

## THE BOARD'S REMUNERATION REPORT FOR 2021

### INTRODUCTION

This remuneration report describes how the guidelines for executive remuneration of Kinnevik AB, adopted by the Annual General Meeting 2020, were implemented during 2021. The report also provides information on remuneration paid to Kinnevik's Chief Executive Officer (the "CEO") and Board members (in addition to ordinary Board remuneration), as well as a summary description of Kinnevik's outstanding share incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the *Rules on Remuneration of the Board and Executive management and on Incentive Programmes* issued by the Swedish Corporate Governance Board.

### KEY DEVELOPMENTS 2021

The CEO summarizes Kinnevik's overall performance in his statement on pages 2-3 in the 2021 Annual Report, which can be found on Kinnevik's website at [www.kinnevik.com](http://www.kinnevik.com) under the heading "Reports and presentations" (which can be found under the section "Investors").

### OVERVIEW OF THE APPLICATION OF THE REMUNERATION GUIDELINES DURING 2021

A prerequisite for the sustainable and successful implementation of Kinnevik's business strategy and safeguarding of its long-term interests, is that Kinnevik is able to attract, motivate and retain the best talent in Sweden and globally. To achieve this, it is necessary that Kinnevik offers competitive remuneration to create incentives to execute strategic plans, deliver excellent operating results and to align incentives with the interests of Kinnevik's shareholders. The guidelines enable Kinnevik to offer a competitive total remuneration.

The People & Remuneration Committee monitors and evaluates programmes for remuneration for the CEO, both ongoing and those that have ended during the year, and the actual and expected outcome of such has been reported to the Board and discussed at Board meetings.

Based on the People & Remuneration Committee's evaluation of the CEO's remuneration, the Board has determined that the current remuneration structure and level of remuneration are appropriate within the relevant markets, reflect good practice, remain competitive and promote Kinnevik's business strategy, long-term interests and sustainability. Both the People & Remuneration Committee's evaluation and the Auditor's review have concluded that Kinnevik has complied with the applicable remuneration guidelines, including the condition to re-invest a portion of variable cash remuneration in Kinnevik shares until the CEO has a shareholding in Kinnevik corresponding to his fixed annual cash salary, net after taxes, and that no derogations or deviations have been made during 2021.

Based on the conclusions drawn from monitoring and evaluating the programmes for variable remuneration and how the guidelines for remuneration have been applied, as well as the evaluation of the current remuneration structures and levels of remuneration in Kinnevik, the Board has decided that the remuneration guidelines shall remain unchanged.

Under Kinnevik's remuneration guidelines, the remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration (a portion of which is conditional upon being invested in Kinnevik shares), pension benefits and other customary benefits. Additionally, the General Meeting may resolve on, among other things, long-term incentive plans.

### Total remuneration for the CEO Georgi Ganev (excluding long-term incentive plans)<sup>1</sup>

Name of Director, position	Financial year	1 Fixed remuneration		2	3	4	5	6
		Base salary	Other benefits <sup>2</sup>	Variable remuneration - One-year variable <sup>3</sup>	Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration <sup>4</sup>

<sup>1</sup> The table reports remuneration earned in 2021.

<sup>2</sup> Including company car and medical insurance (Sw. *sjukvårdsförsäkring*).

<sup>3</sup> Variable salary earned 2021 and paid in 2022.

<sup>4</sup> This excludes remuneration in LTIP 2018 that vested during 2021, in which the CEO was allotted 41,000 Kinnevik Class B shares (corresponding to SEK 2,045,000 based on the average value of the incentive shares at grant date, SEK 49.88) and SEK 2,824,158 in cash (corresponding to the calculated tax cost) by a payment to the Swedish Tax Authority and a total of SEK 7,506,000 in cash dividend as compensation for paid dividends and other value transfers since 2018 (SEK 183.08 per share) received in 2021.

Georgi Ganev, CEO	2021	SEK 8,000,000	SEK 146,436	SEK 7,280,000	n/a	SEK 2,400,000	SEK 17,826,436	45.7% / 54.3%
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### Remuneration to one Board member outside his regular Board duties

In addition to his regular duties as a Board member, Brian McBride provides advisory services in relation to Kinnevik's consumer services portfolio. For these services he is remunerated in addition to ordinary Board remuneration resolved by Kinnevik's Annual General Meeting. The consultancy fee paid by Kinnevik to Brian McBride during 2021 was SEK 828,000.

### Application of performance criteria

The performance criteria for the CEO's variable cash remuneration are determined at the beginning of the year and are tied to specific and measurable objectives. The majority of the targets are directly linked to objectively quantifiable results, whereas a minor subset of targets requires the Board and its People & Remuneration Committee to make a more qualitative assessment of a wide variety of factors and measurable data in determining whether a specific outcome has reached the level of success required.

To increase alignment with the interests of Kinnevik's shareholders, payment of part of the variable cash remuneration is conditional upon a portion of it being invested in Kinnevik shares. For 2021, the CEO was not required to re-invest part of his variable cash remuneration in Kinnevik shares as his current shareholding in Kinnevik exceeds his fixed annual cash salary, net after taxes. If the CEO's shareholding would not have met such threshold, he would have been required to re-invest 20 percent of his variable cash remuneration in Kinnevik shares.

Subject to restrictions that may apply under law or contract, Kinnevik has the authority to reclaim variable remuneration in whole or in part in the event it was paid on incorrect grounds, was based on information that was manifestly misstated, or in the event of material breaches of Kinnevik's Code of Conduct ("claw-back"). Fixed cash salary, pensions and other customary benefits may not be clawed back. The People & Remuneration committee has evaluated Kinnevik's performance and the CEO's performance, as well as the Auditor's report, and has concluded that no claw-backs are to be made for 2021.

The performance criteria for variable cash compensation to the CEO for 2021 were established by the Board in December 2020 and were divided into three categories of objectives:

1. 70 percent of the variable cash compensation was dependent on performance against Kinnevik's corporate objectives, focused on short-term actions benefitting Kinnevik's long-term strategy (the "**Corporate Objectives**").
2. 15 percent of the variable cash compensation was dependent on performance against the CEO's individual objectives, focused on specific actions the CEO is uniquely responsible for (the "**Individual Objectives**")
3. 15 percent of the variable cash compensation was dependent on performance reviews and surveys from Kinnevik's Board, employees, and investee company representatives, including the Board's assessment of Kinnevik's performance in relation to its overarching strategic transformation set out in 2019 (the "**Reviews & Surveys**").

Kinnevik's ambition is to be the leading listed European growth investor. At the core of this ambition is our strategy to build and maintain a focused portfolio of growth businesses and to ensure that it remains dynamic, vibrant and able to deliver long-term sustainable returns through actively reallocating capital. We back young businesses that utilize technology to meet important needs for consumers in industries experiencing disruptive changes. The performance criteria for the CEO's variable cash compensation are all set to advance this strategy. In 2021, Kinnevik grew its Growth Portfolio<sup>5</sup> by 18 percent, (including net cash / (debt) and excluding the emerging markets assets) and reallocated capital at record scale through e.g. investing SEK 6.4bn, releasing 5.5bn in significant returns, and distributing Kinnevik's Zalando shareholding worth some SEK 50.9bn to Kinnevik's shareholders. Further, Kinnevik launched new D&I targets and made significant progress on its 2019 D&I targets by *inter alia* increasing the share of women on its investment team to 43 percent and investing 24 percent of the capital invested in new companies in female founded or led companies. Kinnevik also continued to the build out its portfolio platform efforts, working closely with portfolio companies and supporting them in key areas such as board and top management composition, leadership development, diversity and inclusion, and organizational design, with improved scores from our portfolio company satisfaction measurements. As a whole, 2021 was a highly successful year during which Kinnevik fundamentally shifted its portfolio towards younger, private growth companies, and

<sup>5</sup> Growth Portfolio includes all portfolio companies excluding Tele2 and Zalando.

made significant strides on executing its strategic transformation all the while generating total shareholder returns of 29 percent.

The Corporate Objectives for 2021 were divided into six categories consisting of, *inter alia*, what is outlined below.

Name of Director, Position	Category	Relative weighting of the performance criteria	a) outcome, and b) actual award / remuneration outcome
Georgi Ganev, CEO	Value Creation	30%	a) 18% value growth in the Growth Portfolio, 79% value growth in the private portfolio, per end of 2021 excluding the emerging market assets b) 24% / SEK 1,920,000
	Capital Re-Allocation	25%	a) SEK 6.4bn invested and SEK 5.5bn released, well above target levels b) 25% / SEK 2,000,000
	Equity Story	5%	a) Strong investor feedback with major shareholders accreting their ownership stakes, positive survey results on clarity of messaging b) 5% / SEK 400,000
	Sustainability	5%	a) Two additional companies measuring GHG emissions, 24% of new capital invested in female founded or -led businesses and updated D&I targets approved by the Board in December 2021 b) 4% / SEK 320,000
	People	2.5%	a) 2021 leadership and employee engagement measurements met b) 2.5% / SEK 200,000
	Platform	2.5%	a) 2021 portfolio company satisfaction measurement met b) 2.5% / SEK 200,000
<b>Total actual award/ remuneration outcome</b>			<b>63% / SEK 5,040,000</b>

The Individual Objectives for 2021 were divided into three categories consisting of, *inter alia*, what is outlined below.

Name of Director, Position	Category	Relative weighting of the performance criteria	a) outcome, and b) actual award / remuneration outcome
Georgi Ganev, CEO	People	5%	a) eNPS measurement marginally below target b) 3% / SEK 240,000
	Capital Re-Allocation	5%	a) Distribution of Zalando completed b) 5% / SEK 400,000
	Equity Story	5%	a) International investor feedback and media measurements met b) 5% / SEK 400,000
<b>Total actual award / remuneration outcome</b>			<b>13% / SEK 1,040,000</b>

The Reviews & Surveys for 2021 consisted primarily of:

- Kinnevik's annual employee engagement survey including the annual Employee Net Promoter Score ("eNPS") measurement;
- a 360 review of the CEO by key Kinnevik employees;
- an external performance review of the CEO by investee company representatives and co-investors; and
- the Board's review of the CEO's leadership and commercial impact, and Kinnevik's performance against its long-term strategy.

The Board's and its People & Remuneration Committee's assessment concluded that the CEO reached all desired outcomes of the Reviews & Survey, corresponding to a 15 percent STI Award and SEK 1,200,000, including:

- Kinnevik's annual employee engagement survey showing improved results in 14 of 17 areas compared to 2020,
- the average 2021 eNPS amounting to 48, at an excellent level, and

- the 360 Review of the CEO, performed by employees and investee company representatives, providing support for the CEO's strong perceived qualities within e.g. commercial impact, leadership, communication, culture and values.

In total, the assessment of the CEO's performance across the three categories above led the Board and its People & Remuneration Committee to award the CEO a variable cash remuneration corresponding to 91 percent of his base salary for 2021, amounting to SEK 7,280,000.

### Outstanding share and share-price related incentive plans

A prerequisite for the successful and sustainable implementation of Kinnevik's business strategy and safeguarding of its long-term interests is that Kinnevik is able to attract, motivate and retain the best talent in Sweden and globally. To achieve this, it is necessary that Kinnevik offers competitive remuneration that creates incentives to execute strategic plans and deliver excellent operating results, and to align these incentives with the interests of Kinnevik's shareholders. Over the years, Kinnevik has implemented several long-term share and share-price related incentive plans for the employees. The share incentive plans are resolved upon by the General Meeting and prepared by Kinnevik's People & Remuneration Committee in consultation with major shareholders and external advisors.

From 2018, when Kinnevik introduced a new model for the share incentive plans for all employees in Kinnevik, the terms have been in substance the same, with simplifications made based on conclusions from monitoring the ongoing plans and adjustments of the performance conditions to reflect Kinnevik's portfolio evolution and its growth-focused investment strategy. Since 2021, the CEO and senior members of Kinnevik's investment team have the opportunity to acquire additional shares in the share incentive plans using their own capital, in order to further increase exposure to the long-term development of Kinnevik and Kinnevik's share price.

During 2021, Kinnevik had four ongoing share incentive plans (2018, 2019, 2020 and 2021, together the "LTIPs"). The LTIPs are based on a structure where the participants subscribe for or acquire incentive shares, divided into separate classes each with its own performance condition, which may be reclassified to Kinnevik Class B shares, subject to the fulfilment of these performance conditions and certain employment retention criteria. The four plans are ongoing, and since the performance-based conditions are measured over 3 and 5 years, a portion of the incentive shares in the 2019 plan may be reclassified during the third quarter of 2022. In addition, and as a one-off, the 2017 Annual General Meeting adopted a long-term, cash-based incentive plan for Kinnevik employees that have a direct impact on, and are working almost exclusively with, the value creation in Kinnevik's private portfolio (the "VCP"). On 31 March 2022, the end of the VCP measurement period, the value growth of the private portfolio was below the entry threshold of 8 percent IRR, hence no payment will be made to the participants. The CEO is not a participant of the VCP.

Further, in February 2018, Kinnevik's largest shareholder Verdere S.à r.l. issued 200,000 call options to the CEO in order to further align his interest with Kinnevik's shareholders. Each option entitles the purchase of one (1) Kinnevik Class B share during a period of three months after a five-year period.

Name of Director, Position	Share-price related incentive plan	Allotment of incentive shares, 3 years	Allotment and/or acquisition of incentive shares, 5 years	Total outstanding incentive shares
Georgi Ganev, CEO	2018	41,000 (re-classified to Class B shares during 2021)	28,000	28,000
	2019	51,000	36,000	87,000
	2020	61,100	62,400	123,500
	2021	n/a	94,500 <sup>6</sup>	94,500

Additional information on outstanding share and share-price related incentive plans, including details of the CEO's participation in such and the outstanding call options issued by Verdere S.à r.l., is available in Note 16 to the 2021 Annual Report, which can be found on [www.kinnevik.com](http://www.kinnevik.com) under the heading "Reports and presentations" (which can be found under the section "Investors").

<sup>6</sup> Whereof 12,250 incentive shares of Class C 2021 and 12,250 incentive shares of Class D 2021 were acquired by the CEO at market value.

## COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION AND KINNEVIK'S PERFORMANCE

### Remuneration and company performance<sup>7</sup>

Annual change	2019 vs 2020	2020 vs 2021	2021
Georgi Ganev, CEO	+9%	-4%	SEK 17,826,436
Annual Total Shareholder Return	+45 pp	-56 pp	29%
Leverage	from 1.3% leverage to 4.5% net cash to value	from 4.5% to 8.0% net cash to value	8.0% net cash to value
Shareholder Remuneration	-15% <sup>8</sup>	-100% <sup>9</sup>	n/a
Average Remuneration of Employees of the Company <sup>10</sup>	-3%	+1%	SEK 3,108,970

### ADDITIONAL INFORMATION AVAILABLE IN THE 2021 ANNUAL REPORT AND ON KINNEVIK'S WEBSITE

Kinnevik's remuneration guidelines, adopted by the Annual General Meeting 2020, can be found on pages 88-89 of the 2021 Annual Report that is available on [www.kinnevik.com](http://www.kinnevik.com) under the heading "Reports and presentations" (which can be found under the section "Investors") and the Auditor's report regarding whether Kinnevik has complied with the guidelines is available on [www.kinnevik.com](http://www.kinnevik.com) under the heading "General Meetings" (which can be found under the section "Governance").

Additional information on Kinnevik's remuneration during 2021 that is not covered by this report is available in the 2021 Annual Report, which can be found on [www.kinnevik.com](http://www.kinnevik.com) under the heading "Reports and presentations" (which can be found under the section "Investors"):

p. 58	Work of the People & Remuneration committee in 2021
Note 16 on p. 88-93	Information required by Chapter 5, Sections 40-44 of the Annual Accounts Act (1995:1554), including detailed information on remuneration to the other senior executives covered by the remuneration guidelines adopted at the 2020 Annual General Meeting and Kinnevik's share and share price related incentive plans, the LTIPs and VCPP
Note 16 on p. 88-93	Remuneration to the Board of Directors

<sup>7</sup> Remuneration earned in the respective years.

<sup>8</sup> In September 2019, Kinnevik amended its shareholder remuneration policy. In line with the amended shareholder remuneration policy, Kinnevik did not pay any ordinary dividend for 2020. In 2019, before adopting the amended shareholder remuneration policy, Kinnevik paid an ordinary cash dividend of SEK 8.25 per share. In 2019, Kinnevik furthermore distributed its entire shareholding in Millicom International Cellular S.A. to its shareholders, corresponding to an extraordinary value transfer of approximately SEK 60 per Kinnevik share, which is not reflected in the percentage change in the table above. In 2020, Kinnevik paid an extraordinary cash dividend of SEK 7.00 per share.

<sup>9</sup> In line with the shareholder remuneration policy, Kinnevik did not pay any ordinary dividend for 2020 or 2021. In 2020, Kinnevik paid an extraordinary cash dividend of SEK 7.00 per share. In 2021, Kinnevik distributed its entire shareholding in Zalando SE to its shareholders, corresponding to an extraordinary value transfer of approximately SEK 196 per Kinnevik share, which is not reflected in the percentage change in the table above.

<sup>10</sup> Include all employees of Kinnevik AB and its wholly-owned subsidiary Kinnevik Capital Ltd excluding the CEO.