

Press Release
September 17, 2019

Vostok Emerging Finance invests into Xerpa, Brazil's leading HR platform and salary-on-demand provider.

Vostok Emerging Finance ("VEF") announces its USD 8.5 mln investment into leading Brazilian HR platform and salary-on-demand provider, Xerpa. VEF led a broader Series B investment round of USD 13 mln and is joined by Founders Fund (the first institutional investor in Facebook and SpaceX) led by Peter Thiel, one of the founders of PayPal, alongside existing investors, Kaszek Ventures, Redpoint e.ventures and QED. Post the transaction VEF holds a minority stake and board representation in the company.

Xerpa's salary-on-demand product, Xerpay, allows employees to access their already earned wages, instantly and at any time, similar to Wagestream in the UK. Brazil has long suffered from some of the highest interest rates globally, poor financial inclusion and 60% of workers struggle to make their paycheck last the month. Through Xerpay, employees gain instant financial security and thus can avoid the cumulative spiral of debt, defaults and penalties caused by overdraft and credit card revolvers commonly used when workers cannot access their earnings between pay cycles.

Vostok Emerging Finance Investment Manager, Alexis Koumoudos comments:

"Xerpay is absolutely perfect for Brazil, where tens of millions of people resort to predatory-like credit products. We see fintech companies all over the world and the fit here is fantastic; we were very excited by the Xerpa story and team as well as the company's approach to this massively disruptive product. Xerpa's origins in the HR software space provide the ideal foundations to enable companies to be a force for good in their employee's lives and in so doing address the leading cause of stress in the workplace: financial uncertainty."

Xerpa founder and CEO, Nicholas Reise comments:

"We are very excited to partner with Vostok Emerging Finance to continue our mission of improving the financial well-being of the average Brazilian. The salary advance model is taking hold globally, which is inevitable. We can get a ride, food and healthcare on demand - so why not our salary? The traditional pay cycle has tied up employees' earned income for as long as we can remember, forcing workers to turn to overdraft, payday loans and other punishing products. We hear companies talk about 'Digital Transformation' all the time; modernizing the paycycle is the most fundamental transformation a company can make to its relationship with employees. Xerpay is the cornerstone of a suite of employee financial wellness products we will be rolling out in the coming months."

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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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