



# KINNEVIK

PRESS RELEASE

17 February 2021

## **KINNEVIK INTENDS TO PROPOSE A DISTRIBUTION OF ITS ZALANDO SHAREHOLDING TO ITS SHAREHOLDERS, ACCELERATING KINNEVIK'S STRATEGIC TRANSFORMATION**

Kinnevik AB (publ) ("Kinnevik") today announced that its Board intends to propose the distribution of Kinnevik's shareholding in Zalando SE ("Zalando") to its shareholders at the 2021 Annual General Meeting. Through the distribution, Kinnevik's portfolio becomes more balanced and focused on Kinnevik's younger high-growth, increasingly unlisted, businesses - in line with Kinnevik's strategic plan to transform its portfolio and reinforce its position as Europe's leading listed growth investor.

- The Board of Kinnevik intends to propose a distribution of Kinnevik's shareholding in Zalando. Based on the closing price of Zalando's shares on 15 February 2021, the intended distribution corresponds to an extraordinary value transfer of approximately SEK 55.1bn to Kinnevik's shareholders, equivalent to approximately SEK 200 or 0.195 Zalando shares per Kinnevik share
- The distribution of the Zalando shares will be made through an automatic share redemption program followed by a possibility for shareholders to re-register the distributed Zalando shares into shares that can be traded on the Frankfurt Stock Exchange
- To finalise the distribution during the second quarter of 2021, Kinnevik's 2021 Annual General Meeting will be held on 29 April (instead of 10 May as previously communicated)
- Shareholders representing in aggregate 30 percent of the shares and 50 percent of the votes have expressed their support for the distribution and have confirmed that they intend to vote in favor of the distribution at the Annual General Meeting
- The distribution marks the beginning of a new chapter for both Kinnevik and Zalando, after a 10-year story generating an 8.6x return on a SEK 7.9bn investment to date
- The distribution is a step-change in Kinnevik's ongoing strategic transformation. The share of Kinnevik's portfolio invested in younger, high-growth, primarily unlisted businesses increases from 37 to 67 percent, almost doubling investor exposure to the investment strategy that has generated an IRR of >40 percent over the last three years and a return of >100 percent during 2020, while the share of unlisted investments increases from 15 to 27 percent

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- **Kinnevik's pro forma net asset value after the distribution amounts to SEK 71.4bn, or SEK 259 per share, including SEK 4.3bn 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**
- **Through the distribution, Kinnevik's shareholders are provided the option to directly participate in Zalando's future shareholder value creation or divest to receive a cash consideration that may be reinvested in Kinnevik as it continues to execute on its strategy**

Kinnevik owns 54.0 million Zalando shares, equivalent to 21 percent of Zalando's total shares outstanding. Kinnevik's Board intends to propose the distribution of Kinnevik's Zalando shareholding through an automatic share redemption program. For Kinnevik to be able to finalise the distribution in the second quarter of 2021, the Annual General Meeting of shareholders will be held on 29 April 2021 (instead of 10 May as previously communicated).

Through the distribution of its shareholding in Zalando, Kinnevik makes an extra distribution of value to Kinnevik's shareholders of approximately SEK 55.1bn, equivalent to approximately SEK 200 per Kinnevik share (based on the closing price of Zalando's shares on 15 February 2021) or 0.195 Zalando shares per Kinnevik share. The Board will determine the exact and final size and terms of the distribution based on the value of Kinnevik's shareholding in Zalando shortly before the proposed automatic share redemption plan is initiated.

Kinnevik's shareholding in Zalando will for technical reasons be distributed in the form of Euroclear Sweden-registered Zalando shares that the holder may register directly with Clearstream Germany following the distribution. The re-registration is made to enable shareholders to complete trades with the distributed Zalando shares on the Frankfurt Stock Exchange.

A step by step description of the distribution and a Q&A are available on Kinnevik's website: <https://www.kinnevik.com/investors/zalando-distribution>. The Board's proposal regarding the distribution will be set out in the notice convening the 2021 Annual General Meeting. Kinnevik will also publish an information brochure regarding the distribution of the shares in Zalando and the automatic share redemption program, with detailed instructions on how to register the received Zalando shares directly with Clearstream Germany. The notice and information brochure will be made available on Kinnevik's website during the end of the first quarter of 2021. The information brochure will also be sent to Kinnevik's directly registered shareholders.

Founded in 2008 in Berlin, Zalando is Europe's leading online fashion platform connecting customers, brands and partners. Led by the visionary founders Robert Gentz, David Schneider and Rubin Ritter, Zalando has reimagined the European fashion market, setting new market standards from the outset by offering its customers free delivery and up to 100-day rights of return. With the accelerated consumer shift towards digital offerings, Zalando has had a very successful 2020 during which the company has seen its share price more than double.

Kinnevik first invested in Zalando in 2010. As the company's largest shareholder for 10 years, Kinnevik has consistently supported Zalando's strategy as it evolved from an online fashion catalogue retailer to an online platform connecting all the major players in the fashion industry - from end-customers, through retailers, brands, stylists and factories, to advertisers. Zalando's strong execution has created significant value for Kinnevik's shareholders - from a total investment of SEK 7.9bn, Kinnevik's stake is today worth SEK 55.1bn and is now intended to be distributed to shareholders. In addition, Kinnevik has already released a total of SEK 12.7bn in capital previously invested in Zalando to strengthen its financial position, invest in the younger, high-growth portfolio of businesses such as VillageMD, Kolonial and Budbee, and to pay shareholders an extra cash distribution of SEK 1.9bn last year.

The distribution pushes Kinnevik's strategic transformation forward by balancing a larger share of its portfolio towards its younger, disruptive and technology-enabled growth and venture capital businesses. Through the distribution of the Zalando shareholding to Kinnevik's shareholders, the relative contribution of these businesses to Kinnevik's portfolio increases materially while Kinnevik's shareholders are provided the option to directly participate in Zalando's future shareholder value creation, or divest to receive a cash consideration that may be reinvested in Kinnevik as it continues to execute on its growth-focused investment strategy.

Georgi Ganev, CEO of Kinnevik, commented: "The founders and management of Zalando have a unique ability to combine a visionary strategy with exemplary execution, and the investment in Zalando has been instrumental in establishing Kinnevik as the leading listed European growth investor in tech-enabled businesses. It has been a fantastic journey of value creation for Kinnevik's shareholders. With the company's maturity and strong market position, and strong momentum generated by consumers' accelerated shift to digital, I am convinced that Zalando will continue to execute on its growth strategy and create significant value for its shareholders going forward."

He continued: "For Kinnevik, the distribution means an increased focus on the early growth portfolio in line with our strategic transformation. We have seen strong traction in executing on our strategy with annualized inception returns in our healthcare portfolio exceeding 125 percent, and annualized returns in the early growth portfolio as a whole amounting to more than 40 percent during the last three years of our transformation. By distributing Zalando to our shareholders, the portfolio distribution becomes more balanced and unique, and we will have more than two-thirds of our capital invested in a diverse set of younger, high growth, increasingly private digital companies, making consumers' lives better in the digital age."

Shareholders representing in aggregate 30 percent of the shares and 50 percent of the votes have expressed their support for the distribution and have confirmed that they intend to vote in favor of the distribution at the 2021 Annual General Meeting.

Anders Oscarsson, Head of Equities at AMF commented: "AMF fully supports Kinnevik's intentions to distribute its Zalando investment to its shareholders. With the distribution, the spotlight is pointed on Kinnevik's portfolio of younger, high-growth businesses, and Kinnevik's ability to build on and replicate its recent successes. Meanwhile, shareholders who wish to retain its exposure to Zalando may do so. As investors in both Kinnevik and

Zalando, we believe this transaction will benefit long-term shareholders of both companies.”

Kinnevik will host a digital Capital Markets Day on 24 February 2021, encompassing an update on its strategy, financial position and capital allocation framework. Kinnevik will also present deep-dives into its focus sectors with participation from the investment organization and the leadership of some of Kinnevik’s companies.

Kinnevik will host a conference call for analysts and media today at 10.00 CET. Those who wish to participate in the conference call are welcome to dial-in on the below numbers.

Link to the audiocast:

<https://edge.media-server.com/mmc/p/fpro6vks>

Dial-in numbers:

UK: +44 3333 000 804

SE: +46 8 566 426 51

US: +1 631 913 1422

Confirmation code:

86507519#

This information is information that Kinnevik AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 07.00 CET on 17 February 2021.

**For further information, visit [www.kinnevik.com](http://www.kinnevik.com) or contact:**

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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 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.