Vostok Emerging Finance

ANNUAL REPORT 2019

Contents

Vostok Emerging Finance in brief

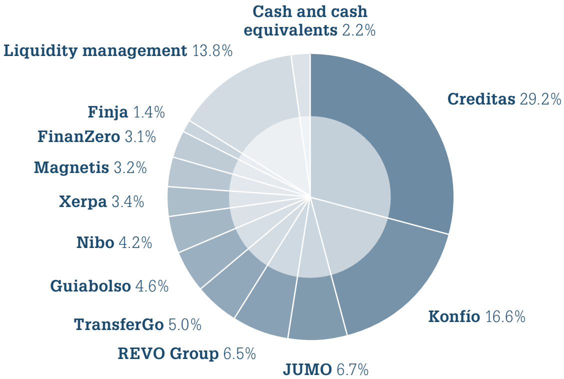
Vostok Emerging Finance Ltd is an investment company listed in Sweden that invests in growth stage private fintech companies. We take minority stakes and are active investors with board representation in each of our portfolio companies, always looking to back the best entrepreneurs in each market. We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

Highlights from 2019

11 Portfolio companies	**249 mln** Net asset value (USD)	**+24%** Net asset value development (USD)
2 Exits	**49 mln** Capital deployed (USD)	**+68%** VEF share price development (SEK)

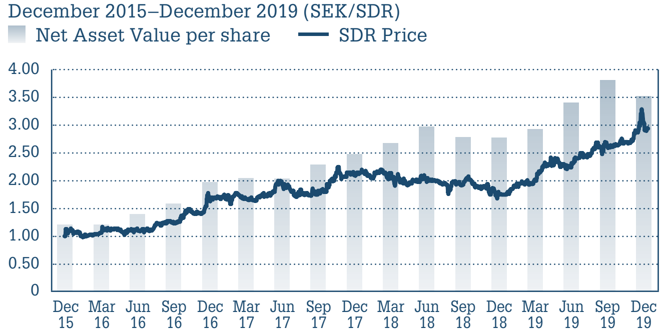
VEF in charts

Portfolio composition

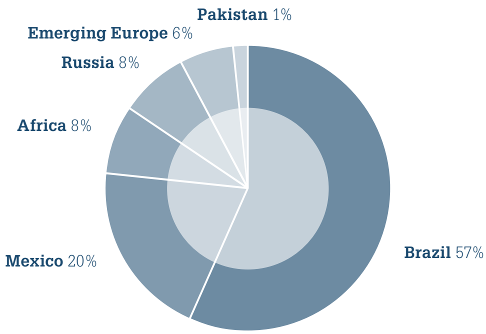


VEF share and net asset value development

December 2015–December 2019 (SEK/SDR)

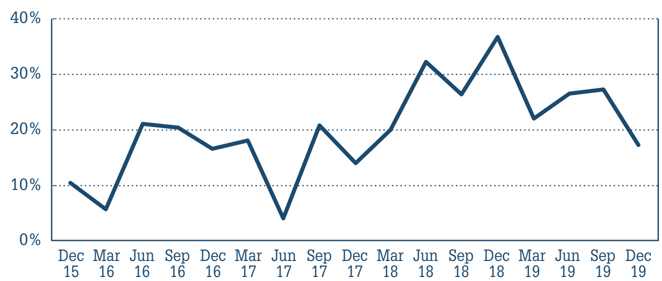


Geographic distribution, ex. cash

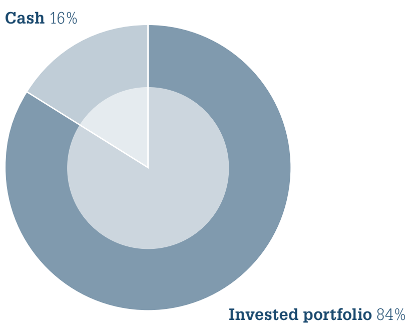


Discount to net asset value

December 2015–December 2019

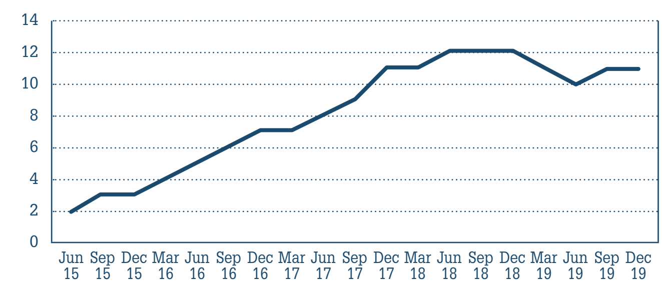


Invested portfolio and cash



Number of companies in portfolio

June 2015–December 2019



Managing director's letter

Dear fellow shareholder,
To commence, I would like to wish our many varied stakeholders all the best during these volatile uncertain times. As you can imagine, this year's management letter, its tone and bias, has seen many iterations over the past month, in what remains a fast-evolving environment.

To begin on a positive note, 2019 was a landmark year for our company and one where we achieved many new milestones, two significant value accretive exits, benchmark investment rounds in our top two portfolio companies, our NAV reaching USD 250 mln and market cap going through USD 225 mln in Q4, all with a gradual increase in the average daily volume in our share throughout the year. In short, we couldn't have scripted 2019 to be much better. That said, VEF, like the companies we invest in, is a long-term investment project and we are more proud of what we have achieved over the five years since inception, than in any one banner year, like 2019. 2018, a more difficult time for the markets we operate in, was a year when we arguably learned so much more about the durability of our portfolio as well as adding Konfío as an investment, which has delivered real value through 2019. While 2020 has had an extremely volatile and unpredictable start, we remain calm and well positioned to weather this storm and for medium term value creation. So, with that in mind, we begin 2020 post an exceptionally successful 2019, facing an environment that presents challenges today and no doubt opportunities tomorrow, with all the welcome burden of expectation to deliver another five years like those just past.

2019: A benchmark year for the firm

2019 was a stellar year for VEF and we have a lot to be proud of:

- **Portfolio Exits:** Tinkoff Bank: 6.1x CoC return and 65% IRR and iyzico: 3.1x CoC return and 63% IRR.
- **Benchmark investment rounds:** Creditas and Konfío raised USD 231 mln and USD 100 mln respectively, leaving both exceptionally well capitalised to win in their respective spaces.
- **Value Creation:** NAV in USD up 24% / Share price in SEK up 68% through the year.

Tinkoff and iyzico exits

2019 was exit year for VEF, with two high profile exits and a clear validation of the value creation investment case for fintech across emerging markets.

Tinkoff Bank – In 1Q19, we concluded our exit from Tinkoff Bank, Russia's leading digital bank. This followed a gradual sell-down of its original 3.5% holding, which began in 2017. From an initial investment of USD 19 mln in mid-2015, the exit yielded USD 117 mln including USD 9 mln of dividends over the period. VEF's stake in Tinkoff Bank achieved an IRR of 65% and 6.1x CoC. Tinkoff is clearly an investment that is in our DNA and close to our hearts, having been very early stage investors through our previous investment company Vostok Nafta.

iyzico – In 2Q19, the sale of iyzico to Naspers Group for USD 165 mln was announced. From a total VEF investment of USD 11 mln, the exit resulted in gross proceeds of USD 34 mln to VEF, an investment IRR of 63% and a CoC return of 3.1x at the time of closing. Since our initial investment, iyzico has been one of our cornerstone holdings, a strong driver of our NAV growth and a company that set the investment bar against which we measure all potential investments.

It is with mixed emotions that we part ways with both iyzico and Tinkoff. Once again, we would like to thank the founding and management teams of both for welcoming us into their cap tables and allowing us to be a small part of their hugely successful stories to date. We wish them all the best in their continued ventures ahead.

Fresh Investment, welcoming Xerpa to the VEF family

Similar to 2018, we made just one new investment in 2019, following five investments in 2017 and three in 2016. That new investment was into Xerpa, a Brazilian payroll-on-demand provider. Our investment into Xerpa, where we led their USD 13 mln Series B round with an investment of USD 8.5 mln, in mid-2019, was the only one that hit our high bar, and their delivery and performance since investing has only confirmed our confidence in that decision. Xerpa's salary-on-demand product, Xerpay, allows employees to access their already earned wages, instantly and at any time. Brazil has long suffered from some of the highest interest rates globally, poor financial inclusion and 60% of workers struggle to make their paycheck last the month. We are very excited by this latest investment, and its fit for the Brazilian scale market opportunity was just too obvious for us to ignore.

We also invested fresh capital supporting our current portfolio companies, notably and in size with Creditas (USD 23.5 mln) and Konfío (USD 12.5 mln), but also with Nibo and FinanZero. One of our core investment principals remains "if an investment is working, then we back it harder".

Creditas and Konfío – Two holdings defining our current portfolio

While it is great to harp on about former glories, we are fully aware that it's the future that counts. In that regard, Creditas and Konfío have stepped up as VEF size portfolio champions, accounting for nearly 50% of the company's NAV as at YE19. Both have exceptionally strong founders and management teams, very clear focused strategies, are number one in their respective spaces and are based in scale opportunity markets. Both have also raised significant amounts of capital throughout 2019, which puts them in a great position to continue to scale through 2020 and beyond.

Creditas provides loans to Brazilian consumers secured against collateral, originally their home and auto, but more recently payroll. Sergio Furio and team are playing into the scale USD 500 bln consumer lending market that is Brazil but offering a product that is incrementally cheaper than the triple-digit credit card and overdraft rates that exist in the market today. As Creditas scaled its loan book and revenues nearly 3x in 2019, it also made its first acquisition in Creditoo (payroll) and expanded into Mexico. The outlook for 2020 is for more of the same on the growth front, and Creditas is the type of company that could be in a position to IPO in the medium term if current trends continue.

Konfío delivers unsecured loans to Mexico's vast under banked small business market. David Arana and team are playing into a USD 16 bln opportunity of underserved small business credit (IMF forecasts) and saw their loan book and revenues grow c. 3x YoY through 2019. Working with partners like PayPal for customer acquisition, Scotia Bank and Goldman Sachs for balance sheet funding, Konfío has some very strong partners in play to help it continue to scale on this path. 2020 is expected to be a year of more of the same, with the broader longer-term vision to evolve into Mexico's leading digital bank for small businesses. We have included an excellent interview with CEO and co-founder David Arana in this year's Annual Report which I recommend you read.

2020: Fresh challenges, battle hardened and ready

2020 has quickly evolved into one of the most challenging operating environments for VEF as a company since inception and indeed the most volatile period since the global financial crisis in 2008-09. Having been in emerging markets for nearly 20 years, there is very little that can faze us or causes us to panic. While I hear the word unprecedented way

David
Nangle

too often right now, in many ways (and in the words of Ray Dalio), this is "another one of those". There is a playbook for VEF and our portfolio companies, and one prepares for the worst and then is well positioned for any upside from there. We are paranoid by nature, have an excellent and experienced board and from mid-February we have been discussing and debating our evolving strategy to ride the current volatility and opportunisticly thrive as we go.

In our favour, our geographies (predominantly Latam) and sector of focus (financial services) have not felt the brunt of the first wave of the spread of the virus, which has provided us time to consolidate and prepare. We are fully expecting the virus to spread and for clear negative macro and funding market impacts across the globe to impact upon our portfolio's performance. So far, we have been on several calls with our portfolio companies, who are acutely aware and real time reacting to all, locking down capital, adjusting growth and cost spend to extend runway through to better times. Furthermore, our Brazil heavy portfolio, have already lived/grown through the 2015–16 Brazil recession with back to back years of 3%+ GDP contraction, while Russian companies are born crisis ready. As many opportunities, as challenges tend to raise their heads in windows like this.

While still early days in this crisis, global markets have been quick to reflect the value destructive forces unleashed by the virus. Our portfolio is not immune to these negative trends. We continue to stress test all our portfolio companies, their financial outlooks and fair value in this window and will reflect the impact in our 1Q20 report.

At VEF, our investment focus for 2020 has moved quickly from prioritising new investments to supporting current portfolio companies. Pipeline continues to be built, and phase two of this crisis could see stress level opportunities to invest our valuable capital in great assets. We are in a strong capital position to see this through, and as always, we look to buyback our own shares through any market distortions.

ESG, the way of the future

Through 2019, Environmental, Social and Governance (ESG) has continued to grow in importance globally and specifically for the investment community. That affects both us as a private company investor and an invested-in listed entity. While we have much to be proud of on this front, we have some clear gaps in how we document and communicate all. It is worth highlighting, many of the companies that we invest in and sit on the boards of, are pioneers in financial inclusion for the un- and underbanked. Others are driving down the price of financial services to the markets/segments of focus. We are capitalists at heart and maintain an overriding drive to deliver shareholder value. That said, with financial services, we have always taken the view that if it's not ethical it's not scalable and hence it's a bad investment. Inherently, ESG and creating long term shareholder value have always gone together. I recommend reading the ESG section of this year's Annual Report, written by VEF independent Board Member, Milena Ivanova.

Concluding remarks

With a benchmark 2019 behind us, we enter 2020 confident, while always humble, and as well-placed as ever to create value in emerging markets fintech over the long term. 2020, presents fresh challenges for VEF and its portfolio companies, but we are well placed to manage through and take our opportunities as they arise. From day one we have maintained an over-arching focus on three key themes; 1) Investments (invest well or die), 2) Investors (love your investors) and 3) Building a business for the long term. We re-iterate that delivering shareholder value through a focused approach to increasing our NAV per share and reducing traded discount to market value remains our core focus, and the events of the 2019 period show real traction on this front. We take a long-term view on our company, investments and indeed life, which is necessary when investing in the space that we do.

Interview with **David Arana**, CEO and founder of **Konfío**

In this section of our Annual Report we sit down with David Arana, founder and CEO of Konfío, Mexico's leading digital-first SME lender, to give VEF shareholders a glimpse into our second-largest portfolio company holding. Having recently raised significant debt and equity capital, Konfío is one of the fastest-growing fintech companies in Mexico, focusing on the massive opportunity SME lending represents in a country of over seven million SMEs. David is a focused, thoughtful entrepreneur and represents precisely the type of founder we look to back at VEF.

As an introduction, can you share with our investors how it all began, the impetus for, and idea behind Konfío?

David: I remember clearly the way I started to think about it. I was working at the derivatives structuring team for a large bank in New York, when two factors conspired to shape what became a persistent question in my mind. The first factor was my passion for data and mathematical models. A degree in Math from MIT had amplified my early attraction to the reality-modeling and prediction potential that mathematics offers. The second factor was my desire to return to Mexico and give something back. I was born in Sinaloa, one of Mexico's northern states, and although I had lived in the U.S. and Brazil, I always considered Mexico home. I then started wondering why in these times of abundance, rising entrepreneurs in Mexico were still being offered subpar financial services, and particularly, very poor and cumbersome access to credit. By abundance I was referring to the increasing amounts of data and new data storing and processing technologies. With this question in mind, I decided to explore novel and faster ways to measure risk and grant loans to small and medium businesses ("SMEs") in Mexico.

Who is David Arana, what makes you tick, drives you on?

David: A strong analytical drive, the huge relevance of the SME problem in Mexico and the potential to make an impact were key in the decision to devote my energy to the original idea. On one hand, I seeked to solve real world problems maximizing the power of data. On the other hand, early on I also understood the macroeconomic importance of the SMEs, and the extent to which they were lagging in Mexico relative to the contribution they normally represent in other major emerging and developed countries. Scarcity of an appropriate credit supply for SMEs was at the heart of this gap. Since then, the road has been rich in further motivating events. A first example was about validating the size of the opportunity. In 2016, three years after having founded Konfío, McKinsey Global Institute published an in-depth report on digital finance and emerging economies, discussing the potential that digital technologies have to solve the significant financial services gaps existing between emerging and developed economies. In this report, Mexico appeared as the second largest opportunity in terms of value, following India and ahead of Brazil. The second example I'd like to highlight is about the impact we are making: more recently, a research study we performed on our client base showed that SMEs were posting an average of 28% YoY increase in sales just six months after having received our loans.

Can you share some of the unique features of both Konfío and the Mexican market that form the basis of your success to date.

David: We believe that the special loan offer we created came to serve a strong latent need in the SME market. We had challenged ourselves with an ambitious product goal: uncollateralized loans for SMEs with fast fully digitalized risk-controlled models. With that ambition we were aiming to solve key pain points the SMEs normally face when trying to access a loan to grow: for example, the number of requirements asked by traditional banks, the multi-week and in some cases even months delay between the application moment and funds disbursement, and the cumbersome guarantee formalization processes. We believed that the combination of traditional and alternative data sources allowed to create new risk-pricing models, and we invested the time and resources to develop them. We didn't stop there. Today, we have created and refined alternative data-based models for each stage of the lending cycle.

What opportunities and challenges are you presented with when operating a business like Konfío in a country like Mexico?

David: I'd highlight two key opportunities and two challenges for what we want to accomplish in Mexico. The immense gap that Mexico shows in terms of credit and general financial services for the SMEs that we referred to before is no doubt a big opportunity. The other source of opportunity are the distinctive pools of alternative risk-relevant data that are available if properly tapped and statistically tested. In terms of challenges, I'd point to funding and talent. We have gone from being a micro, then to a small and recently to a medium-sized business and we have learned first-hand how

David Arana. Photo: Konfio

difficult it is to have access to credit and top-notch financial services in Mexico. Our first sources of funding for our loan book had all been foreign as the Mexican banking sector and capital markets are not prepared to assess early stages non-traditional models like the one Konfío represented. Finally, being a technology company already imposes the need to be competing for professionals in high demand, but proximity to the U.S. market makes attracting and retaining talent even more challenging.

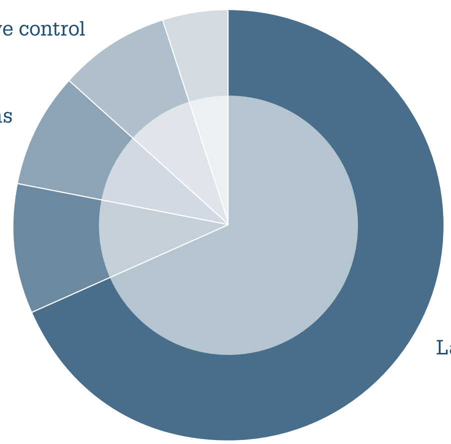
What have been the key milestones for Konfío so far, moments that made the difference?
David: The difference is made every time we hear about an entrepreneur that is able to grow profitably with the use of one of our loans, and every time we see one "graduating" from its first one and going for successive ones at the same time their business grows. Nearly half of our loan origination is from existing customers who have had an excellent loan-repayment record. Every one of those is a "Wow" moment for us. From a different perspective, our Series A was a clear milestone. I am sure we share this with many entrepreneurs: more than the excitement about the expanded horizon a Series A provides, it was the sense of validation that our efforts got. It provided a boost in confidence, an enriched strategic forum, and the ability to invest in R&D.

How do you feel about 2020 (and beyond) for the business?
David: We are now past our Series D and the excitement continues intact. Carefully expanding our product pipeline, continuing to lower our cost of funds, and strengthening the team for a long-lasting and sustainable business are at the center of our priorities. Focus is important. We realize that for a company at the stage at which Konfío is, there are always options to be explored that can move the needle and some of them may even be transformative. I have a dual responsibility of addressing those options consciously while at the same time keeping the company focused on our value-creating priorities.

How would you describe your relationship with VEF and your investors in general?
David: VEF was part of our Series C, and since then has been an invaluable thought partner at our Board level and more. David and Alexis have been close to the company since then, providing sound advice. VEF's focus and experience on early and growth stage fintech investments across emerging markets allows them to offer a distinctive angle in our strategic discussions. We are glad to have VEF with us, and we look forward to continuing the journey with them on board.

To close off, what would you say to investors in Vostok Emerging Finance, who indirectly are shareholders in your company?
David: The objective and focus VEF presents toward their investors is clear and gives us comfort that VEF investors understand very well the nature of the opportunity Konfío is pursuing. While it is clear it will be on us to deliver, we are reassured that we can expect strategic contributions from VEF that are fully in sync with VEF's shareholders. This bodes well for what is likely going to be a long-standing and rewarding relationship. Finally, we also appreciate the opportunity David gave us to meet in person VEF's board members and other VEF team members in Mexico City last year.

Challenges for the Mexican SME – The Opportunity for Konfío



	Micro	Small	Median
Lack of access to credit	**70.7%**	**68.6%**	**57.1%**
Competition	8.94%	9.73%	22.9%
Difficulty achieving business plans	8.54%	8.41%	11.4%
Lack of administrative control	6.91%	8.41%	5.71%
Overspending	4.88%	4.87%	2.86%

- For 7 out of 10 entrepreneurs in Mexico, lack of access to credit is the main limiting factor in the growth of their businesses.
- Companies that do have access to credit do not use it to achieve their strategic objectives, and is instead used to cover a lack of liquidity and short-term needs.
- The main attributes that an entrepreneur looks for when choosing credit are speed in the application process, few requirements and an accessible interest rate.

Source: Konfio, survey of over 500 entrepreneurs and experts in finance and SMEs in Mexico.
https://konfio.mx/reporte-credito-pyme

Investment portfolio

Portfolio development

Net asset value

VEF's net asset value as at December 31, 2019 was USD 249.4 mln (December 31, 2018: USD 201.4 mln) or USD 0.38 per share (December 31, 2018: USD 0.31 per share). Given a SEK/USD exchange rate of 9.32 (December 31, 2018: 8.97) this corresponds to a net asset value of SEK 2,325 mln (December 31, 2018: SEK 1,806 mln) or 3.55 SEK per share (December 31, 2018: SEK 2.78 per share).

Over the year 2019, VEF's net asset value increased by 23.8%, VEF's share price in SEK increased by 68% and the MSCI Emerging Markets index increased by 15.4%. The majority of VEF's growth in net asset value was a result of the mark up in valuation of Creditas, Konfío, iyzico, Nibo and FinanZero. VEF's SDR price increased by 62% in USD.

Investments

During 2019, gross investments in financial assets were USD 48.82 mln (2018: USD 80.62 mln). Whereof USD 8.5 mln was in one new portfolio company, Xerpa, USD 40.35 mln was attributable to additional investments in Creditas, Konfío, Magnetis, Nibo, iyzico and FinanZero.

Divestments

Gross divestments in financial assets were USD 54.26 mln (2018: USD 79.34 mln) of which USD 34.4 mln relates to divestments in iyzico, USD 8.7 mln divestments in TCS Group Holding PLC (Tinkoff Bank) and USD 11.2 mln divestments in liquidity placements.

Revaluations

The largest revaluations of financial assets during 2019, were Creditas (USD 24.75 mln), Konfío (USD 14.08 mln), iyzico (USD 8.25 mln), Guiabolso (USD -3.72 mln), Nibo (USD 3.66 mln) and FinanZero (USD 2.60 mln).

Liquidity management

VEF has investments in a money market fund and bonds as part of its liquidity management operations. As per December 31, 2019, the liquidity investments are valued at USD 34.52 mln (2018: USD 44.90 mln), based on the latest NAV.

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

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

Company	Fair value Dec 31, 2019 (TUSD)	Net invested amount (TUSD)	Investment/ divestments 2019	Change in fair value 2019 (TUSD)	Fair value Dec 31, 2018 (TUSD)	Valuation change per share, 2019	Valuation method	
Creditas	73,246	48,500	23,500	24,746	25,000	+99%	Latest transaction	1
Konfío	41,579	27,500	12,500	14,079	15,000	+86%	Latest transaction	1
JUMO	16,875	14,614	0	467	16,408	+3%	Revenue multiple	1
REVO Group	16,244	8,789	0	1,608	14,636	+10%	Revenue multiple	1
TransferGo	12,555	8,925	0	-287	12,842	–	Latest transaction	1,2
Guiabolso	11,545	30,000	0	-3,720	15,265	-24%	Revenue multiple	1
Nibo	10,619	5,300	2,000	3,662	4,957	+50%	Revenue multiple	1
Xerpa	8,500	8,500	8,500	0	0	–	Latest transaction	1
Magnetis	8,108	5,668	1,968	334	5,806	+1%	Latest transaction	1
FinanZero	7,728	2,671	101	2,597	5,030	+57%	Latest transaction	1,2
Finja	3,389	2,000	0	100	3,289	–	Latest transaction	1
TCS Group Holding PLC (Tinkoff Bank)	0	0	-8,706	798	7,908			
iyzico	0	0	-34,111	8,250	25,861			
Liquidity management	34,521	0	-11,194	819	44,896			
Investment portfolio	**244,908**	**162,467**	**-5,442**	**53,452**	**196,898**			
Cash and cash equivalents	5,562	0	0	83	5,479			
Total investment portfolio	**250,470**	**162,467**	**-5,442**	**53,534**	**202,377**			
Other net liabilities	-1,031				-955			
Total Net Asset Value	**249,439**				**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.

Creditas

Creditas is a leading digital-first secured lending platform in Brazil, which leverages borrower collateral to offer loans to consumers at more affordable rates.
Website: creditas.com.br

Market opportunity: Brazilian consumers pay some of the highest interest rates in the world. Over USD 500 bln of outstanding household debt is priced at an average of 44% per year, with USD 55 bln of this made up of high-priced unsecured loans with 230% average APR, representing a USD 123 bln annual revenue pool for the industry. The oligopolistic market structure of the banking sector in Brazil, with the top five banks holding over 80% of total loans in the system, allows the banks to set these high rates.

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. Disrupting the consumer lending space to offer collateral-backed loans is a massive opportunity for fintech in a country of over 200 mln people.

Creditas' offering: 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, which is common in markets like the US. Consumers can obtain larger, longer-term, lower-APR loans through an efficient, tech-driven application system.

The company began by offering home-equity and auto-secured to customers in Brazil, which addresses the core, largest opportunity set in terms of products. 2019 saw the expansion of the product suite at Creditas following the impressive USD 231 mln Series D mega-round raised by the company in July, in which VEF also participated. The fundraising has allowed for various new initiatives within the company, namely the launch of their latest product, payroll-backed lending, which has gained significant traction among the customer base. The launch 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. The company's latest initiative is a partnership with tech giant Apple, which will allow Creditas customers to fund iPhone purchases via their payroll, and is yet another untapped market of vast potential for Creditas' unique focus and skill set. Additionally, Creditas has begun to expand its offering beyond Brazil, and has launched its suite of products in Mexico in recent months.

> "2019 saw the expansion of the product suite at Creditas following the impressive USD 231 mln Series D mega-round raised by the company in July, in which VEF also participated."

Following the recent fundraising, VEF has invested a total of USD 48.5 mln into Creditas and today holds a 9.6% stake in the company. A major holding for VEF, Creditas is well-positioned to win the secured lending opportunity in Brazil, and management are confident in the future value development of our holding.

creditas

2012
Company founded

2017
VEF's first investment

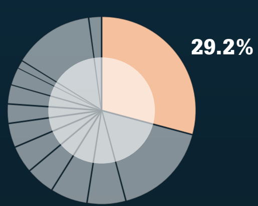
48.5 mln
VEF's net invested amount
as at December 31, 2019 (USD)

73.2 mln
VEF's total value as at
December 31, 2019 (USD)

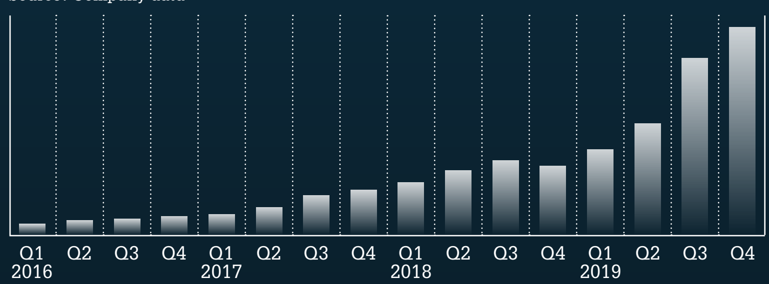
9.6%
VEF's ownership share

+99%
2019 value development
per share (USD)

Share of VEF's **Portfolio**



Creditas: Origination, 2016–2019
Source: Company data



Konfío

Konfío is a digital-first unsecured lending platform, with a mission to support the growth of Mexico's vast and underserved SME community.
Website: konfio.mx

Market opportunity: Mexico is Latin America's second-largest scale market after Brazil, with a population of 127 mln, the tenth-largest globally. There are approximately 7 mln SMEs in the market, and for every 20 companies in Mexico, 19 are considered 'very small' with annual sales of up to USD 700 k. However, though the massive scale of these companies represents a huge opportunity for SME lending in Mexico, historically, this segment has been massively underserved by traditional banks, where only 3 out of 10 businesses have formal credit.

Konfío's offering: With its online and digital-first approach, Konfío leverages technology and big data analytics to offer loans to creditworthy SMEs across Mexico. Konfío has taken advantage of recent Mexican fiscal control regulation by using a combination of electronic SME invoice data and non-correlated credit bureau data in its credit scoring process, complemented by more traditional financial analysis.

Konfío streamlines the loan application process, providing convenience and affordability to its customers in the top end of the small business segment where Konfío is currently focused – a segment which is seen a USD 45 bln opportunity.

2019 was a milestone year for Konfío, raising a significant Series D equity funding round of USD 100 mln, while also securing a credit facility of USD 100 mln from Goldman Sachs. Furthermore, during the year Konfío also launched significant collaborations with international names such as PayPal and Facebook. The partnership with PayPal, which allows small businesses to apply for working capital using the Konfío platform, has achieved strong traction in PayPal's Mexico customer base. Meanwhile, the recent partnership with Facebook to offer a country-wide programme of workshops and training to founders and businesses to boost the SME sector in Mexico has garnered much attention across the country. These partnerships with international technology giants stand as a testament to the solid reputation Konfío has as a leading fintech player in Mexico.

VEF has invested a total of USD 27.5 mln in Konfío and today holds an 11.4% stake in the company. As the second-largest holding in our portfolio, we are confident that the milestones achieved by Konfío in 2019 puts the company in a very strong position to meet ambitious growth targets set for 2020.

"2019 was a milestone year for Konfío, raising a significant Series D equity funding round of USD 100 mln, while also securing a credit facility of USD 100 mln from Goldman Sachs."

2014
Company founded

2018
VEF's first investment

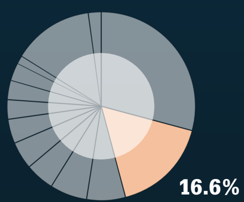
27.5 mln
VEF's net invested amount as at December 31, 2019 (USD)

41.6 mln
VEF's total value as at December 31, 2019 (USD)

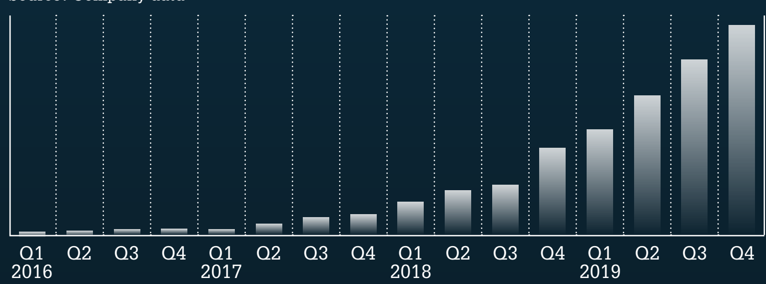
11.4%
VEF's ownership share

+86%
2019 value development per share (USD)

Share of VEF's **Portfolio**



Konfío: Origination, 2016–2019
Source: Company data



JUMO

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

Market opportunity: 1.7 billion adults across the globe are excluded or underserved by traditional financial services. Reliance on cash makes it extremely difficult for individuals to save for needs such as education and healthcare, prepare for financial emergencies, and invest in their businesses. Fintech represents a massive opportunity for financial inclusion, with the World Bank asserting that fintech applications can especially help to drive development in emerging markets.

JUMO's offering: JUMO provides inclusive financial services to the unbanked population across several emerging and developing markets. Using their tech-enabled platform, customers can access saving, loan and insurance accounts via their mobile phone. JUMO's partnerships with leading banks and mobile network operators (MNOs) creates a marketplace where consumers can access financial services, banks can access a new pool of mobile money customers in cost-effective and scalable manner, and MNOs can provide additional services to their customers to increase customer loyalty. Today, JUMO operates across numerous African markets including Tanzania, Ghana, Zambia, Kenya, Uganda, and most recently in Asia and Pakistan, with plans to expand further across the sub-continent.

"more than 15.5 mln people have saved or borrowed on the JUMO platform, with over USD 1.6 bln in fund disbursed to customers"

Since its launch in 2014, more than 15.5 mln people have saved or borrowed on the JUMO platform, with over USD 1.6 bln in fund disbursed to customers. Nearly 70% of JUMO's customers are micro and small business owners who are better equipped to save money to invest in their businesses and thus improve their financial wellbeing.

2019 was a successful year for JUMO as the company continued to drive monthly portfolio origination to record highs, with Ghana remaining a benchmark market for the business as we work with excellent partners on both the MNO (MTN) and financial services front (EcoBank and Barclays), all within a very supportive regulatory backdrop. Pakistan, the most recent launch market, continues to scale and display strong traction, and buoyed by trends in the sub-continent, India is the next size market of focus for delivery from management. Customers now interact with the JUMO platform over 51 mln times a month.

VEF has invested a total of USD 14.6 mln in JUMO and today holds a 6.8% stake in the company. One of VEF's first investments, with exceptional global investors behind the story, the opportunity for continued growth and expansion of JUMO's business is as strong as ever.

JUMO

2014
Company founded

2015
VEF's first investment

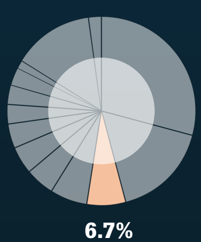
14.6 mln
VEF's net invested amount as at December 31, 2019 (USD)

16.9 mln
VEF's total value as at December 31, 2019 (USD)

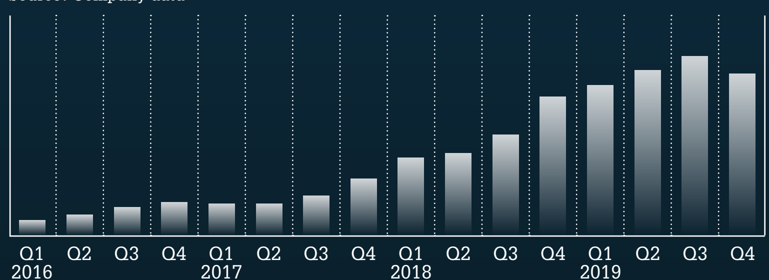
6.8%
VEF's ownership share

+3%
2019 value development per share (USD)

Share of VEF's **Portfolio**



JUMO: Loan volume, 2016–2019
Source: Company data



REVO Group

REVO works with leading merchants in Russia and the CEE to provide financing options to their customers, allowing them to buy now and pay later.
Website: revo.ru

Market opportunity: Point-of-sale financing options are numerous in markets like Europe and the US, which allow consumers to 'buy now and pay later', often in instalments. This allows consumers to make purchases when necessary upfront and spread the cost over time, effectively 'smoothing' their consumption habits. Merchants in such markets also benefit from point-of-sale lending, as average basket size are larger and customers become more loyal. Though these platforms are widely available in developed economies, they are only now becoming the norm in emerging markets like Russia.

REVO's offering: REVO works with online and offline merchants in Russia and the CEE to provide financing options to their customers at the point of sale, allowing them to buy now and pay later. REVO has built partnerships with merchants in categories such as apparel, toys, sporting goods, travel, electronics and others, who benefit from increased conversion and basket size using REVO's solution.

"In 2019 REVO continued to add new scale partners to the platform, such as MVideo, Ozon, and Eldorado, some of Russia's largest retailers in both the offline and online space."

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, another arm of the company, focuses on customer data analytics, largely gathered through the REVO platform, and provides targeted marketing services for merchants to drive repeat purchases and loyalty.

In 2019 REVO continued to add new scale partners to the platform, such as MVideo, Ozon, and Eldorado, some of Russia's largest retailers in both the offline and online space. Such partners have continued to allow the business to scale further, with monthly loan disbursements reaching new highs in the second half of the year. Adding partners is a key driver for growing volumes and revenues, and the company continues to add international and domestic partners to its platform, with a strong pipeline of new merchants for 2020.

VEF has invested a total of USD 8.8 mln into REVO and holds a 25% stake in the company. As a scale market, we continued to be bullish on the massive opportunity point-of-sale lending represents in Russia.

2013
Company founded

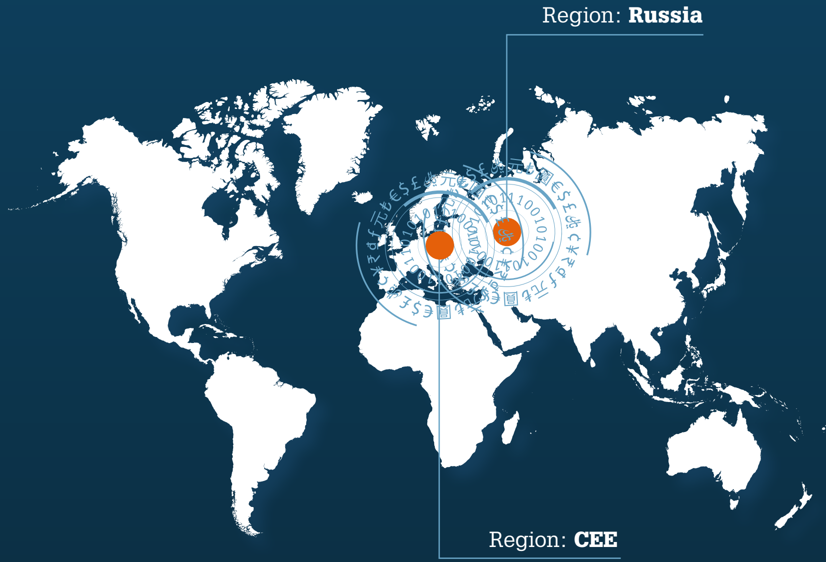
2015
VEF's first investment

8.8 mln
VEF's net invested amount as at December 31, 2019 (USD)

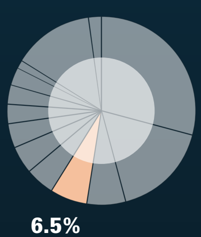
16.2 mln
VEF's total value as at December 31, 2019 (USD)

25%
VEF's ownership share

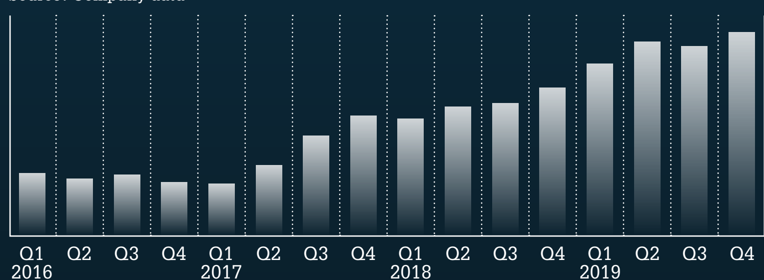
+10%
2019 value development per share (USD)



Share of VEF's **Portfolio**



REVO: Connected stores, 2016–2019
Source: Company data



TransferGo

TransferGo is a rapidly-growing, low-cost, cross-border digital remittance provider operating in 53 countries internationally.
Website: transfergo.com

Market opportunity: Remittances is an attractive market within global financial services, and one that has been ripe for disruption for some time. Totalling over USD 690 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.

TransferGo's offering:
TransferGo is a digital money transfer business offering real-time service to customers across Europe. Geographically, TransferGo initially 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. Today, the company operates in 53 countries across the world, allowing users to send money to markets as far as India, Australia, Mexico and the Philippines.

TransferGo has built proprietary technology and infrastructure to enable 30-minute transfers at very low cost for customers using the TransferGo Now product. As such, TransferGo's low-cost remittance service is contributing towards the United Nations Sustainable Development Goal of reducing to less than 3% the transaction costs of migrant remittances by 2030.

In 2019 TransferGo launched in eight new receipient markets and reached a total of 1 mln customers, a major milestone for the business as they continue to offer reliable, trustworthy and easy-to-use products for their growing customer base. 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.

Today VEF holds a 15.4% stake in the company, having invested a total of EUR 8.9 mln since 2016. We are confident that TransferGo is well-focused, positioned and financially equipped to invest in acquiring new customers and further ramp up the already strong traction in the business, on top of expanding into new geographic markets.

"In 2019 TransferGo launched in eight new receipient markets and reached a total of 1 mln customers, a major milestone for the business as they continue to offer reliable, trustworthy and easy-to-use products for their growing customer base."

2012
Company founded

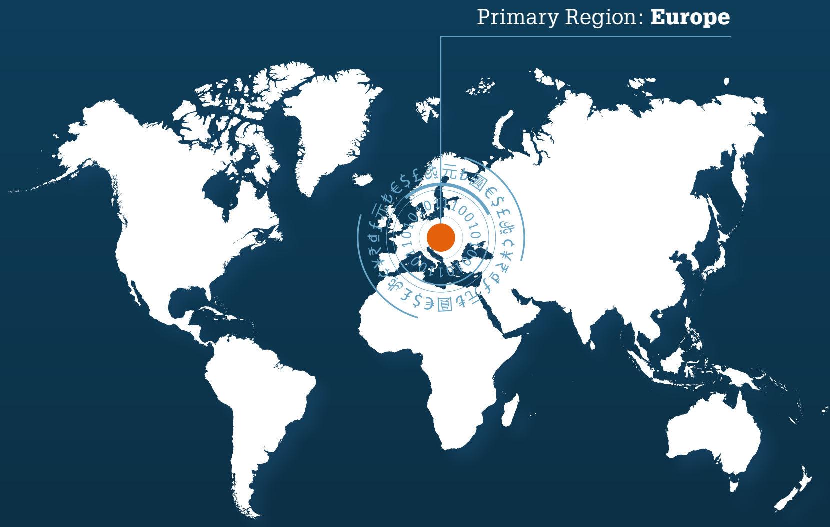
2016
VEF's first investment

8.9 mln
VEF's net invested amount as at December 31, 2019 (USD)

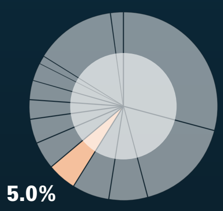
12.6 mln
VEF's total value as at December 31, 2019 (USD)

15.4%
VEF's ownership share

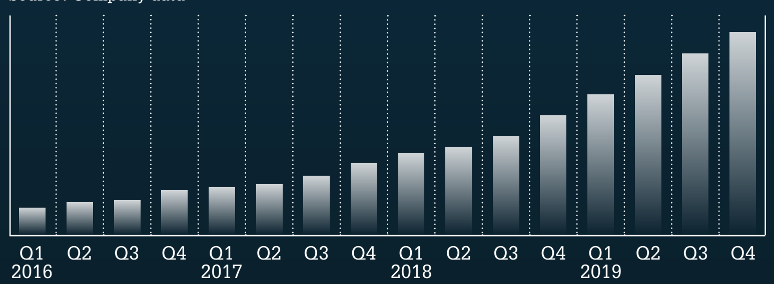
–
2019 value development per share (USD)



Share of VEF's **Portfolio**



TransferGo: Active users, 2016–2019
Source: Company data



Guiabolso

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

Market opportunity: In Brazil, consumers typically have a very complicated financial profile with numerous credit products making it difficult for them to get an accurate, complete view of their personal finances from their bank who provide a poor user experience for their customers. At the same time, Brazilians pay some of the highest interest rates in the world, which compounds the problem of effectively managing their personal finances.

Guiabolso's offering: 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 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 also able 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 has proven popular in Brazil.

"Guiabolso recently launched credit cards and investment products for their customers through the app, and continue to look to offer further products that their customers demand."

2019 was an extremely busy period for the company as it looked not only to widen and deepen the marketplace around its first revenue-generating product, consumer loans, but also looked for the next product offerings to add to the mix. In that regard, Guiabolso recently launched credit cards and investment products for their customers through the app, and continue to look to offer further products that their customers demand. Additionally, in August 2019, as heavily covered in local media, Guiabolso went live with the first open banking partnership in Brazil with Banco Original, continuing its journey at the forefront of open banking.

Today VEF holds a 10.9% stake in Guiabolso, having invested a total of USD 30 mln in the company. The valuation change over time reflects Guiabolso's current asset light focus and monetization of the hub as a pure platform. We continue to look forward to helping Guiabolso scale in their mission to improve the financial wellbeing of millions of Brazilian consumers.

Guiabolso

2012
Company founded

2017
VEF's first investment

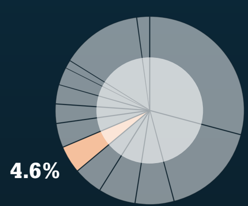
30.0 mln
VEF's net invested amount as at December 31, 2019 (USD)

11.5 mln
VEF's total value as at December 31, 2019 (USD)

10.9%
VEF's ownership share

-24%
2019 value development per share (USD)

Share of VEF's **Portfolio**



Nibo

Nibo is a leading Brazilian accounting SaaS 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

Market opportunity: The Brazilian accounting and tax environment is one of the most complex and regulated of such systems in the world. Brazil has over 80,000 accounting firms servicing a market of some 10 mln SMEs, all of whom are legally required to have an accountant. 80% of SMEs do not use a financial management solution, with physical delivery of documents and receipts to accountants being necessary. Accountants themselves rely on manual processes to manage this data, which is both time-consuming and prone to human error.

Nibo's offering: Nibo empowers accountants with innovative technology solutions to better and more profitably serve their customers with fast, accurate and end-user friendly data as well as improving productivity. Further, Nibo's technology allows accountants to cross-sell additional value-added services, further strengthening the end customer relationship and diversifying their revenue streams. 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[1]. In this capacity, Nibo is accumulating and manages a unique pool of SME data which 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.

> "2019 saw impressive growth in the number of accountants and SMEs using the Nibo platform, and the company continues to gather one of the largest, richest data sets on SMEs in Brazil."

2019 saw impressive growth in the number of accountants and SMEs using the Nibo platform, and the company continues to gather one of the largest, richest data sets on SMEs in Brazil. The Nibo brand has built a strong reputation across Brazil, and in September, the company held their annual Nibo Conference in Rio de Janeiro, which brought together 2,500 accounting professionals from across Brazil. The success of the conference, now in its third year, is a testament to the popularity Nibo's products have amongst their customers.

VEF owns a 20.1% stake in Nibo and has invested a total of USD 5.3 mln since 2017. Nibo is well-positioned to continue to expand, monetise and offer further financial services to SMEs and accountants across Brazil.

1. A specific Brazilian payment method.

nibo

2012
Company founded

2017
VEF's first investment

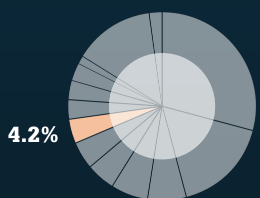
5.3 mln
VEF's net invested amount as at December 31, 2019 (USD)

10.6 mln
VEF's total value as at December 31, 2019 (USD)

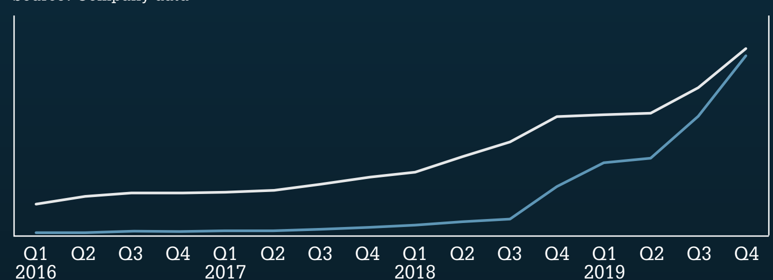
20.1%
VEF's ownership share

+50%
2019 value development per share (USD)

Share of VEF's **Portfolio**



Nibo: Companies under contract (blue) and partner accountants (white), 2016–2019
Source: Company data



Xerpa

Xerpa is a leading HR platform and salary-on-demand provider based in Brazil.
Website: xerpa.com.br

Market opportunity: Brazil has long suffered from some of the highest interest rates globally and poor financial inclusion, with 60% of workers struggling to make their paycheck last the month. Tens of millions of people resort to predatory-like credit products to meet their cash requirements until the next pay cycle, with 24 mln Brazilians paying APRs of over 300% on overdrafts each year, generating USD 17 bln in revenues for banks.

Xerpa's offering: Xerpa provides modern, integrated HR software to corporates in Brazil, including products for recruitment, onboarding and offboarding, performance evaluation and payroll management. Xerpa's salary-on-demand product, Xerpay, launched in September, allows employees to access their already-earned wages instantly and at any time, similar to Wagestream in the UK. 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. For a small fixed fee, Xerpay helps to reduce financial stress among employees while also benefiting employers by increasing talent retention, employee productivity and attracting new staff. Traction with the Xerpay product has been strong so far, and is just the cornerstone of a suite of employee financial wellness products the company has begun to roll out in recent months.

VEF has invested a total of USD 8.5 mln in Xerpa and owns a 16% stake in the business. Xerpa is the latest addition to the VEF portfolio, and we are excited by the Xerpa story and quality team as well as the company's approach to this massively disruptive product. Xerpa was founded in 2015 by Nicholas Reise and Paulo Ahagon, and is based in São Paulo.

"Xerpa's salary-on-demand product, Xerpay, allows employees to access their already-earned wages instantly and at any time"

XERPA

2015
Company founded

2019
VEF's first investment

8.5 mln
VEF's net invested amount
as at December 31, 2019 (USD)

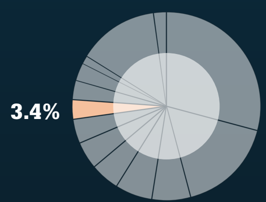
8.5 mln
VEF's total value as at
December 31, 2019 (USD)

16%
VEF's ownership share

–

2019 value development
per share (USD)

Share of VEF's **Portfolio**



Magnetis

Magnetis is a leading digital investment advisor in Brazil, offering customers a simple, digital tool to manage their wealth.
Website: magnetis.com.br

Market opportunity: Brazil has 77 million individuals holding USD 720 bln of investments across savings accounts, money market funds, retirement plans and other similar products. Their wealth is highly concentrated across the 5 largest Brazilian banks and generates revenues of some USD 13 bln annually. However, their wealth is corroded by high cost, low return products in a traditionally high-inflation, low-competition market. 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 globally, for digital wealth management.

> "2019 was a strong year for Magnetis as the company announced a strategic partnership with GPS Investimentos, one of Brazil's largest and most reputable wealth managers, in the combined mission to build the best digital wealth management platform in the region."

Magnetis' offering: Magnetis democratises access to affordable and easy-to-use investment management through their digital investment advisor. Using client-focused, 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. Magnetis' business model shares the same characteristics as the likes of Betterment and Wealthfront in the US. Founded in early 2015, Magnetis is based in São Paulo.

2019 saw Magnetis launch a strategic partnership with GPS Investimentos, one of Brazil's largest and most reputable wealth managers, and a subsidiary of the Julius Baer Group. The partnership allows Magnetis to leverage invaluable expertise and scale, in the combined mission to build the best digital wealth management platform in the region. At the same time, over the course of 2019 AUM has continued to grow steadily while other new products, initiatives and partnerships were rolled out, including 'Meu Objetivo', a goal-tracking tool launched in July which allows customers to track progress of their investment plans – which helps to improve customer experience, unit economics and long-term profitability.

VEF has invested a total of USD 5.7 mln in Magnetis and today holds a 17.5% stake in the company. As AUM growth continues, we are as excited as ever by the opportunity Magnetis has to revolutionise digital wealth management in Brazil.

2015
Company founded

2017
VEF's first investment

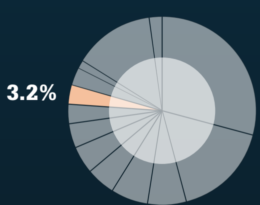
5.7 mln
VEF's net invested amount as at December 31, 2019 (USD)

8.1 mln
VEF's total value as at December 31, 2019 (USD)

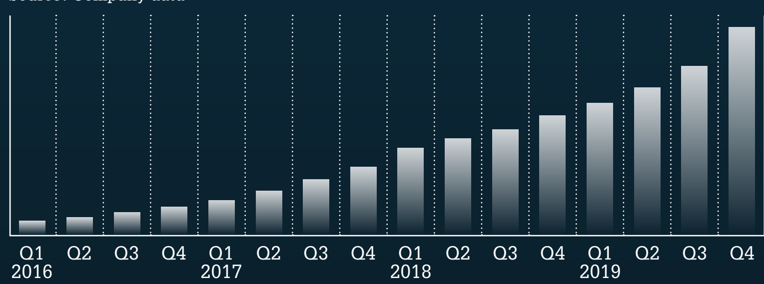
17.5%
VEF's ownership share

+1%
2019 value development per share (USD)

Share of VEF's **Portfolio**



Magnetis: AUM, 2016–2019
Source: Company data



FinanZero

FinanZero is a pioneering marketplace for consumer loans in Brazil. Through the online platform, borrowers are offered the best interest rates from several banks at once.

Website: finanzero.com.br

Market opportunity: The high interest rates on consumer loans that exist in Brazil makes it an imperative for consumers to find loans with the lowest rates and terms available to them in the market. At the same time, consumer loan volumes and tech adoption in Brazil are increasing, creating a strong opportunity for a digital solution for consumer loans.

FinanZero's offering: FinanZero offers a 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 FinanZero's platform. For consumers, this means that all the relevant credit providers are reached through one single application, and from the credit providers' perspective, FinanZero adds value through more effective distribution, lower customer acquisition cost, better segmentation 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. The business model combines aspects of comparison, lead generation and consumer loan brokerage, similar to the Lendo business model in Scandinavia.

> "2019 was a landmark year for FinanZero as the company raised a USD 10.5 mln Series B investment round, leaving the company well-equipped to take advantage of the massive opportunity digital loan brokerage represents in Brazil."

In 2019 FinanZero raised a USD 10.5 mln Series B investment round in which VEF took part, leaving the company well-equipped to take advantage of the massive opportunity digital loan brokerage represents in Brazil. FinanZero continues API integrations with key partners and reached a total of 35 banking partners in 2019, resulting in improved operational efficiency and significant volume growth which will attract additional attention from other banks to integrate in a similar manner.

Today VEF holds an 18% stake in FinanZero and has invested a total of USD 2.7 mln since 2016. As our first investment in Brazilian fintech, FinanZero has been a great entry point for VEF into the most exciting fintech market in the world.

FinanZero

2016
Company founded

2016
VEF's first investment

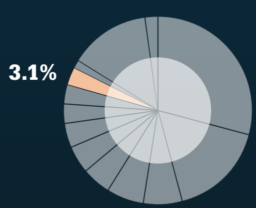
2.7 mln
VEF's net invested amount
as at December 31, 2019 (USD)

7.7 mln
VEF's total value as at
December 31, 2019 (USD)

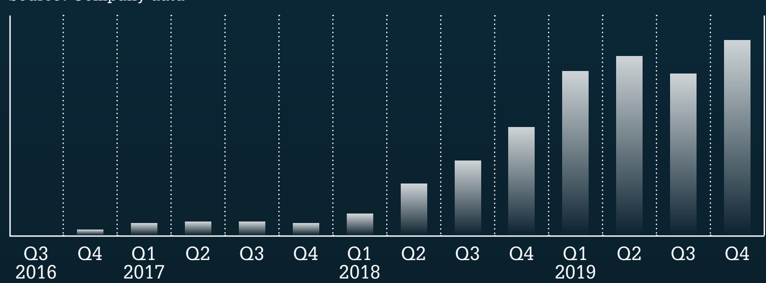
18.0%
VEF's ownership share

+57%
2019 value development
per share (USD)

Share of VEF's **Portfolio**



FinanZero: Number of loans, 2016–2019
Source: Company data



Finja

Finja offers innovative financial services to Pakistan's rapidly-growing, digitally literate population by displacing cash.
Website: finja.pk

Market opportunity: Pakistan is a scale market, with a population of over 200 mln people, and a fast-growing middle class. However, in terms of financial services and credit, Pakistan is massively underpenetrated, with only 21% of the adult population owning a bank account, and as little as 2% of adults and 7% of SMEs receive formal credit from financial institutions. With an estimated 73 mln smart phone devices in the market, Pakistan offers fintechs a great opportunity to introduce financial services to the increasingly digitally-savvy population.

Finja's offering: Finja is Pakistan's leading digital lending platform with an integrated payments ecosystem focused on the financial wellness of businesses and their employees. In addition to the lending side of the business, Finja operates one of the leading wallet platforms with a suite of financial services offered. The company offers a range of financial services and credit products focused both on the consumer side and small businesses across the country, largely operated through various partnerships and data sources.

"Finja made significant strides in 2019, having their most successful year yet as the business really begins to scale."

Finja made significant strides in 2019, having their most successful year yet as the business really begins to scale. In November Finja secured in-principal approval for an EMI licence (Electronic Money Institution) which allows the company to create their own wallet brand and solicit deposits, and an NBFI licence (Non-Bank Financial Institution), making it possible for Finja to lend off- and on-balance sheet, making Finja the only fintech in Pakistan to have these licences. Futher to this, Finja secured partnerships with various banks and financial institutions for lending capital on a risk-sharing basis, a key milestone to becoming the leading digital lender in Pakistan.

VEF has invested a total of USD 2 mln in Finja and today holds a 20.4% stake in the company.

2016
Company founded

2016
VEF's first investment

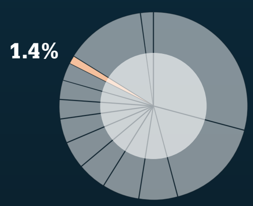
2.0 mln
VEF's net invested amount as at December 31, 2019 (USD)

3.4 mln
VEF's total value as at December 31, 2019 (USD)

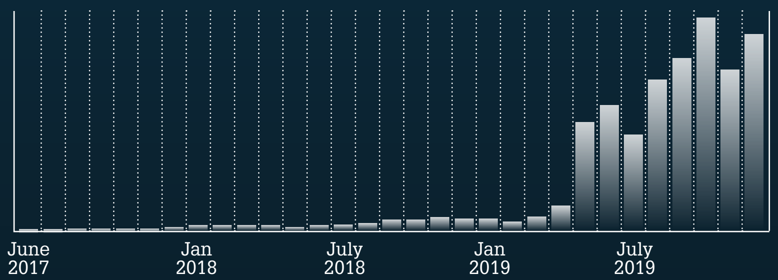
20.4%
VEF's ownership share

–
2019 value development per share (USD)

Share of VEF's **Portfolio**



Finja: Total loan volume, 2017–2019
Source: Company data



Company and share information

Company information

Vostok Emerging Finance Ltd ("VEF") was incorporated in May 2015 as a wholly owned subsidiary of Vostok New Ventures Ltd (VNV). On July 16, 2015 the shares in VEF, which held VNV's stake in Tinkoff Bank, were distributed to VNV's shareholders and traded on Nasdaq First North Growth Market in Sweden. VEF invest in growth stage private fintech companies by minority stakes and board representation. As an active investor VEF always looks to back the best entrepreneurs in each market. As per December 2019 VEF holds investments in 11 companies across all areas of fintech including credit, payments, insurance and asset management.

Group information

The Vostok Emerging Finance group (the "Group") consists of the Bermudian parent company Vostok Emerging Finance Ltd; one wholly-owned Cypriot subsidiary, Vostok Emerging Finance (Cyprus) Limited ("VEF Cyprus"); and one wholly-owned Swedish subsidiary, Vostok Emerging Finance AB ("VEF Sweden"). The parent company's business is to act as the holding company of the Group. VEF Cyprus is the direct shareholder of all portfolio companies. VEF Sweden provides information and analysis services to the parent company.

Share information

All the shares carry one vote each. The shares are traded as depository receipts (SDR) in Stockholm, where Pareto Securities AB is the custodian bank. A depository receipt carries the same dividend entitlement as the underlying share and the holder of a depository receipt has a corresponding voting right at shareholders meetings. The holder of a depository receipt must, however, follow certain instructions from the custodian bank in order to have the right to participate in shareholders meetings. VEF has 661,495,995 SDRs (including 6,016,218 repurchased SDRs) in total at the end of the year.

Dividends

No dividend has been proposed for the year.

The market

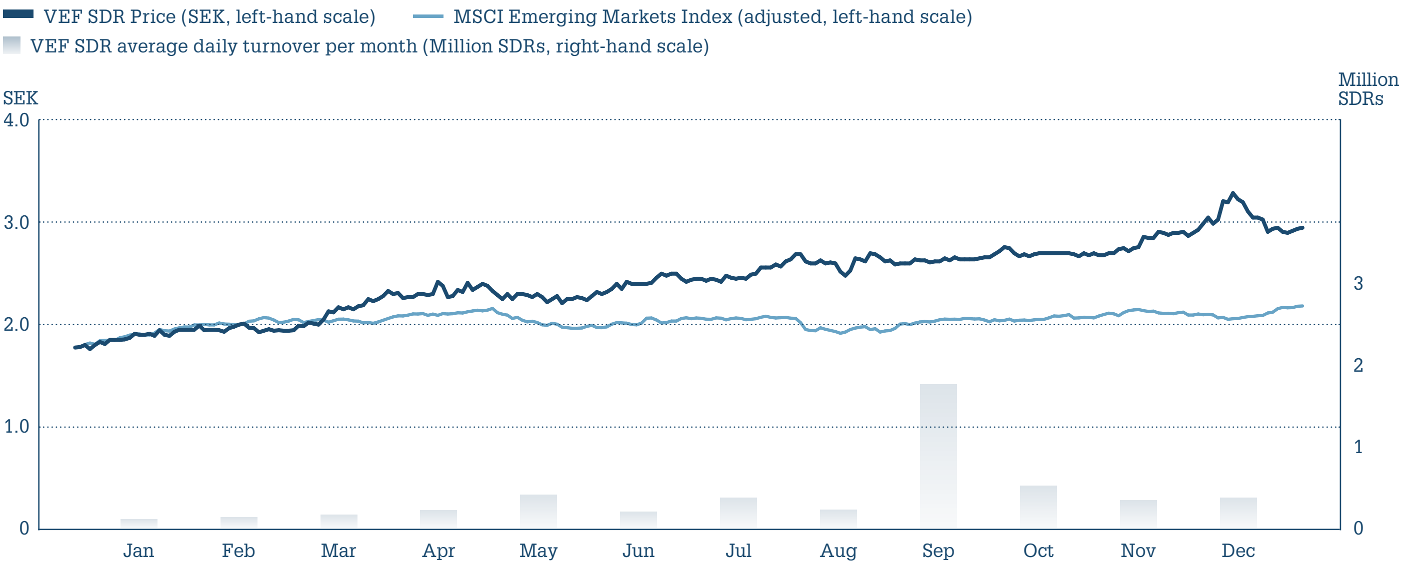
VEF's SDRs are traded on Nasdaq First North Growth Market, since July 16, 2015, with the ticker VEMF SDB. Certified adviser is Pareto Securities. Recent and historic quotes for VEF's share are easily accessible on a number of business portals as well as via professional financial and real-time market data providers. Below are some of the symbols and codes under which the VEF SDR can be found.

ISIN Code	SE0007192018
Nasdaq First North Growth Market short name (ticker)	VEMF SDB
Bloomberg	VEMFSDB:SS
Financial Times	VEMF SDB:STO
Yahoo Finance	VEMF-SDB.ST

Share turnover

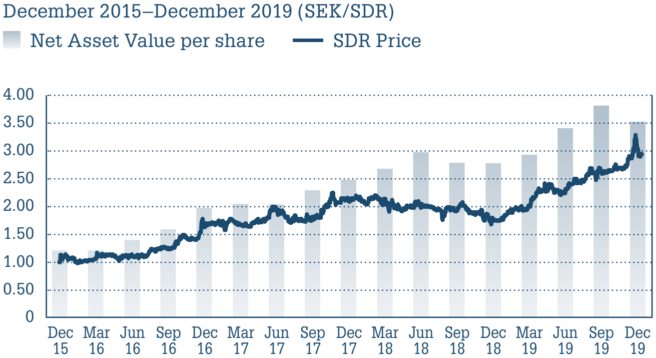
The average daily turnover during 2019 was 1,028,346 SEK and 408,344 SDRs. Trading has been conducted 100% of the time.

VEF share (SDR) price development and turnover 2019



VEF share and net asset value development

December 2015–December 2019 (SEK/SDR)



Major shareholders

As per December 31, 2019	Holding, SDRs	Holding, %
Libra Fund*	179,336,674	27.1%
Ruane Cunniff & Goldfarb*	135,127,741	20.4%
Swedbank Robur Funds	57,674,245	8.7%
Fidelity International (FIL)	56,518,611	8.5%
Wellington Management*	31,857,094	4.8%
GADD & Cie S.A.	15,660,000	2.4%
Svenska Handelsbanken AB for PB	15,288,000	2.3%
Avanza Pension	11,825,850	1.8%
David Nangle	9,795,140	1.5%
Vostok Emerging Finance Ltd	6,016,218	0.9%
10 largest owners	**519,099,573**	**78.5%**
Other holders (approx. 8,800)	142,396,422	21.5%
Total	**661,495,995**	**100.0%**

Based on Euroclear Sweden AB data and holdings known to the Company.
* Holding as per the latest notification to the Company.

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Financial summary

Group income statements in brief

Expressed in USD thousands	Jan 1, 2019–Dec 31, 2019	Jan 1, 2018–Dec 31, 2018
Result from financial assets at fair value through profit or loss	53,452	6,213
Dividend and coupon income	501	3,022
Total income	**53,953**	**9,235**
Other operating expenses	-5,606	-5,526
Operating result	**48,347**	**3,709**
Net financial items	233	-177
Result before tax	**48,580**	**3,532**
Tax	-51	-79
Profit for the year	**48,529**	**3,453**
Total other comprehensive income for the year	-3	-4
Total comprehensive income for the year	**48,526**	**3,449**

Group balance sheets in brief

Expressed in USD thousands	Dec 31, 2019	Dec 31, 2018
Tangible non-current assets	275	146
Financial non-current assets	244,919	196,916
Current receivables	135	101
Tax receivables	53	23
Cash and cash equivalents	5,562	5,479
Total assets	**250,944**	**202,665**
Equity	249,439	201,422
Non-current liabilities	118	–
Current liabilities	1,387	1,243
Total equity and liabilities	**250,944**	**202,665**

Group cash flow statement in brief

Expressed in USD thousands	Jan 1, 2019–Dec 31, 2019	Jan 1, 2018–Dec 31, 2018
Cash flow from/used in operating activities	1,626	-1,629
Cash flow from/used in investing activities	46	-154
Cash flow used in financing activities	-1,586	-2,327
Cash flow for the year	**86**	**-4,173**
Cash and cash equivalents at the beginning of the year	5,479	9,804
Exchange rate differences in cash and cash equivalents	-3	-152
Cash and cash equivalents at the end of the year	**5,562**	**5,479**

Key ratios

	2019	2018
Net asset value, USD	249,439	201,422
Exchange rate at balance sheet date, SEK/USD	9.32	8.97
Net asset value, SEK	2,324,684	1,806,477
Proposed dividend	–	–
Share data		
Earnings/share, USD	0.07	0.01
Diluted earnings/share, USD	0.07	0.01
Net asset value/share, USD	0.38	0.31
Net asset value/share, SEK	3.55	2.78
Weighted average number of shares for the financial year [1,2]	654,483,268	655,438,376
Weighted average number of shares for the financial year, fully diluted [1,2]	664,376,019	668,274,748
Number of shares at balance sheet date [1,2]	655,479,777	650,180,134
Number of shares at balance sheet date fully diluted [1,2]	665,372,528	663,016,506

Definitions

Net asset value is defined as shareholders' equity.
Earnings/share is defined as result for the year divided by average weighted number of shares for the year.
Diluted earnings/share is defined as result for the year divided by average weighted number of shares for the year calculated on a fully diluted basis.
Net asset value/share is defined as shareholders' equity divided by total number of shares.

1. Number of shares at balance sheet date as per December 31, 2019, excludes 6,016,218 repurchased SDRs.
2. Number of shares is not adjusted for 12,400,000 redeemable common shares issued under the 2019 Long-Term Incentive Program.

Corporate governance

Board of Directors

Lars O Grönstedt

Chairman of the Board

Appointed: Chairman and member of the Board since 2015

Nationality: Swedish citizen

Born: 1954

Independence: Independent of the Company, management and major shareholders.

Education: BA in languages and literature from Stockholm University, and a MBA from Stockholm School of Economics.

Previous experience and other significant positions: Mr. Grönstedt spent most of his professional life at the Swedish bank Handelsbanken. He was CEO of the bank between 2001–2006, and Chairman of the Board between 2006–2008. Today he is, among other things, senior advisor to Nord Stream 2, chairman of Realcap Ventures Fund 1 AB (publ) and Vostok New Ventures Ltd, as well as deputy chairman of the Swedish National Debt Office and speaker of the elected body of representatives of Trygg-Stiftelsen.

Holdings in VEF: 130,000 SDRs.

Remuneration: USD 63 thousand. No agreement regarding severance pay or pension.

Per Brilioth

Board member

Appointed: Member of the Board since 2015

Nationality: Swedish citizen

Born: 1969

Independence: Independent of the Company, management and major shareholders.

Education: Graduate of Stockholm University and a Master of Finance from London Business School.

Previous experience and other significant positions: Between 1994 and 2000, Per Brilioth was head of the Emerging Markets section at the Swedish investment bank Hagströmer & Qviberg and he has worked close to the Russian stock market for a number of years. Since 2001, Per Brilioth is the Managing Director of Vostok New Ventures Ltd. He is the Chairman of the board of Pomegranate Investment AB and member of the board of Vostok New Ventures Ltd.

Holdings in VEF: 2,790,000 SDRs.

Remuneration: USD 31 thousand. No agreement regarding severance pay or pension.

Voria Fattahi

Board member

Appointed: Member of the Board since 2016

Nationality: Swedish citizen

Born: 1982

Independence: Independent of the Company, management and major shareholders.

Education: Master of Science degree in Business and Economics from the Stockholm School of Economics and an MBA from INSEAD.

Previous experience and other significant positions: In August 2018, Voria Fattahi joined Sprints Capital, focusing on investments in tech-enabled companies primarily in Europe. Prior to joining Sprints Capital, Voria Fattahi served as Investment Director at Volati AB between 2015–2018, focusing on investments in Nordic companies that spans several different sectors. Mr. Fattahi also served as Investment Director at Kinnevik AB between 2011–2015, with a key focus on investments in digital businesses primarily in the financial services sector in both developed and emerging markets. He has previously worked at Apax Partners, focusing on investments in financial services companies globally and at JP Morgan in the

financial institutions group. He is a member of the board of Hittapunktse.
Holdings in VEF: 439,703 SDRs.
Remuneration: USD 31 thousand. No agreement regarding severance pay or pension.

Milena Ivanova

Board member
Appointed: Member of the Board since 2015
Nationality: Bulgarian citizen
Born: 1975
Independence: Independent of the Company, management and major shareholders.
Education: A certified Director (IDP-C), having completed the International Directors Program at INSEAD (2018). An MBA from INSEAD, France and a bachelor in European Business from University of Lincolnshire and Humberside, UK.
Previous experience and other significant positions: A certified Director, Milena Ivanova is an experienced executive with background in financial institutions, that spans work across corporate finance, equity research and asset management. Most recently, Milena's independent advisory work focuses on corporate governance and ESG related issues across EM and fintech businesses. Professional experience focused on emerging markets over a period of twenty years including roles in Poland, Kazakhstan, Russia in addition to London and Vienna. Acts as an independent advisor, a coach and mentor since 2013. Milena Ivanova served as the Deputy Head of Equity Research for Renaissance Capital and was the firm's strategist for Russia, based in Moscow until the end of 2012. She joined Renaissance Capital in early 2008 as the bank's analyst for Central Asia based in Almaty, and subsequently served as Head for Research and Equities for Central Asia. Previously, she has, among other things, worked for UniCredit Markets & Investment Banking (CAIB) as an analyst in the equity research banking team, responsible for CEE regional financial sector coverage and individual banking stocks.
Holdings in VEF: 1,070,000 SDRs.
Remuneration: USD 31 thousand. No agreement regarding severance pay or pension.

Ranjan Tandon

Board member
Appointed: Member of the Board since 2017
Nationality: US citizen
Born: 1951
Independence: Independent of the Company and management but not independent of major shareholders.
Education: Degree in Chemical Engineering from the Indian Institute of Technology in Kanpur, India and a graduate of Harvard Business School.
Previous experience and other significant positions: Ranjan Tandon is Founder and Chairman of Libra Advisors, a New York hedge fund established in 1990, which was converted to a family office in 2012. Barron's had consistently ranked Libra – a long/short fund with a focus on domestic and emerging market equities, in the top 100 Hedge funds. He has held several operating positions with DCM in India and Halliburton in Europe; was CFO of InterMarine in Texas; and a financial Executive with Merrill Lynch before following his passion for investing. He is a board member of the NYU Tandon Engineering School, ArborGen Inc and the Carl Schurz Park Conservancy.
Holdings in VEF: 179,336,674 SDRs through Libra Fund.
Remuneration: USD 31 thousand. No agreement regarding severance pay or pension.

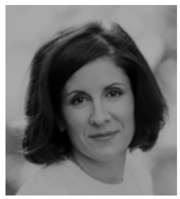
David Nangle
Managing Director and Board member
Appointed: Member of the Board since 2015
Nationality: Irish citizen
Born: 1975
Independence: Not independent of the Company and management but independent of major shareholders.
Education: Degree in B. Comm International (French) from University College Dublin, Ireland.
Previous experience and other significant positions: David Nangle has spent his career focusing on emerging markets and within that the financials services sector. He was part of ING Baring's Emerging Markets Research team between 2000 and 2006, after which he spent nearly 10 years with Renaissance Capital in both Moscow and London, and has helped the firm develop and grow their financials and broader research footprint from a strong Russia base to a leading EM and frontiers franchise.
Holdings in VEF: 9,795,140 SDRs, of which 1,303,005 constitute saving depository receipts under LTIP 2017, LTIP 2018 and LTIP 2019 and 1,905,000 call options.
Salary and variable remuneration: USD 1,275 thousand. Agreement regarding severance pay and pension: David Nangle has the right to 12 months' salary in the event of termination of appointment on the part of the Company. He must himself observe six months' notice of termination. David Nangle also has a pension plan based on Irish market practice.

Board of Directors


Lars O Grönstedt


Per Brilioth


Voria Fattahi


Milena Ivanova

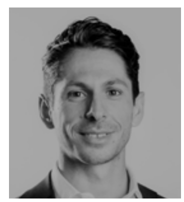

Ranjan Tandon


David Nangle

Group management


Henrik Stenlund


Helena Caan Mattsson


Alexis Koumoudos

Group management

David Nangle
Managing Director
See heading “Board of Directors” above.

Henrik Stenlund
Chief Financial Officer
Employed since: 2016
Nationality: Swedish citizen
Born: 1976
Holdings in VEF: 602,000 SDRs, of which 395,475 constitute saving depository receipts under LTIP 2017, LTIP 2018 and LTIP 2019.

Helena Caan Mattsson
General Counsel
Employed since: 2017
Nationality: Swedish citizen
Born: 1987
Holdings in VEF: 355,000 SDRs, of which 306,190 constitute saving depository receipts under LTIP 2018 and LTIP 2019.

Alexis Koumoudos
Investment Manager
Employed since: 2016
Nationality: British citizen
Born: 1985
Holdings in VEF: 680,910 SDRs, of which 616,200 constitute saving depository receipts under LTIP 2017,LTIP 2018 and LTIP 2019.

Organisation of activities

The Board of Directors meets in person at least three times a year and more frequently if needed. In addition to this, meetings are conducted by telephone conference when necessary. Between meetings, the Managing Director has regular contact with the Chairman of the Board and the other Board members. The Board of Directors adopts decisions on overall issues affecting the Group.

The Managing Director manages the Group’s day-to-day activities and prepares investment recommendations in cooperation with management of the Group.

Recommendations on investments are made by the Board of Directors of the parent company to the board of VEF Cyprus. Investment decisions are then taken by the board of VEF Cyprus.

Auditors

PricewaterhouseCoopers AB

Ulrika Ramsvik
Born 1973. Authorised Public Accountant, Auditor-in-charge.
Auditor in the Company since 2015.
PricewaterhouseCoopers AB, Gothenburg, Sweden.

Bo Hjalmarsson
Born 1960. Authorised Public Accountant, Co-signing auditor.
Auditor in the Company since 2015.
PricewaterhouseCoopers AB, Stockholm, Sweden.

Finance as a force for good:
Our ESG footprint

Since its inception in 2015, Vostok Emerging Finance has focused on investing in fintech businesses across emerging markets. We are firm believers in financial sector disruption, innovation and evolution and as long-term investors we look to back high potential entrepreneurs (and their teams) through to exit. Our mandate is to create value for our shareholders with certain expected financial returns. This can and is done alongside generating positive social impact in parts of the world where the access to fair and affordable financial services is not a given. By investing in the emerging world and the financial services industry specifically, impact investing becomes an inherent part of what we do.

Our capital enables the growth of companies that positively impact the financial situation of the average man in the emerging world. The fintech businesses we have backed to date are in some cases disrupting parts of the traditional banking model; in others they are creating new markets in segments ignored or underserved by the traditional banks. All 11 of the portfolio companies we hold are in the business of improving financial intermediation, at much improved pricing for customers thus improving financial inclusion and access.

The ESG benchmark holding in our portfolio is JUMO, having already integrated ESG work into its strategy, processes and daily business operations. We highlight JUMO and its ESG efforts in the sidebar overleaf. Below we highlight another four of our portfolio companies for their impact on financial inclusion.

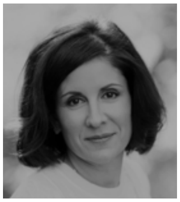
creditas

(1) **Creditas** defines its mission as reducing the Brazilian consumer debt burden. In a country where 70% of homes and cars are owned debt-free, consumers nevertheless face some of the highest interest rates in the world, with APRs of commercial banks varying from a "high" of 325% on overdraft to a "low" of 123% on personal loans. Creditas, a leading digital-first secured lending platform, allows consumers to use the assets they own as collateral to significantly reduce high borrowing costs. At USD 3 tln, secured lending represents a massively underpenetrated opportunity in Brazil, providing a long-term growth engine in a "do good" segment. Creditas is our largest portfolio holding and we have put USD 48.5 mln of capital at work to date, owning 9.6% of the equity.

XERPA

(2) **Xerpa** allows employees to access their already-earned wages instantly and at any time. The company's salary-on-demand product, Xerpay affords employees instant financial security thus avoiding the cumulative spiral of debt caused by overdraft and credit card revolvers commonly used between pay cycles. For a small fixed fee, Xerpay also benefits employers by increasing talent retention, employee productivity and attracting new staff.

Milena Ivanova, IDP-C
Director, Member of the Board,
Lead on ESG issues
Vostok Emerging Finance



konfio

(3) Konfío's mission is to support the growth of Mexico's vast and underserved small business community. Konfío, a digital-first unsecured lending platform, leverages tech, big data and recently introduced Mexican fiscal control measures to offer loans to creditworthy customers historically underserved by traditional banks. Konfío is facilitating growth opportunities for SMEs, which have been severely constrained in the past – many of its customers, even though creditworthy, have not had access to financing before. The top-end credit of the small business segment is viewed as a USD 45 bln opportunity in Mexico and is where Konfío focuses. It is our second largest holding and we have put USD 27.5 mln of capital at work to date, holding a 11.4% stake in the business.

transferGo

(4) TransferGo dramatically cuts transactional costs for blue-collar workers sending money cross border to families back home. A rapidly growing, low-cost, digital cross-border remittance provider, TransferGo focuses on Western to Eastern Europe corridors and is now active in 53 countries internationally. Its deep bank integration facilitates the fastest guaranteed settlement times amongst peers on top of the cost advantage, which is often of great value to customers in the segments it serves. We have put USD 8.9 mln of capital at work to date with TransferGo, our fifth largest holding where we hold 15.4% of the capital.

Each of our other remaining portfolio holdings has an ESG related story to tell. As our portfolio investments continue to grow and as we add new holdings over time, we are aiming to further develop our ESG competence and focus attention and share of mind to aspects of ESG relevant to the long-term sustainability of our business, from screening at the investment team level to investment decision making at the board level. As we continue our dialogue with portfolio holdings and founders, we will be focusing on the most relevant ESG considerations to inform our views as a board and where necessary provide guidance.

Key ESG considerations with greatest relevance to our business

Environmental	Social	Governance
Energy efficiency (data centers, tech infrastructure)	Financial inclusion and access	Anti-corruption management
	Data privacy and security	Business ethics
	Responsible lending and debt prevention	Financial risk management and oversight
	Transparency and fair advice to clients	Regulatory compliance
		Systemic financial risk management
		Organisational checks and balances (board structure, independent audit)

We view governance as a critical risk management tool, both at the level of our portfolio holdings and VEF itself.

(1) *We typically target sizeable minority stakes of 10–20% with board representation* as we believe this gives us sufficient ability to influence direction and mitigate risks at the portfolio companies level. We are active and supportive shareholders, which allows us to maintain a dialogue with portfolio companies: by asking the right questions we are able to influence the direction of the business.

(2) *At the VEF level we believe we offer investors an advantageous investment vehicle with a strong governance structure:* VEF is structured as a listed investment company with a mandate to invest in emerging private companies. Permanent capital is a unique positive given our mandate, which we believe offers investors a well-aligned structure aimed at investing for the long-term. The compensation structure for VEF employees is aligned with shareholders' interests and while specific conditions may change over time to align with changing market conditions, the principle of rewarding performance over the long-term is what informs our deliberations on compensation.

As the business continues to grow and portfolio companies mature, focus on ESG related work can logically be expected to become a growing part of the equation. The best practice and experience of pioneers like Jumo can easily instruct other portfolio companies on the direction they can take in their own ESG journeys. Our role will be to ask the right questions, guide and encourage work in that direction.

JUMO: A benchmark for ESG work in our portfolio

JUMO

For the majority of the world, financial services are either unavailable or of poor quality: 1.7 billion people in the world have no access, 76% of these live in sub-Saharan Africa and South Asia; 67% of sub-Saharan adults and 32% in South Asia are unbanked.

JUMO provides a financial services marketplace to the unbanked population on their mobile phones. The company partners with banks and mobile network operators and is the largest and fastest-growing technology platform operating inclusive mobile financial services marketplaces in emerging markets. The company counts over 14 mln unique customers to date with over USD 1 bln in funds disbursed. Importantly, in the context of finance as a force for good, for 80% of customers it is their first interaction with formal financial services. Our fourth largest portfolio holding, we have put USD 14.6 mln of capital to work at JUMO and hold a 6.8% stake in the company's capital. When it comes to ESG footprint, JUMO is the benchmark holding in our portfolio, having already integrated ESG work into its strategy, processes and daily business operations.

> "JUMO is receiving impact credit for the lending business. The company lends to formal and informal SMEs. Informal traders, often shunned by banks, can borrow – this allows these underbanked businesses to gain the capital needed to thrive."
>
> JUMO GIIRS Report 2017

Through scalable and highly adaptive technology, JUMO is removing barriers to access and reaching segments that have been previously excluded from financial services.

> 1.3 mln women served (1 in 3 customers)
> 3.4 mln people served to date
> 2 mln business owners served (2 in 3 customers are MSMEs)
> Over 90% of JUMO's customers earn under USD 10 per day
> 1 in 4 households' income of under USD 2 per day
> 1.1 mln first-time users of digital financial services (via JUMO)
> 20% live in rural areas

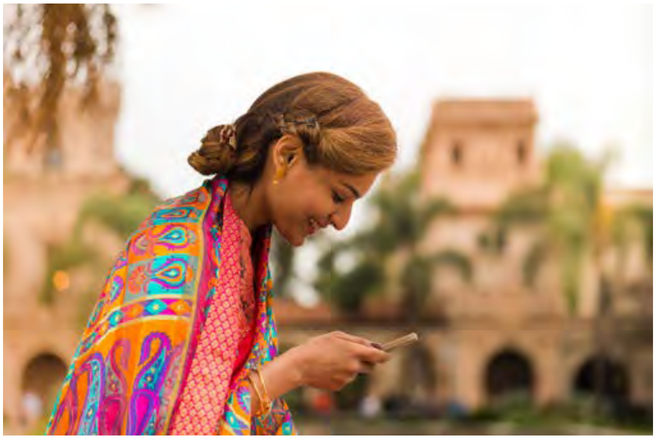


Photo: JUMO

Strategic governance

Strategic direction and oversight embedded at board level through the Social & Ethics board committee.

Reporting: JUMO regularly assesses its performance against Customer Operating Principles (COPs) and provides quarterly communications to investors on social impact and bi-annual social impact reports. The business carries out an annual Independent B-impact GIIRS (Rated 2017–2019).

Serving vulnerable customer segments requires a focus on customer protection and social impact management. The JUMO Customer Operating Principles (COPs) are values and principles designed to align JUMO employees and partners, as they work towards outcomes that have a positive and sustainable impact for customers.

JUMO's COPs framework and the operationalisation of these principles has been recognised as best practice by leading financial inclusion organisations such as Smart Campaign, CGAP, Mastercard Foundation and the Centre for Financial Inclusion. As a result, JUMO is part of a working group to help develop and test customer protection standards by Smart Campaign.

JUMO's framework is mapped to key international standards and performance against the Smart Campaign Customer Protection Principles and UN Global Compact and Sustainable Development Goals ("SDGs").

Photo: JUMO

Customer Operating Principles (COPs)

1. Access and Inclusion: JUMO is including low-income people who are excluded from the financial system access to digital financial services.
2. Building a Sustainable Digital Ecosystem: Developing a long-lasting financial ecosystem in the digital space that can democratise financial access.
3. Choice and Empowerment: Offering customers choices that they otherwise would not have and empowering them to make important decisions.
4. Financial value and pricing: Offering customers convenience that has a concrete financial value and benefit in their lives.
5. Responsible Stewardship of Customer Data: Respecting customers' personal data rights and privacy as they relate to the collection and use of their data. Ensuring that the data is used to enhance and improve customer experience and value – a fair exchange of value for their digital footprint.

Administrative report

The Board of Directors and the Managing Director of Vostok Emerging Finance Ltd, corporate identity number 50298, hereby present the annual report for the financial year January 1, 2019–December 31, 2019.

VEF invest in growth stage private fintech companies by minority stakes and board representation. As an active investor VEF always look to back the best entrepreneurs in each market. As per December 2019 VEF holds investments in 11 companies across all areas of fintech including credit, payments, insurance and asset management.

Group net results

During the year, the result from financial assets at fair value through profit or loss amounted to USD 53.45 mln (2018: 6.21 mln), primarily driven by the mark up in valuation of Creditas, Konfío, iyzico, Nibo and FinanZero.

Net operating expenses amounted to USD -5.61 mln (2018: -5.53 mln).

Net financial items were USD 0.23 mln (2018: -0.18 mln)

Net result of the year was USD 48.53 mln (2018: 3.45 mln). Total shareholders' equity amounted to USD 249.44 mln on December 31, 2019 (December 31, 2018: 201.42 mln).

Liquid assets

The liquid assets of the Group, defined as cash and bank deposits, amounted to USD 5.56 mln on December 31, 2019 (December 31, 2018: 5.48 mln). VEF has also investments in money markets funds, as part of its liquidity management operations. As per December 31, 2019 the liquidity investments are valued at USD 34.52 mln (December 31, 2018: 44.90 mln).

Portfolio performance

VEF's NAV per share increased by 23.8% in USD in 2019. During the same period, the MSCI Emerging Markets index increased by 15.4% in USD terms. VEF's share price increased by 61.8% in USD and 68.0% in SEK over the year.

Major events during the year

During 2019, gross investments in financial assets were USD 48.82 mln (2018: 80.62), of which

During Q1

- USD 2.00 mln relates to investments in Nibo
- USD 0.25 mln investments in iyzico

During Q2

- USD 23.50 mln investments in Creditas
- USD 10.00 mln investments in Konfío
- USD 0.10 mln investments in FinanZero

During Q3

- USD 8.50 mln investments in Xerpa
- USD 2.50 mln investments in Konfío
- USD 1.97 mln investments in Magnetis

Divestments

During 2019, gross divestments in financial assets were USD 54.26 mln (2018: 79.34), of which

During Q1

- USD 8.71 mln relates to divestments in TCS Group Holding PLC (Tinkoff Bank)

During Q4

- USD 34.36 mln relates to divestments in iyzico
- USD 11.19 mln relates to divestments in liquidity placements

SDR repurchase

During 2019, VEF repurchased 6,016,147 SDRs in the Company, for the purpose of delivery of SDRs in connection with the Company's long-term incentive programs. As of December 31, 2019 VEF holds in total 6,016,218 repurchased SDRs.

Major events after the reporting year

After the end of the year, VEF has repurchased 2,019,482 Swedish Depository Receipts (SDRs) in the company for the purpose of delivery of SDRs in connection with the Company's long-term incentive programs.

After the end of the period, the outbreak of the COVID-19 virus has had and will continue to have implications on the world's markets. Please see Note 24 for more details.

Parent company

The parent company's business is to act as the holding company of the Group. The net result for the year was USD 11.69 mln (2018: 17.02 mln). Financial assets at fair value through profit or loss refers to liquidity management investments and previous holdings in iyzico.

Future development and risks

VEF does not provide any guidance on the future development for 2020, but is financially well positioned for the near future. With the spread of the COVID-19 virus and the oil price derived market reaction, 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. However, the public markets hasn't experienced the same level of volatility since the financial crisis in 2008, and it is too early to say when the market calms down. 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 for more details.

Share data

VEF has in total 661,495,995 SDRs. VEF has repurchased 6,016,218 SDRs. Number of outstanding shares per December 31, 2019 is 655,479,777.

Board meetings

The Board of Directors currently comprises six Directors. During the year, the Board has held eight board meetings, of which five in person, three by telephone conference, and has passed one resolutions by circulation. Board meetings are conducted in English.

Remuneration principles for Senior Management

The remuneration principles currently in force were adopted at the Annual General Meeting of the Company held on May 21, 2019. The principles read as follows:

"The remuneration to the Managing Director and other members of the senior management shall consist of fixed salary, variable remuneration, other benefits and pension benefits.

The total remuneration shall correspond to the prevailing market conditions and be competitive. The fixed and variable remuneration shall correspond to the respective individual's responsibility and authority. The variable component should, in the first instance, be covered within the parameters of the Company's long term incentive plan and shall, where payable in other instances, be related to milestone or extraordinary accomplishments of the Company and/or its portfolio investments, e.g. particularly successful investments, exits or similar events.

The period of notice of termination of employment shall be three to six months in the event of termination by the member of the senior management. In the event of termination by the Company, the total of the period of notice of termination and the period during which severance compensation is payable shall not exceed 12 months.

Pension benefits shall be either benefit-based or contribution based or a combination thereof, with individual retirement ages. Benefit based pension benefits are conditional on the benefits being earned during a predetermined period of employment.

The Board of Directors shall be entitled to deviate from these guidelines in individual cases should special reasons exist."

The Board has not deviated from these principles. The Board has not yet proposed new remuneration principles for 2020 and will do so in connection with its proposals for the 2020 AGM.

Treatment of retained earnings

The Group's total retained earnings amount to USD 154.84 mln. The Board of Directors propose that the retained earnings and the additional paid in capital of the parent company, USD 167.13 mln, which include the year's profit of USD 11.69 mln, be brought forward, and that no dividends be paid for the year.

Group financial statements

Income statement – Group

Expressed in USD thousands	Note	Jan 1, 2019– Dec 31, 2019	Jan 1, 2018– Dec 31, 2018
Result from financial assets at fair value through profit or loss[1]	7	53,452	6,213
Dividend and coupon income	8	501	3,022
Total operating profit		**53,953**	**9,235**
Operating expenses	9		
General administrative expenses		-3,869	-3,763
Employee incentive programs		-1,737	-1,763
Total operating expenses		**-5,606**	**-5,526**
Operating result		**48,347**	**3,709**
Financial income and expenses			
Interest income		73	16
Currency exchange gains/losses, net		160	-193
Net financial items		**233**	**-177**
Result before tax		**48,580**	**3,532**
Taxation	11	-51	-79
Net result for the year		**48,529**	**3,453**
Earnings per share (in USD)	12	0.07	0.01
Diluted earnings per share (in USD)	12	0.07	0.01

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– Dec 31, 2019	Jan 1, 2018– Dec 31, 2018
Net result for the year	**48,529**	**3,453**
Other comprehensive income for the year:		
Items that may be classified subsequently to profit or loss:		
Currency translation differences	-3	-4
Total other comprehensive income for the year	**-3**	**-4**
Total comprehensive income for the year	**48,526**	**3,449**

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

Balance sheet – Group

Expressed in USD thousands	Note	Dec 31, 2019	Dec 31, 2018
NON-CURRENT ASSETS			
Tangible non-current assets			
Property, plant and equipment	13	275	146
Total tangible non-current assets		**275**	**146**
Financial non-current assets			
Financial assets at fair value through profit or loss	14,15		
Equity financial assets		210,387	152,002
Liquid financial assets		34,521	44,896
Other financial assets		11	18
Total financial non-current assets		**244,919**	**196,916**
CURRENT ASSETS			
Cash and cash equivalents	16	5,562	5,479
Tax receivables		53	23
Other current receivables		135	101
Total current assets		**5,750**	**5,603**
TOTAL ASSETS		**250,944**	**202,665**
SHAREHOLDERS' EQUITY (including net result for the financial year)	17	**249,439**	**201,422**
NON-CURRENT LIABILITIES			
Interest bearing liabilities			
Long-term liabilities	18	118	–
Total non-current liabilities		**118**	**–**
CURRENT LIABILITIES			
Non-interest bearing current liabilities			
Other current liabilities	19	211	163
Tax liabilities		53	–
Accrued expenses		1,123	1,080
Total current liabilities		**1,387**	**1,243**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**250,944**	**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 year January 1, 2018 to December 31, 2018	–	–	–	3,453	3,453
Other comprehensive income for the year					
Currency translation difference	–	–	-1	-3	-4
Total comprehensive income for the year January 1, 2018 to December 31, 2018	**–**	**–**	**-1**	**3,450**	**3,449**
Value of employee services:					
- Employee share option scheme	–	23	–	–	23
- Share based long-term incentive program	–	1,720	–	–	1,720
Buy-back of own shares	-113	-2,214	–	–	-2,327
Balance at December 31, 2018	**6,502**	**88,608**	**–**	**106,312**	**201,422**
Balance at January 1, 2019	**6,502**	**88,608**	**–**	**106,312**	**201,422**
Net result for the year January 1, 2019 to December 31, 2019	–	–	–	48,529	48,529
Other comprehensive income for the year					
Currency translation difference	–	–	–	-3	-3
Total comprehensive income for the year January 1, 2019 to December 31, 2019	**–**	**–**	**–**	**48,526**	**48,526**
Value of employee services:					
- Employee share option scheme	–	26	–	–	26
- Share based long-term incentive program	237	815	–	–	1,052
Buy-back of own shares (Note 23)	-61	-1,526	–	–	-1,587
Balance at December 31, 2019	**6,678**	**87,923**	**–**	**154,837**	**249,439**

Statement of cash flows – Group

Expressed in USD thousands	Jan 1, 2019–Dec 31, 2019	Jan 1, 2018–Dec 31, 2018
OPERATING ACTIVITES		
Result before tax	48,581	3,532
Adjustment for non-cash items:		
Interest income and expense, net	-73	-16
Currency exchange gains/-losses	-160	193
Result from financial assets at fair value through profit or loss	-53,452	-6,213
Other non-cash items affecting profit or loss	632	-1,279
Change in current receivables	-35	58
Change in current liabilities	147	333
Net cash used in operating activities	**-4,360**	**-3,392**
Investments in financial assets	-48,819	-80,616
Sales of financial assets	54,261	79,337
Dividend and coupon income	501	3,022
Interest received	73	16
Tax paid	-30	-59
Net cash flow from operating activities	**1,626**	**-1,629**
INVESTMENT ACTIVITIES		
Investments in office equipment	46	-154
Net cash flow from investment activities	**46**	**-154**
FINANCING ACTIVITIES		
Buy-back of own shares	-1,586	-2,327
Net cash flow used in financing activities	**-1,586**	**-2,327**
Change in cash and cash equivalents	**86**	**-4,173**
Cash and cash equivalents at beginning of the year	**5,479**	**9,804**
Exchange gains/losses on cash and cash equivalents	-3	-152
Cash and cash equivalents at end of the year	**5,562**	**5,479**

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).

VEF 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– Dec 31, 2019	Jan 1, 2018– Dec 31, 2018
Net asset value, USD	249,438,540	201,422,131
Exchange rate at balance sheet date, SEK/USD	9.32	8.97
Net asset value/share, USD [1]	0.38	0.31
Net asset value/share, SEK [2]	3.55	2.78
Net asset value, SEK [3]	2,324,683,504	1,806,476,511
Weighted average number of shares for the financial year [4,5]	654,483,268	655,438,376
Weighted average number of shares for the financial year, fully diluted [4,5]	664,376,019	668,274,748
Number of shares at balance sheet date [4,5]	655,479,777	650,180,134
Number of shares at balance sheet date, fully diluted [4,5]	665,372,528	663,016,506

1. Net asset value/share is defined as shareholders' equity divided by total number of outstanding shares.
2. 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.
3. Net asset value in USD multiplied with the SEK/USD exchange rate at balance sheet date.
4. Number of shares at balance sheet date as per December 31, 2019, excludes 6,016,218 repurchased SDRs.
5. Number of shares is not adjusted for 12,400,000 redeemable common shares issued under the 2019 Long-Term Incentive Program.

Parent company financial statements

Income statement – Parent company

Expressed in USD thousands	**Note**	**Jan 1, 2019– Dec 31, 2019**	**Jan 1, 2018– Dec 31, 2018**
Result from financial assets at fair value through profit or loss	7	8,596	15,024
Dividend and coupon income	8	501	352
Total operating profit		**9,097**	**15,376**
Operating expenses	9		
General administrative expenses		-3,664	-3,805
Employee incentive programs		-1,737	-1,763
Total operating expenses		**-5,401**	**-5,568**
Operating result		**3,696**	**9,808**
Financial income and expenses			
Interest income		7,900	7,359
Currency exchange gains/losses, net		91	-150
Net financial items		**7,991**	**7,209**
Result before tax		**11,687**	**17,017**
Taxation	11	–	–
Net result for the year		**11,687**	**17,017**

Statement of other comprehensive income

Expressed in USD thousands	**Jan 1, 2019– Dec 31, 2019**	**Jan 1, 2018– Dec 31, 2018**
Net result for the year	**11,687**	**17,017**
Total other comprehensive income for the year	**–**	**–**
Total comprehensive income for the year	**11,687**	**17,017**

Balance sheet – Parent company

Expressed in USD thousands	Note	Dec 31, 2019	Dec 31, 2018
NON-CURRENT ASSETS			
Financial non-current assets			
Shares in subsidiaries	21	15	16
Financial assets at fair value through profit or loss	14,15		
Equity financial assets		0	25,861
Liquid financial assets		34,521	44,896
Receivables from Group companies		135,434	89,185
Other financial assets		11	18
Total financial non-current assets		**169,981**	**159,976**
CURRENT ASSETS			
Cash and cash equivalents		5,058	3,728
Other current receivables		95	61
Total current assets		**5,153**	**3,789**
TOTAL ASSETS		**175,134**	**163,765**
SHAREHOLDERS' EQUITY (including net result for the financial year)	17	**173,807**	**162,629**
CURRENT LIABILITIES			
Non-interest bearing current liabilities			
Other current liabilities	19	252	79
Accrued expenses		1,075	1,057
Total current liabilities		**1,327**	**1,136**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**175,134**	**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 year January 1, 2018 to December 31, 2018	–	–	–	17,017	17,017
Other comprehensive income for the year					
Currency translation difference	–	–	–	–	–
Total comprehensive income for the year January 1, 2018 to December 31, 2018	**–**	**–**	**–**	**17,017**	**17,017**
Value of employee services:					
- Employee share option scheme	–	23	–	–	23
- Share based long-term incentive program	–	1,720	–	–	1,720
Buy-back of own shares	-113	-2,214	–	–	-2,327
Balance at December 31, 2018	**6,502**	**88,608**	**–**	**67,519**	**162,629**
Balance at January 1, 2019	**6,502**	**88,608**	**–**	**67,519**	**162,629**
Net result for the year January 1, 2019 to December 31, 2019	–	–	–	11,687	11,687
Other comprehensive income for the year					
Currency translation difference	–	–	–	–	–
Total comprehensive income for the year January 1, 2019 to December 31, 2019	**–**	**–**	**–**	**11,687**	**11,687**
Value of employee services:					
- Employee share option scheme	–	26	–	–	26
- Share based long-term incentive program	237	815	–	–	1,052
Buy-back of own shares (Note 23)	-61	-1,526	–	–	-1,587
Balance at December 31, 2019	**6,678**	**87,923**	**–**	**79,206**	**173,807**

Statement of cash flows – Parent company

Expressed in USD thousands	Jan 1, 2019– Dec 31, 2019	Jan 1, 2018– Dec 31, 2018
OPERATING ACTIVITIES		
Result before tax	11,687	17,017
Adjustment for non-cash items:		
Interest income	-7,900	-7,359
Currency exchange gains/-losses	-91	150
Result from financial assets at fair value through profit or loss	-8,596	-15,024
Other non-cash items affecting profit and loss	576	1,391
Change in current receivables	-46,276	45,832
Change in current liabilities	286	562
Net cash from/used in operating activities	**-50,314**	**42,569**
Investments in financial assets	-250	-55,215
Dividend income	501	352
Sales of financial assets	45,082	14,000
Interest received	7,900	16
Tax paid	–	–
Net cash flow from/used in operating activities	**2,919**	**1,722**
INVESTING ACTIVITIES		
Investments in subsidiaries	–	–
Net cash flow from/used in investing activities	**–**	**–**
FINANCING ACTIVITIES		
Purchase of own shares	-1,586	-2,327
Net cash flow used in financing activities	**-1,586**	**-2,327**
Change in cash and cash equivalents	**1,333**	**-605**
Cash and cash equivalents at beginning of the year	**3,728**	**4,406**
Exchange gains/losses on cash and cash equivalents	-3	-73
Cash and cash equivalents at end of year	**5,058**	**3,728**

Notes to the financial statements

(Expressed in USD thousand unless indicated otherwise)

Note 1 General information

Vostok Emerging Finance Ltd was incorporated and registered with the Bermuda Registrar of Companies on May 28, 2015 with registered number 50298. The registered office of the Company is in Hamilton, Bermuda (Clarendon House, 2 Church Street, Hamilton, Bermuda). On July 16, 2015 the shares in VEF, which held Vostok New Ventures' (VNV) 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. The Company has in total 661,495,995 SDRs as at the end of the reporting year, including 6,016,218 repurchased SDRs.

In October 2016, two subsidiaries to Vostok Emerging Finance Ltd. were established. One Cypriot subsidiary, VEF Cyprus, for managing the investment portfolio and one Swedish subsidiary, VEF Sweden, which provides business support services to the parent company.

VEF is an investment company whose business concept is to identify and invest in fintech companies in emerging markets with a bias for markets with scalable population and growth profiles for financial services.

These Group consolidated financial statements were authorised for issue by the Board of Directors on March 25, 2020. The Board of Directors propose that the retained earnings and the additional paid in capital of the parent company, USD 167.13 mln, which include the year's profit of USD 11.69 mln, be brought forward, and that no dividends be paid for the year.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Note 2 Significant accounting principles

Accounting basis

The consolidated and the parent company financial statements are prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU, as at December 31, 2019. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit and loss. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Changes in accounting policy and disclosures

New and amended standards adopted by the Group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2019.

> *IFRS 16 Leases*

The new standard IFRS 16 Leases is applied from January 1, 2019. IFRS 16 concerns the accounting for rental and lease agreements for both lessors and lessees. For the group as a lessee, the new standard has entailed that a right-of-use asset is recognized for the right to use the leased assets. When entering into a new lease contract the right-of-use asset is measured at cost. Short-term leases and leases of low-value assets are exempt. At the same time, a lease liability is recognized representing the obligation to pay lease payments for the leased assets. The lease liability is measured at the present value of the lease payments that are not paid at that date. When discounting the lease payments, the interest rate implicit in the lease is used at first hand. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. After the commencement date the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses. The value of the lease liability is mainly adjusted to reflect interest on the lease liability and to reflect the lease payments made.

Vostok Emerging Finance applied the simplified transition approach. Comparative information was therefore not restated. The Company's leasing commitments consist only of lease agreements for premises therefore the new standard has not a significant impact on the Company's financial reports. The effect at the transition date on tangible assets was USD 0.22 mln, interest-bearing liabilities, USD 0.16 mln and current non-interest-bearing liabilities USD 0.06 mln.

New standards and interpretations not yet adopted

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Financial period

The financial year comprises the period January 1–December 31.

Principles of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group applies the acquisition method to account for business combinations. Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

In accordance with IFRS 10 Consolidated Financial Statements the Group values its investments (portfolio companies) at fair value. VEF falls within the classification of an investment company as its business concept is to use experience, expertise and a widespread network to identify and invest in assets with considerable potential for value appreciation and obtain a return.

Investments in associated companies

Associated companies are all entities where the Group has the right to exercise significant influence, which is normally the case when the Group holds between 20% and 50% of the voting rights. As VEF falls within the classification of an investment company, all investments in associates are accounted for by applying fair value. On increase/decrease of the investments in associated companies, the Group makes an assessment of fair value for the total investment.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker in the same way as for a Swedish company governed by the Swedish Companies Act and the Swedish Corporate Governance Code. The board of directors of an investment company is by necessity deeply involved in investment decisions and monitoring portfolio companies' performance. The Board has therefore been identified as the chief operating decision maker of the Group for purposes of internal reporting. In the internal reporting of the Group, there is only one operating segment.

Foreign currency translation

The functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Group is USD, which is also the presentational currency. All amounts are stated in USD thousands if not otherwise stated.

Transactions and balances

Transactions in currencies other than USD are translated into USD at the rate of exchange that was in effect at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange prevailing at the balance sheet date. Realized and unrealized exchange gains/losses on portfolio investments, which include loan receivables, investments in associated companies, and financial assets at fair value through profit or loss are recognized in profit or loss as part of the result from each of the categories of financial assets, which are included in the investment portfolio. Realized and unrealized exchange gains/losses on other assets and liabilities are reported among financial items.

Group companies

As at the reporting date, the assets and liabilities of subsidiaries that have not the same functional currency as the parent company are translated into the presentation currency of the Group at rates of exchange prevailing at the balance sheet date. Their income statements are translated at the average exchange rate for the year. The exchange differences arising on the translation are recognized as other comprehensive income. The following exchange rates have been used:

	Average	Closing
SEK	9.4604	9.3171

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation on furniture, fittings and equipment is based on cost on a straight-line basis of estimated useful life of five years. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Leases

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.15%.

The Group's leases accounted for in the balance sheet exclusively refer to office rents.

Investments and other financial assets

Classification

The group classifies its financial assets in the following measurement categories

- those to be measured subsequently at fair value through profit or loss and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded in profit or loss.

Recognition and derecognition

Purchases and sales of financial assets are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments
Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the group classifies its debt instruments:

> *Amortised cost:* Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

> *FVPL:* A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within operating results in the period in which it arises

Equity instruments
The group subsequently measures all equity investments at fair value through profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in operating results in the statement of profit or loss as applicable.

Impairment
The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Currently the Group has no significant debt instruments carried at amortised cost. The expected credit losses for the parent company's receivables on Group companies is considered insignificant and no expected credit loss is therefore recorded for these receivables.

Cash and cash equivalents
Cash and cash equivalents include cash and bank balances and other short-term highly liquid investments with original maturities of three months or less.

Share capital
Ordinary shares are classified as equity. Share issue costs associated with the issuance of new equity are treated as a direct reduction of the proceeds.

Current and deferred income tax
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. The Group currently has no temporary differences and has no deferred income tax recognised.

Employee benefits
Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Pension obligations
The Group has a defined contribution pension plan which is based on the market practice. The Group has no further obligations once the contributions have been paid. The contributions are reported as a cost recognised as employee benefit pension expense in profit or loss when they are due.

Share-based compensation
The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and net assets development). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and additional paid in capital when the options are exercised. For more information, see note 10.

Long-term incentive program

In accordance with IFRS 2, the costs for the long-term incentive program, including social fees, will be reported over the income statement during the program's vesting period. The value is recognized in the income statement as a personnel cost on line operating expenses, allocated over the vesting period with a corresponding increase in equity. The recognized cost corresponds to the fair value of the estimated number of shares that are expected to vest. This cost is adjusted in subsequent periods to reflect the actual number of vested shares. However, no adjustment is made when shares expire only because share price related conditions do not reach the level. When program is exercised, SDRs are delivered to employee and reported in equity. For more information, see note 10.

Operating income

Operating income comprises the fair value of the consideration received in the ordinary course of the Group's activities.

For investments held at both the start and end of the year, the change in value consists of the difference in the market value between these dates. For investments acquired during the year, the change in value consists of the difference between cost and the market value at the end of the year. For investments sold during the year, the change in value consists of the difference between the sales price received and the value of investments at the start of the year. All changes in value are reported in the income statement within 'Result from financial assets at fair value through profit or loss' or 'Result from loans', depending on from what category of assets the changes in value relate.

Dividend income is recognised when the right to receive payment is established. Furthermore, dividend income is accounted for inclusive of withholding taxes. These withholding taxes are shown either as an expense in the income statement, or as a current receivable, depending on whether or not the withholding tax is refundable.

Interest income on non-current loan receivables is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired non-current loan receivables is recognised using the original effective interest rate.

Interest income on current loan receivables and other receivables is recognised taking into account accrued interest on the balance sheet date.

Cash flow statement

The cash flow statement is presented in accordance with the indirect method. The Group's business consists of investments in portfolio companies. Therefore, the investments are classified as the Group's operating activities and not investment activities.

Note 3 Significant estimates and judgements

The management of VEF has to make estimates and judgements when preparing the Financial Statements of the Group. Uncertainties in the estimates and judgements could have an impact on the carrying amount of assets and liabilities and the Group's result. The most important estimates and judgements in relation thereto are:

Fair value of unlisted financial assets

The estimates and judgements when assessing the fair value of unlisted investments in financial assets at fair value through profit or loss are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. For more information about fair value estimation, see note 5.

Note 4 Financial risk management

The Group's activities expose it to a variety of risks, including market related risks, business related risks and financial related risks. VEF does not provide any guidance on the future development for 2020, but is financially well positioned for the near future. With the spread of the COVID-19 virus and the oil price derived market reaction, 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. However, the public markets hasn't experienced the same level of volatility since the financial crisis in 2008, and it is too early to say when the market calms down. VEF continuously have the financial capacity to run the business in accordance with its strategy and objectives.

Risk management is carried out by management under policies approved by the Board of Directors.

Market related risks

Emerging and frontier markets risks

Emerging and frontier markets are still, from an economic point of view, in a phase of development, investments are affected by unusually large fluctuations in profit and loss and other factors outside the Group's control that may have an adverse impact on the value of VEF's adjusted equity. Unstable state administration could have an adverse impact on investments.

Emerging or frontier markets typically do not have a fully developed legal system comparable to that in more developed countries. Existing laws and regulations are sometimes applied inconsistently and both the independence and efficiency of the court system constitute a significant risk. Statutory changes have taken place and will probably continue to take place at a rapid pace, and it remains difficult to predict the effect of legislative changes and legislative decisions for companies. It could be more difficult to obtain redress or exercise one's rights in emerging and frontier markets than in countries with more mature legal systems. VEF continuously monitors these risk areas through various channels including third party research reports and through knowledge and expertise within the Group's network. The Group evaluates any significant findings from above mentioned monitoring and, if needed, takes action in order to mitigate identified risk areas.

Exposure to financial services companies in emerging and frontier markets

VEF is subject to risks associated with ownership and management of investments in financial services companies in emerging and frontier markets, including the following:

- *Regulatory risks* – most financial services companies in emerging and frontier markets are subject to extensive regulatory requirements. Such requirements, or the interpretation by competent authorities of such, may change rapidly. Failure to adapt to the relevant requirements may lead to sanctions or loss of business opportunities, which in turn could have a material adverse effect on the business, results of operations, financial condition and prospects of the Group's investments.
- *Operational risk* – financial services companies in emerging and frontier markets are exposed to operational risk, including the risk of fraud by employees, customers or third parties, mismanagement, unauthorized transactions by employees and operational errors. Any failure to properly mitigate operational risks could have a material adverse effect on the business, results of operations, financial condition and prospects of the Group's investments.
- *Reputational risk* – consumer behaviour may be negatively impacted by negative publicity in traditional media as well as in social media. Any loss of reputation could have a material adverse effect on the business, results of operations, financial condition and prospects of the Group's investments.
- *IT risk* – financial services companies are likely to be dependent on IT systems and any disruption that affects the operations of critical systems could have a material adverse effect on the business, results of operations, financial condition and prospects of the Group's investments.

VEF works, primarily through board representation, to ensure that each portfolio company has appropriate internal control processes to handle these business-related risks.

Exposure to Brazil

A major part of the Group's investments operate in Brazil, approximately 53% of the Group's NAV, and consist of the ownerships of shares in Creditas (29.2% of the portfolio), Guiabolso (4.6% of the portfolio), Nibo (4.2% of the portfolio), Xerpa (3.4% of the portfolio), Magnetis (3.2% of the portfolio), and FinanZero (3.1% of the portfolio).

Brazil has experienced deep economic and social changes in recent years. Between the years 2000 and 2013, Brazil was one of the fastest growing economies in the world, until it hit a deep recession in 2014 with declining GDP and rising inflation. 2017 marked a year when the economy started to recover, and inflation fell to middle two-digit levels.

Following the presidential election of Jair Bolsonaro, monetary policy has been relaxed with consistent Celic rate cuts throughout 2019 and early 2020 in a still challenging fiscal environment. A large pension reform was approved in congress which is expected to help manage rising pension spending in a country which suffers from a high gross public debt ratio (close to 80% of GDP).

The value of these investments may be affected by uncertainties such as political and diplomatic developments, social or religious instability, changes in government policy, tax and interest rates, restrictions on the political and economic development of laws and regulations in Brazil, major policy changes or lack of internal consensus between leaders, executive and decision-making bodies and strong economic groups.

In addition, political changes may be less predictable in a growth country such as Brazil than in other more developed countries. Such instability may in some cases have an adverse impact on both the operations and SDR price of VEF. The country's progress and development may be limited by a number of factors, including widely spread corruption, high taxes, an inclination towards import protectionism, crime and violence, and dominant monopolies.

The Brazilian economy is rich on commodities and as such is vulnerable to fluctuations in the market, VEF continuously monitors the macroeconomic and socioeconomic development in Brazil through various channels including third party research reports and through knowledge and expertise within the Group's network. The Group evaluates any significant findings in order to mitigate any adverse impact on the Group's operations.

Business related risks

Acquisition and disposal risk

Acquisitions and disposals are by definition a natural element in VEF's activities. All acquisitions and disposals are subject to uncertainty. VEF's explicit exit strategy is to sell its holdings to strategic investors or via the market. VEF may fail to sell its holdings in a portfolio company or be forced to do so at less than its maximum value or at a loss.

Other investors may compete with VEF in the future for the type of investments VEF intends to make. There is no guarantee that VEF will not be subject to competition which might have a detrimental impact on the return from investments. VEF can partially counter this risk by being an active financial owner in the portfolio companies.

There is no guarantee that there will be sufficient amount of investment opportunities for VEF in the future, or that VEF, in the event that such opportunities for investments arise, will have sufficient resources to complete such acquisitions.

Accounting practice and other information

Practice in accounting, financial reporting and auditing in emerging and frontier markets may not hold the same standards as in developed countries. Access to external analysis, reliable statistics and historical data is often inadequate. The effects of inflation can, moreover, be difficult for external observers to analyse. Although special expanded accounts are prepared and auditing is undertaken in accordance with international standards, no guarantees can be given with regard to the completeness or dependability of the information that relates to VEF's investments and potential investments. Inadequate information and weak accounting standards may adversely affect VEF in future investment decisions.

Corporate governance risk

A lack of good and efficient corporate governance may be a problem in companies in emerging and frontier markets which could affect VEF negatively. This may include:

- Minority shareholders may have limited possibility to exercise their legal rights, such as participation in new share issues, limited access to General Meetings and unfair dilution of shareholding;
- Unlegitimate transactions between company and related parties;
- Unlawful practices by company officers, such as preventing registration of shares and manipulation of share registers; and

> Implementation of major decisions without proper board- or shareholder approvals.

To minimise this risk, due diligence is carried out on management and fellow shareholders and VEF looks to attain board representation in the portfolio companies. Both internal and external counsel is engaged with respect to legal due diligence to help ensure our rights are upheld in the majority of investments.

Dependency on key individuals

VEF is dependent on its senior executives and Board members. It cannot be ruled out that VEF might be seriously affected if any of the senior executives left the Group or if the Group is not able to recruit relevant people in the future.

Financial related risks

International capital flows

Economic unrest in a growth market tends also to have an adverse impact on the equity market in other growth countries or the share price of companies operating in such countries, as investors opt to re-allocate their investment flows to more stable and developed markets. The SDR price may be adversely affected during such periods. Financial problems or an increase in perceived risk related to a growth market may inhibit foreign investments in these markets and have a negative impact on the country's economy. The Group's operations, turnover and profit development may also be adversely affected in the event of such an economic downturn.

Foreign exchange risk

The Group's accounting currency is USD. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, mainly with respect to the SEK. The Group's management monitors the exchange rate fluctuations on a continuous basis and per today no currency derivate and hedging are made. The Group's exposure to foreign currency risk at the end of the reporting period, expressed in USD is shown in the table below. An increase/decrease of 10% of the USD towards SEK would affect the Group's profit or loss and equity by USD -0.03 mln (2018: - 0.05 mln).

Exposure to foreign exchange (USD mln)	Gross assets Dec 31, 2019	Gross assets Dec 31, 2018
SEK	0.2	0.5
Other	0.1	0.5
Total	**0.3**	**1.0**

Liquidity risk

Liquidity risk refers to the risk that liquidity will not be available to meet payments commitments due to the fact that the Group cannot divest its holdings quickly or without considerable extra costs. Although, this risk may be relatively low as long as the Group has significant cash balance and liquid investments. The table below shows the Group's contracted financial cash flows for the coming periods.

Contracted cash flows (USD)	Dec 31, 2019 1–3 months	Dec 31, 2018 1–3 months
Accounts Payables	81	51
Tax Payable	78	34
Tax on salaries	46	83
Total	**205**	**168**

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation.

VEF is exposed to counterparty credit risk on cash and cash equivalents and liquidity portfolio with banks and financial institutions. Per December 31, 2019 the cash is placed in bank accounts, within financial institutions. The majority of VEF's cash was placed in financial institutions with a credit quality step 1. Therefore, the credit risk is considered to be limited.

Credit Quality Step	Moody's	Fitch	S&P's
1	Aaa – Aa3	AAA – AA-	AAA – AA-
2	A1 – A3	A+ – A-	A+ – A-
3	Baa1 – Baa3	BBB+ – BBB-	BBB+ – BBB-
4	Ba1 – Ba3	BB+ – BB-	BB+ – BB-
5	B1 – B3	B+ – B-	B+ – B-
6	worse than B3	worse than B-	CCC+ and worse

Maximum credit risk exposure (USD)	Dec 31, 2019	Dec 31, 2018
Lending to financial institutions		
– Credit Quality step 1	35,673	46,280
– Credit Quality step 4	4,410	4,095
Total	**40,083**	**50,375**

Capital risk management

The Group's objectives when managing capital are to:

> safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; and

> maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No dividend has been proposed for the year.

Note 5 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Investments in assets that are not traded on any market will be held at fair value determined by recent transactions made at prevailing market conditions or different valuation models depending on the characteristics of the company as well as the nature and risks of the investment. These different techniques may include discounted cash flow valuation (DCF), exit-multiple valuation also referred to as Leveraged Buyout (LBO) valuation, asset-based valuation as well as forward looking multiples valuation based on comparable traded companies. Usually, transaction-based valuations are kept unchanged for a period of 12 months unless there is cause for a significant change in valuation. After 12 months, the fair value for non-traded assets will normally be derived through any of the models described above.

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 valuations are adjusted accordingly.

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 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 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	19,697	50,451
Transfers from level 3 to level 2	-5,806	-6,808
Change in fair value and other	4,116	-9,787
Closing balance December 31	**58,671**	**40,664**

As per December 31, 2019, VEF has a liquidity management portfolio of listed corporate bonds and money market funds that are classified as level 1 investments. The investments in FinanZero, TransferGo, Magnetis, Xerpa, Creditas and Konfío are all valued as level 2 investments on the basis of the valuations of their respective latest transaction which closed throughout 2018 and 2019. Investments in JUMO, REVO Group, Guiabolso and Nibo are valued as level 3 investments on the basis of revenue multiple models.

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.

Creditas

During Q2 2019, Creditas raised a USD 231 mln round whereby VEF invested an additional 23.5 mln alongside existing investors Santander Innoventures and Amadeus Capital, with new investor SoftBank leading the round.

As per December 31, 2019, VEF has an ownership of 9.6% of the company valued at USD 73.2 mln on the basis of the latest transaction in the company.

Creditas is categorized as a level 2 investment.

Konfío

During Q2 2019, VEF invested an additional USD 10 mln into Konfío by way of a 1-year convertible loan note. During Q3 2019, Konfío closed a broader financing round whereby VEF converted the outstanding loan note and invested an additional USD 2.5 mln in the round. Following the transaction VEF owns 11.4% of the company.

VEF's ownership at December 31, 2019 is valued at USD 41.6 mln on the basis of this transaction.

Konfío is categorized as a level 2 investment.

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JUMO

As per December 31, 2019, VEF's 6.8% ownership share in Jumo is valued at USD 16.9 mln on the basis of an EV/revenue peer multiples valuation model. The valuation represents a valuation increase of 2.8% over the year.

JUMO is categorized as a level 3 investment.

Sensitivity analysis EV/revenue multiple, USD						
-15%	-10%	-5%	0%	+5%	+10%	+15%
14,169	15,071	15,973	16,875	17,777	18,679	19,581

Sensitivity in exit valuation						
+15%	+10%	+5%	1.0	-5%	-10%	-15%
14,344	15,188	16,031	16,875	17,719	18,563	19,407

REVO Group

As per December 31, 2019 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 16.2 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 Group is categorized as a level 3 investment.

Sensitivity analysis EV/revenue multiple, USD						
-15%	-10%	-5%	0%	+5%	+10%	+15%
14,049	14,781	15,512	16,244	16,975	17,707	18,439

Sensitivity USD/RUB						
+15%	+10%	+5%	61.9	-5%	-10%	-15%
14,467	15,006	15,595	16,244	16,961	17,757	18,647

TransferGo

In 2018, TransferGo successfully closed a new funding round of around USD 16 mln. VEF led 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 15.4% in the company. During April 2019, new external investor, Seventure invested EUR 3.0 mln into the company at the same valuation as in the previous round.

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

TransferGo is categorized as a level 2 investment.

Guiabolso

As per December 31, 2019, VEF has invested a total of USD 30 mln in Guiabolso, and values its 10.9% stake at USD 11.5 mln on the basis of an EV/revenue peer multiples valuation model.

Guiabolso is categorized as a level 3 investment.

Sensitivity analysis EV/revenue multiple, USD						
-15%	-10%	-5%	0%	+5%	+10%	+15%
9,963	10,490	11,018	11,545	12,072	12,599	13,127

Sensitivity analysis USD/BRL						
+15%	+10%	+5%	4.0	-5%	-10%	-15%
10,039	10,495	10,995	11,545	12,152	12,828	13,582

Nibo

During the first and second quarter of 2019, Nibo raised an additional USD 3.4 mln from the current investor base. VEF led the round and invested an additional USD 2.0 mln. As the round was composed of only existing investors, lacking new external data points, Nibo is valued on the basis of a revenue multiple model.

As per December 30, 2019, VEF has invested a total of USD 5.3 mln into Nibo. Vostok Emerging Finance owns a 20.1% stake in Nibo.

Nibo is categorized as a level 3 investment.

Sensitivity analysis EV/revenue multiple, USD						
-15%	-10%	-5%	0%	+5%	+10%	+15%
9,056	9,577	10,098	10,619	11,140	11,661	12,182

Sensitivity analysis USD/BRL						
+15%	+10%	+5%	4.0	-5%	-10%	-15%
9,234	9,653	10,113	10,619	11,178	11,799	12,493

Xerpa

As per December 31, 2019, VEF has invested a total of USD 8.5 mln into Xerpa, and holds a 16.0% stake in the company. VEF's stake in the company is valued at USD 8.5 mln on the basis of this transaction.

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

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. During Q3 2019, Magnetis closed an additional financing round in which VEF converted its outstanding loan note and invested an additional USD 2.0 mln in the company.

As per December 31, 2019, VEF's 17.5% ownership in the company is valued at USD 8.1 mln on the basis of the latest transaction.

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

FinanZero

During the second quarter of 2019, FinanZero raised a Series B investment round of SEK 100 mln (USD 10.5 mln) whereby VEF made a follow-on investment of USD 101 k alongside new investors Dunross & Co. and Atlant Fonder, among others. Following the round VEF owns an 18.0% stake of the company.

As per Decvember 31, 2019, VEF's ownership in FinanZero is valued at USD 7.7 mln (SEK 72.0 mln) on the basis of the latest transaction.

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

Finja

As per December 31, 2019, VEF has invested a total of USD 2 mln into Finja, and holds a 20.4% stake in the company. The latest transaction in the company occurred in July 2018, and hence, more than 12 months have passed since the latest transaction. VEF's stake in the company is valued at USD 3.4 mln, including the outstanding convertible loan note and accrued interest, on the basis of this transaction in the company. The valuation in the latest transaction is still deemed to reflect the fair value of the company and is reflective of a supporting EV/revenue peer multiples valuation model.

The holding in Finja is categorized as a level 3 investment.

Sensitivity in exit valuation						
-15%	-10%	-5%	0%	+5%	+10%	+15%
2,881	3,050	3,219	3,389	3,558	3,728	3,897

Liquidity investments

As per December 31, 2019, the liquidity management investments are valued at USD 34.5 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 Dec 31, 2019	Percentage of portfolio
Creditas	25,000	23,500	24,746	73,246	29.2%
Konfío	15,000	12,500	14,079	41,579	16.6%
JUMO	16,408	–	467	16,875	6.7%
REVO Group	14,636	–	1,608	16,244	6.5%
TransferGo	12,842	–	-287	12,555	5.0%
Guiabolso	15,265	–	-3,720	11,545	4.6%
Nibo	4,957	2,000	3,662	10,619	4.2%
Xerpa	–	8,500	–	8,500	3.4%
Magnetis	5,806	1,968	334	8,108	3.2%
FinanZero	5,030	101	2,597	7,728	3.1%
Finja	3,289	–	100	3,389	1.4%
TCS Group Holding PLC (Tinkoff Bank)	7,908	-8,706	798	–	–
iyzico	25,861	-34,111	8,250	–	–
Liquidity management	44,896	-11,194	819	34,521	13.8%
Total	**196,898**	**-5,442**	**53,452**	**244,908**	**97.8%**

Note 6 Segment information

For management purposes, the Group is organised into one main operating segment, which invests in equity securities. All of the Group's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. As an investment company, the Board is deeply involved in investment decisions and follow-up of portfolio companies' development. The Board has been identified as the Group's highest operational decision maker in the field of internal reporting. Internal reporting contains only one segment.

Note 7 Result from financial assets at fair value through profit or loss

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Proceeds from sale of financial assets at fair value through profit or loss	54,261	79,337	45,082	14,000
Acquisition value of sold financial assets at fair value through profit or loss	-23,958	-24,594	-22,444	-14,000
Change in fair value from sold financial assets at fair value through profit or loss	-30,304	-58,091	-22,637	–
Change in fair value of remaining financial assets at fair value through profit or loss	53,453	9,561	8,595	15,024
Result from financial assets at fair value through profit or loss	**53,452**	**6,213**	**8,596**	**15,024**

During 2019 and 2018 result from financial assets at fair value through profit or loss comprises the result from fair value changes of financial assets that have been designated on initial recognition as assets to be measured at fair value with fair value changes in profit or loss.

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Note 8 Dividend and coupon income

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Dividend and coupon income recognized in the income statement[1]	501	3,022	501	352
whereof unsettled at balance sheet date	–	–	–	–
Tax withheld on dividends	–	–	–	–
Net proceeds from dividends and coupons, net of tax, recognized in the income statement during the year	**501**	**3,022**	**501**	**352**

1. 2019: USD 0 mln (2018: 2.67) coming from Tinkoff Bank.

Note 9 Operating expenses by nature

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Employee benefit expense (Note 10)	3,520	4,164	2,528	3,504
Operating lease expenses	–	115	–	68
Service agreement between Vostok Emerging Finance AB and Vostok Emerging Finance Limited	–	–	1,637	1,052
Other expenses	1,997	1,221	1,236	944
Depreciations	89	26	–	–
Total operating expenses	**5,606**	**5,526**	**5,401**	**5,568**

Note 10 Employee benefit expense

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Wages and salaries	1,497	1,503	1,074	1,084
Social security cost	348	688	93	536
Pensions cost	162	166	70	86
Other employee benefits	1,513	1,807	1,291	1,798
Total employee benefit expense	**3,520**	**4,164**	**2,528**	**3,504**

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Salaries and other remunerations to the management and the Board of Directors of the parent and its subsidiaries	2,960	2,787	2,309	2,406
Salaries and other remunerations to other employees	212	689	126	562
Total salaries	**3,172**	**3,476**	**2,435**	**2,968**

Group 2019

	Base salaries/ Board fee	Variable compensation	Pension expenses	Share based compensation	Total
Lars O Grönstedt, *Chairman of the Board*	63	–	–	–	**63**
Milena Ivanova, *Board member*	31	–	–	–	**31**
Voria Fattahi, *Board member*	31	–	–	–	**31**
Per Brilioth, *Board member*	31	–	–	–	**31**
Ranjan Tandon, *Board member*	31	–	–	–	**31**
David Nangle, *Board member and Managing Director*	470	227	50	528	**1,275**
Key management personnel	466	548	99	385	**1,498**
Total	**1,123**	**775**	**149**	**913**	**2,960**

Group 2018

	Base salaries/ Board fee	Variable compensation	Pension expenses	Share based compensation	Total
Lars O Grönstedt, *Chairman of the Board*	65	–	–	–	**65**
Milena Ivanova, *Board member*	29	–	–	–	**29**
Voria Fattahi, *Board member*	29	–	–	–	**29**
Per Brilioth, *Board member*	29	–	–	–	**29**
Ranjan Tandon, *Board member*	29	–	–	–	**29**
David Nangle, *Board member and Managing Director*	475	175	51	970	**1,671**
Key management personnel	297	47	66	525	**935**
Total	**953**	**222**	**117**	**1,495**	**2,787**

Parent 2019

	Base salaries/ Board fee	Variable compen-sation	Pension expenses	Share based compen-sation	Total
Lars O Grönstedt, *Chairman of the Board*	63	–	–	–	63
Milena Ivanova, *Board member*	31	–	–	–	31
Voria Fattahi, *Board member*	31	–	–	–	31
Per Brilioth, *Board member*	31	–	–	–	31
Ranjan Tandon, *Board member*	31	–	–	–	31
David Nangle, *Board member and Managing Director*	470	227	50	528	1,275
Key management personnel	185	257	20	385	847
Total	**842**	**484**	**70**	**913**	**2,309**

Parent 2018

	Base salaries/ Board fee	Variable compen-sation	Pension expenses	Share based compen-sation	Total
Lars O Grönstedt, *Chairman of the Board*	65	–	–	–	65
Milena Ivanova, *Board member*	29	–	–	–	29
Voria Fattahi, *Board member*	29	–	–	–	29
Per Brilioth, *Board member*	29	–	–	–	29
Ranjan Tandon, *Board member*	29	–	–	–	29
David Nangle, *Board member and Managing Director*	475	175	51	970	1,671
Key management personnel	–	–	–	525	525
Total	**685**	**175**	**51**	**1,495**	**2,406**

Decisions regarding remuneration to the Managing Director are made by the Board of Directors and to the rest of management by the Managing Director. The Managing Director has the right to 12 months' salary in the event of the termination of appointment on part of the Company. He must himself observe six months' notice of termination. The rest of the management has a notice period of three months, which also applies to the Company in the event of termination on part of the Company. No notice period applies to the Board of Directors. In addition to the Board of Directors and key management personnel stated above, the Group has 2 (2018: 2) full time employees.

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").

Principal Conditions and Guidelines

> The exercise price for the Options shall correspond to 120% of the market value of the SDRs of the Company at the time of the grant.
> The Options may be exercised during an exercise period of three months starting five years from the time of the grant.
> For employees resident outside of Sweden, no premium shall be paid for the Options and they may only be exercised if the holder is still employed within the Group at the time of exercise.
> For employees resident in Sweden, the employees may elect either of the following alternatives:
a) No premium shall be paid for the Options and the Options may only be exercised if the holder is still employed within the Group at the time of exercise (same as for employees resident outside of Sweden);
or
b) The Options shall be offered to the employee at a purchase price corresponding to the market value of the Options at the time of the offer. The Options shall be fully transferable and will thereby be considered as securities. This also means that these Options are not contingent upon employment and will not lapse should the employee leave his or her position within the Group.
> Options may be issued by the parent company or by other group companies.

Preparation and Administration

The Board or a designated committee appointed by the Board, shall be authorized to set the detailed terms and conditions for the Options in accordance with the principal conditions and guidelines. The Board may make necessary adjustments to satisfy certain regulations or market conditions abroad. The Board shall also be authorized to resolve on other adjustments in conjunction with material changes affecting the Group or its business environment, which would mean that the described conditions for the incentive plan would no longer be appropriate.

Allocation

The incentive plan includes granting of not more than 5,080,000 Options. Allocation of Options to the Managing Director of the Company shall not exceed 2,540,000 Options and allocation to each member of the executive management or to other key employees of the Company shall not exceed 1,016,000 Options. The allocation of Options shall be decided by taking into consideration, among other things, the performance of the employee and his or her importance to the Group. Specific criteria to be considered include the employee's ability to manage and develop the existing portfolio and to identify new investment opportunities and evaluate conditions of new investments as well as return on capital or estimated return on capital in investment targets. The Board shall be responsible for the evaluation of the performance of the employees. Board members who are not employed by the Group shall not be able to participate in the plan.

Bonus for employees resident in Sweden under option (b)

In order to stimulate the participation in the plan by employees resident in Sweden electing option (b) above, the Company will subsidize participation by way of a bonus payment which after tax corresponds to the Option premium. Half of the bonus will be paid in connection with the purchase of the Options and the remaining half at exercise of the Options, or, if the Options are not exercised, at maturity. The second bonus payment is subject to the requirement that the holder is still an employee of the Group at the time of exercise or maturity, as the case may be. Thus, for employees in Sweden who choose option (b), the participation in the plan includes an element of risk.

Dilution and costs

In the event all 5,080,000 Options are fully exercised, the holders will acquire shares represented by SDRs corresponding to a maximum of approximately 0.8% of the share capital. The total negative cash flow impact for the bonus payments described above is estimated to approximately SEK 11,000,000 over the life of the incentive plan, provided that all Options are offered to employees resident in Sweden, that all such employees choose to purchase the Options under option (b) above, and that all Option holders are still employed by the Company at the time of exercise or maturity of the Options. Currently, there is no similar option (b) for employees resident outside of Sweden provided in the incentive plan 2015 and the only negative cash flow under option (a) relates to the social security contributions at the time of exercise of the Options. Other costs for the incentive plan, including fees to external advisors and administrative costs for the plan are estimated to amount to approximately SEK 250,000 for the duration of the Options.

Options outstanding

	2019
Beginning of the year	4,405,000
Granted in 2019	500,000
Outstanding at the end of the year	**4,905,000**

Per December 31, 2019, a total of 4,905,000 options were outstanding, of which 1,905,000 to the Managing Director and 3,000,000 to other employees.

Options granted

Option grant date	Dec 31, 2015	Jun 7, 2016	Aug 25, 2016	Nov 29, 2017	May 16, 2018	Dec 17, 2019
Maturity date	Sep 8, 2020	Jul 31, 2021	Nov 24, 2021	Feb 28, 2023	Aug 16, 2023	Dec 17, 2024
Option price at grant date SEK	0.67	0.26	0.14	0.54	0.41	0.34
Share price at grant date SEK	1.08	1.13	1.22	2.25	1.97	2.95
Exercise price SEK	1.46	1.33	1.46	2.54	2.35	3.69
Volatility	39.90%	33.00%	20.90%	32.10%	29.90%	22.80%
Risk free interest rate	0.30%	-0.27%	-0.53%	-0.25%	-0.13%	-0.29%
No of options granted	1,905,000	1,000,000	500,000	500,000	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.

Share-based incentive program (LTIP)

There are three running long-term share-based incentive programs for management and key personnel in the Vostok Emerging Finance Group. Program 2017 and 2018 are 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.

Outstanding programs 2017 and 2018

The participants purchased, in the three-year long-term incentive 2017 and 2018 programs, shares (Swedish Depository Receipts) in the Company. The participants are for each purchased share entitled to receive additional shares, so-called performance shares, free of charge, subject to fulfillment of performance condition set by the Board of Directors based on the Company's Net Asset Value.

The rights to receive shares automatically convert into common shares 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 shares 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 depository receipts on the grant date was calculated on the basis of the market price of the Company's depository receipts on the grant date per depository receipt without adjustment for any dividends during the vesting period.

Outstanding program 2019

The participants purchased, in the three-year long-term incentive 2019 program, plan shares in the Company.

Plan shares will on the extent to performance of both the Company's Net Asset Value and of the Vostok Emerging Finance share price be reclassified as Swedish Depository Receipts if the performance conditions have been fulfilled. If the performance conditions have not been fulfilled, then the plan shares will be redeemed by the company.

The participants will be compensated for dividends and other value transfers to the shareholders. The participants are also entitled to vote during the measurement period.

If a participant ceases to be employed by the Group within this period, the plan shares will be redeemed, except in limited circumstances that are approved by the board on a case-by-case basis.

The fair value of the plan share on the grant date was calculated on the basis of the market price of the Company's depository receipts on the grant date and market conditions prevailed by using the Monte Carlo Valuation Method.

To carry through the incentive program, the Company subsidized the incentive program participants for the subscription price. The subsidy amounted to USD 0.27 mln, social fees excluded, for the cost of acquiring plan shares. The cost for financing and acquiring plan shares is immediately expensed.

The Company also compensated for the tax impact arising from the fact that subscription price was below fair market value. The cost of this subsidy, social fees excluded, amounts to USD 0.30 mln and will be expensed over the three-year duration of the program.

Completed program 2016

The Board of Directors determined on March 27, 2019 that the development of the Company's Net Asset Value over the performance measurement period of LTIP 2016 (January 1, 2016 through December 31, 2018), met the so-called stretch-level, whereby each savings share held by program participants throughout the vesting period resulted in an allocation of ten (10) performance shares free of charge. The program 2016 resulted in allotment of 11,315,790 depository receipts. The exercised program resulted in a dilution of 1.7% in terms of depository receipts to issued shares. Total cost, excluding social fees, amounted to USD 1.30 mln for the four participants.

	LTIP 2017	LTIP 2018	LTIP 2019
Performance measurement period	Jan 2017–Dec 2019	Jan 2018–Dec 2020	Jan 2019–Dec 2021
Vesting period	May 2017–Dec 2019	May 2018–Dec 2020	May 2019–Dec 2021
Maximum no of SDRs	8,035,700	7,451,850	12,400,000
Maximum dilution	1.21%	1.13%	1.87%
Share price on grant date, SEK	1.74	1.95	2.40
Share price on grant date, USD	0.20	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 2017	LTIP 2018	LTIP 2019
2019[1]	0.60	0.32	0.08
2018	0.80	0.20	–
2017	0.19	–	–
Total accumulated	1.59	0.52	0.08

1. The total 2019 employee benefit expense does not include subsidy for acquisition and taxes arisen.

Note 11 Tax

Corporate income tax – general

Vostok Emerging Finance Ltd is exempted and therefore not liable for tax in Bermuda.

Vostok Emerging Finance (Cyprus) Ltd is subject to corporation tax on taxable profits at the rate of 12.5% for 2019.

Under certain conditions, interest may be exempt from income tax and only subject to defence contribution at the rate of 30% as from April 29, 2013.

Any gains from disposal of qualified securities are not subject to corporate tax in Cyprus.

During 2019, the Swedish subsidiary's profits are subject to Swedish income tax at the rate of 21.4%.

Income tax expense

	Group 2019	Group 2018
Current tax	-51	-79
Deferred tax	–	–
Taxation	**-51**	**-79**

The tax on the Group's result before tax differs from the theoretical amount that would arise using the tax rate of the countries where the Group operates as follows:

	Group 2019	Group 2018
Result before tax	48,580	3,532
Tax calculated at domestic tax rates applicable to profits in the respective countries	-27	-20
Tax effects of:		
- Income not subject to tax	5,490	7,192
- Expenses not deductible for tax purposes	-5,523	-7,232
- Adjustment in respect of prior years	9	-19
Tax charge	**-51**	**-79**

The weighted average applicable tax rate 2019 was 0.1% (2018: 2.2%).

Note 12 Earnings per share

Basic earnings per share have been calculated by dividing the net result for the financial year by the weighted average number of shares in issue during the year.

Diluted earnings per share have been calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares. Share options are the only category of dilutive potential ordinary shares for the Company. For the share options, a calculation is made in order to determine the number of shares that would have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the options.

	2019	2018
Profit attributable to the equity holders of the Company	48,529	3,453
Weighted average number of ordinary shares on issue	654,483,268	655,438,376
Earnings per share, basic	**0.07**	**0.01**
Adjustment for dilution effect of incentive options	6,016,218	11,315,861
Weighted average number of ordinary shares fully diluted	664,376,019	668,274,748
Earnings per share, diluted	**0.07**	**0.01**

Note 13 Property, plant and equipment

Group	Property, plant and equip-ment	Right-of-use assets: premises	Total
Year ended December 31, 2018			
Opening net book amount	–	–	–
Additions	172	–	172
Depreciation	-26	–	-26
At December 31, 2018			
Closing net book amount	146	–	146
Year ended December 31, 2019			
Opening net book amount	146	–	146
Amount equal to lease assets as at January 1, 2019 under IFRS 16	–	224	224
Additions	–	–	–
Depreciation	-33	-56	-89
Currency change effect	-6	–	-6
At December 31, 2019			
Closing net book amount	107	168	275

Depreciation amounting to USD 0.89 mln (2018: 0.26 mln) have been recognised among operating expenses in the income statement (see also Note 9).

Note 14 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

December 31, 2019 – Group

Assets as per balance sheet	Assets at fair value through profit and loss	Amor-tised costs	Total
Financial assets at fair value through profit or loss	244,908	–	244,908
Cash and cash equivalents	–	5,562	5,562
Total assets	244,908	5,562	250,470

December 31, 2018 – Group

Assets as per balance sheet	Assets at fair value through profit and loss	Amor-tised costs	Total
Financial assets at fair value through profit or loss	196,898	–	196,898
Cash and cash equivalents	–	5,479	5,479
Total assets	196,898	5,479	202,377

December 31, 2019 – Parent

Assets as per balance sheet	Assets at fair value through profit and loss	Amor-tised costs	Total
Financial assets at fair value through profit or loss	34,521	–	34,521
Cash and cash equivalents	–	5,058	5,058
Receivables from Group Companies	–	135,434	135,434
Total assets	34,521	140,492	175,013

December 31, 2018 – Parent

Assets as per balance sheet	Assets at fair value through profit and loss	Amor-tised costs	Total
Financial assets at fair value through profit or loss	70,757	–	70,757
Cash and cash equivalents	–	3,728	3,728
Receivables from Group Companies	–	89,185	89,185
Total assets	70,757	92,913	163,670

The carrying value for cash and cash equivalents and receivables from Group Companies is considered consistent with the fair value.

Note 15 Non-current financial assets at fair value through profit or loss

	Group Dec 31, 2019	Group Dec 31, 2018	Parent Company Dec 31, 2019	Parent Company Dec 31, 2018
Beginning of the year	196,898	189,406	70,757	14,518
Additions (new investments)	48,819	80,616	250	55,215
Disposal value	-54,261	-79,337	-45,082	-14,000
Change in fair value for the year	53,452	6,213	8,596	15,024
End of the year	244,908	196,898	34,521	70,757

The assets specified in the table above are investments in financial assets at fair value through profit or loss. See note 5 for further information.

Note 16 Cash and cash equivalents

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	Group Dec 31, 2019	Group Dec 31, 2018
Cash and cash equivalents	5,562	5,479
of which short-term investments equivalent to cash	–	–
Total	5,562	5,479

Note 17 Share capital and additional paid in capital

Group and Parent Company	Number of SDRs held	Number of plan shares held	Share capital	Additional paid in capital
At January 1, 2018	**661,495,995**	**–**	**6,615**	**89,079**
Repurchase of own shares	-11,315,861	–	-113	-2,214
Employees share option scheme	–	–	–	23
Share based long-term incentive program	–	–	–	1,720
At December 31, 2018	**650,180,134**	**–**	**6,502**	**88,608**
Repurchase of own shares	-6,016,147	–	-61	-1,526
Employees share option scheme	–	–	–	26
Share based long-term incentive program	11,315,790	12,400,000	237	815
At December 31, 2019	**655,479,777**	**12,400,000**	**6,678**	**87,923**

Share capital

The authorised share capital of the Company is USD 10,000 mln divided into 1,000,000,000 shares of USD 0.01 par value, each carrying one vote. All issued redeemable shares are fully paid. Share capital per December 31, 2019 is USD 6,678 k divided into 655,479,777 outstanding common shares as per the balance sheet day and 12,400,000 reedemable common shares under LTIP 2019, of USD 0.01 par value. During 2019, VEF has repurchased 6,016,147 SDRs (2018: 11,315,861 SDRs) in the Company for the purpose of delivery of SDRs in connection with LTIP 2017 and LTIP 2018.

Additional paid in capital

Additional paid in capital comprise share premiums regarding new shares issued and share based compensation as well as 12,400,000 redeemable common shares issued under LTIP 2019. There are currently 4,905,000 ordinary shares available under the employee share option scheme. Each option entitles the holder to one new share (SDR) in VEF. For more information on LTIP and the options, see Note 10.

Note 18 Non-current liabilities

Maturity analysis – contractual discounted cash flow	Group Dec 31, 2019	Group Dec 31, 2018	Parent Company Dec 31, 2019	Parent Company Dec 31, 2018
Leasing liabilities < 1 year	50	–	–	–
Leasing liabilities 2–5 years	118	–	–	–
Total discounted lease liabilities	**168**	**–**	**–**	**–**
Total cash flow for leases during 2019	**58**	**–**	**–**	**–**
Amounts recognised in the consolidated income statment				
Interest on lease liabilities	12	–	–	–

The weighted average incremental borrowing rate applied to measure lease liabilities is 6.15% for premises.

Note 19 Other current liabilities

	Group Dec 31, 2019	Group Dec 31, 2018	Parent Company Dec 31, 2019	Parent Company Dec 31, 2018
Other current liabilities	161	163	252	79
Leasing liabilities < 1 year	50	–	–	–
Total	**211**	**163**	**252**	**79**

Note 20 Pledged assets and contingent liabilities

The Group had no contingent liabilities or pledged assets as per December 31, 2019.

Note 21 Shares in subsidiaries

Parent Company	Country	Number of shares	Share of capital and votes, %	Book value Dec 31, 2019, USD
Vostok Emerging Finance (Cyprus) Limited	Cyprus	10,000	100	10,000
Vostok Emerging Finance AB	Sweden	500	100	5,100
Total				**15,100**

All the companies are included in the consolidated financial statements from the time of incorporation.

Note 22 Related party transactions

The Group has identified the following related parties:
Key management and Board of Directors of the Group.

During the year, the Group has recognized the following related party transactions:

USD thousand	Operating expenses		Current liabilities	
	12M 2019	12M 2018	12M 2019	12M 2018
Key management and Board of Directors[1]	3,008	2,315	136	–

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

The costs during the year for the long-term incentive programs (LTIP 2017, LTIP 2018 and LTIP 2019) for the management amounted to USD 0.33 mln, USD 0.31 mln and USD 0.06 mln, respectively, excluding bonuses paid and social taxes. See details of LTIP 2017, LTIP 2018 and LTIP 2019 in Note 10.

Subsidiaries

The parent company has related-party transactions with VEF Cyprus and VEF Sweden. The parent company's business is to act as the holding company of the Group and therefore own, manage and finance the holding in VEF Cyprus. VEF Sweden provides information and analysis services to the parent company.

Parent Company	Dec 31, 2019	Dec 31, 2018
Loan recievables	135,434	89,185
Interest income	7,881	7,344
Current liabilities	–	–
Operating expenses	1,637	1,052
Total	**144,952**	**98,581**

Note 23 Depository receipt buy back

VEF currently holds 6,016,218 repurchased SDRs for the purpose of delivery of SDRs in connection with the long-term incentive program.

Note 24 Events after the balance sheet date

After the end of the year, VEF has repurchased 2,019,482 Swedish Depository Receipts (SDRs) in the company for the purpose of delivery of SDRs in connection with the Company's long-term incentive programs.

After the end of the period, the world has experienced an unprecedented volatility on the world's markets following the outbreak of the COVID-19 virus. While the public market reactions derived from the inability to modelling and predicting the full impact and expected outcome of the virus in tandem with a sharp drop in oil prices, VEF is actively working with its portfolio companies to manage and alter any critical strategic decision, adapting to and reflecting the current volatile environment. VEF is in a very strong financial position and has the ability 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. While none of the portfolio companies fall within the scope of "first in line to be impacted industries" such as mobility, tourism and hospitality, no one knows when market volatility, public and private, will balance. 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. Private market reactions have a tendency to lag behind the public markets but will be impacted. VEF management is continuously evaluating implications on the valuation of our portfolio companies leading in to the 1Q20 report. However, it is yet too early to quantify any valuation changes based on market sentiments and public market moves in this volatile environment. Many aspects play into any valuation changes in either direction.

Note 25 Adoption of annual report

The annual report has been submitted by the Board of Directors on March 25, 2020, see page 77. The balance sheet and profit and loss accounts are to be adopted by the Company's shareholders at the annual general meeting on May 13, 2020.

Declaration

The Board of Directors and the Managing Director declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with IFRS and give a true and fair view of the Parent Company's financial position and results of operation.

The Administration Report and the other parts of the Annual Report of the Group and the Parent Company provide a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describe material risks and uncertainties facing the Parent Company and the companies included in the Group.

March 25, 2020

Lars O Grönstedt
Chairman of the Board

Per Brilioth
Board member

Voria Fattahi
Board member

Milena Ivanova
Board member

Ranjan Tandon
Board member

David Nangle
Board member and Managing Director

Our auditor's report was submitted on March 25, 2020

PricewaterhouseCoopers AB

Ulrika Ramsvik
Authorised Public Accountant
Auditor-in-charge

Bo Hjalmarsson
Authorised Public Accountant

Independent auditor's report

To the annual general meeting of Vostok Emerging Finance Ltd., corporate identity number 50298.

Report on the audit of the consolidated financial statements and parent company financial statements

Our opinion

We have audited the consolidated financial statements and the parent company financial statements of Vostok Emerging Finance Ltd. for the year 2019. The consolidated financial statements and the parent company financial statements are included on pages 49–76 in this document.

In our opinion, Vostok Emerging Finance Ltd. consolidated financial statements and parent company financial statements present fairly, in all material respects, the consolidated financial position of the Group and the parent company financial position as at December 31, 2019, and of its consolidated financial performance and parent company financial performance and its consolidated cash flows and parent company cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements section of our report. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the pages 1–48, which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements or the parent company financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or the parent company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements and the parent company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stockholm, March 25, 2020
PricewaterhouseCoopers AB

Ulrika Ramsvik
Authorised public accountant
Auditor-in-charge

Bo Hjalmarsson
Authorised public accountant

Glossary

of terms and acronyms used in the annual report

AUM	Assets Under Management
API	Application Programming Interface
APR	Annual Percentage Rate
bln	Billion
CEE	Central and Eastern Europe
CIS	Commonwealth of Independent States (former Soviet Union)
E	Estimate
EM	Emerging Market
ESG	Environmental, Social and Governance
ETF	Exchange Traded Fund
EV	Enterprise Value, i.e. stock exchange value + net liability
EUR	Euro
F	Forecast
FX	Foreign exchange rate
GDP	Gross Domestic Product
HR	Human Resources
IPO	Initial Public Offering
IRR	Internal Rate of Return
k	Thousand
M&A	Mergers and Acquisitions
mln	Million
MNO	Mobile Network Operator
MTN	Mobile Telephone Network
NAV	Net Asset Value
NBFI	Non-Bank Financial Institution
RUB	Russian Rubles
SaaS	Software as a Service
SDR	Swedish Depository Receipt
SEK	Swedish Kronor
SME	Small and Medium sized Enterprises
T	Thousand
tln	Trillion
UAE	United Arab Emirates
USD	United States Dollars
Y-o-Y	Year-on-Year

Financial calendar

Q1 Interim report
April 29, 2020

Annual General Meeting of shareholders 2020
May 13, 2020

Q2 Interim report
July 29, 2020

Q3 Interim report
November 4, 2020

Financial accounts bulletin
February 10, 2021

Annual report 2020
March 2021

Annual General Meeting of shareholders 2021
May 2021

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