

Press Release
December 3, 2019

Konfio announces the completion of its USD 100 mln series D funding round to support Mexican SMBs

Vostok Emerging Finance's portfolio company, Konfio, the leading online financial services platform for small and medium businesses ("SMBs") in Mexico, today announced the completion of an USD 100 mln Series D equity funding round led by SofBank Group's Latin America fund. Vostok Emerging Finance also supported the funding round along with other existing investors QED and Kaszek Ventures.

As recently communicated in our 3Q19 report, VEF contributed an additional USD 12.5 mln in this round by way of converting its outstanding loan note coupled with an additional USD 2.5 mln capital injection. VEF has invested a total of USD 27.5 mln into Konfio, a reflection of how high a regard we hold the company. The valuation of VEF's Konfio holding, following this round is already reflected in the company's 3Q19 report. To date, Konfio has raised over USD 400 mln in debt and equity across four venture rounds and several debt financing structures.

Founded in 2014, Konfio has changed the way SMBs access financial services, through technology, data analytics, and artificial intelligence. The company has made it possible for underserved businesses, including those without any formal credit history, to benefit from the financial system and obtain funds to boost their businesses. Since January 2017, Mexican companies across all industries that have received working capital loans from Konfio have grown sales by 28% on average.

The size of the potential SMB loan market in Mexico is estimated to be north of USD 100 bln based on studies published by the McKinsey Global Institute. The actual SMB loan market is still below USD 45 bln and growth from the brick and mortar providers has been close to flat for the past 3 years. SMBs in Mexico account for 74% of jobs but are lagging other markets in what their natural contribution to the economy should be: they represent approximately 35% of Mexico's GDP, while it used to be closer to 50% and similar economies also show a closer to 50% GDP contribution from their SMBs.

"I'm delighted to welcome SoftBank as the latest investor in Konfio and look forward to our partnership," said Gregorio Tomassi, Director of Corporate Strategy & Investor Relations of Konfio. "This investment will enhance our working capital offering and add a suite of new products, including other lending solutions and business tools, all for the benefit of SMBs in Mexico."

Vostok Emerging Finance Managing Director Dave Nangle comments:

"We congratulate Konfio on this latest funding round and are privileged to have been able to support the business further. This is a significant equity capital injection for Mexico's leading Small business lender and coupled with recent Goldman Sachs USD 100 mln credit facility, further positions Konfio to win in the vast Mexican small business space."

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Vostok Emerging Finance is an investment company with the goal of investing in early stage modern financial services companies across emerging and frontier markets. VEF trades in Sweden on Nasdaq First North under the ticker VEMF SDB.

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