VOSTOK NEW VENTURES LTD

ANNUAL REPORT 2019

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FINANCIAL CALENDAR 2020

Interim report for the first three months	**April 29, 2020**
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Interim report for the first six months	**July 29, 2020**
Interim report for the first nine months	**November 4, 2020**
Financial accounts bulletin	**February 10, 2021**
Annual report 2020	**March 2021**

GLOSSARY

of terms and acronyms used in the annual report

AGM	Annual General Meeting
AI	Artificial Intelligence
bln	Billion
CAGR	Compound annual growth rate
CEE	Central and Eastern Europe
E	Estimate
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EV	Enterprise Value, i.e. stock exchange value + net liability
EUR	euro
GDP	Gross Domestic Product
GMV	Gross Merchandise Value
IRR	Internal Rate of Return
k	Thousand
KPI	Key Performance Indicator
LTIP	Long-Term Incentive Program
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
OECD	The Organisation for Economic Co-operation and Development
RUB	Russian Rubles
SDR	Swedish Depository Receipt
SEK	Swedish Kronor
UAE	United Arab Emirates
USD	United States Dollars
VNV or **the Company**	Vostok New Ventures Ltd
Y-o-Y	Year-on-Year

DEFINITIONS

Investment portfolio
Investment portfolio is defined as investment portfolio including liquidity management but excluding cash and cash equivalents.

Total investment portfolio
Total investment portfolio is defined as investment portfolio including cash and cash equivalents.

Managing Director's introduction

State of affairs

An annual report is supposed to summarize the year that we have just concluded but before we go into that a few words on the current state of affairs.

Visibility into the near term is as low as we have ever seen it. I think Russia in the autumn of 1998 is the only period of time when we have seen GDP evaporate in a manner close to what we are now witnessing on a much greater scale in the world. As a believer in the phrase that you cannot manage what you cannot measure, I hope that as we learn more about this virus on a daily basis we will be able to manage it, visibility will increase and the society and thus the economy will come back into life.

The effects on our portfolio are also clouded by the lack of visibility in the near term. Two important aspects stand out:

1) *The ability of the companies to manage the near-term environment.*

Here all of our larger holdings have been quick to step into a war mode, cutting costs aggressively. Also, even though as per above uncertainty is currently high, the bulk of our holdings are funded throughout the year. From where we stand now, for those that need funding over, say, the summer, we have liquidity to participate on a pro-rata basis. Generally, we also believe that our companies will emerge stronger relative to competition because of their agile operations, well-funded balance sheets and product portfolios.

2) *The effect on the attractiveness of our portfolio companies' products from the changes in society that this virus will undoubtedly bring about.*

Here I would endeavour to say that nearly all of our companies have products that benefit from these changes in society. Babylon Health is of course in a sweet spot, and if this company would have been listed it would have increased in value, as we have seen in the trading of it listed peers (all with less sophisticated products). In contrast, the mobility part of the portfolio faces a drop in demand as people move around less, but when society emerges from its lock-down (be it forced or voluntary), people will be more eager to travel by e-scooter than on a crowded tube or bus or, for long-distance travel, by the more controllable environment of a car than by train.

We build our net asset value by individual valuation of each single portfolio company. Given the current market volatility and increasing risk premiums, the total NAV as per March 31st is expected to be lower than the end of December 2019.

Finally, before we dive into the summary of 2019 below, every crisis is different but having been spent the last 25 years with a heavy emphasis of the portfolio in Russia, macro volatility is not new to us. I remember several patches of darkness. In 1994, 1998, 2001, 2008 and 2014, I probably forget some. Even though the ride has at times been very volatile, we have always come through on the other side. What have we learned? That it is important not to become paralysed but instead to be resolute in the decision-making. And to remember it is always darkest before dawn. I will see you all on the other side of this.

2019

2019 was a big year for us with:

- Sale of Avito at a 37% IRR over 11 years
- A USD 215 mln special dividend
- Some USD 54 mln in buy backs
- Early repayment of our 2017/2020 and 2018/2022 bonds of USD 91 mln
- Continuing support of our existing portfolio companies Babylon (USD 72 mln), VOI (USD 58 mln), Gett (USD 24 mln), OneTwoTrip (USD 7.4 mln)
- New investments of a total of USD 47 mln into SWVL, Dostavista, Monopoliya, Shohoz and JamesEdition
- Our NAV per share increased by some 30% adjusted for the SEK 25 redemption program during 2019, mainly driven by Babylon, BlaBlaCar and VOI

Equally important, we have gone from having some 62% in a single asset in Russia to having some 78% of the portfolio in five international names with either pan-European or global ambitions. We are not bearish about Russia as an investment market, and have in fact completed some new investments there during the previous year, but simply increasingly find deal flow with the most interesting risk reward characteristics in other geographies. I know we have been Vostok for the past 24 or so years but we may have

Per Brilioth, Managing Director.
Photo: Tobias Ohls.

come to the junction where we drop our dear old Russian sounding name.

And although we are confident and excited by the upside in our entire portfolio, which we think has the potential to deliver some 5x over 5 years, we also note that the majority of the portfolio (76%) is defined as late stage as it comes in the form of series C or later.

This quite profound change has also led to some churn in the cap table with around USD 200 mln changing hands over 2019 leading to a cap table with three US institutions collectively holding just over 50% of the outstanding shares.

Babylon

Babylon accomplished a lot in 2019, setting the stage for a very exciting 2020. Naturally the first close of USD 400 mln of a USD 550 mln round at USD 1.5 bln pre-money gave the company the funding to continue to build its products and to roll out in new geographies, with a special eye on the US. But during the past year the company also added nearly 1 mln registrations, which equates to one new member every 30 seconds. Babylon delivered 1.6 mln consultations with a health professional and 1.5 mln AI consultations.

One key feature of our investment into Babylon, which as you know focuses on business models with the potential of sustainable competitive by building high barriers to entry, is the company's ability to generate data. In the digital healthcare world, where AI is the future, owning the world's largest computer readable relevant digital medical database is building high barriers to entry. The player with the most data will produce the best diagnoses, which will in turn attract more customers, which will in turn generate more data, in turn further distancing the quality of the product from competition and so on. When we invested in Babylon, some 3 years ago this spring, the company had generated 300 mln data points. During the course of 2019 Babylon passed the 1 bln mark.

Finally in 2019, the monthly revenue in December was 10x from the year before. Albeit still at modest levels, we think revenues will do the same during 2020, setting up the company to provide visibility to the 5-year potential which we believe is annual revenues of some USD 1.5–2 bln.

Babylon launched their service in the US with Centene, one of the largest US Medicare insurance companies, through their brands Fidelis Care and Home State Health.

It is well covered that the US is the world's largest healthcare market, spending as much as 18% of their GDP on health care, but interestingly trailing other OECD nations (all spending less on as a % of GDP) in terms of health outcome. Also, the US spends only 5–7% of its healthcare on primary care, in comparison with 14% at the OECD average. For every dollar spent on primary care, it is estimated that USD 13 is saved on costs in specialty, emergency and inpatient care.

Hence the US is an *enormous* opportunity for Babylon. Centene alone is some 20 mln covered lives and is but one of several potential counterparties in this country.

An interesting datapoint for gauging the potential of Babylon's US business is the listed company Teledoc, Teledoc went from some USD 40 mln in revenues to USD 400+ mln in the scope of 5 years, now commanding a USD 10 bln market cap, up some 40% in 2020 alone reflecting the current revenue base is what Babylon should have the potential to get from one counterparty only. In addition, the Babylon product is at a completely different level in terms of technical sophistication.

Allowing ourselves a time frame of around 3–4 years, Babylon should be generating US revenues of at least the levels that Teledoc are producing today. With higher margins on the back of an AI-enabled product and larger addressable market, Babylon's US business alone should be worth in the order of some USD 10 bln. Add to this its European business and the large opportunity in Asia, where they are already up and running with Prudential in Malaysia and we should be looking at a USD 20 bln valuation of Babylon. 10x from today.

As of the 12 m 2019 report we are very happy to be able to include some operational KPIs from Babylon, starting off with the number of consultations with a medical professional, AI consultations and registrations for 2019 and comparing these with the figures from the previous year. The number of daily consultations during 4Q19 is also included in this annual report and the 12 m 2019 report. Going forward, we will continue to share these high level KPIs on a quarterly basis in our reporting.

BlaBlaCar

At BlaBlaCar we look forward to 2020 as the first full year of BlaBlaBus activity in Western Europe following the acquisition of bus marketplace Ouibus, and the integration of large-scale bus inventory in Russia & Ukraine following the acquisition of Busfor. Meanwhile the matching algorithms behind carpooling keep getting smarter, creating unrivalled geographical coverage across over 20 countries, whilst carpooling on commuting distances is reaching scale in France. In 2020 BlaBlaCar becomes a go-to marketplace for shared road travel with a unique enriched offer feeding the network effects of the platform. Meanwhile, countries outside of Western Europe and CEE where BlaBlaCar is also present, namely Brazil, Mexico, Turkey and India, still provide significant untapped potential.

Starting with the 12 m 2019 report we are happy to provide insight into the development of BlaBlaCar by sharing the operational KPI of the total number of passengers during the last quarter across all its platforms. During the fourth quarter of 2019 BlaBlaCar noted 20.7 mln passengers which is a 37.5% increase on the same quarter in 2018. This growth stems from:

- The growth of the long-distance carpooling segment globally
- The growth of long-distance buses through the acquisition of Ouibus (rebranded to BlaBlaBus) and its European expansion to Germany and Benelux
- The acceleration of short-distance carpooling with BlaBlaLines in France.

VOI

During 2019 we continued to support VOI and invested a further USD 30 mln in VOI, participating in a USD 85 mln round during the fourth quarter 2019. VOI is strengthening its position as the leader amongst the European e-scooter platforms with an accumulated number of rides of more than 15 mln, which is truly amazing given that they reached their first million rides in March of 2019!

Also in terms of revenues VOI stands out. Revenues grew year-on-year by 20–21x during the fall months. This was driven by an increased number of scooters but also by more rides per vehicle and higher revenue per ride. We are super excited for 2020 where we expect revenues to continue growing, albeit not at 20x…

The company has also seriously strengthened its team over these past 12 months. Mathias Hermansson (ex-CFO MTG and Veoneer) has joined as CFO, David Almström (ex-product head Ericsson China, Spotify and more) has joined as Head of Product, Hans Waagoe (ex-Uber Eats in NY) has joined as VP Market Operations and Caroline Palm (ex-CHRO Leo Vegas, Head of HR Serendipity) has joined as Head of HR.

Gett

Gett, the global leader in corporate on-demand transportation, has become operationally profitable in December 2019, with the Company reporting a positive consolidated all countries' EBITDA (before fixed and R&D costs), an enormous achievement in a sector which has become famous for its inability to show anything but losses.

The company has turned consolidated all countries' EBITDA positive at a group level and across each of its Transportation, Delivery, and Shuttle product lines. Gett is the first company in the sector to reach this milestone.

Gett launched one of the first-ever on-demand corporate travel services back in 2010 in Israel and won business from Google and Disney. Today, the company serves over 17,000 companies globally, including a third of the Fortune 500.

Gett offers corporate clients the unique ability to aggregate all their ground travel needs on one single booking platform, hosting a collection of local and global vendors, for on-demand ride-hailing, taxi, chauffeur and limousine services across 100 countries.

This news comes after Gett announced a strategic partnership with ride-hailing firm Lyft in November 2019, allowing Gett's corporate customers traveling in the United States to request rides through the Gett app and be matched with a driver on the Lyft network. This partnership will allow Gett to expand its reach across the United States, seamlessly serving its business clients on the Lyft network through Gett's SaaS platform for business travelers.

During 2019 we have paticipated in a number of smaller financings at Gett, investing a total of USD 23.6 mln during the course of the year.

Monopoliya

One of the new investments during 2019 that I think think is worth highlighting is Monopoliya which we closed during the fourth quarter 2019, putting a total of USD 9.4 mln in exchange for 9.1% of Monopoliya. Monopoliya is one of Russia's largest and fastest growing trucking companies, actively expanding its marketplace business. They believe this has the potential to grow into a USD 500 mln valuation – which we believe is a conservative estimate.

In 2018, the company generated some USD 200 mln in revenue (2x from 2017) at a 13% EBITDA margin. Currently 80% of the business is a result of their own truck fleet. However, 20%, and growing very fast, is from their marketplace business which naturally produces a much higher margin.

The trucking industry is one of the few very large industries which are yet to be digitalized and there are a number of emerging companies raising significant amount of money to disrupt this market. The closest peer to Monopoliya is Rivigo of India. The Indian market is of a similar size to the Russian one and Rivigo is some 3x of Monopoliya. Rivigo has recently raised USD 180 mln at a USD 1 bln valuation. The valuation difference here is reminiscent of the spread between Dostavista in Russia and Loggi in Brazil.

There is no sizeable competitor to Monopoliya in Russia and the first mover advantage, as well as access to long term capital, we know is of great importance.

Cohorts are too early to look at as the marketplace is growing 3x YoY and most of the truckers/shippers are new. On the demand side (shippers) the stickiness is very high, on the supply side (truckers) they just grow the number, which is required to ship the volume coming through the platform balancing supply/demand. Otherwise, even at this scale, marketplace is profitable on the operational level and growing very fast.

Investment portfolio

Portfolio structure – Net Asset Value

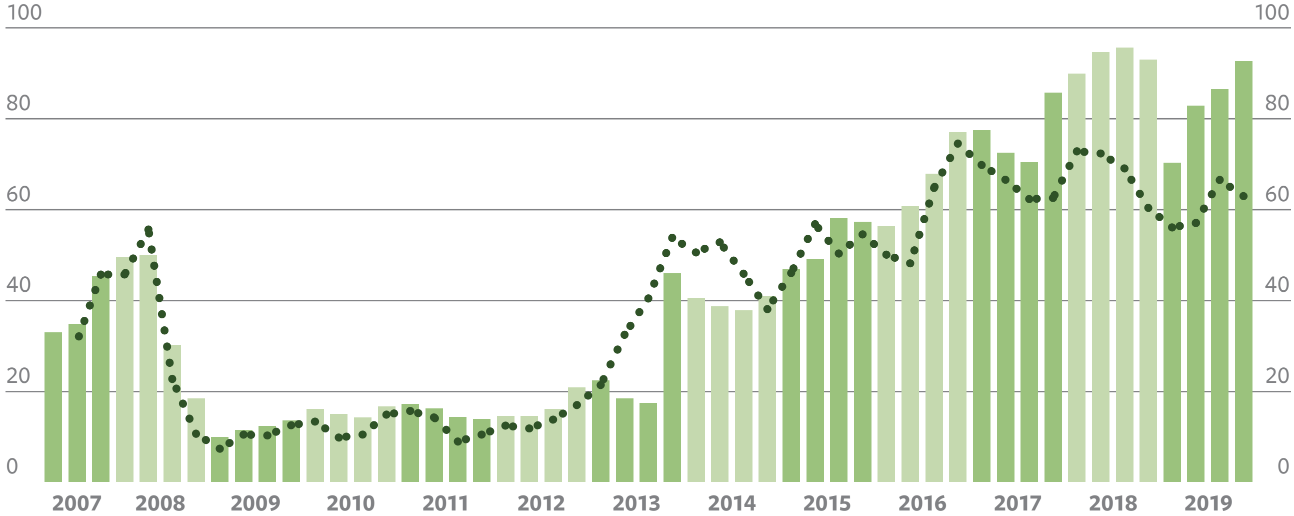
The investment portfolio stated at fair market value as at December 31, 2019, is shown below.

Category	Company	Fair value, USD thousand, Dec 31, 2019	Percentage weight	Share of total shares outstanding	Fair value, USD thousand, Dec 31, 2018	Valuation change per share (USD), 2019	Valuation method	
Mobility	BlaBlaCar	209,454	24.6%	8.7%	157,695	+24%	Revenue multiple	[1]
Dgtl Health	Babylon	200,000	23.5%	10.8%	21,884	+543%	Latest transaction	[1]
Mobility	VOI	102,434	12.1%	32.7%	10,832	+202%	Latest transaction	[1]
Mobility	Gett	74,853	8.8%	5.3%	55,359	-7%	Revenue multiple	[1]
Classifieds	Property Finder	47,883	5.6%	9.8%	39,985	+20%	Revenue multiple	[1]
Mobility	OneTwoTrip	28,653	3.4%	21.1%	16,548	+23%	Revenue multiple	[1]
Classifieds	Hemnet[3]	25,845	3.0%	6.1%	14,178	+82%	EBITDA multiple	[1]
Mobility	SWVL	16,002	1.9%	10.1%	–	–	Latest transaction	[1]
Classifieds	Booksy	12,931	1.5%	11.8%	5,990	+50%	Latest transaction	[1]
Mobility	Dostavista	11,561	1.4%	15.9%	–	–	Latest transaction	[1]
Classifieds	Monopoliya	9,372	1.1%	9.1%	–	–	Latest transaction	[1]
Classifieds	El Basharsoft (Wuzzuf and Forasna)	8,630	1.0%	23.7%	4,737	+82%	Revenue multiple	[1]
Classifieds	Merro	7,652	0.9%	22.6%	7,761	-1%	Mixed	[1]
Classifieds	Wallapop	7,347	0.9%	2.4%	9,950	-26%	Revenue multiple	[1]
Mobility	Shohoz	7,004	0.8%	15.5%	–	–	Latest transaction	[1]
Classifieds	Housing Anywhere	6,366	0.7%	26.2%	6,227	-2%	Latest transaction	[1]
Other	YouScan[4]	3,867	0.5%	20.9%	2,347	+65%	Revenue multiple	[1]
Dgtl Health	DOC+	3,556	0.4%	26.7%	4,000	-77%	Revenue multiple	[1]
Classifieds	Naseeb Networks (Rozee and Mihnati)	3,528	0.4%	24.3%	3,808	-7%	Revenue multiple	[1]
Classifieds	JamesEdition	3,359	0.4%	27.6%	–	+1%	Latest transaction	[1,2]
Dgtl Health	Vezeeta	3,156	0.4%	9.0%	3,156	–	Latest transaction	[1]
Classifieds	Agente Imóvel	2,800	0.3%	27.3%	2,999	-7%	Revenue multiple	[1]
Dgtl Health	Yoppie	1,481	0.2%	37.0%	–	–	Latest transaction	[1]
Classifieds	Shwe Property	1,435	0.2%	11.7%	500	+48%	Latest transaction	[1]
Dgtl Health	Grace Health	1,073	0.1%	14.3%	–	+3%	Latest transaction	[1,2]
Dgtl Health	Numan	1,064	0.1%	9.9%	–	+2%	Latest transaction	[1,2]
Classifieds	JobNet	719	0.1%	3.8%	500	+44%	Revenue multiple	[1]
Classifieds	Dubicars	508	0.1%	6.8%	348	–	Latest transaction	[1]
Classifieds	CarZar	451	0.1%	16.4%	3,000	-85%	Model valuation	[1]
Other	Marley Spoon	168	0.0%	0.6%	316	-47%	Listed company	[1]
Mobility	Busfor	–	–	–	8,604	–	Latest transaction	[1]
Classifieds	Avito	–	–	–	539,874	–	Latest transaction	[1]
Classifieds	Inturn, convertible debt	5,062	0.6%		–	+1%	Convertible	[1,2]
Dgtl Health	Numan, convertible debt	1,332	0.2%		1,012	+11%	Convertible	[1,2]
Classifieds	Housing Anywhere, convertible debt	562	0.1%		–	+1%	Convertible	[1,2]
Classifieds	Naseeb Networks, convertible debt	212	0.0%		–	+6%	Convertible	[1,2]
Dgtl Health	Babylon, convertible debt	–	–		9,227	–	Convertible	[1]
Classifieds	Booksy, convertible debt	–	–		1,000	–	Convertible	[1]
Other	Liquidity management	20,660	2.5%		644			[1]
	Investment portfolio	**830,982**	**97.8%**		**932,482**			
Other	Cash and cash equivalents	18,855	2.2%		40,303			
	Total investment portfolio	**849,837**	**100.0%**		**972,785**			
	Borrowings	-68,582			-93,944			
	Other net receivables/liabilities	-4,271			-2,132			
	Total NAV	**776,984**			**876,709**			

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. Indirect holding through YSaphis S.A. and Sprints Capital Rob R Partners S.A.
4. Reflects VNV's indirect shareholding in YouScan through a 33.2% holding in Kontakt East Holding AB, which owns 63% of YouScan.

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

May 2007–December 2019 (SEK/SDR)



The Group's net asset value as at December 31, 2019, was USD 776.98 mln, corresponding to USD 9.94 per share. Given a SEK/USD exchange rate of 9.3171 the values were SEK 7,239.24 mln and SEK 92.63 respectively.

The group's net asset value per share in USD increased by 30.0% over the year 2019, adjusted for the SEK 25 redemption program concluded on March 14, 2019. During the same period the MSCI Emerging Markets index increased by 15.4% in USD terms.

Major portfolio events during 2019 were investments in new portfolio companies: SWVL (USD 16.0 mln), Dostavista (USD 11.6 mln), Monopoliya (USD 9.4 mln), Shohoz (USD 7.0 mln), Inturn (USD 5.0 mln) and a number of other smaller new investments. Investments were also made in existing portfolio companies: Babylon (USD 72.3 mln), VOI (USD 58.0 mln), Gett (USD 23.6 mln), OneTwoTrip (USD 7.4 mln), among others. During 2019, VNV exited Busfor to BlaBlaCar in a shares for share transaction resulting in an increased exposure to BlaBlaCar.

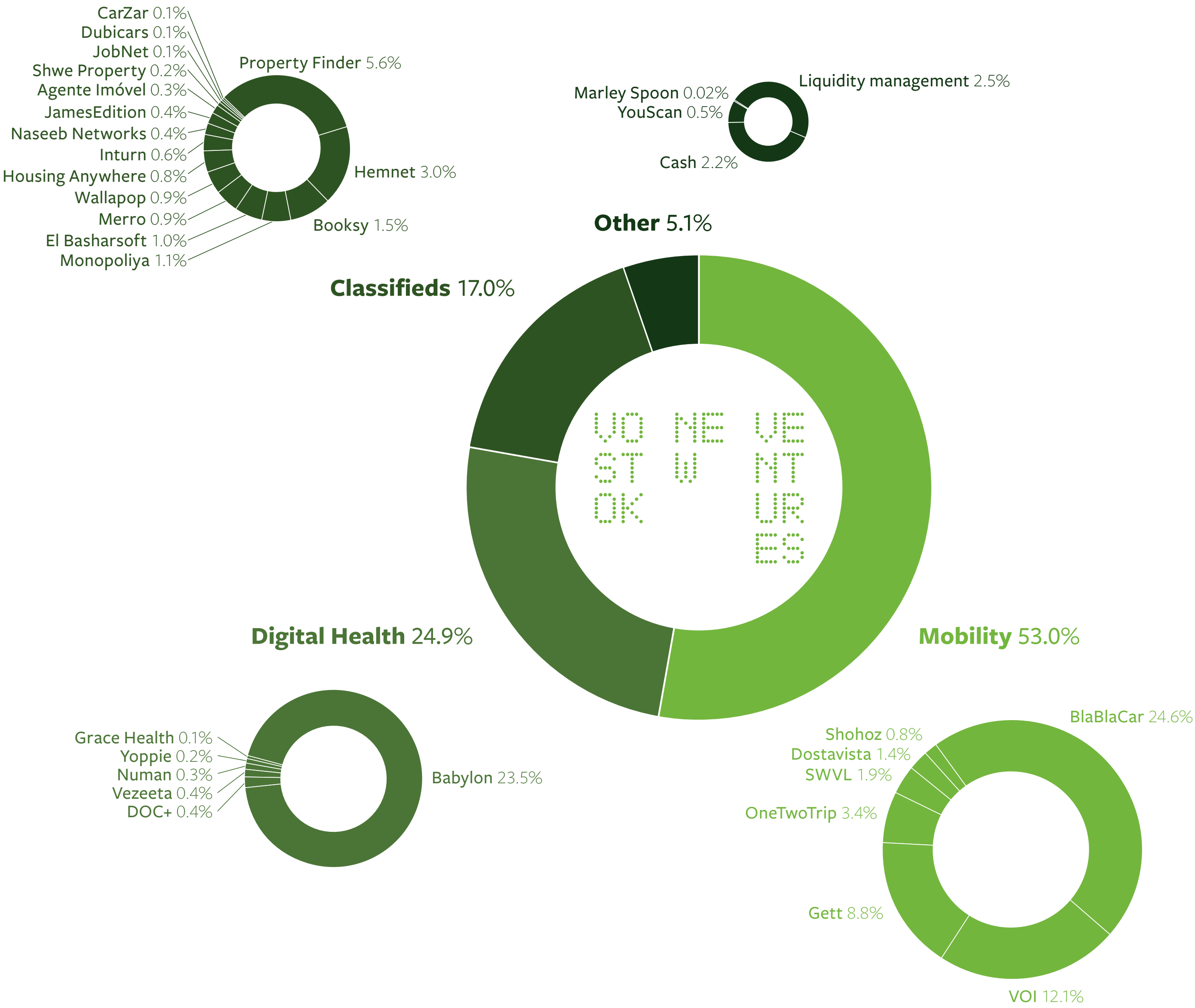
During 2019, VNV sold all its shares in Avito for a total consideration of USD 540 mln. The transaction implied a total equity valuation of Avito of USD 4 bln. Following the sale of Avito in early 2019 the Company announced an early redemption of all outstanding bonds of series 2017/2020 and series 2018/2022. Also following the sale of Avito, VNV distributed SEK 25 per share (USD 215.3 mln) through a mandatory split and redemption program that was resolved at a Special General Meeting on February 14, 2019 and concluded on March 14, 2019.

At the end of December, 2019, the four biggest investments were BlaBlaCar (24.6%), Babylon (23.5%), VOI (12.1%) and Gett (8.8%).

Portfolio overview by category (December 31, 2019)

Category	Company	Fair value, USD mln	Percentage weight	Year of initial investment
Mobility	BlaBlaCar	209.5	24.6%	2015
	VOI Technology	102.4	12.1%	2018
	Gett	74.9	8.8%	2014
	OneTwoTrip	28.7	3.4%	2015
	SWVL	16.0	1.9%	2019
	Dostavista	11.6	1.4%	2019
	Shohoz	7.0	0.8%	2019
Digital Health	Babylon	200.0	23.5%	2017
	DOC+	3.6	0.4%	2018
	Vezeeta	3.2	0.4%	2016
	Numan	2.4	0.3%	2018
	Yoppie	1.5	0.2%	2019
	Grace Health	1.1	0.1%	2019
Classifieds	Property Finder	47.9	5.6%	2015
	Hemnet	25.8	3.0%	2016
	Booksy	12.9	1.5%	2018
	Monopoliya	9.4	1.1%	2019
	El Basharsoft (*Wuzzuf and Forasna*)	8.6	1.0%	2015
	Merro	7.7	0.9%	2014
	Wallapop	7.3	0.9%	2015
	Housing Anywhere	6.9	0.7%	2018
	Inturn	5.1	0.6%	2019
	Naseeb Networks (*Rozee and Mihnati*)	3.7	0.4%	2015
	JamesEdition	3.4	0.4%	2019
	Agente Imóvel	2.8	0.3%	2017
	Shwe Property	1.4	0.2%	2018
	JobNet	0.7	0.1%	2018
	Dubicars	0.5	0.1%	2018
	CarZar	0.5	0.1%	2017
Other	Liquidity management	20.7	2.5%	
	Cash and cash equivalents	18.9	2.2%	
	YouScan	3.9	0.5%	2014
	Marley Spoon	0.2	0.0%	2018
	Fair value	**849.84**		

The VNV investment portfolio (December 31, 2019)



BlaBlaCar

Mobility

Share of total portfolio: 24.6%

blablacar.com

2015 Year of initial investment	209.5 Total value (USD mln)
8.7% Share of total shares outstanding	+24% Value development 2019 (in USD)

BlaBlaCar is the world's leading long-distance carpooling platform – a global, trusted community of 89 million members in 22 countries. The platform connects people looking to travel long distances with drivers heading the same way, so they can travel together and share the cost. With the recent integration of a coach network and a commuter carpooling service, BlaBlaCar aims to become the go-to marketplace for shared road mobility. Affordable, convenient and user-friendly, wherever there's a road, there's a BlaBlaCar.

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, Brazil, Croatia, France, Germany, Hungary, India, Italy, Mexico, Poland, Portugal, Romania, Russia, Serbia, Spain, Turkey, Ukraine and the United Kingdom.

BlaBlaCar has during 2019 continued to grow, mainly driven by:

- The growth of the long-distance carpooling segment globally
- The growth of long-distance buses through the acquisitions of Ouibus (rebranded to BlaBlaBus) and Busfor, and its European expansion to Germany and Benelux
- The acceleration of short-distance carpooling with BlaBlaLines in France.

During the fourth quarter of 2019 BlaBlaCar noted 20.7 mln passengers which is a 37.5% increase on the same quarter in 2018.

During 2019, BlaBlaCar finalized the acqusition of Ouibus and launched BlaBlaBus and also acquired Busfor (another VNV portfolio company), the leading bus marketplace in Russia, Ukraine and CEE.

Since 2015, VNV has invested a total of USD 131 mln into BlaBlaCar.

As per December 31, 2019, VNV owns approximately 8.7% of BlaBlaCar on a fully diluted basis and the investment is valued on the basis of a EV/revenue valuation-model, that generates a value approximately 24% higher compared with the last transaction based valuation as per December 31, 2018.

2019 highlights

- Grew to 89 mln members at year end 2019
- 71% revenue growth in 2019
- Finalized acqusitions of Ouibus and Busfor
- Accelerated growth of BlaBlaLines in France, ending the year with 1.5 mln members

Members	2017 YE	2018 YE	2019 YE
BlaBlaCar	54.8 mln	71.3 mln	89.2 mln
BlaBlaLines	92 k	0.5 mln	1.5 mln

Babylon

Digital Health

Share of total portfolio: 23.5%

babylonhealth.com

2017
Year of initial investment

200.0
Total value (USD mln)

10.8%
Share of total shares outstanding

+543%
Value development 2019 (in USD)

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 a large team of scientists, clinicians, mathematicians and engineers to focus on combining the ever-growing computing power of machines, with the best medical expertise of humans. In 2017, Babylon launched GP at Hand, its service for the National Health Service (NHS) funded healthcare, in the UK. Babylon currently has over 70,000 registered members with "GP at Hand" in the UK, making it the third largest practice in the country. Babylon also runs a service in Rwanda with over 3 million members.

During 2019, Babylon completed the first close of USD 400 mln out of a USD 550 mln round at USD 1.5 bln pre-money which gave the company the funding to continue to build its products and to roll out in new geographies, with a special focus on the US. VNV participated in the funding round with an investment of USD 72.5 mln.

During 2019, the company also added nearly 1 mln registrations, which equates to one new member every 30 seconds. Babylon delivered 1.6 mln consultations with a health professional and 1.5 mln AI consultations.

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, 2019, the Babylon investment is valued at USD 200.0 mln, on the basis of the latest transaction in the company.

2019 highlights

- During 2019, Babylon did approximately 1.6 mln consultations with a health professional (patients within UK, Rwanda and Canada), compared to 585k in 2018 (UK and Rwanda only, as Canada was not live).
- Babylon also did 1.5 mln AI consultations in 2019, compared to 945k in 2018.
- As of year-end 2019, Babylon had 4.1 mln registrations worldwide, an increase from 2.6 mln members at the end of 2018 and becoming the fastest growing digital healthcare service ever
- In the UK, Babylon's "GP at Hand" services now have over 70k members making it the third largest practice in the country.

VOI Technology

Mobility

Share of total portfolio: 12.1%

voiscooters.com

2018
Year of initial investment

102.4
Total value (USD mln)

32.7%
Share of total shares outstanding

+202%
Value development 2019 (in USD)

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 has since rolled out across Europe. The company reached 15 mln accumulated rides towards the end of 2019.

During 2019, VOI raised further funding through an announced an USD 85 mln round in November 2019. During the year, VNV invested a further USD 58.0 mln and remains the company's largest individual shareholder.

VNV values its 32.7% stake in VOI Technology as per December 31, 2019, on the basis of the last transaction in the company which closed in November 2019.

2019 highlights

- Launched in 11 markets and 34 cities
- Reached 15 mln+ accumulated rides in Dec 2019
- 4 mln+ users
- 20–21x yoy revenue growth during the fall months
- Revenue growth driven by increase in # Scooters, more rides per vehicle and higher revenue per ride
- 500+ employees
- Key hires during 2019 includes CFO Mathias Hermansson (ex- CFO MTG and Veoneer), Head of Product David Almström and Hans Waagoe (ex-Uber Eats NY)

Gett

Mobility

Share of
total portfolio:
8.8%

gett.com

2014
Year of initial investment

74.9
Total value (USD mln)

5.3%
Share of total shares outstanding

-7%
Value development 2019 (in USD)

Gett is a global leader in corporate on-demand transportation and became operationally profitable in December 2019, with a positive consolidated all countries' EBITDA (before fixed and R&D costs).

The company has turned consolidated all countries' EBITDA positive at a group level and across each of its Transportation, Delivery, and Shuttle product lines. Gett is the first company in the sector to reach this milestone.

Gett launched one of the first-ever on-demand corporate travel services back in 2010 in Israel and won business from Google and Disney. Today, the company serves over 17,000 companies globally, including a third of the Fortune 500.

Gett offers corporate clients the unique ability to aggregate all their ground travel needs on one single booking platform, hosting a collection of local and global vendors, for on-demand ride-hailing, taxi, chauffeur and limousine services across 100 countries.

As per December 31, 2019, the Gett investment is valued at USD 74.9 mln, based on an EV/Revenue valuation-model. Gett raised further funding during 2019 from several existing investors in the company, including VNV that participated with USD 23.6 mln. The model-based valuation as per December 31, 2019 is 7.0% lower than the transaction-based valuation as per December 31, 2018.

2019 highlights

- 17,000+ active B2B clients
- 3,100+ larger corporate accounts
- Client portfolio growing with a 70% CAGR, adding between 400–500 new clients per month

Property Finder

Property Finder

Classifieds

Share of total portfolio: 5.6%

propertyfinder.ae

2015
Year of initial investment

47.9
Total value (USD mln)

9.8%
Share of total shares outstanding

+20%
Value development 2019 (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 almost 47 nationalities in its fold.

VNV 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, VNV 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 VNV participated with USD 3.9 mln.

As per December 31, 2019, VNV values its stake in Property Finder to USD 47.9 mln (USD 489 mln for the entire company) on the basis of an EV/revenue multiples valuation-model. This valuation represents a 20% increase in valuation compared to VNV's valuation as per December 31, 2018.

Group KPI development 2019

- Total page views are up 20% year on year
- Total sessions are up 42% year on year
- Total leads generated are up 23% year on year
- Total unique users are up 21% year on year

2019 highlights

- Appointed former Facebook VP Ari Kesioglu as President who will lead day-to-day operations at Property Finder
- Property Finder increased its stake in Zingat in Turkey to close to 40% during 2019
- During 2019, Property Finder acquired regional competitor JRD Group that owns and operates justproperty.com and PropSpace

OneTwoTrip

Mobility

Share of total portfolio: 3.4%

onetwotrip.com

2015
Year of initial investment

28.7
Total value (USD mln)

21.1%
Share of total shares outstanding

+23%
Value development 2019 (in USD)

OneTwoTrip (OTT) is serving the underpenetrated USD 19 bn Russian online 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.

VNV has invested a total of USD 21.0 mln in OTT and owns 21.1% of the company on a fully diluted basis. As per December 31, 2019, the company is valued based on an EV/revenue multiples valuation-model. The valuation is 23% higher than the transaction-based valuation as per year-end 2018.

2019 highlights

- Traffic: Cumulative mobile installs of 8+ mln
- Units: +16% overall growth and +42% mobile growth
- Non-avia (which is typically higher margin) products units: 35% railways growth, 55% hotels growth
- GMV (turnover): +28% overall growth
- Net revenue: +35% growth
- Share of non-avia products in revenue amounted to 25% in December 2019

hemnet

Hemnet

Classifieds

Share of total portfolio: 3.0%

hemnet.se

2016
Year of initial investment

25.8
Total value (USD mln)

6.1%
Share of total shares outstanding

+82%*
Value development 2019 (in USD)

* Including currency exchange differences.

Hemnet is Sweden's largest online property portal, founded in 1998, with 2.8 mln visitors each week to its mobile and desktop products. In 2019, 204k real estate listings were published on Hemnet, up 2.5% yoy. During 2018, the company generated revenue of SEK 373 mln (2017: 322) and EBITDA of SEK 138 mln (2017: 108). 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 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, 2019, VNV 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.

Key performance indicators 2019

- 204k total listings, up 2.5% yoy
- SEK 500 bn in aggregated property value (asking price)
- 85% mobile traffic
- 50,981 houses listed, down 1.2% yoy
- 99,260 apartments listed, up 0.5% yoy
- 3.1 mln visitors per week

SWVL

Mobility

Share of total portfolio: 1.9%

swvl.com

2019
Year of initial investment

16.0
Total value (USD mln)

10.1%
Share of total shares outstanding

–
Value development 2019 (in USD)

SWVL is a premium alternative to city transportation that connects commuters to bus lines through an app. The company started in Cairo and has grown massively in this very difficult city, whilst also expanding to Alexandria and now also Nairobi and Lahore and Karachi in Pakistan with additional markets on the roadmap. The public transportation system in each of these cities lacks efficiency, security and reliability and the taxi alternatives are too expensive for the middle class. The supply of buses is very poor, leading to very overcrowded buses as the only source of intra-city transportation for the middle class. SWVL offers a premium on demand bus service with third party supply. The algorithm plans the most efficient routes and the most efficient bus stops for peak hours, and more flexibility is possible during off peak hours. Network effects arise through the snowball of the more users that are attracted to the service, the more bus owners will want to offer their supply, the more bus supply the more routes etc., the more customers etc., etc. The technological heart is through the user experience (UX) in the app, the routing of buses in real time and perhaps most importantly the aggregation of data to plan future bus lines more efficiently. The overall technological complexity is higher than in ride hailing where a car is ‘simply’ dispatched to a certain place.

As per December 31, 2019, VNV values its investment in SWVL on the basis of the last transaction in June 2019 when VNV first invested.

booksy

Booksy*

Classifieds

Share of total portfolio: 1.5%

booksy.com

2018 Year of initial investment	**12.9** Total value (USD mln)
11.8% Share of total shares outstanding	**+50%** Value development 2019 (in USD)

* Indirect holding through Piton Capital.

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.

VNV invested USD 6 mln in Booksy through Piton Capital during 2018 and invested an additional USD 3.5 mln during 2019. As per December 31, 2019, the investment is valued on the basis of the transaction which closed 2Q19.

Dostavista

Dostavista

Mobility

Share of total portfolio: 1.4%

dostavista.global

2019 Year of initial investment	**11.6** Total value (USD mln)
15.9% Share of total shares outstanding	**–** Value development 2019 (in USD)

Dostavista targets the first and last mile delivery market. The solution of the delivery infrastructure of shopping on the internet is deliveries within the hour. Long distance delivery works well but first mile (out of the merchants' inventory) and last mile (into the hands of the receiver) is inefficient, fragmented, inconvenient and expensive. The product that Dostavista sells is essentially on demand logistics for SMEs where there is a delivery within 90 minutes or exactly on time. No more going to the local tobacco store after work to pick up what you ordered on the net or staying home the whole day to wait for a delivery.

Dostavista handles quality control through a system of scoring and rating. Clients rate couriers in a similar way to taxi services. The company also runs a system which scores couriers using many parameters, in a way similar to banks scoring of their customers. There are also customer service centers in every country that handle whatever problems or queries may arise. The company is present in 11 countries and has over 1 million registered couriers and offers delivery services within 90 minutes or precisely on time. Dostavista was founded by Mike Alexandrovskiy in 2012.

As per December 31, 2019, VNV values its investment in Dostavista on the basis of the last transaction in 2019 when VNV first invested.

Monopoliya

Classifieds

Share of total portfolio: 1.1%

monopoly.su

2019 Year of initial investment	9.4 Total value (USD mln)
9.1% Share of total shares outstanding	– Value development 2019 (in USD)

Monopoliya is one of Russia's largest and fastest growing trucking companies, actively expanding its marketplace business. In 2018, the company generated some USD 200 mln in revenue (2x from 2017) at a 13% EBITDA margin. Currently 80% of the business is generated from their own truck fleet. However, 20%, and growing very fast, is from their marketplace business which naturally produces a much higher margin.

The trucking industry is one of the few very large industries which are yet to be digitalized and there are a number of emerging companies raising significant amount of money to disrupt this market. There is no sizeable competitor to Monopoliya in Russia and the first mover advantage, as well as access to long term capital, we know is of great importance.

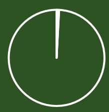
On the demand side (shippers) the stickiness is very high, on the supply side (truckers) they just grow the number, which is required to ship the volume coming through the platform balancing supply/demand.

As per December 31, 2019, VNV values its investment in Monopoliya on the basis of the last transaction in 2019 when VNV first invested.

El Basharsoft (Wuzzuf and Forasna)

Classifieds

Share of total portfolio: 1.0%



wuzzuf.net

forasna.com

2015 Year of initial investment	8.6 Total value (USD mln)
23.7% Share of total shares outstanding	+82% Value development 2019 (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.

As per December 31, 2019, VNV values its investment into el Basharsoft on the basis of an EV/revenue multiples valuation-model.

2019 highlights

- Wuzzuf and Forasna saw strong growth in 2019
- 5m+ jobseekers
- 40k+ employers
- Revenues grew roughly doubled during 2019
- Strong market leading position in terms of listings brands and traffic

Other investments

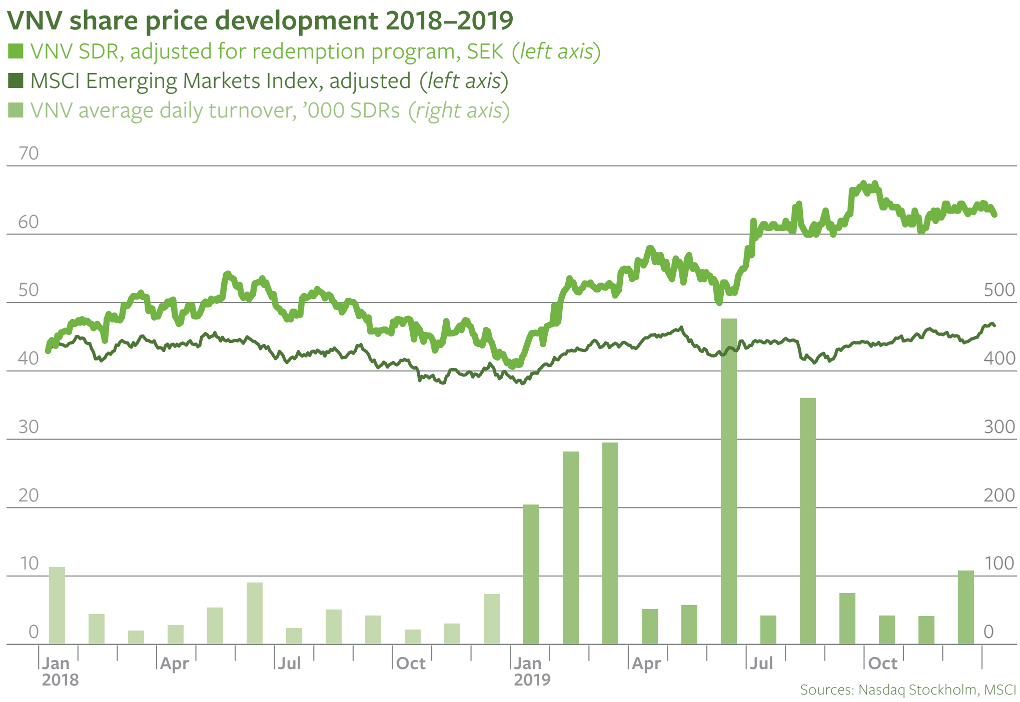
Below is a summary of the remaining investments in the VNV portfolio. Individually, each represents less than 1% of the total portfolio and together they represent approximately 7.4% of the total portfolio. See note 3 for more detailed information on these investments. Also, please see our website (vostoknewventures.com/investments) for further information.

Classifieds	Merro	
Classifieds	Wallapop	▶ wallapop.com
Mobility	Shohoz	▶ shohoz.com
Classifieds	Housing Anywhere	▶ housinganywhere.com
Other	YouScan	▶ youscan.io
Dgtl Health	DOC+	▶ docplus.ru
Classifieds	Naseeb Networks (*Rozee and Mihnati*)	▶ naseebnetworks.com
Classifieds	JamesEdition	▶ jamesedition.com
Dgtl Health	Vezeeta	▶ vezeeta.com
Classifieds	Agente Imóvel	▶ agenteimovel.com.br
Dgtl Health	Yoppie	▶ yoppie.com
Classifieds	Shwe Property	▶ shweproperty.com
Dgtl Health	Grace Health	▶ grace.health
Dgtl Health	Numan	▶ numan.com
Classifieds	JobNet	▶ jobnet.com.mm
Classifieds	Dubicars	▶ dubicars.com
Classifieds	CarZar	▶ carzar.co.za
Other	Marley Spoon	▶ marleyspoon.com
Classifieds	Inturn	▶ inturn.com

Liquidity management

The Company has investments in money-market funds, as part of its liquidity management operations. As per December 31, 2019, the liquidity management investments are valued at USD 20.66 mln (2018: 0.64), based on the latest NAV of each fund and bond’s market value.

The VNV share



Share classes

The Parent Company’s registered shares consists of the following numbers of shares:

Share class	Number of shares outstanding	Number of votes	Share capital, USD
SDR/ common shares	78,150,006	78,150,006	18,756,001
Plan shares/redeemable common shares	2,100,000	2,100,000	504,000
Total	**80,250,006**	**80,250,006**	**19,260,001**

SDR/common shares

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.

2019 Plan Shares/redeemable common shares

Within the framework of the new share-based long-term incentive program 2019 for management and key personnel in the VNV Group, participants subscribed for a new class of plan shares/redeemable common shares in the Company (“2019 Plan Shares”). Depending on the performance of both the Company’s Net Asset Value and of the Vostok New Ventures share price over the five-year measurement period (January 1, 2019 through December 31, 2023), the 2019 Plan Shares will be redeemed by the Company for a nominal amount or reclassified as ordinary common shares and represented by Swedish Depository Receipts, provided certain performance conditions have been fulfilled. The participants will be compensated for dividends and other value transfers to the shareholders. The participants are also entitled to vote for their 2019 Plan Shares during the measurement period.

Largest shareholders

The shareholder list below as per December 31, 2019, shows the ten largest owners at that time. The number of shareholders in VNV on December 31, 2019 amounted to around 10,300 (2018: 7,500).

	Owner	Holding, SDRs	Holding, percent
01	Acacia Partners *	19,580,000	25.1%
02	Armor Advisors LLC *	11,734,789	15.0%
03	Virtus KAR Funds *	9,111,589	11.7%
04	Swedbank Robur Funds	7,712,410	9.9%
05	T Rowe Price Funds *	2,683,191	3.4%
06	Fidelity Funds *	2,559,702	3.3%
07	TIN Funds	996,954	1.3%
08	Per Brilioth	901,650	1.2%
09	Catella Funds	885,983	1.1%
10	Avanza Pension	748,022	1.0%
	10 largest owners	56,914,290	72.8%
	Other	21,235,716	27.2%
	Total (common shares)	**78,150,006**	**100.0%**

* As per latest notification to the Company or latest regulatory filing (SFSA Changes in Shareholdings Notice).

Based on Euroclear Sweden AB data and holdings known to the Company. Excluding nominees.

The total number of shares in the table excludes 7,685,303 repurchased shares held by the Company and 2,100,000 redeemable common shares issued under LTIP 2019.

The market

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

Codes Assigned to the VNV Share

Recent and historic quotes for VNV's share are easily accessible on a number of business portals as well as via professional financial and real-time market data providers. Below are some of the symbols and codes under which the VNV 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

Events during the year

Share turnover

The average daily turnover during 2019 was 164,000 shares (2018: 48,000 shares). Trading has been conducted 100 percent of the time.

Split and mandatory redemption program

On January 25, 2019, VNV announced that an agreement had been entered into to sell its shareholding in Avito AB for a cash consideration of a total of USD 540 million. With the increased liquidity, the Company distributed SEK 25 per share (USD 215.3 mln) through a mandatory split and redemption program of 79,660,042 SDRs that was resolved at a Special General Meeting on February 14, 2019 and concluded on March 14, 2019.

Buy-back of own shares

With a view to limiting a possible net asset discount and maximizing shareholder value, the VNV articles of association provide that the Company may buy back its own shares. Such purchases may be made within the stipulated capital limits. During 2019, VNV has repurchased 7,393,301 SDRs under the Board's 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 Corporate Governance Report).

Share-based incentive programs

The Board of Directors determined on March 27, 2019 that the development of the Company's Net Asset Value over the performance measurement period of LTIP 2016, met the so-called target level. 316,050 shares and corresponding SDRs were distributed to the participants.

On April 10, 2019, the Board of Directors resolved to award the Managing Director of VNV, a short-term incentive of 517,900 shares and corresponding SDRs, following the succesful exit of Avito during January 2019.

In July 2019, the Company issued 147,000 new shares and corresponding SDRs in connection with the option program issued 2016 under its 2010 incentive program.

On August 22, 2019, a Special General Meeting in the Company resolved in accordance with the Board's proposal to adopt a new share-based long-term incentive program for a number of key employees within the VNV Group. The Company issued a total of 2,100,000 reclassifiable, subordinated common shares of par value of USD 0.24 each to the participants in the Company's 2019 long-term incentive program (LTIP 2019).

Dividends

No dividend has been proposed for the year.

Financial summary

Income statement in brief

(Expressed in USD thousands)	2019	2018	2017	2016	2015
Result from financial assets	203,825	-15,652	167,691	133,840	120,812
Dividend/coupon and other operating income	3,401	22,668	1,357	6,760	31,544
Operating expenses	-33,641	-13,253	-6,305	-6,666	-5,196
Operating result	**173,585**	**-6,238**	**162,743**	**133,934**	**147,160**
Net financial items	-9,667	1,496	-1,289	1,630	-1,911
Result before tax	**163,918**	**-4,743**	**161,454**	**135,563**	**145,250**
Tax	-241	-122	-68	-89	-68
Net result for the year	**163,677**	**-4,864**	**161,386**	**135,474**	**145,182**

Balance sheet in brief

(Expressed in USD thousands)	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Non-current fixed assets	1,080	203	53	48	–
Non-current financial assets	830,982	932,482	900,047	715,656	486,988
Current financial assets	–	–	–	7,699	9,072
Cash and cash equivalents	18,855	40,303	51,079	34,780	43,660
Tax receivables and other current receivables	951	955	2,600	7,147	392
Total assets	**851,868**	**973,943**	**953,779**	**765,330**	**540,111**
Equity	776,984	876,709	879,990	725,516	503,435
Long-term debts	69,233	93,944	71,541	32,400	–
Current tax liability	437	402	431	412	393
Other current liabilities and accrued expenses	5,214	2,888	1,817	7,002	36,282
Total equity and liabilities	**851,868**	**973,943**	**953,779**	**765,330**	**540,111**

Cash flow in brief

(Expressed in USD thousands)	2019	2018	2017	2016	2015
Cash flow from/used in in operating activities	282,535	-31,031	-10,892	-25,926	12,411
Cash flow used in investing activities	–	-135	–	-52	–
Cash flow used in/from financing activities	-297,827	23,321	19,059	20,715	16,883
Cash flow for the year	**-15,292**	**-7,845**	**8,166**	**-5,263**	**29,294**
Exchange rate differences in cash and cash equivalents	-6,156	-2,930	8,133	-3,618	315
Cash and cash equivalents at the beginning of the year	40,303	51,079	34,780	43,660	14,050
Cash and cash equivalents at the end of the year	**18,855**	**40,303**	**51,079**	**34,780**	**43,660**

Alternative Performance Measures – Group

Alternative Performance Measures (APM) apply the European Securities and Markets Authority (ESMA) guidelines.

APMs are financial measures other than financial measures defined or specified by International Financial Reporting Standards (IFRS).

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

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

Definitions of all APMs used are found below.

	2019	2018	2017	2016	2015
Equity ratio, percent	91.21	90.02	92.26	94.80	93.21
Return on equity, percent	17.45	-1.14	18.06	21.18	32.56
Return on capital employed, percent	17.45	-1.14	18.06	21.18	32.56
Debt/equity ratio, multiple	0.10	0.11	0.08	0.04	–
Interest coverage ratio, multiple	33.74	-1.59	22.37	72.68	–
Net asset value, MUSD	777	877	880	726	503
Exchange rate at balance sheet date, SEK/USD	9.317	8.971	8.232	9.097	8.352
Net asset value, SEK million	7,239	7,865	7,244	6,600	4,205
MSCI Emerging Markets Index	1,114.66	965.78	1,158.45	862.28	794.14
Development MSCI Emerging Markets Index, percent	15.4	-16.6	34.3	8.6	-17.0

Definitions

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). Return on capital employed is not annualised.

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.

Net asset value
Net asset value is defined as shareholders' equity.

Development of MSCI Emerging Markets index
Change in index compared to previous accounting year.

Share data

	2019	2018	2017	2016	2015
Earnings per share, USD	2.08	-0.06	1.89	1.77	1.97
Diluted earnings per share, USD	2.07	-0.06	1.89	1.77	1.97
Shareholders' equity/share, USD	9.94	10.37	10.40	8.47	6.85
Net asset value per share, USD	9.94	10.37	10.40	8.47	6.85
Net asset value per share, SEK	92.63	93.01	85.65	77.02	57.21
Net asset value/share adjusted for the February 2019 split and redemption program, USD	13.48	10.37	10.40	8.47	6.85
Net asset value development per share in USD, percent	30	0	23	24	31
Number of shares outstanding at year-end	78,150,006	84,562,357	84,582,357	85,688,309	73,499,555
Weighted average number of shares outstanding	78,787,830	84,565,125	85,263,922	76,544,877	73,573,384
– diluted	79,118,580	84,796,544	85,404,011	76,544,877	73,573,384

Definitions

Earnings/share, USD
When calculating earnings per share, the average number of shares is based on average outstanding common shares, so called Swedish Depository Receipts (SDRs). 2019 Plan Shares, issued to participants in the Company's 2019 long-term share-based Incentive program (LTIP 2019), are not treated as outstanding common shares and thus are not included in the weighted calculation. The issue of 2019 Plan Shares is however recognized as an increase in shareholders' equity.

Diluted earnings/share, USD
When calculating diluted earnings per share, the average number of common shares (SDRs) is adjusted to consider the effects of potential dilutive common shares that have been offered to employees, originating during the reported periods from share-based incentive programs. Dilutions from share-based incentive programs affect the number of shares and only occur when the incentive program performance conditions of the respective programs are fulfilled.

Shareholders' equity/share, USD
Shareholders' equity divided by total number of outstanding common shares, ie. plan shares is excluded.

Net asset value per share, USD
Shareholders' equity divided by total number of common shares.

Net asset value/share adjusted for the February 2019 split and redemption program, USD
Net asset value/share adjusted for the February 2019 split and redemption program is defined as equity increased by an amount corresponding to the redemption amount increased by the development in equity since the redemption date, divided by total number of outstanding common shares.

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, adjusted for the February 2019 split and redemption program.

Number of shares outstanding at year-end
Number of common shares at balance sheet date as per December 31, 2019, excludes 7,685,303 repurchased SDRs and the 2,100,000 redeemable common shares issued under LTIP 2019.

Weighted average number of shares outstanding
Weighted average number of common shares for the year.

Weighted average number of shares outstanding – diluted
Weighted average number of common shares for the year calculated on a fully diluted basis.

Employees

	2019	2018	2017	2016	2015
Average number of employees during the year	7	7	5	6	4

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 its remuneration principles, as last adopted at the 2019 AGM, do not require that variable remuneration be linked to predetermined and measurable performance criteria and does not provide for predetermined limits regarding the total outcome of variable remuneration paid in cash. 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 most of the Company's shareholders are domiciled, in the Swedish language but with simultaneous interpretation into English, 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 determines the remuneration of the Board of Directors and the auditors. The 2019 AGM was held on May 15, 2019.

Major Shareholders

The largest shareholder is Acacia Partners, whose shareholding as at year-end 2019 amounted to 19,580,000 depository receipts, representing a total of 25.1 percent of the outstanding shares of the Company. Other major shareholders include Armor Capital, with 11,734,789 depository receipts, representing a total of 15.0% of the outstanding shares of the Company, and Virtus KAR funds, with 9,111,589 depository receipts, representing a total of 11.7% of the outstanding shares of the Company. There are no other shareholders with a holding representing more than 10 percent of the shares of 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 2019 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 2019. The Nomination Committee for the 2020 Annual General Meeting consists of the following members: Jake Hennemuth, appointed by Acacia Partners, Boris Zhilin, appointed by Armor Capital and Evert Carlsson, appointed by Swedbank Robur Funds. 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 2020 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 2021.

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/she becomes of unsound mind or a patient for any purpose of any statute or applicable law relating to mental health; (ii) if he/she becomes bankrupt or compounds with his creditors; or (iii) if he/she 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 2019 Board of Directors

The Company's 2019 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.

Board of Directors

Lars O Grönstedt

Chairman

Swedish citizen, born 1954. Member of the Board since 2010 and Chairman since 2013. Chair of the Compensation Committee and member of the Audit 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 NordStream 2, chairman of Realcap Ventures Fund 1 AB (publ) and Vostok Emerging Finance Ltd, member of the board in the Fabius group of companies; deputy chairman of the Swedish National Debt Office and speaker of the body of elected representatives at SEB Trygg Liv. ***Holdings in the Company:*** 6,200 SDRs (including 4,100 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 the Company:*** 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. She is also a member of the board of directors of Health Platforms, Inc., Sensydia Corp., Allergy Amulet, Inc., TicketSauce, Inc., Concourse Global, Inc., Hyllion, Inc., Marketmuse, Inc., Maxbone, Inc., EnsoData, Inc., YHPL Limited and Grace Health AB. 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 the Company:***

8,500 SDRs (including 2,500 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 Compliance, Epiroc Group. Formerly Vice President and General Counsel, EMEIA at Xylem Inc and Partner at Hammarskiöld & Co. She has also been junior judge at Stockholm City Court. Ylva Lindquist holds a Master of Law from Stockholm University. *Holdings in the Company:* 3,800 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 member 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 the Company:* 20,790 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, Kontakt East Holding AB, NMS Invest AB and VOI Technology AB. *Holdings in the Company:* 921,650 SDRs (of which 76,000 are Saving DRs under LTIP 2017[1], 2018[1] and 2019) and 910,000 LTIP 2019 Plan Shares. *Salary and variable remuneration:* USD 15,661 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.

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.

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.

Composition of the Board of Directors, elected on May 15, 2019, 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[2,3]
Josh Blachman	2013	Member	Independent	100%	81[2]
Per Brilioth	2007	Member	Management	100%	–
Victoria Grace	2015	Member	Independent	88%	75
Ylva Lindquist	2015	Member	Independent	100%	75
Keith Richman	2013	Member	Independent	94%	81[3]
Number of meetings				**10**	**479**

1. The table shows the remuneration as resolved at the 2019 Annual General Meeting on May 15, 2019, which remained unchanged since 2018.
2. Includes remuneration for participation in the Audit Committee.
3. Includes remuneration for participation in the Compensation Committee.

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

The Board has among its members 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 (Chair) and Lars O Grönstedt. The Audit Committee has had four meetings in 2019, where both members have been 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 Lars O Grönstedt (Chair) and Keith Richman. The Compensation Committee has had numerous 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 2019

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

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 the Company: 88,500 SDRs (of which 25,000 are Saving DRs under LTIP 2017[1], 2018[1] and 2019), 315,000 LTIP 2019 Plan Shares and 425 Bonds.

Anders F. Börjesson: *General Counsel.*
Swedish citizen, born 1971. Employed since 2008. Holdings in the Company: 115,900 SDRs (of which 25,000 are Saving DRs under LTIP 2017[1], 2018[1] and 2019 and including 1,000 held through closely related persons), 315,000 LTIP 2019 Plan Shares and 100 Bonds.

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 2019 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.

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.

Remuneration of the senior management

The remuneration principles for senior management currently in force were adopted at the 2019 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 Programs 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."

The principles do not stipulate an upper level for variable remuneration, which is a deviation from the Code which the Board has deemed necessary in order retain the flexibility needed to ensure the ability of the Company to attract, retain and remunerate top talent in line with comparable businesses.

In 2019, the Managing Director received a fixed annual salary of approximately USD 438 thousand and was awarded an *ex gratie* payment in the amount of USD 15,223 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.

In the second quarter of 2019, a one-time extaordinary bonus was paid out to the Managing Director in the gross amount of USD 15 million following the succesful exit of Avito in recognition of the instrumental role he played in the success of that investment. The bonus was paid in equal parts in cash and in kind after tax, where the in-kind part of the bonus amounted to 517,900 SDRs, which Per Brilioth has committed to hold during a period of 3 years. The bonus was in line with the Company's remuneration policy, which stipulates that variable remuneration, where payable in instances other than pursuant to the Company's long term incentive programs, shall be related to milestone accomplishments of the Company and/or its portfolio investments, e.g. particularly successful investments, exits or similar events.

The combined fixed annual salary to the other senior executives amounted to a total of approximately USD 400 thousand. In 2019, the senior management was also awarded *ex gratie* payments in the aggregate amount of USD 343 thousand. Like the Managing Director, 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. Other benefits include market-based work injury insurance, life insurance, private health insurance as well as compensation for loss of salary in connection with parental leave. 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, the Board relied on the remuneration principles for senior management adopted at the 2018 AGM.

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 contain any restriction against repurchasing own shares. At the outset of 2019, the Company held a total of 1,125,952 SDRs bought back under previous mandates. During January through March 2019, the Company bought back an additional 7,316,101 SDRs, after which the most recent buy-back mandate of Febraury 14, 2018 was nearly fully utilised. On March 27, 2019, the Company's Board of Directors resolved on a renewed buy-back mandate of up to 10 percent of the SDRs then outstanding. A total of 77,200 SDRs were bought back under the new mandate during 2019. In April 2019, a total of 517,900 of the Company's bought back SDRs were distributed to CEO Per Brilioth as the in-kind portion of a special bonus resolved on by the Board of Directors (see below), and in May 2019, a total of 316,050 of the Company's bought back SDRs were distributed to staff of the Company in fulfillment of the Company's obligations under the Company's share-based long-term incentive program LTIP 2016 (see below). The total number of bought back shares as at year end 2019 was 7,685,303. The bought back shares are held in treasury and may be used to settle future obligations to participants in the Company's outstanding share-based long-term incentive programs LTIP 2017 and LTIP 2018 (see below).

Incentive programs

During 2019, there were a total of six incentive programs outstanding in the Company, of which two were cancelled by resolution of the Annual General Meeting held on May 15, 2019. The main features and status of these programs during 2019 are set out below. For further details, see Note 22 of the Company's 2019 Annual Report.

- The **2007 Incentive Program** for Portfolio Companies, adopted at a Special General Meeting held on August 29, 2007, was designed to enable the Company to issue call options regarding the Company's portfolio companies to employees who had been specifically involved with the respective portfolio companies. No call options were ever issued under the 2007 Incentive Program for Portfolio Companies, and the program was cancelled by resolution of the Annual General Meeting held on May 15, 2019.
- The **2010 Incentive Program**, adopted at the Annual General Meeting held on May 5, 2010 authorized the Company to issue three-year call options to participants to acquire shares in the Company. The latest allocation under the 2010 Incentive Program was made in 2016, and a total of 147,000 SDRs (following adjustment for the distribution of proceeds from the sale of Avito by way of the share split and redemption program in March 2019) were issued to participants of the 2010 Incentive Program during 2019. The 2010 Incentive program was cancelled by resolution of the Annual General Meeting held on May 15, 2019.
- **LTIP 2016**, **LTIP 2017** and **LTIP 2018**, adopted at the Annual General Meetings held on May 17, 2016; May 16, 2017 and May 16, 2018, respectively, invite participants to purchase a certain number of SDRs in the Company, designated Savings SDRs, and to hold them for the duration of the programs, which run for three years. Subject to certain performance criteria determined by the Board of Directors for each Savings SDR, the participant is then issued up to 10 SDRs, called Performance SDRs. During 2019, a total of 316,050 Performance SDRs were issued to participants in LTIP 2016, following adjustment for the distribution of proceeds from the sale of Avito by way of the share split and redemption program in March 2019. LTIP 2017 matures in 2020, and LTIP 2018 matures in 2021.
- **LTIP 2019**, adopted at a Special General Meeting held on August 22, 2019. Similarly to LTIP 2016, 2017 and 2018,

participants in LTIP 2019 are invited to purchase a number of shares in the Company, designated savings shares. For each purchased savings share, participants are entitled to subscribe for one share of a new class of redeemable common shares ("2019 Plan Shares") in the Company. Depending on the performance of both the Company's NAV and of the VNV share price over the five-year measurement period (January 1, 2019 through December 31, 2023), the 2019 Plan Shares will be either redeemed by the Company for a nominal amount or reclassified as ordinary common shares and represented by SDRs. To facilitate participation in LTIP 2019, the Company subsidized the subscription price payable by participants for the 2019 Plan Shares. LTIP 2019 matures in 2024.

Other matters related to remuneration

In addition to their Board fees as resolved by the 2019 AGM, two Directors, Keith Richman and Victoria Grace, have during 2019 received remuneration for consultancy services above and beyond their duties as Directors in the Company in relation to current or prospective investments under separate contracts with the Company. The gross annual cost per contract is USD 102 thousand annually.

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

In April 2019, the Board of Directors of Vostok New Ventures Ltd awarded Per Brilioth, Managing Director of Vostok New Ventures, an extraordinary bonus following the successful exit of Avito in January 2019 in the gross amount of USD 15.2 mln, payable in equal parts after tax in cash and in kind by way of shares in the Company.

Auditors

At the Company's AGM held on May 15, 2019, the audit firm PricewaterhouseCoopers AB, Sweden, was appointed as auditor for the period up to the next AGM.

Bo Hjalmarsson, born 1960. *Authorized Public Accountant, Auditor in charge.* Auditor in the Company since 2014. PricewaterhouseCoopers AB, Stockholm, Sweden.

Martin Oscarsson, born 1983. *Authorized Public Accountant, Co-signing auditor.* Auditor in the Company since 2019. PricewaterhouseCoopers AB, Gothenburg, Sweden.

During the year, the auditing firm has not had any other significant assignments from VNV in addition to auditing work specified in the section "Independent Auditor's Report" on pages 68–70.

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.

VNV 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 VNV 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. VNV's 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 VNV's 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. VNV 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. VNV's 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 VNV 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 VNV's expense and risks of loss or embezzlement of assets. It is the ambition of VNV 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 VNV's 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 VNV's 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

VNV 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

VNV 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. VNV's 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 VNV's 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.

VNV 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 2019 on pages 27–35 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 25, 2020

PricewaterhouseCoopers AB

Bo Hjalmarsson
Authorized Public Accountant
Auditor in charge

Martin Oscarsson
Authorized Public Accountant

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, 2019–December 31, 2019.

Operations

Background

Vostok New Ventures Ltd ("VNV", the "Company") was incorporated in Bermuda on April 5, 2007 with corporate identity number 39861. Swedish Depository Receipts (SDRs) representing the VNV shares are listed on Nasdaq Stockholm, Mid Cap segment with the ticker: VNV SDB. There were approximately 10,300 shareholders as at the end of December 2019 (2018: 7,500).

Operating policy

Business concept

VNV 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 VNV 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 and 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 VNV 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.

Group structure

As of December 31, 2019, the VNV 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 and manage 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.

VNV Group organization structure as at December 31, 2019

Financial position

Major events of the year

VNV sold all its shares in Avito for a total consideration of USD 540 mln. Following the sale of Avito, an early redemption of all outstanding bonds of series 2017/2020 and series 2018/2022 was carried out. Furthermore, VNV distributed SEK 25 per share (USD 215.3 mln) through a mandatory split and redemption program to its shareholders.

During the year, VNV repurchased 7,393,301 SDRs, distributed 517,900 SDRs related to short-term incentive and distributed 316,050 SDRs related to long-term incentive program, in total all net transactions amounted to 6,559,351 SDRs. At the end of the period repurchased SDRs amounted to 7,685,303 SDRs.

Investment activities, continuing support to existing portfolio companies, mainly in Babylon (USD 72.3 mln), VOI (USD 58.0 mln), Gett (USD 23.6 mln) and OneTwoTrip (USD 7.4 mln).

New investments of a total of USD 47 mln into SWVL, Dostavista, Monopoliya, Shohoz and JamesEdition.

NAV per share increased by some 30% adjusted for the SEK 25 redemption program during 2019, mainly driven by value changes in Babylon, BlaBlaCar and VOI.

In the end of year 2019, VNV issued a corporate senior bond 2019/2022. The total amount outstanding under the Company's bond loan was SEK 650 mln as per December 31, 2019.

Group Result

During the year, the result from financial assets at fair value through profit or loss amounted to USD 203.83 mln (2018: -15.65), mainly coming from revaluations of BlaBlaCar, Babylon and VOI. Dividend and coupon income was USD 3.07 mln related to Merro dividends (2018: 22.18 related to Avito dividends).

Net operating expenses (defined as operating expenses less other operating income) amounted to USD -33.30 mln (2018: -12.77). The increase in net operating expenses is mainly related to bonus payments to the CEO and other employees and subsidies to participants of the incentive program, LTIP 2019.

Net financial items were USD -9.67 mln (2018: 1.50), mainly related to SEK/USD depreciation, early redemption of bonds of series 2017/2020 and series 2018/2022 and interest expenses of the new bond of series 2019/2022 issued at the end of the year 2019.

Net result for the year was USD 163.68 mln (2018: -4.86).

Total shareholders' equity amounted to USD 776.98 mln on December 31, 2019 (December 31, 2018: 876.71).

Portfolio performance and investments

During the year January 1, 2019–December 31, 2019, VNV's net asset value per share has increased by 30.0%, adjusted for the SEK 25 redemption program concluded on March 14, 2019. During the same period the MSCI Emerging Markets Index increased by 15.4% in USD terms.

During the year January 1, 2019–December 31, 2019, gross investments in financial assets, excluding liquidity management investments, were USD 215.67 mln (2018: 56.33) and proceeds from sales, excluding liquidity management investments, were USD 539.87 mln (2018: 1.09). As at December 31, 2019, VNV's four biggest investments were BlaBlaCar (24.6%), Babylon (23.5%), VOI (12.1%) and Gett (8.8%).

Liquid assets

The Company also has investments in money market funds, as part of its liquidity management operations. As per December 31, 2019, the liquidity management investments are valued at USD 20.66 mln (2018: 0.64 mln).

Cash and cash equivalents of the group amounted to USD 18.86 mln (December 31, 2018: 40.30).

Shareholders' equity

Total shareholders' equity amounted to USD 776.98 mln on December 31, 2019 (December 31, 2018: 876.71).

The decrease in shareholders equity during 2019 is mainly related to dividends and buy-backs of own shares.

The Company distributed SEK 25 per share (USD 215.3 mln) through a mandatory split and redemption program of 79,660,042 SDRs that was concluded on March 14, 2019. The Company has also repurchased 7,393,301 SDRs amounted to USD 54.0 mln during the year. The investment portfolio performance delivered a high full year result.

Long-term debts

At the beginning of 2019 the Company announced an early redemption of all outstanding bonds of series 2017/2020 and series 2018/2022 following the sale of Avito. The early redemption of all outstanding bonds generated an outflow of cash amounted to USD 91.2 mln.

At the end of 2019, the Company announced that it had successfully issued bond 2019/2022, which generated an inflow of cash amounted to USD 65.0 mln for financing current investment portfolio.

Personnel

At year-end, the VNV Group had seven persons employed in Sweden.

Parent Company

The parent company is a holding company, which owns the Cypriot subsidiary Vostok New Ventures (Cyprus) Limited. The net result for the period was USD 61.20 mln (2018: 6.53). 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 15, 2019. During the year, the Board has held ten board meetings, of which six in person and four by telephone conference, and has passed six 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.

Treatment of retained earnings

The Group's total retained earnings amount to USD 683,840 thousand.

The Board of Directors propose that the retained earnings and the additional paid in capital of the parent company USD 54,988 thousand, which include the year's profit of USD 61,199 thousand, be brought forward, and that no dividends be paid for the year.

Events after the reporting period

On February 17, 2020, VNV announced that it had has carried out a subsequent issue of bonds in an amount of SEK 150 million under the framework of its outstanding bond 2019/2022 with ISIN SE0013233541. The subsequent issue was priced at 102.75 per cent of par.

Following the subsequent issue, the total amount outstanding under the Company's bond loan is SEK 800 million. The settlement date of the new bonds is set to February 24, 2020 and the proceeds from the subsequent issue will be used for general corporate purposes. The company has applied for listing of the subsequent bonds on Nasdaq Stockholm. The first day of trading was March 13, 2020.

During the first months of 2020, COVID-19 and its impact have resulted in extraordinary volatility in financial markets globally with increased risk premiums. VNV continues to work closely with its portfolio companies to evaluate the financial and operational impact of COVID-19 both in a short- and longer-term perspective. Given the current uncertainty and lack of visibility on a macro level, VNV also closely monitors the Group's financial position including the terms of outstanding debt as well as potential capital needs across its portfolio companies. The direct impact of COVID-19 to date differs from company to company. During the first months of 2020, mobility and travel-related businesses have, as an example, seen a direct negative effect given the significant impact on domestic and international travel (both ground and air) across the globe, while businesses in the digital health space currently are seeing unprecedented demand for their services and products.

Income statements – Group

(Expressed in USD thousands)	Note	2019	2018
Result from financial assets at fair value through profit or loss[1]	6	203,825	-15,652
Dividend and coupon income	7	3,065	22,182
Other operating income		336	486
Operating expenses	8, 22, 23	-33,641	-13,253
Operating result		**173,585**	**-6,238**
Financial income and expenses			
Interest income		756	3,489
Interest expense	17	-5,234	-6,112
Currency exchange gains/losses, net		-5,189	4,119
Net financial items		**-9,667**	**1,496**
Result before tax		**163,918**	**-4,743**
Taxation	9	-241	-122
Net result for the year		**163,677**	**-4,864**
Earnings per share (in USD)	10	2.08	-0.06
Diluted earnings per share (in USD)	10	2.07	-0.06

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)	2019	2018
Net result for the year	**163,677**	**-4,864**
Other comprehensive income for the year		
Items that may be classified subsequently to profit or loss:		
Currency translation differences	-45	-165
Total other comprehensive income for the year	**-45**	**-165**
Total comprehensive income for the year	**163,632**	**-5,030**

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

Balance sheet – Group

(Expressed in USD thousands)	Note	**Dec 31, 2019**	Dec 31, 2018
NON-CURRENT ASSETS			
Tangible non-current assets			
Property, plant and equipment	11	1,080	203
Total tangible non-current assets		**1,080**	**203**
Financial non-current assets			
Financial assets at fair value through profit or loss	12, 13	830,982	932,482
Total financial non-current assets		**830,982**	**932,482**
CURRENT ASSETS			
Cash and cash equivalents	12, 15	18,855	40,303
Tax receivables		523	556
Other current receivables	14	428	399
Total current assets		**19,806**	**41,259**
TOTAL ASSETS		**851,868**	**973,943**
SHAREHOLDERS' EQUITY (including net result for the year)	16	**776,984**	**876,709**
NON-CURRENT LIABILITIES			
Interest bearing liabilities			
Long-term debts and leasing liabilities	17	69,233	93,944
Total non-current liabilities		**69,233**	**93,944**
CURRENT LIABILITIES			
Non-interest bearing current liabilities			
Tax payables		437	402
Other current liabilities	18	1,503	1,161
Accrued expenses	19	3,711	1,727
Total current liabilities		**5,651**	**3,290**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**851,868**	**973,943**

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, 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		–	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**
Balance at January 1, 2019		**27,060**	**120,829**	**-173**	**728,994**	**876,709**
Net result for the year January 1, 2019 to December 31, 2019		–	–	–	163,677	163,677
Other comprehensive income for the year						
Currency translation differences		–	–	-45	–	-45
Total comprehensive income for the year January 1, 2019 to December 31, 2019		**–**	**–**	**-45**	**163,677**	**163,632**
Transactions with owners:						
Redemption program	16	-6,479	–	–	-208,831	-215,310
Value of employee services:						
- Share-based remuneration	22	124	3,076	–	–	3,200
- Share-based long-term incentive program	22	615	2,124	–	–	2,739
Buy-back of own shares	16	-2,060	-51,926	–	–	-53,986
Total transactions with owners		**-7,800**	**-46,726**	**–**	**-208,831**	**-263,357**
Balance at December 31, 2019		**19,260**	**74,102**	**-218**	**683,840**	**776,984**

Cash flow statements – Group

(Expressed in USD thousands)	Note	**2019**	2018
OPERATING ACTIVITIES			
Result before tax		163,918	-4,743
Adjustment for:			
Interest income		-756	-3,489
Interest expense		5,234	6,112
Currency exchange gains/-losses		5,189	-4,119
Depreciation		335	24
Result from financial assets at fair value through profit or loss		-203,825	15,652
Dividend and coupon income		-3,065	-22,182
Other non-cash adjustments		7,126	1,578
Change in current receivables		253	1,636
Change in current liabilities		-116	1,160
Net cash used in operating activities		**-25,707**	**-8,370**
Investments in financial assets		-279,609	-48,938
Sales of financial assets		584,955	1,088
Increase in loan receivables		–	1,646
Dividend and coupon income		3,065	22,182
Interest received		–	1,568
Tax paid		-169	-207
Net cash flow from/used in operating activities		**282,535**	**-31,031**
INVESTMENT ACTIVITIES			
Investments in office equipment	11	–	-135
Net cash flow used in investment activities		**–**	**-135**
FINANCING ACTIVITIES			
Proceeds from borrowings	17	65,012	28,427
Repayment of borrowings	17	-91,205	–
Interest paid for borrowings	17	-3,113	-4,929
Repayment of lease liabilities	17	-343	–
Redemption program including transaction fees	16	-215,310	–
Proceeds from LTIP and options issued to employees	22	1,118	–
Buy-back of own shares	16	-53,986	-178
Net cash flow used in/from financing activities		**-297,827**	**23,321**
Cash flow for the year		**-15,292**	**-7,845**
Cash and cash equivalents at beginning of the year		**40,303**	**51,079**
Exchange gains/losses on cash and cash equivalents		-6,156	-2,930
Cash and cash equivalents at end of the year		**18,855**	**40,303**

Income statement – Parent

(Expressed in USD thousands)	Note	2019	2018
Result from financial assets at fair value through profit or loss		1,142	-909
Dividend and coupon income		100,000	–
Operating expenses	8, 22	-33,224	-8,049
Operating result		**67,918**	**-8,959**
Financial income and expenses			
Interest income		3,401	17,265
Interest expense		-5,166	-6,055
Currency exchange gains/losses, net		-4,954	4,278
Net financial items		**-6,719**	**15,487**
Net result for the year		**61,199**	**6,529**

Statement of comprehensive income

(Expressed in USD thousands)	2019	2018
Net result for the year	**61,199**	**6,529**
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	**61,199**	**6,529**

Balance sheet – Parent

(Expressed in USD thousands)	Note	**Dec 31, 2019**	Dec 31, 2018
NON-CURRENT ASSETS			
Financial non-current assets			
Shares in subsidiaries	21	185	84,389
Financial assets at fair value through profit or loss	12, 13	20,660	644
Receivables from Group companies	21, 23	115,755	256,965
Total financial non-current assets		**136,600**	**341,998**
CURRENT ASSETS			
Cash and cash equivalents		15,810	35,505
Other current receivables	14	351	138
Total current assets		**16,161**	**35,644**
TOTAL ASSETS		**152,761**	**377,642**
SHAREHOLDERS' EQUITY (including net result for the year)	16	**79,248**	**281,406**
NON-CURRENT LIABILITIES			
Interest bearing liabilities			
Long-term debts	17	68,582	93,944
Total non-current liabilities		**68,582**	**93,944**
CURRENT LIABILITIES			
Non-interest bearing current liabilities			
Liabilities to Group companies	21	1,145	719
Other current liabilities	18	315	83
Accrued expenses	19	3,471	1,490
Total current liabilities		**4,931**	**2,292**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**152,761**	**377,642**

Statement of Changes in Equity – Parent

(Expressed in USD thousands)	Note	Share capital	Additional paid in capital	Retained earnings	Total
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		–	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**
Balance at January 1, 2019		**27,060**	**120,829**	**133,518**	**281,406**
Net result for the year January 1, 2019 to December 31, 2019		–	–	61,199	61,199
Other comprehensive income for the year					
Currency translation differences		–	–	–	–
Total comprehensive income for the year January 1, 2019 to December 31, 2019		**–**	**–**	**61,199**	**61,199**
Transactions with owners:					
Redemption program	16	-6,479	–	-208,831	-215,310
Value of employee services:					
- Share-based remuneration	22	124	3,076	–	3,200
- Share-based long-term incentive program	22	615	2,124	–	2,739
Buy-back of own shares	16	-2,060	-51,926	–	-53,986
Total transactions with owners		**-7,800**	**-46,726**	**-208,831**	**-263,357**
Balance at December 31, 2019		**19,260**	**74,102**	**-14,114**	**79,248**

Cash flow statement – Parent

(Expressed in USD thousands)	Note	**2019**	2018
OPERATING ACTIVITIES			
Result before tax		61,199	6,529
Adjustment for:			
Interest income		-3,401	-17,265
Interest expense		5,166	6,055
Currency exchange gains/-losses		4,954	-4,278
Result from financial assets at fair value through profit or loss		-1,142	1,900
Dividend and coupon income		-100,000	–
Other non-cash adjustments		5,278	1,927
Change in current receivables and liabilities		338	508
Net cash used in operating activities		**-27,608**	**-4,624**
Investments in financial assets		-63,955	-8,493
Sales of financial assets		45,080	13,973
Repayments of loan receivables		–	1,647
Dividend and coupon income		100,000	–
Interest received		–	1,568
Interest paid		–	–
Net cash flow from in operating activities		**53,517**	**4,070**
INVESTING ACTIVITIES			
Loan to the companies within the Group		230,304	-36,856
Net cash flow from/used in investing activities		**230,304**	**-36,856**
FINANCING ACTIVITIES			
Proceeds from borrowings	17	65,012	28,427
Repayment of borrowings	17	-91,205	–
Interest paid for borrowings	17	-3,113	-4,929
Redemption program including transaction fees	16	-215,310	–
Proceeds from LTIP and options issued to employees	22	1,118	–
Buy-back of own shares	16	-53,986	-178
Net cash flow used in/from financing activities		**-297,484**	**23,321**
Cash flow for the year		**-13,663**	**-9,465**
Cash and cash equivalents at beginning of the year		**35,505**	**47,829**
Exchange gains/losses on cash and cash equivalents		-6,032	-2,859
Cash and cash equivalents at end of the year		**15,810**	**35,505**

Notes to the financial statements

(Expressed in USD thousand unless indicated otherwise)

Note 1
General information

Introduction

Vostok New Ventures Ltd ("VNV", 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 25, 2020.

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, 2019. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Changes in accounting policy and disclosures

New and amended standards adopted by the Group

The new standard IFRS 16 Leases is applied from January 1, 2019. The new accounting policy is described below.

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

Vostok New Ventures applied the simplified transition approach. Comparative information was therefore not restated. The Company's leasing commitments consist only of lease agreements for premises therefore the new standard has not a significant impact on the Company's financial reports. The effect at the transition date on tangible assets was USD 1.3 mln and on interest-bearing liabilities, USD 1.3 mln.

New standards and interpretations not yet adopted

Other known changes to IFRS and IFRIC to be applied in the future are not expected to have any significant impact on the Group's reporting.

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
2019	9.4604	9.3171
2018	8.6921	8.9710

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

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

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.

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

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

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

There are three running long-term share-based incentive programs for management and key personnel in the Vostok New Ventures Group. The 2017 and 2018 programs are linked to the long-term performance of the Company's Net Asset Value and the 2019 program is linked to the long-term performance of both the Company's Net Asset Value and of the Vostok New Ventures share price.

Outstanding programs 2017 and 2018

Participants in the 3-year 2017 and 2018 programs purchased shares (Swedish Depository Receipts) in the Company. For each purchased share, participants are entitled to receive additional shares, so-called performance shares, free of charge, subject to fulfillment of performance conditions set by the Board of Directors based on the Company's Net Asset Value.

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

The fair value of the depository receipts on the grant date was calculated on the basis of the market price of the Company's depository receipts on the grant date per depository receipt without adjustment for any dividends during the vesting period.

Outstanding program 2019

Similarly to the 2017 and 2018 programs, participants in the five-year 2019 program purchased shares in the Company.

For each purchased share, participants are entitled to subscribe for newly issued redeemable common shares (2019 Plan Shares) in the Company. Depending on the performance of both the Company's Net Asset Value and of the Vostok New Ventures share price, the 2019 Plan Shares will be redeemed or reclassified as ordinary common shares and represented by Swedish Depository Receipts, provided certain performance conditions have been fulfilled. If the performance conditions have not been fulfilled, then the plan shares will be redeemed.

The participants will be compensated for dividends and other value transfers to the shareholders. The participants are also entitled to vote for their 2019 Plan Shares during the measurement period.

If a participant ceases to be employed by the Group within this period, the plan shares will be redeemed, unless otherwise resolved by the Board on a case-by-case basis.

The fair value of the 2019 Plan Shares on the grant date was calculated on the basis of the market price of the Company's depository receipts on the grant date and prevailing market conditions by using a Monte Carlo Valuation Method.

To carry through the incentive program, the Company subsidized the subscription price payable by the incentive program participants for the 2019 Plan Shares. The subsidy amounted to USD 2.6 mln, social fees excluded, for the cost of acquiring plan shares. The cost for financing and acquiring plan shares is expensed directly.

The Company also compensated participants for the tax impact arising from the fact that the subscription price was below fair market value. The estimated cost of this subsidy, social fee excluded, amounts to USD 1 mln and will be expensed over five years, treated as vesting expense. As per December 2019, the vesting expense for LTIP 2019 amounts to USD 0.1 mln.

Completed program 2016

The Board of Directors determined on March 27, 2019 that the development of the Company's Net Asset Value over the performance measurement period of LTIP 2016 (January 1, 2016 through December 31, 2018), met the so-called target level, whereby each savings share held by program participants throughout the vesting period resulted in an allocation of five performance shares out of maximum ten performance shares free of charge. LTIP 2016 resulted in allotment of 316,050 depository receipts adjusted for the February 2019 split and redemption program. The program resulted in a dilution of 0.41% in terms of depository receipts. Total cost, excluding social fees, amounted to USD 1.6 mln for the four participants.

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

The Group's leases refers mainly to office rents and office machines.

When entering into a new lease contract the right-of-use asset is measured at cost. Short-term leases and leases of low-value assets are exempt. At the same time, a lease liability is recognized representing the obligation to pay lease payments for the leased assets. The lease liability is measured at the present value of the lease payments that are not paid at that date. When discounting the lease payments, the interest rate implicit in the lease is used at first hand. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. After the commencement date the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses. The value of the lease liability is mainly adjusted to reflect interest on the lease liability and to reflect the lease payments made.

Note 3
Risks and risk management

In its business, Vostok New Ventures group is exposed to:

1) Investment- and other business risks
2) Market risk
3) Financial risks including price-, exchange rate-, interest rate-, credit-, liquidity and financing risk
4) Legal and regulatory risks

Risk Management

Risk management is carried out by management under policies approved by the Board of Directors. Risk management is an integral part of the group's processes, meaning that control and responsibility for control is close to the Business operation, Finance and Legal.

1) Investment- and other business risks

Risks related to the portfolio companies' operations

All business operations in the portfolio companies are associated with the risk of incurring losses due to, for instance, deficient procedures, failure to increase and improve the functionality and quality of existing products and services, failure to extend existing licensing agreements on favourable conditions, failure to remain competitive or launch new products and services and to successfully optimise production and introduce cost reduction measures.

Dependence on key individuals

VNV 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 VNV might be seriously affected if any of the senior executives left the Company.

Disposal risks

VNV has an explicit exit strategy to sell its holdings in portfolio companies to strategic investors or via the market. There is a risk that VNV will not succeed in selling its holdings at the price recorded in the balance sheet at the time of the disposal.

Exposure to early-stage companies

The majority of the investment portfolio consists of investments in start-ups and other companies in an early stage of growth. Such companies typically generate negative cash flows and will rarely pay dividends to their investors, mainly because the profits are typically re-invested into the business to fuel growth and build shareholder value.

Acquisition risks

VNV frequently acquires shares in unlisted companies. Such acquisitions may entail operative risks, such as the need to identify investment and acquisition opportunities on favorable terms and conditions, and failure to do so may have a detrimental effect on the company's operational or competitive environment.

2) Market risk

Emerging markets and country-specific risks

Several portfolio companies are incorporated in and/or operates in emerging countries, notably the United Arab Emirates, Turkey, Egypt, Pakistan, Myanmar and Russia. As such countries are still, from an economic point of view, in a phase of development, investments may be 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 the Company's adjusted equity.

General market risks
Investment operations carried out by VNV are subject to general market risks, which refers to the risk of loss resulting from changes in the market value of the portfolio companies due to any global or regional economic downturn, particularly in Europe. Changes in market value impact the result of VNV's operations through changes in value of its investment assets.

3) Financial risks including price-, exchange rate-, interest rate-, liquidity and financing risk

The Group's activities expose it to a variety of financial risks described below. Financial market risks refer to the risk of a change in value in financial instruments because of changes in share prices, exchange rates and interest rates. Vostok New Ventures is also exposed to credit risk, liquidity and financing risks.

Share price risk
On December 31, 2019, 97.8 percent of the Group's investment portfolio consisted of equity investments, including convertible debt, recorded as financial assets at fair value through profit and loss on the consolidated balance sheet. A decrease in value of the non-quoted shares may affect the Company's net income and capital, and thereby have a material negative impact on the Group's operations, earnings and financial position. 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, 2019 would have affected post-tax profit and equity by approximately USD 78 mln (2018: 88).

Exchange rate 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, 2019, 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 2.7 mln higher (2018: 5.8), mainly as a result of foreign exchange gains on translation of SEK-denominated cash and debt balances. Profit is less sensitive to movement in SEK/USD exchange rates in 2019 than 2018 because of the decrease in SEK-denominated financial long-term debts.

At December 31, 2019, 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 20.8 mln lower (2018: 15.89), mainly as a result of foreign exchange losses on translation of EUR-denominated investment in BlaBlaCar.

At December 31, 2019, 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 0.4 mln lower (2018: 2.9), mainly as a result of foreign exchange losses on translation of GBP-denominated investments in financial assets at fair value through profit and loss.

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, 2019			Dec 31, 2018		
	SEK	EUR	GBP	SEK	EUR	GBP
Financial assets at fair value	26,919	227,088	3,877	14,178	164,934	31,111
Cash and cash equivalents	15,762	2,770	25	33,138	1,630	–
Other current receivables	1,488	193	–	292	–	–
Long-term debts	-68,582	–	–	-93,944	–	–
Other current liabilities	-4,757	-1,230	–	–	–	–

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.

Credit risk
The Group is 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, 2019, approximately 5% of the Group's Net Assets Value comprises cash balances. Cash balances net of financial liability of USD 69 mln represent approximately 7% of the Group's Net Assets Value.

The Group has a financial liability as per December 31, 2019 in the amount of USD 69 mln as compared to USD 94 mln on December 31, 2018.

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

Contracted financial cash flows (mln)	Dec 31, 2019	Dec 31, 2018
Borrowings 3–12 months	4.7	5.5
Borrowings 1–2 years	4.9	57.0
Borrowings 3–6 years	90.8	46.0

Financing risk
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 68.58 mln as per December 31, 2019, allows the Company to remain flexible and agile around investment activities and its liquidity management operations.

4) Legal and regulatory risks

Accounting practice and access to other information

Several portfolio companies are incorporated in and/or operates in emerging countries. Practice in accounting, financial reporting and auditing in emerging markets cannot be compared with the corresponding practices that exist in developed countries. The formal requirements are less broad in terms of publishing information than in more developed markets. In addition, there is a risk that access to external analysis, reliable statistics and historical data is inadequate.

Tax risks

VNV conducts its business in accordance with the legislation in relevant jurisdictions, tax treaties and tax authorities' guidelines and other requirements. Tax legislation and double tax treaty agreements have a trend of frequent changes including introduction of new taxes and fees and such changes could have a significant impact on the tax position.

Corporate governance risks

Misuse of corporate governance remains a problem in emerging markets. Minority shareholders may be mistreated 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. Furthermore, inadequate accounting rules and standards have hindered the development of an effective system for uncovering fraud and increasing insight.

Legal disputes

Since VNV invests in companies operating in countries in which the legal framework is less certain and the business environment less reliable, there is an increased risk that VNV may become involved in legal disputes of various kinds, including labor, intellectual property, contractual or regulatory in nature.

Note 4
Critical accounting estimates and assumptions

The management of VNV 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, 2019:

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	20,828	384,914	425,240	830,982
Total assets	20,828	384,914	425,240	830,982

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

	2019	2018
Opening balance January 1	223,623	836,704
Transfers from level 3	-21,884	-732,317
Transfers to level 3	164,515	57,708
Change in fair value and other	58,986	61,533
Closing balance December 31	425,240	223,623

During 2019, Babylon has been transferred from level 3 to level 2. BlaBlaCar, Property Finder, Gett, OneTwoTrip, El Basharsoft, DOC+, JobNet have been transferred from level 2 to level 3.

The investments in Babylon, VOI, SWVL, Booksy, Dostavista, Monopoliya, Shohoz, Housing Anywhere, JamesEdition, Vezeeta, Yoppie, Shwe Property, Grace Health, Numan and Dubicars are classified as level 2 as the valuations are based on the price paid in each respective transaction.

BlaBlaCar, Gett, Property Finder, OneTwoTrip, Hemnet, Wallapop, El Basharsoft, Merro, Naseeb Networks, YouScan, DOC+, Agente Imóvel, JobNet and CarZar are classified as level 3 investments. The level 3 investments are either based on valuation models, usually using EBITDA and revenue multiples of comparable listed peers or transactions that include more uncertainty given the time elapsed since it closed or 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.

BlaBlaCar

As per December 31, 2019, the BlaBlaCar investment is classified as a level 3 investment, based on a revenue-multiple based valuation model. Vostok New Ventures has invested USD 122.4 mln (EUR 110 mln) in the company and Vostok New Ventures values, through its 8.7% ownership in BlaBlaCar, the company to USD 209.5 mln as per December 31, 2019.

	Sensitivity in BlaBlaCar valuation as per December 31, 2019				
	-15%	-10%	Revenue estimate	+10%	+15%
Valuation of Vostok New Ventures' BlaBlaCar investment, USD mln	178.0	188.5	209.5	230.4	240.9

Babylon

As per December 31, 2019, Vostok New Ventures values its shares in the company at USD 200.0 mln, classified as level 2 investments, on the basis of an equity transaction that closed on August 2, 2019, whereby the company raised USD 400 mln in a first close in a round of up to USD 500 mln at a pre-money valuation of USD 1,500 mln. Vostok New Ventures participated with a total of USD 72.3 mln in the transaction. The transaction valuation is approximately 543% higher than the valuation as per December 31, 2018.

VOI

Vostok New Ventures has invested USD 60.8 mln in VOI Technology, the leading European free-floating electric scooter sharing service and owns 32.7% of the company on a fully diluted basis. The company closed its latest funding round in November 2019, whereby the company raised USD 85 mln in primary capital including existing convertible loans. Vostok New Ventures participated with USD 47.5 mln in the round. Other existing and new investors also participated in the round, and the transaction is deemed to be the best fair value estimate as per December 31, 2019.

Gett

As per December 31, 2019, Vostok New Ventures values Gett based on a revenue multiple-based valuation. Vostok New Ventures owns 5.28% of Gett on a fully diluted basis and believes that the revenue multiple valuation accounting for the company's preference structure is the best fair value estimate as per December 31, 2019.

	Sensitivity in Gett valuation as per December 31, 2019				
	-15%	-10%	Revenue estimate	+10%	+15%
Valuation of Vostok New Ventures' Gett investment, USD mln	63.6	67.4	74.9	82.3	86.1

Property Finder

As per December 31, 2019, Vostok New Ventures values Property Finder based on a revenue multiple-based valuation. Vostok New Ventures owns 9.8% of Property Finder on a fully diluted basis and believes that the revenue multiple valuation accounting for the company's preference structure is the best fair value estimate as per December 31, 2019.

	Sensitivity in Property Finder valuation as per December 31, 2019				
	-15%	-10%	Revenue estimate	+10%	+15%
Valuation of Vostok New Ventures' Property Finder investment, USD mln	40.7	43.1	47.9	52.7	55.1

OneTwoTrip

As per December 31, 2019, OneTwoTrip is classified as a level 3 investment based on peer multiples model, valued at USD 28.7 mln. Vostok New Ventures owns 21.1% of the company on a fully diluted basis as per December 31, 2019.

	Sensitivity in OneTwoTrip valuation as per December 31, 2019				
	-15%	-10%	Revenue estimate	+10%	+15%
Valuation of Vostok New Ventures' OneTwoTrip investment, USD mln	24.4	25.8	28.7	31.5	33.0

	Sensitivity in OneTwoTrip valuation as per December 31, 2019				
	-15%	-10%	RUB/USD	+10%	+15%
Valuation of Vostok New Ventures' OneTwoTrip investment, USD mln	24.4	25.8	28.7	31.5	33.0

Hemnet (through YSaphis S.A. and Sprints Capital Rob R Partners S.A.)

As per December 31, 2019, Hemnet is classified as a level 3 investment as it is valued at USD 25.8 mln on the basis of an EV/EBITDA valuation model as the latest significant transaction took place more than 12 months ago. The company has been performing well since Vostok's investment in December 2016. As per December 31, 2019, the model is deemed the best fair value estimate of the company. The median multiple of the peer group consisting of a number of listed real estate verticals including, but not limited to, Scout24, Rightmove and REA Group, is 23.2x. The model-based valuation is approximately 82% higher than the valuation as per December 31, 2018.

	Sensitivity in model-based Hemnet valuation as per December 31, 2019				
	-15%	-10%	EBITDA estimate	+10%	+15%
Valuation of Vostok New Ventures' Hemnet investment, USD mln	22.0	23.3	25.8	28.4	29.7

	Sensitivity in model-based Hemnet valuation as per December 31, 2019				
	-15%	-10%	SEK/USD	+10%	+15%
Valuation of Vostok New Ventures' Hemnet investment, USD mln	22.0	23.3	25.8	28.4	29.7

SWVL

As per December 31, 2019, SWVL is classified as a level 2 investment as it is valued at USD 16.0 mln on the basis of a recent transaction in the company that closed in the second quarter 2019. Vostok New Ventures owns 10.1% of the company on a fully diluted basis as per December 31, 2019.

Booksy

As per December 31, 2019, 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 second quarter of 2019. Vostok New Ventures invested a total of USD 9.5 mln in the company. Vostok New Ventures owns 11.8% of the company on a fully diluted basis as per December 31, 2019.

Dostavista

As per December 31, 2019, Dostavista is classified as a level 2 investment as it is valued at USD 11.6 mln on the basis of the latest transaction in the company, which closed in the second quarter of 2019. Vostok New Ventures invested a total of USD 11.6 mln in the company.

Monopoliya

As per December 31, 2019, Monopoliya is classified as a level 2 investment as it is valued at USD 9.4 mln on the basis of the latest transaction in the company, which closed in the fourth quarter of 2019. Vostok New Ventures invested a total of USD 9.4 mln in the company.

El Basharsoft

As per December 31, 2019, El Basharsoft is classified as a level 3 investment as it is valued at USD 8.6 mln on the basis of an EV/Revenue valuation model as the latest significant transaction took place more than 12 months ago. The company has been performing well. As per December 31, 2019, the model is deemed the best fair value estimate of the company. The model-based valuation is approximately 82% higher than the valuation as per December 31, 2018.

	Sensitivity in El Basharsoft valuation as per December 31, 2019				
	-15%	-10%	Revenue estimate	+10%	+15%
Valuation of Vostok New Ventures' El Basharsoft investment, USD mln	7.3	7.8	8.6	9.5	9.9

Merro

As per December 31, 2019, 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, 2019, Vostok New Ventures stake in the company is valued to USD 7.7 mln, which is 1% lower than the valuation as per December 31, 2018. The main drivers of the revaluation are a USD 3.1 mln dividend distribution following Merro's sale of Property Finder and a revised valuation of Opensooq, which is attributable to the majority of the fair value of Merro. As per December 31, 2019, Opensooq accounts for 72.2% of the fair value estimate of Merro. Merro sensitivity valuation is shown below.

	Sensitivity in Sum of the parts-based Merro valuation as per December 31, 2019				
	-15%	-10%	Opensooq estimate	+10%	+15%
Valuation of Vostok New Ventures' Merro investment, USD mln	6.9	7.1	7.7	8.2	8.4

	Sensitivity in Sum of the parts-based Merro valuation as per December 31, 2019				
	-15%	-10%	Merro valuation	+10%	+15%
Valuation of Vostok New Ventures' Merro investment, USD mln	6.5	6.9	7.7	8.4	8.8

Wallapop

As per December 31, 2019, Wallapop is classified as a level 3 investment. Vostok New Ventures' indirect stake in the company is valued at USD 7.3 mln. As per December 31, 2019, Vostok New Ventures values its indirect investment into Wallapop as per a revenue valuation model that results in a valuation in line with the last transaction in the company of August 2018. The company is performing in line with plan.

	Sensitivity in Wallapop valuation as per December 31, 2019				
	-15%	-10%	Revenue estimate	+10%	+15%
Valuation of Vostok New Ventures' Wallapop investment, USD mln	6.2	6.6	7.3	8.0	8.4

Shohoz

During the first quarter 2019, Vostok New Ventures invested USD 7.0 mln in Shohoz. As per December 31, 2019, Shohoz is classified as a level 2 investment based on latest transaction, valued at USD 7.0 mln as per December 31, 2019.

Housing Anywhere

As per December 31, 2019, Housing Anywhere is classified as a level 2 investment as it is valued at USD 6.4 mln (EUR 5.5 mln) on the basis of the latest transaction in the company, which closed in January 2020. Vostok New Ventures invested a total of USD 4.1 mln (EUR 3.3 mln) in the company in the first quarter 2018 and an additional USD 1.9 mln (EUR 1.7 mln) in December 2018.

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, 2019, YouScan is classified as a level 3 investment based on a revenue-multiple based valuation. This model-approach is deemed the best fair value estimate of YouScan as per December 31, 2019.

	Sensitivity in model-based YouScan-valuation as per December 31, 2019				
	-15%	-10%	Revenue estimate	+10%	+15%
Valuation of Vostok New Ventures' YouScan investment, USD million	3.3	3.5	3.9	4.3	4.5

Naseeb Networks

As per December 31, 2019, Naseeb Networks is classified as a level 3 investment as it is valued on the basis of a future looking EV/Revenue peer multiples valuation model. The model values Vostok's stake in Naseeb Networks to USD 3.5 mln compared to USD 3.8 mln as per December 31, 2018.

The peer group includes four online classifieds/jobs portal peers including SEEK, Infoedge, and 51job. The average multiple of the peer group is 8.5x and the median multiple is 7.1x.

	Sensitivity in model-based Naseeb valuation as per December 31, 2019				
	-15%	-10%	Revenue estimate	+10%	+15%
Valuation of Vostok New Ventures' Naseeb investment, USD mln	3.0	3.2	3.5	3.9	4.0

DOC+

As per December 31, 2019, DOC+ is classified as a level 3 investment as it is valued based on a revenue-multiple based valuation. This model-approach is deemed the best fair value estimate of DOC+ as per December 31, 2019.

	Sensitivity in DOC+ valuation as per December 31, 2019				
	-15%	-10%	Revenue estimate	+10%	+15%
Valuation of Vostok New Ventures' DOC+ investment, USD mln	3.0	3.2	3.6	3.9	4.1

	Sensitivity in DOC+ valuation as per December 31, 2019				
	-15%	-10%	RUB/USD	+10%	+15%
Valuation of Vostok New Ventures' DOC+ investment, USD mln	3.0	3.2	3.6	3.9	4.1

JamesEdition

As per December 31, 2019, JamesEdition is classified as a level 2 investment as it is valued at USD 3.4 mln on the basis of the latest transaction in the company, which closed in the second quarter of 2019. Vostok New Ventures invested a total of USD 3.3 mln (EUR 3.0 mln) in the company.

Vezeeta

As per December 31, 2019, 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 first quarter 2019. As per December 31, 2019, Vostok New Ventures values its investment in Vezeeta to USD 3.2 mln.

Agente Imóvel

As per December 31, 2019, Agente Imóvel is classified as a level 3 investment based on an EV/Revenue multiples model. Vostok New Ventures has invested a total of USD 2.0 mln in the company, which as per December 31, 2019 is valued at USD 2.8 mln.

	Sensitivity in Agente Imóvel valuation as per December 31, 2019				
	-15%	-10%	Revenue estimate	+10%	+15%
Valuation of Vostok New Ventures' Agente Imóvel investment, USD mln	2.4	2.5	2.8	3.1	3.2

Yoppie

During the third quarter 2019, Vostok New Ventures invested USD 1.5 mln in Yoppie. As per December 31, 2019, Yoppie is classified as a level 2 investment based on the latest transaction, valued at USD 1.5 mln (GBP 1.2 mln) as per December 31, 2019.

Shwe Property

As per December 31, 2019, 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 third quarter of 2019. The company is valued at USD 1.4 mln.

Grace Health

During the second quarter 2019, Vostok New Ventures invested USD 1.0 mln (SEK 10.0 mln) in Grace Health. As per December 31, 2019, Grace Health is classified as a level 2 investment based on latest transaction, valued at USD 1.1 mln as per December 31, 2019.

Numan

As per December 31, 2019, Numan is classified as a level 2 investment based on a convertible loan investment amounting to USD 1.0 mln (GBP 0.8 mln) in the company which closed in December 2018 and converted into equity during the first quarter 2019. Numan is valued at USD 1.1 mln as per December 31, 2019.

JobNet

As per December 31, 2019, JobNet is classified as a level 3 investment as it is valued on the basis of a future looking EV/Revenue peer multiples valuation model. The model values Vostok's stake in JobNet to USD 0.7 mln compared to USD 0.5 mln as per December 31, 2018.

The peer group includes four online classifieds/jobs portal peers including SEEK, Infoedge, and 51job. The average multiple of the peer group is 9.6x and the median multiple is 7.2x.

	Sensitivity in model-based JobNet valuation as per December 31, 2019				
	-15%	-10%	Revenue estimate	+10%	+15%
Valuation of Vostok New Ventures' JobNet investment, USD mln	0.6	0.6	0.7	0.8	0.8

Dubicars

As per December 31, 2019, Dubicars is classified as a level 2 investment based on a transaction in the company which closed in the fourth quarter 2018. Dubicars is valued at USD 0.5 mln as per December 31, 2019.

CarZar

As per December 31, 2019, CarZar is classified as a level 3 investment as it is valued on the basis of Vostok New Ventures' assessment of the intrinsic fair value of the company. Vostok New Ventures' valuation as per December 31, 2019, is significantly lower compared with the valuation as per December 31, 2018 following continued unfavorable performance and overall market dynamics.

	Sensitivity in CarZar valuation as per December 31, 2019				
	-15%	-10%	CarZar valuation	+10%	+15%
Valuation of Vostok New Ventures' CarZar investment, USD mln	0.4	0.4	0.5	0.5	0.5

Marley Spoon (equity, Level 1)

As per December 31, 2019, the equity in Marley Spoon is valued at USD 0.2 mln on the basis of the closing price on the last trading day of Marley Spoon in 4Q19. Marley Spoon equity is classified as a level 1 investment.

Liquidity management (Level 1)

As per December 31, 2019, Vostok New Ventures owns USD 20.7 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, 2019, is the last published NAV as per end of December 2019.

Loan receivables

As per December 31, 2019, 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, 2019 and 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 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 2019	Group 2018
Proceeds from sale of financial assets at fair value through profit or loss	565,429	2,063
Acquisition value of sold financial assets at fair value through profit or loss	-79,077	-1,522
Reversal of fair value of sold assets at fair value through profit or loss	-486,176	-430
Change in fair value of remaining financial assets at fair value through profit or loss	203,649	-15,763
Result from financial assets at fair value through profit or loss	203,825	-15,652

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 2019	Group 2018
Dividend and coupon income recognized in the income statement[1,2]	3,065	22,182
Net proceeds from dividends and coupons, net of tax, recognized in the income statement during the year	3,065	22,182

1. 2019: Dividend and coupon income was USD 3.1 mln related to Merro dividends.
2. 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.

Note 8
Operating expenses by nature

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Employee benefit expense (Note 22)	28,908	5,836	24,038	3,068
Service agreement between Vostok New Ventures AB and Vostok New Ventures Ltd	–	–	5,771	3,568
External services	1,689	679	1,333	513
Expensed VAT	1,294	4,943	1,294	–
Other expenses	1,750	1,795	788	900
Total operating expenses	33,641	13,253	33,224	8,049

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% (2018: 12.5%).

In certain cases dividends received from abroad may be subject to defence contribution at the rate of 30% (2018: 30%).

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

During 2019, the Swedish subsidiary's profits are subject to Swedish income tax at the rate of 21.4% (2018: 22%).

Income tax expense

	Group 2019	Group 2018
Current tax	-241	-122
Deferred tax	–	–
Taxation	-241	-122

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

	Group 2019	Group 2018
Result before tax	163,918	-4,864
Tax calculated at domestic tax rates applicable to profits in the respective countries	-25,346	1,861
Tax effects of:		
– Income not subject to tax	25,427	2,841
– Expenses not deductible for tax purposes	-492	-4,823
– Adjustment in respect of prior years	170	–
Tax charge	-241	-122

The weighted average applicable tax rate was 15.5% (2018: 10.5%). The change in applicable tax rate between the years are related to the profitability of the group's subsidiaries in the respective countries.

Deferred tax

No deferred tax asset is recognized in the balance sheet as per December 31, 2019.

Note 10
Earnings per share

When calculating earnings per share, the average number of shares is based on average outstanding common shares, so called Swedish Depository Receipts (SDRs). 2019 Plan Shares, issued to incentive share program participants, are not treated as outstanding common shares and by that not included in the weighted calculation. The issue of plan shares is recognized as an increase in shareholders' equity, although.

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

	2019	2018
Profit attributable to the equity holders of the company	163,677	-4,864
Weighted average number of ordinary shares on issue	78,787,830	84,565,125
Earnings per share, basic	2.08	-0.06
Adjustment for dilution effect of incentive programs	330,750	231,419
Weighted average number of ordinary shares for diluted	79,118,580	84,796,544
Earnings per share, diluted	2.07	-0.06

Note 11
Property, plant and equipment

Group

Year ended December 31, 2019	Property, plant and equipment	Right-of-use assets: premises	Total
Opening net book amount	203	–	203
Amount equal to lease asset as at January 1, 2019 under IFRS 16	–	1,273	1,273
Depreciation charge	-33	-302	-335
Exchange differences	-9	-52	-61
Closing net book amount	161	919	1,080

Year ended December 31, 2018	Property, plant and equipment
Opening net book amount	53
Additions	177
Depreciation charge	-24
Exchange differences	-4
Closing net book amount	203

Note 12
Financial instruments by category

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

December 31, 2019 – Group

Assets as per balance sheet

	Asset at amortised cost	Assets at fair value through profit and loss	Total
Financial assets at fair value through profit or loss	–	830,982	830,982
Cash and cash equivalents	18,855	–	18,855
Other current receivables	428	–	428
Total financial assets	19,283	830,982	850,265

Liabilities as per balance sheet

	Liabilities at amortised cost	Total
Borrowings	68,582	68,582
Total non-current financial liabilities	68,582	68,582

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
Other current receivables	399	–	399
Total financial assets	40,702	932,482	973,184

Liabilities as per balance sheet

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

December 31, 2019 – 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	–	20,660	20,660
Cash and cash equivalents	15,810	–	15,810
Receivables from Group Companies	115,755	–	115,755
Other current receivables	351	–	351
Total financial assets	131,916	20,660	152,576

Liabilities as per balance sheet

	Liabilities at amortised cost	Total
Borrowings	68,582	68,582
Total non-current financial liabilities	68,582	68,582

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
Other current receivables	138	–	138
Total financial assets	292,608	644	293,252

Liabilities as per balance sheet

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

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.

(Expressed in USD) Company	Currency	Fair value, Dec 31, 2018	Ownership share, %	Investments/ (disposals), net	Fair value change	Fair value, Dec 31, 2019	Ownership share, %	Percentage weight
BlaBlaCar	EUR	157,695	9.3%	8,604	43,154	209,454	8.7%	25.2%
Babylon[3]	USD	21,884	10.1%	72,251	105,865	200,000	10.8%	24.1%
VOI	USD	10,832	23.0%	58,033	33,567	102,434	32.7%	12.3%
Gett	USD	55,359	4.0%	23,620	-4,126	74,853	5.3%	9.0%
Property Finder	USD	39,985	10.1%	–	7,898	47,883	9.8%	5.8%
OneTwoTrip	USD	16,548	16.3%	7,394	4,710	28,653	21.1%	3.4%
Hemnet[1]	SEK	14,178	5.9%	–	11,667	25,845	6.1%	3.1%
SWVL	USD	–	–	16,002	–	16,002	10.1%	1.9%
Booksy	USD	5,990	10.8%	3,450	3,442	12,931	11.8%	1.6%
Dostavista	USD	–	–	11,561	–	11,561	15.9%	1.4%
Monopoliya	USD	–	–	9,372	–	9,372	9.1%	1.1%
El Basharsoft (Wuzzuf and Forasna)	USD	4,737	23.7%	17	3,876	8,630	23.7%	1.0%
Merro	USD	7,761	22.6%	–	-109	7,652	22.6%	0.9%
Wallapop	EUR	9,950	2.9%	–	-2,603	7,347	2.4%	0.9%
Shohoz	USD	–	–	7,004	–	7,004	15.5%	0.8%
Housing Anywhere	EUR	6,227	25%	286	-146	6,366	26.2%	0.8%
YouScan[2]	USD	2,347	20.9%	–	1,521	3,867	20.9%	0.5%
DOC+	USD	4,000	10.3%	3,750	-4,194	3,556	26.7%	0.4%
Naseeb Networks (Rozee and Mihnati)	USD	3,808	24.3%	–	-279	3,528	24.3%	0.4%
JamesEdition	EUR	–	–	3,341	18	3,359	27.6%	0.4%
Vezeeta	USD	3,156	9.0%	–	–	3,156	9.0%	0.4%
Agente Imóvel	USD	2,999	27.3%	–	-199	2,800	27.3%	0.3%
Yoppie	GBP	–	–	1,481	–	1,481	37.0%	0.2%
Shwe Property	USD	500	8.3%	600	335	1,435	11.7%	0.2%
Grace Health	SEK	–	–	1,042	31	1,073	14.3%	0.1%
Numan[3]	GBP	–	–	1,048	16	1,064	9.9%	0.1%
JobNet	USD	500	3.8%	–	219	719	3.8%	0.1%
Dubicars	USD	348	6.4%	135	25	508	6.8%	0.1%
CarZar	USD	3,000	16.4%	–	-2,549	451	16.4%	0.1%
Marley Spoon	USD	316	1.2%	–	-148	168	0.6%	0.0%
Busfor	USD	8,604	12.3%	-8,604	–	–	–	–
Avito	USD	539,874	13.2%	-539,874	–	–	–	–
Inturn, convertible debt	USD	–		5,000	62	5,062		0.6%
Numan, convertible debt	GBP	1,012		187	134	1,332		0.2%
Housing Anywhere, convertible debt	EUR	–		557	5	562		0.1%
DOC+, convertible debt	USD	–		-6	6	–		–
Naseeb Networks, convertible debt	USD	–		200	12	212		0.0%
Babylon, convertible debt	GBP	9,227		-9,243	16	–		–
Booksy, convertible debt	USD	1,000		-1,000	–	–		–
VOI, convertible debt	USD	–		-456	456	–		–
Total non-current financial assets at fair value through profit or loss		931,838		-324,199	202,683	810,322		97.5%
Liquidity management[4]		644		18,874	1,142	20,660		2.5%
Investment portfolio		932,482		-305,325	203,825	830,982		100.0%

Last year movement, totaled:

(Expressed in USD) Company	Currency	Fair value, Dec 31, 2017	Ownership share, %	Investments/ (disposals), net	Fair value change	Fair value, Dec 31, 2018	Ownership share, %	Percentage weight
Total non-current financial assets at fair value through profit or loss		892,024		55,589	-15,775	931,838		99.9%
Liquidity management[4]		8,023		-7,391	12	644		0.1%
Investment portfolio		900,047		48,198	-15,763	932,482		100.0%

1. Indirect holding through YSaphis S.A. and Sprints Capital Rob R Partners S.A.
2. 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.
3. Convertible note conversions into shares generates capitalized interest and currency effects which are excluded in investments of financial assets in the cash flow statement.
4. Financial assets held by the parent company.

Note 14
Other current receivables

	Group Dec 31, 2019	Group Dec 31, 2018	Parent Company Dec 31, 2019	Parent Company Dec 31, 2018
Prepayments and accrued income	381	190	351	85
Other receivables	47	209	–	52
Total	428	399	351	138

Note 15
Cash and cash equivalents

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

	Group Dec 31, 2019	Group Dec 31, 2018
Cash and cash equivalents	18,855	40,303
of which short-term investments equivalent to cash	–	–
Total	18,855	40,303

Note 16
Share capital and additional paid in capital

Year	Event	Change in number of shares	Number of shares	Par value, USD	Change in share capital, USD	Share capital, USD	Change in additional paid in capital, USD	Additional paid in capital, USD
April 2007	Incorporation	–	1	0.00	–	–	–	–
2007	Value of employee services	–	–	–	–	–	125,437	125,437
July 2007	New share issue	46,020,900	46,020,901	1.00	46,020,901	46,020,901	–	–
2007	Proceeds from new share issue	–	–	–	–	–	146,350,375	146,475,812
2008	Value of employee services	–	–	–	–	–	408,474	146,884,286
February 2009	Rights issue	46,020,901	92,041,802	1.00	46,020,901	92,041,802	20,180,135	167,064,421
June 2009	In-kind issue	8,949,173	100,990,975	1.00	8,949,173	100,990,975	24,423,403	191,487,824
2009–2011	Value of employee services	–	–	–	–	–	553,440	192,041,264
2011	Repurchase of shares	-2,520,775	98,470,200	1.00	-2,520,775	98,470,200	-6,659,430	185,381,834
January–July 2012	Repurchase of shares	-8,516,827	89,953,373	1.00	-8,516,827	89,953,373	-27,624,663	157,757,171
September 2012	Split and redemption program	–	89,953,373	-0.50	-44,976,687	44,976,687	–	157,757,171
December 2012	Repurchase of shares	-234,094	89,719,279	0.50	-117,047	44,859,640	–	157,757,171
January 2013	Repurchase of shares	-1,509,279	88,210,000	0.50	-754,640	44,105,000	-3,888,873	153,868,298
May 2013	Split and redemption program	–	88,210,000	-0.15	-13,231,500	30,873,500	–	153,868,298
August 2013	Employee options and service	1,693,020	89,903,020	0.35	592,557	31,466,057	4,071,021	157,939,319
June 2014	Exercise of employee options	24,360	89,927,380	0.35	8,526	31,474,583	61,331	158,000,650
2014	Repurchase of shares	-15,830,049	74,097,331	0.35	-5,540,517	25,934,066	-112,448,059	45,552,591
2015	Repurchase of shares	-597,776	73,499,555	0.35	-209,222	25,724,844	-2,556,119	42,996,472
July 2015	Split and redemption program	–	73,499,555	-0.03	-2,204,987	23,519,858	–	42,996,472
August 2016	In-kind issue	6,866,766	80,366,321	0.32	2,197,365	25,717,223	43,014,279	86,010,751
August 2016	Cancellation of repurchased shares	-50,507	80,315,814	0.32	-16,162	25,701,061	-280,264	85,730,487
2016	Value of employee services	–	–	–	–	–	130,053	85,860,540
November 2016	In-kind issue	4,154,495	84,470,309	0.32	1,329,438	27,030,499	39,699,805	125,560,345
December 2016	Exercise of employee options	1,218,000	85,688,309	0.32	389,760	27,420,259	230,997	125,791,342
2017	Value of employee services	–	–	–	–	–	1,136,203	126,927,545
2017	Repurchase of shares	-1,105,952	84,582,357	0.32	353,905	27,066,354	-7,854,341	119,073,204
At January 1, 2018			84,582,357	0.32		27,066,354		119,073,204
2018	Long-term incentive program			0.32	–	–	1,926,602	120,999,807
2018	Repurchase of shares	-20,000	84,562,357	0.32	6,400	27,059,954	-171,282	120,828,524
December 31, 2018	Total outstanding common shares (SDRs)		84,562,357	0.32		27,059,954		
2019	Repurchase of shares	-4,902,315	79,660,042	0.32	1,568,741	25,491,213	-38,580,374	82,248,150
February 2019	Split and redemption program[1]		79,660,042	0.08	-6,372,803	19,118,410	–	82,248,150
2019	Repurchase of shares	-2,490,986	77,169,056	0.24	597,837	18,520,573	-13,520,573	68,902,331
April 2019	Ex gratie payment to CEO	517,900	77,686,956	0.24	124,296	18,644,869	3,076,178	71,978,509
May 2019	Exercise of employee options	147,000	77,833,956	0.24	35,280	18,680,149	578,702	72,557,211
July 2019	Long-term incentive program 2016	316,050	78,150,006	0.24	75,852	18,756,001	-75,852	72,481,359
2019	Value of employee services	–	–	–	–	–	1,535,581	74,016,940
December 31, 2019	Total outstanding common shares (SDRs)		78,150,006	0.24		18,756,001		
	Redeemable common shares							
August 2019	Long-term incentive program 2019	2,100,000		0.24	504,000	19,260,001	85,364	74,102,304
December 31, 2019	Total outstanding shares	80,250,006		0.24		19,260,001		74,102,304

1. Mandatory split and redemption program 2019

The Company distributed SEK 25 per share (USD 215.3 mln in total) through a mandatory split and redemption program of 79,660,042 Swedish Depository Receipts (SDRs) that was resolved on an Extra General Meeting held on February 14, 2019 and concluded on March 14, 2019.

The split and redemption program entailed that each SDR was split into two SDRs whereof one of the two SDRs was redeemed for a cash payment of SEK 25. After the redemption, each SDR holder owned the same number of SDRs as before the split. The owner of the two former SDRs owned after the completion one SDR and has received payment of SEK 25 for the redeemed SDR. The last day of trading to receive redemption SDRs was February 19, 2019 and the record date for the split and receipt of redemption SDRs was February 21, 2019.

Note 17
Borrowings

	Group Dec 31, 2019	Group Dec 31, 2018	Parent Company Dec 31, 2019	Parent Company Dec 31, 2018
Borrowings	68,582	93,944	68,582	93,944
Leasing liabilities	651	–	–	–
Total	69,233	93,944	68,582	93,944

Borrowings
Change in interest-bearing loans, Group and Parent Company

2019			Non-cash transactions		
	Opening balance	Cash transactions	Interest expense	Exchange differences	Closing balance
Bond 2017/2020 and bond 2018/2022	93,944	-91,205	-3,113	373	–
Bond 2019/22	–	65,012	1,093	2,478	68,582
Total	93,944	-26,193	-2,020	2,851	68,582

2018			Non-cash transactions		
	Opening balance	Cash transactions	Interest expense	Exchange differences	Closing balance
Bond 2017/2020 and bond 2018/2022	71,541	23,747	5,779	-7,123	93,944

Bond 2019/2022

On September 25, 2019, the Company announced that it had successfully placed a bond loan of three years, initial amount of SEK 550 million, within a frame of SEK 800 million. The bond bears a fixed coupon of 5.75 per cent p.a. with interest payable quarterly. The bond is listed for trading on Nasdaq Stockholm. The first day of trading was December 3, 2019.

On November 28, 2019, Vostok New Ventures Ltd increased its outstanding bond loan by SEK 100 mln by way of a subsequent bond issue. The total amount outstanding under the Company's bond loan was SEK 650 million as per December 31, 2019.

Bond 2017/2020 and bond 2018/2022

Following the sale of Avito, on January 28, 2019, the Company announced an early redemption of all outstanding bonds of series 2017/2020 and series 2018/2022. The redemption was completed on February 21, 2019.

Leasing liabilities

Year ended December 31, 2019	Lease liabilities for premises
Maturity analysis – contractual discounted cash flow	
Current liabilities: outflow less than one year	297
Non-current liabilities: outflow one to five years	651
Total discounted lease liabilities	948
Total cash flow for leases during 2019	-343
Amounts recognized in the consolidated income statement	
Interest on lease liabilities	-68
Exchange differences	52

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

Note 18
Other current liabilities

	Group Dec 31, 2019	Group Dec 31, 2018	Parent Company Dec 31, 2019	Parent Company Dec 31, 2018
Other current liabilities	423	378	315	83
Leasing liability	297	–	–	–
Accrued tax liability	783	783	–	–
Total	1,503	1,161	315	83

Note 19
Accrued expenses

	Group Dec 31, 2019	Group Dec 31, 2018	Parent Company Dec 31, 2019	Parent Company Dec 31, 2018
Accrued social fees	3,356	1,073	3,258	977
Accrued variable employee benefit expenses	–	154	–	154
Accrued employee benefit expenses	–	31	–	31
Prepaid rental income and forward invoiced costs	82	79	–	–
Accrued other operating expenses	272	392	213	329
Total	3,711	1,727	3,471	1,490

Note 20
Pledged assets and contingent liabilities

Pledged assets
All of the shares in the subsidiary Vostok New Ventures (Cyprus) Limited have been pledged as collateral for Vostok New Ventures Ltd's external loans.

Contingent liabilities
There were no contingent liabilities in the Company by December 31, 2019.

Note 21
Shares in subsidiaries

Parent Company

	Country	Number of shares	Share of capital and votes, %	Book value Dec 31, 2019	Book value Dec 31, 2018
Vostok New Ventures (Cyprus) Limited	Cyprus	150,000	100	185	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				185	84,389

Vostok New Ventures (Cyprus) Limited repaid a shareholder's contribution of USD 84,204 thousand to its parent company during 2019.

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 22
Employee benefit expense

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Wages and salaries	17,308	2,268	15,702	423
Social security costs	7,057	1,273	5,723	626
Pensions costs	274	265	–	–
Other employee benefit expenses	4,269	2,030	2,613	2,019
Total employee benefit expense	28,908	5,836	24,038	3,068

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Salaries and other remunerations to the management and the Board of Directors of the parent and its subsidiaries	20,385	3,792	18,194	2,152
Salaries and other remunerations to other employees	1,467	759	121	290
Total salaries	21,852	4,552	18,315	2,442

Decisions regarding remuneration to the Managing Director are made by the Board of Directors, while decisions regarding fixed remuneration to managers are made by the Managing Director. The Managing Director has the right to 12 months' salary in the event of the termination of appointment on part of the company. He must himself observe 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 (7), of which 3 (3) were men. The average number of persons in the management was 3 (3), of which 2 were men (2).

Group 2019

	Base salaries/ board, audit & compensation committee fee	Variable compen-sations	Pension expenses	Shares based compen-sations	Other remuner-ations	Total
Lars O Grönstedt	167	–	–	–	–	167
Josh Blachman	81	–	–	–	–	81
Victoria Grace	75	–	–	–	–	75
Ylva Lindquist	75	–	–	–	–	75
Keith Richman	81	–	–	–	–	81
Per Brilioth	438	15,223	97	840	1,123	17,720
Other management and board members of subsidiaries	400	343	106	540	796	2,185
Total	1,317	15,566	203	1,380	1,919[1]	20,385

1. Other remunerations, to facilitate participation in LTIP 2019, the Company subsidized the subscription price payable by program participants for the cost of acquiring 2019 Plan Shares.

Group 2018

	Base salaries/ board fee	Variable compen-sations	Pension expenses	Shares based compen-sations	Other remuner-ations	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

Parent 2019

	Base salaries/ board fee	Variable compen-sations	Pension expenses	Shares based compen-sations	Other remuner-ations	Total
Lars O Grönstedt	167	–	–	–	–	167
Josh Blachman	81	–	–	–	–	81
Victoria Grace	75	–	–	–	–	75
Ylva Lindquist	75	–	–	–	–	75
Keith Richman	81	–	–	–	–	81
Per Brilioth	–	15,223	–	840	1,112	17,176
Other management and board members of subsidiaries	–	–	–	540	–	540
Total	479	15,223	–	1,380	1,112[1]	18,194

1. Other remunerations, to facilitate participation in LTIP 2019, the Company subsidized the subscription price payable by program participants for the cost of acquiring 2019 Plan Shares.

Parent 2018

	Base salaries/ board fee	Variable compen-sations	Pension expenses	Shares based compen-sations	Other remuner-ations	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

Bonuses were paid out to management during 2019 in recognition of successful transactions in several portfolio companies during 2018.

In addition, a one-time an extraordinary bonus was paid out in the second quarter of 2019 to managing director Per Brilioth in the gross amount of USD 15 mln following the successful exit of Avito during January 2019 in recognition of the instrumental role he played in the success of that investment. The bonus was paid in equal parts in cash and in kind (after tax), where the in-kind part of the bonus amounted to 517,900 SDRs, which Per Brilioth has committed to hold during a period of 3 years.

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 and in March 2019, following the distribution of proceeds from the sale of Avito.

At the onset of the financial year 2019, a total of 100,000 options under the 2010 Incentive Program issued to employees in 2016 and maturing 2019 remained outstanding. Each option entitled its owner to subscribe for 1.47 (originally 1) SDRs at an exercise price of SEK 39.59 (originally SEK 58.19). The options were exercised in connection with maturity in July 2019, resulting in the issue of an additional 147,000 shares and corresponding SDRs.

The 2019 AGM resolved to cancel the 2010 program in its entirety following maturity of these last outstanding options.

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 ran 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 originally encompassed a maximum of 430,000 shares, corresponding to a dilution of 0.59% of the total number of shares outstanding. (Following the distribution of proceeds from the sale of Avito by way of the share split and redemption program in March 2019, the terms of LTIP 2016 were adjusted by a factor of 1.47, such that the program encompassed a maximum of 632,100 shares.) Program participants are invited to purchase shares in the Company, designated savings shares, 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. If the Company's NAV increases by an average of 10 percent per annum during the duration of the program, participants receive two performance shares per savings share. If the Company's NAV increases by an average of 15 percent per annum during the duration of the program, participants receive five performance shares per savings share. If the Company's NAV increases by an average of 20 percent per annum during the duration of the program, participants receive 10 performance shares per savings share. Pursuant to IFRS 2, the costs for the program were 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 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 (which 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 – (2018: 0.69).

In March 2019, the Board of Directors 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. As a result, following adjustment for the distribution of proceeds from the sale of Avito, as described above, participants in LTIP 2016 received a total of 316,050 shares in May 2019.

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 originally encompassed a maximum of 450,000 shares, corresponding to a dilution of 0.53% of the total number of shares outstanding. (Following the distribution of proceeds from the sale of Avito by way of the share split and redemption program in March 2019, the terms of LTIP 2017 were adjusted by a factor of 1.47, such that the program encompasses a maximum of 661,500 shares.) Program participants are invited to purchase shares in the Company, designated savings shares, 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. If the Company's NAV increases by an average of 10 percent per annum during the duration of the program, participants receive two performance shares per savings share. If the Company's NAV increases by an average of 15 percent per annum during the duration of the program, participants receive five performance shares per savings share. If the Company's NAV increases by an average of 20 percent per annum during the duration of the program, participants receive 10 performance shares per savings 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 (May 16, 2017 through December 31, 2019).

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 (which 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 0.71 (2018: 0.70).

In March 2020, the Board of Directors determined that the development of the Company's Net Asset Value over the performance measurement period of LTIP 2017 (January 1, 2017 through December 31, 2019), meets the so-called target level, whereby each savings share held by program participants throughout the vesting period (until March 31, 2020) will result in an allocation of five performance shares free of charge. As a result, following adjustment for the distribution of proceeds from the sale of Avito, as described above, participants in LTIP 2017 are entitled to receive a total of 330,750 shares in May 2020.

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 originally encompassed a maximum of 510,000 shares, corresponding to a dilution of 0.60% of the total number of shares outstanding. (Following the distribution of proceeds from the sale of Avito by way of the share split and redemption program in March 2019, the terms of LTIP 2018 were adjusted by a factor of 1.47, such that the program encompasses a maximum of 749,700 shares.) Program participants are invited to purchase shares in the Company, designated savings shares, and for each savings 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. If the Company's NAV increases by an average of 10 percent per annum during the duration of the program, participants receive two performance shares per savings share. If the Company's NAV increases by an average of 15 percent per annum during the duration of the program, participants receive five performance shares per savings share. If the Company's NAV increases by an average of 20 percent per annum during the duration of the program, participants receive 10 performance shares per savings 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 (May 16, 2018 through December 31, 2020).

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 (which 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 0.83 (2018: 0.52).

Share-based incentive program (LTIP 2019)

At a Special General Meeting held on August 22, 2019, it was resolved to implement a new share-based long-term incentive program for management and key personnel in the Vostok New Ventures Group. Similarly to LTIP 2017 and 2018, participants in the five-year 2019 program are invited to purchase a number of shares in the Company, designated savings shares. For each savings share, participants are entitled to subscribe for a new class of redeemable common shares ("2019 Plan Shares") in the Company. Depending on the performance of both the Company's Net Asset Value and of the Vostok New Ventures share price over the five-year measurement period (January 1, 2019 through December 31, 2023), the 2019 Plan Shares will be redeemed by the Company for a nominal amount or reclassified as ordinary common shares and represented by Swedish Depository Receipts, provided certain performance conditions have been fulfilled.

The participants will be compensated for dividends and other value transfers to the shareholders. The participants are also entitled to vote for their 2019 Plan Shares during the measurement period. If a participant ceases to be employed by the Group within this period, the plan shares will be redeemed at a nominal amount, unless otherwise resolved by the Board on a case-by-case basis.

The fair value of the 2019 Plan Shares was calculated on the basis of the market price of the Company's depository receipts on the grant date and prevailing market conditions by using a Monte Carlo Valuation Method.

To facilitate participation in LTIP 2019, the Company subsidized the subscription price payable by program participants for the 2019 Plan Shares. The subsidy amounted to USD 2.6 mln, social fees excluded, for the cost of acquiring plan shares. The cost for financing and acquiring plan shares is expensed directly. The Company also compensated participants for the tax impact arising from the fact that the subscription price was below fair market value. The estimated cost of this subsidy, social fee excluded, amounts to USD 1 mln and will be expensed over five years, treated as vesting expense. As per December 2019, the vesting expense for LTIP 2019 amounts to USD 0.1 mln.

	LTIP 2017	LTIP 2018	LTIP 2019
Program measurement period	Jan 2017–Dec 2019	Jan 2018–Dec 2020	Jan 2019–Dec 2023
Vesting period	May 2017–May 2020	May 2018–May 2021	Aug 2019–May 2024
Maximum number of depository receipts not adjusted for split and redemption program Mar 2019	450,000	510,000	2,100,000
Maximum number of depository receipts adjusted for split and redemption program Mar 2019	661,500	742,350	2,100,000
Maximum dilution, adjusted for redemption program	0.42%	0.95%	2.7%
Common share price per grant day in SEK	72.50	74.70	63.50
Common share price per grant day in USD	8.25	8.59	6.60
Plan share price per grant day in SEK	–	–	6.84
Plan share price per grant day in USD	–	–	0.71

LTIP share-based remuneration expense, excluding social fees in USD mln	LTIP 2017	LTIP 2018	LTIP 2019
2019	0.71	0.83	0.09
2018	0.70	0.52	–
2017	0.45	–	–
Total	1.86	1.35	0.09

Note 23
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	
	2019	2018	2019	2018
Key management and Board of Directors[1]	-20,080	-3,558	–	–

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

Members of management purchased the Company's bond 2019/2022 for their own account, when it was issued, for a total amount of USD 0.6 mln.

The Company has entered into agreements with Keith Richman and Victoria Grace, both Directors of Vostok New Ventures, for consultancy services above and beyond their duties as Directors in the Company in relation to current or prospective investments. The gross annual cost per contract is USD 0.1 mln.

In April 2019, the Board of Directors of Vostok New Ventures Ltd awarded Per Brilioth, Managing Director of Vostok New Ventures, an extraordinary bonus following the successful exit of Avito in January 2019 in the gross amount of USD 15.2 mln, payable in equal parts in kind by way of shares and in cash after tax.

A Special General Meeting held on August 22, 2019 resolved to adopt a five-year performance-based incentive program for key employees. The Company subsidized participation in the program. The value of the subsidy amounted to USD 1.9 mln. The Company also compensated for the tax impact arising from the fact that subscription price for the 2019 Plan Shares was below fair market value. The maximum estimated cost of this subsidy to management, social fee excluded, amounted to USD 0.7 mln and will be expensed over five years.

The costs for the four long-term incentive programs (LTIP 2017, LTIP 2018 and LTIP 2019) for the management amounted to USD 1.4 mln, excluding social taxes, during the twelve-month period 2019. See details of LTIP 2016, LTIP 2017, LTIP 2018 and LTIP 2019 in Note 22.

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 and manage 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, 2019	Dec 31, 2018
Loan receivables	115,755	256,965
Interest income	3,234	13,807
Current liabilities	-1,145	-719
Operating expenses	-6,889	-3,568

Note 24
Events after the reporting period

On February 17, 2020, Vostok New Ventures announced that it had has carried out a subsequent issue of bonds in an amount of SEK 150 million under the framework of its outstanding bond 2019/2022 with ISIN SE0013233541. The subsequent issue was priced at 102.75 per cent of par.

Following the subsequent issue, the total amount outstanding under the Company's bond loan will be SEK 800 million. The settlement date of the new bonds was February 24, 2020 and the proceeds from the subsequent issue will be used for general corporate purposes. The company has applied for listing of the subsequent bonds on Nasdaq Stockholm. The first day of trading was March 13, 2020.

During the first months of 2020, COVID-19 and its impact have resulted in extraordinary volatility in financial markets globally with increased risk premiums. VNV continues to work closely with its portfolio companies to evaluate the financial and operational impact of COVID-19 both in a short- and longer-term perspective. Given the current uncertainty and lack of visibility on a macro level, VNV also closely monitors the Group's financial position including the terms of outstanding debt as well as potential capital needs across its portfolio companies. The direct impact of COVID-19 to date differs from company to company. During the first months of 2020, mobility and travel-related businesses have, as an example, seen a direct negative effect given the significant impact on domestic and international travel (both ground and air) across the globe, while businesses in the digital health space currently are seeing unprecedented demand for their services and products.

Note 25
Adoption of annual report

The annual report has been submitted by the Board of Directors on March 25, 2020, see page 67. The balance sheet and profit and loss accounts are to be adopted by the company's shareholders at the annual general meeting on May 12, 2020.

Declaration

The Board of Directors and the Managing Director declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with IFRS and give a true and fair view of the Parent Company's financial position and results of 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 25, 2020

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 2019. The consolidated financial statements and the parent company financial statements are included on pages 36–67 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, 2019, and of its consolidated financial performance and parent company financial performance and its consolidated cash flows and parent company cash flows for the year then ended in accordance with International Financial Reporting Standards 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, 2019, these investments had a carrying value of USD 831 million, representing 98% 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 22.	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 1–26 and 71–73, 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 25, 2020

PricewaterhouseCoopers AB

Bo Hjalmarsson
Authorized public accountant
Auditor in charge

Martin Oscarsson
Authorized public accountant

Sustainability Statement 2019

Vostok New Ventures is a global investor that invests primarily in unlisted companies with considerable potential for value appreciation, with a focus on companies with network effects.

Our investments are global and conduct their business in France, Great Britain, Sweden, Israel, USA, Brazil, UAE, Russia, Egypt, among others. Our investment focus is currently split between three areas:

Online marketplaces	Mobility solutions	Digital health solutions
We invest in digital marketplaces which matches the supply and demand side of things, houses, businesses and people such as Property Finder, Hemnet and Housing Anywhere.	We invest in mobility solutions and leaders in the global sharing economy such as BlaBlaCar and VOI.	We invest in digital health solutions that offers accessible and affordable health services such as Babylon and Vezeeta.

Sustainability governance

Vostok New Ventures is committed to being a responsible member of the communities in which we operate. We believe that respect for human rights, labor rights and the environment is central to good corporate citizenship and that environmental, social, and governance factors should be taken into consideration in every aspect of our business. The CEO has the overarching responsibility for the sustainability work at Vostok New Ventures. Vostok New Ventures' management is responsible for developing, implementing and maintaining an adequate sustainability program, including a system of internal controls to ensure the detection and prevention of corruption or misconduct.

Code of Conduct

Our guiding document for sustainability is our Code of Conduct. It is based on the International Bill of Human Rights and International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The Code of Conduct sets out the standards that all Vostok New Ventures' employees, management and directors as well as any other person representing or acting on behalf of Vostok New Ventures are required to follow. It also outlines our approach towards integrating sustainability into our investment process. The Code has the purpose of ensuring the protection of human rights, promotion of fair employment conditions, safe working conditions, responsible management of environmental issues, and high ethical standards. Additionally, the Code outlines our expectations on our portfolio companies to operate in line with our values and in observance of international human rights laws and conventions as well as standards for sound environmental, social and governance performance.

As part of the on-boarding process at Vostok New Ventures, new employees are introduced to the Code and its content. The policy is reviewed on a bi-annually basis by the Board of Directors and any amendments are communicated to all employees through a follow-up meeting.

Business ethics

Vostok New Ventures has zero tolerance towards all forms of corruption and financial irregularity, as stipulated in our Code of Conduct and Anti-corruption Policy. Our Anti-corruption Policy applies to all our employees, suppliers and any business partner acting on behalf of Vostok New Ventures.

Our portfolio companies often operate in growth markets with a hightened risk of corruption. It is therefore important that we always use our best efforts to adopt appropriate routines to ensure no corrupt practices occur. Additionally, all our portfolio companies must observe high standards of ethical and business conduct in their operations and commit to combatting all forms of corruption.

Since corruption includes a wide range of issues it is challenging to understand what constitutes a corrupt practice. Therefore, we have included definitions of corrupt practices in our Anti-corruption Policy, e.g. facilitation payments and bribery offences as well as an explanation of relevant sections of Swedish Anti-bribery legislation. New employees are introduced to our Anti-corruption Policy through our on-boarding process. Any employee who knows or has a reason to believe that misconduct has occurred is responsible for immediately notifying his/her immediate manager, the General Counsel, Vostok New Ventures' CFO or the Chairman of the Board of Directors.

Sustainability risks

Sustainability factors can pose significant risks for our investments if not identified, assessed and managed properly. The regulatory landscape within sustainable finance is increasing which poses significant risks of non-compliance if we do not have a proactive approach. Since Vostok New Ventures invests in growth markets with a hightened risk of corruption, governance factors need to be assessed for potential investments, but also monitored in our current portfolio. We invest in digital services and solutions and several of our investments handle sensitive personal data. This may expose us and our investments to a risk of loss of personal information, liability and litigation if not managed properly.

Environmental factors and climate change may also have negative financial impacts on our investments due to failure of climate change mitigation and adaptation as well as risks associated with failure to consider and manage the transition towards a low-carbon economy. Additionally, social factors may pose a risk to our investments, e.g., non-compliance with international standards and legislation on human rights and labor rights.

Our investment process

Vostok New Ventures recognizes that observance of good environment, social and governance practice is essential if companies are to be successful. Throughout the investment process we have an ongoing dialogue with our investments, and we have implemented a two-step process for integrating sustainability considerations into our investment activities.

Pre-investment: Sustainability analysis

This involves an analysis of exposure to sustainability risks and how well these risks are identified and managed. We shall always conduct due diligence in relation to corruption, e.g., bribery, fraud and money laundering, and consider risks related to privacy and personal data prior to investing in a company, as well as on an on-going basis during the investment.

Post-investment: Active shareholder governance

We strive to ensure that the executive management of companies in which we hold an interest identify and manage sustainability risks and opportunities in a way that promotes a sustained profitability and risk management in order to protect shareholder value and enhance long-term returns. Where we hold a Board of Directors' position, we continuously follow up and monitor sustainability risks in business reviews with management of portfolio companies.

The management of Vostok New Ventures also strives to act proactively to ensure that portfolio companies adopt and implement appropriate policies, systems of internal monitoring and control and other routines for ensuring the compliance with our expectations and values, as stipulated in our Code of Conduct. We request that our portfolio companies follow internationally recognized human rights and labor rights as well as standards for sound environmental, social and governance. The Board of Directors of the portfolio company is responsible for annually reporting back on compliance issues.

Our operations

Our team

Our office is located in Stockholm. At Vostok New Ventures we are a small team of seven persons who bring together different mindsets, competences and qualities. Our workforce is composed of 57% women and 43% men.

Employees

By contract and type of employment	Male	Female
Permanent contract	3	4
Temporary contract	0	0
Full-time	3	3
Part-time	0	1

Composition of governance bodies and employees

By gender and age	Male	Female	<30	30–50	>50
Board of Directors	66%	33%	0%	66%	33%
Management team	66%	33%	0%	66%	33%
Employees	25%	75%	0%	71%	29%

A healthy work-life balance is a crucial part of employee well-being and of the success of our business. We offer flexible workdays (location and hours) for all our employees and full coverage on health insurance with a possibility to consult a psychologist if needed. We encourage our employees to be active and healthy. We also have a health and safety representative with the responsibility to monitor the work environment in terms of both well-being and physical risks.

Climate impact from our operations

Since we are a small investment firm, the climate impact from our own operations is relatively small. We strive to minimize our negative impact from our office and business travels. By being a global investor, our business travels stand for the majority of our climate impact and the greenhouse gas emissions generated by our operations.

Greenhouse gas emissions from our operations

By sources (tonnes of CO2e)	
Company own cars (Scope 1)	0
Electricity for our office (Scope 2)	0.14
Business travel (Scope 3)	53.8

Scope 1 consist of emissions from company own cars. Scope 2 is generated from purchase of electricity and is calculated by using a location-based approach and using the emission factor for the Swedish energy grid mix. Scope 3 consists of indirect emissions from business travels by flight and is provided by supplier.

Commitments going forward

We are continuously working on preparing our organization for future challenges and requirements and to seize business opportunities. Therefore, we have committed to further improving our sustainability work in the years to come. We will continue to identify and understand our sustainability scope by performing a materiality analysis, setting our sustainability strategy and further defining our sustainability structure and governance. Furthermore, we will continue to define and integrate sustainability in our investment process to enable identification and management of sustainability risks and opportunities related to our future and current investments. We will also continue to report on our sustainability performance on an annual basis.

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