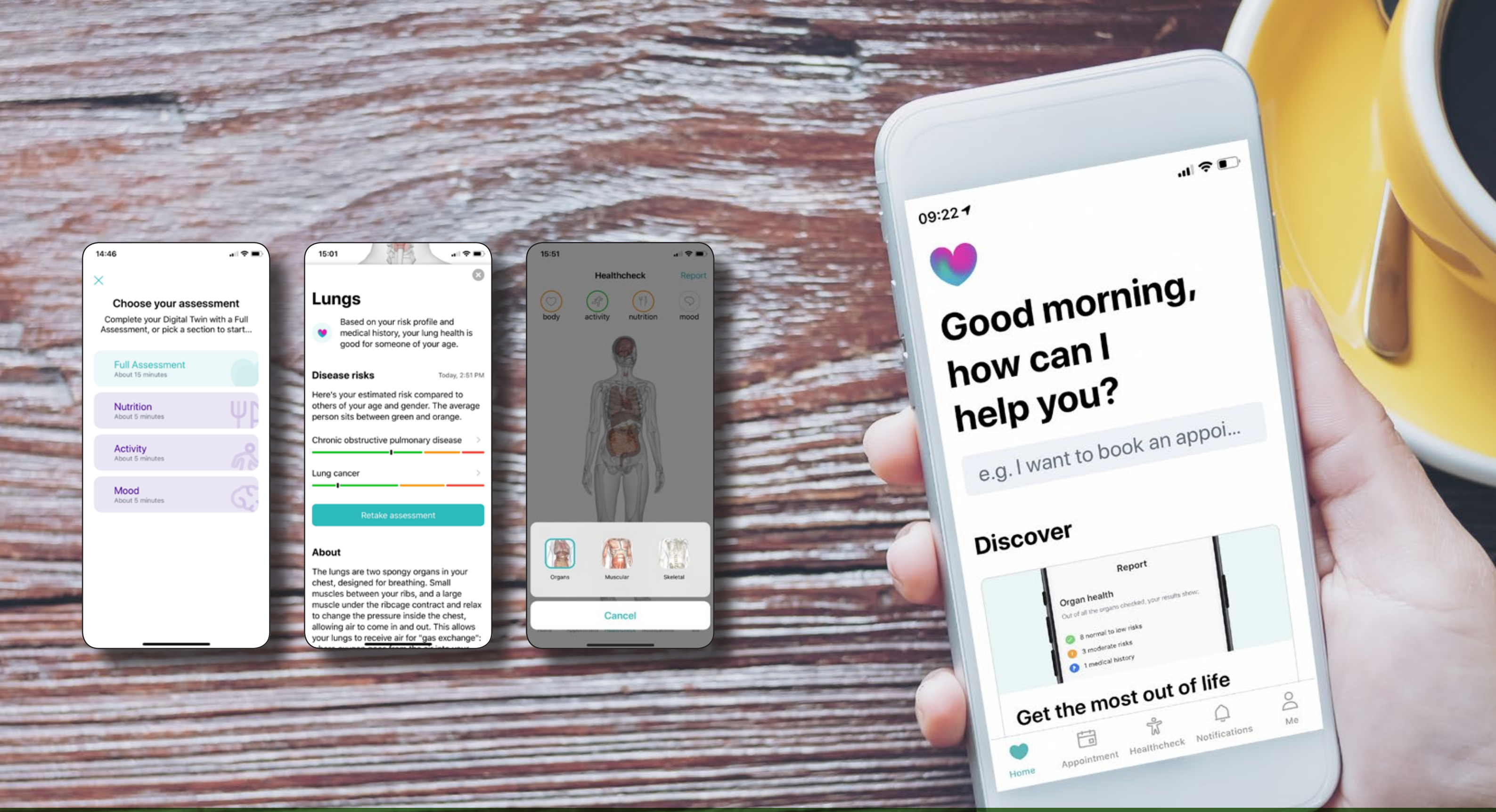


VOSTOK NEW VENTURES

Annual Report 2018

GLOSSARY

of terms and acronyms used in the annual report

AGM	Annual General Meeting
AI	Artificial Intelligence
ARPU	Average Revenue Per User
bln	Billion
CBR	The Central Bank of the Russian Federation
CIS	Commonwealth of Independent States (former Soviet Union)
CRM	Customer Relationship Management
E	Estimate
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EV	Enterprise Value, i.e. stock exchange value + net liability
EUR	Euro
FX	Foreign exchange rate
GDP	Gross Domestic Product
IPO	Initial Public Offering
IRR	Internal Rate of Return
k	Thousand
KPI	Key Performance Indicator
MENA	Middle East and North Africa
MICEX	One of the leading Russian stock exchanges
mln	Million
MSCI	MSCI Inc., an independent provider of research-driven insights and tools for institutional investors
n/a	Not applicable
NAV	Net Asset Value
OTA	Online Travel Agency
pa	Per annum
RTS	Russian Trading System, the leading trading place for Russian shares
RUB	Russian Rubles
SDR	Swedish Depository Receipt
SEK	Swedish Kronor
UAE	United Arab Emirates
UMV	Unique Monthly Visitor
USD	United States Dollars
Vostok or the Company	Vostok New Ventures Ltd
Y-o-Y	Year-on-Year

FINANCIAL CALENDAR 2019

Interim report for the first three months
May 15, 2019

General meeting of shareholders 2019
May 15, 2019

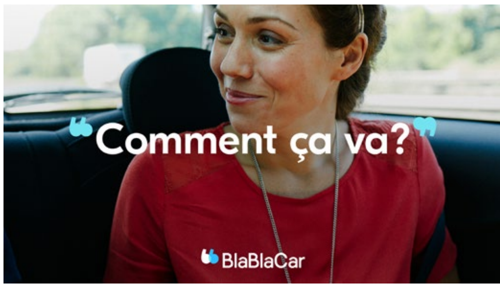
Interim report for the first six months
August 14, 2019

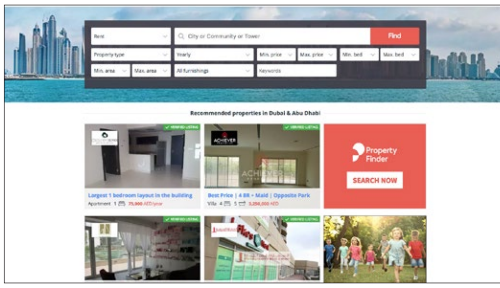
Interim report for the first nine months
November 13, 2019

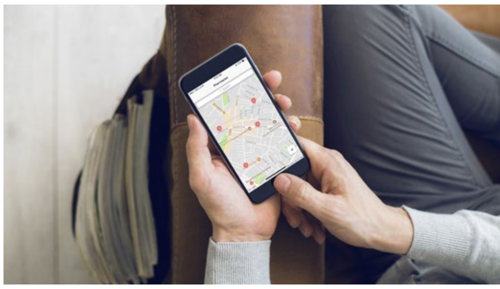
Financial accounts bulletin
February 12, 2020

Annual report 2019
March/April 2020

Annual Report 2018







Managing Director's introduction

With our defining asset now well settled in the hands of Naspers it feels again as if Vostok is setting out on a new journey. Of course this journey is by no means new, the portfolio that now forms the strong backbone of Vostok has been put together under the influence of the inspirational force of Avito – they all share the value creative power of network effects, the possibility to build a great user experience, the aim to find solutions to problems at low cost, to have the courage, patience and stamina to remain resolute whilst building liquidity and through all this assume the characteristics of a natural monopoly. BlaBlaCar, Gett, VOI, Property Finder, Hemnet, OneTwoTrip, Booksy and of course in a novel way Babylon all check these boxes, as do the smaller names in our portfolio.

But still with the large reassuring, transparent, mature presence of Avito now gone, our portfolio, although built over the past four to five years, does step into the limelight in a different way. They are younger than the adult Avito. A little unruly, like teenagers, but all with the same uncompromising spirit of the young that anything is possible, the best years are ahead of us, we can change the world kind of feeling that can be present only amongst that wonderful group of youngsters. Our role is I guess similar to those of parents: to guide, to support, to educate, to limit, to encourage, to worry, to love. When teenagers grow up and leave the house, the feeling can be melancholy and existential, the passing of a part of life that will never come back. Of course it is also liberating, one can set out on new journeys. These things must happen, it would be unnatural if they didn't, but the inflection point feelings arise.

But in Vostok, the portfolio is now of a bunch of early teens, they are not ready to leave the family house for a while and we will support them, form them, try to bestow upon them the lessons that we have learnt from prior experiences in order for them to be ready at some point to leave on their own. We have been successful in getting a couple of strong youngsters into adulthood and seen them off, like TCS and Avito. As long as they are with us we will make sure that they create a lot of happiness for us. In more commercial lingo that they generate the large amount of shareholder value for us that we think we are owed in return for taking the risk on them at young ages.

As I have consistently expressed throughout these nearly 20 years, we are an outfit that has the capacity to take risk, sometimes high risk, but with a very clear eye on the upside. If the upside is large enough an acceptable risk can be taken. In many ways our portfolio post Avito better reflects what our true role is. It is a younger teenage type of portfolio than the one which Avito dominated but it is also one with a lot more upside than Avito of today. Now that Avito is off to a stable suburban life on its own I feel so invigorated to once again have a portfolio with a truly great upside. Of course subject to more risk but with a risk reward that is *so* investable!! It feels a bit like when I started at Vostok in 2000 when we shed our more traditional bluechip portfolio and built a position in the ring fenced Gazprom shares. The stock went from SEK 10 to 400 over the following 6–7 years. Gazprom grew up and left home in a particularly turbulent time of late 2008 and early 2009, at which point we found ourselves with a portfolio of new teenagers of young unlisted companies. Those with a Soviet background with large assets at extremely low prices would prove tough investments but the ones that were created from a blank sheet of paper turned out well. In many ways our portfolio today is reminiscent of the one in 2009/2010 with Avito at some USD 100 mln valuation and TCS at some USD 300 mln (though we had of course invested in them some years earlier at lower valuations). Avito would leave home at USD 4 bln and TCS at some USD 3 bln at IPO.

I really think the upside of what we are exposed to today is of similar magnitude. We will add to the existing portfolio in a disciplined way of the same risk/reward characteristics can be found, however always measured against the possibility of buying more in our existing portfolio through our own stock. Amongst new names we recently added a new name: Shohoz – the Bangladesh version of Gojek of Indonesia (which recently passed a valuation mark just shy of USD 10 bln) and are looking at an investment into a global logistics infrastructure play out of Russia.

Russia is at a particularly interesting inflection point today. I don't think it is controversial to state that the biggest competitive advantage of Russia is its people and the education that they go through, most clearly for us manifested in the immense high quality of its programmers, engineers etc. What the country lacked 10 years ago when we got going in the Russian tech space was experienced entrepreneurs. Oleg Tinkov was a rare bird and Avito was of course started by two Swedes. But this has changed. We find people now in Russia with 10+ years of experience earned at companies like TCS, Avito, mail.ru, Yandex, Ozon and others that form a strong backbone of entrepreneurial quality. Russian tech, which has proved itself to be maybe the best in the world, together with this entrepreneurial quality is starting to produce a set of opportunities of tech companies that have enough excellence to innovate and compete on a global scale. Maybe the best current example is Nikolai Storonsky, the founder of Revolut, perhaps the world's fastest growing fintech play right now. A Moscovite who studied at the Moscow Insititute of Physics and Technology who founded Revolut together with another Russian developer Vlad Yatsenko in 2014.

However startups in Russia are not subject to the large pools of venture capital that is available in the western world. Local Russian capital markets are underdeveloped and international capital is busy elsewhere, likely worried about sanctions, the local business environment and macro. Vostok fits well into this equation. We are well known in Russia, we have a large network and a proven ability to navigate the space. I believe Russia as a macro story will improve from here, also in terms of its relations with the west as well as corporate governance (where I must however sadly note that the fact that Mike Calvey and his colleagues are in detention is a low point which the country must work very hard to repair) so venture capital will at some point find its way to Russia again. In the meantime we are in a good position to get exposed.

The new post-Avito portfolio, with its truly exciting risk/reward characteristics, is of course not for everyone. We have seen some rotation in our share ledger since the Avito exit. We have taken advantage of this by acquiring some 7 mln shares or nearly 10% of the Vostok shares since the start of the year. I don't have any illusions that this will close our discount to NAV but the opportunity to buy the set of risk/reward opportunities that our portfolio comprises at such large discounts (25%+ even with a large part in cash) is too big an opportunity to miss. I am a shareholder and I am not incentivized to keep Vostok large just to keep it large so I will continue to take advantage of the opportunity that our stock offers.

In summary, I am *so* pumped up over the portfolio we have. It is like starting anew. With a wonderful bunch of teenagers embodying the spirit of courage and with many new ideas, we can change the world, anything is possible. Stay with us for this next journey. It will be volatile and wild but it will be so worth it. *Here we go.*

Per Brilioth
Managing Director

Interview with Dr Ali Parsa, founder of Babylon Health

Vostok New Ventures first invested in Babylon in mid 2017 and owns 10% of the company. Babylon is a pioneer in personal digital healthcare and has the ambitious mission to make healthcare more accessible and affordable for people everywhere through combining mobile tech and artificial intelligence with medical expertise.

Q: Ali, to start off, can you talk a little about your background and how you ended up founding Babylon?

"I was a middle-class kid from Iran who, just for a short period of time, became a refugee when I moved to the UK. I learned English and won a scholarship to UCL to study engineering and received a PhD in Engineering Physics before moving into investment banking. That wasn't for me so I chose to work in healthcare.

"In 2004 I founded Circle Health, it grew in a few short years to employ a few thousand people, have a few hundred million dollars of revenue and to go public. It was the first private firm to run an NHS hospital and it was tough, but we turned a loss-making hospital into an award-winning, profit-making one. It became the first district general hospital ever to win the CHKS quality of care award.

"In 2013, I saw the chance to have a bigger impact. The existing global health delivery system just isn't working. Despite spending trillions of dollars on healthcare annually, billions of people are being left behind. Half of the world's population doesn't have access to basic healthcare. And for those of us who are lucky to live in countries with good healthcare services, accessibility and affordability is still a chronic problem.

"There has to be a better way of increasing accessibility and affordability of healthcare. By harnessing technology Babylon has been able to start addressing a shortage of doctors and giving people access around the clock, every single day of the year – and we're driving down the price as we do it."

Q: With Babylon now some 5 years old, can you talk a little about what you see as the biggest milestones of the journey so far?

"Starting a full-service, comprehensive NHS GP practice was a major milestone. The NHS has been a proof of principal – it has shown that this service works and we have provided 45,000 people with an enhanced version of their usual GP practice, giving them access 24/7, 365 days of the year and all at the same price to the NHS. We are now one of the top 10 largest GP practices in the country, and I believe the fastest growing in the history of the NHS.

"Last week globally we received 27,932 registrations and completed 71,692 consultations (AI: 50,479 and human: 21,213): that's a new member every 20 seconds, and another consultation every 8 seconds. Importantly, 95% of consultations completed last year received a 4 or 5-star rating.

"Another important milestone is how we have done in Rwanda. We work with the Rwandan government and the Bill & Melinda Gates Foundation and the impact has been transformational. Despite a severe lack of doctors, around a third of all adults in Rwanda now use our service and have access to medical professionals around the clock. And this is in a country where only 5% of people have a smartphone and 20% don't have any mobile phone, so we made our services work for the 75% who have a feature phone."

"The way we look at it, we have shown how we can successfully deliver comprehensive digital-first clinical services in one of the richest countries in the world, at the quality they expect and also deliver the same quality in one of the financially-poorest countries, en masse, at prices they can afford. For us, now, almost every other country lies in between."

Q: 2018 has been an eventful year for Babylon with plenty of partnerships announced and the Babylon AI was put to test against human doctors in the UK

"2018 was another stepping stone for Babylon. We announced partnerships with Samsung, Prudential, TELUS and Tencent but we also showed how we are progressing. In the summer we ran an event at the Royal College of Physicians where we demonstrated the capabilities of our AI. We showed how it fared on some of the same types of questions as those that real doctors face as part of their medical exams. It is still early days and great improvements are ahead, but we showed the AI did as well as the doctors we tested. Our AI scored 81%, which is above the pass mark for a doctor, and it's freely available to anyone who has access to the internet.

"We are not trying to replace doctors, we are trying to augment them and to relieve the pressures they're under so they can spend more time doing the things that machines can never do."

Q: The team at Babylon is growing fast – how many are you now and how many do you think you will be in a year or so? You announced a few month ago that you are investing 100m to increase the team further

"The team at Babylon is growing incredibly fast, and we now have over 1300 staff, but throughout that growth we do our best to stick to a discipline of only hiring the best and smartest individuals who completely buy into the vision we are trying to achieve and are able to help us take the next steps. This means finding the right doctors, scientists, engineers and technicians who believe in Babylon.

"The latest investment enabled us to double our staff as we not only continue to develop the next generation of AI-powered healthcare technology, but also expand into the US, Asia and further afield."

Q: You already have partnerships working towards entering markets on almost every continent, which markets, if you have to choose, are you most excited about and why?

"The US and Asia are the two biggest markets for us. If we continue to expand and sign-off the deals we are working on then within twelve months we will dwarf everything that we have done so far. It is not just the size of these markets that is so exciting though, it's also the people that we can help. The UK has the NHS, it is free at the point of care. Yet in the US there are millions of people who cannot afford their healthcare. Around the world 100 million people are pushed into extreme poverty because they cannot afford their healthcare fees. That is why some of our first deals will be with organisations that help the people who need it most."

Q: Babylon's potential in emerging markets is very exciting, can you share a few data points and learnings from the company's efforts in Rwanda together with Bill and Melinda Gates foundation and if there are any developing markets in the near term plans?

"Our work in Rwanda, as Babyl, is a source of inspiration to us all. We learned how to provide what the client needs, not what we think they want and now have more than 2 million registered users – a third of the adult population. Babyl complete some 2,000 consultations a day, work with over 450 health clinics and pharmacies and over 90% of users consistently report they are satisfied or very satisfied with the service. Babyl has been such a success that we are exploring ways to expand the model across East Africa."

Q: From an investor point of view could you, at a very high level, add some color to Babylon's two main revenue sources – the full clinical services (like the GP@Hand offering in the UK) and the big opportunity of the "AI as a service" offering where you provide Babylon technology to different partners? How should one think of the revenue potential for Babylon? How much should a patient be willing to pay on average for this type of service given the cost savings and quality improvements Babylon can enable?

"Our business is built on three key components of our flywheel: digital-first clinical services; licensing our software and partnerships. We aim to deliver the best value end-to-end health service available, providing the best clinical outcome and patient experience at an affordable price. We know that other businesses need and want to licence our technology and by making it easy for them to integrate our tech we will bring more users to our service. By partnering with leading businesses and organisations across the globe we instantly connect with many more users. Learning from each new user enables us to enhance and refine our services, which in turn continues to drive up the quality of our healthcare.

"We are already delivering strong results on these flywheels. We offer full clinical services in the UK through the NHS, in Rwanda and now in Canada. We are offered as an employee benefit by over 160 companies and have established partnerships with globally-recognised organisations that offer our AI as a service.

"We have a number of charging models, whether pay-per-use or capitation, where we charge per user per year. The service we offer can be tailored to the needs of our clients, so we have the ability to reflect this in our pricing, but we are currently focusing on adding high-quality partners and user volume. Clearly each situation is different – we receive less revenue in Rwanda than we do in the UK, for example – and there will be an element of strategic value embedded in our pricing with some clients."

Q: Finally, if you were to look 5 years out. How big can Babylon become in that time frame in terms of number of users/people interacting with Babylon technology (directly or through partnerships) for their health care?

"In the Middle East there is a saying that if you want to make God laugh, tell her your two year plan. We don't know what the future will hold, but we know the potential is enormous and if we do this right then I do see Babylon being one of the world's most valuable companies.

"If we continue to grow at the projected rate, if we sign the deals that we are already working on and, most importantly, if we manage to deliver and exceed the expectations of our members clients and partners every time they interact with us, then we will have made the first major steps to delivering affordable, accessible healthcare to everyone on earth."

Investment portfolio

Portfolio Structure – Net Asset Value

The investment portfolio stated at market value as at December 31, 2018, is shown below.

Company	Fair value, USD Dec 31, 2018	Percentage weight	Fair value, USD Dec 31, 2017	Fair value change per share, USD 2018
Avito	539,874,449	55.5%	591,938,454	-9% [1]
BlaBlaCar	157,695,271	16.2%	118,615,542	33% [1]
Gett	55,358,979	5.7%	59,198,650	-15% [1]
Property Finder	39,985,331	4.1%	28,704,345	24% [1]
Babylon	21,884,394	2.2%	23,335,857	-6% [1,3]
OneTwoTrip	16,548,231	1.7%	20,810,533	-25% [1]
Hemnet (through YSaphis S.A. and Merro Partners S.A.)	14,178,027	1.5%	11,207,369	27% [1]
VOI Technology	10,831,921	1.1%	–	294% [1,2]
Wallapop	9,950,485	1.0%	13,533,279	-26% [1]
Busfor	8,604,151	0.9%	–	1% [1,2]
Merro	7,761,119	0.8%	9,358,731	-17% [1]
Housing Anywhere	6,226,535	0.6%	–	5% [1,2]
Booksy	5,989,711	0.6%	–	– [1]
El Basharsoft (Wuzzuf and Forasna)	4,736,758	0.5%	2,347,911	-2% [1]
DOC+	4,000,000	0.4%	–	– [1]
Naseeb Networks (Rozee and Mihnati)	3,807,560	0.4%	4,203,772	-9% [1]
Vezeeta	3,155,946	0.3%	1,833,313	3% [1]
CarZar	3,000,000	0.3%	3,521,186	-15% [1]
Agente Imóvel	2,999,443	0.3%	1,000,000	100% [1]
YouScan	2,346,512	0.2%	1,526,375	54% [1]
Shwe Property	500,000	0.1%	–	– [1]
JobNet	500,000	0.1%	–	– [1]
Dubicars	348,325	0.04%	–	– [1]
Marley Spoon	315,981	0.03%	–	-84% [1]
Delivery Hero AG, equity	–	–	888,401	– [1]
Babylon, convertible debt	9,226,610	1.0%	–	– [1]
Numan, convertible debt	1,012,000	0.1%	–	– [1]
Booksy, convertible debt	999,900	0.1%	–	– [1]
Liquidity management	644,274	0.1%	8,023,392	2% [1]
Cash	40,303,166	4.1%	51,078,919	
Total investment portfolio	**972,785,078**	**100.0%**	**951,126,029**	
Borrowings	-93,944,249		-71,541,440	
Other net receivables/liabilities	-2,131,873		405,089	
Total NAV	**876,708,956**		**879,989,679**	

1. This investment is shown in the balance sheet as financial asset at fair value through profit or loss.
2. Fair value change per share since initial investment date.
3. Valuation change due to exchange rate movement.

The Group's net asset value as at December 31, 2018, was USD 876.71 mln, corresponding to USD 10.37 per share. Given a SEK/USD exchange rate of 8.971 the values were SEK 7,864.96 mln and SEK 93.01 respectively.

The group's net asset value per share in USD decreased by 0.4% over the year 2018. During the same period the MSCI Emerging Markets index decreased by 16.6% in USD terms.

During the year 2018, the investment portfolio, which represents the largest part of the Group's net asset value, has increased by USD 21.66 mln. Movements of the investment portfolio are (USD mln):

Opening balance	**951.13**
Investments/(disposals)	48.20
Net change in loan receivables	-0.86
Interest income	1.03
Exchange differences	-0.17
Change in fair value	-15.76
Change in cash	-10.78
Closing balance	**972.79**

Major portfolio events during 2018 were investments in ten new portfolio companies: Busfor (USD 8.5 mln), Booksy (USD 7.0 mln), Housing Anywhere (USD 6.0 mln), DOC+ (USD 4.0 mln), VOI (USD 2.75 mln) and a number of other smaller new investments. Smaller investments were also made in existing portfolio companies: Gett, Property Finder, Babylon, OneTwoTrip, El Basharsoft, Vezeeta and Agente Imóvel.

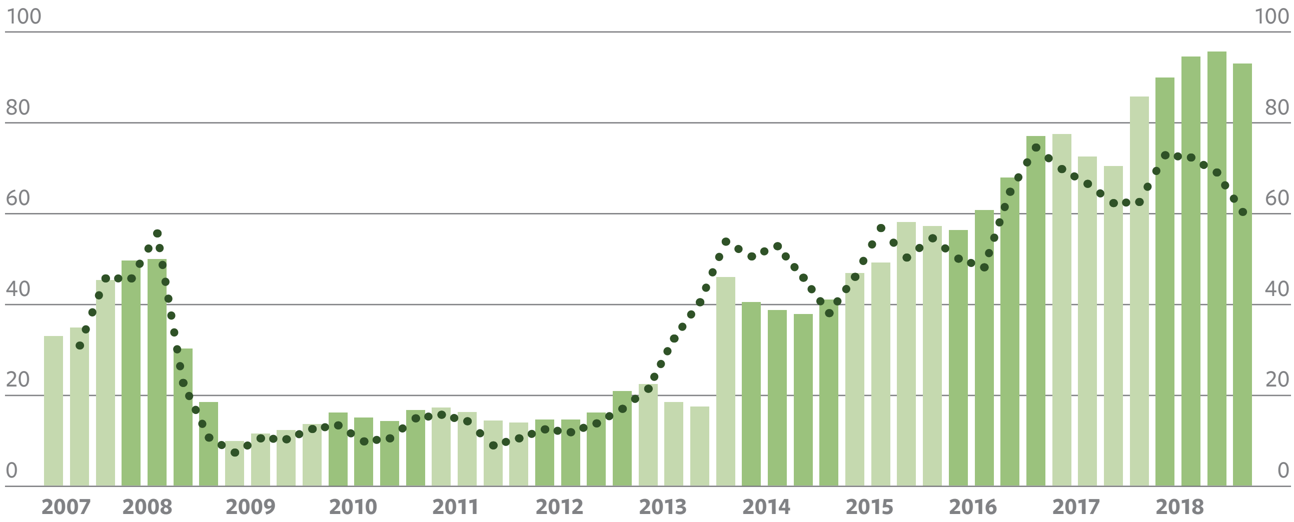
During 2018, Vostok New Ventures sold the remaining part of its shares in the now listed Delivery Hero (USD 1.1 mln). The Company's debt investment in Delivery Hero was repaid to the Company following the Delivery Hero IPO. During 2018 the Company also partly redeemed its 2017/2020 unsecured bonds of SEK 600 mln listed on Nasdaq Stockholm and issued new 2018/2022.

At the end of December, 2018, the four biggest investments were Avito (55.5%), BlaBlaCar (16.2%), Gett (5.7%) and Property Finder (4.1%).

After the end of the period, on January 25, 2019, Vostok New Ventures announced it had sold all its shares in Avito for a total consideration of USD 540 mln, which is the same valuation as per December 31, 2018. On January 28, 2019, Vostok gave notice of a Special General Meeting that was held on February 14, 2019, and resolved to transfer approximately USD 236 mln (SEK 25 per share) to its shareholders through a share split and mandatory redemption program. The mandatory split and redemption procedure was concluded on March 14, 2019.

Quarterly NAV per share (columns) and SDR (dotted line) price development

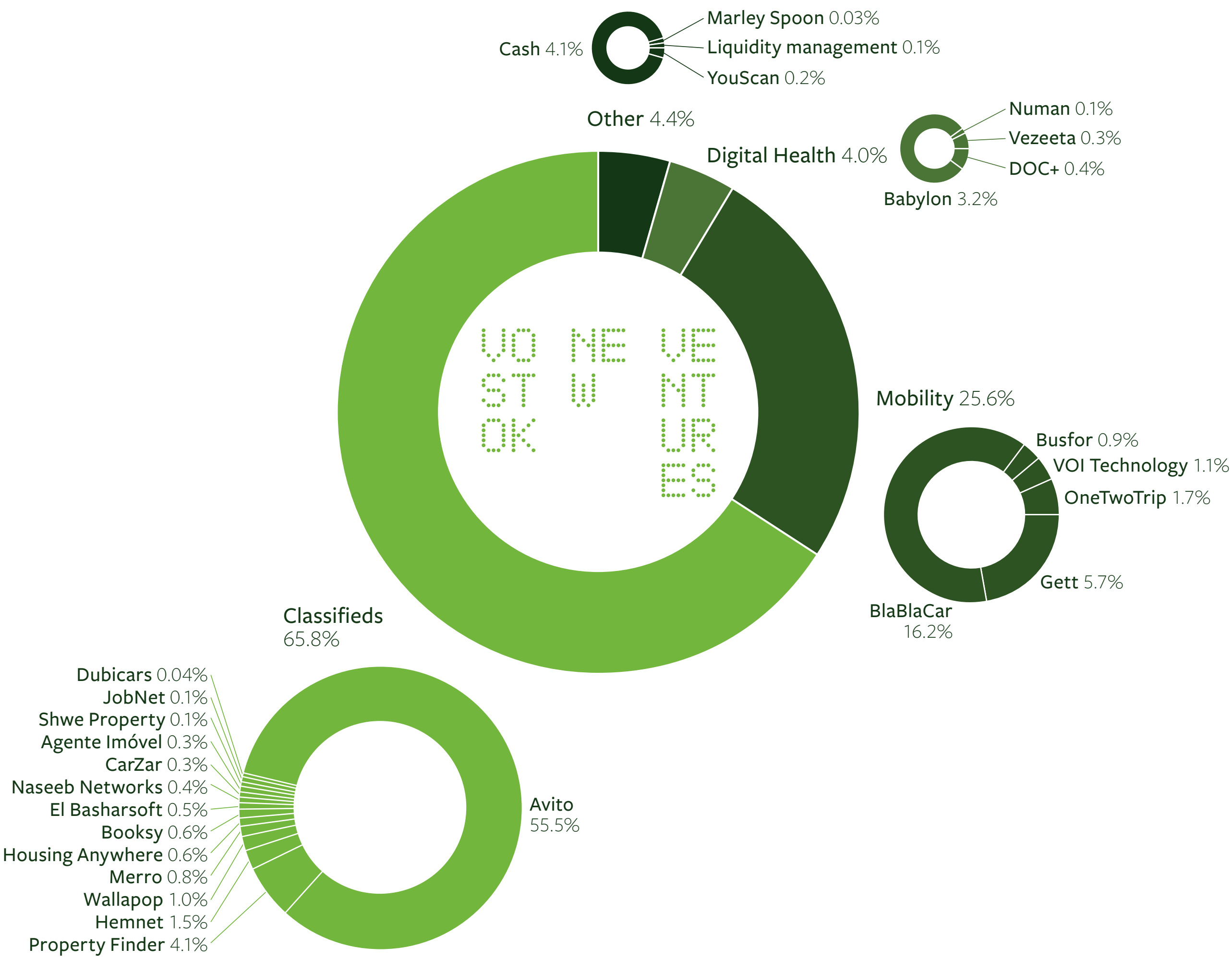
May 2007–December 2018 (SEK/SDR)



Portfolio overview by category (December 31, 2018)

Category	Company		Fair value, USD mln	Percentage weight	Year of initial investment
Classifieds	Avito	Avito	539.9	55.5%	2007
	Property Finder	Property Finder	40.0	4.1%	2015
	hemnet	Hemnet	14.2	1.5%	2016
	wallapop	Wallapop	10.0	1.0%	2015
	Merro	Merro	7.8	0.8%	2014
	Housing Anywhere	Housing Anywhere	6.2	0.6%	2018
	booksy	Booksy	7.0	0.6%	2018
	WUZZUF Egypt's #1 Online Recruitment Job Site / فرصنا	El Basharsoft (*Wuzzuf and Forasna*)	4.7	0.5%	2015
	rozee / مهنتي	Naseeb Networks (*Rozee and Mihnati*)	3.8	0.4%	2015
	carzar .co.za	CarZar	3.0	0.3%	2017
	agenteimóvel Inteligência de busca	Agente Imóvel	3.0	0.3%	2017
	ShweProperty.com	Shwe Property	0.5	0.1%	2018
	JobNet.com.mm	JobNet	0.5	0.1%	2018
	DUBICARS.com	Dubicars	0.3	0.04%	2018
Mobility	BlaBlaCar	BlaBlaCar	157.7	16.2%	2015
	Gett	Gett	55.4	5.7%	2014
	ONE TWO TRIP!	OneTwoTrip	16.5	1.7%	2015
	voi.	VOI Technology	10.8	1.1%	2018
	BUSFOR	Busfor	8.6	0.9%	2018
Digital Health	babylon	Babylon	31.1	3.2%	2017
	doc+	DOC+	4.0	0.4%	2018
	Vezeeta.com	Vezeeta	3.2	0.3%	2016
	numan	Numan	1.0	0.1%	2018
Other		Cash	40.3	4.1%	
	YouScan	YouScan	2.3	0.2%	2014
		Liquidity management	0.6	0.1%	
	MARLEY SPOON	Marley Spoon	0.3	0.03%	2018
		Fair value	**972.79**		

The Vostok New Ventures investment portfolio (December 31, 2018)



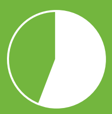
Portfolio weight by asset class

	December 31, 2018		December 31, 2017	
Type	Fair value, USD mln	Percentage weight	Fair value, USD mln	Percentage weight
Equity investments	931.84	95.8%	892.03	93.8%
Liquidity management	0.64	0.1%	8.02	0.8%
Cash	40.30	4.1%	51.08	5.4%
Total investment portfolio	**972.79**	**100.0%**	**951.13**	**100.0%**
Borrowings	-93.94		-71.54	
Other net receivables/liabilities	-2.13		0.41	
Net asset value	**876.71**		**879.99**	

Avito

Avito Classifieds

Share of total portfolio: 55.5%



avito.ru

2007 Year of initial investment

6,166,470 Vostok New Ventures' number of shares as at Dec 31, 2018

539.9 Total value (USD mln)

13.2% Share of total shares outstanding

-9% Value development 2018 (in USD)

Avito is the largest and most liquid online classifieds platform in Russia, and the clear market leader in terms of visitors and ads. During 2018, the company has continued to deliver strong growth and profitability. Avito's firm market-leading position has proven to be a key factor in terms of the potential to reach high profitability similar to that of peers in other countries. Avito is the leading brand and with strong brand awareness throughout Russia. Avito is in many ways a collection of verticals including Auto, Real Estate, Jobs, Services and General, all of which we have analyzed in depth (see "Avito studies" section below in this Annual Report). Compared to western countries, Russia still lags behind in terms of low proportion of internet users in relation to the total population. According to International Telecommunication Union (ITU) Russia now has just over 100 mln internet users. The market for internet-related services continues to grow in correlation with an increased internet penetration. The Russian e-commerce market is also expected to grow with the increasing internet penetration and consumers and businesses migrating online.

Valuation

As per December 31, 2018, Vostok New Ventures owned a 13.2% stake in the company on a fully diluted basis and values its stake in Avito at USD 540 mln (USD 4.0 bn for the entire company) on the basis of the transaction that closed on January 25, 2019, where Vostok sold all its shares in the company along side other minority shareholders to majority shareholder Naspers.

During 2018, Vostok New Ventures received a total of USD 17.8 mln in dividends from Avito.

Non-financial highlights during 2018

- According to TNS, Avito is among top-10 most popular Russian websites with a monthly audience of 34 mln
- 10.3 mln daily unique users
- 48.4 mln live ads, with approx. 400k new ads listed every day
- Further developed the Autoteka product in the auto vertical, now with over 40 mln cars in the database
- Launched offline inspections zones together with a partner for the auto vertical
- Increased product offering in the jobs vertical

Key performance indicators April to September 2018[1]

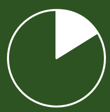
- Revenues of RUB 10,332 mln (USD 157.5 mln[2]), up 30.2% compared with 2017 (RUB 7,935 mln).
- Adjusted EBITDA margin of 65.4% or RUB 6,760 mln USD 103.1 mln[2]), compared with 2017 (Adjusted EBITDA margin of 60.3% or RUB 4,784 mln).
- Listers amounted to 17.46 mln compared with 16.25 mln for the previous year.

1. Source: unaudited figures from Avito.
2. Translated with FX rate of 65.5906 as of September 30, 2018.

BlaBlaCar

Mobility

Share of total portfolio: 16.2%



blablacar.com

2015
Year of initial investment

14,492,319
Vostok New Ventures' number of shares as at Dec 31, 2018

157.7
Total value (USD mln)

9.3%
Share of total shares outstanding

+33%
Value development 2018 (in USD)

BlaBlaCar connects people looking to travel long distances with drivers already going the same way, so that both can save money by sharing the cost of their journey. This model has made BlaBlaCar a leader of the global sharing economy with over 65 million members in 22 countries and is helping to make road travel more efficient and affordable.

BlaBlaCar was founded in 2006 by Frédéric Mazzella, CEO, Francis Nappez, CTO, and Nicolas Brusson, COO and has raised more than USD 300 mln in funding to date. Currently, BlaBlaCar operates in Benelux, Croatia, France, Germany, Hungary, India, Italy, Mexico, Poland, Portugal, Romania, Russia, Serbia, Spain, Turkey, Ukraine and the United Kingdom.

BlaBlaCar has during 2018 continued to grow its 22 markets, with reaccelerated usage in France following long strikes in the public transport sector and continued strong growth in Russia and Brazil. BlaBlaCar currently has 20 million travelers per quarter, and Russia is now the largest market in terms of members with more than 15 million members. BlaBlaCar estimates that 50 million people booked a ride during the full year 2018 which represents 40% yoy growth. Other markets than France now represents 75% of the activity on the platform, most of which are not yet monetized at a normalized level.

In early 2018, BlaBlaCar unveiled a new search engine, logo and visual identity.

During 2018, BlaBlaCar has continued developing new productive initiatives including BlaBlaLines, the daily commuting product as well as expanding the core product to be able to facilitate several pick-up and drop-off points along the BlaBla trip.

In November 2018, BlaBlaCar entered into an agreement with SNCF to acquire Ouibus, a market-leading french bus operator. BlaBlaCar also announced a EUR 101 mln funding round involving SNCF and existing BlaBlaCar investors.

Since 2015, Vostok New Ventures has invested a total of EUR 107 mln into BlaBlaCar.

As per December 31, 2018, Vostok New Ventures owns approximately 9.3% of BlaBlaCar on a fully diluted basis and the investment is valued on the basis of the SNCF transaction that was announced on November 13, 2018. The transaction had material impact on Vostok New Ventures' Net Asset Value and resulted in a positive revaluation of Vostok New Ventures holding in BlaBlaCar by approximately 33.0% or USD 39.1 mln compared to Vostok New Ventures model based-valuation of its holding in BlaBlaCar as per December 31, 2017.

2018 highlights

- 65+ mln members
- BlaBlaCar estimated that 50 mln people booked a ride on the platform in 2018, which is a 40% increase compared to 2017
- Continued roll-out of BlaBlaPass in certain markets
- Markets outside France represent 75% of all activity on BlaBlaCar
- BlaBlaCar acquired competitor Beepcar in Russia
- Announced the acqusition of Ouibus in France
- Further enhanced search function on the platform resulting in exponentially larger of number of potential trips
- Further development of daily commuting product BlaBlaLines launched in France
- BlaBlaCar launched an unique car isurance for its members together with AXA in France

Gett

Gett — Mobility

Share of total portfolio: 5.7%

gett.com

2014
Year of initial investment

19,975,816
Vostok New Ventures' number of shares as at Dec 31, 2018

55.4
Total value (USD mln)

4.0%
Share of total shares outstanding

-15%
Value development 2018 (in USD)

Gett is a global ride sharing app built on a simple idea – if you treat drivers better, they will treat riders better.

A leading provider in Europe, Gett is currently active in four countries and across 120+ cities, including Moscow, London, and NYC. Gett's technology enables consumers to instantly book on-demand transportation, delivery and logistics. The addressable market for the company within its existing markets is worth some USD 30 bn. Of this Gett's revenues are typically some 15–30% depending on whether it is servicing a private or business client. In total, Gett has raised over USD 700 mln in venture funding.

Gett is a company driven by quality; it means Gett does everything to put drivers first, resulting in the best-rated drivers in all markets in which it operates. The best drivers, in turn, deliver the highest quality rides to Gett's riders.

With its focus on quality, Gett is equally successful in both B2C and B2B markets. As the global leader in corporate transportation, Gett already serves more than 20,000 leading global corporations today, using its "Gett for Business" product which represents a 63% yoy growth 4Q18 vs 4Q17. The corporate market offers higher profitability and also immense growth opportunities, as competition is lower. Gett deals solely with licensed drivers, making it a safe and valid option within the European and NYC regulatory framework. Gett aims to become profitable 2019 and is growing net revenue and EBITDA every quarter.

As per December 31, 2018, the Gett investment is valued at USD 55.4 mln, based on the most recent transaction in the company that closed in 2Q18. Gett raised USD 80 mln from several existing investors in the company, including Vostok New Ventures. The transaction-based valuation as per December 31, 2018 is 15.0% lower than the model based valuation as per December 31, 2017.

2018 highlights

- 20,000+ B2B clients
- 4 countries and 120+ cities

Property Finder

Property Finder

Classifieds

Share of total portfolio: 4.1%

propertyfinder.ae

2015
Year of initial investment

160,145
Vostok New Ventures' number of shares as at Dec 31, 2018

40.0
Total value (USD mln)

10.1%
Share of total shares outstanding

+24%
Value development 2018 (in USD)

Property Finder is the leading digital real estate platform in the Middle East and North Africa region that facilitates the house hunting journey for both buyers and renters.

Founded in 2007, the website has evolved over the years as the go-to platform for developers, real estate brokerages and house hunters to make informed decisions on all things real estate.

A UAE-born startup, Property Finder has branched out of the country's shores and operates in a total of seven markets, including Qatar, Bahrain, Saudi Arabia, Lebanon, Egypt, and Morocco, and has a significant stake in the second largest property portal in Turkey. Property Finder generates almost six million monthly visits as a Group.

The property portal employs over 450 employees globally, of which 204 people work out of its Dubai office. Property Finder takes pride in hiring talent from all nationalities and boasting a multicultural workplace. At last count, the company had staff from more than 45 nationalities in its fold.

Vostok New Ventures first invested USD 20 mln for 10% in primary equity of the company in 2015. During the third quarter of 2017 and the first quarter of 2018, Vostok New Ventures acquired a small number of secondary shares in the company for a total of USD 500k and USD 200k, respectively. In November 2018, General Atlantic led a new funding round at the company where Vostok participated with USD 3.9 mln.

As per December 31, 2018, Vostok New Ventures values its stake in Property Finder to USD 40.0 mln (USD 380 mln for the entire company) on the basis of a transaction in the company that closed in 4Q18. This valuation represents a 24% increase in valuation compared to Vostok's valuation as per December 31, 2017.

Group KPI development 2018

- Total page views are up 28% year on year
- Total sessions are up 56% year on year
- Total leads generated are up 34% year on year
- Total unique users are up 57% year on year

2018 highlights

- 47% yoy increase in unpaid traffic – 2018 vs 2017
- 17% yoy growth in subscription clients (except KSA) – 2018 vs 2017
- Property Finder underwent a Group-wide rebrand during the year. The new brand ethos places the consumer at the heart of all initiatives.
- Property Finder attracted funding worth USD 120 mln from an investment round led by US private equity firm General Atlantic in 2018.
- 75 new employees joined the adventure in 2018, bringing the total number of talents to 204 in the UAE and 450 in the Group
- Continued strong market leadership in the region

babylon

Babylon

Digital Health

Share of total portfolio: 2.2%

babylonhealth.com

2017
Year of initial investment

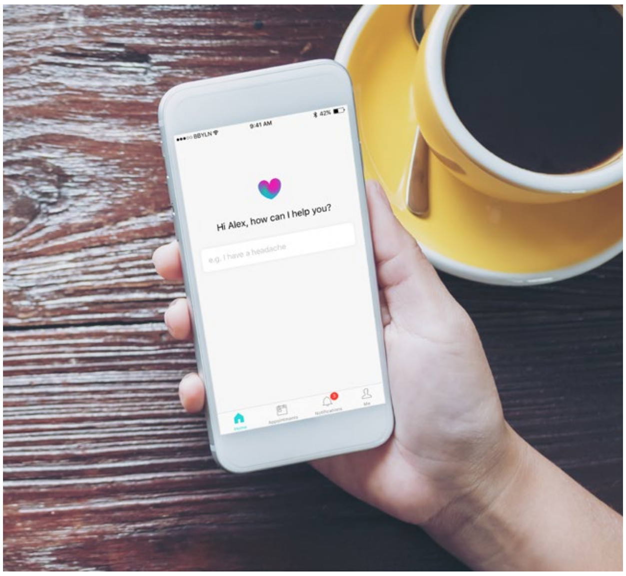
84,246
Vostok New Ventures' number of shares as at Dec 31, 2018

21.9
Total value (USD mln)

10.1%
Share of total shares outstanding

-6%*
Value development 2018 (in USD)

* Attributable to currency exchange differences.



Babylon launched in 2015 and is a pioneer in personal digital healthcare globally. Babylon's technology, available from any mobile phone or personal computer worldwide, aims to put an accessible and affordable health service into the hands of every person on Earth. Babylon has brought together one of the largest teams of scientists, clinicians, mathematicians and engineers to focus on combining the ever-growing computing power of machines, with the best medical expertise of humans. On November 6, 2017, Babylon launched GP at Hand, its service for the National Health Service (NHS) funded healthcare, across most of London. Babylon currently has over 41,000 registered members with "GP at Hand" in the UK, and also runs a program in Rwanda with over 3 million members.

During the second quarter of 2017, Vostok New Ventures invested GBP 17.3 mln in primary shares in Babylon in the context of a larger GBP 48 mln (USD 60 mln) financing round. During 2Q18, Vostok New Ventures invested an additional GBP 7 mln in Babylon through a convertible note which as per December 31, 2018 is valued at its nominal value.

During 2018, Babylon has continued to grow its current markets UK and Rwanda as well as announced agreements to deploy its technology in a number of new markets: China (through a partnership with Tencent), Saudi Arabia (through a partnership with THIAQH), Canada (through a partnership with Telus Health), and BUPA in the UK.

On August 2, 2018, Babylon and Prudential Corporation Asia announced an exclusive partnership agreement where Babylon's AI technology will be made available to Prudential's customers across Asia. Prudential is a leading insurance provider in Asia with over 5 million health customers and premium income exceeding GBP 800 mln in 2017.

As per December 31, 2018, the Babylon investment is valued at GBP 17.3 mln (USD 21.9 mln), on the basis of the latest transaction in the company.

2018 highlights

- Babylon announced it's making a USD 100 million investment to double the size of its technology team and develop the next generation of AI-powered healthcare services
- Babylon AI achieved equivalent accuracy to human doctors in a series of tests mimicking relevant sections the UK RCGP exam
- Partnership with Prudential in South East Asia
- Partnership with Telus Health in Canada
- Partnership with BUPA in the UK for corporate BUPA customers
- Partnership with THIQAH in Saudi Arabia
- Partnership with tencent to deploy Babylon technology in WeChat
- Partnership with Samsung to include Babylon technology in the Samsung Health app

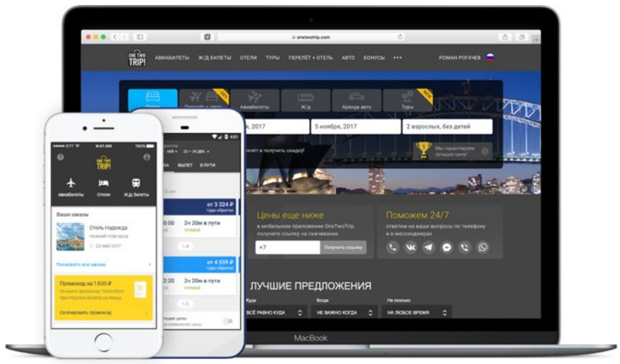
OneTwoTrip

Mobility

Share of total portfolio: 1.7%

onetwotrip.com

2015 Year of initial investment	**102,417** Vostok New Ventures' number of shares as at Dec 31, 2018	
16.5 Total value (USD mln)	**16.3%** Share of total shares outstanding	**-25%** Value development 2018 (in USD)



OneTwoTrip (OTT) is serving the underpenetrated USD 63 bn Russian travel market characterized by lack of focused local/foreign competition, and with inherent scalability via fully virtual inventory. It is the number one player in a leading e-commerce segment with the best overall product proposition, nimble and bottom-line focused executive team and rapidly growing mobile channel. Opportunity to participate in the ongoing growth in online penetration of travel products, coupled with diversification of revenue streams, including major upside opportunities in

(1) hotel cross-sell,
(2) dynamic packaging (tickets + lodging combo), and
(3) geographic expansion.

Vostok New Ventures has invested a total of USD 13.2 mln in OTT and owns 16.3% of the company on a fully diluted basis. As per December 31, 2018, the company is valued based on a transaction that closed in July 2018 where Vostok invested an additional USD 1 mln as part of a larger funding round. The valuation is 25% lower than the model-based valuation as per year-end 2017.

2018 highlights

- Traffic: Cumulative mobile installs of 5+ mln
- Units: +40% overall growth and +75% mobile growth
- Non-avia products units: 3x railways growth, 2x hotels growth
- GMV (turnover): +37% overall growth
- Net revenue: +44% growth
- Share of non-avia products in revenue amounted to 22%

hemnet

Hemnet

Classifieds

Share of total portfolio: 1.5%

hemnet.se

2016
Year of initial investment

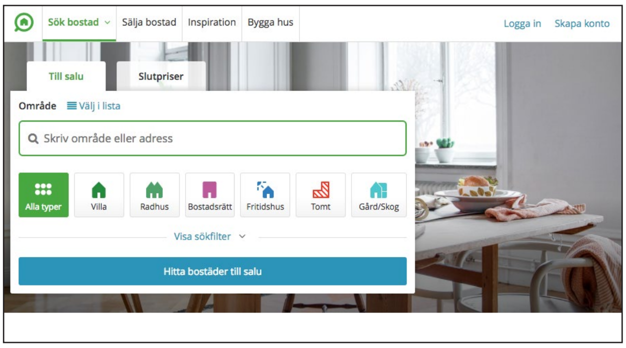
81,106,057
Vostok New Ventures' number of shares as at Dec 31, 2018

14.2
Total value (USD mln)

5.9%
Share of total shares outstanding

+27%*
Value development 2018 (in USD)

* Including currency exchange differences.



Hemnet is Sweden's largest online property portal, founded in 1998, with two million unique visitors each week to its mobile and desktop products. In 2018, 199,149 real estate listings were published on Hemnet. Hemnet's mobile app has over 1.5 mln downloads on iOS and 630k on Android. During 2017, the company generated revenue of SEK 323 mln (2016: 254) and EBIT of SEK 108 mln (2016: 67). Hemnet has a strong position in the Swedish market with substantial network effects through its relationships with real estate brokers and home sellers alike and is in an excellent position to continue to grow its business. For more information, please visit www.hemnet.se.

The investment in Hemnet was made through the co-investment vehicle YSaphis S.A., together with a consortium led by Henrik Persson and Pierre Siri, which alongside majority investor General Atlantic acquired Hemnet in December 2016.

As per December 31, 2018, Vostok New Ventures values its investment in Hemnet on the basis of an EV/EBITDA valuation model as the last significant transaction now is more than 12 months old. The change in valuation is mainly driven by updated peer multiples and updated EBITDA forecast.

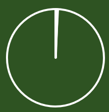
Key performance indicators 2018

- 199,149 total listings, down 5% yoy
- SEK 523 bn in aggregated property value (asking price), down 6% yoy
- 1.1 bn clicks, up 5% yoy
- 52,500 houses listed, up 11% yoy
- 100,320 apartments listed, down 4% yoy
- 2.9 mln visitors per week, up 1% yoy

VOI Technology

Mobility

Share of total portfolio: 1.1%



voiscooters.com

2018
Year of initial investment

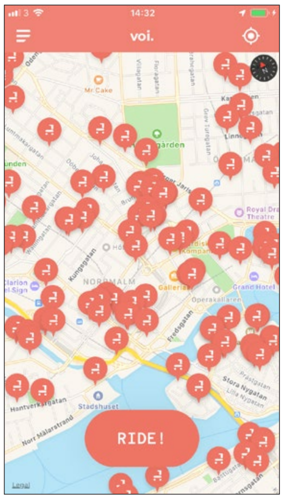
7,310,000
Vostok New Ventures' number of warrants as at Dec 31, 2018

10.8
Total value (USD mln)

23.0%
Share of total shares outstanding

+294%*
Value development 2018 (in USD)

* If not held on January 1, the date of the initial investment.



VOI Technology is a free-floating e-scooter sharing service for last mile transportation. VOI makes e-scooters available for everyone through their app and provides a green and efficient way to move around cities. The company launched in Stockholm in August 2018 and during the fall also launched in Spain, Portugal, France and Denmark. A larger European roll-out is under way. One month after launch, the company had 45,000 users that had ridden 85,000 km. Vostok New Ventures led the company's first funding rounds and has invested a total of USD 2.8 mln.

Vostok New Ventures values VOI Technology on the basis of the last transaction in the company which closed in November 2018, where the company raised new capital led by Balderton Capital. As per December 31, 2018, Vostok New Ventures values the company on the basis of this transaction.

2018 highlights

- Launched service in Stockholm August 2018 as its first market
- Subsequently launched in 14 cities: Stockholm, Madrid, Zaragoza, Malaga, Göteborg, Malmö, Lund, Copenhagen, Lisbon, Lyon, Paris, Faro, Oslo, Uppsala
- Raised seed round and Series A + A2 from notable investors, including Vostok New Ventures, Balderton, Raine Ventures, Local Globe, Project A, Creandum
- VOI riders have gone more than 25 laps around the globe collectively
- VOI now has more than 100 employees
- More than 150k paying users in Stockholm alone

Wallapop

Classifieds

Share of total portfolio: 1.0%

wallapop.com

2015
Year of initial investment

21,871*
Vostok New Ventures' number of shares as at Dec 31, 2018

10.0
Total value (USD mln)

2.9%
Share of total shares outstanding

-26%
Value development 2018 (in USD)

* Shares held indirectly through a limited partnership.

Busfor

Mobility

Share of total portfolio: 0.9%

busfor.com

2018
Year of initial investment

515
Vostok New Ventures' number of warrants as at Dec 31, 2018

8.6
Total value (USD mln)

12.3%
Share of total shares outstanding

+1%*
Value development 2018 (in USD)

* If not held on January 1, the date of the initial investment.

Wallapop is an online marketplace that enables users to buy and sell goods in categories such as fashion, decoration, motorcycles, electronics, and more. The company was founded by Agustin Gomez, Gerard Olivé and Miguel Vicente in January 2013.

Wallapop's main market is Spain where it is the leading general classifieds platform.

In 2018, Wallapop has continued with monetizing efforts in Spain letting users pay to highlight their listings. The price of the highlight varies slightly by type of product and region, but it is around EUR 2 in Wallapop's main urban markets such as Barcelona and Madrid. Monetization efforts are still in an early stage but look promising.

In December 2018, Vostok received a USD 4.1 mln distribution from its holding in Wallapop Capital Partners LP, which is the holding vehicle for the shares held in Wallapop.

Vostok New Ventures has in total invested approximately USD 9 mln during 2015. As per December 31, 2018, Vostok New Ventures indirectly owns approximately 2.9% of the company and values its indirect stake in the company to USD 10.0 mln on the basis of the latest transaction from 2018 in the company.

Busfor is an Eastern European bus ticketing platform covering CEE and CIS, with Poland, Ukraine and Russia currently being the largest markets. Busfor provide carriers with a solution for inventory management and access to the Busfor distribution network. Busfor also aggregates carriers' inventory and provides a number of partners with software tools, bringing all market participants in one single ecosystem. Busfor also has a consumer-focused business where it sells bus tickets through web and its own Busfor app.

Vostok New Ventures invested USD 4 mln in Busfor during the third quarter 2018 through a convertible loan and an additional USD 4.5 mln in equity in the company in the fourth quarter 2018. The convertible loan was converted to shares during the fourth quarter of 2018 and Vostok owns 12.3% of the company as per December 31, 2018.

※ Merro

Merro Classifieds

Share of
total portfolio:
0.8%

2014
Year of initial investment

11,106
Vostok New Ventures' number of shares as at Dec 31, 2018

7.8
Total value (USD mln)

22.6%
Share of total shares outstanding

-17
Value development 2018 (in USD)

Merro is an investment holding company that focuses on online marketplace businesses with network effects in developing markets. Merro was founded in 2014 by Henrik Persson, Michael Lahyani and Pierre Siri having each a third of the company. Henrik Persson was formerly Head of Investments at Kinnevik and is our partner from many ventures, most notably Avito. Michael Lahyani is the founder and CEO of Property Finder, the largest real estate property portal in the MENA region. Pierre Siri has a long background within online classifieds, which includes the role as CEO and investor in Blocket.se, the Swedish online classifieds asset that is today owned by Schibsted and in many ways the benchmark asset for online classifieds players globally.

Merro's portfolio includes a number of investments, most of which are online classifieds companies in the MENA region. These are Opensooq, the leading online classifieds operator in the MENA region, Property Finder (sold after the period), the leading property vertical in the MENA region, Dubicars, an early stage car classifieds site in the UAE and six other smaller investments.

- *Opensooq* represents the largest value in Merro's portfolio and in October 2018 Opensooq generated approximately 1.4 bn page views. Opensooq has the potential to become the "Avito" of the MENA-region.
- *Property Finder* represented the second largest value in Merro's portfolio as per 4Q18. Over the past ten years, Property Finder has quickly become the leading real estate classified website in the UAE, Qatar, Bahrain and Lebanon and is growing in popularity in the Kingdom of Saudi Arabia, Egypt and Morocco. After the end of the period, in January 2019, Merro sold its shares in Property Finder and distributed proceeds to its shareholders. Vostok New Ventures received USD 2.2 mln in dividends from Merro.
- *Dubicars* generates more than a million weekly page views and has more than 400 active car dealers from across the UAE. In December 2018, Property Finder, which was the majority shareholder in Dubicars, distributed its holding of Dubicars shares to its shareholders, including Merro and Vostok New Ventures.
- *CloudSight* (formerly Camfind) is a technology company that simplifies the creation of classifieds listings dramatically through its API (application programming interface).
- *Yta.se* (formerly Objektia), a company that simplifies the process of finding commercial real estate to lease or purchase. By relaying relevant information about the property and its surroundings in a classic marketplace setting, Yta.se aims to be the Trulia of the commercial real estate industry.
- *TipTapp,* a mobile marketplace in Sweden which operates "reverse classifieds" whereby consumers can post listings with products they will pay to get rid of, most often bulky trash that would otherwise have to be transported to a recycling center or similar.
- *QuintoAndar* is an end-to-end real estate rentals service in Brazil that connects landlords and tenants. There are significant pain points within rentals in the country due to bureaucratic legislation that effectively requires a co-signer to guarantee rent obligations. QuintoAndar removes this friction by baking in a free insurance product to the end users' contract as well as improving the general processes of searching for properties, arranging viewings and contracts signing.

As per December 31, 2018, Merro is valued on basis of a sum of the parts (SOTP)-valuation model as there has been no transaction in the company in the most recent 12 months. The SOTP valuation is 17% lower than the valuation as per December 31, 2017, mainly driven by an updated valuation of Opensooq and Property Finder, Merro's largest and second largest holding.

Housing Anywhere

Classifieds

Share of total portfolio: 0.6%

housinganywhere.com

2018 Year of initial investment

1,377 Vostok New Ventures' number of shares as at Dec 31, 2018

6.2 Total value (USD mln)

25% Share of total shares outstanding

+5%* Value development 2018 (in USD)

* If not held on January 1, the date of the initial investment.

Booksy

Classifieds

Share of total portfolio: 0.6%

booksy.com

2018 Year of initial investment

1,593,168* Vostok New Ventures' number of shares as at Dec 31, 2018

7.0** Total value (USD mln)

10.5% Share of total shares outstanding

– Value development 2018 (in USD)

* Indirect holding through Piton Capital.
** Including convertible debt

Housing Anywhere is a housing platform that was founded by Niels van Deuren where people can rent out rooms to international students. The company is run by CEO Djordy Seelmann. It originally started as a platform where outgoing exchange students can rent out their rooms when they go abroad. Incoming exchange students can rent these rooms. Today, it's a global platform where demand and supply of rooms for international students meet each other. The company has 127 partner universities in 22 countries.

It launches in university cities together with the local university (who subsequently becomes a paying partner in order to supply its international student base with housing options) and moves on to take a fee from the tenant and the landlord. GMV has shown very strong growth in the last 12 months. In contrast to many other rental players this company is a pure classified player meaning they just put the tenant and the land lord in touch, whereas others get into the agent role providing contract, cleaning, legal etc.

Vostok New Ventures invested EUR 3.3 mln into Housing Anywhere during the first quarter 2018 in the context of a larger financing round. Vostok New Ventures invested an additional EUR 1.6 mln in November 2018. As per December 31, 2018, the company is valued on the basis of this latest transaction in the company.

Booksy is a SaaS driven booking platform for the beauty industry. The company is based in Poland and has expanded into the US, the UK, Brazil and South Africa.

Booksy is a robust booking system for people looking to schedule appointments for health & beauty services consisting of two apps, Booksy Biz for businesses and Booksy for clients; designed to make scheduling appointments seamlessly. Booksy Biz allows the business owner to create a business profile and completely manage their calendar and appointment schedule. Booksy allows the client to view the business' profile, see their availability, and book an appointment right from the app. Both apps work together in real time, so the calendar is always up-to-date. As soon as a client books an appointment, the business receives a notification and the appointment is placed on their calendar.

Vostok New Ventures invested USD 6 mln in Booksy through Piton Capital during the first quarter 2018. In 4Q18, Vostok participated in a follow-on round in Booksy with USD 1 mln. As per December 31, 2018, the investment is valued on the basis of the transaction which closed in 1Q18.

El Basharsoft
(Wuzzuf and Forasna)

Classifieds

Share of total portfolio: 0.5%

wuzzuf.net
forasna.com

2015 Year of initial investment

728,732 Vostok New Ventures' number of shares as at Dec 31, 2018

4.7 Total value (USD mln)

23.7% Share of total shares outstanding

-2% Value development 2018 (in USD)

DOC+

Digital Health

Share of total portfolio: 0.4%

docplus.ru

2018 Year of initial investment

23,207 Vostok New Ventures' number of shares as at Dec 31, 2018

4.0 Total value (USD mln)

10.3% Share of total shares outstanding

– Value development 2018 (in USD)

Wuzzuf is one of the leading jobs verticals in Egypt. Its main competitor is Bayt, a regional jobs vertical centered around UAE. Wuzzuf focuses on white collar workers with English CVs. In terms of monthly jobs postings within this area it leads versus Bayt and is quickly catching up also in terms of traffic.

Interestingly also it has a second brand, Forasna, which focuses on the enormous and virtually untapped blue collar market in Egypt. Although a younger venture compared to Wuzzuf, a successful product in this area is something that has a potential far beyond the borders of Egypt and with very little competition.

During the second quarter of of 2017, Vostok New Ventures invested an additional USD 0.2 mln in El Basharsoft in the form of secondary shares in the company.

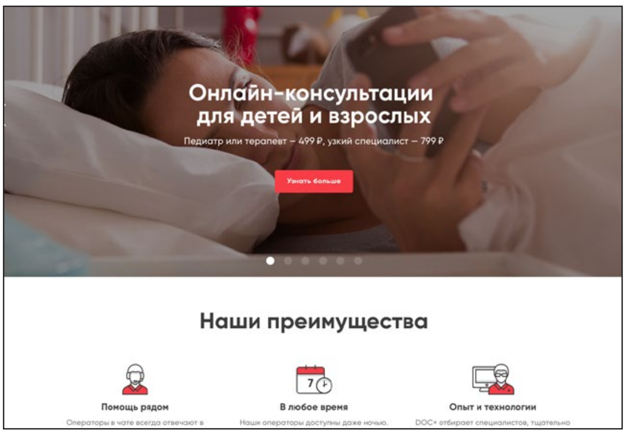
As per December 31, 2018, Vostok New Ventures values its investment into el Basharsoft on the basis of the most recent transaction in the company which closed in the second quarter of 2018 in a funding round (where Vostok New Ventures participated) led by EBRD.

2018 highlights

- Wuzzuf and Forasna saw strong growth in 2018
- Revenues grew by 1.7x yoy
- Job listings grew by 1.4x during the year
- Strong market leading position in terms of listings as well as traffic

DOC+ is a digital healthcare provider in Russia that provides telemedicine services, home visits, and helps patients manage their primary healthcare and store their medical data in the DOC+ app. The company was launched by Victor Belogub, Dmitry Khandogin and Ruslan Zaydullin in September 2015 and has been funded by Baring Vostok and Yandex since 2016.

Vostok New Ventures invested USD 4 mln in DOC+ during the second quarter of 2018, and as per December 31, 2018, the investment is valued on the basis of this transaction.



Naseeb Networks (Rozee and Mihnati)

Classifieds

Share of total portfolio: 0.4%

naseebnetworks.com
rozee.pk
mihnati.com

2015
Year of initial investment

11,481,176
Vostok New Ventures' number of shares as at Dec 31, 2018

3.8
Total value (USD mln)

24.3%
Share of total shares outstanding

-9%
Value development 2018 (in USD)

Vezeeta

Digital Health

Share of total portfolio: 0.3%

vezeeta.com

2016
Year of initial investment

597,717
Vostok New Ventures' number of shares as at Dec 31, 2018

3.2
Total value (USD mln)

9.0%
Share of total shares outstanding

+2%
Value development 2018 (in USD)

Naseeb Networks operates leading employment marketplaces in Pakistan (Rozee) and Saudi Arabia (Mihnati) focused on facilitating the matching between jobseekers and employment opportunities. Its complete range of end-to-end employment solutions are used by over 10,000 companies and 5 mln job seekers, processing over 1.5 mln job applications every month.

As per December 31, 2018, Vostok New Ventures values Naseeb on the basis of a peer multiples valuation model. The model, based on EV/Sales multiples of listed international peers in the recruitment and online classifieds space, generates a valuation of USD 3.8 mln for Vostok New Ventures' stake in the company. This is 9% lower than Vostok New Ventures' valuation as per December 31, 2017.

Rozee 2018 highlights

- More than 5 mln registered professionals
- Over 75,000 employers with accounts on ROZEE.PK
- 150+ new job postings each day
- 45+ mln job applications processed
- 7 mln unique visitors per year

Vezeeta is the MENA leader in Healthcare IT platforms. The company is pioneering the shift to automate the booking world of doctors creating a healthcare ecosystem by connecting various healthcare providers using our other digital cloud based solutions.

Vezeeta is solving major problems faced by patients when trying to reach doctors. Vezeeta is offering a free user friendly online search engine and app where one can search for doctors by specialty, area, and fees. More than 200,000 patients' reviews and rating are available to help patients decide on the doctor with the best medical service and the least waiting time.

During the third quarter 2018, Vezeeta closed a larger funding round of USD 12 mln led by new investor STV. Vostok New Ventures participated with USD 1.25 mln in the round, including the USD 500k convertible note that closed in June 2018.

As per December 31, 2018, the investment in Vezeeta is valued on the basis of the last transaction in the company which closed in the third quarter of 2018.

2018 highlights

- Number of bookings increased by 2.3x vs 2017
- Revenues increased by 2.6x vs 2017
- Further expanded to the Saudi Arabian market
- 1.3 million likes on Facebook

CarZar

Classifieds

Share of total portfolio: 0.3%

carzar.co.za

2017 Year of initial investment

831 Vostok New Ventures' number of shares as at Dec 31, 2018

3.0 Total value (USD mln)

16.4% Share of total shares outstanding

-14% Value development 2018 (in USD)

Agente Imóvel

Classifieds

Share of total portfolio: 0.3%

agenteimovel.com.br

2017 Year of initial investment

5,387 Vostok New Ventures' number of shares as at Dec 31, 2018

3.0 Total value (USD mln)

27.3% Share of total shares outstanding

+100% Value development 2018 (in USD)

CarZar is a South African stats-based used cars marketplace servicing consumers looking to sell their cars and auto dealers looking for inventory. CarZar prices the vehicles using national data and their own proprietary algorithm, to offer consumers a convenient way to sell their vehicle.

CarZar is founded and run by Michael Muller out of Capetown, South Africa.

Vostok New Ventures invested USD 1.5 mln into CarZar during the second quarter of 2017 in the context of a larger financing round. In November 2017, Vostok New Ventures invested an additional USD 1.5 mln into the company. As per December 31, 2018, Vostok New Ventures values its investment in CarZar on the basis of its total investment amount of USD 3.0 mln, which is 14% lower than the last transaction-based valuation, due to an increased competitive situation in South Africa.

Agente Imóvel is a Zillow-esque real estate classifieds company in Brazil, leveraging a proprietary, and for Brazil unique, database of real estate pricing. The company was founded in 2013 by three Swedes with a background in the Swedish IT sector. Agente Imovel is the homeowner's companion during the complete home owning life cycle: buying, living, selling, renting, financing and more. The platform connects buyers, sellers, and brokers and is designed to provide easy-to-use information and tools for more informed, and therefore better, real estate decisions, for the home owners as well as the market professional. Price discovery, price trends and price comparisons are key platform concepts.

Vostok New Ventures invested an additional USD 1 mln in Agente Imóvel during the second quarter of 2018 and as per December 31, 2018, the investment is valued on the basis of this transaction.

YouScan

Other

Share of total portfolio: 0.2%

youscan.io

2014 — Year of initial investment

8,808,426 — Vostok New Ventures' number of shares as at Dec 31, 2018

2.3	20.9%*	+54%
Total value (USD mln)	Share of total shares outstanding	Value development 2018 (in USD)

Numan

Digital Health

Share of total portfolio: 0.1%

numan.com

2018 — Year of initial investment

N/A — Vostok New Ventures' number of shares as at Dec 31, 2018

1.0	–	–
Total value (USD mln)	Share of total shares outstanding	Value development 2018 (in USD)

YouScan is a social media monitoring platform that helps brand owners to listen to consumer opinions posted online about their products and competitors and to manage their brands online. The company has seen strong growth during 2017 and 2018.

Vostok New Ventures values YouScan based on a revenue multiple. Vostok New Ventures owns 20.9% of YouScan as per December 31, 2018 through its 33.2% shareholding in Kontakt East Holding AB.

In the fourth quarter 2018, Vostok New Ventures invested USD 1 mln as a convertible loan in a newly started European digital health company focused on male health. The company launched the Numan brand in the first quarter of 2019. The loan will be converted during 2019.

* The table reflects Vostok New Ventures' 20.9% indirect shareholding in YouScan which is held through a 33.2% holding in Kontakt East Holding AB, which owns 63% of YouScan.

Shwe Property

Classifieds

Share of total portfolio: 0.1%

shweproperty.com

2018 Year of initial investment

25,000 Vostok New Ventures' number of shares as at Dec 31, 2018

0.5 Total value (USD mln)

8.3% Share of total shares outstanding

– Value development 2018 (in USD)

JobNet

Classifieds

Share of total portfolio: 0.1%

jobnet.com.mm

2018 Year of initial investment

10,417 Vostok New Ventures' number of shares as at Dec 31, 2018

0.5 Total value (USD mln)

3.8% Share of total shares outstanding

– Value development 2018 (in USD)

Shwe Property is the #1 Real Estate portal and most recognized Online Real Estate Group in Myanmar. Established in 2011, as the first property portal in the country, with the first real estate app ever developed in Myanmar. Today, Shwe Property leads the market with the highest brand penetration particularly amongst first-time home buyers and the country's emerging middle class.

With over 100,000+ property listings, and thousands of property inquiries every month, Shwe Property is the largest company in the real estate services sector in Myanmar. Through the company's mega property expos, combined with a significant team of experienced and qualified sales and marketing professionals, the company holds the largest inventory of active property listings in country.

Shwe Property follows a property portal 3.0 type business model that integrates a traditional property portal platform with a hybrid Real Estate sales and marketing organization that delivers large volumes of property transactions by targeting their intelligent database of real time property seekers.

During the first quarter of 2018, Vostok New Ventures invested USD 500,000 in the company, and as per December 31, 2018, the investment in Shwe Property is valued on the basis of this recent transaction.

Since its inception in 2015, JobNet has grown rapidly to become the number one online Jobs and Recruitment portal in Myanmar, Asia's last frontier and fastest growing economy,

Amidst political reform, a stimulated economy, the arrival of international companies and the growth of local business, increased employment opportunities have driven a significant demand for employers to find the best talent available in the market.

Bringing over 20 years of experience in 15 countries, developing world class job boards and recruitment technologies, JobNet was launched in Myanmar to address the needs of thousands of corporations who wanted a more targeted, competitive, time efficient and cost-effective recruitment solution to win the war for talent.

Attracting hundreds of thousands of job seekers and delivering thousands of job applications every month, JobNet is the go-to marketplace that connects employers to the best talent in the nation, quickly and efficiently.

During the first quarter of 2018, Vostok New Ventures invested USD 500,000 in the company, and as per December 31, 2018, the investment in JobNet is valued on the basis of this recent transaction.

Dubicars

Classifieds

Share of total portfolio: 0.04%

dubicars.com

2018
Year of initial investment

1,456
Vostok New Ventures' number of shares as at Dec 31, 2018

0.3
Total value (USD mln)

6.4%
Share of total shares outstanding

–
Value development 2018 (in USD)

Marley Spoon

Other

Share of total portfolio: 0.03%

marleyspoon.com

2018
Year of initial investment

996,000
Vostok New Ventures' number of shares as at Dec 31, 2018

0.3
Total value (USD mln)

1.2%
Share of total shares outstanding

-84%*
Value development 2018 (in USD)

* If not held on January 1, the date of the initial investment.

Dubicars is an auto vertical based in the United Arab Emirates, where car dealers can post their inventory and consumers can find new and used cars. The company was majority owned by Property Finder until December 2018, when Property Finder distributed the shares in Dubicars to its shareholder as in-kind dividend.

Dubicars is valued on the basis of the last primary equity raise at the company which closed in the fourth quarter of 2018.

Marley Spoon is a cook-at-home meal kit delivery service. Marley Spoon is based in Berlin and has operations in Europe, the US and Australia. Marley Spoon was founded by ex-Delivery Hero chief executive Fabian Siegel in 2014. In the US, it has partnered with Martha Stewart.

Vostok New Ventures invested EUR 4.0 mln in Marley Spoon during the first quarter 2018 through a debt investment that carried cash interest as well as an equity kicker. In the beginning of July 2018 Marley Spoon IPOed in Australia, and in September 2018 Marley Spoon repaid the loan of EUR 4.0 mln and accrued interest.

As per December 31, 2018, the equity is valued to USD 0.3 mln on the basis of the closing price as per December 31, 2018.

Debt investments

Marley Spoon (debt)

The EUR 4.0 Marley Spoon loan including accrued interest was repaid during September 2018.

Liquidity management

The Company also has investments in money market funds, as part of its liquidity management operations. As per December 31, 2018, the liquidity management investments are valued at USD 0.65 mln (2017: 8.02), based on the latest NAV of each fund and bond's market value.

Avito studies

Below section is a summary of previously published Avito vertical deep dives. Even though Avito is no longer (since early 2019) part of the portfolio, this analysis is still very relevant and can be applied on many of our other marketplace and classifieds investments.

1Q18: JOBS

For the 1Q18 report, we dive deeper into the Jobs vertical.

Background

As stated in the last report, our view is that the intrinsic value of a classifieds property can be derived from the total addressable market multiplied with the property's share of leads generated in that specific vertical.

While we believe this holds true for the Jobs vertical as well, one could argue that the picture is slightly more complex in this vertical. This is because the channels to find jobs are more fragmented than in other verticals. When looking for a home or a used car, a classifieds property is the starting point for a large majority of people. But for finding a new job – or a new employee – there are many alternative ways: recommendation from friends or colleagues; using a headhunter (or being headhunted); finding candidates or openings through offline advertising; recruiting from an internal or external database of CVs; etc.

Globally, there are fewer success cases in the Jobs vertical compared to e.g. Auto or Real Estate, and our view is that the fragmentation of ways to find a job is the main reason. The pricing power decreases when there are viable alternatives to the online platforms.

That being said, a couple of players (Avito being one of them) has managed to build successful and highly profitable businesses in this vertical. SEEK of Australia (with a strong international footprint) is another notable example, with a USD 7 bn market cap.

The Russian recruitment market and Avito's relevant addressable market

In simplified terms, the size of the recruitment market in any county is a product of 1) how many vacancies there are in a country each year and 2) how much money is being spent on average to fill each vacancy.

In this report, we will not do an attempt to calculate the *total* addressable recruitment market (including headhunting fees, etc.) since this would be too cumbersome and provide little additional value in assessing the opportunities ahead for Avito Jobs. Instead, we will focus on the *relevant* addressable market. In addition to calculating the number of vacancies and the spend per vacancy, we will also try to estimate how large share of vacancies that closed through online sources and thereby "monetizable" by Avito. This gets us the size of the market as of today.

How many vacancies are there?

The number of vacancies is a product of the size of the working population and the employee turnover – i.e. how many in the working population changes jobs each year. Russia is the 9th most populous country in the world with a population of roughly 147 million people (according to the Russian state statistics agency Rosstat). The working population is around 76 million people and is expected to be relatively stable or slightly declining in the coming years according to the same source. The turnover rate is between 25% and 30%, i.e. the average Russian employee changes workplace roughly every 3–4 years on average. This results in roughly 20 million job openings per year.

How large share of vacancies are relevant to Avito?

Not all vacancies are closed through online sources but are instead filled through other channels. Those "other channels" could be offline recruiting using e.g. advertising in print, recommendations from friends, headhunting or multiple positions being filled through one advertised vacancy.

Job positions advertised online

Metric	2014	2015	2016	2017E	2018E	2019E	2020E	2021E	2022E
% of unique job positions advertised online of total filled in job positions	15.6%	16.1%	19.5%	24.2%	28.0%	33.3%	37.1%	38.9%	41.4%

Headhunter – the largest stand alone jobs vertical in Russia – has published their prospectus for a potential listing. According to their data (provided by J'Son & Partners), only ¼ of unique job positions were advertised online last year. This share is expected to grow rapidly over the coming years – to ⅓ next year and close to ½ in five years. This is a shift that is part of the wide structural shift from offline to online – a trend we believe will only continue.

With roughly 20 million total job openings and about 28% being advertised through online channels, we get to close to 6 million vacancies being advertised online per 2018.

The money spent online to fill each vacancy

High competition for talent have led to a great increase in the money spent online per advertised vacancy over the last years. This has been driven by structural factors of the Russian jobs market: low unemployment and low mobility of the work force, both resulting in that you have to fight harder to fill each vacancy.

Our estimate is that the average amount spent per vacancy advertised was RUB 1,500 in 2017. This is a high-level estimate based on the price lists of different job boards and the typical level of cross postings (posting the same ad on different job boards). We have also sanity checked the number through expert interviews.

Resulting relevant addressable market

Putting our estimates together, we believe that the current size of the relevant addressable market is around RUB 9 bn yearly.

Size of labor force	75 mln
Turnover rate	25%
Number of job openings per year	20 mln
Share of job openings closed through online	30%
Number of vacancies relevant to online (approx.)	6 mln vacancies
Spend per vacancy advertised	RUB 1,500
Resulting online recruitment spend	**RUB 9 bn**

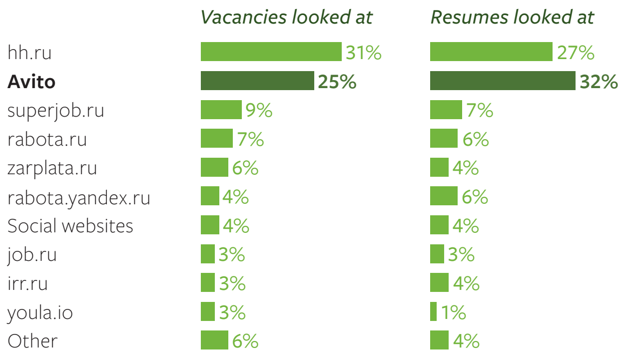
Avito's position on the relevant market

Avito holds a strong position on the recruitment market. It has a very strong position on the blue collar recruitment market. In white collar jobs, the position is not as strong, especially not in Moscow or St. Petersburg. But interestingly, since its launch in 2013 Avito Jobs has step by step moved up the ladder to more and more high-skilled jobs. If you are a Russian company operating in one of the regions, it is not uncommon to find your Head of Accounting on Avito. While having done an amazing job for a very long time, Headhunter is now being squeezed by Avito (growing from the blue collar segment and up) and professional networks (growing from the top percentages in Moscow and St. Petersburg and down).

To recruiters, Avito offers the possibility to publish job openings for a fee. Currently, 250,000+ such job openings are posted. The other option available to recruiters is to search in Avito's database of CVs posted by job seekers. A recruiter can see all details of the candidate in open view, but needs to pay a fee to get the contact details of the candidate.

A job seeker, in turn, can browse job openings posted by companies, contact employers via phone number directly from the mobile app and also attach his or her CV to the vacancies he/she thinks are relevant.

Through the development of these products and a deliberate sales, marketing and distribution strategy, Avito has managed to capture about 25% of the online recruitment market according to our estimates. When asking active job seekers (active during the last 12 months) what resource they used primarily, 25% answered Avito. When posing the same question to employers who actively looked for candidates, Avito's share is 32%.



A market share of about 25% is also supported by other estimates, such as top of mind research where approximately one third of job seekers mention Avito as their first-hand destination when looking for a job.

This leads us to believe that Avito also captures about 25% of the addressable market.

Valuation

Putting the above together, we land at current yearly revenues of about RUB 2.3 bn in the Jobs vertical for the last year, a number that should increase year by year driven by 1) the structural shift from offline to online, driving up both the share of vacancies published online and the spend per vacancy, and 2) Avito's market share increasing. In the current year, we expect the number to increase by at least 20% to about RUB 2.7 bn.

We believe that the Avito Jobs vertical should trade at similar multiples as other Avito verticals, given the future growth potential (see additional comments below). Applying a 60% profit margin and a 25x profit multiple, we land at a stand-alone value of about USD 700 mln (with a RUB/USD exchange rate of 60).

A few words about the future

The job markets are undergoing a huge change. It has never been easier to take up part-time or freelance jobs, and the preference to do so keeps on increasing among millennials worldwide. This part of the work force is ready to accept limited-term positions and often combine two or more jobs (or "gigs") at the time. The border between jobs and services is getting more blurred. To attract job seekers, you will need to be able to offer all types of opportunities. Needless to say, being a category leader in both Jobs and Services, like Avito, is a great competitive advantage as this shift materializes.

2Q18: AUTO

Background

Auto has traditionally been one of the strongest classifieds verticals globally. There are plenty of success stories – AutoTrader in the UK, Autoscout24 in Germany, carsales.com in Australia and Blocket in Sweden, to mention a few. What is common for all these success stories is that they make the bulk of revenues from car dealers who advertise *used* cars on their platform. They are also active in countries with very well-developed dealer networks that have been active in the used car space for a long period of time.

In emerging economies, the car market is often structured differently. Dealers are primarily focused on selling new cars, and the used car trade is more done by privates or by so-called "grey" or "unofficial" dealers. A structure like that makes it harder to make substantial revenues from the traditional model of classifieds – private sellers are harder to monetize and no classifieds player has really cracked how to make real revenues from new cars as of yet.

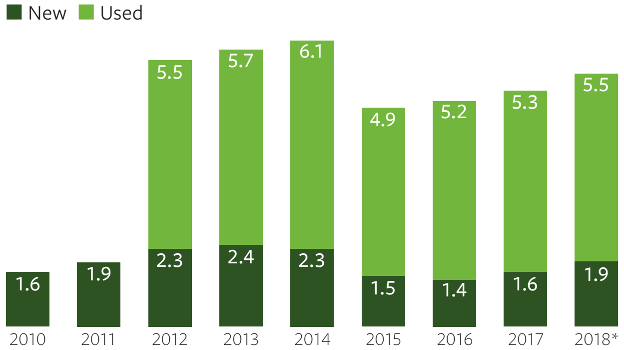
There is a lot of innovation going on in the digital car trading space. A common theme for most new models is the push to increase trust and transparency. Auto1 has built a multi-billion-dollar business by bringing liquidity and transparency to private sellers and professional car traders, and a number of clones have emerged across a number of geographies including Russia. This model includes an offline component with physical inspections being made of the car, and classifieds companies have not been late to offer the same service. There is also innovation happening in the new car space, with companies like TrueCar in the US and Carwow in the UK leading the charge.

Regardless of model – auto is a vertical where huge values are being transacted, and companies that connect buyers and sellers in a seamless way stand to profit handsomely.

The Russian auto market

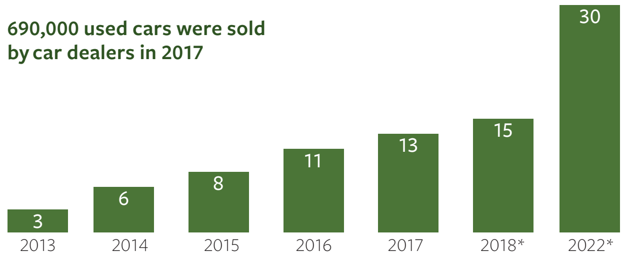
Each year, somewhere between 6.5 and 8.5 million cars are transacted in Russia. Somewhere between 1.5 and 2.5 million of those are new car transactions. The number has varied considerably in the last decade with swings in the economy. Used car sales are more stable and typically fall between 5 and 6 million cars per year. The last few years, total sales numbers have stabilized and grown modestly after a sharp decline in 2015.

Annual sale of new and used cars in Russia, million



* Forecast.
Source: Autostat.ru, AEB

Share of used cars sold by car dealers in Russia, %



* Forecast.
Source: Russian Association of Car Dealers (ROAD)

All new cars are obviously sold by car dealers, and a majority of used cars are sold by privates, which is a key difference compared to e.g. the UK or Nordic markets. Prior to the financial crisis in 2008, Russian auto dealers were almost exclusively focused on selling new cars. There was a strong consumer demand to buy new "innomarki" – cars from non-domestic brands – which were suddenly within reach for ordinary Russians thanks to rapidly increasing income levels.

At this time, the dealers' share of used car sales was in the low single digits. The rest were dealt directly between consumers, or through "grey" dealers.

When the financial crisis of 2008 and 2009 hit, new car sales dropped significantly. In the years that followed, dealers started to look for other sources of income, and a few of them (especially in Moscow and St. Petersburg) made large bets on the used car market. Sales of new cars picked up significantly between 2011–2012, but then started to fall in 2013. 2015 was a crisis year when sales dropped 36%.

When sales of new cars started to tumble again in 2014 and 2015, more and more dealers moved into the used car space and the share of used cars sold by dealers really took off. The share has risen from low single digits in 2013 to 13% last year. This year the Russian Association of Car Dealers predicts that the share will grow to 15%. By 2022 the same organization believes the number will have increased to 30%. In Moscow and St. Petersburg the number will likely approach 50% – not too far off from the levels we see in countries like UK and Sweden (where dealers' share of used car sales is around 65%).

Relevant addressable market

A growing share of used cars sold by car dealers is very good news for classifieds companies, since it is hard to monetize private sellers. If you try to charge privates too aggressively, the risk is high that the seller will try to find other options to sell the car, especially if there are head-to-head competitors offering a liquid marketplace. When estimating the addressable market, we will therefore mainly focus on dealer spend. In order to estimate the classifieds spend per dealer in Russia, we will benchmark numbers from international peers.

By studying the latest annual report from AutoTrader, we can learn that AutoTrader charges the average dealer a bit north of GBP 20,000 per year and forecourt. 5 million used cars are sold every year by a bit more than 13,000 dealers, which means an average 380 cars per dealer and year.

Classifieds spend per car on AutoTrader is in other words around GBP 54 (GBP 20,340/380 cars). AutoTrader holds a market share of approximately 60% according to company reports and equity research. In total, a dealer therefore spends roughly GBP 90 per car on classifieds. Using the same methodology, we arrive at similar numbers in e.g. Sweden.

Assuming the same spend per car from Russian car dealers, we would arrive at a total dealer spend of approximately RUB 4.6 bn in 2018 after adjusting for car price differences (0.8 m used cars sold by dealers in 2018 multiplied by an average spend per car of RUB 5,750 (GBP 69). This is a fraction of e.g. the classifieds spend of UK dealers, and it is worth pointing out again that the key difference between the two markets is that the share of used cars sold by dealers is much higher in the UK compared to Russia. With time, this will change.

We conservatively estimate that a full 70% of total revenue in the vertical comes from auto dealers advertising used cars. The other 30% is made up by advertising revenues from car manufacturers, revenues from private users and other sub-verticals (such as spare parts, motorbikes, boats and heavy machinery), etc. That brings the current total market size to roughly RUB 6.5 bn.

Avito's offering

Avito Auto has developed a set of tools aimed at providing as much liquidity, trust and transparency as possible, regardless if you are a professional or private party in a car transaction.

Classifieds platform

The classifieds platform is the very core of Avito Auto's offering. This is where sellers go to publish items and where buyers go to browse.

The classifieds platform does not only include cars but also categories such as spare parts, motorcycles, boats and heavy machinery.

Professional tool for dealers

For dealers with high turnover of stock and high demands Avito has developed a professional tool that allows them to seamlessly add a large number of items, track price development, follow statistics of number of item views and contacts, track calls, etc. The effort is a part of making Avito Auto an even more important part of dealers' day-to-day operations.

Autoteka

The Russian used car market has been plagued by fraud for a very long time. A very high share of used cars sold are "clocked" – i.e. the mileage has been changed prior to a sale to yield a higher price.

To fight this problem, Avito Auto launched Autoteka – a database containing key information about Russian cars – two years ago. Avito enriches its own data with data from a multitude of other sources, such as dealer data, governmental data, data from banks and insurance companies, etc. A user can use the database to find out the true mileage of a car, if it has been in an accident, if there is a car loan tied to the car, etc. This type of data was previously very hard to access in Russia, and the lack of such a tool was frequently cited as an obstacle for more serious players to enter the used car space. In April this year, the Russian Association of Car Dealers merged their similar project with Autoteka and became minority shareholders in the stand-alone operating company. The database now contains data on 40 million Russian cars, which are all searchable by VIN number. 75% of all cars posted on Avito now have an Autoteka report attached to them, and any interested buyer can access the report for RUB 99.

Carfax is a well-known company that offers a very similar product. One Carfax report costs USD 40, or approximately 25 times as much as an Autoteka report. Autoteka just sold its millionth report, and it is not a wild guess that a significant portion of those reports was sold in the last couple of months. That would mean that Autoteka is generating meaningful revenues already, despite the very low fee per report.

Inspections

Another initiative to increase trust and transparency is the launch of offline inspection zones, where sellers and buyers can meet to do an inspection of the car by a third party before a transaction is done. The initiative was just launched together with a partner.

Avito's competitive position on the market

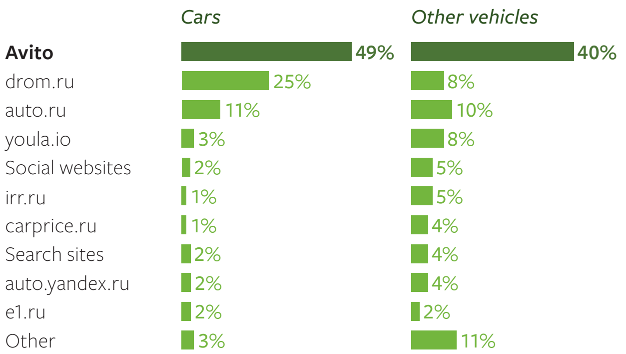
The auto classifieds market in Russia is highly competitive. Apart from Avito Auto, two auto verticals (Auto.ru and Drom.ru) are highly active as well as an Auto1 clone called Carprice. There are large regional differences, but Avito is the strongest player on a consolidated national level by a wide margin.

Auto.ru was founded in the 90s and is since 2014 owned by Yandex. According to our estimates, Auto.ru has a strong position in Moscow (slightly stronger than Avito) and is relatively strong in St. Petersburg (but weaker than Avito), but is significantly weaker elsewhere. Drom.ru is extremely strong in Siberia, where it outcompetes both Avito and Auto.ru in number of leads generated to sellers. Luckily, Siberia has a relatively low share of total car transactions compared to the rest of Russia.

All players are actively developing and marketing their products, with Auto.ru being the most active from a marketing perspective. Despite having Yandex' muscles behind it, Auto.ru has seen limited increase in consumer preference according to our analysis.

Through our own research, we estimate that Avito Auto holds a market share in the range of 45% when it comes to leads generated to sellers, which we believe is the core metric to track to determine market share. The head of Avito Auto recently cited a similar number in an article in the leading Russian business paper Vedomosti.

Avito holds ca 50% share of the car market and is 4 times bigger than closest competitor for other vehicles



Valuation

A 45% market share on a market worth RUB 6.5 bn would result in approximate revenues of RUB 3 bn. Assuming a 60% EBITDA margin this would result in 1.8 bn of EBITDA. A 25x multiple on 1.8 bn of EBITDA would result in a value of the vertical of RUB 45 bn or around USD 0.7 bn.

Our view is that such a valuation would not sufficiently take a number of important factors into account:

- Rapid top line growth (30%+) for many years ahead, underpinned by a structural shift where used cars are increasingly sold by dealers. This is in addition to the structural shift of more and more marketing spend is moving from offline to online
- The option value of M&A in the vertical, which would lead to significantly increased pricing power, possibly also for private sellers
- The option value in Autoteka
- “Hidden” opportunities in sub-verticals not touched in this report, such as spare parts

Factoring in all those aspects, we think that the value of Avito Auto is more like RUB 60 bn or close to USD 1 bn. This would mean roughly a 25x multiple on next year’s profit (which we think will grow by at least 30% to RUB 2.3 bn). In our view a conservative estimate for the leading car vertical in one of the world’s largest car markets, with strong macro tailwinds and an exciting roadmap for the future.

3Q18: SERVICES

Background

Below we will look closer at Avito’s Services vertical where you can find pretty much any type of service you can think of: transport services, construction, beauty, tutors – the list goes on.

Services is a vertical that is very different from other verticals. Unlike other verticals, there is no way to examine what you buy before the purchase. Therefore, trust becomes a key component. Another difference is that from a seller’s perspective, you very seldom “sell out” your inventory, but you are more or less always in the market to sell more. This has large implications on how service providers handle their advertising – more about this below.

The services vertical is also special in the way that is consists of subcategories that are so vastly different from one another. Construction services needs to be approached in a completely different way than beauty services, for example. Lastly, Avito Services is unique in that few other major classifieds players have made a large bet on the segment, and there is really no blueprint for success from other players similar to Avito. Still, Avito is making quite significant revenues in the vertical, and the growth prospects are exciting.

The Services market in Russia and addressable market

Number of service providers

The services sector in Russia is huge. Out of about 3 million active SMEs in Russia, more than ⅓ work in the Services sector. Most companies have only one person – the owner – working for it, and there are very few medium to large companies in the services sector.

On top of this comes a substantial informal sector with private individuals offering their services, and the addressable market here could be up to 2 million additional individuals according to our research. So in total, we believe that up to 3 million entities and individuals are addressable for Avito Services.

Today, there are 1.2 million listings in the services category on Avito. Most service providers have only one listing posted on the service, but some have more. We estimate that roughly 1 million service providers are active on Avito today, which means that the penetration of the addressable market is about ⅓. So there is still ample of growth potential, with potential to double the number of providers on Avito Services.

Usage of services and ways to find them

About 70% of the Russian population has ever ordered a paid service. A bit more than a third of the total population has found a service provider through the internet, or 50% of those who ever ordered a paid service. Moving services, reparation and renovations are the three most used categories from a demand perspective when looking at the market as a whole.

But the most used channel to find a service provider is actually not using an online resource, but to ask your friends and family for recommendations. This ties back to the point we made in the beginning of this report – it is hard for someone who orders a service to inspect the quality of it before it has been rendered. Online resources need to find a way to bridge the trust gap, e.g. by giving service providers the possibility to show their previous work, by providing ratings and reviews of service providers, etc.

The second largest competitor to Avito is to use a search engine. But since service providers are often micro-businesses and self-employed individuals they often lack their own website.

In addition to recommendations and search engines, there is still a relatively large share of service providers' marketing spend that is going to offline sources such as newspapers, flyers, direct mail, etc. However, these channels are rapidly losing their relevance for those who order services, and therefore we will see a continued migration from offline to online in terms of marketing spend, in our view.

Avito's offering

Avito's offering in the Services vertical is very simple, yet very effective. Service providers list their services as listings, and those who are looking for a service can contact the service providers through either chat or by phone.

It is free to list one listing in Services, but if you want to list more you would have to pay a listing fee for each additional listing. This is to a large extent a measure to prevent spam in the category, since being on the top of the listing waterfall is so important. In other categories, you might look for a very specific item (a car with a specific configuration and mileage, or real estate at a very specific location) but in Services the listings are more generic. If you look for a carpenter or a transport service, you might call 3–5 providers to benchmark prices, availability and references, and then you settle for one of them. You typically pick the first 3–5 relevant providers you find, and therefore being on top of the list becomes hugely important.

This is why Avito's value added services work so well in the Services category. When service providers want to get to the top of the list, what they need to do is to pay to "bump" their ads higher. Services has the highest conversion rate of any vertical when it comes to usage of value added services.

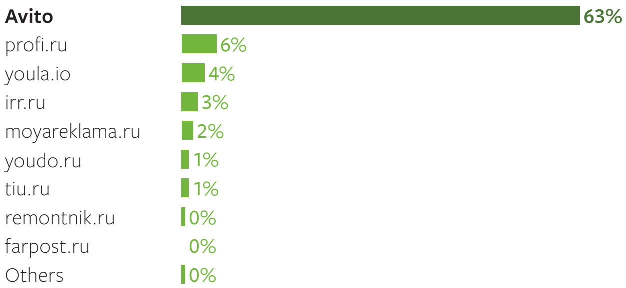
Recently Avito has rolled out a number of features that are foundational to increase the trust element on Avito. For example, all sellers now have a profile on Avito, where you can see their previous history – when they joined, what other listings they have posted and their full contact details. This is an excellent platform that in the future could be used for a service provider to showcase his or her previous work, so that consumers ordering services can become more confident about the quality of the services. Avito is also in the process of rolling out reviews, which with time partly could work as a substitute for asking a friend or family member for a recommendation.

Avito's competitive position on the market

Avito holds a very strong position among its direct competitors in Services. Of the consumers who have ordered a paid service online, over 60% did so through Avito according to our research. That is more than 10x the usage of the second most popular resource.

Avito is a leader in services with over 60% share

Consumers who ordered services



As we mentioned before – the strongest competition is not from other classifieds services, but from search engines and from asking people close to you for recommendations. But by being a simple service to use, Avito can cater to a much wider group of service providers than search engines can. And by implementing the new trust features, Avito can allow consumers to get both reach and trust at the same time.

Potential going forward

When looking at investment opportunities in the Services sector, we believe there are many exciting developments that can largely be grouped into two different buckets:

1. Trust mechanisms that can work as a substitute for asking a friend for a recommendation
2. Tools to make the transaction easier and more seamless for both service providers and consumers

We touched on the first point earlier in this report, and Avito is delivering on features to improve the trust element.

As for the second point – many players have historically made attempts to make the transaction more seamless in the services segment. Some players (such as Handy.com) went for hiring their own staff to have better control over the services rendered, with limited success. Others (such as Thumbtack) have tried to build software for broad groups of service providers. Both Avito and Yandex have tried this approach historically, but have failed because the software tools have been too generic and not suited anyone perfectly (again, there is a big difference between different types of services).

But now we see a new breed of "SaaS-enabled marketplaces" that are truly tailored to specific user groups, that open up new use cases and drastically improve user

User group	Description	Share of total service provider base	Spend per month and listing
Individual entrepreneurs	"One man shows" with limited marketing skills. Do advertising occasionally when schedule is not full.	85%	RUB 50
Medium companies	More sophisticated users who do marketing more or less constantly, but have limited budgets.	14.5%	RUB 500
Large companies	Advanced users who always want to acquire additional customers and use significant budgets to do so.	0.5%	RUB 5,000
		Weighted average	*RUB 140*

experience. Our portfolio company Booksy is one such example. They have built a set of tools – such as a booking system, scheduling and payments – for professionals in the beauty industry on the one side, and a marketplace for bookings for consumers on the other side. The integration of the two enables the schedule to always be up to date, and bookings are made seamlessly with minimal effort for both service providers and consumers. The marketplace also enables service providers to efficiently acquire new customers and consumers to find providers they wouldn't otherwise have found. With this setup, the marketplace is much more deeply integrated in the transaction and is able to take a much larger take rate.

With its massive user base, Avito is in pole position to act on these opportunities in Russia, either stand alone or by partnering up with market leaders from other markets. There is great potential for vastly increasing the take rate and the average spend per month if they were to succeed with this type of approach.

Valuation

Given the uncertainties surrounding the market structure in Services, we have decided not to do a top down estimation of market size and revenues for this vertical. Instead, we have done our own survey of the base of service providers, and come up with qualified estimations on how much they spend per listing per month on Avito and what share of the total user base they constitute.

We then use the average spend per month and apply it to the existing user base of 1.2 million service providers to come up with an estimated revenue per month.

Number of active listings	1,200,000
Average spend per month and listing	RUB 140
Revenue per month	RUB 168 mln

RUB 170 mln in monthly revenues puts Avito Services on a yearly run rate of more than RUB 2.0 bln. With a 60% EBITDA margin, the vertical should deliver an EBITDA result of around RUB 1.2 bln. Given the current growth rate of Avito, the future growth prospects (both in raising take rate and penetration) and the very strong position in the vertical, we believe that a 25x EBITDA multiple is fully justified. That would translate to value of the vertical of RUB 30 bln, or roughly USD 460 mln at an exchange rate of 65 RUB/USD.

4Q18: General

After having gone through four of Avito's verticals – Real Estate, Auto, Jobs and Services – we now conclude the run through by taking a closer look at the General categories. Because of the recent transaction, we have chosen not to invest time and effort into assigning a value to this part of the business as we have done with other verticals, but we still wanted to give our view on what we consider to be the very core of any horizontal classifieds property.

To call it the "General vertical" is actually a bit misleading, since General encompasses a wide range of very different categories. It consists of Personal belongings, Children's goods, Construction and renovation, For home and dacha, Electronics, Hobby and leisure, Pets, For business and Spare parts. In some respects, it is more a way to collect what is left into one bucket than a logical vertical of its own.

Even if those categories are all very different, they do share some common features that sets them apart from the other verticals:

- Goods are traded (unlike in Jobs and Services)
- They can be shipped and moved (unlike in Real estate)
- The value of the items is relatively low (unlike e.g. Auto)
- Private users make up the bulk of advertisers (unlike Real estate, Services or Jobs), but professional power users (often selling new goods) make up for a disproportionate share of items
- The categories have a relatively high competition from e-commerce (unlike all other categories)

So in this respect, there is some logic in grouping them together. That is what Avito has done from an organizational view and it is also how we look at the business.

If you look at the number of items, the General categories are vastly outnumbering the rest. 85% of Avito's total active items live in the General categories, and Personal belongings and Children's goods alone make up 40%. Advertisers who publish ads in the General categories also represent a large share of total advertisers on the platform, especially among privates. It is therefore extremely important to have a strong position in these categories in order to keep being relevant and top of mind for a large share of the population.

Total ads	**48,618,910**
Personal belongings	19,584,067
Auto/Transport	10,409,343
- of which spare parts	*9,436,594*
For house and datcha	4,537,194
Electronics	3,813,051
Hobby and leisure	3,531,327
Real estate	2,410,437
Jobs	2,095,877
Services	1,336,225
Pets	482,581
For business	418,495

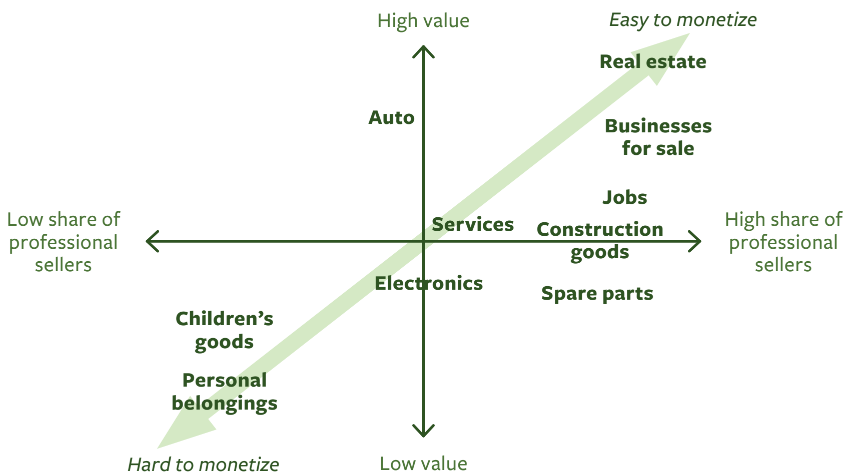
Snapshot over the number of active items on Avito as per February 1, 2018.

But from a revenue perspective, the most item-heavy categories such as Personal Belonging and Children's goods are less important. As in the other major verticals, the bulk of revenues come from professional users (we estimate that up to 75% of revenue in General comes from professionals). The lower the share of professional sellers and the lower the value of an average item, the harder it is to monetize a category through the standard classifieds monetization tools (i.e. visibility features and listing fees). Few privates are simply ready to pay to get rid of stuff they don't need anymore, especially if the value is low. But with a high share of professional sellers who have an inventory to sell, you can make a lot of revenues even if the average value of an item is moderate (as in e.g. Spare Parts or Construction and renovation).

Approximately ¾ of Avito General's revenues come from four subcategories according to our estimates, and they can be grouped into two subsets:

- ***Spare parts, Construction and renovation*** and ***For business*** – these categories are characterized by a) a large share of professional sellers, b) low standardization of items -> many ads, c) moderate to high prices
- ***Electronics*** – a large majority of the revenues in electronics comes from phones, where the supply is standardized and competition is high which drives a lot of demand for value added services (much like the Services vertical)

Examples of categories and the possibilities to monetize



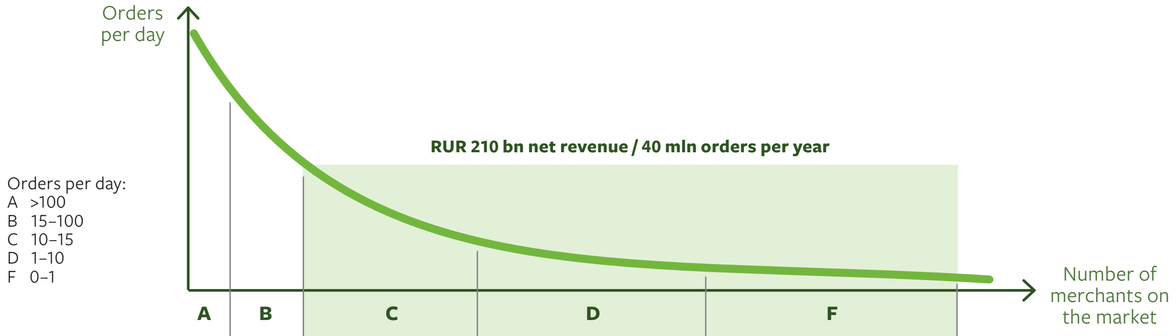
In the last five years or so, many classifieds platforms that have traditionally been strong in the General categories have been under heavy attack by mobile first challengers. In some countries – like Spain – the challengers have been very successful and been able to replace the incumbent. Avito has also been under attack by Youla, which has managed to reach impressive traction. The focus on a location based user experience paired with the possibilities of targeted marketing of private users through social media has allowed this type of platforms to gain liquidity in micro-segments quickly, such as mothers in Moscow. This is a playbook that is very different from the more traditional classifieds approach of broad scale TV advertising and a sales force to go after professional sellers. The emergence of these players has had quite limited impact on the incumbent's revenues, though. Despite the huge share of items, we estimate that Personal belongings, Children's goods, etc. only make up a couple of percent of the largest horizontal classifieds platforms' revenue.

This is why the best-in-class C2C trading platforms focusing on low value categories have found other ways to monetize. Mercari of Japan is one good example, where the platform acts as an intermediary to handle payments and deliveries, and then take a cut on each transaction. In order to prevent leakage (buyers and sellers circumventing the platform to avoid paying the fee) consumers aren't allowed to communicate directly, but do so through the platform.

Avito has implemented both payments and deliveries on the platform, allowing users to buy and sell goods all over the country. Although this e-commerce type of experience is exciting and shows promising signs for many classifieds players, it still doesn't generate substantial net revenues for any of the major platforms we know of. In Russia, there is also the added complexity of a logistics infrastructure that is of very low quality (the World Bank ranks Russia's infrastructure 75th in the world, after Paraguay but just before Benin).

Example of Mercari's flow of listing, payment and shipping

Distribution of number of Russian e-commerce merchants by size (measured as number of shipments)



	A	B	C	D	F
No. of merchants	150	1,850	3,000	20,000	125,000
No. of shipments/year	130M	27M	13M	22M	<3M
% of shipments	67%	14%	7%	11%	1%

20% of total market

A poor logistics infrastructure is not only bad news for Avito General, though. It has resulted in a quite fragmented landscape in the General categories, with a large number of merchants in the long tail who serve local regions since it is hard to send good over long distances. The fragmentation is illustrated in the graph above, which is based on data from the Association of Internet Trade Companies. Small merchants with 15 or fewer e-commerce orders per day represent a large majority of total users, and 20% of total shipments. In addition, they sell many items without shipping (e.g. pick-up in store), which is not captured in this data. For them, Avito is an excellent marketplace for advertising and Avito has a sales organization and a product offering that suits this type of clients very well.

Avito also has a very strong position among consumers in most General categories, and according to our data more people have used Avito to purchase electronics than the largest electronics e-commerce player. The same is true for a large number of other categories as well, such as Personal belongings, For hobby and leisure and For home and dacha – also in these categories Avito is more widely used than the market leading e-com player.

Corporate Governance Report

The current Swedish Corporate Governance Code (the "Code") came into force on December 1, 2016. The rules of the Code are a supplement to the main provisions of the Swedish Companies Act (2005:551) regarding a company's organization, but also to the relatively extensive self-regulation that exists for corporate governance. The Code is based on the principle of "comply or explain". According to this principle a company may choose whether it wants to follow a clause in the Code, or explain why it has chosen not to.

CORPORATE GOVERNANCE CODE APPLICATION

Vostok New Ventures Ltd (the "Company") is an exempted company established under the Bermuda Companies Act 1981. Since depository receipts representing the Company's shares are listed on a Swedish regulated market, however, the Company endeavors to apply the Code. The Company will apply the Code in full to the extent it is compliant with the Bermudian Companies Act, or, where applicable, explain deviations from it. At present, the Company deviates from the Code in that it does not have an Internal Audit function and that, up until October 9, 2018, the Board of Directors did not have a designated Audit Committee, as further explained below. The main principles of corporate governance in the Company are described below.

Shareholders' meetings

The Annual General Meeting ("AGM") is the highest decision-making body of the Company, in which all shareholders are entitled to attend in person or by proxy. The AGM of the Company is generally held in Stockholm, Sweden, where the Company's shares are listed and where the majority of the Company's shareholders are domiciled, in the Swedish language, once per year, no later than six months after the end of the financial year. The task of the AGM is to report on the financial results and take decisions on corporate matters, including payment of dividends and amendments to the Articles of Association. The AGM also appoints members of the Board of Directors and auditors, and establishes the remuneration of the Board of Directors and the auditors. The 2018 AGM was held on May 16, 2018.

Major Shareholders

The largest shareholder – and the only shareholder with a holding representing more than 10 percent of the shares of the Company – is Ruane, Cunniff & Goldfarb (Ruane Cunniff), whose shareholding as at year-end 2018 amounted to 16,579,200 depository receipts, representing a total of 19.6 percent of the outstanding shares of the Company. The shares are held through various legal entities controlled by Ruane Cunniff. The next largest shareholder was Swedbank Robur Funds, with a total shareholding as at year-end 2018 of 8,250,718 shares representing 9.8 percent of the shares and votes in the Company.

Nomination Committee

Shareholders in the Company have the right to nominate members of the Board of Directors, and auditors, to the AGM.

At the Company's 2018 AGM it was resolved to establish a Nomination Committee consisting of representatives of the three largest shareholders of the Company, as at the last banking day of August 2018. The Nomination Committee for the 2019 Annual General Meeting consists of the following members: Jake Hennemuth, appointed by Ruane Cunniff, Evert Carlsson, appointed by Swedbank Robur Funds, and Marcus Lüttgen, appointed by Alecta. At the Nomination Committee's first meeting Evert Carlsson was elected Chairman of the Committee. The Nomination Committee's task is to prepare proposals for the following resolutions at the 2019 AGM: (i) election of the chairman of the AGM, (ii) the election of Board members, (iii) the election of the Chairman of the Board, (iv) the remuneration of the directors, (v) election of auditors and remuneration of the Company's auditors, and (vi) proposals on the nomination process for the AGM 2020.

In proposing Board members for election at the AGM, the Nomination Committee is guided by section 4 of the Code, which contains provisions regarding diversity and breadth of qualifications, experience and background, gender equality, and the directors' independence of the company, its executive management and major shareholders.

Appointment and Remuneration of the Board of Directors and the Auditors

Rules on appointment and removal of Directors are contained in clauses 4.1.1 through 4.1.3 of the Company's Bye-Laws, which are available on the Company's website. Under the Bye-Laws, the Board shall consist of not less than 3 and not more than 15 directors with no alternate directors. The Board is appointed annually at the AGM for the period until the closing of the next AGM. The term of office of a director may be terminated prematurely at the director's own request to the Board or by the general meeting. In addition, the office of a director may be terminated prematurely by the Board upon the occurrence of any of the following events: (i) if he becomes of unsound mind or a patient for any purpose of any statute or applicable law relating to mental health; (ii) if he becomes bankrupt or compounds with his creditors; or (iii) if he is prohibited by law from being a director. Where a director's term of office is terminated prematurely, then the other directors shall take steps to have a new director appointed by the general meeting, for the remaining term of the office. However, such new appointment may be postponed until the next AGM at which an election of directors shall take place, provided that the remaining directors form a quorum and that the remaining number of directors is not less than the prescribed minimum number of directors.

Auditors are elected by the AGM for a term of one year at a time.

The 2018 Board of Directors

The Company's 2018 AGM resolved, in accordance with the Nomination Committee's proposal, to re-elect Josh Blachman, Per Brilioth, Victoria Grace, Lars O Grönstedt, Ylva Lindquist and Keith Richman, with Lars O Grönstedt as Chairman. All Directors are independent vis-à-vis the Company and its management, with the exception of Per Brilioth, who is Managing Director of the Company. All Directors are independent of the Company's major shareholders.

For a detailed presentation of the current Board, see the section "Board of Directors, group management and auditors".

Board meetings

The Board of Directors meets at least three times per year in person, and more frequently when necessary. In addition, meetings are conducted by telephone if considered necessary, and, on occasion, resolutions may be passed by circulation. The Managing Director is in regular contact with the Chairman of the Board of Directors as well as with the other members of the Board of Directors.

Evaluation of the Board of Directors and Managing Director

The Chairman of the Board annually conducts an evaluation of the Board by distributing self-assessment forms and conducting one-on-one interviews with the other Board members with a view to assessing how well the Board functions and whether there are areas that need improvement or competences that are deemed lacking. The Chairman compiles the results of the self-assessment forms and interviews and presents them to the Nomination Committee along with any issues raised by Board members during the year.

The Board evaluates the work of the Managing Director at one of the three regular in person meetings in the form of a discussion in camera (without management present) at which the perfomance of senior management is also discussed.

Work and Responsibilities

The Board of Directors adopts decisions on overall issues affecting the Group which include preparing and issuing investment recommendations to the Board of the subsidiary. The Board of Directors' primary duties are the organization of the Company and the management of the Company's operations including:

- Decisions regarding the focus of the business and adoption of Company policies;
- Supply of capital;
- Appointment and regular evaluation of the work of the Managing Director and Company management;
- Approval of the reporting instructions for the Company management;
- Ensuring that the Company's external communications are open, objective and appropriate for target audiences;

- Ensuring that there is an effective system for follow-up and control of the Company's operations and financial position vis-à-vis the established goals; and
- Follow-up and monitoring that the operations are carried out within established limits in compliance with laws, regulations, stock exchange rules, and customary practice on the securities market.
- While the Audit Committee is chiefly responsible for verifying the valuations of non-listed equity performed by management ahead of each quarterly report, the Board in its entirety is responsible for reviewing the financial reports issued by the Company, including the four quarterly reports as well as the annual report, and for addressing any critical accounting issues, including:
  - matters of internal control and application of relevant accounting principles and laws.
  - any uncertainties in presented values, changes in estimates and appraisals.
  - significant events after the reporting period.
  - proposals for addressing established irregularities.
  - discussing any other issues that might affect the quality of the Company's reporting.
- The Board shall on a continuous basis (at least once a year) meet with the Company's auditors to stay informed of the direction and extent of the audit. The Board and the auditors shall also discuss the coordination between internal control and external audit and the auditors' views on potential risks to the Company's quality of reporting.
- The Board shall on an annual basis in connection with the end of the financial year, evaluate the performance by the Company's auditors. They shall inform the nomination committee of the result of the valuation, to be considered when they nominate auditors for the Annual General Meeting ("AGM").
- The Board shall further assist the nomination committee in the process of nominating auditors and proposing the remuneration for the auditors.

Sub-committees of the Board

Given the central role that valuation of unlisted holdings plays in the Company's accounts, the Board has hitherto taken the view that all Board members need to be informed and involved in the Company's reporting. For this reason, the Board had not formed an audit committee. However, following the recommendation by the 2018 Nomination Committee, as adopted by the 2018 AGM, the Board of Directors has by resolution dated October 9, 2018 constituted an Audit Committee and a Compensation Committee.

Audit Committee

The primary task of the Audit Committee is to verify the valuations of non-listed equity performed by management ahead of each quarterly report, while the Board in its entirety remains responsible for reviewing and approving the contents of the quarterly reports as a whole. The Audit Committee consists of Josh Blachman

Composition of the Board of Directors, elected on May 16, 2018, including meeting attendance

Name	Elected to the board	Position	Connection to the Company	Attended Board meetings	Annual Board fee, USD thousand [1]
Lars O Grönstedt	2010	Chairman	Independent	100%	167 [2]
Josh Blachman	2013	Member	Independent	100%	81 [3]
Per Brilioth	2007	Member	Management	100%	–
Victoria Grace	2015	Member	Independent	83%	75
Ylva Lindquist	2015	Member	Independent	92%	75
Keith Richman	2013	Member	Independent	100%	81 [4]
Number of meetings				12	479

1. The table shows the remuneration as resolved at the 2018 Annual General Meeting on May 16, 2018, including meeting attendance. Prior to that date, the remuneration had been USD 135 thousand to the Chairman and USD 55 thousand to ordinary Board members who were not employed by the Company, as resolved at the 2017 AGM.
2. Includes remuneration for participation in the Audit Committee and Compensation Committee.
3. Includes remuneration for participation in the Audit Committee.
4. Includes remuneration for participation in the Compensation Committee.

(Chair) and Lars O Grönstedt. Since its inception by resolution of the Board dated October 9, 2018, the Audit Committee has had one meeting in 2018, where both members were present.

Compensation Committee

The main task of the Compensation Committee is to review and propose amendments to the Remuneration Principles as well as to propose for the Board's consideration the structure and size of the Company's long term incentive programs and other variable remuneration as well as the annual remuneration of the Managing Director. The Compensation Committee consists of Keith Richman (Chair) and Lars O Grönstedt. The Compensation Committee, which was established by resolution of the Board dated October 9, 2018, did not have any meetings during 2018 but has had several meetings during 2019, where both members were present.

Management

The Managing Director, who is a member of both the Board of Directors as well as of group management, prepares and issues investment recommendations in co-operation with the other members of the Board. For a detailed presentation of the management, see the section "Board of Directors, group management and auditors".

Group Management in 2018

Per Brilioth: Managing Director.
Nadja Borisova: Chief Financial Officer.
Anders F. Börjesson: General Counsel.

A full description of the group management can be found on page 57 of the 2018 Annual Report.

Investor Relations

The Investor Relations function of the Company is handled in-house by Björn von Sivers.

Remuneration of the Board of Directors and group management

Remuneration of the Company's Board of Directors

At the 2018 AGM it was resolved that the remuneration of the Board of Directors be set at a total of USD 479 thousand, with USD 155 thousand to the Chairman and USD 75 thousand to each of the four other Directors who were not employed by the Company and that a total of USD 24 thousand be allocated to work on Board committees, of which 6 thousand to each of two members of the Audit Committee and 6 thousand to each of two members of the Compensation Committee.

Remuneration of the senior management

The remuneration principles for senior management currently in force were adopted at the 2018 Annual General Meeting and 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. Except for the Managing Director, the senior management currently includes two individuals.*

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 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 contribution based with individual retirement ages.

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

In 2018, the Managing Director received a fixed annual salary of approximately USD 470 thousand and was awarded an *ex gratie* payment in the amount of USD 372 thousand. The Managing Director has a pension plan based on Swedish market practice, which is accounted for as a defined contribution plan in accordance with IAS 19. The premium is calculated on the basis of the Managing Director's base salary. The Managing Director is entitled to 12 months' full salary in the event of termination by the Company. Should he himself choose to resign the notice period is six months.

The combined fixed annual salary to the other senior executives amounted to a total of approximately USD 398 thousand. In 2018, the senior management was also awarded *ex gratie* payments in the aggregate amount of USD 196 thousand. The other senior executives have a pension plan based on Swedish market practice, which is accounted for as a defined contribution plan in accordance with IAS 19. The premium is calculated on the basis of base salary. The employment agreements of the other members of the group management have a mutual notice period of three months.

In awarding the *ex gratie* payments to the Managing Director and senior management despite the absence of specific objectives communicated to the beneficiaries in advance, the Board relied on its right to deviate from the guidelines previously in force, which stated that variable compensation be subject to specific objectives for the Company and/or the individual. The deviation was motivated by the successful exit in several portfolio companies during 2017.

Share repurchase authorization

While share repurchases in Swedish companies require authorization by the General Meeting, neither Bermudan company law nor the Company's Bye-Laws contains any restriction against repurchasing own shares. On February 14, 2018, the Company's Board of Directors resolved on a renewed buy-back mandate of up to 10 percent of the SDRs that were outstanding of the time of the resolution. During 2018, Vostok New Ventures repurchased a total of 20,000 SDRs under the mandate. The total amount of bought back shares as at year end 2018, including 1,105,952 shares bought back under previous mandates, was 1,125,952. The bought back shares are held in treasury and may be used to settle future obligations to participants in the Company's share-based long term incentive programs (see below).

Incentive program

Incentive program for the Company

A share-based incentive program was adopted at the Annual General Meeting held on May 5, 2010 (the "2010 Incentive Program"). The program is described in detail in note 23 of the 2018 Annual Report. A total of 100,000 call options under the 2010 Incentive Program are outstanding as at December 31, 2018.

Incentive program for the Company's portfolio companies

At an Extra General Meeting held on August 29, 2007, an incentive program was adopted under which the Company may issue and transfer call options to members of the executive management and other employees related to investments in non-listed portfolio companies to create opportunities for employees to take part in any future increase in value. By enabling the Company's employees to subscribe for call options of shares in portfolio companies, opportunities are created for employees to take part in any future increase in value, in a similar mode as for individuals that are working within traditional private equity firms. The options entitle the holder to acquire shares in the portfolio company from Group companies at a certain exercise price corresponding to 110–150 percent of the market value of the shares in the portfolio company at the time of the transfer of the options. The term of the options shall be no longer than five years. The Company shall be entitled to repurchase the options at market value if the holder ceases to be an employee of the Group. The number of options issued can correspond to no more than 10 percent of the underlying shares in a portfolio company owned by Vostok New Ventures. The Directors of the Board who are not employed by the Company shall not be entitled to participate in the program. As of yet no call options have been granted under this program.

Share-based incentive program (LTIP 2016)

At the 2016 Annual General Meeting held on May 17, 2016, it was resolved to implement a share-based long-term incentive program for management and key personnel in the Vostok New Ventures group. The program runs from January 1, 2016 through the day of release of the Company's interim report for the period January 1 through March 31, 2019, and encompasses a maximum of 430,000 shares, corresponding to a dilution of 0.59% of the total number of shares outstanding.[1] Program participants purchase shares in the Company, and for each purchased share is entitled to receive a number of additional shares, so-called performance shares, free of

1. The final terms are subject to market based adjustment to compensate participants for the effects of the share split and mandatory redemption program resolved on at a Special General Meeting on February 14, 2019 and concluded on March 14, 2019, whereby SEK 25 per share was distributed to shareholders.

charge, subject to fulfillment of a performance condition set by the Board of Directors on the basis of the Company's Net Asset Value per share. Pursuant to IFRS 2, the costs for the program will be reported over the profit and loss statement as from allocation and up until the expiry of the program performance measurement term (August 31, 2016 through December 31, 2018).

Upon vesting, the rights to receive shares automatically convert into ordinary shares (Swedish Depository Receipts) 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 Board of Directors has determined that the development of the Company's Net Asset Value per share over the term of LTIP 2016 (January 1, 2016 through December 31, 2018), meets the so-called target level, whereby each savings share held by program participants throughout the vesting period (until the day of release of the Company's interim report for the period January 1 through March 31, 2019) will result in an allocation of five performance shares free of charge.[2]

Share-based incentive program (LTIP 2017)

At the 2017 Annual General Meeting held on May 16, 2017, it was resolved to implement a share-based long-term incentive program for management and key personnel in the Vostok New Ventures group. The program runs from January 1, 2017 through the day of release of the Company's interim report for the period January 1 through March 31, 2020, and encompasses a maximum of 450,000 shares, corresponding to a dilution of 0.53% of the total number of shares outstanding.[3] Program participants purchase shares in the Company, and for each purchased share is entitled to receive a number of additional shares, so-called performance shares, free of charge, subject to fulfillment of a performance condition set by the Board of Directors on the basis of the Company's Net Asset Value. Pursuant to IFRS 2, the costs for the program will be reported over the profit and loss statement as from allocation and up until the expiry of the program performance measurement term (May 16, 2017 through December 31, 2019).

The rights to receive shares automatically convert into ordinary shares (Swedish Depository Receipts) 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.

Share-based incentive program (LTIP 2018)

At the 2018 Annual General Meeting held on May 16, 2018, it was resolved to implement a share-based long-term incentive program for management and key personnel in the Vostok New Ventures group. The program runs from January 1, 2018 through the day of release of the Company's interim report for the period January 1 through March 31, 2021, and encompasses a maximum of 510,000 shares, corresponding to a dilution of 0.60% of the total number of shares outstanding.[4] Program participants purchase shares in the Company, and for each purchased share is entitled to receive a number of additional shares, so-called performance shares, free of charge, subject to fulfillment of a performance condition set by the Board of Directors on the basis of the Company's Net Asset Value. Pursuant to IFRS 2, the costs for the program will be reported over the profit and loss statement as from allocation and up until the expiry of the program performance measurement term (May 16, 2018 through December 31, 2020).

The rights to receive shares automatically convert into ordinary shares (Swedish Depository Receipts) 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.

Other matters related to remuneration

There are no agreements on severance payment or pensions for the Board of Directors with the exception for

2. See note 1 above.
3. See note 1 above.
4. See note 1 above.

Per Brilioth in his capacity as Managing Director, see "Remuneration to the Managing Director and other senior executives" above. Except as otherwise stated there are no reserved or accrued amounts in the Company for pensions or other post-employment remunerations or post-assignment for members of the Board of Directors or the senior executives.

Auditors

At the Company's AGM held on May 16, 2018, the audit firm PricewaterhouseCoopers AB, Sweden, was appointed as auditor for the period up to the next AGM.

Ulrika Ramsvik, born 1973. Authorized Public Accountant, Auditor in charge. Auditor in the Company since 2012. PricewaterhouseCoopers AB, Gothenburg, Sweden.

Bo Hjalmarsson, born 1960. Authorized Public Accountant, Co-signing auditor. Auditor in the Company since 2014. PricewaterhouseCoopers AB, Stockholm, Sweden.

During the year, the auditing firm has not had any other significant assignments from Vostok New Ventures in addition to auditing work specified in the section "Independent Auditor's Report" on pages 87–89.

Internal control

The Board of Directors is responsible for the Company's organization and administration of the Company's activities, which includes internal control. Internal control in this context regards those measures taken by the Company's Board of Directors, management and other personnel, to ensure that bookkeeping, asset management and the Company's financial condition in general are controlled in a reliable fashion and in compliance with relevant legislation, applicable accounting standards and other requirements for listed companies. This control is exercised by the Board in its entirety. This report on internal control is made in accordance with section 7.4 of the Code, which governs internal control over the financial reporting, and in accordance with guidance provided by FAR, the institute for the accounting profession in Sweden, and by the Confederation of Swedish Enterprise.

Vostok New Ventures is an investment company whose main activity is the management of financial investments. As such, the Company's internal control over financial reporting is focused primarily on ensuring an efficient and reliable process for managing and reporting on purchases, sales and holdings of shares and equity-related instruments. According to the Swedish Corporate Governance Code, the Board shall ensure that the company has an adequate internal control and shall continuously evaluate the Company's internal control system. Since Vostok New Ventures is a relatively small organization, the Board has decided that an internal audit function is not needed, since the internal control can be maintained through the work methods described above. The system of internal control is normally described in terms of five different areas that are a part of the internationally recognized framework introduced in 1992 by The Committee of Sponsoring Organizations in the Treadway Commission (COSO). These areas, described below, are control environment, risk assessment, control activities, information and communication and monitoring.

Management continuously monitors the Company's operations in accordance with the guidelines set out below.

Control environment

The control environment, which forms the basis of internal control over financial reporting, to a large extent exists of the core values which the Board of Directors communicate and themselves act upon. Vostok New Ventures' ambition is that values such as precision, professionalism and integrity should permeate the organization. Another important part of the control environment is to make sure that such matters as the organizational structure, chain of command and authority are well defined and clearly communicated. This is achieved through written instructions and formal routines for division of labor between the Board of Directors on the one hand, and management and other personnel on the other. The Board of Directors establishes the general guidelines for Vostok New Ventures' core business, which comprises purchases, sales and holdings of shares and equity-related instruments. To ensure a reliable and predictable procedure for purchases and sales of securities the Company has established a sequential process for its investment activities. The Board of Directors as a whole is responsible for identifying and reviewing potential investments or divestments. After review, a majority is needed to issue a recommendation for sale or purchase, upon which investment decisions are made by the board of directors of Vostok New Ventures (Cyprus) Limited, or, in certain cases, of Vostok Co-Investment Coöperatief BA. As for the investment process, as for all other company activities they are governed by internal guidelines and instructions. Vostok New Ventures has a small and flat organizational structure. The limited number of staff members and the close cooperation among them contribute to high transparency within the organization, which complements fixed formal control routines. Vostok New Ventures' Chief Financial Officer is responsible for the control and reporting of the Company's consolidated economic situation to management and Board of Directors.

Risk assessment

The Board of Directors of Vostok New Ventures is responsible for the identification and management of significant risks for errors in the financial reporting. The risk assessment specifically focuses on risks for irregularities, unlawful benefit of external parties at Vostok New Ventures' expense and risks of loss or embezzlement of assets. It is the ambition of Vostok New Ventures to minimize the risk of errors in the financial reporting by continuously identifying the safest and most effective reporting routines. An internal control review is performed by management and assessed by the Board of Directors on a quarterly basis in connection with the review of the Company's quarterly reports. The Company's flat organizational structure and open internal communication facilitate the work to identify potential shortcomings in the financial reporting, and also simplify implementation of new, safer routines. The Board of Directors puts most effort into ensuring the reliability of those processes that are deemed to hold the greatest risk for error or where potential errors would have the most significant negative effect. Among other things this includes establishing clearly stated requirements for the classification and description of income statement and balance sheet items according to generally accepted accounting principles and applicable legislation. Another example is the routine of a sequential procedure for investment recommendations and approvals of the same.

Control activities

To verify compliance with the requirements and routines established in response to the risk assessment made, a number of concrete control activities need to be put in place. The purpose of the control activities is to prevent, detect and rectify any weaknesses and deviations in the financial reporting. For Vostok New Ventures' part such control activities include the establishment of verifiable written decisions at every instance in the investment procedure. In addition, after every completed transaction, purchase or sale, the whole process is examined to verify the validity of the transaction, from recommendation to approval, execution and entry of the transaction into the Company's books. Bank and share ledger reconciliations are also performed and compared to reported financial statement items. Control activities also include permanent routines for the presentation and reporting of company accounts, for example monthly reconciliations of Vostok New Ventures' assets and liabilities as well as quarterly reconciliation of portfolio changes. Special focus is also put on making sure that the requirements and routines for the accounting procedure, including consolidation of accounts and creation of interim and full year reports comply with pertinent legislation as well as generally accepted accounting principles and other requirements for publicly listed companies. Controls have also been carried out to ensure that the IT-/computer systems involved in the reporting process have a sufficiently high dependability.

Regulatory Compliance

Vostok New Ventures acknowledges the importance of complying with international best practice in relation to such fields as anti-bribery, anti-money laundering and international sanctions. These issues become all the more relevant with the Company's expanding geographic footprint, which includes jurisdictions which are subject to international sanctions and with a perceived heightened risk for corruption. To ensure full compliance by the Company and its portfolio companies with international norms, the Company has commissioned a tailored Compliance Tool Box, which includes checklists for use before and after investing, due diligence questionnaires and model contract clauses, all with the aim of ensuring that compliance permeates all aspects of the investment process. With the Compliance Tool Box now in its third year of operation, management continues to implement and adjust its content to make sure that the right balance between stringent control and expediency are maintained.

Information and communication

Vostok New Ventures has tried to ensure an efficient and accurate provision of information internally and externally. For this purpose the Company has established fixed routines and invested in reliable technical applications to guarantee a fast and reliable way of sharing information throughout the organization. Internal policies and general guidelines for financial reporting are communicated between the Board of Directors, management and other personnel through regular meetings and e-mails. Vostok New Ventures' flat organizational structure and limited number of staff members further contributes to the efficient sharing of accurate information internally. To ensure the quality of the external reporting, which is an extension of the internal reporting, there is a written communication policy which sets out what information shall be communicated and how it shall be communicated.

Monitoring

The Board of Directors receives monthly NAV reports and detailed quarterly reports on Vostok New Ventures' financial position and changes in its holdings. The Company's financial situation and strategy are discussed at every Board meeting, as well as any problems in the business and financial reporting since the last Board meeting. Potential reported shortcomings are followed up via management. The Company prepares interim reports four times annually which are reviewed by the Board. A review of the Company's accounts is also performed by the Auditors at least once a year in addition to the comprehensive audit in connection with the Annual Report.

Vostok New Ventures is in full compliance with the NOREX member rules for issuers, which are rules and regulations for members and trading in the SAXESS system for each exchange in the NOREX-alliance, i.e. Nasdaq Nordic Exchanges in Copenhagen, Helsinki, Iceland and Stockholm, and Oslo Börs. There has not been any infringement to fair practices on the Swedish stock market.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in Vostok New Ventures Ltd, corporate identity number 39861.

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2018 on pages 41–49 and that it has been prepared in accordance with the Swedish Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Swedish Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Swedish Annual Accounts Act.

Stockholm, March 27, 2019

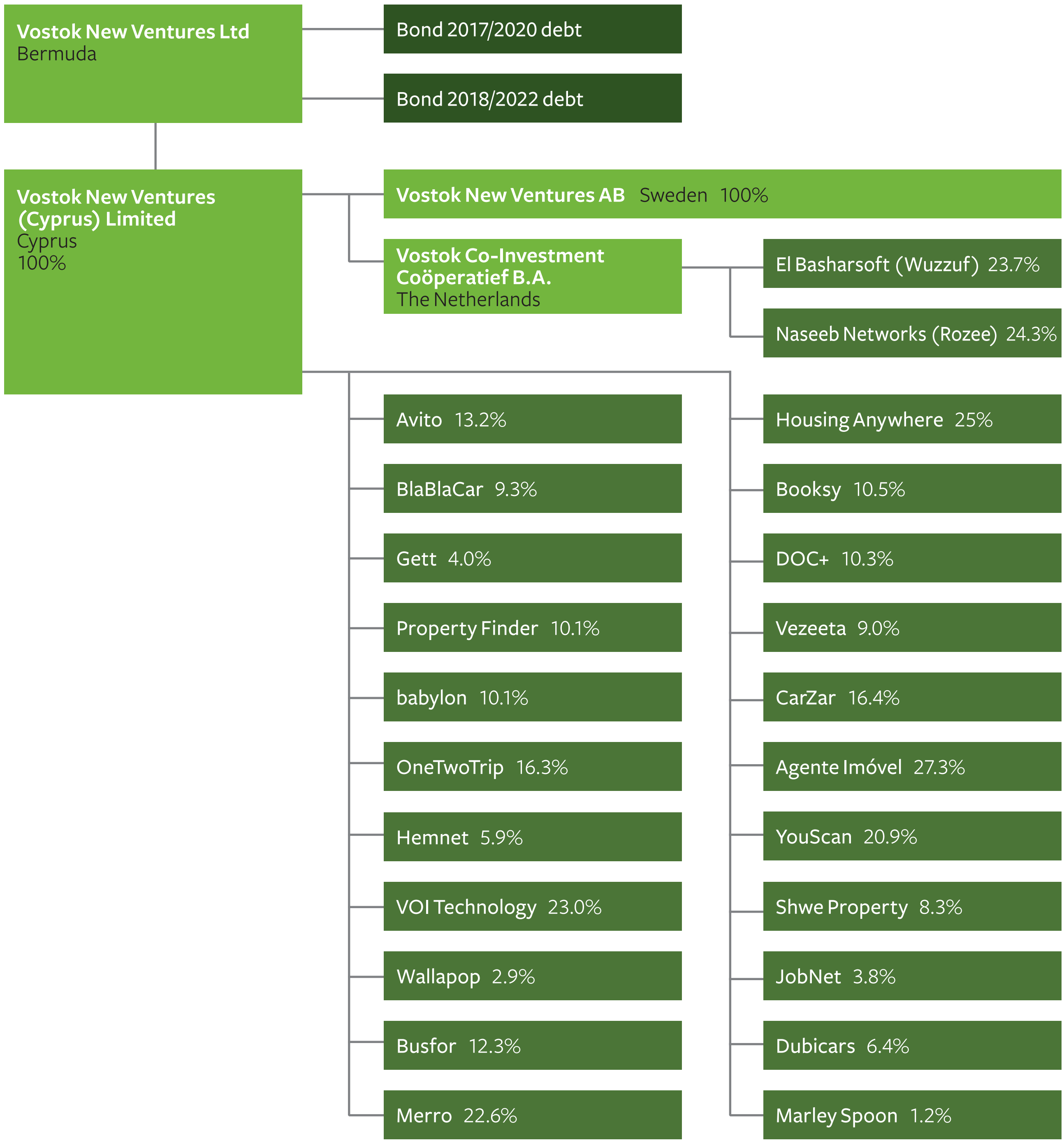
PricewaterhouseCoopers AB

Ulrika Ramsvik
Authorized Public Accountant
Auditor in charge

Bo Hjalmarsson
Authorized Public Accountant

Company information

Vostok New Ventures Group organization structure as at December 31, 2018



Background

Vostok New Ventures Ltd (“Vostok New Ventures”, the “Company”) was incorporated in Bermuda on April 5, 2007 with corporate identity number 39861. Swedish Depository Receipts (SDRs) representing the Vostok New Ventures shares are listed on the Nasdaq Nordic Exchange Stockholm, Mid Cap segment with the ticker: VNV SDB. There were approximately 7,500 shareholders as at the end of December 2018.

Group structure

As of December 31, 2018, the Vostok New Ventures Ltd Group consists of the Bermudian parent company Vostok New Ventures Ltd; one wholly-owned Cypriot subsidiary, Vostok New Ventures (Cyprus) Limited; one controlled Dutch cooperative, Vostok Co-Investment Coöperatief B.A.; and one wholly-owned Swedish subsidiary, Vostok New Ventures AB.

The parent company’s business is to act as the holding company of the Group and therefore own, manage and finance the holding in its wholly owned Cypriot subsidiary, Vostok New Ventures (Cyprus) Limited. Vostok New Ventures (Cyprus) Limited is responsible for the Group’s portfolio (in some cases via Vostok Co-Investment Coöperatief B.A). Vostok New Ventures AB provides information and support services to the parent company.

Operating policy

Business concept

Vostok New Ventures is an investment company with the business concept of using experience, expertise and a widespread network to identify and invest in assets with considerable potential for value appreciation, with a focus on companies with network effects.

The sector mandate is broad and the proposition is to create shareholder value by investing in assets that are associated with risks which Vostok New Ventures is well-equipped to manage. Such typical risks include corporate governance risks, liquidity risks and operational risks.

Strategy

The Company’s investment strategy is to run investments into primarily equity holdings in private companies with a high return potential.

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 Vostok New Ventures group.

The Managing Director prepares and issues investment recommendations in cooperation with the other members of the Board of Directors.

Recommendations on investments are made by the Board of Directors of the parent company to the Board of the Cypriot subsidiary. Investment decisions are then taken by the Board of Directors of Vostok New Ventures (Cyprus) Limited.

More information on the organisation of the Company’s activities is provided in the Administration Report and the Corporate Governance Report.

The Vostok New Ventures share

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.

Dividends

No dividend has been proposed for the year.

Buy-back of own shares

With a view to limiting a possible net asset discount and maximizing shareholder value, the Vostok New Ventures articles of association provide that the Company may buy back its own shares. Such purchases may be made within the stipulated capital limits, provided that the bought back shares are immediately canceled.

During 2018, Vostok New Ventures repurchased a total of 20,000 SDRs (2017: 1,105,952) SDRs under the Board's mandate of August 16, 2017. During 2019, Vostok New Ventures has repurchased 7,316,101 SDRs under a renewed mandate of January 29, 2019. The bought back shares are held in treasury and may be used to settle future obligations to participants in the Company's share-based long term incentive program (see above).

New shares issued

No new shares were issued during 2018.

The market

The Vostok New Ventures share (SDR) is traded on Nasdaq Stockholm, Mid Cap segment since July 4, 2007.

Share turnover

The average daily turnover during 2018 was 48,000 shares (2017: 108,000 shares). Trading has been conducted 100 percent of the time.

Codes Assigned to Vostok New Ventures' Share

Recent and historic quotes for Vostok New Ventures' 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 Vostok New Ventures share can be found.

ISIN Code: SE0012231074
Nasdaq Stockholm short name (ticker): VNV SDB
Reuters: VNVsdb.ST
Yahoo Finance: VNV-SDB.ST
Google Finance: STO:VNV-SDB
Bloomberg: VNVSDB:SS

Largest shareholders as per December 31, 2018

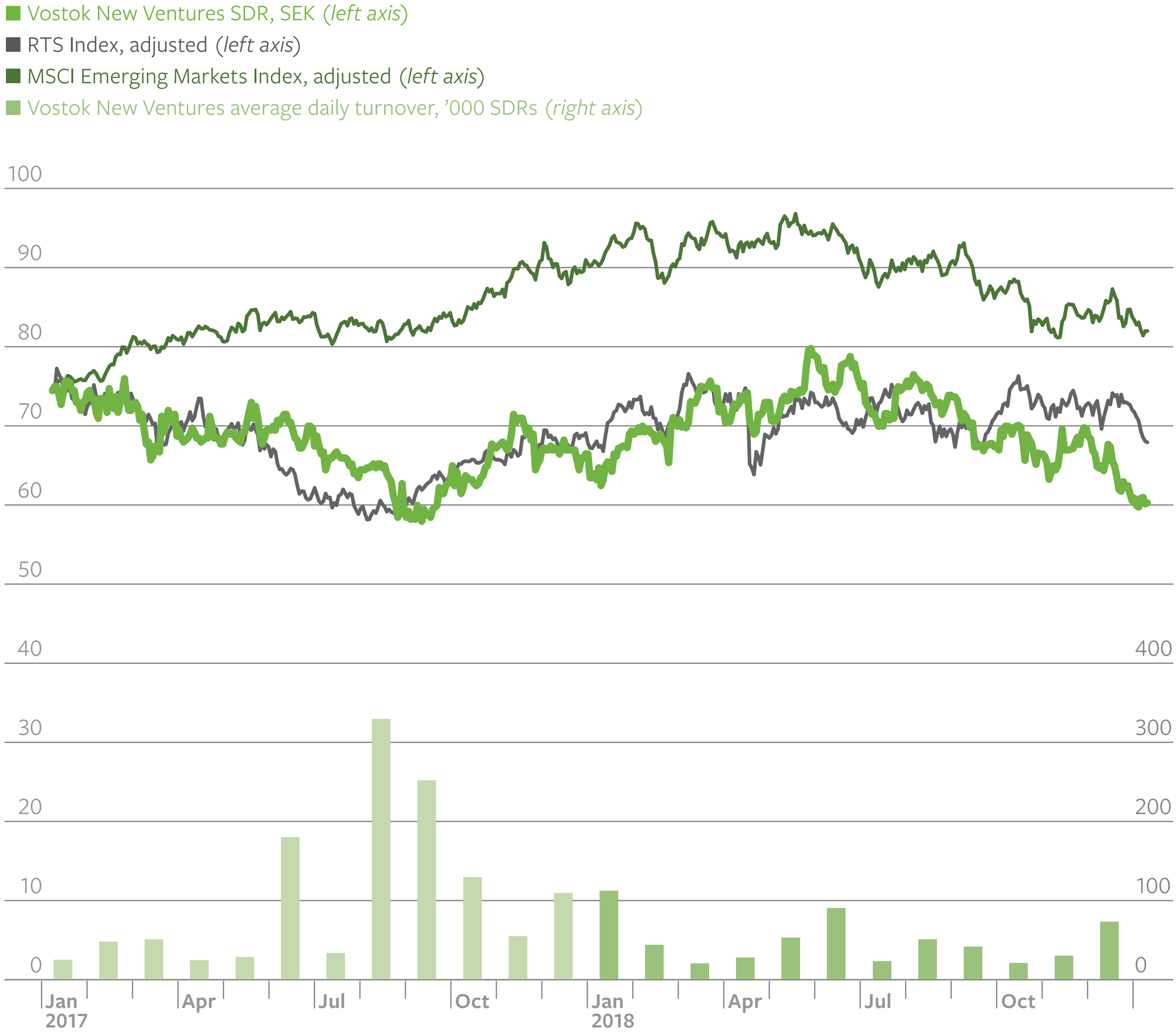
The shareholder list below as per December 31, 2018, shows the ten largest owners at that time. The number of shareholders in Vostok New Ventures on December 31, 2018 amounted to around 7,500 (2017: 8,000).

	Owner	Holding, SDRs	Holding, percent
01	Ruane, Cunnif & Goldfarb Inc.*	16,579,200	19.6%
02	Swedbank Robur Funds	8,250,718	9.8%
03	Fidelity Funds*	7,596,899	9.0%
04	Alecta Pension Insurance	6,930,000	8.2%
05	Armor Advisors LLC*	4,460,459	5.3%
06	T Rowe Price Funds*	4,433,976	5.2%
07	Virtus KAR Funds*	4,286,421	5.1%
08	Second Swedish National Pension Fund	4,276,599	5.1%
09	Catella Funds	1,974,057	2.3%
10	Protector Forsikring ASA	1,548,000	1.8%
	10 largest owners	60,336,329	71.4%
	Other	24,226,028	28.6%
	Total	**84,562,357**	**100.0%**

* As per latest notification to the Company or latest regulatory filing.

Based on Euroclear Sweden AB data and holdings known to the Company. Excluding nominees. The total number of shares in the table excludes repurchased shares held by the Company.

Vostok New Ventures share price development 2017–2018



Sources: Nasdaq Stockholm, Moscow Exchange, MSCI

Financial summary

Income statement in brief

(Expressed in USD thousands)	2018	2017	2016	2015	2014
Result from financial assets	-15,652	167,691	133,840	120,812	-124,540
Dividend/coupon and other operating income	22,668	1,357	6,760	31,544	4,316
Operating expenses	-13,253	-6,305	-6,666	-5,196	-4,296
Operating result	**-6,238**	**162,743**	**133,934**	**147,160**	**-124,521**
Net financial items	1,496	-1,289	1,630	-1,911	-2,877
Result before tax	**-4,743**	**161,454**	**135,563**	**145,250**	**-127,398**
Tax	-122	-68	-89	-68	-48
Net result for the year	**-4,864**	**161,386**	**135,474**	**145,182**	**-127,446**

Balance sheet in brief

(Expressed in USD thousands)	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014
Non-current fixed assets	203	53	48	–	5
Non-current financial assets	932,482	900,047	715,656	486,988	375,530
Current financial assets	–	–	7,699	9,072	–
Cash and cash equivalents	40,303	51,079	34,780	43,660	14,050
Tax receivables and other current receivables	955	2,600	7,147	392	374
Total assets	**973,943**	**953,779**	**765,330**	**540,111**	**389,959**
Equity	876,709	879,990	725,516	503,435	388,470
Long-term debts	93,944	71,541	32,400	–	–
Current tax liability	402	431	412	393	369
Other current liabilities and accrued expenses	2,888	1,817	7,002	36,282	1,120
Total equity and liabilities	**973,943**	**953,779**	**765,330**	**540,111**	**389,959**

Cash flow in brief

(Expressed in USD thousands)	2018	2017	2016	2015	2014
Cash flow from operating activities	-31,031	-10,892	-25,926	12,411	–112,452
Cash flow from investing activities	-135	–	-52	–	–
Cash flow from financing activities	23,321	19,059	20,715	16,883	-117,919
Cash flow for the year	**-7,845**	**8,166**	**-5,263**	**29,294**	**-230,371**
Exchange rate differences in cash and cash equivalents	-2,930	8,133	-3,618	315	-2,152
Cash and cash equivalents at the beginning of the year	51,079	34,780	43,660	14,050	246,572
Cash and cash equivalents at the end of the year	**40,303**	**51,079**	**34,780**	**43,660**	**14,050**

Key ratios

	2018	2017	2016	2015	2014
Equity ratio, percent	90.02	92.26	94.80	93.21	99.62
Return on equity, percent	-1.14	18.06	21.18	32.56	-24.93
Return on capital employed, percent	-1.14	18.06	21.18	32.56	-24.93
Debt/equity ratio, multiple	0.11	0.08	0.04	–	–
Interest coverage ratio, multiple	-1.59	22.37	72.68	–	–
Net asset value, MUSD	877	880	726	503	388
Exchange rate at balance sheet date,SEK/USD	8.971	8.232	9.097	8.352	7.812
Net asset value, MSEK	7,865	7,244	6,600	4,205	3,035
RTS Index	1,068.72	1,154.43	1,152.33	757.04	790.71
Development RTS Index, percent	-7.4	0.2	52.2	-4.3	-45.2
MSCI Emerging Markets Index	965.776	1,158.45	862.28	794.14	956.31
Development MSCI Emerging Markets Index, percent	-16.6	34.3	8.6	-17.0	-4.6
Share data					
Earnings per share, USD	-0.06	1.89	1.77	1.97	-1.62
Diluted earnings per share, USD	-0.06	1.89	1.77	1.97	-1.62
Net asset value per share, USD	10.37	10.40	8.47	6.85	5.24
Net asset value per share, SEK	93.01	85.65	77.02	57.21	40.95
Net asset value development per share in USD, percent	–	23	24	31	-39
Number of shares outstanding at year-end[1]	84,562,357	84,582,357	85,688,309	73,499,555	74,097,331
Weighted average number of shares outstanding	84,565,125	85,263,922	76,544,877	73,573,384	78,489,261
– diluted	84,796,544	85,404,011	76,544,877	73,573,384	78,489,261
Employees					
Average number of employees during the period	7	5	6	4	4

1. Number of shares at balance sheet date as per December 31, 2018, excludes 1,125,952 repurchased SDRs.

Definitions of the key ratios

Equity ratio, percent	Equity ratio is defined as Shareholders' equity in relation to total assets.
Return on equity, percent	Return on equity is defined as net result for the year divided by average equity.
Return on capital employed, percent	Return on capital employed is defined as net result plus interest expenses plus/less exchange differences on financial loans divided by the average capital employed (the average total assets less non-interest bearing liabilities over the year).
Debt/equity ratio, multiple	Debt/equity ratio, multiple is defined as interest-bearing liabilities in relation to Shareholders' equity.
Interest coverage ratio	Interest coverage ratio is defined as net result plus interest and taxes divided by interest expenses.
RTS Index	A Russian stock market index consisting of Russia's 50 most liquid and capitalized shares. The RTS Index is denominated in USD.
Development of RTS index	Change in index compared to previous accounting year.
Development of MSCI Emerging Markets index	Change in index compared to previous accounting year.
Net asset value	Net asset value is defined as shareholders' equity.
Earnings/share, USD	is defined as result for the period divided by the adjusted average weighted number of shares for the year.
Diluted earnings/share, USD	is defined as result for the year divided by the adjusted average weighted number of shares for the year calculated on a fully diluted basis.
Net asset value per share, USD	Shareholders' capital divided by the number of shares outstanding at year-end.
Net asset value development per share in USD, percent	Change in net asset value per share in USD compared with previous accounting year, in percent.

Board, management and auditors

Board of Directors

Lars O Grönstedt

Chairman

Swedish citizen, born 1954. Member of the Board since 2010 and Chairman since 2013. Member of the Audit Committee and the Compensation Committee since 2018. Lars O Grönstedt holds a BA in languages and literature from Stockholm University and an MBA from Stockholm School of Economics. Mr. Grönstedt spent most of his professional life at Handelsbanken. He was CEO of the bank 2001–2006 and Chairman 2006–2008. Today he is, among other things, senior advisor to Nord-Stream 2, chairman of Manetos AB and Manetos Smart Buildings AB, Eastnine AB, Realcap Ventures AB and Vostok Emerging Finance Ltd, deputy chairman of the Swedish National Debt Office and speaker of the elected body of representatives of Trygg-Stiftelsen. Holdings in Vostok New Ventures: 4,400 SDRs (including holdings through closely related person). Remuneration: USD 167 thousand. No agreement regarding severance pay or pension.

Josh Blachman

Board member

US citizen, born 1974. Member of the Board since 2013 and Chair of the Audit Committee since 2018. Josh Blachman is a Founder and Managing Director of Atlas Peak Capital, an investment firm focused on private technology companies. Prior to co-founding Atlas Peak Capital, Josh Blachman was a Vice President at Saints Capital where he completed a variety of investments in private technology companies. Previously, Josh Blachman worked in the Corporate Development groups at Microsoft and Oracle where he evaluated and executed both acquisitions and investments. Josh Blachman holds Bachelor and Master of Science degrees in Industrial Engineering from Stanford University and an MBA from the Stanford Graduate School of Business. Holdings in Vostok New Ventures: none. Remuneration: USD 81 thousand. No agreement regarding severance pay or pension.

Victoria Grace

Board member

US citizen, born 1975. Member of the Board since 2015. Victoria Grace is Founding Partner of Colle Capital Partners, LP, an opportunistic, early stage technology venture fund. Previously, Ms Grace has been a partner at Wall Street Technology Partners LP, a mid-stage technology fund, and a Director at Dresdner Kleinwort Wasserstein Private Equity Group. Ms Grace has also worked for a Los Angeles-based venture capital/incubator firm and in investment banking at Salomon Brothers, and has extensive experience in originating, structuring and monitoring venture capital transactions. Ms Grace holds a B.A. in Economics and Biochemistry from Washington University in St. Louis. Holdings in Vostok New Ventures: 2,500 SDRs through closely related person. Remuneration: USD 75 thousand. No agreement regarding severance pay or pension.

Ylva Lindquist

Board member

Swedish citizen, born 1961. Member of the Board since 2015. Ylva Lindquist is Vice President & General Counsel, Europe at Xylem Inc. Xylem is a leading global water technology company with operations in more than 150 countries with annual revenue of approx. USD 5 billion and 17,000 employees. Xylem Inc. is listed on the New York Stock Exchange. Prior to joining Xylem, Ylva Lindquist was Partner at Hammarskiöld & Co and prior to that senior associate at Lagerlöf & Leman Advokatbyrå. She has also been junior judge at Stockholm City Court. Ylva Lindquist holds a Master of Laws from Stockholm University. Holdings in Vostok New Ventures: 1,800 SDRs. Remuneration: USD 75 thousand. No agreement regarding severance pay or pension.

Keith Richman

Board member

US citizen, born 1973. Member of the Board since 2013 and Chair of the Compensation Committee since 2018. Professional and educational background: Until September 2018, Keith Richman was Founder and President of Defy Media, an Internet entertainment community for men. Prior to co-founding Defy Media, Keith Richman was the Co-Founder and Vice-President of OnePage (acquired by Sybase 2002) and Co-Founder and Director of Business Development for Billpoint Inc. (acquired by eBay in 1999). Previous posts include Director of Corporate Planning at the Walt Disney Company, where he focused on consumer products, cable and emerging media. Keith Richman holds Bachelor and Master of Arts degrees in International Policy Studies from Stanford University. Holdings in Vostok New Ventures: 10,057 SDRs. Remuneration: USD 81 thousand. No agreement regarding severance pay or pension.

Per Brilioth

Managing Director and Board member
Swedish citizen, born 1969. Member of the Board and Managing Director since 2007. Between 1994 and 2000, Per Brilioth was head of the Emerging Markets section at Hagströmer & Qviberg and he has worked close to the Russian stock market for a number of years. Per Brilioth is a graduate of Stockholm University and holds a Master of Finance from London Business School. Other significant board assignments: member of the boards of Vostok Emerging Finance Ltd, Tethys Oil AB and LeoVegas AB, and Chairman of the board of Pomegranate Investment AB. Holdings in Vostok New Ventures: 215,000 SDRs (including holdings through an endowment insurance), of which 25,000 are Saving DRs under LTIP 2016, 25,000 are Saving DRs under LTIP 2017 and 25,000 are Savings SDRs under LTIP 2018.[1] Salary and variable remuneration: USD 842 thousand. Agreement regarding severance pay and pension: Per Brilioth has the right of twelve months' full salary in the event of termination by the Company. Should he resign on his own initiative, he must give six months' notice. Per Brilioth enjoys a contribution-based pension plan in line with Swedish market practice.

Group management

Per Brilioth: *Managing Director*. See also heading "Board of Directors" above.

Nadja Borisova: *Chief Financial Officer*. Swedish and Russian citizen, born 1968. Employed since 2010. Holdings in Vostok New Ventures: 29,700 SDRs, of which 8,000 are Saving DRs under LTIP 2016, 8,000 are Saving DRs under LTIP 2017 and 8,000 are Savings DRs under LTIP 2018.[2]

Anders F. Börjesson: *General Counsel*. Swedish citizen, born 1971. Employed since 2008. Holdings in Vostok New Ventures as at the Balance Date:[3] 40,765 SDRs, of which 8,000 are Saving DRs under LTIP 2016, 8,000 are Saving DRs under LTIP 2017 and 8,000 are Savings DRs under LTIP 2018.[4]

Auditors

PricewaterhouseCoopers AB

Ulrika Ramsvik, born 1973. *Authorized public accountant, Auditor in charge*. Auditor in the Company since 2012. PricewaterhouseCoopers AB, Gothenburg, Sweden.

Bo Hjalmarsson, born 1960. *Authorized public accountant, Co-signing auditor*. Auditor in the Company since 2014. PricewaterhouseCoopers AB, Stockholm, Sweden.

1. LTIP entitlement subject to market-based adjustment to reflect the effects of the share split and mandatory redemption program resolved on at a Special General Meeting on February 14, 2019 and concluded on March 14, 2019, whereby SEK 25 per share was distributed to shareholders.

2. See note 1 above.
3. Current holdings: 50,900 SDRs.
4. See note 1 above.

Administration report

The Board of Directors and the Managing Director of Vostok New Ventures Ltd, corporate identity number 39861, hereby present the annual report for the financial year January 1, 2018–December 31, 2018.

Group Result

During the year, the result from financial assets at fair value through profit or loss amounted to USD -15.65 mln (2017: 167.69), mainly driven by the revaluation of Avito (-52 mln) and BlaBlaCar (+39 mln). Dividend and coupon income was USD 22.18 mln (2017: 1.36), which represents dividends from Avito and Wallapop and in-kind dividends from Property Finder.

Net operating expenses (defined as operating expenses less other operating income) amounted to USD -13.25 mln (2017: -6.31). The increase in net operating expenses is mainly related to the VAT claim from the Swedish Tax Agency. (For more details see notes 8 and 21).

Net financial items were USD 1.50 mln (2017: -1.29).

Net result for the period was USD -4.86 mln (2017: 161.39).

Total shareholders' equity amounted to USD 876.71 mln on December 31, 2018 (December 31, 2017: 879.99).

Liquid assets

The liquid assets of the group, defined as cash and bank deposits adjusted for concluded but not yet settled share transactions, amounted to USD 40.30 mln on December 31, 2018 (December 31, 2017: 51.08).

The Company also has investments in money market funds, as part of its liquidity management operations. As per December 31, 2018, the liquidity management investments are valued at USD 0.65 mln (2017: 8 mln).

Portfolio performance

During the year January 1, 2018–December 31, 2018, Vostok New Ventures' net asset value per share has decreased by 0.4%. During the same period the MSCI Emerging Markets Index decreased by 16.6% in USD terms.

During the year January 1, 2018–December 31, 2018, gross investments in financial assets were USD 56.33 mln (2017: 48.96), and proceeds from sales were USD 1.09 mln (2017: 2.55). As at December 31, 2018, Vostok New Ventures' four biggest investments were Avito (55.5%), BlaBlaCar (16.2%), Gett (5.7%) and Property Finder (4.1%).

Major events of the year

Major portfolio events during 2018 were investments in ten new portfolio companies: Busfor (USD 8.5 mln), Booksy (USD 7.0 mln), Housing Anywhere (USD 6.0 mln), DOC+ (USD 4.0 mln), VOI (USD 2.75 mln) and a number of other smaller new investments. There were also a number of minor investments in existing portfolio companies: Gett, Property Finder, Babylon, OneTwoTrip, El Basharsoft, Vezeeta and Agente Imóvel.

During 2018, the Company issued a corporate senior bond, SEK 400 mln, listed on Nasdaq Stockholm. As a part of the transaction issuing the Company's new Bonds 2018/2022, the largest holder of Existing Bonds 2017/2020 committed to roll over SEK 150 mln of their holding into Bonds 2018/2022. As a consequence of the roll-over, SEK 150 mln of Bonds 2017/2020 have been cancelled, reducing the outstanding amount under Bonds 2017/2020 to SEK 450 mln.

During 2018, the largest revaluations of financial assets were Avito (USD -52.1 mln) and BlaBlaCar (USD +39.1 mln).

During 2018, the Company has repurchased 20,000 SDRs.

Parent Company

The parent company finances the Cypriot subsidiary's operations on market terms. The net result for the year was USD 6.53 mln (2017: 3.42). Financial assets at fair value through profit or loss refers to liquidity management investments.

Board meetings

The Board of Directors currently comprises six Directors, all of which were re-elected at the Annual General Meeting on May 16, 2018. During the year, the Board has held seven board meetings, of which three in person and four by telephone conference, and has passed five resolutions by circulation. The Directors represent a number of nationalities. Board meetings are conducted in English. The work and the composition of the Board are described in detail in the Corporate Governance Report.

Corporate governance report

A complete report on Vostok New Ventures' application of the Swedish Corporate Governance Code is included on pages 41–49.

Share data

Year	Event	Change in number of shares	Number of shares	Par value, USD	Change in share capital, USD	Share capital, USD
April 2007	Incorporation	–	1	0.00	–	–
July 2007	New share issue	46,020,900	46,020,901	1.00	46,020,901	46,020,901
February 2009	Rights issue	46,020,901	92,041,802	1.00	46,020,901	92,041,802
June 2009	In-kind issue	8,949,173	100,990,975	1.00	8,949,173	100,990,975
2011	Repurchase of shares	-2,520,775	98,470,200	1.00	-2,520,775	98,470,200
January–July 2012	Repurchase of shares	-8,516,827	89,953,373	1.00	-8,516,827	89,953,373
September 2012	Split and redemption program	–	89,953,373	-0.50	-44,976,687	44,976,687
December 2012	Repurchase of shares	-234,094	89,719,279	0.50	-117,047	44,859,640
January 2013	Repurchase of shares	-1,509,279	88,210,000	0.50	-754,640	44,105,000
May 2013	Split and redemption program		88,210,000	-0.15	-13,231,500	30,873,500
August 2013	Exercise of employee options	1,693,020	89,903,020	0.35	592,557	31,466,057
June 2014	Exercise of employee options	24,360	89,927,380	0.35	8,526	31,474,583
2014	Repurchase of shares	-15,830,049	74,097,331	0.35	-5,540,517	25,934,066
2015	Repurchase of shares	-597,776	73,499,555	0.35	-209,222	25,724,844
July 2015	Split and redemption program		73,499,555	-0.03	-2,204,987	23,519,858
August 2016	In-kind issue	6,866,766	80,366,321	0.32	2,197,365	25,717,223
August 2016	Cancellation of repurchased shares	-50,507	80,315,814	0.32	-16,162	25,701,061
November 2016	In-kind issue	4,154,495	84,470,309	0.32	1,329,438	27,030,499
December 2016	Exercise of employee options	1,218,000	85,688,309	0.32	389,760	27,420,259
2017	Repurchase of shares	-1,105,952	84,582,357	0.32	353,905	27,066,354
2018	Repurchase of shares	-20,000	84,562,357	0.32	6,400	27,059,954
December 31, 2018			84,562,357	0.32		27,059,954

Personnel

At year-end, Vostok New Ventures Group had seven persons employed in Sweden.

Treatment of retained earnings

The Group's total retained earnings amount to USD 728,994 thousand.

The Board of Directors propose that the retained earnings and the additional paid in capital of the parent company USD 254,347 thousand, which include the year's profit of USD 6,529 thousand, be brought forward, and that no dividends be paid for the year.

Events after the reporting period

On January 25, 2019, Vostok New Ventures announced it had sold all its shares in Avito for a total consideration of USD 540 mln.

On January 28, 2019, Vostok gave notice of a Special General Meeting to be held on February 14, 2019, to resolve the Board of Directors' proposal to transfer USD 236 mln (SEK 25 per SDR) to its shareholders through a mandatory redemption program.

On January 28, 2019, the Company announced an early redemption of all outstanding bonds of series 2017/2020 and series 2018/2022.

On January 29, 2019, Vostok New Ventures announced that the Company's Board of Directors had resolved on a renewed mandate to repurchase SDRs. After the end of the period Vostok New Ventures repurchased an additional 7,316,101 SDRs. As per March 27, 2019, the number of outstanding shares (SDRs), excluding 8,442,053 repurchased SDRs, was 77,246,256.

After the end of the year, Vostok New Ventures has made an investment of USD 7 mln in Shohoz, a fast growing ride-sharing service in Bangladesh, and two follow-on investments of in total USD 10.1 mln in VOI Technology.

Income statements – Group

(Expressed in USD thousands)	Note	2018	2017
Result from financial assets at fair value through profit or loss[1]	6	-15,652	167,691
Dividend and coupon income	7	22,182	1,357
Other operating income		486	–
Operating expenses	8, 23, 24	-13,253	-6,305
Operating result		**-6,238**	**162,743**
Financial income and expenses			
Interest income	14, 15	3,489	4,153
Interest expense	14, 19	-6,112	-7,090
Currency exchange gains/losses, net		4,119	1,648
Net financial items		**1,496**	**-1,289**
Result before tax		**-4,743**	**161,454**
Taxation	9	-122	-68
Net result for the year		**-4,864**	**161,386**
Earnings per share (in USD)	10	-0.06	1.89
Diluted earnings per share (in USD)	10	-0.06	1.89

1. Financial assets at fair value through profit or loss (including listed bonds) 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 are presented in the income statement within 'Result from financial assets at fair value through profit or loss' in the period in which they arise.

Statement of comprehensive income

(Expressed in USD thousands)	2018	2017
Net result for the year	**-4,864**	**161,386**
Other comprehensive income for the year		
Items that may be classified subsequently to profit or loss:		
Currency translation differences	-165	160
Total other comprehensive income for the year	**-165**	**160**
Total comprehensive income for the year	**-5,030**	**161,546**

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

Balance sheet – Group

(Expressed in USD thousands)	Note	Dec 31, 2018	Dec 31, 2017
NON-CURRENT ASSETS			
Tangible non-current assets			
Property, plant and equipment	11	203	53
Total tangible non-current assets		**203**	**53**
Financial non-current assets			
Financial assets at fair value through profit or loss	12, 13	932,482	900,047
Total financial non-current assets		**932,482**	**900,047**
CURRENT ASSETS			
Cash and cash equivalents	12, 17	40,303	51,079
Tax receivables		556	394
Other current receivables	16	399	2,206
Total current assets		**41,259**	**53,679**
TOTAL ASSETS		**973,943**	**953,779**
SHAREHOLDERS' EQUITY (including net result for the financial period)	18	**876,709**	**879,990**
NON-CURRENT LIABILITIES			
Interest bearing liabilities			
Long-term debts	19	93,944	71,541
Total non-current liabilities		**93,944**	**71,541**
CURRENT LIABILITIES			
Non-interest bearing current liabilities			
Tax payables		402	431
Other current liabilities	20	1,161	1,090
Accrued expenses		1,727	727
Total current liabilities		**3,290**	**2,248**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**973,943**	**953,779**

Statement of Changes in Equity – Group

(Expressed in USD thousands)	Note	Share capital	Additional paid in capital	Other reserves	Retained earnings	Total
Balance at January 1, 2017		**27,420**	**125,791**	**-168**	**572,473**	**725,516**
Net result for the year January 1, 2017 to December 31, 2017		–	–	–	161,386	161,386
Other comprehensive income for the year						
Currency translation differences		–	–	160	–	160
Total comprehensive income for the year January 1, 2017 to December 31, 2017		**–**	**–**	**160**	**161,386**	**161,546**
Transactions with owners:						
Value of employee services:						
- Share-based long-term incentive program	23	–	1,136	–	–	1,136
Buy back of own shares		-354	-7,854	–	–	-8,208
Total transactions with owners		**-354**	**-6,718**	**–**	**–**	**-7,072**
Balance at December 31, 2017		**27,066**	**119,073**	**-8**	**733,858**	**879,990**
Balance at January 1, 2018		**27,066**	**119,073**	**-8**	**733,858**	**879,990**
Net result for the year January 1, 2018 to December 31, 2018		–	–	–	-4,864	-4,864
Other comprehensive income for the year						
Currency translation differences		–	–	-165	–	-165
Total comprehensive income for the year January 1, 2018 to December 31, 2018		**–**	**–**	**-165**	**-4,864**	**-5,030**
Transactions with owners:						
Value of employee services:						
- Share-based long-term incentive program	23	–	1,927	–	–	1,927
Buy back of own shares		-6	-171	–	–	-178
Total transactions with owners		**-6**	**1,755**	**–**	**–**	**1,749**
Balance at December 31, 2018		**27,060**	**120,829**	**-173**	**728,994**	**876,709**

Cash flow statements – Group

(Expressed in USD thousands)	Note	2018	2017
OPERATING ACTIVITIES			
Result before tax		-4,743	161,454
Adjustment for:			
Interest income		-3,489	-4,153
Interest expense		6,112	7,090
Currency exchange gains/-losses		-4,119	-1,648
Depreciation		24	–
Result from financial assets at fair value through profit or loss		15,652	-167,691
Dividend and coupon income		-22,182	-1,357
Other non-cash adjustments		1,578	1,254
Change in current receivables		1,636	-2,029
Change in current liabilities		1,160	606
Net cash used in operating activities		**-8,370**	**-6,474**
Investments in financial assets		-48,938	-49,080
Sales of financial assets		1,088	2,546
Repayment of loan receivables		1,646	36,060
Dividend and coupon income		22,182	8,118
Interest received		1,568	1,773
Interest paid		–	-3,707
Tax paid		-207	-128
Net cash flow used in operating activities		**-31,031**	**-10,892**
INVESTMENT ACTIVITIES			
Investments in office equipment	11	-135	–
Net cash flow used in investment activities		**-135**	**–**
FINANCING ACTIVITIES			
Change in interest-bearing loans	19	28,427	27,267
Interest paid for borrowing		-4,929	–
Buy back of own shares		-178	-8,208
Net cash flow from financing activities		**23,321**	**19,059**
Cash flow for the year		**-7,845**	**8,166**
Cash and cash equivalents at beginning of the year		**51,079**	**34,780**
Exchange gains/losses on cash and cash equivalents		-2,930	8,133
Cash and cash equivalents at end of year		**40,303**	**51,079**

Alternative Performance Measures – Group

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

Vostok New Ventures 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.

	2018	2017
Return on capital employed, %[1]	-1.14	18.06
Equity ratio, %[2]	90.02	92.26
Shareholders' equity/share, USD[3]	10.37	10.40
Earnings/share, USD[4]	-0.06	1.89
Diluted earnings/share, USD[5]	-0.06	1.89
Net asset value/share, USD[6]	10.37	10.40
Weighted average number of shares for the financial period	84,565,125	85,263,922
Weighted average number of shares for the financial period (fully diluted)	84,796,544	85,404,011
Number of shares at balance sheet date[7]	84,562,357	84,582,357

1. Return on capital employed is defined as the Group's result for the period plus interest expenses plus/less exchange differences on financial loans divided by the average capital employed (the average total assets less non-interest bearing liabilities over the period). Return on capital employed is not annualized.
2. Equity ratio is defined as shareholders' equity in relation to total assets.
3. Shareholders' equity/share is defined as shareholders' equity divided by total number of shares.
4. Earnings/share is defined as result for the period divided by average weighted number of shares for the year.
5. 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.
6. Net asset value/share is defined as shareholders' equity divided by total number of shares.
7. Number of shares at balance sheet date as per December 31, 2018, excludes 1,125,952 repurchased SDRs.

Income statement – Parent

(Expressed in USD thousands)	Note	2018	2017
Result from financial assets at fair value through profit or loss		-909	-327
Operating expenses	8	-8,049	-6,481
Operating result		**-8,959**	**-6,808**
Financial income and expenses			
Interest income		17,265	15,740
Interest expense		-6,055	-7,017
Currency exchange gains/losses, net		4,278	1,502
Net financial items		**15,487**	**10,225**
Net result for the year		**6,529**	**3,417**

Statement of comprehensive income

(Expressed in USD thousands)	2018	2017
Net result for the year	**6,529**	**3,417**
Other comprehensive income for the year		
Items that may be classified subsequently to profit or loss:		
Currency translation differences	–	–
Total other comprehensive income for the year	**–**	**–**
Total comprehensive income for the year	**6,529**	**3,417**

Balance sheet – Parent

(Expressed in USD thousands)	Note	Dec 31, 2018	Dec 31, 2017
NON-CURRENT ASSETS			
Financial non-current assets			
Shares in subsidiaries	22	84,389	84,389
Financial assets at fair value through profit or loss	12	644	8,023
Receivables from Group companies	22, 24	256,965	206,303
Total financial non-current assets		**341,998**	**298,715**
CURRENT ASSETS			
Cash and cash equivalents		35,505	47,829
Other current receivables		138	62
Total current assets		**35,644**	**47,891**
TOTAL ASSETS		**377,642**	**346,605**
SHAREHOLDERS' EQUITY (including net result for the financial period)	18	**281,406**	**273,128**
NON-CURRENT LIABILITIES			
Interest bearing liabilities			
Long-term debts	19	93,944	71,541
Total non-current liabilities		**93,944**	**71,541**
CURRENT LIABILITIES			
Non-interest bearing current liabilities			
Liabilities to group companies	22	719	1,165
Other current liabilities	20	83	107
Accrued expenses		1,490	664
Total current liabilities		**2,292**	**1,936**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**377,642**	**346,605**

Statement of Changes in Equity – Parent

(Expressed in USD thousands)	Note	Share capital	Additional paid in capital	Retained earnings	Total
Balance at January 1, 2017		**27,420**	**125,791**	**123,571**	**276,783**
Net result for the year January 1, 2017 to December 31, 2017		–	–	3,417	3,417
Other comprehensive income for the year					
Currency translation differences		–	–	–	–
Total comprehensive income for the year January 1, 2017 to December 31, 2017		**–**	**–**	**3,417**	**3,417**
Transactions with owners:					
Value of employee services:					
- Share-based long-term incentive program	23	–	1,136	–	1,136
Buy back of own shares		-354	-7,854	–	-8,208
Total transactions with owners		**-354**	**-6,718**	**–**	**-7,072**
Balance at December 31, 2017		**27,066**	**119,073**	**126,988**	**273,128**
Balance at January 1, 2018		**27,066**	**119,073**	**126,988**	**273,128**
Net result for the year January 1, 2018 to December 31, 2018		–	–	6,529	6,529
Other comprehensive income for the year					
Currency translation differences		–	–	–	–
Total comprehensive income for the year January 1, 2018 to December 31, 2018		**–**	**–**	**6,529**	**6,529**
Transactions with owners:					
Value of employee services:					
- Share-based long-term incentive program	23	–	1,927	–	1,927
Buy back of own shares		-6	-171	–	-178
Total transactions with owners		**-6**	**1,755**	**–**	**1,749**
Balance at December 31, 2018		**27,060**	**120,829**	**133,518**	**281,406**

Cash flow statement – Parent

(Expressed in USD thousands)	Note	2018	2017
OPERATING ACTIVITIES			
Result before tax		6,529	3,417
Adjustment for:			
Interest income		-17,265	-15,740
Interest expense		6,055	7,017
Currency exchange gains/-losses		-4,278	-1,502
Result from financial assets at fair value through profit or loss		1,900	1,124
Other non-cash adjustments		1,927	1,136
Change in current receivables and liabilities		508	1,025
Net cash used in operating activities		**-4,624**	**-3,523**
Investments in financial assets		-8,493	-8,000
Sales of financial assets		13,973	–
Repayments of loan receivables		1,647	36,060
Interest received		1,568	1,773
Interest paid		–	-3,707
Net cash flow from/used in operating activities		**4,070**	**22,603**
INVESTING ACTIVITIES			
Loan to the companies within the Group		-36,856	-29,462
Net cash flow used in investing activities		**-36,856**	**-29,462**
FINANCING ACTIVITIES			
Change in interest-bearing loans	19	28,427	27,267
Interest paid for borrowings	19	-4,929	–
Buy back of own shares		-178	-8,208
Net cash flow from financing activities		**23,321**	**19,059**
Cash flow for the year		**-9,465**	**12,200**
Cash and cash equivalents at beginning of the year		**47,829**	**27,639**
Exchange gains/losses on cash and cash equivalents		-2,859	7,990
Cash and cash equivalents at end of year		**35,505**	**47,829**

Notes to the financial statements

(Expressed in USD thousand unless indicated otherwise)

Note 1
General information

Introduction

Vostok New Ventures Ltd ("Vostok New Ventures", or "the Company") was incorporated in Bermuda on April 5, 2007 with corporate identity number 39861.

The Vostok New Ventures Group was formed in 2007, in connection with the restructuring of the Vostok Gas Group. Vostok New Ventures is an investment company with the business concept of using experience, expertise and a widespread network to identify and invest in assets with considerable potential for value appreciation, with a focus on companies with network effects.

These Group consolidated financial statements were authorized for issue by the Board of Directors on March 27, 2019.

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

Note 2
Significant accounting policies

Accounting basis

The consolidated and the parent company financial statements are prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by EU, as at December 31, 2018. 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 4.

Changes in accounting policy and disclosures

New and amended standards adopted by the Group

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the hedged ratio to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

IFRS 15, 'Revenue from contracts with customers', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

There are no new or revised IFRS standards that are effective for the first time for the financial year beginning on or after 1 January 2018 that have had a material impact on the Group.

New standards and interpretations not yet adopted

IFRS 16, 'Leases', affects primarily the accounting by leases and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, thereby increasing the operating result. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The standard is mandatory for financial years commencing on or after January 1, 2019. Vostok New Ventures will apply the simplified transition approach. Comparative information will therefore not be restated. The Company's leasing commitments consist only of lease agreements for premises therefore will the new standard not have a significant impact on the Company's financial reports. The effect on tangible assets is expected to be around USD 1.3 mln and on interest-bearing liabilities, USD 1.3 mln.

There are no other 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 unrealized gains on transactions between Group companies are eliminated. Unrealized 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. Vostok New Ventures 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 Company has the right to exercise significant influence, which is normally the case when the Company holds between 20% and 50% of the voting rights. As Vostok New Ventures 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 the investment process and monitoring portfolio companies' performance. The Board has therefore been identified as the chief operating decision maker of the Company for purposes of internal reporting. In the internal reporting of the Company, there is only one operating segment.

Foreign currency translation

a) The functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Parent Company and its Cypriot subsidiary is USD, which is also considered to be the presentational currency of the Group.

b) 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.

c) 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:

SEK/USD	Average	Closing
2018	8.6921	8.9710
2017	8.5380	8.2322

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 three and five years. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Investments and other financial assets

Classification

From 1 January 2018, 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 Company 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 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

From January 1, 2018, 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.

Accounting policies applied until December 31, 2017

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Classification

Until December 31, 2017, the Group classified its financial assets in the following categories:

– financial assets at fair value through profit or loss,

– loans and receivables.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition.

Reclassification

Financial assets previously classified as Loan and receivables under IAS 39 have been reclassified to the category Amortised costs in accordance with IFRS 9. Financial assets at fair value through profit or loss under IAS 39 remains as financial assets at fair value through profit or loss under IFRS 9. The reclassification did not have any impact on the amounts recognized.

Subsequent measurement

The measurement at initial recognition did not change on adoption of IFRS 9, see description above. Subsequent to the initial recognition, loans and receivables were carried at amortised cost using the effective interest method.

Financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognised as follows:

– for financial assets at FVPL – in profit or loss within operating profit

Details on how the fair value of financial instruments is determined are disclosed in note 4.

Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated.

Financial liabilities

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Cash and cash equivalents

Cash and bank 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. Buy back of own shares is, after cancellation of the shares, recorded as a reduction of the share capital with the nominal value of shares bought back, and as a reduction of the additional paid in capital or the retained earnings with the amount paid after reduction of transaction costs for the shares in excess of the nominal value.

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 company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is 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 consolidated 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 realized 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 Swedish 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 remuneration

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 asset value). 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.

Long-term incentive program
(LTIP 2016, LTIP 2017 and LTIP 2018)

Through the long-term incentive programs, the Company will grant shares to the participants at nil consideration. The fair value of deferred shares granted to employees for nil consideration under the long-term incentive programs is recognised as an expense over the relevant service period, being the period to which the services are performed and the vesting period of the shares. The fair value is measured at the grant date of the shares and is recognised in equity. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and in equity.

Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective the date of the forfeiture.

Any social security contributions payable in connection with the grant are considered an integral part of the grant itself and the charges are treated as cash-settled transactions.

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 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 loan receivables', 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.

Other consideration received in the ordinary course of the Group's activities is reported as "other operating income" in the income statement.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. The Group's leases are exclusively operating leases, and refer mainly to office rents and office machines.

Note 3
Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk, price risk and interest rate risk), credit risk, liquidity risk and cash flow interest-rate risk.

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

Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects foreign exchange risk, price risks and interest rate risk.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, mainly with respect to the Swedish Krona (SEK), the British Pound (GBP) and Euro (EUR).

At December 31, 2018, if the USD had strengthened by 10.0% against the SEK with all other variables held constant, post-tax profit for the year and equity would have been USD 5.8 mln higher (2017: 3.5), mainly as a result of foreign exchange losses on translation of SEK-denominated cash and debt balances. Profit is more sensitive to movement in SEK/USD exchange rates in 2018 than 2017 because of the increase in SEK-denominated financial assets and long-term debts.

At December 31, 2018, if the USD had strengthened by 10.0% against the EUR with all other variables held constant, post-tax profit for the year and equity would have been USD 15.89 mln lower (2017: 14.47), mainly as a result of foreign exchange losses on translation of EUR-denominated investments in financial assets at fair value through profit and loss, debt investments and tax receivables. Profit is more sensitive to movement in EUR/USD exchange rates in 2018 than 2017 because of the increase in EUR-denominated financial assets, mainly BlaBlaCar and Housing Anywhere, which estimates are based in EUR as per December 2018.

At December 31, 2018, if the USD had strengthened by 10.0% against the GBP with all other variables held constant, post-tax profit for the year and equity would have been USD 2.92 mln lower (2017: 2.13), mainly as a result of foreign exchange losses on translation of GBP-denominated investments in financial assets at fair value through profit and loss, debt investments and tax receivables. Profit is more sensitive to movement in GBP/USD exchange rates in 2018 than 2017 because of GBP-denominated financial assets in Babylon, which valuation is based in GBP as per December 2018.

Exposure

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, was as follows:

	Dec 31, 2018			Dec 31, 2017		
	SEK	EUR	GBP	SEK	EUR	GBP
Financial assets at fair value	14,178	164,934	31,111	11,207	133,037	23,336
Cash and cash equivalents	33,138	1,630	–	20,759	27,094	101
Other current receivables	292	–	–	2,159	–	–
Long-term debts	-93,944	–	–	-71,541	–	–

Price risk

The Group has a very limited exposure to listed equity securities price risk since 99.9% of the Company's investment are of private equity nature.

The private equity investments are also exposed to share price risks and classified on the consolidated balance sheet as financial assets at fair value through profit and loss. The Group takes an active role in portfolio companies mainly through Board representation. 10% decrease in the price of the non-quoted shares at December 31, 2018 would have affected post-tax profit and equity by approximately USD 88 mln (2017: 89).

Market interest rate risk

The Group is not exposed to a market interest rate risk because of no outstanding loan receivables.

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.

Within the Group's portfolio investments operations, credit risk arises from non-current and current loan receivables. See further Notes 14 and 15. For the investments in loan receivables, there are no formal restrictions with respect to the counterparty's credit rating.

The Group is also exposed to counterparty credit risk on cash and cash equivalents and deposits with banks and financial institutions. The majority of cash is placed in bank accounts with financial institutions with high credit rating and a significant part of cash is placed in cash securities which are fully protected in the event of a bankruptcy of the custodian institution since securities on account are separate from the custodian's balance sheet and thus never become a part of the custodian's bankruptcy estate.

Liquidity risk

Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities.

For the Group, prudent liquidity risk management implies maintaining sufficient cash. As at December 31, 2018, approximately 4% of the Group's Net Assets Value comprises cash balances. Cash balances net of financial liability of USD 96 million represent approximately 10% of the Group's Net Assets Value.

The Group has a financial liability as per December 31, 2018 in the amount of USD 94 mln as compared to USD 72 mln on December 31, 2017.

The table below shows the Company's contracted financial cash flows for the coming periods.

Contracted financial cash flows (mln)	Dec 31, 2018	Dec 31, 2017
Borrowings 3–12 months	5.5	4.1
Borrowings 1–2 years	57.0	78.9
Borrowings 3–6 years	46.0	–

Cash flow interest rate risk

The majority of the Group's financial assets are non-interest bearing, and the majority of outstanding interest-bearing liabilities carry a fixed interest. As a result, the Group is not subject to significant amount of risk due to fluctuations in the prevailing levels of market interest rates.

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. Up to 2009, the Group's investments were partly financed through debt after which the Board decided on a new financial strategy with zero net debt. The Group continues to work with financial leverage only on a restrictive basis during shorter periods of time.

The outstanding bond of USD 93.94 mln as per December 31, 2018, allows the Company to remain flexible and agile around investment activities and its liquidity management operations.

Operating and sector-related risks

Emerging markets and country-specific risks

The risks associated with Russia and other emerging markets are common to all investments in these territories and are not characteristic of any specific portfolio holding. An investment in Vostok New Ventures will be subject to risks associated with ownership and management of investments and in particular to risks of ownership and management in Russia and other emerging markets.

As these countries 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 Company's control that may have an adverse impact on the value of Vostok New Ventures' equity. Investors should therefore be aware that investment activity in Russia and other emerging markets entails a high level of risk and requires special consideration of factors, including those mentioned here, which are usually not associated with investment in shares in better regulated countries.

Unstable state administration, could have an adverse impact on investments. None of the emerging markets has 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. Vostok New Ventures will invest in market segments that the Company is active in or will be active in. It could be more difficult to obtain redress or exercise one's rights in emerging markets than in more mature legal systems.

Acquisition and disposal risk

Acquisitions and disposals are by definition a natural element in Vostok New Ventures' activities. All acquisitions and disposals are subject to uncertainty. The Company's explicit exit strategy is to sell its holdings to strategic investors or via the market. There are no guarantees that the Company will succeed in selling its participations and portfolio investments at the price the shares are being traded at on the market at the time of the disposal or valued at the balance sheet. Vostok New Ventures may therefore 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. If Vostok New Ventures disposes of the whole or parts of an investment in a portfolio company, the Company may receive less than the potential value of the participations, and the Company may receive less than the sum invested.

Vostok New Ventures operates in a market that may be subject to competition with regard to investment opportunities. Other investors may thus compete with Vostok New Ventures in the future for the type of investments the Company intends to make. There is no guarantee that Vostok New Ventures will not in the future be subject to competition which might have a detrimental impact on the Company's return from investments. The Company can partially counter this risk by being an active financial owner in the companies Vostok New Ventures invests in and consequently supply added value in the form of expertise and networks.

Despite the Company considering that there will be opportunities for beneficial acquisitions for Vostok New Ventures in the future, there is no guarantee that such opportunities for acquisition will ever arise or that the Company, in the event that such opportunities for acquisition arose, would have sufficient resources to complete such acquisitions.

Accounting practice and other information

Practice in accounting, financial reporting and auditing in Russia and other emerging markets cannot be compared with the corresponding practices that exist in the Western world. This is principally due to the fact that accounting and reporting have only been a function of adaptation to tax legislation. The Soviet tradition of not publishing information unnecessarily is still evident. The formal requirements for Russian companies are less broad in terms of publishing information than in more developed markets. In addition, access to external analysis, reliable statistics and historical data is 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 standard, no guarantees can be given with regard to the completeness or dependability of the information. Inadequate information and weak accounting standards may be imagined to adversely affect Vostok New Ventures in future investment decisions.

Corporate governance risk

Misuse of corporate governance remains a problem in Russia and other emerging markets. Minority shareholders may be badly treated in various ways, for instance in the sale of assets, transfer pricing, dilution, limited access to Annual General Meetings and restrictions on seats on boards of directors for external investors. In addition, sale of assets and transactions with related parties are common. Transfer pricing is generally applied by companies for transfer of value from subsidiaries and external investors to various types of holding companies. It happens that companies neglect to comply with the rules that govern share issues such as prior notification in sufficient time for the exercise of right of pre-emption. Prevention of registration of shares is also widespread. Despite the fact that independent authorized registrars have to keep most share registers, some are still in the hands of the company management, which may thus lead to register manipulation. A company management would be able to take extensive strategic measures without proper consent from the shareholders. The possibility of shareholders exercising their right to express views and take decisions is made considerably more difficult.

Inadequate accounting rules and standards have hindered the development of an effective system for uncovering fraud and increasing insight. Shareholders can conceal their ownership by acquiring shares through shell company structures based abroad which are not demonstrably connected to the beneficiary, which leads to self-serving transactions, insider deals and conflicts of interest. The role of the Russian financial inspectorate as the regulator of the equity market to guarantee effective insight and ensure that fraud is uncovered is complicated by the lack of judicial and administrative enforcement instruments.

Deficiencies in legislation on corporate governance, judicial enforcement and corporate legislation may lead to hostile take-overs, where the rights of minority shareholders are disregarded or abused, which could affect Vostok New Ventures in a detrimental manner.

Dependence on key individuals

Vostok New Ventures is dependent on its senior executives. Its Managing Director, Per Brilioth, is of particular significance to the development of the Company. It cannot be ruled out that Vostok New Ventures might be seriously affected if any of the senior executives left the Company.

Investments in growth markets

Investments in growth markets such as Russia and other emerging markets entail a number of legal, economic and political risks. Many of these risks cannot be quantified or predicted, neither are they usually associated with investments in developed economies.

There are inherent difficulties and risks in investing in internet market places and online classifieds including but not limited to the ability to monetize and expand in new verticals, execution risks, internet regulatory and compliance matters, competitors risks, technical platform 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 Company's share 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 Company's operations, turnover and profit development may also be adversely affected in the event of such an economic downturn.

Political instability

Russia has undergone deep political and social change in recent years. The value of Vostok New Ventures' assets 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 Russia, major policy changes or lack of internal consensus between leaders, executive and decision-making bodies and strong economic groups. These risks entail in particular expropriation, nationalisation, confiscation of assets and legislative changes relating to the level of foreign ownership. In addition, political changes may be less predictable in a growth country such as Russia than in other more developed countries. Such instability may in some cases have an adverse impact on both the operations and share price of the Company. Since the collapse of the Soviet Union in 1991, the Russian economy has, from time to time, shown

- significant decline in GDP
- weak banking system with limited supply of liquidity to foreign companies
- growing black and grey economic markets
- high flight of capital
- high level of corruption and increased organised economic crime
- hyperinflation
- significant rise in unemployment

The Russian economy is largely dependent on the production and export of oil and natural gas, which makes it vulnerable to fluctuations in the oil and gas market. A downturn in the oil and gas market may have a significant adverse impact on the Russian economy.

Note 4
Critical accounting estimates and assumptions

The management of Vostok New Ventures 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 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.

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- 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 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	960	707,899	223,623	932,482
Total assets	960	707,899	223,623	932,482

The Group's assets that are measured at fair value at December 31, 2017:

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	8,912	54,431	836,704	900,047
Total assets	8,912	54,431	836,704	900,047

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

	2018	2017
Opening balance January 1	836,704	457,990
Transfers from level 3	-732,317	–
Transfers to level 3	57,708	206,747
Change in fair value and other	61,533	171,967
Closing balance December 31	223,623	836,704

During 2018, five transfers from level 3 to level 2 have been done. Avito, Gett, Property Finder, OneTwoTrip and El Basharsoft have been transferred from level 3 to level 2 following transactions. Hemnet, Babylon, Agente Imóvel, CarZar and Wallapop have been transferred from level 2 to level 3. The investments in Gett, Property Finder, OneTwoTrip, Booksy, Housing Anywhere, El Basharsoft, DOC+, Shwe Property, JobNet, Vezeeta, VOI Technology, Busfor and Dubicars are classified as level 2 as the valuations are based on the price paid in each respective transaction. The value of Avito was confirmed by the transaction that closed on January 25, 2019, where Vostok New Ventures sold all its shares in the company to Naspers. BlaBlaCar, Babylon, Hemnet, Merro, Wallapop, Naseeb Networks, CarZar and YouScan are classified as level 3 investments. The level 3 investments are either based on valuation models using EBITDA and revenue multiples of comparable listed peers or transactions that can include more uncertainty given the time lapsed and structure of the transactions.

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 group, 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 fair value 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 Group usually derives fair value for non-traded assets through any of the models described above.

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. No significant events in the portfolio companies, which have had an impact on the valuations, has occurred since the latest transactions except as described below. The transaction-based valuations are also frequently assessed using multiples of comparable traded companies for each unlisted investment or other valuation models when warranted.

Vostok New Ventures follows a structured process in assessing the valuation of its unlisted investments. Vostok New Ventures evaluate company specific and external data relating to each specific investment on a monthly basis. The data is then assessed at monthly and quarterly valuation meetings by senior management. If internal or external factors are deemed to be significant further assessment is undertaken and the specific investment is revalued to the best fair value estimate. Revaluations are approved by the Board of Directors in connection with the Company's financial reports.

Avito

The Group's investment in Avito is valued as a level 2 investment as per December 31, 2018.

The value of Vostok New Ventures' stake in Avito as per December 31, 2018, of USD 539.9 mln (USD 4.0 bn for the entire company) was confirmed by the transaction that closed on January 25, 2019, where Vostok New Ventures sold all its shares in the company to Naspers.

BlaBlaCar

As per December 31, 2018, the BlaBlaCar investment is classified as a level 3 investment, valued on a transaction in BlaBlaCar where SNCF and other existing BlaBlaCar investors invest EUR 101 mln in the company. The transaction values Vostok's 9.3% ownership to USD 157.7 mln as per December 31, 2018. Given that the transaction has not formally closed (expected 1H19), the investment in BlaBlaCar is valued as level 3 investment to provide more transparency regarding uncertainty in valuation.

	Sensitivity in transaction-based BlaBlaCar valuation as per Dec 31, 2018				
	-15%	-10%	BlaBlaCar valuation	+10%	+15%
Valuation of Vostok New Ventures' BlaBlaCar investment, USD million	134.0	141.9	157.7	173.5	181.4

Gett

As per December 31, 2018, the Gett investment is classified as a level 2 investment as it is valued on the basis of a transaction that closed in 2Q18 where Vostok New Ventures participated. The company valuation in the transaction is approximately 10% lower than the last model-based valuation of the company as per December 31, 2017.

Property Finder

As per December 31, 2018, the Property Finder investment is classified as a level 2 investment as it is valued at USD 40.0 mln on the basis of a new transaction in the company that closed in December 2018. Vostok invested USD 3.9 mln in the new large round which was led by General Atlantic.

Babylon

As per December 31, 2018, the Babylon investment is classified as a level 3 investment as it is valued on the basis of the latest transaction in the company which was completed in May 2017. Vostok New Ventures invested USD 21.7 mln (GBP 17.3 mln) in the company in the context of this USD 60 mln financing round. As per December 31, 2018, the large financing round in 2Q17 is deemed the best fair value estimate of the company as the company is performing in line with plan and no significant internal or external factors have been deemed to warrant a revaluation of the company.

	Sensitivity in transaction-based Babylon valuation as per Dec 31, 2018				
	-15%	-10%	Babylon valuation	+10%	+15%
Valuation of Vostok New Ventures' Babylon investment, USD million	18.6	19.7	21.9	24.1	25.2

OneTwoTrip

As per December 31, 2018, OneTwoTrip is classified as a level 2 investment as it is valued at USD 16.5 mln on the basis of a recent transaction in the company that closed in the third quarter 2018. Vostok New Ventures owns 16.3% of the company on a fully diluted basis as per December 31, 2018.

Hemnet (through YSaphis S.A. and Merro Partners S.A.)

As per December 31, 2018, Hemnet is classified as a level 3 investment as it is valued to USD 14.6 mln on the basis of an EV/EBITDA valuation model as the latest significant transaction now is more than 12 months old. The company has been performing well since Vostok's investment in December 2016. As per December 31, 2018, the model is deemed the best fair value estimate of the company. The median multiple of the peer group is 17.4x and consists of a number of listed real estate verticals including, but not limited to, Scout24, Rightmove and REA Group. The model-based valuation is approximately 26.6% higher than the valuation as per December 31, 2017.

	Sensitivity in model-based Hemnet valuation as per Dec 31, 2018				
	-15%	-10%	EV/EBITDA multiple (17.4)	+10%	+15%
Valuation of Vostok New Ventures' Hemnet investment, USD million	12.1	12.8	14.2	15.6	16.3

VOI Technology

As per December 31, 2018, VOI is classified as a level 2 investment as it is valued on the basis of the latest transaction in the company, which closed in the fourth quarter of 2018. Vostok New Ventures invested a total of USD 2.75 mln in the company in the third quarter 2018, which is valued at USD 10.8 mln as per December 31, 2018.

Wallapop

As per December 31, 2018, Wallapop is classified as a level 3 investment. Vostok New Ventures' indirect stake in the company is valued at USD 10.0 mln following a cash distribution of USD 4.1 mln in the fourth quarter 2018. As per December 31, 2018, the latest transaction – which was initiated in August 2017 and concluded in August 2018 – is deemed to generate the best fair value estimate for the company as the company is performing in line with plan and no significant internal or external factors have been deemed to warrant a revaluation of the company since the transactions.

	Sensitivity in Wallapop valuation as per Dec 31, 2018				
	-15%	-10%	Wallapop valuation	+10%	+15%
Valuation of Vostok New Ventures' Wallapop investment, USD million	8.5	9.0	10.0	11.0	11.5

Busfor

Vostok New Ventures invested a total of USD 8.5 mln in Busfor during 2018, of which USD 4.5 on December 20, 2018. As per December 31, 2018, Busfor is classified as a level 2 investment as it is valued on the basis of this transaction.

Merro

As per December 31, 2018, Merro is classified as a level 3 investment and is valued on the basis of a Sum of the Parts valuation model. As per December 31, 2018, Vostok New Ventures stake in the company is valued to USD 7.8 mln, which is 17.1% lower than the valuation as per December 31, 2017. The main driver of the revaluation is a revised valuation of Opensooq and Property Finder, which is attributable to the majority of the fair value of Merro. As per December 31, 2018, Opensooq accounts for 48.2% of the fair value estimate of Merro.

	Sensitivity in Sum of the parts-based Merro valuation as per Dec 31, 2018				
	-15%	-10%	Merro valuation	+10%	+15%
Valuation of Vostok New Ventures' Merro investment, USD million	6.6	7.0	7.8	8.6	9.0

	Sensitivity in Sum of the parts-based Merro valuation as per Dec 31, 2018				
	-15%	-10%	Opensooq valuation	+10%	+15%
Valuation of Vostok New Ventures' Merro investment, USD million	7.2	7.4	7.8	8.1	8.3

Housing Anywhere

As per December 31, 2018, Housing Anywhere is classified as a level 2 investment as it is valued on the basis of the latest transaction in the company, which closed in the fourth quarter of 2018. Vostok New Ventures invested a total of USD 3.9 mln (EUR 3.3 mln) in the company in the first quarter 2018 and an additional EUR 1.6 mln in December 2018.

Booksy

As per December 31, 2018, Booksy is classified as a level 2 investment as it is valued on the basis of the latest transaction in the company, which closed in the first quarter of 2018. Vostok New Ventures invested a total of USD 6.0 mln in the company in the first quarter 2018 and an additional USD 1 mln in the fourth quarter 2018.

El Basharsoft

As per December 31, 2018, El Basharsoft (Wuzzuf and Forasna) is classified as a level 2 investment as it is valued on the basis of the latest transaction in the company. Vostok New Ventures invested a total of USD 2.5 mln in the company in the 2018 transaction.

DOC+

As per December 31, 2018, DOC+ is classified as a level 2 investment as it is valued on the basis of the latest transaction in the company, which closed in the second quarter of 2018. Vostok New Ventures invested a total of USD 4.0 mln in the company.

Naseeb Networks

As per December 31, 2018, Naseeb Networks is classified as a level 3 investment as it is valued on the basis of a future looking EV/Sales peer multiples valuation model. The model values Vostok's stake in Naseeb Networks to USD 4.2 mln compared to USD 3.8 mln as per December 31, 2017.

The peer group includes four online classifieds/jobs portal peers including SEEK, Infoedge, and 51job. The average multiple of the peer group is 8.6x and the median multiple is 7.6x.

	Sensitivity in model-based Naseeb valuation as per Dec 31, 2018				
	-15%	-10%	EV-Sales multiple (8.6x)	+10%	+15%
Valuation of Vostok New Ventures' Naseeb investment, USD million	3.2	3.4	3.8	4.2	4.4

Vezeeta

As per December 31, 2018, Vezeeta is classified as a level 2 investment as it is valued on the basis of the latest transaction in the company which closed during the third quarter 2018. Vostok New Ventures participated with USD 1.25 in the financing round. As per December 31, 2018, Vostok New Ventures values its investment in Vezeeta to USD 3.2 based on this transaction.

CarZar

As per December 31, 2018, CarZar is classified as a level 3 investment as it is valued on the basis of Vostok New Ventures' total investment amount in the company, Vostok New Ventures has invested a total of USD 3.0 mln in the company, which is 14% lower than the last transaction-based valuation, due to an increased competitive situation in South Africa and considered to be the best fair value estimate for Vostok's shares as per December 31, 2018.

	Sensitivity in CarZar valuation as per Dec 31, 2018				
	-15%	-10%	CarZar valuation	+10%	+15%
Valuation of Vostok New Ventures' CarZar investment, USD million	2.6	2.7	3.0	3.3	3.5

Agente Imóvel

As per December 31, 2018, Agente Imóvel is classified as a level 3 investment and is valued on the basis of the latest transaction in the company, which closed in the second quarter of 2018. Vostok New Ventures has invested a total of USD 2.0 mln in the company, which as per December 31, 2018 is valued at USD 3.0 mln based on the 2Q18 transaction.

	Sensitivity in Agente Imóvel valuation as per Dec 31, 2018				
	-15%	-10%	Agente Imóvel valuation	+10%	+15%
Valuation of Vostok New Ventures' Agente Imóvel investment, USD million	2.6	2.7	3.0	3.3	3.5

YouScan

Vostok New Ventures owns 20.9% of YouScan fully diluted (YouScan is held through a 33.2% holding in Kontakt East Holding AB, which owns 63% of YouScan). As per December 31, 2018, YouScan is valued based on a sales-multiple based valuation. This model-approach is deemed the best fair value estimate of YouScan as per December 31, 2018.

	Sensitivity in model-based YouScan valuation as per Dec 31, 2018				
	-15%	-10%	EV-Sales multiple	+10%	+15%
Valuation of Vostok New Ventures' YouScan investment, USD million	1.9	2.1	2.3	2.5	2.7

Numan
As per December 31, 2018, Numan is classified as a level 2 investment based on a transaction in the company which closed in December 2018.

Shwe Property
As per December 31, 2018, Shwe Property is classified as a level 2 investment as it is valued on the basis of the latest transaction in the company, which closed in the first quarter of 2018. Vostok New Ventures invested a total of USD 500k in the company.

JobNet
As per December 31, 2018, JobNet is classified as a level 2 investment as it is valued on the basis of the latest transaction in the company, which closed in the first quarter of 2018. Vostok New Ventures invested a total of USD 500k in the company.

Dubicars
As per December 31, 2018, Dubicars is classified as a level 2 investment based on a transaction in the company which closed in the fourth quarter 2018.

Marley Spoon (equity)
As per December 31, 2018, the equity in Marley Spoon is valued at USD 0.3 mln on the basis of the closing price on the last trading day of Marley Spoon in 4Q18. Marley Spoon equity is classified as a level 1 investment.

Liquidity management (Level 1)
As per December 31, 2018, Vostok New Ventures own USD 0.6 mln in money market funds and bonds as part of the Company's liquidity management operations. The funds and bonds are quoted on a daily basis and the fair value as per December 31, 2018, is the last published NAV as per end of December 2018.

Loan receivables
The Marley Spoon loan was fully repaid during the third quarter of 2018. As per December 31, 2018, the Company does not have any outstanding loan receivables.

Note 5
General

Incorporation and legal structure

Vostok New Ventures Ltd (the Company or the Parent Company) is an investment company with its focus on portfolio investments with considerable potential for value appreciation. The Company was incorporated in Bermuda on April 5, 2007, as an exempted limited liability company under the Bermuda Companies Act 1981. The Swedish Depository Receipts of Vostok New Ventures (SDB) are listed on the Nasdaq Nordic Exchange Stockholm, Mid Cap section. Ticker: VNV SDB.

As of December 31, 2018, the Vostok New Ventures Ltd Group consisted of the Bermudian parent company Vostok New Ventures Ltd; one wholly-owned Cypriot subsidiary, Vostok New Ventures (Cyprus) Limited; one majority-owned Dutch cooperative, Vostok Co-Investment Coöperatief B.A.; and one wholly-owned Swedish subsidiary, Vostok New Ventures AB.

The registered office of the Company is in Hamilton, Bermuda (Codan Services Ltd, 2 Church Street, Hamilton, Bermuda). Vostok New Ventures AB's registered office is at Mäster Samuelsgatan 1, 111 44 Stockholm, Sweden.

Note 6
Result from financial assets at fair value through profit or loss

	Group 2018	Group 2017
Proceeds from sale of financial assets at fair value through profit or loss	2,063	2,546
Acquisition value of sold financial assets at fair value through profit or loss	-1,522	-2,333
Reversal of fair value of sold assets at fair value through profit or loss	-430	-350
Change in fair value of remaining financial assets at fair value through profit or loss	-15,763	167,827
Result from financial assets at fair value through profit or loss	-15,652	167,691

During 2018 and 2017 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.

Note 7
Dividend and coupon income

	Group 2018	Group 2017
Dividend and coupon income recognized in the income statement[1,2]	22,182	1,357
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	22,182	1,357

1. 2018: USD 17.8 mln coming from Avito, 4.1 mln from Wallapop and 0.35 mln as an in-kind dividend from Property Finder.
2. 2017: USD 1.4 mln coming from the Avito dividend.

Note 8
Operating expenses by nature

	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Employee benefit expense (Note 23)	5,836	4,595	3,068	1,946
Depreciation and write down of property, plant and equipment	24	–	–	–
Operating lease expenses	443	136	–	–
Service agreement between Vostok New Ventures AB and Vostok New Ventures Ltd	–	–	3,568	3,413
Other expenses	6,952	1,574	1,414	1,122
Total operating expenses	13,253	6,305	8,049	6,481

The increase in other expenses during 2018 is mainly related to the VAT claim from the Swedish Tax Agency amounting to USD 4.9 mln (For more details see note 21).

Lease rentals amounting to TUSD 443 (2017: 136) relating to rent of office space in Stockholm have been recognized in the income statement.

Note 9
Tax

Corporate income tax – general

The parent company, Vostok New Ventures Ltd, is exempted and therefore not liable for tax in Bermuda.

The Group's Cypriot entity is subject to corporation tax on taxable profits at the rate of 12.5% (2017: 12.5%).

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 (August 31, 2011–April 28, 2013: 15%).

In certain cases dividends received from abroad may be subject to defence contribution at the rate of 30% (2017: 30%).

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

As from the tax year 2012, brought forward losses of the prior five years may be utilized.

During 2018, the Swedish subsidiary's profits are subject to Swedish income tax at the rate of 22% (2017: 22%).

Income tax expense

	Group 2018	Group 2017
Current tax	-122	-68
Deferred tax	–	–
Taxation	-122	-68

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 2018	Group 2017
Result before tax	-4,864	161,454
Tax calculated at domestic tax rates applicable to profits in the respective countries	1,861	-19,770
Tax effects of:		
– Income not subject to tax	2,841	21,449
– Expenses not deductible for tax purposes	-4,823	-1,747
– Adjustment in respect of prior years	–	–
– Utilisation of previously unrecognised tax losses	–	–
– Tax losses for which no deferred income tax asset was recognised	–	–
Tax charge	-122	-68

The weighted average applicable tax rate was 10.5% (2017: 13%).

Deferred tax

No deferred tax asset is recognized in the balances as per December 31, 2018.

Note 10
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 and the LTIP programs 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.

	2018	2017
Profit attributable to the equity holders of the company	-4,864	161,386
Weighted average number of ordinary shares on issue	84,565,125	85,263,922
Earnings per share, basic	-0.06	1.89
Adjustment for dilution effect of incentive options	231,419	140,089
Weighted average number of ordinary shares for diluted	84,796,544	85,404,011
Earnings per share, diluted	-0.06	1.89

Note 11
Property, plant and equipment

Group

At January 1, 2017	
Cost or valuation	–
Accumulated depreciation	–
Net book amount	48
Year ended December 31, 2017	
Opening net book amount	48
Exchange differences	5
Closing net book amount	53
At December 31, 2017	
Net book amount	53
Year ended December 31, 2018	
Opening net book amount	53
Additions	177
Depreciation charge	-24
Exchange differences	-4
Closing net book amount	203

Depreciations amounting to net USD 24 thousand (2017: 0) for the Vostok New Ventures Group have been recognized among operating expenses in the income statement (see also Note 8).

Note 12
Financial instruments by category

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

December 31, 2018 – Group

Assets as per balance sheet

	Asset at amortised cost	Assets at fair value through profit and loss	Total
Financial assets at fair value through profit or loss	–	932,482	932,482
Cash and cash equivalents	40,303	–	40,303
Total assets	40,303	932,482	972,785

Liabilities as per balance sheet

	Liabilities at amortised cost	Total
Borrowings	93,944	93,944
Total non-current liabilities	93,944	93,944

December 31, 2017 – Group

Assets as per balance sheet

	Loans and receivables	Assets at fair value through profit and loss – designated	Total
Financial assets at fair value through profit or loss	–	900,047	900,047
Cash and cash equivalents	51,079	–	51,079
Total assets	51,079	900,047	951,126

Liabilities as per balance sheet

	Liabilities at amortised cost	Total
Borrowings	71,541	71,541
Total non-current liabilities	71,541	71,541

December 31, 2018 – Parent Company

Assets as per balance sheet

	Asset at amortised cost	Assets at fair value through profit and loss	Total
Financial assets at fair value through profit or loss	–	644	644
Cash and cash equivalents	35,505	–	35,505
Receivables from Group Companies	256,965	–	256,965
Total assets	292,471	644	293,114

Liabilities as per balance sheet

	Liabilities at amortised cost	Total
Borrowings	93,944	93,944
Total non-current liabilities	93,944	93,944

December 31, 2017 – Parent Company

Assets as per balance sheet

	Loans and receivables	Assets at fair value through profit and loss – designated	Total
Financial assets at fair value through profit or loss	–	8,023	8,023
Cash and cash equivalents	47,829	–	47,829
Receivables from Group Companies	206,303	–	206,303
Total assets	254,132	8,023	262,155

Liabilities as per balance sheet

	Liabilities at amortised cost	Total
Borrowings	71,541	71,541
Total non-current liabilities	71,541	71,541

Note 13
Non-current financial assets at fair value through profit or loss

The assets specified in the table below are investments in financial assets at fair value through profit or loss.

	Group 2018	Group 2017
Beginning of the year	900,047	691,582
Investments/(disposals)	48,198	40,774
Reclassifications	–	–
Change in fair value for the year	-15,763	167,691
End of the year	932,482	900,047

	Parent Company 2018	Parent Company 2017
Beginning of the year	8,023	1,147
Investments/(disposals)	-5,480	7,681
Transfer from Vostok New Ventures Ltd to Vostok New Ventures (Cyprus) Limited	-1,911	-828
Change in fair value	11	23
End of the year	644	8,023

Security/Company name	Currency	Number of shares held Dec 31, 2018	Fair value (USD), Dec 31, 2018	Ownership share, %	Number of shares held Dec 31, 2017	Fair value (USD), Dec 31, 2017	Ownership share, %
Group							
Avito	USD	6,166,470	539,874,449	13.2%	6,166,470	591,938,454	13.2%
BlaBlaCar	EUR	14,492,319	157,695,271	9.3%	14,492,319	118,615,542	9.3%
Gett	USD	19,975,816	55,358,979	4.0%	18,171,609	59,198,650	3.6%
Property Finder	USD	160,145	39,985,331	10.1%	142,308	28,704,345	10.1%
Babylon	GBP	84,246	21,884,394	10.1%	84,246	23,335,857	10.0%
OneTwoTrip	USD	102,417	16,548,231	16.3%	96,228	20,810,533	16.7%
Hemnet	SEK	81,106,057	14,178,027	5.9%	81,024,902	11,207,369	5.9%
VOI Technology	USD	7,310,000	10,831,921	23.0%	–	–	–
Wallapop	EUR	21,871	9,950,485	2.9%	21,872	13,533,279	2.9%
Busfor	USD	515	8,604,151	12.3%	–	–	–
Merro	USD	11,106	7,761,119	22.6%	10,900	9,358,731	22.5%
Housing Anywhere	EUR	1,377	6,226,535	25%	–	–	–
Booksy	USD	1,593,168	5,989,711	10.8%	–	–	–
El Basharsoft (Wuzzuf and Forasna)	USD	728,732	4,736,758	23.7%	339	2,347,911	17.0%
DOC+	USD	23,207	4,000,000	10.3%	–	–	–
Naseeb Networks (Rozee and Mihnati)	USD	11,481,176	3,807,560	24.3%	11,481,176	4,203,772	23.7%
Vezeeta	USD	597,717	3,155,946	9%	358,069	1,833,313	7.9%
CarZar	USD	831	3,000,000	16.4%	831	3,521,186	16.4%
Agente Imóvel	USD	5,387	2,999,443	27.3%	3,591	1,000,000	20.0%
YouScan	USD	8,808,426	2,346,512	20.9%	8,808,426	1,526,375	21.4%
Shwe Property	USD	25,000	500,000	8.3%	–	–	–
JobNet	USD	10,417	500,000	3.8%	–	–	–
Dubicars	USD	1,456	348,325	6.4%	–	–	–
Marley Spoon	USD	996,000	315,981	1.2%	–	–	–
Delivery Hero AG, equity	EUR	–	–	–	–	888,401	–
Babylon, convertible debt	GBP	n/a	9,226,610	–	–	–	–
Numan, convertible debt	GBP	n/a	1,012,000	–	–	–	–
Booksy, convertible debt	USD	n/a	999,900	–	–	–	–
Total non current financial assets at fair value through profit or loss			931,837,638			892,023,718	
Parent Company							
Liquidity management			644,274			–	
Total non current financial assets at fair value through profit or loss			644,274				

Change in financial assets at fair value through profit or loss

Company	Opening balance Jan 1, 2018, USD	Investments/ (disposals), net, USD	FV change, USD	Closing balance Dec 31, 2018, USD	Percentage weight of total portfolio
Avito	591,938,454	–	-52,064,005	539,874,449	55.5%
BlaBlaCar	118,615,542	–	39,079,729	157,695,271	16.2%
Gett	59,198,650	5,000,000	-8,839,671	55,358,979	5.7%
Property Finder	28,704,345	4,155,313	7,125,673	39,985,331	4.1%
Babylon	23,335,857	–	-1,451,463	21,884,394	2.2%
OneTwoTrip	20,810,533	1,000,000	-5,262,302	16,548,231	1.7%
Hemnet (through YSaphis S.A. and Merro Partners S.A.)	11,207,369	–	2,970,658	14,178,027	1.5%
VOI Technology	–	2,750,000	8,081,921	10,831,921	1.1%
Wallapop	13,533,279	–	-3,582,794	9,950,485	1.0%
Busfor	–	8,511,428	92,724	8,604,151	0.9%
Merro	9,358,731	–	-1,597,612	7,761,119	0.8%
Housing Anywhere	–	6,000,888	225,646	6,226,535	0.6%
Booksy	–	5,989,711	–	5,989,711	0.6%
El Basharsoft (Wuzzuf and Forasna)	2,347,911	2,495,753	-106,906	4,736,758	0.5%
DOC+	–	4,000,000	–	4,000,000	0.4%
Naseeb Networks (Rozee and Mihnati)	4,203,772	–	-396,212	3,807,560	0.4%
Vezeeta	1,833,313	1,250,000	72,633	3,155,946	0.3%
CarZar	3,521,186	–	-521,186	3,000,000	0.3%
Agente Imóvel	1,000,000	1,000,000	999,443	2,999,443	0.3%
YouScan	1,526,375	–	820,137	2,346,512	0.2%
Numan	–	1,020,960	-8,960	1,012,000	0.1%
Shwe Property	–	500,000	–	500,000	0.1%
JobNet	–	500,000	–	500,000	0.1%
Dubicars	–	348,325	–	348,325	0.0%
Marley Spoon	–	1,910,799	-1,594,818	315,981	0.0%
Delivery Hero AG	888,401	-1,088,093	199,692	–	–
Babylon, convertible debt	–	9,242,759	-16,149	9,226,610	1.0%
Booksy, convertible debt	–	999,900	–	999,900	0.1%
Liquidity management	8,023,392	-7,389,850	10,733	644,274	0.1%
Total	900,047,110	48,197,893	-15,763,091	932,481,912	

Note 14
Non-current loan receivables

	Group 2018	Group 2017
Beginning of the year	–	24,075
Additions	–	–
Repayments	–	-29,954
Interest income	–	3,906
Exchange differences	–	1,973
Interest expense/Revaluation	–	–
End of the year	–	–

2017 repayment included the EUR 25 mln loan to Delivery Hero following its listing on the Frankfurt Stock Exchange.

Note 15
Current loan receivables

	Group 2018	Group 2017
Beginning of the year	–	7,699
Additions	4,885	–
Repayments	-8,114	-7,664
Interest income	3,394	12
Exchange differences	-165	-47
End of the year	–	–

Vostok New Ventures Ltd invested USD 4.9 mln in Marley Spoon during the first quarter of 2018 through a debt investment that carried a cash interest of 20% as well as an equity kicker. In the beginning of July 2018, Marley Spoon IPOed at ASX (Australian Securities Exchange) and in September 2018 the company repaid the loan.

The Kite loan featured a smaller equity component, which was paid during 2018.

Note 16
Other current receivables

	Group Dec 31, 2018	Group Dec 31, 2017	Parent Company Dec 31, 2018	Parent Company Dec 31, 2017
Prepayments and accrued income	190	166	85	62
Other receivables	209	2,040	52	–
Total	399	2,206	138	62

Note 17
Cash and cash equivalents

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

	Group Dec 31, 2018	Group Dec 31, 2017
Cash and cash equivalents	40,303	51,079
of which short-term investments equivalent to cash	–	–
Total	40,303	51,079

Note 18
Share capital and additional paid in capital
Group and Parent Company

	Number of shares held	Share capital	Additional paid in capital
At January 1, 2017	85,688,309	27,420	125,791
Repurchase of own shares	-1,105,952	-354	-7,854
Value of employee services:			
– Share-based long-term incentive program	–	–	1,136
At December 31, 2017	84,582,357	27,066	119,073
Repurchase of own shares	-20,000	-6	-171
Value of employee services:			
– Employee share option scheme	–	–	–
– Share-based long-term incentive program	–	–	1,927
At December 31, 2018	84,562,357	27,060	120,829

During 2018, Vostok New Ventures repurchased a total of 20,000 SDRs (2017: 1,105,952) SDRs under the Board's mandate of August 16, 2017. During 2019, Vostok New Ventures has repurchased 7,316,101 SDRs under a renewed mandate of January 29, 2019. The bought back shares are held in treasury and may be used to settle future obligations to participants in the Company's share-based long term incentive program. For more information on the options, see Note 23.

Note 19
Borrowings

	Group Dec 31, 2018	Group Dec 31, 2017	Parent Company Dec 31, 2018	Parent Company Dec 31, 2017
Borrowings	93,944	71,541	93,944	71,541
Total	93,944	71,541	93,944	71,541

Change in interest-bearing loans, Group and Parent Company

			Non-cash transactions		
	Opening balance 2018	Cash transactions	Interest expense	Exchange differences	Closing balance 2018
Change in interest-bearing loans	71,541	23,747	5,779	-7,123	93,944

The fair value of interest-bearing loans are estimated to correspond to the carrying value.

Bonds 2017/2020

On June 22, 2017, the Company announced that it had successfully placed three-year senior secured bonds in the amount of SEK 600 mln within a total frame of SEK 800 mln. The bonds, maturing on June 22, 2020, bear a fixed coupon of 5.50% with quarterly interest payments. The bonds are listed for trading on Nasdaq Stockholm. The first day of trading was July 19, 2017.

During June 2018, as part of the transaction issuing the Company's new Bonds 2018/2022, the largest holder of Existing Bonds 2017/2020 committed to roll over SEK 150 mln of their holding into Bonds 2018/2022. As a consequence of the roll-over, SEK 150 mln of Bonds 2017/2020 have been cancelled, reducing the outstanding amount under Bonds 2017/2020 to SEK 450 mln. The value of the bond debt as per December 31, 2018 was USD 49.78 mln. The book values for long-term debts are deemed to correspond to the fair values.

Bonds 2018/2022

On June 7, 2018, the Company announced that it had successfully placed four-year senior secured bonds in the amount of SEK 400 mln within a total frame of SEK 600 mln. The bonds, maturing on July 11, 2022, bear a fixed coupon of 6.15% with quarterly interest payments. The bonds are listed for trading on Nasdaq Stockholm. The first day of trading was July 11, 2018. The value of the bond debt as per December 31, 2018 was USD 44.16 mln.

Note 20
Other current liabilities

	Group Dec 31, 2018	Group Dec 31, 2017	Parent Company Dec 31, 2018	Parent Company Dec 31, 2017
Other current liabilities	378	307	83	107
Accrued tax liability	783	783	–	–
Total	1,161	1,090	83	107

Note 21
Pledged assets and contingent liabilities

Pledged assets

There were no pledged assets in the Company by December 31, 2018.

Contingent liabilities

The Swedish Tax Agency (the "STA") has during 2015 audited Vostok New Ventures AB's VAT returns for the period January 2013–December 2014. According to the STA's decision from the audit, Vostok New Ventures AB is obliged to pay an additional amount of output VAT of SEK 40.3 mln together with tax penalties of SEK 2.6 mln on the services supplied to the parent company. Vostok New Ventures AB has appealed the STA's decision to the administrative court. On June 1, 2017, the County Administrative Court in Stockholm issued its ruling in favor of the STA's decision.

Vostok New Ventures AB has paid an additional VAT for 2013–2018 according to STA's claim and appealed the ruling to the Court of Appeal. The Court of Appeal issued a negative ruling on June 28, 2018 which the Company appealed to the Supreme Administrative Court during August, 2018. The Supreme Administrative Court has not yet made its final decision. VAT for the period 2013 to 2018 of USD 4.9 mln have been taken into the accounts as operating expenses per December 31, 2018 in the Group's Income statement.

Note 22
Shares in subsidiaries

Parent Company

	Country	Number of shares	Share of capital and votes, %	Book value Dec 31, 2018 USD thousand	Book value Dec 31, 2017 USD thousand
Vostok New Ventures (Cyprus) Limited	Cyprus	150,000	100	84,389	84,389
Other subsidiaries of the Group					
Vostok New Ventures AB	Sweden	1,000	100		
Vostok Co-Investment Coöperatief B.A	The Netherlands	N/A			
Total				84,389	84,389

All the companies are included in the consolidated financial statements, except Vostok Co-Investment Coöperatief B.A. which is a special purpose vehicle to own shares in some portfolio companies.

Note 23
Employee benefit expense

	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Wages and salaries	2,268	2,130	423	350
Social security costs	1,273	1,012	626	393
Pensions costs	265	241	–	–
Other employee benefit expenses	2,030	1,214	2,019	1,203
Total employee benefit expense	5,836	4,597	3,068	1,946

	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Salaries and other remunerations to the management and the Board of Directors of the parent and its subsidiaries	3,792	3,150	2,152	1,415
Salaries and other remunerations to other employees	759	423	290	139
Total salaries	4,552	3,573	2,442	1,553

Decisions regarding remuneration to managers are made by the Board of Directors. 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 6 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. The average number of persons employed by the Group during the year, excluding members of the Board of Directors, was 7 (5), of which 3 (3) were men. The average number of persons in the management was 3 (3), of which 2 were men (2).

Group 2018

	Base salaries/ board fee	Variable compensations	Pension expenses	Shares based compensations	Total
Lars O Grönstedt	150	–	–	–	150
Josh Blachman	69	–	–	–	69
Victoria Grace	68	–	–	–	68
Ylva Lindquist	68	–	–	–	68
Keith Richman	69	–	–	–	69
Per Brilioth	470	372	101	1,055	1,997
Other management and board members of subsidiaries	398	196	104	674	1,372
Total	1,290	568	205	1,729	3,792

Group 2017

	Base salaries/ board fee	Variable compensations	Pension expenses	Shares based compensations	Total
Lars O Grönstedt	133	–	–	–	133
Josh Blachman	54	–	–	–	54
Victoria Grace	54	–	–	–	54
Ylva Lindquist	54	–	–	–	54
Keith Richman	54	–	–	–	54
Per Brilioth	478	515	101	649	1,743
Other management and board members of subsidiaries	381	154	106	415	1,057
Total	1,209	669	207	1,065	3,150

Parent 2018

	Base salaries/ board fee	Variable compensa-tions	Pension expenses	Shares based com-pensations	Total
Lars O Grönstedt	150	–	–	–	150
Josh Blachman	69	–	–	–	69
Victoria Grace	68	–	–	–	68
Ylva Lindquist	68	–	–	–	68
Keith Richman	69	–	–	–	69
Per Brilioth	–	–	–	1,055	1,055
Other management and board members of subsidiaries	–	–	–	674	674
Total	423	–	–	1,729	2,152

Parent 2017

	Base salaries/ board fee	Variable compensa-tions	Pension expenses	Shares based com-pensations	Total
Lars O Grönstedt	133	–	–	–	133
Josh Blachman	54	–	–	–	54
Victoria Grace	54	–	–	–	54
Ylva Lindquist	54	–	–	–	54
Keith Richman	54	–	–	–	54
Per Brilioth	–	–	–	649	649
Other management and board members of subsidiaries	–	–	–	415	415
Total	350	–	–	1,065	1,415

Bonuses were paid out during 2018 in recognition of successful transactions in several portfolio companies during 2017.

The managing director has a defined contribution pension plan, according to the Group's pension policy which is based on Swedish ITP-standards. The Group has no further obligations once the contributions have been paid. The contributions are recognized as employee benefit pension expense in profit or loss when they are due. The pension is not tied to the managing director's employment and is based on the managing director's base salary. All other employees also have defined contribution pension plans, according to the Group's pension policy which is based on Swedish ITP-standards.

The 2010 Incentive Program

The Annual General Meeting held on May 5, 2010 decided in accordance with the proposal from the Board of Directors to adopt an incentive program (the "2010 Incentive Program") entitling present and future employees to be allocated call options to acquire shares represented by Swedish Depositary Receipts in Vostok New Ventures Ltd. The terms of the 2010 Incentive Program were subsequently adjusted to reflect the results of the Share Split and Mandatory Redemption Programs concluded in October 2012 and June 2013 and again in July 2015 in connection with the spin-off of Vostok Emerging Finance Ltd. Adjusted figures are shown below, with original terms in parentheses.

The 2010 Incentive Program is governed by the following terms and conditions:

Principal Conditions and Guidelines

- The exercise price for the Options shall correspond to 120 percent of the market value of the Swedish Depositary Receipts at the time of the granting of the Options.
- The Options may be exercised during an exercise period of one month starting three years from the time of the granting.
- For employees resident outside of Sweden, 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.
- 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 Options granted under this option (b) 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 Company or by other Group companies.

Preparation and Administration

The Board of Directors, or a designated committee appointed by the Board of Directors, shall be authorized to determine the detailed terms and conditions for the Options in accordance with the principal conditions and guidelines set forth above. The Board of Directors may make necessary adjustments to satisfy certain regulations or market conditions abroad. The Board of Directors 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 scheme would no longer be appropriate.

Allocation

The incentive scheme is proposed to include granting of not more than 5,115,600 (originally 2,000,000) options. Allocation of Options to the Managing Director shall not exceed 2,557,800 (originally 1,000,000) Options and allocation to each member of the executive management or to other key employees shall not exceed 1,023,120 (originally 400,000) Options.

The allocation of Options shall be decided by the Board of Directors (or by the Compensation Committee), 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 employees will not initially be offered the maximum allocation of Options and a performance-related allocation system will be maintained since allocation of additional Options within the mandate given by the General Meeting will require fulfilment of stipulated requirements and targets. The Compensation Committee shall be responsible for the evaluation of the performance of the employees. The outcome of stipulated targets shall, if possible, be reported afterwards.

Directors who are not employed by the Group shall not be able to participate in the scheme.

Bonus for employees resident in Sweden under option (b)

In order to stimulate the participation in the scheme by employees resident in Sweden electing option (b) above, the Company intends to 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. In order to emulate the vesting mechanism offered by the employment requirement under option (a) above, 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 scheme includes an element of risk.

Dilution and costs

A total of 5,115,600 (originally 2,000,000) options were authorized under the 2010 Option Program. A total of 100,000 options are currently outstanding. If all options are fully exercised, the holders will acquire shares represented by Swedish Depositary Receipts corresponding to a maximum of approximately 0.12 percent of the share capital as at December 31, 2018. The proposed number of Options was chosen to meet allocation requirements for the subsequent couple of years, also taking into account possible future recruitment needs.

The total negative cash flow impact for the bonus payments described above is estimated to approximately SEK 20,000,000 over the life of the incentive scheme, 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 maturity of the Options.

Other costs for the incentive scheme, including fees to external advisors and administrative costs for the scheme are estimated to amount to approximately SEK 250 thousand for the duration of the Options.

Purpose

The purpose of the incentive scheme is to create conditions that will enable the Company to retain and recruit competent employees to the Group as well as to promote long-term interests of the Company by offering its employees the opportunity to participate in any favourable developments in the value of the Company. The Board of Directors is of the opinion that the adoption of an incentive scheme is particularly justified given the absence of any variable bonus scheme for the employees in the Company.

Current Status of the 2010 Incentive Program

A total of 1,717,380 (originally 705,000) out of the 5,115,600 options authorized under the 2010 Incentive Program were issued to employees in 2010 and 2011. Of these, a total of 1,495,500 options, entitling to the purchase of 1,693,020 SDRs with a strike price of SEK 12.83 (originally 31.41) matured and were exercised in August 2013, and the remaining 21,000, entitling to the purchase of 24,360 at a strike price of SEK 19.18 (originally 46.94) matured and were exercised in June, 2014. A total of 1,218,000 (originally 1,160,000) out of the remaining 3,312,351 (originally 3,154,620) call options available for issue under the same program were issued to employees in 2013, of which 525,000 (originally 500,000) to the Managing Director, and exercised in December, 2016.

A total of 100,000 out of the remaining 2,094,351 were issued to employees in 2016. These have a strike price of SEK 58.19 and mature in July 2019. All employees chose to purchase their awarded options at fair market value, under option (b) above.

	Issued 2016	Total Dec 31, 2018
Management and board members of subsidiaries		
Other	100,000	100,000
Total	–	100,000
Strike price, SEK[1]		58.19
Market value per option at the time of issue, SEK[2]		10.56
Option life		June 7, 2016–July 31, 2019
Exercise period		June 1, 2019–July 31, 2019

1. The strike price for the options was calculated as 120% of the average last paid price of the ten trading days leading up to the day of issue in line with the rules of the 2010 Incentive Program.
2. The market value at the time of issue was calculated with the help of the Black & Scholes options valuation model. The significant inputs into the model were share price at the grant date, exercise price, standard deviation of expected share price returns based on an analysis of historical share prices, option life; and the Swedish market interest rate at the grant date. The original value as calculated on the date of grant and based on original number of options was SEK 7.46. The significant inputs into the model were a share price of SEK 50.75, a volatility of 37.5%, a dividend yield of 0%, an expected option life of three years and an annual risk-free interest rate of -0.38%.

Movements in the number of share options outstanding and their weighted average prices are as follows:

	Average exercise price in SEK/share	Options Dec 31, 2018	Options Dec 31, 2017
At opening balance day	58.19	100,000	100,000
Modified	–		–
Forfeited	–		–
Exercised	–		–
Granted	–		–
At closing balance day	58.19	100,000	100,000

Out of the 100,000 options (2017: 100,000) 0 options (2017: 0) were exercisable.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

	Exercise price, SEK	Options Dec 31, 2018	Options Dec 31, 2017
July 2019	58.19	100,000	100,000
At the end of the financial year		100,000	100,000

Share-based incentive program (LTIP 2016)

At the 2016 Annual General Meeting held on May 17, 2016, it was resolved to implement a share-based long-term incentive program for management and key personnel in the Vostok New Ventures Group. The program runs from January 1, 2016 through the day of release of the Company's interim report for the period January 1 through March 31, 2019, and encompasses a maximum of 430,000 shares, corresponding to a dilution of 0.59% of the total number of shares outstanding. Program participants purchase shares in the company, and for each purchased share is entitled to receive a number of additional shares, so-called performance shares, free of charge, subject to fulfillment of a performance condition set by the Board of Directors on the basis of the Company's Net Asset Value. Pursuant to IFRS 2, the costs for the program will be reported over the profit and loss statement as from allocation and up until the expiry of the program performance measurement term (August 31, 2016 through December 31, 2018).

The rights to receive shares automatically convert into ordinary shares (Swedish Depository Receipts) 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 rights at grant date was estimated by taking the market price of the company's shares on that date which was SEK 64.25 (USD 7.52) per share without adjustment for any dividends that will not be received by the participants on their rights during the vesting period.

Total expenses, excluding social taxes, arising from share-based payment transactions recognised during the period as part of employee benefit expense were MUSD 0.69 (2017: 0.68).

The Board of Directors has determined 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), meets the so-called target level, whereby each savings share held by program participants throughout the vesting period (until March 31, 2019) will result in an allocation of five performance shares free of charge.

Share-based incentive program (LTIP 2017)

At the 2017 Annual General Meeting held on May 16, 2017, it was resolved to implement a share-based long-term incentive program for management and key personnel in the Vostok New Ventures Group. The program runs from January 1, 2017 through the day of release of the Company's interim report for the period January 1 through March 31, 2020, and encompasses a maximum of 450,000 shares, corresponding to a dilution of 0.53% of the total number of shares outstanding. Program participants purchase shares in the company, and for each purchased share is entitled to receive a number of additional shares, so-called performance shares, free of charge, subject to fulfilment of a performance condition set by the Board of Directors on the basis of the Company's NAV. Pursuant to IFRS 2, the costs for the program will be reported over the profit and loss statement as from allocation and up until the expiry of the program performance measurement term (May 16, 2017 through December 31, 2019).

The rights to receive shares automatically convert into ordinary shares (Swedish Depository Receipts) 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 rights at grant date was estimated by taking the market price of the company's shares on that date which was SEK 72.50 (USD 8.25) per share without adjustment for any dividends that will not be received by the participants on their rights during the vesting period.

Total expenses, excluding social taxes, arising from share-based payment transactions recognised during the period as part of employee benefit expense were MUSD 0.70 (2017: 0.45).

Share-based incentive program (LTIP 2018)

At the 2018 Annual General Meeting held on May 16, 2018, it was resolved to implement a share-based long-term incentive program for management and key personnel in the Vostok New Ventures Group. The program runs from January 1, 2018 through the day of release of the Company's interim report for the period January 1 through March 31, 2021, and encompasses a maximum of 510,000 shares, corresponding to a dilution of 0.60% of the total number of shares outstanding. Program participants purchase shares in the company, and for each purchased share is entitled to receive a number of additional shares, so-called performance shares, free of charge, subject to fulfilment of a performance condition set by the Board of Directors on the basis of the Company's NAV. Pursuant to IFRS 2, the costs for the program will be reported over the profit and loss statement as from allocation and up until the expiry of the program performance measurement term (May 16, 2018 through December 31, 2020).

The rights to receive shares automatically convert into ordinary shares (Swedish Depository Receipts) 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 rights at grant date was estimated by taking the market price of the company's shares on that date which was SEK 74.70 (USD 8.59) per share without adjustment for any dividends that will not be received by the participants on their rights during the vesting period.

Total expenses, excluding social taxes, arising from share-based payment transactions recognised during the period as part of employee benefit expense were MUSD 0.52 (2017:-).

Note 24
Related-party transactions

The Group has identified the following related parties: Key Management and Board of Directors, including members of the Board and Management, and members of the Board of subsidiaries.

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

	Operating expenses		Current liabilities	
	2018	2017	2018	2017
Key management and Board of Directors[1]	-3,558	-2,950	–	–

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

Management has purchased Vostok New Ventures Ltd senior secured bond 2018/2022 during 2Q 2018 for USD 0.22 mln (SEK 2 mln) and owns USD 0.22 mln (SEK 2 mln) per December 31, 2018.

The costs for the long-term incentive programs (LTIP 2016, LTIP 2017 and LTIP 2018) for the management amounted to USD 1.74 mln, excluding social taxes. See details of the LTIP 2016, LTIP 2017 and LTIP 2018 in Note 23.

Subsidiaries

The parent company, Vostok New Ventures Ltd, has related-party transactions with its subsidiaries: the Cypriot subsidiary Vostok New Ventures (Cyprus) Limited; and a Swedish subsidiary, Vostok New Ventures AB. The parent company's business is to act in the holding company of the Group and therefore own, manage and finance the holding in its wholly owned Cypriot subsidiary, Vostok New Ventures (Cyprus) Limited. The Swedish subsidiary provides information and support services to the parent company.

Parent Company

	Dec 31, 2018	Dec 31, 2017
Loan receivables	256,965	206,303
Interest income	13,807	11,605
Current liabilities	-719	-1,165
Operating expenses	-3,568	-3,413

Note 25
Events after the reporting period

On January 25, 2019, Vostok New Ventures announced it had sold all its shares in Avito for a total consideration of USD 540 mln.

On January 28, 2019, Vostok gave notice of a Special General Meeting to be held on February 14, 2019, to resolve the Board of Directors' proposal to transfer USD 236 mln (SEK 25 per SDR) to its shareholders through a mandatory redemption program.

On January 28, 2019, the Company announced an early redemption of all outstanding bonds of series 2017/2020 and series 2018/2022.

On January 29, 2019, Vostok New Ventures announced that the Company's Board of Directors had resolved on a renewed mandate to repurchase SDRs. After the end of the period Vostok New Ventures repurchased an additional 7,316,101 SDRs. As per March 27, 2019, the number of outstanding shares (SDRs), excluding 8,442,053 repurchased SDRs, was 77,246,256.

After the end of the year, Vostok New Ventures has made an investment of USD 7 mln in Shohoz, a fast growing ride-sharing service in Bangladesh, and two follow-on investments of in total USD 10.1 mln in VOI Technology.

Note 26
Adoption of annual report

The annual report has been submitted by the Board of Directors on March 27, 2019, see page 86. The balance sheet and profit and loss accounts are to be adopted by the company's shareholders at the annual general meeting on May 15, 2019.

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 operations.

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.

The Statutory Corporate Governance and the other parts of the Annual Report of the Group provides a fair review of the development of the Group's operations, financial position and results of operations and describes material risks and uncertainties facing the companies included in the Group.

Hamilton, Bermuda, March 27, 2019

Lars O Grönstedt
Chairman

Josh Blachman
Board member

Victoria Grace
Board member

Ylva Lindquist
Board member

Keith Richman
Board member

Per Brilioth
Managing Director and Board member

Independent Auditor's Report

To the annual general meeting of Vostok New Ventures Ltd.

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 New Ventures Ltd. for the year 2018. The consolidated financial statements and the parent company financial statements are included on pages 60–86 in this document.

In our opinion, Vostok New Ventures 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, 2018, 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 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 section of our report.

We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sweden, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Our audit approach

Audit scope

Vostok New Ventures Ltd. is an investment company where the main part of the assets comprise investments in non-quoted private equity companies. The parent company is incorporated in Bermuda with subsidiaries incorporated in Cyprus and Sweden. Audit procedures related to the group and parent financial statements are solely performed by the group audit team. Specialists within the PwC-network are involved where appropriate.

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements and the parent company financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements and parent company financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements or the parent company financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements and the parent company financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Valuation of private equity investments The valuation of private equity investments at fair value is significant for the Group's financial statements as a major part of the Group's Net Asset Value comprises non-quoted investments in private equity companies. At December 31, 2018, these investments had a carrying value of USD 932 million, representing 96% of total assets. The fair value of non-quoted investments is 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. The choice of valuation technique for each non-quoted investment is based on management's judgement at the closing date. For transaction based valuations, each transaction has to be evaluated by management to determine if the transaction reflects the fair value on the closing date. Investments valued by valuation models require significant input of non-observable data and management assumptions. Due to the complexity in the valuations there is a risk of material misstatement for these investments. The selected valuation methods and significant assumptions used for each investment are presented in note 4 to the financial statements. The development of the Net Asset Value is also the basis for management compensation from the long-term share based incentive program described in note 23.	Our audit procedures included assessing management's valuation process for non-quoted investments and management's selection of valuation method for each investment. Valuation specialists has been involved in the audit of the major investments. Valuations based on recent transactions were evaluated by obtaining and analyzing supporting documents to assess if the transaction may be used as reasonable assessment of fair value by the closing date, including assessment of transaction parties, size of the transactions and other relevant transaction terms. We have also evaluated management's assessment of events after the transaction date, including both company specific events and macro-economic events, to conclude if these are reflected in the valuations. Valuations based on models have been evaluated by confirming input data from external sources as well as evaluating management's assumptions in the valuation models and performing sensitivity analyzes of these. Our audit also includes recalculations of the valuations and reconciliation of the final valuation to the financial statements, as well as auditing the overall presentation of the valuations in the notes to the financial statements.

Other information

Management is responsible for the other information. The other information comprises the pages 01–40 and 50–59, which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements and 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), 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Stockholm, March 27, 2019

PricewaterhouseCoopers AB

Ulrika Ramsvik
Authorized public accountant
Auditor in charge

Bo Hjalmarsson
Authorized public accountant

VOSTOK NEW VENTURES

Registered office
Vostok New Ventures Ltd
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Vostok New Ventures AB
Mäster Samuelsgatan 1, 1st floor
SE-111 44 Stockholm
Sweden
Phone +46 8 545 015 50
Fax +46 8 545 015 54

www.vostoknewventures.com
info@vostoknewventures.com