



PRESS RELEASE

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KINNEVIK INVESTS USD 60 MILLION IN TRANSCARENT – THE FIRST COMPREHENSIVE HEALTH AND CARE EXPERIENCE COMPANY FOR SELF-INSURED EMPLOYERS

Kinnevik AB (publ) ("Kinnevik") today announced that it has invested USD 60m in Transcarent, a new and different health and care experience company for employees of self-insured employers and their families. Transcarent is led by Glen Tullman, the Founder and former Executive Chairman and Chief Executive Officer of Livongo, one of Kinnevik's first healthcare investments.

Health benefit costs for US employers continue to rise unabated and are expected to increase by more than 5% in 2022 on the back of a 50% increase over the last decade, more than twice the rate of GDP growth. 85% of employers are prioritising healthcare affordability over the next two years as worries over the impact of the pandemic linger, according to a survey by Willis Towers Watson. An increasing portion of healthcare costs are paid by employees directly due to high deductibles and co-insurance, and as a result are now the number one cause of bankruptcy for American families. Employers are urgently looking for innovative approaches to absorb the employee cost share and lower cost in general.

Almost 70% of employees in the US work for self-insured employers, meaning the employers work with health plans for administrative services and access to a network of doctors, but ultimately pay for the cost of care themselves.

Technology enabled services can reduce an employer's healthcare costs by specialising in specific areas, engaging employees digitally, using data science to track results and thereby provide more targeted and cost-effective care. HR and corporate-benefit directors, the main customers for these solutions, are generally excited about their potential to lower costs and improve health outcomes. However, the explosion of services has made it difficult for buyers to prioritise and assess specialised solutions.

Transcarent is addressing these problems of spiralling cost and fragmentation of solutions, by building a comprehensive, curated platform of care services for self-insured employers and their employees to deliver a single, easy-to-understand digital interface providing a personalised health and care experience for virtually all of the most common and most challenging needs. This includes everything from essential care such as primary and urgent care, to higher acuity and specialty care. Transcarent provides its Members with digital and live human guidance to find the best care provider, and offers easy access to high-value care. Most Members receive no bills and don't incur any out of

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pocket expenses. This is because Transcarent offers what no other health and care experience company does today – a value based model that pays providers up-front, leaves employers without any per-employee-per-month fees, and absorbs the employee cost share – paid for by sharing upside with employers from reducing their cost of care, allowing for full alignment.

Led by Glen Tullman, the Founder and former Executive Chairman and Chief Executive Officer of Livongo, Transcarent is on a mission to reinvent the way consumers experience and make decisions about their health and well-being by combining software, technology, health guides and data science.

Christian Scherrer, Investment Manager at Kinnevik, commented: “Transcarent fits squarely into our investment thesis and complements our healthcare portfolio ideally. The focus on consumer choice, the mission to align incentives between providers and health consumers, and the ability to create a more equitable healthcare industry by providing everyone with the same high quality experience, no matter the Member’s background or position in a corporation, is appealing to us. We are delighted to partner with Glen for a second time on the back of the incredible success at Livongo.”

Glen Tullman, Founder and CEO at Transcarent, commented: “Kinnevik, as a long term, visionary investor with a strong commitment towards value-based care, is an ideal partner for us once again. We are serving an enormous Client need at Transcarent and have the opportunity to change the healthcare industry for the better and at an accelerated pace. We are excited to continue our relationship.”

Kinnevik led the USD 200m funding round together with previous Livongo co-investor Human Capital, joined by Ally Bridge Group and a number of leading US health systems, and will own approximately 3% of the company. The funding round also included participation from existing investors including previous Livongo co-investors General Catalyst, 7wireVentures and Merck Global Health Innovation Fund. This funding round brings Transcarent’s total funding raised to USD 298m in just over one year and highlights the growing demand by self-insured employers and innovative health plans for Transcarent’s new and different approach to how self-insured employers manage their benefits strategy and value-based health and care delivery experiences for employees and their dependents.

Kinnevik’s USD 60m investment and ambition to support Transcarent with more capital over the coming years comes on the back of having released some USD 240m out of Kinnevik’s Teladoc investment by selling one-third of Kinnevik’s stake during December last year, as part of its strategy to reallocate capital dynamically.

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Kinnevik's ambition is to be Europe's leading listed growth investor, and we back the best digital companies for a reimagined everyday and to deliver significant returns. We understand complex and fast-changing consumer behaviours, and have a strong and expanding portfolio in healthtech, consumer services, foodtech and fintech. As a long-term investor, we strongly believe that investing in sustainable business models and diverse teams will bring the greatest returns for shareholders. We back our companies at every stage of their journey and invest in Europe, with a focus on the Nordics, and in the US. 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.

Attachments

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