



# Vostok Emerging Finance

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YEAR-END REPORT  
2018

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# >EF Vostok Emerging Finance

Vostok Emerging Finance (VEF) invests in early and growth stage fintech companies across emerging and frontier markets. We take minority stakes and board representation where appropriate. VEF is structured as a publicly traded investment company, trading under the ticker VEMF SDB on Nasdaq First North in Stockholm.



# YEAR-END REPORT 2018

## Financial result

- > Net result for the year 2018 was USD 3.45 million (mln) (2017: 53.2 mln). Earnings per share were USD 0.01 (2017: 0.08).
- > The positive net result for 2018 is primarily driven by the mark up in valuation of iyzico, TransferGo, FinanZero and Magnetis.
- > Net result for 4Q18 was USD -3.89 mln (4Q17: USD 11.0 mln). Earnings per share were USD -0.01 (4Q17: USD 0.02).
- > The negative net result for the fourth quarter was mainly driven by the revaluation of Guiabolso and REVO following a mark to model valuation and the share price development in Vostok Emerging Finance's only listed company, Tinkoff Bank.

## Net asset value

- > The net asset value (NAV) of VEF was USD 201.42 mln as at December 31, 2018 (December 31, 2017: USD 198.56 mln), which is an increase by 1.4% in USD over the year.
- > Net asset value per share was USD 0.31 (December 31, 2017: USD 0.30).
- > NAV in SEK was 1,806 mln as at December 31, 2018 (December 31, 2017: SEK 1,635 mln) and SEK 2.78 per share (December 31, 2017: SEK 2.47 per share).

## Key events during the fourth quarter

- > Tinkoff paid one dividend of USD 0.24 per share on October 1, amounting to USD 0.18 mln, and one dividend of USD 0.28 per share on December 12, amounting to USD 0.28 mln.
- > On December 20, VEF invested an additional USD 1.75 mln in iyzico.
- > VEF sold 2.130 mln shares in TCS Group Holding PLC, at a value of in total USD 36.64 mln.
- > VEF repurchased 55k Swedish Depository Receipts (SDRs) in the Company for the purpose of delivery of shares in connection with the Long-Term Incentive Program.
- > iyzico and Creditas became the largest holdings in the portfolio representing a combined 25% of the NAV.

## Key events after the end of the period

- > VEF sold the remaining 508,258 shares in TCS Group Holding PLC, at a value of USD 8.71 mln.

# Management report

As is traditional, in our year-end investor letter, we look back on 2018, key actions and learnings, as well as our outlook for 2019 and current thinking and positioning. In summary, 2018 saw just one portfolio addition (Konfio), as we continue to raise the investment bar. In early 2019 we completed our first successful exit (Tinkoff), which allowed us to build a very welcome strong capital position as we head into 2019. Creditas and iyzico stepped up as VEF size portfolio stand-out names, while Guiabolso NAV reduction over the period partly reflects longer-term nature of its revised strategy.

## Reflecting on 2018

From a top-down perspective, 2018 was a very different year to 2017 as we moved from a uniformly positive macro, political and markets tailwind into one of the most volatile years, on all fronts, in recent history. For VEF and its portfolio companies this mainly manifested itself through periodic confidence-sapping election windows and weaker/volatile local currencies across the board.

With just three fairly benign macro years behind the company (although a much longer cycle hardened careers at team level before this), it was great to see how our portfolio companies reacted, or to be clear, didn't react, to the top down noise. We always work off the thesis that we are investing in structural growth stories, which are not immune to the short-term macro, but should grow through the cycle as individuals and companies continuously shift their financial services custom to fintech. When we look at our portfolio companies key metrics growth ranging from 50–200% YoY in 2018, and north of that in some of the earlier stage cases, our portfolio has shown much macro resilience to date.

Furthermore, 2018 was a year where we only made one new investment. This follows five investments in 2017 and three in 2016. Effectively, we continue to raise the investment

bar in line with a growing risk environment. Our investment into Konfio, a Mexican SME lender, in mid-2018 was the only one that hit that high bar, and their delivery and performance since investing has only confirmed our confidence in that decision. We also spent a lot of time and fresh capital supporting our current portfolio companies (TransferGo, JUMO, REVO, Magnetis, Finja and FinanZero) to make sure they are in a strong capital place to both manage through any local headwinds, but also have the capital in place to further drive their growth.

From an investment perspective, what has tended to work best for us to date is focused single-country plays with exceptionally strong leadership teams. Effectively a focused team of professionals, in a single scale market, coming to the office every day executing along one specific line of business. Within this, we would point to portfolio standouts of Creditas and iyzico but also Magnetis and more recently Konfio.

Finally, we continued to sell down our position in Tinkoff Bank in 2018 and accelerated this trend through the fourth quarter. We ended the year with just 0.5 mln shares in Tinkoff, or USD 8 mln at current market prices. In the early part of 2019, we completed the exit of our Tinkoff position, completing our first portfolio exit, a clear milestone for the company. We entered into Tinkoff at USD 2.98 a share, a USD 19 mln holding. Over the course of our exit of the position we have taken USD 108 mln (average exit price USD 17) off the table, plus an additional USD 9 mln in dividends. An IRR of 65% and 6x cash on cash returns. First big exit for VEF, done. Tinkoff, we salute you.

## 4Q18 and 2018 performance review

In Q4 2018, total USD NAV of VEF fell 1.7% QoQ to USD 201.46 mln, while rising 1.4% YoY. NAV per share fell 0.5% QoQ to SEK 2.78, up 12.4% YoY.

Over the year Tinkoff Bank was the main driver of NAV in both directions (up for 9M18 and off in Q4) as its share price went from USD 19 on Jan 1 2018, peaking at USD 23.8 in September before ending the year at USD 15.4. Within the majority private portfolio, izzico was a clear positive force while Guiabolso weighed on proceedings through Q4 and FY18. In general, for those positions valued by mark to model, local currency weighed on all through 2018 while comparison listed company multiples were generally a positive force in 1H18 before weighing into 2H18.

## Outlook for 2019

Given our deliberate cash build-up through 2H18, we enter 2019 in a very strong position as this is a great window for the long-term structural investor, like VEF, to be liquid. With the global economy and markets struggling, these are market conditions that should see a continued pricing power shift to the buyer. It is the kind of environment where we will continue to be very selective with transactions, but are very much readied for the opportunities as they arise. Pipeline is not the issue, and hasn't been for some time, it is the right deals at the right time and price we crave and only look to do.

Furthermore, as in the recent past, we look seriously at our own stock as an investment opportunity in this window. With the discount to NAV widened to c. 30%+, a NAV we see upside in over time, some of the best use of our capital can be buying more of our own portfolio at a discount, creating value for our long-term shareholders at the same time.

To quote Warren Buffet, "The best use of cash, if there is not another good use for it in business, if the stock is

under-priced is a repurchase," and "Anytime you can buy stock for less than it's worth, it's advantageous to the continuing shareholders". There is always a balance in these things and it is a function of clear capital allocation with the constant goal of creating value for shareholders. We weigh up current portfolio and pipeline needs, coupled with logical buffers for the business, but buybacks are very much on our mind.

## Concluding remarks

We start 2019 with a strong portfolio, a strong cash cushion/firepower and feeling as well placed in the EM Fintech ecosystem as we ever have. Confident that our actions and NAV will be reflected in our share price, we continue to actively engage the market to drive that sooner as opposed to later. We re-iterate that delivering shareholder value through a focused approach to increasing our NAV per share and reducing traded discount to market value remain our core focus. We take a long-term view on our company, investments and indeed life, which is necessary when investing in the space that we do. Hence we are ready to react and act in any environment with these supporting mindsets.



February 2019,  
David Nangle

# Investment portfolio

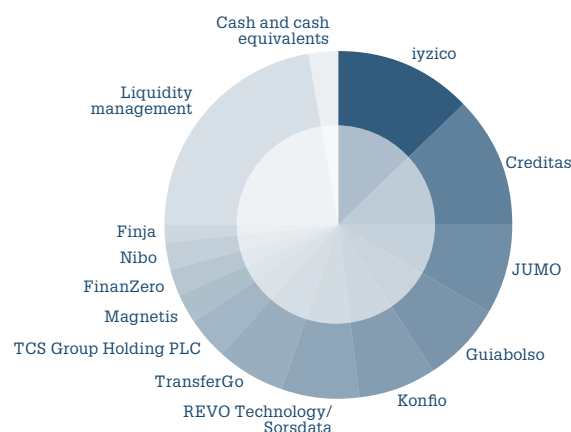
## Portfolio development

Vostok Emerging Finance's NAV per share decreased by 1.7% in USD over the fourth quarter 2018. During the same period, the MSCI Emerging Markets index\* decreased by 8.1% in USD terms. Vostok Emerging Finance's NAV per share increased by 3.2% in USD in 2018. During the same period, the MSCI Emerging Markets index decreased by 16.9% in USD terms.

## Liquidity management

The Company has investments in money market funds as part of its liquidity management operations. As per December 31, 2018, the liquidity management investments are valued at USD 44.90 mln, based on the latest NAV of each fund. At the end of the period, net investments in liquidity placements for the year were USD 39.47 mln.

Portfolio structure – Net asset value



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

Company	VEF Ownership	Net Invested Amount (TUSD)	Fair Value, Dec 31, 2018 (TUSD)	Change in fair value Q4 2018 (TUSD)	Change in fair value full year 2018 (TUSD)	Fair Value Dec 31, 2017 (TUSD)	Valuation Method
iyzico	20.8%	10,750	25,861	6,907	16,861	9,000	Latest transaction <sup>1</sup>
Creditas	10.0%	25,000	25,000	–	–	25,000	Latest transaction
JUMO	6.8%	14,614	16,408	–	3,703	12,706	Latest transaction <sup>1</sup>
Guiabolso	10.9%	30,000	15,265	-4,329	-14,735	30,000	Revenue multiple <sup>1</sup>
Konfo	11.7%	15,000	15,000	–	15,000	–	Latest transaction <sup>1</sup>
REVO Technology/Sorsdata	25.0%	8,789	14,636	-2,579	485	14,151	Revenue multiple <sup>1</sup>
TransferGo	16.2%	8,925	12,842	-189	6,034	6,808	Latest transaction <sup>1,2</sup>
TCS Group Holding PLC (Tinkoff Bank)	0.3%	1,515	7,908	-40,899	-68,684	76,592	Listed company <sup>1</sup>
Magnetis	16.9%	3,700	5,806	2,102	2,806	3,000	Revenue multiple <sup>1</sup>
FinanZero	23.7%	2,570	5,030	-65	2,852	2,178	Latest transaction <sup>1,2</sup>
Nibo	15.7%	3,300	4,957	1,164	1,657	3,300	Revenue multiple <sup>1</sup>
Finja	20.4%	2,000	3,289	25	2,137	1,151	Latest transaction <sup>1</sup>
Liquidity management			44,896	35,533	39,377	5,518	
Cash and cash equivalents			5,479	-1,110	-4,325	9,804	
<b>Total investment portfolio</b>		<b>126,164</b>	<b>202,377</b>	<b>-3,439</b>	<b>3,167</b>	<b>199,210</b>	
Other net liabilities			-955			-653	
<b>Total Net Asset Value</b>			<b>201,422</b>			<b>198,557</b>	

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

2. Attributable to currency exchange differences.

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

# iyzico



iyzico is one of the fastest growing financial technology companies in the region, and its business model has many similarities to the likes of Stripe, Adyen and Klarna.

Turkey is one of the larger and more populous emerging market economies, and Europe's largest consumer card market. However, it remains under-penetrated in the fast growth online payment space. Furthermore, Turkey operates a relatively unique card system, as merchants require solutions like iyzico's to accept e-commerce card payments from across the variety of card families in the market. The unique market dynamics, coupled with the growing share of e-commerce transactions are key positive aspects of iyzico's market opportunity. iyzico is licensed as a Turkish payment institution by the BDDK (Bankacilik Düzenleme ve Denetleme Kurumu).

A testament to its offering, iyzico has become the go-to payments solution for international merchants looking for payment solutions in Turkey. iyzico has partnerships with international retail giants like H&M and Samsung, amongst others. The company serves thousands of merchants as well as online marketplaces and processed close to 12 mln transactions last year. iyzico continues with strong merchant growth and flagship names that are driving revenue growth of around 100% year on year. In September Amazon launched in Turkey with iyzico as their payments solution, subsequently followed by AliExpress, which is considered a break-through and a testament to the quality offering that iyzico represents. During 2018, payment volumes and revenues grew in excess of 65% and close to 100% respectively. Given the successful development to date, iyzico is looking to broaden its offering through different consumer plays, and to also extend the payments reach from only the banked to reach also the under-banked. iyzico has launched its first B2C product which is showing strong growth and can become a material part of revenues down the line. To allow further expansion, iyzico acquired a European Payments License, to allow for processing of payments beyond the borders of Turkey. Turkey has recently experienced some macro headwinds, resulting in a falling currency. However, the structural growth in the e-commerce adaption and the strong company performance more than offsets any currency impact or short-term slowdowns in the economy.

During Q1 2017, Vostok Emerging Finance invested USD 9.0 mln for 20.1% of the company, leading a broader Series C, USD 13 mln investment round. VEF was joined by existing investors, IFC (International Finance Corporation/World Bank) and 212, one of the foremost VC funds in Turkey, in the round. During Q4 2018, the company raised a USD 4 mln round whereby VEF invested an additional USD 1.7 mln alongside existing investors Amadeus, 212 and the IFC. As per December 31, 2018, VEF values its stake in iyzico at USD 25.9 mln on the basis of this transaction. The valuation per December 31, 2018 represents a 168% valuation uplift over the year. As per December 31, 2018, Vostok Emerging Finance owns a 20.8% stake in the company.

Founded in 2013, iyzico is a leading Turkish payment solution provider, with a history and bias for online merchants.

Website: [iyzico.com](http://iyzico.com)

## Key data

### 2013

Company founded

### 2017

VEF's first investment

### 10.7 mln

VEF's net invested amount as at December 31, 2018 (USD)

### 25.9 mln

Total value as at December 31, 2018 (USD)

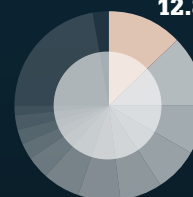
### 20.8%

VEF's ownership share

### +168%

2018 value development per share (USD)

Share of VEF's portfolio  
**12.8%**



Creditas is a leading, digital-first secured lending platform, with the mission of reducing the Brazilian consumer debt burden through offering consumer loans at more affordable rates by using borrower collateral like homes and autos.

Website: [creditas.com.br](http://creditas.com.br)

## Key data

**2012**

Company founded

**2017**

VEF's first investment

**25.0 mln**

VEF's net invested amount as at December 31, 2018 (USD)

**25.0 mln**

Total value as at December 31, 2018 (USD)

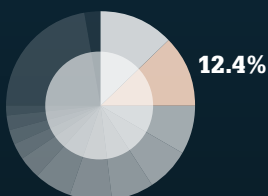
**10.0%**

VEF's ownership share

**0%**

2018 value development per share (USD)

Share of VEF's portfolio



# Creditas



Brazilians are paying some of the highest interest rates anywhere in the world and have a large volume of unsecured consumer loans driving the high rates, while at the same time approximately 70% of all homes and cars are owned debt-free and hence, do not have mortgage or auto financing. Creditas leverages these assets, that represent a value of USD 3 tln in the country, to offer home equity and auto secured loans to reduce the high borrowing costs and offer loans at more reasonable rates, as is the norm in markets like the US.

The credit products are originated both through their own funding vehicle and through partner banks, giving the company a flexible funding structure. Creditas is currently focused on addressing the core, largest opportunity set in terms of products, but is well positioned to explore and offer other niche products leveraging similar principles and processes as the current core products. The most recent example being Creditas' launch of offerings in the residential solar energy market. Creditas has shown strong growth throughout the year, slowly, shifting focus from top line growth to contribution margins and higher quality revenues. Revenues grew in excess of 4x during the year while origination increased by around 100% during 2018. Essentially all KPIs in the sales funnel, both on the auto financing and home equity side are growing well above 100% YoY. Creditas was founded in 2012 by Sergio Furio and is based in São Paulo, Brazil.

In November 2017, Vostok Emerging Finance invested USD 25 mln into Creditas. VEF led the broader Series C investment round totaling USD 50 mln, alongside existing investors, including Kaszek Ventures, Quona Capital, QED Investors, IFC and Naspers. During Q2 2018, a second close following the Q4 2017 financing round happened, where Amadeus and Santander Bank invested into the company, at the same valuation. As per December 31, 2018, VEF has an ownership of 9.95% of the company.

VEF's ownership at the end of the fourth quarter 2018 is valued at USD 25.0 mln on the basis of the latest transaction in the company.



# JUMO

**JUMO** JUMO operates across numerous African markets like Tanzania, Ghana, Zambia and Uganda while through 2017 and 2018, launching their offering in the sub-continent in Pakistan and Bangladesh. Group headquarters are in Cape Town, South Africa.

JUMO marketplace was set up to provide value and a service for three distinct partners in their ecosystem. First, it gives consumers/SMEs across mobile money markets of Africa and beyond access to basic financial services direct to their mobile phone without the need to directly interact with or physically go to a bank branch. Second, it allows some of the larger financial services providers the ability to access a broad array of mobile money customers across the continent in a cost efficient and scale manor. Finally, it provides products for the Mobile Network Operators' end users and hence helps to augment the utility of their mobile money pipes and increase customer stickiness and reduce churn.

Since its launch in 2014, more than 9 mln people have saved or borrowed on the JUMO platform, with nearly 70% of these being micro and small business owners. To date, JUMO has originated around 50 mln loans corresponding to a total origination of c. USD 1 bn, and manages over 25 mln customer interactions per month. During the year, Jumo continued to grow the share of off-balance sheet distribution as it shifts to the marketplace model, and JUMO now originate around 40% of the total volume disbursed through third-party financial service providers. On the product diversification front, JUMO is continuously developing new financial products, and has launched a savings product to complement the existing and growing suite of credit products. In terms of geographical expansion, JUMO is now live in Pakistan with plans of further expansion in the sub-continent.

During the fourth quarter of 2018, JUMO successfully finalized the second close of a big capital raise which took the full round to near USD 65 mln. The round attracted a new investor base and was led by Goldman Sachs, who alongside existing investors were joined by Proparco (the private sector financing arm of the French Development Agency – AFD) and Finnfund. VEF took up its rights and invested USD 3.1 mln in the round and JUMO is valued on the basis of this transaction, which values its 6.8% ownership in the company at USD 16.4 mln. Vostok Emerging Finance has invested a total of USD 14.6 mln in the company.

JUMO is a mobile money marketplace for people, small businesses, mobile network operators and financial service providers.

Website: [jumo.world](http://jumo.world)

## Key data

### 2014

Company founded

### 2015

VEF's first investment

### 14.6 mln

VEF's net invested amount as at December 31, 2018 (USD)

### 16.4 mln

Total value as at December 31, 2018 (USD)

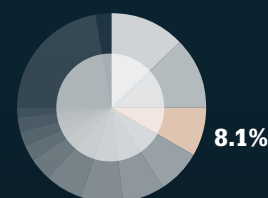
### 6.8%

VEF's ownership share

### +5%

2018 value development per share (USD)

Share of VEF's portfolio



Guiabolso is the leading Brazilian Personal Finance Platform with the mission of transforming the financial well-being of ordinary Brazilians.

Website: [guiabolso.com.br](http://guiabolso.com.br)

## Key data

# 2012

Company founded

# 2017

VEF's first investment

# 30.0 mln

VEF's net invested amount as at December 31, 2018 (USD)

# 15.3 mln

Total value as at December 31, 2018 (USD)

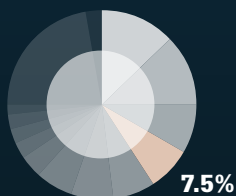
# 10.9%

VEF's ownership share

# -49%

2018 value development per share (USD)

Share of VEF's portfolio



# Guiabolso



Guiabolso leverages its proprietary bank data aggregation technology to automatically aggregate people's financial information to better understand their finances and keep track of their budgets.

Through their technology, Guiabolso can offer the best financial profile available in the market to their large and fast-growing customer base. With a complete view and unique insight in the typically complex financial profile of the Brazilian, Guiabolso is in a unique position to offer their customers a wide range of products spanning from credit reports and financial education tools through to investment offerings as well as their own priced credit products. The company's ability to match its users to better-suited and more competitively priced financial products sets it apart in a country with one of the world's highest interest rates. Throughout Q2 2018, Guiabolso's monetization efforts have focused on providing consumer loans through the Guiabolso loan marketplace, both via their in-house credit provider "Just", as well as a growing number of white-label bank partners. The goal has been to initially take balance sheet risk and originate credits through Just to get the marketplace going and incentivize more white label partners into the mix as proof of concept and momentum was built. From Q3 2018 and onwards, 100% of Guiabolso's credit origination is done through partners, and the company is entirely focused on growing the asset-light credit market place and the active user base (+63% during the year) and introducing multiple revenue lines throughout 2019. The partnership revenue/asset-light model approach de-risks the operations and will lead to a slow-down in credit origination and near-term revenue generation in favor of growing the user base, which represents the real value creation in the business model. Guiabolso continues to extend their offering of curated financial products with a view to become the financial hub for Brazilians. The business model is similar to the likes of Mint and Credit Karma in the US. Founded in 2012, Guiabolso is based in São Paulo, Brazil.

Vostok Emerging Finance led the October 2017 Series D investment round in Guiabolso and invested a total of USD 30.0 mln in the company, joined by new investor Endeavor Catalyst and existing backers Ribbit Capital and IFC, amongst others.

As at December 31, 2018, VEF values its 10.9% stake in Guiabolso at USD 15.3 mln on the basis of an EV/revenue peer multiples valuation model. The valuation represents a 22% decrease in valuation compared to VEF's valuation as per September 30, 2018, explained by derating valuation multiples in the peer group. The negative valuation change over the year of 49% is derived from and reflects Guiabolso's new strategic long-term focus, impacting the short-term revenue growth, depreciating BRL, and lower valuation multiples in the peer group.

# Konfio



The latest addition to the VEF portfolio is Konfio. After Brazil, Mexico is Latin America's scale market opportunity with a population of 127 mln (number 10 globally) and approximately 7 mln SMEs in the market. Within the broader Mexican SME credit space, Konfio is focused on the top-end credit of the small business segment which is viewed as a USD 45 bln opportunity. For every 20 companies in Mexico, 19 are considered "very small" with annual sales of up to USD 700 k. With its online and digital-first approach, Konfio leverages technology and big data analytics, and has taken advantage of recent Mexican fiscal control by using a combination of electronic SME invoice data and non-correlated credit bureau data in its credit scoring process. Konfio complements traditional financial analysis and streamlines the loan application process, providing convenience and affordability to customers who are creditworthy but historically underserved by traditional banks. Revenues are in principal generated from origination fees and interest margins on the loans. Founded in 2014 by David Arana, Konfio is head quartered in Mexico City.

Konfio has had a strong 2018 with credit origination and gross revenues growing around 4x and 3.5x respectively, while keeping the NPLs (non-performing loans) low and stable with a healthy balance mix of repeat and new customers, and maintaining or improving already healthy unit economics and higher credit quality of the portfolio.

During June 2018, Vostok Emerging Finance invested USD 15 mln into Konfio. VEF led the broader Series C investment round of USD 25 mln and was joined by existing investors including Quona Capital, QED, Kaszek Ventures and IFC amongst others. Following the transaction VEF holds a board seat and an ownership of 11.7% of the company on a fully diluted basis. VEF's ownership at the end of the fourth quarter 2018 is valued at USD 15 mln on the basis of this transaction.

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

Website: [konfio.mx](http://konfio.mx)

## Key data

### 2014

Company founded

### 2018

VEF's first investment

### 15.0 mln

VEF's net invested amount as at December 31, 2018 (USD)

### 15.0 mln

Total value as at December 31, 2018 (USD)

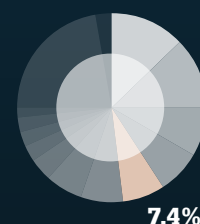
### 11.7%

VEF's ownership share

### 0%

2018 value development per share (USD)

Share of VEF's portfolio



REVO's business model applies proven mobile and cloud solutions, alongside a well-established credit approval infrastructure and collection operations in Russia to offer point-of-sale credit solutions to consumers, focusing on both the online and offline segments.

Website: [revo.ru](http://revo.ru)

## Key data

# 2012

Company founded

# 2015

VEF's first investment

# 8.8 mln

VEF's net invested amount as at December 31, 2018 (USD)

# 14.6 mln

Total value as at December 31, 2018 (USD)

# 25%

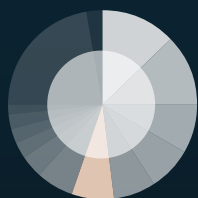
VEF's ownership share

# -13%\*

2018 value development per share (USD)

\* Excluding convertible debt

Share of VEF's portfolio



12

7.2%

# REVO Technology and Sorsdata (Revo Group)

revoplus

REVO's business model has similarities to the likes of Klarna in Sweden and Affirm in the US.

sorsdata

REVO and Sorsdata were founded in December 2012. The company is focused on lower-ticket retail categories which represents more than USD 100 bln in annual turnover in

Russia, including apparel, toys, footwear, sporting goods, housewares, cosmetics, medical services and others. REVO's sister company, Sorsdata, focuses on customer data analytics largely gathered through the REVO machine and provides targeted marketing services for merchants to drive repeat purchases and loyalty. The two companies are intimately interlinked and effectively operate as one.

REVO has continued to deliver strong growth in its merchant point-of-sale/consumer instalment credit business and adding a diverse array of regional and nationwide merchant partners to its service, both in the offline and online space. During the year, REVO launched pilots and signed contracts with a number of new partners in the offline and online space and added around 2,100 new stores. This is a key driver for growing volumes and revenue in the business, which shows in the top line interest income, fee income as well as in volumes generated, and have demonstrated growth in excess of 60% in the year. The share of online-originated loan volumes is increasing in tandem with new online partners added to the portfolio, and currently accounts for around 15% of total volume generated.

During Q1 2017, REVO/Sorsdata closed a financing round lead by Baring Vostok, a leading Private Equity firm operating in Russia and the CIS. During the second quarter of 2018, VEF invested an additional USD 2.1 mln into Revo in the form of a two-year convertible loan note.

As per December 31, 2018 VEF owns 25% in Revo Group and had invested a total of USD 8.8 mln. The 25% stake in Revo Group is valued at USD 14.6 mln. The valuation is derived from valuation models focused on multiples of NII (net interest income) and revenues, plus the intrinsic value of the convertible loan note.

# TransferGo



Geographically, TransferGo is mainly focused on the key corridors of broader Europe, with principal flows channeling from West to East, while its segment of focus is blue-collar workers, who are some of the most consistent and regular remittance customers. TransferGo is based in the UK and is regulated by the UK Financial Conduct Authority (FCA) as an authorized payment institution.

Remittances is an attractive market within global financial services, and one that has been ripe for disruption for some time. Totalling approximately USD 600 bln of annual peer-to-peer flows globally, pricing remains too high, and speed too slow. Remittances is a business that is won on the balance and interaction between trust, speed and price, and the majority of the industry has been failing customers for years on these metrics. 2018 was a successful year for TransferGo, having shown systematic and steady growth across essentially all KPIs with transaction volumes and revenues growing around 65% and 50% respectively.

TransferGo is well focused, positioned and financially equipped to invest in acquiring new customers, opening new markets, including Germany as well as Turkey as new send markets, and further ramping up the already strong traction in the business.

In 2018, TransferGo successfully closed a new funding round of around USD 16 mln. VEF lead the round alongside existing and new investors including Revo Capital, a Turkish VC fund, and Ripple. In the process, VEF exercised the outstanding USD 2.8 mln (EUR 2.5 mln) convertible loan note plus accrued interest and invested an additional USD 2.7 mln (EUR 2.3 mln) in TransferGo, taking VEF's ownership stake to 16.2% in the company.

As per December 31, 2018, VEF's 16.2% stake in TransferGo is valued at USD 12.8 mln on the basis of the aforementioned transaction.

TransferGo is a fast-growing digital money transfer business, focused on offering a real-time service tailored to its blue-collar customer base.

Website: [transfergo.com](http://transfergo.com)

## Key data

### 2012

Company founded

### 2016

VEF's first investment

### 8.9 mln

VEF's net invested amount as at December 31, 2018 (USD)

### 12.8 mln

Total value as at December 31, 2018 (USD)

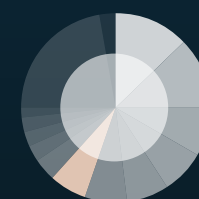
### 16.2%

VEF's ownership share

### +66%

2018 value development per share (USD)

Share of VEF's portfolio



6.3%

Tinkoff Bank was founded in 2007 and has since established itself at the forefront of innovation in delivery of digital consumer and SME financial services in Russia. The business was listed on the London Stock Exchange on October 25, 2013.

Website: [tinkoff.ru/eng/](http://tinkoff.ru/eng/)

## Key data

# 2007

Company founded

# 2015

VEF's first investment

# 1.5 mln

VEF's net invested amount as at December 31, 2018 (USD)

# 7.9 mln

Total value as at December 31, 2018 (USD)

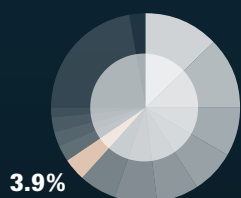
# 0.3%

VEF's ownership share

# -17%

2018 value development per share (USD)

Share of VEF's portfolio



3.9%

# TCS Group Holding PLC

(Tinkoff Bank)



**Tinkoff Bank**

As of the latest financial report published by the company, Q3 2018, Tinkoff Bank grew its credit customer base by 1.7 mln new customers during the first nine months of the year, and maintained the number two credit card issuer position in Russia with an estimated 11.4% market share, second to Sberbank. The online retail deposit account programme, Tinkoff Black, grew by 67% YoY and had 4.0 mln customers at the end of Q3. Tinkoff Bank has a number of other related business lines coming through its ecosystem, inclusive of a mortgage broker, retail investment broker and an insurance offering to name but three. Since 2016, the group also focuses on the Russian SME segment, and by the end of the Q3 2017, the business line broke even and at the end of the Q3 2018 had 388 k customers, growing 2x YoY into an estimated SME market size in Russia of 5 mln. Tinkoff Bank has taken the opportunity to push hard on a number of new business lines with a view to drive further growth and diversify the group's revenue streams going forward, and in Q3 2018, non-credit businesses lines accounted for more than 30% of total top line revenue, demonstrating an increasingly balanced portfolio by the day.

Tinkoff continues to deliver strong results and upgraded its 2018 financial guidance to reach net income of RUB 26 bln and a net loan portfolio growth of at least 40% during the year. Following the Q3 2018 record results, Tinkoff announced a fourth 2018 interim dividend of USD 0.28 per share to add to the previously paid dividends during the year. The fourth interim dividend was paid in December, 2018, amounting to USD 0.28 mln. During the year, VEF have received dividends of in total USD 2.7 mln from Tinkoff Bank.

VEF's investment is valued based on the closing bid price per December 31, 2018. As per December 31, 2018, VEF owns 0.28% of TCS Group Holding PLC. As per the date of this report, Vostok Emerging Finance no longer holds any shares in TCS Group Holding PLC.

# Magnetis

**magnetis** The product takes the individual's risk preferences into account, then builds and manages a tailored portfolio of money market, insured fixed income, hedge funds and equity ETFs at the click of a button. Magnetis' business model shares the same characteristics as the likes of Betterment and Wealthfront in the US. On top of this it addresses a unique problem faced by Brazilian savers. The central bank introduced certain inflation control measures, some of which effectively cap interest rates on savings accounts. Between 2010–2016, real returns on savings accounts has been on average 0.5%, yielding 3–4 percentage points less than treasuries. The Brazilian market has a unique combination of high real interest rates, a deep pool of active wealth and a high level of financial markets and consumer technology adoption, and represents an addressable market, for digital wealth managers, of USD 720 bln, generating revenues of some USD 13 bln annually. Founded in early 2015, Magnetis is based in São Paulo.

During the year, the company has consistently shown very strong development across the board with a customer base growing around 150% YoY, while loyalty remains strong with high levels of monthly recurring revenues, growing close to 70% and AUM demonstrating an 80% increase during 2018. At the same time, new products, initiatives and partnerships are in the making, further improving customer experience and long-term profitability.

VEF made its first investment into Magnetis during the third quarter of 2017, and invested a total of USD 3.0 mln. During Q3 2018 the company successfully closed a bridge financing round where VEF invested an additional USD 700 k in the form of a two-year convertible loan note, alongside existing investor Monashees. VEF values its stake in Magnetis on the basis of an EV/AUM % peer multiple, and as at December 31, 2018, Vostok Emerging Finances' 16.9% ownership in the company is valued at USD 5.8 mln including the convertible loan note.

Magnetis is a leading Brazilian digital investment advisor, offering the average Brazilian a simple, digital tool to manage their wealth and at the same time addresses the inability for savers to access fair returns.

Website: [magnetis.com.br](http://magnetis.com.br)

## Key data

### 2015

Company founded

### 2017

VEF's first investment

### 3.7 mln

VEF's net invested amount as at December 31, 2018 (USD)

### 5.8 mln

Total value as at December 31, 2018 (USD)

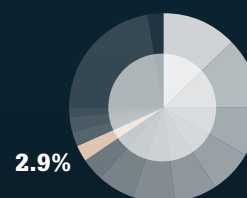
### 16.9%

VEF's ownership share

### +70%

2018 value development per share (USD)

Share of VEF's portfolio



FinanZero is a pioneering marketplace for consumer loans in Brazil. The business is an independent broker for loans, negotiating the customer's loan with several banks and credit institutions at once, to find the loan with the best interest rate and terms for the consumer.

Website: [finanzero.com.br](http://finanzero.com.br)

## Key data

# 2016

Company founded

# 2016

VEF's first investment

# 2.6 mln

VEF's net invested amount as at December 31, 2018 (USD)

# 5.0 mln

Total value as at December 31, 2018 (USD)

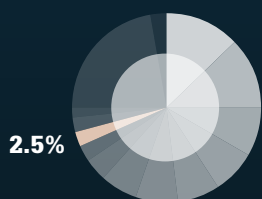
# 23.7%

VEF's ownership share

# +94%

2018 value development per share (USD)

Share of VEF's portfolio



# FinanZero

**FinanZero**  
.com.br

FinanZero handles the lending process from start to finish, with the customer and the bank integrated into FinanZero's platform. For the consumers, this means that all the relevant credit providers are reached through one single application, cutting the lead times and cumbersome process of the traditional approach where a separate application needs to be sent to each bank or credit provider. Further to helping consumers getting the best offers available in the market, from the credit providers' perspective, FinanZero adds value through more effective distribution, lower customer acquisition cost, better segmentation and pricing and lowered administration costs. FinanZero currently focuses on three sizeable loan broker segments, unsecured consumer loans, car finance loans and home equity loans, and the business combines aspects of comparison, lead generation and consumer loan brokerage, similar to the Lendo business model in Scandinavia.

FinanZero has made strong progress since our investment. Post the latest funding round in the company, which closed in Q1 2018, traction has been good. The number of loans sold showed record numbers in Q4 2018, consistently showing strong double-digit growth QoQ, and with steadily increasing revenues generated while showing strong conversion rates in the sales funnel. This is the result of many new partnerships with financial service providers realizing the value of the marketplace. On the technology front FinanZero is moving ahead fast and continues API integrations with existing and new key partners. This paves the way for FinanZero's plan to operate in the future and will result in significant volume growth and attract additional attention from other banks to integrate in a similar manner.

During the fourth quarter of 2017, VEF invested a further USD 0.1 mln (SEK 0.8 mln) in the form of a 2-year convertible loan note to add to its previous investments. The loan note was converted into shares during February 2018. In March, 2018, FinanZero closed a new external funding round in the amount of USD 3.6 mln (SEK 30 mln), where VEF took up its rights alongside existing investors and a number of new, external investors. VEF invested an additional USD 0.9 mln (SEK 7.12 mln). Following conversion of the loan note and the new investment round, VEF holds 23.7% of the shares in the company.

As per December 31, 2018, VEF's ownership in FinanZero is valued at USD 5.0 mln (SEK 45.1 mln) on the basis of the latest transaction.



# Nibo



The Brazilian accounting and tax environment is amongst the most complex markets in the world to comply with, and Brazil has over 400,000 individual accountant professionals servicing a market of some 10 mln SMEs that are legally required to have an accountant. By leveraging Nibo's innovative technology solutions, accountants across Brazil are positioned to empower their SME customers by providing fast, accurate and end-user friendly data, whilst massively increasing their productivity, margins and allow them to cross-sell additional value-added services. The Nibo platform offers a suite of products including accounts and bank reconciliation, payment of bills, cash flow projection tools and issuance of invoices and boletos, a specific Brazilian payment method. In this capacity, Nibo is accumulating and manages a unique pool of SME data, that has the potential to serve as a base for offering a suite of additional financial services to Brazil's underserved SMEs, as a natural extension of the core products. Nibo's business model, in its core, is similar to the likes of Xero and Quickbooks.

During the year, Nibo has done a great job of up-selling existing accountants to bring on more of their SME clients onto the platform and utilize more of the product suite. The organization has grown to above 100 employees, with a stronger than ever focus on the sales team and processes, which is driving growth in its customer base of around 100% YoY and increasing productivity per sales person. At the end of the year, the number of paying companies organically grew by over 100% compared to the same period last year, and over 3 times following the successful acquisition and integration of a smaller fintech company, Masterdoc, who significantly facilitates tax filings through software on the clients' and accountants' computers. This new product, even though in early days, has proven to add substantial growth in revenues for Nibo.

During the second quarter of 2017, Vostok Emerging Finance invested USD 3.3 mln into Nibo. Following the investment round, totaling USD 4.3 mln, which was led by Vostok Emerging Finance and joined by existing shareholders Redpoint E Ventures and Valor. As per December 31, 2018, VEF values its stake in Nibo at USD 5.0 mln on the basis of an EV/revenue peer multiples valuation model. The valuation represents a 30.7% increase in valuation compared to VEF's valuation as per September 30, 2018, and a valuation increase of 50.2% vs. December 31, 2017. Vostok Emerging Finance owns a 15.7% stake in Nibo.

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

Website: [nibo.com.br](http://nibo.com.br)

## Key data

### 2012

Company founded

### 2017

VEF's first investment

### 3.3 mln

VEF's net invested amount as at December 31, 2018 (USD)

### 5.0 mln

Total value as at December 31, 2018 (USD)

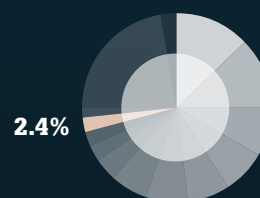
### 15.7%

VEF's ownership share

### +50%

2018 value development per share (USD)

Share of VEF's portfolio



Applying its freemium model, Finja offers innovative financial services to Pakistan's rapidly growing digitally literate population by displacing cash.

Website: [finja.pk](http://finja.pk)

## Key data

# 2016

Company founded

# 2016

VEF's first investment

# 2.0 mln

VEF's net invested amount as at December 31, 2018 (USD)

# 3.3 mln

Total value as at December 31, 2018 (USD)

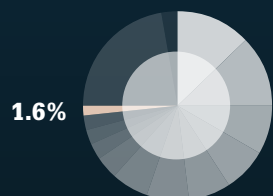
# 20.4%

VEF's ownership share

# +95%

2018 value development per share (USD)

Share of VEF's portfolio



# Finja



Finja has developed and operates one of the leading digital wallets, SimSim, with more than 300 k customers signed up, and growing by the day.

Pakistan is a scale market, with the world's 6th largest population of over 190 mln, and with a fast-growing middle class. Smart phone penetration is rapidly increasing, with an estimated 60 mln devices in the market, which is one of the fundamental key aspects to scaling the number of users and merchants. Only c. 15% of the adult population is banked, and as little as 2% of adults and 7% of SMEs receive formal credit, which itself offers a natural demand for solutions such as SimSim. Effectively Finja offers a three-layer platform with free payments at its core. On top of the free payments is the Finja e-commerce marketplace offering and credit marketplace for users.

Finja had a strong 2018, with double-digit growth on the Finja mobile wallet, and are off to a good start on the payroll side. Besides new products being launched, the platform offers a suite of services including mobile top-up, merchant and P2P payments, QR-code payments, ticketing and insurance.

Finja currently operates in collaboration with Finca Micro Finance bank and has managed to attract local investor Descon Group. Finja was founded by tech and banking industry veterans Qasif Shahid, Monis Rahman and Umer Munawar.

During Q4 2018, Finja successfully closed the second part of a recent funding round. In total the company raised USD 3 mln. The round attracted new investor Beenext, an Asia-focused VC fund, and Quona Capital, an EM Fintech VC fund. VEF invested USD 1 mln in the round which was structured as a bridge financing in the form of a two-year convertible loan note.

As per December 31, 2018, Vostok Emerging Finance has invested a total of USD 2 mln into Finja over two funding rounds and holds a 20.4% stake in the company. As per December 31, 2018, VEF's stake in the company is valued at USD 3.3 mln, including the convertible loan note, on the basis of the latest transaction in the company.

# Financial information

## Investments

During 2018, gross investments in financial assets were USD 80.62 mln (2017: 79.54), of which

- > USD 15.00 mln relates to investments in Konfio
- > USD 3.05 mln investments in JUMO
- > USD 2.67 mln investments in TransferGo
- > USD 2.13 mln investments in REVO
- > USD 1.75 mln investments in iyzico
- > USD 1.00 mln investments in Finja
- > USD 0.86 mln investments in FinanZero,
- > USD 0.70 mln investments in Magnetis and
- > USD 53.46 mln concern liquidity placements.

During the quarter, gross investments in financial assets were USD 37.22 mln (4Q17: 55.10), of which

- > USD 1.75 mln concern investments in iyzico
- > USD 35.47 mln investments in liquidity investments.

## Divestments

During 2018 gross divestment in financial assets were USD 79.34 mln (2017: 62.78), of which

- > USD 65.34 mln relates to divestments in TCS Group Holding PLC
- > USD 14.0 mln relates to divestments in liquidity placements

During the quarter, gross divestments in financial assets were USD 36.57 mln (4Q17: 26.15) of which

- > USD 36.57 mln concern divestments in TCS Group Holding PLC

## Group – results for the period and net asset value

During 2018, the result from financial assets at fair value through profit or loss amounted to USD 6.21 mln (2017: 52.49), mainly driven by the mark up in valuation of iyzico, TransferGo, FinanZero and Magnetis.

Dividend and coupon income was USD 3.02 mln (2017: 4.35).

Net operating expenses amounted to USD -5.53 mln (2017: -4.31).

Net financial items were -0.18 mln (2017: 0.64).

Net result for 2018 was USD 3.45 mln (2017: 53.15).

Total shareholders' equity amounted to USD 201.42 mln (December 31, 2017: 198.56).

## Group – results for the quarter

During the quarter, the result from financial assets at fair value through profit or loss amounted to USD -2.97 mln (4Q17: 11.02), mainly driven by the revaluation of Guiabolso and REVO/Sorsdata following a mark to model valuation and the share price development in Vostok Emerging Finance's only listed company, Tinkoff Bank.

Dividend and coupon income was USD 0.55 mln (4Q17: 1.77).

Net operating expenses amounted to USD -1.33 mln (4Q17: -1.72).

Net financial items were -0.09 mln (4Q17: -0.06).

Net result for the period was USD -3.89 mln (4Q17: 11.01).

**Liquid assets**

The liquid assets of the Group, defined as cash and bank deposits, amounted to USD 5.48 mln on December 31, 2018 (December 31, 2017: 9.80). The Company also has investments in money market funds, as part of its liquidity management operations. As per December 31, 2018, the liquidity management investments are valued at USD 44.90 mln (December 31, 2017: 5.52), based on the latest NAV of each fund.

**Financial and operating risks**

The Company's risks and risk management are described in detail in Note 4 of the Company's Annual Report 2017.

**Parent company**

The parent company finances the Cypriot subsidiary's operations on market terms. During the financial year, the net result for the period was USD 17.02 mln (2017: 3.23).

During the quarter, the net result for the period amounted to USD 5.54 mln (4Q17: -0.02).

# Income statement – Group

Expressed in USD thousands	Jan 1, 2018– Dec 31, 2018	Jan 1, 2017– Dec 31, 2017	Oct 1, 2018– Dec 31, 2018	Oct 1, 2017– Dec 31, 2017
Result from financial assets at fair value through profit or loss <sup>1</sup>	6,213	52,490	-2,974	11,020
Dividend and coupon income	3,022	4,345	547	1,767
<b>Total operating profit/loss</b>	<b>9,235</b>	<b>56,836</b>	<b>-2,427</b>	<b>12,787</b>
Operating expenses				
General administrative expenses	-3,763	-3,253	-903	-1,060
Employee incentives programs	-1,763	-1,054	-427	-661
<b>Total operating expenses</b>	<b>-5,526</b>	<b>-4,307</b>	<b>-1,330</b>	<b>-1,721</b>
<b>Operating result</b>	<b>3,709</b>	<b>52,528</b>	<b>-3,757</b>	<b>11,065</b>
<b>Financial income and expenses</b>				
Interest income	16	1	16	1
Currency exchange gains/losses, net	-193	641	-104	-60
<b>Net financial items</b>	<b>-177</b>	<b>642</b>	<b>-88</b>	<b>-59</b>
<b>Result before tax</b>	<b>3,532</b>	<b>53,170</b>	<b>-3,845</b>	<b>11,006</b>
Taxation	-79	-19	-45	-
<b>Net result for the period</b>	<b>3,453</b>	<b>53,152</b>	<b>-3,890</b>	<b>11,006</b>
Earnings per share (in USD)	0.01	0.08	-0.01	0.02
Diluted earnings per share (in USD)	0.01	0.08	-0.01	0.02

1. Financial assets at fair value through profit or loss are carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category is presented in the income statement within 'Result from financial assets at fair value through profit or loss' in the period in which they arise.

## Statement of other comprehensive income

Expressed in USD thousands	Jan 1, 2018– Dec 31, 2018	Jan 1, 2017– Dec 31, 2017	Oct 1, 2018– Dec 31, 2018	Oct 1, 2017– Dec 31, 2017
<b>Net result for the period</b>	<b>3,453</b>	<b>53,152</b>	<b>-3,890</b>	<b>11,006</b>
<b>Other comprehensive income for the period:</b>				
<i>Items that may be classified subsequently to profit or loss:</i>				
Currency translation differences	-4	3	-	-
<b>Total other comprehensive income for the period</b>	<b>-4</b>	<b>3</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>3,449</b>	<b>53,155</b>	<b>-3,890</b>	<b>11,006</b>

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

# Balance sheet – Group

Expressed in USD thousands	Dec 31, 2018	Dec 31, 2017
<b>NON-CURRENT ASSETS</b>		
<b>Tangible non-current assets</b>		
Property, plant and equipment	146	–
<b>Total tangible non-current assets</b>	<b>146</b>	<b>–</b>
<b>Financial non-current assets</b>		
Financial assets at fair value through profit or loss		
Equity financial assets	152,002	183,887
Liquid financial assets	44,896	5,518
Other financial assets	18	10
<b>Total financial non-current assets</b>	<b>196,916</b>	<b>189,415</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	5,479	9,804
Tax receivables	23	11
Other current receivables	101	162
<b>Total current assets</b>	<b>5,603</b>	<b>9,977</b>
<b>TOTAL ASSETS</b>	<b>202,665</b>	<b>199,392</b>
<b>SHAREHOLDERS' EQUITY</b> (including net result for the financial period)	<b>201,422</b>	<b>198,557</b>
<b>CURRENT LIABILITIES</b>		
<b>Non-interest-bearing current liabilities</b>		
Other current liabilities	163	274
Accrued expenses	1,080	562
<b>Total current liabilities</b>	<b>1,243</b>	<b>835</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>202,665</b>	<b>199,392</b>

# Statement of changes in equity

## – Group

Expressed in USD thousands	Share Capital	Additional paid in capital	Other reserves	Retained earnings	Total
<b>Balance at January 1, 2017</b>	<b>6,615</b>	<b>88,003</b>	<b>-2</b>	<b>49,710</b>	<b>144,326</b>
Net result for the period January 1, 2017 to December 31, 2017	–	–	–	53,152	53,152
<i>Other comprehensive income for the period</i>					
Currency translation difference	–	–	3	–	3
<b>Total comprehensive income for the period January 1, 2017 to December 31, 2017</b>	<b>–</b>	<b>–</b>	<b>3</b>	<b>53,152</b>	<b>53,155</b>
Value of employee services:					
- Employee share option scheme	–	14	–	–	14
- Share based long-term incentive program	–	1,062	–	–	1,062
<b>Balance at December 31, 2017</b>	<b>6,615</b>	<b>89,079</b>	<b>1</b>	<b>102,862</b>	<b>198,557</b>
<b>Balance at January 1, 2018</b>	<b>6,615</b>	<b>89,079</b>	<b>1</b>	<b>102,862</b>	<b>198,557</b>
Net result for the period January 1, 2018 to December 31, 2018	–	–	–	3,453	3,453
<i>Other comprehensive income for the period</i>					
Currency translation difference	–	–	-1	-3	-4
<b>Total comprehensive income for the period January 1, 2018 to December 31, 2018</b>	<b>–</b>	<b>–</b>	<b>-1</b>	<b>3,450</b>	<b>3,449</b>
Value of employee services:					
- Employee share option scheme	–	23	–	–	23
- Share based long-term incentive program	–	1,720	–	–	1,720
Buy-back of own shares (Note 6)	-113	-2,214	–	–	-2,327
<b>Balance at December 31, 2018</b>	<b>6,502</b>	<b>88,608</b>	<b>–</b>	<b>106,352</b>	<b>201,422</b>

# Statement of cash flows – Group

Expressed in USD thousands	Jan 1, 2018– Dec 31, 2018	Jan 1, 2017– Dec 31, 2017	Oct 1, 2018– Dec 31, 2018	Oct 1, 2017– Dec 31, 2017
<b>OPERATING ACTIVITIES</b>				
Result before tax	3,532	53,170	-3,845	11,006
<b>Adjustment for non-cash items:</b>				
Interest income and expense, net	-16	-1	-16	-1
Currency exchange gains/-losses	193	-641	103	60
Result from financial assets at fair value through profit or loss	-6,213	-52,490	2,974	-11,020
Other non-cash items affecting profit or loss	-1,279	-3,300	-125	-1,116
Change in current receivables	58	-134	-19	-145
Change in current liabilities	333	-19	52	469
<b>Net cash used in operating activities</b>	<b>-3,392</b>	<b>-3,415</b>	<b>-876</b>	<b>-747</b>
Investments in financial assets	-80,616	-79,544	-37,215	-55,098
Sales of financial assets	79,337	62,774	36,570	26,148
Dividend and coupon income	3,022	4,345	547	1,767
Interest received	16	1	16	1
Tax paid	-59	10	-40	9
<b>Net cash flow used in/from operating activities</b>	<b>-1,692</b>	<b>-15,829</b>	<b>-998</b>	<b>-27,920</b>
<b>INVESTMENT ACTIVITIES</b>				
Investments in office equipment	-154	–	-64	–
<b>Net cash flow used in investing activities</b>	<b>-154</b>	<b>–</b>	<b>-64</b>	<b>–</b>
<b>FINANCING ACTIVITIES</b>				
Buy-back of own shares	-2,327	–	-11	–
<b>Net cash flow used in financing activities</b>	<b>-2,327</b>	<b>–</b>	<b>-11</b>	<b>–</b>
<b>Change in cash and cash equivalents</b>	<b>-4,173</b>	<b>-15,829</b>	<b>-1,073</b>	<b>-27,920</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>9,804</b>	<b>24,998</b>	<b>6,589</b>	<b>37,769</b>
Exchange gains/losses on cash and cash equivalents	-152	635	-37	-45
<b>Cash and cash equivalents at end of period</b>	<b>5,479</b>	<b>9,804</b>	<b>5,479</b>	<b>9,804</b>



# Alternative performance measures

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

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

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

Below you find our presentation of the APMs and how we calculate these measures.

	Jan 1, 2018– Dec 31, 2018	Jan 1, 2017– Dec 31, 2017
Return on capital employed, % <sup>1</sup>	1.70%	30.96%
Equity ratio, % <sup>2</sup>	99.39%	99.58%
Shareholders' equity/share, USD <sup>3</sup>	0.31	0.30
Net asset value, USD	201,422,131	198,557,035
Exchange rate at balance sheet date, SEK/USD	9.0	8.2
Earnings/share, USD <sup>4</sup>	0.01	0.08
Diluted earnings/share, USD <sup>5</sup>	0.01	0.08
Net asset value/share, USD <sup>6</sup>	0.31	0.30
Net asset value/share, SEK <sup>6</sup>	2.78	2.47
Net asset value, SEK	1,806,476,511	1,634,561,222
Weighted average number of shares for the financial period <sup>7</sup>	655,438,376	661,495,995
Fully diluted weighted average number of shares for the financial period <sup>7</sup>	668,274,748	670,352,659
Number of shares at balance sheet date <sup>7</sup>	650,180,134	661,495,995
Fully diluted number of shares at balance sheet date <sup>7</sup>	663,016,506	671,546,790

1. Return on capital employed is defined as the Company's result for the period plus interest expenses plus/less exchange differences on financial loans divided by the average capital employed (the average total assets less non-interest bearing liabilities over the period). Return on capital employed is not annualised.
2. Equity ratio is defined as shareholders' equity in relation to total assets.
3. Shareholders' equity/share is defined as shareholders' equity divided by total number of shares.
4. Earnings/share is defined as result for the period divided by average weighted number of shares for the period.
5. Diluted earnings/share is defined as result for the period divided by average weighted number of shares for the period calculated on a fully diluted basis.
6. Net asset value/share is defined as shareholders' equity divided by total number of shares.
7. Number of shares at balance sheet date as per December 31, 2018, excludes 11,315,861 repurchased SDRs.

# Income statement – Parent company

Expressed in USD thousands	Jan 1, 2018– Dec 31, 2018	Jan 1, 2017– Dec 31, 2017	Oct 1, 2018– Dec 31, 2018	Oct 1, 2017– Dec 31, 2017
Result from financial assets at fair value through profit or loss	15,024	412	5,226	40
Dividend and coupon income	352	513	87	79
<b>Total operating profit</b>	<b>15,376</b>	<b>924</b>	<b>5,313</b>	<b>119</b>
Operating expenses				
General administrative expenses	-3,805	-3,275	-917	-1,082
Employee incentive programs	-1,763	-1,054	-427	-661
<b>Total operating expenses</b>	<b>-5,568</b>	<b>-4,329</b>	<b>-1,344</b>	<b>-1,743</b>
<b>Operating result</b>	<b>9,808</b>	<b>-3,405</b>	<b>3,969</b>	<b>-1,623</b>
<b>Financial income and expenses</b>				
Interest income	7,359	5,667	1,672	1,663
Currency exchange gains/losses, net	-150	967	-101	-61
<b>Net financial items</b>	<b>7,209</b>	<b>6,634</b>	<b>1,571</b>	<b>1,602</b>
<b>Result before tax</b>	<b>17,017</b>	<b>3,230</b>	<b>5,540</b>	<b>-22</b>
Taxation	–	-4	–	–
<b>Net result for the period</b>	<b>17,017</b>	<b>3,226</b>	<b>5,540</b>	<b>-22</b>

## Statement of other comprehensive income

Expressed in USD thousands	Jan 1, 2018– Dec 31, 2018	Jan 1, 2017– Dec 31, 2017	Oct 1, 2018– Dec 31, 2018	Oct 1, 2017– Dec 31, 2017
<b>Net result for the period</b>	<b>17,017</b>	<b>3,226</b>	<b>5,540</b>	<b>-22</b>
<b>Other comprehensive income for the period:</b>				
Items that may be classified subsequently to profit or loss:				
Currency translation differences	–	–	–	–
<b>Total other comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income for the period</b>	<b>17,017</b>	<b>3,226</b>	<b>5,540</b>	<b>-22</b>

# Balance sheet – Parent company

Expressed in USD thousands	Dec 31, 2018	Dec 31, 2017
<b>NON-CURRENT ASSETS</b>		
<b>Financial non-current assets</b>		
Shares in subsidiaries	16	16
Financial assets at fair value through profit or loss		
Equity financial assets	25,861	9,000
Liquid financial assets	44,896	5,518
Receivables from Group companies	89,185	127,819
Other financial assets	18	10
<b>Total financial non-current assets</b>	<b>159,976</b>	<b>142,363</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	3,728	4,407
Other current receivables	61	38
<b>Total current assets</b>	<b>3,789</b>	<b>4,445</b>
<b>TOTAL ASSETS</b>	<b>163,765</b>	<b>146,808</b>
<b>SHAREHOLDERS' EQUITY (including net result for the financial period)</b>	<b>162,629</b>	<b>146,196</b>
<b>CURRENT LIABILITIES</b>		
<b>Non-interest-bearing current liabilities</b>		
Other current liabilities	79	92
Accrued expenses	1,057	520
<b>Total current liabilities</b>	<b>1,136</b>	<b>612</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>163,765</b>	<b>146,808</b>

# Statement of changes in equity – Parent company

Expressed in USD thousands	Share Capital	Additional paid in capital	Other reserves	Retained earnings	Total
<b>Balance at January 1, 2017</b>	<b>6,615</b>	<b>88,003</b>	<b>–</b>	<b>47,276</b>	<b>141,893</b>
Net result for the period January 1, 2017 to December 31, 2017	–	–	–	3,226	3,226
<b>Other comprehensive income for the period</b>					
Currency translation difference	–	–	–	–	–
<b>Total comprehensive income for the period January 1, 2017 to December 31, 2017</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,226</b>	<b>3,226</b>
Value of employee services:					
- Employee share option scheme	–	14	–	–	14
- Share based long-term incentive program	–	1,062	–	–	1,062
<b>Balance at December 31, 2017</b>	<b>6,615</b>	<b>89,079</b>	<b>–</b>	<b>50,502</b>	<b>146,196</b>
<b>Balance at January 1, 2018</b>	<b>6,615</b>	<b>89,079</b>	<b>–</b>	<b>50,502</b>	<b>146,196</b>
Net result for the period January 1, 2018 to December 31, 2018	–	–	–	17,017	17,017
<b>Other comprehensive income for the period</b>					
Currency translation difference	–	–	–	–	–
<b>Total comprehensive income for the period January 1, 2018 to December 31, 2018</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>17,017</b>	<b>17,017</b>
Value of employee services:					
- Employee share option scheme	–	23	–	–	23
- Share based long-term incentive program	–	1,720	–	–	1,720
Buy-back of own shares (Note 6)	-113	-2,214	–	–	-2,327
<b>Balance at December 31, 2018</b>	<b>6,502</b>	<b>88,608</b>	<b>–</b>	<b>67,519</b>	<b>162,629</b>

# Notes

## Note 1 Accounting principles

This consolidated interim report is prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting principles and methods of calculations have been applied for the Group as for the preparations of the accounts for the Company 2017. The Company's 2017 annual report is available at the Company's website: [http://www.vostokemergingfinance.com/investor-relations/#financial\\_reports](http://www.vostokemergingfinance.com/investor-relations/#financial_reports)

IFRS 9, *Financial instruments*, is effective from January 1, 2018. The Company has analyzed the replacement from IAS 39 to IFRS 9 and have concluded that there is no significant impact on the financial statements of the Company other than additional disclosure requirements.

IFRS 15, *Revenue from contracts with customers*, is effective from January 1, 2018. The Company has analyzed the new standard and see no significant impact on the financial statements of the Company.

IFRS 16, *Leasing*, is effective from January 1, 2019. The new standard will not have any significant impact on the Group's financial statements. As at the reporting date, the group has non-cancellable operating lease commitments of USD 0.25 mln which will increase non-current assets and interest bearing liabilities in the opening balance of 2019. Currently the only type of leasing the Company is exposed to is rental of office space. The Group will apply the standard from its mandatory adoption date of January 1, 2019. The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rule had always been applied.

## Note 2 Related party transactions

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

USD thousand	Operating expenses		Current liabilities	
	4Q 2018	4Q 2017	4Q 2018	4Q 2017
Key management and Board of Directors <sup>1</sup>	2,315	1,841	-	-

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

The costs in the period for the long-term incentive programs (LTIP 2016, LTIP 2017 and LTIP 2018) for the management amounted to USD 0.42 mln, USD 0.53 mln and USD 0.16 mln, respectively, excluding social taxes. See details of LTIP 2016, LTIP 2017 and LTIP 2018 in Note 5.

## Note 3 Fair value estimation

The numbers below are based on the same accounting and valuation policies as used in the Company's most recent Annual Report. For more information regarding financial instruments in level 2 and 3 see note 5 in the Company's Annual Report 2017.

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

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

The following table presents the Company's assets that are measured at fair value at December 31, 2018.

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	52,804	103,430	40,664	196,898
<b>Total assets</b>	<b>52,804</b>	<b>103,430</b>	<b>40,664</b>	<b>196,898</b>

The following table presents the Company's assets that are measured at fair value at December 31, 2017.

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	82,111	100,487	6,808	189,406
<b>Total assets</b>	<b>82,111</b>	<b>100,487</b>	<b>6,808</b>	<b>189,406</b>

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

	2018	2017
Opening balance January 1	6,808	-
Transfers from level 2 to level 3	50,451	6,146
Transfers from level 3 to level 2	-6,808	
Change in fair value and other	-9,787	662
<b>Closing Balance December 31</b>	<b>40,664</b>	<b>6,808</b>

As per December 31, 2018, the Company's holding in Tinkoff Bank is classified as a level 1 investment as its GDRs are trading on London Stock Exchange. Vostok Emerging Finance also has a liquidity management portfolio of listed corporate bonds that are also classified as level 1 investments. The investments in izyico, FinanZero, Finja, TransferGo, JUMO, Credits and Konfio are all valued as level 2 investments on the basis of the valuations of their respective latest transaction which all closed throughout 2017 and 2018. During the year, four transfers between Level 2 and Level 3 have been done. REVO/Sorsdata, Guiabolso, Nibo and Magnetis were all moved from Level 2 and are consequently classified as Level 3 investment and valued based on peer group valuation models. During the same period, TransferGo has been moved from Level 3 to Level 2 and is now valued based on the latest transaction. The validity of valuations based on a transaction is inevitably eroded over time, since the price at which the investment was made reflects the conditions that existed on the transaction

date. At each reporting date, possible changes or events subsequent to the relevant transaction are assessed and if this assessment implies a change in the investment's fair value, the valuation is adjusted accordingly. The transaction-based valuations are frequently assessed using multiples of comparable traded companies for each unlisted investment or other valuation models. When the Company uses transaction-based valuations of unlisted holdings, no material event is deemed to have occurred in the specific portfolio company that would suggest that the transaction-based value is no longer valid.

#### iyzico

As per December 31, 2018, VEF owns 20.8% in iyzico and has invested a total of USD 10.7 mln during the first quarter of 2017 and the fourth quarter of 2018. During the fourth quarter of 2018, iyzico was moved from a level 3 investment and is now categorized as a level 2 investment. iyzico is valued at USD 25.9 mln on the basis of the latest transaction in the company which closed during Q4, 2018. The valuation represents a 27.2% increase in valuation compared to Q3 2018 and a 168% increase in valuation over the course of the year.

#### Creditas

As per December 31, 2018, VEF owns 10.0% in Creditas and has invested a total of USD 25.0 mln during the fourth quarter of 2017. During Q2 2018, a second close following the Q4 2017 financing round happened, where Amadeus and Santander Bank invested into the company, at the same valuation as in Q4 2017. As per December 31, 2018, Creditas is valued on the basis of this transaction and is categorized as a level 2 investment. Given the time frame since VEF's investment in Creditas, management have since checked the transaction-based valuation through a valuation model, and do not foresee any downside to the valuation as per December 31, 2018.

#### JUMO

As per December 31, 2018, VEF owns 6.8% in JUMO, and has invested a total of USD 14.6 mln into the company. During Q3, 2018 VEF took up its rights and invested an additional USD 3.1 mln in JUMO. JUMO is valued on the basis of this transaction, and VEF's stake is valued at USD 16.4 mln as per December 31, 2018. The valuation represents a 5.1% increase in valuation over the year. JUMO is categorized as a level 2 investment.

#### Guiabolso

As per December 31, 2018, VEF owns 10.9% in Guiabolso and has invested a total of USD 30.0 mln during the fourth quarter of 2017. During the third quarter 2018, Guiabolso was moved from level 2 to level 3 valued on the basis of a forward looking EV/revenue peer multiples model consisting of 5 listed peers. Based on the valuation model, VEF values its stake in Guiabolso at USD 15.3 mln (USD 140 mln for 100% of the company). The valuation represents a 22.1% decrease in valuation of VEF's stake compared to September 30, 2018 and a 49% decrease as compared to December 31, 2017.

Sensitivity analysis revenue multiple, USD thousand						
-15%	-10%	-5%	0%	+5%	+10%	+15%
13,196	13,886	14,576	15,265	15,955	16,644	17,334

Sensitivity analysis USD/BRL, USD thousand						
+15%	+10%	+5%	3.9	-5%	-10%	-15%
17,959	16,961	16,069	15,265	14,538	13,877	13,274

#### Konfio

During June 2018, VEF led the USD 25 mln financing round in Konfio, and invested USD 15 mln into the company. As per December 31, 2018, VEF's 11.7% ownership in Konfio is valued on the basis of this transaction. Konfio is categorized as a level 2 investment.

#### REVO/Sorsdata

As per December 31, 2018, VEF has a 25% ownership in REVO/Sorsdata and has invested a total of USD 8.8 mln into the companies, including a two-year convertible loan note in the amount of USD 2.1 mln in Q3 2018. REVO/Sorsdata is categorized as a level 3 investment and is valued on the basis of a forward looking EV/revenue peer multiples model consisting of five listed peers. Based on the model, VEF values its stake in REVO/Sorsdata at USD 12.3 mln plus USD 2.3 mln related to the convertible loan note. The total valuation of the companies was 14.6 mln. The valuation represents a 12.6% decrease in valuation of VEF's stake over the year. A weakened RUB and derating comps during the third quarter negatively impacted the valuation at year-end.

Sensitivity analysis revenue multiple, USD thousand						
-15%	-10%	-5%	0%	+5%	+10%	+15%
12,683	13,334	13,985	14,636	15,287	15,938	16,589

Sensitivity USD/RUB, USD thousand						
+15%	+10%	+5%	69.5	-5%	-10%	-15%
13,023	13,512	14,047	14,636	15,287	16,010	16,818

#### TransferGo

As per December 31, 2018, VEF has invested a total of USD 8.9 mln into TransferGo. VEF owns 16.2% in the company and has during Q2 2018, exercised its outstanding convertible loan note in the amount of USD 2.8 mln (EUR 2.5 mln) plus accrued interest. VEF also invested an additional USD 2.7 mln (EUR 2.25 mln) in the financing round carried out by the company. As per December 31, 2018, VEF's holding in TransferGo is valued at USD 12.8 mln on the basis of this transaction and is categorized as a level 2 investment. The valuation in TransferGo represents a 65.8% increase in valuation during 2018.

### Tinkoff Bank

The investment in Tinkoff Bank is listed on the London Stock Exchange and the valuation is based on the closing bid-price per December 31, 2018.

### Magnetis

As per December 31, 2018, VEF owns 16.9% in Magnetis and has invested a total of USD 3.7 mln over the course of two funding rounds, where the last round closed during Q3 2018, in which VEF invested an additional USD 0.7 mln in the form of a two-year convertible loan note. As per December 31, 2018, Magnetis is valued on the basis of an EV/AUM % multiple peers model applied to the company's current AUM. The holding in Magnetis was moved from a level 2 investment to a level 3 investment during the fourth quarter of 2018, and is valued at USD 5.1 mln plus the principal amount from the convertible loan note including accrued interest of USD 0.7 mln, in total USD 5.8 mln. The valuation represents an increase of 69.8% compared to the Q3 2018 valuation, driven by the strong performance and development in the company.

Sensitivity analysis revenue multiple, USD thousand						
-15%	-10%	-5%	0%	+5%	+10%	+15%
5,058	5,307	5,557	5,806	6,055	6,304	6,553

Sensitivity analysis USD/BRL, USD thousand						
+15%	+10%	+5%	3.9	-5%	-10%	-15%
5,141	5,343	5,563	5,806	6,074	6,372	6,704

### FinanZero

As per December 31, 2018, VEF has invested a total of USD 2.6 mln (SEK 21.5 mln) into FinanZero, and VEF's 23.7% ownership in the company is valued at USD 5.0 mln (SEK 45.1 mln) on the basis of the latest transaction in the company, which closed in March 2018. In the very same transaction, VEF took up its rights and invested an additional USD 0.9 mln. The valuation in FinanZero represents a valuation increase of 93.7% of the year. The holding in FinanZero is categorized as a level 2 investment.

### Change in financial assets at fair value through profit or loss

Company	Opening balance Jan 1, 2018	Investments/ (divestments), net	Fair value change	Closing balance Dec 31, 2018	Percentage weight of total portfolio
iyzico	9,000	1,750	15,111	25,861	12.8%
Creditas	25,000	0	0	25,000	12.4%
JUMO	12,706	3,049	654	16,408	8.1%
Guiabolso	30,000	0	-14,735	15,265	7.5%
Konfio	0	15,000	0	15,000	7.4%
REVO Technology/Sorsdata	14,151	2,125	-1,640	14,636	7.2%
TransferGo	6,808	2,665	3,369	12,842	6.3%
TCS Group Holding PLC (Tinkoff Bank)	76,592	-65,337	-3,347	7,908	3.9%
Magnetis	3,000	700	2,106	5,806	2.9%
FinanZero	2,178	863	1,989	5,030	2.5%
Nibo	3,300	0	1,657	4,957	2.4%
Finja	1,151	1,000	1,137	3,289	1.6%
Liquidity management	5,518	39,465	-88	44,896	22.2%
<b>Total</b>	<b>189,406</b>	<b>1,280</b>	<b>6,213</b>	<b>196,898</b>	<b>97.2%</b>

### Nibo

As per December 31, 2018, VEF owns 15.7% in Nibo and has invested a total of USD 3.3 mln during the second quarter of 2017. As per December 31, 2018, Nibo is valued on the basis of a forward looking EV/revenue multiples peer model consisting of four listed peers in the accounting SaaS and SaaS space, showing similar characteristics and operations as Nibo. Based on the model, VEF values its stake in Nibo at USD 5.0 mln at December 31, 2018. The valuation represents an increase in valuation of 30.1% quarter on quarter and a 50.2% valuation increase over the course of the year. Nibo is categorized as a level 3 investment.

Sensitivity analysis revenue multiple, USD thousand						
-15%	-10%	-5%	0%	+5%	+10%	+15%
4,230	4,472	4,715	4,957	5,199	5,442	5,684

Sensitivity analysis USD/BRL, USD thousand						
+15%	+10%	+5%	3.9	-5%	-10%	-15%
4,311	4,506	4,721	4,957	5,218	5,508	5,832

### Finja

As per December 31, 2018, VEF has invested a total of USD 2 mln into Finja in two different financing rounds. During the last funding round, closed during the third quarter of 2018, VEF invested USD 1 mln in the form of a two-year convertible loan note. As per December 31, 2018, VEF holds a 20.4% stake in Finja and is valued at USD 3.3 mln based on the terms of this transaction. The valuation change represents an increase of 94.6% over the year. The holding in Finja is categorized as a level 2 investment.

### Liquidity investments

As per December 31, 2018, the liquidity management investments are valued at USD 44.90 mln, based on the closing price and/or latest NAV of each fund. All liquidity investments are categorized as level 1 investments.

#### **Note 4 Employee share-option program**

##### **Outstanding options**

	<b>Dec 31, 2018</b>
Beginning of the period	3,905,000
Outstanding at the end of the period	4,405,000

Per December 31, 2018, a total of 4,405,000 options were outstanding: 1,905,000 to Managing Director and 2,500,000 to other employees.

Market value of the options at the grant date is calculated with the help of the Black & Scholes options valuation model.

For options granted in June 2016 the market value is SEK 0.26/option. Significant inputs into the model for options granted in June were share price as at June 7, 2016 (SEK 1.13), exercise price (SEK 1.33), standard deviation of expected share price returns based on an analysis of historical share prices (33.0 per cent), option life until July 31, 2021, the Swedish market interest rate as at June 7, 2016, (-0.27 per cent); and a dividend yield of 0 per cent.

For options granted in August 2016 the market value is SEK 0.14/option. Significant inputs into the model for options granted in August were share price as at August 25, 2016 (SEK 1.22), exercise price (SEK 1.46), standard deviation of expected share price returns based on an analysis of historical share prices (20.9 per cent), option life until November 24, 2021, the Swedish market interest rate as at August 25, 2016, (-0.53 per cent); and a dividend yield of 0 per cent.

For options granted in November 2017 the market value is SEK 0.54/option. Significant inputs into the model for options granted in November were share price as at November 29, 2017 (SEK 2.25), exercise price (SEK 2.54), standard deviation of expected share price returns based on an analysis of historical share prices (32.1 per cent), option life until February 28, 2023, the Swedish market interest rate as at November 25, 2017, ( 0.25 per cent); and a dividend yield of 0 per cent.

For options granted in May 2018 the market value is SEK 0.41/option. Significant inputs into the model for options granted in May were share price as at May 16, 2017 (SEK 1.97), exercise price (SEK 2.35), standard deviation of expected share price returns based on an analysis of historical share prices (29.9 per cent), option life until August 16, 2023, the Swedish market interest rate as at May 16, 2018, (-0.13 per cent); and a dividend yield of 0 per cent.

See note 10 in Annual Report 2017 for more details.

#### **Note 5 Long-term incentive program**

##### **LTIP 2016**

At the 2016 annual general meeting held on May 19, 2016, it was resolved to implement a share-based long-term incentive program for management and key personnel in Vostok Emerging Finance. The program runs from January 1, 2016 through March 31, 2019, and encompasses a maximum of 11,315,790 shares, corresponding to a dilution of 1.71% of the total number of shares outstanding. Program participants purchase shares in the Company, and for each purchased share is entitled to receive a number of additional shares, so-called performance shares, free of charge, subject to fulfilment of a performance condition set by the Board of Directors on the basis of the Company's NAV. Pursuant to IFRS 2, the costs for the program

will be reported over the profit and loss statement during the vesting period August 31, 2016 through December 31, 2018. During the fourth quarter of 2018, the reported costs for the program amounted to USD 0.18 mln excluding social taxes. For the twelve months period the reported cost for the program amounted to USD 0.72 mln excluding social taxes.

##### **LTIP 2017**

At the 2017 annual general meeting held on May 18, 2017, it was resolved to implement a share-based long-term incentive program for management and key personnel in Vostok Emerging Finance. The program runs from January 1, 2017 through March 31, 2020, and encompasses a maximum of 8,035,700 shares, corresponding to a dilution of 1.21% of the total number of shares outstanding. Program participants purchase shares in the Company, and for each purchased share is entitled to receive a number of additional shares, so-called performance shares, free of charge, subject to fulfilment of a performance condition set by the Board of Directors on the basis of the Company's NAV. Pursuant to IFRS 2, the costs for the program will be reported over the profit and loss statement during the vesting period May 18, 2017 through December 31, 2019. During the fourth quarter of 2018, the reported costs for the program amounted to USD 0.15 mln excluding social taxes. For the twelve months period the reported cost for the program amounted to USD 0.80 mln excluding social taxes.

##### **LTIP 2018**

At the 2018 annual general meeting held on May 17, 2018, it was resolved to implement a share-based long-term incentive program for management and key personnel in Vostok Emerging Finance. The program runs from January 1, 2018 through March 31, 2021, and encompasses a maximum of 7,451,850 shares, corresponding to a dilution of 1.13% of the total number of shares outstanding. Program participants purchase shares in the Company, and for each purchased share is entitled to receive a number of additional shares, so-called performance shares, free of charge, subject to fulfilment of a performance condition set by the Board of Directors on the basis of the Company's NAV. Pursuant to IFRS 2, the costs for the program will be reported over the profit and loss statement during the vesting period May 17, 2018 through December 31, 2020. During the fourth quarter of 2018, the reported costs for the program amounted to USD 0.08 mln excluding social taxes. For the twelve months period the reported cost for the program amounted to USD 0.20 mln excluding social taxes.

#### **Note 6 Depository receipt buy-back**

During the fourth quarter, 55,000 SDRs have been repurchased. The company currently holds 11,315,861 repurchased SDRs.

#### **Note 7 Events after the reporting period**

During January and February 2019 VEF sold its remaining 508,258 shares in TCS Group Holding PLC, at a value of USD 8.71 mln.



# Information

## Background

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

On July 16, 2015 the shares in VEF, which held VNV's stake in Tinkoff Bank, were distributed to VNV's shareholders by way of a mandatory redemption program and traded on Nasdaq First North Sweden. At the time of the listing, there were in total 73,499,555 SDRs in VEF. On November 9, 2015, VEF resolved to issue an additional 587,996,440 SDRs. The Company has 661,495,995 SDRs in total as at the end of the reporting period.

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

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

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

As of December 31, 2018, the VEF Group consists of the Bermudian parent company Vostok Emerging Finance Ltd; one wholly-owned Cypriot subsidiary, Vostok Emerging Finance (Cyprus) Limited; and one wholly-owned Swedish subsidiary, Vostok Emerging Finance AB.

## Parent company

The parent company finances the Cypriot subsidiary's operations on market terms. During the financial year 2018, the net result for the period was USD 17.02 mln (2017: 3.23).

During the quarter, the net result for the period amounted to USD 5.54 mln (4Q17: -0.02).

## Upcoming reporting dates

Vostok Emerging Finance's financial report for the period January 1, 2019–March 31, 2019 will be published on May 15, 2019.

## Annual General Meeting and Annual Report 2017

The annual general meeting of Vostok Emerging Finance Ltd is planned to take place on Tuesday, May 21, 2019. The annual report will be available on the Company's website ([www.vostokemergingfinance.com](http://www.vostokemergingfinance.com)) from March 28, 2019.

February 20, 2019

David Nangle  
Managing Director

For further information contact David Nangle or CFO Henrik Stenlund: tel: +46 8 545 015 50.

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



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Vostok Emerging Finance

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