

PRESENTATION OF KINNEVIK'S

Q1 2023

20 APRIL 2023



Q1 2023

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Today's Presenters

Georgi Ganev
Chief Executive Officer

Samuel Sjöström
Chief Financial Officer

Torun Litzén
Director Corporate Communications

KEY EVENTS OF THE QUARTER

CAPITAL REALLOCATION IN HEALTHCARE

Q1 WAS A QUARTER OF MARKET VOLATILITY AND UNCERTAINTY DURING WHICH WE REMAINED FOCUSED ON EXECUTING ON OUR 2023 PRIORITIES

Key Events of The Quarter

Q1 2023



NAV of SEK 55.5bn or 198 per share, up 5% in Q1 2023 and down 18% from Q1 2022. Fair value of **unlisted investments up 4%** in the quarter through SEK 0.8bn in follow-ons and a small write-up of underlying valuations

Spring Health 

Invested **USD 50m** into Spring Health, redoubling our investment in one of our highest conviction, strongest performing businesses. The company has grown revenues by 7x since our first investment in late 2021, and is now funded to break-even with a path to reach cash flow profitability in 2024

 Enveda

Enveda, a biotechnology company tackling drug discovery through a nature-based approach, added to our emerging portfolio within life sciences through a **USD 25m** investment after quarter-end **alongside our partner fund Dimension**



Fully **exited our Teladoc investment**, realizing a **>55% IRR** since our first Livongo investment in 2017 and releasing an incremental SEK 1.0bn of which 0.8bn redeployed into Spring Health and Enveda

Agreena

Agreena raised EUR 46m in new financing in the quarter, having scaled its activities by 10x since our first investment and expanded its geographic footprint to cover 16 European countries



Again **recognized for our leadership within diversity, equity and inclusion** - being the leading investor in the Honordex Inclusive Index Report 2023, and ranking as the only investor among Equileap's top companies in Sweden for gender equality, and the 2nd ranked globally for our equal parental leave policy

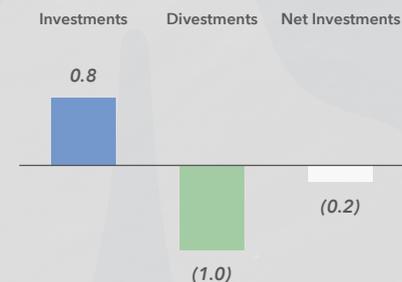
Net Asset Value

● Public, ● Private, ● Net Cash / (Debt), SEKbn



Investment Activity

Q1 2023, SEKbn

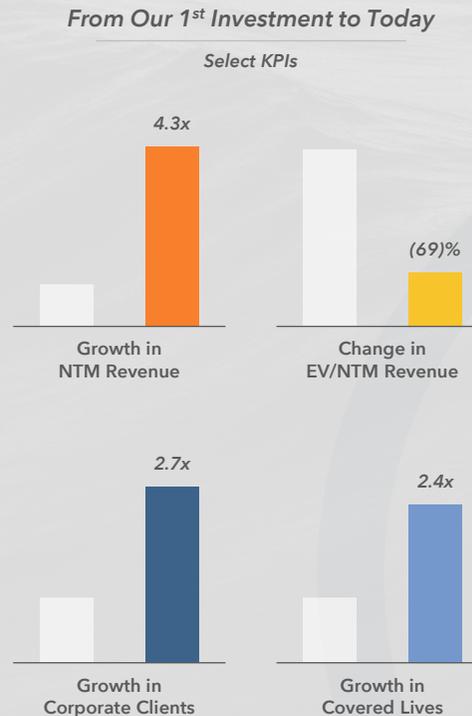


OUR USD 50 MILLION FOLLOW-ON INVESTMENT INTO SPRING HEALTH IN Q1 IS A PERFECT EXAMPLE OF USING 2023 TO DOUBLE DOWN IN OUR WINNERS

Significant Follow-On in Spring Health

Supporting & Maximizing Impact of High-Conviction Businesses

- Redoubling our commitment in one of our **high-conviction**, strong-performing businesses at a balanced USD 2.5bn valuation
 - **USD 40m primary investment** in a 71m round, corresponding to **>10x our pro rata share**
 - **USD 10m secondary purchase** from an early-stage investor in need of liquidity
 - Accreting ownership from 5 to 7%
- Spring has **grown revenues** by more than 4x since our 2021 investment on an NTM basis, and **by more than 7x on an LTM basis**
- The business is now **funded to break-even** with a path to reach **cash flow profitability in 2024** through operating leverage
- **Emerging as a new star healthcare investment** behind Livongo, Cedar, Cityblock and VillageMD with significant growth opportunities ahead



"Kinnevik has become our trusted partner and advisor for every part of our business. It's easy to take a long-term stance in a bull market, and Kinnevik has proven to us they are a wonderful partner no matter the macro environment. Kinnevik has stood with us for all our growth, as well as the occasional bump in the road that every startup faces. Everyone looks for a value-add investor, and there's no question that Kinnevik fits that profile."

April Koh
CEO and Co-Founder



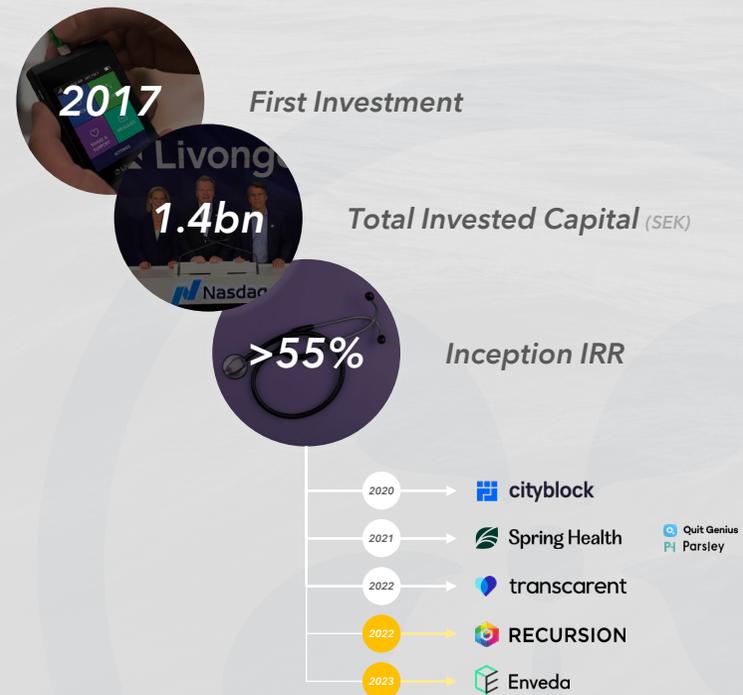
Spring Health has the potential and the momentum to become one of Kinnevik's most successful healthcare investments, and 2023 created an opportunity for us to lean in and commit more capital at a rebalanced valuation, providing the company fast access to capital and ability to focus singularly on continuing to capture the massive market opportunity

OUR TELADOC EXIT REALIZES A >55% IRR INVESTMENT, WITH GAINS REALLOCATED INTO NEW CARE DELIVERY MODELS AND OUR ENTRY INTO LIFE SCIENCES

Rotating Out Of Teladoc

Capital Reallocation in Healthcare

- In Q1, we exited our remaining stake in Teladoc
- This is the **first significant full exit** in the Growth Portfolio generating a **>55% IRR** on an aggregate SEK 1.4bn investment over a six-year tenure starting with our Livongo investment in 2017
- Of SEK 5.4bn in total proceeds, we have **redeployed 4.6bn** into a number of new businesses with a current **carrying value of 7.0bn** –
 - **value-based care** innovator Cityblock focused on the underserved Medicaid population;
 - **next-generation care delivery** businesses such as **Spring Health** and **Transcarent** (led by Livongo's founder Glen Tullman); and
 - more novel drug discovery businesses such as **Recursion** and **Enveda**, leveraging our partner fund **Dimension**
- Going forward, we remain **focused on three areas of investment within healthcare** –
 - i. technology-enabled care delivery companies** such as Cityblock, Spring Health and Transcarent;
 - ii. software healthcare enablers** such as Cedar; and
 - iii. life sciences businesses** such as Enveda and Recursion



The return on our Livongo/Teladoc investment has financed our capital deployment into new Healthcare businesses over 2020-23, maintaining a center of gravity in the venture and growth section of the business maturity S-curve

IN APRIL WE INVESTED USD 25M INTO ENVEDA BIOSCIENCES, ADDING TO OUR EMERGING CLUSTER OF LIFE SCIENCES INVESTMENTS



Plant Based Drug Discovery

- **Enveda Biosciences** is a Colorado-based biotech founded in 2019 by **Viswa Colluru**, a PhD in cellular and molecular biology who joined our investee company Recursion as an early employee in 2016
 - Viswa **left Recursion in 2019** to launch Enveda, and found early backing from the founders at Recursion and the team behind our partner fund Dimension
- In April **we invested USD 25m into Enveda** alongside a follow-on investment by Dimension and other insiders
- The company focuses on mining **natural products** (mostly plants) for drug discovery. Nature has yielded a large share of past blockbuster drug successes such as Aspirin and Metformin, but has suffered diminishing returns due in part to our inability to understand its chemical make-up
- Enveda uses novel machine learning techniques such as large language models, metabolomics, and robotics to **index nature's chemical space and annotate its function for new drug discovery**
 - Enveda's platform is multi-layered and IP-protected, generating a compounding, proprietary dataset, and is **attracting significant interest from pharma and biotech partners**
- **Enveda fits squarely into our emerging life sciences strategy** expanding our healthcare portfolio into accessing the current technology revolution in the pharma industry

Enveda's Search Engine

New Drugs in a Dark Chemical Space

I want an **@inflammasome** inhibitor that is
not **@cytotoxic** that is available in the **@brain** that has
a **@mass** between 200-600.

CONTINUE >



Viswa Colluru, PhD
CEO & Founder

While at an early stage, we believe Enveda has the potential to become a truly big company over the next 5-10 years

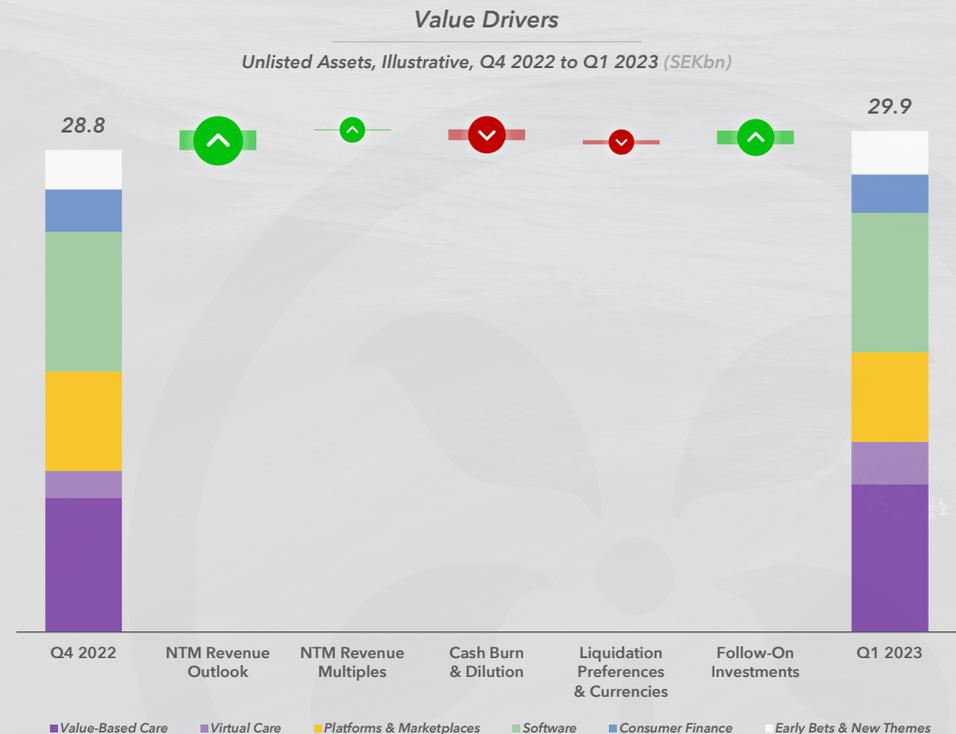
VALUATIONS & CAPITAL ALLOCATION UPDATE

GROWTH WAS THE KEY UPWARD DRIVER OF VALUATIONS IN THE QUARTER, WITH SOME INERTIA CAUSED BY THE REVERSAL OF LIQUIDATION PREFERENCES

Q1 2023 Valuations

Drivers & Parameters

- In Q1, an underlying valuation reassessment of 2-3% translates into **a fair value write-up of SEK 0.3bn or 1%**
- Driven by a combination of **on-plan growth in B2B**, slight incremental **softness in consumer-facing businesses** and **stable multiples**
 - Public **benchmark multiples were up by >15%** on average, but by considerably less when excluding a positively volatile value-based care peer set
 - Implied forward revenue multiples for **our investees were up by 1%** on average (down 1% when excluding value-based care)
- The aggregate impact from **liquidation preferences** amounts to **SEK 2.9bn** at the end of the quarter - down from 3.2bn in Q4, with this "amortization" muting the quarter's write-up slightly
- Currencies were stable in aggregate**, but the Norwegian krona depreciated materially by 6% to its Swedish variety
- Six **funding rounds** in the quarter at an average **c. 50% premium to our Q4 carrying values** (>75% if excluding Spring Health) spanning (5) to >150%



Business-facing investees are performing in line with expectations, but incremental conservatism on multiples, softening expectations on consumer-facing businesses and liquidation preferences hold back this quarter's write-up

KEY IN-QUARTER REASSESSMENTS REVOLVE AROUND FIVE INVESTEES

Key Valuation Reassessments

Q1 2023

Write-Ups

VillageMD cityblock

- Valuation **increase of >10%** in dollar terms at both companies through mid-single digit multiple expansion and on-plan performance
- Buyouts of Oak Street Health, One Medical and Signify impairs accuracy of peer set - multiples relative to peers down materially in the quarter as **more difficult to calibrate the premium on value-based care** operators versus fee-for-service

Spring

- Underlying valuation **increase of around 25%** in dollar terms, slightly muted by amortization of liquidation preferences
- Valued in line with recent funding round
- Multiple expansion of >10% in the quarter fairly in line with peers, but still down >40% year-on-year

Write-Downs

budbee instabox

- Valuation **decrease of 15%** from last quarter's carrying value
- Performing above plan during first few months of 2023, but write-down stemming from additional caution in outlook for consumer spending in the Nordics as pressure from rising interest rates increasing

monese

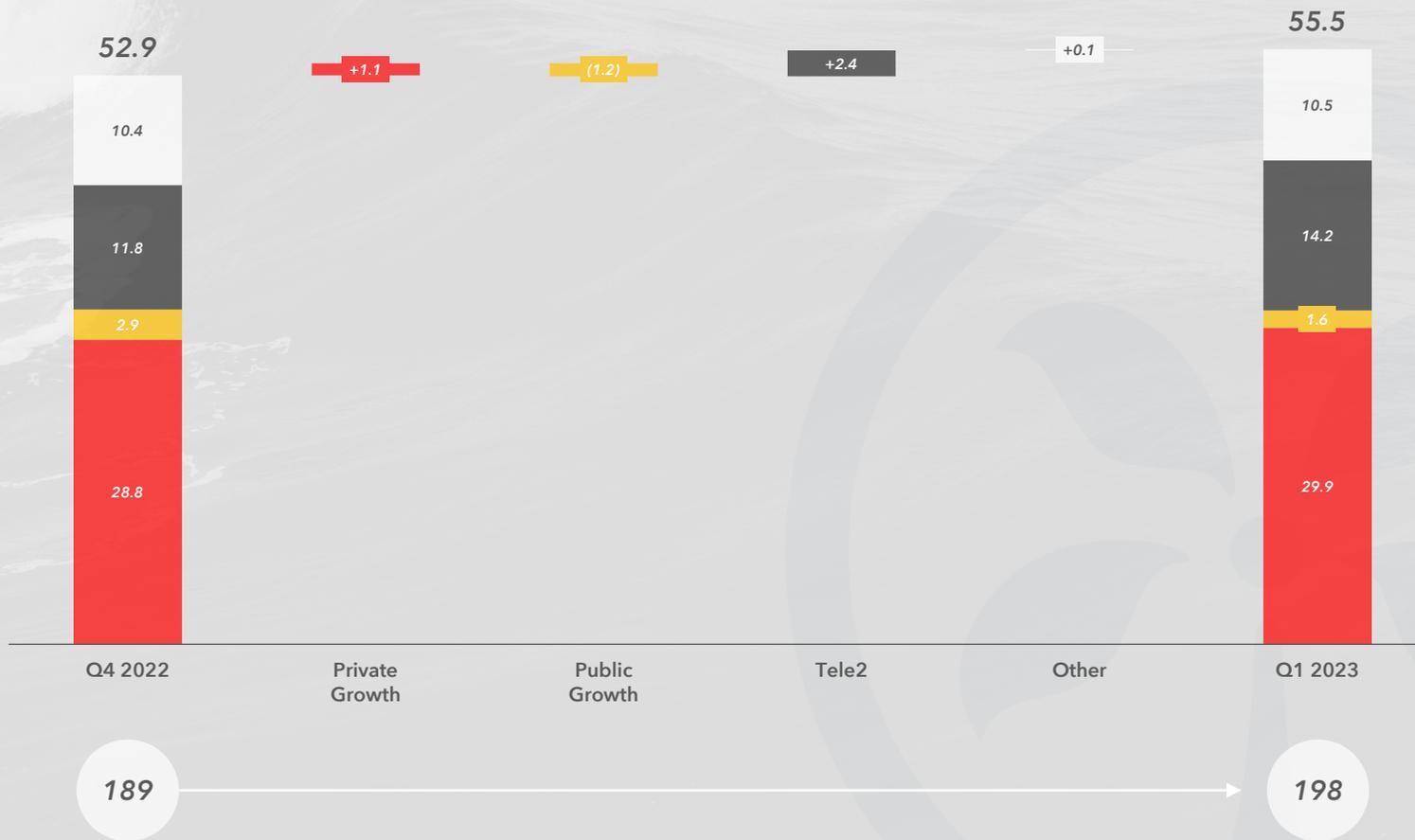
- Valuation **decrease of 35%** in sterling terms
- Driven by revised expectations on investment need as it continues to rebalance its business mix from B2C to B2B revenues

Among business-facing investees (73% of our private portfolio), a weighted-average write-up amounted to +6%, whereas among more consumer-facing investees (27%) a weighted-average write-down amounted to almost (10)%

IN TOTAL, NET ASSET VALUE WAS UP 5% IN Q1 2023

Net Asset Value Development in Q1 2023

● Private Growth, ● Public Growth, ● Tele2, ● Net Cash / (Debt), SEKbn



Note: Total Net Asset Value including Other Net Assets / Liabilities

OUR CAPITAL ALLOCATION EXPECTATIONS REMAIN UNCHANGED, WITH KEY ALLOCATION RISKS RELATING TO MISSED UPSIDE OPPORTUNITIES

Capital Reallocation

2023 Expectations

- **Our 2023 expectations remain unchanged** - around **SEK 5bn** in total investments **split 50/50** between new investments and follow-on investments in the existing portfolio
- Our assessments of **investee runways also remain largely unchanged**, with the key development being extensions of runways through funding rounds in the quarter
 - Around 6% of our private investees by value have runway not lasting longer than to end of 2023 (from 10% in Q4 2022)
- Of our currently forecasted follow-on investments, **around 70% of capital is expected to be deployed into high-conviction businesses** where we are either instigating transactions or willingly accreting ownership (*as in Spring Health*)
- **Two main factors could affect our expectations** -
 1. an inability to deploy as much capital as we would like into our **existing high-conviction businesses** (pushing the SEK 5bn and the % share of follow-on investments downward)
 2. not finding enough attractive opportunities to invest in **new businesses** due to companies not coming to market (pushing the SEK 5bn and the % share of new investments downward)

Type of Follow-On Investment

Approximations, Current Forecast



30%

Pre-empting or Instigating Transactions in High-Conviction Businesses



40%

Above Pro Rata Participation in Planned Rounds in High-Conviction Businesses



20%

Pro Rata Participation in Planned Rounds in Emerging Businesses



10%

Minimized Participation in Planned Rounds in Struggling or Low-Conviction Businesses

We remain focused on making the most of the current environment through maximizing the impact of our highest-conviction investments and capturing opportunities that arise during a period of more risk-averse sentiment

TRACKING AGAINST OUR PRIORITIES

WE ARE TRACKING AGAINST OUR 2023 PRIORITIES AND EXPECTATIONS

OUR 2023

PRIORITIES

Continued *disciplined* capital allocation

Support and maximize the impact of our *highest-conviction* investments

Minimize capital and exposure to our *lowest-conviction* investments

Pursue *new investments* selectively, leveraging our financial strength and long-term perspective

Capture opportunities arising during a period of a risk-averse sentiment

OUR 2023

EXPECTATIONS

Maintain our momentum of *SEK 5bn* in annual investments

Investments split roughly *50/50* between existing and new companies

Our investees will need to *continuously adapt* to a dynamic and complex economic environment

Continued *crystallization of long-term winners* and investments that will be pruned and transitioned out

Ending the year within a more *stable outlook* for the venture and growth capital ecosystem



Q&A



WE INVEST FOR A REIMAGINED EVERYDAY