



Vostok Emerging Finance

FINANCIAL REPORT FOR
THE FIRST QUARTER 2019

>EF Vostok Emerging Finance

Vostok Emerging Finance Ltd (“VEF” or the “Company”) is a listed Swedish investment company that invests in growth stage private fintech companies. We take minority stakes and are active investors with board representation in each of our 11 portfolio companies, always looking to back the best entrepreneurs in the markets we are in. We focus on scale emerging markets and invest across all areas of financial services inclusive of payments, credit, mobile money and wealth advisors.



FINANCIAL REPORT FOR THE FIRST QUARTER 2019

Financial result

- > Net result for 1Q19 was USD 1.56 million (mln) (1Q18: USD 13.01 mln). Earnings per share were USD 0.00 (1Q18: USD 0.02).

Net asset value

- > Net asset value (NAV) was USD 203.07 mln as at March 31, 2019 (December 31, 2018: USD 201.42 mln), an increase of 0.82% in USD over the quarter.
- > NAV per share was USD 0.32 (December 31, 2018: USD 0.31).
- > NAV in SEK was 1,885 mln as at March 31, 2019 (December 31, 2018: SEK 1,806 mln) and SEK 2.93 per share (December 31, 2018: SEK 2.78 per share).

Key events during the first quarter

- > VEF sold its remaining 508,258 shares in Tinkoff Bank, at a value of USD 8.71 mln, completing its first portfolio exit.
- > VEF repurchased 630,000 Swedish Depository Receipts (SDRs) in the Company for the purpose of delivery of SDRs in connection with the Company's long-term incentive programs.
- > Nibo, Brazilian small business accounting SaaS company, closed a financing round whereby VEF invested an additional USD 2.0 mln.
- > VEF invested a further USD 0.25 mln in iyzico by way of a purchase of secondary shares, closing out our broader USD 2 mln investment in this round.

Key events after the end of the period

- > On April 30, 2019, FinanZero closed a Series B investment round of SEK 100 mln (USD 10.5 mln) where VEF invested an additional SEK 957,000 as part of the round.

The Company will hold a telephone conference with an interactive presentation at 15:00 CEST (09:00 a.m. EDT) Wednesday, May 15, 2019. For call-in details, see separate press release issued Wednesday, May 8, 2019 at www.vostokemergingfinance.com.

Management report

Dear fellow shareholder,

Nearly halfway through 2019 and 4 years into our journey, we feel as confident as we ever have about the future of Vostok Emerging Finance. Having seen and experienced so much across the world of emerging markets fintech, battle scarred from building and living with a portfolio of leading fintech names and recently experiencing our first exit, the path to continued value creation is very clear to us. We have little doubt that we are playing into a very strong, structural value creation theme and have developed a real investment edge for our focus space. As important, through 1Q19, we have returned to a very strong capital position, almost at a level when we first raised capital in 2015. However, we have more options than ever to deploy it in a value-accretive manner, which is the truly exciting part of our life today.

1Q19 performance review and highlights

In 1Q19, total USD NAV of VEF grew 0.8% QoQ to USD 203.07 mln. NAV per share grew 5.5% QoQ to SEK 2.93.

The major drivers of NAV for an investment company like VEF will naturally be the larger names in the portfolio. Historically, Tinkoff was that key driver. Through 2018, iyzico started to step up and drive our NAV, while we look to growing portfolio favourites, Credits and Konfio, to join it as we move through 2019. On the other side, Guiabolso continued to weigh on our NAV trajectory as we rebased the valuation further during the quarter.

As mentioned in our annual report letter, in the early part of 2019, we completed the sale of our Tinkoff position, which was our first portfolio exit and a clear milestone for the Company. Over the course of our exit of the position we took USD 108 mln (average exit price USD 17) off the table, plus an additional USD 9 mln in dividends. An IRR of 65% and 6x cash on cash returns.

While we invest in individual companies, there is clearly a portfolio effect to our investment process. Short-term quarterly marks will always be watched by the markets, but we would point to the long-term investment journey (both behind and ahead of us). At VEF, we have more than doubled our NAV since inception and are positive on this growth trend continuing as we look ahead.

Backing our winners harder – iyzico and Nibo

From a capital allocation perspective, we continue to see three distinct avenues for our capital: 1) new company investments, 2) investing more money into current portfolio companies and 3) VEF share buybacks (returning capital to shareholders). While we remain active on all three fronts (with IRR on capital deployed an ever-present benchmark and roadmap), of late we have been especially active in putting more capital to work in current portfolio companies. Quite simply, if something in our portfolio is working well, we look to back it harder and deploy more capital. The investment risk is naturally lower, as we have lived with the company for some time, while returns also have to stack up to make the additional investment worthwhile. Two names which have met that mark of late are iyzico and Nibo.

iyzico, Turkey's standout payments company, has already driven its B2B business to the number one spot in Turkey following their partnership with Amazon, and with the core business coming close to breakeven, management decided to raise a small internal round to fund expansion into a consumer-focused offering, something akin to a PayPal for Turkey. It was one of our easier investment decisions to write a USD 1.75 mln cheque as part of an internal USD 4 mln funding round in 4Q18.

Nibo is a company that has really delivered beyond our expectations, and today boasts one of the largest SME client

sets in the Brazilian market. More importantly, given its accounting SaaS product offering, it has all key accounting, tax and cashflow data on this growing set of loyal customers, something which is akin to gold dust in the data-light, opaque world of small businesses across the emerging world. This data opens up many avenues of value creation for the business going forward, above and beyond its underlying SaaS revenue model, which itself is growing at a healthy clip. Through 1Q19, we injected another USD 2 mln in Nibo as part of a broader USD 4 mln internal round.

Brazil revisited

As our exposure to Brazil continues to grow as a portion of NAV, we felt the need to share latest feedback from our recent tour there.

At a country level, we found that there is as much hope for an economic recovery as there is concern that the new Bolsonaro government may blow their big opportunity, as the early shine wears off and the difficult task of actually getting things done begins. That said, the country feels better on a micro and anecdotal level post-elections as the country continues to crawl out of recession. For VEF, while macro cycles will come and go, we remain as positive as ever on the fintech opportunity that Brazil offers. With every fresh look at Brazil fintech and comparison with global emerging market peers, we become more convinced that we are deploying much of our sector-dedicated capital into the right geography. Besides the positives of a scale market, Brazilians are embracing all areas of new economy, a function of how young and online the market is. The banking system profit pool in total and the revenue opportunity on a per-unit basis (into this scale market) is unparalleled globally. We see plenty of other “higher risk/lower return” markets globally for fintech. We still need to back the right horses, but we are convinced we

are in the race with the biggest prize money. We are looking to put more capital to work in Brazil, and to hold many other markets and investment opportunities to the investment bar it has created for us.

However, the ecosystem is heating up and getting busier. On the private funding side, Softbank plans to drop a USD 5 bln funding bomb from on high, which could ripple down through the ecosystem, with effect on deal demand and pricing – but not yet. While the banks are still not exactly the main threat today, the large listed payments players like Stone, PagSeguro and MercadoLibre are busy rolling out broader and deeper financial ecosystems for small businesses and consumers – all of which offers a threat and potential benefit (M&A and partnerships) for our companies.

Investor relations and our companies working for us

We started to up our game regarding investor relations and general investor education in 2018. Effectively, having spent (and still spending) the majority of our time on portfolio build-out, position management and exits – which is where the fundamental value of our company is created – we felt it was time to reach out to the investment community more, now that we have more than ever to speak to investors about – a real portfolio, NAV on the up, standout portfolio names, and size value accretive exits to name but a few. Furthermore, our larger portfolio holdings, like Credits, Konfio and iyzico have been open to meet investors while they are on tour in-country and have also taken part in a number of Fintech/new economy panels at conferences hosted by global investment banks, which has had an impact. Nothing speaks louder for us than our companies meeting and impressing institutional investors first-hand. All these efforts do seem to be having an effect, as our share price has seen some support through 2019.

Concluding remarks

As we approach the midpoint of 2019, we feel as well-placed as we ever have and are both confident and excited for the near-term (2019) and longer-term outlook. Also, our confidence that our actions and NAV growth will be reflected in our share price is growing as we continue to actively engage the market to drive that evolution sooner as opposed to later. We re-iterate that delivering shareholder value through a focused approach to increasing our NAV per share and reducing traded discount to market value remain our core focus. We take a long-term view on our company, investments and indeed life, which is necessary when investing in the space that we do. Hence we are ready to act and react in any environment with these supporting mindsets.



May 2019,
David Nangle

Investment portfolio

Portfolio development

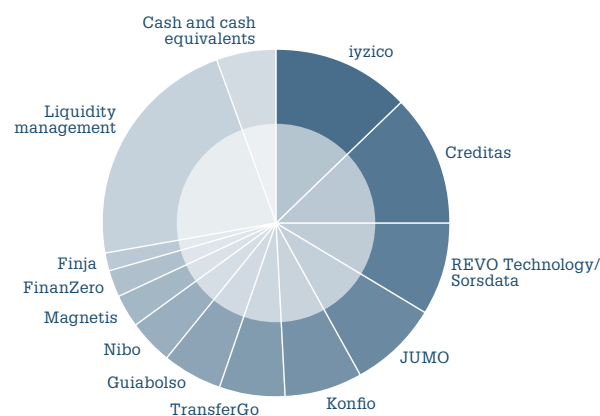
VEF's net asset value per share increased by 2.0% in USD over the first quarter 2019. During the same period, the MSCI Emerging Markets index* increased by 9.5% in USD terms.

Liquidity management

The Company has investments in money market funds as part of its liquidity management operations. As per March 31, 2019, the liquidity management investments are valued at USD 45.41 mln, based on the latest NAV of each fund.

* The MSCI Emerging Markets Index is a free float weighted equity index that consists of indices in 26 emerging economies.

Portfolio structure – Net asset value



The investment portfolio stated at market value as at March 31, 2019 is shown below.

Company	Fair Value, March 31, 2019 (TUSD)	Net Invested Amount (TUSD)	Investment/divestments 2019	Change in fair value 2019 (TUSD)	Fair Value Dec 31, 2018 (TUSD)	Valuation Method
iyzico	26,111	11,000	250	0	25,861	Latest transaction ¹
Creditas	25,000	25,000	0	0	25,000	Latest transaction
REVO Technology/Sorsdata	17,982	8,789	0	3,346	14,636	Model-based valuation ¹
JUMO	16,408	14,614	0	0	16,408	Latest transaction ¹
Konfio	15,000	15,000	0	0	15,000	Latest transaction ¹
TransferGo	12,588	8,925	0	-254	12,842	Latest transaction ^{1,2}
Guiabolso	11,006	30,000	0	-4,259	15,265	Model-based valuation ¹
Nibo	8,607	5,300	2,000	1,650	4,957	Model-based valuation ¹
Magnetis	6,250	3,700	0	444	5,806	Model-based valuation ¹
FinanZero	4,861	2,570	0	-169	5,030	Latest transaction ^{1,2}
Finja	3,314	2,000	0	25	3,289	Latest transaction ¹
TCS Group Holding PLC (Tinkoff Bank)	–	–	-8,706	798	7,908	¹
Liquidity management	45,410	–	–	–	44,896	
Cash and cash equivalents	11,222	–	–	–	5,479	
Total investment portfolio	203,760	126,899	-6,456	2,096	202,377	
Other net liabilities	-687	–	–	–	-955	
Total Net Asset Value	203,073	–	–	–	201,422	

1. This investment is shown in the balance sheet as financial asset at fair value through profit or loss.

2. Attributable to currency exchange differences.

Founded in 2013, iyzico is the leading payment solution provider for Turkey's fast growth online merchant ecosystem.

Website: iyzico.com

Key data

2013

Company founded

2017

VEF's first investment

11.0 mln

VEF's net invested amount as at March 31, 2019 (USD)

26.1 mln

VEF's total value as at March 31, 2019 (USD)

21.1%

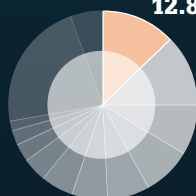
VEF's ownership share

0%

2019 value development per share (USD)

Share of VEF's portfolio

12.8%



iyzico

iyzico iyzico is one of the fastest-growing financial technology companies in the region, and its business model has many similarities to the likes of Stripe, Adyen and Klarna.

Turkey is one of the larger and more populous emerging market economies, and Europe's largest consumer card market. However, it remains under-penetrated in the fast growth online payment space. Furthermore, Turkey operates a relatively unique card system, as merchants require solutions like iyzico's to accept e-commerce card payments from across the variety of card families in the market. The unique market dynamics, coupled with the growing share of e-commerce transactions are key positive aspects of iyzico's market opportunity. iyzico is licensed as a Turkish payment institution by the BDDK (Bankacilik Düzenleme ve Denetleme Kurumu).

A testament to its offering, iyzico has become the go-to payments solution for international merchants looking for payment solutions in Turkey. iyzico has partnerships with international retail giants like H&M and Zara, amongst others. The company serves thousands of merchants as well as online marketplaces, and processed close to 25 mln transactions last year. iyzico continues with strong merchant growth and flagship names that are driving revenue growth north of 100% YoY. In Q4 2018, Amazon launched in Turkey with iyzico as their payments solution, which is considered a break-through and a testament to the quality offering that iyzico represents.

In 2018, payment volumes and revenues grew in excess of 90% and 150%, respectively. Given their successful development to date, iyzico is looking to broaden its offering through different consumer plays, and to extend their payments reach to also include the under-banked population. iyzico has launched its first B2C product which is showing strong traction and will become a material part of revenues down the line. To allow further expansion, iyzico acquired a European Payments License, to allow for processing of payments beyond the borders of Turkey.

During Q4 2018, iyzico raised a USD 4 mln round whereby VEF invested an additional USD 1.7 mln alongside existing investors Amadeus and the IFC. In Q1 2019 VEF invested a further USD 0.25 mln by way of secondary shares in the company. As per March 31, 2019, VEF has invested a total of USD 11.0 mln into iyzico, and values its stake at USD 26.1 mln on the basis of latest transaction. Vostok Emerging Finance owns a 21.1% stake in the company.

Creditas



Brazilians are paying some of the highest interest rates anywhere in the world and have a large volume of unsecured consumer loans driving the high rates, while at the same time approximately 70% of all homes and cars are owned debt-free and hence, do not have mortgage or auto financing. Creditas leverages these assets, which represent a value of USD 3 tln in the country, to offer home equity and auto secured loans to reduce the high borrowing costs and offer loans at more reasonable rates, as is the norm in markets like the US.

Creditas was recently granted a financial institution license by the Central Bank of Brazil, which allows them to issue credit products through their own funding vehicle without the need for intermediaries. The company is currently focused on addressing the core, largest opportunity set in terms of products, but is well-positioned to explore and offer other niche products leveraging similar principles and processes. Creditas has shown exceptional growth throughout 2018 and into 2019, slowly shifting focus from top-line growth to contribution margins and higher-quality revenues. Revenues grew in excess of 5x last year, while origination increased by around 100%. Creditas was founded in 2012 by Sergio Furio and is based in São Paulo, Brazil.

VEF has invested a total of USD 25 mln into Creditas. During Q2 2018, a second close following the Q4 2017 financing round happened, where Amadeus and Santander Bank invested into the company, at the same valuation as VEF. As per March 31, 2019, VEF has an ownership of 9.95% of the company valued at USD 25.0 mln on the basis of the latest transaction in the company.

Creditas is a leading digital-first secured lending platform, with the mission of reducing the Brazilian consumer debt burden through offering consumer loans at more affordable rates by using borrower collateral like homes and autos.

Website: creditass.com.br

Key data

2012

Company founded

2017

VEF's first investment

25.0 mln

VEF's net invested amount as at March 31, 2019 (USD)

25.0 mln

VEF's total value as at March 31, 2019 (USD)

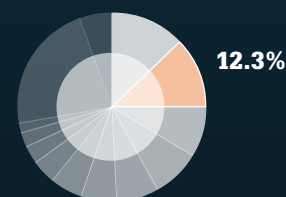
10.0%

VEF's ownership share

0%

2019 value development per share (USD)

Share of VEF's portfolio



REVO is the leader in digital point of sale finance in Russia and CEE.

Website: revo.ru

Key data

2013

Company founded

2015

VEF's first investment

8.8 mln

VEF's net invested amount as at March 31, 2019 (USD)

18.0 mln

VEF's total value as at March 31, 2019 (USD)

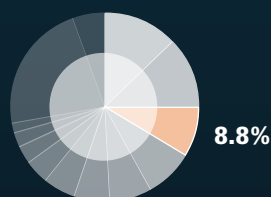
25%

VEF's ownership share

+26%

2019 value development per share (USD)

Share of VEF's **portfolio**



REVO Technology and Sorsdata (REVO Group)

revoplus

Operating in Russia and Poland, REVO partners with leading merchants to deliver instant omni-channel financing solutions for consumers online and offline, similar to Klarna in Western Europe and Affirm in the US.

sorsdata

REVO and Sorsdata began operations in the spring of 2013. The group has built partnerships with leading merchants in categories such as apparel, toys, footwear, sporting goods, homeware, travel, electronics, furniture, and others. REVO's sister company, Sorsdata, focuses on customer data analytics, largely gathered through the REVO machine, and provides targeted marketing services for merchants to drive repeat purchases and loyalty. The two companies effectively operate as one.

During 2018, REVO in Russia launched partnerships with numerous leading online and offline merchants, among these OneTwoTrip, MVideo, Ozon and Adidas, adding over 850 new stores to the platform for a total of 5,000 stores. Adding partners is a key driver for growing volumes and revenues, with transaction volume expanding more than 70% year-on-year. In addition, in the fall of 2018, REVO launched operations in Poland, partnering with a number of leading retailers in household goods and fashion.

During the second quarter of 2018, VEF invested an additional USD 2.1 mln into REVO in the form of a two-year convertible loan note, alongside existing investor Baring Vostok.

As per March 31, 2018 VEF owns 25% in REVO group and had invested a total of USD 8.8 mln. The 25% stake in the group is valued at USD 18.0 mln. The valuation is derived from valuation models focused on multiples of NII (net interest income) and revenues, coupled with the intrinsic value of the convertible loan note.

JUMO

JUMO JUMO operates across numerous African markets including Tanzania, Ghana, Zambia, Kenya and Uganda. In 2018 JUMO expanded their offering to the sub-continent in Pakistan. The team has also opened offices in Singapore, Bangladesh and India in addition to new offices in San Francisco and London.

JUMO marketplace was set up to provide value and a service for three distinct partners in their ecosystem. First, it gives consumers/SMEs across mobile money markets in Africa and beyond access to basic financial services direct to their mobile phone without the need to directly interact with or physically go to a bank branch. Second, it gives some of the larger financial services providers the ability to access a broad array of mobile money customers across the continent in a cost efficient and scalable manner. Finally, it provides products for the mobile network operators' end users and hence helps to augment the utility of their mobile money pipes and increase customer stickiness and reduce churn.

Since its launch in 2014, more than 10 mln people have saved or borrowed on the JUMO platform, with nearly 70% of these being micro and small business owners. During 2018, JUMO originated close to 25 mln loans and grew the disbursement volume more than 2x YoY. JUMO continues to grow the share of off-balance sheet distribution, and now originates around 50% of the total volume disbursed through third-party financial service providers. JUMO continuously develops new financial products, and has launched a savings product to complement the existing and growing suite of credit products. JUMO is now live in Pakistan with plans of further expansion in the sub-continent through their proven partnership models.

During the fourth quarter of 2018, JUMO successfully finalized the second close of a large capital raise which took the full round to near USD 65 mln. The round attracted a new investor base and was led by Goldman Sachs, who alongside existing investors were joined by Proparco (the private sector financing arm of the French Development Agency – AFD) and Finnfund. VEF took up its rights and invested USD 3.1 mln in the round. As per March 31, 2019, VEF's 6.8% ownership share in Jumo is valued at USD 16.4 mln on the basis of this transaction. Vostok Emerging Finance has invested a total of USD 14.6 mln in the company.

JUMO is the largest and fastest-growing technology platform operating inclusive mobile financial services marketplaces in emerging markets.

Website: jumo.world

Key data

2014

Company founded

2015

VEF's first investment

14.6 mln

VEF's net invested amount as at March 31, 2019 (USD)

16.4 mln

VEF's total value as at March 31, 2019 (USD)

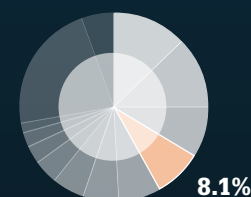
6.8%

VEF's ownership share

0%

2019 value development per share (USD)

Share of VEF's **portfolio**



Konfio is a Mexican digital-first unsecured lending platform, with a mission to support the growth of Mexico's vast and underserved small business community.

Website: konfio.mx

Key data

2014

Company founded

2018

VEF's first investment

15.0 mln

VEF's net invested amount as at March 31, 2019 (USD)

15.0 mln

VEF's total value as at March 31, 2019 (USD)

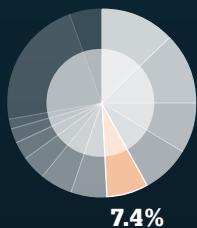
11.7%

VEF's ownership share

0%

2019 value development per share (USD)

Share of VEF's portfolio



7.4%

Konfio



After Brazil, Mexico is Latin America's scale market opportunity with a population of 127 mln (number 10 globally) and approximately 7 mln SMEs in the market. Within the broader Mexican SME credit space, Konfio is focused on the top-end credit of the small business segment which is viewed as a USD 45 bln opportunity. For every 20 companies in Mexico, 19 are considered "very small" with annual sales of up to USD 700 k.

With its online and digital-first approach, Konfio leverages technology and big data analytics, and has taken advantage of recent Mexican fiscal control by using a combination of electronic SME invoice data and non-correlated credit bureau data in its credit scoring process. Konfio complements traditional financial analysis and streamlines the loan application process, providing convenience and affordability to customers who are creditworthy but historically underserved by traditional banks. Revenues are in principal generated from origination fees and interest margins on the loans. Founded in 2014 by David Arana, Konfio is headquartered in Mexico City.

Konfio had a good Q1 2019, leading in from a strong 2018 with credit origination and gross revenues growing around 4x and 3.5x respectively, while keeping the NPLs (non-performing loans) low and stable with a healthy balance mix of repeat and new customers, and maintaining or improving already healthy unit economics and higher credit quality of the portfolio. Their new strategic partnership with PayPal is expected to support and accelerate the already strong traction in the business.

During June 2018, Vostok Emerging Finance invested USD 15 mln into Konfio. VEF led the broader Series C investment round of USD 25 mln and was joined by existing investors including Quona Capital, QED, Kaszek Ventures and IFC amongst others. Following the transaction VEF holds an ownership stake of 11.7% in the company. VEF's ownership at March 31, 2019 is valued at USD 15.0 mln on the basis of this transaction.

TransferGo

transferGo

Geographically, TransferGo is mainly focused on the key corridors of broader Europe, with principal flows channelling from West to East, while its segment of focus is blue-collar workers, who are some of the most consistent and regular remittance customers in the world. TransferGo is based in the UK and is regulated by the UK Financial Conduct Authority (FCA) as an authorized payment institution.

Remittances is an attractive market within global financial services, and one that has been ripe for disruption for some time. Totalling approximately USD 600 bln of annual peer-to-peer flows globally, pricing remains too high, and speed too slow. Remittances is a business that is won on the balance and interaction between trust, speed and price, and the majority of the industry has been failing customers for years on these metrics. 2018 was a successful year for TransferGo, having shown systematic and steady growth across essentially all KPIs with transaction volumes and revenues growing around 65% and 60% respectively, creating a strong tailwind into Q1 2019. TransferGo is well focused, positioned and financially equipped to invest in acquiring new customers, opening new markets, including Germany as well as Turkey as new send markets, and further ramping up the already strong traction in the business.

In 2018, TransferGo successfully closed a new funding round of around USD 16 mln. VEF lead the round alongside existing and new investors including Revo Capital, a Turkish VC fund, and Ripple. In the process, VEF exercised the outstanding USD 2.8 mln (EUR 2.5 mln) convertible loan note plus accrued interest and invested an additional USD 2.7 mln (EUR 2.3 mln) in TransferGo, taking VEF's ownership stake to 16.2% in the company.

As per March 31, 2019, VEF's stake in TransferGo is valued at USD 12.6 mln on the basis of the aforementioned transaction.

TransferGo is a rapidly-growing digital money transfer business, focused on offering a real-time service tailored to its blue-collar customer base.

Website: transfergo.com

Key data

2012

Company founded

2016

VEF's first investment

8.9 mln

VEF's net invested amount as at March 31, 2019 (USD)

12.6 mln

VEF's total value as at March 31, 2019 (USD)

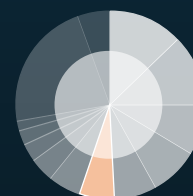
16.2%

VEF's ownership share

-2%

2019 value development per share (USD)

Share of VEF's portfolio



6.2%

Guiabolso is the leading Brazilian Personal Finance Platform with the mission of transforming the financial well-being of ordinary Brazilians.

Website: guiabolso.com.br

Key data

2012

Company founded

2017

VEF's first investment

30.0 mln

VEF's net invested amount as at March 31, 2019 (USD)

11.0 mln

VEF's total value as at March 31, 2019 (USD)

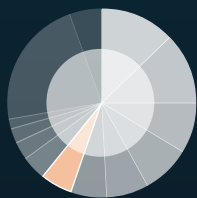
10.9%

VEF's ownership share

-28%

2019 value development per share (USD)

Share of VEF's **portfolio**



Guiabolso



Guiabolso leverages its proprietary bank data aggregation technology to automatically aggregate people's financial information, allowing users to better understand their finances and keep track of their budgets.

Through their technology, Guiabolso can offer the best financial profile available in the market to their large and fast-growing customer base. With a complete view and unique insight into the typically complex financial profile of the Brazilian, Guiabolso is in a unique position to offer their customers a wide range of products, spanning from credit reports and financial education tools through to investment offerings as well as third party credit products. The company's ability to match its users to better-suited and more competitively priced financial products sets it apart in a country with one of the world's highest interest rates.

Guiabolso's monetization efforts were previously focused on providing consumer loans both via their in-house credit provider "Just", and through white-label bank partners. The goal was to initially take balance sheet risk and originate credit through Just in order to incentivize more white label partners to join the marketplace.

As of today, 100% of Guiabolso's credit origination is done through partners, and the company is entirely focused on growing the asset-light credit marketplace, the active user base and introducing multiple new products and revenue lines throughout 2019 and 2020. Guiabolso continues to extend their offering of curated financial products with a view to become the financial hub for Brazilians. The business model is similar to the likes of Mint and Credit Karma in the US. Founded in 2012, Guiabolso is based in São Paulo, Brazil.

As at March 31, 2019, VEF has invested a total of USD 30 mln in Guiabolso, and values its 10.9% stake at USD 11.0 mln on the basis of an EV/revenue peer multiples valuation model. The valuation represents a 28% decrease in valuation in the first quarter of 2019, and is derived from and reflects Guiabolso's new strategic long-term focus impacting the short-term revenue growth, depreciating BRL, and derating of valuation multiples in the peer group.

Nibo



The Brazilian accounting and tax environment is amongst the most complex markets in the world to comply with. Brazil has over 400,000 individual accountant professionals servicing a market of some 10 mln SMEs that are legally required to have an accountant. By leveraging Nibo's innovative technology solutions, accountants across Brazil are positioned to empower their SME customers by providing fast, accurate and end-user friendly data, whilst massively increasing their productivity volumes and margins. Further, Nibo's technology solutions allow them to cross-sell additional value-added services, further strengthening the end customer relationship. The Nibo platform offers a suite of products including accounts and bank reconciliation, payment of bills, cash flow projection tools and issuance of invoices and boletos, a specific Brazilian payment method. In this capacity, Nibo is accumulating and manages a unique pool of SME data, that has the potential to serve as a base for offering a variety of additional financial services to Brazil's underserved SMEs, as a natural extension of the core products. Nibo's business model, in its core, is similar to the likes of Xero and Quickbooks.

During 2018, Nibo was successful in up-selling existing accountants to bring more of their SME clients onto the platform and utilize more of the product suite. The organization has grown to above 100 employees, with a stronger than ever focus on the sales team and processes, which is driving growth in its customer base of around 100% YoY and increasing productivity per sales person. At the end of the year, the number of paying companies organically grew by over 100% compared to the same period last year, and over 3 times following the successful acquisition and integration of a smaller fintech company, Masterdoc, who significantly facilitates tax filings through software on the clients' and accountants' computers. This new product, even though in early days, has proven to add substantial growth in revenues for Nibo, which has given the company a flying start to 2019.

During the first quarter of 2019, Nibo raised an additional USD 2.5 mln from the current investor base. VEF lead the round and invested an additional USD 2.0 mln. As per March 31, 2019, VEF has invested a total of USD 5.3 mln into Nibo, and values its stake at USD 8.6 mln on the basis of an EV/revenue peer multiples valuation model. The valuation represents a 21.8% increase in valuation compared to VEF's valuation as per December 31, 2018. Vostok Emerging Finance owns a 20.6% stake in Nibo following the latest transaction.

Nibo is a leading Brazilian accounting SaaS (software as a service) provider, transforming the way accountants and SMEs interact. The company was founded in 2012 by Gabriel Gaspar and is based in Rio de Janeiro, Brazil.

Website: nibo.com.br

Key data

2012

Company founded

2017

VEF's first investment

5.3 mln

VEF's net invested amount as at March 31, 2019 (USD)

8.6 mln

VEF's total value as at March 31, 2019 (USD)

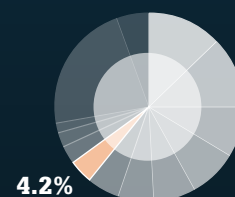
20.6%

VEF's ownership share

+22%

2019 value development per share (USD)

Share of VEF's **portfolio**



Magnetis is a leading Brazilian digital investment advisor, offering the average Brazilian a simple, digital tool to manage their wealth and at the same time addresses the inability for savers to access fair returns.

Website: magnetis.com.br

Key data

2015

Company founded

2017

VEF's first investment

3.7 mln

VEF's net invested amount as at March 31, 2019 (USD)

6.2 mln

VEF's total value as at March 31, 2019 (USD)

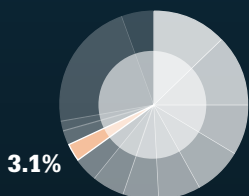
16.9%

VEF's ownership share

+9%

2019 value development per share (USD)

Share of VEF's portfolio



Magnetis

magnetis

The product takes the individual's risk preferences into account, then builds and manages a tailored portfolio of money market, insured fixed income, hedge funds and equity ETFs at the click of a button. Magnetis' business model shares the same characteristics as the likes of Betterment and Wealthfront in the US. On top of this, it addresses a unique problem faced by Brazilian savers. The central bank introduced certain inflation control measures, some of which effectively cap interest rates on savings accounts, resulting in 3–4 percentage points lower yields than treasuries. The Brazilian market has a unique combination of high real interest rates, a deep pool of active wealth and a high level of financial markets and consumer technology adoption. It represents an addressable market, for digital wealth managers, of USD 720 bln, generating revenues of some USD 13 bln annually. Founded in early 2015, Magnetis is based in São Paulo.

During 2018, the company has consistently shown very strong development across the board with a customer base growing around 150% YoY, while loyalty remains strong with high levels of monthly recurring revenues, growing close to 70% and AUM demonstrating an 80% increase during 2018. At the same time, new products, initiatives and partnerships are in the making, further improving customer experience, unit economics and long-term profitability in 2019.

During Q3 2018 Magnetis successfully closed a bridge financing round where VEF invested an additional USD 700 thousand in the form of a two-year convertible loan note, to add to its initial USD 3.0 mln investment, alongside existing investor Monashees. VEF values its stake in Magnetis on the basis of an EV/AUM % peer multiple, and as at March 31, 2019, Vostok Emerging Finances' 16.9% ownership in the company is valued at USD 6.2 mln including the convertible loan note.

FinanZero



FinanZero handles the lending process from start to finish, with the customer and the bank integrated into FinanZero's platform. For the consumers, this means that all the relevant credit providers are reached through one single application, cutting the lead times and cumbersome process of the traditional approach where a separate application needs to be sent to each bank or credit provider. Further to helping consumers getting the best offers available in the market, from the credit providers' perspective, FinanZero adds value through more effective distribution, lower customer acquisition cost, better segmentation and pricing and lowered administration costs. FinanZero currently focuses on four sizeable loan broker segments, unsecured consumer loans, unsecured SME/payroll loans, secured car finance loans and secured home equity loans. FinanZero's business model combines aspects of comparison, lead generation and consumer loan brokerage, similar to the Lendo business model in Scandinavia.

FinanZero has made strong progress since our investment and had a good start of 2019. The number of loans sold in Q4 2018 showed record numbers leading into Q1 2019. The company has been demonstrating double-digit growth QoQ with steadily increasing revenues generated while maintaining strong conversion rates in the sales funnel.

This is the direct result of adding new partnerships with financial service providers realizing the value of the marketplace. Further, FinanZero continues API integrations with existing and new key partners resulting in improved operational efficiency. This paves the way for FinanZero's plan to operate in the future and will result in significant volume growth and attract additional attention from other banks to integrate in a similar manner.

In March, 2018, FinanZero closed a funding round in the amount of USD 3.6 mln (SEK 30 mln), where VEF took up its rights alongside existing investors and a number of new, external investors. VEF invested an additional USD 0.9 mln (SEK 7.12 mln). Following the investment round, VEF holds 23.7% of the shares in the company.

As per March 31, 2019, VEF's ownership in FinanZero is valued at USD 4.9 mln (SEK 45.1 mln) on the basis of the latest transaction.

FinanZero is a pioneering marketplace for consumer loans in Brazil. The business is an independent broker for loans, negotiating the customer's loan with several banks and credit institutions at once, to find the loan with the best interest rate and terms for the consumer.

Website: finanzero.com.br

Key data

2016

Company founded

2016

VEF's first investment

2.6 mln

VEF's net invested amount as at March 31, 2019 (USD)

4.9 mln

VEF's total value as at March 31, 2019 (USD)

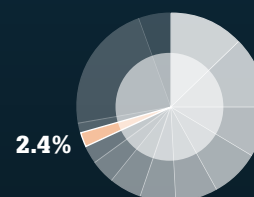
23.7%

VEF's ownership share

-3%

2019 value development per share (USD)

Share of VEF's portfolio



Finja offers innovative financial services to Pakistan's rapidly growing digitally literate population by displacing cash.

Website: finja.pk

Key data

2016

Company founded

2016

VEF's first investment

2.0 mln

VEF's net invested amount as at March 31, 2019 (USD)

3.3 mln

VEF's total value as at March 31, 2019 (USD)

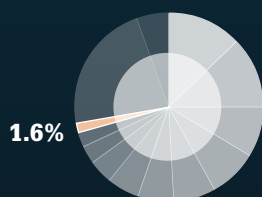
20.4%

VEF's ownership share

0%

2019 value development per share (USD)

Share of VEF's **portfolio**



Finja



Finja has developed and operates one of the leading digital wallets in Pakistan, SimSim, with more than 300 thousand customers signed up, and growing by the day.

Pakistan is a scale market, with the world's 6th largest population of over 190 mln people, and a fast-growing middle class. Smart phone penetration is rapidly increasing, with an estimated 60 mln devices in the market, which is one of the fundamental key aspects to scaling the number of users and merchants. Only c. 15% of the adult population is banked, and as little as 2% of adults and 7% of SMEs receive formal credit, which itself offers a natural demand for solutions such as SimSim. Effectively Finja offers a three-layer platform with free payments at its core. On top of the free payments is the Finja e-commerce marketplace offering and credit marketplace for users.

Finja had a strong 2018, with double-digit growth of the Finja mobile wallet, and are off to a good start on the payroll side, adding corporates and SMEs to the platform. Besides new products being launched, the platform offers a suite of services including mobile top-up, merchant and P2P payments, QR-code payments, ticketing and insurance.

Finja currently operates in collaboration with Finca Microfinance bank. Finja was founded by tech and banking industry veterans Qasif Shahid, Monis Rahman and Umer Munawar and is headquartered in Lahore.

During 2018, Finja successfully closed a new funding round in which the company raised USD 3 mln. The round attracted new investor Beenext, an Asia-focused VC fund, and Quona Capital, an EM Fintech VC fund. VEF invested USD 1 mln in the round which was structured as a bridge financing in the form of a two-year convertible loan note. As per March 31, 2019, Vostok Emerging Finance has invested a total of USD 2 mln into Finja, and holds a 20.4% stake in the company. VEF's stake in the company is valued at USD 3.3 mln, including the convertible loan note, on the basis of the latest transaction in the company.

Financial information

Investments

During the first quarter 2019, gross investments in financial assets were USD 2.25 mln (1Q18: 18.86), of which

- > USD 2.0 mln relates to investments in Nibo
- > USD 0.25 mln investments in izyico

Moreover, VEF repurchased 630,000 SDRs in the Company for the purpose of delivery of SDRs in connection with the Company's long-term incentive programs.

Group – results for the period and net asset value

During the first quarter 2019, the result from financial assets at fair value through profit or loss amounted to USD 2.10 mln (1Q18: 14.21).

Dividend and coupon income was USD 0.15 mln (1Q18: 0.11).

Net operating expenses amounted to USD -0.77 mln (1Q18: -1.32).

Net financial items were 0.08 mln (1Q18: 0.02).

Net result for 1Q19 was USD 1.56 mln (1Q18: 13.01).

Total shareholders' equity amounted to USD 203.07 mln (December 31, 2018: 201.42).

Liquid assets

The liquid assets of the Group, defined as cash and bank deposits, amounted to USD 11.22 mln on March 31, 2019 (December 31, 2018: 5.48). The Company also has investments in money market funds, as part of its liquidity management operations. As per March 31, 2019, the liquidity management investments are valued at USD 45.41 mln (December 31, 2018: 44.90), based on the latest NAV of each fund.

Financial and operating risks

The Company's risks and risk management are described in detail in Note 4 of the Company's Annual Report 2018.

Parent company

The parent company finances the Cypriot subsidiary's operations on market terms. The net result for the quarter was USD 1.552 mln (1Q18: 0.803 mln).

Financial and Operating risks

The Company's risks and risk management are described in detail in Note 4 of the Company's Annual Report 2018.

Income statement – Group

Expressed in USD thousands	Jan 1, 2019– Mar 31, 2019	Jan 1, 2018– Mar 31, 2018
Result from financial assets at fair value through profit or loss ¹	2,096	14,205
Dividend and coupon income	153	107
Total operating profit	2,249	14,312
Operating expenses		
General administrative expenses	-765	-1,321
Employee incentive programs	–	–
Total operating expenses	-765	-1,321
Operating result	1,484	12,991
Financial income and expenses		
Currency exchange gains/losses, net	83	15
Net financial items	83	15
Result before tax	1,567	13,006
Taxation	-5	–
Net result for the period	1,562	13,006
Earnings per share (in USD)	0.00	0.02
Diluted earnings per share (in USD)	0.00	0.02

1. Financial assets at fair value through profit or loss are carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category is presented in the income statement within 'Result from financial assets at fair value through profit or loss' in the year in which they arise.

Statement of other comprehensive income

Expressed in USD thousands	Jan 1, 2019– Mar 31, 2019	Jan 1, 2018– Mar 31, 2018
Net result for the period	1,562	13,006
Other comprehensive income for the period:		
Items that may be classified subsequently to profit or loss:		
Currency translation differences	–	–
Total other comprehensive income for the period	–	–
Total comprehensive income for the period	1,562	13,006

Total comprehensive income for the periods above is entirely attributable to the equity holders of the Company.

Balance sheet – Group

Expressed in USD thousands	Mar 31, 2019	Dec 31, 2018
NON-CURRENT ASSETS		
Tangible non-current assets		
Property, plant and equipment	132	146
Total tangible non-current assets	132	146
Financial non-current assets		
Financial assets at fair value through profit or loss		
Equity financial assets	147,129	152,002
Liquid financial assets	45,410	44,896
Other financial assets	16	18
Total financial non-current assets	192,554	196,916
CURRENT ASSETS		
Cash and cash equivalents	11,222	5,479
Tax receivables	14	23
Other current receivables	67	101
Total current assets	11,303	5,603
TOTAL ASSETS	203,989	202,665
SHAREHOLDERS' EQUITY (including net result for the financial period)	203,073	201,422
CURRENT LIABILITIES		
Non-interest bearing current liabilities		
Other current liabilities	70	163
Tax expenses	57	–
Accrued expenses	789	1,080
Total current liabilities	916	1,243
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	203,989	202,665

Statement of changes in equity – Group

Expressed in USD thousands	Share Capital	Additional paid in capital	Other reserves	Retained earnings	Total
Balance at January 1, 2018	6,615	89,079	1	102,862	198,557
Net result for the period January 1, 2018 to March 31, 2018	–	–	–	13,006	13,006
Other comprehensive income for the period					
Currency translation difference	–	–	-1	–	-1
Total comprehensive income for the period January 1, 2018 to March 31, 2018	–	–	-1	13,006	13,005
Value of employee services:					
- Employee share option scheme	–	3	–	–	3
- Share based long-term incentive program	–	253	–	–	253
Balance at March 31, 2018	6,615	89,335	–	115,868	211,818
Balance at January 1, 2019	6,502	88,608	–	106,307	201,417
Net result for the period January 1, 2019 to March 31, 2019	–	–	–	1,562	1,562
Other comprehensive income for the period					
Currency translation difference	–	–	–	–	–
Total comprehensive income for the period January 1, 2019 to March 31, 2019	–	–	–	1,562	1,562
Value of employee services:					
- Employee share option scheme	–	7	–	–	7
- Share based long-term incentive program	0	229	–	–	229
Buy-back of own shares (Note 6)	-13	-128	–	–	-141
Balance at March 31, 2019	6,489	88,715	–	107,869	203,074

Statement of cash flows

– Group

Expressed in USD thousands	Jan 1, 2019– Mar 31, 2019	Jan 1, 2018– Mar 31, 2018
OPERATING ACTIVITIES		
Result before tax	1,567	13,006
Adjustment for non-cash items:		
Interest income and expense, net	–	–
Currency exchange gains/-losses	-84	-15
Result from financial assets at fair value through profit or loss	-2,096	-14,205
Other non-cash items affecting profit or loss	84	149
Change in current receivables	41	-171
Change in current liabilities	-236	66
Net cash from/used in operating activities	-724	-1,170
Investments in financial assets	-2,250	-18,863
Sales of financial assets	8,708	16,719
Dividend and coupon income	153	107
Interest received	–	–
Tax paid	-5	-39
Net cash flow from/used in operating activities	5,882	-3,246
INVESTMENT ACTIVITIES		
Investments in office equipment	15	-3
Net cash flow from/used in investment activities	15	-3
FINANCING ACTIVITIES		
Buy-back of own shares	-141	–
Net cash flow from/used in financing activities	-141	–
Change in cash and cash equivalents	5,756	-3,249
Cash and cash equivalents at beginning of the period	5,479	9,804
Exchange gains/losses on cash and cash equivalents	-13	55
Cash and cash equivalents at end of the period	11,222	6,610

Alternative performance measures

As of July 3, 2016, new guidelines on APMs (Alternative Performance Measures) have been issued by ESMA (the European Securities and Markets Authority). APMs are financial measures other than financial measures defined or specified by International Financial Reporting Standards (IFRS).

Vostok Emerging Finance regularly uses alternative performance measures to enhance comparability from period to period and to give deeper information and provide meaningful supplemental information to analysts, investors and other parties.

It is important to know that not all companies calculate alternative performance measures identically, therefore these measurements have limitations and should not be used as a substitute for measures of performance in accordance with IFRS.

Below you find our presentation of the APMs and how we calculate these measures.

	Jan 1, 2019– Mar 31, 2019	Jan 1, 2018– Mar 31, 2018
Net asset value, USD	203,072,962	211,817,741
Exchange rate at balance sheet date, SEK/USD	9.3	8.4
Earnings/share, USD ¹	0.00	0.02
Diluted earnings/share, USD ²	0.00	0.02
Net asset value/share, USD ³	0.32	0.32
Net asset value/share, SEK ⁴	2.93	2.68
Net asset value, SEK ⁵	1,884,943,540	1,771,051,346
Weighted average number of shares for the financial period ⁶	642,840,599	661,495,995
Weighted average number of shares for the financial period, fully diluted ⁶	656,062,748	671,653,419
Number of shares at balance sheet date ⁶	649,550,134	661,495,995
Number of shares at balance sheet date, fully diluted ⁶	662,772,283	671,653,419

1. Earnings/share is defined as result for the period divided by average weighted number of shares for the period.
2. Diluted earnings/share is defined as result for the period divided by average weighted number of shares for the period calculated on a fully diluted basis.
3. Net asset value/share is defined as shareholders' equity divided by total number of outstanding shares.
4. Net asset value/share is defined as shareholders' equity divided by total number of outstanding shares multiplied with the SEK/USD exchange rate at balance sheet date.
5. Net asset value in USD multiplied with the SEK/USD exchange rate at balance sheet date.
6. Number of shares at balance sheet date as per March 31, 2019, excludes 11,945,861 repurchased SDRs.

Income statement

– Parent company

Expressed in USD thousands	Jan 1, 2019– Mar 31, 2019	Jan 1, 2018– Mar 31, 2018
Result from financial assets at fair value through profit or loss	514	1
Dividend and coupon income	153	107
Total operating profit	667	108
Operating expenses		
General administrative expenses	-753	-1,340
Employee incentive programs	–	–
Total operating expenses	-753	-1,340
Operating result	-86	1,232
Financial income and expenses		
Interest income	1,552	1,776
Currency exchange gains/losses, net	86	259
Net financial items	1,638	2,035
Result before tax	1,552	803
Taxation	–	–
Net result for the period	1,552	803

Statement of other comprehensive income

Expressed in USD thousands	Jan 1, 2019– Mar 31, 2019	Jan 1, 2018– Mar 31, 2018
Net result for the period	1,552	803
Total other comprehensive income for the period	–	–
Total comprehensive income for the period	1,552	803

Balance sheet

– Parent company

Expressed in USD thousands	Mar 31, 2019	Dec 31, 2018
NON-CURRENT ASSETS		
Financial non-current assets		
Shares in subsidiaries	16	16
Financial assets at fair value through profit or loss		
Equity financial assets	26,111	25,861
Liquid financial assets	45,410	44,896
Receivables from Group companies	90,658	89,185
Other financial assets	15	18
Total financial non-current assets	162,210	159,976
CURRENT ASSETS		
Cash and cash equivalents	2,772	3,728
Other current receivables	66	61
Total current assets	2,838	3,789
TOTAL ASSETS	165,048	163,765
SHAREHOLDERS' EQUITY (including net result for the financial period)	164,275	162,629
CURRENT LIABILITIES		
Non-interest bearing current liabilities		
Other current liabilities	47	79
Accrued expenses	725	1,057
Total current liabilities	772	1,136
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	165,048	163,765

Statement of changes in equity – Parent company

Expressed in USD thousands	Share Capital	Additional paid in capital	Other reserves	Retained earnings	Total
Balance at January 1, 2018	6,615	89,079	–	50,502	146,196
Net result for the period January 1, 2018 to March 31, 2018	–	–	–	803	803
Other comprehensive income for the period					
Currency translation difference	–	–	1	–	1
Total comprehensive income for the period January 1, 2018 to March 31, 2018	–	–	1	803	804
Value of employee services:					
- Employee share option scheme	–	3	–	–	3
- Share based long-term incentive program	–	253	–	–	253
Balance at March 31, 2018	6,615	89,335	1	51,305	147,255
Balance at January 1, 2019	6,502	88,608	–	67,519	162,629
Net result for the period January 1, 2019 to March 31, 2019	–	–	–	1,552	1,552
Other comprehensive income for the period					
Currency translation difference	–	–	–	–	–
Total comprehensive income for the period January 1, 2019 to March 31, 2019	–	–	–	1,552	1,552
Value of employee services:					
- Employee share option scheme	–	6	–	–	6
- Share based long-term incentive program	–	229	–	–	229
Buy-back of own shares (Note 6)	-13	-128	–	–	-141
Balance at March 31, 2019	6,489	88,715	0	69,071	164,275

Notes

Note 1 Accounting principles

This consolidated interim report is prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting principles and methods of calculations have been applied for the Group as for the preparations of the accounts for the Company 2018. The Company's 2018 annual report is available at the Company's website: https://www.vostokemergingfinance.com/investor-relations/#financial_reports

IFRS 16, *Leasing*, is effective from January 1, 2019. The new standard did not have any significant impact on the Group's financial statements. As at the reporting date, the group has non-cancellable operating lease commitments of USD 0.25 mln which have increased non-current assets and interest-bearing liabilities in the opening balance of 2019. Currently the only type of leasing the Company is exposed to is rental of office space. The Group has applied the standard from its mandatory adoption date of January 1, 2019. The group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Note 2 Related party transactions

During the period Vostok Emerging Finance has recognized the following related party transactions:

USD thousand	Operating expenses		Current liabilities	
	1Q 2019	1Q 2018	1Q 2019	1Q 2018
Key management and Board of Directors ¹	437	635	-	-

1. Compensation paid or payable includes salary, bonuses and consulting fees to the management and remuneration to the Board members.

The costs in the period for the long-term incentive programs (LTIP 2017 and LTIP 2018) for the management amounted to USD 117 mln and USD 63 mln, respectively, excluding social taxes. See details of LTIP 2017 and LTIP 2018 in Note 5.

Note 3 Fair value estimation

The numbers below are based on the same accounting and valuation policies as used in the Company's most recent Annual Report. For more information regarding financial instruments in level 2 and 3 see note 5 in the Company's Annual Report 2018.

The fair value of financial instruments is measured by level of the following fair value measurement hierarchy:

- > Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- > Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- > Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value at March 31, 2019.

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	45,410	103,283	43,845	192,538
Total assets	45,410	103,283	43,845	192,538

The following table presents the Company's assets that are measured at fair value at December 31, 2018.

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	52,804	103,430	40,664	196,898
Total assets	52,804	103,430	40,664	196,898

The following table presents the Group's changes of financial assets in level 3.

	2019	2018
Opening balance January 1	40,664	6,808
Transfers from level 2 to level 3	-	21,706
Transfers from level 3 to level 2	-	-
Change in fair value and other	3,181	312
Closing Balance March 31	43,845	28,826

As per March 31, 2019, Vostok Emerging Finance has a liquidity management portfolio of listed corporate bonds that are classified as level 1 investments. The investments in izyico, FinanZero, Finja, TransferGo, JUMO, Creditas and Konfio are all valued as level 2 investments on the basis of the valuations of their respective latest transaction which all closed throughout 2018. During Q1 2019 no transfers between the levels have been done. The validity of valuations based on a transaction is inevitably eroded over time, since the price at which the investment was made reflects the conditions that existed on the transaction date. At each reporting date, possible changes or events subsequent to the relevant transaction are assessed and if this assessment implies a change in the investment's fair value, the valuation is adjusted accordingly. The transaction-based valuations are frequently assessed using multiples of comparable traded companies for each unlisted investment or other valuation models. When transaction-based valuations of unlisted holdings are used, no material event is deemed to have occurred in the specific portfolio company that would suggest that the transaction-based value is no longer valid.

iyzico

During Q4 2018, iyzico raised a USD 4 mln round whereby VEF invested an additional USD 1.7 mln alongside existing investors Amadeus and the IFC. In Q1 2019 VEF invested a further USD 0.25 mln by way of secondary shares in the company.

As per March 31, 2019, VEF has invested a total of USD 11.0 mln into iyzico, and values its stake at USD 26.1 mln on the basis of latest transaction. Vostok Emerging Finance owns a 21.1% stake in the company.

iyzico is categorized as a level 2 investment.

Creditas

VEF has invested a total of USD 25 mln into Creditas. During Q2 2018, a second close following the Q4 2017 financing round happened, where Amadeus and Santander Bank invested into the company, at the same valuation as VEF.

As per March 31, 2019, VEF has an ownership of 9.95% of the company valued at USD 25.0 mln on the basis of the latest transaction in the company.

Creditas is categorized as a level 2 investment.

REVO/Sorsdata

As per March 31, 2018 VEF owns 25% in REVO group and had invested a total of USD 8.8 mln. The 25% stake in the group is valued at USD 18.0 mln. The valuation is derived from valuation models focused on multiples of NII (net interest income) and revenues, coupled with the intrinsic value of the convertible loan note.

REVO/Sorsdata is categorized as a level 3 investment.

Sensitivity analysis EV/revenue multiple, USD						
-15%	-10%	-5%	0%	+5%	+10%	+15%
15,536	16,324	17,111	17,899	18,687	19,474	20,262

Sensitivity USD/RUB						
+15%	+10%	+5%	65.7	-5%	-10%	-15%
15,861	16,478	17,155	17,899	18,722	19,635	20,657

JUMO

During the fourth quarter of 2018, JUMO successfully finalized the second close of a big capital raise which took the full round to near USD 65 mln. The round attracted a new investor base and was led by Goldman Sachs, who alongside existing investors were joined by Proparco (the private sector financing arm of the French Development Agency – AFD) and Finnfund. VEF took up its rights and invested USD 3.1 mln in the round.

As per March 31, 2019, VEF's 6.8% ownership share in Jumo is valued at USD 16.4 mln on the basis of this transaction. Vostok Emerging Finance has invested a total of USD 14.6 mln in the company.

JUMO is categorized as a level 2 investment.

Konfio

During June 2018, Vostok Emerging Finance invested USD 15 mln into Konfio. VEF led the broader Series C investment round of USD 25 mln and was joined by existing investors including Quona Capital, QED, Kaszek Ventures and IFC amongst others. Following the transaction VEF holds a board seat and an ownership of 11.7% of the company.

VEF's ownership at March 31, 2019 is valued at USD 15.0 mln on the basis of this transaction.

Konfio is categorized as a level 2 investment.

TransferGo

In 2018, TransferGo successfully closed a new funding round of around USD 16 mln. VEF lead the round alongside existing and new investors including Revo Capital, a Turkish VC fund, and Ripple. In the process, VEF exercised the outstanding USD 2.8 mln (EUR 2.5 mln) convertible loan note plus accrued interest and invested an additional USD 2.7 mln (EUR 2.3 mln) in TransferGo, taking VEF's ownership stake to 16.2% in the company.

As per March 31, 2018, VEF's stake in TransferGo is valued at USD 12.6 mln on the basis of the aforementioned transaction.

TransferGo is categorized as a level 2 investment.

Guiabolso

As at March 31, 2019, VEF has invested a total of USD 30 mln in Guiabolso, and values its 10.9% stake at USD 11.0 mln on the basis of an EV/revenue peer multiples valuation model. The valuation represents a 28% decrease in valuation in the first quarter of 2019, and is derived from and reflects Guiabolso's new strategic long-term focus impacting the short-term revenue growth, depreciating BRL, and derating valuation multiples in the peer group.

Guiabolso is categorized as a level 3 investment.

Sensitivity analysis EV/revenue multiple, USD						
-15%	-10%	-5%	0%	+5%	+10%	+15%
9,513	10,011	10,509	11,006	11,504	12,001	12,499

Sensitivity analysis USD/BRL						
+15%	+10%	+5%	3.9	-5%	-10%	-15%
9,571	10,006	10,482	11,006	11,585	12,229	12,948

Nibo

During the first quarter of 2019, Nibo raised an additional USD 2.5 mln from the current investor base. VEF lead the round and invested an additional USD 2.0 mln. As per March 31, 2019, VEF has invested a total of USD 5.3 mln into Nibo, and values its stake at USD 8.6 mln on the basis of an EV/revenue peer multiples valuation model. The valuation represents a 28.1% increase in valuation compared to VEF's valuation as per December 31, 2018. Vostok Emerging Finance owns a 20.6% stake in Nibo following the latest transaction.

Nibo is categorized as a level 3 investment.

Sensitivity analysis EV/revenue multiple, USD						
-15%	-10%	-5%	0%	+5%	+10%	+15%
7,403	7,804	8,206	8,607	9,009	9,410	9,812

Sensitivity analysis USD/BRL						
+15%	+10%	+5%	3.9	-5%	-10%	-15%
7,485	7,825	8,197	8,607	9,060	9,564	10,126

Magnetis

During Q3 2018 Magnetis successfully closed a bridge financing round where VEF invested an additional USD 700 thousand in the form of a two-year convertible loan note, to add to its initial USD 3.0 mln investment, alongside existing investor Monashees. VEF values its stake in Magnetis on the basis of an EV/AUM % peer multiple, and as at March 31, 2019, Vostok Emerging Finances' 16.9% ownership in the company is valued at USD 6.2 mln including the convertible loan note.

Magnetis is categorized as a level 3 investment.

Sensitivity analysis EV/AUM multiple, USD						
-15%	-10%	-5%	0%	+5%	+10%	+15%
5,440	5,707	5,974	6,241	6,508	6,776	7,043

Sensitivity analysis USD/BRL						
+15%	+10%	+5%	3.9	-5%	-10%	-15%
5,520	5,739	5,978	6,241	6,532	6,856	7,217

FinanZero

During February 2018, VEF's outstanding convertible loan note of USD 0.1 mln was converted into shares. In March, 2018, FinanZero closed a funding round in the amount of USD 3.6 mln (SEK 30 mln), where VEF took up its rights alongside existing investors and a number of new, external investors. VEF invested an additional USD 0.9 mln (SEK 7.12 mln). Following conversion of the loan note and the new investment round, VEF holds 23.7% of the shares in the company.

As per March 31, 2019, VEF's ownership in FinanZero is valued at USD 4.9 mln (SEK 45.1 mln) on the basis of the latest transaction.

The holding in FinanZero is categorized as a level 2 investment.

Finja

As per March 31, 2019, Vostok Emerging Finance has invested a total of USD 2 mln into Finja, and holds a 20.4% stake in the company.

VEF's stake in the company is valued at USD 3.3 mln, including the convertible loan note, on the basis of the latest transaction in the company.

The holding in Finja is categorized as a level 2 investment.

Liquidity investments

As per March 31, 2019, the liquidity management investments are valued at USD 45.41 mln, based on the closing price and/or latest NAV of each fund. All liquidity investments are categorized as level 1 investments.

Change in financial assets at fair value through profit or loss

Company	Opening balance Jan 1, 2019	Investments/ (divestments), net	Fair value change	Closing balance Mar 31, 2019	Percentage of portfolio
iyzico	25,861	250	-	26,111	12.8%
Creditas	25,000	-	-	25,000	12.3%
REVO Technology/Sorsdata	14,636	-	3,346	17,982	8.8%
JUMO	16,408	-	-	16,408	8.1%
Konfio	15,000	-	-	15,000	7.4%
TransferGo	12,842	-	-254	12,588	6.2%
Guiabolso	15,265	-	-4,259	11,006	5.4%
Nibo	4,957	-	1,650	8,607	4.2%
Magnetis	5,806	-	444	6,250	3.1%
FinanZero	5,030	-	-169	4,861	2.4%
Finja	3,289	2,000	25	3,314	1.6%
TCS Group Holding PLC (Tinkoff Bank)	7,908	-8,706	798	-	-
Liquidity management	44,896	-	514	45,410	22.3%
Total	196,898	-6,456	2,096	192,538	94.6%

Note 4 Employee share-option program

Option plan

The Company has an option plan, adopted in 2015, that entitles present and future employees to be allocated call options to acquire shares represented by SDRs in the Company ("Options").

Options outstanding

	2019
Beginning of the period	4,405,000
Outstanding at the end of the period	4,405,000

Per March 31, 2019, a total of 4,405,000 options were outstanding, of which 1,905,000 to the Managing Director and 2,500,000 to other employees.

Options granted

Option grant date	Dec 31, 2015	Jun 7, 2016	Aug 25, 2016	Nov 29, 2017	May 16, 2018
Maturity date	Sep 8, 2020	Jul 31, 2021	Nov 24, 2021	Feb 28, 2023	Aug 16, 2023
Option price at grant date SEK	0.67	0.26	0.14	0.54	0.41
Share price at grant date SEK	1.08	1.13	1.22	2.25	1.97
Exercise price SEK	1.46	1.33	1.46	2.54	2.35
Volatility	39.90%	33.00%	20.90%	32.10%	29.90%
Risk free interest rate	0.30%	-0.27%	-0.53%	-0.25%	-0.13%
No of options granted	1,905,000	500,000	1,000,000	500,000	500,000

Market value of the options at the grant date is calculated with the help of the Black & Scholes options valuation model and assuming that no dividends will be paid during the period.

See note 10 in Annual Report 2018 for more details.

Note 5 Share-based incentive program (LTIP)

The share-based long-term incentive program for management and key personnel in Vostok Emerging Finance is a program where participants purchase SDRs in the Company, and for each purchased SDR is entitled to receive a number of additional SDRs, so-called performance SDRs, free of charge, subject to fulfilment of a performance condition set by the Board of Directors on the basis of the Company's NAV. Pursuant to IFRS 2, the costs for the program will be reported over the profit and loss statement during the program's vesting period.

The rights to receive depository receipts automatically convert into SDRs at the end of the program at an exercise price of nil. The participants do not receive any dividends and are not entitled to vote in relation to the rights to receive SDRs during the vesting period. If a participant ceases to be employed by the Group within this period, the rights will be forfeited, except in limited circumstances that are approved by the Board on a case-by-case basis.

The fair value of the rights at grant date was estimated by taking the market price of the Company's shares on that date per share without adjustment for any dividends that will not be received by the participants on their rights during the vesting period.

	LTIP 2017	LTIP 2018
Performance measurement period	Jan 2017–Dec 2019	Jan 2018–Dec 2020
Vesting period	May 2017–Dec 2019	May 2018–Dec 2020
Maximum no of SDRs	8,035,700	7,451,850
Maximum dilution	1.21%	1.13%
Share price on grant date, SEK	1.74	1.95
Share price on grant date, USD	0.20	0.22
Total employee benefit expense excl. social taxes (USD mln)	LTIP 2017	LTIP 2018
2018	0.80	0.20
2017	0.19	–
Total accumulated	0.99	0.20

The Board of Directors has determined that the development of the Company's Net Asset Value over the term of LTIP 2016 (January 1, 2016 through December 31, 2018), meets the so-called stretch level, whereby each SDR held by program participants throughout the program duration will result in an allocation of ten performance SDRs free of charge following release of this report. The number of SDRs that the participants collectively will receive amounts to 11,315,790 SDRs. The Board has resolved that SDRs bought back by the Company will be transferred to the participants as soon as practicable following release of this report.

Note 6 Depository receipt buy-back

During the first quarter, 630,000 SDRs have been repurchased. The company currently holds 11,945,866 repurchased SDRs.

Note 7 Events after the reporting period

On April 30, 2019, FinanZero closed a Series B investment round of SEK 100 mln (USD 10.5 mln) where VEF invested an additional SEK 957,000 as part of the round.

Information

Background

Vostok Emerging Finance Ltd (VEF) was incorporated and registered with the Bermuda Registrar of Companies on May 28, 2015 with registered number 50298, as a fully owned subsidiary of Vostok New Ventures (VNV).

On July 16, 2015 the shares in VEF, which held VNV's stake in Tinkoff Bank, were distributed to VNV's shareholders by way of a mandatory redemption program and traded on Nasdaq First North Sweden. At the time of the listing, there were in total 73,499,555 SDRs in VEF. On November 9, 2015, VEF resolved to issue an additional 587,996,440 SDRs.

From July 16, 2015, the Swedish Depository Receipts of VEF are traded on First North Sweden, with the ticker VEMF SDB.

The first financial year comprised the period May 28, 2015–December 31, 2015. Thereafter the financial year is January 1–December 31.

In October 2016, two subsidiaries to Vostok Emerging Finance Ltd. were established. One Cypriot subsidiary,

Vostok Emerging Finance (Cyprus) Limited, for managing the investment portfolio and one Swedish subsidiary, Vostok Emerging Finance AB, which provides business support services to the parent company.

As of March 31, 2019, the Vostok Emerging Finance Ltd Group consists of the Bermudian parent company Vostok Emerging Finance Ltd; one wholly-owned Cypriot subsidiary, Vostok Emerging Finance (Cyprus) Limited; and one wholly-owned Swedish subsidiary, Vostok Emerging Finance AB.

Parent company

The parent company finances the Cypriot subsidiary's operations on market terms. The net result for the period was USD 1.55 mln (1Q18: 0.80).

Upcoming reporting dates

Vostok Emerging Finance's financial report for the period January 1, 2019–June 30, 2019 will be published on August 14, 2019.

May 15, 2019

David Nangle

Managing Director

For further information contact David Nangle or CFO Henrik Stenlund: tel: +46 8 545 015 50.

This report has not been subject to review by the Company's auditors.



VEF

Vostok Emerging Finance

www.vostokemergingfinance.com