



Vostok Emerging Finance

FINANCIAL REPORT FOR
THE FIRST QUARTER 2020

>EF Vostok Emerging Finance



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

Photo: Rashtrapati Bhavan, India (Kriangkrai Thitimakorn, Getty Images).

FINANCIAL REPORT FOR THE FIRST QUARTER 2020

Highlights during the quarter

- > VEF invested USD 13.0 mln in Indian leading payment company Juspay.
- > VEF invested an additional USD 0.43 mln in Finja in form of a convertible loan.
- > Repurchased 2,019,482 Swedish Depository Receipts (SDRs) in the Company.

Net asset value

- > NAV of VEF's portfolio decreased by 25.3% during the quarter to USD 186.43 mln or USD 0.29 per share.
- > In local currency, NAV decreased by 19.2% to SEK 1,879 mln or SEK 2.88 per share.
- > Cash position at the end of 1Q20 was USD 24.0 mln.

Financial result

- > Net result for 1Q20 was USD -62.17 million (mln) (1Q19: USD 1.56 mln). Earnings per share were USD -0,09 (1Q19: USD 0.00).

	Dec 31, 2018	Dec 31, 2019	Mar 31, 2020
Net asset value (USD mln)	201.42	249.44	186.43
Net asset value (SEK mln)	1,806	2,325	1,879
Net asset value per share (SEK)	2.78	3.55	2.88
VEMF SDB share price (SEK)	1.75	2.94	1.985

Events after the end of the period

- > After the end of the period VEF has invested an additional USD 2.11 mln (EUR 1,94 mln) in TransferGo.
- > Following the outbreak of the Covid-19 virus VEF is actively working with its portfolio companies to manage and alter any critical strategic decisions, adapting to and reflecting the current volatile environment. VEF has the capacity to live through a longer period of uncertainty while being conscious about operational expenses. Of late, the management of VEF have focused much of its energy on stress testing risk, pricing and business plans. VEF management remains in close contact with the portfolio companies and continuously work to ensure that they are well funded and equipped to bridge any liquidity constraints as a consequence of the Covid-19 outbreak and the VEF management is continuously evaluating implications on the valuation of our portfolio companies.

The Company will hold a telephone conference with an interactive presentation at 15:00 CEST (9:00 a.m. EDT) Wednesday, April 29, 2020. For call-in details, see separate press release issued on April 22, 2020 at www.vostokemergingfinance.com.

Visit VEF's IR page for our financial reports and other information: www.vostokemergingfinance.com/investor-relations/

Management report

Dear fellow shareholder,

First and foremost, I would like to wish you and your families all the best in these volatile and uncertain times. Naturally, the focus of this quarter's management letter is the current Covid-19 led crisis and how VEF is positioned and how we are reacting to all as it unfolds.

2020 has quickly evolved into the most challenging operating environment for VEF and its portfolio companies since inception, and indeed the most volatile period since the global financial crisis of 2008-09. That said, having been in emerging markets for 20 years, there is little that can faze us or causes us to panic. Even in a crisis as dramatic as this, there is a playbook for VEF and our portfolio companies, as one prepares for the worst, stays open and flexible to constant change, and is then well-positioned for any upside from there. My Father-in-law, back in 2008, told me that the first time you look at a crisis is the best it is ever going to look, and this one has been no different, as events have unfolded at a rapid negative pace since early Q1. We are paranoid by nature, have an excellent and experienced board and from mid-February have been discussing and debating our evolving strategy to position for the current volatility and take our opportunities when the time comes.

To begin on a positive footing, as long-term structural investors, this crisis is medium to long term positive for our investment thesis. What is becoming very clear from this crisis is a global acceleration towards all things digital. The pace of change that the financial services sector has seen over the last 10 years has been the fastest pace in history and was a founding basis for VEF. As a result of Covid-19, we expect these forces of change to accelerate from here. There will be a major (versus gradual, but permanent) shift to digital channels for financial services – there is simply no going back. Now, more than ever, people don't want to queue in bank branches and don't want to touch paper money, especially when digital is a clear better option. A broader sway of society is set to embrace digital finance like never before. This is

one of the most exciting things, even at this early stage of the crisis that all our companies are realising. It is a high prize and one we know we have to fight to be best positioned to benefit from as soon as the dust settles.

As a company, our business continuity has not missed a beat, as we have always worked "remote" given the extent we travel for our mandate. Our team has been empowered from the start to be based and work where they are most comfortable as we go through this. Professionalism and delivery have been ever-present.

Our core geographies (Latam, South Asia, Africa) and sector of focus (financial services) did not feel the brunt of the first wave of the spread of the virus, which has provided us and our portfolio companies with a window to consolidate and prepare for what is coming. Furthermore, our Brazil-heavy portfolio has already lived/grown through the 2015–16 recession with back-to-back years of 3%+ GDP contraction, while Russia and Russian companies are born crisis-ready.

We are in constant dialogue with the founders, management teams and boards of our companies, who are acutely aware of, and reacting real-time to all, locking down capital and adjusting growth and cost spend to extend runway through to better times. The vast majority of our portfolio secured size equity funding through 2019 and early 2020, and we expect to close the one remaining funding gap soon. The main impact on our portfolio companies from here will be macro driven, with the depth and duration of the downturn, both globally and locally key to the extent of the pain trade from here. We are aware of the value that is saved and created in these times and are more focused than ever to try and make the difference in helping our companies in this window.

*"You never let a serious crisis go to waste."
Rahm Emanuel*

There are so many take aways from these words, but we are working with our companies to make sure they use this crisis

David Nangle



to make changes they didn't think were possible before, and evolve business strategies so that they emerge stronger more sustainable companies on the way out of this crisis than they entered. At VEF also, we see this crisis as yet another opportunity for us to re-engineer everything we do, improve all and make sure we are one of the winners from this.

Global financial markets have been quick to reflect the value-destructive forces unleashed by Covid-19 with some of our focus currencies (BRL, RUB & MXN) off 25–30% versus the USD and MSCI EM index off 35%, from their January peaks (as at end of 1Q20). Our portfolio valuation is clearly not immune to these forces. We have looked to deliver a true and fair picture of our portfolio valuation at this time, trying to reflect the very real near-term negatives while not losing track of the long-term growth story. Five of our portfolio companies continue to be valued with a mark to model approach, while for the remainder, we have moved from a last round valuation approach to a calibration methodology, working off their last round valuation and factoring in currency, business forecast and multiples moves since that point in time. The method we used is based on IPEV (International Private Equity and Venture Capital) guidelines and is the preferred methodology for reflecting broad changes in the market (as the current crisis) for valuations based on the last round price. Using the calibration methodology, changes in the valuation of our portfolio companies takes into account and reflects changes in the market and changes in the respective portfolio companies risk profile and performance from here.

At this stage each of our portfolio companies has laid out a post Covid-19 world set of forecasts for 2020, with conservatism and flexibility built in. We feel comfortable that the 25% fall in our portfolio USD NAV is a fair reflection of where we sit today, mirrors currency moves, derating peer group multiples and the Covid-19 risk adjusted company forecast, but continue to track macro and micro forces from here.

Our investment focus for 2020 has swiftly shifted from prioritising new investments to supporting current portfolio

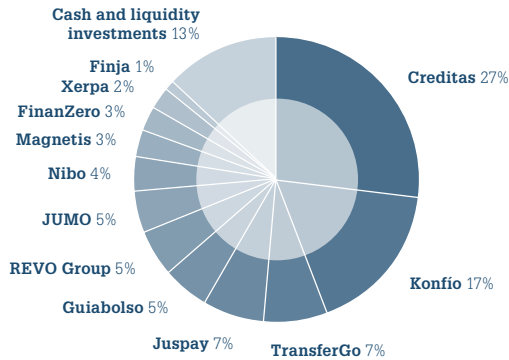
companies. Pipeline continues to be built, and phase two of this crisis could present stress-level opportunities. Entering 2Q20 with nearly USD 25 mln of capital, we have the capacity to weather this crisis and benefit when the time and opportunities arise.

We did close one new investment in the period – at the end of 1Q20, we announced a USD 13 mln investment into Juspay, one of India's leading payment companies. VEF led a broader Series B investment round of USD 21.6 mln and was joined by our partners Wellington Management and Accel. India has one of the most advanced and complex electronic payment infrastructures globally, which has resulted in friction and challenges unique to India, which Juspay has been solving for some of India's largest merchants and banks. The public payment infrastructure in India is unlike any we have encountered globally and is fast becoming a benchmark for other emerging countries. As is typical at VEF, we have been tracking the team and progress for a long time before making this, our first investment into India. We see vast growth potential in the business driven by the first principle innovation that is part of Juspay's DNA and the general digitalisation of the Indian economy. Juspay has had more than 200 mln downloads of its SDK and facilitates more than USD 10 bln of annualised payment volume for some of India's largest merchants including Amazon, Flipkart, Uber, Swiggy, Ola and Cred.

To conclude, we are paranoid, but calm, preparing for the worst, but happy to be surprised on the upside as we go. VEF and its portfolio companies entered this crisis on a strong footing but are very aware of maintaining that advantage as we proceed through it. We are growing in optimism regarding the step change digital financial services will receive as a result of this crisis and thus are confident in the medium to long-term valuation creation story at VEF beyond any short term volatility. As many opportunities as challenges tend to raise their heads in times like this. Our thoughts and actions will continue to evolve, and we aim to communicate to all our stakeholders on a regular basis as we go.

VEF in charts – 1Q20

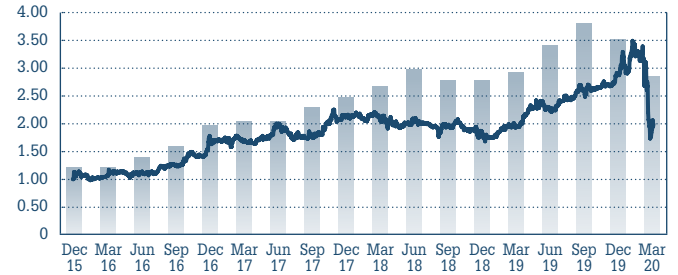
Portfolio composition



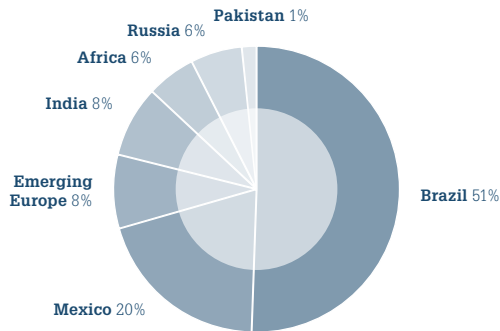
VEF share and net asset value development

December 2015–March 2020 (SEK/SDR)

■ Net Asset Value per share — SDR Price

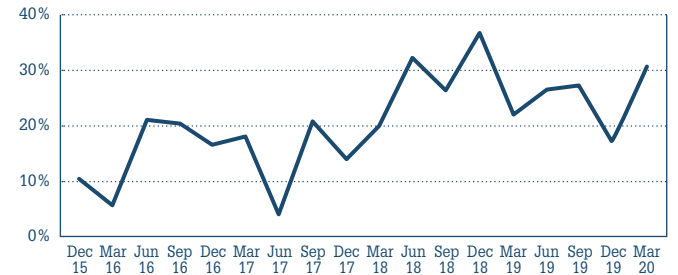


Geographic distribution, ex. cash



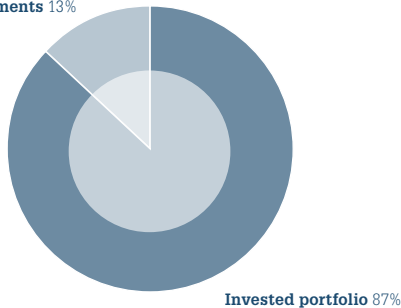
Discount to net asset value

December 2015–March 2020



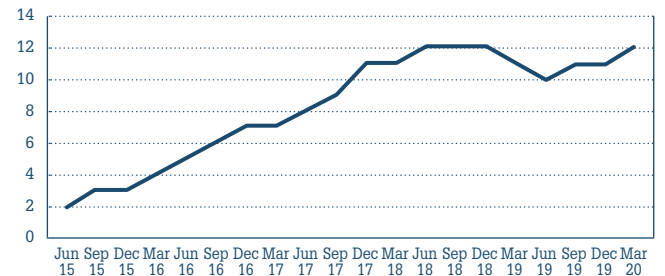
Invested portfolio and cash

Cash and liquidity investments 13%



Number of companies in portfolio

June 2015–March 2020



Investment portfolio

Portfolio development

VEF's net asset value per share decreased by 25.0% in USD over the first quarter 2020, while VEF's share price in SEK decreased by 32.5%. During the same period, the MSCI Emerging Markets index* decreased by 23.9% in USD terms.

Liquidity management

The Company has investments in money market funds and bonds as part of its liquidity management operations. As per March 31, 2020, the liquidity investments are valued at USD 20.85 mln, based on the latest NAV.

The investment portfolio stated at market value as at March 31, 2020, is shown below.

Company	Fair value Mar 31, 2020 (TUSD)	Net invested amount (TUSD)	Investment/ divestments 2020	Change in fair value 2020 (TUSD)	Fair value Dec 31, 2019 (TUSD)	Valuation method
Creditas	50,352	48,500	–	-22,894	73,246	Calibration methodology ¹
Konfio	32,359	27,500	–	-9,220	41,579	Calibration methodology ¹
TransferGo	13,548	8,925	–	993	12,555	Calibration methodology ^{1,2}
Juspay	13,000	13,000	13,000	–	–	Latest transaction ¹
Guiabolso	9,761	30,000	–	-1,783	11,545	Revenue multiple ¹
REVO Group	9,710	8,789	–	-6,534	16,244	Revenue multiple ¹
JUMO	8,994	14,614	–	-7,881	16,875	Revenue multiple ¹
Nibo	7,035	5,300	–	-3,584	10,619	Revenue multiple ¹
Magnetis	5,669	5,668	–	-2,439	8,108	Calibration methodology ¹
FinanZero	5,430	2,671	–	-2,298	7,728	Calibration methodology ^{1,2}
Xerpa	4,511	8,500	–	-3,989	8,500	Calibration methodology ¹
Finja	2,339	2,425	425	-1,475	3,389	Revenue multiple ¹
Liquidity management	20,849	20,465	-13,000	-672	34,521	
Investment portfolio	183,558	196,357	425	-61,775	244,908	
Cash and cash equivalents	3,150				5,562	
Total investment portfolio	186,708				250,470	
Other net liabilities	-280				-1,031	
Total Net Asset Value	186,428				249,439	

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.

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

Latin America



Website:
creditas.com.br

Creditas is the leading digital-first secured lending platform in Brazil, which leverages borrower collateral to offer home-equity, auto-secured and payroll-backed loans to consumers at more affordable rates.

Brazil consumers pay some of the highest interest rates in the world, where unsecured consumer loans have an average APR of 230%. Secured lending remains massively underpenetrated in Brazil where approximately 70% of all homes and cars are owned debt-free, with these assets representing a total value of USD 3 tln.

Creditas' mission is to reduce the Brazilian consumer debt burden and democratize access to cheaper lending by leveraging consumers' assets to offer secured consumer loans at more reasonable rates, common in markets like the US. Customers of Creditas obtain larger, longer-term, lower-APR loans through an efficient, tech-driven application system.

Following the USD 231 mln Series D round raised by Creditas in 2019, the business has continued to scale rapidly with origination volumes growing an impressive 3.5x YoY in 1Q20. The fundraising has allowed for various new initiatives within the company, such as the launch of their latest product, payroll-backed lending. The product has gained significant traction among the customer base and follows the valued-added acquisition of São Paulo-based payroll fintech Creditoo, which has proven to be a successful test case for M&A-led growth.



Website:
konfio.mx

Konfio is a digital-first unsecured lending platform with the mission of supporting the growth of Mexico's vast and underserved SME sector.

With approximately 7 mln SMEs in the Mexican market, these companies represent a huge opportunity for SME lending in Mexico. However, historically, this segment has been underserved by traditional banks, where only 3 out of 10 businesses have formal credit.

With its convenient online and digital-first approach, Konfio offers loans to creditworthy SMEs using tech-enabled techniques in its credit scoring process complemented by traditional financial analysis, and credit is disbursed in a fraction of the time and at a much lower cost versus traditional banks.

In late 2019 Konfio announced the close of a USD 100 mln Series D investment round which will enhance the company's working capital offering and allow the company to develop a suite of new products for the platform, including other lending solutions and business tools. Konfio has also formed significant partnerships with international names such as PayPal and Facebook, which stand as a testament to the solid reputation Konfio has as a leading fintech player in Mexico. Through the partnership with PayPal, small businesses can apply for working capital using the Konfio platform, while the company's collaboration with Facebook offers a country-wide programme of workshops and training to founders and businesses to boost the SME sector in Mexico, and has garnered much attention across the country.

Konfio has made a strong start to 2020, with total loan originations growing 2x YoY in 1Q20.

Brazil

Region
9.6%
Ownership share



27.0%
Share of
VEF's
portfolio

48.5 mln
Invested amount (USD)
50.4 mln
Fair value (USD)

Mexico

Region
11.4%
Ownership share



17.3%
Share of
VEF's
portfolio

27.5 mln
Invested amount (USD)
32.4 mln
Fair value (USD)



Website:
guiabolso.com.br

Guiabolso is the leading personal finance management platform in Brazil, with the mission of transforming the financial wellbeing of its customers.

Guiabolso simplifies customers' financial profile by leveraging 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 personal finance management platform, Guiabolso can offer the clearest financial profile available in the market to their large and fast-growing customer base, and can offer their customers a wide range of products spanning from credit reports through to investment offerings and third-party credit products.

Brazil
Region
10.9%
Ownership share



5.2%
Share of
VEF's
portfolio

30.0 mln
Invested amount (USD)
9.8 mln
Fair value (USD)

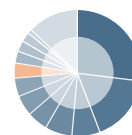


Website:
nibo.com.br

Nibo is the leading accounting SaaS provider in Brazil, transforming the way accountants and SMEs interact in one of the most complex and regulated accounting and tax environments in the world.

The Nibo platform uses technology to offer a suite of products including accounts and bank reconciliation, payment of bills, cash flow projection tools and issuance of invoices and boletos, empowering accountants to better and more profitably serve their customers and to cross-sell additional value-added services.

Brazil
Region
20.1%
Ownership share



3.8%
Share of
VEF's
portfolio

5.3 mln
Invested amount (USD)
7.0 mln
Fair value (USD)



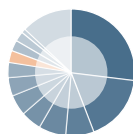
Website:
magnetis.com.br

Magnetis is a Brazilian digital investment advisor which democratizes access to affordable and easy-to-use investment management, offering customers a simple, digital tool to manage their wealth.

Using state-of-the-art technology, 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.

Given the deep pool of wealth, high levels of consumer technology adoption, large existing revenue pool and lack of financial market literacy, Brazil represents one of the largest addressable markets for digital wealth management globally.

Brazil
Region
17.5%
Ownership share



3.0%
Share of
VEF's
portfolio

5.7 mln
Invested amount (USD)
5.7 mln
Fair value (USD)

FinanZero

Website:
finanzero.com.br

FinanZero is an online, digital marketplace for consumer loans in Brazil.

Acting as an independent broker, FinanZero negotiates 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. FinanZero handles the lending process from start to finish, with the customer and the bank integrated into the platform.

The company currently focuses on four sizeable loan broker segments: unsecured consumer loans, unsecured SME/payroll loans, secured car finance loans and secured home equity loans.

XERPA

Website:
xerpa.com.br

Xerpa is the leading HR software provider for corporates in Brazil, offering tools for recruitment, onboarding and offboarding, performance evaluation and payroll management.

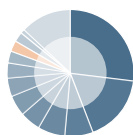
Xerpa's flagship salary-on-demand product, Xerpay, allows employees to access their already-earned wages instantly and at any time. Through Xerpay, employees gain instant financial security and thus can avoid the cumulative spiral of debt, defaults and penalties caused by overdraft and credit card revolvers commonly used when workers cannot access their earnings between pay cycles.

Brazil

Region

18.0%

Ownership share



2.9%

Share of
VEF's
portfolio

2.7 mln

Invested amount (USD)

5.4 mln

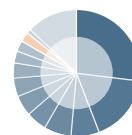
Fair value (USD)

Brazil

Region

16.0%

Ownership share



2.4%

Share of
VEF's
portfolio

8.5 mln

Invested amount (USD)

4.5 mln

Fair value (USD)

Emerging Europe and Africa

transferGo

Website:
transfergo.com

TransferGo is a rapidly-growing, low-cost, digital money transfer business offering real-time service to customers across the globe.

Initially focused on the corridors of broader Europe, with principal flows channelling from West to East, today TransferGo operates in 53 countries across the world, while its segment of focus is blue-collar workers, who are some of the most consistent and regular remittance customers in the world.

2020 looks set to be an exciting year for the company, recently announcing a new partnership with global payments platform Currencycloud, which will allow TransferGo to facilitate cross-border payments and launch in 14 new markets, including Kenya, Japan and the UAE.

Eastern Europe

Region

15.4%
Ownership share



7.3%
Share of
VEF's
portfolio

8.9 mln
Invested amount (USD)
13.5 mln
Fair value (USD)

revoplus **sorsdata**

Website:
revo.ru

REVO works with leading merchants in the online and offline space to provide point-of-sale financing options to their customers, allowing them to buy now and pay later. REVO's merchant partners in categories such as apparel, sporting goods, travel, and electronics benefit from increased conversion and basket size using REVO's solution both in physical stores and online.

The company also provides targeted marketing services for merchants to drive repeat purchases and loyalty.

REVO continues to add new scale partners, recently welcoming MVideo, Ozon, and Eldorado – some of Russia's largest retailers in both the offline and online space – to the platform.

Russia, Poland

Region

25.0%
Ownership share



5.2%
Share of
VEF's
portfolio

8.8 mln
Invested amount (USD)
9.7 mln
Fair value (USD)

JUMO

Website:
jumo.world

JUMO provides inclusive financial services to unbanked consumers and SMEs across several emerging and developing markets.

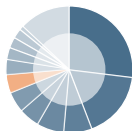
JUMO partners with banks and MNOs through their tech-enabled platform to give customers access to savings, loan and insurance accounts via their mobile phone, in markets such as Tanzania, Ghana, Zambia, Kenya, Uganda, and Pakistan, where millions of adults are excluded from or underserved by traditional financial services.

Since its launch in 2014, more than 15.8 mln people have saved or borrowed on the JUMO platform, with over USD 1.6 bln in funds disbursed to customers. Recently, JUMO raised USD 55 mln to fund further expansion of the business, with participation from Goldman Sachs, Odey Asset Management and LeapFrog Investments.

Africa

Region

6.8%
Ownership share



4.8%
Share of
VEF's
portfolio

14.6 mln
Invested amount (USD)
9.0 mln
Fair value (USD)

South Asia



Website:
juspay.in

The most recent addition to the VEF portfolio, Juspay is one of India's leading payment companies.

India has one of the most advanced and complex electronic payment infrastructures globally and was an early mover on mandatory two factor authentication. This has resulted in friction and challenges unique to India which Juspay has been solving for some of India's largest merchants and banks.

Juspay has created a unifying layer of products and value-added services that improves conversion rates for merchants and other stakeholders in the payment value chain. Juspay has had more than 200 mln downloads of its SDK and facilitates more than USD 10 bln of annualised payment volume for some of India's largest merchants including Amazon, Flipkart, Uber, Swiggy, Ola and Cred.

India
Region
9.9%
Ownership share



7.0%
Share of
VEF's
portfolio

13.0 mln
Invested amount (USD)
13.0 mln
Fair value (USD)



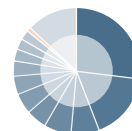
Website:
finja.pk

Finja is Pakistan's leading digital lending platform offering loans to both small businesses and their employees through the SimSim brand.

In addition to the lending side of the business, Finja also operates an integrated zero-cost payments ecosystem and mobile wallet, offering a suite of other services such as bill payments and top-ups, money transfer and ticket sales.

Largely operated through various partnerships and data sources, Finja aims to promote the financial wellness of both businesses and consumers and gradually transition Pakistan to a cashless society.

Pakistan
Region
20.4%
Ownership share



1.3%
Share of
VEF's
portfolio

2.4 mln
Invested amount (USD)
2.3 mln
Fair value (USD)

Financial information

Investments

During the first quarter 2020, gross investments in financial assets were USD 13.43 mln (1Q19: 2.25), of which

- > USD 13.00 mln relates to investments in the new portfolio company Juspay.
- > USD 0.43 mln relates to investments in Finja.

Divestments

Gross divestments in financial assets were USD 13.00 mln (1Q19: 8.71), of which

- > > USD 13.00 mln relates to divestments of liquidity investments.

SDR repurchase

VEF repurchased 2,019,482 SDRs in the Company during the first quarter 2020, for the purpose of delivery of SDRs in connection with the Company's long-term incentive programs. The Company currently holds 8,305,700 repurchased SDRs.

Group – results for the period and net asset value

During the first quarter 2020, result from financial assets at fair value through profit or loss amounted to USD -61.78 mln (1Q19: 2.10).

Dividend and coupon income was USD 0.10 mln (1Q19: 0.15).

Net operating expenses amounted to USD -0.49 mln (1Q19: -0.77).

Net financial items were 0.01 mln (1Q19: 0.08).

Net result for 1Q20 was USD -62.17 mln (1Q19: 1.56).

Total shareholders' equity amounted to USD 186.43 mln (December 31, 2019: 249.44).

Covid-19 impact on the investment portfolio

The negative result of the quarter is a function of valuations based on Covid-19 risk adjusted revenue forecasts, weaker local currencies and derating comparables. VEF management remains in close contact with the portfolio companies and is continuously evaluating implications on the valuation of our portfolio companies.

Liquid assets

The liquid assets of the Group, defined as cash and bank deposits, amounted to USD 3.15 mln on March 31, 2020 (December 31, 2019: 5.56). The Company also has investments in money market funds and bonds, as part of its liquidity management operations. As per March 31, 2020, the liquidity investments are valued at USD 20.85 mln (December 31, 2019: 34.52), based on the latest NAV.

Parent company

The parent company is the holding company of the Group. The net result for the quarter was USD 1.10 mln (1Q19: 1.55 mln).

Financial and Operating risks

With the spread of the Covid-19 virus, the near term strategy of the company has been adjusted accordingly, prioritising supporting existing portfolio companies and extending the cash runway over new investment pipeline. VEF continuously have the financial capacity to run the business in accordance with its strategy and objectives.

For a detailed account of risks associated with investing in VEF and VEF's business, please see Note 4 in the Company's annual report 2019.

Income statement – Group

Expressed in USD thousands	Note	Jan 1, 2020– Mar 31, 2020	Jan 1, 2019– Mar 31, 2019
Result from financial assets at fair value through profit or loss ¹	3	-61,775	2,096
Dividend and coupon income		97	153
Total operating profit		-61,678	2,249
Operating expenses			
General administrative expenses		-731	-525
Employee incentive programs	4	239	-240
Total operating expenses		-492	-765
Operating result		-62,170	1,484
Financial income and expenses			
Currency exchange gains/losses, net		11	83
Net financial items		11	83
Result before tax		-62,159	1,567
Taxation		-13	-5
Net result for the period		-62,172	1,562
Earnings per share (in USD)		-0.09	0.00
Diluted earnings per share (in USD)		-0.09	0.00

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, 2020– Mar 31, 2020	Jan 1, 2019– Mar 31, 2019
Net result for the period	-62,172	1,562
Other comprehensive income for the period:		
Items that may be classified subsequently to profit or loss:		
Currency translation differences	-17	–
Total other comprehensive income for the period	-17	–
Total comprehensive income for the period	-62,189	1,562

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

Balance sheet – Group

Expressed in USD thousands	Note	Mar 31, 2020	Dec 31, 2019
NON-CURRENT ASSETS			
Tangible non-current assets			
Property, plant and equipment		239	275
Total tangible non-current assets		239	275
Financial non-current assets			
Financial assets at fair value through profit or loss	3		
Equity financial assets		162,709	210,387
Liquid financial assets		20,849	34,521
Other financial assets		11	11
Total financial non-current assets		183,569	244,919
CURRENT ASSETS			
Cash and cash equivalents		3,150	5,562
Tax receivables		21	53
Other current receivables		152	135
Total current assets		3,323	5,750
TOTAL ASSETS		187,131	250,944
SHAREHOLDERS' EQUITY (including net result for the financial period)		186,428	249,439
NON-CURRENT LIABILITIES			
Interest bearing liabilities			
Long-term liabilities		97	118
Total non-current liabilities		97	118
CURRENT LIABILITIES			
Non-interest bearing current liabilities			
Other current liabilities		154	211
Tax expenses		–	53
Accrued expenses		452	1,123
Total current liabilities		606	1,387
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		187,131	250,944

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, 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 5)	-13	-128	–	–	-141
Balance at March 31, 2019	6,489	88,715	–	107,869	203,074
Balance at January 1, 2020	6,678	87,923	–	154,837	249,439
Net result for the period January 1, 2020 to March 31, 2020	–	–	–	-62,172	-62,172
Other comprehensive income for the period					
Currency translation difference	–	–	-17	–	-17
Total comprehensive income for the period January 1, 2020 to March 31, 2020	–	–	–	-62,172	-62,189
Value of employee services:					
- Employee share option scheme	–	7	–	–	7
- Share based long-term incentive program	–	-187	–	–	-187
Buy-back of own shares (Note 5)	-19	-622	–	–	-641
Balance at March 31, 2020	6,659	87,121	-17	92,665	186,428

Statement of cash flows

– Group

Expressed in USD thousands	Jan 1, 2020– Mar 31, 2020	Jan 1, 2019– Mar 31, 2019
OPERATING ACTIVITIES		
Result before tax	-62,159	1,567
Adjustment for non-cash items:		
Interest income and expense, net	–	–
Currency exchange gains/-losses	-11	-84
Depreciations	-132	–
Result from financial assets at fair value through profit or loss	61,775	-2,096
Dividend and coupon income	-97	–
Other non-cash items affecting profit or loss	-180	84
Change in current receivables	-17	41
Change in current liabilities	-651	-236
Net cash from/used in operating activities	-1,472	-724
Investments in financial assets	-13,425	-2,250
Sales of financial assets	13,000	8,708
Dividend and coupon income	97	153
Interest received	–	–
Tax paid	-13	-5
Net cash flow from/used in operating activities	-1,813	5,882
INVESTMENT ACTIVITIES		
Investments in office equipment	–	15
Net cash flow from/used in investment activities	–	15
FINANCING ACTIVITIES		
Buy-back of own shares	-641	-141
Net cash flow from/used in financing activities	-641	-141
Change in cash and cash equivalents	-2,455	5,756
Cash and cash equivalents at beginning of the period	5,562	5,479
Exchange gains/losses on cash and cash equivalents	-43	-13
Cash and cash equivalents at end of the period	3,150	11,222

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, 2020– Mar 31, 2020	Jan 1, 2019– Mar 31, 2019
Net asset value, USD	186,428	203,072
Exchange rate at balance sheet date, SEK/USD	10,08	9.3
Earnings/share, USD ¹	-0,09	0.00
Diluted earnings/share, USD ²	-0,09	0.00
Net asset value/share, USD ³	0.29	0.32
Net asset value/share, SEK ⁴	2.88	2.93
Net asset value, SEK ⁵	1,879,315	1,884,943
Weighted average number of shares for the financial period ^{6,7}	654,785,594	642,840,599
Weighted average number of shares for the financial period, fully diluted ^{6,7}	664,722,007	656,062,748
Number of shares at balance sheet date ^{6,7}	653,460,295	649,550,134
Number of shares at balance sheet date, fully diluted ^{6,7}	663,396,708	662,772,283

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, 2020, excludes 8,035,700 repurchased SDRs.
7. Number of shares is not adjusted for 12,400,000 redeemable common shares issued under the 2019 Long-Term Incentive Program.

Income statement

– Parent company

Expressed in USD thousands	Jan 1, 2020– Mar 31, 2020	Jan 1, 2019– Mar 31, 2019
Result from financial assets at fair value through profit or loss	-672	514
Dividend and coupon income	97	153
Total operating profit	-575	667
Operating expenses		
General administrative expenses	-728	-513
Employee incentive programs	239	-240
Total operating expenses	-489	-753
Operating result	-1,064	-86
Financial income and expenses		
Interest income	2,146	1,552
Currency exchange gains/losses, net	22	86
Net financial items	2,168	1,638
Result before tax	1,104	1,552
Taxation	–	–
Net result for the period	1,104	1,552

Statement of other comprehensive income

Expressed in USD thousands	Jan 1, 2020– Mar 31, 2020	Jan 1, 2019– Mar 31, 2019
Net result for the period	1,104	1,552
Total other comprehensive income for the period	–	–
Total comprehensive income for the period	1,104	1,552

Balance sheet

– Parent company

Expressed in USD thousands	Mar 31, 2020	Dec 31, 2019
NON-CURRENT ASSETS		
Financial non-current assets		
Shares in subsidiaries	16	15
Financial assets at fair value through profit or loss		
Equity financial assets	13,000	0
Liquid financial assets	20,849	34,521
Receivables from Group companies	138,013	135,434
Other financial assets	11	11
Total financial non-current assets	171,889	169,981
CURRENT ASSETS		
Cash and cash equivalents	2,552	5,058
Other current receivables	115	95
Total current assets	2,667	5,153
TOTAL ASSETS	174,556	175,134
SHAREHOLDERS' EQUITY (including net result for the financial period)	174,089	173,807
CURRENT LIABILITIES		
Non-interest bearing current liabilities		
Other current liabilities	39	252
Accrued expenses	428	1,075
Total current liabilities	467	1,327
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	174,556	175,134

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, 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 5)	-13	-128	-	-	-141
Balance at March 31, 2019	6,489	88,715	0	69,071	164,275
Balance at January 1, 2020	6,678	87,923	-	79,206	173,807
Net result for the period January 1, 2020 to March 31, 2020	-	-	-	1,104	1,104
Other comprehensive income for the period					
Currency translation difference	-	-	-	-	-
Total comprehensive income for the period January 1, 2020 to March 31, 2020	-	-	-	1,104	1,104
Value of employee services:					
- Employee share option scheme	-	7	-	-	7
- Share based long-term incentive program	-	-187	-	-	-187
Buy-back of own shares (Note 5)	-19	-622	-	-	-641
Balance at March 31, 2020	6,659	87,121	-	80,310	174,089

Notes

(Expressed in USD thousand unless indicated otherwise)

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 2019. The Company's 2019 annual report is available at the Company's website: <https://www.vostokemergingfinance.com/investor-relations/>

Note 2 Related party transactions

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

	Operating expenses		Current liabilities	
	1Q 2020	1Q 2019	1Q 2020	1Q 2019
Key management and Board of Directors ¹	134	437	-	-

1. Compensation paid or payable includes salary, bonus, and share based remuneration to the management and remuneration to the Board members.

The result impact in the period for the long-term incentive programs (LTIP 2018 and LTIP 2019) for the management amounted to USD -0.27 mln and USD 0.03 mln, respectively, excluding social taxes. See details of LTIP 2018 and LTIP 2019 in Note 4.

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 2019.

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, 2020.

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	20,849	13,000	149,709	183,558
Total assets	20,849	13,000	149,709	183,558

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

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	40,083	151,716	58,671	250,470
Total assets	40,083	151,716	58,671	250,470

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

	2020	2019
Opening balance January 1	58,671	40,664
Transfers from level 2 to level 3	151,716	-
Transfers from level 3 to level 2	-	-
Change in fair value	-60,678	3,181
Closing balance March 31	149,709	43,845

As per March 31, 2020, VEF has a liquidity management portfolio of listed corporate bonds and money market funds that are classified as level 1 investments.

The most recent investment in Juspay which closed during 1Q20 is classified as a Level 2 investment. The remaining portfolio companies are classified as Level 3 investments.

Holdings classified as Level 2 investments are valued on the basis of the latest transaction in the company. 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.

Following the Covid-19 pandemic, global financial markets have seen unprecedented volatility and suffered historical declines which inevitably affects private market multiples. The investments in VEF's portfolio, which under normal circumstances would have been valued on the basis of the latest transaction, have all been adjusted using a calibration methodology. The basis for calibration and estimating the fair value of the portfolio holdings is based on IPEV guidelines stating that the valuation techniques expected to be used for future Fair Value estimation should be evaluated using market inputs as at the date of the transaction. Hence, benchmarking the transaction price against an alternative valuation technique may give an indication of key inputs to be considered in the future such as discounts or premiums to the multiples of peers. Using the calibration methodology, changes in fair value of an investment takes into account and reflects changes in the market and/or changes in the investments risk profile and performance.

Calibration methodology

In light of the Covid-19 pandemic, six companies that under normal circumstances would have been valued based on the latest transaction in the respective company, have been valued using a calibration methodology. Inputs used for each of the valuations include Covid-19 risk adjusted revenue forecasts, currency moves and the implied revenue multiple paid at the time of the latest transaction relative to a relevant peer group adjusted for market moves in the same peer group as at March 31, 2020. Creditas, Konfio, TransferGo, Magnetis, FinanZero and Xerpa have all been valued using the calibration methodology, resulting in negative changes in fair value of all the companies with the exception of TransferGo. The fair value increase in TransferGo is driven by the company's revenue forecast which has not changed due to the Covid-19 pandemic as well as revenues earned in a solid currency.

Mark to model – revenue multiple-based valuations

At the end of 1Q20, five portfolio companies have been valued using a peer group revenue multiple. Inputs used for each valuation include Covid-19 risk adjusted revenue forecasts, local currency moves and listed peer group revenue multiples as at March 31, 2020. Guiabolso, REVO, JUMO, Nibo and Finja were all marked to model, resulting in negative changes in fair value in all the companies.

The difference in fair value change between the portfolio companies depends on the relative impact of the Covid-19 and the resulting adjusted revenue forecast in each company as well as moves in the relevant peer group for each company.

Below table summarises the sensitivity of the assets value to changes in the underlying revenue multiple used for the valuation – i.e on the left hand side of the table the respective revenue multiple of each asset is decreasing in 5% steps and increasing on the right hand side.

Sensitivity analysis of valuations

Company	Valuation method	-15%	-10%	-5%	0%	+5%	+10%	+15%
Creditas	Calibration methodology	43,391	45,711	48,032	50,352	52,673	54,993	57,314
Konfio	Calibration methodology	28,769	29,965	31,162	32,359	33,556	34,752	35,949
TransferGo	Calibration methodology	11,563	12,225	12,886	13,548	14,209	14,871	15,532
Guiabolso	Revenue multiple	8,462	8,895	9,320	9,761	10,195	10,628	11,061
REVO Group	Revenue multiple	8,422	8,851	9,281	9,710	10,140	10,569	10,999
JUMO	Revenue multiple	7,337	7,890	8,442	8,994	9,546	10,098	10,651
Nibo	Revenue multiple	5,994	6,341	6,688	7,035	7,382	7,729	8,076
Magnetis	Calibration methodology	5,000	5,223	5,446	5,669	5,892	6,114	6,337
FinanZero	Calibration methodology	4,701	4,944	5,187	5,430	5,673	5,916	6,159
Xerpa	Calibration methodology	4,034	4,193	4,352	4,511	4,671	4,830	4,989
Finja	Revenue multiple	2,123	2,195	2,267	2,339	2,411	2,483	2,555

Change in financial assets at fair value through profit or loss

Company	Opening balance Jan 1, 2020	Investments/ (divestments), net	Fair value change	Closing balance Mar 31, 2020	Percentage of portfolio
Creditas	73,246	-	-22,894	50,352	27.0%
Konfio	41,579	-	-9,220	32,359	17.3%
TransferGo	12,555	-	993	13,548	7.3%
Juspay	-	13,000	-	13,000	7.0%
Guiabolso	11,545	-	-1,783	9,761	5.2%
REVO Group	16,244	-	-6,534	9,710	5.2%
JUMO	16,875	-	-7,881	8,994	4.8%
Nibo	10,619	-	-3,584	7,035	3.8%
Magnetis	8,108	-	-2,439	5,669	3.0%
FinanZero	7,728	-	-2,298	5,430	2.9%
Xerpa	8,500	-	-3,989	4,511	2.4%
Finja	3,389	425	-1,475	2,339	1.3%
Liquidity management	34,521	-13,000	-672	20,849	11.2%
Total	244,908	425	-61,775	183,558	98.3%

Note 4 Share-based incentive program (LTIP)

There are two running long-term share-based incentive programs for management and key personnel in the Vostok Emerging Finance Group. Program 2018 is linked to the long-term performance of the Company's Net Asset Value and program 2019 is linked to the long-term performance of both the Company's Net Asset Value and of the Vostok Emerging Finance share price. For more information on the LTIP, please see the company's annual report 2019 note 10.

	LTIP 2018	LTIP 2019
Performance measurement period	Jan 2018–Dec 2020	Jan 2019–Dec 2021
Vesting period	May 2018–Dec 2020	May 2019–Dec 2021
Maximum no of SDRs	7,451,850	12,400,000
Maximum dilution	1.13%	1.87%
Share price on grant date, SEK	1.95	2.40
Share price on grant date, USD	0.22	0.26
Plan share price on grant date, SEK	–	0.32
Plan share price on grant date, USD	–	0.03
Total employee benefit expense excl. bonuses paid and social taxes (USD mln)	LTIP 2018	LTIP 2019
2020	-0.28 ¹	0.03
2019 ²	0.32	0.08
2018	0.20	–
Total accumulated	0.24	0.11

1. Adjusted for new estimated program outcome.
2. The total 2019 employee benefit expense does not include subsidy for acquisition and taxes arisen.

Note 5 Depository receipt buy-back

During the first quarter, 2,019,482 SDRs have been repurchased. The company currently holds 8,305,700 repurchased SDRs.

Note 6 Events after the reporting period

After the end of the period VEF has invested an additional USD 2.11 mln (EUR 1,94 mln) in TransferGo.

Following the outbreak of the Covid-19 virus VEF is actively working with its portfolio companies to manage and alter any critical strategic decisions, adapting to and reflecting the current volatile environment. VEF has the capacity to live through a longer period of uncertainty while being conscious about operational expenses. Of late, the management of VEF have focused much of its energy on stress testing risk, pricing and business plans. VEF management remains in close contact with the portfolio companies and continuously work to ensure that they are well funded and equipped to bridge any liquidity constraints as a consequence of the Covid-19 outbreak and the VEF management is continuously evaluating implications on the valuation of our portfolio companies.

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, 2020, 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 is the holding company of the Group. The net result for the period was USD 1.10 mln (1Q19: 1.55).

Upcoming reporting dates

Vostok Emerging Finance's financial report for the period January 1, 2020–June 30, 2020 will be published on July 29, 2020.

April 29, 2020

David Nangle
Managing Director

For further information contact CEO 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