



K I N N E V I K

# INTERIM REPORT

FIRST  
QUARTER  
2020



# IN A POSITION OF STRENGTH DURING TURBULENT TIMES

We are impressed by all our companies' ability and agility in facing the new reality, and we are supporting them to ensure that, even as they make short term adjustments to save costs and safeguard their financial positions, they remain focused on long term value creation.

Georgi Ganev, CEO of Kinnevik



## Key Developments

- **Consumer Services:** Nordic *online groceries* have experienced a surge in demand with record customer intake, operating at maximum capacity. *Fashion e-Commerce* has suffered from lower sales growth resulting in inventory write-downs, though showing relative resilience compared to physical retailers. The crisis' effect on the *travel* industry has been severe, and our companies are focusing on product development and continued customer acquisition
- **Financial Services:** Extreme market volatility has negatively impacted our companies' short-term performance, but they have a loyal and engaged customer base, and a steady inflow of deposits and engagement
- **Healthcare Services:** Our digital health companies are working hard to service their populations and clients, with restrictions on mobility increasing the number of people seeking virtual medical care
- **TMT:** Operating in a resilient sector providing connectivity at a time of social distancing, Tele2 is well placed to provide its important services to its customers

## Investment Management Activities

- Total investments of SEK 403m in the quarter, including:
  - SEK 150m in MatHem's funding round, bringing our ownership stake to 36%
  - SEK 106m in Budbee's funding round, bringing our ownership stake to 30%
  - SEK 74m in Town Hall Ventures' Fund II

## Financial Position

- NAV of SEK 64.9bn (SEK 235 per share), down SEK 8.4bn or 11% in the quarter with some overall currency tailwind
- Net debt position of SEK 1.5bn, corresponding to a leverage of 2.2% of Portfolio Value
- Kinnevik issued SEK 1.5bn in new bonds in the quarter

## Organisation

- Erika Söderberg Johnson joined Kinnevik as Chief Financial Officer on 6 April 2020
- Anna Stenberg will join Kinnevik as Chief People and Platform Officer in May 2020

## Key Financial Data

SEKm	31 Mar 2020	31 Dec 2019	31 Mar 2019
Net Asset Value	64 925	73 295	84 257
Net Asset Value per share, SEK	234.72	264.98	305.59
Share Price, SEK	164.35	228.60	239.80
Net Cash/Debt (+/-)	-1 468	-930	-4 003

SEKm	Q1 2020	Q1 2019	FY 2019
Net Profit/Loss (+/-)	-8 372	13 742	21 572
Net Profit/Loss per Share (+/-), SEK	-30.27	49.78	78.02
Change in Fair Value of Financial Assets	-8 296	13 802	18 972
Dividends Received	-	-	2 907
Dividend Paid	-	-	-18 819
Investments	403	1 048	4 566
Divestments	1	37	6 186

Net Asset Value (SEK)

**64.9bn**

Change in NAV Q/Q (SEK)

**(11)%**

One-Year TSR

**(10)%**

Five-Year Annualised TSR

**(1)%**

# CHIEF EXECUTIVE'S REVIEW

**Dear Shareholders,** the coronavirus pandemic is devastating and is affecting us all, personally and professionally. At Kinnevik, our first priority when the crisis started was to ensure the safety and wellbeing of the employees at Kinnevik and in all our companies. Our second priority has been to work closely with the leadership teams at our companies as they begin to adapt to a dramatically changing economic environment. Restrictions on people's mobility across the globe is highlighting the strength of our concentration in digital consumer services as they enable people to access groceries and healthcare digitally from the safety of their homes. By contrast, our companies in the travel space, representing 1.5% of our Portfolio Value, have seen demand drop to nil overnight. We are impressed by all our founders' and managements' ability and agility in facing the new reality, and we are supporting our companies to ensure that, even as they make short term adjustments to save costs and safeguard their financial positions, they remain focused on long term value creation.

**T**his quarter, we have sought to improve the format of how we present our quarterly results, to allow for a better overview of our portfolio, and to provide deep dives into selected companies and sectors. In this report, we have included an interview with the CEO of Kolonial.no, Karl Munthe-Kaas, on page 10, and go deeper into the business model of VillageMD on page 13. We have also provided an overview of how the Covid-19 crisis is affecting us and our companies on page 5. You will also see that we have changed the name of our e-Commerce & Marketspaces sector to Consumer Services to better reflect the composition of the sector.

## Kinnevik's First Quarter Results

Our Net Asset Value amounted to SEK 64.9bn, or SEK 235 per share, at the end of the first quarter. This is a decrease of SEK 8.4bn or 11% compared to year-end and is driven primarily by a 20% drop in the value of our Zalando investment, corresponding to SEK 6.2bn. However, Tele2 has proven resilient and only saw a 2% share price decline. Similarly, our third largest holding, the digital healthcare company Livongo, was up 21% during the quarter. The value of our unlisted portfolio decreased by 7% to SEK 12.1bn, with the write-down partly mitigated by currency movements and downside protection mechanisms in some of our private companies.

In February, we issued SEK 1.5bn in new bonds, and we ended the first quarter with SEK 3.8bn in cash and money market investments. The bond issue, in combination with our September sell-down

**The Nordic online grocery market has experienced a surge in demand in recent weeks. Both MatHem and Kolonial.no have become vital parts of society**



in Zalando and revised shareholder remuneration policy, has put us in a strong financial position from which we can execute on our strategy even if we expect that the ongoing crisis will result in an elevated capital need in certain companies in our portfolio. Per quarter-end, we held a net debt position of SEK 1.5bn, corresponding to 2.2% of Portfolio Value.

## Our Large Listed Companies

TMT and Consumer Services are sectors which are relatively resilient at a time when customers are restricted from meeting in person and accessing physical stores. However, Zalando warned in mid-April that the company expects its first quarter revenue and GMV to be significantly below previous guidance, and that EBIT is also negatively impacted by lower sales growth resulting in an exceptional write-down of inventories. The company has launched a holistic savings effort to counter the negative impact from the coronavirus crisis. The planned savings of EUR 250m in marketing and overhead, as well as reduced capital expenditure of around EUR 100m will ensure continued financial health and enable the acceleration of strategic growth initiatives. Our conviction in Zalando's long term prospects remains and we fully support management's thesis that investments made over the past decade have placed Zalando in a strong position from which it will emerge from this crisis as a winner. This is made possible through its strong relationships with 32 million active customers across 17 markets, and its deep and enduring partnerships with more than 2,500 fashion brands.

# CHIEF EXECUTIVE'S REVIEW

Meanwhile, Tele2 is well placed to provide communication services that have become more important than ever for its millions of customers, as people are forced to distance themselves socially and work from home.

## A Potential Step Change for Online Groceries

The Nordic online grocery market has experienced a surge in demand in recent weeks. Both MatHem and Kolonial.no have become vital parts of society, supplying families and individuals with food to their doorstep at a time when many cannot, or do not want to, leave their homes.

In Norway, Kolonial.no's customer intake has been 10x that of normal levels and the recent development has fast-forwarded the company's growth plans significantly. The increase in demand has been a true litmus test for the company's ability to scale its operational model. Even with a significant overperformance on sales growth, warehouse productivity has been maintained and the company's path to profitability should be drastically shortened. The trends we see at Kolonial.no clearly show that as capacity utilization increases and efficiency remains high, the business model is already cash flow generating even at Kolonial.no's current scale.

Similarly, customer intake is at record highs at MatHem, but the company is facing capacity constraints and is operating at maximum capacity to satisfy the increased demand. With the SEK 500m fundraise closed earlier this year, the company is well-funded and plans to open a new environmentally certified warehouse in 2021, expected to significantly increase capacity and efficiency.

## Travel Companies Utilise Market Downturn

Our travel companies are in the eye of the coronavirus storm. While both TravelPerk and Omio saw strong growth in line with expectations during January and February, they experienced steep declines as travel restrictions were imposed globally through March. The timing and shape of the recovery remains uncertain.

For both companies, this represents a time when the teams can accelerate product development to better serve their users in the future, and manage operating expenses to build leaner organisations. At TravelPerk, this has also been an opportunity to expand its corporate client base - and March was, in spite of the imposition of travel restrictions, one of the best months ever for new customer acquisitions. While these clients may not transact immediately, past trends suggest high stickiness



**Kolonial.no's customer intake has been 10x that of normal levels**

**Our travel companies are in the eye of the coronavirus storm. The timing and shape of the recovery remains uncertain.**



and share of wallet once travel activity picks up again, which we believe it ultimately will.

## Digital Healthcare Models Support Social Distancing

In a world where health services for those that are not critically ill need to be made available digitally, the business models of our digital health companies are particularly effective. Many institutions have limited capacity to deliver virtual care, which becomes problematic as the number of people seeking care grows exponentially while healthcare workers put their own health at risk to provide treatment.

Livongo's solution is especially valuable for people with chronic conditions coping with the current coronavirus crisis. Livongo responded quickly to the crisis, developing and rolling out a targeted Covid-19 response effort to keep its members healthy, informed, and supported through the duration of the pandemic. Similarly, Babylon has developed a product leveraging its AI capabilities to triage the diagnosis of Covid-19 which has attracted strong interest, promoting Babylon's ongoing international expansion.

## High Market Volatility Negatively Affecting Financial Services

Our financial services companies are affected by a lower economic activity as transaction volumes fall and financial markets become highly volatile. Assets under management at Betterment were down USD 3.1bn per end of March to USD 18.4bn, in line with the development of the S&P 500. However, the company has retained its customer base and continues to see strong traction in its multi-product strategy, with a steady inflow of deposits.

## Concluding Remarks

At times like these, it is as important to be agile and flexible, as it is to make sure we keep focus on delivering the long-term strategy we set out last year. We remain focused on evolving the portfolio towards a higher proportion of growth companies in our target sectors through dynamic capital re-allocation. I am thankful for the strong support from our shareholders on this journey and through the challenging times that we are in. Stay safe!

**Georgi Ganev,**  
CEO of Kinnevik

# THE EFFECTS OF COVID-19 ON OUR PLANS AND COMPANIES

Since the start of 2020, people across the world have been affected by the spread of the coronavirus. While its development and longer-term effects are uncertain, this is how we at Kinnevik currently are addressing the situation to mitigate the negative impact on our own and our companies' employees, customers and long-term value creation.

## Our Capital Allocation Plan

During times of extraordinary uncertainty and extreme market volatility, Kinnevik has the benefit of being able to play the long game. Growth investing is a long-term activity, and history shows that rushing to re-allocate capital amidst a financial crisis seldom leads to long-term value creation.

Kinnevik is an investment firm investing permanent capital on behalf of our shareholders in tech-enabled businesses that are driving and enabling changes in consumer behavior across a number of different sectors. These sectors share three key characteristics - they represent large markets, they are in the process of significant technological disruption, and their customers are being underserved by incumbent companies. With our long-term horizon, minority equity interests and focus on disruptive businesses, we believe we are in a strong position, perhaps especially as consumer behavior changes and a transition to a digital future tends to move more rapidly during periods of economic downturns.

In spite of the challenges we face, the capital allocation framework presented to you in September remains unchanged. Over 2019-23, we are looking to allocate two-thirds of our capital to follow-on investments and one-third to first-round investments, adding two to four new challenger businesses to our portfolio per year within our focus sectors.

The spread of the coronavirus means that we will 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. In the current market environment, we also believe that opportunities for new investments and potential

divestments may become fewer. We therefore believe that 2020 will be a year in which we focus our capital on our existing portfolio to a higher degree than in other years over our five-year 2019-23 plan.

## Our Financial Position

At the end of the first quarter of 2020, we held SEK 3.8bn in cash and money market investments, and a SEK 1.5bn net debt position corresponding to a leverage of 2.2 percent of our Portfolio Value. We remain as committed as ever to our financial target of our leverage not to exceed 10 percent of Portfolio Value, and do not expect to reach this level of indebtedness over our 2019-23 plan.

In February, we issued a SEK 1.5bn five-year bond at STIBOR + 80bps in connection with which we repurchased SEK 0.6bn of our bond maturing in May this year. After this, we have SEK 1.8bn in bonds maturing this year, and the financial strength to await further market certainty before deciding on whether to refinance parts of these maturities during the year.

Tele2 has proposed ordinary and extraordinary dividends that would lead to us receiving SEK 1.7bn in total, whereof SEK 1.0bn in ordinary dividends and SEK 0.7bn in extraordinary dividends. Per today, we expect our investments in new capital to our existing companies during 2020 to reach an amount slightly below the proposed dividends from Tele2, and are therefore expecting to also fund investments by tapping into our cash position or by releasing capital from parts of our existing portfolio, should a need or new attractive opportunities arise.

## Our Portfolio

It will take time until the global economy recovers from the coronavirus crisis and its aftermath. Some of our businesses are

facing, or will face, softening demand, supply chain disruptions, and an environment less conducive to raising capital for investing into future growth. On the other hand, some of our companies are seeing an unprecedented surge in demand, forcing their teams to work hard to supply their customers with the products and services they need. In downturns, focus on cash and runway is increasingly important, and we are pleased with the pace and decisiveness in how the leadership teams of our businesses are adapting to this rapidly changing environment.

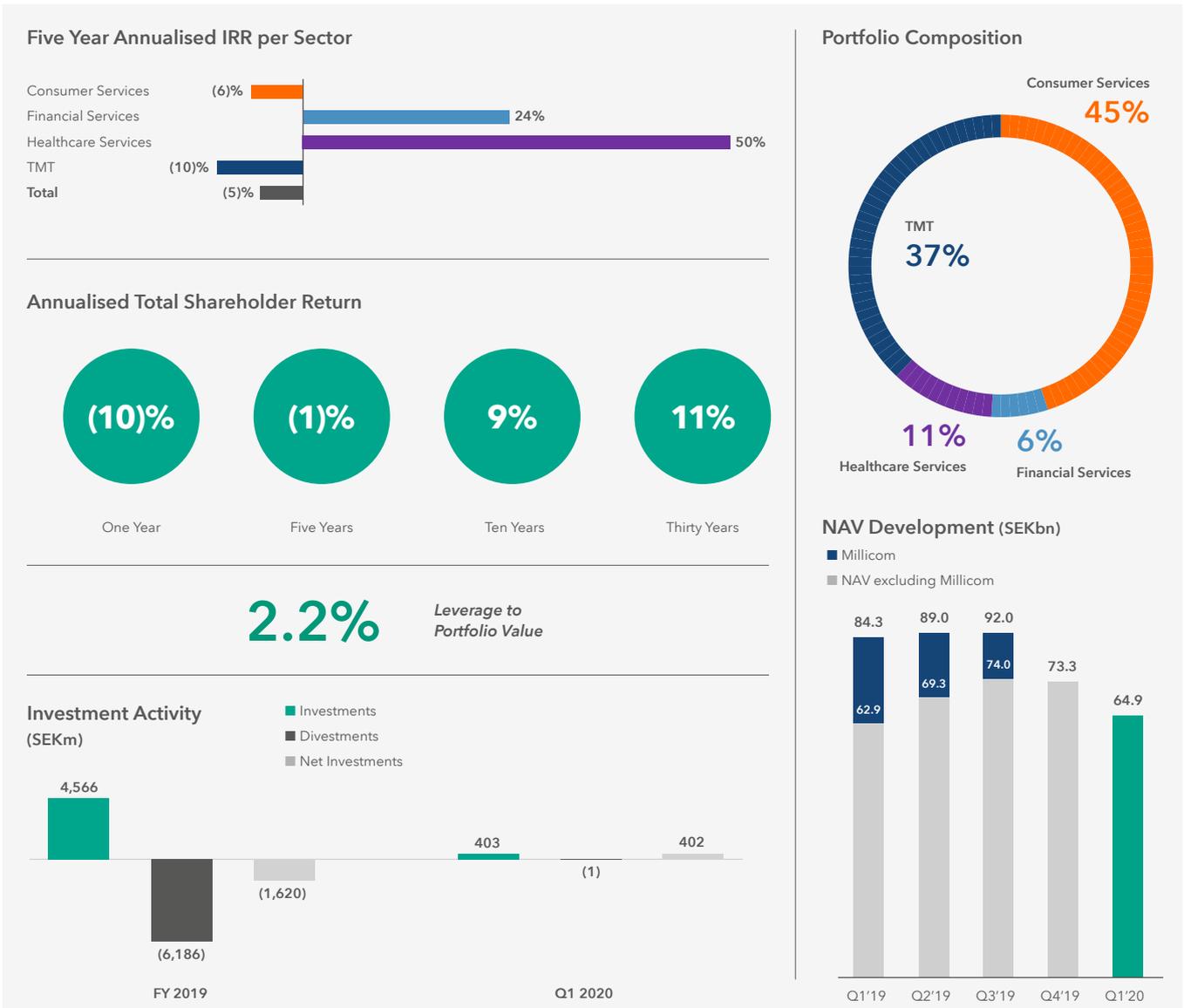
The Kinnevik team is regularly assessing measures taken or considered by our businesses and ourselves, as well as the effect on, and consistency with, both our short-term investment budget and longer-term capital allocation framework. We are supporting our companies in taking the measures necessary in this crisis, including a focus on cost reductions. The intent is for this to position our companies to emerge from this crisis stronger and ready to take advantage of new opportunities.

In assessing the fair value of our unlisted portfolio, we are obliged to consider the development of the public equity markets during the passed quarter. In this quarter, we are writing down our unlisted portfolio by 7 percent, and on pages 23-25 we elaborate on how we have reached our assessments.

In closing, while these are testing times for all of us, as an active owner, we take pride in our history of working closely with all our investees to help them weather difficult times. Today's crisis is but one such example, and we will continue to help them build resilience for the short-term, so that they - and we - come out of this crisis stronger and in the best possible position to create shareholder value.

# 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:** During Q4 2019, Kinnevik distributed its entire SEK 16.5bn shareholding in Millicom to its shareholders.

# NET ASSET VALUE

SEKm	Fair Value			Total Return 2020
	31 Mar 2020	31 Dec 2019	31 Mar 2019	
Zalando	24 625	30 814	28 417	-20%
Global Fashion Group	911	1 945	4 069	-53%
Quikr	778	941	1 751	-18%
MatHem	1 039	889	889	-
Kolonial.no	610	686	325	-11%
TravelPerk	467	506	252	-8%
Omio	495	468	464	6%
Qliro Group	169	296	423	-43%
Other	767	773	1 052	-13%
<b>Total Consumer Services</b>	<b>29 862</b>	<b>37 318</b>	<b>37 642</b>	<b>-21%</b>
Bayport	822	1 110	1 226	-26%
Betterment	1 224	1 315	1 206	-7%
Bima	745	936	987	-20%
Other	1 411	1 401	966	-4%
<b>Total Financial Services</b>	<b>4 202</b>	<b>4 762</b>	<b>4 385</b>	<b>-13%</b>
Babylon	2 675	2 808	537	-5%
Cedar	210	197	148	7%
Livongo	3 577	2 968	732	21%
Town Hall Ventures II	74	-	-	-
VillageMD	887	737	-	20%
<b>Total Healthcare Services</b>	<b>7 423</b>	<b>6 710</b>	<b>1 417</b>	<b>9%</b>
Tele2	24 849	25 440	23 264	-2%
Millicom	-	-	21 358	-
Other	-	-	169	-
<b>Total TMT</b>	<b>24 849</b>	<b>25 440</b>	<b>44 791</b>	<b>-2%</b>
Other	-	-	5	-
<b>Total Portfolio Value</b>	<b>66 336</b>	<b>74 230</b>	<b>88 240</b>	<b>-11%</b>
Net Cash / (Debt)	-1 468	-930	-4 003	-
Other Net Assets / (Liabilities)	57	-5	20	-
<b>Total Net Asset Value</b>	<b>64 925</b>	<b>73 295</b>	<b>84 257</b>	<b>-11%</b>
Net Asset Value per Share, SEK	234.72	264.98	305.59	-11%
Closing Price, Class B Share, SEK	164.35	228.60	239.80	-28%

**Note:** Total return 2020 includes investments and divestments. For a split of the unlisted assets, see next page.

# VALUATIONS OF UNLISTED FINANCIAL ASSETS

Investment (SEKm)	Kinnevik's Ownership	Net Invested Amount	Fair Value 31 Mar 2020	Change in fair value and dividends received
				Q1 2020
Budbee	30%	232	348	18
MatHem	36%	1 039	1 039	-
Kolonial.no	24%	671	610	-78
Karma	20%	62	62	-
Quikr	17%	1 032	778	-166
Saltside	61%	202	266	-63
Omio	6%	443	495	27
TravelPerk	15%	349	467	-39
<b>Total Consumer Services</b>		<b>4 030</b>	<b>4 065</b>	<b>-301</b>
Bayport	22%	467	822	-288
Betterment	16%	1 065	1 224	-91
Bima	36%	379	745	-192
Bread	13%	307	333	18
Deposit Solutions	6%	263	250	-35
Monese	16%	416	441	-5
Pleo	13%	152	355	12
Other		86	32	-43
<b>Total Financial Services</b>		<b>3 135</b>	<b>4 202</b>	<b>-624</b>
Babylon	16%	804	2 675	-133
Cedar	10%	188	210	13
Town Hall Ventures II	-	74	74	-
VillageMD	9%	726	887	150
<b>Total Healthcare Services</b>		<b>1 792</b>	<b>3 846</b>	<b>30</b>
<b>Total TMT</b>		<b>17</b>	<b>-</b>	<b>1</b>
Other		-	-	-
<b>Total Unlisted Financial Assets</b>		<b>8 974</b>	<b>12 113</b>	<b>-894</b>

*Click here for further information on our assessments of the fair value of our unlisted investments in Note 4 on page 23-25*

# CONSUMER SERVICES

## zalando

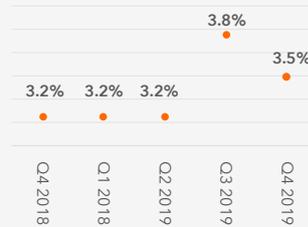
Europe's leading online platform for fashion and lifestyle

Fair Value SEK **24.6bn**  
Kinnevik Stake **26%**

Gross Merchandise Value LTM (EURbn)



Adjusted EBIT Margin LTM



Active Customers (m)



## GFG GLOBAL FASHION GROUP

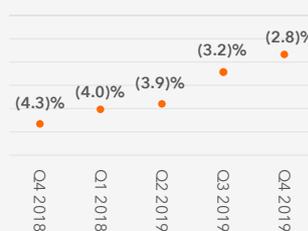
The leading fashion and lifestyle retail destination in growth markets

Fair Value SEK **911m**  
Kinnevik Stake **41%**

Net Merchandise Value LTM (EURbn)



Adjusted EBITDA Margin LTM



Active Customers (m)



## omio

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

Fair Value SEK **495m**  
Kinnevik Stake **6%**

Onsite Booking Volume Growth Q1 2020



## Qliro Group

Nordic e-commerce group that operates the marketplace CDON, fashion brand Nelly and the fintech company Qliro

Fair Value SEK **169m**  
Kinnevik Stake **29%**

Net Sales LTM (SEKbn)



## MatHem.se

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

Fair Value SEK **1.0bn**  
Kinnevik Stake **36%**

Revenues LTM (SEKm)



Number of Completed Deliveries LTM Q4 2019



Note: The definitions of the KPIs for Zalando, GFG and Qliro Group are available on the companies' respective websites. Onsite Booking Volume for Omio refers to is the total value of all purchases made where the entire transaction including payments and ticketing happens on Omio's website. Number of completed deliveries LTM for MatHem refers to the number of orders delivered to customers in the last twelve months.

# CONSUMER SERVICES

## Kolonial.no

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

Fair Value SEK **610m**  
Kinnevik Stake **24%**

Revenues LTM (NOKm)



Number of Completed Deliveries LTM Q4 2019

**0.9m**

**“This has proven that, without a doubt, our operating model is working”**

*Karl Munthe-Kaas, CEO of Kolonial.no, describes how the company has responded to the Covid-19 crisis.*

**What trends have you seen in sales and customer intake?**

This is an extreme situation affecting all parts of society and we have seen a dramatic surge in demand for online groceries. Our sales have essentially doubled compared to the beginning of the year, with a customer intake of 10x that of normal levels. It is too early to draw any long-term conclusions, but what we do know is that more and more people are seeing the benefits of shopping for their groceries online. As a reference to what this could mean for the online grocery market long-term, one might look at the Asia-Pacific region where we anecdotally understand that the outbreak of several infectious diseases has created similar surges in demand as we are now experiencing. Over time this will contribute to online food penetration - for example in South Korea it is at 20%, compared to around 2% across the Nordic region.

**How has Kolonial.no been able to meet the increased demand?**

Our two priorities during the crisis are to prevent contagion across our operations, and to increase capacity to help more customers. We have hired around 200 new employees since mid-February and implemented even stricter routines for hygiene and social distancing. Going into this situation we were already in a strong growth phase with the entire organisation mobilizing to ramp up capacity. I am very happy that we have managed to speed up our growth plans significantly and are now operating at close to maximum capacity in our warehouse.

**How do you see Kolonial.no’s role in this crisis?**

I believe we all feel a strong sense of purpose in this situa-

tion. We deliver vital goods to our customers, and we also help prevent the spread of the virus. For every order we deliver, one less family has to go to the store and risk infection, and those that are already ill avoid infecting other people. This sense of purpose has really rallied the organisation and made it possible to dramatically increase our production.

**Have you had any disturbances in the supply chain?**

Normally, we deliver over 99% of items ordered. That has now decreased to 97% as supply for some items has been less reliable. As most orders contain some 50 items, this has had an effect. However, even if we cannot deliver one specific item, we deliver the other 49 items on time to the customer’s doorstep.

**Last but not least, what does this all mean for profitability in the short and long term?**

Our warehouse efficiency has improved throughout the last 18 months and our picking efficiency is highly competitive even in a global context. As a result, our contribution margin was significantly positive already going into this year. At this point it’s a question of scaling and increasing volumes in order to cover fixed costs. And as I previously mentioned, the situation we now find ourselves in has sped up growth dramatically, which of course shortens our time to profitability. I believe this has proven that, without a doubt, our operating model is working.

*Karl Munthe-Kaas, CEO of Kolonial.no*



Note: Number of completed deliveries LTM refers to the number of orders delivered to customers in the last twelve months.

# CONSUMER SERVICES

## budbee

**Customer centric last-mile logistics platform specialised for e-commerce businesses**

Fair Value SEK **348m**  
Kinnevik Stake **30%**

Revenue Growth  
Q4 2019

**197%**

During the first quarter of 2020, Budbee raised additional capital from Kinnevik, H&M and a few other investors. Kinnevik led the round, investing SEK 106m, accreting our ownership stake to 30%. Proceeds will be used to finance

continued growth in existing markets (Sweden, Finland, Denmark & the Netherlands). Since Kinnevik's first investment in Budbee in 2018, the company has grown revenues over 5x and launched in three new markets.



Saltside

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

Fair Value SEK **266m**  
Kinnevik Stake **61%**



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

Fair Value SEK **778m**  
Kinnevik Stake **17%**

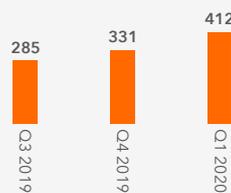


## TravelPerk

**The leading solution for businesses to book corporate travel online**

Fair Value SEK **467m**  
Kinnevik Stake **15%**

Gross Travel Budget Managed (EURm)

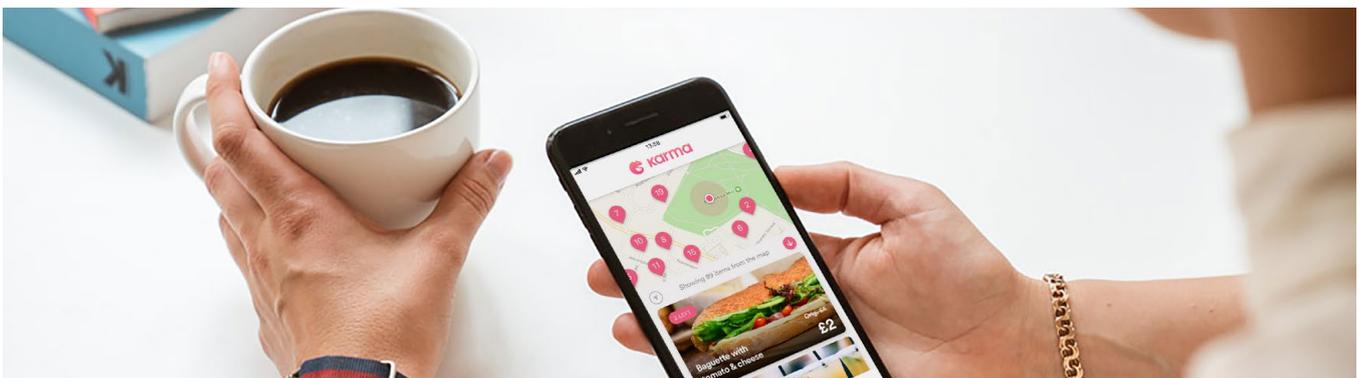
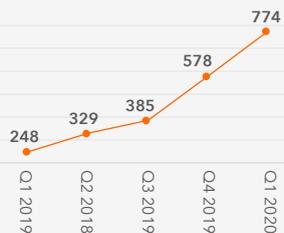


## karma

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

Fair Value SEK **62m**  
Kinnevik Stake **20%**

Number of Meals Saved ('000)



**Note:** Gross Travel Budget Managed for TravelPerk refers to the annual travel budget of TravelPerk's clients and is a leading indicator of Gross Bookings. The annual travel budgets include those of any historical client who has recently made a booking, plus those of recently acquired clients who have signed a contract to use the company's services. Number of meals saved for Karma refers to the number of meals bought through Karma's platform during the period.

# FINANCIAL SERVICES

## BAYPORT FINANCIAL SERVICES

**Operating Income LTM (USDm)**

Q4 2018	237
Q1 2019	247
Q2 2019	243
Q3 2019	246
Q4 2019	250

**Customers ('000)**

Q4 2018	495
Q1 2019	510
Q2 2019	520
Q3 2019	539
Q4 2019	538

**Financial solutions provider operating in nine countries across Africa and Latin America**



Fair Value SEK **822m**  
Kinnevik Stake **22%**

## Betterment

**Assets Under Management (USDbn)**

Q1 2019	16.6
Q2 2019	17.7
Q3 2019	19.5
Q4 2019	21.5
Q1 2020	18.4

**Customers ('000)**

Q1 2019	420
Q2 2019	437
Q3 2019	465
Q4 2019	480
Q1 2020	506

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



Fair Value SEK **1.2bn**  
Kinnevik Stake **16%**

## BIMA

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



Fair Value SEK **745m**  
Kinnevik Stake **36%**

## monese

**The first fully mobile current account in the UK**

**Signed-Up Customers (m)**

Q1 2019	0.9
Q2 2019	1.2
Q3 2019	1.5
Q4 2019	2.0
Q1 2020	2.4

Fair Value SEK **441m**  
Kinnevik Stake **16%**

## Bread

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



Fair Value SEK **333m**  
Kinnevik Stake **13%**

## DEPOSIT SOLUTIONS

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

Fair Value SEK **250m**  
Kinnevik Stake **6%**

## P4EO

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

Fair Value SEK **355m**  
Kinnevik Stake **13%**

**Note:** The definitions of Bayport's KPIs are available on the company's website. 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. For Bima, active customers refer to customers active in the last 90 days. Monese's Signed-up Customers are those that have started the registration process by providing some form of identification.

# HEALTHCARE SERVICES



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

Fair Value SEK **887m**  
Kinnevik Stake **9%**

Revenue (USD)  
FY 2019

**340**<sub>m</sub>

Managed Lives  
Q4 2019

**480**<sub>k</sub>

Managed Medical Spend (USD)  
February 2020

**3.7**<sub>bn</sub>

**The US spends 18% of GDP on healthcare, over USD 3 trillion a year, and yet quality lags European countries**

One of the underlying reasons is the US fee-for-service reimbursement model, which has incentivized the industry to offer more and costlier treatments without regard to actual health outcomes. This has led to an overinvestment in speciality and acute care and an underinvestment in primary care relative to Europe.

The evidence is clear that if healthcare is primary care led and value focused, health outcomes improve; the US government and large payers have recognised the importance of value-based care leading a coming revolution in the delivery of care. Value-based contracts with insurers make healthcare providers responsible for managing the health expense of an entire population and therefore incentivize them to reduce cost by keeping patients healthy.

VillageMD is an innovative primary care model founded by Tim Barry, Paul Martino and Dr Clive Fields in 2013. The founders have decades of experience operating in the US healthcare system and share a deep passion for improving

patient lives.

The VillageMD clinical model combined with their proprietary operating system, DocOSTM, enables primary care physicians to deliver market-leading results for their patient population, including better health and lower utilisation of speciality and acute care. The VillageMD reimbursement model enables the company and the physicians to capture savings generated from these improvements in health outcomes via fee-for-value based reimbursement contracts.

VillageMD partners with or employs successful primary care physicians who already have existing patient relationships. These physicians provide VillageMD with scale and leverage with upstream insurers and downstream hospital groups. VillageMD provides them with the clinical, operational, technological and contracting capabilities to succeed in a value-based reimbursement model. Rather than charging physicians for services, VillageMD shares upside with them under the value-based risk contracts it enters with health insurers. VillageMD is already the largest independent physician group in the US.

**In 2019, it partnered with almost 3,000 primary care**

**physicians who managed 480,000 lives**, from which VillageMD generated over USD 340m of revenue. Despite its size, VillageMD is growing very rapidly and is small in the context of the overall primary care market, operating in only 9 states with less than 5% total market share.

The growth opportunity for VillageMD is to continue to add providers, patients and managed medical spend in new and existing markets, create upside by reducing cost of care, and contract with more insurers under its risk contracts.

Consumers in the US are seeking a retail experience at the point of care. To address that need, post Kinnevik's investment September 2019, Walgreens, the second largest pharmacy store chain with over 9,000 stores nationwide, partnered with VillageMD to bring Village Medical clinics to its stores. Five clinics have already launched in the Houston area offering consumers 7 day

a week access to integrated primary care and pharmacy services. This partnership provides VillageMD with another attractive channel to scale nationally.

In recent weeks, VillageMD has adapted its modalities in response to the coronavirus crisis in the US. The company identified, isolated and treated patients most at risk in their homes, and shifted much of its primary care services to virtual care, proving stronger than ever the value of an integrated primary care-led approach to healthcare.

The combination of superior clinical results enabled by technology, a cost-effective way to scale and a world-class management team formed the basis of our investment thesis. The VillageMD model makes physicians happier, patients healthier and reduces risk for insurers, creating a win-win-win situation for all stakeholders of the healthcare ecosystem.

Ribbon cutting ceremony at the opening of the first Village Medical at Walgreens in Houston, Texas in November 2019.



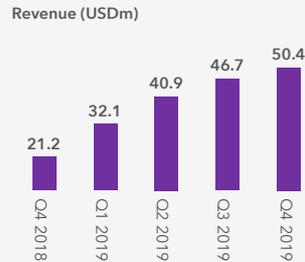
Note: Managed lives refer to the number of patients attributed to a VillageMD primary care doctor. Managed medical spend refer to the total medical spend per year of all managed lives.

# HEALTHCARE SERVICES



**Empowers people with chronic conditions to live better and healthier lives**

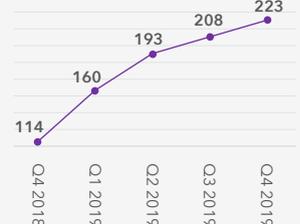
Fair Value SEK **3.6bn**  
Kinnevik Stake **14%**



Adjusted EBITDA Margin

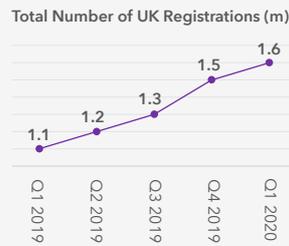


Diabetes Members ('000)



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

Fair Value SEK **2.7bn**  
Kinnevik Stake **16%**



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

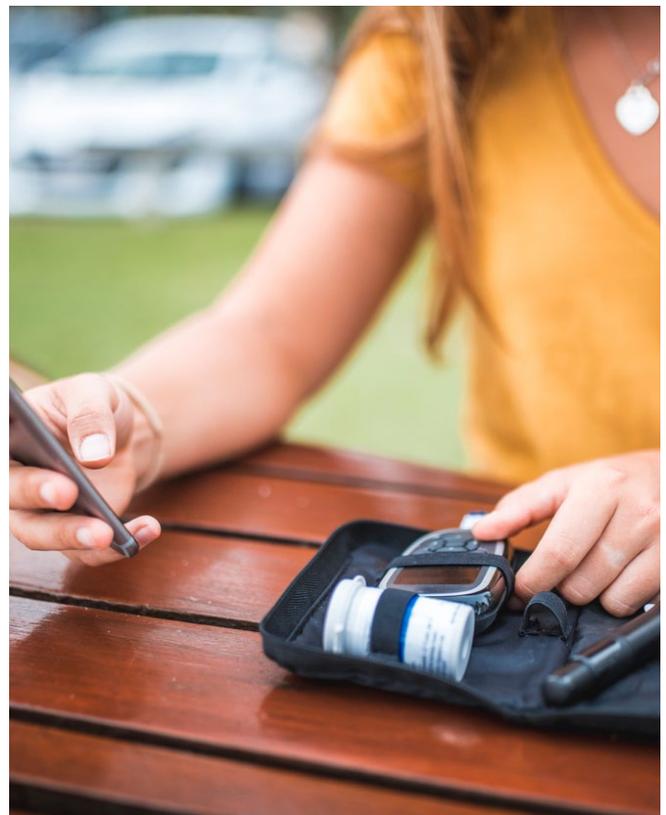
Fair Value SEK **210m**  
Kinnevik Stake **10%**



## Kinnevik has invested SEK 74m in Town Hall Venture's Second Fund

In the first quarter of 2020, we invested SEK 74m in Town Hall Ventures' second fund which totaled USD 260m. We made the investment to deepen strategic ties with a reputable earlier stage investment platform and widen access to a world-class team and exciting US entrepreneurs and founders. Their investment thesis is well aligned with our healthcare strategy to transform the US health care system to better serve its consumers. The team is dedicated to working side-by-side with visionary entrepreneurs to improve health outcomes for the most underserved and higher need

populations across the US. In 2017, after leaving the Centers for Medicare & Medicaid Services as administrator under President Obama, Andy Slavitt teamed up with the founders of Oxeon Partners, Trevor Price and David Whelan, to start Town Hall Ventures. Andy Slavitt is a former Operating Partner of Kinnevik's and he has been instrumental in accelerating our healthcare portfolio. The target sectors and themes for Town Hall Ventures centre around value-based care, behavioural health, population health, complex care management and low-cost care setting.



Note: The definitions of Livongo's KPIs are available on the company's website. Total number of UK registrations for Babylon refer to the total number of users in the UK registered with a Babylon service.

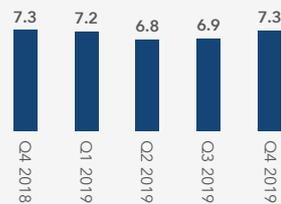
# TMT

## TELE2

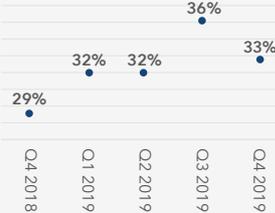
Enable mobile and fixed connectivity, telephony, data, TV and streaming

Fair Value SEK **24.8bn**  
Kinnevik Stake **27%**

Revenue (SEKbn)



Adjusted EBITDA Margin



Revenue Generating Units Sweden & Baltics

Q4 2019

**9.3 m**

## DIVERSITY & INCLUSION HIGHLIGHTS IN KINNEVIK'S PORTFOLIO

### Driving the Change We Want to See in the Industry

In May 2019, Kinnevik launched a [Diversity & Inclusion \(D&I\) framework](#) to drive the important change we want to see in our portfolio and the broader industry. Besides our fundamental belief in equal rights for all employees, Kinnevik believes diversity and inclusion brings clear business benefits as it leads to improved financial performance, a higher degree of innovation, better decision-making and creation of value over the long term. We are convinced that D&I is a key driver of transformation and that our D&I initiative will ensure we build stronger and better companies that can become the disruptors of tomorrow. Below are some highlights from our portfolio, showing our Group's commitment to D&I and the positive trends we see among our companies.



**Kinnevik** has adopted a **Diversity & Inclusion framework** to drive change within Kinnevik and our portfolio, not only from an equality standpoint but, most importantly, from a business and performance perspective. In April 2020, Kinnevik has improved the gender diversity in Kinnevik's management team by hiring two new senior members, Erika Söderberg Johnson as CFO and Anna Stenberg as CPO, reaching the announced target of a gender composition of 40/60 on management level.



**Zalando** believes that the diversity of people, lifestyles, opinions and attitudes are crucial drivers of innovation and success. In October 2019, Zalando announced new diversity targets for its top leadership levels, including at least 40% of the underrepresented gender on its top management levels by the end of 2023. The new targets are part of a general revision of the company's D&I strategy, in which Zalando aims to diversify its workforce across several metrics including gender nationality and educational background.



In the beginning of 2019, Tele2 challenged the status quo within the telecom sector by targeting a gender balanced organisation in Sweden by 2023. During the year, long-term plans and efforts aimed at long-term improvement were identified. **Most importantly, old recruitment routines were tossed out and a new strategy implemented, which has resulted in 63% female recruits nowadays.** In October 2019, Tele2 earned second place among all Swedish companies in Equileap's ranking, and ranked third among telecom companies globally.



Livongo has been voted one of the best places to work in healthcare by Fortune Magazine and Great Place to Work. **Livongo** believes that **personal and professional diversity is key to innovation and as such have built a culture around that** as well as integrated D&I into its recruitment process and formed a dedicated D&I committee. The company has also inaugurated their own award, "She Powers Health™ Award", to recognize individuals who are making a significant impact on people's health, are empowering women, and are progressing D&I in the workplace.



At its foundation, only 1 of Cedar's first 10 employees was female. Today, Cedar has achieved gender parity among its employees by taking their values seriously, challenging biases and committing to always interview a diverse range of candidates to truly find the best employees. The team is committed to this principle, with monthly D&I meetings, rotating champions and external collaborations. **Cedar** believes that **everyone is a patient and that in order to truly transform the patient experience they need to have a diverse and inclusive team on board.**

Note: The definitions of Tele2's KPIs are available on the company's website.

# FINANCIAL REVIEW

## Capital Re-Allocation Activity

Investee (SEKm)	Q1 2020
Budbee	106
Mathem	150
Monese	63
Town Hall Ventures	74
Other	10
<b>Investments</b>	<b>403</b>
<b>Divestments</b>	<b>1</b>
<b>Net Investments</b>	<b>402</b>

## 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
- Adding one to two international later-stage companies, and one to two Nordic earlier-stage companies 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 first quarter, we invested SEK 403m, including 329m into our existing companies and 74m into Town Hall Ventures' second fund which totalled USD 260m.

Through committing a small amount of capital to be managed by the Town Hall Ventures, we deepen our strategic ties with a reputable earlier stage investment platform and widen our access to a world-class team and exciting entrepreneurs and founders in the US. Town Hall Ventures' investment thesis is well aligned with Kinnevik's healthcare strategy to transform the US healthcare system to better serve its customers. Town Hall Ventures is co-led by Andy Slavitt, a former Operating Partner of Kinnevik's, who has played an important role in accelerating our healthcare portfolio.

Our follow-on investments were focused on three compa-

nies - Budbee, MatHem and Monese. At Budbee, we accreted our ownership to 30 percent by investing SEK 106m, and the near-term revenue multiples have come down considerably from the company's past two fundraises in which we participated, reflecting the company's strong performance and expansion into the Netherlands. At MatHem, we invested SEK 150m in the context of a SEK 500m funding round led by Swedish institutional investor, AMF. Parts of the capital raised will be used to fund the development of MatHem's new environmentally certified warehouse in Stockholm, powered by the region's largest installation of solar power. At Monese, we provided the company with SEK 63m in new capital to finance its continued growth ensuring that the company can remain focused on long-term value creation amidst a volatile market environment.



[Go to Our Capital Markets Day Presentation >](#)

## Capital Structure

As at 31 March 2020, Kinnevik carried net debt of SEK 1.5bn, corresponding to a leverage of 2.2% of Portfolio Value. This net debt position was made up of SEK 3.8bn in cash and short-term investments, 2.9bn in senior unsecured bonds with a remaining tenor exceeding 12 months, and 2.3bn in senior unsecured bonds and commercial paper with a remaining tenor of less than 12 months.

In February, we issued a SEK 1.5bn five-year bond at STIBOR + 80bps in connection with which we repurchased SEK 0.6bn of our bond maturing in May this year.

Tele2 has proposed ordinary and extraordinary dividends that would lead to Kinnevik receiving SEK 1.7bn in total, whereof SEK 1.0bn in ordinary dividends and SEK 0.7bn in extraordinary dividends. Per today, we expect our investments in new capital to our existing companies during 2020 to reach an amount slightly below the proposed dividends from Tele2, and are therefore expecting to also fund investments by tapping into our cash position or by releasing capital from parts of our existing portfolio, should a need or new attractive opportunities arise.

Kinnevik does not intend to pay out any extra dividends during 2020.

## 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.

## Events After the Quarter

Erika Söderberg Johnson joined Kinnevik as Chief Financial Officer on 6 April 2020.

# TOTAL COMPREHENSIVE INCOME

## Condensed Consolidated Income Statement and report concerning Total Comprehensive Income

SEKm	Note	Q1 2020	Q1 2019	FY 2019
Change in fair value of financial assets	4	-8 296	13 802	18 972
Dividends received	5	-	-	2 907
Administration costs		-40	-56	-391
Other operating income		2	2	50
Other operating costs		0	0	-4
<b>Operating profit/loss</b>		<b>-8 334</b>	<b>13 748</b>	<b>21 534</b>
Financial net		-38	-6	39
<b>Profit/loss after financial net</b>		<b>-8 372</b>	<b>13 742</b>	<b>21 573</b>
Tax		0	0	-1
<b>Net profit/loss for the period</b>		<b>-8 372</b>	<b>13 742</b>	<b>21 572</b>
Net profit/loss per share before dilution		-30.27	49.84	78.11
Net profit/loss per share after dilution		-30.27	49.78	78.02
<b>Total comprehensive income for the period</b>		<b>-8 372</b>	<b>13 742</b>	<b>21 572</b>
Outstanding shares at the end of the period		276 604 474	275 717 450	276 604 474
Average number of shares before dilution		276 604 474	275 717 450	276 160 962
Average number of shares after dilution		276 806 068	276 066 793	276 483 775

### Consolidated earnings for the first quarter

The change in fair value of financial assets amounted to a loss of SEK 8,296m (13,802) for the first quarter of which a loss of SEK 7,402m (12,516) was related to listed holdings and a loss of SEK 894m (1,286) was related to unlisted holdings. See note 4 for further details. The decrease in operation costs, compared to the same period last year, are mainly ex-

plained by lower expected outcome of a long term incentive program and other costs for personnel.

The decrease of the financial net is mainly explained by positive exchange differences in 2019 and a decreased value of short term investments during the first quarter 2020.

# CASH FLOW STATEMENT

## Condensed Consolidated Cash Flow Statement

SEKm	Note	Q1 2020	Q1 2019	FY 2019
Dividends received	5	-	-	2 907
Cash flow from operations		-107	-69	-222
<b>Cash flow from operations before interest net and income taxes</b>		<b>-107</b>	<b>-69</b>	<b>2 685</b>
Interest, received		0	0	0
Interest, paid		-28	-23	-49
<b>Cash flow from operations</b>		<b>-135</b>	<b>-92</b>	<b>2 636</b>
Investments in financial assets		-329	-787	-4 586
Sale of shares and other securities		1	37	6 162
<b>Cash flow from investing activities</b>		<b>-328</b>	<b>-750</b>	<b>1 576</b>
Repayment of loan		-1 141	-500	-500
Borrowing		1 500	1 200	1 960
Dividend paid to equity holders of the Parent company		-	-	-2 271
<b>Cash flow from financing activities</b>		<b>359</b>	<b>700</b>	<b>-811</b>
<b>Cash flow for the period</b>		<b>-104</b>	<b>-142</b>	<b>3 401</b>
<b>Cash and short term investments, opening balance</b>		<b>3 887</b>	<b>486</b>	<b>486</b>
<b>Cash and short term investments, closing balance</b>		<b>3 784</b>	<b>344</b>	<b>3 887</b>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>				
Investments in financial assets	4	-403	-1 048	-4 566
Investments not paid		74	281	0
Prior period investments, paid in current period		0	-20	-20
<b>Cash flow from investments in financial assets</b>		<b>-329</b>	<b>-787</b>	<b>-4 586</b>

# BALANCE SHEET

## Condensed Consolidated Balance Sheet

SEK m	Note	31 Mar 2020	31 Mar 2019	31 Dec 2019
<b>ASSETS</b>				
<b>Fixed assets</b>				
Financial assets accounted at fair value through profit and loss	4	66 336	88 240	74 230
Tangible fixed assets		49	54	51
Right of use asset		11	15	11
Other fixed assets		27	33	27
<b>Total fixed assets</b>		<b>66 423</b>	<b>88 342</b>	<b>74 319</b>
Other current assets		63	26	70
Short term investments		3 039	149	3 664
Cash and cash equivalents		745	195	223
<b>TOTAL ASSETS</b>		<b>70 270</b>	<b>88 712</b>	<b>78 276</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Shareholders' equity attributable to equityholders of the Parent Company		64 925	84 257	73 295
Interest bearing liabilities, long term		2 923	2 888	1 426
Interest bearing liabilities, short term		2 275	1 200	3 410
Non interest bearing liabilities		147	367	145
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>70 270</b>	<b>88 712</b>	<b>78 276</b>
<b>Key Ratios</b>				
<b>Ratio</b>	<b>Note</b>	<b>31 Mar 2020</b>	<b>31 Mar 2019</b>	<b>31 Dec 2019</b>
Debt/equity ratio		0.08	0.05	0.07
Equity ratio		92%	95%	94%
Net debt, for the Group, including net loans to investee companies	6	-924	-3 875	-456
Net debt, for the Group, excluding net loans to investee companies	6	-1 468	-4 003	-930
Leverage, excluding net loans to investee companies		2.2%	4.5%	1.3%

# CHANGES IN EQUITY

## Condensed Report of Changes in Equity for the Group

SEK m	Q1 2020	Q1 2019	FY 2019
<b>Opening balance</b>	<b>73 295</b>	<b>70 503</b>	<b>70 503</b>
Profit/loss for the period	-8 372	13 742	21 572
<b>Total comprehensive income for the period</b>	<b>-8 372</b>	<b>13 742</b>	<b>21 572</b>
<b>Transactions with shareholders</b>			
Effect of employee share saving programme	2	12	39
Dividend in kind	-	-	-16 548
Cash dividend	-	-	-2 271
<b>Closing balance for the period</b>	<b>64 925</b>	<b>84 257</b>	<b>73 295</b>

# 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 on other places in the interim 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.

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 quarter, the Nordic online grocery market as well as the last-mile logistics market have experienced a surge in demand during the acceleration of the coronavirus crisis. While we are witnessing significant overperformance in all of our businesses within these sectors we are cautious not to extrapolate this performance and revise our fair value assessments until we can make a fact based assessment of the longer term changes in consumer behavior.

The fair value of Kinnevik's 30 percent shareholding in **Budbee** amounts to SEK 348m, and is based on a total value of Budbee's equity of SEK 1.2bn. The valuation corresponds to the valuation of a Series B funding round in March of this year, in which Kinnevik invested SEK 106m, and is based on growth-adjusted trailing and forward-looking revenue multiples of a

peer group of more mature logistic companies. Budbee is performing strongly, and near-term revenue multiples have come down considerably from the past two fundraises in which Kinnevik has participated.

The fair value of Kinnevik's 36 percent shareholding in **MatHem** amounts to SEK 1,039m, up SEK 150m by virtue of our investment of the same amount during the first quarter. The total value of MatHem's equity amounts to SEK 2.9bn, corresponding to the valuation in the SEK 500m fundraise in February this year, and is based on trailing revenue multiples of a peer group of inventory-holding e-commerce retailers, with particular reference to online groceries and meal kit businesses. The assessed valuation implies a multiple of 1.5x the company's last twelve months' revenues as at 31 December 2019. The corresponding multiple per 31 March 2020 has come down considerably.

The fair value of Kinnevik's 24 percent shareholding and other interest in **Kolonial.no** amounts to SEK 610m, down SEK 78m solely due to the depreciation of the Norwegian krona in the quarter. The total value of Kolonial.no's equity is assessed to amount to NOK 2.0bn and is based on trailing and forward-looking revenue multiples of a peer group corresponding to that of MatHem. The assessed valuation implies a multiple of 2.1x the company's last twelve months' revenues as at 31 December 2019, and corresponds to the valuation in a secondary transaction during Q2 2019. As for MatHem, the multiple of last twelve months' revenues has come down considerably per 31 March 2020.

The global outbreak of the coronavirus has caused significant uncertainty in the travel industry and a sharp reduction in demand. As a result, share prices of hotels, airlines and online travel agencies have fallen materially during the first quarter. While the potential duration and impact of the coronavirus is still highly uncertain, the travel industry has experienced a number of prior black swan events including regional pandemics and 9/11. Historical patterns suggest that the impact on the travel industry tends to be fairly short-term in nature, and the current

uncertainty does therefore not fundamentally alter the business models of our investee companies nor their chances of ultimate success. This notwithstanding, we seek to reflect the development in public equity markets during the first quarter in assessing the fair value of our investees active within the travel sector.

The fair value of Kinnevik's 6 percent shareholding in **Omio** amounts to SEK 495m, 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 estimated effects of the coronavirus on the underlying travel market. Our assessed fair value corresponds to the capital (in USD) that we invested in the company's Q4 2018 funding round. The assessed value of the company as a whole has decreased in line with the peer group's average share price performance in the quarter, but the fair value of our shareholding is unchanged in USD terms due to customary preferential terms of our investment in the company's most recent fundraise. Our revised assessment does, however, mean that a significant upwards reassessment of the value of the business is required for the fair value of our investment to be revised upwards in USD terms.

The fair value of Kinnevik's 15 percent shareholding in **TravelPerk** amounts to SEK 467m and is based on 2021 revenue multiples of a peer group of online travel booking platforms, such as Amadeus and Booking, and software-as-a-service 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 the balance of a deteriorated and uncertain corporate travel market and the company's continued strong underlying performance in particular within customer acquisition, and its high retention SaaS-like business model, which results in a slightly more muted value decline than the average share price performance of more traditional online travel booking platforms.

The fair value of Kinnevik's 17 percent shareholding and other interests in **Quikr** amounts to SEK 778m and is based on forward-looking revenue multiples of a peer group of emerging market online

classifieds companies, with particular focus on companies active in India and adjacent markets. In the first quarter, our assessed value of the company as a whole has decreased in line with the average share price performance of this peer group, reflective of Quikr being subject to the same underlying market environment as its peer group. The company has performed in line with our revised expectations for sharp cost reductions as a result of a reduced business footprint following measures taken after the previously disclosed issues with fictitious and misrepresented transactions.

The fair value of Kinnevik's 61 percent shareholding and other interests in **Salt-side** amounts to SEK 266m. 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 decreased in line with this peer group's average share price performance in the quarter.

### Financial Services

The fair value of Kinnevik's 22 percent shareholding in **Bayport** amounts to SEK 822m and is based on 2020 and 2021 price-to-earnings multiples of a peer group of consumer finance companies. The write-down of 26 percent is slightly lower than the peer group's share price performance in the quarter, which reflects the resiliency of Bayport's business model relative to its peers.

The fair value of Kinnevik's 16 percent shareholding in **Betterment** amounts to SEK 1,224m, and is based on a discounted cash flow analysis. The decrease in assessed fair value is due to an increased cost of capital assumption in light of the current market environment causing forecasting uncertainty and an observed elevated equity risk premium. While Betterment is seeing a decline in revenues in part correlated with the development of the US and global stock market, we believe that the attractiveness of Betterment relative to more expensive and less consumer-centric incumbents increases during an economic downturn.

The fair value of Kinnevik's 36 percent shareholding and other interests in **Bima** amount to SEK 745m, and is based on a

discounted cash flow analysis referenced against 2020 revenue multiples of a peer group of insurance technology companies. The decrease in assessed fair value is, similar to Betterment, due to an increased cost of capital assumption in light of forecasting uncertainty and elevated equity risk premiums. The write-down is in line with the peer group's average share price performance in the quarter.

The fair value of Kinnevik's 13 percent shareholding in **Bread** amounts to SEK 333m and is based on forward-looking revenue multiples of a peer group of software, SaaS, payments, and lending companies, and corresponds to the valuation in a funding round during Q3 2018. The slight increase in fair value is solely a result of currency tailwinds. The value created by the company's strong performance in the first half of the quarter is netted out by contracting peer group multiples and lower underlying consumer spending estimates.

The fair value of Kinnevik's 6 percent shareholding in **Deposit Solutions** amounts to SEK 250m and is based on forward-looking revenue multiples of a peer group of SaaS, software licensing, and financial technology companies. The underlying downwards reassessment of the value of the business is in line with the peer group's average share price performance in the quarter, which has in part reverted back at the time of publishing this report.

The fair value of Kinnevik's 16 percent shareholding and other interests in **Monese** amounts to SEK 441m and is based on forward-looking revenue multiples of a peer group of financial brokers and subscription businesses and corresponds to the valuation in a funding round during Q3 2018. The value of the company is assessed to be unchanged in the quarter, with the value created by the company's performance in the first half of the quarter being netted out by contracting peer group multiples.

The fair value of Kinnevik's 13 percent shareholding in **Pleo** amounts to SEK 355m and is based on forward-looking revenue multiples of a peer group of SaaS companies, and corresponds to the valuation in a funding round during Q2 2019. The slight increase in fair value is so-

lely a result of currency tailwinds. Similar to Bread and Monese, the value created by the company's strong performance in the first half of the quarter is netted out by contracting peer group multiples.

### Healthcare Services

In the first quarter of 2020, we have observed two key trends in the valuation and underlying momentum of our healthcare investments and comparable listed companies. Firstly, the demand for, and value ascribed to, telemedicine services has increased materially as it allows people to receive healthcare services without putting themselves at risk by physically visiting hospitals and family physicians during the period of social distancing and quarantine measures that our healthcare businesses' clients are coping with. Secondly, more traditional operators have seen fairly broad-based multiple contraction as they are minimizing, postponing or cancelling elective procedures until the coronavirus outbreak is considered manageable by healthcare facilities, and also are facing increased costs to handle an increasing urgent-care demand. As for our online grocery businesses, we are cautious not to revise our fair value assessments based on extrapolations of the momentum we are witnessing in our companies, but await clear indications that the disruptive change ongoing within the healthcare sector persists also after the coronavirus crisis abates.

The fair value of Kinnevik's 16 percent shareholding in **Babylon** amounts to SEK 2,675m, and is in part based on 2020 revenue multiples of a peer group of disruptive healthcare and healthcare IT companies, including Teladoc. The slight decrease in fair value is a result of a recalibration of the equity value ascribed to Babylon in its most recent funding round, reflective of greater uncertainty over the roll-out of existing partnership contracts as a result of Covid-19. Babylon has launched a number of successful initiatives during the first quarter to ensure that its covered population receives the advice and care it needs during the coronavirus crisis, and the value the company is providing operators within the healthcare services industry and its clients will be

reflected in our future fair value assessments as and when the effects of the coronavirus crisis can be substantiated with more perspective.

The fair value of Kinnevik's 10 percent shareholding in **Cedar** amounts to SEK 210m, and is in part based on 2020 revenue multiples of a peer group of healthcare software and analytics companies. Overall, the equity value of the company is assessed to be effectively unchanged in the quarter, as the value created by the company's strong performance in the quarter is almost netted out by contracting peer group multiples.

The fair value of Kinnevik's 9 percent shareholding in **VillageMD** amounts to SEK 887m and is based on trailing revenue multiples of a peer group of different types of care providers and outsourced services companies. The assessed value of the company has increased on the back of strong underlying performance and the addition of One Medical, a recently listed technology-enabled provider business, to the peer group. VillageMD is implicitly valued on par with its peer group on a current year basis, and at a material discount to One Medical across time periods, despite its superior growth compared to the peer group and material progress on its path to profitability.

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	Q1 2020	Q1 2019	FY 2019
Global Fashion Group	-1 034	-	-1 816
Home24	-71	-180	-191
Livongo	609	-	379
Millicom	-	189	-4 596
Qliro Group	-127	32	-95
Tele2	-591	2 092	4 268
Westwing	-	-111	-355
Zalando	-6 189	10 493	18 766
<b>Total Listed holdings</b>	<b>-7 402</b>	<b>12 516</b>	<b>16 360</b>
Babylon	-133	35	1 934
Bayport	-288	54	-62
Betterment	-91	53	162
Bima	-192	41	-58
Bread	18	14	17
Budbee	18	98	98
Cedar	13	6	8
Deposit Solutions	-35	8	11
Global Fashion Group	-	785	-155
Karma	-	-	-
Kolonial.no	-78	16	35
Livongo	-	32	1 065
MatHem	-	-	-
Monese	-5	14	25
Omio	27	21	25
Pleo	12	2	191
Quikr	-166	108	-851
Saltside	-63	2	123
Town Hall Ventures II	-	-	-
TravelPerk	-39	5	161
VillageMD	150	-	11
Other*	-42	-9	-128
<b>Total Unlisted holdings</b>	<b>-894</b>	<b>1 286</b>	<b>2 612</b>
<b>Total</b>	<b>-8 296</b>	<b>13 802</b>	<b>18 972</b>

\* Other includes i.a. Enuygun, Iroko and Zanui.

Fair value of financial assets	Class A shares	Class B shares	Capital/Votes (%)	31 Mar 2020	31 Mar 2019	31 Dec 2019
Global Fashion Group	79 093 454	-	40.7/40.7	911	-	1 945
Home24	3 111 953	-	11.8/11.8	91	172	162
Livongo	12 653 927	-	13.0/13.0	3 577	-	2 968
Millicom	37 835 438	-	-	-	21 358	-
Qliro Group	42 613 642	-	28.5/28.5	169	423	296
Tele2	20 733 965	166 879 154	27.4/42.1	24 849	23 264	25 440
Westwing	2 797 139	-	-	-	371	-
Zalando	65 297 800	-	26.4/26.4	24 625	28 417	30 814
<b>Total Listed Holdings</b>				<b>54 223</b>	<b>74 006</b>	<b>61 625</b>
Babylon			16/16	2 675	537	2 808
Bayport			22/22	822	1 226	1 110
Betterment			16/16	1 224	1 206	1 315
Bima			36/36	745	987	936
Bread			13/13	333	312	315
Budbee			30/30	348	224	224
Cedar			10/10	210	148	197
Deposit Solutions			6/6	250	282	285
Global Fashion Group			-	-	4 069	-
Karma			20/20	62	62	62
Kolonial.no			24/24	610	325	686
Livongo			-	-	732	-
MatHem			36/36	1 039	889	889
Monese			16/16	441	216	383
Omio			6/6	495	464	468
Pleo			13/13	355	69	343
Quikr			17/17	778	1 751	941
Saltside			61/61	266	201	325
Town Hall Ventures II			-	74	-	-
TravelPerk			15/15	467	252	506
VillageMD			9/9	887	-	737
Other*			-	32	282	75
<b>Total Unlisted Holdings</b>				<b>12 113</b>	<b>14 234</b>	<b>12 605</b>
<b>Total</b>				<b>66 336</b>	<b>88 240</b>	<b>74 230</b>

\* Other includes i.a. Enuygun, Iroko and Zanui.

Investments in financial assets	Q1 2020	Q1 2019	FY 2019
Babylon	-	2	374
Bima	1	73	121
Budbee	106	46	46
Cedar	-	-	47
Global Fashion Group	-	-	632
Kolonial.no	2	-	341
Livongo	-	-	825
MatHem	150	889	889
Monese	63	-	156
Pleo	-	-	85
Quikr	3	-	149
Saltside	4	-	3
Town Hall Ventures II	74	-	-
TravelPerk	-	24	122
VillageMD	-	-	726
Other	-	14	50
<b>Total Unlisted Holdings</b>	<b>403</b>	<b>1 048</b>	<b>4 566</b>
<b>Total</b>	<b>403</b>	<b>1 048</b>	<b>4 566</b>

Changes in unlisted assets (level 3)	Q1 2020	Q1 2019	FY 2019
Opening balance	12 605	11 939	11 939
Investments	403	1 048	4 566
Disposals / Exit proceeds	- 1	- 37	- 161
Reclassification	-	-	-6 351
Change in fair value	- 894	1 286	2 612
<b>Closing balance</b>	<b>12 113</b>	<b>14 234</b>	<b>12 605</b>

## Note 5 Dividends Received

	Q1 2020	Q1 2019	FY 2019
Millicom	-	-	956
Tele2	-	-	1 951
<b>Total dividends received</b>	<b>-</b>	<b>-</b>	<b>2 907</b>
Of which ordinary cash dividends	-	-	1 781

## Note 6 Interest bearing assets and liabilities

Kinnevik's total interest bearing assets amounted to SEK 4,348m as at 31 March 2020. The total amount of interest bearing liabilities was SEK 5,198m and debt for unpaid investments was SEK 74m.

Kinnevik was in a net debt position of SEK 924m as at 31 March 2020, including loans to investee companies and debt for unpaid investments (net debt SEK 456m as at 31 December 2019). Net debt excluding loans to portfolio companies amounted to SEK 1,468m (930).

Kinnevik's total credit facilities (including issued bonds) amounted to SEK

11,480m as at 31 March 2020 whereof SEK 6,000m related to unutilised revolving credit facilities and SEK 5,350m related to bonds.

The Group's available liquidity, including short term investments and available unutilized credit facilities, totalled SEK 10,089m as at 31 March 2020 (SEK 9,056m as at 31 December 2019).

SEKm	31 Mar 2020	31 Mar 2019	31 Dec 2019
<b>Interest bearing assets</b>			
Loans to investee companies	544	128	474
Short term investments	3 039	149	3 664
Cash and cash equivalents	745	195	223
Other interest bearing assets	20	22	19
<b>Total interest bearing assets</b>	<b>4 348</b>	<b>494</b>	<b>4 380</b>
<b>Interest bearing long term liabilities</b>			
Corporate bonds	2 900	2 850	1 400
Accrued borrowing cost	-14	-12	-11
Other interest bearing liabilities	37	50	37
	<b>2 923</b>	<b>2 888</b>	<b>1 426</b>
<b>Interest bearing short term liabilities</b>			
Corporate bonds	1 815	-	2 450
Commercial papers	460	1 200	960
	<b>2 275</b>	<b>1 200</b>	<b>3 410</b>
<b>Total interest bearing liabilities</b>	<b>5 198</b>	<b>4 088</b>	<b>4 836</b>
Net interest bearing liabilities (-) / assets (+)	-850	- 3 594	-456
Debt, unpaid investments/divestments	-74	-281	0
<b>Net cash/(Net debt) for the Group, including net loans to investee companies</b>	<b>-924</b>	<b>-3 875</b>	<b>-456</b>
<b>Net cash/(Net debt) for the Group, excluding net loans to investee companies</b>	<b>-1 468</b>	<b>-4 003</b>	<b>-930</b>

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 5bn 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 31 March 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 2.4 years.

# CONDENSED PARENT COMPANY INCOME STATEMENT

SEK m			Q1 2020	Q1 2019	FY 2019
Administration costs			-37	-50	-344
Other operating income and costs			0	0	3
<b>Operating loss</b>			<b>-37</b>	<b>-50</b>	<b>-341</b>
Result from subsidiaries			-478	-15	23 752
Financial net			-40	-9	-47
<b>Profit/loss after financial items</b>			<b>-555</b>	<b>-74</b>	<b>23 364</b>
Group contribution			-	-	122
<b>Profit/loss before taxes</b>			<b>-555</b>	<b>-74</b>	<b>23 486</b>
Taxes			-	-	-
<b>Net profit/loss for the period</b>			<b>-555</b>	<b>-74</b>	<b>23 486</b>
<b>Total comprehensive income for the period</b>			<b>-555</b>	<b>-74</b>	<b>23 486</b>

# CONDENSED PARENT COMPANY BALANCE SHEET

SEK m	31 Mar 2020	31 Mar 2019	31 Dec 2019
<b>ASSETS</b>			
Tangible fixed assets	3	4	3
Financial fixed assets	49 279	62 933	50 138
Long term receivables	30 253	19	30 252
Short term receivables	23	0	148
Short term investments	3 039	149	3 664
Cash and cash equivalents	68	178	191
<b>TOTAL ASSETS</b>	<b>82 665</b>	<b>63 283</b>	<b>84 396</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Equity	55 588	51 089	56 142
Provisions	20	26	20
Long term interest bearing liabilities	2 889	2 843	1 400
Short term interest bearing liabilities	2 275	1 200	3 401
Other short term liabilities	21 893	8 125	23 433
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>82 665</b>	<b>63 283</b>	<b>84 396</b>

The Parent Company's liquidity, including short-term investments and unutilized credit facilities, totalled SEK 9,412m (5,257) per 31 March 2020. The Parent Company's interest bearing external liabilities amounted to SEK 5,164m (4,061) on the same date. Investments in tangible fixed assets amounted to SEK 0m (0) during the period.

## Distribution by class of shares on 31 March 2020 was as follow:

	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	241 613 436	241 613 436	24 161
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
Class B shares in own custody	297 770	297 770	30
<b>Registered number of shares</b>	<b>276 902 244</b>	<b>580 701 132</b>	<b>27 690</b>

The total number of votes for outstanding shares amounted at 31 March 2020 to 580,403,362 excluding 297,770 class B treasury shares. The Board has authorization to repurchase up to a maximum of 10% of all shares in the Company over 12 months, ending at the AGM of 2020. There are no convertibles or warrants in issue.

# 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](http://www.kinnevik.com).

## APMs in Kinnevik's interim report include:

<b>Debt/equity ratio</b>	Interest-bearing liabilities including interest-bearing provisions divided by shareholders' equity
<b>Equity ratio</b>	Shareholders' equity including non-controlling interest as percentage of total assets
<b>Internal rate of return, IRR</b>	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
<b>Investments</b>	All investments in listed and unlisted financial assets, including loans to portfolio companies
<b>Leverage</b>	Net debt divided by portfolio value
<b>Net asset value, NAV</b>	Net value of all assets on the balance sheet, equal to the shareholders' equity
<b>Net cash/(net debt)</b>	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
<b>Net investments</b>	The net of all investments and divestments in listed and unlisted financial assets
<b>Portfolio value</b>	Total book value of fixed financial assets accounted at fair value through profit and loss
<b>Total shareholder return, TSR</b>	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

**Annual General Meeting 2020**

The Annual General Meeting will be held on 11 May 2020 in Stockholm. Further details on how to register could be found at Kinnevik's website [www.kinnevik.com](http://www.kinnevik.com).

**Upcoming Financial Reports**

*13 July:* Interim Report Jan-Jun 2020

*15 October:* Interim Report Jan-Sep 2020

Stockholm, 17 April 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 17 April 2020.

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

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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,  
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