



VEF

The emerging market fintech investor

Interim report
First quarter 2023

Key events during the quarter

- NAV showed signs of recovery, increasing 7.5% QoQ, driven in part by a recovery of peer multiples and local currency performance. Juspay (+32% QoQ) and Gringo (+68% QoQ) were amongst key drivers, as valuation unlock was driven by a move to mark-to-model valuation for both.
- Creditas announced its 4Q/YE22 summary financial results delivering top line revenues of BRL 1.8 bln in 2022, +118% YoY. Positive trends of improving gross margins off a more efficient cost base continue to be driven through this more moderated growth window.
- Konfio’s commitment to bank Mexican SMEs benefitted from a two-year extension and increase of their credit line to MXN 4.1 bln with Goldman Sachs and Gramercy, which allows for the granting of nearly 10,000 fresh loans.
- VEF issued its maiden bond allocation and impact report. Funds raised in the bond were allocated to fund portfolio companies that derive 90% or more of their revenues from one or several sustainable finance categories: Konfio, Solfácil, Rupeek and Mahaana.

Net asset value

- NAV of VEF’s portfolio as at 1Q23 is USD 410.4 mln (YE22 381.8). NAV per share has increased by 7.5% to USD 0.39 (YE22: 0.37) per share during 1Q23.
- In SEK, NAV equals 4,261 mln (YE22: 3,981). NAV per share has increased by 7.0% to SEK 4.09 (YE22: 3.82) per share during 1Q23.
- Cash position, including liquidity investments, was USD 45.7 mln (YE22: 48.5) at the end of 1Q23.

Financial result

- Net result for 1Q23 was USD 28.4 mln (1Q22: -24.1). Earnings per share were USD 0.03 (1Q22: -0.02).
- The first quarter broad-based recovery in financial markets had a positive impact on the financial results in 1Q23. On average peer valuation multiples were in positive territory through the quarter and combined with underlying portfolio performance was the key driver of overall NAV. On an aggregated level, portfolio performance remained strong, with moderated revenue growth a reflection of plans to reach break-even at a majority of portfolio companies.

	Dec 31, 2021	Dec 31, 2022	March 31, 2023
Net asset value (USD mln)	761.7	381.8	410.4
Net asset value (SEK mln)	6,885	3,981	4,261
Net asset value per share (USD)	0.73	0.37	0.39
Net asset value per share (SEK)	6.61	3.82	4.09
VEF AB (publ) share price (SEK)	6.05	2.45	1.90

Events after the end of the period

No significant events after the end of the period.

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VEF – Investors in one of the strongest secular growth trends across some of the world’s fastest-growing markets

Photo: Thandy Yung (Unsplash.com)

Management report

Dear Fellow Shareholder,

With a market based NAV, quality portfolio and motivated team, we entered 2023 on the front foot with some tail winds back in our sails. 1Q23 started and finished with a broad-based recovery in financial markets, with technology and fintech stocks specifically catching a bid. This trend, combined with the underlying performance of our portfolio companies led to a USD NAV uplift QoQ of 7.5%, with all our top holdings in the green QoQ and Juspay a standout mover as a move to model-based valuation delivered size value unlock.

We are grateful to be running a permanent capital vehicle with a long-term view on value creation as in March we saw a return of volatility in the form of a banking crisis in developed markets! There has been much written of the events of March and the specific micro level issues at the various banks involved, inclusive of Silicon Valley Bank (SVB) and the systemically important Credit Suisse. The contagion risk was, and still is, very real, and it was important to see banking authorities, on both sides of the Atlantic, act quickly and firmly to stem the tide. For VEF, it was a clear reminder that this remains a very real stress/risk window for macro and markets, and one can expect fallouts in a period of sustained pressure like this. Our long history in emerging markets is rife with stress windows like these. We benefit today from that experience as we stay vigilant, close to our portfolio and capital, and look to continue to stay one step ahead of all.

As I have stated many times: we are only as good as our portfolio. We spent valuable time through 1Q23 with our holdings, inclusive of time on the ground in Brazil and India where the majority of our holdings and NAV sits today. We continue to feel extremely well positioned, given underlying portfolio quality and trends predicted for 2023 within it.

We are very mindful of the current risk environment and how it has weighed on financial markets and risk assets within them. That said, in our view, there continues to be a disconnect between the quality of our portfolio and our NAV level, and the current market perception of them, as reflected in our share price. Just as King Canute could not control the tide, we understand the futility of share price watching in windows like this. We can, however, continue to pull as many levers as we logically can to return our shares to a more logical relationship to our NAV. Our 1Q23 NAV trending positive should support, as should our portfolio companies raising fresh capital at or above our

current marks. We are upping our IR and PR efforts and working closer than ever with our capital and investment banking partners. It's a process, we know that – “*deliver, communicate, repeat*” – expect more of the same through 2023.

1Q23 NAV – early signs of recovery

As a reminder, we closed out 2022 with a NAV per share of SEK 3.82, off 42% YoY while our total USD NAV printed 382 mln, off 50% YoY. We were quick to react to deteriorating markets, as our portfolio valuation was directly impacted by a sharp contraction in listed fintech peer share prices over the period. As a sensitivity check, our USD NAV performance through 2022 was quite tightly correlated to global fintech traded indices performance. While this performance disappointed us as managers and shareholders, our goal was to keep our portfolio valuation aligned with the evolving public market reality and strive to always be able to stand behind our NAV, a market-based NAV.

With these deep valuation cuts taken, and with a rebased market NAV coming into 2023, 1Q23 proved to be a better quarter for markets and our portfolio marks, irrespective of the market volatility experienced in March. The average of global fintech indices (baskets of publicly traded fintech benchmark stocks) we track rallied in 1Q23, +20% QoQ. This is all while our portfolio continued to show robust growth QoQ, across the board.

We end 1Q23 with a NAV per share of SEK 4.09, up 7.0% QoQ. Total USD NAV ended the quarter at USD 410.4 mln, up 7.5% QoQ. The 0.4% strengthening of SEK vs USD QoQ drove NAV growth currency differential.

Portfolio valuation moves over the quarter worth highlighting:

- We move **Juspay** from last investment round valuation to a model-based valuation. As previously guided, we see a significant rise (32% QoQ) in Juspay's valuation this quarter as it catches up with the reality of listed peer multiples. Juspay remains one of our fastest growing portfolio companies and one of the clearest engines of value accretion.
- **Konfío**, another key size holding, whose value was naturally dragged down by peer multiple performance through 2022, mostly benefitted from peer multiple 1Q23 recovery (22% QoQ).

- **Creditas** saw a moderate 3% QoQ valuation mark increase, as we transition our valuation process from calibration to direct mark-to-model. The strength in peer multiples and underlying company growth YTD was mitigated by the evolution of valuation process. From a fundamental process viewpoint, we are very happy to see how the transitional calibration valuation method worked over the past year.
- We also move **Gringo** from last investment round valuation to a model-based valuation with very similar drivers (to Juspay) behind its more dramatic 68% QoQ move, for what is one of our fastest growing and performing companies at this time.
- **Rupeek** – The 44% QoQ model-based valuation reduction reflects a reset of the business plan to reflect a more conservative path to profitability.
- The mark down in value of our **Magnetis** stake reflects the recently closed funding round, which was aggressively priced. Despite not taking part in the round, we welcome the financing which is sufficient to secure Magnetis' path to break-even.

As seen through 2022 and into 1Q23, we continue to keep a consistency of valuation process in the eyes of our audit committee, auditors and most importantly the market. We also continue to see a concentration of our NAV around our larger holdings. At the end of 1Q23, we sit on USD 45.7 mln of capital.

Time spent on the ground in Brazil and India over the quarter

During the quarter, we spent time on the ground in our two largest portfolio ecosystems, Brazil, and India.

Brazil is still settling in post recent presidential elections, with the new left leaning government finding its feet in classic noisy emerging markets fashion. At a macro level, inflation has been trending down to single digit territory. The market expects interest rates to decline towards the end of 2023, from peak levels today of 13.75%, a positive trend and tailwind for the country and fintech ecosystem, as and when it begins. Spending time with our broad base of ecosystem partners; local VCs, founders, investors, investment banks and lawyers, the tour reminded us of how far Brazil and LatAm venture has come in such a short space of time and how robust it is to manage through this volatile window. It is well-placed to support the next leg of growth in this exciting market. At a company level, we spent time with over half of our NAV while there. On this tour it was the newer holdings of our portfolio, Gringo and Solfácil, that impressed us most, a function of their still short duration in our portfolio coupled with how much they have achieved in a short, stress filled global and local period.

The amount of capital and resource dedicated to India (now the most populous country in the world) never ceases to amaze. At a political and macro level, while not being immune to global pressures, India remains one of the most stable scale robust growth stories on the planet. On our tour we touched many aspects of the local ecosystem that feed into the success of our investments, current and future, whilst there. We spent time with the RBI (Central Bank of India) to understand better their clamp down of certain companies operating in grey areas of financial services and came away comfortable with their very logical road map. On the venture investing front, India's early-stage VC scene feels like one of the most robust in our world right now, with a renewed focus on businesses that can demonstrate early revenue traction and healthy unit economics – qualities that have historically been overshadowed by TAM arithmetic. Later stage trends are similar to elsewhere, where valuations and fundraising in India are not immune to the new reality defined by higher rates. India had as many unicorns as any EM market, many of which are really having to strategize to find a path forward. All said, of our core markets, we are seeing the most confidence from Indian companies to come out for fresh funding conversations and are seeing strong signs of a fully functioning pipeline. We also spent time with each of our portfolio companies, and returned with renewed excitement about what they are achieving, particularly Juspay, which is maturing into a very strategic player and driver of digital payments in India.

Portfolio

We live and breathe our seventeen portfolio companies and we stay very close to them, irrespective of point in the cycle, as they look to build successful sustainable businesses. Below are some of the more interesting highlights and data points of the quarter just passed:

Creditas (*Secured lending, LatAm*) – Creditas released its headline IFRS results for 4Q22, posting robust 118/59% YoY revenue/loan growth. Consistent with peers and in line with recent communication, 2023 is a year to prioritise profit over growth. The 4Q22 numbers reflect this view as growth rates moderated whilst gross profit margin recovered, bottoming at c. 10–11% through 2Q/3Q22 to 14.5% in 4Q22 and rising. Below this line in the income statement, Creditas continues to rationalize its overheads, drive efficiency gains, and bring down customer acquisition costs to lowest levels experienced. This is all ongoing while asset quality remains stable given the collateralised nature of the loan book.

Konfio (*SME finance, Mexico*) – Konfio secured a two-year extension and increase for up to MXN 4.1 bln in credit lines from Goldman Sachs and Gramercy. With loan sizes ranging from MXN 150k to MXN 3 mln, this investment will allow Konfio to provide nearly 10,000 new loans. While part of Konfio’s normal course of business in funding its balance sheet, we love the timing of this announcement, as it shows continued confidence in the Mexican SMEs segment and Konfio’s lending business model by the broader funding market. As an aside, Konfio does seem very well placed to benefit from the growing Mexico nearshoring theme that is starting to be a real economic driver.

Gringo (*Auto app, Brazil*) – I repeat my message from the previous quarter, as it is just a pleasure to sit in a board room with a team properly delivering, as I did recently in São Paulo. Gringo delivered a very strong 2022, growing to over 10 mln registered users and an active user-base close to 3 mln drivers in Brazil, with top line revenues driven by vehicle registration, taxes and fine payments growing 500%+ YoY. These trends have continued into 1Q23, a seasonally strong window for the business. In addition to their core offering, it is exciting to see them move into adjacent products, like marketplace, where they work with fellow VEF portfolio company Creditas.

Solfácil (*Solar ecosystem, Brazil*) – The climate space is one of the most in-focus investment themes in venture right now and our timing to invest in Solfácil a year ago could not have been better. Brazil’s only size solar ecosystem play, we profiled the company and opportunity in our recent annual report ([see here](#)) and release to investors. In 1Q23, Solfácil announced the purchase of solar kit distributor Solar Inove. Something of a game changer, the acquisition aims to expand its solutions available to Solfácil partners, Brazilian installers.

FinanZero (*Lending marketplace, Brazil*) – FinanZero positively engaged with the markets in 1Q23 in a bid to top up its 2022 fund raise with a second close. Any additional capital raised would put FinanZero in a great place to own the digital loan broking space in Brazil at a time when smaller peers are retreating from the market.

Yet another banking crisis

March brought a return to market volatility. SVB, the 16th biggest bank in the US at the time, announced a surprise capital raise to cover realised losses from bond sales which first spooked shareholders due to the size of unrealised losses relative to their equity. The capital raise failed, and ultimately a run ensued on its largely corporate/start-up deposit base. Confidence erosion spread to other regional banks, causing authorities to step in. They placed

SVB (and Signature Bank) into receivership, protected their uninsured deposits and provided a liquidity facility for the broader system. Confidence in European financials was also temporarily dented, with the weakest link Credit Suisse forced into a hasty sale to UBS. Although fluid, regulators on both sides of the Atlantic appear to have their arms around the situation with more policy tools at their disposal if required.

As mentioned on numerous occasions, we are battle-tested, and crisis hardened at VEF and remained calm throughout. We have experienced, analysed and physically been involved in numerous banking crisis in our careers to date. VEF banks with tier one Swedish banks, where we keep our liquidity, along with tier one money market funds. From a portfolio standpoint, our companies had little or no exposure to SVB.

VEF shares and the current discount to NAV

We continue to address this topic and provide fresh thoughts on how we think, and what we are doing about this in 2023. To repeat from our 3Q22 management letter; we hate trading at a discount to NAV. It pains us as VEF business builders and shareholders to see our stock trading at a deep discount to NAV. This is despite our very clear process to mark our portfolio to current market reality. We do understand the many reasons why an investment company like VEF can trade where it does at a point like this in the macro/market cycle, but we fundamentally disagree with it and will continue to do anything in our power to address it.

Our thoughts and actions include:

- With our NAV rebased to market as of YE22 and showing signs of recovery into 1Q23, this should be a supportive trend as the market looks ahead and discounts a better future trend for NAV versus that experienced through 2022.
- Portfolio fund raises – We expect a number of successful fund raises within our portfolio (at or above last round mark) to occur through 2023, which we feel should provide added confidence to our fundamental NAV marks.
- Increased transparency at portfolio level – Alongside quarterly updates of performance released by Creditas, we share summary public updates across our portfolio to the market in a formal release each quarter. We are also sharing portfolio wide top line growth rates (historic and predicted) and path to profitability expectations across the portfolio in our quarterly results presentations.

- Investor and Public Relations – In 2022 and 1Q23, we remained on the front foot marketing the VEF story. We marketed in Europe, US and the Middle East with a host of investment banking partners helping us. We have a tier one through cycle investor base, and we intend to continue to broaden and deepen it through this opportune investment window.

- Ongoing broad based investment bank research coverage – We now count five brokers providing formal coverage for our stock: Pareto, DNB, Carnegie, Nau Securities and KBW Stifel. Given our size and focus, that is a broad array of energy and focus from the street to help spread our story.

- Portfolio exits – There is nothing better than a successful portfolio exit to focus the minds on a value gap between an investment company’s trading level and its NAV. That is not lost on us. We have experienced successful exits in the past, notably Tinkoff Bank via listing and Iyzico via trade sell. 2023-24 is set to be a busy M&A market and we continue to work with our companies to be in the mix of those conversations through cycle, so that when the right partner comes along at the right price, something can be done.

- Share buybacks – While we do love the opportunity that our shares trading at this level presents us to create value by buying back our own stock, we love our cash more right now, so we continue to sit on our hands here.

All of the above is layered in off a strong fundamental business and investment case that is VEF. We are just working harder in this window to bring that case back front and centre. They say, take care of the business and the share price will take care of itself. Twenty-five years in markets tells us you have to work hard with the market, especially in times like these, to help achieve the price you deserve.

Our sustainability bond, one year on

As a key input into fostering long-term returns for our investors, sustainability matters, ESG: environmental, social, and governance, are the cornerstones in building and growing VEF as an investment company and in our investment philosophy and process. As part of this journey, VEF issued SEK 500 mln of sustainability bonds in March 2022. We developed a Sustainability Framework for this bond in accordance with the Sustainability Bond Principles and the Green Bond Principles, both published in 2021 by the International Capital Markets Association (ICMA).

Approximatively one year after issuing this debut sustainability bond, we issued our maiden bond allocation and impact report – [see here](#). We were happy to report that an amount equal to the gross proceeds from issued

sustainability bonds were used to finance and refinance VEF’s investments in companies that derive 90% or more of their revenues from one or several sustainable finance categories.

Specifically, as of end 1Q23, all the proceeds from the sustainability bonds have been allocated to four eligible companies:

- **Konfío** – Mexico, small business banking – *Financial inclusion*
- **Solfácil** – Brazil, solar ecosystem – *Renewable energy*
- **Rupeek** – India, gold backed lending – *Financial wellness and fairness*
- **Mahaana** – Pakistan, pension/investment platform – *Financial inclusion*

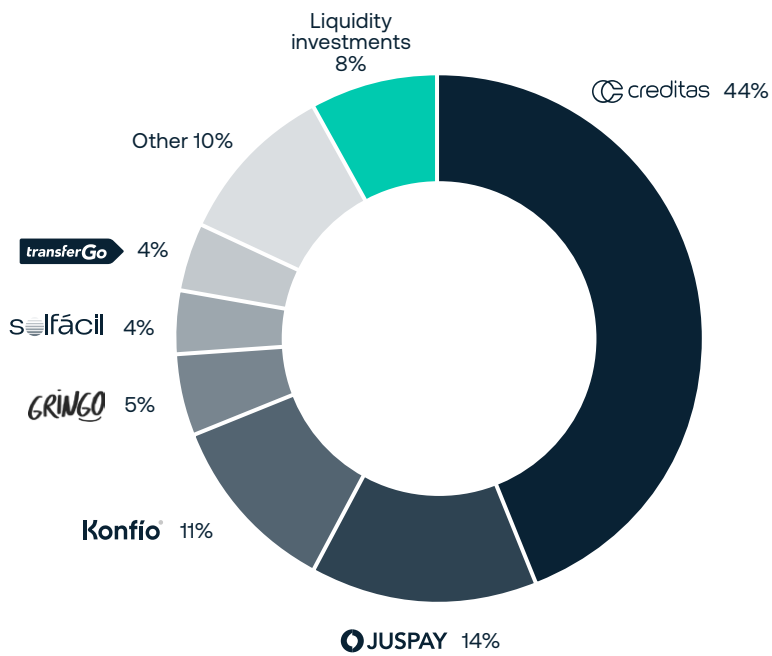
Closing Remarks

With 2022 firmly in the rear-view mirror, we feel we laid the foundations for our next leg of success. 2023, as volatile as the start of the year has been, does feel better, and we have some early tail winds in our sails and renewed confidence for the year ahead. Having spent time on the ground with the majority of our portfolio and NAV in 1Q23, we have fresh confidence that we have a portfolio well placed to create a lot of long-term value for our patient shareholders. We look at our shares and where they are trading, and we see both a strong value and growth case to be made. On the pipeline front, there are encouraging signs that we are on the cusp of a fresh and positive investment vintage. At VEF, we invest in fintech across the emerging world, riding one of the strongest multi-year secular growth trends in some of the world’s fastest-growing markets. Long a portfolio of quality emerging markets fintech holdings, while selectively shopping for new holdings, we are as well-positioned as ever to create long-term value for our shareholders.

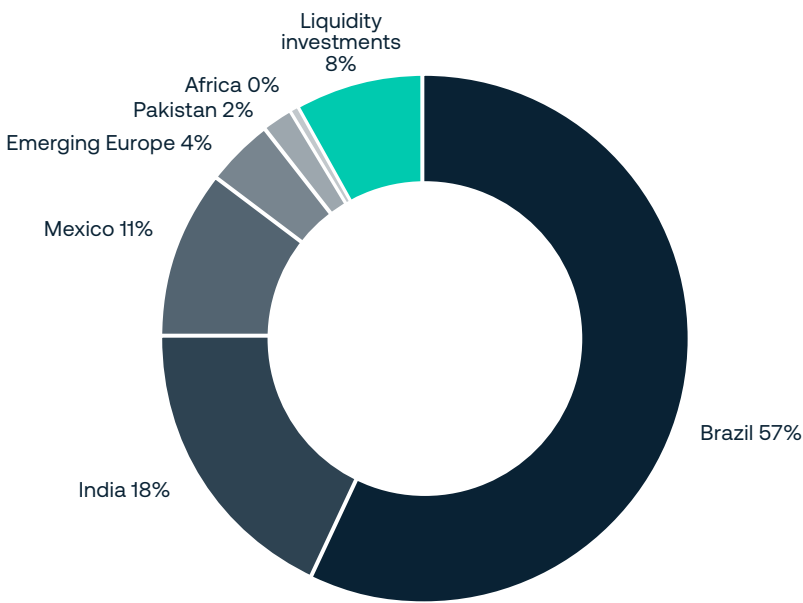
April 2023,
Dave Nangle

VEF in charts

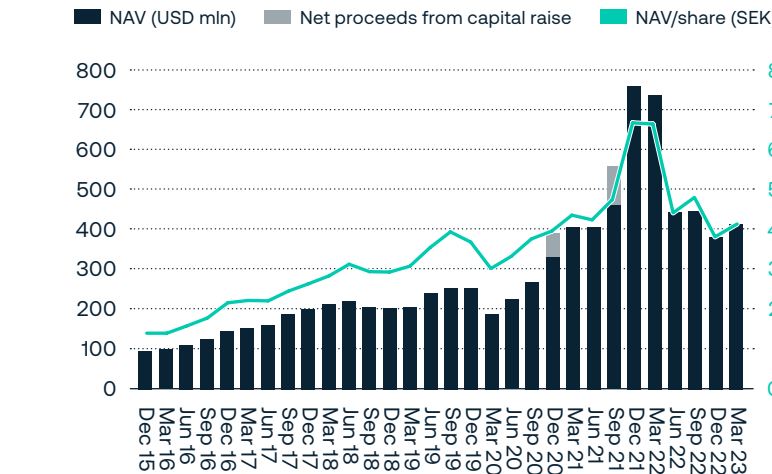
Portfolio composition



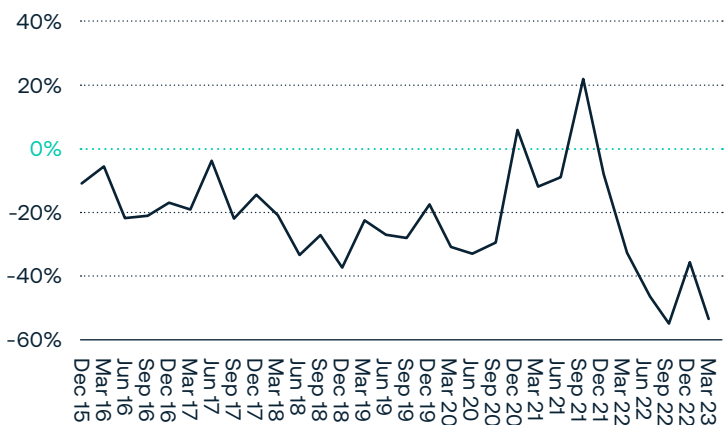
Geographic distribution



NAV evolution



Share premium/discount to NAV



Investment portfolio

Portfolio development

VEF's net asset value per share increased by 7.5% in USD over 1Q23, while VEF's share price in SEK decreased by 22.5%. During the same period, the MSCI Emerging Markets index* decreased by 16.9% in USD terms.

Liquidity investments

The Company has investments in money market funds and bonds as part of its liquidity management operations. As at March 31, 2023, the liquidity investments are valued at USD 37.2 mln.

Net asset value

The investment portfolio stated at market value (KUSD) at March 31, 2023

Company	Fair value Mar 31, 2023	Net invested amount	Net investments/ divestments 1Q23	Change in fair value 1Q23	Fair value Dec 31, 2022	Valuation method
Creditas	198,689	103,356	–	5,613	193,076	Mark-to-model
Juspay	62,822	21,083	–	15,351	47,471	Mark-to-model
Konfio	48,929	56,521	–	8,783	40,146	Mark-to-model
Gringo	20,577	12,250	–	8,327	12,250	Mark-to-model
Solfácil	20,000	20,000	–	–	20,000	Latest transaction
TransferGo	16,160	13,877	–	-187	16,347	Mark-to-model ¹
Nibo	9,491	6,500	–	2,674	6,817	Mark-to-model
Rupeek	8,551	13,858	–	-6,644	15,195	Mark-to-model
FinanZero	8,119	5,163	–	34	8,085	Latest transaction ¹
BlackBuck	7,596	10,000	–	702	6,894	Mark-to-model
Abhi	7,585	1,798	–	–	7,585	Latest transaction
JUMO	2,173	14,614	–	-149	2,322	Mark-to-model
Mahaana	1,000	1,000	–	–	1,000	Latest transaction
minu	483	450	–	-58	541	Mark-to-model
Magnetis	354	6,668	–	-2,283	2,637	Latest transaction
Finja	264	2,925	–	-170	434	Mark-to-model
REVO	0	6,664	–	–	0	Mark-to-model
Liquidity investments	37,172	39,475	-3,000	295	39,877	
Investment portfolio	449,965	336,202	-3,000	32,288	420,677	
Cash and cash equivalents	8,506				8,612	
Other net liabilities	-48,107				-47,458	
Total net asset value	410,364				381,831	

1. Attributable to currency exchange differences.

* The MSCI Emerging Markets Index is a free float weighted equity index that consists of indices in 24 emerging economies.

Portfolio highlights



Juspay launched Hyperswitch: An open-source payment orchestration platform to boost merchant revenue

Juspay’s Hyperswitch platform brings together various payment processors and acquirers worldwide, creating a seamless and secure payment experience for merchants. This open-source platform offers a reliable payment stack that enables merchants to increase their revenue while lowering their costs.



Konfio upsizes their loan with Goldman Sachs and Gramercy to MXN 4.1 bln

Konfio reaffirms commitment to Mexican SMEs with a two-year extension and increase of the credit line with Goldman Sachs and Gramercy, allowing for the granting of nearly 10,000 new loans.



Rupeek and Federal Bank won the “Best Fintech Partnership/Start-up alliance of the year”

Rupeek and Federal Bank’s partnership has been recognized for their outstanding work in revolutionizing India’s gold loan industry. The award highlights the team’s hard work and dedication and strengthens their collaboration. Rupeek’s gold loan service, supported by Federal Bank’s extensive branch network, is changing the way India takes out gold loans.

Key valuation considerations



During the first quarter, we moved Juspay from a last transaction-based valuation to a model-based valuation approach. Juspay saw the largest uptick in dollar terms across the portfolio, delivering a 32% valuation uplift, or USD 15.4 mln. Continued underlying strong trends confirms our view on Juspay as one of our portfolio stars continuing to unlock value.



During 1Q23, we moved our valuation methodology from a last transaction basis to a mark-to-model basis. With one of the strongest growth profiles during the quarter and a top performer across many other VC-portfolios, Gringo experienced the largest valuation uplift in percentage terms, 68%, and the third largest in dollar terms, USD 8.3 mln, driven to a large extent by positive moves in the listed peer group multiples. One year into this investment we remain strong supporters of Gringo and their delivery to date.



The value of our position in Rupeek decreases by 44%, or USD 6.6 mln, QoQ to USD 8.6 mln in 1Q23 as we move it to mark-to-model valuation from its previous last round valuation. The 1Q23 valuation reflect a contraction in multiples compared to the last round valuation, as well as a downward revised revenue forecast to reflect the company’s increased focus on reaching profitability.

Brazil



Creditas is building an asset focused ecosystem that supports customers in three essential aspects: living (home), mobility (transport) and earning (salary) by providing fintech, insurtech and consumer solutions. One of LatAm’s leading private fintech plays, Creditas is on a clear path towards IPO.

In 4Q22 VEF made a follow-on investment of USD 5 mln into Creditas as part of a convertible round taking the total invested amount in Creditas to USD 103 mln.

\$	Fair value (USD): 198.7 mln
briefcase	Share of VEF’s portfolio: 44.1%
%	VEF stake: 8.5%



Founded in 2020, Gringo is building a “super-app” for drivers in Brazil and currently offers vehicle-documentation related services, credit and insurance solutions. Gringo is focused on improving drivers’ vehicle ownership journey in Brazil, which is currently riddled with pain points driven by analogue processes, massive paperwork and broken legacy systems.

In 1Q22, VEF invested USD 12.2 mln into Gringo, leading its USD 34 mln series B round together with Piton Capital which also saw participation from existing investors.

\$	Fair value (USD): 20.6 mln
briefcase	Share of VEF’s portfolio: 4.6%
%	VEF stake: 10.2%



Solfácil is building a digital ecosystem for solar energy adoption in Brazil. It currently offers a digital solar panel marketplace and financing solutions on its platform, allowing Brazilian consumers and SMEs to finance and own their solar panels.

In 1Q22, VEF invested USD 20 mln into Solfácil, participating in its USD 100 mln Series C round led by QED and also saw participation from SoftBank and existing investors. The round was subsequently extended to USD 130 mln with an additional USD 30 mln contribution from Fifth Wall in 2Q22.

\$	Fair value (USD): 20.0 mln
briefcase	Share of VEF’s portfolio: 4.4%
%	VEF stake: 2.6%



Nibo is the leading accounting SaaS provider in Brazil, transforming the way accountants and SMEs interact. Nibo services over 400,000 SMEs through 4,200 accountants on their platform.

Since VEF’s initial investment into Nibo in 2017 VEF made two follow-on investments in 2019 and 2020 and has in total invested USD 6.5 mln.

\$	Fair value (USD): 9.5 mln
briefcase	Share of VEF’s portfolio: 2.1%
%	VEF stake: 20.1%

FinanZero

FinanZero is the leading online credit marketplace in Brazil, acting as an independent broker to give millions of customers access to credit from a network of over 70 lenders at the best rates and terms in the market in one search.

VEF made its initial investment into FinanZero in 2016, with the latest follow-on investment of USD 1 mln taking place in 2Q22.

Fair value (USD):
8.1 mln

Share of VEF's portfolio:
1.8%

VEF stake:
19.0%

magnetis

Magnetis is a digital investment advisor democratizing access to affordable and easy-to-use investment management. Magnetis offers customers a simple, digital tool to manage their wealth.

Since 3Q17 VEF has invested USD 6.7 mln into Magnetis.

Fair value (USD):
0.4 mln

Share of VEF's portfolio:
0.1%

VEF stake:
5.4%

India

JUSPAY

Juspay is India's leading payment technology company offering a unifying layer of products and value-added services to merchants, thereby enabling them to improve their conversion rates. Juspay has played a key role in India's payment transformation and is present on 300 mln+ smartphones and processing USD 100 bln+ annualized TPV.

VEF has made a cumulative investment of USD 21 mln into Juspay, investing USD 13 mln leading its broader Series B round in 2020 and investing USD 8 mln in its series C round in 2022.

Fair value (USD):
62.8 mln

Share of VEF's portfolio:
14.0%

VEF stake:
10.2%

Rupeek

Rupeek is one of India's leading asset-backed digital lending platform offering low interest rate doorstep gold loans and gold backed credit cards to consumers. Rupeek is building products to make credit accessible to Indian households, which hold over 25,000 tonnes of gold worth c. USD 1.5 tln.

In 2022, Rupeek raised an additional USD 49 mln in its Series E extension round led by Lightbox with a participation of USD 7 mln from VEF. In total VEF has invested USD 14 mln into Rupeek.

Fair value (USD):
8.6 mln

Share of VEF's portfolio:
1.9%

VEF stake:
2.3%

BLACKBUCK

BlackBuck is the largest online trucking platform in India digitizing fleet operations for truckers (payments solutions around tolls and fuel) and operating a marketplace matching trucks with relevant loads. BlackBuck represents VEF's first investment in the 'embedded finance' space.

VEF made its initial USD 10 mln investment into BlackBuck in 3Q21.

Fair value (USD):
7.6 mln

Share of VEF's portfolio:
1.7%

VEF stake:
1.0%

Mexico

Konfío

Konfío builds digital banking and software tools to boost SME growth and productivity in Mexico through three core offerings: credit, payments, and SaaS.

VEF has invested a total of USD 56.5 mln in Konfío since 2Q18, most recently participating in Konfío's USD 110 mln Series E2 round led by Tarsadia Capital in 3Q21.

Fair value (USD):
48.9 mln

Share of VEF's portfolio:
10.9%

VEF stake:
10.3%

minu

minu is an employee financial wellness company offering a digital compensation and benefits platform to thousands of employees in Mexico. minu's platform provides benefits including insurance, telemedicine, financial education, savings and credit products, and minu's market-leading salary-on-demand offering.

VEF made its initial investment of USD 0.5 mln into minu in 1Q21.

Fair value (USD):
0.5 mln

Share of VEF's portfolio:
0.1%

VEF stake:
1.2%

Emerging Europe

transferGo

TransferGo provides low-cost, fast, reliable digital money transfer services to migrants across Europe, with customers paying up to 90% less compared by using banks and have their money delivered securely in minutes.

VEF first invested in TransferGo in 2Q16 and has invested a total of USD 13.9 mln into the company.

Fair value (USD):
16.2 mln

Share of VEF's portfolio:
3.6%

VEF stake:
12.5%

Pakistan



Abhi is a financial wellness company for businesses and their employees in Pakistan, offering earned wage access, invoice factoring and payroll solutions.

VEF led Abhi's Seed round in 2Q21 and has invested a total of USD 1.8 mln into the company, most recently participating in Abhi's Series A with an investment of USD 0.5 mln in 2Q22.

	Fair value (USD): 7.6 mln
	Share of VEF's portfolio: 1.7%
	VEF stake: 11.5%



Mahaana is Pakistan's first digital wealth management company, building a platform to allow working class Pakistanis to better invest their savings and pensions in a market where the individual savings rate significantly lags peers.

VEF invested USD 1 mln into Mahaana as part of their seed round in 3Q22, co-leading the USD 2.1 mln round with SparkLabs Group and local strategic partner IGI Holdings.

	Fair value (USD): 1.0 mln
	Share of VEF's portfolio: 0.2%
	VEF stake: 13.8%



Finja is a digital lending platform for SMEs in Pakistan, providing small-ticket loans and invoice financing to kiryana stores and FMCG distributors to purchase inventory on credit.

VEF has invested a total of USD 2.9 mln into Finja since 2016.

	Fair value (USD): 0.3 mln
	Share of VEF's portfolio: 0.0%
	VEF stake: 21.2%

Africa



JUMO is a full technology stack for financial services that enables partner banks to reach millions of new customers with credit and savings products at affordable prices whilst making predictable returns. JUMO provides a full range of infrastructure and services from core banking to underwriting, KYC and anti-fraud and recently achieved B Corporation certification.

In 4Q21 JUMO raised USD 120 mln from new and existing investors in a round led by Fidelity Management, Visa and Kingsway. VEF has invested a total of USD 14.6 mln in JUMO since 2015.

	Fair value (USD): 2.2 mln
	Share of VEF's portfolio: 0.5%
	VEF stake: 4.5%

Financial information

Investments

During 1Q23, no gross investments in financial assets have been made (1Q22: USD 32.2 mln).

Divestments

Gross divestments in financial assets during 1Q23 were USD 3.0 mln, of which all relates to divestments in liquidity investments (1Q22: USD 30.0 mln).

Share info

VEF AB (publ)'s share capital per March 31, 2023, is distributed among 1,106,675,373 shares with a par value of SEK 0.01 per share. For more information on the share capital please refer to Note 5.

Share repurchases

In August 2022, VEF announced that the Board of Directors had approved a new share buyback program based on the mandate from the annual general meeting of the Company on May 10, 2022.

The new buyback program allows VEF to buy shares for a maximum of USD 10 mln in total. The purpose of the buyback program is to allow the Company the flexibility to create additional shareholder value and optimize the Company's capital structure as and when deemed appropriate by reducing the Company's share capital. No share repurchases were made during 1Q23. As per March 31, 2023, the company holds 12,824,243 repurchased shares equivalent to USD 2.9 mln which are held in treasury by the Company.

Group – results for 1Q23

- During 1Q23, the result from financial assets at fair value through profit or loss amounted to USD 32.3 mln (1Q22: -21.7).
- Coupon income were USD 0.0 mln (1Q22: 0.1).
 - Operating expenses amounted to USD -2.4 mln (1Q22: -2.6).
 - Net financial items were USD -1.4 mln (1Q22: -0.1).
 - Net result was USD 28.4 mln (1Q22: -24.1).
 - Total shareholders' equity amounted to USD 410.4 mln (YE22: 737.7).

The first quarter broad-based recovery in financial markets had a positive impact on the financial results in 1Q23. On average peer valuation multiples were in positive territory through the quarter and combined with underlying portfolio performance was the key driver of overall NAV. On an aggregated level, portfolio performance remained strong, with moderated revenue growth a reflection of plans to reach break-even at a majority of portfolio companies.

Liquid assets

The liquid assets of the Group, defined as cash and bank deposits, amounted to USD 8.5 mln on March 31, 2023 (YE22: 8.6). The Company also has placements in money market funds and bonds, as part of its liquidity management operations. As of March 31, 2023, the liquidity placements are valued at USD 37.2 mln (YE22: 39.9).

Parent company

The parent company, VEF AB (publ), is the holding company of the Group. The net result for 1Q23 was SEK 69.9 mln (1Q22: -22.9). VEF AB (publ) is the parent of four wholly owned subsidiaries; VEF Cyprus Limited, VEF Fintech Ireland Limited, VEF Service AB (under liquidation) and VEF UK Ltd. VEF AB (publ) is the direct shareholder of three portfolio companies (BlackBuck, Juspay and Rupeek).

Current market environment

With 2022 behind, a year marked by market and sector headwinds, 2023 started on a more positive note with a broader recovery in financial markets – particularly in technology and fintech stocks. However, in March the Silicon Valley Bank crisis sparked the start of a broader distrust in the global banking system, putting negative pressure on many companies in the financial service sector. During 1Q23, the global fintech indices ARKF and FINX that VEF is tracking, experienced a positive development on average, with ARKF the outperformer of the two. Our key portfolio currencies were essentially flat during 1Q23, with some FX tailwind for BRL and MXN. Brazil, a VEF key market, saw inflation coming down for the eighth consecutive month in February, while the consensus is that the SELIC rate has peaked and should gradually start to come down by the end of the year. India, our second largest market, remains very strong and resilient to the current macro climate.

During the quarter VEF has continued to trade at a deep discount to our 4Q22 NAV, similar to many global peers and other listed fintech stocks. VEF’s financial position remains comfortable with a solid balance sheet and a USD 45.7 mln cash position at the end of the quarter, expected to be more than sufficient to support current portfolio over the coming twelve-months period. Importantly, approximately 71% of our portfolio remains well funded and have the ability to reach break-even without additional funding, while the remaining 29% have a weighted cash runway of approximately 15 months. On a micro level, the negative impact in some of our portfolio names is for the most part market-related in the short to medium term, affecting their respective valuations and potentially their ability to raise additional capital further on.

Consolidated income statement

KUSD	Note	1Q 2023	1Q 2022
Result from financial assets at fair value through profit or loss	4	32,288	-21,721
Coupon income		–	97
Other income		–	164
Administrative and operating expenses		-2,420	-2,598
Operating result		29,868	-24,058
Financial income and expenses			
Interest income		5	–
Interest expense		-1,284	-6
Currency exchange gains/losses, net		-146	-60
Net financial items		-1,425	-66
Result before tax		28,443	-24,124
Taxation		–	-1
Net result for the period		28,443	-24,125
Earnings per share, USD	9	0.03	-0.02
Diluted earnings per share, USD	9	0.03	-0.02

The Group have no items to account for as other comprehensive income and therefore the net result for the period is equal to the total comprehensive income for the period.

Consolidated balance sheet

KUSD	Note	Mar 31, 2023	Dec 31, 2022
NON-CURRENT ASSETS			
Tangible non-current assets			
Property, plant and equipment		145	156
Total tangible non-current assets		145	156
Financial non-current assets			
Financial assets at fair value through profit or loss	4		
Equity financial assets		412,792	380,800
Liquid financial assets		37,172	39,877
Other financial assets		34	32
Total financial non-current assets		449,998	420,709
CURRENT ASSETS			
Tax receivables		71	64
Other current receivables		165	449
Prepaid expenses		208	104
Cash and cash equivalents		8,506	8,612
Total current assets		8,950	9,229
TOTAL ASSETS		459,093	430,094
SHAREHOLDERS' EQUITY (including net result for the financial period)			
410,364		381,831	
NON-CURRENT LIABILITIES			
Long-term liabilities	6	47,284	46,979
Total non-current liabilities		47,284	46,979
CURRENT LIABILITIES			
Accounts payable		105	76
Other current liabilities		187	241
Accrued expenses		1,153	967
Total current liabilities		1,445	1,284
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		459,093	430,094

Consolidated statement of changes in equity

KUSD	Note	Share capital	Additional paid in capital	Retained earnings	Total
Balance at Jan 1, 2022					
		1,308	97,440	662,980	761,728
Net result for the period		–	–	-377,359	-377,359
Value of employee services:					
- Employee share option scheme		–	12	–	12
- Share based long-term incentive program		10	350	–	360
Buyback of own shares		–	-2,910	–	-2,910
Balance at Dec 31, 2022		1,318	94,892	285,621	381,831
Balance at Jan 1, 2023					
		1,318	94,892	285,621	381,831
Net result for the period		–	–	28,443	28,443
Value of employee services:					
- Employee share option scheme	7	–	4	–	4
- Share based long-term incentive program	8	–	86	–	86
Balance at Mar 31, 2023		1,318	94,982	314,064	410,364

Consolidated statement of cash flows

KUSD	1Q 2023	1Q 2022
OPERATING ACTIVITIES		
Result before tax	28,443	-24,124
<i>Adjustment for non-cash items:</i>		
Interest income and expense, net	1,279	6
Currency exchange gains/-losses, net	146	60
Depreciations	11	24
Result from financial assets at fair value through profit or loss	-32,288	21,721
Other non-cash items affecting profit or loss	91	91
<i>Adjustment for cash items:</i>		
Coupon income	-	-97
Change in current receivables	86	-41
Change in current liabilities	185	-160
Adjustments of cash flow in operating activities	-2,047	-2,520
Investments in financial assets	-	-32,250
Sales of financial assets	3,000	30,000
Coupon income	-	97
Interest received	5	-
Net cash flow from/used in operating activities	958	-4,673
FINANCING ACTIVITIES		
Interest paid on sustainability bonds	-1,113	-
Proceeds from new share issue through employee options	-	-4
Net cash flow used in financing activities	-1,113	-4
Cash flow for the period	-155	-4,677
Cash and cash equivalents at beginning of the period	8,612	11,131
Exchange gains/losses on cash and cash equivalents	49	-74
Cash and cash equivalents at end of the period	8,506	6,380

Alternative performance measures

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

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

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

Below you find our presentation of the APMs. For more information on how the APMs are calculated, see Note 9.

	Note	Mar 31, 2023	Dec 31, 2022
Equity ratio	9	89.4%	88.8%
Net asset value, USD	9	410,363,778	381,830,589
Exchange rate at balance sheet date, SEK/USD		10.38	10.43
Net asset value/share, USD	9	0.39	0.37
Net asset value/share, SEK	9	4.09	3.82
Net asset value, SEK	9	4,261,084,863	3,981,466,381
Share price, SEK		1.90	2.45
Traded premium/discount to NAV	9	-53.5%	-35.8%
Weighted average number of shares for the financial period	9	1,041,865,735	1,045,052,785
Weighted average number of shares for the financial period, fully diluted	9	1,041,865,735	1,045,052,785
Number of shares at balance sheet date	9	1,041,865,735	1,041,865,735
Number of shares at balance sheet date, fully diluted	9	1,041,865,735	1,041,865,735

Parent company income statement

KSEK	1Q 2023	1Q 2022
Result from financial assets at fair value through profit or loss	95,807	-7,229
Coupon income	–	930
Administrative and operating expenses	-13,177	-15,474
Operating result	82,630	-21,773
Financial income and expenses		
Interest income	11	–
Interest expense	-13,165	–
Currency exchange gains/losses, net	374	-1,146
Net financial items	-12,780	-1,146
Result before tax	69,850	-22,919
Taxation	–	–
Net result for the period	69,850	-22,919

The Parent Company have no items to account for as other comprehensive income and therefore the net result for the period is equal to the total comprehensive income for the period.

Parent company balance sheet

KSEK	Note	Mar 31, 2023	Dec 31, 2022
NON-CURRENT ASSETS			
Financial non-current assets			
Shares in subsidiaries		2,411,208	2,400,800
Financial assets at fair value through profit or loss			
Equity financial assets		819,989	725,327
Liquid financial assets		385,983	415,811
Other financial assets		50	50
Total financial non-current assets		3,617,230	3,541,988
CURRENT ASSETS			
Tax receivables		311	245
Other current receivables		1,598	4,310
Other current receivables, Group		17,483	9,746
Prepaid expenses		996	956
Cash and cash equivalents		70,942	74,592
Total current assets		91,330	89,849
TOTAL ASSETS		3,708,560	3,631,837
SHAREHOLDERS' EQUITY (including net result for the financial period)	5	3,199,463	3,128,670
NON-CURRENT LIABILITIES			
Long-term liabilities	6	490,000	488,750
Total non-current liabilities		490,000	488,750
CURRENT LIABILITIES			
Accounts payable		835	649
Other current liabilities, Group		5,566	2,442
Other current liabilities		988	1,463
Accrued expenses		11,708	9,863
Total current liabilities		19,097	14,417
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,708,560	3,631,837

Parent company statement of changes in equity

KSEK	Note	Share capital	Additional paid in capital	Retained earnings	Total
Balance at Jan 1, 2022		10,963	849,376	2,272,233	3,132,572
Net result for the period		–	–	23,969	23,969
Value of employee services:					
– Employee share option scheme		–	122	–	122
– Share based long-term incentive program		104	3,590	–	3,694
Buyback of own shares		–	-31,687	–	-31,687
Balance at Dec 31, 2022		11,067	821,401	2,296,202	3,128,670

Balance at Jan 1, 2023		11,067	821,401	2,296,202	3,128,670
Net result for the period		–	–	69,850	69,850
Value of employee services:					
– Employee share option scheme	7	–	41	–	41
– Share based long-term incentive program	8	–	902	–	902
Balance at Mar 31, 2023		11,067	822,344	2,366,052	3,199,463

Notes

(Expressed in KUSD unless indicated otherwise)

Note 1

General information

VEF AB (publ) was incorporated as a shelf company on December 7, 2020, but changed name to VEF AB (publ) and became active on May 28, 2021. The registered office is at Mäster Samuelsgatan 1, 111 44 Stockholm, Sweden. The common shares of VEF AB (publ) are listed on Nasdaq Stockholm Main Market with the ticker VEFAB. The common shares of VEF AB (publ) replaced the Swedish Depository Receipts representing shares in VEF Ltd. With effect as from July 5, 2021, in connection with the transfer of domicile of the group from Bermuda to Sweden.

As of March 31, 2023, the VEF Group consists of the Swedish Parent Company VEF AB (publ) and four wholly owned subsidiaries; VEF Cyprus Limited, VEF Fintech Ireland Limited, VEF Service AB (under liquidation), and VEF UK Ltd. VEF Cyprus Limited act as the main investment vehicle for the group, holding fourteen of seventeen investments at balance date. VEF AB (publ) holds the remaining three (BlackBuck, Juspay and Rupeek) and act as a service company, together with VEF Fintech Ireland Limited and VEF UK Ltd, providing business and investment support services to the Group.

The financial year is January 1–December 31.

Parent company

The Parent Company VEF AB (publ) is a Swedish limited liability company, incorporated in Sweden and operating under Swedish law. VEF AB (publ) is the holding company of the Group and directly owns all the companies in the Group. The net result for 1Q23 was SEK 69.9 mln (1Q22: -22.9). VEF AB (publ) was incorporated on December 7, 2020, and became active on May 28, 2021. The parent company has four employees per March 31, 2023.

Accounting principles

This interim report has, for the Group, been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The financial reporting for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for legal entities, issued by the Swedish Financial Reporting Board.

Under Swedish company regulations it is not allowed to report the Parent Company results in any other currency than SEK or EUR and consequently the Parent Company’s financial information is reported in SEK and not the Group’s reporting currency of USD.

The accounting principles in the 2022 Annual Report sets out the principles for the Group and the Parent company.

Note 2 — Financial and operating risks

For a detailed account of risks associated with investing in VEF and VEF’s business, please see the 2022 Annual Report, Note 2.

Note 3 — Related party transactions

Related party transactions for the period are of the same character as described in the 2022 Annual Report. During the period VEF has recognized the following related party transactions:

	Operating expenses		Current liabilities	
	1Q 2023	1Q 2022	Mar 31, 2023	Mar 31, 2022
Key management and Board of Directors ¹	1,168	1,708	–	–

1. Compensation paid or payable includes salary, bonus, share based remuneration and pension to the management and remuneration to the Board members.

Note 4 — Fair value estimation

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

Investments in assets that are not traded on any market will be held at fair value determined by recent transactions made at prevailing market conditions or different valuation models depending on the characteristics of the company as well as the nature and risks of the investment. These different techniques may include discounted cash flow valuation (DCF), exit-multiple valuation also referred to as leveraged buyout (LBO) valuation, asset-based valuation as well as forward look-ing multiples valuation based on comparable traded companies (peer companies). Usually, transaction-based valuations are kept unchanged for a period of twelve months unless there is cause for a significant change in valuation. After twelve months, the fair value for non-traded assets will normally be derived 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. The transaction-based valuations are also frequently assessed using multiples of comparable traded companies for each unlisted investment or other valuation models when warranted.

VEF follows a structured process in assessing the valuation of its unlisted investments. VEF evaluates company specific and external data relating to each specific investment on an ongoing basis. The data is then assessed at quarterly valuation meetings by senior management. If internal or external factors are deemed to be significant, further assessment is under-taken and the specific investment is revalued to the best fair value estimate. Revaluations are first reviewed by the audit committee and later approved by the Board in connection with the Company’s financial reports.

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – 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 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Investments are moved between levels in the fair value hierarchy when the management finds the best suitable valuation technique has changed and that the current applied technique results in a new classification in the fair value hierarchy compared to the prior period.

Assets measured at fair value at Mar 31, 2023

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	37,172	37,058	375,735	449,965
<i>of which:</i>				
Liquidity placements	37,172	–	–	37,172
Shares	–	37,058	356,273	393,331
Convertibles and SAFE notes	–	–	17,462	17,462
Total assets	37,172	37,058	375,735	449,965

Assets measured at fair value at Dec 31, 2022

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	39,877	111,586	269,214	420,677
<i>of which:</i>				
Liquidity placements	39,877	–	–	39,877
Shares	–	111,586	251,085	362,671
Convertibles and SAFE notes	–	–	18,129	18,129
Total assets	39,877	111,586	269,214	420,677

Changes of financial assets in Level 3

	Mar 31, 2023	Dec 31, 2022
Opening balance Jan 1	269,214	25,794
Transfers from Level 2 to Level 3 ¹	74,916	605,712
Transfers from Level 3 to Level 2 ¹	-2,637	–
Change in fair value	34,242	-362,292
Closing balance	375,735	269,214

1. No deviations have been made from established guidelines regarding valuation techniques and transfers of assets between levels in the hierarchy.

As per March 31, 2023, VEF has a liquidity management portfolio of listed corporate bonds and money market funds that are classified as Level 1 investments.

The investments in Creditas, Juspay, Konfío, Gringo, TransferGo, Nibo, Rupeek, BlackBuck, JUMO, minu, Finja and REVO are classified as Level 3 investments. The remaining portfolio companies are classified as Level 2 investments. During the quarter, Juspay, Gringo and Rupeek have been transferred from Level 2 to Level 3 and Magnetis has been transferred from Level 3 to Level 2.

Transaction-based valuations

Holdings classified as Level 2 investments are valued based on the latest transaction in the company, on market terms. The validity of valuations based on a transaction is inevitably eroded over time, since the price at which the investment was made reflects the conditions that existed on the transaction date. At each reporting date, possible changes or events subsequent to the relevant transaction are assessed and if this assessment implies a change in the investment’s fair value, the valuation is adjusted accordingly. The transaction-based valuations are frequently assessed using multiples of comparable traded companies for each unlisted investment or other valuation models. When transaction-based valuations of unlisted holdings are used, no material event is deemed to have occurred in the specific portfolio company that would suggest that the transaction-based value is no longer valid. During 1Q23, key portfolio currencies essentially remained flat, with some tailwind for BRL and MXN. The majority of the holdings valued on the basis of the latest transactions demonstrate strong revenue growth profiles and are set to deliver growth broadly in line with their respective business plans on which the latest transaction was based.

Mark-to-model-based valuations

Creditas, Juspay, Konfio, Gringo, TransferGo, Rupeek, Nibo, BlackBuck, JUMO, minu and Finja are all valued on the basis of a twelve-months forward looking revenue multiple. REVO’s valuation model, in light of the geo-political situation in Russia, was assigned a liquidity discount of 100% in 1Q22, bringing the fair value to zero which remains in 1Q23. Inputs used for each valuation include risk adjusted revenue- and earnings forecasts, local currency moves and listed peer group revenue multiples as of March 31, 2023.

The difference in fair value change between the portfolio companies is dependent on relative revenue forecasts in each company as well as moves in the relevant peer group and moving exchange rates. Peers used in the 1Q23 peer set include a mix of listed emerging- and developed market companies representing accounting SaaS and BNPL companies, fast growth payments companies and a range of Latin American fintech companies. The NTM multiples across the different peer groups per company and valuation range from 0.3x to 22.6x NTM revenues. As a standard process, the median of each group is used, and in applicable cases VEF will adjust the resulting multiple based on prevailing local market conditions, sector and company specific factors, applying discounts or premiums to reflect the fair value of the company.

Company	Valuation method	Date latest transaction
Abhi	Latest transaction	2Q22
FinanZero	Latest transaction	2Q22
Magnetis	Latest transaction	1Q23
Mahaana	Latest transaction	3Q22
Solfácil	Latest transaction	2Q22

Below table summarizes the sensitivity of the assets value to changes in the underlying multiple used for the valuation.

Sensitivity analysis of valuations based on changes in peer group multiples used

Company	Valuation method	Peer group range	-15%	-10%	-5%	0%	+5%	+10%	+15%
Creditas	Revenue multiple	0.3–5.2x	171,869	180,809	189,749	198,689	207,629	216,569	225,509
Juspay	Revenue multiple	4.0–22.6x	54,202	57,075	59,949	62,822	65,695	68,569	71,442
Konfio	Revenue multiple	0.3–5.2x	43,233	45,132	47,030	48,929	50,828	52,726	54,625
Gringo	Revenue multiple	4.3–22.2x	17,785	18,716	19,646	20,577	21,508	22,438	23,369
TransferGo	Revenue multiple	2.4–3.1x	13,985	14,710	15,435	16,160	16,885	17,610	18,335
Nibo	Revenue multiple	6.0–9.2x	8,179	8,616	9,053	9,491	9,928	10,365	10,802
Rupeek	Revenue multiple	2.1–12.3x	7,282	7,705	8,128	8,551	8,974	9,396	9,819
BlackBuck	Revenue multiple	5.1–5.5x	6,540	6,892	7,244	7,596	7,948	8,300	8,652
JUMO	Revenue multiple	2.6–11.0x	1,831	1,945	2,059	2,173	2,287	2,402	2,516
minu	Revenue multiple	1.8–7.1x	398	426	454	483	511	539	567
Finja	Revenue multiple	0.5–12.3x	243	250	257	264	272	279	286

Change in financial assets at fair value through profit or loss

Company	Jan 1, 2023	Investments/ (divestments), net	Fair value change	Mar 31, 2023	Percentage of portfolio	VEF ownership stake
Creditas	193,076	–	5,613	198,689	44.1%	8.5%
Juspay	47,471	–	15,351	62,822	14.0%	10.2%
Konfio	40,146	–	8,783	48,929	10.9%	10.3%
Gringo	12,250	–	8,327	20,577	4.6%	10.2%
Solfácil	20,000	–	–	20,000	4.4%	2.6%
TransferGo	16,347	–	-187	16,160	3.6%	12.5%
Nibo	6,817	–	2,674	9,491	2.1%	20.1%
Rupeek	15,195	–	-6 644	8,551	1.9%	2.3%
FinanZero	8,085	–	34	8,119	1.8%	19.0%
BlackBuck	6,894	–	702	7,596	1.7%	1.0%
Abhi	7,585	–	–	7,585	1.7%	11.5%
JUMO	2,322	–	-149	2,173	0.5%	4.5%
Mahaana	1,000	–	–	1,000	0.2%	13.8%
minu	541	–	-58	483	0.1%	1.2%
Magnetis	2,637	–	-2,283	354	0.1%	5.4%
Finja	434	–	-170	264	0.0%	21.2%
REVO	0	–	–	0	0.0%	23.0%
Liquidity investments	39,877	-3,000	295	37,172	8.3%	–
Total	420,677	-3,000	32,288	449,965	100.0%	

Note 5 – Share capital

VEF AB (publ)'s share capital per March 31, 2023, is distributed among 1,106,675,373 shares with a par value of SEK 0.01 per share as set out in the table below. Each share of the Company carries one vote. The common shares trade on Nasdaq Stockholm Main Market, Mid Cap-segment.

The convertible shares of Class C 2020, Class C 2021 and Class C 2022 are held by management and key personnel of VEF under the Company’s long-term incentive programs. The Class C shares are redeemable pursuant to the terms set out in VEF’s articles of association.

As per March 31, 2023, VEF holds 12,824,243 repurchased shares in accordance with the buyback program based on the mandate from the annual general meeting of the Company on May 10, 2022.

Share class	Number of shares	Number of votes	Share capital (SEK)
Common shares ¹	1,054,689,978	1,054,689,978	10,546,899.78
Class C 2020	33,250,000	33,250,000	332,500.00
Class C 2021	8,312,500	8,312,500	83,125.00
Class C 2022	10,422,895	10,422,895	104,228.95
Total	1,106,675,373	1,106,675,373	11,066,753.73

1. Whereof 12,824,243 common shares are repurchased common shares at March 31, 2023.

Note 6 – Long-term liabilities

Sustainability bonds 2022/2025

During 2Q22, VEF issued sustainability bonds of three years, to the amount of SEK 500 mln, within a frame of SEK 1,000 mln. The bonds carry a floating coupon of 3m Stibor + 725 bps with interest paid quarterly. The bonds are due in April 2025. The bonds are trading on the sustainable bond list of Nasdaq Stockholm and the Open Market of the Frankfurt Stock Exchange.

Note 7 – Option plan

Per March 31, 2023, a total of 1,000,000 options are outstanding. None to the Managing Director and 1,000,000 to other employees.

Option grant date	May 16, 2018	Dec 17, 2019
Maturity date	Aug 16, 2023	Dec 17, 2024
Option price at grant date, SEK	0.41	0.34
Share price at grant date, SEK	1.97	2.95
Exercise price, SEK	2.35	3.69
Volatility	29.90%	22.80%
Risk free interest rate	-0.13%	-0.29%
No. of options granted	500,000	500,000

For more information on the option plan, please see Note 8 in the 2022 Annual Report.

Note 8 – Long-term share-based incentive program (LTIP)

There are three running LTIP programs for management and key personnel in the VEF Group. All three running programs, LTIP 2020, 2021 and 2022 are linked to the long-term performance of both the Company’s NAV and of the VEF share price. For more information on the LTIPs, please see Note 8 in the 2022 Annual Report.

	LTIP 2020	LTIP 2021	LTIP 2022
Performance measurement period	Jan 2020–Dec 2024	Jan 2021–Dec 2025	Jan 2022–Dec 2026
Vesting period	Nov 2020–Dec 2024	Sept 2021–Dec 2025	Aug 2022–Dec 2024
Maximum no of shares, Managing Director	13,300,000	3,325,000	3,325,000
Maximum no of shares, others	19,950,000	4,987,500	7,097,895
Maximum no of shares, total	33,250,000	8,312,500	10,422,895
Maximum dilution	3.19%	0.80%	1.00%
Share price on grant date, SEK	3.14	4.34	2.306
Share price on grant date, USD	0.36	–	–
Plan share price on grant date, SEK ¹	0.37	0.62	0.10
Plan share price on grant date, USD ¹	0.04	–	–
Total employee benefit expense excl. bonuses paid and social taxes	LTIP 2020 ²	LTIP 2021 ²	LTIP 2022 ²
2023	49	28	10
2022	204	131	14
2021	201	22	–
2020	31	–	–
Total accumulated	485	181	24

1. The difference in common share price and plan share price derive from that plan share price has been calculated using the Monte Carlo method applying the performance criterias applicable in the terms for the long-term incentive programme and the current share price at grant date.
2. The total IFRS 2 expense does not include subsidy for acquisition and taxes arisen.

Note 9 – Key and alternative performance measures

IFRS defined performance measures (not alternative performance measures)

Earnings per share

Result for the period divided with the average number of outstanding common shares. Class C shares issued to participants under the Company’s LTIP are not treated as outstanding common shares and thus are not included in the weighted calculation, but they are however recognized as an increase in shareholder’s equity. Repurchased common shares held in treasury by the Company is neither included in the calculation.

Diluted earnings per share

When calculating diluted earnings per share, the average number of common shares 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.

Key ratios – reconciliation table

	1Q 2023	1Q 2022
Earnings per share, USD		
Weighted average number of shares	1,041,865,735	1,042,289,978
Result for the period	28,442,611	-24,125,268
Earnings per share, USD	0.03	-0.02
Diluted earnings per share, USD		
Diluted weighted average number of shares	1,041,865,735	1,042,642,295
Result for the period	28,442,611	-24,125,268
Diluted earnings per share, USD	0.03	-0.02

Alternative performance measures

Equity ratio
Shareholders’ equity in percent in relation to total assets.

Net asset value, USD and SEK
Net value of all assets on the balance sheet, equal to the share-holders’ equity.

Net asset value per share, USD and SEK
Net asset value/share is defined as shareholders’ equity divided by total number of shares outstanding at the end of the period.

Traded premium/discount to net asset value
Traded premium/discount to NAV is defined as the share price divided to the net asset value/share.

Number of shares outstanding
Total number of outstanding common shares at balance day. Class C shares issued to participants under the Company’s LTIP are not treated as outstanding common shares and thus are not included in the calculation, but they are however recognized as an increase in shareholder’s equity. Repurchased common shares held in treasury by the Company is neither included in calculation.

Number of shares outstanding fully diluted
When calculating the number of shares outstanding fully diluted, the number of common shares outstanding 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.

Alternative performance measures – reconciliation tables

	Mar 31, 2023	Dec 31, 2022
Equity ratio		
Net asset value/shareholders equity, USD	410,363,778	381,830,589
Total assets, USD	410,636,778	430,093,844
Equity ratio	89.4%	88.8%
Net asset value, USD		
Net asset value, SEK		
Net asset value, USD	410,363,778	381,830,589
SEK/USD	10.38	10.43
Net asset value, SEK	4,261,084,863	3,981,466,381
Net asset value/share, USD		
Net asset value, USD	410,363,778	381,830,589
Number of outstanding shares	1,041,865,735	1,041,865,735
Net asset value/share, USD	0.39	0.37
Net asset value/share, SEK		
Net asset value, USD	410,363,778	381,830,589
SEK/USD	10.38	10.43
Net asset value, SEK	4,261,084,863	3,981,466,381
Number of outstanding shares	1,041,865,735	1,041,865,735
Net asset value/share, SEK	4.09	3.82
Premium/discount(–) to NAV		
Net asset value, USD	410,363,778	381,830,589
SEK/USD	10.38	10.43
Net asset value, SEK	4,261,084,863	3,981,466,381
Number of outstanding shares	1,041,865,735	1,041,865,735
Net asset value/share, SEK	4.09	3.82
Share price, SEK	1.90	2.45
Premium/discount(–) to NAV	-53.5%	-35.8%

Other definitions

Portfolio value
Total book value of financial assets held at fair value through profit and loss.

Other information

Upcoming reporting dates

VEF’s financial report for the period January 1, 2023–June 30, 2023, will be published on July 19, 2023.
VEF’s financial report for the period January 1, 2023–September 30, 2023, will be published on October 25, 2023.
VEF’s financial report for the period January 1, 2023–December 31, 2023, will be published on January 24, 2024.

April 19, 2023

David Nangle
Managing Director

This information is information that VEF AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out below, at 2023-04-19 08:00 CEST.

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Note 10 – Events after the reporting period

No significant events after the end of the period.

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

VEF

The emerging market fintech investor