

KINNEVIK'S BUSINESS MODEL AND VALUE CREATION

OUR VALUE CREATION PROCESS. Kinnevik applies a holistic view on value creation. We are long term business builder that provide hands-on operational support to our companies, as well as a high-level strategic perspective. To create value for our companies as well as other key stakeholder groups, we draw on various types of resources.

Resources We Draw On

Financial

Funds available through investment management activities, dividends from investee companies and debt financing

Intellectual

Organisational capital such as systems, policies, processes and tools

Human

Our employees' and consultants' competencies, capabilities, experience, loyalty and motivations

Social

Relationships and interactions with our stakeholders and networks, as well as our brand and reputation

Natural

Environmental resources we draw on to enable for example business travel and office locations

CONNECTION TO THE GLOBAL GOALS

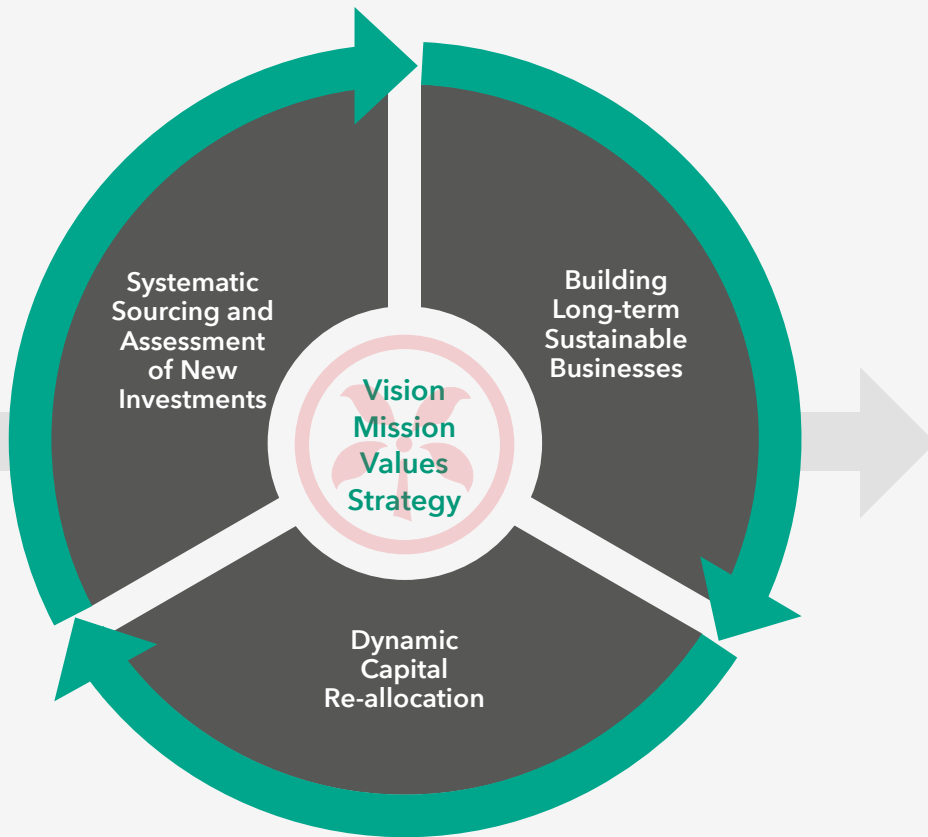
The value we create for our stakeholders through our active ownership is clearly connected to the Global Goals. Read more about our stakeholder dialogue on page 11, and about the most relevant Global Goals for Kinnevik and our portfolio on page 14-15. Furthermore, some of our companies contribute to the Global Goals by virtue of their core business models, read more on page 24.

Shareholders

- 8.1:** Sustainable economic growth
- 13.2:** Integrate climate change measures into policies and planning
- 16.5:** Substantially reduce corruption and bribery
- 16.6:** Develop effective, accountable and transparent institutions

Employees

- 5.5:** Ensure women's full participation in leadership and decision-making
- 8.8:** Protect labour rights and promote safe working environments



Value We Create for Our Stakeholders

Shareholders and the Financial Community
Long-term economic and sustainability performance

Employees
Strong corporate culture, improved skills and knowledge, equal opportunities, compensation, diversity and work-life balance

Portfolio Companies and Entrepreneurs
Economic and sustainability performance, financial and operational support, network and knowledge sharing. Through our portfolio companies we provide consumers with more and better choice

Society and Authorities
Well-governed companies that contribute positively to society. Good corporate citizenship and improved policy landscape

Our vision and mission identify our purpose as an organization. Our strategy defines how we maximize opportunities and allocate resources, and our values guide us in how to implement our strategy. Read more about this and our business model on page 8-9.

Investee Companies and Entrepreneurs

- 5.5: Ensure women’s full participation in leadership and decision-making
- 8.1: Sustainable economic growth
- 8.2: Diversify, innovate and upgrade for economic productivity
- 8.8: Protect labour rights and promote safe working environments
- 12.5: Substantially reduce waste generation
- 12.6: Encourage companies to adopt sustainable practices and sustainability reporting

- 13.2: Integrate climate change measures into policies and planning
- 16.5: Substantially reduce corruption and bribery
- 16.6: Develop effective, accountable and transparent institutions
- 17.16: Enhance the global partnership for sustainable development

Society and Authorities

- 16.6: Develop effective, accountable and transparent institutions
- 17.16: Enhance the global partnership for sustainable development

OUR BUSINESS MODEL

Sustainability is an integrated part of our business model, from the sourcing and assessment of new business opportunities to the ongoing development of our companies and the re-allocation of capital into new opportunities.

We believe that companies that operate in a responsible and ethical manner will be able to offer better products and services that meet the demands of their customers, as well as recruit the best employees, thereby outperforming their competitors in the long run.

Systematic Sourcing and Assessment of New Investments

Kinnevik has a well-defined process to source and assess potential new investments involving the Management Team, Investment Team and the Sustainability Function. Kinnevik’s Board of Directors is also involved in the investment process depending on the size of the investment and if the investment goes beyond our strategy execution plan.

In pipeline discussion meetings, the team takes a broader view of our target sectors and maps the opportunities in each sector. A small selection of companies is brought to stage one of the Executive Investment Committee (the “EIC”) and evaluated based on [Kinnevik’s investment criteria](#). Kinnevik’s investment team only brings companies that fit our investment ethos to pipeline discussion meetings and to the EIC.

The most promising opportunities move on to stage two of the EIC. A key evaluation aspect is the quality of the team and the passion, drive and values of the founders. During this stage we also conduct thorough due diligence on the companies across key functions including among others, financial, legal, commercial and sustainability.

In the sustainability due diligence, companies are evaluated based on their performance and structures in relation to economic, social and environmental aspects, and the key risks and opportunities are identified. We use the Kinnevik Standards (read more on page 21) as a basis for the due diligence. It includes,

among other aspects, human rights screening and a corruption risk assessment. In instances where potential investments do not adhere to relevant standards or are not considered to be likely to undertake the required improvements, Kinnevik refrains from proceeding with the investment.

When a portfolio company is seeking additional funding, they are evaluated again in stage two of the EIC and a key condition for follow-on investments is that the company has shown clear sustainability progress, including D&I, in accordance with their roadmap. Kinnevik’s Board of Directors oversees and conducts an annual evaluation of the EIC process.

During 2019, Kinnevik invested in two new companies, MatHem and VillageMD, both of which were subject to sustainability due diligence. To address identified issues, a roadmap was agreed with both companies and progress is being made.

Building Long-Term Sustainable Businesses

Investing in the best companies is critical, but how we contribute to the development of our companies after investment is key to creating value. We develop a plan for each company depending on each business’ characteristics and needs. We can provide hands-on operational support as well as high-level strategic guidance. Read more about how we support our companies on pages 22-23. We also provide access to the Our Group Platform, a global network of companies, advisors and experts, read more on page 21.

Due Diligence

- Commercial
- Financial
- Technology
- Cyber Security
- Legal
- Sustainability

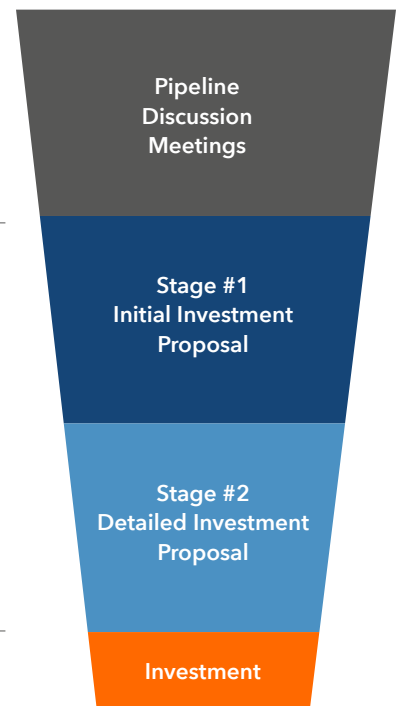
Executive Investment Committee

We conduct bi-annual investment reviews with all our companies in which our investment team discusses the companies’ development across a number of parameters, including sustainability aspects. In addition, Kinnevik’s Sustainability Function conducts yearly assessments of all portfolio companies, including implementation of the roadmap, and sets targets and priorities for the coming year. Read more about the assessment process on page 21.

Dynamic Capital Re-Allocation

Kinnevik systematically re-allocates capital from companies where we believe our tenure as owner is over into new venture and growth companies. With a distribution of companies along the growth and maturity curve, we benefit from a unique system of companies spanning from venture and growth businesses that are not accessible on the public markets to more mature listed companies providing stability to the portfolio.

Our Sourcing and Assessment Process



VISION

TO MAKE PEOPLE'S LIVES
BETTER BY PROVIDING MORE
AND BETTER CHOICE

MISSION

WE BUILD DIGITAL BUSINESSES
THAT ADDRESS MATERIAL,
EVERYDAY CONSUMER NEEDS

VALUES

INTEGRITY
BOLDNESS
EXCELLENCE

STRATEGY

A LEADING GROWTH INVESTOR

- Backing challenger businesses that use technology to address material, everyday consumer needs
- A bold and long-term business builder, partnering with talented entrepreneurs
- Focusing on Fashion & Food e-Commerce, Online Marketplaces, Financial Services, Healthcare and TMT, large sectors in the process of significant technological disruption
- Investing in Europe, with a focus on the Nordics, the US, and selectively in other markets
- Leveraging our experience and expertise to build leading, long-term sustainable businesses