik's investment that corresponds to a value uplift of SEK 1.0bn or SEK 3.6 per Kinnevik share, excluding the USD 30m in new capital invested in the funding round at hand.

The reassessed fair value of Kinnevik's investments in Cedar and Cityblock will be finalized and reported in Kinnevik's Interim Report for the first quarter, to be published on 22 April 2021.

## FUTURE DEVELOPMENT

The Group's future development depends mainly on the performance of our investee companies together with future investments. In addition, trends in the financial markets can have a significant impact on the Group's reported earnings and position.

The Board of Directors of Tele2 has recommended a total dividend of SEK 6 per share for the financial year 2020 which corresponds to an aggregate expected dividend to Kinnevik amounting to SEK 1.1bn.

## PROPOSED TREATMENT OF UNAPPROPRIATED EARNINGS

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

Retained earnings	103 842 530 886
Share premium	1 615 929 594
<b>Total</b>	<b>105 458 460 480</b>

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

In line with Kinnevik's shareholder remuneration policy, the Board of Kinnevik does not propose an ordinary dividend for the financial year 2020.

In accordance with § 4 of the Articles of Association, the Board proposes a dividend payment as compensation to participants in Kinnevik's long-term incentive plan 2018 for paid dividends and other value transfers since 2018 under item 18. The size of such compensation to participants in Kinnevik's long-term incentive plan 2018 will amount to SEK 183.08 per share in Class D 2018, E 2018 and F 2018, corresponding to in total SEK 44.4m, assuming maximum fulfillment of the performance conditions for each incentive share class.

Kinnevik's remaining retained earnings and share premium is accordingly to be carried forward.

## Distribution of Kinnevik's shareholding in Zalando

Through the proposed distribution of Kinnevik's shareholding, the Board proposes to make an extraordinary value transfer to its shareholders of no more than SEK 80bn, equivalent to approximately SEK 289.95 per Kinnevik share (shares of Classes G 2018, D 2019, E 2019, F 2019, G 2019, C1 2020, C2 2020 and D 2020 as well as Class B shares held in treasury will not be entitled to Zalando shares in the distribution). The Board proposes that the distribution is made through a share redemption plan and that the Board is authorised to finally determine the portion of the Zalando shareholding to be distributed and the redemption amount per share within the stated limitations. The value of the Zalando shares may fluctuate due to changes in the price of the Zalando share on the Frankfurt Stock Exchange and currency conversion from Euro to SEK until the distribution. As a result the book value of the repayment to the shareholders at redemption, the book value of the redemption amount per share, and accordingly the remaining non-restricted equity (retained earnings) in Kinnevik may fluctuate accordingly.

# CORPORATE GOVERNANCE REPORT

Corporate Governance in the Kinnevik Group is based on Swedish legislation and generally accepted sound practice on the securities market. Kinnevik applies the Swedish Corporate Governance Code (the "Code")<sup>1)</sup>.

During 2020, Kinnevik did not deviate from the Code rules.

## ANNUAL GENERAL MEETING

The Swedish Companies Act (2005:551) (the "Swedish Companies Act") and the Articles of Association determine how the notice to the Annual General Meeting and extraordinary general meetings shall occur, and who has the right to participate in and vote at such meetings. There are no restrictions on the number of votes each shareholder may cast at the general meeting. Class A shares entitle to ten votes, whereas other shares entitle to one vote. Upon a resolution of the Board, distance participation and voting at the General Meeting is possible.

Information on major shareholders in the Company is provided on page 46 and on our webpage [www.kinnevik.com](http://www.kinnevik.com).

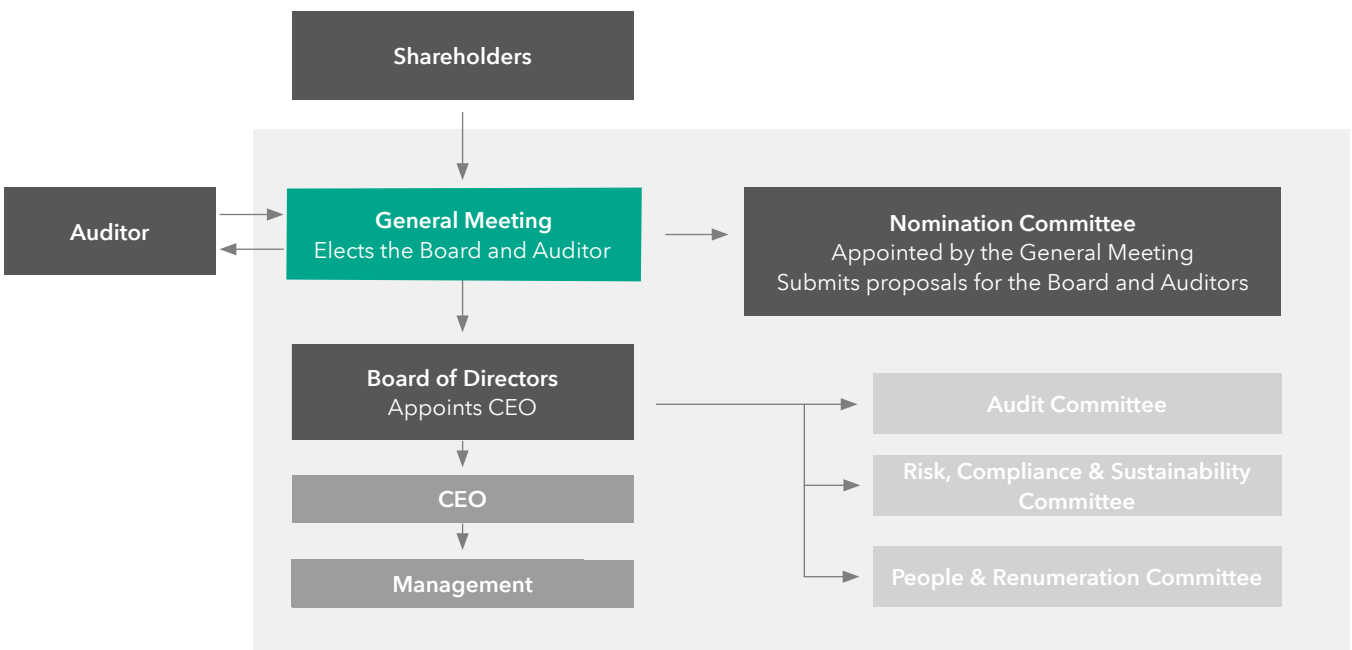
## NOMINATION COMMITTEE

In accordance with the procedural guidelines for the Nomination Committee adopted at the 2019 Annual General Meeting, a Nomination Committee should be formed in consultation with the largest shareholders of the company as of the last business day of the month the Annual General Meeting was held, consisting of at least three members appointed by the largest shareholders of the company who have wished to appoint a member. Further, a representative of the largest shareholder of the company should act as the Nomination Committee's convenor.

In accordance with the procedural guidelines, Cristina Sten-

beck, representing Verdere S.à r.l. and CMS Sapere Aude Trust, convened a Nomination Committee consisting of members appointed by the largest shareholders in Kinnevik in terms of voting interest. The Nomination Committee members are Cristina Stenbeck appointed by Verdere S.à r.l. and CMS Sapere Aude Trust, Hugo Stenbeck appointed by Alces Maximus LLC, James Anderson appointed by Baillie Gifford, Anders Oscarsson appointed by AMF Försäkring & Fonder, Ramsay Brufer appointed by Alecta and Marie Klingspor. The Nomination Committee's task is to prepare and submit proposals for the Board of Directors and auditors, in the event auditors shall be elected, and fees to the Board of Directors and auditors, a proposal for the Chairman of the Annual General Meeting as well as any changes to the procedure for the Nomination Committee ahead of the 2021 Annual General Meeting. Anders Oscarsson was appointed Chairman of the Nomination Committee.

In its work, the Nomination Committee applies rule 4.1 of the Swedish Corporate Governance Code as its diversity policy. Accordingly, the Committee gives particular consideration to the importance of a diverse set of Board members, including their gender, age and nationality, as well as their experience, professional backgrounds and business disciplines. The Committee believes the composition of the Board is fit-for-purpose in respect of the various dimensions of diversity, enjoying a compounding mix of skill-sets and experience matching Kinnevik's key priorities. The Committee is committed to continue its efforts to compose the most competent Board, able to promote the debate around Kinnevik's key objectives. 57% of the Board members elected by the 2020 Annual General Meeting are women. Further information may be found in the Nomination Committee's mo-



<sup>1)</sup> The Code is available on <http://www.bolagsstyrning.se>.

tivated statement regarding its proposals to the 2020 Annual General Meeting.

#### AUDITORS

According to the Articles of Association, the Company shall have not more than three auditors, with not more than three deputies, or a registered audit firm. At the 2017 Annual General Meeting, the registered audit firm Deloitte AB was re-elected Company auditor for a period of four years until the 2021 Annual General Meeting. The authorized public accountant Kent Åkerlund, born 1974, is auditor-in-charge. The auditor's independence

is ensured by legislation and professional ethics and the audit firm's internal guidelines, as well as by adhering to the Audit Committee's guidelines governing the type of assignments that the audit firm may conduct in addition to the audit. Information regarding audit fees is provided in the Annual Report's Note 12 for the Group and Note 5 for the Parent Company, Auditors' Fees.

#### BOARD OF DIRECTORS AND SENIOR EXECUTIVES

Board members are elected at the Annual General Meeting for a period ending at the close of the next Annual General Meeting. The Articles of Association contains no restrictions pertaining to

### BOARD AND COMMITTEE COMPOSITION

Board Director	Position	Audit Committee	People & Remuneration Committee	Risk, Compliance & Sustainability Committee
Dame Amelia Fawcett	Chairman	-	Member	Chairman
Henrik Poulsen	Deputy Chairman	Member	-	-
Susanna Campbell	Member	Member	Chairman	-
Wilhelm Klingspor	Member	Member	-	-
Brian McBride	Member	-	-	Member
Charlotte Strömberg	Member	Chairman	Member (until May 2020)	Member
Cecilia Qvist (from May 2020)	Member	-	Member (from May 2020)	-

### BOARD AND COMMITTEE MEETING ATTENDANCE

Board Director	Board	Audit Committee	People & Remuneration Committee	Risk, Compliance & Sustainability Committee
Dame Amelia Fawcett	10/10	7/12	5/5	4/4
Henrik Poulsen	10/10	11/12	-	-
Susanna Campbell	10/10	12/12	5/5	-
Wilhelm Klingspor	10/10	12/12	-	-
Brian McBride	10/10	-	-	4/4
Charlotte Strömberg	10/10	12/12	2/2	4/4
Cecilia Qvist (from May 2020)	8/8	-	3/3	-

the eligibility of Board members. According to the Articles of Association, the number of Board members can be no less than three and no more than twelve members elected by shareholders.

At the 2020 Annual General Meeting, following a proposal by the Nomination Committee, Dame Amelia Fawcett, Henrik Poulsen, Susanna Campbell, Wilhelm Klingspor, Brian McBride, and Charlotte Strömberg were re-elected members of the Board and Cecilia Qvist was elected as a new member of the Board. The Annual General Meeting further elected Dame Amelia Fawcett as Chairman of the Board. At its constituent meeting, the Board appointed Henrik Poulsen as Deputy Chairman of the Board.

The independence of Board members in relation to the Company and its management, and to the major shareholders of the Company, is specified on pages 50-52. None of the Board members are employed within the Group. Per end of 2020, Senior Executives in Kinnevik included Chief Executive Officer Georgi Ganev, Chief Financial Officer Erika Söderberg Johnson, Director of Corporate Communications Torun Litzén, Senior Investment Director Chris Bischoff, Investment Director Andreas

Bernström, Chief People & Platform Officer Anna Stenberg and General Counsel Mattias Andersson. For information about Senior Executives, please see [www.kinnevik.com](http://www.kinnevik.com) and Note 16 for the Group, Personnel.

#### BOARD WORK

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

Significant issues addressed by Kinnevik's Board during 2020 include the sell-down of a 4 percent stake in Zalando, the SEK 1.9bn extraordinary cash distribution to shareholders, the overall strategy and financial performance of Kinnevik and its private investment strategy. As the basis for discussions concerning the listed portfolio companies, Kinnevik's management presented independent analyses of certain companies' strategies, operations and future opportunities within the markets in which they are

## BOARD OF DIRECTORS

### Dame Amelia Fawcett

#### Chairman

**Born:** 1956

**Nationality:** US and UK citizen.

**Independence:** Independent of the Company and management and independent of major shareholders.

**Direct or related person ownership:** 15,000 class B shares.

**Committee work:** Chairman of the Risk, Compliance & Sustainability Committee, member of the People & Remuneration Committee.

Dame Amelia has been a Director of the Board of Kinnevik since 2011. She was appointed Deputy Chairman in 2013 and Chairman of the Board in 2018. She is the Independent Lead Director of State Street Corporation in Boston, USA, Chair of the Board of Trustees of the Royal Botanic Gardens Kew, a Governor of the Wellcome Trust, and a Trustee of Project Hope UK. She held managerial positions within Morgan Stanley during 1987-2006 and was Vice Chairman and Chief Operating Officer of its European operations during 2002-2006. She was a Board Director of the Guardian Media Group during 2007-2013, and Chairman during 2009-2013. In 2010 she was awarded a DBE (Dame Commander of the British Empire) by HM Queen Elizabeth II for services to the financial services industry. She has a Law Degree from University of Virginia, USA, and a BA in History from the Wellesley College in Massachusetts, USA.

\* Dame Amelia Fawcett will not make herself available for re-election at the 2021 Annual General Meeting.

### Henrik Poulsen

#### Deputy Chairman

**Born:** 1967

**Nationality:** Danish citizen.

**Independence:** Independent of the Company and management and independent of major shareholders.

**Direct or related person ownership:** 15,000 class B shares.

**Committee work:** Member of the Audit Committee.

Henrik Poulsen was elected a Director and appointed Deputy Chairman of the Board of Kinnevik in 2017. He is a Senior Advisor to A.P. Møller Holding and as part of this role also Chair of Færch A/S. He is Deputy Chair of the boards of ISS A/S and Carlsberg A/S and a member of the boards of Bertelsmann SE & Co., Ørsted A/S, Novo Nordisk A/S and Novo Holdings A/S. He was the Chief Executive Officer of Ørsted during 2012-2020. Prior to joining Ørsted, Henrik was the Chief Executive Officer of Danish telecommunications company TDC between 2008-2012, and also spent two years at KKR & Co after seven years at LEGO. Henrik graduated with BSc and MSc degrees in International Business and Finance & Accounting from Aarhus School of Business.

\* Henrik Poulsen will not make himself available for re-election at the 2021 Annual General Meeting.

active. Furthermore, Chief Executive Officers of certain unlisted portfolio companies held customary investor presentations and discussions with the Kinnevik Board.

Compliance with laws and regulations, responsibility and market confidence in Kinnevik are some of the key issues which the Board actively focuses on. Kinnevik's Code of Conduct and Sustainability Policy, both adopted by the Board, describes Kinnevik's policy on issues pertaining to social responsibility, environmental considerations, governance and ethics.

As in previous years, a People & Remuneration Committee, an Audit Committee and a Risk, Compliance & Sustainability Committee have been established within the Board. These committees are preparatory bodies of the Board and do not reduce the Board's overall responsibility for the governance of the Company and decisions taken. The General Counsel and Company Secretary, Mattias Andersson, is responsible for ensuring that rules of procedure are complied with, and all Board members can turn to the Secretary for advice and assistance in their Board work.

During 2020, Kinnevik's Board of Directors held ten meetings (including the constituent meeting), of which two were extra

meetings. Due to the Corona virus pandemic, all meetings were held via telephone and/or videoconference.

#### EVALUATION OF THE WORK OF THE BOARD OF DIRECTORS

The Board complies with an annual performance review process to assess how well the Board, its committees and processes are functioning and how they might be improved. Every three years a more extensive Board evaluation is undertaken either by an independent Board member or an external consultant.

The evaluation of the Board's work during 2020 was conducted internally by the Chairman of the Board by way of a questionnaire, covering areas such as the Board's performance against its key duties, the Board's composition and process, as well as the performance of individual Board members. The results of the evaluation were presented to the Nomination Committee by the Chairman of the Board, and were also reported in full to the Nomination Committee in writing.

#### PEOPLE & REMUNERATION COMMITTEE

The People & Remuneration Committee's assignments are stipu-

## BOARD OF DIRECTORS

### Susanna Campbell

**Board director**

**Born:** 1973

**Nationality:** Swedish citizen.

**Independence:** Independent of the Company and management and independent of major shareholders.

**Direct or related person ownership:** 1,700 class B shares.

**Committee work:** Member of the Audit Committee, Chairman of the People & Remuneration Committee.

Susanna Campbell was elected a Director of the Board of Kinnevik in 2019. She currently serves as Chairman of Röhnisch Sportswear, Network of Design, Estrid Sweden and Babyshop Group. She is also a Board member of Indutrade, Northvolt and Nalka Invest, as well as Senior Advisor of Norrsken VC. Between 2012-2016, she was the Chief Executive Officer of Swedish investment firm Ratos, having joined the company in 2003 from McKInsey & Co. Susanna holds an MSc from Stockholm School of Economics.

### Wilhelm Klingspor

**Board director**

**Born:** 1962

**Nationality:** Swedish citizen.

**Independence:** Independent of the Company and management and independent of major shareholders.

**Direct or related person ownership:** 1,148,242 class A shares and 679,532 class B shares.

**Committee work:** Member of the Audit Committee.

Wilhelm Klingspor has been a Director of the Board of Kinnevik since 2004 and was Director of Industriförvaltnings AB Kinnevik 1999-2004. He also served as Director of the Board of BillerudKorsnäs 2012- 2014 (Director of Korsnäs 2003-2012). Wilhelm is CEO of Hellekis Säteri. He graduated as a Forest Engineer from the Swedish University of Agricultural Sciences in Skinnskatteberg.

\* Wilhelm Klingspor will not make himself available for re-election at the 2021 Annual General Meeting.

### Brian McBride

**Board director**

**Born:** 1955

**Nationality:** UK citizen.

**Independence:** Independent of major shareholders.

**Direct or related person ownership:** -

**Committee work:** Member of the Risk, Compliance & Sustainability Committee.

Brian McBride was elected a Director of the Board of Kinnevik in 2019. He is the former Chairman of ASOS, the global online fashion and beauty retailer. He is currently non-executive Chair at Trainline and a non-executive director of Standard Life Aberdeen. Brian is also the lead non-executive director of the Board of the UK Ministry of Defence and a member of the Advisory Board of Scottish Equity Partners. Prior to assuming Chairmanship of ASOS, Brian was the Managing Director of Amazon UK, and prior to that the Managing Director of T-Mobile UK.

lated in Chapter 9.1 of the Code, and comprise issues concerning salaries, pension terms and conditions, incentive programs and other conditions of employment for the senior executives. Further, the People & Remuneration Committee oversees Kinnevik's relevant talent and performance processes including succession planning. The guidelines applied in 2020 are presented in Note 16 for the Group, Personnel. The People & Remuneration Committee shall strive to meet not less than twice a year, and more frequently as required. Minutes are kept at the People & Remuneration Committee's meetings and are reported to the Board at its next meeting.

#### AUDIT COMMITTEE

The Audit Committee's assignments are stipulated in Chapter 8, Section 49b of the Swedish Companies Act. These tasks include monitoring the Company's financial reporting and the efficiency of the Company's internal controls, as well as maintaining frequent contacts with the external auditors. The Audit Committee's work primarily focuses on the quality and accuracy of the Group's financial accounting and the accompanying reporting, as well as

the internal financial controls within the Group. Furthermore, the Audit Committee evaluates the auditors' work, qualifications and independence. The Audit Committee monitors the development of relevant accounting policies and requirements, discusses other significant issues connected with the Company's financial reporting and reports its observations to the Board. The Audit Committee shall meet not less than four times annually. Minutes are kept at the Audit Committee's meetings and are reported to the Board at its next meeting.

#### RISK, COMPLIANCE & SUSTAINABILITY COMMITTEE

The Risk, Compliance & Sustainability Committee is appointed by the Board of Directors to assist the Board in monitoring the governance structures of Kinnevik's investee companies, Kinnevik's risk management process and compliance with laws, regulations, codes of conduct and sustainability, including Kinnevik's sustainability framework and efforts. The Risk, Compliance & Sustainability Committee shall meet not less than four times annually. Minutes are kept at the Risk, Compliance & Sustainability Committee's meetings and are reported to the Board at its next meeting.

### BOARD OF DIRECTORS & CEO

#### Charlotte Strömberg

**Board director**

**Born:** 1959

**Nationality:** Swedish citizen.

**Independence:** Independent of the Company and management and independent of major shareholders.

**Direct or related person ownership:** 4,000 class B shares.

**Committee work:** Chairman of the Audit Committee, member of the Risk, Compliance & Sustainability Committee.

Charlotte Strömberg was elected a Director of the Board of Kinnevik in 2018. She currently serves as a director of Clas Ohlson and Lindéngruppen AB and Deputy Chairman of Sofina. Charlotte is a member of the Swedish Securities Council, and a co-founder of DHS Venture Partners. During 2006-2011, she served as Chief Executive Officer of the Nordic operations of Jones Lang LaSalle. Prior to that, she was Head of Equity Capital Markets, and Head of Investment Banking, at Carnegie Investment Bank. She holds an MBA from the Stockholm School of Economics.

#### Cecilia Qvist

**Board director**

**Born:** 1972

**Nationality:** Swedish citizen.

**Independence:** Independent of the Company and management and independent of major shareholders.

**Direct or related person ownership:** -

**Committee work:** Member of the People & Remuneration Committee.

Cecilia Qvist was elected a Director of the Board of Kinnevik in 2020. She is currently partner and Head of LEGO Venures, vice chairman of CINT and director of Trustly. Prior to joining LEGO she was Global Head of Markets at Spotify and a senior advisor overseeing global growth strategy. Before joining Spotify in 2017, Cecilia held senior positions at Ericsson, Swedbank and NASDAQ. Cecilia holds an MBA from the University of Edinburgh.

#### Georgi Ganev

**CEO**

**Born:** 1976

**Nationality:** Swedish citizen.

**Direct or related person ownership:** 95,512 class B shares and 200,000 call options on class B shares, issued by Verdere S.à r.l.

**Committee work:** -

Georgi Ganev has been CEO of Kinnevik since 2018. He is Board member of Tele2, Global Fashion Group, Babylon Health and Reach for Change. Georgi was CEO of Dustin 2012-2017. Prior to Dustin, Georgi was CMO at Telenor Sweden AB between 2010-2012, CEO of Bredbandsbolaget AB 2007-2010 and Sales & Marketing Director and Product Manager at Tele2 2002-2007. Georgi holds a MSc in Engineering in Information Technology from Uppsala University.

### THE BOARD'S DESCRIPTION OF INTERNAL CONTROL PERTAINING TO THE FINANCIAL REPORTING FOR THE 2020 FINANCIAL YEAR

The Board is responsible for internal control in accordance with the Swedish Companies Act and the Code. This description has been prepared in accordance with the Code's Rule 7.3 and 7.4, and Chapter 6, Section 6 and Chapter 7, Section 31 of the Annual Accounts Act (1995:1554), and is thus restricted to the internal control pertaining to the financial reporting.

### CONTROL ENVIRONMENT

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

### RISK ASSESSMENT AND CONTROL ACTIVITIES

Kinnevik has implemented a model for assessing the risk of errors in accounting and the financial reporting based on COSO's framework for internal control. The most significant items and processes in which the risk of significant errors can typically arise encompass financial assets and instruments in the income statement and balance sheet, and the investment process. Kinnevik has established documented work routines and continuously evaluates how well the controls function in relation to these items and processes operate.

### INTERNAL AUDITS & THIRD PARTY REVIEWS

The Board of Directors evaluates the need for a separate internal audit function on a yearly basis. Kinnevik does not currently have a separate internal audit function, taking into account the size of the company's operations. Instead Kinnevik, on instructions from the Audit Committee, engages internal auditors to follow up and evaluate work relating to inter alia risk management and internal control. The internal auditors report the results of their examination in the form of written reports to the Audit Committee. During 2020, Kinnevik procured a third party review of Kinnevik's valuations of unlisted holdings as at 31 March 2020 without remarks.

### INFORMATION AND COMMUNICATION

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

### FOLLOW-UP

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

# GROUP FINANCIAL STATEMENTS

## Consolidated Income Statement

For the period 1 January-31 December (SEK m)	Note	2020	2019
Change in fair value of financial assets	3	39 850	18 972
Dividends received	3	1 689	2 907
Administration costs	16	-404	-391
Other operating income		12	50
Other operating expenses		-4	-4
<b>Operating profit/loss</b>		<b>41 143</b>	<b>21 534</b>
Interest income and other financial income	4	58	97
Interest expenses and other financial expenses	4	-95	-58
<b>Profit/loss after financial net</b>		<b>41 106</b>	<b>21 573</b>
Tax	7	-832	-1
<b>Net profit/loss for the year</b>		<b>40 274</b>	<b>21 572</b>
<b>Total comprehensive income for the year</b>		<b>40 274</b>	<b>21 572</b>
Net profit/loss per share before dilution, SEK	5	145.29	78.11
Net profit/loss per share after dilution, SEK	5	145.22	78.02
Outstanding shares at the end of the year		277 775 037	276 604 474
Average number of shares before dilution		277 189 756	276 160 962
Average number of shares after dilution		277 337 897	276 483 775



## Consolidated Statement of Cash Flow

For the period 1 January-31 December (SEK m)	Note	2020	2019
Dividends received	3	1 689	2 907
Cash flow from operation		-311	-222
<b>Cash flow from operation before interest net</b>		<b>1 378</b>	<b>2 685</b>
Interests, received		1	0
Interests, paid		-52	-49
<b>Cash flow from operations</b>		<b>1 327</b>	<b>2 636</b>
Investments in shares and other securities	6	-2 170	-4 586
Sale of shares and other securities	6	8 383	6 162
<b>Cash flow from investing activities</b>		<b>6 213</b>	<b>1 576</b>
Amortization		-3 410	-500
Borrowing		1 500	1 960
Cash dividend paid to equity holders of the Parent Company		-1 928	-2 271
<b>Cash flow from financing activities</b>		<b>-3 838</b>	<b>-811</b>
Cash flow for the year		3 702	3 401
Short term investments and cash, opening balance		3 887	486
Short term investments and cash, closing balance		7 589	3 887

## Consolidated Balance Sheet

31 December (SEK m)	Note	2020	2019
<b>ASSETS</b>			
<b>Fixed assets</b>			
Financial assets held at fair value through profit or loss	2,3	107 556	74 230
Tangible fixed assets		50	51
Right of use asset		9	11
Other fixed assets		214	27
<b>Total fixed assets</b>		<b>107 829</b>	<b>74 319</b>
<b>Current assets</b>			
Other current assets		329	70
Short-term investments	8	3 878	3 664
Cash and cash equivalents	8	3 711	223
<b>Total current assets</b>		<b>7 918</b>	<b>3 957</b>
<b>TOTAL ASSETS</b>		<b>115 747</b>	<b>78 276</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	9	28	28
Other contributed capital		8 840	8 840
Retained earnings including net profit/loss for the year		102 803	64 427
<b>Total shareholders' equity</b>		<b>111 671</b>	<b>73 295</b>
<b>Long-term liabilities</b>			
Interest-bearing loans	10	2 908	1 391
Provisions for pensions		22	23
Tax liability, current tax	7	832	-
Other liabilities	11	58	22
<b>Total long-term liabilities</b>		<b>3 820</b>	<b>1 436</b>
<b>Short-term liabilities</b>			
Interest-bearing loans	10	-	3 410
Other liabilities	11	256	135
<b>Total short-term liabilities</b>		<b>256</b>	<b>3 545</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>115 747</b>	<b>78 276</b>

## Consolidated Statement of Changes in Equity

	Share capital	Other contributed capital	Retained earnings including net result for the year	Total shareholders' equity
Opening balance 1 January 2019	28	8 840	61 635	70 503
Profit/Loss for the period			21 572	21 572
<b>Total comprehensive income for the year</b>			<b>21 572</b>	<b>21 572</b>
<b>Transactions with shareholders</b>				
Effect of employee share saving programme			39	39
Cash dividend <sup>1)</sup>			-2 271	-2 271
Dividend in kind <sup>2)</sup>			-16 548	-16 548
<b>Closing balance 31 December 2019</b>	<b>28</b>	<b>8 840</b>	<b>64 427</b>	<b>73 295</b>
Profit/Loss for the period			40 274	40 274
<b>Total comprehensive income for the year</b>	<b>0</b>		<b>40 274</b>	<b>40 274</b>
<b>Transactions with shareholders</b>				
Effect of employee share saving programme			30	30
Cash dividend <sup>3)</sup>			-1 928	-1 928
<b>Closing balance 31 December 2020</b>	<b>28</b>	<b>8 840</b>	<b>102 803</b>	<b>111 671</b>

<sup>1)</sup> The AGM 2019, resolved in favor of paying an ordinary cash dividend of SEK 8.25 per share.

<sup>2)</sup> An EGM held in November 2019 resolved to distribute all of Kinnevik's shares in Millicom to the shareholders of Kinnevik. The distribution corresponded to SEK 60.09 per share.

<sup>3)</sup> An EGM held in August 2020 resolved in favor of paying an ordinary cash dividend of SEK 7.00 per share.

# NOTES FOR THE GROUP

## Note 1 Summary of significant accounting policies

### STATEMENT OF COMPLIANCE

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS). Since the Parent Company is a company that is active in the EU, only EU-approved IFRS are applied. The consolidated accounts have also been prepared in accordance with Swedish law, with application of the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting regulations for Groups.

The Parent Company's annual accounts have been prepared in accordance with Swedish law, and with application of the Swedish Financial Reporting Board's recommendation RFR 2 Reporting for legal entities. This means that the IFRS valuation and disclosure rules are applied with the deviations reported in the Parent Company's accounting principles.

To provide a better representation of Kinnevik's financial position and performance Kinnevik applies Investment Entity accounting according to IFRS 10. This means that the operating subsidiaries are valued at fair value through profit and loss instead of being consolidated.

### FUTURE AMENDMENTS TO STANDARDS

The amendments to IFRS 7, IFRS 9 and IFRS 16 relates to the interest rate benchmark reform - phase 2 and provides guidance on how to account for the effects of the reform. The interest rate benchmark reform refers to the transition from current interest reference rate such as LIBOR to new benchmark interest rates. The amendments are not considered to have a material impact on Kinnevik's financial statements.

### CLASSIFICATION AS INVESTMENT ENTITY

Kinnevik believes that the Company meets the criteria to qualify as an Investment Entity and the following key considerations were observed in conjunction with the assessment:

- Kinnevik raises capital from its shareholders in order to invest in companies. Kinnevik then support the development of its investee companies in order to generate returns in the form of both dividend yield and value appreciation on the investment. Investments are made both in listed and unlisted companies.
- Kinnevik continually monitors and evaluates its investments in portfolio companies on the basis of fair value.
- Kinnevik currently focuses on investments in a number of different sectors. The company does not have an explicit investment time horizon with regards to the divestment of any particular investment; instead, the investment strategy is assessed on an on-going basis and the focus changes over time.

### HOLDINGS IN SUBSIDIARIES

A subsidiary is a company which the parent company, directly or indirectly, controls or exercises a controlling influence over. An investor has a controlling influence over the investee company when it is exposed to, or has the right to, dividends or other returns resulting from its interest in the investee company and has the ability to influence those returns through its controlling influence over the investee company.

An Investment Entity shall not consolidate its holdings in subsidiaries or apply IFRS 3 Business Combinations when they reach controlling influence except for subsidiaries performing services connected to the Investment

Entity's investment activity. Instead, subsidiaries are valued at fair value through profit and loss in accordance with IFRS 9 Financial Instruments.

### HOLDINGS IN ASSOCIATED COMPANIES

An associated company is an entity over which the parent company has significant influence, through the ability to participate in decisions concerning the business' financial and operational strategies, but not a controlling influence or joint controlling influence over these strategies. A holding of 20-50% of the voting power (directly or through subsidiaries) indicates significant influence. Kinnevik is an Investment Entity. In accordance with IAS 28 Investments in Associates and Joint Ventures, associated companies are valued at fair value through profit and loss in accordance with IFRS 9 Financial Instruments.

### SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the entity's chief operating decision maker and for which stand-alone financial information is available. The chief operating decision maker is the function that assesses the performance of the operating segment and makes decisions about resource allocation. Kinnevik considers its chief operating decision maker to be the CEO. In the regular internal reporting to the CEO, results are reported for the investment company as a whole. The CEO does not regularly review the results on a lower level to make decisions about allocation of resources and assess the performance of different parts of the investment company. The investment company is therefore considered one single operating segment.

### BASIS OF CONSOLIDATION

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

The consolidated financial statements have been prepared on a historical cost basis, except for investments in derivative financial instruments and financial assets valued at fair value through profit or loss. The consolidated statements are presented in Swedish kronor (SEK) and all values are rounded to the nearest million except when otherwise indicated.

The consolidated financial statements include the Parent Company and subsidiaries that serve in a supporting function to the Parent Company while subsidiaries and associated companies that are investments (investee companies) are not consolidated, but are stated at fair value. Consolidated subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where control of a subsidiary ceases, its results are only included for the part of the reporting year during which the Group had control over the subsidiary.

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

Intercompany transactions, balance sheet items and unrealized gains on transactions between companies are eliminated. Unrealized losses

are also eliminated, unless the transaction evidences the need to write down the transferred asset.

#### FOREIGN CURRENCY TRANSLATION

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

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

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

#### TANGIBLE ASSETS

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

#### FINANCIAL INSTRUMENTS

Financial assets in Kinnevik's Statement of Financial Position includes Financial assets accounted to fair value through profit or loss, Trade receivables, Other current assets, and Cash and cash equivalents. On the liability side, it includes Interest-bearing loans, Trade payables and partly Other payables.

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

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

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

#### Classification and measurement

For financial assets classification is based on the characteristics of the contractual cash flows of the asset.

If the financial asset is held with the objective to realize 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 amortized cost. In all other cases the financial asset shall be measured at fair value through profit or loss.

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

Financial liabilities are classified as measured at amortized cost, except for financial liabilities, including derivatives, that are liabilities, that are valued at fair value through profit or loss.

Measurement after initial recognition is described under each category below.

#### Financial Assets valued at fair value through profit and loss

Financial assets held at fair value through profit or loss are continuously measured at fair value and value changes are reported in the Income Statement.

Kinnevik's financial assets in this category, including short-term investments and loan receivables are managed and measured on the basis of fair values in accordance with the risk management and investment strategies.

#### Financial assets at amortized cost

Loan receivables and other receivables, including cash and cash equivalents, are non-derivative financial assets with defined or definable payments and defined maturities that are not listed on an active market. Loan receivables and other receivables are valued at amortized cost. Trade receivables generally have 30 days terms.

#### Derivatives

Kinnevik may occasionally invest in derivatives with the purpose to hedge certain cash flows. One example is interest rate swaps to hedge the interest rate risk relating to the bond financings. From 2018 Kinnevik does not apply hedge accounting and any changes in the value of the derivatives are reported directly in the income statement.

#### Financial debt at amortized cost

Financial liabilities not held for trading are measured at accrued acquisition value, which is determined based on the effective interest rate calculated when the liability was assumed. This means that surplus and deficit values as well as direct costs in conjunction with assuming of loans are distributed over the term of the liability. Long-term liabilities have an expected term of exceeding one year, while current liabilities have a term of less than one year. Trade payables have short expected term and are valued at nominal value.

#### Fair value measurement

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

Kinnevik's unlisted holdings are valued using IFRS 13 and the International Private Equity and Venture Capital Valuation Guidelines, where a collective assessment is made to establish the valuation methods and points of reference that are most suitable to determine the fair value of each individual asset. While a valuation in a recent transaction is not applied as a valuation method as such, it typically provides an important point of reference and basis for the valuation of the asset in question, especially as it pertains to Kinnevik's younger investee companies where traditional valuation techniques are less applicable. For new share issues, consideration is taken to whether the newly issued shares have preferential rights, such as liquidation preferences to the company's assets senior to earlier issued shares. Valuation methods include forward or trailing revenue or profit multiples, or discounting future expected cash flows. When performing a valuation based on multiples, consideration is given to differences in size, historic growth, profitability and cost of capital.

The valuation process for Kinnevik's unlisted holdings is led by a valuation team independently from the respective holding's investment manager. Accuracy and reliability of financial information used in the valuations is ensured through continuous contacts with the management of each holding and regular reviews of their accounts. Information and opinions on applicable valuation methods are obtained periodically from investment managers and well-renowned investment banks and audit firms. The valuations are discussed with the CFO and CEO after which a proposal is discussed with the Audit Committee and the external auditors. After their scrutiny and potential adjustments, the valuations are approved by the Audit Committee and included in Kinnevik's accounts.

Information is provided in Note 2 for the Group per class of financial instruments that are measured at fair value through profit or loss, distributed in the three levels stated below:

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

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

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

#### PENSION

The Group has defined benefit plans for some former employees within the Parent Company only. The yearly expenses for these defined benefit plans as well as the premium-based pension benefits are reported in Profit or Loss.

#### CASH AND SHARE-BASED LONG TERM REMUNERATION

In 2017 Kinnevik adopted a long-term cash based incentive program where synthetic option were issued to employees. The options were subscribed to at fair value with a subsidy paid by Kinnevik of 50%. The cost for the subsidy, except for social costs, is accounted for over three years while the social cost is accounted for directly when it is paid. All costs are included in share-based remuneration under personnel costs. The options are continuously evaluated to fair value and any value increase is included in share-based remuneration under personnel costs and as debt in the balance sheet.

From 2018, the long term incentive programs are based on a structure where the participants signs for, and receives, incentive shares which will be reclassified to Kinnevik class B shares in relation to the fulfilment of the terms and conditions after 3 and 5 years, respectively. Kinnevik has subsidized the subscription price which, including social costs, will be accounted for in accordance with IFRS2 during the vesting time period. To compensate for the tax effects arising due to the subsidy of the subscription price, Kinnevik has paid a cash subsidy directly to the relevant tax authorities. This cost, including social costs, was expensed in full when it was paid. Reclassification of the Incentive Shares into Kinnevik Class B shares does not result in any social security costs for Kinnevik.

#### OTHER PROVISIONS

Provisions are reported when the Group has a legal or contractual obligation to fulfill the obligation, when it is likely that a payment or some other form of compensation is required to settle the undertaking and a reliable estimate of the amount can be made.

#### REVENUE RECOGNITION

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

Interest - Revenue is recognized as the interest accrues to the net carrying amount of the financial assets. Dividends received - Dividends received are recognized when the shareholders' right to receive the payment is assessed as certain.

#### INCOME TAX

The total tax on the year's income consists of current and deferred tax. Taxes are stated in the income statement except when the underlying transaction is charged to other comprehensive income or directly against equity, in which case the related tax effect is also stated in equity. Current tax expense is the tax that is to be paid or received for the year in question, plus correction of tax expense for earlier periods. Deferred tax is calculated on the basis of the temporary differences between the book values of assets and liabilities and their value for tax purposes. The amounts are calculated on the basis of how these differences can be expected to be evened out and using the tax rates and rules in effect or announced as of the closing date. The deferred tax asset component of deductible temporary differences and tax loss carry forwards is only recorded in so far as it is likely that these will result in a lower tax payment in the future.

#### DIVIDENDS PAID

Cash dividends to shareholders are recorded in the accounting period the dividend is approved.

## LEASES

The right-of-use asset (the lease asset) and the liability are measured to the present value of future lease payments payable. The right-of-use asset also includes any initial direct costs incurred in obtaining the lease contract. In the income statement depreciations of the right-of-use asset and interest expenses are recognized. The group will recognize the right-of-use asset separated from other assets in the financial statements. In subsequent periods the right-of-use asset is recognized at cost less depreciations and any impairment losses and adjusted for any remeasurement of the lease liability. Short-term leases (lease term of 12 months or less) and leases of low-value will not be reported in the statement of financial position. They will be expensed on a straight-line basis over the contract period.

## CASH FLOW STATEMENT

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

## SIGNIFICANT JUDGMENTS AND ASSUMPTIONS

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

Matter	Estimates and assumptions	See Note
Valuation of unlisted holdings	Appropriate valuation method, peer group, future revenue and profit margins	Note 2
Environmental cases	Future decisions from County administrative board	Note 14
Deferred tax losses and tax costs	Judgment of possibility to use deferred tax losses against future profits	Note 7
Valuation of uncertain tax positions	Judgement of risk for tax liability in accordance with IFRIC 23	Note 7

## INFORMATION ABOUT SUBSIDIARY IN UK

Kinnevik AB's fully owned subsidiary in UK, Kinnevik Capital Ltd, will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the period ended 31 December 2020. In accordance with section 479C of the Companies Act 2006, Kinnevik AB will guarantee the external debts and liabilities of Kinnevik Capital Ltd. As at 31 December 2020, the total sum of these debts and liabilities amounted to GBP 7.4m.

## Note 2 Financial assets and liabilities

### Financial assets and liabilities by valuation category

2020	Fair value through profit or loss	Amortized cost	Financial debt, amortized cost	Total book value	Fair value
Financial assets accounted at fair value through profit and loss	107 556	-	-	107 556	107 556
Other current assets	-	329	-	329	329
Short term investments	3 878	-	-	3 878	3 878
Cash and cash equivalents	-	3 711	-	3 711	3 711
<b>Total financial assets</b>	<b>111 434</b>	<b>4 040</b>	<b>-</b>	<b>115 474</b>	<b>115 474</b>
Interest-bearing loans	-	-	2 908	2 908	2 908
Trade payables	-	-	7	7	7
Other payables	-	-	307	307	307
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>3 222</b>	<b>3 222</b>	<b>3 222</b>

2019	Fair value through profit or loss	Amortized cost	Financial debt, amortized cost	Total book value	Fair value
Financial assets accounted at fair value through profit and loss	74 230	-	-	74 230	74 230
Other current assets	-	70	-	70	70
Short term investments	3 664	-	-	3 664	3 664
Cash and cash equivalents	-	223	-	223	223
<b>Total financial assets</b>	<b>77 894</b>	<b>293</b>	<b>-</b>	<b>78 187</b>	<b>78 187</b>
Interest-bearing loans	-	-	4 801	4 801	4 801
Trade payables	-	-	9	9	9
Other payables	-	-	149	149	149
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>4 959</b>	<b>4 959</b>	<b>4 959</b>



## Financial assets measured at fair value through profit or loss by level

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

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

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

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

	2020			2019				
	Level 1	Level 2	Level 3		Total			
Alliance Data	168	-	-	168	-	-	-	-
Global Fashion Group	7 688	-	-	7 688	1 945	-	-	1 945
Home24	-	-	-	-	162	-	-	162
Livongo	-	-	-	-	2 968	-	-	2 968
Qliro Group	-	-	-	-	296	-	-	296
Teladoc	12 302	-	-	12 302	-	-	-	-
Tele2	20 450	-	-	20 450	25 440	-	-	25 440
Zalando	49 346	-	-	49 346	30 814	-	-	30 814
<b>Total Listed Assets</b>	<b>89 954</b>	<b>-</b>	<b>-</b>	<b>89 954</b>	<b>61 625</b>	<b>-</b>	<b>-</b>	<b>61 625</b>
Babylon	-	-	2 525	2 525	-	-	2 808	2 808
Betterment	-	-	970	970	-	-	1 315	1 315
Bread	-	-	-	-	-	-	315	315
Budbee	-	-	769	769	-	-	224	224
Cedar	-	-	572	572	-	-	197	197
Cityblock	-	-	841	841	-	-	-	-
Common	-	-	173	173	-	-	-	-
Deposit Solutions	-	-	247	247	-	-	285	285
Hungry Panda	-	-	300	300	-	-	-	-
Joint Academy	-	-	131	131	-	-	-	-
Karma	-	-	43	43	-	-	62	62
Kolonial.no	-	-	1 087	1 087	-	-	686	686
Mathem	-	-	1 315	1 315	-	-	889	889
Monese	-	-	429	429	-	-	383	383
Omio	-	-	438	438	-	-	468	468
Pleo	-	-	407	407	-	-	343	343
Simple Feast	-	-	96	96	-	-	-	-
Town Hall Ventures II	-	-	62	62	-	-	-	-
TravelPerk	-	-	380	380	-	-	506	506
VillageMD	-	-	4 842	4 842	-	-	737	737
Emerging Markets & Other	-	-	1 835	1 835	-	-	3 387	3 387
<b>Total Unlisted Assets</b>	<b>-</b>	<b>-</b>	<b>17 462</b>	<b>17 462</b>	<b>-</b>	<b>-</b>	<b>12 605</b>	<b>12 605</b>
Other Contractual Rights	-	-	140	140	-	-	-	-
Short term investments	3 878	-	-	3 878	3 664	-	-	3 664
<b>Total Financial Assets measured at Fair Value through Profit or Loss</b>	<b>93 832</b>	<b>-</b>	<b>17 602</b>	<b>111 434</b>	<b>65 289</b>	<b>-</b>	<b>12 605</b>	<b>77 894</b>

## Change in financial assets in level 3

	2020	2019
Opening balance 1 January	12 605	11 939
Investments	2 207	4 566
Disposals / Exit proceeds	-501	-161
Reclassifications	18	-6 351
Change in fair value	3 273	2 612
<b>Closing balance, 31 December</b>	<b>17 602</b>	<b>12 605</b>

### Financial Assets Accounted at Fair Value Through Profit & Loss

In assessing the fair value of our unlisted investments, we apply IFRS 13 and the International Private Equity and Venture Capital Valuation Guidelines, whereunder we make a collective assessment to establish the valuation methods and points of reference that are most suitable and relevant in determining the fair value of each of our unlisted investments. While a valuation in a recent transaction is not applied as a valuation method as such, it can typically provide an important point of reference and basis for the valuation of a specific investment, especially as it pertains to Kinnevik's younger investee companies where traditional valuation techniques tend to be less applicable and accurate. For new share issues, consideration is taken to whether newly issued shares have preferential rights, such as liquidation preferences to the company's assets. Valuation methods include forward and trailing revenue, GMV, and profit multiples. When performing valuations based on multiples, consideration is given to differences in size, historic and future growth, profitability and cost of equity capital. In its valuations, Kinnevik also considers the strength of a company's financial position, cash runway, and funding environment.

The valuation process for Kinnevik's unlisted holdings is led by a valuation team independently from the respective holding's investment manager. Accuracy and reliability of financial information used in the valuations is ensured through continuous contacts with the management teams of each investee company and regular reviews of their financial and operational reporting. Information and opinions on applicable valuation methods are obtained periodically from our investment managers and well-renowned investment banks and audit firms. The valuations are approved by Kinnevik's CFO and CEO after which a proposal is presented and discussed with the Audit Committee and Kinnevik's external auditors. After their scrutiny and potential adjustments, the valuations are approved by the Audit Committee and included in Kinnevik's financial reports.

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

Information in this note is provided per class of financial instruments that are valued at fair value in the balance sheet, distributed in the levels stated below:

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

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

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

For the companies that are valued based on multiples an increase in the multiple by 10% would have increased the aggregate assessed fair value by SEK 1,589m. Similarly, a decrease in the multiple by 10% would have decreased the aggregate assessed fair value by SEK 1,588m.

#### Liquidation Preferences

Kinnevik's unlisted investee companies adopt different financing structures and may at times issue shares with liquidation preference rights. Liquidation preferences determine how proceeds from a liquidity event are allocated between shareholders. This allocation may become increasingly complex over time, and Kinnevik's share of proceeds may significantly deviate from its percentage ownership of the investee company's issued equity. Accordingly, an increase or decrease in value of an investee company's equity where liquidation preferences are applicable may result in a disproportionate increase or decrease in the fair value of Kinnevik's shareholding. Liquidation preferences may also entail that the fair value of Kinnevik's investment remains unchanged in spite of the assessed value of a particular investee company as a whole changing materially.

An unlisted investee company's transition into a publicly listed company may also affect the value of Kinnevik's shareholding due to the dismantling of such provisions.

#### Consumer Services

During 2020, the Nordic online grocery market as well as the last-mile logistics market have experienced a surge in demand following the outbreak of the coronavirus, which has led to our businesses leapfrogging their business plans by 12-18 months with overperformance exceeding previously forecasted annual growth rates.

The fair value of Kinnevik's 29 percent shareholding in **Budbee** amounts to SEK 769m, and is based on a total value of Budbee's equity of SEK 2.8bn. The valuation is based on near-term forward-looking multiples of a peer group of more mature logistics companies with reference to e-commerce enabling software companies, and corresponds to the valuation in the company's Series C funding round during the fourth quarter, in which Kinnevik invested. Budbee continues to perform strongly,

and is growing significantly faster than its more mature logistic businesses while retaining healthy gross margins.

The fair value of Kinnevik's 37 percent shareholding in **MatHem** amounts to SEK 1,315m. The total value of MatHem's equity amounts to SEK 3.5bn, and is based on trailing revenue multiples of a composite peer group of inventory-holding e-commerce retailers and meal kit businesses. The assessed valuation implies a multiple of 1.6x the company's last twelve months' revenues as at 30 September 2020. The corresponding multiple per 31 December 2020, the relevant date of our valuation assessment, has come down considerably, and corresponds to a 40% discount to our composite peer group's average multiple in consideration of MatHem's earlier stage of profitability compared to the peer group.

The fair value of Kinnevik's 24 percent shareholding and other interest in **Kolonial.no** amounts to SEK 1,087m. The total value of Kolonial.no's equity amounts to NOK 4.5bn and is based on trailing revenue multiples of a composite peer group corresponding to that of MatHem. The assessed valuation implies a multiple of 2.9x the company's last twelve months' revenues as at 30 September 2020, an increase from last quarter reflecting multiple expansion in the peer group. As for MatHem, the multiple of last twelve months' revenues has come down considerably per 31 December 2020, the relevant date of our valuation assessment, and is in line with our composite peer group's average multiple in consideration of Kolonial.no's higher growth rates but somewhat earlier stage of profitability compared to the peer group on average.

The global outbreak of the coronavirus continues to cause significant uncertainty in the travel industry with the second wave of the outbreak putting a crippling pressure on consumer demand. Despite forward-looking consensus estimates being downgraded by almost half during 2020, share prices of online travel agencies recovered to pre-corona levels during the fourth quarter. We continue to seek to reflect the development in public equity markets in assessing the fair value of our investees active within the travel sector, whilst taking a conservative approach in forecasting the trajectory of our businesses and the recovery of the travel sector at large.

The fair value of Kinnevik's 6 percent shareholding and other interest in **Omio** amounts to SEK 438m, and is based on 2021 revenue multiples of a peer group of online travel agencies such as Trainline, TripAdvisor and Booking. A discounted multiple is applied on a revenue assessment incorporating recently estimated effects of the coronavirus on the underlying travel market, including the effect of the roll-out of vaccines. Omio is performing broadly in line with forecasts that were restated in prior quarters, and the company has quickly adapted to the unprecedented crisis for the global travel industry. In the third quarter, the company strengthened its financial position by raising convertible debt to take the company through the current shape of the crisis. Our assessed fair value of the company as a whole amounts to a level where our equity investment no longer fully benefits from downside protection from the preferential terms of our investment in the company's 2018 equity fundraise.

The fair value of Kinnevik's 15 percent shareholding and other interest in **TravelPerk** amounts to SEK 380m and is based on 2022 revenue multiples of a peer group of online travel booking platforms, such as Amadeus and Serko, with reference to SaaS companies, such as Atlasian and Salesforce. Our assessed value of TravelPerk's equity reflects a slightly more conservative forecast of the recovery of corporate travel compared to the leisure equivalent, and seeks to temper some of the multiple expansion in both peer groups through an increased discount

to the average peer multiple.

The fair value of Kinnevik's 9 percent shareholding in **Common** amounts to SEK 173m, and is based on forward-looking revenue and profit multiples of a peer group consisting primarily of property managers and hospitality franchise brands. The assessed valuation is in line with the capital Kinnevik invested in the company's funding round in the third quarter.

The fair value of Kinnevik's 10 percent shareholding in **Simple Feast** amounts to SEK 96m, and is based on forward looking revenue and contribution profit multiples of a peer group of meal kit businesses. The assessed valuation is in line with the capital Kinnevik invested in the company's funding round in the fourth quarter.

The fair value of Kinnevik's 11 percent shareholding in **HungryPanda** amounts to SEK 300m, and is based on forward-looking GMV multiples of a peer group of food delivery businesses. The assessed valuation is in line with the capital Kinnevik invested in the company's funding round in the fourth quarter.

#### Financial Services

The fair value of Kinnevik's 15 percent shareholding in **Betterment** amounts to SEK 970m, and is based on 2021 revenue multiples of three peer groups consisting of financial technology companies, digital wealth managers, and SaaS businesses with similar financial profiles to that of Betterment. We have fully transitioned from prior quarters' valuation method based on discounted cash flows. The slight decrease in assessed fair value is primarily due to currency headwinds. Betterment's revenues remain in part correlated with the development of the US and global stock market which has continued to be supportive through the fourth quarter, and we continue to believe that the attractiveness of Betterment's products relative to more expensive and less consumer-centric incumbents increases during periods of market volatility and economic downturns.

The fair value of Kinnevik's 6 percent shareholding in **Deposit Solutions** amounts to SEK 247m and is based on forward-looking revenue multiples of a peer group of SaaS, software licensing, and financial technology companies. The slight decrease in assessed fair value is primarily due to currency headwinds.

The fair value of Kinnevik's 28 percent shareholding and other interests in **Monese** amounts to SEK 429m and is based on forward-looking revenue multiples of a peer group of financial brokers and subscription businesses, and still corresponds to the valuation in a funding round during Q3 2018 which was reapplied in a smaller fundraise in Q3 2020. The fair value of Kinnevik's investment decreases in the quarter due to currency headwinds.

The fair value of Kinnevik's 13 percent shareholding in **Pleo** amounts to SEK 407m and is based on forward-looking revenue multiples of a peer group of SaaS companies. The increase in fair value is primarily a result of the company performing above expectations, and we discount the average peer group multiple in consideration of Pleo's smaller scale and potential challenges facing the corporate expenditure industry as the coronavirus crisis continues to have an effect on people's working conditions and way of business life.

#### Healthcare Services

During the second half of 2020, the IPO of Oak Street Health provided a strong indication of investors' interest in value-based care delivery operators, such as VillageMD and Cityblock. Meanwhile, operators of

virtual health and telemedicine services continue to be ascribed material premiums to in-person primary care peers. In valuing our businesses within these sectors, we continue to focus on achieved financial performance in assessing our fair values. As the companies we are invested in are growing at materially higher growth rates than their listed comparables, this entails that we materially but implicitly discount the implied forward-looking multiples compared to peers.

The fair value of Kinnevik's 16 percent shareholding in **Babylon** amounts to SEK 2,525m, and is based on a sum-of-the-parts valuation model of Babylon's different revenue streams as we move away from the milestone valuation approach. With improved visibility on the company's performance and the business' pivot towards value-based-care, in this quarter we increase our valuation by around 15 percent in USD, and lay a foundation for a more dynamic approach to valuing the business in future quarters. Our valuation uses materially discounted revenue multiples derived from comparable listed businesses such as Oak Street Health, Teladoc and One Medical, and also takes a conservative approach to the conversion and timing of the many exciting contracts in the company's pipeline.

The fair value of Kinnevik's 11 percent shareholding in **Cedar** amounts to SEK 572m, and is based on 2021 revenue multiples of a peer group of healthcare software and analytics companies. The slight decrease in fair value is a result of currency headwinds, and we increased our ownership through a small secondary transaction in the quarter.

The fair value of Kinnevik's 9 percent in **Cityblock** amounts to SEK 841m, and is based on trailing revenue multiples of a peer group of different types of care providers and outsourced services companies, including One Medical and Oak Street Health, and incorporates the latest available twelve months' revenues. The valuation is in line with the company's Series C funding round that closed in December in which Kinnevik participated. The applied multiple remains at a material discount to the aforementioned comparable companies, considering primarily the company's maturity profile and more complex target population, in addition to the price point established by the recent funding round.

The fair value of Kinnevik's 19 percent shareholding in **Joint Academy** amounts to SEK 131m, and is based on near-term forward looking revenue multiples of a peer group of disruptive healthcare and healthcare IT companies, as well as offline physiotherapy companies. The assessed valuation is in line with the capital Kinnevik invested in the company's recent funding round.

The fair value of Kinnevik's 9 percent shareholding in **VillageMD** amounts to SEK 4,842m and is based on trailing revenue multiples of a peer group of different types of care providers and outsourced services companies, including One Medical and Oak Street Health, and incorporates the latest available last twelve months' revenues. The recently announced acceleration of the partnership with Walgreens Boots Alliance, the future outlook for VillageMD, and the trading of the company's listed comparable companies, all provide support for a material expansion of the revenue multiple applied in the previous quarter. Notwithstanding this quarter's fairly significant increase in multiple, it remains at a material, albeit shrinking, discount to the aforementioned comparable companies, considering primarily the recency of the initial transaction with Walgreens Boots Alliance in July 2020. Looking at forward-looking multiples, the discount is even larger as VillageMD is expected to grow materially faster than the aforementioned peers. As the company continues to perform, and provided markets remain supportive, the discount to peers should continue to contract over time.

Method & Investee Companies	Fair Value (SEKm)	% of Key Unlisted Financial Assets
Trailing EV/Revenue ( <i>Online Grocers, Value Based Care</i> )	8 085	52 %
Forward EV/Revenue	7 180	46 %
Forward EV/GMV ( <i>HungryPanda</i> )	300	2 %
Other	62	< 1%

### Duration

For the duration of interest bearing loans refer to Note 10. Of other financial liabilities the major part will fall due within one to six months.

### Derivatives and hedging instruments

On 31 December 2020, Kinnevik had three derivative outstanding; three interest rate swaps with the purpose to create a cash flow hedge for the part of the bonds, issued in March 2017, May 2017, and February 2020, where Kinnevik is paying floating interest rates. The nominal amounts of the swaps on 31 December 2020 were SEK 2.650m (2.350m). Also refer to Note 10 for the Group. For SEK 1,000m and SEK 400m the fixed rates are 1.495% and 1.361% and both expire in March 2022. For SEK 1.250 the fixed rate is 1.091% and it expires in February 2025. The derivatives had a market value of SEK 17m (negative 2.8m) at year-end. The derivatives are marked to market based on discounted cash flows with observable market data. The derivatives are covered by ISDA agreement.

### Maturity structure

Maturity structure for undiscounted, contracted non-interest-bearing/interest-bearing receivables and liabilities along with future interest payments accruing therewith is shown in the table below.

	2021	2022	2023	2024	Later	Total
Non-interest-bearing receivables	545	-	-	-	-	545
Interest-bearing receivables	24	12	9	9	2	56
Non-interest-bearing liabilities	- 304	-	-	-	-	- 304
Interest-bearing liabilities	- 63	-1 435	- 28	- 28	-1 518	-3 072
<b>Total as per 31 December 2020</b>	<b>202</b>	<b>-1 423</b>	<b>- 19</b>	<b>- 19</b>	<b>-1 516</b>	<b>-2 775</b>

	2019	2020	2021	2022	Later	Total
Non-interest-bearing receivables	70	-	-	-	-	70
Interest-bearing receivables	21	17	4	-	-	42
Non-interest-bearing liabilities	-159	-	-	-	-	-159
Interest-bearing liabilities	-3 465	-42	-1 410	-2	-15	-4 935
<b>Total as per 31 December 2019</b>	<b>-3 533</b>	<b>-25</b>	<b>-1 406</b>	<b>-2</b>	<b>-15</b>	<b>-4 981</b>

## Note 3 Financial assets measured at fair value through profit or loss

### Change in financial assets measured at fair value through profit or loss

	Listed assets	Unlisted assets	Total
<b>Opening balance, 1 January 2019</b>	<b>61 491</b>	<b>11 939</b>	<b>73 430</b>
Investments	-	4 566	4 566
Reclassification	6 351	- 6 351	-
Distribution to shareholders	-16 548	-	-16 548
Change in fair value	16 360	2 612	18 972
Disposals	-6 029	-161	-6 190
<b>Closing balance, 31 December 2019</b>	<b>61 625</b>	<b>12 605</b>	<b>74 230</b>
Investments	121	2 207	2 329
Reclassification	-	18	18
Distribution to shareholders	-	-	-
Change in fair value	36 577	3 273	39 850
Disposals	-8 370	-501	-8 871
<b>Closing balance, 31 December 2020</b>	<b>89 954</b>	<b>17 602</b>	<b>107 556</b>

**Investments in financial assets measured at fair value through profit or loss**

	2020	2019
Alliance Data	121	-
<b>Total Listed Assets</b>	<b>121</b>	<b>-</b>
Babylon	-	374
Budbee	211	46
Cedar	82	47
Cityblock	380	-
Common	184	-
Global Fashion Group	-	632
HungryPanda	311	-
Joint Academy	131	-
Karma	6	-
Kolonial	9	341
Livongo	-	825
MathHem	182	889
Monese	93	156
Omio	116	-
Pleo	-	85
Simple Feast	96	-
Town Hall Ventures II	74	-
TravelPerk	38	122
VillageMD	260	726
Emerging Markets & Other	34	322
<b>Total Unlisted Assets</b>	<b>2 207</b>	<b>4 566</b>
<b>Total</b>	<b>2 329</b>	<b>4 566</b>

**Disposals of financial assets measured at fair value through profit or loss**

	2020	2019
Home24	- 221	-
Livongo	- 1 197	-
Qliro Group	-227	-
Westwing	-	-128
Zalando	-6 725	-5 876
Other	-	-25
<b>Total Listed Assets</b>	<b>-8 370</b>	<b>-6 029</b>
Bread	-495	-
Other	-6	-161
<b>Total Unlisted Assets</b>	<b>-501</b>	<b>-161</b>
<b>Total</b>	<b>-8 871</b>	<b>-6 190</b>

**Dividends received and change in fair value of financial assets measured at fair value through profit or loss**

	Dividends received	Change in fair value	2020 Total	Dividends received	Change in fair value	2019 Total
Alliance Data	-	47	47	-	-	-
Global Fashion Group	-	5 743	5 743	-	-1 816	-1 816
Home24	-	59	59	-	-191	-191
Livongo	-	11 033	11 033	-	379	379
Millicom	-	-	-	956	-4 596	-3 640
Qliro Group	-	-69	-69	-	-95	-95
Teladoc	-	-502	-502	-	-	-
Tele2	1 689	-4 991	-3 302	1 951	4 268	6 219
Westwing	-	-	-	-	-355	-355
Zalando	-	25 257	25 257	-	18 766	18 766
<b>Total Listed Assets</b>	<b>1 689</b>	<b>36 577</b>	<b>38 266</b>	<b>2 907</b>	<b>16 360</b>	<b>19 267</b>
Babylon	-	-283	-283	-	1 934	1 934
Betterment	-	-345	-345	-	162	162
Bread	-	180	180	-	17	17
Budbee	-	334	334	-	98	98
Cedar	-	293	293	-	8	8
Cityblock	-	461	461	-	-	-
Common	-	-11	-11	-	-	-
Deposit Solutions	-	-38	-38	-	11	11
Global Fashion Group	-	-	-	-	-155	-155
HungryPanda	-	-11	-11	-	-	-
Joint Academy	-	-	-	-	-	-
Karma	-	-25	-25	-	-	-
Kolonial.no	-	392	392	-	35	35
Livongo	-	-	-	-	1 065	1 065
Mathem	-	244	244	-	-	-
Monese	-	-47	-47	-	25	25
Omio	-	-145	-145	-	25	25
Pleo	-	64	64	-	191	191
Simple Feast	-	-1	-1	-	-	-
Town Hall Ventures II	-	-12	-12	-	-	-
TravelPerk	-	-163	-163	-	161	161
VillageMD	-	3 845	3 845	-	11	11
Emerging Markets and Other	-	-1 581	-1 581	-	-977	-977
<b>Total Unlisted Assets</b>	<b>-</b>	<b>3 151</b>	<b>3 151</b>	<b>-</b>	<b>2 612</b>	<b>2 612</b>
Other Contractual Rights	-	122	122	-	-	-
<b>Total</b>	<b>1 689</b>	<b>39 850</b>	<b>41 539</b>	<b>2 907</b>	<b>18 972</b>	<b>21 879</b>

**Book value of Fixed financial assets held at fair value through profit or loss**

Trade Name	Company Name	Registered Office	Number of Shares 2020	Capital/votes (%)			Book value	
				2020	2019	2020	2019	
Alliance Data	Alliance Data Systems Corp.	USA	275 941	0.2/0.2	-	168	-	
Global Fashion Group	Global Fashion Group S.A.	Luxembourg	79 093 454	37.0/37.0	40.7/40.7	7 688	1 945	
Home24	Home24 SE	Germany	-	-	11.8/11.8	-	162	
Livongo	Livongo Health, Inc.	USA	-	-	13.3/13.3	-	2 968	
Qliro Group	Qliro Group AB	Sweden	-	-	28.5/28.5	-	296	
Teladoc	Teladoc Health Inc.	USA	7 491 124	5.2/5.2	-	12 302	-	
Tele2	Tele2 AB	Sweden	187 613 119	27.2/42.0	27.3/42.0	20 450	25 440	
Zalando	Zalando SE	Germany	54 047 800	21.3/21.3	26.4/26.4	49 346	30 814	
<b>Total Listed Assets</b>						<b>89 954</b>	<b>61 625</b>	
Babylon	Babylon Holdings Ltd	United Kingdom		16/16	16/16	2 525	2 808	
Betterment	Betterment Holdings, Inc.	USA		15/15	16/16	970	1 315	
Bread	Lon Inc.	USA		-	13/13	-	315	
Budbee	Budbee AB	Sweden		29/29	24/24	769	224	
Cedar	Cedar Cares, Inc.	USA		11/11	10/10	572	197	
Cityblock	Cityblock Health Inc.	USA		9/9	-	841	-	
Common	Common Living Inc.	USA		9/9	-	173	-	
Deposit Solutions	Deposit Solutions GmbH	Germany		6/6	6/6	247	285	
HungryPanda	HungryPanda Ltd	United Kingdom		11/11	-	300	-	
Joint Academy	Arthro Therapeutics AB	Sweden		19/19	-	131	-	
Karma	Karmalicious AB	Sweden		20/20	20/20	43	62	
Kolonial.no	Kolonial.no AS	Norway		24/24	24/24	1 087	686	
Mathem	MatHem i Sverige AB	Sweden		37/37	37/37	1 315	889	
Monese	Monese Ltd	United Kingdom		28/28	16/16	429	383	
Omio	GoEuro Corp.	USA		6/6	6/6	438	468	
Pleo	Pleo Holding ApS	Denmark		13/13	13/13	407	343	
Simple Feast	Feast Kitchen Inc.	USA		10/10	-	96	-	
Town Hall Ventures II	Town Hall Ventures II L.P.	USA		-	-	62	-	
TravelPerk	Travelperk, Inc.	USA		15/15	15/15	380	506	
VillageMD	VillageMD, Inc.	USA		9/9	10/10	4 842	737	
Emerging Market & Other	-	-		-	-	1 835	3 387	
<b>Total Unlisted Assets</b>						<b>17 462</b>	<b>12 605</b>	
Other Contractual Rights						140	-	
<b>Total</b>						<b>107 556</b>	<b>74 230</b>	



## Note 4 Financial income and expenses

	2020	2019
Interest income financial assets accounted at fair value	42	25
Exchange differences	0	69
Other financial income	16	3
<b>Total financial income</b>	<b>58</b>	<b>97</b>
Interest expenses, loans from credit institutions	-41	-37
Exchange differences	-26	-
Valuation of Swap	-14	-2
Other financial expenses	-14	-19
<b>Total financial expenses</b>	<b>-95</b>	<b>-58</b>
<b>Net financial income/expenses</b>	<b>-37</b>	<b>39</b>

## Note 5 Earnings per share

Earnings per share are calculated by dividing profit for the year attributable to holders of shares in the parent company by a weighted average number of shares outstanding. Earnings per share after dilution is calculated by dividing profit/loss for the year attributable to holders of shares in the parent company by the average of the number of shares outstanding during the year, adjusted for the dilution effect of potential shares from outstanding share saving plans.

	2020	2019
Net profit for the year	40 274	21 572
Average number of shares outstanding	277 189 756	276 160 962
Earnings per share before dilution	145.29	78.11
Effect from outstanding share saving program, see Note 16 for information	148 141	322 813
Number of shares outstanding after dilution	277 337 897	276 483 775
Earnings per share after dilution, SEK	145.22	78.02

## Note 6 Supplementary cash flow information

	2020	2019
<b>INTEREST BEARING LOANS</b>		
Opening balance 1 January	4 801	3 342
Amortization of loans	-3 410	-500
New short-term borrowing	-	960
New long-term capital markets financing	1 500	1 000
Market valuation SWAP	14	-2
Accrual borrowing costs	3	1
<b>Closing balance 31 December</b>	<b>2 908</b>	<b>4 801</b>

	2020	2019
Investments in shares and other securities, see note 3	-2 329	-4 566
Current year investment, not yet paid	147	-
Prior year investments, paid in current year	-	-20
Exchange differences, unpaid investments	12	0
<b>Cash flow from investments in shares and other securities</b>	<b>-2 170</b>	<b>-4 586</b>
<b>Sale of shares and other securities</b>		
Zalando	6 725	5 876
Livongo	1 197	-
Bread	495	-
Qliro	227	-
Home24	221	-
Westwing	-	128
Other	6	182
<b>Cash flow from sale of shares and other securities</b>	<b>8 871</b>	<b>6 186</b>
Divestments with no cash flow	-464	-24
Exchange differences on divestments not paid	-24	-
<b>Cash flow from sale of shares and other securities</b>	<b>8 383</b>	<b>6 162</b>

## Note 7 Taxes

	2020	2019
<b>Current tax expense</b>		
Tax expense for the period	-832	-1
<b>Total</b>	<b>-832</b>	<b>-1</b>

## Reconciliation of effective tax rate

	2020	%	2019	%
Profit/loss before tax	41 106		21 572	
Income tax at statutory rate of Parent Company	-8 797	-21.4%	-4 616	-21.4%
Change in fair value of financial assets	6 632	16.1%	4 060	18.8%
Non-taxable dividends received	361	0.9%	622	2.9%
Change in not recognized tax loss carry forwards	971	2.4%	-67	-0.3%
<b>Effective tax/tax rate</b>	<b>-832</b>	<b>-2.0%</b>	<b>-1</b>	<b>0.0%</b>

Based on the rules for accounting for uncertain tax positions in IFRIC 23, Kinnevik has made a reservation of SEK 832m pertaining to a potential capital gains tax liability relating to the merger between Teladoc and Livongo. Kinnevik considers that the transaction falls under one of the applicable exemptions and therefore should be considered tax neutral and relevant tax returns will be filed accordingly.

No tax has been recognised against other comprehensive income or shareholders' equity. Deferred tax is not stated for associated com-

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

#### Tax loss carryforwards

The Group's tax loss carryforwards in Sweden with eternal duration amounted to SEK 2.3bn (1.7) at 31 December 2020. No deferred tax carried forward is accounted for.

### Note 8 Short term investments and cash

	2020	2019
Short term investments	3 878	3 664
Cash and bank	3 711	223
<b>Total</b>	<b>7 589</b>	<b>3 887</b>

In addition to cash and cash equivalents reported above, the Group had undrawn credit facilities of SEK 6,130m (5,170) see Note 10.

### Note 9 Shareholders' equity

#### SHARE CAPITAL

Share capital refers to the Parent Company's share capital; refer to Note 10 for the Parent Company.

#### OTHER CONTRIBUTED CAPITAL

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

#### RETAINED EARNINGS INCLUDING NET PROFIT/LOSS FOR THE YEAR

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

#### CAPITAL

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

### Note 10 Interest-bearing loans

	2020	2019
<b>Interest-bearing long-term loans</b>		
Capital markets financing	2 900	1 400
Marketvaluation SWAP	17	3
Accrued borrowing costs	-9	-12
	<b>2 908</b>	<b>1 391</b>
<b>Interest-bearing short-term loans</b>		
Capital markets financing	-	2 450
Commercial paper	-	960
	-	<b>3 410</b>
<b>Total interest-bearing loans</b>	<b>2 908</b>	<b>4 801</b>

Financing source	Credit facility	Utilised amount	Unutilised amount	Currency
	as per 31 Dec 2020	31 Dec 2020	31 Dec 2020	
<b>Long-term loans</b>				
Syndicated bank facilities	6 000	-	6 000	SEK
<b>Total long-term loans</b>	<b>6 000</b>	<b>-</b>	<b>6 000</b>	
<b>Short-term loans</b>				
Overdraft facilities	130	-	130	SEK
<b>Total short-term loans</b>	<b>130</b>	<b>-</b>	<b>130</b>	
<b>Total Group Financing</b>	<b>6 130</b>	<b>-</b>	<b>6 130</b>	

The long-term financing is mainly two syndicated bank facilities of in total SEK 6,000m. The first one of SEK 3,000m provided by DNB Bank ASA Sweden Branch, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ), matures in July 2021. The second one of SEK 3,000m is provided by a group of 7 banks - Crédit Agricole, Danske Bank, DNB, Nordea, SEB, Svenska Handelsbanken and Swedbank. In December 2019, Kinnevik extended the facility to 2024. All banks but Crédit Agricole accepted such extension. Consequently, SEK 429m matures in December 2022 and SEK 2,571m matures in December 2024. The facilities are secured by listed shares but does not involve any financial covenants. It is multicurrency facilities with a part being available as a backup against the refinancing risk of any outstanding commercial papers which by 31 December 2020 amounted to SEK 0 (960)m. Kinnevik has also issued one bond of SEK 1,400m with maturity in March 2022 and one bond of SEK 1,500m with maturity in February 2025. The bond with maturity in March 2022 has a floating interest corresponding to 3 months Stibor + 1.10% and the bond with maturity in February 2025 has a floating interest corresponding to 3 months Stibor + 0.80%. The bonds are unsecured and has no financial covenants. The interest rate risk under the tranches with floating interest are fully hedged with interest rate swaps.

The outstanding loans carry an interest rate of Stibor or similar base rate with an average margin of 0.9% (0.7%).

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

As per 31 December 2020, the average remaining duration was 2.3 (1.8) years for all credit facilities including the bonds.

## Note 11 Other liabilities

	2020	2019
Debt long-term incentive program (VCP)	46	-
Other long-term liabilities	12	22
<b>Total other long-term liabilities</b>	<b>58</b>	<b>22</b>
Accrued interest expenses	30	24
Accrued personnel expenses	64	77
Debt unpaid investments	124	-
Other debt	38	34
<b>Total other short-term liabilities</b>	<b>256</b>	<b>135</b>

For trade creditors and other liabilities to related parties refer to Note 15.

## Note 12 Auditors' fees

	2020	2019
<b>To Deloitte</b>		
Audit assignments	1	1
Other services	0	0
<b>Total</b>	<b>1</b>	<b>1</b>

## Note 13 Pledged assets

At 31 December 2020, Kinnevik did not have any listed shares in associated companies pledged in relation to the Group's financing. At utilization of the syndicated credit facilities, pledged listed shares' market value shall, at any given time, amount to 200% of the outstanding loans. If the value of the pledge remains below the threshold for a defined period of time and Kinnevik, despite written request by the banks, has not remedied the breach, the banks will be entitled to enforce the pledge. Such right to enforcement also applies to un-remedied breaches of other terms and conditions in the credit facility agreement.

There were no outstanding loans in relation to this financing at 31 December 2020.

## Note 14 Contingent liabilities

County administrative boards have submitted claims to Kinnevik regarding environmental studies at a number of sites where Fagersta AB (through name changes and a merger, Kinnevik AB) conducted operations until 1983. Kinnevik's position is that the Company's responsibility to perform any decontamination measures must be limited, primarily out of consideration to the long period of time that has passed since any potential contamination damages occurred and the regulations that were in force at the time, and the fact that a quarter century has passed since operations were shut down or turned over to new owners. Kinnevik has therefore not made any provisions for potential future claims for decontamination measures. SEK 5m was provided in 2007 for potential environmental studies that Kinnevik might be required to pay for of which SEK 1.2m was used in 2010 to 2020.

## Note 15 Related-party transactions

Kinnevik's related party transactions primarily consists of short term bridge loans to investee companies, which are included in financial assets accounted at fair value through profit and loss. Interest income from such loans are recognised as external interest income through profit and loss. Other income relates to the rent out of office premises in Gamla Stan in Stockholm as well as re-invoicing of costs. Kinnevik buys telephony services from related parties.

The following is a summary of Kinnevik's revenue, expense, receivables and liabilities to and from related parties (exceeding SEK 1m).

	Group		Parent Company	
	2020	2019	2020	2019
<b>Revenue</b>				
Tele2	2	2	-	-
Betterment	1	-	-	-
<b>Operating expenses</b>				
SecureValue	-	-5	-	-5
Tele2	0	-1	0	-1
<b>Interest income</b>				
Babylon	-	6	-	-
Kolonial	10	7	-	-
Monese	1	0	-	-
Quikr	11	3	-	-
Saltside	1	0	-	-
Omio	2	-	-	-
<b>Financial receivables from associated companies</b>				
Kolonial	159	166	-	-
Monese	24	161	-	-
Quikr	132	144	-	-
Saltside	9	3	-	-
TravelPerk	34	-	-	-

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

For transactions with the Board of Directors and Senior Executives refer to Note 16 for the Group.

## Note 16 Personnel

### AVERAGE NUMBER OF EMPLOYEES

	2020		2019	
	men	women	men	women
Sweden	13	16	13	14
UK	6	5	8	5
<b>Total number of employees</b>	<b>19</b>	<b>21</b>	<b>21</b>	<b>19</b>

### AVERAGE DISTRIBUTION OF WOMEN AND MEN ON THE BOARD AND IN THE MANAGEMENT GROUP

	2020		2019	
	men	women	men	women
Board members	3	4	3	3
CEO	1	-	1	-
Other senior executives	3	3	5	1
	<b>7</b>	<b>7</b>	<b>9</b>	<b>4</b>

### SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES

(SEK 000s)	2020		2019	
	Board, CEO, senior executives	Other employees	Board, CEO, senior executives	Other employees
Total salaries and other remuneration	58 000	63 214	59 110	63 445
Social security expenses	16 834	15 379	18 396	11 522
Pension contributions/expenses	4 990	5 705	6 494	3 510
Estimated costs for share-based remuneration including social securities cost <sup>1)</sup>	50 773	58 293	39 615	65 429
	<b>130</b>	<b>142</b>		
<b>Total</b>	<b>597</b>	<b>590</b>	<b>123 615</b>	<b>143 907</b>

<sup>1)</sup> Share based remuneration includes subsidies received at launch of LTI programmes. See further under Incentive plans and share based remuneration

### GUIDELINES FOR REMUNERATION FOR SENIOR EXECUTIVES

The following principles and guidelines were approved by the 2020 Annual General Meeting and are provided for the Chief Executive Officer and the other persons in the executive management of Kinnevik (together the "Senior Executives"), as well as Members of the Board to the extent they are remunerated outside their Board duties.

The guidelines are forward-looking, i.e. they will apply to remuneration agreed, and amendments to remuneration already agreed. These guidelines will not apply to any remuneration decided or approved by the General Meeting, such as ordinary Board remuneration and share-related or share price-related remuneration (the "long-term incentive plans").

#### The guidelines' promotion of Kinnevik's business strategy, long-term interests and sustainability

In short, Kinnevik's business strategy is to be the leading growth investor by:

- backing challenger businesses that use technology to address material everyday consumer needs;

- being a bold and long-term business builder, partnering with talented entrepreneurs;
- focusing on Fashion & Food e-Commerce, Online Marketplaces, Financial Services, Healthcare and TMT, and other large sectors in the process of significant technological disruption;
- investing in Europe, with a focus on the Nordics, the US, and selectively in other markets; and
- leveraging our experience and expertise to build leading, long-term sustainable businesses.

For more information regarding Kinnevik's business strategy, please see Kinnevik's website at [www.kinnevik.com](http://www.kinnevik.com) under the heading "Strategy" (which can be found under the section "About us").

A prerequisite for the successful implementation of Kinnevik's business strategy and safeguarding of its long-term interests, including its sustainability, is that Kinnevik is able to attract, motivate and retain the best talent in Sweden and globally. To achieve this, it is necessary that Kinnevik offers competitive remuneration to create incentives for the Senior Executives to execute strategic plans, deliver excellent operating results and to align their incentives with the interests of Kinnevik's shareholders. These guidelines enable Kinnevik to offer the Senior Executives a competitive total remuneration. In addition, these guidelines, together with Kinnevik's long-term incentive plans, promote Kinnevik's business strategy, long-term interests and sustainability by establishing that variable compensation shall be based on Kinnevik's overarching financial target to deliver targeted shareholder return, and other corporate performance targets, including in particular the value of the growth portfolio and achieving Kinnevik's diversity targets. Furthermore, in order to ensure that the performance on which compensation is based proves to be sustainable over time, Kinnevik shall have the authority, subject to the restrictions that may apply under law or contract, to in whole or in part reclaim remuneration, other than fixed cash salary, pensions and other customary benefits, paid on incorrect grounds or information that was manifestly misstated, or in the event of material breaches of Kinnevik's Code of Conduct ("claw-back").

#### Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other customary benefits. Additionally, the General Meeting may resolve on, among other things, long term share incentive plans.

The fixed cash salary is reviewed each year and is based on the Senior Executive's competence, area of responsibility and market benchmarks.

The variable cash remuneration can amount to a maximum of 100 percent of the Senior Executive's fixed annual cash salary. Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are only made on an individual basis, either for the purpose of recruiting or retaining Senior Executives, or as remuneration for exceptional performance beyond the individual's ordinary tasks. Such an additional remuneration may not exceed an amount corresponding to 100 percent of the Senior Executive's otherwise existing fixed annual cash salary.

Long-term incentive plans are resolved upon by the General Meeting - irrespective of these guidelines. The long-term incentive plans shall

be structured to ensure a long-term commitment to the development of Kinnevik and with the intention that the Senior Executives shall have a significant long-term shareholding in Kinnevik. The outcome shall be linked to certain pre-determined performance criteria, based on Kinnevik's share price and value growth. For more information regarding the long-term incentive plans that are ongoing, or that have ended during the current year, please see Kinnevik's website at

[www.kinnevik.com](http://www.kinnevik.com) under the heading "Remuneration" (which can be found under the section "Governance").

For the Senior Executives, pension benefits shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 30 percent of the Senior Executive's fixed annual cash salary.

Other customary benefits may include, for example, life insurance, medical insurance (Sw. sjukvårdsförsäkring) and company car. Such benefits may amount to not more than 10 percent of the Senior Executive's fixed annual cash salary.

#### Termination of employment

Upon termination of employment by Kinnevik, the notice period may not exceed 12 months. Fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to the fixed cash salary for 18 months for the Chief Executive Officer and 12 months for other Senior Executives. When termination is made by the Senior Executive, the notice period may not exceed 12 months for the Chief Executive Officer and six months for other Senior Executives, without any right to severance pay.

#### Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable financial and non-financial criteria, measured over a period of one year. The criteria include fulfillment of individual and corporate objectives which are linked to specific performance and potential processes and transactions. The variable cash remuneration shall be based on (i) the outcome of corporate performance targets linked to e.g. that Kinnevik delivers targeted shareholder returns, grows the growth portfolio and reaches and exceeds its investee diversity targets, and

(ii) the Senior Executives individual targets. In order to increase alignment with the interests of Kinnevik's shareholders, payment of part of the variable cash remuneration is conditional upon a portion of it being invested in Kinnevik shares, until the Senior Executive has a shareholding in Kinnevik corresponding to his or her fixed annual cash salary, net after taxes.

The extent to which the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The People & Remuneration Committee is responsible for the evaluation. As regards financial criteria, the evaluation shall be based on the latest financial information made public by Kinnevik. The People & Remuneration Committee will use the discretion afforded them by shareholders to ensure that rewards properly reflect the business performance of Kinnevik, and will take into account any relevant environmental, social, and governance (ESG) matters when determining outcomes.

#### Salary and employment conditions for employees

In preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for Kinnevik's employees have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, as the basis for the People & Remuneration Committee's and the Board's decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to Senior Executives and remuneration to other employees will be disclosed in the remuneration report.

#### Remuneration to Board members

Board members in the parent company, elected at General Meetings, may in certain cases receive compensation for services performed within their respective areas of expertise, outside of their Board duties in the parent company. Compensation for such services shall be paid on market terms and be approved by the Board.

#### The decision-making process to determine, review and implement the guidelines

The Board has established a People & Remuneration Committee. The People & Remuneration Committee's tasks include preparing the Board's resolutions in remuneration-related matters, and preparing the Board's proposal for remuneration guidelines for Senior Executives. The People & Remuneration Committee's tasks also include assisting in other issues involving the composition, size and balance of the Senior Executive team, talent management, any termination, settlement, or compromise package or similar. The People & Remuneration Committee also monitors and evaluates the programs for variable remuneration (including share-related or share price-related remuneration) for the Senior Executives, the application of these guidelines as well as the current remuneration structures and compensation levels within Kinnevik.

Remuneration under employment subject to rules other than Swedish rules may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

The members of the People & Remuneration Committee are independent of the company and the executive management. Senior Executives do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting.

#### Derogation from the guidelines

The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve Kinnevik's long-term interests, including its sustainability, or to ensure Kinnevik's financial viability.

## Remuneration for the CEO and other senior executives

(SEK 000's)	2020		2019	
	CEO	Other senior executives <sup>1)</sup>	CEO	Other senior executives <sup>1)</sup>
Fixed salaries	8 000	14 276	8 000	21 883
Variable compensation	8 000	18 676	6 400	13 890
Benefits	160	408	171	887
Pension contributions	2 400	2 590	2 400	4 094
Estimated costs for share-based remuneration excluding social securities cost <sup>2)</sup>	13 128	28 114	13 511	16 756
<b>Total</b>	<b>31 688</b>	<b>64 064</b>	<b>30 481</b>	<b>57 510</b>

<sup>1)</sup> Other senior executives consisted during 2020 of 6 (6) persons.

<sup>2)</sup> Share based remuneration includes subsidies received at launch of LTI programmes. See further under Incentive plans and share based remuneration.

In addition to remuneration paid by Kinnevik, as specified in the table above, Georgi Ganey has received Board fees from associated companies amounting to SEK 0.6 (0.6) m and other senior executives have received SEK 0.4 (1.1) m.

During the year, one senior executive has, in accordance with the guidelines, received extra ordinary variable compensation of 100% of fixed salary.

For CEO and other senior executives, pension premium payments of a maximum of 30% of fixed salary were paid. Pension premiums are mainly paid to insurance companies.

### INCENTIVE PLANS AND SHARE BASED REMUNERATION

Within the Kinnevik Group there are long-term incentive plans ("the Plans" or "LTIP") targeting all employees in the Parent Company and its subsidiary in UK. The running long-term share-based incentive plans require participants to own shares in Kinnevik and are associated with terms of employment. In 2020, the last plan, which ran from 2017, was completed according to a model where the participants received share rights that, based on the fulfilled conditions and target levels, entitled them to receive Kinnevik B shares after 3 years.

Starting from 2018, the programs are based on a structure where the participants sign for, and receive, incentive shares which will be reclassified to Kinnevik class B shares in relation to the fulfilment of the terms and conditions after 3 and 5 years, respectively.

The conditions are, as for earlier programs, based on:

- Total return on the Kinnevik class B share
- Average annual development of the net asset value, including dividends
- Value growth of the growth portfolio

Kinnevik has subsidized the participants for the subscription price. The valuation is based on a Monte Carlo simulation using the volatility at grant date among other assumptions. This will be accounted for in accordance with IFRS2 during the vesting time period of 3 years. To compensate the participants for the tax effects arising due to the subsidy of the subscription price, Kinnevik has paid a cash subsidy directly to the relevant tax authorities. This cost, including social costs, was expensed when it was paid. Reclassification of the Incentive Shares into Kinnevik Class B shares does not result in any social security costs for Kinnevik. For details

of each program, see below.

In order to equate the participants' interest with that of the shareholders, the company will compensate for dividends paid.

### Completed plan 2017-2020

The plan approved in 2017, with ended measurement period at 31 March 2020, resulted in allotment of 104,843 shares out of a maximum of still participating 225,510 rights. The number of total allotted shares included dividend compensation totaling 24,321 shares. Participants' profit, which was restricted to a maximum of SEK 711 per right, was, on average, SEK 212 per share corresponding to the average share price when the shares were received. The plans total cost, including social security expenses, was SEK 38.4m and was expensed continuously during 2017-2020. All participants were offered to either receive all the allotted shares gross or to receive part of the allotment in shares and the calculated tax cost in cash by a payment to the Swedish or UK Tax Authority.

Plan 2017-2020	Number of participants	Original allotment of rights	Allotment of shares	Received shares	Received in cash to pay tax
CEO	1	50 000	21 900	10 512	2 419
Executive Management	2	56 000	14 886	7 144	1 645
Other employees	19	119 510	68 057	33 254	7 550
<b>Total</b>	<b>22</b>	<b>225 510</b>	<b>104 843</b>	<b>50 910</b>	<b>11 614</b>

### The Plan 2018-2021/2023

The subsidy for the subscription price, including social costs, amounted to SEK 24m and is expensed over three years. The compensation cost for tax effects, including social costs, amounted to SEK 29m and was expensed when it was paid in 2018. The total cost for LTIP 2018 is expected to be SEK 52m of which SEK 6m was expensed in 2020 and SEK 44m during 2018 and 2019.

Remaining participants	Number of participants	Remaining incentive shares, 3 yrs	Re-maining incentive shares, 5 yrs	IFRS2 (kSEK) <sup>1)</sup>
CEO	1	41 000	28 000	828
Executive Management	4	44 000	90 200	1 245
Other	27	157 378	179 058	2 511
<b>Total</b>	<b>32</b>	<b>242 378</b>	<b>297 258</b>	<b>4 584</b>

<sup>1)</sup> The part expensed in 2020, excluding social costs.

The maximum profit per Incentive Share is limited to SEK 598 for Incentive Shares with 3 years maturity and SEK 897 for Incentive Shares with 5 years maturity, including any compensation for dividends, based on two times/ three times the average price for Kinnevik class B shares in March 2018. The maximum dilution due to LTIP 2018 is no more than 0.26 percent in terms of shares outstanding (i.e. total number of issued shares reduced by Kinnevik's holding of treasury shares), 0.11 percent in terms of votes, and 0.10 percent in terms of costs for LTIP 2018 as defined in IFRS 2 in relation to Kinnevik's market capitalisation.

### The Plan 2019-2022/2024

The subsidy for the subscription price, including social costs, amounted to SEK 44m and is expensed over three years. The compensation cost for tax effects, including social costs, amounted to SEK 54m and was expensed when it was paid in 2019. The total cost for LTIP 2019 is expected to be SEK 98m of which SEK 12m (65) was expensed in 2020.

Remaining participants	Num-ber of partici-pants	Allot-ment of incentive shares, 3 yrs	Allot-ment of incentive shares, 5 yrs	IFRS2 (kSEK) <sup>1)</sup>
CEO	1	51 000	36 000	1 870
Executive Management	4	55 300	125 150	2 617
Other employees	27	167 675	260 845	6 935
<b>Total</b>	<b>32</b>	<b>273 975</b>	<b>421 995</b>	<b>11 422</b>

<sup>1)</sup> The part expensed in 2020, excluding social costs.

The maximum profit per Incentive Share is limited to SEK 482 for Incentive Shares with 3 years maturity and SEK 723 for Incentive Shares with 5 years maturity, including any compensation for dividends, based on two times/ three times the average price for Kinnevik class B shares in March 2019. The maximum dilution due to LTIP 2019 is no more than 0.34 percent in terms of shares outstanding (i.e. total number of issued shares reduced by Kinnevik's holding of treasury shares), 0.16 percent in terms of votes, and 0.15 percent in terms of costs for LTIP 2019 as defined in IFRS 2 in relation to Kinnevik's market capitalisation.

### The Plan 2020-2023/2025

The subsidy for the subscription price, including social costs, amounted to SEK 81m and is expensed over three years. The compensation cost for tax effects, including social costs, amounted to SEK 79m and was expensed when it was paid in 2020. The total cost for LTIP 2020 is expected to be SEK 160m of which SEK 100m was expensed in 2020. The cost is approximately SEK 40m higher than the illustrative examples outlined in the notice to Kinnevik's 2020 AGM. This is due to an increase in value of the incentive shares that are granted to participants of LTI 2020, stemming from the significant increase in Kinnevik's share price and value of Kinnevik's younger growth businesses during the first months of the performance measurement period between end of March and when LTI 2020 had received approval from Kinnevik's AGM and the Swedish Companies Registrations Office (Sw. Bolagsverket) in June.

Participants	Num-ber of partici-pants	Allot-ment of incentive shares, 3 yrs	Allot-ment of incentive shares, 5 yrs	IFRS2 (kSEK) <sup>1)</sup>	Subsidy recei-ved (kSEK) <sup>2)</sup>
CEO	1	61 100	62 400	2 211	8 846
Executive Management	6	133 400	165 600	5 046	19 908
Other employees	27	182 405	460 815	8 663	34 386
<b>Total</b>	<b>34</b>	<b>376 905</b>	<b>688 815</b>	<b>15 921</b>	<b>63 140</b>

<sup>1)</sup> The part expensed in 2020, excluding social costs.

<sup>2)</sup> Excluding social costs.

The average fair value of allotted shares with a maturity of three years was SEK 117.94 and for shares with maturity of five years SEK 27.32. The maximum profit per Incentive Share is limited to SEK 369 for Incentive Shares with 3 years maturity and SEK 554 for Incentive Shares with 5 years maturity, including any compensation for dividends, based on two times/ three times the average price for Kinnevik class B shares in March 2020. The maximum dilution due to LTIP 2020 is no more than 0.44 percent in terms of shares outstanding (i.e. total number of issued shares reduced by Kinnevik's holding of treasury shares), 0.21 percent in terms of votes, and 0.17 percent in terms of costs for LTIP 2020 as defined in IFRS 2 in relation to Kinnevik's market capitalisation.

### VCPP 2017-2022

The AGM 2017 approved a new long-term, cash-based incentive plan for Kinnevik employees that have a direct impact on, and are working almost exclusively with, the value creation in Kinnevik's private portfolio ("VCPP 2017"). The participants in VCPP 2017 were not entitled to participate in LTIP 2017.

VCPP 2017 amounts to 48 issued non-transferrable synthetic options (the "Options") subscribed by one remaining executive manager, four other senior employees within the Investment team and one former executive manager who has joined one of Kinnevik's portfolio companies. Settlement of the Options will be made in cash and will not increase the number of shares in Kinnevik.

The Options were subscribed to at fair market value with a subsidy received from Kinnevik of 50 percent. The subsidy will be accounted for over three years and is included in share-based remuneration. The cost for 2019 amounts to SEK 1.4 (1.4)m.

Each Option entitles the holder, at the end of the Option's five-year term, to receive a cash amount from Kinnevik of SEK 1m multiplied by a value creation multiple where the entry threshold shall be a value growth of the private portfolio of 8 percent IRR and a value creation multiple of 0.46 (SEK 0.46m) and with a cap at a value growth of 25 percent IRR. The maximum outcome is SEK 2m per Option.

Any payment to the Option holders will be made in April 2022. Assuming a Value Growth of 25 percent is achieved during the term of VCPP 2017, the maximum costs attributable to VCPP 2017 are SEK 109m (assuming no personnel turn-over and including subsidies as well as social security costs). At 31 December 2020, an IRR of 20.6% was achieved and based on a Monte Carlo simulation a cost of SEK 44m (0) has been expensed in 2020.

### Plan costs and debt for social costs

The total cost for all incentive plans, including VCPP, amounted to SEK 153 (105) m in 2020. The debt for social costs attributable to VCPP amounted to SEK 6 (0) m at 31 December 2020.

**BOARD FEES AND OTHER FEES PAID TO THE DIRECTORS OF THE PARENT COMPANY (SEK 000S)**

	2020 Board fees, Parent Company	Other assignment	2019 Board fees, Parent Company	Other assignment
Dame Amelia Fawcett (chairman)	2 650		2 650	
Henrik Poulsen	1 920		1 920	
Susanna Campbell	870		870	
Wilhelm Klingspor	720		720	
Brian McBride	700	806 <sup>1)</sup>	700	667 <sup>1)</sup>
Cecilia Quist	700			
Charlotte Strömberg	920		1 020	
	<b>8 480</b>	<b>806</b>	<b>7 880</b>	<b>667</b>

<sup>1)</sup> During 2020, Brian McBride received an amount of 68,840 (55,586) GBP for work performed within investee companies in addition to customary Board work.

**NOTE 17 FINANCIAL RISK MANAGEMENT**

Kinnevik's management of financial risks is centralized within Kinnevik's finance function and is conducted based on a Finance Policy established by the Board of Directors. The policy is reviewed continuously by the finance function and updated when appropriate in discussion with the Audit Committee and as approved by the Board of Directors. Kinnevik has a model for risk management that aims to identify, control and reduce risks. The output of the model is reported to Kinnevik's Risk, Compliance & Sustainability Committee and Board of Directors on a regular basis.

Kinnevik is mainly exposed to financial risks in respect of:

- Valuation risk, in relation to negative changes in the value of the portfolio
- Liquidity and financing risk, in relation to increased cost of financing, and difficulties in refinancing maturing loans and facilities, ultimately leading to payment obligations not being met
- Foreign exchange rate risk, in relation to transaction and translation currency exposure
- Interest rate risk, having an adverse impact on financing costs

**VALUATION RISK**

Kinnevik is invested in both listed and unlisted investee companies where valuations can fluctuate due to a wide array of different factors.

On 31 December 2020, 84% (83%) of Kinnevik's Portfolio Value was invested in listed investee companies and 16% (17%) in unlisted investee companies.

Kinnevik is a long-term shareholder and therefore has the flexibility not to have a general strategy for managing short-term fluctuations in the share prices of its listed investee companies. The share price risk associated with Kinnevik's listed investee companies can be illustrated by stating that a 10% change in the prices of all listed shareholdings

at 31 December 2020 would have affected the Group's earnings and shareholders' equity by SEK 9.0bn (6.2bn).

The value of Kinnevik's investments in unlisted investee companies may increase or decrease due to a number of factors, of which changes in public equity markets is one. In the process of valuing its unlisted holdings, Kinnevik makes a large number of considerations, including in relation to relative valuations of comparable publicly traded companies, operational and financial performance of the respective investee company, and valuations reflected in transactions in the respective investee company's shares. Any changes in these considerations bear impact on the value of Kinnevik's investments in unlisted investee companies. For the companies that are valued based on multiples an increase in the multiple by 10% would have increased the aggregate assessed fair value by SEK 1.6bn. Similarly, a decrease in the multiple by 10% would have decreased the aggregate assessed fair value by SEK 1.6bn.

**LIQUIDITY AND FINANCING RISK**

Kinnevik's liquidity and financing risk is limited considering listed securities account for a large part of Portfolio Value. Kinnevik relies in part on dividends received from Tele2 to finance its operations and maintain recent years' investment momentum. Without dividends from Tele2, Kinnevik would rely on capital re-allocation and/or debt financing to secure the funding of its operations and maintain its targeted financial position.

On 31 December 2020, Kinnevik had cash and cash equivalents amounting to SEK 3,711m (3,887m) and committed but not utilized, or reserved in any other way, credit facilities amounting to SEK 6,000m (5,170m).

Financing risk covers the eventuality that Kinnevik is not be able to obtain financing, or that financing can only be obtained at considerable cost. Kinnevik's financing risk is limited in consideration of its substantial net cash position, and since its operations are financed from different sources. Debt financing is sourced from a number of different credit in-



stitutions with diversified maturities, and Kinnevik strives to refinance all facilities at least six months prior to maturity. On 31 December 2020, the total amount of committed financing was SEK 9,030m (9,020m) with an average remaining facility duration of 2.3 (1.8) years. For further details, please refer to Note 10 for the Group.

#### FOREIGN EXCHANGE RATE RISK

Foreign exchange rate risk comprises transaction and translation currency exposure. Transaction exposure arises from cash flows denominated in foreign currencies. Kinnevik's debt funding and cash position is primarily denominated in SEK. Excluding investments and divestments, Kinnevik does not have any material cash flows in foreign currencies.

Translation exposure arises from the translation of balance sheet items denominated in foreign currencies into SEK. Kinnevik's balance sheet is mainly exposed to foreign exchange risk through investments denominated in either EUR or USD. On 31 December 2020, 53% (45%) of Kinnevik's Portfolio Value, corresponding to a value of SEK 57.4bn (33.5bn), pertained to investments denominated in EUR.

Kinnevik is also exposed to indirect translation exposure, as several of its investee companies operate internationally, whereby foreign currencies have an indirect effect on the value of these investments.

#### INTEREST RATE RISK

Kinnevik's interest rate risk pertains to the risk that the value of interest-bearing receivables and liabilities will change negatively due to changes in market interest rates. On 31 December 2020, none of Kinnevik's interest bearing liabilities, SEK 2.9bn (4.8bn), were exposed to interest rate changes. SEK 2.65bn (2.4bn) out of Kinnevik's SEK 2.9bn (3.9bn) in outstanding bonds were originally exposed to interest rate risk with floating rates (3 months STIBOR). This interest rate risk was hedged by entering into interest rate swaps maturing on the same dates as the relevant bonds. On 31 December 2020, these swaps had a market value of SEK 17m (negative 2.9m).

In connection with refinancing of current bonds and credit facilities, or if Kinnevik would increase its receivables or liabilities materially, the interest rate risk may change materially.

#### NOTE 18 EVENTS AFTER THE REPORTING PERIOD

On 3 February 2021 Kinnevik announced an investment of USD 70m in Vivino, the world's leading wine app.

On 17 February 2021, The Board of Kinnevik announced the intention to propose a distribution of Kinnevik's shareholding in Zalando to the AGM on 29 April 2021. Based on the closing price of Zalando's shares on 26 March 2021, the intended distribution corresponds to an extraordinary value transfer of approximately SEK 47.3bn to Kinnevik's shareholders, equivalent to approximately SEK 172 or 0.195 Zalando shares per Kinnevik share. Kinnevik's pro forma net asset value after the distribution amounts to SEK 64.5bn, or SEK 234 per share (at 31 December 2020 for unlisted holdings and at 26 March 2021 for listed holdings) including SEK 4.8bn in net cash, which together with future Tele2 dividends places Kinnevik in a strong financial position to continue executing on its strategy and strengthen its position as Europe's leading listed growth investor.

On 9 Mars 2021 Kinnevik announced that the company expects a material uplift in the assessed fair value of its investment in Cedar following several positive developments in the company and its market outlook, including a recently agreed funding round. In Kinnevik's Year-End Release 2020, Kinnevik's stake in Cedar was valued at SEK 572m. During the last months, Cedar has continued to perform very strongly, achieving multiple all-time highs across its KPIs, and the market outlook has strengthened materially. These developments, in combination with a recently agreed funding round in the company, which has only a minor dilutive effect for Kinnevik, provide reference points for a valuation of Kinnevik's investment in Cedar that would correspond to a value uplift well in excess of SEK 1.5bn or SEK 5.5 per Kinnevik share.

On 29 March 2021 Kinnevik announced its participation with USD 30m in Cityblock's recent USD 192m funding round. In Kinnevik's Year-End Release 2020, Kinnevik's investment in Cityblock was valued at SEK 841m. Cityblock has continued its strong operational performance during the first months of 2021, and the recent funding round provides strong reference points for the valuation of Cityblock relative to listed comparable businesses. In combination, these factors underpin a value of Kinnevik's investment that corresponds to a value uplift of SEK 1.0bn or SEK 3.6 per Kinnevik share, excluding the USD 30m in new capital invested in the funding round at hand.

The reassessed fair value of Kinnevik's investments in Cedar and Cityblock will be finalized and reported in Kinnevik's Interim Report for the first quarter, to be published on 22 April 2021.

# PARENT COMPANY FINANCIAL STATEMENTS

## Parent Company Income Statement for the period 1 January-31 December (SEKm)

	Note	2020	2019
Administration costs	5,16	-386	-344
Other operating income		5	3
<b>Operating loss</b>		<b>-381</b>	<b>-341</b>
Dividends received	2	85 708	45 026
Profit from financial assets, associated companies and other	4	189	-
Loss from financial assets, subsidiaries	4	-27 245	-21 274
Interest income and other financial income	3	18	9
Interest expenses and other financial expenses	3	-89	-56
<b>Profit/loss after financial items</b>		<b>58 200</b>	<b>23 364</b>
<b>Appropriations</b>			
Group contributions, paid		-88	0
Group contributions, received		0	122
<b>Profit/loss before tax</b>		<b>58 112</b>	<b>23 486</b>
Taxes	6	-	-
<b>Net profit/loss for the year <sup>1)</sup></b>		<b>58 112</b>	<b>23 486</b>

<sup>1)</sup> Net profit corresponds with total comprehensive income.

## Parent Company Balance Sheet as at 31 December (SEKm)

	Note	2020	2019
<b>Tangible fixed assets</b>			
Equipment	7	4	3
Shares and participations in Group companies	9	96 970	50 138
Shares and participations in associated companies and other companies	8	121	-
Receivables from Group companies		17 384	30 232
Other long-term receivables		211	20
<b>Total fixed assets</b>		<b>114 690</b>	<b>80 393</b>
<b>Current assets</b>			
Receivables from Group companies		43	122
Other receivables		274	18
Accrued income and prepayments		19	8
Short term investments		3 878	3 664
Cash and cash equivalents		3 454	191
<b>Total current assets</b>		<b>7 668</b>	<b>4 003</b>
<b>TOTAL ASSETS</b>		<b>122 358</b>	<b>84 396</b>

	Note	2020	2019
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders equity</b>	10,15		
<b>Restricted equity</b>			
Share capital (276,902,244 shares of SEK 0.10)		28	28
Premium reserve		6 868	6 868
<b>Unrestricted equity</b>			
Share premium		1 616	1 616
Retained earnings		45 730	24 144
Net result		58 112	23 486
<b>Total shareholders' equity</b>		<b>112 354</b>	<b>56 142</b>
<b>Liabilities</b>	13		
<b>Provisions</b>			
Provisions for pensions		16	16
Other provisions		4	4
<b>Total provisions</b>		<b>20</b>	<b>20</b>
<b>Long-term liabilities</b>			
External interest-bearing loans	11	2 908	1 391
<b>Total long-term liabilities</b>		<b>2 908</b>	<b>1 391</b>
<b>Short-term liabilities</b>			
External interest-bearing loans	11	-	3 410
Trade creditors		5	4
Liabilities to Group companies		6 986	23 335
Other liabilities		5	5
Accrued expenses	12	80	89
<b>Total short-term liabilities</b>		<b>7 076</b>	<b>26 843</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>122 358</b>	<b>84 396</b>

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

	2020	2019
Cash flow from operating costs	-298	-298
<b>Cash flow from operations before interest net</b>	<b>-298</b>	<b>-298</b>
Interest, received	1	0
Interest, paid	-52	-49
<b>Cash flow from operations</b>	<b>-349</b>	<b>-347</b>
Investments in financial assets	-504	-
Divestments of financial assets	292	17
<b>Cash flow from investing activities</b>	<b>-212</b>	<b>17</b>
Borrowing	1 500	1 960
Amortization	-3 410	-500
Dividend paid	-1 928	-2 271
Received from subsidiaries	8 852	45 067
Paid to subsidiaries	-976	-40 422
<b>Cash flow from financing activities</b>	<b>4 038</b>	<b>3 834</b>
<b>Cash flow for the year</b>	<b>3 477</b>	<b>3 504</b>
<b>Cash and short term investments, opening balance</b>	<b>3 855</b>	<b>351</b>
<b>Cash and short term investments, closing balance</b>	<b>7 332</b>	<b>3 855</b>

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

	Share capital	Premium reserve	Unrestricted equity	Total
<b>Opening balance, 1 January 2019</b>	<b>28</b>	<b>6 868</b>	<b>44 259</b>	<b>51 155</b>
Cash dividend <sup>1)</sup>	-	-	-2 271	-2 271
Dividend in kind <sup>2)</sup>	-	-	-16 268	-16 268
Effect of employee share saving programme	-	-	40	40
Net result	-	-	23 486	23 486
<b>Closing balance, 31 December 2019</b>	<b>28</b>	<b>6 868</b>	<b>49 246</b>	<b>56 142</b>
Cash dividend <sup>3)</sup>	-	-	-1 928	-1 928
Effect of employee share saving programme	-	-	30	30
Net result	-	-	58 112	58 112
<b>Closing balance, 31 December 2020</b>	<b>28</b>	<b>6 868</b>	<b>105 458</b>	<b>112 354</b>

<sup>3)</sup> The Annual General Meeting held on 6 May 2019, resolved in favor of paying a cash dividend of SEK 8.25 per share, a total of SEK 2,271m.

<sup>4)</sup> At the Extraordinary General Meeting in November 2019 it was resolved to distribute all Kinnevik's shares in Millicom Int.

<sup>4)</sup> At the Extraordinary General Meeting in August 2020 it was resolved to make an extra cash dividend of SEK 7 per share.

# NOTES FOR THE PARENT COMPANY

## NOTE 1 PARENT COMPANY'S ACCOUNTING PRINCIPLES

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

The Parent Company's accounting principles depart from the principles governing consolidated accounting in respect of the valuation of financial instruments and pension liabilities. The Parent Company applies RFR 2 in respect of the option not to observe IFRS 9. Financial instruments are thus not valued at fair value as in the Group but at their acquisition cost and after write-down, if any. Pension liabilities are reported in accordance with Swedish principles.

For information concerning related party transactions, refer to Note 15 for the Group.

## NOTE 2 DIVIDENDS RECEIVED

	2020	2019
Dividends received from subsidiaries	85 708	45 026
	<b>85 708</b>	<b>45 026</b>

## NOTE 3 FINANCIAL INCOME AND EXPENSES

	2020	2019
Result from short-term investment	17	-
Interest income	1	0
Exchange-rate differences	0	9
<b>Financial income</b>	<b>18</b>	<b>9</b>
Result from short-term investment	-	-6
Interest expenses to credit institutions	-41	-33
Marketvaluation derivatives	-14	-2
Other financial expenses	-15	-14
Exchange-rate differences	-20	-
<b>Financial expenses</b>	<b>-89</b>	<b>-56</b>
<b>Net financial income/expenses</b>	<b>-71</b>	<b>-47</b>

## NOTE 4 EARNINGS FROM FINANCIAL ASSETS

	2020	2019
Sale of shares in associated companies	189	0
<b>Total loss from associated companies and other</b>	<b>189</b>	<b>0</b>
Write-down of shares in subsidiaries	-27 245	-21 274
<b>Total loss from subsidiaries</b>	<b>-27 245</b>	<b>-21 274</b>

Write-downs by shares in subsidiaries is a result of received dividends and repaid shareholders contribution.

## NOTE 5 AUDITORS' FEES

	2020	2019
<b>To Deloitte</b>		
Audit assignments	1	1
Other services	0	0
<b>Total</b>	<b>1</b>	<b>1</b>

## NOTE 6 TAXES

	2020	2019
Tax expenses for the period	0	0
	<b>0</b>	<b>0</b>

## RECONCILIATION OF EFFECTIVE TAX RATE

	2020	%	2019	%
Profit/loss before tax	58 112		23 486	
Income tax at statutory rate of Parent Company	-12 436	-21.4%	-5 026	-21.4%
Earnings from participations in associated companies	41	0.1%	-	0.0%
Non-taxable dividends received	18 342	31.6%	9 636	41.0%
Write-down of shares in associated companies	-5 830	-10.0%	-4 553	-19.4%
Other non-taxable expenses	-25	0.0%	-2	0.0%
Charge non-capitalized loss carry-forward	-91	-0.0%	-55	-0.2%
<b>Effective tax/tax rate</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>

## NOTE 7 TANGIBLE FIXED ASSETS

	2020	2019
<b>Equipment</b>		
Opening acquisition values	7	7
Sales for the year	-2	-1
Investments for the year	2	1
<b>Closing acquisition values</b>	<b>7</b>	<b>7</b>
Opening accumulated depreciation	-4	-3
Disposals/scraping for the year	1	0
Depreciation for the year	-2	-1
Closing accumulated depreciation	-3	-4
<b>Closing book value</b>	<b>4</b>	<b>3</b>

## NOTE 8 SHARES AND PARTICIPATIONS

Associated companies and other companies	Reg no	Registered office	Number of shares	2020		2019	
				Capital/voting (%)	Book value	Capital/voting (%)	Book value
Altlorenscheurerhof S.A.		Luxembourg	625	33	0	33	0
Alliance Data		USA	275 941	0,2	121	-	-
Modern Cartoons Ltd		USA	2 544 000	23	0	23	0
Shared Services S.A.		Luxembourg	200	30	0	30	0
<b>Total book value</b>					<b>121</b>		<b>0</b>

### Change in book value, shares and participations in associated companies

	2020	2019
Opening acquisition value, 1 January	0	0
Acquisition	430	-
Sales	-309	-
<b>Closing book value, 31 December</b>	<b>121</b>	<b>0</b>

## NOTE 9 SHARES AND PARTICIPATIONS IN GROUP COMPANIES

### Shares and participations in direct-owned subsidiaries

	Reg no	Registered office	Number of shares	Capital/voting (%)	2020	2019
Invik&Co. AB	556051-6238	Stockholm	295 384	100/100	0	0
Royalvik AB	556035-3749	Stockholm	1 635	100/100	0	381
Invik S.A.		Luxembourg	551 252	100/100	19 292	1 023
Kinnevik Capital Ltd		Great Britain	1 000	100/100	2	1
Förvaltnings AB Eris & Co.	556035-7179	Stockholm	1 020 000	100/100	166	166
Kinnevik Consumer Finance Holding AB	556833-3917	Stockholm	50 000	100/100	1 236	1 342
Kinnevik East AB	556930-5666	Stockholm	50 000	100/100	0	0
Kinnevik Internet Lux SARL (in liquidation)		Luxembourg	12 500	100/100	0	5 058
Kinnevik Internet 1 AB	556884-6470	Stockholm	50 000	100/100	56 360	-
Kinnevik US Holdings AB	559109-4239	Stockholm	500	100/100	9	0
Kinnevik Media Holding AB	556880-1590	Stockholm	50 000	100/100	20	25
Kinnevik New Ventures AB	556736-2412	Stockholm	100	100/100	1 266	5 533
Kinnevik Online AB	556815-4958	Stockholm	50 000	100/100	14 893	17 459
Kinnevik Sweden Holding AB	559109-4221	Stockholm	500	100/100	3 089	6 350
Millcellvik AB (in liquidation)	556604-8285	Stockholm	-	-	-	12 800
Friends of CS AB	559165-9734	Stockholm	500	100/100	0	0
<b>Book value</b>					<b>96 970</b>	<b>50 138</b>

## RECONCILIATION OF THE BOOK VALUE OF DIRECT-OWNED SHARES IN SUBSIDIARIES

	2020	2019
Opening acquisition value, 1 January	85 227	73 727
Acquisition	56 360	-
Shareholders' contribution	18 950	8 626
Repaid shareholders' contribution	- 1 233	-126
Sale	-20 108	-
<b>Closing acquisition value, 31 December</b>	<b>139 197</b>	<b>85 227</b>
Opening write-down, 1 January	-35 089	-13 815
Write-down	-27 245	-21 274
Reversed write-down subsidiaries	20 107	-
<b>Closing write-down, 31 December</b>	<b>-42 227</b>	<b>-35 089</b>
<b>Closing book value, 31 December</b>	<b>96 970</b>	<b>50 138</b>

## IN ADDITION THE FOLLOWING COMPANIES ARE INCLUDED IN THE GROUP

	Reg.no.	Registered office	Capital/voting (%)
Kinnevik Online Holding AB	556862-0404	Stockholm	100/100
Saltside Technologies AB	556852-1669	Gothenburg	61/61
Ikman (pvt) Ltd		Sri Lanka	61/61
Bikroy Ltd		Bangladesh	61/61
Tonaton Ltd		Ghana	61/61
Saltside Technologies India Pvt. Ltd		India	61/61
Namki Technologies Pvt. Ltd		India	61/61
Metro do Brasil Consultoria Administrativa e Editorial e Participações Ltda		Brazil	100/100

## NOTE 10 SHAREHOLDERS' EQUITY

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

### SHARE CAPITAL

Kinnevik AB's share capital as of 31 December 2020 was distributed among 278,121,044 shares with a par value of SEK 0.10 per share.

### DISTRIBUTION BY CLASS OF SHARES WAS AS FOLLOWS

	Number of shares	Number of votes	Par value (SEK 000s)
Class A shares outstanding	33 755 432	337 554 320	3 375
Class B shares outstanding	241 718 279	241 718 279	24 172
Class D-G shares outstanding 2018	539 636	539 636	54
Class D-G shares outstanding 2019	695 970	695 970	70
Class C-D Shares outstanding 2020	1 065 720	1 065 720	107
Class C-D Shares LTIP 2020 treasury shares	153 080	153 080	15
Class B treasury shares	192 927	192 927	19
<b>Registered number of shares</b>	<b>278 121 044</b>	<b>581 919 932</b>	<b>27 812</b>

The total number of shares amounted at 31 December 2020 to 278,121,044, where of 33,755,432 class A shares with ten votes each, 241,911,206 class B shares (of which 192,927 class B shares in own custody) and 2,454,406 reclassifiable, sub-ordinated, incentive shares, held by participants in Kinnevik's long-term share incentive plans 2018, 2019 and 2020.

The total number of votes for outstanding shares amounted at 31 December 2020 to 581,573,925 excluding 192,927 class B treasury shares and 153,080 Class C-D shares from LTIP 2020.

During the year 50,910 class B shares were delivered to participants in the share-based plan from 2017 and 53,933 class B shares were sold to cover the tax for the participants. In addition, and similar to LTIP 2019, a new issue of reclassifiable, sub-ordinated, incentive shares, divided into four classes, to the participants in Kinnevik's long-term share incentive plan resolved on by the 2020 AGM were registered by the Swedish Companies Registration Office (Sw. Bolagsverket) during September 2020.

There are no convertibles or warrants in issue.

Regarding share based long-term incentive plans (LTIP), refer to Note 16 for the Group.

## NOTE 11 INTEREST-BEARING LOANS

	2020	2019
<b>Interest-bearing long-term loans</b>		
Capital markets financing	2 900	1 400
Marketvaluation SWAP	17	3
Accrued borrowing costs	-9	-12
	<b>2 908</b>	<b>1 391</b>
<b>Interest-bearing short-term loans</b>		
Capital markets financing	-	2 450
Commercial paper	-	960
	-	3 410
<b>Total interest-bearing loans</b>	<b>2 908</b>	<b>4 801</b>

For further information about the Parent Company's interest bearing loans refer to Note 10 for the Group.

## NOTE 12 ACCRUED EXPENSES

	2020	2019
Accrued personnel expenses	41	46
Accrued interest expenses	31	24
Other	8	13
<b>Total</b>	<b>80</b>	<b>89</b>

## NOTE 13 CONTINGENT LIABILITIES

County administrative boards have submitted claims to Kinnevik regarding environmental studies at a number of sites where Fagersta AB (through name changes and a merger, Kinnevik AB) conducted operations until 1983. Kinnevik's position is that the Company's responsibility to perform any decontamination measures must be very limited, if any, primarily out of consideration to the long period of time that has passed since any potential contamination damages occurred and the regulations that were in force at the time, and the fact that a quarter century has passed since operations were shut down or turned over to new owners. Kinnevik has therefore not made any provisions for potential future claims for decontamination measures. SEK 5m was provided in 2007 for potential environmental studies that Kinnevik might be required to pay for of which SEK 1.3m was used in 2010 to 2020.

## NOTE 14 INTRA-GROUP TRANSACTIONS

Intra-group revenue for the Parent Company amounted to SEK 1m (1).

The Parent Company and the Swedish subsidiaries have their liquidity arranged through central bank accounts in different currencies. In addition, the Parent Company has a number of loans from subsidiaries. Market rate of interest are charged for all those balances.

## NOTE 15 PROPOSED APPROPRIATION OF PROFITS

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

	2020
Retained earnings	103 842 530 886
Share premium	1 615 929 594
<b>Total</b>	<b>105 458 460 480</b>

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

In line with Kinnevik's shareholder remuneration policy, the Board of Kinnevik does not propose an ordinary dividend for the financial year 2020.

In accordance with § 4 of the Articles of Association, the Board proposes a dividend payment as compensation to participants in Kinnevik's long-term incentive plan 2018 for paid dividends and other value transfers since 2018 under item 18. The size of such compensation to participants in Kinnevik's long-term incentive plan 2018 will amount to SEK 183.08 per share in Class D 2018, E 2018 and F 2018, corresponding to in total SEK 44.4m, assuming maximum fulfillment of the performance conditions for each incentive share class.

Kinnevik's remaining retained earnings and share premium is accordingly to be carried forward.

### Distribution of Kinnevik's shareholding in Zalando

Through the proposed distribution of Kinnevik's shareholding, the Board proposes to make an extraordinary value transfer to its shareholders of no more than SEK 80bn, equivalent to approximately SEK 289.95 per Kinnevik share (shares of Classes G 2018, D 2019, E 2019, F 2019, G 2019, C1 2020, C2 2020 and D 2020 as well as Class B shares held in treasury will not be entitled to Zalando shares in the distribution). The Board proposes that the distribution is made through a share redemption plan and that the Board is authorised to finally determine the portion of the Zalando shareholding to be distributed and the redemption amount per share within the stated limitations. The value of the Zalando shares may fluctuate due to changes in the price of the Zalando share on the Frankfurt Stock Exchange and currency conversion from Euro to SEK until the distribution. As a result the book value of the repayment to the shareholders at redemption, the book value of the redemption amount per share, and accordingly the remaining non-restricted equity (retained earnings) in Kinnevik may fluctuate accordingly.

**NOTE 16 PERSONNEL**

Average number of employees	2020 men	women	2019 men	women
Stockholm	10	13	10	12

	2020 Board, CEO and senior executives	Other employees	2019 Board, CEO and senior executives	Other employees
Salaries, other remuneration and social security expenses				
Salaries and other remuneration	43 568	26 433	49 684	25 353
Social security expenses	14 784	9 945	17 068	5 681
Pension expenses/contributions	4 512	4 454	6 005	1 169
Provision for share-based remuneration including social securities expense <sup>1)</sup>	43 606	30 365	35 740	45 179
	<b>106 470</b>	<b>71 196</b>	<b>108 498</b>	<b>77 382</b>

<sup>1)</sup> Share based remuneration includes subsidies received at launch of LTI programmes. See Note 16 for the Group

Salaries and other remuneration to the Board, CEO and other senior executives are further presented in Note 16 for the Group.

**NOTE 17 FINANCIAL ASSETS AND LIABILITIES**

2020	Fair value through profit or loss	Amortized cost	Financial debt, amortized cost	Total book value
Receivables from Group companies	-	17 384	-	17 384
Interest-bearing receivables	211	-	-	211
Other receivables	-	274	-	274
Short term investment	3 878	-	-	3 878
Cash at bank	-	3 454	-	3 454
<b>Total financial assets</b>	<b>4 089</b>	<b>21 112</b>		<b>25 201</b>
Interest-bearing liabilities			2 908	2 908
Liabilities to Group companies			6 986	6 986
Trade creditors			5	5
Other liabilities			85	85
<b>Total financial liabilities</b>			<b>9 984</b>	<b>9 984</b>

2019	Fair value through profit or loss	Amortized cost	Financial debt, amortized cost	Total book value
Receivables from Group companies	-	30 354	-	30 354
Interest-bearing receivables	20	-	-	20
Other receivables	-	18	-	18
Short term investment	3 664	-	-	3 664
Cash at bank	-	191	-	191
<b>Total financial assets</b>	<b>3 684</b>	<b>30 563</b>		<b>34 247</b>
Interest-bearing liabilities			4 801	4 801
Liabilities to Group companies			23 335	23 335
Trade creditors			4	4
Other liabilities			94	94
<b>Total financial liabilities</b>			<b>28 234</b>	<b>28 234</b>

**Fair value.** For financial assets which are valued at accrued acquisition value and are charged with floating rate or have short-term maturity, the book value correspond to fair value.



# SIGNATURES OF THE BOARD OF DIRECTORS AND THE CEO

The undersigned certify that the consolidated accounts and the annual report have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted for use in the European Union, and generally accepted accounting principles respectively, and give a true and fair view of the financial positions and results of the Group and the Parent Company, and that the Board of Directors' Report gives a fair review of the development of the operations, financial positions and results of the Group and the Parent Company and describes substantial risks and uncertainties that the Group companies face.

Stockholm, 6 April 2021

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**Dame Amelia Fawcett**  
Chairman of the Board

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**Henrik Poulsen**  
Deputy Chairman of the Board

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**Susanna Campbell**  
Member of the Board

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**Wilhelm Klingspor**  
Member of the Board

---

**Brian McBride**  
Member of the Board

---

**Cecilia Qvist**  
Member of the Board

---

**Charlotte Strömberg**  
Member of the Board

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**Georgi Ganev**  
Chief Executive Officer

Our Audit Report was issued on 6 April 2021  
Deloitte AB

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**Kent Åkerlund**  
Authorized Public Accountant

# AUDIT REPORT

## TO THE GENERAL MEETING OF THE SHAREHOLDERS OF KINNEVIK AB (PUBL) CORPORATE IDENTITY NUMBER 556047-9742

### REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

#### Opinions

We have audited the annual accounts and consolidated accounts of Kinnevik AB (publ) for the financial year 1 January 2020 - 31 December 2020 except for the corporate governance report on pages 48-53. The annual accounts and consolidated accounts of the company are included on pages 44-87 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2020 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 2020 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 opinion does not include the corporate governance report on pages 48-53. 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 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 our best knowledge and belief, no prohibited services referred to in the Auditors Regulation (537/2014) Article 5.1 has been provided to the audited company or, where applicable, its parent company or its controlled companies in the EU. 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 significant 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.

#### Valuation of unlisted investments

The total carrying value of unlisted investments amounted to SEK 17.462 million as of December 31, 2020. The company's valuation policy is based on IFRS 13 and the International Private Equity and Venture Capital Valuation Guidelines. The process for valuation of unlisted investments is based on a high degree of judgement and input from data that is not observable in the market, which implies that an inappropriate assessment of input from data can have a significant impact in the assessment of fair value. Our audit procedures included, but were not limited to:

- Evaluation of the process and internal controls related to the valuation of unlisted investments.
- Confirming that the valuation models that the company applies are consistent with IFRS 13.
- With the support of valuation specialists, evaluating assessments made by the Company, for example with respect to the selection of comparable companies and adjustments to the valuation multiples, and
- Assessing that the information disclosed in the annual reports is in compliance with IFRS 13.

Refer to page 62, note 2 and note 3 for disclosure of valuation of unlisted investments.

## 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 1-42 and 91-92. In addition to this, the separately published remuneration report also constitutes other information. 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](http://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 Kinnevik AB (publ) for the financial year 1 January 2020 – 31 December 2020 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 annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: [www.revisors-](http://www.revisors-)

[inspektionen.se/revisornsansvar](http://inspektionen.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 that the corporate governance statement on pages 48-53 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 2021-04-06

Deloitte AB

Kent Åkerlund

Authorized Public Accountant

Signatures on Swedish original

# DEFINITIONS AND ALTERNATIVE PERFORMANCE MEASURES

Kinnevik 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 Kinnevik'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 of a selection of APMs can be found on Kinnevik's corporate website [www.kinnevik.com](http://www.kinnevik.com).

## DEBT/EQUITY RATIO

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

## EQUITY RATIO

Shareholders' equity as a percentage of total assets

## INTERNAL RATE OF RETURN, IRR

The annual rate of return calculated in quarterly intervals on a SEK basis that renders a zero net present value of (i) fair values at the beginning and end of the respective measurement period, (ii) investments and divestments, and (iii) cash dividends and dividends in kind

## INVESTMENTS

All investments in listed and unlisted financial assets, including loans to portfolio companies

## LEVERAGE

Net debt including net loans to investee companies as a percentage of portfolio value

## NET ASSET VALUE, NAV

Net value of all assets on the balance sheet, equal to the shareholders' equity

## NET ASSET VALUE CHANGE

Change in net asset value without adjustment for dividend paid or other transactions with shareholders

## NET CASH/(NET DEBT)

Interest-bearing receivables (excluding net outstanding receivables relating to portfolio companies), short-term investments and cash and cash equivalents less interest-bearing liabilities including interest-bearing provisions and unpaid investments/divestments

## NET INVESTMENTS

The net of all investments and divestments in listed and unlisted financial assets

## PORTFOLIO VALUE

Total book value of fixed financial assets held at fair value through profit or loss

## TOTAL SHAREHOLDER RETURN, TSR

Annualized total return of the Kinnevik B share on the basis of shareholders reinvesting all cash dividends, dividends in kind, and mandatory share redemption proceeds into the Kinnevik B share, before tax, on each respective ex-dividend date. The value of Kinnevik B shares held at the end of the measurement period is divided by the price of the Kinnevik B share at the beginning of the period, and the resulting total return is then recalculated as an annual rate

# ANNUAL GENERAL MEETING 2021

## DATE AND VENUE

The Annual General Meeting will be held on Thursday 29 April 2021. Due to the continuing coronavirus pandemic, the Board has decided that the Annual General Meeting should be conducted only through postal voting in accordance with temporary legislation. It will not be possible for shareholders to attend the Annual General Meeting in person or by way of a proxy holder.

Shareholders may only exercise their voting rights at the Annual General Meeting by postal voting in advance. Shareholders may also cast their postal votes digitally. Link to digital postal voting can be found on Kinnevik's website.

## WHO IS ENTITLED TO PARTICIPATE?

Shareholders who wish to participate in the Annual General Meeting shall:

- be recorded in the presentation of the share register prepared by Euroclear Sweden concerning the circumstances on Wednesday 21 April 2021, and
- give notice to participate no later than Wednesday 28 April 2021 by casting their postal vote as instructed in the notice convening the Annual General Meeting and below, so that the postal vote is received by Kinnevik no later than that day.

## HOW TO BE ENTERED IN THE REGISTER OF SHAREHOLDERS

Shares can be registered in the share register maintained by Euroclear Sweden in the name of the owner or the nominee. To be entitled to participate in the Annual General Meeting, shareholders whose shares are registered in the names of nominees must, in addition to giving notice to attend by casting their postal vote, re-register such shares in their own name so that the shareholder is recorded in the presentation of the share register as of 21 April 2021.

## HOW TO NOTIFY INTENTION TO PARTICIPATE

Shareholders can notify the Company of their intention to participate in the Annual General Meeting by casting their postal vote either by email to [GeneralMeetingService@euroclear.com](mailto:GeneralMeetingService@euroclear.com), or by post to Kinnevik AB, "AGM", c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden. Shareholders may also cast their postal votes digitally. Link to digital postal voting can be found on Kinnevik's website.

## NOMINATION COMMITTEE

In accordance with the resolution of the 2020 Annual General Meeting, Cristina Stenbeck, representing Verdere S.à r.l. and CMS Sapere Aude Trust, has convened a Nomination Committee comprising representatives of Kinnevik's largest shareholders in terms of voting interest.

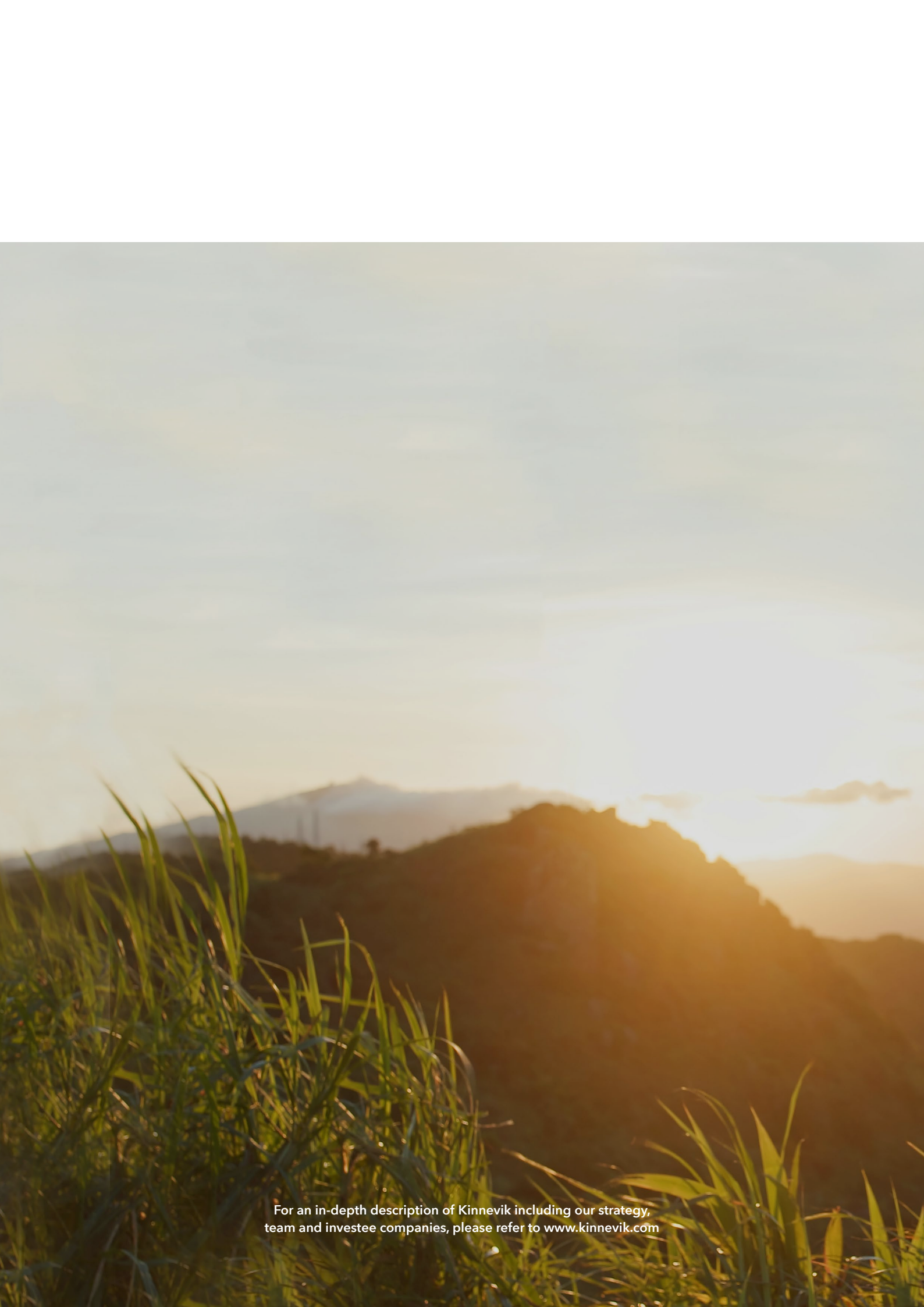
The Nomination Committee comprise Cristina Stenbeck appointed by Verdere S.à r.l. and CMS Sapere Aude Trust, Hugo Stenbeck appointed by Alces Maximus LLC, James Anderson appointed by Baillie Gifford, Anders Oscarsson appointed by AMF Försäkring & Fonder, Marie Klingspor and Ramsay Brufer appointed by Alecta. Information about the work of the Nomination Committee can be found on Kinnevik's website at [www.kinnevik.com](http://www.kinnevik.com).

## FINANCIAL INFORMATION

22 April	Interim Report January-March 2021
12 July	Interim Report January-June 2021
20 October	Interim Report January-September 2021

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For an in-depth description of Kinnevik including our strategy,  
team and investee companies, please refer to [www.kinnevik.com](http://www.kinnevik.com)