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# OUR FRAMEWORK & PROCESS

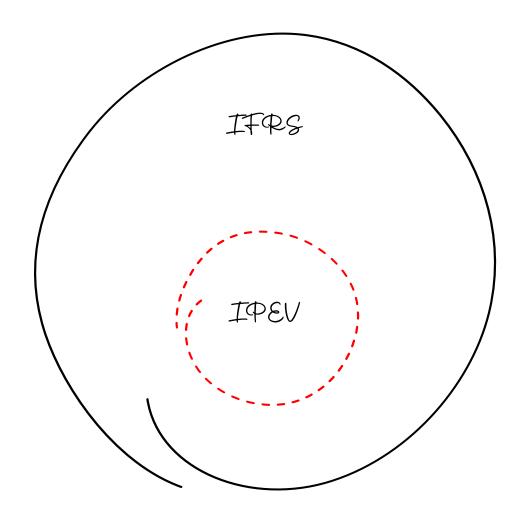


# Our valuations rely on IFRS 13 and the IPEV Guidelines, with a robust review process led by our Audit & Sustainability Committee and external auditors

### Our Framework & Process

Adhering to Public & Private Market Best Practice

- As a public company, we adhere to IFRS 13: Fair Value Measurement (available here)
  - Defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date"
- Additionally, we elect to adhere to the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines (available here)
  - The IPEV Guidelines set out industry best practices in valuing private equity and venture capital investments, tailored specifically for illiquid, privately held investments
- We use valuation methods that private market investors use when valuing companies in connection with investment decisions – mainly gross profit multiples (while we often provide aggregate disclosure on a revenue multiple basis for ease of comparison)
- Valuation process led by Kinnevik's CFO and his valuation team, acting independently from the investment teams
  - The Audit & Sustainability Committee convene at least two times in connection to each quarterly valuation process, with the external auditors attending at least one meeting
  - Valuations are approved by Kinnevik's CEO and Audit & Sustainability Committee
- External auditors review the valuations of several more material investee companies each quarter, and report observations to the Audit & Sustainability Committee directly
- Outside of the quarterly valuations process, the Audit & Sustainability Committee meet separately with the external auditor without management present, and the auditors also review additional valuations in-between the quarterly processes



### Our approach to valuations has been born out of the post-pandemic environment and the completion of our transformation with a record-high private share of our portfolio

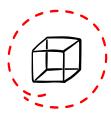
### **Key Considerations**

Private Company Valuations



### **Quarterly Reassessments**

- In 2022, public markets fell drastically, and private transactions priced at arms-length practically came to a halt
- In late 2022, the IPEV Guidelines were updated to emphasize that the price of a recent investment should not automatically be deemed representative of fair value
- As a consequence, we have adopted a process for quarterly value reassessments of each of our investments except prerevenue businesses that are revalued more rarely considering their nascent stage



### **Transparency Where Possible**

- Confidentiality provisions prevent us from disclosing information on our companies unless forced under law or regulation
- Meanwhile, >95% of our portfolio is now invested in private companies
- As a consequence, we have encouraged (but would never force or insist on) founders to be more open with their performance, and sought to provide financial information on a grouped or clustered basis



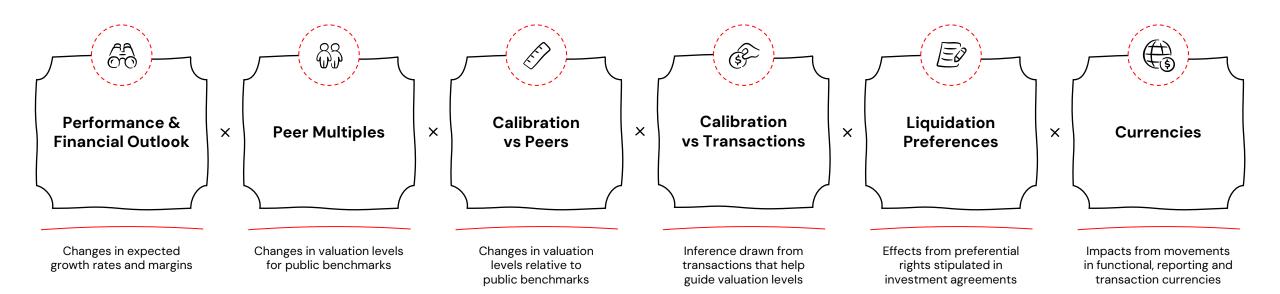
### Part of Larger Portfolio Intelligence Hub

- All investee and investment data sits in a structured data set, with an application layer with Excel plugins accessible to all employees and Board directors - enabling us to build more capabilities on top of this platform
- Used across functions and processes, ensuring internal transparency, accountability and data integrity
- Increased focus on valuations in 2022-23 played a key part in instilling the need for this approach

This presentation covers the main short-term valuation drivers to help ensure their dynamics are well understood, as well as a guide to how we report our valuations in our interim reports

### Main Valuation Drivers

Covered in This Presentation and in Note 4 in Our Interim Reports







# Our valuations are based on our expectations on our investees, in turn based on several inputs and analyses beyond a company's own budget and business plan

### Investee Expectations

Key Sources of Input



### Performance

Monthly reports typically received 2-4 weeks after close



### ► Forecasts, Budgets & Business Plans

Continuous reassessment of near-term financial outlook



### ► Kinnevik Investment Management

Recurring re-underwriting of longer-term investment cases



### Portfolio Company Management

Check-ins to understand management's POV on business drivers and outlook



### Market Analysis

Public company reporting, analyst reports, industry surveys

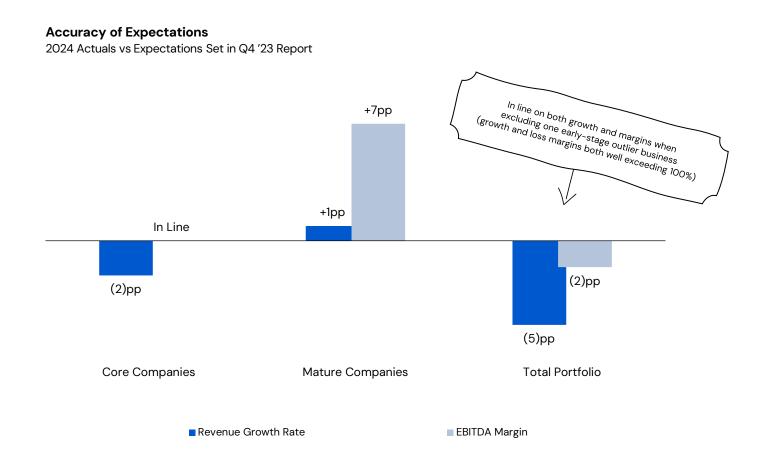
# With a more mature portfolio and a more robust process, we have improved our accuracy in gauging our investees' shorter-term financial performance

### **Investee Expectations**

Past & Current Financial Performance

Core Companies (55% of Private Portfolio)	Last 12 Months	Next 12 Months
Revenue Growth	50%	35-45%
Gross Margin	54%	>50%
EBITDA Margin	(13)%	(10)-0%

Mature Companies (16% of Private Portfolio)	Last 12 Months	Next 12 Months		
Revenue Growth	14%	10-20%		
Gross Margin	66%	>65%		
EBITDA Margin	0%	0-5%		



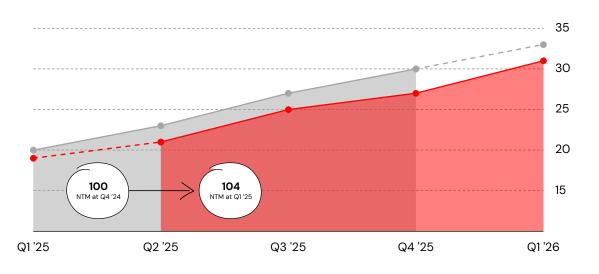
DEEP DIVE ON THE VALUATIONS OF OUR PRIVATE COMPANIES: MAY 2025

### The quarter-on-quarter change in the next twelve months' financial outlook is affected by reforecasts in each quarter, and cannot always be extrapolated

### Impact of Changes in Expectations

Illustrative Example, Key Metrics & Quarterly Revenue (in Chart)

Forecast	2024 Revenues	2025 Revenues	2025 Growth	NTM Revenues	
Q4 '24	60	100	+67%	100	
Q1′25 <del></del>	60	92	+53%	104	
Change Q/Q	_	(8)%	(14)pp	+4%	





Quarter-on-quarter changes in NTM revenue outlook show the change in expected revenues for the next 12 months at quarter-end relative to the next 12 months at the previous quarter-end



A positive change in the NTM revenue outlook does therefore not mean that we have raised our expectations on a company's growth in a fixed period



Nor should the change in NTM revenue outlook be confused with quarter-on-quarter revenue growth (i.e. change in NTM revenue outlook x 4 does not equal a company's going growth rate)

Section 3

## PUBLIC PEER SETS



DEEP DIVE ON THE VALUATIONS OF OUR PRIVATE COMPANIES: MAY 2025

The valuation level of comparable public businesses is a key parameter in valuing our private companies, and peer groups are construed and maintained based on several considerations

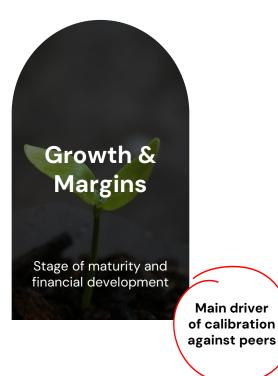
## Public Market Valuation Benchmarks Peer Group Construction Parameters









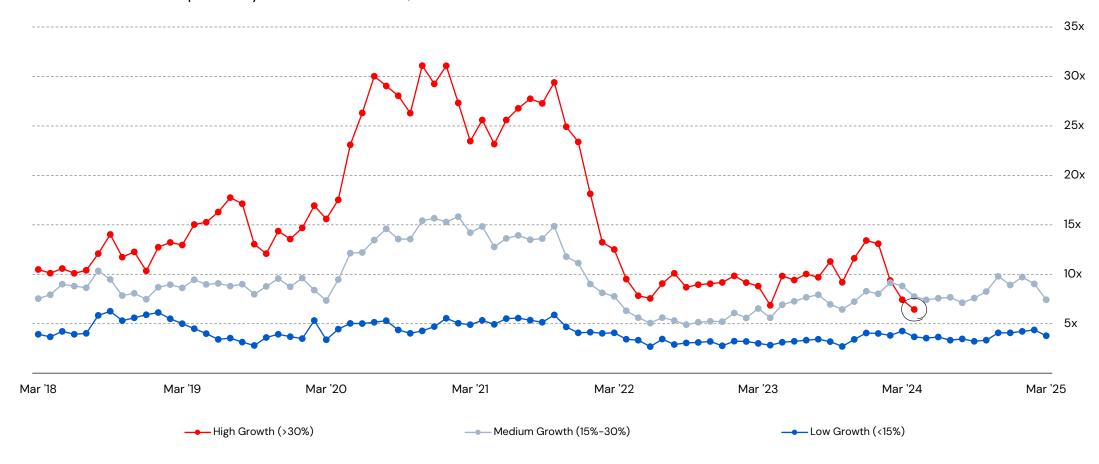


We provide a quarterly updated list of the public companies used as valuation benchmarks for our larger investments, available here

With few IPOs and a push towards maturity, there are no software businesses growing by more than 30% available in public markets – hence we often lack peers with a similar financial profile

### **Evolution of Revenue Multiples**

Public Software Companies by NTM Growth Profile, 2018-25

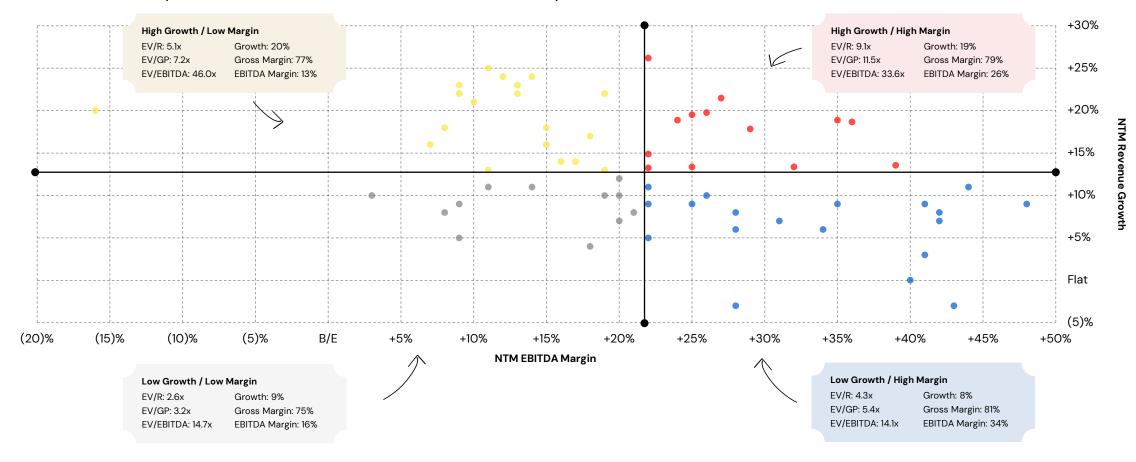


Source: FactSet as at Q1 2025.

### As a result – high-growth, low-profit software businesses continue to trade at meaningful premiums to low-growth, high-profit businesses

### Software Growth/Profitability Quadrants

Median Metrics by Quadrant, Above/Below Median Growth/Profitability, NTM Basis



Source: FactSet as at Q1 2025.

### Within our most important business models – Software and Digital Health – calibration of multiples can be accurately undertaken through quantitative models of growth and profit margins

### Calibrating Against Public Multiples

**Financial Profile** 



### Growth

- Sole driver of valuation levels during 2020-21
- Remains more important than profitability for most businesses, but insufficient explanatory factor for valuation levels in a world where focus has returned to a more balanced appreciation of cost of capital and cash flow generation



#### Rule of 40

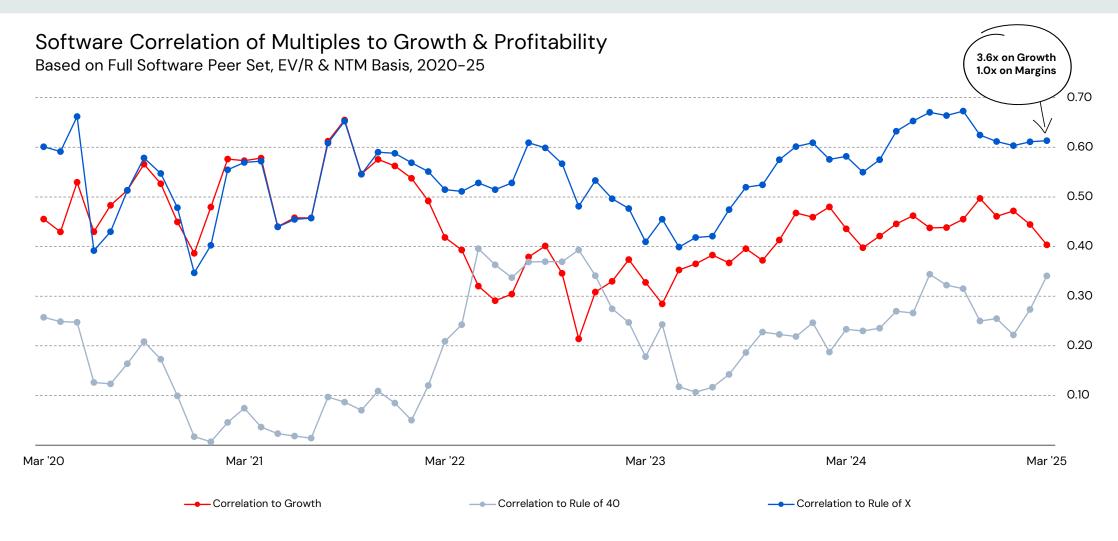
- Traditional heuristic for SaaS businesses popularized in the mid 2010s "the sum of revenue growth and profit margin should equal or exceed 40%" (e.g. 50% growth and (10)% profit margins = 50 + (10)% = 40%)
- Has become less relevant as SaaS companies have matured and growth has become scarcer
- Discounted cash flow analyses clearly reveal that margin increases have a linear impact on value, but a growth rate increase can have a compounding impact on value



### Rule of X

- Reflects the fact that growth is worth more than profit margins once a company proves its profitability capabilities (becoming "default alive" and non-reliant on further financing)
- Works like the Rule of 40, but adds a multiplier on growth of 1.5-2x for businesses approaching break-even and 2-3x for businesses that have turned cash flow positive (public SaaS comps currently at >3.5x)
- (e.g. with a 2x growth multiplier, 50% growth and (10)% profit margins = 50% x 2 + (10)% = 90%)

The 'Rule of X' explained >60% of the variance in software multiples at end of Q1 '25, with growth being 3.6x more important than profit margins for profitable public software companies



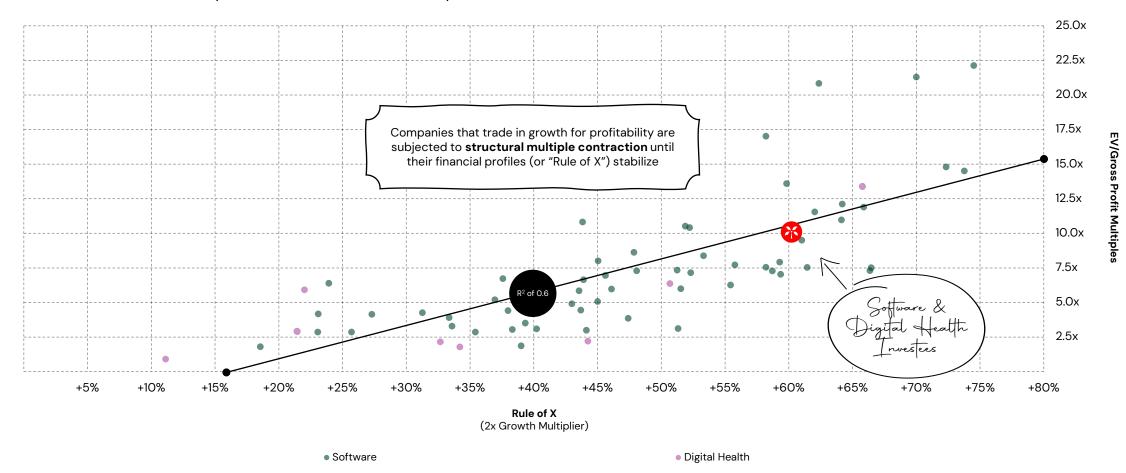
Note: Rule of X growth multiplier recalibrated each data point. As at end of Q1 2025, growth multiplier amounted to 3.6x (a 1% improvement in growth rate had the same impact on multiples as a 3.6% improvement in EBITDA margin).

Source: FactSet as at Q1 2025.

# We triangulate our valuations against public peers drawing on these patterns, making regressions of gross profit multiples against growth rates and profitability margins

### Software & Healthcare Technology Gross Profit Multiples

Rule of X (2x Growth Multiplier) and EV/Gross Profit Multiples, NTM Basis



Source: FactSet as at Q1 2025.



# TRANSACTION VALUATIONS

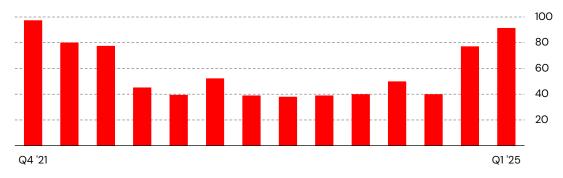
# Private growth equity markets have stabilized, but a large glut of matured businesses awaiting IPO or M&A have led to the time between funding rounds to be extended

### State of Private Growth Equity Markets

Select Data Points

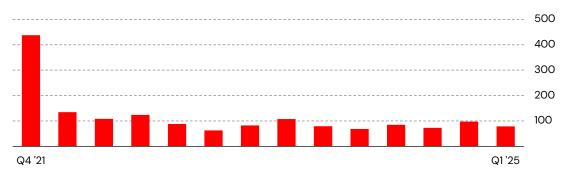
### **AI-Fueled Transaction Volumes Increasing**

Global Deal Volume, USDbn



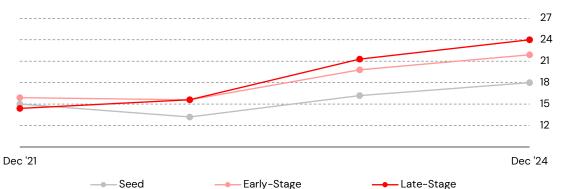
#### **VC-Backed Exits Remain Subdued**

Global Exit Volume, IPOs and M&A, USDbn



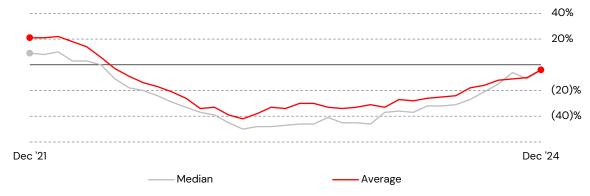
### The Time Between Rounds Continues to Lengthen

Median Time (Months) Between Financing Rounds, US by Stage



### **Secondary Discounts Have Contracted**

Secondary Discount to Last Round's Valuation, US



Source: Carta, Pitchbook.

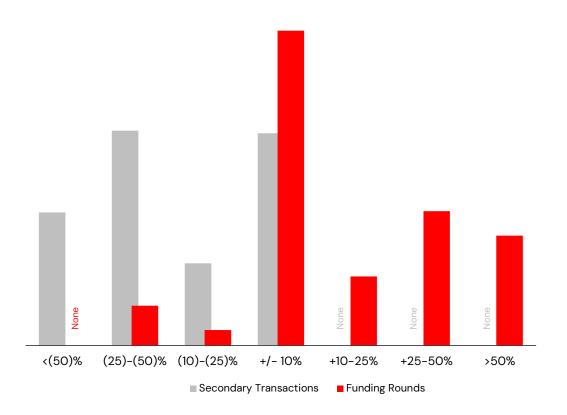
### During 2024 and Q1 '25, 75% of our private portfolio by value has been transacted in at valuations exceeding our preceding NAV by 13% on a value-weighted average basis

### Transaction Valuations Compared to NAV

Private Market Investors Corroborating Our Valuations

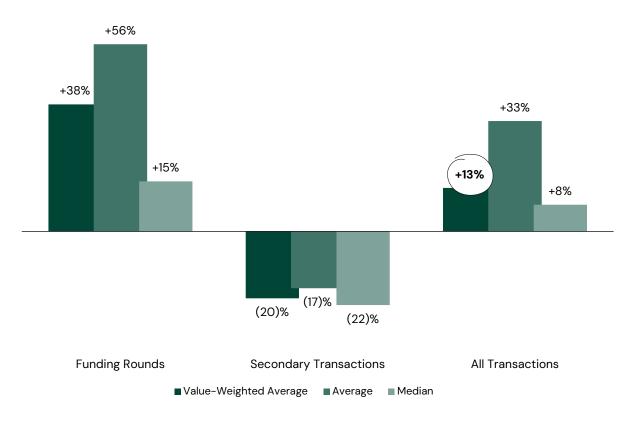
#### Range of Deviation to Previous NAV

Secondary Transactions & Funding Rounds, Bar Height by Fair Value Affected



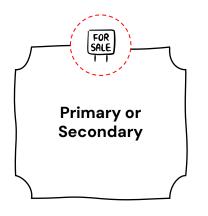
### Aggregate Deviation to Previous NAV

Secondary Transactions & Funding Rounds, Aggregations

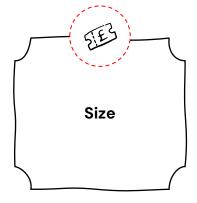


# Several factors needs to be considered when translating transaction valuations to underlying enterprise valuations of entire companies

### Transaction Calibration Considerations Main Parameters



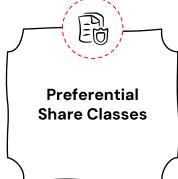
A company issuing new shares or an investor selling existing shares



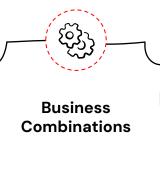
The size of the transaction in relation to the company's total valuation



Transactions by informed existing investors, uninformed existing investors, or new investors



Differences in economic rights in the stock of shares transacted in relative to company's equity capital structure

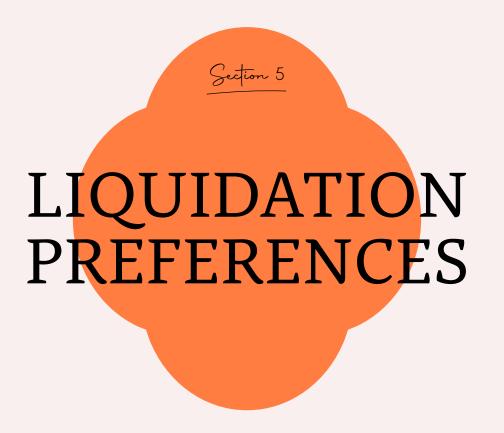


Financing in connection with M&A, with potentially significant impacts on business dynamics



Differences in valuation assessment based on type of investor and potential commercial agreements entered in tandem

Kinnevik



# Liquidation preferences are (unfortunately) a venture and growth industry standard, and our portfolio is (fortunately) mainly exposed to its most simple variety

### Liquidation Preferences

What Are They?

- In general terms, liquidation preferences ("LPs") dictate the payout to shareholders in case of a liquidity event
- In its most simple form, LPs grant investors preference to proceeds over holders of common shares (typically management and angel investors)
- There are an infinite number of variations of LPs, but these differences typically relate to two key characteristics – seniority features and dynamics between invested amounts and preferential amounts
- The most typical preference structure is one where all investors are on equal footing (a "pari passu" preference) and as a group rank ahead of common shareholders, and where the preferential amount is equivalent to each respective investor's invested capital (a "1x" preference)
- LPs are interesting primarily from three perspectives
  - their application in an exit, and their effects on investor and founder **incentives** in relation to their decision-making power
  - their implication on how translatable a funding round's post-money valuation is to the underlying enterprise value of the business
  - their effects on fair value (and changes thereof) assessments of our investments
- The (ab)use of LPs were famously described in Bill Gurley's 2016 blog post "On the Road to Recap" (click here)

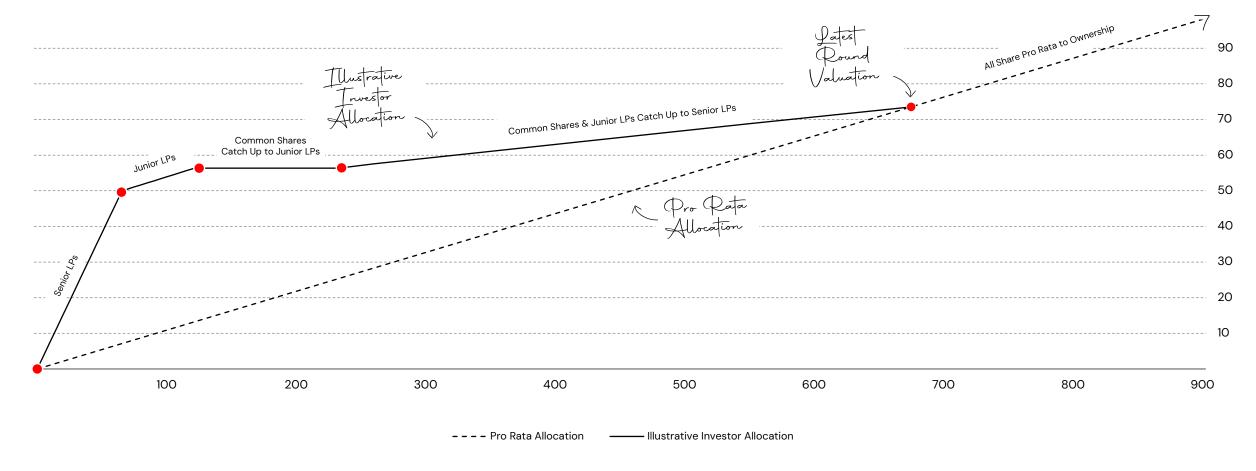
### Varieties in Our Portfolio Types of Liquidation Preferences

Ranking	1x Multiple (Preference Equals Invested Amount)	>1x Multiple or Accruing Return (Preference Exceeds Invested Amount)		
Pari Passu	<b>72%</b> of Fair Value <b>24%</b> of LP's Total Impact on NAV	<b>11%</b> of Fair Value <b>34%</b> of LP's Total Impact on NAV		
Ranked Seniority	<b>9%</b> of Fair Value <b>12%</b> of LP's Total Impact on NAV	<b>3%</b> of Fair Value <b>30%</b> of LP's Total Impact on NAV		
No Preferences	5% of Fa	air Value		

# Liquidation preferences can skew allocations meaningfully relative to an investor's pro rata share (i.e. its ownership stake multiplied by a company's total equity value)

### Liquidation Preferences

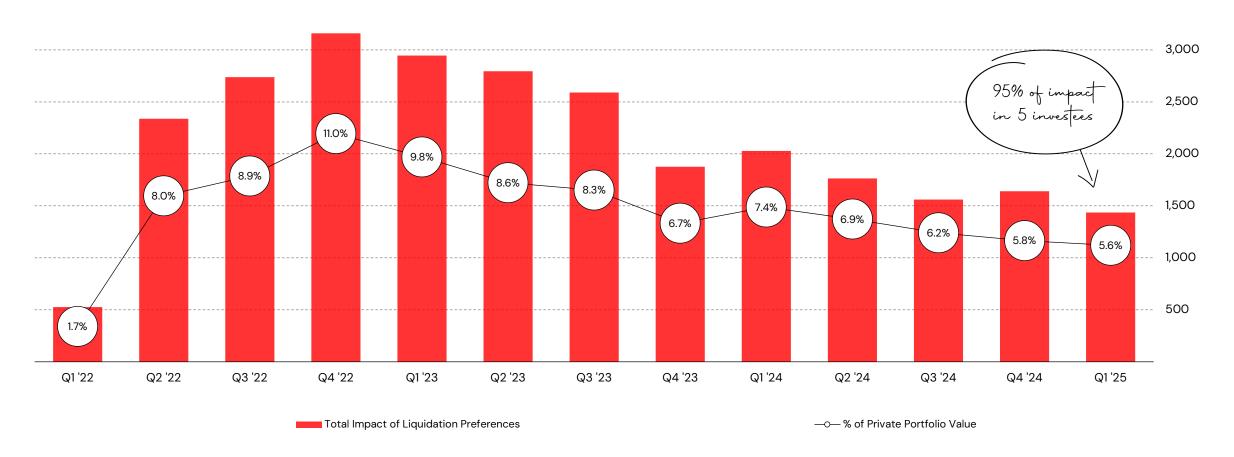
Illustrative Investor Allocation in a Ranked Seniority Structure, Equity Value on X-Axis and Investor Allocation on Y-Axis



# The impact of liquidation preferences on our NAV has come down over time as a result of growing underlying equity valuations and divestments of tail assets

### **Liquidation Preferences**

Impact on NAV, SEKm and % of Private Portfolio Value



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# CURRENCY EFFECTS



### Our private portfolio is dominated by euro and US dollar exposure, but the number of monocurrency businesses have declined significantly as our companies expand internationally

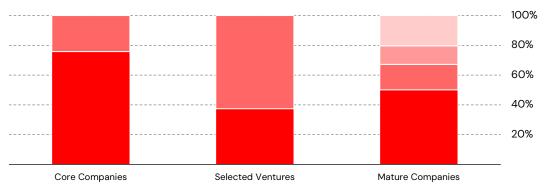
### Currencies in the Private Portfolio

Indicative by Company: ■ Core, ■ Selected Ventures, ■ Mature

Company	Reporting & Valuation Currency	Operational USD	Operational EUR	Operational GBP	Operational <b>SEK</b>	Operational Other
Cityblock	US Dollar	100%				
Mews	Euro	15%	55%	10%	10%	10%
Pleo	Euro	-	30%	40%	10%	20%
Spring Health	US Dollar	100%	_	-	_	_
TravelPerk	US Dollar	20%	60%	20%	-	-
Agreena	Euro	-	90%	-	-	10%
Aira	Euro	_	60%	40%	_	_
Enveda	US Dollar	_	_	_	_	_
Solugen	US Dollar	100%	_	-	_	_
Stegra	Euro	_	_	_	<del>-</del>	_
Betterment	US Dollar	100%	_	_	<del>-</del>	_
Cedar	US Dollar	100%	_	_	_	_
HungryPanda	British Pound	30%	<5%	25%	_	45%
Instabee	Swedish Krona	_	20%	_	60%	20%
Omio	Euro	10%	80%	5%	<5%	<5%

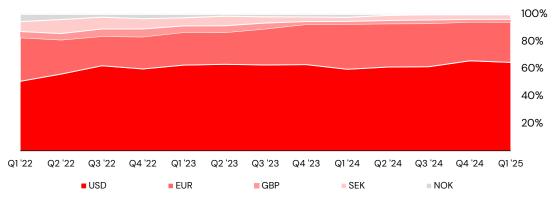
### Reporting & Valuation Currency Split

By Share of Company Category



### Reporting & Valuation Currency Split

Development Over Time



# NOTE 4: OUR REPORTING

Introduction Net Asset Value Portfolio Overview Financial Statements Other

#### Note 4: Fair Value of Unlisted Investments

#### Principles & Processes

In assessing the fair value of our unlisted investments, we adhere to IFRS 13 and the International Private Equity and Venture Capital Valuation Guidelines (available here). We use valuation methods that private market investors use when valuing companies in connection with investment decisions. This typically means multiples of revenue, gross profit and operating profit. For pre-revenue businesses, this typically means scenario-based approaches or discounted cash flow models. Accuracy and reliability of financial information used in the valuation assessments is ensured through contacts with investee management teams and regular reviews of investees' reporting.

Valuation multiples are calibrated against publicly listed companies with similar business models, financial profiles and end-markets. These peer groups are evaluated regularly, also through the consulting of external valuation specialists. Valuation levels relative to peer groups are calibrated mainly in consideration of differences in growth and profitability levels. Further calibrations are made due to considerations such as scale, financial strength and funding runway, path and time to liquidity, and quality and recurrence of revenue. When applicable, consideration is given to preferential rights such as liquidation preferences and how they determine the alocation of enterprise value between a company's different stakeholders.

The valuation process is led by Kinnevik's CFO and his valuation team, who act independently from the investment teams. Valuation assessments are approved by Kinnevik's CEO after which they are presented, discussed and iterated with the Audit & Sustainability Committee. Kinnevik's external auditors review valuations of a number of investee companies each quarter, and report their observations to the Audit & Sustainability Committee directly. After this process, and the Committee's approved of the final valuation assessments, the valuations are reflected in Kinnevik's financial reports.

In accordance with IFRS 13, information in this note is provided per class of financial instruments that are valued at fair value in the balance sheet:

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.



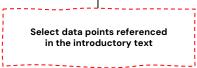
(6)% Multiple Contraction
Public Peer Average











#### **Quarterly Developments**

#### Macro Uncertainty, Micro Consistency

Markets started 2025 with a level of volatility not seen since the outbreak of the coronavirus pandemic in early 2020. In Q12025, multiples in our peer universe came down by 6 percent and our portfolio's weighted currency basket was down 8 percent. This in turn caused the fair value of our private portfolio to come down by 10 percent, or 3 percent in constant currencies. An underlying revaluation of Transcarent triggered by a new funding round led our average valuation multiples to remain largely flat in the quarter. Excluding the revaluation of Transcarent, our multiples were down by an average 6 percent.

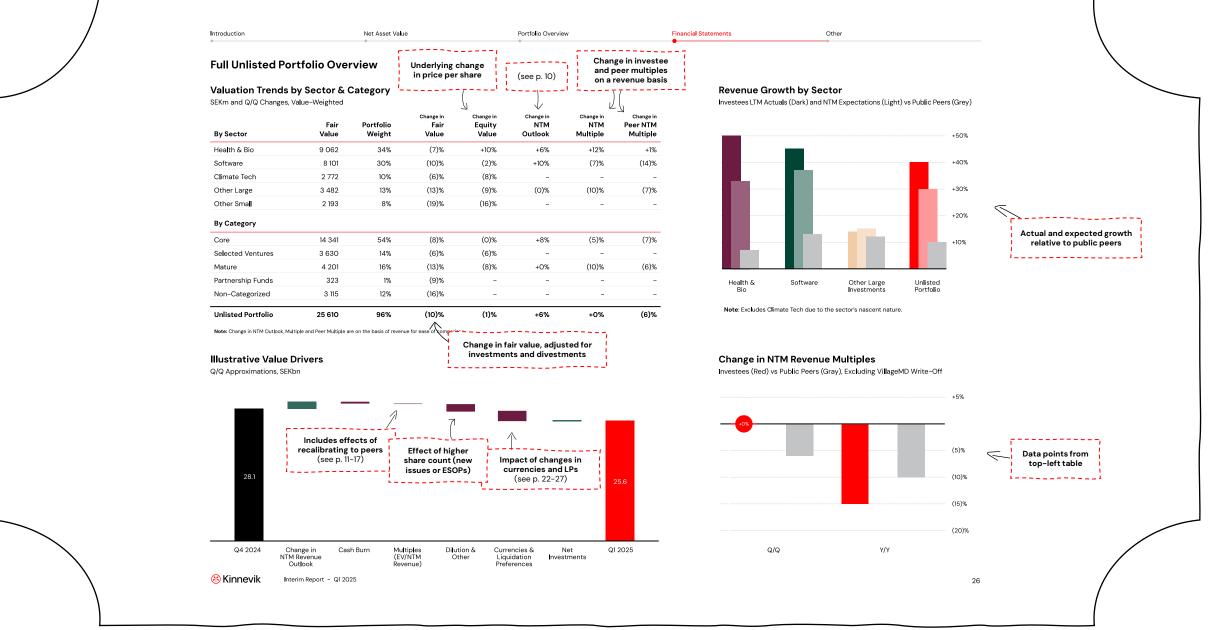
This headwind from external factors was somewhat offset by strong operational progress in our companies. In the quarter, our companies hit or beat expectations on both growth and margin improvements. In Q1 2025, relative to the same quarter last year, our core companies grew revenues by more than 40 percent on average and improved their EBITDA margins by more than 5 percentage points. Our expectations for 2025 remained largely unchanged in the quarter, with some minor downward adjustments of US-based companies and revenue to reflect the current uncertainty. Our companies are generally not directly affected by the cause of this uncertainty - tariffs and impairments of global trade flows. They are, however, subjected to the potentially meaningful second-degree effects leading to a slowing global growth and impacting equity markets and investor risk appetite.

During the quarter, we refined the sets of public companies that we use in calibrating our valuation of one of our core companies, Cityblock. While the refinement of these peer sets does not impact our valuation this quarter, we believe they form a more robust set of benchmarks for Cityblock in quarters to come. All publicly listed companies used as benchmarks for our private company valuations are available on our website under the Investor Relations section.

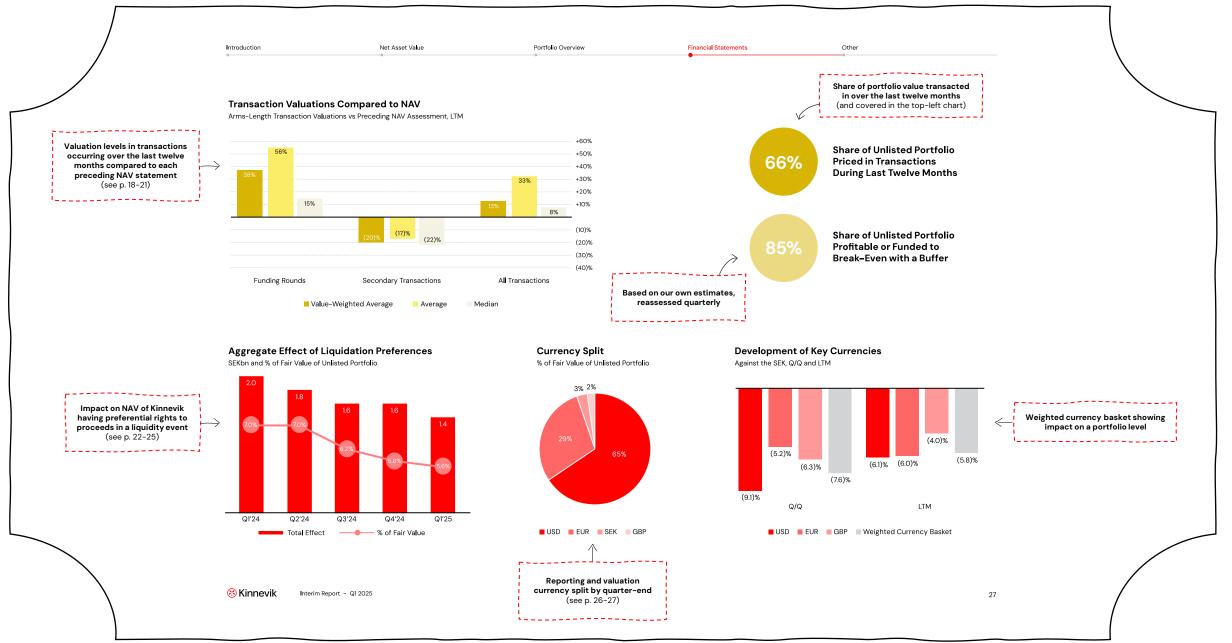
In May of this year, we are planning to provide a deep-dive presentation on our valuation process and the considerations that it involves. We hope this will help bridge the gap between the prices at which shares are issued, bought and sold in our companies in private markets, relative to how the public market values our portfolio. Over the last twelve months, 66 percent of our portfolio by value has been transacted in at valuations 13 percent above our preceding quarter's assessed valuation. Private market investors valuing our companies meaningfully above our valuations have the benefit of information on our companies' financial and operational development. Improving our disclosure to public market investors therefore remains a priority, and last year's Capital Markets Day and our upcoming valuations deep-dive are two of several actions taken, or to be taken, in that spirit.

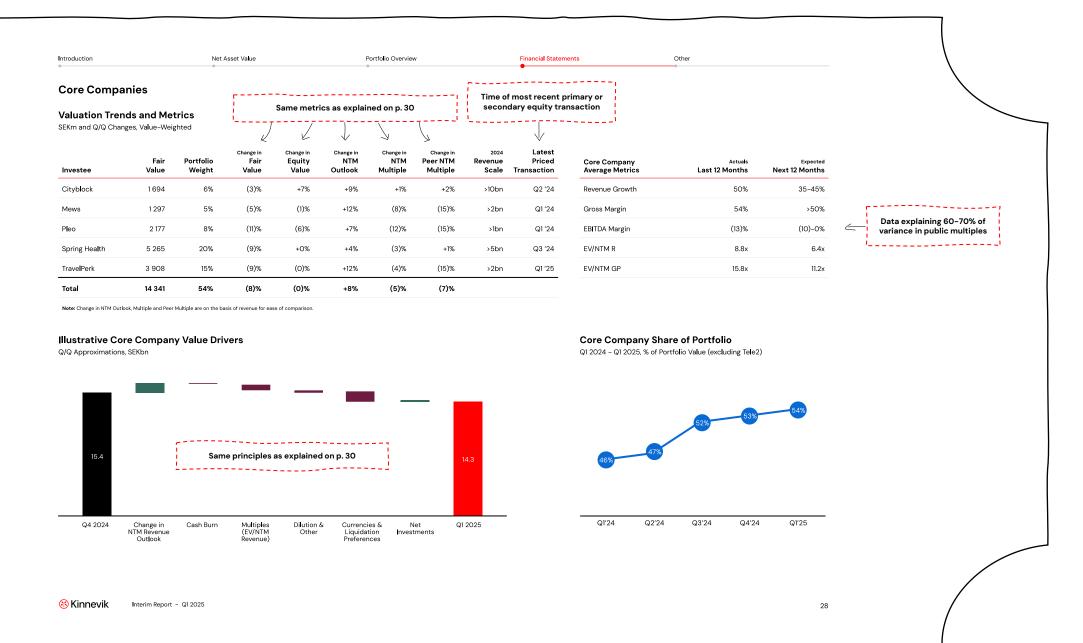
Introductory text, highlighting the key considerations of the quarter

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DEEP DIVE ON THE VALUATIONS OF OUR PRIVATE COMPANIES: MAY 2025





DEEP DIVE ON THE VALUATIONS OF OUR PRIVATE COMPANIES: MAY 2025

One page per key NAV category

Key metrics in relation to the average public peer, and in relation to the average of top quartile peers in terms of multiple Introduction Net Asset Value Portfolio Overview Financial Statements Other

#### Health & Bio

Key information on the quarter's valuation changes

#### **Quarterly Updates**

- The healthcare sector has shown resilience amidst the current market turmoil with average peer multiples expanding slightly in the quarter
- Our valuation of Spring Health is unchanged in the quarter, with our fair value declining due to the weakening dollar. In March, the digital musculoskeletal care business Hinge Health filed their S-1 to go public, which will provide an important reference to how digital care models are valued by public investors
- During the quarter, we have refined our Cityblock peer set for a more nuanced comparison of business models and value propositions. These refinements do not result in any material changes to our valuation, which is up 7 percent in dollar terms in the quarter
- In early April, Transcarent completed its acquisition of Accolade. The acquisition was financed primarily through a new funding round. The funding round valued the company meaningfully higher than our assessed underlying valuation in the previous quarter, and has a meaningful impact on the change in our average multiple in Health & Bio and full portfolio in the quarter

#### **Key Metrics**

Investee Averages (excluding Enveda) and Public Peers

Metric	Investee Average	Peer Average	Peer Top Quartile
Revenue Growth (NTM)	30-40%	7%	10%
Revenue Growth (LTM)	50%	8%	12%
Gross Margin (NTM)	40-50%	58%	70%
EBITDA Margin (NTM)	(5)-0%	23%	37%
EV/NTM R	4.1x	3.8x	8.3x
EV/NTM R (Q/Q Change)	+12%	+1%	(17)%
Equity Value (Q/Q Change)	+10%	+7%	+3%

Note: "Our Investees" weighted by value. "Peer Top Quartile" show average metrics of top quartile peers in terms of revenue multiple.

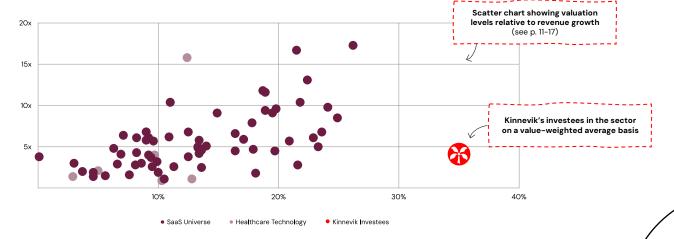




Change in fair value, adjusted for investments and divestments

#### EV/NTM Revenue and Revenue Growth

Key Public Peers as at Quarter-End



Click here to view a full list of public peer

of our investments

Link to spreadsheet with full

list of public valuation peers

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**8** Kinnevik

Interim Report - Q1 2025

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