

A dark blue world map is centered in the upper half of the page. Overlaid on the map are several circular patterns of binary code (0s and 1s) and various international currency symbols (including \$, €, £, ¥, and ₹). The background is a solid dark blue color.

>EF

Vostok Emerging Finance

YEAR-END REPORT
2019

>EF Vostok Emerging Finance



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

Photo: Palacio de Bellas Artes, Mexico City, Mexico.

YEAR-END REPORT 2019

Highlights during the quarter

- > **Konfio:** On December 3, 2019, Konfio announced the completion of its USD 100 mln series D funding round to support Mexican SMBs.
- > **iyzico:** On December 16, 2019, VEF announced the completion of its exit in iyzico following the acquisition of the company by PayU Global B.V., the fintech arm of Naspers Group.
- > Repurchased 1,900,000 Swedish Depository Receipts (SDRs) in the Company.

Net asset value

- > NAV of VEF's portfolio increased by 0.2% during the quarter to USD 249.4 mln or USD 0.38 per share.
- > In local currency, NAV decreased by 4.8% to SEK 2,325 mln or SEK 3.55 per share.
- > Cash position at the end of 4Q19 was USD 40.1 mln.

Financial result

- > Net result for 4Q19 was USD 0.77 mln (4Q18: USD -3.89 mln). Earnings per share were USD 0.00 (4Q18: USD -0.01).
- > Net result for the year 2019 was USD 48.53 mln (2018: USD 3.45 mln). Earnings per share were USD 0.07 (2018: USD 0.01).

| | Dec 31, 2018 | Sep 30, 2019 | Dec 31, 2019 |
|---------------------------------|--------------|--------------|--------------|
| Net asset value (USD mln) | 201.42 | 248.90 | 249.44 |
| Net asset value (SEK mln) | 1,806 | 2,441 | 2,325 |
| Net asset value per share (SEK) | 2.78 | 3.78 | 3.55 |
| VEMF SDB share price (SEK) | 1.75 | 2.76 | 2.94 |

The Company will hold a telephone conference with an interactive presentation at 14:00 CET (8:00 a.m. ET) Wednesday, February 12, 2020. For call-in details, see separate press release issued on February 5, 2020 at www.vostokemergingfinance.com.

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

Management report

Dear fellow shareholder,

As we sat down recently as a family and discussed new years resolutions, my eldest daughter, Natasha, educated us on Janus, the Roman God of beginnings and endings, which the first month of the year, January, was named after. Usually depicted with two faces, one face looks back to the year departed, while one looks forward to the new year ahead. At VEF, we love to learn from the past, but are always looking forward – “it’s what we do next that counts”. So with that in mind, we begin 2020 post an exceptionally successful 2019 with all the welcome burden of expectation to do it all again in 2020, and beyond.

2019: Tip of the cap to the year gone by

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

- > Two Portfolio Exits: Tinkoff Bank: 6.1x CoC return and 65% IRR and izyico: 3.1x CoC return and 57% IRR.
- > Credits and Konfio: Benchmark investment rounds (USD 231 mln/USD 100 mln respectively) leaving both exceptionally well capitalised to win in their respective spaces.
- > Value Creation: NAV is up 24% / Share price is up 68%.

In 4Q19, total USD NAV of VEF grew 0.2% QoQ to USD 249.4 mln. Behind the broadly flat NAV performance through 4Q19 was some minor positive (Guiabolso, Nibo) and negative (REVO) moves in mark to model valuations as a result of peer multiple and FX moves over the quarter. Our cash/capital position as at YE19 was USD 40 mln, post the receipt of USD 34 mln from the izyico exit.

2020: Our thoughts for the year ahead

Looking ahead into 2020, a successful year for VEF would include:

Expertise: Maintain and build on our very unique global fintech lens edge by having a strong global understanding of disruptive forces in financial services, while deepening our expertise in our current core scale focus markets of Brazil, India and Mexico. Ultimately, we strive for the reputation as *the* Emerging Markets fintech experts.

Portfolio and Pipeline: Continue to work with all current portfolio companies to help drive incremental value and opportunistically, where it’s working, bet harder. Selectively adding 1–2 quality new investments to our portfolio from the constant pipeline building and investment funnel process. Being open to participating in smaller earlier stage deals if a) Founders are exceptional and/or in scale early stage frontier markets like Egypt, Nigeria and Bangladesh.

Value Creation: Continue to have an over-riding focus and within our powers, deliver on gradual continued uplift in our NAV per share and share price.

Team/Business: Continue to build out and deepen the team and competence within it.

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 under-banked. Others are driving down the

price of financial services to the markets/segments of focus. We highlight JUMO whose financial product is indeed the first formal financial interaction for many Africans, while TransferGo provides digital remittances to its migrant client base at a fraction of the cost of the traditional cash market players. That said, we can do more both in terms of documenting and communicating all as well as doing more directly for the communities where we invest and which give us so much in return. With financial services, we always take the view that if it's not ethical it's not scalable and hence it's a bad investment. Inherently, ESG and good investing have always gone together.

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 EM fintech. From day one we maintained an over-arching focus on three key themes; 1) Investments (Invest well or die), 2) Investors (love your investors) and 3) Build 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 1H19 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.



February 2020,
David Nangle

Investment portfolio

Portfolio development

VEF's net asset value per share increased by 0.2% in USD over the fourth quarter 2019, while VEF's share price in SEK increased by 6.5%. During the same period, the MSCI Emerging Markets index* increased by 11.4% in USD terms. 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%.

Liquidity management

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

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 |
| Konflo | 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 Technology/Sorsdata | 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 | | | 1 |
| iyzico | 0 | 0 | -34,111 | 8,250 | 25,861 | | | 1 |
| 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 | | | |

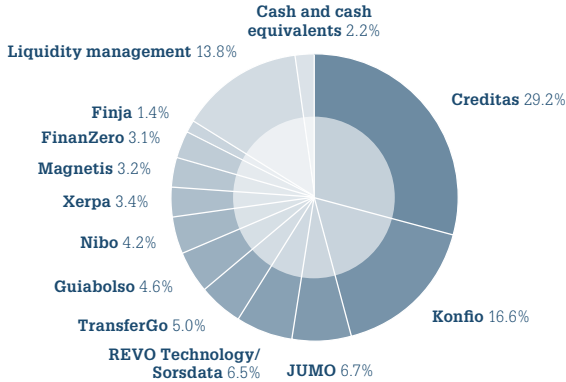
1. This investment is shown in the balance sheet as financial asset at fair value through profit or loss.

2. Attributable to currency exchange differences.

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

VEF in Charts – 4Q19

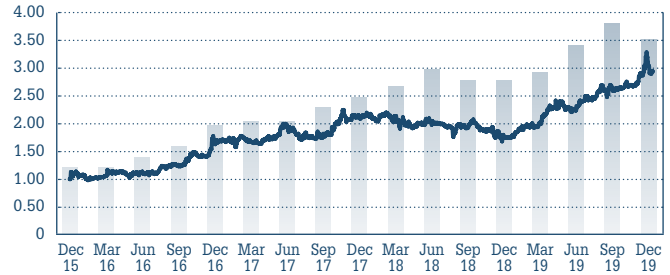
Portfolio composition



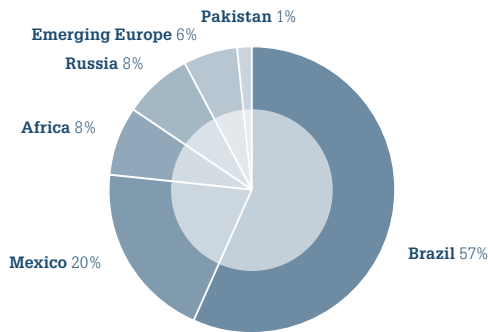
VEF share and net asset value development

December 2015–December 2019 (SEK/SDR)

■ Net Asset Value per share — SDR Price

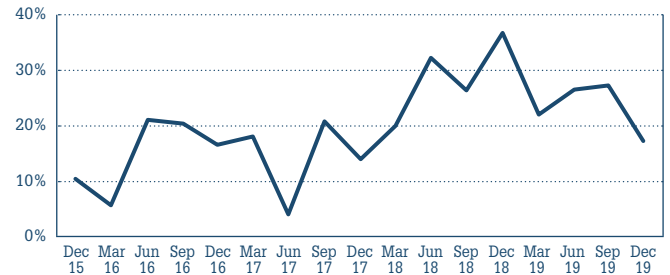


Geographic distribution, ex. cash

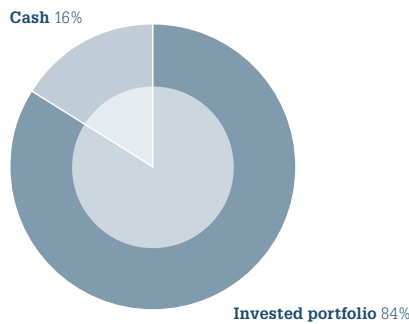


Discount to net asset value

December 2015–December 2019

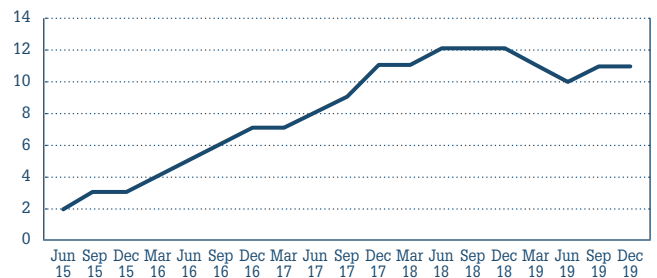


Invested portfolio and cash



Number of companies in portfolio

June 2015–December 2019





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: creditass.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 home equity and auto-secured 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 is currently focused on addressing the core, largest opportunity set in terms of products, but is well-positioned to explore and offer other niche products such as solar panel and medical equipment financing leveraging similar principles and processes.

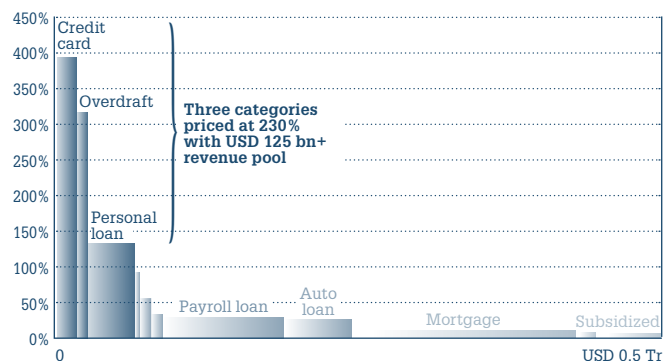
Following the USD 231 mln Series D mega-round in July 2019, in which VEF also invested, Creditas hit the ground running in Q4 with strong growth experienced across all

3 core lines of secured lending growth; home, auto and payroll. Within payroll, their latest product, the Creditoo acquisition is bedding in nicely and proving a great test case for M&A-led growth.

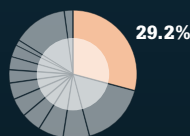
The company's latest initiative is a partnership with tech giant Apple, which will allow Creditas customers to fund iPhone purchases via their payroll, and is yet another untapped market of vast potential for Creditas' unique focus and skill set.

Q4 2019: During the second quarter of 2019, VEF invested an additional USD 23.5 mln into Creditas as part of the aforementioned investment round. Following the transaction VEF holds a 9.6% stake in the company and is valued at USD 73.2 mln on the basis of this transaction. VEF has invested a total of USD 48.5 mln into Creditas.

Brazil: Household debt market, APR %
 Source: Creditas



Key data:
Creditas



Brazil
 Primary region

Share of VEF's portfolio

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)



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

Konfio's offering: With its online and digital-first approach, Konfio leverages technology and big data analytics to offer loans to creditworthy SMEs across Mexico. Konfio 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.

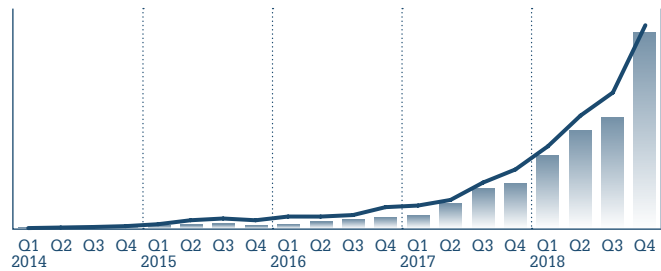
Konfio streamlines the loan application process, providing convenience and affordability to its customers in the top end of the small business segment where Konfio is currently focused – a segment which is seen a USD 45 bln opportunity.

For Konfio, Q4 2019 was dominated by capital-raising headlines as Mexico's leading small business unsecured lender closed a significant Series D funding round of USD 100 mln. We welcome SoftBank to the cap table who led the round, with VEF also taking part. This significant equity funding follows on the heels of the Q3 announcement of a credit facility of USD 100 mln secured from Goldman Sachs. All in, it

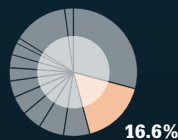
puts Konfio in a very strong funding position to meet ambitious growth targets set for 2020.

Q4 2019: During the third quarter of 2019, VEF invested an additional USD 2.5 mln into Konfio as part of a new broader funding round which closed during Q4 2019. Following the transaction VEF holds an 11.4% stake in the company and is valued at USD 41.6 mln on the basis of this transaction. VEF has invested a total of USD 27.5 mln into Konfio.

Konfio: Quarterly Origination (bars) and Quarterly Total Income (line), 2014–2018
Source: Company data



Key data:
Konfio



Mexico
Primary region

Share of VEF's portfolio
16.6%

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)



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 savings and loan accounts via their mobile phone. JUMO's partnerships with leading banks and mobile network operators 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 Pakistan, with plans to expand further across the sub-continent.

Since its launch in 2014, more than 15 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.

Through 2019 Jumo has continued to drive its monthly portfolio origination to new highs, with Ghana remaining a

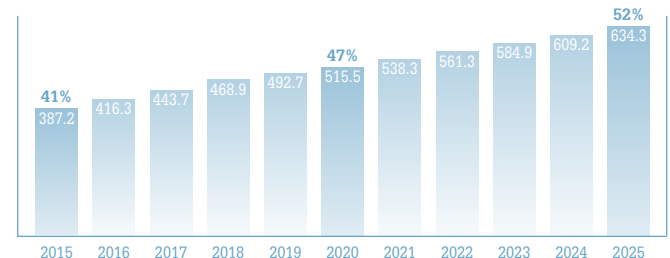
benchmark market for the business as we work with excellent partners on both the MNO (MTN) and financial services front (EcoBank and Barclays), all within a very supportive regulatory backdrop. Pakistan continues to show strong early traction, and buoyed by trends in the sub-continent, India is the next size market of focus for delivery from management.

Q4 2019: During the fourth quarter of 2018, JUMO successfully finalized the second close of a large capital raise which took the full round to near USD 65 mln. The round attracted a new investor base and was led by Goldman Sachs, who alongside existing investors were joined by Proparco (the private sector financing arm of the French Development Agency – AFD) and Finnfund. VEF took up its rights and invested USD 3.1 mln in the round. As at December 31, 2019, VEF's 6.8% stake in JUMO is valued at USD 16.9 mln on the basis of an EV/revenue peer multiples valuation model.

Sub-Saharan Africa: Unique mobile subscribers and penetration

Source: GSMA Intelligence

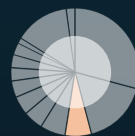
■ Subscribers (million) ■ Penetration (%)



Key data:
JUMO

**Pan-Africa,
Asia**

Regions



6.7%

Share of VEF's portfolio

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)



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.

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. REVO's sister company, Sorsdata, focuses on customer data analytics, largely gathered through the REVO platform, and provides targeted marketing services for merchants to drive repeat purchases and loyalty. The two companies effectively operate as one.

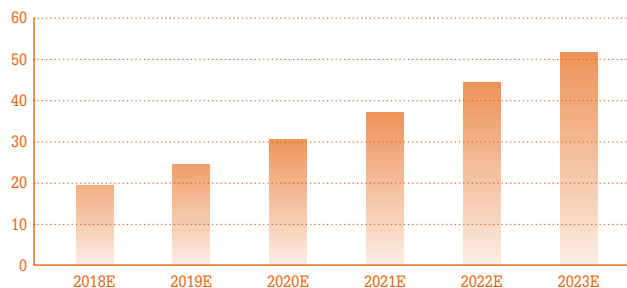
REVO made strong progress in 2019, showing impressive traction with new scale partners like MVideo, Ozon, and Eldorado, some of Russia's largest retailers in both the offline

and online space. 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.

Q4 2019: During the second quarter of 2018, VEF invested an additional USD 2.1 mln into REVO in the form of a two-year convertible loan note, alongside existing investor Baring Vostok. As per 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.

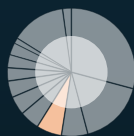
Russia: Projected size of ecommerce market 2018E–2023E (USD bln)

Source: Morgan Stanley



Key data:

REVO Group
(REVO Technology and Sorsdata)



6.5%

Russia, CEE

Regions

Share of VEF's portfolio

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)



TransferGo is a rapidly-growing, low-cost, cross-border digital remittance provider operating in 47 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 50 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. TransferGo's low-cost remittances service is contributing towards the United Nations Sustainable Development Goal of reducing to less than 3% the transaction costs of migrant remittances by 2030.

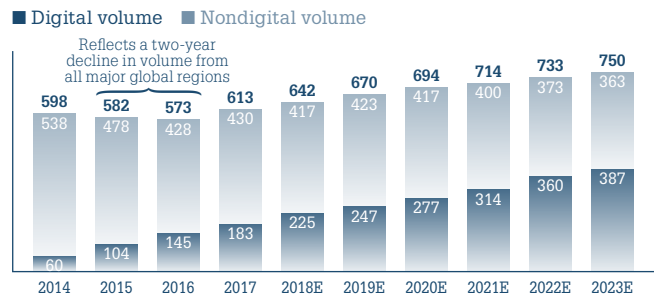
In 2019 TransferGo reached a total of 1 mln customers, a major milestone for the business as they continue to offer reliable, trustworthy and easy-to-use products for their growing customer base. TransferGo is well-focused, positioned and financially equipped to invest in acquiring new customers and

further ramp up the already strong traction in the business, on top of expanding into new geographic markets.

Q4 2019: In 2018, TransferGo successfully closed a new funding round of approximately 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. As at December 31, 2019, VEF's stake is valued at USD 12.5 mln on the basis of the latest transaction in the company.

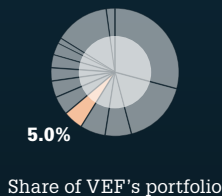
Forecast: Global remittance volume, 2014–2023E (USD bln)

Source: Business Insider Intelligence estimates, Juniper Research, World Bank



Key data:
TransferGo

Europe
Primary region



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)



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 sets it apart in a country with one of the world's highest interest rates.

2019 has been 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

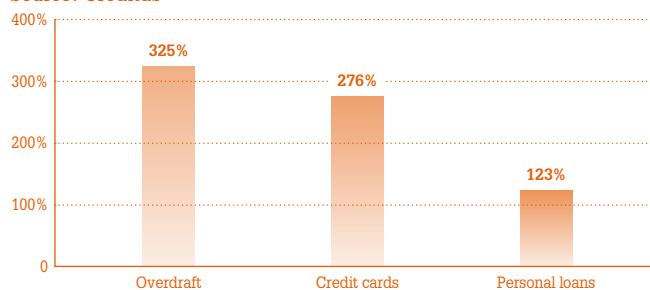
loans, but also looked for the next product offerings to add to the mix. In that regard, after much testing, management settled on credit cards and investment products as the financial products their customers desire most, and launched both through the app over the summer months.

Furthermore, 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.

Q4 2019: As at 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.

Brazil: APR % on lending products

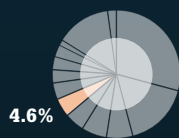
Source: Creditas



Key data:
Guiabolso

Brazil

Primary region



Share of VEF's portfolio

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)



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

Website: nibo.com.br

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, a specific Brazilian payment method. 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.

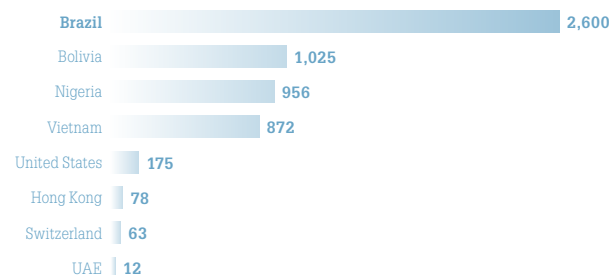
In September, Nibo held their annual Nibo Conference in Rio de Janeiro, which brought together 2,500 accounting professionals from across Brazil. Over two days, attendees heard from over 50 speakers who shared their views on 8 different content

tracks, including strategy, processes and tools, and consultative accounting. The success of the conference, now in its third year, is a testament to the strong traction Nibo's products have had with their customers. During the event, Nibo announced that the company will offer their Workflow solution to accountants for free, a new distribution strategy which will see strong growth in the number of paying SMEs on the platform.

Q4 2019: 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. Vostok Emerging Finance owns a 20.1% stake in Nibo following the latest transaction. As per December 31, 2019, VEF has invested a total of USD 5.3 mln into Nibo, and values its stake at USD 10.6 mln on the basis of an EV/revenue peer multiples valuation model.

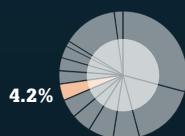
Time business owners spend on taxes per year (# in hours)

Source: PwC



Key data:

Nibo



Brazil

Primary region

Share of VEF's portfolio

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)



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. Xerpay is the cornerstone of a suite of employee financial wellness products the company will be rolling out in the coming months.

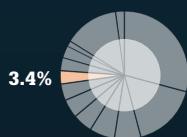
Xerpa was founded in 2015 by Nicholas Reise and Paulo Ahagon, and is based in São Paulo. Xerpa is the latest addition to the VEF portfolio, and we are excited by the Xerpa story

and quality team as well as the company's approach to this massively disruptive product.

Q4 2019: In the third quarter of 2019 VEF led a broader USD 13 mln Series B investment round into Xerpa, investing USD 8.5 mln for a 16% stake in the business. VEF was joined by Founders Fund, alongside existing investors Kaszek Ventures, Redpoint e.ventures and QED who also took part in the round. As at December 31, 2019, VEF's ownership stake in Xerpa is valued at USD 8.5 mln on the basis of this transaction.

Key data:
Xerpa

Brazil
Primary region



Share of VEF's portfolio

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)



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.

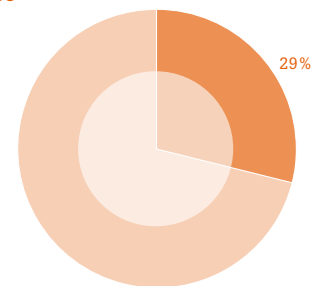
Magnetis' offering: Magnetis democratizes access to affordable and easy-to-use investment management through their digital investment advisor. Using client-focused, state-of-the-art technology, the product takes the individual's risk preferences into account, then builds and manages a tailored portfolio 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.

In March 2019, Magnetis announced 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.

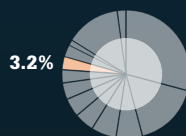
At the same time, over the course of 2019, other new products, initiatives and partnerships have been in the making – such as 'Meu Objetivo', a goal-tracking tool launched in July which allows customers to track progress of their investment plans – which helps to improve customer experience, unit economics and long-term profitability.

Q4 2019: During the third quarter of 2019, VEF invested an additional USD 2 mln into Magnetis as part of a new investment round. Following the transaction VEF holds a 17.5% stake in the company and is valued at USD 8.1 mln on the basis of this transaction. VEF has invested a total of USD 5.7 mln into Magnetis.

Brazil: Fintech adoption rate within the Savings and Investments space
 Source: EY



Key data:
Magnetis



Brazil
 Primary region

Share of VEF's portfolio

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)



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: Brazil's banking market is highly concentrated, with the top five banks holding in excess of 80% of total loans in the system, while fees and interest rates are some of the highest anywhere in the world. These high rates make it an imperative for Brazilian consumers to find the best loans available to them, with the lowest rates and terms. At the same time, consumer loan volumes and tech adoption in the country 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.

FinanZero's business model combines aspects of comparison, lead generation and consumer loan brokerage, similar to the Lendo business model in Scandinavia. FinanZero

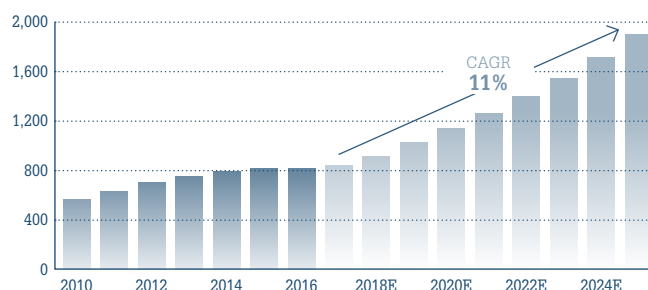
continues API integrations with key partners and has reached a total of 35 banking partners in 2019, resulting in improved operational efficiency and significant volume growth which will attract additional attention from other banks to integrate in a similar manner.

Q4 2019: In the second quarter of 2019, FinanZero announced 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% stake of the company. As at December 31, 2019, VEF's stake is valued at USD 7.7 mln (SEK 72.0 mln) on the basis of this transaction.

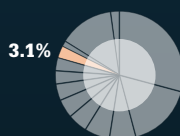
Brazilian consumers increasingly willing to borrow, 2010–2025E (BRL bln)

Source: HSBC

■ Consumer loans (actual) ■ Consumer loans (HSBC estimates)



Key data:
FinanZero



Brazil
Primary region

Share of VEF's portfolio

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)



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.

In November Finja secured in-principal approval for an EMI license which allows Finja to create their own wallet brand and solicit deposits, and an NBFIL license, making it possible for the company to lend off-balance and on-balance sheet. Finja is the only fintech in Pakistan to have these licenses.

Finja 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 has also established partnerships with companies in the FMCG space to lend to the small, family-owned 'mom and pop' outlets of the country which are credit-starved businesses, unable to secure capital from traditional financial institutions. Through various partnerships Finja is able to secure data for thousands of these shops throughout Pakistan.

Assets under management grew by more than 100% during the fourth quarter of 2019. Throughout the year, Finja has secured partnerships with various banks and financial institutions for lending capital on a risk-sharing basis which has been a key milestone to becoming the leading platform lender.

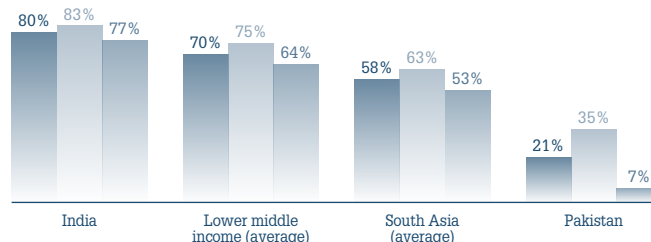
Q4 2019: During 2018, Finja successfully closed a new funding round in which the company raised USD 3 mln. The round attracted new investor Beenext, an Asia-focused VC fund, and Quona Capital, an EM Fintech VC fund. VEF invested USD 1 mln in the round in the form of a two-year convertible loan note. As per December 31, 2019, Vostok Emerging Finance has invested a total of USD 2 mln into Finja, and holds a 20.4% stake in the company. VEF's stake in the company is valued at USD 3.4 mln, including the convertible loan note, on the basis of the latest transaction in the company.

Pakistan: Account ownership in relation to its peers

(As of 2017, among adults of age 15+)

Source: Findex, World Bank

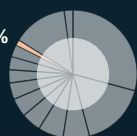
■ Accounts overall ■ Male accounts ■ Female accounts



Key data:

Finja

1.4%



Pakistan

Primary region

Share of VEF's portfolio

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)

Financial information

Investments

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

During Q1

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

During Q2

- > USD 23.5 mln investments in Creditas
- > USD 10 mln investments in Konfio
- > USD 0.1 mln investments in FinanZero

During Q3

- > USD 8.5 mln investments in Xerpa
- > USD 2.5 mln investments in Konfio
- > USD 2.0 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 8.7 mln relates to divestments in TCS Group Holding PLC (Tinkoff Bank)

During Q4

- > USD 34.4 mln relates to divestments in izyico
- > USD 11.2 mln relates to divestments in liquidity placements

SDR repurchase

During 2019, VEF repurchased 5,762,147 SDRs in the Company, with 1,900,000 of these SDRs repurchased during 4Q19, for the purpose of delivery of SDRs in connection with the Company's long-term incentive programs.

Group – results for the period and net asset value

During 2019, the result from financial assets at fair value through profit or loss amounted to USD 53.45 mln (2018: 6.21).

Dividend and coupon income was USD 0.50 mln (2018: 3.02).

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

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

Net result for the period was USD 48.53 mln (2018: 3.45).

Total shareholders' equity amounted to USD 249.44 mln (December 31, 2018: 201.42).

Group – results for the quarter

During the quarter, the result from financial assets at fair value through profit or loss amounted to USD 1.83 mln (4Q18: -2.97).

Dividend and coupon income was USD 0.04 mln (4Q18: 0.55).

Net operating expenses amounted to USD -1.23 mln (4Q18: -1.33).

Net financial items were 0.10 mln (4Q18: -0.09).

Net result for the quarter was USD 0.77 mln (4Q18: -3.89).

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

Financial and operating risks

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

Parent company

The parent company finances the Cypriot subsidiary's operations on market terms. The net result for 2019 was USD 11.69 mln (2018: 17.02). The net result for the quarter was USD 1.72 mln (4Q18: 5.54).

Income statement – Group

| Expressed in USD thousands | Jan 1, 2019– Dec 31, 2019 | Jan 1, 2018– Dec 31, 2018 | Oct 1, 2019– Dec 31, 2019 | Oct 1, 2018– Dec 31, 2018 |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| Result from financial assets at fair value through profit or loss ¹ | 53,452 | 6,213 | 1,828 | -2,974 |
| Dividend and coupon income | 501 | 3,022 | 41 | 547 |
| Total operating profit | 53,953 | 9,235 | 1,869 | -2,427 |
| Operating expenses | | | | |
| General administrative expenses | -3,869 | -3,763 | -913 | -903 |
| Employee incentive programs | -1,737 | -1,763 | -317 | -427 |
| Total operating expenses | -5,606 | -5,526 | -1,230 | -1,330 |
| Operating result | 48,347 | 3,703 | 639 | -3,757 |
| Financial income and expenses | | | | |
| Interest income | 73 | 16 | 73 | 16 |
| Currency exchange gains/losses, net | 160 | -193 | 23 | -104 |
| Net financial items | 233 | -177 | 96 | -88 |
| Result before tax | 48,580 | 3,532 | 735 | -3,845 |
| Taxation | -51 | -79 | 38 | -45 |
| Net result for the period | 48,529 | 3,453 | 773 | -3,890 |
| Earnings per share (in USD) | 0.07 | 0.01 | 0.00 | -0.01 |
| Diluted earnings per share (in USD) | 0.07 | 0.01 | 0.00 | -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 | Oct 1, 2019– Dec 31, 2019 | Oct 1, 2018– Dec 31, 2018 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| Net result for the period | 48,529 | 3,453 | 773 | -3,890 |
| Other comprehensive income for the period: | | | | |
| Items that may be classified subsequently to profit or loss: | | | | |
| Currency translation differences | 0 | -4 | 0 | 0 |
| Total other comprehensive income for the period | 0 | -4 | 0 | 0 |
| Total comprehensive income for the period | 48,529 | 3,449 | 773 | -3,890 |

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

Balance sheet – Group

| Expressed in USD thousands | Dec 31, 2019 | Dec 31, 2018 |
|---|----------------|----------------|
| NON-CURRENT ASSETS | | |
| Tangible non-current assets | | |
| Property, plant and equipment | 107 | 146 |
| Total tangible non-current assets | 107 | 146 |
| Financial non-current assets | | |
| Financial assets at fair value through profit or loss | | |
| 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 | 5,562 | 5,479 |
| Tax receivables | 53 | 23 |
| Other current receivables | 135 | 101 |
| Total current assets | 5,750 | 5,603 |
| TOTAL ASSETS | 250,776 | 202,665 |
| SHAREHOLDERS' EQUITY (including net result for the financial period) | 249,439 | 201,422 |
| CURRENT LIABILITIES | | |
| Non-interest bearing current liabilities | | |
| Other current liabilities | 161 | 163 |
| Tax expenses | 53 | – |
| Accrued expenses | 1,123 | 1,080 |
| Total current liabilities | 1,337 | 1,243 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 250,776 | 202,665 |

Statement of changes in equity – Group

| Expressed in USD thousands | Share Capital | Additional paid in capital | Other reserves | Retained earnings | Total |
|---|---------------|----------------------------|----------------|-------------------|----------------|
| Balance at January 1, 2018 | 6,615 | 89,079 | 1 | 102,862 | 198,557 |
| Net result for the period January 1, 2018 to December 31, 2018 | – | – | – | 3,453 | 3,453 |
| Other comprehensive income for the period | | | | | |
| Currency translation difference | – | – | -1 | -3 | -4 |
| Total comprehensive income for the period 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 | 6,503 | 88,608 | – | 106,311 | 201,422 |
| Net result for the period January 1, 2019 to December 31, 2019 | – | – | – | 48,529 | 48,529 |
| Other comprehensive income for the period | | | | | |
| Currency translation difference | – | – | – | – | – |
| Total comprehensive income for the period January 1, 2019 to December 31, 2019 | – | – | – | 48,529 | 48,529 |
| Value of employee services: | | | | | |
| - Employee share option scheme | – | 26 | – | – | 26 |
| - Share based long-term incentive program | – | 1,052 | – | – | 1,052 |
| Buy-back of own shares (Note 6) | -61 | -1,526 | – | – | -1,587 |
| Currency translation difference | – | – | – | -3 | -3 |
| Balance at December 31, 2019 | 6,442 | 88,160 | – | 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 | Oct 1, 2019– Dec 31, 2019 | Oct 1, 2018– Dec 31, 2018 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| OPERATING ACTIVITIES | | | | |
| Result before tax | 48,581 | 3,532 | 734 | -3,845 |
| Adjustment for non-cash items: | | | | |
| Interest income and expense, net | -73 | -16 | -73 | -16 |
| Currency exchange gains/-losses | -160 | 193 | -22 | 103 |
| Result from financial assets at fair value through profit or loss | -53,202 | -6,213 | -1,730 | 2,974 |
| Other non-cash items affecting profit or loss | 576 | -1,279 | 267 | -125 |
| Change in current receivables | -35 | 58 | -23 | -19 |
| Change in current liabilities | 201 | 333 | 41 | 52 |
| Net cash used in operating activities | -4,112 | -3,392 | -806 | -876 |
| Investments in financial assets | -48,819 | -80,616 | -4,468 | -37,215 |
| Sales of financial assets | 54,013 | 79,337 | 6,105 | 36,570 |
| Dividend and coupon income | 501 | 3,022 | 97 | 547 |
| Interest received | 73 | 16 | 73 | 16 |
| Tax paid | -30 | -59 | 30 | -40 |
| Net cash flow from operating activities | 1,626 | -1,692 | 1,031 | -998 |
| INVESTMENT ACTIVITIES | | | | |
| Investments in office equipment | 46 | -154 | 3 | -64 |
| Net cash flow from investment activities | 46 | -154 | 3 | -64 |
| FINANCING ACTIVITIES | | | | |
| Buy-back of own shares | -1,586 | -2,327 | -647 | -11 |
| Net cash flow used in financing activities | -1,586 | -2,327 | -647 | -11 |
| Change in cash and cash equivalents | 86 | -4,173 | 386 | -1,073 |
| Cash and cash equivalents at beginning of the period | 5,479 | 9,804 | 5,179 | 6,589 |
| Exchange gains/losses on cash and cash equivalents | -3 | -152 | -4 | -37 |
| Cash and cash equivalents at end of the period | 5,562 | 5,479 | 5,562 | 5,479 |

Alternative performance measures

Alternative Performance Measures (APM) apply the European Securities and Markets Authority (ESMA) guidelines. APMs are financial measures other than financial measures defined or specified by International Financial Reporting Standards (IFRS).

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

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

Definitions of all APMs used are found below.

| | 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 | 9.3 | 9.0 |
| 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 period ⁴ | 654,483,268 | 655,438,376 |
| Weighted average number of shares for the financial period, fully diluted ⁴ | 664,376,019 | 668,274,748 |
| Number of shares at balance sheet date ⁴ | 655,479,777 | 650,180,134 |
| Number of shares at balance sheet date, fully diluted ⁴ | 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.

Income statement

– Parent company

| Expressed in USD thousands | Jan 1, 2019– Dec 31, 2019 | Jan 1, 2018– Dec 31, 2018 | Oct 1, 2019– Dec 31, 2019 | Oct 1, 2018– Dec 31, 2018 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| Result from financial assets at fair value through profit or loss | 8,596 | 15,024 | -23 | 5,226 |
| Dividend and coupon income | 501 | 352 | 97 | 87 |
| Total operating profit | 9,097 | 15,376 | 74 | 5,313 |
| Operating expenses | | | | |
| General administrative expenses | -3,664 | -3,805 | -95 | -917 |
| Employee incentive programs | -1,737 | -1,763 | -588 | -427 |
| Total operating expenses | -5,401 | -5,568 | -683 | -1,344 |
| Operating result | 3,696 | 9,808 | -609 | 3,969 |
| Financial income and expenses | | | | |
| Interest income | 7,900 | 7,359 | 2,371 | 1,672 |
| Currency exchange gains/losses, net | 91 | -150 | -47 | -101 |
| Net financial items | 7,991 | 7,209 | 2,324 | 1,571 |
| Result before tax | 11,687 | 17,017 | 1,715 | 5,540 |
| Taxation | 0 | 0 | 0 | 0 |
| Net result for the period | 11,687 | 17,017 | 1,715 | 5,540 |

Statement of other comprehensive income

| Expressed in USD thousands | Jan 1, 2019– Dec 31, 2019 | Jan 1, 2018– Dec 31, 2018 | Oct 1, 2019– Dec 31, 2019 | Oct 1, 2018– Dec 31, 2018 |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| Net result for the period | 11,687 | 17,017 | 1,715 | 5,540 |
| Other comprehensive income for the period: | | | | |
| Items that may be classified subsequently to profit or loss: | | | | |
| Currency translation differences | 0 | 0 | 0 | 0 |
| Total other comprehensive income for the period | 0 | 0 | 0 | 0 |
| Total comprehensive income for the period | 11,687 | 17,017 | 1,715 | 5,540 |

Balance sheet

– Parent company

| Expressed in USD thousands | Dec 31, 2019 | Dec 31, 2018 |
|---|----------------|----------------|
| NON-CURRENT ASSETS | | |
| Financial non-current assets | | |
| Shares in subsidiaries | 15 | 16 |
| Financial assets at fair value through profit or loss | | |
| 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 period) | 173,807 | 162,629 |
| CURRENT LIABILITIES | | |
| Non-interest bearing current liabilities | | |
| Other current liabilities | 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 period January 1, 2018 to December 31, 2018 | - | - | - | 17,017 | 17,017 |
| Other comprehensive income for the period | | | | | |
| Currency translation difference | - | - | - | - | - |
| Total comprehensive income for the period 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 period January 1, 2019 to December 31, 2019 | - | - | - | 11,687 | 11,687 |
| Other comprehensive income for the period | | | | | |
| Currency translation difference | - | - | - | - | - |
| Total comprehensive income for the period 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 | - | 1,052 | - | - | 1,052 |
| Buy-back of own shares (Note 6) | -61 | -1,526 | - | - | -1,587 |
| Balance at December 31, 2019 | 6,442 | 88,159 | - | 79,206 | 173,807 |

Notes

(Expressed in USD thousand unless indicated otherwise)

Note 1 Accounting principles

This consolidated interim report is prepared in accordance with IAS 34 Interim Financial Reporting. Except where stated below, the accounting policies that have been applied for the Group and Parent Company, are in agreement with the accounting policies used in preparation of the Company's 2018 annual report. The Company's 2018 annual report is available at the Company's website: https://www.vostokemergingfinance.com/investor-relations/#financial_reports

IFRS 16, Leasing, is effective from January 1, 2019. The new standard did not have any significant impact on the Group's financial statements. As at the reporting date, the group has non-cancellable operating lease commitments of USD 0.19 mln which increased non-current assets and interest-bearing liabilities in the opening balance of 2019. Currently the only type of leasing the Company is exposed to is rental of office space. The Group has applied the standard from its mandatory adoption date of January 1, 2019. The group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

When calculating *earnings per share*, the average number of shares is based on average outstanding common shares, so called Swedish Depository Receipts (SDRs). Plan shares, issued to incentive share program participants, are not treated as outstanding common shares and by that not included in the weighted calculation. The issue of plan shares is recognized as an increase in shareholders' equity, although.

When calculating *diluted earnings per share*, the average number of common shares (SDRs) is adjusted to consider the effects of dilutive potential common shares, originating during the reported periods from share incentive programs that have been offered to employees. Dilutions from share incentive programs affect the number of shares and only occur when the strike price is less than the share price.

Note 2 Related party transactions

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

| | Operating expenses | | Current liabilities | |
|--|--------------------|----------|---------------------|----------|
| | 12M 2019 | 12M 2018 | 12M 2019 | 12M 2018 |
| Key management and Board of Directors' | 2,368 | 2,315 | 87 | - |

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

The costs in the period for the long-term incentive programs (LTIP 2017, LTIP 2018 and LTIP 2019) for the management amounted to USD 0.11 mln, USD 0.08 mln and USD 0.03 mln, respectively, excluding bonuses paid and social taxes. See details of LTIP 2017, LTIP 2018 and LTIP 2019 in Note 5.

Note 3 Fair value estimation

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

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

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

The following table presents the Group's assets that are measured at fair value at 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, Vostok Emerging Finance 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 Konfio are all valued as level 2 investments on the basis of the valuations of their respective latest transaction which closed throughout 2018 and 2019.

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.

Konfio

During Q2 2019, VEF invested an additional USD 10 mln into Konfio by way of a 1-year convertible loan note. During Q3 2019, Konfio 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.

Konfio is categorized as a level 2 investment.

JUMO

As per December 31, 2019, VEF's 6.8% ownership share in Jumo is valued at USD 16.4 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

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/Sorsdata 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, 7eventure 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. The valuation represents a 11.3% increase in valuation in the fourth quarter of 2019, and is mainly derived from increased multiples in the listed peer group and appreciating BRL.

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 per December 31, 2019, VEF has invested a total of USD 5.3 mln into Nibo, and values its stake at USD 10.6 mln on the basis of an EV/revenue peer multiples valuation model. The valuation represents a 25.6% increase in valuation compared to VEF's valuation as per September 30, 2019, mainly driven by a higher revenue forecast. 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, Vostok Emerging Finance 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 16.9% 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 December 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, Vostok Emerging Finance 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 analysis, USD | | | | | | |
|-----------------------------------|-------|-------|-------|-------|-------|-------|
| -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% |
| Konfio | 15,000 | 12,500 | 14,079 | 41,579 | 16.6% |
| JUMO | 16,408 | - | 467 | 16,875 | 6.7% |
| REVO Technology/Sorsdata | 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 4 Employee share-option program

Option plan

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

Options outstanding

| | 2019 |
|--------------------------------------|-----------|
| Beginning of the period | 4,405,000 |
| Outstanding at the end of the period | 4,905,000 |

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.

See note 10 in Annual Report 2018 for more details.

Note 5 Long-term incentive programs (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 maximum estimated 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.

Accounting principles

In accordance with IFRS 2, the costs for the 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.

| | 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 |
| 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 6 Depository receipt buy-back

During the fourth quarter, 1,900,000 SDRs have been repurchased. The company currently holds 6,016,218 repurchased SDRs.

Information

Background

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

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

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

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

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

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

Parent company

The parent company finances the Cypriot subsidiary's operations on market terms. The net result for the twelve-months period was USD 11.69 mln (2018: 17.02). The net result for the quarter was USD 1.72 mln (4Q18: 5.54).

Upcoming reporting dates

Vostok Emerging Finance's financial report for the period January 1, 2020–March 31, 2020 will be published on April 29, 2020.

Annual General Meeting and Annual Report 2019

The annual general meeting of Vostok Emerging Finance Ltd is planned to take place on Wednesday, May 13, 2020. The annual report will be available on the Company's website (www.vostokemergingfinance.com) from March 25, 2020.

February 12, 2020

David Nangle
Managing Director

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



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