



K I N N E V I K

INTERIM REPORT

FIRST NINE
MONTHS
OF 2020



CONTINUED STRONG MOMENTUM DRIVEN BY SHIFT IN CONSUMER TRENDS

As the world continues to grapple with the Covid-19 pandemic and its severe effects on a growing number of people and countries, the momentum in our digital businesses remained strong in the third quarter. In addition to a good operational development in many of our companies, global equity markets have also increasingly allocated capital into tech stocks, resulting in significant multiple expansion currently supporting our net asset value development.

Georgi Ganev, CEO of Kinnevik



Key Strategic Highlights

- **Zalando raised its full-year 2020 outlook** on the back of exceptionally strong and profitable growth in the third quarter
- **Livongo and Teladoc announced the intention to merge their businesses**, creating an unmatched, comprehensive platform for virtual healthcare delivery
- **Invested in Common, a residential brand and tech-enabled managed rental housing marketplace in the US**, and thereby broadening our Consumer Services portfolio towards business models that reflect broader consumer trends
- **Made our first investment in the Nordic healthcare space through an investment in Joint Academy**, a Swedish digital health company specialised in the treatment of chronic joint pain
- **Our healthcare and online food companies see continued strong demand** and inflow of new customers, with indications of a more lasting shift in consumption patterns
- **Continued negative impacts from Covid-19** in our travel and emerging market businesses

Investment Management Activities

- **We remain focused on re-allocating capital dynamically** to ensure our portfolio remains balanced and vibrant. In the

quarter, we invested SEK 732m in total, including:

- SEK 232m into **VillageMD** as part of the funding round led by Walgreens Boots Alliance
- SEK 184m into **Common**
- SEK 131m into **Joint Academy**
- SEK 114m into **Omio**, in connection with the company's convertible loan raise
- The **extra dividend of SEK 1.9bn from the Zalando sell-down** was distributed to shareholders during the quarter
- We divested our 12% shareholding in **Home24**, generating net proceeds of EUR 21m, and completed our **Qliro Group** exit by swapping our residual stake for shares in MatHem

Financial Position

- NAV of SEK 107.9bn (SEK 388 per share), **up SEK 20.3bn or 23%** in the quarter, adding back paid dividend of SEK 1.9bn
- **Net cash position of SEK 3.0bn**, corresponding to 2.9% of portfolio value by quarter-end. Adjusting for the **dividends received from Tele2 in early October**, our net cash position amounted to SEK 4.2bn

Key Financial Data

SEKm	30 Sep 2020	30 Jun 2020	31 Dec 2019	30 Sep 2019
Net Asset Value	107 885	89 577	73 295	92 010
Net Asset Value per share, SEK	388.39	322.50	264.98	333.58
Share Price, SEK	365.40	245.00	228.60	258.70
Net Cash/Debt (+/-)	2 997	5 522	-930	-825

SEKm	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	FY 2019
Net Profit/Loss (+/-)	20 227	2 980	36 498	22 683	21 572
Net Profit/Loss per Share (+/-), SEK	72.84	10.75	131.63	82.13	78.02
Change in Fair Value of Financial Assets	20 283	1 949	36 260	20 886	18 972
Dividends Received	-	1 126	516	2 015	2 907
Dividend Paid	-1 928	-	-1 928	-1 169	-18 819
Investments	732	2 108	1 535	4 523	4 566
Divestments	250	5 908	7 179	5 967	6 186

Net Asset Value (SEK)

107.9bn

Change in NAV Q/Q

23%

One-Year TSR

85%

Five-Year Annualised TSR

21%

CHIEF EXECUTIVE'S REVIEW

Dear Shareholders, as the world continues to grapple with the Covid-19 pandemic and its severe effects on a growing number of people and countries, the momentum in our digital businesses remained strong in the third quarter. In addition to a good operational development in many of our companies, global equity markets have also increasingly allocated capital into tech stocks, resulting in significant multiple expansion currently supporting our net asset value development. Investment activity remained vibrant, with the announced merger between Livongo and Teladoc as well as two new investments in our focus sectors.

Kinnevik's Third Quarter Results

Our net asset value amounted to SEK 107.9bn, or SEK 388 per share, at the end of the third quarter. This is an increase of SEK 20.3bn or 23 percent since the end of the second quarter, adjusted for dividends paid, driven by strong share price performance in Zalando and Livongo as well as broad-based revaluations in our private portfolio fuelled by strong operational performance in our companies and a supportive development in peer group multiples.

Strong Execution in Online Fashion

In the beginning of October, Zalando raised its full-year 2020 outlook on the back of exceptionally strong and profitable growth in the third quarter. The company expects its platform to grow volumes at higher-than-expected rates with improved full-year profitability. Global Fashion Group also published a trading update showing strong momentum and the company is expected to approach break-even on adjusted EBITDA in 2020. We remain impressed by the strong execution of the management teams of Zalando and Global Fashion Group as they continue to implement their respective strategies and make use of the tailwinds from the accelerated consumer demand for digital offerings.

Shifting Consumer Behaviour

Our online grocery companies Kolonial.no and MatHem have also seen a significant increase in demand and inflow of new customers due to the accelerated shift to digital consumption. Going

This makes us optimistic that the elevated demand will lead to a step change in online penetration that is likely to last.



forward, focusing on customer retention and engagement is key. The companies continue to see strong customer intake, well above levels seen during the same period previous years. Further, MatHem recorded a record number of deliveries in mid-September. We note that recently acquired customers exhibit similar behaviour in terms of retention and purchase frequency as pre-pandemic customers. This makes us optimistic that the elevated demand is a step change in online penetration that is likely to last.

On the other end of the spectra, our travel businesses are in the eye of the Covid-19 storm and the timing of a reversion to some kind of normal remains uncertain. While domestic and leisure travel may improve quicker, we expect a prolonged path to a full recovery. Priorities for both Omio and TravelPerk have been to carefully manage costs to have sufficient runway to weather the crisis, as well as using this time to refocus on developing their technology and improving efficiency.

Creating the Leading Chronic Care Provider Globally

In the quarter, Livongo and Teladoc announced their intention to merge. We believe that the merger makes strong strategic sense as it combines Teladoc's reach and large customer base with Livongo's robust programs for treating chronic care conditions with high consumer engagement, value-add and retention. Their combined client base has only a 25 percent overlap, and together they will provide healthcare services to more than 70 million people. The merger will generate significant synergies and we are excited to become



CHIEF EXECUTIVE'S REVIEW

the second largest institutional shareholder in the combined new company. The merger is expected to close during the fourth quarter of 2020.

Investing in New Exciting Models

With our recent investment in Common, we have executed on our strategy to broaden our Consumer Services portfolio towards business models that reflect consumer and broader market trends. In this case we have invested in a managed marketplace that improves the user experience and makes it more consistent by standardising the supply-side inventory of a fragmented US home rental market dominated by no-name, sub-scale operators. Real estate owners choose Common as they offer a hassle-free experience, including virtual apartment tours, standardised furniture, and all-inclusive flexible rentals. Renters get to keep the good parts of co-living, while Common takes care of the annoyances and run day-to-day operations without itself assuming lease risk. The service fits perfectly into our notion of providing better choice to the consumer by offering a digital experience for the renter while at the same time providing cost-savings and better returns for real estate owners. We look forward to supporting the Common team on their growth journey, and you can read an interview with the founder and CEO Brad Hargreaves on page 10.

Joint Academy is our first investment in the digital healthcare space in the Nordics and the investment is a result of close cooperation between our Nordic and Healthcare investment teams. Run by a father and son founding team, the father Leif Dahlberg is a professor in orthopaedics and the creator of a treatment for joint pain focused on non-invasive self-management. The son, Jakob Dahlberg, built the treatment program into a di-

3.0bn

Our SEK net cash position at the end of the third quarter

We continue to identify and assess a number of exciting opportunities, both within our existing companies and in new investments. With our strong financial position, we have full flexibility to execute on our investment strategy.



gital solution where patients can manage their osteoarthritis on their own with physiotherapists supporting remotely. With our fundamental belief in the power of digital care to manage chronic conditions and improve patient's lives, we are excited about our investment in Joint Academy. We also believe our experience from similar healthcare models can provide great support to the company. You can read an interview with Jakob Dahlberg on page 13.

Our Financial Position

Our balance sheet remains strong, also after the extraordinary shareholder dividend of SEK 1.9bn paid in the quarter. We ended the quarter with a net cash position of SEK 3.0bn, corresponding to 2.9 percent of portfolio value. Adjusting for the dividends received from Tele2 in early October, our net cash position amounted to SEK 4.2bn. We continue to identify and assess a number of exciting opportunities, both within our existing companies and in new investments. With our strong financial position, we have full flexibility to execute on our investment strategy.

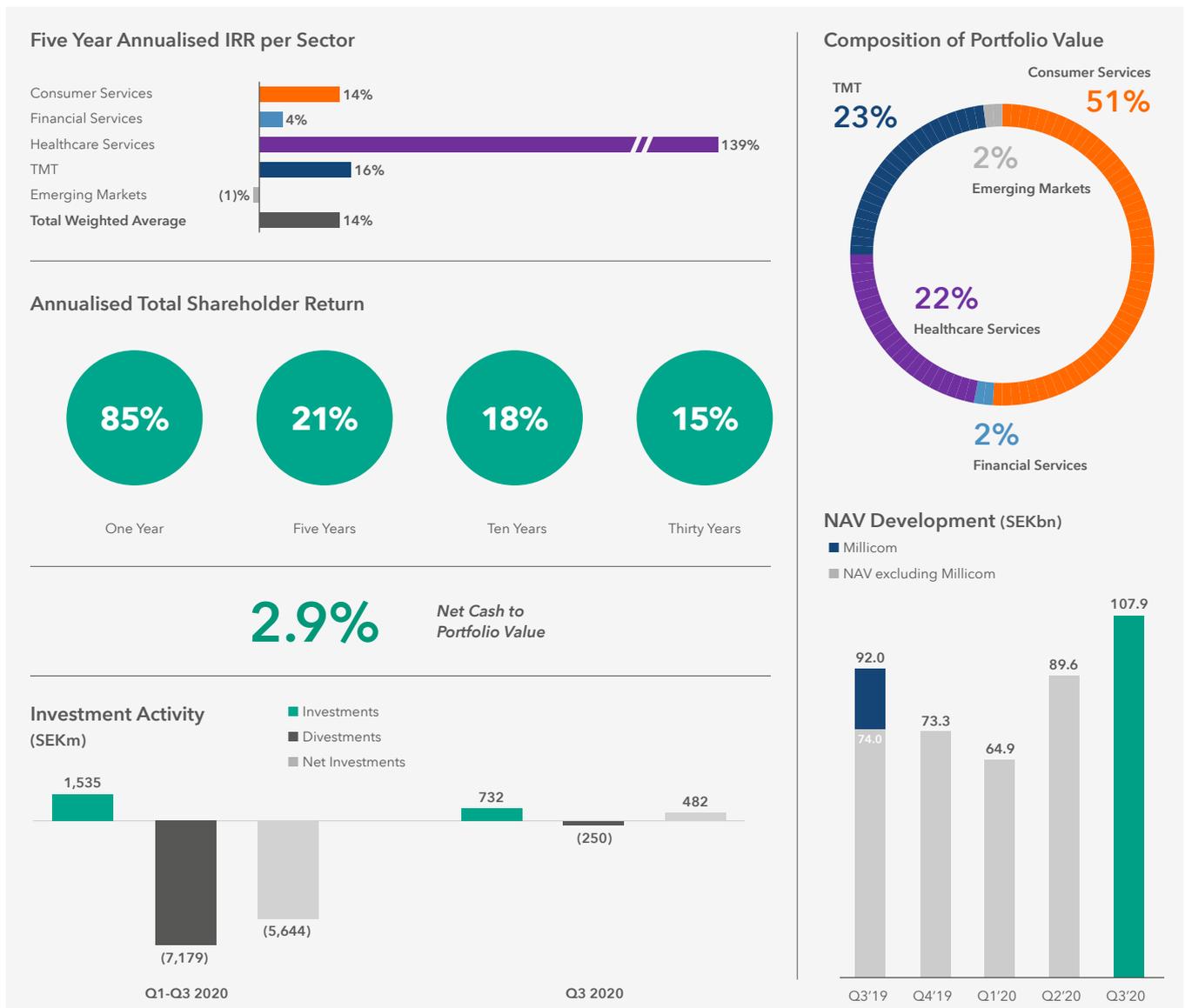
Concluding Remarks

With no end in sight, and in a world deeply impacted by the pandemic, we are humbled by the hard work and dedication of all our companies as they stretch capabilities to be able to serve their customers with more and better choice. To employees in all our companies I want to extend my warmest gratitude for your tremendous efforts. And to all our shareholders, thank you for your continued support and stay safe!

Georgi Ganev,
CEO 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.



Note: The annualised total shareholder return includes reinvested dividends. During Q4 2019, Kinnevik distributed its entire SEK 16.5bn shareholding in Millicom to its shareholders.

NET ASSET VALUE

Investment (SEKm)	Fair Value				Total Return Q1-Q3 2020
	30 Sep 2020	30 Jun 2020	31 Dec 2019	30 Sep 2019	
Zalando	45 334	35 641	30 814	29 222	69%
Global Fashion Group	4 465	2 340	1 945	1 772	130%
MatHem	1 242	1 132	889	889	16%
Kolonial.no	820	734	686	694	18%
TravelPerk	451	463	506	531	-17%
Omio	518	466	468	492	-11%
Qliro Group	-	43	296	409	-23%
Other	637	604	448	452	22%
Total Consumer Services	53 467	41 423	36 052	34 461	66%
Betterment	1 068	1 116	1 315	1 274	-19%
Other	1 535	1 389	1 326	1 345	8%
Total Financial Services	2 603	2 505	2 641	2 619	-5%
Babylon	2 470	2 515	2 808	2 950	-12%
Cedar	608	632	197	206	124%
Cityblock	313	233	-	-	33%
Joint Academy	134	-	-	-	2%
Livongo	15 861	8 864	2 968	2 170	434%
Town Hall Ventures II	67	70	-	-	-10%
VillageMD	3 434	2 363	737	737	244%
Total Healthcare Services	22 887	14 677	6 710	6 063	206%
Tele2	23 724	23 208	25 440	27 504	-7%
Total TMT	23 724	23 208	25 440	27 504	-7%
Bayport	795	769	1 110	1 232	-28%
Bima	574	701	936	1 010	-40%
Millicom	-	-	-	17 972	-
Quikr	404	463	941	1 703	-57%
Other	392	335	400	300	-3%
Total Emerging Markets	2 165	2 268	3 387	22 217	-37%
Other	-	-	-	4	-
Total Portfolio Value	104 846	84 081	74 230	92 868	49%
Net Cash / (Debt)	2 997	5 522	-930	-825	-
Other Net Assets / (Liabilities)	42	-26	-5	-33	-
Total Net Asset Value	107 885	89 577	73 295	92 010	50%
Net Asset Value per Share, SEK	388.39	322.50	264.98	333.58	49%
Closing Price, Class B Share, SEK	365.40	245.00	228.60	258.70	63%

Note: Total return includes investments and divestments. For a split of the unlisted assets, see the next page.

VALUATIONS OF UNLISTED FINANCIAL ASSETS

Investment (SEKm)	Kinnevik's Ownership	Net Invested Amount	Fair Value 30 Sep 2020	Change in fair value and dividends received	
				Q3 2020	Q1-Q3 2020
Budbee	31%	232	400	52	70
Common	9%	184	188	4	4
Karma	20%	68	49	-	-19
Kolonial.no	24%	675	820	84	128
MatHem	37%	1 071	1 242	95	171
Omio	6%	557	518	-62	-64
TravelPerk	15%	386	451	-12	-92
Total Consumer Services		3 173	3 668	161	198
Betterment	16%	1 065	1 068	-48	-247
Bread	13%	307	467	90	152
Deposit Solutions	6%	263	258	1	-27
Monese	28%	445	444	2	-31
Pleo	13%	152	366	24	23
Total Financial Services		2 232	2 603	69	-130
Babylon	16%	804	2 470	-45	-338
Cedar	11%	262	608	-24	337
Cityblock	8%	235	313	80	78
Joint Academy	19%	131	134	3	3
Town Hall Ventures II	-	74	67	-3	-7
VillageMD	9%	986	3 434	838	2 436
Total Healthcare Services		2 492	7 026	850	2 510
Bayport	21%	467	795	26	-315
Bima	33%	395	574	-142	-379
Quikr	17%	1 036	404	-61	-544
Saltside	61%	205	372	57	40
Other	-	86	20	-	-50
Total Emerging Markets		2 189	2 165	-120	-1 249
Total Unlisted Financial Assets		10 103	15 462	959	1 329



ASSESSMENTS OF FAIR VALUE OF UNLISTED INVESTMENTS

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. Read more in Note 4 on pages 23-25.

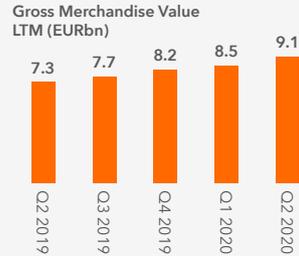
[MORE →](#)

CONSUMER SERVICES

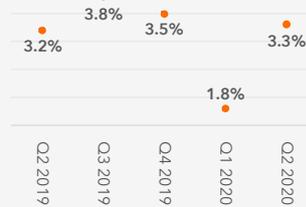
zalando

Europe's leading online platform for fashion and lifestyle

Fair Value SEK **45.3bn**
Kinnevik Stake **21%**



Adjusted EBIT Margin LTM



Active Customers (m)



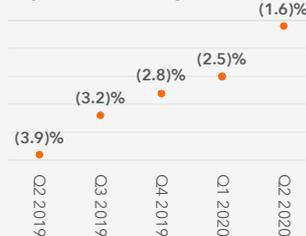
GFG GLOBAL FASHION GROUP

The leading fashion and lifestyle retail destination in growth markets

Fair Value SEK **4.5bn**
Kinnevik Stake **40%**



Adjusted EBITDA Margin LTM



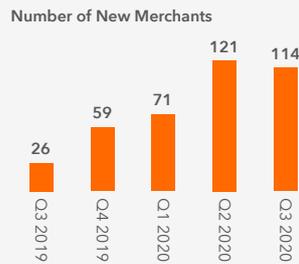
Active Customers (m)



budbee

Customer centric last-mile logistics platform specialised for e-Commerce businesses

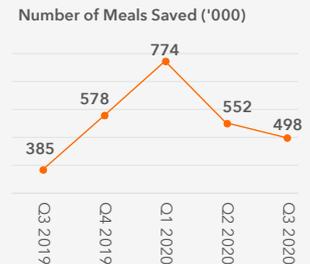
Fair Value SEK **400m**
Kinnevik Stake **31%**



karma

Marketplace platform that connects consumers with local restaurants and grocery stores that have surplus food

Fair Value SEK **49m**
Kinnevik Stake **20%**



omio

The largest multi-modal travel platform in Europe operating in 15 countries

Fair Value SEK **518m**
Kinnevik Stake **6%**

Omio has seen business recover to approximately one third of pre-Covid levels, with a stronger recovery amongst EU-based customers and very limited activity from overseas users. The company completed a financing round of convertible debt during the quarter and its key priorities include marketing optimisation and integration with Rome2rio.

TravelPerk

The leading solution for businesses to book corporate travel online

Fair Value SEK **451m**
Kinnevik Stake **15%**

TravelPerk has gained market share in a highly challenging market, however the number of companies that actually transacted during the quarter is around half of pre-Covid levels, primarily oriented towards domestic travel. The company has significantly accelerated product development during the downturn.

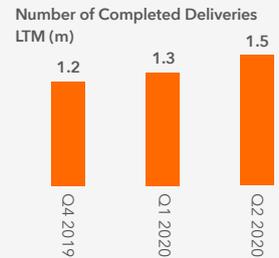
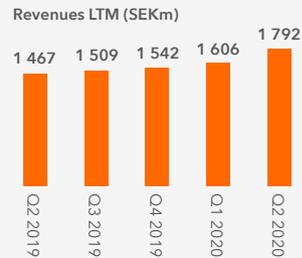
Note: The definitions of the KPIs for Zalando and GFG are available on the companies' respective websites. The number of new merchants for Budbee refers to the new live merchants/webshops during the quarter. Number of meals saved for Karma refers to the number of meals bought through Karma's platform during the period.

CONSUMER SERVICES

MatHem.se

Sweden's leading independent online grocery retailer, reaching more than half of all Swedish households

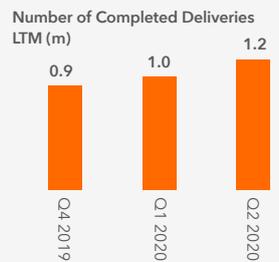
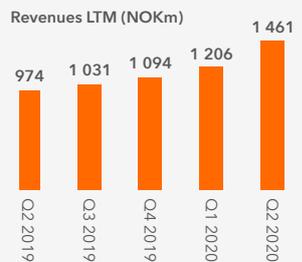
Fair Value SEK 1.2bn
Kinnevik Stake 37%



Kolonial.no

The leading online grocery store in Norway, with the ambition to make grocery shopping an effortless activity

Fair Value SEK 820m
Kinnevik Stake 24%



Note: Number of completed deliveries LTM for MatHem and Kolonial.no refers to the number of orders delivered to customers in the last twelve months.

CONSUMER SERVICES



Residential brand and tech-enabled managed rental housing marketplace in the US

Fair Value SEK **188m**
Kinnevik Stake **9%**

Number of Units Signed
September 2020

17,600



Multifamily rental revenues in the US exceed USD 250bn annually and are the single largest category of discretionary spend for tenants. Build-to-rent apartment buildings are typically managed by specialist property managers who are paid a management fee. The sector remains highly fragmented with the 20 largest players accounting for 10% share.

This segment has seen limi-

ted innovation or technology investment over a number of years. As a result, tenants continue to face a poor renting experience with high friction at every stage of the journey - including property search, finding flatmates, leasing documentation, furnishing, utilities, maintenance and renewals.

Common, founded in 2015, applies a combination of tech- nology and consumer-focused

brands with a dual objective. It improves the tenant experience through rentals that are all-inclusive and flexible, with virtual walk-throughs and on-line contracting. At the same time, it can improve operating yields for asset owners by automating more processes and seeing better marketing conversion rates relative to unbranded properties.

Common initially focused

on co-living, a segment that also helps address the growing rental affordability gap. Co-living units still account for two-thirds of the over 17,600 units signed - however, the company has broadened its focus to offer its operating platform to a range of different property management use cases.

"There is a huge opportunity to shape the future of housing"

Interview with Brad Hargreaves, founder and CEO of Common.



Tell us about your background and what led you to start Common?

Prior to founding Common, I co-founded General Assembly, a bootcamp teaching tech and design skills. When building that company, we saw a huge challenge for students and staff to move to places such as New York and San Francisco.

They really struggled to find affordable, high quality housing and many ended up in sketchy living situations that they found on Craigslist. We saw an opportunity to create a residential brand and operating platform that not only delivers a better experience for the renter but also generates a higher return for the building owner, a win-win.

What learnings have you brought with you to Common?

Like General Assembly, Common is operationally heavy and for both companies we were able to get a real lift from adding technology and brand. Both companies also touch people's lives in a significant way. Common is not a "nice to have" offering, but a product that people live and work in. Paying rent is a huge spend and often the largest share of the consumer wallet. We have

a huge opportunity to improve people's lives if we do a good job.

Why do you operate under different brands?

Our first solution was a co-living service allowing the renter to keep the good parts of living with flat mates, i.e. the social environment and the affordability, while letting us take care of the annoyances such as cleaning, shared kitchen and bathroom, rent splitting and utilities. Today, we operate three brands. Common is our millennial and urban oriented brand, Kin is designed for families with kids, and our most recent and fastest growing brand is Noah, which is focused on workforce housing.

These three brands enable us to appeal to different consumers groups. Ultimately, our primary client is the institutional real estate owners. They

have multiple types of assets, such as urban assets, suburban residentials and perhaps also hotels. We want to be the operating platform from which they can manage a variety of assets.

What is your vision of the company in ten years?

We want to be the world's largest residential operator. We think there is a huge opportunity to shape the future of housing, one that is more affordable, more equitable and fully leverages technology to both make operations more efficient as well as improve the experience for the residents. In order to get there, we need to secure the best inventory by building strong relationships with real estate owners. And equally important, we need to be the consumers' first choice and really deliver on our promise to them.

Note: Number of units signed refers to the number of rooms that Common has signed up to manage, many of these are under development.

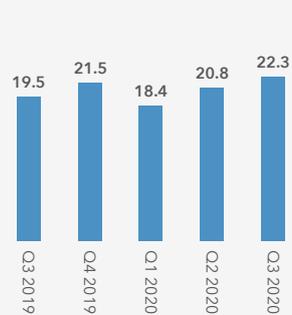
FINANCIAL SERVICES

Betterment

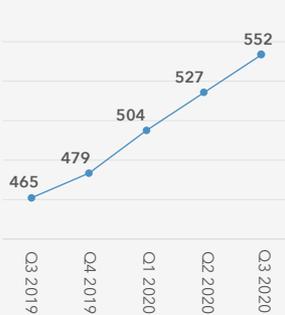
US based smart money manager offering cash management services alongside its core investing and retirement solutions

Fair Value SEK **1.1bn**
Kinnevik Stake **16%**

Assets Under Management (USDbn)



Customers ('000)



monese

The first fully mobile current account in the UK

Signed-Up Customers (m)



Fair Value SEK **444m**
Kinnevik Stake **28%**

Bread

Offers a white label payment solution to online retailers in the US

Fair Value SEK **467m**
Kinnevik Stake **13%**

PEO

Offers smart payment cards to employees while making sure the company remains in full control of spending

Fair Value SEK **366m**
Kinnevik Stake **13%**

DEPOSIT SOLUTIONS

Open Banking platform allowing banks to offer third party deposit products through customers' existing accounts

Fair Value SEK **258m**
Kinnevik Stake **6%**



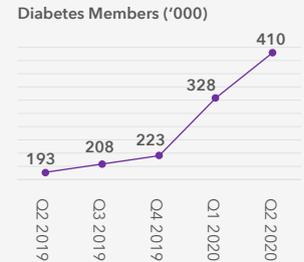
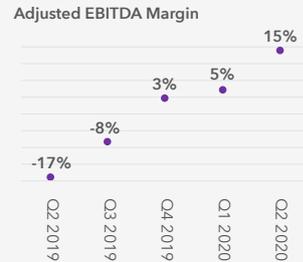
Note: Betterment's AUM is as of the period end, and customers are those with an AUM balance greater than zero at the end of the period. Betterment has updated its methodology for calculating number of customers and thus, some of the historical numbers have been restated. Monese's Signed-up Customers are those that have started the registration process by providing some form of identification.

HEALTHCARE SERVICES



Empowers people with chronic conditions to live better and healthier lives

Fair Value SEK **15.9bn**
Kinnevik Stake **12%**



In August 2020, Teladoc, the global leader in virtual care, and Livongo, the leading Applied Health Signals company, announced their intention to merge. The merger represents a transformational opportunity to improve the delivery, access and experience of healthcare for consumers around the world. The highly complementary organisations will combine to create value

across the healthcare ecosystem, enabling clients everywhere to offer high quality, personalized, technology-enabled longitudinal care that improves outcomes and lowers costs across the full spectrum of health.

When the merger has been completed, Kinnevik will become an owner of a 4.5% stake in the combined company and receive USD 143m (SEK 1.3bn)

in cash consideration.

The combined company will have expected 2020 pro forma revenue of approximately USD 1.3bn, representing year-over-year pro forma growth of 85%, and pro forma adjusted EBITDA of over USD 120m. The combined company is positioned to execute quantified opportunities to drive **revenue synergies of USD 100m by the end of the**

second year following completion, reaching USD 500m on a run rate basis by 2025.

The transaction is expected to close by the end of Q4 2020, subject to regulatory approval, Teladoc and Livongo shareholder approvals, and other customary closing conditions.

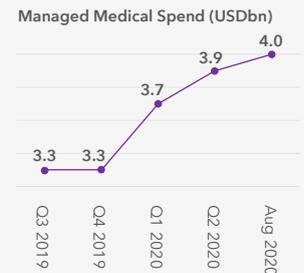


A leading US based provider of primary care and a pioneer in the delivery of value-based care

Fair Value SEK **3.4bn**
Kinnevik Stake **9%**

Managed Lives
August 2020

593k



Digital healthcare service company combining mobile tech and artificial intelligence with medical expertise

Fair Value SEK **2.5bn**
Kinnevik Stake **16%**



Provides a smarter way for hospitals, health systems and medical groups to manage the patient payment ecosystem

Fair Value SEK **608m**
Kinnevik Stake **11%**



Value-based healthcare provider focused on underserved urban populations with complex care needs

Fair Value SEK **313m**
Kinnevik Stake **8%**

Note: The definitions of Livongo's KPIs are available on the company's website. Managed lives for VillageMD refer to the number of patients attributed to a VillageMD primary care doctor. Managed medical spend refer to the total medical spend per year of all managed lives. Global registrations for Babylon refer to the total number of users globally registered with a Babylon service.

HEALTHCARE SERVICES



Swedish digital health company that connects patients with physical therapists to deliver an online evidence-based treatment for chronic joint pain

Fair Value SEK **134m**
Kinnevik Stake **19%**

Enrolled patients
September 2020

25_k

Active patients per month
September 2020

10_k

Joint Academy is a digital health platform founded in 2014 that delivers online, evidence-based treatment for chronic joint pain, specializing in osteoarthritis, monetizing on a per consultation basis. **Chronic joint pain is one of the largest cost drivers in medical spend and almost 50% of Americans suffer from it.** Osteoarthritis alone is a top five cost driver within chronic conditions cos-

ting an estimated USD 185bn per year in the US alone. The condition is treated with pain reducing medication (opioids) and/or expensive and invasive hip/joint replacements.

The company was founded by a father and son team. **The father Leif Dahlberg, Chief Medical Officer, is a professor in osteoarthritis and the founder of what is considered the Swedish Gold Standard for**

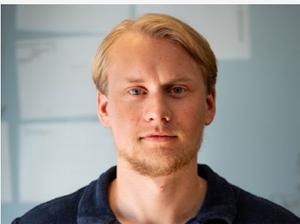
treatment of joint pain using a non-invasive self-management program. The son, Jakob Dahlberg, took the program and built it into a digital solution where patients can manage their osteoarthritis on their own with physiotherapists supporting remotely, i.e. an online/telehealth version of the established program.

Joint Academy has enrolled over 25,000 patients with close

to 10,000 active patients per month. **On average, Joint Academy patients report a 44% reduction in pain after three months and report reduced levels of pain over the rest of the first year.** Almost half of patients who considered joint replacement reports that they no longer need it, and 42% report that they need less pain medication to manage the condition.

"We want to be the global standard treatment for chronic joint pain"

Interview with Jakob Dahlberg, co-founder of Joint Academy.



What led you to start Joint Academy?

Around 80% of global healthcare costs stem from 15 chronic diseases, and chronic joint pain is the fifth most common. Almost all chronic diseases have some connection to lifestyle choices and are also often mistreated with medication and surgery. Knowing this, and with his leading expertise in

chronic joint pain, my father developed a methodology for osteoarthritis care which included meeting a physical therapist regularly, focusing on behavioural change and exercises. The methodology works very well on a clinical level and has been refined over several years with data from thousands of patients. As I was studying Computer Science, I realised that we could digitalise his methodology to make it globally scalable and much more cost efficient.

How does the collaboration with your father work today?

He comes from the world of academia and focuses on clinical research, whereas I am more of an entrepreneur and engineer and thus more product focused. We work in close collaboration and our different roles complement each other very well. I think we make

a very strong interdisciplinary founding team and the combination of our different skillsets are very valuable in the field of healthcare.

What is the uniqueness in Joint Academy's method?

Sweden has some of the best osteoarthritis data and outcomes in the world, much to do with the methodology my father developed. We have a very strong clinical program and evidence to rely on, which we amplify with technology and our own findings. We also have world leading professors and specialists on chronic joint pain on payroll. This contributes to us being able to generate outcomes that exceed those of the face-to-face method and on a clinical level.

Which are your competitors?

That's the status quo. The market is still very underdeveloped,

focused on medication rather than prevention. The opportunity for us is re-routing patients away from that to a more preventative care model focused on behavioural change, education and exercises.

What is your vision for the company in ten years?

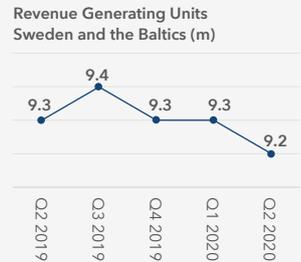
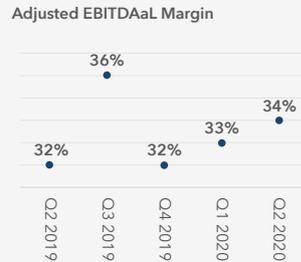
We want to be the global standard treatment for chronic joint pain. As soon as a person has been diagnosed, or are experiencing hip or knee pain, Joint Academy should be the first line of defence. Our vision is to be implemented with all the major health plans around the world, to work with hundreds of thousands physical therapists and treat millions of patients globally. To get there, we need to contract more payers, onboard more physical therapists and reach a much broader audience of patients globally.

TMT

TELE2

Enables mobile and fixed connectivity, telephony, data, TV and streaming

Fair Value SEK **23.7bn**
Kinnevik Stake **27%**



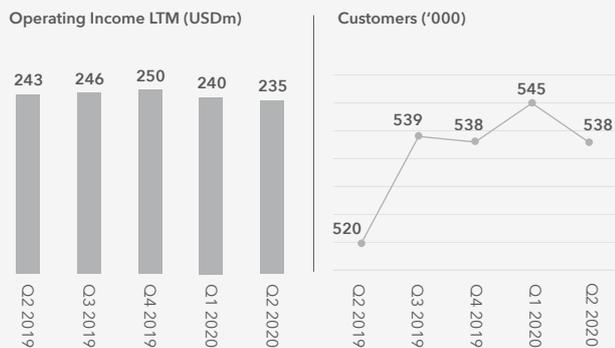
EMERGING MARKETS

BAYPORT

FINANCIAL SERVICES

Credit and financial solutions provider operating in nine countries across Africa and Latin America

Fair Value SEK **795m**
Kinnevik Stake **21%**



BIMA

Offers life and health insurance via mobile phones across Africa and Asia

Fair Value SEK **574m**
Kinnevik Stake **33%**

Quikr™

Humana hai badshahi.

Online classifieds platform in India focused on five verticals - Goods, Cars, Bikes, Jobs, Homes and Services

Fair Value SEK **404m**
Kinnevik Stake **17%**

Saltside

Online classifieds platform focused on underserved frontier markets, operating in Sri Lanka, Bangladesh and Ghana

Fair Value SEK **372m**
Kinnevik Stake **61%**



Note: The definitions of Tele2's and Bayport's KPIs are available on the companies' respective websites.

SUSTAINABLE VALUE CREATION IN KINNEVIK'S PORTFOLIO

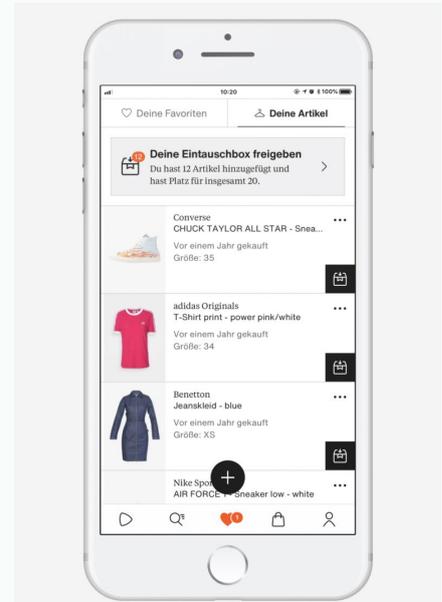
Our online fashion companies are leading the way on circular fashion

Zalando enables consumers to shop and trade in pre-owned fashion directly on its platform

Zalando has launched a new Pre-owned offer catering to customers who want to shop and/or trade in pre-owned articles for credit on Zalando. All pre-owned items are quality-checked and curated into a fresh assortment with Zalando's superior convenience in shipping, payment options and free returns.

By enabling customers to give their fashion items another life directly on the platform, the new Pre-owned offer is an important contribution to Zalando's [do.MORE sustainability strategy](#), supporting the goal of extending the life of 50 million items and eliminating single-use plastics until 2023. Zalando Pre-owned is already live in Germany and Spain and will be rolled out to customers in Belgium, France, the Netherlands and Poland in October 2020.

Torben Hansen, Zalando VP Recommerce, commented: "Interest in pre-owned fashion is high and growing, especially among millennials. At the same time, customers are missing an easy and reliable service that combines it all: effortless trading in items they no longer wish to wear, and an enjoyable online shopping experience for pre-owned fashion. With the launch of Pre-owned, Zalando is the first fashion platform to offer such a seamless solution and tackle these customer needs at scale."



Global Fashion Group introduces first own collection from sustainable materials in Southeast Asia

Global Fashion Group (GFG) has launched its first collection from sustainable materials on ZALORA, its Southeast Asian platform. Established under the ZALORA Basics label and in collaboration with TENCEL™ fibres, the collection aims to encourage customers to shop fashion more consciously and offers 44 styles, including tops, bottoms, dresses, jumpsuits, a hijab and a turban.

TENCEL™ fibres originate from the renewable raw material wood, and are certified compostable and biodegradable, thus able to fully revert back to nature. TENCEL™ fibres sources raw materials from sustainably managed forests, and their closed-loop production process transforms wood pulp into cellulosic fibres with high resource efficiency and low environmental impact.

ZALORA recently announced its [sustainability strategy](#), the first fashion e-commerce player in Southeast Asia to establish such a comprehensive plan, and the second of GFG's four regions to do so. Throughout 2020 through 2025, ZALORA intends to inspire consumers to make sustainable fashion choices while driving a circular fashion movement in the region. Its commitments include minimising the environmental impact and encouraging social and environmental improvement in the supply chain through ethical sourcing.

Giulio Xiloyannis, ZALORA's Chief Commercial Officer, commented: "At ZALORA we are committed to promoting sustainability in the region and to shaping a sustainable fashion ecosystem. As part of our sustainability strategy, we strive to offer our customers a large choice of sustainable fashion, beginning with our ZALORA Basics label. This collection made with TENCEL™ fibres is the first step for our own in-house labels to make sustainable fashion accessible to our customers, in hopes of educating and inspiring more conscious fashion consumption."

FINANCIAL REVIEW

Capital Re-Allocation Activity

Investee (SEKm)	Q3 2020	Q1-Q3 2020
Bima	15	17
Budbee	-	106
Cedar	-	74
Cityblock	-	235
Common	184	184
Joint Academy	131	131
MatHem	15	182
Monese	29	92
Omio	114	114
Town Hall Ventures II	-	74
TravelPerk	-	37
VillageMD	232	260
Other	12	28
Investments	732	1 535
Home24	-221	-221
Qliro Group	-29	-227
Zalando	-	-6 725
Other	-	-6
Divestments	-250	-7 179
Net Investments / (Divestments)	482	-5 644

Capital Allocation Framework

Over 2019-23, Kinnevik is aiming to systematically invest its capital under a capital allocation framework which entails:

- Investing one-third of our capital into first round investments, and two-thirds of our capital into follow-on investments in the high-performing companies of our growth portfolio, on average per year
- Adding one or two international, later-stage companies, and one or two Nordic earlier-stage companies on average per year
- Distributing our capital evenly across our focus sectors
- Aiming to accrete 15-25 percent ownership stakes
- Targeting a portfolio of 30 companies, with a more even distribution of value across investments and sectors, as well as levels of risk and stages of maturity

During the third quarter, we invested a total of SEK 732m, of which SEK 416m was deployed into our existing businesses.

Our largest follow-on investment in the quarter was SEK 232m in VillageMD as part of the funding round led by Walgreens Boots Alliance. We also invested

SEK 114m into Omio in connection with the company's convertible loan raise.

In the quarter we added two new companies to our portfolio. We invested SEK 184m for a 9% ownership stake in Common, a residential brand and tech-enabled managed rental housing marketplace based in New York. We

also made an investment of SEK 131m for an ownership stake of 19% in Joint Academy, a Swedish digital health company specialised in chronic joint pain.

During the quarter, we furthermore divested our entire stake in Home24 for SEK 221m as well as the remainder of our holding in Qliro Group.



CAPITAL MARKETS DAY PRESENTATION

Kinnevik held a Capital Markets Day on 19 September 2019, during which we presented our strategy, capital allocation framework 2020-2023 and our priorities going forward. Read more on kinnevik.com.

[MORE →](#)

Capital Structure

As at 30 September 2020, Kinnevik had a net cash position of SEK 3.0bn, corresponding to 2.9% of portfolio value. This net cash position was made up of SEK 5.8bn in cash and short-term investments and SEK 2.9bn in senior unsecured bonds with a remaining tenor exceeding 12 months.

In May, Kinnevik received the first tranche of ordinary dividends from Tele2, amounting to SEK 0.5bn, with the second tranche of equal size to be received in October together with an extra dividend of SEK 0.7m. The total dividend from Tele2 during the year thus amounts to SEK 1.7bn of which SEK 1.2bn will be recorded in the fourth quarter.

During the third quarter Kinnevik distributed SEK 1.9bn in an extraordinary cash distribution.

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

TOTAL COMPREHENSIVE INCOME

Condensed Consolidated Income Statement and Report Concerning Total Comprehensive Income

SEKm	Note	Q3 2020	Q3 2019	Jan-Sep 2020	Jan-Sep 2019	FY 2019
Change in fair value of financial assets	4	20 283	1 949	36 260	20 886	18 972
Dividends received	5	-	1 126	516	2 015	2 907
Administration costs		-87	-120	-267	-259	-391
Other operating income		3	4	9	46	50
Other operating costs		-2	-3	-2	-3	-4
Operating profit/loss		20 197	2 956	36 516	22 685	21 534
Financial net		30	24	-18	-2	39
Profit/loss after financial net		20 227	2 980	36 498	22 683	21 573
Tax		0	0	0	0	-1
Net profit/loss for the period		20 227	2 980	36 498	22 683	21 572
Total comprehensive income for the period		20 227	2 980	36 498	22 683	21 572
Net profit/loss per share before dilution		72.85	10.80	131.67	82.26	78.11
Net profit/loss per share after dilution		72.84	10.75	131.63	82.13	78.02
Outstanding shares at the end of the period		277 775 037	275 829 227	277 775 037	275 829 227	276 604 474
Average number of shares before dilution		277 764 887	275 829 227	277 184 681	275 745 394	276 160 962
Average number of shares after dilution		277 764 887	276 305 175	277 285 477	276 185 984	276 483 775

Consolidated Earnings for the Third Quarter

The change in fair value of financial assets including dividends received amounted to a profit of SEK 20,283m (3,075) for the third quarter of which a profit of SEK 19,324m (1,617) was related to listed holdings and a profit of SEK 959m (1,458) was related to unlisted holdings. See note 4 and 5 for further details.

Of the SEK 87m (120) in administration costs incurred during the third quarter, SEK 40m (68) pertained to Kinnevik's outstanding long-term incentive programs of which revaluation of options from the long term cash-based incentive program 2017-2022 amounts to SEK 29m (0).

Consolidated Earnings for the First Nine Months of the Year

The change in fair value of financial assets including dividends received amounted to a profit of SEK 36,776m (22,901) for the first nine months of the year of which a profit of SEK 35,447m (19,264) was related to listed holdings and a profit of SEK 1,329m (3,637) was related to unlisted holdings. See note 4 och 5 for further details.

Of the SEK 267m (259) in administration costs incurred during the first nine months of the year, SEK 132m (84) pertained to Kinnevik's outstanding long-term incentive programs.

The cost recognized for the 2020 long-term incentive program ("LTI 2020") amounted to SEK 93m and is approx-

imately 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.

Revaluation of options from the long term cash-based incentive program 2017-2022 amounts to SEK 35m (0) for the first 9 months of the year.

CASH FLOW STATEMENT

Condensed Consolidated Cash Flow Statement

SEKm	Note	Q3 2020	Q3 2019	Jan-Sep 2020	Jan-Sep 2019	FY 2019
Dividends received	5	-	1 126	516	2 015	2 907
Cash flow from operations		-102	-64	-251	-159	-222
Cash flow from operations before interest net and income taxes		-102	1 062	265	1 856	2 685
Interest, received		0	0	0	0	0
Interest, paid		-6	-5	-47	-42	-49
Cash flow from operations		-108	1 057	218	1 814	2 636
Investments in financial assets		-760	-2 838	-1 472	-4 443	-4 586
Sale of shares and other securities		250	5 908	6 981	5 967	6 162
Cash flow from investing activities		-510	3 070	5 509	1 524	1 576
Repayment of loan		-1 176	-960	-3 410	-500	-500
Borrowing		-	560	1 500	4 370	1 960
Dividend paid to equity holders of the Parent company		-1 928	-	-1 928	-1 169	-2 271
Cash flow from financing activities		-3 104	2 070	-3 838	2 701	-811
Cash flow for the period		-3 722	6 197	1 889	6 039	3 401
Cash and short term investments, opening balance		9 498	328	3 887	486	486
Cash and short term investments, closing balance		5 776	6 525	5 776	6 525	3 887
SUPPLEMENTARY CASH FLOW INFORMATION						
Investments in financial assets	4	-732	-2 108	-1 535	-4 523	-4 566
Investments not paid		0	0	62	100	0
Prior period investments, paid in current period		-28	-730	0	-20	-20
Cash flow from investments in financial assets		-760	-2 838	-1 472	-4 443	-4 586

BALANCE SHEET

Condensed Consolidated Balance Sheet

SEK m	Note	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS				
Fixed assets				
Financial assets accounted at fair value through profit and loss	4	104 846	92 868	74 230
Tangible fixed assets		49	51	51
Right of use asset		10	15	11
Other fixed assets		230	19	27
Total fixed assets		105 135	92 953	74 319
Other current assets		85	46	70
Short term investments		3 274	3 150	3 664
Cash and cash equivalents		2 502	3 375	223
TOTAL ASSETS		110 996	99 524	78 276
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity attributable to equityholders of the Parent Company		107 885	92 010	73 295
Interest bearing liabilities, long term		2 946	1 449	1 426
Interest bearing liabilities, short term		-	5 820	3 410
Non interest bearing liabilities		165	245	145
TOTAL EQUITY AND LIABILITIES		110 996	99 524	78 276
Key Ratios				
Ratio	Note	30 Sep 2020	30 Sep 2019	31 Dec 2019
Debt/equity ratio		0.03	0.08	0.07
Equity ratio		97%	92%	94%
Net cash/Net debt, for the Group, including net loans to investee companies	6	3 457	-250	-456
Net cash/Net debt, for the Group, excluding net loans to investee companies	6	2 997	-825	-930
Leverage, excluding net loans to investee companies		-	0.9%	1.3%

CHANGES IN EQUITY

Condensed Report of Changes in Equity for the Group

SEK m	Jan-Sep 2020	Jan-Sep 2019	FY 2019
Opening balance	73 295	70 503	70 503
Profit/loss for the period	36 498	22 683	21 572
Total comprehensive income for the period	36 498	22 683	21 572
Transactions with shareholders			
Effect of employee share saving programme	20	-7	39
Dividend in kind	-	-	-16 548
Cash dividend	-1 928	-1 169	-2 271
Closing balance for the period	107 885	92 010	73 295

NOTES FOR THE GROUP (SEKM)

Note 1 Accounting Principles

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. This report was prepared in accordance with the Annual Accounts Act and IAS 34, Interim Financial Reporting. Information in accordance with IAS 34, Interim Financial Reporting is provided in the notes as well as in other places in the interim report. The accounting principles are the same as described in the 2019 Annual Report.

Note 2 Risk Management

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's exposure to political risks is limited.

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 in the 2019 Annual Report.

Note 3 Related Party Transactions

Related party transactions for the period are of the same character as the transactions described in the 2019 Annual Report.

Note 4

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 and profit multiples, and discounting future expected cash flows. When performing a valuation 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.

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 the first nine months of 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. At all three companies, our applied revenue multiples in this quarter remain largely unchanged in spite of continued multiple expansion in the relevant publicly listed peer groups, and our valuations therefore grow solely due to the net effect of achieved revenue growth, upwards revisions of near-term growth outlooks, and cash burn.

The fair value of Kinnevik's 31 percent shareholding in **Budbee** amounts to SEK 400m, and is based on a total value of Budbee's equity of SEK 1.3bn. The valuation is based on the same near-term forward-looking multiple relevant at closing of the company's Series B funding round during the second quarter, at a

slight premium to forward-looking revenue multiples of a peer group of more mature logistic companies, with references to e-commerce enabling software companies. 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 1,242m. The total value of MatHem's equity amounts to SEK 3.3bn, 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 1.7x the company's last twelve months' revenues as at 30 June 2020, unchanged from last quarter. The corresponding multiple per 30 September 2020, the relevant date of our valuation assessment, has come down considerably, and corresponds to a 25% 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 820m. The total value of Kolonial.no's equity is assessed to amount to NOK 3.0bn and is based on trailing revenue multiples of a composite peer group corresponding to that of MatHem. The assessed valuation implies a multiple of 2.3x the company's last twelve months' revenues as at 30 June 2020, unchanged from last quarter. As for MatHem, the multiple of last twelve months' revenues has come down considerably per 30 September 2020, the relevant date of our valuation assessment, and is in line with our composite peer group's average multiple in consideration of Kolonial's higher growth rates but somewhat earlier stage of profitability compared to the peer group.

The global outbreak of the coronavirus continues to cause significant uncertainty in the travel industry and a sharp reduction in demand. As a result, share prices of online travel agencies fell materially during the first quarter, and have yet to recover to pre-corona levels. We continue to seek to reflect the development in pu-

blic equity markets during the quarter 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.

The fair value of Kinnevik's 6 percent shareholding and other interest in **Omio** amounts to SEK 518m, and is based on 2020 revenue multiples of a peer group of online travel agencies such as Trainline, TripAdvisor and Booking. This multiple is applied on a revenue assessment incorporating the current estimated effects of the coronavirus on the underlying travel market. Omio is performing 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 quarter, the company has 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 451m and is based on 2021 revenue multiples of a peer group of online travel booking platforms, such as Amadeus and Serko, and SaaS companies, such as Atlassian and Salesforce, which have a financial profile more similar to that of TravelPerk's. 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 a nearly unchanged revenue multiple in spite of expanding multiples in both peer groups.

The fair value of Kinnevik's 9 percent shareholding in **Common** amounts to SEK 188m, 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 recent funding round.

Method & Investee Companies	Fair Value (SEKm)	% of Unlisted Financial Assets
DCF (<i>Betterment, Bima</i>)	1 642	11%
P/E (<i>Bayport</i>)	795	5%
Trailing EV/Revenue (<i>Online Grocers, Value Based Care</i>)	6 181	40%
Forward EV/Revenue	6 757	44%
Other	87	< 1%

Financial Services

The fair value of Kinnevik's 16 percent shareholding in **Betterment** amounts to SEK 1,068m, and is based on a discounted cash flow analysis with references to 2021 revenue multiples of three peer groups consisting of financial technology companies, digital wealth managers, and SaaS business. It is our intention to transition fully into a valuation method based on revenue multiples in the upcoming quarter. 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 third 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 13 percent shareholding in **Bread** amounts to SEK 467m and is based on forward-looking revenue multiples of a peer group of software, SaaS, payments, and lending companies. The increase in fair value is a result of strong performance on the back of an increased adoption of digital consumer e-Commerce services and expanding peer group multiples, in part offset by currency headwinds.

The fair value of Kinnevik's 6 percent shareholding in **Deposit Solutions** amounts to SEK 258m and is based on forward-looking revenue multiples of a peer group of SaaS, software licensing, and financial technology companies. The applied revenue multiple remains in line with the previous quarter in spite of expanding multiples across peer groups.

The fair value of Kinnevik's 28 percent shareholding and other interests in

Monese amounts to SEK 444m 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 reappplied in a smaller fundraise in the quarter. The fair value of Kinnevik's investment increases as a result of an investment in the quarter and currency tailwinds.

The fair value of Kinnevik's 13 percent shareholding in **Pleo** amounts to SEK 366m and is based on forward-looking revenue multiples of a peer group of SaaS companies. The slight increase in fair value is primarily a result of the company performing better than expected given the current business environment, and we discount the average peer group multiple in consideration of challenges facing the corporate expenditure industry during the coronavirus crisis.

Healthcare Services

During the quarter, 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 2,470m, and is primarily based on a set of specific operational future milestones which renders our valuation

virtually unchanged in USD terms. We expect further visibility on these milestones in the next quarter, at which point in time we will be looking to reassess our fair value provided such visibility is present. Our valuation corresponds to approximately 21x Babylon's forecasted 2020 revenues, at a slight premium to the average of a peer group of disruptive healthcare and healthcare IT companies, including Teladoc, which have seen moderately positive trading in the quarter. The slight decrease in fair value is primarily a result of currency headwinds.

The fair value of Kinnevik's 11 percent shareholding in **Cedar** amounts to SEK 608m, and is based on 2021 revenue multiples of a peer group of healthcare software and analytics companies. The Series C funding led by Andreessen Horowitz announced in June, the valuation it was concluded at, and Cedar's performance over the last few months all provided reference points and support for the material upwards revision of the assessed fair value of our investment made in the previous quarter, and the slight decrease in fair value this quarter is solely a result of currency headwinds.

The fair value of Kinnevik's 8 percent in **Cityblock** amounts to SEK 313m, 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 increase in fair value in the quarter is solely driven by achieved revenue growth, as our trailing revenue multiple is unchanged from the previous quarter. The applied multiple is at a material discount to the aforementioned comparable companies, considering primarily the recency of the company's funding round and Oak Street Health's IPO.

The fair value of Kinnevik's 19 percent shareholding in **JointAcademy** amounts to SEK 134m, 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 physical therapy 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 3,434m 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 transaction with Walgreens Boots Alliance and the future outlook for VillageMD provide continued support for an expansion of the revenue multiple applied in prior quarters. Our applied multiple remains at a material discount to the aforementioned comparable companies, considering primarily the recency of both the transaction with Walgreens Boots Alliance and Oak Street Health's IPO.

Emerging Markets

The fair value of Kinnevik's 21 percent shareholding in **Bayport** amounts to SEK 795m and is based on 2020 and 2021 price-to-earnings multiples of a peer group of consumer finance companies. The slight increase in fair value is lower than the average share price development of Bayport's peers, as we discount the near-term financial outlook due to the uncertainties caused by the coronavirus crisis.

The fair value of Kinnevik's 33 percent shareholding in **Bima** amount to SEK 574m, and is based on a discounted cash flow analysis referenced against 2020 revenue multiples of a peer group of insurance technology companies. The assessed valuation corresponds to the valuation in a funding round during the quarter, and the decrease in assessed fair value is solely due to dilution and currency headwinds.

The fair value of Kinnevik's 17 percent shareholding and other interests in **Quikr** amounts to SEK 404m and is based on near-term forward-looking revenue multiples of a peer group of emerging market online classifieds companies. In the third quarter, our applied multiple has been lowered to reflect the persistent impact of the coronavirus crisis on Quikr's more discretionary consumption verticals in India. The company is performing in line with

expectations that were revised in previous quarters, entailing sharp cost reductions as a result of the coronavirus crisis.

The fair value of Kinnevik's 61 percent shareholding and other interests in **Saltside** amounts to SEK 372m. The valuation of Saltside is based on trailing revenue multiples of a peer group of emerging market online classifieds companies and our assessed value of the company as a whole has increased fairly in line with this peer group's average share price performance in the quarter.

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.

Information is provided in this note 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.

Change in fair value of financial assets	Q3 2020	Q3 2019	Jan-Sep 2020	Jan-Sep 2019	FY 2019
Global Fashion Group	2 125	- 1 989	2 520	-1 989	-1 816
Home24	7	2	59	-251	-191
Livongo	6 997	-420	12 893	-420	379
Millicom	-	-1 740	-	-3 197	-4 596
Qliro Group	-14	-89	-69	18	-95
Tele2	516	2 063	-1 717	6 332	4 268
Westwing	-	-100	-	-417	-355
Zalando	9 693	2 763	21 245	17 174	18 766
Total Listed Holdings	19 324	491	34 931	17 249	16 360
Babylon	-45	1 429	-338	2 076	1 934
Bayport	26	-2	-315	60	-62
Betterment	-48	61	-247	121	162
Bima	-142	14	-379	55	-58
Bread	90	19	152	33	17
Budbee	52	-	70	98	98
Cedar	-24	11	337	17	8
Cityblock	80	-	78	-	-
Common	4	-	4	-	-
Deposit Solutions	1	4	-27	16	11
Global Fashion Group	-	-	-	-155	-155
Joint Academy	3	-	3	-	-
Karma	-	-	-19	-	-
Kolonial.no	84	-4	128	46	35
Livongo	-	-	-	1 065	1 065
MatHem	95	-	171	-	-
Monese	2	9	-31	16	25
Omio	-62	28	-64	49	25
Pleo	24	5	23	198	191
Quikr	-61	14	-544	-87	-851
Saltside	57	3	40	5	123
Town Hall Ventures II	-3	-	-7	-	-
TravelPerk	-12	-27	-92	186	161
VillageMD	838	11	2 436	11	11
Other	-	-116	-50	-174	-128
Total Unlisted Holdings	959	1 458	1 329	3 637	2 612
Total	20 283	1 949	36 260	20 886	18 972

Fair value of financial assets	Class A shares	Class B shares	Capital/Votes (%)	30 Sep 2020	30 Sep 2019	31 Dec 2019
Global Fashion Group	79 093 454	-	40.1/40.1	4 465	1 772	1 945
Home24	-	-	-	-	101	162
Livongo	12 653 927	-	12.4/12.4	15 861	2 170	2 968
Millicom	-	-	-	-	17 972	-
Qliro Group	-	-	-	-	409	296
Tele2	20 733 965	166 879 154	27.2/42.0	23 724	27 504	25 440
Westwing	-	-	-	-	65	-
Zalando	54 047 800	-	21.3/21.3	45 334	29 222	30 814
Total Listed Holdings				89 384	79 215	61 625
Babylon			16/16	2 470	2 950	2 808
Bayport			21/21	795	1 232	1 110
Betterment			16/16	1 068	1 274	1 315
Bima			33/33	574	1 010	936
Bread			13/13	467	331	315
Budbee			31/31	400	224	224
Cedar			11/11	608	206	197
Cityblock			8/8	313	-	-
Common			9/9	188	-	-
Deposit Solutions			6/6	258	290	285
Joint Academy			19/19	134	-	-
Karma			20/20	49	62	62
Kolonial.no			24/24	820	694	686
MatHem			37/37	1 242	889	889
Monese			28/28	444	374	383
Omio			6/6	518	492	468
Pleo			13/13	366	350	343
Quikr			17/17	404	1 703	941
Saltside			61/61	372	207	325
Town Hall Ventures II			-	67	-	-
TravelPerk			15/15	451	531	506
VillageMD			9/9	3 434	737	737
Other			-	20	97	75
Total Unlisted Holdings				15 462	13 653	12 605
Total				104 846	92 868	74 230

Investments in financial assets	Q3 2020	Q3 2019	Jan-Sep 2020	Jan-Sep 2019	FY 2019
Babylon	-	296	-	374	374
Bima	15	9	17	82	121
Budbee	-	-	106	46	46
Cedar	-	-	74	47	47
Cityblock	-	-	235	-	-
Common	184	-	184	-	-
Deposit Solutions	-	-	-	-	-
Global Fashion Group	-	-	-	632	632
Joint Academy	131	-	131	-	-
Karma	6	-	6	-	-
Kolonial.no	2	3	6	339	341
Livongo	-	825	-	825	825
MatHem	15	-	182	889	889
Monese	29	-	92	156	156
Omio	114	-	114	-	-
Pleo	-	-	-	85	85
Quikr	2	147	7	147	149
Saltside	-	3	7	3	3
Town Hall Ventures II	-	-	74	-	-
TravelPerk	-	98	37	122	122
VillageMD	232	726	260	726	726
Other	-	-	-	50	50
Total Unlisted Holdings	732	2 108	1 535	4 523	4 566
Total	732	2 108	1 535	4 523	4 566
Changes in unlisted assets (level 3)	Q3 2020	Q3 2019	Jan-Sep 2020	Jan-Sep 2019	FY 2019
Opening balance	13 772	16 471	12 605	11 939	11 939
Investments	732	2 108	1 535	4 523	4 566
Disposals / Exit proceeds	-	-33	-6	-95	- 161
Reclassification	-	-6 351	-	-6 351	-6 351
Change in fair value	959	1 458	1 329	3 637	2 612
Closing balance	15 462	13 653	15 462	13 653	12 605

Note 5 Dividends Received

	Q3 2020	Q3 2019	Jan-Sep 2020	Jan-Sep 2019	FY 2019
Millicom	-	-	-	476	956
Tele2	-	1 126	516	1 539	1 951
Total dividends received	-	1 126	516	2 015	2 907
Of which ordinary cash dividends	-	1 126	516	889	1 781

Note 6 Interest Bearing Assets and Liabilities

Kinnevik was in a net cash position of SEK 3,457m as at 30 September 2020, including loans to investee companies and debt for unpaid investments (net debt SEK 456m as at 31 December 2019). Net cash excluding loans to portfolio com-

panies amounted to SEK 2,997m (net debt of SEK 930m as at 31 December 2019).

Kinnevik's total credit facilities (including issued bonds) amounted to SEK 9,030m as at 30 September 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 11,906m as at 30 September 2020 (SEK 9,056m as at 31 December 2019).

SEKm	30 Sep 2020	30 Sep 2019	31 Dec 2019
Interest bearing assets			
Loans to investee companies	460	575	474
Short term investments	3 274	3 150	3 664
Cash and cash equivalents	2 502	3 375	223
Other interest bearing assets	229	19	19
Total interest bearing assets	6 465	7 119	4 380
Interest bearing long term liabilities			
Corporate bonds	2 900	1 400	1 400
Accrued borrowing cost	-10	-10	-11
Other interest bearing liabilities	56	59	37
	2 946	1 449	1 426
Interest bearing short term liabilities			
Corporate bonds	-	2 450	2 450
Commercial papers	-	3 370	960
	-	5 820	3 410
Total interest bearing liabilities	2 946	7 269	4 836
Net interest bearing liabilities (-) / assets (+)	3 519	-150	-456
Net debt/receivables, unpaid investments/divestments	-62	-100	0
Net cash/(Net debt) for the Group, including net loans to investee companies	3 457	-250	-456
Net cash/(Net debt) for the Group, excluding net loans to investee companies	2 997	-825	-930

Kinnevik currently has no bank loans outstanding, and its bank facilities when drawn carry variable interest rates. Debt capital market financing consist of commercial paper and senior unsecured bonds. Commercial paper is issued with a maximum tenor of 12 months under Kinnevik's SEK 5.0bn commercial paper program, and senior unsecured bonds are issued with a minimum tenor of 12 months under Kinnevik's SEK 6bn medium term note program. In order to hedge interest rate risks, Kinnevik has entered into a number of interest rate swap agreements whereby it pays a fixed annual interest rate also on bonds with a floating rate coupon. As at 30 September 2020, the average interest rate for the outstanding commercial paper and senior unsecured bonds amounted to 0.9% and the weighted average remaining tenor for all Kinnevik's credit facilities amounted to 2.5 years.

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK m	Q3 2020	Q3 2019	Jan-Sep 2020	Jan-Sep 2019	FY 2019
Administration costs	-93	-114	-261	-233	-344
Other operating income and costs	2	-1	4	1	3
Operating loss	-91	-115	-257	-232	-341
Result from subsidiaries	417	-22	-1 275	7 045	23 752
Financial net	0	-35	-48	-65	-47
Profit/loss after financial items	326	-172	-1 580	6 748	23 364
Group contribution	-	-	-	-	122
Profit/loss before taxes	326	-172	-1 580	6 748	23 486
Taxes	-	-	-	-	-
Net profit/loss for the period	326	-172	-1 580	6 748	23 486
Total comprehensive income for the period	326	-172	-1 580	6 748	23 486

CONDENSED PARENT COMPANY BALANCE SHEET

SEK m	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS			
Tangible fixed assets	3	4	3
Financial fixed assets	31 748	68 004	50 138
Long term receivables	24 326	28	30 252
Short term receivables	28	23	148
Short term investments	3 274	3 150	3 664
Cash and cash equivalents	1 801	3 344	191
TOTAL ASSETS	61 180	74 553	84 396
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity	52 652	56 728	56 142
Provisions	20	26	20
Long term interest bearing liabilities	2 911	1 405	1 400
Short term interest bearing liabilities	-	5 820	3 401
Other short term liabilities	5 597	10 574	23 433
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	61 180	74 553	84 396

The Parent Company's liquidity, including short-term investments and unutilized credit facilities, totalled SEK 11,205m (9,254) per 30 September 2020. The Parent Company's interest bearing external liabilities amounted to SEK 2,911m (7,225) on the same date. Investments in tangible fixed assets amounted to SEK 1m (1) during the period.

Distribution by Share Class per 30 September 2020

	Number of shares	Number of votes	Par value (SEK 000s)
Outstanding Class A shares, 10 votes each	33 755 432	337 554 320	3 375
Outstanding Class B shares, 1 vote each	241 718 279	241 718 279	24 172
Outstanding Class D-G shares (LTIP 2018), 1 vote each	539 636	539 636	54
Outstanding Class D-G shares (LTIP 2019), 1 vote each	695 970	695 970	70
Outstanding Class C-D shares (LTIP 2020), 1 vote each	1 065 720	1 065 720	107
Class C-D shares (LTIP 2020) shares in own custody	153 080	153 080	15
Class B shares in own custody	192 927	192 927	19
Registered number of shares	278 121 044	581 919 932	27 812

The total number of votes for outstanding shares amounted at 30 September 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 1,218,800 reclassifiable, subordinated, incentive shares, divided into two 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 June 2020.

DEFINITIONS OF 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.

APMs in Kinnevik's interim report include:

Debt/equity ratio	Interest-bearing liabilities including interest-bearing provisions divided by shareholders' equity
Equity ratio	Shareholders' equity including non-controlling interest as 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 divided by portfolio value
Net asset value, NAV	Net value of all assets on the balance sheet, equal to the shareholders' equity
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 accounted at fair value through profit and 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

COMING UP

Kinnevik's Annual General Meeting 2021

The Annual General Meeting will be held on 10 May 2021 in Stockholm. Shareholders wishing to have matters considered at the Annual General Meeting should submit their proposals in writing to agm@kinnevik.com or to The Company Secretary, Kinnevik AB, Box 2094, SE-103 13 Stockholm, Sweden, at least seven weeks before the Annual General Meeting, in order for the proposal to be included in the notice to the meeting. Further details on how and when to register will be published in advance of the meeting.

Nomination Committee Ahead of the 2021 Annual General Meeting

In accordance with the resolution of the 2020 Annual General Meeting in Kinnevik, a Nomination Committee has been convened comprising members appointed by Kinnevik's largest shareholders in terms of voting interest.

The Nomination Committee comprises 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 Bailie Gifford, Anders Oscarsson appointed by AMF Insurance & Funds, Marie Klingspor and Ramsay Brufer appointed by Alecta. Anders Oscarsson has been appointed Committee Chairman.

Information about the work of the Nomination Committee can be found on Kinnevik's corporate website at www.kinnevik.com.

Shareholders wishing to submit proposals to the Nomination Committee can do so in writing to agm@kinnevik.com or to the Nomination Committee, Kinnevik AB, P.O. Box 2094, SE-103 13 Stockholm Sweden.

Upcoming Events

The Year-End Release 2020 will be published on 4 February 2021.

Dates for 2021 reporting

22 April: Interim report Jan-Mar 2021

12 July: Interim report Jan-Jun 2021

20 October: Interim report Jan-Sep 2021

Stockholm, 15 October 2020

Georgi Ganev
Chief Executive Officer

This Interim Report has not been subject to specific review by the Company's auditors.

This information is information that Kinnevik AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at 08.00 CET on 15 October 2020.

For further information, visit www.kinnevik.com or contact:

Torun Litzén
Director Investor Relations
Phone +46 (0)70 762 00 50
Email press@kinnevik.com

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.



K I N N E V I K

For further information,
visit www.kinnevik.com or contact:

Torun Litzén

Director Investor Relations
Phone +46 (0)70 762 00 50
Email press@kinnevik.com